



REPORT
OF THE
Comptroller and Auditor General
of India

FOR THE YEAR
ENDED 31 MARCH 1991

No. 3

(CIVIL)
GOVERNMENT OF ORISSA



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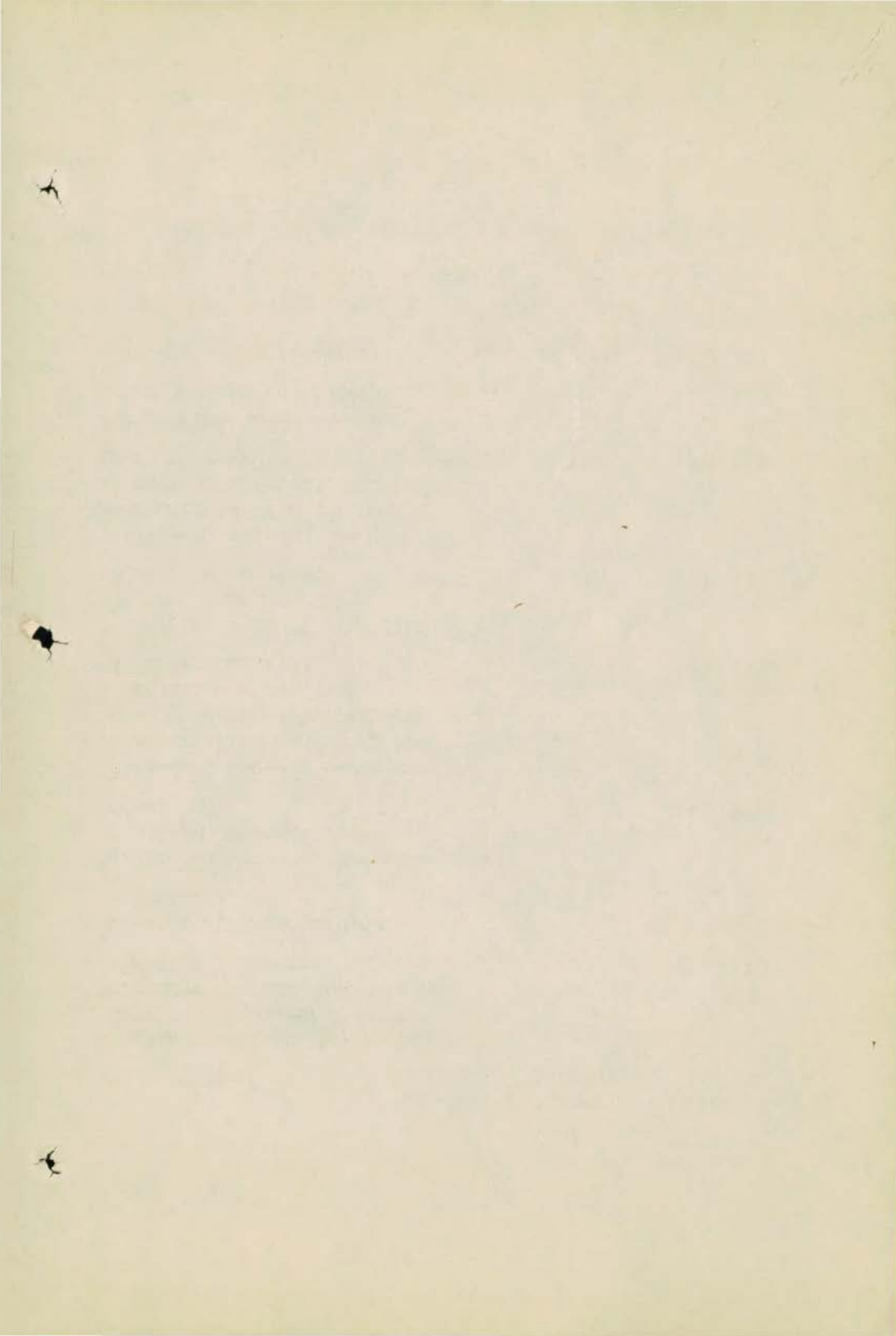
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PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It contains audit comments on points arising from the Appropriation Accounts and Finance Accounts of the State for 1990-91 as well as from audit of other financial transactions of Government of Orissa including reviews on Special Rice Production Programme, National Watershed Development Programme for Rainfed Agriculture, National Technology Mission on Immunisation, Kansabahal Medium Irrigation Project, Upper Kolab Irrigation Project and Command Area Development Programme.

2. Reports containing observations of Audit on statutory corporations and Government Companies and on Revenue Receipts are presented separately.

3. The cases mentioned in the present Report are among those which came to notice in the course of test-audit of accounts during 1990-91 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 1990-91 have also been included wherever considered necessary.

OVERVIEW

This Report has seven chapters, of which the first two chapters contain observations of Audit on the State Finance and Appropriation Accounts for the year 1990-91 and other chapters contain six reviews of schemes and projects and 60 audit paragraphs. A synopsis of the major audit findings is given below.

2. Overall analysis of the State Finances

During the year 1990-91 Government obtained 'ways and means advances' of Rs.346.32 crores and overdrafts of Rs.283.73 crores. At the end of the year, cumulative balances of Rs.44.19 crores and Rs.15.60 crores respectively remained outstanding for repayment. Compared to the previous year there was a reduction of around Rs.71 crores in the quantum of ways and means advances drawn and an increase of more than Rs.100 crores in the overdrafts taken.

Revenue of Rs.869.91 crores was raised by the State against the revised estimates of Rs.861.39 crores. It was, however, seen that the level of anticipated tax revenue was pitched lower by Rs.17 crores

All abbreviations used in this Report are expanded in the Glossary vide Appendix - XVI at page 360 & 361.

in comparison to the previous year while it was pitched about Rs.5 crores higher than the previous year for non-tax revenue. Government's anticipation to net additional revenue of Rs.297.78 crores through new and additional taxation measures was only partially realised as only Rs.162.66 crores could be collected due to late implementation and non-implementation of some of the taxation measures.

Arrears in the collection of revenue continued to increase. Analysis of the position relating to 9 Departments (revenue sources) showed that at the end of March 1991, Rs.634.74 crores were in arrears. At least 21 *per cent* of the arrears were on account of stay orders pronounced by the departmental authorities and more than 50 *per cent* of the arrears were in the process of collection.

