



Report of the Comptroller and Auditor General of India

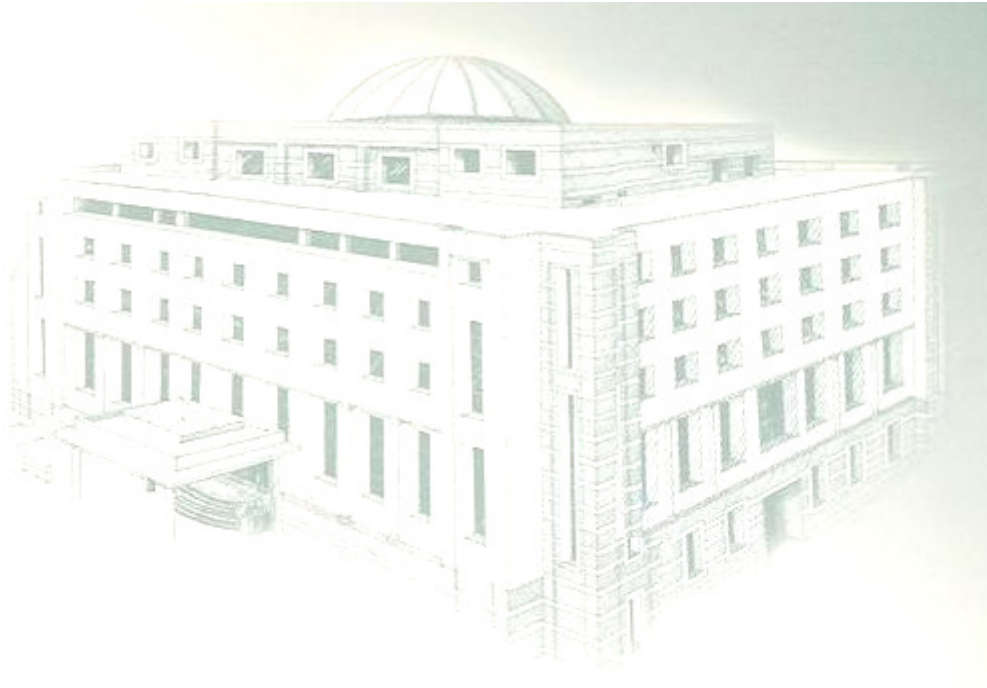
CIVIL
for the year ended 31 March 2011

(No. 2)



GOVERNMENT OF ODISHA

© COMPTROLLER AND
AUDITOR GENERAL OF INDIA
2011-12



**Report of the Comptroller and
Auditor General of India**

CIVIL

for the year ended 31 March 2011

(No. 2)

GOVERNMENT OF ODISHA

TABLE OF CONTENTS

<i>Description</i>	<i>Reference to</i>	
	<i>Para</i>	<i>Page</i>
<i>Preface</i>		<i>(vii)</i>
Chapter 1 : Introduction		
Introduction		1-13
Chapter 2 : Performance Audits		
<i>REVENUE AND DISASTER MANAGEMENT DEPARTMENT</i>		
Acquisition and allotment of land	2.1	15-46
<i>HOME DEPARTMENT</i>		
Scheme for Modernisation of Police Force in the State	2.2	47-81
<i>HOUSING AND URBAN DEVELOPMENT DEPARTMENT</i>		
Performance Audit of Jawaharlal Nehru National Urban Renewal Mission	2.3	82-113
<i>WORKS DEPARTMENT</i>		
Construction of major Roads and Bridges	2.4	114-132
Chapter 3 : Compliance Audit		
<i>REVENUE AND DISASTER MANAGEMENT DEPARTMENT</i>		
Irregular and non-transparent management of land acquisition compensation funds, establishment, incidental charges and fees	3.1	133-137
<i>RURAL DEVELOPMENT DEPARTMENT</i>		
Irregular purchase of materials	3.2	138-139
<i>PANCHAYATI RAJ DEPARTMENT</i>		
Loss due to curtailment of Central assistance	3.3	139-141
<i>WORKS DEPARTMENT</i>		
Parking of Security Deposit outside Government Account	3.4	141-143
Fictitious booking of ₹ 15.87 crore to works	3.5	143-144

<i>Description</i>	<i>Reference to</i>	
	<i>Para</i>	<i>Page</i>
<i>WATER RESOURCES DEPARTMENT</i>		
Undue favour to Odisha Construction Corporation at the expense of State exchequer	3.6	144-145
Blockage of funds	3.7	146-147
<i>HOUSING AND URBAN DEVELOPMENT DEPARTMENT</i>		
Blockage of funds on Water Supply systems	3.8	147-149
<i>FOREST AND ENVIRONMENT DEPARTMENT</i>		
Non-realisation of ₹ 7.29 crore towards Wildlife Management Plan Fund	3.9	149-150
Non-realisation of Net Present Value	3.10	150
<i>SCHEDULED TRIBE AND SCHEDULED CASTE DEVELOPMENT DEPARTMENT</i>		
Non-adjustment of advances amounting to ₹ 6.56 crore by Integrated Tribal Development Agencies indicating lax cash management	3.11	150-152
Construction of hostels for Scheduled Tribe girl students without basic amenities and occupation of such incomplete buildings by those students	3.12	152-155
<i>TOURISM AND CULTURE DEPARTMENT</i>		
Blockage of scheme funds with executing agency	3.13	155-158
General		
<i>FINANCE DEPARTMENT</i>		
Lack of response to Audit	3.14.1	158-161
Follow up action on earlier Audit Reports	3.14.2	161-165

Appendices

<i>Appendix Number</i>	<i>Description</i>	<i>Reference to</i>	
		<i>Para Number</i>	<i>Page</i>
2.1.1	Statement showing land allotted to 53 promoters of MOU based industries as of March 2011	2.1.1	167-170
2.1.2	Statement showing power given to different authorities to sanction settlement of government land	2.1.1.2	171
2.1.3	Statement showing different quantity of land assessed by IPICOL for same capacity of industry	2.1.2.3	172
2.1.4	Statement showing purposes defined at Section 3(f) of LA Act 1894 for which acquisition of land can be made for 'Public Purpose'	2.1.3.1	173
2.1.5	Statement showing promoter wise LA cases test checked in Audit where in prescribed criteria for 'public purpose' was not complied and no part of the cost of compensation was paid out of public revenue	2.1.3.1	174
2.1.6	Statement showing details of LAO wise / project wise delay in finalisation of LA cases	2.1.3.3	175
2.1.7	Statement showing details of under assessment of additional compensation	2.1.4.2	176-177
2.1.8	Statement showing details of short assessment of market value of land leased to Anil Agrawal Foundation for establishment of Vedanta University	2.1.5.2	178-179
2.1.9	Statement showing loss of revenue due to non raising of demand of incidental charges under schedule III of Rule 12 of OGLS Rules 1983	2.1.5.3	180
2.1.10	Statement showing details of non/short realisation of revenue	2.1.5.3	181
2.1.11	Statement showing details of non finalisation of lease cases despite handing over of advance possession	2.1.5.4	182
2.1.12	Statement showing details of non utilisation of leased land	2.1.6.2	183-184
2.1.13	Statement showing details of unauthorised occupation of Government land in test checked Tahasils	2.1.6.4	185-186

<i>Appendix Number</i>	<i>Description</i>	<i>Reference to</i>	
		<i>Para Number</i>	<i>Page</i>
2.2.1	Statement showing increasing trend of extremist attacks in the State during 2004-2010	2.2.1	187
2.2.2	Statement showing roles and responsibilities of different officers for implementation of the scheme 'Modernisation of Police Forces'	2.2.1.2	188-189
2.2.3	(a) Statement showing year wise allocation of funds, expenditure and unspent balance (b) Statement showing the component wise allocation and expenditure during 2004-05 to 2010-11	2.2.2.1	190
2.2.4	Statement showing requirement vis-à-vis availability of weapons in the State and in district armouries	2.2.4.1	191
2.2.5	Statement showing requirement vis-à-vis availability of weapons in the eight test checked districts	2.2.4.1	192
2.2.6	Statement showing requirement, purchase and shortage of vehicles from year to year during 2004-11	2.2.6.1	193
2.2.7	Statement showing year wise details of projects undertaken by the Odisha State Police Housing and Welfare Corporation during 2004-11 under MPF scheme	2.2.7.3	194
2.2.8	Statement showing result of joint physical verification of assets with Audit created under MPF	2.2.7.3	195-197
2.2.9	Statement showing division wise number of works executed under MPF without quality testing of construction materials and CC/RCC works	2.2.7.6	198
2.2.10	Statement showing status of crime cases and extremist attacks in the State	2.2.9.1	199
2.3.1	Statement showing milestones set and achieved for implementation of State level reforms (both mandatory and optional) as on 31 March 2011	2.3.3.1	200-201
2.3.2	Statement showing status of 'Devolution of functions listed in 12 th Schedule of the Constitution' as on 31 March 2011	2.3.3.2	202-204
2.3.3	Statement showing milestones set and achieved for implementation of ULB level reforms (both mandatory and optional) by three Municipal Corporations and one ULB covered under JNNURM as on 31 March 2011	2.3.3.4	205-206
2.3.4	Statement showing delay in release of ACA to ULBs by State Government	2.3.5	207

<i>Appendix Number</i>	<i>Description</i>	<i>Reference to</i>	
		<i>Para Number</i>	<i>Page</i>
2.3.5	Statement showing short release of ULB share under JNNURM	2.3.5	208
2.3.6	Statement showing physical achievement under BSUP as on March 2011	2.3.7.1	209
2.3.7	Statement showing the details of beneficiaries having less permissible area under BSUP	2.3.7.3	210
2.4.1	Statement showing commencement of works on projects without ensuring availability of land rendered projects incomplete	2.4.7	211
2.4.2	Statement showing lack of synchronisation in selection/prioritisation of projects	2.4.8	212-213
2.4.3	Statement showing undue benefit and excess expenditure	2.4.10	214-216
2.4.4	Statement showing non-adoption of agreement format prescribed by the State Government	2.4.11.1	217-219
2.4.5	Statement showing defective contract conditions led to undue benefit to the contractors	2.4.12	220-221
3.1	Statement showing details of short remittance of establishment charges by the Land Acquisition Officers	3.1.2	222
3.2	Statement showing the unutilised PVC pipes	3.2	223
3.3	Statement showing the details of curtailment of IAY assistance by Government of India during 2008-11	3.3	224
3.4	Statement showing the details of works allotted to OCC Limited by the Water Resources Department of Government of Odisha	3.6	225-228
3.5	Statement indicating non-realisation of Wildlife Management Plan Fund	3.9	229
3.6	Statement indicating non-realisation of Net Present Value (NPV)	3.10	230
3.7	Statement showing the details of hostel buildings meant for Scheduled Tribe girl students of different schools of ST&SC Development Department constructed during 2007-10 without providing basic amenities as of September 2011	3.12	231-234
3.8	Statement showing Inspection Reports/Paragraphs issued up to 31 March 2011 but not settled by 30 June 2011	3.14.1	235

<i>Appendix Number</i>	<i>Description</i>	<i>Reference to</i>	
		<i>Para Number</i>	<i>Page</i>
3.9	Statement showing the year-wise break up of outstanding Inspection Reports/Paragraphs issued up to March 2011 but not settled by June 2011	3.14.1	236
3.10	Statement showing serious irregularities noticed and reported in the Inspection Reports	3.14.1	237
3.11	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 2011	3.14.2	238-239
3.12	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 2011	3.14.2.1	240
3.13	Glossary of Abbreviations		241-246

Preface

This Report on the audit of expenditure incurred by the Government of Odisha 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.

The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during the year 2010-11 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 2010-11 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 Odisha 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.

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.

The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2010-11 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 2010-11 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 216 Autonomous Bodies were under the audit jurisdiction of the Accountant General (Civil Audit) and Accountant General (Commercial, Works and Receipt Audit).

The comparative position of expenditure incurred by the Government of Odisha during 2010-11 and in preceding two years is given in **Table 1.1**.

Table 1.1: Comparative position of expenditure

(Rupees in crore)

Particulars	2008-09			2009-10			2010-11		
	Plan	Non-plan	Total	Plan	Non-plan	Total	Plan	Non-plan	Total
Revenue Expenditure									
General Services	52.92	6908.95	6961.87	80.83	9204.32	9285.15	78.77	9858.00	9936.77
Social Services	2598.00	5686.41	8284.41	3236.51	6601.70	9838.21	4249.09	7672.92	11922.01
Economic Services	2657.11	2893.97	5551.08	2297.75	3464.65	5762.40	3064.81	4012.75	7077.56
Grants-in-aid	--	392.76	392.76	--	405.82	405.82	--	431.61	431.61
Total	5308.03	15882.09	21190.12	5615.09	19676.49	25291.58	7392.67	21975.28	29367.95
Capital Expenditure									
Capital Outlay	3570.63	208.54	3779.17	3256.76	391.12	3647.88	4156.51	128.59	4285.10
Loans and Advances disbursed	55.50	155.47	210.97	23.98	88.50	112.48	205.67	109.02	314.69
Repayment of Public Debt	#	#	1492.61	#	#	1488.69	#	#	2083.58
Public Account disbursement	#	#	10895.52	#	#	9849.43	#	#	11407.85
Total	3626.13	364.01	16378.27	3280.74	479.62	15098.48	4362.18	237.61	18091.22
Grand Total	8934.16	16246.10	37568.39	8895.83	20156.11	40390.06	11754.85	22212.89	47459.17

Figures for plan and non plan not available in the Finance Accounts

(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 Odisha under section 13¹ of the C&AG's (DPC) Act 1971. C&AG is the sole auditor in respect of 32 Autonomous Bodies² which are audited under section 20 (1) of the said Act. In addition, C&AG also conducts audit of 184 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 Accountant General (Civil Audit) and Accountant General (CW&RA), Odisha

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

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, one State Legal Services Authority and one Odisha Forestry Sector Development Corporation.

the State Government are conducted by the office of the 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 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, concerns of stakeholders and the likely impact of such risks. 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 Odisha under Article 151 of the Constitution of India.

During 2010-11, 8617 party-days were used for Compliance Audit of 1380 out of 5043 units of various departments / organisations / local bodies / autonomous bodies and 1007 party-days were utilised for Performance Audits in which 175 units were partly covered. The audit plan covered those units / entities which were vulnerable to significant risks as per our assessment.

1.6 Significant observations of performance audits

This report contains four Performance Audits. The focus has been auditing the specific programmes / schemes and offering suitable recommendations, with the intentions to assist the Executive in taking corrective action and improving service delivery to the citizens. Significant audit observations are discussed below:

1.6.1 *Acquisition and allotment of land*

Performance Audit of 'Acquisition and allotment of land' revealed that area under cultivation was reduced by 1.17 lakh hectares during 2005-10 while land put to non-agricultural use increased by 2.99 lakh hectares in the State during the same period. The Revenue and Disaster Management Department provided 50276.887 acres of land including 33355.127 acres (66.34 per cent)

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

of acquired private land to 107 promoters / companies for setting up of industries in 16 districts.

Our scrutiny in six districts in respect of promoters / companies / Public Private Partnership Projects (PPPs) leaves enough doubt regarding fulfillment of the “public purpose” clause as defined in the Land Acquisition (LA) Act in all these cases as in none of the case, cost of compensation was even partially borne by the Government. The Department misused the emergency provision under Section 17 (4) in many cases depriving the likely land-losers of the opportunity to be heard.

Neither any land-use policy was framed nor any scale for assessing the requirement of land for different industries of different capacity was prescribed (November 2011). There were delays in finalising land acquisition proceedings and payment of compensation to the land-losers.

Fixing of market value of land on lower side by Land Acquisition Officers (LAOs) / Special LAOs tended to help the land buyers, most often industries, at the cost of land-losers, most often farmers. Under assessment of compensation by ₹ 224.29 crore was noticed in 35 instances of acquisition of 4003.481 acres of land (value: ₹ 591.47 crore) for 10 entrepreneurs / industries and one autonomous body due to erroneous fixation of market value of land. The LAOs/Special LAOs ignored highest sales statistics close to the date of publication of notice in many instances while same was not considered in many other instances. There was under-assessment of additional compensation by ₹ 9.76 crore in 18 LA cases in six districts test checked by us. Compensation towards cost of standing trees was not paid for years. Right to property was restricted in 18 villages of Kalahandi district since 2004 due to imposition of ban by the Collector on sale of land on the ground of expected expansion of an industry. In four LA cases, the compensation awards were not finalised within the statutory period of two years from the date of publication of declaration and land acquisition proceedings lapsed.

In seven instances, though advance possession of 1105.98 acres of land valuing ₹ 7.89 crore was given 10 to 45 years earlier to three central Government establishments, yet lease cases applied had not been finalised leading to extension of undue benefit to such possessors besides non-realisation of Government dues. No time limit was also prescribed for finalisation of lease cases.

We also noticed that 1141.979 acres of Government land (approximate present market value: ₹ 567.31 crore) and 4151.24 acres of acquired private land (approximate present market value: ₹ 2064.67 crore) remained unutilised by the entrepreneurs after expiry of prescribed period and no action was taken to resume the land to the Government or returning the same to the original land-losers, most often farmers.

Misutilisation of allotted land for other purposes was also noticed. Action for prevention of encroachment by Tahasildars was poor and deficient resulting in 1.51 lakh acres of Government land remaining under encroachment (November 2011).

(Paragraph 2.1)

1.6.2 Scheme for Modernisation of Police Force in the State

Performance audit of ‘Modernisation of Police Force’ (MPF) scheme in the State revealed that long term planning to derive optimal benefit from the scheme was not made and annual plans prepared were just a wish-list of various items projected to be purchased rather than being outcome-based. District wise priorities were not considered by obtaining feedback from concerned Superintendents of Police while preparing the plans.

Planning was largely top driven instead of being bottom up. As a result, these plans failed to establish linkages between various independent activities like procurement of weapons and availability of trained personnel, purchase of vehicles and recruitment of drivers and improving operational efficiency by augmenting the facilities at the State Forensic Science Laboratory, improving investigation, intelligence gathering and human resource development by simultaneously ensuring adequate staffing of trained personnel in these activities (like weaponry, mobility, forensic tests etc.). While a high 55 *per cent* of total allocation was utilised on construction of buildings, only 11.5 *per cent* was spent on important activities like communication, computerisation and forensic science which were, however, crucial to improving the operational efficiency and effectiveness of the State Police in dealing with left wing extremism (LWE) activities which was on the rise in the State. Though addressing LWE activities effectively was one of the key objectives of the State police in recent times, key performance indicators for measuring the operational efficiency of the police force was neither prescribed nor even attempted in the AAPs. Absence of key performance indicators as well as Perspective Plan made all purchases adhoc and intuitive rather than scientific.

Sophisticated weapons worth ₹ 14.80 crore were retained at the central arms store at Cuttack without issuing it to the field units, despite large scale shortages of such weapons up to 61 *per cent* in eight test checked districts, on the ground that trained manpower was not available. The shortage of trained manpower to handle sophisticated weapons was 78 *per cent* in the test checked districts.

Despite utilisation of ₹ 7.36 crore on computerisation and communication, police networking and crime data sharing and transmission remained unachieved as the system could not be made operational. Though there was shortage of 1288 vehicles including 423 heavy vehicles, 626 vehicles were issued to training and other establishments for non-operational work. Besides, such shortage was further compounded due to non-availability of drivers for 1343 vehicles (47 *per cent*).

Though ₹ 211.69 crore was released to Odisha State Police Housing and Welfare Corporation (OSPHWC) for execution of 620 residential and non-residential buildings during 2004-11, yet 50 buildings completed during 2009-11 at a cost of ₹ 14.30 crore were not handed over to the user organisations due to want of electrification and non-deployment of police forces; work in respect of 76 buildings were not even started due to non-finalisation of site. Three buildings constructed at a cost of ₹ 1.18 crore were left unused after four to 14 months of being handed over in two test checked districts. No agreement was executed by the Home Department with the OSPHWC stipulating time of completion, quality control and safeguarding the interest of the Government in case of time and cost over-run in case of various infrastructural development works entrusted to it though the same were awarded to it without tender. Due to commencing construction work on a forest land without obtaining forest clearance, ₹ 46.60 lakh incurred on the project 'construction of Indian Reserve Battalion (IRBN) building, Koraput' rendered unfruitful as the work was stopped (January 2008) at the instance of Forest Department. Interest of ₹ 11.38 crore earned on unspent scheme funds was retained by the OSPHWC and the Corporation was in the process of adjusting it, against extra expenditure incurred on MPF works beyond the administratively approved cost. SLEC did not take any step for refund of this amount by the Corporation. Inflated utilisation certificates for ₹ 90.06 crore were furnished to the Government of India (GoI) without actual utilisation even as the money was actually lying in the bank account of OSPHWC and five other executing agencies.

There was eight to 25 month delay in sending analysis reports of forensic tests to police mainly due to shortage of required manpower at State Forensic Science Laboratory. The State has shortage of 43108 home guards (73 per cent) in the State.

During 2004-2010, overall acquittal rate (1.72 per cent) in cases filed by police was greater than four times of the conviction rate (0.47 per cent). This raises doubts about the quality of investigation even when average number of crimes investigated worked out to be 52 per PS / OP / BH per annum (one case per week) and 11 per Assistant Sub-Inspector /Sub-Inspector per annum (about one case per month), which appears to be very low.

Left wing extremism attacks were on the rise from 2008 onwards. As the striking capability of State police force did not increase effectively to counter these attacks, despite various interventions through the scheme, casualties resulting from LWE had also gone up. Factors affecting the efficiency and striking capabilities of State police was found by us to be large scale vacancies, inadequate training, and inadequate mobility support. But these were not appropriately factored in while preparing the Annual Action Plans. The problems were exacerbated by the absence of a Perspective Plan with a definite vision and well researched strategies for improving the operational efficiencies of the State police.

Though high lead time in procurement and below average responsiveness in construction and up-gradation activities were adversely reported in the impact

analysis survey report (January - March 2010) of Bureau of Police Research and Development (BPRD), yet the issues remained largely unaddressed.

The State Level Empowering Committee (SLEC) headed by the Chief Secretary, which was supposed to monitor the implementation of the scheme and give requisite directions to address critical bottlenecks in the implementation of the scheme, was found wanting in exercising requisite oversight.

(Paragraph 2.2)

1.6.3 Performance Audit of Jawaharlal Nehru National Urban Renewal Mission (JNNURM)

Performance Audit of Jawaharlal Nehru National Urban Renewal Mission (JNNURM) launched by the Government of India (GoI) in December 2005 for planned development of 63 identified cities of the country including Bhubaneswar and Puri of Odisha revealed that there was inadequate planning in prioritising the projects included in the City Development Plans (CDPs).

While Project Implementation Units (PIUs) to provide technical support to manage, co-ordinate and implement were not set up in the Urban Local Bodies (ULBs), the Mission's crucial positions in the Programme Management Unit (PMU) at State Level outsourced to Academic Staff College of India remained vacant for years.

The State level as well as ULB level reforms agreed to in the Memorandum of Agreement with the GoI were not implemented in true spirit. The Government went back on its decision (November 2006) for transferring all functions listed in Twelfth Schedule of the Constitution of India to ULBs along with concerned officials on deputation. All functions along with fund and functionaries had not been devolved (November 2011). Community Participation Law empowering Area Sabhas / Ward Councils to be involved in planning and monitoring of developmental activities had not been enacted. Functions like urban planning, regulation of land use, roads and bridges and water supply were yet to be devolved upon the ULBs. Odisha Municipal Accounting Manual prepared through a reputed consultant in line with National Municipal Accounting Manual and vetted by the Comptroller and Auditor General of India since May 2008 was yet to be acted upon by the State Government. Provisions of Odisha Municipal Act had not been amended paving way for maintenance of accounts on double entry accrual based system, though it was the first mandatory ULB level reform to be complied with.

Spending efficiency was poor in all components except for City Bus Service. Second installment of funds could not be availed for water supply and drain projects as of November 2011, when only four months of the mission period was left. For low spending and slow implementation of reform agenda, the State could avail only ₹ 613.78 crore (45 per cent) out of the sanctioned

project cost of ₹ 1365.91 crore (March 2011). Mission funds were not managed properly and there were unauthorised diversion and misutilisation of funds, parking of funds in non-interest bearing accounts and incurring of expenditure on inadmissible components, short / delayed release of ULB share and delay in release of funds to ULBs.

Programme management was deficient and ineffective. It was characterised by low pace of execution of infrastructural development works as well as dwelling units for urban poor, delay in engagement of consultancy and monitoring agencies and undue delay in placing requisition for land acquisition.

Error signals pointed out by Independent Review and Monitoring Agency (IRMA) was not followed up while a Third Party Inspection and Monitoring Agency (TPIMA) was engaged only in March 2011 and whose report on inspection had not been received (November 2011). Instructions flowing from review meetings conducted on all the projects by various senior functionaries of the State Government were seldom attended to on priority.

(Paragraph 2.3)

1.6.4 Construction of major Roads and Bridges

State Highways (SH) - 3687 km and Major District Roads (MDR) - 4057 km and Other District Roads (ODR) - 6813 km which are the important feeders to the National Highways criss-crossing the State. These roads are constructed and improved by the Works Department with funds provided by Government of India (GoI), State Plan/Non-plan and with loans from NABARD through Rural Infrastructure Development Fund (RIDF). We conducted a performance audit of two major roads Naranpur-Duburi (Centrally sponsored project with 50:50 cost sharing between GoI and State Government) and Cuttack-Paradeep (funded by GoI, State Plan and deposits from Odisha Mining Corporation and Paradeep Port Trust) and 42 out of 161 projects covering 19 incomplete/completed bridges and 371 km of MDRs/ODRs financed from RIDF loan.

The objective of providing smooth riding surface on Naranpur-Duburi and Cuttack-Paradeep roads by October 2010/July 2009 for facilitating mining activities and transportation of goods to the Paradeep Port was not achieved due to default in execution by the contractor and non-obtaining of forest clearance.

Under the 166 projects implemented with NABARD loan, improvement of 1,807 km roads and 41 bridges were targeted for completion with investment of ₹ 1683.53 crore (RIDF loan of ₹ 1324.17 crore and State share ₹ 359.36 crore) during 2006-11, of which, 397 km roads and 10 bridges were completed with expenditure of ₹ 275.98 crore as of March 2011. The remaining projects were in progress with expenditure of ₹ 527.39 crore. The non-achievement of the targets was attributed to revision of designs during execution, non-acquisition of land and default in execution by the contractors.

Institutional strengthening action plan (ISAP) approved in 2008 with the objective of developing a State wide perspective plan for expanding and strengthening road network in the State was implemented only to the extent of outsourcing technical assistance service for establishing an assets management service. With this limited action only and without translating broad plan parameters into actionable goals, ISAP had remained practically dormant as of February 2012.

The CE prioritised the projects at his level without obtaining appropriate inputs from the EEs who were primarily responsible for the implementation of the projects. Consequently, selection of the road stretches for improvement without considering the missing links led to five projects either being stopped midway or all-weather communication not getting established.

For three projects (two major roads and one bridge project), the CE adopted varied agreement formats as different from the codified F₂ item rate format of the State Government. The concurrence of the Finance and Law Departments, though mandatory, was not obtained for this deviation for two projects. In the other project concurrence of only Finance Department was obtained and approval of the Law Department was not obtained. Despite departure from standardised agreement formats and conditions which facilitated extra benefit to the contractors, competitiveness of the bids was not enhanced.

The total excess payment/undue benefit to contractors and extra expenditure and unfruitful expenditure on implementation of the two roads and NABARD assisted projects was ₹ 407.48 crore.

(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 as under:

In violation of Government instructions, in six districts, eight Land Acquisition Officers (LAOs) failed to deposit establishment charges of ₹ 21.55 crore in Government account and 10 LAOs kept advance land acquisition compensation money of ₹ 2016.69 crore in bank accounts instead of depositing the same into Civil Deposits under Government Account. Instances of diversion and misutilisation of establishment contingencies (₹ 35.68 lakh), non accountal of accrued interest (₹ 11.24 crore) in cash books and unauthorised retention of interest (₹ 14.33 crore) earned by LAOs outside the Government account were also noticed. Besides, Fees of ₹ 68.02 lakh received in respect of incidental charges for allotment of Government land were utilised for miscellaneous purposes under Jagatsinghpur Collectorate reflecting poor and non-transparent management of these funds.

(Paragraph 3.1)

Material valuing ₹ 308.08 crore were procured by the Executive Engineers (EEs) for Rural Piped Water Supply Schemes deviating rules and executive instructions.

(Paragraph 3.2)

During 2005-11, there was curtailment of Central assistance to the tune of ₹ 190.72 crore due to low spending of the available scheme funds by the implementing agencies of Panchayati Raj Departments in respect of two centrally sponsored / central plan schemes .

(Paragraph 3.3)

Security Deposit of contractors amounting to ₹ 119.87 crore kept outside the Public Account of Government of Odisha.

(Paragraph 3.4)

Executive Engineer, Bhubaneswar (R&B) Division No.I drew ₹ 15.87 crore from the treasury without immediate requirement to avoid lapse of budget and retained the amount in civil deposits in disregard of the financial rules.

(Paragraph 3.5)

Water Resources Department allotted 35 works to OCC during 2008-11, without following tender process, at a negotiated cost of ₹ 278.17 crore including 15 *per cent* overhead charges on estimate prepared at market rates (₹ 249.79 crore) as against an estimated cost of ₹ 224.89 crore as per the Schedule of Rates (SoR) which were already been loaded with 10 *per cent* overhead charges. This resulted in avoidable loss of ₹ 53.28 crore to the State exchequer and undue benefit to OCC to this extent. Besides, though OCC had to execute the works departmentally, yet it subcontracted the works.

(Paragraph 3.6)

Non-completion of Minor Irrigation Projects due to non-acquisition of land resulted in blockage of funds of ₹ 3.43 crore without yielding the desired benefit of providing irrigation

(Paragraph 3.7)

Non-completion of the Urban Water Supply Systems due to Departmental lapses and default in execution by the contractors led to blockage of funds of ₹ 14.02 crore.

(Paragraph 3.8)

Non-realisation of ₹ 7.29 crore towards Wildlife Management Plan Fund.

(Paragraph 3.9)

Non-realisation of Net Present Value (NPV) of ₹ 6.40 crore for diversion of forest land.

(Paragraph 3.10)

Due to repeated non-observance of codal provisions and prescribed accounting procedure by the Project Administrators of five Integrated Tribal Development Agencies, advances for ₹ 6.56 crore remained outstanding for periods up to 15 years without adjustment or recovery / recoupment from those who had been given the advances.

(Paragraph 3.11)

The Project Administrators of three ITDAs (Balliguda, Koraput and Thuamul Rampur) constructed 45 hostel buildings meant for Scheduled Tribe girl students at a cost of ₹ 3.43 crore without ensuring provision of mandatory basic amenities like toilet, water supply, sanitation and electricity connection. 14 buildings were not handed over and were lying unused upto three years while 31 such buildings (including six buildings not officially handed over) were housing 5866 boarders despite absence of such amenities.

(Paragraph 3.12)

Construction of building for the Biju Patnaik Sanskriti Bhavan at Berhampur could not be started even after seven years of the foundation stone being laid by the Chief Minister due to initial failure of the Director, Culture to inspect and survey the site properly leading to blockage of ₹ 1.35 crore. Similarly, expenditure of ₹ 78.62 lakh incurred by IDCO on construction of building for Kalamandal at Bhubaneswar was found to be wasteful as the land on which construction of building was carried out, did not actually belong to the Government as revealed later.

(Paragraph 3.13)

1.8 Response of the departments to draft paragraphs

As per the instructions issued (20 May 1967) by the Finance Department and provisions 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 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 2011 and December 2011 through letters addressed to them demi-officially. Concerned departments did not send replies in respect of eight out of 17 paragraphs featured in this report. The response of the concerned departments received in respect of nine paragraphs has been suitably incorporated in the report.

1.9 Follow up action on earlier Audit Reports

Serious irregularities noticed in audit are included in the Audit Reports of the Comptroller and Auditor General of India (C&AG) 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. Regulations on Audit and Accounts 2007 issued by the Comptroller and Auditor General of India outlines (Regulation 212) the manner in which the Departments should furnish replies to the Public Accounts Committee (PAC). The explanatory notes of the Departmental Secretaries to such Audit Report paragraphs / Performance Audits should carry the approval of the Secretary and state among others the action taken to fix responsibility on the individuals responsible for loss, failure, infructuous expenditure etc., the remedial action taken or proposed to be taken to avoid occurrence of similar cases in future, to streamline the systems and to remove system deficiencies, if any. In the Apex Committee meeting (5 May 2011) the Chief Secretary instructed that Action Taken Notes on outstanding PAC Recommendations and compliance on audit paragraphs of C&AG Reports were to be submitted within two months.

However, in respect of Audit Reports from the year 1997-98 to 2009-10, 17 out of 38 departments, which were commented upon, did not submit explanatory notes in respect of 74 individual paragraphs and 25 reviews / Performance Audits as of September 2011. The departments largely responsible for non-submission of explanatory notes were Water Resources, Health and Family Welfare, Works, Panchayati Raj, Forest & Environment, followed by Fisheries & Animal Resources, School & Mass Education etc. Similarly, out of 1353 recommendations 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 185 recommendations were awaited. The departments largely responsible for non-submission of ATNs were Water Resources, Rural Development, Health & Family Welfare, Law, General Administration followed by Revenue and Disaster Management and other departments. Despite formation of Departmental Monitoring Committee in all the departments of the Government to monitor the follow up action on Audit Reports and recommendations of the PAC 22 departments out of 38 departments of the State Government did not send any proceedings whatsoever for the year 2010-11.

Lack of response to Audit

In addition, we conduct periodical inspection of Government Departments and their field offices as per the provisions of Section 13 and 18 of C&AG's DPC Act, 1971 following the procedure laid down in the Regulations on Audit and Accounts, 2007. Inspection Reports (IRs) containing our audit comments / opinions are issued to the audited entities and copies of the same are also sent to their Heads of Offices for taking remedial action. IRs issued upto March 2011 pertaining to 3854 offices of 35 Departments showed that 37869 paragraphs relating to 12623 IRs were outstanding at the end of June 2011. Of these, 3833 IRs containing 9499 paragraphs had not been settled for more than 10 years. Even the first reply from the Heads of Offices which was to be furnished within four weeks was not received in respect of 2047 IRs issued upto March 2011. *The major five defaulters were Panchayati Raj, Health and Family Welfare, Women and Child Development, Water Resources and School and Mass Education Departments.*

Apart from the above standing mechanism, Triangular Committee (TC) meetings, consisting of representatives of the administrative departments, the office of the Accountant General (Civil Audit) / (Commercial, Works and Revenue Audit) and Financial Advisors of the respective Departments are also being held for speedy settlement of the outstanding IRs and paragraphs after detailed deliberation and verification of records in support of the actions taken to address the audit observations. Accordingly, 106 TC meetings were held during 2010-11 at different district headquarters in which a total of 648 IRs and 3525 paragraphs relating to 704 offices of 15 departments could be settled. However, we observed that this mechanism may have slowed down the standing mechanism prescribed for sending replies to Audit which was *four weeks* from the date of receipt of such IR as *there were incidences of offices not even furnishing the first reply to an audit paragraph / observation in the regular course within prescribed four weeks but waiting until the sitting of a Triangular Committee meeting for furnishing a reply.*

1.10 Recommendations

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

Chapter 2

Performance Audits

Para Number	Topics	Page
2.1	Acquisition and allotment of land	15-46
2.2	Scheme for Modernisation of Police Force in the State	47-81
2.3	Performance Audit of Jawaharlal Nehru National Urban Renewal Mission	82-113
2.4	Construction of major Roads and Bridges	114-132

Chapter 2

Performance Audits

This chapter contains the findings of performance audits on Acquisition and allotment of land (2.1), Scheme for Modernisation of Police Force in the State (2.2), Jawaharlal Nehru National Urban Renewal Mission (JNNURM) (2.3) and Construction of major Roads and Bridges (2.4).

REVENUE AND DISASTER MANAGEMENT DEPARTMENT

2.1 Acquisition and allotment of land

Executive Summary

Performance audit of 'Land Acquisition and Management' covering six districts of the State was reported in Audit Report (Civil) for the year ending 31 March 2010. However, as many other issues such as whether the acquisition served any public purpose as defined in the Land Acquisition (LA) Act 1894, invoking of emergency provisions, adequacy of monitoring mechanism, timely payment of compensation, fairness and transparency in acquisition and allotment of land etc. were not covered, so we conducted performance audit of 'Acquisition and allotment of land' covering these issues during March to September 2011 in another six districts of the State.

The performance audit revealed that area under cultivation in the State reduced by 1.17 lakh hectares during 2005-10 while land put to non-agricultural use increased by 2.99 lakh hectares in the State during the same period. The Revenue and Disaster Management Department allotted 50276.887 acres of land including 33355.127 acres (66.34 per cent) of acquired private land to 107 promoters / companies for setting up of industries in 16 districts.

Despite declaration in State's Industrial Policy Resolutions (IPRs) of 2001 and 2007 for creating a land bank and framing a land policy, same were not formulated and even no land use plan was prepared for the State (November 2011). Comprehensive and centralised data on acquisition and allotment of land was not maintained by the Department at State level. Scale for assessing the requirement of land for different industries of different capacity was not prescribed (November 2011).

Our scrutiny in six districts in respect of promoters / companies / PPP leaves enough doubt regarding fulfilment of the "public purpose" as defined in the LA Act, in case of acquisition for all these promoters. The Department misused the emergency provision under section 17(4) in many instances depriving the likely land-losers of the opportunity to be heard.

Right to property under the meaning of Article 300 A of the Constitution of India was restricted in 18 villages of Kalahandi district since 2004 due to imposition of ban by the Collector on sale of land on the ground of expected expansion of an industry.

There were delays in finalising land acquisition proceedings and payment of compensation to the land-losers. Compensation towards cost of standing trees was not paid for years. In four LA cases, the compensation awards were not finalised within the statutory period of two years from the date of publication of declaration and land acquisition proceedings lapsed.

Fixing of market value of land on lower side by LAOs/Special LAOs tended to help the land buyers, most often industries, at the cost of land-losers, largely farmers. Under assessment of compensation by ₹224.29 crore was noticed in 35 LA cases for acquisition of 4003.481 acres of land for 10 entrepreneurs / industries and IDCO due to erroneous fixation of market value of land. The LAOs/Special LAOs ignored highest sales statistics close to the date of publication of notice in many instances. There was under-assessment of additional compensation by ₹9.76 crore in 18 LA cases in test checked districts.

In seven instances, though advance possession of 1105.98 acres of land valuing ₹7.89 crore was given 10 to 45 years ago to three central Government establishments, yet lease cases applied had not been finalised leading to extension of undue benefit to such possessors besides non-realisation of Government dues. No time limit was prescribed for finalisation of lease cases.

We also noticed that 1141.98 acres of Government land (approximate present market value: ₹567.31 crore) and 4151.24 acres of acquired private land (approximate present market value: ₹2064.67 crore) remained unutilised by the entrepreneurs after expiry of prescribed period and no action was taken to resume the land to the Government or returning the same to the original land-losers, very often farmers. Utilisation of allotted land for unintended purposes was also noticed.

Action for prevention of encroachment by Tahasildars was poor and deficient resulting in 1.51 lakh acres of Government land remaining under encroachment as of November 2011.

2.1.1 Introduction

Odisha has a geographical area of 155.71 lakh hectares of which 37.33 per cent (58.13 lakh hectares) are reserve forest⁴. Economic Survey 2010-11 revealed that while the area under forest has remained constant, area under cultivation has decreased from 58.45 lakh hectares in 2001-02 to 56.91 lakh hectares in 2005-06 and to 55.74 lakh hectares in 2009-10. At the same time, land under non-agricultural use increased by 29.93 per cent from 9.99 lakh hectares in 2005-06 to 12.98 lakh hectares in 2009-10, which is an average

⁴ Source: Economic Survey, Odisha 2010-11

increase of 5.99 *per cent* over the five year period. Besides, as per the statistics, area of barren and un-agriculturable land, cultivable waste land and other fallow land in the State have largely remained constant during this period indicating that agricultural land were largely diverted for non-agricultural purposes.

Article 300A of the Constitution of India envisages that no citizen can be deprived of his property except by the authority of law. Where the Government requires land, the LA Act 1894⁵, as amended from time to time, empowers the State Government to acquire land to the appropriate extent, if it is for 'public purpose'. The LA Act, however, outlines some conditions that are to be fulfilled before such acquisition, as well as procedures to be adopted in the process of acquisition which involves notifying potential land losers of Government's intent to acquire their land, consideration of any objection raised by them, determination of compensation, award, disbursement of compensation to the affected land owners and taking over possession. Apart from this, in certain emergent situations (outlined by Government vide instructions of 1985), the Government under Section 17(4) of the LA Act is also empowered to acquire land for public purpose without giving the land owners an opportunity to raise objections, if any, over the proposed acquisition of their land and advance possession of land is taken even before the compensation payable to the land losers is determined.

In Odisha, the Revenue and Disaster Management Department is the nodal department for acquisition and allotment of land for different purposes including for setting up of industries. During 1995-2011, it allotted 50276.887 acres of land including 33355.127 acres (66.34 *per cent*) of acquired private land to 107 promoters / companies for setting up of industries in 16 districts. This included 34241.02 acres of land allotted to 53 promoters who signed Memorandum of Understanding (MOU) with the State Government for establishing different medium and large/ heavy industries in the State (*Appendix-2.1.1*).

2.1.1.1 Why we selected the topic?

Land is not only a factor for industrial production, but also for agricultural production on which the food security of the country rests. Optimum utilisation of this resource is a matter of utmost significance. Considering this and the public unrest in two districts⁶ over deprivation of property rights and alleged payment of low compensation to land-losers that made land acquisition in these two districts a contentious issue and impacted in disturbed law and order situation, we had conducted performance audit of 'Land acquisition and management' during 2010-11 covering the period 2005-10 in six districts and our findings featured in the Audit Report (Civil) for the year ended 31 March 2010. Continuing public debate over similar land acquisitions in other districts prompted us to conduct such performance audit in another six districts.

⁵ a Central Act

⁶ Puri and Jagatsinghpur

2.1.1.2 Organizational structure

Revenue and Disaster Management (RDM) Department headed by the Commissioner-cum-Secretary is vested with the powers to issue notifications under various provisions of LA Act for acquisition of private land and allotment of Government as well as acquired land. He is assisted by three Revenue Divisional Commissioners (Berhampur, Cuttack and Sambalpur). At the District level, the District Collector assisted by Land Acquisition Officers (LAOs) and Tahasildars is responsible for administration of land acquisition cases as well as for allotment of Government land. In case of acquisition of land, the LAOs are responsible for assessment of market value of land and amount of compensation payable as per rule and its realisation from the requisitioning authorities with the approval of the Commissioner-cum-Secretary of the Department. LAOs are also required to ensure timely payment of compensation to the land-losers. As per the Industrial Policy Resolutions (IPRs) of the State, Odisha Industrial Infrastructure Development Corporation (IDCO) has been acting as an agency, in respect of private promoters desirous of establishing industries in the State, for collection of land premium and compensation money from them, depositing the same with the LAOs/Special LAOs, taking over possession of land after acquisition and leasing out / handing over the same to promoters.

In case of allotment of Government land, Collector, Revenue Divisional Commissioner (RDC), Member, Board of Revenue and the RDM Department can sanction lease of such land within prescribed limits⁷ (*Appendix-2.1.2*). Tahasildars concerned are responsible for assessment and collection of lease premium and other charges realisable from the allottees. It is the prime responsibility of the Tahasildar to guard against encroachment of Government land and to bring any case of encroachment to the immediate notice of the Collector, who is required to take prompt action for removal of such encroachments.

2.1.1.3 Audit objectives

The audit objectives were to determine that:

- land policy, land-use plan and scale for allotment of land was formulated as envisaged in the IPRs;
- all acquisitions were need based, for a pre-defined public purpose;
- compensation dues / land premium were assessed correctly and paid in time;
- proper procedures for acquisition as well as allotment of Government land were prescribed and followed in a transparent, fair and equitable manner;
- land acquired/ allotted was utilised for the specified purpose.

⁷ Schedule II of Rule 2 of OGLS Rules 1983

2.1.1.4 Audit Criteria

The criteria were drawn from the following documents:

<i>Activity</i>	<i>Acts and Rules etc.</i>
Acquisition of private land	(i) Land Acquisition Act 1894, (ii) Land Acquisition (Amendment) Act 1984, (iii) Executive instructions and circulars issued by the State Government and judicial pronouncements.
Allotment of Government land	(iv) Odisha Government Land Settlement Act 1962, (v) Odisha Government Land Settlement Rules 1983, (vi) Instructions/orders issued by the State Government.
Prevention of encroachment of Government land	(vii) Odisha Prevention of Land Encroachment Act 1972, (viii) Odisha Prevention of Land Encroachment Rules 1985.

2.1.1.5 Scope and methodology of Audit

We checked 208 LA cases pertaining to 14 promoters and IDCO in six⁸ selected districts and 38 files in the RDM Department pertaining to eight out of the above 14 promoters (user agencies) and covered six out of 30 Collectorates of the State and the concerned Land Acquisition Offices, six Special Land Acquisition Offices and 11 Tahasil Offices of six selected districts for the period 2006-11 during March to September 2011. Out of 50276.887 acres of land allotted to 107 promoters of industries throughout the State during 1995-2011 for setting up various industries, 34241.02 acres⁹ of land were allotted to 53 MOU¹⁰ based industries. An additional 16035.867¹¹ acres of land were allotted to 54 non-MOU based industries. Of these, acquisitions and allotments of land in respect of 10¹² MoU based and two¹³ non MoU based industries in the test checked districts was examined by us. We also covered acquisition of land for and allotment of land to Dhamara Port Company Limited, a Public Private Partnership (PPP) Project and Anil Agrawal Foundation for proposed Vedanta University. We also cross checked records of concerned Sub-Registrars to ascertain the value of land and conducted joint physical inspections in the test checked districts for verifying specified utilisation of the allotted land. Photographs were taken, wherever necessary.

⁸ Bhadrak, Ganjam, Jagatsingpur, Kalahandi, Puri and Sambalpur

⁹ 24158.42 acres acquired private land and 10082.60 acres of Government land

¹⁰ Memorandum of Understanding

¹¹ 9196.708 acres acquired private land and 6839.159 acres of Government land

¹² Shyam DRI Power Limited, Aryan Ispat and Power Limited, Rathi Steel and Power Limited, Viraj Steel and Energy Limited, ESSAR Steel Odisha Limited, POSCO India (Private) Limited, Bhushan Power and Steel Limited, Aditya Aluminium Limited, Vedanta Aluminium Limited and TISCO

¹³ IFFCO and Deepak Fertilisers & Petro Chemicals Corporation Limited

2.1.1.6 Entry and exit Conference

Entry conference was held with the Commissioner-cum-Secretary, RDM Department on 30 March 2011 wherein the objectives, scope, criteria and methodology of audit were discussed. Exit conference was conducted on 23 November 2011 and the response of the Government along with replies of the concerned Collectors, wherever received, are incorporated at appropriate places.

Audit findings

Land is a finite and scarce resource and the State has to act as a regulator in respect of land related activities. It has to balance the requirement of land for various purposes such as development of infrastructure for industries, communication, educational, cultural, social and other activities, while, at the same time, not ignoring the overarching need for ensuring food security for the citizens, maintaining sustainability of the environment and providing land to those who need it for their sustenance and livelihood. This report has been significantly informed by these issues.

Our findings are discussed in succeeding paragraphs.

2.1.2 Policy and planning

2.1.2.1 Land policy and land-use plan not formulated

Land policy and land-use plan had not been formulated by the State Government despite commitment in IPR 2007 and land bank was not set up

In the Industrial Policy Resolution (IPR) 2001, the State Government had committed itself to launching a 'Land Bank' scheme¹⁴ through IDCO by earmarking Government land and acquiring private land for setting up industries. Further, in IPR 2007, the Government had also committed itself to formulating a 'Land Policy' to address all issues concerning identification, acquisition and allotment of land for industrial and allied purposes, including creation of associated social infrastructure. However, neither was the 'Land Bank' scheme implemented nor any 'Land Policy' framed by the State Government, as of November 2011. Besides, the Government had not even prepared any land-use plan for planned development of the State accommodating therein concerns relative to both industrial and agricultural development of the State.

The Department while admitting the fact (November 2011) stated that the land use plan was not prepared as no guideline for preparation of the same had been prescribed by the State Government.

¹⁴ Para 18.1 and 18.2 of IPR 2001: Government land earmarked for industry under the 'Land Bank scheme' and other Government land wherever available would be allotted for industrial purposes. IDCO would be the competent authority in the matter of allotment of land for industrial and infrastructure projects in respect of land transferred to it under the land bank scheme.

Comprehensive and centralised data on acquisition and allotment of land was not maintained by the Department at State level

2.1.2.2 Non-availability of comprehensive data on land acquisition

We further noticed that the RDM Department did not have any consolidated data on land owned and leased or allotted by it, though most individuals and institutions, active in private and public sector, ordinarily maintain data about their land holdings. In consequence, neither utilisation of existing land resources nor the justification of acquiring additional private land, could be conclusively established at an apex level in the Department. Though the RDM Department was approving all cases of land acquisition, a comprehensive and centralised database on private land acquired, the nature of use of such land - agricultural or non-agricultural, compensation paid, private land handed over to promoters / requisitioning officers, the rate charged from the promoters for such acquired land, Government land allotted / leased to various institutions / promoters of industries and the lease premium charged by Government / IDCO / Collector was not maintained at that level. At the district level, though data on acquisition of land was available, yet it was not publicly available to enhance transparency in the acquisition process.

In the absence of such data, we were unable to assess, if acquisition of private land was at all necessary, assuming that adequate Government land was not available at a particular location. In our opinion, management of such scarce natural resource in an unplanned manner poses un-acceptable levels of risk considering that most of the private lands acquired were being used for agricultural purposes.

The Department stated (November 2011) that such database was not maintained due to shortage of staff.

2.1.2.3 Scale of land required for different categories, and sizes of industries not formalised by Government and inconsistent application of the existing non-formalised scales/norms

The Government acquires land for allotment to different promoters for setting up of steel plants and other industries based on an evaluation / assessment of their requirements projected in the MOUs signed by them with Government. Land is a scarce natural resource and while availability of land has a limit, not the demand. In the State, IPICOL¹⁵ is the State Level Nodal Agency (SLNA) under Odisha Industries (Facilitation) Act 2004 and is engaged in assessing the requirement of land for industrial purposes and liaisoning with other departments to ensure its availability. In this context IPICOL had engaged (October 2005) a consultant, MN Dastur and Company (Private) Limited (MND), for preparing norms and guidelines for allocation of land and water for steel projects of different capacities ranging from one million ton *per annum* (MTPA) to six MTPA. The consultant recommended different scales¹⁶ for steel projects of different capacities and the same was approved (August

¹⁵ Industrial Promotion and Investment Corporation of Odisha Limited, a State owned public sector unit

¹⁶ 1 MTPA: 550 to 625 acres; 2 MTPA: 975 to 1125 acres; 3 MPTA: 1575 to 1675 acres; 5 MPTA: 2250 to 2375 acree and 6 MPTA: 2800 to 3675 acres

2007) by the State Level Single Window Clearance Authority¹⁷ (SLSWCA) under intimation to Government in RDM and Industries Departments. However, the same was yet to be accepted and raised to a normative level by the State Government as of November 2011.

We ascertained from Industries as well as Steel and Mines Department that during the period 1995-2011, 208 promoters of industries had applied for 130677.886 acres of land and IPICOL recommended allotment of 120148.092 acres of land in favour of 199 promoters. In case of remaining nine promoters, 9356.144 acres of land were allotted by Collectors/IDCO even though the actual requirements of these promoters were not assessed by IPICOL.

Further, examination of land applied as well as that recommended by IPICOL revealed that:

- Land recommended (34140.102 acre) by IPICOL in respect of 81 out of 199 promoters was at par with that applied for;
- Uniform scales were not applied by IPICOL while assessing the requirement of land and in 17 cases, we observed wide variation in the quantum of land recommended by IPICOL vis-à-vis land applied for and actually allotted, thus indicating absence of a rational correlation amongst the three figures. Such variation were observed even in cases involving same type of industries of identical capacity, as indicated in table below:

Table 2.1.1: Different quantity of land assessed for industries of same capacity by IPICOL

Capacity (in MTPA)	Number of promoters	Range of land recommended by IPICOL (in acre)
0.25	10	100 acre to 370 acre
0.27	3	150 acre to 378 acre
0.30	4	210 to 350 acre

Promoter wise details are indicated at ***Appendix-2.1.3***

- Though IPICOL stated that it is considering the recommendations of the consultant MND as the benchmark while assessing land requirement for industries, yet in respect of three promoters land recommended by IPICOL was 28 to 37 *per cent* more than the scale recommended by the consultant MND for the same or higher capacity steel plant, as indicated in table below:

Table 2.1.2: Land recommended by IPICOL in excess of MND recommended scale

Sl No.	Name of the promoter	Intended capacity (in MTPA)	Scale recommended by MN Dastur (in acre)	Land recommended by IPICOL (in acre)	Excess over maximum recommended scale in acre (<i>per cent</i>)
1	Arati Steels Limited, Athagarh	1	550-625	806	181 (29)

¹⁷ Constituted vide Industries Department notification No.4920 dated 9 March 2005 and headed by the **Chief Secretary** to consider the projects involving investment of ₹ 50 crore or more but less than ₹ 1000 crore

Sl No.	Name of the promoter	Intended capacity (in MTPA)	Scale recommended by MN Dastur (in acre)	Land recommended by IPICOL (in acre)	Excess over maximum recommended scale in acre (per cent)
2	Jindal Stainless Limited, Duburi	1.6	975-1125 (for 2 MTPA)	1540	415 (37)
3	Uttam Galva Steels, Keonjhar	3	1500-1675	2150	475 (28)

(Source: Steel and Mines Department and IPICOL)

In reply, IPICOL stated (January 2012) that land requirement was assessed by it considering largely the recommendations of the consultant MND as the benchmark and other infrastructural facilities envisaged in the report submitted by the applicant. The reply is only a vague rationalisation of irrational recommendations made by IPICOL for allotment of land to various promoters of industry.

2.1.2.4 Setting up of Vedanta University

Anil Agrawal Foundation signed an MOU (19 July 2006) with the Higher Education Department for setting up a proposed University at Puri and applied for 10000 acre of land for the purpose. The Government set up a core Committee headed by the Development Commissioner-cum-Additional Chief Secretary to monitor establishment of the proposed university. Higher Education Department acted as the nodal department. Audit noticed that no norm / scale had been prescribed in the State for assessing the land requirement for any university. Administrative approval for allotment of 7184.37 acre of land was, thus accorded (November 2006) without reference to any standards and without assigning any reason for reduction on lower side. Against this, 3947.85 acre¹⁸ land were actually also allotted to the Foundation up to March 2011. Neither any assessment of land requirement was made nor any justification for allotment of such huge area of land found on record. Acquisition of land for this promoter was however made under Chapter VII of the LA Act, which is meant to facilitate acquisition of land for companies. Meanwhile, the acquisition process faced public unrest and the matter is sub-judice at the level of Honourable Supreme Court (November 2011).

2.1.3 Acquisition of land

The land acquisitions that can be made by Government under the LA Act falls distinctly under two categories, viz., acquisition for public purpose and acquisition for private purpose of a restricted type. The latter covers acquisition of land for companies or businesses deemed to be companies under the LA Act for various purposes, but which are also likely to serve a 'public purpose', as explained in next paragraph.

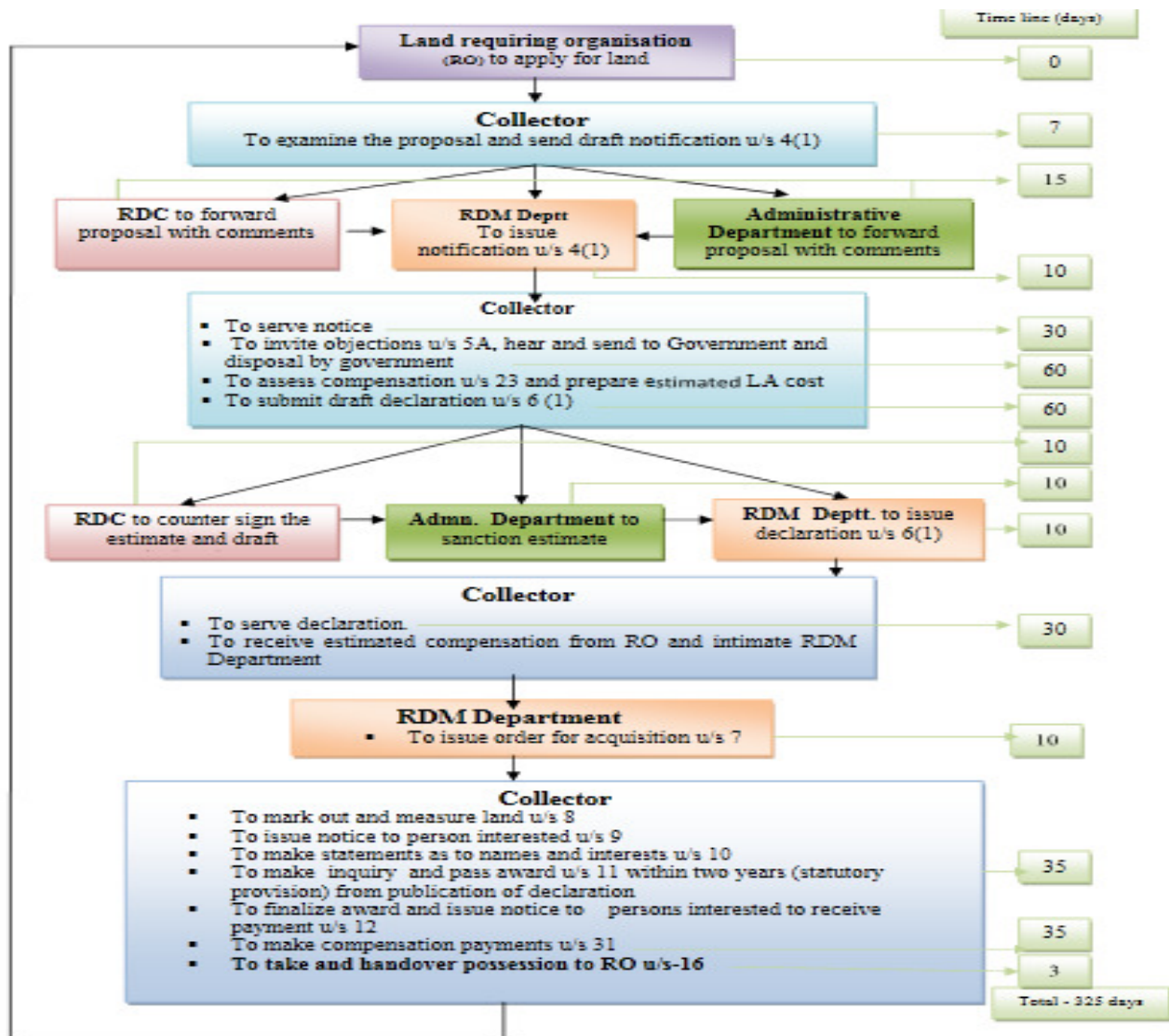
As per various judicial pronouncements¹⁹, the basic concept underlying the expression 'public purpose' was primarily and predominantly something that implies general interest of the community, which often involves an element of public utility aimed to ensure social welfare and public good.

¹⁸ Private land: 3438.45 acres, Government land 509.40 acres

¹⁹ (1971) 12 Gujarat LR 1 : AIR 1971 Gujarat 158, ILR (1966) Mysore 1013 : 7 Law Rep. 419 AIR 1968 Mysore 27(130), 2006(1) Land L.R. (Supreme Court) 564, AIR 2003 SC 3140, 2003 (4) AWC 2902 SC, JT 2003 (6) SC 256

The LA Act empowers the Government to acquire land for public purpose under Chapter II and for companies under Chapter VII and stipulates completion of the entire land acquisition process and passing of award within three years²⁰ from the date of issue of notification under Section 4(1), failing which the LA proceeding becomes invalid and lapses. However, the State Government in order to speed up the process of acquisition as also to ensure quicker payment of compensation to land losers, prescribed (July 1959 and February 2000) a time limit of one year from the date of receipt of application for acquisition to the date of handing over of possession. A stage wise block diagram of the acquisition process with prescribed time line for completion of each stage is depicted below.

Chart 1: Land acquisition process and timeline



²⁰ To be reckoned separately as (i) maximum one year between publication of notification under Section 4(1) indicating Government's intent to acquire land to the date of issue of declaration under section 6(1) indicating that the land is required for public purpose or for a company, (ii) maximum two years from the date of publication of declaration under section 6(1) to the date of issue of award of compensation under section 11

2.1.3.1 Acquisition of land for promoter of industries

The 'public purpose', is the crucial test of the desirability and bonafide of Government action in acquiring private land with or without following the normal land acquisition process. Further, under the LA Act, land acquisition for 'public purpose' has been defined at Section 3(f) as provision of land, inter-alia, for planned development in pursuance of any scheme or policy of the Government that may include improvement of existing village site, town, provision of dwelling units to poor or landless or to persons affected by natural calamities, carrying out any educational, housing, health or slum clearance schemes etc. A detailed list of conditions for fulfilment of 'public purpose' is at *Appendix-2.1.4*. Section 6(1) of the LA Act requires publication²¹ of a declaration by the Government about whether the land is required for a public purpose or for company. It, however, does not permit issue of any such declaration unless the cost of compensation is to be (i) paid by the company in case acquisition of land is for private purpose of restricted type referred to in paragraph 2.1.3 above or (ii) paid wholly or partly out of public revenues or some fund controlled or managed by a local authority, in case the acquisition is for a public purpose.

The prescribed criteria for public purpose were not fulfilled in 176 out of 184 test checked LA cases for acquisition of 8484.788 acres of land for private promoters, as the cost of compensation were neither wholly nor partly paid out of public revenue.

We test checked 184 LA cases in six test checked districts to ascertain whether the acquisition of land for promoters of industries had met, the test of 'public purpose'. Our examination of these cases revealed that in 176 LA cases (*Appendix-2.1.5*), 8484.788 acres of private land was acquired²² at ₹ 511.29 crore by the LAOs on the requisitions filed by IDCO on behalf of 12 promoters of industries and one PPP project, wherein notifications issued under Section 4(1) as well as declarations published under Section 6(1) of LA Act had indicated that the acquisitions were being made for 'public purpose' by Government at Government cost. However, on further examination of records of RDM Department and IDCO, such declaration about cost of acquisition of land being borne by the Government was found to be incorrect. Audit examination revealed that the costs of acquisition in all these cases were borne wholly by the promoters of industries and no part of the same was borne by the Government out of public revenue or any fund controlled or managed by a local authority or out of funds of any Corporation owned or controlled by the State. When the entire cost of acquisition was paid by the promoters/companies in these cases, the acquisition had to be made under Chapter VII of the LA Act, which prescribed the procedure for acquisition of land for companies for restricted purpose. Thus, prescribed criteria for public purpose were not fulfilled in all these cases.

In 10 LA cases (involving two industries²³) out of 32 LA cases (involving six promoters) test checked in RDM Department, it was noticed that notification issued under Section 4(1) even mentioned the names of the individual industries. These are indicative of the fact that proposed acquisition of land were being made specifically for private companies and Government was merely facilitating the process to overcome a legal hurdle. Three of these gazette notifications were issued after clearance by the Chief Minister and the

²¹ In official gazette, two daily news papers including one in regional language and notice at convenient places in concerned locality

²² Including under acquisition

²³ Viraj Steel and Energy Limited, POSCO (India) Private Limited

other seven cases were approved at various levels (Under Secretary to Additional Secretary) in the RDM Department.

In reply, the RDM Department stated (November 2011) that IDCO was acquiring land for industrial purposes for companies and promoters as per the provisions of the IDCO Act. Such reply was not tenable as in all such cases entire cost of compensation were paid by private promoters and no part of the same was met out of public revenue as required under Section 6(1). The Department also stated (November 2011) that to fulfill the public purpose clause, IDCO should have acquired the land, paid the compensation money out of its own fund, created a land bank, developed the land and then sold/leased the land to industries, instead of asking the promoters to deposit the compensation cost with the IDCO/LAOs. Action to streamline the process was awaited (November 2011).

2.1.3.2 Mis-use of emergency provisions under Section 17(4) of the LA Act

Emergency provisions of Section 17(4) was misused and were applied arbitrarily even without indicating detailed justification for the same and without fulfillment of prescribed conditions

Under LA Act the Government is empowered to acquire land in case of urgency, invoking provisions prescribed at Section 17 (4), without giving the land losers the opportunity to contest the propriety of acquisition and the opportunity to be heard as per Section 5A of the Act. Such acquisitions are to be made for a specific purpose subject to fulfillment of prescribed conditions²⁴ and the acquisition process is to be completed within six months.

Besides, in various judicial pronouncements²⁵, the Apex Court have held that as Section 5-A of the Act conferred a valuable right to the land-losers to file objections, they cannot be deprived of their land without their consent and so the State is required to apply its mind while deciding to invoke the emergency provisions under Section 17(4) of the LA Act. It has further been held that there can never be denial of the citizens' rights under the specious garb of urgency or necessity. Such pronouncements also required that the procedure laid down in the statute for acquisition of land must be followed to generate the feeling that rule of law prevailed.

Audit examination of 85 LA cases in which provisions of Section 17(4) of LA Act were invoked by the Government revealed that 4967.08 acres of private land valuing ₹ 165 crore (approximate present market value ₹ 901.305 crore) were acquired, between July 2002 to March 2011, for establishment of industries by six promoters as indicated in Table 2.1.3.

²⁴ (i) The 'public purpose' for which lands are acquired shall be time bound and it must be expected to be achieved within a period of **six months** or so from the date of notification under section 4 (1); (ii) The funds available for the public purpose for its construction and to meet the cost of acquisition of land, might get lapsed, if not spent within the prescribed time; (iii) The public purpose must be in the interest of general public in the nature of **public utility service**; (iv) Public purpose must be requiring assistance from Centre or States and from World bank or from any international agency; (v) Any other important reason for which the public purpose could not brook the usual delay involved in acquisition of land in ordinary procedure. **(Section 17(4) of LA Act 1894 read with Executive instructions of September 1985 issued by the Government of Odisha)**

²⁵ Chaman Lal Malhotra and others v. Union of India and others : 2006(2) Land L.R. (Pb. & Hry) 666; Hindustan Petroleum Corporation Limited. v. Darius Shapur Chenai and Ors. : 2006(1) Land L.R. (Supreme Court) 700; Vol. 26 All India Land Laws Reporter (Supp.) 169; 1969(2) Andh. WR 153; Radheshyam v. State of UP Civil appeal No.3261 of 2011.

Table 2.1.3 Details of promoter wise acquisition of land invoking emergency provision

Sl. No	Name of promoter	No of LA cases	Area in acre	LA cost (Rupees in crore)	Approximate present value of land based on highest sales statistics in the locality (Rupees in crore)	Period of delay in utilisation of land excluding six months from the date of notification under Section 4(1) as of March 2011
1	Aditya Aluminium Limited, Sambalpur	10	2021.41	95.84	335.55	5 years two months to 6 years 3 months
2	Bhusan Power and Steel Limited, Sambalpur	4	608.67	16.35	304.335	1 year 8 months to 3 years 5 months
3	Viraj Steel and Energy Limited, Sambalpur	1	2.58	0.10	0.35	2 years 5 months
4	Vedanta Aluminium Limited, Kalahandi	18	826.56	8.10	57.86	1 year 3 months to 1 year 8 months
5	Dhamara Port Company Limited, Bhadrak	45	1070.00	32.77	138.99	3 years 3 months
6	POSCO(India) Limited, Jagatsinghpur	7	437.86	11.85	64.22	5 years 2 months to 5 years 3 months
	Total	85	4967.08	165.01	901.305	

(Source: Records of test checked Tahasildars, LAOs and sub-Registrars of sample districts)

It was noticed that none of the conditions prescribed in executive instructions of September 1985 for invoking the emergency provisions were fulfilled in all these cases. Instead of giving detailed justification for applying such provision, only general remarks like ‘the project is being executed on priority basis’, ‘requirement of land was of emergent in nature’ etc were indicated in the applications by the requisitioning officers. Further, as can be seen from the above table, in all cases, the land was not put to use even after one year three months to six year three months from the date of publication of notification under section 4(1) against the stipulated²⁶ time period of six months.

During joint physical inspection (March 2011) by Audit of the land acquired for Aditya Aluminum Limited, Sambalpur, in the presence of the Tahasildar, Rengali, we observed that except a compound wall over a portion of the land and one office building on 60 decimal of land, no construction had been made on the said land though land leveling was found to be under progress.

It was also noticed in six test checked districts that in five Government projects²⁷ involving public utility though the concerned requisitioning officers had submitted detailed justification²⁸ for application of emergency clause duly endorsed by the concerned Collectors (on the ground of early completion of projects to provide irrigation), the RDM Department had not invoked the emergency clause. No justification was on record for not using the provisions of Section 17(4) in these cases.

²⁶ Executive instruction 18 notified in extraordinary gazette of Odisha in September 1985

²⁷ Salandi Sanskar Canal Project in Bhadrak district, Dhamnagar, Minor Irrigation Project (MIP), Maliguda MIP in Kalahandi, construction of Rajua Diversion Weir in Puri and Thapapali MIP in Sambalpur district

²⁸ Assistance from Central government under Accelerated Irrigation Benefit Programme, time bound project for completion by September 2010 etc.

Application of emergency clause in these cases, thus was misplaced and deprived the land losers of the opportunity to contest the propriety of such acquisition and to be heard under Section 5A of LA Act. In reply, the Department stated (November 2011) that the practice of applying emergency provision in most of the cases had been reduced.

