

REPORT (PAC)

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07 JUL 2000

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

for the year ended March 1999

**No.3
(Civil)**

Government of Orissa

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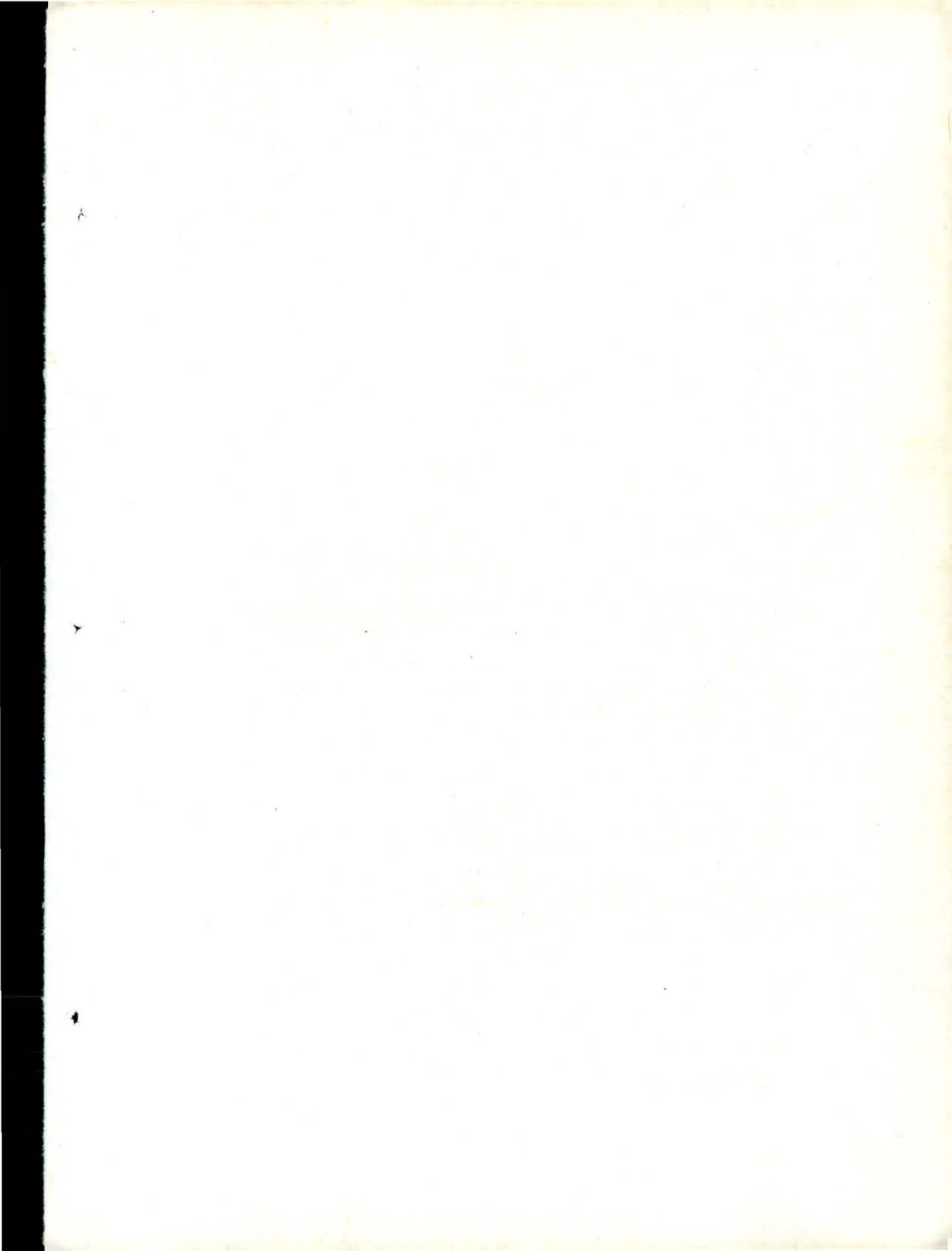
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Preface

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapters I and II of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 1999.
3. The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works and Water Resources Department, audit of Stores and Stock, audit of Autonomous Bodies and departmentally run commercial undertakings.
4. The Report containing the observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing such observations on Revenue Receipts are presented separately.
5. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 1998-99 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 1998-99 have also been included wherever necessary.



OVERVIEW

This Report includes two chapters on the Finance and Appropriation Accounts of the Government of Orissa for the year 1998-99 and ~~five~~ other chapters, comprising six reviews and sixty-two paragraphs based on the audit of certain selected programmes and activities and of the financial transactions of the Government. A synopsis of the important findings contained in the Report is presented in this overview.

I. An overview of the finances of the State Government

Revenue deficit was a regular feature of State and stood at Rs.2263 crore in 1998-99 up by 151 *per cent* over 1997-98 (Rs.903 crore). Fiscal deficit registered an all time high of Rs.2914 crore in 1998-99, an increase of 62 *per cent* from 1997-98. The ratio of assets to liabilities steadily declined from 0.84 in 1994-95 to 0.64 in 1998-99. The increased fiscal deficit indicated the dependence on borrowings for meeting the increased revenue expenditure.

The revenue receipts of the State Government declined to Rs.4554 crore in 1998-99 from Rs.4632 crore in 1997-98. The fall in revenue receipts was mainly due to sharp decline in Grants-in-aid received from Government of India (Rs.815 crore in 1998-99 as against Rs.1106 crore in 1997-98).

Revenue expenditure increased from Rs.4036 crore in 1994-95 to Rs.6817 crore in 1998-99, an increase of 69 *per cent*. The non-plan revenue expenditure grew by 23.7 *per cent* from Rs.4180 crore in 1997-98 to Rs. 5171 crore in 1998-99. The increase was mainly attributable to implementation of award of Pay Commission.

Interest payments formed 22 *per cent* of revenue expenditure during 1998-99 and consumed the entire State Tax revenue of Rs.1487 crore.

Payment of loans and advances by the State Government during 1998-99 increased by 110 *per cent* over 1997-98 whereas recoveries of the same during the year declined by 14 *per cent*.

Capital expenditure decreased from 15 *per cent* of total expenditure in 1996-97 to 12 *per cent* in 1998-99.

The total liabilities of the Government had grown from Rs.8829 crore in 1994-95 to Rs.16485 in 1998-99, a growth of 87 *per cent*. This was on account of growth by 103 *per cent* in internal debt, 76 *per cent* in loans and advances from Government of India and 89 *per cent* in other liabilities.

Most of the receipts under internal debt were appropriated towards servicing of the same with interest thereon each year during 1994-99 with repayments (Principal plus interest) increasing from Rs.924 crore in 1994-95 to Rs.2937 crore in 1998-99 representing an increase of 218 *per cent*.

At the end of 1998-99 the total investment in Statutory Corporations, Government Companies etc; worked out to Rs.1346 crore. Return on this investment was negligible.

Amount guaranteed by the State Government on behalf of Government Companies etc. during 1998-99 was Rs.1744 crore up from Rs.104 crore (1997-98).

As on 31.03.1999 Rs.280.65 crore of loans including interest was overdue for recovery. Only 8 out of 25 Government departments indicated the amount of outstanding dues.

Revenue deficit increased nearly 2.5 times within one year in 1998-99 leading to serious fiscal stress mainly due to implementation of the award of Pay Commission. Consequently, increasingly large share of the borrowings was being spent on revenue expenditure (RD/FD has risen from 0.40 in 1994-96 to 0.78 in 1998-99) and thus State's finances were heavily dependent and therefore vulnerable to sources of funding outside its control. Further, a static tax to GSDP ratio shows that the State Government did not improve the tax compliance for financing its rapidly rising revenue expenditure. The declining Capital investments vis-a-vis net borrowings (only 14 *per cent* of net borrowings in 1998-99 compared to 54 *per cent* in 1994-95 vide paragraph 1.9.6) failed to create productive assets. The Government was thus caught in a situation of uncontrolled revenue and fiscal deficit while its own resources were not commensurate with such increased expenditure.

(Paragraph 1.1. to 1.12)

II. Appropriation and control over expenditure

Against the total budget provision of Rs.13299 crore including supplementary provision, expenditure of Rs.11284 crore was incurred during 1998-99. The overall saving of Rs.2015 crore was the net result of saving of Rs.2141 crore in 36 grants and 3 appropriations and excess of Rs.126 crore in 9 grants. The excess relating to 9 grants require regularisation under Article 205 of the Constitution.

In the face of overall saving of Rs.20.15 crore, supplementary provisions for Rs.2549 crore obtained during the year were not justified.

Persistent savings ranging from 11 *per cent* to 100 *per cent* occurred in 23 grants over a period of three years.

Advances from Contingency Fund aggregating Rs.34.11 crore remained unrecouped for periods ranging from 1 year to over 15 years.

(Paragraph 2.1 to 2.12)

III. Working of Soil Conservation Directorate

The Soil Conservation Directorate was created from the erstwhile Agricultural Directorate from July 1978. The main objective of the Directorate was to take up soil and moisture conservation measures. It also aimed at promoting the use of waste and degraded lands through plantations, upgradation and utilisation of natural endowments in a harmonious and integrated manner and envisaged improvement in environment and agricultural production.

Quality of budgetary and financial management in the Directorate was deficient and possibility of serious financial irregularities due to inadequate control and monitoring of the utilisation of funds by the DDOs could not be ruled out. Expenditure control mechanism was not functional and there was huge savings of budget provisions for Plan Schemes year after year. Programme management was inadequate and the achievement against the schemes were grossly overreported in many cases. Funds for Calamity Relief were not spent. Manpower management was inefficient as indicated by large number of vacancies in technical cadre and failure in proper deployment of staff through transfer etc. Various aspects of malfunctioning of the Directorate calls for investigation.

During 1995-98 expenditure on soil conservation work decreased from 71 to 52 *per cent* and the expenditure on salary increased from 27 to 46 *per cent*.

46 to 68 *per cent* of the total allotment of the year for 3 major schemes were released in March resulting in rush of expenditure.

Expenditure of the scheme was inflated to the extent of Rs.22.41 crore due to retention of unutilised balance in shape of cash for Rs.0.12 crore, Bank Drafts and Deposits and Call Receipts Rs.5.68 crore, unadjusted advance Rs.6.18 crore, Civil Deposits Rs.8.37 crore, paid vouchers Rs.0.03 crore and Bank deposits for Rs.2.03 crore.

Rs.1.10 crore advanced to 52 officials who were transferred/retired became irrecoverable.

ASCO, Bhawanipatna diverted Rs.52.81 lakh towards execution of non-departmental works under NWDPRA¹ Scheme.

Rs.2.15 crore were spent in excess on establishment charges under NWDPRA scheme beyond the prescribed norm.

12 ASCOs constructed 41 Farmers Hostel and Cattle Care Centres during 1997-98 by diverting Rs.82.00 lakh from the unspent balances of NWDPRA Scheme.

9 ASCOs overreported financial achievement by Rs.2.41 crore under NWDPRA scheme.

Rs.4.44 crore pertaining to IWDP² were lying as Civil Deposit (Rs.2.93 crore) and cash (Rs.1.51 crore).

Project Director (PD), Phulbani spent 94 *per cent* of funds for plantation of seedlings but actual plantation was done only for 61 *per cent*. He also incurred excess expenditure of Rs.47 lakh on treatment of degraded forest.

Rs.23.75 lakh was spent during 1995-1998 on commercial plantation of Simorouba Glauca did not yield any result as the plantations were not maintained.

Plantation farms were mismanaged and were a drain on State coffers. Rs.35.20 lakh was spent on maintenance of 492.08 ha. of non-bearing coffee plantations; in Kalahandi district coffee plantations of 100 acres of land costing Rs.30.00 lakh were damaged due to administrative laxity; Rs.2.42 crore were lost in operations of Sisal farm at Nildunguri and Beldunguri; revenue of Rs.1.20 crore was lost during 1992-98 due to non-exploitation of sisal fibres from exploitable area and shortfall in extraction of sisal fibre.

Under DPAP³ scheme salary for Rs.2.47 crore was irregularly drawn by DDOs during April 1995 to March 1998 though 206 posts were discontinued by the Government. 56 officials in 4 offices were not working at places from where their pay was drawn.

Rs.2.41 crore of Calamity Relief Fund was allotted only in February 1999 while they were to be spent by June 1998.

¹ National Watershed Development Project in Rainfed Area(NWDPRA)
² Integrated Watershed Development Project(IWDP)
³ Drought Prone Area Programme(DPAP)

Director and the DDOs did not furnish even first replies to 88 Inspection Reports of Accountant General. These reports included comments on serious financial and other irregularities.

(Paragraph 3.1)

IV. Public Distribution System

The PDS had been established in the State with a view to providing food grains to the population by regular system of allotment, lifting and distribution. Functioning of the PDS in the State of Orissa revealed major shortcomings. Large number of bogus ration cards were not eliminated though State Government were aware of it. Only 43 *per cent* of requirement of food grains for BPL families were met from PDS. Due to inefficient functioning of OSCSC, State Government had to bear huge amount of avoidable subsidy. Due to unjustified excess issue, food grains and sugar were diverted; whole meal atta were sold in open market flouting instruction of Central Government; scheme for selling atta through conversion of wheat provided undue benefit to millers and increased the price of atta. State Government irregularly diverted RPDS/TPDS rice for its own welfare schemes. Inspection and quality assurance system was inadequate.

According to the Department there were 19.34 lakh families in the State but 23.62 cards were in circulation indicating an excess of 4.28 lakh cards.

Under Targeted Public Distribution System (TPDS) State Government assessed the number of cards at as 68.44 lakh but cards in circulation were 82.42 lakh. Thus indicating excess of 13.98 lakh cards. District authorities did not implement Government order to eliminate excess cards.

The requirement of food grains available for BPL families under TPDS in the State was met to the extent of only 43 *per cent*.

District Officers issued excess quantity of food grains and sugar for a total value of Rs.4.14 crore to retailers in 7 districts. Avoidable central subsidy on these excess issues was Rs.1.91 crore and State subsidy was Rs.82 lakh. The excess issues facilitated misuse and diversion of food grains etc.

In Kalahandi and Phulbani districts, the departmental officers working as storage agent, caused shortage of stock of Rs.19.51 lakh.

2.48 lakh out of 6.82 lakh consumers in three districts were deprived of getting rice/wheat as retailers did not collect adequate commodities; but no action was taken against them.

In disregard of GOI orders whole meal atta valued Rs.27.83 crore were sold in open market in Cuttack district.

Out of 35 thousand quintals wheat allotted to miller in 3 districts for conversion to atta 14 thousand quintals wheat valued at Rs.98.71 lakh was unauthorisedly retained by the millers without delivery of atta.

State Government could not utilise Rs.2.08 crore of Central assistance for construction of godowns and lost further assistance of Rs.3.35 crore.

Food grains under RPDS and TPDS were irregularly diverted for State's own welfare schemes. Central subsidy of Rs.9.57 crore was paid for such diverted food grains.

Substandard quality and below Fair Average Quality (FAQ) food grains valued at Rs.4.84 crore were issued to consumers.

FPS were not inspected regularly by the concerned staff. Various Committees at retailers level, town level and block level were not constituted.

In six test checked districts stock valued at Rs.58.76 lakh were misappropriated by storage agents/depots-in-charge and Secretaries of GPs due to negligent and perfunctory physical verification of stocks.

Unjustified purchase of rice led to avoidable expenditure of Rs.1.03 crore in 4 districts.

(Paragraph 3.2)

V. Employment Assurance Scheme

Employment Assurance Scheme(EAS), a centrally sponsored scheme, was being implemented in the state from January 1994 with the objective of providing 100 days gainful employment to the rural poor during lean agricultural season and to create durable and productive community assets.

Implementation of EAS in the State of Orissa was marked by serious and large scale malpractice, doubtful payments and employment to large number of unregistered persons and fictitious persons. Further, various irregularities in

Muster Rolls and delayed payments raised doubts about genuineness of payments.

Reports of employment sent to Government of India differed significantly from what was reported by DRDAs. The scheme was not monitored at any level. Records in regard to creation of durable assets were not maintained and assets were not physically verified by inspections and therefore, their creation was doubtful. Serious irregularities noticed in implementation of the scheme call for investigation.

Huge amount of scheme funds remained unspent during 1993-98. State Government delayed releasing their share by 11 to 154 days.

Five Executing Agencies in Keonjhar district did not spend Rs.2.98 crore received from DRDA but reported it as spent.

No utilisation certificates were furnished by 30 DRDAs for Rs.527.69 crore received by them during 1993-98.

Against the norm of employment of 100 days per person per year only 5.88 to 45.72 mandays were generated in Jharsuguda and Phulbani districts. In Kalahandi district employment generation was less than 10 days per person per year.

Number of persons employed out of the Registered Employment seekers came down from 77 per cent to 22 per cent from 1995-96 to 1997-98.

In 5 districts 0.56 lakh unregistered persons were employed. In the absence of family cards required details in respect of these persons were not verifiable and the employment were, therefore, doubtful.

No Muster Rolls were maintained for Rs.49.17 lakh disbursed by Executing Agencies. Payment of Rs.2.41 crore made without indicating the address, family card number etc. in 1580 Muster Rolls was doubtful. In 118 cases, payment of Rs.41.22 lakh without indicating the period of engagement of labourers was doubtful.

Rs.28.91 lakh were paid to labourers after a delay of 1 month to 1 year by ASCO and Horticulturist, Bhawanipatna. The payment was not made in the presence of Sarpanch and was, therefore, doubtful.

In disregard of norms, DRDAs, Kalahandi and Mayurbhanj released Rs.4.12 crore in excess for Ber/mixed fruit plantations in private land.

Assistant Director, Sericulture, Keonjhar irregularly paid Rs.2.85 crore to Tasser Rearing Co-operative Societies for raising Arjun Plantation and failed

to produce any record in respect of assets created. No utilisation certificates were furnished for the expenditure.

Rs.1.09 crore were spent by Horticulturist, Keonjhar on plantation work departmentally instead of engaging the beneficiaries.

Seedlings worth Rs.67.49 lakh were distributed free of cost to private individuals/institutions raising doubt about the genuineness of such expenditure.

Works to the tune of Rs.1.74 crore were executed by Executing Agencies without administrative approval/orders of competent authority.

There was no monitoring and inspection at any level by Government and District/Block officials. EAS Committees/Vigilance Committees were either not formed or non-functional.

(Paragraph 3.3)

VI. Mid-day Meal Programme

Mid-day Meal Programme was launched in the State from August 1995 to provide one meal at mid-day on 210 days in a year excluding holidays to school going children from Class I to V in both rural and urban areas. The aims of the programme were (i) promote the health of the students, (ii) to improve attendance and (iii) to reduce the drop outs.

Nearly 45.03 lakh students in 40.6 thousand schools were covered by the scheme. Feeding was significantly below the target though Government claimed full achievement. Due to absence of quality control, sub-standard meals were supplied to the school children. Food grains were diverted, pilfered, fictitiously issued affecting the availability of food grains and interrupting the feeding programme. Due to absence of monitoring of the scheme and physical inspection of the implementation, various deficiencies noticed in audit were not known to the Government.

As per Government during 1996-99, targeted feeding days (210 days in a year) were achieved fully whereas records of 1080 schools under 12 blocks showed the shortfall in feeding ranged upto 44 *per cent* in some cases. Hence the achievement figures stated by the Government were not reliable.

Rs.1.68 crore retained by the DDOs irregularly in Savings Bank Account, Bank Draft/Civil Deposits were shown as spent thereby inflating expenditure figures.

Free rice weighing 5.45 lakh quintals allotted by GOI was not lifted by 5 District Managers of OSCSC. Further, 25.3 thousand quintals of rice meant for MDM programme valuing Rs.1.37 crore were diverted by them thereby interrupting the programme in 950 schools.

4.06 thousand qtls. of sub-standard Mung dal costing Rs.95.41 lakh were issued to students by the District Officers.

Though there were no students/teachers in 23 schools under BDO, Kashipur, food stuff valuing Rs.1.89 lakh was reportedly issued to them by Marketing Inspector.

Requirement for allocation of rice was inflated by inclusion of 50 thousand fictitious students in 9 districts. Department was not aware of the matter.

No inspection or physical verification of the scheme was conducted in 4 districts.

(Paragraph 3.4)

VII. Gopalpur Port Project

Government of Orissa approved (1980) the construction of a seasonal minor port near Gopal Pur at a cost of Rs.7.87 crore which was revised (1989) to Rs.35.98 crore. Pre-construction work commenced in 1976-77 and total expenditure on the project was Rs.90.60 crore as of March 1999. There was no comprehensive and co-ordinated plan to develop the Port. The operational and maintenance expenditure far outstrip the revenue earnings. Large amounts were spent without technical sanction to estimates and on account of defects in agreements for operational activities, non-implementation of contractual provisions and undue benefits to contractors. Opportunities to augment port revenue were not seriously pursued and adequate attention to increase the revenue potential was lacking.

Cargo handled was far below the projected target and operational expenses far outstripped revenue earned.

Collectible dues of Rs.0.79 crore as of March 1999 was not effectively monitored and pursued.

Lack of a co-ordinated plan for development of the port resulted in the Approach Trestle and Deep Water Berth suitable for an all weather port constructed at a cost of Rs.12.45 crore remaining unutilised for over 5 years.

Harbour tug was procured at a cost of Rs.0.66 crore without any requirement. There was also extra expenditure of Rs.0.31 crore on its purchases.

Rs.1.01 crore were spent on energy charges contracted in excess of requirement and for delay in payments of electricity bills.

132 casual labour were deployed for operation of harbour crafts etc. at an avoidable extra expenditure of Rs.0.43 crore though the work was done through contractors.

Rs.0.94 crore was paid in excess to contractors engaged for operation, manning and maintenance of harbour crafts.

Government felt to pursue a proposal for ship breaking activities which had a potential revenue earning of at least Rs.1.14 crore.

(Paragraph 4.1)

VIII. Harabhangi Medium Irrigation Project

The Harabhangi Medium Irrigation Project envisaged construction of an earth dam across the river Harabhangi in Gajapati district alongwith a spillway and 6.47 Km long water conductor system to provide irrigation facilities to 17,650 ha. of land.

Inadequacies in planning, design and implementation of the project contributed to increase in cost by Rs.84.74 crore and non-completion of the project for 15 years. The Cost Benefit Ratio of the project declined from 2.11 in 1995 to 1.45 in 1999. Though expenditure beyond the revised estimate was incurred, no ayacut had been certified. Huge amount of project funds were irregularly diverted for other purposes and excess expenditure was made due to acceptance of excessively high rates, extra contractual payments and incorrect revision of rates. Large amounts advanced to private agencies and other Divisions for procurement of material were not adjusted for periods upto 18 years.

The project initially estimated to cost Rs.18.79 crore and targeted for completion by March 1985 remained largely incomplete though Rs.105.43 crore were spent upto March 1999 as against the third revised estimate of Rs.103.53 crore. Only trial irrigation was provided to 6106 ha. as against the envisaged ayacut of 17650 ha. (March 1999).

Engineer-in-Chief irregularly diverted Project funds of Rs.2.11 crore to works unconnected with the project.

Departmental lapses and delay in finalisation of designs led to extra expenditure of Rs.0.88 crore in execution of spillway.

Selection of incompetent agency for tunnel work enhanced the project cost by Rs.1.80 crore and also delayed completion of the project.

Rs.1.18 crore were unauthorisedly paid to a contractor due to irregular revision of rates and extra contractual works.

Acceptance of tenders for distributary system at excessively high rates without negotiation resulted in extra liability of Rs.1.63 crore.

LAO, Chatrapur did not render vouchers for Rs.1.02 crore in support of compensation paid to land owners. Excessive delay in acquisition of land affected the construction of distributaries and consequently hampered the utilisation of irrigation potential.

Rs.1.87 crore advanced to private parties and other divisions for procurement of materials between 1981 and 1998 remained unadjusted and cost of materials worth Rs.1.12 crore sold on credit was not released from other divisions/local bodies/individuals.

(Paragraph 4.2)

IX. Other points of interest

1. The Refresher Training Centre, Bhubaneswar provided no training for 8 years from 1990-91 and the staff of the Centre were paid their pay and allowances (Rs.12.02 lakh) upto October 1998 without any work.

(Paragraph 3.5)

2. Government failed to utilise the Central Assistance of Rs.1.50 crore for setting up Cobalt Therapy unit at VSS Medical College Hospital, Burla and kept the amount in Civil Deposit denying essential medical services to the patients.

(Paragraph 3.6)

3. Due to non observance of Financial Rules by DDO, Government cash amounting to Rs.8.13 lakh was stolen in SCB Medical College Hospital, Cuttack.

(Paragraph 3.7)

4. While Sulabh International was engaged for cleaning and sweeping, 53 sweepers of the Capital Hospital, Bhubaneswar had no works since October

1996 but Government spent of Rs.32.62 lakh towards their pay and allowances upto September 1998.

(Paragraph 3.8)

5. Panchayat Samiti Industries Programme was a failure as 89 per cent of the units became defunct/loss making or under liquidation and Rs.1.62 crore due from these units was practically lost.

(Paragraph 3.11)

6. Scheme funds were utilised for purchase of new vehicles. Vehicles in PR and GA Departments exceeded their requirement. Ceilings for consumption of POL were not enforced. Vehicles meant for DRDAs were irregularly retained by Government.

(Paragraph 3.13)

7. Rs.66.61 lakh was spent unauthorisedly for payment of telephone charges, maintenance of vehicles and other miscellaneous contingencies from the available cash in two Collectorates violating the financial rules.

(Paragraph 3.14)

8. Irregular investment of land acquisition money (Rs.9.82 crore) by Collector, Jagatsinghpur instead of crediting to Civil Deposits led to loss of Rs.60.05 lakh towards interest liability paid on Ways and Means Advances and overdraft during 1995-98.

(Paragraph 3.15)

9. 270 untrained teachers were continuing in 206 schools as Government servants since April 1991 in taken over schools in violation of prescribed conditions and Rs.7.17 crore was paid to them as pay and allowances.

(Paragraph 3.16)

10. Director, Elementary Education purchased 6697 Almirahs at a cost of Rs.1.62 crore diverting funds from Operation Blackboard Scheme meant for purchase of books and musical instruments.

(Paragraph 3.17)

11. Non-observance of Government orders resulted in inadmissible payment of grants-in-aid of Rs.1.18 crore to 10 schools in Keonjhar district.

(Paragraph 3.18)

12. Illegal appointment of Primary School Teachers on the basis of fake Government orders led to unauthorised expenditure of Rs.39.97 lakh in one district.

(Paragraph 3.20)

13. Due to non-availing of discount during purchase of papers for printing of Nationalised Text Book for school students, Government sustained a loss of Rs.36.13 lakh.

(Paragraph 3.21)

14. Unauthorised execution of extra items at higher rates without tenders for the work "Excavation of Right Main Canal from RD 11 km. to RD 22 km. of Upper Indravati Irrigation Project" resulted in extra expenditure of Rs.3.52 crore.

(Paragraph 4.8)

15. Unjustified rejection of valid tender of OCC led to an additional liability of Rs.1.39 crore in a World Bank assisted project of upgradation of spillway of Hirakud dam.

(Paragraph 4.9)

16. Failure to implement the suggestion of consultants to provide for bed-filling in estimates for construction of Gompakonda main canal and Tamasa main canal led to extra expenditure of Rs.1.53 crore.

(Paragraph 4.10)

17. A Minor Irrigation Project commenced in March 1992 meant to provide irrigation to tribal areas of Nayagarh district remained incomplete despite expenditure of Rs.1.25 crore due to delay in acquisition of land.

(Paragraph 4.11)

18. Failure of Department to enforce terms of contract on a defaulting contractor in work of "Construction of High Level Bridge over river Tikira near village Takua on Kaniha-Rengali road" led to extra expenditure of Rs.1 crore.

(Paragraph 4.12)

19. Failure of Executive Engineer, Parjang Canal Division to act on Government orders to rescind a contract of a defaulting contractor led to extra expenditure of Rs.1.21 crore on execution of leftover work of "Excavation of Left main canal of Rengali Irrigation Project" and delay of over 9 years in completion of the Project.

(Paragraph 4.18)

20. Rupees 3.22 crore was paid in foreign currency in excess on account of payment beyond the admissible rate for the work "Widening to four lanes of

Bhubaneswar-Cuttack-Jagatpur section of National Highway No.5 (27.8 kms.)”.

(Paragraph 4.27)

21. For Rs.2.56 crore advanced to Orissa Bridge and Construction Corporation in March 1991, no works were allotted as of May 1999.

(Paragraph 4.29)

22. Unjustified rejection of lowest tender and retender in disregard of recommendations of Tender Committee resulted in avoidable liability of Rs.1.60 crore and delay of 3 years in awarding work of construction of a high level bridge.

(Paragraph 4.30)

23. Electrical materials valuing Rs.1.55 crore in General Electrical Division-II, Cuttack remained unutilised due to excess procurement.

(Paragraph 4.32)

24. Expenditure of Rs.52.33 lakh in June 1988 in acquiring a Gamma Camera for Cancer Research and Training Institute proved wasteful since the camera failed to perform due to improper storage and installation.

(Paragraph 5.2)

25. Jawahar Rojgar Yojana funds for Rs.66.24 lakh were diverted for construction and repair of buildings, plantation in reserve forest area, Schools, Colleges and other institutions instead of on Government and community lands.

(Paragraphs 5.4; 5.6 and 5.7)

26. Special Central Assistance of Rs.11.96 lakh meant for tribal families were diverted towards construction of residential quarters for teachers and residential office of the Collector.

(Paragraph 5.9)

CHAPTER I

AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

This chapter discusses the financial position of the State Government, based on the analysis of the information contained in the Finance Accounts. The analysis is based on the trends in the receipts and expenditure, the quality of expenditure and the financial management of the State Government. In addition, the chapter also contains a section on the analysis of indicators of financial performance of the government, based on certain ratios and indices developed on the basis of the information contained in the Finance Accounts and other information furnished by the State Government. Some of the terms used in this chapter are described in the Appendix-I.

1.2 Financial position of the State

In the Government accounting system, comprehensive accounting of the fixed assets like land and buildings etc., owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by the Government. Exhibit I gives an abstract of such liabilities and the assets as on 31 March 1999 compared with the corresponding position on 31 March 1998. While the liabilities in this statement consist mainly of external and internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay, loans and advances given by the State Government and the cash balances. It would be seen from Exhibit I that while the liabilities grew by 23.60 *per cent*, the assets grew by only 10.31 *per cent* during 1998-99, mainly as a result of a very high (56.80 *per cent*) growth in the deficit on the Government account. This shows an overall deterioration in the financial condition of the Government.

1.3 Sources and application of fund

1.3.1 Exhibit III gives the position of sources and application of funds during the current and the preceding year. The main sources of funds include the revenue receipts of the Government, recoveries of the loans and advances, public debt and the receipts in the Public Account. These are applied mainly on revenue and capital expenditure and the lending for developmental purposes. It would be seen that the revenue receipts constitute the most significant source of fund for the State Government even though their relative share declined from 67.26 *per cent* in 1997-98 to 56.28 *per cent* during 1998-99. The share of net receipts from the Public Account increased from 9.56 *per cent* in 1997-98 to 10.89 *per cent* in 1998-99. This was mainly due to steep increase in GPF. The receipts from the public debt went up marginally from 19.31 *per cent* to 20.72 *per cent*.

EXHIBIT-I

SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF
ORISSA AS ON 31 MARCH 1999

As on 31.03.1998	Liabilities	As on 31.03.1999
		(Rupees in crore)
	External Debt	
3577.47	Internal Debt -	4367.42
3160.98	Market Loans bearing interest	3632.13
39.58	Market Loans not bearing interest	42.39
52.57	Loans from LIC	48.77
308.83	Loans from other Institutions	339.80
15.51	Ways and Means Advances	160.20
	Overdrafts from Reserve Bank of India	144.13
	Shortfall in Deposits with Reserve Bank	227.67
5737.08	Loans and Advances from Central Government	6767.99
746.77	Pre 1984-85 Loans	664.73
1627.05	Non-Plan Loans	1968.21
3210.60	Loans for State Plan Schemes	3986.66
55.68	Loans for Central Plan Schemes	53.71
96.98	Loans for Centrally Sponsored Plan Schemes	94.68
39.85	Contingency Fund	25.89
3087.90	Small Savings, Provident Funds, etc.	3921.30
1207.06	Deposits	1373.77
86.85	Reserve Funds	62.76
	Advances	
0.47	Suspense and Miscellaneous	0.76
193.24	Miscellaneous Capital Receipts	698.12
13929.92		17445.68

The increase is mainly due to dis-investment of government equity holdings in Orissa Power Generation Corporation.

As on 31.03.98	Assets		As on 31.03.1999 (Rupees in crore)
8866.69	Gross Capital Outlay on Fixed Assets		9780.21
1268.41	Investments in shares of Companies, Corporations etc.	1346.46	
7598.28	Other Capital Outlay	8433.75	
944.37	Loans and Advances		1186.47
302.93	Loans for Power Projects	395.58	
461.34	Other Development Loans	511.48	
180.10	Loans to Government servants and Miscellaneous loans	279.41	
Nil	Reserve Fund Investments		
6.65	Advances		6.98
49.60	Suspense and Miscellaneous Balances		146.99
39.33	Remittance Balances		36.50
39.80	Cash		42.55
3.40	Cash in Treasuries and Local Remittances	5.68	
1.07	Deposits with Reserve Bank		
8.79	Departmental Cash Balance including Permanent Advances	10.33	
0.37	Security Deposits	0.37	
1.13	Investment of earmarked funds	1.13	
25.04	Cash Balance Investment	25.04	
3983.48	Deficit on Government Accounts		6245.98
903.14	Revenue Deficit of the Current Year	2262.50	
3080.34	Accumulated deficit	3983.48	
13929.92			17445.68

EXHIBIT-II
ABSTRACT OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR 1998-99

		(Rupees in crore)							
1997-98	Receipts		1998-99	1997-98	Disbursements	Non-Plan	Plan		1998-99
	Section-A: Revenue			5535.17	I. Revenue Expenditure				
4632.03	I. Revenue Receipts		4554.40	2240.36	General Services	2738.57	17.90		2756.47
1421.74	-Tax Revenue	1487.13		2211.57	Social Services	1637.09	1083.35		2720.44
540.93	-Non-tax revenue	557.49		1208.39	-Education, Sports, Art and Culture	974.87	504.82	1479.69	
985.83	-State's share of Union Taxes	1012.83		296.98	-Health and Family Welfare	246.17	155.04	401.21	
577.78	State's share of net proceeds of Taxes on income other than Corporate Tax	681.69		197.09	-Water supply & sanitation, Housing and Urban Development	151.42	133.17	284.59	
424.51	-Non-Plan grants	67.87		7.60	-Information and Broadcasting	6.26	4.63	10.89	
424.32	-Grants for State Plan Scheme	456.24		166.48	-Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	75.76	149.90	225.66	
27.93	Central Plan Schemes	39.72							
228.99	-Centrally Sponsored Plan Schemes	251.43		16.68	-Labour and Labour Welfare	20.30	3.73	24.03	
903.14	II. Revenue deficit carried over to Section B		2262.50	305.09	-Social Welfare and Nutrition	139.19	130.33	269.52	
				13.26	-Others	23.12	1.73	24.85	
				1083.24	Economic Services	794.84	545.15		1339.99
				431.01	-Agriculture and Allied Activities	346.77	158.07	504.84	

(Rupees in crore)								
1997-98	Receipts	1998-99	1997-98	Disbursements	Non-Plan	Plan	1998-99	
			232.93	-Rural Development -Special Areas Programmes	129.93	212.38	342.31	
			147.14	-Irrigation and Flood Control	101.04	68.84	169.88	
			8.15	-Energy	1.50	12.25	13.75	
			65.41	-Industry and Minerals	48.17	41.30	89.47	
			-110.29	-Transport and Communications	106.67	0.73	107.40	
			12.54	-Science, Technology and Environment	0.66	23.24	23.90	
			48.23	-General Economic Services	42.27	22.40	64.67	
			27.54	-Grants-in-aid and Contributions	17.83	5.94	23.77	
			Nil	II. Revenue surplus carried over to Section B				Nil
5535.17	Total	6816.90		Total				6816.90
	Section-B							
182.38	III. Opening Cash balance including Permanent Advances and Cash Balance Investment	39.80	320.74	III. Opening Overdraft from RBI				Nil
	IV. Miscellaneous Capital Receipts	504.88	856.03	IV. Capital Outlay				
			10.33	General Services	2.97	14.54		17.51
			71.16	Social Services	0.56	60.15		60.71
			2.55	-Education, Sports, Art and Culture		3.71	3.71	
			11.18	-Health and Family Welfare		5.60	5.60	

(Rupees in crore)								
1997-98	Receipts	1998-99	1997-98	Disbursements	Non-Plan	Plan		1998-99
			54.42	-Water Supply, Sanitation, Housing and Urban Development	0.56	47.57	48.13	
				Information and Broadcasting				
			3.02	-Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes		3.00	3.00	
				-Labour and Labour Welfare				
			(-0.01)	-Social Welfare and Nutrition		0.27	0.27	
				-Others				
			774.54	Economic Services	7.21	828.09		835.30
			28.22	-Agriculture and Allied Activities	11.68	13.78	25.46	
				-Rural Development				
				-Special Areas Programmes				
			590.44	-Irrigation and Flood Control	0.01	610.20	610.21	
			(-0.09)	-Energy	-	63.94	63.94	
			1.68	-Industry and Minerals	(-7.09)	1.81	(-5.28)	
			150.36	-Transport and Communications	0.15	131.44	131.59	
			3.93	-General Economic Services	2.46	6.92	9.38	
			1176.77	Total				913.52
124.15	V Recoveries of Loans and Advances	106.23	165.64	V. Loans and Advances disbursed				348.33
	-From Power Projects	79.43	22.11	-For Power Projects			172.09	

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(Rupees in crore)								
1997-98	Receipts	1998-99	1997-98	Disbursements	Non-Plan	Plan	1998-99	1998-99
	-From Government Servants	12.85		23.81	-To Government Servants			24.77
	-From others	13.95		119.72	-To Others			151.47
	VI Revenue surplus brought down			903.14	VI. Revenue deficit brought down			2262.50
3024.24	VII Public debt receipts		3706.17	1694.56	VII. Repayment of Public Debt			2029.44
	-External debt				-External debt			
579.21	-Internal debt other than Ways and Means Advances and Overdraft	622.57		16.54	-Internal debt other than Ways and Means Advances and Overdraft			121.44
1295.07	-Ways and Means Advances	1612.82		1398.92	Ways and Means Advances			1468.13
1149.96	-Loans and Advances from Central Government	1470.78		279.10	-Repayment of Loans and Advances to Central Government			439.87
	Total Capital Receipts		4317.28					
	VIII Appropriation to Contingency Fund				VIII. Appropriation to Contingency Fund			
0.11	IX Amount transferred to Contingency Fund		2.54	9.68	IX. Expenditure from Contingency Fund			16.50
4178.24	X Public Account receipts		4907.08	3519.53	X. Public Account disbursements			4025.66
989.71	-Small Savings and Provident Funds	1453.51		530.10	-Small Savings and Provident funds			620.11
109.89	-Reserve Funds	47.22		100.88	-Reserve funds			71.31
67.26	-Suspense and Miscellaneous	52.48		135.71	-Suspense and Miscellaneous			149.58
1463.92	-Remittance	1552.30		1449.91	-Remittance			1549.47
1547.46	-Deposits and Advances	1801.57		1302.93	-Deposits and Advances			1635.19

(Rupees in crore)							
1997-98	Receipts	1998-99	1997-98	Disbursements	Non-Plan	Plan	1998-99
	XI Closing Overdraft from Reserve Bank of India	144.13	39.80	XI Cash Balance at end			(-)185.12
			3.40	-Cash in Treasuries and Local Remittances		5.68	
			1.07	-Deposits with Reserve Bank			(-) 227.67
			8.79	-Departmental Cash Balance including permanent advances			10.33
			26.54	-Cash Balance Investment			26.54
7509.12	Total	9410.83	7509.12	Total			9410.83

EXHIBIT - III
SOURCES AND APPLICATION OF FUNDS

(Rupees in crore)

1997-98	Sources		1998-99
4632.03		1. a) Revenue receipts	4554.40
Nil		b) Capital receipts	504.88
124.15		2. Recoveries of Loans and Advances	106.23
1329.68		3. Increase in Public debt other than overdraft	1676.73
658.71		4. Net receipts from Public Account	881.42
	459.61	Increase in Small Savings	833.40**
	244.53	Increase in Deposits and Advances	166.38
	9.01	Increase in Reserve funds	(-)24.09
	(-)68.45	Net effect of suspense and Miscellaneous transactions	(-)97.10
	14.01	Net effect of Remittance transactions	2.83
Nil		5. Increase in RBI Overdraft	144.13
142.58		6. Decrease in closing cash balance	224.92
6887.15	6887.15	Total	8092.71
Application			
1997-98			1998-99
5535.17	1.	Revenue expenditure	6816.90
165.64	2.	Lending for development and other purposes	348.33
856.03	3.	Capital expenditure	913.52
9.57	4.	Net effect of Contingency Fund transactions	13.96
320.74	5.	Decrease in RBI Overdraft	NIL
6887.15	Total		8092.71

** The steep increase is mainly due to crediting arrears of pay etc. arising out of implementation of Pay Commissions recommendations to GPF.

Explanatory Notes for Exhibit I, II and III:

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Exhibit I indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc., do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlement, etc.
4. There was a difference of Rs.14293.38 lakh (net debit) between the figures reflected in the accounts (Rs.22766.71 lakh) and that intimated by the RBI (Rs.37060.09 lakh) under "Deposit with Reserve Bank". After reconciliation and adjustment, the difference to the extent of Rs.8.48 lakh Debit (Net) remains to be reconciled (July 1999).

EXHIBIT - IV

TIME SERIES DATA ON STATE GOVERNMENT FINANCE

	1994-95	1995-96	1996-97	1997-98	1998-99
(R u p e e s i n c r o r e)					
Part A. Receipts					
I. Revenue Receipts	3576	3891	4287	4632	4554
(a) Tax Revenue	1293(36)	1633(42)	1950(36)	2000(43)	2169(48)
State's share of net proceeds of Taxes on Income other than Corporate Tax	370(29)	506(31)	608(31)	578(29)	682(31)
Sales Tax	578(45)	716(44)	894(46)	925(46)	971(45)
State Excise	60(5)	73(4)	91(5)	106(5)	110(5)
Taxes on vehicles	95(7)	108(7)	128(6)	142(7)	143(7)
Stamps and Registration fees	53(4)	63(4)	69(4)	77(4)	88(4)
Land Revenue	31(2)	39(2)	35(2)	39(2)	58(3)
Taxes and Duties on Electricity	101(8)	121(7)	120(6)	128(6)	110(5)
Other Taxes	5	6(1)	5	5(1)	7
(b) Non-Tax Revenue	634(18)	628(16)	482(11)	541(12)	557(12)
(c) States's share in Union taxes	824(23)	779(20)	958(22)	986(21)	1013(22)
(d) Grants-in-aid from GOI	825(23)	850(22)	897(21)	1106(24)	815(18)
II. Capital Receipts	1170	1344	1582	2083	2999
(a) Capital borrowings	928(79)	1141(85)	1153(73)	1664(80)	1903(63)
(i) Market Borrowings	323	477	452	579	622
(ii) Loans and advances from GOI excluding Ways & means Advances	605	664	701	1085	1281
(b) Other Receipts	242(21)	203(15)	429(27)	419(20)	1096(37)

	1994-95	1995-96	1996-97	1997-98	1998-99
	(R u p e e s i n c r o r e)				
(i) Miscellaneous	Nil	Nil	193	Nil	505
(ii) Net repayments received of loans advanced by State Government	(-) 73	(-) 142	(-) 86	(-) 41	(-) 242
(iii) Net receipts under small savings, PF etc.	315	345	322	460	833
Part B Expenditure	4662	5145	5996	6391	7731
I. Revenue Expenditure	4036(87)	4698(91)	5117(85)	5535(87)	6817(88)
Plan	933(23)	1126(24)	1351(26)	1355(24)	1646(24)
Non-Plan	3103(77)	3572(76)	3766(74)	4180(76)	5171(76)
General Services	1424(35)	1603(34)	1953(38)	2240(40)	2757(40)
Economic Services	1117(28)	1247(27)	1133(22)	1056(19)	1316(19)
Social Services	1490(37)	1835(39)	2015(40)	2212(40)	2720(40)
Grants-in-aid and contributions	5(Nil)	13(Nil)	16 (Nil)	28 (1)	24 (1)
Interest Payments	787(19)	929(20)	1079(21)	1292(23)	1485(22)
Arrears of Revenue (% Tax & Non-Tax revenue receipt)	831(43)	923(41)	1035(43)	1237(49)	1152(42)
Financial Assistance to local bodies etc	1062	1280	891	606	727
Loans and advances given	118	193	114	166	348
II. Capital Expenditure	626(13)	447(9)	879(15)	856(13)	914(12)
Plan	546(87)	439(98)	865(98)	846(99)	903(99)
Non-Plan	80(13)	8 (2)	14(2)	10(1)	11(1)
General Services	11(2)	13(3)	11(1)	10(1)	18(2)
Economic Services	524(84)	380(85)	790(90)	775(91)	835(91)
Social Services	91(14)	54(12)	78(9)	71(8)	61(7)

	1994-95	1995-96	1996-97	1997-98	1998-99
	(R u p e e s i n c r o r e)				
III. Capital Repayment	202	225	201	296	561
(a) Repayment of market borrowings	9	67	15	17	121
(b) Repayment of loans and advances from Government of India	193	158	186	279	440
Part C. Deficits					
Revenue Deficit (-)/ Surplus(+)	(-) 460	(-) 807	(-) 830	(-) 903	(-) 2263
Fiscal Deficit	1159	1396	1602	1801	2914
Part D. Other data					
Ways and Means Advances (days)	318 (77 days)	479 (47 days)	1463 (93 days)	1295 (220 days)	1613 (158 days)
Overdraft	266 (48 days)	137 (15 days)	821 (93 days)	872 (104 days)	1039 (90 days)
Interest on WMA	3.04	1.03	6.33	6.02	4.22
Interest on Overdraft	0.70	0.20	0.84	2.00	1.75
GSDP	20416	24038	23218(P)	27065(Q)	28727*
Outstanding Debt (year end)	5997	7079	8306	9315	11135
Outstanding guarantees (year end) (Principal + Interest)	1481+3	1831+23	1904+15	1849+16	3484+23
Guarantees given during the year	519	421	132	104	1744
Number of incomplete projects	NA	NA	25	25	29
Capital blocked in incomplete projects	NA	NA	2090	2496	2974

Note: Figures in brackets represent percentages (rounded) to total of each sub heading
P – Provisional Estimates, Q – Quick Estimates,
NA – Not available
- Worked out on the basis of average growth over previous four years as GSDP figures were not furnished by the State Government.

1.3.2. The funds were mainly applied for revenue expenditure, whose share not only went up from 80.37 *per cent* to 84.24 *per cent* but also remained significantly higher than the share of the revenue receipts (56.28 *per cent*) in the total receipts of the State Government. This led to a significantly increased Revenue Deficit. During the year, while the *percentage* of capital expenditure came down from 12.43 *per cent* to 11.29 *per cent*, lending for development purposes went up from 2.41 *per cent* to 4.30 *per cent*.

1.4 Financial operations of the State Government

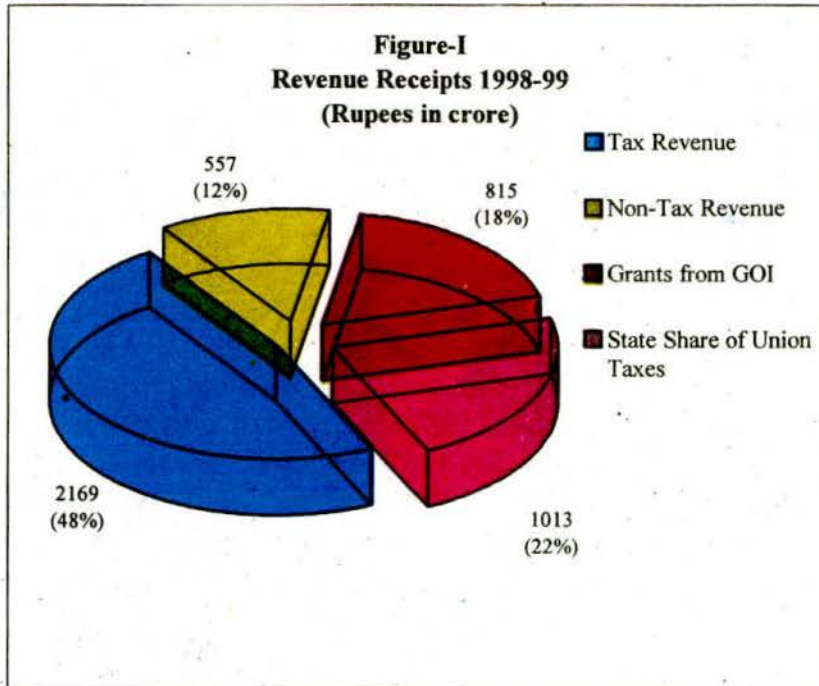
1.4.1 Exhibit II gives the details of the receipts and disbursements made by the State Government. The Revenue expenditure (Rs.6816.90 crore) during the year exceeded the Revenue receipts (Rs.4554.40 crore) resulting in a revenue deficit of Rs.2262.50 crore. The Revenue receipts comprised tax revenue (Rs.1487.13 crore), non-tax revenue (Rs.557.49 crore), State's share of Union taxes and duties (Rs.1012.83 crore), State's share of net proceeds of tax on income other than Corporation tax (Rs.681.69 crore) and Grants-in-aid from the Central Government (Rs.815.26 crore). The main sources of tax revenue were sales tax (65 *per cent*), state excise (7 *per cent*), taxes on vehicles (10 *per cent*) and stamps and registration fees (6 *per cent*). Non-tax revenue came mainly from non-ferrous Mining and Metallurgical Industries (Rs.314.05 crore-56 *per cent*) and Forests and Wild life (Rs.87.30 crore-16 *per cent*).

1.4.2 The capital receipts comprised Rs.106.23 crore from recoveries of loans and advances and Rs.3706.17 crore from public debt. Against this, the expenditure was Rs.913.52 crore on capital outlay, Rs.348.33 crore on disbursement of loans and advances and Rs.2029.44 crore on repayment of public debt. The receipts in the Public Account amounted to Rs.4907.08 crore, against which the disbursements of Rs.4025.66 crore were made. The net effect of the transactions in the Consolidated Fund, Contingency Fund and Public Account was a decrease in the cash balance by Rs. 224.92 crore at the end of the year.

1.4.3 The financial operations of the State Government pertaining to its receipts and expenditure are discussed in the following paragraphs, with reference to the information contained in Exhibit II and the time series data for the five year's period from 1994-95 to 1998-99 presented in Exhibit IV.

1.5 Revenue receipts

1.5.1 The Revenue receipts consist mainly of tax and non-tax revenue and receipts from Government of India (GOI). Their relative shares are shown in Figure 1. The Revenue receipts grew at an average annual rate of 7.38 per cent during 1994-95 to 1997-98 but declined by 1.68 per cent during 1998-99 compared to 1997-98.



1.5.2 Tax revenue

Tax revenue constituted the major share (48 per cent) of the revenue receipts as compared to 43 per cent in 1997-98. Tax revenue grew by 8.45 per cent in 1998-99, after a healthy growth rate of 26.30 and 19.41 per cent during 1995-96 and 1996-97 respectively followed by a steep decline to 2.56 per cent in 1997-98. This was mainly due to decline in growth rate of sales tax from 23.88 per cent in 1995-96 to 4.97 per cent in 1998-99. Exhibit IV shows that the relative contribution of sales tax ranged between 44 per cent to 46 per cent during 1994-95 to 1998-99. The other major constituent, State's share of Taxes on income other than Corporation Tax, ranged between 29 per cent to 31 per cent.

1.5.3 Non-tax revenue

The non-tax revenue constituted 12 per cent of the revenue receipts of the Government and their share in the revenue receipts declined from 18 per cent in 1994-95 and even in absolute terms the amount of non-tax revenue decreased from Rs. 634 crore to Rs. 557 crore.

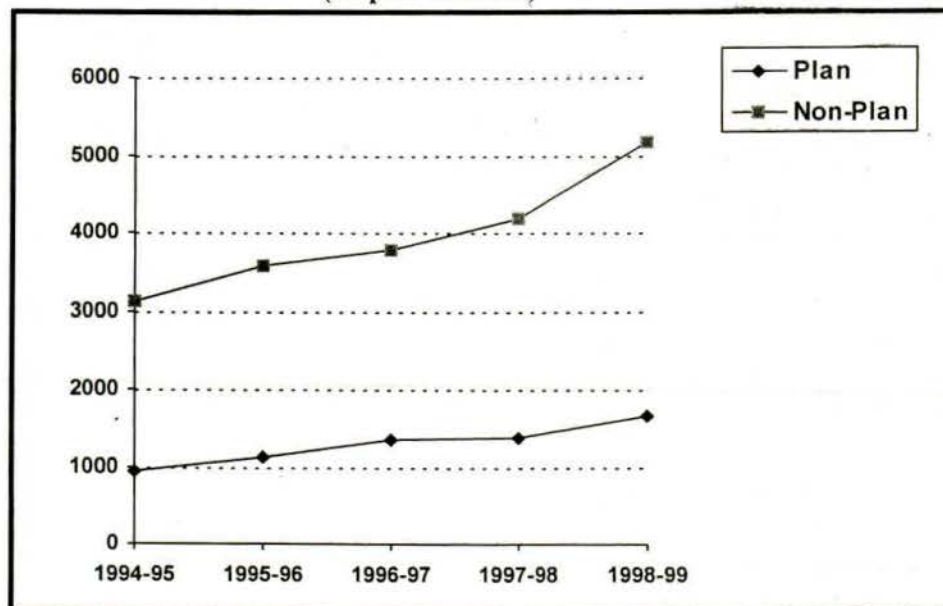
1.5.4. State's share of Union taxes and duties and grants-in-aid from the Central Government

The State's share of Union taxes (excise duties and income and corporate taxes) increased by 3 per cent during the year, while the grants-in-aid from the Central Government decreased by 26 per cent. As a percentage of revenue receipts they (both taken together) declined from 46 per cent in 1994-95 to 40 per cent during 1998-99 mainly due to a steep decline (from 23 per cent to 18 per cent) in the share of grants-in-aid.

1.6 Revenue expenditure

1.6.1 The revenue expenditure accounted for most (88 per cent) of the expenditure of the State Government and increased by 23 per cent during 1998-99. During the five year period (1994-95 to 1998-99) while the Non-Plan expenditure increased by Rs.2068 crore, Plan expenditure increased only by Rs.713 crore. During the period from 1994-95 to 1997-98 the average growth of Non-plan expenditure was 11.6 per cent while during 1998-99 the corresponding growth was 23.7 per cent. During 1998-99 there was an increase of Rs 1282 crore in the revenue expenditure as compared to previous year. The increased expenditure was mainly attributable to implementation of award of Pay Commission (at least Rs 700 crore as per estimate of Finance Department).

Figure-2
Growth of Plan and Non-Plan revenue expenditure
(Rupees in crore)



1.6.2 Sector-wise analysis shows that while the expenditure on General Services increased by 94 per cent from Rs.1424 crore in 1994-95 to Rs.2757 crore in 1998-99, the corresponding increases in expenditure on Social Services and Economic Services were only 83 and 18 per cent respectively. As a proportion of total Revenue expenditure, the share of General Services increased from 35 per cent in 1994-95 to 40 per cent in 1998-99 and the share of Social Services increased from 37 per cent to 40 per cent whereas share of Economic Services declined from 28 per cent to 19 per cent.

1.6.3 Interest payments

Interest payments increased steadily by 89 per cent from Rs.787 crore in 1994-95 to Rs.1485 crore in 1998-99. This is mainly attributable to steep increase in Capital borrowings which included market borrowings and loans from Government of India. This is further discussed in the section on financial indicators.

1.6.4 Financial assistance to local bodies and other institutions

The quantum of assistance provided to different local bodies etc., during the period of five years ending 1998-99 was as follows:

Name of the body	1994-95	1995-96	1996-97	1997-98	1998-99
	(R u p e e s i n c r o r e)				
1) Educational Institutions (Aided Schools, Private Colleges, Universities)	247.32	305.10	174.63	114.72	206.67
2) Municipal Corporations & Municipalities.	24.04	52.32	33.60	43.63	64.58
3) Panchayati Raj Institutions (Zilla Parishad, Panchayat Samiti and Gram Panchayat)	50.29	23.19	64.68	28.05	62.46
4.) District Rural Development Agency	200.66	140.52	205.73	160.15	173.24
5) Development agencies (Command Area Development Authority.)	4.34	9.86	3.32	4.88	7.94
6) Co-operative Societies & Institutions.	16.40	40.33	21.90	14.41	20.97
7) Integrated Tribal Development Agency	42.03	61.39	60.16	47.05	68.32
8) Non-Government Organisations	--	--	--	--	9.60

Name of the body	1994-95	1995-96	1996-97	1997-98	1998-99
(R u p e e s i n c r o r e)					
9) Other institutions	476.96	647.76	327.17	193.59	113.24
Total	1062.04	1280.47	891.19	606.48	727.02
Percentage of growth over previous year.	15	21	(-) 30	(-) 32	20
Assistance as a percentage of Revenue expenditure	26	27	17	11	11

The assistance to the local bodies increased significantly during 1998-99 over 1997-98 due to increase in the financial assistance to Panchayati Raj Institutions and Municipalities.

1.6.5 Loans and advances by the State Government

Government gives loans and advances to Government Companies, Corporations, Local Bodies, Autonomous Bodies, Co-operatives, Non-Government Institutions, etc., for developmental and non-developmental activities. The position for the last five years given below shows that during 1998-99, there was substantial increase in payment of loans and advances as a result of which the closing balance increased by about 26 per cent.

Out of loans advanced to Municipalities, Local Bodies, Corporations and loans under State-aid to industries, the detailed accounts of which were kept by the Principal Accountant General (Accounts and Entitlements), recovery of Rs.17.55 crore (Principal:Rs.14.26 crore and Interest: Rs.3.29 crore) was in arrears as on 31 March 1999. In respect of loans, the detailed accounts of which were maintained by the departmental officers, only 8 out of 25 departments furnished details to the Principal Accountant General (Accounts and Entitlements). In these departments recovery of Rs.263.10 crore (Principal:Rs.148.61 crore and Interest:Rs.114.49 crore) were in arrears. This amount of outstanding loans is understated as most of the departments did not furnish the necessary information.

	1994-95	1995-96	1996-97	1997-98	1998-99
(R u p e e s i n c r o r e)					
Opening balance	602.23	675.06	816.90	902.89	944.37
Amount advanced during the year	118.38	192.95	113.67	165.63	348.33
Amount repaid during the year	45.55	51.11	27.68	124.15	106.23
Closing balance	675.06	816.90	902.89	944.37	1186.47
Net addition	72.83	141.84	85.99	41.48	242.10
Interest received	53.66	138.69	13.44	18.69	19.62

The steep increase in the amount advanced during 1998-99 was due to payment of huge loan (Rs 172.08 crore) to GRIDCO.

1.7 Capital expenditure

1.7.1 Capital expenditure leads to asset creation. In addition, financial assets arise from moneys invested in institutions or undertakings outside Government i.e. Public Sector Undertakings (PSUs), Corporations, etc. and loans and advances. During the years 1994-95 to 1998-99, the capital expenditure ranged between 9 to 15 *per cent*. However, since 1996-97 the share of Capital Expenditure to total expenditure declined from 15 *per cent* to 12 *per cent*. Exhibit IV shows that most of the capital expenditure has been on Economic and Social services and on the plan side.

1.8 Quality of expenditure

1.8.1 Government spends money for different activities ranging from maintenance of law and order and regulatory functions to various developmental activities. Government expenditure is broadly classified into Plan and Non-plan under Revenue and Capital. While the Plan and Capital expenditure are usually associated with asset creation, the Non-Plan and Revenue expenditure are identified with expenditure on establishment, maintenance and services. By definition, therefore in general, the Plan and Capital expenditure can be viewed as contributing to the quality of expenditure.

1.8.2 Wastage in public expenditure, diversions of funds and funds blocked on incomplete works would also impinge negatively on the quality of expenditure. Similarly, funds transferred to Deposit heads in the Public Account, after booking them as expenditure, can also be considered as a negative factor in judging the quality of expenditure. As the expenditure was not actually incurred in the concerned year it should be excluded from the figures of expenditure for that year. Another possible indicator is the increase in the expenditure on General Services to the detriment of Economic Services.

1.8.3 The following table lists out the trend in these indicators:

	1994-95		1995-96		1996-97		1997-98		1998-99	
	(R u p e e s i n c r o r e)									
1. Expenditure as a percentage of	Plan	Non plan	Plan	Non plan	Plan	Non Plan	Plan	Non Plan	Plan	Non plan
-Revenue expenditure	62	98	72	100	61	100	62	100	65	100
Capital expenditure	38	2	28	-	39	--	38	--	35	--
2. Capital expenditure (per cent) of total expenditure	13		9		15		13		12	
3. Expenditure on General Services (per cent)										
-Revenue	35		34		38		40		40	
-Capital	2		3		1		1		2	
4. Amount of wastage and diversion of funds detected during test audit	38									
5. Non-remunerative expenditure on incomplete projects (Rs. in crore)	NA		NA		2090		2496		2974	
6. Unspent balances at the end of the year under deposit heads, booked as expenditure at the time of their transfer to the deposit head	351		960		294		505		624	

It would be seen that the share of Plan expenditure on the revenue side has declined from 26 per cent in 1996-97 to 24 per cent in 1997-98 and 1998-99. The share of capital expenditure has also gone down from 15 per cent in 1996-97 to 13 per cent and 12 per cent in 1997-98 and 1998-99 respectively. The expenditure on General Services during the five years hovered between 34 per cent and 40 per cent on the revenue side and 1 per cent and 3 per cent on the capital side.

1.9 Financial Management

The issue of financial management in the Government should relate to efficiency, economy and effectiveness of its revenue and expenditure operations. Subsequent chapters of this report deal extensively with these issues especially as they relate to the expenditure management in the Government based on the findings of the test audit. Some other parameters which can be segregated from the accounts and other related financial information of the Government, are discussed in this section.

1.9.1 Investments and returns

Investments are made out of the capital outlay by the Government to promote developmental, manufacturing, marketing and social activities. The sector-wise details of investments made and the number of concerns involved were as under:

Sector	Number of concerns	Amount invested	
		(Rupees in crore)	
		As on 31.3.1999	During 1998-99
(1) Statutory Corporations	4	159.89	3.35
(2) Government Companies	83	955.28	71.79
(3) Joint Stock Companies	23	1.25	--
(4) Co-operative institutions	32	230.14	3.00
Total	142	1346.56	78.14

The details of investments and the returns realised during the last five years by way of dividend and interest were as follows:

Year	Investment at the end of the year	Return	Percentage of return	Rate of interest on Government borrowing (%)
	(Rupees in crore)			
1994-95	1242.28	(-)0.01	Negligible	12.50
1995-96	1187.00	2.16	0.18	14.00
1996-97	1213.54	0.36	0.03	13.85 and 13.75
1997-98	1268.41	3.20	0.25	13.05 and 12.30
1998-99	1346.56	0.28	0.02	12.15 and 12.50

Thus, while the Government was raising high cost borrowings from the market, its investments in Government companies fetched near zero returns.

1.9.2 Financial results of irrigation works

The financial results of 48 irrigation projects with a capital outlay of Rs.445.51 crore at the end of March 1999 showed that revenue realised from these during 1998-99 (Rs.32.41 crore) was only 0.07 per cent of the capital outlay and these were not sufficient to cover even the direct working expenses (Rs.32.72 crore). After meeting the working and maintenance expenditure (Rs.32.93 crore) and interest charges (Rs.29.10 crore), the schemes suffered a net loss of Rs.61.72 crore.

1.9.3 Incomplete projects

As on 31 March 1999, there were 29 (Major:12 and Medium:17) incomplete projects in which Rs.2974 crore were blocked. The position had deteriorated as compared to the position as on 31 March 1998. This showed that the Government was spreading its resources thinly which failed to yield any return.

1.9.4 Arrears of revenue

The arrears of revenue pending collection increased consistently from Rs.831 crore in 1994-95 to Rs.1237 crore in 1997-98 with a marginal decline (7 per cent) during 1998-99 (Rs.1152 crore). The arrears of revenue during 1998-99 consist of 25 per cent of the revenue raised during 1998-99. Of the arrears of Rs.1152.11 crore as of March 1999, Rs.195.35 crore (17 per cent) were pending for more than five years and pertained to Sales Tax (Rs.193.34 crore) and Mines and Minerals (Rs.2.01 crore).

1.9.5 Ways and Means advances and overdraft

Under an agreement with the Reserve Bank of India, the State Government had to maintain with the Bank a minimum daily cash balance of Rs.0.60 crore. If the balance fell below the agreed minimum on any day, the deficiency had to be made good by taking Ways and Means Advances (WMA) (maximum limit of Rs.100.80 crore was enhanced to Rs.141.00 crore from 1.3.1999) and Overdraft (OD) from the Bank. In addition, special WMA (maximum limit Rs.19.20 crore) are also made by the Bank whenever necessary. Recourse to WMA/OD means a mismatch between the receipts and expenditure of the Government and hence reflects poorly on the financial management in Government. During the year 1998-99, the Government resorted to WMA of Rs.1612.82 crore for which Rs.4.22 crore had been paid towards interest. Further, the Government availed OD of Rs.1038.79 crore and paid Rs.1.75 crore as interest.

1.9.6 Deficit

1.9.6.1 Deficit in Government account represents gaps between the receipts and expenditure. The nature of deficit is an important indicator of prudence of financial management in the Government. Further, the ways of financing the deficit and the application of the funds raised in this manner are important pointers of the fiscal prudence of the Government. The discussion in this section relates to three concepts of deficit viz., Revenue Deficit, Fiscal Deficit and Primary Deficit.

1.9.6.2 The Revenue Deficit is the excess of revenue expenditure over revenue receipts. The Fiscal Deficit may be defined as the excess of revenue and

capital expenditure (including net loans given) over the revenue receipts (including grants-in-aid received and miscellaneous capital receipts). Primary Deficit is Fiscal deficit less interest payments. The following exhibit gives a break-up of the deficit in Government account.

(Rupees in crore)

CONSOLIDATED FUND (CF)				
Receipt	Amount		Disbursement	Amount
Revenue	4554	Revenue deficit:2263	Revenue	6817
Miscellaneous capital receipts	505		Capital	914
Recovery of loans & advances	106		Loans & advances disbursement	348
Sub Total	5165	Gross fiscal deficit:2914	Sub Total	8079
Public debt	3706		Public debt repayment	2029
Total	8871	A: Deficit in CF:1237		10108
CONTINGENCY FUND				
Amount transferred to Contingency Fund	3	B: Deficit in Contingency Fund: 13	Expenditure from Contingency Fund	16
PUBLIC ACCOUNT				
Small savings, PF etc.	1454		Small savings, PF, etc.	620
Deposits & advances	1802		Deposits & advances	1635
Reserve Funds	47		Reserve Funds	71
Suspense & Miscellaneous	52		Suspense & Misc.	150
Remittances	1552		Remittances	1550
Total Public Account	4907	C: Deficit in CF financed by Public Account:881		4026
Decrease in cash balance including over draft (A+B-C)= 369 - Exhibit III				

The table shows that the Revenue Deficit of Rs.2263 crore was met by borrowings. The Fiscal Deficit of Rs.2914 crore was financed by net proceeds of the public debt (Rs.1677 crore) and partly by the surplus from Public Account. Exhibit IV shows that the Revenue Deficit in 1998-99 steeply increased by 151 per cent over that of 1997-98 and Fiscal Deficit also increased sharply during 1998-99 (62 per cent).

1.9.6.3 Application of the borrowed funds (Fiscal Deficit)

The Fiscal Deficit represents total net borrowings of the Government. These borrowings are applied for meeting the Revenue Deficit, for making the

Capital Expenditure and for giving loans to various bodies for developmental and other purposes. The relative proportions of these applications would indicate the financial prudence of the State Government and also the sustainability of its operations because continued borrowing for revenue expenditure would not be sustainable in the long run. The following table shows the position in respect of the Government of Orissa for the last five years.

Ratio	1994-95	1995-96	1996-97	1997-98	1998-99
Revenue Deficit/Fiscal Deficit	0.40	0.58	0.52	0.50	0.78
Capital Expenditure/ Fiscal Deficit	0.54	0.32	0.43	0.48	0.14
Net loans/Fiscal Deficit	0.06	0.10	0.05	0.02	0.08
Total	1.00	1.00	1.00	1.00	1.00

It would be seen that more and more borrowed funds were applied for revenue expenditure in the last four years and during 1998-99 the ratio increased steeply leaving little for capital investment. The increase in revenue expenditure occurred at the cost of capital expenditure for asset formation. Therefore, if the revenue expenditure is not controlled, the capital formation is bound to suffer.

1.9.7 Guarantees given by the State Government

Guarantees are given by the State Government for due discharge of certain liabilities like repayment of loans, share capital, etc., raised by the statutory corporations, Government companies and co-operative institutions etc., and payment of interest and dividend by them. They constitute contingent liability of the State. No law under Article 293 of the Constitution had been passed by the State Legislature laying down the maximum limits within which Government may give guarantees on the security of the Consolidated Fund of the State. Exhibit-IV lists the amounts of guarantees given by the Government and the amounts outstanding at the end of each year during 1995-99. Outstanding guarantees has shown increasing trend as also the guarantees given during the years. Guarantee given during 1998-99 shot up to Rs 1744 crore (1094 per cent) from Rs 104 crore in 1997-98. Scrutiny revealed that the main beneficiaries of guarantees during 1998-99 were GRIDCO (Rs 85.60 crore), Orissa State Financial Corporation (Rs 64.15 crore), Orissa Rural Housing Development Corporation (Rs 51.48 crore), IPICOL (Rs 22.97 crore) and Orissa State Co-operative Bank (Rs 249 crore). The total of Rs 1744 crore included guarantees sanctioned during the year 1998-99 for Rs 1210 crore and guarantees given prior to 1998-99 for Rs 534 crore details of which were furnished by the Government in the year 1998-99.

According to information furnished (December 1999) by Finance Department, Rs.18.53 crore were received as guarantee commission (March 1999) and Rs. 29.80 crore of guarantee commission were outstanding for recovery from Government Companies, urban local bodies and co-operatives as on 31 March 1999.

1.10 Public debt

1.10.1 The Constitution of India provides that a State may borrow within the territory of India, upon the security of Consolidated Fund of the State within such limits, if any, as may from to time, be fixed by an Act of Legislature of the State. No law had been passed by the Legislature laying down any such limit. The details of the total liabilities of the State Government as at the end of the last five years are given in the following table. During the five year period, the total liabilities of the Government had grown by 87 per cent. This was on account of 103 per cent growth in internal debt, 76 per cent growth in loans and advances from Government of India and 89 per cent growth in other liabilities. During 1998-99, Government borrowed Rs.622 crore in the open market at interest rates of 12.15 and 12.50 per cent per annum.