The year closed with a revenue deficit of Rs.19.60 crores against a deficit of Rs.183.26 crores projected in the revised Budget Estimates. This reflected a continuation of the trend noticed during the Seventh Plan period where the actual deficit in the revenue account as well as in the overall accounts varied widely from the Budget Estimates.

The progressive capital outlay of Rs.4230.23 crores to the end of 1990-91 included Rs.1355.31 crores on 41 multipurpose major and medium irrigation projects under execution. In respect of 39 completed irrigation projects, their working expenses were Rs.11.08 crores, while loss sustained during the year by these projects was Rs.15.64 crores.

Loans paid by the Government and outstanding at the end of the year stood at Rs.473.66 crores. Test check of records of selected Departments showed that no loan account was maintained nor any mechanism to monitor the recovery of loans existed. Loans for energy aggregating Rs.197.99 crores outstanding against the Orissa State Electricity Board as on 31 March 1991 constituted more than 40 per cent of the total outstandings. While the burden of outstandings was on the increase, the pace of recovery of loans was slow and the shortfall worked out to 54 per cent during 1990-91. The trend of preceding five years showed a range of shortfall of 36 to 67 per cent.

Public debt liabilities of the Government increased from Rs.3930.35 crores at the end of 1989-90 to Rs.4600.44 crores at the end of 1990-91 representing

an increase of 17 per cent. Interest paid on debt and other obligations for the year was Rs.364.67 crores which constituted 17 per cent of the total revenue receipts. Interest received from various sources could set off only Rs.8.51 crores leaving an uncovered net interest burden of Rs.356.16 crores. This showed a continuation of the rising trend in the interest burden noticed during the Seventh Plan period.

There was a shortfall of Rs.176.16 crores in the utilisation of Plan provisions and Rs.154.34 crores in the non-Plan revenue expenditure. In the Plan sector, expenditure on revenue account was more than the expenditure on capital account which indicated that Plan resources were utilised more for maintenance of Projects/Schemes than for creation of assets. This, in fact, was the trend during the Seventh Plan period.

During the year, Government invested Rs.164.54 crores in various statutory Corporations, Government companies and Co-operative institutions and the total investment of Government at the end of the year stood at Rs.696.32 crores. Against this, interest and dividend received and credited to Government from such investments during the year was only Rs.0.13 crore.

Out of 77 Government companies in which Government had invested Rs.456.89 crores, 18 were under liquidation and 18 had accumulated losses upto Rs.82.27 crores.

Contingent liability for guarantees given by the State Government for repayment of the loans by statutory corporations, companies and Co-operative Institutions stood at Rs.1133.48 crores. No law under Article 293 of the Constitution has been enacted by the State Legislature laying down the limit within which the Government may give guarantee on the security of the Consolidated Fund of the State.

(Paragraph 1.2)

3. **Appropriation audit and control over expenditure**

Supplementary provision of Rs.624.54 crores obtained during the year constituted 15 *per cent* of the original budget provision as against 9 *per cent* in the previous year. The total supplementary provision proved excessive in view of the overall savings of Rs.850.88 crores at the close of the year. Excess over Grants/ Appropriations to the tune of Rs.360.20 crores relating to the previous years have not yet been regularised.

Savings exceeding Rs.1 crore occurred in 16 cases owing to non-implementation or tardy implementation of Plan Schemes. Rs.151.92 crores were spent in excess of the provision in 9 Grants and one Appropriation. Of this, Rs.91.65 crores related to loans and advances from Central Government. An expenditure of Rs.8.43 crores was incurred in 3 Grants without provision. In 24 cases, re-appropriation for sums exceeding Rs.50 lakhs in each case was found to be injudicious on account of final savings or excesses under these heads. Advances from Contingency Fund aggregating Rs.38.56 crores remained unrecouped as of March 1991.

(Paragraph 2.2)

4. Command Area Development Programme

The Command Area Development Programme is under implementation in the State since 1976-77 as a Centrally sponsored scheme with the objective of bridging the gap between the irrigation potential created and actual utilisation, thereby maximising agricultural production and productivity. The review showed that out of the irrigation potential of 531.41 thousand hectares created, the utilisation of potential was 281.312 thousand hectares resulting in a shortfall

of 47 per cent. Against this, cent per cent achievement was reported to Government of India. Out of the Central assistance of Rs.1507.08 lakhs released, there was an unutilised balance of Rs.279.20 lakhs as on 31 March 1991. Rs.281 lakhs remained in Personal Ledger Accounts of executing agencies without being utilised. The shortfall in the construction of field drains ranged from 30 to 79 per cent during the years 1986-87 to 1990-91 except 1989-90 and no work was executed under the component of land levelling and shaping during the period 1985-86 to 1990-91. An amount of Rs.51.67 lakhs was spent on Adaptive Trials though the item was not covered by the programme. Instances of abandonment of incomplete works and of non-utilisation of funds earmarked for ground water development programme were also noticed.

(Paragraph 7.2)

5. National Technology Mission on Immunisation

The Universal Immunisation Programme was launched in 1985-86 and was declared a Technology Mission in 1987-88 for the immunisation of all pregnant women and infant population. The review brought out that by April 1990, the percentage of intended

beneficiaries not vaccinated ranged from 22 to 41 indicating that the programme had not achieved its objective. The incidence of Diptheria had risen from 728 cases with 80 deaths in 1987-88 to 931 cases with 108 deaths in 1989-90. Instances of administration of OP vaccines with low potency were noticed. Out of 6 vaccines utilised under the programme, potency of only one vaccine was tested and that too at only 2 per cent of the target. The vehicles meant for the programme were mainly used for other purposes. The cold chain arrangements for the preservation of vaccines were not adequate. The report of achievement of vaccination did not tally with the doses of vaccines administered. The State Level Advisory Committee set up to review the programme of the Mission held only 3 meetings against the requirement of 12 meetings during the period 1988-89 to 1990-91.

