Report of the
Comptroller and Auditor General of India
on
Public Sector Undertakings
for the year ended March 2014

Government of Odisha

Report No. 3 of the year 2015

Report of the
Comptroller and Auditor General of India
on
Public Sector Undertakings

for the year ended March 2014

Government of Odisha

Report No. 3 of the year 2015

TABLE OF CONTENTS

Annexures

No.	Particulars	Reference to	
		Paragraph(s)	Page(s)
1.	Statement showing particulars of up to date paid-up capital, loans outstanding and manpower as on 31 March 2014 in respect of Government Companies and Statutory Corporations	1.6	87-93
2.	Statement showing grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2014	1.9	94-96
3.	Summarised financial results of Government Companies and Statutory Corporations for the latest year for which accounts were finalised	1.14 and 1.34	97-101
4.	Statement showing financial position of Statutory Corporations	1.14	102-103
5.	Statement showing working results of Statutory Corporations	1.14	104-105
6.	Statement showing investment made by State Government in PSUs, whose accounts are in arrears	1.23	106
7.	Details of the units of OTDC and DoT	2.1.2	107
8	Statement showing Working Results of OTDC	2.1.21	108
9.	Statement showing Budget Provision, Sanction, Expenditure and Surrender of funds under State Plan/Centrally Sponsored Plan/Central Plan for last five years ended March 2014	2.2.9	109
10.	Statement showing major schemes implemented in Fisheries Sector	2.2.11	110
11.	Statement showing short drawal of cheaper power by OHPC from MHEP and procurement of high cost power by GRIDCO during 2009-14 (upto October 2013)	3.1	111
12.	Statement showing Paragraphs/Reviews/Performance Audits for which Explanatory Notes were not received as on 30 September 2014	3.10.1	112
13.	ATNs outstanding from the Government on Recommendations of COPU as of 30 September 2014	3.10.2	113
14.	Statement showing department-wise outstanding Inspection Reports as on 30 September 2014	3.10.3	114
	Glossary of Abbreviations		115-116

PREFACE

This report deals with the results of audit of Government Companies and Statutory Corporations for the year ended March 2014.

The accounts of Government Companies (including companies deemed to be Government Companies as per the provisions of the Companies Act) are audited by the Comptroller and Auditor General of India (CAG) under the provisions of Section 619 of the Companies Act 1956. The accounts certified by the Statutory Auditors (Chartered Accountants) appointed by the CAG under the Companies Act are subject to supplementary audit by officers of the CAG and the CAG gives his comments or supplements the reports of the Statutory Auditors. In addition, these companies are also subject to test audit by the CAG.

Reports in relation to the accounts of a Government Company or Corporation are submitted to the Government by the CAG for laying before State Legislature under the provisions of Section 19-A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

In respect of Odisha State Road Transport Corporation which is a Statutory Corporation, the CAG is the sole auditor.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2013-14 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; matters relating to the period subsequent to 2013-14 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the CAG.

Overview

1. Overview of Government Companies and Statutory Corporations

Audit of Government Companies is governed by Section 619 of the Companies Act, 1956. Accounts of Government Companies are audited by Statutory Auditors appointed by the CAG. These accounts are also subject to supplementary audit conducted by the CAG. Audit of Statutory Corporations is governed by their respective legislations. As on 31 March 2014, the State of Odisha had 38 working PSUs (35 Companies and 3 Statutory Corporations) and 28 non-working PSUs (all Companies), of which working PSUs employed 0.20 lakh employees. Working PSUs registered a turnover of ₹15,949.82 crore for 2013-14 as per their latest finalised accounts as on 30 September 2014. This turnover was equal to 5.53 per cent of State GDP indicating an important role played by State PSUs in the economy. Working PSUs earned an aggregate profit of ₹1,891.60 crore for 2013-14 and had accumulated profit of ₹2,763.57 crore as on 31 March 2014.

Investment in PSUs

As on 31 March 2014, investment (capital and long term loans) in 66 PSUs was ₹10,662.02 crore. It increased by 33.27 per cent from ₹8,000.29 crore in 2008-09 to ₹10,662.02 crore in 2013-14. Increase in investment was mainly due to increase in capital and loan in power sector. Share of investment in power sector marginally increased from 76.27 per cent in 2008-09 to 81.58 per cent in 2013-14.

Performance of PSUs

During 2013-14, out of 38 working PSUs, 27 PSUs earned profit of ₹1,945.53 crore and seven PSUs incurred loss of ₹53.93 crore as per their latest finalised accounts as on 30 September 2014. One PSU prepared its accounts on 'no profit no loss' basis while three PSUs have not yet started their operation/commercial production. Major contributors to profit were The Odisha Mining Corporation Limited (₹1,449.95 crore), Odisha Power Generation Corporation Limited (₹183.82 crore), Odisha State Beverages Corporation Limited (₹97.81 crore) and GRIDCO Limited (₹41.93 crore). Heavy losses were incurred by Orissa Rural Housing and Development Corporation Limited (₹31.71 crore) and IDCOL Ferro Chrome and Alloys Limited (₹12.85 crore).

Losses are attributable to various deficiencies in the functioning of PSUs. A review of three years' (2011-14) Audit Reports of the CAG reflect losses to the extent of ₹ 13,185.05 crore and infructuous investments of ₹17.37 crore by State PSUs.

Quality of accounts

Quality of accounts of PSUs needs improvement. All 38 accounts finalised during October 2013 to September 2014 received qualified certificates from Statutory Auditors. There were 65 instances of non-compliance with Accounting Standards in 26 accounts. Reports of Statutory Auditors on internal control of companies indicated several weak areas.

Arrears in accounts and winding up

Twenty Seven working PSUs had arrears of 47 accounts as of 30 September 2014, of which 20 accounts pertained to earlier years and the remaining were 2013-14 accounts. There were 28 non-working PSUs including 17 under liquidation. Government may expedite closing down non-working PSUs for which closure/liquidation orders were already issued and for balance PSUs take appropriate action after exercising due diligence.

(Chapter 1)

2. Performance Audit relating to Government Companies

Performance Audit relating to "Activities of Odisha Tourism Development Corporation Limited and Department of Tourism, Government of Odisha in promoting tourism in the State" and "Activities of Odisha Pisciculture Development Corporation Limited and Fisheries and Animal Resources Development Department in developing fisheries sector in the State" were conducted. Executive summary of the Audit findings are given below:

Activities of Odisha Tourism Development Corporation Limited and Department of Tourism, Government of Odisha in promoting tourism in the State

Odisha Tourism Development Corporation Limited (OTDC) was incorporated in September 1979 as a wholly owned Government Company pursuant to Government of Odisha (GoO) resolution of 27 March 1979. As per the above resolution, while Department of Tourism (DoT) of GoO is responsible for policy planning, project evaluation, promotion and publicity of tourism etc., OTDC is responsible for providing accommodation to tourists, developing places of tourist interest, providing transport services to tourists, creating different facilities for the interest and convenience of tourists and adopting methods and devices necessary to attract tourists in large numbers. Performance Audit was conducted to assess activities of OTDC and DoT in promoting tourism in the State. As of March 2014, OTDC had 20 tourist hotels alongwith facilities like catering, surface transport, restaurant, air ticketing, bars and beer parlours and DoT had 17 Panthasalas.

Planning for Projects

Odisha Tourism Policies formulated by GoO did not spell out the role of OTDC for implementation of the policies/projects. No long-term perspective plan/corporate plan was prepared by GoO or OTDC for development of tourism in the State. Though, GoO identified 336 tourist centres in the State, no master plan was prepared for sustainable development of these tourist centres.

Physical and Financial Performance

State's share of foreign tourists was below one per cent of the tourists who visited India. Due to inadequate facilities, out of 429.98 lakh tourists who visited the State during 2009-14, only 5.60 lakh stayed in the accommodation units of DoT/OTDC. As per overall country tourism statistics, State's national rank for attracting domestic tourists reduced from 17th in 2010 to 19th in 2012.

From Budgeted Plan allocation of ₹257.18 crore for DoT during 2009-14, an amount of ₹251.48 crore though stated as spent, ₹58.51 crore was lying with OTDC. For want of Administrative Approvals and non-availability of land, ₹22.33 crore released to OTDC for execution of 26 works remained unutilised. OTDC misused ₹26.02 crore, interest accrued on project fund of Central/State sponsored projects.

Implementation of Tourism Projects

Out of 21 Centrally Sponsored Projects (CSPs) of 11th Plan period, OTDC could execute works valued at ₹74.95 crore as of March 2014 and completed three works only with a delay of 41 to 68 months. Ongoing projects were also delayed upto 71 months. In 13 projects, GoO dropped project components of ₹15.32 crore due to non-availability of suitable land and want of forest clearance. Due to non-completion of CSPs, GoO refunded ₹24.59 crore and diverted ₹21.95 crore from the State budget to complete balance work. The State sacrificed Central Financial Assistance of ₹37.42 crore for five projects due to non-submission of Utilisation Certificate (UC). In absence of any time limit for execution, 43 State Sponsored Projects (₹29.30 crore) had not commenced as of July 2014.

Tourism Projects under PPP mode

Development of tourism projects in the State under PPP mode was ineffective due to lack of commercial viability study. Even after lapse of 18 years, GoO failed to develop required infrastructure despite incurring an expenditure of ₹35.13 crore for development of Shamuka Beach project.

Operational Performance

DoT incurred a loss of ₹7.90 crore in operation of Panthasalas. Three out of twenty hotels of OTDC incurred continuous losses during 2009-14 and only 1 to 4 hotels could achieve the National average of occupancy. Non achievement of targeted food cost ratio resulted in excess consumption of raw material valued at ₹1.94 crore. OTDC could utilise 43.13 to 62.26 per cent of available days of operation of its tourist buses and incurred a loss of ₹4.35 crore during 2009-14. Operation of Hop on Hop off bus service on Public Private Partnership mode was also failed for which OTDC sustained loss of ₹1.05 crore. There was low utilisation of big boats (48.60 to 50.41 per cent) and floating restaurant (4.49 per cent) at Barkul.

Marketing Strategy and Business Promotion

Despite spending ₹17.87 crore during 2009-14 towards promotion and publicity at international level, flow of foreign tourists to State did not increase significantly. Upgradation of three Panthanivases into 3-Star Hotels did not come up so far.

Project Monitoring and Internal control

Deficient monitoring and internal control system of DoT/OTDC resulted in delayed/non-execution of tourist projects, low operational performance and inadequate promotion of tourism.

Recommendations

Performance Audit contains recommendations to prepare a strategic corporate plan defining the role and activities as per the tourism policy; create a credible database to assess return on investment in tourism sector; develop a suitable mechanism to monitor and oversee utilisation of Central/State assistance towards completion of projects in a time bound manner; and adopt effective marketing and publicity practices to improve State's national rank in tourist attraction.

(Chapter 2.1)

Activities of Odisha Pisciculture Development Corporation Limited and Fisheries and Animal Resources Development Department in developing fisheries sector in the State

Odisha Pisciculture Development Corporation Limited (OPDC) was incorporated as a wholly owned Government Company in May 1998 with the main objective of production and sale of quality fry/fingerlings and development of pisciculture, manufacturing and trading of fishing net, retailing of high speed diesel, motor spirit and lubricants. Fisheries potential in Odisha is 6.61 lakh MT per annum from Inland Sector (fresh water: 4.33 lakh MT, brackish water : 0.67 lakh MT) and Marine Sector (1.61 lakh MT). About 10.84 lakh population (2.95 per cent) depends upon fisheries for their livelihood.

Planning

Against budget allocation of ₹342.25 crore for Fishery Sector by GoO under State Plan (₹178.56 crore), Centrally Sponsored Plan (₹150.81 crore) and Central Plan (₹12.88 crore) during 2009-14, Fisheries and Animal Resources Development Department (FARD) surrendered ₹188.75 crore (55 per cent) which ranged from 17 to 78 per cent during this period. Surrender was mainly due to non/partial implementation of scheme works.

Implementation of Programmes/Schemes

Due to non/poor execution of different central schemes, FARD had to surrender ₹14.59 crore and also could not avail ₹92.10 crore further central assistance.

Fish Seed Production

There was shortfall in production of 17,110 lakh spawn and 5,245 lakh fry for which OPDC sustained loss of revenue of ₹11.60 crore. Against the target for development of 4,330 Ha land for brackish water aquaculture, only 2,313 Ha was developed. During 2009-14 there was shortfall in production of 7,580 MT shrimp valued at ₹163.32 crore and 0.38 lakh MT marine fish valued at ₹202.06 crore.

Welfare activities for fishermen

During 2009-14, though ₹6.63 crore was available under Saving-cum-Relief Scheme which intended to provide sustenance to 78,000 fishermen in lean period, ₹3.21 crore remained unutilised due to non-identification of eligible beneficiaries. Further, during 2009-13 due to delay in completion of low cost houses, 5,634 fishermen were deprived of availing financial assistance of ₹28.65 crore.

Infrastructure

Though National Fisheries Development Board sanctioned ₹11.65 crore for upgradation and modernisation of seven Fishing Harbours/Fish Landing Centres to provide infrastructure facilities, only one of them was completed. Construction of FLC at Balugaon remained incomplete after lapse of 11 years leading to cost overrun of ₹2.83 crore (120 per cent). Further, due to non-finalisation of land, construction of fishing harbour at Balasore District is yet to commence. Due to non-utilisation of machine hours and shortage of staff/power/working capital, there was shortfall in production of fishing net for which OPDC sustained potential revenue loss of ₹7.03 crore. In absence of estimates for reconstruction/restoration of fish firms, ₹10 crore availed from Special Relief Commissioner was refunded.

Financial Management

Against targeted lease value and royalty of ₹5.32 crore, FARD realised ₹1.85 crore only from Primary Fishermen Co-operative Societies during 2009-14. Interest earned on scheme funds of ₹1.81 crore accrued in bank accounts remained idle without refund or adjustment.

Monitoring and Control

There was deficient monitoring and internal control system with FARD/OPDC.

Recommendations

Performance Audit contains four recommendations on need to prepare realistic budget to avoid surrender of allocation; implement central schemes/programmes in time to boost pisciculture; effectively implement welfare programmes/schemes for social upliftment of fishers; and strengthen monitoring and internal control mechanism.

(Chapter 2.2)

3. Compliance Audit Observations

Compliance audit observations included in this Report highlight deficiencies in management of PSUs, which resulted in financial implications. The irregularities pointed out are broadly of the following nature:

One PSU incurred avoidable expenditure of ₹ 148.72 crore due to non-compliance with rules, directives, procedures and terms and conditions of contracts.

(Paragraph 3.3)

Two PSUs suffered loss of ₹ 53.92 crore due to non-safeguarding financial interests of organisations.

(Paragraphs 3.4, 3.5 and 3.9)

One PSU lost the opportunity of availing exemption of ₹ 15.07 crore and another PSU incurred wasteful expenditure of ₹ 1.21 crore due to defective/deficient planning.

(Paragraphs 3.2 and 3.8)

One PSU extended undue benefit of ₹ 2.67 crore to contractors due to lack of fairness, transparency and competitiveness in operations.

(Paragraphs 3.6 and 3.7)

One PSU incurred avoidable extra expenditure of ₹ 24.10 crore due to inadequate/deficient monitoring.

(Paragraph 3.1)

Gist of some of the important audit observations is given below:

Odisha Hydro Power Corporation Limited incurred avoidable extra expenditure of ₹ 24.10 crore due to short drawal of 57.764 MU low cost hydro power and failed to seek exemption from payment of licence fees of ₹ 15.07 crore (as a total) on use of water.

(Paragraphs 3.1and 3.2)

Non adherence to the provisions of FC Act by **The Odisha Mining Corporation Limited** resulted in avoidable payment of ₹ 148.72 crore towards penal Net Present Value and Compensatory Afforestation apart from blocking of iron ore costing ₹ 23.90 crore.

(Paragraph 3.3)

Injudicious decision of **The Odisha Mining Corporation Limited** to adopt "price inclusive of royalty" coupled with absence of safety clause in the sales contracts for recovery of differential royalty resulted in loss of ₹ 49.84 crore.

(Paragraph 3.4)

Absence of enabling clause to safeguard the financial interest deprived **The Odisha Mining Corporation Limited** of earning additional revenue of ₹ 3.01 crore.

(Paragraph 3.5)

Acceptance of allotment of an inappropriate land with subsequent decision for amendment of scope of contract led to wasteful expenditure of ₹ 1.21 crore by **Odisha Power Transmission Corporation Limited.**

(Paragraph 3.8)

Chapter I

1. Overview of State Public Sector Undertakings

Introduction

1.1 The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations established to carry out activities of commercial nature while keeping in view welfare of the people. In Odisha, PSUs occupy an important place in the State economy. Working State PSUs registered a turnover of ₹ 15,949.82 crore as per their latest finalised accounts (September 2014) which was equal to 5.53 *per cent* of Gross State Domestic Product (GSDP) of ₹ 2,88,414.31 crore for 2013-14. Major activities of State PSUs are concentrated in Power and Manufacturing sectors. Working PSUs earned aggregate profit of ₹ 1,891.60 crore as per their latest finalised accounts (September 2014). They had 0.20 lakh employees as on 31 March 2014.

1.2 As on 31 March 2014, there were 66 PSUs as per details given below. None of these Companies was listed on Stock Exchange except GRIDCO Limited which has listed (September 2013) its debt securities only with Bombay Stock Exchange Limited.

Type of PSUs	Working PSUs	Non-working PSUs	Total
Government Companies[1]	35[2]	28	63
Statutory Corporations	3	-	3
Total	**38**	**28**	**66**

Audit Mandate

1.3 Audit of Government Companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government Company is one in which not less than 51 *per cent* of paid up capital is held by Government(s). A Government Company includes a subsidiary of a Government Company. Further, a Company in which 51 *per cent* of the paid up capital is held in any combination by Government(s), Government Companies and Corporations controlled by Government(s) is treated as if it was a Government Company (deemed Government Company) as per Section 619 B of the Companies Act.

1.4 Accounts of State Government Companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors, who are appointed by the Comptroller and Auditor General of India (CAG) as per provisions of Section 619 (2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provisions of Section 619(4) of the Companies Act, 1956.

[1] Includes seven 619 B Companies, of which six are working and one non-working.
[2] One working Company namely Green Energy Development Corporation of Odisha Limited was incorporated on 18 April 2013.

1.5 Audit of Statutory Corporations is governed by their respective legislations. Out of three Statutory Corporations, CAG is the sole auditor for Odisha State Road Transport Corporation. In respect of Odisha State Warehousing Corporation and Odisha State Financial Corporation, audit is conducted by Chartered Accountants and supplementary audit by the CAG.

Investment in State PSUs

1.6 As on 31 March 2014, investment (capital and long-term loans) in 66 PSUs (including 619 B Companies) was ₹ 10,662.02 crore as per details given in the table below:

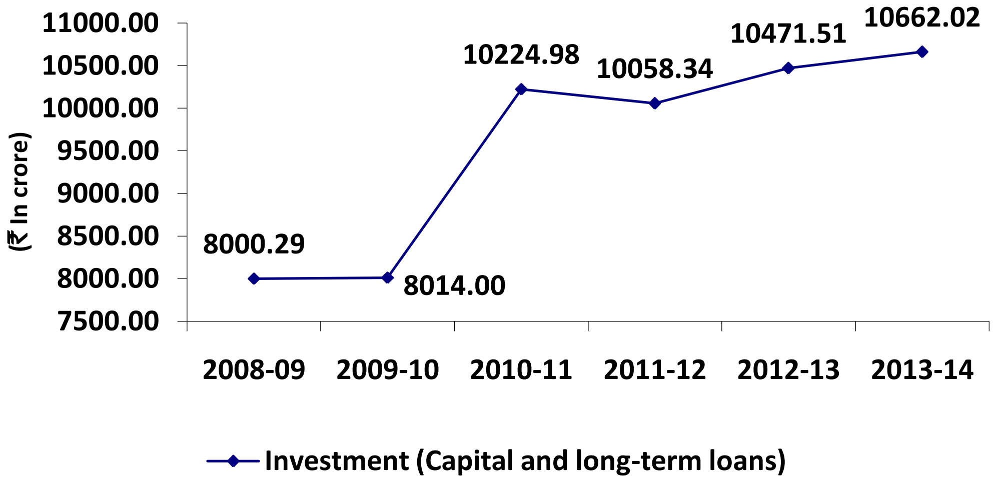
(₹ in crore)

Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	2,496.38	7,331.80	9,828.18	581.38	135.04	716.42	10,544.60
Non-working PSUs	80.28	37.14	117.42	--	--	--	117.42
Total	**2,576.66**	**7,368.94**	**9,945.60**	**581.38**	**135.04**	**716.42**	**10,662.02**

(Source: Information submitted by PSUs)

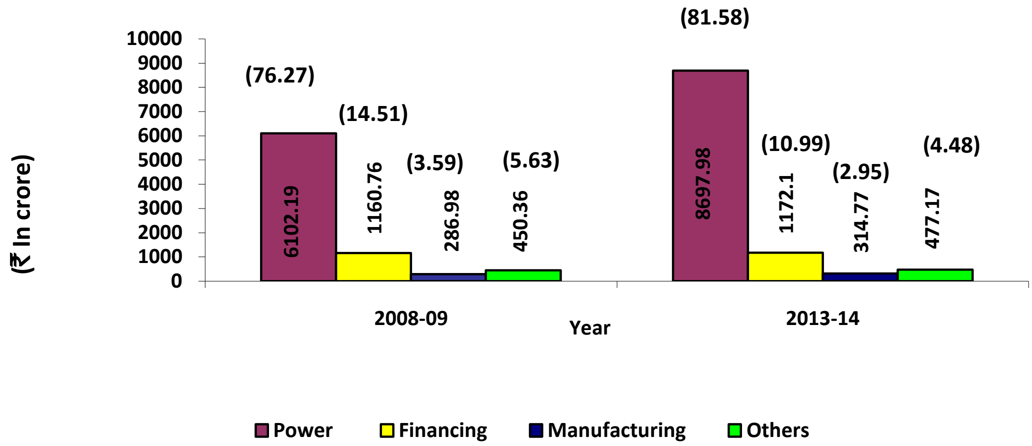
Summarised position of investment in State PSUs is detailed in **Annexure 1**.

1.7 As on 31 March 2014, of the total investment in State PSUs, 98.90 *per cent* was in working PSUs and the remaining 1.10 *per cent* in non-working PSUs. This total investment consisted of 29.62 *per cent* towards capital and 70.38 *per cent* in long-term loans. Investment had increased by 33.27 *per cent* i.e. from ₹ 8,000.29 crore in 2008-09 to ₹ 10,662.02 crore in 2013-14 due to increase in capital and loan in power sector as shown in the graph below:



(Source: Information submitted by PSUs)

1.8 Investment in various important sectors and percentage thereof at the end of 31 March 2009 and 31 March 2014 are indicated below in the bar chart.



(Figures in brackets show the sector percentage to total investment)

(Source: Information submitted by PSUs)

Thrust of PSU investment was mainly in power sector during six years ending 31 March 2014. Share of investment of power sector has marginally increased from 76.27 *per cent* in 2008-09 to 81.58 *per cent* in 2013-14. Share of investment of financing sector has decreased from 14.51 *per cent* in 2008-09 to 10.99 *per cent* in 2013-14, manufacturing sector from 3.59 *per cent* in 2008-09 to 2.95 *per cent* in 2013-14 and other sectors from 5.63 *per cent* in 2008-09 to 4.48 *per cent* in 2013-14.

Budgetary outgo, grants/subsidies, guarantees and loans

1.9 Details regarding budgetary outgo towards equity, loans, grants/subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of State PSUs are given in **Annexure 2**. Summarised details for three years ended 2013-14 are given below.

(₹ in crore)

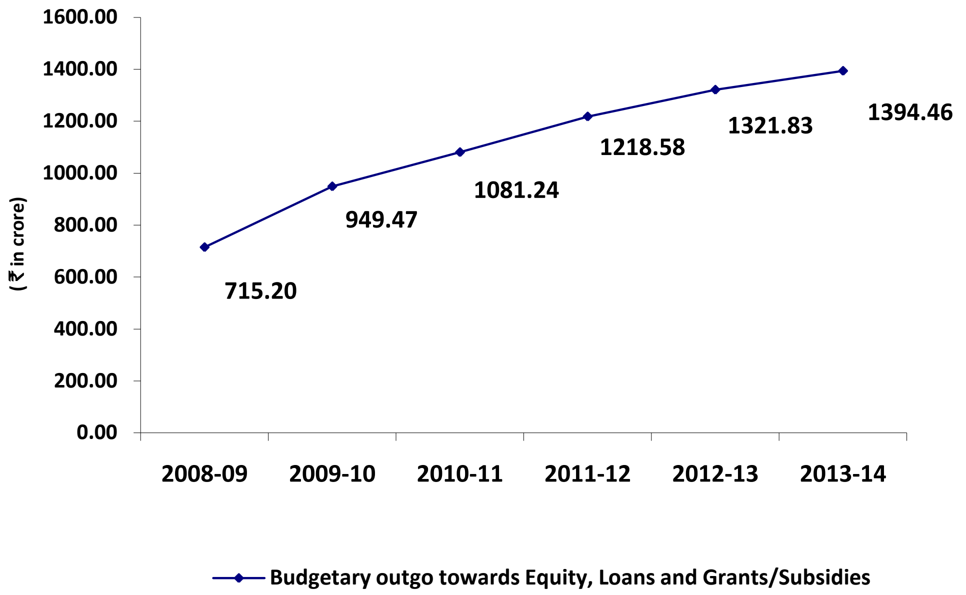
Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	1	43.00	3	61.72	2	58.00
2.	Loans given from budget	1	163.23	--	--	--	--
3.	Grants/Subsidy received	11	1,012.35	11	1,260.11	9	1,336.46
4.	Total outgo (1+2+3)	13	1,218.58	13	1,321.83	10[3]	1,394.46

[3] One PSU (Sl. No. B-2 of **Annexure 2**) received equity and grants/ subsidies from the State Government.

5.	Loans converted into equity	--	--	--	--	--	--
6.	Loans written off	2	1.80	2	2.28	2	2.28
7.	Interest/Penal interest written off	--	--	--	--	--	--
8.	Total waiver (6+7)	2	1.80	2	2.28	2	2.28
9.	Guarantees issued	1	290.00	--	--	1	463.50
10.	Guarantee commitment	4	2,373.41	2	2,274.15	1	2,001.37

(Source: Information submitted by PSUs)

1.10 Details regarding budgetary outgo towards equity, loans and grants/subsidies for the past six years are given in a graph below:



(Source: Information submitted by PSUs)

It may be noticed that year-wise budgetary outgo of the State towards equity, loans and grants/subsidy to State PSUs showed increasing trend from 2008-09 and touched the highest figure of ₹ 1,394.46 crore during 2013-14 mainly due to release of subsidy of ₹ 1,283.41 crore to Odisha State Civil Supplies Corporation Limited and equity contribution of ₹ 50 crore to Odisha Power Transmission Corporation Limited.

1.11 As per guidelines (November 2002) of Government of Odisha, State PSUs were liable to pay Guarantee Commission (GC) at the rate of 0.5 *per cent* per annum on the maximum of guarantee sanctioned irrespective of amount of loan actually availed or outstanding there against. Guarantee commitment by Government at the end of 2013-14 was ₹ 2,001.37 crore against GRIDCO Limited. During 2013-14 three[4] PSUs paid GC of ₹ 11.63 crore to State Government, while GC of ₹ 18.17 crore was outstanding in respect of three[5] PSUs.

[4] Sl Nos. A-2,24 and 25 of **Annexure 3**
[5] Sl Nos. 12,24, and 25 of **Annexure 3**

Absence of accurate figure for investment in PSUs

1.12 Figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, PSUs concerned and the Finance Department should reconcile the differences. The position in this regard as at 31 March 2014 is stated below:

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	2,482.94	2,406.15	76.79
Loans	Not Available	3,713.80	---
Guarantees	1,626.77	2,001.37	374.60

1.13 It was observed that differences occurred in respect of 26 PSUs[6] and some of the differences were pending reconciliation since many years. Although office of the Principal Accountant General (PAG) had time to time written to the Administrative Departments of the State PSUs concerned highlighting issue of long pending differences for early reconciliation, no significant progress was, however, noticed. The Government and the PSUs may take concrete steps to reconcile the differences in a time-bound manner.

Performance of PSUs

1.14 Financial results of PSUs, financial position and working results of working Statutory Corporations are detailed in **Annexures 3, 4** and **5** respectively. A ratio of working State PSUs turnover to GSDP shows extent of PSUs activities in State economy. Table below provides details of turnover of working PSUs and GSDP for the period 2008-14.

(₹ in crore)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Turnover[7]	8,093.78	8,573.26	9,320.78	11,450.16	11,294.70	15,949.82
Percentage of increase in turnover to previous year	11.52	5.92	8.72	22.85	-1.36	41.22
GSDP	1,22,165	1,50,946.38	1,86,356	2,26,236.14	2,58,744.09	2,88,414.31
Percentage of increase in GSDP to previous year	14.75	23.56	23.46	21.40	14.37	11.47
Percentage of turnover to GSDP	6.63	5.68	5.00	5.06	4.37	5.53

(Source: Annual Accounts of PSUs and data from Government)

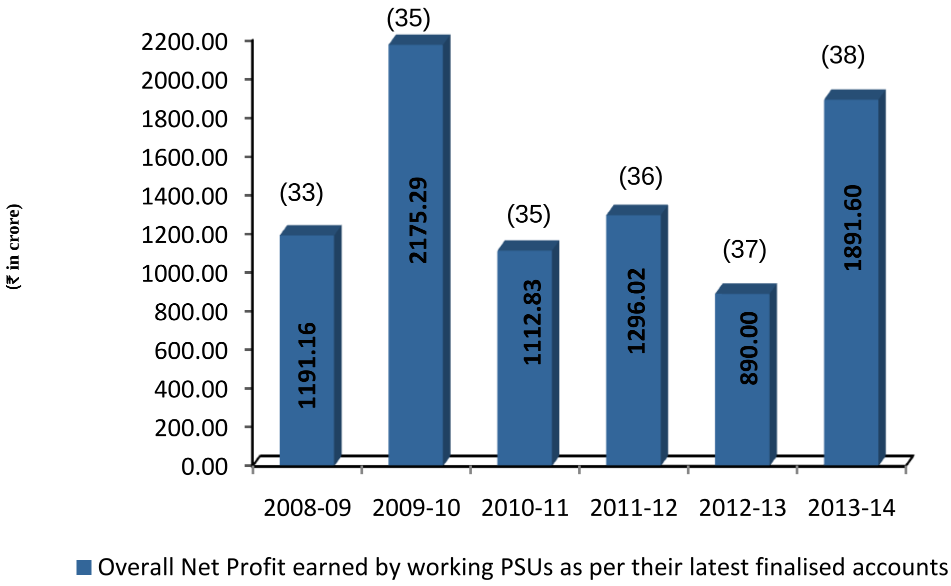
Turnover of PSUs did not increase in proportion to corresponding increase in GSDP except in 2011-12 and 2013-14. Turnover in 2013-14 increased by 41.22 *per cent* due to substantial increase in turnover of four[8] PSUs.

[6] Including 8 non-working PSUs

[7] Turnover of working State PSUs as per the latest finalised accounts as of 30 September 2014

[8] Sl Nos. A-21,22,24 and 33 of **Annexure 3**

1.15 Profit earned by working State PSUs during 2008-14 is given below.



(Figures in brackets show the number of working PSUs in respective years)

From above it can be seen that working PSUs earned overall profit in all the years which ranged between ₹ 890 crore and ₹ 2,175.29 crore during 2009-14. Out of 38 working PSUs, 27 PSUs earned profit of ₹ 1,945.53 crore and seven PSUs incurred loss of ₹ 53.93 crore as per their latest accounts finalised during October 2013 to September 2014. One working PSU i.e., Odisha State Civil Supplies Corporation Limited prepared its accounts on 'no profit no loss' basis while three[9] Companies have not yet started their operation/commercial production. Major contributors to profit were The Odisha Mining Corporation Limited (₹ 1,449.95 crore), Odisha Power Generation Corporation Limited (₹ 183.82 crore), Odisha State Beverages Corporation Limited (₹ 97.81 crore) and GRIDCO Limited (₹ 41.93 crore). Heavy losses were incurred by Orissa Rural Housing and Development Corporation Limited (₹ 31.71 crore) and IDCOL Ferro Chrome and Alloys Limited (₹ 12.85 crore).

1.16 Losses of PSUs were mainly attributable to deficiencies in financial management, planning, implementation of projects, running their operations and monitoring. A review of latest three years' Audit Reports of the CAG showed that working State PSUs incurred losses to the tune of ₹ 13,185.05 crore and made infructuous investment of ₹ 17.37 crore. Year-wise details from Audit Reports are stated in the following table:

(Amount: ₹ in crore)

Particulars	2011-12	2012-13	2013-14	Total
Net Profit	1,296.02	890.00	1,891.60	4,077.62
Controllable losses as per the CAG's Audit Report	4,492.46	7,071.64	1,620.95	13,185.05
Infructuous investment	2.44	12.60	2.33	17.37

[9] Sl. Nos.A-20,29 and 32 of **Annexure 3**

1.17 Some other key parameters pertaining to State PSUs are given below:

(Amount: ₹ in crore)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Return on Capital Employed (*per cent*)	15.14	20.21	9.78	15.80	13.62	14.44
Debt	5,573.22	5,549.32	7,588.39	7,469.11	7,703.16	7,503.98
Turnover[10]	8,093.78	8,573.26	9,320.78	11,450.16	11,294.70	15,949.82
Debt/Turnover ratio	0.69:1	0.65:1	0.81:1	0.65:1	0.68:1	0.47:1
Interest payment	402.59	358.19	361.09	970.85	976.32	1,160.85
Accumulated profit/(loss)	1,269.44	2,135.60	2,339.35	2,254.85	1,561.36	2,763.57

(Source: Information submitted by PSUs)

1.18 Above parameters showed mixed trend in financial position of the PSUs. Percentage of return on capital employed ranged between 9.78 (2010-11) and 20.21 (2009-10). Return on capital employed increased to 14.44 *per cent* in 2013-14 as against 13.62 *per cent* in 2012-13 mainly due to earning profit of ₹ 41.93 crore by GRIDCO Limited during 2012-13 as against loss of ₹ 936.81 crore in 2011-12. Debt turnover ratio decreased from 0.68:1 in 2012-13 to 0.47:1 in 2013-14 due to increase in turnover and decrease in debt as compared to previous year. As against accumulated profit of ₹ 1,269.44 crore in 2008-09, PSUs registered an accumulated profit of ₹ 2,763.57 crore in 2013-14 which indicates the improved performance of the PSUs.

1.19 State Government formulated (December 2011) a dividend policy under which all profit making PSUs are required to pay a minimum dividend of 20 *per cent* on equity or a minimum of 20 *per cent* of post tax profit whichever is higher and in case of mining and power sector PSUs, minimum dividend should be 30 *per cent* of post tax profit. As per their latest finalised accounts, 27[11] PSUs earned an aggregate post tax profit of ₹ 1,214.86 crore of which 7[12] PSUs declared/paid dividend of ₹ 521.57 crore.