2.1.3.3 Delay in completion of LA proceedings

In 387 out of 389 LA cases test checked in audit, there was delay in finalisation of LA cases beyond the prescribed period of one year and delay was more than two years in 149 LA cases

To ensure speedy disposal of LA cases, Government prescribed (July 1959, July 1989 and February 2000) specific time schedule of one year for completion of land acquisition proceedings. We examined 389 LA cases in 12 test checked land acquisition offices of six sample districts and noticed that only in two LA cases (0.51 *per cent*), the process was finalised within one year while in the case of remaining 99.49 *per cent* LA cases, the LA proceedings spilled beyond one year and in some cases it took as long as nine years four months to be finalised (*Appendix-2.1.6*). We also noticed that the processing delay had occurred at various stages, viz. in serving of notices under various sections, preparation of estimates, depositing of funds by requisitioning authority, issue of notification/declaration under various sections by Government, passing of award and payment of compensation etc. The cascading effect of delays occurring at various stages not only delayed the commissioning of the project but also deprived the public of the intended benefits. The RDM Department stated (November 2011) that the delay was mainly due to shortage of staff. We were unable to accept this reply, as staff shortages were a pre existing condition and should have been addressed by the RDM Department before going in for acquisitions on emergency basis. The ultimate sufferer was the land-owner who most often was a farmer. We also observed that there was nothing on record to indicate if RDM Department had carried out any due diligence to seriously address this issue. During the period 2006-11, the RDM Department had not even moved Finance Department to address shortage of staff.

2.1.3.4 Award not passed within the prescribed period resulting in lapsing of LA proceedings

Due to non-finalisation of LA cases within validity period of two years, four LA cases lapsed necessitating re-initiation of LA proceedings afresh

Section 11 A of LA Act prescribed for passing of the award within two years of publication of declaration under Section 6(1) failing which entire LA proceeding was to lapse. In such cases, the LA proceedings were to start *de-novo*.

We noticed that in four LA cases involving two²⁹ promoters of industries, LA proceedings for acquisition of private land for industrial purpose lapsed due to failure by the LAOs to pass the awards within the validity period of two years from the date of publication of declaration. We noticed that in Sambalpur, the delay was due to late issue of order for acquisition under Section 7 by the RDM Department. In Ganjam, the delay was due to protest by land-losers regarding valuation of land.

²⁹ Viraj Steel in Sambalpur (3 LA cases) and TISCO in Ganjam (one LA case)

While LAO, Sambalpur attributed (March 2011) the delay to shortage of staff, LAO, Chatrapur did not ascribe any reason for such delay.

2.1.3.5 Avoidable expenditure due to delay in passing of award

There was two to 25 months delay beyond the sanctioned period of 12 months leading to avoidable extra expenditure of ₹ 1.47 crore on this account

In six Government projects³⁰ involving 59 LA cases under three LAOs delay of two to 25 months beyond the permissible period of 12 months between the dates of publication of notification and the date of award of compensation had occurred. Thus, Government had to incur avoidable expenditure of ₹ 1.47 crore by way of extra additional compensation (₹ 1.27 crore) and establishment charges thereon (₹ 20.66 lakh), which was subsequently paid.

2.1.3.6 Delay in passing of award for Government projects resulting in avoidable liability

In 22 LA cases of acquisition of land for seven Government projects under three LAOs³¹, passing of award was delayed by 17 to 38 months. However, additional compensation was calculated for 12 months as against actual time gap of 17 to 38 months leading to under-assessment of additional compensation by ₹ 43.14 lakh. This created avoidable liability to the Government (November 2011). The concerned LAOs admitted the facts.

2.1.3.7 Short-payment of additional compensation amounting to ₹ 70.29 lakh because notices to land-losers for payment of compensation immediately after award were not issued

As per section 12(2) of LA Act, the Collector was to issue notice to the land-losers immediately after passing of award for payment of compensation under Section 11. It was revealed in test check that even after finalisation of award, the special LAO, Bhadrak delayed issue of notices for payment of compensation in 11 cases by 82 to 754 days which is indicative of the fact that the LAO was not in readiness to pay the compensation but passed the award merely to restrict the quantum of additional compensation payable to the land losers. This also led to delay in payment of compensation even after finalisation of award, which deprived the land-losers of additional compensation of ₹ 70.29 lakh, as additional compensation would be limited to the date of award and not till issue of notices. The Special LAO stated (September 2011) that the delay in issue of notices was due to shortage of staff. The reply is not tenable as LAO was required to make timely payment of compensation as per LA Act.

³⁰ Ret Irrigation Project (26 LA cases), Turla MIP (four LA cases), Turpi MIP (two LA cases) in Kalahandi and Salandi Sanskar Project (25 LA cases), Approach Road over Baitarani River (one LA case), Sriganga MIP (one LA case) in Bhadrak.

³¹ LAO Kalahandi (seven LA cases), LAO Ganjam (six LA cases) and LAO Puri (nine LA cases)

2.1.3.8 Compensation award passed without reckoning the cost of standing trees

Section 23 of LA Act 1894 read with notification dated 22 August 1985 provides that the award made by the Collector towards land acquisition compensation must include the value of standing trees as well as houses built thereon. Audit examination however, revealed the following deviations in adhering to this stipulation:

Due to passing of award of compensation without cost of standing trees, possession of land could not be taken despite payment of compensation of ₹ 8.12 crore for a Government project leading to unfruitful expenditure

- In case of acquisition of 815.36 acres of land³² in 10 villages³³ in Kalahandi district for Ret Irrigation Project, the Land Acquisition and Rehabilitation Officer (LA&RO) passed (January to April 2007) award of compensation of ₹ 8.33 crore excluding cost of standing trees (₹ 1.10 crore) even though the Government had approved payment of such cost. Though the compensation of ₹ 8.12 crore (97.48 per cent) had already been paid during 2007-11, yet the land could not be taken over by Collector and handed over to the project authorities as the cost of the trees had not been paid to the land-losers (November 2011). Thus, the entire expenditure of ₹ 8.12 crore incurred on payment of compensation in this case, was rendered unfruitful (November 2011). Besides, this created avoidable liability of ₹ 53.30 lakh towards additional compensation on cost of trees at 12 per cent per annum payable from date of the initial award. In reply, the LA & RO stated (March 2011) that due to misconception regarding cutting of trees without forest clearance, the award was passed excluding cost of trees. The reply was not tenable as both the LA Act and Government notification provided for passing of award inclusive of the cost of standing trees. On the other hand, cutting of trees was actually the responsibility of the project authorities and not the LAO. Thus, due to passing of an incomplete award, the project was delayed by four years and the ₹ 8.12 crore already incurred on the project become unfruitful.
- Similarly, in two other villages³⁴ the same LAO, passed (February 2007) award for acquisition of 307.97 acres of land, excluding the cost of standing trees and additional compensation thereon (₹24.08 lakh). However, on demand of the land-losers compensation towards cost of trees and up-to date additional compensation (as ex-gratia) thereon (₹36.03 lakh) was paid after three years in August 2010 and December 2010. As a result, Government had to incur avoidable expenditure of ₹11.95 lakh being the difference between the compensation paid including ex-gratia (₹ 36.03 lakh) and additional compensation payable had the award for cost of trees been passed initially at a time in February 2007 (₹ 24.08 lakh).

³² Acquisition value: ₹ 8.33 crore

³³ Padapanga: 48.95 acres, Gunduri: 32.48 acres, Hatimunda: 23.69 acres, Barangadhara: 85.95 acres, Sanabatua: 49.30 acres, Badakarli: 38.79 acres, Kumpadar: 76.49 acres, Leheda: 328.92 acres, Badabatua: 7.68 acres and Kirkapata: 23.11 acres

³⁴ Sonapur: 149.94 acres (valued at ₹ 2.20 crore) and Kerandimal: 158.03 acres (valued at ₹2.11 crore) (Ret Irrigation Project, Kalahandi)

Despite taking over advance possession of land in 1997, compensation towards cost of standing trees (₹ 6.05 crore) was not paid as of June 2011

- Besides, in the case of acquisition of private land for establishment of steel plant by TISCO at Gopalpur, the Special LAO passed (February to November 1997) award for 675.36 acres of land³⁵ in three villages³⁶ excluding the cost of standing trees. Advance possession of land was given to IDCO during February to November 1997 without compensating the land losers towards the cost of trees. However, after a lapse of 12 years the compensation was estimated by LAO at ₹6.05 crore for its payment. The sanction of Industries Department sought in June 2009 was awaited as of June 2011. As a result, such compensations were not paid to the land-losers (June 2011) despite handing over of land 14 years earlier (1997). This was indicative of indifference on the part of the LAO and RDM Department towards the right of land-losers to receive compensation for the cost of trees standing on the acquired land.

2.1.3.9 *Restriction on property rights: Irregular ban on sale of land anticipating more requirement of land for an industrial concern*

Property rights of land owners of 18 villages of Lanjigarh Tahasil was arbitrarily restricted due to imposition of ban on sale of land since March 2004 in anticipation of acquisition for expansion of an industry

As stated earlier, Article 300A of the Constitution envisaged that no citizen can be deprived of his land except with authority of law. However, it was noticed that in anticipation of acquisition of land for Sterlite Industries (India) Limited for Alumina Refinery Plant at Lanjigarh, Kalahandi district, the Collector of Kalahandi imposed (March 2004) ban on sale of land in 18 villages under Lanjigarh Tahasil with a view to prevent purchase by outsiders. However, on the ground of further expansion of the project, the ban was continued to remain in force (June 2011) thereby depriving the land-owners of their right to dispose off their property. As there was no provision in the Act prohibiting sale of land, in anticipation of further acquisition by any entrepreneur or for any other purpose, the ban restricted the property right of the citizen³⁷ and was not a fair exercise of authority, especially when as per the existing instructions of Government, no land of any person belonging to Scheduled Caste (SC) or Scheduled Tribe (ST) can be sold to non-SC/ST person without explicit permission of the concerned Sub-Collector. The continuance of ban beyond the initial spell of land acquisitions for Sterlite Industries has potentially deprived land owners of the benefit of appreciation in the value of their land and, in the absence of any registered sale and purchase of land, kept the bench marked price of land in the area at an artificial level. It would also facilitate further acquisitions of land for promoters of industry at rates below their economic value.

³⁵ Acquisition value: ₹ 8.84 crore

³⁶ Basanaputi: 182.24 acres(₹ 2.81 crore); Chamakhandi: 377.85 acres (₹ 4.32 crore) and Laxmipur: 115.27 acres (₹ 1.71 crore)

³⁷ Article 300A of the Constitution

2.1.3.10 Land Acquisition Awards passed fraudulently on back dates by manipulating the records

Special LAO MIP Jagatsinghpur fraudulently passed award of compensation after lapse of LA proceedings by manipulating records thereby depriving the land-losers of higher compensation. The action benefitted the company POSCO (India) Limited

The provisions of LA Act (Sections 6 and 11 A) provide for finalisation of LA proceedings and passing of award within two years from the date of publication of such declaration, failing which the entire LA proceeding is liable to lapse and has to be started *de-novo*. The spirit behind such provision is to ensure that the land-losers should get due and fair compensation as compared to the compensation fixed earlier, in close co-relation with the prevailing market value as the market value of their land will invariably appreciate during the pendency of acquisition proceedings.

Our test check in six selected districts indicated that :

- Except in Jagatsinghpur district, the provisions of Section 6 and 11 (A) of the LA Act had been by and large observed. However in Jagatsinghpur district, where 437.86 acres of land estimated to value ₹ 6.99 crore were to be acquired in seven villages near Paradip for a company³⁸, no award was passed during the two years when acquisition proceedings were valid.
- We noticed (May 2011) that the Special LAO, Major Industrial Projects (MIP), Jagatsinghpur had violated the provisions of Section 11 in passing awards involving acquisition of 2.585 acres of land³⁹, 54 to 265 days after the lapse of LA proceedings and paid a compensation of ₹ 6 lakh to the land losers, instead of starting the LA proceeding *de-novo*. As per the audit examination in May 2011, no award had been passed for the remaining 435.275 acres of land, a fact that had been confirmed by the concerned LAO (May 2011) while furnishing information to audit.
- In subsequent examination of records of the concerned LAO in July 2011, it was noticed that between the interregnum of two audit inspections of his office, the LAO had passed 12 awards for 8.88 acres of land⁴⁰ at ₹ 23.89 lakh but indicated in the records that these awards were passed between 25 January 2008 and 11 December 2009. Authenticity of these awards was cross checked in audit with reference to the information furnished to audit (May 2011). It was noticed that entries in the Award register were not in a chronological order. In respect of acquisition of land in village Govindpur, two awards shown as passed on 25 January 2008 were entered at serial number three and four whereas two other awards passed on latter dates of February 2010 appeared at serial number one and two in the same Award register of

³⁸ POSCO (India) Limited

³⁹ Dhinkia (valid date: 15 December 2007, award date: 06 September 2010, after lapse of 265 days), Gobindpur and Polanga (valid date: 16 December 2007, award date: 08 February 2010, after lapse of 54 days)

⁴⁰ Govindpur: two awards on 25 January 2008, Polang: two awards on 25 January 2008, Nuagaon: one award on 25 January 2008, Noliasahi: two awards on 11 December 2009; three awards on 25 January 2008, Bhuyanpal: one award on 25 March 2008, Bayanalkandha; one award on 25 March 2008

that village. Similarly, in case of land acquisition in village Polang, two awards passed on 25 January 2008 were entered at serial number four and five whereas three awards passed on latter dates of February 2010 appeared at serial number one to three in the award register concerned.

Apart from being fraudulent, this action on the part of LAO, deprived the land- losers of compensation based on current market rates and consequently transferred the benefit of differential price of land at the time of acquisition and passing of award to the company.

On this being pointed out in Audit (August 2011), the RDM Department assured (November 2011) to refer the matter to the State Vigilance. Action in this regard was awaited (January 2012).

2.1.4 Assessment and payment of compensation

The amount of compensation is assessed and demanded by the Land Acquisition Officer (LAO) from the Departments/ entrepreneurs / companies concerned and is deposited with the Land Acquisition Officer (LAO) concerned, who disburses the compensation money to the land-losers. Audit examined the assessment of compensation and related dues as well as recovery thereof and the findings are indicated below:

2.1.4.1 Under-assessment of compensation due to erroneous fixation of market value of land leading to undue favour of ₹224.29 crore to the promoters

Due to wrong computation of market value of land, there was under-assessment of compensation by ₹224.29 crore which benefited the promoters of industries at the cost of land losers

For assessing the market value of land to be acquired for payment of compensation, Section 23 of LA Act read with Government instructions (8 December 1971 and 16 April 1980) required to consider highest market value of similar land in the concerned village on the date or nearby date of publication of notification under Section 4 (1), unless there were strong circumstances justifying a different basis of assessment. In case of non-availability of sales statistics of the concerned village, the same of the neighbouring village was to be considered. Government also clarified (April 1980) that fixation of valuation of the land to be acquired on the basis of average sale statistics was not proper in assessing compensation value. Besides, the Apex Court has also ruled⁴¹ that determination of market value of acquired land on average price basis was not proper. Thus, market value prevailing on the date of publication of notification for acquisition of land was the best guidance value.

In six test checked districts⁴², we noticed that in 35, out of 208 test checked LA cases, 4003.481 acres of private land were acquired between 2006-07 and 2010-11 at ₹318.38 crore for ten private entrepreneurs/ industries⁴³ and

⁴¹ AIR 1994 SC 1160. See also 1996 LACC 219 (SC), AIR 1998 SC 781 as mentioned at page 146 of Land Acquisition Manual

⁴² Bhadrak (14), Ganjam (1), Jagatsingpur (6), Kalahandi (6), Sambalpur (6), Puri (2)

⁴³ Aryan Ispat, Bhusan Power and Steel, Aditya Aluminium, Vedanta Aluminium, POSCO (India), IFFCO, ESSAR, IDCO for Titanium Di-oxide Project, Dhamara Port Company limited, Anil Agarwal Foundation for Vedanta University, Puri

IDCO. Cross verification of records of concerned Sub-Registrars in Audit revealed under-assessment of compensation by ₹ 224.29 crore⁴⁴ due to erroneous fixation of market value of land mainly due to:

- non-consideration of the highest sales statistics close to the date of publication of notice under Section 4(1) (₹ 27.55 crore in 14 LA cases);
- adoption of annual yield method instead of considering the highest sales statistics (₹ 14 crore in six LA cases);
- adoption of average price method instead of highest sales statistics and short calculation of additional compensation (₹ 171.89 crore in three LA cases);
- suppression of the highest sales statistics by LAOs as noticed during verification of records of concerned District Sub-Registrars (₹ 6.67 crore in seven LA cases);
- arbitrary rejection of higher sale instances close to the date of publication of notification under Section 4(1) (₹ 4.17 crore in five LA cases)

Promoter wise short-assessment of compensation as worked out in Audit is indicated in Table 2.1.4 below:

Table 2.1.4: Promoter wise under assessment of compensation

Sl No.	Name of promoter	Number of LA cases	Amount of short assessment (Rupees in crore)
1	Aryan Ispat & Power (P) Limited, Sambalpur	1	0.23
2	Bhusan Power and Steel Limited	3	4.15
3	Aditya Aluminium, Sambalpur	2	0.70
4	Titanium Products Private Limited, Ganjam	1	0.12
5	ESSAR Steel Limited, Jagatsinghpur	2	20.55
6	IFFCO, Jagatsinghpur	1	11.84
7	POSCO (India) Limited, Jagatsinghpur	1	5.23
8	Dhamara Port Company Limited, Bhadrak	14	5.32
9	Vedanta Aluminium Limited, Kalahandi	6	14.00
10	Anil Agrawal Foundation, Puri	2	13.44
11	IDCO for development of township and ancillary industries near POSCO area and Paradip	2	148.71
	Total	35	224.29

(Source: Records of test checked LAOs and concerned Sub-Registrars)

This resulted in payment of less compensation of ₹ 224.29 crore to the land-losers. In all these test checked districts, the land-losers received the

⁴⁴ Actual underassessment ₹ 273.09 crore less *ex-gratia* paid ₹ 48.80 crore

compensation under protest and represented to the concerned Collectors for payment of due compensation.

In reply, the Government stated (November 2011) that RDM Department had already issued instructions to all LAOs to consider higher of the highest sales statistics or benchmark valuation as the market value of land for arriving at the compensation payable. The LAO, Sambalpur while confirming the under-assessment, stated (January 2012) that action had already been initiated for recovery of these amounts from concerned promoters. However, the fact remained that under-assessment of compensation made by LAOs not only put the land-losers at disadvantage, but also indirectly helped the private promoters in receiving the land at comparatively lesser price.

2.1.4.2 Under assessment of additional compensation

There was under assessment of additional compensation by ₹ 9.76 crore

Under Section 23(1A) of the Act, additional compensation at 12 *per cent per annum* on the market value of land was to be paid to the land-losers from the date of publication of notification to the date of award of compensation. We noticed that in 18 out of 208 LA cases shown to Audit involving six promoters of industries for acquisition of 2562.199 acres of land valued at ₹ 73.78 crore, the additional compensation was calculated for a flat period of 12 months as per estimate for compensation against actual time gap of 13 to 38 months between the date of publication of notification to the date of award of compensation. This led to short assessment of additional compensation payable to the concerned land-losers by ₹ 9.76 crore (*Appendix-2.1.7*). A company wise abstract is given in the Table below:

Table 2.1.5: Promoter wise under assessment of additional compensation

Sl No.	Name of promoter	Number of LA cases	Amount of short assessment (Rupees in crore)
1	Bhusan Power and Steel Limited	2	0.23
2	Shyam DRI Power Limited, Sambalpur	1	0.65
3	TISCO, Gopalpur	3	0.14
4	IDCO for Industries, Jagatsinghpur	3	6.57
5	POSCO (India) Limited Jagatsinghpur	2	0.73
6	IFFCO, Jagatsinghpur	1	0.61
7	Anil Agarwal Foundation, Puri	6	0.83
	Total	18	9.76

(Source: Records of test checked LAOs and sub-Registrars of sample districts)

Short assessment of compensation as above also resulted in extension of undue benefit of ₹ 9.76 crore to the concerned promoters of industries at the expense of those who lost their land.

2.1.4.3 Under-recovery of establishment charges

There was under recovery of establishment charges by ₹ 28.89 crore

Section 50(1) of the LA Act, executive instruction 185 read with instructions (October 2002) of the Government provided for realisation of establishment charges at the rate of 10 *per cent/20 per cent* of the compensation value from the private entrepreneurs / organisations. Such charges were intended to meet the establishment cost of LAO and other incidental costs in connection with the LA proceedings.

We noticed under recovery of establishment charges by ₹ 28.89 crore⁴⁵ from 12 promoters and IDCO due to under-assessment of compensation/short realisation of establishment charges as indicated below:

- Due to payment of less compensation to the land-losers in 35 LA cases as discussed at paragraph 2.1.4.1, there was under-assessment of establishment charges by ₹ 27.31 crore⁴⁶ at the rate of 10 *per cent* of the compensation due;
- Due to under assessment of additional compensation in 18 LA cases as discussed at paragraph 2.1.4.2, there was under-assessment of establishment charges by ₹ 97.57 lakh ;
- In case of acquisition of 335.76 acres of private land acquired at a cost of ₹ 36.03 crore in village Nuagarh for establishment of a steel plant by ESSAR Group, the Special LAO (MIP), Jagatsingpur under-assessed establishment charges by ₹ 46.14 lakh which was recoverable from the promoters at the rate of 10 *per cent* on additional compensation of ₹ 4.61 crore⁴⁷ due to erroneous calculation of additional compensation for 12 months instead 32 months being the time lag between the dates of publication of notification (17 March 2007) and the date of award (17 November 2009) of compensation.
- In another case (Misc case no.293/06), as against demand of ₹ 2.15 crore raised by Special Land Acquisition Officer (Dhamara Port Project), Bhadrak towards decretal compensation dues of ₹ 2.01 crore and establishment charges of ₹ 14 lakh, the user agency (Dhamara Port Company Limited) deposited only ₹ 2.01 core towards compensation as per direction of requisitioning authority (IDCO) leaving remaining ₹ 14.00 lakh recoverable towards establishment charges. This was indicative of extension of undue favour to the concerned user agency by IDCO for no recorded reasons.

These establishment charges which were the result of under-assessment of compensation need to be recovered from concerned promoters and credited to Government account.

2.1.5 Allotment of Government land

Odisha Government Land Settlement (OGLS) Act and rules read with Government instructions (February 1966, March 1978, April 1980, August

⁴⁵ **Sambalpur district:** Aryan Ispat and Power (P) Limited : ₹ 2 lakh, Bhusan Power and Steel : ₹ 44 lakh, Aditya Aluminium : ₹ 7 lakh, Shyam DRI Power Limited : ₹ 6 lakh
Ganjam district: TISCO : ₹ 1 lakh, Titanium Products (P) Limited: ₹ 1 lakh;
Jagatsingpur district: ESSAR Steel Limited : ₹ 7.40 crore, IFFCO: ₹ 1.25 crore, POSCO (India) Limited : ₹ 60 lakh and IDCO ₹ 15.53 crore ; **Bhadrak district:** Dhamara Port Company Limited : ₹ 67 lakh; **Kalahandi district:** Vedanta Aluminium Limited ₹ 1.40 crore in; **Puri district :** Anil Agarwal Foundation : ₹ 1.43 crore

⁴⁶ Establishment charges on compensation : ₹ 22.43 crore and establishment charges on additional compensation: ₹ 4.88 crore

⁴⁷ 20 *per cent* of market value of land valued at ₹ 23.07 crore

1996 and March 2002) issued thereunder, provide that Government land can be allotted to Government Department / public and non-Government / private persons / other bodies for specific purposes on payment of premium equivalent to market value of land as per the highest sales statistics, ground rent at one *per cent* of market value, cess at 0.75 *per cent* of ground rent and fee for incidental charges⁴⁸ at 10 *per cent* of the market value of land. In addition to the above, the occupier of land is 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 payment of land premium.

We reviewed the allotments of land made during 2005-11 in the six test checked districts and noticed under-assessment of Government dues of ₹ 41.67 crore⁴⁹ as discussed in succeeding paragraphs.

2.1.5.1 Undue benefit to private entrepreneur worth ₹ 14.30 crore by RDM Department due to sanction of lease of Government land at concessional rate instead of fair market value as per Concession Agreement

Undue favour of ₹ 14.30 crore was extended to a private entrepreneur under PPP

Government of Odisha in Commerce and Transport Department entered (March 1997) into a MoU with International Sea-ports Private Limited (ISPL) for implementation of a port project at Dhamara and signed (April 1998) Concession Agreement on Build, Own, Operate, Share and Transfer (BOOST) basis. As per paragraph 7.2 of the said Concession Agreement (CA), the annual lease charges of Government land for port premises were payable at six *per cent per annum* of the fair market value as on the date of notification.

On test check of records of Tahasildar, Chandabali we noticed that during June 2001 to January 2006, the Collector, Bhadrak sanctioned lease of Government land measuring 875.72 acres in 38 villages in favour of IDCO for establishment of Dhamara Port Project, at the market values ranging between ₹ 26,000 to ₹ 1,20,000 per acre. Advance possession of the land was handed over to IDCO during January 2004 to March 2006 without executing the required lease deed. Subsequently the Collector, Bhadrak revalidated and revised (July 2004 to February 2006) these sanction orders with premium of ₹ 2.19 crore computed at a uniform rate of ₹ 25,000 per acre as per the IPR 2001 and executed the lease deed with IDCO in June 2008. Due to such revision in fixation of premium at concessional rate under IPR 2001, instead of as per paragraph 7.2 of the 'Concession Agreement (CA)' of April 1998 on BOOST basis, the Government sustained a loss of ₹ 14.30 crore⁵⁰. This also resulted in recurring loss of ₹ 10.72 lakh *per annum* towards cess on lease premium. Besides, incidental charges which were to be worked out at 10 *per cent* of lease premium was under assessed by ₹ 1.43 crore due to fixation of the premium on lower side on the basis of IPR 2001. As a result, undue

⁴⁸ To meet establishment cost, contingencies etc. as per OGLS Amendment Rules 2002 (lease covering 500 acres and above) and 2010 (any lease irrespective of area)

⁴⁹ Premium ₹ 24.67 crore, ground rent & cess ₹ 1.73 crore, capitalised value ₹ 34 lakh and incidental charges ₹ 11.06 crore, interest: ₹ 3.87 crore

⁵⁰ Land premium of ₹ 16.49 crore payable on the basis of highest sales statistics prevailing on the date of handing over of possession as envisaged in the CA less ₹ 2.19 crore claimed and realised as IPR Policy.

favour of ₹ 15.73 crore was extended to the private company at the cost of Government exchequer, Besides, by incorrectly extrapolating the provisions of IPR 2001 with the terms of CA the latter was virtually modified post facto to the advantage of the private party, which was irregular.

In reply, the Tahasildar admitted (September 2011) that though the market value was higher than the IPR rate, premium was still fixed under IPR 2001 as per Government instruction. The reply was not tenable since Government extended extra concession to the promoter beyond the conditions agreed to in the concession agreement (BOOST). There was nothing on record of the RDM Department to verify whether the revised rate of land premium was taken into the revenue model of the PPP project and whether the time period of the concession agreement (34 years including a maximum period of 4 years for construction) was suitably restricted considering the higher revenue flow. RDM Department stated (November 2011) that appropriate action for realisation of the amount would be taken.

2.1.5.2 Short assessment of premium on allotted land

There was short assessment of land premium by ₹ 11.28 crore

As per Government in RDM Department's orders of April 1980 and January 2008, while benchmark valuation⁵¹ was to be considered as the minimum basis for fixation of market value of land intended to be allotted to a private party, highest sales statistics was to be considered as the market value of land for fixing the land premium. Besides, as per the Government directives (January 2005), in case of land leased to Central Government organisations, capitalised value at 25 times of ground rent and cess thereon was payable to the Government. However, in twenty three lease cases involving three government agencies, we noticed short assessment of premium and other dues, as described below:

- In two lease cases of allotment of Government land (0.925 acre) to Samabalpur Development Authority for construction of a residential building and market complex, the Tahasildar Sambalpur fixed the market value of land on the basis of benchmark valuation at ₹ 38 lakh per acre whereas the highest sales statistics as per the record of concerned District Sub-Registrar, as verified in audit, was ₹ 50 lakh per acre. This resulted in short assessment of market value as well as fee recoverable to the tune of ₹ 27.75 lakh⁵².
- Government instructions (April 1980 and January 2008) provided for considering the higher of the (i) bench mark valuation, (ii) highest sales statistics, (iii) market value considered for acquisition of same category of land in same area, as the market value of land, while fixing the premium for allotment of Government land. However, in leasing of 283.35 acres of Government land of Puri Tahasil in favour of Anil Agarwal Foundation for establishment of Vedanta University, we noticed that contrary to the above provision, the Tahasildar under-

⁵¹ Value of land prescribed by Government for registration purpose and calculation of stamp duty payable during such registration

⁵² Premium ₹ 11.10 lakh and interest ₹ 16.65 lakh

assessed the land premium by ₹ 10.23 crore by assessing the premium as ₹ 5.36 crore against ₹ 15.59 crore due as indicated in *Appendix-2.1.8*. The Tahsildar not only ignored the highest sales statistics but also the market value adopted by him for acquisition of private land for same project, in the same village, earlier.

- In case of lease of 15.26 acres of Government land⁵³ in favour of Indian Coast Guards (January 2009), there was a net under-assessment of ₹ 76.67 lakh due to (i) short assessment by ₹ 2.81 lakh on account of incorrect computation of market value adopting benchmark valuation⁵⁴ instead of going for the highest sales statistics, (ii) wrong calculation of capitalised value excluding cess (₹ 33.56 lakh) and (iii) interest at 12 *per cent* from the date of advance possession to date of payment (₹ 40.30 lakh).

RDM Department stated (November 2011) that it would take appropriate action for realisation of these under-assessed and short-realised land premium.

2.1.5.3 Short recovery/ non-recovery of incidental charges, ground rent, cess and interest amounting to ₹14.66 crore from the promoters of industries due to non-compliance with OGLS Rules

There was short realisation of Government dues by ₹ 14.66 crore due to erroneous calculation of premium, ground rent, cess and incidental charges in 68 lease cases

Government instructions (August 2010) clarified that whenever land was allotted at concessional rates under the provisions of IPR, ground rent and incidental charges recoverable under the OGLS Rules 2002 (as amended) were to be charged on the market value of land. In case the market value was lower than concessional rate under IPR, the ground rent and cess was to be charged on IPR rate. Besides, in case of advance possession of land, interest at 12 *per cent per annum* is to be paid to the Government from the date of handing over of possession to the date of payment of premium.

We noticed short realisation of ₹ 14.66 crore on account of incidental charges (₹ 9.63 crore), ground rent and cess (₹ 1.73 crore) and interest (₹ 3.30 crore) as under:

- In four (Kalahandi, Ganjam, Bhadrak and Puri) out of six test checked districts, in eight out of 10 test checked lease cases involving allotment of 56.21 acres of Government land valued at ₹ 3.60 crore (*Appendix-2.1.9*), during May 2010 to March 2011, the Tahasildars did not raise demand for such incidental charges amounting to ₹ 35.95 lakh.

⁵³ Tahasildar, Chhatrapur: Lease case 6/08 (Sindurapali) - 10.00 acres; 5/08 (Matikhala) - 5.26 acres

⁵⁴ A rate fixed by the Collector for the purpose of stamp duty during registration of land. Government also clarified (January 2008) that while determining the cost of compensation/ lease value, the LAO may consider 'benchmark value' as the minimum valuation of award and not the sole guidance value.

- In three lease cases in three villages⁵⁵ under Rengali Tahasil in Sambalpur District, sanctioned (March 2008) in favour of IDCO for establishment of integrated steel plant by Bhusan Power and Steel Limited (BPSL), Government land measuring 146.18 acres and valued at ₹.10.38 crore was under possession of BPSL for three years. Audit noticed that the concerned Tahasildar (Rengali) did not levy interest (₹ 3.30 crore) and incidental charges (₹ 1.04 crore) payable on such land. Further, he short charged ground rent and cess by ₹ 52.19 lakh by computing it on the basis of IPR rate instead of market value of land. This resulted in short / non-realisation of revenue amounting to ₹ 4.86 crore. (*Appendix-2.1.10*).
- In 57 lease cases in four out of six test checked districts, 2073.90 acres of Government land valued at ₹ 94.28 crore⁵⁶ was leased to IDCO during March 2003 to June 2010 for further allotment to ten industrial establishments at ₹ 25.06 crore as per concessional rate under IPR. However, concerned Tahasildars raised demand of ground rent, cess and incidental charges, in some cases on concessional rate under IPR instead of basing it on prevailing market value. This resulted in short/non realisation of above Government dues⁵⁷ by ₹ 9.44 crore⁵⁸. In other cases no demands were raised at all.

2.1.5.4 Non-finalisation of lease cases despite handing over of advance possession

Lease deeds were to be executed with concerned authorities after allotment of Government land indicating the premium, annual ground rent, cess etc payable. We noticed that in following five instances, despite giving advance possession, lease cases were not finalised/lease deeds were not executed due to which the basis for charging premium, annual ground rent, cess etc remained un-established.

- In case of three central Government establishments involving seven lease cases, the lease proceedings were not finalised as of March 2011,

⁵⁵ Villages Thelkoloi, Dhubenchhapal, Khadiapali

⁵⁶ Market value on the date of recommendation of concerned Tahasildar for sanction of lease on the basis of the market value of land fixed for acquisition of private land in the same village (23 lease cases) prior to date of recommendation, fixed by concerned Tahasildar on the basis of sales statistics obtained from concerned Sub-Registrars' office (four lease cases), fixed by concerned Revenue Divisional Commissioner for urban land (one lease case), highest sales statistics as per the records of concerned Sub-Registrar (27 lease cases) and market value which was less than the IPR rate (two lease cases)

⁵⁷ Ground rent: ₹ 69.22 lakh; cess: ₹ 51.92 lakh and incidental charges : ₹ 8.23 crore

⁵⁸ **Sambalpur:** ₹ 1.59 crore (Aditya Aluminium-17 lease cases: ₹ 1.40 crore, BPSL-one lease case: ₹ 11.47 lakh, Hindalco-one lease case: ₹ 4.23 lakh, IDCO-one lease case: ₹ 2.88 lakh), **Kalahandi:** ₹ 64.21 lakh (Vedanta Alumina Limited:-18 cases: ₹ 62.95 lakh, Kiran Automobiles-one lease case: ₹1.26 lakh), **Jagatsinghpur:** ₹ 6.49 crore (POSCO-10 lease cases: ₹ 1.24 crore, ESSAR-one lease case: ₹ 1.27 crore, IFFCO-one lease case: ₹ 3.79 crore, IDCO-three cases: ₹ 19.73 lakh) and **Ganjam :** ₹ 71.95 lakh (Titanium Di Oxide project-three lease cases)

though advance possession of 1105.98 acres of land valued at ₹ 7.89 crore⁵⁹ (*Appendix-2.1.11*) was given 10 and 45 years earlier. Due to non-finalisation of these lease proceedings by concerned Tahasildars (Berhampur, Kujang and Kalahandi), premium, capitalised value, ground rent and interest thereon could not be assessed and realised for unduly prolonged periods even while land was being used by the allottee institutions.

- In case of other two agencies⁶⁰, advance possession of 548.33 acres of Government land was given by three Tahasildars (Berhampur, Chhatrapur and Sambalpur) six to 15 years earlier. Though ₹ 4.32 crore was demanded from the lessees towards lease premium and other Government dues payable as per the terms of sanction, no payment had been received as of June 2011. Besides, interest at 12 *per cent per annum* from the date of possession to the date of payment was also payable in these cases. In both the cases, lease deeds that were to be executed within six months of sanction remained un-executed for the last six to 15 years. In the case of the private occupier, TISCO, advance possession of 548.059 acres of land at lease value of ₹ 4.23 crore (current market value ₹ 99.47 crore) was given in May 1996, but the actual lease deed had not been signed as of March 2011, even though 15 years had elapsed. The lease value was also not paid by the allottee. This has tantamounted to extension of undue favour to a private firm and caused loss of revenue (₹ 95.24 crore) as also loss of economic advantage to the Government.

These cases, were, thus indicative of poor monitoring over allotment of Government land and realisation of premium and other charges due to Government, resulting in extension of undue favour to the private industries / promoters.

2.1.6 Utilisation of allotted land

Section 3B of Odisha Government Land Settlement Act 1962 provided that, if the allotted land or any part thereof, was not fully utilised, within the prescribed period, for the purpose for which it was allotted, then the unused land is to be resumed to Government. Similarly, MOUs with the promoters of industries required utilisation of both Government land and acquired private land for the purpose mentioned in the MOUs within a specified time period, usually three years. However, it was noticed that there was no specific mechanism/ machinery at Government level to oversee / monitor proper utilisation of either the acquired or the allotted land, for the intended purpose within the prescribed/allowed period. Irregularities involving non-compliance with the terms and conditions of MOU / sanction orders as regards utilisation of the allotted land are discussed in succeeding paragraphs.

⁵⁹ As assessed by concerned Tahasildar at the time of processing of lease

⁶⁰ (i) Sambalpur Development Authority: 0.30 acre (advance possession: May 2005; lease sanction: October 2010 and demand: ₹ 3.86 lakh), (ii) IDCO for TISCO: 548.03 acres under two Tahasils Chatrapur and Berhampur (advance possession: May 1996 to January 1997; lease sanction : April 1996 to December 1996 and demand: ₹ 4.28 crore)

2.1.6.1 Non-utilisation of acquired and allotted land resulting in hoarding of land

5293.22 acres of land allotted to four industries were left unutilised for three to 15 years resulting in hoarding of land

We noticed that in four projects, both leased Government land (1141.98 acres) and acquired private land (4151.24 acres) valued at ₹ 66.68 crore (present market value ₹ 2631.98 crore in November 2011) handed over to IDCO for allotment to four promoters of industries (Aditya Aluminium Limited in Sambalpur, TISCO in Gopalpur, Dharani Sugar Industries in Bhadrak, Shamuka beach project at Puri) were not even put to use fully / partially for periods ranging from three to 15 years as indicated in the Table below:

Table 2.1.6: Hoarding of land by promoters

(Area in acres and value : Rupees in crore)

Name of the Industry / promoter	Year of handing over	Government land		Private land		Total acquisition and lease value	Present market value based on highest sale statistics in the acquired or nearby villages
		Allotted area	Lease value	Allotted area	Acquisition value (Year of acquisition)		
Aditya Aluminium Limited, Sambalpur,	2006-08 (Handed over by IDCO to promoters)	375.60	3.75 (2006-08)	920.52	31.86 (2006-08)	35.61	215.16
TISCO, Gopalpur	1996-97 (Handed over by IDCO to promoters)	548.059	4.23 (1996-97)	2237.66	17.69 (1996-97)	21.92	879.88
Dharani Sugar Industries, Bhadrak,	IDCO taken over possession since 1996 but retained without handing over	0.00	0.00	217.71	1.21 (1996)	1.21	26.56
Shamuka beach project, Puri	IDCO taken over possession during 2001-06 but retained without handing over	218.32	0.55 (2001-06)	775.35	7.59 (2001-06)	8.14	1510.38
Total		1141.979	8.53	4151.24	58.35	66.88	2631.98

(Source: Records of test checked Tahasildars, LAOs and sub-Registrars of sample districts)

Out of the above four cases in one case (Aditya Aluminium Limited, Sambalpur), land had been acquired invoking emergency provisions under Section 17(4) as indicated at paragraph 2.1.3.2. As cost of land was increasing day by day and the present value of such unutilised land had appreciated approximately to ₹ 2631.98 crore as against payment of ₹ 66.88 crore paid by IDCO/promoters at the time of acquisition, non-utilisation of acquired private land and leased Government land for intended purpose for long periods led to hoarding of land, a precious scarce resource by the promoters and IDCO without being put to any economic use. The current market value of this land which could be much higher, could not be exactly assessed by us due to limited sales statistics in the acquired villages. Besides, we observed that there was practically no monitoring of utilisation of land by the Government in RDM Department after the MoUs are signed and allotments of land are made.

2.1.6.2 *No time frame fixed for utilisation of leased Government land*

It was noticed during test check that 1142.979 acres of Government land leased at ₹ 8.68 crores (current market value: ₹ 567.46 crore) allotted during 1995 to 2006 to Root Corporation Limited, Mumbai (one acre) and IDCO for in turn allotment to three promoters of industries (1141.979 acres) were lying unutilised for five to 15 years as of March 2011, as indicated at *Appendix-2.1.12*. No time frame for utilisation of land was specified by the concerned Collectors while leasing out Government land to IDCO for transfer to the private promoters excepting in the case of Sipasarubali Samuka Beach project in respect of which a six months time limit was fixed by the Collector. However, no action had been taken by Government for resumption of land allotted for these projects, as required under Rule 3(b) of OGLS Rules 1983.

2.1.6.3 *Utilisation of leased land for unauthorised purposes*

Joint physical inspection (March- May 2011) of leased land in the presence of Tahasildar, Kalahandi revealed that in three cases 1.16 acres out of 1.56 acres involving five lease cases leased during June 1987 to May 2002 to two private persons⁶¹ for industrial purpose (1.12 acres valued ₹ 34.27 lakh) and one other body (Secretary, Communist Party of India (M)), Kalahandi district Committee, Bhawanipatna) were utilised for purposes other than those for



One acre of land leased to GK Mohapatra, Paramandapur Kalahandi for industrial purpose lying idle

which the same was leased. Two instances where land was allotted for industrial purpose at concessional rate (₹ 0.85 lakh) were partly used for residential / commercial purpose while remaining area was left unused.

⁶¹ Sri Kumuda Chandra Sahani for construction of cement hallow and solid brick and Sri Gopal Krushna Mohapatra for soft drink manufacturing unit : both of Paramandapur, Kalahandi

Similarly, though land was allotted to the Communist Party of India (M), for construction of office building, the allottee had used the same partly for commercial purpose like running of shops. Collector had not taken any action against the land occupiers for such misutilisation of leased land. The land was also not resumed as required under Rule 3 (b) of OGLS Rules 1983 and the terms of the sanction order.



Use of land for partly commercial purpose though leased for industrial purpose (Seepona Cement and solid Brick), Paramanandapur, Kalahandi District

2.1.6.4 Encroachment / Unauthorised occupation of Government land

As per Rule 3 of Odisha Prevention of Land Encroachment (OPLE) Rules 1985, in case of encroachment of Government land, encroachment case was to be filed against the persons unauthorisedly occupying Government land and they were to be summarily evicted under Section 7 of the said Act.

As of November 2011, 150784.62 acres of Government land remained under encroachment in the State, maximum encroachments being registered in Sundargarh district (70215 acres) and the minimum in Boudh district (156.3 acres) as per the records of the RDM Department. This included 11783.07 acres of Government land encroached in six test checked districts. However, cases of encroachment as envisaged under OPLE Act/Rules have been filed only as and when these were detected by the concerned Tahasildars or reported by the concerned Revenue Inspectors (RI) but not as a matter of routine, as is required. Thus filing of encroachment cases was completely sporadic. It was noticed during test check of nine lease cases in the test checked districts that as per reports (1983 to September 2010) of concerned RI⁶²/ Tahasildars, 59.61 acres of Government land valued at ₹ 7.74 crore have remained under unauthorised occupation by the lease applicants (***Appendix-2.1.13***) as of March 2011. However, the encroachment cases filed were not followed up and the encroachers were allowed to occupy the land for their use after applying for lease in a routine manner. There was no mechanism to monitor vacation of encroachments by identifying all cases, filing cases in each case and following them up at the district levels or at the State level. This encouraged encroachment as a modus operandi for grabbing Government land.

We further noticed from the records of Tahasildar, Lanjigarh that 67.37 acres of Government land valued at ₹ 67.72 lakh including 56.77 acres of village forest land has remained under unauthorised occupation of Vedanta Aluminum Limited (VAL) since 2004. Joint physical inspection conducted (21

⁶² Revenue Inspectors

April 2011) by Audit and Tahasildar, Lanjigarh also confirmed unauthorised occupation of 4.31 acres of community Government land (Gramya Jangal: 3.16 acres, others: 1.15 acres) by VAL. After such detection of unauthorised occupation in joint physical inspection, concerned Tahasildar directed (April 2011) concerned RI to book encroachment cases against VAL. Further action in these cases is awaited.

Similarly, as per the report (28 January 2011) of Revenue Inspector, Lanjigarh, 3.67 acres of private land remained under unauthorised occupation of VAL since February 2009 even though the LA Act did not permit taking over possession of land before issue of notification under section 4(1) and without the consent of the concerned land owners.

In reply, the RDM Department admitted (November 2011) that no monitoring mechanism was in place to watch the land-use and prevent hoarding. It also stated that no enforcement agency was available to resume the unutilised / misutilised / encroached land.

2.1.7 Conclusion

Land under cultivation in Odisha considerably decreased with increased use of agricultural land for non-agricultural purpose. There was neither any land-use policy nor any prescribed scale for arriving at the actual requirement of land for different industries of different capacities. Fulfillment of public purpose clause as defined in LA Act in acquisition of land for private promoters of industries was not beyond doubt. Non-assessment of the correct market value of land in fixing land premium/ compensation, ground rent, establishment charges tended to help the land buyers, usually promoters of industries, at the cost of land-losers and Government. There were major instances of misuse of emergency provision of Section 17(4), thereby depriving the land-losers of their legal rights to contest the propriety of such acquisition. There was delay in finalising LA proceedings ranging from two to nine years and payment of compensation even in cases of land acquisition for Government projects. Awards for compensation was passed after the lapse of LA proceedings in one project by ante-dating the award fraudulently. There were also instances of non payment of compensation for a considerable period of time thereby putting the land-losers to great disadvantage. There were instances of non /short collection of interest for delay in payment of lease premium, non-collection of premium at prescribed rate, non-collection of incidental charges and ground rent from promoters of industries by Tahasildars. Lease cases were not finalised even after 10 to 45 years of handing over of advance possession. In short, the processes and procedures ultimately tended to benefit the private buyers/industries at the expense of those who lost their land, mostly farmers. There was also no mechanism to effectively identify, monitor, and follow-up utilisation of allotted lands for intended purposes as well as of encroachments on acquired / Government land thereby indirectly encouraging such malpractices. Resumption of unused leased-land after expiry of the stipulated period was completely non-existent and monitoring of the same was absent.

2.1.8 Recommendations

Based on our findings, we recommend that Government may take adequate and efficacious steps:

- to formulate a land-use policy as well as land-use plan for the entire State (district-wise) and prescribe norms and scales for land required for different types of industries with different capacities;
- to set up an independent and representative regulatory authority to ensure strict compliance of land use norms and to ensure that there is no arbitrary deviation from such norms;
- to acquire agricultural as well as private land only for “public purposes” on instant need basis by maintaining the sanctity of its meaning as per the provisions of LA Act ;
- to prevent misuse of emergency provision in Section 17 (4) by restricting its application to very exceptional cases and for only public purpose on fulfillment of prescribed conditions and subject to review at higher levels in the Government ;
- to ensure transparency and fairness in arriving at market value of land (both for acquisition and allotment) by picking the highest sale statistics not less than the guidance benchmark value in any case and keep the interest of the land-losers in mind at all times by instituting appropriate monitoring mechanism for fair and transparent determination of market value as per law and to fix responsibility for violation of law;
- realise the short assessed compensation / Government dues from the promoters and pay the same to the concerned land-losers / Government, as the case may be, with interest, either as ex-gratia or in any other form. In case, these promoters do not pay such dues, the same may be recovered from concerned officers who, after due enquiry, are found to be responsible for such short-assessment of compensation and the amount paid to the concerned land-losers;
- to finalise LA cases including payment of compensation within the prescribed time table and strictly avoid the practice of passing awards after lapse of land acquisition proceedings;
- to resume all unused land allotted to industries after a fair assessment and to devise mechanism to return the same to land-losers, besides imposing penalty on the company/industry, within a fixed time period;
- to strengthen the monitoring mechanism for exercising constant oversight over improper use of acquired land and to prevent encroachments.

The matter was reported to the Commissioner-cum-Secretary, RDM Department in July 2011; Reply of the Government had not been received (January 2012).

HOME DEPARTMENT

2.2 Scheme for Modernisation of Police Force in the State

Executive Summary

Performance audit of 'Modernisation of Police Force' (MPF) scheme in the State revealed that long term planning to drive the scheme for modernisation of police in Odisha so as to derive optimal benefit from it was not made. The annual plans, thus, were just a wish-list of various items projected to be purchased during the year rather than being outcome-based. District wise priorities were not considered, as no feedback was obtained from concerned Superintendents of Police while preparing the plans. Planning was largely top driven, instead of being bottom up. As a result, these plans failed to establish linkages between various independent activities - weapons were procured without ensuring availability of trained personnel to use them; vehicles were purchased without recruitment of drivers. Besides, the planning did not cover any strategy for efficient intelligence gathering, investigation, human resource development and augmentation of State Forensic Science Laboratory.

Centralised procurement of weapons, equipments and vehicles had not factored competing field requirements in the Annual Action Plans leading to lopsidedness in allocations between Left Wing Extremism (LWE) affected and other districts. Even though the Annual Action Plans (AAPs) indicated clear bifurcation of the equipment and funds between LWE districts and non-LWE districts, neither separate district-wise indents nor figures of district-wise supplies were available in the office of the Director General of Police (DGP). It was, therefore, not clear as to how the Department / State Level Empowering Committee (SLEC) / State Government had balanced supply with demand, particularly in the LWE districts. Though effectively addressing LWE activities was one of the key objectives of the State police in recent times, key performance indicators for measuring the operational efficiency of the police force was neither prescribed anywhere nor even attempted in the AAPs.

While 55 per cent of total allocation was utilised on construction of buildings, merely 11.5 per cent funds were spent on important activities like communication, computerisation, forensic science and intelligence gathering which was sub-optimal, even as these were crucial to improving the operational efficiency and effectiveness of the State Police in dealing with rising LWE activities in the State.

Weapons worth ₹14.80 crore including sophisticated weapons worth ₹13.83 crore were retained at the central arms store at Cuttack without issuing these to the field units, despite 61 per cent shortages of such weapons in eight test checked districts. The shortage of trained manpower to handle sophisticated weapons in the test checked districts was 78 per cent.

Despite utilisation of ₹7.36 crore on computerisation and communication, police networking and crime data sharing and transmission remained unachieved. The communication system could not be made operational and remained an area of concern.

Despite shortage of 1288 vehicles including 423 heavy vehicles, 10 light vehicles were purchased in excess of the prescribed norm and 626 vehicles procured under the scheme were issued to training and other establishments for non-operational work. Such shortages were further compounded due to non-availability of drivers for 1343 (47 per cent) operational vehicles (31 March 2011).

Though ₹211.69 crore were released to Odisha State Police Housing and Welfare Corporation Limited (OSPHWC) for construction of 620 residential and non-residential buildings during 2004-11, yet 76 buildings were not even started due to non-finalisation of site. Three buildings constructed at a cost of ₹1.18 crore in two test checked districts were left unused after four to 14 months being handed over. No agreement was executed by the Home Department with OSPHWC in case of various infrastructural development works entrusted to it without tender. Consequently, important parameters like timely completion, quality control and timely handing over of buildings could not be ensured. By commencing construction work on forest land without requisite forest clearance, ₹46.60 lakh incurred on the project 'construction of Indian Reserve Battalion (IRBN) building, Koraput' rendered unfruitful. Interest of ₹11.38 crore earned on unspent scheme funds was retained by the OSPHWC; the Corporation was in the process of adjusting it against extra expenditure incurred on MPF works beyond the administratively approved cost. SLEC did not take any step for refund of this amount by the Corporation. Inflated utilisation certificates for ₹90.06 crore were submitted to the Government of India (GoI) without actual utilisation even as the money was actually lying in the bank account of OSPHWC and five other executing agencies.

There was eight to 25 month delay in sending analysis reports of forensic tests to police, mainly due to shortage of required technical manpower at State Forensic Science Laboratory.

The State has shortage of 43108 home guards (73 per cent). During 2004-2010, the overall acquittal rate of 1.72 per cent in filed cases by police was four times greater than the conviction rate of 0.47 per cent. This raises, doubts about the quality of investigation even when average number of crimes investigated worked out to be 52 per PS / OP per annum (one case per week) and 11 per ASI/SI per annum (about one case per month), which appeared to be fairly low.

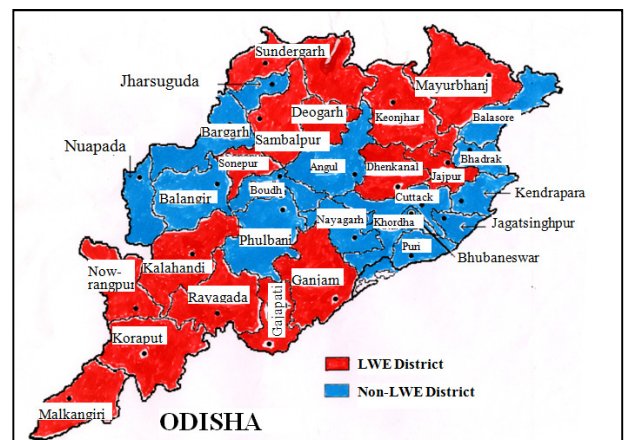
LWE attacks were on the rise from 2008 onwards. As the striking capability of State police force did not increase effectively to counter these attacks, despite various interventions through the scheme, casualties resulting from LWE had also gone up. Factors affecting the efficiency and striking capabilities of state

police was found to be large scale vacancies, insufficient training and inadequate mobility support etc. Though high lead time in procurement and below average responsiveness in construction and up-gradation activities were adversely reported in the impact analysis survey report (January - March 2010) of Bureau of Police Research and Development (BPRD), yet the issues remained largely un-addressed (November 2011).

However, the State Level Empowering Committee (SLEC) headed by the Chief Secretary, which was supposed to monitor the implementation of the scheme and give requisite directions to address critical bottlenecks in the implementation of the scheme, was found wanting in exercising requisite oversight.

2.2.1 Introduction

Government of India (GoI) introduced the scheme of 'Modernisation of Police Force' (MPF) in 1969 to improve the operational efficiency of the State police forces in the country so as to enable them to effectively face the emerging challenges to internal security. The scheme was revised in 2000-01 and extended for a period of ten years. Up to September 2003, the cost of modernising police forces in various areas was shared between the GoI and the States in the ratio of 50:50. This ratio was subsequently revised to 60:40 in October 2003 and 75:25 in September 2005⁶³. The scheme was implemented as per guidelines issued in 2001, which were intermittently revised, the last revision being in September 2005. The scheme was implemented in 36 police districts of the State (covering all the 30 revenue districts), including 17⁶⁴ police districts (15 revenue districts) identified by the State Government as affected by left wing extremism (LWE).



The State encountered 409 instances of extremist attacks during 2004-10. Such attacks were on the increase as indicated in **Appendix-2.2.1** and went up from 24 in 2004 to 149 and 130 in 2009 and 2010, respectively. In these incidents, 123 police men, 99 civilians and 64 extremists were killed while 1617 arms and 1.29 lakh ammunitions were looted. Besides, 22 vehicles including one Mine Protected Vehicle (MPV) were also destroyed. However, the police and paramilitary forces succeeded in arresting 1033 extremists during this period.

⁶³ Excepting for seven north-eastern States and 'Jammu and Kashmir' where central assistance is 100 per cent

⁶⁴ Berhampur, Deogarh, Dhenkanal, Gajapati, Ganjam, Jajpur, Kandhamal, Keonjhar, Koraput, Malkangiri, Mayurbhanj, Nabarangpur, Rayagada, Rourkela, Sambalpur, Sonepur and Sundargarh

2.2.1.1 Why did we take up this Audit?

The scheme was earlier reviewed by us in 2004 and the findings were included at paragraph 3.6 of the Audit Report (Civil) for the year ended 31 March 2004. The review focussed on financial management, implementation of the programme, up-gradation of Fingerprint Bureau, State Forensic Science Laboratory (SFSL) and traffic control, deficiencies in computerisation of police stations, construction of buildings, mobility support and purchase of arms and equipment. Compliance notes on this review were submitted by the State Government in February 2007 and are awaiting discussion in the Public Accounts Committee (PAC). The State Government assured (February 2007) that procedural infirmities would be addressed and delays in finalisation of tenders in respect of major components like arms, computers, traffic control reduced. They further assured to ensure timely procurement of arms and equipments and completion of buildings by OSPHWC. However, successive attacks by left-wing extremists on police stations and looting of arms and ammunitions in 2004, 2008, 2009 and 2010 cast a shadow on the state of preparedness, efficacy of intelligence gathering and striking capabilities of the State police to handle such situations despite the scheme for modernisation of police continuing for about a decade. It simultaneously impacted to internal security management in the State a high risk profile with attendant consequences on overall governance. This prompted us to conduct a fresh performance audit of the scheme.

2.2.1.2 Organisational structure

The SLEC headed by the Chief Secretary and comprised by six other members⁶⁵ represented three departments of Finance, Home and Public Works, was the apex decision making body for policy direction and designing strategies for implementation of the scheme in the State. Special Secretary (Home) was the member convener of SLEC. The Principal Secretary, Home Department, duly assisted by Special Secretary (Home) and the Director General of Police (DGP) was in charge of implementation of the scheme. The DGP, in turn, was assisted by Inspector General of Police (Modernisation), Superintendents of Police of districts and other unit heads like Commandants of Armed Battalions etc. A chart depicting the roles and responsibilities of various authorities at State and district levels is indicated at *Appendix-2.2.2*. As can be seen, this was a structure which was separate from the usual DGP's structure and was designed to involve active involvement of the top echelons of the State's bureaucracy implementing the scheme.

2.2.1.3 Audit Objectives

We took up the performance audit with the objective of assessing that:

- its financial management was efficient and effective;

⁶⁵ Principal Secretary, Home Department, Principal Secretary, Finance Department, Engineer-in-Chief-cum-Secretary, Works Department, Director General of Police (DGP), Chairman-cum Managing Director, Odisha State Police Housing and Welfare Corporation and Special Secretary (Home) as the member-convener of the SLEC

- there were proper and adequate long term and short term plans to achieve the objectives of the scheme viz; operational efficiency, capacity building and infrastructure augmentation;
- the State Police Forces acquired and used modern weapons, efficient communication systems, mobility support and other infrastructure in an efficient manner;
- the acquisition of various kind, upgraded system of intelligence gathering, investigation, traffic control and forensic testing were upto envisaged level;
- system of monitoring the implementation of the scheme was in place and effective.

2.2.1.4 Audit criteria

Criteria used to benchmark the implementation of the scheme were drawn from:

- Scheme Guidelines and instructions issued by the GoI from time to time;
- Norm and scales prescribed by Bureau of Police Research and Development (BPRD) for various operational parameters like weapons, mobility etc.;
- Instructions issued by the State Government from time to time;
- Provisions of Odisha General Financial Rules, Odisha Treasury Code, Odisha Public Works Department Code;
- Prescribed monitoring mechanism.

2.2.1.5 Audit scope and sample

We conducted the performance audit during May-June 2011 and November-December 2011 covering the period 2004-11⁶⁶. We covered eight⁶⁷ (22 *per cent*) out of 36 police districts⁶⁸ of the State, including four LWE affected districts⁶⁹. The districts were selected on the basis of Simple Random Sampling without Replacement (SRSWOR) method. Under each sampled police district, six Police Stations (PSs)/Outposts (OPs) were selected on random basis.

2.2.1.6 Audit methodology

As a part of audit methodology, we conducted test check of records of the sampled units and collected information through questionnaire. Records of

⁶⁶ Initially reviewed during March to June 2009 and also, April to June 2010

⁶⁷ SPs of Dhenkanal, Koraput, Rayagada, Sundergarh, (4 LWE districts) and SPs of Cuttack and DCP Bhubaneswar, Jharsuguda, Nayagarh (4 non-LWE districts).

⁶⁸ Covering 30 revenue districts

⁶⁹ Koraput, Rayagada, Sundergarh and Dhenkanal.

Home Department, State Police Directorate, nine other State level offices⁷⁰, eight Superintendents of Police (SsP) / Deputy Commissioner of Police (DCP) offices⁷¹ (22 per cent of the total 36 police districts⁷²) and 48⁷³ PSs / OPs including 21 LWE PSs/OPs functioning there under were test checked in Audit. Two training institutes, viz. Biju Patnaik State Police Academy (BPSPA), Bhubaneswar and Police Training College (PTC), Angul were also covered. The records of OSPHWC, the executing agency for all civil works, was also test checked. We also conducted joint physical inspection of assets created under the scheme along with departmental officials and took photographs, wherever necessary, for the purpose of evidence.

2.2.1.7 Entry and exit conference

We discussed the objectives, scope and methodology of audit with the Principal Secretary, Home Department and Director General of Police at an 'Entry Conference'. Audit findings were also discussed at 'Exit Conference' with the Commissioner-cum-Secretary, Home Department on 27 October 2011. Responses of the Government and the DGP have been included at appropriate places.

2.2.1.8 Acknowledgements

We appreciate the cooperation of the Home Department, DGP, implementing agencies and field functionaries of the State police during this performance audit.

Audit findings

2.2.2 Financial Management

Audit reviewed the financial management under the scheme in test checked units and the findings are discussed below.

⁷⁰ Director General (Home Guards); Criminal Investigation Department (Crime Branch) (CID); Special Intelligence Wing (SIW); Special Operation Group (SOG); Superintendents of Police (SP) Signal, Police Motor Transport (PMT), Security; Directors, State Forensic Laboratory (SFL) and State Crime Record Bureau (SCRB)

⁷¹ SsP of (i) Koraput, (ii) Rayagada, (iii) Nayagargh, (iv) Jharsuguda, (v) Sundergarh, (vi) Dhenkanal, (vii) Cuttack and (viii) DCP, Bhubaneswar

⁷² 34 police districts and two Railway police districts

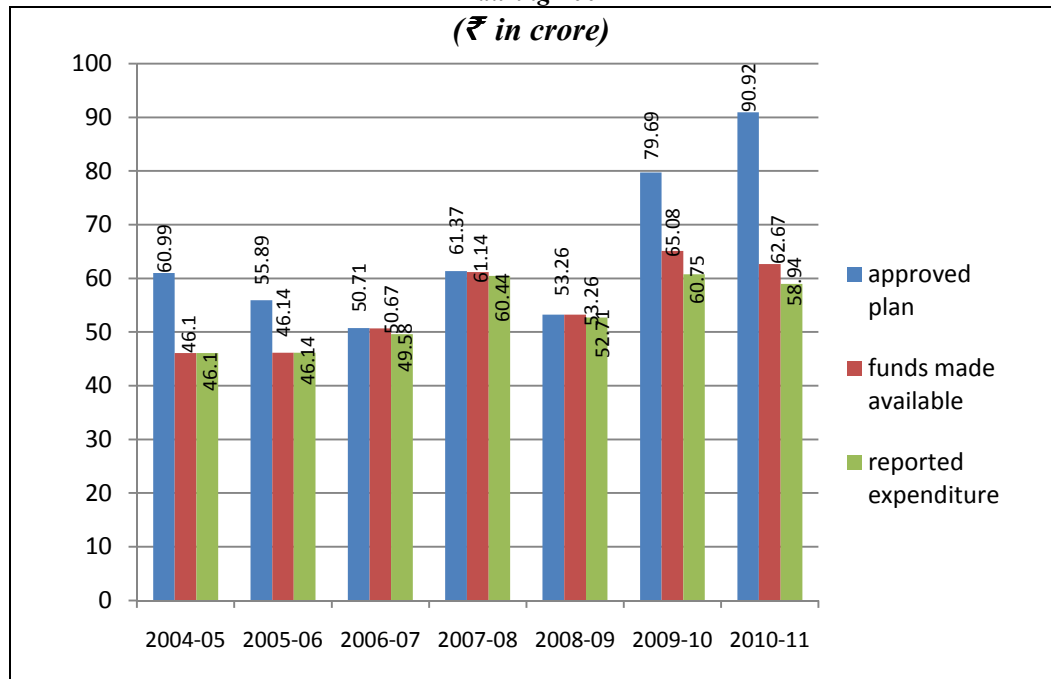
⁷³ PS / OPs : (i) **Koraput district** : Pottangi, Sunabeda, Koraput sadar, Jeypore town, Kakirigumma, Dumuriput Out post; (ii) **Rayagada district**: Padmapur, Gunupur, Bissamcuttack, Chandili, Muniguda; (iii) **Nayagargh district**: Nayagargh, Dasapalla, Odogaon, Sarankul, Nuagaon; (iv) **Jharsuguda district**: Kolabira, Jharsuguda town, Laikera, Belpahara, Brajarajnagar; (v) **Dhenkanal district**: Dhenkanal town, Balimi, Rasol, Hindol, Motanga, Kamakhyanager, Hindol Rd. (OP), Starion Rd.(OP); (vi) **Sundergarh district**: Sundergarh town, Bhasma, Kutra, Bargaon, Talsara; (vii) **Cuttack district**: Narasinghpur, Baramba, Athagarh, Banki, Niali, Govindpur, Kishorenagar, Talabasta OP and (viii) **DCP, Bhubaneswar**: Capital, Laxmisagar, Saheednagar, Nayapalli, Baliana, Khandagiri

2.2.2.1 Fund flow mechanism and financial position

Funds under the scheme were intended to supplement the resources of the State for modernisation of police. The GoI, after approval of the Annual Action Plans of the State Government, released the Central share (75 per cent) of funds to the State Government and directly to other agencies like Ordnance Factories Board (for weapons) and OSPHWC for procurement of materials and execution of works. The State share (25 per cent) was released by the State Government to DGP / OSPHWC through the usual budgetary mechanism of the State. We observed that these multiple channels of flow of central funds, particularly those flowing directly to the implementing/executing agencies as indicated above, resulted in dilution of usual budgetary and financial controls.

During the period 2004-11, ₹ 385.06 crore were released under the scheme by the GoI (₹ 293.89 crore) and State Government (₹ 91.17 crore) of which ₹ 374.66 crore (97 per cent) was reported by the Department as utilised by March 2011. The year-wise allocation and expenditure of funds is at **Appendix-2.2.3**. A bar diagram representing the approved plan size, funds actually made available and expenditure reported to be incurred is indicated in the Chart 2.2.1 as under :

Chart 2.2.1: Year wise approved plan, fund availability and expenditure incurred under MPF during 2004-11



As may be seen from the above graph, during 2009-10 and 2010-11, there was a significantly material shortfall between the approved plan size and funds made available under the scheme. Yet, the magnitude of approved plan size in these years was higher by 16 per cent over the average approved plan size during the preceding five financial years (2004-2009). Still, the expenditure during these two years remained almost at the same level as during the preceding five years.

2.2.2.2 *Lack of integrity in financial reporting due to submission of inaccurate utilisation certificate*

Audit cross-checked the records of executing agencies to assess the integrity in financial reporting and reliability of the expenditure figures furnished by the Department. We found that the reported expenditure of ₹ 374.66 crore for which utilisation certificate had already submitted by the Department, was not correct and was, in fact, inflated by ₹ 90.06 crore. Though ₹ 100.46 crore were lying unspent with OSPHWC (₹ 96.99 crore) and five other executing agencies⁷⁴ (₹ 3.47 crore) as on 31 March 2011, the Department reported to State Government that only ₹ 10.40 crore was lying unspent on that date. Thus, the actual expenditure as on 31 March 2011 was merely ₹ 284.60 crore which was 73.91 per cent of the total available funds. This inaccurate capture of expenditure data at the level of the Department was indicative of the poor expenditure management and accounting controls. Given that most of the fund flows under this scheme were outside the usual budgetary mechanism as indicated earlier, this is fraught with the risk of loss of accountability for the expenditure incurred, apart from lack of integrity in financial reporting.

On this being pointed out by us, the Department stated (October 2011) that UC was submitted for actual expenditure incurred by State Police Headquarters (SPH). The reply was not tenable in audit as funds spent at the level of SPH did not represent entirely the expenditure actually incurred and included sums transferred to and lying unspent with OSPHWC and other executing agencies as on 31 March 2011.

2.2.2.3 *Extension of undue financial benefit to OSPHWC due to approval of inflated estimates*

We had mentioned in Paragraph 3.2.13.7 of the Audit Report (Civil) for the year ended 31 March 2007 about the unjust enrichment of OSPHWC due to irregular collection of Sales Tax in the name of ‘work contract tax’. This had been done by inflating the estimates for the buildings constructed under ‘Modernisation of Prisons’ and appropriation of the work contract tax thereupon without depositing it with the Sales Tax authorities, as the Corporation was not liable to pay any such tax. On this matter being pointed out (May 2006) in audit, the Corporation discontinued charging of such tax from October 2006. It was however, noticed that in case of construction of buildings under MPF also, the Corporation had inflated the estimates for 102 buildings prepared up to October 2006 by adding such “works contract tax” and supervision charges there on, in addition to Sales Tax, and irregularly adjusted ₹ 1.27 crore on this account from the funds placed with it during 2004-06. This too had, resulted in undue enrichment of the Corporation.

Preparation of inflated estimates by inclusion of contract tax in addition to sales tax and supervision charges

⁷⁴ Biju Patnaik State Police Academy: ₹ 1.60 crore; Criminal Investigation Department: ₹ 1 crore; DGP: ₹ 57.88 lakh; State Crime Record Bureau: ₹ 9 lakh and Superintendent of Police (Security): ₹ 19.77 lakh

The Chairman-cum-Managing Director, OSPHWC, stated (October 2011) that six *per cent* extra was added to the estimate to normalise the ‘escalation cost’ of materials and labour but was erroneously shown as contract tax in the estimate. The reply was not tenable as escalation charges and contract tax were completely different items; such contention, therefore, was not logical.

2.2.2.4 *Non-refund of interest earned on scheme funds*

As per instructions of GoI, the UCs interalia were to indicate the interest earned by the executing agencies on unspent scheme funds. In case, the implementing / construction agency had not earned any interest on GoI funds, a certificate to that effect was required to be sent to GoI. We however, noticed that in the UC submitted to GoI, interest element was not indicated at all.

Interest of ₹ 11.38 crore earned on scheme funds was retained by OSPHWC

During 2004-11, the OSPHWC received ₹ 226.69 crore directly from both Central and State Governments for construction of residential and non residential buildings (₹ 211.69 crore) and procurement of different equipment, weapons etc (₹ 15 crore). The Corporation earned an interest of ₹ 11.38 crore on the unspent scheme funds up to March 2011 which was neither accounted for under the scheme nor reported to GoI.

In reply, the DGP stated (October 2011) that the Corporation had spent unclaimed expenditure of ₹ 12.76 crore on MPF projects up to 31 March 2010 and their request for adjusting the same from interest earned was under consideration of the SLEC. The reply was not tenable as appropriation of interest was irregular and interest earned had remained unaccounted for (November 2011).