Year	Internal debt	Loans and advances from Central Government	Total public debt	Other liabilities	Total liabilities	Ratio of debt to GSDP
(R u p e e s i n c r o r e s)						
1994-95	2152	3846	5998	2831	8829	0.43
1995-96	2727	4351	7078	3245	10323	0.43
1996-97	3439	4866	8305	3661	11966	0.52
1997-98	3577	5737	9314	4374	13688	0.51
1998-99	4367	6768	11135	5350	16485	0.57

1.10.2 The amount of funds raised through public debt, the amount of repayment and net funds available are given in the following table:

	1994-95	1995-96	1996-97	1997-98	1998-99
Internal Debt including ways and means advances					
-Receipt	908	1093	2735	2746	3274
-Repayment (principal + interest)	924	779	2368	3023	2937
-Net funds available(per cent)	(-)16	314(29)	367(13)	(-)277	337(10)

Other liabilities include small savings, provident funds, reserve funds and deposits etc.

	1994-95	1995-96	1996-97	1997-98	1998-99
Loans & Advances from GOI					
-Receipt during the year	605	664	701	1150	1471
-Repayment (Principal + Interest)	538	565	667	835	1137
-Net funds available (<i>per cent</i>)	67(11)	99(15)	34(5)	315(27)	334(23)
Other liabilities					
-Receipt during the year	1997	2070	2108	2647	3302
-Repayment including interest	1658	1917	1946	2255	2661
-Net funds available (<i>per cent</i>)	339(17)	153(7)	162(8)	392(15)	641(19)

It would be seen that very little of the borrowings are available for investment and other expenditure after meeting the repayment obligations. Considering that the outstanding debt has been increasing year after year, the net availability of funds through public borrowings is going to reduce further.

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

Scrutiny of cash books of 157 DDOs in 17 Departments disclosed that they held cash balances aggregating to Rs.61.99 crore at the end of March 1999. Holding of large cash was fraught with risk of misappropriation and misuse of Government cash.

Had the unspent balances been refunded to Government accounts, Government could reduce its borrowing to the extent of idle holding of cash.

1.12 Indicators of the financial performance

1.12.1 A Government may either wish to maintain its existing level of activity or increase its level of activity. For maintaining its current level of activity it would be necessary to know how far the means of financing are sustainable. Similarly, if Government's wishes to increase its level of activity it would be pertinent to examine the flexibility of the means of financing and finally Government's increased vulnerability in this process. All the State Governments continue to increase the level of their activity principally through Five Year Plans which translate into Annual Development Plans and are provided for in the State Budget. Broadly, it can be stated that non-plan expenditure represents Government maintaining the existing level of activity

while plan expenditure entails expansion of activity. Both these activities require resource mobilisation increasing Government's vulnerability. In short, financial health of a Government can be described in terms of sustainability, flexibility and vulnerability.

These terms are defined as follows:

(i) Sustainability

Sustainability is the degree to which a Government can maintain existing programmes and meet existing creditor requirements without increasing the debt burden of Government.

(ii) Flexibility

Flexibility is the degree to which a Government can increase its financial resources to respond to rising commitments by either expanding its revenues or increasing its debt burden.

(iii) Vulnerability

Vulnerability is the degree to which a Government becomes dependent on and therefore vulnerable to sources of funding outside its control or influence, both domestic and international.

(iv) Transparency

There is also the issue of financial information provided by the Government. This consists of Annual Financial Statement (Budget) and the Accounts. As regards the budget, the important parameters are timely presentation indicating the efficiency of budgetary process and the accuracy of the estimates. As regards accounts, timeliness in submission for which milestones exist and completeness of accounts would be the principal criteria.

1.12.2 Information available in Finance Accounts can be used to flesh out Sustainability, Flexibility and Vulnerability that can be expressed in terms of certain indices/ratios worked out from the Finance Accounts. The list of such indices/ratios is given in the Appendix. Exhibit 5 indicates the behaviour of these indices/ratios over the period from 1994-95 to 1998-99. The implications of these indices/ratios for the state of the financial health of the State Government are discussed in the following paragraphs.

1.12.3 The behaviour of the indices/ratios is discussed below.

EXHIBIT - V
FINANCIAL INDICATORS FOR GOVERNMENT OF ORISSA

	1994-95	1995-96	1996-97	1997-98	1998-99
(1)	(2)	(3)	(4)	(5)	(6)
Sustainability					
BCR (Rs. in crore)	(-208)	(-223)	(-132)	(-229)	(-1364)
Primary Deficit (PD) (Rs. in crore)	372	467	523	509	1429
Interest Ratio	0.21	0.21	0.25	0.28	0.32
Capital outlay/Capital receipts	0.53	0.33	0.56	0.41	0.30
Total tax receipts/GSDP	0.10	0.10	0.13	0.11	0.11
State Tax Receipts/GSDP	0.05	0.05	0.06	0.05	0.05
Return on investment ratio	Negligible	0.018	0.0003	0.0025	0.0002
Flexibility					
BCR (Rs. in crore)	(-208)	(-223)	(-132)	(-229)	(-1364)
Capital repayments/ Capital borrowings	0.22	0.20	0.17	0.17	0.27
State Tax Receipts/ GSDP	0.05	0.05	0.06	0.05	0.05
Debt/GSDP	0.43	0.43	0.52	0.51	0.57
Vulnerability					
Revenue Deficit (RD) (Rs. in crore)	460	807	830	903	2263
Fiscal Deficit (FD) (Rs. in crore)	1159	1396	1602	1801	2914
Primary Deficit (PD) (Rs. in crore)	372	467	523	509	1429
PD/FD	0.32	0.33	0.33	0.28	0.49
RD/FD	0.40	0.58	0.52	0.50	0.78
Outstanding Guarantees/ Revenue Receipts	0.41	0.48	0.45	0.40	0.77
Assets(Rs. in crore)	7482	8129	9156	9946	11200
Liabilities (Rs. in crore)	8925	10379	12236	13930	17446
Assets/Liabilities	0.84	0.78	0.75	0.71	0.64

Note 1. Fiscal deficit has been calculated as Revenue expenditure + Capital expenditure + Net loans and advances – Revenue receipts – Non-loan capital receipts.

2. In the ratio Capital outlay vs. Capital receipts, the denominator has been taken as Internal Loans + Loans and Advances from Government of India excluding Ways and means Advances + Net receipts from Small savings, PF etc. + Repayments received from loans advanced by the State Government - Loans advanced by State Government + Miscellaneous Capital receipts.
3. While the assets had grown up by 47 per cent during the last five years from 1994-95 to 1998-99, the liabilities had grown up by 93 per cent.

(i) Balance from Current Revenues (BCR)

BCR is defined as revenue receipts minus plan assistance grants minus non-plan revenue, expenditure. A positive BCR shows that the State Government has surplus from its revenues for meeting plan expenditure. The table shows that the State Government has had negative BCRs ranging between Rs. 132 crore to Rs. 229 crore up to 1997-98 but during 1998-99 the negative BCR increased to Rs. 1364 crore. Thus the Government was not only not contributing to Plan expenditure but its dependence on borrowing for meeting the Non-Plan expenditure increased significantly.

(ii) Interest ratio

Interest ratio is defined as
$$\frac{\text{Interest Payment} - \text{Interest Received}}{\text{Total Revenue Receipts} - \text{Interest Receipts}}$$

The higher the ratio the lesser the ability of the Government to service any fresh debt and meet its revenue expenditure from its revenue receipts. In case of Orissa, the ratio has moved up rapidly from 0.21 to 0.32 during the period 1994-95 to 1998-99. An increased interest ratio points out the rising interest burden and was the result of increased borrowings large part of which however were not spent on creation of productive assets due to increased revenue deficits. This has adverse implications on the sustainability.

(iii) Capital outlay/Capital receipts

This ratio would indicate to what extent the capital receipts are applied for capital formation. A ratio of less than one would not be sustainable in the long term inasmuch as it indicates that a part of the capital receipt is being diverted to unproductive revenue expenditure. On the contrary, a ratio of more than one would indicate that capital investments are being made from revenue surplus as well. The trend analysis of this ratio would throw light on the fiscal performance of the State Government. A rising trend would mean an improvement in the performance. In the case of Orissa, the ratio has all along been less than one and mostly well below 0.5 indicating that a substantial part of the capital receipts are not available for investment. The ratio declined from 0.56 in 1996-97 to 0.30 in 1998-99 indicating a rapidly worsening situation of application of more and more Capital receipts for purposes other than assets formation. Considering that the Revenue Deficit increased nearly 3 times since 1996-97, there was little scope for Capital receipts being applied for Capital outlay. This was a contra indicator to sustainability.

(iv) Tax receipts vs Gross State Domestic Product (GSDP)

Tax receipts consist of State taxes and State's share of central taxes. The latter can also be viewed as Central taxes paid by people living in the State. Tax receipts suggest sustainability. But the ratio of tax receipts to GSDP would

have implications for the flexibility as well. While a low ratio would imply that the Government can tax more, and hence its flexibility, a high ratio may not only point to the limits of this source of finance but also its inflexibility. Time series analysis shows that in case of Orissa, the ratio of State tax receipts compared to GSDP was constant at 0.05 (except for 1996-97 when it was 0.06). The ratio suggests that increased borrowing was preferred to meet its revenue and fiscal deficits. The high level of arrears in tax collection (vide discussion in para 1.9.4) indicted poor tax compliance. Hence the State has to improve its tax compliance to improve its sustainability.

(v) Return on Investment (ROI)

The ROI is the ratio of the earnings to the capital employed. A high ROI suggests sustainability. The table at para 1.9.1 *ibid* presents the return on Government's investments in statutory corporations, Government companies, joint stock companies and co-operative institutions. It shows that the ROI in case of Government of Orissa was negligible all through and even declined during the year within the negligible range.

(vi) Capital repayments vs Capital borrowings

This ratio would indicate the extent to which the capital borrowings are available for investment after repayment of capital. The lower the ratio, the higher would be the availability of capital for investment. In case of Orissa Government, this ratio has steadily increased from 0.17 in 1996-97 to 0.27 in 1998-99 due to increased borrowings in the recent years. However due to increased borrowings in the recent years and the liability of repayments falling due in near future, the ratio does not properly reflect the burden of repayment. Consequently, pressure on the State revenue to meet high level of repayments will further increase in future. As the borrowings were applied mostly to meet revenue expenditure and for investment in loss making public sector undertakings (vide discussion in para 1.9.1) and projects which continued for long period and generated no revenue, (vide discussion in para 1.9.3.), the State's capacity to repay in the future years will be under strain.

(vii) Debt vs Gross State Domestic Product (GSDP)

The GSDP is the total internal resource base of the State Government which can be used to service debt. An increasing ratio of Debt/GSDP would signify a reduction in the Government's ability to meet its debt obligations and therefore increasing risk for the lender. In the case of Orissa, this ratio has moved from 0.43 in 1994-95 to 0.57 in 1998-99.

(viii) Revenue deficit/Fiscal deficit

The revenue deficit is the excess of revenue expenditure over revenue receipts and represents the revenue expenditure financed by borrowings etc. Evidently, the higher the revenue deficit, the more vulnerable is the State. Since fiscal deficit represents the aggregate of all the borrowings, the revenue deficit as a percentage of fiscal deficit would indicate the extent to which the borrowings of the Government are being used to finance non-productive revenue expenditure. Thus, the higher the ratio the worse off the State because that would indicate that the debt burden is increasing without adding to the repayment capacity of the State. During 1998-99, 78 per cent of the borrowings were applied to revenue expenditure as compared to 50 per cent in 1997-98, due to nearly 2.5 times increase in the Revenue Deficit over the previous year. Thus, most of the borrowed funds were spent on revenue expenditure.

(ix) Primary deficit vs. Fiscal deficit

Primary deficit is the fiscal deficit minus interest payments. This means that the less the value of ratio, the less the availability of funds for capital investment. In case of Government of Orissa, this ratio has been rather small and below 0.5. This suggests that interest payment accounted for more than 50 per cent of the net borrowings which are therefore not available for capital investment to large extent. The ratio had steadily increased from 0.32 in 1994-95 to 0.49 in 1998-99. Though this indicated prima facie availability of more funds in spite of steady increase in interest payments, it need be considered that the heightened borrowings in recent years have increased the liability of interest payments in future years. Consequently less and less funds would be available for spending on programmes in future years.

(x) Guarantees vs Revenue receipts

Outstanding guarantees including the letters of comfort issued by the Government, indicate the risk exposure of a State Government and should therefore be compared with the ability of the Government to pay viz., its revenue receipts. Thus, the ratio of the total outstanding guarantees to total revenue receipts of the Government would indicate the degree of vulnerability of the State Government. In case of Orissa, this ratio went up steeply from 0.41 in 1994-95 to 0.77 in 1998-99 indicating a very significant increase in the risk exposure of the revenues of the State Government.

(xi) Assets vs Liabilities

This ratio indicates the solvency of the Government. A ratio of more than 1 would indicate that the State Government is solvent (assets are more than the liabilities) while a ratio of less than 1 would be a contra indicator. This ratio

was all along less than 1 and steadily declined from 0.84 in 1994-95 to 0.64 in 1998-99 which was indicative of the worsening financial position of the Government.

(xii) Budget

There was no delay in submission of the budget and their approval. The details are given in the following table

Preparation	Month of submission	Month of approval
Vote on account	March 1998	March 1998
Budget	July 1998	August 1998
Supplementary I	December 1998	December 1998
Supplementary II	March 1999	March 1999

Chapter II of this Report includes a detailed analysis of variations in the budget estimates and the actual expenditure as also of the quality of budgetary procedure and control over expenditure. It indicates defective budgeting and inadequate control over expenditure, as evidenced by persistent resumption (surrenders of significant amounts every year *vis-a-vis* the final modified grant). Further nearly 15 *per cent* of the budgeted funds could not be spent during the year.

1.12.4 Conclusion

Revenue deficit jumped by nearly 2.5 times within one year in 1998-99 leading to serious fiscal stress mainly due to poor performance of Government on the revenue receipts front which actually declined during the year, and implementation of the award of Pay Commission. Consequently, increasingly large share of the borrowings was spent on revenue expenditure (RD/FD has risen from 0.40 in 1994-96 to 0.78 in 1998-99). Resultantly, State's finances were heavily dependent and therefore vulnerable to sources of funding outside its control. Further, a static tax to GSDP ratio shows that the State Government did not improve the tax compliance for financing its rapidly rising revenue expenditure. The declining Capital investments out of net borrowings (only 14 *per cent* of net borrowings were invested in 1998-99 compared to 54 *per cent* in 1994-95 vide paragraph 1.9.6) also failed to create productive assets. Extremely poor quality of expenditure further worsened the position.

The Government was thus caught in a situation of uncontrolled revenue deficit while its own resources continued to be grossly inadequate to meet the increased expenditure even as the quality of this expenditure was very poor.

CHAPTER - II
APPROPRIATION AUDIT AND CONTROL OVER
EXPENDITURE

SUMMARY OF APPROPRIATION ACCOUNTS-1998-99

Total No. of grants : 37
Total No. of appropriations: 4
Total provision and actual expenditure

Provision	Amount (Rs. in crore)	Expenditure	Amount (Rs. in crore)
Original	10750.49		
Supplementary	2548.67		
Total gross provision	13299.16	Total gross expenditure	11284.10
Deduct – Estimated recoveries in reduction of expenditure	262.88	Deduct – Actual recoveries in reduction of expenditure	281.25
Total net provision	13036.28	Total net expenditure	11002.85

Voted and Charged provision and expenditure

	Provision		Expenditure	
	(R u p e e s i n c r o r e)			
	Voted	Charged	Voted	Charged
Revenue	6901.88	1577.35	5456.57	1544.16
Capital	1746.99	3072.94	1356.35	2927.02
Total Gross:	8648.87	4650.29	6812.92	4471.18
Deduct – recoveries in reduction of expenditure	262.88	NIL	281.25	NIL
Total: Net	8385.99	4650.29	6531.67	4471.18

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Introduction

In accordance with the provisions of Article 204 of the Constitution of India, soon after the grants under Article 203 are made by the State Legislature, an Appropriation Bill is introduced to provide for appropriation out of the Consolidated Fund of the State. The Appropriation Bill passed by the State Legislature contains authority to appropriate certain sums from the Consolidated Fund of the State for the specified services. Subsequently, supplementary or additional grants can also be sanctioned by subsequent Appropriation Acts in terms of Article 205 of the Constitution of India.

The Appropriation Accounts includes the expenditure which has been voted by the Legislature on various grants in terms of Articles 204 and 205 of the Constitution of India and also the expenditure which is required to be charged on the Consolidated Fund of the State. The Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by Government vis-à-vis those authorised by the Appropriation Act.

The objective of appropriation audit is to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 1998-99 against grants/appropriations was as follows:

	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual expenditure	Savings(-)/Excess(+)
(R u p e e s i n c r o r e)						
Voted	I. Revenue	5866.62	1035.26	6901.88	5456.57*	(-) 1445.31
	II. Capital	1183.55	100.23	1283.78	1007.75*	(-) 276.03
	III. Loans and Advances	445.61	17.60	463.21	348.60*	(-) 114.61
Total Voted		7495.78	1153.09	8648.87	6812.92	(-) 1835.95
Charged	IV. Revenue	1522.76	54.59	1577.35	1544.16	(-) 33.19
	V. Capital	3.87	0.99	4.86	2.92	(-) 1.94
	VI. Public Debt	1728.08	1340.00	3068.08	2924.10	(-) 143.98
Total Charged		3254.71	1395.58	4650.29	4471.18	(-) 179.11
Grand Total		10750.49	2548.67	13299.16	11284.10[#]	(-)2015.06

*These were gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under revenue heads Rs.183.82 crore and capital heads Rs.97.43 crore.

[#] (a) The total expenditure stands inflated at least to the extent of the following:

- (i) Rs.159.94 crore drawn through Nil payment vouchers were transferred to "8443-Civil Deposits-106 Personal Deposits".
- (ii) Rs.81.80 crore (Deposits:Rs.251.95 crore, Disbursements:Rs.170.15 crore) added to balance in "8443-Civil Deposits-800 Other Deposits" during 1998-99. Of this, Rs.19.95 crore was credited through "Nil" payment vouchers.
- (iii) Rs.5.06 crore being drawal made by several Drawing and Disbursing Officers (DDOs) on 31 March 1999 were not spent before the close of the year.
- (iv) Rs.12.12 crore drawn on Abstract Contingent Bills at the end of March 1999 for which Detailed Contingent Bills were not received. In all D.C. bills for Rs.68.57 crore were not received as of March 1999.

(b) The total expenditure was understated at least to the extent of:

- (i) Vouchers not received from treasuries for expenditure of Rs.3.45 crore incurred by various departments
- (ii) Unrecouped amount of Rs.16.50 crore drawn from Orissa Contingency Fund during 1998-99.

2.3 Results of Appropriation Audit

2.3.1 Overall savings/excess

The overall savings of Rs.2015.06 crore were the result of saving of Rs.2141.32 crore in 36 grants and 3 appropriations offset by excess of Rs.126.26 crore in 9 grants. The overall savings constituted 15 *per cent* of the total budgeted funds including supplementaries.

2.3.2 Supplementary provision

Supplementary provision of Rs.2548.67 crore made during the year constituted 24 *per cent* of the original provision as against 17 *per cent* in the previous year.

2.3.3 Excess over provision requiring regularisation

2.3.3(i) Excess over provisions relating to previous years

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs.1097.37 crore for the years 1996-97 to 1997-98 was yet to be regularised.

Year	No. of grants/appropriations	Grant/Appropriation Number	Amount of excess	Amount for which explanations not furnished to PAC
(Rupees in crore)				
1996-97	6	3, 6, 7, 22, 28, 29	107.40	107.40
1997-98	8	3 Revenue, 5 Finance, 7 Works, 13 Housing and Urban Development, 15 Sports & Youth Services, 22 Forest & Environment, 6003 & 6004 Loans etc.	989.97	989.97
Total			1097.37	1097.37

2.3.3(ii) Excess over provisions relating to 1998-99

The excess expenditure of Rs.126,26,30,978 in 9 grants (Voted Rs.126,25,82,056 and Charged Rs.48,922) require regularisation. Details are given in Appendix-IA.

2.3.4 Unnecessary/Excessive/Inadequate Supplementary Provision

(a) Unnecessary supplementary provision

Supplementary provision of Rs.182.64 crore in 22 cases was wholly unnecessary as the expenditure in each case did not come upto the level of

original provision, the saving being more than Rs.0.50 crore in each case as indicated in Appendix-II.

2.3.4(b) Excessive supplementary provision

Against the actual requirement of Rs.1694.76 crore in 27 cases, supplementary provision of Rs.2263.68 crore was obtained resulting in saving of Rs.25.00 lakh or more in each case and Rs.568.92 crore in aggregate. Details are given in Appendix-III.

2.3.4(c) Inadequate supplementary provision

Supplementary provision of Rs.89.22 crore obtained in 4 cases, as detailed in Appendix-IV proved inadequate by more than Rs.2.00 crore in each case leaving an aggregate uncovered excess expenditure of Rs.124.18 crore.

2.3.5 Significant cases of savings in plan expenditure

Significant savings exceeding Rs.1.00 crore in each case aggregating to Rs.135.29 crore (26 per cent) against the provision of Rs.574.72 crore either due to non-implementation or slow implementation of Plan Schemes were noticed in 37 cases in 11 grants, details of which are given in Appendix-V.

In four cases (SL.1,22,24 and 31 of Appendix-V) the entire provision remained unutilised.

2.3.6 Persistent savings

In 1998-99, the savings of more than 10 per cent were noticed in 25 out of 37 grants; whereas such savings were persisting during the years 1996-97, 1997-98 and 1998-99 in 23 out of 37 grants, details of which are given in Appendix-VI-A&B.

2.3.7 Persistent excesses

Similarly in 1998-99, excess was noticed in 9 grants whereas persistent excesses were noticed in one grant which requires investigation by the Government for remedial action.

Grant No.	Name of the Grant	Percentage of Excess		
		1996-97	1997-98	1998-99
7	Works (Revenue Voted)	37	12	7

2.3.8. Significant cases of excess expenditure

Significant excesses amounting to Rs.208.19 crore exceeding Rs.1 crore in each case were noticed in 24 cases involving 12 Grants/Appropriations, details of which are given in Appendix-VII.

2.3.9. Delayed surrender of saving

According to rules, all anticipated savings in a grant/appropriation should be surrendered as soon as the possibility of savings is foreseen from the trend of expenditure, without waiting till the end of the year, when it cannot be purposefully utilised. During 1998-99, although actual savings of Rs.2141 crore were available, Rs.2191 crore were surrendered that too only in March 1999 resulting in overall excess surrender of Rs.50 crore.

(a) Injudicious surrenders

In 11 grants as detailed in Appendix-VIII, amounts surrendered were less than the savings available by more than Rs.2 crore in each case.

(b) Excessive surrender

In 11 cases, the amount surrendered was in excess of actual savings indicating inadequate budgetary control. As against the total amount of actual savings of Rs.1143.16 crore, the amount surrendered was Rs.1251.54 crore resulting in excess surrender of Rs.108.38 crore in aggregate and Rs.50 lakh or more in each case. Details are given in Appendix-IX.

(c) Unrealistic surrender

Although expenditure exceeded the total provision and no savings were available, amounts exceeding Rs.50 lakh in each case were surrendered. Details are given in Appendix-X.

2.3.10(a) Surrender of entire provision

In 59 cases relating to 21 grants, the entire provisions exceeding Rs.10 lakh in each case were reappropriated/surrendered. The details are in Appendix-XI.

2.3.10(b) Anticipated savings not surrendered

In 52 cases, relating to 14 grants the amount of available savings of Rs.1 crore or more in each case, was not surrendered aggregating to Rs.187.10 crore. Details are given in Appendix-XII.

2.3.11 Un-utilised provision

In 20 cases involving 17 grants/appropriations, the expenditure fell short of provision by more than Rs.1 crore and more than 20 per cent of the provision in each cases as detailed in Appendix-XIII.

2.3.12 Expenditure on New Service

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

During 1998-99, expenditure of Rs.1.67 crore was incurred in 6 cases as detailed in Appendix-XIV without following the prescribed procedure for New Service/New Instrument of Service.

2.4 Deficient Budgetary Procedure and Control

Scrutiny of budget proposals and actual expenditure in respect of 3 Departments viz (i) Fisheries and Animal Resources, (ii) Forest and Environment and (iii) Panchayati Raj revealed the following.

2.4.1 Late submission of Budget Estimates

Orissa Budget Manual prescribed that the Controlling Officers should submit the Budget estimates to the Secretaries of the Administrative Department by first September every year. In disregard of these provisions, the Controlling Officers under grant nos. 17, 22 and 33 sent the budget estimates to the Administrative Department late by 153 days to 284 days during the last three years from 1996-97 to 1998-99. In these cases the proposals proved irrelevant as they were sent after the budget estimates were presented as shown below.

Grant Number	Department	Name of the Controlling Officer	Date of submission of Budget Estimates to Administrative Department (Delay in brackets)		
			1996-97	1997-98	1998-99
33	Fisheries and Animal Resources Development	(a) Director of Fisheries, Orissa (b) Director of Animal Husbandry and Veterinary Services	7.6.1996 (280 days)	7.2.1997 (159 days)	3.6.1998 (276 days)

Grant Number	Department	Name of the Controlling Officer	Date of submission of Budget Estimates to Administrative Department (Delay in brackets)		
			1996-97	1997-98	1998-99
22	Forest and Environment	(a) Principal Chief Conservator of Forests, General	20.2.96	1.2.97	11.6.98
		(b) Chief Conservator of Forests, Wildlife	(172 days)	(153 days)	(284 days)
		(c) Director of Social Forestry Project			
		(d) Chief Conservator of Forests, Kendu Leaves			
17	Panchayati Raj	(a) Director of Panchayati Raj	20.2.96 (172 days)	6.2.97 (158 days)	8.6.98 (281 days)

2.4.2 Provisions for vacant posts

Rule 81(b) of Orissa Budget Manual provided that provision should be made in the budget for men on duty (excluded posts remaining vacant). But in the case of the Panchayati Raj Department provision of Rs.394.72 lakh for vacant posts was made in the budget for 1998-99 but the entire amount was surrendered.

2.4.3 Belated surrenders

Rule 146 of the Orissa Budget Manual provided that all anticipated savings would be surrendered to Government immediately after these were foreseen latest by 10 of March of the financial year without waiting till the end of the year. It was, however, noticed in audit that three departments surrendered the amount on 31 March 1999 as detailed below:

Sl. No.	Name of the Department	Amount (Rupees in lakh)
1.	Fisheries and Animal Resources Development	937.00
	Director of Fisheries	
2.	Directorate of Animal Husbandry and Veterinary Service	897.00
	Forest and Environment	
3.	Panchayati Raj	5723.76

2.5 Advances from the Contingency Fund

The corpus of the State Contingency Fund was fixed (June 1990) at Rs.60.00 crore to enable Government for meeting unforeseen expenditure not

provided for in the budget and of such emergent nature that could not be postponed till the vote of Legislature was taken.

During the year 1998-99, 28 sanctions of advance from Contingency Fund for an aggregate sum of Rs.35.48 crore were issued.

Advances from Contingency Fund aggregating Rs.34.11 crore including Rs.16.50 crore pertaining to 1998-99 remained unrecouped as of 31 March 1999 as illustrated below:

Period	Amount (Rupees in crore)
15 years above (since 1998-99)	1.43
More than 10 years	1.67
More than 5 years	6.33
More than 3 years	1.04
More than 1 year	7.14
Below 1 year	16.50
Total	34.11

2.6 Recoveries and Credits

Under the system of gross budgeting by Government, the demands for grants presented to the Legislature are for the gross expenditure and exclude all credits and recoveries which are adjusted in the accounts as reduction of expenditure. The anticipated recoveries and credits are shown separately in the budget estimates. In 1998-99, against the anticipated recovery of Rs.262.88 crore, the actual recovery was Rs.281.26 crore. There were excess recoveries of Rs.18.38 crore.

Details of Major variations of more than 35 per cent from Original Estimates and not less than Rs.1 crore were given in Appendix-XV.

2.7 Non-receipt of explanations for Savings/Excesses

After the closure of accounts of each financial year, the detailed Appropriation Accounts showing the Final Grant/Appropriation, the actual expenditure and the resultant variations are sent to the Controlling Officers (CO) who are required to explain the variations in general and those under important sub-heads, in particular. The State Budget Manual also requires the CO to furnish

promptly all such information to the Principal Accountant General (A&E) for preparation of the Appropriation Accounts.

For the Appropriation accounts 1998-99, the reasons for savings/excesses were called for by the Principal Accountant General (A&E) in respect of 4653 cases (savings 2759 cases for Rs.588.93 crore, excesses 1894 cases for Rs.778.79 crore). The reasons were not received as of October 1999.

2.8 Non-reconciliation of departmental figures of expenditure

Standing instructions of the Government require that departmental expenditure figures should be reconciled periodically by the Controlling Officer with those of the records maintained by the Principal Accountant General (A& E). Such reconciliation enables the Departmental Officers to monitor the progress of expenditure and timely detection of misclassification, wrong bookings, fraud and defalcation etc. During 1998-99, out of 273 Controlling Officers involving an expenditure of Rs.6613.00 crore, an expenditure of Rs.1716.33 crore (26 per cent) remained unreconciled in respect of 38 Controlling Officers.

2.9 Irregular Drawal from Orissa Contingency Fund (OCF)

Rule 3 of Orissa Contingency Fund Rules, 1967 provides that Advances from the Contingency Fund shall be made for the purpose of meeting unforeseen, emergent expenditure pending authorisation by the Legislature.

Test check of the records of Director of Fisheries revealed that an amount of Rs.290.65 lakh was drawn by the Directorate of Fisheries, Cuttack vide sanction order no.6314/FARD dt.31.3.99 of Fisheries and Animal Resources Development Department. The amount was sanctioned from Orissa Contingency Fund by Finance Department in their order no.12535/F dt.30.3.1999. The amount was drawn and kept in Civil Deposit vide Special Treasury Challan No.65 dt.31.3.99.

2.10 Rush of expenditure

Controlling Officers are responsible to see the control over expenditure is effective in preventing rush of expenditure in the month of March. Test check by audit disclosed that in 15 cases, 50.14 per cent to 100 per cent of the total expenditure for the year 1998-99 were incurred during the month of March 1999 alone as detailed in Appendix-XVI in spite of repeated comments in Audit Reports of previous years.

2.11 Civil Deposits

The position of the balances in 8443-Civil Deposit-800-Other Deposits during 1994-95 to 1998-99 is given in Appendix-XVII.

It is revealed from the Finance Accounts that huge amount of balances are kept in Civil Deposit in contravention of Financial Rules. During the year ending 1998-99, an amount of Rs.463.14 crore has been kept in Civil Deposit (increase of 21 *per cent* over 1997-98).

11 Treasuries out of 35 Treasuries have intimated that Rs.25.63 crore were drawn by the different Drawing and Disbursing Officers to avoid lapse of budget provision and credited into Civil Deposit during 1998-99.

2.12 Excess payment of pensions and gratuity

Test check of records by Treasury Inspection Parties of Principal Accountant General (A&E) office revealed excess payment to the tune of Rs.13.33 lakh in respect of 321 pensioners during 1998-99.

CHAPTER III
CIVIL DEPARTMENTS
SECTION-A

AGRICULTURE DEPARTMENT

3.1 Agriculture Department -Soil Conservation Directorate

Highlights

The Soil Conservation Directorate was created from the erstwhile Agricultural Directorate from July 1978. The main objective of the Directorate was to take up soil and moisture conservation measures. It also aimed at promoting the use of waste and degraded lands through plantations, upgradation and utilisation of natural endowments in a harmonious and integrated manner and envisaged improvement in environment and agricultural production.

Quality of budgetary and financial management in the Directorate was deficient and possibility of serious financial irregularities due to inadequate control and monitoring of the utilisation of funds by the DDOs could not be ruled out. Expenditure control mechanism was not functional and there was huge savings of budget provisions for Plan Schemes year after year. Programme management was inadequate and the achievement against the schemes were grossly over-reported in many cases. Funds for Calamity Relief were not spent. Manpower management was inefficient as indicated by large number of vacancies in technical cadre and failure in proper deployment of staff through transfer etc. Various aspects of malfunctioning of the Directorate calls for investigation.

Twelve to thirty seven *per cent* of the budget provision were not spent and on an average 27 *per cent* of savings occurred during 1993-98. Director submitted budget proposals 8 to 12 months late, as a result Budgets were finalised by Finance Department without any input from the Directorate.

{Paragraph 3.1.4(a)&(b)}

During 1995-98 expenditure on soil conservation work decreased from 71 to 52 per cent and the expenditure on salary increased from 27 to 46 per cent.

{Paragraph 3.1.4(d)}

46 to 68 per cent of the total allotment of the year for 3 major schemes were released in March resulting in rush of expenditure.

{Paragraph 3.1.4(e)}

Expenditure control was deficient. DDOs did not submit monthly expenditure statements on time.

{Paragraph 3.1.5(a)}

Expenditure of the scheme was inflated to the extent of Rs.22.41 crore due to retention of un-utilised balance in shape of cash for Rs.0.12 crore, Bank drafts and Deposits on Call Receipts Rs.5.68 crore, unadjusted advance Rs.6.18 crore, Civil Deposits Rs.8.37 crore, paid vouchers Rs.0.03 crore and Bank deposits for Rs.2.03 crore.

{Paragraph 3.1.5(b)}

Rs.1.10 crore advanced to 52 officials who were transferred/retired became irrecoverable due to failure in taking timely action for the recovery/adjustment.

{Paragraph 3.1.5(f)}

ASCO, Bhawanipatna diverted Rs.52.81 lakh towards execution of non-departmental works under NWDPRA¹ Scheme.

{Paragraph 3.1.6.1(d)}

Rs.2.15 crore were spent in excess on establishment charges under NWDPRA scheme beyond the prescribed norm.

{Paragraph-3.1.6.1(e)}

12 ASCOs constructed 41 Farmers Hostel and Cattle Care Centres during 1997-98 by diverting Rs.82.00 lakh from the unspent balances of NWDPRA Scheme.

{Paragraph 3.1.6.1(g)}

9 ASCOs over-reported financial achievement by Rs.2.41 crore under NWDPRA scheme.

{Paragraph 3.1.6.1(j)}

¹ National Watershed Development Project in Rainfed Area (NWDPRA)

Rs.4.44 crore pertaining to IWDP² were lying as Civil Deposit (Rs.2.93 crore) and cash (Rs.1.51 crore) with one DDO.

{Paragraph 3.1.6.3(a)}

Project Director (PD), Phulbani spent 94 per cent of funds for plantation of seedlings but actual plantation was done only for 61 per cent. He also incurred excess expenditure of Rs.47 lakh on treatment of degraded forest.

{Paragraph 3.1.6.3(b)}

Rs.23.75 lakh spent during 1995-1998 on commercial plantation of *simorouba glauca* did not yield any result as the plantations were not maintained and the ASCOs and other officers did not monitor this plantation.

{Paragraph 3.1.6.6(i)}

Plantation farms were mismanaged and were a drain on State coffers. Rs.35.20 lakh were spent on maintenance of 492.08 ha. of non-bearing coffee plantations; in Kalahandi district coffee plantations of 100 acres of land costing Rs.30.00 lakh were damaged due to administrative laxity; Rs.2.42 crore were lost in operations of Sisal farm at Nildunguri and Beldunguri; revenue of Rs.1.20 crore was lost during 1992-98 due to non-exploitation of sisal fibre from exploitable area and shortfall in extraction of sisal fibre.

(Paragraph 3.1.7 and 3.1.8)

Under DPAP³ scheme salary for Rs.2.47 crore was irregularly drawn by DDOs during April 1995 to March 1998 though 206 posts were discontinued by the Government.

{Paragraph 3.1.10(b)}

56 officials in 4 offices were not working at places from where their pay was drawn.

{Paragraph 3.1.10(e)}

Rs.2.41 crore of Calamity Relief Fund was allotted only in February 1999 while they were to be spent by June 1998.

{Paragraph 3.1.12(a)}

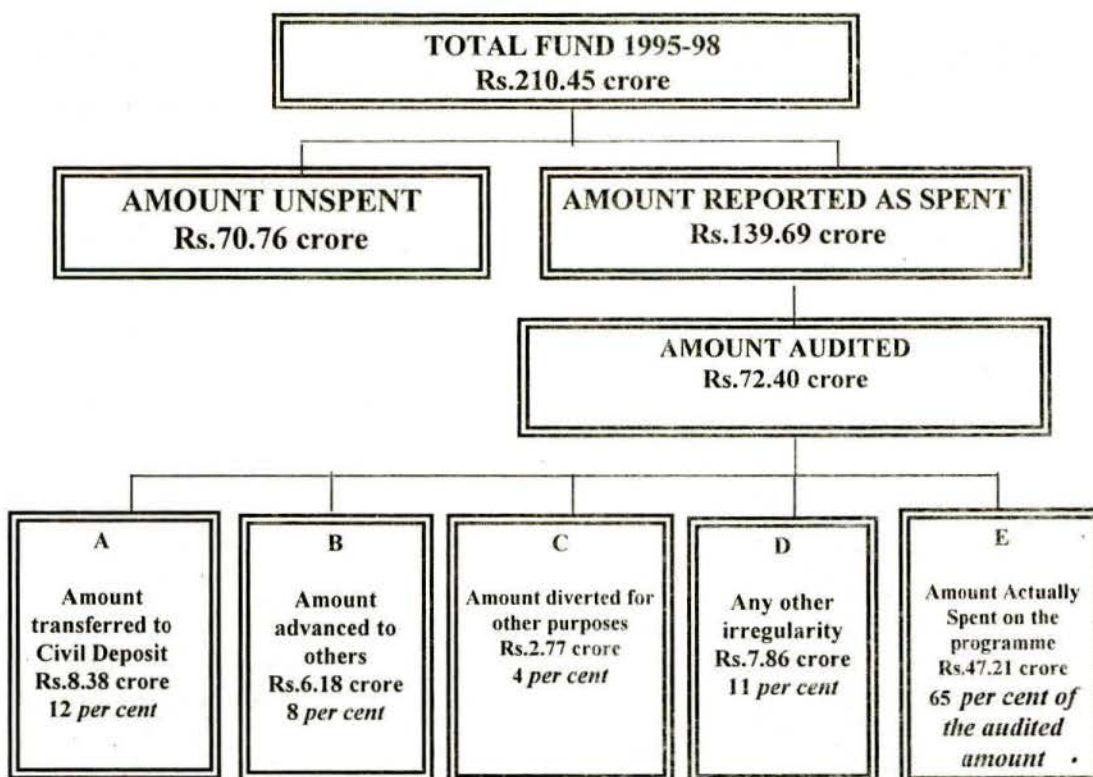
Director and the DDOs did not furnish even first replies to 88 Inspection Reports of Accountant General. These reports included comments on serious financial and other irregularities.

{Paragraph 3.1.12(b)}

² Integrated Watershed Development Project (IWDP)

³ Drought Prone Area Programme (DPAP)

A summarised position of the utilisation of funds is shown in the following diagram :



3.1.1 Introduction

The Soil Conservation Directorate was created from the erstwhile Agricultural Directorate from July 1978. The main objective of the Directorate was to take up soil and moisture conservation measures which included contour bunding, terracing, plantation, gully control measures and construction of water harvesting structures etc. It also aimed at promoting the use of waste and degraded lands through plantations like cashew, coffee etc., upgradation and utilisation of natural endowments like land, water, plant, animal and human resources in a harmonious and integrated manner and envisaged improvement in environment and agricultural production.

3.1.2 Organisational set-up

The Commissioner-cum-Secretary to Government of Orissa, Agriculture Department was the overall incharge of Agriculture Department including the Soil Conservation wing. The Director of Soil Conservation (Director) was the Head of the Department who was assisted by three Joint Directors and one Project Co-ordinator. The district level units were headed by Soil Conservation

Officers(SCO), assisted by Assistant Soil Conservation Officers (ASCO) at Sub-Divisional level. Monitoring and evaluating the programmes was performed by the Planning and Co-ordination Department of the State Government.

3.1.3 Audit Coverage

Audit of some aspects of functioning of the Soil Conservation Directorate was conducted by test check of records of Agricultural Department (Soil Conservation Wing), Director of Soil Conservation, one SCO (Keonjhar), 18 ASCOs (General), 2 ASCOs (Survey), 2 Project Directors (Indo-Danish, IWDP), Principal, SCTI⁴, Koraput and one SCO (Hydrology), Bhubaneswar for the years 1995-96 to 1997-98. Out of 12 major schemes being implemented by the Directorate, records of 7 schemes⁵ were test checked. The result of such review is discussed in succeeding paragraphs.

3.1.4 Budgetary allocation and expenditure

Director as the Controlling Officer was to prepare Budget Estimates for Plan and Non-Plan and submit the same to Agriculture/Finance Department by 1 September every year. Budget and expenditure for the Soil Conservation Directorate for the period 1993-94 to 1997-98 are shown below:

Year	Budget Provision			Revised Budget			Expenditure			Savings(-)
	Non Plan	Plan	Total	Non plan	Plan	Total	Non plan	Plan	Total	
(R u p e e s i n c r o r e)										
1993-94	7.21	27.74	34.95	7.21	27.74	34.95	6.97	20.47	27.44	(-)7.51
1994-95	7.52	29.43	36.95	7.97	27.93	35.90	7.06	24.59	31.65	(-)4.25
1995-96	9.00	64.71	73.71	9.45	62.21	71.66	8.29	43.57	51.86	(-)19.80
1996-97	9.97	63.63	73.60	10.25	63.51	73.76	9.21	37.37	46.58	(-)27.18
1997-98	10.00	59.19	69.19	9.14	55.89	65.03	9.99	31.26	41.25	(-)23.78
	43.70	244.70	288.40	44.02	237.28	281.30	41.52	157.26	198.78	(-)82.52

(a) Persistent savings

There were persistent savings of 12 per cent to 37 per cent during 1993-1998 with average annual rate of savings of 27 per cent. Substantial savings were mainly under the plan schemes viz. NWDPPRA (Rs.50.23 crore), IWDP

⁴ SCTI- Soil Conservation Training Institute

⁵ (1) National Watershed Development Project in Rainfed Area (NWDPPRA), (2) Integrated Development of Cashewnut in India (IDCI), (3) Integrated Watershed Development Project (IWDP), (4) Soil Conservation Demonstration Centre (SCDC), (5) Self Employment of Unemployed Educated Youths (SEUEY), (6) Integrated Wasteland Development Programme and (7) Commercial Plantation Crops in Degraded Wasteland

(Rs.5.02 crore) and IDCI⁶ (Rs.0.82 crore). Director stated (November 1998) that the savings were due to non-sanction of scheme funds by Government.

(b) Delay in submission of Budget Proposal

As per Budget Manual, budget proposals for Plan expenditure were to be submitted to Agricultural Department and for Non-Plan to Finance Department by the Director of Soil Conservation on 1 September each year. In disregard of this provision, Director submitted budget proposals long after commencement of the relevant financial year during 1995-96 to 1998-99 as shown below :

Year of budget	Due date of budget proposal	Actual Submission	Delay
1995-96	1 September 1994	May 1995 to January 1996	8 months
1996-97	1 September 1995	June 1996 to September 1996	9 to 12 months
1997-98	1 September 1996	May 1997 to September 1997	9 to 12 months
1998-99	1 September 1997	August 1998 to September 1998	10 to 11 months

As a result, Finance Department finalised the budget without necessary input from the Department. Secretary to the Department failed to ensure compliance of the provision of the Budget Manual. Department stated (September 1999) that budget proposals were furnished after getting the intimation of Plan ceiling fixed by the Planning and Co-ordination Department.

(c) Excess expenditure of Rs.85.68 lakh.

In 1997-98 Non Plan Budget, provision was reduced by Finance Department at the Revised Estimate(RE) stage from Rs.999.62 lakh to Rs.913.77 lakh. The Directorate, however, incurred expenditure of Rs.999.45 lakh, resulting in excess of Rs.85.68 lakh. No satisfactory reply was furnished by the Directorate for the excess expenditure.

(d) Dwindling expenditure on soil conservation works

During 1995-98 while the percentage of expenditure on soil conservation work decreased from 71 to 52 per cent, the percentage of expenditure on salaries and

⁶ Integrated Development of Cashewnut in India (IDCI)

allowances increased from 27 to 46 *per cent* as detailed below.

Year	Total Expenditure	Expenditure on salary	Percentage	Expenditure on SC Works	Percentage
(R u p e e s i n c r o r e)					
1995-96	51.86	13.86	27	36.97	71
1996-97	46.58	17.63	38	27.93	60
1997-98	41.25	19.02	46	21.25	52

Further, proposals for budget provision for soil conservation works (excluding salary components) was decreased by 19 *per cent* from Rs.56.26 crore in 1995-96 to Rs.45.80 crore in 1997-98.

(e) Release of funds/allotments in March

Funds required for different schemes were to be allotted to the concerned DDOs evenly through out the year. But in 3 schemes most of the funds were allotted by the Director during the month of March; Integrated Development of Cashewnuts in India (63 *per cent* in 1997-98), IDCWDP⁷ (68 *per cent* in 1997-98) and NWDPR (46 *per cent* in 1995-96 and 66 *per cent* in 1996-97) resulting in rush of expenditure in the last month of the year.

3.1.5 Financial management

(a) Failure in expenditure control

Director, being the controlling officer, had to obtain monthly expenditure statements from the DDOs by first week of succeeding month and to submit compiled expenditure figures to Government by 15th of next month.

Scrutiny revealed that DDOs did not submit their monthly expenditure statements on 383 occasions (19 *per cent*) in time as against the requirement of 2050 occasions during the years 1995-98. Director took no steps to control the delay in submission of their statements.

(b) Un-utilised cash balance

Treasury Rules provide that no amount shall be drawn from Government treasury unless it is required for immediate disbursement. Scrutiny of cash books of 26 DDOs including that of the Director showed cash balance of Rs.22.41 crore as on 31 March 1998 of which Rs.6.63 crore pertained to

⁷ Indo-Danish Comprehensive Watershed Development Project (IDCWDP)

Directorate. Physical verification of cash balance was not done regularly by the DDOs. ASCOs at Rayagada, Nayagarh and Nildunguri did not conduct physical verification of cash during the period under review.

Out of this balance, Rs.13.48 crore was shown by 21 DDOs as unutilised as of November 1998. The un-utilised balances were retained in cash for Rs.0.12 crore, BD & DCR⁸ Rs.5.68 crore, advances Rs.6.18 crore, Civil Deposits Rs.8.37 crore, Paid vouchers Rs.0.03 crore and Bank Account Rs.2.03 crore. Year-wise break-up of unutilised balance of Rs.2.26 crore had not been worked out by 4 ASCOs (Chhatrapur, Koraput, Nawarangpur, Dhenkanal). Analysis of year-wise break-up of Rs.20.15 crore in respect of 22 DDOs showed that the balances were lying unutilised (Civil Deposits: Rs.8.15 crore, BD/DCR: Rs.5.13 crore, Advances: Rs.5.08 crore, Paid vouchers: Rs.0.03 crore, Cash: Rs.0.11 crore and in Bank Account: Rs.1.65 crore) since as early as 1975-76 (Appendix-XVIII). Possibility of mis-utilisation and mis-appropriation of Government funds could not be ruled out as the amounts are held under advances and in cash for a long period.

(c) Funds parked under Civil Deposits

Analysis of Rs.8.37 crore lying with Civil Deposits, showed that these funds relating to different schemes viz, NWDPR (Central Plan):Rs.9.13 lakh; IDC (CP):Rs.95.07 lakh; River Valley Project (CP): Rs.1 crore; Indo-Danish (State Plan): Rs.1.77 crore, IWDP(SP):Rs.1.36 crore; State Land Use Board (SP): Rs.2.42 lakh; Rice and fish Integrated Farming: Rs.35.82 lakh; WSM: Rs.10.27 lakh; Calamity Relief Fund : Rs.2.62 crore and others : Rs.9.56 lakh.

Thus funds intended for soil conservation activities were irregularly used for boosting the cash balances of the Government.

(d) Funds irregularly retained in BD/DCR

Finance Department directed that (January 1992) government money should not be retained in BD/DCR. In disregard of these instructions the Establishment Officer of Directorate kept Government money on as many as 50 occasions in BD/DCR during 1995-96 to 1997-98 totalling Rs.1.47 crore ranging from 5 to 30 months to avoid lapse of budget and want of supply of materials. A cash balance of Rs.4.20 crore in the shape of BD/DCR as on 31 March 1998 was retained by 19 DDOs which indicated that such funds were drawn without any immediate necessity.

⁸ BD&DCR = Bank Draft and Deposit Call Receipts.

(e) Drawal of Fully Vouched Contingent bills unsupported by vouchers to the extent of Rs.2.06 crore

Financial Rules provide that the DDOs could draw Fully Vouched Contingent (FVC) bills to meet the cost of goods or services already ordered for Public Services. The DDO was required to render the relevant receipts and vouchers exceeding Rs.1000 to the Accountant General(AG) within 30 days of the drawal.

Test check revealed that six DDOs and Director had drawn Rs.5.30 crore during 1995-98 on 456 FVC Bills while sub-vouchers for Rs.2.06 crore (329 bills) (1995-96 : 146 Nos. of Rs.61.73 lakh; 1996-97 : 105 Nos. for Rs.80.63 lakh and 1997-98: 78 Nos. for Rs.63.72 lakh) had not been submitted to AG as of March 1999 (Appendix-XIX). Of these amounts, Rs.77.45 lakh for 43 FVC bills pertained to ASCO, Nowrangpur. Undue delay in submitting sub-vouchers could lead to serious irregularity including fictitious expenditure and misappropriation of funds. The matter calls for investigation.

(f) Unadjusted advances amounting to Rs.6.18 crore

(i) As per Financial Rules all advances given by DDOs for execution of works were to be adjusted within one month from the date of sanction of advances and DDO was to be held responsible for any deviation on this score. Scrutiny revealed that Rs.6.18 crore were lying unadjusted with 22 DDOs as at the end of March 1998 since as early as in April 1978. Fifty two staff left offices either on transfer or retirement during the period without adjusting advances of Rs.1.10 crore. As these were not pursued, the possibility of their recovery was remote and thus this amount was misappropriated. Year-wise break up of such advances could not be furnished to audit. Evidently, the concerned ASCOs failed to follow up recovery and utilisation certificate from the recipient of these advances which led to such misappropriation of government funds. This matter calls for investigation by the Government.

(ii) There were unadjusted advances of Rs.19.52 lakh given to 11 outside institutions/firms/units covering the period April 1988 to February 1997 as shown in Appendix-XX.

3.1.6 Scheme Management

The Director of Soil Conservation was in overall charge of the implementation of various schemes and was responsible for their management. He was assisted in this matter by three Joint Directors who were each responsible for designated schemes. Technical guidance was being provided by them. The Divisional Soil Conservation Officers were entrusted with the job of periodical checkmeasurement and supervision of the works done by ASCOs.

State Government implemented 65 Non-plan, State plan, Central Plan, Centrally sponsored and externally assisted schemes out of which the following were test checked for the years 1995-98.

	Name of the Scheme	Pattern of assistance	Implemented from	Expenditure during 1995-98 (Rs. in crore)
(a)	National Watershed Development Projects in Rainfed Areas (NWDPR)	Centrally assisted 75% GIA and 25% loan to State Government.	1991-92	41.44
(b)	Integrated Development of Cashewnut in India (IDCI)	100% Centrally assisted Scheme.	1992-93	3.02
(c)	Integrated Watershed Development Projects (IWDP)	World Bank assisted Scheme	1990-91	10.59
(d)	Soil Conservation Demonstration Centre(SCDC)	State Plan 100% State Fund	1978 onwards	1.24
(e)	Self Employment of Unemployed Educated Youths (SEUEY)	State Plan 100% State Fund	1994-95	0.01
(f)	Integrated Wasteland Development Programme	Central Plan	1995-96	0.23
(g)	Commercial Plantation Crops in degraded wasteland	State plan assisted by National Oil Seeds and Vegetable Oil Development Board (NOVOD)	1994-95	0.15

3.1.6.1 National Watershed Development Project in Rainfed Area(NWDPR)

With the objective to conserve, improve and utilise the natural resources like land, water, plant, animal and Human Resources in a harmonious and integrated manner in Rainfed Areas, the scheme was introduced from 1991-92 in Orissa. It aimed at development of natural resource base, sustaining its productivity and improving the standard of living of poor and landless farmers and endeavoured towards restoration of ecological balance.

During VIII five year plan (1991-92 to 1996-97), 335 Watersheds (258 initial + 77 extended) were identified in 258 Blocks of Orissa for implementation. The scheme was financed by GOI with 75 per cent Grant-in-Aid and 25 per cent loan to State Government. The Scheme was to be implemented in accordance with the Watershed Area Rainfed Agricultural System Approach (WARASA) guidelines prescribed by the Ministry of Agriculture, Government of India.

Review of the Implementation of Scheme revealed the following :

(a) Financial Outlay

For implementation of the NWDPR scheme, Government of India (GOI) released a total of Rs.87.07 crore upto March 1998 against which State Government could spend only Rs.77.64 crore (89 per cent) as of March 1998. During 1997-98, though GOI released Rs.12 crore, State Government could not sanction any amount due to receipt of funds at the fag end of the year.

(b) Large amount of funds not spent

Test check of records of 16 ASCOs comprising 108 initial watersheds revealed that though Rs.54.20 crore was allotted by Director during 1990-91 to 1997-98, only Rs.37.60 crore could be spent.

In 29 extended watersheds in Kalahandi, Bolangir and Koraput (KBK) districts, 78 per cent to 98 per cent of funds could not be spent by 4 ASCOs.

(c) Physical Achievements

As per information furnished by Director, the physical targets in respect of gully control measures, crop demonstrations, vegetative filter strips, fodder cultivation, live fencing, castration of scrub bulls, different plantations, etc. were not fully achieved. The shortfall was more than 30 per cent in respect of Repairs/gully control (93 per cent), Bushwood Dam (61 per cent), Live fencing (31 per cent), gully control measures (30 per cent), over seedling of grasses (35 per cent) and live check Dam (41 per cent) (Appendix-XXI).

The genuineness of the achievement was doubtful as the concerned ASCOs merely compiled the Progress Reports obtained from Watershed Team Leaders (WTL) and forwarded them to the Director without conducting 50 per cent check-measurement and physical verification as was required to be done.

(d) Diversion of funds of Rs.52.81 lakh

ASCO, Bhawanipatna diverted unutilised NWDPR funds of Rs.52.81 lakh as on August 1995 for DRDA works like IRDP, EAS and JRY. ASCO stated (April 1999) that the fund was diverted as per Annual Action plan for 1995-96 duly approved by the Project Director, DRDA, Bhawanipatna. The reply was not tenable since the NWDPR fund was not meant for DRDA programmes. This calls for investigation.

(e) Establishment and management cost irregularly met from scheme funds

As per WARASA guidelines, the establishment and management cost of a watershed (only for full time project workers) should not exceed 10 *per cent* of the Project cost. Remaining overheads were to be borne by the State Government.

Review of the project revealed that establishment cost of Rs.1.59 crore in respect of 64 staff of the Directorate (not being full time project workers) was incurred irregularly out of NWDPR Scheme contrary to the guidelines. Further in 14 DDOs establishment cost exceeded by Rs.55.98 lakh which was met from the scheme funds instead of from general budget of State Government (Appendix-XXII)

(f) Selection of watersheds deficient

As per WARASA guidelines, inter-alia, the ideal size of a micro-watershed would be about 500-1000 ha. area, which would facilitate effective and intensive supervision in the minimum possible time (5 years) 1991-92 to 1996-97 for its saturation. Further, it was envisaged that each watershed should have preferably 50 *per cent* or more of its area under cultivation so that the farmers are directly involved and benefited.

Scrutiny of records in 9 ASCOs office revealed that 34 Watersheds had more than 1000 ha and in 12 watersheds the arable land was less than 50 *per cent* of the total area of the watersheds. As no Completion Report was given by the team leaders it was not known whether the watersheds reached the saturation point.

(g) Unauthorised construction of Farmer's Hostel

Under infrastructure built-up (overhead, common facilities), 41 buildings for farmers hostel and cattle care centre were constructed during 1997-98 at a cost of Rs.82.00 lakh by 12 ASCOs by diverting funds from other unspent items to the head 'Innovative Reserve'. ASCOs, Angul and Khurda misutilised funds of Rs.4.00 lakh and Rs.2.00 lakh respectively for construction of their respective office buildings during 1997-98 by diverting funds meant for watershed.

(h) Wasteful expenditure on procurement of Cross Breed Bulls

(i) Ten ASCOs purchased 62 bulls during 1995-96 for Rs.6.2 lakh of which 19 bulls costing Rs.1.9 lakh met unnatural deaths or were missing.

Though the Director of Veterinary, Orissa in August 1996 stated that the Crossbreed bulls were incapable of natural service due to non-maintenance,

improper feeding and poor care, no action was taken to improve their condition and 16 bulls died subsequently.

Life of these bulls were not insured though provided for in the scheme.

(ii) Three ASCOs advanced Rs.1.98 lakh with Utkal Gomangal Samiti for supply of 24 bulls between August 1995 and October 1995. But had not arranged for taking delivery as of May 1999 as watershed beneficiaries were not wanting them due to the bulls not being serviceable.

(iii) The ASCO, Balasore diverted Rs.1.10 lakh meant for purchase of bulls towards purchase of medicines for female calves.

(i) Irregular expenditure on training

Training programmes were to be conducted for farmers in concerned Barani Chetana Kendra (BCK) at Block level or District level, respectively, so as to acquaint them in the watershed works. However, they were deputed to visit different Watersheds outside the State during March 1997 and Rs.5.70 lakh was spent on their travel.

(j) Discrepancies in unspent balance figures

Review of monthly progress Reports of March 1998 from 9 field units revealed that the unspent balance in their Cash Books was not tallying with the unspent balance figures reported in Progress Reports:

Name of D.D.O	Unspent balance shown in progress Report as on 31 March 1998	Unspent balance in Cash Book as on 31 March 1998	Advances with Watershed Development Team Leaders out of column(3)
	(I n R u p e e s)		
1	2	3	4
Nabarangpur	Nil	34,49,243	2021024
Angul	15,12,309	36,41,243	6,04,575
Bhanjanagar	3,500	36,60,997	25,22,734
Phulbani	1,17,259	1,41,345	-
Khurda	37,000	18,80,090	11,57,946
Chittrakonda	Nil	28,30,892	15,11,574
Koraput	Nil	79,30,000	-
Rayagada	5,15,595	21,69,627	19,87,080
Nayagarh	12,32,362	17,69,309	-
	34,18,025	2,74,72,746	98,04,933

Erroneous reporting of unspent balance in the progress report resulted in inflating the expenditure by Rs.2.41 crore. The matter calls for investigation.

(k) Monitoring and Evaluation

The guidelines prescribed internal and external monitoring and evaluation by professional bodies or NGOs.

No block level supervising committees were constituted, Gopals were not selected and entrusted with the maintenance of common property resources, physical verification reports regarding execution of different works and survival of plantations were not prepared either by ASCOs or SCOs.

No internal or external monitoring had been done by the department or through any professional body or NGOs for the scheme.

3.1.6.2 Integrated Development of Cashew nuts in India (IDCI)

(a) Financial Outlay

The scheme was implemented from 1992-93 with 100 *per cent* Central Assistance to develop new cashew plantations with clones of export quality in private holdings and fertilisers and Plant Protection (PP) Chemicals were to be provided for their maintenance for 5 years.

During the period 1991-98 GOI released Rs.4.18 crore but only Rs.3.89 crore could be spent.

Director stated (May 1999) that due to want of State Government sanction the remaining amount could not be utilised.

(b) Physical achievement

Physical achievement under various components was not furnished by the Director.

However, the Progress Report of ASCO, Rayagada showed that the physical achievement on various components like fresh plantation, maintenance, Plant protection measures etc. had been achieved in full. It was noted, however that there was unspent balance of Rs.0.82 lakh with ASCO, Rayagada who stated that the plantation programme had not been implemented due to non-cooperation of beneficiaries. In 3 other cases physical achievement had been reported as full in progress report but there was unspent balance of Rs.4.09 lakh. Thus, possibility of significant over-reporting of achievement in the progress reports could not be ruled out.

(c) Diversion of fund of Rs.10 lakh

Records of ASCO, Khurda revealed that Rs.10.00 lakh were diverted (February 1997) for All India Vegetable and Flower Exhibition, Khurda (Agrivision, 1997) irregularly without approval of Government of India, Ministry of Agriculture.

(d) Fictitious expenditure

Disregarding the guidelines, ASCO, Rayagada and Nawarangpur took up cashew plantations in Government wasteland instead of in private owned lands at a cost of Rs.1.89 lakh. Hence they could not be distributed to the identified beneficiaries. No maintenance of those plantations was done during last 4 years. Possibility of fictitious expenditure can not be ruled out.

(e) Inadequate monitoring and evaluation

Director or Joint Director did not carry out any field inspections of plantations during the years under review.

Records of beneficiaries and their numbers, their area of plantation, survival of plantations etc. and other details were not maintained either by the Directorate or field units. The authorities were not able to inform the number of beneficiaries who had become self-sufficient after 5 years as envisaged in the scheme.

Watch on receipt of utilisation certificates had been tardy. OSCDC¹⁰ had submitted UCs for only Rs.39.62 lakh though Rs.1.52 crore were released to them upto 1997-98.

3.1.6.3 Integrated Watershed Development Projects (IWDP)

The objective of the IWDP was to stabilize selected watersheds through land treatments, soil and moisture conservation and sustainable land management systems, including seeking long term, community based management solution for public non-arable lands. The scheme was introduced in the State from 1990-91 and was implemented in 2 Districts (Phulbani and Ganjam).

¹⁰ Orissa State Cashew Development Corporation

(a) Financial outlay

Unspent balance retained to the tune of Rs.4.44 crore

The financial outlay of the scheme and expenditure incurred during 1995-98 was as follows:

Year	Budget provision	Amount sanctioned by State Government	Amount drawn by DDOs	Expenditure incurred by DDOs	Unspent balance at the end of the year
(R u p e e s i n c r o r e)					
					Opening balance Rs. 0.61 crore
1995-96	12.51	12.16	12.03	9.89	2.75
1996-97	13.00	12.75	12.60	7.64	7.71
1997-98	15.78	15.57	15.47	18.74	4.44

Out of the unspent balance of Rs.4.44 crore at the end of 1997-98, Rs.2.93 crore were credited to Civil Deposits as per State Government order (March 1998) and the balance amount of Rs.1.51 crore kept as cash in hand with one DDO to meet the maintenance cost of plantations.

(b) Treatment for rehabilitation of degraded forest

(i) Excess expenditure in Phulbani Project

Against the annual programme for treatment of 6960 hectares of degraded forest in 1997-98 for Phulbani project, 8560 hectares were covered resulting in excess coverage of 1600 hectares at a cost of Rs.46.99 lakh at the rate of Rs.2937.00 per hectare for which approval of the State Level Committee had not been obtained. Project Director, Phulbani stated that necessary action for approval from Government had been initiated (April 1999).

(ii) Overspending on plantation

Against the target of 13.92 lakh seedlings to be planted in 6960 ha. at the rate of 200 seedlings per ha. PD, Phulbani planted 8.56 lakh seedlings in 8560 ha. at the rate of 100 per ha. Though there was shortfall of achievement of 39 per cent in the number of seedlings, Rs.2.51 crore being 94 per cent of total outlay of Rs.2.66 crore was reportedly spent on them. Possibility of fictitious expenditure and misappropriation of funds could not be ruled out. The matter calls for investigation.

3.1.6.4 Soil Conservation Demonstration Centre (SCDC)

Under the programme 17 Soil Conservation Demonstration Centres covering 963 ha. of land in different agro-climatic regions of the State were established during 1995-98. Scrutiny revealed that in Rayagada and Koraput, land available for demonstration purpose was transferred from the control of ASCO. In Khurda there was no SCDC with any land for demonstration purpose. But three officials were continued and were paid Rs.14.65 lakh as salaries without any specific job.

3.1.6.5 Non-implementation of "Self Employment of Unemployed Educated Youth Scheme" (SEUEY)

The scheme aimed at providing self employment to educated unemployed youths by engaging them to set up seed/nursery farm in one acre each in each Gram Panchayat.

Six ASCOs' records revealed that the entire allotment of Rs.2.52 lakh of 1994-95 remained unutilised and subsequently credited to Civil Deposits (Rs.1.48 lakh) and PL Account (Rs.1.04 lakh) during 1998-99 as ordered by Government. The scheme was not implemented at all due to non-identification of lands and non-selection of beneficiaries by the authorities.

3.1.6.6 Infructuous expenditure of Rs.26.08 lakh

(i) Commercial plantation crops in degraded waste land

Records of four ASCOs showed that the plantation of Simorouba Glauca (oil yielding tree) raised in 1722.6 ha. at a cost of Rs.23.75 lakh during 1994-98 was not maintained, as required, as no fund was allotted (Rs.1600 per hectare) for the purpose and the plantations were seriously affected and no yield was produced at the end of 1998-99. Thus the expenditure became infructuous. Plantations were not inspected by ASCOs or other higher authorities at any time. The possibility of fictitious plantations could not be ruled out. Matter needs investigation.

(ii) Integrated Waste Land Development Programme

ASCO, Bolangir raised miscellaneous tree plantations (414 ha : Rs.18.63 lakh) and cashew plantations (240 ha : Rs.4.80 lakh) at a cost of Rs.23.43 lakh during 1996-97 under above programme.

Records revealed that survival of 58 ha. of miscellaneous tree (Rs.1.91 lakh) and 50 ha. of cashew plantation (Rs.0.44 lakh) was only 25 per cent. Hence the expenditure of Rs.2.35 lakh on such plantations became infructuous. As no field inspection was made either by ASCO or by the Supervising officers to know the actual position, the possibility of fictitious plantations could not be ruled out.

3.1.7 Plantations: Coffee

(a) Unfruitful expenditure on maintenance of coffee plantations: Rs.35.20 lakh

Records of the Director revealed that coffee plantations were developed on commercial basis in the State since 1982-83 in 1000.70 hectares of land under the control of 7 Sub-divisions and Rs.35.20 lakh were spent on maintenance of 492.08 hectare of non-bearing coffee plantations.

All plantations developed on commercial basis prior to 1989-90 were expected to reach fruit bearing stage from 5th year of their plantation i.e. 1994-95. Since the above 492.08 hectares of commercial plantations yielded no fruit/revenue, during the period 1994-98, i.e. after 5th year, the expenditure of Rs.35.20 lakh on their maintenance proved to be unfruitful and infructuous besides the initial cost of raising of such plantations. Director did not furnish any reply as of March 1999.

(b) Destruction of 100 acres of coffee plantation

The ASCO, Bhawanipatna (Kalahandi district) raised 100 acres of coffee plantation (at Badakhman) during 1983-84 under the NREP Scheme. The plantation was maintained upto 1995-96 out of funds of Watershed Management (WSM) Scheme.

The Collector directed the Tahasildar, Rampur to distribute the entire coffee plantations among different beneficiaries after joint identification but the plantations were not distributed and the proposal was postponed. Aggrieved by the delay the local people destroyed the entire plantation by cutting the plants. As a result there was loss of Rs.30.00 lakh spent on raising plantation and their maintenance.

3.1.8 Huge loss in the working of Sisal farm

State Government purchased the Sisal Estate at Nildunguri and Beldunguri (Sambalpur) covering an areas of 1482 acres for Rs.7.00 lakh during April 1964.

(a) Financial results

Check of records revealed accumulated loss of Rs.2.42 crore in these plantations up to 1997-98 due to huge establishment cost, cost for extraction and maintenance (Rs.3.30 crore) and poor revenue receipts (Rs.0.88 crore) during the last 10 years.

(b) Failure in plantations

Cyclic plantations were required for economic exploitation of Sisal fibre and 200 to 220 kgs of Sisal fibre could be extracted from one acre of plantation if annual cyclic plantations were maintained. If the annual cyclic plantations were not maintained and plants developed out of ground suckers, the annual yield would reduce to 110 kgs per acre. The ASCO stated that no cyclic plantation was carried out since the possession of the farm and the plants of the present farm developed out of ground suckers causing accumulated losses. Thus farm was maintained in a non-professional way and huge expenditure was incurred on maintaining the staff. The failure and the consequent loss in revenue calls for investigation.

(c) Short-fall in extraction

It was seen from the records that while 39 to 81 per cent of area of plantations remained unexploited during the last six years, 68 to 80 per cent of sisal fibre remained to be extracted during said period. The loss of revenue to the government on this account amounted to Rs.1.20 crore at the tender price of the corresponding year. Further, it was seen that no physical verification was conducted during the above years by ASCO. Thus, possibility of under reporting could not be ruled out. The matter calls for investigation.

(d) Unnecessary expenditure on staff

In view of the mechanisation of the farm, two tractors with drivers were deployed in both Nildunguri and Beldungri farms. Though the bullocks were disposed of by 1992-93, 14 ploughmen were continued till date and Rs.13.88 lakh were incurred during the years 1993-94 to 1997-98. In total disregard of norms, when two of such posts fell vacant, the ASCO filled up the posts.

(e) Non-disposal of Sisal Fibre valuing Rs.14.42 lakh

It was observed that 52.04 tonne sisal fibre valuing more than Rs.14.42 lakh were lying undisposed of in stock since 1995-96. ASCO, Nildungri stated that the delay was due to non-finalisation of tender at Directorate level. Since no physical verification was done by ASCO, the possibility of damage to the fibre could not be ruled out.

3.1.9 Soil Conservation Training Institute (SCTI)

Shortfall in training intake

The Soil Conservation Training Institute at Koraput was established with the objective of providing training to Junior SC Assistants and SC Section

Officers of the Department in two batches of 60 each in a year. During 1994-95 to 1997-98 only 196 candidates were trained against the target of 480 candidates.

Against 120 candidates per year, the DSCO sponsored less than 50 per cent candidates to the institution resulting in under-utilisation of the available training facility the expenditure of which was of the order of Rs.12 lakh per annum.

3.1.10 Manpower Management

(a) Sanctioned strength and staff in position

Ninety seven per cent of total vacancy related to technical posts.

The sanctioned strength vis-a-vis the men in position in respect of different posts of the Soil Conservation Directorate as of March 1998 are given below.

	Sanctioned post		Men in Position		Vacancy	
	Technical	Non-Technical	Technical	Non-Technical	Technical	Non-Technical
Class-I	39	-	34	-	5	-
Class-II	103	-	90	-	13	-
Spl.Class Gazetted	660	-	545	-	115	-
Class-III	2505	646	1937	693	568	47 (Excess)
Class-IV	-	657	-	637	-	20
Grand Total	3307	1303	2606	1330	701	27 (Excess)

Out of total vacancy of 721 posts the vacancy position of Technical Staff was 701 (97 per cent). The post of Deputy Director/Joint Director (5 numbers), ASCO (13 numbers), JSCO (115 numbers), JE (4 numbers), SC Asst. (15 numbers), SCSO (47 numbers), Junior SC Asst. (435 numbers), FMD (2 numbers) and Amin(6 numbers) were lying vacant. The vacancy was high in KBK districts. Deputy Director of the Soil Conservation Directorate stated (September 1999) that the vacancies were due to promotions/retirement and ban order of Orissa Administrative Tribunal on recruitment.

