



Report of the Comptroller and Auditor General of India

CIVIL

for the year ended 31 March 2010

(Report No. 2)



GOVERNMENT OF ORISSA

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Preface

This Report on the Audit of expenditure incurred by the Government of Orissa has been prepared for submission to the Governor under Article 151 of the Constitution. The Report covers significant matters arising out of the Compliance and Performance Audits of various departments including Autonomous Bodies. Audit observations on the Annual Accounts of the Government would form part of a Report on State Finances, which is being presented separately.

The Report starts with an Introductory Chapter 1 outlining the Audit Scope, mandate and the key Audit findings which emerged during the year-long audit exercise. Chapter 2 of the Report covers Performance Audits while Chapter 3 discusses material findings emerging from Compliance Audits. Chapter 4 of the Report deals with findings arising out of Chief Controlling Officer (CCO) based Audit.

The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during the year 2009-10 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 2009-10 have also been included wherever necessary.

Chapter 1

Introduction

Chapter 1

Introduction

1.1 About this Report

This Report of the Comptroller and Auditor General of India (C&AG) on Government of Orissa relates to matters arising from Performance Audit of selected programmes and activities and Compliance Audit of Government departments and Autonomous Bodies.

The primary purpose of the Report is to bring to the notice of the State Legislature, important results of audit. Auditing standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The audit findings are expected to enable the executive to take corrective action as also to frame policies and directives that will lead to improved financial management of the organisations, thus contributing to better governance.

Compliance audit refers to examination of the transactions relating to expenditure, receipts, assets and liabilities of the audited entities to ascertain whether the provisions of the Constitution of India, applicable Rules, Laws, Regulations and various orders and instructions issued by the competent authorities are being complied-with.

Performance audit examines the extent to which the objectives of an organisation, programme or scheme have been achieved economically, efficiently and effectively.

Chief Controlling Officer (CCO) based Audit of a Department is a comprehensive study and evaluation of efforts made by the Drawing and Disbursing Officers in fulfilling the Department's mandate/objectives as well as compliance with provisions of various Rules, Laws and Regulations framed by the Government and point out issues that need to be addressed at higher levels.

This chapter provides the auditee profile, the planning and extent of audit, a synopsis of the significant audit observations and follow-up on Audit Reports. Chapter 2 of this Report deals with the findings of Performance Audits and Chapter 3 deals with Compliance Audit of various departments and Autonomous Bodies. Chapter 4 contains observations on evaluation of Chief Controlling Officers based audit of Animal Resources Development wing of the Fisheries and Animal Resources Development Department. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2009-10 as well as those which had come to light in earlier years but could not be dealt with in previous Reports. Matters relating to the period subsequent to 2009-10 have also been included, wherever necessary.

1.2 Auditee profile

There were 38 departments in the State at the Secretariat level, headed by Additional Chief Secretaries/Principal Secretaries/Commissioner-cum-Secretaries, assisted by Directors and Sub-ordinate Officers. All the offices of these departments including 214 Autonomous Bodies were under the audit jurisdiction of the Principal Accountant General (Civil Audit) and Accountant General (Commercial, Works and Receipt Audit).

The comparative position of expenditure incurred by the Government of Orissa during 2009-10 and in preceding two years is given in table 1.1.

Table 1.1: Comparative position of expenditure

(Rupees in crore)

| Particulars | 2007-08 | | | 2008-09 | | | 2009-10 | | |
|------------------------------|----------------|-----------------|-----------------|----------------|-----------------|-----------------|----------------|-----------------|-----------------|
| | Plan | Non-plan | Total | Plan | Non-plan | Total | Plan | Non-plan | Total |
| Revenue Expenditure | | | | | | | | | |
| General Services | 30.80 | 7196.41 | 7227.21 | 52.92 | 6908.95 | 6961.87 | 80.83 | 9204.32 | 9285.15 |
| Social Services | 2317.82 | 4098.69 | 6416.51 | 2598.00 | 5686.41 | 8284.41 | 3236.47 | 6601.70 | 9838.17 |
| Economic Services | 1740.46 | 1988.19 | 3728.65 | 2657.11 | 2893.97 | 5551.08 | 2297.75 | 3464.64 | 5762.39 |
| Grants-in-aid | -- | 350.90 | 350.90 | -- | 392.76 | 392.76 | -- | 405.82 | 405.82 |
| Total | 4089.08 | 13634.19 | 17723.27 | 5308.03 | 15882.09 | 21190.12 | 5615.05 | 19676.48 | 25291.53 |
| Capital Expenditure | | | | | | | | | |
| Capital Outlay | 2656.19 | 187.22 | 2843.41 | 3570.63 | 208.54 | 3779.17 | 3256.76 | 391.12 | 3647.88 |
| Loans and Advances disbursed | 300.61 | 132.07 | 432.68 | 55.50 | 155.47 | 210.97 | 23.98 | 88.50 | 112.48 |
| Repayment of Public Debt | -- | -- | 1844.97 | -- | -- | 1492.61 | -- | -- | 1488.69 |
| Public Account disbursement | -- | -- | 8971.58 | -- | -- | 10895.52 | -- | -- | 9849.27 |
| Total | 2956.80 | 319.29 | 14092.64 | 3626.13 | 364.01 | 16378.27 | 3280.74 | 479.62 | 15028.27 |
| Grand Total | 7045.88 | 13953.48 | 31815.91 | 8934.16 | 16246.10 | 37568.39 | 8895.79 | 20156.10 | 40389.80 |

(Source: Finance Accounts of the respective years)

1.3 Authority for audit

The authority for audit by the C&AG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act 1971. C&AG conducts audit of

expenditure of the departments of Government of Orissa under section 13¹ of the C&AG's (DPC) Act 1971. C&AG is the sole auditor in respect of 31 Autonomous Bodies² which are audited under section 20(1) of the said Act. In addition, C&AG also conducts audit of 183 other Autonomous Bodies substantially funded by the State Government. C&AG's audit jurisdiction also covers the Urban Local Bodies and Panchayati Raj Institutions. Principles and methodologies for various audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts 2007 issued by the C&AG.

1.4 Organisational Structure of the Principal Accountant General (Civil Audit) and Accountant General (CW&RA), Orissa

Under the directives of the C&AG, the expenditure audit of 33 out of 38 departments of the State Government and the Autonomous Bodies financed by the State Government are conducted by the office of the Principal Accountant General (Civil Audit). Audit of remaining five Departments³ are conducted by the office of the Accountant General (CW&RA). The audit of Urban Local Bodies and Panchayati Raj Institutions is being conducted by Senior Deputy Accountant General (Local Bodies Audit and Accounts) under the supervision of Principal Accountant General (Civil Audit).

1.5 Planning and conduct of audit

Audit process starts with the risk assessment of the Department / Organisation as a whole and that of each unit based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided. An Annual Audit Plan is formulated to conduct audit on the basis of such risk assessment.

After completion of audit of each unit, Inspection Reports (IRs) containing audit findings are issued to the Heads of the entities. The entities are requested to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The Important Audit observations pointed out in these Inspection Reports are processed for inclusion in the Audit Reports which are submitted to the Governor of Orissa under Article 151 of the Constitution of India.

During 2009-10, 12472 party-days were used for Compliance Audit of 1519 out of 5825 units of various departments/organisations/local bodies/autonomous bodies and 2062 party-days were utilised for Performance Audits in which 536 units were partly covered. The audit plan covered those units/entities which were vulnerable to significant risks as per our assessment.

¹ Audit of (i) all transactions from the Consolidated Fund of the State,(ii) all transactions relating to Contingency Fund and Public Accounts and (iii) all trading, manufacturing, profit and loss accounts, balance sheets and other subsidiary accounts

² 30 District Legal Services authorities and one State Legal Services Authority

³ Works, Water Resources , Rural Development and Housing and Urban Development Department (Public Health Engineering Wing) , Forest and Environment.

1.6 Significant observations of performance audits

This report contains five Performance Audits including one IT Audit and one CCO based audit of a department. The focus has been on auditing the specific programmes/schemes and offering suitable recommendations, with the intention to assist the Executive in taking corrective action and improving service delivery to the citizens. Significant audit observations are discussed below:

1.6.1 Backward Region Grant Fund

Performance Audit on implementation of Backward Region Grant Fund (BRGF) programme in the State revealed that the core issue of convergence of all schemes/programmes and preparation of integrated district plan with involvement of grass root level for speeding up development process in backward districts remained unattended. There was total absence of institutional arrangements at Gram Panchayats (GPs), Panchayat Samitis (PSs) and District Planning Committee (DPC) levels as envisaged in the programme. Despite engagement of Technical Support Institutions (TSIs) for preparation of Annual Plans (AAPs) for 2007-10 and payment of consultancy fee of ₹ 1.57 crore, there was considerable delay ranging from 128 to 537 days in preparation of Annual Action Plans (AAPs) which deprived the State of the assistance of ₹ 449.78 crore by Government of India (GoI). Instances of delays upto 342 days in transferring funds of ₹ 108.13 crore by the State Government to District Rural Development Agencies (DRDAs) and local bodies, non submission of Utilisation Certificates (₹ 34.13 crore) to GoI by five districts and diversion of ₹ 4.11 crore to other schemes were noticed. In the test checked units, there were instances of irregular execution of 1822 works (₹ 34 crore) through middlemen in the guise of Village Labour Leaders (VLLs), execution of 165 inadmissible projects (₹ 6.39 crore), unfruitful expenditure on idle assets and incomplete projects, lack of transparency in tendering and contract management. Contrary to the instructions of State High Level Committee, seven line department executing agencies adjusted *prorata* supervision charges (₹ 1.65 crore) and deposited ₹ 73.98 lakh in Government account. Irregularities in purchase of stores, direct release of urban local bodies (ULBs) share of funds to line departments leading to elimination of the role of ULBs in monitoring activities, non observance of quality control in execution of works and transparency in payment of wages in departmental execution of works were the other important deficiencies. Programmes for capacity building were inadequate and there was irregular utilisation of ₹ 1.04 crore meant for capacity building on construction and furnishing of office buildings. Monitoring was inadequate and evaluation of the programme outcome was not done.

(Paragraph 2.1)

1.6.2 Land Acquisition and Management

Performance audit of land acquisition and management in selected districts revealed that in case of both acquisition of private land and leasing of Government land, fixation of market rates tend to benefit the buyers at the cost

of land owners. Under-assessment of compensation by ₹ 63.98 crore was noticed in 34 cases of acquisition of 3120.577 acres of land for 11 entrepreneurs/industries due to erroneous fixation of market value of land. In one district, due to such erroneous fixation of market value and additional payment as *ex-gratia* to the land owners, the State Government was deprived of charging establishment charges of ₹ 8.19 crore from the buyers. In respect of Government projects, there was avoidable expenditure of ₹ 2.83 crore on payment of additional compensation and interest due to delay in passing award by four to 35 months and delay in payment of compensation by seven to 44 years. Despite instructions, compensation money of ₹ 371.28 crore was retained in bank accounts without crediting into civil deposit accounts. Encroachment of Government land has become a routine feature as 19792 acres of Government land was under unauthorised occupation as per official records as on March 2010. No time limit was also prescribed for finalisation of lease cases. In 41 cases though 404.62 acres of land was under unauthorised occupation of 29 parties for five to 30 years yet lease cases applied were not finalised leading to non-realisation of ₹ 109.97 crore towards expected lease value of land. Test check also revealed that though 5061.523 acres of Government land leased during 1985-2004, was not utilised by seven entrepreneurs, no action was taken to resume the land to Government. Misutilisation of allotted land for other purposes was also noticed.

(Paragraph 2.2)

1.6.3 Pradhan Mantri Gram Sadak Yojana

Pradhan Mantri Gram Sadak Yojana (PMGSY) was launched in December 2000 with the objective of providing all weather road connectivity to all unconnected rural habitations with population of 1000 persons and above by the year 2003 and 500 persons and above by the year 2007. However, out of 10420 unconnected habitations⁴ only 5598 habitations (54 *per cent*) were connected with all weather road connectivity (July 2010). Out of 799 roads targeted for completion by March 2010 in the sample districts under different phases (IV to VIII), only 249 roads were completed and 550 roads remained incomplete at different stages. In the sampled districts, 31 roads constructed did not establish connectivity to respective habitations due to non-construction of bridges. Besides, execution of works deviating from prescribed specifications and norms led to extra expenditure of ₹ 178.11 crore. Cases of extension of undue benefit and non recovery of liquidated damages (₹ 139.47 crore) from the defaulting contractors were also noticed.

(Paragraph 2.3)

⁴ Habitations with 1000 persons and above (3703) and 500 persons and above (6717)

1.6.4 IT Audit of Student Academic Management System

The primary objective of module e-admission under Student Academic Management System (SAMS) to ensure admission into (+2) Junior Colleges with a hassle free, transparent selection process with zero errors was partially achieved. The other module e-administration was under partial implementation. The system lacked validation controls at many stages. Its design did not cater to the provisions as mentioned in the common prospectus. Selection process was not fully automated with the implementing agencies. The system also suffered from wrong data inputs which aided by weak process controls led to incorrect selection of applicants. Moreover, deficient system design and backend modification or deletion of data for correction of errors made the system prone to manipulations.

(Paragraph 2.4)

1.7 Significant audit observations of Compliance audit

Audit observed several significant deficiencies in critical areas which had adverse impact on effective functioning of the Government Departments/Organisations. Key Audit findings of Compliance issues reported are categorised as under:

- non-compliance with rules and regulations;
- audit against propriety/expenditure without justification;
- persistent and pervasive irregularities;
- failure of oversight/governance.

1.7.1 Non-compliance with rules and regulations

Non-compliance with the agreement conditions in consultancy services for the World Bank Assisted project of Bhubaneswar-Cuttack-Jagatpur section of National Highway 5, led to litigation and avoidable payment of ₹ 4.80 crore towards *pendent-lite* interest in National Highways Division, Bhubaneswar.

(Paragraph 3.1.1)

Contrary to Government instructions, the Director of Health and Family Welfare withdrew scheme funds of ₹ 1.87 crore from Civil Deposit and kept in shape of bank drafts for over three years during 2006-10.

(Paragraph 3.1.2)

Deliberate inclusion of the quantity of burrow area stripping under the items of earth dam on a river led to inadmissible payment of ₹ 1.83 crore to the contractor under the Ret Irrigation Division, Bhawanipatna.

(Paragraph 3.1.3)

Failure of the department to place the order within the validity of the offer in respect of construction work of a high level bridge over river Bada Nadi led to extra expenditure of ₹ 1.38 crore under Rural Works Division No.I, Ganjam.

(Paragraph 3.1.4)

Non-acceptance of lowest tender by the Chief Engineer and Basin Manager, Brahmani right basin within the validity period led to extra expenditure of ₹ 1.14 crore under Rengali Right Canal Division II, Dhenkanal.

(Paragraph 3.1.5)

1.7.2 Audit against propriety/expenditure without justification

Non-completion of canal system of Utalijore Minor Irrigation Project by Executive Engineer, Minor Irrigation Division, Padampur rendered expenditure of ₹ 6.52 crore unfruitful.

(Paragraph 3.2.1)

Advance procurement of pipes worth ₹ 5.05 crore by the Executive Engineer, Public Health Division II, Cuttack for augmentation of water supply project to Angul Municipality resulted in blockage of funds due to delay in completion of civil work.

(Paragraph 3.2.2)

Non-release of water from Baghalati Irrigation Project caused failure of Poichandia diversion weir and rendered the expenditure of ₹ 4.28 crore unfruitful under Chikiti Irrigation Division, Berhampur.

(Paragraph 3.2.3)

Two projects sanctioned for shifting of the water supply pipelines had not been executed due to non-acquisition of land resulting in blockage of funds of ₹ 3.25 crore under Executive Engineer, Public Health Division, Berhampur.

(Paragraph 3.2.4)

Inclusion of an unwarranted clause in the agreement for construction of a High Level Bridge over Rangamatia Nullah facilitated abandonment of the work by the contractor midway with sub-standard execution resulting in unfruitful expenditure of ₹ 99 lakh under the Executive Engineer, Roads and Buildings Division, Dhenkanal.

(Paragraph 3.2.5)

Due to non-finalisation of modalities of disengagement by the Government, Surplus 63 staff and 20 NMRs working in Water and Land Management Institute (WALMI) continued to draw Pay and Allowances for six years resulting in avoidable expenditure of ₹ 3.66 crore.

(Paragraph 3.2.6)

1.7.3 Persistent and pervasive irregularities

There was non-realisation of ₹ 7.70 crore towards cost of Wildlife Management Plan by the Divisional Forest Officers of Angul and Dhenkanal.

(Paragraph 3.3.1)

Despite default in execution, liquidated damages of ₹ 1.38 crore had not been recovered from two contractors by the Executive Engineer, Rengali Right Canal Division IV, Gudiakateni and Jambhira Canal Division No. I Laxmiposi.

(Paragraph 3.3.2)

1.7.4 Failure of oversight/governance

One time Central assistance of ₹ 4.66 crore received by two departments during 2005-07 for implementation of different schemes/projects remained unspent with executing agencies.

(Paragraph 3.4.1)

Hostel building constructed at ₹ 50 lakh for the SC/ST students of the Government Women's college, Sundargarh remained unused for want of electrical service connection and Rubberised coir plant set-up at Bhubaneswar at a cost of ₹ 4.17 crore remained idle for want of working capital for over four years.

(Paragraph 3.4.2)

Delay in implementation of watershed projects and non-furnishing of utilisation certificates within prescribed time led to forfeiture of GoI assistance of ₹ 2.89 crore in 20 DPAP watershed projects under DRDA, Dhenkanal.

(Paragraph 3.4.3)

Undue benefit of ₹ 2.68 crore was extended to Orissa Construction Corporation Limited due to non-deletion of overhead charges on materials, machinery and other components in-built in the item rates under Executive Engineer, Manjore Irrigation Division.

(Paragraph 3.4.4)

Sophisticated laboratory equipment costing ₹ 58.94 lakhs remained idle for want of technical manpower and repair due to which the contemplated testing of food and water samples could not be materialised.

(Paragraph 3.4.6)

1.8 Chief Controlling Officer based audit of Fisheries and Animal Resources Development Department (Animal Resources Development Wing)

Chief Controlling Officer (CCO) based audit of Animal Resources Development Wing of Fisheries and Animal Resources Development Department revealed that Orissa State Livestock Sector Policy 2002 was not operationalised and perspective plans for 2002-07 and 2007-12 were not prepared. Internal Control Mechanism including monitoring of activities were almost absent. Due to ineffective budgetary controls there were savings of ₹ 109.39 crore during 2005-10 of which ₹ 106.47 crore was surrendered only on the last day of respective financial years. Provisions of financial rules and treasury code were not complied with by various Drawing and Disbursing Officers leading to parking of funds in civil deposits and current accounts, diversion and misutilisation of funds etc. Implementation of schemes suffered due to non-achievement of targets fixed in Annual Plans, shortfall in Artificial Insemination and production of vaccine. Provisions of “Prevention of Cruelty to Animals Act” were not enforced in 23 districts. District Diagnostic laboratories were not made functional; equipments worth ₹ 1.11 crore remained idle since their procurement. Expenditure of ₹ 2.49 crore was incurred in purchase of equipment without adhering to codal provisions and contract terms. Fifty one *per cent* of the Gram Panchayats of the State did not have any Livestock Aid Centres (LACs). While 85 Veterinary Dispensaries (VDs) and 1076 LACs did not have their own buildings; 27 VDs and 65 LACs were functioning without regular Veterinary Assistant Surgeons (VAS) and Livestock Inspectors (LIs) respectively.

(Paragraph 4.1)

1.9 Response of the Departments to draft paragraphs

As per the instructions issued by the Finance Department on 20 May 1967 and provision of C&AG’s Regulation on Audit and Accounts 2007, the departments are required to send their response to the draft audit paragraphs proposed to be included in the C&AG’s Audit Report within six weeks. The draft paragraphs are forwarded to the Secretaries of the concerned departments drawing their attention to the audit findings and requesting them to send their response within six weeks. Draft paragraphs and Performance Audit Reports proposed for inclusion in this report were forwarded to the Secretaries concerned between June 2010 and October 2010 through letters addressed to them demi-officially. Concerned Departments did not send replies in respect of 12 out of 30 paragraphs featured in this report. The response of the concerned departments received in respect of 18 paragraphs has been suitably incorporated in the report.

1.10 Follow up action on Audit Report paragraphs

Serious irregularities noticed in audit are included in the Reports of the Comptroller and Auditor General that are presented to the State Legislature. The Administrative Departments are required to furnish explanatory notes on

the paragraphs/reviews included therein within three months. However, in respect of Audit Reports from the year 1997-98 to 2008-09, 18 out of 38 departments did not submit compliance notes in respect of 61 individual paragraphs and 27 review paragraphs as of October 2010. Similarly, out of 1353 recommendations made by the Public Accounts Committee (PAC) in its First Report of 10th Assembly (1990-95) to 40th Report of 13th Assembly (2004-09), final action was awaited in respect of 1148 recommendations where Action Taken Notes (ATNs) were received. In case of remaining 205 recommendations of PAC relating to 16 departments, ATNs were not received (November 2010) though ATNs are required to be submitted by Government Departments within six months⁵ after PAC reports are laid before the Legislature. Besides, proceedings of Departmental Monitoring Committees (DMCs) meetings were not received from 22 out of 38 departments during 2009-10 despite formation of DMCs in all the departments of the Government to monitor the follow up action on Audit Reports and recommendations of the PAC. In addition, 38681 paragraphs relating to 12324 Inspection Reports (IRs) in respect of 3926 offices of 35 departments remained outstanding at the end of June 2010. Of these 3783 IRs containing 9844 paragraphs remained unsettled for more than 10 years for want of proper compliance. Even first reply from the Head of the Office was not received in respect of 2044 IRs issued up to March 2010. A total of 51 Triangular Committee meetings were held during 2009-10 in which 214 IRs and 963 paragraphs relating to 320 offices of seven departments were settled.

1.11 Recommendations

This Report contains specific recommendations on a number of issues involving non-observance of the prescribed internal procedures and systems, compliance with which would help in promoting good governance and better oversight on implementation of developmental programmes and objectives at large. The State Government is impressed upon to take cognisance of these recommendations in a time bound manner.

⁵ Revised to four months in April 2005

Chapter 2

Performance Audits

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Chapter 2

Performance Audits

This chapter contains the findings of performance audits on Backward Region Grant Fund (2.1), Land Acquisition and Management (2.2), Pradhan Mantri Gram Sadak Yojana (2.3) and IT Audit of Student Academic Management System (2.4).

PANCHAYATI RAJ AND PLANNING AND CO-ORDINATION DEPARTMENTS

2.1 Backward Region Grant Fund Programme

Executive summary

Backward Region Grant Fund Programme (BRGF) was launched by the Government of India (GoI) in 2006-07 to redress regional imbalances in development of 19 backward districts of the State. The programme also includes five districts of the State already covered under Backward District Initiative Programme (BDI) under Rastriya Sam Vikas Yojana (RSVY) which was implemented during 2003-06 and was subsumed with BRGF from April 2006. During 2006-10, ₹ 733.23 crore was received under BRGF by the State Government for 19 backward districts of which ₹ 611.38 crore was spent up to 31 March 2010. Besides, under RSVY, ₹ 225 crore was also received from the GoI during 2003-09, of which ₹ 217.05 crore was utilised during 2003-10.

Performance Audit of BRGF programme revealed that the core issue of convergence of all inflow of funds under different schemes/programmes to formulate Integrated District Plan to speed up the development process in backward districts remained unattended. There was total absence of institutional arrangements at Gram Panchayat (GP), Panchayat Samitis (PS) and District Planning Committee (DPC) level to the extent envisaged under the Programme. Despite engagement of Technical Support Institutions (TSIs) for preparation of Annual Action Plans (AAPs) for 2007-08 to 2009-10 in a participatory manner and payment of consultancy fee of ₹ 1.57 crore, there was considerable delay ranging from 128 to 537 days in preparation of AAPs and their submission to the Government of India (GoI). Due to delays, the State was deprived of GoI assistance of ₹ 449.78 crore during 2006-10. The State Government had not yet evolved any guidelines on important issues like social audit and peer review to oversee the performances of Local Bodies (LBs). Government had also not prescribed quality monitoring system, criteria for award of performance incentives, basis for *inter se* allocation of funds within PRIs considering district specific backwardness indicators etc. Annual plans were not prepared in participatory manner and Gram Sabhas in rural areas were hardly consulted and Area Sabhas in urban areas were never consulted during 2006-10. Separate sub-plans for Scheduled Tribes (STs) and Scheduled Castes (SCs) were also not prepared under BRGF. There was delay ranging from 39 to 166 days in transferring funds of ₹ 60.88 crore by the State Government to District Rural Development Agencies (DRDAs) and 21 to 342

days in transferring ₹ 47.25 crore to local bodies. Utilisation certificates for ₹ 17.08 crore due since 31 March 2008, were not submitted to GoI by five RSVY districts. Diversion of ₹ 4.11 crore to other schemes were not recouped.

Programme implementation suffered due to irregular execution of 1822 works at ₹ 34 crore in test checked PSs through middlemen in the guise of Village Labour Leaders (VLLs), utilisation of ₹ 6.39 crore on execution of 165 inadmissible projects, unfruitful expenditure on idle assets and incomplete projects, lack of transparency in tendering and contract management. Contrary to the instructions of State High Level Committee, seven line department executing agencies adjusted ₹ 1.65 crore towards *prorata* supervision charges and had deposited ₹ 73.98 lakh in the State Government accounts. Irregularities in purchase of stores were noticed in number of test checked units. Quality control in execution of works and transparency in payment of wages were not observed in cases of departmental execution. Training for capacity building was inadequate and ₹ 1.04 crore was utilised irregularly under capacity building component on inadmissible items like construction and furnishing of office buildings. Monitoring was inadequate and evaluation of the programme outcome was not done.

Good Practice

In Ganjam district, the district authorities classified all GPs in 22 blocks under five indices to arrive at the status of backwardness i.e. Percentage of BPL population, relative size of SC and ST population, size of un-irrigated area and distance from towns. Similarly, the planning process sought to provide incentives for GPs to create wage employment for wage seekers as part of the prioritised projects. Based on man-days of employment generated, two GPs of each block were rewarded with ₹ 5 lakh per GP to implement eligible projects under BRGF of their choice.

2.1.1 Introduction

Backward Region Grant Fund Programme (BRGF) was launched by the Government of India (GoI) in 2006-07 to redress regional imbalances in development of 250 backward districts of the country including 19 districts¹ of the State. These districts includes five districts² of the State already covered under Backward District Initiative Programme (BDI) under Rastriya Sam Vikas Yojana (RSVY) which was implemented during 2003-06 and was subsumed with BRGF from April 2006. Both the schemes aimed at focused development of backward areas by bridging gaps in critical infrastructure as well as other developmental requirements and to mitigate the regional imbalances. However, BRGF in addition, aimed at convergence of existing developmental inflows under various flagship programmes to speed up the development process and had a capacity building component to strengthen Panchayat and Municipality level governance with more appropriate capacity building and provide professional support to local bodies for planning, implementation and monitoring their plans. The guidelines of the Programme (BRGF) were issued by the Government of India (GoI) in January 2007.

¹ Angul, Baragarh, Balangir, Boudh, Dhenkanal, Deogarh, Ganjam, Gajapati, Jharsuguda, Keonjhar, Koraput, Mayurbhanj, Malkangiri, Nabarangpur, Nuapada, Rayagada, Sambalpur, Subarnapur, Sundargarh

² Gajapati, Ganjam, Keonjhar, Mayurbhanj and Sundargarh

2.1.2 *Organisational structure*

BRGF was implemented under the overall supervision of Principal Secretary, Panchayati Raj (PR) Department (Nodal Officer) through concerned District Rural Development Agencies (DRDAs). RSVY was implemented in the State under the overall supervision of Additional Development Commissioner-cum-Secretary, Planning and Co-ordination (P&C) Department at the State level and the District Collectors through the DRDAs/District Planning Officers (DPOs) at the district levels. Works under both the programme were executed through the Block Development Officers (BDOs) and line Department Executing Agencies (EAs). In urban areas, the programme was implemented by Urban Local Bodies (ULBs). While District Planning Committees (DPC) constituted under the provisions of the Constitution of India, approve the integrated district plan and monitor the implementation at district level, State level High Power Committee (HPC) headed by the Chief Secretary examines the district plans, formulates policy guidelines and monitor the implementation of the programme.

2.1.3 *Audit objectives*

Audit objectives for the Performance Audit of the BRGF programme were to assess:

- the adequacy and effectiveness of planning, monitoring and institutional arrangements;
- effectiveness of financial management;
- effectiveness of programme implementation to achieve the intended objectives;
- adequacy and effectiveness of controls to prevent fraud and corruption.

2.1.4 *Scope and methodology of audit*

Performance Audit was conducted during January to June 2010 through test check of records of Panchayati Raj (PR) Department, Planning and Co-ordination (P&C) Department, State Urban Development Agency (SUDA), Poverty and Human Development Monitoring Agency (PHDMA), State Institute of Rural Development (SIRD) at State level and DRDAs/District Planning Offices (DPO) of eight sample districts³ (40 per cent selected on the basis of Stratified Random Sampling without Replacement Method) as well as 29 blocks, 145 Gram Panchayats (GP) (five under each sample block), 13 Urban Local Bodies⁴ and 22 line department executing agencies (*Appendix 2.1*). Period of coverage was 2003-10 for RSVY and 2006-10 for BRGF. Joint physical inspection of 117 assets created under BRGF and RSVY was conducted in the presence of technical representatives of the auditee

³ Balangir, Boudh, Deogarh, Ganjam, Sambalpur, Subarnapur, Sundargarh and Rayagada

⁴ Balangir, Berhampur, Binika, Boudh, Chhatrapur, Deogarh, Gunupur, Patnagarh, Rayagada, Rourkela, Sambalpur, Sonapur, Sundargarh

organisations. Photographs of assets created were also taken, wherever found necessary. Out of total expenditure of ₹ 815.72 crore incurred under both the programmes up to March 2010, ₹ 359.62 crore (44 *per cent*) were covered in performance audit of the programmes. The audit objectives, scope and methodology were discussed with the Principal Secretary, PR Department in an entry level conference on 25 May 2010 and the audit findings were discussed with the Principal Secretary in an exit conference held on 13 December 2010. Replies of the Government received in October 2010 have been incorporated at appropriate places.

2.1.5 Reason for selection of this topic for Performance Audit

Mismanagement of developmental funds in backward districts and development not being commensurate with the funds utilised were regular features in the electronic and print media as well as legislative debates. Due to low spending and delay in submission of Annual Plans, GoI did not release full entitlements of districts for 2008-09 and 2009-10 under BRGF. Funds released under RSVY during 2003-06 were also not utilised fully up to March 2010. These prompted Audit to select this topic for Performance Audit.

Audit Findings

2.1.6 Policy framework and Institutional arrangements

2.1.6.1 Absence of policy framework and non-issue of guidelines

Efforts like Performance incentives and monitoring were not given due weightage at policy formulation stage

Despite requirement under BRGF and directions (January 2010) of the GoI, no guidelines were issued by the State Government (July 2010) for:

- *Inter se* allocation of BRGF funds between different levels of Panchayati Raj Institutions (PRIs) considering the backwardness index or level of development and addressing specific district wise priorities;
- Policy for earmarking a reasonable percentage of funds towards performance incentive, based on specified criteria;
- Prescribing a quality monitoring system which should be regularly reviewed by the HPC;
- Manner of conducting Social Audit by Gram Sabha/Ward Sabhas in rural areas and Area Sabhas/Ward Committees in urban areas;
- Making implementing agencies accountable to PRIs and ULBs;
- Conducting peer review of progress by Panchayats themselves and constitution of a Review Committee by the DPC to review such reports.

In reply, the Government stated (October 2010) that these, being recent instructions of GoI, will be implemented from 2010-11. The reply is not tenable as these were the requirements of BRGF guidelines issued in January 2007 and GoI only reiterated the same in January 2010.

2.1.7 *Weak institutional arrangements*

2.1.7.1 *District Planning and Monitoring Units not set up*

Absence of District Planning and Monitoring Units

To assist the DPCs in planning and monitoring of developmental programmes in the backward districts and act as its District Secretariat, BRGF provided for setting up of District Planning and Monitoring Units (DPMUs) at each district covered under the scheme. Though PR Department released ₹ 6.65 crore⁵ to PHDMA⁶ in January 2009 at the request of P&C Department towards one year establishment cost for setting up DPMUs in each of the 19 backward districts with 12 technical experts and six support staff⁷, yet no DPMU was set-up (May 2010). In reply, PHDMA stated (May 2010) that the DPMUs would be set-up in due course and ₹ 4.66 crore out of ₹ 6.65 crore released in January 2009 was available for the purpose. Government stated (October 2010) that order for setting up of DPMUs in all the 30 districts including 19 BRGF districts was issued on 29 June 2010 and these units would be made operational soon. However, no such DPMU became operational as of December 2010.

2.1.7.2 *Professional support staff not posted at Block/GP level*

Resource support at block and GP level were not provided

BRGF guidelines required for providing specific staff to GPs i.e. a trained community level person to provide knowledge inputs to the community on agriculture, water management, livestock management, post-harvest management and agri-business, a gender empowerment community leader to undertake activity for female literacy and micro finance and one barefoot engineer to enhance local engineering capacity. Similarly, at the block level, one Panchayat Resource Centre (PRC) was to be set-up with one engineer (for preparation of estimate and monitoring quality of execution), an Accountant (to enforce financial discipline in block and GPs) and a social specialist (to conduct participatory planning by mobilising villagers to attend Gram Sabha/Palli Sabha etc). The guidelines and GoI instructions (March 2007) also permitted utilisation of development grant up to ₹ 45 lakh *per annum* per district for providing adequate number of functionaries at GP level and ₹ 13 lakh⁸ out of capacity building component per Panchayat Resources Centre

⁵ At ₹ 35 lakh per year per BRGF district

⁶ Poverty and Human Development Monitoring Agency

⁷ With monthly remuneration of ₹ 2.16 lakh (one Economist, one GIS Expert, One Regional Planning Expert at ₹ 30,000 per month, one Executive-cum-Accounts Officer at ₹ 20,000 per month, two Economical & Statistical Investigators at ₹ 15,000 per month, four Economical and Statistical Assistants at ₹ 10,000 per month and six Data Entry Operators/Support staff at ₹ 6,000 per month) and ₹ 9.08 lakh to be utilised on other expenses like purchase of computers, furniture, training, data collection and organisation of workshop etc.

⁸ Establishment cost: ₹ 10 lakh and recurring cost: ₹ 3 lakh

(PRC) at block level. However, none of the above manpower was provided in any of the 29 test checked blocks and 145 GPs as of June 2010. Thus, there was near total absence of institutional arrangements under BRGF at PRI level to strengthen the planning process and preparation of Annual Plans in a participatory mode. In reply, the Government assured (October 2010) to provide adequate professional support staff to each GP and block of 19 backward districts soon and to have already initiated action in this regard.

2.1.7.3 Technical and professional support to ULBs

Programme guidelines of BRGF {Para 1.6(a)}, *inter alia* required provision of support staff at ULB level through contracting and outsourcing.

- In 13 test checked ULBs, two AEs (Rourkela and Balangir), four computer operators (NAC, Boudh) and 13 JEs were recruited and posted by the ULBs on regular basis on consolidated salary instead of on outsourcing as required.
- In eight⁹ out of 13 test checked ULBs, no AE was available and the AE, Public Health (PH) of nearby PH sub-divisions were working on additional charges as Municipal Engineer in addition to their own duties.
- For engagement of one Office Co-ordinator and one Data-Entry Operator (DEO) in each district, ₹ 36.48 lakh under BRGF was placed (March 2010) with 19 District Urban Development Agencies (DUDAs) by State Urban Development Agency (SUDA) instead of providing adequate AE/JE/DEO to ULBs. Further, for maintenance of accounts and audit under BRGF scheme, ₹ 61 lakh was released (March 2010) to 70 ULBs for engagement of Chartered Accountant Firms. However, these arrangements had not been operationalised at ULB levels (June 2010).

In eight out of 13 test-checked ULBs, regular AEs were not available

Instead of providing adequate technical staff to ULBs, SUDA released ₹ 36.48 lakh to DUDAs of 19 backward districts for engaging one Office Co-ordinator and one DEO

2.1.8 Planning

2.1.8.1 Non-conducting base line survey

Baseline survey to identify causes of backwardness and infrastructure gaps was not done

BRGF guidelines required each district to undertake a diagnostic study of its backwardness by ensuring professional planning support and conducting a baseline survey. The survey was to identify missing infrastructure gaps and ways to address them over a period of time. GoI permitted (March 2007) utilisation of ₹ 2 lakh *per annum* per BRGF district out of Capacity Building (CB) component for conducting baseline survey and development of a baseline databank. However, no such survey was conducted in all the eight districts test checked (June 2010). Instead, projects recommended by Block Development Officers¹⁰/district authorities were included in the Annual Action Plans (AAPs) in a routine manner during 2007-08. However, AAPs

⁹ Binika, Boudh, Chhatrapur, Deogarh, Gunupur, Patnagarh, Sonepur, Sundargarh

¹⁰ Test checked BDOs of Balangir, Deogarh, Rayagada, Sambalpur, Subarnapur and Sundargarh districts (excepting BDOs of Boudh and Ganjam districts)

Anticipated outcome was not indicated against the projects included in the Annual plans rendering evaluation more difficult

for 2008-09 and 2009-10 were prepared by engaging Technical Support Institutions (TSIs) yet in none of the eight test checked districts, project wise anticipated outcomes in terms of production, development, employment, income etc. was indicated though required as per GoI guidelines.

2.1.8.2 *Absence of Integrated as well as Participatory planning*

BRGF programme envisaged decentralised bottom up planning and to strengthen Gram Sabhas in rural areas and Area Sabhas in urban areas for this purpose. It also required convergence of all developmental inflows under flagship programmes¹¹ to form an integrated district plan to speed up the development process in backward districts. The participatory plans prepared by Panchayats and Municipalities were to be consolidated into integrated district plan by the District Planning Committees (DPC) and the same would reflect all financial resources available in the district and ensure their optimal use without delay, diversion, duplication and leakages. However, following deficiencies were noticed:

Integrated district plans were not prepared despite payment of ₹ 3.66 crore as technical support fees to TSIs

- Though TSIs were engaged for preparation of district plans for 2007-08 to 2010-11 and ₹ 3.66 crore was already spent on payment of consultancy fees up to 31 March 2010, yet there was no convergence with other programmes. Out of 29 test checked PSs, 13 ULBs and 22 EAs, only one PS (Barkote) has constructed one vented causeway work¹² with estimated cost of ₹ 42.39 lakh in convergence with NREGS.
- Further, Gram Sabhas in rural areas were hardly consulted¹³ and Area Sabhas in urban areas were never consulted during preparation of annual plans. Review of the Gram Sabha Register of 145 test checked GPs revealed that only 20, 45 and 74 GPs of these eight districts were involved in preparation of Annual Action Plans (AAPs) of 2007-08, 2008-09 and 2009-10 respectively under BRGF. The trend is slowly increasing but participation in Gram Sabha meetings was low.
- Nowhere in 13 test checked ULBs, Area Sabhas were involved in the planning process.
- Expected flow of funds under various schemes/programme was not intimated to the PRIs and ULBs to facilitate them to prepare need based plan, despite repeated instructions of the GoI.

In planning process, Gram Sabhas in rural areas were hardly consulted and Area Sabhas in urban areas were never consulted. Expected fund flow to the PRIs and ULBs under various sources were also not intimated

¹¹ National Rural Employment Guarantee Scheme (NREGS), Sarva Siskhya Abhiyan (SSA), Midday Meal (MDM) Programme, Drinking Water Mission, Total Sanitation Campaign (TSC), National Rural Health Mission (NRHM), Integrated Child Development Services (ICDS) and National Urban Renewal Mission

¹² Construction of vented causeway over Balijore Nala on Singuri to Kadapada via Mardung (BRGF : ₹ 29.50 lakh and NREGS: ₹ 12.89 lakh)

¹³ 2007-08: 20 GPs (14 per cent), 2008-09: 45 GPs (31 per cent), 2009-10: 74 GPs (51 per cent) out of 145 GPs test checked

Projects with estimated cost of ₹ 6.78 crore under urban sector was included in AAP of 2006-07 and 2007-08 by district authorities in Deogarh without consulting even the Municipal Council

- Identification of projects was largely influenced by the State Government. In 2007-08, construction of Anganwadi centres and laying of cement concrete roads during 2008-09 was as per decisions of the State Government.
- In three districts¹⁴ projects with estimated cost of ₹ 12.23 crore under urban sector were included in the AAPs of 2006-08 by the district authorities without consulting the ULBs and line departments were entrusted with execution of the works.
- In Deogarh district, 95 projects with estimated cost of ₹ 6.78 crore were included in the AAP of 2006-07 and 2007-08 without approval of the Municipal Council (MC) which the MC took exception in its meeting (September 2007) and approved a fresh list which was also not considered by the DRDA/DPC.
- Further, 127 projects with estimated cost of ₹ 6.23 crore proposed by the Executive Officer (EO), Deogarh Municipality without approval of the MC was included in the AAP of 2008-09 and 2009-10. Besides, four works with estimated cost of ₹ 14.66 lakh were executed at the verbal direction of the District authorities. In reply, the EO stated that the proposals were not put up to MCs as there was no such direction from higher authorities. The reply was not tenable as paragraph 1.4 of BRGF programme guidelines provided for identification of BRGF projects by Area Sabhas and Ward Committees for inclusion in the Annual Plans in case of ULBs.

In reply, the Government stated (October 2010) that in the initial years of preparation of integrated district plans in consultative and participatory manner, full participation may not be a reality. It assured to take concerted effort to build and strengthen the capacity of the stakeholders to make the district plans hundred *per cent* consultative and participatory in future.

2.1.8.3 Non-preparation of sub-plans for SC/ST

Separate sub-plan for ST and SCs were not prepared under BRGF in all the eight test checked districts

Paragraph 2.2 of the BRGF guidelines required formation of a separate sub-plan within the AAP of each Panchayat/ULB showing scheme-wise allocation for Scheduled Castes (SCs) and Scheduled Tribes (STs). Funds at-least in proportion of the population of these communities in the Panchayats/ULBs were to be provided under this sub-plan. Amenities such as schools, anganwadi/health centres etc. were to be provided in areas having substantial SC/ST population. However, no such sub-plan was prepared in the Annual Plans of all the eight test checked districts during 2006-10 even though SC/ST population of these districts ranged from 21 *per cent* to 70 *per cent* of the total population as per Census 2001. Out of total AAP provision of ₹ 451.38 crore for 2007-08 to 2009-10 in these districts, provision for ₹ 196.60 crore was required to be earmarked for development of SCs/STs population, which was however, not ensured. In reply, the Government stated (October 2010) that

¹⁴ Deogarh: ₹ 48 lakh, Raygada: ₹ 9.44 crore, Subarnapur: ₹ 2.31 crore,

district authorities had already been instructed to prepare separate sub-plan for ST/SCs and accordingly some districts have started preparing such sub-plan.

2.1.8.4 *Delayed preparation of Perspective Plan*

Five year Perspective Plan under BRGF was not prepared despite release of ₹ 1.90 crore by the GoI in October 2007

BRGF guidelines (Paragraph 1.3) required preparation of a well conceived participatory District Development Perspective Plan for 2006-12 to address the backwardness issue. For this purpose, GoI released (November 2007) ₹ 1.90 crore at ₹ 10 lakh for each of the 19 Backward districts. However, perspective plan for 2008-13 under BRGF was prepared only in December 2009 through TSIs at a cost of ₹ 2.09 crore and were submitted to GoI on 29 December 2009.

2.1.8.5 *Delayed preparation of Annual Action Plans*

Annual Action Plans under BRGF for 2007-08 to 2009-10 were prepared with delay ranging from 128 to 537 days

To ensure timely flow of funds from GoI, AAPs under BRGF were required to be prepared, approved by the concerned District Planning Committee (DPC) and submitted to the State Government/GoI before commencement of the financial year. Despite engagement of TSIs for preparation of district plans for 2007-08 to 2009-10 in the 19 backward districts and spending ₹ 1.57 crore, there was delay in preparation of AAPs. In the eight test checked districts, there was delay ranging from 128 to 537 days in preparation of AAPs and submission of district plans for 2007-08 to 2009-10 to the GoI. This led to loss of substantial amount of assistance as discussed at paragraph 2.1.9.1. In reply, Government stated (October 2010) that there has been improvement to minimise the delay and while AAP for 2009-10 was prepared in December 2009, AAP for 2010-11 was finalised in May 2010 and that of 2011-12 is expected to be finalised well before 31 March 2011.

2.1.9 *Financial management*

RSVY funds of ₹ 7.95 crore remained unutilised till March 2010 despite release during 2003-07

Against the entitlement of ₹ 225 crore under RSVY¹⁵ for five districts for 2003-06, full amount was released by the State Government during 2003-07. While year-wise expenditure incurred by these districts was not available with the P&C Department, however, as per information furnished by the State Government, ₹ 217.05 crore was utilised as of March 2010 leaving unspent funds of ₹ 7.95 crore even after lapse of three years of release of funds. Utilisation Certificates (UCs) for ₹ 207.92 crore were submitted (June 2010) and UCs for remaining ₹ 17.08 crore due since March 2008 were not submitted (June 2010). Two test checked districts (Ganjam and Sundargarh) utilised ₹ 71.79 crore¹⁶ out of ₹ 90 crore released by the State Government during 2004-07 and submitted UCs for ₹ 84.48 crore. The unspent funds were not merged with BRGF. In reply, Government stated (October 2010) that Collectors have repeatedly been reminded to ensure full utilisation of funds and submission of UCs.

¹⁵ At ₹ 15 crore per district *per annum* for 2003-06

¹⁶ Ganjam: ₹ 44.76 crore and Sundargarh : ₹ 27.03 crore. In Sundargarh, ₹ 17.97 crore remained unutilised as on 31 March 2010 at bank (₹ 36.85 lakh) and in shape of advances with executing agencies (₹ 17.60 crore) as per the trial balance of DRDA

Under BRGF, ₹ 733.23 crore was released by the GoI for 19 BRGF districts during 2007-10. This included ₹ 48.59 crore released in subsequent years for the Plan year 2006-07 in favour of eight districts. Upto March 2010, an amount of ₹ 611.38 crore was utilised as indicated in the Table-2.1.

Table 2.1: Receipt and utilisation of funds under BRGF during 2006-10

(Rupees in crore)

| Year | Accrual basis | | Cash/receipt basis | | | | | |
|--------------|----------------|------------------------------------|--------------------|-----------------|----------------|--------------------|---------------------------------|-----------------|
| | Entitlement | Release for the year ¹⁷ | Opening balance | Grants received | Other receipts | Total availability | Expenditure/Spending efficiency | Unspent balance |
| 2006-07 | 209.00 | 48.59 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2007-08 | 324.67 | 317.05 | 0.00 | 262.72 | 0.00 | 262.72 | 59.98 (23) | 202.74 |
| 2008-09 | 324.67 | 178.10 | 202.74 | 246.84 | 0.27 | 449.85 | 191.37 (42.5) | 258.48 |
| 2009-10 | 324.67 | 189.49 | 258.48 | 223.67 | 0.30 | 482.45 | 360.03 (75) | 122.42 |
| Total | 1183.01 | 733.23 | | 733.23 | 0.57 | | 611.38 | |

(Source: Information furnished by Panchayati Raj Department)

State's average spending efficiency under BRGF increased from 23 per cent in 2007-08 to 75 per cent in 2009-10

It can be seen from the above table that against the entitlement of ₹ 209 crore for 2006-07 for 19 districts of the State, only ₹ 48.59 crore was released to only eight districts¹⁸ in the subsequent years. *Also overall spending efficiency of the State increased from 23 per cent in 2007-08 to 75 per cent in 2009-10 which is a positive trend.* However, the average spending efficiency of three out of eight test checked districts¹⁹ remained below the State average of 83.38 per cent.

Review of the financial management under BRGF revealed the following irregularities.

2.1.9.1 Non-receipt of Central assistance due to delay in submission of district plans and low spending

As per guidelines, BRGF assistance for 2006-07 to each RSVY district was to be released only on submission of UCs for full amount released under RSVY and for non RSVY districts the same was to be released on submission of the district plans duly approved by the DPC. However from 2007-08, BRGF funds were to be released by the GoI considering spending efficiency, timely submission of integrated district plans duly approved by the DPC and HPC to GoI together with audit reports, utilisation certificates and submission of non-diversion and non-embezzlement certificates. Audit observed that, only eight²⁰ out of 14 non-RSVY districts of the State could partially comply with the

¹⁷ including amount released in subsequent years for that year

¹⁸ Boudh (₹ 1 crore), Deogarh (₹ 5 crore), Dhenkanal (₹ 11.59 crore), Jharsuguda (₹ 5 crore), Kandhamal (₹ 10 crore), Nuapada (₹ 7.50 crore), Sambalpur (₹ 7.50 crore) and Subarnpur (₹ 1 crore)

¹⁹ Ganjam: 82 per cent, Raygada: 71 per cent, Sundargarh: 81 per cent

²⁰ Boudh: ₹ 1 crore, Deogarh: ₹ 5 crore, Dhenkanal: ₹ 11.59 crore, Jharsuguda: ₹ 5 crore, Kandhamal: ₹ 10 crore, Nuapada: ₹ 7.50 crore, Sambalpur: ₹ 7.50 crore, Subarnapur: ₹ 1 crore

Due to delay in submission of AAPs and low spending, the State was deprived of additional central assistance of ₹ 449.78 crore during 2007-10

requirements for 2006-07 for which only ₹ 48.59 crore was released against ₹ 190 crore due for 19 districts. Similarly, due to delayed submission of Perspective Plan for Capacity Building in October 2007, Central assistance for 2006-07 under CB component (₹ 19 crore) was not released by GoI. Besides, due to delay in submission of district plans²¹, non-preparation of the AAPs in participatory manner and low spending efficiency, the GoI released only ₹ 684.64 crore²² for 2007-10 as against the entitlement of ₹ 974.01 crore. The GoI decided in November 2009 not to release any fund against previous year plans. Thus, the State was deprived of GoI assistance of ₹ 449.78 crore under the programme as indicated at **Appendix 2.2**. In reply, the Government stated (October 2010) that GoI has been moved for release of balance funds. The reply is not tenable as GoI has already made a policy decision not to release any fund for previous years' plan.

2.1.9.2 Government released funds after considerable delay

RSVY funds of ₹ 90 crore was released to two districts after 61 to 684 days of closing of the concerned financial years. Similarly, ₹ 60.88 crore under BRGF was released by the Government to five DRDAs with 39 to 166 days of delay

The RSVY guidelines provided for release of funds to the concerned DRDA within 15 days of receipt by the State failing which the GoI has to treat the same as loan. However, it was noticed that there were delays ranging from 27 to 76 days in transferring RSVY funds of ₹ 52.50 crore to five RSVY districts during 2003-06. Further, there were delays ranging from 61 to 684 days from the date of closure of concerned financial year, in releasing RSVY funds of ₹ 90 crore by the Government to two test checked districts (Ganjam and Sundargarh) for the plan years 2003-04 to 2005-06 which in turn delayed sanction and execution of projects. While accepting the delay, Government stated (October 2010) that there was no inordinate delay. Besides, under BRGF, ₹ 60.88 crore was released by the State Government to five DRDAs during 2007-09 after a delay of 39 to 166 days of transfer of funds by the GoI to the Consolidated fund of the State. In reply, the Government stated (October 2010) that the State Government had sanctioned and released funds in time. The reply was not tenable since such delay was admitted by the concerned DRDAs and Local Bodies.

2.1.9.3 Belated transfer of funds by DRDAs to PRIs and ULBs

BRGF funds of ₹ 47.25 crore was transferred to concerned PRIs and ULBs after 21 to 342 days of delay

BRGF guidelines provided for release of funds by the State Government to the concerned PRIs and ULBs within 15 days of transfer of fund by the GoI to the Consolidated Funds of the State. The GoI further prescribed (June 2009) for payment of a penal interest at RBI Bank Rate²³ for any delay in transfer of funds by the State Government beyond 15 days to the Local Bodies. In three test checked districts²⁴, funds of ₹ 47.25 crore were released with delays

²¹ District Plans of 2006-07 and 2007-08 approved by the DPCs of eight test checked districts during September to December 2007, that of 2008-09 during August and September 2008 and 2009-10 in October-November 2009

²² Plan Year 2007-08 to 2009-10: Developmental Grants ₹ 642.37 crore against ₹ 917.01 crore and Capacity Building Grants ₹ 42.27 crore against ₹ 57 crore due

²³ Six per cent per annum

²⁴ Balangir, Boudh and Deogarh

ranging from 21 to 342 days during 2007-10 of which ₹ 19.18 crore was released after June 2009. The penal interest of ₹ 15.76 lakh payable by the Government to the 17 PRIs and five ULBs of Boudh and Balangir districts had not been transferred to the concerned PRIs/ULBs (July 2010). In reply, the Government stated (October 2010) that in State level review meetings, Project Directors (PD) of DRDAs were being repeatedly reminded to transfer funds to PRIs and ULBs in time. The PD, DRDAs of Boudh and Deogarh admitted the delay and assured to streamline the system to ensure timely release of funds to PRIs and ULBs within the prescribed time frame. None of the PRIs and ULBs, however, demanded the interest due to them on this account.

2.1.9.4 Parking of scheme funds in non-interest bearing accounts

₹ 33.29 crore under BRGF/RSVY was parked in non-interest bearing accounts with treasuries despite instructions to the contrary

BRGF guidelines provided for maintaining a separate bank account in a Nationalised Bank or a Post Office for BRGF funds. GoI also instructed not to keep any Centrally Sponsored/Central Plan Scheme fund in non-interest bearing account like Personal Ledger Account or Civil Deposit with the treasuries. However, 13 line department executing agencies²⁵ did not maintain separate cash book and bank account as required and deposited BRGF and RSVY funds of ₹ 33.29 crore with the treasuries under Civil Deposits (Public Works Deposits) and utilised these by drawing from the treasuries, which was irregular. Further, nine ULBs and 13 Executing Agencies did not maintain separate cash books for BRGF/RSVY as required and 13 EAs did not maintain separate Bank Accounts. In reply, Government stated (October 2010) that DRDAs were keeping funds in Savings Bank Accounts. The reply was however, silent about parking of scheme funds by these 13 executing agencies in non-interest bearing accounts.

2.1.9.5 Non-submission of Utilisation Certificates

UCs for ₹ 17.08 crore under RSVY and ₹ 55.21 crore under BRGF due since 31 March 2008 and March 2010 respectively were not submitted as of June 2010

As per the provisions of Rule 173 of Orissa General Financial Rules, the assistance sanctioned in a year to a grantee was to be utilised by the end of the year and UCs to be submitted by 30 June of the succeeding year. As Rule 212 of Central Government General Financial Rules provides for submission of UCs within 12 months from the closure of the financial year in which the grants were released, the GoI instructed (April 2009) the State Government for submission of UCs for entire grants released up to 2007-08. However, against ₹ 543.74 crore received from GoI up to 31 March 2009 on which UCs were due by 31 March 2010, UCs for only ₹ 488.53 crore were submitted as of 31 March 2010 and for remaining ₹ 55.21 crore UCs were awaited till June 2010. Similarly under RSVY, UCs for ₹ 17.08 crore were not submitted despite becoming due since March 2008.

In reply, State Government stated (October 2010) that balance UCs would be submitted to GoI soon.

²⁵ **Rural Works Division**, Berhampur I and II, Boudh, Rourkela, **R&B Division**, Balangir, Berhampur, Bhanjanagar, Rourkela, Sundargarh, **RWSS**: Sundargarh, **MI Division**: Berhampur I and II and **Public Health Division**: Koraput

2.1.9.6 *Submission of incorrect UCs and irregular treating of advance as final expenditure and diversion of funds*

Advance of ₹ 9.59 crore lying unspent in bank account of executing agencies were treated as final expenditure and inflated UCs were submitted

₹ 4.11 crore out of ₹ 4.48 crore diverted for other purposes during 2007-10 remained un-recouped as of June 2010

GoI guidelines and instructions required submission of a certificate in support of non-diversion, non-embezzlement and non-treatment of advance as final expenditure while submitting proposal for release of funds. However, it was noticed that five DRDAs²⁶, treated advances of ₹ 9.59 crore as final expenditure in their Annual Accounts in respect of 14 test checked PSs/ULBs despite the unspent funds lying in Bank Accounts of the concerned units. The concerned DRDAs had submitted the utilisation certificates to the GoI for entire amounts. Similarly, in 12 test checked PSs²⁷, an amount of ₹ 4.48 crore was diverted under the orders of concerned BDOs to other schemes/programmes²⁸ during 2007-10, of which ₹ 4.11 crore remained un-recouped as of March 2010.

The Government stated (October 2010) that funds were diverted temporarily to meet emergent requirement and that the same will be recouped soon after receipt of funds under concerned schemes. The fact remains that diversion of funds and submission of incorrect UCs is highly irregular.

2.1.9.7 *Non-refund of interest earned and misutilisation of interest*

Interest of ₹ 56.10 lakh credited by banks was not accounted for in the cash book and ₹ 5.74 lakh was misutilised for purposes not connected with RSVY. Interest of ₹ 78.09 lakh earned under BRGF were not refunded to DRDAs by test checked units

BRGF guidelines provided that interest accrued on unspent scheme funds was to be treated as additional resources and was to be utilised as per the BRGF guidelines. In 28 test checked units²⁹, interest of ₹ 56.10 lakh were not accounted for in the Cash Books despite credit allowed by the Banks and ₹ 78.09 lakh already accounted for in cash books was not refunded to the concerned DRDAs. Under RSVY, income of ₹ 5.74 lakh was utilised in Sundargarh district on purposes not connected with the scheme like renovation of collector's office (₹ 3.47 lakh), cycle shed at Collectorate (₹ 0.97 lakh), furnishing of monitoring cell of DRDA (₹ 1.30 lakh) etc. In reply, Government stated that the Collectors have been asked to intimate the circumstances under which income under RSVY was utilised otherwise.

2.1.9.8 *Irregular payment of advance to contractor*

NAC, Boudh irregularly paid interest free advance of ₹ 18 lakh to a contractor contrary to the codal provisions

Though the provisions of OPWD Code prohibited payment of advances to any contractor, yet NAC, Boudh advanced ₹ 18 lakh to one contractor for construction of NAC building, relying on orders of the Chairperson of the Municipality. In Sonapur Municipality, one JE who was paid (May 2008) advance of ₹ 1.58 lakh, refunded the same after 75 to 187 days without

²⁶ Balangir, Boudh, Deogarh, Rayagada and Sonapur

²⁷ Baragaon, Barkote, Bhanjanagar, Biramaharajpur, Boudh, Digapahandi, Harabhanga, Hemgiri, Maneswar, Reamal, Subarnapur and Tarava

²⁸ NREGS, NOAP, Biju KBK, IAY etc

²⁹ DRDA: Sambalpur, BDOs of Balangir, Baragaon, Barkote, Beguniapada, Bhanjanagar, Birmaharajpur, Bisamkatak, Boudh, Chhatrapur, Gunpur, Haravanga, Hemgiri, Kantamal, Khalikote, Kuchinda, Lathikata, Loisingha, Maneswar, Patnagarh, Rairakhol, Rayagada, Reamal, Sonapur, Sundargarh, Tarva, Tileibani, Titlagarh

executing one work and after partial execution of the other. This was confirmed by both the ULBs reflecting absence of financial discipline.

2.1.9.9 Absence of transparent criteria for transfer of funds within PRIs

BRGF guidelines required each State Government to indicate a normative formula for allocation of BRGF funds to each Panchayat. The formula may include, any index that is prepared and accepted within the State which reflects backwardness or level of development, addressing specific district wise priorities identified in the district visioning exercise, earmarking a reasonable *percentage* of fund as performance incentives based on specified criteria. However, no such criteria was considered while transfer of funds within PRIs in seven out of eight test checked districts. However, in Ganjam district, the district authorities classified all GPs of 22 blocks under five indices to arrive at the status of backwardness i.e. percentage of Below Poverty Line (BPL) population, relative size of SC and ST population, size of un-irrigated area and distance from the town. Similarly, the planning process sought to provide incentives for GPs to create wage employment for wage seekers as part of the prioritised projects. Based on man-days of employment generated, two GPs of each block were rewarded with ₹ 5 lakh per GP to implement eligible projects under BRGF of their choice.

Funds allocation among PSs did not follow the prescribed criteria excepting in Ganjam which adopted a good practice

In reply, Government stated that *inter se* allocation of funds between PRIs and ULBs were made as per the Programme guidelines under BRGF. The reply is not tenable as the formula for *inter se* allocation among PRIs has not yet been prescribed by the State Government (October 2010).