Planning

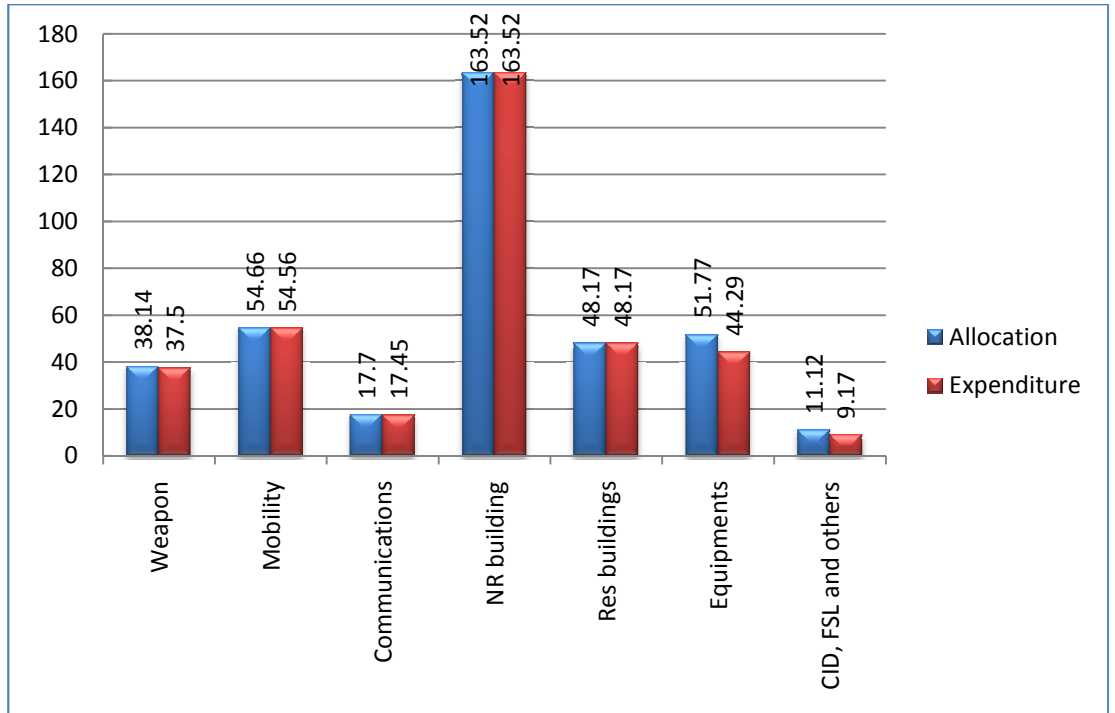
2.2.3 *Improper, inadequate and uncoordinated planning*

During 2004-11, the Department spent ₹ 374.66⁷⁵ crore under the scheme on procurement of modern weapons, vehicles, equipments, communication systems, computerisation, security/ intelligence equipments, forensic science laboratory and construction of residential and non-residential buildings for police forces⁷⁶ etc. As per information furnished by the DGP, component-wise allotment and expenditure incurred during 2004-11 are displayed in Chart 2.2.2:

⁷⁵ Actual expenditure was ₹ 284.60 crore as reported expenditure of ₹ 374.66 crore was inflated by ₹ 90.06 crore due to incorrect depiction of unspent funds of ₹ 100.46 crore as ₹ 10.40 crore only, as on 31 March 2011

⁷⁶ Reported expenditure under civil works was ₹ 208.23 crore which included unspent funds of ₹ 96.99 crore available with OSPHWC on 31 March 2011

Chart 2.2.2: Component wise allocation and expenditure under MPF during 2004-11 (Rupees in crore)



(Source : Information furnished by the Department), Res: Residential, NR: Non-residential

As may be seen from the above chart, while 55 per cent of total allocation was allotted and spent for construction of residential and non-residential buildings through OSPHWC functioning under the same Department, only a meagre 11.5 per cent of allocation was provided for important activities like communication, computerisation, forensic science and intelligence gathering, improving investigation and human resource development.

We observed (September 2011) that despite such interventions, the state of preparedness, striking capabilities and operational efficiency of State police were deficient as demonstrated by low indices of crime investigation, low conviction rate and rising LWE activities as discussed paragraphs 2.2.1, 2.2.9.1, 2.2.9.2 and 2.2.9.4 in this report.

2.2.3.1 Long term plan missing

The GoI guidelines for MPF required the State Government to prepare five year Perspective Plans. Annual Action Plans (AAPs) were to flow from these Perspective Plans and got approved by the State Level Empowered Committee (SLEC) before submission to GoI. We noticed that the State Government prepared a five-year Perspective Plan for the period 2000-05. However, it did not prepare such plans for the periods 2005-10 and 2011-15. There was nothing on record to indicate if the State Government or the DGP had laid out any long-term strategy to improve the operational efficiency of the State police, particularly for tackling the growing left-wing extremism in the State.

2.2.3.2 Framing of procurement based Annual Action Plans (AAPs)

Audit further noticed that while planning was limited to preparation of Annual Action Plans, even these looked more like an annual purchase / procurement and construction wish-list. Neither long term goals and benchmarks were spelt out in any form in the Annual Plans nor pre-defined key performance indicator (KPIs) like response time to reach the crime place, time to register First Information Reports (FIR), average time taken for detection of different categories of crime, number of investigations of different kinds to be conducted by a police official per day and per month, number of cases to be finalised after investigation per officer per month, number of samples to be checked in the FSL per month, number of preventive combing operations to be done in LWE infested districts in a month etc. for measuring the operational efficiency of the police force were prescribed by the department. In fact, there was no baseline data on operational efficiency. On this being pointed out, the Secretary assured (October 2011) to start with a few KPIs, from the next annual plan.

Though the AAPs of 2008-09 and 2009-10 clearly stated (in the introduction) that an exercise was undertaken for formulating a realistic action plan for up-gradation of capabilities and strengthening of police stations, training, mobility, communication and scientific aid etc., we observed that due diligence in the preparation of such plans was inadequate. The plans were largely top driven with practically no input from police districts. Examination of records in the offices of DGP and Home Department revealed (November 2011) that though SPs had submitted their requirements, yet the same were not considered while preparing annual plans and that SPs were not adequately and proactively consulted in the planning process. Moreover, the annual plans for 2007-08 and 2008-09 were submitted to GoI without approval of the SLEC. From the evidence made available in the course of audit, it was unclear how, in the absence of any documented projection of the requirements by the district police units in regard to weapons, equipments, vehicles etc., the DGP and the Government had split up State's requirement in to LWE affected districts and the remaining districts.

Besides the plans did not indicate any linkage between the various activities that converged on the same objective as indicated by the chart below:

Chart 2 : Relational chart

Objective	Linked chain of activities	Whether planned and strategised
Improving striking capabilities	Procurement of modern weapons	Yes
	Availability of trained personnel to handle sophisticated weapons	Not commensurate with weapons purchased
Improving mobility	Procurement of vehicles	Yes

Objective	Linked chain of activities	Whether planned and strategised
	Recruitment of drivers	Not commensurate with vehicles purchased and available
Improving the quality of investigations	Procurement of equipments for State Forensic Laboratory and Mobile Forensic Laboratories	Yes
	Filling up vacant posts of Scientific Officers and Laboratory Assistants	No
	Procurement of equipments for Handwriting Bureau of CID	Yes
	Posting of technical personnel to handle the same	No
Upgrading physical infrastructure	Construction of police buildings and staff quarters	Yes
	Fortification of police buildings in LWE areas	Yes (very few)
Traffic control	Purchase of mobile cranes	Yes
	Posting of drivers	No
Improving timeliness in crime investigation	Filling up of vacancies	No
Support to Police (Home guards)	Filling up vacancies	No

(Source: Audit analysis)

Considering gross deficiencies in planning as indicated above, the extent and impact of diligence that was being exercised by the Principal Secretary, Home Department and the SLEC in appraising these plans before sending them to GoI was below par. In fact, the planning efforts was completely adhoc and intuitive rather than based on scientific analysis of baseline data and exception reports. Plans and strategies to address the deficiencies pointed out in earlier CAG's Report (ending 31 March 2004) appeared to have not been factored in to these AAPs as discussed in succeeding paragraphs.

In reply, the Secretary agreed (October 2011) that annual plans needed to be bottom-up as well as outcome based and not top-driven. He agreed that there must be due linkages with complementing or contrasting activities so that the planning process can be more outcome-oriented and amenable to effective monitoring at a later stage. Action in this regard was awaited (December 2011).

2.2.3.3 Shortage of manpower - vacant posts were not filled up

There was no provision for meeting expenses towards salary of State police personnel from the MPF scheme funds. Such expenses were to be met out of State funds. The sanctioned strength (SS) and person in position (PIP) of various categories of police personnel during 2004-11 for the State as a whole is indicated in table below:

Table: 2.2.1: Statement showing sanctioned strength and person-in-position of police personnel in the State with percentage of vacancies in brackets

Year	Group-A			Group-B			Group-C			Group-D		
	SS	PIP	Vacancy	SS	PIP	Vacancy/	SS	PIP	Vacancy/	SS	PIP	Vacancy/
2004-05	379	354	25 (7)	828	706	122 (15)	38788	35514	3274 (8)	2389	2052	337 (14)
2005-06	400	337	63 (15)	851	712	139 (16)	39515	35612	3903 (10)	2441	1966	475 (19)
2006-07	411	327	84 (20)	860	728	132 (15)	40408	35138	5270 (13)	2468	1939	529 (21)
2007-08	467	298	169 (36)	973	774	199 (20)	45406	38803	6603 (15)	3260	1989	1271 (39)
2008-09	511	323	188 (37)	1046	757	289 (28)	47159	38178	8981 (19)	2928	1890	1038 (35)
2009-10	748	514	234 (31)	1290	898	392 (30)	52012	40535	11477 (22)	3386	1930	1456 (43)
2010-11	826	584	242 (29)	1257	867	390 (31)	53279	41687	11592 (22)	3468	1893	1575 (45)

SS: sanctioned strength and PIP: person in position, (Source: Information furnished by the DGP)

It was noticed that though both the sanctioned strength and PIP gradually increased in absolute numbers between from 2004-05 (40034 and 38626) and 2010-11(58830 and 45031), the gap between the SS and PIP in all groups of personnel (A-D) had widened at the same time. Under Group A category, the gap between SS and PIP had increased from seven *per cent* during 2004-05 to 29 *per cent* during 2010-11. Similarly, the gap for Group B, C and D officials had increased from 15 *per cent*, 8 *per cent* and 14 *per cent* during 2004-05 to 31 *per cent*, 22 *per cent* and 45 *per cent* respectively during 2010-11. About 34 *per cent* posts of Inspecting Officers⁷⁷ remained vacant as of March 2011.

In the test checked 48 PSs / OPs, as against the sanctioned strength of 503 constables, only 376 (75 *per cent*) were in position as on 31 March 2011. Vacancy at the level of Assistant Sub-Inspector (ASI), Sub-Inspector (SI) and Inspectors in these 48 PSs and OPs was 50 (25 *per cent*), seven (six *per cent*) and three (eight *per cent*) respectively.

We observed that, specific planning and strategies to address growing shortage of personnel had not been factored in while projecting requirement of funds to GoI for procurement of weapons, vehicles, equipments etc. in the AAPs. In reply, the Department stated (October 2011) that the large scale vacancies were due to litigations affecting recruitment and promotions and assured that appropriate action would be taken in the matter.

⁷⁷ Sub-inspectors and Inspectors

2.2.3.4 Shortfall in training

Training was an important component of the scheme that aimed to build capacity of the police personnel so as to increase the operational performance of State Police Force. Examination of utilisation of training slots in police training institutes revealed that:

- Number of police personnel trained in handling sophisticated weapons in the State as on 31 March 2011, was not available with the Department.
- In the eight test checked police districts, only 1054 police personnel⁷⁸ (22 *per cent*) out of 4896 in position had undergone training in handling sophisticated weapons during 2004-11.
- Shortfall in utilisation of training slots assigned to the State in BPSPA during 2004-2010 for training personnel in use of weapons was 39 *per cent*⁷⁹.

In reply, the Department, stated (October 2011) that with the setting up of three more police training colleges, each of 1500 capacity, the problem of non-availability of trained manpower was being sorted out.

2.2.3.5 Non-preparation of separate sub-plan for Home Guards

Home guard organisation plays an important role in lending support to State police forces thereby increasing the operational efficiency of the State police. GoI instructed (March 2004 and April 2007) the States to include in the AAPs a separate sub-plan for Home Guard organisation and to earmark a minimum of five *per cent* of total outlay under the scheme for this purpose. However, no sub-plans for home guards organisation were prepared and included in the AAPs during the period 2004-08. Thereafter, though separate sub plan, were prepared for HG organisation and included in the AAP 2008-09 to 2010-11, yet, only ₹ 4.90 crore i.e. 2.9 *per cent* of total allocation of ₹ 180.56 crore, was provided for the purpose during the same period whereas five *per cent* of funds were required to be provided.

2.2.3.6 Shortage of Home Guards

Home Guard (HG) Volunteers are auxiliary to State Police Force and play an important role in maintenance of internal security, enforcement of law and order, prevention of crime and criminal activities, ensuring VIP security, traffic control, night patrolling and guard duty etc. They are also deployed for rendering voluntary service during natural calamities like floods, cyclones etc.

⁷⁸ (i) SP, Koraput :49 out of 954 (5 *per cent*), (ii) Rayagada : 38 out of 626 (5 *per cent*), (iii) Nayagarh : 110 out of 259 (42 *per cent*) (iv) Jharsuguda: 42 out of 140 (30 *per cent*) (v) Sundargarh: 89 out 288 (31 *per cent*) (vi) Dhenkanal: 76 out of 364 (21 *per cent*) (vii) Cuttack: 612 out of 612 (100 *per cent*) and (viii) DCP, Bhubaneswar: 38 out of 1553 (2 *per cent*)

⁷⁹ BPSPA: 2004-10: Target 3330 in 111 batches, achievement: 2040, shortfall: 1290

Home Guards' Compendium of Instructions 2007 issued by the GoI, prescribed the norm of 110 HGs for every rural block and equal number for every population segments of 25000 in the urban areas. At this norm, requirement of home guards in 314 rural blocks of the State was 34540. Simultaneously, in urban areas 24276⁸⁰ home guards were required. Against the total normative requirement of 58816 HGs, the State had only 15708 HGs, which included 1188 women in position. Though the available number of home guards was equal to the sanctioned strength, there was a shortage of 43108 (73 per cent) HGs in the State (March 2011) against the prescribed norm.

In reply, the Department stated (October 2011) that Government had been moved (July 2009) for increasing the sanctioned strength of Home Guards from 15708 to 19708 and the same was under consideration of the Government. Final action in this regard was awaited (November 2011).

Programme implementation

The scheme aimed to strengthen infrastructure base of State police in areas like weaponry, communication system, computerisation, mobility, security / intelligence /traffic control equipments, residential and non-residential buildings and other infrastructure. Audit reviewed in the test checked units, the procurement and construction processes related to creation of such infrastructure and its subsequent use. Audit findings in these aspects are discussed in succeeding paragraphs.

2.2.4 Weaponry

The scheme provided for replacement of outdated and unserviceable weapons with sophisticated ones. A committee constituted by MHA (GoI), in consultation with the State Government, recommended (June 2004) specific scales of modern weapons⁸¹ like 7.62 mm rifles / 5.56 INSAS rifles, AK 47 rifles, 9 mm pistol/ 0.38 mm revolver, tear gas gun, VL pistol, 7.52 mm Light Machine Guns, 51mm mortar, sniper rifle, grenade launcher to be provided to each police station so as to enhance their striking capabilities. GoI also advised (June 2004) the State Governments to factor in the said scales while projecting the requirement of weaponry in the annual plans under the modernisation scheme. During 2004-11, out of ₹ 38.14 crore allocated for purchase of weapons, ₹ 37.50 crore⁸² was utilised on procurement of modern weapons. Audit analysis of requirement, availability and utilisation of modern weapons revealed the following deficiencies.

⁸⁰ Urban population of 5517238 ÷ 25000 x 110

⁸¹ **Per PS:** AK 47 rifles: 20 per cent of constable strength and 100 per cent of head constable strength; 7.62 mm rifles / 5.56 mm INSAS rifles: 80 per cent of constable strength and 25 per cent of ASIs and above ; Pistols: 50 per cent of ASIs and above; carbine sten: 25 per cent of ASIs and above; tear gas gun: 3; VL pistol: 2; Granade launcher: one etc

⁸² ₹ 20.73 crore on purchase from Ordnance Factory Board, Kolkata and ₹ 16.77 crore from other ordnance factories

2.2.4.1 Shortage of modern weapons in the State

Shortage of modern weapons in the State remained at 72 per cent

Examination of records of the State Police Headquarters revealed that the requirement of weapons for the State (36 police districts) as per the recommended scale of MHA was not assessed. Considering all the operational PSs, 57161 number of modern weapons were required for 36 police districts in the State as per the recommended scale of MHA. Against this requirement only 15877 such weapons (*Appendix-2.2.4*) were available in the State as on 31 March 2011. Thus, there was 72 per cent shortage of modern weapons in the State. This shortage would further increase, as the above assessment does not factor in the weapon required for the armed police battalions. Shortages were mostly noticed in INSAS Rifle, AK 47 rifles and Light machine guns (LMG).

Availability of other weapons like 303 rifles (7736), 303 truncated gun (65), 12 bore pump action gun (1454), 410 musket (3065), glock pistol (181) etc. in the State was relatively better through these included some old and obsolete weapons.

In eight test checked police districts including four LWE affected ones, we noticed that only 2796 modern weapons were available as on 31 March 2011 against the requirement of 7221 as assessed by us at the GoI norm. Shortage of 4425 weapons constituted 61 per cent of the total requirement in these districts (*Appendix-2.2.5*). Shortage of modern weapons against the requirement was maximum in Cuttack police district (84 per cent) and minimum in Sundargarh district (40 per cent), among test checked districts.

2.2.4.2 Idle weaponry at State provincial store and district armouries

Audit noticed that while on the one side there was shortage of weapons, on the other side modern weapons purchased under the scheme were not issued to PSs and were kept idle either at the State provincial store or at the district armouries, as under:

Sophisticated weapons were kept in central store and district armoury without being supplied to police stations and outposts

- Weapons numbering 10594 (value: ₹ 14.80 crore) including 5596 modern weapons⁸³ (35 per cent)⁸⁴ valued ₹ 13.83 crore as indicated at Appendix-2.2.4 were retained in the State provincial store at Cuttack as of 31 March 2011 unissued on the ground of non-availability of trained staff to handle these weapons. All these weapons meant for countering LWE activities were not supplied even to the field units in LWE affected districts And included about 47 per cent of the total available AK 47 rifles remained idle (March 2011) at the State provincial store. Besides, while issuing the equipments the district wise requirements were also not considered by the department.
- Similarly, in 36 police districts, despite availability of 28814 weapons valuing ₹ 35.18 crore in its armouries, including 10281 modern

There was an acute shortage of trained manpower to handle sophisticated weapons

⁸³ 5.56 mm INSAS Rifles (758), 7.62 mm AK-47 rifles (4536), Under-Barrel Grenade Launcher(203) etc.

⁸⁴ 5596/15877 modern weapons available in the State

weapons⁸⁵, the same were not issued to police stations and outposts (OPs) on the ground of non-availability of trained staff to handle these weapons.

- Records of 48 test checked PSs /OPs in the eight test checked police districts revealed (October/November 2011) that while no weapon were available in 13 police stations⁸⁶ and four outposts, one pistol each was available in three PSs (Nuagaon, Laikera and Bargaon); modern weapons like AK 47 rifles (5) were available in only two PS (Pottangi and Motanga) and INSAS rifles (26) were available only in one PS (Pottangi). In remaining, 26 PSs, old weapons like musket, bayonet and revolvers were available. This resulted in the field level police officials, who were actually responsible for operations, remaining either unequipped with any weapon or dependent on old weapons.

In reply, the Department stated (October 2011) that weapons would be issued to district armouries after proper fortification of police stations and out posts and receipt of requisition from concerned SPs.

Availability of modern weapons in sufficient numbers was a key requirement in modernising the police force in the State and a morale booster in their operations against LWE. The State Police Organisation not procured adequate numbers of such weapons and issued only a fraction of such weapons to operational forces for the reason that were avoidable if sufficient and timely measures had been taken to train staff in the use and to fortify police stations.

2.2.5 *Communication system*

Transmission of intelligence data on crime and criminals and other information in shortest possible time is of paramount importance for the State police and it requires a reliable and efficient communication system. Review of the police communication system revealed the following deficiencies:

2.2.5.1 *POLNET partially operationalised*

A cohesive electronic communication network for the benefit of efficient and effective investigation of crime and transmission of crime related data, finger prints, images, photographs etc was envisaged in the Police Telecommunication network (POLNET) of the MPF scheme. GoI procured and delivered the equipments to the States, the selection of sites and installation was left to the States. Under



Abandoned MART Towers at Muniguda PS of Rayagada district

⁸⁵ 5.56 mm INSAS Rifles / 7.62 mm SLR (5458), AK-47 rifles (904), Under-Barrel Grenade Launcher(6), 9mm pistol/revolver (2674) etc.

⁸⁶ Nayapalli, Sahidnagar, Narasingpur, Badamba, Padmapur, Chandili, Sunabeda, Koraput sadar, Sarankul, Daspalla, Kolabira, Kutra, Bhasma

the scheme it was intended to connect all the PSs in the country with concerned District Police Offices through Multi Access Radio Telephony (MART), independent of Department of Telecom (DoT), as well as to provide voice and data communication to connect DGP office with SP offices through installation of Very Small Aperture Terminals (VSAT). Besides, Very High Frequency (VHF) and Ultra High Frequency (UHF) trans-receiver sets were also to be provided to Police stations/ personnel.

Audit, however, noticed (September 2011) that such communication network was established only partially in the State covering data communication only from State level to district level under V SAT. The required voice connectivity could not be established (May 2011) due to insufficient voice bandwidth. Even such partially functional POLNET system was not available in two LWE affected districts of Nayagarh and Dhenkanal, despite the former having already seen violent extremist attacks during February 2008. Besides, 148 MARTs installed at a cost of ₹ 4.20 crore⁸⁷ through OSPHWC were not made operational (May 2011). SP (Signals) attributed this (May 2011) to line of sight problems. Evidently, technical adaptability of MART in the State had not been ascertained upfront.

In reply, the Department stated (October 2011) that connectivity from district headquarters to police stations through MART technology was withdrawn by the GoI. The department also stated that all the deficiencies were expected to be addressed under Crime and Criminal Tracking Networking System (CCTNS) connectivity, another system under implementation by GoI since 2008-09. (See paragraph 2.2.5.3)

2.2.5.2 Midway closure of implementation of Common Integrated Police Application (CIPA)

For sharing and transmission of crime related data amongst police stations within the State and across the country the GoI introduced a computerised project 'Common Integrated Police Application (CIPA)' in 2003-04 for implementation through the National Informatics Centre in two phases (Phase I and Phase II) and the Director, State Crime Record Bureau (SCRB) was responsible for co-ordinating implementation of the project in the State.



CIPA II infrastructure used as a rest room at Chandili PS of Rayagada district

CIPA project phase-I implemented at an expenditure of ₹ 1.11 crore remained partially operational

The Phase I of CIPA consisted of software modules for registration, investigation, prosecution, information, outputs and administration of crime and criminals. Audit noticed that this computer based crime-data communication programme was implemented (November 2006-January 2007) by installation

⁸⁷ ₹ 1.15 crore released by the GoI to DGP and ₹ 3.05 crore directly to OSPHWC

of hard and software in 45 PSs of five districts⁸⁸ at a cost of ₹ 1.11 crore. However, the same were made partially operational (October 2011).

Expenditure of ₹ 1.54 crore incurred on site preparation for computerisation of police stations under CIPPA II rendered unfruitful

Under Phase II, ₹ 2.05 crore were received⁸⁹ from GoI for site preparation at 431 PSs, of which 309 were completed, 102 were partially completed and work in respect of remaining 20 PSs was not initiated (May 2011). In the meantime, CIPA was discontinued (August 2008) by GoI advising the State Government to complete the left over work from its own budget. However, no further fund was provided by the State Government for the project and assets acquired at an expenditure of ₹ 2.05 crore, were not put to any use (October 2011).

As a result, the objective of computerisation of police stations and sharing and transmission of crime related data remained unachieved (May 2011). During a joint physical inspection of four Police Stations, we noticed (November-December 2011) that the infrastructure created⁹⁰ was either being used as office space for higher officers (one case) or remained unused (three cases).

In reply, the Director, SCRB stated (May 2011) that the issue of on line connectivity among the police stations and higher offices would be taken care of in the ongoing CCTNS project.

2.2.5.3 Slow implementation of CCTNS project

Crime and Criminal Tracking Networking System (CCTNS) was conceptualised as a substitute for CIPA and was sponsored by the MHA in a mission mode to enhance outcomes in crime investigation and criminal tracking. The National Crime Records Bureau (NCRB) was the central level nodal implementing agency responsible for managing the project and at the State level, Director, SCRB was responsible for its implementation.

However, our audit examination revealed (November 2011) slow implementation of this project and low expenditure. Only ₹ 45.59 lakh (9.4 per cent) were spent out of ₹ 4.87 crore released by GoI during 2008-09 (₹ 3.96 crore) and 2009-10 (₹ 91 lakh) for this project. As per the project guidelines, a State Project Management Consultant (SPMC) was to be appointed to provide technical support for the implementation of the project and one System Integrator provided to assure the end to end CCTNS solution in the State. We noticed that while National Institute for Smart Governance, Hyderabad was appointed (26 July 2010 and revised on 7 May 2011) as State Project Management Consultant (SPMC) yet no System Integrator had been engaged (October 2011) as there was no response to the request for proposal floated in April 2011. These issues had not been addressed as of October 2011 as confirmed by the Director, SCRB.

⁸⁸ Anugul, Cuttack, Ganjam, Khurda and Puri

⁸⁹ (i) From GoI (₹ 1.94 crore) in November 2007 and State Government (₹ 11 lakh in August 2008

⁹⁰ Renovated room, computer chairs and tables

Above deficiencies in implementation of POLNET, CIPA and CCTNS, apart from indicating absence of proper planning and coordination also resulted in an investment of ₹ 6.25 crore on establishment of MART, VSAT and CIPA remaining unfruitful. That such vital and game changing projects, were being handled at the level of SP (Signals) with no evidence of the project being monitored at higher echelons of State Police Headquarters or in the SLEC indicated low degree of ownership in the projects on the part of State Government despite being faced with serious internal security challenges like LWE. Thus, police communication system still remained an area of concern (November 2011).

2.2.6 *Mobility*

Mobility of police forces is essential for enhancing its operational efficiency, in tackling law and order situations as well as for prevention and detection of crimes and ensuring security and surveillance against ‘Left Wing Extremism’ (LWE). Increased mobility reduces response time and enhances operational efficiency of police forces. Audit examined the procurement and utilisation of vehicles and noticed the following deficiencies.

2.2.6.1 *Shortage of vehicles as per BPRD norm*

BPRD scales⁹¹ for operational vehicles are the guiding factor in procurement of vehicles. We noticed that as per the BPRD scale there was shortage of 1288 vehicles in the State as on 31 March 2011 as indicated in Table 2.2.2. Though the shortages persisted year after year during 2004-11, the position had considerably improved over the years. The shortage which was as high as 2287 (42 per cent) on 1 April 2004 had come down to 1288 (20 per cent) by 31 March 2011 due to intervention under the scheme, the details of which given in *Appendix-2.2.6*.

There was shortage of 1288 vehicles, against the requirement as per BPRD norms

Table 2.2.2: Requirement vis-a-vis availability of vehicles with State police

<i>Particulars</i>	<i>Heavy</i>	<i>Medium</i>	<i>Light</i>	<i>Motor cycle</i>	<i>Total</i>
Requirement as on 1 April 2004 as per BPRD norm (A)	567	708	1511	2662	5448
Additional requirement for new PSs/OPs during 2004-11 (B)	190	150	370	315	1025
Condemned during 2004-11 (C)	45	78	258	238	619
Gross requirement as on 31 March 2011 (D) = (A + B + C)	802	936	2139	3215	7092
Available as on 1 April 2004 (E)	232	455	1348	756	2791
Net requirement as on 31 March 2011 (F) = (D - E)	570	481	791	2459	4301
Purchased during 2004-11 (G)	147	257	801	1808	3013
Net shortage of vehicles as on 31 March 2011 (F) - (G)	423	224	(-)10	651	1288
Vehicle available as on 31 March 2011	334	634	1891	2326	5185

(Source: Data furnished by SP, Police Motor Transport, Cuttack)

⁹¹ BPRD norm for operational vehicles: **Per PS**: Two light vehicles and three motor cycles, **OP**: Two motor cycles, **Police district**: nine heavy, 17 medium, 14 light and seven motor cycles, **Armed battalion**: 29 heavy, eight medium, 13 light and five motor cycles

During 2004-11, 3013 vehicles⁹² were purchased by the department at ₹ 54.56 crore. Against the requirement of 6473 vehicles assessed as per BPRD norms as on 31 March 2011, 5185 vehicles were available leading to an overall shortage (20 per cent) of 1288 vehicles. Shortage was maximum in heavy vehicle category (56 per cent). In eight test checked police districts, shortage of vehicles (161) was noticed to be 25 per cent. Out of eight test checked police districts, the shortage was maximum in DCP, Bhubaneswar.

Audit examination in test checked districts revealed that though SP of Rayagada, which is a major LEW affected district, had requisitioned (October 2008) three mine protected vehicles, three PCR vans and 80 motor cycles, yet only 25 motor cycles were supplied to the SP during 2006-11 even though during the same period 24 motor cycles and seven light vehicles have already been condemned and were awaiting auction (November 2011).

Though Department confirmed (October 2011) the fact, he did not indicate any specific plan to address the shortage of vehicles particularly in LWE affected districts within a definite timeframe.

2.2.6.2 *Unjustified issue of vehicles to establishments other than those in charge of operation*

As per BPRD norm, vehicles purchased under the scheme were to be utilised in PSs, armed battalions and district reserve police. Audit examination revealed that despite shortage of 1288 vehicles in the State 626 vehicles (about 49 per cent) including 278 motor cycles out of 3013 vehicles purchased during 2004-11 were provided to different establishments / offices⁹³ like training wings, range IGP and DIGs, SFSL, security, signals wing, crime branch and special branch etc. which were not connected with operation.

In reply, the Department stated that vehicles purchased under the scheme were provided to other establishments for assistance and supervision work with a view to ultimately enhance the overall efficiency of the police force. The reply was not tenable as the fund available under the scheme were required to be used for supply of vehicles to the PSs, armed battalions and district reserve police which were in charge of operation.

2.2.6.3 *Shortfall in recruitment of drivers*

Apart from facing shortage of vehicles (*see paragraph 2.2.6.1*), as per BPRD norms, the Department did not have sufficient drivers to run the available vehicles. As against availability of 2859 vehicles⁹⁴ (heavy: 334, medium: 634 and light: 1891), only 1169 regular drivers (41 per cent) were in position as on 31 March 2011. In absence of drivers, 1343 vehicles⁹⁵ remained largely idle.

⁹² heavy vehicles: 147; medium: 257; light: 801; motor cycles: 1808

⁹³ (i) SP (PMT), (ii) SP (Signal), (iii) SP (CID), (iv) SP (Spl Branch), (v) SP (Security), (vi) SP (SIW), (vii) Comdt (SOG), (viii) Director (BPSPA), (ix) Principal (PTC), (x) Principal (PTS), (xi) Principal (TTI), (xii) Director (SCRB), (xiii) Director (SFSL), (xiv) Addl DGP (HRPC) and (xv) Range offices

⁹⁴ 5185 vehicles less 2326 motor cycles

⁹⁵ 2859 vehicles less 347 issued to other establishments less 1169 drivers

Despite shortage of 1288 vehicles, 626 vehicles were supplied to establishment not covered under BPRD norms

In eight test checked districts, sanctioned strength of drivers (306) did not match the availability of vehicles (463) and men-in-position (252) as of March 2011 were even less. The maximum shortage was noticed in the LWE affected Rayagada district where only 15 drivers were available for 60 running vehicles. The SP, Rayagada stated (November 2011) that the position had not been improved despite repeated request to the DGP since November 2005. Given the fact that there was overall shortage of vehicles as discussed in paragraph 2.2.6.1 above, the AAPs which ought to have factored in the possibility of such mismatch of resources while providing for augmentation of vehicle, had left the issue unaddressed.

In reply, Department stated (October 2011) that actual availability of drivers had improved gradually with the induction of 56 surplus drivers from other Departments (2006) and appointment of 86 regular assistant drivers and 84 contractual assistant drivers in 2008. Department also stated that proposal for creation of 811 posts in the rank of assistant drivers and 272 posts of driver-havildars to fill up the vacancies was pending for consideration of the Finance Department since January 2011. But given that the SLEC which was chaired by Chief Secretary as the supreme monitoring authority for implementing the scheme and in which Principal Secretary, Finance Department was also a member, had not met since February 2010, an important avenue for expediting such proposals could not be used.

2.2.7 Construction of residential and non-residential buildings

Construction of well secured police station buildings and residential quarters for police personnel close to the police stations was one of the thrust areas of the scheme. The State Government/DGP accorded high priority to this component and allotted about 55 *per cent* of the allocation from the AAPs for this component of the scheme. The OSPHWC was designated as the executing agency for civil works and the GoI as well as State Government placed requisite funds directly with the Corporation, as per the approved AAPs. During 2004-11, ₹ 211.69 crore (for non-residential buildings: ₹ 163.52 crore and for residential buildings: ₹ 48.17 crore) were placed with it for execution of different works. Audit, however, noticed several instances of delays in taking up construction work, completed buildings lying unused for long periods, unfruitful expenditure etc. as discussed in succeeding paragraphs.

2.2.7.1 Entrusting execution of construction works to OSPHWC without any MOU/ agreement

No MOU/
agreement was
executed with
OSPHWC for
execution of civil
works

Timely completion of police buildings and fortification works was paramount for availing the full benefits of the MPF scheme. Though time is the essence of any contract yet no formal MOU / agreement was signed between the Government/ Home Department/ DGP and the OSPHWC stipulating date(s) of completion of different works, penalty for delayed execution, quality control, payment of supervision charges, carrying deposit of scheme funds in separate bank accounts, refund of interest etc. This left the entire arrangement open ended whereby OSPHWC carried no contractual obligation nor any

accountability for timely completion of entrusted works within the approved estimated cost and qualitative parameters. In the absence of controls and obligations usually imposed by an agreement/contract/MOU, it was not clear as to how the Department / SLEC monitored the physical progress and quality of construction of these projects. The Home Department, while sanctioning funds, also did not make any such stipulation. Though the Secretary, Home is a member of the Board of Directors of the company, he had at no stage raised these matters in the meeting of the Board. The Corporation was not tied to contractual obligations even though it received funds for various construction works just like a contractor, most of it paid in advance directly by the GoI. In our opinion, direct payment to the Corporation without an agreement diluted the usual expenditure and monitoring control mechanism that ought to be exercised by a principal over the client. The virtual conflict of interest situation that existed in the arrangement under which Secretary, Home Department was also a member of the Board of Directors of the OSPHWC had, obviously, blurred the normal relationship of contractor and a client thus denuding it of all the control features in absence of which the company had not been fully accountable for the funds assigned to it with specific objectives.

2.2.7.2 *Shortage of staff quarters and low satisfaction level*

In the test checked DPOs, against 6288 police personnel in position, 4397 (70 per cent) did not have residential accommodation

The National Police Commission had recommended (1981) 100 per cent accommodation for police personnel. Against the sanctioned strength of 59946 police personnel in the State, person-in-position as on 31 March 2011 was 45065 for whom only 10603 staff quarters were available in the State. With the shortage of 34462 staff quarters the satisfaction level was only 24 per cent. In the test checked eight police districts, against the sanctioned strength of 7022 police personnel, the satisfaction level was 30 per cent. As against men in position of 6288, only 1891⁹⁶ quarters were available as on 31 March 2011 resulting in shortage of 4397 quarters (70 per cent). The Department had taken up construction of 178 residential building projects under the scheme during 2004-11 of which 118 (66 per cent) were completed, 53 (30 per cent) were under progress and work had not commenced in respect of remaining seven works as of November 2011. The Department stated (October 2011) that construction of staff quarters had slowed down due to reduced allocation under the scheme for the building sector. The reply was not tenable because as much as ₹ 96.99 crore including interest of ₹ 11.38 crore were lying unspent with the OSPHWC, as on 31 March 2011.

2.2.7.3 *Delay in commencement of works and handing over of completed buildings*

Construction of 76 buildings were even not started

The Corporation was entrusted with construction of 620 building projects (non-residential: 442 and residential: 178) during 2004-11. Out of 442 non-residential buildings, 239 (54 per cent) were completed at an expenditure of ₹ 71.62 crore, 134 were under progress and work had not commenced in case of 69 projects as of March 2011. Similarly, 118 (66 per cent) out of the 178 residential building projects were completed, 53 (30 per cent) were under

⁹⁶ Including 420 quarters in dilapidated condition

progress and work had not commenced in respect of remaining seven works as of March 2011. Non-commencement of 76 buildings (69 non-residential and seven residential) estimated to cost ₹ 39.95 crore was attributed (May 2011) by the Corporation to non-availability of site and change of building plans by the Department. However, we noted that in case of all the 76 buildings, administrative approval to the estimate had been accorded without finalising the site. The year-wise details are given in *Appendix-2.2.7*. Of the 357 completed buildings, 50 buildings (non-residential: 33, residential: 17) completed during 2004-11 at a cost of ₹ 14.30 crore were neither handed over nor put to use by the Department as of May 2011 due to in-complete electrification as well as inability of the Department to achieve planned deployment of forces in the stations where residential accommodation was constructed, rendering the entire expenditure unfruitful. However, by January 2012 OSPHWC had handed over 34 of these completed buildings.

In eight test checked districts, out of 130 buildings⁹⁷ taken up during 2006-11, only 65 were completed⁹⁸ and 45 were under progress⁹⁹ while remaining 20¹⁰⁰ were not taken up (November 2011). Besides, three completed buildings¹⁰¹ constructed at a cost of ₹ 1.18 crore had been left unused (November 2011) even after four to 14 months of being handed over because of non-deployment of forces. Besides, construction of five other important building works¹⁰² at an estimated cost of ₹ 3.26 crore was also held up for want of clearance from Forest Department, at Koraput.

Joint physical inspection during August/September 2010 and November 2011 of 28 assets (*Appendix-2.2.8*) constructed or under construction under MPF revealed that 13 buildings constructed at a cost of ₹ 71 lakh were not taken over by Police Department even after 15 months of completion¹⁰³.

The Secretary, Home Department assured (October 2011) that the matter of having an agreement with the OSPHWC and fixing specific time limits for completion of various projects being executed by them would be looked in to.

⁹⁷ residential : 20, non-residential: 110

⁹⁸ residential : 10, non-residential: 55

⁹⁹ residential: 07, non-residential: 38

¹⁰⁰ residential: 03 non-residential:17

¹⁰¹ Administrative building for Special Security Battalion at Koraput handed over in July 2011: ₹ 36.52 lakh ; 30- men barrack at Odagaon PS handed over in July 2010: ₹ 41 lakh and 30-men barrack at Sarankul PS during August 2010: ₹ 41 lakh

¹⁰² Two Administrative buildings sanctioned during 2006-07 and 2007-08, one armoury building sanctioned in 2003-04, one 100 men barrack and a 200 men barrack sanctioned in 2006-07

¹⁰³ 2 blocks of 6 F type quarters (old model) for 8th Battalion, Chhatrapur completed since 29 May 2009: ₹ 30 lakh; PS Building at Koraput completed in July 2011: ₹ 41 lakh

2.2.7.4 *Shortfall in fortification of police units*

As per GoI's instruction (April 2007), the State Government was to secure and strengthen the police stations in LWE affected areas by fortifying their premises. The State Government identified 17 police districts as LWE affected in which 470 police units were functioning. Subsequently, five more police districts were identified to be covered under fortification.

In four test-checked LWE affected districts¹⁰⁴, we found (November 2011) that out of 65 PSs, only 20 PSs were fortified and fortification of two PSs was under progress. Similarly, out of 37 OPs, only five had been fortified. Fortification of remaining 43 PSs and 32 OPs were not planned (November 2011). We also found on joint physical inspection (August 2010/ November 2011) that sentry posts constructed under fortification in Jeypore Police Station and Koraput Sadar PS were used as cycle garage as shown in the photograph on previous page.



Unused sentry post at Jeypore Police Station used as cycle garage

The Department however stated (May 2011) that in 22 police districts, 194 police stations and out-posts were planned for fortification, of which 46 police stations and two out posts were fortified up to 31 March 2011. Civil works in 32 police units were not started due to non-finalisation of sites. In the exit conference, CMD, OSPHWC stated (October 2011) that apart from MPF funds, sufficient funds were available under Security Related Expenditure (SRE) and State Plan for carrying out major fortification works. The reply is not tenable as fortification of remaining 276 PSs in these 22 LWE affected districts was not even planned (November 2011).

2.2.7.5 *Unfruitful expenditure on an incomplete building constructed on forest land*

Construction of the Indian Reserve Battalion building at Koraput was stopped midway after incurring an expenditure of ₹ 46.60 lakh

OPWD code stipulates that the site of every building should be definitely settled before the detailed design and estimates are prepared and no work should be taken up unless the site has been handed over by a responsible civil officer. In respect of construction in forest land, clearance was to be obtained from the Forest and Environment (FE) Department before commencing any construction work on it. However, construction of a 100 men barrack at India Reserve Battalion (IRBN),



Abandoned administrative building at IRBN, Koraput

¹⁰⁴ Koraput, Nayagarh, Rayagada and Sundargarh

Koraput at an estimated cost of ₹ 52.19 lakh was commenced (December 2005) by OSPHWC on a piece of forest land even before obtaining forest clearance. The work was stopped (January 2008) midway by the FE Department. By this time, expenditure of ₹ 46.60 lakh had been incurred by the OSPHWC on this work. Joint physical inspection (August 2010) of said works in Audit with concerned Joint Manager of the Corporation and subsequent enquiry in May and November 2011 revealed that the work had not yet recommenced (May 2011).

In reply, the Department attributed (October 2011) the hold up in construction to the lack of communication between revenue and forest officials at the initial stages of the project. He also stated that fund required for compensatory afforestation had already been deposited and clearance of GoI for recommencing the work was awaited (November 2011). The reply is unacceptable because OSPHWC had disregarded the State Government rules that required forest clearance before construction in a forest area.

2.2.7.6 *Absence of quality control*

Estimated cost of civil works included one *per cent*¹⁰⁵ 'quality control charges'. Test check of estimates of 170 civil works (*Appendix-2.2.9*) executed by the OSPHWC at a cost of ₹ 38.31 crore revealed that no quality control tests were conducted in respect of material used in the work as well as that of cement concrete and reinforced cement concrete (RCC) works used in these works. This was also confirmed by concerned field Engineers of OSPHWC.

During Joint physical inspection during August/September 2010 and November 2011, utilisation of sub-standard bricks in walls¹⁰⁶ some of which were washed out in rain, was also noticed in two out of 28 building works inspected.

2.2.8 *Improvement in the system of intelligence gathering, investigation, traffic control and forensic tests*

The scheme gave emphasis on improving the system of intelligence gathering, investigation, forensic tests and traffic control. Emphasis was given in the AAPs to strengthen the Criminal Investigation Department (CID) for detection of crime in the State. However, we found that except purchase of some equipment, the Home department/DGP did not indicate anything in AAPs about the other facets of intelligence gathering and strategies and plans to be completed to augment the same.

¹⁰⁵ From 2006, one *per cent* contingency charged by the Corporation included quality control charges

¹⁰⁶ Construction of Reserve Office Building at Rayagada (Chandili): ₹ 50.05 lakhs and Construction of administrative building of SS Battalion at Rayagada: ₹ 42.82 lakh

We reviewed the procurement of equipments for these activities as well as efficiency in forensic tests and noticed unfruitful /wasteful expenditure due to non-utilisation of equipments procured, delay in finalising the procurement process, huge pendency of samples for forensic tests due to shortage of staff etc and non-linkage of availability of equipment with availability of trained manpower to operate such equipment as discussed in the succeeding paragraphs.

2.2.8.1 Delay in installation of 'Legal Interception Unit' purchased for Criminal Investigation Department, due to inadequate coordination

The scheme envisaged improving the quality of investigation through development of infrastructure based on usage of modern technology. Scrutiny of records of CID wing revealed that 'Legal Interception Unit' procured at a cost of rupees one crore in February 2011 was installed only in October 2011 as funds for renovation of required buildings, required to be released by the State Government from its own budget, were not released until June 2011. Mechanism of SLEC was not used to resolve the issue which was indicative of lack of adequate co-ordination between the DGP and the Home department on one hand and the Finance department on the other, despite a Special Secretary in the Home department being specifically assigned the responsibility of looking after implementation of MPF. This resulted in delay in providing to the CID improved investigation facilities in criminal cases.

2.2.8.2 Under-utilisation of CID equipment due to want of technical staff

The AAP (2004-05) provided for purchase of a Detector at a cost of ₹ 16.86 lakh. The Explosive-cum-Narcotic Detector intended to be utilised for crime detection and improving the quality of investigation by the Criminal Investigation Department (CID), was procured in May 2006 at a cost of ₹ 14.01 lakh, But the detector remained idle (October 2011) due to non deployment of the requisite technical staff. This was indicative of unplanned procurement.

The Department stated (October 2011) that the narcotics section of CID was under up-gradation and the equipments purchased would be utilised after making the new cell fully functional. The reply did not clarify why the equipment purchased in May 2006 remained idle even as its guarantee period was over.

2.2.8.3 Non-procurement of equipment for Handwriting Bureau due to lack of coordination between the purchase and technical committees

As per Rule 2 of Appendix-6 of Odisha General Financial Rules, stores and equipments were to be procured through sealed tender process giving it wide publicity. Audit noticed (May 2011) that the MHA allocated ₹ 52 lakh (April 2009) for purchase of one Video Spectral Comparator (VSC) and its accessories for use by the Handwriting Bureau of CID. The Standing Technical Committee in the office of DGP approved (February 2010) the

proposal of IGP (CID) to procure the equipment of specific make directly from the sole manufacturer, without inviting any tender. The standing Purchase Committee whose approval was required for such purchase, however, questioned (March 2010) the procurement proposal on the ground that rigorous process of evaluation of different models had not been carried out. The procurement was thus held up (May 2011). Credible effort was not made to resolve the deadlock at higher echelons of the department. Thus, initiating procurement action in haste without due approval from the purchase committee resulted in procurement of the required equipment being held up for over two years and depriving the CID wing of the benefit of the modern investigation tools, while funds remained unused. In reply, the Department stated (October 2011) that the VSC would be purchased during 2011-12.

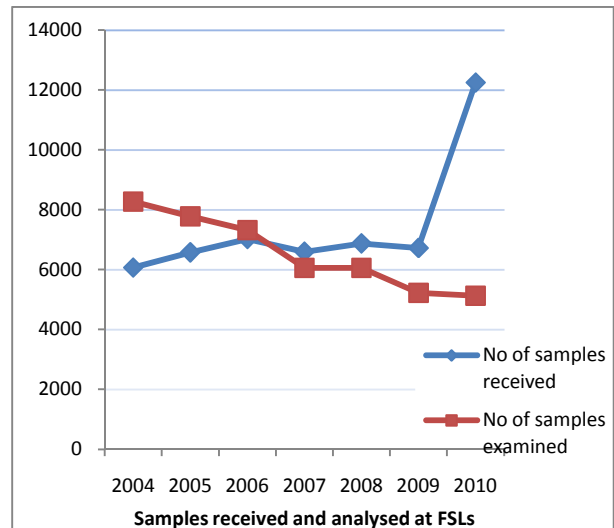
2.2.8.4 Idle forensic equipments

While approving the AAP for 2009-10, GoI observed (July 2009) that trained manpower for Forensic Science Laboratories (FSL) were to be sanctioned and put in place to handle the modern equipment to be procured under MPF scheme. The Principal Secretary, Home Department and DGP, present in High Power Committee meeting (6 February 2009), also assured MHA that manpower would be trained and made available in the State CID office. Accordingly, the CID wing procured two vehicles, two search lights and two laptops at ₹ 10.67 lakh for two proposed mobile forensic units. But the mobile laboratories could not be made operational owing to non-posting of trained manpower as of May 2011. This was indicative of lackadaisical approach towards implementing a critical component of the scheme. In reply, the Department stated (October 2011) that five sub-inspectors with computer knowledge were inducted in to CID and were provided training to man the units. We, however, observed that these mobile units had not yet become operational and no staff had been sanctioned for the purpose as of October 2011.

2.2.8.5 Delay in analysis of samples by the State and District Forensic Science Laboratories due to shortage of trained manpower

In criminal investigation, the reports of Forensic Science Laboratories (FSL), constitute an expert opinion and have legal acceptance under section 293 of Criminal Procedure Code. Therefore, for improving the quality of crime investigation by strengthening the dimension of forensic science, BPRD had recommended setting up of District Forensic Science Laboratories (DFSL) along with Mobile Forensic Science Laboratories (MFSL) in all the districts.

Declining trend in analysis of samples in SFSL led to huge pendency of samples



The results of scientific evaluation of physical clues at the site of crime were to be furnished in the form of examination reports to aid detection of crime and prosecution of offenders. Apart from the State FSL, three regional FSL, 15 DFSL and 19 MFSL were functioning in the State. Our examination of SFSL as well as DFSL and MFSL of test checked districts revealed that

- number of samples received during 2010 considerably increased (by 82 *per cent*) from 6718 in 2009 to 12241 in 2010;
- there were 25 to 29 *per cent* vacancies of the staff at various cutting edge positions such as the Laboratory Assistants (29 *per cent*) and Scientific Officers (25 *per cent*). Similarly, there were 22 vacancies at cutting edge levels staff in DFLs as on 31 March 2011, and no staff were sanctioned for MFSLs (19);
- number of samples pending analysis increased from 2722 at the end of the year 2004 to 11184 at the end of 2010;
- The number of cases analysed decreased from 8268 in 2004 to 5127 in 2010 and the average number of cases examined during a month declined from 689 in 2004 to 427 in 2010.
- On an average, there was eight to 25 months of delay in sending analysis reports to police. Such delay ranged up to eight months for serology, 10 months for chemistry, 15 months for physics and biology and 28 months under ballistics and toxicology samples.

In reply, the Department stated (October 2011) that approval of Government was required to fill the vacancy. The reply was not tenable as the matter was not even brought to the notice of SLEC of which Finance Secretary as well as DGP are members. It was obvious that the Department while approving procurement of equipment had not addressed the issue of providing appropriate and adequate human resources for the FSL. In the absence of long term perspective plan, this critical aspect should have been factored at least in the AAPs.

2.2.8.6 Low priority to traffic control

Traffic control and highway patrolling was an important operational area sought to be improved under the scheme. Audit noticed that barring 2008, the trend of road accidents in the State which are a ready barometer of the standard of traffic management and control has been ascending¹⁰⁷. However, during 2004-11, only ₹ 1.14 crore was allocated for traffic control of which 87.5 *per cent* (₹ 99.77 lakh) was utilised for purchasing PCR vans and traffic control equipments. This indicated that this activity had been given low priority in the AAPs.

¹⁰⁷ 2006: 7729; 2007: 8214; 2008: 8184 , 2009: 8892 ; 2010: 9413

2.2.8.7 *Idling of cranes*

Ten mobile cranes purchased at a cost of ₹ 2.01 crore for giving immediate relief in road accident were lying idle

The GoI (Ministry of Road, Transport and Highways) provided assistance to the State and Union Territory Governments under National Highway Accident Relief Service Scheme (NHARSS) in the form of cranes and ambulances to remove vehicles involved in accidents / break-downs and arrange immediate medical aid to the victims of road accident on the highways.

Scrutiny of records of DGP and SP (PMT), Cuttack revealed that the GoI provided (1999-2010) eight mobile cranes¹⁰⁸ worth ₹ 1.65 crore to the State Government under NHARSS. Besides, three more such cranes were purchased (2003-05) under MPF at ₹ 55 lakh. These 11 cranes worth ₹ 2.20 crore were allotted to SPs of 11 districts during May to August 2009 with the instruction to provide drivers / operators from their available manpower. However, no driver was posted and 10 out of 11 mobile cranes (except that of SP, Keonjhar) purchased at ₹ 2.01 crore remained idle (May 2011) for periods ranging from one (DCP, Cuttack) to nine years (SP, Cuttack). Besides, 10 vehicles on which cranes were mounted, were not even registered with the local transport authorities. While confirming the facts, the SP (PMT), Cuttack, the nodal officer for management of vehicles of Police Department, stated (April 2010/ May 2011) that the Government had been moved (January 2009) for creation of 16 posts of drivers for operation of mobile cranes. Further development in this regard was awaited (October 2011). Apparently, no initiative seemed to have been taken for creation of these posts soon after the supply of the first tranche of cranes supplied directly by GoI and even a good five years after the Department itself had purchased three cranes. This clearly indicated the insufficient priority that has been given to actions that were necessary to correlate procurement of vehicles / equipment to their utilisation.

2.2.9 *Crime scenario and operational efficiency of State police*

We reviewed (March to May 2011) the status of crime cases, extremists' attacks, pace and quality of investigation after intervention of MPF scheme for over a decade and it revealed increasing trend of crime, extremist attacks and low pace of investigation etc as indicated below:

2.2.9.1 *Trend of crime*

During 2004-2010, theft, burglary, riot, murder and robbery showed , an increasing trend. Category-wise and year-wise details along with status of crime cases, pace of investigations, referring of cases to Courts etc., are indicated in *Appendix-2.2.10*. In view of such rising crime cases and extremist attacks, there was need to equip the State police with modern weapons, mobility support, communication and data / information transmission network, other infrastructure and training to increase the striking capability and operational efficiency of the State police.

¹⁰⁸ Five cranes during 1999-2004: ₹ 97 lakh and three cranes during February and August 2009: ₹ 67.87 lakh

2.2.9.2 Low conviction rate

Higher conviction rate is indicative of quality of investigation. We however noticed that conviction rate during 2004-2010 remained as low as 0.47 per cent of the charge sheets filed (2.99 lakh) during 2004-11. On the other hand the acquittal rate (1.72 per cent) remained four times of the rate of conviction. During this period, in only 1419 cases (0.47 per cent) the accused were convicted, whereas in 5145 cases (1.7 per cent) the accused were acquitted. In eight test checked districts, conviction rate during 2009-10 ranged from 0.09 per cent (Koraput) to 2.7 per cent (Dhenkanal). This indicated that investigative efficiency of the State police did not increase much due to interventions under the MPF scheme and raises doubts about the quality of investigation.

2.2.9.3 Norm for response time not fixed

Increase in mobility of field policing should ordinarily result in reduction of response time¹⁰⁹. It was however seen that the Department had not fixed any norm for response time. In test checked police stations, we noticed that such information was however recorded in crime index register at the concerned PS. We examined 280 such cases in 44 test checked PSs and found that the response time of the police in arriving at the place of crime from the time of receiving the complaint ranged from 10 minutes to 45 hours. It was beyond six hours in nine cases, beyond 12 hours in 15 cases and beyond 24 hours in three cases. Thus, in more than 15 per cent cases, response time was more than six hours.

2.2.9.4 Low pace of investigation leading to huge pendency in filing of charge sheets

Norm for investigation of crime per officer per month was not prescribed by the department. However, we found that the pace of investigation was low as out of 4.65 lakh complaints registered in the State during 2004-2010 though 4.53 lakh complaints were found by police to be true on investigation yet charge sheet was filed in only 2.99 lakh (66 per cent) cases during the same period as shown in table below:

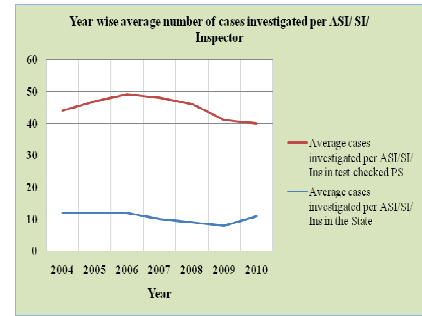
Table 2.2.3: Year wise position of complaints filed and investigated as well as conviction and acquittal during 2004-2010

Year	Complaints filed	Complaints found true on investigation	Charge-sheet filed	Percentage of charge-sheet filed	Cases resulting in conviction	Cases resulting in acquittal
2004	62514	60928	46847	77	220	667
2005	65029	63247	46107	73	166	708
2006	65552	63621	42200	66	254	787
2007	67034	65360	40846	62	150	769
2008	67918	66540	38914	58	136	566
2009	68471	67088	39617	59	168	699
2010	68508	66552	44230	66	325	949
Total	465026	453336	298761	66	1419	5145

Source: Information furnished by DGP and White paper prepared by Home department

¹⁰⁹ Total time taken from the time of receiving message / making First Information Report to the time the police actually reaching the crime scene

Our examination of forty four PSs of eight test checked districts also revealed that out of 54295 cases registered during 2004-10, 2484 cases (4.5 per cent) even after more than a year were still pending for investigation. The maximum pendency in DCP, Bhubaneswar (923) and minimum in Koraput district (48). Considering the average number of available PSs / OPs / Beat Houses (1091) and Assistant sub-inspector (ASI)/sub-inspectors (SI) (5012) in the State during last four years, the average number of investigation of crimes worked out to be 52 per PS / OP / BH (one case per week) and 11 per ASI/SI *per annum* (about one case per month), which appeared to be very low even while taking into account the different degrees of complexity of these cases. Test check of 44 PSs however exhibited comparatively better result where average number of crime investigation was 176 per PS (3.4 cases per week) and 31 per ASI/SI *per annum* (about 2.5 cases in a month).



2.2.9.5 FIRs filed at the instance of Courts of Law

In 44 test checked PSs, we noticed that, 51224 FIRs were registered on the basis of complaints lodged and in 3071 cases (5.7 per cent) FIRs were registered only after intervention of different courts of law. This indicated a certain degree of arbitrariness in filing FIRs by State police.

2.2.10 Monitoring and evaluation

2.2.10.1 Inadequate monitoring

The GoI guidelines required that Annual Action Plans (AAPs) were to be approved by the State Level Empowered Committee (SLEC) before sending the same to GoI. We, however, noticed that:

- *SLEC meetings not convened regularly:* As per GoI guidelines, the SLEC meetings were to be convened once in every quarter to monitor the preparation of AAPs, its implementation and monitoring of programmes. The SLEC, however, met only five times¹¹⁰ during 2004-11 as against the stipulated 28 meetings. No meeting was convened during August 2007 to February 2009. As a result, crucial issues like shortage of trained manpower, inadequate training and disproportionately high emphasis on construction and purchases rather than on strengthening FSL, CID, mobility and investigation, were left unaddressed and unmet. This fact is indicative of inadequate monitoring by SLEC and was one of the most important factors for poor implementation of the scheme in the State as described in the preceding paragraphs.

¹¹⁰ (i) 22 August 2004, (ii) 16 January 2007, (iii) 13 March 2009, (iv) 11 August 2009 and (v) 11 February 2010.

- *Non-approval of AAPs by SLEC:* AAPs for 2007-08 and 2008-09 were submitted by the Principal Secretary, Home Department to GoI without approval by the SLEC. The SLEC, however, approved (13 March 2009) both the AAPs post facto. Though the department confirmed (October 2011) the fact yet it could not indicate the reason for the inactiveness of the SLEC.

2.2.10.2 Impact assessment and error signals not followed up

Though the scheme has been in operation for the last 10 years, its evaluation was not undertaken at any stage by the State Government to assess its impact on the efficiency of State police. However, impact assessment of the scheme for the period 2000-10 was conducted (January to March 2010) by the BPRD through Ernst & Young Private Limited, Gurgaon. As per this study, procurement lead time was highest in three States including Odisha and the degree of responsiveness in construction and up-gradation activities was below average in three States including Odisha. We observed that follow up action taken by the department to make mid-course corrections to address these issues still remained inadequate (October 2011).

2.2.11 Conclusion

Long term planning to derive optimal benefit from the scheme by identifying the exact gaps in the operational effectiveness and state of preparedness of the State police was severely lacking. Key performance indicators for measuring the operational efficiency of the police force were not prescribed. Planning was completely adhoc and intuitive rather than based on scientific analysis of baseline data and exception reports. Evidence of emphasis on dealing with the LWE problem was nowhere to be seen in the plans as even the district wise data regarding supply of weapons, vehicles etc to different LWE districts could not be supplied to Audit. In its absence, we were not sure how the DGP/ Government were monitoring and providing direction to this aspect of the scheme. The annual plans had been prepared without considering the district wise infrastructure requirements submitted by the concerned SPs.

Despite this top driven approach, the AAPs did not indicate / establish the linkage between various activities like procurement of weapons and availability of trained man power to use them; purchase of vehicles and drivers. Similarly, the facilities at the State Forensic Laboratory were augmented without availability of trained personnel to use such equipments. There was no emphasis on improving investigation and on human resource development. Instances of submission of inflated utilisation certificates to GoI without incurring expenditure, non-refund of interest earned on scheme funds by OSPHWC and idling of most of the sophisticated weapons purchased at the central store and district armouries were also noticed. There was acute shortage of trained manpower to handle sophisticated weapons and no planning was made in this regard prior to buying the arms or equipments. While there was acute shortage of modern weapons with the State police, yet 35 per cent of the available sophisticated weapons were retained at the provincial store and about 65 per cent at the district armouries as a result of

which police personnel at Police Station level either remained unequipped or dependent upon old weapons.

Mobility of police force was adversely affected due to shortage of both vehicles and drivers. We observed that there was disproportionately high allocation of funds for construction of residential and non-residential buildings. Despite sufficient release of funds to the OSPHWC, there was no contract with the corporation binding it to quality control, timely completion and handing over of projects. Communication and computerisation of police stations for better intelligence gathering and operational efficiency envisaged under POLNET and CIPA, failed to achieve the desired result and remained an area of concern due to missing links in the network connectivity, problems of and non-availability of computers where such sites were ready. Bottlenecks in communication and computerisation, issues including augmentation of forensic science laboratories and criminal investigation department were not addressed. Equipments for police, CID, security / intelligence wings and FSL purchased out of scheme funds remained unutilised in many cases.

Large number of vacancies existed in all cadres of police personnel and home guards establishment.

Monitoring and evaluation of scheme by SLEC was completely neglected. Key bottlenecks in terms of acute shortage of staff at the level of investigation, Inspecting Officers etc and arms training were not given due priority. Overall objectives of the scheme seemed to have fallen short of the desired level of achievement in terms of improved operational efficiency through better intelligence gathering, promptness in investigation and pursuance of cases and containing of left wing extremism.

2.2.12 Recommendations

- A long term perspective plan with due linkage with other components / activities and convergence with other schemes may be prepared on priority basis; Annual Action Plans should be outcome based and reflect district wise priorities so as to make the planning process more transparent and outcome-oriented.;
- SLEC may fix some key performance indicators to measure the operational efficiency of State police so that the scheme becomes amenable to objective evaluation;
- Skill development training of police personnel including use of sophisticated weapons may be accorded top priority and shortages at various levels may be suitably addressed in a time bound manner for effective utilisation of weapons, vehicles and equipments ;
- Bottlenecks in communication and computerisation issues and augmentation of forensic science laboratories, intelligence gathering and criminal investigation wings / department may be addressed on top priority;

- Direct funding to OSPHWC may be stopped. Proper MOU / agreement may be made by the Government with the company to control quality, economy, efficiency and timeliness in execution of works entrusted to it. A system of periodical and regular monitoring may be introduced to ensure early commencement / completion of projects to obviate possibility of cost and time over run;
- SLEC may meet regularly to monitor the implementation of the scheme and error signals pointed out by BPRD during impact assessment as well as in this report may be properly followed up.

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

2.3 Performance Audit of Jawaharlal Nehru National Urban Renewal Mission

Executive summary

Jawaharlal Nehru National Urban Renewal Mission (Mission) was launched by the Government of India (GoI) in December 2005 for planned development of 63 identified cities of the country including cities of Bhubaneswar and Puri in Odisha. The primary goal was to make these cities economically productive, efficient, equitable and responsive by adopting prescribed reform measures.

Performance Audit of the implementation of the Mission in the State revealed that agreed State level as well as Urban Local Bodies (ULB) level reforms were not implemented in true spirit. The Government went back on its commitment (November 2006) to transfer to ULBs all functions listed in Twelfth¹¹¹ Schedule of the Constitution along with their human resource component..

Community Participation Law to set up and empower Area Sabhas / Ward Councils to involve them in planning and monitoring of developmental activities had not been enacted. Functions like urban planning, regulation of land use, roads and bridges and water supply were yet to be devolved upon the ULBs. Odisha Municipal Accounting Manual prepared in May 2008 through a reputed consultant on the pattern of National Municipal Accounting Manual vetted by the Comptroller and Auditor General of India, was yet to be acted upon by the State Government. Provisions of Odisha Municipal Act had not been amended to pave the way for maintenance of accounts on double entry accrual based system, though it was the first mandatory ULB level reform to be introduced.

Due to its failure in achieving the committed reforms within the timeline agreed to in the Memorandum of Agreements (MoAs) and low spending, the State could not access subsequent installments of the Mission funds and could avail only assistance of ₹613.78 crore as against the aggregate cost of ₹1365.91 crore (March 2011) in respect of projects sanctioned under the Mission.

Programme funds were not managed properly and there was unauthorised diversion and misutilisation of funds, parking of funds in non-interest bearing accounts, incurring of expenditure on inadmissible components, short / delayed release of ULB share and delay in release of funds to ULBs etc.

¹¹¹ see *Appendix 2.3.2*

Project Implementation Units (PIUs) required to provide technical support to manage, co-ordinate and implement projects were not set up in the ULBs. Crucial positions in the Programme Management Unit (PMU) at State Level outsourced to Academic Staff College of India (ASCI) remained vacant for years. Except for City Bus Service, spending efficiency was poor in all components of the Mission. As of November 2011 when barely four months were left for closure of the first seven year phase of the Mission, second installment of funds earmarked for improving water supply and drainage in these cities, remained un-availed. There was also inadequate planning in prioritising the projects included in the City Development Plans (CDPs) .

Programme management was deficient and ineffective. It was characterised by low pace of execution of infrastructural development works as well as the projects to construct dwelling units for the urban poor, delay in engagement of consultancy, poor monitoring of agencies and undue delay in placing requisition for land acquisition.

Error signals flashed by Independent Review and Monitoring Agency (IRMA) were not followed up. The report of a Third Party Inspection and Monitoring Agency (TPIMA) engaged in March 2011 had not been received (November 2011). Review meetings conducted on all projects by all dignitaries and executives of the State and instructions flowing from those meets were seldom attended to on priority.

2.3.1 Introduction

To cope with the rapid pace of urbanisation and difficulties being faced by the Urban Local Bodies (ULBs) in delivering basic services to the urban people, the Government of India (GoI) launched (December 2005) Jawaharlal Nehru National Urban Renewal Mission (Mission) with the twin objectives of encouraging reforms and ensuring fast track planned development of 63 identified cities that included two cities of Odisha i.e. Bhubaneswar and Puri. With an over-arching reforms agenda, the Mission expected the concerned ULBs to become financially sustainable by establishing citywide framework for planning and governance, universal access to minimum level of services, adopting modern and transparent budgeting, accounting and financial management system, e-governance in core functions and ensuring transparency and accountability in urban service delivery and management.

City Development Plans (CDP), Detailed Project Reports (DPR), prioritisation of the projects for execution and defined timelines for implementation of urban reform agenda were pre-requisites for accessing funds under the Mission. All these were to be achieved in mission mode within a period of seven years ending March 2012.

The Mission consisted of four Sub-Missions: Urban Infrastructure and Governance (UIG); Basic Services to the Urban Poor (BSUP); Integrated Housing and Slum Development Project (IHSDP); and Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT). In total,

61¹¹² projects with total outlay of ₹1365.91 crore were taken up under the Mission in 32 cities¹¹³ of the State. Of the 61 projects, 15 were selected to be covered under audit of the Mission. The component wise funds allocated to the State for under the Mission up to March 2011 and utilisation thereof are indicated in Table 2.3.1 below:

Table 2.3.1: *Sub-mission wise sanctioned project cost, funds received and utilisation under the Mission for 61 projects sanctioned as of March 2011*

(Rupees in crore)

Sub-mission	Number of projects	Sanctioned cost	Funds received	Funds utilised	Percentage of utilisation
BSUP	06	68.00	22.10	13.50	61.08
UIG	07	831.78	330.84	130.50	34.31
UIDSSMT	16	222.78	144.80	99.72	68.87
IHSDP	32	243.35	116.04	44.49	38.34
Total	61	1365.91	613.78	288.21	46.97

(Source: Information furnished by Housing and Urban Development Department)

2.3.1.1 Why we conducted this audit

Against the sanctioned project cost of ₹ 981.52 crore with central share of ₹ 798.82 crore, only ₹ 322.29 crore (33 *per cent*) was released by the GoI up to March 2011, when only one year was left for close of the Mission period (March 2012). There were frequent media reports on mismanagement in mission activities leading to slow progress and non-implementation of the reforms agenda. This prompted us to conduct a performance audit on this issue.

2.3.1.2 Organisational structure

The State Level Steering Committee (SLSC) headed by the Chief Minister and comprising Chief Secretary and Commissioner-cum-Secretary, Housing and Urban Development (H&UD) Department as members was the apex body at the State level to review and prioritise the projects for inclusion under the Mission, monitoring the execution of work and implementation of the reforms. H&UD Department acted as the State Level Nodal Agency (SLNA) to manage the Mission funds and to monitor the implementation of reforms etc. Special Secretary of the Department acted as the Nodal Officer of SLNA. The Programme Management Unit (PMU) under SLNA was outsourced to Administrative Staff College of India (ASCI), Hyderabad with the responsibility of extending strategic, technical and managerial support to SLNA to ensure effective implementation of the Mission activities. Funds and

¹¹² Seven UIG projects costing ₹831.78 crore, six BSUP projects costing ₹68 crore, 16 UIDSSMT projects costing ₹222.78 crore and 32 IHSDP projects costing ₹ 243.35 crore

¹¹³ (1) Angul, (2) Balasore (3) Bargarh (4) Baripada (5) Berhampur (6) Bhadrak, (7) Bhubaneswar, (8) Bhawanipatna (9) Biramitrapur (10) Bolangir (11) Brajaraj Nagar (12) Cuttack (13) Dhenkanal, (14) Jajpur, (15) Jatni (16) Jharsuguda, (17) Jeypore (18) Kendrapara, (19) Khariar Road (20) Khuda, (21) Koenjhar (22) Malkanagiri (23) Nayagarh (24) Nawarangapur (25) Paralakhemundi, (26) Phulbani, (27) Puri (28) Rourkela (29) Sambalpur (30) Subarnapur (31) Talcher and (32) Vyasagar

programmes under BSUP, UIDSSMT, IHSDP and UIG (preservation of water bodies and transport) were managed at ULB level while other components like Integrated Sewerage System, Storm Water Drainage and Water Supply were executed by executing arms¹¹⁴ of different line departments.