Arrears in finalisation of accounts

1.20 Annual accounts of Companies for every financial year are required to be finalised within six months from end of the relevant financial year under Sections 166, 210, 230, 619 and 619 B of the Companies Act, 1956. Similarly, in case of Statutory Corporations, their accounts are to be finalised, audited and presented to Legislature as per provisions of their respective Acts. Following table provides details of progress made by working PSUs in finalisation of accounts by September 2014.

[10] Turnover of working PSUs as per the latest finalised accounts as of 30 September of respective years

[11] Sl. Nos.A-1,2,3,4,5,6,7,8,9,11,12,13,14,15,18,21,22,23,24,25,26,27,31 & 34 and B-1,2 & 3 of **Annexure 3**

[12] Sl. Nos. A- 1,4,6,21,25,26 and B-3 of **Annexure 3**

Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Number of working PSUs	35	35	36	37	38
2.	Number of accounts finalised during the year	46	39	30	35	38
3.	Number of accounts in arrears	43	39	45	47	47
4.	Average arrears per PSU (3/1)	1.23	1.11	1.25	1.27	1.24
5.	Number of working PSUs with arrears in accounts	27	25	29	30	27
6.	Extent of arrears	1 to 5 years	1 to 5 years	1 to 4 years	1 to 5 years	1 to 6 years

1.21 From the table, it may be seen that there was no considerable improvement in clearance of arrears as average arrear per PSU stood at 1.24 during 2013-14. Large number of 47 accounts relating to 27 working PSUs were in arrears as on 30 September 2014. Thus, concrete steps should be taken by the PSUs for preparation of accounts as per statutory requirements with special focus on clearance of arrears in a time bound manner. Government, however, was pursued for finalisation of arrear accounts in a time bound manner.

1.22 In addition to above, there were also arrears in finalisation of accounts by non-working PSUs. Out of 28 non-working PSUs, 17[13] had gone into liquidation process. Remaining 11 non-working PSUs had arrears of accounts for 13 to 43 years.

1.23 As on September 2014, State Government has invested ₹ 3,592.39 crore (Equity: ₹ 66.00 crore and grants/subsidy: ₹ 3,526.39 crore) in 7 PSUs during the years for which accounts have not been finalised (**Annexure 6)**.

1.24 Administrative Departments overseeing the activities of these entities have also to ensure that accounts are finalised and adopted by PSUs within the prescribed period. The Accountant General highlighted (May 2013 and August 2013) the position of accounts to the Chief Secretary of Government of Odisha emphasising the need to expedite the clearance of backlog of accounts in a time bound manner. No significant progress was, however, noticed in this direction. As a result of this actual net worth of these PSUs could not be assessed.

1.25 It is, therefore, recommended that Government should monitor and ensure timely finalisation of accounts with special focus on arrears and comply with provisions of the Companies Act, 1956.

[13] Sl. Nos.C-1,3,4,5,6,7,9,10,12,14,15,18,19,20,24,25 and 26 of **Annexure 3**

Winding up of non-working PSUs

1.26 There were 28 non-working PSUs (all Companies) as on 31 March 2014. Of these, 17 PSUs were under liquidation process. Number of non-working Companies at the end of each year during the past five years is given below:

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Number of non-working Companies	33	30	28	28	28

Non-working PSUs are required to be closed down as their continuance is a cost to exchequer with no purpose. During 2013-14 one[14] non-working PSU incurred an expenditure of ₹ 0.04 crore towards establishment expenditure, salary etc. Such expenditure was financed by State Government by way of grants.

1.27 Details of closure stages in respect of non-working PSUs are given below:

Sl. No.	Particulars	Number of Company
1.	Total number of non-working PSUs	28
2.	Of (1) above, the number under	
(a)	Liquidation by Court	10[15]
(b)	Voluntary winding up	7[16]
(c)	Closure i.e., closing orders/instructions issued but liquidation process not yet started	11

1.28 Companies which have taken the route of winding up by Court orders are under liquidation for a period ranging from 7 to 22 years. Process of voluntary winding up under the Companies Act is faster and needs to be adopted/ pursued vigorously. Government may take an early decision regarding winding up of 11 non-working PSUs and expedite the liquidation process.

Accounts comments and Internal Audit

1.29 Thirty one working Companies forwarded 35 audited accounts to the PAG during October 2013 to September 2014. The audit reports of Statutory Auditors appointed by the CAG and the supplementary audit of the CAG indicate that quality of maintenance of accounts needs to be improved. Details of aggregate money value of comments of Statutory Auditors and the CAG for last three years are as follows:

[14] Sl. Nos. C-1of **Annexure 6**
[15] Sl. Nos.C-3,5,6,7,9,18,19,20,25 and 26 of **Annexure 3**
[16] Sl. Nos.C-1,4,10,12,14,15 and 24 of **Annexure 3**

(Amount: ₹ in crore)

Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	6	616.09	12	687.10	14	1,493.65
2.	Increase in loss	6	969.20	4	46.66	5	92.57
3.	Non-disclosure of material facts	11	515.03	15	4,734.18	13	2,305.58
4.	Errors of classification	4	6.75	2	0.06	Nil	Nil

1.30 During 2013-14, Statutory Auditors had given qualified certificates for all 35 accounts. Compliance of the Accounting Standards (AS) by Companies remained poor as there were 61 instances of non-compliance with AS in 24 accounts during the year.

1.31 Some of the important comments are stated below:

Odisha Power Transmission Corporation Limited (2012-13)

- Write back of interest liability on State Government Bond in absence of specific instruction from the Government towards waiver of interest resulted in overstatement of Reserve & Surplus and understatement of Other Long Term Liabilities (interest accrued and due on borrowings-bonds of Government of Odisha) by ₹ 130 crore.

The Odisha Mining Corporation Limited (2013-14)

- Valuation of closing stock of 5,52,031 MT iron ore at Daitari Mines, Baliparbat Stockyard at ₹ 212 per MT instead of ₹ 429.76 per MT resulted in understatement of Current Assets (Inventory) and Profit for the year by ₹ 12.02 crore each.

- Non-provision of amount payable towards Site Specific Wildlife Conservation Plan demanded by Forest Authorities during 2010-11 to 2012-13 in respect of four mines resulted in understatement of Other Current Liabilities and overstatement of Profit for the year by ₹ 9.31 crore each.

Odisha Hydro Power Corporation Limited (2013-14)

- Non-accounting of interest of ₹ 100.37 crore for the period 2011-14 on the outstanding energy bills receivable resulted in understatement of Current Assets (Trade Receivables), Other Income and Profit for the year by ₹ 100.37 crore each.

Agricultural Promotion and Investment Corporation of Odisha Limited (2011-12)

- The authenticity and accuracy of Fixed Deposits of ₹ 81.41 crore with Banks and accrued interest of ₹ 3.73 crore thereon could not be verified in absence of Fixed Deposit Certificates and bank confirmations.

Odisha Lift Irrigation Corporation Limited (2011-12)

- Accounting of interest earned and accrued on short term deposits made out of Grant-in-aid received from Government of Odisha under various schemes for execution of LI projects as own income resulted in understatement of Long Term Liabilities (Credit for Government Grant Unspent) and overstatement of Other Income (Interest) and Profit for the year by ₹ 24.83 crore each.

1.32 Similarly, three working Statutory Corporations forwarded three accounts to the PAG during October 2013 to September 2014. Of these, account of Odisha State Road Transport Corporation pertains to sole audit by CAG and supplementary audit conducted for other two accounts. Details of aggregate money value of comments of Statutory Auditors and the CAG for the last three years are given below:

(Amount: ₹ in crore)

Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	4	17.99	3	16.59	2	12.46
2.	Non-disclosure of material facts	1	0.35	3	42.90	2	25.25

During the year, all three accounts received were given qualified certificates. Compliance of Accounting Standards (AS) by Statutory Corporations remained poor as there were four instances of non-compliance with AS in two accounts during the year.

1.33 Some of the important comments in respect of accounts of Statutory Corporations are stated below:

Odisha State Warehousing Corporation (2012-13)

- Non-provision of depreciation on godowns & warehouses at the rate of 3.34 *per cent* as prescribed for factory building instead of the rate applicable for building at 1.63 *per cent* resulted in overstatement of accumulated depreciation by ₹ 7.51 crore (including current year depreciation by ₹ 1.01 crore) and understatement of Fixed Assets and Accumulated Profits by ₹ 7.51 crore (including current year profit by ₹ 1.01 crore) each.

Odisha State Financial Corporation (2013-14)

- Non-provision of outstanding interest on Loan in lieu of Share Capital from SIDBI up to March 2008 consequent upon adoption of accrual system of accounting and the same being not considered by SIDBI for waiver even after lapse of five years resulted in overstatement of Other Assets and Profits for the year by ₹ 5.53 crore each.

Odisha State Road Transport Corporation (2011-12)

- Non accountal of lease rental for the period December 2009 to March 2012 receivable on the leased out land at Bhubaneswar, Keonjhar, Dhenkanal and Cuttack resulted in understatement of Non-operating Revenue, Other Current Assets and Net Surplus by ₹ 1.20 crore each.

1.34 Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including internal control/ internal audit systems in the Companies audited in accordance with the directions issued by the CAG under Section 619(3)(a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of major comments made by Statutory Auditors on possible areas for improvement in internal audit/ internal control system in respect of 27 companies[17] for the year 2013-14 are given below:

Sl. No.	Nature of comments made by Statutory Auditors	Number of Companies where recommendations were made	Reference to serial number of the Companies as per Annexure 3
1.	Non-fixation of minimum/ maximum limits of store and spares	09	A-2, 5, 6, 11, 13, 19, 21, 26 and 27
2.	Absence of internal audit system commensurate with the nature and size of business of the company	19	A-2, 3, 5, 6, 7, 9, 11, 12, 13, 16, 17, 18, 19, 22, 23, 24, 31, 33 and 35
3.	Non-maintenance of cost record	5	A-2, 7, 13, 15 and 21
4.	Non-maintenance of proper records showing full particulars including quantitative details, situations, identity number, date of acquisitions, depreciated value of fixed assets and their locations	20	A-1, 2, 3, 5, 9, 11, 13, 14, 15, 16, 18, 19, 21, 22, 24, 27, 28, 33, 34 and 35

Recoveries at the instance of audit

1.35 During 2013-14 Audit pointed out recovery of ₹ 68.91 crore of which though Managements accepted ₹ 5.25 crore for recovery, no recovery was effected as of 30 September 2014. Out of recoveries pointed out in earlier years, ₹ 2.41 crore was recovered during the year.

Status of placement of Separate Audit Reports

1.36 Following table shows status of placement of various Separate Audit Reports (SARs) issued by the CAG on accounts of Statutory Corporations in Legislature by the Government.

[17] Sl Nos. – A-1,2,3,5,6,7,9,11,12,13,14,15,16,17,18,19,21,22,23,24,26,27,28,31,33,34 and 35 of **Annexure 3**

Sl. No.	Name of Statutory Corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
1.	Odisha State Financial Corporation	2012-13	2013-14	16 September 2014	Non-adoption of SAR in Annual General Meeting
2	Odisha State Warehousing Corporation	2011-12	2012-13	25 July 2014	Non-holding of Annual General Meeting
3.	Odisha State Road Transport Corporation	2010-11	2011-12	01 August 2014	Not furnished by Management/ Department

Delay in placement of SAR dilutes the financial accountability of Statutory Corporations. Government should ensure prompt placement of SARs of the Corporations in the Legislature.

Disinvestment, Privatisation and Restructuring of PSUs

1.37 Government of Odisha under Public Enterprise Restructuring Programme identified 35 PSUs for closure (13), privatisation (13) and restructuring (9) during 2005-07. It was noticed that at the end of March 2014, 2[18] PSUs were closed, 3[19] PSUs were privatised and 1[20] PSU adopted restructuring/reform activities. Out of the balance 29[21] PSUs (Working: 18 and Non-working:11) action is in progress for closure of 11 PSUs, privatisation of 9 PSUs, restructuring of 8 PSUs and for the balance 1 PSU, information was not furnished by Public Enterprises Department.

Reforms in Power Sector

1.38 Under the Orissa Electricity Reform Act, 1995, Odisha Electricity Regulatory Commission (OERC) was formed in August 1996 with the objective of rationalisation of electricity tariff, for advising in matters relating to electricity generation, transmission and distribution in the State and issue of licenses. During 2013-14, OERC issued 80 orders (20 on Annual Revenue Requirements and Tariff related matters and 60 on others). OERC had submitted its accounts for 2012-13 under Section 104 of the Electricity Act, 2003. Audit of the accounts of OERC had been undertaken by the CAG under Section 19 (3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 read with Section 104(2) of the Electricity Act, 2003.

1.39 Memorandum of Understanding (MoU) was signed (June 2001) between Union Ministry of Power and State Government as a joint

[18] Orissa Timber and Engineering Works and General Engineering and Scientific Works

[19] Hirakud Industrial Works Limited, IDCOL Cement Limited and IDCOL Rolling Mills Limited.

[20] Odisha State Road Transport Corporation

[21] Sl Nos.A- 2, 3, 4, 5, 6, 7,12, 13, 14, 17, 18, 19, 21 ,30, 32, 33 & 34; B- 1; and C- 7, 9, 13, 16, 18, 19, 20, 21, 22, 27 & 28 of **Annexure 3**

commitment for implementation of Reforms Programme in the power sector with identified milestones. The progress achieved so far in respect of important milestones is stated in the following table:

Sl. No.	Particulars	Milestone	Achievement as at March 2014
1.	Hundred *per cent* metering of all consumers	December 2005	94.53 *per cent* consumers metered
2.	Hundred *per cent* metering of all distribution feeders	March 2009	Metering completed upto 44.18 *per cent*
3.	Transmission and distribution losses will not exceed 34 *per cent*, which have to be brought down to 20 *per cent*	2009-10	Transmission and Distribution losses in 2013-14 were 36.51 *per cent*
4.	Hundred *per cent* electrification of all villages	March 2012	92.19 *per cent* villages were electrified

(Source: Information submitted by Department of Energy)

Chapter II

2. Performance Audit relating to Government Companies

2.1 Odisha Tourism Development Corporation Limited and Department of Tourism, Government of Odisha

Activities of Odisha Tourism Development Corporation Limited and Department of Tourism, Government of Odisha in promoting tourism in the State

Executive Summary

Odisha Tourism Development Corporation Limited (OTDC) was incorporated in September 1979 as a wholly owned Government Company pursuant to Government of Odisha (GoO) resolution of 27 March 1979. As per the above resolution, while Department of Tourism (DoT) of GoO is responsible for policy planning, project evaluation, promotion and publicity of tourism etc., OTDC is responsible for providing accommodation to tourists, developing places of tourist interest, providing transport services to tourists, creating different facilities for the interest and convenience of tourists and adopting methods and devices necessary to attract tourists in large numbers. Performance Audit was conducted to assess activities of OTDC and DoT in promoting tourism in the State. As of March 2014, OTDC had 20 tourist hotels alongwith facilities like catering, surface transport, restaurant, air ticketing, bars and beer parlours and DoT had 17 Panthasalas.

Planning for Projects

Odisha Tourism Policies formulated by GoO did not spell out the role of OTDC for implementation of the policies/projects. No long-term perspective plan/corporate plan was prepared by GoO or OTDC for development of tourism in the State. Though, GoO identified 336 tourist centres in the State, no master plan was prepared for sustainable development of these tourist centres.

Physical and Financial Performance

State's share of foreign tourists was below one per cent of the tourists who visited India. Due to inadequate facilities, out of 429.98 lakh tourists who visited the State during 2009-14, only 5.60 lakh stayed in the accommodation units of DoT/OTDC. As per overall country tourism statistics, State's national rank for attracting domestic tourists reduced from 17th in 2010 to 19th in 2012.

From Budgeted Plan allocation of ₹257.18 crore for DoT during 2009-14, an amount of ₹251.48 crore though stated as spent, ₹58.51 crore was lying with OTDC. For want of Administrative Approvals and non-availability of land, ₹22.33 crore released to OTDC for execution of 26 works remained unutilised. OTDC misused ₹26.02 crore, interest accrued on project fund of Central/State sponsored projects.

Implementation of Tourism Projects

Out of 21 Centrally Sponsored Projects (CSPs) of 11th Plan period, OTDC could execute works valued at ₹74.95 crore as of March 2014 and completed three works only with a delay of 41 to 68 months. Ongoing projects were also delayed upto 71 months. In 13 projects, GoO dropped project components of ₹15.32 crore due to non-availability of suitable land and want of forest clearance. Due to non-completion of CSPs, GoO refunded ₹24.59 crore and diverted ₹21.95 crore from the State budget to complete balance work. The State sacrificed Central Financial Assistance of ₹37.42 crore for five projects due to non-submission of Utilisation Certificate (UC). In absence of any time limit for execution, 43 State Sponsored Projects (₹29.30 crore) had not commenced as of July 2014.

Tourism Projects under PPP mode

Development of tourism projects in the State under PPP mode was ineffective due to lack of commercial viability study. Even after lapse of 18 years, GoO failed to develop required infrastructure despite incurring an expenditure of ₹35.13 crore for development of Shamuka Beach project.

Operational Performance

DoT incurred a loss of ₹7.90 crore in operation of Panthasalas. Three out of twenty hotels of OTDC incurred continuous losses during 2009-14 and only 1 to 4 hotels could achieve the National average of occupancy. Non achievement of targeted food cost ratio resulted in excess consumption of raw material valued at ₹1.94 crore. OTDC could utilise 43.13 to 62.26 per cent of available days of operation of its tourist buses and incurred a loss of ₹4.35 crore during 2009-14. Operation of Hop on Hop off bus service on Public Private Partnership mode was also failed for which OTDC sustained loss of ₹1.05 crore. There was low utilisation of big boats (48.60 to 50.41 per cent) and floating restaurant (4.49 per cent) at Barkul.

Marketing Strategy and Business Promotion

Despite spending ₹17.87 crore during 2009-14 towards promotion and publicity at international level, flow of foreign tourists to State did not increase significantly. Upgradation of three Panthanivases into 3-Star Hotels did not come up so far.

Project Monitoring and Internal control

Deficient monitoring and internal control system of DoT/OTDC resulted in delayed/non-execution of tourist projects, low operational performance and inadequate promotion of tourism.

Recommendations

Performance Audit contains recommendations to prepare a strategic corporate plan defining the role and activities as per the tourism policy; create a credible database to assess return on investment in tourism sector; develop a suitable mechanism to monitor and oversee utilisation of Central/State assistance towards completion of projects in a time bound manner; and adopt effective marketing and publicity practices to improve State's national rank in tourist attraction.

Introduction

2.1.1 Odisha Tourism Development Corporation Limited (OTDC) was incorporated in September 1979 as a wholly owned Government Company pursuant to Government of Odisha (GoO) resolution of 27 March 1979. As per the above resolution, while Department of Tourism (DoT) of GoO is responsible for policy planning, project evaluation, promotion and publicity of tourism etc., OTDC is responsible for providing accommodation to tourists, developing places of tourist interest, providing transport services to tourists, creating different facilities for the interest and convenience of tourists and adopting methods and devices necessary to attract tourists in large numbers. With creation of OTDC, tourist facilities like accommodation and transport, hitherto operated by DoT of GoO were entrusted (September 1980) to OTDC to operate on commercial basis.

2.1.2 OTDC is under the administrative control of DoT of GoO. Management of OTDC is vested in the Board of Directors (BoD) consisting of eight members appointed/nominated by GoO. Managing Director (MD), Chief Executive of OTDC is assisted by General Manager, Finance Controller, Company Secretary, Superintending Engineer and Divisional Managers for different business segments at the head office of OTDC. The tourist hotels are managed by Senior Managers/Managers.

As of March 2014, OTDC had 20 tourist hotels (Panthanivases) with catering services, two surface transport units, one restaurant and one air ticketing unit. It had boating facilities at four Panthanivases, Bars at two Panthanivases and Beer Parlours at four Panthanivases. DoT had 17 operational tourist lodges[22] managed departmentally. Details of the units of OTDC and DoT are given in **Annexure 7.**

Scope and Methodology of Audit

2.1.3 The present Performance Audit conducted during April to July 2014 covers the activities of OTDC in promoting tourism in the State during 2009-14. Audit findings are based on test check of records of head office of OTDC and 10 out of its 20 hotels, and 9 out of 30 District Tourist Offices apart from records of DoT. Hotels and tourist offices were selected through stratified random sampling method with average turnover and number of identified tourist centres located under each tourist office respectively as a size measure.

Performance Audit on Hotel and Transport activities of OTDC was earlier included in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2007 (Commercial), GoO.

Audit explained its objectives, criteria, scope and methodology to DoT and OTDC during an Entry Conference held on 2 May 2014. Audit findings were reported (1 September 2014) to OTDC and GoO and discussed in the Exit Conference held on 3 November 2014. Entry and Exit Conferences were attended by the Director and Additional Secretary of Department of Tourism & Culture and Finance Controller of OTDC. Views expressed by them and replies furnished (October 2014) by GoO were considered while finalising this report.

Audit Objectives

2.1.4 Performance Audit was conducted with a view to assess whether:

- planning and strategies adopted for development of tourism in the State were as per the extant tourism policies of Government of India (GoI)/GoO;
- tourism infrastructure development projects/schemes sanctioned by GoI/GoO were implemented economically, efficiently and effectively;
- development of tourism projects in the State under Public Private Partnership (PPP) mode was effective and intended benefits were achieved;

[22] Named as Panthasala, Panthika, Wayside Amenities Centre (WAC) etc.

- utilisation of existing tourism infrastructure like tourist accommodation units, transport facilities, catering services etc., were optimum and operational efficiency was achieved;
- there existed a well defined marketing strategy for promotion and publicity of tourism to tap prospective tourists; and
- monitoring and internal control mechanism was effective.

Audit Criteria

2.1.5 Audit criteria adopted for assessing the achievement of audit objectives were sourced from the following:

- Tourism Policies of GoI/GoO and State PPP Policy 2007;
- Performance Budgets, statistical bulletins and annual activity reports of DoT;
- Odisha Public Works Department Code, Odisha Fiscal Responsibility and Budget Management Act, 2005, MoUs signed between DoT and OTDC, Corporate Governance Manual prescribed by GoO;
- Guidelines of GoI/GoO for sponsored schemes; and
- Targets/norms fixed by OTDC/DoT for operational performances.

Audit Findings

Planning

State Tourism Policy

2.1.6 GoO formulated (February 1998/April 2013) Odisha Tourism Policy (OTP)-1997 and OTP-2013, main objectives of which include:

- optimum harnessing of the resources to attract maximum number of tourists with increased average duration of their stay in the State;
- development of tourism related industries and generation of employment opportunities; and
- involvement of private sectors, autonomous bodies and local authorities by offering financial incentives and creation of land bank.

As implementation/execution of most of the policies/projects rests with OTDC, audit observed that OTPs did not spell out the role of OTDC for implementation of the policies/projects.

In the Exit Conference, Government while accepting the audit observations, stated that due care would be taken during revision of policy.

Deficiencies noticed in implementation of OTPs are discussed in following paragraphs.

Strategic Plan

2.1.7 Audit noticed that apart from the master plan of GoO for 1992-2002, no long-term perspective plan/corporate plan was prepared by GoO or OTDC for development of tourism in the State as required under OTP 1997 and Corporate Governance Manual of GoO of November 2009.

Government stated (October 2014) that perspective plan would be prepared after finalisation of business plan of OTDC based on the report submitted by the consultant. However, the draft report submitted (December 2013) by the consultant was not placed before BoD (October 2014).

Identification and development of potential tourist centres

2.1.8 OTP 1997 envisaged review of identified tourist centres in the State for shortlisting of viable ones for their development. As of March 2014, State Government identified and recognised 336 tourist centres in 30 districts of the State. No master plan for these identified tourist centres was prepared for their sustainable development even after lapse of 1 to 41 years of their identification. It was also noticed that no investment was made in 92 tourist centres in 17 districts since their identification.

While accepting the fact, Government stated that steps would be taken to prepare master plan for remaining 92 locations and developmental work would be taken up in a phased manner keeping in view availability of resources. However, fact remained that no master plan was prepared for 336 tourist centres.

Creation of land bank

2.1.9 Industrial Policy Resolution 2001/2007 envisaged creation of land bank through Odisha Industrial Infrastructure Development Corporation (IDCO), which was to provide land at concessional rate for industrial projects including tourism. OTP 2013 also emphasised the same. So far, no land bank has been created, resulting in delay in execution of many tourism infrastructure projects as discussed in **Paragraphs 2.1.16, 2.1.22, 2.1.24, 2.1.29** and **2.1.32**.

In the Exit Conference, Government while accepting the fact of non-creation of land bank stated that recently all departments were directed to prepare specific plans which were under progress.

Extension of financial incentives

2.1.10 As per OTP 2013, a new tourism unit or expansion of an existing tourism unit promoted by a tourism undertaking is eligible for incentives in form of subsidy and exemption of taxes and duties, etc.

Audit noticed that out of GoO's budgetary provision of ₹ 2 crore for providing various incentives to tourism undertakings during 2011-14, ₹ 1.50 crore was parked in OTDC and balance was surrendered (2013-14). Though DoT received 68 proposals from different promoters mainly for establishment of new hotels, no proposal was recommended by the task force constituted for the purpose and instead, it instructed (May 2014) DoT to appoint Nodal Officer for each district for field survey and project scrutiny and resubmit the proposals.

While accepting the fact of parking funds in OTDC, Government stated that as per OTP 2013, all fiscal incentives other than incentives given for marketing are due only after three years from date of approval of the projects or commercial date of operation whichever is later.

Restructuring Plan

2.1.11 Based on the decision taken in Inter-Ministerial Review meeting (September 2005), OTDC entrusted the preparation of a Comprehensive Reform Plan to a consultant earlier appointed by DoT. The consultant suggested (January 2007) that OTDC should develop 14 out of its 22 hotel units through PPP mode and act as catalyst for development of tourism with private participation.

Audit noticed that restructuring plan approved (March 2007) by BoD was not implemented so far (October 2014), for reasons not on record, except transfer of only two hotel units[23] to private parties under PPP mode. Further, on the request of OTDC, Public Enterprises department appointed a consultant in November 2011 to assess the manpower requirement and draft organisational structure of OTDC. The consultant in its draft business plan (December 2013) proposed for capacity enhancement of four[24] panthanivases, retention of eight[25] panthanivases with limited investments towards upkeep of facilities and disinvestment/closure of eight[26] units. The same was neither appraised to BoD nor final Business Plan prepared (July 2014). Thus, reform plans formulated by engagement of consultants did not fructify.

While confirming facts and figures Government stated that draft business plan would be placed before the next Board meeting of OTDC.

Physical and Financial Performance

Physical Performance

Collection of tourist statistics

2.1.12 MoT, GoI instructed (January 2003) GoO to collect tourist centre wise data from all accommodation units relating to visit of domestic and foreign tourists on monthly basis and furnish compiled data monthly to MoT for formulation of policy and decision making.

Audit observed that as of March 2014, though GoO identified 336 tourist centres in the State, tourist centre wise accommodation units were not

[23] Mahodadhi Nivas at Puri and Panthanivas at Dhenkanal
[24] Bhubaneswar, Keonjhar, Puri and Sambalpur
[25] Barkul, Chandipur, Gopalpur, Panchalingeswar, Paradip, Rambha, Rourkela and Taptapani
[26] Balasore, Chandabali, Chandaneswar, Cuttack, Dhauli, Dhenkanal, Konark and Satapada

identified. Further, data collected did not include all accommodation units as directed by GoI and thus, was not reliable.

Government stated that out of 336 identified tourist centres in the State, 118 centres have accommodation facilities and due to shortage of manpower, statistical data was collected in some centres through sampling technique.

Growth of tourist traffic in Odisha

2.1.13 As per overall country tourism statistics, the State's rank for tourism attractiveness within the country reduced from 17th in 2010 to 19th in 2012 for domestic tourists.

State's share of foreign tourists was even below 1 *per cent* of national level

Despite spending ₹ 17.87 crore during 2009-14 for promotion and publicity of tourism at international level, State failed to attract foreign tourists as the annual growth rate decreased to 3.08 *per cent* in 2013-14 from 18.86 *per cent* in 2011-12. State's share was even below one *per cent* of total number of foreign tourists who visited the Country. Further, the State's rank in the country hovered between 19th to 20th during 2010 to 2012 for foreign tourists. Reasons for low growth, both for domestic and foreign tourists were not analysed by DoT/OTDC.

While accepting the fact, Government stated that lower tourism attractiveness was due to spreading of Left Wing Extremist activities, restriction of tourist entry into Particularly Vulnerable Tribal Group area and inadequate air/rail connectivity.

- Out of 429.98 lakh tourists who visited the State (2009-14), only 5.60 lakh tourists (1.30 *per cent*) stayed in the accommodation units of DoT/OTDC inclusive of 1.86 *per cent* stayal of foreign tourists. This points to inadequate facilities in the tourist accommodations available with DoT/OTDC as discussed in **Paragraphs 2.1.41** and **2.1.51**.

Government stated that most of the hotels operated by OTDC/DoT are in lesser known tourist destinations where the tourist traffic was mostly seasonal and availability of rooms was only 1.63 *per cent* of the rooms available in the entire State.

Capacity Building for Service Providers

2.1.14 Ministry of Tourism (MoT), GoI, launched Hunar Se Rozgar Tak (HSRT) Scheme during 2009 under Capacity Building for Service Providers for arranging training programme for interested youth under the age group of 18-28 years with a minimum education standard of 8th class to create their employable skills. Under the scheme, financial assistance of ₹ 9,375 to ₹ 12,012 per trainee was to be provided for training of 6 to 8 weeks duration and at least twice in a year on different subjects. The programme was to be financed by MoT based on the number of persons trained. Fifty *per cent* of the sanctioned amount would be released as 1st instalment and subsequent instalment would be released after submission of Utilisation Certificate (UC) against 1st instalment. GoO and the implementing institutes were to make conscious effort to facilitate employment of the passed out candidates from this programme. Funds sanctioned by MoT during 2010-14 and utilisation thereof were as follows:

(₹in crore)

Year	Amount sanctioned by MoT	Amount released by MoT	Amount utilised	No of persons to be trained	No of persons trained	Placement
2010-11	0.53	0.53	0.50	500	475	456
2011-12	1.06	0.53	0.48	1000	454	417
2012-13	2.14	1.00	1.07	2000	1000	917
2013-14	3.24	1.62	1.62	3000	1500	1402
Total	**6.97**	**3.68**	**3.67**	**6500**	**3429**	**3192**

(Source : Data from DoT)

GoO failed to get CFA of ₹ 3.29 crore due to failure to submit UC

As against the target of 6,500 persons to be trained under HSRT Scheme, 3,429 persons (53 *per cent*) were trained and employment opportunity was created for 3,192 persons (49 *per cent*). GoO also failed to get 2nd instalment of ₹ 3.29 crore during 2011-14 due to non-submission of UC in time which resulted in non-achievement of the objective of the scheme.

Government stated that due to delay in sanction of funds by MoT, 2nd phase of training programme could not be conducted by DoT. However, GOI did not release 2nd instalment due to delay in submission of UCs.

Financial Performance

Budgetary Control

2.1.15 As per the Odisha Fiscal Responsibility and Budget Management Act, 2005 (OFRBM), State shall take appropriate measures for formulating budget in a realistic and objective manner with due regard to the general economic outlook and realistic revenue prospects and minimise deviations during the course of the year.

Audit noticed that out of stated expenditure of ₹ 251.48 crore of DoT during 2009-14, ₹ 58.51 crore lay with OTDC. Deficiencies noticed in sanction and release of funds are discussed in the following paragraphs.

Release of funds without administrative approval for the works

2.1.16 As per the provisions of Odisha Public Works Department Code, Administrative Approval (AA) for works is to be accorded after acquisition of land, statutory clearances, preparation of detail drawings and cost estimates.

Audit observed that, for execution of 29 different works, DoT released ₹ 23.17 crore to OTDC during 2009-14, of which ₹ 22.33 crore remained unutilised with OTDC either for want of AAs (19 works: ₹ 14.92 crore) or for AAs accorded (7 works: ₹ 7.41 crore) without ensuring the availability of land for construction.

In the Exit Conference, Government while accepting the audit observations, noted the same for future guidance.

Award of work on nomination basis

2.1.17 As per the guidelines issued (June 2001) by GoO, OTDC would be awarded construction works with estimated cost totaling upto ₹ 6 crore per year without furnishing tenders. For works beyond ₹ 6 crore, OTDC was to compete with other tenderers and may claim price preference as admissible. OTDC was to enter into an agreement in a standard form in respect of awarded works.

Audit noticed that during 2009-13, works valuing ₹ 19.16 crore were allotted to OTDC in excess of prescribed limit without calling for tenders and no agreements were executed stipulating the time schedule for completion of the works allotted to OTDC. As a result, many works remained incomplete as discussed in **Paragraphs 2.1.29 to 2.1.33**.

In the Exit Conference, Government while accepting the audit observations stated that guidelines issued in 2001 would be revised with concurrence from Finance Department.

Release of fund without monitoring the progress of work

2.1.18 As per the guidelines issued (June 2001) by GoO, funds were to be released to OTDC in suitable instalments considering the progress of work executed and all payments were to be treated as advance to OTDC.

Audit noticed that during 2008-14, DoT released ₹ 71.68 crore[27] to OTDC for execution of 111 projects, of which ₹ 10.59 crore was released before 02 to 584 days of commencement of work of 11 Centrally Sponsored Projects (CSPs) and ₹ 29.30 crore for 43 State Sponsored Projects (SSPs) which were not commenced so far (July 2014). Sanction orders for SSPs did not mention that the funds were released as advance for the works. Funds were released against submission of bills by OTDC before execution of works.

In the Exit Conference, Government stated that payment would be released to OTDC as advance, duly complying the financial regulations in force.

Irregular utilisation of interest

2.1.19 Guidelines issued (June 2005) by GoO on regulation of project funds required all funds received by OTDC from GoI/GoO to be kept in separate accounts in fixed deposits and interest accrued shall be spent only on tourism projects with their prior approval. OTDC should not appropriate interest or spend it for any other purpose. MoT also directed (December 2006) OTDC to utilise the interest earned out of Central Financial Assistance (CFA) only for the execution and completion of the concerned projects and unutilised amount of interest to be returned.

OTDC appropriated ₹ 26.02 crore from interest fund contrary to the guidelines of GoO/GoI

Audit scrutiny of records revealed that out of the accumulated interest fund of ₹ 71.98 crore with OTDC as of March 2014, it appropriated ₹ 26.02 crore towards payment of salary/consultancy, upgradation/repair and maintenance of

[27] State's matching share of 21 CSPs : ₹ 23.45 crore and 90 SSPs : ₹ 48.23 crore

hotels, execution of new State projects and fairs and festivals etc., which did not conform to the guidelines/instructions of GoI/GoO.

Government stated that all money received against projects are kept in fixed deposits in a pool instead of maintaining project wise fixed deposits as this would affect the overall interest earning. However, the guidelines prescribed maintenance of project wise separate bank account.

Non-payment of lease rent

2.1.20 GoO transferred (1998-2011) 23 tourist accommodation units to OTDC for operation and management on lease basis. Pending finalisation of the terms and conditions of lease and fixation of lease rent by GoO, OTDC, did not pay any lease rent.