Subarnapur and Rayagada districts allocated ₹ 3.48 crore more for urban sector in 2006-07 while ULBs of Deogarh and Boudh were allotted ₹ 1.79 crore less during 2006-08

For *inter se* allocation of developmental grants between PRI and ULBs, the State Government while using the population criterion, added a special criterion to allocate 15 *per cent* extra to the ULBs considering the need for more resources for ULBs, subject to a maximum ceiling of 40 *per cent* of total funds. It was also noticed that in Subarnapur and Rayagada districts, there was more allocation of funds for urban sector by ₹ 3.48 crore for the plan year 2006-07 and 2007-08 and in two districts (Deogarh and Boudh), two ULBs (Deogarh and Boudh) were allocated ₹ 1.79 crore³⁰ less than their entitlements as per the prescribed formula.

In reply, DRDA, Rayagada assured (April 2010) to follow the criteria in allocating fund between PRIs and ULBs.

2.1.9.10 Irregular transfer of BRGF funds to Municipal Fund

GoI guidelines and instructions of PR Department, allows utilisation of five *per cent* of developmental grant to meet the salary cost of dedicated critical staff subject to the ceiling of actual expenditure or five *per cent* of grants which ever is lower. However, in four ULBs³¹ ₹ 39.91 lakh was deducted from work bills at three to five *per cent* of value of work done during 2008-10 of which ₹ 3.65 lakh was spent on salary of the contractual staff and

Four ULBs deducted ₹ 39.91 lakh from works bills and deposited ₹ 36.26 lakh in municipal fund after adjusting the amount towards staff cost, in violation of Government instruction

³⁰ Boudh: 2006-07 to 2008-09: ₹ 39.67 lakh , Deogarh: 2008-09: ₹ 1.39 crore

³¹ Boudh, Gunupur, Rayagada, Rourkela

purchase of digital camera, printer, levelling machine etc. (Gunupur). The remaining amount of ₹ 36.26 lakh was credited irregularly to the Municipal Fund, while full UCs including these amounts were submitted to DRDAs.

In reply, Executive Officer (EO) of Rourkela Municipality assured (May 2010) to maintain separate records while EO, Gunupur Municipality stated (April 2010) that this aspect will be taken care of in future.

Programme management

BRGF programme has two components, one for 'Developmental Grant' meant for infrastructure development and other developmental needs and the other for 'Capacity Building Grant' to be utilised for providing professional support to Local Bodies for planning, implementation and monitoring purpose as well as to impart training for capacity building of the PRI/ULB members/staff. Deficiencies noticed in implementation of both the components are discussed in succeeding paragraphs.

2.1.10 Developmental grants

During 2006-10, ₹ 690.96 crore under developmental grant component of BRGF was released by GoI to 19 districts of the State, of which ₹ 596.15 crore was utilised as of March 2010. Besides, ₹ 217.05 crore out of ₹ 225 crore released under RSVY, was also utilised during 2003-10. These grants were to be utilised on creation of critical infrastructure and other developmental needs of the districts. While RSVY guidelines provided for execution of all the works through tender process by displaying the tenders on the web-site, BRGF works were to be executed through open tender process as per the decision (3 April 2008) of State level HPC which also prescribed the minimum ceiling of ₹ two lakh for works under BRGF. However, the PR Department in order to speed up the execution, allowed the Panchayat Samitis to execute works costing up to ₹ five lakh through Village Labour Leader (VLL) and beyond that through open tender system contrary to the decision (April 2008) of the HPC. A review of utilisation of RSVY funds and BRGF developmental grants revealed the following irregularities:

2.1.10.1 Irregular execution of BRGF works through middlemen in the guise of VLL and departmental officers

In 29 test checked blocks, 1822 BRGF works were executed spending ₹ 34 crore through middlemen in the guise of VLLs and departmental officers

The process of execution of works through VLL system prescribed by the PR Department in December 2004 and reiterated in February 2006 provided for selection of a Village Labour Leader (VLL) by the Pali Sabha who has to assist the Departmental Officer (DO) in maintaining muster rolls, payment of wages to labourers, ensure safe custody of materials at site and monitor the execution on behalf of the villagers as well as to ensure the quality of works. The VLL was answerable to the Village Committee for proper execution of the work and had to be paid wages at rates applicable to skilled labourers. The VLL was to work under the supervision of DO executing the work departmentally and the DO should be other than the Junior Engineer (JE). The role of JE was limited to preparation of estimates, design, plan, supervise technical quality of work and take measurement/check measurement as per

requirement. However, it was noticed that contrary to these instructions, the works were executed through middlemen in the guise of VLLs and departmental officers as under:

- Contrary to the modified instructions, in 10³² out of total 29 test checked Panchayat Samitis, 972 works³³ were executed at ₹ 16.64 crore through middlemen in the guise of VLL by issue of work orders on VLLs and releasing payment to VLLs against Running Account/Final Bills. The VLLs despite being paid labourers were shown to have purchased building materials and road metal worth lakh of rupees³⁴ as well as paid wages to labourers from his own resources without availing any advance from the concerned BDOs.
- Though VLLs were to work under a DO other than the JE, but in seven test checked PS³⁵, 458 works³⁶ were executed at a cost of ₹ 7.78 crore through the VLLs under the supervision of concerned JEs. While JE obtained cash advances from the BDOs, VLLs received the departmental materials and payment was released to the JE against Running Account/Final Bills in same manner as allowed to contractors. The JEs were paid for the works executed as well as measured by themselves. Further, neither any Site Stock Account was maintained in support of receipt and issue of materials purchased nor any temporary advance register was maintained for accounting the receipt and utilisation of cash advance drawn.
- In three³⁷ out of 29 test checked PS, 390 works³⁸ were executed at ₹ 9.44 crore departmentally through Panchayat Executive Officers (PEO) under VLL route and advances/final payment was released to the PEO. However, neither any Site Stock Account was maintained by the PEOs in support of receipt and issue of materials purchased nor any temporary advance register was maintained for accounting the receipt and utilisation of cash advances drawn.
- In one PS (Boudh), two works were awarded and executed through registered contractors at ₹ 14 lakh without inviting tenders.
- In none of the above 1822 works executed at ₹ 34 crore, Quality Control Tests were conducted for the materials utilised and cement concrete works executed.

³² Balangir, Bhanjanagar, Biramaharajpur, Boudh, Digapahandi, Kantamal, Kuchinda, Maneswar, Rayagada and Redhakhhol

³³ 110 works with expenditure of ₹ 3 crore examined in detail

³⁴ ₹ 0.07 lakh to ₹ 5.28 lakh

³⁵ Badagaon, Bisamkatak, Hemgiri, Patanagarh, Sonepur, Tarava and Titilagarh

³⁶ 68 works on which ₹ 2.55 crore was utilised were examined in audit

³⁷ Barkote, Boudh, Reamal

³⁸ 38 works executed at ₹ 1.24 crore were examined in audit

In reply, the Government stated (October 2010) that close monitoring of execution of BRGF works would be done by the State Government/District Collectors to set right the irregularities.

2.1.10.2 Expenditure on inadmissible works

In test checked units, ₹ 6.39 crore was irregularly spent on inadmissible projects

Contrary to GoI guidelines and Government instructions (December 2007 and August 2008), an amount of ₹ 6.39 crore under BRGF was spent irregularly on execution of 165 inadmissible works like Government office buildings and Staff quarters, Community centres, Kalyan Mandaps, Traffic control rooms etc in 28 test checked units (₹ 5.35 crore); and construction of buildings for BRGF cell in 70 ULBs out of capacity building fund placed with SUDA (₹ 1.04 crore) as indicated at *Appendix 2.3*.



Inadmissible project: Town Hall, Berhampur on which ₹ 15.50 lakh spent under BRGF

Besides, in Rayagada PS, six inadmissible projects like office building, compound wall etc. with estimated cost of ₹ 26.01 lakh were under progress (April 2010). This resulted in creation of avoidable financial liability.

This is indicative of violation of the sanctity of the scheme.

In reply, Government stated (October 2010) that this aspect is being looked in to by the HPC regularly and district plans are being approved accordingly. The reply is not tenable as the reason for executing the inadmissible works pointed out in audit was not furnished and HPC is not empowered to allow execution of inadmissible works.

2.1.10.3 Unfruitful expenditure

Expenditure of ₹ 6.20 crore incurred under the programme rendered unfruitful due to either non-utilisation of completed projects or non-completion in other cases

Both RSVY and BRGF *inter alia* aimed to bridge the critical infrastructure gap to expedite the growth rate in the backward districts. Thus, it was necessary to complete the projects in time and put those to immediate use after completion. It was noticed that expenditure

of ₹ 6.20 crore rendered unfruitful due to non-utilisation of completed assets (₹ 3.90 crore), projects lying incomplete after part

execution for seven to 45 months after scheduled date of completion (₹ 1.46 crore) and bus terminus at Rayagada lying incomplete due to unplanned execution and subsequent objection by the HPC



Casualty Building at Sundargarh Hospital lying idle since September 2008



Incomplete bus terminus at Rayagada

(₹ 83.92 lakh) as indicated at *Appendix 2.4*. One casualty building constructed at ₹ 22.16 lakh at Sundargarh District Headquarters Hospital was also lying unutilised since March 2008 due to non-posting of staff by the Health and Family Welfare Department. On this being pointed out (May 2010), the District Programme Manager, National Rural Health Mission, Sundargarh stated that District Programme Management Unit was not aware of the fact and assured to take up the matter with the State authorities. However, further action was awaited (November 2010).

Besides, for the project 'Augmentation of drinking water supply to Gunupur NAC', full technically sanctioned estimated cost of ₹ 6.98 crore was released (March 2008 and January 2009) by DRDA, Rayagada under BRGF to Executive Engineer (EE), Public Health Division, Koraput. The work consisted of components like construction of four million litre per day capacity intake well and treatment plant, 10.5 lakh litre capacity Under



CI pipes and joints lying idle since March 2008

Ground Reservoir (UGR), 4.50 lakh litre capacity Elevated Service Reservoir (ESR) and laying of pipelines. Though all the components are integrated for successful implementation of a water supply project, yet neither the integrated scheme was put to National Competitive Bidding as required nor tendering and execution of all components of the system were synchronised. Instead, Cast Iron Pipes and other fittings were purchased during March to May 2008 at ₹ 2.35 crore and each component was treated as separate for tendering and execution. As a result, though some components like UGR, ESR and intake well have already been completed since last one year but were lying idle, as construction of Water Treatment Plant started only in June 2010, the same along with laying of pipelines (₹ 24.87 lakh) have not been completed (December 2010). Pipes and fittings purchased in March to May 2008 were lying idle. As a result, entire expenditure of ₹ 5.10 crore incurred on the project up to March 2010 remained unfruitful. This included ₹ 14.51 lakh spent on construction of one Government office building and two Staff Quarters, which were not admissible under BRGF.



ESR of Gunupur NAC lying idle since June 2009

In reply, Government stated (October 2010) that all the Project Directors of DRDAs have been instructed to ensure utilisation of constructed utilities.

2.1.10.4 Avoidable liability

Rayagada Municipality put all the 31 works (Storm Water Disposal drains) included in the AAP of 2008-09 to tender for the full estimated cost and work orders were issued for ₹ 2.54 crore against release of ₹ 1.55 crore by concerned DRDA. The Municipality spent the entire amount and submitted UC (March 2010). However, it was noticed that 27 drain works were left

Expenditure of ₹ 5.10 crore spent on the project 'augmentation of water supply to Gunupur NAC' failed to yield the expected result due to non-synchronisation of activity components

In Rayagada Municipality, although only ₹ 1.55 crore was released yet work orders were issued for ₹ 2.54 crore leading to creation of avoidable liability and projects remaining incomplete

partly executed and four works were not taken up (March 2010). Further, funds were not released as the GoI decided (November 2009) not to release any fund against previous plan years. Thus, the entire expenditure of ₹ 1.55 crore incurred on these works was rendered unfruitful apart from creating avoidable liability of ₹ 99 lakh.

In reply, Government stated that all the PD, DRDAs were advised to utilise the funds released during 2009-10 to complete the incomplete works of 2008-09. The reply is not tenable as these works still remained incomplete (September 2010) as balance works were not included in the AAP of 2009-10 and 2010-11. The Government also stated (October 2010) that GoI is being requested for release of balance funds of 2008-09.

2.1.10.5 *Avoidable expenditure*

Avoidable expenditure of ₹ 1.74 crore was incurred in test checked units due to execution of works with specification and design higher than that prescribed

It was noticed that avoidable expenditure of ₹ 1.74 crore was incurred in test checked units on account of construction of cement concrete roads with higher specifications than those prescribed by the State Government (₹ 58.04 lakh), by allowing excess cement in cement concrete (CC) and reinforced cement concrete (RCC) works beyond the limit prescribed in Indian Standard (IS) 456:2000 (₹ 57.55 lakh), cost overrun due to delay in execution of works by the departmental officers (₹ 6.37 lakh) etc. as detailed in *Appendix 2.5*. This included avoidable expenditure of ₹ 52.16 lakh due to construction of service reservoirs, water treatment plant and other infrastructure of higher capacity beyond the norms and design period of 15 years prescribed by the Central Public Health Environmental Engineering Organisation (CPHEEO) for the project “Augmentation of water supply to Gunupur NAC”.

In reply, Government stated (October 2010) that District Collectors and ULBs authorities are taking appropriate steps to incur expenditures as per prescribed norms. The reply however, did not give reasons for deviation from norms.

2.1.10.6 *Prorata supervision charge claimed by line departments contrary to the instructions of the HPC*

Pro rata supervision charges of ₹ 1.65 crore was charged by seven line department executing agencies contrary to the decision of HPC

The State level High Power Committee decided (3 April 2008) that *prorata* supervision charges would not be claimed by line departments in case of execution of BRGF projects relating to urban sector. However, contrary to the said instructions, seven line department executing agencies³⁹ adjusted ₹ 1.65 crore towards *prorata* supervision charges at 16 to 17 *per cent* of the estimated cost of ₹ 14.35 crore in respect of 77 works under urban sector. It was further noticed that EE, PH Division, Koraput has already deposited (February 2009/February 2010), the recovered supervision charges of ₹ 73.98 lakh in the State Government account. This resulted in appropriation of Central assistance by the State Government.

In reply, Government stated (October 2010) that Collectors were instructed to strictly abide by the instructions of the HPC.

³⁹ **Executive Engineers** of Lift Irrigation Division Sundargarh, Public Health Division, Koraput and Rourkela, Roads and Building Divisions of Balangir, Rayagada and Rourkela, Rural Works Division, Deogarh

2.1.10.7 Contract management

Works under BRGF were executed by ULBs and line departments through tender process. Review of the tender and contract management revealed the following irregularities:

- Standard F₂ agreement format prescribed by the Government, which included penalty and liquidated damage clauses to safeguard the interest of the Government, was not followed by seven ULBs⁴⁰. In reply (April 2010), the Executive Officers (EO) agreed to adopt standard F₂ contract form in future.
- Time is the essence of a contract, however, in three ULBs (Chhatrapur, Sambalpur and Sundargarh), penalty clause for delayed execution was neither incorporated in the Detailed Tender Call Notices (DTCN) nor in 182 contracts. Test check of 22 works with contract value of ₹ 1.04 crore revealed that in all these cases, though the contractors delayed the execution by 90 to 690 days beyond the date stipulated in the contract documents, yet no penalty could be levied. In reply, the ULBs assured to incorporate necessary penal provision in the DTCN and contracts henceforth.
- In two ULBs (Rourkela and Deogarh), the contract condition (Rourkela)/work orders (Deogarh) provided for levy of penalty for delayed execution at one-third *per cent* of contract value per day subject to maximum 10 *per cent* of the contract value (Rourkela) and recovery of five *per cent* of the bill amount (Deogarh). However, in 26 works with contract value of ₹ 1.01 crore, though there was delay of 85 to 480 days beyond the stipulated date of completion, yet penalty of ₹ 6.33 lakh leviable as per the terms of contracts was not recovered by the ULBs. In reply, the Executive Officers (EO), Deogarh Municipality stated that penalty could not be levied as the same was not incorporated in the agreement executed with the contractors while EO, Rourkela Municipality assured (May 2010) to do the needful. Reply of the EO, Deogarh Municipality was not tenable as work order provided for recovery of five *per cent* of the bill amount in case of delayed execution and incorporating this condition in the agreement was the responsibility of the EO.

Similarly, in 12 cases in two PSs (Rayagada and Sundargarh) and one EA (Rural Works Division No. II, Rourkela), though the contractors delayed the completion of works by 27 to 1350 days, yet penalty of ₹ 19.54 lakh was not imposed as per the terms of contract. In reply, BDO, Sundargarh assured to recover the same in future.

⁴⁰ Balangir, Boudh, Chhatrapur, Deogarh, Gunupur, Rayagada, Sundargarh

- Contrary to the provisions of OPWD Code, two ULBs (Sonepur and Binika) restricted the tenders for 62 works with estimated cost of ₹ 2.93 crore to only Municipal contractors. In Sonepur, the same five contractors participated. In reply, EO, Sonepur Municipality assured for non-recurrence of the same in future while EO, Binika NAC stated that necessary changes will be incorporated in the DTCN in future.
- Codal provision provided for allowing a minimum time of 10 days between the date of issue of tender notice and date of opening of tender where the estimated cost of works does not exceed ₹ 50 lakh. However, in respect of 35 works with total estimated cost of ₹ 1.62 crore, only five to seven days time was allowed by two ULBs⁴¹. Thus, there was restriction on response to tender notices. In reply, EO, Gunupur Municipality stated (April 2010) that tender period was shortened in February 2009 anticipating receipt of funds by end of the financial year. The reply was not tenable as fund (₹ 1.10 crore) was received only in May 2009.

2.1.10.8 Sub-standard execution

Quality of works were not satisfactory in eight per cent cases test checked

Joint physical inspection of 117 works⁴² executed at ₹ 11.08 crore revealed substandard execution of nine road works (₹ 76.96 lakh) and non-utilisation of seven assets constructed at ₹ 1.56 crore even after one to two years of completion. Cases of inflated measurements were noticed in 10 works executed at ₹ 47.20 lakh. Similarly, 14 works on which ₹ 2.74 crore was utilised remained incomplete even after six to 15 months of expiry of the scheduled date of completion. The work-wise details are at *Appendix 2.6*.

In reply, the Government stated (October 2010) that quality of works are being inspected by District authorities and necessary steps would be taken to avoid substandard execution. The reply is not tenable as no action was taken for utilisation of completed assets and rectification of sub-standard execution pointed out in audit.

2.1.11 Capacity Building grants

Capacity building of Panchayats and Municipalities to facilitate participatory planning, decision making, implementation and monitoring of different schemes for better governance and service delivery was one of the critical issues of BRGF. Under capacity building component training was to be provided to elected representatives and officials of PRIs and ULBs. Providing telephone and e-connectivity, establishing accounting and auditing system, establishment and maintenance of training help lines etc. were other important components under capacity building. Annual entitlement of each BRGF district under CB component was ₹ 1 crore *per annum* i.e. ₹ 19 crore *per annum* for the State. During 2006-10, ₹ 42.27 crore was transferred by the GoI

⁴¹ Gunupur: 15 works: ₹ 116.51lakh, Rourkela: 20 works: ₹ 45 lakh

⁴² 109 Under BRGF and eight under RSVY

to the State Government for Capacity building component of BRGF, of which UC for ₹ 15.23 crore has already been submitted to the GoI (June 2010).

Review of implementation of various activities under Capacity building component revealed the following irregularities:

Training to PRI members/staff were not adequate

- **Training to elected representatives and staff of PRIs:** Training of elected representatives and staff of PRIs and ULBs is an important component of capacity building under BRGF. During 2009-10, 706 training programmes were conducted in which 23621 PRI members and staffs were trained. However, training on maintenance of accounts, use of online service, planning of BRGF and other schemes were not imparted.

Training to ULB Councilors not yet started even after four years of implementation of the programme

- **Training to ULB members/staff:** Under urban sector, only ₹ 11.45 lakh was spent on conducting one day training to 752 ULB staff/members and exposure visit of Chairpersons and Executive Officers of ULB. Training to ULB councilors (excepting for Ganjam District) had not started (June 2010).

Help line for PRIs and ULBs not set-up despite inclusion in CB Perspective plan

- **Establishment and maintenance of help lines:** Capacity building component of BRGF permitted spending ₹ one crore on setting-up and maintaining a helpline in each State. However, no such helpline has been set-up in the State even though the same was included in the Capacity Building (CB) Perspective Plan.

In reply, Government stated (October 2010) that necessary action was being taken to impart more and more training to all staff/members of Local Bodies and to set-up a help line at State level soon.

2.1.12 Vulnerability to fraud and corruption

Internal controls were prescribed in different codes with the objective that compliance with the same would minimise the chances of fraud and corruption while safeguarding public funds. Review of tender and contract management as well as departmental execution of works revealed non-compliance with the codal provisions making the transactions/activities more vulnerable to fraud and corruption as discussed in succeeding paragraphs.

2.1.12.1 Lack of transparency and unfair practices in awarding of contracts

The provisions of OPWD Code prescribed the financial limits for Executive Engineers (EE), Superintending Engineer (SE) and Chief Engineer (CE) to accord technical sanction of the estimates⁴³. Code also prohibits splitting up of estimates to avoid technical sanction by/approval of higher authorities. It also prescribes various procedures for giving wide publicity to tenders like publication of tender notices for works exceeding ₹ 50000 in two local Oriya dailies, posting tenders for works costing ₹ 10 lakh or more in Government

⁴³ EE: up to ₹ 50 lakh, SE: Above ₹ 50 lakh and up to ₹ 3 crore, CE: Above ₹ 3 crore

web-site, e-tendering of works exceeding ₹ 50 lakh⁴⁴, publication of tender notice of work costing ₹ one crore and above in one English daily in addition to one local Oriya daily. It also prohibits award of work without calling tenders excepting in cases of exceptional urgency like flood damage and test relief works and fixed the limits for the EE (₹ 10000), CE (₹ two lakh) and administrative department (beyond ₹ two lakh).

However, review of the tendering process revealed the following irregularities:

Estimates of works costing ₹ one crore or more were split up to avoid technical sanction by higher authority as well as to avoid publicity in National English daily

- In two executing agencies, the EEs split-up the estimates for two works⁴⁵ with total estimated cost of ₹ 2.91 crore and individual estimated cost ranging from ₹ one crore to ₹ 1.91 crore to two to five reaches, each reach being less than ₹ 50 lakh to avoid technical sanction of the estimate by the higher authorities as well as to avoid wide publicity in National dailies. While one work was completed, the other remained incomplete (November 2010).
- In four cases, in three executing agencies, the EEs split-up the estimates for four works⁴⁶ with total estimated cost of ₹ 2.36 crore and individual estimated cost exceeding ₹ 54.47 lakh to ₹ 65.16 lakh to two to three reaches each reach between ₹ 4.41 lakh to ₹ 49.77 lakh to avoid technical sanction by higher authorities. EE, R&B, Rayagada and Sundargarh stated that the work was split-up for speedy execution of works while EE, R&B, Rourkela stated that the works were split-up due to release of funds in phases. The reply of EE, Rourkela was not tenable as the entire fund of ₹ 5.20 crore was released by DRDA to the EE during April 2005 to September 2007 and UC for full amount was submitted in September 2007 while estimate was split-up and technical sanction was accorded only in January 2008.
- In five test checked units⁴⁷, tenders for 44 works (RSVY 32 and BRGF 12) with total estimated cost of ₹ 10.71 crore and individual estimated cost of ₹ 10 lakh or more (*Appendix 2.7*), were neither placed in web-site of the State Government nor intimated to the Director, Printing, Stationary and Publications, Orissa for publication in the Orissa Gazette for wide publicity as required. In reply, the Government stated that the Collectors have been advised to obtain explanation of concerned executing agencies with regard to deviation in the tendering process.

Tender notices of works costing ₹ 10 lakh or more were not posted in Government web-site

⁴⁴ ₹ 20 lakh from January 2009

⁴⁵ **EE, R&B Division, Rayagada:** Construction of bus stand complex at Rayagada (BRGF): ₹ 1 crore to two reaches and **PA, ITDA, Rayagada:** Construction of residential Girl's High school at Siripur: ₹ 1.91 crore to five reaches (BRGF)

⁴⁶ **R&B Division, Rourkela :** Construction of Stadium at Bisra Maidan at Rourkela (BRGF): ₹ 60.12 lakh (2 reaches), **R&B Division , Rayagada :** Market complex at Kasturi Nagar (BRGF): ₹ 54.47 lakh (3 reaches), **R&B Division, Sundargarh :** Bridge on Sapdagar to Pateimunda: ₹ 65.16 lakh (3 reaches) and Box Cell Culvert on Gajendra Tehuria road on Basundhara Nalla: ₹ 55.82 lakh (2 reaches)

⁴⁷ **RW Division:** Boudh and Deogarh **R&B Division:** Balangir, Rourkela and Sundargarh,

Works were split up to reaches below ₹ 50,000 to avoid wide publicity of tender in local dailies

- In seven executing agencies, 18 works (₹ 70.86 lakh) with individual estimated cost of ₹ one lakh to ₹ 13.43 lakh were split-up by the EEs to two to 23 reaches keeping the cost of each below ₹ 50 000 to avoid wide publicity (*Appendix 2.8*). In all these cases, the works were awarded on short tender call notice displaying in notice board instead of publication in two Oriya dailies and publicity was restricted. The works were however completed. The Executive Engineers stated that the original works were split-up to reaches below ₹ 50 000 for expeditious execution of works. The replies were not tenable in audit as codal provisions do not permit splitting-up of works.
- In 14 cases (₹ 1.31 crore) in Minor Irrigation Division –II, Berhampur, the original estimates each ranging from ₹ three lakh to ₹ 27 lakh were split-up by the EE into five to 42 reaches each being less than ₹ 50000 and were awarded to various Pani Panchayats and contractors without inviting tenders (*Appendix 2.9*). In reply, the EE stated that as Irrigation Department permitted (September 2004) award of repair and maintenance of irrigation projects for value up to ₹ 50 000, as such, for speedy execution, the renovation works were split-up and awarded to Pani Panchayats and other agencies without inviting tender. The reply is not tenable as the works which were split-up were not repair and maintenance works but were renovation and improvement works involving construction of structures and lined channels.
- In three test checked EAs, three works⁴⁸ with total estimated cost of ₹ 9.11 crore and individual estimated cost exceeding ₹ 50 lakh in each case were not put to e-tendering contrary to the provisions of OPWD Code. In reply, Government assured (October 2010) to take corrective measures.
- In three ULBs (Balangir, Binika and Patnagarh,), 77 works with estimated cost of ₹ 82.29 lakh were not put to tender but were awarded to registered contractors at the recommendation of the Chairperson of the concerned ULB. The Executive Officer, Balangir Municipality and Patnagarh NAC stated that the works were not put to tender as the estimated cost of each of these works were below ₹ five lakh. The reply was not tenable in audit as Government order dated 17 August 2008 required execution of all works under BRGF through open tender process and the relaxation (order dated 5 November 2008) allowed for executing projects up to ₹ five lakh through Village Labour Leader system was limited to rural areas only.

In three ULBs, 77 works costing ₹ 82.29 lakh were awarded to contractors without inviting tenders at the recommendation of Chairperson of concerned ULB

⁴⁸ **BRGF: ITDA, Rayagada:** Construction of Girls High School at Siripur: ₹ 1.54 crore, **EE, R&B Division, Balangir:** Construction of boundary wall & leveling of the field of stadium at Sonapur: ₹ 59.42 lakh, **EE, PHD, Koraput:** Augmentation of Water supply to Gunupur, NAC: ₹ 6.98 crore

The Government however, stated (October 2010) that transparency in awarding contracts is looked into by the Collectors and necessary remedial measures would be taken by the Government.

2.1.12.2 *Doubtful purchase of materials*

Materials worth ₹ 2.32 crore were purchased in test checked PSs against hand receipts and payment for ₹ 7000 to ₹ 5.28 lakh was shown as paid in cash by concerned JEs initially out of their own money. Materials purchased were not accounted for in site stock accounts

In 24 test checked units⁴⁹, road metal and other construction materials worth ₹ 2.95 crore were purchased without following purchase procedure like calling of quotations and releasing payment through cheque after receipt and accounting of the materials in stock register. While such materials worth ₹ 2.32 crore were shown as purchased from private persons on hand receipts without accounting the receipt and use, ₹ 63.39 lakh was irregularly allowed to the executants towards cost of cement shown as purchased from open market by departmental officers in excess of that issued by the BDO, despite availability of sufficient stock in the block store as indicated at *Appendix 2.10*. Actual purchase and utilisation of such materials and cement appears doubtful. In reply, the Government stated (October 2010) that necessary action in this regard is being taken by the district authorities. However, action to streamline the procedure to check possible pilferage of funds was awaited (November 2010).

2.1.12.3 *Non-compliance with the provisions of OPWD Code in maintenance of muster rolls and payment of wages and doubtful muster rolls*

Doubtful payment of wages for ₹ 1.01 crore through muster roll

The procedure of maintenance of Muster Rolls (MRs) were prescribed in the OPWD Code which provided for maintaining the MRs in stitched forms duly page numbered to prevent non-payment, short payment and any manipulation. These MRs were to be issued by the head of the office under his authorisation for specific work and specific period. Also MRs were to be treated as expenditure documents and to be submitted by the concerned officers immediately after disbursement of wages. The Government in PR Department made (December 2004) the VLLs responsible for preparation of muster rolls, taking attendance and disbursing wages on proper identification on obtaining funds from the departmental officer and for its early submission to the said officer. Review of MRs of works executed departmentally in test checked PSs revealed non-compliance to above codal provisions which led to irregular and doubtful payment of wages to the extent of ₹ 1.01 crore as indicated at *Appendix 2.11*. Besides, in 10 cases in Kantamal PS, no muster roll was submitted by the concerned departmental officer despite execution of works valued ₹ 14.92 lakh.

In reply, the Government stated (October 2010) that necessary action in this regard is being taken by the district authorities. The reply was however, silent about action taken to streamline the procedure.

⁴⁹ BDOs: Badagaon, Balangir, Barkote, Beguniapada, Bhanjanagar, Birmaharajpur, BisamKatak, Boudh, Digapahandi, Gunupur, Harabhanga, Hemagiri, Kantamal, Kukudakhandi, Loisingha, Maneswar, Patnagarh, Rayagada, Reamal, Redhakhoh, Sonapur, Tarava, Tileibani and Titilagarh

2.1.13 *Inspection, Monitoring and Evaluation*

2.1.13.1 *Inspection of works and quality check*

Schedule of inspection of works not prepared and quality monitoring system has not been prescribed

Paragraph 4.14 of BRGF guidelines provided for preparing a schedule for inspection of BRGF works and for instituting a Quality Monitoring System for maintaining the quality of works. The working of the quality monitoring system is to be regularly reviewed by the HPC. However, it was noticed that no such quality monitoring system has been introduced in the State (June 2010). In all the test checked units, no schedule for inspection of works were prepared. Further, format for booklet on verification of works has not yet been prescribed.

In reply, the Government stated (October 2010) that district authorities are being instructed to inspect the works and conduct a quality check.

2.1.13.2 *Audit of works*

No system of visual inspection of works had been introduced

Paragraph 4.12 of BRGF guidelines required conducting regular Physical and Financial Audit of works executed under the scheme in each district at the end of financial year. It was however, noticed that though financial audit was conducted in all the eight test checked districts regularly, yet physical verification of works has not been introduced in any district (June 2010).

In reply, Government stated (October 2010) that District/State level officers are conducting physical audit at the time of their field visits. The reply was not convincing as no such Inspection Report was produced to Audit by any of the eight test checked DRDAs and 29 Panchayat Samitis.

2.1.13.3 *Peer Review of Panchayats not conducted*

Action through Review Committee and Peer Review not commenced

BRGF guidelines (Paragraph 4.13) and GoI instructions (4 January 2010) provides conducting peer review of performance of one Panchayat Samiti by another to find out the bottlenecks in programme implementation under BRGF and other flagship programmes and share the best practices. A review committee was to be constituted by the District Planning Committee to review reports of the committee and take follow up action. However, no such review was conducted in any of the 29 test checked Panchayat Samitis and no review committee was constituted by the DPCs in eight test checked districts on the plea that guidelines for the same had not yet been prescribed.

Guidelines for Social audit and Village/Ward level Vigilance and Monitoring Committees had not yet been issued by the Government despite repeated instructions of GoI

The Government assured (October 2010) that this will be implemented from 2010-11. However, action in this regard is awaited (October 2010).

2.1.13.4 *Social audit and vigilance at grass root level*

GoI guidelines (Para 4.15) require, Social Audit of BRGF works by Panchayats and municipalities as well as role and function of Village/Ward level Vigilance and Monitoring Committee. However, the same were not prescribed by the State Government (June 2010); as a result in none of the 145 test checked GPs, Social Audit of BRGF works was undertaken.

In reply, Government stated (October 2010) that Social Audits were conducted by Panchayats and Municipalities. The reply is not tenable as Social Audit of BRGF works were not conducted in all the test checked 145 GPs and 13 ULBs. Local village or ward level Vigilance and Monitoring Committees (VMCs/WMCs) were also not formed in any of the BRGF works in eight test checked districts. In reply, the Government assured (October 2010) to form local VMCs.

2.1.13.5 *Transparency measures*

No Transparency board was fixed for 200 BRGF works executed at ₹ 6.58 crore by four ULBs

GoI guidelines (Paragraph 4.15) provided for displaying transparency boards at work-sites indicating name of the scheme, name of the work and other details to enable the local people to know about the scheme. Further, each Panchayat has to publicly display details of all the approved projects with their expected commencement and completion date. However, in four test checked ULBs⁵⁰, no such transparency boards were found fixed in 200 works executed under the programme at ₹ 6.58 crore.

In reply, the Government stated (October 2010) that transparency measures were taken up by implementing agencies. The reply was silent on the reason for not fixing transparency boards for 200 BRGF works executed by the above four ULBs.

2.1.14 *Monitoring and evaluation*

DPCs did not monitor the implementation of the programme after approval of the BRGF plan. Evaluation of the outcome was also not done

BRGF guidelines emphasised on constant monitoring and evaluation of the Capacity building programme component specially during 2009-12. However, no such evaluation on outcome of the training and impact on planning, implementation and monitoring at PRIs and ULBs levels were undertaken. In reply, Director, State Institute for Rural Development (SIRD) stated (July 2010) that the Government is planning to ensure third party monitoring of training programmes imparted under Capacity building component of BRGF. Action in this regard is awaited (October 2010). Also, there was total absence of monitoring of the programme by the DPC. In all the eight test checked districts, DPC never monitored the implementation of the programme after approving the district plan under BRGF and evaluation of the outcome of the programme was not done by the DPCs of any of the 19 backward districts (June 2010).

Government stated (October 2010) that steps are being taken for monitoring and evaluation of training programmes conducted under the Capacity building component of BRGF. However, monitoring of implementation of programme under developmental grant and evaluation of outcome has not yet been done (November 2010).

2.1.15 *Conclusion*

The Central theme of BRGF was to bring a huge turn around through convergence of all the schemes and programmes and preparation of integrated

⁵⁰ Binika NAC, Deogarh Municipality, Sambalpur Municipality and Sonepur Municipality

district plan with involvement at grass root level. Baseline survey to identify the reason of backwardness and missing development infrastructure was not conducted, rendering the planning process irrelevant. Decentralised planning at village, GP, block and district level was missing. Gram Sabhas in rural areas were hardly consulted and Area Sabhas in urban areas were never consulted while preparing Annual Plans under BRGF. There was absence of institutional arrangements as well as professional support at GP, block, DPC and State level. Despite engagement of Technical Support Institutions for plan formulation, irregularities like delay in preparation of Annual Plans and inclusion of inadmissible projects in the AAPs were present. Delay in submission of AAPs and low spending deprived the State of substantial Central assistance under the programme. Financial management remained far from satisfactory mainly due to delay in transfer of funds to PSs and ULBs, diversion and misutilisation of programme funds as well as parking of funds in Non-interest bearing Accounts. Funds utilisation capacity of ULBs remained low leading to projects remaining incomplete. Implementation of the programme also suffered due to execution of works through middlemen in the guise of VLLs, absence of quality checks, lack of transparency in contract management and non-utilisation of completed projects in many cases. Low coverage under training to PRI/ULB members and staff etc. led to poor human capital formation. Monitoring was inadequate and outcomes were not evaluated. The role of the DPC remained limited to only a plan approving body for BRGF and technical and professional support to DPC for guidance, preparation of integrated district plans, monitoring and evaluation of the outcome were hardly available. The required guidelines for Social Audit, Peer Review of performances of PRIs and ULBs had not yet been prescribed by the State Government.

2.1.16 Recommendations

- Good practices of Ganjam district like classification of GPs on the basis of BPL population, un-irrigated area etc. may be adopted by other districts;
- Institutional arrangements and professional support at GP, PS and DPC level to the extent envisaged under BRGF may be provided on priority within a definite timeframe;
- Government should intimate all GPs/ULBs, about the expected flow of funds from all flagship programmes every year to facilitate convergence with other schemes and preparation of need based plan;
- Financial management may be streamlined to check delay in transfers, diversion and mis-utilisation of funds;
- Independent and competent organisation/agencies may be entrusted with evaluation of outcome of the programme to provide valuable feedback.

While accepting all these recommendations, Government, assured (October 2010) that all out efforts will be made to make the programme successful in the State.

REVENUE AND DISASTER MANAGEMENT DEPARTMENT
2.2 Land Acquisition and Management
Executive summary

Performance audit of land acquisition and management revealed that centralised database on private land acquired, allotted and compensation paid were not maintained. Monitoring of progress of acquisition of private land and allotment of land was inadequate. There were delays in finalising land acquisition proceedings and payment of compensation to the land owners. Fixing of market value of land on lower side tended to help the land buyers at the cost of land owners. Under-assessment of compensation by ₹ 63.98 crore was noticed in 34 cases of acquisition of 3120.577 acres of land for 11 entrepreneurs/industries due to erroneous fixation of market rate of land. Highest sales statistics close to the date of publication of preliminary notification were ignored while highest sales statistics were suppressed in many cases. In one district, due to such erroneous fixation of market rate, additional amount was paid as *ex-gratia* and the State was deprived of recovering establishment charges of ₹ 8.19 crore. Sales statistics were also mis-reported in some cases and undue favour was extended to the entrepreneurs/industries. In respect of Government projects, avoidable expenditure of ₹ 2.83 crore was incurred on payment of additional compensation and interest due to delay in passing award by four to 35 months and delay in payment of compensation by seven to 44 years. Compensation money of ₹ 371.28 crore was not retained in civil deposit accounts despite instruction of the Government and were retained in bank accounts. Encroachment of Government land has become a routine feature and 19792 acres of Government land was under unauthorised occupation as per official records as on March 2010. In 41 cases though 404.62 acres of land was under unauthorised occupation of 29 parties for five to 30 years yet lease cases applied were not finalised leading to non-realisation of ₹ 109.97 crore towards lease value of land. No time limit has also been prescribed for finalisation of lease cases. Test check revealed that though 5061.523 acres of Government land leased out during 1985-2004, was not utilised by seven entrepreneurs but no action was taken to resume the land to Government. Misutilisation of allotted land for other purposes was also noticed. The efforts made by the Government in resettlement of the displaced persons were inadequate.

2.2.1 Introduction

Article 300A of the Constitution of India envisages that no citizen can be deprived of his property except under the authority of law. Government acquires land for public purposes under the provisions of Land Acquisition

(LA) Act 1894⁵¹ as amended from time to time. The Act empowers the State Government to acquire any land for public purpose and prescribes the procedures to be adopted for acquisition of land and payment of compensation to the land owners. Orissa Government Land Settlement Act 1962 (OGLS) empowers the Government to lease out any Government land to be used as house-sites or for any community, industrial or for any other purposes whatsoever and charge a premium and rent for settlement of the same.

2.2.2 Organizational structure

Revenue and Disaster Management Department headed by the Commissioner-cum-Secretary had been vested with the powers to issue Notifications under various provisions of LA Act for acquisition of private land and leasing out of Government as well as acquired land. Commissioner-cum-Secretary is assisted by three Revenue Divisional Commissioners (Berhampur, Cuttack and Sambalpur). At the District level, the District Collector assisted by Land Acquisition Officers (LAO) and Tahasildars is responsible to administer land acquisition and lease cases. The LAOs are in-charge for preparation of estimates of cost of acquisition and after approval by the Commissioner-cum-Secretary of the Department realise the same from the requisitioning authorities and are responsible for ensuring timely payment of compensation to the land owners.

2.2.3 Scope of Audit

Records of the Revenue and Disaster Management (RDM) department, six⁵² out of 30 Collectorates of the State and the concerned Land Acquisition Officers (LAO), four special Land Acquisition Officers⁵³ and 12 Tahasils⁵⁴ of six selected districts⁵⁵ (20 per cent) for the period 2005-10 were test checked in audit during November 2009 to May 2010. Exit conference was held with the Commissioner-cum-Secretary, RDM Department on 6 September 2010 wherein the audit observations were discussed. The response of the Government along with replies of the concerned Collectors forwarded (August 2010/September 2010) by the Government has been incorporated at appropriate places.

2.2.4 Audit objective

The audit objectives were to seek assurance that the:

- procedures for acquisition and allotment were in place and followed;
- compensation dues were assessed correctly and paid in time and;
- adequate measures were taken to ensure utilisation of acquired/allotted land for the specified purposes.

⁵¹ Central Act

⁵² Selected on the basis of 'Probability proportion to size sampling method'

⁵³ Dhenkanal, Keonjhar (Railways), Keonjhar (company) and Jharsuguda

⁵⁴ Anandpur, Angul, Banrpal, Dhenkanal, Jajpur, Jharsuguda, Keonjhar, Laikera, Odapada, Panposh, Sundargarh and Vyasnagar.

⁵⁵ Angul, Dhenkanal, Jajpur, Keonjhar, Jharsuguda and Sundargarh

2.2.5 *Audit Criteria*

The criteria adopted for evaluating the system of land acquisition and management were based on the following documents:

- Land Acquisition Act 1894;
- Land Acquisition (Amendment) Act 1984;
- Executive instructions and circulars issued by the State Government and judicial pronouncements;
- Orissa Government Land Settlement Act 1962;
- Orissa Prevention of Land Encroachment (OPLE) Act 1972 and OPLE Rules 1985.

2.2.6 *Reason for selection of this topic for Performance Audit*

Repeated coverage in print as well as electronic media and legislative debates regarding irregularities in acquisition of private land much in excess of actual requirement and payment of low compensation coupled with repeated law and order problems in Kalinganagar, Puri and Paradeep area over such acquisition of land prompted Audit to take up the performance audit of the topic.

The Audit findings are discussed in following paragraphs.

Audit findings

2.2.7 *Acquisition and allotment of land*

Audit observed that the Department did not frame any long/short term plan for land use in the State as a whole. Details of land use were not maintained. However, acquisition and leasing of land for various purposes was undertaken by the department without any land use plan. Besides, the Department also allotted/leased Government land to different individuals, bodies, companies etc. Consolidated details and computerised database of private land acquired, compensation paid, private land handed over and Government land allotted/leased out during 2005-10 were not available with the RDM Department. As per information furnished by the test checked units, 19981.05 acres of land was allotted during 2005-10 which included Government land (6607.73 acres) and acquired private land (13373.32 Acres). The details are given at *Appendix 2.12*.

2.2.7.1 *Irregular leasing of land free of premium*

As per Government's order of 26 November 1998, Government land could be allotted without any premium for establishment of private secondary schools and colleges⁵⁶ subject to fulfillment of certain other conditions. However, in two Districts (Keonjhar and Angul), 16.35 acres of Government land valuing

⁵⁶ **Schools:** Five acres in rural areas and three acres in urban areas, **Colleges:** 15 acres in rural areas and 10 acres in urban areas

₹ 44.35 lakh (*Appendix 2.13*) were allotted (2004-09) without charging any premium to five existing secondary schools and colleges that were established during 1987 to 1998 for extension of area. Since no new schools/colleges were established by the allottees, such lease of land free of premium was not in conformity with the approved policy of the Government. While admitting the facts, the Collector (August 2010) stated that the schools were functioning prior to sanction of lease and land was leased free of premium to these institutions as they were not having adequate land for running the schools/colleges. The reply is not tenable since land was leased to existing schools in contravention to Government norms (1998) which permitted lease of land free of premium only for establishment of new schools.

2.2.7.2 Nugatory expenditure of ₹ 7.57 lakh due to lapse of LA proceedings

The provisions of LA Act (Section 6 and 11 A) provides declaration of private land proposed for acquisition in public interest and finalisation of award thereon within two years from the date of publication of such declaration, failing which the entire LA proceeding deemed to have lapsed. Further, in case of lapse of any LA proceeding, the functionaries responsible for delay leading to lapse of LA proceeding were to be made personally liable for recovery of establishment charges.

Audit observed that in case of acquisition of land measuring 21.23 acres for a minor irrigation project⁵⁷ although the declaration under Section 6 (1) to acquire land was published in March 2008, the award there on could not be finalised by March 2010 resulting in lapse of LA proceedings. As a result, expenditure of ₹ 7.57 lakh (establishment cost) incurred on the LA proceedings out of total amount of ₹ 37.84 lakh deposited with the LAO by Irrigation Department proved nugatory and no responsibility was fixed (November 2010). LAO, attributed (July 2010) the delay to late receipt of order under section 7 from the RDM Department and stated (August 2010) that RDM Department has been moved for revalidation of the LA proposal. The reply is not tenable as there is no provision in LA Act for revalidation of LA proceedings after lapse of two years from the date of publication of declaration U/s 6 (1). In fact, the LA proceedings have to be started *ab initio* as per rule.

2.2.8 Assessment and payment of compensation

2.2.8.1 Under-assessment of compensation due to erroneous fixation of market value of land

Section 23 of Land Acquisition Act 1894 prescribed that while determining the amount of compensation to be paid for land acquired under the Act, market value of land at the date of publication of the notification under section 4 (1) is to be considered. The State Government *inter alia* clarified (December 1971) that after collecting the sales instances⁵⁸, the highest one, which similar land in

⁵⁷ Benga Minor Irrigation Project of village Chandrasekhar Prasad of Dhenkanal district

⁵⁸ Sales cost as per registered sales deeds from the office of concerned Sub-Registrar

the locality is shown to have fetched, should be taken in to account in determining the market value. Every case of acceptance and rejection along with difference should also be clearly explained in the valuation statement. Government instructions issued (April 1980) citing judicial pronouncements, also provided to prefer highest sale value shown in the sale deeds unless there are strong circumstances justifying a different course. Similarly, in case of non-availability of sales statistics of the concerned village, the same of the neighbouring village for similar land close to the date of publication of Notification under section 4 (1) was to be considered. In case of non-availability of the sales statistics close to the date of Notification, rate fixed under old comparable sales transaction increased by 10 *per cent per annum* was to be considered as per Government instructions of January 2003.

In 34 cases of six test checked districts⁵⁹, 3120.577 acres of private land were acquired between 2005 and 2010 for 11 entrepreneurs/industries⁶⁰ (*Appendix 2.14*) and there was under-assessment of compensation by ₹ 63.98 crore due to erroneous fixation of market value of land. The under-assessment was mainly due to:

- determination of the market value at lower side ignoring logical higher sales statistics (₹ 44.07 crore) for similar land for same village without explaining the reasons.;
- adopting previously fixed rate with 10 *per cent* appreciation despite availability of sales statistics of concerned village close to the date of publication of notification (6 and 7 May 2005) (₹ 78.98 lakh);
- adopting lower value of another village (₹ 2.84 crore) despite availability of market value for similar land of same village;
- considering lower sales statistics and suppressing the highest sales statistics in the draft assessment report, revealed on verification of records of concerned District Sub-Registrars in Audit (₹ 6.42 crore);
- ignoring the highest sales statistics close to the date of publication of notice⁶¹ under section 4(1) and considering the same for earlier periods (₹ 8.76 crore);
- considering sales statistics of other villages ignoring the neighbouring villages (₹ 43.88 lakh) and
- short calculation of additional compensation (₹ 64.90 lakh) due to non-calculation of the same from the date of publication of notice u/s 4 (1) to the date of award.

Erroneous fixation of LA compensation led to payment of less compensation to land losers by ₹ 63.98 crore with extension of undue favour of ₹ 70.38 crore to promoters of industries

⁵⁹ Angul (3), Dhenkanal(13), Jajpur (7), Jharsuguda (8), Keonjhar (1) and Sundargarh (2)

⁶⁰ BRG Iron and Steel, Rungta Mines, Bhusan Steel and Strips Limited, GMR Energy, Brand Alloys, Eastern Steel and Power, Bedanta, Jindal Steel and Power Limited, Utkal Coal limited, TATA and Nilachal Ispat Nigam Limited

⁶¹ Managapur: 12 July 2007, Sivapur: 21 November 2003, Jharabandha: 22 February 2006, Chandia: 30 July 2005, Badasiulidihi: 06 January 2006, Golagaon: 5 January 2006, Manitira: 24 July 2006, Gobarghati: 29 July 2005, Sankerjang: 18 January 2006, Nisha: 13 June 2006

This resulted in payment of less compensation of ₹ 63.98 crore to the land owners. In Angul and Jharsuguda districts, the land owners received the compensation under protest in many cases and represented against the payment of less compensation.

Besides, Section 50(1) of the LA Act 1894 read with instructions (October 2002) of the Government issued thereunder provided for realisation of 10 *per cent* of the compensation value as establishment charges from the private entrepreneurs/organisations acquiring land through IDCO⁶² for establishment of industries. Thus, due to payment of less compensation of ₹ 63.98 crore to the land owners, the State Government was also deprived of ₹ 6.40 crore by way of establishment cost recoverable at 10 *per cent* of the compensation paid.

As both the compensation value and establishment charges were to be paid by private entrepreneurs/promoters of Industries, under-assessment of compensation resulted in undue favour of ₹ 70.38 crore to the private entrepreneurs/organisations.

In reply (January to April 2010), five LAOs assured to further examine the matter while Special LAO, Keonjhar and Collector, Jharsuguda admitted (April 2010/August 2010) the error. Collector, Dhenkanal while admitting the error (August 2010) stated that since award has been passed irregularly without considering the highest sales statistics, enhancement of compensation can only be raised before the Competent Court.

2.2.8.2 Short realisation of establishment charges of ₹8.19 crore

The Apex Court ruled⁶³ determination of market value of acquired land on average price as not proper, but in case of acquisition of 2788.295 acre of land in 15 villages of Angul and Chhendipada Tahasil for a private entrepreneur through IDCO, LAO, Angul assessed (July 2008) the compensation value adopting Average Sales Statistics of these villages at ₹ 1.30 lakh to ₹ 1.60 lakh per acre instead of at highest sales statistics of ₹ 2.5 lakh to ₹ 6.75 lakh per acre. Test check of seven LA cases involving 1552.49 acres⁶⁴ of land revealed that against compensation value of ₹ 119.64 crore, only ₹ 37.73 crore was assessed for payment to land owners. Subsequently, due to resentment of land owners and recommendations of the Regional Periphery Development Advisory Committee (RPDAC), the compensation value was increased on negotiation to ₹ 5.01 lakh per acre and the differential amount was paid to the land owners as *ex-gratia*. The LAO realised establishment charges for ₹ 3.77 crore based on award value where as ₹ 11.96 crore⁶⁵ would have been realised in these seven LA cases had the award been properly assessed by the LAO in the first instance. Even, the decision for payment of extra compensation as

Due to assessment of compensation on lower side and subsequent payment of differential amount as *ex-gratia*, Government was put to a loss of ₹ 8.19 crore towards establishment charges and undue favour was extended to the promoters

⁶² Orissa Industrial Infrastructure Development Corporation

⁶³ AIR 1994 SC 1160, 1996 LACC 219 (SC): AIR 1998 SC 781

⁶⁴ Taila I kism: 1510.05 acre, Taila II: 36.21 acres and other kism (Sarad III): 6.23 acre

⁶⁵ Establishment charges recovered: 10 *per cent* of award value of ₹ 37.73 crore, Establishment charges that could not be recovered due to payment of differential compensation as *ex-gratia*: 10 *per cent* of compensation of ₹ 119.64 crore payable as per highest sales statistics

ex-gratia was taken (June 2008) before passing award (October 2008) for the village Badkarjang-jungle. This led to short realisation of establishment charges of ₹ 8.19 crore (*Appendix 2.15*). Thus, due to erroneous fixation of market value initially and payment of differential amount as *ex-gratia*, Government sustained a loss of ₹ 8.19 crore and on the other hand undue benefit of ₹ 8.19 crore was extended to the entrepreneur. In reply, it was stated that the assessment was considered as correct as higher authorities never pointed out any error. The reply is not tenable as the LAO should have followed the correct procedure keeping in view the directions of the Apex Court. Thus, underassessment of value of land resulted in payment of differential compensation as *ex-gratia* causing loss to the Government.

2.2.8.3 *Avoidable expenditure of ₹ 2.83 crore due to payment of additional compensation and interest*

As additional compensation at 12 *per cent per annum* is to be paid from the date of publication of notification to the date of award of compensation under Section 23 (1A) of LA Act 1894, Government directed (July 1959) that the land acquisition proceedings should be completed within a year and prescribed (July 1989) a specific time schedule to be observed at each stage to complete the LA proceedings within the timeframe. For construction of 12 projects (Irrigation :9, Roads and bridges:2, Railways:1) under four test checked LAOs⁶⁶, the administrative departments (Water Resources, Commerce and Transport, Works) initially sanctioned LA cost calculating additional compensation at 12 *per cent per annum* for a period of 12 months. However, it was noticed that the proceedings were delayed by four to 35 months beyond the prescribed time limit of 12 months for which additional compensation of ₹ 2.20 crore (*Appendix 2.16*) was paid by the Government to land owners. Besides, extra establishment charges of ₹ 26.57 lakh was also paid by the department in respect of acquisition of 1519.47 acres of land for these projects. The delay in passing award was attributed to late receipt of orders under section 7 of the LA Act from the RDM Department.

Similarly, Section 34 of LA Act 1894 stipulates payment of interest at prescribed rate⁶⁷, in case of non-payment of compensation before taking possession of the land. It was however, noticed that in seven LA cases test checked in audit, avoidable interest of ₹ 36.37 lakh (*Appendix 2.17*) was paid by two LAOs to land owners due to delay in initiation and finalisation of LA proceedings and payment of compensation after seven to 44 years of the date of advance possession of land. In reply, LAO, Jajpur attributed (August 2010) the delay to late submission (2004-05) of requisition for acquisition of land despite taking advance possession since 1962-64.

⁶⁶ (i) Special LAO, Rengali Right Canal System Division No. II, Mahisapat, Dhenkanal, (ii) LAO, Dhenkanal, (iii) LAO, Keonjhar and (iv) Special LAO, Daitari-Bansapani Rail link, Keonjhar

⁶⁷ Up to 30 April 1982: 6 *per cent*, after 30 April 1982: Up to 12 months: 9 *per cent* and subsequently 15 *per cent* up to the date of payment

Government incurred avoidable expenditure of ₹ 2.83 crore on payment of additional compensation and interest due to delay in passing of award

2.2.8.4 Undue favour to a private Institution due to fixation of lower lease value

Due to mis-reporting of sales statistics of a particular land for amount less than that indicated in the records of the District Sub-Registrar and ignoring of highest sales statistics, undue favour of ₹ 36.63 lakh was extended to a private institution

Three acres of Government land in village Panchamahala (Angul district) was leased in favour of a private institution for construction of resettlement home for orphan and destitute children at a premium of ₹ 9 lakh and applicable ground rent and cess. It was noticed that the concerned Revenue Divisional Commissioner (RDC) had given instructions (May 2009) to consider the highest rate between the benchmark valuation⁶⁸ and highest Sales Statistics for last three years as required under the Government order (April 1980). The highest sales statistics as per Registered Sale Deed (RSD) for same category in same village was ₹ 15 lakh per acre⁶⁹. Even the rate as per the RSD and plot considered as the highest Sales Statistics was found in audit to be ₹ 12 lakh per acre⁷⁰ but the same was indicated as ₹ 3 lakh by concerned Tahasildar by indicating sales consideration for the plot measuring 115 decimal as ₹ 34500 against ₹ 1.38 lakh recorded in the records of the District Sub-Registrar (DSR), Angul as noticed on cross verification of the records⁷¹ in audit. The Tahasildar neither collected the Sales Statistics from the Sub-Registrars' office nor checked its correctness from the Valuation Register but reported a value (₹ 34,500 for 115 decimal) much lower than that recorded (₹ 1.38 lakh) in the Valuation Register maintained by the DSR. Thus, against premium of ₹ 45 lakh required to be fixed only ₹ 9 lakh was collected resulting in loss of ₹ 36 lakh excluding cess and ground rent of ₹ 63000.

In reply, the Tahasildar, Angul stated that the sales statistics was collected by the bench clerk and that the Tahasildar could not go beyond the benchmark valuation. The Tahasildar subsequently stated (August 2010) that he was in a dilemma about whether the benchmark valuation or highest sales statistics was to be considered as a correct procedure. The reply was not tenable as in the instant case the reason for calculating the market value based on wrong sales statistics was not indicated and the Government order (December 1971/April 1980) provided to consider highest sales statistics close to the date of recommendation for calculating the market value of land.

2.2.8.5 Undue favour due to non-levy/short levy of interest

Government instructions of February 1966 and August 1996 provided that the occupier of land should be liable to pay interest at 12 *per cent per annum* on the amount due to Government from the date of occupation till the date of

⁶⁸ Rate fixed by district authorities for different categories of land for registration purpose below which the land cannot be registered

⁶⁹ RSD 4635 Gharabari 12 October 2007, plot 85/1339 :A0.12:₹ 180,000 and RSD 4636 same plot , A0.12: ₹ 1,80,000

⁷⁰ Sale deed No. 268 dated 15 January 2007 for plot No. 620/1441: 115 decimal: ₹ 138000 as per the records of District Sub-Registrar, Angul but irregularly shown as ₹ 34,500 by Tahasildar, Angul on 4 March 2009

⁷¹ Entries in the Valuation Register produced to audit for verification and xerox copy of that entry furnished to audit by the concerned District Sub-Registrar

payment. However, in four lease cases⁷² finalised, though Government land measuring 17.12 acre was under unauthorised occupation for two to eight years of detection, yet concerned Tahasildars (Jharsuguda, Keonjhar, Panposh and Sundargarh) did not levy/short levy interest of ₹ 28.44 lakh (*Appendix 2.18*) from the date of occupation till the date of payment. In reply, while Tahasildar, Jharsuguda assured to raise the demand, Tahasildar, Kuarmunda assured to examine the matter. Tahasildar, Keonjhar however, stated that as premium is rightly calculated considering the sales statistics of 2007-08, it may not be logical to charge interest for the previous period. The reply of Tahasildar, Keonjhar is not tenable since interest was to be levied from the occupier of land from the date of occupation as per Government instructions of February 1966 as indicated *supra*.

2.2.8.6 Non-payment of compensation despite award and re-initiation of second LA proceeding for same land

Compensation of ₹ 60.72 lakh for acquisition of private land measuring 76.61 acre in village Gobarghati (Jajpur district) required for setting up an integrated industrial complex was awarded on 8 July 1997 by Collector, Jajpur though no fund was deposited by the requisitioning officer (IDCO) and the LA case was to be dropped as per Government order (November 1997) due to non-receipt of funds within six months of publication of declaration under section 6 (1). Compensation of only ₹ 3.91 lakh was disbursed out of available cash. However, the same RO again applied (April 2005) for acquisition of the same land. Another LA proceeding was therefore initiated with issue of preliminary notification on 2 July 2005 and declaration under Section 6 (1) was issued on 28 July 2006 with an estimated compensation of ₹ 126.99 lakh. The matter referred (June 2008) by the District authorities to the RDM department was pending. On this being pointed out in audit (January 2010), Government directed (August 2010) the Collector to drop the second LA case. The LAO also could not furnish the reason for passing the award before deposit of compensation value by the RO.

It was also noticed that though as per Government order (July 1989) compensation was to be paid within 15 days of award, but in seven cases in the same district under Additional District Magistrate (ADM), Kalinganagar, payment of compensation has not been made (April 2010) though award for compensation (₹ 5.75 crore) for 395.58 acres of land was passed during August 1998 to January 2009. The Collector stated (August 2010) that the land owners will be motivated to receive the compensation.

2.2.8.7 Loss of Government dues worth ₹15.25 crore due to realisation of premium at old rates

District Collector, Jajpur executed (March 2004 and September 2005) two lease deeds⁷³ transferring Government land measuring 1739.57 acres in 15 villages of Jajpur district in favour of IDCO at concessional rates prescribed in

⁷² (i) BRM High Tech Steels Private Limited, (ii) IDCO (iii) Institute of Technical Training, Sundargarh, (iv) Shibam Enterprises, Gitidhara,

⁷³ 473 dated 4 March 2004 and 1836 dated 24 September 2005

Industrial Promotion Resolution (IPR) 1989 (₹ 10000 per acre) and 1993 (₹ 25000 per acre) instead of at ₹ one lakh per acre as per IPR⁷⁴ 2001 on the ground that said lands were sanctioned in favour of IDCO during the years 1992 to 1998. IDCO in turn allotted the land to entrepreneurs.