2.3.1.3 *Audit Objectives*

Audit objectives were to assess whether:

- ❖ planning was made after detailed assessment of requirements based on survey and feedback of stakeholders and was adequate and effective;
- ❖ mandatory and optional reforms were implemented within the prescribed time frame;
- ❖ financial management and control was economic, efficient and effective;
- ❖ programme implementation was efficient and economical and the intended objectives were achieved;
- ❖ inspection, monitoring and review mechanism were in place and were effective.

2.3.1.4 *Audit Criteria*

The main sources of audit criteria were:

- ❖ guidelines, instructions, circulars and orders issued by the Government of India (GoI) and the State Government;
- ❖ Memorandum of Agreements (MoA);
- ❖ Detailed Project Reports (DPRs) of selected projects;
- ❖ City Development Plans (CDPs) of the sample cities;
- ❖ Odisha Treasury Code, Odisha General Financial Rules and Odisha Public Works Department Code.

2.3.1.5 *Scope and methodology of Audit*

We conducted the Performance Audit of the implementation of the Mission during March to June 2011 covering the period 2005-11 through test check of records of H&UD Department, SLNA, ULBs of both the Mission cities i.e. Bhubaneswar Municipal Corporation (BMC) and Puri Municipality. Berhampur Municipal Corporation under IHSDP and Cuttack Municipal Corporation (CMC) under UIDSSMT were included as additional samples.

¹¹⁴ **Integrated Sewerage System, Bhubaneswar:** Odisha Water Supply and Sewerage Board, **Storm Water Drains:** Executive Engineer, Drainage Division, Cuttack and Bhubaneswar, **Water Supply:** Public Health Division, Puri; **UIDSSMT:** Executive Engineer, R&B Division, Cuttack; **IHSDP:** Berhampur Municipal Corporation

Besides, records of Bhubaneswar Development Authority (BDA) and executing agencies like Odisha Water Supply and Sewerage Board (OWSSB), Chief Engineer (Public Health), Executive Engineers of Drainage Division, Bhubaneswar and Cuttack, Irrigation Division, Puri and Roads and Building Division, Cuttack were also examined. Joint physical inspection of assets created under the scheme was conducted and photographs taken, wherever considered necessary. Beneficiary interview was also conducted at Bharatpur and Badagarh, Bhubaneswar.

Of the 61 projects, 15 projects with estimated cost of ₹ 981.52 crore were sampled to be covered under audit of the Mission. The component wise funds allocated to the State for the sampled projects up to March 2011 and utilisation thereof are indicated in Table 2.3.2 below:

Table 2:3.2: *Component-wise / project wise sanctioned project cost, funds received and utilisation as of March 2011 in respect of test checked projects*

(Rupees in crore)

Name & Numbers of the Project	Sanctioned cost	Funds received	Funds utilised	Percentage of utilisation
BSUP (Six)	68.00	22.10	13.50	61.08
UIG: Conservation of Bindusagar lake (One)	6.01	2.86	0.41	14.34
UIG: Urban Transport (Two)	19.80	16.05	16.05	100
UIG: Storm water Drains (Two)	140.15	35.41	4.09	11.55
UIG: Water Supply, Puri (One)	166.90	41.73	19.50	46.73
UIG: Integrated Sewerage System, Bhubaneswar (One)	498.91	234.79	90.45	38.52
UIDSSMT (one at Cuttack)	50.74	22.84	19.17	83.93
IHSDP (One at Berhampur)	31.01	11.61	0.00	0.00
Total (15 projects)	981.52	387.39	163.17	42.12

(Source: Information furnished by Housing and Urban Development Department)

2.3.1.6 Entry and Exit Conference

Before commencing field study, entry conference was conducted on 14 March 2011 with the Commissioner-cum-Secretary, H&UD Department in the presence of executives of the implementing units in which audit objectives, criteria, scope and methodology were discussed. Audit findings were discussed in an exit conference held on 28 November 2011. Reply of the Government and concerned ULBs, wherever received, were incorporated at appropriate places in this report.

Audit Findings

According to the census 2001¹¹⁵, Odisha with 14.97 per cent urban population was the twenty fourth least urbanised State. The urban decadal growth (1991-2001) of the State was 30.28 per cent against the overall State decadal growth

¹¹⁵ CDPs were prepared based on Census 2001.

of 14 *per cent* which indicates a significant demographic shift towards urban areas. In view of this trend, need has been felt for expansion and improvement of basic urban services as also for renewal of old cities etc. The Mission has been conceived as a major intervention to foster urban revival by bringing focus on reforms agenda, which inter alia aimed to make the ULBs financially viable and accountable to its citizens. For this purpose, it was a pre-requisite for urban centres seeking funding through the Mission to prepare CDPs considering the population growth over at least the next 30 years. Based upon CDPs, projects were to be prioritised for accessing funds under the Mission on the basis of tri-partite MoAs to be signed between the GoI, the State Government and the ULBs. As per these MoAs, flow of funds was dependent upon implementation of reforms within the timeline mentioned therein and submission of utilisation certificates for previous releases. Audit of the activities implemented under the Mission by the various test checked implementing agencies of the State revealed as follows:

2.3.2 Inadequate planning and institutional arrangements

2.3.2.1 Weak institutional arrangements

The guidelines of the Mission envisaged constitution of SLNA to apprise the GoI about the projects, obtain sanctions from the Central Sanctioning and Monitoring Committee (CSMC), manage Mission funds, operate revolving funds and monitor the progress of implementation of sanctioned projects as well as that of reforms agreed to in the MoA with the Ministry of Urban Development (MoUD) in the GoI. To assist the SLNA a PMU staffed with professionals with a minimum tenure of three years was also required to be set up. PMU was also required to provide technical and advisory support to State Government and ULBs in implementation of the projects and reforms. For assisting ULBs of Bhubaneswar and Puri, two PIUs were to be constituted at the actual execution level with job description and organisational profile identical to that of PMU.

We noticed that the State Government had decided (September 2009) to outsource professionals for PMU from the ASCI. The professionals¹¹⁶ including Specialists in Public Works, Public Health, Housing and Slum Development etc were engaged (November 2009 and October 2010) on renewable annual contracts extending up to three years. Two of the six professional staff initially deployed left their job after rendering services for 15 to 19 months. Despite 61 projects having been sanctioned for execution during April 2007 to March 2009 at estimated cost of ₹ 1365.91¹¹⁷ crore under the Mission, no other professionals viz. public works and public health as well as Project Specialist (housing and slum development) were posted in the PMU before November 2009. Specialist (Social Development) left the assignment in January 2011 and the post could be filled up only six months later, in

¹¹⁶ Information System (IS) Expert, Social Development Expert, Project Specialist (Housing and Slum Development), Research and Training Support Officer in November 2009 and Project Management and Procurement Specialist and Municipal Financial Expert in October 2010

¹¹⁷ BSUP: ₹ 68 crore (5 *per cent*), UIG: ₹ 831.78 crore (61 *per cent*), UIDSSMT: ₹ 222.78 crore (16 *per cent*) and IHSDP: ₹ 243.35 crore (18 *per cent*)

August 2011. In the absence of specialists of desired field and experience, PMU was rendered weak and deficient. We noticed that the SLNA had shown little inclination to sort out these problems.

It was also noticed in audit that despite Government in H&UD Department having instructed (June 2010) both the ULBs of Bhubaneswar and Puri to immediately set up PIUs in respective ULBs and having recommended the names of five professionals for that purpose, no PIU had been set up as of October 2011 in either of the two ULBs. Funds (₹ 31 lakh) sanctioned by GoI for operationalising the PIUs in these two ULBs were, therefore, lying unspent with the H&UD Department. Special Secretary-cum-Nodal Officer, SLNA stated (November 2011) that the professionals selected for the two PIUs had not responded to offers made to them. Considering that the BMC and Puri Municipality managed to spend only ₹ 116.55 crore and ₹ 3.93 crore, respectively, during the four year period 2002-06 it was obvious that in the absence of a PIU and consequent lack of professional supports capacity for implementing projects of high magnitude, as envisaged under the CDP, had continued to remain abysmally low.

2.3.2.2 *Inadequate City Development Plans*

Under the Mission, CDP has been conceived as a comprehensive plan for sustainable development of a city. As per GoI guidelines, CDPs were to be prepared by ULBs factoring in data collected by carrying out surveys of various stakeholders of the city. For this, adequate awareness was to be created amongst the stakeholders through pamphlets, street-plays, meetings etc. The CDP was to have a fixed implementation time frame and was to be followed up by an analytical study to ascertain the impact of implementation of the CDP so as to suggest midcourse corrections, if required. We, however, observed that no exercise was undertaken to create awareness amongst citizens or to foster their involvement in preparation of the CDPs for Bhubaneswar and Puri cities. CDPs sent to the H&UD Department for approval were not based on any scientific survey of all the stakeholders. The plan was, merely, discussed in a workshop organised by H&UD Department at Bhubaneswar, during 2006. After the workshop no additional inputs or feedback was sought from the stakeholders / participants of the workshop. As no concrete data had been collected on various relevant parameters, even these discussions remained restricted to generalities. Annual review of capacity building, institutional reforms, capital investment plan, investible surplus, financial operating plan etc, as were required under the Mission guidelines during the first five years, were not carried out because these were not stipulated in the CDPs. Though CDP of Bhubaneswar had discussed and taken into account SWOT (strength, weaknesses, opportunities and threats) analysis of the city, no such analysis was done in the CDP of Puri city. In consequence, selection and prioritisation of projects incorporated in CDP of Puri and the capacity of the local body to execute these projects economically, efficiently and effectively and to absorb funds, was not amenable to a fair assessment.

Due importance was not given for preparation of CDPs and when prepared, GoI guidelines were not considered.

2.3.2.3 *Non-prioritisation of the projects*

The Mission guidelines stipulated that the CDPs would include shelf of projects that would be prioritised for execution keeping in view the identified infrastructure gaps.

Though CDP of Bhubaneswar projected the requirement of ₹ 3039.61 crore¹¹⁸, of which ₹1401.65 crore (46 *per cent*) was projected to be sourced from the Mission funds, due priority was not given to augment the water supply system which given highest priority in the CDP. On the other hand, the funds from the Mission were drawn for the following project which were all low in priority:

- ❖ Conservation of Heritage Tank of Bindusagar;
- ❖ Storm water drains.

Similarly, in the case of Puri which was selected for inclusion under the Mission based on its religious history and its tourism potential, no DPRs for conservation of heritage was prepared, even though 54.65 *per cent* of the required funds of the investment projected in the CDPs was earmarked for this purpose. On the other hand, the following projects which as per CDP were low in priority were taken up for execution.

- ❖ Round the clock piped water supply to Puri town (serial 22 of priority list);
- ❖ Storm water Drainage Project (serial 29 of priority list);
- ❖ City bus Service (serial 41 of priority list) and
- ❖ Slum Development projects in Matitota and Mishra Nolia Sahi (Phase I & II) (serial 34 of priority list).

The Joint Secretary, SLNA stated (November 2011) that the projects, where feasible reports were readily available were proposed first under the Mission. This was indicative of the fact that even if, the projects were prioritised a different priorities was followed, while proposing projects for inclusion under the Mission.

2.3.2.4 *Incomplete Detailed Project Report*

The DPR is an essential building block for the Mission in creating infrastructure and in enabling sustainable quality in service delivery. It is to be prepared carefully and sufficient detail to ensure appraisal, approval, and subsequent project implementation in a timely and efficient manner.

¹¹⁸ Water supply (₹ 691.26 crore), Sewerage system (₹ 596.29 crore), Road, traffic and transport (₹ 1008.37 crore), Storm water drains (₹ 129.62 crore), Street lighting (₹ 28.92 crore), Solid waste management (₹ 83.01 crore), Conservation of water bodies (₹ 53 crore) heritage conservation (₹ 114.95 crore) etc.

We noticed that work order for preparation of DPR for the Storm water Drainage Project was issued (June 2008) to Voyant Solutions Private Limited, stipulating completion by January 2009 at ₹67.34 lakh.

The Agreement¹¹⁹ executed with the consultant provided preparation of a Comprehensive Master Plan (CMP) and a DPR containing detailed survey report on drains, flood prone areas, plan for rehabilitation, estimation of flood discharge and hydraulic design, analysis of socio-environmental impact, soil investigation and details of private / Government land/ forest land, wherever required for the project. Check of the DPR submitted by the consultant however, revealed that land schedule for acquisition of land required for execution of the project, rehabilitation plan, socio-environmental impact analysis as well as soil investigation report etc were not included in the DPR..

On this being pointed out in audit, the E.E (Drainage), Bhubaneswar assured (May 2011) that the consultant would be asked to furnish the actual land schedule, soil investigation report and rehabilitation plan etc. However, action in this regard was still awaited (November 2011).

2.3.2.5 Infructuous expenditure in preparation of incomplete DPR

The EE (Drainage Division), Cuttack awarded (June 2008), the consultancy service for preparation of DPR with CMP for drainage system in Bhubaneswar city, to be executed in two phases, to a consultant Meinhardt, a Singapore based firm, at the negotiated cost of ₹ 2.30 crore. The stipulated completion date of the work was January 2009. Out of two phases, the consultant completed the preparation of DPR for phase-I and was paid ₹ 1.42 crore for that purpose(March 2011) .

Scrutiny of records revealed that land requirement of 29.31 acres depicted in DPR was for only four¹²⁰ out of 10 drains proposed to be constructed under the project. Actual requirement of land for construction of remaining six drains had not been assessed by the consultant. Further, Superintending Engineer (Drainage), Cuttack had observed that the drawings prepared by the agency did not matched with the site conditions of the work, indicating thereby inadequate survey and investigation of actual site conditions. Consequently, the drawing prepared by the consultant were revised (May 2010) by the SE. This is indicative of the fact that the consultant had failed to deliver as per the requirement. But no action was taken against the consultant, for such deficiencies.

2.3.3 Implementation of reforms at the State level and Urban Local Body level

The core agenda of the Mission was focused on reforming the frame work and processes of the governance at the level of ULBs. This included changes in the statute consolidating the functions, responsibilities and powers of the ULBs so as to empower and enable them to prepare and execute development plans,

¹¹⁹ Clause 3 of Terms of Reference (ToR)

¹²⁰ Drain Number 5, 6, 7 and 10

bring about greater citizen participation and transparency in planning and execution to institute meaningful financial reporting system and to bring about greater accountability in the functioning of ULBs.

As per MoU between State Government and GoI, these reforms were to be initiated at two levels viz; the State Government and the ULB. We ascertained the status of these reforms and the impact created by such reforms. Our findings are as follows.

2.3.3.1 State level Reforms

The State Government in a Resolution (November 2006) committed to undertake 17 reforms that included seven mandatory and ten optional reforms as indicated in *Appendix 2.3.1* by 31 March 2011 as the State level reforms. However, as of November 2011, only three mandatory reforms and four optional reforms had been carried out at the State level. Item wise State level reforms, timelines set for their completion and the exact reported status of achievement as verified in the field, are indicated in the said Appendix.

2.3.3.2 Mandatory reforms

Mandatory reforms to be implemented across the ULBs of the State basically related to full ‘implementation of the Seventy-fourth Constitutional Amendment Act and other matters relating to:

- Devolution of fund, function and functionaries in respect of 18 functions listed in 12th Schedule to ULBs;
- Convergence of City Planning functions: Involvement of ULBs in City Planning and delivery of Urban infrastructure development and management functions;
- Amendment to Rent Control Legislation for balancing interest of landlords and tenants;
- Rationalisation of stamp duty;
- Repealing of Urban Land Ceiling and Regulation Act;
- Enactment of Public Disclosure Law;
- Enactment of Community Participation Law.

Review of the status of implementation of these mandatory State level reforms disclosed the following:

Partial implementation of 74th Constitutional amendment Act

The Department reported (March 2010) to the GoI that it had devolved 17 out of 18 functions to ULBs except the activity related to construction and maintenance of ‘roads and bridges’. We, however, noticed that of these, seven functions¹²¹ had not been devolved in their real sense as the functions actually

¹²¹ Urban planning including town planning, Regulation of land-use and construction of buildings, Roads and bridges, Water supply for domestic, industrial and commercial purposes, Fire services, Urban forestry, protection of environment and promotion of ecological aspects, Safeguarding the interest of weaker sections of society including handicapped and mentally retarded

continued to be discharged by various line departments of the State Government. The other 10 functions like public health and sanitation, slum improvement, urban poverty alleviation, promotion of cultural, educational and aesthetic aspects, burials and burial grounds, maintenance of vital statistics etc. were already being handled by ULBs even before the Mission was launched. Thus, in effect, little change had come about after the Mission was adopted in the State. In our opinion, the position incorporated in the MoA and reported to GoI periodically thereafter, was factually inaccurate. The Nodal Officer, SLNA stated (September 2011) that devolution of functions to ULBs was not possible due to non availability of technical man power with such bodies and their inability to manage the additional responsibilities under the Mission. He however, did not mention why this was not taken into account while making the commitments to the GoI. Moreover, the explanation offered by the Nodal Officer overlooked the fact that the core objective of the Mission was to enable and empower ULBs in addressing problems of governance at the cutting edge level by breaking the vicious circle of low empowerment, low capacity and limited service delivery. In this case the Government had actually backtracked on its commitments, made in November 2006, after getting the first installment of funds from GoI (March 2007). The exact status of devolution of all the 18 functions listed in the Twelfth Schedule of the Constitution to ULBs as reported to GoI and verified in audit, is indicated in *Appendix 2.3.2.*

As per the Mission guidelines, the State Govt. was to review and repeal or amend its municipal laws in order to empower ULBs with such power and authority as would be necessary to enable them to function as institutions of self-governance in general and a single window for delivery of urban services to citizens. Though, CDP of Bhubaneswar envisaged (2006) bringing subjects like urban planning, town planning, land use regulation and construction of building, water supply for domestic/ industrial/commercial purposes, public health and sanitation, fire services and planning for economic and social development within the ambit of the Odisha Municipal Corporation Act (OMCA) 2003 so as to transfer these related powers to the ULBs, the Act was yet to be suitably amended (November 2011). Currently, an unelected body, BDA, therefore, continues to deal with responsibilities of urban planning and approval of building plans and, similarly, the Public Health Engineering Department continues to be responsible for supply of drinking water. Similar was the status of Puri Municipality and Municipal Corporations of Berhampur and Cuttack. On the other hand, downstream activities like sewerage and solid waste management are being dealt with by the ULBs without any say in regulating upstream activities like urban planning, land-use regulation, drinking water supply and drainage. Had the reforms been implemented, the ULBs would have been solely responsible for all the services within the city and may well have contributed to more efficient and effective implementation of related projects under the Mission and achievement of underlying projections.

Thus, the goals for which the GoI had launched the Mission have been frustrated in Odisha due to non-implementation of reform measures (including mandatory reforms) promised by the State Government.

We also noticed that the District Planning Committee though constituted, was yet to become functional as envisaged under the Mission. The existing town planning laws had not been appropriately modified (October 2011) on the basis of the Model Urban and Regional Planning and Development Law prepared by the Union Ministry of Urban Development, thus, constraining District Planning Committee from exercising full authority and assuming full responsibility in regard to matters of town and regional planning. Absence of legal and statutory provisions in this regard, resulted in non institutionalisation of participatory governance in the spatial planning and development of infrastructure, as envisaged under the Mission.

Community Participation Law not enacted

The Community Participation Law (CPL) that was required to be enacted to institutionalise citizen participation by creating three-tiered (*Municipalities/ Ward Committee/ Area Sabha*) decision-making units for municipal functions, had not been enacted till November 2011. The draft bill on the subject has been pending with Select Committee of State Legislature since March 2010. In the absence of such laws, the CDPs prepared by the ULBs not only lacked the force of law but also could not capture the needs of the actual city dwellers and continued to remain top-driven.

Stamp duty

We observed that though the State Government reduced (August 2008) stamp duty to five *per cent* with effect from August 2008, a professional body with appropriate autonomy for fixation of guidance value had not been established till November 2011, as envisaged. The modalities of revision in the guidance value had not been worked out. So, revision of stamp duty as a reform measure only partially addressed the problem of stamp duty evasion through registration of properties at low values.

Public Disclosure Law

Provisions under the Mission envisaged the enactment of a Public Disclosure Law (PDL) to ensure release of quarterly performance information to all stakeholders. Though PDL was notified in February 2009 and information on budget, scheme, services and all letters issued were placed by CMC, Cuttack and BMC, Bhubaneswar on their web-site, yet no such information was hosted by Puri Municipality and Berhampur Municipal Corporation. Thus, the objective of easy and *suo-motu* disclosure of information to stakeholders was not achieved in these two ULBs. In the absence of such facility, participatory monitoring of all the works being executed under the Mission in Puri and Bhubaneswar by the stakeholders as envisaged, was not even possible.

Non implementation of reform in Rent control

The GoI had directed (January 2009) the State Government to adopt State Urban Housing and Habitat Policy in conformity with the National Urban Housing and Habitat policy 2007 and as part of that, to frame an appropriate Rent Act. The Odisha State Housing Board which was entrusted with the task of framing State Urban Housing and Habitat policy had not done anything in this regard (November 2011).

2.3.3.3 *Optional reforms*

The status of various optional reforms that had to be undertaken by the State Government was as under.

- Introduction of property title certification system in ULBs was committed to be undertaken by 2008-09 in the State. But the same had not been introduced in ULBs as of November 2011;
- It had been agreed to revise bye-laws for regulating building plan approval process and to make rain water harvesting mandatory there under by March 2010. Since those powers were not vested in the ULBs by March 2010, the H&UD Department had instructed all Development Authorities and Town Planning Units /Improvement Trusts to insist on rain harvesting mandatory as a part of building plan. Yet the instructions were followed only by the BDA.
- Though at least 20-25 *per cent* of developed land in all housing projects (both public and private agencies) for EWS/ LIG¹²² category was to be earmarked by amending the Odisha Municipal (OM) Act 2003 and Odisha Development Authority Act 1982. This was not done.
- Simplification of legal and procedural framework for conversion of agricultural land for non-agricultural purpose was committed to be achieved by March 2010 even as such procedure had already been established under the Odisha Land Reforms (OLR) Act.
- Computerised process of registration of land and property by March 2009, the introduction of which was committed by the Government of Odisha was achieved only partly due to absence of requisite technical manpower.
- As part of administrative reforms agreed to by the State Government under the Mission, 75 *per cent* base level posts have been abolished by State Government. In addition, need based training was being imparted for operationalising e-municipality, national e-governance initiative at the ULB level. Efforts were also under way to create a district cadre of staff for ULBs.

¹²² Economic Weaker Sections and Lower Income Groups

- To encourage project execution in PPP mode, projects like integrated commercial-cum-residential complex at Chandrasekharpur and construction of truck terminal at Cuttack were under implementation.

2.3.3.4 ULB Level Reforms

Four out of six mandatory reforms and eight out of 10 optional reforms were not implemented by the ULBs of both the Mission cities as of October 2011 and none of the reforms had been implemented by the ULBs at Berhampur and Cuttack

As per Mission guidelines, ULBs were also required to implement all the mandatory reforms (seven) and optional reforms (10) within a specified period. Each ULB was required to choose for implementation of at least two optional reforms each year. Audit scrutiny of four ULBs revealed the following:

Table 2.3.3: Reforms achieved by four ULBs up to March 2011

Name of the ULB	Milestones achieved	
	Mandatory reforms	Optional reforms
Bhubaneswar and Puri	i. Registration of death and birth introduced ii. Internal earmarking for basic services to the urban poor provided in the budget	i. introduction of computerised process of registration of land and property. ii. Encouraging public private partnership
Berhampur and Cuttack	No mandatory or optional reforms had been implemented so far (October 2011)	

(Source: Information furnished by concerned ULBs and result of audit scrutiny)

Since the State Government had done nothing, ULBs had also been lackadaisical in introducing reforms at their level. Thus, State Government had sent a muted message down the line and had been less than proactive. The thrust on reforms was practically lost at the ULB level.

Item wise ULB level reforms, timeline set, commitments and achievements in case of two sample ULBs¹²³ are also indicated at *Appendix 2.3.3*.

2.3.3.5 Urban transport reforms

Urban Transport reforms mandated setting up of a dedicated Urban Transport Fund (UTF), change of bye laws and master plan of cities, setting up of a regulatory mechanism, a parking policy and a Traffic Information and Management Centre etc by the State / ULBs.

Scrutiny of records at SLNA revealed that the transport reforms were not implemented either at the State or at ULB level in the Mission cities of Bhubaneswar and Puri. No action was taken by Nodal Officer, SLNA to create dedicated UTF as a result of which provisions for new projects for urban transport, replacement of assets under transport companies, extension of various concessions to encourage public transport, could not be generated. In fact, undertaking of transport reforms was not included in the CDPs of both Bhubaneswar and Puri.

¹²³ (i) Bhubaneswar Municipal Corporation, Bhubaneswar (ii) Puri Municipality

2.3.4 Non-creation of Revolving fund

Revolving fund not set up due to inaction of SLNA and this will affect the upkeep of the assets created under Mission after the Mission period

According to the Mission guidelines, grant-cum-loan was to be sanctioned for projects being implemented under the Mission in such a manner that 10 per cent and 25 per cent of Central and State grant put together in respect of BSUP and UIG projects, respectively, would be recovered and ploughed into a distinct revolving fund. The objective was to leverage market funds for financing additional investment in infrastructure projects as well as to fund operation and maintenance (O&M) of the assets already created. The Revolving Fund (RF) was to be graduated to a State Urban Infrastructure Fund in case of projects under UIG and “State level Basic Services to the Urban Poor Fund” in case of BSUP. As against a total release of ₹ 340.32 crore including State Share, an amount of ₹ 81.76 crore was to be ploughed towards the RF as tabulated below:

Table 2.3.4: Status of fund to be earmarked for revolving fund up to March 2011

(₹ in crore)

Projects/Component	BSUP			UIG		
	Central	State	Total	Central	State	Total
Sources of Fund						
Funds received	15.60	6.50	22.10	276.07	42.15	318.22
Percentage to be earmarked for RF	10			25		
Fund to be earmarked for RF	2.21			79.55		
Purpose for which Revolving Fund to be used	Operation and maintenance (O&M) of the assets already created					

(Source: Information furnished by SLNA and audit scrutiny)

However, we observed that due to inaction by the SLNA such a fund was yet to be set up as of November 2011. The absence of such funds will affect the upkeep of the assets created under the mission and erode their utility after the mission period is over. This also would generally constrain the power of the ULBs to raise money from the market thus constraining them in leveraging financial market for further development of infrastructure in this sector.

In reply, Nodal Officer, SLNA stated (November 2011) that the Department had already initiated action for establishing “Odisha Urban Infrastructure Development Fund” on the line of revolving fund with financial assistance of ₹ 368 crore and technical support for the purpose was being provided by KFW (a German bank).

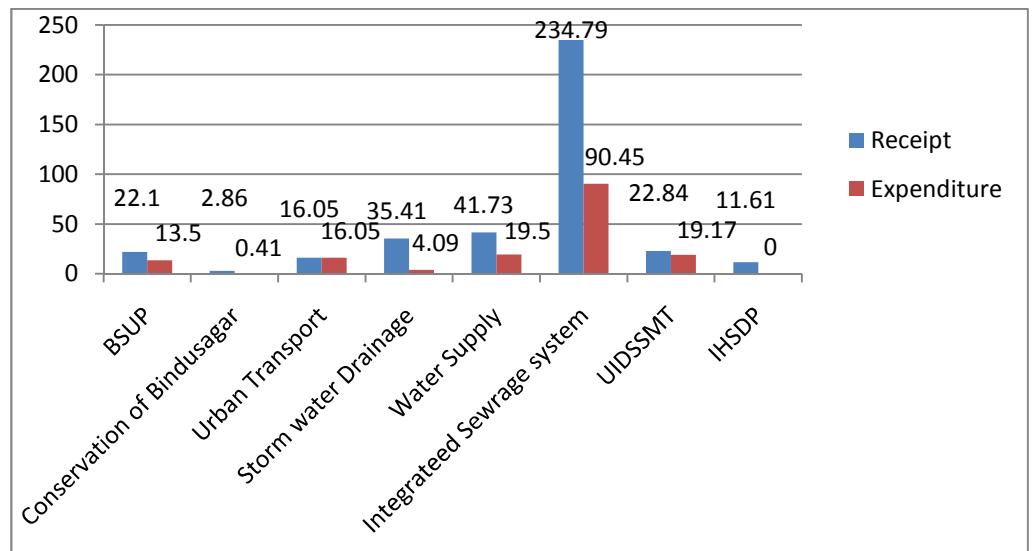
2.3.5 Irregularities in Financial Management

Against central assistance of ₹ 784.92 crore due on total project cost of ₹ 981.52 crore, only ₹ 322.29 crore could be availed up to March 2011

During 2005-11, 61 projects were sanctioned with a total outlay of ₹ 1365.91 crore against which ₹ 1092.73 was to be provided by GoI as central assistance. Audit scrutiny of 15 projects in operation under the Mission in ULBs of Bhubaneswar, Puri, Cuttack and Berhampur revealed that against total project cost of ₹ 981.52 crore, only ₹ 387.39 crore was released up to March 2011 towards Central share (₹ 322.29 crore), State share (₹ 52.48 crore) and ULB share (₹ 12.62 crore). Of that, a sum of ₹ 163.17 crore (42 per cent) was utilised up to 31 March 2011 and utilisation certificates were furnished to the GoI for ₹ 147.87 crore. Project wise fund released, expenditure incurred are indicated in the Bar chart given below.

Chart-1

Receipt and utilisation of funds under JNNURM during 2005-11



Review of the management of funds under the programme revealed delay in release of State share, short release/non-release of ULB share, diversion/misutilisation of scheme funds, parking of funds in non-interest bearing accounts, irregular advance to contractors etc as indicated in the following table.

Table 2.3.5: Irregularities in management of funds during 2005-11

Sl. No	Issue	Amount (₹ in crore)	Cause and effect
1	Delay in release of funds to the ULBs	1.20 and 51.58	As per GoI sanction order, the Central assistance along with State share was to be released to ULBs immediately. However, funds were retained with the State Government and released to ULBs with delay ranging from 151 days to 301 days which resulted in delayed commencement of most of the projects as indicated at <i>Appendix 2.3.4</i> .

Sl. No	Issue	Amount (₹ in crore)	Cause and effect
2	Short release of ULB share	28.74	As per Mission guidelines, while Central Government would release 80 <i>per cent</i> of the project cost under UIG, both the State Government and ULB have to contribute 10 <i>per cent</i> of the project cost each. We noticed that against central release of ₹ 330.84 crore under UIG up to 31 March 2011, one ULB (Bhubaneswar) paid only ₹ 12.62 crore as its share against ₹ 33.51 crore due on this account while Puri Municipality had not paid its share of ₹ 7.85 crore. This resulted in short release of ULB share by ₹ 28.74 crore. as indicated at Appendix 2.3.5 .
3	Irregular parking of funds in non-interest bearing accounts	0.40	As per Mission guideline, the funds received under the scheme should be kept in savings bank account with nationalised banks. We noticed that, the GoO deposited ₹ 23.42 crore in civil deposit with treasury instead in separate savings bank account resulting in loss of interest of ₹40.30 lakh up to March 2011. Nodal Officer, SLNA attributed retention of Mission funds in civil deposit to delay in receipt of administrative approval and non provision of fund in State budget.
4	Irregular meeting of state tax out of Mission fund	1.86	As per Mission guidelines, State tax was either to be reimbursed by State Government or to be waived off for the project under Urban Transport. Yet, ₹1.86 crore was paid to the supplier towards State taxes like value added tax, entry tax etc. Nodal Officer assured to obtain reimbursement of the said taxes paid, from the Finance Department. Final reimbursement is awaited (November 2011).
5	Interest earned/ accrued out of Mission funds not reported to GoI	13.33	Mission guidelines states that the interest earned on scheme funds were to be reported to GoI for adjustment of the same while releasing subsequent installments. We noticed that, the interest of ₹1.06 crore earned on bank deposits and ₹12.25 crore accrued up to June 2011 were not reported to the Government of India in violation of the Mission guidelines.
6	Diversions of Mission fund for the purpose of land acquisition not admissible under the Mission	26.39	Mission guidelines provided that, no money should be spent out of scheme funds towards acquisition of land except for North-eastern States. We noticed that, ₹ 26.39 crore was diverted from scheme funds towards land acquisition in Bhubaneswar (₹ 18.73 crore) and Puri (₹ 7.66 crore) which were yet to be recouped (January 2012).
7	Undue aid to the Contractor by issue of interest free advance.	11.02	A Government company, OCC was paid interest free advance of ₹11.02 crore in March 2010 in violation to codal provisions (Para 3.7.21 of OPWD Code-Vol-I). The Nodal Officer, SLNA stated that advance was paid to OCC not as a private contractor but as a Government company. The reply was not tenable in audit, as supervision/ overhead charges at 15 <i>per cent</i> of value of work executed by OCC was also paid to OCC in-addition.

(Source: Audit scrutiny at Government, ULBs and executing agencies): GoO : Government of Odisha

Inefficient and uneconomical programme implementation

Review of implementation of the sub-components of the Mission indicated markedly low utilisation of funds, low pace of execution of works, non-achievement of targets etc. raising serious doubts about eligibility of the State to receive second/balance installment of central share, which in turn, may lead to projects remaining incomplete unless the scheme period is extended or the State Government earmark sufficient funds under the State Plan. This would also result in infructuous expenditure and non-achievement of desired objectives as discussed in the succeeding paragraphs.

2.3.6 Urban Infrastructure and Governance

Under Sub-Mission UIG, seven projects costing ₹ 831.77 crore were taken up against which ₹ 330.84 crore (40 *per cent*) were released by GoI and ₹ 130.50 crore (39 *per cent*) was utilised by the State Government/ ULBs up to 31 March 2011. We observed that only 16 *per cent* of the total project cost had actually been incurred during the entire period of the Mission. The Nodal Officer, SLNA attributed (November 2011) low levels of expenditure and slow progress of work to delay in land acquisition (Puri water supply project, Integrated Sewerage System, Bhubaneswar), delay in finalisation/non-finalisation of tender and award of work (Integrated sewerage, storm water drainage), site related problems viz; encountering rock strata and high ground water table in low lying areas, (Integrated Sewerage Project, storm water drainage) and delay in obtaining road cutting permission and re-planning of projects. The reply was not tenable as all these constraints were pre-existing and should have been foreseen while preparing the DPRs and ought to have been handled by way of effective programme management. We also observed absence of synchronisation in awarding work for different components of the same project as discussed below.

2.3.6.1 Slow pace of implementation of 'Integrated Sewerage System'

Considering that the projected sewerage generation at 126 lpcd¹²⁴ by 2039 and as the sewerages disposal capacity of 82 million litre per day (MLD) in Bhubaneswar was to be increased to 219 MLD by the end of Mission period, development of sewerage disposal system in Bhubaneswar city was identified as a priority under the Mission. At the same time, sewerage collection system potential was to be enhanced from the present 35 *per cent* to 85 *per cent* as per the norms of the Central Public Health Environmental Engineering Organisation (CPHEEO). Accordingly, ₹ 498.91 crore¹²⁵ were sanctioned for the project which involved various components as indicated in Table 2.3.6 next page.

¹²⁴ Litre *per capita* per day

¹²⁵ GoI (80 *per cent*): ₹ 399.13 crore and State Government and ULB: 10 *per cent* each

Table: 2.3.6: Component wise status of Integrated Sewerage Project , Bhubaneswar

(Rupees in crore)

<i>Component</i>	<i>Sanctioned cost</i>	<i>Amount spent</i>	<i>Status of execution</i>
Design, construction, testing and commissioning of gravity sewers in one sewerage district i.e. District-III	111.00	90.45	Only 68 km of sewerage line out of 193 km envisaged, was completed as of September 2011.
Pumping stations	50.09	0.00	Tenders were not invited as of October 2011 due to non-acquisition of land as well as delay in appointment of Project Management Consultant.
Sewerage treatment plants in six sewerage districts ¹²⁶	92.35		
Sewer laying in three sewerage districts	122.40		
Renovation and replacement of old sewers in five sewerage districts	116.11		
Construction of low cost sanitation units in six sewerage districts	6.96		
Total	498.91	90.45	

(Source: Information furnished by OWSSB)

As of 31 March 2011, ₹ 234.79 crore were received for execution of various components mentioned in the table. The entire expenditure of ₹ 90.45 crores, however, incurred on a single component viz., ‘construction of gravity sewers in one district (District III)’. This work was awarded (25 May 2008) at ₹ 150 crore to a contractor (ECCI Limited) stipulating completion by 27 November 2010. However, as of September 2011, only 68 km of sewerages line out of required 193 km were completed. Even though the stipulated date of completion was over, extension of time allowed to the contractor had also expired in July 2011 and the work was yet to be completed (October 2011).

Works under Integrated Sewerage Project, Bhubaneswar was not synchronised.

The delay in execution was attributed by Member Secretary, OWSSB (October 2011) to delay in obtaining permission from Railway/National Highway / PWD/ BMC / BDA authorities for road cutting required at different points. Had the plan and DPR been made properly after due consultation with all these organisations / other stakeholders as required under the scheme. such delay and lack of coordination could have been avoided to a very large extent. Also, had reforms taken place, then permission for such multiplicity of organisations would have been avoided as the ULB themselves would have served as the single-window agency responsible for execution of the project. In the instant case, even the detailed engineering design had to be made afresh to ensure hydraulic connectivity for the uncovered areas requiring additional sewer length of about 145 kms due to the expansion of city in different directions. Tender for other components like construction of pumping stations, sewerage treatment plants, laying of sewers etc. had not been invited (October 2011) due to non-completion of land acquisition. We also noticed that there was delay of 31 months¹²⁷ in appointment of Project Management Consultant (PMC) and in initiating proposal for land acquisition, which resulted in delay

¹²⁶ Bhubaneswar city has been divided into six sewerage districts by OWSSB

¹²⁷ From the date of sanction of the Project

in construction of crucial components like construction of STP, pumping stations, laying of sewers etc. The following Table 2.3.7 indicates the component-wise extent of execution of the work.

Table 2.3.7: *Status of execution of Integrated Sewerage Project, Bhubaneswar in district III where contract has been awarded*

Sl No.	Component of work	Unit	Total to be constructed	Execution up to 31 March 2011	Status of completion in percentage
1	Survey and design	Kilometer	193.50	224.308	116
2	Sewer line	Kilometer	193.50	67.764	35
3	Manhole chamber	Number	7149	2842	35
4	Connecting chamber	Number	12876	4515	35
5	Inspecting chamber	Number	23687	1389	6
6	House sewers	Kilometer	237	15.50	6.5

(Source: Information furnished by OSSWB)

As a result, the entire expenditure of ₹ 90.45 crore incurred on this project so far, was likely to be unfruitful, as all the components of the project needed to be completed for achieving the intended throughput.

2.3.6.2 Delay in initiating land acquisition proceedings led to time and cost over- run

As per GoI guidelines¹²⁸, land acquisition for the proposed projects was to be completed prior to application for financial support under Mission. The land acquisition including payment of compensation was to be met by the State Government. However, in case of the 'Integrated Sewerage Project', Bhubaneswar, the process of land acquisition was initiated (February 2009) by the OWSSB after 21 months of receipt of the first installment from the GoI, even as it involved acquisition of 191.716 acres of private land. We noticed that possession of only 42.242 acres of land had been taken as of August 2011; the remaining land was at various stages of acquisition. This was indicative of lackadaisical approach of the OWSSB and poor oversight by the PMU. As a result, tender for none of the components of the project excepting one could be invited. Thus, due to belated acquisition of land, not only was there time and cost over-run in implementing the project but also the denizens of the city were likely to be deprived of the intended benefit of the project for a long time. Besides, belated acquisition made the State Government liable to pay compensation of ₹ 96.49 crore against the original estimated compensation of ₹ 65.42 crore provided in DPR resulting in creation of extra financial burden / liability of ₹ 31.07 crore on the state exchequer; though it would have no impact on the expenditure to be funded under Mission.

¹²⁸ Toolkit on preparation of project report (clause 3.1)

2.3.6.3 Delay in implementation of water supply projects

Water supply projects were not synchronised and even land acquisition for WTP, pumping station, ESRs not completed

ULB, Puri had accorded top most priority to the augmentation of drinking water supply system at Puri town which at 127 lpcd as against the norm of 150 lpcd fixed by the CPHEEO has been facing an acute shortage of drinking water. Presently, no water treatment facility exists in the town. Out of the total project cost of ₹ 166.90 crore sanctioned in July 2008, 80 per cent (₹ 133.52 crore) was to be released by the GoI and ₹16.69 crore each was to be borne by the State Government and the Municipality of Puri. As of March 2011, ₹ 41.73 crore was made available for the project that included central share of ₹33.38 crore¹²⁹, of which ₹ 19.50 crore (47 per cent) was shown as utilised. The project included components such as construction of six control structures, intake well, rising main, Water Treatment Plant (WTP), eight Elevated Service Reservoir (ESR) and two On Ground Reservoirs (OGR). For smooth execution, the proposal was splitted up (May 2011) into 23 packages by SLNA with estimated cost of ₹ 90.50 crore excluding the design and construction of control structures. Package wise status of work as of November 2011, is furnished in Table 2.3.8 below:

Table 2.3.8: Status of execution of water supply project at Puri as on 31 March 2011

Package	Type of work	Sanctioned cost / expenditure (Rupees in crore)	Status of work	Reasons for delay
1	Intake well, Pump house, Raw water pumping etc	3.03	Not started	Delay in taking up land acquisition.
2	Raw water rising main and clear water rising main	3.26	Not started	Delay in taking up land acquisition.
3	Water treatment plant, clear water sump and pump house	23.50	Not started	Delay in taking up land acquisition.
4,19	Construction and renovation of Elevated Service Reservoirs (ESRs)	35.32	Not started	Delay in inviting as well as finalising tender. Pending at Chief Engineer level since September 2011.
5,6,7	Procurement of cast iron, valves, pipes etc	17.40	Not started	Dependent on package 1,2,3 which were not commenced..
9,10,11,12,13,,14,15, 16	Reclamation of ESR sites (Eight packages)	0.57	Seven completed	One package under progress.
18,20,21,22,23	Replacement of house service connection	7.22	Not started	Dependent on package 1,2,3 which were not commenced..
17	Construction of pump chamber	0.05	Under progress	Under progress.
8	Construction of 0.5ML capacity OGR	0.15	Under progress	Under progress.
	Total	90.50		

(Source: Information furnished by Chief Engineer, Public Health, Odisha and result of audit scrutiny)

¹²⁹ Released on 23 February 2009

As may be seen from above table, work on most of the components has not started due to delay in land acquisition. Only the work ‘construction of one 75 MLD control structure at Gabakunda’ was awarded (March 2010) to OCC, a state owned company, at negotiated price of ₹ 19.97 crore¹³⁰ stipulating completion by March 2012. No tenders were, however, invited for the work. As of November 2011, only 21 *per cent* of the work had been completed.

The Nodal Officer, SLNA stated (November 2011) that since the water supply work was executed by both Irrigation and H&UD Department and different technical parameters for different components of work were involved, it was desirable to put different components of the work to tender at different stages considering availability of land, site clearance and fund availability etc. The reply was not tenable as our scrutiny revealed that the work of preparation of DPR awarded to Tata Consulting Engineers, was also delayed by eight months thus, affecting the execution of the project to that extent. Though the cost of land acquisition amounting to ₹ 7.66 crore was deposited with the LAO, Puri between December 2010 and May 2011; land was yet to be handed over by the Revenue Department as acquisition proceedings were pending (November 2011) at various stages for finalisation.

Due to delay in implementation of the project, not only the inhabitants of the city were deprived of adequate drinking water of acceptable quality as envisaged under the scheme, but also the ULB failed to access the second installment of Mission funds because the actual expenditure had remained below 70 *per cent* even after two years of receipt of GoI share. Unless the GoI extends the duration of the scheme or the State Government chooses to complete the remaining works through State Plan funds, the un-welcome prospect of an investment blocked in an incomplete project and further infructuous expenditure cannot be ruled out.

2.3.6.4 Delay in execution of storm water drainage projects in the Mission cities of Bhubaneswar and Puri

As the catchment area of major drains was 35 *per cent* in Puri town and 85 *per cent* in Bhubaneswar city, as against the CPHEO benchmark of 100 *per cent*, development of storm water drains of both the Mission cities of the State was considered a priority area. Projects for this purpose were approved at a total project cost of ₹ 140.15 crore¹³¹. Up to March 2011, an amount of ₹ 35.41 crore was released for the two projects that included GoI share of ₹ 26.50 crore¹³². Of this, only ₹ 4.09 crore (12 *per cent*) was utilised up to March 2011.

In Bhubaneswar city, out of 10 drains, DPR of one drain (Ghatikia) had not yet been prepared (September 2011) while works were under progress in four

¹³⁰ Work: ₹ 17.37 crore and Overhead charges (supervision to OCC): ₹ 2.60 crore = ₹ 19.97 crore

¹³¹ Puri: ₹71.82 crore; Bhubaneswar: ₹ 68.33 crore

¹³² Bhubaneswar: released during May 2009 ₹ 13.67 crore; Puri: released during June 2009 : ₹ 12.83 crore

drains. Tender for remaining five drains¹³³ was yet to be invited (September 2011). Tendered cost (₹ 74.74 crore) of four drains being executed, exceeded the project cost (₹ 68.33 crore) by ₹ 5.41 crore. Nodal Officer, SLNA stated (November 2011) that due to fund constraints, these five drains would be constructed by BDA out of its own funds. Only 12 *per cent* (2.362 km out of total 20.246 km) of drain were constructed as of September 2011. We noticed (November 2011) that, the construction work had been obstructed due to encroachment of land by private people, non-eviction of roadside slums by the ULB and non-provision of private land as well as Government land to the implementing agency by the Revenue authorities.

In Puri town, construction of primary and supplementary drains for eight works estimated at ₹ 88.50 crore were awarded during January 2011 to February 2011 at ₹ 96.08 crore for completion by June to August 2012. The contract value thus exceeded the project cost by ₹ 7.58 crore. We noticed that, not even a single patch out of eight patches of primary and secondary drain, had yet been completed though the work had been awarded in all the zones/patches. The progress had suffered due to non-acquisition of land, non-shifting of existing utility infrastructure such as telephone and electric poles, underground cables, non-finalisation of drawing and designs before award of the works and consequential delay in handing over of the drawings and sites timely to the contractors etc.

The Chief Engineer (PH) stated (October 2011) that the work at Puri was delayed as the site was thickly populated with narrow roads and heavy traffic throughout the day and night and that the work was also held up for months due to the car festival. Similarly in respect of Bhubaneswar, Nodal Officer, SLNA stated (November 2011) that as catchment area of each drain was different, DPRs were prepared and works were tendered drain wise. Both the arguments were not acceptable since all these challenges were pre-existing and should have been taken into account while preparing the DPRs and meet before awarding the works. Further, no separate funds either by the State Government or by the concerned ULBs to meet this extra cost of ₹12.49 crore¹³⁴ had been provided / earmarked to ensure smooth completion of the projects.

2.3.6.5 Delay in development of Bindusagar Lake

Bindu Sagar Lake is a major water body within the limits of Bhubaneswar city. A significant portion of the lake is in the vicinity of Lingaraj Temple where rituals are regularly performed. In respect of the work "conservation and management of Bindusagar lake including restoration and development of lake periphery" estimated to cost ₹ 6.01 crore, CSMC



¹³³ Drain V (Laxmisagar), Drain VI (Badagarh), Drain VII (Kedargouri), Drain VIII (Airport area),

¹³⁴ Bhubaneswar: ₹5.41 crore & Puri: ₹ 7.58 crore

sanctioned two installments of ₹ 1.20 crore each in March 2007 and November 2010.

The first installment was sanctioned with the conditions that before release of the second installment, mechanisms were to be put in place for recovery of operation and maintenance (O&M) cost through PPP mode to aerate the water thereby ensuring abatement of pollution. We observed as under:

- BMC awarded (October 2008) the work of “treatment of lake water through bio-remediation technique on turnkey basis including design, construction and subsequent operation and maintenance for three years” on tender basis to ACE Housing and Construction at ₹ 1.04 crore for completion within 12 months. After execution of work worth ₹ 29.04 lakh (March 2009), the contract was rescinded (February 2011) due to insufficient progress in execution of work by the contractor. No step was taken to execute the remaining portion of the work (November 2011). This rendered the entire expenditure unfruitful. Besides, the intended objectives of the Mission had remained unachieved.
- Though street lights were to be provided on the periphery of the lake at an estimated cost of ₹ 11.75 lakh, process for tendering the work had not yet been initiated (November 2011).
- No production well had been constructed to pump ground water to maintain the freshness of water.
- Contrary to the guidelines of GoI, the Municipal Commissioner instead of establishing a PPP arrangement for carrying out the O&M work, entrusted the same to Lingaraj Temple Administration. The Temple Administration had not taken up the O&M of the lake due to non completion of aeration work.
- Though user charges were fixed for performance of religious rituals being carried out on the banks of the lake (March 2010), no such charges had yet been realised on that account as the same had not been notified (November 2011) by the Municipal Commissioner.

Thus, due to non fulfilment of relevant pre-conditions, the possibility of subsequent installments of ₹ 2.41 crore being released by the GoI appeared to be remote putting the utility of the project in jeopardy. This was attributable to unexplained inaction on the part of the Municipal authorities.

2.3.6.6 Partial operationalisation of Urban Transport

To address the issue of poor quality public transport in the two cities of Bhubaneswar and Puri, the department submitted to GoI, DPR for ₹ 95.85 crore for sanction of funds under the Mission. The CSMC sanctioned (February 2009) ₹ 19.80 crore to purchase 125 buses, 100 of these for Bhubaneswar and the balance 25 for Puri. Against the project cost of ₹ 19.80 crore to procure 125 buses, ₹ 16.05 crore was released and the entire amount

was utilised up to March 2011. The H&UD Department committed to set up one depot-cum-terminal and develop seven bus Origin-Destination (OD) terminals in two cities.

To implement the project, Special purpose vehicle (SPV) had been created as per GoI guidelines. The SPV called Bhubaneswar-Puri Transport Services Limited (BPTSL) has been incorporated (15 February 2010) under Companies Act 1956 and is responsible for identifying the routes and monitoring the demand and quality of services.



Idle Buses at Master Canteen Depot, Bhubaneswar

Out of 125 buses ordered to be procured, 97 buses had since been received as of November 2011. BPTSL has reported that of these, 90 buses were operational¹³⁵. Remaining seven buses (including five mini buses) purchased at a cost of ₹ 84 lakh have remained idle. The balance 28 buses (13 standard and 15 mini buses) ordered in November 2009 were yet to be delivered by the suppliers despite payment of full cost of ₹ 3.75 crore. The Nodal Officer, SLNA stated (November 2011) that though as per the intimation of the supplier, all these 28 buses were ready for delivery, the BPTSL had not taken delivery of the same because the required facilities like depot, route etc had not been finalised (November 2011).

We further observed that most of the infrastructure required for efficient and effective operation of the urban transport services such as depot-cum-terminal at Pokhariput and allotment of land by General Administration Department at VSS Nagar, Dumduma, Chandrasekharpur, Nuagaon/ Sum Hospital and Kalinganagar and at seven other locations¹³⁶ for development of Origin Destination (OD) terminals were not in place. Even the stoppages for passengers for boarding to and alighting from the buses on all the routes in Bhubaneswar and Puri had not been identified as of October 2011.

Nodal Officer, SLNA stated (April 2011) that land for the development of depot-cum-terminal at Bhubaneswar had been identified which was indicative of the degree of apathy with which a priority project that was conceived as an essential source for the city dwellers in the DPR was being handled by authorities with all the levels including Government in the H&UD department.

¹³⁵ At Bhubaneswar from October 2010 and at Puri from June 2011

¹³⁶ Sikharchandi, KIIT Campus, Nandankanan, Kalinganagar, Ghatikia, Niladrivihar, Uttara/Balakati and Puri

2.3.7 Delay in providing Basic Services for the Urban Poor (BSUP)

Basic Services for the Urban Poor (BSUP), an important Sub-Mission of the Mission, was intended to achieving integrated development of slums including housing and related infrastructure and providing them with civic amenities. It was also aimed at providing to the urban poor universal access to basic services to achieve for them convergence of health, education and social security schemes. As per CDPs, there were 192 slums (Bhubaneswar: 146 and Puri: 46) in these two cities. The total slum population of Bhubaneswar and Puri was 2 lakh and 47770, respectively constituting 30 per cent and 25 per cent of the city population. Six projects¹³⁷ at a total cost of ₹ 68 crore was sanctioned under the Mission for construction of 2508 dwelling units¹³⁸ and related infrastructure. As of March 2011, ₹ 22 crore was released including central share of ₹ 15.60 crore. Of this, only ₹ 13.50 crore (61 per cent) was utilised and UC for ₹ 13.73 crore had been submitted. Audit observed the following deficiencies in implementation of the Sub-Mission.



Delay in completion of dwelling units at Bharatpur slum noticed on 12 Sept. 2011

2.3.7.1 Housing for urban poor

Only 448 out of 2508 targeted dwelling units could be completed as of March 2011.

Out of 2153 dwelling units to be completed in Bhubaneswar by 31st August 2009, 439 units were actually completed, 1164 were under progress and construction of 550 units was not commenced as of November 2011. Though the funds required for construction of dwelling units in *Bharatpur, Dumduma and Nayapalli Sabarsahi* were given to BMC in March 2008, the progress of completion of these units ranged from 11 to 51 per cent. The delay in completion of such projects in Bhubaneswar was attributed to rejection of tenders of the higher bid followed by no response to fresh tenders. Subsequently, the works were executed through the beneficiaries. In respect of Damana-Gadakana project, the BDA was entrusted (April 2010) with the work of constructing 192 units in Bhubaneswar. Though the work was to be completed within 12 months, construction of not a single unit has been completed (November 2011). The delay was attributed by the BDA to encroachment in the construction area, presence of solid waste (garbage)



Absence of common infrastructure in Bharatpur slum noticed on 12 Sept 2011

¹³⁷ Bhubaneswar : 4 (Nayapalli Sabarasahi, Dumuduma, Bharatpur/ Bikashnagar and 'Damana -Gadakana, Puri: 2 (Matitota and Mishra Nolia Sahi)

¹³⁸ Bhubaneswar: 2153 and Puri: 355

dumped by BMC in a major portion of the allotted land and passing of a high tension electrical line over the area. The reply was not acceptable since BDA had not even identified the beneficiaries, which was the first step to be taken before commencement of the work. Besides, the other irritants pointed out by them were known to both H&UD and BDA prior to taking up the work and yet no contingency plans had been made to overcome such irritants.

In Puri, 355 dwelling units were required to be constructed. The work for construction of 352 units was awarded (May 2009-May 2010) to three contractors¹³⁹. We found that only nine (3 *per cent*) units were completed as of October 2011. One contractor (Sri T P Rath) was given (March 2009) work order for 46 units in the Tikarpada slum against which he had completed only a single unit as of October 2011. The work order was cancelled (July 2011) but the work was not retendered. Similarly, another contractor (Satyanarayan Engineering) was given a work order (May 2009) for constructing 28 dwelling units at 'Chamar Sahi' slum. The contractor stopped work (May 2011) without completing even a single unit. Though, the contractor was given a show cause (August 2011) to resume the work as of November 2011, the work had not been resumed. The details of status and progress of construction of dwelling units in all the related slums in Bhubaneswar and Puri is indicated in *Appendix 2.3.6*.

Lack of close monitoring and supervision by the Executive Officer, Puri Municipality over construction of these dwelling units and laxity on the part of implementing authorities had resulted in chronic delays in completion of the project and non availability of dwelling units for the slum dwellers in the two cities.

2.3.7.2 Non-creation of infrastructure facilities in slum areas

The 26th meeting of CSMC of Sub-Mission on BSUP under the Mission had suggested that, at least, 40 to 50 *per cent* of the project cost should be on account of infrastructure development in slum areas. Accordingly, a sum of ₹33.08 crore was provided in the DPR for creation of such facilities in Bharatpur Bikash Nagar slum. We noticed that no infrastructure facilities were created in and around the slum area except for construction of one Community Centre and a water supply project. Joint physical inspection (June 2011) of the said slum area revealed that no drainage and sewerage facility existed in the area resulting in water logging inside the said slum and making the living conditions extremely difficult and unhygienic. This indicated that the development of the slums, as intended under the scheme, was still characterised by inadequate planning and lack of coordination across agencies and Departments responsible for slum development.

¹³⁹ Sri T P Rath, Satyanarayan Engg. & Sasmita Behera

2.3.7.3 *Allotment of dwelling units with lower floor area*

In 22 cases, dwelling units were allotted for floor area less than 25 square meters, though not permissible under the GoI guidelines

The Mission guidelines required that the minimum floor area of dwelling units proposed to be constructed should not be less than 25 square meters so as to provide sufficient scope for constructing two rooms, a kitchen and a toilet as per specifications. However, in 22 out of 182 cases in *Chamar Sahi* and *Matitota nolia Sahi* slums, work orders were issued by the Executive Officer, Puri Municipality in respect of beneficiaries possessing less than 25 square meters of area, resulting in irregular financial commitment of ₹ 37.40 lakh, as the persons proposed to be benefitted were not eligible for such benefits under the BSUP as indicated in *Appendix-2.3.7*.

2.3.8 *Delay in execution of the UIDSSMT projects in Cuttack city*

Under UIDSSMT, 14 projects were sanctioned (February 2008) for up-gradation of roads in Cuttack city at a total cost of ₹ 50.74 crore. The first installment of ₹ 25.44 crore was released in favour of the EE, Roads and Building Division, Cuttack in December 2007. Works for all the approved patches were awarded between May 2008 and December 2010 and were scheduled for completion between September 2008 and May 2011. Scrutiny in audit revealed that out of 17 works under 14 projects relating to up-gradation of roads and drains; only three had been completed as of September 2011. One drain work (OMP square –Bijupatnaik Chhak via Howrah Motor) awarded during December 2010 and scheduled for completion by May 2011, had yet to be commenced (November 2011). No action was taken by the EE against any of the defaulting contractors on the ground that the works had not been completed /commenced because of one or the other constraint such as encroachment on the berm of the road, telephone cables/underground pipelines/electric poles etc. not having been shifted. None of these reasons were justified as the EE should have taken all these constraints into account at the time of preparation of DPR and awarded work only after completing these formalities. Further examination of records by us revealed that as against a provision of ₹76.75 lakh earmarked in the DPR towards shifting of utilities related to existing infrastructure, the actual expenditure of ₹4.22 crore incurred up to May 2011 was many fold. The expenditure may further rise with delay in completion of the work. On being pointed out, the EE, R&B Division No.1, Cuttack stated (May 2011) that though the expenditure exhibited in the DPR was less than the entire expenditure incurred was reimbursable under the Mission. The reply was not tenable because the GoI had already approved the projected cost as estimated in the DPR and the scheme was likely to be completed in March 2012. In such circumstances, chances of a revision of costs and reimbursement of the extra cost appeared remote. Thus, the delay in implementation of the project had resulted in creation of extra liability of ₹ 3.45 crore to the State exchequer. Besides, the major component of UIDSSMT had remained incomplete so far (October 2011).

2.3.9 Delay in implementation of IHSDP project in Berhampur city

The DPR on Housing and Slum Development in Berhampur city under IHSDP was approved by CSMC (February 2009) at a projected cost of ₹ 31.01 crore. The ULB received an amount of ₹ 11.61 crore (Central share of ₹ 10.32 crore and State share of ₹ 1.29 crore) during August 2009 but failed to commence execution till May 2011. Three tenders floated between June 2010 and December 2010 could not be finalised within the validity period of 90 days. Tenders were subsequently re-invited repeatedly (June 2010, July 2010 and December 2010) in anticipation of a more competitive response / participation even as each time the response was limited. Finally, the ULB decided to take up the housing component through concerned beneficiaries by awarding individual work orders. Not a single beneficiary had however, taken up (November 2011) the offer and the entire fund of ₹11.95 crore had been lying in two savings bank accounts since September 2009.

2.3.10 Ineffective Monitoring and Evaluation

Efficient and effective monitoring is the key to successful implementation of any Mission. The PMU and PIUs were included in the Mission guidelines to provide quality resource personnel to extend strategic, technical and managerial support to SLNA for effective implementation of the projects. But it was noticed that PIUs were not made operational at the level of ULBs and the PMU operating at State level was not having requisite manpower at a time when just a few months out of the seven years Mission period was only left. This is indicative of inadequate monitoring of human resources on the part of the Nodal Officer, SLNA.

2.3.10.1 Ineffective monitoring

The role of the SLSC is to invite project proposals, appraise them and manage and monitor the Mission. We observed that the projects had not been prioritised in the manner that was advised under the Mission. The SLSC had only met three times from the commencement of the Mission in last six years. Though no prescribed norm of GoI was there as to how many times the SLSC was to review the activities, yet it was well known that the project was being implemented in a Mission mode and hence had to be monitored not only closely, but also frequently. It was, however, noticed that no review was there in 2005-06 and 2008-09. Non-fixing of any periodicity for review for this policy making body under the Mission either by the Center or by the State was a real constraint indicating ineffective policy planning and monitoring. However, SLNA had conducted as many as 26 review meetings and in all meetings, instructions only, flew top down without any resultant effect. Scrutiny of the last two review meetings chaired by the CM during January 2011 and May 2011 revealed that none of the instructions of the CM had been carried out as of November 2011, clearly indicating the least effect of such reviews on expediting the pace of implementation of the projects of the mission.

So far as monitoring of implementation was concerned, we observed that though the scheduled period of completion had already been exceeded, no action was initiated against the contractors for the cases of contracts awarded under the Mission. In case of one such contract, no penalty had yet been imposed on the contractor though the contract had been rescinded in writing to the contractor by Municipal Engineer, BMC. This clearly established that monitoring mechanism was either not in place for management of the contracts which resulted in non-completion of the projects in time or even if there, was inadequate or non-functional.

Financial monitoring was also deficient as the released funds on central share were kept blocked in bank accounts without any utilisation. State was set to lose further financing for failure to utilise the money and to furnish utilisation certificates. There was also delay in release of the central funds to the implementing agencies. There was no specific budgetary provision to meet the land acquisition cost from the State budget; even though it was well known that the State Government had to meet all such costs. Thus, land acquisition process was allowed to cause delay in implementation of some of the non crucial projects. Even after we observed these lapses, and communicated the same to them, no step was taken to rectify the deficiencies which were indicative of lack of proper and adequate linkages between the Government and the implementing agencies.

2.3.10.2 Evaluation and error signals not followed up

As per GoI guidelines, SLNA appointed IRMA for independent review of implementation of Mission activities. Besides, TPIMA was also to be engaged for review and monitoring of BSUP. We observed that IRMA had reviewed three projects (City Bus Service, Integrated Sewerage System and UIDSSMT) out of eight projects in operation in the three cities (Bhubaneswar, Puri and Cuttack) of the State while TPIMA was not engaged until March 2011.

- IRMA reported (December 2010) extremely slow progress of execution (30 *per cent*) in the 'Integrated Sewerage System' project due to non-tendering for STP, pumping station, sewer lines, Project Management Consultant (PMC) lagging behind in design of various components and likely cost overrun. Yet we ascertained from the records of OWSSB that these issues remained unaddressed (June 2011).
- Report of IRMA on implementation of UDISSMT at Cuttack indicated (May 2011) that there was lack of seriousness in executing the packages in a timely fashion and there were no compulsion on the contractor to complete the work in time.
- CSMC approved (March 2011) engagement of BLG Construction Services (Private) Limited as TPIMA for monitoring and evaluation of 32 IHSDP projects and six BSUP projects under the Mission. However, report of TPIMA was awaited (November 2011).

In reply, the Nodal Officer, SLNA stated (November 2011) that implementing agencies had been requested to take necessary follow up action. This is indicative of the casual approach of SLNA in addressing these issues.

2.3.11 Conclusions

Pace of implementation of JNNURM in the State was low and ineffective. Weak institutional arrangements due to inordinate delay in appointment of consultancy agencies, tendering and implementation affected execution of all projects. Low spending efficiency coupled with slow/non-implementation of prescribed reforms not only deprived the State of availing full sanctioned project costs but most significantly, also contributed to coordination problems amongst multiple executing agencies thereby delaying most projects and retarding their progress. Excepting in two projects, the State could not access second installment of central assistance. Devolution of fund, function and functionaries in respect of seven out of 18 functions listed in 12th Schedule of the Constitution had not been made over to ULBs. Community Participation Law was yet to be enacted. Modern accrual based double entry municipal accounting system had not been introduced. Four out of six mandatory reforms and eight out of 10 optional reforms were not implemented in ULBs of both the mission cities. Management of funds was poor and there were diversion and misutilisation of Mission funds. Execution of water supply, drainage as well as sewerage projects were non-synchronised resulting in haphazard progress of work. Even tender for major components of the Integrated Sewerage Project like sewerage treatment plant in all sewerage districts, laying of sewers in four sewerage districts (district III, IV, V & VI), pumping stations (34 in number) in Bhubaneswar and Water Treatment Plant, intake well, elevated service reservoirs and pump houses at Puri had not been floated as of November 2011 though only less than five months of the mission period of seven years was left. Deficiencies pointed out by IRMA were not attended to by SLNA despite such alarming state of affairs as far as implementation of the project was concerned.

2.3.12 Recommendations

The Government may consider the following steps to improve the programme implementation under the Mission even though only a few months were left for the scheme to come to an end:

- All steps (both mandatory and optional) of the reforms process may be expedited which would converge most aspects of project implementation at the ULB level instead of a multiplicity of organisations. This would ensure democratic involvement of the stakeholders in not only preparation of the CDPs but also community monitoring of implementation of the project.
- PMU may be strengthened and made more effective. Project Implementation Units at the ULBs level may be set up to monitor and oversee utilisation of Central assistance towards timely completion of projects as was envisaged under the scheme.

- Immediate and effective steps may be taken to acquire required land for all UIG Projects. Road cutting permission may also be obtained, *a priori*, from the respective authorities for smooth and timely implementation of the projects.
- Odisha Municipal Accounting Manual may be adopted to enable ULBs migrate to double entry accrual based municipal accounting system.
- The SLSC headed by the Chief Secretary and SLNA headed by the Special Secretary would have to devise ways and means of resurrecting the sagging projects / scheme through more pro-active and frequent interventions into the implementation of the various projects under the scheme including field visits.

WORKS DEPARTMENT

2.4 Construction of major Roads and Bridges

Executive Summary

The Works Department is responsible for construction and maintenance of State Highways (SH-3687 km) and District roads (Major District Roads-MDR-4057 km and Other District Roads-ODR-6813 km) which provide all weather road communication. These roads, constructed and improved with funds provided by Government of India (GoI), State Plan/Non-plan and with loans from NABARD through Rural Infrastructure Development Fund (RIDF), are one of the principal elements of economic development.

We conducted a performance audit of two major roads Naranpur-Duburi a Centrally sponsored project with 50:50 cost sharing between GoI and State Government and Cuttack-Paradeep funded by GoI, State Plan and through deposits made by Odisha Mining Corporation(OMC) and Paradeep Port Trust (PPT) and of 42 out of other 161 projects for construction of 19 bridges and 371 km of roads financed from RIDF loan. These audits were conducted in 16 out of 37 field units. The samples were selected using stratified random sampling method. The objective was to assess the planning process of identification/prioritisation of projects, achievement of the desired objective by the stipulated time frame and economy, efficiency and effectiveness in implementation of the projects.

We noticed that the Naranpur-Duburi and Cuttack-Paradeep road projects were consultant driven. The objective of providing smooth riding surface on these roads by July 2009 / October 2010 remained unachieved as of December 2011 due to default in execution by the contractors and non-obtaining of forest clearance. The projects taken up in 2006-07/2007-08 under RIDF and targeted for completion by March 2011 had progressed only up to 55 per cent.

Institutional strengthening action plan (ISAP) approved in 2008 with the objective of developing a State wide perspective plan for expanding and strengthening road network in the State was implemented only to the extent of outsourcing technical assistance service for establishing an assets management service. With this limited action only and without translating broad plan parameters into actionable goals, ISAP had remained practically dormant as of February 2012.

The CE prioritised the projects at his level without obtaining appropriate inputs from the EEs who were primarily responsible for the implementation of the projects. Consequently, selection of the road stretches for improvement without considering the missing links led to five projects either being stopped midway or all-weather communication not getting established.

For three projects (two major roads and one bridge project), the CE adopted varied agreement formats as different from the codified F₂ item rate format of the State Government. The concurrence of the Finance and Law Departments, though mandatory, was not obtained for this deviation for two projects. In the other project concurrence of only Finance Department was obtained and approval of the Law Department was not obtained. Despite departure from standardised agreement formats and conditions which facilitated extra benefit to the contractors, competitiveness of the bids was not enhanced.

The total excess payment/undue benefit to contractors and extra expenditure and unfruitful expenditure on implementation of the two roads and NABARD assisted projects was ₹407.48 crore.

2.4.1 Introduction

The Works Department is responsible for construction and maintenance of the roads in the State. State Highways (SH)-3687 km, Major District Roads (MDR)-4057 km and Other District Roads (ODR)-6813 km are the important feeders to the 3594 km of National Highways criss-crossing the State. These feeder roads carry bulk of the traffic operating in the State. Construction and improvement of the roads are implemented out of the funds provided under State Plan/Non plan, various centrally assisted schemes¹⁴⁰ and with loans under Rural Infrastructure Development Fund (RIDF) from NABARD.