(Paragraph 3.7)

6. Special Rice Production Programme

Special Rice Production Programme was implemented in the State during 1985-86 to 1988-89 in 63 Blocks with 50 per cent Central assistance with the object of improving productivity of paddy crop

by adoption of improved techniques of cultivation. The State Government, however, could not avail of Central assistance to the extent of Rs. 413 lakhs for want of necessary resources to provide matching Grant. Out of Rs.1484.74 lakhs shown as spent during the years 1986-87 to 1988-89, Rs.80.99 lakhs remained unutilised. The Scheme of distribution of 'seeds-minikits' was poorly implemented as a large number of minikits (valuing Rs.38.82 lakhs) contained un-recommended, un-treated and sub-standard seeds. Bulk of the subsidy (Rs.13.55 lakhs) drawn for provision of Power Tillers remained unutilised and sprayers valuing Rs.8.85 lakhs were not found handy for use.

Against the target of production of 16.57 quintals of rice per hectare, the achievement was 13.49 quintals.

(Paragraph 3.1)

7. National Watershed Development Programme for Rainfed Agriculture

The Centrally sponsored scheme of National Watershed Development Programme for Rainfed Agriculture was launched in 1986-87 for stabilisation of agricultural production in rainfed areas by development of dryland agriculture. A review of the programme brought

out instances of non-utilisation of funds, diversion of funds, excess expenditure and expenditure beyond norms. It also showed that dryland horticulture works carried out in Koraput and Rayagada proved to be a failure as the survival of plants was less than 50 per cent in 2 (1988-89) and 4 (1989-90) watersheds. Costly prohibited soil conservation works involving Rs.30.78 lakhs of expenditure were carried out without the approval of the Government of India.

(Paragraph 3.2)

8. Kansabahal Medium Irrigation Project

The project taken up in 1980-81 to improve the Socio-economic condition of the tribals of Sundargarh district by providing assured irrigation to 4615 hectares (kharif) and 3006 hectares (rabi), estimated to cost Rs.2742.75 lakhs (2nd revision yet to be sanctioned), was scheduled to be completed by March 1986. This was subsequently re-scheduled to be completed by March 1992. Although an expenditure of Rs.2347.68 lakhs had been incurred up to March 1991 the Project was still incomplete. The review brings out extra expenditure of Rs.51.85 lakhs due to modification in designs

of spillway and aqueduct and execution of work departmentally. Besides, purchase of spare parts worth Rs.22.36 lakhs was made without immediate requirement.

In the construction of earth dam, expenditure of Rs.9.98 lakhs was incurred by the Department on 4 items of works required to be carried out by the contractor at his cost. An amount of Rs.3.20 lakhs was due for recovery from the contractor of earth dam whose contract had been closed.

(Paragraph 4.1)

9. Upper Kolab Irrigation Project

The project was undertaken in 1976-77 for utilisation of tail race releases from Upper Kolab Power House to irrigate an ayacut of 47,715 hectares by construction of earth dam in Koraput district. The approved original estimate of Rs.1646 lakhs (June 1976) revised to Rs.13,956 lakhs (1988) was awaiting sanction as of February 1992. After incurring an expenditure of Rs.10,109.57 lakhs by March 1991 the project is expected to be completed by 1995 against scheduled completion by 1983. The review reveals infructuous expenditure of Rs.10.88 lakhs incurred due to change in location and type of spillway and payment of

Rs.26.85 lakhs made to the contractors beyond scope of their agreements.

(Paragraph 4.2)

10. **Financial Assistance to Local Bodies and others**

During 1990-91 Grants amounting to Rs.684.97 crores were paid to non-Government bodies/Institutions for implementation of various programmes/functions. This formed 31 *per cent* of the Government's total expenditure on revenue account. This was 28 *per cent* of the revenue account in the previous year. Accounts of 3992 out of 4191 institutions which received Grants during the period 1971-72 to 1982-83 were not received in audit. Information about grantee institutions since 1983-84 had not been furnished by the Government.

(Paragraph 7.1)

11. **Other points of Interest**

(i) An expenditure of Rs.129 lakhs on raising avenue and other plantations during 1985-86 to 1988-89 proved unfruitful due to poor survival of the plantations (Paragraph 3.18). Due to inadequate provision of funds, coffee plantation developed on 471.75 acres in Phulbani at a cost of Rs.22.25 lakhs were rendered unproductive (Paragraph 3.4). Due to non-identification of beneficiaries

an expenditure of Rs.12.50 lakhs incurred on raising fruit plantation in Phulbani and Puri districts was rendered unfruitful (Paragraph 3.5).

(ii) Two cases of mis-appropriation of Government money were noticed in Audit. In one case, Rs.1.95 lakhs were mis-appropriated by fraudulent drawal (Paragraph 3.14) and in another case Rs.0.69 lakh were mis-appropriated by recording the payment entry twice in the cash book (Paragraph 3.20). In both the cases the mis-appropriations occurred due to non-observance of the rules and procedures of drawal, payment and accountal.

(iii) Against 2.52 lakh bags of cement actually consumed in the construction of Muran Dam of Upper Indravati Project, the contractor was allowed payment for 2.96 lakh bags of cement resulting in excess payment of Rs.22.66 lakhs.

(Paragraph 4.19)

(iv) Non-recovery of mobilisation advance with interest resulted in undue financial aid of Rs.72.86 lakhs to M/s. OCC Limited.

(Paragraph 4.10)

(v) Inaction of Government in the recovery of Sales Tax Loans and Electricity Duty loans paid during 1981-82 to 1985-86 resulted in extending unintended benefits to loanees while Rs.33.50 lakhs towards principal and Rs.20.55 lakhs towards interest remained blocked up.

(Paragraph 3.16)

(vi) Due to failure in taking safety measures by providing curtain grouting in cut-off trench before filling by conducting permeability tests in the drilled holes before grouting, extra expenditure of Rs.11.51 lakhs was incurred to control the seepage in the Dam of Dumerbahal Reservoir Project.

(Paragraph 4.34)

(vii) Delayed payment of electricity charges resulted in extra expenditure of Rs.12.50 lakhs.

(Paragraph 4.3)

(viii) Due to delay in considering the claim of the contractor the Department incurred extra expenditure of Rs.10.87 lakhs.

(Paragraph 4.4)

(ix) Misplacement of initial quotation at Government level before approval and acceptance of fresh higher quotations led to incurring extra expenditure of Rs.18.47 lakhs in excavation of tailrace channel of Upper Kolab Project.