Due to non-realisation of lease premium at the prevailing IPR rate, the Government sustained a loss of ₹ 15.25 crore

As per the terms of the sanction order and Government instructions (October 1989), the lessee should execute the lease within six months of issue of sanction order failing which the sanction order would lapse. However, audit observed that the lease deeds were executed after lapse of sanction and the premium at old rates applicable during 1992 to 1998 were realised (March 2005). Thus, irregular leasing of Government land at old rates resulted in loss of Government revenue of ₹ 15.25 crore (*Appendix 2.19*).

The Collector while admitting the fact stated (August 2010) that the Tahasildar had been instructed to report about the date of sanction and date of execution of the lease deed to find out the premium due in this case.

2.2.8.8 Other irregularities

The following irregularities in assessment and payment of compensation were also noticed:

- In two cases⁷⁵, in respect of acquisition of 6.53 acre of land by Collector, Jajpur for two Government projects, though advance possession was taken by the Government prior to 30 April 1982 and award was passed on 13 March 2008 and 27 September 2008, yet interest was erroneously calculated excluding *solatium* and that too up to 31 December 2007 and 21 March 2007 respectively instead of up to 13 March 2008 and 27 September 2008. This resulted in under payment of compensation by ₹ 12.73 lakh. The LAO agreed to revise the estimate and take appropriate action in this regard.
- In seven villages⁷⁶ of Jajpur district, additional compensation payable at 12 *per cent per annum* was allowed for 547 to 730 days instead of on actual period ranging from 603 to 1018 days between the date of preliminary notification (March 2005 to January 2007) and date of award (March 2007 to June 2009) resulting in less payment of compensation for ₹ 2.35 lakh. LAO accepted the error and assured to take appropriate action in the matter.
- In four cases⁷⁷ in Keonjhar district, the awards of compensation for ₹ 1.64 crore were passed after 13 days to nine months of expiry of maximum prescribed limit of two years time from the date of publication of declaration under section 6 (1) and even after deemed lapse of LA proceedings (*Appendix 2.20*). In reply, it was stated

⁷⁴ Industrial Policy Resolution

⁷⁵ Case Record No. 1/04 :Oleichandanpur 0.20 acre and 5/93: Kuanrpur (LAO, Jajpur): 6.33 acre

⁷⁶ Arual, Gopalpur, Kabat, Kujibar, Niyamatpur, Panasa, Sana-Trilochanpur

⁷⁷ Kasipal, Medinipur, Tentuli and Tungarbahal

that due to delay in receipts of funds from RO and order from Government under section 7 of LA Act, passing of award could not be made within the validity period of two years. The reply is not tenable as the LA proceedings are deemed to have lapsed after completion of two years and new proceeding needs to be initiated.

- Government instructions (September 1998) provide for depositing 50 per cent of establishment charges collected by the LAO with the treasury and retaining the balance 50 per cent, yet Special LAO, Mahisapat remitted only ₹ 3.45 lakh into the treasury against ₹ 32.22 lakh collected and due since April-August 2009 and retained the same in Savings Bank Accounts. This led to short deposit of ₹ 28.77 lakh in Government account. In reply, Special LAO assured (May 2010) to identify the cases of short remittances.
- The Government directed (March and September 1998) the LAOs to deposit the advance compensation received from Companies, Private Promoters and Government Departments in Civil deposits with treasuries and to make payment whenever required by drawing from Civil deposits. Detailed project-wise accounts were also to be maintained and after closure of LA proceeding, the left over establishment charges were to be deposited in Government account. However, project - wise accounts were not maintained by all the 10 test checked LAOs and compensation money (₹ 371.28 crore as of March 2010 including ₹ 12.25 crore towards interest earned) was retained in bank accounts⁷⁸ by eight LAOs⁷⁹. LAO and Special LAO Jharsuguda, however, did not keep the compensation money in separate account but merged with the establishment charges (₹ 79.21 crore). LAOs however, assured to follow the prescribed procedure in future.
- In one case (LAO, Mahisapat), ₹ 4.06 crore advanced (May 2008 and October 2009) to five Zonal Officers were treated as final expenditure in the Cash book . However, the vouchers in support of the actual expenditure were not available.

2.2.9 *Non-utilisation of acquired/allotted land for the intended purpose*

2.2.9.1 *Encroachment of Government land*

As per Rule 3 of Orissa Prevention of Land Encroachment (OPLE) Rules 1985, in case of encroachment of Government land, encroachment case is to be filed against the persons unauthorisedly occupying Government land and are to be summarily evicted under Section 7 of the said Act. Information collected from five test checked districts revealed that 19792.391 acres of

19792.391 acres of Government land was under encroachment/unauthorised occupation

⁷⁸ Savings/current account as well as in Fixed deposit receipts

⁷⁹ LAOs: Angul (₹ 261.59 crore), Dhenkanal (₹ 17.18 crore), Jajpur including Kalinganagar (₹ 23.07 crore), Keonjhar (₹ 6.55 crore), Sundargarh (₹ 33.18 crore)
Spl LAO: Keonjhar (SISCO) (₹ 9.95 crore), Keonjhar-DBRL (₹ 0.05 crore), RRCS-Mahisapat (₹ 19.71 crore)

Government land (*Appendix 2.21*) were detected during 1957-58 to 2009-10 to be under encroachment in 40324 cases by different persons/bodies/organisations as of March 2010. Database on year - wise details of lands under unauthorised occupation was not available at District/State level. Encroachment cases were filed after detection during 2005-10. Though encroachment cases were shown as filed, yet cases where unauthorised occupation was vacated could not be furnished by the concerned Tahasildars. While Tahasildar, Angul stated (August 2010) that the provisions of OPLE Act is not sufficient to stop unauthorised encroachment, Collectors, Jajpur, Sundargarh and Jharsuguda assured (August 2010) that steps would be taken to settle encroachment cases quickly.

2.2.9.2 Non-utilisation of lease land

Government land measuring 5061.523 acres (30 per cent) leased to seven companies remained unutilised for over six to 25 years

Section 3B of Orissa Government Land Settlement Act 1962 provided that, if the allotted land or any part thereof is not fully utilised within the prescribed period of three years for the purpose for which the same was allotted, then the same was to be resumed to Government. In Sundargarh District, out of 16845.375 acres of Government land leased out during 1985-2004 to seven companies/corporations/private parties, 5061.523 acre (30 per cent) was not utilised by seven companies⁸⁰. There was no mechanism for verification of the land use by the companies/lessee. In reply, the Collector stated (November 2009) that concerned officers had been instructed to resume the land. However, action in this regard had not been taken (June 2010).

Besides, during Joint physical inspection (November 2009) of land leased out to three Societies/Industrial units, it was noticed that in one case⁸¹ (0.95 Acre) the entire land was lying unutilised while in remaining two cases⁸² (3.98 acres), construction activities were under progress. Non-utilisation of land for the intended purpose and delay in taking up construction activities runs the risk of being used for speculative purposes.

2.2.9.3 Misutilisation of leased land

Joint physical inspection (December 2009) of land in the presence of concerned Tahasildars revealed that in three cases⁸³, land measuring 6.17 acres leased during May 1991 to December 2004 were utilised for purposes other than those for which the same was leased (*Appendix 2.22*).



Commercial use of a land leased for office building purpose: Angul District Truck Owners Association

⁸⁰ Rourkela Steel Plant: 1993: 4879.15 acre, L &T, Kansbahal: 1988:109.17 acre, Rourkela Development Authority:1988:10.368 acres, DAV School, Rourkela: 0.16 acre, IDCO, Rajgangpur: 21.82 acres, Shakti Wires and General Engineering Works: 0.20 acre and IDCO, Kuarmunda: 40 acres

⁸¹ Jaya Satyanarayana Swamy Enterprises: March 2006: 0.95 acres,

⁸² Maa Jasoda Cold storage: February 2006: 3.78 acre: still under construction, Tarinee Self Help Co-operative Limited : August 2006: 0.20 acre: shop still under construction

⁸³ Tahasildar Panposh: Ambika Cement Limited , Angul: Angul Truck Owners Association, Sundargarh: Sushila Body Builders

Tahasildar, Panposh and Angul assured to take action against the lessee for misutilisation of land.

2.2.9.4 Non-finalisation of lease cases despite unauthorised occupation of Government land leading to non-recovery of Government dues

Government land measuring 404.62 acres though were under unauthorised occupation of 29 parties but the lease case applied has not been finalised for five to 30 years leading to non-realisation of lease premium of ₹ 109.97 crore

As per Rule 5 of OGLS Act and Government directives (February 1966), in cases where the lands are unauthorisedly occupied and it is decided to settle the land with the encroachers, the market value should be determined as on the date of recommendation of the Tahasildar or on the date of occupation which is higher. Besides, interest at prescribed rates⁸⁴ on amount due to the Government from the date of occupation till the date of payment is also to be levied. In 31 cases (*Appendix 2.23*) noticed on verification of records and in 10 cases (*Appendix 2.24*) on joint physical verification in Audit (November 2009 to May 2010), 404.62 acre of land were found to be unauthorisedly occupied by 29 companies/industrial units/bodies/institutions/ private persons for 5 to 30 years⁸⁵ but the lease cases though applied for had not yet been finalised (May 2010). Thus, Government failed to realise ₹ 109.97 crore as lease value of the land under encroachment. No time limit had been prescribed by the Government for finalisation of such type of lease cases. In reply, it was stated that action will be taken to finalise the lease cases and institute action in encroachment cases.

Further, in case of one Educational Trust⁸⁶ though the trust applied for 4.5 acres of land in October 1997 for construction of educational institutions yet field enquiry by the Tahasildar (February 2006) revealed that the plot was being unauthorisedly used by Sundargarh Public School for the last 20 years and the Tahasildar assessed the premium at ₹ 1.35 crore. The lease had not yet been finalised but the Tahasildar assured (November 2009) that action would be initiated to file an encroachment case and the premium, back rent and penalty would be realised. However, action in this regard was awaited (November 2010).

2.2.10 Other points of interest

2.2.10.1 Non-compliance to Act/Rules: Non/short deduction of income tax at source from disbursed LA compensation

As per the provision of Section 194 LA of Income Tax Act 1961 (effective from 1 October 2004), the person responsible for paying compensation/enhanced compensation for acquisition of immovable property (other than agricultural land) has to deduct Income Tax at source at 10 per cent⁸⁷ of gross compensation amount while making payment in all cases where the gross compensation exceeded ₹ 1 lakh. The tax deducted is to be deposited with the Income tax authorities. However, test check in audit revealed that eight

⁸⁴ Six per cent per annum up to 27 November 2010 and 12 per cent per annum thereafter

⁸⁵ Period of unauthorised occupation for 10 cases noticed on joint physical inspection not available. In other cases, the same was between 1981 to 2005

⁸⁶ Sundargarh Educational Trust

⁸⁷ cess and surcharge as applicable from time to time

Income tax of ₹ 1.18 crore was not deducted by eight LAOs while in LAO, Angul there was short recovery of income tax by ₹ 18.71 lakh

LAOs/Special LAOs⁸⁸ did not deduct Income Tax of ₹ 1.18 crore (*Appendix 2.25*) from 261 number of land owners who were paid (2005-10) compensation exceeding rupees one lakh. In reply, five LAOs agreed to recover the Income Tax henceforth, while LAO, Dhenkanal stated that Income Tax was not deducted as there was neither any such provision in the LA Act nor there was any executive/administrative instruction in the matter. The reply of the LAO, Dhenkanal is not tenable in view of the mandatory provision of the Income tax Act at Section 194 LA.

Further, LAO, Angul misinterpreted the above provision and deducted Income Tax at source from the gross compensation value beyond rupees one lakh during January to April 2009. Consequently, income tax on ₹ 175 lakh from 175 awardees was not deducted which resulted in short recovery of Income Tax by ₹ 18.71 lakh⁸⁹. It was further noticed that such short deductions of Income Tax from the land owners were also demanded (March 2009) by Income Tax Officer (TDS), Bhubaneswar and the matter was under appeal (June 2010). The LAO, however, deducted Income Tax correctly from May 2009. In reply, Collector, Angul stated (August 2010) that action had been initiated for recovery of these amounts through filing of certificate cases against concerned land owners under OPDR⁹⁰ Act. Collectors, Keonjhar, Jajpur and Jharsuguda also assured (August 2010) that similar action would be taken. However, Collector, Dhenkanal stated (August 2010) that Income Tax was not deducted from compensation value as there was no such provision in the LA Act. The reply is not tenable as the provisions section 194 LA of Income Tax Act is applicable for all LA cases from October 2004.

2.2.10.2 Rehabilitation and resettlement

Government framed Rehabilitation and Resettlement Policy for displaced persons and issued (August 2004 and May 2006) guidelines for utilisation of periphery development funds payable by Industrial houses. As per the said policy, emphasis should be given on opening of training centres for rehabilitation of local people and land owners who lost their traditional source of income. Focus areas for utilising periphery development fund should be on providing basic civic amenities like road, schools, electrification, safe drinking water supply, sanitation in the areas where the affected families were rehabilitated. Review of the proceedings of Regional Periphery Development Advisory Committee (RPDAC) of Kalinganagar (Jajpur) revealed that though it was decided for employment of local people for all unskilled/semi-skilled jobs, yet two private Industrial houses⁹¹ were continuously employing 29 to 30 per cent unskilled and semiskilled labourers from nearby States and there was no progress on reduction of outsiders in a phased manner as decided (July 2009) in the RPDAC meeting. No training centres were also set-up. In reply, Collector, Jajpur stated (August 2010) that the industries had been

⁸⁸ **LAOs:** Angul, Dhenkanal, Jajpur, Jharsuguda, Keonjhar, Sundargarh. **Spl LAOs:** Dhankanal and Jharsuguda, RRCS, Mahisapat,

⁸⁹ ₹ 30.78 lakh deducted towards income tax as against ₹ 49.49 lakh due

⁹⁰ Orissa Public Demand Recovery Act

⁹¹ Rohit Ferrotech (30 per cent) and Visa Steel Limited (29 per cent)

categorically instructed not to recruit people from outside the State particularly in unskilled and semiskilled category.

1029 affected families were not rehabilitated and 1289 families were not provided with employment in three districts

In three districts (Dhenkanal, Jajpur and Keonjhar), out of 2318 families displaced between 2005 and 2009 (*Appendix 2.26*), 1289 were resettled in the colony/self re-located and remaining 1029 families were yet to be rehabilitated (May 2010). Similarly, employment was provided to 720 families, 309 families were paid cash in lieu of employment and remaining 1289 families were yet to be provided the employment as per information furnished by the concerned LAOs. The reason for such poor resettlement of displaced families was not furnished (December 2010).

₹ 65.48 lakh paid by East Coast Railways in December 2003 for implementing Remedial Resettlement Action plan in one Rail link project remained unutilised as of April 2010

Besides, the East Coast Railways agreed (November 2003) to pay ₹ 2.49 crore for utilisation on Remedial Resettlement Action Plan for displaced persons affected in Daitari-Keonjhar-Bansapani Rail link project and deposited (December 2003) ₹ 65.48 lakh with LAO, Rail Project, Keonjhar. But no amount was spent as of April 2010 and the entire amount together with interest of ₹ 6.14 lakh is lying unutilised (April 2010). In reply, Collector, Keonjhar stated (August 2010) that the funds could not be utilised for want of necessary guidelines of Remedial Resettlement Action Plan and non-declaration of designated authority to implement the same. This is indicative of lack of monitoring by the Government.

2.2.11 Conclusion

The implementation of Land Acquisition Act and proceedings thereunder suffered from serious flaws and lapses. Appropriate compensation on a fair assessment and timely payment to land owners were not effected. Particularly fixation of market rates of land both in case of private and Government holdings benefitted the buyer at the cost of the land owners. This was further compounded by delay in finalisation of LA proceedings leading to withholding of payments of compensation for considerable period. In absence of database, progress in Land Acquisition case could not be monitored which made existing system and procedure ineffective; contributed to avoidable payment of interest and often additional compensation for acquisition of private land for public use. Besides, omissions like non/short collection of interest for delayed payment of premium were also noticed. Unauthorised occupation and use of leased land and absence of action towards vacation of encroachment and resumption of land after expiry of stipulated period indicate the absence of necessary energy and efforts in handling the irregularities. The efforts made by the Government in resettlement of the displaced persons were inadequate.

2.2.12 Recommendations

The Government may consider the following steps to improve the system of Land Acquisition and Management:

- Computerised database on acquisition of land as well as lease of Government land may be maintained both at district and State level;

- The practice of vesting LAOs with discretionary powers is fraught with the risk of misuse. Government should thus frame a definite policy in this regard;
- Project wise accounts may be maintained at LAO level in case of acquisition of private land to enable monitoring of payment of compensation and resettlement;
- Government may ensure that the market value of land is fixed strictly as per the provisions of LA Act while finalising the award. Government may also evolve suitable monitoring mechanism to ensure utilisation of the allotted/leased land for the intended purpose within the specified period.
- The efforts made by the Government in resettlement of the displaced persons were inadequate. Government may ensure timely resettlement of the displaced persons.

RURAL DEVELOPMENT DEPARTMENT

2.3 Pradhan Mantri Gram Sadak Yojana

Executive Summary

Government of India (GoI) launched the Pradhan Mantri Gram Sadak Yojana (PMGSY) in December 2000 to provide good quality all weather roads to all eligible unconnected rural habitations, with earmarked funds allocated out of 50 *per cent* of the cess collected from sale of High Speed Diesel (HSD) and loans from the Asian Development Bank (ADB).

A Performance Audit of the Pradhan Mantri Gram Sadak Yojana (PMGSY) covering the performance of the programme from Phases I to III was reported in the Report of the Comptroller & Auditor General of India (Civil) for the year ended 31 March 2004. Audit findings reported in the previous Audit Reports disclosed that the programme could achieve the objective of providing all weather road connectivity to the unconnected habitations by the targeted date partially due to non completion of the roads on time, execution of roads with missing links, and other operational deficiencies. The Report was also discussed in the Public Accounts Committee (PAC) during 2008-09. In order to evaluate the further progress, Performance Audit of the PMGSY under phase IV to VIII in Orissa was undertaken between April and July 2010 to assess whether the key issues highlighted in the previous Audit Report were appropriately addressed and whether the performance under phases IV to VIII improved.

Audit assessed the impact of the programme through physical inspection of 11 roads (10 completed and remaining one under progress) and interactions with the beneficiaries. The exercise disclosed that while five roads had established all weather road connectivity to the block headquarters, health centres and local markets, remaining six roads did not provide smooth passage to the targeted habitations due to missing links and damaged surfaces and for want of maintenance.

Some significant Audit findings are enumerated below:

- The primary focus of the programme was to establish all weather road connectivity to 10420 unconnected habitations with 1000 persons and above (3703) by March 2003 and 500 and above (6717) by 2007. However, only 5598⁹² habitations (54 *per cent*) were connected as of July 2010.

| | |
|---|---------------|
| ⁹² Habitations with 1000 persons and above | = 3336 |
| Habitations with 500 persons and above | = 2262 |
| Total | = 5598 |

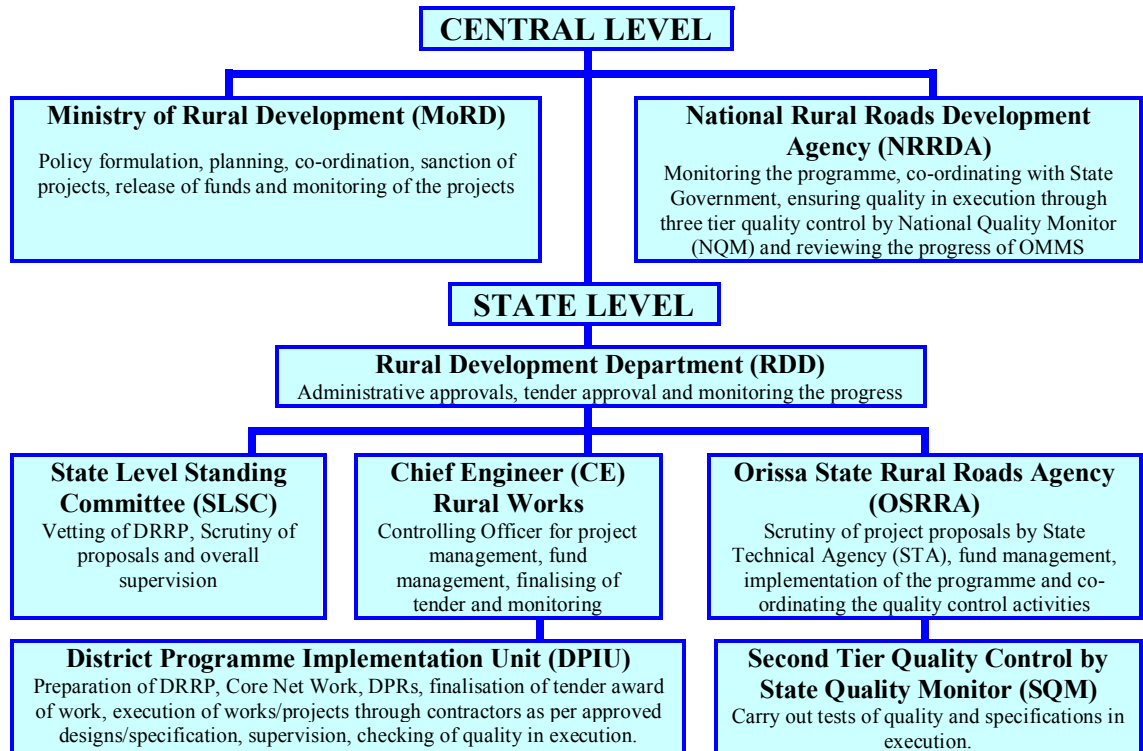
- Of the 799 roads targeted for completion by March 2010 in the sample districts with investment of ₹ 1289.50 crore under phases IV to VIII, 249 roads were completed with payment of ₹ 420 crore to the contractors and 550 roads remained incomplete at different stages.
- There was mismatch between the connectivity created and actually required as per the Core Net Work (CNW). 140 roads were constructed in excess in length of 277.45 kms. There was however, no evidence kept in the DPRs in support of excess length of alignment as required under the guidelines. Further, 31 roads constructed under the programme did not connect the habitations due to non- construction of bridges with span length of more than 25 metres.
- Cases of departure from the prescribed design/specifications/norms in execution of works noticed are discussed in para 2.3.9.3 of the report.
- Cases of extension of undue benefits, excess payments to the contractors and non recovery of liquidated damages from defaulting contractors involving ₹ 139.47 crore were also noticed.
- District Programme Implementation Units (DPIUs) constituted were not dedicated exclusively to implement the PMGSY works.
- The data generated on on-line management and monitoring system (OMMS) was not tallying with the physical reports, giving rise to discrepancies.

2.3.1 Introduction

Government of India (GoI) launched the Pradhan Mantri Gram Sadak Yojana (PMGSY) in December 2000 with the primary objective of providing all weather road connectivity to all unconnected rural habitations with population of 1000 persons and more by the year 2003 and 500 and above by the Tenth Plan period (2007). Up-gradation of existing roads was also permissible upto 20 *per cent* of new connectivity in only those districts where all the habitations of designated population size were provided with all weather connectivity.

2.3.2 Organisational structure

The organisational structure for the delivery of the programme objectives was as below:



2.3.3 Audit objectives

Performance audit of PMGSY was taken up with the overall objective of assessing whether the:

- desired objective of providing all weather connectivity to targeted habitations within the specified time frame was achieved;
- financial management of the programme was efficient;
- programme management and execution were efficient and effective;
- three tier quality control monitoring system ensured quality assurance and;
- monitoring and evaluation of the performance of the programme was proper.

2.3.4 Audit Criteria

The following criteria was adopted to assess the performance of the programme:

- PMGSY guidelines as amended from time to time.
- Guidelines and instructions issued by MoRD and NRRDA.

- Quality test reports of the NQM and SQM.
- Field inspection reports of the higher authorities.
- Work implementation related documents viz; Agreements, technical specifications, Rural Roads Manual, Operation Manual, complaints, evaluation reports and database
- Financial and physical reports.
- Site inspection and discussions with the beneficiaries besides obtaining evidence through digital photographs by audit.

2.3.5 Scope of Audit and methodology

The Performance Audit of implementation of the programme under phases IV (2004-05) to VIII (2008-09) was conducted between April and July 2010, covering 1512 packages in eight⁹³ out of 30 districts involving expenditure of ₹ 1399.89 crore (28 per cent). These districts were selected by using Simple Random Sampling Method. Records of the CE, Orissa State Rural Roads Agency (OSRRA), RDD and Executive Engineers (EE) of sampled districts were test checked and Joint Physical Inspections were conducted in the presence of representatives of the concerned EEs. Photographs were taken and interactions with the beneficiaries were also conducted, wherever considered necessary. The exit conference was held with the Principal Secretary and the Chief Engineer, Rural Works in October 2010 and the replies received have been incorporated in the report at appropriate places.

2.3.6 Previous audit findings

PMGSY (Phase I to III) was previously reviewed in audit and reported through the Comptroller & Auditor General's Audit Report (Civil) for the year ended 31 March 2004. The major audit findings reported under Phase I to III of the PMGSY were as follows:

- All unconnected habitations with 1000 persons and above were not provided all weather road connectivity by 2003.
- Delay in completion of works.
- Execution of roads with missing links.
- Roads constructed provided multi connectivity.
- Execution of excess/less road length, extra carriage width, sandcore and extra WBM layer.
- Up-gradation of roads in deviation from the norms.
- Adoption of higher cost of bitumen.
- Damage to roads due to wrong design.
- Allowance for mechanical carriage of soil in violation of guidelines.
- Faulty provision of maintenance of repairs in the agreements.
- Inadequate quality control.

⁹³ Balangir, Cuttack, Jajpur, Kendrapara, Keonjhar, Koraput, Mayurbhanj and Nawarangpur.

- OSRRA remained non-functional.
- Non-plantation of trees on the road side.

The review report was discussed (July 2008) by Public Accounts Committee (PAC). Besides, transaction Audit paragraphs on missing links and non-completion of roads were also reported in the successive Audit reports for the year ended 31 March 2005 to 2009.

However, Audit observed that following deficiencies pointed out in earlier Audit report continued to persist under PMGSY Phase IV to VIII.

- Eligible unconnected habitations were not provided with all weather road connectivity.
- Delay in completion of works.
- Execution of roads was more than the length provided in the Core Net Work.
- Desired objective was not achieved due to non construction of bridges.
- Deviations from prescribed design/specifications and norms in some cases.
- Undue benefits were allowed to contractors.
- Action Taken Reports were not complied certifying quality assurance.

The above aspects have been further analysed and deficiencies/irregularities noticed during performance audit of PMGSY under phase IV to VIII are discussed in the succeeding paragraphs.

2.3.7 Programme performance

2.3.7.1 Status of habitation connectivity

The status of habitation connectivity as of July 2010 was as under:

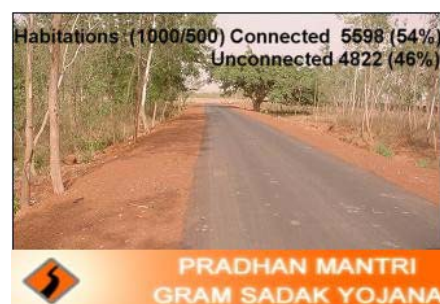
Table No. 2.2 – Connectivity not provided to the habitations

| Sl No | Category of population | Total habitations | Habitations connected (2000) prior to launching of the programme | Unconnected habitations | Habitations connected under PMGSY | | | Balance unconnected habitations |
|-------|------------------------|-------------------|--|-------------------------|-----------------------------------|------------------------|-------------|---------------------------------|
| | | | | | From Phases | | Total | |
| | | | | | I to III (2000-2003) | IV to VIII (2004-2010) | | |
| i) | 1000 persons and above | 9173 | 5470 | 3703 | 1280 | 2056 | 3336 | 367 |
| ii) | 500-999 | 12476 | 5759 | 6717 | 633 | 1629 | 2262 | 4455 |
| iii) | 250-499 | 12929 | 5011 | 7918 | 395 | 782 | 1177 | 6741 |
| iv) | Less than 250 | 15519 | 4838 | 10681 | 262 | 644 | 906 | 9775 |
| | Total | 50097 | 21078 | 29019 | 2570 | 5111 | 7681 | 21338 |

Source: PMGSY-State Report-Habitation coverage

Of the 10420 habitations with population 1000/500 and above targeted for connectivity by 2007, 5598 such habitations (54 per cent) were only connected

The primary focus of the programme was to establish all weather road connectivity to all unconnected habitations with 1000 persons and above by March 2003 and 500 persons and above by 2007. As of July 2010 only 5598 habitations (54 per cent) out of 10420 habitations of population above 1000/500 were connected.



The Government stated (September 2010) that the target could not be achieved due to low funding by GoI, however, the unconnected habitations would be provided all weather road connectivity by March 2012 except for few projects for which there was no response despite repeated tenders.

The Performance Audit revealed that the programme implementation for establishment of all weather road connectivity to the rural habitations after a passage of three years of the target (2007) did not deliver the desired outcome due to delay in completion of approved projects as discussed below:

2.3.7.2 Incomplete roads

The works were awarded to the contractors with schedule date of completion within nine months from the date of award of the contract. The conditions of the Standard Bidding Document (SBD) provided that time was the essence of the contracts and if a contractor failed to execute the works as per the milestones, liquidated damages (LD) upto 10 *per cent* of the contract price were to be levied. In case of failure to complete the work by the stipulated date, the contract was also liable to be terminated with penalty and the balance of the work was to be got completed through another agency. Audit noticed in the sample districts that out of 799 roads taken up under phases IV to VIII (including ADB assisted projects) at a cost of ₹ 1289.50 crore for completion by March 2010, 249 roads involving cost of ₹ 420 crore were completed. The remaining 550 roads were incomplete at various stages. However, LD for ₹ 86.95 crore (10 *per cent* of the contract price of ₹ 869.48 crore) recoverable as per the terms of the contracts for the delay in completion of the 550 roads were not realised from the defaulting contractors (July 2010). The phase wise position of the incomplete works is as under:

550 roads remained incomplete. Besides, LD for ₹ 81.86 crore was not recovered.

Table No.2.3 - Incomplete roads

(Rupees in crore)

| Phase | No. of roads | Cost | No. of roads completed | Cost | No. of roads incomplete | Contract price of the incomplete roads |
|--------------|--------------|---------------|------------------------|------------|-------------------------|--|
| IV | 26 | 42.04 | 11 | 21.81 | 15 | 20.23 |
| V | 76 | 91.35 | 37 | 40.17 | 39 | 51.18 |
| VI | 118 | 166.59 | 51 | 73.26 | 67 | 93.33 |
| VII | 517 | 845.21 | 123 | 241.86 | 394 | 603.35 |
| ADB | 62 | 144.29 | 27 | 42.9 | 35 | 101.39 |
| Total | 799 | 1289.5 | 249 | 420 | 550 | 869.48 |

Source: Audit findings in sample districts

The Government stated (September 2010) that the delay in completion of the roads was due to site conditions like inaccessibility, shifting of public utilities, and delay in forest clearance and land availability. Government also stated that in case of negligence on the part of contractors a sum of ₹ 5.09 crore have been recovered on account of liquidated damages.

2.3.8 Programme implementation

2.3.8.1 Preparation of district rural roads plan (DRRP)

To facilitate appropriate selection of the roads, GoI initiated preparation of district rural roads plan (DRRP) using Geographic Information System (GIS) for each block indicating the habitations, Gram panchayat headquarters, public

Poor selection of roads, fictitious and uncalled for execution led to extra expenditure of ₹ 104.72 crore

health centre, haat etc. The roads prioritised in the plans based on the recommendations of the local representatives and approval of the Zilla Parishad and State Level Standing Committee (SLSC) were to be taken up. Out of 1737 roads in eight districts test checked in audit, 140 roads were constructed for 803.73 kms against the requirement for 526.28 kms as per the Core Net Work (CNW) to establish the connectivity to the habitations in violation of the criteria for selection of road resulting in excess construction of roads by 277.45 kms involving extra expenditure of ₹ 102.80 crore. Further, two roads for 5.975 kms constructed at a cost of ₹ 1.92 crore provided connectivity to habitations located within 500 metres of the all weather roads not permissible under the programme.

The Government stated (September 2010/October 2010) that the DPR was prepared based on the villagers initial field data available in block and other level. During preparation of DPR, for finalisation of alignment a transact walk (Joint survey) is also conducted in presence of the revenue authorities, local people and Zilla Parishad members. The alignment of the roads were finalised as per the design requirement and necessity of public. So the executed length during construction differed from the rough estimated length indicated in CNW.

Further, Government stated that the targeted habitations of the two roads were at 2.80/3.175 kms and not 500 metres. However, due to non maintenance of the requisite documents like physical verification report of the Secretary of the Panchayat duly countersigned by the concerned Pradhan, the actual length of the roads constructed could not be ascertained in audit. Selection of roads should have been made in such a manner so that the scarce resources are utilised judiciously to cover more habitations.

2.3.8.2 Connectivity not achieved due to missing links

31 roads constructed with investment of ₹ 38.08 crore did not establish the connectivity due to missing links

As per the guidelines, bridges of more than 25 metres span length were to be separately executed by the Engineering Division of the State Government having jurisdiction and *prorata* cost beyond 25 meters and agency charges, if any, were to be borne by the State Government. However, 31 roads⁹⁴ constructed under the programme with expenditure of ₹ 38.08 crore in sample districts did not provide all weather road connectivity to the habitations due to non-construction of bridges.

The Government stated (September 2010) that the missing links were being proposed for construction out of PMGSY and NABARD fund. However, no bridge work has been taken up (December 2010)

⁹⁴ **Balangir** - SH-42 to Tsurabahai road, Nunhad to Sihini road, SH-2 to Kutramunda road, Manhira Sujia road, Chalki Karla road; **Cuttack** - Anuari Khajuripada road, RD road to Kalipoi road, PWD road Kaligiri road, Champeswar Olaba road; **Jajpur**- NH-5A to Panasuda road, RD road to Kurikona road; **Kendrapara** - Paramanandapur to Mendha via Khadipadia road, MDR-14 Kantia road; **Keonjhar** - Madhusudanpur-Angola-Baringi road, Jadupur to Mahanagala road, Kusiapal-Ambura to Santhapura Tilotamadeipur road, RD road to Khadikapada, Anlapal Kendua road; **Koraput** - PWD road to Birijhola-Hatibari road, Parajabedapadar-Khajuriput road, Ghumar to Pakhanguda road, Narayanpatna to Bijaghati road, Parajabedapadar Khajuriput road; **Mayurbhanj** - Mahuldiha to Goudiabahali road, Hatigoda to Saleibeda road, Brundagadi Sriramchandrapur road, Dhonimandir Mankadapada road, Jamada Tentda road, Betanati Manitri road ; **Nawarangpur** - PWD road to Tohara via Kursi Road, RD road to Badaliguda road

2.3.8.3 *Execution of works in deviation from the prescribed specifications and norms*

NRRDA, prescribed Data Book and Operational Manual and also supplied GoI guidelines alongwith Rural Roads Manual to the State Government for facilitating preparation of the DPRs for the works. The DPRs were to be prepared applying the State Schedule of Rates (SoR).

Execution of works deviating from the prescribed specification/norms led to extra expenditure of ₹ 178.11 crore

The following departures from the prescribed design/specifications/norms were noticed in preparation of the DPRs and execution of the works resulting in extra expenditure of ₹ 178.11 crore. The extra expenditure was charged to the programme fund in contravention of the guidelines/manuals as discussed below:

- Mechanical lead for transportation of soil and providing of sand core on the road embankment were not allowed under the programme except in the case of Black Cotton Soil. But mechanical transportation was provided for 144.84 lakh cum. of soil with an expenditure of ₹ 71.90 crore in 926 packages in the selected districts which were not Black Cotton Zones. Similarly sand core was provided in 81 packages constructed on moorum and laterite soil base at a cost of ₹ 10.28 crore. The Government stated (September 2010) that mechanical transportation of soil was provided as per the requirement at site and sand layer was provided to facilitate drainage of ground water for satisfactory performance of the road crust. This was not tenable since mechanical transportation of soil was not admissible as per guidelines and provision of sand core in moorum and laterite zone was not permissible as per instructions of the CE.
- Up-gradation of the existing roads was to be taken up only in the districts where all weather road connectivity was provided to the habitations of the designated population size and no new connectivity was required. Proposals were to be prioritised based on Pavement Condition Index (PCI) and comprehensive up-gradation priority list (CUPL). The total up-gradation was not to exceed 20 *per cent* of the overall execution of works in the districts. Though habitations remained unconnected in Nawarangpur district, the EE proposed and up-gradated 341 kms of all weather roads at a cost of ₹ 95.93 crore under phases IV to VIII. The up-gradation works was 41.5 *per cent* of the total execution in the district. The Government stated (September 2010) that the GoI sanctioned the up-gradation work considering the condition of the road. This was not tenable since all weather road connectivity was not provided to all the habitations of the designated population size and up-gradation was 41.5 *per cent* of total execution in the district as against 20 *per cent* permissible.

2.3.8.4 *Inconsistency in sanction of overheads in the project proposals*

The State SoR provided for 12.5 *per cent* overhead charges on the labour component (out of the labour, materials and machinery components involved in execution) and further two *per cent* on the total cost on account of sundries.

This was revised to 10 *per cent* on the total cost of the whole work in the SoR introduced from June 2006.

Overheads were allowed more than the norms resulting in additional expenditure of ₹ 169.52 crore

The DPRs sanctioned up to phase IV of PMGSY, provided the overheads as per the SoR. However, the DPRs provided for 12.5 *per cent* on the total cost of the work from 2006-07 against 10 *per cent* admissible as per the SoR. Sanction of DPRs with inflated provision of overheads thus led to overall additional cost of ₹ 169.52 crore.

The Government stated (September 2010) that 12.5 *per cent* overheads were allowed with the approval of MoRD considering the requirement of setting of field laboratories and providing performance guarantees by the contractors. This was not tenable in view of the fact that as per the guidelines DPRs were to be prepared on the basis of State SoR which provided 10 *per cent* overheads. The logic was not justified in view of the fact that the technical parameters under all the phases of the programme were identical and that even in respect of other works executed in the State where 10 *per cent* overhead was provided the quality control is ensured by conducting required tests in the Government/private laboratories at the cost of the contractors.

2.3.9 Financial performance

The table below indicates the position of proposals sanctioned, amount released, and expenditure incurred as of October 2010.

Table No. 2.4 – Financial performance of PMGSY

(Rupees in crore)

| Year | Phase | Value proposals approved | Amount released | Expenditure | Percentage of utilisation | Expenditure covered in audit (March 2010) |
|-------------------------------|------------|--------------------------|-----------------|----------------|---------------------------|---|
| 2000-04 | Phase I | 179.70 | 179.70 | 166.52 | 93 | Not covered in present Performance Audit |
| | Phase II | 345.09 | 345.09 | 337.50 | 98 | |
| | Phase III | 440.93 | 440.93 | 424.65 | 96 | |
| Sub Total | | 965.72 | 965.72 | 928.67 | | |
| 2004-05 | Phase IV | 398.72 | 398.72 | 363.29 | 91 | 117.60 |
| 2005-06 | Phase V | 534.99 | 530.96 | 448.50 | 84 | 131.50 |
| 2006-07 | Phase VI | 579.84 | 289.92 | 434.75 | 149 | 143.36 |
| 2007-08 | Phase VII | 2668.43 | 1039.49 | 1819.64 | 175 | 578.67 |
| 2008-09 | Phase VIII | 2709.45 | 1594.54 | 996.85 | 63 | 225.06 |
| Accrued interest upto 2009-10 | | | 160.51 | | | |
| State Government Share | | | 171.55 | | | |
| Sub Total | | 6891.43 | 4185.69 | 4063.03 | | |
| Grand Total | | 7857.15 | 5151.41 | 4991.70 | 97 | 1196.19 |

Source: Financial Progress Report of PMGSY

Table No. 2.5 – Financial performance of ADB works

(Rupees in crore)

| Year | Phase | Value proposals approved | Funds released | Expenditure | Percentage of utilisation | Expenditure covered in audit (March 2010) |
|--------------|--------------|--------------------------|----------------|----------------|---------------------------|---|
| 2005-06 | ADB-I | 349.46 | 349.46 | 294.09 | 84 | 80.08 |
| 2006-07 | ADB-II | 513.81 | 513.81 | 425.76 | 83 | 80.74 |
| 2008-09 | ADB-III & IV | 1133.98 | 511.11 | 526.97 | 103 | 42.88 |
| Total | | 1997.25 | 1374.38 | 1246.82 | 91 | 203.70 |

Source: Financial Progress Report of ADB Works

Of the total funds of ₹ 5151.41 crore (GoI grants ₹ 4819.35 crore, State Government share ₹ 171.55 crore and accrued interest ₹ 160.51 crore) up to October 2010 under PMGSY, expenditure was ₹ 4991.70 crore up to October 2010 (97 *per cent*). The release of funds under phase VI & VII was ₹ 1329.41

crore. However, the expenditure under these phases was ₹ 2254.39 crore by utilisation of the savings from earlier phases and accrued interest resulting in excess over the release by ₹ 924.98 crore.

2.3.9.1 Tender premium charged to programme fund

Tender premium for ₹ 5.24 crore unauthorisedly charged to programme fund

As per the guidelines, where the value of the tender was more than the approved DPR cost, the excess was to be borne by the State Government. No modalities were, however, framed to segregate such tender premium while making payments to the contractors. Thus, the expenditure of ₹ 5.24 crore towards the excess tender value in respect of 18 packages for 2004-05 and 2005-06 was met out of the programme funds in two districts⁹⁵.

The Government stated (September 2010) that ₹ 171.55 crore have been provided to the programme fund to cover tender premium from 2007-08. But the fact remained that the tender premium for ₹ 5.24 crore in respect of 18 packages⁹⁶ for 2004-05 and 2005-06 was yet to be provided by the Government (October 2010).

2.3.10 Contract Management

Inefficient management of the contracts led to excess payment/undue benefits to contractors for ₹ 57.61 crore

The terms and conditions of the Standard Bidding Document (SBD) were violated in five cases in the eight⁹⁷ test checked districts leading to excess payment and undue benefits to the contractors worth ₹ 57.61 crore as detailed below.

- The soil retrieved from foundation excavation and road cuttings should be utilised in filling reaches. In case of unsuitability, quality control test report to justify the unsuitability should be retained. Audit observed that out of 2.11 lakh cum. of excavated soil available from 106 packages, 1.27 lakh cum. (towards 60 per cent of the excavated soil) was not utilised in filling reaches. However, no quality control reports in support were available. This led to loss of ₹ 1.30 crore under the programme.

The Government stated (September 2010) that only suitable soil was used for road construction and soil unsuitable as per visual observation was rejected. This was not tenable since the soil graded as unsuitable was not supported with quality control test reports. During exit conference the Government assured to instruct the field officers to obtain quality control certificate regarding unsuitability of excavated soil.

- As per the guidelines, the DPRs were to be prepared as per the State Schedule of Rates (SoR). The SoR provided that the basic cost of materials were inclusive of Sales tax. But the cost of the metal, chips and sand etc. were computed adopting the SoR and Sales tax was further added in 34 works of Phase-IV resulting extra cost of ₹ 2.01 crore under the programme.

The Government stated (September 2010) that the estimates had no bearing on the tendered rates. This was factually not correct since the works were floated

⁹⁵ Koraput and Kendrapara

⁹⁶ OR-19-30, OR-19-04-ADB/II, OR-19-13-ADB/II, OR-19-17-ADB/II, OR-19-18-ADB/II, OR-19-23, OR-19-28, OR-19-29, OR-19-ADB-01, OR-19-ADB-11, OR-19-ADB-12, OR-16-28, OR-16-29, OR-16-33, OR-16-34, OR-16-35, OR-16-40 and OR-16-41

⁹⁷ Balangir, Cuttack, Jajpur, Kendrapara, Keonjhar, Koraput, Mayurbhanj and Nawarangpur

to tender indicating estimated cost and the tenders were approved on *percentage* rate basis. During exit conference the Government assured to look into the matter.

- Mention was made in the Report of the C & AG (Civil) for the year ended 31 March 2006, regarding excess payment of ₹ 11.27 crore to contractors due to computation of item rates of Granular Sub- Base (GSB) adopting rate for 1.50 cum. of void free materials for 1 cum of the GSB. The SoR also provided that the rates of transportation of materials were applicable for void free materials. Audit observed that in execution of GSB and Water Bound Macadam (WBM), the SoR rates of transportation of materials were adopted in 913 works for loose quantities of materials (with voids) resulting in excess payment of ₹ 38.47 crore to the contractors. The Government stated (September 2010) that the rates of transportation of materials in the SoRs were for the loose volume. This was factually not correct since SoR rates (Note below item-9) were for volume excluding voids.
- The SoR further provided that the rate of materials were inclusive of the charges for stacking of the materials before spreading on the roads. Audit, however, observed that the construction procedure of WBM provided spreading of the metals in 75mm thickness on the roads. There was no provision for stacking of the materials. However, in computation of the WBM item, the rate of the metals in 913 DPRs were inclusive of the stacking charges resulting in excess payment of ₹ 12.05 crore. The Government stated (September 2010) that the materials were stacked along the road side before spreading. This was not verifiable in the absence of any stack measurement for the materials collected.
- Interest free mobilisation advance upto five *per cent* of the contract price and equipment advance upto 90 *per cent* of the cost of the new equipment brought to site to a maximum of 10 *per cent* of the contract price on an unconditional Bank Guarantee (BG) were payable. Mobilisation and equipment advances for ₹ 9.13 crore were paid to contractors in 40 packages of which ₹ 5.35 crore was recovered leaving ₹ 3.78 crore un-recovered even after the stipulated period of completion of the works as of July 2010. The contracts provided for recovery of the advance by deducting from contractors payments following the schedule of completed *percentage* of works paid for. This facilitated the EE to allow undue favour to the contractors by delaying the process of the recovery. The General Financial Rules of the State Government provided for levy of 18 *per cent* interest *per annum* on the mobilisation and equipment advances issued to the contractors. The PMGSY is implemented as 100 *per cent* central grant out of the cess on HSD and loans from the Asian Development Bank (ADB) carrying interest. In the above scenario, the issue of the interest free advances to the contractors in deviation from the financial rules resulted in undue benefit to the contractors.

The Government stated (September 2010) that the agreements did not provide rate of recovery of the mobilisation advance. However, unrecovered advances would be recovered. Further, the GoI had made provision for issue of interest free advance considering the works in inaccessible rural areas. The reply was

not convincing since there was no condition in the agreement to ensure recovery at least within the stipulated period of contract. During exit conference the Government assured to re-look in the issues of interest free advance and rate of recovery.

2.3.11 Physical inspection of the sites and impact evaluation by audit

Physical inspection of the sites by audit disclosed that the surface status of five roads was satisfactory. Other six roads remain in damaged condition due to want of maintenance.

Audit had also attempted to assess the impact of the programme through physical inspection

(between June and July 2010) of 11 roads (10 completed and one road in progress) in five districts⁹⁸ and



Kagaon to Chandanabhati
(OR-05-27)



Missing Link
RD Road to Boropat (OR-07-35)

discussion with the beneficiaries. It revealed that the surface status of five roads was satisfactory and had established all weather road connectivity to the block headquarters, health centres and local markets. The remaining six roads⁹⁹, however, fell short of achieving the desired objective due to missing links and damaged surfaces.

The Government stated (September 2010) that out of the six roads; four roads were in trafficable condition. This was not tenable since as per the results of the field visits recorded in presence of the Engineers-in-charge, all the six roads were in a damaged condition and did not provide smooth passage to the targeted habitations due to non-maintenance of the roads.

2.3.12 Maintenance

GoO did not have any comprehensive and systematic maintenance plan for the assets already created under the programme

The Assets created through construction of the rural roads under the programme were to be maintained by the Panchayati Raj Department (PRD) of the State Government. Audit noted that the roads covered under the programme were not transferred to the books of PRD for facilitating the maintenance works.

⁹⁸ Balangir, Cuttack, Jajpur, Keonjhar and Nawarangpur

⁹⁹ RD road to Khajuripada (OR-07-35), NH-5 to Sunduria Hilltop (OR-13-119), Salabani to Belda road (OR-17-103), NH-217 to Budripada & Desil to Lutherbandh (OR-05-30) and Kusunga to Chandanbhati (OR-05-26)

Table No. 2.6 – Maintenance of PMGSY roads
(Rupees in crore)

| Year | Provisions for maintenance as per agreements | Maintenance grant provided in the budget | Actual release of funds and maintenance expenditure | Percentage of maintenance vis-à-vis agreement provision |
|--------------|--|--|---|---|
| 2005-06 | 13.63 | 1.75 | 0.38 | 03 |
| 2006-07 | 36.40 | 7.00 | 0.35 | 0.1 |
| 2007-08 | 213.61 | 15.00 | 0.71 | 0 |
| 2008-09 | 184.58 | 10.00 | 0.86 | 0 |
| 2009-10 | 207.72 | 10.00 | 2.34 | 01 |
| Total | 655.94 | 43.75 | 4.64 | 01 |

Source: Information furnished by CE and PMGSY data on district wise maintenance cost

The GoO released negligible amounts, which led to zero maintenance of the roads as shown in the table, posing threat to the sustainability to the assets created.

The Government stated (September 2010) that a maintenance mechanism was being established to expedite the maintenance works.

2.3.12.1 Roads damaged after construction

(i) In 10 districts¹⁰⁰ 42 roads constructed (2002 to 2009) under the programme with capital investment of ₹ 48.99 crore were damaged (2008-2010) but not repaired (May 2010) leading to dislocation of the connectivity to the habitations. The department attributed the failure to unauthorised movement of heavily loaded commercial vehicles on the roads. This resulted in the expenditure of ₹ 48.99 crore not having the desired results.



NH-217 to Burdipara (OR-05-30)

The Government stated (September 2010) that after construction of these roads, the traffic density was substantially increased due to development of industries and quarry in the adjacent areas. This has also been reported to MoRD for providing additional funds to strengthen the roads.

(ii) Under the programme 141 roads constructed (2002-2009) at a cost of ₹ 102.26 crore could not discharge the accumulated rain water in different locations and were damaged during 2008-09. Of the above, 27 roads were repaired with expenditure of ₹ 2.28 crore out of flood damage grants of the Government and the remaining 114 roads were still in damaged condition which implied inadequate maintenance rendering the expenditure of ₹ 85.65 crore spent on these roads not yielding the desired result.



Kusanga to Chandanabhati (OR-05-26)

The Government stated (September 2010) that due to unprecedented rainfall and floods, the roads were damaged.

¹⁰⁰ Bargarh, Dhenkanal, Gajapati, Ganjam, Jajpur, Keonjhar, Mayurbhanj, Rayagada, Sambalpurand. Subarnapur

(iii) The guidelines provided for planting of fruit bearing and other suitable medicinal trees and turf on both sides of the roads by the State Government. Although 3814 roads were completed with investment of ₹ 3434.94 crore under phases IV to VIII, no road side plantation/turfing was done (July 2010).

The Government stated (September 2010) that the Soil Conservation and Social Forestry Organisations had been requested to take up plantation along the roads.

2.3.13 Monitoring

The GoI prescribed (December 2000) constitution of DPIUs manned by competent technical persons dedicated for coordinating and implementing the programme in each district. Besides, OSRRA was constituted (2003/2004) to co-ordinate with NRRDA and to provide operational and management support to the programme. The Online Management and Monitoring System (OMMS), (web-enabled application software), introduced in November 2002 was the mechanism for monitoring the programme.

DPIU functioning in the districts were not dedicated exclusively to implement the programme. The programme was implemented and overseen by normal working arrangements of RDD.

Audit scrutiny also revealed discrepancies between the database as per physical reports and the online information as per OMMS as shown below:

Table No.2.7 – Discrepancy on on-line data of PMGSY

| Sl No | Issues requiring monitoring | As per the physical progress report | As per entry in the OMMS | Variations (+) Excess (-) Less |
|-------|--|-------------------------------------|--------------------------|--------------------------------------|
| 1 | No of habitations - Mapped in DRRP | 50097 | 50571 | (+) 474 |
| | Mapped in CNW | 50097 | 49949 | (-) 148 |
| 2 | Length of Through Route (km) | 19138 | 31106 | (+) 11968 |
| 3 | Length of Link Route (km) | 61257 | 64688 | (+) 3431 |
| 4 | Contract data (Phase IV to VIII) | 3880 | 3415 | (-) 465 |
| 5 | No of roads (Phase IV to VIII) | 2070 | 2081 | (+) 11 |
| 6 | Financial profile (Phase IV to VIII) – (Rupees in crore) | ₹ 4446.96 | ₹ 4449.99 | (+) ₹ 3.04 |

Source: OMMS data entry status

Although the primary focus of the programme was to establish all weather road connectivity to the habitations, 16 projects for ₹ 40.80 crore under phase VI to VII cleared by the MoRD/NRRDA for implementation in seven districts did not establish connectivity to any habitations as verified from the website.

The Government stated (September 2010) that two of these roads were missing links of partly executed roads and the remaining 14 roads provided connectivity to the habitations.

However, the data generated on OMMS did not tally with the physical report.

OMMS data were incomplete and unreliable

The Government stated (September 2010) that the OMMS data entry was a continuous process and discrepancies noticed were being corrected from time to time.

2.3.14 Positive Impact

All weather connectivity could be established to 5598 habitations (54 per cent) with population of 1000/500 persons and above, out of the 10420 unconnected habitations (December 2000). In respect of the sampled districts, the all weather connectivity was established to 1273 habitations (39 per cent).

2.3.15 Conclusion

The PMGSY aimed at providing all weather road connectivity to habitations with population of 1000 persons and above by 2003 and 500 and above by the end of 2007 fell short of achieving the desired level of success owing to non-completion of the roads in time and operational deficiencies. 46 per cent of the habitations (population 1000/500) remained unconnected even after three years from the cut-off date for achieving the full connectivity. The programme suffered due to lack of systematic planning and monitoring of maintenance of the completed roads, posing a threat to the sustainability of the assets created under the programme. The monitoring of the programme through the OMMS needs further improvement.

2.3.16 Recommendations

- Timely completion of incomplete roads and missing links as well as adequate funding by State Government should be ensured to have the desired output.
- State Government should arrange adequate funds for maintenance of roads for sustainability of assets created.
- On-line Management & Monitoring System (OMMS) should be made functional and effective.

HIGHER EDUCATION DEPARTMENT

2.4 IT Audit of Student Academic Management System

The Student Academic Management System (SAMS) for e-admission process and e-administration in (+2) junior colleges under Higher Education Department was developed by M/s Cybertech Software & Multimedia Pvt. Ltd (CSM Technologies) out of budgetary provision of ₹ 16.75 crore made under the Twelfth Finance Commission award in the budget estimate for 2008-09 with a view to overcome the weakness of manual system of admission and provide a hassle-free economical admission process for students. A review of the system revealed the following deficiencies in Information Technology operations and controls.

- **Purchase of hardware and software in excess of requirements for colleges resulted in idle investment.**
(Paragraph 2.4.8.1)
- **Inability to provide for students from various examination boards resulted in entry of absurd maximum marks, discrepancies between the sum total of marks of individual subjects and aggregate total marks.**
(Paragraph 2.4.9.2)
- **Deficient system design combined with deficient verification process to check the claims of applicants seeking reservation and weightage under various categories led to ineligible applicants being admitted.**
(Paragraph 2.4.9.3)
- **System was not designed to take care of horizontal sliding of weightage category students to merit category and vertical lifting of waitlisted students in the weightage category in the 2nd selection process.**
(Paragraph 2.4.9.6)
- **Gaps in vital fields like Money Receipt-cum-Index number, intimation ID, admission ID necessitated frequent backend corrections.**
(Paragraph 2.4.10.2)
- **Acceptance of multiple Common Application Forms from applicants by the system jeopardised the admission prospect of other applicants by blocking seats through multiple applications.**
(Paragraph 2.4.10.3)

- **Lack of validation controls allowed null subject codes, restricted subject combination codes and non-available subjects in a college in the system.**

(Paragraph 2.4.11.1)

2.4.1 Introduction

The increase in demand for education in Orissa is evident from the rising number of students passing class Tenth Board and further admission to Junior (+2) colleges. In Orissa, there are 1145 Junior Colleges with only 50 Government Colleges, located in 21 out of 30 districts. These Government colleges are always the first choice for these students. With the objective of providing a common application form, transparent selection process, economy, shorter period of selection process etc., Government of Orissa (GoO), Department of Higher Education awarded the work of Computerisation of admission process of Government colleges through Orissa Computer Application Centre (OCAC) on turn-key basis out of the budgetary provision of ₹ 16.75 crore made under the Twelfth Finance Commission award in the budget estimate for 2008-09. It was decided by the Steering Committee to award the execution and implementation of SAMS to M/s CSM Technologies. It was proposed to take up e-admission in 60 Junior colleges¹⁰¹ for the year 2009 including nine Aided Junior Colleges selected from those districts which did not have a Government College.

The Higher Education Department, introduced e-admission for +2 students, as the first component of SAMS in selected +2 junior colleges which began in January 2009 and completed in June 2009. The project was monitored by the Project Steering Committee headed by Commissioner-cum-Secretary, Department of Higher Education. No separate User Requirement Specification (URS) was documented for SAMS but only broad details were discussed in the Steering Committee meetings held on different dates and Detailed Project Report (DPR) was prepared by CSM Technologies in which the gap analysis was defined.

The SAMS, a web based application was operated using Dot Net Framework 3.5 in Windows Server 2008 as Operating System and SQL Server 2008 as database. The web based application, SAMS, hosted in the Central Server at IT Centre, Secretariat, Bhubaneswar was approached by the colleges through VPN¹⁰² of BSNL lease lines using 'e space' a utility hosted in the Server. The Colleges were equipped each with a Server, two Desktops, one/two Laptops, two printers and a DAT (72 GB) drive. The IT Centre at Secretariat, Bhubaneswar is equipped with a web server and a database server. The department maintains the Disaster Management Server at STPI¹⁰³, Bhubaneswar.

¹⁰¹ 50 Government Junior Colleges, College of Basic Science & Humanities under Orissa University of Agriculture and Technology, Bhubaneswar and nine aided Junior Colleges

¹⁰² Virtual Private Network

¹⁰³ Software Technology Park of India

2.4.2 Organizational Structure

Department of Higher Education (DHE) is headed by the Commissioner-cum-Secretary who is the administrative head of Junior colleges. The Orissa Computer Application Centre (OCAC) is the designated Implementing Agency of SAMS programme. At the college level, the work is implemented through a validating team headed by a Lecturer and technical assistance is provided by Data Entry Operators (DEO) appointed on contract basis.

2.4.3 Financial outlay

Out of ₹ 16.75 crore provided to Orissa Computer Application Centre (OCAC) in 2008-09 by Twelfth Finance Commission, expenditure to the tune of ₹ 7.28 crore was made on different components including ₹ 3.03 crore for Hardware, ₹ 2.60 crore for Software and ₹ 1.05 crore for Site preparation, as of March, 2010 and the balance of ₹ 9.47 crore is left with OCAC. The accrued interest of ₹ 56.82 lakh¹⁰⁴ on balance amount is available with OCAC.

The Department on the advice of audit has directed OCAC (March 2010) to credit the amount of accrued interest to Programme Fund.

2.4.4 Objectives of computerisation

The system aimed at

- reducing admission time and improve efficiency for the college functionaries who have been doing this manually,
- maintaining transparency in the Admission process,
- providing a citizen centric, hassle free, time saving and economical platform.

2.4.5 Audit objectives

The audit objectives were to assess whether:

- adequate planning existed for purchase of hardware and software
- the e-admission process was complete and conformed to the provisions in the common prospectus.
- various application controls ensured integrity of the data.
- reports generated were as per requirement and
- the system was serving the intended objectives.

2.4.6 Audit Criteria

The following were used by Audit as criteria to conduct the review:

- Rules and regulations of admission as per the common prospectus prepared by the Department
- Rules and regulations of Board of Secondary Education, Orissa
- Recommendations of the Steering Committee

¹⁰⁴ As per RBI rate of six per cent

2.4.7 *Audit methodology*

The Audit objective, scope and methodology were discussed (March 2010) at an entry conference with the Joint Secretary, Department of Higher Education and the Officer on Special Duty, OCAC. Comprehensive assessment of SAMS was made between April-June 2010 through test check of records of Higher Education Department, OCAC and software vendor CSM Technologies through observation of actual data processing in 15¹⁰⁵ out of 60 Government Junior colleges of the State. Computer Assisted Audit Techniques (CAATs) package and Structured Query Language (SQL) was used in audit for analytical review of data. Audit findings were discussed at an exit conference held (7 September 2010) with the Commissioner-cum-Secretary, DHE and representatives from OCAC and CSM Technologies and the replies received from the Commissioner-cum-Secretary are duly incorporated at appropriate places.