Records/data for five years (2006-11) maintained by the Works Department, CE offices and in 16 out of 37 divisional offices executing 42 projects covering 19 bridges and 371 km MDRs/ODRs out of 161 projects financed from NABARD loan assistance under tranches XII to XVI and two major roads viz; Improvement of Naranpur-Duburi road - 91 km and Improvement of Cuttack-Paradeep road - 82 km funded by Government of India (GoI), State plan and deposits by OMC and PPT were test checked by audit during the period April 2011 to July 2011. Projects were selected using stratified random sampling method.

In the entry conference which was held with the Engineer in Chief cum Secretary, Works Department on 27 May 2011, the audit objective, criteria and methodology were explained. Monitoring, evaluation and quality control reports were studied. Physical inspection of the some of the project sites was also conducted and photographs were taken by audit in arriving at the conclusions.

The exit conference was held with the Engineer in Chief cum Secretary to Government, Works Department on 14 February 2012 wherein the department accepted the factual position mentioned in the report.

Timely providing of information/data to audit on the implementation of the projects and confirmation of the factual position mentioned in the Performance Audit report are vital for smooth and timely completion of the audit work and

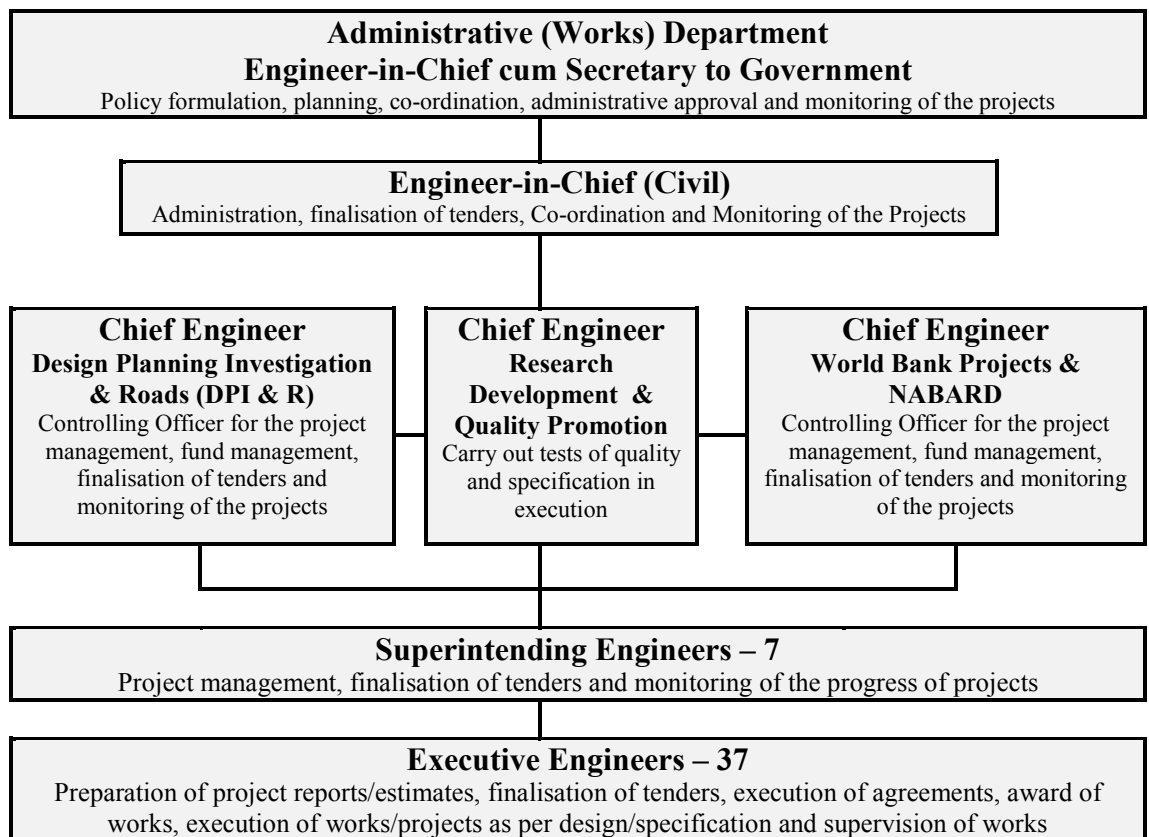
¹⁴⁰ Central Road Fund, Externally aided projects, Central assistance, Economic Importance and Interstate connectivity

also to facilitate discussions of the report by the Public Accounts Committee. Information/data called for (April 2011) from the department on the implementation of the projects have not been provided as of February 2012. The report has been finalised on the basis of the data/information gathered by the Audit team during scrutiny of the records. Further, although the performance audit report was issued to the Department in August 2011 for confirmation of the factual position and offering views on the points incorporated in the report within six weeks, the views of the Government were provided only on the date of exit conference (14 February 2012). The Government views have, however, been suitably incorporated in the report.

We acknowledge the cooperation and assistance extended by different levels of the management at various stages of conducting the performance audit.

2.4.2 Organisational structure

The organisational set-up for carrying out the above responsibility was as under:



Finance Department was the nodal agency for management of funds received from GoI and for procurement of the loans and their repayment. The Chief Engineers (CE) were responsible for the implementation of the approved works.

2.4.3 *Audit objectives*

The performance audit was conducted to assess that

- The planning process ensured proper identification/prioritisation of projects/works and achievement of desired target
- Overall management of funds received was effective
- The projects were implemented with economy, efficiency and effectiveness
- Contract management was effective and efficient
- Effective quality control mechanism was in place and followed efficiently
- The monitoring/evaluation and internal control system were adequate

2.4.4 *Audit criteria*

The audit criteria considered for assessing the extent of achievement of audit objectives were sourced from:

- Norms for selection of the projects
- Investment appraisal and planning
- Detailed project reports, standard specifications and contract conditions
- Policy, guidelines and manner of implementation of the projects
- Schedule of Rates and Analysis of Rates
- Terms and conditions of NABARD loan agreement
- Odisha Public Works Department Code

Planning

2.4.5 *Improvement of Naranpur-Duburi and Cuttack-Paradeep roads*

Naranpur-Duburi road (91km) an existing single lane of 3.5 metre width was approved for up-gradation to a two lane road of the standard of a National Highway. This project was to be completed in three years mainly to facilitate transportation of minerals to the Paradeep Port. The project was taken up under the centrally sponsored scheme of economic importance with 50 *per cent* share of GoI. The GoI approved (May 2007) the project outlay of ₹ 302.09 crore with GoI share of ₹ 143.07 crore and ₹ 159.02 crore of State

Government. The CE (DPI&R) accorded sanction to the detailed estimate of ₹ 307.43 crore in July 2007. In anticipation of that, the tender notice had been floated in July 2006 against which though seven bidders who had pre-qualified were requested to submit the financial bid, only one bidder M/s Gayatri-RNS Joint Venture (JV) submitted the bid. This bid price of ₹ 332.43 crore submitted by the bidder was negotiated down to ₹ 311.89 crore that was 1.45 *per cent* more than the cost put to tender. The CE and Tender Committee evaluating the bid recommended acceptance of the bid. The bid was approved by the Government in August 2007. The work was awarded (October 2007) to them for completion by October 2010.

The objective of completing the roads by July 2009/ October 2010 was not achieved due to default in execution by the contractor.

Up gradation of Cuttack-Paradeep road (82 km), which was broadly a sub standard double lane flexible (bitumen) pavement carriageway to a two lane rigid (cement concrete) pavement type was approved by Government to be executed in two years to facilitate transportation of materials to the Paradeep port. The entire project cost of ₹ 193.06 crore was to be funded partly by GoI (₹ 26.47 crore), State Plan (₹ 134.59 crore) and partly through deposits (₹ 32.00 crore) from the Odisha Mining Corporation (OMC) and Paradeep Port Trust. The CE (DPI&R) accorded sanction (November 2006) to a detailed estimate for ₹ 195.58 crore. As the work was split up into two packages, two bids from M/s Simplex Infrastructure Limited, Mumbai and M/s Niraj-ARSS JV, Mumbai were received for each of the packages. The bid notice stipulated that one of the criteria for qualifying for the work was that the contractor should have completed at least one similar work of value not less than ₹ 36.00 crore in the last five years. M/s Niraj-ARSS JV was lower in both the packages using the previous experience of M/s Niraj to have executed similar work of ₹ 83.79 crore and the bidder qualified on the capacity of JV. No work experience was furnished for M/s ARSS. The bid price of both the packages was negotiated by the CE and the Tender Committee from ₹ 118.37 crore to ₹ 112.70 crore in one package and from ₹ 113.24 crore to ₹ 112.11 crore in the second which was higher than the estimated cost of these packages by 22.71 and 17.85 *per cent* respectively. The bids were approved in April 2007 by the Government and the works were awarded in July/August 2007 to M/s Niraj-ARSS JV for an aggregate amount of ₹ 224.81 crore for completion by June/July 2009.

The status of execution of the works (June 2011) in these two roads (Naranpur-Duburi and Cuttack Paradeep) was as under.

Table No.2.4.1 *Status of execution of two road works (₹ in crore)*

Name of the road	Awarded Cost		Date of commencement	Stipulated date for completion	Status of execution		Percentage of progress	
	Length (km)	Cost			Length (km)	Cost	Physical	Financial
Naranpur-Duburi	91	311.89	October 2007	October 2010	47	124.82	52	40
Cuttack-Paradeep	82	224.81	July/August 2007	June/July 2009	37	136.49	45	61
Total	173	536.70			84	261.31		

Source: Progress reports

The works were scheduled for completion by June/July 2009 and October 2010. Despite fact that the progress of the works of the projects were being reviewed by the Superintending Engineer (SE), Chief Engineer (CE) and

Engineer-in-Chief cum Secretary to Works Department, the completion time of the projects was overrun by almost two years. The financial/physical progress of works of these roads was 40/61 *per cent* and 52/45 *per cent* as of June 2011 mainly due to the default in execution by the contractors and forest clearance for 13.60 km of Naranpur-Duburi road passing through reserve forest not being received from the GoI, Ministry of Environment and Forest.

The agreements provided that the contractors are to ensure completion of the works by the stipulated dates failing which liquidated damages (LD) up to 10 *per cent* of the agreement values was recoverable from them. Further price adjustment would apply for the work done from the start date to end of initial intended completion dates as extended by the State Government. Works carried out beyond the stipulated time for reasons attributable to the contractor were not eligible for such price adjustment.

Though no extension of time has been granted for work of Naranpur-Duburi road, LD of ₹ 31.19 crore is leviable upon the contractor for the non-completion of the work, the EE has not levied the LD. As a result, the contractor did not have any disincentives for delay in completion of the work. On the contrary, the EE had reimbursed price escalation for ₹ 18.23 crore to the contractor for the period (November 2010 to May 2011) by which the completion of work was delayed without having been regularised through a valid extension of time. Thus, the payment made to the contractor was irregular.

The EEs did not recover LD for ₹ 53.67 crore and made excess payment of ₹ 20.31 crore on escalation component.

Though the Government granted (January 2011/March 2011) time extension up to May/December 2011 without benefit of price escalation during the extended period for the Cuttack-Paradeep road for the reasons cited by the contractor viz; un-seasonal rain, scarcity of stone products, breakdown of machines and execution of extra value of work, it was not accepted by the Government yet it levied LD of only ₹ 4.98 crore as against the full amount of ₹ 22.48 crore that should have been levied. Since un-seasonal rain is cyclic change of weather, the scarcity of stone products was a pre-existing condition and the breakdown of machines was the responsibility of the contractor and since the extra execution in value of the work was attributable to change in specification of sub base without any change in the quantum of work, reasons for levy of partial LD were untenable. Apart from levying a small fraction of LD, the EE did not realise even the LD of ₹ 4.98 crore imposed by Government. Only a sum ₹ 0.79 crore has been withheld from the dues of the Contractor. In addition, price escalation for ₹ 2.08 crore has been reimbursed (August 2011) to the contractor for the extended period which was contrary to the terms of the extension granted by Government thus, resulting in excess payment. As a



Cuttack Paradeep Road in deplorable condition at RD 18/300 km (Date:- May 2011) Picture No.2.4.1



Cuttack Paradeep Road in deplorable condition at RD 16/00 km (Date:- May 2011) Picture No.2.4.2

result, the contractor did not have any disincentive to complete the work on time.

The two projects had a time overrun up to two years and were completed only to the extent of 52 *per cent* (Naranpur-Duburi road) and 45 *per cent* (Cuttack-Paradeep road) for which an aggregate LD of ₹ 53.67 crore was recoverable from the defaulting contractors (May 2011). Besides, condition of the road stretch from RD 00 to 42 km of Cuttack-Paradeep road has worsened since the commencement of the project, as can be seen in the picture No.2.4.1 and 2.4.2.

Government stated (February 2012) that for the Cuttack Paradeep road, deduction of LD would be effected from the next running bill and if the work does not progress, LD would be adjusted against the performance guarantee and retention money of the contractor. Government further stated that since the LD was levied in respect of mile stone-I and II, the price escalation was reimbursed in respect of the other sections. This is not acceptable since the contractor has delayed the progress of the entire work under the scope of the agreement and hence full LD is recoverable as the extension of time was sanctioned without the benefit of price escalation. The price escalation pointed out is for the payment of work executed during the extended period.

As regards Naranpur Duburi road, Government stated that the work was delayed due to left wing extremist activity in the area and forest clearance could not be obtained on time. This is not acceptable since no application of the contractor citing the above reasons was made available to audit and thus, the validity of those reasons could not be tested in audit. Further, as mentioned by the Government itself, the delay in obtaining the forest clearance has hampered the progress only in a small patch of 3 km out of 92 km of the road. No reply has, however, been furnished for the reimbursement of the price escalation during the extended period of execution.

2.4.6 *Projects for construction of Roads and Bridges with NABARD loan assistance*

NABARD which operates a Rural Infrastructure Development Fund (RIDF) set up by GoI provides loan up to 80 *per cent* of the cost of a project. The balance amount is provided by the State Government. The funding is achieved by way of reimbursement of expenditure incurred on the project. Each drawal is treated as a separate loan under the tranche and was required to be repaid along with interest at 6.5 *per cent* payable at quarterly basis within seven years from the date of drawal of the loan amount including a grace period of two years. The project proposals are initially placed before the High Power Committee (HPC) of Planning and Coordination Department functioning under the Chairmanship of the Development Commissioner cum Additional Chief Secretary. On clearance of the projects by the HPC, the detailed project reports (DPR) is to be sent to NABARD through the Finance Department for sanction which thereafter sanctions the projects taking into account the number of projects submitted by various departments for loan assistances as well as the borrowing capacity of the Government. After sanction from NABARD, the projects are implemented by the Administrative Department

and the projects taken up are to be completed within a stipulated time frame of three years. The Government is to submit project completion report (PCR) for the sanctioned projects to NABARD within one month of the completion and if the State Government fails to initiate the implementation of the project by issuing the necessary work order etc within a period of two years from the date of the sanction letter, the sanction of the project for RIDF loan assistance lapses.

The projects proposed by the department, sanctioned by NABARD and projects finally taken up by the department are tabulated below.

Table No.2.4.2 *Details of projects sanctioned and implemented as of 31 March 2011*

(Rupees in crore)

Sl. No.	Tranche/ Year	No of projects proposed by the department	Cost	No of projects sanctioned by NABARD	Cost	No of projects taken up (March 2011)	Cost
1	XII 2006-07	85	605.00	48	313.34	45	301.01
2	XIII 2007-08	58	469.03	30	195.49	28	181.85
3	XIV 2008-09	40	427.81	26	268.22	26	268.22
4	XV 2009-10	96	1181.81	33	401.57	33	401.57
5	XVI 2010-11	75	1094.42	29	504.91	29	504.91
	Total	354	3778.07	166	1683.53	161	1657.56

Source : Project proposals and details of sanction by NABARD

NABARD accepted only 47 per cent (166 out of 354 projects proposed) of the project proposals. Of the 78 projects sanctioned by NABARD during 2006-07 and 2007-08, five projects estimated to cost ₹ 25.97 crore were not taken up. Four¹⁴¹ of these projects for ₹ 23.93 crore did not start within two years of their sanction due to the non finalisation of the bids and one¹⁴² project for ₹ 2.04 crore was taken up from another source. Thus, the five projects lapsed. By 2011, against 73 projects (Tranche XII and XIII) which were to be completed, only 46 projects (55 per cent) were actually completed.

2.4.7 *Physical status of the sanctioned projects*

As per the general terms and conditions of the RIDF, the GoO is to take all steps to remove any legal or procedural hurdles and ensure completion of the land acquisition process in all respect for smooth implementation and completion of the projects. Odisha Public Works Department (OPWD) Code required that no work should be commenced on land which had not been duly made over by a responsible civil officer. For accelerated implementation and timely completion of the RIDF projects, Finance and Works Departments had

¹⁴¹ Construction of high level bridges over river Ramachandi nullah on Pravakarapur-Kharnasi road, over river Mantei on Digachhia-Bansada road, river Baghua near Barida on Pathara-Babanpur road and Long approach road to high level bridge over river Kharasua at Jokadia on Vyasagar Sribantpur road.

¹⁴² Improvement of Kalimela-Podia road

also issued guidelines (January 2010/March 2010) stipulating that before finalising the bids for the projects sanctioned by NABARD, Administrative Department was to ensure acquisition of required land, forest and other regulatory clearances as well as shifting of utilities. Further, responsibility of the officers concerned is to be fixed for improper preparation of drawing, designs and estimate resulting in change in the scope of work and time/cost overrun. Details of the projects sanctioned under RIDF and the status of their completion are mentioned below in the table.

Table No.2.4.3 Status of projects sanctioned under NABARD during 2006-11

(₹ in crore)

Tranche/ Year		Sanctioned Cost		Projects Completed		Percentage of completion	Expenditure incurred on projects in progress (No. of projects)	
		Km/No	Cost	Km/No	Cost			
XII/2006-07	Road (km)	482.38	176.53	273.43	133.65	57	74.19	10
	Bridge (No)	15	136.81	8	38.72	53	80.86	7
XIII/2007-08	Road (km)	358.58	158.93	64.76	56.79	18	94.32	12
	Bridge (No)	6	36.56	2	3.80	33	8.84	4
XIV/2008-09	Road (km)	353.77	191.52	36	36.57	10	112.13	16
	Bridge (No)	5	76.70	0	0	0	21.79	5
XV/2009-10	Road (km)	319.66	240.50	23	6.45	7	94.14	23
	Bridge (No)	9	161.07	0	0	0	34.80	9
XVI/2010-11	Road (km)	292.85	296.13	0	0	0	6.32	23
	Bridge (No)	6	208.78	0	0	0	0	6
Total	Road (km)	1807.24	1063.61	397.19	233.46	22	381.10	84
	Bridge (No)	41	619.92	10	42.52	24	146.29	31

Source: NABARD Progress report

The projects stipulated for completion by March 2011 had progressed only up to 55 per cent. The EEs did not recover LD for ₹ 13.86 crore

In the test checked units, out of 42 projects, 12 projects¹⁴³ (seven roads and five bridges) were not completed within the stipulated period due to delay in execution by the contractors and the time overrun was up to two years. But LD of ₹ 13.86 crore had not been levied by the EEs on the contractors to ensure completion of these projects. No responsibility was fixed on the EEs for non-levy of LD on the defaulting contractors.

Of the 19 bridge projects studied by us, five bridge projects were completed and the remaining 14 bridge projects work for ₹ 217.31 crore over which an expenditure of ₹ 119.94 crore has been incurred are incomplete due to

- revision of designs during execution (two projects - ₹ 4.83 crore)
- default in execution by the contractors (seven projects - ₹ 84.91 crore)
- delays in acquisition of land (five projects - ₹ 30.20 crore)

¹⁴³ Constn of HL Bridges over river Mahanadi at Jatamundia to Subarnapur road, over river Badanadinear Nuagaon at 80th km of Nayagarh Jagannathprasad Bhanjanagar road, over Arikul Nullah at 8th km on Pratappur Khunta Jaypore road, over river Birupa including improvement to Lalitagiri Udaygiri Ratnagiri road from RD 00 to 6 km, Baitarani on Dhamnagar-Dhobol-Sendhapur road, Improvement to NH-5 to Bhusandhapur, Sunakhala/Ayatpur road from RD 00 to 11.40 km, Baruan Balichandrapur road from RD 00 to 22 km, Dhamnagar Kothar road from RD 00 to 10 km, Kodala Chhunchipdda road from RD 00 to 10 km, Saintala Tikirapara Patnagarh road from RD 00 to 12.505 km including two nos bridges and Bagalpur Sailo Jharpara road.

Three projects were held up midway after investment of ₹ 23.19 crore due to delay in land acquisition and obtaining forest clearance.

We noticed in the test checked projects that the CE sanctioned estimates for commencement of three¹⁴⁴ bridge projects under RIDF without ensuring the availability of the land for the execution of these projects. As a result, the completion of the projects was either delayed or the projects were stopped midway. Thus despite an expenditure of ₹ 23.19 crore on the three bridge projects, the intended benefits have not accrued (*Appendix-2.4.1*).

Government while advancing general reasons viz; strike by left wing extremist, delay in acquisition of land, difficulty in well sinking of bridge works and non-response to tenders for the slow progress in RIDF projects stated (February 2012) that the EEs have been instructed to take action as per clause 2 of the contract (providing levy of LD) for slow moving works. Action, however, is yet to be taken. Further, none of the projects test checked by audit is in worst affected left wing extremist districts of the State and hence the reason furnished that the works are delayed due to strike by left wing extremist is not tenable.

2.4.8 Lack of vision in selection/prioritisation of projects

The State cabinet approved (9 June 2008) an institutional strengthening action plan (ISAP) under which a strategy which involve road sector policy, development of core road network and master plan for road management, establishing a policy for asset management as well as a management information system (MIS) based performance monitoring in the road sector was to be prepared for systematic development of the State roads.

The ISAP was not developed, as envisaged, despite the constitution (January 2009) of a steering committee chaired by Development Commissioner cum Additional Chief Secretary and a working group (December 2009) under the Chairmanship of EIC (Civil). A consultant was engaged in as late as April 2011, only for providing technical assistance to establish an asset management system. Even after lapse of three years, road master plan and road sector policy have not been prepared (December 2011). Though the department has a data base for all the roads in the State, the computerised data base of such roads indicating road stretches where major repairs were to be carried out, has not been developed.



Portion of New Jagannath Sadak in Trafficable condition - 67.60 km
Picture No.2.4.3



New Jagannath Sadak in deplorable condition - 13.60 km
Picture No.2.4.4

Five projects implemented with investment of ₹ 158.13 crore did not provide good riding surface

The EEs who were primarily responsible for the implementation of the projects were not associated in the planning process of prioritisation and selection of the projects for loan assistance from RIDF. They only communicate the overall surface

¹⁴⁴ Construction of HL bridge over river Kharasuan at Jokadia along with its short approach on Kuakhia to Jenapur ODR, HL bridge over river Baitarani at Sendhapur at 8/050 km on Dhamnagar-Dobal-Sendhapur road and HL bridge over river Badanadi at 80th km on Nayagarh-Jagannath Prasad-Nuagaon Road

status of the roads at the commencement of the financial year. The CE had prioritised the projects at his level taking into account the surface status of the roads intimated by the EEs. The EEs, however, prepared the cost estimates of these projects. Suitable proposals are submitted to the HPC through the Works Department for being forwarding in turn, to NABARD that sanctioned the projects under different tranches keeping in view the borrowing power of the Government. The road stretches and the bridge projects were selected without applying any criteria. Out of the test checked projects, five¹⁴⁵ projects were not picked up based on a comprehensive assessment of the scope of each project. Some of the roads were taken up in parts and some others taken up without making provision for constructing bridges over the rivers where required. In consequence, some projects were stopped midway or could not provide continuous good riding surface in spite of being completed. Thus, ₹ 158.13 crore invested on these projects have not brought the desired benefits so far as explained in *Appendix-2.4.2*.

Government stated (February 2012) that procurement of consultant for ISAP for preparation of road sector policy and master plan was under process and further that the road stretches which were in deplorable condition were taken up on need basis for improvement. This is not acceptable since the road sector policy and master plan for facilitating the systematic identification of the roads for improvement have not been developed for the last three years and roads were not picked up based on a comprehensive assessment of the scope of each project.

2.4.9 Financial management of the sanctioned projects

Approved project cost, loan assistance sanctioned by NABARD and the loan disbursed against the claim of Government as of March 2011 were as below.

Table No.2.4.4 Details of reimbursement claimed and disbursement by NABARD during 2006-11

(₹ in crore)

Sl. No	Tranche/ Year	No of sanctioned projects	NABARD share	State share	Total	Expenditure incurred	Reimbursement claim submitted to NABARD	Reimbursement made by NABARD
1	XII 2006-07	48	248.97	64.37	313.34	327.42	282.26	205.80
2	XIII 2007-08	30	156.39	39.10	195.49	163.76	140.82	85.68
3	XIV 2008-09	26	214.40	53.82	268.22	170.48	146.97	77.22
4	XV 2009-10	33	321.24	80.33	401.57	135.39	116.71	32.24
5	XVI 2010-11	29	383.17	121.74	504.91	6.32	5.45	0
Total		166	1324.17	359.36	1683.53	803.37	692.21	400.94

Source: Progress report on NABARD projects

¹⁴⁵ Improvement to Thakurmunda-Dangadiha-Podadhia-Udala-Manatri-Baisingha-Rupsa road (MDR 70), New Jagannath Sadak (ODR), Construction of a high level bridge over river Mahanadi at Jatamundia on Jatamundia-Subarnapur Road, High level bridge over river Birupa on Baruan Balichandrapur road and Kodala Chhunchipdda road from RD 00 to 10 km

There were excess expenditure of ₹ 14.08 crore on the projects sanctioned under Tranche-XII even when 45 percent of the projects were incomplete.

The overall expenditure of ₹ 803.37 crore incurred up to March 2011 is only 48 per cent of the sanctioned cost of the approved projects (₹ 1683.53 crore) and includes excess expenditure of ₹ 14.08 crore over the sanctioned cost of projects under tranche XII even as 45 per cent of the projects of that tranche were still incomplete. As against the reimbursement claims for ₹ 692.21 crore (86 per cent of the expenditure) submitted to NABARD reimbursement received by NABARD was ₹ 400.94 crore.

Government stated (February 2012) that the expenditure was incurred in anticipation of re-appropriation but re-appropriation was not received. This is not acceptable since the controlling officer surrendered ₹ 86.70 crore during 2006-07 and 2007-08 due to slow progress of projects as discussed below. The fact, however, remains that there has been excess expenditure over the sanctioned cost which has not been regularised with revised sanction.

2.4.9.1 Utilisation of budget grant

The CE surrendered ₹101.99 crore due to poor progress of works.

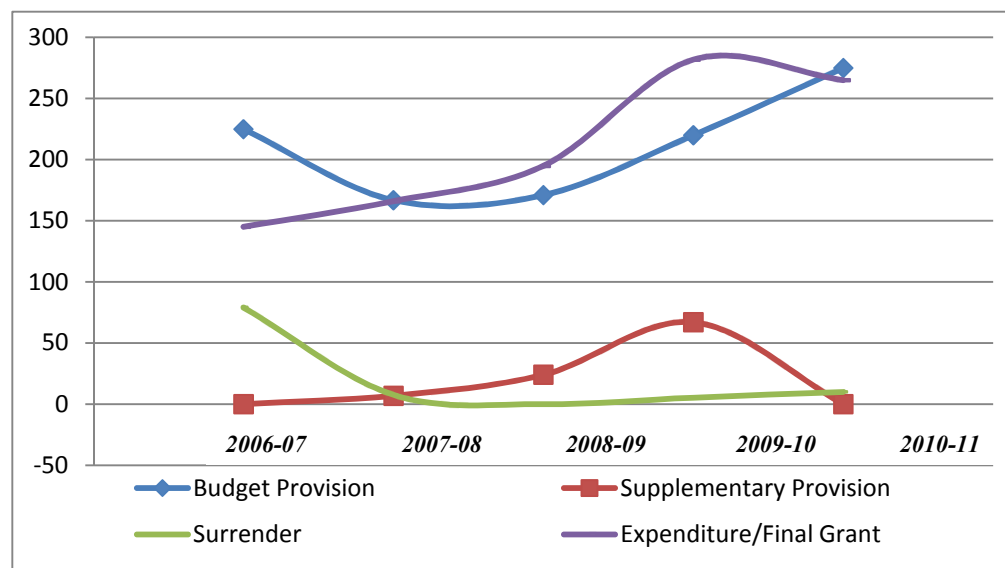
According to the Government budget Rules, in the absence of budget provision no expenditure is to be incurred or liability created. The department is, therefore, expected to prepare the budget based on actual requirement of funds for execution of various approved projects. Surrenders/savings are to be intimated in advance to enable re-appropriation of funds. The original budget provisions, re-appropriations and surrenders during 2006-2011 is as under.

Table No.2.4.5 Year wise budget / re-appropriation and surrender

(₹ in crore)

Year	Budget Provision	Supplementary Provision through re-appropriation	Total	Surrender	Expenditure/ Final Grant
2006-07	224.98	-0.80	224.18	79.09	145.09
2007-08	166.82	6.82	173.64	7.61	166.03
2008-09	170.95	24.01	194.96	0.01	194.95
2009-10	220.01	67.09	287.10	5.28	281.82
2010-11	275.00	0	275.00	10.00	265.00
Total	1057.76	97.12	1154.88	101.99	1052.89

Source: Budget document and re-appropriation/surrenders



Further, as per the general terms and conditions of the sanction of RIDF loan, the Government was to make adequate provisions in the budget for smooth implementation of the sanctioned projects. The Controlling Officer (CE) was, responsible for maximising utilisation of the budget grant for RIDF projects to ensure achievement of the physical and financial targets.

Against the original budget provision of ₹ 1057.76 crore during 2006-2011 the final grant in respect of the projects sanctioned was ₹ 1052.89 crore. The Department failed to spend the original budget provisions of ₹ 1057.76 crore.

Economy, Efficiency and Effectiveness in project implementation

2.4.10 Preparation of Detailed Project Reports (estimates)

OPWD Code provides that the estimate for a work should be prepared adopting the State SoR. It was essential that the rates in the estimates is consistently and accurately assessed to avoid loss to Government on the award of works to the contractors since the rationality of a bid value is assessed on the estimated cost of the work put to tender.

We noticed several discrepancies as discussed in *Appendix-2.4.3* in the computation of the item rates in the estimates inflating the project costs. Finalisation of the tenders compared with these inflated costs, without considering their impact on the tenders, resulted in extension of undue benefit and excess expenditure of ₹ 58.38 crore to the contractors as discussed below.

Providing of excess overheads beyond norms, inclusion of unwarranted items and adoption of higher rates of usage of machinery and lead charges for obtaining construction materials inflated the projects cost by ₹ 58.38 crore

- 21 *per cent* overheads and contractor's profit were allowed in Naranpur Duburi road as per MoRT&H against 10 *per cent* admissible as per State norms (₹ 34.31 crore)
- Provisions for stacking of the materials in the road side before using on the road which is actually not followed in execution (₹ 1.46 crore).
- Adoption of higher rates of hire charges of machines (₹ 3.57 crore).
- Providing of excess carriage charges for materials for the granular sub base and wet mix macadam (₹ 8 crore) items.
- Overloading of the item rates with charges for items not admissible as per the SoR (₹ 2.92 crore).
- Adoption of longer lead distances for obtaining the construction materials (₹ 8.12 crore).

The EIC-cum-Secretary opined in the entry conference that the estimates are the rough assessment of the project cost and inaccuracies in the estimates can not affect the rates quoted by the contractors. This assertion was not acceptable since the items and provisions in the estimates are floated to tender and the rationality of a bid value is assessed on the basis of the cost of the work put to tender. This makes it essential that the base cost for the items put

to tender are consistently and accurately assessed for cost effectiveness in execution of the works and avoid loss to Government.

2.4.10.1 Under deployment of departmental machinery

The agreements executed with the contractors provided that the machines as available with the department would be supplied on hire subject to execution of agreement. Seven¹⁴⁶ EEs (test checked) had 39 power road rollers (PRR) in working condition. Against 2.16 lakh machine hours available during the period 2006-11 the EEs had deployed these machines for only 0.17 lakh hours (i.e. 8 per cent).



Idle Power Road Roller
Picture No.2.4.5

Departmental machines were deployed only for 8 per cent of their available potential resulting in loss of ₹ 5.36 crore

The low utilisation was due to lack of provision in the agreement for utilising these PRRs. This led to idling of the rollers and loss of revenue of ₹ 5.36 crore to the Government as of March 2011 and those had not been disposed off either.

The Government stated (February 2012) that the machines had outlived their normal life and have gone beyond economic repair. This is not acceptable since the Rollers were in working condition as per their own records.

2.4.11 Tendering

2.4.11.1 Non-uniformity of agreement form

Execution of the agreements deviating from the approved formats led to undue benefit of ₹ 45.71 crore to the contractors

Cuttack-Paradeep road was approved for execution mainly with the State funds. In case of the Naranpur-Duburi road, GoI was to fund 50 per cent of the cost. As per OPWD Code, the Public Works Officers are required to sign the contract in the standard form to avoid uncertain/indefinite liability within the terms/conditions and required specifications. In case the execution demands departure from the standard form of contract prescribed by the Government or addition, deletion and modification thereof, Law Department should be specifically consulted and these should be adopted with prior consent of the Finance Department. Financial prudence, therefore, demanded that the CE adopt the item rate contract (F₂ form) prescribed in the OPWD Code. However, for execution of the agreement in respect of Naranpur-Duburi road, the CE adopted the Federation Internationale Des Ingenieurs Conseils (FIDIC) format (developed by International Federation of Consulting Engineers) and on similar pattern for the Cuttack-Paradeep road national competitive bidding (NCB) format was adopted whereas for high level bridge over river Mahanadi at Jatamundia on Jatamundia-Subarnapur road financed from NABARD standard bidding document (applicable for GoI contracts) was adopted. The mandatory concurrence of the Finance and Law Departments was not obtained for the form adopted for the Naranpur-Duburi road and the high level bridge over river Mahanadi at Jatamundia. In the Cuttack-Paradeep road concurrence

¹⁴⁶ Bhanjanagar, Ganjam-II, Jagatsinghpur, Keonjhar, Khurda, Mayurbhanj and Panikoili R&B Divisions.

of only Finance Department was obtained and approval of the Law Department was not obtained. These wholesale deviations from the prescribed form of contracts were made at the level by the CE without evaluating the financial impact and legal implication of such deviations and without obtaining approval of the Government.

These agreements provided for issue of advances either interest free or at lower rate underwriting interest charges of ₹ 23.75 crore in violation of the OPWD Code, payment of cost escalation charges at higher percentage which had a financial impact of ₹ 13.41 crore in deviation from the approved norms of Government for reimbursement of escalation charges, payment for work coordinating activities with financial impact of ₹ 5.32 crore and compensation in case of use of materials in excess over the norms, having a financial impact of ₹ 3.23 crore in deviation from the standard agreement conditions prescribed by the Government. The details are in *Appendix-2.4.4*.

Despite the above concessions, no extra competitiveness in bidding process was achieved as only one bid in case of Naranpur-Duburi Road and two bids in Cuttack-Paradeep Road were received.

Besides, the projects have progressed between 45 and 69 *per cent* only even after a period of two years, despite incentives extended to the contractors by way of the above unauthorised departures from the rules. Thus, the Department failed to take advantage and the concessions extended have been wasted.

Government stated (February 2012) that FIDIC format is adopted for high value works where bids are invited from national level bidders and that the approval of the Finance Department was obtained for adoption of the NCB in respect of the Cuttack-Paradeep road. This is not acceptable since the OPWD Code does not allow the departure from the approved format prescribed by Government without mandatory concurrence of the Law and Finance Departments and that other high value works fully funded by GoI are executed in the State under the standard format of the State Government. Besides, the original bid document of Cuttack-Paradeep road did not include provision for issue of any advance but the same was included on post tender stage by way of modification of the bid document with the approval of Finance Department and the interest charged was lower than that prescribed in the OPWD Code. No reply was, however, furnished for not consulting the Law Department for the Cuttack-Paradeep road despite modification in the conditions of the contract.

2.4.11.2 *Extra cost due to non-finalisation of tender*

Non-finalisation of a tender within its validity period led to extra cost of ₹ 4.24 crore on re-tender

Construction of high level bridge over river Baghua near Barida at 6th km of Pathara-Barida-Babanpur road in the district of Ganjam under RIDF XIII was approved for ₹ 8.73 crore in April 2008. Two bids received were disqualified (May 2008) by the technical evaluation committee. In response (June 2008) to a fresh notice, the negotiated single bid of one of the above two bidders for ₹ 8.94 crore that was 17 *per cent* above the estimated cost was recommended (November 2008) by the CE for approval. The bid was not finalised by the

administrative department within its extended validity period ending in January 2009. Eight months later (September 2009) the CE cancelled the bid on the ground that the bidder had refused to extend the validity of his bid. Based on SoR 2008, the estimated cost of the work was revised (October 2009) to ₹ 9.18 crore and put up to tender. Again a single valid bid was received from the same firm this time for 16.9 *per cent* above the estimated cost but was not approved on the ground that the bid price was high. Subsequently, on the basis of the recommendation (March 2010) of the CE, the work was allotted (May 2010) to M/s Odisha Bridge & Construction Corporation (OBCC) Limited without finalisation of rate. OBCC submitted (November 2010) estimate for ₹ 13.18 crore. The department, thus, ended up pushing the cost of the project by ₹ 4.24 crore owing to its failure to finalise a valid tender which was only marginally higher than the estimated cost within the validity period of three months.

The Government stated (February 2012) that since the bidder refused to extend the validity of his offer on the ground of increase in the cost of labour, material and POL, instruction was given to go for fresh tendering. This is not acceptable since against the original validity of the tender being October 2008, the bidder extended the validity till January 2009 but the Administrative department failed to finalise the tender even by the extended date which facilitated the bidder to back out.

2.4.12 Defective contract conditions led to undue benefit to the contractors

Providing of clauses in the agreements deviating from the rules and provisions of the DPRs facilitated undue benefit of ₹ 14.34 crore to the contractors

Adequate care is to be exercised in drafting the clauses in the contracts to make it free from ambiguity as well as to ensure that the rules and regulations prescribed by the Government are duly incorporated.

The contracts discussed in *Appendix-2.4.5* provided several clauses which were not in accordance with the rules/ regulations of the State Government. Besides, some conditions were also contrary to the provisions made in the detailed project reports and facilitated extension of undue benefit of ₹ 14.34 crore to the contractors on account of:-

- cost and carriage charges of water (₹ 8.07 crore);
- short levy of labour cess (₹ 5.37 crore) and
- non adjustment of item rates despite less consumption of cement in the works (₹ 0.90 crore).

As regards cost and carriage charges of water the Government stated (February 2012) that since the water charges were already included in the DPRs, the bidders were instructed in clause 38 of the notice inviting tender (NIT) that they should bear this charge. This is not acceptable in view of the fact that clause 54 of the NIT provided that the rates to be quoted should be inclusive of carriage of water and no claim for carriage of water what so ever was to be entertained.

Regarding short levy of labour cess, the Government stated (February 2012) that levy of cess at one *per cent* was introduced from December 2008 and accordingly the cess was being recovered from the bills of the contractors. This is not acceptable since the agreements provided for levy of cess (2 *per cent*) as per the GoI labour Act and thus, recovery at one *per cent* facilitated undue benefit to the contractors.

For non-adjustment of item rates despite less consumption of cement in the works, the Government stated (February 2012) that being Central Government funded project, the agreement was drawn on FIDIC format which provided for such compensation. This is not acceptable since the FIDIC form of the agreement was adopted without obtaining mandatory concurrence of the Law and Finance Departments and that other projects fully funded by GoI the agreements are drawn in the prescribed form of the State Government.

Contract management

2.4.13 Lack of insurance cover

The management of the contracts was the responsibility of the engineers in charge and the officers supervising the works.

As per condition of the agreement of Cuttack-Paradeep road, the contractor was to provide insurance cover in the joint names of the Employer and the contractor from the start date to the end of the defect liability period against any loss or damage to works, plants, materials, equipment, property, injury and death failing which the EE was to get the property insured and recover the premium from the dues of the contractor executing the road.

It was noticed that neither the contractor had extended the insurance cover beyond July 2009 (original date of completion of the work) nor had the EE obtained the insurance. However, the EE paid ₹ 76.03 crore to the contractor between July 2009 and March 2011 for the value of work executed without the necessary insurance cover, resulting in the payment of work bills being made in violation of the contract condition.

The Government stated (February 2012) that the contractor in the mean time furnished fresh insurance policies. But the fact remained that the insurance policies furnished were in the name of the contractor and not in the joint names and those were only for plant and machinery for reach-I and labour for reach-II expiring in June 2012 though the work is still incomplete. There has been no insurance cover for the remaining components.

2.4.14 Quality assurances

As per Odisha Public Works Department Code, the EEs are responsible to check measure at least 10 *per cent* of the works to ensure adherence to the specifications and quality/quantity in execution. The EE in charge of Naranpur Duburi road has not conducted the required check measurements and thus the quality/quantity of works executed was not assured.

The Government stated (February 2012) that the Project Director who is eventually the concerned EE authorising payment is check measuring the work. This is factually not correct since as per the reply furnished in September 2011 by the EE to audit check of all quantity measurement is done by the consultant. No evidence of any check measurement done by the EE was also furnished in support of the Government reply. The fact, therefore, remained that the department had over dependence on the consultant not only for the supervision of execution but also relied on them for the quality/quantity of work and not exercised checks which is prescribed even for routine works.

2.4.15 Internal control, monitoring and evaluation

The OPWD Code laid down the norms for the Engineering Officers (CE, SE and EE) to undertake inspection of the important works and invariably record observations in the register of inspections maintained at the site of the works so as to achieve the objective of quality assurance and completion of the works as per the prescribed specifications. The EE being the disbursing officer for the sanctioned projects has to ensure that the payments are made to the contractors as per the terms and conditions of the agreements and no excess payment is made or extra expenditure is incurred.

Regular and periodical inspection reports of the higher officers inspecting the works were not issued disclosing that the inspections to monitor the works and ensure the quality parameters adhered to. Several cases of excess payments were made and extra expenditure incurred as narrated in the report due to the failure of the EEs to ensure payment to the contractors as per the terms and conditions of the agreements disclosing poor internal control.

The State Cabinet had approved in June 2008 ISAP which included development of a programme for comprehensive MIS linked performance monitoring and evaluation of the sanctioned projects. The MIS monitoring system had not been adopted. The data/information was retained in manual mode except that the progress reports were generated in computerised typing format. The Department had a data base for all the roads. However, the computerised data base for roads requiring attention where major repairs are to be carried out had not been developed. There was no mechanism to choose and prioritise roads on a comprehensive assessment of the scope of each project for construction and maintenance and those were chosen in an ad-hoc manner. No user survey to any of the completed projects was done. This indicated not only non-compliance of the rules but also evidenced that internal control; monitoring and evaluation of the sanctioned projects were not effective.

2.4.16 Conclusion

The two major roads Naranpur-Duburi and Cuttack-Paradeep were not completed as targeted and the time overrun was up to two years as of December 2011. In addition, 166 projects covering improvement of 1,807 km roads and 41 bridges were targeted for completion with investment of ₹ 1683.53 crore during 2006-11, of which, 397 km roads and 10 bridges were

completed with expenditure of ₹ 275.98 crore as of March 2011. The remaining projects were in progress with expenditure of ₹ 527.39 crore. Thus, only 22 *per cent* of roads and 24 *per cent* of bridges were completed.

The projects taken up in 2006-07/2007-08 and targeted for completion by March 2011 were completed only up to 55 *per cent*. There was no mechanism to choose and prioritise roads on a comprehensive assessment of the scope of each project for construction and maintenance and those were chosen in an ad-hoc manner. Commencement of works on projects without ensuring the availability of land and forest clearance led to these being stopped midway. The CE adopted varied formats of FIDIC/NCB/SBD for execution of agreements for which no reasons were on record and this deviation resulted in certain undue benefits to the contractors. Non-adherence to the agreement conditions and deficiencies in management of the contracts caused loss to the government on these roads. Inaccuracies and discrepancies in the items rates also resulted in undue benefit to the contractors. The total excess payment/undue benefit to the contractors and extra expenditure/unfruitful expenditure was of the order of ₹ 407.48 crore.

2.4.17 *Recommendations*

It is therefore recommended that

- Agreement forms be made comprehensive to ensure that undue benefit does not accrue to the contractors.
- A computerised data base of roads with improvements already made be created to facilitate prioritisation and selection of road projects as per requirement and user survey of the completed roads be done.
- MIS based monitoring system be developed with scientific parameters to strengthen the internal control system.
- Base project costs be consistently and accurately assessed to avoid unwarranted advantage to the bidders.
- Contract management be strengthened by adhering to the conditions of contract during execution to prevent losses.
- Availability of land be ensured and necessary clearances obtained so as the projects are completed expeditiously.
- Quality/specification monitoring be entrusted to third party.

Chapter 3

Compliance Audit

Chapter 3

Compliance Audit

Compliance audit of Departments of the Government, their field formation 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.

REVENUE AND DISASTER MANAGEMENT DEPARTMENT

3.1 *Irregular and non-transparent management of land acquisition compensation funds, establishment, incidental charges and fees*

In violation of Government instructions, in six districts, eight Land Acquisition Officers (LAOs) failed to deposit establishment charges of ₹ 21.55 crore into Government account and 10 LAOs kept advance land acquisition compensation money of ₹ 2016.69 crore in bank accounts including private banks instead of depositing the same into Civil Deposits under Government account. Besides, instances of diversion and misutilisation of establishment contingencies (₹ 35.68 lakh), non accountal of accrued interest (₹ 11.24 crore) in cash books and unauthorised retention of interest (₹ 14.33 crore) earned by LAOs outside the Government account were also noticed. Fees of ₹ 68.02 lakh received in respect of incidental charges for allotment of Government land were utilised for repair of circuit houses, furnishing of Collector's residence, purchase of computers and stationery etc. instead of being credited into the Government account in Jagatsinghpur Collectorate reflecting poor and non-transparent management of these funds.

Funds for payment of land acquisition costs were to be deposited in advance by the Requisitioning Officers (ROs) of different organisations with the Land Acquisition Officers (LAOs), who are responsible for passing the award and making payment of compensation to the land losers. As per Government instructions (September 1998 and October 2002), the funds so deposited by the ROs with the LAOs were to include establishment costs of 20 / 10 *per cent*¹⁴⁷ of estimated compensation amount. The instructions further required 50/75 *per cent*¹⁴⁸ of establishment charges received by the LAOs to be

¹⁴⁷ (i) 20 *per cent* : from Government departments, companies , corporations and local bodies etc., (ii) 10 *per cent* : from organisations / bodies which bear the expenses of Special Land Acquisition Establishment and companies / organisations acquiring land through Odisha Industrial Infrastructure Development Corporation (IDCO) for establishment of industries.

¹⁴⁸ 50 *per cent* in case of acquisition through IDCO and Special LAO and 75 *per cent* in case of Government departments and others

deposited into the treasury under the departmental receipt head and retaining the remaining funds in bank accounts with them to meet contingent expenditure ancillary to land acquisition (LA) process.

The instructions also required that after receipt of advance compensation money, the LAOs were to deposit the same into Civil Deposits with treasury and to make payment, whenever required, by drawing out of it. Detailed project wise accounts were also to be maintained by the LAOs and after closure of LA proceedings, the left over establishment charges were to be deposited into Government account.

Test check (February-September 2011) of the records of 12 LAOs / Special LAOs of six districts¹⁴⁹ revealed that the above provisions were disregarded as indicated below.

3.1.1 Compensation money of ₹2016.69 crore kept outside Government account in bank accounts of LAOs / Special LAOs

- Ten LAOs¹⁵⁰, contrary to Government instructions, had kept advance compensation money of ₹ 2016.69 crore received by them from ROs in bank accounts¹⁵¹ as on 31 March 2011 instead of in Civil Deposits as required under instructions of Government (September 1998). We also noticed that the banks selected for parking the LA compensation funds were without any basis and in some cases¹⁵² funds were kept in private banks. The maximum fund of ₹ 1933.35 crore was held by Special LAO Jagatsingpur in its bank account as of March 2011.
- The LAO, Bhadrak retained funds received towards cost of compensation and establishment charges together amounting to ₹ 27.50 crore in one single bank account instead of maintaining bank accounts for establishment charges only and keeping the advance compensation money in Civil Deposits, as required.

¹⁴⁹ (1) Bhadrak: LAO, Bhadrak and Special LAO, Dhamra Port Project; (2) Ganjam : LAO, Ganjam, LAO & RRO, Ganjam ; (3) Jagatsinghpur : LAO, Jagatsinghpur, Special LAO, Major Industrial Projects, Jagatsinghpur; (4) Kalahandi : LAO, Kalahandi and LA and RO, Ret Irrigation Project; (5) Puri : LAO, Puri and Special LAO, Vedanta, Puri and (6) Sambalpur : LAO, Sambalpur and Special LAO, Sambalpur

¹⁵⁰ LAOs: Sambalpur (₹ 15.72 crore); Ganjam (₹ 7.74 crore); Kalahandi (₹ 3.27 crore); Spl LAO: Jagatsinghpur (Major Industrial Project) (₹ 1933.35 crore); Special LAO Sambalpur (₹ 20.25 crore); RRO (TISCO); Ganjam (₹ 4.16 crore); LA and RO, Ret Irrigation Project; Kalahandi: ₹ 5.77 crore, Spl. LAO, Dhamara Port Project; Bhadrak (₹ 6.28 crore); LAO, Puri (₹ 9.96 crore); Special LAO, Vedanta, Puri (₹ 10.19 crore)

¹⁵¹ Savings / current accounts as well as in Fixed Deposit Receipts

¹⁵² Axis bank Paradeep - ₹ 4.06 crore; - ₹ 0.97 crore and IDBI Jagatsingpur - ₹ 2.00 crore

3.1.2 *Short deposit of establishment charges into treasury amounting to ₹ 21.55 crore*

Eight LAOs/Spl LAOs of five districts were to deposit ₹ 40.34 crore out of ₹ 71.56 crore received as establishment charges in the treasury under the departmental receipt head of account during May 2002 to January 2011.

However, we noticed that they deposited only ₹ 18.79 crore (47 per cent) as of 31 March 2011 resulting in short remittance into treasury of ₹ 21.55 crore (53 per cent) (*Appendix 3.1*). In reply, the LAOs while confirming the facts, assured to deposit the remaining amount in the treasury. Action in this regard was awaited (June 2011).

3.1.3 *Cash management deficiencies*

Further, given that all the compensation money were to be deposited into Civil Deposits and major part of establishment charges were to be deposited as receipts under Government account, we noticed the following management deficiencies in management of land acquisition of funds by the LAOs even while such funds were parked in bank accounts outside the Government account. Thus, the possibilities of misappropriation / misutilisation of fund could not be ruled out.

- As per SR 37 of Odisha Treasury Code Volume I, cash books were to be closed daily under the signature of the Drawing and Disbursing Officer (DDOs) and each entry were to be attested. However, cash books of two LAOs (Special LAO & RRO, Ganjam and LAO, Ganjam) were neither closed under the signature of the concerned DDOs¹⁵³ nor the entries thereof attested, as required. The Revenue and Disaster Management (RDM) Department stated (November 2011) that the DDOs had since closed the cash books.
- Seven term deposit receipts for ₹ 4.91 crore towards LA compensation / establishment charges, though matured since July 2009 to February 2011¹⁵⁴ to a value of ₹ 5.56 crore, were not encashed and deposited into Civil Deposits head under Government account by LAO & RRO, Ganjam as of March 2011. This was indicative of ineffective financial management monitoring system. In reply, the Department stated (November 2011) that these were revalidated without loss of interest which was not tenable since the amount was, *ab initio*, required to be deposited into Government account at the treasury.
- Except a part deposit of interest by Special LAO, Sambalpur and LAO, Puri, none of the remaining LAOs remitted interest earned on LA compensation money and contingencies to Government account. As of 31 March 2011, ₹ 14.33 crore being interest earned remained locked

¹⁵³ Since 25 March 2009 and 9 November 2010

¹⁵⁴ **Month of maturity/ matured value:** July 2009: ₹ 2.34 crore; September 2009: ₹ 1.49 crore; February 2011: ₹ 7.26 lakh; October 2009: ₹ 1.66 crore

with the 11 LAOs¹⁵⁵ in bank accounts outside Government account which was highly irregular.

- Interest on bank deposits amounting to ₹ 10.70 crore,¹⁵⁶ though credited (2006-11) by the banks into 36 savings bank accounts of Special LAO (Major Industrial Projects), Jagatsinghpur were not accounted for in the cash book as of March 2011. Similarly, accrued interest of ₹ 46.48 lakh earned during August 2010 to March 2011 on LA compensation and establishment charges were not accounted for in the cash book of LAO, Bhadrak by Nizarat Officer, Collectorate, Bhadrak. The manner of utilisation of interest money has not yet been prescribed (October 2011) by either the RDM Department or the Finance Department and required immediate attention to obviate the possibilities of mis-utilisation on inadmissible items of expenditure by District authorities. The LAO, Sambalpur, however, stated (February 2012) that the interest money had been deposited in treasury in November 2011.
- Bank reconciliation statement was not prepared by all the test checked LAOs and even an withdrawal of ₹ 15.87 lakh on 28 March 2011 not supported by any voucher, had gone unnoticed by Special LAO, (Major Industrial Projects), Jagatsinghpur until same was pointed out (May 2011) by Audit during test check.

3.1.4 *Diversions and misutilisation of LA contingent funds:*

Besides, the Government instructions (June 2001) prohibited diversion and misutilisation of funds meant for LA contingent expenditure for other purposes. However,

- Special LAO & RO, Ganjam and LAO, Ganjam, irregularly diverted (2001-02) ₹ 14.23 lakh out of interest money and establishment charges to 22 Tahasildars and 21 BDOs of Ganjam district for meeting camp expenditure for disposal of 'Gramakantha cases' and had shown the same as final expenditure.
- The Nizarat Officer, Puri, managing the LA contingency funds of Special LAO, Vedanta, Puri, misutilised ₹ 21.45 lakh to defray expenses on fuel, procurement of refrigerator, 24 colour television sets for circuit house, air conditioning machines, furniture and salary of contractual staff of the Collectorate etc.

On this being pointed out (April-June 2011), the LAO and the Special LAO, Ganjam assured to recoup the funds so diverted. However, the Nizarat

¹⁵⁵ LA and RO: Ret Irrigation Project, Kalahandi: ₹ 2.65 crore, Special LAO, MIP, Jagasinghpur: ₹ 1.09 lakh, LAO, Sambalpur: ₹ 1.09 crore, Special LAO, Sambalpur: ₹ 1.46 crore, LAO, Ganjam: ₹ 20.24 lakh, Special LAO and RO, Ganjam: ₹ 2.34 crore, LAO, Kalahandi: ₹ 20 lakh, Special LAO DPP Bhadrak: ₹ 3.05 crore, LAO Bhadrak ₹ 83.03 lakh, LAO (General), Puri: ₹ 7.84 lakh, Special LAO, Vedanta, Puri : ₹ 2.42 crore

¹⁵⁶ LA compensation: ₹ 9.40 crore and contingencies : ₹ 1.30 crore

Officer, Puri stated (December 2011) that although no formal sanction orders of competent authority were available in all cases, the expenditure so made should be construed as regular since the individual vouchers had been passed by the Collector.

The replies were not tenable since Government orders (March 1998) stipulated LA contingencies to be spent only for LA processes.

3.1.5 Irregular appropriation and inadmissible utilisation of fees collected

Besides, as per the provisions of Odisha Government, Land Settlement Rules, 1983¹⁵⁷ fees for incidental charges was chargeable at 10 *per cent* of the market value of land in case of lease of Government land covering 500 acres or above in favour of a company for commercial or industrial purposes. The provisions of Odisha Treasury Rules¹⁵⁸ require that Government servants receiving Government moneys in their official capacity were to deposit the same in the treasury within three working days. The Odisha Industrial Infrastructure Development Corporation (IDCO) deposited (January 2006) fees of ₹ 68.02 lakh with the Collectorate, Jagatsinghpur in respect of 2270.93 acres of Government land to be allotted to IDCO for establishment of industries for POSCO (India) Limited. Though the fee was a valid Government revenue receipt was therefore required to be credited to Government account, the amount was distributed (February 2006-November 2010) with the approval of the Collector amongst various field officers and utilised for assorted purposes like repair of circuit houses at Paradip and Jagatsinghpur, furnishing of Collector's residence, renovation of Jagatsinghpur Police Station and rest shed attached to it, construction of boundary wall of Kujang Police station and purchase of computers, furniture and furnishings and other stationery articles, petrol, oil and lubricants etc. This tantamounted to irregularly appropriating and spending Government revenues by Collector, Jagatsinghpur for various un-authorised and inadmissible purposes.

3.1.6 Non-maintenance of case-wise and project wise accounts

None of the LAOs maintained project and land acquisition case-wise accounts with the result that the left over amount (net of expenditure and receipts) from the establishment charges deposited by a RO for a particular project / case for crediting into Government account in the treasury was not ascertainable from the accounts of the LAOs.

The matter was reported (July 2011 and January 2012) to the Commissioner-cum-Secretary of the Department; reply has not been received (February 2012).

¹⁵⁷ (Rule 12 - Schedule III) of Odisha Government Land Settlement Rules, 1983

¹⁵⁸ Note below Rule 6(1) of the Odisha Treasury Code Volume I

RURAL DEVELOPMENT DEPARTMENT

3.2 Irregular purchase of material

Material valuing ₹ 308.08 crore were procured by the Executive Engineers (EEs) for Rural Piped Water Supply Schemes deviating from rules and executive instructions.

Due to large scale misappropriation, defalcation, theft and pilferage in store items resulting in huge loss, Government in Finance Department ordered (December 1995) discontinuance of procurement of stores from April 1996 and directed that the works be executed by the contractors on finished item rate contract basis providing stores at their risk and cost. The Chief Engineer (CE), Rural Water Supply and Sanitation (RWSS), however, sought Government approval intermittently for procurement of material for issue directly to the works under the Rural Water Supply and Tube Well Program. Government in Rural Development (RD) Department on two occasions (September/December 1996 and September 1999) permitted such procurements subject to consolidated supply orders being placed with the prior approval of the CE/Government limiting such procurements to actual requirement of different material and spare parts assessed on quarterly basis after taking into account the existing stock of material. For maintenance works, the Superintending Engineer (SE) was to ascertain the requirements taking into account the available stock and invite tenders for the procurement of the balance requirement. Government in RD Department also ordered (May 2007) that the Rural Piped Water Supply (RPWS) Schemes may be executed on turn-key basis and instructed to prepare a standard bidding document as per the pattern of PMGSY.

However, test check of records of 32 Rural Water Supply & Sanitation (RWSS) Divisions disclosed that disregarding the above instructions of Finance Department and CE, the EEs continued to procure material at their level through split up orders and issued those material to works. This was brought to the notice of Government by audit in March 2009. Government of Odisha, RD Department thereafter, instructed (September 2009) that no unutilised material should be left at the end of each financial year out of material procured in the preceding year. In 32¹⁵⁹ RWSS Divisions we noticed (November 2010 to June 2011) that during 2007-11 the EEs had purchased PVC pipes, chlorinators, bleaching dozers, pump sets, cables, PVC fittings, flow meters, power capacitor, transformers, etc, valuing ₹ 308.08 crore from different firms at their levels in violation of such instructions. This included, ₹ 237.47 crore spent on procurement of 217.69 lakh metres of PVC pipes purchased during this period. Of this 16.85 lakh metres of pipe worth ₹ 18.26 crore remained unutilised with these Divisions

¹⁵⁹ Angul, Balasore, Bargarh, Baripada, Berhampur, Bhadrak, Bhanjanagar, Bhubaneswar, Bolangir, Boudh, Cuttack, Deogarh, Dhenkanal, Jagatsinghpur, Jajpur, Jharsuguda, Kalahandi, Kendrapara, Keonjhar, Koraput, Malkangiri, Nawarangpur, Nayagarh, Nuapada, Parlakhemundi, Phulbani, Puri, Rairangpur, Rayagada, Sambalpur, Sonapur and Sundargarh

as of June 2011. Besides, 1.53 lakh metres of PVC pipe purchased during 2007-08 were found defective, of which 0.98 lakh metres were replaced by the suppliers. The remaining 0.55 lakh metres of pipe were utilised in the work even though these pipes were defective. Further examination disclosed that in 28 out of 32 test checked divisions, unutilised material remained at the end of each financial year while in four Divisions, pipes remained unutilised beyond two years (*Appendix 3.2*). This not only indicated irregular purchase of material in a decentralised manner but also procurement of material in excess of requirement.

In reply, the Government stated (October 2011) that the unutilised material would be utilised subsequently. The reply is not tenable in audit as material were purchased contrary to the instructions of Finance Department and Chief Engineer.

PANCHAYATI RAJ DEPARTMENT

3.3 *Loss due to curtailment of Central assistance*

During 2005-11, there was curtailment of Central assistance to the tune of ₹ 190.72 crore due to low spending of the available scheme funds by the implementing agencies of the State Government administering two centrally sponsored plan schemes

Information collected from the State Government on centrally sponsored flagship plan schemes of Indira Awas Yojna (IAY) and Backward Region Grant Fund (BRGF) disclosed that there was curtailment of Central assistance of ₹ 190.72 crore during 2005-11, mainly due to low spending, excess carryover of unspent balances beyond the prescribed limit, non-submission of utilisation certificates etc. Scheme-wise examination of the issue revealed several irregularities which resulted in curtailment of such central assistance and the same is discussed in subsequent paragraphs.

3.3.1 *Curtailment of Central assistance under Indira Awas Yojna amounting to ₹ 168.72 crore during 2008-11*

Indira Awas Yojna (IAY) has been a flagship scheme of the Ministry of Rural Development, Government of India under implementation in the State with a cost sharing basis of 75:25 between the GoI and the State Government respectively to provide houses to the rural poor. The objectives of the scheme had been to help construction/up-gradation of dwelling units of members of Scheduled Castes/Scheduled Tribes, free bonded labourers, and other below poverty line category rural households by providing a lump sum assistance of ₹ 35,000¹⁶⁰ per house hold. The assistance from Government of India (GoI) was released to DRDAs every year in two instalments. The first instalment for a district to the extent of 50 per cent of the total allocation was released at the beginning of the financial year. The second instalment was to be released by the GoI on receipt of request from DRDAs by 31st December every year

¹⁶⁰ With effect from 01 April 2008, the assistance has been increased from ₹ 25,000 to ₹ 35,000 per house hold.

subject to the condition that the opening balance of the district should not exceed 10 *per cent* of the funds available during the previous year¹⁶¹ and that 60 *per cent* of total funds and other receipts, i.e., interest available for the year, should have been utilised at the time of submitting the proposal for the second instalment. The proposal for release of second instalment was to be accompanied by the chartered accountant's audit report and utilisation certificate for the previous year to ascertain the correctness of expenditure along with action taken report on the comments, if any, made in the audit report.

Scrutiny of records (January 2010 to March 2011) of seven DRDAs¹⁶² and information collected (September - November 2011) from the department revealed that, in 17 districts during 2008-09, 16 districts in 2009-10 and seven districts during 2010-11 (out of 30 districts), the GoI curtailed Central assistance of ₹ 168.72 crore from the total allocation of ₹ 551.01 crore for these districts while releasing second installment on the grounds of excess carryover of funds, non-submission of utilisation certificates, chartered accountant's audit report and non-submission of proposal within stipulated etc. The DRDAs could not ensure timely utilisation of fund by Panchayat Samitis and submission of UC to GoI. The details are furnished in the *Appendix 3.3*. As a result, Central assistance for possible construction of 40561 IAY houses in the State could not be availed.

The Commissioner-cum Secretary of the Department stated (February 2012) that due to delayed release of GoI assistance of ₹ 120 crore in February 2009, imposition of model code of conduct for elections to Parliament and State Assembly, flood situation in some districts and non completion of IAY houses by beneficiaries in time, there was unspent balances of IAY assistance. The reply was not convincing since the model code of conduct due to elections was in force only during March-May 2009 while much of the unspent balances was in 2009-10 when there was no elections and floods in the State. Had the monitoring mechanism at the State level as prescribed under the IAY guidelines been adequate, efficient and effective, the State could have benefited by ₹ 168.72 crore.

3.3.2 Backward Region Grant Fund (BRGF)

Backward Region Grant Fund (BRGF) Programme was launched by the GoI in 2006-07 to redress regional imbalances in the development of 19 districts in the State. BRGF grant has two components, viz. (i) 'Developmental Grant' meant for infrastructure development to address critical gaps in integrated development and (ii) 'Capacity Building Grant' to be utilised for strengthening participatory planning, decision making, implementation and monitoring at the Panchayat and Municipality level. Annual entitlement of

¹⁶¹ In case opening balance exceeds this limit, the GoI share of the excess was to be deducted proportionately at the time of release of the second instalment.

¹⁶² Balasore, Cuttack, Ganjam, Gajapati, Nuapada, Sundargarh and Puri

each BRGF district under Capacity Building component was rupees one crore, thus totaling ₹ 19 crore¹⁶³ *per annum* for the State as a whole.

BRGF assistance were to be released by GoI considering spending efficiency, timely submission of integrated district plans to GoI duly approved by District Planning Committee and State level High Power Committee together with audit reports, utilisation certificates and submission of non-diversion and non-embezzlement certificates. As per the information furnished (November 2011) by the Panchayati Raj Department, GoI curtailed Central assistance in respect of Boudh district amounting to ₹ 3.19 crore during 2010-11, due to low spending of development grant. Similarly, the GoI did not release the capacity building grant of ₹ 18.81 crore during 2010-11 for all the 19 districts due to non-utilisation of earlier allotted funds and retention of unspent balances beyond prescribed limit (40 *per cent* of total receipt of the previous year). The above curtailment was in addition to the non release of ₹ 33.73 crore to the State by the GoI during 2006-10 due to low spending efficiency of the State Government as pointed out (Paragraph 2.1.9.1) of our Report (Civil) on Government of Odisha for the year ended 31 March 2010. The release of assistance by GoI under capacity building was minimal during 2010-11 and scheme objective of strengthening governance at the level of local bodies continued to suffer during 2010-11 also.

The Commissioner-cum-Secretary of the Department confirmed (February 2012) the facts.

WORKS DEPARTMENT

3.4 Parking of Security Deposit outside Government Account

Security Deposit of contractors amounting to ₹ 119.87 crore kept outside the Public Account of Government of Odisha

As per Para 15.2.5 and 15.2.6 of Central Public Works Account (CPWA) Code as adopted by Government of Odisha and Para 3.5.20 of Odisha Public Works Department (OPWD) Code Vol-I:

- Security deposits deducted from contractor's bill shall be credited to the "Public Works Deposit- Cash deposits of contractors".
- No security deposit should be repaid or retransferred to the depositor or otherwise disposed of without special orders of competent authority.

¹⁶³ Bolangir, Boudh, Deogarh, Dhenkanal, Gajapati, Ganjam, Jharsuguda, Kalahandi, Kandhamal, Keonjhar, Koraput, Malkangiri, Mayurbhanj, Nabarangpur, Nuapada, Rayagada, Sambalpur, Subarnapur and Sundergarh.

- Security deposit should be refunded only after six months or such period as specified in the agreement from the date of satisfactory completion of work, provided the final bill has been paid.

However, we noticed that Government in Works Department ordered (September 2006) that the amount deducted toward security deposit from the running bills of contractors should be kept in Bank Account operated in the name of Executive Engineer and termed it as amendment to contractual and codal provisions. As per revised procedure security deposit deducted are credited to Bank Account debiting to 8443 Civil Deposit.

We observed that these draft guidelines for revised procedure was submitted (September 2006) by Works Department for concurrence of the Accountant General (Accounts and Entitlement) as the transfer of money deviates the prescribed Accounting procedure. This was not concurred to by the Accountant General with the observation that “the amount transferred to bank account will remain outside the purview of audit. There is no control over expenditure since the expenditure/refund of security deposit was not included in the monthly accounts rendered to (A&E) office. The possibility of misappropriation and misutilisation of funds is high”. The Accountant General while examining the draft guidelines also observed that the procedure adopted for crediting the security deposit to Bank account should be stopped till the deficiencies noticed (January 2007) were rectified and revised procedure is finalised. However, the revised procedure continued and security deposits recovered from the contractors bills are credited to the current / savings bank account of the Executive Engineer. No decision was also taken for utilisation of interest accrued on deposit in Saving Bank Account.

In 55¹⁶⁴ Divisions (Rural Works-26, Rural Water Supply & Sanitation-5, Roads & Building-17, Irrigation-5, Minor Irrigation-2), the Executive Engineers deducted security deposit for ₹ 199.33 crore during 2006-07 to 2010-11 from bills of contractors and credited to deposit account. Out of above, ₹ 191.63 crore was withdrawn from deposit account and credited to the Bank Account opened in the name of concerned Executive Engineers and of the same, ₹ 77.36 crore was refunded to the contractors. As of March 2011 ₹ 119.87 crore¹⁶⁵ was lying in bank account including accrued interest of ₹ 5.90 crore on the amount deposited in Savings Bank Account. Thus, parking of security deposit outside the Government Account violated the codal provisions.

On this being pointed out, the Executive Engineers stated (June 2011) that the amount was deposited in Bank Account as per orders of Government.

¹⁶⁴ **R.W.** Angul, Bargarh, Baripada, Bhadrak-II, Bhubaneswar, RW(Electrical) Bhubaneswar, Cuttack-I, Ganjam-I, Gjapati, Gnjam-II, Jaleswar, Karnja, Kendrapara-I, Kendrapara-II, Keonjhar-I, Keonjhar-II, Koraput, Nawarangpur, Nayagarh, Nuapada, Padampur, Phulbani, Puri, Rairangpur, Sunabeda and Umerkot. **RWSS** Balasore, Berhampur, Bhubaneswar, Keonjhar and Koraput. **R&B** Angul, Baragarh, Baripada, Bhadrak, Bhubaneswar, Bolangir, Charbatia, Ganjam II, Jagatsinghpur, Kantabanjhi, Keonjhar, Khurda, Koraput, Panikoili, Phulbani, Rairangpur and Rayagada. **M.I.** Phulbani, Rayagada. **Irrigation**, Balasore, Chikiti, Mahanadi North, MainDam Burla, and Puri.