(Paragraph 4.20)

(x) Purchase of spare parts of machinery and various electrical goods worth Rs.59.41 lakhs was made by Stores and Mechanical Division, Samal, without sanction of estimates and also without realistic assessment of requirement by resorting to availing emergent advance and by splitting purchases.

(Paragraph 5.1)

(xi) A sum of Rs.10.17 lakhs invested for establishing a Regional coconut nursery at Marichipur for raising one lakh coconut seedlings annually was rendered largely unproductive due to improper location and lack of necessary facilities.

(Paragraph 3.3)

(xii) The expenditure of Rs.23.71 lakhs incurred on three rehabilitation and resettlement camps in Upper Kolab Project became unfruitful, as no settlement of displaced persons took place.

(Paragraph 4.6)

(xiii) Purchase and installation of instruments worth Rs.13.46 lakhs proved unfruitful because they were found defective.

(Paragraph 4.14)

(xiv) A defective Ultrasound Linear Scanner procured from a Japanese firm at a cost of Rs.4.44 lakhs remained unserviceable since August 1987 without any prospect of replacement of defective parts or future utilisation.

(Paragraph 3.8)

(xv) Failure of Government in providing alternative accommodation for the relocation of a twelve bedded hospital at Barkote in Sambalpur, submerged due to construction of Rengali Dam, resulted in a nugatory expenditure of Rs.3.13 lakhs on the engagement of staff apart from depriving the displaced persons of the benefit of medical care.

(Paragraph 3.9)

(xvi) An investment of Rs.9.92 lakhs on the establishment of a Prawn Hatchery at Paradeep remained idle due to delay in the construction of infrastructure.

(Paragraph 3.15)

CHAPTER I

OVERALL ANALYSIS OF STATE FINANCE

1.1 Summary of accounts

The summarised position of the Accounts of the Government of Orissa emerging from the Appropriation Accounts and the Finance Accounts for the year 1990-91 is indicated in the statements following:

1 - Statement of financial position of the

Amount as on 31 March 1990 (in crores of rupees)	Liabilities	Amount as on 31 March 1991 (in crores of rupees)
942.26	Internal Debt including Ways and Means Advances (Market loans, Loans from Life Insurance Corporation and other Autonomous bodies)	1090.84
2267.48	Loans and Advances from Central Government	2653.31
	Non-plan loans	734.98
	Loans for State Plan Schemes	1061.88
	Loans for Central Plan Schemes	14.69
	Loans for Centrally sponsored Plan Schemes	57.87
	Ways and Means advances	-
	Pre-1984-85 loans	783.89
15.73	Contingency Fund	21.54
720.61	Small savings	856.29
359.50	Deposits	458.04
12.62	Reserve Funds	12.91
66.52	Suspense and Miscellaneous balances	74.03

Government of Orissa on 31 March 1991

Amount as on 31 March 1990 (in crores of rupees)	A s s e t s	Amount as on 31 March 1991 (in crores of rupees)
3679.17	Gross Capital outlay on fixed assets	4230.23
	Investment in shares of Companies, Corporations, Co-operatives etc.	696.32
	Other Capital outlay	3533.91
428.08	Loans and advances	473.66
	Loans for Power Projects	197.99
	Other Development loans	240.02
	Loans to Government servants and miscellaneous loans	35.65
3.17	Other advances	4.87
70.16	Remittance balances	64.81
328.51	Deficit on Government Account	388.14
	Deficit as on 31.3.90	328.51
	Add: Miscellaneous adjustment	40.03
	Add: Current deficit	19.60

[Contd.]

I - Statement of financial position of the

Amount as on 31 March 1990 (in crores of rupees)	Liabilities	Amount as on 31 March 1991 (in crores of rupees)
147.04	Overdraft from the Reserve Bank of India (Represents minus deposit with the Reserve Bank of India under cash balance in the Finance Accounts)	17.74
<u>4531.76</u>		<u>5184.70</u>

Government of Orissa on 31 March 1991

Amount as on 31 March 1990 (in crores of rupees)	A s s e t s	Amount as on 31 March 1991 (in crores of rupees)
22.67	Cash	22.99
	Cash in Treasuries and local remittances	2.94
	Departmental cash balances including permanent advances	5.19
	Cash balance investment, Security deposits and investment of earmarked funds	14.86
<u>4531.76</u>		<u>5184.70</u>

GOVERNMENT

II - Abstract of Receipts and

Receipts	Amount
	(in crores of rupees)

SECTION - A - REVENUE

I.	Revenue Receipts	2170.93
	i) Tax Revenue	668.79
	ii) Non-Tax Revenue	201.12
	iii) State's share of divisible Union Taxes	694.09
	iv) Grants from Central Government	606.93
	(a) Non-plan Grants	205.42
	(b) For State Plan Schemes	142.79
	(c) For Central Plan and Centrally sponsored Plan Schemes	258.72
II.	Revenue Deficit carried- down to Section 'B'	19.60

2190.53

OF ORISSA

Disbursements for the year 1990-91

Disbursements		Amount (in crores of rupees)		
I.	Revenue Expenditure			2190.53
		<u>Non-plan</u>	<u>Plan</u>	<u>Total</u>
i)	General Services	670.26	11.71	681.97
ii)	Social Services	535.17	307.03	842.20
iii)	Agricultural and Allied Services	89.65	182.49	272.14
iv)	Rural Development	20.24	174.80	195.04
v)	Irrigation and Flood Control	33.71	27.75	61.46
vi)	Energy	1.12	5.88	7.00
vii)	Industry and Minerals	11.15	23.11	34.26
viii)	Transport	45.54	4.85	50.39
ix)	Science, Technology and Environment	0.01	2.15	2.16
x)	General Economic Services	11.42	14.25	25.67
xi)	Grants-in-aid and Contributions	17.73	0.51	18.24
		<u>1436.00</u>	<u>754.53</u>	<u>2190.53</u> <u>2190.53</u>

GOVERNMENT

II - Abstract of Receipts and

Receipts	Amount (in crores of rupees)
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SECTION - B - OTHERS