(b) Irregular drawal of salary under DPAP scheme

On recommendation of Director, Government created (May 1986) 4 Soil Conservation Sub-divisions having total staff strength of 206 posts under DPAP scheme/grants which continued upto 1994-95. After 1994-95 Government disagreed to accord sanction for continuance of such posts under DPAP and categorically directed that the incumbents in such posts were not

entitled to salary under the scheme and no funds were provided in State budget.

In disregard of these instructions, the salaries of the above staff were drawn irregularly by the concerned DDOs without indicating the budget provision on the pay bills which resulted in unauthorised drawal of salary of Rs.2.47 crore (1995-96-Rs.78.76 lakh; 1996-97- Rs.83.95 lakh and 1997-98- Rs.83.83 lakh). The matter calls for investigation. Test check of pay bills revealed that pay and allowances were being drawn without mention of "DPAP" on them. The checks of the bills by Treasury Officers was inadequate which resulted in passing of such bills.

(c) Drawal of salary of unsanctioned strength

Scrutiny of acquittances along with the sanctioned strength under "Watershed Management Scheme" in office of ASCO, Keonjhar and Anandpur revealed that 37 staff were allowed to continue beyond the period of sanction of posts communicated by Director (September 1996) resulting in unauthorised expenditure of Rs.19.71 lakh during the period August 1996 to March 1998 as under.

Sl No	Name of Office	Posts	No. of posts sanctioned prior to August 1996	No. of posts sanctioned from August 1996	Excess staff	Amount Paid (Rupees)
1	ASCO, Keonjhar	FMD	21	2	19	983524
2	ASCO, Keonjhar	JSCA	16	4	12	636884
3	ASCO, Keonjhar	SCTA	1	-	1	81680
4	ASCO, Anandpur	FMD	7	2	5	268745
			45	8	37	1970833

The Director failed to furnish any information in this regard.

(d) Payment of salaries to staff under non-operational scheme

For the Scheme "Plantation of Cashewnuts in Coastal Districts" 10 Technical Posts (1 SC Asst., 2 SCSO, 2 JSCO, 2 FMD, 1 Mistry and 2 Bhumi.Rakhyak) were sanctioned in office of ASCO, Khurda since 1990-91.

Subsequently, the entire Coastal Cashew Plantations were handed over to Cashew Corporation and the Gram Panchayats during 1994 and 1995. However all the technical staff were continued under the scheme and Rs.11.72 lakh were spent on their pay and allowances till the end of March 1998.

ASCO, Khurda stated that those staff were deployed in other schemes as per orders of Director. This was not tenable since they were drawing their pay and allowances under the Scheme "Plantation of Cashewnuts in Coastal Districts" till date (December 1998) though the scheme was not operational. There was, thus, a failure on the part of both the Joint Director and Director who were responsible for management of the scheme.

(e) Irregular deployment of staff

The deployment of officials on regular basis at places other than the place of duty is not permissible under rules framed by Government. Test check of records in 4 offices (Chitrakonda, Khurda, Nabarangapur and Koraput) revealed that 56 officials (as detailed in Appendix-XXIII) in the cadres of JSCQ/ASTO/ TSCO etc. were allowed to perform their duties at places other than their actual place of posting as per orders of the concerned SCO/ Director. As these officials were engaged in places far away from the place of duty for long periods, evidently their continuation in the place of duty was not required. This calls for assessment of staff requirement of these ASCOs and investigation as to how such irregularity took place. The period of such irregular deployment ranged between 1 to 10 years.

(f) Transfer and posting

Director was not monitoring the continuation of staff in respective stations. No transfer/posting panel was prepared for the years 1995-96 to 1997-98 though required as per General Administration Department order (July 1991/ May 1995). Director did not maintain the records of transfer etc. properly. As a result changes in transfer could neither be co-related nor could the period of stay of staff in a particular station or district be verified.

(g) Pending pension cases .

Pension cases of 24 Government servants who retired between January 1992 and March 1998 were lying unsettled as of March 1999. While in 10 cases (January 1997 to March 1998) full pension papers were not received and in 8 cases (January 1992 to March 1998) provisional pension had been sanctioned in balance 6 cases even provisional pension was not given (January 1992 to March 1998). Action for sanction was pending at Directorate level (4) and at Government level (2).

(h) Vigilance and disciplinary cases

Review revealed that there were 69 vigilance and disciplinary cases pending as on August 1999. Follow up action was to be taken in respect of 69 cases covering the period 1986-87 to 1997-98.

3.1.11 Utilisation of Vehicles

(a) Non-disposal of off-road vehicles

13 jeeps condemned during October 1980 to March 1998 (all of which had covered their life span of 10 years) were not disposed of as of March 1999. 5 tractors lying condemned during the period January 1973 to January 1998 were not disposed of by auction sale as of March 1999.

(b) Wages to drivers of idle tractors amounting to Rs.5.38 lakh

Two tractors were idle under ASCO, Khurda from October 1987 and September 1991 respectively but the drivers of those tractors were not deployed elsewhere. As a result there was idle expenditure of Rs.5.38 lakh as on March 1998.

3.1.12 Other Points of interest

(a) Non-utilisation of Calamity Relief Fund

During the unprecedented drought situation of 1997, Special Relief Commissioner, allotted Rs.2.62 crore to Director for repair and restoration of water harvesting structures in the drought prone districts of Kalahandi, Bolangir, Nayagarh and Khurda during 1997-98. The entire amount was drawn and kept in 'Civil Deposit' during March 1998 by Director with the approval of Government.

Director stated (April 1999) that Rs.2.41 crore were allotted to seven ASCO during February 1999 and Rs.20.86 lakh remained in Civil Deposit. According to the Relief Code the amount was to be spent by the end of June 1998.

Thus, funds of Rs.2.41 crore were allotted only in February 1999 whereas it should have been spent by June 1998. No sincere effort was made to mitigate conditions of drought victims even though funds were available.

(b) Poor Response to audit

Audit observations on financial and other irregularities noticed during local audit and not settled on the spot were communicated to the Head of Offices and to next higher departmental authorities through Inspection Reports (IR). Important and serious irregularities were also reported to the Heads of Department and to the Government.

At the end of June 1999, 344 IRs containing 1616 paragraphs relating to Soil Conservation Directorate and subordinate offices were outstanding. Out of this even the first reply had not been received in respect of 88 IRs involving 845

paragraphs as of August 1999. Against the Director of Soil Conservation 11 IRs consisting of 47 paragraphs were outstanding.

These reports included comments of serious financial and other irregularities like infructuous expenditure Rs.1.75 crore, loss and misappropriation for Rs.2.67 crore, non-accountal of stock for Rs.0.23 crore, irregular payment of Rs.0.01 crore and retention of cash in Civil Deposit/Draft/DCR for Rs.1.31 crore. Thus, the Director failed in discharging his responsibility in this regard.

(c) Losses and Defalcations involving Rs.4.64 lakh

33 cases of losses and defalcations involving Rs.4.64 lakh were detected in the department during the period 1969-70 to 1997-98. The position of pending cases as of June 98 was as follows:

		No. of cases	Amount involved (Rupees in lakh)
(i)	Departmental action not started/finalised	3	2.38
(ii)	Recovery of money awaited	4	1.05
(iii)	Under investigation/subjudice	10	0.69
(iv)	Money recovered but PAC clearance awaited.	13	0.52
(v)	Money value not intimated	3	--
	Total	33	4.64

Out of serial number (i) above, there was a theft case of Government money amounting to Rs.1.98 lakh during 1996-97 for which no departmental action was initiated even by March 1999.

Recommendations

To ensure effective expenditure control, timely submission of expenditure statements and progress reports by the DDOs should be ensured.

To eliminate the practice of retention of huge unutilised sums controlling officers should keep a close watch on the drawal/utilisation of funds by DDOs.

Directorate needs to ensure effective utilisation of technical staff in programme implementation. Vacancies in technical cadres should be mitigated by suitable redeployment of staff.

Monitoring of implementation of schemes should be a priority and the prescribed procedures for this purpose should be implemented.

The matter was referred to Government in October 1999; their reply had not been received (December 1999).

FOOD SUPPLIES AND CONSUMER WELFARE DEPARTMENT

3.2 Public Distribution System (PDS)

Highlights

The Public Distribution System (PDS) has been an integral part of Government of India's Food Policy.

The PDS had been established in the State with a view to providing food-grains to the population by regular system of allotment, lifting and distribution. Functioning of the PDS in the State of Orissa revealed major shortcomings. Large number of bogus ration cards were not eliminated though State Government were aware of it. Only 43 per cent of the requirement of food grains for BPL families was met from PDS. Due to inefficient functioning of OSCSC State Government had to bear huge amount of avoidable subsidy. Due to unjustified excess issue, food grains and sugar was diverted; whole meal Atta were sold in open market flouting the instruction of Central Government ; scheme for selling Atta through conversion of wheat provided undue benefit to millers and increased the price of Atta. State Government irregularly diverted RPDS/TPDS rice for its own welfare schemes. Inspection and quality assurance system was inadequate.

Though according to the Department under Revamped Public Distribution System (RPDS) there were 19.34 lakh families in the State, 23.62 cards were in circulation indicating an excess of 4.28 lakh cards. State Government did not ascertain quantum of excess cards before the scheme was closed (June 1997).

{Paragraph 3.2.6(i)}

Under Targeted Public Distribution System (TPDS) State Government assessed the number of cards as 68.44 lakh but cards in circulation were 82.42 lakh. Thus indicating excess of 13.98 lakh cards. District authorities did not implement Government order to eliminate excess cards.

(Paragraph 3.2.7)

The requirement of food grains available for BPL families under TPDS in the State was met to the extent of only 43 per cent.

(Paragraph 3.2.9)

District officers issued excess quantity of food grains and sugar for a total value of Rs.4.44 crore to retailers in 7 districts. Avoidable Central subsidy on these excess issues was Rs.1.91 crore and State subsidy was Rs.82 lakh. The excess issues facilitated misuse and diversion of food grains etc.

{Paragraph 3.2.10(b)(i)}

In Kalahandi and Phulbani districts the departmental Officers, working as storage agents, caused shortage of stock of Rs.19.51 lakh.

{Paragraph 3.2.10(b)(iii)}

2.48 lakh out of 6.82 lakh consumers in three districts were deprived of getting rice/wheat as retailers did not collect adequate commodities; but no action was taken against them.

{Paragraph 3.2.10(c)}

Scheme for selling Atta rather than whole grain wheat resulted in increase in the price of atta due to inclusion of sales tax twice- once on wheat and again on atta amounting to Rs.5.79 crore.

(Paragraph 3.2.11.1)

In disregard of GOI orders whole meal atta valued at Rs.27.83 crore was sold in open market in Cuttack district.

(Paragraph 3.2.11.2)

Out of 35 thousand quintals wheat allotted to millers in 3 districts for conversion to Atta 14 thousand quintals wheat valued at Rs.98.71 lakh was unauthorisedly retained by the millers without delivery of atta.

(Paragraph 3.2.11.3)

State Government could not utilise Rs.2.08 crore of Central assistance for construction of godowns and lost further assistance of Rs.3.35 crore.

(Paragraph 3.2.12)

In hilly and tribal districts number of Fair Price Shops (FPS) were less than requirement whereas in coastal areas the number of FPS were more than requirement.

(Paragraph 3.2.13.1)

The State Government paid unnecessary subsidy amounting to Rs.7.41 crore to OSCSC on account of undue interest on investment, storage charges and provision of shortages.

(Paragraph 3.2.14.2)

Food grains under RPDS and TPDS were irregularly diverted for State's own welfare schemes. Central subsidy of Rs.9.57 crore was paid for such diverted food grains.

(Paragraph 3.2.15)

Substandard quality and below Fair Average Quality (FAQ) food grains valued at Rs.4.84 crore were issued to consumers.

(Paragraph 3.2.16.1)

FPS were not inspected regularly by the concerned staff. Various Committees at retailers level, town level and block level were not constituted.

(Paragraph 3.2.17)

In six test checked districts stocks valued at Rs.58.76 lakh were misappropriated by storage agents/depots in-charge and Secretaries of GPs due to negligent and perfunctory physical verification of stocks.

(Paragraph 3.2.20)

Unjustified purchase of rice led to avoidable expenditure of Rs.1.03 crore in 4 districts.

(Paragraph 3.2.22.1)

3.2.1 Introduction

The Public Distribution System (PDS) has been an integral part of Government of India's Food Policy. This involves management, maintenance and distribution of essential commodities such as wheat, rice, sugar, edible oil and kerosene at affordable prices to the public in urban and rural areas through statutory rationing system.

Revamped Public Distribution System (RPDS)

Due to certain shortcomings and wide spread criticism in the implementation of the PDS, Central Government introduced the Revamped Public Distribution System in June 1992 for tribal, arid, hilly and drought prone areas to make food grains available at peoples' door step. The Government of Orissa, adopted the scheme in 143 blocks of Integrated Tribal Development Projects and Drought Prone Area Programme (118 ITDP blocks + 25 DPAP blocks) in 16 districts from June 1992. The scheme envisaged distribution of 20 kg., of rice and 5 kg., of wheat per month per family.

State Government introduced a special subsidised scheme under RPDS from 1 April 1995 to make available 10 kilogram of rice and 10 kilograms of wheat in those ITDP/DPAP blocks. Rest of the blocks remained under PDS.

Targetted Public Distribution System (TPDS)

In June 1997, Central Government replaced existing PDS and RPDS with TPDS which was adopted by the State Government. Under TPDS Below Poverty Line (BPL)/Above Poverty Line (APL) families were to be identified as per prescribed norms for receipt of 10 kg. of rice.

3.2.2 Organisational Set up

Food Supplies and Consumer Welfare (FS&CW) Department headed by the Commissioner-cum-Secretary formulates and regulates the policy on procurement, allotment, distribution, monitoring and enforcement of the PDS. The District Collectors are responsible for its effective implementation.

The Orissa State Civil Supplies Corporation Limited (OSCSC), a wholly owned Government Company, is the Executing Agency carrying on activities relating to purchases and lifting of food grains from the Food Corporation of India (FCI), storage, transport/movement, distribution and sale of food grains at predetermined prices through District Manager-cum-Civil Supplies Officer at district level. The distribution of food grains and other essential commodities is done through a net work of storage agents, Fair Price shops and mobile vans owned by the OSCSC.

3.2.3 Audit coverage

Review of PDS with emphasis on RPDS and TPDS was conducted in 8 districts (viz. Puri, Cuttack, Kalahandi, Bolangir, Koraput, Mayurbhanj, Keonjhar and Phulbani) in the offices of DM-cum-CSOs for the period 1992-93 to 1998-99. Records of the Department and OSCSC were also checked.

The services of the ORG Centre for Social Research, a division of ORG-MARG Research Limited was commissioned by the Comptroller and Auditor General of India with a view to obtaining the beneficiary perception of the programme and related matters. The ORG-MARG carried out survey over a sample, determined on the basis of socio-cultural characteristics and development status. Findings of the survey on matters discussed in the Report have been included in this review at appropriate places.

3.2.4 Pattern of assistance

The scheme is Centrally Sponsored. The foodgrains (Wheat and Rice) procured by FCI are released by them through PDS in accordance with the allocations made by Government of India. The Central issue price is less than the Food Corporation of India's economic cost and the difference between the two is reimbursed to FCI by the Government of India. Apart from subsidy, Government of India's contribution to infrastructural cost (godown and transportation) is in the form of 50 per cent loan and 50 per cent grants-in-aid.

OSCSC is authorised by State Government to lift food grains from FCI at Central Issue Price. The difference between OSCSC's economic cost and consumer price fixed by State Government is reimbursed to OSCSC by State Government as consumer subsidy.

3.2.5 Financial outlay and expenditure

During 1992-93 to 1998-99 OSCSC incurred an expenditure of Rs.3255.30 crore against budget provision of Rs.3033.77 crore as detailed in Appendix-XXIV.

Government of India's contribution for food subsidy to FCI was Rs.1521 crore and infrastructure assistance to OSCSC was Rs.6.24 crore during 1992-93 to 1998-99. The OSCSC incurred an expenditure of Rs.3326.31 crore during 1992-93 to 1998-99 inclusive of administrative cost of Rs.71.01 crore. The details are given in Appendix-XXV.

3.2.6 Identification of target group

(i) RPDS

According to Department the total population in RPDS areas of the State was 96.69 lakh consisting of 19.34 lakh families as on April 1995. Against this there were 23.62 lakh ration cards in circulation. Department was aware of possibility of bogus cards and had instructed all Collectors in 1996 to conduct door to door survey. However, before the work was completed RPDS was closed from June 1997.

Government of India, in November 1994 had directed State Government to add 8 blocks to DPAP areas to cover more beneficiaries. The State Government did not do so as of May 1997 thereby depriving 96254 beneficiaries of the facilities of subsidised food grains.

(ii) Targeted PDS

The scheme was introduced to cater to the people below poverty line (BPL) in the entire State. The Expert Group of Government of India identified 31.82 lakh BPL households in the State while the Department adopted the figures obtained in DRDA survey of 1992-93. There was a wide variation between the two assessments. DRDA survey indicated 42.37 lakh BPL families.

Scrutiny revealed that State Government issued instructions in May 1997 to limit the number of BPL urban families to 2.42 lakh. But in 6 test checked districts as many as 2508 families, not qualifying as BPL on grounds of income, occupation and other characteristics, were included in the list of beneficiaries.

Thus, while on the one hand there was unnecessary limitation placed on identification of urban BPL families by Department, on the other ineligible beneficiaries were allowed to avail of the benefit.

3.2.7 Excess issue of ration cards

Number of cards in circulation in December 1998 was 82.42 lakh whereas State Government's assessment was 68.44 lakh.

In 8 test checked districts the number of excess cards were 6.65 lakh, of which Cuttack district alone contributed more than 45.80 *per cent* vide Appendix-XXVI. There was therefore possibility of large number of bogus ration cards in the entire State. In spite of existence of large number of bogus cards, survey to locate bogus cards was not completed.

3.2.8 Non-replacement of old BPL cards with new cards

As per State Government's orders the old stamped BPL cards were required to be replaced by new special BPL cards. In Keonjhar district it was seen that since March 1998 one lakh new BPL cards were lying unissued with DM-cum-CSO as of May 1999.

On being asked to state the reason the DM-cum-CSO, Keonjhar stated (May 1999) that action would be taken to distribute the same.

3.2.9 Requirement and supply of foodgrains for TPDS

Out of the total requirement of 26.94 lakh tonnes of food grains for the State there was shortfall in allotment of 13.71 lakh tonnes which represents 51 *per cent*. Even the allotted quantity was not fully lifted and off take was also less than the allotted quantity. The percentage of off-take of rice and wheat for both BPL and APL families compared to the requirement was only 43 *per cent*. Therefore quantity of foodgrains which reached distribution points could meet only 43 *per cent* of consumers' requirement as shown below:

	(in circulation)	
	BPL Cards	42,37,212
	APL Cards	40,04,507
	Total	82,41,719
(A) Requirement		
1.	Rice (Tonnes)	18,13,179
2.	Wheat (Tonnes)	8,80,992
	Total	26,94,171
(B) Allotment		
1.	Rice (Tonnes)	10,52,380
2.	Wheat (Tonnes)	2,70,409
	Total	13,22,789
(C) Lifting		
1.	Rice (Tonnes)	9,40,623

	(in circulation)	
2. Wheat (Tonnes)	2,59,835	
Total	12,00,458	
(D) Off take		
1. Rice (Tonnes)	9,18,394	
2. Wheat (Tonnes)	2,43,933	
Total	11,62,327	
(E) Percentage of allotment to requirement	49	
(F) Percentage of lifting to allotment	91	
(G) Percentage of off take to lifting	97	
(H) Percentage of off take to requirement	43	

3.2.10 (a) *Non-lifting of available stock*

(i) DM cum CSOs in Koraput, Kalahandi and Phulbani did not lift 0.30 lakh tonnes of food grains depriving 2.99 lakh consumers in these districts as detailed below:

District	Period	Quantity not lifted (in lakh quintals)	Number of consumers deprived (in lakh)
Phulbani	October and November 1997	0.063 (APL Rice)	0.63
Koraput	April 1995 to September 1995	0.085	2.36
Kalahandi	April 1995 to August 1995	0.152	

The lifting was not done for want of funds to be provided by OSCSC.

(ii) *Failure of storage agents to lift stock*

Storage agents also failed to lift available stock from FCI godown. In Puri, Cuttack and Mayurbhanj 0.77 lakh tonnes of rice during April 1995 to November 1997 remained unlifted. No action was taken by DM-cum-CSOs or the Government to ensure that the storage agents had lifted the full quantity for distribution.

ORG-MARG's survey revealed that sugar and kerosene were always/mostly available (77 and 82 per cent respectively) while rice was available to a certain extent (42 per cent).

(b) Excess lifting of commodities

(i) Due to negligence of the DM-cum-CSOs, storage agents lifted excess of allotment/card strength, thereby creating scope for misuse and diversion of subsidised foodgrains as discussed below.

Without regulating the issue of food materials to retailers based on card strength, excess quantities of food grains such as PDS wheat: 2433 quintals (valuing Rs.13.38 lakh), sugar:17995 quintals (valuing Rs.186.83 lakh), RPDS rice:25415 quintals (valuing Rs.130.12 lakh), special subsidised rice:17110 quintals (valuing Rs.83.33 lakh) and Whole Meal Atta (WMA):5727.60 quintals (valuing Rs.30.24 lakh) were issued by the DM-cum-CSOs in seven districts during the period from May 1993 to March 1999 (vide Appendix-XXVII). The DM-cum-CSOs did not furnish reason for excess issue of commodities. Based on figures of economic costing and Central Issue Price the amount of Central subsidy involved worked out to Rs.1.91 crore in respect of seven districts. In addition, State Government unnecessarily had to bear subsidy on such excess issue of foodgrains amounting to Rs.81.50 lakh.

(ii) Excess lifting of whole meal Atta

As against the actual requirement of atta at the rate of 10 kg per card in PDS in Cuttack district the off take from the mill by the retailers was much higher as shown below:

Number of cards allotted	Period of issue	Requirement at the rate of 10 kgs per card per month	Off Take	Excess	Value (Rs. in lakh)
(In quintals)					
5	April 1996 to December 1996	4.5	165	160.50	0.88
No. cards attached	-do-	--	465	465	2.56
115	-do-	103.5	495	391.5	2.15
44	-do-	39.6	300	260.4	1.43
Total		147.6	1425	1277.40	7.02

The DM-cum-CSO Cuttack replied (April 1999) that Department had issued instructions to issue 45 quintals of atta to each retailer irrespective of number of cards allotted. However, this was not tenable in view of Government of India's instructions according to which atta was to be issued on cards.

The DM-cum-CSO stated that he had issued atta to floating population. As there was no means to verify the genuineness of issue in absence of ration cards, there was possibility of diversion of the entire quantity for sale in open market.

(iii) In Kalahandi and Phulbani districts, the Marketing Inspectors were handling stocks as departmental storage agents (Kalahandi:13 and Phulbani:3) in addition to their duties of checking malpractices etc. No security deposit was recovered from them for handling of stock and these were not even covered with insurance. They neither maintained stock and store accounts nor conducted physical verification of the stock. Monthly stock returns were also not submitted. As a consequence following shortages of stock valued at Rs.19.51 lakh were noticed in which the marketing inspectors themselves were involved.

Name of the district/block	Period	Particular of shortages	Value (Rupees in lakh)
Kalahandi Kalampur Block	December 1997 to August 1998	Rice 2481 quintals	12.41
Kesinga	January 1998	Rice 567.60 quintals sold to two rice Mills while transporting	0.90
Golamunda	January 1996 to August 1996	Non-distribution of SS rice	2.00
Phulbani Phulbani NAC	January 1997 to October 1997	Shortage of stock	0.90
Phiringa Block	May 1998 to December 1998	Shortage of 150 tins of Palmolein	1.20
Phulbani NAC	October 1997 to October 1998	Non-deposit of sale proceeds of rice	2.10
Total			19.51

(c) *Shortfall in off take of commodities*

In three districts 2.48 lakh consumers constituting 36.3 per cent of total card holders as shown below were deprived of subsidised food grains as the retailers collected less commodities than their quota based on card strength.

Period and Commodity	District	No. of cards	Requirement	Off take by retailers	Short-fall	No. of consumer deprived of
(I n q u i n t a l)						
I. PDS Wheat						
1994-95 to 1996-97	Bolangir	167769	5,03,307*	92,948	4,10,359	136786

Scale of issue of wheat in 1994-95 was 5 Kg. per card upto March 1995 and at the rate of 10 Kg. per card per month from April 1995 onwards.

Period and Commodity	District	No. of cards	Requirement	Off take by retailers	Short-fall	No. of consumer deprived of
(I n q u i n t a l)						
RPDS Rice						
1995-96 & 1996-97	Mayurbhanj	399558	958933	720829	238104	99210
April 1995 to September 1996		104745				
From October 1996 to March 1997	Kalahandi	114512	257250	229581	27669	11528
Total		681839	1719490	1043358	6,76,132	247524

Source: Monthly Stock Returns

The concerned DM-cum-CSO failed to furnish the details of action taken for shortage in the off take by the retailers.

The matter was not in the knowledge of the Government.

3.2.11 Sale of Atta

3.2.11.1 Whole Meal Atta – avoidable increase in price

Scheme for selling Atta rather than whole grain wheat was re-introduced in 1994 resulted in raising its price due to inclusion of sales tax as sales tax of 4 per cent was imposed on wheat and yet again on Atta. Consumers would have been benefited more if only one time sales tax on wheat would have been levied. Sales Tax on Atta was Rs.26.83 per quintal.. It was not clear why the department had opted for selling whole meal atta rather than selling whole grain wheat. The Sales Tax component on Atta from February 1996 to March 1998 amounted to Rs.5.79 crore for 21.58 lakh quintals of Atta. Reasons for this were not furnished by the Department.

3.2.11.2 Selling of Whole Meal Atta through inadmissible outlets

Government of India forbade (in September 1994 and subsequently) sale of Atta for PDS other than through cards. However State Government allowed and the DM-cum-CSO, Cuttack sold 4.56 lakh quintals in hat sale* valuing Rs.27.83 crore. Reasons for disregard of Government of India's order need investigation.

Sale in open market without ration cards.

3.2.11.3 Pilferage of wheat

For milling of wheat DM-cum-CSO of Mayurbhanja, Koraput and Keonjhar allotted wheat to millers (September 1998 to March 1999) but full atta was not delivered as shown below:

	(In quintals)
Wheat lifted	35,294
Wheat converted to Atta	21,377
Balance of Wheat	13,917

The balance wheat valued Rs.98.71 lakh at the rate of Rs.709.28 per quintal was not returned by flour mills till May 1999. Due to failure of the DM-cum-CSOs in monitoring of delivery of Atta possibility of pilferage of wheat worth Rs.98.71 lakh could not be ruled out.

3.2.12 Infrastructure facilities

Construction of godown

Under RPDS Government of India provided financial assistance of Rs.2.08 crore (August 1992) for construction of 52 godowns in first phase in 16 ITDP/DPAP districts of Orissa with the purpose of enhancing storage capacity in these areas. OSCSC could complete only 31 godowns at an expenditure of Rs.2.05 crore as of May 1999. Due to non-completion of 21 godowns State Government lost the opportunity of assistance of Rs.3.35 crore from Government of India for second phase construction.

3.2.13 Deficiency in Distribution Net work

3.2.13.1 Irregularities in allotment of Fair Price shops

The total number of FPS in the State were 23890 (voluntary organisation-80, Municipality/NAC-138, Co-operatives-1629, MFPS relating to OSCSC-88, Grampanchayats-1389, Private-20566). As per the norms fixed by the GOI one FPS was required for every 2000 population in plain area and for 1000 population in hilly, tribal and arid areas. The district-wise position of FPS dealers in 8 districts test checked is given in Appendix-XXVIII.

Scrutiny revealed that against the requirement of 7301 Fair Price shops in 6 hilly and tribal districts there were only 5172 number of FPS resulting in short fall of 2129 FPS (29.16 per cent) whereas in coastal districts of Cuttack and Puri 660 and 86 FPS were in excess. The shortages were exceedingly high in Koraput (25 per cent), Keonjhar (69 per cent) and Phulbani (59 per cent) Districts.

In Cuttack Municipal Corporation, 305 FPS and in Brahmagiri and Sadar block of Puri District 4FPS did not possess valid licence.

Allocation of ration cards to Fair Price Shops in Cuttack Municipality varied from 5 to 1516 whereas it should have been 400 cards to service a population of 2000 people each. Similarly in respect of Puri Sadar block it varied from 233 to 7500 cards. Thus, there was no rationale and uniformity in allocation of ration cards. DM-cum-CSO failed to exercise judicious control while deciding quantum of allotment of ration cards. The matter calls for investigation.

In Keonjhar the number of FPS was reduced arbitrarily from 1470 to 416 in April 1997. This was ostensibly done on verbal orders of District Collector. However, exact reasons were not known.

3.2.13.2 Opening of ration shops

ORG-MARG noticed that nearly 60 per cent of ration shops had a frequency of opening of once a week or less. Magnitude of the problem was higher in interior areas of the State. In urban areas the frequency of opening was more than in rural areas.

3.2.14 Subsidy

OSCSC claims subsidy from State Government at pre-determined rates on the basis of issue of stock. Subsidy is the difference between economic costing arrived at by OSCSC and consumer price fixed by the Government. Subsidy is available on rice and wheat under different schemes like RPDS and TPDS. The economic costing and consumer price and rate of subsidy for the period 1992-93 to 1997-98 is given in Appendix-XXIX.

3.2.14.1 Claims of subsidy disallowed

Amount of subsidy claimed, allowed and released by the Department to OSCSC for the period 1992-93 to 1998-99 were as shown below.

Year	Amount claimed	Amount allowed	Amount released	Amount outstanding
(R u p e e s i n c r o r e)				
1993-94	11.70	11.09	6.88	4.21
1994-95	15.02	14.38	--	14.38
1995-96	101.50	101.22	80.23	20.99
1996-97	115.95	112.47	85.00	27.47
1997-98	99.48	99.18	82.15	17.03
Total	343.65	338.34	254.26	84.08

State Government in 1992-93 and subsequently in December 1996 stated that subsidy would be set off against profit and balance amount would be available

against subsidy. Therefore OSCSC was asked to prepare schemewise operational profit and loss account and to produce the same alongwith claims. OSCSC could not get Rs.84.08 crore of subsidy from the Government as they had not furnished operational profit and loss account to ascertain exact amount of subsidy.

3.2.14.2 Avoidable expenditure on subsidy

The OSCSC was unduly benefiting out of PDS due to loading of avoidable costs in the claims of subsidy. Government failed to exercise proper check and thus incurred Rs.7.41 crore of extra expenditure while giving subsidy to OSCSC as shown below:

(a) Interest on investment

Due to inclusion of interest of Rs.18.54 per quintal on investment for 3 months, instead of Rs.6.18 per quintal for one month during which period the entire operation of lifting and distribution of commodities is normally completed, OSCSC received undue benefit by way of subsidy of Rs.5.58 crore for handling 45.14 lakh quintals of rice.

(b) Storage charges

Due to loading of storage charges at the rate of Rs.2.75 per quintal for 3 months, the expenditure of OSCSC was unnecessarily increased. This should have been restricted to one month at the rate of Rs.1.25 per quintal for the reasons stated in (a) above. Thus OSCSC was benefitted by way of undue subsidy of Rs.0.68 crore for handling 45.14 lakh quintals of rice.

(c) Transit loss

The storage agents are allowed shortages at the rate of 0.5 per cent per quintal. Transit loss at the rate of one per cent amounting to Rs.5.12 per quintal was provided in the economic costing for pricing of rice. The element of shortage allowed to storage agent at the rate of 0.5 per cent should have been taken into account for economic costing instead of transit loss of one per cent. The OSCSC was benefitted by Rs.1.15 crore at the rate of Rs.2.56 per quintal (50 per cent of Rs.5.12) for 45.14 lakh quintals.

3.2.14.3 Inadmissible subsidy

Subsidy was not admissible on Mid Day Meal (MDM) rice as this was free supply from Central Government. However, the claim of subsidy of OSCSC included 22,473.70 quintals of MDM rice in respect of 6 districts (Mayurbhanj, Nowarangapur, Balasore, Gajapati, Kalahandi and Keonjhar) during the period June 1995 to October 1995. Thus subsidy of Rs.14.15 lakh allowed on MDM rice was not admissible.

3.2.15 Diversion of food grains

Government of India directed (October 1997) State Government not to divert food grains under TPDS to any welfare schemes like of SC/ST Hostels, Gratuitous relief, emergency feeding, mid-day meal and flood reserve. Department directed during July 1995 that SC/ST Hostels were entitled to get food grains at the special subsidised price meant for the RPD system except in summer vacation. But Department as well as DM-cum-CSO diverted 1.53 lakh quintals of RPDS/TPDS rice to such schemes and SC/ST hostels during summer vacation as shown in Appendix-XXX. The Central subsidy involved in these unauthorised diversions of RPDS rice 0.05 lakh and TPDS rice (1.49 lakh quintals) were Rs.0.16.crore and Rs.9.41crore respectively.

3.2.16 Quality Assurance/Inspection

State Government issued instructions to DM-cum-CSO as per orders in July 1995 to send joint sealed samples of foodgrains to Deputy Director, Quality Control and Regional Testing Laboratory by 5th of the succeeding month before lifting of stock and distribution. This was not observed and the quantities were sold even before the results of test were received as shown below :

District	Period of samples	No. of samples sent for test		Remarks
		Rice	Wheat	
1.Bolangir	June 1997 and September to November 1997			Samples of rice were not sent for test
-do-	March 1997 to February 1998 June 1998 to April 1999			Samples of Wheat were not sent for test
2.Phulbani	1992 to 1994			Samples of both rice and wheat were not sent for test.
-do-	December 1996 to May 1997	127	3	Analysis report was not received
3.Mayurbhanj	June 1998 to February 1999	149	86	Analysis report was not received

(i) Scrutiny of records revealed that 1.15 lakh quintals of rice and 0.14 lakh quintals of wheat of sub-standard quality and below Fair Average Quality (FAQ) valuing Rs.4.84 crore were distributed by DM-cum-CSO to the consumers even before receipt of test results as detailed in Appendix-XXXI.

The Collector, Khurda, in October 1996, intimated supply of inferior quality of Atta, as complained by Pricing Committee in September 1996.

This was not investigated into nor quality aspect attended to. Reports of Deputy Director (quality control) Government of Orissa FS and CW Department confirmed the quality of Atta as sub-standard.

Test records of quality control of FS and CW Department revealed that out of 134 samples taken from Cuttack, Ganjam and Sambalpur during December 1998 to May 1999, 72 samples were found to be sub-standard. Reports confirmed that most of the samples relating to 12 Roller Flour mills of Cuttack entrusted to supply for PDS were found sub-standard. Results of test for earlier period were not made available to Audit.

Thus, foodgrains of poor and sub-standard quality were supplied to the consumers.

ORG-MARG's survey reported that 41 *per cent* of samples indicated quality of rice as good.

3.2.17 Inspection

(i) For effective implementation of PDS, Fair Price Shop dealers, were needed to be supervised effectively so that specially subsidised foodgrains reached the BPL families and were not diverted to the open market. To ensure this, inspection schedules were required to be drawn up for the District/Taluk level offices right from the Collector/District Magistrate to the level of Inspector of Supplies. However, no such inspection schedules were drawn up. There were no weekly review meetings on PDS by the Collector and District Magistrate. The monthly progress reports were either not submitted by the Marketing Inspector (MI) and Sub Divisional Officers, or submitted irregularly. Moreover, the CSOs were inflating the figures of inspection in their report to Government as shown below:

Month	Number of checks reported by ACSO / Headquarters Puri to DM-cum-CSO, Puri	Number of checks as per reports of the DM-cum-CSO submitted to Government
October 1997	18	175
November 1997	5	185
January 1998	10	208
March 1998	17	320
August 1998	6	313

The matter calls for investigation.

(ii) Every Inspector was required to tour at least 20 days in a month and the details of checks conducted were to be submitted to the DM-cum-CSO

regularly. Scrutiny of details of checks, raids, etc. conducted during 1992 to 1998 showed that taking into account a standard of 20 days on tour in a month (same number of checks) by each Inspecting Officer, there was shortfall of 2,02,886 checks (28 per cent) to be covered by 431 Inspectors during the period 1992 to 1998. Thus each inspector was touring only 14 days on average. Due to lack of adequate number of checks/inspections, proper monitoring of PDS could not be ensured.

(iii) The Panchayat President and member of Municipality or other local bodies were not informed of the allocation and actual off take of essential commodities to/by the fair price shops within their locality.

3.2.18 Non functioning of committees at various levels

(i) The State Government issued instructions from time to time for formation and operation of Retailers Level Committee (RLC), Town Level Advisory Committee (TLAC) and Block Level Advisory Committee (BLAC) for smooth and proper functioning of Fair Price Shops. However in most of the cases, RLCs were not constituted and in a few cases though TLACs and BLACs were constituted, they were not regularly functioning; and no monthly progress reports and returns were submitted to the Government regularly and no effective system was evolved for close monitoring of FP shops. As per the instructions of the Department at least four members of the committee (RLC/TLAC) were to sign the tally register maintained by the retailer certifying receipt of essential commodities allotted to the retail centre and their proper distribution. Allotment for subsequent months was not to be released until such a certificate was recorded in the tally register. But the instructions were not adhered to due to non-constitution and non-functioning of RLCs and TLACs in most of the cases.

(ii) Monthly progress reports on monitoring and functioning of PDS submitted to the Government of India revealed that no information in regard to the number of meetings of vigilance committees held at FPS level, block level and district level was furnished.

3.2.19 Cost of operation of RPDS and TPDS

TPDS was introduced to cater to the needs of poor in all areas. However the operational cost of PDS increased after TPDS was introduced in June 1997. The cost from April 1992 to May 1997 under RPDS was in the range of Rs.287.71 per tonne to Rs.381.19 per tonne. This cost shot up to Rs.414.70 per tonne during 1997-98. The main contributory factors in escalating the costs of TPDS were excess procurement of rice leading to excess expenditure in sales tax, octroi and mismanagement of funds. Department had neither shown enough interest in pressing OSCSC to analyse the reasons nor had given any instructions for reducing the costs.

3.2.20 Misappropriation of stock

A total of 119 cases of misappropriation of stock by storage agents as on 31 March 1999 involving Rs.6.96 crore for the period 1982 to 1997-98 was reported. Cases upto 1989-90 were mentioned in the Report of the Comptroller and Auditor General of India for 1989-90 (Commercial) Government of Orissa.

The Committee on Public Undertakings in March 1993 recommended that the OSCSC should find a permanent solution to the problem. However, no action was taken. As a result the cases continued to occur even after 1993-94.

Cases relating to complaints/allegation and misappropriation in selected districts revealed the following irregularities :

In 6 test checked districts commodities worth Rs.58.76 lakh were found misappropriated after 1995 by storage agents, depot in-charge and GP Secretary as shown below.

District	Block	Person involved	Commodity	Quantity (in quintals)	Value (Rs. in lakh) (approx)	
Mayurbhanj	Thakurmunda	Storage agent	Rice	597.50	4.00	
			Sugar	95.00		
Bolangir	Bolangir	Storage agent	Rice	530.00	2.14	
Koraput	Podaguda	Depot incharge	Rice	1156.87	13.72	
			OSWC	174.14		
Kalahandi	Senapali	Storage Agent	Rice	801.30	4.10	
			GP Secretary	942.50	1.88	
Cuttack		Storage Agent	Rice	3.35	4.80	
			Wheat	707.65		
			Sugar	169.85		
Jajpur		-do-	Wheat	2474.00	11.41	
			Rice	1032.00	14.01	
			Sugar	121.29		
Kalahandi	Bhawanipatna	Marketing Inspector	Sugar	129.04	1.47	
			Wheat	9.02	0.05	
			Rice	110.07	1.18	
Total				(Rice 5173.59 + Wheat 3740.67 + Sugar 689.32)	9603.58	58.76

DM-cum-CSO, Koraput stated that due to negligence and perfunctory periodical physical verification of stocks by the Marketing Inspector, misappropriation of such huge stocks occurred.

3.2.21 Consumers complaints

Complaints in regard to non-supply, black marketing of essential commodities, irregular opening of FP Shops, irregular supply, charging higher rate of controlled commodities, supply of substandard food, irregular supply etc.,

were received during 1997 to 1999 as shown below in Cuttack and Keonjhar districts :

District	Block	No of complaints	Period involved	Remarks
Keonjhar	Patna Ghasipura	11	1997-98 1998-99	Complaint against FPS
Cuttack	Athagarh sub- division	17	1997-98 1998-99	Against storage agents

Apart from the above cases, allegations regarding appointment of sub-wholeseller without recommendations of BLAC, black marketing of rice and cheating in weighing in Sarasakana block, Karanjia and Udala sub-division in Mayurbhanj district were noticed in Audit.

No action or follow up action, where cases were initiated, were taken against the allegation till the end of May 1999.

Survey of ORG-MARG revealed that only in 10 per cent of the cases, the consumers were aware of action being taken. Non-follow-up of complaints was confirmed by beneficiary survey as well. The fact of irregular opening of shops, not weighing commodities correctly or stock outs were also reported as complaints by beneficiary.

3.2.21.1 Short supply of commodity

The Secretary of Thaupada GP in Kalahandi district supplied 5 kg of BPL rice to each of 44 beneficiaries in place of 10 kg. each. The case was forwarded to Special Judge, Bhawanipatna in August 1997. Further development of the case could not be made known till May 1999.

It was noticed that there was short supply of 3080 quintals of BPL rice valued at Rs.12.32 lakh for the month of November 1998.

Thus ineffective monitoring and inadequate inspection led to such irregularities.

3.2.22.1 Unjustified procurement of rice

On introduction of TPDS from June 1997, the OSCSC planned (May 1997) to procure 60000 tonne of common boiled rice (CBR) and common raw rice (CRR) to make good the deficit of allotment by Government of India (projected requirement was 50000 tonne and Government allotment was 35540 tonne per month for 5 months from June to October 1997). For the purpose, OSCSC purchased 32868 tonne of rice from FCI valued at Rs.16.98 crore and 40912 tonne valued at Rs.39.96 crore from the millers of Koraput,

Nawarangpur, Bargarh and Sambalpur by tender to meet the above requirement till October 1997.

Scrutiny of the allotment of rice by Government of India and off take by the OSCSC revealed that 1.32 lakh tonnes of rice was surplus as on 31 March 1999 as shown below :

Particulars	(In tonne)
Allotment by Government of India	10,52,380.000
Purchase by OSCSC	73,779.791
Total	11,26,159.791
Less offtake	10,13,269.000
Surplus	1,12,890.791
Add SC/ST hostel rice available	19,087.000
Total surplus	1,31,977.791

Therefore, procurement of rice of 73779.791 MT valued Rs.56.94 crore from FCI and millers was injudicious in view of available surplus stock.

On verification of utilisation of the excess rice it was seen that 48,865 tonnes out of 73,780 tonne were issued to the consumers leaving a balance of 24,915 tonnes valued Rs.17.14 crore the utilisation of which was not furnished to Audit.

On procurement of rice from millers at higher rate (i.e. Rs.767.50, Rs.748.55 and Rs.744.55 per quintal) instead of the support price of Government of India (Rs.732.60 and Rs.728.60 per quintal) or the prevailing market price considered by the purchase committee (Rs.670 to Rs.725 per quintal) OSCSC made an avoidable expenditure of Rs.1.03 crore when compared to the support price of Government of India as detailed in Appendix-XXXII.

3.2.22.2 Transportation charges for buffer stocks

The State Government decided (May 1997) to keep buffer stock of 33,000 tonnes of rice and entrusted the same to OSCSC. OSCSC and Orissa State Warehousing Corporation (OSWC) made an agreement in May 1997 to keep the stock in 7 OSWC Godowns. OSCSC procured 32,368 tonnes of rice in May 1997 and directed OSWC to receive the stock from FCI and to keep the same in their godowns. OSWC without, transporting stock from FCI godown made arrangements with FCI to hold the stock in their godown (FCI). OSWC warehouses were taken on hire by FCI where OSCSC agreed to keep the stock. Therefore, there was no physical movement of stock. Consequently a sum of Rs.7.12 lakh was unnecessarily released to OSWC by OSCSC towards transportation charges though no transportation took place.

3.2.23 Miscellaneous points

(i) Printing of ration cards

To replace old cards Department directed OSCSC to print new cards for BPL and APL families. OSCSC in November 1997 printed 30 lakh cards at the rate of Rs.1.40 per card and instructed unit offices (DM-cum-CSO) to print at same rate if they wanted to print them on their own. In case of higher printing charges at their level, they would have to refer to the competent authority for printing. DM-cum-CSO in seven districts printed at higher rate ranging from Rs.2 to Rs.2.93 each without referring to the competent authority. Thus, excess printing charges Rs.12.76 lakh were passed on to the consumers.

Recommendations

In the light of the audit findings regarding functioning of PDS in the State, it is recommended that the Department thoroughly investigate matters such as circulation of excess ration cards and take immediate steps to eliminate them, if found necessary. Systems must be immediately put in place for regular inspections, monitoring and functioning of committees at various levels. Complete review of the working of DM-cum-CSOs seems necessary taking into account the lapses occurring in their area of functioning. Government also need to take up with OSCSC ways and means on better financial management for matters such as subsidy and their claims. Operational costs of the scheme in the past years seem to have risen and it would be necessary for the Department to analyse the reasons.

PANCHAYATI RAJ DEPARTMENT

3.3 Employment Assurance Scheme

Highlights

Employment Assurance Scheme (EAS), a Centrally sponsored scheme, was being implemented in the State from January 1994 with the objective of providing 100 days gainful employment to the rural poor during lean agricultural season and to create durable and productive community assets.

Implementation of EAS in the State of Orissa was marked by serious and large scale malpractice, doubtful payments and employment to large number of unregistered persons and fictitious persons. Further various irregularities in Muster Rolls and delayed payments raised doubts about genuineness of payments.

Reports of employment sent to Government of India differed significantly from what was reported by DRDAs. The scheme was not monitored at any level. Records in regard to creation of durable assets were not maintained and assets were not physically verified by inspections and, therefore, their creation was doubtful. Serious irregularities noticed in implementation of the scheme call for investigation.

District Collectors did not prepare shelf of projects in any of the test checked districts. Survey of the districtwise resources was not conducted for economically viable projects.

(Paragraph 3.3.4)

Huge amount of scheme funds remained unspent during 1993-98. State Government delayed releasing their share by 11 to 154 days.

(Paragraph 3.3.5.1)

Five Executing Agencies in Keonjhar district did not spend Rs.2.98 crore received from DRDA but reported it as spent.

(Paragraph 3.3.5.2)

No utilisation certificates were furnished by 30 DRDAs for Rs.527.69 crore received by them during 1993-98.

(Paragraph 3.3.5.3)

Against the norm of employment of 100 days per person per year only 5.88 to 45.77 mandays were generated in Jharsuguda and Phulbani districts. In Kalahandi district employment generation was less than 10 days per person per year.

{Paragraph 3.3.6(b)}

Number of persons employed out of the Registered Employment seekers came down from 77 per cent to 22 per cent between 1995-96 to 1997-98.

{Paragraph 3.3.6(c)}

In 5 districts 0.56 lakh un-registered persons were employed. In the absence of family cards required details in respect of these persons were not verifiable and the employment were, therefore, doubtful.

{Paragraph 3.3.6(c)(i)}

Large number of family cards were not distributed by BDOs. Line departments were issued with cards though they were not the designated authority for issue of cards. Proper account of cards was not furnished in Kalahandi district.

{Paragraph 3.3.6(c)(ii)}

No Muster rolls were maintained for Rs.49.17 lakh disbursed by Executing Agencies. Payment of Rs.2.41 crore made without indicating the address, family card number etc. in 1580 Muster Rolls was doubtful. In 118 cases payment of Rs.41.22 lakh without indicating the period of engagement of labourers was doubtful.

{Paragraph 3.3.6(d)}

Rs.28.91 lakh were paid to labourers after a delay of 1 month to 1 year by ASCO and Horticulturist, Bhawanipatna. The payment was not made in the presence of Sarpanch and was, therefore, doubtful.

{Paragraph 3.3.6(e)}

Rs.1.42 crore EAS funds were diverted by Executing Agencies for inadmissible works.

(Paragraph 3.3.7)

In disregard of norms, DRDAs, Kalahandi and Mayurbhanj released Rs.4.12 crore in excess for Ber and mixed fruit plantations in private land.

{Paragraph 3.3.8.1}

Assistant Director, Sericulture, Keonjhar irregularly paid Rs.2.85 crore to Tassar Rearing Co-operative Societies for raising Arjun Plantation and failed to produce any record in respect of assets created. No utilisation certificates were furnished for the expenditure

(Paragraph 3.3.8.2)

Rs.1.09 crore were spent by Horticulturist, Keonjhar on plantation work departmentally instead of engaging the beneficiaries.

(Paragraph 3.3.8.4)

Seedlings worth Rs.67.49 lakh were distributed free of cost to private individuals/institutions raising doubt about the genuineness of such expenditure.

(Paragraph 3.3.8.5)

In Bhawanipatna, plantation raised in private land at a cost of Rs.14 lakh was not found in existence during physical verification.

(Paragraph 3.3.8.6)

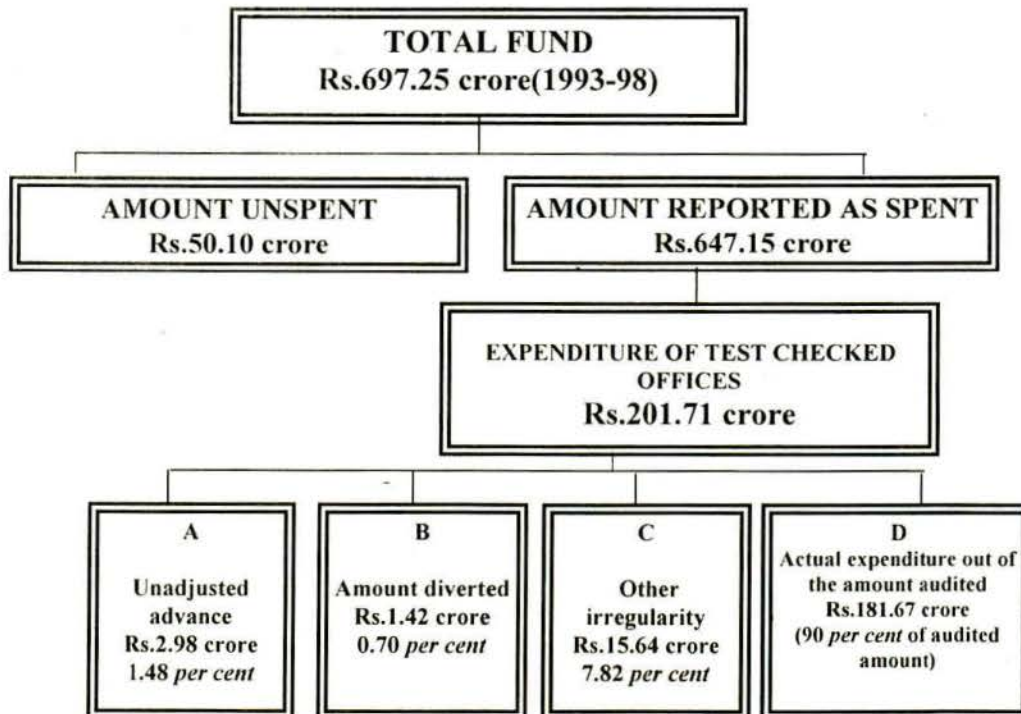
Works to the tune of Rs.1.74 crore were executed by Executing Agencies without administrative approval/orders of competent authority.

(Paragraph 3.3.10)

There was no monitoring and inspection at any level by Government and District/Block officials. EAS Committees/Vigilance Committees were either not formed or non-functional.

(Paragraph 3.3.11 to 3.3.13)

Analysis of the expenditure under the scheme are presented in a diagram below:



3.3.1 Introduction

Employment Assurance Scheme (EAS) was introduced by Government of India (GOI) in October 1993. This is a Centrally sponsored scheme with 80 *per cent* contribution by GOI and 20 *per cent* contribution by the State Government. The main objective of the EAS was to provide 100 days gainful employment during the lean agricultural season in rural areas to all able bodied adults who are in need and desirous of work but unable to secure it. The secondary objective was to create durable and productive community assets. The scheme was initially introduced in 143 Revamped Public Distribution System (RPDS) blocks of 16 districts in Orissa from January 1994 and was subsequently extended to all the 314 blocks in the State from April 1997.

3.3.2 Organisational set up

Director, Special Projects cum-Additional Secretary, Panchayati Raj (PR) Department was overall in-charge of the programme. District Collectors through the District Rural Development Agencies(DRDAs), Block Development Officers (BDO) and other Executing Agencies were responsible for implementation of the scheme.

3.3.3 Audit Coverage

The scheme was reviewed for the period 1993-1994 to 1997-98 by test check of records in Panchayati Raj Department of the State Government, in the offices of 6* Project Directors (PDs) of DRDAs and 37 other Executing Agencies. Expenditure involved in these offices was Rs.201.71 crore during 1993-98.

The services of the ORG Centre for Social Research, a division of the ORG-MARG Research Limited was commissioned by the Comptroller and Auditor General of India with a view to gauge inter alia the beneficiary perception of the programme and related matters. The ORG-MARG carried out survey over a sample, determined on the basis of district development profile, socio-economic composition, incidence of poverty etc. Findings of the survey on matters discussed in the Report have been included in this review at appropriate places.

3.3.4 Planning

The District Collector (DC), was in overall charge of the EAS in a district and was required to obtain details of works from various Executing Agencies, Gram Sabhas and Panchayats by October every year alongwith their Blockwise plans for various works in the District. On the basis of such information the

Project Director (PD), Cuttack, Ganjam, Jharsuguda, Kalahandi, Keonjhar and Phulbani.

DC was to prepare a shelf of projects of productive works. The works included in the shelf of projects were to be such which could normally be completed within a period of two years.

Shelf of projects and two years perspective plans not prepared

No shelf of projects was prepared in any of the districts test checked. Survey of districtwise resources was not conducted for economically viable projects either. Two years perspective plan, as prescribed, was not prepared. Instead, annual action plans were prepared based on the proposals submitted by various implementing agencies.

3.3.5 Financial outlay and expenditure

3.3.5.1 Huge amounts remained unspent

The Central share was released directly to DRDAs by Government of India except during the year 1993-94, during which year funds were passed through State Government. Matching share of 20 per cent was to be released to DRDAs by State Government within a fortnight of release of Central share.

Receipt and utilisation of grants for the State for the years 1993-94 to 1997-98 were as under as intimated by PR department.

Year	O.B	Receipt		Total		Balance	Percentage of unspent balance to total funds available
		Central Government	State Government	Funds Available	Expenditure incurred		
1	2	3	4	5	6	7	8
(R u p e e s i n c r o r e)							
1993-94		42.68	10.67	53.35	12.80	40.55	76
1994-95	40.55	78.84	19.71	139.10	116.56	22.54	16
1995-96	22.54	114.60	28.65	165.79	131.34	34.45	21
1996-97	34.45	164.28	40.67	239.40	197.79	41.61	17
1997-98	41.61	158.04	39.11	238.76	188.66	50.10	21
Total		558.44	138.81	697.25*	647.15		

The share of the State Government was to be released to DRDAs within a fortnight of release of the Central share but this was delayed by 11 days to 154 days. In 1997-98 the delay was significantly higher (18 to 148 days) than the earlier years.

3.3.5.2 Incorrect exhibition of Advances as expenditure

DRDA, Keonjhar included the advances of Rs.35.06 crore made to various agencies during 1995-98 as expenditure in the Monthly Progress Report

* Represents total of column 3 and 4 only.

without verifying the actual expenditure incurred by them. Scrutiny revealed large balances lying unspent with five test checked Agencies to whom funds were released by the DRDA as shown below:

Upto 31 March 1996	Rs.1.58 crore out of Rs.2.91 crore	BDO(Keonjhar and Ghasipura), ASCO (Keonjhar), Horticulturist (Keonjhar)
Upto 31 March 1997	Rs.53.76 lakh out of Rs.3.12 crore.	BDO(Ghasipura), Horticulturist (Keonjhar), ASCO(Keonjhar)
Upto 31 March 1998	Rs.86.65 lakh out of Rs.3.48 crore.	BDO(Jumpura), Hort.(Keonjhar), ASCO(Keonjhar), BDO(Ghasipura)

Thus the Monthly Progress Report (MPR) submitted by the 5 Executing Agencies misrepresented the actual financial position. The matter calls for investigation.

3.3.5.3 Non-submission of Utilisation Certificates(UC)

In 3 of 6 test checked DRDAs, no UCs were furnished for the entire grants by DRDAs and in remaining 3 DRDAs UCs were pending from 50 to 70 per cent of DRDAs as shown in table below.

Name of the DRDA	Total grant received in 1993-94 to 1997-98	Amount for which U.C submitted	Balance amount for which U.C was pending	Percentage of UCs pending
(R u p e e s i n l a k h)				
(i) Kalahandi	3711.92	1499.14	2212.78	60
(ii) Keonjhar	4051.10	Nil	4051.10	100
(iii) Phulbani	3515.83	1062.54	2453.29	70
(iv) Koraput	7099.20	Nil	7099.20	100
(v) Jharsuguda	1261.40	634.56	626.84	50
(vi) Cuttack	2394.65	Nil	2394.65	100
Total	22034.10	3196.24	18837.86	

In the remaining 24 DRDAs against the total grants of Rs.473.22 crore received during 1993-98, UCs for Rs.133.91 crore (28 per cent) only were furnished and UCs for Rs.339.31 crore were pending.

Though PD, DRDA was to monitor and collect the UCs from the Executing Agencies for submission to PR Department, no such efforts were made by the DRDAs. PR Department also failed to obtain UCs from the DRDAs.

Evidently, neither the DRDAs nor the Department were effectively monitoring the utilisation of funds.

3.3.6 Implementation of the scheme

(a) Physical and financial targets and achievements

Mismatch between physical and financial achievement

The target and achievement of mandays under the scheme for the State as a whole, for the period 1993-94 to 1997-98 were as under :

Year	Target of Mandays (in lakh)	Achievement of Mandays(in lakh)	Percentage of achievement.
1993-94	-	31.43	-
1994-95	343.20	281.24	82
1995-96	420.00	311.06	74
1996-97	634.50	439.36	69
1997-98	416.63	382.14	92

Source : Figures furnished by PR Department

However, analysis of financial achievement (vide Paragraph 3.3.5) and physical achievement for corresponding years revealed that during the years 1994-95 to 1996-97 financial achievement was not proportional to the physical achievement. In 1997-98, when financial achievement was 79 per cent, the physical achievement was 92 per cent as a very low target of 416.63 lakh mandays was fixed compared to the previous year. Sharp fall in achievement was noticed in Balasore, Bhadrak, Dhenkanal, Gajapati, Jajpur, Khurda, Puri and Rayagada districts. In these districts against the targets between 7.34 lakh (Gajapati) and 17.60 lakh (Balasore) mandays, shortfall was between 4.01 lakh (Dhenkanal) and 8.02 lakh (Jajpur) mandays. The shortfall in these districts was due to failure to utilise funds by the executing agencies. Joint Secretary of the Department stated (May 1999) that the variation in fixing target was due to increase in number of blocks, less receipt of Central share and rise in wage rate. The reply was not tenable as the increase in the number of blocks was considered by Government of India while releasing their share. In 1997-98 also sufficient funds were available as seen from the opening balance for that year.

(b) Poor generation of employment

Scrutiny of records in 5 DRDAs revealed that against the norm of 100 mandays per person per annum, the generation of employment ranged only between 5.88 mandays in Jharsuguda District to 45.72 mandays in Phulbani

Sharp fall in
generation of
employment

district per person in 15 blocks out of 71 blocks of the following districts.

Name of the District		Year	Average mandays generated per person as per records of DRDAs
(i)	Kalahandi	1995-96 to 1997-98	8.77 to 9.54
(ii)	Keonjhar	1995-96 to 1997-98	16.72 to 24.48
(iii)	Phulbani	1995-96 to 1997-98	18.56 to 45.72
(iv)	Jharsuguda	1995-96 to 1997-98	5.88 to 30.23
(v)	Koraput	1995-96 to 1996-97	7.30 to 20.07

Noticeably generation of employment was the lowest in Kalahandi district in all the years. The position in Kalahandi district is discussed in paragraph 3.3.6(c)(i) below.

(c) Registration of persons and issue of Family Cards

The guidelines provided that every family whose adult members were registered for works were to be issued with family cards by the village Panchayats to ensure 100 days employment to two adults of a family in each year. The details of employment provided were required to be recorded in family cards.

Details of employment generated by the Department in the State were as under:

Year	No. of persons registered	No. of persons employed	Yearwise Employment Generation in mandays.	Number of days per person per year	Percentage of persons employed out of registered.
(I n l a k h)					
1	2	3	4	5	6
1993-94	7.14	2.24	31.43	14.03	31
1994-95	11.55	8.94	281.24	31.46	77
1995-96	23.38	9.30	311.06	33.45	40
1996-97	29.00	7.70	439.36	57.06	27
1997-98	33.80	7.27	382.14	52.57	22

Source : PR Department

Number of persons employed out of the persons registered, declined to 22 per cent in 1997-98 as against 77 per cent in 1994-95. Department could not

furnish (May 1999) the figures of family cards issued by the DRDAs and the reasons for shortfall in employment of registered persons.

A scrutiny of records of 6 DRDAs and also the information regarding registered persons and employment of persons under the scheme furnished by Government showed that the number of persons registered increased by 292 per cent from 11.55 lakh (1994-95) to 33.80 lakh (1997-98). However, the employment of registered persons decreased by 19 per cent from 8.94 lakh to 7.27 lakh as on 31 March 1998 even though mandays generated increased from 281.24 lakh in 1994-95 to 382.14 lakh in 1997-98.

Wrong reporting of registered and employment figures by State Government to Government of India

It was further observed that the figures of persons employed shown in Monthly Progress Report (MPR) by five test checked DRDAs were not correctly incorporated in the MPRs sent to Government of India by State Government (Appendix-XXXIII).

Against 21.87 lakh persons shown as employed by five DRDAs in their MPRs for the period 1995-98 State Government reported the figures as 7.82 lakh to GOI during the same period. DRDA, Kalahandi in his MPRs for the year (1997-98) showed 2.08 lakh as registered persons whereas State Government while reporting to GOI incorporated the figure as 2.22 lakh.

Thus the State Government was reporting more number of days of employment than what was actual while sending MPRs to Government of India. As such the information regarding employment of persons to Government of India was doubtful and needed investigation.

Test check of records of 6 DRDAs and selected blocks thereunder revealed the following :

(i) Large number of registered persons not given employment

Doubtful employment to persons not holding family cards

In 5 districts against 7.72 lakh persons registered for employment under the scheme during 1993-98, family cards were issued only to the extent of 3.37 lakh by 5 DRDAs. Thus, the total number of registered persons provided with family cards was 6.74 lakh (per card 2 Nos.). The remaining 0.98 lakh registered persons were not issued with family cards. The actual number of persons employed during the period was shown as 7.30 lakh. Thus, 0.56 lakh persons were provided employment without any family cards. Since verification of genuineness of such employment was not possible without family cards, the figures of employment in such cases were doubtful. Further in Kalahandi against 2.08 lakh registered persons only 1.65 lakh family cards were issued and 1.99 lakh persons were employed. Hence 0.34 lakh non-card holders were employed. The matter calls for investigation.

(ii) Large number of cards not issued

5.54 lakh family cards not issued by BDOs to registered persons

Out of 9.54 lakh family cards printed by six DRDAs (including Kalahandi:2.52 lakh), 9.11 lakh cards were shown as issued to the blocks, 0.22 lakh cards were issued to line departments who were not the designated authority for issue of family cards and remaining 0.21 lakh cards were retained by DRDAs. Against 9.11 lakh cards received by BDOs only 3.37 lakh cards were shown as issued to the registered persons in 5 DRDAs while the details of issue of cards were not furnished by one DRDA(Cuttack). In 3 test checked blocks of Kalahandi against 75,700 cards received by them the distribution of 55,880 cards were not known.

ORG-MARG's survey also revealed that majority of the registered persons were not issued with family cards and even many card holders were not in possession of those cards.

(d) Doubtful payment of wages

(i) Non-maintenance of Nominal Muster Rolls (NMR)

Doubtful employment to persons not holding family cards

Test check of records of 9 Executing Agencies in 5 Districts revealed that out of 1580 cases checked for the period from 1993-94 to 1994-95 in 120 cases involving EAS funds worth Rs.49.17 lakh muster rolls indicating caste wise details i.e. SC,ST and others, and employment of male and female workers with quantity of work done were not maintained. The details are furnished in Appendix-XXXIV. The matter calls for investigation as without NMRs the payments were doubtful.

The fact of non-availability of muster rolls in many of the Panchayats was corroborated by the findings of ORG-MARG survey.

(ii) Doubtful payment without witness

Test check of muster rolls in 24 Executing Agencies of 6 Districts revealed that wages to the tune of Rs.2.41 crore were paid without quoting address, family card number against the names. Whether such persons engaged on muster rolls were eligible and registered were not clear.. Further, payment was not made in presence of Sarpanch or Block Committee Member as required under guidelines. Hence such payments were doubtful.

(iii) Records of 8 Executing Agencies in 6 districts revealed that in 118 cases wages of Rs.41.22 lakh were paid on NMRs relating to the period from 1993-98 without mentioning period of engagement of labourers and name of the works.

(e) Delay in payment of wages

Payment to wage earners delayed upto one year

As per guidelines payment to labourers would be made at the end of the week. But test check of muster rolls of 5 Executing Agencies of Kalahandi and Koraput districts revealed that in 220 cases (218 pertained to Kalahandi) for the period from 1994-95 to 1997-98 payment of wages amounting to Rs.28.91 lakh was delayed for one month to one year and the payment was also not made in the presence of the Sarpanch. It is therefore doubtful whether payment to the persons were at all made. ASCO, Koraput and Horticulturist Bhawanipatna stated that due to late receipt of fund, payment was delayed and ASCO and DFO, Bhawanipatna noted the points. Reply was not tenable since there was not much delay in placement of fund and hence such delay was not justified. Payment was therefore, doubtful and calls for investigation.

Possibility of fictitious payments and ghost employment

Thus employment was given to unregistered persons and verifiable details were not included in the NMR. Further, payment was not made either timely or in presence of other officials as required. The senior officials of department did not inspect the records and detect or prevent these irregularities and hence such irregularities continued over the years. Thus possibility of fictitious payment, ghost beneficiaries and misappropriation of funds are very strong in these cases.

(f) Engagement of contractors and VCLs in contravention of guidelines

Contractors engaged for works

All works under the scheme were to be undertaken departmentally and no contractor or Village Committee Leader (VCL) was to be appointed for executing works.

In disregard of this, 8 Executing Agencies* in 3 districts executed works through contractors and VCLs during the period 1994-95 to 1997-98 and wages amounting to Rs.1.32 crore were paid to them. The agencies failed to furnish any satisfactory reply. There was no way of checking whether contractors/VCLs had employed registered persons or disbursed the wages at all and hence possibility of doubtful payments could not be ruled out. In Kalahandi district 59 works valuing Rs.43.15 lakh were done through contractors and VCLs. The matter calls for investigation.

ORG-MARG' report also indicated significantly higher degree of involvement of labour contractors in the execution of EAS project.

(g) Execution of works in agricultural season

The works under the scheme were to be undertaken during the lean agricultural season only. State Government declared February to June and September to November as lean season for the purpose of the scheme.

(1) EE, MI Division, Bhawanipatna, (2) BDO, Bhawanipatna, (3) BDO, Junagarh, (4) BDO, Keonjhar, (5) BDO, Ghasipura, (6) BDO, Jampur, (7) BDO, Phulbani and (8) RW Division, Phulbani.

In 6 districts 16 Executing Agencies executed 555 EAS works during agricultural season contrary to the guidelines and paid wages amounting to Rs.67.19 lakh.

(h) Shortfall in labour component of works

All works taken up out of EAS funds were to be labour oriented and not less than 60 per cent of the expenditure incurred on such works was to be on wages. In disregard of this provision 18 Executing Agencies in 7 districts during 1993-94 to 1997-98 paid wages for 548 works to labourers ranging from 5 to 55 per cent of total payment against the prescribed norm of 60 per cent. The DC failed to meet the excess expenditure on material costs from other sectors as contemplated in the guidelines which resulted in less payment of wage component. Some of these were also executed through VCLs and contractors in contravention of guidelines.

3.3.7 Diversion of funds

3.3.7.1 Diversion of Rs.40.09 lakh of EAS funds

DRDA, Keonjhar diverted Rs.1.06 crore from EAS funds for JRY works. Out of this Rs.36.09 lakh remained unadjusted as of February 1999.

Similarly, DRDA, Kalahandi diverted EAS funds of Rs.4.00 lakh for IRDP works. These diversions call for investigation.

3.3.7.2 EAS funds spent on departmental works

Records of Rural Works (RW) Division, Sambalpur revealed that the Division diverted Rs.24.00 lakh for the construction of bridge, out of Rs.49.00 lakh of EAS funds released by DRDA Jharsuguda during the years 1996-97 and 1997-98 without the permission of Collector, Jharsuguda. The item of Bridge work was not included in Annual Action Plan of DRDA for the year 1996-97 and 1997-98. The matter calls for investigation.

3.3.7.3 Misutilisation of EAS funds

Government of Orissa PR Department. instructed (June 1995) the Project Directors of DRDAs not to utilise EAS funds for completion of the incomplete works of various departments.

In disregard of these instructions DRDA, Kalahandi released EAS funds of Rs.40.95 lakh to Executive Engineer (EE), OLIC Division, Bhawanipatna during 1994-95 to 1997-98 for construction of distribution system for 66 Lift Irrigation(LI) points for which funds were earlier released during 1979 to 1991 under IRDP, PMMP, DPAP schemes. Though entire amount was reportedly

spent by EE, OLIC the wage component was only 20 per cent as against prescribed 60 per cent.

Further it was seen that in disregard of guidelines PD, DRDA, Kendrapara released Rs.36.75 lakh during 1996-98 to EE, LI Division, Kendrapara for repair/renovation and extension of distribution system to 121 LI points. This calls for investigation.

3.3.8 Plantation works

3.3.8.1 Excess expenditure on Horticultural plantation in private lands : Rs.4.12 crore

Doubtful expenditure of scheme funds for plantations in private land.