Audit findings

2.4.8 *General Controls*

Admission Process

An applicant desiring admission under SAMS had to fill up a Common Application Form (CAF) and submit the same in any of the colleges under SAMS. CAF was instantly given one unique Index Number (Combination of eight digit college code and four digit index numbers starting from 0001) at the college. CAF details were then entered through MS Access software, offline, in a standalone system by the DEOs engaged by the CSM Technologies at respective colleges. A print out of the CAF details was to be given to the validating team in the college for verification of entries made with reference to photocopies of testimonials furnished. The final validated data after making due corrections then were uploaded in the central server through internet to facilitate selection process centrally.

A general assessment of SAMS revealed that the system was helpful to Higher Education Department in tracking the number and category of applicants and enabled the students to apply their choice of college in any of the 60 Junior colleges. Audit, however, noticed the following system deficiencies in general controls.

Project monitoring and implementation

2.4.8.1 *Purchase of hardware/software for colleges - idle investment*

The hardware comprising of one server, one/two laptop(s), two desktops, two dot matrix and one multifunction printer, one DAT drive with a storage capacity of 72 GB, networking equipments including one copy of SQL Server¹⁰⁶ along with the operating software of Servers were purchased centrally and supplied to each of the 60 colleges during the month of May 2009.

¹⁰⁵ (1) BJB Jr. College, Bhubaneswar, (2) Rajdhani Jr. College, Bhubaneswar, (3) Ravenshaw Jr. College, Cuttack, (4) J.K.B.K Jr. College, Cuttack, (5) S.B Women's Jr. College, Cuttack, (6) Bhadrak Jr. College, Bhadrak, (7) F.M Jr. College, Balasore, (8) M.P.C Jr. College, Baripada, (9) G.M Jr. College, Sambalpur, (10) Govt. Women's Jr. College, Sundargarh, (11) Govt. Jr. College, Sundargarh, (12) S.C.S Jr. College, Puri, (13) Khallikote Jr. College, Berhampur, (14) S.B.R Women's Jr. College, Berhampur and (15) S.V.M Jr. College, Jagatsinghpur.

¹⁰⁶ sql server 2008 version

However, it was noticed that Laptops and DAT drives supplied were lying idle in the test checked colleges and the Server connected to two desktops through LAN was only used for internet connection. It was observed that the work could have been managed from the desktops directly, thus obviating the need of a server. Further, since the data base is maintained in the Centralised SQL server and connected through the internet, the SQL Servers provided to the colleges also remained unused. The Principals of the test checked colleges accepted (May 2010) the facts.

Hence, the 60 Servers along with software, 60 DAT drives and 67 laptops for 60 colleges purchased at a cost of ₹ 1.37 crore have become idle. It was observed that the DAT drives (72 GB) may not be used in future as SAMS being web based application, the data is directly getting stored in the central server.

It was also observed that the hardware and software were purchased without assessing the actual requirements though it was decided in various Steering Committee meetings to assess the actual requirements comprehensively and to procure the hardware and software through the DGS&D rate contract holder.

The Commissioner-cum-Secretary while accepting the audit observation stated that for the academic year 2010-11, no laptops were supplied to the newly covered 109 Junior Colleges but was silent about the DAT drives and the Servers.

2.4.9 System design

System design aims at providing the correct output by mapping the existing rules and regulations electronically so as to provide assurance that all transactions are valid, complete and accurate. However, audit scrutiny revealed the following deficiencies due to system design failure as discussed in the succeeding paragraphs.

2.4.9.1 Non-provision of stream weightage to women applicants

Clause 7.4.1 of the common prospectus provides for stream weightage of five *per cent* over aggregate marks to be given to women applicants applying for the same in other colleges, if the concerned stream was not available in the local women's college(s). However, data analysis revealed that the same concession to give the weightage to women applicants was omitted to be mapped into the system in respect of 13 colleges.

In reply, the Commissioner-cum-Secretary (September 2010) accepted the facts and stated that these colleges were not considered for such weightage since they did not provide such information to the Department. He further assured that from the Academic year 2011-12, suitable action to include such weightage in all the eligible women applicants would be taken.

2.4.9.2 Discrepancies in marks

As per the information flow mechanism of SAMS, the applicant details were entered into MS-Access standalone software and it was uploaded daily in the Central data server through a utility '*e-space*' made available on Departments' web-site (<http://dheorissa.in>). The selection process was based

on the total secured and maximum marks. In the Common Application Form the data entry of subject marks columns were designed as per the pattern followed by Board of Secondary Education, Orissa i.e., maximum of 600 marks in six subjects. In respect of the applicants from boards other than Board of Secondary Education, Orissa, the total marks secured were converted proportionate to 600 marks. The following discrepancies in this regard were noticed.

(i) The total marks secured and maximum marks

The system has not been designed with in-built control for total checks and automatic calculation of total marks secured. Instead, it allowed data entry of total marks secured also, based on which the selection of the candidates was to be made. Analysis of central database revealed that in 620 cases, the sum of marks secured in all the subjects were found not tallying with the total marks entered in the system and the differences ranged from '-1' to 344. On further analysis, it was noticed that in 11 cases, the maximum marks being 800/900, was entered as 600 and thus instead of being considered for proportionate conversion during selection process, the same were taken as it is. This proved to be advantageous to seven candidates in getting admission.

In another 11 cases, the total of individual subject marks as calculated by audit was even greater than the maximum mark viz. 600 indicating data entry errors.

(ii) Entry of incorrect maximum marks

It was also noticed in five cases out of 620 cases as stated above, due to incorrect data entry of 'sum of marks secured' on the higher side, the applicants were considered meritorious and admitted in the respective colleges. These discrepancies could not be detected and rectified even during the time of admission.

The Commissioner-cum-Secretary during exit conference (September 2010) stated that from the academic year 2011-12, the system would be designed to accommodate the data entry of marks as per different Boards by designing suitable form design for data entry so as to ensure accuracy of the data entry.

2.4.9.3 Ineligible applicants given admission

It was observed that the admission system was not fully automatic. While the selection for admission was done through the system, the verification of the original documents in respect of weightage and reservation were done manually through the validating team in colleges. Further the System was not designed to cater for candidates seeking admission under different categories and suitable input controls were not built in to avoid erroneous inputs. Even such erroneous CAFs submitted by applicants skipped the scrutiny by the validating team and resulted in processing of such records for further admission as detailed below.

- **National Institute of Open School (NIOS)**

An applicant passed through the Secondary Level Examination of NIOS, Delhi seeking e-admission shall be deemed to be equivalent to the HSC Examination of BSE, Orissa provided the examinee had passed with minimum of five subjects like English, one of the Modern Indian Languages (Oriya/Hindi/Bengali/Telugu/Urdu), Mathematics, Science and Social Science.

Analysis of central database revealed that 56 applicants from National Institute of Open Schooling (NIOS) Board not satisfying the above criteria had applied for admission and out of which 22 applicants were given admission. It indicated that the system was not designed to reject such applications.

The Commissioner-cum-Secretary in his reply during the review stated that the Implementing Agency has been instructed to devise the system to cater applicants from different Boards.

- ***Oriya Living in Neighbouring States (OLNS) category***

SAMS provided for reservation in respect of applicants of Oriya origin passing Secondary School examination with Oriya as a subject from the neighbouring states having common boundary with Orissa under OLNS category. However, another required condition of permanent residentship status in the aforesaid state(s) was not clearly indicated in the CP and was not incorporated in the system.

This resulted in incorrect acceptance and admission of 37 applicants residing in Orissa, who did not satisfy the criteria, out of 166 applicants applying under OLNS category. It was also observed that the system was not designed to indicate Oriya as a subject.

In reply the Commissioner-cum-Secretary agreed and stated that from the next academic year, i.e. 2011-12, such criteria would be specifically mentioned in the common prospectus.

- ***Children of Martyrs (CoM) category***

Two *per cent* of seats sanctioned were reserved for the Children of Martyrs (CoM). The certificate to this extent was to be given by the District Collector on the recommendation of Rajya Sainik Board. The reservation in CoM category was introduced for the first time in the State and the criteria for eligibility of applicants deriving benefits under this category have not been clearly mentioned in the CP. Audit observed that CAF and the System has not been designed for capturing necessary evidence and the verification was left to the validating teams in the colleges. This also confused many applicants and most of the applicants applying for Commerce stream had put tick mark in the specified column.

Test check of records and further confirmation from Rajya Sainik Board revealed that six ineligible applicants got admission under the category.

In reply the Commissioner-cum-Secretary ensured proper validation check in this regard henceforth from the year 2011-12.

- ***Physically challenged, Ex Servicemen, Defence personnel category***

The common prospectus provided for reservation of certain percentage of seats under physically challenged, Ex-Serviceman and Serving Defence Personnel reservation categories. The eligibility of applicants deriving benefits under the aforesaid category was clearly mentioned in the CP. Audit observed that CAF and the System has not been designed to cater for supporting evidence in this regard and the verification was left to the validating teams in

the colleges. Many applicants had put tick mark in the aforesaid category column in the CAF without having the required certificates for claiming such benefits. Even validating team could not filter such faulty claims.

Data analysis and test check of records revealed that supporting documents in respect of 13 such applicants those were selected under the aforesaid categories were not available with the colleges and out of which three had taken admission. In reply the Principals in test checked colleges replied that due to short span of time for validation and huge number of forms, the details could not be verified properly.

The Commissioner-cum-Secretary, however, ensured adequate check by the validating team in colleges in this regard in future.

- ***NCC and Scout/ Guide weightage category***

CP provided for weightage of five *per cent* for certificate holders of NCC-A/Scout-Rajya Puraskar/Sports-state level and 10 *per cent* for NCC-C/Scout-President Recognition/Sports-national level. Such weightage shall be given if the achievement was made within two years before the last date of CAF submission. Audit noted that there was no provision in the CAF and the System to indicate the year and month of achievement. As such the correctness of such claims was vested only with the validation team.

Test check of records revealed that out of 2059 applicants applied under the category, 89 applicants were found ineligible and six applicants not satisfying the two year condition got admission. Similarly, three applicants without valid certificates got admission.

The Commissioner-cum-Secretary stated that from the Academic year 2011-12 necessary provision would be provided to facilitate validation through system.

2.4.9.4 Allocation of subject combination

Students applying for different streams had to opt for four elective subjects in order of preference apart from the compulsory subjects one has to opt for the four elective subjects. Allocation of subjects, however, was very vital for science and arts stream applicants since they look forward to their future career through subjects with which they prosecute their higher secondary studies.

It was seen that intimations were sent to applicants intimating only the fourth elective subject. Based on the difficulties faced by the college authorities, Department later allowed the college authorities to admit the students and allot the fourth elective based on their merit subject to availability of seats irrespective of the one indicated in the intimations. Audit noticed 450 cases in 15 test checked colleges where students were not allotted fourth electives as was intimated to them. This process created strong resentment among students regarding allotment of subjects like Biology, Geology, IT and electronics etc. The objective of the e-admission has also not been fulfilled.

The Commissioner-cum-Secretary stated that necessary changes would be made in software and in the CP as well from 2011-12.

It is suggested that all the four elective subjects need to be indicated in the intimations so as to cater the option exercised by the applicants and avoid manual intervention in this regard.

2.4.9.5 Double rounding off marks

While converting the maximum marks secured to the base 600 in respect of the applicants belonging to the other Boards, the converted marks were rounded off to nearest whole number. Further, if any applicant was eligible for weightage¹⁰⁷ of five or 10 *per cent* over and above the aggregate marks then the marks were once again calculated and rounded off.

Audit observed that double rounding off marks proved to be advantageous to some applicants and disadvantageous to others.

The Commissioner-cum-Secretary during exit conference stated that as recommended by audit, the system of conversion of marks of other Board passed applicants at par with State BSE applicants has been dispensed with this year (2010-2011).

2.4.9.6 Second selection process

As per provision maximum of 10 *per cent* of seats in each stream had to be filled up on the basis of weightage for extracurricular activities and unavailability of stream in local women's college. During first selection process applicants under weightage for General Category were selected subject to restriction of cut-off marks against General Category. In the eventuality of seats falling vacant after admission in first selection process, second selection process was operated in many colleges when the cut-off marks against General Category reduced.

In that case the applicants under General weightage category whose base marks without taking into consideration of the weightage came between the cut-off marks of the first and second selection process should have been accommodated into (slided horizontally) General Merit Category and vacancies arising out of such sliding should have been awarded to even number of General weightage category students in the panel by upward lifting, subject to restriction of cut-off marks against General Merit Category and maximum of 10 *per cent* of General Seats available for them.

Audit observed that the system was not designed to take care of such horizontal sliding and vertical lifting of General Category Students in the second selection process and the eligible applicants in different colleges as such were not considered for admission. Incidentally, eight such applicants sought judiciary intervention and got admitted themselves in Ravenshaw College, Cuttack (August 2009). However, this was not extended to other eligible applicants who were not aware of such discrepancy and no action has been taken to correct the system during 2009-10.

The Commissioner-cum-Secretary stated that such horizontal sliding and corresponding vertical lifting of candidates, has since been adopted in the system this year, i.e, 2010-11.

¹⁰⁷ Weightage for NCC/Scout/Sports/Women

2.4.9.7 *Exhibition of abnormal fees in the database*

The CP contained varied prescribed fees of colleges payable for admission, depending upon the category of student, stream and subject ranging from ₹ 426 to ₹ 12534. The admission fees collected from students were entered in appropriate field column in the system.

Analysis of database revealed that in 49 cases fees ranging from ₹ 12568 to ₹ 218850 were entered in the said field towards admission fees collected from students. It indicated that the fee structure of the colleges was not mapped in the system. It accepted abnormal admission fees and made the database unreliable. Had the fee structure of colleges been mapped in the system, the database could have been used by the DHE to analyse the exact admission fees collected by the colleges.

The Commissioner-cum-Secretary stated that the Implementing Agency had been asked to map the fee structure of different colleges in the system so that collection of admission fees could be accounted for through the system.

Application controls

Application controls include input controls, process controls and output controls and are used to provide assurance that all transactions are valid, complete and accurate. The major spin-off from SAMS was that an applicant could view his status of application on-line by providing the MR-cum-Index Number. The MR-cum-Index numbers were issued by respective colleges manually in combination of eight digit college code followed by four digit code indicating application number starting from '0001' onwards. However, audit scrutiny revealed the following deficiencies in application controls as discussed in the succeeding paragraphs.

2.4.10 *Input Controls*

The input controls ensure that the data received for processing are genuine, complete, not previously processed, accurate and properly authorised and are entered accurately and without duplication. The following deficiencies in input controls employed were noticed.

2.4.10.1 *Data completeness and uniformity*

Data analysis showed that in one case the MR-cum-Index Number was blank and in 27 cases the MR-cum-Index Number contained alpha-numeric code. This indicated absence of input controls in this regard.

2.4.10.2 *Gaps in vital fields.*

- *Gaps in MR-cum-Index Number*

The MR number being the primary identity of an applicant, there should not be any gap in allotting such numbers. Analysis of Central database revealed that the MR-cum-Index numbers contained 8502 gaps in 476 instances and such gaps were made by merging and deleting through backend mode which also resulted in deletion of applicant details.

- ***Gaps in intimation ID***

After the selection process, intimations were sent to the selected applicants and each intimation is identified in the system with a unique intimation *ID*.

Analysis of central database revealed that 508 such continuous *IDs* were skipped or deleted between first selection and second selection.

- ***Gaps in admission ID***

Soon after the applicants took admission the admission details were updated in the central server along with creation of a unique admission *ID* by the system. It was seen in audit that there were 3949 gaps in 63 instances in admission *ID* and it clearly indicated that the records were skipped during data entry.

The Commissioner-cum-Secretary accepted the facts and explained that backend deletion/corrections of records in the database were resorted to for correcting the mistakes in data entry based on the request from the Principals. However, it was agreed that a log of all such deletions and corrections would be maintained so that transparency could be maintained and accountability could be fixed.

2.4.10.3 Duplicate application forms

In e-admission process, an applicant was to submit only one Common Application Form (CAF) for admission into various streams¹⁰⁸ in any of the 60 junior colleges by exercising options of college/stream along with elective subjects in order of preference. Thus one could not jeopardise the admission prospects of other applicants by blocking seats in different colleges through multiple applications. However, it was seen that the system accepted duplicate/triplicate application forms in respect of 500 students. Out of these, multiple applications relating to 387 numbers of students could only be merged manually. This indicated that the system was not adequately designed to prevent the submission of duplicate/triplicate CAFs by the same student by using the Board's Roll number/Date of Birth/Father's name. Hence, all such multiple application forms other than the merged ones were processed for selection simultaneously through the system and separate intimation letters considering merit in different CAFs were issued to the 11 applicants.

Principals of the test checked colleges admitted (June 2010) that it was not possible to detect/prevent multiple application forms by the applicants at the college level. Hence, the SAMS system capturing CAF data should have been designed to track and reject the multiple applications.

2.4.11 Validation checks

2.4.11.1 Validation in subject field

As per CP, an applicant was required to enter in the CAF the college, stream and subjects in numeric codes as per choice in order of preference as detailed in the CP. In the CAF the applicant was required to fill seven subject codes, i.e, one compulsory subject, three elective subjects and for fourth elective

¹⁰⁸ Arts/Science/Commerce stream

three subjects in order of preference. Analysis of Central Database revealed that the system accepted null subject codes, restricted subject combination codes, Commerce subject codes in Arts stream and male applicants applying for Home Science subject code etc. as discussed below.

- ***Coding of subjects and streams***

The system accepted data entry of illogical combination of subject codes relating to Science/Commerce subjects in respect of 39 applicants under Arts stream and combination of Arts, Science and Commerce subjects in respect of two applicants under Science stream. This indicated absence of validation checks in this regard.

- ***Null/incorrect codes in Compulsory subject field***

The system accepted the subject codes of elective subjects in place of compulsory language subjects and even null subject codes in 3717 cases and processed the said cases.

- ***Null/incorrect codes in compulsory electives***

The system permitted data entry in respect of compulsory elective subjects¹⁰⁹ in respect of both Science and Commerce streams. This resulted in incorrect choice of subjects and data entry of such subject codes in 303 cases in Science stream and 104 cases in Commerce stream.

- ***Male Applicants applied for Home Science***

Absence of validation checks regarding combination of gender of the applicants with the choice of subjects resulted in acceptance of data entry 'Home Science' as one of the elective subject in 112 cases of the male applicants. It was also noticed that one of them was also selected and allotted with 'Home Science' through the intimation; however, the same was rectified later through correction process.

- ***Restricted combination of subject codes***

In 427 cases the applicants had opted for combination of Logic and Geography subject codes, and in 139 cases the applicants had opted for combination of Home Science and Mathematics subject codes which were restricted as per the common prospectus.

- ***Non-available subjects in a college applied for***

Though details were available in the common prospectus, the applicants opted for subjects other than those available in applied colleges and the system also accepted such applications for further processing. Test checks in two colleges¹¹⁰ revealed that the subjects Geography, Home Science, Language Urdu and *Parsi* not available in Khallikhote Junior college were given as choice and the subjects Anthropology, Geography, Education not available in

¹⁰⁹ Physics and Chemistry (Science stream); Accountancy, Business Studies & Management and Business Mathematics & Statistics (Commerce Stream)

¹¹⁰ Khallikhote Junior college and S.B.R Government Junior college, Berhampur

Shashi Bhusan Rath (SBR) Government Junior college, Berhampur were chosen.

These instances illustrate lack of validation in the system to restrict applications for mutually exclusive combinations and non-available subjects in a college. Creation of master tables catering combination of stream and related subjects using alphanumeric codes, spooling of compulsory subjects under the stream and creation of profiles of various colleges in the system would have avoided such mis-match.

In reply the Government stated (September 2010) that necessary corrective actions, as suggested by audit, by replacing the codes with alphabetical narration to the subjects and suitable validations regarding combination of subjects have been taken from the academic year 2010-11 so as to avoid such discrepancies in future.

2.4.11.2 *Validation in gender field*

The system provided for data entry of gender option 1 for Male and 2 for Female applicants. Due to absence of validation controls in the system, it was observed in audit that a female applicant with gender option 1, i.e. code for male applicant, submitted application for a women's college which was accepted and processed by the system for admission.

The Commissioner-cum-Secretary stated that validation in this regard has been provided from 2010-11.

2.4.11.3 *Dual weightage allowed in the system*

The criteria for selection of applicants under Oriya Living in Neighbouring States (OLNS) and Outside State Applicants (OSA) are different. OLNS is a reservation category whereas OSA is a weightage category for applicants from outside Orissa. It was seen in audit that central database exhibited the same applicant under both OLNS and OSA category in 66 instances. System was not designed to handle the criteria set for OLNS and OSA category separately and necessary validation check in this regard was not put in the system.

The Commissioner-cum-Secretary assured to provide necessary validation in the system in this regard.

2.4.11.4 *Processing of marks below the minimum pass marks by the system*

The minimum pass mark of any Secondary Education Board is 33 *per cent* of aggregate marks. Analysis of database revealed that in 13 cases, the system accepted erroneous data (marks less than 33 *per cent* of aggregate) thereby ignoring the genuine candidates from the selection process. However, four of them attended spot admission process and got admitted. It was also observed that in one case the aggregate marks were wrongly entered as '94' instead of 494, and incidentally the candidate could not get admission despite the fact that the actual marks secured by him were more than the cut-off marks of first selection.

In reply (September 2010), the Commissioner-cum-Secretary stated that necessary validation in this regard has been given in the system during the admission process 2010.

2.4.11.5 *Inconsistent events in SAMS work flow mechanism*

When a CAF entered into the MS Access software, a record was created with date and time indicating date of receipt of CAF and when the created record was uploaded in the Central Server, the uploaded date and time was also recorded in the system. Analysis of central database revealed that in 11 instances, the dates of receipt of CAFs were later than the uploaded. Further, in seven cases the receipt dates of CAF were indicated Null. This indicated the lack of validation in the system to follow the sequential flow of records.

The Commissioner-cum-Secretary accepted the facts and stated that such validation has been provided in the system during admission for the academic year 2010-11.

2.4.12 *Information security*

2.4.12.1 *Access control*

The DEOs of the respective colleges were assigned the user *IDs* along with passwords to carry out different e-admission and e-administration activities in the SAMS. Since SAMS provided for web based access, management of users is an important issue. It was seen in audit that

- The user id assigned to a DEO was not deactivated (June 2010) even after his resignation from service (April 2010).
- The passwords were quite vulnerable as they were not following the password policy of keeping alpha-numeric passwords combined with special characters.
- The system did not have the provision to restrict unsuccessful attempts and blocking such user ids after exhausting such number of attempts.
- There was no provision for automatic log off when the system was left unattended for a long period.

In reply (September 2010), the Commissioner-cum-Secretary ensured strong password policy and suitable corrective action.

2.4.12.2 *Modification/Deletions through backend and audit trails*

As per the information flow mechanism of SAMS, soon after the details of CAF were uploaded in the Central Server, the maximum marks and total marks secured were separately taken out from the master table and stored in another table used for selection based on the choice opted by the applicant. It is required that the total marks secured and maximum marks of an applicant in the master table should not be different from those considered for selection process. In three cases there was difference in marks between two tables. It was observed that the marks of the applicants were edited through backend in only one table without effecting changes in the corresponding master table.

The Commissioner-cum-Secretary accepted the facts and further stated that a remarks column would be kept to keep log of any kind of corrections or modifications in future.

- ***Errors corrected after selection process:***

After the selection process was over the intimations were generated mentioning the streams and destination college where the applicant was selected for admission. It was seen in audit that applicants with single stream option were issued intimations for streams for which they did not opt and similarly applicants were asked to take admission in colleges for which they had not applied at all. Audit also came across instances where applicants exercising single option and selected against that option in first selection process were again selected in the second selection process in the same or different college in different streams. Such flaws in the database raise doubts about the integrity of data. These discrepancies were due to incorrect data entry combined with inefficient validation process in colleges which resulted in rectification through backend on receiving complaints from students. Interview with stake holders revealed that some of them had taken admissions in private junior/residential colleges since they were not offered as per the choice opted by them in CAF.

While agreeing to the audit observations, the Commissioner-cum-Secretary accepted the facts and further stated that the software vendor has been instructed to devise a system so that a remark column may be kept to maintain a log of such corrections or modifications.

2.4.13 Output controls

2.4.13.1 System deficiency in delivering the output

The e-administration component of the system aimed at using the database of e-admission in various academic and administrative activities like issue of Identity cards, Library cards, College Leaving Certificate, Conduct Certificate, Return of Matriculates (RoM) & Long Roll, Attendance Register, Clearance Form etc. Audit observed the following deficiencies in delivering the services which were envisaged:

- Identity cards and Library cards generated from the system were abnormally large and without photograph.
- The RoM generated was not as per the requirement of Council of Higher Secondary Education (CHSE). Hence, many times the Council refused to accept such RoM as it did not contain the name of the student who had taken admission in the first selection but subsequently taken TC before the second selection process. The names of those students were entered manually as required by the CHSE.

In reply the Principals of test checked colleges stated that due to the aforesaid problem small and handy Identity Cards and Library cards were issued to the students by following the previous practice. RoM was edited and sent to the CHSE because the system was deficient in delivering the output as desired by the CHSE. The Commissioner-cum-Secretary in regard to above observations assured that handy Identity cards and Library cards would be issued to students henceforth. He also assured to take care of the deficiencies in generating the RoM & long roll.

2.4.14 Other points of interest

2.4.14.1 Reservation/weightage certificates not sent for verification

As per provisions, certificates submitted by the applicants, in support of reservation and weightage have to be sent to the appropriate vigilance authorities for scrutiny to eliminate possibility of fraud cases. However, it was noticed that no such action has been taken for verification.

The Commissioner-cum-Secretary agreed to initiate action in this regard.

2.4.14.2 Original School Leaving Certificate (SLC) of applicants not cancelled

As per para 5.10.8 of the CP, the original School Leaving Certificate (SLC) will have to be defaced manually by the college authorities soon after the applicant takes admission to avoid further misuse by the students. However, test check of records revealed that in 28 instances, SLCs were not defaced even after one year.

Principals of the test checked colleges admitted the facts.

2.4.15 Limitations to audit

CAFs along with the original documents in respect of admitted cases are vital records which need proper preservation. It was noticed that CAFs and the original documents in two of the test checked colleges¹¹¹ were lost due to theft (May 2010) and burnt in a fire mishap (November 2009). As such audit could not verify the audit findings through data analysis with these CAFs.

The Commissioner-cum-Secretary ensured that all the original records would be scanned and stored in the system as electronic documents for future reference.

2.4.16 Conclusion

The primary objective of module e-admission under SAMS to ensure admission into +2 Junior Colleges economically, efficiently with a hassle free, transparent selection process with zero errors was partially achieved. The other module e-administration was under partial implementation and its utility wherever implemented could not be derived. The system lacked validation controls at many stages. Its design was not catering to the provisions as mentioned in the common prospectus. Selection process was not fully automated, with the implementing agency depending on validating teams for check of accuracy of data given in the CAF with reference to documents enclosed therein which the teams did not exercise adequately. Thus the system suffered from wrong data inputs which aided by weak process controls led to incorrect selection of applicants for admission. Moreover, deficient system design and backend modification or deletion of data for correction of errors made the system prone to manipulations. The corrective measures as agreed to by the Commissioner-cum-Secretary during exit conference proposed to be made from the academic year 2011-12 would thus enhance the integrity and reliability of the System.

¹¹¹ BJB college, Bhubaneswar and Rajdhani College, Bhubaneswar

2.4.17 *Recommendations*

- System should be modified with drop down facility to accommodate data entry of marks relating to different Exam Boards.
- System should be inbuilt with suitable input controls and validation checks to avoid and disallow erroneous data entry. Verification by the validation teams should be strengthened to achieve zero error status.
- Provisions for data entry of eligibility criteria relating to various weightages and reservations being given to the students should be inbuilt both in CAF and in the System.
- Suitable changes in the intimation process and design of intimation letters may be done so as to bring transparency and to avoid further manual process in admission.
- The way forward should lead to complete implementation of e-administration module to derive its utility.
- The corrections and modification of data should be done using front end utilities thus avoiding backend transactions and all such modifications/deletions should be logged so as to act as audit trail and to ensure accountability and transparency in selection process.

Chapter 3

Compliance Audit

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Chapter 3

Compliance Audit

Compliance audit of Departments of the Government, their field formations as well as that of Autonomous Bodies brought out several instances of lapses in management of resources and failures in observance of regularity, propriety as well as absence of good governance. These have been discussed in the succeeding paragraphs under broad objective heads.

3.1 Non-compliance with rules and regulations

For sound financial administration and control it is essential that expenditure conforms to financial rules, regulations and orders issued by competent authorities. This not only prevents irregularities, misappropriations and frauds but also helps in maintaining good financial discipline. Some of the audit findings on non-compliance with rules and regulations are discussed below:

WORKS DEPARTMENT

3.1.1 Avoidable payment

Non-compliance with the agreement conditions led to litigation and avoidable payment of ₹ 4.80 crore towards *pendente-lite* interest.

Consultancy services for the World Bank assisted project of Bhubaneswar-Cuttack-Jagatpur section of NH 5 was awarded (January 1995) to a firm at a cost of ₹ 12.44 crore for completion by June 1998. Clause 1.10 of the contract provided for reimbursement of taxes, duties, fees, levies and other impositions under the applicable laws of India on the consultant and the personnel by the employer.

Test check of the records of Bhubaneswar National Highways Division revealed (March 2009) that instead of paying Income tax on behalf of the consultant, the department deducted 30 *per cent* of the sum due to him through interim payments as per the advice (October 1995) of Income Tax Department. The matter was referred to arbitration by the consultant and arbitrator awarded (April 2000) payment of ₹ 2.31 crore in favour of the consultant along with the interest at 12 *per cent* for the period from July 1999 to April 2000 and further 18 *per cent* if the award amount with interest was not paid within 90 days from the date of receipt of the award. Besides, 50 *per cent* of the legal expenses and interest thereof was also payable to the consultant. Consequent upon the decision being upheld (June 2006) by the Hon'ble High Court and the SLP (August 2006) of the Government before the Hon'ble Supreme Court being dismissed (August 2007) for lack of merit, ₹ 7.81 crore was paid (February 2008) to the firm which included an interest element of ₹ 4.80 crore for the period from July 1999 to August 2007 on account of delay in payment of arbitration award.

Thus, non-compliance with the agreement conditions led to litigation and avoidable payment of ₹ 4.80 crore on account of interest *pendente lite*¹.

The Government stated (October 2009) that the Income tax was deducted as per the advice of the Income Tax department, which was not tenable in view of the specific condition in the contract.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.1.2 Parking of funds outside Government account

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| <p>Contrary to Government instructions, the Director of Health and Family Welfare withdrew scheme funds of ₹ 1.87 crore from Civil Deposit and kept as bank drafts for over three years during 2006-10.</p> |
|--|

The Orissa Treasury Code Vol-I (Rule 242) and Orissa Budget Manual (Rule 141) prohibit drawal of money from the treasury and keeping the same in banks without utilisation. The rules further provide that if under any special circumstances money is drawn in advance, the unspent balance so drawn should be refunded to treasury at the earliest; in any case before the end of financial year in which the amount was drawn. The Finance Department also issued instructions from time to time (latest being in March 2006) stipulating that administrative departments and their heads should permit release of funds from Civil Deposit taking into account the urgency and necessity of withdrawal in each case and the money so drawn should not be kept idle for more than seven days. Further, Finance Department's instructions (March 2006) prohibited retention of Government money outside Government accounts in the shape of Deposit at Call Receipts (DCR)/banker's cheques/bank drafts etc. after drawal of funds from treasury or Personal Ledger (PL) Account.

Test check (December 2008) of records of the Director of Health Services, Orissa (DHS) revealed that the Government sanctioned (March 2007) drawal of ₹ 1.87 crore out of the funds meant for 'Basic Minimum Services Programme-Phase II' lying unutilised in the Civil Deposit-800-Other Deposits since March 1998. The amount was to be paid to the Orissa Infrastructure Development Corporation (IDCO) towards expenditure incurred by the Corporation over and above the advances paid to it earlier for completion of construction of the Community Health Centre buildings (Non Tribal area: ₹ 1.11 crore and Tribal area: ₹ 76 lakh) entrusted to it under the programme. While conveying sanction for withdrawal of money from the Civil Deposit, Government stipulated that the amount sanctioned may be drawn in the form of banker's cheque but released only after satisfying that IDCO had handed over the buildings to the Departmental authorities. The Director, after drawal (March 2007) of the amount in the form of bank drafts did not release (March 2010) the same to IDCO since the latter failed to furnish the required information and retained the same in shape of bank drafts. Thus, drawal of money from treasury without making assessment of actual requirement and retention of the same in shape of bank drafts affected the cash balances of the

¹ *Pendente lite* – during the process of litigation

Government for over three years and led to loss of interest of ₹ 28.05 lakh² and corresponding gain of the interest amount to the bank.

The Director, stated (August 2010) that the amount was finally released more than three years later (May 2010) to IDCO. The action of the Department was contrary to the Treasury rules and Finance Department's order and led to loss of money. Moreover, the payment to IDCO was made pursuant to their request (April and October 2007) as evident from minutes of the meeting taken by the Additional Secretary of the department on 12 April 2010. *The Department could not produce any record showing that physical possession of the buildings was handed over by IDCO contrary to the condition stipulated for payment.*

The matter was referred (March 2010) to Government; reply has not been received (December 2010).

WATER RESOURCES DEPARTMENT

3.1.3 Inadmissible payment to contractors

Deliberate inclusion of the quantity of burrow area stripping under the items of earth dam led to inadmissible payment of ₹ 1.83 crore to the contractor.

Construction of an earth dam from RD³ 00 to 570 metre (Left flank) of Ret Irrigation Project was awarded (May 2007) to a firm at a cost of ₹ 26.05 crore for completion by November 2009. The agreement provided for obtaining 14.08 lakh cum of soil from the burrow areas at ₹80 per cum for formation of the earth dam. As per Clause 3.6.10.2 of the contract, stripping and removal of the undesirable materials from the burrow area for obtaining soil of the approved quality for the work were also included in the earth fill item at no extra cost. Besides, the two other items in the agreement were (i) grubbing of light jungles (12.78 lakh square metres at ₹ 10 per square metre) and (ii) excavation of dam base/cut off trench (2.80 lakh cum at ₹ 41 per cum). The work was in progress (November 2010) with payment of ₹ 11.52 crore.

Test check of the records of Ret Irrigation Division, Bhawanipatna, revealed (June 2009) that during computation of the quantity for grubbing of light jungles and excavation of the dam base, the Executive Engineer (EE) included 11.30 lakh square metre area on account of removal of undesirable materials from the burrow area and 1.70 lakh cum on account of burrow area stripping in the estimate, though separate payment for these operations in the burrow areas was not admissible. This led to creation of a liability of ₹ 1.83⁴ crore to

² Calculated at 5 per cent per annum for the period 2007-10 applicable to investment of cash balances in the Government of India treasury bills in the Reserve Bank of India.

³ RD is the reduced distance, which indicates chainage/length of a road/dam etc.

⁴

| Sl. No. | Item | Agreement quantity | Rate | Amount | Quantity executed | Excess amount paid |
|---------|-----------------------|--------------------|------|----------------------|-------------------|---------------------------------------|
| 1 | Cleaning and grubbing | 11,30,000 sqm. | ₹ 10 | ₹ 1,13,00,000 | 4,00,000 Sqm | ₹ 40,00,000 |
| 2 | Burrow area stripping | 1,69,500 cum | ₹ 41 | ₹ 69,49,500 | 60,000 Cum | ₹ 24,60,000 |
| | | | | ₹ 1,82,49,500 | | ₹ 64,60,000 or ₹ 65,00,000 |

the contractor of which ₹ 65 lakh had already been passed on to the contractor as of November 2010.

Thus, deliberate inclusion of the operations of grubbing and stripping of burrow areas with the items of the dam base work resulted in creation of liability of ₹ 1.83 crore to the contractor.

The Government stated (September 2010) that clearing and grubbing of the light jungles and stripping of the burrow areas were included in the sanctioned estimate considering the field condition to maintain proper admissible quality of earth dam. The reply was not acceptable in Audit since these operations in the burrow areas were to be carried out by the contractor within the rate provided for the earth fill item at no extra cost.

RURAL DEVELOPMENT DEPARTMENT

3.1.4 Extra cost due to departmental lapse

Failure of the department to place the order within the validity of the offer led to extra expenditure of ₹ 1.38 crore

As per Note (iv) of para 3.5.18 of the Orissa Public Works Department Code, the validity of a tender is for 90 days from the last date of receipt of tender unless extended. If delay in deciding the tender is inevitable, the consent of the tenderer to keep the offer open for a further period should be obtained. The processing and finalisation of the tender was to be completed by the Executive Engineer (EE), Superintending Engineer (SE), Chief Engineer (CE) and the Government within 20, 15, 20 and 20 days respectively. The remaining 15 days were to be utilised by the EE for execution of the agreement.

CE, Rural Works (RW), Bhubaneswar invited (November 2007) open tenders for construction of a high level bridge over river Badanadi at 3rd km of Nahada-Gahangu road in the Ganjam district at an estimated cost of ₹ 6.45 crore. In response, a valid single tender was received from a contractor for ₹ 7.61 crore.

Test check (February 2010) of records of RW Division No. I, Ganjam revealed that the tender received on 10 December 2007 was valid upto 8 March 2008. It was evaluated and recommended by the SE on 9 January 2008 while the CE negotiated the tender value to ₹ 7.54 crore and recommended it to the Government on 31 January 2008. The Government however, approved the tender only on 8 May 2008 i.e after the expiry of the validity of the tender. The contractor who was notified on 31 May 2008 for execution of the agreement by 07 June 2008 expressed his inability (August 2008) to execute the work at his quoted rates citing expiry of the validity of the tender and rise in the cost of steel, cement and bitumen as reasons. The CE thereafter floated (September 2008) fresh tenders for the work at an estimated cost of ₹ 7.37 crore for which the last date was 22 October 2008 and in response, single tender of the same contractor was received for ₹ 8.92 crore which was

approved by Government on 16 January 2009. The work was awarded (February 2009) to the contractor at a cost of ₹ 8.92 crore for completion by February 2011. The work was under execution with payment of ₹ 4.42 crore to the contractor as of December 2010. The award of the work on re-tender to the same contractor involved extra cost of ₹ 1.38 crore.

Thus, failure to finalise the tender within the validity period led to re-tender of the work involving extra cost of ₹ 1.38 crore within a span of about one year.

Government stated (July 2010) that the first time tender was approved in May 2008, by which time the validity of the tender was over and the contractor expressed inability to execute the work at his quoted rate, warranting re-tender of the work.

The reply of the Government is not acceptable since the first time tender which was 17 *per cent* excess over the estimated cost had not been accepted within the validity period while the second time tender which was 20 *per cent* excess was approved. Thus the delay in finalisation of the tender conferred an avoidable financial benefit of ₹ 1.38 crore to the bidder at the cost of public money.

WATER RESOURCES DEPARTMENT

3.1.5 Extra cost on construction of an aqueduct

Non-acceptance of lowest tender within the validity period led to extra expenditure of ₹ 1.14 crore.

As per Note (iv) of Para 3.5.18 of the Orissa Public Works Department Code, a tender is valid for 90 days from the last date of receipt of the tender unless extended. The processing and finalisation of the tender is to be completed by the Executive Engineer (EE), Superintending Engineer (SE), Chief Engineer (CE) and Government within the allotted 20, 15, 20 and 20 days respectively. The remaining 15 days are to be utilised by the EE for execution of the agreement with the successful bidder.

Chief Engineer & Basin Manager (CE&BM), Brahmani Right Basin, Dhenkanal invited (January 2006) open tenders for construction of an aqueduct over Badajore Nullah at RD 5.680 km of Gondia Branch Canal of Right Bank Canal of Rengali Irrigation Project at an estimated cost of ₹ 5.27 crore. The last date of receipt of tenders was 01 March 2006 with opening of bids on 02 March 2006. In response, two tenders were received from National Projects Construction Corporation (NPCC) for ₹ 5.38 crore and another from Orissa Construction Corporation (OCC) for ₹ 6.52 crore which was (24 *per cent*) above the estimated cost. These bids were valid up to 29 May 2006.

The EE submitted the tenders to the SE on 17 May 2006 after a delay of two months. The SE sent the tenders to the CE&BM on 27 May 2006. The CE&BM recommended (31 May 2006) acceptance of the bid of NPCC for ₹ 5.38 crore, by which time the validity of the bid was over. Since both the bidders refused to extend the validity, the tender committee (TC) recommended (July 2006) rejection of the bids. Before any decision was taken

by the Government, OCC extended (August 2006) the validity of their bid upto December 2006. NPCC was not approached for extension of validity. The TC observed (August 2006) that the bid value of OCC was higher and suggested for negotiation to match with the rates of NPCC. OCC, however, refused (January, 2007) to negotiate the rates. The CE&BM revised (February 2007) the estimate to ₹ 6.39 crore and justified acceptance of the bid of OCC stating that it was only 2.08 *per cent* excess over the revised estimated cost. Government accorded approval in April 2007 and the work was awarded (October 2007) to OCC for completion by April 2009. The work was under execution with payment of ₹ 2.31 crore to OCC as of March 2010.

Test check of the records of Rengali Right Canal Division No.II, Dhenkanal disclosed (July 2008) that the original estimate provided for obtaining soil from burrow area located at 2 km from the worksite. The notice inviting tenders (NIT) stipulated that the bidders were required to visit the site and satisfy themselves of availability of adequate materials at the required lead. Any misjudgement at a later stage was not to be considered. The CE&BM, however, revised the estimate by increasing the lead for obtaining soil from two to five km on the basis of OCC's letter of January 2007 mentioning that required soil was not available within two km lead and recommended consideration of the tender of OCC for ₹ 6.52 crore justifying that the tender was only 2.08 *per cent* excess over the revised estimated cost. This facilitated acceptance of the unreasonably high bid of OCC by the Government.

Thus, failure to finalise the tenders within the validity period, allowing extension of time to OCC only and unjustified upward revision of the estimated cost in the meantime by adopting extra lead for burrowing soil paved the way for acceptance of the higher bid of OCC involving extra cost of ₹ 1.14 crore, which included ₹ 55 lakh on account of adopting extra lead not originally provided in the estimate.

The Government stated (November 2009) that 15 *per cent* overhead charges would have been allowed to OCC on allotted works and so the excess *percentage* allowed to it was not unreasonable. This was not acceptable since OCC was not entitled to any overhead charges on the works awarded through tender. Therefore, the delay in acceptance of the tender within the validity period by the Government primarily led to the lowest bidder withdrawing from the process. Besides, revising the estimated cost unjustifiably at post tender stage was unfair to the lowest bidder as it led to denial of equal opportunity to the two bidders creating doubts on the transparency of the bidding process.

WOMEN AND CHILD DEVELOPMENT DEPARTMENT

3.1.6 Irregular payment of advance

The DSWO, Nuapada extended undue financial benefit to an individual by irregularly sanctioning advance of ₹ 50.57 lakh.

Orissa Treasury Code Vol-I (Rule 509) provides that advances granted under special circumstances for departmental or allied activities may be drawn on the responsibility of Government officers against whom such sanction is issued subject to adjustment of the advances by submission of detailed account along

with vouchers or by refund/recovery as the case may be. Orissa General Financial Rules (Rule 267) further stipulate that if adjustment bill is not submitted in time, advances may be recovered in lump sum from the officer immediately on expiry of such time limit. During 2006-09, the State Government sanctioned ₹ 92.15 lakh⁵ in favour of the District Social Welfare Officer (DSWO), Nuapada for undertaking new construction and maintenance and repair of office and Anganwadi Centre buildings etc. The sanction orders of the Government and the instructions (September 2007) of the Finance Department required that the above works were to be got done through the Panchayat Samities.

Test check (October 2009) of records of DSWO Nuapada, revealed that in violation of above orders of Government, the DSWO on 11 occasions paid (September 2007 - August 2008) advances aggregating ₹ 50.57 lakh⁶ to the Junior Engineer (JE) of the Notified Area Council (NAC), Khariar for undertaking construction of nine office/residential buildings and addition/alteration/renovation of 94 Anganawadi Centers (AWCs) at different places of the district despite his jurisdiction being limited to the area under the NAC. The advances were paid to the JE on the orders of the district collector on the ground that the JE completed a work in time which was entrusted to him during 2007-08 on a location within his jurisdiction. The JE was asked to complete the works within three months of the receipt of advances and to submit utilisation certificates (UCs), measurement books (MBs) and vouchers in time for release of further funds. However, the JE did not submit any voucher and related documents in support of execution even after lapse of two years from the date of receipt of last advance despite issue of several reminders and instructions (May and July 2010) from collector's office. Scrutiny also revealed that the advances for construction of AWC buildings were entrusted to him even before technical and administrative sanction were accorded and site selected. Thus, the DSWO did not observe the prescribed procedure while paying advance to the Junior Engineer. In reply DSWO stated (September 2010) that the district collector decided to entrust the works to the JE, as Panchyat Samities made no progress on similar works for which advances of ₹ 1.45 crore were given to them during 2006-08. Further, as per eye estimates of field formations, the JE had completed three works worth ₹ 9.22 lakh. The reply was not convincing since the JE had not submitted the vouchers and other related documents and the advances continue to remain unadjusted (September 2010). The Executive Officer of the NAC under whom the JE worked was also not kept informed about the advance before making payment.

⁵ (1) **Non plan** (i) 2006-07 : ₹ 6.30 lakh, (ii) 2007-08 : ₹ 18.10 lakh and 2008-09 : ₹ 15.25 lakh for repair and maintenance of CDPO and AWC buildings and (2) **State plan** (i) 2006-07 : ₹ 40 lakh, (ii) 2007-08 : ₹ 7.50 lakh and (iii) ₹ 5 lakh for construction of Anganwadi Centre (AWC) buildings.

⁶ (i) ₹ 4.22 lakh for Office-cum godown building of Khariar ICDS covering three occasions (September – December 2007), (ii) ₹ 13.30 lakh for construction of residential building of CDPOs, Khariar and Boden covering four occasions (March-July 2008), (iii) ₹ 18.05 lakh for Repair of 94 Anganwadi Centres covering three occasions (May-July 2008) and (iv) ₹ 15 lakh for Construction of six Anganwadi Centres (August 2008).

The Government, while confirming (July 2010) the facts, stated that the matter was under examination and the position would be intimated in due course. There has been no response from the Government as of December 2010.

3.2 Audit against propriety/expenditure without justification

Authorisation of expenditure from public funds has to be guided by the principles of propriety and efficiency of public expenditure. Authorities empowered to incur expenditure are expected to enforce the same vigilance as a person of ordinary prudence would exercise in respect of his own money and should enforce financial order and strict economy at every step. Audit detected instances of impropriety and extra expenditure, some of which are discussed below:

WATER RESOURCES DEPARTMENT

3.2.1 Unfruitful expenditure

Non-completion of a Minor Irrigation Project rendered the expenditure of ₹ 6.52 crore unfruitful.

The Government accorded administrative approval (February 2004) for construction of Utalijore Minor Irrigation Project (MIP) at a cost of ₹ 11.73 crore with loan assistance from NABARD under Rural Infrastructure Development Fund (RIDF-VIII) for irrigating 1416 ha of cultivable command area (CCA) during *kharif* and 101 ha of CCA during *rabi* in the Bargarh district

Test check of records of the Executive Engineer (EE), Minor Irrigation Division, Padampur revealed (October 2009) that the head-works of the project were completed in July 2008 at a cost of ₹ 6.20 crore, but the canal system taken up in June 2008 was abandoned midway from May 2009 after incurring an expenditure of ₹ 32 lakh due to non-acquisition of private land for the purpose.

As per para 3.7.4 of the Orissa Public Works Department Code Volume-I, no work should be commenced on land which has not been duly made over by a responsible Civil Officer. Audit observed that, in violation of the rules, even head works were commenced without acquisition of the required land and the land acquisition proposals for 1455.33 acres of private land required for the canal system were at different stages of notification. As land was not acquired as of November 2010, the agreement was closed, without completion of the distribution system.

Thus, despite completion of the head-works of the project at a cost of ₹6.52 crore for the last two years and partial execution of the canal system the entire expenditure of ₹ 6.52 crore proved unfruitful. Interest liability payable for RIDF loan on the nugatory investment at 6.5 *per cent per annum* works out to ₹ 42 lakh per year.

Confirming the Audit findings, the EE stated (November 2010) that the canal works were stopped and the contracts closed due to land acquisition problems.

The matter was reported (March 2010) to Government; their reply has not been received.

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

3.2.2 Blockage of funds on urban water supply scheme

Advance procurement of pipes worth ₹ 5.05 crore by the EE resulted in blockage of funds as civil works connected with urban water supply got delayed.

As per provisions of Orissa Public Works Department Code⁷, no work should be commenced on land which has not been duly made over by a responsible Civil Officer. No work shall be commenced or liability incurred in connection with it unless properly detailed designed estimates have been technically sanctioned. Further, in case of lump sum contracts, detailed drawings, designs and specifications are to be approved by the competent authority and realistic cost assessment is made before tenders are called for.

Augmentation of water supply to the Angul municipality was accorded administrative approval (March 2008) by the Government for ₹ 12.92 crore. The work involved construction of intake arrangements and head works at Derjung with laying of raw water rising main and clear water rising main, construction of three each of reinforced cement concrete (RCC) elevated storage reservoirs (ESR) and RCC ground storage reservoirs (GSR), provision of pumping arrangements, laying of main distribution pipe lines and external electrification. The Executive Engineer (EE), Public Health (PH) Division-II, Cuttack was provided ₹ 11.17 crore (₹ 5.55 crore during 2008-09 and ₹ 5.62 crore during 2009-10) for the purpose. Cast iron/polyvinyl chloride/mild steel pipes of different diameters for ₹ 5.05 crore were procured by the EE between June and August 2009 but the work could not start due to lack of response to the tender notices.

Test check of the records of the EE, P.H. Division-II, Cuttack revealed (April 2010) that the estimate for the project was prepared for the ESR and GSR on a per litre capacity lump sum rate and for water treatment plant (WTP) and intake well per million litre capacity. The estimate was technically sanctioned (September 2008) by the Chief Engineer (CE) Public Health for ₹ 14.19 crore and accordingly the tender was floated in November 2008. Since no response to the tender call notice was received, Government accorded approval (February 2009) for execution of the work by splitting the estimate into eight packages. The pipes were procured under package-III and the work under package-II involving laying of the pipes was awarded (December 2009) to a contractor for ₹ 79.02 lakh. The contractor had executed only laying of 500 metre of 300mm diameter pipes with payment of ₹ 15.63 lakh as of June 2010. The work of construction of the head-works, GSR, ESR and WTP were,

⁷ Paragraphs 3.7.4, 3.5.5 (III) (e), 3.4.1 and 3.7.1 (a) (ii)

however, not taken up as of November 2010. Even 3.50 acres of land required for the pump house had not been acquired (November 2010).

Thus, invitation of bids for the water supply project on unrealistic cost estimates resulted in lack of response to the tender call notice leading to non execution of the works. The available funds were spent on advance procurement of the pipes causing blockage of public money worth ₹ 5.05 crore as well as non-availment of guarantee/warranty.

Government stated (August 2010) that the works of the augmentation of water supply to the Angul Municipality was split-up due to lack of response to the tender floated for the whole project. Initial funds received were utilised for procurement of pipes. Even after splitting-up, the tender for headworks did not evoke response. It had been re-tendered, with relaxed criteria, which was stated to be under finalisation at Government level. It was further stated (December 2010) that Revenue authorities had been moved for alienation of Government land and the Collector had assured for early alienation of the same.

The fact remains that the advance procurement of pipes worth ₹ 5.05 crore resulted in blockage of funds without execution of civil works.

WATER RESOURCES DEPARTMENT

3.2.3 Unfruitful expenditure on an Irrigation Project

Non-release of water from a project rendered the expenditure of ₹ 4.28 crore unfruitful.

Poichandia diversion weir, a part of the integrated Bahuda Irrigation Project in Ganjam district, was completed in 1977 with reduced scope. The length of canal was curtailed to 14.74 km for irrigating 766 ha of land against the designed length of 19.47 km with irrigation potential of 1502 ha due to non-availability of sufficient water in the catchment. Subsequently, *ex-post-facto* administrative approval was accorded (December 2004) by the Government for ₹ 2.94 crore for extending scope for an additional irrigation potential of 736 ha by extension of the main canal for further 4.73 km. The works taken up in 2001-02 were completed in 2005-06 with an expenditure of ₹ 4.28 crore which included NABARD loan of ₹ 2.94 crore. The project, however, failed to provide the additional irrigation due to non release of water from the Baghalati Irrigation project (November 2010).

Test check of the records of Chikiti Irrigation Division revealed (May 2010) that the extension of the scope of the project involved renovation of the existing 14.74 km canal to carry the extra flow of 0.6 cusecs of water and construction of four minors for field irrigation. The additional water was proposed to be drawn from the Baghalati Irrigation Project by cement concrete lining to its right canal to increase its carrying capacity. The additional water was to be picked up by the Poichandia diversion weir through a cross regulator (CR) - cum - head regulator (HR) at RD 4.13 km. As reported by E.E, Chikiti Irrigation Division (June 2007) the original project report of Poichandia extension was approved on the condition that the Baghalati Irrigation Project would supplement the extra demand of the extension ayacut. The cement

concrete lining works for ₹ one crore and the regulators (₹ nine lakh) were to be executed by the EE, Baghalati Irrigation Division and all the other works (₹ 2.94 crore) were to be executed by the EE of Chikiti Irrigation Division. The works under the Chikiti Irrigation Division were completed in 2005-06 with an expenditure of ₹ 4.28 crore. The lining works taken up by the Baghalati division were not completed and even the work of construction of CR-cum-HR did not commence as of November 2010. Consequently, no water was released from the Baghalati Irrigation project for the Poichandia system. Thus, due to non-synchronisation of the work of construction of CR-cum-HR alongwith cement concreting works of the Right Main canal of Baghalati Irrigation project with the works of extension of Poichandia canal, the Poichandia project completed since 2005-06 failed to provide the planned additional irrigation. There was also crop failure in the *ayacut*⁸ area of Poichandia project during 2008-09 due to scanty rain which could have been avoided had the connected works been completed timely and the additional water released for the Poichandia project.

Thus, due to non-release of required water from Baghalati Irrigation Project, the Poichandia extension system completed since 2005-06 failed to provide additional irrigation resulting in unfruitful expenditure of ₹ 4.28 crore.

The EE, Chikiti Irrigation Division stated (May 2010) that the matter was under correspondence. However, the EE, Baghalati Irrigation Division stated (December 2010) that the work of cement concrete (C.C.) lining from RD 00 to 1980 m had been completed in June 2006 and the C.C. lining from 1980 m to 4130 m was not completed as the contractor abandoned the work. He further stated that the work of construction of CR-cum-HR at RD 4.130 km of the Right main canal could not be taken up due to public agitation. As per the report (January/October 2009) of the Superintending Engineer, Southern Irrigation Circle, Berhampur the lining works and the CR-cum-HR were not completed due to non-compliance of directions of the Chief Engineer and Basin Manager as well as the Superintending Engineer by the EE, Baghalati Irrigation Division which ultimately led to non-availment of the benefits of the extended project.

The matter was reported to the Government in June 2010, their reply has not been received (November 2010).

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

3.2.4 Blockage of funds

Two packages sanctioned for shifting of the water supply pipelines had not been executed due to non-acquisition of land resulting in blockage of funds of ₹ 3.25 crore.

As per provision of Orissa Public Works Department Code (paragraph 3.7.4), no work should be commenced on land which has not been duly made over by a responsible Civil Officer.

⁸ Ayacut is a Tamil name for culturable area.

The work of widening and strengthening of State Highway (SH) No.7 under World Bank assistance involved execution of civil works and shifting of the piped water supply lines. As a part of the above project, the Engineer-in-Chief (Civil), Orissa accorded (August 2007/January 2008) administrative approval for shifting of existing 400 mm diameter cast iron (CI) and 350 mm diameter pressure water supply pipe lines from Dakhinapur water treatment plant to first gate and from Maulabhanja to Punjikaya Chhak at a cost of ₹ five⁹ crore. The works were to be completed by the Executive Engineer (EE), Public Health (PH) Division, Berhampur in nine calendar months. Acquisition of land for laying the pipe lines was the responsibility of the Chief Engineer (CE), World Bank (WB) project. A sum of ₹ 4.84 crore was provided by the CE, WB Projects for shifting of the water supply pipe lines during 2007-08.

Test check of the records of PH Division, Berhampur revealed (April 2010) that out of ₹ 4.84 crore provided by the CE, WB, the EE procured (November 2008/July 2009) pipes worth ₹ 3.25 crore but did not execute the work of laying of the new pipe lines as agreements were not drawn though tenders for ₹ 60.10 lakh were finalised in February 2009/February 2010, due to non-handing over of the corridors by the CE, WB project. The road improvement works however started in November 2008, but the work of shifting the pipe line was not executed as of June 2010.

Thus, the projects sanctioned for shifting of the existing water supply pipelines were not executed due to non-acquisition of land resulting in blockage of ₹ 3.25 crore spent on advance procurement of pipes.

Government stated (August 2010) that the pipes were procured in advance since the Chief Engineer, WB Project pressed for early completion of the work. Although, different authorities of Public Works Department (PWD) have been requested time and again by EE (PH) and CE PH (Urban) to provide and demarcate the encroachment free corridor for laying of pipes, the PWD authorities failed to provide the complete corridor, as a result of which the laying of pipe line could not be started.

The fact, however, remained that the advance procurement of pipes led to blockage of public funds for ₹ 3.25 crore.

WORKS DEPARTMENT

3.2.5 Unfruitful expenditure on a bridge

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| Inclusion of an unwarranted clause in the agreement facilitated abandonment of the work by the contractor midway with sub-standard execution of work resulting in unfruitful expenditure of ₹ 99 lakh. |
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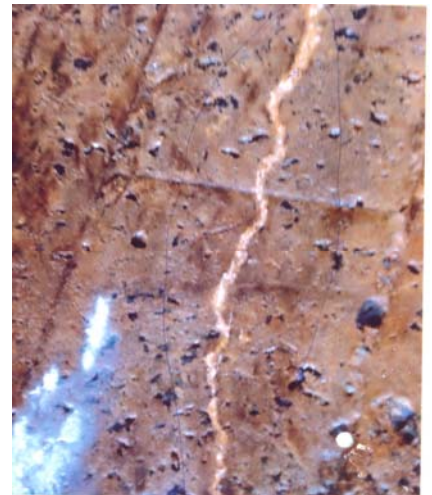
In order to provide all weather connectivity to the people of Bhuban block (Dhenkanal district), the Government accorded administrative approval (January 2002) for construction of a high level bridge over Rangamatia Nullah

⁹ Dakhinapur water supply treatment plant to 1st Gate = ₹ 3,92,17,000
Maulabhanja to Punjikaya Chhak = ₹ 1,07,87,117
Total = ₹ 5,00,04,117 or say ₹ 5 crore

at 4th km on Bhuban – Nilakanthapur road at a cost of ₹ 1.73 crore. The work was awarded (November 2002) to a contractor at a cost of ₹ 1.47 crore on a standard F₂ agreement form for completion by September 2003.

Clause 10 of the agreement stipulated that the Engineer-in-Charge had the powers to make alterations or additions to the original designs and specifications and such changes were not to invalidate the agreement. Additional works or variations in the quantities for the items already provided in the agreement on account of the above changes were to be executed by the contractor at the same rates, terms and conditions on which the contractor agreed to execute the main work. In addition to the above standardised clause, the Executive Engineer (EE), Dhenkanal (R&B) Division, however, incorporated an unwarranted special condition in the agreement of the bridge work that neither extra items nor deviations beyond the agreement quantities would be allowed.

During the course of sinking of pier wells, soft rock was reportedly encountered at a higher level which required excavation through blasting. The item rate for sinking of the pier wells thus needed revision and the work got executed as an extra item. This could not be done in view of the special condition incorporated in the agreement denying execution of any extra item. At the request (June 2007) of the contractor, the agreement was short closed (August 2007) by which time the contractor had been paid ₹ 74 lakh for the work executed. The balance work for ₹ 73 lakh was awarded (April 2008) to another contractor on re-tender, at a cost of ₹ 1.97 crore for completion by March 2009.



Vertical Crack on the well of HL Bridge over Rangamatia Nullah

Test check of the records of Dhenkanal (R&B) Division disclosed (March 2010) that despite execution of the agreement for the balance work, the second contractor executed works worth ₹ 14.45 lakh till March 2010. The EE reported (May 2009) to the Chief Engineer (DPI&R) that during removal of silt from the foundation for commencement of the balance work, vertical cracks were noticed on the already sunk wells which contractor attributed to defective construction procedure adopted by the earlier contractor. Subsequently, a technical team led by the Superintending Engineer, Central (R&B) Circle inspected the site (August 2009) and noticed that the joints between different lifts of concrete were not continuous/not in axis and leaking profusely. Besides, the sunken wells rested on soft rock.