III.	Opening cash balance including departmental cash balance, permanent advances, cash balance investment, security deposit and investment of earmarked funds	22.67
IV.	Recoveries of loans and Advances	33.02
	i) From Government servants	5.10
	ii) From others	27.92
V.	Public Debt Receipts	1393.39
	i) Internal Debt of the State Government	155.90
	ii) Ways and Means Advances	630.05
	iii) Loans and Advances from Central Government	607.44
VI.	Public Account Receipts	1806.25
	i) Small Savings and Provident Funds	293.75
	ii) Reserve Funds excluding investments	12.64
	iii) Deposits and Advances	736.32

OF ORISSA

Disbursements for the year 1990-91

Disbursements		Amount (in crores of rupees)
II.	Revenue deficit brought down from Section - A	19.60
III.	Opening overdraft from Reserve Bank of India	147.04
IV.	Capital outlay	551.06
	i) General Services	8.66
	ii) Social Services	42.78
	iii) Agriculture and Allied activities	14.77
	iv) Rural Development	0.33
	v) Irrigation and Flood Control	207.65
	vi) Energy	151.42
	vii) Industry and Minerals	41.41
	viii) Transport	81.68
	ix) General Economic Services	2.36
V.	Loans and Advances disbursed	78.60
	i) For various projects	58.84
	ii) To Government Servants	8.60
	iii) To others	11.16

GOVERNMENT

II - Abstract of Receipts and

Receipts	Amount
	(in crores of rupees)

iv)	Suspense and Miscellaneous excluding cash with Departmental officers, permanent advances, cash balance investment and investment of earmarked funds	6.09
v)	Remittances	757.45
VII.	Closing overdraft from the Reserve Bank of India	17.74
VIII.	Receipts from Contingency Fund	40.47

3313.54

OF ORISSA

Disbursements for the year 1990-91

Disbursements		Amount
		(in crores of rupees)
VI.	Repayment of Public Debt	858.99
	i) Internal Debt of the State Government	9.45
	ii) Ways and Means Advances	627.92
	iii) Loans and Advances from the Central Government	221.62
VII.	Public Account Disbursements	1560.60
	i) Small Savings and Provident Funds	158.06
	ii) Reserve Funds excluding investment	12.35
	iii) Deposits and Advances	639.48
	iv) Suspense and Miscellaneous excluding cash with departmental officers, permanent advances, cash balance investment and investment of earmarked Funds	(-) 1.40
	v) Remittances	752.11
VIII.	Advances from Contingency Fund	34.66
IX.	Cash balance at end	22.99
	i) Cash in treasuries and local remittances	2.94
	ii) Departmental cash balance including permanent advances	5.19
	iii) Cash balance investment, security deposits and investment of earmarked funds	14.86
X.	Appropriation to Contingency Fund	40.00
		<u>3313.54</u>

Sources and application of funds for 1990-91

Amount
(Rupees in crores)

I. Sources :

1.	Revenue Receipts	2170.93
2.	Increase in Public Debt and Small Savings	670.09
3.	Increase in Contingency Fund balances	5.81
4.	Adjustments :	109.96
	i) Increase in deposits and advances	(+)96.84
	ii) Increase in Reserve Funds	(+) 0.29
	iii) Effect on suspense balances	(+) 7.51
	iv) Effect on remittance balances	(+) 5.35
	v) Adjustment under miscellaneous Government account	(-) 0.03
5.	Net funds available	<u>2956.79</u>

II. Application :

1.	Revenue expenditure	2190.53
2.	Capital expenditure	551.06
3.	Lending for development and other programmes	45.58
4.	Appropriation to Contingency Fund	40.00
5.	Decrease in overdraft with Reserve Bank of India	129.30
6.	Increase in cash balance	0.32
		<u>2956.79</u>

Explanatory Notes

1. The Summarised financial statements are based on the statements of Finance Accounts and the Appropriation Accounts of the State Government and are subject to notes and explanations contained therein.

2. Government accounts being mainly on cash basis, the revenue deficit has been worked out on cash basis. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc., do not figure in the accounts.

3. Finance Accounts contain information on progressive capital expenditure outside the revenue account. Prior to rationalisation of accounting classification, small expenditure of capital nature was also met out of revenue. Information on such capital expenditure, being not available, is not reflected in the accounts.

4. Although a part of the revenue expenditure and the loans are used for capital formation by the recipients, its classification in the accounts of the State Government remains unaffected by end-use.

5. There was an unreconciled difference of Rs.18.19 crores between the figures reflected in the accounts and those intimated by the Reserve Bank of India under deposits with the Reserve Bank at the end of the year. The difference was reduced to Rs.8.37 crores by the end of June 1991.

Although a procedure for reconciliation has been prescribed, huge differences were noticed at the end of each year during the Seventh Plan period as under:

Year	Amount (In crores of rupees)
1985-86	1.38
1986-87	9.83
1987-88	9.76
1988-89	48.90
1989-90	54.00

6. The accounts disclosed that the cash balance held by the Departmental officers was not only substantial but much higher than the balance in the treasuries

of the State. The following table gives the trend for the preceding five years covering the whole of the Seventh Plan period :

At the end of	Cash balance with the treasuries	Cash balance with the Departmental officers	Percentage of Departmental balance with reference to balance with treasuries
---------------	----------------------------------	---	--

(In crores of rupees)

1985-86	1.38	1.93	140
1986-87	1.76	3.65	207
1987-88	1.97	2.04	103
1988-89	2.44	6.01	246
1989-90	2.19	5.46	249

1.2. Analysis of Accounts

1.2.1 The net addition to Public debt (as adjusted by the effect on remittances, suspense balances, deposits and advances, drawal from reserve funds and adjustment under Miscellaneous Government Account together with net addition from contingency fund raised during the year) was Rs.785.86 crores. After meeting the capital expenditure of Rs.551.06 crores and net disbursement

of Rs.45.58 crores under loans and advances for development and other programmes, the balance of Rs.189.22 crores was utilised in reduction of overdraft with Reserve Bank of India (Rs.129.30 crores); Appropriation to Contingency Fund (Rs.40.00 crores); and for covering revenue deficit (Rs.19.60 crores) thereby resulting in increase in cash balance of Rs.0.32 crore.