(a) Records of Kalahandi District revealed that during 1995-96 and 1996-97, EAS funds of Rs.84.06 lakh were released by DRDA, Kalahandi to Horticulturist Bhawanipatna for raising Ber plantation in 184 ha. and mixed fruit plantation in 140 ha. in private land as against the admissible amount of Rs.48.60 lakh (Rs.15,000 per ha. for 324 ha.) as per norm resulting in excess release of Rs.35.46 lakh from EAS. In addition, another sum of Rs.3.52 lakh was diverted from JRY by Horticulturist for this purpose. The Horticulturist, Bhawanipatna spent the entire amount. Based on the total funds released by PD, DRDA, Kalahandi the actual cost worked out to Rs.26000 per ha. compared to the norm of Rs.15000 per ha. PD, DRDA, Kalahandi stated (March 1999) that the fund (Rs.84.06 lakh) was released as per Annual Action Plan. The reply was not tenable since for 324 ha. plantations and maintenance only Rs.48.60 lakh were required as per norms. In view of the fact that entire expenditure was far in excess of the norm for which no valid explanation was furnished, the expenditure needs to be thoroughly investigated by the Government.

(b) Similarly DRDA, Mayurbhanj released Rs.10.43 crore during 1995-99 to Deputy Director of Horticulture, Baripada for raising mixed fruit plantations in 4470 ha. in private land which resulted in excess release of Rs.3.73 crore disregarding the prescribed norms. Thus per hectare expenditure was Rs.23000 against the norm of Rs.15000 per hectare. The DDH, Baripada spent the amount in full. This entire expenditure also calls for a detailed investigation by the Government.

3.3.8.2 Doubtful expenditure on Arjun plantations : Rs.2.85 crore

During 1993-94 to 1997-98 DRDA, Keonjhar released Rs.3.20 crore to Assistant Director Sericulture (ADS) for raising Arjun plantation in 760 ha. (1994-95-100 ha. 1995-96-210 ha. and 1996-97-450 ha.) ADS instead of taking up the plantations passed the fund to Tasser Rearing Co-operative Societies (TRCS) and Rs.2.85 crore were reportedly spent by TRCs. As such

diversion was not authorised under the scheme, the entire expenditure was irregular.

No records were produced in support of creation and handing over of plantations.

The assets were to be handed over after two years maintenance to the Tasser rearers of the locality during the fourth year. ADS, Keonjhar who executed the programme failed to produce any record either in respect of assets created for Rs.2.85 crore or the continued use of these assets created under the scheme. Entrusting of the programme to the TRCS was irregular. Permission from Revenue authority for plantation on government waste land had not been obtained so far (January 1999) except by one Society. The work was executed without administrative approval and technical sanction from competent authority.

Thus, expenditure of Rs.2.85 crore for creation of assets was doubtful. The matter calls for investigation.

3.3.8.3 Plantations raised in Government land handed over to private individuals

Under EAS assets created on Government lands were to be handed over to the local bodies for future maintenance.

However, the following three Executing Agencies handed over the plantations raised in Government lands for Rs.1.46 crore to individual SC/ST and poor beneficiaries.

Name of the agency	Area of plantation (in hectares)	Period of plantation	Expenditure (Rs. in lakh)
(i) Horticulturist, Bhawanipatna (Ber plantation)	155.	1993-94 to 1995-96	61.71
Mixed plantation	100	1995-96 to 1997-98	19.47
(ii) ASCO, Bhawanipatna	-	1994-95 to 1995-96	37.77
(iii) ASCO, Nowrangpur	500 .	1995-96	27.12
	Total		146.07

The Executing Agencies stated (March 1999) that as per orders of Collector the plantations were handed over to beneficiaries but no such order could be produced to audit (March 1999). Further, no assets register could be produced in support of creation of assets. The matter calls for investigation.

3.3.8.4 Expenditure of Rs.1.09 crore incurred on plantations departmentally instead of involving beneficiaries

Plantation works done in private land by Government without involving beneficiaries.

To create substantial employment opportunities in the rural areas and for improving the economic conditions of small and marginal farmers especially those belonging to SC/ST, assistance of Rs.15,000 per ha. could be provided under EAS to individual beneficiaries who took up Horticulture plantations in their own land.

The Horticulturist, Keonjhar, contrary to above guidelines, raised Mango plantation during 1995-96 to 1997-98 in 1107 ha. on private lands departmentally by engaging labourers through Muster Rolls without involving beneficiaries and without opening of Bank Account in the name of beneficiaries and Rs.1.09 crore of EAS funds were reportedly utilised for this purpose. In view of these irregularities, the expenditure was doubtful.

The Horticulturist, Keonjhar stated (January 1999) that the beneficiaries were not interested in handling Government money for plantation, hence no Bank Account was opened in their names. The reply was not tenable as the Horticulturist had no power to disregard the scheme guidelines.

3.3.8.5 Doubtful expenditure on raising of seedlings

Seedlings were distributed free of cost resulting in non-creation of durable assets.

In disregard of the objective of the EAS to create community and durable assets, five Executing Agencies raised seedlings of different varieties misutilising the EAS funds and reportedly distributed these free of cost to the beneficiaries whose bonafides were not verified with reference to their land holding. Records of the actual plantation of the seedlings were not available. Therefore, the expenditure of Rs.67.49 lakh incurred by these agencies on raising of such seedlings during 1994-98 was doubtful.

3.3.8.6 Doubtful expenditure of Rs.13.98 lakh

Horticulturist, Bhawanipatna handed over Ber plantation(20,500 plants) and cashew plantation (1500 plants) raised in 40 ha. in Bhawanipatna Block at a cost of Rs.13.98 lakh to the beneficiaries during July 1998. Physical verification of the plantation conducted by PD, DRDA, Bhawanipatna during December 1998 revealed that against 22,000 plants stated to have been raised only 100 to 150 plants were available in beneficiaries land. Accordingly he suggested to Government that stringent action be taken against the responsible persons. Horticulturist, Bhawanipatna stated that the plantations were damaged after handing over due to negligence of beneficiaries. Reply was not acceptable in view of PD's reports. Government has not taken any action as of May 1999.

(1) District Agriculture Officer, Phulbani, (Rs.12.29 lakh), (2) Horticulturist, Phulbani (Rs.7.91 lakh), (3) Assistant Director, Sericulture, Phulbani(Rs.8.81 lakh), (4) Assistant Soil Conservation Officer, Phulbani (Rs.6.40 lakh) and (5) Divisional Forest Officer, Bhawanipatna (Rs.32.08 lakh.)

3.3.9 Non-maintenance of Assets and Asset Register

As per EAS manual, maintenance of assets created under the EAS was extremely important. For this purpose, where the assets created fell within the category of the permanent assets, these were to be maintained by the State and District level departments and were to be incorporated in the Register of Assets. Small assets, such as check dam, nala bandha, vegetative barriers etc. which were not maintained by any department or implementing agencies were to be handed over to the local body concerned.

PR Department instructed (November 1996) DRDAs to maintain Asset Register for assets created out of EAS funds. But no such register was maintained either by the Executing Agencies or by the DRDA at any level as seen from the test checked units. Consequently, audit could not verify the assets so created and handed over out of EAS in test checked units.

3.3.10 Works without administrative approval of competent authority

As per General Financial Rule and the scheme guidelines works were to be taken up only after obtaining the administrative approval and technical sanction from the competent authority (Collector of the district).

A test check of records of 10 Executing Agencies of 4 districts revealed that 296 works were executed during the period 1993-94 to 1997-98 at a cost of Rs.1.43 crore without obtaining administrative approval from the Collector of the district.

In all the 296 cases the works were commenced on receipt of allotment of funds/release orders from DRDAs. As the allotment of funds could not be treated as administrative approval for the works it amounted to execution of works without administrative approval from competent authority.

On test check of records of RW Division, Phulbani, it was observed that in 14 cases, valuing Rs.31.50 lakh, administrative approval for the works was accorded by Project Director, DRDA who was not the competent authority.

3.3.11 Monitoring

The State Level Coordination Committee (SLCC) for Rural Development Programmes was responsible for the overall supervision, guidance and monitoring of EAS.

Further, a District Employment Assurance Scheme (DEAS) Committee in every district and an EAS Committee in each block was to be constituted. SLCC constituted during 1991-92 under the Chairmanship of Chief Secretary of Orissa to monitor and supervise all Rural Development Programmes

including EAS was reconstituted during December 1996. SLCC met only twice in last 3 years during 1996-98.

Records of selected districts revealed that though EAS Committee was constituted in the district of Kalahandi and Phulbani during August and July 1997 respectively, no meeting was conducted as of May 1999. In Keonjhar a Committee was formed in August 1998 and only one meeting was reportedly held during September 1998 but minutes of the meeting were not made available. No Committee was formed in Koraput and Cuttack districts and no information was furnished regarding constitution of Block Level Committees. Thus, the quality of monitoring was grossly deficient.

3.3.12 Inspection and vigilance

EAS guidelines provided that works would be thoroughly and regularly inspected to ensure quality of work and payment of wages.

The Principal Secretary, PR Department during July 1994 instructed all Collectors to prescribe the number of field visits for each supervisory level functionaries from district to the block levels in order to ensure effective monitoring and supervision of EAS Programme.

In none of the six districts (Keonjhar, Phulbani, Kalahandi, Cuttack, Jharsuguda and Koraput) were schedule of inspections prescribed to field level officers by Collectors.

Though in Keonjhar and Kalahandi, vigilance committees were constituted during 1997-99, they did not perform as per the EAS guidelines. No vigilance committee was constituted in Cuttack and Koraput. In the districts of Jharsuguda and Phulbani, DRDAs stated that vigilance committees were constituted but relevant details were not furnished.

3.3.13 Evaluation studies

No evaluation studies for the scheme were so far conducted either at District level or at State level as of May 1999 except some monitoring review meetings conducted in respect of all development schemes put together at the State level. In these meetings only the financial aspect was discussed without much reference to evaluation of the objective of the scheme as a whole.

The matter was referred to Government in June 1999; their reply had not been received (December 1999).

WOMEN AND CHILD DEVELOPMENT DEPARTMENT

3.4 Mid-day Meal Programme (MDM)

Highlights

Mid-day Meal Programme was launched in the State from August 1995 to provide one meal at mid-day on 210 days in a year excluding holidays to school going children from Class I to V in both rural and urban areas. The aims of the programme were (i) to promote the health of the students, (ii) to improve attendance and (iii) to reduce the drop outs.

Nearly 45.03 lakh students in 40.6 thousand schools were covered by the scheme. Feeding was significantly below the target though Government claimed full achievement. Due to absence of quality control, sub-standard meals were supplied to the school children. Food grains were diverted, pilfered, fictitiously issued affecting the availability of food grains and interrupting the feeding programme. Due to absence of monitoring of the scheme and physical inspection of the implementation, various deficiencies noticed in audit were not known to the Government.

As per Government, during 1996-99 targetted feeding days (210 days in a year) were achieved fully whereas records of 1080 schools under 12 blocks showed the shortfall in feeding ranged upto 44 per cent in some cases. Hence the achievement figures stated by the Government were not reliable.

{Paragraph 3.4.5(i)}

Rs.1.68 crore retained by the DDOs irregularly in Savings Bank Account, Bank Draft/Civil Deposits were shown as spent thereby inflating expenditure figures.

{Paragraph 3.4.6}

Free rice weighing 5.45 lakh quintals allotted by GOI was not lifted by 5 District Managers of OSCSC. Further 25.3 thousand quintals of rice meant for MDM programme valuing Rs.1.37 crore were diverted by them thereby interrupting the programme in 950 schools.

(Paragraph 3.4.7)

DM of 4 districts failed to lift free rice and supplied PDS rice at extra expenditure of Rs.70.71 lakh.

(Paragraph 3.4.9)

4.06 thousand qtls of sub-standard Mung dal costing Rs.95.41 lakh were issued to students by the District Officers.

(Paragraph 3.4.10)

Though there were no students/teachers in 23 schools under BDO, Kashipur food stuff valuing Rs.1.89 lakh was reportedly issued to them by Marketing Inspector.

(Paragraph 3.4.11)

Rs.20 crore were lying unadjusted with the District Managers of OSCSC in Cuttack, Ganjam, Bhadrak and Khurda since 1995.

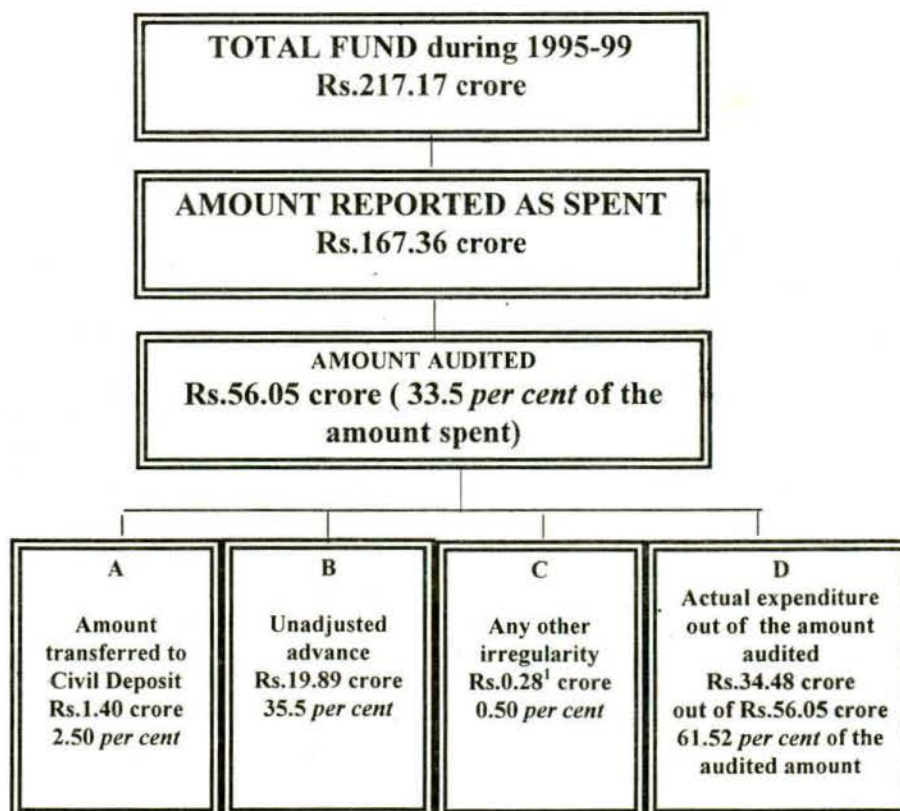
{Paragraph 3.4.12(ii)}

Requirement for allocation of rice was inflated by inclusion of 50 thousand fictitious students in 9 districts. Department was not aware of the matter.

(Paragraph 3.4.13)

No inspection or physical verification of the scheme was conducted in 4 districts.

(Paragraph 3.4.15)



¹ Savings Bank Account : Rs.0.24 crore and others: Rs.0.04 crore

3.4.1 Introduction

Mid-day Meal Programme was launched in the State from August 1995 to provide one meal at mid-day to school going children from Class I to V in both rural and urban areas. The aims of the programme were (i) to promote the health of the students, (ii) to improve attendance and (iii) to reduce the drop outs. The programme was to cover 210 days in a year excluding holidays.

Government of India (GOI) introduced (15 August 1995) "Nutritional Support to Primary Education" Scheme under which the cost of the rice was borne by GOI. Cost of transportation and handling charges were reimbursed to Orissa State Civil Supplies Corporation (OSCSC) at the rate of Rs.25 per quintal upto May 1997 and Rs.50 per quintal thereafter by GOI for supply of rice from FCI godown to school points. In addition, remuneration to cooks and helpers at the rate of Rs.200 and Rs.100 per month respectively were to be met from JRY funds through DRDAs.

3.4.2 Organisational set-up

Commissioner-cum-Secretary, Women and Child Development Department was incharge of implementation of the scheme in the State. Collectors through District Social Welfare Officers (DSWO) and Block Development Officers (BDOs) were entrusted with the implementation of the programme in the districts. The monitoring was being done at school level, Block level, Sub-divisional level and District level by Headmaster, BDO, Sub-collector and Collectors through DSWO respectively.

3.4.3 Audit Coverage

Implementation of the programme during July 1995-96 to 1998-1999 was test checked in Women and Child Development Department, 22² Blocks of 6 districts namely Bhadrak, Cuttack, Ganjam, Kalahandi, Khurda and Koraput, 2 urban bodies (Berhampur Municipality in Ganjam District and Kotpad NAC in Koraput District) and 1714 schools under these Blocks/Urban Bodies. Records of the Orissa State Civil Supply Corporation Offices were also test checked.

² Barang, Banki-I&II, Cuttack Sadar, Mahanga, Nischintakoili, Tangi Chowdwar in Cuttack district, Bhandaripokhari, Tihidi in Bhadrak district, Chatrapur, Ganjam, Purusottampur in Ganjam district, Bhawanipatna, Junagarh, Kesinga, Narla in Kalahandi district, Chilika, Jatni, Khurda in Khurda district and Jeypore, Koraput, Semiliguda in Koraput district.

3.4.4 Financial position

Financial position of the programme during the period from 1995-96 to 1998-99 was as under :

	1995-96	1996-97	1997-98	1998-99
Government of India (Rice in quintals)	2.6 lakh	5.33 lakh	9.61 lakh	8.99 lakh
Government of Orissa (Rupees in crore)	65.71	71.21	42.52	37.73
Expenditure (Rupees in crore)	65.55	64.04	37.77	27.80 ³
Balance	0.16	7.17	4.75	Not available

The balance funds were stated as surrendered to Women and Child Development (W&CD) Department by the District offices. Department did not have information of actual utilisation of rice in the State.

3.4.5 Unreliable information of targets and achievements

The programme was to be implemented for 210 days in a year in each school. The achievement was as under as stated by the State Government.

Year	Targeted feeding days	Actual feeding days as per Government
1995-96	210	207
1996-97	210	220
1997-98	210	220
1998-99	210	211

But as seen from the records of 1080 schools test checked in 12 Blocks and one Municipality, no school achieved 210 feeding days. The shortfall in feeding ranged days between 10 per cent and 44 per cent during 1996-97 and between 9 per cent and 37 per cent during 1997-98 (Appendix-XXXV). Therefore the achievement figures stated by the Government were not reliable.

The shortfall was attributed by schools to non-availability of stock of food grains, fuels etc.

³ In respect of 24 districts only out of 30 districts (comments restricted to test checked districts). Expenditure for other districts not made available as of September 1999.

(i) The number of schools in the State and the students enrolled/covered under the programme during the years 1995-96 to 1998-99 as per Government were as under:

Year	No. of Schools	No. of students enrolled (In lakh)
1995-96	41604	38.15
1996-97	40955	42.12
1997-98	40132	40.04
1998-99	40697	45.03

Shortfall in feeding ranged upto 44 per cent.

Actual number of students fed under the programme against the students on roll in the State as a whole could not be furnished by the State Government. Thus Government was not monitoring the coverage of the programme effectively. As per records of 6 District offices, the shortfall in feeding with reference to the enrolled students ranged between 11 per cent and 39 per cent during 1996-97 and between 6 per cent and 44 per cent during 1997-98 (Appendix-XXXVI). The shortfall was attributed to absence of the students and refusal by some students to take food.

3.4.6 Misutilisation of programme fund

(i) Out of funds received from W&CD Department from July 1995 to 1997-98, the Collector, Kalahandi retained Rs.12.00 lakh in bank account as of March 1999. Out of the interest earned on the deposit in the bank upto March 1998 Rs.1.61 lakh were irregularly spent on contingent expenditure of his office.

(ii) Similarly, the BDOs/DSWOs kept Rs.11.59 lakh in the savings bank accounts (BDO, Sadar Bhawanipatna-Rs.5.75 lakh; BDO, Banki-II-Rs.2.47 lakh; BDO, Laxmipur-Rs.2.31 lakh and DSWO, Khurda-Rs.1.06 lakh).

(iii) DSWOs, Bhadrak and Kalahandi kept Rs.71 lakh and Rs.68.82 lakh under "Civil Deposits" out of the allotments received for the programme during the years 1995-96 to 1997-98 as per orders of Commissioner-cum-Secretary to W&CD Department.

(iv) Rs.0.45 lakh shown as paid to BDO, Khurda during September 1995 towards fuel and contingent charges by DSWO, Khurda was not accounted for in that Block. DSWO, Khurda though stated (December 1998) that it would be verified and intimated to audit separately, no information was furnished by him as of October 1999.

(v) Details of expenditure or otherwise for Rs.1.51 lakh (unspent balance out of Rs.9.92 lakh received towards purchase of utensils during 1995-96) and Rs.2.66 lakh placed with Executive Officer, Cuttack Municipality during 1995-96 could not be furnished by DSWO.

Thus, Rs.1.68 crore were not utilised on the programme but shown as spent thereby inflating the financial achievement.

3.4.7 Non-lifting and diversion of rice

Allotment of food grain from the FCI godowns would be valid for the quarter to which it was allotted for the year 1995-96 and for the month to which it was allotted from 1996-97 onwards.

5.45 lakh quintals rice allotted by GOI free of cost was not lifted by 5 District Managers, OSCSC

Test check of records of District Managers(DM), OSCSC of Cuttack, Kalahandi, Khurda, Koraput and Ganjam during December 1998 to April 1999 revealed that the 544.55 thousand quintals of rice allotted free of cost by Government of India under the programme was not lifted by them during 1995-96 to 1998-99. Consequently the allotments lapsed. Further a sizeable quantity (25.30 thousand quintals.) was diverted for other programmes viz., PDS, emergency feeding programme, special subsidised scheme etc. neglecting the programme for which rice was given by the GOI free of cost as shown below:

Name of the District	Period	Quantity allotted	Quantity lifted	Quantity lapsed	Quantity diverted out of the Quantity.lifted
(I n q u i n t a l s)					
Cuttack	96-97 to 1998-99	84985.84	73118.81	11867.03	976.03
Ganjam	-do-	195100.95	149562.97	45537.98	5519.27
Khurda	-do-	72047.72	56077.47	15970.25	700.00
Kalahandi	1995-96 to 1998-99	115660.65	91957.14	23703.51	16320.92
Koraput	-do-	76760.35	55325.07	21435.28	1788.60
Total		544555.51	426041.46	118514.05	25304.82

The lapsed quantity represented 22 per cent of the total quantity allotted during 1996-99, while the diverted quantity constituted 6 per cent of quantity lifted.

The value of the diverted quantity of 25.3 thousand quintals worked out to Rs.1.37 crore at PDS rate.

Though Government claimed 100 per cent achievement of targetted feeding, the programme was interrupted in 950 test checked schools in 4 of the 5 districts and feeding was provided only for 184 days (average) during 1996-97 and for 176 days (average) during 1997-98 due to non-lifting and diversion of rice.

DM, OSCSC, Kalahandi stated (April 1999) that due to non-receipt of release orders in time and non-cooperation of FCI authorities full quantities could not

be lifted. The DM, OSCSC Jeypore stated that due to enhancement of the annual allotment far above the actual requirement the quantities could not be lifted. The DM, OSCSC, Ganjam, Chhatrapur did not furnish reply. The DMs, OSCSC, Kalahandi, Koraput, Khurda and Cuttack stated (between May 1998 and February 1999) that the accounts would be reconciled and action taken to recoup the diverted quantities.

3.4.8 Unjustified shortage of food grains

Records of District Managers, OSCSC, Bhadrak, Ganjam, Kalahandi and Koraput revealed that there was a shortage of 1189.27 quintals of free rice the cost of which at Public Distribution System (PDS) rate worked out to Rs.7.69 lakh.

The DM, Kalahandi stated (May 1998) that the FCI and Orissa State Warehousing Corporation (OSWC) authorities were not giving the stock on 100 per cent weightment and this fact had been intimated to the concerned quarters and the shortage could not be realised. Other DMs of Bhadrak, Ganjam and Koraput stated (between February 1999 and May 1999) that the shortages were permissible as they were within the Corporation's norm of 0.5 per cent.

However, as the scheme did not envisage any shortages in provision of food grains and the limits, the contention of the DM was not tenable and possibility of pilferage of the quantities could not be ruled out.

3.4.9 Issue of PDS rice instead of free rice

Government of India allocated free rice to all the Low Female Literacy (LFL) Blocks in Ganjam District from 1996-97 and all the other blocks including urban areas in the State from 1997-98. However, instead of lifting the free rice, Public Distribution System rice was distributed by DMs, OSCSC of following districts to schools in Bhadrak, Cuttack, Koraput and Ganjam Districts as detailed below.

District	Period	Quantity (In quintals)	Amount (In Rupees)	Transportation Cost (In Rupees)
Ganjam	April to July 1996	4907.46	30,52,438.90	1,22,686.45 (@Rs.25 per qtl)
Bhadrak	April to May 1997	1834.27	11,40,919.41	45,856.89 (@Rs. 25 per qtl)
Koraput	October to December 1997	698.15	5,23,612.50	34,907.50 (@Rs. 50 per qtl.)
Cuttack	April to May 1997	2211.20	13,75,366.40	55,280.00 (@Rs.25 per qtl)
	June to July 1997	1072.50	6,66,784.00	53,625.00 (@Rs. 50 per qtl)
		10723.58	67,59,121.21	3,12,355.84

Instead of lifting free rice, Public Distribution System rice was distributed at the cost of Rs.70.71 lakh.

The DM, OSCSC, Bhadrak stated (May 1999) that due to late receipt of order from Collector, Bhadrak, free rice could not be lifted. DSWOs, Koraput and Cuttack stated (February 1999) that the matter would be verified with concerned DMs, OSCSC and action would be taken accordingly.

Thus, due to failure to lift free rice and supply of PDS rice, Rs.67.59 lakh were spent from State funds besides transport charges of Rs.3.12 lakh which would have been met by GOI under the scheme. This matter calls for investigation.

3.4.10 Distribution of substandard food grains

A total quantity of 4058.85 quintals of inferior mung dal (valuing Rs.95.41 lakh) was supplied by Orissa Consumer Co-operative Federation (OCCF) during the period from 1995-96 to 1998-99.

In Kalahandi district, the bad quality of dal was brought to the notice of OCCF by ADM, Kalahandi and Collector, Kalahandi but without any result. The DM, OSCSC stated (May 1998 and April 1999) that to avoid interruption of the feeding programme such substandard dal was accepted and distributed during 1995-96. For the acceptance of such substandard dal during November 1998 no specific reasons were furnished. Purchase of dal from OCCF was stopped from January 1999 as per the orders of Collector.

Damaged grains and foreign materials formed 23 per cent of the dal supplied by OSCSC

In Ganjam district chemical analysis report of 8 samples drawn out of 2575.55 quintals of mung dal showed that the quality of dal was sub-standard. Damaged grains and foreign materials formed an average of 23 per cent . Instead of getting the stock replaced, the substandard quantity valuing of Rs.14.02 lakh was distributed to the schools and utilised. DSWO, Ganjam stated (April 1999) that the DM, OSCSC would be asked to furnish the actual position. Government should recover the cost of such sub standard dal from OSCSC.

The DM, OSCSC, Bhadrak stated (May 1999) that except in one case there were no complaints and that the chemical analysis reports had not been received (May 1999). Thus, the objective of nutritional support to primary education suffered. The fact of supply of substandard dal was not in the knowledge of Director/Commissioner-Cum-Secretary, W&CD Department.

3.4.11 Pilferage of food stuff

In Kasipur Block of Rayagada District food stuff (Rice, Dal and Oil) under the programme were shown issued by the Marketing Inspector under BDO to 21 Primary Schools during February 1996 to April 1997 and to 2 Primary Schools during February 1996 to May 1998 though there were no students/ teachers in these schools. The value of food stuff shown as issued worked out to Rs.1.89 lakh. The food stuff were thus pilfered.

3.4.12 Financial irregularities

(i) Excess payment towards cost of PDS rice supplied to MDM Programme-Rs.89.38 lakh

During July 1995 to July 1996 PDS rice of 3,57,530 quintals was supplied to schools under the State Programme at Rs.622 per quintal which included transport charges (Rs.11.00 per quintal) and retailers margin (Rs.14.00 per quintal). As the cost of transportation of rice to school points was paid to OSCSC separately, the transport charges and retailers margin included in the rate of PDS rice should have been deducted at the time of making payment. Due to this lapse Government had paid Rs.89.38 lakh in excess to the OSCSC during the above period. Quantity of PDS rice supplied during August 1996 onwards could not be worked out as information was not furnished.

Government did not furnish any final reply on the plea that information was awaited from OSCSC.

(ii) Advances

Though advances to the tune of Rs.19.89 crore were lying unadjusted with District Manager of OSCSC in Cuttack, Ganjam, Bhadrak and Khurda districts since 1995, no effective action was taken by concerned Collectors.

The DSWOs stated (February/April 1999) that the bills submitted by the DMs, OSCSC were under scrutiny. The possibility of unauthorised use of Government funds can not be ruled out.

(iii) Irregular payment of honorarium to cooks and helpers

Though cooks and helpers were not to be paid honorarium during the months in which feeding was not done, such payments were made in schools in Cuttack, Kalahandi, Khurda and Koraput Districts for Rs.1.03 lakh.

DSWOs, Cuttack, Khurda and Koraput stated that the BDOs concerned would be instructed to take appropriate action, while the BDO, Bhawanipatna stated (May 1998) that the excess payment was made due to non-receipt of instructions from DSWO, Kalahandi.

(iv) Excess expenditure in purchase of utensils

DSWO, Ganjam, Chatrapur spent Rs.18.13 lakh towards purchase of utensils supplied to 2876 schools in the District during 1995-96 as against Rs.14.38 lakh admissible as per the prescribed norm.

(v) Excess payment on transportation cost

In Koraput District transportation charges for the period from 15 August 1995 to February 1996 amounting to Rs.3.23 lakh claimed by the OSCSC at the rate of Rs.43 per quintal was paid by the DSWO, Koraput. Transportation charges of Rs.6.59 lakh was also paid by the DRDA for October 1995 to March 1997 at the rate of Rs.25 per quintal to the OSCSC. Thus there was excess payment of Rs.2.16 lakh towards transportation charges to OSCSC by DRDA and DSWO for the period October 1995 to February 1996 due to overlapping.

3.4.13 Reporting of excess students strength

In 9 districts⁴ number of actual students on roll was inflated by 49.9 thousand while reporting (Secretary W&CD Department) requirement for allocation of rice during 1998-99. Out of these districts Cuttack, Gajapati and Sambalpur accounted for 32.7 thousand fictitious students.

Secretary, W&CD Department was not aware of this matter. Possibility of similar misreporting and resultant excess lifting in other districts need investigation by Government.

3.4.14 Miscellaneous

As per Women and Child Development Department's instruction (February 1998) empty gunny bags and containers should be disposed of at the prescribed rates and 90 per cent of the sale proceeds remitted to government account within two months. In the offices of DSWOs Bhadrak, Dhenkanal and Koraput empty gunny bags and containers were neither collected and disposed of nor cost of the same realised from schools. Consequently, Rs.23.87 lakh being the cost of the empty gunny bags of food materials supplied to the schools in these districts remained unrealised.

DSWOs stated (February/April 1999) that they would realise the cost and credit the amount to Government Account.

3.4.15 Monitoring and evaluation

No inspection for physical verification of implementation of the scheme was conducted by DSWO in the 4 districts. The scheme was not monitored either at District level or in the State level. As a result, interruption of feeding due to non-availability of stocks of food-grains, diversion of free rice, supply of inferior quality dal, irregular payment of honorarium to cooks and helpers etc. were not known to the government.

⁴ Balasore (1327), Bhadrak (4698), Boudh (1252), Cuttack (12044), Gajapati (10682), Khurda (7814), Koraput (372), Nawarangpur (1687) and Sambalpur (10100).

There was lack of co-ordination between the district officials of government and the OSCSC units leading to various irregularities and impediments in the proper implementation of the programme.

Though the scheme commenced in July 1995, no evaluation of the scheme had been taken up so far.

Recommendations

In the light of the audit findings the following suggestions are made for consideration of Government.

Government should arrange for proper monitoring of the lifting of allotted food grains and its distribution to the schools to avoid interruptions in the programme.

Inspection of the feeding programme and verification of the quality of food grains supplied by OSCSC should be enforced.

Mechanism should be established for proper co-ordination between the department officials and the OSCSC for timely and full delivery and for maintaining proper quality of food grains.

SECTION - B

AGRICULTURE DEPARTMENT

3.5 Mismanagement of training centre

Refresher Training Centre provided no training for 8 years and its employees were paid without work.

The Refresher Training Centre (RTC), Bhubaneswar was to provide refresher training to technical field officers of Agriculture Department to refresh, review and reorient their knowledge for increasing food production. The centre had an officer-in-charge and 3 staff.

Test check of records of RTC revealed that from 1990-91 no refresher training courses were conducted and no funds were received from the State Government for the purpose. The post of officer-in-charge of the centre remained vacant since July 1978 and the lecturer, PPTI, Bhubaneswar was declared as the Head of the Office and DDO for training courses in different agricultural subjects by State Government in August 1979. Eventhough no training was provided, the staff of the RTC continued to draw their pay and allowances from 1990-91 till October 1998, when the training courses resumed after merger of RTC with State Level Institute on Management of Agricultural Extension (IMAGE) set up in October 1998. During this period Rs.12.02 lakh were paid as pay and allowances to the staff.

Thus, apathy of Government in providing funds to the RTC and failure to monitor the activities of the Head of Office of RTC led to mismanagement of RTC and wastage of public funds of Rs.12.02 lakh spent on the non functioning establishment.

The matter was reported to Government (May 1999); reply had not been received (September 1999).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.6 Failure to set-up Cobalt Therapy Unit in VSS Medical College Hospital, Burla

State Government failed to utilise the Central Assistance of Rs.1.50 crore for cobalt therapy unit; consequently Multiple angular fields treatment, Breast cancer (Cone) treatment etc. could not be provided to patients while the money was retained in Civil Deposit.

Government of India (GOI) sanctioned (March 1991) Rs.20 lakh to set-up a Cobalt Therapy Unit in VSS Medical College Hospital, Burla with the stipulation that the entire amount should be utilised within a period of one year from the date of sanction and any increase in the price of the equipment would be provided by the Institution from its sources, and in case it was not possible to execute the scheme the grant should be refunded.

Superintendent, VSS Medical College Hospital received the full amount from GOI in March 1992 and deposited the same in Civil Deposit.

Since Cobalt 60 Teletherapy Unit (Cobalt Machine) was then costing Rs.80 lakh, the Superintendent approached (February 1992) State Government for provision of additional funds. Government, however, could not provide any fund but moved (July 1994 and May 1995) GOI to provide additional funds as the cost of machine was escalating. In March 1998 GOI sanctioned another Rs.1.30 crore as grants-in-aid for setting up of an Oncology Wing (related to Cobalt Therapy Unit) at the Hospital. The amount was drawn during March 1999 and kept under Civil Deposit. Thus, the entire amount of Rs.1.50 crore remained blocked in Civil Deposit while the machine was not procured.

The Superintendent stated (February 1999) that the machinery was not procured and installed in the hospital for which Multiple angular fields treatment, Wedgefilter treatment and Breast cancer (cone) immobilisation facility could not be provided. Director of Medical Education and Training (DMET) stated (April 1999) that State Government released fund only during March 1999 and it would take some time for procurement and installation of machinery.

Thus, the Cobalt machine was not procured and installed for nearly 8 years though funds were provided for the same by the GOI thus denying essential medical services to the patients of the region. The funds received from GOI were instead used to boost the cash balance of the State Government.

The matter was reported to Government in April 1999; no reply was received (December 1999).

3.7 Theft of Government cash

Government cash amounting to Rs.8.13 lakh was stolen due to non-observance of financial rules by the DDO and Head of Office.

Financial rules prescribed that large amounts of cash drawn from treasury shall be kept in an embedded cash chest which shall be fitted with double locks. The contents of the cash chest shall be counted by the DDO at the end of business on each working day and verified with the book balance as shown in the cash book and other registers after they have been closed for the day. All monetary transactions should be entered in the cash book as soon as they occur and attested by the DDO in token of check. The cash book should be closed

regularly and completely checked. The time limit for depositing Government money into the treasury will be three working days in respect of money received by a Government servant in his official capacity.

In the office of Superintendent, SCB Medical College Hospital, Cuttack an amount of Rs.8.13 lakh was stolen on 4 November 1997 from the steel almirah of Accounts Section. Scrutiny revealed that the Cash Book was not closed by the Accounts Officer* who was the Drawing and Disbursing Officer (DDO) for the period from 1 September 1997 to 4 November 1997 and cash used to be kept by various disbursing assistants including cashier although two cash chests with adequate safeguards were available in the strong room of the Cash Section. Of the stolen amount, Rs.6.84 lakh related to undisbursed claims of staff drawn between August 1997 to November 1997 and Rs.1.29 lakh represented Government receipts collected during September 1997 to November 1997. The matter was brought to the notice of the Police by the concerned authority in November 1997 but investigation was not completed. All the assistants including the cashier placed under suspension on this issue were since reinstated.

Audit pointed out to the DDO and the Superintendent through Inspection Reports (IR) of 1996-97 and 1997-98 (periods of audit were from July 1995 to July 1996 and from August 1996 to July 1997 respectively) the rampant unauthorised correction/ adjustment/omission and commission in the Cash Book, including unauthorised reduction in opening/closing balances and subsequent adjustment, absence of physical verification of cash and surprise verification of cash, temporary misappropriation of cash, non-remittance of Government money into the treasury in disregard of the financial rules etc. However, no reply to the IRs was furnished to audit by the concerned officers. These lapses of the cashier, DDO and the Superintendent facilitated the loss of Government money.

Principal Secretary stated (September 1999) that recovery position and disciplinary action against erring employees would be furnished on receipt of information from SCB Medical College Hospital authority.

*Accounts Officer was designated as the DDO by the State Government in respect of both the establishments of the Principal of the Medical College and the Superintendent of the Hospital.

3.8 Infructuous expenditure on idle sweepers

Government incurred infructuous expenditure of Rs.32.62 lakh on pay and allowances of 53 sweepers who had no work.

Government engaged (October 1996) Sulabh International, a voluntary social organisation for the work of upkeep, cleaning and maintenance of the toilets, urinals, baths, wash basins and floor area of ten out of thirteen wards of Capital Hospital, Bhubaneswar from October 1996 at an annual cost of Rs.7.46 lakh. Initially they were engaged for one year and thereafter the organisation continued the work on extension.

In the Capital Hospital, Bhubaneswar, 53 sweepers who were on the roll as on 1 October, 1996 for the aforesaid work were neither allotted any alternate work nor transferred to any other hospital establishments while the work of cleaning etc. was done by the agency.

It was only in May 1997 that the Chief Medical Officer (CMO) of the Hospital proposed to the Director of Health Services (DHS), Orissa that services of these sweepers be utilised for attending to the hygienic requirements of the patients.

However, no response was received from Government and no follow up of the request was made by the CMO. Scrutiny of records in Secretariat revealed that alternate use of sweepers were considered by Government in August 1996. However, they failed to communicate any orders on the subject to the CMO.

Government stated (July 1999) that Sulabh International were entrusted to clean the wards twice daily. Rest of the time, the cleaning and maintenance of the hospital was done by those sweepers as per their duties. However, since the said organisation was entrusted with upkeep, cleaning and maintenance etc. of the Capital Hospital, the stated deployment of the idle sweepers for the same work was doubtful.

Thus due to failure in utilisation of the services of 53 sweepers who were left with no work following the engagement of Sulabh International, Government incurred infructuous expenditure of Rs.32.62 lakh towards their pay and allowances upto September 1998.

HOME DEPARTMENT

3.9 Unnecessary maintenance of winged service for telecommunication

In spite of availability of the modern telecommunication systems pigeons were maintained at a huge cost in 19 offices.

The pigeon service communication system (Winged Service) was introduced in 1946 in the Orissa Police Signal Establishment for transmission of urgent and secret messages to the inaccessible areas studded with high hills, deep ravines and dense forests. The system was initially established in Koraput district on an experimental basis and gradually extended to other districts in the State and as of March 1998 twenty nine numbers of pigeon lofts were maintained in 18 Superintendent of Police (SP) offices and at Police Headquarters in the State. To maintain the above lofts 1 Inspector, 3 Sub-Inspectors, 1 Assistant Sub-Inspector and 35 Constables were engaged.

Test check of records of five SPs (Cuttack, Balasore, Gajapati, Sambalpur and Sundergarh) and information collected from other SPs revealed that Rs.54.19 lakh were spent during 1994-95 to 1997-98 for maintenance of Pigeon lofts in those offices though their services were not required for any communication purpose.

The SPs of concerned districts (Bolangir, Balasore, Gajapati, Phulbani, Sambalpur and Sundergarh) requested (May 1997 and September 1997) the SP, Signal (Headquarters), Cuttack for withdrawal of pigeon services from their districts as they were well equipped with modern telecommunication systems. However no decision was taken to discontinue the pigeon services communication system.

Inspector General of Police in his reply through Home Department stated (June 1999) that the cost of maintaining a pigeon service to transmit secret messages was negligible and also there was less chance of the message being intercepted by the enemy. Further, the pigeon service in Orissa was active in discharging useful duties and required to be preserved for emergencies. If it would be disbanded then a vital link with the past and a cultural heritage would be snapped. The reply was not tenable in view of the unnecessary expenditure and improvement in telecommunication system.

3.10 Loss due to non-availing of permissible discount

Due to non-availing of permissible discount within the stipulated time Government was put to loss of Rs.11.34 lakh .

As per the Rate Contract (RC) concluded with Small Scale Industry (SSI) units by the Director of Export Promotion and Marketing (DEPM), Orissa, the suppliers (SSI units) were to give 3 *per cent* discount on the basic value of the RC items, if full payment was made to them within two weeks of the delivery of the stock.

Test check of records in the offices of the Director General and Inspector General (DG&IG) of Police, Orissa, Cuttack and Commandant General, Homeguards (CGH), Orissa, Cuttack, (June 1998) and subsequent information collected (June 1999) revealed that Rs.3.78 crore were spent for purchase of items like ammunition boots, shoes, woollen goods etc. during 1995-96. These offices, however, did not avail of 3 *per cent* permissible discount of Rs.4.38 lakh on the basic contract value of Rs.1.46 crore, though payment was made within two weeks time of supply of goods. Similarly, though fund were available, payment was delayed from 16 days to 288 days for supply of goods worth Rs.2.32 crore, and consequently the department failed to avail the discount of Rs.6.96 lakh. DG&IG and CGH stated through Home Department (September 1999) that they could not anticipate the exact date of disbursement, as payment was made through government drafts. Reply was not tenable, as discount could have been availed of by deducting the permissible discount in respect of payment made within two weeks while preparing the draft.

Laxity on the part of the Departmental officials led to loss of Rs.11.34 lakh on account of unavailed amount of discount.

INDUSTRIES DEPARTMENT

3.11 Failure of Panchayat Samiti Industries Programme .

Panchayat Samiti Industries programme was a failure as 89 *per cent* of the units had become defunct or loss making or liquidated and Rs.1.62 crore was practically lost.

The Panchayat Samiti Industries (PSI) Programme had been implemented in the State of Orissa since 1962-63 for taking the industries to the villages to

promote industrial climate in rural areas, improve local skills and raise the source of income of the local people.

Test check of records of the Director of Industries, Orissa, Cuttack (April-May 1998/ April-May 1999) revealed that 147 PSI units were set up during 1962-63 to 1964-65 under the Programme and Government had invested in these units Rs.2.50 crore in share capital (123 units) and Rs.43.11 lakh as loans (61 units). Out of the 147 units, at present only 55 units are working units (profit making -16, working on loss-39). Among the other units 16 are defunct, 67 are under liquidation, 4 are finally liquidated and 5 are leased out.

Scrutiny disclosed that out of Rs.43.11 lakh paid as loan to 61 PSI units, Rs.33.53 lakh (Principal) and Rs.38.80 lakh (interest) were outstanding as on 31 March 1999. Besides out of Rs.25.82 lakh obtained as loan by 63 PSI units from different banks, Rs.18.13 lakh and Rs.0.60 lakh were outstanding towards guarantee amount discharged by Government and guarantee commission respectively as on 31 March 1999. Further an amount of Rs.71.25 lakh was also outstanding for recovery from 69 PSI units towards rent of Government sheds provided to the PSI units as on 31 March 1999. A total amount of Rs.1.62 crore (Rs.33.53 lakh + Rs.38.80 lakh + Rs.18.13 lakh + Rs.0.60 lakh + Rs.71.25 lakh) was thus realisable from the PSI units as on 31 March 1999. As the PSI units are governed under Orissa Co-operative Act, all recoveries from the defaulting units were to be made under the provisions of said Act, but no action was taken by the Director to recover the amounts from the Society members, or their sureties under this Act.

Director of Industries stated (February 1999/May 1999) that due to financial hardship, the units could not repay the outstanding dues and Government decided (October 1998) to privatise the losing, defunct and under-liquidation units either through leasing out or outright sale to the interested entrepreneurs based on Cabinet Sub-committees' recommendations. Action was still awaited (May 1999).

Thus, the Panchayat Samiti Industries Programme was a failure as 89 per cent of the units became defunct/loss making or under liquidation and Rs.1.62 crore had been practically lost.

Government in their reply (July 1999) accepted the points raised by audit.

3.12 Irregular payment of pay and allowances to untrained Instructors

DTET failed to impart training to the Instructors who became ineligible for the job of training .

The Instructors dealing with Craftsman Training and Technical Education have to pass the training course of the Central Training Institute (CTI) set up by the Government of India within two years of their appointment. The unsuccessful Instructors, however, were to get two more chances to qualify themselves as Instructors after undergoing the said training courses of CTI to impart education/training to the students of Industrial Training Institutes (ITI) failing which their appointment was to be terminated.

Test check of records of Industrial Training Institute (ITI), Puri and Purna Chandra Industrial Training Institute (PCITI-Women), Baripada (upgraded to ITI status in 1993-94) revealed that eight Instructors, four from ITI, Puri and four from PCITI-Women, Baripada, of different trades did not pass CTI courses and yet continued in service beyond two years in violation of Government orders.

The Principal ITI, Puri and PCITI(W), Baripada stated (April/May 1999) that names of all the eight instructors were recommended by them to the Director Technical Education and Training (DTET), Orissa for deputing them for undergoing training. But only one instructor (from ITI, Puri) was deputed during August 1998 for such requisite training at ATI, Calcutta. Information regarding the untrained Instructors were also repeatedly brought to the notice of the Director by Audit, but no action was taken.

Thus, the DTET failed to implement the Government order by not arranging the requisite training to upgrade the qualification of the Instructors and making them eligible for continuation in service. The ITIs spent Rs.19.76 lakh (ITI, Puri: Rs.11.89 lakh and PCITI(W), Baripada : Rs.7.87 lakh) upto January 1999 towards pay and allowances of these untrained Instructors who were continued in service without fulfilling eligibility conditions.

The matter was reported to Government in February, 1998 and May/August 1999; no reply was received (September 1999).

**PANCHAYATI RAJ AND GENERAL
ADMINISTRATION DEPARTMENT**

3.13 Sanction, procurement and utilisation of government vehicles

JRY funds were misutilised for purchase of new vehicles and large number of vehicles of the departments were used by other Departments requirement. Ceiling of consumption of POL was not enforced.

The acquisition, utilisation and management of vehicles in the Panchayati Raj Department (PR) and General Administration Department (GA) and in their subordinate offices were test checked in audit. Results of scrutiny are discussed below.

3.13.1 Expenditure on procurement of vehicles

Out of the total provision of Rs.6.99 crore (PR Department:Rs.6.17 crore; GA Department:Rs.0.82 crore) on purchase and maintenance of motor vehicles during the period 1993-1998, Rs.6.10 crore were spent on purchase of new vehicles. Further, even while budgeted funds were not fully spent the Department irregularly spent Rs.96.70 lakh during 1997-98 out of JRY funds for purchase of new vehicles.

3.13.2 Procurement of vehicles

86 new vehicles were purchased at a cost of Rs.2.54 crore during 1993-98 by the PR Department and also by DRDAs from the scheme funds of JRY, EAS etc. as shown below in addition to 92 vehicles purchased against budget provision during the same period.

Year	Expenditure at State Hqrs. from scheme funds (No. of vehicles)		Expenditure at SIRD # (No. of vehicles)		Expenditure at DRDAs from scheme funds (No. of vehicles)	Total expenditure incurred from scheme funds for purchase of vehicles (No. of vehicles)
	JRY	EAS	JRY	GOI grant		
(I n l a k h o f R u p e e s)						
1993-94	4.57 (2 Nos)	--	--	1.43 (1 No.)	--	6.00 (3 Nos.)
1994-95	33.42 (14 Nos.)	--	--	--	--	33.42(14 Nos)

State Institute of Rural Development

* Name of scheme was not ascertainable

Year	Expenditure at State Hqrs. from scheme funds (No. of vehicles)		Expenditure at SIRD [#] (No. of vehicles)		Expenditure at DRDAs from scheme funds (No. of vehicles)	Total expenditure incurred from scheme funds for purchase of vehicles (No. of vehicles)
	JRY	EAS	JRY	GOI grant		
(I n l a k h o f R u p e e s)						
1995-96	93.79 (32 Nos.)	--	5.72 (1 No.)	--	3.00 (1 No)	102.51 (34 Nos.)
1996-97	4.91 (2 Nos.)	--	--	--	--	4.91 (2 Nos)
1997-98	96.70 (30 Nos.)	3.72 (1 No.)	--	--	6.64(2 Nos)	107.06 (33 Nos.)
Total	233.39 (80 Nos.)	3.72 (1 No.)	5.72 (1 No.)	1.43 (1 No.)	9.64 (3 No.)	253.90(86 Nos)

Comments on such procurement/purchases are discussed below:

Unauthorised purchases of vehicles from scheme funds

(i) Purchase of vehicles from JRY/EAS funds was not permissible. In disregard of this provision Rs.2.43 crore were spent by the PR Department on purchase of 82 new vehicles during 1997-98 out of JRY/EAS funds. Of these, no proper sanction was issued in case of 78 vehicles (Cost:Rs.2.31 crore) and in 4 cases, sanction though issued were irregular as the incurring of expenditure out of scheme funds was not permissible.

(ii) Government of India released Rs.10 lakh (January 1991) as grants-in-aid for purchase of standard equipment viz. fire extinguishers, public address systems, generators etc. for the State Institute of Rural Development (SIRD), Bhubaneswar which was deposited under "Civil Deposits" (March 1991). Out of this amount Rs.1.43 lakh (March 1993) were spent irregularly for purchase of a Maruti van in May 1993.

(iii) Government in Finance Department issued instructions (February 1994) to buy diesel vehicles only during acquisition of new vehicles or by way of replacement. In disregard of these instructions a petrol driven car was purchased in March 1996 for the Deputy Chief Minister (PR) and a petrol driven Maruti 800 car was purchased in June 1996 for the Principal Secretary.

3.13.3 Misutilisation of vehicles

(i) Test check of the log books in the field offices revealed that in 3 cases the vehicles were used by other offices for travels ranging from 5 days to 9 months. The Collector, Ganjam utilised the Ambassador car purchased in March 1996 for DRDA for non-DRDA purposes such as those of Revenue Administration during the period. A Tata Sumo car purchased in February 1998 for the exclusive use of Additional Secretary (Vigilance) to be used in

interior duty spots of the State was utilised by the Minister, Panchayati Raj from September 1998 onwards in addition to one car allotted to him.

Though as per IRDP Manual, use of vehicles out of District Headquarters was not permissible, DRDAs, Bolangir, Keonjhar and Ganjam used the vehicles outside the district on at least 130 occasions (during 1993-98).

(ii) DRDA, Khurda purchased a car in November 1997 which was used by the President, Zilla Parishad, though, Government of Orissa prohibited the use of DRDA vehicles by Zilla Parishad Presidents.

(iii) A jeep purchased out of DPAP funds for use by DRDA was irregularly placed at the disposal of Assistant Soil Conservation Officer, Patnagarh during July 1983 to February 1998 alongwith the driver. Salary of the driver amounting to Rs.3.69 lakh for this period, was also irregularly met from DRDA funds.

3.13.4 Irregular retention of vehicles purchased for DRDAs by Government

For supply of vehicles to the newly created 17 DRDAs from April 1993, 14 Ambassador cars were purchased by Government during 1994-95 at a total cost of Rs. 33.42 lakh. Out of which only 9 new cars were provided to the DRDAs while the PR Department retained 5 cars. Two DRDAs were provided with old vehicles instead, from vehicles already available at PR Headquarters. As vehicles were not supplied by the PR Department to 6 DRDAs they irregularly purchased cars from scheme funds at a cost of Rs.14.68 lakh. Thus, while Government departments misutilised DRDA cars, scheme funds were diverted to purchase of cars.

3.13.5. Utilisation of POL

3.13.5.1 Low kilometreage

Kilometres run per litre of fuel fixed by Government in Commerce and Transport (Transport) Department was as under :

Type of vehicle	Petrol			Diesel		
	Plain road	Hilly road	Town run	Plain road	Hilly road	Town run
Ambassador	10	9	8	11	10	9.5
Maruti Car	20	18	17	-	-	--

Test check of the log books of the vehicles revealed that both types of Ambassador cars and Maruti cars were uniformly giving an average performance at 8, 8 and 11 kilometres against the norm of 10, 9 and 18 Kms per litre respectively resulting in excess consumption of fuel valuing Rs.6.38 lakh (approx.) during 1993-98.

3.13.5.2 Excess consumption of POL over prescribed ceilings

Government fixed (May 1992) monthly ceilings on consumption of fuel per vehicle for different categories of officers, Ministers etc. Test check of 44 out of 64 vehicles of the two departments revealed that actual consumption of fuel during 1993-94 to 1997-98 was far in excess of the prescribed ceilings which resulted in extra expenditure of Rs.18.28 lakh (approx). Possibility of theft of POL and fictitious consumption can not be ruled out.

3.13.5.3 Non-observance of fuel economy

With a view to restricting fuel consumption Government imposed (August 1992) 10 per cent reduction in fuel utilisation from 1991-92 levels. The quantity of fuel utilised during 1991-92 in PR and GA Departments was not made available. There was, however, sharp increases in fuel consumption level during 1993-98 as compared to 1992-93 as shown below.

C O N S U M P T I O N O F F U E L						
Department	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
	(. . . l i t r e s . . .)					
Panchayati Raj	-	-	-	32544 (13)	47186 (15)	39266 (14)
General Administration	22742	31271	52590	38411 (23)	37017 (19)	44568 (22)

(Figures shown in the bracket represent number of vehicles.)

Thus, Government's order to bring about economy in the use of fuel was disregarded.

3.13.6. Repairs and Maintenance:

3.13.6.1 Ineffective functioning of Central Workshop:

A Central Workshop with technical staff headed by an Automobile Engineer was functioning at Bhubaneswar since 1956 under the control of PR Department to undertake the repairs, maintenance and servicing of the departmental vehicles.

During 1993 to 1998 number of vehicles repaired/serviced sharply declined from 542 to 107 and 560 to 380 respectively.

While Rs.21.08 lakh was incurred on salary of the staff and contingencies during 1996-98, during 1997 the department had spent Rs.1.97 lakh towards repairing and servicing of vehicles outside the departmental workshop.

3.13.6.2 Excess expenditure on repairs

Government of Orissa, Finance Department fixed (November 1992) a ceiling on expenditure of repairs and replacement of spares according to the age of the vehicles. Records of PR department revealed that Rs.4.35 lakh was spent on repairs by the department in excess of the ceiling limit of Rs.3.36 lakh during 1993-98.

3.13.6.3 Diversion of JRY funds

A sum of Rs.4.50 lakh was incurred out of savings of JRY resources during the year 1994-95 towards expenditure on repairs and POL for the fleet of the vehicles of the PR Department.

3.13.7. Excess vehicles at headquarters of Departments

As per the information supplied to audit PR Department and GA Department had 14 to 26 vehicles and 19 to 23 vehicles respectively. However, they had only 10 to 20 and 16 to 17 regular drivers. Thus, a number of vehicles had no driver.

GA Department stated (July 1999) that the excess vehicles were being used by other departments viz. Chief Minister's Office, Parliamentary Affairs Department, Department of Public Grievances and Pension Administration with their drivers. One vehicle of PR Department was off the road since October, 1996. Evidently the Departments had more vehicles than they actually needed.

3.13.8 Monitoring

A High Power Committee under the Chairmanship of the Chief Secretary was set up in March 1998 for considering inter alia the proposals from various Departments for purchase of new vehicles for replacement purposes only. The HPC reviewed the vehicles position in PR Department during May 1998 and suggested to phase out the surplus vehicles in order to ensure economy in expenditure. However, the Department did not take any action as of March 1999. At the end of March 1998, 435 vehicles were available with the Department of which 14 were being used at the Secretariat level. Of the total vehicles 184 were purchased during 1993-98. Actual requirement of the vehicles however, was not known.

The above points were referred to Government (May 1999); reply (PR Department) had not been received (September 1999).

REVENUE DEPARTMENT

3.14 Unauthorised expenditure from available cash

Rs.66.61 lakh were spent unauthorisedly out of funds meant for development by the Collectorates.

According to Orissa General Financial Rules, no authority shall incur any expenditure or enter into any liability involving expenditure from Consolidated Fund until the expenditure has been sanctioned by general or special orders of Government or by an authority to which power has been duly delegated in this behalf and the expenditure has been provided for in the authorised grants and appropriations for the year.

Scrutiny revealed that successive Collectors, Cuttack and Sambalpur routinely spent Rs.66.61 lakh unauthorisedly from available cash towards payment of telephone charges, maintenance of vehicles and other miscellaneous contingencies without sanction of Government and provision of funds in the budget grants. In Cuttack Collectorate, Rs.33.07 lakh and in Sambalpur Collectorate Rs.33.54 lakh spent in the above manner during 1978-1998 and during 1954-1999 respectively remained unadjusted as of March 1999. Nizarat Officer, Sambalpur Collectorate, noticed in July 1998 that vouchers and advance receipts for Rs.8.48 lakh were not available. Possibility of misappropriation of these funds could not be ruled out. He also failed to ensure proper account of cash balance during physical verification of cash.

As per provision under Orissa Board of Revenue Rules 1959, the Board of Revenue is required to inspect selected offices and courts of Collectors at random at least once in a year and furnish the report to the State Government. Accordingly, Member Board of Revenue in its inspection note relating to Sambalpur directed (July 1998) the Collector, that if matters did not improve within three months, Nizarat Officer should be taken to task. However, the position did not improve as seen from the increase in the amount of paid vouchers since inspection.

The concerned Collectors stated (May 1998/October 1998) that steps would be taken to regularise the paid vouchers by obtaining allotment. As regards non-availability of vouchers/advance receipts, the Collectorate, Sambalpur stated that the Ex-Nazirs would be asked to sort out the wanting vouchers.

The replies were not tenable as the expenditures were incurred unauthorisedly from the available funds meant for development or other works. The vouchers

were lying unadjusted for the period ranging upto 44 years indicated that such irregularities were committed routinely, despite repeated objections made through the Inspection Reports of Accountant General. Further, long pendency provided opportunity for misuse and misappropriation of government funds as the genuineness of the expenditure could be difficult to establish at this distant period. Similar irregularities and unauthorised expenditure in all the collectorates can not be ruled out.

The matter was referred to Government (May 1999); reply had not been received (September 1999).

3.15 Irregular investment of land acquisition money

Irregular investment of land acquisition money led to loss of Rs.60.05 lakh and facilitated misuse of Government revenue.

For the purpose of acquisition of land the land requisitioning organisation is required to deposit in advance the cost of compensation for acquisition of land with the Collector/Land Acquisition Officer. As per Government order such advances should be initially credited to the deposit head under "8443 Civil Deposits" for future drawal of actual requirement for payment.

Scrutiny revealed that in disregard of government inspections Collector, Jagatsinghpur invested Rs.9.82¹ crore received between July 1995 and October 1998 towards land acquisition in Short Term Deposit (STD) and Savings Bank (SB) accounts bearing interest at the rates varying from 5 per cent to 8 per cent per annum.

Had the compensation money been initially credited under "8443 Civil Deposit" in Government Accounts it would have improved the ways and means position of the Government and saved interest liability by Rs.60.05 lakh paid on the Ways and Means advances and overdrafts during this period.

Further Rs.7.86 lakh out of the interest earned on the investment was misutilised by the Collector between December 1996 and March 1999 for different purpose (Furniture : Rs.1.85 lakh, POL: Rs.1.82 lakh, Wages of driver : Rs.0.97 lakh, Computer and repair :Rs.0.88 lakh, Electricity: Rs.0.68 lakh, vehicle repair: Rs.0.55 lakh and TA: Rs.0.22 lakh) without the approval of the competent authority.

Railways :Rs.2.81 crore; Irrigation Department: Rs.0.44 crore; Works Department: Rs.0.10 crore and IDCO (a State Government undertaking): Rs.6.47 crore.

At the instance of audit (August 1998) the entire unspent compensation money of Rs.2.22 crore was credited under "8443 Civil Deposits" in Government accounts in December, 1998/January 1999.

Government stated (May 1999) that they have taken all steps to prevent retention of compensation money in the bank account and the Collector deposited the money into the Government Account. This was not tenable as the Collector disregarded the instructions of the Government and misused the amounts but no steps were taken to prevent such misuse.

SCHOOL AND MASS EDUCATION DEPARTMENT

3.16 Irregular appointment of untrained teachers in Upper Primary (ME) Schools

Continuance of untrained teachers in taken-over schools resulted in irregular expenditure of Rs.7.17 crore.

Government of Orissa took over management of 4,630 Upper Primary (ME) Schools along with their assets and the employees of the school were brought under the control of Government from April 1991. Employees of such schools were to be taken over as government servants if they were justified by the yardstick prescribed by Government and had prescribed qualification. Any staff in excess of the yardstick and not having the minimum prescribed qualification would not be absorbed by Government. Appointment of each employee existing on the date of take over was to be scrutinised by the Director of Elementary Education. Minimum qualification prescribed for the post of a Primary School Teacher was Matric with 2 years post matriculation training in order to qualify as Certified Teacher (CT).

Check of records of ten District Inspector of Schools (DIS) (Soro, Nimapara, Phulbani, Deogarh, Gunupur, Aska, Bhanjanagar, Chhatrapur, Rairangpur and Salipur) conducted between June 1998 and April 1999 revealed that 270 untrained teachers (Soro:9, Nimapara:41, Phulbani:2, Deogarh:26, Gunupur:5, Aska:34, Bhanjanagar:21, Chhatrapur:16, Rairangpur:31 and Salipur:85) were continuing in 206 schools as Government servants since April 1991 in

violation of the conditions. Pay and allowances disbursed to such untrained teachers worked out to Rs.7.17 crore as of March 1999.

The concerned DIS of 4 Districts in their reply stated (June 1998- December 1998) that steps would be taken to regularise the appointment. Whereas 4 other DIS stated (January - April 1999) that steps would be taken to comply by deputing such untrained teachers for training in phased manner. No reply was, however furnished by DIS, Deogarh and Bhanjanagar.

Director, Elementary Education stated (July 1999) that the total number of untrained teachers among the teachers taken over as on April 1991 was under scrutiny and that such untrained teachers were allowed to continue as there was no specific qualification prescribed at the time of their initial appointment. Thus the Director was not even aware of the total number of untrained teachers all these years and appointment was made disregarding the prescribed norms. Further, no scrutiny of eligibility for appointment was made thereafter and no reference was made to Government for such cases for the last 8 years.

Government was requested (July 1999) therefore to undertake the scrutiny of records of DIS regarding the qualification of the teachers to ensure that qualified teachers are employed in the taken over schools. Their reply had not been received (September 1999).

3.17 Misuse of Operation Blackboard Scheme funds

Operation Blackboard Scheme funds of Rs.1.62 crore misused for purchase of steel almirahs by the Director of Elementary Education, Orissa.

Operation Blackboard, a Centrally Sponsored Plan scheme had been in operation in the State since 1987 for bringing out a substantial improvement in Primary Education through appointment of second teacher and providing specific Teaching and Learning Equipment (TLE) such as blackboard, maps, charts, books for library and toys etc.

Test check of records of the Director of Elementary Education (DEE), Orissa in September 1998 revealed that Rs.1.04 crore, accrued as savings from the funds provided under Operation Blackboard due to non-procurement of musical instruments and discount availed on purchase of books out of 2nd and 3rd phase of the scheme (1989-92) were kept in Civil Deposit. Out of the above amount, DEE, with the approval of Government purchased (between September 1994 and June 1998) 6,697 Almirahs at a cost of Rs.1.62 crore diverting funds from Operation Blackboard Scheme though the scheme

provided for purchase of books and musical instruments and not purchase of steel furniture like Almirah.

DEE stated (September 1998) that the purchase was made as per Government orders based on the decision of the purchase committee constituted at Government level. Reply was not relevant since the purchase of Almirah was not admissible under the scheme.

The matter was referred to Government in April 1999; reply had not been received (September 1999).

3.18 Inadmissible payment of Grants-in-aid

Non-observance of Government orders resulted in inadmissible payment of grants-in-aid of Rs.1.18 crore to 10 schools.

As per Government orders issued in 1994 no grants-in-aid was payable to an institution which did not achieve minimum enrollment of 25 and 40 for each class in scheduled and non-scheduled areas respectively. Similarly, no grants-in-aid was payable to an educational institution other than Girls' High Schools which failed to achieve the state average result in annual High School Examination for three consecutive years by the time it qualified to receive the minimum grant. In respect of Girls' High Schools, the result was to be not less than 25 *per cent* below the state average.

Records of the Inspector of Schools, Keonjhar revealed that 10 Non-Government recognised High Schools including two Girls' High Schools located in non-scheduled areas were notified eligible (May, 1995) to receive grants-in-aid as Aided Educational Institutions with effect from June 1994 by Government of Orissa, School and Mass Education Department. Accordingly, Rs.1.18 crore were paid towards salary, cost of the teaching and non-teaching staff for the period from June 1994 to May 1998. Scrutiny further disclosed that these schools were having neither minimum effective students strength i.e. 40 for each class nor achieved state average result in Annual High School Examination as prescribed by the Government when they received the grant-in-aid. They did not achieve the same, even after receipt of grant as of May 1998. Information submitted by the Inspector of Schools did not include the roll strength and results of those schools nor were these information asked for by Director while releasing the grants.

The Inspector of Schools, Keonjhar stated (September, 1998) that out of 10 schools, 5 schools were located in Scheduled Caste areas and Scheduled Tribe areas and the parents of the students were poor and did not allow them to

pursue their studies. The results of the students were not up to satisfaction due to negligence of parents. The reply was not tenable as the Government notification of May 1993 did not declare the areas as scheduled areas. Hence no relaxation of the conditions of eligibility would be admissible.

Neither the Director of Secondary Education nor the Government furnished any reply (September 1999).

Thus, non-observance of Government orders resulted in inadmissible payment of grants-in-aid of Rs.1.18 crore.

3.19 Excess payment of grants-in-aid to non-government High Schools

In disregard of Government orders excess grants-in-aid to the tune of Rs.91.98 lakh were paid to 26 non-government schools by two Inspector of schools.

As per erstwhile Education and Youth Services Resolution (March 1979) a recognised High School was eligible to receive the minimum grants-in-aid after 4 years from the year of presentation of candidates in the final High School Examination. According to the Orissa Education (Payment of grants-in-aid to the High Schools and Upper Primary Schools) order 1994, the educational institutions which had become eligible to receive grants-in-aid on the basis of executive instructions in force immediately preceding the date of commencement of this order but had not received any grants-in-aid as on that date might be paid minimum grants-in-aid at the rate of 60 *per cent* of the salary cost of the teaching and non-teaching employees for three years from June 1994 irrespective of the date from which the educational institutions would have become eligible and 100 *per cent* thereafter.

Check of records of the Inspector of Schools, Puri and Dhenkanal circle revealed that though 26 recognized non-government High Schools (Puri circle:6 and Dhenkanal circle : 20) became eligible for minimum grants from 1991-92 (after 4 years from the year of presentation of candidates) on the basis of March 1979 Resolution were not receiving any grants-in-aid as on March 1995. But subsequently those Schools were paid grants-in-aid at the rate of 100 *per cent* of the salary cost of their teaching and non-teaching employees from

1 June 1994 instead of 60 *per cent* as the minimum grant for the first 3 years from 1994-95 to 1996-97 in violation of the Government order of 1994. This resulted in excess payment of Rs.91.98 lakh as shown in the Appendix-XXXVII.

The Inspector of Schools stated (August 1998/February 1999) that 100 *per cent* grants-in-aid was paid as per Government order (1994) and clarification issued (April 1997) by the Director of Secondary Education, Orissa (DSE). The DSE, Orissa did not furnish replies though the matter was brought to his notice (February 1999). Replies of the Inspector of Schools were not tenable since the Government order (1994) clearly stipulated that grants-in-aid would be payable at the rate of 60 *per cent* during the first three years.

Thus, in disregard of the Government orders (1994) excess grants-in-aid of Rs.91.98 lakh was paid to 26 non-government High Schools by two Inspector of Schools.

The matter was referred to Government in February 1999; reply had not been received (September 1999).

3.20 - Illegal appointment of Primary School teachers on fake orders

Illegal appointment of Primary School teachers on the basis of fake Government Orders led to illegal expenditure of Rs.39.97 lakh in one district. Director took no action for several years.

The prescribed qualification for appointment of teachers in primary schools in Orissa was Matric CT (Certified Teacher). Some persons having the degrees of "Prathama" and "Sikhya Bisarad" awarded by Hindi Sahitya Sammilani, Allahabad sought appointment on the ground of a Government order of February 1981 which purportedly equated such degrees with HSC/CT qualifications. Government clarified (November 1995) to the Director of Secondary and Elementary Education that it did not issue any such order (February 1981). A writ petition filed by one candidate in the Orissa High Court was also dismissed in May 1997 based on Government's clarification. Thus, the purported Government order dated February 1981 which was quoted as basis for appointment was fake.

District Inspector of Schools, Rourkela appointed between November 1989 and December 1994, 9 candidates having Prathama/Sikhya Bisarad qualifications as Sikhyakarmis and 21 of in-service teachers acquiring Sikhya Bisarad qualification from Hindi Sahitya Sammilani, Allahabad as trained Primary School teachers on the basis of the fake Government Order. Two such teachers retired from service between September 1997 and January 1998 while the rest were continuing. An expenditure of Rs.39.97 lakh was incurred towards the pay and allowances of these illegally appointed teachers as of January 1999.

Scrutiny revealed that the successive District Inspector of Schools, Rourkela moved (December 1995/October 1997) the Director of Elementary Education for clarification and instructions regarding the treatment of services of those teachers who were irregularly appointed/regularised. The Director did not act on these letters till February 1999 when he issued order at the instance of Audit to retrench the services of illegally appointed teachers. Thus the Director facilitated the continuation of the irregularities for long time. No investigation was also made by the Government or the Directorate regarding the issue of fake order which led to illegal appointment of underqualified teachers.

Director stated (September 1999) that Inspector of Schools Rourkela processed disciplinary action against those teachers and some of them had taken shelter in the court of law and obtained stay orders from the Orissa Administrative Tribunal and that the matter was subjudice.