Also, DoT released a sum of ₹ 6 crore during 2008-09 for purchase of tourist buses on behalf of the Government and to operate and manage them on rental basis. OTDC was operating 23 tourist buses but fixation of rent by GoO had not been done yet.

Government stated (October 2014) that OTDC has already initiated proposal for fixation of rent against these properties and buses provided by Government.

Working Results

2.1.21 OTDC finalised the accounts upto the year 2012-13 and prepared provisional accounts for 2013-14. Working results of OTDC during 2009-14 are given in **Annexure 8**.

Working Results

Revenue of OTDC i.e., income from tourist lodges, caterings, transports, bars etc. increased from ₹ 21.21 crore in 2009-10 to ₹ 28.75 crore in 2013-14 (provisional) mainly due to upward revision of room tariffs in hotels. Though OTDC earned profit of ₹ 17.21 crore before tax during 2009-14, the major contribution (66 *per cent*) to profit was from non-core activities i.e. supervision charges (₹ 11.43 crore) on value of works executed. Despite a commitment in the annual MoUs entered into with DoT during 2011-13 for payment of dividend of ₹ 2.88 crore and even after earning profit, it did not declare any dividend.

Implementation of Tourism Projects

Centrally Sponsored Projects

Execution of works

2.1.22 On receipt of sanction order from MoT, OTDC prepares detailed cost estimates including the State's matching contribution and submits the same to DoT for Administrative Approval (AA). After obtaining AA, OTDC executes works by engaging contractors through open tender. Year-wise execution of works against projects sanctioned during 11th Plan period as of March 2014 was as under:

(Value: ₹ in crore)

Year	Spilled over from the previous year		Projects sanctioned		Total value of works to be executed		No of projects completed	Value of works executed		Spilled over to next year	
	No	Value	No	Value	No	Value		Amount	In *per cent*	No	Value
2007-08	Nil	Nil	6	34.20	6	34.20	Nil	0.12	0.94	06	34.08
2008-09	06	34.08	4	50.19	10	84.27	Nil	5.72	6.79	10	78.55
2009-10	10	78.55	5	32.28	15	110.83	Nil	16.79	15.15	15	94.04
2010-11	15	94.04	4	22.87	19	116.91	Nil	13.52	11.56	19	103.39
2011-12	19	103.39	2	12.56	21	115.95	01	7.90	6.81	20	108.05
2012-13	20	108.05	Nil	Nil	20	108.05	01	12.69	11.74	19	95.36
2013-14	19	95.36	Nil	Nil	19	95.36	01	18.21	19.09	18	77.15
Total			**21**	**152.10**			**03**	**74.95**			

(Source : Project Cost Centre data of OTDC)

Against sanctioned projects worth ₹ 152.10 crore, OTDC could execute works worth ₹ 74.95 crore (49 *per cent*) as of March 2014. Audit noticed that out of 21 projects sanctioned upto 2011-12, though 20 projects were scheduled to be completed by March 2014, only three projects could be completed with delay of 41 to 68 months. Execution of ongoing projects was also delayed upto 71 months. Main reasons were attributed to delay in obtaining AA, non-availability of suitable land, lack of forest clearance, etc., as discussed in following paragraphs.

Delay in obtaining AAs

2.1.23 For 21 projects sanctioned in 11th plan period, OTDC obtained AAs from GoO after delay of 55 to 609 days from the date of sanction by MoT. In six cases, AAs were accorded after delay of 26 to 244 days from the expiry of the stipulated date of completion. Commencement of 12 projects was delayed by 11 to 901 days even after obtaining AAs, for reasons not on record.

While accepting the fact, Government stated that delay in according AAs was due to delay in suitable site selection. But availability of site is a pre-requisite for sending project proposal to MoT. The reply, however, was silent on delay in commencement of 12 projects for which AAs were accorded.

Non-availability of land for construction

GoO sacrificed CFA of ₹ 15.32 crore due to non-availability of land for construction

2.1.24 As per guidelines issued by MoT and the terms of sanction order, GoO was to provide land for construction of projects and to enclose a land availability certificate with the Detailed Project Report (DPR) while forwarding the same to MoT for sanction of projects. It was noticed that in 13 out of 21 projects, GoO dropped project components worth ₹ 15.32 crore due to non-availability of suitable land. Although GoO certified the availability of land after field survey, land could not be provided due to the same falling under forest area, belonging to private parties, etc. This indicated preparation of project proposals without adequate field survey and ensuring availability of land.

While accepting the fact, Government assured it would obtain clearances of revenue authorities for availability of land before submission of project report to MoT.

Non-sanction of prioritised projects

GoO was deprived of CFA of ₹ 37.42 crore due to failure in utilisation of fund released earlier.

2.1.25 During 11th Plan (2007-08 to 2011-12), GoI sanctioned 21 projects with Central share of ₹ 125.24 crore and released ₹ 86.47 crore till March 2012 against which UC was submitted for ₹ 34.20 crore till March 2012 leaving a balance of ₹ 52.27 crore. For the year 2012-13, seven projects for the State were prioritised (January 2012) by MoT of which, DPR for five projects with estimated cost of ₹ 37.42 crore was submitted to MoT. Since utilisation of funds against projects sanctioned during 2007-08 to 2011-12 was poor, MoT did not sanction any prioritised projects for 2012-13. Thereby, the State was deprived of Central assistance of ₹ 37.42 crore.

While confirming facts and figures, Government stated that execution of projects was delayed due to projects being scattered throughout the State and delay in land alienation and statutory clearances.

Surrender of fund and submission of inflated UCs

2.1.26 MoT instructed (January 2013) GoO to refund unutilised funds with interest accrued thereon in all incomplete projects sanctioned upto 2009-10. It also stated that no funds would be released for new projects proposed by State Governments nor would second or subsequent instalments be released for ongoing projects till full utilisation of funds sanctioned upto 2010-11. During 2007-11, MoT sanctioned 19 projects with Central share of ₹ 113.82 crore and released ₹ 81.98 crore.

Due to failure in execution of projects in time, GoO refunded CFA of ₹ 24.59 crore to MoT

Audit noticed that, in the case of 10 out of the 19 projects, DoT could utilise and submit UCs for ₹ 13.13 crore against receipt of ₹ 37.73 crore as of June 2013. Though GoO requested (February 2013) MoT for extension of time upto March 2014 for completion of these projects, the same was turned down (March 2013). Consequently, GoO refunded (September 2013) unutilised fund of ₹ 24.59 crore to MoT which included adjustment of ₹ 11.82 crore being the 1st instalment of nine projects sanctioned in 2013-14. Due to refund of unutilised CFA, GoO diverted ₹ 21.95 crore to execute the balance work out of the budgetary provision of 2013-14 for different State tourism projects.

UC submitted by GoO to MoT was inflated by ₹ 12.26 crore

Audit further noticed that against 21 projects sanctioned by MoT during 2007-12, though OTDC actually executed works valuing ₹ 61.43 crore, it submitted UCs for ₹ 73.69 crore and thus UCs submitted were inflated by ₹ 12.26 crore.

Regarding diversion of ₹ 21.95 crore, Government stated that completion of some ongoing projects was found to be essential for development of tourism. Fact, however, remains that due to non-utilisation of CFA in time and refund thereof against the ongoing projects there was an additional burden on the State Government.

Implementation of Integrated Coastal Zone Management Project

2.1.27 GoO appointed Integrated Coastal Zone Management Society of Odisha as Odisha State Project Management Unit (SPMU) to implement Integrated Coastal Zone Management Projects sanctioned by Ministry of Environment and Forest for coastal stretches of Paradip to Dhamara and Gopalpur to Chilika under World Bank assistance. SPMU signed (July 2010) an MoU with DoT and OTDC to undertake responsibilities for planning, designing and executing activities relating to development of eco-tourism at Chilika and Tampara. As per MoU, approved project cost was ₹ 17.39 crore and project was to be executed by June 2015.

In absence of operational and management plan, tourism equipments worth ₹ 2.49 crore remained idle.

Audit noticed that against allotment of ₹ 14.82 crore during 2011-14, OTDC utilised ₹ 6.57 crore (44.33 *per cent)* only. Utilisation included ₹ 2.49 crore spent for purchase (November 2013 to February 2014) of equipments for amusement park, boats, jet ski/water scooter etc., which were lying idle in absence of operational/management plan and creation of necessary infrastructure.


Idle Boats at Satapada

Government stated that the execution of works was slow due to site problem, delay in Coastal Regulation Zone clearance and cyclone (Phailin). It also stated that Management Consultant was engaged to submit the business and management plan for operation of boats and jet skies.

Peripheral Development of Sun Temple, Konark

2.1.28 Indian Oil Foundation (IOF), established by Indian Oil Corporation Limited (IOC) for development of National Monument and National Heritage, prepared (October 2005) the development plan for Konark, being the identified (March 2001) site for development of National Monuments and National Heritage at an estimated project cost of ₹ 31.65 crore with estimated land requirement of 55.68 acres. GoO allotted 38.23 acres land for implementation of the project and assured (October 2007) eviction of all encroachers before commencement of work and nominated Director, Tourism as nodal officer for the project.

Audit noticed that although the project was conceptualised during March 2001, plan and estimate was prepared with a delay of more than four years. Though works in respect of 2 out of 5 components of the project were commenced (July 2013), the same were stopped mid way since January 2014 due to encroachment in front of main parking. This indicated ineffective monitoring of works by DoT. Works in respect of remaining three components have not yet started.

Government stated that preparation of plan, estimate and implementation of project was the responsibility of IOF. However, DoT being the nodal department should have monitored the implementation of the project effectively.

State Sponsored Tourism Projects

2.1.29 During 2009-14, GoO sanctioned 98 projects with total cost of ₹ 54.38 crore of which 90 projects were allotted to OTDC (₹ 48.23 crore) and balance to other agencies (₹ 6.15 crore) as detailed below:

(₹ in crore)

Year	Projects sanctioned		Allotment of works to				No of projects completed	Value	Percentage of utilisation
			OTDC		Others				
	No	Cost	No	Cost	No	Cost			
2009-10	31	14.70	30	14.65	01	0.05	06	1.30	8.84
2010-11	21	6.91	20	6.86	01	0.05	05	0.99	14.18
2011-12	15	8.47	14	8.14	01	0.33	05	1.65	19.48
2012-13	19	18.24	16	13.51	03	4.73	03	3.12	17.10
2013-14	12	6.06	10	5.07	02	0.99	04	2.23	36.80
Total	**98**	**54.38**	**90**	**48.23**	**08**	**6.15**	**23**	**9.29**	**17.07**

Out of 98 State Sponsored Projects, only 23 projects (23.47 *per cent*) valued at ₹ 9.29 crore were completed till March 2014 including three projects valued at ₹ 2.10 crore executed by others.

Audit noticed the following;

- In absence of any time limit in sanction orders for execution of projects, 43 project (₹ 29.30 crore) were not commenced (July 2014), of which seven projects valuing ₹ 7.41 crore could not be taken up due to non-availability of land.
- Execution of 28 projects valuing ₹ 14.23 crore was under progress whereas details of execution of four projects (₹ 1.56 crore) was not made available to audit.
- Though, sanction orders stipulated submission of UCs, the same was not complied with by OTDC.

Instances of deficient execution of SSPs are discussed below:

Construction of Wayside Amenities Centres

2.1.30 OTP 1997 envisaged establishment of Wayside Amenities Centres (WACs) at important National/State Highways side on PPP mode for providing basic amenities like restaurant, parking, toilet and transit accommodations to travelers. GoO established 23[28] WACs with an investment of ₹ 4.09 crore during 1986-2000 of which eight WACs were later transferred (May 1998 to February 2014) to OTDC (five) and private parties (three) and others (15) remained non-operational as no private parties took interest to run the same on PPP mode.

[28] Excluding four WACs for which expenditure figure not available

Despite non-operation of existing WACs, GoO released (December 2010) ₹ 2.10 crore to OTDC for construction of another seven WACs, of which three locations were not suitable. Subsequently, ₹ 3.50 crore was also released (December 2011 to February 2014) without identifying locations of WACs. Since no WACs could be taken up by OTDC, GoO further decided (May 2013) to develop six existing WACs and to construct a new one through OTDC with the available funds of ₹ 5.80 crore (includes ₹ 20 lakh released for construction of WAC, Boudh during 2009-10). However, AAs for two WACs (₹ 3.81 crore) only have been obtained so far and the works were not commenced.

Thus, due to lack of proper planning, the very objective of construction of WACs could not be achieved and ₹ 5.80 crore remained idle with OTDC. No specific reply was furnished by GoO.

Development of light and sound show project at Dhauli

2.1.31 GoO submitted (October 2012) a DPR for development of light and sound show at Dhauli to MoT with a project cost of ₹ 6.06 crore (Central share: ₹ 5 crore and State share: ₹ 1.06 crore). Before sanction of the project and release of fund by MoT, GoO released (January 2013) ₹ 4.75 crore[29] to OTDC for eventual payment to India Tourism Development Corporation Limited (ITDC) to execute the project. Subsequently, MoT sanctioned (September 2013) ₹ 5 crore against the project and released ₹ 1 crore to OTDC for payment to ITDC. GoO also released (February 2014) its share of ₹ 1.06 crore for the project.

Audit noticed that GoO released ₹ 4.75 crore to OTDC without waiting for the approval of the DPR. After obtaining approval of MoT, GoO released ₹ 1.06 crore without adjusting the same against ₹ 4.75 crore released earlier. This resulted in idling of ₹ 4.75 crore with OTDC. The project, however, has not been commenced so far.

Government stated that unutilised fund with OTDC would be adjusted/utilised against other on-going projects during the current year.

Development of Tourism Plaza/Visiting Centre at Bhubaneswar

2.1.32 GoO allotted (November 2006) 2.92 acres of land at Unit-II, Bhubaneswar for construction of Tourism Plaza. DoT accorded (February 2010) AA for the project for ₹ 5 crore and released the same to OTDC for execution of the work. Since the land could not be available for construction, GoO decided (January 2011) to allot three acres of land at New Bus Stand, Baramunda for the proposed project. However, no land was allotted so far (October 2014) resulting in non-commencement of the project even after lapse of four years.

[29] Includes ₹ 2.25 crore released (April 2013) on diversion from Lotus Pond project at Gokarnika

Similarly for construction of tourist visiting centre project at Bhubaneswar, DoT released (January 2013) ₹ 1.35 crore to OTDC without ensuring availability of land and no AA was accorded so far.

Thus, release of funds without ensuring availability of land not only resulted in idling of funds but the intended benefits were also not achieved.

Government stated that the project would start soon after finalisation of site.

Construction/furnishing and renovation of Tourist Offices

2.1.33 During 2009-14, DoT sanctioned 21 works for construction of new tourist offices, repair & renovation of Paryatan Bhawan and furnishing of existing tourist offices/counters and released ₹ 7.66 crore to OTDC for execution of works.

Audit noticed that as of March 2014, OTDC had spent ₹ 2.52 crore against nine works, out of which two were completed (₹ 0.35 crore) and seven were in progress. Remaining 12 works were yet to be commenced (October 2014).

Development of Tourism Projects under PPP mode

2.1.34 OTP 1997/2013 envisaged private sector participation in tourism development of the State. Odisha PPP Policy 2007 also included private participation in tourism sector. GoO constituted (September 2007) an Empowered Committee on Infrastructure (ECI) to finalise PPP projects. Deficiencies noticed in development of projects under PPP mode are discussed in the following paragraphs:

Development of Aquarium-cum-Ocean Conservation and Education Park

2.1.35 DoT signed (February 2013) an MoU with Centre for Environment Education[30] (CEE), Ahmedabad for development of Aquarium-cum-Ocean Conservation and Education Park Complex at Puri in PPP mode with tentative project cost of ₹ 7.19 crore after obtaining (March 2012) in principle approval of ECI. As per the terms of MoU, CEE was to design, construct and fabricate the Complex and also maintain and operate it for initial period of five years which may be extended further by mutual agreement. Apart from making land available for the project, DoT was to bear entire project cost and also pay CEE, annual operation and maintenance cost of the aquarium being net of revenue generated. The project was to be implemented within 16 months.

Audit noticed the following:

- ECI accorded in principle approval for issue of notice inviting Expression of Interest (EoI) for obtaining views of interested bidders. However, DoT instead of inviting EoI selected CEE on nomination basis.

[30] A registered Society of the Ministry of Environment & Forests, GoI

- No specific provision was included in MoU for non-performance/delay in performance, non-adherence to quality standard during construction etc. MoU was also silent on the issue of transfer of project assets after expiry of MoU period. Absence of these provisions in MoU make it vulnerable to advantaged position of other partner.
- Although in principle approval was obtained from ECI during March 2012, DoT released (February 2009 and 2010) ₹ 5 crore to OTDC against the project, out of which ₹ 50 lakh was paid (February 2013) to CEE and the balance was lying with OTDC. The project was still in preliminary stage of execution.

In the Exit Conference, Government stated that deficiencies in the MoU would be taken care of at the time of entering into final agreement.

Development of Shamuka Beach Project

2.1.36 GoO decided (August 1996) to develop a Special Tourism Area (STA) towards South of Puri town over an area of 3,500 acres of land extending upto Chilika lake as a premier International Tourist Destination with different facilities. GoO also constituted (August 1996) Special Tourism Authority, Puri, an apex body to formulate guidelines for overall promotion of tourism in STA. Odisha Industrial Infrastructure Development Corporation (IDCO) was declared as the implementing agency for development of STA. Subsequently the project was transferred (May 2007) to OTDC for management in the name of Shamuka Beach Project and it was decided (April 2008) to develop the project through PPP mode with top most priority.

GoO provided (February 2009 to June 2013) ₹ 24.33 crore to IDCO for development of infrastructure like construction of roads, boundary walls, electricity and water facilities and acquisition of 621.69 acres land at Sipasarubali mouza, apart from providing ₹ 10.80 crore against 1,016.51 acres of land acquired earlier.

Even after lapse of 18 years and spending ₹ 35.13 crore, Shamuka Beach Project could not come up

Audit noticed that even after lapse of 18 years since the date of GoO decision, DoT failed to prepare DPR and detailed road map for development of required infrastructure despite incurring an expenditure of ₹ 35.13 crore towards acquisition of land, construction of road/boundary wall, electricity and water facility. Due to time overrun, infrastructure cost, as estimated (₹ 166.64 crore) by CEPT escalated to ₹ 234.48 crore as of March 2014.

Government stated that the project was delayed mainly because of economic downturn coupled with delay in physical progress of the infrastructure committed by them.

Development of Eco-Resort Centre at Ramachandi

2.1.37 GoO decided (July 2008) to operate and manage Eco-Resort Centre (ERC) at Ramachandi, created out of CFA (₹ 1.47 crore), through PPP mode and nominated OTDC as implementing agency. Based on the approval (July 2008) of ECI, OTDC selected Kamat Hotel India Limited (KHIL) through tender as preferred bidder with highest up-front fee of ₹ 10 lakh and annual lease rent of ₹ 16.20 lakh for initial period of five years and ₹ 18.12 lakh for subsequent five years. OTDC also signed (March 2009) Lease-cum-Operation Agreement (LOA) with KHIL for a period of 10 years and handed over (March 2009) the properties to KHIL. The design and layout for upgradation were to be developed in consultation with OTDC.

Audit noticed the following:

- KHIL did not submit drawings, designs, layout and detail plan and estimates for upgradation and development of infrastructure as per the scope of work. OTDC also did not insist on the same.
- No periodical inspection was done to watch progress of work as per LOA except once (August 2013) by the Chairman of OTDC who found that except addition of seven more cottages as against 20, KHIL had not done the development work as per LOA. It also violated the environment and pollution norms and encroached forest and Government land. No action against KHIL was taken by OTDC so far (October 2014).
- Though KHIL was selected on the basis of the highest upfront fees and annual rents, investment required to be made by them was not estimated and no financial commitment was obtained in shape of Bank Guarantee as per the terms of LOA.
- Prior permission of GoI was not obtained to lease out the ERC to KHIL as required under the terms of sanction of CFA out of which the project was created.

Regarding non-fulfilment of terms of LOA, GoO stated that there is hardly any scope to put up further cottages without disturbing ecology as out of 5 acres of land, 1.5 acres has been eroded by sea. Reply indicates that, no feasibility study was undertaken before creating the infrastructure.

Management of Tourism Assets

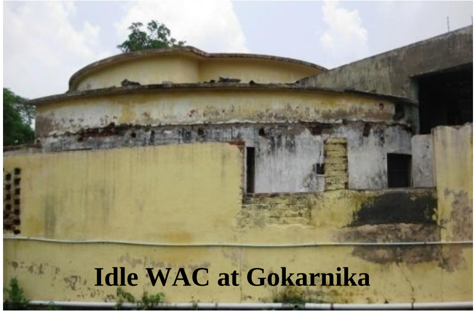
2.1.38 GoO was required to execute an agreement with GoI to the effect that it would upkeep, maintain and operate the project assets created out of CFA and submit an undertaking that the facility and land on which the assets were created would not be transferred/sold/alienated in any manner without approval of GoI and the assets should be used only for tourism purposes. DoT created tourism assets at different locations in the State out of CFA as well as from State fund.

Audit noticed the following:

- DoT did not update/properly maintain any records/register showing the full particulars of the assets created, investments made and location of those assets.

In absence of operational and management plan 36 accommodation units of DoT remained idle

- Out of 89 accommodation units, constructed by DoT during 1976-2002, 23 units were transferred to OTDC on management lease basis and 14 units were leased out to private parties under PPP mode. Out of the balance units, DoT operated 16 units and other 36 units remained idle in absence of any operational and management plan.



Idle WAC at Gokarnika

- DoT also incurred an expenditure of ₹ 85.34 lakh towards watch and ward charges of 7 out of 36 idle accommodation units whereas others were unmanned.

Thus, there was deficient monitoring of effective use of assets created.

Government while accepting the fact of non-maintenance, assured it would maintain district-wise asset register. It also stated that OTDC was providing watch and ward at 29 accommodation units. However, the details of expenditure incurred by OTDC towards watch and ward could not be furnished though called for (July 2014).

Operational Performance of Panthasalas/Hotels

Operational performance of panthasalas

2.1.39 As of March 2009, DoT had 24 panthasalas under operation, out of which six were transferred to private parties during 2012-14 on PPP mode, one unit was transferred to OTDC during 2012-13 leaving 17 panthasalas under its operation till March 2014.

GoO incurred loss of ₹ 7.90 crore in operation of panthasalas

During 2009-14, DoT incurred loss of ₹ 7.90 crore in operation of panthasalas against revenue generation of ₹ 0.67 crore mainly due to low occupancy ranging between 1 to 62 *per cent*. Further, occupancy of 8 units in 2009-11, 9 units in 2011-12, 10 units in 2012-13 and 9 units in 2013-14 being nil, led to payment of idle wages of ₹ 2.27 crore. Audit noticed that the reasons for low/nil occupancy were mainly due to non-fixation of targets, non-availability of catering services and non-upgradation and poor maintenance of panthasalas.

Government stated that due to resource crunch and shortage of man power few such properties were operated and occupancy was low mainly due to lesser tourist traffic and low potentiality.

Management of hotels

2.1.40 The operational performances of OTDC hotels during 2009-14 were as under:

(₹in crore)

Year	Profit earning Units			Percentage of profit to revenue	Loss incurring Units			Percentage of loss to revenue
	No	Revenue earned	Profit		No	Revenue earned	Loss	
2009-10	11	9.81	0.95	9.68	09	4.91	0.34	6.92
2010-11	12	13.15	1.65	12.50	08	3.32	0.34	10.24
2011-12	16	16.63	1.82	10.94	05	1.60	0.13	8.12
2012-13	13	14.24	1.70	11.94	08	4.77	0.35	7.34
2013-14	9	10.60	0.98	9.25	12	8.70	0.90	10.34
Total		**64.43**	**7.10**	**11.02**		**23.30**	**2.06**	**8.84**

(Source : Data provided by OTDC)

Although OTDC earned an overall profit of ₹ 5.04 crore from operation of hotels during 2009-14, 5 to 12 hotels incurred losses including three[31] hotels which incurred continuous losses despite increase in average room tariff from ₹ 991 in 2009-10 to ₹ 1,562 in 2013-14. Out of six hotels[32] which continuously earned profit in all the five years, revenue of two hotels was mainly from sale of liquors/beer.

Government stated that most of the loss making hotels are in remote places where OTDC is the sole player and except peak season, tourist arrivals in those places are very scanty. Fact, however, remains that five[33] loss making hotels were neither at remote places nor was OTDC the sole player there.

Occupancy of hotels

2.1.41 Occupancy targets fixed by OTDC during 2009-14 and achievement thereof were as follows:

Particular	2009-10	2010-11	2011-12	2012-13	2013-14
No of tourist hotels	20	20	21	21	20
No of rooms	494	519	511	500	503
No of beds	1081	1137	1118	1092	1072
Bed nights available	361715	366787	363922	355410	360022
Bed nights sold	156387	156221	153488	141521	137117
Overall national targets	60	62	61	60	NA
Overall average targets fixed	47	50	52	55	55
Overall occupancy	43	43	42	40	38
No of hotels who achieved the targets	06	04	01	01	01
No of hotels who did not achieve the targets	14	16	20	20	19
No. of hotels that achieved average occupancy of hotels in same locality	4	4	4	3	NA

(Source : Data as furnished by OTDC)

[31] Balasore, Dhenkanal and Dhauli
[32] Chandipur, Gopalpur, Puri, Rambha, Rourkela and Taptapani
[33] Balasore, Cuttack, Chandabali, Dhenkanal and Konark,

Despite fixation of low targets compared to national targets, the achievement came down from 43 *per cent* in 2009-10 to 38 *per cent* in 2013-14 due to continuous fall in sale of bed nights. Though 1 to 6 hotels achieved the targets fixed, only 1 to 4 hotels could achieve the national average and only 3 to 4 hotels achieved the average occupancy of other private hotels in the same locality.

Despite spending ₹ 9.94 crore for upgradation of hotels the occupancy of hotels did not improve

Audit further observed that despite incurring expenditure of ₹ 9.94 crore during 2009-14 towards repair and maintenance, and upgradation and renovation of these hotels, occupancy did not improve. None of the hotels had star-grade facilities to attract foreign tourists.

Government stated that low occupancy was due to the fact that OTDC hotels are located in remote places and except peak season, tourists arrival in those places are very scanty. But the fact remains that, most of the OTDC hotels are located at strategic locations.

Performance of catering services

2.1.42 OTDC provides self-managed catering service in the hotels and also runs one restaurant at Nandankanan Zoological Park. Although BoD decided (September 2000) to treat the catering units as profit centres, OTDC did not work out the operating profit/loss of the catering units separately.

Further, during 2009-14, OTDC had fixed target for food cost at 40 *per cent* of catering sales for all the years. However, the overall actual food cost was 45.54 *per cent* of catering sales due to excess consumption of raw materials valuing ₹ 1.94 crore. Targeted food cost could be achieved by five[34] hotels only during different years. The restaurant at Nandankanan Zoological Park incurred a loss of ₹ 45.57 lakh during 2009-14 due to high food cost ranging between 51.62 to 59.24 *per cent*.

Government stated that steps are being taken to reduce food cost by deploying trained food and beverage personnel, periodical stock verification, revision of standard recipe and periodical revision of menu prices.

Operational Performance of Tourist Transport

Operation of tourist buses

2.1.43 OTDC had surface transport units at Bhubaneswar and Puri to provide transport facilities to tourists for sightseeing and also to provide vehicles on hire basis to tourists, tour operators and others. As of March 2014, OTDC had a fleet of 28 tourist buses. The operational performance of transport units during 2009-14 were as follows:

[34] Taptapani (2009-10), Bhubaneswar (2011-12 and 2013-14), Paradip (2013-14), Chandabali (2013-14) and Sambalpur (2013-14)

(₹in lakh)

Particular	2009-10	2010-11	2011-12	2012-13	2013-14
Revenue from transport sale (A)	144.65	192.54	257.45	277.07	263.80
Expenditure incurred (B)	111.67	138.73	180.87	182.61	205.88
Profit before Depreciation (A-B)	32.98	53.81	76.58	94.46	57.92
Depreciation	171.69	157.56	94.53	56.66	33.99
HO overhead apportioned	33.26	34.43	49.82	58.41	60.38
Profit (+)/Loss(-) from operation	**(-)171.97**	**(-)138.18**	**(-)67.77**	**(-)20.61**	**(-)36.45**

(Source : Annual Accounts and data furnished by the Management)

OTDC incurred a loss of ₹ 4.35 crore in operation of tourist buses

OTDC incurred a loss of ₹ 4.35 crore from operation of tourist buses during 2009-14. The reasons for losses were mainly due to idle buses as detailed below:

Unit	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Bhubaneswar	Available days for operation	3571	3802	4643	6131	6576
	Actual days operated	1657	2367	2590	2547	2836
	Kilometres run	235424	270875	290277	287126	337969
	Percentage of utilisation of available days	46.40	62.26	55.78	41.54	43.13
	No of buses	13	11	16	18	20
Puri	Available days for operation	2318	2386	3019	2901	2892
	Actual days operated	1251	1484	1575	1582	1331
	Kilometres run	209592	244712	261600	294918	220829
	Percentage of utilisation of available days	53.97	62.20	52.17	54.53	46.02
	No of buses	10	12	11	8	8

(Source : Data provided by OTDC)

OTDC could utilise 43.13 to 62.26 *per cent* of available days of operation. The reasons for poor utilisation are mainly low operation of buses and inadequate operating staff, since against total fleet of 40 vehicles (including non-commercial vehicles), OTDC had only 18 drivers.

Government while attributing low capacity utilisation to seasonal nature of business and dependence on charter booking than regular sightseeing, stated that OTDC was trying to increase the deployment by introducing more package tour, roping in more Corporate and Government clients etc. Reply indicates that there was lack of operational planning before and after procurement of buses.

Operation of hop on hop off bus service

2.1.44 GoO decided (May 2008) to operate hop on hop off bus services to provide tourism sightseeing tours in Bhubaneswar and instructed OTDC to explore possibilities of operating the service on PPP mode. GoO provided (October 2008) ₹ 2.33 crore to OTDC for purchase of 13 new buses with the conditions that OTDC would operate and manage the buses on commercial basis and pay rental charges to GoO. Accordingly, OTDC purchased 13 buses of which 11 were handed over (September/October 2008) to Kalinga Trade and Travels Limited (KTTL) through tender to operate for initial period of five years at an annual rental of ₹ 2 lakh for the 1st year to be increased by

10 *per cent* annually and 25 *per cent* of net profit accrued on operation. The operation started from September 2008.

Audit noticed that due to poor response of tourists, OTDC while taking back (February 2011) four buses, reduced the annual rent to ₹ 1.38 lakh and also allowed operation of buses as shuttle service between Puri and Bhubaneswar. Subsequently, due to use of buses for other purposes by KTTL, OTDC took back the buses and operated the same by itself. Thus, due to absence of feasibility study coupled with ineffective utilisation of the buses, OTDC sustained a loss of ₹ 1.05 crore[35].

Government stated that hop on hop off bus service which was a new venture could not be made viable inspite of all efforts.

Operation of water transport (Boats)

2.1.45 OTDC provides boating facilities to tourists at four[36]panthanivases located near Lake Chilika and Sea Mouth (Chandabali) by providing 26 motor boats of different seating capacities[37] including one floating restaurant with 50-seater capacity operated at Barkul. OTDC made operating profit of ₹ 1.34 crore from boating operations during 2009-14.

Audit scrutiny revealed the following:

- Percentage of utilisation of big boats at Barkul was between 48.60 to 50.41 *per cent* during 2009-14. The floating restaurant, however, was operated for only 82 days against availability of 1,825 days (365 days X 5 years) resulting in meager utilisation of 4.49 *per cent* only. Utilisation of medium and small boats ranged between 36.85 to 63.97 *per cent* and 29.66 to 62.88 *per cent* respectively.

Government stated that low utilisation of floating restaurant was due to objection of the local boat men for cruising and low utilisation of other boats was due to their floating at predominantly seasonal tourist destinations. However, no effective steps were taken for better utilisation of the floating restaurant/other boats.

- House boat constructed and made operational at Barkul since December 2009 at a cost of ₹ 38.24 lakh could earn revenue of ₹ 1.09 lakh only upto October 2013 when it was damaged due to cyclone (Phailin) and was beyond economical repair. The boat was not adequately covered under insurance.


Damaged houseboat at Barkul

[35] Earning : ₹ 0.47 crore (including ₹ 0.40 crore from branding) and Expenditure : ₹ 1.52 crore (excluding rent payable not finalised and demanded by DoT)
[36] Barkul : 12, Chandabali : 02, Rambha : 05 and Satapada : 07
[37] Big boats :20, medium boats : 11 to 20 and small boats : upto 10 seating capacity.

While accepting the fact that the boat was not insured, Government stated that the existing condition of Chilika was not suitable for house boat. The reply indicated lack of feasibility study before taking up such project.

- Provisions of Orissa Boat Rules, 2004 for display of registration number and maximum carrying capacity, engagement of minimum required number of crew, availability of fire extinguisher, life jackets/insulated rubber tubes etc., were not followed.

Government stated that steps are being taken to comply with the provisions of Orissa Boat Rules, 2004.

Marketing Strategy and Business Promotion

Advertisement and publicity of tourism

2.1.46 In order to promote Odisha as tourist destination, DoT carried out publicity through advertisement in print and electronic media, exhibitions, fairs and festivals etc. During 2009-14, DoT incurred ₹ 89.03 crore towards advertisement and publicity out of which ₹ 34.79 crore was released to OTDC for organisation of such events. OTDC also had a Marketing Division, which was responsible for sales, marketing and public relations by promoting its hotels and other facilities so as to gear up in the face of stiff competition from the private sector.

Audit scrutiny revealed the following:

- Without appointing OTDC as implementing agency for organisation of events and even without issuing work orders, ₹ 34.79 crore was released to OTDC. DoT/OTDC did not maintain any record showing event-wise expenditure incurred. DoT also provided financial assistance of ₹ 1.70 crore to different organisations for organising different festivals with individual grant ranging from ₹ 5,000 to ₹ 10 lakh for which no guidelines were issued.

Government stated that OTDC being the executing agency submits detail event-wise bills after completion of events for payment/adjustment. Reply is not acceptable as event-wise expenditure incurred was not made available to audit though called for and fund was released to OTDC against bills even before commencement of events.

Despite spending ₹ 17.87 crore for tourism promotion at international level, State failed to attract foreign tourists

- Despite incurring ₹ 17.87 crore during 2009-14 towards advertisement (₹ 14.66 crore) in international electronic media and for participation in different international events and road shows (₹ 3.21 crore), there was no improvement in flow of foreign tourists to State as discussed in **Paragraph 2.1.13**.
- No comprehensive promotional plan/guidelines was prepared for various modes of promotional activities in absence of which decision to promote a particular activity was taken up on case to case basis without adequate market research and identifying the source markets.

- OTDC provided ₹ 1.28 crore only (1.18 *per cent*) towards advertisement and publicity out of its total budget of ₹ 108.58 crore for 2009-14 and spent ₹ 0.69 crore against publication of tender notices only. Besides this, DoT had also spent ₹ 35.72 lakh on advertisement of package tours conducted by OTDC.

While accepting the fact, Government assured that due care would be taken to adhere to the suggestions in future.