¹⁶⁵ Works- ₹ 78.17 crore, RD- ₹ 34.26 crore and WR- ₹ 7.44 crore

However, the fact remained that the order was issued in violation of the provisions of CPWA Codes without approval of the Competent Authority.

The matter was referred to Government (July 2011); their reply has not been received.

3.5 *Fictitious booking of ₹ 15.87 crore to works*

An Executive Engineer drew ₹ 15.87 crore from the treasury without immediate requirement to avoid lapse of budget and retained the amount in civil deposits in disregard of the financial rules.

Rule 141 (3) of the Odisha Budget Manual prohibits drawal of money from the Treasury unless required for immediate disbursement. Drawing Officers are required to surrender the savings to allow re-appropriation for other purposes (Rule 146). Rule 3.7.1 (a) of the Odisha Public Works Department Code further stipulated that no work should be taken up or liability created without administrative approval for the work by the Government.

The Executive Engineer (EE), Bhubaneswar (R&B) Division, No. I prepared an estimate for ₹ 17.50 crore in May 2009 for rehabilitation and renovation of the A1 and A2 blocks and additional work in B2 block of Toshali Plaza at Satyanagar, Bhubaneswar which was under the control of the General Administration Department of the Government.

The Engineer-in-Chief (Civil) provided funds from the Capital Outlay for ₹ 18.41 crore on 30 March 2009 and the Chief Engineer (CE), Buildings provided to EE, letter of credit for ₹ 18.41 crore on the same day, thus, leaving only one day for incurring the expenditure before the closure of the financial year. The condition of release also required that the expenditure should be incurred only after receipt of the administrative approval and spent in full as lapses or surrender would attract fixation of responsibility.

Test check of the records of Bhubaneswar (R&B) Division No. I disclosed (July 2009/June 2011) that neither the estimate for renovation of A1 and A2 blocks were technically sanctioned nor was the administrative approval accorded for the work. However, the EE, with the approval (30 March 2009) of the General Administration (GA) Department, drew ₹ 15.87 crore (leaving the *prorata* charges of ₹ 2.54 crore) from the treasury and debited (March 2009) the work with contra credit to Civil Deposit account, in gross violation of the financial rules. The irregular drawal and parking of funds in civil deposit deprived the Government of using these funds for other essential development works.

The Government stated (January 2012) that the fund was kept in Civil Deposit under instruction of GA Department with the approval of Finance Department. No expenditure was incurred on the work since the building had been allotted (December 2009) to the Director, IIT, Bhubaneswar who offered to renovate it at their own cost.

The reply was not tenable as in the first place funds were released without administrative approval and technical sanction of the estimate and secondly after knowing the fact that the work in question was not to be taken up by the Public Works Department, efforts were not made to credit back the amount to Government account from the Civil Deposit. Parking of funds in the Civil Deposit for the last three years also deprived the Government of the usage of these funds for other works.

WATER RESOURCES DEPARTMENT

3.6 *Undue favour to Odisha Construction Corporation at the expense of State exchequer*

Water Resources Department allotted 35 works to OCC during 2008-11, without following tender process, at a negotiated cost of ₹ 278.17 crore including 15 per cent overhead charges on estimate prepared at market rates (₹ 249.79 crore) as against an estimated cost of ₹ 224.89 crore as per the SoR which were already been loaded with 10 per cent overhead charges. This resulted in avoidable loss of ₹ 53.28 crore to the State exchequer and undue benefit to OCC to this extent. Besides, though OCC had to execute the works departmentally, yet it subcontracted the works.

As per the provisions of the Odisha Public Works Department (OPWD) Code¹⁶⁶, all the civil works which cannot be carried out departmentally, are to be executed by entering into contracts for which tenders are to invariably be invited based on the technically sanctioned estimates. The estimates are to be prepared adopting the Schedule of Rates (SoR) for each kind of work. The SoR is prepared on the basis of rates prevailing in different areas of the State and is annually approved by the Rate Board Committee. The SoR usually has the overhead charges on the labour component in built into the rate structure up to 2006 and on prime cost (material, labour and hire charges of machinery) thereafter.

Audit scrutiny (November 2011 and January 2012) of the records of Water Resources Department revealed that:

- The Water Resources (WR) Department formulated (September 1990) a procedure for executing allotted works through Odisha Construction Corporation (OCC) without tender with the approval of the then Irrigation Minister. As per this, while the Department would prepare estimates for the works by following the provisions of OPWD Code for the purpose of obtaining administrative approval for the work from the competent authority, the OCC would prepare estimates based *on market rates*.

The estimate prepared on market rate was, however, not to include the 12.5 per cent overhead charges on the labour component usually

¹⁶⁶ Rule 3.5.1, 3.5.9, 3.5.10, 3.4.2

allowed under Works Department's Schedule of Rates (SoR). The OCC was, instead, to be paid 15 *per cent* overhead charges on the value of actual work done through the running bills.

- The WR Department subsequently formulated and adopted a different SoR (from SoR of Works Department) applicable to their own Department from 1 April 1994 (revised in 1998) providing there in over head charges of 15 *per cent* on all the components of the work, i.e., labour, material and machinery.
- The Department once again revised (June 2002) the procedure deleting the provision of 15 *per cent* overhead charges on the labour component from the estimates prepared by OCC, but allowing overhead charges of 15 *per cent* to be paid to OCC on the actual work executed by them through the running bills on all components of the work. This procedure still continued (November 2011) even after revision of SOR in 2006 which provided overhead charges of 10 *per cent* on prime cost (material, labour, hire charges of machinery) which was not to be taken into consideration while preparing estimate for execution of work departmentally.
- As per the procedure prescribed (June 2002) by Water Resources (WR) Department, OCC was not supposed to sub-contract the allotted work to others except for "piece work"; the work was to be executed exclusively by them. However, test check of records of OCC disclosed that the Company is regularly subcontracting the work without inviting tenders.
- Scrutiny of 35 works (*details in Appendix-3.4*) allotted to OCC during 2008-11 revealed that, the rate submitted for approval by OCC (based on market rates) was ₹ 249.79 crore where as the cost as per SoR was ₹ 224.89 crore. On negotiation, the works were finally allotted to OCC for ₹ 278.17 crore (including overhead charges) even though the estimated cost as per SOR already had the overhead charges (10 *per cent*) built into the pricing structure. This final allocation was 24 *per cent* higher than the estimates prepared by WR Department and 11 *per cent* more than the estimates based on market rates prepared by OCC. The overhead charges on prime cost, i.e. labour, material and machinery were not deducted from the estimates while allotting the works.

Thus, the cost of execution of allotted works to OCC got overloaded to the extent of ₹ 53.28 crore.

The matter was referred (November 2011) to the Principal Secretary of the Department; the Financial Advisor of the WR Department stated (January 2012) that the matter was under their examination.

3.7 *Blockage of funds*

Execution of Minor Irrigation Projects without ensuring acquisition of required land resulted in blockage of fund of ₹ 3.43 crore without yielding the desired benefit of providing irrigation.

Orissa Public Works Department Code Volume I (Paragraph 3.7.4) provided that no work should be commenced on land which has not been made over by a responsible Civil Officer.

With a view to providing irrigation to 1386 hectares of land in Bamara/Rengali Block of Sambalpur district, Bolangir block of Bolangir district and Jaganathprasad block of Ganjam district, the Government accorded administrative approval between November 2004 and August 2008 for construction of Minor Irrigation Projects (MIP) at Kadalijharan, Thapapali, Dianpathar and Andharianalla at a cost of ₹ 8.28 crore for completion within three years. The projects envisaged construction of head works and distribution system.

Test check of records of the Executive Engineers (EE), Minor Irrigation Divisions, Sambalpur, Bolangir and Ganjam-II between February 2009 and February 2011 revealed that the works were either stopped midway or remained incomplete due to non-acquisition of required land as discussed below. The delay ranged between one and three years.

Table 3.1 : Delay in acquisition of land for MIPs

Sl. No.	Name of the MIP/ District	Targeted irrigation potential (in Ha)	Total expenditure (₹ in lakh)	Present status of MIP
1.	Kadalijharan / Sambalpur	720	119.36	The construction of the headworks and the Left Main Canal from RD 00 to 2520 meter were awarded (December 2006/February 2009) to two contractors at a cost of ₹ 1.62 crore for completion by March 2008/August 2009. The headworks was completed (July 2008) at a cost of ₹ 1.16 crore. But the canal system was stopped midway (March 2009) after execution of work for ₹ 3.36 lakh due to non acquisition of 59.67 acre of private land and non alienation of 26.02 acre Government/forest land. No other works of distribution system were executed as of May 2011.
2.	Thapapali / Sambalpur	150	58.51	The construction of headworks taken up in December 2006 at a cost ₹1.14 crore with completion date on March 2008 was stopped (January 2010) after execution of works of ₹ 59.51 lakh due to non acquisition of 47.94 acre private land and non alienation of 22.96 acre Government land. Balance portion of headwork and the distribution system were not executed as of May 2011.

Sl. No.	Name of the MIP/ District	Targeted irrigation potential (in Ha)	Total expenditure (₹ in lakh)	Present status of MIP
3.	Dianpathar / Bolangir	300	72.32	The headworks and a portion (240 metre) of the head reach canal (3750 metre) was completed (March 2007/March 2008) with expenditure of ₹ 72.32 lakh. The balance portion of head reach canal and distribution system were not executed (July 2011) due to non acquisition of 32.26 acre private land and railway crossing at RD 1890m.
4.	Andharianella / Ganjam	216	92.69	The construction of headworks awarded (November 2008) to a contractor for ₹ 1.21 crore for completion by October 2009 remained incomplete (July 2011) with expenditure of ₹ 92.69 lakh due to non acquisition of 0.57 acre private land. The distribution system was not taken up as of July 2011.
	Total	1386	342.88	

Source: Results of examination of departmental records

Government stated (November 2011) that the projects sanctioned under NABARD assistance are required to be completed within three years. In order to complete the works within the prescribed period, the head works were taken up. However, the distribution systems could not be completed due to procedural delay in acquisition of land. Government further stated that there would have been cost escalation had the projects been taken up after possession of the land.

The reply is not acceptable since execution of works without acquisition of land by the department delayed the completion of the projects and part of projects were again awarded after three years and even by that time the land acquisition process was not complete. This resulted in blockage of funds with payment of interest on NABARD loan without yielding the desired benefit.

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

3.8 Blockage of funds on Water Supply systems

Non completion of the Urban Water Supply Systems due to Departmental lapses and default in execution by the contractors led to blockage of funds of ₹ 14.02 crore

The existing Water Supply Systems in Bhawanipatna and Binika towns in Kalahandi / Sonepur districts in the erstwhile Kalahandi-Bolangir-Koraput (KBK) region were supplying water much below the requirement as per the norm prescribed by Central Public Health and Environmental Engineering Organisation (CPHEEO). For augmenting the water supply system of these towns, Government accorded (November / December 2003) administrative approval for ₹ 12.05 crore to two works under Revised Long Term Action Plan (RLTAP) in KBK districts. The systems were targeted for completion by 2005/2006. The works comprised construction of intake wells, storage reservoirs, pump houses, water treatment plants, distribution systems and

external power supply besides arrangement for disposal of waste water. The Government provided (2003-11) funds amounting to ₹ 13.94 crore in a phased manner against which ₹ 14.02 crore was incurred as of March 2011. Project had not yet been completed and the status of execution as of March 2011 was indicated in table below.

Table 3.2 *Status of water supply projects Bhawanipatna and Binika as of March 2011*

Water supply scheme	Existing capacity	Capacity required as per CPHEEO norm	Month of administrative approval	Sanctioned cost (Rupees in crore)	Funds released (Rupees in crore)	Expenditure up to March 2011 (Rupees in crore)	Targeted date of completion	Status of completion
Bhawanipatna	3.7 MLD ¹⁶⁷	9.69 MLD	November 2003	9.55	10.29	10.29	2005	Intake well, WTP and laying of pipelines not completed.
Binika	0.45 MLD	1.07 MLD	December 2003	2.50	3.65	3.73	2006	Intake well, WTP and laying of pipelines not completed.
Total				12.05	13.94	14.02		

(Source: Examination of records of concerned PH Divisions)

Test check of records of the Executive Engineer (EE), Public Health Division, Bolangir disclosed (May 2011) that though the intake well, storage reservoirs and pump house of Binika and the underground reservoir and the pump house of Bhawanipatna water supply system were completed between 2003-04 and 2005-06, yet other components like intake well at Bhawanipatna, water treatment plants and laying of pipe line in distribution system of both the towns were in various stages of execution as indicated in table below.

Table 3.3: *Stages of completion of the works*

(₹ in lakh)

Sl. No.	Name of water supply scheme	Component	Cost of works	Profile	
				Expenditure	Status
1.	Bhawanipatna	Intake well	28.76	12.83	Abandoned in March 2008, balance work not taken up.
		Water Treatment Plant	185.20	175.05	Under progress.
		Purchase of pipes for laying pipelines	501.68	501.68	Not utilised. Laying of pipeline not taken up.
2.	Binika	Water Treatment Plant	86.14	79.71	Under progress.
		Purchase of pipes for laying pipelines.	196.37	196.37	Not utilised. Laying of pipeline not taken up.

Source : Results of examination of departmental records

It was also noticed that despite purchase of pipes at ₹ 6.98 crore during 2003-11, laying of the pipe line had not yet been commenced and the entire pipes

¹⁶⁷ Million litre per day

remained unutilised. Further examination revealed that 'Construction of intake well of Bhawanipatna Water Supply System' was awarded (March 2008) for ₹ 28.76 lakh for completion by August 2008. The contractor after execution of work for ₹12.22 lakh stopped (March 2008) further execution since hard rock was encountered at 11 metre and requested (March 2008) to finalise the rate for rock excavation as the agreement items did not provide sinking in rock. No decision was taken to finalise the rates for excavation of rock. The contractor abandoned the work and the contract was rescinded (July 2011) with penalty of ₹ 3.23 lakh which was not recovered as of October 2011. However, estimate for the balance of works prepared in November 2010 with provision of sinking in soft / hard rock was put up the Superintending Engineer for sanction only in August 2011 and has not been sanctioned as of October 2011. The EE also rescinded the contracts of two other works¹⁶⁸ with penalty but did not realise the differential cost involved in execution of balance works.

Thus, the Water Supply Systems taken up during 2005 / 2006 remained incomplete as of October 2011 due to poor planning, lack of monitoring and inadequate contract management by the EE. An expenditure of ₹ 14.02 crore incurred in the scheme was not put to use thereby depriving the people of getting adequate and safe drinking water. This resulted in blockage of funds.

Accepting the audit findings, Government stated (October 2011) that water supply schemes would be commissioned after completion of balance works.

FOREST AND ENVIRONMENT DEPARTMENT

3.9 Non-realisation of ₹ 7.29 crore towards Wildlife Management Plan Fund

Non-realisation of Wildlife Management Plan funds of ₹ 7.29 crore

In order to improve the quality of wildlife habitats in the mining leasehold forest areas, the Government of Odisha approved (December 2005) implementation of a comprehensive Wildlife Management Plan initially for the Bonai and Keonjhar Forest Divisions, which was latter extended (April 2008) to the whole of Odisha. The Plan was to be implemented over a period of ten years with the funds raised from the mining leaseholders at ₹ 20000 per hectare of the respective mining lease areas.

Test check of records of four Forest Divisions¹⁶⁹ (October 2009 to January 2011) revealed that the Government of India had approved (August 1995 to July 2010) diversion of forest land measuring 3925.862 hectare of mining lease areas in 18 cases. The project reports indicated existence of wildlife species in all the forest lands diverted for mining purpose. Accordingly, the lessees are required to deposit ₹ 7.85 crore (**Appendix-3.5**) towards the cost of implementation of Wildlife Management Plan. Only one lessee deposited

¹⁶⁸ (1) Construction of five lakh capacity ESR with 25 mtr staging at Hatapada of Bhawanipatna Water Supply Scheme, (2) Design, construction, testing, commissioning of 2.25 MLD Water Treatment Plant with 0.10 meter filtered water sump and ancillary structure of Binika Water Supply Scheme.

¹⁶⁹ Bargarh, Keonjhar, Rourkela and Sundergarh Division

₹ 0.56 crore against his dues of ₹ 2.87 crore. Neither had the DFOs raised the demand nor did the user agencies pay the amount which resulted in non-realisation of ₹ 7.29 crore from the lessees.

On this being pointed out in audit, the DFOs assured (October 2009 to January 2011) to raise the demands. Action in this regard is awaited (July 2011).

The matter has been reported to the Government (July 2011); their reply is awaited.

3.10 Non-realisation of Net Present Value

Non-realisation of Net Present Value (NPV) of ₹ 6.40 crore for diversion of forest land

Under the provisions of Forest (Conservation) Act, 1980 read with the orders (September 2003/September 2007) of Ministry of Environment and Forest (MoEF), forest land may be diverted for non-forestry purposes to the user agencies on realisation of Net Present Value (NPV) before final (Stage-II) approval was accorded by the MoEF.

Scrutiny of records between May 2009 and January 2011 in three Forest Divisions¹⁷⁰ revealed that the MoEF has accorded (May 1998 to August 2009) approval for 91.247 hectares of forest land in respect of three user agencies for which ₹ 6.40 crore (*Appendix-3.6*) NPV was due for realisation from them at revised rates for upto nine years. This was not realised as of August 2011 resulting in non-realisation of ₹ 6.40 crore.

On this being pointed out, the Divisional Forest Officer (DFO), Ghumsur South Division, Bhanjanagar raised (June 2011) the demand and in other cases DFOs had agreed to revise the demand for realisation of the NPV.

The matter was reported to the Government (June 2011); their reply is awaited.

SCHEDULED TRIBE AND SCHEDULED CASTE DEVELOPMENT DEPARTMENT

3.11 Non-adjustment of advances amounting to ₹ 6.56 crore by Integrated Tribal Development Agencies indicating lax cash management

Due to repeated non-observance of codal provisions and prescribed accounting procedure by the Project Administrators of five Integrated Tribal Development Agencies, advances for ₹ 6.56 crore remained outstanding for periods up to 15 years without adjustment or recovery / recoupment from those who had been given the advances.

As per Finance Department instructions (December 1986 / October 2004), advances paid for departmental or allied purposes to officials were to be adjusted within the month in which it was disbursed and in case any advance

¹⁷⁰ Ghumusar (South), Bolangir West and Rourkela Divisions.

given to an employee or an organisation remained unadjusted even after expiry of three months from the date of advance, the outstanding advance was to be recovered from the monthly pay bill of the concerned employee or from the dues payable to the organisation which had availed the advance. Interest was also to accrue on such outstanding advances from the fourth month, counted from the date of advance. The Head of the Office was to be held responsible for such unadjusted advances.

Scrutiny of cash books and advance registers (April 2010 to April 2011) of the Project Administrators (PAs) of five¹⁷¹ Integrated Tribal Development Agencies (ITDAs) revealed that advances of ₹ 6.56 crore paid during July 1975 to March 2011 remained outstanding against Government servants, contractors / suppliers and executing agencies as of 31 March 2011. The advances were paid for purchase of fuel, construction work, training of tribal youth, subsidy advanced to banks for bankable schemes and personal advances like travelling allowance advances etc.. The above included ₹ 48.14 lakh lying unadjusted against deceased persons (₹ 7.18 lakh), retired (₹ 0.12 lakh) and transferred Government servants (₹ 40.84 lakh).

The irregularities were also commented by the Accountant General (Civil Audit) in his earlier years' Inspection Reports¹⁷². Despite this, advances continued to remain unadjusted for long as of December 2011, the details of which were as under:

Table 3.4 : Outstanding advance position of five ITDAs as of 31 March 2011

(Rupees in lakh)

Sl. No	Name of the ITDA	Outstanding advance position as of 31 March 2011				Amount outstanding against		
		Prior to 1994-95	During 1995-2006	During 2006-11	Total as of 31 March 2011	Deceased persons	Retired Government servants	Transferred Government Servants
1	Thuamul Rampur	12.64	53.79	92.67	159.10	0.29 (8)	0	10.98 (3)
2	Koraput	10.64	46.63	50.63	107.90	0.01 (2)	0	17.97 (13)
3	Parlakhemundi	11.08	227.54	59.71	298.33	0.36 (3)	0.01 (1)	11.64 (13)
4	Gunupur	11.60	51.27	13.96	76.83	6.52 (4)	0.11 (1)	0.10 (1)
5	Kuchinda	2.02	0.36	12.00	14.38	0	0	0.15 (2)
TOTAL		47.98	379.59	228.97	656.54	7.18 (17)	0.12 (2)	40.84 (32)

Note : Figures in brackets represent number of officials

Source : Cashbook and related records of the ITDAs concerned

Test check of records of the ITDAs revealed that compared to the balance of advances included in cash analysis of cash book on 31 March 2011, the advances as per advance registers were more by ₹ 0.04 lakh in ITDA, Paralakhemundi to ₹ 3.85 lakh in ITDA, Gunupur. However, in the case of ITDA, Koraput, the ledger balances were less than the cash book balance by ₹ 18.05 lakh as of 31 March 2011. Other discrepancies noticed in management of advances in the ITDAs were as under:

¹⁷¹ Gunupur, Koraput, Kuchinda, Parlakhemundi and Thuamul Rampur

¹⁷² ITDAs (i) Th. Rampur : IR 5/2009-10 (Paragraph 5) – POM No. 19, dated 28 March 2009 for ₹ 1.23 crore, (ii) Koraput : IR-36/2004-05 (Paragraph-12/POM-39, dated 11 June 2004) for ₹ 38.93 lakh, (iii) Paralakhemundi : IR-192/2004-05 (Para 17/POM-26, dated 11 March 2005) for ₹ 84.53 lakh, (iv) ITDA, Gunupur : IR 26/2004-05 for ₹ 43.50 lakh, (Paragraph-16/POM – 30, dated 28 May 2004) for ₹ 43.50 lakh and (v) Kuchinda : IR 41/2001-02 (Paragraph – 8) for ₹ 9.60 lakh.

- In ITDA, Th Rampur, the closing balance as per the main cash book as on 31 March 2011 showed outstanding advances of ₹ 151.90 lakh against ₹ 159.10 lakh shown in the advance register;
- In ITDA, Paralakhemundi, the advance register was depicting negative advances of ₹ 10.52 lakh against three Block Development Officers of Gosani (₹ 3 lakh), R Udayagiri (₹ 5.87 lakh) and Mohana (₹ 1.65 lakh) and the items were shown pertaining to February 1996 to January 2002.

All this indicated lack of proper monitoring in settlement of advances which increased the risk of misappropriation or loss, if prompt adjustment was not made. The Project Administrators being the Drawing and Disbursing Officers (DDOs), failed to settle the advances promptly as per Finance Department's instructions (December 1986 / October 2004).

On this being pointed out, the Financial Advisor-cum-Joint Secretary of the Department stated (September 2011) that payment of advance and subsequent adjustment thereof was an unavoidable necessity for implementation of different activities / works departmentally or through line departments. However, the reply was silent about the reasons for non adjustment of advances for long.

3.12 Construction of hostels for Scheduled Tribe girl students without basic amenities and occupation of such incomplete buildings by those students

The Project Administrators of three ITDAs (Balliguda, Koraput and Thuamul Rampur) constructed 45 hostel buildings meant for Scheduled Tribe girl students at a cost of ₹ 3.43 crore without ensuring provision of mandatory basic amenities like toilet, water supply, sanitation and electricity connection. 14 buildings were not handed over and were lying unused upto three years while 31 such buildings (including six buildings not officially handed over) were housing 5866 boarders despite absence of such amenities.

For providing congenial study atmosphere to the Scheduled Tribe (ST) girl students and to encourage them to pursue their education career without dropping out, the State Government had been providing funds¹⁷³ to the Integrated Tribal Development Agencies (ITDAs) of the State since February 2007 for construction of hostel buildings inclusive of compound walls, toilets, kitchen, rooms for wardens and chowkidars besides rooms for students. The hostels were to be constructed at a place nearer to the educational institutions concerned and keeping in view the concentration of ST population. The

¹⁷³ Funds from Centrally sponsored Plan Scheme for construction of hostels for ST & SC girls and boys; Revised Long Term Action Plan (RLTAP) for the Kalahandi, Bolangir and Koraput (KBK) districts, Biju KBK scheme, grants received under Article 275(1) of the Constitution of India from Government of India through Government of Odisha and other non-plan schemes.

District Selection Committee was to select site for construction of hostels on the basis of these criteria.

The Commissioner-cum-Secretary of the Department instructed (October 2008) all the Collectors, Project Administrators (PAs), ITDAs and District Welfare Officers to ensure electricity connection and piped water supply to all toilets, bath-rooms, wash-basins and kitchen in these hostels, with the further stipulation that no piped water supply system was to be treated as complete just by sinking of a tube well and providing limited supply of water through a few stand posts near the hostels. The PA, ITDAs were to certify the adequacy of the piped water supply system before reporting completion of the projects.

Test check (March, April and June 2010) of construction case records of 45 hostels under three ITDAs at Thuamul Rampur, Koraput and Balliguda revealed that the hostel buildings were constructed both departmentally (11) and by private contractors (34). The district-wise and ITDA-wise position is indicated in the table below:

Table 3.5 : Districtwise and ITDA wise position of construction of hostels

Name of district	Name of ITDA	Number of hostels		Total expenditure (₹ in lakh)		Remarks
		Planned as of 2006-07	Constructed as of 2009-10	Estimated	Actual	
Kalahandi	Thuamul Rampur	10	10	95.00	93.53	Constructed by Contractor
Koraput	Koraput	12	12	52.75	51.51	Constructed departmentally
Kandhamal	Balliguda	23	23	198.50	198.37	Not available
Total		45	45	346.25	343.41	

Source: Information furnished by the ITDAs concerned

The detailed position regarding all the 45 hostels is given in *Appendix-3.7*.

Test check of records of three ITDAs (Thuamul Rampur, Koraput and Balliguda) and subsequent examination of records (June-December 2011) disclosed that:

- two ITDAs (Thuamul Rampur and Koraput) though completed construction of 20 hostel buildings¹⁷⁴ during August 2007 to May 2010 at a cost of ₹ 1.26 crore yet did not hand over 19 buildings constructed at ₹ 1.17 crore to the concerned school authorities as of September 2011 on the ground of non-provision of the basic amenities like toilets, piped water supply etc. as mentioned at Appendix 3.7.

¹⁷⁴ Dumerpadar, Bankapalasa, Gunupur, Lanjigarh, Madanpur, Pastikudi, Madhupur, P Badapadar, Tunupur, Kutrabeda, Langlabeda, Bijaghati, Bala, Kanti, P Badapada, Tusaba, Guneipoda, Umbel, Debagandha and Junagarh.

- We also noticed that 25 hostel buildings¹⁷⁵ constructed by ITDAs of Thuamul Rampur (two) and Balliguda (23), with an expenditure of ₹ 2.17 crore between April 2007 and November 2009, were handed over to the respective school authorities by the ITDAs and were also being used by 5206 boarders though these were lacking with basic amenities as indicated at above Appendix-3.7. Scrutiny, however, revealed that the estimates of all such building included provision for such amenities like water supply, sanitation and electrification etc.
- Check of estimates of these building works in Audit revealed that in 18 cases, amenities like water supply and sanitation formed part of the estimates and in two cases (Guneipada and Debagandha under ITDA, Koraput), such provision was not even provided in the estimates. Despite utilisation of 98 *per cent* of the estimated cost in these 20 cases including utilisation of full estimated cost in 13 cases, the intended amenities were not provided in the hostels, which were mainly due to (i) two to 29 months of delay in completion of hostels resulting in cost escalation and scope limitation, (ii) not indicating the stipulated date of completion in the contracts, (iii) delay in issue of work order (Madhupur, Gunpur, Dumerpadar and Bankapalas) etc. .
- In six cases¹⁷⁶ hostel buildings constructed at ₹ 0.39 crore though were not officially handed over as basic amenities were not provided, but were used by 660 boarders as stated to audit (September 2011) by the Headmasters of concerned schools.
- One hostel building (Pastikudi under ITDA, Thuamul Rampur) constructed at ₹ 9.50 crore, which was handed over to the school authorities in November 2010 was not put to use as the same was not provided with these basic amenities.
- Centralised data on hostel buildings not provided with basic amenities was not available with the SC&ST Department. This indicated that the Department had not properly monitored the construction of hostel buildings with required basic amenities in tribal areas of these districts.

Thus, construction of 45 hostel buildings without mandatory basic amenities with toilet, water supply and sanitation and/or electricity connection led to

¹⁷⁵ (i) ITDA, Th Rampur: Amapani, Jaipatna and (ii) ITDA, Balliguda : Rebingia, Bataguda Ashram School, Sudra High School, Kurtamagarh Sebashram, Belghar High School, Gumma High School, Kotgarh High School, Redhasing Sebashram, Kirtangia Sebashram, Gatamaha Sebashram, Salapajodi Sebashram, Kilabadi Sebashram, Daringibadi Girls High School, Daringibadi Boys High School, Kiramaha Sebashram, Budamaha Sebashram, Beredakia Sebashram, Gumdhani Sebashram, Raikia Girls High School, Mondakia High School, Katingia Sebashram, Mundagaon Sebashram, Rudangia Sebashram

¹⁷⁶ Lanjigarh, Madhupur and Junagarh under ITDA, Thuamul Rampur and Guneipada, Tushuba and Debagandha under ITDA, Koraput.

unfruitful expenditure of ₹ 87.22 lakh as 14 buildings could not be handed over and were lying unused upto three years as of September 2011 while 31 such hostel buildings constructed at a cost of ₹ 2.56 crore (including six buildings not officially handed over) were occupied by 5866 ST girl students without these basic amenities.

In reply, the PA, ITDA, Koraput stated (September 2011) that non-provision of basic amenities in hostels was not correct. The reply was not tenable as the Headmasters of the above schools confirmed (September 2011) to Audit about non-availability of kitchen, dining room and piped water supply system in the hostels. PA, ITDA, Thuamul Rampur stated (September 2011) that soon after completion of the civil works of the hostel buildings, amenities were provided from other scheme funds, which was, however, contradicted (September 2011) by the Headmasters of all the three¹⁷⁷ test checked schools (out of 25 schools).

The matter was referred (July 2011) to the Commissioner-cum-Secretary of the Department, but the reply has not been received (January 2012).

TOURISM AND CULTURE DEPARTMENT

3.13 *Blockage of scheme funds with executing agency*

Construction of building for the Biju Patnaik Sanskriti Bhavan at Berhampur could not be started even after seven years of laying of the foundation stone by the Chief Minister due to initial failure of the Director, Culture to inspect and survey the site properly leading to blockage of ₹ 1.35 crore. Similarly, expenditure of ₹ 78.62 lakh incurred by IDCO on construction of building for Kalamandal at Bhubaneswar was found to be wasteful as the land on which construction of building was carried out, did not actually belong to the Government, as revealed later.

3.13.1 *Construction of Biju Patnaik Sanskriti Bhavan remaining a non starter*

The Odisha Public Works Account Code provided for preparation of estimate on a realistic manner after proper field survey and inspection of the site.

The Culture Department decided (January 2004) to set up the Biju Patnaik Sanskriti Bhavan, a cultural centre at Berhampur and selected a patch of Government land measuring 1.253 acre on which the Chief Minister laid the foundation stone during January 2004. The Odisha Industrial Infrastructure Development Corporation (IDCO) was selected and entrusted (January 2008) the task of constructing the building by the Department. The Commissioner-cum-Secretary of the Department accorded administrative approval for the building for an estimated cost of ₹ 1.01 crore in February 2008 and released

¹⁷⁷ Amapani, Jaipatna and Junagarh under Th Rampur.

₹ 90 lakh¹⁷⁸ under State Plan to IDCO during February 2008 to November 2009. The Collector, Ganjam however, formally allotted the land in favour of the Culture Department only after 59 months of laying of the foundation stone (December 2008). The Department sanctioned (October 2010) additional funds of ₹ 45 lakh for the project which was however lying in the shape of bank draft with the Director of Culture (November 2011) after drawing the same from the treasury as IDCO had not spent the funds paid to it earlier. Drawal of money not required for immediate disbursement and in anticipation of future expenditure in violation of the provision of Odisha Budget Manual as well as the Odisha Treasury Code¹⁷⁹

Test check of records (June 2010) of Director of Culture revealed that it was only in December 2008 that a joint survey of the site undertaken by the departmental officials and the IDCO disclosed that the site was situated in a low lying area filled with municipal garbage and sewage water for which the soil strata had been disintegrated. IDCO, after consulting a geo-technical consultant, changed (December 2008) the structural design of the proposed building to provide deep isolated footings as a safety measure and revised the estimate to ₹ 1.98 crore. The Culture Department also approved (March 2009) the same. We however noticed in audit, that though IDCO had intimated (February 2010) to the Director of Culture that it had awarded the work to a contractor at a contract price of ₹ 1.93 crore, yet the work had not commenced. The Chief General Manager of IDCO, after visiting the site, observed (February 2010) that the building requires further change in design specification¹⁸⁰ and construction could be undertaken only after removing the garbage and filling the site with sand which would lead to cost overrun, he recommended alternatively for a change of site. The Director, Culture, however insisted (March 2010) that IDCO furnish another revised proposal with requirement of additional funds for construction of the building on the same site, so that the matter would be placed before the Government for a decision. The IDCO was yet to respond to the above (October 2011). Thus, the Director's failure to properly inspect and survey the site before selecting it during 2004, led to the construction of the Biju Patnaik Sanskriti Bhavan remaining a non starter for over seven years as of December 2011 and ₹ 1.35 crore remaining blocked with IDCO and the Director.

The Director stated (August 2011) that the matter was being brought to the notice of the Government for revision of the estimate and to expedite the construction of the building. The reply is not tenable since seven years have already been elapsed since the date of the foundation stone laid by the Chief Minister.

¹⁷⁸ 15 February 2008: ₹ 30 lakh, 19 January 2009 : ₹ 40 lakh and 12 November 2009 : ₹ 20 lakh

¹⁷⁹ Odisha Budget Manual (Rule 141) and Odisha Treasury Code Volume 1 (SR 242)

¹⁸⁰ Pile foundation with reinforced cement concrete floor slab as ground floor cannot rest on garbage which would increase the cost of the project

3.13.2 *Incomplete construction of Kalamandal building on a disputed land*

Orissa Delegation of Financial Powers¹⁸¹ required that construction of Government projects are to be undertaken on litigation free land.

The Government of India (GoI) introduced (June 1993) a scheme for setting up of a multi purpose cultural complex, viz. 'Kalamandal' under the auspices of the Odisha State Council of Culture (OSCC), an autonomous body under the Culture Department, on equal fund sharing basis by the GoI and the State Government to be released to the OSCC. The Odisha Industrial Infrastructure Development Corporation (IDCO) was selected and entrusted with execution of the project in December 2005.



Interrupted construction work of Kalamandal building on a disputed land at Bhubaneswar

During audit (August 2009) of the records of the Director of Culture, we noticed that the General Administration (GA) Department had alienated 9.63 acres of land at Bhubaneswar in favour of Culture Department in two phases¹⁸² during 2003-07 and given (February 2004 and August 2006) possession of the same to the OSCC for undertaking the work of the said Kalamandal project. The OSCC received ₹ 3.40 crore¹⁸³ from the GoI and State Government during 1996-2009 of which rupees one crore was paid (2003-07)¹⁸⁴ to IDCO for construction of the building at an administratively approved (December 2005) cost of ₹ 2.55 crore. Subsequently, the estimate was revised to ₹ 4.60 crore by inclusion of an additional component 'artisan village' with the approval (April 2007) of GoI. The IDCO awarded (July 2006) the work to a contractor and while the work was in progress, the local police authorities interrupted (13 November 2006) the work on the basis of Odisha High Court judgment (27 October 2005)¹⁸⁵ which held that the land in question was under the legal possession of one private person. The matter still remained sub-judice (November 2011).

However, as seen from the 'Bhulekh' land records web portal of Odisha¹⁸⁶ the record of right (RoR) of the earmarked land continued to be recorded in the name of Odisha Government and no change of ownership of the land had been effected in the RoR as of November 2011.

¹⁸¹ Foot note 7(viii) below Rule 13

¹⁸² February 2004 : 5 acres and August 2006 : 4.63 acres

¹⁸³ (i) **GoI share** : ₹ 2.30 crore (1996-97 : ₹ 25 lakh, 2003-04 : ₹ 75 lakh, 8 April 2008 : ₹ 1.30 crore), (ii) **State Government share**: ₹ 1.10 crore (30 December 2005 : ₹ 25 lakh and 18 January 2008 : ₹ 85 lakh)

¹⁸⁴ July 2003 : ₹ 50 lakh and October 2006 : ₹ 50 lakh

¹⁸⁵ in the case of WP (C) 8282 of 2004, the judgment of which was delivered on 27 October 2005.

¹⁸⁶ <http://bhulekh.ori.nic.in>

However, the work was stopped (November 2006) by which time an amount of ₹ 72.73 lakh had already been spent¹⁸⁷ on the project towards building and compound wall. Besides, IDCO had also spent ₹ 5.89 lakh on watch and ward of the incomplete project as of June 2011. Thus, lack of adequate and proper due diligence by the Culture Department in verifying the title of the land before commencement of the work led to a potential wasteful expenditure of ₹ 78.62 lakh.

The Director stated (August 2009) that the Department was not aware of proceedings of the civil suit in the Odisha High Court. He added that a civil appeal has been filed in the Supreme Court by the Government and the Supreme Court while granting (April 2009) leave viewed that the matter needs to be reconsidered by the High Court. Further action is awaited (November 2011).

The issues were demi-officially referred (July 2011) to the Principal Secretary to Government; reply has not been received (January 2012).

3.14 General

FINANCE DEPARTMENT

3.14.1 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.

Section 13 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 mandates the Comptroller and Auditor General of India (C&AG) to audit all expenditure incurred by the State Government. Section 18 of the said Act mandates the C&AG to inspect various offices of the State Government responsible for keeping of initial or subsidiary accounts. The Regulations on Audit and Accounts, 2007, issued by the C&AG under Section 23 of the Act, serve to operationalise the provisions of the Act in so far as the scope, extent and procedure of audit is concerned.

We conduct periodical inspection of Government departments and their field offices according to the procedure laid down in the Regulations on Audit and Accounts, 2007 (Chapters 13 and 14) to test check a few transactions on sample basis. During these inspections, we verify the quality and timeliness of maintenance of important accounting and other records as per prescribed rules and procedures and express opinion not only on the truthfulness and fairness of the accounts so maintained but also on the economy, efficiency and

¹⁸⁷ Compound wall : ₹ 43.99 lakh, Building ; ₹ 28.74 lakh

effectiveness aspects of the transactions connected with such accounts. These comments and opinions are incorporated through Inspection Reports (IRs) which are sent to the Heads of Offices and the next higher authorities.

Regulations 195 and 196 of Regulations of Audit and Accounts, 2007 require that each audited entity is to maintain proper record relating to receipt of IRs and progress of their settlement and may initiate action for settlement of audit observations with reference to the audit memos issued during audit without waiting for formal receipt of the IRs from the Audit Office. Regulation 197 requires that the officer in-charge of the audited entity is to send the reply to IR paragraphs to the respective Audit office *within four weeks* of its receipt. Even if it is not feasible to furnish the final replies to some of the observations in the IRs within the aforesaid time limit, the first reply was not to be delayed and an interim reply was to be given indicating the likely date by which the final reply would be furnished. In the case of an IR that relates to Public Works department, the reply is to be sent through the next higher authority along with the observations of that authority (Regulation 198). Thus, all defects and acts of omissions and commission are expected to be attended to promptly and compliance reported to the Accountant General (Civil Audit) / Accountant General (Commercial, Works and Receipt Audit) after taking due executive / administrative action to set right / remedy such defects / acts. We even send a half-yearly report of pending IRs to the Secretary of each department to facilitate monitoring of the audit observations / comments / opinions and their compliances by the departments.

A review of the IRs issued upto March 2011 pertaining to 3854 offices of 35 departments showed that 37869 paragraphs relating to 12623 IRs were outstanding at the end of June 2011. Of these, 3833 IRs containing 9499 paragraphs had not been settled for more than 10 years (**Appendix-3.8**). Even the first reply from the Heads of Offices which was to be furnished within four weeks was not received in respect of 2047 IRs issued up to March 2011. Year-wise position of the outstanding IRs and paragraphs are detailed in **Appendix-3.9**. *The five major defaulters were Panchayati Raj, Health and Family Welfare, Women and Child Development, Water Resources and School and Mass Education departments.*

Serious irregularities commented upon in these IRs had not been settled as of June 2011 like non compliance with rules and regulations, improper expenditure and expenditure without justification, persistent / pervasive irregularities and failure of oversight / governance. The details are in **Appendix-3.10**. *We observed that many of these serious irregularities as brought out in Audit did not receive proper attention of Government.*

Apart from the above standing mechanism, Triangular Committee (TC) meetings, consisting of representatives of the administrative departments, the office of the Accountant General (Civil Audit) / (Commercial, Works and Revenue Audit) and Financial Advisors of the respective Departments are also being held for speedy settlement of the outstanding IRs and paragraphs after detailed deliberation and verification of records in support of the actions taken

to address the audit observations. Accordingly, 106 TC meetings were held during 2010-11 at different district headquarters in which a total of 648 IRs and 3525 paragraphs relating to 704 offices of 15 departments could be settled. However, we observed that this mechanism could have instead slowed down the standing mechanism prescribed for sending replies to Audit which was four weeks from the date of receipt of such IR. *There were incidences of offices not even furnishing the first reply to an audit paragraph / observation in the regular course within prescribed four weeks but waiting until the sitting of a Triangular Committee meeting for furnishing a reply.* This practice is not very fruitful for settling audit paragraphs / observations as Audit would require some reasonable time to cross-check and verify the contentions contained in the replies furnished by the office with the evidence collected by Audit during the audit process, as also fresh examination of some more records and documents, if necessary, before reaching a final conclusion about the merit of the audit paragraph/observation *vis-à-vis* the reply furnished by the department / office. It is difficult for Audit to take such a decision on the spot in the TC meeting, as it could then be error-prone and risky. Such a practice is also not conducive to maintaining the sanctity and seriousness of the audit process as a significant part of the overall accountability structure. This mechanism is therefore, not effective in its present format. These facts were also reiterated (23 December 1978 and 20 March 1987) by Finance Department.

There is therefore a need to impress upon the Heads of Offices and Departments that a Triangular Committee (TC) meeting could be held only when at least the first reply to such audit observations / comments has been received, which can then be verified by Audit before discussing the same in the TC meeting.

Following course of action is recommended:

- a) The first priority for the offices inspected should be to furnish replies to Audit on the spot failing which, within the stipulated period of four weeks from the date of receipt of IRs.
- b) Audit observations / comments should be discussed in the meeting of officers at the district office / Heads of Department (Directorate) and Secretariat level for taking corrective action and action so taken intimated to Audit.
- c) For TC meeting to be fruitful and effective, the Heads of Office Heads of the Departments / Secretaries should be impressed to furnish at least the first reply to the audit observations / comments contained in the IRs indicating corrective action taken before the actual sitting of such meetings.

- d) Recovery of advances and outstanding dues brought out by Audit may be effected as soon as possible, as prolonged delay may make the possibility of such recovery remote.

3.14.2 Follow up action on earlier Audit Reports

Serious irregularities noticed in audit are included in the Audit Reports of the Comptroller and Auditor General of India (C&AG) 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. Regulations on Audit and Accounts 2007 issued by the Comptroller and Auditor General of India outlines (Regulation 212) the manner in which the Departments should furnish replies to the Public Accounts Committee (PAC). The explanatory notes of the Departmental Secretaries to such Audit Report paragraphs / Performance Audits should carry the approval of the Secretary and state:

- 1) whether a written reply on the draft audit paragraph was sent to the Accountant General (Audit) and if not, the reasons for not doing so;
- 2) the action taken to fix responsibility on the individual(s) responsible for the loss, failure, infructuous expenditure, etc; and the likely time frame within which such action is expected to be completed;
- 3) the current status of recovery of any amount due to Government as pointed out in the audit paragraph;
- 4) the action taken or proposed to be taken on the suggestions and recommendations made in the audit paragraph;
- 5) the result of review of similar other cases, and the action taken;
- 6) the remedial action taken or proposed to be taken to avoid occurrence of similar cases in future, to streamline the systems and to remove system deficiencies, if any.

In the Apex Committee meeting (5 May 2011), the Chief Secretary instructed that Action Taken Notes on outstanding PAC Recommendations and compliance on audit paragraphs of C&AG Report were to be submitted within two months.

However, it was noticed that in respect of Audit Reports from the year 1997-98 to 2009-10 as indicated below (Table-3.6), 17 out of 38 departments, which were commented upon, did not submit explanatory notes on paragraphs and reviews as of September 2011.

Table 3.6: 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 (September 2011)	
		Individual paragraphs	Reviews/Performance Audits	Others	Individual paragraphs	Reviews
1997-98	97	58	6	33	1	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	-	-
2006-07	65	36	6	23	6	2
2007-08	59	29	6	24	12	4
2008-09	66	32	6	28	26	3
2009-10	53	21	5	27	21	5
Total	888	472	77	339	74	25

Source : As per records of the AG(Civil Audit) and AG(CW&RA)

The above pendency position persisted despite the same being demi-officially intimated (September 2011) to the Chief Secretary by the Accountant General (Civil Audit), Odisha. It was informed to him that in many cases, the replies furnished by the Department to the PAC on the C&AG's paragraphs / performance audits had not even been seen and approved by the Departmental Secretaries. Only the replies of the Heads of the Departments had been enclosed as compliances. In many cases, the replies / compliances are submitted a day before the PAC meeting is scheduled or in the meeting itself. This resulted in not only we being unable to examine such replies / compliances further for information of the PAC, but also indicated the callous attitude adopted by the Departments to the legislative procedures prescribed in the Constitution and Rules of Procedure and Conduct of Business in the Odisha Legislative Assembly.

The 74 individual transaction audit paragraphs on which compliance has not been submitted to the Odisha Legislative Assembly can be categorised under (i) non-compliance with rules and regulations (24), (ii) audit against propriety / expenditure without justification (22), (iii) persistent / pervasive irregularities (8) and failure of oversight and governance (20). The department-wise analysis as in the *Appendix-3.11* shows that the departments largely responsible for non-submission of explanatory notes were departments of Water Resources, Health and Family Welfare, Works, Panchayati Raj, Forest & Environment, followed by Fisheries & Animal Resources, School & Mass Education etc.

3.14.2.1 *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 departments in the form of Action Taken Notes (ATNs). The Odisha Legislative Assembly (OLA) Secretariat issued (May 1966) instructions to all departments of the State Government to submit ATNs on serious suggestions, observations and recommendations made by 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 to four months instead of six months by OLA (April 2005)¹⁸⁸. In Chief Secretaries meeting (May 2011), this time limit has been further reduced to two months.

However, out of 1353 recommendations (*Appendix-3.12*) 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 185 recommendations were awaited (September 2011). The departments largely responsible for non-submission of ATNs were Water Resources, Rural Development, Health & Family Welfare, Law, General Administration followed by Revenue and Disaster Management and other departments.

3.14.2.2 *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 Secretaries to monitor the follow up action on Audit Reports, PAC recommendations and Inspection Reports and 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, 22 departments¹⁸⁹ did not send any proceedings whatsoever for the year 2010-11.

¹⁸⁸ Rule 213-B(1) of Rules of procedure and Conduct of Business in the Odisha Legislative Assembly

¹⁸⁹ **Name of the Departments :** Commerce, Energy, Forest and Environment, Health and Family Welfare, Higher Education, Industries, Information Technology, Law, Odisha Legislative Assembly, Parliamentary Affairs, Planning and Coordination, Public Enterprises, Public Grievance and Pension Administration, Revenue and Disaster Management, Sports and Youth Services, SC and ST Development, Science and Technology, Transport, Tourism and Culture, Water Resources, Works, Women and Child Development.

Review Committee

A Review Committee had been formed (December 1992) comprising Principal Secretary, Finance Department, Accountant General (Civil Audit), Accountant General (Commercial, Works & Receipt Audit) and concerned Departmental Secretaries to review the progress as well as the adequacy of action taken on C&AG's Audit Reports and recommendations of PAC in order to facilitate the examination of such Reports/Recommendations by the State PAC.

The Review Committee meeting chaired by the Chief Secretary was convened last on 6 January 2009. It was decided in the meeting that all the Administrative Departments should reconcile the position of pendency with the Accountants General, Odisha on the Action Taken Notes, compliance to paragraphs of C&AG's Audit Reports (Civil) and Revenue Receipts and list of excess expenditure pending for regularisation for different years and take follow up action within the prescribed time frame by holding DMCs. However, as indicated earlier, 22 out of 38 departments of the State Government did not hold any DMC.

Apex Committee

An Apex committee comprising 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 was to (i) review the functioning of the DMC, and to ensure timely submission of compliance to Accountants General,

Odisha 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 (May 2011) where all Departmental Secretaries were present reviewed the position of holding of DMC meetings during 2010-11 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 should be submitted within two months.
- All the departments to attend to the draft paragraphs immediately on receipt of the same from the office of 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 Audit Reports relating to earlier years and 185 ATNs on PAC recommendations (10th to 13th Assembly) were pending with the departments as indicated in the *Appendix-3.11 and 3.12* (November 2011).

Bhubaneswar
The

(Amar Patnaik)
Accountant General (Civil Audit)
Odisha

Countersigned

New Delhi
The

(Vinod Rai)
Comptroller and Auditor General of India

Appendices

Appendix-2.1.1
(Refer paragraph 2.1.1 at page 17)

Statement showing land allotted to 53 promoters of MOU based industries as of March 2011

Sl. No	Name of promoter	Type of the Projects	Location of the project	Date of signing of MoU	Land allotted (in acre)		
					Government	Private	Total
1	2	3	4	5	6	7	8
1	M/s Shyam DRI Power Limited	Integrated Steel Plant	Pandoloi, Rengali, Sambalpur	09.02.2004	17.00	166.320	183.320
2	M/s Aryan Ispat & power (P) Limited	Integrated Steel Plant	Bomlai, Rengali, Sambalpur	27.11.2004	65.780	104.350	170.130
3	M/s Rathi Udyog Limited	Integrated Steel Plant	Potapally-Sikridi, Sambalpur	04.05.2005	160.540	0	160.540
4	M/s Viraj Steel & Energy Limited	Integrated Steel Plant	Gurupali, Pandaloi, Sambalpur	04.05.2005	82.330	2.580	84.910
5	M/s Bhusan Power & Steel Limited	Integrated Steel Plant	Lapanga, Sambalpur	15.05.2002	883.330	694.480	1577.810
6	Aditya Aluminium (Hindalco) Limited	Aluminium	Rengali, Sambalpur	Not available	722.860	1255.460	1978.320
	Total : Sambalpur				1931.84	2223.19	4155.03
7	M/s SPS Steel & Power Limited	Integrated Steel Plant	Badmal Growth Centre, Jharsuguda	26.08.2004	57.810	96.270	154.080
8	M/s MSP Metalicks (P) Limited	Integrated Steel Plant	Marakuta, Jharsuguda	27.11.2004	35.200	97.520	132.720
9	M/s Action Ispat & Power (P) Limited	Integrated Steel Plant	Pandiripathar & Marakuta, Jharsuguda	27.11.2004	42.450	303.450	345.900
10	M/s Konark Ispat Limited	Integrated Steel Plant	Hirma, Jharsuguda	04.05.2005	9.740	82.900	92.640
11	M/s Eastern Steels & Power Limited	Integrated Steel Plant	Lahandabud, Jharsuguda	3.11.2005	0	63.100	63.100
12	SMC Power Generation Limited	Electricity	Hirma, Jharsuguda	26.12.03	175.720	47.380	223.100
13	Vedanta Aluminium Limited	Aluminium	Burkhamunda, Jharsuguda	Not available-	512.620	1319.200	1831.820
14	Sterlite Energy Limited	Electricity	Banjari, Jharsuguda	Not available-	33.780	409.690	443.470
	Total : Jharsuguda				867.32	2419.51	3286.83

Sl. No	Name of promoter	Type of the Projects	Location of the project	Date of signing of MoU	Land allotted (in acre)		
					Government	Private	Total
1	2	3	4	5	6	7	8
15	M/s OCL Iron & Steel Limited	Integrated Steel Plant	Rajgangpur, Sundargarh	27.11.2004	0	12.650	12.650
16	Adhunik Metaliks Limited	Industry	Chadrihariharpur, Sundergarh	01.10.2003	3.040	88.870	91.910
Total : Sundergarh					3.04	101.52	104.56
17	M/s Maithan Ispat Limited	Integrated Steel Plant	Kalinganagar Industrial Complex, Duburi	27.11.2004	123.630	1.370	125.00
18	M/s TATA Steel Limited	Integrated Steel Plant	Kalinganagar Industrial Complex, Duburi, Jajpur	17.11.2004	540.426	2499.972	3040.398
19	M/s Jindal Stainless Limited	Integrated Steel Plant	Duburi, Jajpur	09.06.2005	575.030	800.500	1375.530
20	M/s Brahamani River Pellet Limited	Pelletation Plant	Tonto, Nalda in Keonjhar & Duburi in Jajpur	15.03.2007	32.940	57.060	90.00
21	OCL India Limited (Cement)	Cement	Byree, Amiyajhan, Darpan, Jajpur	Not available-	183.770	0	183.770
22	Uttam Galva Steels Limited	Steel	Duburi, Danagadi, Jajpur	Not available-	177.870	192.130	370.00
23	Visa Steel Limited	Steel	Duburi, Danagadi, Jajpur	26.12.2003	89.280	435.720	525.00
Total : Jajpur					1722.946	3986.752	5709.698
24	M/s Patnaik Steel & Alloys Limited	Integrated Steel Plant	Purunapani, Joda, Keonjhar	04.05.2005	55.110	0	55.110
25	M/s Beekay Steel & Power Limited	Integrated Steel Plant	Uliburu, Barbil, Keonjhar	04.05.2005	17.650	0	17.650
26	M/s Brand Alloys Limited	Integrated Steel Plant	Palaspanga, Keonjhar	3.11.2005	6.560	17.060	23.620
27	M/s Uttam Galva Steels Limited	Integrated Steel Plant	Bistapal, Keonjhar	13.10.2006	27.810	0	27.810
28	M/s Crackers India (Alloys) Limited	Integrated Steel Plant	Gobardhanpur, Keonjhar	22.12.2006.	16.540	0	16.540
29	M/s Brahamani River Pellet Limited	Pelletation Plant	Tonto, Nalda in Keonjhar	15.03.07	16.965	102.413	119.378

Sl. No	Name of promoter	Type of the Projects	Location of the project	Date of signing of MoU	Land allotted (in acre)		
					Government	Private	Total
1	2	3	4	5	6	7	8
30	ESSAR Steel Limited	Steel	Basantpur & Kalimati, Barbil, Keonjhar	-	0	33.330	33.330
31	M/s Jindal Steel & Power Limited	Integrated Steel Plant	Deojhar, Keonjhar	3.11.2005	43.430	180.980	224.410
Total : Keonjhar					184.065	333.783	517.848
32	M/s BRG Iron & Steel Co. (P) Limited	Integrated Steel Plant	Khurunti, Dhenkanal	04.05.2005	25.390	0	25.390
33	M/s Bhushan Steel Limited	Integrated Steel Plant	Meramundali, Dhenkanal	3.11.2005	345.700	1184.820	1530.520
34	M/s MGM Steels Limited	Integrated Steel Plant	Nimidiha, Motagaon, Dhenkanal	22.12.2006	16.830	46.030	62.860
35	Narbehram Power & Steel Limited	Integrated Steel Plant	Gunduchipada, Dhenkanal	01.10.2003	200.890	0	200.890
36	GMR Energy Limited	Electricity	Kamalanga, Dhenkanal	Not available-	58.800	861.225	920.025
37	M/s Rungta Mines Limited	Integrated Steel Plant	Jharaband, Dhenkanal	3.11.2005	59.990	540.710	600.700
Total : Dhenkanal					707.6	2632.785	3340.385
38	M/s ESSAR Steel Odisha Limited	Integrated Steel Plant	Paradeep, Jagatsinghpur	21.04.2005	102.980	0	102.980
39	M/s POSCO India (P) Limited	Integrated Steel Plant	Paradeep, Jagatsinghpur	22.06.2005	568.910	0	568.910
40	IOCL	Refiniary	Paradeep, Jagatsinghpur	Not available-	475.050	2876.600	3351.650
Total : Jagatsinghpur					1146.94	2876.6	4023.54
41	M/s Jindal Steel & Power Limited	Integrated Steel Plant	Angul	3.11.2005	958.360	2780.235	3738.595
42	Bhusan Energy Limited	Electricity	Banrpal, Angul	Not available-	8.400	91.600	100.00
43	Jindal India & Thermal Power Limited	Electricity	Derang, Angul	Not available-	252.600	793.370	1045.970
44	Monet Power co Limited	Electricity	Malibrahmani, Chhendipada, Angul	Not available-	214.460	0	214.460
Total : Angul					1433.82	3665.205	5099.025

Sl. No	Name of promoter	Type of the Projects	Location of the project	Date of signing of MoU	Land allotted (in acre)		
					Government	Private	Total
1	2	3	4	5	6	7	8
45	M/s Arati Steel Limited	Integrated Steel Plant	Ghantikhal, Athagada, Cuttack	01.10.2003	630.980	111.180	742.160
46	Toshali Cements Pvt. Limited	Cement	Indranipatna, Cuttaack	Not available-	33.500	0	33.500
47	TATA Power Limited	Electricity	Naraj, Cuttack	Not available-	62.670	0	62.670
48	Visa Power Limited	Electricity	Bramhanbasta, Cuttack	Not available-	159.960	0	159.960
Total : Cuttack					887.11	111.18	998.29
49	TISCO	Steel	Gopalpur, Ganjam	28.08.1995	540.00	2981.714	3521.714
50	Vedanta Aluminium Limited	Aluminium	Lanjigarh, Kalahandi	Not available-	448.980	1601.960	2050.940
51	Aditya Alumina Limited	Alumina	Kansanguda, Koraput	Not available-	113.610	320.110	433.720
52	Aditya Alumina Limited	Alumina	Kashipur, Rayagada	Not available-	47.560	904.110	951.670
53	Sahara India Power corporation, Limited	Electricity	Jamjor, Bolangir	Not available-	47.770	0	47.770
Grand Total					10082.601	24158.419	34241.02

(Source : Steel and Mines Department)

Appendix-2.1.2
(Refer paragraph 2.1.1.2 at page 18)

Statement showing power given to different authorities to sanction settlement of government land

Sl.No.	In whose favour	Officer exercising powers	In rural area	In urban area excluding Bhubaneswar, Rourkela, Sunabeda
1	In favour of educational charitable, religious, cultural, philanthropic, literary, social and financial institutions.	Collector	Not exceeding one acre	Nil
		Revenue Divisional Commissioner	Exceeding one acre but not exceeding five acres	Not exceeding one acre
		Member, Board of Revenue	Exceeding five acres but not exceeding 10 acres	Exceeding one acre but not exceeding five acres.
1A	In favour of Government Departments	Collector	Not exceeding five acres.	Not exceeding one acre.
		Revenue Divisional Commissioner	Exceeding five acres but not exceeding 10 acres	Exceeding one acre but not exceeding five acres.
		Member, Board of Revenue	Exceeding ten acres but not exceeding 50 acres	Exceeding five acres but not exceeding 10 acres.
2	In favour of local authorities, statutory bodies, and corporations established under any law for the time being in force	Collector	Not exceeding one acre.	Not exceeding one acre.
		Revenue Divisional Commissioner	Exceeding one acre but not exceeding five acres.	Exceeding one acre but not exceeding five acres.
		Member, Board of Revenue	Exceeding five acres but not exceeding 10 acres.	Exceeding five acres but not exceeding 10 acres.
3	In favour of Small and Medium Industries.	Collector	Not exceeding five acres on the recommendation of the District Industries Centre.	Not exceeding one acre on the recommendation of the District Industries Centre.
		Revenue Divisional Commissioner	Exceeding five acres but not exceeding 10 acres on the recommendation of the District Industries Centre.	Not exceeding one acre but not exceeding five acres on the recommendation of the District Industries Centre.
4	In favour of Odisha Industrial Infrastructure Development Corporation (IDCO) for industrial purposes.	Collector	Any extent subject to availability and suitability.	Any extent subject to availability and suitability.
5	Any other purpose	Government	Full power	Full power

(Source : OGLS Rules 1983)

Appendix-2.1.3
(Refer paragraph 2.1.2.3 at page 22)
Statement showing different quantity of land assessed by IPICOL
for same capacity of industry

(Area in acre)

Sl No.	Name of Steel plant/industry	Capacity proposed to be created as per MOU	Land applied	Land assessed by IPICOL	Land allotted	Scale as per MN Dastur's report
1	Maheswari Ispat (P) Limited, Khuntuni Athagada Cuttack	0.25	30.1	180	Not allotted	No scale
2	BRG Iron and Steel co (P) Limited, Khurunti, Dhenkanal	0.25	206.3	157	25.390	No scale
3	Action Ispat Limited, Pandari Pathar, Jharsuguda	0.25	370	370	345.90	No scale
4	Konark Ispat Limited, Jharsuguda	0.25	139.18	185	92.640	No scale
5	OCL Iron and Steel Limited, Lamloi, Rajgangapur, Sundergarh	0.25	212.28	212	12.650	No scale
6	Atha Mines private Limited, Asanabani, Odapada, Dhenkanal	0.25	0	120	Not allotted	No scale
7	MGM Steels limited, Nimidha, Dhenkanal	0.25	108.370	116	62.860	No scale
8	Eastern Steel and Power Limited, Lahundabud, Jharsuguda	0.25	200	140	63.100	No scale
9	Deepak Steel & Power, Topadhi, Barbil, Keonjhar	0.25	65.780	100	Not allotted	No scale
10	Crackers India (Alloys) Limited, Gobardhanpur, Keonjhar	0.25	150	150	16.54	No scale
11	Shyam DRI, Rengali, Sambalpur	0.27	378	378	183.320	No scale
12	Maithan, Ispat Limited, Duburi, Danagadi, Jajpur	0.27	200	200	125	No scale
13	Brand Alloys limited Palasapanga, Keonjhar	0.27	150	150	23.620	No scale
14	Aryan Ispat, Bomaloi, Rengali, Sambalpur	0.3	210	210	170.13	No scale
15	Rathi Steel and Power Limited, Rengali, Sambalpur	0.3	250	250	160.54	No scale
16	Viraj Steel and Energy Limited, Pandoloi, Rengali, Sambalpur	0.3	350	350	84.91	No scale
17	Jain Steel and Power Limited, Dhorulaga, Jharsuguda	0.3	212	200	Not allotted	No scale

(Source : Steel and Mines Department)

Appendix-2.1.4
(Refer paragraph 2.1.3.1 at page 25)

Statement showing purposes defined at Section 3(f) of LA Act 1894 for which acquisition of land can be made for ‘Public Purpose’

- Village sites, or the extension, planned development or improvement of existing village sites;
- town or rural planning;
- planned development of land from public funds in pursuance of any scheme or policy of Government and subsequent disposal thereof in whole or in part by lease, assignment or outright sale with the object of securing further development as planned;
- a Corporation owned or controlled by the State;
- residential purposes to the poor or landless or to persons residing in areas affected by natural calamities, or to persons displaced or affected by reason of implementation of any scheme undertaken by Government, any local authority or a corporation owned or controlled by the State;
- carrying out any educational, housing, health or slum clearance scheme sponsored by Government or by any authority established by Government for carrying out any such scheme, or with the prior approval of the appropriate Government by a local authority, or a society registered under Society Registration Act 1860 (21 of 1860) or under any corresponding law for the time being in force in a State or a cooperative society within the meaning of any law relating to cooperative societies for the time being in force in any State;
- any other scheme of development sponsored by Government or with the prior approval of the appropriate Government, by local authority and
- any premises or building for locating a public office; but does not include acquisition of land for companies.