The team recommended further investigation into the cause of failure. Such investigation was neither done nor was any remedial measures taken to rehabilitate the bridge. The bridge was left incomplete (May 2010) after incurring an expenditure of ₹ 99 lakh.

Thus, incorporation of an unwarranted clause in the agreement led to closure of the contract without getting the defects rectified by the contractor. This also led to the bridge remaining incomplete with unfruitful expenditure of ₹ 99 lakh. No action was taken against the officers responsible for the sub-standard work executed by the earlier contractor.

The EE stated (November 2010) that as per the decision of the Technical Committee, boring on the outside of pier well on upstream and downstream was taken up to determine the sub-soil strata from the borelogs. As there was presence of hard rock, the contractor was instructed to remove the hard rock by chiselling to facilitate sinking of well up to founding level and that the chiselling work was going on at present.

The matter was reported (March 2010) to the Government; their reply is awaited (December 2010).

WATER RESOURCES DEPARTMENT

3.2.6 Avoidable expenditure on surplus staff

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| <p>Due to non-finalisation of modalities of disengagement by the Government, 63 surplus staff and 20 NMRs working in WALMI continued to draw pay and allowances for six years resulting in avoidable expenditure of ₹ 3.66 crore.</p> |
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The Water and Land Management Institute (WALMI) was established (1984) as an autonomous body to impart advanced training in the areas of water and land management to enhance agricultural production. The creation of posts and appointments of staff for the institute were made with the approval of the Governing Council (GC) of WALMI and all expenditure including the salary of the staff were met from the Grants-in-Aid (GIA) of the State Government.

Test check (October 2009) of records of WALMI revealed that, to bring down the expenditure on staff salaries, the Government formed a staff strength restructuring committee in December 2002. The Committee identified (May 2003) 123 excess posts for abolition and suggested retrenchment of 63 persons from the above excess posts and disengagement of 20 nominal muster rolls (NMRs) staff. The report was approved (January 2004) by the Government and adopted by the GC in their 28th Meeting (January 2004) *in toto* and GC decided that the modalities for disengagement would be worked out by Water Resources Department (WRD), in consultation with the Finance Department. Though the Government was intimated (March 2004), no action was taken by WRD so far (August 2010) nor did WALMI pursue the matter with WRD. The Government has been extending GIA regularly to WALMI for payment of pay and allowances to the 63 surplus staff and 20 NMRs. An amount of ₹ 3.66 crore has been paid as GIA during last six years (February 2004 - May 2010). Director, WALMI stated (July 2010) that compared to the earlier years (2002-04) when staff restructuring was proposed and approved for adoption, remarkable expansion of activities had taken place in recent years (2007-10) in the institute by utilising the services of the staff identified by the committee as surplus. Director, WALMI's reply is not convincing. If there was any

expansion in WALMI's activities, why the GC was not approached for reconsideration of their order for retrenchment has not been explained. The response is therefore evasive and not tenable. The above facts were brought to the notice of Government (March 2010) and followed by a reminder (December 2010) to furnish their comment on the issue. The Government has however, only furnished a copy of WALMI's response.

3.3 Persistent and Pervasive Irregularities

An irregularity is considered persistent if it occurs year after year. It becomes pervasive when it is prevailing in the entire system. Recurrence of irregularities despite being pointed in earlier audits is not only indicative of non-seriousness on the part of the executive but is also an indication of lack of effective monitoring. This, in turn, encourages willful deviations from observance of rules/regulations and results weakening of the administrative structure. Some of the cases reported in audit about persistent irregularities have been discussed below.

FOREST AND ENVIRONMENT DEPARTMENT

3.3.1 Non-realisation of Wildlife Management Plan cost

Non-realisation of ₹ 7.70 crore towards cost of Wildlife Management Plan

In order to improve the quality of wildlife habitats in the mining leasehold areas, the Government of Orissa approved (December 2005) implementation of a Comprehensive Wildlife Management Plan (to be implemented over a period of ten years) with the funds raised from the mining leaseholders in the State at the rate of ₹ 15000 per hectare of the mining lease areas in Bonai and Keonjhar Forest Divisions. The Government further revised the rate of deposit per hectare to ₹ 20000 with effect from April 2008 which was extended to all other districts of the State, where occurrence of Wildlife is observed in the ML area. The funds realised under Wildlife Management Plan are credited to the Compensatory Afforestation Management Plan Account (CAMPA) Fund of Orissa alongwith Net Present Value (NPV) and Compensation Afforestation Cost. The fund is monitored by the Ministry of Environment and Forest, Government of India. A sum of ₹ 87.13 crore was collected from users under this fund till November 2010 and credited to CAMPA.

Test check of records of the Divisional Forest Officers (DFOs), Angul and Dhenkanal revealed (August 2009) that the Government of India had approved (between November 2004 and June 2009) diversion of forest lands measuring 3586.97 ha of mining lease areas in favour of Mahanadi Coalfield Limited for open cast and underground coal mining and 377.78 ha of leasehold areas in favour of Ferro Alloys Corporation Ltd. (FACOR) and Orissa Mining Corporation Limited for extraction of chromite ore. The project reports indicated existence of wildlife species in all the forest lands diverted for the mining purpose. Accordingly, the

lessees should have deposited ₹ 7.93¹⁰ crore towards the cost of implementation of Wildlife Management Plan. But, neither had the user agencies deposited the amount nor had the DFOs raised the demand for these amounts.

On this being pointed out in Audit, it was stated (August 2010) by the Principal Chief Conservator of Forests, Orissa that demands had been raised and in the meanwhile, ₹ 23 lakh was realised from FACOR leaving out a balance of ₹ 7.70 crore still to be realised from the other lessees.

The matter was reported to the Government (March 2010); their reply is awaited (November 2010).

WATER RESOURCES DEPARTMENT

3.3.2 Over payment to defaulting contractors and non recovery of Government dues

Despite default in execution, ₹ 1.38 crore have not been recovered from two contractors.

As per clauses 2 (A) and 2 (B) (i) of the condition of the standard F₂ contract, time allowed for carrying out the work as entered in the tender shall be strictly observed by the contractor and in case of delay the contractor shall pay as compensation upto 10 *per cent* of the estimated cost of the work. To rescind the contract in case of default by the contractor, 20 *per cent* of the value of left over work will be realised from the contractor as penalty.

3.3.2.1 Test check of the records of Rengali Right Canal Division No.IV, Gudiakateni revealed (January 2010) that construction of service road and cement concrete lining from 43.56 to 45.98 km and 56 to 57.89 km of right bank canal of Rengali Irrigation Project was awarded (June 2006/April 2007) to a contractor under two F₂ agreements at a cost of ₹ 4.12 crore stipulating completion by May 2007/March 2008. The contractor failed to execute the works as per the work programme despite issue of notices, but LD was not levied by the Executive Engineer (EE) to ensure completion of the works. The contractor after receiving payment (between December 2007 and March 2008) for ₹ 1.57 crore had abandoned (March 2008) the works. After lapse of one year and six months, Government terminated (September 2009) the contracts with levy of penalty for recovery of 20 *per cent* of the value of the works not completed and also instructed to cancel the contractor's licence. Against value of works for ₹ 1.35 crore actually executed by the contractor, he was paid ₹ 1.57 crore by the EE on the running account bills on the basis of incorrect and excess measurements resulting in excess payment of ₹ 22¹¹ lakh. Besides, LD for ₹ 37.44 lakh¹² and penalty of ₹ 55.40 lakh¹³ towards

¹⁰ $3586.97 + 377.78 = 3964.75 \times ₹ 20000/\text{ha.} = ₹ 7.93 \text{ crore}$

¹¹ Amount actually paid ₹ 1.57 crore
Value of work done & measured ₹ 1.35 crore
Excess payment ₹ 0.22 crore

¹² 10% of the Estimated cost of ₹ 3.74 crore = ₹ 37.44 lakh.

¹³ Value of work left : ₹ 2.77 crore
20% of it : ₹ 55.40 lakh

20 per cent of the value of works not completed were also recoverable. The total recoverable amount worked out to ₹ 1.15 crore. The balance works were under execution through other agencies (May 2010). Neither was the licence of the contractor executing the service road cancelled nor was the contractor black listed. The report of Chief Engineer & Basin Manager (CE&BM) indicates only that the possible measures would be taken to recover the Government dues without any specific mention of responsibility to be fixed on the Officers-in-charge of the works for the excess payment made.

3.3.2.2 Another work of construction of Jambhira Left Main Canal from RD 16.80 to 18.40 km was awarded (December 2004) to a contractor for ₹ 1.01 crore for completion by December 2006 but the work was abandoned (April 2006) midway after payment of ₹ 1.01 crore. Although the EE proposed (September 2008) for termination of the contract with penalty, however, ₹ 22.86 lakh on account of the penalty was still recoverable from the defaulting contractors for non-completion of the works. Despite default in execution, penalty for ₹ 1.38 crore had not been recovered from the defaulting contractors. Even the amount of ₹ 41.28 lakh on account of performance securities and work bills of Jambhira Left Main Canal not paid and available with the EEs had not been forfeited.

The CE&BM, Brahmani Right Basin, Dhenkanal stated (May 2010) that all possible measures are being taken to recover the Government dues. Actual recovery, however, had not been effected so far (November 2010).

In respect of Jambhira Left Main Canal, Government assured (September 2010) to recover the penalty from the available dues of the contractor. The recovery particulars are awaited (November 2010).

3.4 Failure of oversight/governance

The Government has an obligation to improve the quality of life of the people for which it works towards fulfillment of certain goals in area of health, education, development and up-gradation of infrastructure and public services etc. However, Audit noticed instances where funds released by Government for creating public assets for the benefit of the community remained unutilised /blocked and/or proved unfruitful/unproductive due to indecisiveness, lack of administrative oversight and absence of concerted action at various levels. A few such cases have been discussed below.

FISHERIES AND ANIMAL RESOURCES DEVELOPMENT AND HEALTH AND FAMILY WELFARE DEPARTMENTS

3.4.1 Idling of funds with the executing agencies

One time Central assistance of ₹ 4.66 crore received by two departments of the State Government during 2005-07 for implementation of different schemes remained idle for over five years.

Audit of the records of two Directorates and a drawing and disbursing officer revealed that funds under Central assistance received as one time measure were lying idle for want of finalisation of sites with the executing agencies as per following details.

3.4.1.1 Non establishment of Nursing College

For up-grading nursing education as required under National Health Policy 2002, the Government of India (GoI) invited (March 2005) proposals from the State Government for up-gradation of nursing schools, attached to medical colleges, to nursing colleges, with one-time Central assistance of ₹ 1.50 crore. The State Government was required to furnish an assurance for meeting the recurring expenses. The State Government accordingly sent (March 2005) proposal for up-gradation of the nursing school of SCB Medical College Hospital, Cuttack along with the prescribed undertaking and obtained (April 2005) required funds of ₹ 1.50 crore (Building : ₹ 60 lakh, Equipments : ₹ 90 lakh) in favour of the Superintendent of the Medical College. The Nursing College was to be established with the approval of the Indian and State Nursing Councils for starting Bachelor of Science (Nursing) programme and submit utilisation certificates within 12 months.

During audit (June 2008, February 2009 and February 2010) of the records of the Superintendent, SCB Medical College Hospital, Cuttack it was noticed that the one-time Central assistance of ₹ 1.50 crore had accumulated to ₹ 1.79 crore (June 2010) along with interest in a savings bank account without utilisation and the proposed Nursing College had not yet been established (November 2010). Audit observed that the Chief Architect of the State selected (June 2005) a site for construction of the college building which was not accepted by the Hospital Superintendent. A fresh proposal of site and plan was sent (May 2007) after nearly two years to the Chief Architect. However, the proposed site and plan of the building had not been approved by the Chief Architect (August 2010). Thus a deadlock persisted between the Medical College authorities and the Chief Architect and the necessary up-gradation of the nursing school did not materialise for more than four years. The delay in up-gradation of nursing school despite available Central assistance shows lack of concern on the part of the State Government towards providing health care services to general public and future escalation in construction costs. The interest earned and appropriated by locking-up of the GoI funds was also not desirable as it vitiated the objective of GoI behind such assistance.

3.4.1.2 Non construction of hygienic fish market complex

Claiming a quantum jump in fish production in the State and growing demand for fish in domestic market, a decision was taken by the Fisheries and Animal Resources Development Department for creation of infrastructure to facilitate eco-friendly marketing of fish by the local fishermen under the Centrally Sponsored Programme of 'Infrastructure and Post Harvest Operation' out of one time Additional Central Assistance (ACA) of ₹ 55 lakh received during 2006-07. Accordingly, an estimate was prepared and the Department sanctioned (January 2007) ₹ 55 lakh for setting up of a hygienic fish market complex at Bhubaneswar to provide value addition to the local fishermen in marketing fish caught by them.

Audit (February 2008) of records of Director of Fisheries, Orissa, Cuttack and subsequent information collected (December 2009 and June 2010) revealed that, originally, the work was to be entrusted to the Orissa Pisciculture Development Corporation (OPDC) for execution through Orissa Infrastructure Development Corporation (IDCO). However, the Director placed

(February 2007) the sanctioned ACA funds of ₹ 55 lakh with the Bhubaneswar Municipal Corporation (BMC) for execution of the project reportedly in accordance with a decision taken in a High Power Committee meeting. As the BMC failed to execute the project due to non-availability of a site, the Director got back the amount and placed (February 2009) the same with OPDC. The site for creation of the project, however, was yet to be finalised and the amount remained idle with the OPDC (August 2010). Thus, due to non-finalisation of a site, there had been delay in execution of work leading to idling of the ACA of ₹ 55 lakh for over three years and the expected infrastructure for the local fishermen could not be created.

3.4.1.3 Non implementation of fodder development programme

The Centrally sponsored 'Grassland development including grass reserve' programme of the Ministry of Agriculture envisaged (May 2005) providing hundred *per cent* one time Government of India (GoI) assistance to the State Government with the objective of improving degraded grassland so as to reduce soil erosion and minimise the gap between availability and requirement of fodder. The Director, Animal Husbandry and Veterinary Services, Orissa (Director) prepared project proposals, based on which the State Government obtained (December 2006) assistance of ₹ 2.72 crore from the GoI for implementation of 32 projects of 10 hectares each during 2006-07 at the rate of ₹ 8.50 lakh per project¹⁴ in gochar land of 31 Gram Panchayats (GPs) covering 10 districts¹⁵ of the State. The GPs after obtaining possession from district collectors were to develop and maintain the grass lands.

Audit (October 2008 and October 2009) of the records of the Director and information collected subsequently (August - September 2010) revealed that the State Government sanctioned (May 2007) ₹ 2.72 crore and the Director placed (June 2007) the same with the 31 GPs for implementation of the 32 projects and submitted (September 2007) the utilisation certificate to the GoI through the State Government. However, only 12 GPs received the required permissive possession of land and the issues of granting permissive possession of land for the rest of the projects were pending with the Revenue authorities due to which work has not commenced in these projects as of August 2010. Further scrutiny revealed that the Director, while forwarding (November 2006) the project proposals to the State Government, indicated that the District Collectors were consulted for selection of land for the proposed projects in the GPs. Neither such consultation was made nor any assurance obtained from the local Revenue authorities at the project proposal stage. Instead, the land for the projects were selected by the Chief District Veterinary Officers and District Fodder Officers of the Department in association with the villagers, non-government organisations and Sarpanchs of the concerned GPs. Thus, non-involvement of the Revenue authorities in selection of land contributed to delay in obtaining possession of land by the GPs. As a result, only ₹ 23.15 lakh out of total receipts of ₹ 2.72 crore was spent by the GPs and the Scheme remained a non starter leading to blockage of GoI assistance of ₹ 2.49 crore with the GPs for over three years (August 2010).

¹⁴ Infrastructure development: ₹ 6.50 lakh and recurring expenditure: ₹ 2 lakh per project.

¹⁵ Cuttack (19), Jajpur (2), Jagatsinghpur (1), Kendrapara (1), Jharsuguda (1), Sambalpur (3), Balasore (2), Nowrangpur (1), Kandhamal (1) and Sundergargh (1)

The issues were referred (January and March 2010) to the concerned Departments of the Government; their replies were awaited (December 2010).

HIGHER EDUCATION AND INDUSTRIES DEPARTMENTS

3.4.2 Idling of assets

Hostel building constructed at ₹ 50 lakh for the SC/ST students of the Government Women's college, Sundargarh remained unused for want of electrical service connection and Rubberised coir plant set-up at Bhubaneswar at a cost of ₹ 4.17 crore remained idle for want of working capital for over four years.

HIGHER EDUCATION DEPARTMENT

3.4.2.1 Hostel building for women lying Idle

The Government of India (GoI) provided ₹ 50 lakh during 2000-01 to the Project Administrator (PA), Integrated Tribal Development Agency (ITDA), Sundargarh for construction of a 100 seated hostel building for the Scheduled Caste/Scheduled Tribe (SC/ST) girl students in the Government Women's College, Sundargarh. ITDA, after its completion (March 2005), handed over the hostel building to the Principal, Government Women's College, Sundargarh in July 2005.



Hostel Building constructed for Government Women's college, Sundargarh lying idle

Scrutiny (June 2009) of the records of the Principal, Government Women's College, Sundargarh and subsequent information collected (July/September 2010) revealed that the Principal took possession of the building without further augmentation in the existing power supply connection under the impression that power supply to the new building could be managed with the existing external service connection of the two old hostel buildings. As the existing supply was found inadequate, Principal requested (August 2005) the Executive Engineer (EE), Electrical Division WESCO¹⁶, Sundargarh to provide electricity service connection to the new hostel building. The EE furnished (August 2006) an estimate for ₹ 1.81 lakh to PA, ITDA with the request to place funds with the Managing Director, WESCO, Burla for undertaking the above work. The Principal also requested (March/July 2007) the PA, ITDA to take prompt action on the matter as the demand for hostel accommodation by SC/ST girl students had gone up since 2005-06 academic session. When contacted by Audit, the ITDA authorities stated (July 2010) that they could not place any funds as provision for the same was not made in the original estimate and the building remained unoccupied since taking possession by the Principal. Because of non-functioning of new hostel, the existing two hostel buildings with a capacity of 150 boarders were

¹⁶ WESCO: Western Orissa Electricity Supply Company Ltd

overcrowded by accommodating 178 (SC/ST-123; General-55) students during academic sessions 2005-10. Besides, applications of other SC/ST girl students opting for hostel accommodation could not be entertained.

Physical verification (July 2010) of the building by the Hostel Superintendent in presence of Audit revealed that there were water seepages from the roof, cracks on the walls of the common room and damages to a 1000 litre capacity overhead water tank. As indicated by the Principal, the building had not been covered under maintenance of the Public Works Department (PWD) as the ITDA had not furnished copies of building plan, estimate, sanction orders etc. despite several reminders for registering the building in the books of the PWD. Thus, on account of negligence and lack of foresight on the part of ITDA and the Principal, Government Women's College and lack of monitoring by the district authority, the building constructed at a cost of ₹ 50 lakh remained unoccupied for over five years and the SC/ST students of the tribal belt were deprived of hostel facility during 2005-11 academic sessions.



Cracks on the walls of the common room

In reply, the Principal stated (July 2010) that since the ITDA constructed the building, they had to arrange power supply to the building and added that the matter had been taken up (March 2010) with Government for sanction of funds. Government stated (December 2010) that Higher Education Department is only user of the building which was constructed by the ITDA, Sundargarh functioning under SC and ST Development Department and as such they have no role to provide any funds. The reply is not convincing because the responsibility for providing hostel facility rests with the Principal, Government Women's College. ITDA is merely acting as an agency to provide the facility. In any case in the interest of the SC/ST girl students, Government may take steps to resolve the issue for making the building operational without any further delay.

INDUSTRIES DEPARTMENT

3.4.2.2 Rubberised coir plant lying idle for want of working capital

The National Co-operative Development Corporation (NCDC) approved (March 1995) setting-up of a rubberised coir plant (RCP) at Chandaka, Bhubaneswar under Centrally sponsored scheme for development and generation of employment of coir co-operative societies in the State. The project estimated to cost ₹ 2.53 crore was to be executed by Orissa Coir Co-operative Corporation Ltd. (OCCC) for completion by March 1997. Mention was made (paragraph 3.19) in Comptroller and Auditor General's Report (Civil) on Government of Orissa for the year ended 31 March 2001 about non-completion of the project despite expenditure of ₹ 2.80 crore due to absence of provision for pollution control and latest technology and time overrun leading to escalation of costs to ₹ 4.17 crore. The NCDC sanctioned (October 2001)

the revised project at a cost of ₹ 4.17 crore as per stipulated pattern¹⁷ of assistance and instructed the State Government to complete the project by September 2002 for reimbursement of the fund.

Scrutiny (October 2009) of the records of the Industries Department and subsequent information collected (September 2010) from the Director, Handicrafts and Cottage Industries (Director) revealed that the OCCC after receipt of assistance of ₹ 3.97 crore from the State Government by 2002, completed installation (July 2006) of the plant and made successful demonstration of trial run of the individual machineries before a technical committee. But to make the plant operational, synchronised functioning of all the machineries took some more time and finally the plant was commissioned (August 2008) and started trial production with a delay of six years from the revised date of completion. But no commercial production was started since then and the RCP was lying unutilised (September 2010) for want of working capital by the OCCC.

Further scrutiny revealed that the Government, realising the financial constraints of the OCCC and absence of expertise and manpower to run the plant, proposed (October/November 2005) to the Public Enterprises Department to take action on the RCP by either leasing it on long term basis or dispose it of through outright sale. This position worsened as revealed from the minutes of OCCC's Advisory Committee meeting (July 2009) which disclosed that the OCCC was running with considerable liabilities, total absence of skilled man power due to premature retirement of 46 staff under VRS/VSS¹⁸ schemes. Audit of accounts are also in arrears and vigilance cases are pending for settlement. As per information made available to Audit, the Managing Committee of RCP decided (July 2010) to lease out the plant and accordingly expression of interest had been invited (July 2010) through news paper advertisement. Thus, a public asset created out of borrowed funds for the benefit of the community remained unproductive as of now (September 2010) due to absence of concerted effort of the Department though the plant was installed more than four years ago. The objective of generating employment was also not achieved.

The issue was brought (March 2010) to the notice of the Government; response had not been received (December 2010).

AGRICULTURE DEPARTMENT

3.4.3 Loss of Central assistance

Delay in implementation of watershed projects and non-furnishing of utilisation certificates within prescribed time led to forfeiture of GoI assistance of ₹ 2.89 crore in 20 DPAP watershed projects under DRDA, Dhenkanal.

The Centrally sponsored 'drought prone area programme' on cost sharing basis of 75:25 between the Central and State Governments is under implementation in the State for development of waste/degraded land and drought prone areas

¹⁷ NCDC assistance of ₹ 3.97 crore (Loan : ₹ 3.96 crore and Go-down subsidy : ₹ 0.85 lakh) and OCCC's contribution : ₹ 20.30 lakh

¹⁸ VRS/VSS : Voluntary Retirement Scheme/Voluntary Separation Scheme

through watershed approach. As per the programme guidelines (2001), a watershed project costing ₹ 30 lakh and covering about 500 hectares of land in a village was to be developed within five years after obtaining approval of the Ministry of Rural Development, Government of India (GoI). The District Rural Development Agencies (DRDAs) were responsible for implementation of the programme through project implementation agencies (PIAs). Funds were placed by the Central Government directly with the DRDAs over seven installments within the project period of five years. From the second installment onwards the GoI was to release funds on receipt of audited statement of accounts for the previous year and satisfactory progress report of the project.

Audit (November 2008) of the records of the Project Director, DRDA, Dhenkanal and subsequent information (May 2009 and April 2010) revealed that GoI had sanctioned (2000-03) execution of 20 watershed projects under 6th, 7th and 8th batches¹⁹ of the programme in Dhenkanal district covering treatable area of 9850 hectares at total estimated cost of ₹ 5.91 crore for completion during 2005-08. The DRDA, accordingly, received ₹ 2.04 crore (Central share: ₹ 1.54 crore²⁰ and State share: ₹ 50.62 lakh) between March 2001 and January 2006 and utilised ₹ 1.94 crore treating an area of 3255 hectares as of 2007-08 under the 20 projects. It was only in October 2009 that the DRDA, submitted proposal to the Director, State Watershed Development Mission (SWDM) to approach the GoI for release of the next installments (6th batch: 4th installment and 7th and 8th batches: 3rd installment) of the projects due to delay in receipt of utilisation certificates etc. from the concerned PIAs. But the Director, SWDM, while informing the decision of GoI, indicated (March 2010) that the latter could release the installment(s) of a project beyond the first installment, provided the proposal for release of such installment (s) had been sent within four years of the financial year in which the funds were first released by the GoI. He also indicated that all the projects for which first installment was released by GoI during or prior to 2003-05 and request for further placement of fund not preferred should be foreclosed and the unspent balances refunded to GoI along with audited statement of accounts and utilisation certificates. Thus, GoI assistance worth ₹ 2.89 crore could not be availed due to non- submission of the claims for the remaining installments before expiry of the due date and non-submission of utilisation certificates. Resultantly, all the watershed projects remained incomplete with untreated area of 6595 hectares and the intended economic development of the project areas remained unachieved.

The State Government stated (December 2010) that in many cases of the projects sanctioned upto 2002-03 (called pre-Hariyali projects) are

¹⁹ (1) 6th batch : 5 projects (Nuagaon, Patarbhaga, Lambodarapur, Gunadei and Khuntajhari) with treatable area of 2500 hectares at ₹ 1.50 crore, (2) 7th batch : 9 projects (Gaudakateni, Nadiali, Padmanavpur, Tentulipatana, Besalia, Kandabindha, Podapada, Kaunriapal, Nagiapasi) with treatable area of 4500 hectares at ₹ 2.70 crore and (3) 8th batch : 6 projects (Sogarpasi, Manipur, Regeda, gundurapasi, Haladiabahal and Beraba) with treatable area of 2850 hectares at ₹ 1.71 crore.

²⁰ (i) 6th batch : ₹ 50.20 lakh [First installment (March 2001): ₹16.87 lakh, Second installment (July 2003): ₹ 16.65 lakh and Third installment (September 2004): ₹ 16.68 lakh], (ii) 7th batch : ₹ 63.41 lakh [First installment (October 2001): ₹ 30.38 lakh and Second installment (February 2005): ₹ 33.03 lakh], (iii) 8th batch : ₹ 40.41 lakh [First installment (June 2002) : ₹ 20.25 lakh and Second installment (November 2005): ₹ 19.89 lakh].

implemented beyond stipulated five year period depending on the capacity of watershed committees. He added that the proposal for release of 4th and 5th installments of the projects sanctioned under 6th batch were sent to GoI which was being considered and the 15 projects under 7th and 8th batches were foreclosed after receipt of second installment due to which the Central share amounting to ₹ 2.27 crore was not released by GoI. Besides, he stated that the untreated area under these closed projects could be taken up for sanction under the newly introduced 'Integrated Watershed Management Programme (IWMP) which has higher cost norm and project duration of 4-7 years. The untreated areas to benefit under the newly introduced IWMP must relate to projects started in 2003-04 or later whereas the projects discussed in audit relate to prior period.

Dedicated efforts in monitoring the implementation at different levels and timely submission of claims for the remaining installments regarding utilisation could have prevented foreclosure of the projects and forfeiture of the GoI assistance.

WATER RESOURCES DEPARTMENT

3.4.4 Undue benefit to a corporation

Undue benefit of ₹ 2.68 crore was extended to a corporation due to non-deletion of overhead charges on materials, machinery and other components in-built in the item rates.

As per Para 3.4.2 of Orissa Public Works Department Code estimates for execution of works should be prepared adopting State Schedule of Rates (SoR). Government prescribed one SoR under Works Department (WD) providing item rates fixed by the Rate Board for adherence by all engineering departments. The SoR included overhead charges of 12.5 *per cent* only on the labour component of the item rates.

The Water Resources (WR) Department formulated (September 1990) a procedure for execution of allotted works through Orissa Construction Corporation (OCC) which stipulated that the 12.5 *per cent* overhead charges provided in the estimates on the labour component should not be taken into account while scrutinising the rates before the award of the work to them and instead, OCC shall be paid 15 *per cent* overhead charges on the value of actual work done. The WR Department subsequently adopted their own SoR from 1 April 1994 (revised in 1998) providing overhead charges of 15 *per cent* on all the components of the work i.e. labour, materials, machinery and sundries/T&P and further 10 *per cent* towards hidden labour cost. Government revised (June 2002) the procedure for execution of allotted works through OCC wherein they specified deletion of the 15 *per cent* overhead charges from the estimates on labour component against 12.5 *per cent* mentioned in the earlier accounting procedure of September 1990, however allowing such overhead charges on the other components viz; materials and machinery etc. which were not deleted leaving scope for undue benefit to OCC.

The work of construction of earth dam and balance of the works of spillway of Manjore Irrigation Project were allotted (March 2006/June 2006) to OCC at a cost of ₹ 18.63 crore for completion by June 2007/September 2007 with the provision for payment of 15 *per cent* overhead charges on the value of work done. The works were under execution with payment of ₹ 21.83 crore (including overhead charges) as of January 2010.

Test check of the records of Manjore Irrigation Division disclosed (February 2008) that the estimated value of the works which were allotted to OCC and included 15 *per cent* overhead charges on the labour, materials, machinery and sundries/T&P component was ₹ 18.77 crore. While allotting the works to OCC, the Executive Engineer (EE) excluded 15 *per cent* overhead charges pertaining to the labour component, leaving out the in-built 15 *per cent* overheads in respect of materials, machinery and other components in the item rates.

Thus, non-deletion of the 15 *per cent* overhead charges on account of the material, machinery and other components from the estimates despite provision for payment of overhead charges at 15 *per cent* on the overall value of work done, led to undue benefit of ₹ 2.68 crore to OCC.

The Government stated (April 2009) that overhead charges on the labour component were excluded as per the Government circular and hence there was no undue benefit to OCC. This was factually not correct since OCC was allowed overhead charges twice on the materials and machinery components initially through the estimate and again on the value of the work done. The accounting procedure issued in 2002 for allotment of works to OCC thus needs immediate revision to avoid overpayments.

WORKS DEPARTMENT

3.4.5 Undue benefit to contractors

Adoption of different schedule of rates for a particular work resulted in undue benefit of ₹ 2.17 crore to the contractors.

Government of India in principle accorded approval in 2008 for improvement to Vijayawada Ranchi corridor involving 1219 km along 12 districts in Orissa. For execution of the portion from 128 to 162.5 km (Berhampur-Phulbani portion-SH-7), the Executive Engineer (EE), Phulbani (R&B) Division submitted (April 2008) estimates split-up into four parts viz: 128 to 134 km for ₹10.99 crore, 134 to 145 km for ₹ 22.25 crore, 145 to 157 km for ₹ 22.06 crore and 157 to 162.5 km for ₹ 9.73 crore to the Chief Engineer (CE) for technical sanction. The estimates were prepared adopting the prevailing Schedule of Rates (SoR) of 2007, which was effective till 7 August 2008. The Planning and Co-ordination department of the State Government accorded (September 2008) permission to go-ahead with the works and provided budget allotment of ₹ 300 crore (Central Road Fund: ₹ 100 crore, Special Grant from Planning Commission: ₹ 100 crore and State Plan: ₹ 100 crore).

Test check of the records of EE revealed (March 2010) that the CE sanctioned (August 2008) the estimates for the first two reaches from 128 to 145 km and

invited (7 November 2008) *percentage* rate tenders, leaving the other two estimates unapproved without justified reasons. After 21 days, the CE revised (28 November 2008) the pending two estimates (145 to 162.5km) from ₹ 31.79 crore to ₹ 35.65 crore adopting the new SoR 2008 and invited *percentage* rate tenders on the same day. The Tender Committee discussed the tenders for all the four reaches in their meetings held in February 2009 and recommended for acceptance of the lowest bids without considering the impact of adoption of SoR 2008 for the latter two reaches. The tenders were approved by the Government and the works awarded (February/June 2009) to two contractors at 9.7 and 9.9 *per cent* excess over the sanctioned costs. The works were under execution (December 2010).

Thus, adoption of SoR 2008 for the latter two reaches of the work by delaying technical sanction resulted in undue benefit of ₹ 2.17 crore to the contractors, specially since the tenders were awarded on *percentage* rate basis over the estimated costs.

The Government stated (July 2010) that the works on the reaches from RD 128/0 to 134/0 km and RD 134/0 to 145/0 km were to be executed out of special grant from the Planning Commission and the remaining two reaches were to be executed under State Plan. The estimates for the first two reaches were submitted for technical approval by the Chief Engineer in August 2008 while the estimates for the other two reaches were submitted to the CE later in November 2008, and so the sanctions were on different dates and on the prevailing SoRs. Further, the intending bidders quoted their rates considering the prevailing market rates, accessibility of site, locality etc. and so no undue benefit was allowed to any contractor.

The reply is not correct since the detailed estimates based on SoR 2007 in respect of all the four reaches were submitted to the CE on 5 August 2009. Since the CE accorded technical approval for the first two reaches (August 2008) leaving out the other two estimates, the revised estimates based on SoR 2008 in respect of the latter two reaches were submitted in November 2008. Further, as the tenders for all the adjoining reaches were considered and awarded on *percentage* basis in the same month, award of the work of the latter two reaches on the estimates based on SoR 2008, as against the first two reaches estimated as per SoR 2007 led to undue benefit to the contractor to the extent of ₹ 2.17 crore which could have been avoided.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.4.6 Idle expenditure on procurement of laboratory equipment

Despite receipt of sophisticated laboratory equipment costing ₹ 58.94 lakh, the Government failed to renovate old and obsolete SPHL and the testing of food and water samples as contemplated did not materialise.

The State Public Health Laboratory, Bhubaneswar (SPHL) received (2003-06) four²¹ items of equipment costing ₹ 58.94 lakh from the

²¹ (a) Perkin Ellmer Atomic Absorption Spectrophotometer (February.2003) ₹ 17.65 lakh, (b) GLC model -2010 (August 2005) ₹5.48 lakh, (c) Digital High Performance Lipid Chromatograph (HPLC) system (February 2006) ₹ 35.81 lakh and (d) UV-VIS Spectrophotometer (May 2005)-Cost not known.

Government of India (GoI) under the World Bank assisted ‘Capacity Building Project on Food and Drugs’ to strengthen the existing State laboratory. These were sophisticated equipment meant for testing of food and drinking water samples to ensure food safety and standards in human consumption. GoI conditions stipulated (January 2003) that the State Health authorities and Public Analyst²² prior to supply of equipment should ensure suitable space with provisions of power supply points and air conditioning facilities for installation of equipment and identify technical persons competent to handle and operate the equipment.

Scrutiny (April 2009) of the records of the Deputy Director-cum-Public Analyst, SPHL, Bhubaneswar revealed that the Department failed to provide air conditioned rooms and other infrastructure for the equipment which could not be made operational even after four to seven years of their receipt. However, subsequent information collected (June 2010) revealed that after completion of required air conditioned rooms with power supply points the equipment were re-installed but could not be made operational due to technical defects developed over prolonged period of storage. Warranty period of equipment being over, the supplier of the equipment furnished estimates of ₹ 0.34 lakh for installation and ₹ 3.62 lakh to make UV-VIS spectrometer and the HPLC operational by rectifying the defects. The Public Analyst stated (June 2010) that even after repair of the machines, the same could not be made operational due to 10 vacancies in technical staff²³ (50 per cent) which were yet to be filled up. Thus, inaction resulted in idling of equipment worth ₹ 58.94 lakh, besides, the objective of testing of food samples remaining unachieved.

The matter was brought (June 2010) to the notice of the Government; reply has not been received (December 2010).

HOME DEPARTMENT

3.4.7 Unfruitful expenditure on construction of a building in jail premises

Additional ward in Special Jail, Rourkela costing ₹ 90 lakh remained unused due to inaction.

Mention was made in Comptroller and Auditor General’s Report (paragraph 3.2.7.2) on Government of Orissa for the year ended 31 March 2007 regarding non-utilisation of additional space created for different jails in the State including Special jail, Rourkela. Further examination of the progress of the utilisation of the building constructed in Special jail, Rourkela revealed that the additional building (ward) constructed at a cost of ₹ 90 lakh to accommodate 300 prisoners was still lying unused (December 2010)

Scrutiny of records in audit (May/June 2009) of the Superintendent, Special jail Rourkela revealed that, since completion (October 2006) of the building, the

²² Public Analyst is the head of the State Public Health Laboratory responsible for analysing food samples

²³ (i) Deputy Public Analyst : One, (ii) Analytical Chemists : 2, (iii) Assistant Analytical Chemist : 5 (iv) Junior Laboratory Assistant : 2

same was lying idle and the inmates were not transferred to the newly constructed unit though the existing jail was housing 591 (2008) and 612 (2009) inmates on an average against the jail's capacity to accommodate 310 prisoners. On being pointed out (5 March 2010) in Audit, the Government replied (April 2010) that the additional ward was occupied by the prisoners from 14 March 2010.

Further scrutiny (June 2010) of records of the jail revealed that 134 prisoners were actually shifted during 30 March to 2 April 2010. It was also noticed that one Observation Home-cum-Special Home under Women and Child Development (W&CD) Department was functioning near the additional ward having a common passage from the Special Jail for both these buildings and the Special Home had been housing about 100 juveniles under Juvenile Justice (Care and Protection of Children) Act, 2000 despite possessing (February 1991) a building of its own elsewhere in the township. As such, apprehending threat to the juveniles from the adult prisoners after their shifting to the additional building, the District Magistrate, Sundargarh by an order (28 April 2010) sealed the passage and thereby the entry of adult prisoners to additional building was stopped. So, the inmates who were transferred to the said building were withdrawn and again put in the existing Special Jail on 28 April 2010. Though the matter was under correspondence for about nine years for shifting the Special Home from the jail complex to its own building, the Government failed to take a decision on the issue. Thus, neither the Special Home was shifted nor the building constructed at an expenditure of ₹ 90 lakh was put to use for more than three years after completion, defeating the objective of the Government to reduce overcrowding in the existing jail.

While admitting the facts Government stated (September 2010) that due to circumstantial constraints, the building remained unused and a proposal (August 2010) of the District Collector for use of the building with alternate arrangement was under examination of the Department. The fact remains that despite overcrowding in the Jail, additional ward constructed at a cost of ₹ 90 lakh in Special Jail, Rourkela remained unused for long.

3.5 General

FINANCE DEPARTMENT

3.5.1 Lack of response to Audit

Timely response to audit findings is one of the essential attributes of good governance as it provides assurance that the Government takes its stewardship role seriously.

Principal Accountant General (Civil Audit) and Accountant General (Commercial, Works and Receipt Audit), Orissa conduct periodical inspection of Government departments and their field offices 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 (Civil Audit)/Accountant General (Commercial, Works and Receipt Audit). 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 upto March 2010 pertaining to 3926 offices of 35 departments showed that 38681 paragraphs relating to 12324 IRs were outstanding at the end of June 2010. Of these, 3783 IRs containing 9844 paragraphs had not been settled for more than 10 years (*Appendix 3.1*). Even first reply from the Heads of Offices which was to be furnished within one month was not received in respect of 2044 IRs issued upto March 2010. Year-wise position of the outstanding IRs and paragraphs are detailed in *Appendix 3.2*. For speedy settlement of outstanding IRs and paragraphs, 51 Triangular Committee (TC) meetings consisting of the representatives of the Administrative departments, office of the Principal Accountant General (Civil Audit) and the respective Financial Advisors and were held during 2009-10 at different district headquarters in which a total of 214 IRs and 963 paragraphs relating to 320 offices of seven departments were settled (*Appendix 3.3*).

However, various serious irregularities commented upon in these IRs had not been settled as of June 2010 (*Appendix 3.4*) and serious financial irregularities as brought out by audit did not receive proper attention of Government. The same are categorised as under.

Table 3.1 - Category of paragraphs *(Rupees in crore)*

| Sl No. | Broad objective heads | Number of paragraphs | Amount |
|--------|---|----------------------|----------------|
| (1) | Non compliance with rules and regulations | 647 | 1225.23 |
| (2) | Audit against propriety/expenditure without justification | 284 | 165.92 |
| (3) | Persistent/pervasive irregularities | 2547 | 2613.11 |
| (4) | Failure of oversight/governance | 255 | 476.47 |
| | Total | 3733 | 4480.73 |

(Source: Records maintained by the office of the Principal Accountant General (Civil Audit), Orissa and Accountant General (CW&RA), Orissa)

Following course of action is recommended:

(a) Reply may be furnished to audit on the spot or within stipulated period of one month from receipt of Inspection Reports, (b) Audit observations may be discussed in the meeting of officers at district level for taking corrective action and (c) Recovery of advances and outstanding dues brought out by Audit may be effected.

3.5.2 *Follow-up action on earlier Audit Reports*

Serious irregularities noticed in Audit are included in the Reports of the Comptroller and Auditor General (Civil) that are presented to the State Legislature. According to the Finance Department instructions (December 1993), the Administrative Departments are required to furnish the explanatory notes on the transaction paragraphs, reviews/performance audits etc., included

in the Audit Reports within three months of their presentation to the State Legislature.

It was noticed that in respect of Audit Reports from the year 1997-98 to 2008-09 as indicated below (Table-3.2), 18 out of 38 departments, which were commented upon, did not submit explanatory notes on paragraphs and reviews as of October 2010.

Table 3.2 - Position of Paragraphs and reviews (In Number)

| Year of Audit Report | Total number of paragraphs including paragraphs on State Finances and Allocative Priorities and Appropriation etc. | Individual paragraphs/reviews/others | | | Number of performance audits/Reviews and individual transaction audit paragraphs for which explanatory notes were not submitted (October 2010) | |
|----------------------|--|--------------------------------------|----------------------------|------------|--|-----------|
| | | Individual paragraphs | Reviews/Performance Audits | Others | Individual paragraphs | Reviews |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1997-98 | 97 | 58 | 6 | 33 | - | 2 |
| 1998-99 | 92 | 58 | 6 | 28 | 1 | - |
| 1999-00 | 83 | 48 | 6 | 29 | 1 | - |
| 2000-01 | 83 | 47 | 7 | 29 | 1 | 1 |
| 2001-02 | 61 | 29 | 4 | 28 | 2 | 1 |
| 2002-03 | 59 | 33 | 6 | 20 | 1 | 3 |
| 2003-04 | 60 | 31 | 6 | 23 | 3 | 2 |
| 2004-05 | 49 | 21 | 6 | 22 | - | 1 |
| 2005-06 | 61 | 29 | 7 | 25 | 1 | 1 |
| 2006-07 | 65 | 36 | 6 | 23 | 7 | 4 |
| 2007-08 | 59 | 29 | 6 | 24 | 12 | 6 |
| 2008-09 | 66 | 32 | 6 | 28 | 32 | 6 |
| Total | 835 | 451 | 72 | 312 | 61 | 27 |

(Source: Records maintained by the office of the Principal Accountant General (Civil Audit), Orissa and Accountant General (CW&RA), Orissa)

The 61 individual transaction audit paragraphs on which compliance has not been submitted to the Orissa Legislative Assembly can be categorised under (i) non-compliance with rules and regulations (20), (ii) audit against propriety/expenditure without justification (21), (iii) persistent/pervasive irregularities (6) and failure of oversight and governance (14). The department-wise analysis as in the *Appendix-3.5* shows that the departments largely responsible for non-submission of explanatory notes were Water Resources, Health and Family Welfare, Rural Development, Works, Forest & Environment, Panchayati Raj followed by Fisheries & Animal Resources, School & Mass Education etc.

3.5.2.1 Response of the departments to the recommendations of the Public Accounts Committee

The Public Accounts Committee 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 Government Departments in the form of Action Taken Notes (ATNs). The Orissa Legislative Assembly (OLA) Secretariat issued

(May 1966) instructions to all Departments of the State Government to submit Action Taken Notes (ATNs) on suggestions, observations and recommendations made by Public Accounts Committee (PAC) for their consideration 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 time limit for submission of ATNs had since been reduced from six to four months by OLA (April 2005)²⁴.

However, out of 1353 recommendations (*Appendix-3.6*) relating to Audit Report (Civil) made by the PAC from the first Report of 10th Assembly (1990-95) to 40th Report of 13th Assembly (2004-09) final action on 205 recommendations were awaited (October 2010). The Departments largely responsible for non-submission of ATNS were Water Resources, Health & Family Welfare, Rural Development, Law, General Administration followed by Forest & Environment and Agriculture.

3.5.2.2 *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) in all the departments of the Government headed by the Departmental Secretary to monitor the follow up action on Audit Reports, PAC recommendations and Inspection Reports are required to hold the meetings in each quarter and send the proceedings of such meetings to audit. Out of 38 departments of the State Government no proceedings have been received from 22 departments²⁵ for the year 2009-10.

Review Committee

A Review Committee has been formed (December 1992) comprising Principal Secretary, Finance Department, Principal Accountant General (Civil Audit), Accountant General (Commercial, Works & Receipt Audit) and Secretary to Government of concerned departments to review the progress as well as the adequacy of action taken on the Reports of Comptroller and Auditor General of India (C&AG) and recommendations of Public Accounts Committee (PAC) in order to facilitate the examination of such Reports/Recommendations by the State Public Accounts Committee.

The last Review Committee meeting chaired by the Chief Secretary was convened on 6 January 2009. It was decided in the meeting that all the Administrative Departments should reconcile the position of pendency position with the Accountants General, Orissa on the Action Taken Notes,

²⁴ Rule 213-B(1) of Rules of procedure and Conduct of Business in the Orissa Legislative Assembly

²⁵ **Name of the Departments :** Energy, Fisheries and Animal Resources Development, Forest and Environment, Health and Family Welfare, Higher Education, Information and Public relation, Industries, Information Technology, Law, Parliamentary Affairs, Planning and Coordination, Public Enterprises, Sports and Youth Services, SC and ST Development, Revenue and Disaster Management, Rural Development, Science and Technology, Transport and Commerce, Tourism and Culture, Water Resources, Works, Women and Child Development.

compliance to paragraphs of C&AG's Reports and list of excess expenditure pending for regularisation for different years and take follow up action within the prescribed time frame by holding Departmental Monitoring Committee Meetings.

Apex Committee

An Apex committee comprising of eight members was formed (December 2000) at the State level under the Chairmanship of the Chief Secretary with the Secretary, Finance Department as permanent member and Secretary of five other departments (Water Resources, Home, Panchayati Raj, Agriculture and Revenue as members and Additional Secretary, Finance (Audit & Accounts) as member convener. The committee is to (i) review the functioning of the Departmental Monitoring Committees and to ensure timely submission of compliance to Accountants General, Orissa and to Public Accounts Committee, (ii) review periodically the Action Taken on C&AG's Reports by the department of the Government and (iii) sort-out bottlenecks for prompt action to be taken by all the departments of the Government on audit observations. The committee would sit half-yearly. The committee in its meeting (March 2010) where all Departmental Secretaries were present reviewed the position of holding of DMC meetings during 2009-10 which fell short of the target as many of the Departments did not convene the same at all despite pendency of compliance to paragraphs of C&AG's Audit Reports, Inspection Reports and ATNs on PAC Reports. Following decisions were taken in the meeting:

- All the departments to hold Departmental Monitoring Committee meetings once in every month;
- ATNs on recommendations of PAC relating to 10th and 11th Assembly should be attended to avoid adverse remarks of Hon'ble PAC;
- Compliance to outstanding paragraphs of C&AG's Reports should be furnished by end of April 2010;
- All the departments to attend to the draft paragraphs immediately on receipt of the same from the Accountants General;
- Compliance to paragraphs in the Inspection Reports of the Accountants General is to be attended promptly and triangular committee meetings should be held regularly to settle outstanding Inspection Reports/ paragraphs.

Despite such instructions, compliance to paragraphs of C&AG's Reports relating to earlier years and ATNs on PAC recommendations (10th and 11th Assembly) were pending with the departments as indicated in the *Appendices 3.5 and 3.6* (December 2010) respectively. Besides, replies to 11 out of 29 paragraphs (including performance audits, sub paragraphs etc.) relating to this Report referred to different departments of Government between January-October 2010 were not received as of December 2010.

Chapter 4

Chief Controlling Officer based Audit

| Para number | Topic | Page |
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Chapter 4

Chief Controlling Officer based Audit

FISHERIES AND ANIMAL RESOURCES DEVELOPMENT DEPARTMENT

4.1 Chief Controlling Officer based audit of Animal Resources Development Wing

Executive summary

Chief Controlling Officer based audit of Animal Resources Development wing of Fisheries and Animal Resources Development Department revealed several deficiencies. The Orissa State Livestock Sector Policy 2002 was not operationalised and perspective plans for 2002-07 and 2007-12 were not prepared. Internal Control Mechanism including monitoring of activities were almost absent. Budgetary controls was ineffective and led to saving of ₹ 109.39 crore during 2005-10 of which ₹ 106.47 crore was surrendered only on the last day of concerned financial years. Provisions of Financial rules and Treasury code were not complied with by many Drawing and Disbursing Officers (DDOs) leading to parking of funds in civil deposits and current accounts, diversion and misutilisation of funds etc. Implementation of schemes suffered due to non-achievement of targets fixed in Annual Plans, shortfall in artificial insemination and production of vaccine. Provisions of “Prevention of Cruelty to Animals Act” were not enforced in 23 districts. District Diagnostic laboratories were not made functional; equipments worth ₹ 1.11 crore remained idle since their procurement. Expenditure of ₹ 2.49 crore was incurred on purchase of equipments without adhering to Codal provisions and contract terms. Fifty one *per cent* of the Gram Panchayats of the State did not have any Livestock Aid Centre (LAC). Eighty five Veterinary Dispensaries (VDs) and 1076 LACs did not have their own buildings. Twenty seven VDs were running without regular Veterinary Assistant Surgeons (VAS) and 65 LACs were functioning without Livestock Inspectors (LIs). Large number of posts at the level of VASs and LIs were lying vacant (November 2010) which affected the health delivery services to animals.

The Department largely achieved the targets set for production of milk and frozen semen.

4.1.1 Introduction

The “Fisheries and Animal Resources Development Department” functions as a separate Department from 1991. Major objectives of the department were development of livestock sector, control of animal diseases and providing health cover to livestock.

4.1.2 Organizational structure

The Animal Resources Development wing functions under the administrative control of the Commissioner-cum-Secretary to the Government, who is the Chief Controlling Officer (CCO) of Fisheries and Animal Resources Development (FARD) Department. Director, Animal Husbandry and Veterinary Services (AHVS) is the functional head, who is assisted by one Additional Director, four Joint Directors and 11 Deputy Directors (DDs). The DDs remained in-charge of various functional activities of the department related to Fodder Development, Poultry, Dairy, Disease Control, Planning, Statistics and Frozen Semen etc. The officials in the field included 30 Chief District Veterinary Officers (CDVOs) and 42 Sub-Divisional Veterinary Officers (SDVOs). Besides, 540 Veterinary Dispensaries (VD) and 2939 Livestock Aid Centres (LACs) also functioned to provide health cover to livestock.

The total number of Drawing and Disbursing Officers (DDOs) under the CCO relating to Animal Husbandry (AH) stood at 121 as of March 2010. There was one Frozen Semen Bank (FSB) and 25 livestock breeding/poultry farms in the department. Organisational chart is indicated at **Appendix 4.1**.

The provisions of 'The Prevention of Cruelty to Animals Act', 'The Orissa Prevention of Cow Slaughter Act 1960' and 'The Orissa Cattle and Poultry Feed (Regulation) Act 1979' are administered by the Department through the CDVOs. While Society for Prevention of Cruelty to Animals (SPCA) was set-up for taking measures to prevent animals and birds from cruelty and provide help to distressed animals, Utkal Gomangal Samiti (UGS), an Autonomous Body functioning under the department, was to promote Animal Husbandry (AH) activities in the State by providing good quality bulls in interior areas.

4.1.3 Audit Objectives

The audit objectives were to assess whether:

- there was an effective and efficient system of internal control as well as monitoring;
- there was adequate planning for management of available resources economically and efficiently;
- financial management as well as schemes/programmes were implemented effectively to achieve the mandate/objectives of the department;
- human resource management including skill development training were effective and adequate and achieved the major objective of efficient and effective delivery of services.

4.1.4 Audit Criteria

The criteria used for evaluating the performance of the Department were as under:

- Orissa State Livestock Sector Policy 2002;
- Targets set in Tenth and Eleventh Five year plans and Annual action Plans;
- Provisions of Orissa General Financial Rules, Orissa Treasury Code, Orissa Budget Manual , Orissa Public Works Account Code etc;
- Instructions and circulars issued by the State and Central Government and Scheme guidelines;
- The provisions of ‘The Prevention of Cruelty to Animals Act 1960’, ‘The Orissa Prevention of Cow Slaughter Act 1960’ , ‘The Orissa Cattle and Poultry Feed (Regulation) Act 1979’ and other Laws, Rules and Regulations framed by the Government.

4.1.5 Scope and methodology of audit

Audit of the activities of the Department for the period 2005-10 was undertaken during April to July 2010 through test check of records of the FARD Department, Directorate of AHVS and 40 DDOs of 11 districts¹ out of 121 DDOs of 30 districts of the State. Various aspects including institutional weaknesses, compliance to Laws, Rules and Regulations, management of funds, human resources, assets and stores, internal control system and service delivery with emphasis on achieving the Departments’ mandate/objectives were examined during audit. Besides, the records of Autonomous Bodies like Orissa Livestock Resources Development Society (OLRDS), Orissa State Poultry Products Co-operative Marketing Federation (OPOLFED), Utkal Gomangal Samiti and ‘State Society for Prevention of Cruelty to Animals’ were also test checked.

The selection of sample DDOs was made applying Stratified Random Sampling without Replacement (SRSWOR) method. During sampling, hundred *per cent* of high risk category, 50 *per cent* of medium risk category and 10 *per cent* of low risk units were selected on the basis of our risk perception².

Evidence was gathered through examination of records, questionnaires and audit queries. Joint physical inspection of assets were conducted and photographs taken where found necessary. The audit objectives, criteria as

¹ Angul, Bargarh, Gajapati, Ganjam, Jajpur, Kendrapara, Khurda, Mayurbhanj, Nabarangpur, Rayagada and Subarnapur

² **High risk:** Expenditure of more than ₹ 5 crore, **Medium risk:** Expenditure exceeding ₹ 1 crore but up to ₹ 5 crore, **Low risk:** Expenditure up to ₹ 1 crore as per the treasury database 2009-10

well as scope and methodology of audit were discussed with the CCO, FARD Department in an entry level conference held on 12 July 2010 and the audit findings were discussed with the Commissioner-cum-Secretary during exit conference held on 19 November 2010. Replies (November 2010) of the Director forwarded (December 2010) by the Government have been suitably incorporated in the report at appropriate places.

Audit Findings

4.1.6 Institutional weaknesses

Defined mandate covering the areas of activities with objectives and goals supported by policy framework and planning based on reliable inputs, allocation of budgetary and human resources, internal control and monitoring mechanism are the essential requirements for successful functioning of a department. The institutional arrangements of the ARD Wing of the FARD, Department on the above aspects are discussed in succeeding paragraphs.

4.1.6.1 Non-preparation of Perspective Plan

The Government framed the Orissa State Livestock Policy in October 2002 for the Department, in order to optimise contribution of livestock sector in the Socio-economic growth of rural population and participation of small producers in the developmental process by increasing milk, meat and egg production through improved livestock quality and higher productivity.

Despite requirement, five year perspective plans for 2002-07 and 2007-12 for implementation of the Orissa State Livestock Sector Policy 2002 was not prepared

As per the said policy, the policy framework was to be translated in to specific action through a 10 years Perspective Plan for implementation in two phases each of five years duration (2002-07 and 2007-12). However, the Perspective Plans were not prepared till March 2010. The Director stated (November 2010) that Perspective Plans for 2002-07 and 2007-12 were not prepared as no instruction was received from the Government for the purpose. In the absence of Perspective Plans, priorities could neither be identified nor suitable milestones could be set. Annual Plans were however, prepared.

4.1.6.2 Allotment of resources for different functions

For three different functions i.e. Animal health care, livestock development and control of animal diseases, financial and human resources were distinctly allocated. While animal healthcare was provided by the department through chain of VDs and LACs under the administrative control of CDVOs of concerned districts, departmental farms headed by Farm Superintendents under the administrative control of Deputy Director (Farm), work for livestock development and the cost was met mainly under non-plan budget. Animal Disease control programmes were also implemented through CDVOs and Animal Disease Research Institute, Phulnakhara with specific earmarking of funds received under the Centrally sponsored plan scheme of 'Assistance to States for Control of Animal Diseases' (ASCAD).

4.1.6.3 *Mechanism for control over various Organisations including ZP/PRI to achieve the departmental goals*

Synergy between FARD Department and Panchayati Raj Department existed. However, mechanism for control over execution of works relating to ARD sector by Gram Panchayats (GPs) and Panchayat Samities (PSs) to ensure timely execution of works was absent as discussed below:

- For creation of 'Grass Land and Grass Reserve' in 32 locations, though ₹ 2.72 crore was released (June 2007) by the Director to 31 GPs yet only ₹ 30.83 lakh (11 *per cent*) was utilised (October 2010) and in none of the GPs the work has been completed (November 2010). In 18 GPs including four GPs of three test checked districts (Jajpur, Kendrapara and Nabarangpur), land has not been allotted by the Revenue authorities and entire fund was lying idle with the GPs (November 2010). The Government admitted (November 2010) that in four out of seven cases where permissive possession of the land was obtained, no work was carried out. The Government also stated (November 2010) that efforts have been made for completion of all works with co-operation of respective GPs as early as possible. The case has been discussed in detail at paragraph 3.4.1.3 of Chapter 3 of the Report.
- Under Rural Infrastructure Development Fund (RIDF), the Director released (November-December 2009) ₹ 20.20 crore to all 314 PSs of the State for construction of 58 VDs and 1060 LACs of which 56 VDs and 1044 LACs were not completed (November 2010). In reply, the Government stated (November 2010) that district level officers are being instructed to co-ordinate with the Panchayati Raj Institutions and expedite completion of the projects.

Thus, intended animal healthcare as well as production of fodder suffered due to inadequate co-ordination.

4.1.6.4 *Monitoring mechanism and internal controls*

As per the Government instructions (August 1983), each CDVO has to inspect all the SDVO offices, VDs, Semen Collection Centres, Milk Unions and other field institutions under his control at least once and 10 *per cent* LACs of the district every year. The objective was to make CDVO aware of the system deficiencies so as to take measures to address the same in a time bound manner. However, the following deficiencies were noticed in inspection and monitoring.

4.1.6.5 *Inspection and Monitoring*

- Monthly/quarterly meetings by the Director/CCO to review performance of the CDVOs were not held.
- None of the offices of the CDVOs and SDVOs were inspected by the Director or CCO even once during 2005-10.

- Inspections of SDVO offices, Departmental farms, VDs/LACs by CDVOs were not conducted and workings of farms was also not monitored by the Deputy Director in charge of farms.

On this being pointed out in Audit (June 2010), the Director allotted specific districts to each Joint/Deputy Director for monitoring the Animal Husbandry activities and stated (November 2010) that review meetings of CDVOs and SDVOs were being conducted now.

4.1.6.6 Internal Audit

The Internal Audit cell of the FARD department with a sanctioned strength of one Audit Officer (AO), four Audit Superintendents (AS) and 24 Auditors is functioning with one AO, two ASs and 13 Auditors as on 31 March 2010.

- Out of total 121 DDOs under ARD wing, Internal Audit of 24 DDOs (20 per cent) was in arrears since 2001 and that of 76 units (63 per cent) since 2006.
- Response of the DDOs to Internal Audit Reports was inadequate as 599 Internal Audit Reports (IARs) with 5740 paragraphs involving Audit comments worth ₹ 36.99 crore remained unsettled as on March 2010 and even first compliance reports were not received for 53 IARs issued for over one to three years. Against ₹ 17.34 crore suggested for recovery, ₹ 6.29 crore have been recovered during 2005-10. The Government confirmed (December 2010) the facts.

4.1.6.7 Shortage of qualified personnel

Position of sanctioned strength and men-in-position of technical staff of ARD wing as on 31 March 2010 was critical in cadres as indicated in table below:

Table 4.1: Sanctioned strength and men-in-position as on 31 March 2010 (in numbers)

| Cadre | Sanctioned strength | Men-in-position | Vacancy |
|------------------------------|---------------------|-----------------|---------|
| VAS/ AVAS ³ | 1017 | 830 | 187 |
| Veterinary Technicians (VTs) | 668 | 633 | 35 |
| Livestock Inspectors (LIs) | 3030 | 2319 | 711 |

(Source: Information furnished by the Directorate of AH&VS, Orissa)

- In eight test checked districts⁴, 36 posts of VAS and 305 posts of LIs /VTs remained vacant as of March 2010. The Government, however, initiated action in September 2010 for filling up the vacancies at the level of LIs on contract basis
- There was a vacancy of 1835 staff (19.5 per cent) in different cadres in the State which included vacancies of 1033 (20 per cent) in technical posts (March 2010).