Special tour of Mahaparinirvan Express to Odisha

2.1.47 To attract more tourists to the prominent Buddhist sites in Odisha, DoT requested (May 2012) Indian Railway Catering and Tourism Corporation Limited (IRCTC) to include such sites of Odisha in the itinerary of Mahaparinirvan Express (ME). IRCTC intimated (May 2012) that DoT had to pay lock in minimum guarantee of 60 *per cent* occupancy of the train and to assess viability of such package tour. As DoT decided to conduct two trips commencing on 20 December 2012 and 20 January 2013, IRCTC requested (October/December 2012) DoT to deposit guarantee fee of ₹ 0.95 crore and ₹ 0.89 crore respectively for the two trips. As there was no bookings from the tourists for the 1st trip, DoT cancelled (18 December 2012) the same and conducted (January 2013) road shows in Thailand/Cambodia at a cost of ₹ 0.25 crore to intensify the marketing effort for the 2nd trip. Despite road shows, only 14 tourists booked tickets for the 2nd trip for which DoT paid (January 2013) ₹ 0.87 crore to IRCTC towards guarantee fee.

Subsequently, for another trip during December 2013, DoT deposited (August/November 2013) ₹ 1.25 crore with IRCTC. Due to booking of only four tickets, DoT requested (December 2013) IRCTC to cancel the trip and refund the amount. IRCTC gave (April 2014) the option of either the refund being subject to forfeiture of ₹ 39.63 lakh or ₹ 12.53 lakh being charged as cancellation fee if the service would be availed on later date. DoT, however, had neither got the refund nor conducted any trip so far (October 2014).

Thus, without assessing the viability of operating such packages and even after conducting road shows, the package tour could not achieve its objective and instead DoT incurred wasteful expenditure of ₹ 1.12 crore besides blocking up of ₹ 1.25 crore with IRCTC.

Government in Exit Conference accepted the audit observations and agreed to look into the matter.

Branding of tourist buses

2.1.48 OTDC was operating 28 tourist buses, of which 23 were owned by GoO. OTDC offered (December 2011) the branding rights of the tourist buses to GoO at annual rent of ₹ 40 lakh for two years against which GoO released (March 2013/March 2014) ₹ 80 lakh for promotion of Odisha tourism. OTDC awarded (October 2012) the branding work to a party through tender at ₹ 70 per Sq. feet with a warranty of two years and the work was completed in March 2013 at a cost of ₹ 1.81 lakh.

Audit noticed that despite ownership of the buses remaining with DoT, it accepted the branding rights of OTDC. Before accepting offer and releasing funds to OTDC, DoT did not make any cost benefit analysis and did not ask OTDC to submit the estimated cost of advertisements. Thus, release of ₹ 80 lakh by DoT for advertisement of its tourism products for which OTDC incurred expenditure of ₹ 1.81 lakh only, lacks justification.

Government stated that though DoT owns the vehicles, OTDC has a right to claim royalty as the operational cost is borne by it. However, neither was cost benefit analysis made by DoT nor estimated cost of advertisement obtained from OTDC before accepting the branding right.

Business through travel agents

2.1.49 Travel agents play a pivotal role in the promotion of tourism by providing facilities like reservation of accommodations and travel to tourist destinations. OTDC entered into agreements with travel agents for booking of accommodation in hotels by inviting expression of interest. As of March 2014, OTDC had 16 authorised booking agents (including 14 from outside the State) as against 17 during 2009-10 (including 15 from outside the State). As per the terms of the agreements, each booking agent was to meet the annual business target of ₹ 50,000. During 2009-14, OTDC achieved a business of ₹ 1.52 crore (4.12 *per cent*) through its authorised travel agents as against its total accommodation sale of ₹ 36.93 crore.

Audit observed that 5 out of 15 outside the State travel agents did not give any business during 2009-10 for which the recognition was withdrawn. Further, four travel agents failed to achieve the annual minimum business target of ₹ 50,000 during 2009-14. OTDC neither analysed the performance of the travel agents nor interacted with them to find out the reasons for low business and to take corrective actions.

Government stated low business through travel agents was due to introduction of online reservation for OTDC hotels and greater flexibility in commission structure & tariff structure offered by private hotels.

Special Tourism Promotion Officer

2.1.50 To attract both foreign and domestic tourists to Odisha, GoO introduced (February 2009) Special Tourism Promotion Officer (STPO) scheme. The scheme aimed at enlisting the persons of Indian origin/Non-resident Odia staying outside the State/Country and enrolling interested person as STPO, who would disseminate information about tourism products and attractions of Odisha and in return, get 5 *per cent* as incentive on bookings. OTDC was nominated as nodal agency for implementation of the scheme.

Audit noticed that since introduction of the scheme, OTDC could enroll only four persons as STPO upto April 2010 and no attempt was made thereafter either by GoO or by OTDC to popularise the scheme, which resulted in failure of the scheme.

While accepting the fact, Government stated that further enrollment would be done as and when applications were received from the eligible applicants. However, the reply is silent on the reasons for failure on the part of GoO/OTDC in popularising the scheme.

Upgradation of Panthanivases into Star Hotels

2.1.51 BoD of OTDC decided (December 2009/June 2010) to upgrade three[38] panthanivases into 3-Star Hotels and constituted a Sub-Committee to suggest the infrastructures required to be developed to obtain the star status. The Sub-Committee suggested various infrastructure developments including engagement of supervisory and skilled staff in the proportion of 40:30 and to train the skilled staff to upgrade their skills etc. All the works were to be completed within six months for submission of required application for 3-Star status. Though OTDC directed (September 2010) its Building Project Division to prepare detailed plan and estimate for the proposed upgradation of the panthanivases, no progress was made so far (October 2014).

While accepting the fact Government stated that upgradation to star category hotels would be decided after the business plan of OTDC is finalised. Fact, however, remains that even after lapse of four years GoO/OTDC failed to up-grade the three panthanivases to star hotels

Gold Card Scheme

2.1.52 In order to promote its business, OTDC introduced (September 1999) Gold Card (GC) Scheme for its regular/repeated customers by offering incentives and discounts for availing its services. GC was to be issued to the customer on payment of ₹ 650 which was to be valid for three years and to be renewed subsequently on payment of ₹ 150. The GC customer was entitled to 10 *per cent* discount on room rent, food bills and transportation besides accidental insurance coverage of ₹ 50,000 during the validity period of the GC.

Audit noticed the following:

- During 2009-14, OTDC issued 410 GCs to new customers and renewed 168 GCs of old customers. OTDC, however, did not maintain any records showing the number of valid GC customers as on date.
- Though the GC was not transferable, it did not mention the number of persons eligible for availing discounts in one GC. Further, no time limit was prescribed for renewal of the GC after its expiry and reasons for non-renewal were not analysed.
- Business generated through GC customers was not assessed to evaluate the performance of the Scheme and to take corrective measures.

Government stated that keeping a ceiling on the number of persons entitled in one GC has not been deliberately prescribed as only 10 *per cent* discount is

[38] Bhubaneswar, Chandipur and Puri

allowed to GC holders. The reply, however, was not specific to the audit observations.

Project Monitoring and Internal control

2.1.53 To execute the projects economically and efficiently as well as to watch the physical and financial progress of the projects, an effective monitoring is a pre-requisite. The following deficiencies were noticed in monitoring the implementation of tourism projects sanctioned by GoI/GoO.

State Level Monitoring Committee

2.1.54 MoT instructed (August 2009) GoO to set up a State Level Monitoring Committee (SLMC) under the Chairmanship of Secretary, DoT with members from MoT, implementing agency and members preferably from NGOs, civic bodies, public interest groups for inspection and monitoring the physical and financial progress of CSPs and submit the report to MoT on regular basis. SLMC should meet quarterly. DoT constituted (December 2009) SLMC under the Chairmanship of Chief Secretary, GoO with 15 members from different Government Departments and OTDC and re-constituted (April 2010) it under the Chairmanship of Commissioner-cum-Secretary of DoT with nine other members from DoT, OTDC and MoT.

Audit noticed the following:

- As against required 18 meetings during 2009-14, SLMC met only on five occasions and no meetings were held during 2009-10 and 2011-12.
- Although the main reasons for delay/non-execution of projects were attributed to non-availability of Government land and want of forest clearances, reconstituted SLMC did not include any members from Revenue and Forest Departments to address these issues. Moreover, members from NGOs, civic bodies, public interest groups were not inducted into the SLMC.
- SLMC decided (May 2010) to form a Sub-Committee which was to visit at least two projects in a month and submit their findings/recommendations to SLMC. But the Sub-committee though constituted in May 2012, did not conduct any field inspection.

Government stated that meeting of SLMC is being held regularly from 2014-15.

Absence of project implementation plan

2.1.55 GoO stipulated (September 2005) that the schedule of implementation should be carefully planned specifying milestones for completion of different components of the projects by employing PERT and CPM. It also stipulated that a sound system of contract management is a prerequisite for timely completion of the projects.

Audit noticed that, GoO had not prepared any Project Implementation Plan (PIP) nor did it instruct OTDC to prepare the same. The GoO also did not prescribe any time schedule for execution of State sponsored projects.

Government stated that steps would be taken to prepare PIP and follow PERT and CPM in implementation of projects.

Non-preparation of Physical and Financial Progress Reports

2.1.56 The monthly physical and financial progress of the projects indicating particulars like name of the works, year of sanction, project cost, date of commencement, scheduled date of completion, etc. was neither prepared by the Department nor by OTDC for monitoring the works. The physical and financial progress of execution of works were not appraised to the BoD nor did the BoD ask for the same. Even project wise expenditure for SSPs was not maintained.

Government stated that the physical and financial progress of the projects are monitored. However, though the physical and financial progress reports were prepared after being pointed by audit, the same were not properly prepared with required detail.

Acknowledgement

Audit acknowledge co-operation and assistance extended by DoT and OTDC at various stages of conducting Performance Audit, Entry Conference and Exit Conference.

Conclusion

GoO/OTDC did not prepare any long-term perspective plan/corporate plan for development of tourism in the State as required under Odisha Tourism Policy/Corporate Governance Manual.

OTDC could execute works valuing ₹ 74.95 crore (49 *per cent*) as of March 2014 and completed three out of 21 works only under 11th Plan period with a delay of 41 to 68 months and ongoing projects were also delayed upto 71 months. Due to non-availability of land and delay in execution of works, GoO sacrificed CFA of ₹ 77.33 crore due to dropping project component of ₹ 15.32 crore, refunding unutilised CFA to MoT amounting to ₹ 24.59 crore and forgoing CFA of ₹ 37.42 crore against the projects prioritised for 2012-13. Out of 98 SSPs (₹ 54.38 crore) only 23 projects (23 *per cent*) valuing ₹ 9.29 crore were completed till March 2014 and 43 projects (₹ 29.30 crore) could not be commenced in absence of any time limit for execution and non-availability of land. OTDC also irregularly appropriated ₹ 26.02 crore out of interest accumulated on project fund.

Development of tourism projects in the State under PPP mode was ineffective due to lack of commercial viability study. DoT incurred a loss of ₹ 7.90 crore in operation of Panthasalas. Three hotels of OTDC incurred continuous losses. In operation of tourist buses, OTDC sustained

a loss of ₹ 4.35 crore. Despite incurring ₹ 17.87 crore during 2009-14 towards promotion and publicity, there was no improvement in flow of foreign tourists to State. Under the training programme launched by GoI for capacity building of service providers GoO could achieve only 53 *per cent* of the target and failed to avail CFA of ₹ 3.29 crore. There was deficient monitoring and internal control mechanism in OTDC/DoT.

Recommendations

The DoT/OTDC may consider following recommendations:

- **Prepare a strategic corporate plan defining the role and activities as per the tourism policy.**

- **Create a credible database to assess return on investment in tourism sector.**

- **Develop a suitable mechanism to monitor and oversee utilisation of Central/State assistance towards completion of projects in a time bound manner.**

- **Adopt effective marketing and publicity practices to improve State's national rank in tourist attraction.**

Government accepted all the above recommendations.

Activities of Odisha Pisciculture Development Corporation Limited and Fisheries and Animal Resources Development Department in developing fisheries sector in the State

Executive Summary

Odisha Pisciculture Development Corporation Limited (OPDC) was incorporated as a wholly owned Government Company in May 1998 with the main objective of production and sale of quality fry/fingerlings and development of pisciculture, manufacturing and trading of fishing net, retailing of high speed diesel, motor spirit and lubricants. Fisheries potential in Odisha is 6.61 lakh MT per annum from Inland Sector (fresh water: 4.33 lakh MT, brackish water : 0.67 lakh MT) and Marine Sector (1.61 lakh MT). About 10.84 lakh population (2.95 per cent) depends upon fisheries for their livelihood.

Planning

Against budget allocation of ₹342.25 crore for Fishery Sector by GoO under State Plan (₹178.56 crore), Centrally Sponsored Plan (₹150.81 crore) and Central Plan (₹12.88 crore) during 2009-14, Fisheries and Animal Resources Development Department (FARD) surrendered ₹188.75 crore (55 per cent) which ranged from 17 to 78 per cent during this period. Surrender was mainly due to non/partial implementation of scheme works.

Implementation of Programmes/Schemes

Due to non/poor execution of different central schemes, FARD had to surrender ₹14.59 crore and also could not avail ₹92.10 crore further central assistance.

Fish Seed Production

There was shortfall in production of 17,110 lakh spawn and 5,245 lakh fry for which OPDC sustained loss of revenue of ₹11.60 crore. Against the target for development of 4,330 Ha land for brackish water aquaculture, only 2,313 Ha was developed. During 2009-14 there was shortfall in production of 7,580 MT shrimp valued at ₹163.32 crore and 0.38 lakh MT marine fish valued at ₹202.06 crore.

Welfare activities for fishermen

During 2009-14, though ₹6.63 crore was available under Saving-cum-Relief Scheme which intended to provide sustenance to 78,000 fishermen in lean period, ₹3.21 crore remained unutilised due to non-identification of eligible beneficiaries. Further, during 2009-13 due to delay in completion of low cost houses, 5,634 fishermen were deprived of availing financial assistance of ₹28.65 crore.

Infrastructure

Though National Fisheries Development Board sanctioned ₹11.65 crore for upgradation and modernisation of seven Fishing Harbours/Fish Landing Centres to provide infrastructure facilities, only one of them was completed. Construction of FLC at Balugaon remained incomplete after lapse of 11 years leading to cost overrun of ₹2.83 crore (120 per cent). Further, due to non-finalisation of land, construction of fishing harbour at Balasore District is yet to commence. Due to non-utilisation of machine hours and shortage of staff/power/working capital, there was shortfall in production of fishing net for which OPDC sustained potential revenue loss of ₹7.03 crore. In absence of estimates for reconstruction/restoration of fish firms, ₹10 crore availed from Special Relief Commissioner was refunded.

Financial Management

Against targeted lease value and royalty of ₹5.32 crore, FARD realised ₹1.85 crore only from Primary Fishermen Co-operative Societies during 2009-14. Interest earned on scheme funds of ₹1.81 crore accrued in bank accounts remained idle without refund or adjustment.

Monitoring and Control

There was deficient monitoring and internal control system with FARD/OPDC.

Recommendations

Performance Audit contains four recommendations on need to prepare realistic budget to avoid surrender of allocation; implement central schemes/programmes in time to boost pisciculture; effectively implement welfare programmes/schemes for social upliftment of fishers; and strengthen monitoring and internal control mechanism.

Introduction

2.2.1 As per long term Perspective Plan (PP) of Fisheries and Animal Resources Development Department (FARD), fisheries sector occupies an important place in socio-economic development. This sector is recognised as a powerful income and employment generator as it stimulates the growth of a number of subsidiary industries and is a source of cheap and nutritious food.

2.2.2 Odisha, situated on eastern coast of India, is endowed with a coastline of 480 km having excellent scope for development of Inland and Marine fisheries. Fisheries potential of Odisha is 6.61 lakh MT *per annum* from Inland Sector (fresh water: 4.33 lakh MT and brackish water: 0.67 lakh MT) and Marine Sector (1.61 lakh MT). About 10.84 lakh population (2.95 *per cent)* depends upon fisheries for their livelihood.

2.2.3 Odisha Pisciculture Development Corporation Limited (OPDC) was incorporated (May 1998) as a wholly owned Government Company on merger of two[39] companies of Government of Odisha (GoO), with the main objectives of production and sale of quality fry/fingerlings and development of pisciculture, manufacturing and trading of fishing net, retailing of High Speed Diesel (HSD), Motor Spirit (MS) and lubricants. OPDC is under administrative control of Fisheries and Animal Resources Development Department (FARD) of GoO. Management of OPDC is vested in a Board of Directors (BoD). Managing Director (MD) is the Chief Executive of OPDC who is assisted by one General Manager, one Financial Adviser & Chief Accounts Officer (FA&CAO) and two Managers. OPDC has five fish seed fish farms, one net manufacturing unit and seven diesel outlets apart from 22 fish farms transferred (June 2010) by GoO on lease basis. There are four fishing harbours, eight jetties and 51 fish landing platforms/centres under FARD. FARD is the nodal department for formulating plans, policies and programmes for fishery and their implementation.

Scope and Methodology of Audit

2.2.4 Performance Audit conducted during April to August 2014 covers activities of Odisha Pisciculture Development Corporation Limited and Fisheries and Animal Resources Development Department in developing fisheries sector in the State during 2009-14. Audit findings were based on a test check of records of Head Office of OPDC, two[40] out of its five fish seed

[39] Orissa Fish Seed Development Corporation Limited and Orissa Maritime & Chilika Area Development Corporation Limited

[40] Bhanjanagar and Chiplima

hatcheries, two[41] out of seven diesel outlets and the net manufacturing unit and also fisheries sector of FARD/Director of Fisheries (DoF), all the three zonal offices under DoF and Fisheries Offices in eight[42] out of 30 Districts. Units of OPDC and District Fisheries Offices (DFOs) were selected through stratified random sampling method on the basis of turnover.

Methodologies adopted for achieving the audit objectives with reference to audit criteria consisted of scrutiny of records at HO and selected units, analysis of data with reference to audit criteria, issue of audit queries etc.

Audit objectives, criteria, scope and methodology were shared with FARD/OPDC during an Entry Conference held on 13 May 2014. Subsequently, audit findings were reported (8 September 2014) to FARD and OPDC and discussed in an Exit Conference held on 18 November 2014. Entry and Exit Conferences were attended by Commissioner-cum-Secretary of FARD and MD of OPDC. Views expressed by them/replies furnished (12 November 2014) have been considered while finalising this report.

Audit Objectives

2.2.5 Performance Audit of the fisheries activities of OPDC and FARD was conducted with a view to assess whether:

- financial management was effective and efficient;
- schemes & programmes for increasing fish production were implemented effectively and economically and envisaged benefit achieved;
- activities related to welfare of fishermen were carried out effectively and efficiently; and
- internal control system and monitoring mechanism were adequate to safeguard against operational and financial irregularities.

Audit Criteria

2.2.6 Audit criteria adopted for assessing achievement of audit objectives were from following sources:

- the Orissa Marine Fishing Regulation Act, the Coastal Aquaculture Authority Act, 2005 and rules and regulations framed there under by Government of India (GoI)/GoO;
- programme/scheme guidelines issued by GOI/GoO, norms followed for fish production and funds sanction orders;
- budget documents, performance budgets, statistical bulletins and annual activity reports of FARD; and
- marketing policy and decisions of BoD.

[41] Baripada and Dhamara
[42] Balasore, Bhadrak, Deogarh, Ganjam, Jagatsinghpur, Mayurbhanj, Puri and Sambalpur

Audit Findings

Planning

2.2.7 FARD in Fisheries sector planned its activities with reference to Five Year Plans (Eleventh and Twelfth) for achievement of its goals and objectives. Annual Programmes were prepared wherein targets for various activities were fixed and budget allocations sought from Government.

Perspective Plan for Management & Development of Fisheries

2.2.8 During 2008-09, the total fish production of the State was 3.75 lakh MT (marine: 1.31 lakh MT and inland: 2.44 lakh MT) which was about 73 *per cent* of overall fisheries potential of 5.14 lakh MT. For fisheries management and development, FARD formulated (November 2009) a long term Perspective Plan (PP) of the Fisheries Sector in Odisha for the years 2010-20. Major objectives of PP included:

- enhancing the productivity and production of fish from inland and marine water resources;
- capacity building, technological intervention, human resource development, awareness building and education of fisherfolk and other stakeholders; and
- upgradation of infrastructural facilities in the fishery sector.

OPDC had not formulated any long term plan in line with PP of FARD

Though PP of FARD spelt out role of OPDC in development of pisciculture, OPDC had not formulated any long term plan in line with PP of FARD except preparation of annual budgets.

Budgetary Control

2.2.9 Monitoring of the progress of expenditure against well formulated budget targets is an important management function.

Non/partial implementation of scheme and non/delayed submission of UCs led to surrender of 55 *per cent* of budget allocation

Against provision of ₹ 342.25 crore for Fisheries Sector of FARD under State Plan (₹ 178.56 crore), Centrally Sponsored Plan (₹ 150.81 crore) and Central Plan (₹ 12.88 crore) during 2009-14, FARD could utilise only ₹ 153.50 crore (45 *per cent*) and surrendered ₹ 188.75 crore (55 *per cent)*. The percentage of surrender to total provisions ranged from 17 to 78 *per cent* as detailed in **Annexure 9.** Surrender of fund was mainly due to non/partial implementation of schemes and non/delayed submission of utilisation certificates (UCs), as discussed in **Paragraphs 2.2.14 to 2.2.17, 2.2.22, 2.2.23, 2.2.35, 2.2.37, 2.2.38, 2.2.45 and 2.2.46.**

Non-achievement of budgeted income/expenditure

2.2.10 OPDC prepared annual budget based on annual targeted production and achievement. Following table indicates budgeted income and expenditure and achievement there against during 2009-14:

(₹ in crore)

Year	Budgeted Income	Budgeted Expenditure	Surplus/ (Deficit)	Actual Income	Actual Expenditure	Surplus/ (Deficit)
2009-10	56.89	56.02	0.87	63.61	63.73	(-)0.12
2010-11	80.59	80.00	0.59	76.94	76.16	0.78
2011-12	93.62	92.41	1.21	74.88	74.82	0.06
2012-13	110.63	109.08	1.55	83.93	82.96	0.97
2013-14	124.24	122.46	1.78	82.23	81.94	0.29
Total	**465.97**	**459.97**	**6.00**	**381.59**	**379.61**	**1.98**

(Source: Budget of OPDC)

The actual income did not match budgeted income from 2010 onwards. As against budgeted income and expenditure of ₹ 465.97 crore and ₹ 459.97 crore, actual achievement was ₹ 381.59 crore (82 *per cent*) and ₹ 379.61 crore (83 *per cent*) respectively during 2009-14. The reasons for shortfall were mainly attributable to low performance of hatcheries, net manufacturing unit and diesel outlets as discussed in **Paragraphs 2.2.25, 2.2.47 and 2.2.48.**

Implementation of Programmes/Schemes

2.2.11 Fishing sector is broadly classified into inland sector comprising fresh water and brackish water aquaculture, and marine sector. FARD implements various programmes/schemes (**Annexure 10**) of GoI/GoO to achieve sustainable fish production, to strengthen infrastructural facilities for fish landing and marketing and to ensure enhancing socio-economic welfare of fisherfolk. Fish production in Odisha during the last five years is as follows:

(in MT)

Year	Inland water			Marine water		
	Potentiality	Actual	Percentage of achievement	Potentiality	Actual	Percentage of achievement
2009-10	503945	241311	48	160931	129332	80
2010-11	505441	252706	50	160931	133479	83
2011-12	507638	267532	53	160931	114296	71
2012-13	511390	291832	57	160931	118311	73
2013-14	515440	285532	55	160931	120020	75
Total		**1338913**			**615438**	

(Source: Statement furnished by DoF)

Fish production from Inland sector was between 48 to 57 *per cent* as against potential of 5.04 to 5.15 lakh MT. Production from Marine sector was higher ranging from 71 to 83 *per cent* as against potential of 1.61 lakh MT during 2009-14. Audit observed various deficiencies in the two sectors which are discussed in succeeding paragraphs.

Inland Sector

Fresh Water Aquaculture

2.2.12 As of March 2009 fresh water resources of the State included water bodies like tanks and ponds (1.21 lakh Ha), reservoir (1.97 lakh Ha), swamps & jheels (1.80 lakh Ha) and rivers and canals (1.71 lakh Ha) with total water area of 6.69 lakh Ha. Freshwater fish production potential of the State is 4.39 lakh MT/year.

Perspective Plan (November 2009) aimed at almost doubling the fish productivity from freshwater aquaculture systems from 1.76 MT/Ha to 3.00 MT/Ha in extensive farming systems and from 2.60 MT/Ha to 5 MT/Ha from semi-intensive systems, augmenting the average fish productivity from reservoirs from 10 kg/Ha to 80 kg/Ha, increasing quality fish seed production from the present level of 335 million fry to 947.5 million fingerlings during 2010-20. Deficiencies noticed in fresh water aquaculture are discussed in the following paragraphs.

Development of Fresh Water Aquaculture

2.2.13 Out of available 1.21 lakh Ha (as of March 2009) water area of fresh water aquaculture under tanks and ponds, 0.80 lakh Ha was utilised. As per the Perspective Plan, water area of 1.39 lakh[43] Ha would be available for fresh water aquaculture by 2013-14 of which 1.12 lakh[44] Ha water area would be utilised for pisciculture activities, by developing 8,000 Ha water areas (including existing 3,500 Ha) *per annum* during 2010-14. Water area planned for development vis-à-vis achievement under various schemes is detailed below:

(in Ha)

Period	Target for development		Percentage of target of AAP to PP	Development Achieved	Percentage of achievement to AAP	Water Area available	Water area utilised for pisciculture	Percentage of utilisation
	As per Perspective Plan (PP)	As per Annual Action Plan (AAP)						
1	2	3	4	5	6	7	8	9
2009-10	--	1500	--	820.33	55	121841.72	77116.73	63
2010-11	8000	7440	7	754.18	10	122536.84	76346.32	62
2011-12	8000	3702	54	875.24	24	123384.96	81395.44	66
2012-13	8000	3595	55	958.66	27	124306.28	74797.63	60
2013-14	8000	4070	49	1441.17	35	125665.92	72317.39	58

(Source: Target and achievement furnished by DoF and Perspective Plan)

From the table above, audit observed the following:

- Annual targets (18,807 Ha) fixed under Annual Action Plan (AAP) for development of tanks and ponds during 2010-14 were only 7 to 55 *per cent* of the targets (32,000 Ha) as envisaged in the PP. Achievements were lower between 10 to 35 *per cent* of targets under AAP too.

- FARD failed to develop the targeted water area due to delay in execution of projects, delay in submission of UCs and disbursement of funds to ineligible fishers leading to non-sanction of funds by GoI under different schemes as discussed in **Paragraphs 2.2.14 to 2.2.17**.

- Though fresh water resources available in Odisha increased from 1.22 lakh Ha in 2009-10 to 1.26 lakh Ha in 2013-14, the available total fish culture area decreased from 0.77 lakh Ha (63 *per cent*) to

43 1.21 lakh Ha plus excavation of 4,500 Ha *per annum* for four years

44 0.80 lakh Ha plus development of 8,000 Ha *per annum* for four years

0.72 lakh Ha (58 *per cent)* except an increase to 0.81 lakh Ha during 2011-12. The reasons for decrease in culture area were not on record and were not analysed by FARD.

While accepting the facts, Government stated that steps are being taken to achieve the target and to improve performance with available resources.

Non-achievement of targeted water area for development under FFDA

2.2.14 GoI and GoO provides subsidy on 75:25 sharing basis through Fish Farmers Development Agency (FFDA) to fish farmers for development of tanks and ponds under freshwater aquaculture.

Audit observed that against the targeted development of 6,250 Ha water area with budgeted subsidy assistance of ₹ 34.02 crore, FARD developed 3,204.70 Ha water area through excavation and renovation of tanks and ponds during 2009-14 with GoI/GoO assistance (1st instalment) of ₹ 9.89 crore only (29.07 *per cent*). Shortfall in achievement was mainly attributable to non-release of subsequent instalment (₹ 24.13 crore) by GoI due to delay in submission of UC by FARD. Further, targets for fish production were not revised in proportion to developed water area during 2009-14 except for 2012-13.

While accepting the facts, Government stated that special plan is being proposed to achieve the same with limited staff position.

Low development of water area under NFDB

2.2.15 National Fisheries Development Board (NFDB) was providing 20/25[45] *per cent* subsidy of unit cost per Ha to the fish farmers since 2010-11 for development of fresh water aquaculture in ponds and tanks. As per NFDB guidelines, FARD recommends the cases to NFDB for sanction of subsidy in favour of the applicant after obtaining consent of the bank to provide loan/declaration of the farmer for own source funding.

Low development of water area under NFDB led to non-availment of subsidy of ₹ 9.34 crore with consequential loss of potential fish production of 10,646.20 MT

Audit scrutiny revealed that, against targeted development of 1,600 Ha water area through intensive aquaculture in ponds and tanks under NFDB, achievement was only 387.69 Ha (24.23 *per cent*) during 2010-14. Non-achievement of target was mainly due to non-submission of list of beneficiaries, disbursement of funds to non-eligible farmers and delayed submission of UCs leading to non-availment of subsidy of ₹ 9.34 crore by FARD for extending the same to the fish farmers for development of 1,212.31 Ha of water area during 2010-14. This resulted in loss of potential fish production of 10,646.20 MT valuing ₹ 92.65 crore during 2011-14.

In the Exit Conference, Government stated that list of beneficiaries would be prepared in advance and submitted to NFDB for release of funds for more development of water area.

[45] 20 *per cent* for all farmers and 25 *per cent* for SC/ST & NE States' farmers

Shortfall in development of targeted water area under NMPS

2.2.16 GoI introduced (2011-12) National Mission for Protein Supplements (NMPS) to encourage fisheries development in the areas like reservoir fisheries development and intensive aquaculture in ponds and tanks. As per the schematic provisions water area of 500 Ha *per annum* was to be developed for which subsidy of 40 *per cent* of unit cost per Ha (₹ 4 lakh) would be provided involving fish farmers who were trained in undertaking scientific aquaculture through capacity building. It also expected an average productivity of five MT per Ha. The year-wise target and achievement of area developed *vis-à-vis* utilisation of fund during 2011-14 is detailed in the following table:

Year	Fund Received (₹ in crore)	Target (in Ha)	Achieve-ment (in Ha)	Percentage of Achievement	Shortfall (in Ha)	Potential Loss of fish production (in MT)	Revenue loss (₹ in crore)
2011-12	5.70	380	63.64	16.75	316.36	*	*
2012-13	5.84	475	203.37	42.81	271.63	1581.80	14.24
2013-14	--	700	401.32	57.33	298.68	2939.95	26.46
Total	**11.54**	**1555.00**	**668.33**	**42.98**	**886.67**	**4521.75**	**40.70**

(Source :Targets and achievement furnished by DoF)

* Area developed during the year will yield fish production from next year

Shortfall in development of targeted water area under NMPS led to non- availment of CFA of ₹ 8 crore

As against targeted development of 1,555 Ha during 2011-14, achievement was only 668.33 Ha (43 *per cent*). Poor performance was attributable to non/low sponsoring of cases to bank for availing finance, delay in utilisation of available fund (₹ 7.64 crore as of March 2013) and non-submission of UCs. As a result, FARD failed to avail central financial assistance (CFA) of ₹ 8 crore during 2013-14 for extending the same to fish farmers. Shortfall in developing the targeted water area resulted in potential loss of fish production of 4,522 MT valuing ₹ 40.70 crore.

Government stated that the issue had now been sorted out and would be taken care of in future.

Poor implementation of MGNREGS

2.2.17 GoO decided to implement (January 2010) Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) through FARD for providing employment to rural households by excavation of 50[46] multi-purpose farm pond of 0.20 Ha water area under each block in the lands of SC/ST/small/marginal farmers for taking-up of pisciculture activities. Beneficiaries identified by DFOs, on approval of District Collector-cum-DPC concerned, would be extended financial assistance upto ₹ 1.50 lakh.

Audit scrutiny revealed the following:

- During 2010-14, for development of 39,250 ponds of 7,850 Ha water area at an estimated cost of ₹ 375.61 crore, 33,211 beneficiaries were identified, leaving a shortfall of 6,039 due to their non-identification in 23 blocks during 2011-14. Out of identified beneficiaries, 26,088 were approved and the remaining (7,123) were rejected by District

46 Reduced to 25 from 2012-13

Collector-cum-DPC due to non-fulfilment of required criteria under the scheme.

Due to poor implementation of MGNREGS, only 16.86 *per cent* of pond excavation work could be completed

- Out of 26,088 approved beneficiaries, 17,482 work orders were issued and balance applications were pending with FARD. Against the work orders issued, only 2,947 were completed (16.86 *per cent)* with water area of 589 Ha (7.50 *per cent)* leaving 14,535 works not started/in progress due to delay in identification of beneficiaries, scarcity of labour and non-posting of JEs for measurement of works. As a result FARD could utilise ₹ 46.60 crore only (12.41 *per cent)* out of estimated cost of ₹ 375.61 crore during 2010-14.

Thus, due to poor implementation, envisaged benefits of the scheme could not be extended to rural households.

While accepting the fact in Exit Conference, Government stated that in future efforts would be made to increase number of beneficiaries.

Utilisation of fish farms

2.2.18 There are 106[47] fish farms (FF) under DoF with gross area of 692 Ha and water area of 328 Ha. As per norm fixed by DoF, 75 lakh spawn per Ha of water area can be reared to produce 22.50 lakh fry.


Weed infestation at DighiRahania FF (Balasore)

Audit observed that during 2009-14, in the eight test checked districts, out of 103 Ha water area in 45 FFs, water area ranging from 37.47 Ha to 46.80 Ha remained un-utilised due to poor pond management and weed infestation. This resulted in loss of ₹ 3.17 crore towards non-production of 47.88 crore fry. There was encroachment of water area in four[48] out of eight test checked districts which were not addressed in annual review meetings of DFOs. Further, under Swarnajayanti Gram Swarozgar Yojana (SGSY), though ₹ 2.23 crore was released for infrastructure development of 12 farms in these eight districts, the details of area excavated/renovated was not found/maintained.

In the Exit Conference, Government stated that efforts would be made to increase the water area for rearing of spawn.

Upgradation and modernisation of fish farms under RKVY

2.2.19 Govt. of India launched Rashtriya Krishi Vikas Yojana (RKVY) from 2007-08 for ensuring inclusive and integrated development of agriculture and

[47] Includes 22 FFs transferred to OPDC and 57 leased out to private parties
[48] Bhadrak, Deogarh, Jagatsinghpur and Sambalpur

allied sector which included fisheries sector. As per the guidelines RKVY is a State Plan scheme where funds would be provided to the States as 100 *per cent* grant by GoI.

GoO sanctioned (October 2008) ₹ 1.96 crore under RKVY for upgradation and modernisation of fish seed farms comprising of development of 23 Ha water area, two magur hatcheries, and electrification/water supply/boundary wall of eight hatcheries with an objective to enhance fingerling production by 140 lakh *per annum*. Out of these works, OPDC was entrusted (November 2008) with development of 10 Ha water area of two hatcheries including one magur hatchery at a cost of ₹ 84.29 lakh.