(Source : LA Act 1894)

Appendix-2.1.5

(Refer paragraph 2.1.3.1 at page 25)

Statement showing promoter wise LA cases test checked in Audit where in prescribed criteria for 'public purpose' was not complied and no part of the cost of compensation was paid out of public revenue

<i>Sl. No</i>	<i>Name of promoter</i>	<i>Number of LA cases</i>	<i>Area in acre</i>	<i>LA cost (Rupees in crore)</i>
1	Bhusan Power and Steel Limited in Sambalpur	5	670.05	18.72
2	Aryan Ispat in Sambalpur	1	104.35	4.02
3	Shyam DRI, Sambalpur	1	127.59	13.91
4	Viraj Steel and Energy Limited in Sambalpur	1	2.58	0.10
5	Aditya Aluminium Limited in Sambalpur	11	2048.15	97.74
6	Vedanta Aluminium Limited in Kalahandi	36	939.24	9.62
7	POSCO (India) Limited in Jagatsinghpur	7	437.86	11.85
8	ESSAR Steel Jagatsinghur	3	1268.06	186.01
9	IFFCO in Jagatsinghpur	2	545.67	101.41
10	Deepak Fertilisers & Petro Chemicals Corporation Limited in Jagatsinghpur	2	14.41	1.58
11	Titanium Dioxide Products Limited in Ganjam	1	173.224	4.42
12	TISCO in Ganjam	4	59.604	1.98
13	Dhamara Port Company Limited, Bhadrak	102	2094	59.93
	Total	176	8484.788	511.29

(Source: Records of concerned test checked LAOs)

Appendix-2.1.6

(Refer paragraph 2.1.3.3 at page 28)

Statement showing details of LAO wise / project wise delay in finalisation of LA cases

Sl No.	Name of LAO	Name of projects/promoter	No. of LA Cases	Minimum time taken		Maximum time taken	
				Year	Month	Year	Month
1	LAO Sambalpur	Bhusan Power and Steel Limited	2	3	5	3	8
		Aryan Ispat and Power (P) Limited	1	3	1	3	1
		Shyam DRI Power Limited	1	3	5	3	5
		Viraj Steel & Energy Limited	1	2	9	2	9
		Government projects	3	3	9	6	1
2	Special LAO Sambalpur	Aditya Aluminium	8	2	0	6	2
3	LAO Kalahandi	Vedanta Aluminium Limited	35	1	11	4	0
		Government projects	45	1	3	6	0
4	LA & RO Ret Irrigation Project, Kusumkhunti, Kalahandi	Government projects	27	2	7	6	2
5	LAO Jagatsinghpur	Government projects	3	1	8	2	3
6	Special LAO Major Industrial projects, Jagatsinghpur	ESSAR Steel	1	4	11	4	11
		IFFCO	1	3	6	3	6
		Deepak Fertiliser	2	2	9	2	9
7	LAO Ganjam	Titanium Dioxide Project	3	1	6	1	8
		Government projects	33	1	8	3	2
8	Special LAO TISCO	TISCO	4	1	9	3	7
9	LAO Bhadrak	Government Projects	78	1	8	3	10
10	Special LAO Dhamara Port Project Bhadrak	Dhamara Port Company limited	102	2	3	9	4
11	LAO Puri	Government projects	24	0	11	6	7
12	Special LAO Vedanta, Puri	Anil Agarwal Foundation	15	1	2	3	0
	Total		389				

(Source : LA case records of test checked LA offices)

Appendix-2.1.7
(Refer paragraph 2.1.4.2 at page 35)
Statement showing details of under assessment of additional compensation

(Amount in rupees)

Sl. No.	LA case No./village/Acre	Name of RO and for whom acquired	Date of publication of notice u/s 4(i)	Date of Award for compensation	Value of land, trees & structure awarded	Amount of additional compensation at the rate of 12 percent per annum on value of land				Consequential short realisation of establishment charges at the rate of 10 per cent of (col. 11) less award	Total short realisation (col. 10+11) from Requisitioning Officer
						Awarded	Due as per provision	Short calculation	Less award		
						Period	Period	Period	Amount		
1	2	3	4	5	6	7	8	9	10	11	12
	Bhusan Power and Steel limited (BPSL)										
1	16/1-1/06/ Bomaloi/ Ac.61.38	IDCO for BPSL	27.07.06	30.09.08	15118590	12 months	26 months 4 days	14 months 4 days	2136257	213626	2349883
2	16/1-3/06/ Thelkoloi/ Ac.2.24	IDCO for BPSL	19.07.06	18.12.07	2572959	12 months	18 months 6 days	6 months 6 days	159523	15952	175475
	Total BPSL								2295780	229578	
	Shyam DRI Power Limited										
3	16/1-2/07/ Nishanbhanga/ Ac.127.59	IDCO for Shyam DRI Power Limited	04.09.07	30.04.09	82125503	12 months	19 months 26 days	7 months 26 days	6446852	644685	7091537
	TISCO										
4	38/07 Basanaputi/ 4.190	IDCO for establishment of industries at Gopalpur by TISCO	04.09.07	08.01.10	1559480	12 months	28 months 4 days	16 months 4 days	251567	25157	276724
5	41/07 Mansurkota/ 3.737	-do-	04.09.07	29.04.09	861541	12 months	19 months 25 days	7 months 25 days	67389	6739	74128
6	40/07 Chamakhandi/ 51.502	-do-	10.09.07	02.07.09	10221384	12 months	22 months 22 days	10 months 22 days	1096070	109608	1205678
	Total TISCO								1415026	141504	
	IDCO in Jagatsinghpur										

1	2	3	4	5	6	7	8	9	10	11	12
7	01/07/ Rangiagarh/ 125.57	IDCO for industries	21.11.07	05.05.10	123645916	12 months	29 months 14 days	17 months 14 days	21588948	2158895	23747843
8	Siju/ 300.40	IDCO for Industries	12.12.07	17.03.10	285380000	12 months	27 months 5 days	15 months 5 days	43276165	4327617	47603782
9	12/07 Katakula/ 16.02	IDCO for industries	26.06.08	20.11.09	17622000	12 months	16 months 24 days	4 months 24 days	843918	84392	928310
Total IDCO in Jagatsinghpur									65709031	6570904	
10	Kaudia/ 138.45	IDCO for IFCO	09.02.08	11.11.09	67688300	12 months	21 months 2 days	9 months 2 days	6136486	613649	6750135
POSCO (India) Limited											
11	04/05/ Pulanga/ 53.35	IDCO for POSCO (India) Limited	22.11.06	18.02.10	11100000	12 months	38 months 26 days	26 months 26 days	2980883	298088	3278971
12	06/05 /Govindapur/ 73.24	IDCO for POSCO (India) Limited	25.11.06	18.02.10	16051520	12 months	38 months 23 days	26 months 23 days	4310604	431060	4741664
Total POSCO (India) Limited									7291487	729148	
Anil Agarwal Foundation											
13	1/07/ Goindol/ 82.79	Anil Agarwal Foundation	31.05.07	05.08.09	7347350	12 months	26 months 4 days	14 months 4 days	1038181	103818	1141999
14	05/07/ Goindol/ 36.11	-do-	06.10.07	05.08.09	2850140	12 months	21 months 29 days	9 month 29 days	283589	28359	311948
15	16/06/ Thorba/ 230.81	-do-	08.01.07	28.02.08	8990228	12 months	13 months 20 days	1 month 20 days	149238	14924	164162
16	17/06/ Alatunga/ 374.54	-do-	06.01.07	30.12.09	24335170	12 months	35 months 24 days	23 months 24 days	5789337	578934	6368271
17	18/06/ Alanga/ 527.21	-do-	08.01.07	25.03.08	29389765	12 months	14 months 17 days	2 months 17 days	752378	75238	827616
18	24/06/ Kantasila/ 353.07	-do-	08.01.07	04.02.08	30942340	12 months	12 months 26 days	26 days	263010	26301	289311
Total Anil Agarwal Foundation									8275733	827574	
Total	2562.199				737802186				97570395	9757042	107327437

(Source : LA case records of test checked LA offices)

Appendix-2.1.8
(Refer paragraph 2.1.5.2 at page 39)

Statement showing details of short assessment of market value of land leased to Anil Agrawal Foundation for establishment of Vedanta University

Sl No.	Lease Case Number / village / area in acre	Sanction order Number/ date	Date of recommendation by Tahasildar	Amount realised on the basis of assessment made by Tahasildar				Basis of assessment	Assessment of market value on the basis of highest of sales statistics, Bench Mark Valuation and rate fixed by the Govt in case of acquisition of private land for same company and same village prior to date of recommendation by Tahasildar for sanction of lease for similar kism of land.				Short assessment of lease premium {Column (13) – col (8)}
				Kisam	Area in acre	Rate per acre	Premium realised		RSD/ BMV/ LA Case	RSD No./ LA case No. of DSR	RSD date/ Date of fixation MV i.e. publication of notification u/s 4(1) of LA Act	Rate per acre	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	52/06/ Beladala/ 2.23	5058/ 05.02.09	31.03.08	Patita	2.23	500000	1115000	RSD	6051	13.12.05	1000000	2230000	1115000
2	61/06/ Beladala/ 4.01	32334/ 14.08.07	30.07.07	Sarad III	2.71	400000	1084000	RSD	5221	08.12.06	1600000	4336000	3252000
3	62/06/ Beladala/ 7.80	32304/ 14.08.07	01.08.07	Sarad-III	7.18	400000	2872000	RSD	5221	08.12.06	1600000	11488000	8616000
4	16/07/ Beladala/ 0.57	2736/ 27.01.09	31.03.08	Patita	0.57	500000	285000	RSD	6051	13.12.05	1000000	570000	285000
5	53/06/ Beladala/ 6.43	5054/ 05.02.09	31.03.08	Patita	6.43	500000	3215000	RSD	6051	13.12.05	1000000	6430000	3215000
6	58/06/ Beladala/ 3.90	5070/ 05.02.09	22.02.08	Patita	3.90	500000	1950000	RSD	6051	13.12.05	1000000	3900000	1950000
7	55/06/ Beladala/ 0.42	23197/ 26.05.08	03.08.07	Basti Jogya	0.42	400000	168000	RSD	461 (Gharabari)	03.02.06	1000000	420000	252000
8	60/06/ Beladala/ 8.09	32349/ 14.08.07	30.07.07	Patita	0.05	500000	25000	RSD	6051	13.12.05	1000000	50000	25000
	-do-	-do-	-do-	Sarad-III	8.04	500000	4020000	RSD	5221	08.12.06	1600000	12864000	8844000
9	51/06/ Beladala/	2720/	24.01.08	Patita	22.38	500000	11190000	RSD	6051	13.12.05	1000000	22380000	11190000

1	2	3	4	5	6	7	8	9	10	11	12	13	14
	22.38	27.01.09											
10	59/06/ Beladala/ 5.99	32344/ 14.08.07	10.09.07	Sarad-III	2.91	500000	1455000	RSD	5221	08.12.06	1600000	4656000	3201000
11	27/06/ Alanga/ 5.07	23482/ 27.05.08	05.11.07	Patita	5.07	50000	286500	RSDof adjoin- ing village Samang ara	2381	29.05.06	450000	2281500	1995000
12	82/06/ Bhimpur/ 49.44	32289/ 14.08.07	22.06.07	Patita	49.44	304000	15029760	LA case	03/06	11.01.07	1100000	55335720	40305960
13	101/06 Bhimpur/ 5.22	23225/ 26.05.08	14.12.07	Patita	5.22	400000	2088000	LA case	03/06	11.01.07	1100000	5742000	3654000
14	14/06 Bhimpur/ 3.30	4311/ 30.01.09	24.01.08	Patita	3.30	400000	1320000	LA case	03/06	11.01.07	1100000	3630000	2310000
15	03/07/ Kantasila/ 12.49	39302/ 03.10.07	31.10.07	Patita	12.49	100000	1249000	BMV	2947	07.07.07	200000	2498000	1249000
16	34/06/ Phanafana/ 12.49	4303/ 30.01.09	27.07.07	Patita	12.49	25000	312250	LA case	09/06	05.01.07	44000	549560	237310
17	94/06/ Sirihana/ 0.72	23205/ 26.05.08	01.11.07	Patita	0.72	30000	21600	LA case	12/06	05.01.07	44000	31680	10080
18	22/06/ Chhaitana/ 4.28	32294/ 14.08.07	30.07.07	Patita	4.28	300000	1284000	BMV	2947	07.07.07	500000	2140000	856000
19	113/06/ Ura/ 7.67	39297/ 03.10.07	28.07.07	Patita	7.67	50000	383500	BMV	2947	07.07.07	150000	1150500	767000
20	41/06/ Ura/ 123.85	32299/ 14.08.07	28.07.07	Patita	69.50	50000	3475000	BMV	2947	07.07.07	150000	10425000	6950000
	-do-	-do-	-do-	Sarad-II	14.10	50000	705000	RSD	2535	05.06.06	200000	2820000	2115000
Total	283.35				241.1		53533610					155927960	102394350

(Source : Lease case records of Puri Tahasil)

Appendix-2.1.9

(Refer paragraph 2.1.5.3 at page 39)

Statement showing loss of revenue due to non raising of demand of incidental charges under schedule III of Rule 12 of OGLS Rules 1983
(In Rupees)

Sl No.	Name of audit unit	Village/Tahasil	Lease case Number	Area in acre	Sanction order Number /date	Name of lessee	Purpose	Market value of leased land	Incidental charges due at 10 per cent of lease premium
1	Collector Kalahandi	Dharmagarh	2/08	0.36	1309/02.07.10	Secretary, RMC Junagarh	Establishment of market complex	1306800	130680
2	Collector, Ganjam	Panditgaon/ Khalikote	2/06	8.40	558/19.05.10	Secretary Kesharpur College, Kesharpur	Construction of college building, play ground etc.	6445824	644582
3	Collector, Ganjam	Jaganathpali/ Purusotampur	2/08	6.00	562/20.05.10	Odisha Power Transmission Corporation Limited	Establishment of 132/33 KV Grid Sub Station	3498000	349800
4	Collector, Ganjam	Gokhalakuda/ Ganjam	2/09	23.45	1710/19.07.10	General Manager IDCO	Establishment of Marine Bio Technology Park	2345000	234500
5	Tahasildar Chatrapur	Jagannathpur/ Chatrapur	02/07	8.45	751/28.03.11	General Manager IDCO	Establishment of SEZ by TATA Steel	11147857	1114786
6	Tahasildar, Chatrapur	Chamakhandi	07/07	4.42	748/28.03.11	-do-	-do-	8030596	803060
7	Collector, Bhadrak	Basudevpur	39/05	0.13	06/04.01.2011	Regulated Market Committee Bhadrak	Construction of Market Complex	780000	78000
8	Tahasildar Bramhagiri	Bankijal/ Bramhagiri	01/08	5.00	30763/R/03.08.10	MD Swasti Vacations Club Pvt Limited	Establishment of Hotel(Tourist resort)	2400000	240000
	Total			56.21				35954077	3595408

(Source : Lease case records of test checked Tahasils)

Appendix-2.1.10
(Refer paragraph 2.1.5.3 at page 40)
Statement showing details of non/short realisation of revenue

(In Rupees)

Lease case No-48/2007/village-Thelkoloji / Tahasil-Rengali/ Area in acre-82.84/ Sanction order No-454/ date-01.03.08				Lease case no.49/07/ Village-Dhubenchhapal/ Tahasil-Rengali/ Area in acre-58.42/Sanction order No. 457 dated 01.03.08			Lease case no.50/07/ Village-Khadiapali/ Tahasil- Rengali/area in acre- 4.92/sanction order No.460 dated-01.03.08			Total short realisation (4+7+10)
Type of due	Levied (on IPR rate of ₹ 2 lakh per acre)	Due (Premium on IPR rate, GR,Cess and Incidental charges on market value of ₹ 11.00 Lakh per acre)	Short realisation (3-2)	Levied (on IPR rate of ₹ 2.00 lakh per acre)	Due (Premium on IPR rate, GR,Cess and Incidental charges on market value of ₹2.00 Lakh per acre)	Short realisation (6-5)	Levied (on IPR rate of ₹ 2.00 lakh per acre)	Due (Premium on IPR rate, GR,Cess and Incidental charges on market value of ₹ 2.00 Lakh per acre)	Short realisation (9-8)	
1	2	3	4	5	6	7	8	9	10	11
Premium	16568000	16568000	0	11684000	11684000	0	984000	984000	0	0
Forest Growth	9481496	9481496	0	3054357	3054357	0	8235	8235	0	0
Interest on premium and forest growth	0	12503758	12503758	0	7074411	7074411	0	476273	476273	20054442
GR 2004-05 to 2007-08 @ 1 percent of market value of land	662720	3644960	2982240	467360	467360	0	39360	39360	0	2982240
Cess @ 75 percent of GR	497040	2733720	2236680	350520	350520	0	29520	29520	0	2236680
Interest on GR and Cess from 2004-05 to 2007- 08	0	7654416	7654416	0	245364	245364	0	20664	20664	7920444
Incidental charges @ 10 percent of market value of land	0	9112400	9112400	0	1168400	1168400	0	98400	98400	10379200
Interst on Incidental charges from 2004-05 to 2007-08	0	4373952	4373952	0	560832	560832	0	47232	47232	4982016
Total	27209256	66072702	38863446	15556237	24605244	9049007	1061115	1703684	642569	48555022

N.B. Total non levy of interest ₹ 3.30 crore (₹ 2.01crore + ₹ 79.20 lakh + ₹ 49.82 lakh), short levy of Ground rent & cess ₹ 52.19 lakh (₹ 29.82 lakh + cess ₹ 22.37 lakh)

(Source : Lease case records of Rengali Tahasil)

Appendix-2.1.11
(Refer paragraph 2.1.5.4 at page 41)

Statement showing details of non finalisation of lease cases despite handing over of advance possession

Sl. No.	Name of applicant	Lease case No.	Village/Tehsil/District	Area in acre	Value of land (in Rupees)	Source of valuation of land	Date of handing over of advance possession	Purpose	Period of occupation as of 31 March 2011
1	Station Engineer, Doordarshan Kendra, Bhawanipatna	06/07	Naktiguda/Kalahandi	2.50	3900000	Rate fixed by RDC (SD) for Urban area for the year 2007-08 to 2009-10	12.05.88	Establishment of office and construction of staff quarters of Doordarshan colony	23 years
2	Indian Oil Corporation Limited Paradip	26/98	Kansaripatia/Kujang/Jagatsinghpur	5.88	1176000	Under IPR 2007	29.09.00	Establishment of IOCL	More than 10 years
		16/98	Kaduapalikandha/Kujang/Jagatsinghpur	6.97	1394000	-do-	-do-	-do-	-do-
		21/98	Kerudiakandha/Kujang/Jagatsinghpur	57.55	11510000	-do-	-do-	-do-	-do-
		14/98	Nimidihi/ Kujang/Jagatsinghpur	3.50	700000	-do-	-do-	-do-	-do-
		29/98	Badarakandha/Kujang/Jagatsinghpur	0.55	110000	-do-	-do-	-do-	-do-
3	Assistant Defence Estate Officer, Bhubaneswar	13/78	Golabandha/Berhampur/ Ganjam	495.94	60141867	Assessment made by Tahasildar (05.02.86) on the basis of sales statistics	08.06.76 to 24.08.76	Air Defence & Guided Missile School, Gopalpur	27 to 45 years
			Kaadarapali	105.98			29.06.74 to 18.09.82		
			Hatipada	250.00			24.08.1966		
			Bikrampur	0.95			17.04.79		
			Baxipali	176.16			24.08.66 to 15.02.84		
Total				1105.98	78931867				

(Source : Lease case records of test ckced Tahasils)

Appendix-2.1.12

(Refer paragraph 2.1.6.2 at page 43)

Statement showing details of non utilisation of leased land

(In Rupees)

Sl No.	Lease case No.	Name of lessee and purpose of sanction	Name of Village/ Tehsil	Sanction order Number./ date	Date of handing over of possession	Area unutilised (in acre)	Land value	Present status
1	01/06	M/s Roots Corporation Limited Mumbai for establishment of Ginger Hotel	Nuasandha-kuda/ Kujang	1505/21.06.06	13.8.07	1.00	1500000	Lying unutilised without any mark of boundary
Total						1.00	1500000	
02	6/04	GM, IDCO for Aditya Aluminium Private Limited for Establishment of Industry by M/s Aditya Aluminium Limited under IPR rate	Katarbaga/ Rengali	1458/01.06.06	10.09.07	14.20	37560000	Project not started. Constructed project office building over an area about 0.60 acre. Levelling and earth work is in progress.
03	8/04		Ludhapali/ Rengali	1464/01.06.06	19.08.06	17.68		
04	11/04		Derba/ Rengali	1461/01.06.06	19.08.06	6.32		
05	14/04		Derba/ Rengali	956/04.04.06	03.06.06	17.50		
06	17/04		Lapanga/ Rengali	2226/29.08.06	21.11.06	79.41		
07	18/04		Bomaloi/ Rengali	2986/09.12.06	24.01.06	158.62		
08	19/04		Bomaloi/ Rengali	1982/07.07.06	20.09.06	6.04		
09	21/04		Khadiapali/ Rengali	1980/07.07.06	20.09.06	6.91		
10	23/04		Khadiapali/ Rengali	2809/30.10.06	07.03.07	11.39		
11	30/04		Dhoropani// Rengali	2272/29.08.06	21.11.06	6.29		
12	10/04		Ludhapali/ Rengali	2269/29.08.06	21.11.06	6.25		
13	15/04		Lapanga/ Rengali	960/04.04.06	03.06.06	44.99		
Total						375.6		
14	07/95	IDCO for Establishment of steel plant by TISCO	Jagannathpur/ Chatrapur	5838/23.12.96	31.01.97	68.938	37560000	Lying unutilised.
15	21/95		-do-	2259/21.04.96	31.05.96	10.20		
16	09/95		Chamakhandi / Chatrapur	5825/23.12.96	31.01.97	56.598		
17	06/95		Sindhigaon/Chatrapur	5815/23.12.96	31.01.97	144.699		
18	13/95		Basanaputi/ Chatrapur	5820/23.12.96	31.01.97	33.550		
19	10/95		Laxmipur/ Chatrapur	5847/23.12.96	31.01.97	37.705		
20	683/95		Mansurkota/ Berhampur	5856/31.12.96	31.12.96	117.411		

(In Rupees)

Sl No.	Lease case No.	Name of lessee and purpose of sanction	Name of Village/ Tehsil	Sanction order Number./ date	Date of handing over of possession	Area unutilised (in acre)	Land value	Present status
21	677/95		Badapur/ Berhampur	5795/ 23.12.96	31.12.96	78.958		
Total						548.059	42348162	
22	02/03	IDCO for establishment of Industry	Sipasarubali/ Bramhagiri	4507/ 11.11.03	20.02.06	159.61		Lying unutilised.
23	03/03			28.04.06	--	37.68		
24	03/06			26.02.07	--	21.03		
Total						218.32	5466000	
Grand total						1142.979	86874162	

(Source : Lease case records of test checked Tahasils)

Appendix-2.1.13
(Refer paragraph 2.1.6.4 at page 44)

Statement showing details of unauthorised occupation of Government land in test checked Tahasils

Sl. No.	Name of occupier	Lease case Number	Village/Tehsil/District	Area in acre	Value of land (in Rupees)	Source of valuation of land	Date from which the land was under unauthorised occupation	Period of unauthorised occupation	Remarks
1	Kalahandi District Atheletic Association	4/95	Bhabanipatna Nazul/ Kalahandi	7.780	39265660	Rate fixed by RDC (SD) for Urban area for the year 2007-08 to 09-10	Prior to 27.09.97	More than 13 years	Spot visit memorandum of Tahasildar dated 27.09.97.
2	Odisha State Housing Board, Bhubaneswar	11/85	Paramanandapur/ Kalahandi	2.979	9115740	-do-	Prior to 97	More than 14 years	Spot visit memorandum of tahasildar dated 05.03.03 & OSHB letter no. 2966 dated 12.02.97
3	Secretary, Damodar Mahila College, Bhutamundai	18/92	Bhutamundai/Kujang/ Jagatsinghpur	12.00	6061692	Assessment made by Tahasildar (11.07.03) on the basis of sales statistics	Prior to 24.01.01	More than 10 years	Note sheet dated 24.01.01
4	Secretary Khetramohan Science College, Narendrapur	13/86	Narendrapur/ Chatrapur/ Ganjam	0.980	3881780	Assessment made by Tahasildar (18.04.07) on the basis of sales statistics	Prior to 18.10.03	More than 7 years	Spot visit memorandum of Tahasildar dated 18.10.03 and status report dated 07.06.11
5	Secretary Panchayat high School, Narayanpur, Ganjam	2/05	Narayanpur/ Berhampur/ Ganjam	1.050	2289000	As per Bench mark valuation	Prior to 17.03.08	More than three years	Spot visit memorandum of Tahasildar dated 17.03.08

Sl. No.	Name of occupier	Lease case Number	Village/Tehsil/District	Area in acre	Value of land (in Rupees)	Source of valuation of land	Date from which the land was under unauthorised occupation	Period of unauthorised occupation	Remarks
6	M/s TISCO	11/09	Mansurkota/ Berhampur/ Ganjam	11.553	6069715	Assessment made by Tahasildar (22.03.11) on the basis of sales statistics	Prior to 12.12.08	More than 2 years	Spot visit memorandum of Tahasildar dated 12.12.08
7	-do-	05/10	-do-	19.635	10315836	Assessment made by Tahasildar (26.03.11) on the basis of sales statistics	Prior to 06.09.10	More than six months	Note sheet dated 06.09.10
8	Secretary, Yuga Jyoti High School	09/08	Gurunthi/ Berhampur/ Ganjam	3.00	330000	Assessment made by Tahasildar (26.08.08) on the basis of sales statistics	Prior to 07.08.08	More than two years	RI report dated 07.08.08 and Tahasildar report dated 08.08.08
9	Principal Science College, Kukudakhandi	88/99	Kukudakhandi/ Berhampur/ Ganjam	0.635	95391	Assessment made by Tahasildar (13.07.02) on the basis of sales statistics	1983	28 years	RI report dated 31.01.02
	Total			59.612	77424814				

(Source : Lease case records of test chcked Tahasils)

Appendix-2.2.1
(Refer paragraph 2.2.1 at page 49)
Statement showing increasing trend of extremist attacks in the State
during 2004-2010

Sl No.	Particulars	2004	2005	2006	2007	2008	2009	2010	2011(up to March)	Total
1	Total number of incidences of extremists attack	24	37	43	52	59	149	130	26	409
2	Loss / damage (in numbers)									
	(a) Loss of life	09	21	28	22	109	81	87	25	286
	i) Police personnel	05	01	04	02	74	33	22	2	123
	ii) Civilians	04	14	04	13	24	28	53	3	99
	iii) Extremists	00	06	20	07	11	20	12	20	64
	Damage to buildings	01	01	00	00	05	30	22	1	43
	i) Police stations	01	00	00	00	03	02	3	-	06
	ii) Outposts	00	01	00	00	02	08	1	1	11
	Loss									
	i) Arms	467	13	31	01	1079	26	1-DBBL	-	1617
	ii) Ammunitions	25185	400	2324	00	100000	702	-	1	128611
	iii) Vehicles	03	00	00	01	01	17 (including 7 MCs)	4 (including 1 MC)	-	22
3	Total numbers of extremists arrested	86	181	52	121	117	223	214	39	1033

(Source: Information furnished by the DGP, Odisha)

Appendix-2.2.2

(Refer paragraph 2.2.1.2 at page 50)

Statement showing roles and responsibilities of different officers for implementation of the scheme ‘Modernisation of Police Forces’

Authorities/positions	Duties and responsibilities
State Level Empowered Committee (SLEC)	It was the apex decision making body formulating policies, giving direction, designing strategies and overall monitoring of the implementation of the scheme. It was headed by the Chief Secretary of the State and comprised five other members. It approved the Annual Action Plan (AAP) of the scheme and sent it to the MHA for final approval.
Director General and Inspector General (DGP)	DGP acted as the nodal agent of the scheme who prepared the Perspective Plans (PPs) and consequent AAPs for final approval by MHA. He also allocated funds for different components of the scheme with the approval of SLEC. He was responsible for the overall implementation or execution of the scheme in the State.
Principal Secretary/ Commissioner-cum-Secretary, Home Department	He was a member of SLEC and exercised sole authority for the overall implementation, monitoring and supervision of the scheme activities at the State Government level. He sanctioned funds for overall implementation of the scheme under different components.
Special Secretary (modernisation), Home Department	He acted as liaisoning officer between the state government and the DGP . He assisted the Principal Secretary/Commissioner-cum-Secretary in the overall implementation of the scheme.
IG (modernisation)	He was in charge of implementation of MPF scheme in the office of the DGP. He worked under DGP and was the sole authority for overall implementation, monitoring and supervision of the scheme activities in the State, viz, preparation of budget requirement, finalisation of AAPs for approval of the MHA, purchase of weapons, equipments, procurement of vehicles etc. and distribution thereof. He also reviewed housing activities with OSPHWC.
Chairman-cum-Managing Director, Odisha State Police Housing & Welfare Corporation	He worked as the head of the government undertaking OSPHWC, which looked after the construction of civil works and received funds for the same directly from MHA. Sometimes MHA also placed MPF funds directly with it for purchase of weapons/equipments in consultation with the DGP
Commandant General (Home Guards)	Heads the home-guards organisation of the State, which relieved the police from some of their routine police works, imparted training to home-guards and purchased equipment for them.
Director, State Forensic	Responsible for analysis of samples and exhibits

Authorities/positions	Duties and responsibilities
Science Laboratory (SFSL)	collected from the crime spots, recommended for purchase of different equipment for the laboratory for up-gradation of SFSL, handwriting bureau etc. and timely submission of the analytical reports to courts of law.
Director, State Crime Record Bureau (SCRB)	Responsible for implementation of police communication systems like POLNET, CIPA, CCTNS etc. in the State and data transmission between different police establishments of the State.
IG, Criminal Investigation Department (CID) (Crime Branch)	Nodal agency to monitor the investigation of important and complicated cases. For this, he purchased advanced equipments for investigation and supervised the work of fingerprint bureau and photo bureau.
Director, Biju Patnaik State Police Academy (BPSPA)	Imparts training to police personnel of the State, both for basic training and training of advanced weapons etc.
Principal, Police Training College (PTC), Angul	Imparting training to police personnel (except constables) of the State, both basic training and for use of advanced weapons etc.
SP, Special Intelligence Wing (SIW); Special Operation Group (SOG);	Both the groups are headed by an IG of police for tackling naxalite problems and also internal security of the State. For this the weapons, equipment etc. were being purchased out of modernisation scheme funds by him.
SP (Signal)	Responsible for implementation and monitoring of communication facility among all the police offices through UHF, VHF, VSAT and MARTs etc.
SP, Police Motor Transport (PMT),	Responsible for purchase of all categories of vehicles for the State police and distributing the same amongst all police offices with the approval of DGP .
SP (Security)	Responsible for the security of the high dignitaries and the internal security and anti extremists operations. For this, he procured different security equipments, weapons etc. for bomb disposal squad, anti sabotage squad etc. and distributed the same to all police offices in the State.
SPs of districts	They are responsible for maintenance of law and order situation inside the police district and works as coordinator between the police stations under his charge and the DGP in implementation of modernisation work
Commandants of OSAP Battalions	They are in charge of the armed police battalions who help the SsP of police in maintaining law and order in the districts and implementation of the modernisation scheme

(Source: Information furnished by the DGP, Odisha)

Appendix-2.2.3
(Refer paragraph 2.2.2.1 at page 53)

(a) Statement showing year wise allocation of funds, expenditure and unspent balance

(Rupees in crore)

Plan year	Approved plan	GOI share	GOI share	State share	State share	Total funds available	Total Expenditure up to 31 March 2011	Unspent balance as on 31 March 2011
		due	released	due	released			
1	2	3	4	5	6	7	8	9
2004-05	60.99	36.60	27.66	24.39	18.44	46.10	46.10	0.00
2005-06	55.89	41.92	34.38	13.97	11.76	46.14	46.14	0.00
2006-07	50.71	38.00	38.00	12.71	12.67	50.67	49.58	1.09
2007-08	61.37	46.03	45.80	15.34	15.34	61.14	60.44	0.70
2008-09	53.26	41.95	41.95	11.31	11.31	53.26	52.71	0.55
2009-10	79.69*	65.27	51.86	14.42	13.22	65.08	60.75	4.33
2010-11	90.92	76.42	54.24	14.50	8.43	62.67	58.94	3.73
TOTAL	452.83	346.19	293.89	106.64	91.17	385.06	374.66	10.40

* This includes ₹ 22 crore approved by the GoI as 100 per cent grants-in-aid and ₹ 4.65 crore received after 31 March 2010.

(Source: Information furnished by the DGP, Odisha, Cuttack)

(b) Statement showing the component wise allocation and expenditure during 2004-05 to 2010-11

(Rupees in lakh)

Sl. No	Component	Allocation during 2004-05 to 2010-11	Expenditure during 2004-05 to 2010-11	Balance
1	Arms	3814.49	3750.11	64.38
2	Equipments	1984.34	1536.28	448.06
3	Mobility	5466.11	5455.73	10.38
4	Communication	1769.63	1745.43	24.20
5	Training equipment	268.27	262.73	5.54
6	Computer	484.66	470.39	14.27
7	Traffic Control	114.25	99.77	14.48
8	Up gradation of State CID	219.90	150.90	69.00
9	Security/ Intelligence equipment	2210.27	1944.96	265.31
10	Up gradation of State Forensic Science Laboratory	72.18	61.33	10.85
11	Finger Print Bureau	214.95	192.75	22.20
12	Hand Writing Bureau	59.00	7.00	52.00
13	Photo Bureau	11.12	5.45	5.67
14	POLNET	114.80	114.80	0.00
15	Non-Residential Building	16351.90	16351.90	0.00
16	Residential Building	4816.65	4816.65	0.00
17	Home Guards	490.23	461.42	28.81
18	AHTU	45.48	39.23	6.25
	Total	38508.23*	37466.83	1041.40

*A sum of ₹ 22 crore and ₹ 4.65 crore were received after 31 March 2010 towards construction works.

Appendix-2.2.4

(Refer paragraph 2.2.4.1 at page 62)

Statement showing requirement vis-à-vis availability of weapons in the State and in district armouries

Sl. No.	Name of the weapon	Requirement as per BPRD norm	Availability in the State as on 31.03.2011	Cost (Rupees in crore)	Shortage in number	Number lying idle in provincial store, Cuttack as on 31.03.2011	Cost (Rupees in crore)	Number lying idle at district armouries of the State as on 31.03.2011	Cost (Rupees in crore)
	Modern Weapons								
01.	7.62 mm Rifle/5.56 INSAS Rifle	28573	6216	21.9	22357	758	2.87	5458	19.03
02.	AK Rifle	15734	5440	11.23	10294	4536	9.36	904	1.87
03.	9mm Pistol/Revolver	4309	2707	4.81	1602	33	0.06	2674	4.75
04.	Tear Gas Gun	1743	328	0.43	1415	0	0	328	0.43
05.	Very Light Pistol	1162	324	0.04	838	0	0	324	0.04
06.	7.62/5.56 LMG	1743	75	0.69	1668	36	0.33	39	0.36
07.	Carbine Sten	2154	578	1.60	1576	30	0.08	548	1.52
08.	UBGL	581	209	1.17	372	203	1.13	06	0.04
09.	51 mm Mortar	581	0	0	581	0	0	0	0
10.	Sniper Rifle	581	0	0	581	0	0	0	0
	TOTAL	57161	15877	41.87	41284	5596	13.83	10281	28.04
	Other old weapons available		23531	8.11		4998	0.97	18533	7.14
	GRAND TOTAL		39408	49.98		10594	14.80	28814	35.18

(Source: BPRD norm and weapon availability furnished by the DGP)

Appendix-2.2.5

(Refer paragraph 2.2.4.1 at page 62)

Statement showing requirement vis-à-vis availability of weapons in the eight test checked districts

Sl No	Name of the modern weapon	Requirement as per BPRD norm	Available in test checked districts as on 31 March 2011	Cost (Rupees in lakh)	Shortfall in number	Shortfall in percentage w.r.t. requirement)
1	7.62 mm Rifle/5.56 INSAS Rifle	3940	1493	515.81	2447	62
2	AK Rifle	1294	275	56.77	1019	79
3	9mm Pistol/Revolver	626	805	142.91	(-) 179	--
4	Tear Gas Gun	384	19	2.50	365	95
5	Very Light Pistol	256	63	0.76	193	75
6	7.62/5.56 LMG	282	3	2.75	279	99
7	Carbine Sten	311	136	37.66	175	56
8	UBGL	128	2	1.12	126	98
	Total	7221	2796	760.28	4425	64
	Other old weapons	4676	4676	193.28		
	Grand Total	11897	7472	953.56		

(Source: BPRD norm, Weapon availability furnished by the DGP and concerned SPs of test checked districts)

Appendix-2.2.6

(Refer paragraph 2.2.6.1 at page 66)

Statement showing requirement, purchase and shortage of vehicles from year to year during 2004-11

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Requirement as on the beginning of the year as per BPRD norm (A)	5448	5447	5447	5460	5716	6374	6464
Additional requirement for new PSs/OPs during the year (B)	(-)1	0	13	256	658	90	9
Condemned during the year (C)	34	29	13	16	11	243	273
Gross requirement at the end of the year (D =A +B+C)	5481	5476	5473	5732	6385	6707	6746
Available as on the beginning of the year (E)	2791	3160	3440	3487	4200	4620	4869
Net requirement as at the end of the year(F =D-E)	2690	2316	2033	2245	2185	2087	1877
Purchased during 2004-11 (G)	403	359	60	729	431	492	589
Net shortage of vehicles at the end of the year (F-G)	2287	1957	1973	1516	1754	1595	1288

(Source: Data furnished by SP. Police Motor Transport, Cuttack)

Appendix-2.2.7

(Refer paragraph 2.2.7.3 at page 70)

Statement showing year wise details of projects undertaken by the Odisha State Police Housing and Welfare Corporation during 2004-11 under MPF scheme

Year	Total number of works for which AA was accorded	Total number of works for which funds were provided		Number of works handed over			Number of works completed but not handed over			Number of works in progress			Number of works not started		
		Numbers	Estimated Cost (Rupees in crores)	Numbers	Estimated Cost (Rupees in crores)	Expenditure incurred (Rupees in crores)	Numbers	Estimated Cost (Rupees in crores)	Expenditure incurred (Rupees in crores)	Numbers	Estimated Cost (Rupees in crores)	Expenditure incurred (Rupees in crores)	Numbers	Estimated Cost (Rupees in crores)	Expenditure incurred (Rupees in crores)
2004-05	90	90	26.98	78	21.86	21.86	05	1.88	1.88	07	3.24	1.73	00	0.00	0.00
2005-06	130	130	30.83	110	25.75	25.75	12	2.18	2.18	07	2.78	1.64	01	0.12	0.00
2006-07	68	68	20.82	55	16.03	16.03	02	0.55	0.55	09	3.24	1.67	02	1.0	0.00
2007-08	80	80	25.30	39	10.31	10.31	14	3.33	3.33	24	11.18	4.62	03	0.48	0.00
2008-09	80	80	37.24	20	10.60	10.60	16	6.18	6.18	42	18.52	9.44	02	1.94	0.00
2009-10	74	74	32.71	05	2.32	2.32	01	0.18	0.18	48	19.87	6.94	20	10.34	0.00
2010-11	98	98	54.17	00	00	00	00	00	00	50	28.10	3.49	48	26.07	0.00
Total	620	620	228.05	307	86.87	86.87	50	14.3	14.3	187	86.93	29.53	76	39.95	0.00

Abstract of Residential and Non-Residential Projects

Works	No. of works completed and Handed over	No. of works completed but not Handed over by March 2011	No. of works under progress as of March 2011	No. of works not stated as of March 2011	Total
Residential (Number)	101	17	53	07	178
Expenditure (Rupees in crore)	24.10	5.45	8.29	NIL	
Non-Residential (Number)	206	33	134	69	442
Expenditure (Rupees in crore)	62.77	8.85	21.24	NIL	
Total Residential + Non-Residential (Number)	307	50	187	76	620
Expenditure (Rupees in crore)	86.87	14.30	29.53	0.00	0.00

(Source : Information furnished by OSPHWC)

Appendix-2.2.8
(Refer paragraph 2.2.7.3 at page 70)

Statement showing result of joint physical verification of assets with Audit created under MPF

(Rupees in lakh)

Sl No	Date of inspection	Officers present	Name of the work	Estimated cost	Expenditure	Observation
1	13.9.2010	Dy Manager, OSPH&WC, Balasore	30 Women Barrack at RO Balasore	32.00	10.54	Incomplete
2	4.9.2010	Joint Manager, OSPH&WC, Berhampur	100 men barrack III, 8 th battalion at Chhatrapur	75.00	69.02	Complete and used
3	4.9.2010	Joint Manager, OSPH&WC, Berhampur	2 D type quarter in single storey for 8 th battalion, Chhatrapur	19.00	15.87	Completed, handed over on 30.7.10 but not handed over & not occupied
4	4.9.2010	Joint Manager, OSPH&WC, Berhampur	2 no , 6 F type quarter(old model) for 8 th battalion, Chhatrapur	30.00	30.00	Completed, handed over on 29.5.09 but not occupied
5	4.9.2010	Joint Manager, OSPH&WC, Berhampur	1 no, 6 F type quarter(new model) for 8 th battalion, Chhatrapur	33.60	27.18	Completed, handed over on 30.7.10 but not occupied
6	29.8.10	Joint Manager, OSPH&WC, Cuttack	6 F type qtr (ph-II) at Dist Police Head Quarter, Panikoili, Jajpur	33.90	26.38	Incomplete (stipulated date of completion-15.5.09)
7	26.8.2010	Joint Manager, OSPH&WC, Sambalpur	Construction of PS building with fortification at Sasan police station, Sambalpur	67.00	26.77	Only ground floor roof level complete (stipulated date of completion -25.5.2010)
8	26.8.2010	Joint Manager, OSPH&WC, Sambalpur	Construction of 30 men barrack at dist head quarter, sambalpur	26.00	24.53	Completed on 30.3.2010 not handed over
9	26.8.2010	Joint Manager, OSPH&WC, Sambalpur	Construction of Dhanupali PS, Sambalpur	26.81	21.04	Completed except except inner and outer plaster (st date of Com-21.10.09)
10	20.8.2010	Deputy Manager, OSPH&WC, Bhabanipatana	Construction of 6 E type quarter at dist Head quarter, Kalahandi	65.03	5.34	Only earth work of foundation stipulated date of completion - 28.8.10)
11	20.8.2010	Deputy Manager, OSPH&WC, Bhabanipatana	Construction of 6 F type quarter at dist Head quarter, Kalahandi	46.58	8.08	Up to plint level (st date of Com-5.10.10) (Sub standard CB bricks found))
12	24.8.2010	Joint Manager, OSPH&WC, Bhubaneswar	2 no of 150 barrack at SOG, Chandaka	302.88	284.78	Two building constructed , one occupied, 2 nd building under progress

(Rupees in lakh)

Sl No	Date of inspection	Officers present	Name of the work	Estimated cost	Expenditure	Observation
						stipulated date of completion -5.7.08)
13	24.8.2010	Joint Manager, OSPH&WC, Bhubaneswar	Officers mess at SOG, Chandaka	56.35(MPF) 223.70 (State plan)	51.84 and 96.22	Ground floor handed over, 1 st floor under construction (stipulated date of completion - 24.9.07)
14	19.8.2010	Deputy Manager, OSPH&WC, Rayagada	Construction of Reserve Office Building at Rayagada(Chandili), And construction of administrative building of SS Bn at Rayagada	50.05 and 42.83	49.63 and 4.08	Both under progress (st date of Com-22.3.2008 and 25.3.2010) (Sub standard CB bricks used in SS Bn building)
15	19.8.2010	Deputy Manager, OSPH&WC, Rayagada	Construction and fortification work at Rayagada Police Stataion	31.00	NA	Handed over and occupied
16	19.8.2010	Deputy Manager, OSPH&WC, Rayagada	2 no of E type quarter at Rayagada Police Station	15.00	14.76	Handed over and occupied
17	19.8.2010	Deputy Manager, OSPH&WC, Rayagada	6 no of E type quarter at Rayagada Police Station	29.06	20.08	Not handed over but occupied
18	19.8.2010	Deputy Manager, OSPH&WC, Rayagada	6 no of E type quarter at RP line Rayagada	30.60	28.20	Handed over and occupied
19	17.8.10	Deputy Manager, OSPH&WC, Anugul	30 men barrack at dist hed quarter, Dhenkanal	25.58	24.77	Completed (25.5.2010) but not put to use
20	20.8.2010	Deputy Manager, OSPH&WC, Rayagada	200 men barrack, 1 st IR Bn, Koraput	130.43	74.54	Work closed since Jan 2008 due to want of forest clearance
21	20.8.2010	Deputy Manager, OSPH&WC, Rayagada	100 men barrack, 1 st IR Bn, Koraput	52.19	46.60	Work closed since Jan 2008 due to want of forest clearance
22	20.8.2010	Deputy Manager, OSPH&WC, Rayagada	Admn building, 1 st IR, Koraput (PH-I&II)	101.63	13.72	Work closed since Jan 2008 due to want of forest clearance
23	20.8.2010	Deputy Manager, OSPH&WC, Rayagada	30 women barrack at Chandili, Rayagada	32.03	7.24	Completed up to lintel level, Contractor left the work half way
24	20.8.2010	Deputy Manager, OSPH&WC, Rayagada and	PS building, Laxmipur and fortificationof the said PS including 30	148.63	-	Completed, handed over, used. I/C complained of poor lighting system,, non

(Rupees in lakh)

Sl No	Date of inspection	Officers present	Name of the work	Estimated cost	Expenditure	Observation
		Inspector in Charge Laxmipur PS	men barrack			maintenance, water leaking from roof, unhygienic condition of kitchen and dining hall, no maintenance for last five years
25	20.8.2010	Deputy Manager, OSPH&WC, Rayagada	100 men barrack at Chandili, Rayagada	94.47	16.56	Constructed up to plinth level. (stipulated date of completion - 21.10.2009)
26	Nov 2011	Building Inspector uder SP, Koraput	PS at Koraput sadar	41.00	41.00	Unused
27	Nov 2011	Building Inspector uder SP, Koraput	CIPA II: Chandili PS	0.50	0.50	Rest room
28	Nov 2011	Building Inspector uder SP, Koraput	MART: Muniguda PS	2.31	2.31	Abandoned

(Source: Reports of Joint Physical Inspection conducted by Audit in the presence of engineers / officials of OSPHWC)

Appendix-2.2.9
(Refer paragraph 2.2.7.6 at page 72)

**Statement showing division wise number of works executed under MPF
without quality testing of construction materials and CC/RCC works**

Sl. No.	Name of the Joint Manager	Number of works executed		Expenditure incurred (Rupees in lakh)		
		Completed	Under progress	Completed	Under progress	Total
1	Bhawanipatna	8	10	238.49	180.16	418.65
2	Balasore	0	26	0	422.26	422.26
3	Berhampur	42	20	771.67	324.24	1095.91
4	Sambalpur	7	30	140.43	552.84	693.27
5	Rayagada	0	10	0	282.51	282.51
6	Bhubaneswar	13	4	591.68	326.25	917.93
	Total	70	100	1742.27	2088.26	3830.53

(Source: Audit scrutiny in test checked offices of OSPHWC)

Appendix-2.2.10
(Refer paragraph 2.2.9.1 at page 76)

Statement showing status of crime cases and extremist attacks in the State

(A) Crime cases

Calendar year	Cases pending investigation at the beginning of the year	Cases reported during the year	Cases withdrawn, refused or declared false	Total no. of cases for investigation	Total no of cases investigated by filing charge sheet or final report	Cases pending for investigation at the end of the year	Total number of PS/OP/Beat House(BH)	Total number of ASI/SI in position
2004	9093	62514	2009	69598	58979	10619	1074	4790
2005	10619	65029	2009	73639	58017	15622	1074	4791
2006	15622	65552	2114	79060	58448	20612	1090	5074
2007	20612	67034	1835	85811	52802	33009	1127	5392
2008	33009	67918	2026	98901	61728	37173	1127	6962
2009	37173	68471	1728	103916	59315	44601	1127	7009
2010	44607	68508	2514	110601	74421	36180	1127	7026

(B) Crimes during 2004-2010 in the State

Type of crime	2004	2005	2006	2007	2008	2009	2010	Total	Percentage
Theft	8688	9528	9467	9729	10367	9922	10235	67936	15
Offence under MV Act	7225	7548	7686	8182	8153	8865	9385	57044	13
Burglary	921	970	1154	1237	1316	1477	1456	8531	2
Cheating	752	958	1166	1159	1178	1067	1053	7333	1.6
Riot	1389	1468	1480	1939	2665	1688	1734	12363	2.7
Murder	1026	1031	1125	1183	1228	1227	1280	8100	1.8
Robbery	234	223	309	285	370	437	457	2315	0.5
Rape	743	765	957	923	1092	1007	999	6486	1.4
Others	39950	40756	40277	40723	40171	41398	39953	283228	62
Total	60928	63247	63621	65360	66540	67088	66552	453336	

Source: White paper (Swetapatra) of Home department, Odisha.

Appendix-2.3.1

(Refer paragraph 2.3.3.1 at page 91)

Statement showing milestones set and achieved for implementation of State level reforms (both mandatory and optional) as on 31 March 2011

<i>Sl No.</i>	<i>Reform required to be undertaken</i>	<i>Commitment of the State Government in Resolution dated 3 November 2006</i>	<i>Achievement as on 31 March 2011</i>
Mandatory Reforms			
1	Devolution of 18 functions listed in 12 th Schedule to ULBs	Complete transfer to ULBs along with requisite personnel during 2008-09	Details as in <i>Appendix-2.3.2</i>
2	Convergence of City Planning functions: Involvement of ULBs in City Planning and delivery of Urban infrastructure development and management functions.	Full transfer in 2008-09	Not complied. The Housing and Urban Development Department, Government of Odisha has issued order number Reforms-UR/2010/7678/HUD dated 30 th March 2010 for the transfer of urban planning including town planning function to ULBs. However, no personnel transferred.
3	Amendment to Rent Control Legislation for balancing interest of landlords and tenants.	Enact appropriate Rent Act in 2008-09	Not complied. The GOI, MoUD directed (January 2009) to adopt State Urban Housing and Habitat Policy conforming to the National Urban Housing and Habitat Policy 2007 to frame appropriate Rent Act. The preparation of State Urban Housing and Habitat Policy entrusted to Odisha State Housing Board was yet to be completed.
4	Rationalisation of stamp duty	To be reduced to 5 <i>per cent</i> during 2007-08.	Partially complied. Though the stamp duty was reduced to five <i>per cent</i> vide order No-33267 dated 05 August 2008 of Revenue & Disaster Management Department but the H&UD Department had not yet established a professional body with autonomy for fixation of guidance value which was to have all those provisions enacted.
5	Repealing of Urban Land Ceiling and Regulation Act	Already repealed since April 2002	The Urban Land Ceiling and Regulation Act (ULCRA) was repealed in Odisha vide Gazette Notification SRO No.450/2002 dated 26 th April 2002.[No.14995-Legis-(ULC)-11/02/HUD]
6	Enactment of Public Disclosure Law	Public disclosure of income and expenditure (ward wise) from 2006-07	Enacted and notified by the Law Department in the official Gazette on 13 th February 2009
7	Enactment of Community Participation Law	To be enacted in 2007-08	Not enacted. The Cabinet has approved the draft awaiting enactment.
Optional Reforms			
1	Provision of bye-laws to streamline the building approval process	2007-08	New bye-laws published in the Extra Ordinary Gazette of Odisha on 18 December 2008.
2	Simplification of legal and	2006-07	The legal procedure for

<i>Sl No.</i>	<i>Reform required to be undertaken</i>	<i>Commitment of the State Government in Resolution dated 3 November 2006</i>	<i>Achievement as on 31 March 2011</i>
	procedural frameworks for conversion of agricultural land for non-agricultural purpose		conservation of agricultural land to non-agricultural purposes available under Section 8-A of Odisha Land Reforms Act
3	Introduction of property title certification system in ULBs	2008-09	Not yet introduced.
4	Earmarking at least 20-25 <i>per cent</i> of developed land in all housing projects (both public and private agencies) for EWS / LIG category with a system of cross subsidisation	2008-09	The earmarking of at least 20-25 <i>per cent</i> of developed land in all housing projects (both public and private agencies) for EWS / LIG category was in progress.
5	Introduction of computerised process of registration of land and property	2008-09	Complied.
6	Revision of bye-laws to make rain water harvesting mandatory in all buildings and adoption of water conservation measures	2006-07	Provision made under Section 44(1) of BDA (Planning & Building Standard) Regulation 2008.
7	Bye-laws on re-use of recycled water	2011-12	As stated by NO/SLNA this bye-law is not required at present as no waste water treatment plant was in place.
8	Administrative reforms i.e reduction in establishment by bringing out voluntary retirement schemes, non-filling up of posts falling vacant due to retirement etc. and achieving specific milestone in this regard.	2009-10	Specific action awaited
9	Structural reforms	2009-10	Not complied. Revised Odisha Municipal Act /Code in line with Model Municipal Law circulated by GoI not yet framed.
10	Encouraging public private partnership	2006-07	Partly complied. PPP initiative taken under Urban Transport, Solid Waste management etc.

(Source: Government Resolution dated 3 November 2006 and results of audit analysis)

Appendix-2.3.2

(Refer paragraph 2.3.3.2 at page 92)

Statement showing status of 'Devolution of functions listed in 12th Schedule of the Constitution' as on 31 March 2011

Sl No.	Function required to be devolved as per 12 th Schedule	Commitment of the State Government in Resolution dated 3 November 2006	Timeline set by GoO	Status of devolution as per State Govt	Actual status as ascertained in Audit
1	Urban planning including town planning	Complete transfer to ULBs along with requisite personnel during 2008-09	2008-09	Devolved	Not devolved. Though GoO issued order vide No. UR-20210-7678/HLB dated 30 March 2010 transferring urban planning function to ULB, yet no personnel were transferred and no ULB is attending to this function.
2	Regulation of land-use and construction of buildings	Transfer of function to ULBs during 2008-09	2008-09	Devolved	Not devolved. The city developments still remained with BDA, Bhubaneswar and similar development authorities in other cities continue to look after this work.
3	Planning for economic and social development	Function already remaining with ULBs	No action required	No action required	ULBs attending the same. No Comments.
4	Roads and bridges	The function of management and control to be transferred to ULBs along with personnel on deputation basis in 2010-11.	2010-11	Not transferred	Not transferred. Still remained with Works Department.
5	Water supply for domestic, industrial and commercial purposes	Operation and maintenance of water supply system and collection of water tariff to be transferred to ULBs along with personnel on deputation basis in 2009-10.	2009-10	Transferred	The Housing and Urban Development Department had transferred function of water supply and sanitation to ULBs. vide order No. 7192-Reforms-UR/18/2010/HUD dated 22 nd March 2010. However, the function continue to remain with Public Health Engineering Wing of the Government
6	Public health, sanitation conservancy and solid waste management	ULBs would continue to discharge this function.	No action required	No action required	No comments.
7	Fire services	The District Fire Officer will also report to ULBs within the jurisdiction and this function to be transferred in 2007-08.	2007-08	Transferred	Not devolved. Home (Civil Defence Department), Government of Odisha through notification dated 1 May 2008 communicated that all plans and programmes, schemes and budgets related to fire services in the urban areas, borne out of the budgets of the ULB, have to be approved by the concerned ULB. The District Fire Officer or his representative could attend the Municipal Council meeting and participate in the deliberations related to the delivery of fire service. However, functionaries not yet transferred.

Sl No.	Function required to be devolved as per 12 th Schedule	Commitment of the State Government in Resolution dated 3 November 2006	Timeline set by GoO	Status of devolution as per State Govt	Actual status as ascertained in Audit
8	Urban forestry, protection of the environment and promotion of ecological aspects	Forest and Environment Department to transfer this to the ULBs in 2007-08 along with personnel on deputation basis.	2007-08	Transferred	Not transferred. Forest and Environment Department, Government of Odisha through notification dated 31st March 2008 decided that all plans, programme, schemes and budgets related to urban forestry, protection of the environment and promotion of ecology within the jurisdiction of ULBs would be approved by concerned ULBs. But as yet no staff had been deputed to ULBs and so the committed function could not be implemented.
9	Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded	The District Social Welfare Officer would report to concerned ULB. Field staff to implement Integrated Child Development Scheme in urban areas to be deputed to ULBs by Women and Child Development Department by 2006-07.	2006-07	Transferred	Not transferred. The District Social Welfare Officer would report to concerned ULB. Field staff to implement Integrated Child Development Scheme in urban areas to be deputed to ULBs by Women and Child Development Department Department vide No.14 / SWCD-V-ICDS-II-25-2008 dated March 2008.
10	Slum improvement and up-gradation	Function remaining with ULBs	No action necessary	No action necessary	No comments.
11	Urban poverty alleviation	Function remaining with ULBs	No action necessary	No action necessary	No comments.
12	Provision of urban amenities and facilities such as parks, gardens, playgrounds	Function remaining with ULBs	No action necessary	No action necessary	No comments.
13	Promotion of cultural, educational and aesthetic aspects	Function remaining with ULBs	No action necessary	No action necessary	No comments.
14	Burials and burial grounds; cremations, cremation grounds and electric crematoriums	Function remaining with ULBs	No action necessary	No action necessary	No comments.
15	Cattle pounds; prevention of cruelty to animals	Function remaining with ULBs	No action necessary	No action necessary	No comments.
16	Vital statistics including registration of births and deaths	Function remaining with ULBs	No action necessary	No action necessary	No comments.
17	Public amenities including street lighting, parking lots, bus stops and	Function remaining with ULBs	No action necessary	No action necessary	No comments.

Sl No.	Function required to be devolved as per 12 th Schedule	Commitment of the State Government in Resolution dated 3 November 2006	Timeline set by GoO	Status of devolution as per State Govt	Actual status as ascertained in Audit
	public conveniences				
18	Regulation of slaughter houses and tanneries	Function remaining with ULBs	No action necessary	No action necessary	No comments.
	Amendment of Odisha Municipal Act devolving above 18 functions upon ULBs	No commitment	No timeline set	No reply	Not amended.
	Formation of District Planning Committee	Already complied	No timeline set	Formed	Formed.
	Approval of ULB plan by DPC	No commitment	No timeline set	Complied	ULB plan not even put up to DPC for approval.
	Formation of Metropolitan Planning Committee	No commitment	No timeline set	Not necessary	Not constituted.
	Area Sabhas formation and involvement in planning process	No commitment	No timeline set	Not formed.	Not formed. Possible only after enactment of Community Participation Law and amendment of Municipal Act and Rules.

(Source: Government resolution dated 3 November 2006, information furnished by H&UD Department and results of audit analysis)

Appendix-2.3.3

(Refer paragraph 2.3.3.4 at page 95)

Statement showing milestones set and achieved for implementation of ULB level reforms (both mandatory and optional) by three Municipal Corporations and one ULB covered under JNNURM as on 31 March 2011

Sl No	Reform required to be undertaken	JNNURM			
		Bhubaneswar Municipal Corporation, Bhubaneswar		Puri Municipality	
		Timeline as per MoA	Achievement	Timeline as per MoA	Achievement
Mandatory Reforms					
1	Adoption of modern accrual based, double entry system of accounting	2007-08 revised to 2009-10	Not adopted. OMAM not prescribed	2007-08 revised to 2009-10	Not adopted. OMAM not prescribed
2	Introduction of a system of e-governance using IT Applications, GIS and MIS for various Urban services	2007-08 revised to 2009-10	Only for registration of births and deaths introduced. Other components not implemented.	2007-08 revised to 2009-10	Not implemented
3	Reform of property tax with GIS, and arrangement for its effective implementation so as to raise coverage to 85 per cent	2007-08 revised to 2009-10	Not complied	2007-08 revised to 2009-10	Not complied
	Increasing Property tax collection efficiency to 90 per cent	2007-08 revised to 2009-10	Not complied	2007-08 revised to 2009-10	Not complied
4	Levy of reasonable user charges, with the objective that full cost of operation and maintenance is collected within seven years.	2007-08 revised to 2009-10	Not complied	2007-08 revised to 2009-10	Not complied
5	User charges for 100 per cent cost recovery of SWM	2007-08 revised to 2009-10	Not complied	2007-08 revised to 2009-10	Not complied
6	Internal earmarking of budgets for basic services to the urban poor	2007-08 revised to 2009-10	Complied (only in budget)	2007-08 revised to 2009-10	Complied (only in budget)
7	Provision of basic services to the urban poor, including security of tenure at affordable prices	2006-07 revised to 2009-10	Not complied	2006-07 revised to 2009-10	Not complied
Optional Reforms					
1	Introduction of property Title Certification Systems in ULBs	Mission period	Not complied	Mission period	Not complied
2	Revision of Building Bye-Laws to stream line	Mission period	Not complied (not with ULB)	Mission period	Not complied (not with

SI No	Reform required to be undertaken	JNNURM			
		Bhubaneswar Municipal Corporation, Bhubaneswar		Puri Municipality	
		Timeline as per MoA	Achievement	Timeline as per MoA	Achievement
	in Approval Process				ULB)
3	Revision of Building Bye laws to make rain water harvesting mandatory in all building to come up in future and for adoption of water conservation measures	Mission period	Not complied (not with ULB)	Mission period	Not complied (not with ULB)
4	Earmarking at least 20-25 per cent of developed land in all housing projects (both public and private agencies) for EWS / LIG category with a subsidisation	Mission period	Not complied (not with ULB)	Mission period	Not complied (not with ULB)
5	Simplification of legal and procedural frameworks for conservation of agricultural land for non-agricultural purposes	Mission period	Not complied (not with ULB)	Mission period	Not complied (not with ULB)
6	Introduction of computerised process of registration of land and property	Mission period	Complied by Revenue and Disaster Management Department	Mission period	Complied by Revenue Department
7	Byelaws on re-use of recycled water	Mission period	Not complied	Mission period	Not complied
8	Administrative reforms	Mission period	Not complied	Mission period	Not complied
9	Structural reforms	Mission period	Not complied	Mission period	Not complied
10	Encouraging public private partnership	Mission period	Complied	Mission period	Complied

(Source: Information furnished by test checked ULBs and results of audit analysis)

Appendix-2.3.4

(Refer paragraph 2.3.5 at page 97)

Statement showing delay in release of ACA to ULBs by State Government

(Rupees in crore)

Name of the Implementing Agency	Name of the projects	Date of receipt of ACA from GoI	Amount sanctioned / released to State Government with own share			Date of transfer of Grant by State to ULBs	Period of delay (in days)
			Central	State	Total		
Bhubaneswar Municipal Corporation	Integrated Sewerage System	24 April 2007	51.58	6.45	58.03	21 January 2008	240
	Conservation and Management of Bindusagar Lake	7 March 2007	1.20	0.15	1.35	10 September 2007	151
	Storm Water Drainage	22 May 2009	13.66	3.42	17.08	16 October 2009	202
	City Bus Service	27 February 2009	6.60	0.83	7.43	11 January 2010	301
Puri Municipality	Water Supply to Puri Town	23 February 2009	33.38	8.35	41.73	10 January 2010	272
	Storm Water Drainage	10 June 2009	11.25	7.08	18.33	02 March 2010	211
	City Bus Service	27 February 2009	1.32	0.17	1.49	18 January 2010	301
Total			118.99	26.45	145.44		

(Source: Information furnished by H&UD department and , SLNA and concerned ULBs)

Appendix-2.3.5
(Refer paragraph 2.3.5 at page 98)

Statement showing short release of ULB share under JNNURM

(Rupees in crore)

Name of the ULB	Name of the project	Fund released by GoI up to 31 March 2011 (80 per cent)	ULB share due		ULB share paid up to 31 March 2011	Short release of ULB share
			Percentage	Amount		
Bhubaneswar Municipal Corporation	Integrated Sewerage system	234.79	10	29.35	12.47	16.88
	Conservation of Bindusagar Lake	2.86	10	0.36	0.15	0.21
	City Bus Service	13.37	10	1.66	0.00	1.66
	Storm Water Drains	17.08	10	2.14	0.00	2.14
Sub-total (Bhubaneswar)		268.10		33.51	12.62	20.89
Puri Municipality	Water supply to Puri Town	41.73	10	5.22	0.00	5.22
	City bus Service	2.68	10	0.34	0.00	0.34
	Storm Water drains	18.33	10	2.29	0.00	2.29
Sub-total (Puri)		62.74		7.85	0.00	7.85
Total (UIG)		330.84		41.36	12.62	28.74
BSUP		22.10	0	0	0	0
Total under JNNURM		352.94		41.36	12.62	28.74

Funding pattern: For UIG: State share: 80 per cent of project cost, State share: 10 per cent and ULB share: 10 percent, BSUP: No ULB share

Appendix-2.3.6
(Refer paragraph 2.3.7.1 at page 108)
Statement showing physical achievement under BSUP as on March 2011

Name of the ULB/Executing Agency	Name of the Project	Number of dwelling Units	Type of dwelling units targeted			Status of completion as on 31 March 2011		
			Duplex	Simplex	Up-gradation	Completed	Not completed	Not started
Bhubaneswar Municipal Corporation	Bharatpur	1135	36	960	139	256	522	357
	Dumduma	753	114	533	106	175	385	193
	Nayapalli Sabarsahi	73	73	0	0	8	65	0
Bhubaneswar Development Authority	Damana and Gadakana	192	1892	0	0	0	192	0
Puri Municipality	Matitota and Mishra Noliasahi	60	0	60	0	0	60	0
	Phase-II	295	0	295	0	9	283	3
Total		2508	2115	1848	245	448	1507	553

(Source: Information furnished by H&UD department and SLNA and concerned ULBs)

Appendix-2.3.7
(Refer paragraph 2.3.7.3 at page 109)
Statement showing the details of beneficiaries having less
permissible area under BSUP

Sl No.	Name of beneficiary	Name of unit/village	Khata No.	Plot No.	Kissam	Area under occupation
1.	Manjari Behera W/o Naba Behera	GokhaSahi	42	301	Gharbari	252.53 Sq.ft.
2.	Subala Behera S/o Daya Behera	-do-	364	43	Gharbari	180 Sq.ft.
3.	Sridhar Behera S/o Daya Behera	-do-	364	43	Gharbari	180 Sq.ft.
4.	Jagi Behera S/o Dash Behera	-do-	182	74	Gharbari	180 Sq.ft.
5.	Dinabandhu Behera S/o Late Chintamani	-do-	336	33 & 35	Gharbari	180 Sq.ft.
6.	Chailadei W/o Mania	-do-	594	42,44, 42/1333	Gharbari	181.50Sq.ft.
7.	Tukuna Behera S/o Swaraja Behera	-do-	412	118	Gharbari	180 Sq.ft.
8.	Sabi Dei W/O Mania	-do-	412	118	Gharbari	216 Sq.ft.
9.	Rohita Behera S/o Doma Behera	-do-	404	34	Gharbari	265.50Sq.ft.
10.	Kungali Behera S/o Khetra Behera	-do-	110	64/1318	Gharbari	259 Sq.ft.
11.	Kangali Behera S/o Late Ranjan	-do-	475	48	Gharbari	200 Sq.ft.
12.	Ganesh Behera S/o Late Bharat	-do-	475	48	Gharbari	240 Sq.ft.
13.	Mani Dei D/o Madhab	-do-	430	114&115	Gharbari	243 Sq.ft.
14.	Chabina Dei W/o Bichu Behera	-do-	177	68	Gharbari	230 Sq.ft.
15.	Kaila Mallik S/o Prafulla	MangalaSahi	285	599&601	Gharbari	180 Sq.ft.
16.	Bina Singh W/o Babulan Singh	-do-	175/33	527	Gharbari	260 Sq.ft.
17.	Babuna Bhoi S/o Late Biraja	-do-	385	580	Gharbari	180 Sq.ft.
18.	Nakula Bhoi S/o- Late Biraja	-do-	318	555	Gharbari	225 Sq.ft.
19.	Nakula Bhoi S/o Late Gouranga Bhoi	BhoiSahi	14	25	Gharbari	180 Sq.ft.
20.	Hara Bewa W/o Late Mahara Bhoi	-do-	20	23	Gharbari	204 Sq.ft.
21.	Phula Bewa W/o Late Laxmidhar	-do-	14	25	Gharbari	180 Sq.ft.
22.	Rabindra Bisoi S/o Srinath Bisoi	Tikarapara	257A	116(Pt.)	Gharbari	217.50Sq.ft.

(Source: Audit analysis)

Appendix-2.4.1



(Refer paragraph 2.4.7 at page 123)

Statement showing commencement of works on projects without ensuring availability of land rendered projects incomplete

Sl No	Brief of the observation	Financial impact (₹ in crore)
1	<p>Construction of high level bridge over river Kharasuan at Jokadia along with its short approach on Kuakhia to Jenapur ODR was completed at a cost of ₹ 8.32 crore during December 2006 under RIDF. Out of the proposed road of 8 km, 3 km from Dalachhak to Sankhachila was completed with a cost of ₹ 2.72 crore during 2008-09 under Road Development Programme. The agreement finalised in December 2008 for the remaining portion of the work in favour of a contractor for ₹ 7.24 crore (sanctioned under RIDF IX) was not executed as of May 2011 due to non-acquisition of private land for 14.45 acres. The road was not made all weather despite investment of ₹ 11.04 crore.</p> <p>The Government stated (February 2012) that the bridge is used with short approach. This is not acceptable since the point is non execution of the regular approach road to the bridge due to delay in acquisition of land and no reply has been furnished for the delay in land acquisition.</p>	11.04
2	<p>With a view to providing connectivity to the district headquarters of Bhadrak and Jajpur and for providing direct benefit to about 4.36 lakh people of both the districts, Government approved (September 2007) construction of a high level bridge over river Baitarani at Sendhapur at 8/050 km on Dhamnagar-Dobal-Sendhapur road for ₹ 11.65 crore, approved for finance under NABARD (RIDF-XII). The bridge involved acquisition of private land for 1.99 acre. The work was awarded (February 2008) to a contractor for ₹ 9.95 crore for completion by August 2009 and was under execution with payment of ₹ 6.80 crore to the contractor. One pier and an abutment could not be constructed due to their location on the private land not acquired (May 2011) even after 40 months of award of work.</p> <p>The Government stated (February 2012) that after availability of land further work would be taken up.</p>	6.80
3	<p>Construction of high level bridge over river Badanadi at 80th km on Nayagarh-Jagannath Prasad-Nuagaon Road awarded (October 2008) to a contractor for ₹ 8.62 crore for completion by April 2010 was under execution with payment of ₹ 5.35 crore to the contractor as of June 2011. For construction of both side approach roads, 4.036 acres of land were acquired as late as in May 2011 but the encroachments in the land was not evicted (July 2011) for which approach roads were not taken up.</p> <p>The Government stated (February 2012) that the encroachment has been evicted and the work is expected to be completed by March 2012. This is not acceptable since the statement is not supported with recorded evidence.</p>	5.35
	Total	23.19

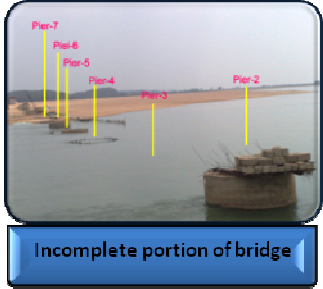


Appendix-2.4.2
(Refer paragraph 2.4.8 at page 124)
**Statement showing lack of synchronisation in selection/
prioritisation of projects**

SI No	Brief of the audit observation	Financial impact (₹ in crore)
1	<p>Dangadiha-Rupsa road (MDR 70) originates from SH-53 at Thakurmunda and connects Rupsa covering 108.6 km. For providing all weather communication facilities to the tribal people reaching Thakurmunda, the CE (DPIR) technically sanctioned estimates for ₹ 9.63 crore for construction of two high level bridges over Kantiali Nullah at 12 km and Sapua Nullah at 15.10 km and surfacing of 11.7 km roads (RD 96/900 to 108/600 km) to black topped level, financed under RIDF XV. The works were awarded (November 2010/March 2010) to two contractors at a cost of ₹ 8.58 crore and payment of ₹ 2.66 crore has been made. Of the 108 km of the road, 87 km was to be black topped surface and the remaining 20 km still in earthen surface with 1 km missing link over river Kushabhadra. Despite investment of ₹ 2.66 crore on the road, still the road would not provide communication in all weather.</p> <p>The Government stated (February 2012) that on approval of the Forest department, the 20 km earthen road passing through Similipal Reserve Forest would be taken up as per availability of funds. No reply was furnished as regards the action initiated for obtaining the forest clearance.</p>	2.66
2	<p>The New Jagannath Sadak, an ODR, covers a length of 97.20 km from NH-203 at Birapatappur to SH-21 at Sarankul and one of the vital roads in the tourism map of Odisha reducing distance for reaching Lord Jagannath Temple at Puri. The EE Khurda R&B Division improved 67.60 km of the road from Sarankul to Rameswar to black topped surface with expenditure of ₹ 36.92 crore during 2006-11 under RIDF/ACA¹/12th FC²/non-plan. The EE Puri R&B Division developed the road for 16 km (0 to 16 km) with expenditure of ₹ 20.95 crore under RIDF XIII. Physical inspection of the road by audit disclosed that of the 97.20 km, 83.60 km were trafficable and the remaining 13.60 km was not trafficable and were in deplorable condition. Although the road was improved over a period of four years (2007-2011), the desired objective of providing all weather communication to the holy city of Lord Jagannath was not achieved, since improvement of 13.60 km of roads proposed in September 2008 still remain unattended.</p> <p>The Government stated (February 2012) that the remaining portion of 13.60 km of the road would be taken up.</p>	57.87
	 <p style="text-align: center;">Portion of New Jagannath Sadak in Trafficable condition</p>  <p style="text-align: center;">New Jagannath Sadak in deplorable condition</p>	
3	<p>Out of 34 Gram Panchayats (GP) in Banki Block, 24 GPs were on Jatamundia side and 10 GPs in Subarnapur side. There was no specific road for connecting Jatamundia with Subarnapur side. Construction of a high level bridge over river Mahanadi at Jatamundia on Jatamundia-Subarnapur Road in Cuttack district sanctioned under RIDF XII was taken up (January 2008) to connect Jatamundia with Subarnapur side. The bridge was considered as a part of greater bypass starting from NH-5 at Kuradhamalla and connecting NH-5 at Nirgundi. The road, contemplated diversion of traffic from NH-5, stipulated for</p>	54.72

¹ Additional Central Assistance

² 12th Finance Commission

Sl No	Brief of the audit observation	Financial impact (₹ in crore)
	<p>completion in January 2011 at a cost of ₹ 54.72 crore. The work was under execution as of June 2011 with payment of ₹ 37.95 crore to the contractor. Construction of the bypass was yet to be approved (June 2011). The faulty planning in execution of the bridge without synchronising with the construction of the bypass would render the expenditure on the bridge with limited utility.</p> <p>The Government stated (February 2012) that the bridge was necessary to connect 10 GPs of Banki Civil sub-division and the bridge would also establish a permanent link between NH 42 and NH 5 reducing the distance from Khurda to Chaudwar of 40 km. This is not acceptable since the greater objective of linking NH 42 with NH 5 would be functional only after construction of proposed by pass evidencing poor planning.</p> 	
4	<p>Baruan Balichandrapur road (22 km) originates at 7th km of Kuakhia Baruan Bari Kalamatia road (MDR-14) near village Baruan and connects NH 5A at Krushnadaspur. The road serves as a link to tourist (Buddhism) spots via Bajragiri, Ratnagiri, Udayagiri and Lalitagiri. There are three river crossings on the road i.e. Kelua, Areikana and Birupa. 22 km road and the bridges over Kelua and Areikana were developed/under improvement since 2007 to all weather communication with investment of ₹ 40.07 crore. Despite this investment, the objective of connecting Balichandrapur all weather and providing connectivity to tourist spots would not be achieved due to still un-bridged crossing on river Birupa.</p> <p>The Government stated (February 2012) that there is an alternate connectivity from Balichandrapur to all tourist spots and hence the construction of the bridge is not felt necessary. This is not acceptable since the purpose of construction of the Baruan Balichandrapur road was to establish direct and shortest link to Jajpur from other coastal districts and also to the tourist spot "Lalitgiri" which was not achieved due to the missing link over the river Birupa.</p>	40.47
5	<p>Of the 21 km of Kodala-Chunchipada road, 10 km was taken up for improvement at a cost of ₹ 4.47 crore through a contractor with the target for completion by March 2011 under RIDF XV for providing all weather connectivity to 15 tribal villages. The remaining 11 km was un-surfaced and non-motorable. The work was under execution with expenditure of ₹ 2.81 crore being incurred (May 2011). The objective of providing all weather connectivity was not achieved due to non-completion of the improvement work for lack of forest clearance and non-shifting of utility services and also since major portion of the road still in non-motorable condition evidencing poor execution planning.</p> <p>The Government stated (February 2012) that steps would be taken for improvement of the balance portion of the road.</p>	2.81
	Total	158.13

Appendix-2.4.3
(Refer paragraph 2.4.10 at page 126)

Statement showing undue benefit and excess expenditure

Sl No	Brief of the observation	Financial impact (₹ in crore)
1	<p>The DPR for the Naranpur-Duburi road was prepared and sanctioned adopting overhead charges as per MORT&H data book providing 10 <i>per cent</i> towards overhead charges and another 10 <i>per cent</i> thereon for contractor's profit working out to 21 <i>per cent</i> on account of overheads and contractor's profit on the work component although the items of work were available in State SoR 2006 which allows only overheads of 10 <i>per cent</i> on such accounts. Thus, the adoption of MORT&H data book allowed an extra 11 <i>per cent</i> on account of overheads thereby inflating the project cost and resulting in an undue benefit of ₹ 34.31 crore to the contractor.</p> <p>The Government stated (February 2012) that as MORT&H is the sanctioning authority, it is required that the estimate is prepared as per the guidelines vide clause 4.1 of Ministry's technical note. This is not acceptable since clause 4.1 of the technical note requires that the rates (data) of labour, material and machinery as per the Ministry's data book be adopted and did not stipulate adoption of 21 <i>per cent</i> overheads. Further, as per provisions of the State Analysis of Rates, the rate analysis adopting the data book if made, should be with 10 <i>per cent</i> overhead charges and omitting the 10 <i>per cent</i> contractor's profit.</p>	34.31
2	<p>The basic rates of the materials as per the SoR are inclusive of the charges for stacking of the materials on the road side for pre-measurement for assessment of the quantity of materials brought to site. As per SoR 2006, the stack measurement is dispensed with and the volume of work executed is assessed on the measurement recorded on the road. The EEs are, therefore, required to adopt the basic rates of the stone aggregates in the estimates excluding the stacking charges. However, the rates for the materials inclusive of the stacking charges (50 <i>per cent</i> of the unloading charges as specific component is not available in the SoR) were adopted by them in working out the project costs. The undue benefit is ₹ 1.46 crore to contractors in 26 works³.</p> <p>The Government stated (February 2012) that the Rate Board during assessment of the rates in the SoR had considered the basic rates for stone products at crusher point. This is factually not correct since the SoR actually do not mention this aspect and rates prescribed therein are applicable for the work site.</p>	1.46
3	<p>The out turn of motor grader for execution of earth work was 200 cum per hour as per State SoR. But the DPR for the Naranpur-Duburi road adopted the out turn as 100 cum in two hours/100 cum in one hour thereby inflating the cost of the project by ₹ 2.72 crore resulting in undue benefit to the contractor.</p> <p>The Government stated (February 2012) that the analysis was done as per the Data Book of MORT&H. This is not acceptable since the rate adopted was not as per the</p>	2.72

³ Improvement to Naranpur-Duburi road, Cuttack-Pradeep road, DharamsalaSubalayaGaria road, Sambalpur Sonepur road (3 reaches), Sonepur Binika Dugripalli road, Bolangir Arjunpur Tusura Deogarh road, Deogaon Tikarpara road, Bhanajanagar Daspalla road, Jagannathprasad Bhanjanagar road (2 reaches), SNKUMBM road, Saranpur Darpanarayanpur road, Prayagai Krushnaprasad road, Sunakhala Ayatpur road, Sathipur Jajpur Mangalpur Kayangola road, Binjharpur Singhpur road, Jajpur Binjharpur road, Bagalpur Sailo road, Karanjia Khiching road, Dhamnagar Kothar road, Kodala Chhunchipdda road, Constn of HL Bridge and its approach over river Denta, HL Bridge over river Baitarani on Dhamnagar Sendhapur road, Constn of both side long approach of HL Bridge over river Devi at Sikharghat.