In reply, the Government assured (November 2010) to fill up the vacant posts and stated that to overcome such a large number of vacancies at VAS/AVAS level, possibility of setting up Veterinary Colleges in both Government and private sector was being explored.

³ Veterinary Assistant Surgeon/Additional Veterinary Assistant Surgeon

⁴ Angul, Bargarh, Ganjam, Gajapati, Jajpur, Kendrapara, Khurda, Mayurbhanj

Posts of 187 VAS/AVAS and 711 LIs remained vacant as on 31 March 2010

4.1.6.8 Skill development training and other irregularities

- Out of 1106 working days available during 2005-09 in Veterinary Officers' Training Institute, Bhubaneswar (VOTI), training was imparted for 871 working days (79 per cent). However, there was shortfall in utilising 783 slots during the period. In reply the Principal of the Institute stated that the matter has been brought to the notice of the Director.
- In Animal Disease Research Institute, Phulnakhara against the targeted coverage of 1480 personnel for training, 1129 LIs were imparted training in 74 batches and balance 351 nominated LIs did not turn up. Project co-ordinator assured to ensure full participation in training in future.

4.1.7 Compliance issues

Compliance with Financial rules, Service Codes, Annual Action Plans and other Acts and rules framed for administration by the department are necessary for efficient functioning of a Government department. This helps in fulfilling the mandate of the Department. Cases of non-compliance to Annual Action Plans, financial rules, department specific Acts etc. are discussed in succeeding paragraphs.

4.1.7.1 Activities under Annual Action Plans

As per the Eleventh Five Year Plan document, ARD sector was to become self reliant in livestock vaccines, ensure association of farmers with Livestock Disease Diagnostic services rendered at District Diagnostic Laboratories (DDLs), improve monitoring of Animal Disease control programmes to counter epidemics, establish Livestock Aid Centres (LACs) in every GP of the State for better livestock healthcare and up-grade skill of farmers and unemployed youth in Animal Husbandry related activities.

Targets set in Tenth and Eleventh Five Year Plans as well as Annual Plans and achievements made under major activities of the Department during Tenth Plan period as well as during first three years of Eleventh Plan are indicated in Table 4.2.

Table 4.2: Targets and achievements of major outcomes under ARD sector

| Principal activity | Unit | Targets for Tenth plan period | Achievement during Tenth plan period 2002-07 | Targets for Eleventh plan period | Targets for 2007-10 | Achievements during 2007-10 |
|---|------------|-------------------------------|--|----------------------------------|---------------------|--------------------------------|
| Production of milk | TMT | 5514 | 5992.31 | 7000 | 4590 | 4869.82 |
| Production of egg | Million | 7506 | 5759.84 | 8500 | 6757 | 5862.00 |
| Production of meat | TMT | 294 | 247.18 | 304 | 195 | Animal:189.4 Poultry:163.00 |
| Breeding bull in use (AI) | Nos. | 1000 | 394 | 243 | 145 | 204 |
| Production of vaccines (Animal health care) | Lakh doses | 1056.12 | 497.71 | 1100 | 886.76 | 588.54 |
| Up-gradation of skill of farmers (Training) | Nos. | NA | 3780 | 139260 | 29760 | 29760 |
| Vaccination of animals (Animal health care) | Lakh | 1145.38 | 569.99 | 1500 | 949.69 | 718.09 |

(Source: Eleventh Plan document and information furnished by the Director)

Targets set for Tenth Plan period and first three years of Eleventh plan (2007-10) under production of egg, meat, vaccine as well as vaccination of animals remained unachieved

It may be seen from the Table 4.2 that during the Tenth Plan and first three years of Eleventh Plan (2007-2010), achievements under all activities except production of milk were below the targets fixed. During 2007-10, the targets set could not be met under production of egg, meat and vaccination. In test checked districts (Jajpur and Nabarangpur), shortfall in production of meat was 26 and 39 *per cent* respectively. Shortfall in egg production in Nabarangpur district was 59 *per cent*.

Under milk production, though the target was met yet the State *per capita* availability of milk remained between 94 grams (2004-05) to 115 grams (2009-10) as against the National *per capita* availability of 233 grams (2004-05) to 245 grams (2006-07). In test checked districts, shortfall in vaccination of animals during 2007-10 ranged from 27 *per cent* (Bargarh) to 45 *per cent* (Jajpur). Production of vaccine fell short by six to 42 *per cent* during 2005-10 from the State owned Orissa Biological Product Institute, Bhubaneswar. Against the target of producing 970.59 lakh units of vaccine in the State during 2005-10, 737.30 lakh units (76 *per cent*) were produced during the period. Year-wise achievement ranged from 58 to 94 *per cent*.

Targets set for production of vaccines were not met despite purchase and commissioning of a Fermentor at ₹ 2 crore

It was further noticed that in the Annual Action Plan for 2009-10, targets for production of 400 lakh units of vaccine adopting fermentor technology was fixed. But despite commissioning of the Fermentor in January 2009, the achievement remained low with downward revision in targets to 287.44 lakh units (2009-10). One semi-automatic machine “Fermentor” to produce vaccine procured at rupees two crore was installed and used from January 2009 but remained out of order since May 2010.

In reply, the Government stated (November 2010) that the State is not lagging behind in respect of production of egg and milk and fermentor technology is gaining better experience gradually.

Assurance on budget, appropriation audit and financial reporting

4.1.7.2 Inadequate budgetary control

Review of Budgetary Provisions and Actual Expenditure incurred by ARD wing of FARD department during 2005-10 revealed that during the period, out of total budget provision of ₹ 776.14 crore⁵, the department utilised ₹ 666.75 crore resulting in savings of ₹ 109.39 crores during the years 2005-10 as indicated at Table 4.3 below:

Table 4.3: Budget provision, expenditure and savings during 2005-10

(Rupees in crore)

| Year | Original provision | Supplementary provision | Total provision | Expenditure | Savings |
|--------------|--------------------|-------------------------|-----------------|---------------|---------------|
| 2005-06 | 95.19 | 6.21 | 101.40 | 87.54 | 13.86 |
| 2006-07 | 90.54 | 15.53 | 106.07 | 97.35 | 8.72 |
| 2007-08 | 114.87 | 12.36 | 127.23 | 111.57 | 15.66 |
| 2008-09 | 159.76 | 42.85 | 202.61 | 172.53 | 30.08 |
| 2009-10 | 215.54 | 23.29 | 238.83 | 197.76 | 41.07 |
| Total | 675.90 | 100.24 | 776.14 | 666.75 | 109.39 |

(Source: Information furnished by the Director, AH&VS, Orissa)

⁵ Original: ₹ 675.90 crore, Supplementary: ₹ 100.24 crore

It would be seen from the above table that except for 2006-07, the savings were on rise, starting from ₹ 13.86 crore in 2005-06 to ₹ 41.07 crore in 2009-10.

Further scrutiny revealed the following:

During 2005-10 out of total saving of ₹ 109.39 crore, ₹ 106.47 crore was surrendered on the last day of the concerned financial year

Supplementary provision for 2005-06, 2007-08 and 2009-10 was unnecessary

- Despite provisions of Orissa Budget Manual (OBM) to surrender anticipated savings by 10 March of financial year at the latest, the department surrendered ₹ 109.39 crore during 2005-10 of which ₹ 106.47 crore was surrendered on the last day of the financial year⁶.
- Savings during 2005-06, 2007-08 to 2009-10 were more than 10 per cent of total budget provision.
- Supplementary provision during 2006-07 and 2008-09 was unjustified, as only ₹ 19.58 crore⁷ (34 per cent) out of the supplementary provision of ₹ 58.38 crore, could be spent.
- The entire supplementary provision of ₹ 41.86 crore for 2005-06 (₹ 6.21 crore), 2007-08 (₹ 12.36 crore) and 2009-10 (₹ 23.29 crore) was unnecessary and was surrendered.

In reply, the Government stated (November 2010) that supplementary demand could not be expended due to in-correct assessment by field offices and provision for vacant posts. The reply is indicative of unrealistic budgeting.

4.1.8 Compliance with Laws, Rules and Regulations

4.1.8.1 Non-compliance with Treasury and Financial rules

As per the provisions of Orissa Treasury Code (OTC)⁸, no money is to be drawn from the treasury without immediate prospect of expenditure and advances sanctioned to Government servants for departmental and allied purposes are to be adjusted within the month of disbursement. Finance Department also prohibited (April 1983/July 2003) retention of Government cash in shape of Bank Drafts, Deposit at Call Receipts (DCR) and paid vouchers. Diversion of Scheme funds and retention of funds in Non-interest bearing Account is also not permitted.

However, review of the funds management of DDOs test checked revealed that during 2005-10, ₹ 277.28 crore was available with 40 DDOs of which ₹ 251.82 crore was utilised leaving ₹ 25.46 crore unutilised as on 31 March 2010. Besides, cases of non-compliance with the Treasury and Financial rules noticed were as under:

- In 15 out of 40 DDOs test checked, ₹ 23.53 lakh remained as paid vouchers (*Appendix 4.2*) since May 1991 to March 2010 for the period ranging from one month to 20 years. This expenditure was

⁶ 2005-06: ₹ 13.59 crore on 31 March 2006, 2006-07: ₹ 7.54 crore on 31 March 2007, 2007-08: ₹ 13.99 crore on 31 March 2008, 2008-09: ₹ 30.28 crore on 31 March 2009 and 2009-10: ₹ 41.07 crore on 31 March 2010

⁷ 2006-07: Expenditure: ₹ 97.35 crore – Original provision: ₹ 90.54 crore = ₹ 6.81 crore, 2008-09: Expenditure: ₹ 172.53 crore – Original provision: ₹ 159.76 crore = ₹ 12.77 crore

⁸ SR 242 of Orissa Treasury Code (OTC) Volume I and SR 509 of OTC Volume I

mainly incurred out of available funds on Office contingencies, POLs etc. without any budget provisions.

- In seven out of 40 units test checked, ₹ 38.56 lakh remained in shape of Bank Drafts (**Appendix 4.2**) for the period ranging from one month to 15 years while in one unit (Frozen Semen Bank, Cuttack) ₹ 4.51 lakh remained in shape of DCRs since 2002-03.
- In 20 test checked units, advance of ₹ 3.46 crore was found unadjusted as on 31 March 2010 (**Appendix 4.2**) as per the Cash books of which ₹ 6.63 lakh remained unadjusted for one to 15 years. Besides, ₹ 1.49 lakh remained outstanding against 14 ex-employees for more than a year in two test checked DDOs⁹. Besides, LTC advance of ₹ 2.23 lakh paid during 1998-2000 (SDVO, Puri) and 2007 (CDVO, Nabarangpur) to 20 employees remained unadjusted (July 2010).
- Contrary to the codal provisions¹⁰, Director, AHVS and Project Director, Animal Disease Research Institute (ADRI), Phulnakhara had drawn ₹ 2.54 crore¹¹ from the treasury during 1994-95 to 2001-02 and kept in Civil Deposits. The amount is still lying under civil deposits (November 2010). This included ₹ 1.26 crore drawn during 2001-02 under 'Carcass by-product utilisation Scheme (Central plan)' and ₹ 18.05 lakh drawn during 2001-02 under Special Relief Commissioner Grant, thereby affecting implementation of these programmes. The Director (December 2010) confirmed the facts.
- Funds received under different schemes¹² were credited to the bank account of Orissa Livestock Resources Development Society (OLRDS) on the instruction of the Directorate and interest of ₹ 1.37 crore was earned as of March 2010, though keeping money outside Government account was prohibited under rule. Out of the above, ₹ 8.50 lakh was utilised (September 2009) on purchase of a vehicle. The Director stated that the jeep was purchased for monitoring of civil works in different sites. Reply was however, silent on parking of funds outside the Government Accounts.
- In Rayagada district, out of ₹ 19.32 lakh due for collection on vaccination during 2007-10 the user charges of ₹ 7.52 lakh was collected and deposited. Regarding non deposit of balance ₹ 11.80 lakh, the CDVO stated (July 2010) that the field units were asked to deposit the funds immediately. However, the recovery was awaited (December 2010).
- In the Animal Disease Training Institute (ADRI), Phulnakhara 56 staff quarters were under unauthorised occupation of 46 outsiders, seven Government employees, one private educational institution¹³ and one

₹ 2.54 crore drawn from the treasury was parked in Civil Deposits for seven to 15 years

Forty six quarters were unauthorisedly occupied by outsiders

⁹ CDVO, Baripada (4: ₹ 12,862), SDVO, Baripada (10: ₹ 136340: 18 February 1995 to 15 March 2009)

¹⁰ SR 242 of Orissa Treasury Rules Volume I

¹¹ Director, AH and VS: ₹ 2.44 crore during 1994-95 to 2001-02, Project Director, ADRI: ₹ 10.32 lakh during 31.3.1995-31.3.1999

¹² Rastriya Krishi Vikash Yojana, Rural Infrastructure Development Fund, Swarna Jayanti Gram Swarozgar Yojana, Poultry Development

¹³ Aurovinda School

retired employee. No rent was collected from the said Educational Institution and Government employees as required under Orissa General Financial Rules and Orissa Service Code. In reply, the Government stated (November 2010) that concerned authorities are being instructed to file eviction cases against unauthorised occupants.

Contrary to the codal provisions, salary of Government employees deputed to Societies/foreign body were drawn and paid by the DDOs

- Service Rules¹⁴, provide for payment of salary as well as pension and leave salary contribution of Government employees sent on deputation/foreign service by the foreign body yet in four test checked DDOs of Bargarh, Baripada, Gajapati and Subarnapur, pay and allowances of ₹ 27.90 lakh (*Appendix 4.3*) of five Government employees sent on deputation to Milk Unions and other registered Societies were paid by the DDOs from the State exchequer up to March 2010. The Government stated (November 2010) that in one case; the deployment was made in public interest while no reply was furnished in case of remaining four employees.

4.1.8.2 *Compliance with Acts and Rules*

- ‘Society for Prevention of Cruelty to Animals Act (SPCA)’ was enforced in only seven¹⁵ out of 30 districts of the State and in remaining 23 districts the impact was negligible. During 2005-10, 13290 instances of violations were detected in the seven districts against which prosecution cases were filed in 5913 cases and in 7377 cases warning has been issued. In 3762 cases, the persons were convicted and penalty of ₹ 4.53 lakh was recovered. Besides, 789 awareness camps, 67 health camps were organised during 2005-10 in these districts. Further, sterilisation of 2852 street dogs was done only in one district (Khurda).

Director while confirming the facts stated (November 2010) that due to lack of manpower, the provision of the Act could not be enforced in remaining 23 districts and that Government had been requested for posting of SPCA Inspectors, which was under consideration. The response of the Government is awaited (December 2010).

- Administration of “The Orissa Prevention of Cow Slaughter Act 1960” and “The Orissa Cattle and Poultry Feed (Regulation) Act 1979” was not being monitored at Directorate level and data on number of inspections conducted, violations detected, prosecution filed, warnings issued and person convicted was neither available at CDVO nor at the Directorate level.

4.1.9 *Proper utilisation and maintenance of assets*

Review of Assets management revealed absence of monitoring leading to unfruitful expenditure on idle assets as under:

¹⁴ Rule 226 of Orissa Service Code

¹⁵ Balasore, Bhadrak, Cuttack, Khurda, Mayurbhanja, Nayagarh and Puri

4.1.9.1 Idle buildings and equipments for DDLs

One of the objectives of the Eleventh Plan was to achieve association of farmers with the Livestock Disease Diagnostic Services available in District Diagnostic Laboratories (DDLs). For this purpose 26 DDLs and four Regional Diagnostic Laboratories were sanctioned (18 October 2008) under Rastriya Krishi Vikash Yojana (RKVY) and ₹ 6.24 crore was released (December 2008) by Agriculture Department for construction of DDL buildings (₹ 2.34 crore) and purchase of equipments (₹ 3.90 crore). Though 21 DDL buildings were completed at a cost ₹ 1.44 crore and 16 were handed over to the CDVOs between May 2009 and April 2010 and all equipments worth ₹ 3.90 crore issued (May to November 2009) to the concerned CDVOs, yet none of these DDLs became operational as of August 2010 due to non-posting of staff and non-availability of other basic facilities like electricity etc. As a result, entire expenditure of ₹ 5.34 crore incurred on establishment of DDL buildings and procurement of equipment was rendered unfruitful. In reply, the Government stated (November 2010) that 22 DDLs were made operational up to November 2010. The reply appears to be not correct as subsequent physical verification (December 2010) of three (Bhadrak, Kendrapara and Puri) out of 22 DDLs indicated as operationalised by the Government revealed that in all the three cases, DDLs were not made functional and equipments were lying in packed condition.



Idle DDL building at paralakhemundi

₹ 5.34 crore spent on construction of 16 DDL buildings and purchase of equipments was rendered unfruitful as the DDLs were not made operational due to non-posting of staff and other facilities



Idle equipments at DDL, Bhadrak noticed on 9 December 2010

4.1.9.2 Non-disposal of plants and equipments of defunct nitrogen plants

Liquid Nitrogen Plants (10) and its assosories worth ₹ 2.88 crore in the State remained idle after the plants became defunct (1996-2005). Similarly, 26 acres of land (cost not assessed) as well as buildings constructed in 1998 at ₹ 6.96 lakh for Goat Breeding Farm at Godia remained unused from June 2005.

In reply, the Government assured (November 2010) to initiate action for disposal of the plants and machineries with due permission of the High Level Committee. Action in this regard is awaited (December 2010).

4.1.10 Materials and Stores management

Review of materials and stores management revealed unplanned procurement and unfruitful expenditure on idle stores and equipments as under:

4.1.10.1 Idle equipments

Equipment costing ₹ 1.11 crore remained idle due to want of technical manpower and unplanned procurement

One Computer Assisted Semen Analyser (Hamilton Throne make) purchased (July 2009) by the Director at a cost of ₹ 54.08 lakh out of RKVY¹⁶ fund and supplied to the FSB, Cuttack was not put to use due to non-posting of a technician. Similarly, 11 items of store and equipments costing ₹ 1.06 crore purchased between March 2007 and March 2008 under the scheme “Strengthening of Poultry and Duck Breeding Farm” remained idle and lying unused at the Central Store of the Directorate for the last 24-36 months (July 2010). The Government stated (November 2010) that some materials have been issued in the meantime leaving equipments worth ₹ 57.08 lakh idle in the central store indicating lack of planning in the procurement system.

4.1.10.2 Avoidable extra cost on purchase of stores

The Panchayati Raj (PR) Department placed (2007-08) ₹ 9.60 crore with the Director under SGSY¹⁷ (Infrastructure) for setting-up of 48 hatcheries (Civil works: ₹ 14 lakh and equipments: ₹ 6 lakh per hatchery). Though civil works of 47 hatcheries were completed and handed over to the concerned CDVOs (September 2008 to April 2010), yet not a single hatchery was made operational (August 2010). The Director stated (November 2010) that one hatchery started functioning from September 2010 and equipments for 39 hatcheries were purchased and in 18 cases, the same were installed and these would be made functional in phases.

Avoidable expenditure of ₹ 1.99 crore was incurred alongwith creation of liability for ₹ 68.62 lakh due to acceptance of part supply and non-inclusion of liquidated damage clause in the purchase order

It was however noticed that for purchase of 48 hatchers and setters for these hatcheries, the Director placed (July 2008) a repeat purchase order on a firm approved for supply of hatchers and setters in the Annual tender 2006-07 at the approved rate of ₹ 2.17 lakh per hatcher and ₹ 2.49 lakh per setter inclusive of Value Added Tax. The purchase order specified supply of goods in one lot within 30 days of issue of the order and non-acceptance of part supply under any circumstances. No liquidated damage clause was included in the said purchase order to safeguard the interest of the Government. Audit observed that the supplier did not supply any material within the stipulated date but supplied (November 2008) four units each at the agreed rate, which was accepted by the Director, violating the terms of the purchase order. The firm after eight months declined (July 2009) to supply further hatchers and setters on the ground of increase in rate. The Director invited fresh tender and issued (March 2010) purchase order on another agency for supply of remaining 44 hatchers and setters at higher price of ₹ 5.82 lakh per hatcher and at ₹ 5.98 lakh per setter of the same capacity. The firm supplied 35 sets and payment of 26 sets was released up to the September 2010. On this being pointed out in audit (May 2010), purchase of remaining nine sets was stopped. This resulted in avoidable extra expenditure of ₹ 1.99 crore (26 sets) and creation of liability for ₹ 68.62 lakh (nine sets).

In reply, the Government stated (November 2010) that the cost of parts and components substantially increased due to global recession and the supplier

¹⁶ Rastriya Krishi Vikash Yojana

¹⁷ Swarna Jayanti Gram Swarozgar Yojana

did not agree to supply remaining 44 units at the agreed price of 2006-07. The Government also stated that the extra expenditure was unavoidable and rather it was essential in true sense of plan and project. The reply was not tenable as prices are expected to come down during recession. Besides, only two firms including the previous supplier participated in the fresh tender. Further, cross verification of records of Sales Tax authorities revealed that the proprietors of both the past and subsequent supplier were not only found to belong to the same family but also were the only bidders in the subsequent tender. Hence, collusion in this case can not be ruled out. The matter needs to be looked into.

4.1.10.3 Irregular procurement of Stores

Extra expenditure of ₹ 49.91 lakh was incurred due to rejection of lowest valid offer of one EPM rate contract firm

Codal provisions¹⁸ prescribed for purchasing articles from the firms having rate contract with the Director, Export Promotion and Marketing (EPM) and no tender was required to be invited in such cases. However, in case of purchase of 1024 'Tubular Travis'¹⁹ by the Director during February 2009 to March 2010, avoidable expenditure of ₹ 49.91 lakh was incurred due to purchase of the same at ₹ 8100 per unit against ₹ 3226 offered by one firm having rate contract with Director, EPM, Orissa. The offer of the EPM rate contract firm was not considered on the ground that it did not have five years experience in dealing with veterinary equipments as well as minimum turnover of ₹ 2 crores.

In reply, the Government stated (November 2010) that the offer of the rate contract firm was not considered as it was an unsuccessful bidder. The reply was not tenable as Codal provision provided for purchase from EPM rate contract firms even without inviting tender. Besides, the reason for huge difference in the cost between the rate contract firm and the other firm (Supplier of the Tubular Travis) was not analysed by the Directorate.

4.1.11 Service delivery

Efficient functioning of a department depends on the quality and effectiveness of service delivery which is possible through successful implementation of schemes for achieving the targets set. Instances of shortcomings in implementation of schemes and achieving the targets under three main objectives of the department like livestock development, animal healthcare and control of diseases are discussed in succeeding paragraphs.

4.1.12 Schemes under operation

Release of fund for implementation of CP/ CSP scheme was meagre

Funds under various Central Plan (CP) and Centrally Sponsored Plan (CSP) schemes in the State were found to be meagre and during 2007-10, only ₹ 58.57 crore including Central share of ₹ 51.44 crore (*Appendix 4.4*) was made available by the Government. Average Annual receipt of funds under CP and CSP was only ₹ 19.51 crore during the period.

¹⁸ Rule 2 of Appendix 6 of Orissa General Financial Rules Volume II

¹⁹ A livestock aid equipment (partial cage like structure made up of iron tubes to control the animal for easy handling, specifically for the purpose of treatment)

Following five major schemes were implemented during 2007-10 by the department incurring expenditure of ₹ 37.05 crore during the period.

Table 4.4 - Major schemes implemented

| (Rupees in crore) | | | | |
|--|--------------------------------|---|----------------|-------------------|
| Scheme | Category | Objective | Total receipts | Total expenditure |
| Assistance to States for Control of Animal diseases | CSP (State share: 25 per cent) | Mass vaccination and diagnosis of diseases in diagnostic centers | 22.23 | 22.23 |
| Strengthening of poultry and duck breeding farms | CSP (State share: 20 per cent) | Strengthen poultry and duck breeding farms for production of day old chicks and duckling for sale to farmers for backyard poultry | 3.89 | 3.89 |
| Development of grass land and grass reserve | CP | Fodder Resources development in the State | 2.72 | 0.18 |
| Strengthening of livestock service infrastructure and modernisation of offices | State Plan (SP) | Construction of VD and LAC buildings in non-KBK districts | 3.60 | 3.60 |
| Livestock census | CP | Conducting quinquennial census | 8.34 | 7.15 |
| Total | | | 40.78 | 37.05 |

(Source: Annual plan 2007-08 to 2009-10, Information furnished by the Director)

Utilisation *percentage* under first three schemes was *100 per cent*; however, in rest of the schemes the funds allotted could not be utilised fully.

4.1.13 Delivery of services

Achievement of the department under three major objectives of development of livestock, animal healthcare and control of animal diseases are discussed in succeeding paragraphs:

4.1.13.1 Development of livestock

It was seen that between 2003 and 2007, the population of cattle and buffalo decreased by 14 and 17 *per cent* respectively while that of poultry increased by eight *per cent* and pig increased by 60 *per cent* as indicated at **Table 4.5**.

Table 4.5 - Livestock population as per 2003 and 2007 livestock census

| Type of livestock | Population 2003 census | Population as per 2007 census | Percentage of Shortfall(-)/ excess (+) |
|-------------------------------------|------------------------|-------------------------------|--|
| Cattle (Cross breed and indigenous) | 14280559 | 12309973 | (-)13.79 |
| Buffalo | 1438875 | 1189731 | (-)17.31 |
| Ruminant | 7732619 | 8945243 | (+)15.68 |
| Pig | 569533 | 911610 | (+)60.06 |
| Poultry | 18994753 | 20596006 | (+)8.42 |

(Source: Information furnished by the Directorate of AH&VS, Orissa)

Population of Cattle and buffalo decreased by 14 and 17 *per cent* as per 2007 livestock census in comparison to 2003 census. The population of poultry marginally increased by 8 *per cent* during this period.

- Decrease in cattle population in four test checked districts²⁰, ranged between two and 23 *per cent* while in other three districts, the same increased between seven and 31 *per cent* during 2007 over 2003 census. But the population of cattle in the State as a whole decreased by 14 *per cent*.
- Similarly, in four test checked districts²¹, the population of the buffalos decreased between 38 and 50 *per cent* where as the population of buffalos in the State decreased by 17 *per cent* during the period.
- There was little increase in population of poultry (8 *per cent*), ruminant (16 *per cent*) and pig (60 *per cent*).
- NPCBB²² programme envisaged genetic up-gradation and development of indigenous breeds. Though cattle population fell by 14 *per cent*, cross breed and exotic cattle population increased by 49.90 *per cent* indicating improvement in cattle breeding programme through artificial insemination.
- In the backward districts of Gajapati, Kandhamal, Nawarangpur, Nuapada, Rayagada, Subarnapur, the fall in cattle population ranged between 16 and 66 *per cent* during the years 2003-07 and in 11 test checked districts, the decline ranged between 0.30 and 94 *per cent*. *However, declining cattle population and increasing milk production during 2005-10 indicates increase in milk yield through cross breed and exotic cattle.*
- There was increase of 15.68 *per cent* in small animal (ruminant) population (Goats, sheep and pig) as per 2007 census and 60 *per cent* in pig population. The meat production during 2005-06 to 2009-10 also could not meet the target while showing marginal increase in 2009-10.
- Poultry population increased by only 8.42 *per cent* during 2003-07 as per the Livestock census data of 2003 and 2007. The egg production target could not be met during 2005-06 to 2009-10, though *per capita* availability of egg in the State remained more than the National average as per the Director.

Cross Breed and exotic cattle increased by 49.90 *per cent*

The Government confirmed (November 2010) the facts.

4.1.13.2 Performance of Poultry farms

Two poultry farms incurred a net loss of ₹ 1.08 crore during 2005-10

Out of 10 poultry farms set-up for poultry development, two remained defunct. Of remaining eight farms, following two farms were running uneconomically and incurred a net loss of ₹ 1.08 crore during 2005-10 and revolving fund of ₹ 15 lakh had already been eroded in one farm (Poultry Breeding Farm, Angul) as indicated in Table 4.6 below:

²⁰ Gajapati, Jajpur, Rayagada and Subarnapur

²¹ Gajapati, Jajpur, Raygada and Subarnapur

²² National Project for Cattle and Buffalo Breeding

Table 4.6 - Loss making farms where revolving funds were eroded

(Rupees in lakh)

| Name of the poultry farm | Expenditure during 2005-10 | Income during 2005-10 | Profit (+)/ loss (-) | Cumulative loss | Revolving Fund balance |
|--------------------------|----------------------------|-----------------------|----------------------|-----------------|----------------------------|
| Angul | 79.78 | 21.43 | (-)58.38 | 58.38 | (-)2.55 (out of ₹ 15 lakh) |
| Balangir | 63.27 | 13.27 | (-)50.00 | Not available | 2.77 (out of ₹ 15 lakh) |

(Source: Deputy Director, Angul and ADVO, Balangir)

Test check of records of Regional Poultry Farm, Sundargarh and Special Poultry Unit, Chiplima revealed the following deficiencies.

- Though rate of poultry products were increased from November 2004 by the Director but the same was charged by RPF, Sundargarh only from February 2008 (for one day chicks) and from April 2010 for other chicks. This resulted in loss of revenue of ₹ 2.68 lakh on sale of 1.06 lakh chicks during 2005-10. Besides, verification of Production-cum- Sales register revealed that there was shortage of 1415 mother birds and 4879 chicks between the book balance (after considering quantity of sales and death) and physical balance. Cost of shortage worked out to ₹ 2.30 lakh. The Officer-in-Charge of the Farm assured (November 2010) to look in to the matter.
- Low capacity utilisation²³ and shortfall in production of eggs was noticed in two test checked units of RPF, Sundargarh and Special Poultry Unit, Chiplima.

In reply, the Government confirmed (November 2010) that 'Revolving Fund' of PBR Farm, Angul has already been eroded. However, action taken for economical running of these farms was not indicated.

4.1.13.3

Duck breeding Farm

Duck Breeding Farm, Cuttack sustained a cumulative loss of ₹ 29.74 lakh during 2005-10 as the income during this period remained at ₹ 9.73 lakh against expenditure of ₹ 39.47 lakh and capacity utilisation remained between 17 to 36 per cent during the period. The revolving fund of ₹ 15 lakh released by Director in April 2008 had already been reduced to ₹ 0.24 lakh as of March 2010. One feed mixing plant purchased (October 2009) at ₹ 3.47 lakh remained (November 2010) idle. Non-availability of hatchery operator and regular Farm Superintendent were cited as reasons for uneconomic performance of the farm.

²³ RPF Sundargarh : 548/1000 (55 per cent) during 2005-08, 2008-10: 960/3700 (26 per cent), Special Poultry Unit, Chiplima: 2537/4000 (63 per cent)

4.1.13.4 Fodder Development Farms

Fodder development was an important priority for Eleventh Plan period. It was noticed that the department was having 20 fodder farms of which 12 sustained overall loss during 2005-10. During the period, total expenditure incurred by 20 farms was ₹ 51.98 lakh (excluding administrative cost) while income generated was ₹ 37.93 lakh indicating an overall loss of ₹ 14.05 lakh. The, State Fodder Seed Farm, Panchamahala, Angul alone sustained a loss of ₹ 32.77 lakh during 2005-10 (*Appendix 4.5*). In addition, ₹ 16.83 lakh drawn by the Director during 1995-96 under a Centrally Sponsored scheme of 'Assistance to States for strengthening fodder seed production farm' remained parked in civil deposits. In reply, the Government attributed (November 2010) the reason for poor performance to non-availability of adequate infrastructure, technical manpower and scanty allotment of funds.

4.1.13.5 Livestock breeding and Dairy Farms

Eight functional Livestock Breeding Dairy/Exotic Cattle Breeding farms of the State sustained a loss of ₹ 6.58 crore during the last five years (2005-10) as indicated at *Appendix 4.6* due to low capacity utilisation and high establishment costs. The following irregularities were also noticed:

Eight functional Livestock Breeding Dairy/Exotic Cattle Breeding farms of the State incurred a loss of ₹ 6.58 crore during 2005-10

- **Blockage of funds meant for purchase of milch cows:** In LBD Farm, Remuna and Khapurua, out of ₹ 8.11 lakh released (February/March 2005) for purchase of 50 cows, only 16 were purchased at ₹ 3.22 lakh during July 2005 to January 2009 and remaining ₹ 4.89 lakh remained unutilised (November 2010) even though targets for milk production remained largely unachieved being 52 to 81 *per cent* in these two farms. Even wet average of Haryana cows remained 0.8 to 2.6 litre per day against the norm of 5 litre per day prescribed by the Director.
- **Non-setting- up bull mother farm:** In August 2005, ₹ 10 lakh was released by Director to LBD Farm, Khapurua under NPCCB to set-up a Bull Mother Farm by procuring 20 female calves from Central Cattle Breeding Farm, Sunabeda. However, no bull mother was purchased so far and ₹ 1.35 lakh was utilised irregularly on purchase of Chaff cutter of LBD Farm, Khapurua while ₹ 8.65 lakh remained unutilised (November 2010).
- One of the major objectives of Livestock Breeding and Dairy (LBD) farms was to produce genetically superior bull calves of high pedigree. These bull calves after testing in State Progeny Centre about their quality, were to be reared up and raised to bulls and sent to Frozen Semen Bank, Cuttack for collection and preservation of semen required for Artificial Insemination Programme. It was observed that LBD, Remuna produced 26 bull calves during 2005-10 but 25 were sold in auction without sending to FSB. In reply, it was stated that the bulls were not of high pedigree. However, no test report of State Progeny Centre certifying the facts could be produced to audit.

4.1.13.6 Goat breeding Farms

Government in Panchayati Raj Department released (June 2008) ₹ 2.60 crore under SGSY in favour of the Director, for establishment of goat breeding farm in five locations at ₹ 52 lakh²⁴ for each farm. Though ₹ 1.55 crore was spent till July 2010 yet none of the goat farm could be made operational even after a lapse of two years of receipt of funds. It was also noticed that ₹ 65 lakh was spent in excess of norm for infrastructure development as ₹ 1.55 crore was spent against permissible ₹ 90 lakh on this account.

4.1.14 Artificial insemination

Artificial insemination per AI Centre/Gomitra ranged from 232 to 264 per annum against the norm of 800. Out of 142.80 lakh cattle in the State, 45.50 lakhs (31 per cent) were inseminated during 2005-10

The average number of cattle inseminated per AI centre/Gomitra²⁵ during 2005-10 in the State ranged from 232 to 264 and was below the GoI norm of 800 per each AI/ Gomitra. Against capacity of inseminating 148.91 lakh cattle by Government AI centres and Gomitra during 2005-10 and availability of 226.43 lakh cattle, 45.50 lakh (20 per cent) cattle were inseminated in the State as indicated at Table 4.7 below:

Table 4.7 - Artificial insemination to be conducted during 2005-10 as per GoI norm and that conducted in the State

| (In numbers) | | | | | | | | |
|--------------|-----------------------------------|-------------------|-------|------------------------------------|----------------------------|----------------|-------------------------------------|-----------|
| Year | Number of AI Centers (VDs & LACs) | Number of Gomitra | Total | GoI norm for AI per centre/Gomitra | Capacity of AI as per norm | AI done | Average of AI done per AIC/ Gomitra | Shortfall |
| 2005-06 | 2310 | 467 | 2777 | 800 | 2221600 | 654404 | 235 | 1567196 |
| 2006-07 | 2668 | 556 | 3224 | 800 | 2579200 | 812847 | 252 | 1766353 |
| 2007-08 | 2884 | 977 | 3861 | 800 | 3088800 | 894003 | 232 | 2194797 |
| 2008-09 | 2947 | 1388 | 4335 | 800 | 3468000 | 1023247 | 236 | 2444753 |
| 2009-10 | 2988 | 1429 | 4417 | 800 | 3533600 | 1165679 | 264 | 2367921 |
| Total | | | | | 14891200 | 4550180 | | |

(Source: Information furnished by the Director, AH and VS, Orissa)

- In one sample district Rayagada, number of cattle inseminated ranged from 86 to 138 in case of each AI centre. The Director stated (November 2010) that GoI norm of 800 AI per AI centre is based on an anecdotal data and so the achievement needs further analysis.
- In test checked units, *percentage* of short fall in achievement under AI ranged between 11 per cent (Subarnapur) and 46 per cent (Rayagada). The Director attributed (November 2010) this to difference in farmers adoptability in these districts.
- The Frozen Semen Bank (FSB), Cuttack produced 40.01 lakh units of semen during 2005-10 against the target of 42.19 lakh units and thus achieved the target substantially.

²⁴ Strengthening of Farm: construction and repair : ₹ 10 lakh, Parent stock induction (identified breed): ₹ 14 lakh at ₹ 3250 per female, ₹ 5000 per male (400 female + 20 male), Fodder Cultivation 10ha: ₹ 20 lakh, Construction of one training hall for 25 farmers with facilities: ₹ 8 lakh

²⁵ A private person trained in livestock care

4.1.15 Animal health care

As on 31 March 2010, 540 VDs and 2939 LACs were operating in the State to provide livestock healthcare. However, numbers of LACs were less than the target (6234) fixed and both VDs and LACs were handicapped for want of adequate physical and human infrastructure as discussed below:

3295 GPs, around 51 per cent for the State do not have any LAC

- Gram Panchayats numbering 3295 (51 per cent) of the State do not have any livestock Aid Centers (LAC) though each GP is authorised for one LAC as per norm. The last new LAC was set-up in 2006 and no new LAC was set-up during 2007-10. The Government stated that new LACs would be opened in a phased manner at 300 per annum from 2010-11.

15 VDs and 385 LACs were housed in rented buildings

- Veterinary dispensaries (85) and LACs (1076) did not have their own building of which 15 VDs and 385 LACs were functioning from Community Centres/Gram Panchayat buildings etc.
- The Government sanctioned (2008-10) ₹ 55.62 crore for construction of buildings of 85 VDs and 1076 LACs under Rural Infrastructural Development Funds (RIDF) but only 26 VDs and 27 LACs buildings were completed and ₹ 47.45 crore remained unutilised (March 2010). The Director confirmed (November 2010) the same. In 11 test checked districts, out of 38 VDs and 434 LACs buildings taken up, buildings for only 13 VDs and 14 LACs were completed as of November 2010. The Government assured (November 2010) to pursue the matter with PRIs.

27 VDs in the State did not have any regular VAS

- Twenty seven VDs (out of total 540) were running in the State without any regular Veterinary Assistant Surgeon (VAS). In one test checked district (Rayagada) in three VDs²⁶, fulltime VAS/AVAS were not available. No reply was however, furnished by the Director (December 2010).

65 LACs were functioning without any LI

- In nine sample districts²⁷, 65 LACs (out of total 901) were functioning without any Livestock Inspector (LI) (August 2010).
- In Angul district, user charges of ₹ 9.69 lakh required to be utilised for Animal health care were credited to the accounts of the District Livestock Resources Development Society (DLRDS) during 2007-10.

²⁶ Dhepaguda, Gudari, Muniguda

²⁷ Anugul, Baragrah, Berhampur, Gajapati, Jajpur, Kendrapara, Khurda, Nabarangpur, Rayagada

4.1.16 Control, containment and eradication of animal diseases

One of the major objectives of the department was to control, contain and eradicate animal diseases and timely intervention in case of outbreak of epidemics. The incidences of diseases, animals affected and died etc. are indicated in **Table 4.8**.

Table 4.8 - Statement showing details of outbreaks, animal affected, animal died, village affected in the State during the period from 2005-06 to 2009-10

(In number)

| Year | Outbreaks | Diseases | Animals affected | Animals died | Villages affected | Districts affected | Diseases with more than 25 per cent fatality rate |
|--------------|-------------|------------|------------------|--------------|-------------------|--------------------|---|
| 2005-06 | 480 | 25 | 23123 | 2471 | 58 | 10 | 9 |
| 2006-07 | 604 | 19 | 57711 | 5250 | 84 | 9 | 6 |
| 2007-08 | 377 | 25 | 12375 | 1410 | 58 | 14 | 11 |
| 2008-09 | 405 | 25 | 14180 | 10160 | 83 | 15 | 10 |
| 2009-10 | 307 | 17 | 5238 | 1011 | 109 | 21 | 9 |
| TOTAL | 2173 | 111 | 112627 | 20302 | | | |

(Source: Information furnished by Animal Disease Research Institute)

During 2005-10, 20302 animals died due to various epidemics. The incidence of diseases where the degree of fatality was more than 25 per cent is indicated in **Table 4.9**.

Table 4.9 - Statement showing major outbreaks, animal affected and died in the State during 2005-10 with fatality more than 25 per cent

| Name of the disease | No. of outbreak | Animal affected | Animal died | Fatality rate (percentage) | | | | |
|---------------------|-----------------|-----------------|-------------|----------------------------|---------|---------|---------|---------|
| | | | | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 |
| PPR | 140 | 3771 | 1090 | 32.04 | 22.04 | 17.31 | 28.90 | 70.49 |
| ANTHRAX | 43 | 355 | 290 | 67.56 | 82.60 | 66.12 | 93.97 | 92.22 |
| B.Q | 61 | 467 | 245 | 29.45 | 54.54 | 49.32 | 81.92 | 75.00 |
| H.S | 56 | 1280 | 871 | 81.03 | 54.24 | 49.78 | 54.50 | 79.23 |
| CCPP | 2 | 66 | 45 | 75.75 | 0.00 | 0.00 | 0.00 | 60.60 |
| TRYPANOSOMIASIS | 159 | 616 | 89 | 38.09 | 0.00 | 3.77 | 22.76 | 8.94 |
| TOTAL | 461 | 6555 | 2630 | | | | | |

(Source: Information furnished by Animal Disease Research Institute)

Department succeeded in containing the animal diseases through timely intervention in case of outbreak of epidemics

Audit scrutiny further revealed that:

- Timely intervention had reduced the mortality and training of VAS in animal disease was satisfactory.
- During 2005-10, animal diseases of 111 types occurred in 2173 outbreaks (instances) which affected 1.13 lakh animals leading to death of 20302 animals.
- There was absence of monitoring of disease control trainings conducted at district levels. In Mayurbhanj district, though fund (₹ 2.08 lakh) was released in January 2009 for organising training for 'Avian Influenza' at block levels by March 2009, however, the training programme was conducted only on 23 September 2009 i.e after the outbreak.
- Under 'Foot and mouth disease', though ₹ 76 lakh was drawn by the Director during 1997-98 (₹ 29 lakh) and 2001-02 (₹ 47 lakh), but the same still remained blocked under Civil deposits.

4.1.17 Conclusion

The Department largely achieved the targets set for milk production and in producing frozen semen. However, targets set in the Tenth Plan period as well as in Annual Plans for 2007-10 for meat, egg and vaccine production remained unachieved. Despite requirement no Perspective Plan was prepared under the Orissa State Livestock Sector Policy 2002. Budgetary control was inadequate leading to persistent savings and non-surrender of anticipated savings in time. There were instances of non-compliance with Treasury, Financial rules and Service Code as well as provisions of PCA Act. Financial management was characterised by instances of parking of funds in civil deposits and current accounts, diversion of funds and mis-utilisation of interest. Programme management suffered due to non-achievement of targets fixed in Annual Plans, shortfall in Artificial Insemination and production of vaccine, uneconomical functioning of Livestock breeding farms, delay in establishing District Diagnostic Laboratories, Idle Assets, unplanned procurement of equipments, shortage of technical manpower and absence of monitoring and inspections.

4.1.18 Recommendations

- The Department needs to take a holistic view of the Animal Husbandry sector and take policy initiatives to involve locally elected representatives and users in planning, implementation process as well as monitoring;

- Financial management needs improvement. Cases of parking of funds into civil deposit accounts, current accounts, non-utilisation and heavy surrender of funds should be avoided;
- There is need to overcome the shortage of technical manpower, non-utilisation of equipment, non-operationalisation of District Diagnostic Laboratory buildings etc.

Bhubaneswar

(S K Mishra)

The

**Principal Accountant General (Civil Audit)
Orissa**

Countersigned

New Delhi

(Vinod Rai)

The

Comptroller and Auditor General of India

Appendices

Appendix 2.1
(Refer paragraph 2.1.4 at page 13)

Statement showing list of sample districts, PRIs, ULBs and executing agencies covered

| <i>District</i> | <i>DRDAs</i> | <i>BDOs</i> | <i>GPs</i> | <i>ULBs</i> | <i>Executing agencies</i> |
|-----------------|--------------|----------------|---|----------------------------------|---|
| Balangir | Balangir | Balangir | Bidighat, Baidipalli, Chudapalli, Chandanvati, Bhutiarbahal | Balangir Municipality, | Executive Engineer, R&B Division, Balangir |
| | | Patnagarh | Gerda, Kendumundi, Ulba, Jogimunda, Maruan | Patnagarh NAC | |
| | | Titilagarh | Ghantatahali, Bhalegaon, Kholan, Sihini, Bijepur | | |
| | | Loisinga | Rengali, Loisinga, Uparbahal, Budhipadar, Hirapur | | |
| Boudh | Boudh | Harabhanga | Biranarasinghapur, Adinigarh, Kusang Harabhanga, Tileswar. | Boudh NAC | Executive Engineer, RW Division, Boudh, Assistant Soil Conservation Officer, Boudh |
| | | Kantamal | Baragaon, Palasagoan, Jogindrapur, Khaliapalli, Dapala | | |
| | | Boudh | Talasarada, Murusundhi, Padmanpur, Gundulia, Tikarapada. | | |
| Deogarh | Deogarh | Barkote | Madhyapur, Bijaynagar, Ballam, Kelda, Danra | Deogarh Municipality | Executive Engineer, Rural Works Division, Deogarh. |
| | | Reamal | Khilei, Kundheigola, Karlaga, Gundiapali, Naulipada | | |
| | | Tileibani | Tainsar, Dimirikuda, Jharagagua, Laimura, Parposi. | | |
| Ganjam | Ganjam | Digapahandi | Kusapada, Gadagobindapur, Bhismagiri, Basudevapur, Padmanavapur | Berhampur Municipal Corporation, | Executive Engineer, RW Division-I, Berhampur, Executive Engineer, RW Division-II, Berhampur Executive Engineer, R&B-I, Berhampur, Executive Engineer, R&B, Bhanjanagar, Executive Engineer, MI-I, Berhampur Executive Engineer, MI-II, Berhampur |
| | | Khalikote | Keshpur, Kanaka, Dimiria, SKS pur, Bikrapur | | |
| | | Beguniapada | Khandianai, Sana Ustapada, Chingudikhol, Sankuda, Phasi | | |
| | | Kukudakhandi | Kukudakhandi, Banthapalli, Ankushpur, Nimakhandi, Masiakhalli | | |
| | | Bhanjanagar | Jillundi, Baunsulundi, Lalsingi, Turumy, Mujagada | | |
| | | Chhatrapur | Kalipali, Arjipali, Vikaripali, Kanamana, Agasthinuagaon | | |
| Rayagada | Rayagada | Rayagada | Tadama, Karubai, Kambo Mallipur, Bodo Allubadi, Gumma | Gunupur NAC, | Project Administrator, ITDA, Rayagada, Executive Engineer, PHD Korapat, Executive Engineer, R&B Divn. Rayagada |
| | | Bissam Cuttack | Bhatapur, Kankubadi, Chanchadaguda, Raskola, Bissam Cuttack. | Rayagada Municipality, | |
| | | Gunupur | Regeda, Bagsala, Jagannathpur, Gadiakhala, Chalkamba | | |
| Sambalpur | Sambalpur | Kuchinda | Kuturachuan, Ardabahal, Khondokata, Boxma, Gochhara | Sambalpur Municipality | Executive Engineer, M.I. Divn, Sambalpur Executive Engineer, PHD, Sambalpur |
| | | Maneswar | Manaswar, Baduapali, Dhama, Sindurpank, Humma | | |
| | | Rairakhola | Bharatpur, Bansajal, Charmal, Mochibahal, Badabahal | | |
| Subarnapur | Sonepur | Sonepur | Baladi, Kalapathar, Khari, Mayurudan, Narayanpur | Sonepur Municipality, | |
| | | Tarava | Pua, Brahmani, Baghia, Deulpadar, Charbhata | Binika NAC. | |
| | | Birmaharajpur. | Jatesingha, Mursundhi, Bagbar, Uffula, Hillung | | |
| Sundargarh | Sundargarh | Sundargarh | Majhapada, Kirei, Lankahuda, Kinjirma, Masnikani | Rourkela Municipality | Project Administrator, ITDA, Sundargarh Project Administrator, ITDA, Panposh, Executive Engineer, OLIC, Sundargarh, Executive Engineer, R&B, Rourkela, Executive Engineer, R&B Sundargarh, Executive Engineer, RWD Rourkela Executive Engineer, PHD, Rourkela |
| | | Hemgiri | Laikola, Kanaktura, Duduka, Sanghumundi, Gopalpur. | Sundargarh Municipality | |
| | | Baragaon | Badagaon, Tikarapada, Tulalaga, Pamara, Bhoipalli | | |
| | | Lathikata | Hatibandha, Lathikata, Suidihi, Jadauder, Birkara | | |
| Total | 8 | 29 | 145 | 13 | 22 |

Appendix 2.2
(Refer paragraph 2.1.9.1 at page 21)

**Statement showing Central assistance which the State was deprived of
under BRGF for the Plan years 2006-07 to 2009-10**

(A) Development Grant

(Rupees in crore)

| Plan year | Assistance due | Assistance received | Assistance not released by GoI | Reason for non-release |
|--------------|----------------|---------------------|--------------------------------|--|
| 2006-07 | 190.00 | 48.59 | 141.41 | Delay in submission of AAP for 2006-07 in September to December 2007 |
| 2007-08 | 305.67 | 298.05 | 7.62 | Nil |
| 2008-09 | 305.67 | 178.10 | 127.57 | Low utilisation of fund, non-submission of UC and delay in submission of AAP for 2008-09 in August /September 2008 |
| 2009-10 | 305.67 | 166.22 | 139.45 | Same as in 2008-09 and submission of AAP for 2008-09 in October/ November 2009 |
| Total | 1107.01 | 690.96 | 416.05 | |

(B) Capacity Building Component

(Rupees in crore)

| Plan year | Assistance due | Assistance received | Assistance not released by GoI | Reason for non-release |
|--------------|----------------|---------------------|--------------------------------|---|
| 2006-07 | 19.00 | 0.00 | 19.00 | Non-submission of perspective plan, which was submitted only in December 2007 |
| 2007-08 | 19.00 | 19.00 | 0.00 | |
| 2008-09 | 19.00 | 0.00 | 14.73 | Non-utilisation of ₹19 crore released during December 2007 |
| 2009-10 | 19.00 | 23.27 | | Nil |
| Total | 76.00 | 42.27 | 33.73 | |

Total loss of Central assistance (A+B): ₹ 449.78 crore

Appendix 2.3

(Refer paragraph 2.1.10.2 at page 27)

Statement showing irregular expenditure on execution of inadmissible works under BRGF and RSVY

| Nature of irregularity | Amount (Rupees in lakh) | Audit observation |
|---|-------------------------|---|
| Irregular expenditure on inadmissible works | 535.00 | While RSVY Guidelines prohibited utilisation of RSVY funds for land acquisition, construction and renovation of administrative buildings, establishment/ staff cost etc, BRGF guidelines as well as Government instructions (November 2007 and August 2008) prohibited utilisation of BRGF funds for construction of religious structures, structures in religious premises, welcome arches, Kalyan mandap, repair, renovation, construction of Government offices and residential buildings, training centres, community halls/centres, Mandap/prayer halls, works relating to any type of religious purposes, routine works of ULBs like cleaning of streets and maintenance of street lights etc. However, it was noticed that 28 test checked units (four DRDAs, 14 PSs, eight ULBs and two EAs) utilised ₹ 5.35 crore on execution of 165 inadmissible works ¹ with estimated cost of ₹ 9.02 crore of which 108 had already been completed (July 2010). In reply, the BDOs and EOs of ULBs stated that the works were executed as the same were included in the Annual Action Plans. It was further noticed that three such inadmissible projects ² were executed at ₹ 6.30 lakh despite the same were specifically disallowed by the Gol. |
| Irregular expenditure on inadmissible items under capacity building component | 103.90 | Capacity building funds under BRGF was to be utilised for imparting training to PRI/ULB members/ staff and provide critical support staff required for implementation of the programme. Gol guidelines and Gol instructions (March 2007) permitted construction of physical infrastructure for Panchayats and ULBs from developmental grants under BRGF provided 30 per cent of cost is contributed by the State. However, contrary to said provisions, SUDA released ₹ 98.90 lakh to 70 ULBs for construction of a new Building/room of 200 sqft. and ₹ 5 lakh for construction of a building at SUDA for State cell out of capacity building component. As capacity building component of BRGF did not permit such expenditure on infrastructure, this resulted in incurring inadmissible expenditure of ₹ 1.04 crore. |
| Total | 638.90 | |

¹ Like Kalyan Mandap, Community Centres, repair and maintenance of Dharmasala and Government buildings, Training hall, Municipality building etc

² Building for Police Human Resources Development, Balangir (₹ 3 lakh), Traffic Control Room, Balangir (₹ 3 lakh), Bhimabhoi Kalyan Mandap (abandoned after spending ₹ 0.30 lakh)

Appendix 2.4
(Refer paragraph 2.1.10.3 at page 28)

Statement showing unfruitful expenditure under BRGF and RSVY

| Nature of irregularity | Amount (Rupees in lakh) | Audit observation |
|--|-------------------------|--|
| Unfruitful expenditure on incomplete works | 145.73 | OPWD code permits execution of works departmentally to ensure speedy and qualitative execution. It was noticed that in six test checked units ³ , 52 works with estimated cost of 3.54 crore remained incomplete even after seven to 45 months after the stipulated date of completion. As a result, ₹1.46 crore spent on these incomplete works rendered unfruitful. |
| Unfruitful expenditure on idle assets | 390.00 | Both RSVY and BRGF <i>inter alia</i> aimed at bridging the critical infrastructure gap to expedite the growth rate in the backward districts. Thus, it was necessary to execute the works as per the felt needs of the people and to put the work to immediate use after completion. However, it was noticed during joint physical inspection in audit that in seven cases in four test checked units, the assets like causality building for District Headquarter Hospital (Sundargarh), Gallery in a stadium (Rourkela), three culverts ⁴ due to non-construction of approach road (Sundargarh) etc constructed at ₹ 2.68 crore were not put to use even after one to two years of completion and were lying idle (May 2010). The reason stated for non-use of the causality building was non-availability of doctors. The stadium was found to be filled with debris and not even put to use, for which the gallery remained idle. Substandard execution was also noticed. Similarly, Rourkela Municipality had spent ₹ 1.22 crore under BRGF on construction of 87 parks. However, joint physical inspection of three such parks in audit revealed that the same were only bounded by compound walls and were lying under-developed and unused. |
| Unfruitful expenditure and uncertainty in construction of Bus terminus at Rayagada | 83.92 | Construction of a bus terminus at Rayagada was included in the AAP of 2007-08 under urban sector and ₹ one crore was earmarked for that. Though Rayagada Municipality called (December 2007) a quotation for preparation of design and estimate of the project and offer of one consultant 'Build Lab' for ₹ 6.45 lakh was approved by the Collector, Rayagada in June 2009 yet DRDA, Rayagada released (January 2009) ₹ one crore to EE, Roads and Building Division, Rayagada based on two split up estimates of ₹ 50 lakh each submitted by the EE. The EE commenced the execution before the consultant submitted the plan and design as well as estimate for ₹ 3 crore for this work. ₹ 83.92 lakh was spent on partial construction of two buildings. However, concrete pavement, bus bay had not been constructed. The HPC also instructed (December 2009) not to go ahead with this work without getting clearance from H&UD Department. PD, DRDA, Rayagada instructed (February 2010) the EE not to execute the work further, till receipt of clearance from the H&UD department, which is awaited (June 2010). Fund for full estimated cost of ₹ 3 crore is also not available. Thus, due to commencing a work before preparation of plan, design and estimate by the consultant, completion of this project became uncertain despite spending ₹ 83.92 lakh which rendered unfruitful. |
| Total | 619.65 | |

³ Sonepur Municipality, **BDO**: Biramaharajpur, Reamal, Kantamal, Sundargarh, **EE**: Rural Works Division, Rourkela

⁴ Bridge over Safdagar to Pateimunda road over Banda Nala: ₹ 55.88 lakh : completed since 27 January 2009, Box cell culvert on Ganjeibur – Tehuria Road on Basundhara Nala: ₹ 45.26 lakh: Completed on 18 February 2009, RRC box cell culvert on Rajbahal to Bandega road over Basundhara Nala: ₹ 38.91 lakh: completed on 10 November 2008

Appendix 2.5
(Refer paragraph 2.1.10.5 at page 29)

Statement showing instances of avoidable expenditure under BRGF

| Nature of irregularity | Amount (Rupees in lakh) | Audit observation |
|---|-------------------------------|---|
| Avoidable extra expenditure due to execution of cement concrete roads with higher specification than that prescribed by the Government | 58.04 | The standard specifications for cement concrete roads within village habitation prescribed by the State Government provided for three meter width carriage way, four inch thick metal concrete (1:4:8) followed by three inch thick chips concrete (1:2:4). But in 18 selected blocks in 116 cases, concrete roads with higher width and thickness ⁵ were constructed incurring extra expenditure of ₹ 58.04 lakh. |
| Avoidable extra expenditure due to adoption of higher designed capacity for construction of water works beyond norms prescribed by CPHEEO | 52.16 | Central Public Health and Environmental Engineering Organisation (CPHEEO) in 'Manual for Water Supply and Treatment' prescribed for designing the storage capacity of the service reservoir for intermediate stage only i.e. for a design considering the population projection for next 15 years from the expected date of completion. The manual also prescribes design period of 15 years for electric motors, underground service reservoir (UGR), Elevated Service Reservoir (ESR) and Water treatment plant. Intake well was also to be designed considering the water demand for intermediate stage (15 years). However, the Water Treatment plant, intake well, UGR and ESR of the project "Augmentation of water supply to Gunupur NAC" on which ₹ 5.09 crore had been spent under BRGF were designed for 25 year life period. Water demand (4.58 Million Litre per Day) for saturation year (2035) was considered for designing the intake well, treatment plant and service reservoir (15 lakh Litre per Day) instead of considering the water demand for intermediate stage (3.35 MLD for the year 2025) as per the CPHEEO norm. This resulted in avoidable extra cost of ₹ 52.16 lakh. |

⁵ Width ranging between 3.50 meter to 6.47 meter against 3 meter prescribed and thickness of metal concrete ranging between 5 inches to 6 inches against prescribed 4 inches.

| Nature of irregularity | Amount (Rupees in lakh) | Audit observation |
|--|-------------------------------|---|
| Avoidable extra expenditure and undue benefit to executants due to preparation of inflated estimates for cement concrete roads and plain cement concrete works with higher cement content than that prescribed by the Bureau of Indian Standards | 57.55 | <p>Bureau of Indian Standards (BIS) at Indian Standard IS 456:2000 (Code of practice for PCC and RCC) prescribed the minimum cement content in plain concrete of CC 1:2:4/M-15 as 280 kg/ cum and for M 20 standard with 300kg of cement per cum to achieve the minimum comprehensive strength of 15 and 20 Newton respectively. This standard was also reaffirmed by BIS in 2005.</p> <p>It was however noticed that in 24 test checked PSs and 12 ULBs while framing estimates for road and culvert works under BRGF, cement requirement for plain cement concrete CC (1:2:4)/ M 15 was considered and provided as 323 kg per cum of concrete against the prescribed limit of 280 kg. Thus, on each cum of cement concrete, 43 kg of cement was provided extra there by inflating the estimates. On 126.64 MT of cement allowed extra, avoidable extra expenditure by ₹ 57.55 lakh was incurred. This also resulted in excess payment and extension of undue favour to the executants by an equal amount as no quality control test report was available in support of utilisation of 323 kg of cement per cum by the executants.</p> |
| Delayed execution of work leading to cost overrun | 3.54 | <p>Instructions issued (September 2005) by the Finance Department under the provisions of Fiscal Responsibility and Budget Management Rules provided for speedy execution of projects without any cost overrun. However, in three cases in three Panchayat Samitees (Biramaharajpur, Sundargarh and Gunupur), the projects were started by the departmental JEs/VLLs after five to ten months of issue of the work orders. In the mean time, the Schedule of rates as well as minimum labour rate was revised for which extra cost of cement and labour was paid to the executants. This led to cost overrun and incurring extra expenditure of ₹ 3.54 lakh.</p> |
| Avoidable expenditure due to engagement of excess labourer than that required as per the Orissa Analysis of Rates | 2.83 | <p>Orissa Analysis of Rates prescribed the manpower requirement for each item of civil works. However, it was noticed that in nine cases in two PSs (Reamal and Balangir), excess labourer than that required as per PWD Analysis of Rates was utilised which resulted in avoidable excess expenditure of ₹ 2.83 lakh.</p> |
| Total | 174.12 | |