OPDC awarded (May 2009) work of development of tank, electrification/construction of boundary wall (₹ 20.82 lakh) and construction of magur hatchery (₹ 32.93 lakh) at Chiplima to a contractor at ₹ 53.75 lakh, which were to be completed within 90 days. Audit observed that, even after lapse of more than five years, work of only ₹ 27.06 lakh[49] has been completed. Similarly, development of tank, electrification and construction of boundary wall at Bhanjanagar was awarded (November 2009) to another contractor at ₹ 19.30 lakh to be completed within 90 days. As of August 2014 construction work of boundary wall was completed at a cost of ₹ 16.72 lakh. Despite non-completion of these works, OPDC had not taken any action against the contractors. It was further observed that, though the works had not been completed, OPDC submitted UCs for the entire amount. Thus, due to non-completion of the works, OPDC failed to produce additional 1,500 lakh spawn, 225 lakh fry and 81 lakh fingerlings valuing ₹ 1.21 crore during 2010-14.


Incomplete Magur hatchery at Chiplima

Further, though DoF developed 13 Ha water area during 2010-12, it had not revised the production target of spawn to recover enhanced fingerlings resulting in unfruitful expenditure of ₹ 36.29 lakh on development of fish farms which could have produced 750 lakh spawn, 112.50 lakh fry and 40.50 lakh fingerlings valuing ₹ 0.60 crore in 2010-14.

While accepting the facts, Government stated that steps are being taken to rectify the shortcomings and the balance work is under progress.

Under utilisation of available water area

2.2.20 OPDC has five[50] own hatcheries with a total water area of 103.60 Ha, comprising of nursery tank (82.63 Ha) and brooder tank (20.50 Ha).

[49] ₹ 3.08 lakh for tank development and ₹ 23.98 lakh for magur hatchery
[50] Bayasagar, Bhanjanagar, Binika, Chiplima and Sarmanga

Audit scrutiny revealed that out of 35 tanks at Bhanjanagar 6 tanks of 2 Ha remained unutilised due to partial heavy infestation with submerged as well as floating weeds causing hindrance to production. Similarly out of total water area of 32 Ha in Chiplima, 5 Ha (11 nursery tanks) remained unutilised for more than 11 years due to non availability of water system. Though, project proposals and estimates were submitted for enhancement of water area utilisation, OPDC did not prepare any time bound plan to make those tanks usable and failed to pursue FARD to avail funds in time under RKVY/SGSY schemes for renovation/modernisation of ponds for their optimal utilisation and enhanced production.

Thus, under utilisation of 7 Ha water area for such long period resulted in loss of production of 10.50 crore fry and potential revenue to the extent of ₹ 0.95 crore during 2009-14.

Government stated that steps are being taken for renovation of tanks.

Reservoirs

2.2.21 Reservoirs form an important source of inland fish production in India. FARD introduced 'State Reservoir Fishery Policy' in 2003 (revised in 2012) to augment fish production from the vast untapped/under tapped reservoir resources, to generate gainful rural employment with reference to fishing communities and to generate substantial revenue for the State.

Non achievement of NFDB potentiality

2.2.22 As per NFDB guidelines, fingerling stocking should be 2,000/Ha in small reservoirs, 1,000/Ha in medium reservoirs and 500/Ha in large reservoirs and NFDB would provide ₹ 1 per fingerling stocking. Guidelines also stipulate that average productivity from reservoirs could be increased to a level of 100 to 500 kg per Ha *per annum* depending on their size[51] through proper fingerling stocking programmes.

Shortfall in stocking of fingerlings led to refund of ₹ 2.69 crore and non-availment of ₹ 8.33 crore from NFDB

Audit observed that against sanction of ₹ 22.93 crore under NFDB and SC/ST schemes for stocking of 22.93 crore fingerlings (including 9.52 crore by OPDC) during 2009-14, FARD could stock only 11.91 crore fingerlings including 6.74 crore by OPDC in various reservoirs. The shortfall in stocking was due to delay in construction of captive nurseries and non-completion of captive hatcheries. This resulted in short supply of 11.02 crore fingerlings with consequential refund of available amount of ₹ 2.69 crore and non-availment of ₹ 8.33 crore along with shortfall in achievement of NFDB potentiality (33,881 MT *per annum*) by 92,169 MT during 2009-14.

While accepting the facts, Government stated that steps are being taken to increase performance under the scheme.

[51] 500 kg/Ha/yr from small reservoirs; 200 kg/Ha/yr from medium reservoirs; and 100-150 kg/Ha/yr from the large reservoirs

Non-construction of Captive Hatcheries/Nurseries and Fry Rearing Centres

2.2.23 DoF proposed to NFDB (July 2010) establishment of 10 Captive Hatcheries (CH), 60 Ha of Captive Nurseries (CN) and 40 Ha of Fry Rearing Centres (FRCs) to ensure spawn production from CH and spawn so produced to be reared for production of fingerlings in the CNs/FRCs. NFDB/GoO sanctioned (August 2010) ₹ 4.20 crore (revised to ₹ 5.82 crore in January 2011) and released (2010-12) ₹ 2.77 crore with stipulation to release subsequent instalments after submission of UC.

Audit observed that:

- Against targeted development of 10 CHs and 40 Ha of FRCs during 2010-14, DoF failed to develop any CH/FRC due to non-selection of site.

- DoF developed 53.30 Ha of CNs against targeted development of 60 Ha of CNs, and produced 0.40 crore fingerlings in the developed CNs against envisaged production of 1.33 crore due to inadequate stocking of spawn/fry.

- Due to non-completion of the balance projects, DoF refunded ₹ 30.46 lakh and ₹ 3.05 crore lapsed leading to non-achievement of production of 60 crore spawn and 2.10 crore fingerlings in 2012-14, and failed to provide employment opportunities to 284 persons and to generate revenue of ₹ 3.70 crore.

In the Exit Conference, Government stated that proposals would be prepared more realistically in future.

Fish Seed Production by OPDC

2.2.24 For expansion of aquaculture in the State, fish seed is the primary requisite. Odisha has designed capacity to produce 3,551 million spawn from 97 hatcheries. Fish seed production involves three main stages viz., (i) maintenance of brood fish for breeding in ponds, (ii) hatching of eggs and (iii) rearing of young fish at various stages like spawn, fry and fingerlings. Deficiencies noticed in fish seed production are discussed in the following paragraph.

Shortfall in production of spawn and fry

2.2.25 OPDC is engaged in the business of rearing/raising of spawn/fry and sale of fry/fingerlings to the farmers and Government reservoirs. It produces spawn/fry in its 27 FFs, including 22 FFs transferred (June 2010) from FARD on lease basis. As per norm adopted by OPDC, fry recovery is 30 *per cent* of spawn production. Similarly, for 41-80 mm size and 81 mm and above size fingerling recovery rate is 60 and 36 *per cent* of fry respectively. Spawn produced at OPDC FFs are sold by converting to fry/fingerling. Following table indicates the target and achievement of spawn/fry production during 2009-14.

(in lakh)

Year	Spawn				Fry			
	Target	Achievement	Shortfall	Percentage of achievement	Target	Achievement	Shortfall	Percentage of achievement
2009-10	8654	6226	2428	72	2596	1784	812	69
2010-11	14044	8677	5367	62	4280	2245	2035	52
2011-12	11017	7641	3376	69	2809	1884	925	67
2012-13	11017	8729	2288	79	2885	2347	538	81
2013-14	13340	9689	3651	73	3195	2260	935	71
Total	**58072**	**40962**	**17110**	**71**	**15765**	**10520**	**5245**	**67**

(Source : Target and achievement file and proceedings of Annual Activity meetings)

As may be seen from the table, percentage of achievement of spawn and fry was between 62 to 79 and 52 to 81 respectively. Reasons for shortfall in production were attributable to poor tank maintenance, interruption in water supply from the reservoir during peak breeding time, weeds infestation, poor supply of inputs etc. No remedial measures were taken to overcome the hindrances despite direction of BoD from time to time. Due to shortfall in production, OPDC sustained loss of revenue of ₹ 11.60 crore.

Further scrutiny of records revealed that, OPDC has shown achievement of fry production as 8,392.60 lakh in its annual fish seed production report for the period 2009-14 by converting fingerlings to fry adopting financial conversion formula instead of physical conversion. As per norms, the fry production was computed to 5,692.67 lakh. Thus, adoption of financial conversion formula instead of physical conversion inflated the fry production by 2,699.93 lakh.

Government stated that steps had been initiated for renovation of tank, breeder management, water management facility to increase production of spawn and fry. However, the reply is silent about the inflated figures of production of fry.

Brackish Water Aquaculture

2.2.26 Brackish water resources, suitable for shrimp farming, are confined to seven[52] coastal districts of the State. Total brackish water area of the State was around 4.18 lakh Ha including shrimp culture area, estuaries, brackish water lake and back waters. Brackish Water Fisheries Development Agencies identified 32,587 Ha as suitable for prawn culture. Annual productivity of brackish water shrimp culture ranged from 337 to 406 kg/Ha against average annual potentiality of 1,000 kg/Ha and estuaries productivity ranging from 9 to 14 kg/Ha against potentiality of 80 kg/Ha. Deficiencies noticed are discussed in the following paragraphs.

Non-achievement of target of shrimp production

2.2.27 As per PP 2009, major goals are to bring 10,000 Ha additional brackish water area under coastal aquaculture, to benefit 7,150 trained beneficiaries and to realise additional shrimp and fish production of 26,900 MT *per annum* in seven coastal districts of Odisha during next 10 years.

[52] Balasore, Bhadrak, Ganjam, Jagatsinghpur, Kendrapara, Khurda and Puri

Audit observed that as against the target of developing 4,330 Ha land, only 2,313 Ha could be developed during 2009-14. The percentage of achievement varied from 2.26 to 80.59 in six districts, whereas in Khurda it was nil. Further, against the targeted shrimp production of 68,000 MT, achievement was 60,420 MT leaving a shortfall of 7,580 MT during 2009-14. The reasons for shortfall were attributable to non-bringing out of coastal aquaculture in 2017 Ha of water area under brackish water and less imparting of training to farmers regarding brackish water fish farming. This resulted in potential revenue of loss of ₹ 163.32 crore.

It was also observed that during 2009-14, only 795 beneficiaries were imparted training against target of 1,860. No farmer was imparted training in Khurda district and four districts[53] did not achieve their target. Achievement of six districts varied from 27.85 to 93.94 *per cent*.

In the Exit Conference, Government stated that comprehensive approach for better achievement of targets is under consideration.

Irregular payment of brackish water subsidy to farmers

2.2.28 As per the scheme for brackish water aquaculture, beneficiaries must be small shrimp farmer having land holding of 2 Ha or less and subsidy should be 25 *per cent* of the cost subject to maximum of ₹ 0.60 lakh per Ha. Further, as per the guidelines of Coastal Aquaculture Authority (CAA), the water spread area of a farm shall not exceed 60 *per cent* ie., 1.20 Ha of water area of the total area of land holding of 2 Ha. Thus, a small shrimp farmer will get maximum subsidy of ₹ 0.72 lakh.

Undue benefit of ₹ 0.79 crore was extended to 113 ineligible farmers

Audit observed that during 2009-14, in two[54] out of eight test checked districts, DFOs approved application of 113 beneficiaries having more than 2 Ha of land and released subsidy of ₹ 0.79 crore in violation of the schematic provision. Thus, bonafide beneficiaries were deprived of getting envisaged benefits of the scheme and undue benefit was extended to ineligible farmers.

In Exit Conference, DoF stated that a person is eligible to get subsidy for developing five Ha of water area irrespective of his land holding. But, the fact remains that as per the guidelines, farmers are eligible to get subsidy for maximum upto 1.20 Ha of water area of the total land holding of 2 Ha. Further, the documents regarding 5 Ha of water area irrespective of land holding have not been provided to audit.

Marine Sector

2.2.29 Vast marine resources offer ample opportunity for fish production and export. Export of marine fish and prawn is one of the major export earnings of the State. Fishery Survey of India (FSI) assessed Maximum Sustainable Yield (MSY) of marine fishery potential for 1.61 lakh MT *per annum*. It is also an important source of foreign exchange earnings for the Country. Marine fishery

[53] Bhadrak, Jagatsinghpur, Kendrapara and Puri
[54] Balasore and Bhadrak

of Odisha is mainly carried out at seven coastal districts of the State by means of mechanised boats, medium size trawlers, traditional crafts etc. Deficiencies noticed on marine fishery are discussed in the following paragraphs.

Shortfall in production of marine fish

2.2.30 During 2009-14 as against MSY of 1.61 lakh MT *per annum*, target fixed and production achieved are detailed below:

(Qty. in MT)

Year	Target	Production	Shortfall in production
2009-10	130000	129332.35	667.65
2010-11	130000	133478.99	--
2011-12	130000	114295.59	15704.41
2012-13	130000	118311.35	11688.65
2013-14	130000	120019.83	9980.17

It may be seen from the table that:

- Despite fixation of annual targets lower than the MSY, FARD could not achieve the targeted marine fish production except in 2010-11.
- As against the target of 5.20 lakh MT the achievement was 4.82 lakh MT leaving a shortfall in fish production of 0.38 lakh MT valuing ₹ 202.06 crore (calculated on annual average sales price) during 2009-14 except in 2010-11.
- Though DoF instructed (April 2012/May 2013) Additional Fishery Officer (AFO), Marine, to investigate the reasons for shortfall this was not yet done.

In the Exit Conference, Government stated that targets would be fixed more realistically. Fact remains that potential of marine fisheries was not optimally utilized.

Operation of marine vessels in violation of OMFRA Rule

2.2.31 In order to safeguard the coastal water area in the State, Orissa Marine Fishing Regulation Act, 1982 (OMFRA) was implemented with main objective to prohibit fishing by unregistered boats, protect the interest of small fishermen and to conserve fisheries resources. Rules framed (January 1984) under OMFRA stipulate renewal of license annually on payment of requisite fee.

Audit noticed that AFOs**,** Marine allowed 16,467 vessels registered earlier to operate without renewal of license despite expiry of the validity of registration. This resulted in loss of ₹ 43.41 lakh to Government during 2009-13. Further, even after spending ₹ 1.55 crore towards HSD oil for patrolling, repair and maintenance of boat, arrangement of awareness camp etc., only 69 out of 16,467 boats operating illegally had been seized.

In the Exit Conference, Government stated that after verification the exact position would be appraised.

Poor implementation of E-Registration of vessels

2.2.32 GoI provided (November 2009) ₹ 38.76 lakh for registration of fishing vessels under Merchant Shipping Act, 1958 by issuing unique registration number to the vessels. Hardware and software for the purpose was installed during 2010-11 by NIC. GoO, however, implemented the scheme from 2011-12 only for security as well as for effective monitoring of fishing vessels.

Audit observed that as of March 2014, online registration was completed for 14,168 out of 17,973 vessels. Despite instructions (August 2013) of DoF to cancel the licenses of the boats for not turning up for online registration, 3,805 boats were plying with manual registration as of March 2014. Non-cancellation of licenses indicated ineffective monitoring.

While accepting the facts, Government stated that some of the boats are running under manual registration instead of e-registration due to shortage of skilled manpower.

Welfare Schemes for Fishermen

2.2.33 As per Central Marine Fisheries Research Institute (CMFRI) Survey 2011, there were 6,05,514 of marine fishermen in Odisha. GoO adopted different welfare programmes and schemes such as saving cum relief fund, safety of fishermen at sea, installation of artificial reef, low cost house projects, motorisation of traditional crafts, group accident insurance etc., for social upliftment of the fishermen. Deficiencies noticed in operation of such schemes are discussed in the following paragraphs.

Saving-cum-relief fund

2.2.34 Saving-cum-Relief (SCR) Scheme is a centrally sponsored welfare scheme to provide sustenance to the beneficiaries during lean/ban period. In the fishing season (8 months) the beneficiaries selected by the Fisheries Officer contribute ₹ 75 per month which is kept in the post office or their bank's saving account. The State and Central Government deposit equal amount (₹ 600 *per annum*) in the savings account of the beneficiary for distribution to them during the lean/ban period of four months (April to July) at ₹ 300 per month.

Audit observed the following:

- As against the target for coverage of 78,000 eligible fishermen during 2009-14, only 55,124 fishermen (71 *per cent*) were provided with SCR. District wise coverage of eligible fishermen under SCR varies from 42.56 to 93.41 *per cent* in 6[55] out of 8 test checked districts.

[55] Two districts are not coastal districts

Shortfall in coverage was mainly due to non-identification of eligible fishers.

- During 2009-14, out of ₹ 6.63 crore available towards Central and State share of SCR, only ₹ 3.42 crore was utilised due to inability of eligible fishers to deposit their own contribution.
- Pre-conditions for sanction of benefits under SCR like proof of age, income, membership of Cooperative Society etc., could not be verified due to non furnishing of related records to audit.

Thus, non identification of beneficiaries and ineffective mobilisation led to deprival of intended benefits of the scheme to the beneficiaries.

In the Exit Conference, Government stated that specific reason for less achievement would be analysed.

Delay in implementation of CSP scheme for Safety of Fishermen at Sea

2.2.35 "Safety of Fishermen at Sea" is one of the components of "Development of Marine Fisheries, Infrastructure and Post Harvest Operations" Scheme of GoI. FARD proposed (June 2009) for supply of 1,000 Distress Alert Transmission (DAT) to the fishermen. DAT is a well equipped sophisticated electronic device and can be used as life saving kit for them. While mobile phones will work only up to a particular distance, DAT will work even when the fishermen get lost in high seas. Against proposal for 1,000 DATs valuing ₹ 115.00 lakh, GoI and GoO (75:25) released (March 2010) ₹ 50 lakh and ₹ 16.66 lakh respectively in 1st phase for purchase of 600 DATs. The fund was placed (December 2010) with OPDC being the implementing agency for the scheme. Audit noticed that:

- There was inordinate delay of more than two years (March 2010 to July 2012) for procurement of DATs due to delay in placement of funds with OPDC and finalisation of tendering process as well as providing way bills to the suppliers by OPDC. FARD, however, submitted (December 2010/August 2011) UC prior to utilisation of funds.
- Though individual DAT with beneficiary details are required to be registered with Coast Guard/Marine Rescue Co-ordination Centre (MRCC), due to non-submission of beneficiary details, 180 out of 600 DATs were not registered as of March 2014.

Failure of FARD to submit UCs led to non-sanction of ₹ 2.30 crore for procurement of 2,000 DATs

- FARD submitted (2010-12) further proposals for procurement of 2,000 DATs at a cost of ₹ 2.30 crore. However, since the UC for 1st instalment was submitted before purchase of 600 DATs and the UC did not contain the required details, GoI did not consider the proposal of FARD for procurement of 2,000 DATs.

Thus, failure of FARD to submit UC led to non-sanction of ₹ 2.30 crore for procurement of 2,000 DATs.

In the Exit Conference, Government stated that it would ensure that all boats are provided with DAT and non-functioning of DAT would be reported to audit.

Non-achievement of targeted objective of installation of Artificial Reef

2.2.36 Installation of Artificial Reefs (ARs) at selected locations along the coast of sea is effective in aggregating a variety of fish species and in holding them by providing suitable habitats which could increase fish production as well as value addition to the catch as it would accumulate high value fish by using non-destructive fishing gears.

GoI sanctioned (1995-96 & 1997-98) ₹ 12.96 lakh in two phases to GoO towards 100 *per cent* central assistance for development of suitable model of ARs and four clusters of ARs with the stipulation that subsequent fund would be released only after submission of UC. The fund was placed with Fishermen Cooperative Federation (FISHFED), Odisha for execution of the project. However, the project could not come up due to delay in being taken up and subsequent lapse of funds (₹ 8.96 lakh)**,** parked in civil deposits. Subsequently, GoO sanctioned and released (December 2008) ₹ 74.90 lakh under Rashtriya Krishi Vikash Yojana (RKVY) for establishment of ARs at three[56] locations. In the meantime, GoO entrusted (October 2008) the work to National Institute of Ocean Technology (NIOT) and the same were installed during March 2011.

Audit observed the following:

- Due to failure of FARD to utilise GoI fund of ₹ 12.96 lakh sanctioned during 1995-96 and 1997-98, State lost the opportunity to avail further CSP funds under the scheme.
- Despite installation of ARs, marine fish production at three corresponding landing centers decreased continuously from 17,827 MT in 2010-11 to 12,881 MT in 2013-14. The reasons for this decreasing trend were not analysed.

Government stated that ARs were installed to reduce the cost of capturing fish. Fact, however, remains that, as per project proposal of NIOT, installation of ARs would be an appropriate method to increase fish production thereby reducing the cost of capturing.

Non-utilisation of fund under "Fishermen Development Rebate on HSD Oil" scheme

2.2.37 GoI introduced (2004-05) the scheme on "Fishermen Development Rebate on HSD Oil" for providing relief to mechanised fishing boats by extending subsidy on HSD oil, to be shared[57] by GOI and GoO.

Audit observed that as against provision of ₹ 560.09 lakh under CSP and ₹ 840.04 lakh under SP for subsidy on HSD oil during 2009-14, the entire

[56] Ballinololia, Chandrabhaga and Penthakata
[57] 80:20 during 2009-12 and 1:2 during 2012-14.

amount was surrendered due to decision pending with GoO regarding extension of such subsidy. It was also noticed that out of unspent subsidy of ₹ 79.58 lakh in five[58] districts as of March 2009, ₹ 58.67 lakh was utilised and balance ₹ 20.91 lakh remained unutilised in Ganjam and Puri districts as of October 2014.

Government stated that non utilisation of fund would be verified and responsibility will be fixed for such irregularities.

Delay in execution of low cost house projects

2.2.38 Low Cost Housing Scheme was a centrally sponsored scheme, being a component of National Scheme for Welfare of Fishermen, fully funded with equal share from GoI and GoO. As per the scheme, the work order for construction of low cost house would be issued to beneficiaries and the Project Officer would supervise the work and motivate the beneficiaries for timely completion of work.

Audit observed the followings:

- FARD submitted proposal for 4,026 low cost houses valuing ₹ 20.47 crore during 2009-10 (revised to ₹ 20.61 crore in March 2010). Due to delay in submission (March 2007 to October 2010) of UCs for the funds (₹ 287.88 lakh) released during 2004-08 for construction of low cost houses, the above proposal of GoO was not considered by GoI. This resulted in non-availment of benefit of the scheme for 4,026 low cost houses.
- As against proposal of ₹ 4 crore during 2011-12, GoI and GoO released (March 2012) ₹ 2.40 crore as 1st instalment for construction of 800 low cost houses. However, DoF, took up the construction of only 479 houses of which 144 houses were completed by July 2013.
- Out of ₹ 2.40 crore sanctioned in 2011-12, DoF submitted UC for ₹ 22.25 lakh only by October 2012 due to which GoI declined (December 2012) to sanction the proposal of FARD for 1,287 houses valuing ₹ 6.44 crore during 2012-13.

Due to inadequate monitoring and delayed submission of UCs, FARD failed to extend financial assistance of ₹ 28.65 crore to fishermen for construction of 5,634 houses

Thus, due to inadequate monitoring towards completion of low cost houses coupled with delayed submission of UCs, FARD failed to extend financial assistance of ₹ 28.65 crore to fishermen for construction of 5,634 low cost houses during 2009-13.

Government stated that due to low unit cost of the houses, beneficiaries could not complete the construction work in time leading to delay in submission of UCs. Fact, however, remains that there was inadequate monitoring towards completion of low cost houses.

[58] Balasore, Bhadrak, Ganjam, Jagatsinghpur and Puri

Motorisation of traditional craft

2.2.39 GoI introduced the scheme for 'Motorisation of Traditional Craft' under CSP to provide opportunity for the fishermen to earn more by catching more fish and arriving early at the fishing base with fresh fish. As per the scheme, subsidy is allowed at 50 *per cent* of the cost of motor limited to ₹ 30,000 per unit and to be shared equally by GoO and GoI. As per Perspective Plan for 2010-20, target for motorisation was for 6,000 traditional crafts.

Audit observed that during 2009-14, against provision of ₹ 6.01 crore by GoO for the scheme, ₹ 4.31 crore was utilised leaving an amount of ₹ 1.70 crore unspent. As a result, against the target for motorisation of 3,600 traditional crafts during 2009-14, only 2,947 were motorised. Motorisation of traditional craft was between 30 to 97 *per cent* in five districts whereas no motorisation was taken up in Bhadrak district.

While accepting the fact in Exit Conference, Government stated that shortfall in motorisation is now being cleared.

Group Accident Insurance

2.2.40 GoI introduced (2006-07) the scheme for "Group Accident Insurance for Active Fishermen" which is one component of Centrally Sponsored Scheme viz "National Scheme for Welfare of Fishermen". Under the scheme fisherfolk, licensed/identified/registered with the State Government, would be insured for ₹ 1 lakh against death or permanent total disability and for ₹ 0.50 lakh for partial permanent disability. Insurance cover will be for a period of 12 months and policy would be taken through National Federation of Fishermen Co-operative Limited (FISHCOPFED). Annual premium payable would not exceed ₹ 30 per fisherman (including service charge of ₹ 1) to be paid to FISHCOPFED. The assistance was to be shared on 50:50 basis by the GoI and GoO.

Payment of extra premium of ₹ 25.91 lakh to the Insurance Companies against 89,331 fishers

Audit observed that during 2009-14, an amount of ₹ 13.63 crore was disbursed by GoO and GoI to the Insurance Companies. It was observed from the list of fishers for 2011-12 that, out of 9,99,500 fishers insured, names of 89,331 fishers were added twice by the respective DFOs/AFOs due to which GoO and GoI paid extra premium of ₹ 25.91 lakh to the Insurance Companies.

While accepting the fact, Government stated that necessary action would be initiated against the erring officials after detailed enquiry.

Infrastructure

Fishing Harbour and Fish Landing Centre

2.2.41 Establishment of Fishing Harbours (FHs) and Fish Landing Centres (FLCs) scheme aims at providing infrastructure facilities for safe landing, berthing and unloading of fish catches from fishing vessels, repair and renovation of existing FHs and FLCs.

There are 63 potential fishing bases (FHs/FLCs) in the 480 Kms of coastline of Odisha. As per Perspective Plan, existing FHs and FLCs were to be modernised through renovation and upgradation, since most of them were devoid of minimum basic facilities. Delay in up-gradation/modernisation of FHs/FLCs is discussed below:

Delay in up-gradation/modernisation of FHs/FLCs under NFDB assistance

2.2.42 National Fisheries Development Board (NFDB) sanctioned (July 2011 to January 2012) ₹ 11.65 crore for up-gradation and modernisation of seven[59] FHs/FLCs of the State and released ₹ 8.96 crore. As per the Memorandum of Agreements executed from time to time between NFDB and GoO, the projects should be completed within 18 months from the date of release of funds. Scrutiny of records revealed that out of seven FHs/FLCs, one FLC at Sonapur in Ganjam district was completed and the works in remaining six FHs/FLCs were in progress till the date of audit. As of August 2014, UCs were submitted for an amount of ₹ 6.55 crore. Even after lapse of 12 to 18 months from the scheduled period of completion of the projects, the physical progress of works of six projects was between 31 to 98 *per cent* till August 2014.

Government stated that action has been initiated to expedite the work and NFDB is being requested to release the balance amount for completion of work.

Delay in construction of FLCs/FH under CSP scheme

2.2.43 Under CSP scheme, construction/modernisation/renovation of FLCs/FHs are undertaken on cost sharing basis by GoI and GoO with a stipulation to complete the works within 18 months. Deficiencies noticed in execution of CSP works are discussed below.

Construction of FLC at Balugaon

2.2.44 GoI accorded (March 2003) Administrative Approval (AA) for construction of FLC at Balugaon in Khurda district at a cost of ₹ 2.35 crore under CSP scheme on 50:50 sharing basis with GoO with a stipulation to complete the works by November 2004. Due to delay in obtaining (March 2005) statutory clearances, GoO revised (June 2005) the project cost to ₹ 2.60 crore due to escalation of labour and other costs with an undertaking to bear the additional cost. GoI released ₹ 0.62 crore out of its share of ₹ 1.18 crore. The work was partly awarded (November 2005) to a contractor at a cost of ₹ 1.37 crore with scheduled completion by October 2006. Due to resentment by local people, the work was held up and rescheduled for completion by July 2010. Due to non availability of fund, the contract was closed (July 2013) after incurring an expenditure of ₹ 1.25 crore. Subsequently GoI and GoO released (March 2013) their balance share of ₹ 1.35 crore and the project completion was rescheduled to June 2014. The project cost was again revised (April 2013) to ₹ 5.18 crore with a condition that the balance

[59] Balipatpur, Bandara, Bhusandpur, Kansabansa, Panchubisa, Paradip and Sonapur

fund (₹ 2.58 crore) would be obtained from Chilika Development Authority (CDA) against which CDA released (February 2014) ₹ 1.80 crore.

Delay in construction of FLCs for more than 11 years resulted in cost overrun of 120 *per cent*

Audit observed that as of December 2010, the contractor executed 48 *per cent* of the work at a cost of ₹ 1.25 crore which was 91 *per cent* of the cost of awarded work. Despite release of ₹ 4.40 crore by GoI/GoO/CDA, ₹ 1.37 crore only could be utilised as of August 2014. Thus, the project approved during March 2003 remained incomplete after a lapse of more than 11 years with a cost overrun of ₹ 2.83 crore (120 *per cent*) leading to non-achievement of intended benefits.

Government stated that the work was started after three years due to obstruction of local people and assured to complete the work by May 2015.

Modernisation of existing FH at Dhamara

2.2.45 GoI accorded AA (December 2009) for modernisation of existing FH at Dhamara in Bhadrak district at a cost of ₹ 13.10 crore to be shared on 75:25 basis by GoI and GoO with a stipulation to complete the works by June 2011. As of March 2012, GoI (₹ 5.50 crore) and GoO (₹ 1.83 crore) released ₹ 7.33 crore including release (December 2009) of ₹ 1.50 crore by GoI as 1st instalment.

Audit noticed that though the project was scheduled to be completed by June 2011, it could be commenced only in April 2011 even after release of 1st instalment by GoI. Further, due to delay in commencement, though GoO requested (October 2011) GoI for extension of time (EoT) upto September 2013 and release of balance share of ₹ 4.33 crore, GoI did not consider (March 2013) release of balance share (it extended completion period). This resulted in non-availment of Central assistance of ₹ 4.33 crore. The project is still in progress after incurring expenditure of ₹ 6.45 crore as of August 2014. Thus, due to delayed execution, the intended benefit of modernisation could not be achieved.

Government stated that work would be completed within a short span of time provided the balance amount is received in time. However, since GoI did not agree to release its balance share, GoO has to bear the additional burden.

Construction/Repair and Renovation of FH/FLCs

2.2.46 Ministry of Agriculture, GoI released ₹ 1 crore (March 2004) as first instalment for construction of FH at Bahabalpur in Balasore District against the project cost of ₹ 10.80 crore which was to be shared on 50:50 basis with GoO. Similarly, GoI released (March 2001) ₹ 60.25 lakh to GoO towards its 50 *per cent* share for repair and renovation work of seven[60] FLCs under CSP Scheme.

[60] Bahabalpur, Bhusandpur, Kansabansa, Nairy, Panchubisa, Talachua and Tantiapal

However, due to non finalisation/alienation of the required land the work was not commenced till the date of audit. Thus, ₹ 1.60 crore released by GoI remained unutilised so far leading to non-achievement of intended objective.

Government stated that pending land alienation, ₹ 1.60 crore released by GoI would be refunded. The reply indicates that the proposal was submitted without adequate planning and without ensuring encumbrance free land.

Under utilisation of Net Manufacturing Unit

2.2.47 The demand of fishing net in Odisha is about 1,500 MT *per annum* comprising nylon net (900 MT) and HDPE nets (600 MT). Net manufacturing unit of OPDC was started during 1986 by installation of four fishnet making machines with subsequent (2007 and 2009) installation of five high speed net machines to produce high quality gill net webbings for the fishermen of the State. The annual targets for production of fishing net were fixed on the basis of performance/achievements of the previous year.

Shortfall in production of 194.18 MT of nylon net resulted in loss of revenue of ₹ 7.03 crore

Audit observed that during 2009-14, targets were fixed at the lower side ranging from 57 to 76 *per cent* against the envisaged capacity utilisation of 90 *per cent* of installed capacity of 105 MT. Even against the lower target of 360 MT during 2009-14, OPDC achieved only 278.32 MT. Thus, there was shortfall in production of 194.18 MT against envisaged capacity utilisation of 472.50 MT resulting in potential revenue loss of ₹ 7.03 crore. Reasons for shortfall in achievement were mainly due to non-utilisation of available machine hours, shortage of operating staff, frequent power problem, insufficient working capital and old unproductive net machines. Though there is enough demand for fishing net and good revenue earning potential, OPDC failed to capitalise on the same.

Government stated that to overcome under utilisation of net manufacturing unit, steps have been taken for procurement of two high speed machines and deployment of skilled personnel by outsourcing.

Performance of Diesel Outlets/Filling Stations

2.2.48 OPDC has five[61] Diesel Outlets (DO) at different coastal points to cater to the needs of the fishermen community operating their trawlers, motorised boats etc, besides, two Filling Stations (FS) at Baripada and Chhatrapur to provide HSD, MS and lubricants to surface transporters. The annual targets for sale of HSD, MS and lubricants are fixed on the basis of performance/achievements of the previous year.

Audit observed the following:

Shortfall in sale of 16,804.29 KL of HSD oil resulted in loss of commission of ₹ 1.43 crore

- During 2009-14, against targeted sale of 75,500 KL of HSD, OPDC sold only 58,695.71 KL. Percentage of achievement was between 56.64 and 94.19, except for 2009-10 when target was achieved. Due to

[61] Astaranga, Chandipur, Dhamara, Kasafal and Penthakata

non-achievement of target, OPDC could not earn commission of ₹ 1.43 crore.

- In case of MS and lubricants, against targeted sale of 18,750 KL and 1,26,400 litres respectively, OPDC sold 16,423 KL of MS (87.59 *per cent*) and 1,03,210 litres of lubricants (81.65 *per cent*) during 2009-14.
- Though reasons like non-implementation of Government subsidy on HSD, opening of new outlets, credit sale by private parties, insufficient working capital, etc., were attributed for non-achievement of targeted sale, no corrective measures were taken nor was any suitable sales policy formulated by OPDC.

Government assured to take corrective measures.

Performance of ice plants

2.2.49 Ice plants are the important post-harvest infrastructure for reducing wastage of fish, long duration of storage, constant availability of hygienic fish, increase sale price of fishes and generate employment. Deficiencies noticed in operation of ice plants are discussed in the following paragraphs.

Non-disposal of defunct ice plants

2.2.50 Seven ice plants of FARD were inoperative prior to 2004-05. GoO decided (June 2004) to dispose these ice plants either on lease or on outright sale basis by 31 August 2004.

Audit observed that even after lapse of 10 years of the decision for disposal of defunct ice plants, none of the plants were disposed off so far. This resulted in wasteful expenditure of ₹ 1.42 crore towards staff salary, electricity, water charges and watch and ward.

Further, though Marine Products Export Development Authority (MPEDA) of GoI proposed (May 2007) renovation of the ice plants, with an offer for subsidy of ₹ 12 lakh per plant, GoO did not avail the benefits for reasons not on record.