1.2.2 Under the agreement with the Reserve Bank of India, the State Government has to maintain a minimum balance of Rs.0.60 crore on all working days. If the balance falls below the agreed minimum, the deficiency is made good by taking ways and means advance from the Reserve Bank of India upto a limit mutually agreed upon. The limit for ordinary ways and means advance and special ways and means advance has been fixed at Rs.33.60 crores and Rs.10.59 crores (Rs.12 crores upto 13 March 1991) respectively. Even after availing maximum ways and means advances, if the shortfall remains uncovered, overdraft is allowed by the Reserve Bank of India to maintain the minimum balance. During 1990-91, minimum balance was maintained in the normal course on 221 days, by taking ways and means advances on 77 days and by availing of overdraft on 63 days. Though there was shortfall in the minimum balance

on 4 days even after availing of the above advances, the State Government did not take any overdraft. In addition to ways and means advance of Rs.44.05 crores outstanding at the beginning of the year, Government obtained Rs.346.32 crores and repaid Rs.346.18 crores during the year, leaving a balance of Rs.44.19 crores. Overdrafts aggregating Rs.283.73 crores were availed of during the year and Rs.281.74 crores were repaid leaving a balance of Rs.15.60 crores. Interest of Rs.1.60 crores (Rs.1.32 crores on ways and means advances and Rs.0.28 crore on overdraft) was paid during the year.

The following table shows the trend of ways and means advances, overdrafts and interest paid, during the preceding five years covering the Seventh Five Year-Plan Period:

Year	Ways and Means advance	Overdraft Interest	
	(In crores	of rupees)
1985-86	170	106	4
1986-87	221	6	1
1987-88	460	77	1
1988-89	494	133	1
1989-90	<u>417</u>	<u>165</u>	<u>1</u>
	<u>1762</u>	<u>487</u>	<u>8</u>

1.2.3(a) During the year revenue of Rs.869.91 crores raised by the State against the revised estimates of Rs.861.39 crores (Tax Revenue : Rs.663.81 crores and Non-Tax Revenue : Rs.197.58 crores) was on account of increase in realisation of Rs.4.99 crores under tax revenue and Rs.3.53 crores under non-tax revenue.

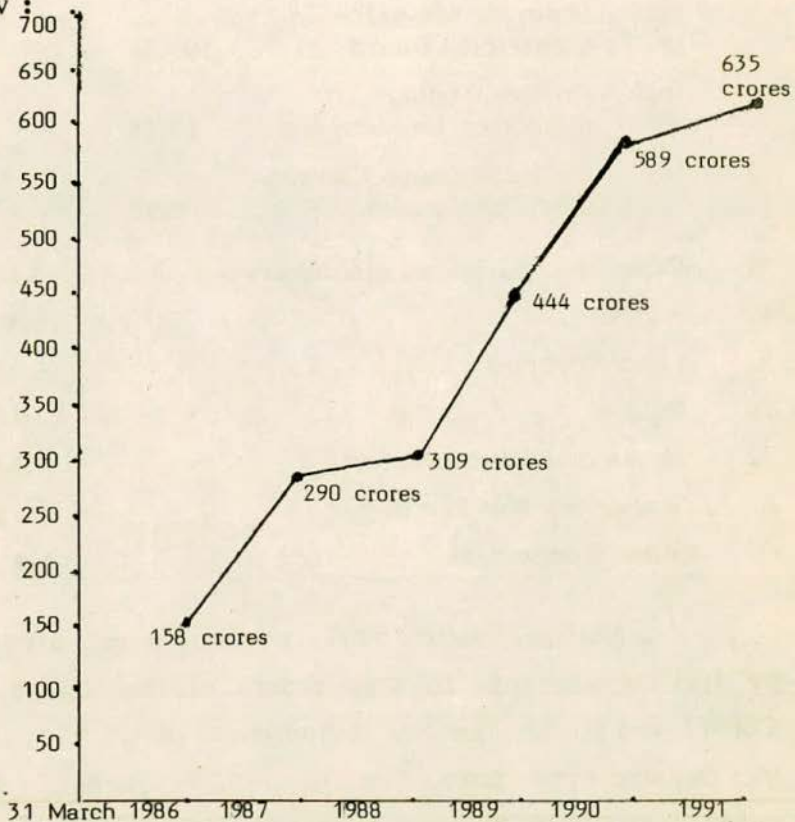
During the Seventh Plan period there was growth in tax Revenue of Rs.239 crores against the anticipated growth of Rs.321 crores as shown below:

Year	<u>Tax Revenue</u>		<u>Non-Tax Revenue</u>	
	Anticipated	Actuals	Anticipated	Actuals
	(In crores of rupees)			
1985-86	360	286	133	131
1986-87	484	338	158	158
1987-88	494	387	153	156
1988-89	592	442	197	193
1989-90	681	525	193	199

(b) There was no change in taxation during the period from 1987-88 to 1989-90. Government anticipated additional revenue of Rs.297.78 crores during 1990-91 at the Budget stage by new and additional taxation measures. It was later scaled down to Rs.165.78 crores against

which the actual realisation was Rs.162.66 crores due to late implementation and non-implementation of some of the taxation measures.

1.2.4 According to the information received from 9 Departments, there was increase in arrears in the collection of revenue from year to year as indicated below :



At the end of March 1991, Rs.634.74 crores were due as arrears of revenue as detailed below :

Sources	Amount (Rupees in crores)
1. Sales Tax	332.64
2. Interest	209.41
(a) From Orissa State Electricity Board	193.36
(b) On loans under Industries Department	15.15
(c) On loans under Community Development	0.90
3. Taxes and duties on electricity	55.88
4. Forest	18.89
5. Land Revenue	6.57
6. Police	5.16
7. Mines and Minerals	4.41
8. Stationery and Printing	1.18
9. State Excise	0.60

Non-realisation of revenue was attributed by the Departments to stay orders of the Orissa High Court, and other judicial authorities (Rs.73.90 crores), by Departmental authorities (Rs.130.37 crores); certificate cases (Rs.49.20 crores); amounts likely to be written

off (Rs.2.64 crores) while the balance of Rs.378.63 crores was in the process of collection.

1.2.5 In the original budget estimates, a revenue deficit of Rs.73.15 crores was anticipated which was raised to Rs.183.26 crores in the revised budget estimates. The actual revenue deficit for the year 1990-91 was, however, Rs.19.60 crores only.