Government need to investigate the matter of issue of fake order which facilitated appointment of underqualified teachers in the Primary Schools. Further a review of the records of all the schools is necessary to determine the number of such illegally appointed teachers in other districts.

Though the matter was repeatedly referred to Government (March, June, July and August 1999) they did not furnish any reply (December 1999),

3.21 Loss of Rs.36.13 lakh due to non-availing of Trade Discount on purchase of paper

Due to non-incorporation of Trade Discount clause in the tender notice and non-insistence of Trade Discount Government sustained a loss of Rs.36.13 lakh on purchase of papers during 1995-96.

For printing of Nationalised Text (NT) Books for school students in the State, the Director of Text Book Production and Marketing (TBPM), Bhubaneswar (the only authorised Government Publisher of NT Books) procured printing paper every year through sealed tenders from the Paper Mills/Manufacturers/Authorised Dealers. Scrutiny of records of TBPM (June 1998) revealed that sealed tenders for 1200 tonne of Reel Paper, 1200 tonne of Sheet Paper and 300 tonne of Maplitho Paper were called for in August 1995 for printing of NT Books during the year 1995-96. The Tender Notice required the tenderers to quote their rates with unconditional cash discount, if any, per tonne on the quoted price which would remain valid for a period of 90 days from the date of opening of the tender. No mention was, however, made in the Tender Notice asking the tenderers to quote the Trade Discount which was availed of during the previous year 1994-95.

In response to the Tender Notice, 6 tenders for Reel Papers, 12 tenders for Sheet Paper and 8 tenders for Cover Paper quoted their rate of which, 5 tenders for Reel Paper, 7 tenders for Sheet Paper and 6 tenders for Cover Paper were found to be valid. All the tenderers offered cash discount. Even though the rates quoted by (HPC) a tenderer for each category of paper were higher than the lowest quoted rate (Reel Paper by 11.11 *per cent*, Sheet Paper by 7.23 *per cent* and Cover Paper by 13.21 *per cent*) the purchase committee in their meeting held in November 1995, selected the firm (HPC) on the ground that the firm was a Government of India enterprise and had supplied quality paper in the past and authorised the Commissioner-cum-Secretary being the Chairman of the committee to negotiate with the firm to reduce the price.

After negotiation (December 1995) the rate of Reel Paper, Sheet paper and Cover paper was finalised at Rs.29,500, Rs.29,900 and Rs.32,400 per tonne respectively without taking into consideration the trade discount of Rs.1600 per tonne in each category of papers which was being offered by the firm to other traders on bulk sale during 1995-96, though similar trade discount (Rs.1200 per tonne) was availed by TBPM on purchase of Reel Papers i.e. at the rate of Rs.22,920 (after discount of Rs.1200) from the same firm during 1994-95. The rate of other papers were Rs.29,694 (Sheet Paper) and Rs.30,805 (cover paper) per tonne without trade discount during 1994-95 which were much lower than the rates for 1995-96.

Thus due to failure to include trade discount clause in the Tender Notice and to consider the said benefit either in the tender stage or during negotiation by the Director of TBPM Government suffered a loss of Rs.36.13 lakh on purchase of 2258 MT of paper of the three categories during 1995-96.

The matter was referred to Government in April 1998; reply had not been received (September 1999).

3.22 Excess payment for printing of Nationalised Text Books

Though printing and binding of Nationalised Text Books were completed in December 1997, payment was made as per revised rate issued in January 1998 which led to excess payment of Rs.14.65 lakh.

The main activity of the Director of the Text Book Production and Marketing (TBPM) was to publish and distribute the Nationalised Text Books (NT Books) for both formal and non-formal schools in the State. Printing and binding of NT Books were being done through the private printers directly by TBPM since 1996-97 at the existing rates since 1990. On the recommendation of Technical Committee, the Government revised the said rates in January

1998 without mentioning the date from which the revised rates would be effective.

Scrutiny of records of Director TBPM in June 1998 revealed that the printing, binding and transportation charges claimed by the Private Presses during September to December 1997 relating to works executed prior to the date of issue of the above Government order were paid (December 1997 to February 1998) at the revised rate instead of prevailing rate out of funds sanctioned in November 1997. This resulted in excess payment of Rs.14.65 lakh.

The Director of TBPM stated (June 1998) that printing and binding of NT Books had been done for the year 1997-98 and that being a time bound work once in a year and within a limited time, there was no question of making payment on the basis of effective date. The contention was not tenable as the Government order did not introduce revised rates retrospectively and the work was done before the issue of the Government order (January 1998).

The matter was referred to the Government in May 1999; reply had not been received (September 1999).

GENERAL

3.23 Misappropriation, losses etc.

Cases of misappropriation, losses etc. of Government money reported to audit upto the end of March 1999 and on which final action was pending at the end of June 1999 were as follows:

		Number of cases	Amount (Rupees in lakh)
(i)	Cases reported upto the end of March 1998 but outstanding at the end of September 1998	1896	1142.75
(ii)	Cases reported during April 1998 to March 1999	49	24.89
(iii)	Cases disposed of till June 1999	1	0.03
(iv)	Cases reported upto March 1999 but outstanding at the end of June 1999	1944	1167.61

Departmentwise analysis of the outstanding cases is given in the Appendix - XXXVIII. The period for which these were pending are given below :

		Number of cases	Amount (Rupees in lakh)
(i)	Over five years (1948-49 to 1993-94)	1645	762.36
(ii)	Exceeding three years but within five years (1994-95 to 1995-96)	106	299.87
(iii)	Upto three years (1996-97 to 1998-99)	193	105.38
		1944	1167.61

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

		Number of cases	Amount (Rupees in lakh)
(i)	Awaiting departmental and criminal investigation	613	522.51
(ii)	Departmental action initiated but not finalised	788	473.51
(iii)	Criminal proceedings) finalised but execution of certificate cases for the recovery of the amount pending	37	8.30
(iv)	Awaiting orders for recovery or write off	405	115.60
(v)	Pending in the Courts of law	101	47.69
		1944	1167.61

3.24 Failure of senior officials to enforce the accountability and protect the interest of Government

Accountant General (Audit), Orissa arranges to conduct periodical inspection of the Government Departments to test check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IR). When important irregularities etc. detected during inspection are not settled on the spot, these IRs are issued to the Heads of offices inspected with a copy to the next higher authorities. The rules and orders of Government provide for prompt response by the executive to the IRs issued by the

Accountant General (AG) to ensure rectificatory action in compliance of the prescribed rules and procedures and accountability for the deficiencies, lapses etc. noticed during his inspection. The Heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the AG. Serious irregularities are also brought to the notice of the Head of Department by the office of the Accountant General (Audit). A half yearly report of pending IRs is sent to the Secretary of each Department to facilitate monitoring of the audit observations in the pending IRs.

IRs issued upto June 1999 pertaining to 5168 offices of 33 departments disclosed that 66061 paragraphs relating to 17519 IRs remained outstanding at the end of September 1999. Of these 1377 IRs containing 4062 paragraphs had not been settled for more than 10 years (Appendix-XXXIX). Yearwise position of the outstanding IRs and paragraphs are detailed in Appendix-XL. Even the initial replies, which were required to be received from the Heads of offices within six weeks from the date of issue were not received in respect of 5291 IRs issued between 1980-81 and 1998-99 (June 1999). As a result several serious irregularities commented upon in these IRs had not been settled as of September 1999 in respect of eight selected departments (Appendix-XLI).

A review of the IRs which were pending due to non-receipt of replies as detailed in Appendix-XXXIX revealed that the Heads of offices, whose records were inspected by AG and the Head of the Departments failed to discharge due responsibility as they did not send any reply to a large number of IRs/Paragraphs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out by AG. The Secretary of the respective Department took no action through half yearly reports. The Department took no action against the defunct officers of the Department indicated inaction against the defunct officers and loss to the Government though these were pointed out in audit.

It is recommended that Government should relook into this matter and ensure that procedure exists for (a) action against the officials who failed to send replies to IRs/Paras as per the prescribed time schedule, (b) action to recover loss/outstanding advances/over payments in time bound manner and (c) revamping the system of proper response to the audit observations in the Department.

3.25 Follow-up on Audit Reports

The Comptroller and Auditor General of India's Audit Reports represent culmination of the process of scrutiny starting with initial inspection of the

accounts and records maintained in the various offices and Departments of Government. It is necessary, therefore, that they elicit appropriate and timely response from the executive. Finance Department, Government of Orissa had issued instructions (December 1993) to all the Administrative Departments to submit explanatory notes on paragraphs and reviews included in the Audit Reports within three months of their presentation to the Legislature, without waiting for any notice or call from the Public Accounts Committee (PAC), duly indicating the action taken or proposed to be taken thereon.

However, it was noticed that though the Audit Reports for the years 1988-89 (Vol. I & II), 1990-91, 1991-92, 1992-93, 1993-94, 1994-95, 1995-96, 1996-97 and 1997-98 were presented to the State Legislature in June 1990 (Vol.I), September 1991 (Vol.II), 28 October 1992, January 1993, September 1994, June 1995, July 1996, April 1997, July 1998 and July 1999 respectively, 24 out of 37 departments who were commented upon did not submit explanatory notes on 317 paragraphs/reviews out of 558 as of September 1999 as indicated below .

Year of the Audit Report (Civil)	Total paragraphs/reviews in audit report	No. of paragraphs/reviews for which explanatory notes were not received.
1988-89	54	6
1990-91	62	9
1991-92	70	20
1992-93	53	8
1993-94	60	39
1994-95	57	56
1995-96	61	38
1996-97	77	77
1997-98	64	64
Total	558	317

Departmentwise analysis is given in the Appendix-XLII. The break-up revealed that the departments largely responsible for non-submission of explanatory notes were Water Resources, Agriculture, Works and Panchayati Raj. Audit also found that not only did around 56 per cent of audit observations remain unresponded to, comments on topics such as Malaria Eradication Programme, Command Area Development Programme, Role of District Industries Centre (DIC) in the development of Small Scale Industries, Rural Water Supply Scheme, Non-formal Education and Contract Management etc. had also failed to elicit any response from the Government.

3.26 Review on Personal Ledger (PL) Accounts

3.26.1 Introduction

Personal Ledger (PL) Accounts were maintained in Public Account of Orissa (8443-Civil Deposits-106-Personal Deposits). The scheme-wise position of balance at the end of March, 1999 and their maintenance of accounts have been exhibited in the Appropriation Accounts for the year 1998-99 under the respective grants.

Finance Accounts for the year 1998-99 showed a balance of Rs.160.85 crore under major head "8443-Civil Deposits-106-Personal Deposits". A test check of records relating to Personal Ledger Accounts revealed the following serious irregularities.

3.26.2 Transfer of funds to Personal Ledger Accounts to avoid lapse of budget

Financial Rules of the Government prescribed that money should not be drawn from the treasury unless it is required for immediate disbursement and it should not be drawn for depositing under the Civil Deposit-Personal Ledger Accounts to avoid lapse of budget grant. However, during 1994-95 to 1998-99, various departments of Government had in violation of codal provisions, drawn and deposited huge amounts in the personal deposit accounts in the treasuries as detailed below:

Year	Opening Balance	Deposits	Withdrawals	Closing Balance
(R u p e e s i n l a k h)				
1994-95	4620.63	23590.81	21647.48	6563.96
1995-96	6563.96	19693.88	18632.19	7625.65
1996-97	7625.65	26117.57	22767.99	10475.23
1997-98	10975.23	21306.90	19890.17	12391.96
1998-99	12391.96	30332.08	26638.97	16085.07

Results of test check of records of DRDA, Puri, Khurda, Cuttack, Gajapati, Kalahandi, Nowrangpur, Nayagarh, Balasore and ITDA, Nowrangpur conducted during July to September 1999 are summarised in the succeeding paragraphs.

(i) False certification of reconciliation

According to SR 461 of Orissa Treasury Code Vol.I, balances in the PL Account as per the books of the Departmental officers should be verified with

the balances in Treasury accounts every month. Test check of records of DRDA, Puri, Kalahandi, Nowrangpur and Balasore and ITDA, Nowrangpur revealed that though no such reconciliation was carried out, the Project Directors and the Project Administrators falsely certified agreement of the balances as on 31st March 1999 in their pass book with those in the Treasury Pass Book despite the following discrepancies.

Name of the DRDA	Balance as per Pass Book	Balance as per Treasury Pass Book	Difference
(R u p e e s i n l a k h)			
Puri	1,17,59,530.12	1,28,24,422.12	10,64,892.00
Kalahandi	1,25,37,574.66	1,46,96,151.15	21,58,576.49
Nowrangpur	1,49,83,691.00	3,17,04,791.00	1,67,21,100.00
Balasore(-)	1,77,85,092.52	7,18,305.48	1,85,03,398.00
ITDA, Nowrangpur	1,56,98,609.14	1,59,04,409.14	2,05,800.00

The huge unreconciled balances need immediate investigation and reconciliation in absence of which serious irregularities including misuse and misappropriation of Government funds cannot be ruled out.

(ii) Delay in sanction of State share of scheme funds till the fag end of the year

For proper implementation of schemes by stipulated dates matching share of State Government was required to be sanctioned expeditiously so that the funds sanctioned by Government could be released by the DRDAs in a phased manner to ensure timely utilisation of grants and completion of schemes.

Test check of records however, disclosed that there were delays in the sanction of State share by Government, release by DRDAs and utilisation by the executing agencies. Percentage of amounts sanctioned by Government in March 1999 to the total grants sanctioned during the year ranged between 23 and 100 per cent as detailed below.

Name of the DRDA	Name of the Scheme	Amount sanctioned during 1998-99	Amount sanctioned during March 1999	Percentage
(R u p e e s i n l a k h)				
Puri	MWS	4.11	2.05	50
	JRY	66.53	16.58	25
	IAY	47.53	14.25	30
Khurda	EAS	66.50	16.63	25
	IRD	111.60	25.96	23
	IAY	48.00	13.63	28
	MWS	63.27	59.25	94

Name of the DRDA	Name of the Scheme	Amount sanctioned during 1998-99	Amount sanctioned during March 1999	Percentage
Cuttack	MWS	26.07	13.36	51
	IAY	80.71	22.93	28
Gajapati	IRDP	49.00	22.16	45
Nowrangpur	DWCRA	2.14	2.14	100
	TRYSEM	8.67	4.13	48
Nayagarh	IRDP	142.22	61.39	43
	MWS	8.81	4.41	50
	TRYSEM	8.69	2.92	34

(iii) Irregular Deposit of Scheme Funds in PL Accounts

Contrary to the instructions of Government of India (July 1994) to keep all scheme funds in Savings Bank Account of nationalised banks, 8 DRDAs and 1 ITDA deposited scheme funds (State share) of Rs.115.87 crore in their PL Accounts.

(a) Except in the case of DRDA, Gajapati and ITDA, Nowrangpur, year-wise analysis of balances in PL Accounts was not available. Funds were retained in PL Account without being released to the executing agencies for implementation of the schemes for which funds were received. During 1998-99, 3 DRDAs (Khurda, Kalahandi, Nowrangpur) and ITDA, Nowrangpur did not release in full, the funds transferred to PL Account during 1998-99. Thus, out of a total of Rs.174.58 crore available, only Rs.100.46 crore was released leaving a balance of Rs.74.12 crore. The percentage of withholdings in PL account ranged between 18 and 58.

Name of the Agency	Opening Blance as on 1st April 1998	Deposits during 1998-99	Total	Withdrawals during 1998-99	Balance as on 31st March 1999	Percentage of withdrawal
(R u p e e s i n c r o r e)						
DRDA						
1. Puri	1.84	4.38	6.22	4.94	1.29	79
2. Khurda	45.90	61.62	107.52	45.56	61.96	42
3. Cuttack	3.07	5.17	8.24	5.55	2.69	67
4. Gajapati	1.34	2.79	4.13	3.28	0.85	79
5. Kalahandi	0.38	6.30	6.68	5.21	1.47	78
6. Nowrangpur	1.33	5.72	7.05	3.88	3.17	55
7. Nayagarh	2.32	3.72	6.04	4.98	1.06	82
8. Balasore	1.18	20.36	21.54	21.47	0.07	99.69
9. ITDA, Nowrangpur	1.35	5.81	7.16	5.59	1.57	78
Total	58.71	115.87	174.58	100.46	74.12	

(b) Four DRDAs deposited Rs.36.67 crore (Cuttack-Rs.15 crore, Khurda-Rs.8.56 crore, Puri-Rs.8.52 crore and Boudh-Rs.4.59 crore) in their PL accounts out of Rs.197.39 crore received for Jawahar Rojgar Yojana (Central share- Rs.111.75 crore, State share- Rs.28.15 crore) and Employment Assurance Scheme (Central share-Rs.46.23 crore, State share-Rs.11.25 crore) during 1994-95 to 1998-99 of which Rs.1.79 crore relating to JRY was lying unutilised as on 31 March 1999 (Cuttack-Rs.1.29 crore, Khurda-Rs.0.35 crore, Puri-Rs.0.11 crore and Boudh-Rs.0.04 crore).

(iv) Transfer of Central share to PL accounts from Savings Bank Account

In DRDA, Balasore, Central share of grants-in-aid though initially credited to Savings Bank Account of different banks were transferred subsequently from Savings Bank Accounts and credited to PL Account. A sum of Rs.8.10 crore transferred between July 1998 and February 1999 were held in PL Account for various periods ranging from 2 to 173 days.

(v) Retention of scheme funds in PL Accounts at Block level

(a) Central share of grants of Rs.18.10 crore released by DRDA, Boudh, Cuttack, Khurda, Puri and Sonapur for the implementation of Jawahar Rojgar Yojana, Indira Awas Yojana and Employment Assurance Scheme during 1994-95 to 1998-99 were deposited by 12 BDOs in their PL Accounts instead of in Bank Accounts as shown below.

Name of the DRDA	Name of the Block	Central share kept in PL Account (Rupees in lakh)
Boudh	Boudh Sadar	332.95
	Harabanga	407.88
Cuttack	Cuttack Sadar	150.68
Khurda	Begunia	24.21
	Khurda Sadar	30.85
	Tangi	68.55
Puri	Puri Sadar	55.76
	Pipili	90.53
	Satyabadi	94.70
	Astaranga	14.70
Sonapur	Kakatpur	12.60
	Binika	89.05
	Sonapur	238.05
	Tarabha	199.29
Total		1809.80 lakh or 18.10 crore

(b) Central fund of Rs.0.25 crore released by DRDA, Puri for the implementation on Member Parliament Local Area Development Scheme were lying unutilised in PL Accounts of the following BDOs on 31 March 1999.

Sl. No.	Name of the Block Development Offices	Amount lying in PL Account as on 31 March 1999 (Rupees in lakh)	Year in which released
1.	Kanas	3.58	Not Available
2.	Krishnaprasad	0.40	Not Available
3.	Nimapara	0.34	Not Available
4.	Astaranga	5.21	1997-98 and 1998-99
5.	Satyabadi	2.38	Not Available
6.	Delang	2.89	Not Available
7.	Brahmagiri	9.70	Not Available
8.	Pipili	0.50	1994-95
Total		25.00	

(vi) *Funds remaining unutilised with 15 BDOs*

Scheme funds of Rs.5.41 crore received from DRDAs remained unutilised for long period as of March 1999 as below:

	Name of the DRDA	Name of the Block Development office	Balance in PL Account as on 31 March 1999 (Rupees in lakh)	Year in which the funds were released by DRDAs
	1	2	3	4
			(Rupees in lakh)	
1.	Cuttack	Tangi Choudwar	77.24	Not available
		Cuttack Sadar	51.04	Not available
2.	Gajapati	Rayagada	36.36	1989-90 to 1995-96 1997-98 1998-99
		Gumma	54.46	Not available
		Kasinagar	59.09	Not available

	Name of the DRDA	Name of the Block Development office	Balance in PL Account as on 31 March 1999	Year in which the funds were released by DRDAs
	1	2	3	4
3.	Kalahandi	Bhawanipatna	4.33	Not available
		Lanjigarh	5.61	1982-83 to 1993-94
4.	Nowrangpur	Papadahandi	40.47	1994-95 to 1998-99
		Nowarangpur	18.83	1994-95 to 1998-99
5.	Nayagarh	Odagaon	17.90	1998-99
6.	Balasore	Balasore Sadar	79.21	Not available
7.	Boudh	Harbhanga	33.19	Not available
8.	Khurda	Tangi	14.74	Not available
9.	Puri	Puri Sadar	13.65	Not available
		Pipili	35.01	Not available
	Total		541.13	

Thus, funds for programme expenditure were utilised to boost the cash balance of the Government.

(vii) Irregular diversion of funds

Contrary to the instructions issued by the Government of India and State Government prohibiting diversion of funds from one scheme to another, DRDA, Balasore diverted other scheme funds of Rs.1.34 crore during 1998-99 for the implementation of TRYSEM-Rs.0.04 crore, JRY-Rs.0.04 crore, IRDP-Rs.1.12 crore and SFPP-Rs.0.14 crore. Details of the schemes from which the funds were diverted were not available.

CHAPTER-IV
WORKS EXPENDITURE
SECTION-A

COMMERCE AND TRANSPORT (COMMERCE)
DEPARTMENT

4.1 Gopalpur Port Project

Highlights

Government of Orissa approved (1980) the construction of a seasonal minor port near Gopalpur at a cost of Rs.7.87 crore which was revised (December 1989) to Rs.35.98 crore. Pre-construction work commenced in 1976-77 and total expenditure on the project was Rs.90.60 crore as of March 1999. There was no comprehensive and co-ordinated plan to develop the port. The operational and maintenance expenditure far outstripped the revenue earnings. Large amounts were spent without technical sanction to estimates and on account of defects in agreements for operational activities, non-implementation of contractual provisions and undue benefits to contractors. Opportunities to augment port revenue were not seriously pursued and adequate attention to increase the revenue potential was lacking.

Operation and maintenance expenditure of the port was capitalised in contravention of extant rules casting an extra burden on the State exchequer.

(Paragraph 4.1.4.1)

Cargo handled was far below the projected target and operational expenses far outstripped revenue earned.

(Paragraph 4.1.5)

Collectible dues of Rs. 0.79 crore as of March 1999 was not effectively monitored and pursued.

(Paragraph 4.1.6)

Lack of a co-ordinated plan for development of the port resulted in the Approach Trestle and Deep Water Berth suitable for an allweather port constructed at a cost of Rs.12.45 crore remaining unutilised for over 5 years.

(Paragraph 4.1.7)

Harbour tug was procured at a cost of Rs.0.66 crore without any requirement. There was also extra expenditure of Rs.0.31 crore on its purchase.

(Paragraph 4.1.8)

Rs.1.01 crore were spent on energy charges contracted in excess of requirement and for delay in payments of electricity bills.

(Paragraph 4.1.10)

132 casual labour were deployed for operation of harbour crafts etc. at an avoidable extra expenditure of Rs.0.43 crore though the work was done through contractors.

(Paragraphs 4.1.11)

Rs.0.94 crore was paid in excess to contractors engaged for operation, manning and maintenance of harbour crafts.

(Paragraph 4.1.12)

41 maintenance works were undertaken by the CCE at an expenditure of Rs.5.08 crore without technical sanction to estimates.

(Paragraph 4.1.15.1)

Government failed to pursue a proposal for ship breaking activities which had a potential of revenue earning of at least Rs.1.14 crore.

(Paragraph 4.1.15.2)

4.1.1 Introduction

Government of Orissa approved (1980) the construction of a seasonal minor port near Gopalpur at a cost of Rs.7.87 crore which was revised (December 1989) to Rs.35.98 crore. Pre-construction work commenced in 1976-77 and total expenditure on the project was Rs.90.60 crore as of March 1999.

4.1.2 Organizational set up

The engineering and construction including maintenance of the project and the port management are supervised by the Chief Construction Engineer (CCE) assisted by one Executive Engineer (Civil) and one Executive Engineer (Mechanical) under the administrative control of the Commerce and Transport (Commerce) Department. CCE also acts as Port Officer under the Orissa Port

Regulations, 1937 and as Conservator of Port under the Indian Ports Act, 1908.

4.1.3 Audit Coverage

Implementation of the project relating to Gopalpur Port for the period from 1994-95 to 1998-99 was test checked from the records of the Commerce and Transport (Commerce) Department and the CCE and the Executive Engineers of two divisions. The results of test check are brought out in the succeeding paragraphs.

4.1.4 Budget and expenditure

The budgetary provision vis-a-vis expenditure on the project was as follows:

Year	Allotment	Expenditure
	(Rupees in crore)	
1976-77 to 1993-94	63.56	61.38
1994-95	7.41	4.42
1995-96	6.40	6.58
1996-97	4.95	4.98
1997-98	6.31	6.46
1998-99	6.65	6.78 (provisional)
Total	95.28	90.60

The entire expenditure on the project including operation and maintenance upto 1998-99 was charged to Capital Account under the State Plan.

4.1.4.1 Irregular capitalisation of operational expenses

Irregular capitalisation of O&M expenditure of Rs.24.83 crore.

Under extant rules, all operational and maintenance (O&M) expenditure should be charged to 'Revenue' head of account. However, the entire O&M expenditure of the port was irregularly charged to 'Capital' head of account. Taking into account the fact that all major works were completed by 1994-95, charging of O&M expenditure to 'Capital' head of account resulted in excess capitalisation by Rs.24.83 crore. As the project was funded from the State Plan, this resulted in an undue burden on the resources of the State and negated the scope of proper monitoring of O&M expenditure.

4.1.5 Inadequate revenue earnings

According to information furnished by the port authorities, the details of cargo handled and the revenue realised were as under:

Year	Cargo Handled			Revenue Realised	Maintenance expenditure
	Import Cargo	Export Cargo	Total		
Target for the year was 5.25 lakh tonne (import cargo 1.25 lakh tonne and export cargo 4 lakh tonne)					
(In lakh tonne)				(Rupees in crore)	
1986-87	-	0.03	0.03	0.10	
1987-88	-	0.30	0.30	0.08	
1988-89	-	0.22	0.22	0.07	
1989-90	0.26	0.42	0.68	0.23	
1990-91	0.50	0.11	0.61	0.30	Not available
1991-92	1.18	0.32	1.50	1.05	
1992-93	1.54	0.52	2.06	1.56	
1993-94	1.30	0.82	2.12	1.61	
1994-95	1.76	0.40	2.16	2.11	2.96
1995-96	1.04	0.66	1.70	2.60	5.09
1996-97	0.51	0.88	1.39	2.12	4.85
1997-98	0.56	1.45	2.01	3.01	5.81
1998-99	-	1.20	1.20	2.33	6.12

The table shows that maintenance expenditure far outstripped revenue earnings. Audit scrutiny indicated an increase of 107 *per cent* in maintenance expenditure during the period 1994-99 as against an increase of only 10 *per cent* in revenue earnings during this period. The increase in maintenance expenditure was mainly attributable to increase in operation and maintenance of harbour craft and annual repairs and maintenance of machinery and facilities. The abnormal increases were mainly the result of acceptance of higher tendered rates for operation of harbour crafts, unauthorised payments and avoidable expenditure on manning, maintenance and operation of harbour crafts as discussed in subsequent paragraphs. Though all the major works like sand pump trestle, provision of Shore Based Dredger (SBD), auxiliary berth, cargo berth, transit shed, stacking yard, approach channel etc. were completed by 1989-90, the volume of cargo handled by the port during 1990-99 continued to be much lower than the projected capacity.

The CCE stated (August 1999) that the port could handle only 2 lakh tonne with the existing capacity and it had to be upgraded to an allweather port if it was to be economically viable. This was not tenable as the estimates were based on the projections for a minor port with only fairweather operation. The CCE also stated that the port had to bear the establishment cost and energy charges for the whole year whereas the port actually functioned for only five months in a year. Since the above constraints were integral to a seasonal port, it was evident that the port was not professionally managed to overcome such constraints and realise its full potential.

4.1.6 No monitoring of collection of port dues

Allowance of credit facilities of Rs.79.28 lakh in violation of extant rules.

Though rules stipulated only for advance collection of dues from the port users/stevedores, the CCE allowed credit facilities and Rs.79.28 lakh representing dues for the shipment of outgoing goods and removal of landed goods were outstanding against 14 port users/stevedores at the end of March 1999. Year-wise and category-wise analysis of outstanding dues was not done and thus, there was no monitoring of collectible dues.

4.1.7 Blocking up of investment

In the absence of finalisation of plan for allweather port, expenditure of Rs.12.45 crore on construction of approach trestle and deep water berth was unfruitful.

In February 1987, Chief Minister of Orissa stated that the possibility of further developing the port into an allweather port should be explored. In pursuance of this, the Port authorities obtained (August 1988) a Detailed Project Report through a consultant for development of Gopalpur Port as an allweather port. According to the report, eight numbers of works including construction of an approach trestle, offshore breakwater, berths, floating crafts, navigation aids, mechanical handling systems, dredging facilities etc. were required. However, instead of implementing the recommendations of the report in a planned and systematic manner, the port authorities constructed an approach trestle between March 1990 and May 1992 at a cost of Rs.9.37 crore with a view to facilitating mechanical cargo handling and berthing. However, as other components of the project were not executed, the approach trestle remained unutilised and the expenditure of Rs.9.37 crore remained unfruitful for six years.

With a view to providing facilities for alongside berthing of vessels bringing Liquefied Petroleum Gas (LPG), the work of construction of a deep water berth at the tip of the approach trestle was awarded (September 1994) to a firm for Rs.2.39 crore stipulating completion by March 1995. In October 1995, the length of the berth was extended from 50m to 88m and the number of piles increased from 21 to 36 in anticipation of future expansion of the project. As a result, the work was delayed and the cost increased to Rs.3.66 crore.

Scrutiny revealed that work was stopped after November 1995 when Government issued instructions not to execute any extra work beyond the scope of the approved tender until a final view was taken by them. Neither the increase in the scope of the work nor the extension of time applied for by the firm were sanctioned as of April 1999. Expenditure on the work for Rs.3.08 crore included Rs.2.94 crore paid to the contractor (March 1999). Thus, the construction of deep water berth taken up in September 1994 remained incomplete as of April 1999 resulting in the blocking up of investment of Rs.3.08 crore.

Government stated (August 1999) that further construction was stopped since the superstructure constructed might have to be dismantled to meet the requirement of a proposed mega port. Further, capital investment for creating a full-fledged deep water berth was considered unnecessary since the port was proposed to be handed over along with the existing assets to an identified port developing agency.

Thus, due to execution of works in an unplanned manner without ascertaining the overall availability of funds and without considering the future plans for development of the port, a total investment of Rs.12.45 crore remained blocked.

4.1.8 Injudicious procurement of Harbour Tug

Procurement of tug for Rs.65.90 lakh without there being any requirement.

Government decided (March 1994) to import Liquefied Petroleum Gas (LPG) at Gopalpur Port and for this purpose construct a deep water berth and purchase a harbour tug for towing the LPG vessels from midsea and back. Construction of deep water berth commenced in September 1994 for completion by March 1995. CCE invited (May 1994) tenders for the procurement of the tug and placed orders with the lowest tenderer (September 1994) for supply of the tug by March 1995 at a cost of Rs.65.90 lakh. The firm failed to supply the tug by the due date and requested (November 1995) for extension of time. However, in the same month, Government issued instructions to stop further construction of deep water berth pending a final view on further development of the port. The CCE, instead of rescinding the contract granted extension of time upto June 1996 though the tug was no longer required. The tug was procured in December 1996 and was being utilised for ferrying of workers from shore to ship and towing of dumb barges which were to be done through existing mooring launches.

It was further noticed that before the tender for purchase of tug was finalised, the Paradeep Port Trust (PPT) offered (July 1994) a 5 ton tug at a cost of Rs.35 lakh. At the instance of the State Government, CCE had agreed (September 1994) to procure the tug if its cost was met from outside the Port

Budget though there was a provision of Rs.30 lakh in the Port Budget in 1994-95 for this purpose. Further, the expenditure of Rs.65.90 lakh was charged to the Port Budget.

Thus, not only was the procurement of the tug at a cost of Rs.65.90 lakh unnecessary, the CCE also procured it at an extra cost of Rs.30.90 lakh by ignoring the offer of the PPT.

4.1.9 Utility Buildings

Misutilisation of buildings constructed at a cost of Rs.20.44 lakh.

Port authorities constructed (between September 1994 and January 1995) utility buildings in five blocks at a cost of Rs.20.44 lakh for exclusive use by the cargo owners and stevedores on payment of hire charges. However, the utility buildings were occupied by the Nominal Muster Roll (NMR) personnel who in any event were not entitled to rent free accommodation and neither hire charges were fixed nor realised from the occupants till date (April 1999).

Thus, utility buildings constructed at a cost of Rs.20.44 lakh were misutilised and scope of earning revenue from its use was lost.

4.1.10 Avoidable extra expenditure

Rs.1.01 crore was spent on account of contracts for unnecessary higher demands for power and delayed payment of energy bills.

4.1.10.1 Unnecessary execution of contract for power

Keeping in view the needs of an allweather port, an agreement was executed (December 1986) with the then Orissa State Electricity Board (OSEB) by the CCE for bulk supply of 2160 KVA/1944 KW of power. Under the agreement, the consumer was entitled to utilise power upto 167 KVA/150 KW out of the aforesaid contract demand for domestic purposes in the port colony. Though adequate power was available under the existing agreement, another agreement was unjustifiably executed (May 1990) by the EE, Gopalpur Port Project for supply of a further 200 KVA of power for use in the port colony. The latter agreement was terminated from April 1997 on the ground that the required power could well be met out of the contracted demand under the earlier agreement. An expenditure of Rs.76.86 lakh had in the meantime been unnecessarily incurred for supply of power to the port colony during the period from May 1990 to July 1997 through the second agreement.

No responsibility has been fixed for unnecessary execution of the second agreement in May 1990 which resulted in avoidable extra expenditure of Rs.76.86 lakh.

4.1.10.2 Delayed payment surcharge

Under the agreement of December 1986, payment of energy charges was to be made by the port authorities within 15 days from the date of the bill failing which surcharge at the rate of 2 per cent per month was leviable. Energy bills

were however not paid on the due dates and the port authorities had spent Rs.23.99 lakh towards delayed payment surcharge for the period from April 1996 to November 1998.

4.1.10.3 Avoidable expenditure due to departmental lapses

In November 1998, the ladder of a Shore Based Dredger No.I got stuck and the boom (suction head) got buried in sand due to failure of the hoist fuse. The work of excavation of channel and salvage of the ladder was entrusted (December 1998) to a firm at their offered rate of Rs.4,800 per hour. As the firm failed to retrieve the buried suction head, port authorities salvaged it with their own resources in January 1999 at an expenditure of Rs.28.09 lakh. A sum of Rs.10 lakh was paid (November 1998 to March 1999) to the firm against their bill for Rs.16.82 lakh. The balance was yet to be paid (April 1999). Estimates for the work have not yet been sanctioned. Audit scrutiny revealed :

(a) Though similar incidents had occurred during 1994 and 1996, no precautionary steps were taken to safeguard against such incidents. Moreover, dredger was being operated by NMR staff without the presence of technical personnel as noticed from the logbook.

(b) The jet pump attached to the boom head to keep the sand in slurry state for easy suction was out of order since long and was not repaired. The jet pump could have helped in avoiding such accidents leading to blocking of the boom; and

(c) The cutter suction dredger procured (April 1989) at a cost of Rs.76.76 lakh for use during such emergencies was out of order since February 1994. No steps were taken to keep this dredger in working condition.

Thus, due to departmental lapses, the port had to incur an avoidable expenditure of Rs.44.91 lakh (Rs.28.09 lakh + Rs.16.82 lakh). No responsibility had been fixed for the lapses.

4.1.11 Injudicious deployment of casual labourers

Transportation of cargo from berth to the ship and vice versa are carried out through harbour crafts of the port operated through contractors. Though the manning and operation of the harbour crafts and other departmental machinery was done through contractors and departmental NMR personnel respectively, the port authorities engaged 132 numbers of skilled labourers over and above the NMR personnel each day during the shipment season for operation of harbour crafts and departmental machineries without any justification. The labour contractors were paid Rs.43.42 lakh during 1993-94 to 1998-99 on this account.

Rs.43.42 lakh spent on casual labourers for tasks for which contractor was engaged.

The EE stated that these 132 casual labourers were identified labourers for whom funds were given by the Government and they were engaged as per a tripartite agreement among the Port authority, the Labour Officer and the casual labourers. As all the work of the port was being done either through the contractor at finished item rates or through departmental NMR personnel, this expenditure of Rs.43.42 lakh was clearly unjustified and avoidable.

4.1.12 Undue benefit to contractors

The operation, manning and maintenance of harbour crafts were entrusted to contractors on tender basis. The rates per month per craft as accepted for finished item included cost of all labour, POL etc.

Unauthorised benefit of Rs.0.94 crore to contractors for operation of harbour crafts.

(a) During 1996-97 to 1998-99, works were awarded assuming the cost of POL per trip from Rs.729 to Rs.912.05 per self-propelled barge and from Rs.634.95 to Rs.782.57 for dumb barges. However, as per the terms of the agreement, if a contractor failed to make 2 trips per day for self-propelled barges and 45 trips per month for dumb barges, a deduction at the rate of Rs.600 per trip (Rs.400 for the year 1994-95 and 1995-96) in the case of self-propelled barges and at the rate of Rs.200 per trip in the case of dumb barges was to be made towards cost of POL. By determining lower rates of POL during recovery, the port had forgone recovery to the tune of Rs.21.64 lakh in respect of the trips short operated during 1996-97 to 1998-99.

(b) The working season of 1996-97 was from 15 October 1996 to 14 March 1997. CCE entrusted the work of operation of harbour crafts to two contractors on 8 November 1996 for commencement of work from the same date. The contractors were however, paid (October 1997) for the total shipment period of five months. Scrutiny disclosed that measurements recorded (March 1997) and accepted by the contractor depicted the date of commencement as 8 November 1996 and payments had been made accordingly upto the 4th Running Bill. But from the 5th Running Bill, the date of commencement was shown as 15 October 1996. It was however, noticed that the harbour crafts (which are used for transportation of cargo) were under repairs upto 28 October 1996. It was also seen that the first ship of the season arrived at the port only on 8 November 1996 and actual shipment commenced from 14 November 1996.

Thus, Rs.18.49 lakh paid for the period from 15 October to 7 November 1996 was unjustified and constituted an undue financial benefit to the contractors.

(c) Further, Rs.10.14 lakh were irregularly paid to the contractors towards maintenance of crafts from 15 October till the date preceding the date of first movement of the crafts during 1996-97 to 1998-99 as the harbour crafts were handed over to the contractors after maintenance by the Department and no

further expenditure was required thereon at least until operation. EE stated (April 1999) that payments were made to the contractors as per the agreements. The reply was untenable since the agreements provided for payments on account of maintenance only during the period of actual operation of the harbour craft and not before commencement of operations.

(d) In the agreements executed with two contractors, there was an unusual provision for payment of wages for 22 Sundays falling during the shipping season 1998-99. Pending approval (December 1998) of tenders by the Government, the CCE issued Letters of Intent on 15 October 1998 to commence the work from that date. Neither the sanctioned estimate nor the Detailed Tender Call Notice included provision for payment of wages for Sundays. Since the contractor had to observe the provisions of the relevant labour laws/rules of the State Government as well as of the Government of India relating to shipment activities and the contract rates were per month per craft for round the clock operation, the payment of Rs.9.09 lakh towards Sundays constituted an unwarranted benefit to the contractors.

(e) Rs.19.45 lakh were paid towards two 100-ton capacity self-propelled barges and one 200-ton capacity dumb barge which were not operated at all during October 1998 to January 1999. EE stated that the contractors had been paid for the labour whether or not the barge was utilised. The reply of the EE was not tenable since the unit rate per month per barge/craft was for the finished item of work of "operation, manning and maintenance of harbour crafts".

(f) During the shipment seasons from 1994-95 to 1998-99, as against Rs.21.49 lakh recoverable towards cost of POL in respect of short trips of harbour crafts, only Rs.6.08 lakh was deducted from the contractors' bills (upto 14 January 1999).

4.1.13 Extra payment to contractor

According to the agreement for the construction of a deep water berth, a lump sum payment of Rs.35.50 lakh was to be made to a firm for installing necessary plant and equipment for bored cast in-situ piling work. The agreement included a rate of Rs.0.30 lakh for the item "shift and set up of piling plant and equipment at each pile location" (no payment to be made for the first pile). During execution of the work, the number of piles was increased from 21 to 36 with the increase of berth length from 50m. to 88 m. The EE stated (January 1996) that the firm installed a larger size platform and installed two sets of equipment for boring two piles at a time.

It was evident from the reply of EE that the firm, by installing larger size platform and two sets of equipment for boring two piles at a time, had shifted and set up the piling plant and equipment only at 17 locations for which they

were entitled to receive payment for Rs.5.10 lakh (no payment admissible for the first two piles). The firm was however paid (October 1995) Rs.10.50 lakh on the ground of shifting and setting up of the pile unit at 35 locations which resulted in an unjustified extra payment for Rs.5.40 lakh. The extra payments were therefore recoverable from the firm.

4.1.14 Futile expenditure on consultancy

In pursuance of directions issued by Chief Minister of Orissa (February 1987) to examine the possibility of developing the port into an allweather port, the port authorities entrusted (July 1987) the work of preparation of a Detailed Project Report (DPR) for an allweather port to a consulting firm. They submitted the DPR in August 1988 and were paid Rs.16.45 lakh (between 1987 and 1988) for the work. In September 1995, Government decided that the development of Gopalpur Port could be undertaken as a joint venture with State Government and MMTC as partners. Following this, MMTC appointed (December 1995) the same consultancy firm for the purpose of preparing a comprehensive report for upgradation of the port. MMTC submitted (November 1996) the detailed feasibility report alongwith a statement of expenditure for Rs.1.06 crore incurred for the purpose. Hence, the expenditure of Rs.16.45 lakh incurred on the first DPR was rendered infructuous.

4.1.15 Other points of interest

4.1.15.1 Execution of maintenance works without sanction of estimates

Rs.5.08 crore spent on maintenance works without technical sanction to estimates.

EE, Gopalpur Port awarded 41 works valued Rs.6.18 crore to contractors without technical sanction to estimates during 1994-95 to 1998-99 and Rs.5.08 crore were spent as of March 1999.

EE stated that agreements had been drawn up and works executed after approval of the tender schedule and documents by the CCE though technical sanction was awaited. The reply of the EE is not tenable since in the absence of technical sanction, the reasonableness of estimates based on technical assessment cannot be established. The matter calls for investigation.

4.1.15.2 Ship breaking activities not encouraged

Loss of potential revenue of Rs.1.14 crore.

Ship breaking work in respect of one ship was allowed to a firm in the port between January 1996 and January 1997 and the port authorities earned a revenue of Rs.38.15 lakh. The same firm requested twice (February 1996 and May 1996) for grant of permission for ship breaking activity on regular basis since they had already lined up three more ships for the purpose. They had also undertaken to vacate the space on 2-3 months notice to facilitate further development work of the port as and when necessary. No permission was however, granted by the Government to the firm for further ship breaking

activities which could have fetched the port at least a revenue of Rs.1.14 crore¹. Though ship breaking activity had the clear potential to generate revenue for the port without any investment and a firm was interested for such activities at Gopalpur Port, the State Government failed to take any steps to request the Government of India for declaring Gopalpur Port as a "Custom Notified Area" for ship breaking purposes. Thus, the Port lost a potential source of revenue.

4.1.15.3 Debiting of unrelated expenditure to Project Accounts

The expenditure incurred on purposes unrelated to the activities of the port were debited to the project accounts as follows:

(a) Three vehicles were purchased by the port authorities during 1993-94 to 1994-95 at a cost of Rs.4.54 lakh by debit to the project account. Of these, one vehicle was for use by the Chairman, Orissa Maritime Academy (OMA) Bhubaneswar - which is an establishment quite separate from the Port - and two vehicles were for use by the Administrative Department. An expenditure of Rs.6.20 lakh was also incurred between 1993-94 and 1998-99 (upto January 1999) on repair and maintenance of these vehicles.

(b) Though the project authorities had ten vehicles under its administrative control, it spent Rs.4.53 lakh between 1995-96 and 1998-99 (upto February 1999) for hiring of vehicles/taxis for various "official" purposes which were unrelated to the activities of the port.

(c) A private travel firm preferred bills on 27 and 28 February 1997 for Rs.0.18 lakh towards hire charges for vehicles hired between 2 and 19 March 1997 for official use by the Minister(State), Commerce Department. The certificate of use recorded on the reverse of the bills by the Personal Assistant to the Minister was however dated 28 February 1997. Due to the obvious discrepancy in the dates, the genuineness of the journey was doubtful.

Expenditure of Rs.15.45 lakh incurred on various unrelated purposes was debited to the project accounts unjustifiably.

4.1.15.4 Amount drawn to avoid lapse of funds

An amount of Rs.56.00 lakh sanctioned by Government (31 March 1998) towards "Other Works" of Gopalpur Port was drawn by the EE and credited to "8443 Civil Deposit- 800 Other Deposit" and was subsequently withdrawn during November 1998 (Rs.50 lakh) and February 1999 (Rs.6 lakh) under Government orders issued in August 1998 and February 1999. Evidently, the

¹ . Rs.38.15 lakh X 3 = Rs.114.45 lakh , say Rs.1.14 crore

money was drawn only to utilise the budget grant which was irregular and resulted in inflating the expenditure for 1997-98.

Recommendations

Based on the findings of audit, the following recommendations were made for consideration of Government:

- (i) Government should arrange for close monitoring of the operation and revenue earnings of the port and take steps to recover the pending dues.
- (ii) Government should investigate and curb the unjustified credit facility given to port users/stevedores and the avoidable expenditure on casual labour and various unnecessary operations.
- (iii) Government need to take steps for utilisation of the facilities created for the allweather port and explore the possibility of increased revenue through ship breaking activity.
- (iv) Government should investigate for further action the cases of irregular, avoidable or excess expenditure detected in audit.

Evidently, the project has failed to achieve its objectives and has become a burden on the State exchequer.

WATER RESOURCES DEPARTMENT

4.2 Harabhangi Medium Irrigation Project

Highlights

The Harabhangi Medium Irrigation Project envisaged construction of an earth dam across the river Harabhangi in Gajapati district alongwith a spillway and 6.47 Km long water conductor system to provide irrigation facilities to 17,650 ha. of land.

Inadequacies in planning, design and implementation of the project contributed to increase in cost by Rs.84.74 crore and non-completion of the project for 15 years. The Cost Benefit Ratio of the project declined from 2.11 in 1995 to 1.45 in 1999. Though expenditure beyond the revised estimate was incurred, no ayacut had been certified. Huge amount of project funds were irregularly diverted for other purposes and excess expenditure was made due to acceptance of excessively high rates, extra contractual payments and incorrect revision of rates. Large amounts advanced to private agencies and other Divisions for procurement of material were not adjusted for periods upto 18 years.

The project initially estimated to cost Rs.18.79 crore and targeted for completion by March 1985 remained largely incomplete though Rs.105.43 crore were spent upto March 1999 as against the third revised estimate of Rs.103.53 crore. Only trial irrigation was provided to 6106 ha. as against the envisaged ayacut of 17650 ha (March 1999).

(Paragraph 4.2.4)

Engineer-in-Chief irregularly diverted project funds of Rs.2.11 crore to works unconnected with the project.

(Paragraph 4.2.6)

Outstanding dues for Rs.0.76 crore from Orissa Construction Corporation was not realised for 14 years.

{Paragraph 4.2.7.1(i)}

Unauthorised construction of clay blanket for an extra length of 360 metre of varying thickness led to extra expenditure of Rs.0.53 crore in the construction of the earth dam.

{Paragraph 4.2.7.1(ii)}

Utilisation of bulldozer in excess of prescribed hours led to an extra expenditure of Rs.0.69 crore in compaction of earth dam.

{Paragraph 4.2.7.1(iii)}

Departmental lapses and delay in finalisation of designs led to extra expenditure of Rs.0.88 crore in execution of spillway.

{Paragraph 4.2.7.2(i)}

Selection of incompetent agency for tunnel work enhanced the project cost by Rs.1.80 crore and also delayed completion of the project.

{Paragraph 4.2.7.3(i)}

Rs.1.18 crore were unauthorisedly paid to a contractor due to irregular revision of rates and extra contractual works.

{Paragraph 4.2.7.3(ii)(iii)}

Acceptance of tenders for distributary system at excessively high rates without negotiation resulted in extra liability of Rs.1.63 crore.

{Paragraph 4.2.7.5(i)}

Due to defective/incomplete execution of canals leading to resectioning and silting, avoidable extra expenditure of Rs.0.52 crore was incurred.

{Paragraph 4.2.7.5(ii)}

LAO, Chatrapur did not render vouchers for Rs.1.02 crore in support of compensation paid to land owners. Excessive delay in acquisition of land affected the construction of distributaries and consequently hampered the utilisation of irrigation potential.

{Paragraph 4.2.8(i)}

Rs.1.87 crore advanced to private parties and other divisions for procurement of materials between 1981 and 1998 remained unadjusted and cost of materials worth Rs.1.12 crore sold on credit was not realised from other divisions/local bodies/individuals.

{Paragraph 4.2.8(ii)}

4.2.1 Introduction

The Harabhangi Medium Irrigation Project envisaged construction of an earth dam across the river Harabhangi in Gajapati district alongwith a spillway and 6.47 Km long water conductor system to provide irrigation facilities to 17,650 ha. of land.

4.2.2 Organisational set up

The project had been under execution under the overall technical and administrative supervision of the Chief Engineer (CE) and Basin Manager,

Rushikulya, Vansadhara and Nagavali Basin (RVN Basin) and Engineer-in-Chief (EIC), Water Resources. The Water Resources Department was in overall administrative control of the project.

4.2.3 Audit coverage

The implementation of the project was reviewed in audit by test check of records relating to the period from 1979 to 1999 of the offices of EE, Harabhangi Irrigation Division No. II and III, CE and Basin Manager, RVN Basin, Berhampur and Circle office at Padagaon.

4.2.4 Cost/ time overrun

The project was approved by the Planning Commission in February 1979 and administrative approval was accorded in October 1979 by the Government of Orissa for Rs.9.01 crore after clearance by the Central Water Commission (CWC). State Government subsequently decided to approach the International Development Agency (IDA) for funding of the project. The project was accordingly reapproved by the CWC in January 1981 for Rs.18.79 crore and IDA assistance for Rs.6.35 crore was received during 1981-82 to 1984-85. From January 1995 onwards, the project was being funded by the World Bank under the Water Resources Consolidation Project (WRCP).

The project initially targeted for completion by March 1985 was rescheduled for completion by March 1999. Government was yet to fix a revised date of completion. The estimate of 1981 had undergone three revisions (1990, 1992 and 1995) and the latest revised estimate for Rs.103.53 crore was awaiting sanction as of March 1999.

The details of cost overrun are indicated in Appendix-XLIII. The increase in cost by Rs.84.74 crore from the original estimate was attributed by the CE and Basin Manager (RVN) mainly to the rise in the cost of land and rehabilitation, labour, material, establishment, increase in quantities of works, change in design and specifications in inclusion of new items not provided in the project estimate and high tendered rates. However, scrutiny in audit revealed that the huge increase in cost was attributable mainly to slow progress of works in the tunnel, delay in finalisation of designs of head works, non-adherence to completion schedule by the contractors, inadequate funding by the State Government, inclusion of new items of works not provided for in the original estimate and delay in acquisition of land for the distribution system.

While the head works of the project (dam and spillway) were fully completed, the water conductor system and distributaries were completed to the extent of 98 and 46 *per cent* respectively as of March 1999. Though an amount of Rs.105.43 crore had been spent on the project upto March 1999, there was no certified ayacut till March 1999 as against the envisaged ayacut of 17650 ha.

However, trial irrigation was provided in Kharif and Rabi for 5,051 ha. and 1,055.43 ha. during 1997-98 and 1998-99 respectively.

Declining Cost
Benefit Ratio

Further, while the Cost Benefit Ratio had been projected in the second revised estimate (1992) as 1.48 for an ayacut of 15975 ha., the ratio was determined as 2.11 assuming an ayacut of 17,650 ha. in the 3rd revised estimate (1995). Taking into account the expenditure incurred upto March 1999 with the existing parameters, the cost benefit ratio declined to 1.45.

4.2.5 Inadequate funding

To complete the project by March 1985, Government was required to allocate the estimated cost of Rs.18.79 crore by March 1985. Government however, provided only Rs.2.87 crore upto 1981 and sought IDA credit for the balance requirement of Rs.15.92 crore. IDA, however, released only Rs.6.35 crore upto 1985 and thereafter stopped further assistance on ground of inadequate progress of work. Government could allocate only a total Rs.19.75 crore upto 1990 when the estimated cost was revised to Rs.62.68 crore. Government allocated Rs.32.33 crore during 1990-91 to 1994-95 which was clearly insufficient. Construction activities picked up only after the project was brought under WRCP funding in January 1995 with allocation of Rs.47.64 crore upto March 1999. Thus, inadequate allocation of funds impeded the progress of the work and resulted in delay in execution of the project.

4.2.6 Diversion of funds

Rs.2.11 crore
diverted for purposes
not connected with
the project.

Rupees 2.11 crore were irregularly diverted by the EIC during the period from 1987-88 to 1998-99 (February 1999) to meet salaries/wages of work-charged establishment and NMR staff of five divisions (Stores and Mechanical Division, Bhubaneswar, Hirkud, Ambaguda, Drilling and Grouting Division, Berhampur, Quality Control Division, Berhampur) not connected with the project. Cost of the project need to be adjusted to that extent to arrive at the actual cost.

4.2.7 Dam and appurtenant works

Rupees 58.68 crore was expended as of March 1999 as against original estimated cost of Rs.8.26 crore on dam and appurtenant works. While the dam and spillway were completed in 1990 and 1995 respectively, the work on tunnel was still continuing. Scrutiny of expenditure of the construction of dam etc. disclosed the following :

4.2.7.1 Earth dam

(i) Extra expenditure and outstanding dues

Construction of the earth dam was entrusted to the Orissa Construction Corporation (OCC) in March 1981 for Rs.4.82 crore stipulating completion by March 1985. During execution, the OCC demanded upward revision of rates on the grounds of increase in the prices of labour, material and Petrol, Oil and Lubricant (POL) which was rejected (July 1984) by the Government as not being admissible under the contract. OCC after executing work valuing Rs.1.33 crore stopped further work from July 1985. The balance work estimated at Rs.3.17 crore was thereafter awarded (August 1986) on retender to another contractor at Rs.3.59 crore and got completed (October 1990) at a cost of Rs.3.82 crore. Computed at the rates of the second agency, the Department had to incur an extra expenditure of Rs.9.36 lakh on the work left by OCC (Appendix-XLIV). As the contract of OCC was not rescinded, Government could not invoke the risk and cost clause of the contract so as to make OCC liable for the extra expenditure caused due to their default. A review of this contract revealed the following:

(a) Running payments for compacted earth were to be made at 87.11 *per cent* of the agreed rate up to RL 370.5 M to ensure completion upto the full level. In case the contractor left the work before achieving RL 370.5 M, the part rates were to be treated as final and he would not be entitled to the differential. However, OCC was paid at full rates for executing 4.61 lakh cum. of earth work even though they could reach only upto levels varying from RL 342 M to RL 367.695 M resulting in extra payment of Rs.10.99 lakh.

(b) Due to change of design during the course of execution, OCC was allowed the rate as admissible for use of lower grade chips even though they had actually used higher grade chips which was cheaper leading to an extra payment of Rs.2.63 lakh.

(c) Rs.62.18 lakh were outstanding against OCC towards mobilization advance and interest thereon.

Thus, against the total departmental dues of Rs.75.80 lakh, OCC's dues for only Rs.5.17 lakh in the shape of final bill was available with the Department. These dues were yet to be recovered (March 1999).

(d) The share of labour, materials and POL components for calculation of price escalation was fixed at the rate of 52, 30 and 17 *per cent* respectively in the contract for the balance work (October 1986) as against 60, 20 and 5 *per cent* respectively fixed by Government in April 1986 for dam and canal works. Owing to fixation of different percentages for the purpose of computing price

escalation, there was an excess payment of Rs.2.73 lakh to the second contractor with reference to percentages fixed by Government.

ii) Unauthorised execution of work resulting in extra expenditure

Extra expenditure of Rs.0.53 crore due to unauthorised execution of the clay blanket for extra length.

In order to prevent sub-surface seepage of water at the upstream deep channel portion of the dam, the Dam Safety Review Panel (DSRP) of the Government of Orissa suggested (January 1988) provision of a clay blanket of 2 metres thickness for a length of five times the water retention height of the dam. Though the EE prepared an estimate to construct the blanket from RD 330 to RD 570 metre (240 M), actual execution took place with a thickness varying from 0.9 metre to 2 metre for the length from RD 80 metre to 680 metre (600 M). This unauthorised execution of the blanket for the extra length of 360 metre entailed an extra expenditure of Rs.53.23 lakh.

EE stated (March 1999) that the quantity had varied due to increase in the thickness of the blanket by 5 metres in filling the diversion channel, gullies and river gap. This was not tenable since measurements recorded by the Engineer in charge of the work as well as compliance report sent by the EE to DSRP in April 1991 indicated the thickness upto 2 metres for the entire stretch of the dam. This calls for investigation.

iii) Extra expenditure due to utilisation of excess dozer hours in compaction

Extra expenditure of Rs.0.69 crore due to recording of extra dozer hours.

Check of the log books of ten number of 20 ton capacity dozers engaged in compacting earth dam disclosed that 18.65 lakh cum. of earth was compacted departmentally in 28,323 dozer hours. The State Analysis of Rates prescribed an outturn of 100 cum. compacted earth per hour for a dozer of 20 ton capacity. Hence, to compact 18.65 lakh cum. of earth, 18,645 dozer hours of compaction was necessary. As against this, compaction was done in 28,323 dozer hours entailing an extra expenditure of Rs.68.94 lakh (Rs.712.35 per hour X 9678 hours). The possibility of fictitious recording of dozer hours and consequent extra expenditure can not be ruled out and therefore the matter calls for investigation.

iv) Extra expenditure due to inadequacies in design

Against the contractual provision of 0.19 lakh cum. of rock-toe formation with hard granite broken stones at the rate of Rs.47 per cum., the contractor executed 0.29 lakh cum. This was done on account of change in design of slope of the dam adjacent to the river gap portion (August 1988) which envisaged replacement of rock-toe already constructed for 0.10 lakh cum. at a cost of Rs.4.65 lakh which could not be dismantled and reused.

Similarly, 0.14 lakh cum. of earth filled in the Cut Off Trench (COT) at river gap portion of the dam had to be excavated and refilled to a depth of one metre as per advice of the DSRP (January 1988) to ensure a positive COT. The excavation and refilling of 0.14 lakh cum. of earth resulted in extra expenditure of Rs.3.43 lakh.

The extra expenditure of Rs.8.08 lakh could have been avoided had the initial designs been prepared as per actual site requirements.

4.2.7.2 Spillway

(i) *Extra expenditure due to departmental lapses*

Extra expenditure of Rs.0.88 crore due to award of spillway balance work at higher rate.

Tender for the work "Construction of spillway" was invited (July 1989) based on tentative drawings which were finally approved by Director, Designs in April 1990. However, without evaluating the quantities of work as per the final drawings of April 1990, the lowest tender for Rs.3.69 crore was approved by Government in August 1990 and the work awarded (September 1990) stipulating completion by March 1993. According to the approved drawings, the value of the quantities of the items in the agreement had risen to Rs.5 crore.

Instead of re-evaluating the agreement quantities and allowing the contractor to execute the work as per approved drawings, the work of building of the spillway body wall portion in block Nos. 7, 8 and 9 was stopped as being not conducive to the safety of excavation of tunnel and approach channel. Certain anchor bars required to be supplied by the Department to the contractor for execution of piers were also not made available by the Department. The contractor requested (December 1992) to revise the rates based on the enhancement of the statutory minimum wages effective from July 1990 so as to enable him to complete the work Government, however, did not accede to his request and rescinded his contract. Contractor had executed work valued at Rs.2.51 crore upto March 1993 as against the contract value of Rs.3.69 crore. Thereafter, the balance work valuing Rs.2.49 crore was entrusted to one of the other tenderers (May 1993) at his offered rates and completed in December 1995 at a cost of Rs.3.37 crore involving an extra expenditure of Rs.0.88 crore.

In his inspection note (February 1991), the CE, Medium Irrigation II observed that the SE and EE should have assessed the quantities of work according to the approved final drawings when the tender was being processed in which case extra cost could have been avoided. As this was not done, Government suffered avoidable delay and extra cost. However, no action was taken to fix responsibility for the lapses.

ii) Undue financial benefit to a contractor

On the basis of final drawings approved (April 1990) by the CE, Designs, the third revised estimate of the spillway was sanctioned for Rs.8.08 crore by CE, Medium Irrigation II in August 1991. The estimate provided for 18,976 cum. of reinforcement cement concrete (M-200) in foundation of blocks and piers against which the two contractors executed 20,684 cum. The EE attributed (March 1999) the excess execution of 1,708 cum. valuing Rs.17.76 lakh to filling of shear zones for 241 cum. and 1,467 cum. for filling the overexcavation done in the foundation to meet good rock strata.

Reply of the EE was not tenable as the CE, MI-II during his visit to site in February 1991 noticed that good rock was available at the designed excavated bed level and further excavation was not necessary. Moreover, as per the agreement, any excavation done by the contractor beyond the designed level was to be filled in with cement concrete by him at his risk and cost. No extra payment was to be allowed for such overexcavation. In disregard of these observations of CE, the SE, Rayagada Irrigation Circle approved the deviation in September 1997 resulting in unauthorised payment of Rs.16.21 lakh (1467 cum. at the rate of Rs.65 per cum. of excavation and 1467 cum. at the rate of Rs.1040 per cum. of filling) towards excess excavation and filling thereof which constituted an undue financial benefit to the contractors.

iii) Inadmissible payment of escalation cost

The balance work of spillway was awarded to a contractor in May 1993 at his offered rates (April 1993) amounting to Rs.3.37 crore with the approval of Government. Escalation on material and POL was however, reimbursed to the contractor at the insistence of Government (March 1995) taking into account March 1991 as the base period instead of April 1993 (the date of receipt of his offered rates). Consideration of wrong base period for calculation of escalation dues resulted in excess payment of Rs.15 lakh.

The matter calls for investigation in view of the clear disregard of contract conditions.

4.2.7.3 Tunnel

i) Selection of incompetent agency for construction of tunnel

The detailed tender call notice floated (August 1988) for construction of tunnel stipulated that a bidder should have adequate experience in construction of tunnel work, should possess adequate machinery and should have achieved a minimum annual financial turnover of not less than Rs.1.00 crore in any one of the preceding seven years. Out of six tenders received in November 1988, the second lowest tenderer who was registered as a contracting firm only in

Selection of incompetent agency for construction of tunnel led to extra liability of Rs.1.80 crore.

January 1987 and had quoted Rs.4.22 crore, was recommended by the CE on the plea that the Managing Director of the contracting firm had previous experience in the tunnel work of Upper Kolab Project even though the firm did not possess the required machinery and equipment. Government approved (June 1989) his tender for Rs.4.22 crore (3.53 per cent less than the estimated cost of Rs.4.38 crore) and the work was awarded (October 1989) for completion by October 1992. The firm however, could execute work worth only Rs.3.71 lakh by April 1990. The contract was thereafter closed by Government in October 1990 without any penalty despite the contractor's default. The balance work for Rs.4.18 crore was awarded (January 1991) to OCC, the third lowest tenderer, at their fresh offered rate of Rs.5.20 crore with 15 per cent overhead charges (Rs.0.78 crore) thereon without inviting tenders. As of March 1999, Rs.7.58 crore were paid to OCC.

Thus, unjustified selection of an incompetent agency for construction of an important item of the project requiring high technical skill and performance resulted in extra liability of Rs.1.80 crore at the tender stage apart from delaying the commencement of the work by 15 months.

ii) Unauthorised extra payment

Extra payment of Rs.0.63 crore was made to a contractor in disregard of contract conditions.

The technical specification appended to the agreement stipulated that the underground excavation of the tunnel should be made strictly as per the line and grade indicated in the approved drawings. Any excavation done beyond the pay line was to be rectified at the risk and cost of the contractor. In other words, the overexcavated area was to be filled in with cement concrete (M-150) without any extra payment. In course of excavation of the tunnel, excavations were done beyond the approved pay line and the overexcavated area were filled in with cement concrete (M-150) for 3410 cum. at a cost of Rs.63.01 lakh (3,410 cum. at the rate of Rs.1,848 per cum.) ignoring the agreement condition.

EE stated that due to poor geological conditions of the rock mass, overbreaks occurred beyond the pay line which were filled in by concrete and payments were made to OCC as per orders (October 1996) of the CE, Medium Irrigation-II. Though this was beyond his competence, the CE did not obtain Government's approval.

iii) Huge unauthorised payment due to irregular revision of rates

Irregular revision of rates beyond the contract condition led to unauthorised payment of Rs.0.55 crore.

After execution of 1,202 cum. of cement concrete M-150 as against contractual provision of 12,491 cum., OCC requested (March 1994) for revision of the rate from Rs.1,450 to Rs.1,848 per cum. for the remaining quantity on the ground of reduction in the section of the tunnel. Government approved the revised rate in November 1994 and extension of time upto June 1996 as requested by OCC though there was no reduction in the length of

the tunnel and volume of work. The contract also did not envisage revision of rates except under quantity variation clause. In July 1995, the revised rate was made applicable by the CE for execution from July 1993 instead from November 1994 upto a quantity of only 8,000 cum. This irregular revision of rate resulted in extra contractual payment to the tune of Rs.31.84 lakh (8,000 cum. x Rs.1,848 - Rs.1,450). Moreover, ignoring the restriction of 8,000 cum. prescribed by the CE, the EE allowed payment for 12,214 cum. at Rs.1,848 per cum. resulting in further unauthorised extra payment Rs.16.77 lakh (4,214 cum. x Rs.398).

Further, the revised rate (Rs.1,848 per cum.) was approved considering cost of cement at the rate of Rs.678.30 per cum. whereas recovery was made at the rate of Rs.629.85 per cum. for the cement supplied by the Department which resulted in extra payment of Rs.5.92 lakh (12,214 cum. x Rs.48.45) to the OCC. The EE had agreed (March 1999) to recover the same from OCC.

Thus, irregular revision of rate led to unauthorised payment amounting to Rs.54.53 lakh (Rs.31.84 lakh + Rs.16.77 lakh + Rs.5.92 lakh).

iv) Excess payment and non-recovery of cost of cement

The rate for concrete work allowed to OCC assumed consumption of 323 kg. of cement per cum. of work. The specification appended to the contract for the work, however, stipulated that the actual work would be executed consuming cement as per design mix test to be conducted before commencement of the work. Against actual consumption of 255 kg. of cement per cum. as marked in the design mix test conducted by the Chief Research Officer, Quality Control and Research Division, Berhampur in January 1997 for the above class of concrete, OCC was paid for 10,043 cum. of work executed after January 1997 at the full quoted rate for the item that included cost of 323 kg. of cement per cum. which resulted in excess payment of Rs.13.32 lakh {6829.24 quintal (68 kg X 10,043 cum.) at the rate of Rs.195 per quintal} to OCC.

At the instance of audit, Rs.2.61 lakh were recovered up to March 1999.

v) Extra expenditure on providing two additional shafts for tunnel work

Government (January 1991) allowed construction of two more shafts to facilitate tunnel construction within three years. OCC constructed the additional shafts at a cost of Rs.56.97 lakh. However, the tunnel work was not completed even by March 1999 thus defeating the purpose of the additional expenditure of Rs.56.97 lakh.

4.2.7.4 Approach channel

i) Undue extra payment due to incorrect inclusion of unnecessary item

The estimate for excavation of approach channel from RD 500 to RD 1785 metre for Rs.2.31 crore provided for excavation of all kinds of soil and dumping the excavated materials by mechanical transportation. There was no provision in the estimate for spreading the excavated materials as only dumping was involved. However, the tender schedule included spreading, watering and compaction of the excavated materials. The lowest tenderer quoted Rs.49 per cum. for the item including Rs.12.60 towards spreading (Rs.7.60), watering (Rs.1.50) and compaction (Rs.3.50) (November 1995) and also offered a general rebate of 11 per cent in the event of his tender being accepted within 90 days. In course of finalisation of the tender, the CE, Medium Irrigation-II decided to eliminate watering and compaction. However, he did not eliminate spreading which was also unnecessary as the excavated earth was to be only dumped out of the work site. The work was awarded (January 1996) to the tenderer at a cost of Rs.3.17 crore incorporating a rate of Rs.39.16 per cum. for excavation and spreading. The contractor had done excavation work for 2.71 lakh cum. as of February 1999.

Since no spreading was involved, acceptance of Rs.39.16 per cum. including cost of spreading constituted undue benefit to the tune of Rs.18.32 lakh (2.71 lakh cum. x Rs.6.76 per cum.). On the execution of the full quantity of 3.21 lakh cum., the overpayment would increase to Rs.21.70 lakh.

ii) Extra expenditure due to irregular revision of rate

Similarly, in the case of excavation of approach channel from RD (-) 1140 to RD 500 metre (excavation and slope protection), the tendered rate of Rs.47 per cum. included Rs.7.50 towards spreading, watering and compaction. However, the rate of Rs.39.16 per cum. excluding cost towards watering and compaction was approved instead of Rs.35.16 per cum. excluding spreading, watering and compaction which resulted in extra payment of Rs.8.73 lakh on 2.18 lakh cum. executed by the contractor as of February 1999. The above cases call for investigation.

iii) Undue financial aid to Contractor at the instance of CE

The agreement for the work of excavation of approach channel from RD 500 to 1785 metre provided for clearance of slush and silt from the channel by mechanical means. The agreed quantities of the item increased due to further deposition of silt and slush in the channel during execution of the work. The contractor claimed (September 1997) Rs.210 per cum. under the variation clause on the grounds of expensive operations in carriage of debris and de-watering. On the basis of the recommendations of CE, RVN Basin,

Government approved (December 1997) the revised rate of Rs.121.00 per cum. for silt and slush removal. The contractor was paid Rs.17.41 lakh for removal of 14,387 cum. extra silt and slush at the revised rate in excess of agreement quantities.

As per the contract, removal of silt, debris and other materials accumulated in the working area was to be done by the contractor at his cost and risk. Therefore, payment of Rs.17.41 lakh for the same constituted an undue financial aid to the contractor.

iv) Undue financial aid to a contractor by not realising the cost of departmental stones

Under the agreement for construction of "super" passage at RD 420 metre in the approach channel, the contractor was to execute 25,500 cum. of dry rubble rock fill with hard granite stones at the rate of Rs.225 per cum. by bringing stones from the quarry at his own cost. The contractor executed 18,337 cum. upto October 1998. The balance agreement quantity of 7,163 cum. was executed by using departmental stones. However, cost of the departmental stones at the rate of Rs.63 per cum. (as per the Analysis of Rate) was not recovered from the contractor which resulted in an undue financial aid for Rs.4.51 lakh to him.