Government stated that steps are being taken for disposal of ice plants.

Injudicious decision to set up ice plants

2.2.51 OPDC constructed a 10 MT ice plant and 5 MT cold storage at Gopalpur during 1994 at a cost of ₹ 20.37 lakh including ₹ 15.25 lakh towards cost of plant and machinery. The plant could not be operated due to non-availability of power supply and fresh water. The BoD decided (October 2002) to sell out the plant and machinery which could not be disposed off due to low offer from time to time and was finally sold (March 2013) for ₹ 2.11 lakh.

Similarly, OPDC had also constructed two buildings during 1999 for setting up of two ice plants at Paradip at a cost of ₹ 9.06 lakh on a land belonging to Paradip Port Trust. The investment became wasteful due to land dispute and the area being under high tidal zone.

Thus, injudicious decision of OPDC to set up ice plants without their feasibility study led to wasteful expenditure of ₹ 27.32 lakh.

Government offered no comments on the audit observation.

Non-utilisation of fund released from SRC

Failure in preparation of estimate within due date led to refund of ₹ 10 crore to SRC

2.2.52 The Special Relief Commissioner (SRC), Odisha sanctioned and released (September 2011) ₹ 10.00 crore from National Disaster Response Fund (NDRF) for undertaking labour intensive works in 17 drought affected districts and 22 unseasonal heavy cyclonic rain affected districts in the year 2010. It was also stipulated to utilise the fund within December 2011. It was observed that as per the proposal the fund was to be spent towards reconstruction/restoration in 26 Government fish firms in fourteen districts. As FARD failed to prepare the estimate for execution of the works within due date, it refunded (April 2012) the fund to SRC and thereby the reconstruction/restoration works could not be done.

Government accepted the facts.

Financial Management

Non-realisation of Royalty and Lease value of reservoirs

2.2.53 GoO introduced (October 2003) State Reservoir Fishery Policy (SRFP) with the main objectives to augment fish production, generate rural employment and substantial revenue from vast reservoir resources which was superseded (September 2012) with reduction of lease value of reservoirs. The reservoirs are classified into three categories i.e., Minor (40 Ha to 1,000 Ha), Medium (1,001 Ha to 5,000 Ha) and Large (above 5,000 Ha). Fishing rights of all 138 reservoirs covering 1,41,305 Ha (each above 40 Ha) was vested with FARD. As per SRFP these reservoirs are required to be leased out to Primary Fishermen Co-operative Societies (PFCS) which also stipulates that initial lease period shall be for five years which may be extended up to another five years, subject to satisfactory performance of the lessees.

Audit observed that

- Out of 138 reservoirs, 102 to 123 reservoirs were leased out to PFCS during 2009-14, and remaining 15 to 36 reservoirs were not leased out due to lack of response from the bidders and non-tendering/re-tendering.

- As against the targeted lease value and royalty of ₹ 5.32 crore for 138 reservoirs, FARD realised ₹ 1.85 crore only during 2009-14. Non/short-realisation of ₹ 3.47 crore was mainly due to non-tendering/retendering of 15 to 36 reservoirs not leased to PFCS and non-execution of bipartite agreement with PFCs to evacuate the lessee on their failure in payment of lease value and royalty.

- Even after drastic reduction in lease value, there was non-leasing of reservoirs and pendency in receipt of lease value and royalty.

Government while accepting the fact in the Exit Conference stated that reasons for not leasing out reservoir would be analysed and necessary corrective action would be taken.

Non-recovery of lease value from private entrepreneurs

2.2.54 FARD decided (August 2010) to auction 57 out of its 106 fish farms to take up fish seed/fingerling culture through private entrepreneurs on lease basis for a period of five years.

Audit observed that FARD leased out 54 fish farms to private parties during 2011-14, of which 16 farms during 2011-12 and 15 farms in 2012-14 were leased out without executing lease agreements. Further, it was noticed that lease value of ₹ 26.81 lakh was outstanding as of March 2014 with 12 parties with whom lease agreements were executed and with 15 parties with whom no lease agreement was executed. It was also noticed that ₹ 5.54 lakh out of ₹ 26.81 lakh was outstanding against seven parties in eight test checked districts. Thus, absence of proper follow up coupled with non-execution of agreement resulted in non-realisation of lease value of ₹ 26.81 lakh.

While accepting the fact and figures, Government stated that on receipt of information from its district level officers, final position would be submitted.

Unutilised accrued interest

2.2.55 As per instructions (October 2012) of GoO, scheme funds kept in saving accounts are to be deposited in flexi accounts to fetch higher return so that interest accrued could be ploughed back to expand the coverage of the scheme. Audit scrutiny revealed that in violation of the instructions of GoO, scheme funds were kept in savings bank (SB) accounts (at 4 *per cent*). Further, test check of Bank Pass Books and Cash Books of seven out of eight selected Districts, revealed that interest of ₹ 1.81 crore accrued in saving bank accounts as of March 2014 remained unutilised in absence of any direction/policy of GoO/GoI for utilisation of the same.

Government accepted audit observation and agreed to take necessary action.

Non remittance of sale proceeds of fish seed

2.2.56 FARD transferred (June 2010) 22 fish farms to OPDC on lease basis with condition that fish seed production and sales was to be done by existing staff of DFOs. The sale proceeds should be deposited by the DFOs in the SB Account opened in favour of OPDC soon after receipt of the same.

Test check of OPDC records revealed that out of sale proceeds of ₹ 2.96 crore from Government fish farms, DFOs deposited ₹ 2.20 crore with OPDC during 2010-14 and retained an amount of ₹ 0.76 crore as of March 2014. The DFOs were not regular in remitting the sale proceeds to OPDC despite request of OPDC.

Though Government accepted the facts and figures, it did not furnish any reasons for irregular remittance of sale proceeds by DFOs.

Monitoring and Control

Monitoring

2.2.57 An effective monitoring mechanism is a pre-requisite for ensuring physical/financial progress and timely completion of projects under different schemes. Audit observed the following deficiencies:

- Nodal officers were required to visit fish breeding farms at regular intervals to sort out the problems at farm level as well as to review the achievement and report to DoF. Details of such visit/review/reporting were not on record.
- To improve the sales performance of diesel outlet (DO)/filling station (FS) of OPDC, though the controlling officer was required to visit the units at periodic intervals and submit visit note to MD, no such visit notes were submitted.
- BoD of OPDC held only ten meetings during 2009-14 as against 20 meetings required under the provisions of Companies Act, 1956.

Government stated that deficiency pointed out by audit will be examined for rectification and guidance after it is examined. It further stated that Board Meetings could not be held at due interval on account of over engagement of Chairman (Non-Official) and Managing Director (who is also Director of Fisheries).

Internal control

2.2.58 Internal Control System is an essential part of managerial control system. An efficient and effective Internal Control System helps the management to achieve the organisational objective effectively and efficiently. Deficiencies noticed in internal control mechanism were as follows:

- Scheme wise registers indicating name of the scheme, duration of the scheme, amount sanctioned, amount released, the fund placed, expenditure made, amount surrendered, utilisation certificate submitted, sources of fund etc., were not maintained.
- Correctness of receipt and payment were not safe vouched at the DOs/FSs by any other official than the official preparing the vouchers.
- Despite the directions (July 2008) of BoD, no marketing policy was formulated for disposal of fingerlings. Similarly no marketing policy existed to boost sales performance of DOs/FSs.
- As per the delegation of financial power, bills were to be passed by GM after being verified and authenticated by FA&CAO. In violation

of the financial rules, most of the bills were passed by GM without such authentication.

- During 2009-14 though internal audit wing of FARD recommended recovery of ₹ 9.09 crore, it was effected for ₹ 0.34 crore only and balance ₹ 8.75 crore was pending.

- There was improper maintenance of brood stock as the utilisation of breeders during 2009-14 exceeded the available stock.

Government noted the deficiencies for rectification and guidance.

Acknowledgement

Audit acknowledge co-operation and assistance extended by FARD and OPDC at various stages of conducting Performance Audit, Entry Conference and Exit Conference.

Conclusion

There were persistent and substantial surrender of budget allocation due to unrealistic budgeting. Non/poor execution of different schemes/plans of GoI for development of water areas led to non-availment/surrender of central assistance. Welfare activities under different schemes/programmes did not fulfill intended objectives. Development of available infrastructure and utilisation thereof for boosting of pisciculture was ineffective. There was deficient monitoring and internal control mechanism with FARD/OPDC.

Recommendations

Government/OPDC may consider following recommendations:

- **Budgetary provisions need be realistic to avoid substantial surrenders.**
- **Timely implementation of central schemes/programmes should be ensured so as to boost pisciculture.**
- **Welfare activities under different programmes/schemes for social upliftment of the fishers may be effectively implemented.**
- **Monitoring and internal control mechanism be strengthened.**

  Government accepted all the above recommendations.

Chapter III

3. Compliance Audit Observations

Important audit findings emerging from test check of transactions of the State Government Companies/Statutory Corporations are included in this Chapter.

Government Companies

Odisha Hydro Power Corporation Limited

3.1 Deficient monitoring

Failure of OHPC to monitor the drawal of State's share of power led to short drawal of low cost hydro power and subsequent purchase of power at higher cost by GRIDCO resulting in avoidable extra expenditure of ₹ 24.10 crore.

Machhakund Hydro Electric Project (MHEP) is a joint scheme of Government of Andhra Pradesh (GoAP) and Government of Odisha (GoO) with 70 *per cent* and 30 *per cent* share respectively with option of GoO to draw an additional 20 *per cent* power at a cost of ₹ 0.08 per unit as per the interstate supplementary agreement (December 1978) between both the States. MHEP has an installed capacity of 114.5 MW and design energy of 525 MU. Consequent upon unbundling of erstwhile Orissa State Electricity Board, the management of share of GoO in MHEP was transferred (March 1997) to Odisha Hydro Power Corporation Limited (OHPC). GRIDCO Limited (GRIDCO) procures the MHEP power from OHPC and supplies the same to the power distribution companies.

It was decided (09 February 2010) by the power sector companies of both the States that monthly reconciliation and adjustment of energy drawal would be made by both the States and the day ahead availability from MHEP would be made available to State Load Despatch Centre (SLDC)/OHPC every day.

Audit observed the following:

- During 2009-14 (upto October 2013) as against total net generation of 2,472.272 MU by MHEP, 1,178.372 MU power had been drawn against GoO's share of 50 *per cent* (1,236.136 MU) leaving a shortfall of 57.764 MU.
- Monthly reconciliation/adjustment of any over drawal/under drawal of power by Odisha as agreed (09 February 2010) upon was not done during this period.
- In absence of monitoring mechanism by OHPC, GRIDCO had to purchase power at higher rates ranging from ₹ 2.92 to ₹ 4.59 per unit and incurred additional expenditure of ₹ 24.10 crore as detailed in **Annexure 11**.

Government while endorsing views of Management stated (August 2014) that energy drawal by Odisha upto 50 *per cent* out of day to day available generation from MHEP is the responsibility of GRIDCO, OPTCL and SLDC.

Reply is not acceptable, since OHPC, being the managing agent of the State for MHEP, should have monitored the day ahead availability of State's share of power so as to draw full quantum of low cost hydro power from MHEP.

Thus, short drawal of 57.764 MU low cost hydro power and subsequent purchase of power at higher cost by GRIDCO resulted in avoidable extra expenditure of ₹ 24.10 crore.

3.2 Non-availment of exemption

The Company failed to seek exemption from payment of licence fees of ₹ 15.07 crore (total) on use of water

Odisha Hydro Power Corporation Limited (Company), a hydro power generating company of the State, supplies its entire power to GRIDCO for onward supply to the end users and in turn gets its expenses reimbursed from GRIDCO.

The Company was availing exemption from payment of water cess on the volume of water used by them for generation of electricity pursuant to notification (29 January 2003) of Department of Energy (DoE) of Government of Odisha (GoO). Subsequently, the Orissa Irrigation (Amendment) Rules, 2010 notified on 01 October 2010, provided for levy and collection of licence fees for water used for hydro power generation at ₹ 0.01 per KWH. However, Rule 23A(4) provides that the State Government may grant total or partial exemption from payment of licence fees for any specified period in the interest of industrial or commercial developments in the State subject to application made in this regard.

Audit observed that, though Rule 23A(4) provides for exemption from payment of licence fee subject to submission of an application in this regard, no application was made by the Company for seeking such exemption. Further, Consumer Counsel and Director (Tariff), OERC during the hearing of ARR and tariff filing (Case No.143/2010) of the Company for 2011-12 pointed out (February 2011) that the Company is a Government owned Corporation and the water is used for non-consumptive purpose, the State Government may waive the licence fees for the Company in order to minimise its impact on end consumer tariff. Company paid ₹ 15.07 crore to GoO as licence fees for use of water for generation of electricity during the period from October 2010 to August 2013 and got reimbursement of the same from GRIDCO through its Annual Revenue Requirement (ARR). Had the Company applied for exemption and availed the same, the expenditure borne by GRIDCO could have been avoided.

Government stated (August 2014) that there was no scope for the Company, being a 100 *per cent* Government owned Company, to disobey the Government decision under notification of October 2010 and apply for exemption from payment of license fees for any specific period on use of water for generation.

But the Company could have applied for exemption under Rule 23A(4) of the Orissa Irrigation (Amendment) Rules, 2010.

Thus, the Company lost the opportunity of availing exemption from payment of licence fees of ₹ 15.07 crore **(**as a total**)** during the period from October 2010 to August 2013 as per the provisions of the Orissa Irrigation (Amendment) Rules, 2010.

The Odisha Mining Corporation Limited

3.3 Avoidable payment

Non adherence to the provisions of FC Act resulted in avoidable payment of ₹ 148.72 crore towards penal NPV and CA apart from blocking of iron ore valuing ₹ 23.90 crore

As per Section 2 (ii) of Forest (Conservation) Act, 1980 (FC Act), which came into force from 25 October 1980, prior approval of Ministry of Environment and Forests (MoEF) of Government of India (GoI) is required for use of forest land for non-forest purpose. Government of Odisha (GoO) leased (April 1967) 50.59 hectares (Ha.) of forest land known as Daitari Extension Area (DEA) to The Odisha Mining Corporation Limited (Company) for a period of 30 years to create infrastructure facilities for Daitari iron ore mines of the Company located in its vicinity. Due to enhancement of production and for facilitating mining operation, the Company further utilised 199.378 Ha. forest land outside the leasehold area for allied activities. Thus, total area of 249.968 Ha. forest land was in continuous use of the Company. Though it was required to obtain approval of MoEF, the same was not done till January 2014 and mining operation continued. Mining squad headed by Mining Officer, Jajpur Road while visiting Baliparbata Stockyard of the Company, found stacking of iron ore outside lease area, for which Deputy Director Mines, Jajpur Road (DDM) issued (24 August 2011) a show cause notice. Subsequently, after visit (25 to 27 August 2011) of State Level Enforcement Squad, DDM did not issue stack removal permission. The Company stopped dumping of minerals at the stack yard from 01 October 2011 and obtained (January 2014) stage-1 approval of MoEF for diversion of 249.968 Ha forest land. MoEF also directed GoO to realise penal Net Present Value (NPV) and Compensatory Afforestation (CA) for utilisation of forest land for non-forestry purposes without obtaining prior approval as required under FC Act. Accordingly, on the claim

(February/March 2014) of GoO, the Company paid (March 2014) ₹ 148.72 crore towards penal NPV (₹ 143.45 crore[62]) and CA (₹ 5.27 crore).

Audit noticed that illegal dumping of 5.56 lakh MT of iron ore at Baliparbata stack yard, blocked ₹ 23.90 crore since September 2011, which included 1.59 lakh MT dumped even after intimation (24 August 2011) by DDM.

Government stated (October 2014) that the diversion proposal was pending with the State Government.

Thus, non-adherence to the provisions of FC Act by the Company resulted in avoidable payment of ₹ 148.72 crore towards penal NPV and CA apart from blocking of iron ore valuing ₹ 23.90 crore.

3.4 Loss due to short recovery of royalty

Injudicious decision of the Company to adopt "price inclusive of royalty" coupled with absence of safety clause in the sales contracts for recovery of differential royalty resulted in loss of ₹ 49.84 crore

The Odisha Mining Corporation Limited (Company) produces iron and chrome ore at its mines and sells it through Price Setting Tenders[63] (PST) finalised on quarterly basis. Government of India in Ministry of Mines revised (August 2009) the rate of royalty to 10 *per cent* of sale price on *ad valorem* basis for both iron and chrome ore where the sale price would be the price published by Indian Bureau of Mines (IBM) for the State. Revised rate was effective from 13 August 2009.

The price of iron and chrome ore as finalised through PSTs till quarter ending September 2009 was "exclusive of royalty". While deciding implementation of revised royalty, the Board of Directors (BoD) of the Company suggested (September 2009) that the sale price should not be "inclusive of royalty". The Company, however, adopted price "inclusive of royalty" for quarter ending December 2009 and switched over to price exclusive of royalty for quarter ending March 2010.

BoD on the recommendations of a Committee consisting of the officials of Finance, Sales and Marketing sections of the Company decided (March 2010) that the price of ores would be 'inclusive of royalty' citing problems like difficulties in availability of IBM price in time, determination of other components like Central Sales Tax, Valued Added Tax and Entry Tax, delay in finalisation of accounts and requirement of man power, etc., in 'price exclusive of royalty'. Accordingly, from the quarter ending June 2010, the sale prices were finalised considering 'price inclusive of royalty' of 10 *per cent ad valorem* without inclusion of a clause for recovery of differential royalty in case of increase in the IBM price as was available in earlier contracts with 'price exclusive of royalty'.

[62] For 50.59 Ha ₹ 16.15 crore for 17 years from April 1997 to January 2014 and for 199.378 Ha ₹ 127.30 crore for 34 years from October1980 to January 2014.

[63] PST is the mechanism through which the quarterly rates for domestic sale of iron and chrome ore are decided by the Company.

Audit observed the following:

- The Company adopted 'price inclusive of royalty' for the quarter ending December 2009 in violation of the directions (September 2009) of BoD without adducing any reason;
- Due to absence of a safety clause in the sales contracts for realisation of differential royalty consequent upon availability of IBM fixed prices, Company could not realise ₹ 49.84 crore[64] from the buyers which was paid/payable to the GoO against sale of 135.57 lakh MT of different grades of iron and chrome ore during 2010-14 (up to January 2014).

Government stated (September 2014) that directions of BoD of the Company could not be implemented for quarter ending December 2009 due to paucity of time. It also stated that the system of price "inclusive of royalty" was preferred due to various reasons like avoiding preparation and submission of revised sales tax return, delay in finalisation of accounts, additional requirement of man power etc.

Government's contention is not tenable as there was enough time upto the bid opening date (19 September 2009) from the date (07 September 2009) of directions of BoD for issue of necessary corrigendum to the tender call notice (03 September 2009) for quoting price exclusive of royalty for the quarter ending December 2009. Further, the Company has not made any cost benefit analysis of both the systems before arriving at the decision to adopt price "inclusive of royalty" keeping in view the payment of differential royalty.

3.5 Loss of revenue

Absence of enabling clause to safeguard financial interest deprived the Company of earning additional revenue of ₹ 3.01 crore

The Odisha Mining Corporation Limited (Company) sells iron ore in the domestic market by inviting quarterly Price Setting Tenders (PST). The stock available at different mines is sold to the buyers on allotment basis at the H1 price obtained in the PST and accordingly, sales contracts are executed with the buyers. In terms of the sales contracts, the buyers have to deposit 100 *per cent* of the sale value of allotted quantity in advance. Further, as per the special condition of the contract, buyers have to lift minimum proportionate quantity every month, otherwise the unlifted quantity during the month would be distributed among other buyers who completed lifting successfully during the month.

[64] Gandhamardan : 49.60 lakh MT (₹ 8.67 crore) plus Koira : 51.74 lakh MT (₹ 7.52 crore) plus Daitari : 24.15 lakh MT (₹ 20.17 crore) plus JK Road : 10.08 lakh MT (₹ 13.48 crore)

During October-December 2012 quarter, 15 parties were allotted 5,22,500 MT of iron ore at ₹ 4,805 per MT (PMT) out of which 4,11,896 MT was lifted including lifting of 54,908 MT during 24 to 31 December 2012. For the next quarter ending March 2013, the H1 price obtained through PST (22 December 2012) was ₹ 5,354 PMT which was higher than the rate of previous quarter by ₹ 549 PMT.

Audit observed that due to acceptance of sale value on piecemeal basis on the lifted quantity instead of 100 *per cent* sale value of the allotted quantity in advance, the Company did not ensure 100 *per cent* lifting of the allotted quantity and also could not earn interest revenue thereon. Further, the buyers did not lift the monthly minimum quantity as per the special conditions of the contract. There was no clause in the contracts to protect the interest of the Company in case of any increase/decrease in the rates of iron ore in subsequent quarter and for not lifting the allotted quantity as per milestone. In absence of such a clause, Company could not terminate the contracts. As a result, the Company sold 54,908 MT iron ore during 24 to 31 December 2012 at a lower price (₹ 4,805 PMT) despite being aware of higher price (₹ 5,354 PMT) for the subsequent quarter and incurred loss of revenue of ₹ 3.01 crore.

Government stated (August 2014) that the buyers were allowed to deposit the cost of allotted quantity in phased manner so that flow of their working capital is not stifled. The Company instead of insisting on the condition of the contract regarding payment terms took other factors into consideration.

Thus, due to non-adherence to the terms and conditions of sales contracts coupled with absence of enabling clause to protect its financial interest, the Company was deprived of earning additional revenue of ₹ 3.01 crore.

3.6 Undue benefit

Inclusion of a contradictory payment term in the contract resulted in extension of undue benefit of ₹ 1.34 crore to the contactor.

The Odisha Mining Corporation Limited (Company) executed (June 2010) an agreement with a contractor for excavation/raising of Run Off Mines (ROM) by drilling/ blasting, transportation of ROMs to the crushing plant to produce different grades of Calibrated Lump Ore (CLO) and fines and disposal of finished products to the specified stock yards after weighment at Kurmitar iron ore mines. The agreement was for a period of ten years (July 2010 to March 2021) subject to satisfactory performance of the contractor in the preceding year. In terms of the contract, CLO and fines, after production, would be analysed by analyst appointed by the Company to determine physical and chemical specifications, based on which the same would be transported. The agreement stipulated acceptance of under size/oversize and fines up to a maximum of 5 *per cent* in the production of CLO. The awarded rate of payment for production of CLO and fines was ₹ 207 and ₹ 51.75 per MT respectively. The accepted stocks are transported to the respective stockyards where the CLO/fines are again subject to grade analysis by an analyst appointed by the Company at the time of despatch. As per “Basis of Payment” clause of the contract, release of payment to the contractor would be based on weighment of accepted stock transported to stockyard being the dispatch point. The contract under “Analysis” clause also stipulates that analysis at the dispatch point was to be treated as final for all purposes and the Company would not stand responsible for any grade variation between stack analysis at mines and at the dispatch point.

Audit scrutiny revealed that during 2012-14, the Company paid ₹ 38.57 crore to the contractor for production of 18.63 lakh MT of CLO on the basis of the analysis report of stacks at mines. However, further scrutiny of records revealed that as per the analysis at dispatch point the percentage of fines contained in CLO was beyond five *per cent*, ranging from 6.40 to 11.86. As such there was excess production of 86,359 MT fines. Due to inclusion of ambiguous terms and conditions in the contract, the Company paid ₹ 1.79 crore at the rate of ₹ 207 per MT applicable for CLO instead of payment of ₹ 0.45 crore at the rate of ₹ 51.75 per MT applicable for fines. Thus, the Company extended undue benefit of ₹ 1.34 crore to the contractor.

Government stated (August 2014) that though the agency handed over CLO at the central stock yard with undersize of maximum five *per cent,* percentage of undersize increased during storage due to weather effect, movement of heavy earth moving machinery, loading and unloading of ore during despatch. It also stated that since the agency handed over the ore produced at the specified stock yard, the provision of analysis clause as regards dispatch point was not applicable.

The reply of Government is not acceptable since as per the agreement, analysis at the dispatch point was to be treated as final for all purposes and this also safeguarded the interest of the Company as it was not responsible for any grade variation between stack analysis at mines and at the dispatch point.

Thus, inclusion of contradictory payment term in the contract resulted in extension of undue benefit of ₹ 1.34 crore to the contactor.

3.7 Excess payment

Ambiguous term in the agreement coupled with proportionate non-reduction of the awarded rate for production of CLO against non-installation of crusher resulted in excess payment of ₹ 1.33 crore and extension of undue benefit to the agency

The Odisha Mining Corporation Limited (Company) entered (August 2010) into an agreement with an agency on the basis of its tender offer (February 2010) and subsequent (March 2010) negotiation for production of 10-180 mm lump iron ore, 10-40 mm Calibrated Lump Ore (CLO) and – 10 mm fines at Gandhamardan Iron Ore mines. The agreement was for a period of 10 years subject to annual renewal based on the assessment of performance of the agency. The awarded rate of payment for production of CLO was ₹ 215.00 per MT (PMT) and accordingly price for production of lump and fines was fixed at ₹ 172.00 and ₹ 53.75 PMT respectively being 80 *per cent* and 25 *per cent* of the rate for production of CLO. As per the contract, the agency was to install crusher and/or screen plant within a period of four months from the date of handing over of the quarry for commencement of production of CLO and fines. The agency commenced work from August 2010 but installed the crusher in October 2013. During August 2010 to September 2013, agency produced 2,16,542 MT CLO, 3,58,437 MT lump and 44,867 MT fines.

Audit scrutiny revealed the following:

- As per clause 45.1 of agreement, requirement of equipment for execution of mining and transportation work included crusher and screen plant. Though crusher and/or screen plant was to be installed by December 2010, agency installed the crusher only in October 2013. This indicated that the agency produced CLO by the process of screening only. By incorporating an ambiguous clause in the agreement to install crusher and/or screen plant, Company allowed the agency to do away with crusher installation and operate with only screen plant.

- During negotiation with the agency, being the lowest tenderer, for reduction of rate, the agency declined to reduce the quoted rate for CLO (₹ 215 PMT) stating that the cost of mining would have been cheaper, had sizable quantity of Run Off Mines (ROM) been handled by means of screening only but without crushing to obtain CLO. The Company, however, accepted the quoted rate for production of CLO. Since departmental estimated weighted average rate (₹ 287.52 PMT) included 12 *per cent* towards cost of crushing, despite non-installation of crusher, the Company paid the agency at its quoted rate instead of reducing the rate for CLO, lump and fines proportionately. This resulted in excess payment of ₹ 1.33 crore to the agency.

Government stated (September 2014) that as per the geological occurrence, upper portion of the quarry had friable ore deposit. Had this been processed through crusher plant, generation of CLO would have been decreased with more generation of fines. As such, to maximise CLO production, the relevant clause was incorporated in the agreement.

Reply of Government is not acceptable since the Notice Inviting Tender and agreement with the agency had no indication regarding the geological occurrence and use of screen plant only for the upper portion of quarry. Further, the Company had not segregated the rates for production of CLO through crusher and/or screen plant.

Thus, incorporation of an ambiguous term in the agreement and proportionate non-reduction of awarded rate for production of CLO against non-installation of crusher resulted in extension of undue benefit with consequential excess payment of ₹ 1.33 crore to the agency.

Odisha Power Transmission Corporation Limited

3.8 Wasteful expenditure

Acceptance of allotment of an inappropriate land with subsequent decision for amendment of scope of contract led to wasteful expenditure of ₹ 1.21 crore

For power supply to Keonjhar town and its adjoining areas, from a separate grid sub-station, Board of Directors (BoD) of Odisha Power Transmission Corporation Limited (OPTCL) accorded (September 2008) in principle approval for construction of a 220/33 KV grid sub-station at Gopinathpur along with associated lines. While approving, BoD directed taking up survey and other preliminary work and also preparation of Detailed Project Report (DPR) and realistic estimate with cost benefit analysis etc. Subsequently, based on the compliance to the above directions, the BoD accorded (February 2009) administrative approval for construction of the sub-station at a cost of ₹ 29.93 crore on the plain land identified and awaiting alienation from Tahasildar, Keonjhar. Accordingly, OPTCL issued (October 2010) Letter of Intent for supply of materials (₹ 18.12 crore) and erection work (₹ 11.31 crore) of sub-station at Gopinathpur and associated lines to a contractor for completion by March 2013. Land actually alienated (December 2009) by Tahasildar, Keonjhar and accepted (November 2010) by OPTCL was on a hillock (not plain land). This was handed over (November 2010) to the contractor for constructing envisaged sub-station.

The contractor during site levelling work (April 2011) encountered huge rock and intimated (June 2011) that unless rocks were broken into pieces, further working would not be possible. The contractor also requested OPTCL for on the spot study of the problem. After site visit (July 2011) by the officials of OPTCL, the Contract Scrutiny Committee (CSC) and Purchase Sub Committee (PSC) of OPTCL recommended(September/November 2011) amendment of the contract with additional financial involvement of ₹ 1.02 crore considering increase in scope of work towards levelling and blasting of hard rock which was approved(December 2011) by the BoD. Due to uncertainty of levelling of the total land, the work was stopped from January 2013. Subsequently, as decided (April 2013) by OPTCL in the works review meeting as well as in PSC, a high level committee visited (August 2013) the site and opined to foreclose the work due to various constraints. Accordingly, the BoD decided (May 2014) to short close the work for which OPTCL had already incurred an expenditure of ₹ 4.06 crore (materials: ₹ 2.85 crore and erection: ₹ 1.21 crore).

In this connection, audit observed the following:

- OPTCL being aware (November 2010) of the hillock site allotted by the revenue authorities not being suitable for construction of grid sub-station, accepted the same in place of the originally identified plain land without proper site survey despite direction of the BoD; and
- Despite being intimated by the contractor of the presence of hard rock, OPTCL allowed (April 2011) the agency to execute the work with subsequent approval for additional expenditure towards blasting of the hard rock.

While accepting the fact, Government stated (August 2014) that from appearance, the land looked almost normal and from the soil investigation report it was presumed that the inner layer would be of fractured rock but during excavation, hard rock was noticed in the inner layer.

However, the soil investigation report showing rocky strata was not examined by OPTCL before commencement of work.

Thus, acceptance of unsuitable site and commencement of work without proper site survey led to wasteful expenditure of ₹ 1.21 crore besides blockage of materials valuing ₹ 2.85 crore.

Statutory Corporation

Odisha State Financial Corporation

3.9 Inappropriate settlement of dues

Non-adherence to OTS policy in settlement of dues and delay in initiation of action under SFCs Act resulted in loss of ₹ 1.07 crore

Odisha State Financial Corporation (Corporation) was established under the State Financial Corporations Act, 1951 (SFCs Act) with the main objective of providing loan assistance to micro, small and medium enterprises. To reduce non-performing loans, it introduced One Time Settlement (OTS) schemes since 1992-93 and the schemes were modified from time to time. Board of Directors (BoD) approved (April 2011) OTS Policy 2011 for implementation with effect from 2 May 2011. The scope of the OTS Policy 2011 included as under:

- The eligible borrowers interested to settle the loan under OTS are to submit the prescribed OTS application duly filled in accompanied with requisite initial deposit (ID) of 10 *per cent* of the total principal outstanding and prescribed amount of Recovery Administrative Charges.
- The settlement formula for disbursement of loans above ₹ 5 lakh shall be security linked and is to be based on minimum expected amount and value of securities.

In connection with settlement of dues of a loanee, audit observed the following:

- The loanee was lent (February 2002 to January 2004) ₹ 1.16 crore with scheduled repayment within seven years. On repaying ₹ 21.26 lakh till December 2006 the unit was closed in 2007. The Corporation belatedly seized the industrial unit and part of collateral security under Section 29 of SFCs Act during January and June 2011 respectively, leaving out major part of collateral security valued at ₹ 0.63 crore on the plea that these were agricultural property/dwelling house which were not easily enforceable.

- Failure of the Corporation to initiate timely action for seizure of the unit along with the collaterals led to missing industrial assets worth ₹ 9.05 lakh along with obsolescence of plant and machinery, which resulted in lack of interest from the prospective buyers.

- Although the loanee did not apply for OTS in proper form and deposited ₹ 5.75 lakh less towards ID, Corporation accepted its request (February 2012) to settle dues at principal outstanding amount only.

- As of December 2011, though OTS amount as per settlement formula worked out to ₹ 2.33 crore, Corporation agreed for settlement of all dues at ₹ 1.26 crore and sacrificed ₹ 1.07 crore.

Government stated (September 2014) that though it was searching for prospective buyers prior to seizure, no buyer could be available mainly due to locational disadvantages and huge electricity liabilities. Even after seizure, due to deteriorated condition of the assets and obsolescence of machinery, inspite of best efforts no buyer was available. The reply of the Government confirmed that there was ineffective monitoring and inaction for timely seizure which consequentially led to sacrifice of ₹ 1.07 crore out of the OTS amount

Thus, failure of the Corporation in adhering to OTS policy in settlement of dues and delay in initiation of action against the loanee under SFCs Act resulted in loss of ₹ 1.07 crore.

General

3.10 Follow-up action on Inspection Reports/Audit Reports

Explanatory Notes outstanding

3.10.1 Audit Reports of the Comptroller and Auditor General of India represent culmination of the process of scrutiny starting with initial inspection of accounts and records maintained in various offices and departments of Government. It is, therefore, necessary that they elicit appropriate and timely response from the Executive. Finance Department, Government of Odisha issued instructions (December 1993) to all Administrative Departments to submit explanatory notes indicating corrective/remedial action taken or proposed to be taken on paragraphs and performance audits included in Audit Reports within three months of their presentation to the Odisha Legislative Assembly (OLA), without waiting for any notice or call from the Committee on Public Undertakings (COPU).

Though Audit Reports (Commercial/PSUs) for the years 1999-2000 to 2012-13 were presented to the OLA during August 2001 to June 2014, 13 out of 18 Departments featuring in those Reports did not submit explanatory notes on 56 out of 246 paragraphs/performance audits as on 30 September 2014. Department-wise analysis is given in **Annexure 12**. Public Sector Undertakings under Industries (19 *per cent*), Energy (35 *per cent*) and Public Enterprises Department (10 *per cent*) were largely responsible for non-submission of explanatory notes.

Compliance to Reports of Committee on Public Undertakings outstanding

3.10.2 As per Rule 213-B (1) of Rules of Procedures and Conduct of Business in the OLA, the Departments are required to submit Action Taken Notes (ATNs) on the recommendations made by COPU in its Reports within six months from their presentation to OLA. The time limit was reduced (April 2005) by OLA to four months.

ATNs on 64 recommendations for nine Departments pertaining to 15 Reports of COPU presented to OLA between August 2001 and December 2013 had not been received as on 30 September 2014 as detailed vide **Annexure 13**. Micro Small and Medium Enterprises and Industries Department had not submitted 23 and 20 ATNS on the recommendations respectively constituting 36 and 31 *per cent* of outstanding ATNs.