Sl No	Brief of the observation	Financial impact (₹ in crore)
	Usage Rates of Plant and Machinery attached to the estimate.	
4	<p>The out turn of Dozer-80 for spreading of earth is 300 cum per hour. This was adopted as 200 cum per hour in the DPR of Naranpur-Duburi road inflating the project cost by ₹ 0.85 crore of which ₹ 0.75 crore had already been passed on to the company as of May 2011.</p> <p>The Government stated (February 2012) that the analysis was done as per the Data Book of MORT&H. This is not acceptable since the rate adopted was not as per the Usage Rates of Plant and Machinery attached to the estimate.</p>	0.85
5	<p>The carriage charges for the construction materials as included in the SoR are applicable for void free materials. The DPRs of nine roads⁴ adopted these charges for loose (with void) granular sub base (GSB) and wet mix macadam (WMM) materials resulting in extra payment of ₹ 8 crore to the contractors.</p> <p>The Government stated (February 2012) that the carriage charges for stone products are for each cum metre of volume and hence there are no voids. This is not correct since as per the SoR, the carriage charges are inclusive of the void.</p>	8.00
6	<p>The execution of balance work of high level bridge over river Devi on Balibhaunri-Sikharghat Road (MDR-83) in Jagatsinghpur district awarded to a contractor was completed in May 2007 with payment of ₹ 20.95 crore. The agreement provided for execution of different cement concrete (CC) items at rates between ₹ 11785 and ₹ 3500 per cum with the stipulation that the contractors should supply all materials, plant, tools, appliances, ladders etc. at their own cost for proper execution of the works. The rates for the well sinking and CC items were computed as per the SoR, but the rates were further loaded with cost of additional items such as islanding, service road, foot bridge and pylon base, which were not admissible as per the SoR. Thus inclusion of the inadmissible items led to undue benefit of ₹ 2.92 crore to the contractor.</p> <p>The Government stated (February 2012) that the items of work considered are based on the data provided in the MORT&H data book. This is not acceptable since the items for the execution of bridge work also are available in the State SoR and the items in the SoR do not provide for these incidental items.</p>	2.92
7	<p>The nearest quarry Biranchipur was between 15 and 25 km of the work sites of improvement to Bhanjanagar Daspalla and Jagannath Prasad – Bhanjanagar road but the CRF estimates adopted lead charges between 54 and 56 km adopting average distance of three quarries i.e. Biranchipur, Jagudei and Kukudakhandi. For RIDF package, the nearest quarry was Daspalla which was 21 km from the work site against which the lead adopted was 49 km as the average distance of three quarries. The variation in lead inflated estimates by ₹ 4.05 crore. The rates recorded in the estimates stated that adequate material would not be available in the nearest quarries with a generalised contention that several other works are being executed by various agencies. However, no specific quantification report of revenue authority has been attached.</p> <p>The Government stated (February 2012) that average lead provided in the estimates is genuine as good number of projects is executed in the locality for which the nearest quarry is not able to meet the requirement. This is not acceptable since it is</p>	4.05

⁴ Improvement to Naranpur-Duburi road, Cuttack Paradeep road, Bhanjanagar Daspalla road, Jagannathprasad Bhanjanagar road (2 reaches), Dharamsala Subalaya Garia road, Sonepur Binika DUNGRIपाली road, Bolangir Arjunpur Tusura Deogarh road, Deogaon Tikarpara road.

Sl No	Brief of the observation	Financial impact (₹ in crore)
	a generalised contention with out supported with any specific quantification report of revenue authority.	
8	<p>The Cuttack-Paradeep road was split to two packages i.e. Package I from RD 00 (Cuttack) to 43 km and Package II from RD 43 to 82km (Paradeep). The lead for obtaining cement was provided for 22 km for the first reach from Cuttack and 63 km for the second reach also from Cuttack although the reach was involving lead of 22 km from Paradeep. The adoption of the excess lead for the second reach led to undue benefit of ₹ 1.41 crore to the contractor. Besides, lead for sand was provided two/five km more than the provisions in the original estimate in computing the cost of extra item leading to undue benefit of ₹ 0.61 crore to the contractor. Toll charges for ₹ 15.36 per cum was included in GSB (extra item) leading to further, undue benefit of ₹ 0.84 crore as the entire road is cement concrete.</p> <p>The Government stated (February 2012) that had the lead from Paradeep to work site been considered it would have been costlier. To a further audit query in the exit conference, the Engineer in Chief cum Secretary, however, stated that they had actually not assessed the cost of cement at Paradeep and its lead charges to work site. Hence reply is not acceptable. They further stated that new quarry was adopted for the sand in the extra item and since toll is collected on Kuakhai bridge, the toll cost was added. This is also not acceptable since there was no justification for change in the sand quarry and as per the SoR toll charges are not admissible.</p>	2.86
9	<p>Average lead of 82 km for carriage of stone products was adopted in the estimate for ₹ 13.53 crore approved during 2007-08 for Dharamsala Subalya Gariamunda road although the materials were available within 40 km as per their own lead statement resulting to excess lead of 42 km (₹ 188). The variation in lead charges inflated the estimate by ₹ 1.21 crore (₹ 188 per cum for 64,437 cum of stone products).</p> <p>The Government stated (February 2012) that considering sufficient availability of good quality materials at longer distance and for timely completion of the project average lead was provided in the estimates. This is not acceptable since it is a generalised contention and that the responsibility for completing the work obtaining specified materials constituted the cost and risk of the contractor.</p>	1.21
		58.38

Appendix-2.4.4
(Refer paragraph 2.4.11.1 at page 128)
Statement showing non-adoption of agreement format
prescribed by the State Government

Sl No	Brief of the audit observation	Financial impact (₹ in crore)
1	<p>As per conditions of OPWD Code, advances to contractors are as a rule prohibited and in exceptional circumstances requiring advance payment in the interest of work, the sanction of Government must be obtained for such payment and the advance shall carry interest at 18 <i>per cent</i> per annum.</p> <p>The agreement of Naranpur-Duburi road provided for payment of mobilisation advance of 10 <i>per cent</i> of the agreement value carrying interest of 10 <i>per cent</i> per annum. The contractor was paid mobilisation advance of ₹ 31.86 crore in instalments between November 2007 and February 2008 of which principal for ₹ 6.13 crore with interest for ₹ 4.47 crore (calculated at 10 <i>per cent</i> per annum) were recovered as of May 2011. The remaining mobilisation advance for ₹ 31.78 crore along with interest was pending for recovery (May 2011). The agreement also provided for payment of interest free equipment advance of maximum 5 <i>per cent</i> of agreement value. The contractor was paid equipment advance of ₹ 13.90 crore between May 2008 and November 2008.</p> <p>Levy of interest at lesser rate of 10 <i>per cent</i> for the mobilisation advance and issue of interest free equipment advance against 18 <i>per cent</i> in violation of standard provision of OPWD Code led to loss of interest for ₹ 13.83 crore.</p> <p>Further, the agreement for the Cuttack-Paradeep road envisaged for payment of mobilisation advance of 10 <i>per cent</i> and equipment advance of 5 <i>per cent</i> of the agreement value with levy of interest at 10 <i>per cent</i>. The contractor was paid mobilisation and equipment advances of ₹ 33.50 crore in instalments between June 2007 and March 2008 of which principal for ₹ 23.52 crore and interest for ₹ 8.14 crore were recovered as of May 2011. The remaining advances for ₹ 12.09 crore along with interest was pending for recovery (May 2011). Levy of interest at lesser rate of 10 <i>per cent</i> against 18 <i>per cent</i> in violation of standard provision of OPWD Code led to loss of interest for ₹ 8.69 crore.</p> <p>Also construction of high level bridge over river Mahanadi at Jatamundia on Jatamundia-Subarnapur road financed under NABARD assistance (RIDF-XII) was awarded (January 2008) to a bidder at cost of ₹ 54.72 crore on agreement drawn as per standard bidding document (SBD) format (approved for GoI works). This agreement provided for issue of mobilisation advance at 10 <i>per cent</i> of the agreement value with levy of interest at 10 <i>per cent</i>. The contractor was paid mobilisation advance of ₹ 5.47 crore between January 2008 and March 2008 and the advance with interest was recovered by March 2011. Due to levy of interest at lesser rate prescribed in the agreement, Government sustained a loss of interest of ₹ 1.23 crore.</p> <p>The Government stated (February 2012) that the interest was charged as per the provisions in the agreements and further that although advance as a rule is not allowed, in the case of Cuttack Paradeep road it was allowed with the approval of the Government. This is not acceptable since issue of advances either interest free or with lower rate of interest was in violation of the OPWD Code. Besides, the original bid document of Cuttack Paradeep road did not include provision for issue of any advance but the same was included on post tender stage by way of modification to the bid document and interest charged was lower than that prescribed in OPWD Code.</p>	23.75

Sl No	Brief of the audit observation	Financial impact (₹ in crore)
2	<p>As per the standard price adjustment clause in F₂ contract form, price adjustment for variation was payable for 75 per cent of the cost of escalation calculated at the prescribed formulae and no escalation was payable for the work executed during first year of execution except for steel, cement and bitumen. Further, labour escalation was payable on the difference of the minimum wages prevailing in the State (Change in minimum wages declared for the State). These agreements, however, provided for reimbursement of price escalation for 85 per cent (against 75 per cent admissible as per state norms) and even made applicable for the first year of execution. The agreements for Naranpur-Duburi and Cuttack-Paradeep roads provided for payment of labour escalation on difference of all India price index on labour for industrial workers as against escalation on labour being allowed under F₂ agreements only for change in minimum wages declared for the State. The above led to excess and irregular payment of ₹ 13 crore (Excess payment on account of the differential 10 per cent: ₹ 4.12 crore, first year of execution: ₹ 0.47 crore and irregular payment on labour component: ₹ 8.41 crore) on the total payment of ₹ 43.93 crore towards escalation charges.</p> <p>Further, in construction of high level bridge over river Mahanadi at Jatamundia and in construction of the Dharmasala Subalya road financed under NABARD, escalation was paid for the first year of execution resulting in undue benefit of ₹ 0.41 crore to the contractors.</p> <p>The Government stated (February 2012) that escalation charges at 85 per cent was allowed as per the provisions in the agreements and that there has been no standing order of Government for not allowing price escalation during the first year of the contract period where the stipulated period of completion of the work is more than one year. This is not acceptable since the provision for reimbursement of escalation charges at 85 per cent was in violation of the norms of the Government. Further, as per the orders of Government issued in April 2007 which were made applicable for all ongoing works also, no escalation was payable for the work executed during first year of execution except for steel, cement and bitumen.</p>	13.41
3	<p>As per the OPWD Code, the estimates are to be prepared as per the State Schedule of Rates (SoR). The Bill of Quantities (BoQ) of the agreements is to match with the estimated items and payment is to be made to the contractor for the items included in the BoQ at the quoted rate. The SoR provides for the items directly connected with the work and do not provide items for work coordinating activities. Therefore, as per the contract conditions of F₂ agreement form, the contractor has to quote the rates taking into account the incidental items required for completing the work as per specification and designs. However, BoQs for the Naranpur-Duburi and Cuttack-Paradeep roads were loaded with items for shifting of utility services/removal of trees etc (₹ 0.50 crore), maintaining mobile telephone sets (₹ 0.26 crore), providing colour photographs (₹ 0.18 crore) and providing vehicles for the employer/engineers (₹ 3.07 crore). All the above items were not admissible as per the SoR and the F₂ agreement forms. The provisions for payment of these non-scheduled items by providing in the BoQs led to avoidable extra cost for ₹ 3.99 crore against which ₹ 5.32 crore was paid by the EEs to the firms as of May 2011 without approval of Government.</p> <p>The Government stated (February 2012) that the above provisions were made as per MORT&H specifications. We do not agree to this as this is a major departure from F₂ agreement for which there is no specific approval.</p>	5.32
4	<p>The agreement form approved under state norms did not provide for any compensation to the contractor in the event of use of materials in the work in</p>	3.23

Sl No	Brief of the audit observation	Financial impact (₹ in crore)
	<p>excess over the norm. The agreement executed for the Naranpur-Duburi road provided for such compensation and the EE compensated ₹ 3.23 crore to the company towards the cost of bitumen used in the work in excess over the standard prescribed in the DPR.</p> <p>The Government stated (February 2012) that being Central Government funded project, the agreement was drawn on FIDIC format which provided for such compensation. This is not acceptable since the FIDIC form of the agreement was adopted without obtaining mandatory concurrence of the Law and Finance Departments and that other projects fully funded by GoI the agreements are drawn in the prescribed form of the State Government.</p>	
	Total	45.71

Appendix-2.4.5
(Refer paragraph 2.4.12 at page 129)

Statement showing defective contract conditions led to undue benefit to the contractors

Sl No	Brief of the audit observation	Financial impact (₹ in crore)
1	<p>The CE (DPI & R) sanctioned (December 2006-March 2011) 23 DPRs⁵ for ₹ 240.02 crore for execution of the projects financed from NABARD. These DPRs included cost and carriage charges of water for ₹ 3.49 crore for execution of earth work, granular sub base and wet mix macadam items. Although the DPRs already included the cost and carriage charges of water, he approved the notice inviting tenders (NIT) providing that the bidders were to quote their rates keeping in view that suitable water supply for the staff, labour and work was to be done at their cost and risk and no claim for carriage of water whatsoever was to be entertained. The bidders quoted for the projects with the above stipulated condition and the agreements were executed containing the above condition.</p> <p>The DPRs for the Naranpur-Duburi and Cuttack-Paradeep roads included ₹ 4.58 crore towards the cost and carriage charges of water. The agreements provided that the cost and carriage charges of water for the staff and labour should be at the cost and risk of the contractor but did not mention the treatment to be done for the cost of water for works.</p> <p>The discrepancy between the item rates (inbuilt with the cost of water) in the DPRs and those quoted by the bidders (again inbuilt with the cost of water) facilitated advantages passed on to the contractors and likely to increase the premium quoted by the contractors.</p> <p>The Government stated (February 2012) that since the water charges were already included in the DPRs, the bidders were instructed in clause 38 of the notice inviting tender (NIT) that they should bear this charge. This is not acceptable in view of the fact that clause 54 of the NIT provided that the rates to be quoted should be inclusive of carriage of water and no claim for carriage of water whatsoever was to be entertained.</p>	8.07
2	<p>The State Government introduced the labour cess Act in December 2008 prescribing levy of labour cess at 1 <i>per cent</i> of the cost of the works. The CE approved (2007) the NIT of Naranpur-Duburi and Cuttack-Paradeep roads providing that the bidders were to pay labour cess not exceeding 2 <i>per cent</i> of the cost of construction as per the GoI Building and Other Workers Regulation of Employees and Conditions of Service Act 1996 and Cess Act 1996. The agreements were also finalised (July/ August/October 2007) with the contractor accordingly. The EEs, recovered the labour cess at only 1 <i>per cent</i> from August 2009 after introduction of the Act at State level. This rendered undue benefit of ₹ 5.37 crore.</p> <p>The Government stated (February 2012) that levy of cess at one <i>per cent</i> was introduced from December 2008 and accordingly the cess was being recovered from the bills of the contractors. This is not acceptable since the agreements provided for levy of cess (2 <i>per cent</i>) as per the GoI labour Act and thus, recovery</p>	5.37

⁵ Improvement to Dharamsala Subalaya Garia, Sonepur Binika Dungripalli, Bolangir Arjunpur Tusura Deogarh, Deogaon Tikarpara, Bhanajanagar Daspalla, Jagannathprasad Bhanjanagar (2 reaches), Jhinkira Anla, Sarankul Darpanarayanpur, Prayagai Krushnaprasad, Sunakhala Ayatpur, Sathipur Jajpur Mangalpur Kayangola, Binjharpur Singhpur, Jajpur Binjharpur, Bagalpur Sailo, Karanjia Khiching, Dhamnagar Kothar, Kodala Chhunchipada Road, Constn of HL Bridge and its approach over river Denta, HL Bridge over river Baitarani on Dhamnagar Sandhapur, Constn of HL bridge over river Birupa, Constn of HL Bridge over river Badagenguti, Constn of both side long approach of HL Bridge over river Devi at Sikharghat

Sl No	Brief of the audit observation	Financial impact (₹ in crore)
	at one <i>per cent</i> facilitated undue benefit to the contractors.	
3	<p>The agreement for the Naranpur-Duburi road provided for compensation/recovery in case of use of bitumen in the work in excess/less over/than the norms, but did not provide such clause for cement component. The consumption of cement in reinforced cement concrete M-20 and M-25 items was less by 60 kg and 70 kg respectively compared to the estimated provisions. The cost thereof for ₹ 0.90 crore for 9,869 cum of RCC M-20 and 19,804 cum of RCC M-25 executed (May 2011) was not recovered due to lack of enabling clause in the contract.</p> <p>The Government stated (February 2012) that being Central Government funded project, the agreement was drawn on FIDIC format which provided for such compensation. This is not acceptable since the FIDIC form of the agreement was adopted without obtaining mandatory concurrence of the Law and Finance Departments and that other projects fully funded by GoI the agreements are drawn in the prescribed form of the State Government.</p>	0.90
	Total	14.34

Appendix-3.1

(Refer paragraph 3.1.2 at page 135)

Statement showing details of short remittance of establishment charges by the Land Acquisition Officers
(In rupees)

Name of LAO	No. of LA cases	Establishment charges received		Government share to be deposited (5 per cent /15 per cent)	Establishment charges deposited in Government account		Short remittance into Government account
		Amount	Period of receipt		Amount	Period of deposit	
LAO, Ganjam	33	16530542	05.01.06 to 28.08.10	11181857	3919087	05.01.06 to 17.02.09	7262770
LAO Jagatsinghpur	2	118610	20.08.05 & 26.02.09	88958	18744	12.08.05 & 11.05.09	70214
Spl LAO Major Irrigation Project Jagatsinghpur	13	350050845	11.11.05 to 06.11.09	175025417	98540076	19.11.05 to 30.10.07	76485341
LAO, Sambalpur	9	37408898	30.05.02 to 19.03.10	18910677	8732918	30.05.02 to 15.05.07	10177759
Spl LAO, Sambalpur LA Cell	11	92948451	18.10.04	46474227	16144028	19.10.04 to 03.12.05	30330199
LAO, Bhadrak	110	39335692	23.02.04 to 11.10.10	29497629	4096000	19.03.04 to 29.08.08	25401629
LAO, Puri	19	135374498	03.12.03 to 31.01.11	100319806	42397560	05.12.03 to 01.03.11	57922246
Spl LAO, Vedanta, Puri	13	43810852	21.09.06 to 16.02.09	21905429	14014995	28.09.06 to 05.12.06	7894434
Total	210	715578388		403404000	187863408		215544592

(Source: Information collected from accounts records of test checked LAOs during audit)

Appendix-3.2
(Refer paragraph 3.2 at page 139)
Statement showing the unutilised PVC pipes

Sl No	Division	Year	Opening Balance		Purchase		Total		Utilised		Balance	
			Qty (Mtr)	Amt	Qty (Mtr)	Amt	Qty (Mtr)	Amt	Qty (Mtr)	Amt	Qty (Mtr)	Amt
1.	Bolangir	07-08	0.29	25.27	1.15	68.31	1.44	93.58	1.26	70.13	0.18	23.45
		08-09	0.18	23.45	4.54	351.84	4.72	375.29	3.55	282.99	1.17	92.30
		09-10	1.17	92.30	00	00	1.17	92.30	0.64	48.03	0.53	44.27
		10-11	0.53	44.27	0.91	90.65	1.44	134.92	1.03	103.04	0.41	31.88
2.	Phulbani	07-08	0.11	58.46	2.76	260.05	2.87	318.51	2.09	215.24	0.78	103.27
		08-09	0.78	103.27	2.49	248.89	3.27	352.16	1.38	181.61	1.89	170.55
		09-10	1.89	170.55	00	00	1.89	170.55	0.46	67.62	1.43	102.93
		10-11	1.43	102.93	0.01	5.13	1.44	108.06	0.85	78.47	0.59	29.59
3.	Puri	07-08	0.13	73.04	3.29	280.41	3.42	353.45	2.75	241.51	0.67	111.94
		08-09	0.67	111.94	4.35	517.14	5.02	629.08	4.10	503.70	0.92	125.38
		09-10	0.92	125.38	00	00	0.92	125.38	0.52	49.09	0.40	76.29
		10-11	0.40	76.29	1.79	221.58	2.19	297.87	1.41	214.62	0.78	83.25
4.	Sambalpur	07-08	0.31	67.94	2.52	244.39	2.83	312.33	1.71	205.43	1.12	106.90
		08-09	1.12	106.90	2.97	366.20	4.09	473.10	2.90	346.73	1.19	126.37
		09-10	1.19	126.37	00	00	1.19	126.37	0.88	108.77	0.31	17.60
		10-11	0.31	17.60	0.32	91.44	0.63	109.04	0.41	92.08	0.22	16.96

Source : *Results of examination of departmental records*

Appendix-3.3
(Refer paragraph 3.3 at page 140)

Statement showing the details of curtailment of IAY assistance by Government of India during 2008-11
(Rupees in lakh)

Sl. No.	Name of the district	2008-09			2009-10			2010-11			Curtailment during 2007-08 to 2010-11 (5+8+11)
		GoI allocation	GoI Release	Curtailment	GoI allocation	GoI Release	Curtailment	GoI allocation	GoI Release	Curtailment	
1	2	3	4	5	6	7	8	9	10	11	12
1	Angul	0	0	0	1092.89	1091.73	1.16	0	0	0	1.16
2	Balasore	2266.16	0	2266.16	1320.05	0	1320.05	3898.91	1949.46	1949.45	5535.66
3	Bargarh	1411.04	1305.39	105.65	2123.51	1542.56	580.95	0	0	0	686.60
4	Bhadrak	1486.77	1167.76	319.01	2237.48	1993.29	244.19	0	0	0	563.20
5	Cuttack	1870.03	1679.32	190.71	2814.27	2200.99	613.28	0	0	0	803.99
6	Boudh	277.11	272.24	4.87	417.01	370.59	46.42	476.75	467.19	9.56	60.85
7	Dhenkanal	963.18	628.10	335.08	0	0	0	0	0	0	335.08
8	Gajapati	437.81	391.91	45.90	0	0	0	0	0	0	45.90
9	Ganjam	2372.94	2294.70	78.24	3571.10	2716.82	854.28	4082.62	4078.27	4.35	936.87
10	Jagatsinghpur	1126.67	734.72	391.95	1695.57	0	1695.57	1938.44	0	1938.44	4025.96
11	Jajpur	1691.13	1572.89	118.24	2545.04	2365.65	179.39	0	0	0	297.63
12	Jharsuguda	259.03	250.47	8.56	389.80	341.08	48.72	0	0	0	57.28
13	Kendrapara	759.82	379.91	379.91	0	0	0	0	0	0	379.91
14	Keonjhar	952.05	854.73	97.32	1432.77	905.34	527.43	0	0	0	624.75
15	Kandhamal	0	0	0	704.49	522.27	182.22	0	0	0	182.22
16	Nabarangpur	602.40	380.54	221.86	0	0	0	0	0	0	221.86
17	Kalahandi	0	0	0	1245.75	622.88	622.87	0	0	0	622.87
18	Nawapara	236.86	233.01	3.85	356.46	193.59	162.87	407.53	279.13	128.40	295.12
19	Puri	1440.51	1391.47	49.04	0	0	0	0	0	0	49.04
20	Sundargarh	889.79	673.80	215.99	0	0	0	0	0	0	215.99
21	Subarnapur	0	0	0	0	0	0	506.67	505.84	0.83	0.83
22	Sambalpur	0	0	0	909.74	728.27	181.47	0	0	0	181.47
23	Rayagada	0	0	0	882.39	638.19	244.20	1008.78	504.40	504.38	748.58
TOTAL		19043.30	14210.96	4832.34	23738.32	16233.25	7505.07	12319.70	7784.29	4535.41	16872.82

ABSTRACT (Rupees in lakh)

Year	Allocation	Release	Curtailment
2008-09	19043.30	14210.96	4832.34
2009-10	23738.32	16233.25	7505.07
2010-11	12319.70	7784.29	4535.41
TOTAL	55101.32	38228.50	16872.82

Source : Information furnished by Panchayati Raj Department

Appendix-3.4
(Refer Paragraph 3.6 at page 145)

Statement showing the details of works allotted to OCC Limited by the Water Resources Department of Government of Odisha
(Rupees in lakh)

Sl. No	Name of the Deptt.	Name of the work	Agreement No	Estimated cost of the work as per Departmental SoR	Estimated cost of the work as per market rates prepared by OCC	Overhead charges ⁶ allowed to OCC over and above the market rate estimate	Estimated cost of the work as per final negotiated price	Actual cost of the work when the work was completed
1	2	3	4	5	6	7	8	9
2008-09								
1	DOWR, Odisha	Cement concrete lining with paver finish from RD 28050 M to RD 30360 M with 45 M extra length due to Railway crossing including slip zone from RD 28125 M to 28215 M & including protection measures of slip zone from RD 28215 M to 28155 M of RBC of RI Sub-p	1F2/2008-09	415.33	534.89	76.70	588.03	Work not completed
2	DOWR, Odisha	Cement concrete lining with paver finish from RD 30360 M to RD 36320 M (excluding from RD 30390 M to RD 30480 M, RD 32340 M to RD 32630 M & RD 33690 M to RD 35000 M) of RBC of RI Sub-project under AIBP	2F2/2008-09	773.00	992.27	142.66	1093.74	Work not completed
3	DOWR, Odisha	Desilting/Dredging of leading channel to the mouth of Sasan canal head regulator inside Hirakud reservoir	01F2/2008-09	3051.38	3280.22	492.03	3772.26	2129.14
2009-10								
4	DOWR, Odisha	Construction of dam top road (Black top) of Titilagarh Irrigation Project (Stage - II)	163F2/2009-10	53.68	62.81	9.42	72.23	Work not completed
5	DOWR, Odisha	Construction of parapet wall over dam of Titilagarh Irrigation Project (Stage - II)	164F2/2009-10	93.02	113.67	17.05	130.72	Work not completed
6	DOWR, Odisha	Construction of village blankel connection road & dam toe inspection road of earth dam of Titilagarh Irrigation Project (Stage - II)	165F2/2009-10	46.25	59.29	8.89	68.19	Work not completed
7	DOWR, Odisha	Construction of longitudinal & stopploging drains of earth dam of Titilagarh Irrigation Project (Stage - II)	No Agreement	7.40	9.52	1.59	12.17	Work not yet started

⁶ At the rate of 15 per cent on final negotiated estimate i.e., (Amount at Col. 8 x 15 / 115)

Sl. No	Name of the Deptt.	Name of the work	Agreement No	Estimated cost of the work as per Departmental SoR	Estimated cost of the work as per market rates prepared by OCC	Overhead charges ⁶ allowed to OCC over and above the market rate estimate	Estimated cost of the work as per final negotiated price	Actual cost of the work when the work was completed
1	2	3	4	5	6	7	8	9
8	DOWR, Odisha	Construction of periphery road connecting Kumpatia Pada Hajmlet of village blankel to village blankel (main Basti) from RD 0.00 M to 1920 M of Titilagarh Irrigation Project (Stage - II)	167F2/2009-10	60.90	78.03	11.70	89.73	Work not completed
9	DOWR, Odisha	Construction of approach road for high level bridge across Kankadajore Nallah connrcting village Blankel with NH-217 of Titilagarh Irrigation Project (Stage - II)	560F2/2009-10	181.64	298.49	40.48	310.36	Work not completed
10	DOWR, Odisha	Construction of high level bridge across Kankadajore Nallah connecting village Blankel with NH-217 of Titilagarh Irrigation Project (Stage - II)	561F2/2009-10	446.70	584.77	86.78	665.36	Work not completed
11	DOWR, Odisha	Construction of escape at RD 2390 M slope protection work on left embankment of Tel river and lining of Golmunda distributary from RD 2965 M to 4000 M in vulnerable reaches.	116F2/2008-09	297.79	332.46	47.62	365.05	383.05
12	DOWR, Odisha	Construction of drainage syphon across Hansia Jore crossing at RD 26560 M with approach embankment and CR-Cum-Escape at RD 26725 M of Golmunda Distributary	120F2/2008-09	230.88	249.70	37.32	286.08	303.51
13	DOWR, Odisha	Construction of Jagamguda MIP	39F2/2008-09	427.59	546.14	79.93	612.77	Work not completed
14	DOWR, Odisha	Construction of head works of Katarpal MIP in Baramba block of Cuttack Dist	01F2/2009-10	273.81	390.79	51.24	392.85	Work not completed
15	DOWR, Odisha	Clearance of over burden of spillway with base stripping of earth dam and foundation, exploration of Hadua Irrigation Project	01F2/2009-10	205.03	211.66	31.75	243.41	Work not yet started
16	DOWR, Odisha	Clearing and desilting of Dhobijore Nalla under Sambalpur Irrigation Division	01F2/2009-10	121.86	214.44	23.71	181.80	(*) 174.15
17	DOWR, Odisha	Construction of Govt Girls High School (Kanyashram) Building at Ramchandrapur	73F2/2009-10	240.92	297.27	44.45	340.78	Work not completed

Sl. No	Name of the Deptt.	Name of the work	Agreement No	Estimated cost of the work as per Departmental SoR	Estimated cost of the work as per market rates prepared by OCC	Overhead charges ⁶ allowed to OCC over and above the market rate estimate	Estimated cost of the work as per final negotiated price	Actual cost of the work when the work was completed
1	2	3	4	5	6	7	8	9
18	DOWR, Odisha	Re-sectioning of Puri main canal from RD 0.00 m to RD 6400.00 m (Desilting).	2421F2/2009-10	85.00	98.71	13.98	107.21	(\$) 100.00
19	DOWR, Odisha	Construction of service road and cement concrete lining with paver finish including balance work of canal from RD 57.890 km to RD 58.542 km of RBC of RIP	01F2/2010-11	213.62	248.93	36.49	279.77	Work not completed
20	DOWR, Odisha	Balance works of Head works LMC from RD 0.00 m to RD 100 m, RD 5500 m to RD 11340 m, tail , aqueduct at RD 1900 m and RMC at RD 0.00 m, RD 4150 m tail including all structures of Ghansali Stage -II MIP under RIDF-X	130F2/2009-10	296.13	328.05	(#) 51.44	369.97	Work not completed
21	DOWR, Odisha	Construction of head works of Jhillinallah MIP (D/W) in Bejepur block at Bargarh district under RIDF-XIV	62F2/2010-11	150.38	169.82	24.19	187.30	Work not completed
22	DOWR, Odisha	Section of river Daya from Bell mouth to Chilika Lagoon dredging channel (from RD 5600 m to RD 6400 m)	03F2/2009-10	250.53	225.45	33.82	259.27	281.87
23	DOWR, Odisha	Improvement to road over left embankment of river Kathajori from belleveiw to Naraj Barrage	216F2/2009-10	317.73	302.82	45.42	348.24	Work not completed
24	DOWR, Odisha	Protection to scoured bank on Gandhighat TRC on Baitarani left for 2009-10 (Launching and packing from RD 4.365 km to 4.545 km near Uppersahu Sahi	2100F2/2009-10	116.41	159.89	21.25	162.93	Work not completed
25	DOWR, Odisha	Protection of left bank over river Baitarani on Gandhighat TRC from RD 4.990 km near Talasahu Sahi for 2009-10 with restoration 9 nos. of spurs	2099F2/2009-10	124.96	156.11	22.24	170.49	Work not completed
26	DOWR, Odisha	Protection of scoured bank on river Baitarani on Gandhighat TRC from RD 5.910 km to 6.270 km near village Sundarpur 2009-10	2098F2/2009-10	266.87	366.71	47.47	363.91	Work not completed
27	DOWR, Odisha	Construction of Mahendratanaya MIP in Gajapati District	83F2/2009-10	253.01	299.10	44.86	343.96	Work not completed

Sl. No	Name of the Deptt.	Name of the work	Agreement No	Estimated cost of the work as per Departmental SoR	Estimated cost of the work as per market rates prepared by OCC	Overhead charges ⁶ allowed to OCC over and above the market rate estimate	Estimated cost of the work as per final negotiated price	Actual cost of the work when the work was completed
1	2	3	4	5	6	7	8	9
28	DOWR, Odisha	Construction of control structure at Gobkund cut near 37.50 km of Bhargavi river for " Sourcing of 75 MLD of drinking water for Puri Township	2520F2/2009-10	1464.61	1967.98	260.48	1997.01	Work not completed
29	DOWR, Odisha	Construction of toe wall at down stream of Tel aqueduct along with lining RD 13570 M to 13970 M and head regulator-cum-VRB of Sandhikulihari S/M I & II and bank connection to SH crossing at RD 5.4 KM including construction of service road in between RD 29	26F2/2009-10	596.47	616.77	88.76	680.48	652.15
30	DOWR, Odisha	Preparation of design, bill of quantities, drawing and construction of building for Officers' Barrack in Delta colony, Unit - VIII, Bhubaneswar, Odisha	2420F2/2009-10	54.29	85.68	8.57	65.69	Work not yet started
31	DOWR, Odisha	Design, supply, fabrication, transportation, erection, commissioning and testing of gates and stoplogs with hoisting arrangements for spillway, under sluices and head regulators of Anandpur Barrage	68F2/2009-10	8232.62	8315.13	1221.61	9447.15	Work not completed
2010-11								
32	DOWR, Odisha	Promotion of right approach road from NH 215 & left approach road to Anandapur Barrage across river Baitarani including pipe culverts		273.04	302.87	45.43	348.30	Work not yet started
33	DOWR, Odisha	Protection measure of Slipzone of Right Bank Canal from RD 27.090KM to RD 27.180KM, RD 27.800KM to RD 28.050KM, RD 30.360KM to RD 30.526KM (Right side only), RD 32.340KM to RD 32.630KM, RD 34.060KM to RD 34.250KM of Rengali Irrigation Sub-Project under AI	72F2/2010-11	443.82	498.59	72.14	553.09	Work not yet started
34	DOWR, Odisha	Construction of high level spur of Devi right embankment near Baurikana	01F2/2010-11	1185.35	1658.70	195.56	1499.25	Work not completed
35	DOWR, Odisha	Excavation of Spill Channel from RD 80.00KM to 750.00M of Kanupur Irrigation Project	62F2/2011-12	1237.21	1456.51	183.54	1407.11	Work not completed
Total				22489.23	24979.35	3492.43	27816.66	

Source: Information collected from the Department

Appendix-3.5
(Refer paragraph 3.9 at page 149)

Statement indicating non-realisation of Wildlife Management Plan Fund

<i>Division</i>	<i>IR No./ Year</i>	<i>Sl. No.</i>	<i>Name of the lessee</i>	<i>Purpose</i>	<i>Location</i>	<i>Mining lease area (Ha.)</i>	<i>Amount due (in ₹)</i>	<i>Reference#</i>
DFO, Keonjhar	31/2009-10	1	M/s TISCO	Mining of Iron & Manganese ore	Joda West	1437.719	28754380	*Sl. No.277
DFO, Keonjhar	31/2009-10	2	M/s Patnaik Minerals	Iron Ore	Jaribahal	106.534	2130680	Sl. No.320
DFO, Keonjhar	31/2009-10	3	B.D. Patnaik	Iron Ore	Kalaparbat	25.633	512660	Sl. No.287
DFO, Keonjhar	31/2009-10	4	M/s Kalinga Mining Corporation	Manganese	Jurudi	54.754	1095080	Sl. No.334
DFO, Keonjhar	31/2009-10	5	DC Jain	Iron & Manganese	Dalpahar	89.961	1799220	Sl. No.250
DFO, Keonjhar Total		5				1714.601	34292020	
DFO, Sundargarh	33/2010-11	6	M/s Mahanadi Coal Limited	Coal	Basundhara East OCP	140.84	2816800	Sl. No.466
DFO, Sundargarh	33/2010-11	7	M/s OCL India Ltd.	Limestone & Dolomite	Lanjiberna	893.55	17871000	Sl. No.539
DFO, Sundargarh Total		2				1034.39	20687800	
DFO, Rourkela	34/2010-11	8	M/s M.G. Mohanty	Iron ore	Patabeda	14.000	280000	Sl. No.507
DFO, Rourkela	34/2010-11	9	M/s M.G. Mohanty	Iron & Manganese	Patabeda	19.425	388500	Sl. No.491
DFO, Rourkela	34/2010-11	10	B. D. Patnaik	Limestone & Dolomite	Kadalibahal	58.178	1163560	Sl. No.529
DFO, Rourkela	34/2010-11	11	G.S. Sharma & Sons	Limestone & Dolomite	Jharbeda	95.684	1913680	Sl. No.535
DFO, Rourkela	34/2010-11	12	M/s Patnaik Minerals	Limestone & Dolomite	Jaidega	54.53	1090600	Sl. No.541
DFO, Rourkela	34/2010-11	13	United Minerals	Limestone	Alanda	67.33	1346600	Sl. No.551
DFO, Rourkela	34/2010-11	14	Smt. P. Bhanjadeo	Quartz	Andhari	27.069	541380	Sl. No.586
DFO, Rourkela	34/2010-11	15	Saligram Khirwala	Limestone & Dolomite	Bonrai	163.472	3269440	Sl. No.557
DFO, Rourkela	34/2010-11	16	Rasik Lal & Co.	Limestone & Dolomite	Bimta	42.148	842960	Sl. No.546
DFO, Rourkela	34/2010-11	17	Ranisati Mining Traders	Limestone & Dolomite	Chutia-Kadalibahal	132.82	2656400	Sl. No.550
DFO, Rourkela Total		10				674.656	13493120	
DFO, Bargarh	41/2010-11	18	M/s Bargarh Cement Ltd.	Lime Stone	Dunguri	502.215	10044300	Sl. No.35
DFO, Bargarh Total		1				502.215	10044300	
Grand Total		18				3925.862	78517240	
# Refer Letter No- Director of Mines/MLI(j)-3/09-5717/DM Dated 19.5.2011								
* Total amount comes to ₹ 287,54,380 out of which ₹ 56,30,000 was paid by TISCO.								

Source: Information collected from the Divisional Forest Officers concerned during audit

Appendix-3.6
(Refer paragraph 3.10 at page 150)
Statement indicating non-realisation of Net Present Value (NPV)

Sl. No	Name of the Division	User Agency	Area of forest land diverted (in hectares)	Purpose	Date of clearance by MoEF		Rate of NPV	Amount realisable	Amount realised	Balance
					Stage-I	Stage-II				
								(Rupees in lakh)		
1	Bolangir (West)	G.L.Agrawal Sambalpur	23.24	Graphite ore mining	12.08.2002	09.12.2003	7.5	174.30	-	174.30
2	Ghumsur (South) Bhanjanagar	Executive Engineer Harbhangi Irrigation Division No.III Adava	29.967	Irrigation Project	06.05.1998	15.12.2005	6.26	187.59	-	187.59
3	Rourkela	M.G.Mohanty Iron & Manganese mines at Patabela	38.04	Mining	29.12.2005	17.08.2009	7.3	277.69	-	277.69
	TOTAL		91.247					639.58	-	639.58

Source: Results of examination of departmental records

Appendix-3.7
(Refer paragraph 3.12 at page 153)

Statement showing the details of hostel buildings meant for Scheduled Tribe girl students of different schools of ST&SC Development Department constructed during 2007-10 without providing basic amenities as of September 2011
(Rupees in lakh)

Sl. No	Name of the ITDA	Name of the hostel building	Scheme under which the building was constructed	Due date of completion of the building	Date of reported completion of construction of the building	Delay in completion (in number of months)	Estimated cost	Expenditure as of September 2011	Number of boarders in the hostel building	Remarks
1	2	3	4	5	6	7	8	9	10	11
Buildings not handed over										
1	Thuamul Rampur	Dumerpadar	CSP	Not available	November 2008	Not available	9.50	9.50	100	Drinking water, toilet, bath room etc. were not provided. The building was left abandoned and not handed over.
2	Thuamul Rampur	Bankapalasa	CSP	27 November 2007	13 May 2010	29	9.50	9.50	100	Basic facilities were not provided and building was not handed over (June 2011).
3	Thuamul Rampur	Gunupur	CSP	Not available	Not available	Not available	9.50	9.14	100	-do-
4	Thuamul Rampur	Madanpur	CSP	July 2007	January 2008	05	9.50	8.61	100	Building not handed over. Basic facilities like piped water supply, toilet yet to be provided.
5	Thuamul Rampur	Pastikudi	CSP	July 2007	September 2007	02	9.50	9.50	100	No kitchen, drinking water facility provided and there was leakage of water from roof. Although the building was handed over (10 November 2010) the same was not put to use by the school (June 2011)
6	Koraput	P.Badapadar	Biju KBK	31 March 2007	24 January 2009	22	3.00	3.00	100	Building was not provided with even a single tube well for daily use of the boarders. Building was not handed over.
7	Koraput	Tunupur	CSP	31 March 2008	11 August 2009	16	4.75	4.75	100	Building was not provided with even a single tube well for daily use of the boarders.
8	Koraput	Kutrabeda	KBK	31 August 2007	03 September 2009	24	5.00	5.00	100	Not even a single tube well has been provided.
9	Koraput	Langlabeda	KBK	31 August 2007	11 November 2008	14	5.00	4.75	100	Construction of special plan for KBK. No tube well.
10	Koraput	Bijaghati	KBK	31 August 2007	03 September 2009	12	5.00	5.00	100	Building was not provided with even a single tube well for daily use of the boarders.

1	2	3	4	5	6	7	8	9	10	11
11	Koraput	Bala		Not available	01 October 2008	Not available	4.00	4.00	100	-do-
12	Koraput	Kanti	KBK	31 August 2007	05 September 2008	12	5.00	5.00	100	-do-
13	Koraput	P.Badapada	Article 275(1)	31 March 2008	26 August 2009	17	5.00	5.00	100	-do-
14	Koraput	Umbel	275(1)	Not available	Incomplete	Not available	5.00	4.47	100	No drinking water facility. The building was not handed over.
Sub Total (A)							89.25	87.22	1400	
Buildings not handed over, yet boarder staying										
15	Thuamul Rampur	Lanjigarh	CSP	August 2007	February 2009	18	9.50	9.50	100	Basic facilities were not provided and building was not handed over. However, boarders are occupying as stated by the headmaster (September 2011).
16	Thuamul Rampur	Madhupur	CSP	April 2008	December 2008	08	9.50	9.28	100	Kitchen, wash basin, dining space and toilet facilities not provided and the building not handed over to the school. However, boarders are residing in the building.
17	Thuamul Rampur	Junagarh	CSP	3 September 2008	Not available	Not available	9.50	9.50	100	Building has not been handed over. However, 60 boarders were staying in the building. Basic amenities such as bath room / toilets / drinking water were not provided. Tube well at 50 meters away was the only source of drinking water.
18	Koraput	Guneipada	Biju KBK	31 March 2007	31 July 2008	16	3.00	3.00	150	No drinking water and sanitation facility. No provision was made in the approved estimate for water supply and sanitation facilities etc. One tube well has been catering to 150 boarders as stated by the Headmaster (September 2011).
19	Koraput	Debagandha	Biju KBK	March 2007	13 March 2009	24	3.00	3.00	100	No provision was made in the approved estimate for water supply and sanitation. The building was not handed over. There was no kitchen and dining facility and no usable toilet. Yet 80 boarders have occupied as stated by the Head Master.
20	Koraput	Tusaba	KBK	31 August 2007	Not available	Not available	5.00	4.54	110	Building was not provided with even a single tube well for daily use of the boarders. However, the building had been under occupation of the boarders as stated by the Headmaster (September 2011).
Sub Total (B)							39.50	38.82	660	
Incomplete buildings handed over and boarders staying										
21	Thuamul Rampur	Jaipatna	CSP	Not available	12 March 2010	Not available	9.50	9.50	100	Toilet and drinking water facilities not provided.
22	Thuamul Rampur	Amapani	CSP	Not available	12 March 2010	Not available	9.50	9.50	100	Compound wall not constructed, drinking water source is tube well. Besides, toilet and bath room facilities not provided.

1	2	3	4	5	6	7	8	9	10	11
23	Balliguda	Rebingia	CSP	31 December 2007	27 June 2008	06	3.00	3.00	160	No provision was made for electrification. The hostel building was handed over without electricity connection and piped water supply to toilets and bathrooms. No kitchen, wash basin and dining room for boarders.
24	Balliguda	Bataguda Ashram School	CSP	31 August 2007	03 May 2009	20	9.50	9.50	140	No provision for electrification. The hostel was handed over without boundary wall, dining room and piped water supply to toilets, wash basin and kitchen.
25	Balliguda	Sudra High School	Article 275(1)	30 June 2008	10 November 2008	05	5.00	5.00	110	The hostel was handed over without kitchen, dining facilities. Piped water supply was not provided though provision of ` 18500 was made in the estimate.
26	Balliguda	Kurtamagarh, Sebashram	CSP	8 December 2008	Not available	Not available	9.50	9.50	160	No provision for electrification and water supply and sanitation. The hostel was handed over without kitchen and wash basin.
27	Balliguda	Belghar High School	CSP	30 June 2008	16 December 2008	06	9.50	9.50	305	No water supply, sanitation and electrification facility.
28	Balliguda	Gumma High School	Article 275(1)	30 April 2007	Not available	Not available	5.00	5.00	402	-do-
29	Balliguda	Kotgarh High School	CSP	31 October 2007	17 December 2007	02	9.50	9.50	420	No provision for water supply and sanitation facilities.
30	Balliguda	Redhasing Sebashram	CSP	31 October 2007	25 November 2009	25	9.50	9.50	160	No provision for electrification and water supply and sanitation facilities.
31	Balliguda	Kirtangia Sebashram	CSP	30 August 2007	05 January 2008	04	9.50	9.50	170	-do-
32	Balliguda	Gatamaha Sebashram	CSP	31 October 2007	08 July 2008	08	9.50	9.50	150	The hostel was handed over without water supply to toilets, bath rooms and wash basin
33	Balliguda	Salapajodi Sebashram	CSP	30 April 2008	31 May 2008	01	9.50	9.43	169	No provision for water supply and sanitation facility.
34	Balliguda	Daringibadi Boys High School	CSP	31 March 2008	27 December 2008	09	9.50	9.50	268	No water supply and sanitation facility.
35	Balliguda	Daringibadi Girls High School	CSP	31 March 2008	31 January 2009	10	9.50	9.50	417	No provision for electrification and water supply and sanitation facilities.
36	Balliguda	Kilabadi Sebashram	CSP	31 December 2007	02 April 2008	03	9.50	9.48	142	No water supply and sanitation and electrification facilities.
37	Balliguda	Kiramaha Sebashram	CSP	31 December 2007	31 March 2008	03	9.50	9.49	150	No water supply and sanitation and electrification facilities.

1	2	3	4	5	6	7	8	9	10	11	
38	Balliguda	Budamaha Sebashram	CSP	4 February 2009	Not available	Not available	9.50	9.49	150	No water supply and sanitation and electrification facilities.	
39	Balliguda	Beredakia Sebashram	CSP	30 May 2007	31 October 2007	05	9.50	9.48	150	No water supply and sanitation and electrification facilities.	
40	Balliguda	Gumdhani Sebashram	Article 275(1)	31 March 2008	Not available	Not available	5.00	5.00	150	No provision for water supply and sanitation.	
41	Balliguda	Raikia Girls High School	CSP	30 March 2008	02 November 2009	21	9.50	9.50	406	No water supply and sanitation facility.	
42	Balliguda	Mondakia High School	CSP	30 September 2007	30 October 2007	01	9.50	9.50	387	No provision for water supply and sanitation.	
43	Balliguda	Katingia Sebashram	CSP	31 October 2007	Not available	Not available	9.50	9.50	140	No water supply and sanitation	
44	Balliguda	Mundagaon Sebashram	CSP	31 October 2007	09 September 2008	10	9.50	9.50	150	No water supply, sanitation and electrification facilities	
45	Balliguda	Rudangia Sevashram	CSP	31 October 2007	24 December 2007	02	9.50	9.50	150	No provision for water supply and sanitation facilities. No electricity connection available.	
Sub Total (C) -							217.50	217.37	5206		
Grand Total (A+B+C) -							346.25	343.41			

Source : Information collected from the ITDAs concerned

Appendix-3.8
(Refer Paragraph 3.14.1 at page 159)

Statement showing Inspection Reports/Paragraphs issued up to 31 March 2011 but not settled by 30 June 2011

Sl No	Name of the Department	Reports awaiting settlement (up to June 2011)		Reports awaiting settlement for more than 10 years		Reports to which even first reply has not been received
		Number of Reports	Number of paragraphs	Number of Reports	Number of paragraphs	Number of Reports
1	Agriculture	936	2945	183	469	183
2	Commerce and Transport	172	264	48	78	44
3	Co-operation	93	287	18	24	10
4	Energy	17	38	0	0	6
5	Excise	76	113	31	51	23
6	Fisheries and Animal Resources Development	476	1379	129	248	93
7	Finance	174	294	101	165	69
8	Food Supplies and Consumer Welfare	3	5	1	1	1
9	Forest and Environment	525	1495	141	413	14
10	General Administration	22	39	5	5	8
11	Health and Family Welfare	1399	4303	476	1428	76
12	Higher Education	374	1041	78	124	30
13	Home	220	569	20	30	35
14	Housing and Urban Development	88	234	22	44	9
15	Industries	263	827	53	104	37
16	Information and Public Relations	56	207	2	10	56
17	Information Technology	2	8	0	0	1
18	Labour and Employment	43	118	1	2	25
19	Law	120	294	15	23	35
20	Panchayati Raj	1797	6531	482	1651	650
21	Parliamentary Affairs	12	25	3	4	0
22	Planning and Co-ordination	57	169	7	18	69
23	Public Enterprises	2	6	0	0	1
24	Revenue and Disaster Management	1180	2861	357	762	254
25	Rural Development	432	1502	103	150	6
26	School and Mass Education	1093	3047	348	786	41
27	Science and Technology	2	17	0	0	1
28	ST & SC Development	267	692	78	141	44
29	Steel and Mines	22	51	0	0	13
30	Sports and Youth Services	34	107	12	29	5
31	Textile and Handloom	50	152	11	18	13
32	Tourism and Culture	78	230	26	56	14
33	Water Resources	1256	3752	496	1137	22
34	Women and child Development	810	3038	397	1199	143
35	Works	472	1229	189	329	16
	Total	12623	37869	3833	9499	2047

Source: As per the records of the office of the Accountants General (Civil Audit) and (CW&RA)

Appendix-3.9

(Refer paragraph 3.14.1 at page 159)

Statement showing the year-wise break up of outstanding Inspection Reports/Paragraphs issued up to March 2011 but not settled by June 2011

Year	Number of Inspection Reports	Number of Paragraphs
1979-80	3	3
1980-81	18	51
1981-82	13	36
1982-83	22	37
1983-84	20	40
1984-85	26	59
1985-86	26	57
1986-87	69	135
1987-88	69	129
1988-89	87	167
1989-90	100	216
1990-91	129	248
1991-92	162	357
1992-93	188	398
1993-94	196	458
1994-95	253	592
1995-96	329	891
1996-97	378	963
1997-98	335	888
1998-99	407	1067
1999-00	506	1356
2000-01	497	1351
2001-02	550	1435
2002-03	570	1540
2003-04	823	2286
2004-05	704	1952
2005-06	671	1680
2006-07	869	2418
2007-08	1019	3365
2008-09	1120	4103
2009-10	1239	4359
2010-11	1225	5232
Total	12623	37869

Source: As per the records of the office of the Accountants General (Civil Audit) and (CW&RA)

Appendix-3.10
(Refer paragraph 3.14.1 at page 159)
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	543	110.40
2.	Inadmissible/irregular payment	146	1.62
3.	Advance payment/less recovery of advance	327	10.89
Sub total (A)		1016	122.91
B. Audit against propriety/expenditure without justification			
4.	Excess payment of firms/contractors	89	0.97
5.	Loss, misappropriation and shortage of stores	165	2.15
6.	Unauthorised expenditure	73	5.35
7.	Undue financial aid to contractors/firms	26	2.77
Sub total (B)		353	11.24
C. Persistent and pervasive irregularities			
8.	Idle store/surplus/unserviceable store/blockage of Government money	351	135.13
9.	Non submission of Utilisation Certificates	277	105.10
10.	Amount kept in Civil Deposits	75	15.51
11.	Retention of un-disbursed amount	209	0.53
12.	Demurrage/penalty	21	0.50
13.	Miscellaneous/doubtful expenditure/non submission of vouchers/overdrawals, etc.	883	64.00
14.	Stamped receipt/acknowledgement wanting	118	10.11
15.	Loans/advances not recovered	1019	152.18
16.	Short/non realisation of Government dues	266	294.29
Sub total (C)		3219	777.35
D. Failure of oversight/governance			
17.	Irregular purchase/Non-accountal of stock/Non-adjustment of cost of materials	106	43.01
18.	Non recovery of dues from firms/contractors and others	199	66.63
19.	Under utilisation of departmental machinery	15	1.05
Sub total (D)		320	110.69
Grand total (A+B+C+D)		4908	1022.19

Source: As per the records of the office of the Accountants General (Civil Audit) and (CW&RA)

Appendix- 3.11
(Refer paragraph 3.14.2 at page 162)

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 2011

Department	Audit Report (Civil) for the year ended (Paragraph number in the Audit Report)												Total (In Number)	
	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09		2009-10
Agriculture	3.1 (R)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	4.5.3	Nil	2.2 (R)	3.4.3	04 (R-2)
Higher Education	Nil	Nil	Nil	3.16	3.8	Nil	Nil	Nil	Nil	Nil	Nil	3.1.2	3.4.2, 2.4(R)	05 (R-1)
Health and Family Welfare	Nil	Nil	Nil	Nil	3.3	3.2 (R)	4.3.4, 4.5.4 3.3(R)	3.1 (R)	Nil	4.3.7, 4.4.18, 4.4.19, 4.5.1	4.5.3, 4.5.4	3.1.1, 3.4.1	3.1.2, 3.4.6	16 (R-3)
School and Mass Education	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	4.4.9	3.1.9, 3.2.7 3.3.5	Nil	04
Fisheries and Animal Resources Development	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	4.5.5, 4.6.1	3.2.1 3.3.3	3.4.1	05
CCO Based Audit (F&ARD)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	4.1(R)	01 (R-1)
Panchayati Raj.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	3.1.4 3.1.5, 3.1.6 3.3.4, 3.4.2	2.1(R)	06 (R-1)
Industry	Nil	Nil	Nil	Nil	Nil	Nil	3.4 (R)	Nil	Nil	4.4.17	Nil	Nil	Nil	02 (R-1)
Forest and Environment	3.15	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	3.3 (R), 3.5 (R), 4.2.5	Nil	3.3.1	05 (R-2)
Scheduled Tribe and Scheduled Caste Development	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	3.1(R)		2.4 (R)		02 (R-2)
Planning and Coordination	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	K.B.K(R)	Nil	Nil	Nil	01 (R-1)
Revenue & Disaster Management	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	3.6 (R)	Nil	2.2(R)	02 (R-2)
Women and Child Development	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	3.1.10	3.1.6	02
Water Resources Department	4.1 (R)	4.16	4.1 (R)	4.2 (R)	Nil	3.4 (R) 5.2	4.3.1	Nil	Nil	Nil	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	3.1.3, 3.1.5, 3.2.1, 3.2.3, 3.2.6, 3.3.2, 3.4.4	28 (R-6)
Works	Nil	Nil	Nil	Nil	4.1 (R)	3.6 (R)	Nil	Nil	Nil	Nil	Nil	3.1.11, 3.1.12 3.4.4, 3.4.5	3.1.1, 3.2.5,	09 (R-2)

Department	Audit Report (Civil) for the year ended (Paragraph number in the Audit Report)													Total (In Number)
	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	
													3.4.5	
Housing and Urban Development	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	3.1.3, 3.2.2	3.2.2, 3.2.4	04
Rural Development	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	2.3(R) 3.1.4	02 (R-1)
Home	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	3.4.7	01
Total	03 (R-2)	01	01 (R-1)	02 (R-1)	03 (R-1)	04 (R-3)	05 (R-2)	01 (R-1)		08 (R-2)	16 (R-4)	29 (R-3)	26 (R-5)	99 (R-25)

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 2011

Category of transaction audit paragraphs	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	2005-06	2006-07	2007-08	2008-09	2009-10		
Non-compliance with rules and regulations	3.15	4.16		3.16	3.3	Nil	Nil	Nil	4.3.7, 4.5.1,	4.2.1, 4.6.1,	3.1.1, 3.1.2, 3.1.3, 3.1.4, 3.1.5, 3.1.6, 3.1.9, 3.1.10, 3.1.11, 3.1.12	3.1.1, 3.1.2, 3.1.3, 3.1.4, 3.1.5, 3.1.6,	24	
Audit against propriety / expenditure without justification	Nil	Nil	Nil	Nil	Nil	5.2	4.3.1	Nil	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, 3.2.7, 3.2.8, 3.2.9, 3.2.10	3.2.1, 3.2.2, 3.2.3, 3.2.4, 3.2.5, 3.2.6	22	
Persistent / pervasive irregularities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	4.1.1	3.3.1, 3.3.2, 3.3.3, 3.3.4, 3.3.5	3.3.1, 3.3.2,	8	
Failure of oversight / governance	Nil	Nil	Nil	Nil	3.8	Nil	4.3.4, 4.5.4	Nil	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	3.4.1, 3.4.2, 3.4.3, 3.4.4, 3.4.5, 3.4.6, 3.4.7	20	
Total	1	1		1	2	1	3		6	12	26	21	74	

Source: As per records of the offices of the Accountants General (Civil Audit) and (CWRA)

Appendix-3.12

(Refer paragraph 3.14.2.1 at page 163)

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 2011
(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	02	05	Nil	02	Nil	03	Nil	37	02
Food, Civil Supplies & Consumer Welfare	Nil	Nil	Nil	Nil	23	Nil	17	Nil	40	Nil
Fisheries & Animal Resources Development	15	Nil	16	Nil	03	Nil	06	Nil	40	Nil
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	Nil	86	24
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	Nil	Nil	Nil	Nil	Nil	09	Nil
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	93	10	01	65	08	10	02	293	104
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	126	248	33	261	08	153	18	1353	185

Source: As per the records of the offices of the Accountants General (Civil Audit) and (CWRA)

Appendix- 3.13

Glossary of Abbreviations

A

AAP	Annual Action Plan
APL	Above Poverty Line
AR	Analysis of Rates
ASCI	Administrative Staff College of India
ASI	Assistant Sub Inspector
AWPB	Annual Work Plan & Budgets

B

BDA	Bhubaneswar Development Authority
BMC	Bhubaneswar Municipal Corporation
BOOST	Build, Own, Operate, Share and Transfer
BPL	Below Poverty Line
BPRD	Bureau of Police Research and Development
BPSL	Bhusan Power & Steel Limited
BPSPA	Biju Patnaik State Police Academy
BPTSL	Bhubaneswar - Puri Transport Service Limited
BRGF	Backward Region Grant Fund
BSNL	Bharat Sanchar Nigam Limited
BSUP	Basic Services for Urban Poor

C

C&AG	Comptroller and Auditor General of India
CA	Concession Agreement
CC	Cement Concrete
CCTNS	Crime & Criminal Tracking Networking System
CDP	City Development Plans
CE	Chief Engineer
CE&BM	Chief Engineer & Basin Management
CG	Commandant General
CID	Criminal Investigation Department
CIP	Central Issue Price
CIPA	Common Integrated Police Application
CIPET	Central Institute of Plastic Engineering and Technology
CMC	Cuttack Municipal Corporation
CMP	Comprehensive Master Plan
CPHEEO	Central Public Health and Environmental Engineering Organisation
CPL	Community Participation Law
CPP	Captive Power Plant

CPWA	Central Public Works Account
CRPF	Central Reserve Police Force
CSMC	Central Sanctioning & Monitoring Committee

D

DCPW	Directorate of Coordination Police Wireless
DFO	Divisional Forest Officer
DGCA	Director General of Civil Aviation
DIC	District Industries Centre
DISC	District Information Services Council
DoT	Department of Telecommunication
DPAP	Drought Prone Area Programme
DPCL	Dhamra Port Company Limited
DPO	District Police Officer
DSLFL	District Forensic Science Laboratories

E

EAs	Executing Agencies
ECP	Economic Cost Price
EE	Executive Engineer
EMD	Earnest Money Deposit
EPM	Export Promotion & Marketing
ESR	Elevated Service Reservoir
EWs	Economically Weaker

F

FCI	Food Corporation of India
FE	Forest and Environment
FIDIC	Federation Internationale Des Ingeniers-Conseils
FSL	Forensic Science Laboratories

G

GC	Governing Council
GIA	Grants-in-Aid
GoI	Government of India.
GP	Gram Panchayat.
GPS	Geo-Positioning System
GSB	Granular Sub Base

H

H&UD	Housing and Urban Development
HG	Home Guard
HOD	Head of the Department
HPC	High Power Committee

I

IA Y	Indira Awas Yojana
IDCO	Industrial Development Corporation of Odisha
IHSDP	Integrated Housing & Slum Development Project
IMRA	Independent Review and Monitoring Agency
IPICOL	Industrial Promotion Investment Corporation of Odisha Ltd
IPR	Industrial Policy Resolution
IPSL	International Sea-Ports Private Limited
IRB	Indian Reserve Battalion
IRs	Inspection Reports
ISAP	Institutional Strengthening Action Plan
ITDA	Integrated Tribal Development Agency.
ITDP	Integrated Tribal Development Programme

J

JE	Junior Engineer
JnNURM	Jawaharlal Nehru National Urban Renewal Mission
J SPL	Jindal Steel and Power Limited
JV	Joint Venture

K

KBK	Kalahandi Bolangir Koraput
KPI	Key Performance Indicators

L

LA	Land Acquisition
LA&RO	Land Acquisition and Rehabilitation Officer
LAN	Local Area Network
LAO	Land Acquisition Officer
LC	Letter of Credit
LD	Liquidated Damages
LDO	Lease Development Operate
LIG	Lower Income Group
LoI	Letter of Intent
LWE	Left Wing Extremist

M

MART	Multi Access Radio Technology
MDR	Major District Road
MFSL	Mobile Forensic Science Laboratories
MIP	Minor Irrigation Project
MIS	Management Information System
MLD	Million Liters Per Day

MoEF	Ministry of Environment and Forest
MoHA	Ministry of Home Affairs
MOU	Memorandum of Understanding
MPF	Modernisation of Police Force
MPRs	Monthly Progress Reports
MTPA	Metric Tonnes Per Annum

N

N O	Nodal Officer
NABARD	National Bank for Agriculture and Rural Development
NAM	National Horticulture Mission
NCB	National Competition Bidding
NCRB	National Crime Records Bureau
NHRASS	National Highway Accident Relief Service Scheme
NIT	Notice Inviting Tenders
NPEGEL	National Programme for Education of Girls at Elementary Level
NPV	Net Present Value
NRHM	National Rural Health Mission

O

OBCC	Odisha Bridge Construction Corporation
ODR	Other District Road
OEA	Odisha Estate Abolition
OGLS	Odisha Government Land Settlement
OGR	On Ground Reservoir
OHDS	Odisha Horticulture Development Society
OLR	Odisha Land Reforms
OMCA	Odisha Municipal Corporation Act
OP	Out Post
OPDR	Odisha Public Demand Recovery
OPEPA	Odisha Primary Education Programme Authority
OPLE	Odisha Prevention of Land Encroachment
OSAP	Odisha State Armed Police
OSCC	Odisha State Council of Culture
OSCSC	Odisha State Civil Supplies Corporation
OSHFWS	Odisha State Health and Family Welfare Society
OSPHWC	Odisha State Police Housing Welfare Corporation
OWSSB	Odisha Water Supply & Sewerage Board

P

PA	Project Administrator
PAC	Public Accounts Committee
PCR	Project Completion Reports
PDL	Public Disclosure Law
PDS	Public Distribution System
PHC	Primary Health Centre
PIP	Project Implementation Plan
PIU	Project Implementation Unit
PMC	Project Management Consultant
PMGSY	Pradhan Mantri Gram Sadak Yojana
POL	Petrol & Other Lubricants
POLNET	Police Communication Network
PPP	Public Private Participation
PR	Panchayati Raj
PRR	Power Road Rollers
PTC	Police Training College
PVC	Poly Vinyl Chloride

R

RDM	Revenue and Disaster Management
RDC	Revenue Divisional Commissioner
RPF	Request for Proposal
RDF	Rural Infrastructure Development
RO	Requisitioning Officer
RPDS	Revamped Public Distribution System
RWSS	Rural Water Supply and Sanitation
RPWS	Rural Piped Water Supply
RIDF	Rural Infrastructure Development Fund
RLTAP	Revised Long Term Action Plan
RI	Revenue Inspector

S

SAP	State Agriculture Policy
SBD	Standard Bidding Document
SC/ST	Scheduled caste/ Scheduled tribe.
SCA	Service Centre Agencies
SCRIB	State Crime Records Bureau
SE	Superintending Engineer
SFSL	State Forensic Science Laboratories
SH	State Highway
SHS	State Health Society
SI	Sub Inspector
SIS	State Implementating Societies
SLEC	State Level Empowering Committee
SLNA	State Level Nodal Agency
SLR	Self Loading Rifle
SLSC	State Level Steering Committee

SMC	Subarna Rekha Main Canal
SMMP	State Mission Mode Project
SOG	Special Operation Group
SOR	Schedule of Rates
SPMC	State Project Management Consultant
SRE	Security Related Expenditure
SRR	Seed Replacement Rate
SRS	System Requirement Specification
SRSWOR	Simple Random Sampling Without Replacement
SSA	Sarva Shiksha Abhiyan
STL	Sales Tax Loan
SWOT	Strength Weakness Opportunities

T

TPIMA	Third Party Inspection and Monitoring Agency
TATAC	Tender Approval & Technical Advisory Committee
TDPS	Targeted Public Distribution System
TSIs	Technical Support Institutions

U

UCs	Utilisation Certificates
ULBs	Urban Local Bodies.
UIDSSMT	Urban Infrastructure Development Scheme for Small & Medium Towns
UIG	Urban Infrastructure & Governance
UHF	Ultra High Frequency
UMTCL	Urban Mass Transit Company Limited

V

VSAT	Very Small Aperture Terminal
VHF	Very High Frequency
VAL	Vedanta Aluminum Limited

W

WTP	Water Treatment Plant
WD	Works Department
WMM	Wet Mix Macadam

Z

ZSS	Zilla Swasthya Samiti
-----	-----------------------