EE stated that the derived rate of Rs.221 per cum. accepted for the substituted claim for a further extra quantity of 20,500 cum. did not include the cost of stones. This was not tenable since the contractor was obliged to execute 25,500 cum. at the rate of Rs.225 per cum. by bringing stones from the quarry as per the agreement.

v) Additional expenditure due to unauthorised execution

Rules require that no work should be commenced or executed before finalisation of designs. However, before finalisation of a proposal for excavation of the tunnel and approach channel by the Central Water Commission, the Harabhangi Irrigation Division III excavated 1.20 lakh cum. of earth at various locations between November 1985 and February 1987 and deposited the excavated materials along the sides of the approach channel in an haphazard manner. Subsequently, due to change in construction from open cut channel to tunnel and consequent revision of the drawing of approach channel in March 1988, the deposited earth had to be shifted through the contractors engaged for excavation of the channel between November 1989 and May 1991, thus resulting in extra expenditure of Rs.17.21 lakh. No responsibility was fixed for the extra expenditure.

vi) Extra expenditure due to delay in finalisation of design for Approach and Exit Channel

Extra expenditure of Rs.0.43 crore due to delay of 4 years in finalisation of design and execution of work.

Work of excavation of approach channel from RD 20 to RD 1610 metre and exit channel from RD 4185 to RD 5175 metre was awarded between November 1989 and May 1991 at a cost of Rs.2.50 crore. While the work was in progress, the EIC/CE inspected the works (May 1992) and directed closure of the contracts and review of the designs of the channels from the point of view of stability. The contracts were subsequently closed and the designs revised in August 1995. The balance works were clubbed alongwith slope protection works and entrusted (January 1996) to three contractors under three agreements for Rs.7.95 crore. The works were under execution as of February 1999. Due to delay of four years in revision of the design and execution of balance works, 0.51 lakh cum. of slush and silt were deposited in the partly excavated channels which had to be removed at a cost of Rs.42.70 lakh.

Had the initial designs been properly prepared according to the site conditions and had the revised designs been expeditiously finalised, this extra expenditure could have been avoided. No responsibility was fixed for the defective designs.

vii) Extra expenditure due to non-completion of work by a contractor

Excavation of approach channel from RD 1610 to 1785 metre was awarded (February 1989) to a firm at a cost of Rs.37.13 lakh for completion by August 1990. The contractor could, however, execute work valuing only Rs.14.43 lakh upto April 1990. Because of unsatisfactory progress, the EE proposed (August 1990) closure of the contract at the risk and cost of the defaulting contractor. The CE, Medium Irrigation-II, however, rescinded (November 1990) the contract without penalty. No reason was furnished for non-imposition of penalty. The balance works valued at Rs.22.70 lakh was entrusted (January 1991) to OCC at their offered rate of Rs.48.60 lakh involving extra expenditure of Rs.25.90 lakh at the tender stage. OCC had executed work worth Rs.30.25 lakh as of February 1999. The extra cost could not be realised from the defaulting contractor due to the decision of the CE despite the failure of the contractor in executing the work as per agreed time schedule. The matter calls for investigation.

4.2.7.5 Distributary

Against the original estimated cost of Rs.2.26 crore for construction of the targeted 485.23 Km. and 1204 structures respectively of canal system and structures in the distribution system, Rs.16.26 crore were spent as of March 1999. However, only 107.65 Km. of canal system and 710 structures were completed by March 1999.

Extra liability of Rs.1.63 crore due to acceptance of higher tendered rates.

i) Acceptance of tenders at higher rates entailing extra expenditure

Under the World Bank norms, the tender accepting authority was required to reject the tenders where the evaluated bid exceeded the cost estimates by a substantial amount or when there was a lack of competition. It was observed in audit that out of 14 tenders accepted by the Government, 8 were accepted in favour of single tenderers at a high percentage of excess ranging between 32 and 50. In the case of the other six tenders where more bidders participated, the percentage of excess ranged between 10 and 35. No negotiation was conducted either with the single bidders or other bidders where the excess was more than 10 per cent. By accepting single tenders at very high percentages of excess and by not uniformly accepting all the 13 tenders at 10 per cent over the estimated cost, Government had to bear extra liability of Rs.1.63 crore as detailed in Appendix-XLV.

ii) Extra expenditure due to defective/incomplete execution

The excavation of the Main Canal and right and left distributaries was divided into several reaches and entrusted to 34 contractors during varying periods commencing from January 1981 to February 1994. Fifteen contractors left the works incomplete in a haphazard manner. As a result, the partly excavated canals were filled up with slush and silt and rain cuts formed. In order to bring the canals to its designed section, de-silting and re-sectioning works were got executed between March 1996 and January 1998 at an additional cost of Rs.52.06 lakh through contractors. However, no action was taken against the defaulting contractors for recovery of the extra cost.

By not penalising the contractors who left the works incomplete, the Department had burdened itself with extra expenditure of Rs.52.06 lakh.

iii) Avoidable expenditure

Government engaged (January 1994) a private organisation to conduct survey and planning for Micro Irrigation and Drainage System of the Project with a view to obtaining optimum solutions for providing an efficient micro distribution net work in digital village maps detailing water courses, field channels and several small structures for efficient and equitable distribution of irrigation water to tail reaches. The firm completed the work in August 1998 and received payment for Rs.37.97 lakh. The report of the firm remained unutilised since construction of water courses could not be taken up by the Department due to non-completion of the main distributary system (March 1999).

iv) Extra expenditure

(a) Excavation of Left Distributary from RD 3400 to RD 4410 metre (balance work) was entrusted to a contractor in December 1990 at a cost of Rs.11.88 lakh stipulating completion by July 1991. Despite stoppage of work after executing work valuing Rs.7.13 lakh within the extended period upto February 1993, Government closed (March 1996) the contract without penalty. The balance work estimated to cost Rs.5.63 lakh was got completed (March 1997 to August 1998) at a cost of Rs.12.40 lakh by another contractor involving an extra expenditure of Rs.6.77 lakh which could not be recovered from the defaulting contractor since the contract was closed without binding the contractor to bear the expenditure involved in executing the balance work.

(b) Against the agreement (March 1997) quantity of 0.25 lakh cum. of earthwork in filling section at RD 3400 to RD 4410 metre, the contractor executed 0.55 lakh cum. of earthwork. The EE, Harabhangi Irrigation, Division No.II attributed (March 1999) the excess to non-completion of the works and non-execution of fine dressing and turfing to earth work in filling section by the previous contractors. This was not tenable since the volume of work was known to him before awarding the balance work in March 1997 and therefore the extra expenditure of Rs.14.94 lakh was clearly not justified.

v) Extra liability due to delay in acquisition of land

The contractor for the work of excavation of right distributary from RD 15,105 to RD 21,870 metre stopped execution after executing work worth Rs.6.67 lakh against the contract value of Rs.24.95 lakh (December 1988) due to non-acquisition of forest land. After closing the contract (October 1991) without penalty, the balance work for Rs.18.28 lakh with reduced quantities valued at Rs.8.51 lakh was entrusted at Rs.22.28 lakh to another contractor under the Water Resources Consolidation Project for completion by November 1999. The EE stated that the proposal for land acquisition was initiated in July 1990 but land could not be acquired as of March 1999. Due to non-acquisition of land before commencement of the work, the Department had to incur an extra liability for Rs.13.77 lakh.

4.2.8 Other points of interest

i) Land acquisition

The EE, Harabhangi Irrigation Division-II, placed Rs.1.93 crore during 1980-81 to 1998-99 with the Land Acquisition Officer (LAO), Chatrapur, in the district of Ganjam for acquisition of 473.24 ha. of private land required for execution of the distribution system. However, only 273.27 ha. (57.71 per cent) was acquired by payment of compensation for Rs.1.05 crore as of February 1999. Due to delay in acquisition of land, the work of construction

Voucher for Rs.1.02 crore were not submitted by the LAO, Chatrapur.

of distributaries etc. was affected and consequently benefit of irrigation was denied to the farmers. Of the total expenditure, vouchers for only Rs.2.61 lakh had been submitted by the LAO as of March 1999. No action was initiated against the LAO for failure to submit accounts and vouchers in support of the compensation paid to the land owners.

ii) Irregular advance payments for purchase of materials

Advance payments for Rs.1.87 crore for procurement of materials were made to private agencies and other divisions by the EEs of three field divisions during November 1981 to December 1998. However, no adjustment of the advances was done for period ranging from 1 to 18 years. In the absence of adjustment, actual receipt of materials cannot be established.

Materials worth Rs.1.12 crore were sold on credit to other divisions/local bodies and individuals during 1979-80 to 1998-99. The cost thereof was not realised as of March 1999. The possibility of theft and misappropriation of these materials can not be ruled out. The matter calls for investigation.

Recommendations

Based on the audit findings the following suggestions are made for the consideration of Government.

As expenditure exceeded even the proposed third revised estimate of 1995, Government should approve the estimate without further delay and fix the date of completion to contain the cost and diversion of project funds.

Execution of major components of the project need review and close monitoring for timely completion of the project within the allotted funds.

The instances of extra expenditure, unauthorised payments, irregular expenditure and diversion of funds detected in audit should be investigated on a time-bound basis for corrective action.

The matter was referred to Government in May 1999; their reply had not been received (December 1999).

SECTION-B

**FISHERIES AND ANIMAL RESOURCES
DEVELOPMENT DEPARTMENT**

4.3 Loss due to disregard of Government order

In disregard of instructions from Finance Department, the CCE did not provide for levy of interest on advances given to the contractor and interest of Rs.21.43 lakh were not recovered.

Government in Fisheries and Animal Resources Development Department awarded work of construction of Jagatjore Banapada Shrimp Culture Project to a contractor in January 1995 at a cost of Rs.18.10 crore for completion by November 1996. Before the sale of tender documents (April/May 1994), the Department after approval of the draft agreement by the Finance Department, instructed (March 1994) the Chief Construction Engineer (CCE), Gopalpur Port Project to levy interest on advances to be made to the contractor under relevant clause of the contract at the rate of 12 *per cent* per annum. In disregard of this instruction, the CCE did not incorporate in the agreement a clause enabling recovery of interest.

Mobilisation advance for Rs.1.81 crore was paid to the contractor in February 1995 and March 1995.

Out of the total recoverable interest of Rs.27.25 lakh, Rs.5.82 lakh only was recovered in June 1997 and the balance amount of Rs.21.43 lakh was not realised. On this being pointed out (November 1998), the EE, Fishery Engineering Division, Bhubaneswar stated (March 1999) that for want of any provision in the agreement, the balance interest could not be realised.

Thus, the lapse on the part of the CCE to carry out the instructions of the Government by incorporation of provision in the agreement for levy of interest resulted in loss to the Government to the tune of Rs.21.43 lakh. No responsibility for the lapse was fixed. The matter calls for investigation.

The matter was referred to Government in May 1999; reply had not been received (December 1999).

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

4.4 Incomplete Water Supply Scheme

A centrally sponsored water supply scheme scheduled for completion by March 1997 is lying substantially incomplete for over two years due to failure in co-ordinated action and non-acquisition of required land.

A centrally sponsored water supply scheme was taken up in 1994 under the Accelerated Urban Water Supply Programme (AUWSP) to provide potable water to the inhabitants of Panposh town in the district of Sundergarh. The scheme, technically approved (October 1996) by the Government of India (GOI) for Rs.93.78 lakh with 50 *per cent* contribution by them, involved construction of Head Works (water treatment plant, disinfection unit, clear water reservoir, sump and pump house) and distribution system and was scheduled for completion by March 1997. Water for the scheme was to be drawn from the reservoir of Kansabahal Irrigation Project.

Scrutiny of records of the Executive Engineer (EE), Public Health Division, Rourkela, revealed that the expenditure of Rs.93.78 lakh shown against the project included Rs.19.59 lakh representing fictitious booking of materials to avoid lapse of budget allotment. Against the estimated provision of Rs.52.27 lakh for cost of pipes and laying charges for a length of 7180 metres, Rs.71.62 lakh was spent towards purchase of 7743 metres of pipe and laying charges for 6417 metres (August 1999). Land was not yet acquired for the remaining length of 763 metres and other works like treatment plant, clear water reservoirs, office building and staff quarter, raw water pump house and clear water pump house. Approval of Water Resources Department for availing 3 million litres of water per day from Kansabahal Reservoir was also not obtained (August 1999).

Due to failure in taking co-ordinated action and lack of planning as well as delay in land acquisition, the water supply scheme started in the year 1994 remained incomplete frustrating the purpose of the project and depriving the people of the area of clean drinking water. Moreover, delay in completion of the project was likely to lead to cost escalation which was yet to be assessed.

In reply, Government intimated (July 1999) that land acquisition was under process and the work would be completed by June 2000. This, however, appears to be unrealistic in view of the quantum of work yet to be executed.

RURAL DEVELOPMENT DEPARTMENT

4.5 Bridges remaining incomplete after a decade

OBCC failed to complete two bridges even after a decade.

Administrative approval was accorded (May 1979/March 1986) for the construction of a submersible bridge over river Suktel on Patnagarh Damkipali road and a high level bridge over river Lonth of Tureikela-Kantabanji Gudighat, Tikarapara road at a cost of Rs.36.45 lakh and Rs.70.02 lakh respectively. The work of construction of the submersible bridge was awarded to a private contractor (January 1985) for Rs.33.03 lakh to be completed by November 1989 while the construction of the high level bridge was awarded to OBCC (March 1986) at a cost of Rs.31.91 lakh to be completed by March 1989. The contract for the first work was subsequently closed by Government in December 1986 due to conversion of the submersible bridge into a high level bridge. At that stage, the contractor executed work worth Rs.11.47 lakh. The balance work was allotted to OBCC in December 1986 without inviting tenders for Rs.36.23 lakh stipulating completion by November 1989.

Despite revision of the value of the works at the instance of OBCC to Rs.1.64 crore and Rs.1.74 crore on the ground of revision of State's Schedule of Rates and enhancement of minimum wages of labour, the bridges stipulated for completion by March 1998 remained incomplete as of August 1999.

Test check of the records of Executive Engineer (EE), Rural Works Division, Bolangir conducted in November 1997 revealed that:

- (i) No penalty was levied on the defaulting OBCC for failure to complete the works for over a decade.
- (ii) OBCC was given advances to the tune of Rs.1.47 crore between 1986-87 and 1998-99. Though advances were to be released in suitable instalments subject to adjustment against work bills in the same financial year, the entire amount of advances and the cost of material valuing Rs.22.34 lakh issued to OBCC were lying unrecovered a decade.

While stating (August 1999) that the bridges would be completed by March 2000, Government attributed the delay in completion to conversion of submersible bridge to high level bridge owing to heavy percolation in foundation and more time consumed in reaching hard rock level while sinking wells. The reply indicated that such contingencies could not be properly

assessed due to failure in proper survey and investigation. The delay in adjustment of outstanding advances was attributed to non-co-operation of OBCC in submission of bills for work done regularly. Evidently, the Government failed to compel OBCC to complete the work as per the terms of the contract or to enforce recovery of the advances granted to them.

4.6 Non-functional Water Supply Schemes

Rs.29.33 lakh spent on two Water Supply Schemes produced no water for want of power supply and Rs.24.01 lakh spent on another scheme became infructuous due to want of water source.

With a view to providing potable water to the people of six villages in Ganjam district, four piped water supply schemes (*Bartini, Subalaya, A.Mathura and Budhamba*) were executed between 1990-91 and 1997-98 at a total expenditure of Rs.72.87 lakh. Though the schemes were completed in November 1997, water supply could not be provided to Subalaya and Budhamba (July 1999) due to want of power connection from GRID Corporation of Orissa (GRIDCO) and to A. Mathura due to non-availability of water sources.

It was noticed that the Executive Engineer, Rural Water Supply and Sanitation Division, Bhanjanagar had deposited money with GRIDCO for power supply in respect of Subalaya in March 1998, power supply was yet to be given. The estimate for supply to the scheme at Budhamba was awaited from GRIDCO despite being requested since November 1998. The production well installed (March 1995) for the scheme at A.Mathura was not successful and an alternative source for water supply was yet to be identified.

Thus, the Department moved GRIDCO for power supply well after completion of the project in November 1997. In respect of A. Mathura, it failed to conduct a proper survey to ensure source of water supply before undertaking the project. Thus, unjustified delay in obtaining power supply on the part of the Department resulted in an investment of Rs.29.33 lakh (on the schemes at Subalaya and Budhamba) remaining blocked and the expenditure of Rs.24.01 lakh (on the scheme at A.Mathura) being rendered infructuous.

Government in their reply (August 1999) did not adequately explain the reasons of delay in depositing funds to GRIDCO and the failure in the water source for the scheme at A.Mathura.

4.7 Two high level bridges not opened to traffic even after six years

Two bridges constructed at a cost of Rs.68.16 lakh could not be opened to traffic even after six years due to improper planning.

In March 1993, Government of Orissa, Rural Works Department completed construction of two high level bridges on the Bandal-Endarpada road in Jajpur District at a total cost of Rs.54.35 lakh. However, the bridges could not be opened to traffic in the absence of approach roads which were constructed only in March 1998 at a further cost of Rs.13.81 lakh.

Test check of the records (October 1998) of Rural Works Division, Jajpur revealed that the road was still not usable for traffic due to a missing link near the Howrah-Madras Railway line which required a level crossing. The Divisional Railway Manager (DRM) intimated (August 1997) the Department that opening of an unmanned level crossing was not permissible as its location was falling along the route of the Rajadhani Express and that only a Road Over Bridge (ROB) was possible. The DRM suggested operation of a manned level crossing pending construction of the ROB to make the road trafficable. The State Government has to send a formal proposal in this regard along with deposit of Rs.3.75 lakh. However, no further action had been taken as of December 1999.

Government stated (August/September 1999) that Rs.20.06 lakh was required for construction of manned level crossing and the proposal could not be taken up due to paucity of funds.

Thus, due to improper planning, the road could not be opened to traffic even six years after its completion and the expenditure of Rs.68.16 lakh on the two bridges remained idle.

WATER RESOURCES DEPARTMENT

4.8 Extra expenditure due to unauthorised execution of works

Allowing extra items of work at huge cost in disregard of terms of agreement and execution of an extra item at higher rate without tender resulted in extra expenditure of Rs.3.52 crore and undue benefit to contractor.

Government awarded (March 1988) the work of excavation of Right Main Canal from RD 11 km to RD 22 km of the Upper Indravati Irrigation Project (UIIP) to the Orissa Construction Corporation (OCC) at Rs.3.82 crore for completion by March 1990. As OCC could not execute work worth more than Rs.1.19 crore even after 5 years, the balance work was off-loaded from them as per the orders of Government (September 1993) and entrusted to another contractor in January 1994 at his tendered value Rs.3.66 crore for completion in 18 months. The contract with OCC was closed (February 1996) without penalty. The work was in progress (June 1999).

Scrutiny of records (October 1998) of Executive Engineer (EE), Right Canal Division No-I, Mukhiguda disclosed the following:

(a) The Chief Engineer (CE) allowed execution of four extra items which were more than 10 *per cent* of the value of the contract and approved the rates for the same without approval of the Government. Payment on this account upto March 1999 for Rs.7.82 crore constituted 113.85 *per cent* excess over the agreement value of Rs.3.66 crore. These extra items arose due to re-classification of soil during execution.

Certain rock strata encountered in course of execution was classified as Medium Hard Rock (MHR) mixed with Disintegrated (DI) Rock and intermediary stoney earth patches, stray cases of quartz boulders requiring manual sizing using crowbars, pick-axes and hammers. The contractor executed 4.78 lakh cum. of this item as an extra item and was paid Rs.4.45 crore (March 1999). However, the agreement already contained a provision of the item of cutting of DI rock with similar operation. Thus, allowing higher rate of Rs.76 per cum. (1.65 lakh cum.) and Rs.102.05 per cum. (3.13 lakh cum.) instead of treating it as an extra quantity of work provided for cutting of DI rock was unjustified. This resulted in unjustified extra expenditure of Rs.2.55 crore and was an undue benefit to the contractor. The deviations had not been approved by the Government as of June 1999.

(b) Government awarded (March 1988) work of construction of 24 structures in the same reach to OCC for Rs.2.85 crore for completion by March 1990. As the agency failed to achieve satisfactory progress and apprehending that they will not be able to complete the balance work even by June 1997, the CE, UIIP with a view to providing irrigation in Kharif 1997, off-loaded the work from OCC and entrusted (April 1997) the same work (estimated cost Rs.2.41 crore) to the same agency who were executing excavation work at a negotiated value of Rs.3.39 crore at 40.42 *per cent* excess over the estimated cost without inviting tenders and without approval of the Government. This resulted in extra liability for Rs.97.35 lakh (Rs.338.19 lakh minus Rs.240.84 lakh) to the department at award stage. The work was to be completed by June 1995. Pending approval of the Government, the CE instructed (May 1998) release of payments for the work executed at 80 *per cent* of his offered rates through a supplementary agreement. The work was under execution as of March 1999. Till then work valuing only Rs.1.51 crore was executed. Thus, awarding the work to the agency on the ground of urgency without calling for tender was not justified.

Thus, excavation of main canal and construction of structures which commenced in March 1988 and on which Rs.14.60 crore were spent upto March 1999 was yet to be completed. The CE made unauthorised payments of Rs.7.82 crore and gave undue benefit to the contractor for Rs.2.55 crore. Further, extra liability for Rs.0.97 crore was also created.

The matter calls for investigation.

The matter was referred to Government in June 1999; reply had not been received (December 1999).

4.9 Extra liability due to cancellation of valid lowest tender

Rejection of valid tender of OCC on the ground of it being a government undertaking led to an additional liability of Rs.1.39 crore.

In September 1995, bids were invited by the Executive Engineer (EE), Hirakud Dam Rehabilitation Division for the World Bank Assisted Project of "Remedial and up-grading measures for Hydraulic gates and operating equipment on right and left spillway of Hirakud Dam". In response, the only bidder was Orissa Construction Corporation (OCC) for Rs.5.63 crore (December 1995). Considering the bid of OCC as responsive, the Department requested (August 1996) the World Bank to convey their "no objection" for awarding the work to OCC. The World Bank, however, refused to issue "no

objection” on the ground that the bid was not in conformity with the provisions of the bidding document. The World Bank suggested re-bidding with adequate publicity for bids to reputed gate manufacturers in the country.

In response to a fresh invitation for bids issued in March 1997, two bids were received (May 1997) with the lowest bid for Rs.6.19 crore being from OCC. The Chief Engineer (CE) as well as the Tender Committee (TC) of the Department after being satisfied that the lowest bidder (OCC) met all the parameters prescribed in the bid document, recommended (September 1997) acceptance of the bid of OCC. Government, however, felt (November 1997) that OCC being a government undertaking, was not eligible under the World Bank norms and directed retender since the second lowest bid was very high. In response to retender in January 1998, three bids were received including one from OCC for Rs.8.04 crore. “No objection” was obtained from World Bank, (February 1998) intimating them that Government did not consider the bid of OCC, a Government of Orissa undertaking, responsive as per clause 3.3 of Instructions To Bidders (ITB). Thereafter, on the recommendation of the TC, the lowest bid for Rs.7.58 crore (21.59 *per cent* excess over the amount of Rs.6.23 crore put to bid) was approved by the Government in August 1998 and the work was awarded (September 1998).

Scrutiny revealed that according to clause 3.3 of ITB, majority of publicly owned enterprises from the borrower country were eligible to qualify if they were (a) commercially oriented legal entities distinct from the employer and are not a government department, (b) financially autonomous as demonstrated by the requirements in their statutes or bye-laws to provide separate audited accounts and return on capital, powers to raise loans and obtain revenues through the sale of goods or services and (c) managerially autonomous. OCC was a registered company and enjoyed a separate legal status distinct from the Government Department. Its financial and managerial autonomy is reflected in the independent management structure conforming to the statutory provisions, equity structure, powers to raise equity, loans and advances and obtain revenues through sale of goods and services etc. and it works on commercially oriented principles. Therefore, the appraisal submitted to the World Bank rejecting the second time bid of OCC as being non-responsive in terms of clause 3.3 of ITB was not in order. Thus, unjustified rejection of the bid of OCC without valid reasons led to additional liability for Rs.1.39 crore (Rs.7.58 crore - Rs.6.19 crore) at the tender stage.

Government stated (December 1999) that the tender had been decided as per the World Bank guidelines. However, the specific guideline according to which OCC was not found suitable could not be furnished to audit.

4.10 Extra expenditure due to defective estimates and award of works

Despite the advice of Consultants, the Department failed to provide for bed-filling of canals in the estimates and tenders. Thereby, earth had to be carried from borrow area for the purpose at an avoidable extra expenditure of Rs.1.53 crore.

The consultant appointed by the State Government for survey and assessment of rehabilitation of main and branch canal of Potteru Irrigation Project (PIP), suggested (May 1993) bed-filling in the entire reach of Gompakonda main canal and Tamasa main canal since the waters of Balimela Hydro Electricity Project would be free from bed-load with no scope for silting. However, the estimates prepared before award of works did not include bed-filling as suggested by the consultants. The works relating to restoration and completion of Gompakonda main canal and Tamasa main canal in 6 reaches were awarded (March 1994 and October 1995) at a total cost of Rs.9.14 crore to six contractors for completion between December 1994 and April 1997 without provision of bed-filling in the agreements. Of the 6 reaches, while work in two reaches of Tamasa main canal and one reach of Gompakonda main canal was completed in January 1997/October 1997, works in the other 3 reaches was in progress (June 1998). The value of works executed and paid for amounted to Rs.15 crore as of May 1999.

Scrutiny of the records of Executive Engineer (EE), Potteru Canal Division No.III, Bhubanapalli and EE, Potteru Irrigation Project Division, Balimela revealed (December 1998/January 1999) that though bed-filling was neither provided for in the estimates nor included in the agreements, it was got done through the same contractors by allowing them to execute more quantities of earth work than stipulated in the agreement. Against 8.52 lakh cum. of earth cutting provided in the contract, 9.92 lakh cum. was actually executed between 1994 and 1996, out of which 1.25 lakh cum. was placed on the canal banks while 8.67 lakh cum. was disposed of in the spoil banks. Thereafter bed-filling was done between 1996 and 1997 by obtaining the required earth from the borrow area through mechanical carriage at a cost of Rs.1.53 crore. EE stated (May 1999) that no recorded reasons were available for not making provisions for bed-filling in the estimates and bed-filling work was carried out as per site requirement and as directed by higher authorities and deviations had also been approved by Government.

Thus, failure to implement the suggestions of the consultants to provide bed-filling works ab initio in the contracts resulted in an avoidable extra

expenditure of Rs.1.53 crore on carriage of earth from borrow areas for bed-filling at higher rates. The matter calls for investigation.

The matter was referred to Government in June 1999; reply had not been received (December 1999).

4.11 Minor Irrigation Project in tribal area not completed

A Minor Irrigation Project remained incomplete despite expenditure of Rs.1.25 crore due to non-acquisition of land in time.

Construction of Laxmiprasad Minor Irrigation Project was approved by Government in January 1991 at a cost of Rs.46.50 lakh to provide assured irrigation to tribal areas of Khandapada Block in Nayagarh District. As part of the project, construction of an earth dam was entrusted to three contractors for Rs.51.44 lakh (I-Rs.10.22 lakh, II-Rs.15.57 lakh and III-Rs.25.65 lakh) during March 1992 and March 1996 by the Executive Engineer (EE), Minor Irrigation Division, Khurda for completion during September 1992 and February 1997. However, the contractors after executing works valuing Rs.20.03 lakh (I, II and III), abandoned (1993-97) the works.

While two of the contracts (II and III) were closed (August 1997 and October 1998) by the Chief Engineer(CE)/Superintending Engineer (SE) with penal provisions, the contract of the third contractor (I) was closed (January 1998) without penalty as there was delay in acquisition of land. Government instructed (December 1995) the CE to fix responsibility on the officers for inviting tenders and awarding works before acquisition of land but no report was submitted by him to the Government in this regard as of May 1999. The balance works in respect of the 3 reaches estimated at Rs.47.99 lakh, were awarded (April 1998) to another contractor at Rs.62.37 lakh under a single contract for completion by October 1998. Contractor executed work valuing Rs.41.92 lakh as of January 1999 and the work was in progress (May 1999). The extra liability due to the leftover works had not been assessed and the contractors were not informed of their obligations in this regard. Excess payment for Rs.1.90 lakh was also made to two contractors (II and III) due to inflated measurements by the concerned Junior Engineer in charge of the work. EE did not furnish information whether any action was taken against him. As against the extra expenditure due to the balance work and excess payments, only Rs.1.45 lakh (II and III) of contractors' dues were available and the same was yet to be set off against the recoverable dues.

The project remained substantially incomplete as the distribution system was not taken up for want of land acquisition. Besides, completion of upstream

riprap and turfing was not completed and distribution system for a length of 4790 metres had not yet commenced (August 1999). Revised estimate for Rs.1.74 crore had not been technically sanctioned nor had administrative approval been accorded. Thus, completion of the Minor Irrigation Project undertaken in 1992 to deliver irrigation facilities to the tribal beneficiaries was nowhere in sight though Rs.1.25 crore was spent till March 1999.

EE stated (May 1999) that land acquisition had been initiated in March 1999 and the completion of the project rescheduled to June 1999. Such rescheduling was evidently unrealistic in view of the slow progress of the work in the past, large amount of incomplete work and delay in technical sanction and administrative approval of the revised estimate.

The matter was referred to Government in February 1999; reply had not been received (December 1999).

4.12 Huge delay and extra expenditure

Extra expenditure of Rs.1 crore due to failure to enforce terms of contract.

To provide an allweather road link to the people of Talcher, Samal and Rengali, the work "Construction of High Level bridge over river Tikira near village Takua on Kaniha-Rengali road" was awarded by the Executive Engineer (EE), Camps and Buildings Division, Samal to a contractor under a lump sum contract for Rs.1.42 crore for completion by November 1992. Owing to change of design and location of bridge, during execution, Government sanctioned extension of time upto November 1994.

In April 1995, the contractor requested for further extension of time upto December 1996. Government was yet to decide the matter (March 1999). After executing work valuing Rs.71.47 lakh, the contractor stopped further execution in December 1995. The Chief Engineer and Basin Manager, Brahmani Basin, recommended (July 1997) to Government to rescind the contract with penalty of 5 per cent of the contract value on the ground of slow progress of work by the contractor. Government did not decide the matter.

Pending closure of the contract, leftover work valuing Rs.0.80 crore was entrusted (July 1997) to another contractor on retender at a cost of Rs.1.80 crore for completion by January 1999. The work was, however, yet to be completed as of May 1999. At the rates of the subsequent contractor, the leftover work entailed an extra liability of Rs.1.00 crore. Though the first contractor was responsible for the extra cost due to his failure to complete the

work despite sanction of extra time, the Department failed to decide the quantum of the financial liability of the defaulting contractor in respect of the work left by him (May 1999).

Scrutiny of records further revealed that against the departmental dues for Rs.11.04 lakh¹ contractor's dues available with the Department amounted to only Rs.4.19 lakh².

Moreover, the bridge initially contemplated for completion by November 1992 remained incomplete as of May 1999 despite increase in the cost by Rs.1.00 crore .

EE stated (March 1999) that outstanding Government dues would be recovered from the final bill of the contractor after receipt of orders from the Government on the closure proposal.

The matter was referred to Government in May 1999; reply had not been received (December 1999).

4.13 Extra expenditure and excess payment

Extra expenditure of Rs.36.21 lakh due to rejection of lowest valid tender and excess payment of Rs.13.78 lakh due to departmental lapses in the execution of agreement and irregular payments.

In disregard of extant rules, the Executive Engineer (EE), Puri Irrigation Division invited tenders for the work "Construction of barrage across river Bhargabi near village Gobardhanpur (November 1996) from super class contractors without obtaining Administrative Approval and Technical Sanction (AA&TS) to the estimate. He also dispensed with pre-bid conference required for works estimated to cost Rs.3 crore on the plea that eligibility criteria were prescribed in the Detail Tender Call Notice (DTCN).

¹	Unused departmental materials (Steel 14.61 MT and 239 bags of cement at penal rate.)	Rs.9.35 lakh.
	Cost of departmental materials consumed and empty cement bags not returned (awaiting recovery)	Rs.1.69 lakh Rs.11.04 lakh
²	Final bill	Rs.1.98 lakh
	Escalation charges	Rs.0.09 lakh
	Security Deposit	Rs.0.67 lakh
	Withheld for want of sanction	Rs.1.45 lakh
	to extension of time	----- Rs.4.19 lakh -----

Out of the three tenders received, the lowest tender of Orissa Construction Corporation (OCC) at Rs.5.43 crore was not recommended on the ground that it was unduly low and speculative. The Chief Engineer (CE) recommended (January 1997) the second lowest negotiated tender for Rs.5.90 crore (22.46 *per cent* excess) which included Rs.1.31 crore at the rate of Rs.0.83 lakh per sqm. for 158 sqm. of gates. Government accepted (January 1997) the tender ignoring the lowest tender of OCC notwithstanding the fact that a composite tender for both civil and gate works (Rs.0.50 lakh per sqm. for 158 sqm. of gates) was offered and the tender value of OCC was only 12.61 *per cent* excess over the estimated cost. OCC was also not given an opportunity by the CE to justify their quoted rates for gate items. During execution of the work, the size of the gate was reduced with change of operational mechanism from screw gear hoists to rope drum hoists (August 1997). Consequently, the accepted rate of Rs.0.83 lakh per sqm. was revised to Rs.0.99 lakh per sqm. The work was completed in August 1998 at a total cost of Rs.6.40 crore. Non-acceptance of the lowest tender resulted in extra expenditure of Rs.36.21 lakh on actual execution of the work. Further, excess payments were also made as detailed below:

The estimate as well as agreement for the work provided for execution of cement concrete work of M. 20 mix requiring 366 kgs. of cement per cubic metre. The contract stipulated that in case the actual use of cement was less than the specified quantity, agreement rate was to be reduced by the value of cement less consumed. Though the mix design test conducted in June 1997 indicated consumption of 290 kgs. of cement per cum. the contractor was paid at full agreement rate resulting in excess payment of Rs.8.82 lakh (4100 cum. X 76 kgs. X Rs.282.90 per qtl.)

Government ordered in November 1991 that the All India Average Price Index should not guide computation of price escalation on labour component and such charges should be calculated on the basis of increase in minimum wages effected by State Government. However, as this clause was not incorporated in the agreement, escalation was computed with reference to All India Average Price Index which resulted in an excess payment of Rs.4.96 lakh to the contractor.

Thus, non-acceptance of lowest tender and non-adherence to contract conditions and extant instructions resulted in extra expenditure totalling Rs.49.99 lakh.

The matter was referred to Government in July 1998; reply had not been received (December 1999).

4.14 Extra cost due to change in designs

Extra expenditure of Rs.80.37 lakh due to substitution of Random Rubble Masonry with Cement Concrete after the designs had been approved.

According to designs approved (September 1996) by the Chief Engineer (Designs) for "Construction of spillway of Manjore Irrigation Project" the body wall of the spillway, abutment, wing wall and return wall were to be executed in Random Rubble (RR) stone masonry. In May 1997, the Chief Construction Engineer (CCE) of the Project changed the approved design by replacement of RR stone masonry with cement concrete M-10 and cement concrete M-20 for the other items.

Compared to the cost of RR stone masonry, execution of the work in cement concrete resulted in extra expenditure of Rs.80.37 lakh for the work executed upto January 1999. For execution of the full estimated quantities, the extra expenditure would increase to at least Rs.92.92 lakh.

The Executive Engineer, Manjore Irrigation Division stated that the specification had been modified due to non-availability of good quality stone and to expedite construction. The reply was not tenable since the work stipulated for completion by September 1998 was not completed even as of April 1999. Further, the designs were approved in September 1996 after taking into account the availability of the supply of the material required for the work. Moreover, as per the terms of the agreement, contractor had the responsibility of bringing stones of the required specification for execution of the work.

Hence, unjustified modification in the design put the Government to huge avoidable extra expenditure. This calls for investigation.

The matter was referred to Government in May 1999; reply had not been received (December 1999).

4.15 Avoidable extra expenditure in construction of an earth dam

Rs.73.68 lakh were paid to the contractor though an undertaking was given by him not to claim any extra rates in case of extra quantities of work.

Construction of earth dam of Manjore Irrigation Project was technically sanctioned (December 1995) by the Chief Engineer, Medium Irrigation-I at a cost of Rs.16.63 crore. The Project was also appraised for loan assistance from NABARD. Although the department had indications that its request for loan

assistance would be favourably considered by NABARD, the work for the entire length of dam was not tendered. Instead, tender for only the left flank of the earth dam from RD 00 to RD 590 metre was finalised in August 1996 and awarded to a contractor in December 1996 at a cost of Rs.5.49 crore for completion by November 1999. However, an undertaking was obtained from the contractor expressing his willingness to execute the entire length of the dam (left and right) from RD 00 to RD 1850 metre in truncated section as and when entrusted without claiming extra rate and was appended as a part of the agreement.

The loan was sanctioned by NABARD in December 1996 with stipulation for completion of the earth dam by March 1999 so as to facilitate provision of irrigation to 2300 ha. of Kharif from June 1999. Thereupon Chief Construction Engineer (CCE) decided (April 1997) to entrust the execution of the entire length of dam in truncated section to the same contractor under the existing contract for completion by June 1999. This was approved by the Government in June 1998.

However, higher rates were allowed to the contractor by the Government for 8 items in respect of which quantities increased substantially. Scrutiny revealed that the department did not amend the agreement to give effect to the undertaking furnished by the contractor and restrict the provision of upward revision of rates to the increased quantities of work during execution. As a result, the contractor claimed higher rates for extra quantities and was paid Rs.73.68 lakh. Thus, unjustified revision of rates despite an undertaking furnished by the contractor not to claim extra rates, led to huge avoidable extra expenditure.

The Executive Engineer stated (March 1999) that fresh tender was not considered since it would have consumed a lot of time and involved extra expenditure. This did not explain the failure of the Department to amend the agreement based on the undertaking of the contractor not to claim higher rates. The matter calls for investigation.

The matter was referred to Government in May 1999; reply had not been received (December 1999).

4.16 Undue financial aid to a contractor

Escalation charges for Rs.63.26 lakh were paid by the Executive Engineer without approval of Government.

The work of "Excavation of Right Main Canal (RMC) from RD 22 km. to 27 km. of Upper Indravati Irrigation Project (UIIP)" was awarded

(February 1990) to a contractor at an agreement value of Rs.1.69 crore for completion by August 1992. The work was not completed within the stipulated period due to various reasons not attributable to the contractor and consequently, extension of time was granted (October 1992/September 1994) by the Additional General Manager/Chief Engineer, UIIP upto February 1995 subject to the condition that price escalation during the extended period would be paid only with the prior approval of the Government. The contractor executed work worth Rs.6.12 crore as of July 1998. Although the work had been completed in March 1999, sanction to further extension of time recommended by the Chief Engineer (CE), (May 1999) was awaited from the Government (September 1999).

Audit check of records in Right Canal Division No.I, Mukhiguda revealed (October 1998) that in disregard of the instructions, the Executive Engineer (EE), paid Rs.1.42 crore towards price escalation to the contractor which included Rs.63.26 lakh pertaining to the period March 1995 to July 1998 without obtaining the prior approval of CE and Government for extension of time and the payment of escalation beyond February 1995. This constituted unauthorised payment and undue financial aid to the contractor.

EE stated (October 1998) that escalation beyond the extended period had been allowed in order to mitigate financial hardship of the contractor and the same would be got regularised by obtaining orders of Government. The matter calls for investigation.

The matter was referred to Government in June 1999; reply had not been received (December 1999).

4.17 Undue financial benefit to a contractor

The contractor was unjustifiably allowed increase in rate of removal of earth soon after commencement of work which resulted in undue benefit of Rs.56.26 lakh.

During evaluation of the lowest of the two tenders received (April 1997) for Rs.3.65 crore for the work of "Improvement to Rushikulya Main Canal from RD 00 to 13.69 km.", the Empowered Committee of State Government felt (May 1997) that the rates in the tender were on the higher side being 69.81 per cent in excess over the estimated cost. However, based on the justification furnished by the Chief Engineer and Basin Manager, Rushikulya, Vansadhara and Nagavali Basin (CE&BM, RVN Basin), the Empowered Committee recommended the tender which was approved by the Government

(November 1997) for Rs.3.65 crore with the stipulation that the work was to be completed by May 2000. The agreement provided for execution of 5.98 lakh cum. of earth work and disposal of the excavated materials by manual/mechanical means at the rate of Rs.30 per cum.

Scrutiny revealed that the Chief Engineer (CE), during his inspection of the work site in December 1997 i.e. immediately after commencement of the work in November 1997, advised the contractor to excavate at least the bed portion which mainly consisted of silt and slush by mechanical means and dump the excavated materials outside. The CE also instructed (February 1998) the Executive Engineer to work out the financial implications of the disposal of earth by mechanical means for approval of Government. The contractor requested (December 1997) for payment on account of disposal of silt and slush by mechanical means at the rate of Rs.77 per cum. The CE, however, approved (May 1998) a rate of Rs.52 per cum. for disposal of 3 lakh cum. out of the agreement quantity of 5.98 lakh cum. of excavated earth. This was treated as an extra item to the agreement and the contractor was paid Rs.1.33 crore towards execution of 2.56 lakh cum. of such item (as of September 1998). This amounted to extending extra contractual benefit of Rs.56.26 lakh to the contractor {255713.745 cum. X Rs.22 (Rs.52-Rs.30) } since the tender schedule specifically provided for manual as well as mechanical means and his tendered rate was accepted considering execution by mechanical means. Further, the site inspection was done by CE only about two weeks after commencement of work during which period, the site conditions could not have undergone any material change. During submission of the tender and its subsequent acceptance, the contractor had taken into consideration the site condition and thus there was no justification for allowing him higher rates soon after commencement of the work. Thus, increase of the accepted tendered rate of Rs.30 per cum. to Rs.52 per cum. was irregular and constituted undue benefit to the contractor.

It is noticeable that at the tender stage, higher rate of the contractor was justified by the CE before its acceptance among other reasons for mechanical disposal of earth of large quantity. The matter calls for investigation.

The matter was referred to Government in May 1999; reply had not been received (December 1999).

4.18 Extra cost on excavation of Left Main Canal of Rengali Irrigation Project

Failure to rescind the contract of the defaulting contractor with penalty led the Government having to bear an extra expenditure of Rs.1.21 crore on the execution of leftover work.

Government awarded (July 1988) "excavation of Left Main Canal from RD 23 km. to RD 26 km. of Rengali Irrigation Project" to Orissa Construction Corporation (OCC) at Rs.5.59 crore for completion by September 1990. OCC did not complete the work despite grant of extension of time upto September 1992 but claimed upward revision of rates. Government rejected the request and ordered (May 1996) that the contract should be terminated. OCC which had executed work worth Rs.5.51 crore including escalation charges of Rs.0.80 crore stopped further execution of work from June 1996.

Though the Government ordered closure of the contract as early as in May 1996, the Executive Engineer (EE), Parjang Canal Division did not initiate action in pursuance of the Government orders till March 1998. However, he did not recommend penalty by way of closure at the risk and cost of the defaulting contractor. Government was yet to take a decision on the matter (May 1999). In the meantime, the partly excavated canal got silted up necessitating removal of 0.44 lakh cum. of slush at an additional expenditure of Rs.48.41 lakh.

The leftover work including removal of slush and silt was awarded (December 1997) on tender basis to another contractor for Rs.3.27 crore stipulating completion by December 1999. The work was in progress (May 1999). Computed at the rates of the second agency, the completion of the leftover work entailed an extra liability of Rs.0.72 crore.

Thus, apart from extra expenditure of Rs.1.21 crore (Rs.0.72 crore and Rs.0.49 crore), stipulated completion of the work was deferred by over nine years.

EE, Parjang Canal Division, stated (May 1999) that closure of the contract without penalty on OCC was recommended since Government wanted to include the balance work under the Water Resources Consolidation Project (WRCP) package in order to avail of the reimbursement. This was not tenable since source of finance had no relevance for enforcement of penalty provisions of the contract for wanton failure of the agency to complete the work. By not taking suitable action to protect the interest of the Government, the Department showed undue favour to OCC.

The matter was referred to Government in May 1999; reply had not been received (December 1999).

4.19 Unjustified expenditure on an irrigated ayacut

Even while the Ayacut was being served by other schemes, Department spent Rs.50 lakh for irrigating the area.

The Department undertook construction of Janlabadia Minor Irrigation Project (JMIP) during 1991-92 for Rs.59.97 lakh to provide irrigation to 433 ha. in kharif season. The project envisaged repair of the canal structures of the existing Hadua Minor Irrigation Project and construction of 13.20 km. long Janlabadia Minor canal. The project was appraised in 1995 for assistance from NABARD after Rs.16.50 lakh was spent upto 1994-95. Revised estimate for Rs.1.00 crore was awaiting sanction.

After 6 years of execution of the project (since 1991-92) and expenditure of Rs.48.89 lakh on remodelling and repair of the distribution system, the department found (January 1998) that the proposed ayacut was already being commanded by Lift Irrigation (LI) points of Orissa Lift Irrigation Corporation (OLIC) (160 ha.) and Shakti Sugar Mills through Shakti Sugar Cane Growers Rural Development Water Users Society (283 ha.). The targeted beneficiaries were not inclined to avail irrigation through the JMIP. The expenditure incurred upto February 1999 was Rs.49.99 lakh.

The Executive Engineer stated (March 1999) that the scope of the project had been restricted to irrigate an ayacut of 282 ha. by reducing the length of the canal from 13.20 km to 7.77 km and revised estimates were being recast accordingly. This was not tenable as the entire command area of the project was already covered by the existing LI schemes. Shakti Sugar Mill had also requested (January 1998) the department not to take up the MIP for the same command area. Nevertheless, the department was insisting on completion of the truncated project to provide irrigation to 282 ha. to keep up their commitment to NABARD before release of their assistance.

Thus, due to inadequate survey and investigation before sanction of estimates by the concerned authorities, a totally unnecessary and redundant expenditure of Rs.49.99 lakh was incurred. The Government needs to investigate the matter and devise ways to stop further avoidable expenditure.

The matter was referred to Government in May 1999; reply had not been received (December 1999).

4.20 Extra expenditure and non-recovery of dues from a contractor

Extra expenditure of Rs.17.43 lakh due to Departmental lapses and non-recovery of dues of Rs.12.39 lakh from contractor.

Construction of Baldiamal distributary of Upper Indravati Irrigation Project was awarded (January 1992) to a contractor at a cost of Rs.1.90 crore stipulating completion by January 1994.

Test check of records of Executive Engineer (EE), Upper Indravati Left Canal Division No.II, Dharamgarh in Kalahandi District, revealed (August 1998) that out of 86 structures, approved drawings in respect of only 45 structures had been supplied before commencement of the work (June 1992) and the remaining drawings were supplied by June 1997. Moreover, only 73.07 acres of land against the total requirement of 137.58 acres of land had been available at the time of commencement of the work and the remaining 64.51 acres were available only by June 1997 although rules required that no work should commence before finalization of designs and acquisition of land. The contractor requested for extension of time upto June 1997 which was not sanctioned by Chief Engineer/Government as of June 1999. The contractor, after executing work worth Rs.40.97 lakh, abandoned the work (June 1997). The contract was terminated by the EE and a portion of work valuing Rs.44.50 lakh was got completed (June 1999) on retender, at a cost of Rs.61.93 lakh resulting in extra expenditure of Rs.17.43 lakh.

Thus, award of work without first finalizing the designs and ensuring availability of the required land as per the extant rules resulted in delay in completion of the work within the stipulated date. Instead of considering extension of time, department retendered the work which entailed additional expenditure of Rs.17.43 lakh which had to be borne by the department.

It was further observed that cost amounting to Rs.6.27 lakh (at penal rates) of unutilized departmental materials as well as Rs.6.12 lakh (including interest of Rs.1.68 lakh accrued as of April 1999) being the balance of machinery advance of Rs.8.47 lakh paid to the first contractor was not recovered (May 1999). Against the total recoverable amount of Rs.12.39 lakh, contractors' dues amounting to only Rs.6.77 lakh was available with the department. No action was taken to realize the dues after setting off the amount due to the contractor as of June 1999.

The matter was referred to Government in June 1999; reply had not been received (December 1999).

4.21 Unauthorised and irregular execution of work

Unauthorised execution of work of clearance of muck in excess of quantities approved by Government resulting in extra payment of Rs.26.38 lakh.

Construction of Tail distributary from RD 6.10 km. to 14.34 km. of Left Bank Canal of Upper Indravati Irrigation Project (UIIP) was awarded to a contractor in May 1994 at a cost of Rs.3.39 crore for completion by May 1997. The work was, however, not completed by the stipulated date due to various reasons not attributable to the contractor and necessity of extra items of work. Consequently, extension of time upto June 1998 was granted by the Chief Engineer (CE). Government approved (March 1997) the resultant deviation of quantities raising the contract value to Rs.6.93 crore (104.3 *per cent* excess). The contractor was paid Rs.6.30 crore as of June 1998. The approved deviations included Rs.18.13 lakh towards disposal of 0.53 lakh cum. of muck from an aqueduct site by mechanical transportation as an extra item. The contractor was, however, irregularly allowed by the Executive Engineer to execute 1.30 lakh cum. for Rs.44.51 lakh involving extra payment of Rs.26.38 lakh without approval of CE and Government. The unauthorised extra payment calls for investigation.

The matter was referred to Government in June 1999; reply, had not been received (December 1999).

4.22 Lowest valid tenderer was allowed higher rates on retender

Rejection of the lowest valid tender and awarding the work to the same contractor on retender resulted in extra expenditure of Rs.24.03 lakh.

Chief Engineer (CE), Potteru Irrigation Project, Chitrakonda recommended (November 1993) to Government the acceptance of the second lowest tender for Rs.2.03 crore (26.61 *per cent* excess over estimated cost put to tender) received for the work "Restoration and completion of balance work of Tamasa main canal from RD 53.105 km to RD 61.040 km.", by bringing it down to 20 *per cent* excess after negotiation. The CE had rejected the first lowest offer for Rs.1.75 crore (9.43 *per cent* excess) on the grounds of poor performance in canal works under the same project and also on the ground of the annual financial turnover of the tenderer being far below the stipulated annual turnover. Government, however, ordered (April 1994) retendering of the work without assigning any reason.

Accordingly, fresh tenders were invited for the work with reduced quantities (May 1994) and the work was awarded (October 1994) at Rs.1.24 crore with the approval of Government to the same tenderer who had been the lowest on the earlier occasion on the ground that the tenderer was qualified to carry out the work. The work which was scheduled for completion by September 1995 was completed in June 1998.

Check of records (May 1997) of the CE disclosed that the accepted tender for Rs.1.24 crore included rates in respect of six items which were higher than those offered on the first occasion when his tender was rejected. This resulted in an extra expenditure of Rs.24.03 lakh in respect of the items and quantities actually executed.

Thus, rejection of the offer at the outset and thereafter accepting second time offer of the same contractor after retendering at higher rates lacked justification. This resulted not only in extra cost but also avoidable delay of three and half years in completing the work.

CE stated (May 1997) that the decision to award the work was taken by Government.

The matter was referred to Government in October 1997; reply had not been received (December 1999).

4.23 Avoidable extra expenditure

Failure to incorporate in the agreement, instructions of the SE reducing the width of left canal bank led to avoidable expenditure of Rs.17 lakh.

The work of improvement to the Puri Main Canal Reach-III from RD 29.150 km. to RD 41.850 km. was awarded in August 1997 to a contractor at Rs.1.70 crore. The work was to commence in August 1997 and complete in August 1999. Before the work order for the work was issued, Superintending Engineer (SE), Central Irrigation Circle, Bhubaneswar, instructed the Executive Engineer (EE), Nimapara Irrigation Division, to reduce the width of the left bank to 4.6 metre from the estimated width of 6.1 metre on the ground that the reduced width would be as per ISI standards and the width (i.e. 4.6 metres) of the right bank of the canal. Due to the reduction in the width of left bank, the earthwork was to be reduced by 0.29 lakh cum. as worked out by the Assistant Engineer (AE), Balipatna Canal Sub-Division and intimated to the SE in February 1997.

Test check of the records of the EE (May 1999) revealed that neither the SE nor the EE reduced the tendered quantity by 0.29 lakh cum. before the award of work though they had ample time to do so. The contractor did not also care to carry out the instructions of the AE to reduce the left bank width and the same was reported to the SE in March 1998 with a request to inspect the site and issue necessary instructions to the contractor. As a result, reduction of 0.29 lakh cum. of earthwork which would have enabled saving of expenditure of Rs.17 lakh (28996 cum. x Rs.58.64 per cum.) did not take place.

EE stated in May 1999 that no action had been taken in pursuance of the instructions of the SE reducing the width of left bank and the execution had been carried as per the sanctioned estimate and agreement.

The matter was referred to Government in May 1999; reply had not been received (December 1999).

4.24 Overpayment to contractors in violation of contract condition

Overpayment due to non recovery of cost of cement less consumed during execution.

Construction of falls at RD 80 metres and RD 180 metres (Package-1) and RD 348 metres and RD 696 metres (Package-2) of surplus channel of Alikuan Minor Irrigation Project in Sorada Block of Ganjam district was awarded (October 1996 and March 1996) to two contractors under two packages at a total value of Rs.2.97 crore for completion by April 1998 and September 1997 respectively. The contracts provided, inter alia, two cement concrete items, viz. 9020 cum. of M-10 concrete at Rs.1213/1202 per cum. and M-15 concrete for 2988 cum. at Rs.1330/1310 per cum. using 40 mm downgraded aggregate. The special conditions of the agreements stipulated that consumption of cement for these items should be at 207 kgs. and 288 kgs. per cum. respectively and if the contractor was required to use any different content of cement, the payment was to be adjusted upward or downward on the basis of actual consumption. Executive Engineer (EE), paid the contractors (November 1998) Rs.1.80 crore towards 2268 cum. of M-10 concrete (Rs.0.27crore) and 11544 cum. of the M-15 concrete (Rs.1.52 crore) at the agreement rates. Test check of the records of Ganjam Minor Irrigation Division No.II, Berhampur (November 1998) revealed that the quality tests conducted in departmental laboratory marked the actual cement consumption at 202 kgs. and 254 kgs. per cum. only in M-10 and M-15 concrete items respectively. Payments to the contractors at full agreement rates despite less consumption than stipulated led to inadmissible payment of Rs.13.51 lakh to the two contractors (Package -I: Rs.6.25 lakh and Package-II: Rs.7.26 lakh).

EE stated (February 1999) that Rs.2.31 lakh would be recovered from the two contractors towards less consumption of cement in respect of M-10 (Rs.1.93 lakh) and M-15 (Rs.0.38 lakh) on the basis of analysis of rates prepared by him. This was not tenable since payment was to be governed by the agreement rates and special conditions in the agreement and therefore, the entire excess payment of Rs.13.51 lakh is to be recovered in full.

The matter was referred to Government in May 1999; reply had not been received (December 1999).

4.25 Misappropriation of Government money

Failure to exercise codal checks led to misappropriation of Government fund of Rs.8.54 lakh. No action taken against the concerned EE and FA&CAO.

The Executive Engineer (EE), Potteru Canal Division No-III prepared 23 working estimates aggregating Rs.9.58 lakh for 23 minor works in excess of 10 *per cent* of the sanctioned project estimates at his level without obtaining approval of the higher authority. The EE selected the contractors on the basis of spot quotations and submitted 17 bills during January and March 1997 certifying the works as completed to the Financial Adviser and Chief Accounts Officer (FA&CAO), Potteru Irrigation Project, Chitrakonda for releasing payments. Payment on two bills for sinking of tube well for Rs.1.26 lakh was made on 24 February 1997. However, on receipt of a petition (13 March 1997) from the President of the local Nominal Muster Roll (NMR), Labour Association alleging malafides in the claims, FA&CAO requested (20 March 1997) the Chief Engineer (CE) to advise him after proper investigation as to the genuineness of the 8 bills (3 for Anti malaria and 5 for Approach roads) for Rs.3.70 lakh preferred by the EE to enable him to release payments thereon. However, without waiting for the opinion of the CE, the FA&CAO on the next day released payments on these 8 bills (21 March 1997) and also made payment in respect of 7 bills for site camps (Rs.3.38 lakh) on 26 March 1997. On 29 March 1997, the Superintending Engineer (SE) and on 17 April 1997, the CE intimated the FA&CAO not to make payment on the bills till further communication was issued to him.

A special investigation team appointed by the SE (August 1997) probed into the matter and reported that the works had not been actually executed and the bills paid were false and fabricated. Though the CE had framed charges against the EE and submitted it to the Engineer-in-Chief (EIC) in December 1997, no action was taken by the EIC as of April 1999.

Check of the divisional records revealed (January 1999) that the EE had got the bills prepared by the estimator of the Division without any record of measurements by the Junior Engineer and check measurements by the Assistant Engineer in charge of the works as required under rules. The FA&CAO who ought to have satisfied himself as to the genuineness of the bills and that the claims in the bills were supported by duly recorded measurements in the measurement book in accordance with codal provisions, did not exercise the checks before releasing the payments.

Thus, failure of the FA&CAO to exercise the checks prescribed in the codal provisions led to misappropriation of Government fund of Rs.8.54 lakh (5 bills for approach road:Rs.2.51 lakh + 7 bills for site camps: Rs.3.38 lakh + 3 bills for anti-malaria precautionary measures:Rs.1.39 lakh + 2 bills for tube wells:Rs.1.26 lakh). Moreover, despite lapse of over two years, the Department had neither lodged any FIR with the police nor framed charges and initiated disciplinary action against the concerned officers.

Government stated (November 1999) that they had framed charges and initiated disciplinary proceedings against the EE concerned and ordered to fix responsibility on the CE as well as the FA&CAO. However, no report was filed with police for recovery of the amount.

4.26 Excess payment to a contractor

Failure to make payments as per actual cement consumption led to an excess payment of Rs.8.27 lakh in addition to unauthorised payment of escalation charges amounting to Rs.7.98 lakh.

The work of removal of overburden and construction of spillway of Baghua Irrigation Project was awarded (January 1992) to a contractor at a cost of Rs.3.02 crore for completion by January 1994. Due to the need to subsequently modify the design of the spillway involving increase in the quantities of concrete items and opposition from villagers due to non-payment of rehabilitation compensation, execution of work could not progress as scheduled.

Consequently, the contractor requested (March 1993) for upward revision of rates which was approved by the Government (September 1994) on the recommendation of the Chief Engineer (CE). While communicating the revised rates, the CE instructed (September 1994) the Superintending Engineer/Executive Engineer to obtain an undertaking from the contractor not to claim escalation on extra and substituted items covered in the

supplementary agreement. However, no such stipulation was incorporated in the agreement.

Check of records of the Executive Engineer (EE), Baghua Irrigation Division revealed (January 1998) that in disregard of the CE's instructions, Rs.64.55 lakh paid to the contractor (July 1994 to May 1995) included escalation for Rs.7.98 lakh in respect of extra and substituted items. Further, there was excess payment of Rs.8.27 lakh to the contractor due to non-reduction of agreement rate following less consumption of cement which was rendered possible due to failure to provide for proportionate reduction in payment in the event of less consumption of cement in the contract.

The EE stated (January 1998) that Government had approved (January 1996) payment of price escalation for the extended period and reduction in the rate for concrete item was not effected since the work was executed under the supervision of departmental officers and quality was certified by Chief Research Officer.

This was not tenable in view of the CE's instruction for not allowing escalation on extra/substituted items and the rate for concrete item included in the supplementary agreement was finalized taking into account the consumption pattern and therefore, payment should have been regulated according to actual consumption of cement.

The matter was referred to Government in July 1998; reply had not been received (December 1999).

WORKS DEPARTMENT

4.27. Excess payment on foreign currency component

Excess payment of Rs.3.22 crore in foreign currency was made on account of payment of 34 per cent of value of work as against at 22 per cent admissible as per the contract.

Government awarded the work "Widening to four lanes of Bhubaneswar-Cuttack-Jagatpur section of National Highway No.5 (27.8 kms.)" to a firm (an Indo-UK joint venture) in December 1994 at Rs.113.66 crore stipulating completion by June 1998 (subsequently extended upto January 1999). The

contract stipulated that 34 per cent of the value of work executed would be paid in Pound Sterling towards expenditure incurred on inputs like (a) expert staff (10 per cent), (b) heavy equipment (6 per cent), (c) cement, steel and road marking paints (6 per cent) and (d) miscellaneous overhead expenses and fees (12 per cent) arising outside India. However, the type of evidence to be produced in support of the claim for payment in foreign exchange for the use of inputs from outside the country was not specified. The contract also stipulated that during the progress of work, the Engineer appointed by the World Bank to function as supervision consultant may recommend a review of the requirements of local and foreign currency if there was evidence of substantial change in such requirements arising out of change of country of origin of materials, plan or services. Thereafter, the foreign and local currency proportion of the balance of the contract price may be amended by mutual agreement. Such review was however, never done.

Test check of the records of the Chief Engineer (CE), World Bank Project, Bhubaneswar revealed (April 1999) that the contractor had actually used indigenous steel, cement and heavy equipment and there was no documentary evidence such as customs clearance, invoice and transit passes, payment of import duty in support of import of the said inputs from outside India. Hence, the contractor was entitled to only 22 per cent of the value of work in foreign currency viz. towards expert staff (10 per cent) and overhead expenses and fees (12 per cent) and the remaining 78 per cent in Indian currency. On the value of work of Rs.50.78 crore executed (March 1999), the contractor was entitled to Rs.11.17 crore considering foreign component at 22 per cent. However, the CE worked out the foreign component of value of work executed as Rs.17.27 crore calculating it at 34 per cent. In making this payment, Government incurred an expenditure of Rs.6.59 crore (March 1999) taking into account the increase in exchange rate over the rate assumed (Rs.46.80 per Pound) in the agreement. By considering foreign component at 34 per cent instead of 22 per cent, Government incurred an extra expenditure of Rs.2.33 crore¹. At the current exchange rate Rs.68.7715 (August 1999), the extra expenditure on the balance contract value (Rs.62.88 crore) would amount to Rs.3.54 crore².

Further, on account of escalation charges due to rise in cost of foreign inputs admissible under the terms of contract, the contractor had been paid Rs.2.51 crore considering foreign input at 34 per cent instead of Rs.1.62 crore admissible at 22 per cent which resulted in excess payment of Rs.0.89 crore (March 1999). The total excess payment amounted to Rs.3.22 crore as of March 1999.

¹ Rs.6,59,47,928 X 12/34=Rs.2,32,75,739

² Rs.113,66,41,348 - Rs.50,78,48,285 = Rs.62,87,93,063 X 34/100 = Rs.21,37,89,642
Rs.21,37,89,642 X 12/34 = Rs.7,54,55,167 / Rs.46.80 X (Rs.68.77 - Rs.46.80) = Rs.3,54,22,008

The CE stated (April 1999) that 34 *per cent* had been allowed since overall percentage of foreign exchange component had not changed as per details audited by Chartered Accountant as furnished by the contractor. This was not tenable in view of the fact that the statement of the contractor did not indicate that inputs like cement, steel and heavy machinery had been imported from abroad to qualify for payment in foreign currency in terms of the contract provisions.

As huge payment in foreign currency was made without valid reasons and proof of import, the matter calls for investigation.

Government stated (September 1999) that the matter was under examination .

4.28 Excess payment due to incorrect fixation of revised rates

Failure to take into account changes in work specifications resulted in extra expenditure of Rs.76.27 lakh upto March 1999.

In the same work referred to in paragraph No. 4.27, the contract provided for the Dense Bituminous Macadam (DBM) course for 0.55 lakh cum. at the rate of Rs.4312 per cum. with minimum bitumen content of 4.5 *per cent* per cum. To conform to specifications of Ministry of Surface Transport (MOST), the Chief Engineer (CE) in consultation with the Resident Engineer (RE) approved (September 1997) requirement of bitumen as 4 *per cent* per cum. However, no variation order was issued by the CE as of March 1999 for incorporation of the same in the contract. Since bitumen content was reduced from 4.5. to 4 *per cent*, Rs.63.43 lakh on this account was to be recovered from the contractor. But this was not done. Similarly, the contract stipulated provision of bituminous primer coat, tack coats on bituminous surface and on granular surface and consumption of bitumen at rates which were in excess of the estimated rate by 242, 226 and 243 *per cent* respectively. The contract further stipulated that the rates would be refixed on the basis of actual execution, if necessary, as per revised specifications for payment to the contractor.

During the execution of the work, the CE approved (February 1997) consumption of bitumen at reduced rates of 6 to 9 kgs in prime coat and 2 to 2.5 kgs. and 2.5 to 3 kgs. in tack coats in conformity with the specifications of MOST.

Test check of the records of the CE, World Bank Project, Bhubaneswar, revealed (April 1999) that the revised unit rates were arrived at after deducting only the basic cost of the bitumen consumed less from the agreement rates and

the corresponding tender premia was not taken into account. Such incorrect fixation of revised rates had resulted in excess payment of Rs.12.84 lakh in the execution of prime coat (1.56 lakh sqm.), tack coat (2.49 lakh sqm. and 1.75 lakh sqm.) to the contractor as of March 1999 besides creating an extra liability to the tune of Rs.28.38 lakh in respect of execution of balance quantities as per agreement.

While the Government agreed (September 1999) to audit observation on recovery in respect of prime coat and tack coat, it stated that in respect of DBM the bitumen content specified in the agreement being 4.5 per cent to 6 per cent with a variation of ± 0.5 per cent, no financial benefit was allowed to the contractor by reducing 0.5 per cent. The reply is not tenable since the CE while approving use of bitumen at 4 per cent instructed the RE in September 1997 to raise a variation order to the contractor but failed to follow it up and consequently, recovery of the differential amount was not made.

4.29 Outstanding work advances against OBCC

Rs.2.56 crore advanced to Orissa Bridge and Construction Corporation in March 1991 remained unadjusted.

Under the extant accounting procedure, in respect of works allotted to the Orissa Bridge and Construction Corporation (OBCC), interest free advances are to be released in favour of the OBCC by the concerned Divisional Officers in suitable instalments and such advances are to be adjusted within the same financial year in which they are disbursed.

Test check of records of Executive Engineer (EE), Capital Construction Division No.II, revealed (February 1999) that in March 1991, the Chief Engineer (Buildings) placed a special letter of credit for Rs.3.34 crore with the EE for payment to OBCC as advance for "future works to be allotted". The advances were classified under "Miscellaneous Works Advance" in the accounts.

Of this advance of Rs.3.34 crore paid (March 1991) to the OBCC, only Rs.78 lakh had been adjusted in shape of work bills (Rs.18.00 lakh) and cash refund (Rs.60.00 lakh) so far (September 1999). Despite Rs.2.56 crore remaining outstanding against the OBCC, a further advance of Rs.20 lakh was paid (February/March 1999) to them for another work which had been allotted by the Government (November 1998). The work bill for the work allotted in November 1998 submitted by the Corporation was yet to be passed for adjustment of advance.

As no works were allotted, Rs.2.56 crore advanced to the OBCC remained unadjusted for eight years as of May 1999 resulting in blockage of government funds.

EE stated (May 1999) that the advance had been paid to OBCC according to the instructions of the CE (Buildings) and no works had been allotted against the advance paid in March 1991.

Government stated (October 1999) that advance had been paid to enable OBCC to continue and complete the works within the financial year in which funds had been allotted and they had executed many works in which the advance might have been utilised which would be known after finalisation of accounts. The reply was not tenable since no works were allotted against the advance paid in March 1991.

4.30 Extra liability due to cancellation of tender

Unjustified rejection of lowest tender and retender resulted in avoidable liability of Rs.1.60 crore and 3 years delay in awarding the work.

Out of three valid tenders received (April 1993) for construction of high level bridge with short approaches on either side over river Baitarani at 52 km. on Bhadrak-Chandabali road (SH-9), the Tender Committee (TC) of Government rejected the first (Rs.5.75 crore) and second (Rs.5.91 crore) lowest offers and considered the third lowest tenderer (Rs.10.30 crore) suitable in view of his past experience, possession of requisite machinery and technical knowhow. However, the TC opined that even the negotiated tender value of Rs.10.30 crore (original value Rs.10.95 crore) was on the higher side which required justification. The Chief Engineer (CE) thereafter negotiated with the tenderer who agreed (September 1994) to reduce his tender value to Rs.8.95 crore subject to several conditions including exclusion of approach road costing Rs.70 lakh (approximately) from the scope of the work. The TC observed that considering the All India rate of Rs.3.00 lakh per metre for similar bridge construction in the country, the cost of construction of 255 metre Baitarani bridge should be around Rs.7.65 crore and even if another Rs.40 lakh was considered for increase on account of cost of materials since the date of estimate, the total cost should be around Rs.8.05 crore and therefore even the reduced offer of Rs.8.95 crore was on the higher side. The TC however, apprehending (September 1994) that retender would not attract suitable firms and might result in higher rates due to cost escalation by at least Rs.70 lakh per season, recommended acceptance of the negotiated tender subject to withdrawal of the conditions. On refusal of the firm to withdraw the conditions, Government cancelled the tender in August 1995.

The work was retendered in October 1995 and awarded (December 1997) to the same firm at his lowest tender value of Rs.11.25 crore including approach roads going back on the considerations that guided the rejection of negotiated offer of Rs.8.95 crore. The firm executed work worth Rs.1.87 crore as of March 1999.

The unjustified rejection of negotiated tender in disregard of TC recommendation led to delay of 3 years in awarding the tender and avoidable extra liability of Rs.1.60 crore (Rs.11.25 crore less Rs.8.95 crore less Rs.70 lakh on account of the approach road) at the tender stage.

The matter was referred to Government in May 1999; reply had not been received (December 1999).

4.31 Wanton violation of rules

Construction of office building for the Minister for Works at a cost of Rs.20 lakh was got done by a single contractor through 33 small value agreements without inviting tenders.

In disregard of Rules of obtaining of administrative approval and technical sanction to estimates before commencement of work, the Chief Engineer (CE) (Buildings) allotted Rs.20 lakh from the "Building Repairs Grant" for construction of an office for the Minister for Works at Bhubaneswar to be completed by 26 January 1999. He further instructed that the work should be split into parts limiting each to Rs.0.50 lakh without open tenders on the ground that invitation of tenders etc. would delay the completion of the work.

The Executive Engineer (EE), after inviting short notice tenders, entrusted the work valued at Rs.18.24 lakh to a single contractor through 33 agreements between November 1998 and May 1999 at rates which were above the State Schedule of Rates by 13.90 to 22 *per cent*. The estimates submitted by the EE were not technically sanctioned by the CE. The EE reported (May 1999) that the work had been structurally completed except for finishing work which was in progress and the total expenditure of Rs.20 lakh had been charged to "Building Repair Grants" for the year 1998-99. He added that the work had been taken up as per instructions issued by the CE. Apart from the wanton violation of rules, the expenditure of Rs.20 lakh constituted unauthorised diversion of funds from Building Repairs.

Government stated (October 1999) that there was a shortage of suitable office accommodation for Minister and there was an urgent need to construct an official chamber for the Hon'ble Minister of Works. Consequently, the work

was split up and "Repair grants" were diverted in order to complete the building by January 1999.