Response to Inspection Reports, Draft Paragraphs and Performance Audits

3.10.3 Audit observations, not settled on the spot during audit, are communicated to the heads of PSUs and the administrative departments concerned of State Government through Inspection Reports (IRs). As per Regulation 197 of Regulations on Audit and Accounts, 2007, the heads of PSUs are required to furnish replies to IRs through respective heads of departments within a period of four weeks. IRs issued during 2004-05 to 2013-14 pertaining to 36 PSUs disclosed that 1,846 paragraphs relating to 438 IRs remained outstanding at the end of 30 September 2014. Even initial replies were not received in respect of 96 IRs containing 443 paragraphs (PSUs under Energy Department - 30 *per cent*, Industries Department - 23 *per cent*). Department-wise break-up of IRs and paragraphs outstanding at the end of 30 September 2014 is given in **Annexure 14**.

3.10.4 Similarly, as per Regulation 207 of Regulations on Audit and Accounts, 2007, draft paragraphs and draft Performance Audit reports on the working of PSUs are forwarded to the Principal Secretary/Secretary of the administrative department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. Fourteen draft paragraphs and two draft performance audit reports were forwarded to various departments between June and September 2014. While replies to one draft paragraph and one performance audit report were received in time, the replies to remaining were received with delay of one to eleven weeks beyond the stipulated period of six weeks.

It is recommended that the Government investigate reasons for failing to send replies to paragraphs of Inspection Reports/Audit Reports and ATNs on recommendations of COPU as per prescribed time schedule and initiate action to streamline the procedure/recover loss/outstanding advances/overpayments as brought out in the above reports in a time-bound manner.

Bhubaneswar
The

(Sunil S. Dadhe)
Principal Accountant General
(Economic and Revenue Sector Audit), Odisha

Countersigned

New Delhi
The

(Shashi Kant Sharma)
Comptroller and Auditor General of India

ANNEXURES

Annexure 1

Statement showing particulars of up to date paid-up capital, loans outstanding and manpower as on 31 March 2014 in respect of Government Companies and Statutory Corporations

(Referred to in paragraph 1.6)

(Figures in column 5 (a) to 6 (d) are ₹ in crore)

Sl. No.	Sector and Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[$]				Loans** outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Man power (No. of employees)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
A. Working Government Companies													
AGRICULTURE AND ALLIED													
1	The Agricultural Promotion and Investment Corporation of Odisha Limited	Agriculture	March 1996	1.10	--	--	1.10	--	--	--	--	-- (--)	32
2	The Odisha Agro Industries Corporation Limited	Agriculture	December 1961	6.09	1.05	0.01	7.15	15.36	--	0.70	16.06	2.25:1 (2.25:1)	198
3	Odisha State Cashew Development Corporation Limited	Agriculture	April 1979	1.55	--	--	1.55	--	--	--	--	-- (--)	434
4	Odisha Forest Development Corporation Limited	Forest and Environment	September 1962	5.00	--	--	5.00	--	--	--	--	-- (--)	2304
5	Odisha Lift Irrigation Corporation Limited	Water Resources	October 1973	74.73	--	--	74.73	0.57	--	--	0.57	0.01:1 (0.01:1)	1173
6	Odisha State Seeds Corporation Limited	Agriculture	February 1978	2.11	--	0.50	2.61	--	--	--	--	-- (--)	131
7	Odisha Pisciculture Development Corporation Limited	Fisheries and Animal Resources Development	May 1998	2.21	--	--	2.21	2.91	--	2.40	5.31	2.40:1 (1.42:1)	199
	Sector wise total			**92.79**	**1.05**	**0.51**	**94.35**	**18.84**	**--**	**3.10**	**21.94**	**0.23:1 (0.21:1)**	**4471**
FINANCING													
8	The Industrial Promotion and Investment Corporation of Odisha Limited	Industries	April 1973	83.14	--	--	83.14	--	--	--	--	-- (--)	94
9	The Odisha Film Development Corporation Limited	Industries	April 1976	5.40	--	--	5.40	--	--	--	--	-- (--)	21

Sl. No.	Sector and Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Man power (No. of employees)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
1	**2**	**3**	**4**	**5 (a)**	**5 (b)**	**5 (c)**	**5 (d)**	**6 (a)**	**6 (b)**	**6 (c)**	**6 (d)**	**7**	**8**
10	Orissa Rural Housing and Development Corporation Limited	Housing and Urban Development	August 1994	48.16	--	--	48.16	483.43	--	--	483.43	10.04:1 (10.08:1)	38
11	The Odisha Small Industries Corporation Limited	Micro, Small and Medium Enterprise	April 1972	29.01	--	--	29.01	--	--	0.01	0.01	0.00:1 (0.00:1)	196
	Sector wise total			**165.71**	**--**	**--**	**165.71**	**483.43**	**--**	**0.01**	**483.44**	**2.92:1 (2.93:1)**	**349**
INFRASTRUCTURE													
12	The Industrial Development Corporation of Odisha Limited	Industries	March 1962	57.12	--	--	57.12	32.86	--	--	32.86	0.58:1 (0.58:1)	86
13	Odisha Construction Corporation Limited	Water Resources	May 1962	17.50	--	--	17.50	--	--	--	--	-- (--)	489
14	Odisha Bridge and Construction Corporation Limited	Works	January 1983	9.31	--	--	9.31	--	--	--	--	-- (--)	232
15	The Odisha State Police Housing and Welfare Corporation Limited	Home	May 1980	5.63	--	--	5.63	--	--	--	--	-- (--)	312
	Sector wise total			**89.56**	**--**	**--**	**89.56**	**32.86**	**--**	**--**	**32.86**	**0.37:1 (0.37:1)**	**1119**
MANUFACTURING													
16	Baitarani West Coal Company Limited (619-B)	Energy	April 2008	--	--	30.00	30.00	--	--	--	--	-- (--)	9
17	IDCOL Ferro Chrome and Alloys Limited (Subsidiary of Sl. No. A-12	Industries	March 1999	--	--	18.81	18.81	--	--	--	--	-- (--)	258
18	IDCOL Kalinga Iron Works Limited (Subsidiary of Sl. No. A-12)	Industries	March 1999	--	--	120.10	120.10	--	--	--	--	-- (--)	719
19	Konark Jute Limited (Subsidiary of Sl. No.A-12)	Industries	January 1975	--	--	5.94	5.94	0.44	--	0.84	1.28	0.22:1 (0.22:1)	6
20	The Mandakini – B Coal Corporation Limited (619-B)	---	February 2009	--	--	8.31	8.31	--	--	--	--	-- (--)	3
21	The Odisha Mining Corporation Limited	Steel and Mines	May 1956	31.45	--	--	31.45	--	--	--	--	-- (--)	3225
22	Odisha State Beverages Corporation Limited	Excise	November 2000	1.00	--	--	1.00	--	--	--	--	-- (--)	198

Sl. No.	Sector and Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Man power (No. of employees)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
23	Nuagaon Coal Company Limited (619-B)	--	May 2011	--	--	2.00	2.00	--	--	--	--	-- (--)	0
	Sector wise total			**32.45**	**--**	**185.16**	**217.61**	**0.44**	**--**	**0.84**	**1.28**	**0.01:1 (0.01:1)**	**4418**
POWER													
24	GRIDCO Limited	Energy	April 1995	576.71	--	--	576.71	981.35	--	2845.81	3827.16	6.64:1 (10.17:1)	50
25	Odisha Hydro Power Corporation Limited	Energy	April 1995	320.80	--	--	320.80	1743.40	--	49.70	1793.1	5.59:1 (5.59.1)	2445
26	Odisha Power Generation Corporation Limited	Energy	November 1984	250.01	--	240.21	490.22	--	--	419.87	419.87	0.86:1 (--)	632
27	Odisha Power Transmission Corporation Limited	Energy	March 2004	303.07	--	--	303.07	417.00	--	335.15	752.15	2.48:1 (3.10:1)	3091
28	Odisha Thermal Power Corporation Limited (619-B)	Energy	January 2007	--	--	207.89	207.89	--	--	--	--	-- (--)	5
29	Kalinga Bidyut Prasaran Nigam Private Limited (619-B)	Energy	December 2012	--	--	0.01	0.01	--	--	--	--	-- (--)	01
30	Green Energy Development Corporation of Odisha Limited (Subsidiary of Sl No-A25)	Energy	April 2013	--	--	7.00	7.00	--	--	--	--	--	0
	Sector wise total			**1450.59**	**--**	**455.11**	**1905.70**	**3141.75**	**--**	**3650.53**	**6792.28**	**3.56:1 (4.59:1)**	**6224**
SERVICE													
31	IDCOL Software Limited (Subsidiary of Sl. No.A- 12)	Industries	November 1998	--	--	1.00	1.00	--	--	--	--	-- (--)	4
32	Lanjigarah Project Area Development Foundation(619-B)		October 2009	0.03	--	0.02	0.05	--	--	--	--	-- (--)	0
33	Odisha State Civil Supplies Corporation Limited	Food Supplies and Consumer Welfare	September 1980	11.03	--	--	11.03	--	--	--	--	-- (--)	1415
34	Odisha Tourism Development Corporation Limited	Tourism	September 1979	9.62	--	--	9.62	--	--	--	--	-- (--)	592
	Sector wise total			**20.68**	**--**	**1.02**	**21.70**	**--**	**--**	**--**	**--**	-- (--)	**2011**
MISCELLANEOUS													
35	Kalinga Studios Limited (Subsidiary of Sl. No.A-9)	Industries	July 1980	--	--	1.75	1.75	--	--	--	--	-- (--)	1

Sl. No.	Sector and Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Man power (No. of employees)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6 (d)	7	8
	Sector wise total			**--**	**--**	**1.75**	**1.75**	**--**	**--**	**--**	**--**	**-- (--)**	**1**
Total A (All sector wise Working Government Companies)				**1851.78**	**1.05**	**643.55**	**2496.38**	**3677.32**	**--**	**3654.48**	**7331.80**	**2.94:1 (3.56:1)**	**18593**
B. Working Statutory Corporations													
FINANCING													
1	Odisha State Financial Corporation	Micro, Small and Medium Enterprise	March 1956	342.72	72.46	0.16	415.34	--	--	107.61	107.61	0.26:1 (0.28:1)	209
	Sector wise total			**342.72**	**72.46**	**0.16**	**415.34**	**--**	**--**	**107.61**	**107.61**	0.26:1 (0.28:1)	**209**
SERVICE													
2	Odisha State Road Transport Corporation	Commerce and Transport	May 1974	146.51	15.92	0.01	162.44	8.98	--	1.30	10.28	0.06:1 (0.06:1)	697
	Sector wise total			**146.51**	**15.92**	**0.01**	**162.44**	**8.98**	**--**	**1.30**	**10.28**	0.06:1 (0.06:1)	**697**
MISCELLANEOUS													
3	Odisha State Warehousing Corporation	Co-operation	March 1958	1.80	--	1.80	3.60	--	--	17.15	17.15	4.76:1 (5.64:1)	333
	Sector wise total			**1.80**	**--**	**1.80**	**3.60**	**--**	**--**	**17.15**	**17.15**	4.76:1 (5.64:1)	**333**
Total B (All sector wise Working Statutory Corporations)				**491.03**	**88.38**	**1.97**	**581.38**	**8.98**	**--**	**126.06**	**135.04**	**0.23:1 (0.25:1)**	**1239**
Grand Total (A + B)				**2342.81**	**89.43**	**645.52**	**3077.76**	**3686.30**	**--**	**3780.54**	**7466.84**	**2.43:1 (2.85:1)**	**19832**
C. Non working Government Companies													
AGRICULTURE AND ALLIED													
1	Eastern Aquatic Products Limited (under voluntary liquidation since 22 February 1978)	Micro, Small and Medium Enterprise	May 1959	0.01	--	--	0.01	--	--	--	--	-- (--)	NA
2	Orissa Fisheries Development Corporation Limited	Fisheries and Animal Resources Development	August 1962	0.35	--	--	0.35	--	--	--	--	-- (--)	NA
	Sector wise total			**0.36**	**--**	**--**	**0.36**	**--**	**--**	**--**	**--**	**--**	**NA**

Sl. No.	Sector and Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Man power (No. of employees)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
1	**2**	**3**	**4**	**5 (a)**	**5 (b)**	**5 (c)**	**5 (d)**	**6 (a)**	**6 (b)**	**6 (c)**	**6 (d)**	**7**	**8**
MANUFACTURING													
3	ABS Spinning Orissa Limited (Subsidiary of Sl. No.A-12). (Under liquidation)	Industries	April 1990	--	--	3.00	3.00	--	--	1.40	1.40	0.47:1 (0.47:1)	NA
4	Gajapati Steel Industries Limited (Company closed since 1969-70, under voluntary liquidation since 01 March 1974)	Micro, Small and Medium Enterprise	February 1959	0.04	--	--	0.04	--	--	--	--	-- (--)	NA
5	Hira Steel and Alloys Limited (Subsidiary of Sl. No.A-12). (Under liquidation.)	Industries	August 1974	--	--	0.12	0.12	--	--	--	--	-- (--)	NA
6	IPITRON Times Limited (Subsidiary of Sl.No.C-21. (Under liquidation since 1998)	Information and Technology	December 1981	--	--	0.81	0.81	1.68	--	--	1.68	2.07:1 (2.07:1)	NA
7	Kanti Sharma Refractories Limited (Subsidiary of Sl. No.A 11 (Closed since 5 December 1998)	Micro, Small and Medium Enterprise	January 1994	--	--	0.75	0.75	--	--	--	--	-- (--)	NA
8	Konark Detergent and Soaps Limited (Subsidiary of Sl.No.A-11	Micro, Small and Medium Enterprise	August 1978	--	--	0.09	0.09	--	--	--	--	-- (--)	NA
9	Konark Television Limited (Defunct since 1999-2000)	Information and Technology	June 1982	6.07	--	--	6.07	2.01	--	--	2.01	0.33.1 (0.33:1)	NA
10	Manufacture Electro Limited (Under process of liquidation; assets are disposed of)	Micro, Small and Medium Enterprise	September 1959	0.01	--	--	0.01	--	--	--	--	-- (--)	NA
11	Mayurbhanj Textiles Limited	Textile and Handloom	1943	0.04	--	--	0.04	--	--	--	--	-- (--)	NA
12	Modern Malleable Casting Company Limited (Closed since 1968. Under voluntary liquidation since 09 March 1976)	Micro, Small and Medium Enterprise	September 1960	0.04	--	--	0.04	--	--	--	--	-- (--)	NA
13	New Mayurbhanj Textiles Limited	Textile and Handloom	1988	0.17	--	--	0.17	--	--	--	--	-- (--)	NA

Sl. No.	Sector and Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Man power (No. of employees)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
1	**2**	**3**	**4**	**5 (a)**	**5 (b)**	**5 (c)**	**5 (d)**	**6 (a)**	**6 (b)**	**6 (c)**	**6 (d)**	**7**	**8**
14	Orissa Boat Builders Limited (under liquidation)	MSME	March 1958	0.04	--	0.01	0.05	--	--	--	--	-- (--)	NA
15	Orissa Electrical Manufacturing Company Limited (Company closed since 1968. Under voluntary liquidation since 30 August 1976)	Micro, Small and Medium Enterprise	March 1958	0.04	--	0.01	0.05	--	--	--	--	-- (--)	NA
16	Orissa Instruments Company Limited	Micro, Small and Medium Enterprise	March 1961	0.97	--	--	0.97	--	--	--	--	-- (--)	NA
17	Orissa Leather Industries Limited (Subsidiary of Sl.No.C-25	Micro, Small and Medium Enterprise	July 1986	--	--	0.65	0.65	1.77	--	--	1.77	2.72:1 (2.72:1)	NA
18	Orissa Textile Mills Limited (Under liquidation since 2001)	Textile and Handloom	January 1946	21.04	--	3.66	24.7	14.68	--	--	14.68	0.59:1 (0.59:1)	NA
19	Orissa State Electronics Development Corporation Limited (closed since 31 January 2006)	Information and Technology	September 1981	20.04	--	--	20.04	--	--	0.19	0.19	0.01:1 (0.01:1)	NA
20	Orissa State Handloom Development Corporation Limited (under liquidation)	Textile and Handloom	February 1977	3.63	--	0.55	4.18	1.58	--	--	1.58	0.38:1 (0.38:1)	NA
21	Orissa State Leather Corporation Limited (closed since 18 June 1998)	Micro, Small and Medium Enterprise	April 1976	3.97	--	0.28	4.25	0.37	--	--	0.37	0.09:1 (0.09:1)	NA
22	Orissa State Textile Corporation Limited	Textile and Handloom	September 1981	4.53	--	--	4.53	1.62	--	--	1.62	0.36:1 (0.36:1)	NA
23	Orissa Tools and Engineering Company Limited (619-B)	Micro, Small and Medium Enterprise	--	--	--	--	--	--	--	--	--	-- (--)	NA
24	Premier Bolts and Nuts Limited (Under liquidation; assets have been disposed of)	Micro, Small and Medium Enterprise	August 1959	0.01	--	0.01	0.02	--	--	--	--	-- (--)	NA
	Sector wise total			**60.64**	**--**	**9.94**	**70.58**	**23.71**	**--**	**1.59**	**25.30**	**0.36:1 (0.36:1)**	**NA**

Sl. No.	Sector and Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[$]				Loans** outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Man power (No. of employees)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
1	**2**	**3**	**4**	**5 (a)**	**5 (b)**	**5 (c)**	**5 (d)**	**6 (a)**	**6 (b)**	**6 (c)**	**6 (d)**	**7**	**8**
SERVICE													
25	ELCOSMOS Electronics Limited (Subsidiary of Sl. No. C-23)	Information and Technology	January 1987	--	--	1.58	1.58	2.00	--	--	2.00	1.27:1 (1.27:1)	NA
26	ELCO Communication and Systems Limited (Subsidiary of Sl.No.C-23 Under liquidation since 1998)	Information and Technology	March 1989	--	--	0.64	0.64	0.72	--	--	0.72	1.13:1 (1.13:1)	NA
27	ELMARC Limited (Subsidiary of Sl. No. C-23)	Information and Technology	January 1990	--	--	1.02	1.02	0.57	--	--	0.57	0.56:1 (0.56:1)	NA
28	Orissa State Commercial Transport Corporation Limited	Commerce and Transport	January 1964	2.34	--	3.76	6.1	0.50	--	8.05	8.55	1.40:1 (1.40:1)	NA
	Sector wise total			**2.34**	**--**	**7.00**	**9.34**	**3.79**	**--**	**8.05**	**11.84**	**1.27:1**	NA
Total C (All sector wise Non working Government Companies)				**63.34**	**--**	**16.94**	**80.28**	**27.50**	**--**	**9.64**	**37.14**	**0.46:1**	NA
Grand Total (A + B + C)				**2406.15**	**89.43**	**662.46**	**3158.04**	**3713.80**	**--**	**3790.18**	**7503.98**	**2.38:1**	**19832**

Above includes Section 619-B companies at Sl.No.A- 16, 20, 23, 28, 29 & 30 and C-23
[$] Paid-up Capital includes Share Application Money.
** Loans outstanding at the close of 2013-14 represent long-term loans only.
NA- Not available.

Annexure 2

Statement showing grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2014

(Referred to in paragraph 1.9)

(Figures in column 3 (a) to 6 (d) are ₹ in crore)

Sl. No.	Sector and Name of the Company	Equity / Loans received out of budget during the year		Grants and Subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Govern-ment	State Government	Others	Total	Received	Commitment	Loans repayment/ written off	Loans converted in to equity	Interest / Penal interest waived	Total
(1)	(2)	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
A.	**Working Government Companies**												
AGRICULTURE AND ALLIED													
1	The Agricultural Promotion and Investment Corporation of Odisha Limited	--	--	--	0.50#	--	0.50#	--	--	--	--	--	--
2	Odisha State Cashew Development Corporation Limited	--	--	--	0.98#	--	0.98#	--	--		--	--	--
3.	Odisha Lift Irrigation Corporation Limited	--	--	--	43.88	--	43.88	--	--	0.08	--	--	0.08
4	Odisha Pisciculture Development Corporation Limited	--	--	--	2.00#	--	2.00#	--	--	--	--	--	--
	Sector wise total	--	--	--	**43.88 3.48#**	--	**43.88 3.48#**	--	--	**0.08**	--	--	**0.08**
FINANCING													
5	The Industrial Promotion and Investment Corporation of Odisha Limited	--	--	--	1.60#	--	1.60#	--	--	--	--	--	--
6	Orissa Rural Housing and Development Corporation Limited	--		--	--	--	--	--	--	2.20	--	--	2.20
	Sector wise total	--			**1.60#**		**1.60#**			**2.20**	--	--	**2.20**

Sl. No.	Sector and Name of the Company	Equity / Loans received out of budget during the year		Grants and Subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Govern-ment	State Government	Others	Total	Received	Commitment	Loans repayment/ written off	Loans converted in to equity	Interest / Penal interest waived	Total
(1)	(2)	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
POWER													
7	GRIDCO Limited	--	--	--	--	--	--	463.50	2001.37	--	--	--	--
8	Odisha Hydro Power Corporation Limited	--	--	--	--	--	--	--	--	--	--	--	--
9	Odisha Power Transmission Corporation Limited	50.00	--	--	--	--	--	--			--	--	--
	Sector wise total	**50.00**	**--**	**--**	**--**	**--**	**--**	**463.50**	**2001.37**	**--**	**--**	**--**	**--**
SERVICE													
10	Odisha State Civil Supplies Corporation Limited	--	--	3041.11	1283.41	--	4324.52	--	--	--	--	--	--
	Sector wise total	--	**--**	**3041.11**	**1283.41**	**--**	**4324.52**	**--**	**--**	**--**	**--**	**--**	**--**
Total A (All sector wise Working Government Companies)		**50.00**	**--**	**3041.11**	**1327.29** **5.08#**	**--**	**4368.40** **5.08#**	**463.50**	**2001.37**	**2.28**	**--**	**--**	**2.28**
B. Working Statutory Corporations													
FINANCING													
1	Odisha State Financial Corporation	--	--	--	0.45	--	0.45	--	--	--	--	--	--
	Sector wise total	--	**--**	**--**	**0.45**	**--**	**0.45**	**--**	**--**	**--**	**--**	**--**	**--**
SERVICE													
2	Odisha State Road Transport Corporation	8.00	--	--	1.60 2.00#	--	1.60 2.00#	--	--	--	--	--	--
	Sector wise total	**8.00**			**1.60** **2.00#**		**1.60** **2.00#**	**--**	**--**	**--**	**--**	**--**	**--**
Sector wise total		--	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**

Sl. No.	Sector and Name of the Company	Equity / Loans received out of budget during the year		Grants and Subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	**Loans**	**Central Govern-ment**	**State Government**	**Others**	**Total**	**Received**	**Commitment**	**Loans repayment/ written off**	**Loans converted in to equity**	**Interest / Penal interest waived**	**Total**
(1)	**(2)**	**3(a)**	**3(b)**	**4(a)**	**4(b)**	**4(c)**	**4(d)**	**5(a)**	**5(b)**	**6(a)**	**6(b)**	**6(c)**	**6(d)**
Total B (All sector wise Working Statutory Corporations)		**8.00**	**--**	**--**	**2.05**	**--**	**2.05**	**--**	**--**	**--**	**--**	**--**	**--**
Grand Total (A+B)		**58.00**	**--**	**3041.11**	**1329.34** **5.08#**	**--**	**4370.45** **5.08#**	**463.50**	**2001.37**	**2.28**	**--**	**--**	**2.28**
C. Non-working Government Companies													
SERVICE													
1	Orissa State Commercial Transport Corporation Limited	--	--	--	0.04#	--	0.04#	--	--	--	--	--	--
	Sector wise total	**--**	**--**	**--**	**0.04#**	**--**	**0.04#**	**--**	**--**	**--**	**--**	**--**	**--**
Total C (All sector wise Non-working Government Companies		**--**	**--**	**--**	**0.04#**	**--**	**0.04#**	**--**	**--**	**--**	**--**	**--**	**--**
Total (A + B+C)		**58.00**	**--**	**3041.11**	**1329.34** **7.12#**	**–**	**4370.45** **7.12#**	**463.50**	**2001.37**	**2.28**	**--**	**--**	**2.28**

@ Figures indicate total guarantees outstanding at the end of the year.
# Grants received during 2013-14 and in case of non-working companies this was towards establishment expenditure, salary, etc.

Annexure 3

Summarised financial results of Government Companies and Statutory Corporations for the latest year for which accounts were finalised

(Referred to in paragraphs 1.14 and 1.34)

(Figures in column 5 (a) to (11) are ₹ in crore)

Sl. No.	Sector and Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage of return on capital employed
				Net Profit/ Loss before Interest and Depreciation	Interest	Depreciation	Net Profit/ Loss							
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6	7	8	9	10	11	12
A. Working Government Companies														
AGRICULTURE AND ALLIED														
1	The Agricultural Promotion and Investment Corporation of Odisha limited	2011-12	2013-14	0.34	0	0.03	0.31	0.78	0.15	1.1	0.42	1.56	0.31	**19.87**
2	The Odisha Agro Industries Corporation Limited	2012-13	2014-15	14.32	1.58	0.17	12.57	480.92	0	7.15	-25.41	-17.95	14.15	
3	Odisha State Cashew Development Corporation Limited	2012-13	2013-14	1.66	0	0.45	1.21	10.45	0.03	1.55	16.48	28.59	1.21	**4.23**
		2013-14	2014-15	3.68	0	0.45	3.23	13.15		1.55	18.25	33.28	3.23	**9.71**
4	Odisha Forest Development Corporation Limited	2012-13	2013-14	10.33	1.44	0.44	8.45	107.69		5	-145.05	-108.53	9.89	
5	Odisha Lift Irrigation Corporation Limited	2011-12	2014-15	5.4	0	4.72	0.68	20.19	-31.10	74.73	-1.11	143.33	0.68	**0.47**
6	Odisha State Seeds Corporation Limited	2011-12	2014-15	5.65	2.5	0.49	2.66	170.3	1.01	2.62	22.01	86.1	5.16	**5.99**
7	Odisha Pisciculture Development Corporation Limited	2011-12	2013-14	1.01	0.07	0.53	0.41	75.19	-1.22	2.21	-3.22	8.57	0.48	**5.60**
Sector wise total				**40.73**	**5.59**	**6.83**	**28.31**	**868.22**	**-31.16**	**94.36**	**-134.11**	**146.36**	**33.9**	**23.16**
FINANCING														
8	The Industrial Promotion and Investment Corporation of Odisha Limited	2012-13	2013-14	3.71	0.00	0.06	3.65	4.32	-1.03	83.14	-10.81	82.71	3.65	**4.41**
		2013-14	2014-15	3.55	0.00	0.06	3.49	3.31		83.14	-9.78	84.60	3.49	**4.13**
9	The Odisha Film Development Corporation Limited	2012-13	2014-15	0.05	0.00	0.02	0.03	0.45	-0.18	5.40	0.63	11.00	0.03	**0.27**
10	Orissa Rural Housing and Development Corporation Limited	2007-08	2012-13	10.94	42.53	0.12	-31.71	15.70	-340.92	48.16	-103.12	550.87	10.82	**1.96**
11	The Odisha Small Industries Corporation Limited	2011-12	2014-15	15.45	0.28	0.17	15.00	481.89	-2.91	40.80	6.14	48.25	15.28	**31.67**
Sector wise total				**29.99**	**42.81**	**0.37**	**-13.19**	**501.35**	**-344.01**	**177.50**	**-106.13**	**694.72**	**29.62**	**4.26**
INFRASTRUCTURE														
12	The Industrial Development Corporation of Odisha Limited	2012-13	2013-14	10.62	1.97	0.43	8.22	18.75	-0.46	57.12	44.05	177.28	10.19	**5.75**
13	Odisha Construction Corporation	2011-12	2013-14	4.78	0.11	1.49	3.18	209.85	-39.95	17.5	8.7	322.02	3.29	**1.02**

Sl. No.	Sector and Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage of return on capital employed
				Net Profit/ Loss before Interest and Depreciation	Interest	Depreciation	Net Profit/ Loss							
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6	7	8	9	10	11	12
	Limited													
14	Odisha Bridge and Construction Corporation Limited	2011-12	2013-14	3.57	0	0.07	3.5	10.43	-0.25	9.31	-2.39	6.92	3.5	**50.58**
15	The Odisha State Police Housing and Welfare Corporation Limited	2012-13	2013-14	17.56	0	0.27	17.29	224.95	-14.50	5.63	52.13	57.76	17.29	**29.93**
Sector wise total				**36.53**	**2.08**	**2.26**	**32.19**	**463.98**	**-55.16**	**89.56**	**102.49**	**563.98**	**34.27**	**6.08**
MANUFACTURING														
16	Baitarani West Coal Company Limited	2012-13	2013-14	0	0	0	0	0	0	30.00	0.00	30.00	0.00	**0.00**
		2013-14	2014-15	-0.04	0	0.02	-0.06	0	0	30.00	-0.06	29.94	-0.06	
17	IDCOL Ferro Chrome & Alloys Limited(subsidiary of Sl.No.A-12)	2012-13	2013-14	1.76	0	1.14	0.62	120.4	0.01	18.81	34.53	53.34	0.62	**1.16**
		2013-14	2014-15	-11.15	0.62	1.08	-12.85	88.75	-0.15	18.81	21.68	40.49	-12.23	**0.00**
18	IDCOL Kalinga Iron Works Limited(subsidiary of Sl.No.A-12)	2012-13	2013-14	20.37	3.42	5.2	11.75	265.5	-2.74	120.1	-103.82	16.28	15.17	**93.18**
19	Konark Jute Limited (subsidiary of Sl.No.A-12)	2012-13	213-14	-2.26	0.15	0.03	-2.44	1.51	-0.02	5.94	-31.59	-13.85	-2.29	
20	The Mandakini B-Coal Corporation Limited	2011-12	2012-13	0.02	0	0.02	0	0	0	8.31	0	6.63	0	
21	The Odisha Mining Corporation Limited	2013-14	2014-15	1475.86	15.36	10.55	1449.95	1853.88	-171.39	31.45	3874.47	5895.62	1465.31	**24.85**
22	Odisha State Beverages Corporation Limited	2011-12	2013-14	97.88	0	0.07	97.81	1947.45	-0.04	1.00	130.46	142.83	97.81	**68.48**
23	Nuagaon Coal Company Limited	2011-12	2013-14	0.07	0	0	0.07	0	0	2.00	0.02	2.02	0.07	**3.47**
Sector wise total				**1580.75**	**19.55**	**16.97**	**1544.23**	**4157.09**	**-174.34**	**217.61**	**3891.16**	**6119.96**	**1563.78**	**25.55**
POWER														
24	GRIDCO Limited	2012-13	2013-14	871.23	503.36	325.94	41.93	6762.36	-1145.27	576.71	-1740.66	1427.33	545.29	**38.20**
25	Odisha Hydro Power Corporation Limited	2013-14	2014-15	425.09	287.85	126.11	11.13	451.73	32.93	320.8	568.14	2784.56	298.98	**10.74**
26	Odisha Power Generation Corporation Limited	2013-14	2014-15	202.22	0	18.4	183.82	533.36	-56.45	490.22	747.26	1807.69	183.82	**10.17**
27	Odisha Power Transmission Corporation Limited	2012-13	2013-14	232.34	46.24	157.03	29.07	549.73	-26.34	253.07	-179.63	1692.63	75.31	**4.45**
28	Odisha Thermal Power Corporation Limited	2013-14	2014-15	-6.09	0	0.02	-6.11	0	0	208.41	-6.11	202.3	-6.11	
29	Kalinga Bidyut Prasaran Nigam Private Limited	2013-14	2014-15	0	0	0	0	0	0	0.01	0	0.01	0	**0.00**
30	Green Energy Development Corporation of Odisha Limited(Subsidiary of Sl No-A25)	2013-14	2014-15	-0.64	0	0	-0.64	0	-0.65	7	-0.64	6.36	-0.64	**0.00**
Sector wise total				**1724.15**	**837.45**	**627.5**	**259.2**	**8297.18**	**-1195.78**	**1856.22**	**-611.64**	**7920.88**	**1096.65**	**13.85**

Sl. No.	Sector and Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage of return on capital employed
				Net Profit/ Loss before Interest and Depreciation	Interest	Depreciation	Net Profit/ Loss							
1	**2**	**3**	**4**	**5 (a)**	**5 (b)**	**5 (c)**	**5 (d)**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
SERVICES														
31	IDCOL Software Limited (Subsidiary of Sl. No.A-12)	2012-13	2013-14	0.32	0	0.01	0.31	3.68	0	1	0.29	1.29	0.31	**24.03**
32	Lanjigarah Project Area Development Foundation	2011-12	2012-13	0	0	0	0	0	0	0.05	0	44.36	0.00	**0.00**
33	Odisha State Civil Supplies Corporation Limited	2010-11	2013-14	245.28	244.21	1.07	0	1499.81	-91.57	11.03	3.00	3291.81	0.00	**0.00**
34	Odisha Tourism Development Corporation Limited	2012-13	2014-15	5.18	0	0.88	4.3	24.5	4.65	9.62	5.81	16.26	4.30	**26.45**
Sector wise total				**250.78**	**244.21**	**1.96**	**4.61**	**1527.99**	**-86.92**	**21.7**	**9.1**	**3353.72**	**4.61**	**0.14**
MISCELLANEOUS														
35	Kalinga Studios Limited (Subsidiary of Sl. No.A-9)	2011-12	2013-14	-0.02	0.09	0.01	-0.12	0.22	0	2.54	-3.29	0.06	-0.03	
Sector wise total				**-0.02**	**0.09**	**0.01**	**-0.12**	**0.22**	**0**	**2.54**	**-3.29**	**0.06**	**-0.03**	**0**
Total A (All sector wise working Government companies)				**3662.91**	**1151.78**	**655.90**	**1855.23**	**15816.03**	**-1887.37**	**2459.49**	**3147.58**	**18799.68**	**2762.80**	**14.70**
B. Working Statutory corporations														
FINANCE														
1	Odisha State Financial Corporation	2013-14	2014-15	0.93	0.15	0.27	0.51	12.67	-7.43	415.34	-399.5	551.14	0.66	**0.12**
Sector wise total				**0.93**	**0.15**	**0.27**	**0.51**	**12.67**	**-7.43**	**415.34**	**-399.50**	**551.14**	**0.66**	**0.12**
SERVICES														
2	Odisha State Road Transport Corporation	2011-12	2014-15	22.91	1.11	5.88	15.92	64.41	-5.03	151.44	200.19	-20.49	17.03	**0.00**
Sector wise total				**22.91**	**1.11**	**5.88**	**15.92**	**64.41**	**-5.03**	**151.44**	**200.19**	**-20.49**	**17.03**	
MISCELLANEOUS														
3	Odisha State Warehousing Corporation	2012-13	2014-15	23.66	1.46	2.26	19.94	56.71	2.55	3.6	0.08	84.11	21.4	**25.44**
Sector wise total				**23.66**	**1.46**	**2.26**	**19.94**	**56.71**	**2.55**	**3.6**	**0.08**	**84.11**	**21.4**	**25.44**
Total B (All sector wise working Statutory corporations)				**47.5**	**2.72**	**8.41**	**36.37**	**133.79**	**-9.91**	**570.38**	**-199.23**	**614.76**	**39.09**	**6.36**
Grand Total (A + B)				**3710.41**	**1154.50**	**664.31**	**1891.60**	**15949.82**	**-1897.28**	**3029.87**	**2948.35**	**19414.44**	**2801.89**	**14.43**
C. Non working Government companies														
AGRICULTURE AND ALLIED														
1	Eastern Aquatic Products Limited (under voluntary liquidation since 22 February 1978)	1972-73	1975-76							0.01				
2	Orissa Fisheries Development Corporation Limited	1982-83	1983-84	-0.03	0.01		-0.04			0.35		0.2	-0.03	