Note: PCC: Plain Cement Concrete, RCC : Re-inforced Cement Concrete, CC : Cement concrete

Appendix 2.6
(Refer paragraph 2.1.10.8- at page 31)

Statement showing work-wise details of substandard execution, idle assets, inflated measurements and incomplete works noticed during joint physical inspection of BRGF and RSVY works

| Sl. No | Name of the Unit | Name of the work | Date of Joint Physical Verification | Estimated cost (Rupees in lakh) | Expenditure (Rupees in lakh) |
|--|----------------------------|---|-------------------------------------|---------------------------------|------------------------------|
| (A) Substandard execution of works | | | | | |
| 1 | Binika NAC | Construction of road from Rajapali village to PWD road | 10.2.2010 | 1.77 | 1.74 |
| 2 | Deogarh Municipality | Widening of road from Charan Bettle shop to Hari house | 7.1.2010 | 3.57 | 3.57 |
| 3 | BDO, Titlagarh | Construction CC road at Sihini Basti | 17.3.2010 | 2.00 | 2.00 |
| 4 | BDO, Boudh | Construction of CC road at Tutusinga village | 17.2.2010 | 3.90 | 3.90 |
| 5 | BDO, Digapahandi | Construction of CC road at Chhotraypur | 29.5.2010 | 2.00 | 2.00 |
| 6 | BDO, Sundargarh | Construction of internal road of District Sports Complex | 19.4.2010 | 34.95 | 37.74 |
| 7 | BDO, Sundargarh | Construction of play ground at District Sports Complex, Sundargarh | 19.4.2010 | 22.92 | 15.70 |
| 8 | BDO, Sundargarh | Construction of CD work in internal road of District Sport Complex, Bhabanipur | 19.4.2010 | 10.00 | 8.31 |
| 9 | BDO, Maneswar | CC road from PWD road to Dhama Hospital | 25.3.2010 | 2.00 | 2.00 |
| | | Total (A) | | | 76.96 |
| (B) Non-utilisation of completed assets | | | | | |
| 1 | EE, R&B Division, Rourkela | Construction of Training hall for ASHA karmies at Rourkela Government hospital | 3.5.2010 | 20.00 | 16.36 |
| 2 | EE, R&B Division, Rourkela | Construction C-type gallery at north west side of stadium at Bisra Maidan, Rourkela | 3.5.2010 | 60.11 | 64.23 |
| 3 | EE, PH Division, Koraput | Design, construction, testing and commissioning of RCC intake well of 5 m internal diameter with pumphouse atop intake well at River Bansadhara | 7.4.2010 | 24.60 | 29.92 |
| 4 | EE, PH Division, Koraput | Construction of E type quarters near PH section office, Gunupur | 7.4.2010 | 4.00 | 4.23 |
| 5 | EE, PH Division, Koraput | Construction of F type quarters near PH section office, Gunupur | 7.4.2010 | 3.00 | 3.16 |

| Sl. No | Name of the Unit | Name of the work | Date of Joint Physical Verification | Estimated cost (Rupees in lakh) | Expenditure (Rupees in lakh) |
|---|----------------------------|--|-------------------------------------|---------------------------------|------------------------------|
| 6 | ITDA, Panposh | Development of play ground at Chhend | 4.5.2010 | 20.00 (RSVY:10 BRGF:10) | 18.21 |
| 7 | BDO, Sundargarh | Construction of additional Hostel building for boys at the playground of District Sports Complex, Sundargarh | 19.4.2010 | 20.00 | 20.00 |
| | | Total (B) | | | 156.11 |
| (C) Works where inflated measurements were noticed | | | | | |
| 1 | EE, PH Division, Koraput | Construction of compound wall around the proposed UGR and ESR near Veterinary | 7.4.2010 | 7.82 | 7.26 |
| 2 | BDO, Rayagada | CC road from Kuchei to Rebatiguda | 25.2.2010 | 10.00 | 8.64 |
| 3 | BDO, Rayagada | CC road at Kandala Rao Garrage to Street chhak | 25.2.2010 | 3.12 | 3.12 |
| 4 | Municipality, Sundargarh | Construction of CC road from Jagannath mandir towards Gayatri Mandir | 22.4.2010 | 3.00 | 2.71 |
| 5 | Municipality, Balangir | CC road at Chamarpara (Jyoti Nagar) | 16.3.2010 | 2.00 | 2.00 |
| 6 | NAC, Boudh | Boundary wall at Parade ground, Boudh | 19.2.2010 | 10.00 | 9.87 |
| 7 | BDO, Balangir | CC road at Prataprudrapur colony | 16.3.2010 | 2.00 | 2.00 |
| 8 | NAC, Boudh | CC road at Rameswar Vihar Colony | 19.2.2010 | 4.00 | 3.80 |
| 9 | NAC, Boudh | CC road from NH to Panuasahi | 19.2.2010 | 4.00 | 3.80 |
| 10 | Municipality, Balangir | CC road with drain in District Planning office colony, Santipara | 16.3.2010 | 4.00 | 4.00 |
| | | Total (C) | | | 47.20 |
| (D) Incomplete works | | | | | |
| 1 | EE, R&B Division, Rourkela | Construction of Trauma care centre at IGH, Rourkela | 3.5.2010 | 50.94 | 50.94 |
| 2 | EE, R&B, Balangir | Construction of Balangir Bus stand | 6.3.2010 | 15.58 | 6.86 |
| 3 | EE, PH Division, Koraput | Laying of water supply distribution system in Zone 1 and 2 in Gunupur NAC | 7.4.2010 | 22.73 | 0.00 |
| 4 | EE, R&B Division, Rayagada | Construction of Market omplex at Rayagada (Block-I,II,III) | 8.4.2010 | 54.47 | 40.45 |
| 5 | EE, R&B Division, Rayagada | Construction of Bus stand at Rayagada Municipality at Rayagada (Phase I and II) | 8.4.2010 | 84.00 | 84.00 |
| 6 | BDO, Sundargarh | Construction of Boundary wall and drain around the playground of District Sports Complex, Sundargarh | 19.4.2010 | 17.33 | 14.26 |
| 7 | NAC, Chhatrapur | Construction of women community hall at Putogopalpur | 26.5.2010 | 1.80 | 1.66 |

| Sl. No | Name of the Unit | Name of the work | Date of Joint Physical Verification | Estimated cost (Rupees in lakh) | Expenditure (Rupees in lakh) |
|--------|--------------------------|--|-------------------------------------|---------------------------------|------------------------------|
| 8 | NAC, Chhatrapur | Construction of community hall at station road under Brahmunibandha | 26.5.2010 | 7.00 | 4.26 |
| 9 | NAC, Chhatrapur | Improvement of Rajanalla Drain | 26.5.2010 | 8.50 | 0.00 |
| 10 | Municipality, Sundargarh | Construction of AWC at Patrapada | 22.4.2010 | 3.00 | 2.35 |
| 11 | Municipality, Rourkela | Improvement of community park near A/527 | 3.5.2010 | 11.07 | 10.50 |
| 12 | NAC, Boudh | Construction of rest shed near Mausimaa temple | 19.2.2010 | 8.00 | 0.00 |
| 13 | Municipality, Rayagada | Construction of storm water drainage system from Raniguda farm to Collectorate (Goutam Nagar) | 26.2.2010 | 7.53 | 6.12 |
| 14 | EE, PH Division, Koraput | Design, construction, testing and commissioning of 4.50 lakh litre RCC clear water ESR of 20 m staging near backside of Veterinary office at Gunupur NAC | 7.4.2010 | 52.42 | 52.42 |
| | | Total (D) | | | 273.82 |

CC: Cement Concrete

Appendix 2.7
(Refer paragraph 2.1.12.1- at page 33)

Statement showing list of works with estimated cost of ₹ 10 lakh and above neither placed in web-site of the State Government nor intimated to Director, Printing, Stationery and Publications, Orissa for publication in the Orissa Gazette

Scheme: BRGF and RSVY

| Serial No. | Name of the Executing agency | Name of works (Scheme) | Total estimated cost (Rupees in lakh) |
|----------------------------------|---|--|---------------------------------------|
| 1 | Executive Engineer, Rural Works Division, Deogarh (BRGF- 8 works) | Improvement to college road from traffic chhak to CRPF campus | 25.00 |
| | | Improvement of road from Oltibar chhak to CRPF via Gundicha mandir road | 20.00 |
| | | Improvement of road from NH-6 to NH office via DRDA tahasil office | 12.00 |
| | | Improvement of Oltibar chhak to CRPF via Gundichha mandir | 20.00 |
| | | Improvement of road from Gundicha mandir to town high school | 10.00 |
| | | Construction of Deck slab at 5 th KM at Kelda Chatabahal road | 11.81 |
| | | Improvement of road from RD road to Janglikudar | 20.00 |
| | | Improvement of road from SBI chhak to NH-6 via Gopabandhu chhak | 10.00 |
| Sub-total | | | 128.81 |
| 2 | Executive Engineer, Rural Works Division, Sundargarh (RSVY- 9 works) | Construction of Box Cell culvert over Ragbahal-Bandega | 41.94 |
| | | Construction of Box Cell culvert over Ganjabur - Teuria | 48.80 |
| | | RCC box cell culvert over Bonda river | 47.64 |
| | | Box cell culvert at Kumbhal road | 33.98 |
| | | Box cell culvert on Ledimung - Siamal | 33.47 |
| | | RCC box cell culvert over Rengali River | 11.89 |
| | | Box cell culvert at Sundargarh- Lephripada road | 31.19 |
| | | Construction of High level bridge | 52.07 |
| Emergency Unit at DHH Sundargarh | 19.42 | | |
| Sub-total | | | 320.40 |
| 3 | Executive Engineer, R & B Division, Rourkela (RSVY -23 works) | Construction of 2 cross drainage (CD) on Nuagaon-Bisra road | 17.84 |
| | | Construction of 2 CD on SH-10A to Jangra road | 18.85 |
| | | Construction of 5 CD and repair to 4 nos CD on Kalunga-Bonai road | 24.83 |
| | | Improvement to Purnapani-Banko road from 0/0 to 2/80 km | 19.49 |
| | | Improvement to Purnapani-Banko road from 0/80 to 5/60 km | 19.49 |
| | | Improvement to Roxi-Purnapani P.S. road from 0/0 to 2/50 km | 20.00 |

| Serial No. | Name of the Executing agency | Name of works (Scheme) | Total estimated cost (Rupees in lakh) |
|--------------|--|--|---------------------------------------|
| | | | |
| | | Improvement to Roxi-Purnapani PS road from 2/50 to 5/0 km | 20.00 |
| | | Improvement to Rajeda-Tapadihi. road from 0/0 to 2/50 km | 19.98 |
| | | Improvement to Rajeda-Tapadihi. road from 2/50 to 5/00 km | 19.95 |
| | | Improvement to road & constn. Of 2 vented causeway on Toda-Jhirpani road at 1/70 km and 2/0 km | 24.99 |
| | | Construction of 4 . CD work on Relahatu Sanabali Jore road | 18.20 |
| | | Improvement to San-Ramli to Bad-Ramloi from 0/0 to 2/0 km. for 05-06 | 20.00 |
| | | Improvement to Singhtola to Kiriakucha via Chirubeda road from 0/0 to 2.0 km | 20.00 |
| | | Improvement to Kokerma to Sightola from 2/0 to 4/0 km. for 05-06 | 20.00 |
| | | Improvement to Singtola to Kariakucha rod from 0/0 to 2/0 km. | 20.00 |
| | | Improvement to Singhtola village to Kariakucha via Chirubada road from Rd. 2/0 to 4/0 km | 20.00 |
| | | Improvement of Samramloi to Haripur from 0/0 to 2/0 km. | 20.00 |
| | | Construction of Vented causeway on Udsu-Tiltala road | 21.53 |
| | | Construction Of bridge over Landamunda Nallah near Talbahali GP. | 34.97 |
| | | Construction Of vented causeway over Khandadhar Nallah near Talbahali GP. | 36.52 |
| | | Construction Of two no, of CD. work in Rehatatu Sanbalijore Road. | 15.47 |
| | | Construction of Stadium at Birsa Maidan, Rourkela (RCC gallery etc- North-West left side) | 34.08 |
| | | Construction of Stadium at Birsa Maidan, Rourkela (RCC gallery etc. North west- Right side) | 26.06 |
| | Sub-total | | 512.25 |
| 4 | Executive Engineer, R&B Division, Balangir (BRGF; 4 works) | Construction of Balangir Bus stand | 20.00 |
| | | Roof of Kosala kala mandap | 10.00 |
| | | District level training centre infrastructure | 20.00 |
| | | Boundary wall and levelling of Stadium at Sonapur | 59.42 |
| | Sub-total | | 109.42 |
| Total | Four units | 44 works (BRGF: 12, RSVY:32) | 1070.88 |

Appendix 2.8
(Refer paragraph 2.1.12.1 at page 34)

Statement showing splitting-up of estimates of works with estimated cost of ₹ 50000 and above to reaches below ₹ 50000 to avoid wide publicity
Scheme: BRGF and RSVY

| SI No. | Name of the Executing agency | Name of the work (Scheme) | Estimated cost (Rupees in lakh) | Number of reaches | Estimated cost of each reach (in rupees) |
|--------|--|--|---------------------------------|-------------------|--|
| 1 | Executive Engineer, R&B Division, Rayagada | Construction of Fins | 2.48 | 5 | 498564971 849518496 8049448 |
| 2 | Executive Engineer, RW Division, Deogarh | Improvement of road from Oltibar chhak to CRPF campus | 2.79 | 6 | 47993 48194 48034 48034 47519 38746 |
| 3 | | Improvement of road from National Highway-6 (NH-6) to NH office | 1.92 | 4 | 49174 49114 49617 44629 |
| 4 | | Improvement of road from NH-6, CT school to CRPF campus | 0.64 | 2 | 17096 46551 |
| 5 | | Improvement of road from Oltibar chhak to Hatisal sahi chhak | 1.81 | 4 | 47995 49939 49939 32746 |
| 6 | | Improvement of road from NH office to SP office | 0.89 | 2 | 48905 40042 |
| 7 | | EE, PHD, Rourkela | Sinking of tubewell under BRGF | 4.02 | 13 |
| 8 | | Purchase of pipe fittings / pump sets (BRGF) | 1.18 | 3 | 34460 37805 45957 |

| Sl No. | Name of the Executing agency | Name of the work (Scheme) | Estimated cost (Rupees in lakh) | Number of reaches | Estimated cost of each reach (in rupees) |
|--------|------------------------------|--|---------------------------------|-------------------|--|
| 9 | EE, RW-I, Berhampur | Road from Nidhiapali – Baiballi | 13.43 | 20 | |
| 10 | | Road from Galeri kupati road | 9.70 | 21 | |
| 11 | EE, R&B, Bhanjanagar | Improvement of Dharakat Janivilli road 0/02 5/0 km | 10.00 | 23 | |
| 12 | EE, R&B, Balangir | Construction of Traffic control room | 3.00 | 5 | 49454 47466 49420 49331 49788 |
| 13 | | Construction of hall for human resource development for all ranks of police department | 3.00 | 5 | 47814 49309 48661 49701 49751 |
| 14 | EE, MI Division-I, Berhampur | Improvement to Bhalughari MIP, Chikiti | 7.00 | 6 | 49941 49970 49820 49820 49820 |
| | | Improvement to Ganianala MIP | 1.00 | 2 | 38848 38756 |
| | | Improvement of Khairabanka MIP | 1.00 | 2 | 40763 40763 |
| | | Improvement of Astaghai Haladipadar of Baba bandha, Rankuda | 1.00 | 2 | 49900 49788 |
| | | Improvement to Benabandha Nuagada MIP | 6.00 | 8 | 39657 49970 49970 49970 49970 49839 47043 39512 |
| | 7 Units | 18 works | 70.86 | | |

Appendix 2.9
(Refer paragraph 2.1.12.1 at page 34)

Statement showing splitting-up of estimates of works with estimated cost of ₹ one lakh and above to reaches below ₹ 50000 by Executive Engineer (EE), Minor Irrigation Division No. II, Berhampur for execution through various Pani Panchayats and contractors without inviting tender(s)
Scheme: BRGF and RSVY

| SINo | Name of the Executing agency | Name of the work (Scheme) | Estimated cost (Rupees in lakh) | Number of reaches | Estimated cost of each reach |
|------|---|--|---------------------------------|-------------------|------------------------------|
| 1 | EE, Minor Irrigation Division-II, Berhampur (RSVY) | Improvement to Maharani Sagar MIP, Khallikote | 25.00 | 42 | 21067 to 49803 |
| 2 | | Improvement to Jagata Nalla stage-II at Jagitapadar, Beguniapada | 16.00 | 33 | 47164 to 49989 |
| 3 | | Improvement of Ghadaka Ghai Satakutari MIP, Beguniapada | 27.00 | 41 | 26011 to 49995 |
| 4 | | Improvement of Erandra Madhdi tank, Beguniapada | 9 | 17 | 26574 to 49976 |
| 5 | | Improvement to Mejabandha Biribatia, Beguniapada | 4 | 7 | 49699 to 49773 |
| 6 | | Improvement of Jagat nalla, Dandeswar | 4.00 | 9 | 24844 to 49944 |
| 7 | | Improvement of Jagat nalla, Dengatala, Beguniapada | 3.00 | 5 | 47303 to 49950 |
| 8 | | Improvement of Jagat nalla, Owandi, Beguniapada | 3.00 | 5 | 43344 to 49923 |
| 9 | | Improvement of Jagat nalla, Phasi, Beguniapada | 5.00 | 11 | 9933 to 49903 |
| 10 | | Improvement of Narasimha bandha, Nimira, Beguniapada | 4.00 | 7 | 49991 to 49997 |
| 11 | | Improvement to Bodhi tank, Bhorasa, Khallikote | 6.00 | 12 | 8450 to 49623 |
| 12 | | Improvement to Ambuaghai | 6.00 | 8 | 49622 to 49972 |
| 13 | | Improvement to Padarijholo Badabandha, Mondar, Pollosara | 8.00 | 13 | 48940 to 49921 |
| 14 | | Improvement to J P Khama, Kalamba MIP | 11.00 | 21 | 24014 to 49990 |
| | Total | | 131 | 542 | |

Appendix 2.10
(Refer paragraph 2.1.12.2 at page 35)

**Statement showing irregular and doubtful purchase of materials under
BRGF**

| Nature of irregularity | Amount (Rupees in lakh) | Audit observation |
|---|-------------------------------|---|
| Irregular payment towards cost of cement whose utilisation was doubtful | 63.39 | In 11 PSs, ₹ 63.39 lakh was allowed to the departmental officials/JEs towards cost of 1407.7 MT of cement, shown as purchased from local market in excess of the quantity lifted from the Block Office, despite availability of cement with the block office on the date of such purchase. No permission was taken for purchasing such cement from local market directly. Cost of cement was also shown as paid in cash by the executants contrary to the instructions of PR Department for payment to the suppliers by the BDOs. In three cases, 241.7MT of cement was purchased after completion of the projects. Thus, utilisation of such cement appeared doubtful. |
| Irregular and doubtful purchase of road metal and other construction materials on hand receipts in cash and no stock account maintained for their receipt and use | 232.09 | Orissa General Financial Rules and Panchayat Samiti Accounting Procedures Rule 2002 provided for purchase of materials on tender basis and proper account of the receipt and issue in the site stock register. Government instructions (February 2006) also provided for payment of cost of materials directly to the suppliers through cheque. But in 234 cases in 24 test checked units ⁶ , road metals and construction materials worth ₹ 2.32 crore was shown as purchased from private individuals by the JEs/PEOs/VLLs departmentally executing the works, against hand receipt payments in cash. Each such hand receipt ranged from ₹ 0.07 lakh to ₹ 5.28 lakh and no site stock register was maintained for accounting these materials. In reply, the BDOs assured (February to June 2010) to purchase materials from registered dealers in future. Action in this regard is awaited (December 2010) |
| Total | 295.48 | |

⁶ **BDOs:** Barkote, Reamal, Tileibani, Tarava, Birmaharajpur, Kantamal, Rayagada, Patnagarh, Maneswar, Balangir, Redhakhol, Digapahandi, Bhanjanagar, Harabhanga, Boudh, BisamKatak, Titilagarh, Beguniapada, Kukudakhandi, Hemagiri, Loisingha, Sonapur, Badagaon and Gunupur

Appendix 2.11

(Refer paragraph 2.1.12.3 at page 35)

Statement showing irregularities in maintenance of muster rolls and payment of wages under BRGF

| Nature of irregularity | Amount (Rupees in lakh) | Audit observation |
|---|-------------------------|---|
| Period of engagement of labourers and date of disbursement of wages not indicated in the muster rolls. | 21.88 | In 46 cases in nine test checked PSs, the dates of engagement of labourers and date of disbursement of wages were not recorded in 333 muster rolls in respect of payment of wages for ₹ 21.88 lakh to 2873 labourers for 27002 man days for which whether work was executed manually or by labour displacing machines could not be ascertained in Audit. The entire payment of ₹ 21.88 lakh, thus appears doubtful. |
| Attendance of labourers and payment of wages indicated on the muster rolls were manipulated/ tampered. | 1.09 | In 10 cases in four test checked PSs, the daily attendance of labourers and wages paid were found to have been manipulated/tampered (cutting, overwriting, using white fluid) in the muster rolls and so genuineness of actual payment of wages of ₹ 1.09 lakh to 196 labourers for 1348 mandays appeared doubtful. Total wages paid in these works was ₹ 4.10 lakh. |
| Left Thumb Impression (LTIs) of labourers were not attested by Village Labour leaders/ Departmental officers | 8.73 | In 41 cases in eight test checked PSs, wages of ₹ 8.73 lakh were shown as disbursed to 1061 labourers for 11685 mandays based on LTIs of labourers not attested by the VLL/Departmental officers and actual payment thus appears doubtful . |
| Muster rolls not passed for payment by the BDOs and not treated as cash/adjustment vouchers | 53.17 | In 100 cases in nine PSs, the muster rolls for ₹ 53.17 lakh were not treated as expenditure documents and were susceptible to manipulation as these were kept in the individual Case Record files. Even these MRs were not passed for payment by the concerned BDOs. In all these cases, payment of wages were not correlated to / compared with the output of labourers and no measurement/ Measurement Book (MB) reference was recorded in the muster rolls. Muster Rolls were not kept in stitched forms as required and their issue and chronological utilisation not watched in like manner as was being done under NREGS. |
| Muster rolls not issued with authentication by the BDOs, job card number of labourers not mentioned as a proof of identity and even address not mentioned | 11.90 | In all cases in 29 test checked blocks, muster rolls were neither authenticated by the BDOs while issue nor job card number of labourers were indicated in the muster rolls as a proof of identity, even though almost all labourers in the district have already been registered under |

| Nature of irregularity | Amount (Rupees in lakh) | Audit observation |
|---|-------------------------|--|
| | | NREGS and job card numbers are invariably indicated in case of NREGS works. Test check revealed that in 23 works in three PSs in 241 MRs, wages of ₹ 11.90 lakh was paid to 2443 labourers for 16134 mandays even though address of the labourers were not indicated in the MRs. Thus, genuineness of payment of such wages appeared doubtful. |
| Doubtful payment of wages where acknowledgement of labourers in support of receipt of wages are not available | 1.66 | In 13 cases in five PSs in 137 MRs, it was noticed that payment of wages of ₹ 1.66 lakh to 148 labourers for 1860 mandays were not acknowledged by concerned labourers. No signature/Left Thumb Impression (LTI) was available against such labourers in the MRs. Thus, the payment of wages for ₹ 1.66 lakh appeared doubtful. |
| Under-payment of wages | 1.78 | In 22 cases in four test checked PSs, there was under payment of wages by ₹ 1.78 lakh to 585 labourers for 7861 mandays due to payment of wages below the prescribed minimum. |
| Fictitious engagement of same labourers twice in same work on same day | 0.70 | In six cases in three PSs, 60 labourers were shown as engaged twice on same day in same work and wages of ₹ 0.70 lakh was paid for which genuineness of the entire muster roll appeared doubtful. |
| Total | 100.91 | |

*Appendix 2.12
(Refer paragraph 2.2.7 page 41)*

**Statement showing details of land acquired and leased-out during the
year 2005-10**

(Area in acres)

| Name of the Districts/Office | Private land Acquired | Government land leased |
|-------------------------------------|----------------------------------|-----------------------------------|
| LAO Angul | 5526.400 | 1771.530 |
| LAO Jharsuguda | 900.610 | 328.865 |
| Spl LAO Jharsuguda | 1094.640 | |
| LAO Keonjhar | 253.470 | # |
| Spl. LAO Raiway | 1853.937 | |
| Spl. LAO CISCO & other Cpmpanies | 69.430 | |
| LAO Dhenkanal | 1346.195 | 3147.160 |
| Spl. LAO RRCS Divn. II Mahisapat | 1608.560 | |
| Jajpur | *43.320 | 491.000 |
| Sundargarh | 676.755 | 869.175 |
| Total | 13373.317 | 6607.73 |

The Collector did not furnish the information on land leased during the period from 2005-10

* Information in respect of LAO (Civil), Jajpur. ADM, Kalanganagar did not furnish the information in respect of land acquired during the period from 2005-10

Appendix 2.13
(Refer paragraph 2.2.7.1 at page 42)

Statement showing details of land allotted free of premium

| SINO. | Name of Institution | Date of establishment | Village/Tehsil/District | Area in acres | Date of sanction | Market value in rupees |
|--------------|----------------------------|------------------------------|---------------------------------|----------------------|-------------------------|-------------------------------|
| 1 | Akul High School | 1987 | Akul/ Telkoi /Keonjhar | 3.00 | October 2004 | 450000 |
| 2 | S. K. High School | 1990 | Sinduria/Telkoi/ Keonjhar | 3.05 | October 2004 | 320006 |
| 3 | Labakush High School | 1991 | Manoharpur/ Ghatagaon/ Keonjhar | 2.30 | September 2009 | 115000 |
| 4 | PMM Degree College | 1991 | Rengali/Kaniha/ Angul | 5.00 | October 2006 | 2500000 |
| 5 | Nabajyoti High School | 1998 | Kushkila/Talcher/ Angul | 3.00 | April 2006 | 1050000 |
| Total | | | | 16.35 | | 4435006 |

Appendix 2.14
(Refer paragraph 2.2.8.1 at page 43)
Statement showing under-assessment of market value of land leading to short payment of compensation and consequential short realisation of establishment charges

(In Rupees)

| Sl. No. | Name of the LAO/LA case number / Village | Name of RO and for whom land acquired | Kisam of land (S: Sarad, T: Taila, GB: Gharabari_Homestead) | Area in acres | Market value (MV) of land per acre as per award | Market value (MV) of land per acre as per highest sales statistics after rejection of speculative/interested sales by LAO | Period of additional compensation in months/days | Amount awarded (MV + Solatium at 30 per cent of MV + Additional compensation at 12 per cent per annum of MV) | Amount due as per MV of land based on highest sale statistics (MV + Solatium at 30 per cent of MV + Additional compensation at 12 per cent per annum of MV) | Under-Assessment of compensation | Short realisation of establishment charges | Remarks |
|---------|--|---------------------------------------|---|--|---|---|--|--|---|----------------------------------|--|---|
| 1 | Angul/1-08/Derang | IDCO for M/s JTPL | S-III | 380.96 | 3,00,000 | 5,50,000 | 334 days | 16,11,24,162 | 29,53,94,297 | 13,42,70,135 | 1,34,27,014 | Non consideration of highest sales statistics |
| 2 | Spl LAO Kjr/08-05/Murusuan | IDCO for Brand Alloys | S-III | 4.82 | 2,50,000 | 5,00,000 | 18 months | 17,83,400 | 35,66,800 | 17,83,400 | 1,78,340 | |
| 3 | Jharsuguda/58-02/Kurkurjanga | IDCO for Industrial growth centre | Aasa Besa Bagayat Others Total | 30.82 25.21 5.56 0.77 62.36 | 1,20,000 1,45,000 1,20,000 1,20,000 | 4,00,000 6,30,000 4,00,000 4,00,000 | 415 days | 1,16,54,471 | 4,41,59,419 | 3,25,04,948 | 32,50,495 | |
| 4 | -do-/59-02/Badamal | -do- | Aasa Masa Basa Others Total | 42.55 9.07 37.04 2.28 90.94 | 1,20,000 1,28,571 2,04,000 1,20,000 | 20,00,000 3,00,000 3,00,000 20,00,000 | 530 days | 2,07,89,677 | 15,25,74,201 | 13,17,84,524 | 1,31,78,452 | |
| 5 | -do-/85-05/Lahundabud | IDCO for ES&PL | Patit Masa Mapa Total | 1.33 25.08 15.18 41.59 | 1,00,000 1,64,835 1,85,439 | 1,05,000 10,00,000 7,00,000 | 300 days | 99,05,135 | 5,01,34,805 | 4,02,29,670 | 40,22,967 | |

| Sl. No | Name of the LAO/LA case number / Village | Name of RO and for whom land acquired | Kisam of land (S: Sarad, T: Taila, GB: Gharabari_Homestead) | Area in acres | Market value (MV) of land per acre as per award | Market value (MV) of land per acre as per highest sales statistics after rejection of speculative/intereste d sales by LAO | Period of additional compensation in months/ days | Amount awarded (MV + Solatium at 30 per cent of MV + Additional compensation at 12 per cent per annum of MV) | Amount due as per MV of land based on highest sale statistics (MV + Solatium at 30 per cent of MV + Additional compensation at 12 per cent per annum of MV) | Under-Assessment of compensation | Short realisation of establishment charges | Remarks |
|--------|--|---------------------------------------|---|--|---|--|---|--|---|----------------------------------|--|---|
| 6 | -do-/86-05/ Lahundabud | -do- | Aasa Masa Total | 0.75 12.41 13.16 | 1,50,000 1,64,835 | 1,60,000 10,00,000 | 1230 days | 36,78,234 | 2,13,55,924 | 1,76,77,690 | 17,67,769 | |
| 7 | Spl LAO Jharsuguda/ 02-04/Banjari | -do- | Basa Masa GB Bagayat Total | 11.29 62.71 4.85 1.44 80.29 | 2,00,000 1,32,000 3,00,000 2,27,272 | 7,50,000 7,50,000 6,66,666 2,60,000 | 402 days | 1,76,41,390 | 8,46,51,986 | 6,70,10,596 | 67,01,060 | |
| 8 | Angul/21-07/Raijharan | IDCO for M/s Utkal Coal Limited | T-I | 424.36 | 6,00,000 | 6,25,000 | 481 days | 37,12,65,007 | 38,67,34,382 | 1,54,69,375 | 15,46,937 | |
| | Total | | | 1098.48 | | | | 59,78,41,476 | 1,03,85,71,814 | 44,07,30,338 | 4,40,73,034 | |
| 9 | Dhenkanal/ 01-05/ Narendrapur | IDCO for M/s BSSL | S-III T-I T-II Total | 8.26 5.38 1.25 14.89 | 1,38,000 1,50,000 1,20,000 | 5,61,000 2,50,000 2,50,000 | 17 months | 30,82,414 | 92,48,299 | 61,65,885 | 6,16,589 | Adoption of previously fixed rate with 10 per cent appreciation |
| 10 | Dhenkanal/ 04-05/ Sarpa | -do- | S-II Biali T-II Total | 0.08 1.44 3.06 4.58 | 72,000 72,000 79,998 | 1,27,500 1,50,000 1,59,375 | 17 months | 5,20,724 | 10,49,415 | 5,28,691 | 52,869 | |
| 11 | -do-/02-05/ Shivpur | -do- | T-II | 17.06 | 1,02,000 | 1,50,000 | 17 months | 25,57,976 | 37,61,730 | 12,03,754 | 1,20,375 | |
| | Total | | | 36.53 | | | | 61,61,114 | 1,40,59,444 | 78,98,330 | 7,89,833 | |

| Sl. No | Name of the LAO/LA case number / Village | Name of RO and for whom land acquired | Kisam of land (S: Sarad, T: Taila, GB: Gharabari_Homestead) | Area in acres | Market value (MV) of land per acre as per award | Market value (MV) of land per acre as per highest sales statistics after rejection of speculative/intereste d sales by LAO | Period of additional compensation in months/ days | Amount awarded (MV + Solatium at 30 per cent of MV + Additional compensation at 12 per cent per annum of MV) | Amount due as per MV of land based on highest sale statistics (MV + Solatium at 30 per cent of MV + Additional compensation at 12 per cent per annum of MV) | Under-Assessment of compensati on | Short realisation of establishm ent charges | Remarks | |
|--------|--|---------------------------------------|---|---|---|--|---|--|---|-----------------------------------|---|--|--|
| 12 | Dhenkanal/18-05/ Kurunti | -do- | S-II | 6.39 | 2,00,000 | 2,81,250 | 12 months | 18,14,760 | 25,52,007 | 7,37,247 | 73,725 | Non-consideration of sales statistics of village proper & adoption of lower value of another village | |
| 13 | -do-/22-05/ Kurunti | IDCO for BRGIS | T-I | 28.72 | 1,80,000 | 2,50,000 | 36 months | 85,81,536 | 1,19,18,800 | 33,37,264 | 3,33,726 | | |
| 14 | -do-/26-05/ Galapada | IDCO for M/s Rungta | S-III | 31.32 | 2,00,000 | 3,00,000 | 15 months | 90,82,800 | 1,36,24,200 | 45,41,400 | 4,54,140 | | |
| 15 | -do-/05-05/ RN Pur | IDCO for M/s BSSL | S-II S-III T-II Adi Total | 1.04 1.59 10.56 1.00 14.19 | 72,000 72,000 79,998 72,000 | 1,25,000 2,50,000 2,50,000 2,50,000 | 17 months | 16,26,025 | 50,23,725 | 33,97,700 | 3,39,770 | | |
| 16 | -do-/20-05/ Itap | IDCO for M/s BRGIS | S-III T-II Total | 7.05 4.57 11.62 | 2,00,000 2,00,000 | 4,00,000 3,75,000 | 36 months | 38,57,840 | 75,26,025 | 36,68,185 | 3,66,819 | | |
| 17 | -do-/02-03/ RN Pur | IDCO for M/s BSSL | T-II | 134.46 | 66,666 | 86,206 | 12 months | 1,27,28,752 | 1,64,59,588 | 37,30,836 | 3,73,084 | | |
| 18 | Jajpur/03-05/ Jakhapura | IDCO | Sarad/pasi | 45.01 | 73,300 | 1,70,000 | 22 months | 50,14,834 | 1,16,30,584 | 66,15,750 | 6,61,575 | | |
| 19 | -do-/14-06/ Manitira | -do- | Sarad | 18.69 | 73,300 | 1,60,000 | 16 months | 20,00,166 | 43,65,984 | 23,65,818 | 2,36,581 | | |
| | Total | | | 290.40 | | | | 4,47,06,713 | 7,31,00,913 | 2,83,94,200 | 28,39,420 | | |

| Sl. No | Name of the LAO/LA case number / Village | Name of RO and for whom land acquired | Kisam of land (S: Sarad, T: Taila, GB: Gharabari_Homestead) | Area in acres | Market value (MV) of land per acre as per award | Market value (MV) of land per acre as per highest sales statistics after rejection of speculative/intereste d sales by LAO | Period of additional compensation in months/ days | Amount awarded (MV + Solatium at 30 per cent of MV + Additional compensation at 12 per cent per annum of MV) | Amount due as per MV of land based on highest sale statistics (MV + Solatium at 30 per cent of MV + Additional compensation at 12 per cent per annum of MV) | Under-Assessment of compensation | Short realisation of establishment charges | Remarks |
|--------|--|---------------------------------------|---|--|--|--|---|--|---|----------------------------------|--|---|
| 20 | Dhenkanal/05-03/ Narendrapur | IDCO for BSSL | S-I S-II S-III T-I T-II Total | 8.32 22.76 23.18 45.21 122.59 222.06 | 1,15,000 1,15,000 1,15,000 1,25,000 1,00,000 | 2,00,000 1,25,000 2,00,000 2,50,000 2,50,000 | 10.5 months | 3,39,30,961 | 7,17,88,475 | 3,78,57,514 | 37,85,751 | Suppression of highest sales statistics |
| 21 | Spl LAO Jharsuguda/07-04/ Brundamal | IDCO for M/s Bedanta | GB Aasa Total | 27.09 130.06 157.15 | 3,00,000 1,10,000 | 8,40,000 1,34,706 | 544 days | 3,31,75,912 | 5,95,61,337 | 2,63,85,425 | 26,38,543 | |
| | Total | | | 379.21 | | | | 6,71,06,873 | 13,13,49,812 | 6,42,42,939 | 64,24,294 | |
| 22 | Dhenkanal/03-07/ Mangalpur | IDCO for M/s GMR Energy | S-III | 142.19 | 3,50,000 | 3,62,500 | 21.3 months | 7,52,96,715 | 7,79,85,883 | 26,89,168 | 2,68,917 | Non consideration of highest sales statistics close to the date of publication of notice u/s 4(1) |
| 23 | -do-/06-03/ Shivpur | IDCO for BSSL | S-I,II,III T-I,II Total | 82.06 119.01 201.07 | 89,500 85,000 | 1,00,000 1,50,000 | 10 months | 2,44,44,308 | 3,64,80,500 | 1,20,36,192 | 12,03,619 | |
| 24 | -do-/28-05/Jharbandh | IDCO for M/s Rungta | Sarad | 115.60 | 2,00,000 | 2,20,000 | 15 months | 3,35,24,000 | 3,68,76,400 | 33,52,400 | 3,35,240 | |
| 25 | Jajpur/04-05/ Chandia | IDCO | Sarad Taila Patit Total | 23.567 30.18 6.42 60.167 | 70,000 60,500 38,500 | 1,80,000 80,172 1,80,000 | 24 months | 57,33,036 | 1,20,38,566 | 63,05,530 | 6,30,553 | |

| Sl. No | Name of the LAO/LA case number / Village | Name of RO and for whom land acquired | Kisam of land (S: Sarad, T: Taila, GB: Gharabari_Homestead) | Area in acres | Market value (MV) of land per acre as per award | Market value (MV) of land per acre as per highest sales statistics after rejection of speculative/intereste d sales by LAO | Period of additional compensation in months/ days | Amount awarded (MV + Solatium at 30 per cent of MV + Additional compensation at 12 per cent per annum of MV) | Amount due as per MV of land based on highest sale statistics (MV + Solatium at 30 per cent of MV + Additional compensation at 12 per cent per annum of MV) | Under-Assessment of compensation | Short realisation of establishment charges | Remarks |
|--------|---|---------------------------------------|---|--|---|--|---|--|---|---|--|---|
| 26 | -do-/09-05/ Badasiulidih i | -do- | Sarad Taila Patit Total | 15.594 40.70 43.166 99.46 | 73,300 60,500 38,500 | 1,80,000 80,172 1,55,000 | 20 months | 79,00,921 | 1,86,73,155 | 1,07,72,234 | 10,77,223 | |
| 27 | -do-/10-05/ Golagaon | -do- | Taila Patit Total | 7.00 9.72 16.72 | 60,500 38,700 | 1,00,000 1,00,000 | 24 months | 12,31,482 | 25,74,880 | 13,43,398 | 1,34,340 | |
| 28 | -do-/15-06/ Manitira | -do- | Sarad Patit Total | 67.73 40.10 107.83 | 73,300 38,500 | 1,60,000 1,55,000 | 22 months | 96,32,520 | 2,52,37,404 | 1,56,04,884 | 15,60,488 | |
| 29 | -do-/05-05/ Gobaraghati | -do- | Sarad Taila Patit Total | 186.03 10.41 4.10 200.54 | 70,000 60,500 38,500 | 1,80,000 80,172 1,80,000 | *730 days ** 798 days | 2,12,67,023 | 5,47,73,065 | 3,35,06,042 | 33,50,604 | |
| 30 | Angul/06-05/ Sankerjang & 18-05/Nisha | IDCO for M/s JSPL | HF GB Total | 2.05 2.56 4.61 | 4,26,700 5,30,000 | 8,20,000 7,50,000 | 472 days 673 days | 12,72,895 20,64,045 33,36,940 | 24,46,154 29,20,820 53,66,974 | 11,73,259 8,56,775 20,30,034 | 1,17,326 85,677 2,03,003 | |
| | Total | | | 948.187 | | | | 18,23,66,945 | 27,00,06,827 | 8,76,39,882 | 87,63,987 | |
| 31 | Spl LAO Jharsuguda/ 04-04/ Kureibaga | IDCO for Sterlite Energy | Aasa Road Taila Patit Total | 119.89 1.44 0.74 30.77 152.84 | 1,10,000 1,10,000 1,10,000 | 1,30,000 1,30,000 1,30,000 | 412 days | 2,41,33,394 | 2,85,21,284 | 43,87,890 | 4,38,789 | Considering sales statistics of other village instead of neighbouring one |

| Sl. No | Name of the LAO/LA case number / Village | Name of RO and for whom land acquired | Kisam of land (S: Sarad, T: Taila, GB: Gharabari_Homestead) | Area in acres | Market value (MV) of land per acre as per award | Market value (MV) of land per acre as per highest sales statistics after rejection of speculative/intereste d sales by LAO | Period of additional compensation in months/ days | Amount awarded (MV + Solatium at 30 per cent of MV + Additional compensation at 12 per cent per annum of MV) | Amount due as per MV of land based on highest sale statistics (MV + Solatium at 30 per cent of MV + Additional compensation at 12 per cent per annum of MV) | Under-Assessment of compensation | Short realisation of establishment charges | Remarks |
|--------------------|--|---------------------------------------|---|-----------------|---|--|---|--|---|----------------------------------|--|--|
| 32 | Jharsuguda/ 88-06/ Badmal | IDCO for Industries | | 126.06 | | | * 730 days ** 877 days | * 2,81,99,112 | ** 3,38,77,551 | 56,78,439 | 5,67,844 | Short calculation of additional compensation |
| 33 | Sundargarh/ CHH Pur | IDCO for Adhunik Metallics | | 26.89 | | | * 12 months ** 14.5 months | * 6,60,010 | ** 7,97,512 | 1,37,502 | 13,750 | |
| 34 | -do- | -do- | | 61.98 | | | * 12 months ** 18 months | * 13,48,113 | ** 20,22,170 | 6,74,057 | 67,406 | |
| | Total | | | 214.93 | | | | * 3,02,07,235 | ** 3,66,97,233 | 64,89,998 | 6,49,000 | |
| Grand Total | | | | 3120.577 | | | | 95,25,23,750 | 1,59,23,07,327 | 63,97,83,577 | 6,39,78,357 | |

* Period/amount of additional compensation calculated as per award

** Period/amount of additional compensation due

Appendix 2.15
(Refer paragraph 2.2.8.2 at page 45)

Statement showing details of under-assessment of market value of land (compensation payable) and consequential short realisation of establishment charges

(In Rupees)

| Sl. No. | LA case no | Village | Category of land | Area in acres | Market value (MV) of land per acre as per award based on average sales statistics | Market value (MV) of land per acre as per highest sales statistics after rejection of speculative/interested sales by LAO | Period of additional compensation in month/days | Amount awarded (MV + Solatium at 30 per cent of MV + Additional compensation at 12 per cent per annum of MV) | Amount due as per MV of land based on highest sale statistics (MV + Solatium at 30 per cent of MV + Additional compensation at 12 per cent per annum of MV) | Under-assessment of compensation | Short realisation of establishment charges |
|---------|--------------|---------------------|------------------|-----------------|---|---|---|--|---|----------------------------------|--|
| 1 | 11/05 | Badakerajang Jungle | T-I T-II | 563.62 36.21 | 1,60,000 1,50,000 | 6,75,000 2,75,000 | 1020 days | 14,74,73,875 88,82,363 | 62,21,55,411 1,62,84,331 | 47,46,81,536 74,01,968 | 4,74,68,153 7,40,197 |
| 2 | 04/05 | Sankerjang Jungle | T-I | 317.03 | 1,60,000 | 5,00,000 | 472 days | 7,38,13,617 | 23,06,67,554 | 15,68,53,937 | 1,56,85,393 |
| 3 | 12/05 | Jarada | T-I | 198.86 | 1,60,000 | 2,50,000 | 546 days | 4,70,74,357 | 7,35,53,683 | 2,64,79,326 | 26,47,932 |
| 4 | 14-05 | Niranjanpur | T-I | 210.81 | 1,60,000 | 3,52,500 | 365 days | 4,78,96,032 | 10,55,20,946 | 5,76,24,914 | 57,62,492 |
| 5 | 06/05 | Sankerajang | T-I | 131.98 | 1,60,000 | 3,00,000 | 472 days | 3,07,28,704 | 5,76,16,321 | 2,68,87,617 | 26,88,762 |
| 6 | 18/05 | Nisha | T-I S-III | 5.58 6.23 | 1,60,000 1,30,000 | 6,25,000 6,25,000 | 673 days | 25,90,249 | 1,12,28,802 | 86,38,553 | 8,63,855 |
| 7 | 08/05 | Basudevpur | T-I | 82.17 | 1,60,000 | 6,75,000 | 401 days | 1,88,24,629 | 7,94,16,404 | 6,05,91,775 | 60,59,177 |
| | Total | | | 1552.49 | | | | 37,72,83,826 | 119,64,43,452 | 81,91,59,626 | 8,19,15,961 |

Appendix 2.16
(Refer paragraph 2.2.8.3 at page 45)

Statement showing details of avoidable expenditure towards additional compensation due to delay in passing of the award

| SI No./LA case No. | Name of village | Date of publication of notification | Date of award | 12% additional compensation paid as per award | | Area in acres | Excess additional compensation paid as per award | | Increase in establishment charges at 10 per cent/20 per cent ⁷ of excess additional compensation | Total avoidable expenditure |
|---|------------------|-------------------------------------|---------------|---|------------------|---------------|--|------------------|---|-----------------------------|
| | | | | Period in month | Amount in Rupees | | in Acre. | Period in months | | |
| 1. Special LAO, Rengali right canal system, Divn. No. II , Mahisapat, Dhenkanal (33 cases) | | | | | | | | | | |
| Rengali Irrigation Project (23 cases) | | | | | | | | | | |
| 3/98 | Bhaliabol-kateni | 18.10.03 | 17.01.06 | 27 | 6,47,325 | 36.68 | 15 | 3,59,625 | 35,963 | 3,95,588 |
| 15/05 | Sanakulei | 08.11.06 | 07.05.09 | 30 | 1,12,299 | 4.68 | 18 | 67,379 | 6,738 | 74,117 |
| 05/04 | Kaikatani | 29.10.04 | 10.08.06 | 21.37 | 1,03,642 | 7.39 | 9.37 | 45,443 | 4,544 | 49,987 |
| 30/99 | Dudha-kateni | 21.02.02 | 10.09.03 | 18.63 | 3,35,203 | 51.56 | 6.63 | 1,19,291 | 11,929 | 1,31,220 |
| 20/03 | Sarian | 28.04.05 | 27.01.07 | 21 | 16,82,955 | 54.68 | 9 | 7,21,266 | 72,127 | 7,93,393 |
| 06/01 | Gunadei | 18.09.03 | 17.10.06 | 37 | 1,87,797 | 8.28 | 25 | 1,26,890 | 12,689 | 1,39,579 |
| 12/99 | Ambapada | 20.05.03 | 19.01.05 | 20 | 1,41,495 | 10.60 | 8 | 56,598 | 5,660 | 62,258 |
| 56/99 | Chudakhiakateni | 18.06.03 | 17.09.05 | 27 | 85,622 | 7.37 | 15 | 47,568 | 4757 | 52,325 |
| 27/00 | Joranda | 21.06.03 | 20.04.05 | 22 | 2,27,860 | 7.20 | 10 | 1,03,573 | 10,357 | 1,13,930 |
| 9/99 | Budha-pank | 29.09.01 | 20.08.03 | 22.73 | 72,104 | 5.77 | 10.73 | 34,038 | 3404 | 37,442 |
| 7/04 | Podapada | 20.09.06 | 15.04.08 | 18.83 | 15,26,049 | 49.84 | 6.83 | 5,53,527 | 55,353 | 6,08,880 |
| 22/00 | Atinda | 06.01.04 | 05.01.06 | 24 | 3,55,443 | 18.94 | 12 | 1,77,722 | 17,772 | 1,95,494 |
| 13/05 | Odapada | 21.09.06 | 20.03.09 | 30 | 11,78,719 | 22.27 | 18 | 7,07,231 | 70,723 | 7,77,954 |
| 65/99 | Chaulia | 08.05.03 | 20.09.05 | 28.40 | 13,80,086 | 65.84 | 16.40 | 8,03,876 | 80,388 | 8,84,264 |
| 14/06 | Budhapanka | 17.03.07 | 28.03.09 | 24.40 | 1,78,208 | 4.32 | 12.40 | 90,565 | 9,056 | 99,621 |

⁷ Special LAO: 10 per cent, LAO: 20 per cent

| SI No./LA case No. | Name of village | Date of publication of notification | Date of award | 12% additional compensation paid as per award | | Area in acres | Excess additional compensation paid as per award | | Increase in establishment charges at 10 per cent/20 per cent ⁷ of excess additional compensation | Total avoidable expenditure |
|--|-----------------|-------------------------------------|---------------|---|------------------|---------------|--|------------------|---|-----------------------------|
| | | | | Period in month | Amount in Rupees | | in Acre. | Period in months | | |
| 22/03 | Balaram prasad | 09.09.04 | 25.07.06 | 22.53 | 3,26,588 | 18.93 | 10.53 | 1,52,640 | 15,264 | 1,67,904 |
| 25/04 | Radhadeipur | 17.5.03 | 16.12.05 | 31 | 8,97,905 | 56.30 | 19 | 5,51,550 | 55,155 | 6,06,705 |
| 33/99 | Ballava | 17.10.03 | 16.03.06 | 29 | 2,96,642 | 13.92 | 17 | 1,73,894 | 17,389 | 1,91,283 |
| 32/00 | Chaulia | 29.06.04 | 29.06.06 | 24 | 5,27,690 | 23.60 | 12 | 2,63,845 | 26,385 | 2,90,230 |
| 69/00 | Motari | 14.08.01 | 13.11.03 | 27 | 2,34,322 | 14.66 | 15 | 1,30,179 | 13,018 | 1,43,197 |
| 12/05 | Bangursingha | 16.03.06 | 15.11.08 | 32 | 10,02,876 | 17.32 | 20 | 6,26,798 | 62,680 | 6,89,478 |
| 20/00 | Mahapada | 22.01.03 | 21.09.05 | 32 | 4,10,948 | 33.49 | 20 | 2,56,843 | 25,684 | 2,82,527 |
| 26/99 | Garada pal | 12.03.03 | 11.03.05 | 24 | 1,02,458 | 6.53 | 12 | 51,229 | 5,123 | 56,352 |
| Manjore Irrigation Project (10 cases) | | | | | | | | | | |
| 24/04 | Sanaro hila | 27.10.05 | 03.12.08 | 37.23 | 36,30,738 | 109.58 | 25.23 | 24,60,476 | 2,46,048 | 27,06,524 |
| 22/06 | Barapadar | 27.07.07 | 10.04.09 | 20.47 | 74,75,979 | 276.47 | 8.47 | 30,93,383 | 3,09,338 | 34,02,721 |
| 15/04 | Goratapa | 27.10.05 | 21.11.08 | 36.80 | 9,27,370 | 28.47 | 24.80 | 6,24,967 | 62,497 | 6,87,464 |
| 21/04 | Laxman pur | 21.10.05 | 13.03.09 | 40.77 | 2,92,031 | 14.55 | 28.77 | 2,06,076 | 20,607 | 2,26,683 |
| 13/04 | Bharatpur | 03.01.08 | 29.08.09 | 19.90 | 6,06,037 | 35.52 | 7.90 | 2,40,588 | 24,059 | 2,64,647 |
| 20/04 | Sorispank | 26.12.05 | 28.02.09 | 38.10 | 7,21,694 | 18.56 | 26.10 | 4,94,389 | 49,439 | 5,43,828 |
| 22/04 | Raniakata | 24.10.05 | 21.11.08 | 36.90 | 25,82,564 | 78.65 | 24.90 | 17,42,706 | 1,74,271 | 19,16,977 |
| 14/04 | Barapadar | 29.11.07 | 29.08.09 | 21.03 | 29,30,547 | 121.59 | 9.03 | 12,58,338 | 1,25,834 | 13,84,172 |
| 23/04 | Kumursingha | 29.11.07 | 10.04.09 | 16.40 | 26,51,666 | 85.14 | 4.40 | 7,11,423 | 71,142 | 7,82,565 |
| 21/06 | Kumursingha | 17.02.08 | 29.08.09 | 18.43 | 11,78,908 | 50.89 | 6.43 | 4,11,306 | 41,131 | 4,52,437 |
| 2. LAO, Dhenkanal (4 cases) | | | | | | | | | | |
| 02/06 | Ambakholakateni | 29.07.06 | 28.03.08 | 20 | 1,96,267 | 14.37 | 8 | 78,507 | 15,701 | 94,208 |
| 01/06 | Anla Bereni | 29.07.06 | 28.03.08 | 20 | 90,575 | 8.49 | 8 | 36,230 | 7,245 | 43,476 |

| SI No./LA case No. | Name of village | Date of publication of notification | Date of award | 12% additional compensation paid as per award | | Area in acres | Excess additional compensation paid as per award | | Increase in establishment charges at 10 per cent/20 per cent ⁷ of excess additional compensation | Total avoidable expenditure |
|---|-----------------|-------------------------------------|---------------|---|------------------|----------------|--|--------------------|---|-----------------------------|
| | | | | Period in month | Amount in Rupees | | in Acre. | Period in months | | |
| 01/04 | Sankarpur | 29.09.04 | 28.10.06 | 20 | 1,10,656 | 6.89 | 8 | 57,541 | 11,508 | 69,049 |
| 07/04 | Purusotampur | 18.03.05 | 28.02.09 | 47.37 | 23,197 | 0.85 | 35.37 | 17,321 | 3,465 | 20,786 |
| 3. LAO Keonjhar (8 cases) | | | | | | | | | | |
| 09/02 | Tungurabahal | 09.04.03 | 09.03.07 | 37 | 2,78,651 | 6.96 | 35 | 2,07,508 | 41,502 | 2,48,949 |
| 01/03 | Medinipur | 08.10.03 | 07.04.07 | 32 | 14,32,187 | 27.63 | 30 | 10,22,981 | 2,04,599 | 12,27,590 |
| 02/03 | Tentuli | 07.10.03 | 07.04.07 | 32 | 15,26,458 | 32.19 | 30 | 10,90,323 | 2,18,066 | 13,08,393 |
| 01/04 | Kasipal | 20.01.06 | 20.02.09 | 37 | 1,03,567 | 4.22 | 25 | 69,978 | 13,996 | 83,974 |
| 13/99 | Bahabara danda | 21.05.05 | 20.07.08 | 38 | 2,30,100 | 11.83 | 26 | 1,57,437 | 31,487 | 1,88,924 |
| 20/07 | Tolank bahal | 26.10.07 | 12.10.09 | 23.56 | 9,39,770 | 5.65 | 11.56 | 4,61,312 | 92,266 | 5,53,574 |
| 21/07 | Gutuke swari | 08.12.07 | 16.02.10 | 26.3 | 19,42,723 | 3.89 | 14.26 | 10,56,309 | 2,11,261 | 12,67,570 |
| 07/06 | Kansiari | 26.11.07 | 25.02.10 | 27 | 1,15,196 | 7.19 | 15 | 63,998 | 12,799 | 76,797 |
| 4. Spl. LAO DBRL, Keonjhar (2 cases) | | | | | | | | | | |
| 01/03 | Jakhapura | 13.02.04 | 30.06.05 | 16.63 | 7,42,306 | 29.22 | 4.63 | 2,04,723 | 40,946 | 2,45,669 |
| 10/03 | Tolank bahal | 30.06.05 | 07.12.07 | 29.26 | 46,429 | 2.50 | 17.26 | 27,409 | 5,481 | 32,890 |
| Total (47 cases) | | | | | | 1519.47 | | 2,20,16,811 | 26,56,842 | 2,46,73,653 |

Appendix 2.17
(Refer paragraph 2.2.8.3 at page 45)

Statement showing details of interest paid due to delay in payment of compensation despite taking advance possession of the land

| <i>Sl No.</i> | <i>LA case No</i> | <i>Name of Requisitioning Officer</i> | <i>Name of Project</i> | <i>Area in acre</i> | <i>Date of taking over of possession</i> | <i>Date upto which interest paid</i> | <i>Period of interest excluding first year</i> | <i>Amount of avoidable interest (in rupees)</i> |
|---------------|-------------------|---------------------------------------|--|---------------------|--|--------------------------------------|--|---|
| 1 | 1/04 | EE Irr Divn Jajpur | Construction of Embankment in village Oleichandanpur | 0.20 | 01 October 1962 | 31 December 2007 | 44 year 3 months | 860046 |
| 2 | 09/05 | -do- | Construction of extension of Telia Minor Canal, Kuanrpur | 6.33 | 10 November 1964 | 21 March 2007 | 41 years 4 months 10 days | 2166107 |
| 3 | 37/98 | EE MI Divn Jharsuguda | Construction of Hatianala MIP in village Routbahal | 11.88 | 01 July 1997 | 18 July 2005 | 7years 17 days | 347474 |
| 4 | 40/98 | -do- | -do- Ramachhipidihi | 3.68 | 01 July 1997 | 01 July 2005 | 7years | 126010 |
| 5 | 39/98 | -do- | -do- Bandhapali | 0.95 | 01 July 1997 | 01 July 2005 | 7years | 29925 |
| 6 | 38/98 | -do- | -do- Jamal | 1.92 | 01 July 1997 | 18 July 2005 | 7years 17 days | 65303 |
| 7 | 41/98 | -do- | -do- Sahaspur | 1.55 | 01 July 1997 | 01 July 2005 | 7years | 42099 |
| Total | | | | | | | | 3636964 |

Appendix 2.18
(Refer paragraph 2.2.8.5 at page 47)

Statement showing details of non-levy/short-levy of interest on premium from the date of occupation till date of payment

| SI No. | Name of Tehsil | Lease case record No. | Village | Name of lessee | Area in acres | Period of occupation | Government dues payable (In Rupees) | Government dues paid | Short demand of interest (In Rupees) |
|--------------|----------------|-----------------------|--------------|---|---------------|----------------------|-------------------------------------|----------------------|--------------------------------------|
| 1 | Panposh | 19/05 | Gotidarha | M/s Shiwan Enterprises | 3.10 | 1999-00 to 2005-06 | 696458 | 378510 | 317948 |
| 2 | Sundargarh | 01/05 | Bhawanipur | Institute of Technical Training, Sundargarh | 2.97 | 1997-98 to 2004-05 | 3489435 | 1780324 | 1709111 |
| 3 | Jharsuguda | 01/99 | Arda | IDCO for L&T | 8.05 | 1992-93 to 2000-01 | 1314285 | 631867 | 682418 |
| 4 | Keonjhar | 19/06 | Saralapentha | M/s BRM Hightech | 3.00 | 2006-07 to 2007-08 | 757020 | 622600 | 134420 |
| Total | | | | | 17.12 | | 6257198 | 3413301 | 2843897 |

Appendix 2.19

(Refer paragraph 2.2.8.7 at page 48)

Statement showing details of execution of lease deed after lapse of sanction

| Sanction order No./ Date | Village | Area for which lease deed executed (in Acre) | Rate per acre as per lease deed | Amount (In rupees) | As per prevailing rate during 2005 (₹ 1 lakh per acre) (In Rupees) | Difference (In Rupees) |
|--|---|---|--|--------------------|--|------------------------|
| 9 & 12/ 4.1.96 | Gobarghati (Ac.395.59) Nuagaon (Ac.22.280) Chandia (Ac.480.570) Gadapur (287.620) Khurunti (Ac.65.692) Dasamania (Ac.86.790) | 1338.542 | 10,000 | 1,33,85,420 | 13,38,54,200 | 120468780 |
| 150/ 4.1.96 | Sarangpur | 85.410 | 10,000 | 8,54,100 | 85,41,000 | 7686900 |
| 1216/ 14.9.98 | Marutikar (Ac.4.710) Khapuripada (Ac.22.090) Kimbhirigadia (Ac.5.610) | 32.410 | 75,000 | 24,30,750 | 32,41,000 | 810250 |
| 4118 16.9.92 | Kacherigaon | 49.170 | 10,000 | 4,91,700 | 49,17,000 | 4425300 |
| 2145/ 4.5.92 | Kacherigaon | 8.510 | 10,000 | 85,100 | 8,51,000 | 765900 |
| Total | | 1514.042 | | 1,72,47,070 | 15,14,04,200 | 13,41,57,130 |
| 4118/ 16.09.92 2148/ 4.5.92 9/R & 12/ R/4.1.96 | Khurunti Mangalpur Jakhapura | 110.385 44.310 70.820 | Ac 97.995 @ ₹ 10,000 and Ac.127.56 @ ₹ 25,000 | 41,68,550 | 22551500 | 18382950 |
| Grand Total | | 1739.557 | | 21415620 | 1739,55700 | 152540080 |