The actual deficit in the revenue accounts as well as in the overall accounts varied widely from the Budget Estimates and Revised Estimates in all the years of the Seventh Plan period as under :

Year	Revenue Accounts			Overall Accounts (including capital heads)		
	Budget Estimates	Revised Estimates	Actual	Budget Estimates	Revised Estimates	Actuals
	(	In	crores	of	rupees)
1985-86	(+) 10.06	(+) 44.70	(-) 60.09	(-) 45.74	(-) 33.38	(-) 86.93
1986-87	(+) 17.30	(+) 17.71	(-) 19.74	(-) 85.43	(-) 110.60	(-) 198.25
1987-88	(+) 84.37	(-) 21.23	(-) 74.51	(-) 88.94	(-) 161.82	(-) 218.23
1988-89	(+) 60.77	(+) 70.13	(-) 107.79	(-) 110.24	(-) 167.97	(-) 178.07
1989-90	(-) 178.95	(-) 136.31	(-) 105.39	(-) 202.32	(-) 230.44	(-) 140.56

((+) Surplus; (-) Deficit)

The above table indicates that estimates, even at the revised stage, were not realistic

1.2.6 State's share of divisible Union Taxes increased by 21 *per cent* from Rs.572.59 crores in 1989-90 to Rs.694.09 crores in 1990-91.

1.2.7 The progressive capital outlay of Rs.4230.23 crores to the end of 1990-91 including Rs.1355.31 crores on 41 multi-purpose major and medium irrigation projects under execution, formed 84 *per cent* of the public debt, small savings and deposits (Rs.5058.48 crores) .

1.2.8 The working expenses (Direct) of 39 irrigation projects were Rs.11.08 crores. Even without charging interest on capital outlay, as discontinued from 1979-80, the loss sustained during the year by these projects worked out to Rs.15.64 crores. Revenue receipts of none of these projects could cover the working expenses.

1.2.9 The total outstanding amount of loans paid by Government had increased by Rs.151 crores (from Rs.277 crores at the beginning of 1985-86 to Rs.428 crores at the end of 1989-90) during the Seventh Plan Period. The annual trend of increase varied between 6 and 11 *per cent* as indicated below :

Year	Outstanding at the end of the year	Annual increase	Percentage of increase
	(In crores of rupees)		
1984-85	276.71	-	-
1985-86	294.25	17.54	6

Year	Outstanding at the end of the year	Annual increase	Percentage of increase
	(In crores of rupees)		
1986-87	320.92	26.67	9
1987-88	361.65	40.73	11
1988-89	386.35	29.70	6
1989-90	428.08	41.73	11
1990-91	473.66	45.58	11

In respect of loans and advances given by the State Government for which detailed accounts are maintained by Departmental Officers, information was received till October 1991 from 12 out of 20 Departments. An amount of Rs.209.76 crores (Principal : Rs.13.36 crores and interest : Rs.196.40 crores) was overdue as on 31 March 1991.

From the records of four Departments test checked during September/October 1991 it was seen that no loan account was maintained nor any mechanism to monitor the recovery of loans existed.

In respect of loans and advances the detailed accounts of which are maintained by Accountant General (Accounts and Entitlements), the amount overdue for recovery at the end of 1990-91 was Rs.6.79 crores (Principal : Rs.2.40 crores, interest : Rs.4.39 crores).

Of this, Rs.4.25 crores represented interest due from municipalities, local bodies and corporations.

Loans for energy aggregating Rs.197.99 crores, (including irredeemable loan of Rs.65.50 crores representing assets transferred on its formation on 1 March 1961) outstanding against the Orissa State Electricity Board as on 31 March 1991 constituted 41.80 *per cent* of the total outstandings on that date. Interest of Rs.193.36 crores was also overdue from the Board as of March 1991.

The pace of recovery of loans in comparison to anticipation of Government was very slow during the last five years. The shortfall ranged from 36 to 67 *per cent* of the revised estimates as shown below :

Year	Budget estimates	Revised estimates	Actuals	Short- fall	Percentage of shortfall
	(In	crores	of	rupees)
1986-87	41	42	27	15	36
1987-88	49	49	24	25	51
1988-89	65	67	23	44	64
1989-90	51	51	17	34	67
1990-91	40	71	33	38	54

1.2.10 There was an unreconciled difference of Rs.0.26 crore between the figures of outstanding loans shown in the detailed records maintained by the Departments/treasuries and those shown under broad categories in the books of Accountant General. The earliest year to which the difference relates was 1966-67.

1.2.11 Annual certificates of acceptance of balances in respect of loans and advances as on 31 March 1991 were not received in 2,386 cases involving a loan of Rs.2.27 crores, out of which 2,072 cases for Rs.0.93 crore were of more than five years old.

1.2.12 *Public Debt*

(a) Under Article 293(1) of the Constitution of India, State may borrow within the territory of India, upon the security of the Consolidated Fund of the State within such limits, if any, as may from time to time be fixed by the Act of the Legislature of the State. No law has been passed by the Orissa Legislature laying down such a limit.

The details of the total liabilities of the State Government during the six years ending March 1991 are given below :

Year	Internal debt	Loans and Advances from Cen- tral Gove- rnment	Total Public debt	Other Liabi- lities	Total liabi- lities
	(	Rupees	in	crores)
1985-86	4,41.78	15,04.11	19,45.89	3,24.64	22,70.53
1986-87	5,18.88	16,29.18	21,48.06	3,93.44	25,41.50
1987-88	6,28.74	18,26.59	24,55.53	4,79.23	29,34.56
1988-89	7,32.39	20,44.12	27,76.51	6,07.38	33,83.89
1989-90	9,42.26	22,67.48	32,09.74	7,20.61	39,30.35
1990-91	10,90.84	26,53.31	37,44.15	8,56.29	46,00.44

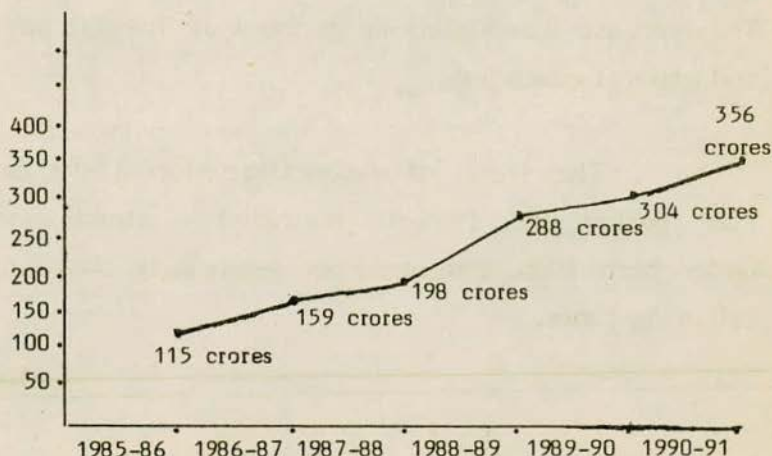
It will be seen from the above that the total liabilities of the Government had increased from Rs.22,70.53 crores in 1985-86 to Rs.39,30.35 crores at the end of 1989-90 during the Seventh Plan representing an increase of 73 per cent.