The reply was not tenable since the building remained incomplete (November 1999) and there was no justification for deviation from the extant rules.

4.32 Excess procurement of stores

Electrical materials valuing Rs.1.55 crore remained unutilised due to excess procurement.

Test check of records of the Executive Engineer (EE), General Electrical Division-II, Cuttack, revealed (January 1997) that out of 893 items of electrical materials valuing Rs.1.78 crore purchased upto March 1996, 880 items valuing Rs.1.55 crore remained unutilised in stock (Rs.1.09 crore) or in site accounts (Rs.0.46 crore) as of December 1997. Of these, 694 items valuing Rs.0.69 crore remained unutilised for more than five years and 142 items valuing Rs.0.05 crore had been either damaged or had become unserviceable due to long storage at the end of December 1997. Neither any responsibility had been fixed for the loss nor had the Government written off the cost of unserviceable materials as of February 1999.

The EE stated (January and May 1999) that sanction to Reserve Stock Limit had not been accorded by the Government for the periods from 1979-80 onwards and action was being taken to ascertain the position of damaged/unserviceable materials and to utilise the useful materials in the works. The matter was referred to Government in May 1999 who stated (September 1999) that material worth Rs.25 lakh lying in stock had since been utilised and action was being initiated to fix responsibility for blockage of money as well as to dispose of the unserviceable materials.

CHAPTER-V
FINANCIAL ASSISTANCE TO LOCAL BODIES
AND OTHERS

FINANCE DEPARTMENT

5.1 General

5.1.1 Financial assistance

(i) In 1998-99, Government provided financial assistance of Rs.727.02 crore by way of grants and loans to various non-government bodies/institutions. Category-wise details are given below.

Sl.No.	Category of bodies/institutions	Amount of assistance paid (Rupees in crore)
1.	Educational Institutions (Aided Schools, Private Colleges, Universities etc.)	206.67
2.	District Rural Development Agencies (DRDA)	173.24
3.	Municipalities, Corporations, District Councils, Development Authorities etc.	64.58
4.	Panchayati Raj Institutions viz. Panchayat Samities (PS), Zilla Parishads and Gram Panchayatas	62.46
5.	Command Area Development Authorities	7.94
6.	Co-operative Societies and Institutions	20.97
7.	Integrated Tribal Development Agencies (ITDAs)	68.32
8.	Non-Government Organisations	9.60
9.	Others	113.24
	Total	727.02

The financial assistance of Rs.727.02 crore provided during the year 1998-99 constituted 11 *per cent* of total revenue expenditure (Rs.6816.90 crore) of

Government. The corresponding figures of previous four years (1994-98) are indicated in Chapter-I.

(ii) Outstanding utilisation certificates

Under the Financial Rules, in all cases in which conditions are attached to grants, utilisation certificates showing that the grants have been utilised for the purpose for which they are given are required to be furnished by the Departmental Officers to the Accountant General within a reasonable time as prescribed in the orders of sanction to grants-in-aid.

Utilisation certificates for an amount of Rs.617.08 crore relating to 151 units (123 PS: Rs.436.38 crore, 10 DRDAs: Rs.151.55 crore, 9 ITDAs: Rs.23.39 crore and 9 others: Rs.5.76 crore) were outstanding vide Appendix-XLVI. This included Rs.258.79 crore for which the year-wise details were not available.

The huge growth in the pendency was mainly on account of absence of suitable mechanism for watching timely receipt of utilisation certificates by the Departmental Officers and further release of grants by them as a matter of routine without insisting on furnishing of utilisation certificate for earlier grants according to the stipulation in the sanction orders.

(iii) Delay in submission of accounts

Mention was made in paragraph 6.1(a)(iii) of the Report (Civil) of the Comptroller and Auditor General of India for 1997-98 about non-receipt of information from Departments of Government regarding grants and loans given to various bodies/authorities so that the applicability of Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 could be decided. Even though the Finance Department agreed (May 1988) to furnish such details by the end of June each year, only in the cases of 26 bodies accounts for 1998-99 were received as of October 1999.

5.1.2 Audit of Autonomous Bodies

During the year ended 31 March 1999, audit of the accounts of 151 autonomous bodies of the Departments of Panchayati Raj (133), Welfare (9), Mass Education (2), Water Resources (2), Fisheries (2), Industries (1) and Science and Technology (2) was conducted under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. During the periods covered by audit, the bodies received financial assistance of Rs.885.46 crore. Important points noticed during audit are brought out in the following paragraphs.

(i) Unspent balance of grants

The Financial Rules of Government required that grants should be utilised within the financial year during which they were sanctioned or within one year from the date of sanction. The unspent balances were to be refunded to Government immediately thereafter unless permitted by Government for utilisation in subsequent years. These provisions were not followed by the bodies or authorities and the unspent balances were being carried over to subsequent years as a matter of routine. The unspent balances of Rs.178.17 crore in respect of 151 bodies at the end of the year for which audit was conducted were as follows:

Sl. No.	Name of the Body	Number of Bodies	Year upto which audited	Unspent balance as on 31 March of the year covered in audit (Rupees in Lakh)
1.	Panchayat Samities	2	1991-92	21.53
		5	1992-93	157.83
		3	1993-94	108.00
		15	1994-95	816.17
		26	1995-96	1581.23
		63	1996-97	4169.62
		9	1997-98	449.74
2.	District Rural Development Agencies	6	1996-97	3606.54
		4	1997-98	2677.17
3.	Integrated Tribal Development Agencies	1	1995-96	72.09
		3	1996-97	286.00
		5	1997-98	301.29
4.	Command Area Development Authority	1	1996-97	78.43
		1	1997-98	99.08
5.	Other Bodies			
(i)	Zilla Saksharata Samiti	2	1997-98	281.59

Sl. No.	Name of the Body	Number of Bodies	Year upto which audited	Unspent balance as on 31 March of the year covered in audit (Rupees in Lakh)
(ii)	Brackish Water Fisheries Development Agency (BFDA)	1	1995-96	19.17
		1	1996-97	8.30
(iii)	Industrial Infrastructure Development Corporation of Orissa (IDCO)	1	1993-94	2391.40
(iv)	Orissa Renewable Energy Development Agency (OREDA)	1	1996-97	691.60
(v)	Orissa Remote Sensing Application Centre (ORSAC)	1	1997-98	Nil
	Total	151		17816.78 or 178.17 crore

It was noticed that the above institutions were not maintaining the Register of Grants-in-aid as prescribed to record the expenditure incurred sanction-wise and scheme-wise for each year against the funds received. As a result, the periods to which the unspent balances related and reasons for non-utilisation were not available with the bodies/authorities.

(ii) Outstanding advances

According to Orissa Zilla Parishad and Panchayat Samiti Accounting Procedure Rules, 1961 payment of advances was generally prohibited except in case of works expenditure and amounts so advanced were to be regularly and promptly adjusted.

However, advances aggregating to Rs.84.06 crore were outstanding in the accounts audited (123 Panchayat Samities:Rs.53.80 crore*; 28 other bodies/authorities:Rs.30.26 crore).

Stringent measures were called for either to adjust or recover these amounts in order to avert possible loss with lapse of time.

Upto 1991-92 (2), 1992-93 (5), 1993-94 (3), 1994-95 (15), 1995-96 (26), 1996-97 (63) and 1997-98 (9) were Rs.34.22 lakh, Rs.103.69 lakh, Rs.63.87 lakh, Rs.589.57 lakh, Rs.1523.25 lakh, Rs.2598.80 lakh and Rs.466.16 lakh.

HEALTH AND FAMILY WELFARE DEPARTMENT

5.2 Wasteful investment

Gamma Camera acquired for Rs.52.33 lakh in June 1988 for Cancer Research and Treatment failed to perform due to improper storage and incomplete installation.

State Government purchased a Gamma Camera for Rs.41.69 lakh from a UK firm through its Indian agent stationed at Bangalore for use in Regional Centre for Cancer Research and Treatment Society (RCCR&TS), Cuttack. The camera was proposed to be utilised to obtain static, dynamic and tomographic pictures of the various organs of the human body which would help promote cancer research and treatment. Government of India provided Rs.30.50 lakh (during 1983-84: Rs.15.50 lakh and 1985-86: Rs.15.00 lakh) for the purpose.

The equipment was received in June 1988 and the Institute spent Rs.10.64 lakh on electrical installations, air-conditioners and voltage stabilisers and improvement of isotope room, procurement of isotopes and installation charges upto June 1995. The installation of the equipment which commenced in June 1989 continued upto April 1995 on account of delay in decision over selection of the building for installation, mal-functioning of electrical components and damage to the systems due to rat menace and fungal deposit due to long storage in improper environment etc. Successful and continuous demonstration of the equipment could not be conducted owing to defective electrical wiring and problem in continued surge for power supply and absence of trained technicians. In all, only 18 patients could avail test scan facilities since installation of equipment before it went out of order from September 1996. The Indian agents of the supplier failed to make it operational as the electronic systems were very unreliable and further repairs were not considered viable.

Government offered (August 1997) to pay Rs.5.5 lakh to the firm if they could complete the work of repairs on turn key basis and commission the equipment. But the firm did not show interest in the proposal since the equipment which was manufactured according to international standards failed to function under unmanageable power problems and the firm had no plans to remedy the situations arising out of Y2K in respect of old products after 2000.

Thus, the equipment installed at an expenditure of Rs.52.33 lakh failed to serve any purpose due to lack of proper care in the storage and failure to provide suitable infrastructure.

Government accepted the factual position (September 1999).

PANCHAYATI RAJ DEPARTMENT

5.3 Unfruitful expenditure

Unfruitful expenditure of IRDP subsidy of Rs.38.88 lakh due to non-existence of assets created to generate income to the beneficiaries.

Integrated Rural Development Programme (IRDP) guidelines prescribed continuous management of the assets created with its subsidy to ensure that the assets generate sufficient incremental income to help the beneficiaries to rise above poverty line. Regular follow-up measures like periodical inspection of assets, monitoring and evaluation were contemplated under the programme to facilitate timely initiation of corrective measures.

Results of verification of assets by the field staff of Blocks and District Rural Development Agencies (DRDAs) in Bhadrak and Nayagarh and their implementing agencies revealed that 932 assets such as Poultry, Fishing, Tailoring, Saloon, Grocery, Wool Knitting etc. for which subsidy of Rs.38.88 lakh was reportedly given under the programme between 1994-95 and 1997-98 were not in existence vide details furnished below :

Name of the DRDA	Name of the Blocks which implemented programme	No. of assets	Amount of subsidy paid. (Rs. in lakh)	Period during which assets were created	Period of survey
(1)	(2)	(3)	(4)	(5)	(6)
Nayagarh	Odagaon	192	7.93	1994-95 to 1997-98	March to October 1998
	Nayagarh	148	5.80	1995-96 to 1997-98	March to October 1998
	Ranpur	20	0.54	1995-96 to 1997-98	March to October 1998

Name of the DRDA	Name of the Blocks which implemented programme	No. of assets	Amount of subsidy paid. (Rs. in lakh)	Period during which assets were created	Period of survey
(1)	(2)	(3)	(4)	(5)	(6)
	Nuagaon	153	5.22	1995-96 to 1997-98	March to October 1998
Bhadrak	Bhadrak	404	17.59	1995-96 to 1997-98	Not available
	Bhandaripokhari	10	1.50	1995-96 to 1997-98	Not available
	Chandabali	5	0.30	1995-96 to 1997-98	Not available
Total		932	38.88		

The programme prescribed a monthly schedule for monitoring the implementation of the projects assisted/assets created with its subsidy. As per this schedule various functionaries like Chairman, Project Director (PD), Additional Project Director of DRDA and Block Development Officers (BDOs) were required to conduct inspection of at least 130 individual beneficiary families in each month to find out the possession of the assets provided to them. Scrutiny revealed that such inspection was rarely done and no follow-up measure was taken to ensure continued existence of assets. The implementing agencies did not also produce bond/pro-note, if any, obtained from the beneficiaries before releasing subsidy to them. Thus, there was no safeguard against misutilisation of subsidy/misappropriation of assets and recovery in case of default by the beneficiaries was also not possible.

PD, DRDA, Bhadrak and Nayagarh stated (December 1998) that BDOs were not submitting physical verification reports and action would be taken against the defaulting beneficiaries after proper verification of the assets.

The matter was referred to Government in April 1999; reply had not been received (December 1999).

5.4 Misutilisation of Jawahar Rojgar Yojana funds

JRY funds for Rs.23.39 lakh were misutilised for construction and repair of buildings etc.

Under Jawahar Rojgar Yojana (JRY) only rural works which result in creation of durable productive assets providing employment on a sustained basis were to be taken up. The Project authorities were allowed to spend 2 per cent of allotted funds for administrative purpose.

Project Director (PD), District Rural Development Agency (DRDA), Puri under the instructions of State Government, Panchayati Raj Department during June 1994 and May 1995, diverted surplus amounts available out of administrative charges for the following purposes:

- (i) Construction of Women's Hostel at Khurda - Rs.6.33 lakh;
- (ii) Additions and alterations to office building of State Social Welfare Advisory Board, Bhubaneswar - Rs.2.90 lakh;
- (iii) Repairs to Kasturba Nari Mahal - Rs.1.47 lakh;
- (iv) Furnishing of the office rooms of Director and Special Secretary, Panchayati Raj Department - Rs.2.43 lakh;
- (v) Installation of 250 KV transformer in the State Secretariat Building-Rs.3.96 lakh and
- (vi) Celebration of Panchayati Raj Divas - Rs.6.30 lakh

These items of expenditure amounting to Rs.23.39 lakh were not covered under the objectives of the JRY scheme and were, therefore irregular.

The matter was referred to Government in October 1998; reply had not been received (December 1999).

5.5 Failure of mulberry cultivation in Kalahandi district

Mulberry plantations requiring bank finance for their maintenance failed as bank loans were not sanctioned. Rs.29.08 lakh invested out of JRY on the plantation became wasteful.

With a view to providing sustainable income to scheduled caste and scheduled tribe people of Kalahandi district, the Project Director (PD), District Rural Development Agency (DRDA), Kalahandi placed Rs.33.02 lakh from JRY and DPAP funds with the Assistant Director, Sericulture (ADS), Kalahandi for taking up mulberry plantations on the lands of the identified beneficiaries during 1991-1996. The unit cost per acre of mulberry plantation being Rs.13,300 for rainfed areas, Rs.5,000 towards raising of plantation, fencing of the planted area and rearing equipment was financed from JRY. The remaining Rs.8300 per acre towards second year maintenance, rearing shed and balance rearing equipment was to be arranged through bank loans under IRDP.

Scrutiny revealed that out of Rs.33.02 lakh received (JRY:Rs.30.02 lakh +DPAP:Rs.3 lakh), ADS had disbursed Rs.29.43 lakh (JRY:Rs.26.98 lakh+DPAP:Rs.2.45 lakh) to 641 beneficiaries (SC-103, ST-457 and others 81) during 1991 to 1996 for raising mulberry plantations. However, as of June 1999, only 7 out of 641 beneficiaries were carrying on mulberry cultivation and silkworm rearing and others had dropped out of the scheme because of improper watch and ward in their fields, non-release of bank finance and drought situation which had dried up the plantation fields. The beneficiaries did not evince interest in the mulberry plantation since bank loans were released after completion of the work whereas in other IRDP schemes direct bank finance was available. Moreover, other cash crops fetched them more income with comparatively less labour.

The ADS stated (June 1999) that as the plantation was a highly season specific activity and was required to be completed before 20th July, money out of JRY had been released and after the plantation was over, loan applications of IRDP beneficiaries were sponsored by the BDOs concerned to the financing banks. However, banks either deferred the loans or distributed finances only partly as some of the loan applicants were defaulters. As a result, plantations raised were not utilised as rearing of silkworms could not be taken up for want of maintenance, rearing shed and adequate quantity of rearing equipment.

Evidently, selection of defaulting beneficiaries and continuation of the scheme, though more than 95 per cent of beneficiaries dropped out, rendered the investment of Rs.29.08 lakh wasteful. There were failures at all levels on the

part of ADS, BDOs, Banks and DRDAs in ensuring that the scheme progressed fruitfully.

The matter was referred to Government in May 1998; reply had not been received (December 1999).

5.6 Misutilisation of JRY funds

As plantations were made on Reserve Forest, poor beneficiaries could not be given the right to use the plantations.

Under Jawahar Rojgar Yojana (JRY), social forestry works were to be taken up on Government and community lands and on roadsides the benefit of which directly accrue to the rural poor.

Out of Rs.33.33 lakh (Rs.6.44 lakh in 1995-96 and Rs.26.89 lakh in 1996-97) released by the Project Director (PD), DRDA, Rayagada for taking up plantations under social forestry programme, the Divisional Forest Officer (Territorial) (DFO), Rayagada carried out bamboo and other plantations in 570 ha. at an expenditure of Rs.26.61 lakh (Rs.6.44 lakh in 1995-96 and Rs.20.17 lakh in 1996-97) in Reserve Forest Area instead of in Government and community lands. As the plantations were carried out in Reserve Forest Areas, usufructuary rights could not be passed on to rural poor by means of tree patta and the purpose of the produce being made available for the community was thus defeated.

PD, DRDA, Rayagada stated (September 1999) that proposals submitted by the DFO were approved by the Governing Body of DRDA and hence, the burden of selection of beneficiaries and passing on benefits of plantation to the identified beneficiaries lay with DFO. He, however, felt that there was very little scope for passing on usufruct rights in respect of plantations taken up in Reserve Forest Area under Joint Forest Management.

The matter was referred to Government in May 1999; reply had not been received (December 1999).

5.7 Misutilisation of JRY funds

The benefits from plantation involving Rs.16.24 lakh out of JRY funds failed to reach the targeted beneficiaries.

Under Jawahar Rojgar Yojana (JRY), planting of all types of fruit, fodder and fuel trees were to be taken up on Government and community lands and on roadsides etc., the benefit of which would directly accrue to the poor through the scheme of tree patta, the holder of which would be entitled to usufruct rights of the tree i.e. to gather dead branches, take twigs and lopping of the branches, harvest produce such as fruit, flowers, seeds, leaves, tappings etc.

PD, DRDA, Balasore released Rs.19.58 lakh (1993-94 - Rs.5.55 lakh, 1994-95 - Rs.9.56 lakh and 1995-96 - Rs.4.47 lakh) to BDOs (Balasore -Rs.8.89 lakh, Jaleswar - Rs.6.25 lakh and Nilgiri - Rs.4.44 lakh) for taking up social forestry programme in the premises of schools, colleges and other institutions instead of on Government and community lands. The plantations were carried out in 82 such locations (25 in Balasore, 32 in Jaleswar and 25 in Nilgiri) at a cost of Rs.16.24 lakh (Balasore-Rs.6.58 lakh, Jaleswar-Rs.5.87 lakh and Nilgiri-Rs.3.79 lakh). As a result, usufructuary rights could not be passed on to rural poor by means of tree patta thereby denying the targeted beneficiaries from enjoying the benefits from plantations carried out at the cost of Rs.16.24 lakh. It was further noticed that the survival rate of the plants were only 7.73 to 50.47 per cent.

The PD, DRDA, Balasore stated (April-1998) that the plantations were taken up for common benefit of the public with the approval of the Governing Body. The reply was not acceptable as the Governing Body was not competent to authorise deviation from prescribed guidelines of Government of India.

The Commissioner-cum-Secretary to the Department replied (July 1999) that Chief Secretary issued instructions for tree plantations in the premises of Government and Semi-Government offices/institutions including schools.

5.8 Mismanagement of a Minor Irrigation Project in Kalahandi

Improper survey, defective estimates and inadequate funding delayed execution of the project by over 5 years.

Agriculture Department of Government of Orissa accorded (April 1994) administrative approval to the execution of "Singhjaran Minor Irrigation

Project" for Rs.26.13 lakh. The project was to comprise an earth dam, head sluice, surplus channel and distribution system. The project funded under Drought Prone Area Programme (DPAP) on completion was expected to provide irrigation to a designed ayacut of 76 ha. in Kharif and 16 ha. in Rabi. The Project Director (PD), District Rural Development Agency (DRDA), Kalahandi deposited entire sum of Rs.25.45 lakh which had been earmarked for the Project with the Executive Engineer (EE), Minor Irrigation (MI) Division, Bhawanipatna during 1994-95.

Audit scrutiny in December 1997 of the records of PD, DRDA, Kalahandi disclosed that the project was approved by the Government in 1994 on the basis of survey conducted as far back as in 1981. According to the 1981 survey, only 13 ha. of private land and 6 ha. of Government land was required. Subsequently, in March 1995, Government decided to increase irrigation potential on public demand whereby requirement of land had gone up to 32.74 ha. estimated to cost Rs.12.98 lakh. Against this, only Rs.1.19 lakh had been deposited with the Land Acquisition Officer (LAO), Bhawanipatna. The land acquisition proposal for 32.74 ha. was finalised in June 1997. It was seen that the cost of additional land could not be met from DPAP or from Agriculture Department. Finally, the Water Resources Department made available a sum of Rs.11.68 lakh in May 1999 for this purpose which was yet to be deposited with the LAO by the EE (September 1999).

Thus, due to improper survey and inadequate funding, the Project commenced in 1994-95 and on which Rs.12.26 lakh were spent, remained incomplete and thereby the expected irrigation potential could not be created. Besides, the Department had not so far identified the beneficiaries entitled to utilise the water from the Project.

Government intimated (November 1999) that Rs. 11.68 lakh had been provided for land acquisition and the project had been targeted for completion during 1999-2000. This, however, appears unattainable since the funds for payment of compensation to the landowners were not deposited with the Land Acquisition Officer and the balance work was not awarded to any contractor as of December 1999.

WELFARE DEPARTMENT

5.9 Misutilisation of Special Central Assistance

Special Central Assistance of Rs.11.96 lakh meant to undertake income generating schemes for tribal families were utilised on works not connected with the envisaged objectives.

Special Central Assistance (SCA) exclusively provides for the implementation of beneficiary-oriented 'income generating schemes' and infrastructural development incidental to such schemes in order to deliver direct benefits to tribal families below the poverty line. In view of serious deviations and irregularities in the utilisation of SCA, Government in Tribal Welfare Department reiterated (May 1993) that deviations and irregularities which deprived the benefits to tribal families could not be justified on the basis of resolutions passed or approvals accorded by the Project Level Committee (PLC)/Governing Bodies of Integrated Tribal Development Agency (ITDA).

However, in disregard of the Government clarification of 1993, the Project Administrator (PA), ITDA, Malkangiri spent Rs.11.96 lakh out of funds under SCA during 1994-95 to 1997-98 towards construction of residential quarters for teachers (Rs.10.30 lakh) and improvement of residential office of the Collector, Malkangiri (Rs.1.66 lakh).

In reply, the PA stated (June 1999) that funds diverted from SCA would be recouped on receipt of allotment from Government. Government admitted (June 1999) that SCA funds should not have been spent on purposes other than those prescribed and held PA, ITDA responsible for the same.

**CHAPTER - VI
COMMERCIAL ACTIVITIES**

FINANCE DEPARTMENT

6.1 General

As on 31 March 1999, there were five departmental commercial and quasi-commercial undertakings/scheme in the State. The extent of arrears in submission of proforma accounts in respect of these undertakings/scheme is indicated below :

	Name of the undertaking/scheme	Year from which accounts are in arrears
A.	State Trading Scheme	
1.	Nationalisation of Kendu leaves (maintained by Chief Conservator of Forests, Kendu Leaves, Orissa)	1990-91
B.	Agriculture	
2.	Cold storage plant, Kuarmunda	1972 ^(a)
3.	Cold storage plant, Similiguda	1973
4.	Cold storage plant, Paralakhemundi	1981
5.	Cold storage plant, Bolangir	1994

The following departmental commercial and quasi-commercial undertakings/schemes were either not in operation or had been taken over by corporate bodies from the dates mentioned against each. The proforma accounts in respect of these undertakings/schemes had not been received for

^(a) Proforma accounts received for the years 1972 and 1973 were incomplete and returned.

the years noted against each.

	Name of the undertaking/scheme	Name of the Corporation to which transferred	Date of transfer	Year from which accounts are in arrears
A.	State Trading Scheme			
1.	Grain Purchase Scheme	Orissa State Civil Supplies Corporation Limited.	September 1980	1977-78
B.	Transport			
2.	State Transport Service	Orissa State Road Transport Corporation	May 1974	1972-73
C.	Agriculture			
3.	Cold Storage Plant, Bhubaneswar	Orissa State Seeds Corporation Limited	March 1979	1975
4.	Cold Storage Plant, Sambalpur.	Orissa State Seeds Corporation Limited	March 1979	1971

Following repeated correspondence, Government intimated (September 1989) that efforts were being made to reconstruct the accounts of State Transport Service for the period from 1972-73 to 1974-75 as all the relevant records for the period were not available with the drawing and disbursing officers concerned. There was no response from Government in respect of the accounts of the Grain Purchase scheme. In respect of the accounts of the cold storage plants at Bhubaneswar and Sambalpur, Government intimated in October 1993 that special steps were being taken for preparation of proforma accounts. There has been no improvement as of June 1999.

In respect of the following schemes which remained inoperative or were closed in the years noted against each, the assets and liabilities were not fully disposed of or liquidated by Government. The reasons for non-operation or closure were not made available.

Sl.No.	Name of the scheme	Year from which remained closed or inoperative
1.	Grain supply scheme	1958-59
2.	Scheme for trading in Iron Ore through Paradeep Port.	1966-67
3.	Cloth and yarn scheme	1954-55
4.	Scheme for Exploitation and marketing of fish.	1982-83

Although the following schemes were commercial in nature, Government had not prescribed the preparation of proforma accounts. Only personal ledger accounts were opened and maintained by the concerned departments of Government. The position of these personal ledger accounts

at the end of 1998-99 was as under:

Name of the undertaking	Year in which the PL accounts were opened	Accounts for 1998-99			
		OB	Credit	Debit	CB
		(Rupees in lakh)			
1. Purchase and distribution of quality seeds to cultivators	1977-78 (Revenue Accounts)	576.48	2464.45	2224.98	815.95
2. Poultry Development (Operative)	1979-80 (Revenue Account)	1.69	--	--	1.69

Similar paragraphs appearing in the Report of the Comptroller and Auditor General of India for 1980-81, 1983-84 and 1986-87 were discussed (1986-87, 1987-88 and August 1992) by the Public Accounts Committee in their 14th Report (10th Assembly) placed on the table of the Legislature in November 1992, the Committee had expressed its distress at the state of affairs in the preparation of proforma accounts and had desired that the responsibility be fixed for failure to prepare the accounts. No action had been taken in this regard as of June 1999.

BHUBANESWAR

18 APR 2000

Minakshi Ghose
(MINAKSHI GHOSE)
ACCOUNTANT GENERAL (AUDIT) I
ORISSA

COUNTERSIGNED

NEW DELHI,
THE COMPROLLER AND AUDITOR GENERAL OF INDIA

18 APR 2000

V. K. Shunglu

(V.K.SHUNGLU)

APPENDICES

APPENDIX -I
(Refer paragraph 1.1 at page 1)
Part A. Government Accounts

I. Structure: The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund

All receipts of the State Government from revenues, loans and recoveries of loans go into the Consolidated Fund of the State, constituted under Article 266(1) of the Constitution of India. All expenditure of the Government is incurred from this Fund from which no amount can be withdrawn without authorisation from the State Legislature. This part consists of two main divisions, namely, Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Capital Receipts, Capital Expenditure and Revenue Expenditure) and Capital Account (Capital Receipts, Capital Expenditure, Public Debt and Loans, etc.).

Part II: Contingency Fund

The Contingency Fund created under Article 267(2) of the Constitution of India is in the nature of an imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund. The corpus of this Fund authorised by the Legislature during the year was Rs.60 crore.

Part III: Public Account

Receipts and disbursements in respect of small savings, provident funds, deposits, reserve funds, suspense, remittances, etc., which do not form part of the Consolidated Fund, are accounted for in Public Account and are not subject to vote by the State Legislature.

II. Form of Annual Accounts

The accounts of the State Government are prepared in two volumes viz., the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation Accounts, present the details of expenditure by the State Government vis-a-vis the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

Part B. List of Indices/ratios and basis for their calculation
(Refer paragraph 1.12.2 at page 28)

Indices/Ratios		Basis for calculation
Sustainability	BCR	Revenue receipts minus all Plan grants (under Major Head 1601- 02. 03, 04) and Non-Plan revenue expenditure
Balance from the current revenue		
Primary Deficit		
Interest Ratio		
Capital Outlay Vs. Capital Receipts	Capital Outlay	Capital expenditure as per Statement No.13 of the Finance Accounts
	Capital Receipts	Internal Loans (net of ways and means advances) + Loans and advances from Government of India + Net receipts from small savings, PF etc + Miscellaneous Capital Receipts
Total tax receipts VS.GSDP		
State tax receipts Vs. GSDP		
Flexibility		As above
-Balance from current revenue	Capital Repayments	Disbursements under Major head 6003 and 6004 minus repayments on account of Ways and Means Advances/Overdraft under both the major heads
-Capital repayments Vs. Capital Borrowings	Capital Borrowings	Addition under Major Heads 6003 & 6004 minus addition on account of Ways & Means Advances/Overdraft under both the major heads
	State Tax Receipts	A-Tax Revenue of Statement 11 of Finance Accounts – Taxes on Income other than Corporation Tax
	Total Tax Receipts	State Tax receipts plus State's share of Union Taxes
Incomplete Projects		
-Total Tax Receipts Vs. GSDP		
-Debt Vs.GSDP		

(Concl.)

Indices/Ratios		Basis for calculation
Vulnerability		
-Revenue Deficit		Paragraph No. 1.9.6 of the Audit Report
-Fiscal Deficit		Paragraph No. 1.9.6 of the Audit Report
-Primary Deficit Vs,Fiscal Deficit	Primary Deficit	Fiscal Deficit minus interest payments
Total outstanding guarantees including letters of comfort Vs. Total revenue receipts of the Government	Outstanding guarantees	Exhibit IV
	Revenue Receipts	Exhibit II
Assets VsLiabilities	Assets and Liabilities	Exhibit I
	Debt	Borrowings and other obligations at the end of the year (Statement No. 4 of the Finance Accounts)

APPENDIX-IA

{ Refer paragraph 2.3.3(ii) at page 37 }

Statement showing the excess expenditure over provisions

Sl. No.	Number and Name of Grant/Appropriation	Total Grant/Appropriation (Rs.)	Expenditure (Rs.)	Excess over Grant/Appropriation (Rs.)
I	Voted			
A.	Revenue Section			
1	7 Works	146,27,57,000	157,19,88,492	10,92,31,492
2	12 Health and Family Welfare	368,50,77,000	413,04,24,375	44,53,47,375
3	13 Housing and Urban Development	161,07,66,000	163,82,52,576	2,74,86,576
4	24 Steel and Mines	13,15,04,000	14,94,56,356	1,79,52,356
5	35 Public Enterprises	65,31,000	65,90,229	59,229
	TOTAL	689,66,35,000	749,67,12,028	60,00,77,028
B	Capital Section			
1	5 Finance	56,25,80,000	122,24,34,337	65,98,54,337
2	6 Commerce	12,61,83,000	12,75,69,981	13,86,981
3	32 Tourism and Culture	2,23,38,000	2,36,01,710	12,63,710
	TOTAL	71,11,01,000	137,36,06,028	66,25,05,028
II	Charged			
A	Revenue Section			
1.	8 Orissa Legislative Assembly	10,74,000	11,22,922	48,922
	TOTAL	10,74,000	11,22,922	48,922
	GRAND TOTAL	760,88,10,000	887,14,40,978	126,26,30,978

Contd.

APPENDIX-II
{ Refer paragraph 2.3.4(a) at page 38 }
Statement showing cases where supplementary provision
was unnecessary

Sl. No.	No. and Name of the Grant/Appropriation	Original Grant/ Appropriation	Supple- mentary Grant/ Approp- riation	Expend- iture	Savings	
(1)	(2)	(3)	(4)	(5)	(6)	
(R u p e e s i n c r o r e)						
REVENUE SECTION						
1.	2	General Administration (Charged)	2.48	0.22	2.06	0.64
2.	9	Food Supplies and Consumer Welfare (Voted)	110.83	4.72	83.81	31.74
3.	15	Sports and Youth Services (Voted)	4.95	0.31	4.71	0.55
4.	16	Planning and Co- ordination(Voted)	76.51	5.32	39.11	42.72
5.	22	Forest and Environment (Voted)	108.23	26.12	100.11	34.24
6.	23	Agriculture (Voted)	250.90	40.90	246.00	45.80
7.	27	Science and Technology (Voted)	8.49	0.08	4.42	4.15
8.	30	Energy (Voted)	51.70	3.67	13.66	41.71
9.	31	Textile and Handloom (Voted)	26.79	5.89	21.52	11.16
10.	36	Women and Child Development (Voted)	255.34	18.70	216.42	57.62
Total			896.22	105.93	731.82	270.33
CAPITAL SECTION						
1.	1	Home (Voted)	2.38	0.59	2.18	0.79
2.	2	General Administration (Voted)	8.66	0.39	7.87	1.18
3.	3	Revenue (Voted)	4.16	0.10	2.57	1.69
4.	7	Works (Voted)	124.92	10.33	97.59	37.66
5.	13	Housing and Urban Development (Voted)	47.87	1.05	31.10	17.82
6.	20	Water Resources (Voted)	655.25	51.02	619.54	86.73
7.	20	Water Resources (Charged)	1.41	0.95	0.70	1.66

Concl'd.

Sl. No.	No. and Name of the Grant/Appropriation		Original Grant/Appropriation	Supplementary Grant/Appropriation	Expenditure	Savings
(1)	(2)		(3)	(4)	(5)	(6)
			(R u p e e s i n c r o r e)			
8.	24	Steel and Mines (Voted)	0.60	0.14	(-)8.16	8.90
9.	28	Rural Development (Voted)	82.25	0.20	68.66	13.79
10.	30	Energy (Voted)	470.24	5.03	236.03	239.24
11.	33	Fisheries and Animal Resources Development (Voted)	11.56	1.98	6.52	7.02
12.	34	Co-operation (Voted)	18.92	4.93	7.80	16.05
Total			1428.22	76.71	1072.40	432.53
GRAND TOTAL			2324.44	182.64	1804.22	702.86

Contd.

APPENDIX-III

{ Refer Paragraph 2.3.4 (b) at page 38 }

Statement showing cases where supplementary provision was made in excess of actual requirement

Sl. No.	Number and Name of the Grant/ Appropriation	Original Grant/ Appropriation	Expenditure	Additional requirement	Supplementary provision	Final saving
(R u p e e s i n c r o r e)						
REVENUE SECTION						
1.	1 Home (Voted)	330.17	359.16	28.99	66.17	37.18
2.	1 Home (Charged)	5.42	5.84	0.42	*0.74	0.32
3.	2 General Administration (Voted)	24.24	27.06	2.82	5.32	2.50
4	3 Revenue (Voted)	242.52	296.90	54.38	100.60	46.22
5	4 Law (Voted)	26.97	35.82	8.85	9.14	0.29
6	6 Commerce (Voted)	22.29	27.76	5.47	6.98	1.51
7	7 Works (Charged)	0.71	0.73	0.02	0.45	0.43
8	10 School and Mass Education (Voted)	1033.51	1241.79	208.28	328.51	120.23
9	11 Welfare (Voted)	212.53	228.26	15.73	55.46	39.73
10	14 Labour and Employment (Voted)	22.13	27.07	4.94	5.27	0.33
11	17 Panchayati Raj (Voted)	253.89	312.09	58.20	128.49	70.29
12	19 Industries (Voted)	91.47	97.59	6.12	22.93	16.81
13	20 Water Resources (Voted)	162.11	179.74	17.63	30.72	13.09
14	21 Transport (Voted)	10.01	10.94	0.93	2.10	1.17
15	25 Information and Public Relation (Voted)	10.49	12.57	2.08	2.55	0.47
16	26 Excise (Voted)	9.37	11.71	2.34	3.29	0.95
17	28 Rural Development (Voted)	192.81	206.38	13.57	28.34	14.77
18	32 Tourism and culture(Voted)	14.90	16.45	1.55	1.84	0.29
19	33 Fisheries and Animal Resources(Voted)	94.31	101.07	6.76	20.26	13.50

Concl.

Sl. No.	Number and Name of the Grant/ Appropriation		Original Grant/ Appropriation	Expenditure	Additional/requirement	Supplementary provision	Final saving
			(R u p e e s i n c r o r e)				
20	34	Co-operation (Voted)	33.24	35.95	2.71	4.08	1.37
21	38	Higher Education (Voted)	198.63	202.51	3.88	14.18	10.30
22	2049	Interest payments (Charged)	1456.00	1484.84	28.84	52.54	23.70
Total			4447.72	4922.23	474.51	889.96	415.45
CAPITAL SECTION							
1	11	Welfare (Voted)	4.96	13.22	8.26	10.22	1.96
2	19	Industries (Voted)	13.46	17.19	3.73	7.25	3.52
3	22	Forest and Environment(Voted)	95.86	108.10	12.24	16.25	4.01
4	600 3	Internal Debt (Charged)	1474.44	2484.23	1009.79	1150.00	140.21
5	600 4	Loans from Central Government (Charged)	253.64	439.87	186.23	190.00	3.77
Total			1842.36	3062.61	1220.25	1373.72	153.47
Grand Total			6290.08	7984.84	1694.76	2263.68	568.92

APPENDIX-IV

{ Refer Paragraph 2.3.4 (c) at page 38 }

Statement showing cases where supplementary provision was inadequate

Sl. No.	Number and Name of the Grant/ Appropriation	Original provision	Supplementary provision	Total provision	Expenditure	Excess of Expenditure over total provision
(R u p e e s i n c r o r e)						
Revenue Section						
1.	7 Works (Voted)	123.08	23.20	146.28	157.20	10.92
2.	12 Health and Family Welfare (Voted)	361.37	7.14	368.51	413.04	44.53
3.	13 Housing and Urban Development (Voted)	104.20	56.88	161.08	163.83	2.75
Capital Section						
4.	5 Finance	54.26	2.00	56.26	122.24	65.98
	Total	642.91	89.22	732.13	856.31	124.18

APPENDIX-V

(Refer Paragraph 2.3.5 at page 38)

Statement showing significant cases of savings in plan expenditure exceeding Rs.1.00 crore

Sl.No.	Number and Name of the Grant/Appropriation	Major Head/Minor Head/Sub Head	Total Grant	Actual expenditure	Savings
1	2	3	4	5	6
(Rupees in crore)					
1.	2 General Administration	4216-Capital Outlay on Housing-State Plan-State Sector-01-Government Residential Buildings-R-700-Other Housing	1.01	--	1.01
2.	7 Works	5054-Capital Outlay on Roads and Bridges-State Plan-State Sector-04-District and other Roads-111-800-Other expenditure	41.03	35.79	5.24
3.	11 Welfare	2225-Welfare of Scheduled Caste-Scheduled Tribe and other Backward classes-State Plan-District Sector-02-Welfare of Scheduled Tribe-V-277-Education	50.09	48.79	1.30
4.	11 Welfare	2225-Welfare of Scheduled Caste, Scheduled Tribe and Other Backward Classes-State Plan-District Sector-02-Welfare of Scheduled Tribe-W-794-Special Central Assistance for Tribal Area Sub-plan	18.75	16.15	2.60
5.	17 Panchayati Raj	2501-Special Programme for Rural Development-State Plan-District Sector-01-Integrated Rural Development Programme-E-001-Direction and Administration	13.27	11.34	1.93
6.	19 Industries	6885-Other loans to industries and Minerals-State Plan-State Sector-01-Loans to Industrial Financial Institutions-MMM-800-Other Loans	15.25	11.50	3.75
7.	20 Water Resources	2702-Minor Irrigation-State Plan-State Sector-01-Surface Water-LLL-102-Lift Irrigation Scheme	63.00	43.40	19.60
8.	20 Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-01-Major Irrigation-(Commercial)-JJJ-212-Subarnarekha Irrigation Project	39.40	33.37	6.03

Contd.

Sl.No.	Number and Name of the Grant/Appropriation	Major Head/Minor Head/Sub Head	Total Grant	Actual expenditure	Savings
1	2	3	4	5	6
(Rupees in crore)					
9.	20 Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-01-Major Irrigation-(Commercial)-OOOO-222-Lower Indravati Irrigation Projects	3.40	1.42	1.98
10	20 Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation(Commercial)-RRRR-215-Bagh Barage Project.	11.60	10.25	1.35
11	20 Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation-(Commercial) - SSSS-216-Pipeline Projects under AIBP	2.00	0.06	1.94
12	20 Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation-Commercial - YYYY-320-Sapua Badajore Irrigation Project	9.49	5.21	4.28
13	20 Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation-(Commercial) - BBBB-337-Dorjung Canals Stage-II	2.44	0.77	1.67
14	20 Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation-(Commercial) - EEEEE-393-Water Resources Consolidation Project (EAP)	71.32	67.47	3.85
15	20 Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation-(Commercial) - MMMMM-004-Research	30.35	26.35	4.00

Sl.No.	Number and Name of the Grant/Appropriation	Major Head/Minor Head/Sub Head	Total Grant	Actual expenditure	Savings
1	2	3	4	5	6
(Rupees in crore)					
16	20 Water Resources	4702-Capital Outlay on Minor Irrigation Project-State Plan-District Sector PPPPP-800-other expenditure.	21.12	19.05	2.07
17	20 Water Resources	4711-Capital Outlay on Flood Control Project-State Plan-District Sector-02-Anti Sea Erosion Project-RRRRR-103-Civil Works	3.10	0.75	2.35
18	20 Water Resources	4711-Capital Outlay on Flood Control Project-State Plan-District Sector-03 drainage-SSSSS-103-Civil Works	5.05	3.32	1.73
19	22 Forest and Environment	2406-Forestry and Wild Life-State Plan-State Sector-01-Forestry- M-102-Social and Farm Forestry	11.37	7.36	4.01
20	22 Forest and Environment	2406-Forestry and Wild Life-State Plan-State Sector--01-Forestry- O-796-Tribal Area Sub-Plan	5.00	3.00	2.00
21	22 Forest and Environment	2406-Forestry and Wild Life- Central Plan-State Sector-02-Environmental Forestry and Wild Life-W-110-Wild Life Preservation	9.93	0.28	9.65
22	22 Forest and Environment	2406-Forestry and Wild Life-Central Plan-District Sector-01-Forestry-X-102-Social and Farm Forestry.	2.05	--	2.05
23	22 Forest and Environment	4406-Capital Outlay on Forestry and Wild Life-State Plan-District Sector-01-Forestry-UU-102-Social & Farm Forestry	3.16	1.58	1.58
24	22 Forest and Environment	4406-Capital Outlay on Forestry and Wild Life-State Plan-District Sector-01-Forestry-VV-796-Tribal Area Sub-Plan	6.11	-	6.11
25	23 Agriculture	2402-Soil and Water Conservation-State Plan-District Sector-XX-102-Soil Conservation	3.15	0.66	2.49
26	23 Agriculture	2402-Soil and Water Conservation-State Plan-District Sector-YY-796-Tribal Area Sub-Plan	5.46	1.71	3.75

Concl.

Sl.No.	Number and Name of the Grant/Appropriation	Major Head/Minor Head/Sub Head	Total Grant	Actual expenditure	Savings
1	2	3	4	5	6
(Rupees in crore)					
27	23 Agriculture	2402-Soil and Water Conservation-Central Plan-State Sector-AAA-796-Tribal Area Sub-Plan	2.54	0.52	2.02
28	23 Agriculture	2402-Soil and Water Conservation-Central Plan-District Sector-BBB-102-Soil Conservation	16.48	8.41	8.07
29	23 Agriculture	2402-Soil and Water Conservation-Central Plan-District Sector-DDD-796-Tribal Area Sub-Plan	14.91	5.07	9.84
30	23 Agriculture	3451-Secretariat-Economic Services-Central Plan-State Sector-VVV-090-Secretariat	1.11	0.02	1.09
31	28 Rural Development	2215-Water Supply and Sanitation-State Plan-District Sector-02-Sewerage and Sanitation-X-105-Sanitation Services.	2.76	--	2.76
32	28 Rural Development	4059-Capital Outlay on Public Works-State Plan-State Sector-60-Other Buildings-UU-800-Other Expenditure	1.80	0.75	1.05
33	28 Rural Development	4215-Capital Outlay on Water Supply and Sanitation-Centrally Sponsored Plan-District Sector-01-Water Supply-CCC-102-Rural Water Supply Programme	11.52	9.81	1.71
34	28 Rural Development	5054-Capital Outlay on Roads and Buildings-State Plan-District Sector-04-District and Other Roads-HHH-796-Tribal Area Sub Plan	15.49	12.61	2.88
35	28 Rural Development	5054-Capital Outlay on Roads and Buildings-State Plan-District Sector-04-District and Other Roads-III-800-Other expenditure	36.46	32.46	4.00
36	33 Fisheries and Animal Resources Development	4405-Capital Outlay on Fisheries-State Plan-District Sector-GGG-102-Estuarine Brackish Water Fisheries	6.59	4.19	2.40
37	36 Women and Child Development	2236-Nutrition-State Plan-State Sector-02-Distribution of Nutritious Food and Beverages -Y-101-Special Nutritious Programme	17.15	16.01	1.14
Total			574.72	439.43	135.29

APPENDIX-VI-A
(Refer paragraph 2.3.6 at page 38)
Statement showing savings of more than 10 per cent during 1998-99

Sl. No.	Grant No.	Name of the Grant	Amount of Grant	Savings	Percentage of savings
(Rupees in crore)					
Revenue Section					
1.	3	Revenue (Voted)	343.12	46.22	13
2.	5	Finance (Voted)	1376.32	844.15	61
3.	5	Finance (Charged)	0.45	0.45	100
4.	9	Food Supplies and Consumer Welfare Department (Voted)	115.55	31.75	27
5.	10	School and Mass Education(Charged)	0.25	0.25	100
6.	11	Welfare (Voted)	267.99	39.73	15
7.	12	Health and Family Welfare (Charged)	0.48	0.25	53
8.	16	Planning and Co-ordination(Voted)	81.83	42.72	52
9.	17	Panchayati Raj (Voted)	382.38	70.29	18
10.	18	Public Grievances and Pension Administration (Voted)	0.82	0.16	20
11.	19	Industries (Voted)	114.39	16.81	15
12.	22	Forest and Environment (Voted)	134.35	34.24	25
13.	23	Agriculture (Voted)	291.80	45.79	16
14.	23	Agriculture (Charged)	0.12	0.03	25
15.	27	Science and Technology (Voted)	8.57	4.15	48
16.	30	Energy(Voted)	55.37	41.71	75
17.	31	Textile and Handloom (Voted)	32.68	11.16	34
18.	33	Fisheries and Animal Resources Development (Voted)	114.57	13.50	12
19.	36	Women and Child Development (Voted)	274.04	57.62	21

Contd.

Sl. No.	Grant No.	Name of the Grant	Amount of Grant	Savings	Percentage of savings
(Rupees in crore)					
20.	36	Women and Child Development (Charged)	0.05	0.05	100
21.	38	Higher Education(Charged)	0.02	0.02	100
CAPITAL SECTION.					
22.	7	Works (Voted)	135.25	37.67	28
23.	9	Family and Child Welfare (Voted)	0.08	0.08	100
24.	10	Steel and Mines (Voted)	0.04	0.04	100
25.	11	Welfare (Voted)	15.18	1.96	13
26.	12	Health and Family Welfare (Voted)	14.07	10.43	74
27.	13	Housing and Urban Development (Voted)	48.92	17.82	36
28.	19	Industries (Voted)	20.71	3.52	17
29.	20	Water Resources (Voted)	706.27	86.74	12
30.	20	Water Resources (Charged)	2.36	1.66	70
31.	23	Agriculture (Voted)	0.51	0.21	42
32.	25	Information and Public Relation (Voted)	0.03	0.03	100
33.	26	Excise (Voted)	0.05	0.05	100
34.	27	Science and Technology (Voted)	1.25	1.25	100
35.	28	Rural Development (Voted)	82.45	13.79	17
36.	28	Rural Development (Charged)	0.10	0.038	38
37.	29	Parliamentary Affairs (Voted)	0.02	0.02	100
38.	30	Energy (Voted)	475.27	239.24	50
39.	31	Textile and Handloom (Voted)	3.40	2.26	67

Concl.

Sl. No.	Grant No.	Name of the Grant	Amount of Grant	Savings	Percentage of savings
(Rupees in crore)					
40	33	Fisheries and Animal Resources Development (Voted)	13.54	7.02	52
41	34	Co-operation (Voted)	23.85	16.05	67
42	38	Higher Education (Voted)	2.22	2.07	93

Contd.

APPENDIX-VI-B
(Refer paragraph 2.3.6 at page 38)
Statement showing persistent savings of more than 10 per cent

Sl. No.	Grant No.	Name of the Grant	Percentage of Savings		
			1996-97	1997-98	1998-99
Revenue Section					
1.	3	Revenue (Voted)	11	14	13
2.	5	Finance (Voted)	45	52	61
3.	5	Finance (Charged)	100	100	100
4.	10	School and Mass Education (Charged)	51	100	100
5.	11	Welfare (Voted)	20	11	15
6.	12	Health and Family Welfare (Charged)	75	87	53
7.	18	Public Grievances and Pension Administration (Voted)	32	25	20
8.	19	Industries (Voted)	13	15	15
9.	22	Forest and Environment (Voted)	26	24	25
10.	23	Agriculture (Charged)	100	100	25
11.	30	Energy (Voted)	51	36	75
12.	31	Textile and Handloom (Voted)	34	18	34
13.	33	Fisheries and Animal Resources Development (Voted)	11	15	12
14.	36	Women and Child Development (Voted)	28	31	21
15.	38	Higher Education (Charged)	100	100	100
CAPITAL SECTION					
16.	10	School and Mass Education (Voted)	100	100	100
17.	11	Welfare (Voted)	52	50	13
18.	14	Labour and Employment (Voted)	66	87	93

Concl.

Sl. No.	Grant No.	Name of the Grant	Percentage of Savings		
			1996-97	1997-98	1998-99
19	16	Planning and Coordination (Voted)	100	100	100
20	20	Water Resources (Charged)	69	62	70
21	23	Agriculture (Voted)	64	17	42
22	24	Steel and Mines (Voted)	100	636	1201
23	25	Information and Public Relation (Voted)	90-	100	100
24	26	Excise (Voted)	100	100	100
25	28	Rural Development (Voted)	23	22	17
26	28	Rural Development (Charged)	14	74	38
27	29	Parliamentary Affairs (Voted)	100	100	100
28	30	Energy (Voted)	57	93	50
29	33	Fisheries and Animal Resources Development (Voted)	36	68	52
30	34	Co-operation (Voted)	36	22	67
31	38	Higher Education (Voted)	44	79	93

Contd.

APPENDIX VII
(Refer Paragraph 2.3.8 at page 39)
Significant cases of Excess

Sl. No.	No. and Name of the grant	Head of Account	Total/ Final Grant	Expendi- ture	Excess
(Rupees in crore)					
1.	1 Home	2014-Administration of Justice-B-105-Civil and Sessions Court	12.09	17.84	5.75
2.	5 Finance	2071 Pension and other retirement benefit-01-Civil-L-101 Superannuation and retirement allowances	293.47	298.70	5.23
3.	5 Finance	2071 Pension and other retirement benefit-01-Civil-P-105-Family Pension	60.97	73.65	12.68
4.	5 Finance	7615 Miscellaneous Loans-DD-200-Miscellaneous loans	13.50	93.48	79.98
5.	6 Commerce	2058 Stationery and Printing E-103-Government Press	9.41	11.63	2.22
6.	7 Works	2059 Public works-80-General-F-799-Suspense	5.00	28.88	23.88
7.	7 Works	5054-Capital outlay on roads and bridges State plan-State Sector-04-District and other road -IIII-796 Tribal Area Sub-Plan	6.21	7.50	1.29
8.	10 School and Mass Education	2202 General Education-01-Elementary Education-B-101-Government Primary Schools	656.50	678.69	22.19
9.	12 Health and Family Welfare	2211-Family Welfare-Central Plan-District Sector-CCCC-101-Rural Family Welfare Services	25.99	34.78	8.79
10.	12 Health and Family Welfare	2211-Family Welfare-Central Plan-District Sector-FFFF-796-Tribal Area Sub Plan	17.78	22.21	4.43
11.	12 Health and Family Welfare	3606 Aid Materials and equipment's Central Plan-State Sector-KKKK-102-Leprosy Control Programme	0.64	2.51	1.87
12.	13 Housing and Urban Development	2215 Water Supply and Sanitation-01-Water Supply-E-101-Urban Water Supply Programme	54.57	59.55	4.98
13.	19 Industries	2885-Other outlays on Industries and Mineral-State Plan-State Sector-01-Industrial Financial Institution-UU-101-Assistance to Industrial Financial Institution	1.60	4.37	2.77

Sl. No.	No. and Name of the grant	Head of Account	Total/ Final Grant	Expendi- ture	Excess
(Rupees in crore)					
14.	19 Industries	6885-Other Loans to Industries and Minerals-State Plan-State Sector-01-Loans to Industrial Financial Institutions-L.L.L.-190-Loans to Public Sector and other undertakings	1.75	3.00	1.25
15.	20 Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-01-Major Irrigation (Commercial)-HHHHH-202-Rengali Irrigation Project	138.81	147.75	8.94
16.	20 Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan State Sector-01-Major Irrigation (Commercial)-MMMM-220-Mahanadi Chitropala Island Irrigation Project	24.60	26.02	1.42
17.	20 Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation (Commercial)-TTTT-302-Harbhangi Irrigation Project	8.60	10.85	2.25
18.	22 Forest and Environment	2406-Forestry and Wild Life- - Central Plan-State Sector-01-Forestry-U-101-Forest Conservation Development and Regeneration	0.03	2.29	2.26
19.	22 Forest and Environment	2406-Forestry and Wild Life-Centrally Sponsored Plan-State Sector-02-Environmental-Forestry and Wild Life-Z-111-Zoological Park	0.15	1.42	1.27
20.	22 Forest and Environment	4406-Capital Outlay on Forestry and Wild Life-State Plan-State Sector-01- Forestry-SS-070-Communication and Buildings	0.40	7.39	6.99
21.	23 Agriculture	2401-Crop Husbandry-State Plan-State Sector-R-796-Tribal Area Sub Plan	4.44	5.76	1.32
22.	28 Rural Development	2215-Water Supply and Sanitation-State Plan-State Sector-01-Water Supply-M-001-Direction and Administration	10.27	12.07	1.80

Concl.

Sl. No.	No. and Name of the grant	Head of Account	Total/ Final Grant	Expendi- ture	Excess
(Rupees in crore)					
23.	28 Rural Development	2215-Water Supply and Sanitation –Centrally Sponsored Plan-District Sector-02-Sewerage and Sanitation-JJ-105-Sanitation Services	3.90	6.82	2.92
24.	28 Rural Development	4215 Capital outlay on Water supply and Sanitation-State Plan-District Sector-01-Water Supply-AAA-102-Rural Water Supply Programme	5.00	6.71	1.71
Grand Total			1355.68	1563.87	208.19

APPENDIX-VIII
{ Refer paragraph 2.3.9(a) at page 39 }

Injudicious Surrenders

Sl. No.	Number and Name of the Grant	Total savings	Amount surrendered	Amount not surrendered
(Rupees in crore)				
REVENUE SECTION (VOTED)				
1.	11 Welfare	39.73	26.02	13.71
2.	17 Panchayati Raj	70.29	57.24	13.05
3.	20 Water Resources	13.10	3.43	9.67
4.	22 Forest and Environment	34.24	12.45	21.79
5.	23 Agriculture	45.79	42.44	3.35
6.	38 Higher Education	10.30	7.87	2.43
CAPITAL SECTION (VOTED)				
1.	7 Works	37.67	32.13	5.54
2.	19 Industries	3.52	1.02	2.50
3.	24 Steel and Mines	8.90	0.00	8.90
4.	28 Rural Development	13.79	6.70	7.09
5.	33 Fisheries & Animal Resources Development	7.02	4.61	2.41
Total		284.35	193.82	90.44

APPENDIX-IX
{Refer paragraph 2.3.9(b) at page 39}

Excessive Surrenders

Sl. No.	Number and Name of the Grant	Total Savings	Amount surrendered	Amount surrendered in excess
(Rupees in crore)				
REVENUE SECTION (VOTED)				
1.	1 Home	37.18	41.83	4.65
2.	5 Finance	844.15	862.66	18.51
3.	6 Commerce	1.51	5.51	4.00
4.	10 School and Mass Education	120.23	168.65	48.42
5.	14 Labour and Employment	0.33	1.58	1.25
6.	19 Industries	16.81	20.53	3.72
7.	28 Rural Development	14.78	33.19	18.41
8.	34 Co-operation	1.37	2.85	1.48
CAPITAL SECTION (VOTED)				
1	20 Water Resources	86.74	87.44	0.70
2.	22 Forest and Environment	4.01	9.65	5.64
3.	34 Co-operation	16.05	17.65	1.60
Total		1143.16	1251.54	108.38

APPENDIX-X
{ Refer paragraph 2.3.9(c) at page 39 }
Unrealistic Surrender

Sl. No.	Number and name of the Grant	Expenditure exceeded Grants by	Amount surrendered though there was no savings
		(Rupees in crore)	
REVENUE SECTION (VOTED)			
1.	7 Works	10.92	4.24
2.	12 Health and Family Welfare	44.53	21.20
3.	13 Housing and Urban Development	2.75	4.66
4.	24 Steel and Mines	1.80	0.27
CAPITAL SECTION			
1.	5 Finance	65.99	13.33
Total		125.99	43.70

Contd.

APPENDIX-XI

{ Refer Paragraph 2.3.10(a) at page 39}

Significant cases of entire provision surrendered/re-appropriated

Sl. No.	Grant Number and Name of the Department	Head of Account	Total Provision	Totally surrendered/re-appropriated
1	2	3	4	5
(Rupees in lakh)				
1.	1 Home	2052-Secretariat-General Services-State Plan-District Sector-X-114-Wireless and Computers	119.81	119.81
2.	1 Home	4055-Capital Outlay on Police-State Plan-State Sector-XX-208-Special Police	43.18	43.18
3.	3 Revenue	2245-Relief on Account of Natural Calamity-02-Floods, Cyclones, etc.-FF-104-Supply of Fodder	23.01	23.01
4.	3 Revenue	2245-Relief on account of Natural Calamity-02-Floods, Cyclones etc.-PP-115-Assistance to farmers to clear sand/silt/salinity from lands	50.01	50.01
5.	3 Revenue	2245-Relief on account of Natural Calamity-02-Floods, Cyclones etc.-XX-282-Public Health	55.03	55.03
6.	4 Law	2014-Administration of Justice-State Plan-State Sector-E-105-Civil and Session Courts.	15.00	15.00
7.	5 Finance	2052-Secretariat-General Services-G-Salaries, Lump for Dearness Allowance	103296.30	103296.30
8.	7 Works	4055-Capital Outlay on Police-State Plan-State Sector-60-Other Buildings-R-208-Special Police	43.18	43.18
9.	7 Works	4202-Capital Outlay on Education, Sports, Art and Culture-Centrally Sponsored Plan-State Sector-01-General Education-MM-202-Secondary Education	19.00	19.00
10.	7 Works	4202-Capital Outlay on Education, Sports, Art and Culture-Centrally Sponsored Plan-03-Sports and Youth Services-NN-300-Other Expenditure	60.00	60.00
11.	7 Works	4216-Capital Outlay on Housing-State Plan-State Sector-01-Government Residential Building-WW-800-Other Expenditure	37.46	37.46

Sl. No.	Grant Number and Name of the Department	Head of Account	Total Provision	Totally surrendered/reappropriated
1	2	3	4	5
(Rupees in lakh)				
12.	10 School and Mass Education	2202-General Education -Central Plan-District Sector--02-Secondary Education-GGG-109-Government Secondary School	284.34	284.34
13.	10 School and Mass Education	2202-General Education--Central Plan-District Sector-02-Secondary Education-HHH-110-Assistance to Non-Government Secondary Schools	241.02	241.02
14.	10 School and Mass Education	2202-General Education--Central Plan-District Sector-02-Secondary Education -III-796-Tribal Area Sub-Plan	198.85	198.85
15.	11 Welfare	2225-Welfare of Scheduled Caste, Schedules Tribe and other Backward classes-State Plan-State Sector-03-Welfare of Backward classes-R-800-Other Expenditure	75.00	75.00
16.	11 Welfare	2225-Welfare of Scheduled Caste, Scheduled Tribe and other Backward Classes-Central Plan-State Sector-01-Welfare of Scheduled Caste-Y-800-Other Expenditure	352.87	352.87
17.	11 Welfare	2225- Welfare of Scheduled Caste, Schedules Tribe and other Backward classes-Central Plan-District Sector-02-Welfare of Scduled Tribes-BB-277-Education	1333.72	1333.72
18.	11 Welfare	4225-Capital Outlay on welfare of Scheduled Caste, Scheduled Tribe and other Backward classes-State Plan-State Sector-01-Welfare of the Scheduled Caste-LL-796-Tribal Area Sub-Plan	100.00	100.00
19.	11 Welfare	4225-Capital Outlay on welfare of Scheduled Caste, Scheduled Tribe and other Backward classes-Centrally Sponsored Plan-01-Welfare of Scheduled Caste-PP-796- Tribal Area Sub-Plan	96.08	96.08
20.	12 Health and Family Welfare	2210-Medical and Public Health-Central Plan-State Sector-05-Medical Education-Training and Research-FFF-101-Ayurveda	12.70	12.70
21.	12 Health and Family Welfare	2210-Medical and Public Health-Central Plan-State Sector-05-Medical Education-Training and Research-GGG-102-Homeopathy	10.11	10.11

Contd.

Sl. No.	Grant Number and Name of the Department	Head of Account	Total Provision	Totally surrendered/reappropriated
1	2	3	4	5
(Rupees in lakh)				
22.	12 Health and Family Welfare	2210-Medical and Public Health-Centrally Sponsored Plan-District Sector-06-Public Health-000-101-Prevention and Control of Diseases	120.00	120.00
23.	12 Health and Family Welfare	3606-Aid materials and equipments-Central Plan-State Sector-MMMM-107-National AIDS Control Programme	40.00	40.00
24.	12 Health and Family Welfare	3606-Aid materials and equipments-Centrally Sponsored Plan-State Sector-0000-104-National Malaria Eradication Programme	240.00	240.00
25.	13 Housing and Urban Development	2216-Housing -State Plan-state Sector--80-General-R-796-Tribal Area Sub plan	11.50	11.50
26.	13 Housing and Urban Development	2217-Urban Development Central Plan-District Sector-03-Integrated Development of Small and Medium Towns-HH-191-Assistance to Local Bodies,Corporations, Urban Development Authority etc.	10.65	10.65
27.	13 Housing and Urban Development	2217-Urban Development-Centrally Sponsored Plan-State Sector-03-Integrated Development of Small and Medium Towns-KK-191-Assistance to Local Bodies,Corporations, Urban Development Authority and Town Improvement Boards.	59.10	59.10
28.	13 Housing and Urban Development	2217-Urban Development-Centrally Sponsored Plan-State Sector-03-Integrated Development of Small and Medium Towns-LL-Tribal Area Sub Plan	15.90	15.90
29.	13 Housing and Urban Development	6217-Loans for Urban Development-Centrally Sponsored plan-State Sector-TTT-796-Tribal area Sub Plan	40.00	40.00
30.	15 Sports and Youth Services	2204-Sports and Youth Services-Centrally Sponsored Plan-District Sector-O-101-Physical Education	18.00	18.00

Sl. No.	Grant Number and Name of the Department	Head of Account	Total Provision	Totally surrendered/reappropriated
1	2	3	4	5
(Rupees in lakh.)				
31.	17 Panchayati Raj	2515-Other Rural Development Programme-State Plan-District Sector-T-102-Community Development	12.00	12.00
32.	17 Panchayati Raj	2515-Other Rural Development Programme-State Plan-District Sector-U-101-Panchayati Raj	3879.30	3879.30
33.	19 Industries	3543-Foreign Trade and Export Promotion-Centrally Sponsored Plan-State Sector-EEE-106-Administration of Export Promotion Schemes	550.00	550.00
34.	23 Agriculture	2401-Crop Husbandry-Central Plan-State Sector-BB-105-Manures and Fertilisers	125.00	125.00
35.	23 Agriculture	2401-Crop Husbandry-Central Plan-District Sector-DD-105-Manures and Fertilisers	25.00	25.00
36.	27 Science and Technology	2852-Industries State Plan-State Sector-07-Telecommunication and Electronic Industries-O-202-Electronics	325.00	325.00
37.	27 Science and Technology	4859-Capital Outlay on Telecommunication and Electronic Industries-State Plan-State Sector-02-Electronics-S-190-Investment in Public Sector and other undertakings	125.00	125.00
38.	28 Rural Development	2215-Water Supply and Sanitation-Centrally Sponsored Plan-State Sector-CC-052-Machinery and Equipment	120.00	120.00
39.	28 Rural Development	2215-Water Supply and Sanitation-Centrally Sponsored Plan-District Sector-01-Water Supply-FF-003-Training	25.40	25.40
40.	30 Energy	2801-Power-05-Transmission and Distribution-C-800-Other Expenditure	400.00	400.00
41.	30 Energy	6801-Loans for Power Project-Centrally Sponsored Plan-State Sector-K-205-Transmission and Distribution	500.00	500.00
42.	31 Textile and Handloom	2851-Village and Small Industries-Central Plan-State Sector-O-796-Tribal area Sub Plan	39.93	39.93

Contd.

Sl. No.	Grant Number and Name of the Department	Head of Account	Total Provision	Totally surrendered/reappropriated
1	2	3	4	5
(Rupees in lakh)				
43.	31 Textile and Handloom	4860-Capital Outlay on Consumer Industries-State Plan-State Sector-01-Textiles-W-190-Investment in Public Sector and other undertakings	210.85	210.85
44.	33 Fisheries and Animal Resources Development	2403-Animal Husbandry-Central Plan-State Sector-III-800-Other expenditure	50.00	50.00
45.	33 Fisheries and Animal Resources Development	2403-Animal Husbandry-Central Plan-District Sector-II-106-Other Live Stock Development	30.00	30.00
46.	33 Fisheries and Animal Resources Development	4505-Capital Outlay on Fisheries-State Plan-District Sector-HHHH-103-Marine Fisheries	39.60	39.60
47.	33 Fisheries and Animal Resources Development	4405-Capital Outlay-Central Plan-State Sector-III-103-Inland Fisheries	20.00	20.00
48.	33 Fisheries and Animal Resources Development	4405-Capital Outlay on Fisheries-Centrally Sponsored Plan-District Sector-JJJJ-103-Marine Fisheries	39.60	39.60
49.	34 Co-operation	2425-Cooperation-Central Plan-State Sector-O-109-Agriculture Credit Stabilisation Fund	75.00	75.00
50.	34 Co-operation	4425-Capital Outlay in Cooperation-State Plan-State Sector-W-107-Investment in Credit Cooperatives	1103.00	1103.00
51.	34 Co-operation	2425-Cooperation-Central Plan-State Sector-Y-796-Tribal Area Sub Plan	472.00	472.00
52.	34 Co-operation	6425-Loans for Cooperation-State Plan-State Sector-DD-796-Tribal Area Sub Plan	35.00	35.00
53.	34-Co-operation	6425-Loans for Cooperation-Central Plan-State Sector-EE-107-Loans to Credit Co-operatives	25.00	25.00

Concl'd.

Sl. No.	Grant Number and Name of the Department	Head of Account	Total Provision	Totally surrendered/reappropriated
1	2	3	4	5
(Rupees in lakh)				
54.	36 Women and Child Development	4235-Capital Outlay on Social Security and Welfare-State Plan-State Sector-02-Social Welfare-EE-191-Investment in Co-operatives	15.00	15.00
55.	38 Higher Education	2202-General Education-Central Plan-State Sector-03-University and Higher Education-S-103-Government Colleges and Institutions	30.40	30.40
56.	38 Higher Education	2202-General Education-Central Plan-State Sector-03-University and Higher Education-T-104-Assistance to Non-Government Colleges and Institutions	46.40	46.40
57.	38 Higher Education	2202-General Education Central Plan-State Sector-03-University and Higher Education-U-107-Scholarships	16.75	16.75
58.	38 Higher Education	2202-General Education-Central Plan-State Sector-03-University and Higher Education-V-796-Tribal Area Sub Plan	23.20	23.20
59.	38 Higher Education	4202-Capital Outlay on Education, Sports, Art and Culture-State Plan-District Sector-EE-203-University and Higher Education	121.00	121.00
Total			115501.25	115501.25

Contd.

APPENDIX-XII
{ Refer paragraph 2.3.10 (b) at page 39}
Anticipated savings not surrendered

Sl. No	No. & Name of the Grant	Head of Account	Total Grant	Actual expenditure	Savings (Rs. one crore and more)
(Rupees in crore)					
REVENUE SECTION					
1.	1 Home	2055-Police-O-109-District Police	161.74	160.43	1.31
2.	3 Revenue	2245-Relief on account of Natural Calamity-80-General-AAA-800-Other Expenditure	3.15	0.83	2.32
3.	7 Works	2059-Public Works-80-General-C-001-Direction and Administration	36.41	34.73	1.68
4.	7. Works	3054-Roads and Buildings-01-National Highways-L-799 Suspense	6.00	1.24	4.76
5.	7. Works	3054-Roads and Buildings-04-District and other roads-N-337-Road Works	35.82	33.13	2.69
6.	11 Welfare	2225-Welfare of Scheduled Castes, Schedules Tribes and other Backward classes-02-Welfare of Scheduled Tribes-D-277-Education	59.70	53.74	5.96
7.	11 Welfare	2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes-80-General-H-001-Direction and Administration	15.50	12.70	2.80
8.	11 Welfare	2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes- Stated Plan-District Sector-02-Welfare of Scheduled Tribe-V-277-Education	50.09	48.79	1.30
9.	11 Welfare	2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes-State Plan-District Sector-02-Welfare of Scheduled Tribe-W-794-Special Central Assistance for Tribal Area Sub-plan	18.75	16.15	2.60

Sl. No	No. & Name of the Grant	Head of Account	Total Grant	Actual expenditure	Savings (Rs. one crore and more)
(Rupees in crore)					
10.	17 Panchayati Raj	2215-Other Rural Development Programme-O-102-Community Development	51.16	40.32	10.84
11.	20 Water Resources	2701-Major and Medium Irrigation-01-Major Irrigation(Commercial)-C-102-Hirakud Stage-I	11.00	9.82	1.18
12.	20 Water Resources	2702-Minor Irrigation-State Plan-State Sector-01-Surface Water-LLL-102-Lift Irrigation Scheme	63.00	43.40	19.60
13.	22 Forest and Environment	2406-Forestry and Wild Life-01-Forestry-A-001-Direction and Administration	41.98	36.32	5.66
14.	22 Forest & Environment	2406-Forestry and Wild Life -01-Forestry-F-111-Department, working of forest coupes and depots	5.12	3.47	1.65
15.	22 Forest and Environment	2406-Forestry and Wild Life-State Plan-State Sector-01-Forestry-M-102-Social and Farm Forestry	11.37	7.36	4.01
16.	22 Forest and Environment	2406-Forestry and Wild Life-State Plan-State Sector-01-Forestry-O-796-Tribal Area Sub-plan	5.00	3.00	2.00
17.	22 Forest and Environment	2406-Forestry and Wild Life-Central Plan-State Sector-02-Environmental Forestry and Wild Life-W-110-Wild Life Preservation	9.93	0.28	9.65
18.	22 Forest and Environment	2406-Forestry and Wild Life-Central Plan-District Sector-01- Forestry -X-102-Social and Farm Forestry	2.05	--	2.05
19.	23 Agriculture	2402-Soil and Water Conservation-State Plan-District Sector-XX-102-Soil Conservation	3.15	0.66	2.49
20.	23 Agriculture	2402-Soil and Water Conservation-State Plan-District Sector-YY-796-Tribal Area Sub-plan	5.46	1.71	3.75
21.	23 Agriculture	2402-Soil and Water Conservation-Central Plan-State Sector-AAA-796-Tribal Area Sub-plan	2.54	0.52	2.02

Contd.