Sl. No.	Sector and Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage of return on capital employed
				Net Profit/ Loss before Interest and Depreciation	Interest	Depreciation	Net Profit/ Loss							
1	2	3	4	5 (a)	5 (b)	5 (c)	5 (d)	6	7	8	9	10	11	12
Sector wise total				**-0.03**	**0.01**	**0**	**-0.04**	**0**	**0**	**0.36**	**0**	**0.2**	**-0.03**	**0**
MANUFACTURING														
3	ABS Spinning Orissa Limited (Subsidiary of Sl. No.A-12). (Under liquidation)	2006-07	2010-11	12.57	0.24	0.09	12.24			3	-48.89	-7.69	12.48	
4	Gajapati Steel Industries Limited (Company closed since 1969-70, under voluntary liquidation since 01 March 1974)	1968-69	1974-75	0						0.04		0.02	0	
5	Hira Steel and Alloys Limited (Subsidiary of Sl. No.A-12). (Under liquidation.)	1975-76	1976-77	0						0.12		0.27	0	
6	IPITRON Times Limited (Subsidiary of Sl.No.C-23). (Under liquidation since 1998)	1997-98	2005-06	-0.92			-0.92			0.81	-9.47	-2.07	-0.92	
7	Kanti Sharma Refractories Limited (Subsidiary of Sl. No.A 11). (Closed since 5 December 1998)	1996-97	2008-09	-0.5	0.28	0.03	-0.81			0.75	-1.26	1.92	-0.53	
8	Konark Detergent and Soaps Limited (Subsidiary of Sl.No.A-11)	1981-82	1996-97	0						0.06		0.05	0	
9	Konark Television Limited (Defunct since 1999-2000)	1991-92	1998-99	0.46	1.31	0.1	-0.95	14.05		1.2	-6.04	6	0.36	**6**
10	Manufacture Electro Limited (Under process of liquidation; assets are disposed of)	1965-66	1982-83	0						0.01		0	0	
11	Mayurbhanj Textiles Limited	1970-71	1976-77	0						0.04	0	0	0	
12	Modern Malleable Casting Company Limited (Closed since 1968. Under voluntary liquidation since 09 March 1976)	1972-73	1975-76	0						0.04	0	0.03	0	
13	New Mayurbhanj Textiles Limited	1981-82	2003-04	0.03			0.03			0.02	0.03	0.05	0.03	**60**
14	Orissa Boat Builders Limited (under liquidation)	1970-71	1997-78	0						0.05	0	0.01	0	
15	Orissa Electrical Manufacturing Company Limited	1966-67	1973-74	0						0.05	0	0.05	0	
16	Orissa Instruments Company Limited	1987-88	2000-01	-0.04	0.02		-0.06	0	0	0.09	0	0.36	-0.04	
17	Orissa Leather Industries Limited	1991-92	1995-96	0					0	0.65	0	1.92	0	

Sl. No.	Sector and Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage of return on capital employed
				Net Profit/ Loss before Interest and Depreciation	Interest	Depreciation	Net Profit/ Loss							
1	**2**	**3**	**4**	**5 (a)**	**5 (b)**	**5 (c)**	**5 (d)**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
	(Subsidiary of Sl.No.C-25)													
18	Orissa Textile Mills Limited (Under liquidation since 2001)	1997-98	1998-99	-7.66	2.58		-10.24			24.7	-53.41	5.17	-7.66	
19	Orissa State Electronics Development Corporation Limited	2004-05	2008-09	-0.24		0.02	-0.26		-	20.03	-2.8	0	-0.26	
20	Orissa State Handloom Development Corporation Limited (under liquidation)	2003-04	2011-12	-0.35	0.23	0.01	-0.59	0.03	0	3.53	-20.77	-5.6	-0.36	
21	Orissa State Leather Corporation Limited (closed since 18 June 1998)	1988-89	2004-05	-0.17	0.06		-0.23			1.85	-2.46	1.71	-0.17	
22	Orissa State Textile Corporation Limited	1993-94	2003-04	-1.73	1.3	0.07	-3.1	3.52		2.62	-15.95	-5.45	-1.8	
23	Orissa Tools and Engineering Company Limited (619-B)	1982-83		0						0.44	-0.43	0	0	
24	Premier Bolts and Nuts Limited (Under liquidation; assets have been disposed of)	1966	1973-74	0						0.02	0	0	0	
Sector wise total				**1.45**	**6.02**	**0.32**	**-4.89**	**17.6**	**0**	**60.12**	**-161.45**	**-3.25**	**1.13**	
SERVICES														
25	ELCOSMOS Electronics Limited (Subsidiary of Sl. No. C-23	1997-98	2005-06	-0.24		0.26	-0.5			1.58	-6.87	1.76	-0.5	
26	ELCO Communication and Systems Limited (Subsidiary of Sl.No.C-23 Under liquidation since 1998)	1997-98	2005-06	0						0.64		-1.46	0	
27	ELMARC Limited (Subsidiary of Sl. No. C-23)	2000-01	2006-07	-0.05		0.02	-0.07	0.77		1.02	-2.25	-0.56	-0.07	
28	Orissa State Commercial Transport Corporation Limited	1997-98	2008-09	-0.73	0.32	0.02	-1.07	0.39		2.34	-14.21	-4.1	-0.75	
Sector wise total				**-1.02**	**0.32**	**0.3**	**-1.64**	**1.16**	**0**	**5.58**	**-23.33**	**-4.36**	**-1.32**	
Total C (All sector wise non working Government Companies)				**0.4**	**6.35**	**0.62**	**-6.57**	**18.76**	**0**	**66.06**	**-184.78**	**-7.41**	**-0.22**	**--**
Grand Total (A + B + C)				**3710.81**	**1160.85**	**664.93**	**1885.03**	**15968.58**	**-1897.28**	**3095.93**	**2763.57**	**19407.03**	**2801.67**	**14.44**

[#] Impact of accounts comments include the net impact of comments of Statutory Auditors and the CAG and is denoted by (+) increase in profit/ decrease in losses, (-) decrease in profit/ increase in losses.
[@] Capital employed represents Shareholders Fund plus Long Term Borrowings except in case of finance companies/ corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposits and borrowings (including refinance).
[$] Return on capital employed has been worked out by adding profit and interest charged to profit and loss account.

Annexure 4

Statement showing financial position of Statutory Corporations

(Referred to in paragraph 1.14)

(Amount: ₹ in crore)

1. Odisha State Financial Corporation			
Particulars	**2011-12**	**2012-13**	**2013-14**
A. Liabilities			
Paid-up capital	415.35	415.35	415.34
Reserve fund and other reserves and surplus	24.02	24.14	24.24
Borrowings:	--	--	--
(i) Bonds and debentures	--	--	--
(ii) Fixed Deposits	--	--	--
(iii) Industrial Development Bank of India and Small Industries Development Bank of India	125.61	115.61	107.61
(iv) Reserve Bank of India		-	-
(v) Loans from State Government		-	-
(vi) Loans in lieu of share capital:		-	-
(a) State Government		-	-
(b) Industrial Development Bank of India		-	-
(vii) Others (subvention from State Government)		-	-
(viii) Other liabilities and provisions	294.14	286.37	273.77
Total (A)	**859.12**	**841.47**	**820.96**
B. Assets			
Cash and Bank balance	25.47	23.98	16.84
Investments			
Loans and Advances	301.71	287.53	276.68
Net fixed assets	22.56	22.27	22.22
Other assets	108.99	107.78	105.72
Miscellaneous expenditure (Loss)	400.39	399.91	399.50
Total (B)	**859.12**	**841.47**	**820.96**
C. Capital Employed*	**569.61**	**560.04**	**551.14**
2. Odisha State Road Transport Corporation			
Particulars	**2009-10**	**2010-11**	**2011-12**
A. Liability			
Capital (including loan capital and equity capital)	151.44	151.44	151.44
Borrowings from Government	23.55	23.55	23.55
Borrowings from Others	1.30	1.30	1.30
Funds@	8.47	2.42	3.41
Trade dues and other current liabilities (including provisions)	109.35	128.31	129.50
Total (A)	**294.11**	**307.02**	**309.20**
B. Assets			
Gross Block	57.50	66.30	70.45
Less : Depreciation	29.30	30.18	32.93
Net fixed assets	28.20	36.12	37.52
Investment			
Current assets, loans and advances	49.59	65.79	71.49
Accumulated losses	216.32	205.11	200.19
Total (B)	**294.11**	**307.02**	**309.20**
C. Capital employed#	**(-)31.56**	**(-)26.40**	**(-)20.49**

3. Odisha State Warehousing Corporation			
Particulars	**2010-11**	**2011-12**	**2012-13**
A. Liability			
Paid-up capital	3.60	3.60	3.60
Reserves and surplus	54.28	67.85	80.51
Borrowings	--	--	--
Trade dues and other current liabilities (including provisions)	43.47	73.15	78.25
Total (A)	**101.35**	**144.60**	**162.36**
B. Assets			
Gross Block	35.82	49.98	71.69
Less : Depreciation	13.37	14.98	16.17
Net fixed assets	22.45	35.00	55.52
Capital works-in-progress	0.02	10.73	7.71
Current assets, loans and advances	78.88	98.87	99.13
Total (B)	**101.35**	**144.60**	**162.36**
C. Capital employed#	**57.88**	**71.45**	**84.11**

* Capital employed represents the mean of the aggregate of opening and closing balances of paid-up capital, free reserves, loans in lieu of capital, seed money, debentures (other than those which have been funded specially and backed by investment outside), bonds, deposits and borrowings (including refinance).

@ Excluding depreciation funds.

\# Capital employed represents net fixed assets (including capital works-in-progress) plus working capital

Annexure 5

Statement showing working results of Statutory Corporations

(Referred to in paragraph 1.14)

1. Odisha State Financial Corporation			**(Amount : ₹ in crore)**
Particulars	**2011-12**	**2012-13**	**2013-14**
1. Income			
(a) Interest on Loans	13.42	10.28	12.67
(b) Other Income	12.61	9.54	4.77
Total – 1	**26.03**	**19.82**	**17.44**
2. Expenses			
(a) Interest on long-term and short-term loans	8.67	-	0.15
(b) Provision for non-performing assets	-	4.48	4.08
(c) Other expenses	15.88	14.65	12.26
Total – 2	**24.55**	**19.13**	**16.49**
3. Profit before tax (1-2)	1.48	0.69	0.95
4. Prior period adjustment (Income)	0.96	0.09	0.44
5. Provision for tax	-	-	-
6. Profit/ Loss (-) after tax	0.52	0.60	0.51
7. Other appropriations	0.11	0.12	0.10
8. Amount available for dividend	0.41	0.48	0.41
9. Dividend	-	-	-
10. Total return on Capital employed*	**9.19**	**0.60**	**0.66**
11. Percentage of return on Capital employed	**1.61**	**0.11**	**0.12**
2. Odisha State Road Transport Corporation			
Particulars	**2009-10**	**2010-11**	**2011-12**
Operating			
a) Revenue	54.39	56.71	64.41
b) Expenditure	51.58	58.05	67.37
c) Surplus / Deficit (-)	2.81	(-) 1.34	(-) 2.96
Non-operating			
a) Revenue	6.26	8.32	10.32
b) Expenditure	1.62	1.68	2.07
c) Surplus / Deficit (-)	4.64	6.64	8.25
Total			
a) Revenue	60.65	65.03	74.73
b) Expenditure	53.20	59.73	69.44
c) Surplus/Deficit (-)	7.45	5.30	5.29

* Total return on capital employed represents net surplus/deficit plus total interest charged to profit and loss account (less interest capitalised)

Particulars	2009-10	2010-11	2011-12
d) Prior period adjustment (Income)	4.71	5.91	10.63
e) Surplus / Deficit after Prior period adjustment	12.16	11.21	15.92
Interest on capital and loans	1.11	1.11	1.11
Total return on Capital employed*	13.27	12.32	17.03
Percentage of return on Capital employed	-	-	-

3. Odisha State Warehousing Corporation			**(Amount: ₹ in crore)**
Particulars	**2010-11**	**2011-12**	**2012-13**
1. Income			
(a) Warehousing Charges	37.15	48.84	56.71
(b) Other income	1.40	0.90	2.90
Total – 1	**38.55**	**49.74**	**59.61**
2. Expenses			
(a) Establishment charges	13.22	10.82	11.16
(b) Other expenses	16.38	17.89	29.71
Total - 2	**29.60**	**28.71**	**40.87**
3. Profit / Loss (-) before tax	8.95	21.03	18.74
4 Prior period adjustment Income /(Expenditure)	(0.14)	0.30	1.20
5. Provision for tax	1.77	7.04	6.37
6. Profit / Loss (-) after tax	7.04	14.29	13.57
7. Other appropriations	5.60	13.58	12.60
8. Amount available for dividend	-	-	-
9. Dividend for the year	-	-	-
10. Interest on capital and loans	-	-	1.46
11. Total return on Capital employed*	**8.81**	**21.33**	**21.40**
12. Percentage of return on Capital employed	**15.22**	**29.85**	**25.44**

* Total return on capital employed represents net profit (including prior period adjustment) before tax plus total interest charged to profit and loss account (less interest capitalized)

Annexure 6

Statement showing investment made by State Government in PSUs, whose accounts are in arrears

(Referred to in paragraph 1.23)

(Amount: ₹ in crore)

Sl. No	Name of PSU	Year upto which Accounts finalised	Arrear of accounts in term of years	Paid up capital as per latest finalised accounts	Arrear years in which investment received	Investment made by State Government during the years for which accounts are in arrear			
						Equity	Loans	Grants/ Subsidy	Others
A.	**Working Companies**								
1	Odisha State Civil Supplies Corporation Limited	2010-11	3 years	11.03	2011-12 2012-13 2013-14	-- -- --	-- -- --	971.15 1182.66 1283.41	-- -- --
2	Odisha Lift Irrigation Corporation Limited	2011-12	2 years	74.73	2012-13 2013-14	-- --	-- --	37.00 43.88	-- --
3	The Agricultural Promotion and Investment Corporation of Odisha Limited	2011-12	2 years	1.10	2012-13 2013-14	-- --	-- --	0.55 0.50	-- --
4	Odisha Power Transmission Corporation Limited	2012-13	1 year	253.07	2013-14	50.00	--	--	--
5	Odisha Pisciculture Development Corporation Limited	2011-12	2 years	2.21	2012-13 2013-14	-- --	-- --	-- 2.00	-- --
Total A				**342.14**		**50.00**		**1329.79**	**--**
B.	**Working Statutory Corporation**								
1	Odisha State Road Transport Corporation	2011-12	2 years	151.44	2012-13 2013-14	8.00 8.00	-- --	1.60 3.60	-- --
Total B				**151.44**		**16.00**	**--**	**5.20**	**--**
Total A+B				**493.58**		**66.00**		**3526.35**	**--**
C.	**Non-working Government Companies**								
1	Orissa State Commercial Transport Corporation Limited	1997-98	16 years	2.34	2013-14	--	--	0.04	--
Total C				**2.34**		**--**	**--**	**0.04**	**--**
Grand Total (A+B+C)				**495.92**		**66.00**		**3526.39**	**--**

Annexure 7
Details of the units of OTDC and DoT
(Referred to in paragraph 2.1.2)

Sl No	Place	Facilities available
A	**Units of OTDC**	
Hotels/Panthanivas		
1	Balasore	Hotel and catering services
2	Baripada	Hotel and catering services
3	Barkul	Hotel, catering, water transport services and Beer parlour
4	Bhubaneswar	Hotel and catering services
5	Chandabali	Hotel, catering and water transport services
6	Chandaneswar	Hotel and catering services
7	Chandipur	Hotel, catering, services and Beer parlour
8	Cuttack	Hotel and catering services
9	Dhauli	Hotel and catering services
10	Gopalpur	Hotel and catering services
11	Keonjhar	Hotel and catering services
12	Konark	Hotel and catering services
13	Panchalingeswar	Hotel and catering services
14	Paradip	Hotel and catering services
15	Puri	Hotel, catering, services and Beer parlour
16	Rambha	Hotel, catering, water transport services and Beer parlour
17	Rourkela	Hotel, catering services and Bar
18	Sambalpur	Hotel, catering services and Bar
19	Satapada	Hotel, catering and water transport services
20	Taptapani	Hotel and catering services
Transport Units		
21	Bhubaneswar	Package tours, site seeing etc.
22	Puri	Package tours, site seeing etc.
Other Units		
23	Bhubaneswar	Air ticketing
24	Nandankanan	Restaurant
B	**Units of DoT**	
1	Atri	Accommodation only
2	Bhattarika	
3	Biraja	
4	Chandaneswar	
5	Chandikhol	
6	Daringibadi	
7	Dhabaleswar	
8	Girisola	
9	Gupteswar	
10	Kapilas	
11	Kendrapara	
12	Khiching	
13	Nrusinghnath	
14	Open Auditorium, Konark	
15	Rameswar	
16	Sarankul	
17	Sunabeda	

Annexure 8

Statement showing the Working Results of OTDC
(Referred to in paragraph 2.1.21)

Working Results *(₹in crore)*

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14 (Provisional)
Income					
Sales	15.84	17.83	20.95	24.50	25.62
Other Income	5.37	3.90	3.97	3.57	3.13
Total	**21.21**	**21.73**	**24.92**	**28.07**	**28.75**
Expenditure					
Consumption of Food and provision	3.83	4.30	4.75	4.12	4.43
Employees Remuneration and benefits	8.14	8.78	9.22	11.24	12.13
Depreciation	0.91	0.82	0.85	0.88	1.01
Other Expenses	5.24	5.47	6.26	7.53	7.65
Total	**18.12**	**19.37**	**21.08**	**23.77**	**25.22**
Profit(+)/Loss(-)	**3.09**	**2.36**	**3.84**	**4.30**	**3.53**
Prior Period Expenses(-)/income(+)	(-) 0.30	0.46	(-) 0.07	-	-
Profit before Tax	**2.79**	**2.82**	**3.77**	**4.30**	**3.53**
Current Taxes including Deferred Tax	2.27	1.02	1.34	1.11	1.12
Profit(+)/Loss(-) after Tax	**0.52**	**1.80**	**2.43**	**3.19**	**2.41**

Annexure 9

Statement showing Budget Provision, Sanction, Expenditure and Surrender of funds under State Plan/Centrally Sponsored Plan/Central Plan for last five years ended March 2014

(Referred to in paragraph 2.2.9)

(₹ in lakh)

Year	STATE PLAN				CENTRALLY SPONSORED PLAN				CENTRAL PLAN				TOTAL				Percentage of surrender to provision
	Provision	Sanction	Expen-diture	Surrender	Provision	Sanction	Expen-diture	Surrender	Provision	Sanction	Expen-diture	Surrender	Provision	Sanction	Expen-diture	Surrender	
2009-10	2166.00	1166.39	1154.02	1011.98	2446.73	579.57	579.57	1867.16	128.41	59.76	59.76	68.65	**4741.14**	**1805.72**	**1793.35**	**2947.79**	**62.17**
2010-11	2439.55	1193.34	1188.36	1251.19	3475.21	482.19	482.19	2993.02	236.48	0	0	236.48	**6151.24**	**1675.53**	**1670.55**	**4480.69**	**72.84**
2011-12	2958	1474.56	1469.83	1488.17	2926.91	1165.2	1165.2	1761.71	602.92	0	0	602.92	**6487.83**	**2639.76**	**2635.03**	**3852.8**	**59.39**
2012-13	3367.44	1043.27	1043.27	2324.17	4221.89	668.34	668.34	3553.55	120.28	0	0	120.28	**7709.61**	**1711.61**	**1711.61**	**5998**	**77.80**
2013-14	6924.93	6491.68	6482.22	442.71	2010.17	1057.38	1057.38	952.79	200.05	0	0	200.05	**9135.15**	**7549.06**	**7539.6**	**1595.55**	**17.47**
TOTAL	**17855.92**	**11369.24**	**11337.7**	**6518.22**	**15080.91**	**3952.68**	**3952.68**	**11128.23**	**1288.14**	**59.76**	**59.76**	**1228.38**	**34224.97**	**15381.68**	**15350.14**	**18874.83**	**55.15**

Annexure 10

Statement showing major schemes implemented in Fisheries Sector

(Referred to in paragraph 2.2.11)

Sl. No.	Name of the Schemes	Funding Pattern (GoI : GoO)
A	**CENTRAL PLAN SCHEMES**	
1	Strengthening of Data base and information net working for Fisheries Sector	100 per cent by GOI
2	Implementation of OMFRA	
B	**CENTRALLY SPONSORED PLAN SCHEMES**	
1	Development of Marine Fisheries Infrastructure & Post-harvest operation	
(i)	Safety of Fishermen at Sea	75:25
(ii)	Fishermen Rebate on HSD oil	80:20
(iii)	Establishment of Fishing Harbour & Fish landing Centre	50:50 and 75:25
(iv)	Upgradation and Modernisation of Fishing Harbour and Fish Landing Centre	
(v)	Motorisation of Traditional Craft	50:50
2	National Scheme for Welfare for Fishermen	
(i)	Group Accident Insurance	50:50
(ii)	Saving-cum-Relief Fund	50:50
(iii)	Development of Model fishermen villages - Low cost houses	50:50
(iv)	Fisheries Training and Extension	80:20
3	Development of Inland Fisheries & Aquaculture through FFDA	
(i)	Development of freshwater aquaculture	75:25
(ii)	Development of Brackishwater aquaculture	75:25
(iii)	Development of water logged area	75:25
C	**STATE PLAN SCHEMES (100 per cent State assistance)**	
(i)	Mastyajibi Unnayan Yojana	100 per cent by GoO
(ii)	Contribution towards NFDB assistance	
(iii)	Contribution towards RIDF assistance	
(iv)	Organisation of skill up-gradation training and awareness meet	
(v)	Survey and Investigation of Fishing Harbour & Fish Landing Center	
D	**CENTRAL ASSISTANCE FROM OUTISDE BUDGET**	
1	National Fisheries Development Board	
(i)	Assistance for stocking of fingerlings in the reservoirs.	100 per cent by GoI
(ii)	Intensive aquaculture in new ponds/tanks	
2	Excavation of Multi-purpose farm pond for pisciculture under MGNREGS	
3	Rashtriya Krishi Vikas Yojana (RKVY)	
(i)	Enhancing inland fish production through NMPS	-
(a)	Intensive aquaculture in tanks and ponds	100 per cent by GoI
(b)	Reservoirs fisheries development through Cage Culture	
(ii)	Establishment of fish net machine at OPDC Net Manufacturing Unit	100 per cent by GoI

Annexure 11

Statement showing short drawal of cheaper power by OHPC from MHEP and procurement of high cost power by GRIDCO during 2009-14 (upto October 2013)

(Referred to in paragraph 3.1)

YEAR	Net Energy Drawals by AP & Odisha (in MU)	AP Share (50%)	Odisha Share (50%)	Odisha Share (30% Free)	Odisha Share (20% @ 8 Paisa per unit)	Drawal of Odisha (in MU)	Less Drawal of Odisha against 20% (in MU)	Actual Drawal by Odisha against 20% Share @ 8 Paisa per unit	Energy Charges for 20% Share (in ₹)	Higher Rate of Power being Purchased by GRIDCO (in ₹)	Incremental Cost incurred by GRIDCO (in ₹)	Loss to the State Exchequer (in ₹)
1	**2**	**3 = 2*50%**	**4**	**5 = 2*30%**	**6 = 2*20%**	**7**	**8 = 4-7**	**9 = 7-5**	**10 = 9 * 1000000 * 0.08**	**11**	**12 = 11 - 0.08 Paisa**	**13 = 8 * 1000000 * 12**
2009-10	579.349	289.674	289.674	173.805	115.870	285.929	3.746	112.124	8969923	3.0000	2.9200	10937386
2010-11	559.635	279.818	279.818	167.891	111.927	268.438	11.380	100.548	8043800	3.2500	3.1700	36073015
2011-12	454.068	227.034	227.034	136.220	90.814	224.002	3.032	87.782	7022528	4.1714	4.0914	12405125
2012-13	533.453	266.727	266.727	160.036	106.691	250.561	16.166	90.525	7242008	4.6733	4.5933	74252991
2013-14 (up to October 2013)	345.767	172.884	172.884	103.730	69.153	149.442	23.442	45.712	3656952	4.6580	4.5780	107315187
TOTAL	**2472.272**	**1236.136**	**1236.136**	**741.681**	**494.454**	**1178.372**	**57.764**	**436.690**	**3,49,35,211**			**24,09,83,704**

Annexure 12

Statement showing Paragraphs/Reviews/Performance Audits for which Explanatory Notes were not received as on 30 September 2014

(Referred to in paragraph 3.10.1)

Sl. No.	Name of the Department	1999-2000	2001-02	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Total
1.	Agriculture	-	-	-	-	-	2.4	-	-	-	-	3.17	3.1	**3**
2.	Transport	3A	-	-	-	-	-	-	-	-	-	-	-	**1**
3.	Energy	-	-	-	-	-	2.3 & 3.12[1]	3.9 to 3.14	2	-	-	2.1, 3.8 to 13	2.1, 3.6 to 3.8	**20**
4.	Excise	-	-	-	-	-	-	2.4	-	-	-	3.14	3.1 & 3.2	**4**
5.	Food Supplies and Consumer Welfare	-	-	-	-	-	-	3.16	-	-	2.1	-	-	**2**
6.	Home	-	-	-	-	-	-			-	2.2	-	-	**1**
7.	Industries	-	4.3.1	-	-	-	-	2.2, 2.3, 3.7, 3.8 & 3.17	4.14	-	-	2.15, 3.16	2.2 & 3.9	**11**
8.	Micro, Small and Medium Enterprise	-	-	-	3.9	-	-	-	-	-	3.14	-	-	**2**
9.	Public Enterprises	-	-	3.22, 3.23	3.14	2.4 & 3.17	3.21	-	-	-	-	-	-	**6**
10.	Steel and Mines	-	-	-	-	-		-	-	-	-	-	3.3 to 3.5	**3**
11.	Tourism	-	-	-	-	-	2.2	-	-	-	-	-	-	**1**
12.	Water Resources	-	-	-	-	-	-	-	-	-	-	2.2	-	**1**
13.	Works	-	-	-	-	-	2.1	-	-	-	-	-	-	**1**
	Total	**1**	**1**	**2**	**2**	**2**	**6**	**13**	**2**	**-**	**3**	**12**	**12**	**56**

[1] Part para relating to Odisha Power Transmission Corporation Limited

Annexure 13
ATNs outstanding from the Government on Recommendations of COPU as of 30 September 2014
(Referred to in paragraph 3.10.2)

Sl. No.	COPU Report No./Assembly No.	Year of COPU Report	Date of placement in Odisha Legislative Assembly	Name of the Department	Name of PSUs	No of Recommendations of COPU awaiting ATNs
1.	7th Report/ 12th Assembly	2001-02	09.08.2001	Industries	Orissa State Leather Corporation Limited	8
2.	10th Report/ 13th Assembly	2007-08	13.07.2007	Excise	Odisha State Beverages Corporation Limited	1
3.	13th Report/ 13th Assembly	2007-08	28.08.2008	Fisheries & Animal Resources Development	Orissa Maritime and Chilika Area Development Corporation Limited	2
4.	15th Report/ 13th Assembly	2007-08	28.08.2008	Micro, Small and Medium Enterprise	The Odisha Small Industries Corporation Limited	23
5.	17th Report/ 13th Assembly	2007-08	28.08.2008	Public Enterprises	Non-working/ transferred/privatized companies	3
6.	18th Report/ 13th Assembly	2007-08	28.08.2008	Micro, Small and Medium Enterprise	The Odisha Small Industries Corporation Limited	1
7	2nd Report/ 14th Assembly	2011-12	26.08.2011	Industries	IDCOL Ferro Chrome and Alloys Limited	2
8.	4th Report/ 14th Assembly	2012-13	20.12.2012	Industries	The Industrial Development Corporation of Odisha Limited	3
9.	5th Report/ 14th Assembly	2012-13	20.12.2012	Energy	Odisha Hydro Power Corporation Limited	2
10.	6th Report/ 14th Assembly	2012-13	20.12.2012	Energy	Odisha Power Transmission Corporation Limited	3
11.	7th Report/ 14th Assembly	2012-13	27.08.2012	Industries	IDCOL Kalinga Iron Works Limited	7
12.	8th Report/ 14th Assembly	2013-14	12.12.2013	Forest & Environment	Odisha Forest Development Corporation Limited	3
13.	9th Report/ 14th Assembly	2013-14	12.12.2013	Excise	Odisha State Beverages Corporation Limited	2
14.	10th Report/ 14th Assembly	2013-14	12.12.2013	Steel & Mines	The Odisha Mining Corporation Limited	2
15.	11th Report/ 14th Assembly	2013-14	12.12.2013	Water Resources	Odisha Construction Corporation Limited	2
TOTAL		**15**	**-**	**-**	**-**	**64**

Annexure 14

Statement showing department-wise outstanding Inspection Reports as on 30 September 2014

(Referred to in paragraph 3.10.3)

Sl. No.	Name of the Department	No. of PSUs	No. of outstanding IRs	No. of out-standing Paragraphs	1st reply not received		Year from which Paragraphs outstanding
					Number of IRs	Number of Paragraphs	
1	Agriculture	4	22	139	3	24	2004-05, 2008-09 to 2013-14
2	Commerce and Transport	1	33	226	1	3	2004-05, 2006-07 to 2013-14
3	Co-operation	1	7	42	1	15	2007-08, 2009-10 to 2013-14
4	Energy	7	161	504	46	136	2004-05 to 2013-14
5	Excise	1	4	54	1	22	2010-11 to 2013-14
6	Fisheries and Animal Resources Development	1	6	44	0	0	2008-09 to 2010-11, 2012-13, 2013-14
7	Food Supplies and Consumer Welfare	1	65	209	10	40	2004-05 to 2009-10, 2011-12
8	Forest and Environment	1	7	46	0	0	2007-08 to 2009-10, 2011-12 to 2013-14
9	Home	1	3	10	0	0	2005-06, 2009-10, 2011-12
10	Housing and Urban Development	1	8	54	3	28	2005-06 to 2012-13
11	Industries	8	41	154	21	105	2005-06 to 2013-14
12	Micro, Small and Medium Enterprise	2	16	56	2	15	2005-06 to 2013-14
13	Steel and Mines	3	41	180	7	46	2008-09 to 2013-14
14	Tourism	1	5	30	0	0	2008-09, 2010-11 to 2013-14
15	Water Resources	2	11	70	1	9	2006-07 to 2013-14
16	Works	1	8	28	0	0	2004-05, 2005-06, 2007-08 to 2012-13
	TOTAL	**36**	**438**	**1846**	**96**	**443**	

Glossary of Abbreviations

Sl. No.	Abbreviation	Description
1.	AA	Administrative Approval
2.	AFO	Additional Fishery Officer
3.	ARR	Annual Revenue Requirement
4.	ARs	Artificial Reefs
5.	ATNs	Action Taken Notes
6.	BoD	Board of Directors
7.	CA	Compensatory Afforestation
8.	CAA	Coastal Aquaculture Authority
9.	CAG	Comptroller and Auditor General of India
10.	CDA	Chilika Development Authority
11.	CEE	Centre for Environment Education
12.	CEPT	Centre for Environmental Planning & Technology
13.	CFA	Central Financial Assistance
14.	CH	Captive Hatcheries
15.	CLO	Calibrated Lump Ore
16.	CMFRI	Central Marine Fisheries Research Institute
17.	CN	Captive Nurseries
18.	COPU	Committee on Public Undertakings
19.	CSC	Contract Scrutiny Committee
20.	CSP	Centrally Sponsored Plan
21.	CSPs	Centrally Sponsored Projects
22.	DAT	Distress Alert Transmission
23.	DDM	Deputy Director Mines, Jajpur Road
24.	DEA	Daitari Extension Area
25.	DoF	Director of Fisheries
26.	DoT	Department of Tourism
27.	DPR	Detailed Project Report
28.	ECI	Empowered Committee on Infrastructure
29.	EoI	Expression of Interest
30.	ERC	Eco-Resort Centre
31.	FA&CAO	Financial Adviser & Chief Accounts Officer
32.	FARD	Fisheries and Animal Resources Development Department
33.	FC Act	Forest Conservation Act 1980
34.	FF	Fish Farms
35.	FFDA	Fish Farmers Development Agency
36.	FH	Fishing Harbour
37.	FISHFED	Fishermen Cooperative Federation
38.	FLC	Fish Landing Centre
39.	FRCs	Fry Rearing Centres
40.	FSI	Fishery Survey of India
41.	GoI	Government of India
42.	GoO	Government of Odisha
43.	GSDP	Gross State Domestic Product
44.	Ha	Hectares
45.	HSD	High Speed Diesel
46.	IBM	Indian Bureau of Mines
47.	ID	Initial Deposit

Sl. No.	Abbreviation	Description
48.	IDCO	Odisha Industrial Infrastructure Development Corporation
49.	IOF	Indian Oil Foundation
50.	IRCTC	Indian Railway Catering and Tourism Corporation Limited
51.	LOA	Lease-cum-Operation Agreement
52.	MD	Managing Director
53.	MHEP	Machhakund Hydro Electric Project
54.	MoEF	Ministry of Environment and Forest
55.	MoT	Ministry of Tourism
56.	MoU	Memorandum of Understanding
57.	MPEDA	Marine Products Export Development Authority
58.	MRCC	Marine Rescue Co-ordination Centre
59.	MS	Motor Spirit
60.	MSY	Maximum Sustainable Yield
61.	NFDB	National Fisheries Development Board
62.	NIOT	National Institute of Ocean Technology
63.	NMPS	National Mission for Protein Supplements
64.	NPV	Net Present Value
65.	OLA	Odisha Legislative Assembly
66.	OMFRA	Orissa Marine Fishing Regulation Act, 1982
67.	OPDC	Odisha Pisciculture Development Corporation Limited
68.	OTDC	Odisha Tourism Development Corporation Limited
69.	OTP	Odisha Tourism Policy
70.	OTS	One Time Settlement
71.	PAG	Principal Accountant General
72.	PFCS	Primary Fishermen Co-operative Societies
73.	PIP	Project Implementation Plan
74.	PP	Perspective Plan
75.	PPP	Public Private Partnership
76.	PSC	Purchase Sub Committee
77.	PSUs	Public Sector Undertakings
78.	RKVY	Rashtriya Krishi Vikas Yojana
79.	ROM	Run Off Mines
80.	SCR	Saving-cum-Relief
81.	SFCs Act	State Financial Corporations Act, 1951
82.	SGSY	Swarnajayanti Gram Swarozgar Yojana
83.	SLMC	State Level Monitoring Committee
84.	SPMU	State Project Management Unit
85.	SRC	Special Relief Commissioner
86.	SRFP	State Reservoir Fishery Policy
87.	SSPs	State Sponsored Projects
88.	STA	Special Tourism Area
89.	STPO	Special Tourism Promotion Officer
90.	UC	Utilisation Certificate
91.	WACs	Wayside Amenities Centres

www.agodisha.gov.in