Appendix 2.20
(Refer paragraph 2.2.8.8 at page 48)

Statement showing details of passing of award after deemed lapse of proceeding

| Sl. No. | LA case No. | Name of the Village | Area In acre | Valid date of publication of declaration | Date within which award was to be passed | Date of award | Time taken in excess of stipulated date | Amount of award (in rupees) |
|--------------|-------------|---------------------|--------------|--|--|------------------|---|------------------------------|
| 1 | 09/02 | Tungurbahal | 6.96 | 10 June 2004 | 09 June 2006 | 09 March 2007 | 9 months | 1259986 |
| 2 | 01/03 | Medinipur | 30.95 | 17 November 2004 | 16 November 2006 | 07 April 2007 | 4 months 21 days | 7040398 |
| 3 | 02/03 | Tentuli | 32.19 | 18 November 2004 | 17 November 2006 | 07 April 2007 | 4 months 21 days | 7503926 |
| 4 | 01/04 | Kashipal | 4.08 | 07 February 2007 | 06 February 2009 | 20 February 2009 | 14 days | 562382 |
| Total | | | 74.18 | | | | | 16366692 |

Appendix 2.21
(Refer paragraph 2.2.9.1 at page 50)

Statement showing details of encroachment cases

Test checked districts

| <i>Sl. No.</i> | <i>Name of District</i> | <i>No. of cases</i> | <i>Area in acre</i> | <i>Position as on</i> |
|----------------|-------------------------|---------------------|---------------------|-----------------------|
| 1 | Angul | 7910 | 3654.739 | 31 March 2010 |
| 2 | Jajpur | 6789 | 1130.316 | 31 March 2010 |
| 3 | Dhenkanal | 7422 | 5444.235 | 31 March 2010 |
| 4 | Jharsuguda | 2835 | 2329.788 | 31 March 2010 |
| 5 | Sundargarh | 15368 | 7233.313 | 31 March 2010 |
| 6 | Keonjhar | Not available | Not available | 31 March 2010 |
| Total | | 40324 | 19792.391 | 31 March 2010 |

Appendix 2.22
(Refer paragraph 2.2.9.3 at page 50)

Statement showing details of misutilisation of leased land

| Sl No. | Name of lessee | Name of Tehsil | Village | Date of sanction | Area in acre | Purpose of sanction | Present status |
|--------|---|----------------|------------|------------------|--------------|--------------------------|---------------------------------|
| 1 | M/s Ambika Cement | Panposh | Kuanrmunda | 15 May 1991 | 5.00 | Mini Cement Industry | Steel Industry by M/s Top Tech |
| 2 | Angul District Truck Owners Association | Angul | Angul Town | 16 March 1997 | 0.25 | Office building | Commercial complex & IOC Depot. |
| 3 | Sushila Body Builders | Sundargarh | Bhawanipur | 28 December 2004 | 0.92 | Automobile Body Building | Installed Petrol Pump |
| | Total | | | | 6.17 | | |

Appendix 2.23
(Refer paragraph 2.2.9.4 at page 51)

Statement showing details of unauthorised occupation of Government land by lessee/applicant

| Sl. No. | Name of occupier | Lease case No. | Village/Tehsil/District | Area in acre | Value of land in Rupees | Year from which the land had been under unauthorised occupation | Period of unauthorised occupation | Remarks |
|---------|---------------------------------------|----------------|--|--------------|-------------------------|---|-----------------------------------|----------------------------------|
| 1 | Samim Ara Begum | 34/08 | Dhenkanal Town/ Dhenkanal/Dhenkanal | 0.63 | NA ⁸ | NA | More than one year | RI reported on 28 January 2009 |
| 2 | President, Anchalik Mahavidyalaya | 31/04 | Siminai/Odapada/ Dhenkanal | 5.00 | 8750000 | NA | 5 years | Encroachment case booked in 2005 |
| 3 | B K Agarwal | 43/05 | Panchupati/Odapada/ Dhenkanal | 0.63 | 91250 | NA | 5 years | RI reported on 18 October 2005 |
| 4 | President, Satsang Centre | 37/98 | Hindol Road/Odapada/ Dhenkanal | 0.28 | NA | NA | 12 years | RI reported on 03 November 1998 |
| 5 | Secretary Manidevi High School | 18/92 | Chainpur/Odapada/ Dhenkanal | 0.40 | NA | 1997 | 13 years | Encroachment case booked in 1997 |
| 6 | Secretary, Gundichapada High School | 14/92 | Gundichiapada/ Odapada/Dhenkanal | 3.00 | 1350000 | 1992 | 18 years | |
| 7 | Seretary, Beleswar Mahabidyalaya | 08/98 | Belabahali/Anandpur/ Keonjhar | 2.06 | 906400 | 1991 | 19 years | |
| 8 | Secretary, Biridiha Girls High School | 01/00 | Biridihai/Anandpur/ Keonjhar | 0.68 | NA | NA | 10 years | RI reported on 22 July 2000 |
| 9 | Secretary, Kushaleswar Mahavidyalaya | 20/04-05 | Rekutia/Anandpur/ Keonjhar | 10.00 | NA | 1980 | 30 years | |
| 10 | President, Anandpur Bar Association | 09/87 | Anandpur/Anandpur/ Keonjhar | 0.10 | NA | 1985 | 25 years | |
| 11 | President, Saraswati | 116/93 | Laikera/Laikera/ Jharsuguda | 0.29 | NA | 2004 | 6 years | |

⁸ Not available

| Sl. No. | Name of occupier | Lease case No. | Village/Tehsil/District | Area in acre | Value of land in Rupees | Year from which the land had been under unauthorised occupation | Period of unauthorised occupation | Remarks |
|---------|------------------------------------|----------------|-------------------------------|--------------|-------------------------|---|-----------------------------------|--|
| | Sishu Mandir | | | | | | | |
| 12 | Secretary, Ashok Das Bidyapitha | 116/93 | Kantore/Vyasnagar/ Jajpur | 1.17 | 41385 | 1993 | 17 years | |
| 13 | Haladigadia High School | 247/99 | Haladigadia/ Vyasnagar/Jajpur | 0.22 | NA | NA | 5 years | RI reported on 05 January 2005 |
| 14 | Secretary, Sadananda Highschool | 16/89 | Janha/Vyasnagar/Jajpur | 0.60 | 92571 | NA | 17 years | RI reported on 30 March 1993 |
| 15 | Headmaster Meher ME School | 114/91-92 | Umapada/Vyasnagar/ Jajpur | 0.25 | NA | NA | 18 years | Possession Certificate given on 01 February 1992 |
| 16 | Secretary, Srma Aurobindo Society | 05/96 | Mundamal/Vyasnagar/ Jajpur | 0.97 | 485000 | NA | 9 years | RI reported on 15 May 2008 |
| 17 | Secretary, Utkal Navajeevan Mandal | 64/92 | Angul Town/Angul | 3.05 | 5325148 | NA | More than 18 years | RI reported on 16 June 1992 |
| 18 | NALCO | 13/81 | Kulad Jungle/Banrpal/ Angul | 2.47 | 10374,000 | 1981-82 | 28 years | |
| 19 | -do- | 31/85 | Kulad/Banrpal/Angul | 24.75 | 103950000 | NA | 24 years | RI reported on 27 June 1986 |
| 20 | -do- | 33/81 | Kulad Jungle/Banrpal/ Angul | 21.05 | 88410000 | 1980 | 30 years | |
| 21 | -do- | 11/87 | Gopinathpur/Banrpal/ Angul | 7.03 | 3515000 | 1981 | 29 years | |
| 22 | -do- | 13/87 | Balaramprasad/ Banrpal/Angul | 4.95 | 5940000 | 1985 | 25 years | |
| 23 | -do- | 35/87 | Tulasipal/Banrpal/ Angul | 0.39 | 546000 | 1987-88 | 22 years | |
| 24 | -do- | 39/81 | Gotamar/Banrpal/ Angul | 67.94 | 203820000 | 80-81 | 30 years | |
| 25 | -do- | 12/87 | Kulad/Banrpal/Angul | 70.31 | 295302000 | 86-87 | 23 years | |
| 26 | -do- | 52/81 | Kandasara /Banrpal/ Angul | 57.36 | 367104000 | 1983 | 27 years | |
| 27 | SEWAK | 08/95 | Rangiamunda/ Sundargarh | 1.87 | 748000 | NA | More than 4 years | Note sheet dated 05 September 2006 |
| 28 | Secretary, | 09/00 | Bhasma/Sundargarh | 3.40 | 776900 | 1992 | 18 years | |

| Sl. No. | Name of occupier | Lease case No. | Village/Tehsil/District | Area in acre | Value of land in Rupees | Year from which the land had been under unauthorised occupation | Period of unauthorised occupation | Remarks |
|---------|--|----------------|---------------------------------------|---------------|-------------------------|---|-----------------------------------|----------------------------------|
| | Manurbhav Ashram | | | | | | | |
| 29 | President, Jharbahal Girls UP School | 02/02 | Arba Jharbahal/ Panposh/Sundargarh | 7.00 | 700000 | NA | 8 years | RI reported on 10 September 2002 |
| 30 | Secretary, Arbajharabahal UP School | 03/02 | Arbajharbahal/ Panposh/Sundargarh | 5.70 | 570000 | NA | 8 years | RI reported on 10 September 2002 |
| 31 | Secretary, Arbajharabahal Primary School | 04/02 | Arbajharbahal/ Panposh/Sundargarh | 9.00 | 900000 | NA | 8 years | RI reported on 10 September 2002 |
| | Total | | | 312.55 | 1099697654 | | | |

Appendix 2.24
(Refer paragraph 2.2.9.4 at page 51)

Statement showing details of unauthorised occupation noticed during Joint physical verification

| Sl. No. | Name of occupier | Lease case no. | Village/Tehsil/District | Area (acre) | Kisam (Area: acres) | Present status | Remarks |
|---------|--------------------------------|----------------|-----------------------------|--------------|--|-------------------------------|--|
| 1 | M/s Bhusan Steel & Strips Ltd. | 51/05 | Shivpur/Odapada/Dhenkanal | 5.56 | Gochar | Lease applied by IDCO pending | Constructed Railway line |
| 2 | -do- | 53/05 | Mangalpur/Odapada/Dhenkanal | 2.30 | Gochar 1.15 G Jungle 1.03 Danda 0.12 | -do- | -do- |
| 3 | -do- | 158/07 | Kurunti/Odapada/Dhenkanal | 3.45 | Gochar 3.43 G. Jungle 0.02 | -do- | Constructed building, pump house etc. |
| 4 | -do- | 12/03 | Shivpur/Odapada/Dhenkanal | 39.29 | Gochar 20.35 G Jungle 18.94 | -do- | Constructed plant over the land |
| 5 | M/s Jagannath Metalics | | Khaparakhai/Keonjhar | 2.88 | Sarad-II | | Utilising the land as dumping yard |
| 6 | M/s BRM HI-Tech steels Ltd. | | Salarpenthia/Keonjhar | 0.41 | Parbat-Ii 0.10 Taila-I 0.31 | | Constructed staff quarter |
| 7 | M/s Brand Alloys Private Ltd. | | Murusuan/Keonjhar | 2.45 | S. Sadharan 0.45 G. Jungle 2.00 | | Within the boundary wall of the company |
| 8 | Vedanta Almunium Ltd. | 18/07 | Bhurkhamunda/Jharsuguda | 1.19 | Gochar | Lease applied by IDCO pending | Constructed power plant |
| 9 | M/s SMC Power Generation Ltd | 13/03 | Hirma/Jharsuguda | 32.87 | Forest | -do- | Under construction |
| 10 | M/s Bhusan Steel & Strips Ltd. | 07/03 | Talabahal/Banrpal/ Angul | 1.67 | 0.35 Adi 1.32 Jalasaya | -do- | Constructed Power plant base and BEL Chimney |
| | Total | | | 92.07 | | | |

Appendix 2.25
(Refer paragraph 2.2.10.1 at page 52)

Statement showing details of non deduction of Income Tax at source

(In Rupees)

| Sl. No. | Name of LAO/Spl LAO | No. of Land Losers from whom TDS not deducted | Amount of TDS |
|----------------|--------------------------------------|--|--------------------------|
| 1 | LAO Dhenkanal | 13 | 781986 |
| 2 | Spl LAO RRCS Mahisapat, Dhenkanal | 68 | 3444114 |
| 3 | LAO Keonjhar | 15 | 752886 |
| 4 | LAO Jharsuguda | 2 | 214185 |
| 5 | Spl LAO Jharsuguda | 12 | 1220205 |
| 6 | LAO Jajpur | 5 | 205067 |
| 7 | LAO, Sundargarh | 47 | 2872200 |
| 8 | LAO, Angul | 99 | 2306779 |
| Total | | 261 | 11797422 |

Appendix 2.26
(Refer paragraph 2.2.10.2 at page 53)

Statement showing details of rehabilitation of displaced families

(In number)

| Name of the districts | Name of industry | Total displaced family | Family resettled in colony | Self relocated family | Family yet to be rehabilitated | Employment provided | Cash paid in lieu of employment | Gap (yet to be provided with job) |
|-----------------------|------------------|------------------------|----------------------------|-----------------------|--------------------------------|---------------------|---------------------------------|-----------------------------------|
| Dhenkanal | Bhusan | 41 | 40 | 01 | - | 40 | 01 | - |
| -do- | Rungta | 53 | - | 35 | 18 | - | - | 53 |
| Keonjhar | JSPI | 78 | 54 | 24 | - | 55 | 10 | 13 |
| Jajpur | MISL | 152 | 102 | - | 50 | 68 | 04 | 80 |
| -do- | NINL | 640 | 138 | 491 | 11 | 441 | 168 | 31 |
| -do- | JSL | 159 | 116 | 19 | 24 | 116 | 15 | 28 |
| -do- | TATA | 1195 | 235 | 34 | 926 | - | 111 | 1084 |
| Total | | 2318 | 685 | 604 | 1029 | 720 | 309 | 1289 |

Appendix 3.1
(Refer paragraph 3.5.1 at page 115)

Statement showing Inspection Reports/Paragraphs issued upto 31 March 2010 but not settled by 30 June 2010

| Sl. No. | Name of the Department | Reports awaiting settlement (up to June 2010) | | 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 | Agriculture | 894 | 2838 | 152 | 375 | 116 |
| 2 | Commerce and Transport | 169 | 257 | 42 | 70 | 62 |
| 3 | Co-operation | 91 | 237 | 17 | 23 | 32 |
| 4 | Energy | 25 | 65 | 15 | 37 | 3 |
| 5 | Excise | 66 | 92 | 27 | 46 | 44 |
| 6 | Fisheries and Animal Resources Development Department | 472 | 1358 | 110 | 200 | 98 |
| 7 | Finance | 170 | 282 | 101 | 180 | 33 |
| 8 | Food Supplies and Consumer Welfare | 7 | 16 | 2 | 2 | 2 |
| 9 | Forest and Environment | 488 | 1494 | 120 | 321 | 8 |
| 10 | General Administration | 36 | 73 | 7 | 11 | 13 |
| 11 | Health and Family Welfare | 1433 | 4492 | 478 | 1405 | 173 |
| 12 | Higher Education | 366 | 977 | 77 | 119 | 107 |
| 13 | Home | 186 | 485 | 22 | 34 | 46 |
| 14 | Housing and Urban Development | 78 | 193 | 21 | 36 | 8 |
| 15 | Industries | 249 | 790 | 43 | 89 | 49 |
| 16 | Information and Public Relations | 39 | 141 | 2 | 10 | 39 |
| 17 | Information Technology | 2 | 10 | 0 | 0 | 1 |
| 18 | Labour and Employment | 20 | 32 | 1 | 2 | 5 |
| 19 | Law | 97 | 253 | 15 | 23 | 35 |
| 20 | Orissa Legislative Assembly | 8 | 18 | 3 | 4 | 0 |
| 21 | Panchayati Raj | 1836 | 8249 | 535 | 2199 | 412 |
| 22 | Parliamentary Affairs | 2 | 5 | 0 | 0 | 0 |
| 23 | Planning and Co-ordination | 53 | 140 | 8 | 24 | 7 |
| 24 | Revenue and Disaster Management | 1118 | 2775 | 328 | 686 | 224 |
| 25 | Rural Development | 400 | 1281 | 93 | 170 | 41 |
| 26 | School and Mass Education | 1109 | 3084 | 355 | 801 | 206 |
| 27 | Science and Technology | 2 | 10 | 0 | 0 | 0 |
| 28 | S.T. & S.C. Development | 286 | 808 | 85 | 165 | 60 |
| 29 | Steel and Mines | 16 | 36 | 0 | 0 | 3 |
| 30 | Sports and Youth Services | 31 | 89 | 10 | 22 | 6 |
| 31 | Textile and Handloom | 50 | 163 | 14 | 21 | 10 |
| 32 | Tourism and Culture | 72 | 185 | 26 | 57 | 12 |
| 33 | Water Resources | 1181 | 3456 | 451 | 1014 | 53 |
| 34 | Women and Child Development | 810 | 3120 | 442 | 1390 | 119 |
| 35 | Works | 462 | 1177 | 181 | 308 | 17 |
| | TOTAL | 12324 | 38681 | 3783 | 9844 | 2044 |

Appendix-3.2
(Refer paragraph 3.5.1 at page 115)

Statement showing the year-wise break-up of outstanding IRs/Paragraphs issued up to March 2010 but not settled by June 2010

| Year | Inspection Reports | Paragraphs |
|--------------|---------------------------|-------------------|
| 1979 – 80 | 3 | 3 |
| 1980-81 | 20 | 53 |
| 1981-82 | 14 | 38 |
| 1982-83 | 22 | 37 |
| 1983-84 | 23 | 43 |
| 1984-85 | 27 | 63 |
| 1985-86 | 26 | 58 |
| 1986-87 | 71 | 142 |
| 1987-88 | 81 | 155 |
| 1988-89 | 86 | 167 |
| 1989-90 | 107 | 235 |
| 1990-91 | 143 | 277 |
| 1991-92 | 186 | 435 |
| 1992-93 | 227 | 520 |
| 1993-94 | 241 | 581 |
| 1994-95 | 290 | 682 |
| 1995-96 | 369 | 1107 |
| 1996-97 | 432 | 1217 |
| 1997-98 | 374 | 1032 |
| 1998-99 | 464 | 1344 |
| 1999-00 | 577 | 1655 |
| 2000-01 | 557 | 1557 |
| 2001-02 | 599 | 1730 |
| 2002-03 | 627 | 1876 |
| 2003-04 | 900 | 2725 |
| 2004-05 | 778 | 2325 |
| 2005-06 | 729 | 1977 |
| 2006-07 | 949 | 2860 |
| 2007-08 | 1159 | 4278 |
| 2008-09 | 1221 | 5037 |
| 2009-2010 | 1022 | 4472 |
| TOTAL | 12324 | 38681 |

Appendix-3.3
(Refer paragraph 3.5.1 at page 115)

Statement showing results of Triangular Committee Meetings held for settlement of IRs and Paragraphs during 2009-10

| Sl. No. | Name of the Department | Name of the venue | Letter number and date in which Departments were intimated about settlement of IRs and Paras | No. of DDOs | No. of Inspection Reports settled | No. of Paras settled |
|---------|-------------------------------|---|--|-------------|-----------------------------------|----------------------|
| 1 | Agriculture | Deputy Director of Agriculture, Sundargarh | OA-4-1087/16.12.2009 | 5 | 8 | 18 |
| 2 | Do | DDA, Dhenkanal | OA-4-1090/16.12.2009 | 5 | 1 | 13 |
| 3 | Do | DDA, Berhampur | OA-4-1220/1.2.2010 | 7 | 11 | 16 |
| 4 | Do | DDA, Balangir | OA-4-77/28.4.2010 | 6 | 9 | 43 |
| 5 | Do | Soil Conservation Officer, Bhawanipatna | OA-4-931/27.11.2009 | 6 | 10 | 54 |
| 6 | Do | SCO, Koraput | OA-4-611/7.9.2009 | 9 | 19 | 60 |
| 7 | Do | Deputy Director of Horticulture, Sakhigopal | OA-4-1289/25.2.2010 | 9 | 8 | 37 |
| 8 | Labour and Employment | Director of Employment, Orissa, Bhubaneswar | OA-6-1/7.4.2010 | 9 | 8 | 19 |
| 9 | Home (Police) | State Police Hdqrs. Orissa, Cuttack | OA-3-64/11.5.2009 | 7 | 5 | 22 |
| 10 | Do | Directorate Fire Services, Orissa, Cuttack | OA-3-272/13.8.2009 | 4 | 4 | 6 |
| 11 | Do | State Police Hdqrs. Orissa, Cuttack | OA-3-329/6.10.2009 | 13 | 15 | 60 |
| 12 | Do | Do | OA-3-428/16.10.2009 | 13 | 5 | 24 |
| 13 | Do | Do | OA-3-528/13.1.2010 | 18 | 19 | 64 |
| 14 | Do | Directorate Home Guards, Orissa, Cuttack | OA-3-532/7.1.2010 | 2 | 1 | 2 |
| 15 | Home (Jail) Department | Directorate, Prisons, Orissa, Bhubaneswar | OA-3-262/16.7.2009 | 15 | 7 | 31 |
| 16 | Textiles and Handloom | Director of Textiles, Orissa, Bhubaneswar | OA-2-369/3.8.2009 | 8 | 3 | 18 |
| 17 | Revenue & Disaster Management | Collector, Nuapada | OA-2-363/15.7.2009 | 3 | 1 | 8 |
| 18 | Do | Do, Kalahandi | OA-2-333/15.7.2009 | 6 | 2 | 10 |
| 19 | Do | Do, Ganjam | OA-2-425/19.8.2009 | 6 | 1 | 17 |
| 20 | Do | Do, Koraput | OA-2-544/4.9.2009 | 9 | 3 | 38 |
| 21 | Do | Do, Jajpur | OA-2-541/4.9.2009 | 6 | 1 | 4 |

| Sl. No. | Name of the Department | Name of the venue | Letter number and date in which Departments were intimated about settlement of IRs and Paras | No. of DDOs | No. of Inspection Reports settled | No. of Paras settled |
|---------|--|---|--|-------------|-----------------------------------|----------------------|
| 22 | Do | Do, Rayagada | OA-2-538/4.9.2009 | 2 | 0 | 2 |
| 23 | Do | Do, Malkangiri | OA-2-661/7.10.2009 | 5 | 0 | 6 |
| 24 | Do | Do, Boudh | OA-2-748/3.11.2009 | 2 | 1 | 6 |
| 25 | Do | Do, Balangir | OA-2-751/21.10.2009 | 7 | 3 | 13 |
| 26 | | Do, Nayagarah | OA-2-793/21.10.2009 | 2 | 0 | 5 |
| 27 | Do | Do, Jagatsinghpur | OA-2-790/21.10.2009 | 4 | 0 | 1 |
| 28 | Do | Do, Kandhamal | OA-2-847/3.11.2009 | 5 | 4 | 17 |
| 29 | Do | Do, Gajapati | OA-2-850/3.11.2009 | 3 | 1 | 2 |
| 30 | Do | Do, Nawarangpur | OA-2-926/26.11.2009 | 5 | 1 | 12 |
| 31 | Do | Do, Subarnapur | OA-2-960/3.12.2009 | 4 | 1 | 6 |
| 32 | Do | Do, Kendrapara | OA-2-966/4.1.2010 | 5 | 1 | 6 |
| 33 | Do | Do, Puri | OA-2-1097/13.1.2010 | 4 | 0 | 4 |
| 34 | Do | Do, Keonjhar | OA-2-547/10.9.2009 | 2 | 1 | 9 |
| 35 | Do | Do, Sambalpur | OA-2-491/2.9.2009 | 2 | 0 | 1 |
| 36 | Do | Do, Bhadrak | OA-2-767/27.10.2009 | 1 | 0 | 5 |
| 37 | Do | Do, Anugul | OA-2-829/29.9.2010 | 3 | 1 | 8 |
| 38 | Do | Do, Deogarh | OA-2-366/23.7.2009 | 1 | 0 | 3 |
| 39 | Do | Do, Keonjhar | OA-2-547/10.9.209 | 2 | 2 | 8 |
| 40 | Do | Do, Balasore | OA-2-1135/15.1.2010 | 2 | 1 | 1 |
| 41 | Do | Do, Baragarh | OA-2-438/15.1.2010 | 1 | 1 | 1 |
| 42 | Do | Do, Mayurbhanj | OA-2-1132/14.1.2010 | 4 | 3 | 8 |
| 43 | Fisheries and Animal Resources Development | Chief District Veterinary Officer, Kendrapara | OA-5-295/20.6.2009 | 1 | 0 | 6 |
| 44 | Do | Do, Cuttack | OA-5-298/2.6.2009 | 7 | 11 | 38 |
| 45 | Do | Do, Balangir | OA-5-697/15.10.2009 | 6 | 11 | 26 |
| 46 | Do | Do, Ganjam | OA-5-1022/7.12.2009 | 8 | 4 | 11 |
| 47 | Do | Do, Dhenkanal | OA-5-1338/18.2.2010 | 2 | 4 | 21 |
| 48 | School and Mass Education | Director, TE & SCERT, Bhubaneswar | OA-5-346/7.7.2009 | 23 | 3 | 59 |
| 49 | Do | Do | OA-5-756/23.10.2009 | 18 | 5 | 24 |
| 50 | Do | Do | OA-5-344/6.7.2009 | 5 | 6 | 31 |
| 51 | Do | Do | OA-5-880/11.11.2009 | 13 | 8 | 36 |
| | Total | | | 320 | 214 | 963 |

Appendix 3.4
(Refer paragraph 3.5.1 at page 115)

Statement showing serious irregularities noticed and reported in the Inspection Reports

| Sl. No. | Name of the objection | Number of paragraphs | Amount (Rupees in crore) |
|---|---|----------------------|-----------------------------|
| A. Non-compliance with rules and regulations | | | |
| 1. | Infructuous/Unfruitful/Avoidable expenditure/extra liability/excess expenditure | 446 | 1174.52 |
| 2. | Inadmissible/irregular payment | 104 | 21.83 |
| 3. | Advance payment/less recovery of advance | 97 | 28.88 |
| Sub total (A) | | 647 | 1225.23 |
| B. Audit against propriety/expenditure without justification | | | |
| 4. | Excess payment of firms/contractors | 72 | 7.30 |
| 5. | Loss, misappropriation and shortage of stores | 146 | 18.98 |
| 6. | Unauthorised expenditure | 37 | 71.40 |
| 7. | Undue financial aid to contractors/firms | 29 | 68.24 |
| Sub total (B) | | 284 | 165.92 |
| C. Persistent and pervasive irregularities | | | |
| 8. | Idle store/surplus/unserviceable store/blockage of Govt. money | 234 | 207.55 |
| 9. | Non submission of UCs | 241 | 924.14 |
| 10. | Amount kept in Civil Deposits | 52 | 123.85 |
| 11. | Retention of un-disbursed amount | 155 | 308.25 |
| 12. | Demurrage/penalty | 6 | 2.59 |
| 13. | Miscellaneous/doubtful expenditure/non submission of vouchers/overdrawals etc. | 699 | 274.89 |
| 14. | Stamped receipt/acknowledgement wanting | 118 | 101.12 |
| 15. | Loans/advances not recovered | 843 | 399.05 |
| 16. | Short/non realisation of Govt. dues | 199 | 271.67 |
| Sub total (C) | | 2547 | 2613.11 |
| D. Failure of oversight/governance | | | |
| 17. | Irregular purchase/Non-accountal of stock/Non-adjustment of cost of materials | 81 | 427.80 |
| 18. | Non recovery of dues from firms/contractors and others | 163 | 42.41 |
| 19. | Under utilisation of departmental machinery | 11 | 6.26 |
| Sub total (D) | | 255 | 476.47 |
| Grand total (A+B+C+D) | | 3733 | 4480.73 |

APPENDIX – 3.5
(Refer Paragraph No 3.5.2 at page 116)

**I. Statement showing departmental compliance notes not received on the Performance audits/reviews
and Transaction Audit paragraphs included in the Audit Report (Civil) Position as on 30 September 2010**

| Department | Audit Report (Civil) for the year ended (Paragraph number in the Audit Report) | | | | | | | | | | | | Total (In Numbe r) |
|---|--|---------|-----------|---------|---------|---------|---------------------------|---------|------------------|---------------------------------------|--|---|-----------------------------|
| | 1997-98 | 1998-99 | 1999-2000 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | |
| Agriculture | 3.1 (R) | | | | | | | | | 4.5.3 | | 2.2 (R) | 03 |
| Higher Education | | | | 3.16 | 3.8 | | | | | | | 3.1.2 | 03 |
| Health and Family Welfare | | | | | 3.3 | 3.2 (R) | 4.3.4, 4.5.4 3.3(R) | 3.1 (R) | | 4.3.7, 4.4.18, 4.4.19, 4.5.1 | 4.5.3, 4.5.4 | 3.1.1, 3.4.1 | 14 |
| School and Mass Education | | | | | | | | | | | 4.4.9 | 3.1.9, 3.2.7 3.3.5 | 04 |
| Fisheries and Animal Resources Development | | | 4.3 | | | | | | | | 4.5.5, 4.6.1 | 3.2.1 3.3.3 | 05 |
| Panchayati Raj. | | | | | | | | | | | | 2.1(R), 3.1.4 3.1.5, 3.1.6 3.3.4, 3.4.2 | 06 |
| Industry | | | | | | | 3.4 (R) | | | | | | 01 |
| Labour and Employment | | | | | | | | | | | | 4.1 (R) | 01 |
| Finance | | | | | | | | | | | | 2.5 (R) | 01 |
| Forest and Environment | | | | | | | | | 3.6 (R) 4.2.1 | | 3.3 (R), 3.4 (R) 3.5 (R), 4.2.5 | | 06 |
| Scheduled Tribe and Scheduled Caste Development | | | | | | | | | | 3.1(R) | | 2.4 (R) | 02 |
| Planning and Coordination | | | | | | | | | | K.B.K (R) | | | 01 |
| Revenue & Disaster Management | | | | | | | | | | 5.1 | 3.6 (R) | | 02 |
| Women and Child Development | | | | | | | | | | | 3.1(R) | 3.1.10 | 02 |

| Department | Audit Report (Civil) for the year ended (Paragraph number in the Audit Report) | | | | | | | | | | | | Total (In Number) |
|-------------------------------|--|-----------|-----------|-----------|-----------|----------------|-----------|-----------|-----------|-----------|---|--|-------------------------|
| | 1997-98 | 1998-99 | 1999-2000 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | |
| Water Resources Department | 4.1 (R) | 4.16 | | 4.2 (R) | | 3.4 (R) 5.2 | 4.3.1 | | | 3.3(R) | 3.2 (R), 4.1.1, 4.2.1, 4.2.2, 4.4.1, 4.4.2, 4.4.3 | 2.3 (R), 3.2.8, 3.2.9, 3.2.10, 3.3.1, 3.3.2, 3.4.3 | 21 |
| Works | | | | | 4.1 (R) | 3.6 (R) | | | | 4.4.17 | | 3.1.11, 3.1.12 3.4.4, 3.4.5 | 07 |
| Housing and Urban Development | | | | | | | | | | | | 3.1.3, 3.2.2 | 02 |
| Rural Development | | | | | | | | | | 4.4.5 | | 3.1.7, 3.1.8, 3.2.3, 3.2.4, 3.2.5, 3.2.6 | 07 |
| Total | 02 | 01 | 01 | 02 | 03 | 04 | 05 | 01 | 02 | 11 | 18 | 38 | 88 |

R : Reviews/Performance Audits

**II. Categorisation of the transaction audit paragraphs of the Audit Report
(Civil) on which compliance notes has not been submitted as on 30 September 2010**

| Category of transaction audit paragraphs | Audit Report (Civil) for the year ended (Paragraph number in the Audit Report) | | | | | | | | | | Total (In Number) |
|---|--|-----------|----------|----------|----------|-----------------|----------|---------------------------|---|---|-------------------------|
| | 1998-99 | 1999-2000 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | |
| Non-compliance with rules and regulations | 4.16 | | 3.16 | 3.3 | | | | 4.3.7, 4.5.1, 4.4.5 | 4.2.1, 4.6.1, | 3.1.1, 3.1.2, 3.1.3, 3.1.4, 3.1.5, 3.1.6, 3.1.7, 3.1.8, 3.1.9, 3.1.10, 3.1.11, 3.1.12 | 20 |
| Audit against propriety / expenditure without justification | | 4.3 | | | 5.2 | 4.3.1 | | 4.4.17, 4.5.3 | 4.2.2, 4.2.5, 4.4.1, 4.4.2, 4.4.9, 4.5.5, | 3.2.1, 3.2.2, 3.2.3, 3.2.4, 3.2.5, 3.2.6, 3.2.7, 3.2.8, 3.2.9, 3.2.10 | 21 |
| Persistent / pervasive irregularities | | | | | | | | | 4.1.1 | 3.3.1, 3.3.2, 3.3.3, 3.3.4, 3.3.5 | 6 |
| Failure of oversight / governance | | | | 3.8 | | 4.3.4, 4.5.4 | 4.2.1 | 4.4.18, 4.4.19 | 4.4.3, 4.5.3, 4.5.4 | 3.4.1, 3.4.2, 3.4.3, 3.4.4, 3.4.5 | 14 |
| Total | 1 | 1 | 1 | 2 | 1 | 3 | 1 | 7 | 12 | 32 | 61 |

APPENDIX - 3.6
(Refer paragraph 3.5.2.1 at page 117)

Statement showing position of PAC recommendations pending for discussion and non receipt of Action Taken Notes (ATNs) from Departments of Government as on 30 September 2010

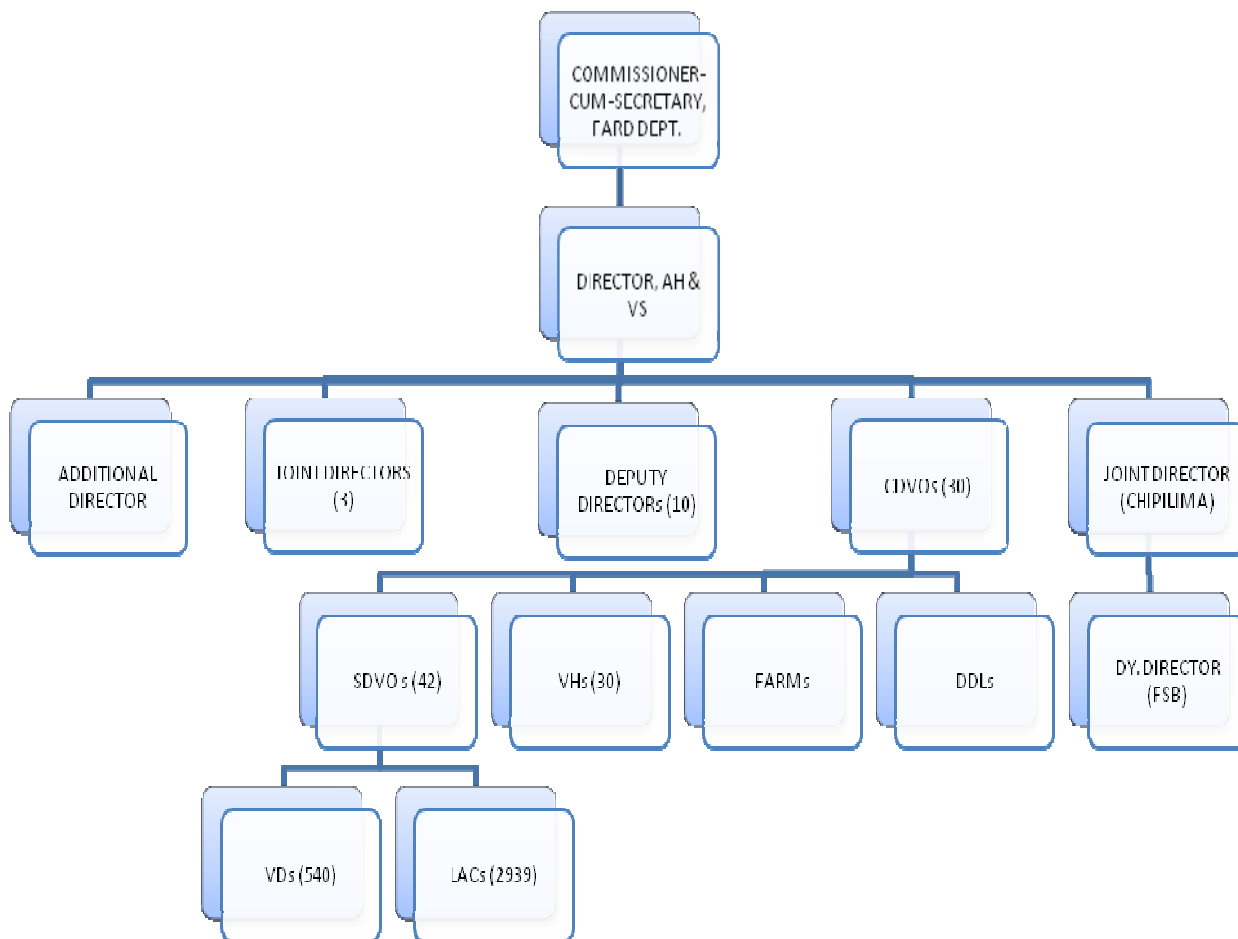
(Recommendations and ATNs: in number)

| Name of the Department | Name of the Assembly | | | | | | | | | |
|--|-------------------------------|-------------------|---------------------------------|-------------------|-------------------------------|-------------------|-------------------------------|-------------------|-----------------------|-------------------|
| | 10 th (1990-95) | | 11 th (1995-2000) | | 12 th (2000-04) | | 13 th (2004-09) | | Total | |
| | Total recommendations | ATNs not received | Total recommendations | ATNs not received | Total recommendations | ATNs not received | Total recommendations | ATNs not received | Total recommendations | ATNs not received |
| Agriculture | 25 | 01 | 15 | 01 | 15 | Nil | 05 | Nil | 60 | 02 |
| Cooperation | 07 | 01 | Nil | Nil | 21 | Nil | Nil | Nil | 28 | 01 |
| Commerce | 14 | Nil | 01 | 01 | Nil | Nil | Nil | Nil | 15 | 01 |
| Energy | 11 | Nil | 16 | 01 | 09 | Nil | Nil | Nil | 36 | 01 |
| Forest & Environment | 27 | 04 | 05 | Nil | 02 | Nil | 03 | Nil | 37 | 04 |
| Food, Civil Supplies & Consumer Welfare | Nil | Nil | Nil | Nil | 23 | Nil | 17 | Nil | 40 | Nil |
| Fisheries & Animal Resources Development | 15 | 01 | 16 | Nil | 03 | Nil | 06 | Nil | 40 | 01 |
| Finance | Nil | Nil | 04 | | Nil | Nil | Nil | Nil | 04 | Nil |
| General Administration | 13 | 06 | 05 | Nil | Nil | Nil | 07 | 01 | 25 | 07 |
| Health & Family Welfare | 23 | 05 | 35 | 19 | 11 | Nil | 17 | 06 | 86 | 30 |
| Higher Education | 17 | Nil | 05 | Nil | 11 | Nil | Nil | Nil | 33 | Nil |
| Home | 07 | Nil | 16 | Nil | 11 | Nil | Nil | Nil | 34 | Nil |
| Housing and Urban Development | 29 | 01 | 29 | Nil | 05 | Nil | 18 | Nil | 81 | 01 |
| Industries | 62 | Nil | 01 | Nil | 12 | Nil | Nil | Nil | 75 | Nil |
| Information and Public Relations | 02 | Nil | 07 | 07 | Nil | Nil | Nil | Nil | 09 | 07 |
| Law | 05 | Nil | 05 | Nil | Nil | Nil | 18 | 07 | 28 | 07 |
| Labour & Employment | Nil | Nil | 00 | Nil | 15 | Nil | 01 | Nil | 16 | Nil |
| Panchayati Raj | 04 | Nil | 01 | Nil | 02 | Nil | 02 | Nil | 09 | Nil |
| Planning & Coordination | 09 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 09 | Nil |
| Public Enterprises | Nil | Nil | Nil | Nil | 03 | Nil | Nil | Nil | 03 | Nil |
| Revenue and Disaster Management | 10 | Nil | 05 | 01 | Nil | Nil | 05 | 05 | 20 | 06 |
| Rural Development | 58 | 17 | 20 | 07 | Nil | Nil | 11 | 02 | 89 | 26 |
| Steel and Mines | Nil | Nil | 01 | Nil | 07 | Nil | 06 | 01 | 14 | 01 |
| School and Mass Education | 25 | Nil | 04 | Nil | 16 | Nil | Nil | Nil | 45 | Nil |
| Science and Technology | Nil | Nil | 07 | Nil | Nil | Nil | Nil | Nil | 07 | Nil |
| SC & ST Development | Nil | Nil | 08 | Nil | Nil | Nil | Nil | Nil | 08 | Nil |
| Textile and Handloom | Nil | Nil | Nil | Nil | 15 | Nil | Nil | Nil | 15 | Nil |
| Tourism and Culture | Nil | Nil | 05 | Nil | Nil | Nil | Nil | Nil | 05 | Nil |
| Transport | 15 | Nil | Nil | Nil | 02 | Nil | Nil | Nil | 17 | Nil |
| Water Resources | 208 | 96 | 10 | 01 | 65 | 09 | 10 | 02 | 293 | 108 |
| Women Child Development | 33 | Nil | 01 | Nil | Nil | Nil | Nil | Nil | 34 | Nil |
| Works | 72 | Nil | 26 | 02 | 13 | Nil | 27 | Nil | 138 | 02 |
| Total | 691 | 132 | 248 | 40 | 261 | 09 | 153 | 24 | 1353 | 205 |

Appendix –4.1

(Refer paragraph 4.1.2 at page 120)

Organisational chart of Animal Resources Development Wing of Fisheries and Animal Resources Development Department



Appendix 4.2
(Refer paragraph 4.1.8.1 at page 127)

Statement showing retention of fund in shape of advance, paid vouchers and bank drafts by the DDOs of ARD Wing as on 31 March 2010

| Sl No | Name of the DDO | Amount in Rupees as on 31 March 2010 kept in shape of | | |
|-------|---|---|---------------|-------------|
| | | Advance | Paid Vouchers | Bank drafts |
| 1 | C.D.V.O, Mayurbhanja | 818222 | 1097727 | 0 |
| 2 | C.D.V.O, Angul | 93713 | 0 | 0 |
| 3 | C.D.V.O, Kendrapara | 227546 | 6349 | 4296 |
| 4 | C.D.V.O, Gajapati | 202520 | 63110 | 5129 |
| 5 | S.D.V.O, Puri | 0 | 6886 | 0 |
| 6 | S.D.V.O, Balangir | 0 | 0 | 0 |
| 7 | S.D.V.O, Champua | 100000 | 0 | 0 |
| 8 | S.D.V.O, Udala | 0 | 0 | 0 |
| 9 | S.D.V.O, Kuchinda | 0 | 0 | 0 |
| 10 | Dist. Poultry Farm, Balangir | 0 | 0 | 0 |
| 11 | Poultry Breeding & Research Farm, Angul | 0 | 218062 | 0 |
| 12 | C.D.V.O, Nabarangpur | 114786 | 28633 | 0 |
| 13 | C.D.V.O, Khurda | 888565 | 56333 | 0 |
| 14 | C.D.V.O, Bargarh | 436108 | 0 | 0 |
| 15 | S.D.V.O, Bonei | 0 | 0 | 0 |
| 16 | S.D.V.O, Dharamagarh | 0 | 0 | 0 |
| 17 | S.D.V.O, Jeypore | 14000 | 0 | 0 |
| 18 | S.D.V.O, Kamakhyanagar | 0 | 0 | 0 |
| 19 | S.D.V.O, Sundargarh | 137325 | 4898 | 0 |
| 20 | C.D.V.O, Jajpur | 6040 | 162393 | 0 |
| 21 | S.D.V.O, Koraput | 80741 | 4513 | 731 |
| 22 | C.D.V.O, Ganjam | 0 | 0 | 16779 |
| 23 | C.D.V.O, Rayagada | 323530 | 87513 | 0 |
| 24 | C.D.V.O, Subarnapur | 8000 | 0 | 0 |
| 25 | S.D.V.O, Dhenkanal | 0 | 0 | 0 |
| 26 | S.D.V.O, Gunupur | 0 | 15694 | 0 |
| 27 | DD, AH & VS, (FSB) , Berhampur | 0 | 0 | 0 |
| 28 | Deputy Director, FSB, Cuttack | 27334153 | 0 | 419000 |

| SI No | Name of the DDO | Amount in Rupees as on 31 March 2010 kept in shape of | | |
|-------|--|---|----------------|----------------|
| | | Advance | Paid Vouchers | Bank drafts |
| 29 | Superintendent, Livestock Breeding & Dairy Farm, Bhanjanagar | 0 | 0 | 0 |
| 30 | ADRI, Phulnakhara | 511897 | 510285 | 0 |
| 31 | OBPI, Bhubaneswar | 0 | 0 | 4623 |
| 32 | Principal, VOTI, Bhubaneswar | 93400 | 73660 | 0 |
| 33 | Farm in-charge, Special Poultry Unit, Chipilima | 0 | 0 | 0 |
| 34 | Farm in-charge, LBD Farm, Balasore | 0 | 0 | 0 |
| 35 | Farm in-charge, DBF, Cuttack | 32697 | 0 | 0 |
| 36 | Farm in-charge, LBD Farm Cuttack | 0 | 0 | 0 |
| 37 | S.D.V.O, Baripada | 144335 | 17265 | 0 |
| 38 | S.D.V.O. Keonjhar | 0 | 0 | 0 |
| 39 | Farm in-charge, R.P.F Sundargarh | 0 | 0 | 0 |
| 40 | Director, AH & VS, Orissa, Cuttack | 2991531 | 0 | 3405725 |
| | TOTAL | 34559109 | 2353321 | 3856283 |

Appendix 4.3
(Refer paragraph 4.1.8.1 at page 129)

Statement of Government employees deputed to Milk Unions and Autonomous Bodies but their pay and allowances being drawn by the Department

| Name of the person deputed | Organisation to which deputed | Period of deputation up to March 2010 | Pay and allowances drawn by the parent establishment (Rupees in lakh) |
|---|---------------------------------------|--|--|
| BC Padhi, SAFDO of Office of CDVO, Gajapati | Ganjam-Gajapati Milk Union, Berhampur | 21 May 2008 to 31 March 2010 | 4.64 |
| M Patel, DEO Office of CDVO, Baripada | Udala Milk Union, Udala | Jan 1998 to 31 March 10 | 12.78 |
| KC Rana, DEO | Balasore Milk Union, Balasore | Jan 2010 to 31 March 2010 | 0.48 |
| Dr CR Mallik, ADVO | OLRDS | June 2009 to 31 March 2010 | 2.68 |
| AK Badapanda, AFDO Office of CDVO, Baragarh | Milk Union, Sambalpur | 12 November 2007 to 31 March 2010 | 7.32 |
| Total | | | 27.90 |

Appendix 4.4
(Refer paragraph 4.1.12 at Page 132)

**Receipt of funds during 2007-10 under Centrally Sponsored Plan (CSP)
and Central Plan (CP) Scheme under ARD Sector.**

(Rupees in Crore)

| Sl. No. | Name of the scheme. | Central Plan (CP)/Centrally Sponsored Plan (CSP) | Total fund provided during 2007-10 | Central share |
|--------------|--|--|------------------------------------|---------------|
| 1 | Assistance to State for control of Animal Diseases | CSP | 22.23 | 17.05 |
| 2. | Strengthening of Poultry and Duck Breeding Farms in the State | CSP | 3.89 | 3.02 |
| 3. | Sample survey on estimation of Production of milk, egg, wool & meat | CSP | 1.78 | 1.00 |
| 4. | Grants to Orissa Veterinary Council | CSP | 0.52 | 0.26 |
| 5. | Fodder seed distribution in the state | CSP | 0.16 | 0.12 |
| 6. | National Project for Rinder Pest Eradication scheme | CP | 0.27 | 0.27 |
| 7. | Livestock Census | CP | 8.34 | 8.34 |
| 8. | Strengthening of Infrastructure for quality & clean milk production | CP | 0.67 | 0.67 |
| 9. | Integrated Dairy Development Project in Hilly & Backward Non-Operation Flood Districts | CP | 1.00 | 1.00 |
| 10. | Development of Grass land and Grass reserve | CP | 2.72 | 2.72 |
| 11. | National Project on Cattle and Buffalo Breeding | CP | 16.99 | 16.99 |
| TOTAL | | | 58.57 | 51.44 |

Appendix 4.5
(Refer Paragraph 4.1.13.4 at page 136)

Statement showing uneconomical running of Fodder Seed Farm, Panchamahala

| (I n R u p e e s) | | | | | |
|---------------------|------------------------------------|------------------------------|-----------------------|---------------|--|
| Year | Expenditure on salary of the staff | Other contingent expenditure | Total expenditure (₹) | Total revenue | Operational results; profit (+)/ loss(-) |
| 2005-06 | NA | 131694 | NA | 186972 | NA |
| 2006-07 | 473478 | 158000 | 631478 | 138385 | (-)493093 |
| 2007-08 | 687672 | 245301 | 932973 | 126527 | (-)806446 |
| 2008-09 | 918040 | 154289 | 1072329 | 117665 | (-)954664 |
| 2009-10 | 965608 | 209756 | 1175364 | 152674 | (-)1022690 |
| TOTAL | 3044798 | 899040 | 3812144 | 722223 | (-)3276893 |

Appendix 4.6
(Refer Paragraph: 4.1.13.5 at page 136)

Statement showing uneconomical running of LBD/ECB Farms (2005-06 to 2009-10)

(In rupees)

| Sl No | Name of the LBD/ECB farm | 2005-06 | | | 2006-07 | | | 2007-08 | | | 2008-09 | | | 2009-10 | | |
|-------|--------------------------|----------------|-----------------|-----------------|----------------|-----------------|-----------------|----------------|-----------------|-----------------|----------------|-----------------|-----------------|----------------|-----------------|-----------------|
| | | Receipt | Exp. | loss | Receipt | Exp. | loss | Receipt | Exp. | loss | Receipt | Exp. | loss | Receipt | Exp. | loss |
| 1 | ECB Farm, Chipilima | 1322179 | 3778990 | 2456811 | 1215052 | 5159361 | 3944309 | 966337 | 3824695 | 2858358 | 847968 | 3739457 | 2891489 | 1042440 | 4300000 | 3257560 |
| 2 | LBD Farm, Khapuria | 1013728 | 2772550 | 1758822 | 884761 | 2624456 | 1739695 | 861836 | 2923878 | 2062042 | 924804 | 3734231 | 2809427 | 986070 | 3756258 | 2770188 |
| 3 | LBD Farm, Kuanrunda | 727974 | 2699788 | 1971814 | 637017 | 2781061 | 2144044 | 697963 | 3194718 | 2496755 | 594512 | 3393320 | 2798808 | 1028020 | 4205529 | 3177509 |
| 4 | LBD Farm, Keonjhar | 899876 | 1918751 | 1018875 | 819728 | 2013543 | 1193815 | 753616 | 2002448 | 1248832 | 627653 | 1975607 | 1347954 | 666580 | 1969791 | 1303211 |
| 5 | LBD Farm, Bhanjanagar | 568465 | 1480458 | 911993 | 484413 | 1494640 | 1010227 | 564253 | 1586647 | 1022394 | 354354 | 2362271 | 2007917 | 464980 | 2115681 | 1650701 |
| 6 | LBD Farm, Remuna | 321359 | 1377809 | 1056450 | 600551 | 1362683 | 762132 | 512516 | 1370436 | 857920 | 475082 | 1645693 | 1170611 | 748980 | 1784567 | 1035587 |
| 7 | LBD Farm, Sundargarh | 408775 | 1465959 | 1057184 | 452723 | 1602564 | 1149841 | 609460 | 1677240 | 1067780 | 546620 | 2080260 | 1533640 | 641860 | 2106941 | 1465081 |
| 8 | LBD Farm, Boudh | 380883 | 918125 | 537242 | 340047 | 806446 | 466399 | 348069 | 851372 | 503303 | 281735 | 1031810 | 750075 | 450980 | 1003820 | 552840 |
| | Total | 5643239 | 16412430 | 10769191 | 5434292 | 17844754 | 12410462 | 5314050 | 17431434 | 12117384 | 4652728 | 19962649 | 15309921 | 6029910 | 21242587 | 15212677 |

Total loss: ₹ 6.58 crore

(2005-06: ₹ 1.08 crore, 2006-07: ₹ 1.24 crore, 2007-08: ₹ 1.21 crore, 2008-09: ₹ 1.53 crore and 2009-10: ₹ 1.52 crore)

Glossary of Abbreviations

A

| | |
|-------|--|
| AAPs | Annual Action Plans |
| ACA | Additional Central Assistance |
| ACF | Assistant Conservator of Forest. |
| ADB | Asian Development Bank |
| ADRI | Animal Disease Research Institute |
| AH | Animal Husbandry |
| APO | Annual Plan of Operation |
| APR | Armed Police Reserve |
| ARD | Animal Resources Development |
| ASCAD | Assistance to State for Control of Animal Diseases |
| ATNs | Action Taken Notes |
| AWCs | Anganawadi Centers |

B

| | |
|------|------------------------------|
| BDI | Backward District Initiative |
| BDO | Block Development Officer |
| BDOs | Block Development Officers. |
| BPL | Below Poverty Line. |
| BRGF | Backward Region Grant Funds |

C

| | |
|--------|--|
| C&AG | Comptroller and Auditor General of India |
| CAMPA | Compensatory Afforestation Management Plan Account |
| CB | Capacity Building |
| CC | Cement Concrete |
| CCA | Cultivable Command Area |
| CCO | Chief Controlling Officer |
| CDVO | Chief District Veterinary Officer |
| CE | Chief Engineer |
| CE&BM | Chief Engineer & Basin Manager |
| CEC | Central Empowered Committee |
| CI | Cast Iron |
| CMU | Central Monitoring Unit |
| CNW | Core Net Work |
| CPHEEO | Central Public Health Environmental Engineering Organisation |
| CR | Cross Regulator |
| CSP | Centrally Sponsored Plan |
| CWLW | Chief Wild Life Warden |

D

| | |
|--------|--|
| DAH&VS | Director, Animal Husbandry & Veterinary Services |
| DCR | Deposit at Call Receipt |
| DDL | District Diagnostic Laboratories |
| DDO | Drawing and Disbursing Officer |

| | |
|-------|---|
| DEO | Data Entry Operator |
| DMCs | Departmental Monitoring Committees |
| DPAP | Drought Prone Area Programme |
| DPC | District Planning Committee |
| DPCL | Dhamara Port Company Limited |
| DPIUs | District Programme Implementation Units |
| DPMUs | District Planning and Monitoring Units |
| DPOs | District Planning Officers |
| DPRs | Detailed Project Reports |
| DRDAs | District Rural Development Agencies |
| DRRP | District Rural Road Plan |
| DSR | District Sub Registrar |
| DSWO | District Social Welfare Officers |
| DTCN | Detailed Tender Call Notice |
| DUDAs | District Urban Development Agencies |

E

| | |
|-----|--------------------------------|
| EAs | Executing Agencies |
| ECB | Exotic Cattle Breeding |
| EE | Executive Engineer. |
| EO | Executive Officer |
| EPM | Export Promotion and Marketing |
| ESR | Elevated Service Reservoir |

F

| | |
|------|---|
| FARD | Fisheries & Animal Resources Development Department |
| FSB | Frozen Semen Bank |

G

| | |
|-----|----------------------|
| GC | Governing Council |
| GIA | Grants-in-Aid |
| GoI | Government of India. |
| GP | Gram Panchayat |

H

| | |
|------|-------------------------------|
| H&UD | Housing and Urban Development |
| HPC | High Power Committee |
| HR | Head Regulator |
| HSD | High Speed Diesel |

I

| | |
|------|--|
| ICZM | Integrated Coastal Zone Management |
| IDCO | Orissa Industrial Infrastructure Development Corporation |
| IRs | Inspection Reports |
| ITDA | Integrated Tribal Development Agency |

J

JE Junior Engineer

L

LA Land Acquisition
 LAC Livestock Aid Centre
 LAO Land Acquisition Officer
 LBD Livestock Breeding and Dairy
 LBs Local Bodies
 LDs Liquidated Damages

M

MBs Measurement Books
 MCs Municipal Councils
 MDM Mid Day Meal
 MI Market Intelligence
 MoEF Ministry of Environment & Forest
 MoRD Ministry of Rural Development

N

NABARD National Bank for Agriculture and Rural Development
 NAC Notified Area Council
 NCDC National Co-operative Development Corporation
 NMRs Nominal Muster Rolls
 NPCC National Projects Construction Corporation
 NPV Net Present Value
 NREGS National Rural Employment Guarantee Scheme
 NRHM National Rural Health Mission
 NRRDA National Rural Roads Agency

O

OBM Orissa Budget Manual
 OCC Orissa Construction Corporation
 OCCC Orissa Coir Co-operative Corporation Ltd.
 OGLS Orissa Government Land Settlement
 OLA Orissa Legislative Assembly
 OLRDS Orissa Live Stock Resources Development Society
 OMFRA Orissa Marine Fishing Regulation Act
 OMMS Online Management and Monitoring System
 OPDC Orissa Pisciculture Development Corporation
 OPDR Orissa Public Demand Recovery
 OPLE Orissa Prevention of Land Encroachment
 OPWD Orissa Public Works Department
 OSAP Orissa State Armed Police
 OSRRA Orissa State Rural Roads Agency

P

| | |
|----------|--|
| P&C | Planning and Coordination |
| PA | Project Administrator |
| PAC | Public Accounts Committee |
| PCCF(WL) | Principal Chief Conservator of Forests (Wild Life) |
| PD | Project Director. |
| PEO | Panchayat Executive Officer |
| PH | Public Health |
| PHDMA | Poverty and Humane Development Monitoring Agency |
| PL | Personal Ledger |
| PMGSY | Pradhan Mantri Gram Sadak Yojana |
| PRC | Panchayat Resource Centre. |
| PRD | Panchayati Raj Department |
| PRIs | Panchayati Raj Institutions |
| PS | Panchayat Samitis |
| PWD | Public Works Department |

R

| | |
|-------|---|
| RCC | Reinforced Cement Concrete |
| RCP | Rubberised Coir Plant |
| RDC | Revenue Divisional Commissioner |
| RDD | Rural Development Department |
| RDM | Revenue and Disaster Management |
| RIDF | Rural Infrastructure Development Fund |
| RKVY | Rastriya Krishi Vikash Yojana |
| RO | Requisitioning Officer |
| ROs | Range Officers |
| RPDAC | Regional Periphery Development Advisory Committee |
| RSD | Registered Sale Deed |
| RSVY | Rastriya Sam Vikas Yojana |
| RW | Rural Works |

S

| | |
|-------|--------------------------------------|
| SAMS | Student Academic Management System |
| SBD | Standard Biding Document |
| SC/ST | Scheduled Caste/Scheduled Tribe |
| SDVO | Sub Divisional Veterinary Officer |
| SE | Superintending Engineer |
| SGSY | Swarnajayanti Gram Swarozgar Yojana |
| SHGs | Self Help Groups |
| SIRD | State Institute of Rural Development |
| SLSC | State level Standing Committee |
| SNP | Special Nutritional Programme |

| | |
|--------|--|
| SoR | Schedule of Rates |
| SPCA | Society for Prevention of Cruelty to Animals |
| SPHL | State Public Health Laboratory |
| SQM | State Quality Monitor |
| SRSWOR | Stratified Random Sampling Without Replacement |
| SUDA | State Urban Development Agency |
| SWDM | State Watershed Development Mission |

T

| | |
|------|-----------------------------------|
| TC | Tender Committee |
| TEPW | Training and Employment for Women |
| TSIs | Technical Support Institution |

U

| | |
|------|--------------------------|
| UCs | Utilisation Certificates |
| UGR | Under Ground Reservoir |
| UGS | Utkal Gomangal Samitee |
| ULBs | Urban Local Bodies. |

V

| | |
|------|--|
| VAS | Veterinary Assistant Surgeon |
| VD | Veterinary Dispensary |
| VLLs | Village Labour Leaders |
| VMCs | Vigilance and Monitoring Committee |
| VOTI | Veterinary Officers Training Institute |

W

| | |
|-------|--|
| W&CD | Women and Child Development |
| WALMI | Water and Land Management Institute |
| WVMCs | Ward level Vigilance Monitoring Committees |
| WLPA | Wild Life Protection Act |
| WTP | Water Treatment Plant |
| WD | Works Department |
| WESCO | Western Electricity Supply Company |