Sl. No	No. & Name of the Grant	Head of Account	Total Grant	Actual expenditure	Savings (Rs. one crore and more)
(-Rupees in crore)					
22	23 Agriculture	2402-Soil and Water Conservation-Central Plan-District Sector-BBB-102-Soil Conservation	16.48	8.41	8.07
23.	23 Agriculture	2402-Soil and Water Conservation-Central Plan-District Sector-DDD-796-Tribal Area Sub-plan	14.91	5.07	9.84
24.	23 Agriculture	3451-Secretariat-Economic Services-Central Plan-State Sector-VVV-090-Secretariat	1.10	0.02	1.08
25.	28 Rural Development	2059-Public Works-01-Office buildings-B-053-Maintenance and Repairs	10.25	9.00	1.25
26.	28 Rural Development	2215-Water Supply and Sanitation-State Plan-District Sector-02-Sewerage and Sanitation-X-105-Sanitation Services	2.76	--	2.76
27.	28 Rural Development	3054-Roads and Bridges-04-District and other Roads-NN-337-Road Works	56.97	49.48	7.49
28.	36 Women and Child Development	2236-Nutrition-State Plan-State Sector-02-Distribution of Nutritious food and Beverages-Y-101-Special Nutrition Programmes.	17.15	16.01	1.14
29.	38 Higher Education	2202-General Education-03-Universities and Higher Education-D-104-Assistance to Non-Government Colleges and Institutes	45.25	43.64	1.61
Total (Revenue)			763.79	640.23	123.56
CAPITAL SECTION					
1	2 General Administration	4216-Capital Outlay on Housing-State Plan-State Sector-01-Government Residential Buildings-R-700-Other Housing	1.01	--	1.01
2.	7 Works	5054-Capital Outlay on Roads and Bridges-State Plan-State Sector-04-District and Other roads-III-800-Other Expenditure	41.04	35.79	5.25

Contd.

Sl. No	No. & Name of the Grant	Head of Account	Total Grant	Actual expenditure	Savings (Rs. one crore and more)
(Rupees in crore)					
3.	19 Industries	6885-Other loans to Industries and Minerals-State Plan-State Sector-01-Loans to Industrial. Financial Institutions-MMM-800-Other Loans	15.25	11.50	3.75
4.	20 Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-01-Major Irrigation (Commercial)-JJJJ-212-Subarnarekha Irrigation Project	39.40	33.37	6.03
5.	20 Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-01-Major Irrigation (Commercial)-O000-222-Lower Indra Irrigation Project	3.40	1.42	1.98
6.	20 Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation (Commercial)-RRRR-215-Bagh Barage Project	11.60	10.25	1.35
7.	20 Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation (Commercial)-SSSS-216-Pipe Line Project under AIBP	2.00	0.07	1.93
8.	20 Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation (Commercial)-YYYY-320- Sapua-Badajore Irrigation Project	9.49	5.21	4.28
9.	20 Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation (Commercial)-BBBBB- 337-Darajanga Canal stage-II	2.44	0.77	1.67
10.	20 Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation (Commercial)-EEEE-393-Water Resources-Consolidation Project-(EAP)	71.32	67.47	3.85

Contd.

Sl. No	No. & Name of the Grant	Head of Account	Total Grant	Actual expenditure	Savings (Rs. one crore and more)
(Rupees in crore)					
11	20 Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-80-General-MMMMM-004-Research	30.35	26.35	4.00
12.	20 Water Resources	4701-Capital Outlay on Minor Irrigation-State Plan-District Sector-PPPPP-800-Other Expenditure	21.12	19.05	2.07
13.	20 Water Resources	4711-Capital Outlay on Flood Control Project-State Plan-State Sector-02-Anti-Sea Erosion Project-RRRRR-103-Civil Works	3.10	0.75	2.35
14.	20 Water Resources	4711-Capital Outlay on Flood Control Project-State Plan-State Sector-03-Drainage-SSSSS-103-Civil Works	5.05	3.32	1.73
15.	22 Forest and Environment	4406-Capital Outlay on Forestry and Wild Life-01-Forestry-RR- 800-Other Expenditure	1.35	--	1.35
16.	22 Forest and Environment	4406-Capital Outlay on Forestry and Wild Life-State Plan-District Sector-01-Forestry-UU- 102-Social and Farm Forestry	3.16	1.58	1.58
17.	22 Forest and Environment	4406-Capital Outlay on Forestry and Wild Life-State Plan-District Sector-01-Forestry-VV- 796-Tribal Area Sub-plan	6.11	--	6.11
18.	28 Rural Development	4059-Capital Outlay on Public Works-State Plan-State Sector-UU-800-Other Expenditure	1.80	0.75	1.05
19.	28 Rural Development	4215-Capital Outlay on Water Supply and Sanitation-Centrally Sponsored Plan-District Sector-01-Water Supply-CCC-102-Rural Water Supply Programmes	11.52	9.81	1.71
20.	28 Rural Development	5054-Capital Outlay on Roads and Bridges-State Plan-District Sector-04-District and Other Roads-HHH-796-Tribal Area Sub-plan	15.49	12.61	2.88

Concl'd.

Sl. No	No. & Name of the Grant	Head of Account	Total Grant	Actual expenditure	Savings (Rs. one crore and more)
(Rupees in crore)					
21.	28 Rural Development	5054-Capital Outlay on Roads and Bridges-State Plan-District Sector-04-District and Other Roads-III-800-Other Expenditure	36.46	32.46	4.00
22.	33 Fisheries and Animal Resources Development	4405-Capital Outlay on Fisheries-State Plan- District Sector-GGGG-102-Esturine/Brakish Water Fisheries	6.59	4.19	2.40
23.	38 Higher Education	4202-Capital Outlay on Education, Sports, Art and Culture-State Plan-State Sector-01-General Education-FF-796-Tribal Area Sub-plan	1.21	--	1.21
Total(Capital)			340.26	276.72	63.54
Grand Total			1104.05	916.95	187.10

APPENDIX-XIII
(Refer paragraph 2.3.11 at page 40)
Statement showing cases where expenditure fell short by rupees
one crore and over 20 per cent of provision

Sl. No.	No. of the Grant	Name of the Grant/Appropriation.	Total Grant	Amount of savings	Savings as a percentage of total grant.
1	2	3	4	5	6
(Rupees in crore)					
REVENUE SECTION					
1	5	Finance (Voted)	1376.32	844.15	61
2	9	Food supplies & Consumer Welfare (Voted)	115.55	31.75	27
3	16	Planning & Co-ordination (Voted)	81.83	42.72	52
4	22	Forest & Environment (Voted)	134.35	34.24	25
5	27	Science & Technology (Voted)	8.57	4.15	48
6	30	Energy (Voted)	55.37	41.71	75
7	31	Textile & Handloom Development (Voted)	32.68	11.16	34
8	36	Women & Child Development (Voted)	274.04	57.62	21
CAPITAL SECTION					
9	3	Revenue (Voted)	4.26	1.69	40
10	7	Works (Voted)	135.26	37.67	28
11	12	Health & Family Welfare (Voted)	14.07	10.43	74
12	13	Housing & Urban Development (Voted)	48.92	17.82	36
13	20	Water Resources (Charged)	2.36	1.66	70
14	24	Steel & Mines (Voted)	0.74	8.90	1203
15	27	Science & Technology (Voted)	1.25	1.25	100
16	30	Energy (Voted)	475.27	239.24	50
17	31	Textile & Handloom (Voted)	3.40	2.26	66
18	33	Fisheries & Animal Resources Development (Voted)	13.54	7.02	52
19	34	Co-operation (Voted)	23.85	16.05	67
20	38	Higher Education (Voted)	2.22	2.08	94

APPENDIX-XIV

(Refer paragraph No.2.3.12 at page 40)

Statement of New Service/New Instrument of Service

Sl. No.	Grant No.	Name of the grant	Head of Account	Amount (Rupees in crore)
1.	10	School and Mass Education	2202-General Education-Central Plan-District Sector-04-Adult Education-JJJ(A)001-Direction and Administration	0.03
2.	10	School and Mass Education	2202-General Education- Central Plan-District Sector-04-Adult Education-JJJ(B)-796-Tribal Area Sub-Plan	0.01
3.	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-Central Plan-State Sector-01-Major Irrigation-(Commercial)-MMMMM(A)--796-Tribal Area Sub-plan	0.09
4.	20	Water Resources	4711-Capital Outlay on Flood Control Projects-State Plan-State Sector-01-Flood Control-QQQQQ-103-Civil Works	0.03
5.	22	Forest and Environment	2406-Forestry & Wild Life-Centrally Sponsored Plan-State Sector- 01-Forestry Y(A)-101-Forest Conservation, Development and Regeneration.	1.35
6.	22	Forest and Environment	2406-Forestry & Wild Life-, Centrally Sponsored Plan-State Sector -02-Environmental Forestry & Wild Life-Y(B)-110-Wildlife Preservation	- 0.16
Total				1.67

APPENDIX-XV
(Refer Paragraph 2.6 at page 42)
Statement showing recoveries and credits

Sl. No.	Number and name of the Grant	Budget Estimate	Actual recoveries	Variation	
				Amount	Percentage
(Rupees in crore)					
1	2	3	4	5	6
REVENUE SECTION					
(A) Excess Recoveries against the Budget Estimate					
1.	7 Works	11.48	28.33	16.85	147
2.	23 Agriculture	5.54	26.48	20.94	378
3.	28 Rural Development	10.18	22.32	12.14	119
(B) Short recoveries against Budget Estimate					
1.	1 Home	2.55	1.52	1.03	40
2.	5 Finance	4.60	0.19	4.41	96
3.	12 Health & Family Welfare	24.18	15.52	8.66	36
4.	13 Housing and Urban Development	10.09	4.50	5.59	55
5.	17 Panchayati Raj	1.26	0.21	1.05	83

APPENDIX-XVI

(Refer paragraph 2.10 at page 43)

Particulars of Major Head under which expenditure during March 1999 was substantial and also exceeded 50 per cent of the total expenditure during the year 1998-99

Sl. No	Major Head of Account	Sector	Total expenditure during 1998-99	Expenditure during March 1999	Percentage of expenditure during March 1999 to total expenditure
(Rupees in crore)					
1	2	3	4	5	6
1.	2204-Sports and Youth Services	State Plan	2.13	1.56	73.24
2.	2052-Secretariat General Services	State Plan	2.00	2.00	100.00
3.	2401-Crop Husbandry	Central Plan	7.48	6.01	80.35
4.	2404-Dairy Development	State Plan	2.35	1.48	62.98
5.	2404-Dairy Development	Central Plan	1.71	1.71	100.00
6.	2405-Fisheries	Central Plan	1.12	1.09	97.32
7.	2515-Other Rural Development Programme	Non-Plan	124.55	76.35	61.30
8.	2705-Command Area Development	Centrally Sponsored Plan	6.56	3.52	53.66
9.	2851-Village and Small Scale Industries	Central Plan	1.88	1.70	90.43
10.	2885-Other outlays on Industries and Minerals	State Plan	4.48	3.69	82.37
11.	3435-Ecology and environment	State Plan	20.14	14.95	74.23
12.	3451-Secretariat Economic Services	State Plan	18.23	15.47	84.86
13.	5452-Capital Outlay on Tourism	State Plan	1.96	1.50	76.53
14.	5475-Capital Outlay on General and Economic Services	Non-Plan	2.46	1.63	66.26
15.	2851-Village and Small Industries	State Plan	20.96	10.51	50.14
Total			218.01	143.17	

APPENDIX-XVII
(Refer to paragraph 2.11 at page 44)
Statement showing Civil Deposits-800-Other Deposits

Year	Opening Balance	Deposit	Withdrawal	Closing Balance
(R u p e e s i n c r o r e)				
1994-95	222.08	173.96	110.86	285.18
1995-96	285.18	64.86	152.63	197.41
1996-97	197.41	69.69	83.24	183.86
1997-98	183.86	247.34	49.86	381.34
1998-99	381.34	251.95	170.15	463.14

APPENDIX-XVIII

{Refer paragraph No.3.1.5(b) at page 52}

Statement showing the age analysis of unspent balance of Rs.20.15 crore lying with twenty two DDOs

Year	Amount (In rupees)
1975-76	6275
1984-85	2059
1985-86	8354
1986-87	13118
1987-88	272316
1988-89	203623
1989-90	418146
1990-91	82027
1991-92	64141
1992-93	3849307
1993-94	4815419
1994-95	11660222
1995-96	18984562
1996-97	32259667
1997-98	128855914
Total	201495150 or Rs.20.15 crore

Paragraph No.3.1.5(c)

Statement showing the age analysis of Civil Deposits - Rs.8.37 crore

Year	Amount (In rupees)
1990-91	73571
1991-92	194300
1993-94	128209
1994-95	3582550
1995-96	187880
1996-97	387125
1997-98	79189535
Total	83743170 Or Rs.8.37 crore

APPENDIX-XIX

{Refer paragraph 3.1.5(e) at page 53}

Statement showing drawal of FVC bills and non-submission of vouchers to AG(A&E) during 1995-98

Name of DDO	FVC bills drawn without supporting vouchers		Amount for which vouchers sent to AG(A&E)		Balance for which vouchers not submitted	
	No.	Rs.	No.	Rs.	No.	Rs.
DSC(O), Bhubaneswar	100	2,57,00,232	84	2,19,97,109	16	37,03,123
ASCO, Nawarangpur	86	1,38,81,956	43	61,36,058	43	77,45,898
ASCO,Angul	93	30,43,546	-	-	93	30,43,546
ASCO, Bhanjanagar	-	33,67,223	-	12,26,226	-	8,59,003
ASCO, Phulbani	-	30,16,683	-	17,32,345	-	12,84,338
ASCO, Nildunguri	177	39,72,307	-	-	177	39,72,307
Total	456	5,29,81,947	127	3,10,91,738	329	2,06,08,215

APPENDIX-XX

{Refer paragraph 3.1.5(f) (ii) at page 53}

Statement showing the unadjusted advances of Rs.19.52 lakh

Name of the unit	Name of the party	Amount of advance (Rupees)	Period
ASCO, Koraput	1. M/s ACC Ltd. Vizag	25552	01.02.1989
ASCO, Khurda	2. Secy. to LD Bank, Khurda	20059	05.04.1988
	3. SBI, Jatni	1000	05.04.1988
	4. Puri-Nimapara Central Co-operative Bank	1432000	04.12.1996
	5. Utkal Gomongal Samiti, Cuttack	98000	28.09.1995
ASCO, Bolangir	6. Horticulturist, Sundargarh	24900	2/93
	7. DDH, Bolangir	65000	6/94
	8. DDA, Bolangir	81300	5/97
ASCO, Balasore	9. CDVO, Balasore	7000	2/95
	10. ASCO, Bhadrak	157682	12/94
ASCO, Sundargarh	11. CDVO, Sundargarh	40000	2/97
	Total	1952493	

Contd.

APPENDIX-XXI
{Refer paragraph 3.1.6.1(c) at page 55}
Statement showing shortfall in physical achievement

Item	Unit	Target		Achievement		Shortfall	
		Physical	Financial	Physical	Financial	Physical	Financial
Vegetative filter strips	RMT	871333	130.70	648800	98.36	222533 (26%)	32.34
Contract vegetative Hedges	Ha.	152160	525.52	130005	465.21	22155 (15%)	60.31
Repairs/Gully Control	No	218095	156.24	46115	161.15	201980 (93%)	
Other activity	No	459943	268.00		41.08	459943 (100%)	226.92
Crop Demonstration	No	127794	511.95	113604	457.56	14190 (11%)	54.37
Organic Farming System	No	97310	97.31	90750	90.37	6560 (7%)	6.94
Homestead Garden	No	113310	113.31	90400	90.40	22910 (20%)	22.91
Household Production system	No	35083	350.83	32654	330.30	2429 (7%)	20.50
Live Farming	RMT	1700300	137.03	1179670	117.96	520630 (31%)	19.07
Vegetative Filter Strips in place of Diversion	RMT	909400	136.41	871647	118.54	37753 (4.15%)	17.87
Vegetative Contour Hedges	Ha.	77275	309.10	64749	259.00	12526 (16%)	50.10
Gully Control measures	No	17100	171.00	16572	167.27	528 (30%)	3.73
Overseeding of Grasses	Ha.	90345	180.69	58920	59.20	31425 (35%)	121.49
Planting shrubs	No	11399000	113.09	7925434	86.27	3473566 (30%)	27.72
Planting of trees	No	2186933	169.02	1902720	149.47	284213 (13%)	14.55
Bank Stabilisation	RMT	1224300	122.43	978547	97.86	245753 (20%)	24.57
Live Check dams	No	108830	108.83	63775	45.33	45055 (41%)	63.50

Item	Unit	Target		Achievement		Shortfall	
		Physical	Financial	Physical	Financial	Physical	Financial
Brushwood Dam	No	56280	84.42	21753	32.63	34537 (61%)	51.71
Smallduged Sunken Ponds	No	10217	153.25	8677	124.05	1540 (15%)	29.20
Dugout Sunken Structure	No	2142	585.52	1400	225.07	742 (35%)	360.45
Gabin structure	No		4.27	230	1.11		3.16
Construction of scrub Bulls	No	160360	40.09	142400	35.75	17960 (11%)	4.34
Natural breeding and others	No	145360	109.02	123090	92.32	22270 (15%)	16.70
Means of population control							
Cultivated Fodder Development	No	45893	458.93	39300	198.75	6593 (14%)	260.18

APPENDIX-XXII

{Refer paragraph 3.1.6.1(e) at page 56}
Statement showing irregular establishment cost

Name of the DDO	No. of Watershed	Total Expenditure of the project	Estimated Expenditure by March 1998	Excess Expenditure (Rupees in lakh)
ASCO, Nayagarh	8+Nil	172.99	19.84	2.54
ASCO, Rayagada	4+4	130.80	14.08	1.00
ASCO, Koraput	12+12	211.85	37.54	16.35
ASCO, Chitrakonda	3+3	74.45	8.14	0.70
ASCO, Phulbani	3	64.19	7.61	1.19
ASCO, Khurda	11	267.98	36.82	10.02
ASCO, Bhanjanagar	7	122.12	13.40	1.19
ASCO, Keonjhar	10	223.00	25.49	3.19
ASCO, Anandpur	2	35.60	7.62	4.06
ASCO, Bhawanipatna	6	183.36	19.71	1.37
ASCO, Chatrapur	4	61.19	11.45	5.33
ASCO, Sundargarh	4	84.45	8.92	0.47
ASCO, Bolangir	6	276.37	33.34	5.70
ASCO, Balasore	11	168.03	19.67	2.87
Total	91+19	2076.38	263.63	55.98

APPENDIX-XXIII

(Refer paragraph 3.1.10(e) at page 66)
Statement showing the deployment of staff in places other than their place of duty

Sl. No	Office to which belong	Name of the Official	Designation	Working in place other than the place of posting	Period	Period upto March 1998	Salary Paid	By order of
1	2	3	4	5	6	7	8	9
1.	ASCO, Nawarangpur	Ajay Kumar	JSCA	PD,Danida, Jeypore	29.09.1995 to 31.03.1998	2 and half years	81636	
2.	ASCO, Nawarangpur	A.K.Mohanty	JSCA	PD,Danida, Jeypore	29.09.1995 to 31.03.1998	2 and half years	81636	
3.	ASCO, Nawarangpur	P.K.Sethy	SCSO	PD,Danida, Jeypore	31.12.1997 continuing		23208	
4.	ASCO, Nawarangpur	K.C.Mati	SCSO	PD,IWDP, Sarankul	03.07.1996 continuing	2 years	89774	
5.	ASCO, Nawarangpur	H.K.Senapati	SCA	ASCO, Bhanjnaragar	21.07.96 continuing	2 years	71163	
6.	ASCO, Nawarangpur	Kunjban Sahu	JSCA	APD, Begunia	18.08.1996 continuing	2 years	66454	
7.	ASCO, Nawarangpur	Nilakantha Moharana	JSCA	APD, Begunia	23.01.1998 continuing		6332	
8.	ASCO, Khurda	S.K.Parida	Sr.Cl.	IWDP, Begunia	Since 1994-95	4 years		
9.	ASCO, Khurda	G.K.Sathpathy	SCSO	IWDP, Begunia	08.11.1996	3 years		
10.	ASCO, Khurda	B.K.Jagatdev	SCSO	IWDP, Jatni	08.11.1996	3 years		
11.	ASCO, Khurda	M.K.Sahani	JSCA	IWDP, Jatni	28.08.1992	6 years		
12.	ASCO, Khurda	P.M.Roy	JSCA	IWDP, Begunia	26.07.1988	10 years		
13.	ASCO, Khurda	S.K.Nanda	JSCA	IWDP, Begunia	10.07.1992	7 years		
14.	ASCO, Khurda	U.C.Das	JSCA	IWDP, Sarankul	31.05.1997	2 years		
15.	ASCO, Khurda	J.R.Patra	JSCO	R.O. Biswanahakani	30.04.1997	2 years		
16.	ASCO, Khurda	R.R.Padhy	SCTA	R.O. Biswanahakani	30.04.1997	2 years		
17.	ASCO, Khurda	R.K.Mohanty	JSCA	IWDP, Begunia	15.08.1886	3 years		
18.	ASCO, Khurda	H.H.Muduli	JSCA	IWDP, Jatni	29.05.1985			

Contd.

Sl. No	Office to which belong	Name of the Official	Designation	Working in place other than the place of posting	Period	Period upto March 1998	Salary Paid	By order of
1	2	3	4	5	6	7	8	9
19	ASCO, Khurda	B.B.Mishra	FMD	IWDP, Begunia	06.06.1997			
20.	ASCO, Khurda	M.K.Jena	FMD	IWDP, Begunia	09.06.1997			
21.	ASCO, Khurda	R.R.Sathpathy	FMD	IWDP, Begunia	04.06.1997			
22.	ASCO, Khurda	S.R.Das	FMD	IWDP, Begunia	06.08.1997			
23.	ASCO, Khurda	H.H.Dehuri	FMD	IWDP, Begunia	23.09.1997			
24.	ASCO, Khurda	B.K.Swain	FMD	IWDP, Begunia	03.11.1997	2 years		
25.	ASCO, Khurda	Smt.K.R. Mohapatra	FMD	IWDP, Bhubaneswar	12.03.1997	2 yeras		
26.	ASCO, Khurda	N.C.Baral	SCSO	IWDP,Jatni	03.03.1994	5 years		
27.	ASCO, Khurda	B.K.Sahu	Grafter	IWDP,Jatni	25.03.1980			
28.	ASCO, Khurda	Smt.Padmja Pattnaik	JSCO	DDA(I), Bhubaneswar	28.08.1996	3 years		
29.	ASCO, Khurda	G.C.Sahu	JSCO	IWDP, Begunia	01.02.1997			
30.	ASCO, Khurda	C.K.Sahu	JSCO	IWDP, Begunia	01.02.1997			
31.	ASCO, Khurda	J.N.Mishra	JSCO	IWDP,Jatni	19.12.1995			
32.	ASCO, Khurda	D.Das	JSCO	IWDP, Dasapalla	12.12.1995			
33.	ASCO, Khurda	B.B.Biswal	JSCO	IWDP,Jatni	09.08.1995			
34.	ASCO, Khurda	M.R.Das	JSCO	IWDP, Begunia	06.06.1997			
35.	ASCO, Khurda	D.K.Behara	JSCO	IWDP, Begunia	09.06.1997			
36	ASCO, Chittrakonda	Laxman Behera	Sr.Cl.	ASCO, Banpur	22.08.1988	10 years	51877	DSC(O)
37.	ASCO, Chitra-konda	P.P.P.Padhy	Tracer	IDCWDP, Jeypore	20.08.1996	3 years	42199	DSC(O)
38.	ASCO, Chittrakonda	P.Mohant	SCSO	IDCWDP, Jeypore	14.08.1996	3 years	48414	DSC(O)
39.	ASCO, Chittrakonda	B.B.Pradhan	JSCA	IWDP, Begunia	25.04.1997	2 years	25083	DSC(O)
40.	ASCO, Chittrakonda	D.Majhi	JSCA	SCO, Malkangiri			20881	SCO Malka-nagiri

Concl:

Sl. No	Office to which belong	Name of the Official	Designation	Working in place other than the place of posting	Period	Period upto March 1998	Salary Paid	By order of
1	2	3	4	5	6	7	8	9
41.	ASCO, Koraput	B.K.Pattnaik	JSCA	PD.IDCWDP, Jeypore	11/97 to 12/98		95394	
42.	ASCO, Koraput	B.N.Mantri	JSCO	PD.IDCWDP, Jeypore	11/97 to 12/98		81562	
43.	ASCO, Koraput	P.K.Behera	JSCO	PD.IDCWDP, Jeypore	11/97 to 12/98		77410	
44.	ASCO, Koraput	G.Sahu	SCSO	PD.IDCWDP, Jeypore	11/97 to 12/98		70321	
45.	ASCO, Koraput	C.S.Pradhan	JSCA	PD.IDCWDP, Jeypore	11/97 to 12/98		50136	
46.	ASCO, Koraput	H.B.Sabar	JSCA	PD.IDCWDP, Jeypore	11/97 to 12/98		65956	
47.	ASCO, Koraput	S.Ray	JSCA	PD.IDCWDP, Jeypore	11/97 to 12/98		43900	
48.	ASCO, Koraput	S.P.Mishra	JSCA	PD.IDCWDP, Jeypore	11/97 to 12/98		43900	
49.	ASCO, Koraput	A.Behera	Sr.Cl.	SCO, Koraput	11/97 to 12/98		64956	
50.	ASCO, Koraput	G.D.Behera	JSCA	SCO, Koraput	11/97 to 12/98		52500	
51.	ASCO, Koraput	S.C.Das	JSCA	APD,IWDP, Begunia	11/97 to 12/98		51655	
52.	ASCO, Koraput	R.C.Mohapatra	JSCA	APD,IWDP, Jatni	11/97 to 12/98		51655	
53.	ASCO, Koraput	P.C.Majhi	JSCA	ASCO, Gunpur	11/97 to 12/98		55869	
54.	ASCO, Koraput	H.Das	SCSO	ASCO, Bhanjanagar	11/97 to 12/98		57370	
55.	ASCO, Koraput	B.Mahakuda	JSCA	ASCO, Nawarangpur	11/97 to 12/98		59690	
56.	ASCO, Koraput	D.Chand	SCSO	APD,IWDP, Dasapalla	11/97 to 12/98		55130	
Total							1586061	

Appendix -XXIV
(Refer paragraph 3.2.5 at page 74)
Statement showing details of financial outlay and expenditure incurred by OSCSC
(Rupees in lakh)

Year	Purchase of food grains		Procurement charges		Mobile Vans		POL and Lubricants		Godown construction		Total	
	BE	Actuals	BE	Actuals	BE	Actuals	BE	Actuals	BE	Actuals	BE	Actuals
1992-93	12129.93	27864.91	930.02	957.82	64.00	59.20	10.00	8.24	64.69	6.40	13198.64	28896.57
1993-94	31789.45	30795.58	880.55	835.79	60.00	46.93	16.30	10.46	259.53	52.00	33005.83	31740.76
1994-95	34142.03	31980.07	764.29	668.98	60.00	--	16.37	16.33	153.59	11.00	35136.28	32676.38
1995-96	42229.06	43812.95	999.55	1346.00	40.00	45.14	17.50	17.03	151.50	103.00	43437.61	45324.12
1996-97	54077.12	59448.68	1702.07	1227.77	45.14	150.00	17.03	16.50	103.00	48.15	55944.36	60891.10
1997-98	59372.82	55355.35	1941.19	1295.23	150.00	--	36.00	29.36	29.00 (+)2.00*	15.24	61531.01	56695.18
1998-99	58671.62	67827.90	2142.90	1415.45	256.00	--	45.00	62.37	8.00 (+)1.15*	2.00*	61123.52	69305.72
Total	292412.03	317085.44	9360.57	7747.04	675.14	301.27	158.20	160.29	769.31	235.79	303377.25	325529.83

*This relates to estimate and expenditure on Training and Research. Therefore excluded from expenditure on construction of godowns.

Appendix-XXV

(Refer paragraph 3.2.5 at page 74)

Statement showing food subsidy released to FCI and Central Assistance towards infrastructural development provided to OSCSC by Government of India and expenditure incurred by OSCSC during 1992-93 to 1998-99.

Sl.NO.	Item	Contribution by Government of India towards		Expenditure incurred by OSCSC
		Food subsidy to FCI	Infrastructure Assistance to OSCSC	
(R u p e e s i n c r o r e)				
1.	Food grains	1521.00		3249.93
2.	Administrative cost			71.01
3.	Infrastructure			
	(i) Godown			
	(a) Loan		1.04	
	(b) Grants in Aid		1.04	
	Total		2.08	2.36*
	(ii) Mobile Van			
	(a) Loan		2.08	
	(b) Grants in aid		2.08	
	Total		4.16	3.01
	Grand Total	1521.00	6.24	3326.31

*This includes expenditure of Rs.0.28 crore from own sources of OSCSC.

APPENDIX-XXVI

(Refer paragraph 3.2.7 at page 75)

Statement showing the excess ration cards in circulation

Name of the District	Cards in circulation as per records of CSO cum DM	Cards in circulation as reported to the Government of India by the State	Number of cards entitled as per Department	Excess cards (Col.2-4)	Percentage to total excess
(1)	(2)	(3)	(4)	(5)	(6)
Puri	2,70,883	2,93,414	2,35,991	34,892	5.24
Cuttack	6,78,435	5,14,710	3,73,837	3,04,598	45.80
Kalahandi	2,90,559	2,90,559	2,87,533	3,026	0.45
Bolangir	3,70,701	3,70,701	2,77,473	93,228	14.09
Koraput	3,27,634	3,25,920	2,67,148	60,486	9.09
Mayurbhanj	4,87,553	4,88,581	4,12,461	75,092	11.29
Keonjhar	3,63,126	3,80,170	2,87,953	75,173	11.30
Phulbani	1,58,380	1,58,380	1,39,836	18,544	2.78
Total				6,65,039	

APPENDIX-XXVII

{Refer paragraph 3.2.10(b)(i) at page 77}
Statement showing the issue of excess quantities of food grains

Period	District/ Block/ Municipality	Requirement as per card (in quintals)	Quantity issued to retailers (in quintals)	Excess quantity issued to retailers	Value (Rs. in lakhs)
(i) PDS Wheat					
March 1997 to May 1997	Puri Municipality	21786	24219	2433	13.38
(ii) Sugar					
May 1993 to January 1999	Puri	103473.30	114227.33	10754.03	104.12
May 1998 to December 1998	Cuttack Town	32,729	38,582	5,853	66.71
May 1998 to December 1998	Baripada/ Rairangpur	9,873/ 3182	10,029/ 3438	156/ 256	1.78/ 2.92
May 1998 to March 1999	Kalahandi	4,631	5,607	976	11.30
(iii) RPDS(Rice)					
April 1995 to June 1995	Kalahandi	3,597	29,012	25,415	130.12
(iv) Specially subsidised rice sold in 143 ITDP/DPAP blocks @ Rs.2/- a Kg for 10 Kgs.					
November 1996 to January 1997	Kalahandi	34,350	35,973	1,623	7.90
May 1997	Kalahandi	11,450	11,492	42	0.22
May 1997	Phulbani	12,830	13,533	703	3.42
December 1995 to March 1996	Phulbani	51,320	52,485	1165	5.67
April 1996 to March 1997	Phulbani	1,53,770	1,55,854	2,084	10.15
May 1997	Koraput	23,945	26002	2057	10.02
May 1997	Mayurbhanj	42,090	51,526	9,436	45.95
WM Atta					
April 1996 to December 1996	Cuttack Municipality.	2672.40	8,400	5727.60	30.24

APPENDIX-XXVIII

(Refer paragraph 3.2.13.1 at page 80)
Statement showing number of Fair Price Shops

Name of Districts	Population	No. of FPS required	Numbers existing	+ Excess - Short	Percentage of shortage/ excess
Puri	14,72,582	776	822 (R-711+U-111)	(+)86	(+)11.6
Cuttack	21,75,734	1088	1748 (R-556+U-1192)	(+)660	(+)60.6
Kalahandi	12,85,271	934	856 (R-791+U-65)	(-)78	(-)8.3
Bolangir	13,67,941	1122	873 (R-124+U-749)	(-)249	(-)22.00
Koraput	11,46,065	1146	857 (R-726+U-131)	(-)289	(-)25.2
Mayurbhanj	21,36,548	2136	1915 (R-1778+U-137)	(-)221	(-)9.8
Keonjhar	15,23,274	1334	416 (R-254+U-162)	(-)918	(-)68.8
Phulbani	6,29,261	629	255 (R-235+U-20)	(-)374	(-)59.4

* R-Rural U-Urban

** Coastal Districts :Puri, Cuttack

Hilly & Tribal districts : Kalahandi, Bolangir, Koraput, Mayurbhanj, Keonjhar and Phulbani

APPENDIX-XXIX

(Refer paragraph 3.2.14 at page 81)

Statement showing the details of economic costing, consumer price & rate of subsidy from 1992-1999.

Sl.No.	Commodity	Period	Economic Cost Price	Consumer Price	Subsidy Price
(Rupees per quintal)					
1.	Levy Sugar	17.2.93 to 31.1.94	850.09	8.30	20.09
		1.2.94 to 9.2.97	918.71	905.00	13.71
		10.2.97 to 30.6.97	1050.00	1050.00	-
		1.10.97 to 13.2.99	1140.00	1140.00	-
		14.2.99 to till date	1200.00	1200.00	-
2.	ITDP/DPAP Rice CR FR SFR	1.11.93 to 31.1.94	448.39	412.00	36.39
			514.64	472.00	42.64
		537.70	493.00	44.70	
	1.2.94 to 31.5.97	CR	574.95	512.00	62.95
		FR	662.88	592.00	70.88
		SFR	696.94	623.00	73.94
3.	ITDP/DPAP Wheat	11.1.93 to 31.1.94			19.11
		1.2.94 to 30.5.97	418.43	377.00	41.43
4.	APL Wheat APL	1.6.97 to 28.1.99			
			517.97	550.00	-
5.	SS Rice PDS	11.1.93 to 31.1.94			85.60
		1.2.94 to 1.11.94	622.33	512.00	110.33
	1.11.94 to 30.5.97	ITDP	574.95	200.00	374.95
		PDS	622.33	200.00	422.33
6.	BPL Rice Rs.2 per kg Rs.4 per kg	1.6.97 to 28.1.99	396.93	200.00	196.93
			750.00	200.00	550.00
	29.1.99 to till date		396.93	400.00	(-) 3.07
		Rs.2 per kg	785.05	400.00	385.05
	APL super fine		503.03	200.00	303.03
		1005.53	500.00	505.53	

Contd.

APPENDIX-XXX

(Refer paragraph 3.2.15 at page 83)
Statement showing the diversion of food grains

Particulars godown/ districts	Month of Transfer	Quantity/ commodity (in quintals)	Scheme to which transferred	Remarks
Keonjhar	May and June 1997	1343.02	SC/ST Hostel	RPDS rice was given in summer vacation Government of Orissa directed not to issue rice in summer vacation.
Mayurbhanj GO FS and CW Department, Government. Of Orissa FS and CW Department.	May and June 1997	713.07	SC/ST Hostel	-do-
	July 1997 1997-98 and 1998-99	3000 1908.70	Rathjatra SC/ST Hostel and gratuitous Relief	TPDS rice TPDS rice was diverted
-do-	August 1998	30,000	Mid Day Meal (MDM) programme	TPDS rice was diverted
	October 1998	80,000	-do-	-do-
DM/CSO, Puri	July 1998	1039 31 ----- 1060	Mid Day Meal (MDM) programme	TPDS rice was diverted
DM-cum-CSO, Koraput	June 1997 to March 1998	2143.47	RPDS Q 99.94 TPDS Q 295.47 (APL) PDS Q 1111.22 (rice) MDM Q 359.24 Jail Q 70.00 Emergency feeding (EFP) Q 207.60	SS rice transferred (RPDS)
Bolangir	July 1998	2799	District jail, Bolangir	Sold @ Rs.400 per quintal
Kalahandi	July 1998	442.7	MDM	TPDS rice
DM-cum-CSO, Puri	July 1998	726.50	Flood reserve	TPDS rice
GO FS and CW Deptt	November 1998	2780 1830	MDM Drought relief	Angul District Affected areas of Keonjhar and Mayurbhanj district DM -cum- CSO, Mayurbhanj district did lift rice. DM-cum-CSO, Keonjhar district sold to district jail (Q.184) and rest surrendered

Concl.

Particulars godown/ districts	Month of Transfer	Quantity/ commodity (in quintals)	Scheme to which transferred	Remarks
DM-cum-CSO, Kalahandi	June and July 1997	5181.54	RPDS	Q.4010.97 was distributed under RPDS Scheme ceased on 31.5.97. Q.1170.57 valued Rs.5.99 lakh was stated to have been transferred to other scheme without mentioning name of the scheme. Transfer itself is doubtful.
DM-cum-CSO, Koraput	May 1997	300.76	Flood reserve	RPDS (rice). Q.300.76 valued Rs.1.46 lakh was not distributed
DM-cum-CSO, Puri	May 1998	6730.50	Flood reserve	TPDS rice
GO FS and CW Department	October 1997	12,350	DM-cum-CSO, Khurda	DM-cum-CSO, Chatrapur surrendered rice under TPDs. This was diverted to Khurda without ascertaining requirements
Total		153309.26		

APPENDIX-XXXI

{Refer paragraph 3.2.16(i) at page 83}

Statement showing the issue of sub-standard food grains

Name of the district	Number of samples	Period of sample/Issue	Quantity of stock		Value (Rupees in lakh)
			Rice (in quintal)	Wheat (in quintal)	
Angul	3	2/99 to 3/99	2407.99	--	8.43
Nayagarh	4	2/99	2196.22	--	7.69
Puri	5	12/98 to 1/99	2612.50	-	9.14
Kendrapara	2(1+1)	2/99	27.64	414.04	(R) 0.09 (W) 2.28
Khurda	8(3+5)	1/99 to 2/99	1231.50	2691.2	(R) 4.31 (W) 14.80
Kalahandi	15(11+4)	1995-96 to 1998-99	16836.94	6,955.68	(R) 58.93 (W) 38.26
Koraput	3	1998-99	3832.13	--	13.41
Phulbani	--	2/98 to 5/98	63352.00	--	221.73
Keonjhar	43(34+9)	95-96 to 98-99	22,932.24	4,525.34	(R) 80.26 (W) 24.89
Total			1,15,429.16	14,586.26	484.22

APPENDIX-XXXII

(Refer paragraph 3.2.22.1 at page 88)

Statement showing extra expenditure on procurement of rice

Sl. No.	Quantity of rice (in MT)	Procurement price	Government of India support price	Difference	Value (Rs. in lakh)
		(.....Rs per MT.....)			
1.	19988.890	7675.00	7326.00	349.00	69.76
2.	12155.916	7485.50	7326.00	159.50	19.34
3.	8766.813	7445.50	7286.00	159.50	13.98
Total	40911.619				103.08

APPENDIX-XXXIII

{Refer paragraph 3.3.6(c) at page 98}

Statement showing the discrepancy in the number of persons registered and employed during 1995-96 to 1997-98

Figures shown by State Government in Monthly Progress Reports				Figures shown by DRDAs in Monthly Progress Reports.		
Year	No. of persons registered	No. of persons employed	No. of persons shown less employed	No. of persons registered	No. of persons employed	No. of persons shown less/ excess employed
(F i g u r e s i n l a k h)						
Kalahandi						
1995-96	2.02	1.82	0.20	1.82	2.50	(+)0.68
1996-97	2.10	0.58	1.52	1.90	1.90	--
1997-98	2.22	0.18	1.05	2.08	1.99	0.08
Total	-	2.58		-	6.39	
Keonjhar						
1995-96	1.37	0.63	0.74	1.07	1.66	(+)0.53
1996-97	1.71	1.06	0.65	1.71	1.28	0.43
1997-98	1.75	0.20	1.55	1.75	1.28	0.43
Phulbani						
1995-96	0.85	0.23	0.62	0.78	0.42	0.36
1996-97	0.85	0.19	0.66	0.78	0.47	0.31
1997-98	0.86	0.12	0.74	0.78	0.53	0.25
Koraput						
1995-96	2.92	1.32	1.60	2.92	2.58	0.34
1996-97	2.92	0.19	2.73	2.92	2.58	0.34
1997-98	2.92	0.38	2.54	2.92	2.58	0.34
Jharsuguda						
1995-96	0.31	0.31	--	0.10	0.44	(+)0.34
1996-97	0.62	0.31	0.31	0.10	0.74	(+)0.64
1997-98	0.62	0.30	0.32	0.18	0.92	(+)0.74
TOTAL	-	7.82		-	21.87	

APPENDIX-XXXIV

{Refer paragraph 3.3.6(d)(i) at page 99}
**Statement showing the details of cases of payment of wages
without muster rolls.**

Sl.No.	Name of Office	No. of cases	Amount (Rupees in lakh)
1.	EE, MI Division, Bhawanipatna	40	1075903
2.	BDO, Junagarh	5	64206
3.	ASCO, Langigarh	8	451448
4.	BDO, Bhawanipatna	22	1026690
5.	BDO, Keonjhar	2	96000
6.	BDO, Ghashipura	1	33000
7.	BDO, Jhumpura	13	1015000
8.	BDO, Salipur	22	735186
9.	BDO, Phulbani	7	420000
	Total	120	4917433

APPENDIX-XXXV

(Refer paragraph 3.4.5 at page 110)

Statement showing the shortfall of feeding days

	Name of the Block	No. of schools		Total target of feeding in days		Actual feeding days		Shortfall		Comments percentage of the shortfall	
		1996-97	1997-98	1996-97	1998	1996-97	1997-98	1996-97	1997-98	1996-97	1997-98
1.	District Bhadrak										
i.	Tihidi Block	65	65	210	210	116	132	94	78	44.68	37.01
ii.	Bhandari - Pokhari	67	59	210	210	127	187	83	23	39.52	10.95
2.	District Cuttack										
i.	Cuttack Sadar	120	--	210	--	160	--	50	--	23.80	--
ii.	Mahanga	97	--	210	--	188	--	22	--	10.48	--
iii.	Baranga	91	91	210	210	169	170	41	40	19.52	19.05
iv.	Nischinta Koili	57	64	210	210	189	--	21	--	10	--
v.	Tangi-Chowdar	49	50	210	210	177	174	33	36	15.71	17.14
3.	District Ganjam										
i.	Ganjam	110	110	210	210	142	169	68	41	32.38	19.52
ii.	Purusso-tampur	65	65	210	210	175	192	35	18	16.67	8.57
iii.	Berhampur Municipality	70	19	210	210	156	182	54	28	25.71	13.34
4.	District Kalahandi										
	Bhawani-patna Sadar Block	142	93	210	210	137	190	73	20	34.76	9.52
5.	District Khurda										
i.	Chilka	90	90	210	210	174	174	36	36	17.14	17.14
ii.	Jatni	59	57	210	210	167	177	43	33	20.48	15.71

APPENDIX-XXXVI
{Refer paragraph 3.4.5(i) at page 111}
Statement showing shortfall in students fed

Sl. No.	District 1996-97	No. of Blocks/ Schools	Student on roll	Actual students fed	Short-fall	Percentage of shortfall
1.	Bhadrak	7 Blocks/1187 schools	1,87,876	--	Not furnished	
2.	Cuttack	3 Blocks/198 schools	22,923	20,511	2412	10.52
3.	Ganjam	22 Blocks/ 2827 schools	3,61,551	3,14,549	47,002	13
4.	Kalahandi	13 Blocks/ 1656 schools	1,46,104	88,237	57,867	39.6
5.	Khurda	3 Blocks/ 295 Schools	42,059	35,165	6,894	16.39
6.	Koraput	14 Blocks/ 4 Urban bodies/ 1792 schools	1,24,240	76,154	48,086	38.70
1997-98						
1.	Bhadrak	7 Blocks/ 1185 schools	1,83,183	154,312	28,871	15.76
2.	Cuttack	3 Blocks/ 205 schools	23,728	22,191	1537	6.40
3.	Ganjam	22 Blocks/ 2827 Schools	3,59,674	2,97,456	62218	17.29
4.	Kalahandi	13 Blocks/ 1656 Schools	1,48,538	84,968	63570	42.79
5.	Khurda	3 Blocks/296 schools	43,053	38,202	4851	11.2
6.	Koraput	14 Blocks/ 4 Urban Bodies 1800 Schools	1,22,664	68,455	54,209	44.19

Contd.

APPENDIX-XXXVII

(Refer paragraph 3.19 at page 136)

Statement showing the excess payment of grants-in-aid in violation of Government order

Sl. No.	Name of the schools	Grants-in-aid paid at 100 per cent for the period from 1994-97	Grants-in-aid admissible at 60 per cent dues 1994-1997	Excess amount
1	2	3	4	5
(R u p e e s i n l a k h)				
PURI CIRCLE				
1.	Sri Jagannath Bidyaniketan, Kotanga	9.43	5.96	3.97
2.	Jageswari Bidyapith, Orei	7.15	4.29	2.86
3.	Nilamani Smruti Bidyapith, Baharana	7.22	4.33	2.89
4.	Ratnapira Bidyaniketan, Thakurpatana	7.18	4.31	2.87
5.	Sutan High School, Sutan	7.55	4.53	3.02
6.	Trilochan Bidyapitha, Mahadevbasta	3.59	2.15	1.44
DHENKANAL CIRCLE				
7.	Satyanarayan High School, Badajhara	9.13	5.48	3.65
8.	Gopinath Jew Bidyapith, Kandar Singha	9.05	5.43	3.62
9.	Choulia G.P.High School, Choulia	9.18	5.51	3.67
10.	G.C.B.P. Baladiabandha	11.24	6.74	4.49
11.	Anchala High School, Dinabandhupura	9.12	5.47	3.65
12.	Chandimata High School, Karheipal	11.18	6.71	4.47
13.	Sri Jagannath Bidyapitha, Dighi	11.24	6.74	4.50
14.	Panchayat High School, Khanda Bandh	9.63	5.78	3.85
15.	S.S. Bidyapith, Bhaktapur	8.31	4.99	3.32

Concl'd.

Sl. No.	Name of the schools	Grants-in-aid paid at 100 per cent for the period from 1994-97	Grants-in-aid admissible at 60 per cent dues 1994-1997	Excess amount
1	2	3	4	5
(R u p e e s i n l a k h)				
16.	Urukul G.P., R.K. High School, Parsuma	9.08	5.45	3.63
17.	Panchayat High School, Fulpada	9.77	5.86	3.91
18.	Purunamantri High School	10.79	6.48	4.32
19.	Ambsaromunda High School	8.85	5.31	3.54
20.	Rajajharan High School	7.73	4.64	3.09
21.	Para High School	9.15	5.49	3.66
22.	Halur Singha High School, Angul	9.01	5.41	3.60
23.	Binapani High School, Nuagaon	8.29	4.97	4.31
24.	Panchayat High School, Batnapur	9.02	5.41	3.62
25.	Anantasayan High School, Saranga	9.22	5.53	3.69
26.	Panchayat High School, Siarimalia	8.35	5.01	3.34
Total		229.96	137.98	91.98

Contd.

APPENDIX -XXXVIII

(Refer paragraph 3.23 at page 141)

Statement showing misappropriation, losses etc. reported upto 31 March 1999 pending finalisation at the end of June 1999

Sl. No.	Name of the Department	Awaiting Departmental/ Criminal Investigation		Departmental action started, but not finalised		Criminal proceedings finalised but exe- cution of certificate cases for recovery of the amount pending		Awaiting orders for recovery or write off		Pending in the Courts of law		Total	
		A		B		C		D		E		F	
		Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)
1	Finance Department	7	9.76	4	1.32	Nil	Nil	9	3.09	4	0.80	24	14.97
2	Revenue Department	20	7.02	36	25.34	29	6.33	40	5.12	7	0.71	132	44.52
3	Excise Department	Nil	Nil	1	0.21	Nil	Nil	Nil	Nil	1	0.10	2	0.31
4	Law Department	11	3.50	2	0.02	Nil	Nil	4	2.07	5	2.50	22	8.09
5	Department of Water Resources	110	34.86	177	55.93	2	0.01	14	12.02	2	0.06	305	102.89

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APPENDIX - XXXVIII
(Refer paragraph 3.23 at page 141)

Statement showing misappropriation, losses etc. reported upto 31 March 1999 pending finalisation at the end of June 1999

Sl. No.	Name of the Department	Awaiting Departmental/ Criminal Investigation		Departmental action started, but not finalised		Criminal proceedings finalised but exe- cution of certificate cases for recovery of the amount pending		Awaiting orders for recovery or write off		Pending in the Courts of law		Total	
		A		B		C		D		E		F	
		Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)
6	Rural Development Department	41	6.40	44	23.11	1	0.03	03	0.14	1	0.03	90	29.70
7	Energy Department	3	241.25	5	1.35	1	1.17	Nil	Nil	1	0.35	10	244.12
8	Industries Department	4	0.59	2	2.59	--	--	11	2.87	2	0.05	19	6.10
9	Textile and Hand- loom Department	Nil	Nil	Nil	Nil	Nil	Nil	1	0.15	Nil	Nil	1	0.15
10	Harijan and Tribal Welfare Department	4	0.90	15	3.36	1	0.01	13	1.59	7	2.54	40	8.40

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APPENDIX - XXXVIII

(Refer paragraph 3.23 at page 141)

Statement showing misappropriation, losses etc. reported upto 31 March 1999 pending finalisation at the end of June 1999

Sl. No.	Name of the Department	Awaiting Departmental/ Criminal Investigation		Departmental action started, but not finalised		Criminal proceedings finalised but execution of certificate cases for recovery of the amount pending		Awaiting orders for recovery or write off		Pending in the Courts of law		Total	
		A		B		C		D		E		F	
		Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)
11	Health and Family Welfare Department	20	35.69	7	3.37	Nil	Nil	13	7.16	10	7.34	50	53.56
12	Planning and Coordination Department	Nil	Nil	Nil	Nil	Nil	Nil	1	0.08	Nil	Nil	1	0.08
13	General Administration Department	1	1.23	1	0.95	Nil	Nil	Nil	Nil	Nil	Nil	2	2.18
14	Works Department	19	9.86	132	141.73	1	0.41	3	0.34	2	0.21	157	152.55
15	Steel and Mines Department	2	1.29	--	--	--	--	5	0.66	--	--	7	1.95

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APPENDIX - XXXVIII
(Refer paragraph 3.23 at page 141)

Statement showing misappropriation, losses etc. reported upto 31 March 1999 pending finalisation at the end of June 1999

Sl. No.	Name of the Department	Awaiting Departmental/ Criminal Investigation		Departmental action started, but not finalised		Criminal proceedings finalised but exe- cution of certificate cases for recovery of the amount pending		Awaiting orders for recovery or write off		Pending in the Courts of law		Total	
		A		B		C		D		E		F	
		Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)
16	Commerce and Transport Department	3	0.94	2	0.48	--	--	4	2.40	1	0.35	10	4.17
17	Education Department	23	21.04	24	8.28	--	--	16	6.18	9	3.42	72	38.92
18	Fisheries and ARD Department	24	3.45	10	53.65	--	--	22	8.02	8	16.73	64	81.85
19	Agriculture Department	62	25.42	55	24.20	--	--	56	4.84	10	0.64	183	55.10

Contd.

APPENDIX - XXXVIII

(Refer paragraph 3.23 at page 141)

Statement showing misappropriation, losses etc. reported upto 31 March 1999 pending finalisation at the end of June 1999

Sl. No.	Name of the Department	Awaiting Departmental/ Criminal Investigation		Departmental action started, but not finalised		Criminal proceedings finalised but exe- cution of certificate cases for recovery of the amount pending		Awaiting orders for recovery or write off		Pending in the Courts of law		Total	
		A		B		C		D		E		F	
		Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)
20	Co-operation Department	1	0.71	1	0.94	--	--	--	--	--	--	2	1.65
21	Panchayati Raj Department	33	42.04	15	10.31	2	0.34	11	1.78	8	1.27	69	55.74
22	Home Department	10	15.36	1	0.02	--	--	12	2.69	8	4.51	31	22.58
23	Food and Civil Supply Department	1	--	2	2.94	--	--	--	--	1	0.09	4	3.03

Concl'd.

APPENDIX - XXXVIII
(Refer paragraph 3.23 at page 141)

Statement showing misappropriation, losses etc. reported upto 31 March 1999 pending finalisation at the end of June 1999

Sl. No.	Name of the Department	Awaiting Departmental/ Criminal Investigation		Departmental action started, but not finalised		Criminal proceedings finalised but ex- ecution of certificate cases for recovery of the amount pending		Awaiting orders for recovery or write off		Pending in the Courts of law		Total	
		A		B		C		D		E		F	
		Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)
24	Housing and Urban Development Department	6	10.60	48	24.39	--	--	2	0.19	2	1.38	58	36.56
25	Labour and Employ- ment Department	1	0.10	--	--	--	--	2	0.86	3	2.52	6	3.48
26	Information and Public Relations Department	120	10.56	8	0.59	--	--	10	0.59	--	--	138	11.74
27	Forest and Environment Department	74	25.34	187	83.78	--	--	153	52.76	9	2.11	423	163.99
Total		613	522.51	788	473.51	37	8.30	405	115.60	101	47.69	1944	1167.61

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APPENDIX- XXXIX

(Refer Paragraph 3.24 at Page 142)

Statement showing the position of Outstanding Inspection Reports/Paragraphs

Sl. No.	Name of the Department	Reports awaiting settlement		Reports awaiting settlement for more than 10 years		Reports to which even first reply not received
		No. of Reports	No. of Paragraphs	No. of reports	No. of paragraphs	No. of Reports
1.	Home	717	2816	--	--	114
2.	General Administration	57	241	--	--	11
3.	Revenue	1761	6046	13	46	124
4.	Law	173	510	3	15	69
5.	Finance	209	487	8	70	33
6.	Food Supply and Consumer Welfare	42	116	--	--	10
7.	Works	6	16	--	--	--
8.	School and Mass Education	2188	7767	48	253	645
9.	Welfare	583	2491	16	95	292
10.	Labour and Employment	322	759	1	3	56
11.	Tourism, Culture and Sports	166	453	3	13	26
12.	Planning and Co-ordination	45	182	--	--	14
13.	Women and Child Welfare	809	2698	6	19	205
14.	Panchayati Raj	1300	6754	36	263	552
15.	Health and Family Welfare	2053	8375	40	261	768
16.	Agriculture	1448	6768	15	94	309
17.	Transport	169	428	3	5	93
18.	Steel and Mines	37	126	1	5	10
19.	Information and Public Relations	97	47	--	--	24

Concl'd.

Report No.3 (Civil) of 1999

Sl. No.	Name of the Department	Reports awaiting settlement		Reports awaiting settlement for more than 10 years		Reports to which even first reply not received
		No. of Reports	No. of Paragraphs	No. of reports	No. of paragraphs	No. of Reports
20.	Excise	78	144	--	--	9
21.	Fisheries and Animal Resources Development	267	919	5	7	49
22.	Co-operation	172	508	3	8	37
23.	Water Resources	1805	8071	658	1810	33
24.	Housing and Urban Development	228	909	80	188	23
25.	Energy	40	97	7	10	4
26.	Science and Technology	11	48	--	--	2
27.	Forest	469	1651	--	--	95
28.	Industries	385	1729	2	18	66
29.	Handicrafts and Cottage Industries	26	143	--	--	10
30.	Textiles and Handloom	87	369	--	--	21
31.	Parliamentary Affairs	12	49	--	--	1
32.	Animal Husbandry and Veterinary Services	657	2227	13	169	151
33.	Miscellaneous (Banks involving State Transactions of Pension Payment and Subsidy adjustment)	1160	1707	416	710	1135
Total		17519	66061	1377	4062	5291

Contd.

APPENDIX-XL

{Refer paragraph 3.24 at page 142}

Statement showing the yearwise break-up of outstanding IRs/Paragraphs

Year	IRs	Paragraphs
1964-65	3	10
1965-66	4	24
1966-67	6	20
1967-68	7	10
1968-69	8	22
1969-70	8	48
1970-71	7	21
1971-72	4	13
1972-73	4	6
1973-74	4	7
1974-75	3	6
1975-76	5	20
1976-77	13	29
1977-78	11	44
1978-79	14	42
1979-80	21	37
1980-81	206	454
1981-82	178	430
1982-83	200	399
1983-84	267	610
1984-85	287	628
1985-86	374	766
1986-87	663	15.24
1987-88	718	1880
1988-89	814	2217

Concl.

Year	IRs	Paragraphs
1989-90	1036	2884
1990-91	1143	3227
1991-92	1343	4150
1992-93	1393	4797
1993-94	1458	5342
1994-95	1598	5953
1995-96	1746	7630
1996-97	1474	7735
1997-98	1316	7577
1998-99	1143	6953
1999-2000 (Upto June 1999)	40	546
Total	1759	66061

APPENDIX-XLI

(Refer paragraph 3.24 at page 142)

Statement showing the serious irregularities

Sl.No.	No. of departments	Nature of irregularities	No. of paragraph	Amount (Rupees in lakh)
1.	8	Infructuous/Unfruitful avoidable/Irregular Expenditure	513	11,223.63
2.	6	Extra liability/Excess expenditure	550	23,134.44
3.	7	Idle store/Surplus/Unserviceable store/ Blockage of Government money	181	3,127.49
4.	7	Irregular purchase. non accountal of stock/ non-adjustment of cost of material	140	1,806.33
5.	4	Non-recovery dues from firms/contractor etc.	214	16,979.07
6.	5	Non-submission of utilisation certificates	61	3,666.18
7.	6	Amount kept in Civil Deposit/DCR	156	2,542.18
8.	7	Loss, Misappropriation and Shortage of stores	413	2,568.30
9.	7	Unauthorised expenditure	297	8,359.15
10.	7	Retention of undisbursed amount	61	372.37
11.	6	Inadmissible/Irregular Payments	180	950.66
12.	7	Advance payment/Less recovery of advances/Interest/Royalty and Income tax	119	2,986.87
13.	1	Underutilisation of departmental machineries	15	164.00
14.	2	Demurrage/Penalty	30	524.42
15.	2	Undue financial aids to contractors/firms	115	2,456.42
16.	5	Miscellaneous/Doubtful expenditure/ Nonsubmission of vouchers/over drawal etc.	152	3,285.19
17.	5	Stamped receipts/Acknowledgement wanting	53	472.55
18.	7	Loans/Advances not recovered	97	273.56
19.	6	Short/non-realisation of Government dues	189	105.73

Contd.

APPENDIX-XLII
(Refer paragraph 3.25 at page 143)
Statement showing paragraph/Reviews for which explanatory notes were not received

Sl.No.	Name of the Department	A U D I T R E P O R T S									TOTAL
		1988-89	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	
1	2	3	4	5	6	7	8	9	10	11	12
1.	Agriculture	4	4	-	3	7	8	5	8	7	46
2.	Water resources	2	3	-	-	12	7	1	19	12	56
3.	School and Mass education	-	1	-	-	-	1	-	3	4	9
4.	Higher education	-	-	-	-	-	1	-	-	-	1
5.	Rural development	-	1	-	-	1	16	4	6	4	32
6.	Revenue & Excise	-	-	2	-	-	-	-	2	3	7
7.	Forest & Environment	-	-	-	-	-	-	-	2	1	3
8.	Finance	-	-	1	-	1	-	2	2	2	8
9.	Home	-	-	-	-	-	-	-	3	1	4

Contd.

Sl.No.	Name of the Department	A U D I T R E P O R T S									
		1988-89	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	TOTAL
1	2	3	4	5	6	7	8	9	10	11	12
10.	Labour & Employment	-	-	1	-	-	-	-	-	-	1
11.	Science & Technology	-	-	3	-	-	-	-	-	-	3
12.	Commerce	-	-	-	-	-	-	1	-	-	1
13.	Transport	-	-	1	2	-	-	1	-	1	5
14.	Fisheries & Animal resources Development	-	-	2	1	2	-	1	3	3	12
15.	Industries	-	-	4	2	2	1	3	1	3	16
16.	Energy	-	-	3	-	3	2	-	1	-	9
17.	Works	-	-	1	-	-	8	14	12	8	43
18.	Welfare	-	-	2	-	6	1	1	5	3	18
19.	Panchayati Raj	-	-	-	-	4	7	-	7	6	24
20.	Housing & Urban Development	-	-	-	-	1	1	3	-	1	6
21.	Planning & Co-ordination	-	-	-	-	-	1	-	-	-	1

Concl.

Sl.No.	Name of the Department	A U D I T R E P O R T S									
		1988-89	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	TOTAL
1	2	3	4	5	6	7	8	9	10	11	12
22.	Health & Family Welfare	-	-	-	-	-	2	1	3	4	10
23.	Food Supplies & Consumer Welfare	-	-	-	-	-	-	1	-	-	1
24.	Women & Child Development	-	-	-	-	-	-	-	-	1	1
Total		6	9	20	8	39	56	38	77	64	317

Report No.3 (Civil) of 1999

APPENDIX – XLIII
(Refer paragraph 4.2.4 at page 165)
Statement showing the details of cost overrun

Sl. No.	Items	As per project estimate (1981)	1st revised estimate (1990)	2nd revised estimate (1992)	3rd revised estimate (1995)	Increase in cost over original estimate Col.6 – Col.3	Per cent of increase Over Col.3	Actual expenditure ending March 1999.
1	2	3	4	5	6	7	8	9
(R u p e e s i n c r o r e)								
1.	A-Preliminary.	0.13	0.31	0.58	0.73	0.60	462	0.31
2.	B-Land.	0.98	5.08	9.17	6.55	5.57	568	6.28
3.	Dam & Appurtenant works.	8.27	31.23	47.09	51.09	42.82	518	58.68
4.	Distribution System.	2.26	13.45	17.95	21.57	19.31	854	16.26
5.	K-Buildings.	-	0.93	0.91	0.88	0.88	100	0.75
6.	P-Maintenance.	-	0.58	0.91	1.00	1.00	100	0.63
7.	Spl. T&P (M&E)	-	0.81	1.02	0.92	0.92	100	1.09
8.	T&P (N/S)	-	0.55	0.20	0.57	0.57	100	0.67
9.	Estt. work charged & pensionary charges.	4.05	3.50	12.47	16.38	12.33	304	17.04
10.	O-Misc.	3.10	6.24	3.52	3.84	0.74	24	3.72
	Total:-	18.79	62.68	93.82	103.53	84.74	451	105.43

APPENDIX-XLIV

{Refer paragraph 4.2.7 (i) at page 167}

Statement showing extra expenditure

Sl.No.	Name of the Work	Balance quantity left by OCC (in cum.)	Rates Sidharth (Balance work contractor) Per cum	Rate of the 1st contractor Per cum	Difference Per cum.	Extra expenditure (in rupees)
1	2	3	4	5	6	7
1.	Excavation in A.K.S	1,46,127	Rs.501	Rs.500	Rs.1.00	1461.27
2.	Cutting in cut off	-	-	-	-	-
3.	Blasting in cut off	-	-	-	-	-
4.	Approved earth	15,21,151	Rs.1900	Rs.1850	Rs.50	760575.5
5.	Rock toe fitter in sand	8014	Rs.31	Rs.25	Rs.5	40,070.00
6.	Spreading HGCB 6mm to 25 mm	11,986	Rs.85	-	-	-
7.	Providing spall fill in rock toe	39,906	Rs.47	Rs.45	Rs.2	79,812.00
8.	Excavation of compacted earth	32,820	Rs.501	Rs.600	(-)Rs.99	(-)32,491.80
9.	Spreading course sand	13,579	Rs.33	Rs.30	Rs.3	40,737.00
10.	Spreading HCB 6mm to 25 mm	19,176	Rs.90	Rs.95	(-)Rs.5	(-)95,880.00
11.	Cutting compacted earth in slope	50,725	Rs.475	Rs.500	(-)Rs.25	(-)12,681.25
12.	Spreading sand	4,829	Rs.31	Rs.30	Rs.1	4,829.00
13.	Spreading HGCB chips 6 mm to 25 mm	4,528	Rs.115	Rs.95	Rs.20	90,560.00
14.	Dumping stones 0.028 to 0.35	19,480	Rs.47	Rs.45	Rs.2	38,960.00
15.	Fine dressing	39,495	Rs.151	Rs.100	Rs.51	20,142.45
Total						9,36,094.05

Contd.

APPENDIX-XLV

{Refer paragraph 4.2.7.5 (i) at page 176}
Statement showing extra liability

Sl. No.	Name of Work	Estimated cost put to tender	No. of Tenders received	Value of tender accepted	Percent age of excess	Estimate value + 10 per cent excess	Date of receipt of tender	Extra liability
1	2	3	4	5	6	7	8	9
1.	Balance work of Main Canal & Right distry from RD.00M to 10080 M (Package-1)	14,00,000	One	1949492.00	39.249	15,40,000	18.10.95	4,09,492
2.	Balance work of Right distry from RD.10080 M to 15105 M (Package-2)	19,30,000	One	2554847.00	32.375	21,23,000	18.10.95	431,847
3.	Balance work of Left distry from RD.00 M to 15864 M (Package-4)	78,91,504	One	10444687.00	32.35	86,80,654	13.09.96	17,64,033
4.	Excavation & Construction of balance work of Takarada distry and its off taking channels (Package-5)	16,83,390	One	2516645.00	49.516	18,51,729	29.11.96	6,64,920
5.	Excavation & Construction of balance work of Khariguda distry and its off taking (Package-6)	59 lakh	One	88,49,254.00	49.99	64,90,000	22.02.97	23,59,254
6.	Balance work off taking Minors & Sub-minors of Right distry from RD 9645 to 21470M (Package-7)	40,98,479	One	5616157.00	37.03	45,08,327	18.10.97	11,07,830
7.	Balance work off taking Minors & Sub-minors of Left distry from RD 00 to 15864 M (Package-8)	47,29,700	One	6861264.00	45.07	52,02,670	29.11.96	16,58,594
8.	Providing Black topping to from Gokelpur wire site to ODR bridge at RD 6007 M of Right distry from RD 00 to 2580 M of Lift distry etc. (Package-19)	30,08,031	One	5168678.00	43.26	33,08,834	24.07.97	18,59,844
TOTAL:		3,06,41,104		4,39,61,028		3,37,05,214		1,02,55,814

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Sl. No.	Name of Work	Estimated cost put to tender	No. of Tenders received	Value of tender accepted	Percent age of excess	Estimate value + 10 per cent excess	Date of receipt of tender	Extra liability
1	2	3	4	5	6		8	9
9.	Balance work of Right distry from RD.15105 M to 21470 M (Package-3)	90,18,843	Nine	10303907.00	14.249	99,20,727	16.04.98	3,83,180
10.	Excavation of B.Kotibadi subminor of Left distry (Package-9)	20,82,135	Four	2809476.00	34.932	22,90,349	06.01.98	5,19,127
11.	Excavation of Kadaguda distry from RD 00 to 5045 M (Package-10)	130,29,117	Five	14631263.00	12.292	1,43,32,029	16.04.98	2,99,234
12.	Excavation of Karadakana distry & its Minors and Sub-minors from RD 00 to 9995 M (Package-12)	2,22,63,000	Three	28800566.00	29.363	2,44,89,300	16.04.98	43,11,266
13.	Protection work to common Main Canal and providing Link drain to Right distry within RD 00 to 15105 M (Package-18)	39,47,753	Three	4831785.00	22.40	43,42,528	24.07.97	4,89,257
	TOTAL:	5,03,40,848		6,13,76,997		5,53,74,933		60,02,064
14.	Excavation of Baharpur distry from RD 00 to 6540 M including structures (Package-13)	91,08,083	Six	9944748.00	9.186		17.10.98	-

APPENDIX-XLVI
{Refer paragraph No.5.1(ii) at page.212}

Statement showing the year-wise position of wanting Utilisation Certificates

Name of the Bodies audited during 1998-99 period upto which audited and No. of such bodies audited	Year upto 1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	No. of bodies where year-wise details not available with amount	Total
Panchayat Samities												
1991-92 (2)	299.82	13.31	15.73	105.51	--	--	--	--	--	--	--	434.37
1992-93(5)	212.00	77.14	91.65	159.64	106.17	--	--	--	--	--	1134.09(3)	1780.69
1993-94(3)	215.21	155.09	109.70	136.94	115.91	113.58	--	--	--	--	--	846.43
1994-95(15)	1085.85	348.65	378.38	402.61	324.12	415.42	961.74	--	--	--	1398.19(5)	5314.96
1995-96(26)	1837.86	592.41	838.19	1120.10	767.73	944.15	1694.34	2176.25	--	--	1964.55(5)	11935.58
1996-97(63)	3709.36	1261.82	1401.70	2148.14	1524.98	1025.98	1757.95	3088.84	1689.47	--	2659.48(16)	20267.72
1997-98(9)	466.66	205.64	163.11	90.75	94.73	122.71	270.89	282.44	362.20	347.05	652.01(3)	3058.19
DRDAs(10)	--	--	--	--	--	--	--	--	--	--	15155.23(10)	15155.23
ITDAs(9)	--	--	--	--	--	--	--	--	--	--	2338.74(9)	2338.74
CADA(2)	--	--	--	--	--	--	--	--	--	--	184.38(2)	184.38
ZSS(2)	--	--	--	--	--	--	--	--	--	--	64.00(2)	64.00
BPDA(2)	--	--	--	--	--	--	--	--	--	--	19.17(2)	19.17
IDCO(1)	--	--	--	--	--	--	--	--	--	--	-- (1)	--
OREDA(1)	--	--	--	--	--	--	--	--	--	--	230.08(1)	230.08
ORSAC(1)	--	--	--	--	--	--	--	--	--	--	78.84(1)	78.84
151 Units	7826.76	2654.06	2998.46	4163.69	2933.64	2621.84	4684.92	5547.53	2051.67	347.05	25878.76(60)	61708.38