The internal debt had risen to Rs.46,00.44 crores by the end of 1990-91 representing a further increase of 17 per cent.

(b) Public debt included Rs.18.11 crores representing undischarged market loans which expired during 1990 and earlier years and did not carry any interest.

1.2.13 The interest paid on debt and other obligations during the year was Rs.364.67 crores which constituted 17 *per cent* of the total revenue receipts. The interest received on loans and advances, investments of cash balance, etc., together with dividends on investment in commercial undertakings and certain other receipts aggregated to Rs.8.51 crores. The net interest burden was thus, Rs.356.16 crores.

A steady rise in the interest burden was noticed each year from 1985-86 as shown in the following graph.



The interest paid in 1990-91 on small savings, provident fund etc. was Rs.86.42 crores, while the net accretion to the balance during the year was Rs.135.68 crores.

1.2.14 Against the Plan provision of Rs.1516.13 crores, the actual expenditure on Plan schemes on all accounts was Rs.1339.97 crores during the year resulting in shortfall of Rs.176.16 crores. The non-Plan revenue expenditure of Rs.1436.00 crores fell short of the provision of Rs.1590.34 crores by Rs.154.34 crores (10 *per cent* of the provision).

1.2.15 The total expenditure under non-Plan (including capital) during the year was Rs.1480.22 crores as compared to Rs.1373.32 crores in the previous year. The increase was mainly on account of interest payments and general education.

The trend of expenditure during the Seventh Plan period and 1990-91 indicated a steady increase under both Plan and non-Plan sectors, as shown in the following table.

[Table

Year	Non-Plan				Plan				Total		
	Revenue	Capital	Loan	Total	Revenue	Capital	Loan	Total	Non-Plan	Plan	Total
	(	In		crores		of		rupees)	
1985-86	704	5	36	745	297	252	15	564	745	564	1309
1986-87	904	4	28	936	344	319	27	690	936	690	1626
1987-88	985	9	27	1021	422	381	38	841	1021	841	1862
1988-89	1161	(-)6	15	1170	498	423	33	954	1170	954	2124
1989-90	1340	4	29	1373	506	422	30	958	1373	958	2331
1990-91	<u>1436</u>	<u>(-)2</u>	<u>47</u>	<u>1481</u>	<u>755</u>	<u>553</u>	<u>32</u>	<u>1340</u>	<u>1481</u>	<u>1340</u>	<u>2821</u>
	<u>6530</u>	<u>14</u>	<u>182</u>	<u>6726</u>	<u>2822</u>	<u>2350</u>	<u>175</u>	<u>5347</u>	<u>6726</u>	<u>5347</u>	<u>12073</u>

In the Plan Sector, the expenditure on revenue account was more than on the capital in all the years which indicated that plan resources were utilised more on maintenance of Projects/ schemes than on creation of assets. Total revenue expenditure of Rs.9352 crores formed 77 per cent of total expenditure of Rs.12,073 crores. The non-Plan expenditure increased by 99 per cent from Rs.745 crores in 1985-86 to Rs.1481 crores in 1990-91 and the Plan expenditure by 138 per cent from Rs.564 crores in 1985-86 to Rs.1340 crores in 1990-91.

1.2.16 In 1990-91, Government invested Rs.164.54 crores in various statutory Corporations, Government companies and Co-operative institutions and the total investment of the Government at the end of the year was Rs.696.32 crores (shares and debentures:Rs.696.07 crores ; bonds:Rs.0.25 crore). Interest and dividend received on such investment and credited to Government during the year was only Rs.0.13 crore representing roughly 0.01 per cent of the amount invested.

Out of 77 Government Companies in which Government had invested Rs.456.89 crores, accounts were finalised in 42 cases upto different years ranging from 1961-62 to 1988-89. Eighteen of these Companies were under liquidation and 15 incurred a loss of Rs.11.71 crores according to the accounts last rendered by them while 18 Companies had a cumulative loss of Rs.82.27 crores.

In respect of 23 Joint Stock Companies in which Government invested Rs.1.25 crores, only two of them having an investment of Rs.0.35 crore rendered accounts upto 1984/1987 and had an accumulated loss of Rs.6.55 crores.

1.2.17 The contingent liability for guarantees given by the State Government for repayment of loans (including interest and dividend) by the statutory Corporations, Companies and Co-operatives etc. as on 31 March 1991 was Rs.1133.48 crores.

The guarantee commission realised during the year was Rs.0.33 crore in three cases. According to the information furnished by the Department guarantee commission of Rs.0.24 crore was due for recovery in three cases as of 31 March 1991. The main defaulters were Government Companies.

No law under Article 293 of the Constitution has been enacted by the State Legislature laying down the limit within which the Government may give guarantee on the security of the Consolidated Fund of the State.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 General

2.1.1 The summarised position of actuals during 1990-91 against provision is as follows :

	Original Grant/ Appro- priation	Supple- mentary Grant/ Appro- priation	Total	Actual expen- diture	Variation Saving(-) Excess(+)
	(1)	(2)	(3)	(4)	(5)
	(In crores of rupees)				
I. Revenue					
Voted	2233.48	164.45	2397.93	1977.02	(-)420.91
Charged	416.86	35.97	452.83	379.88	(-) 72.95
II. Capital					
Voted	630.12	162.94	793.06	683.68	(-)109.38
Charged	0.48	0.64	1.12	0.85	(-) 0.27
III. Public Debt					
Charged	838.94	239.25	1078.19	858.98	(-)219.21
IV. Loans and Advances					
Voted	125.47(-)	18.71	106.76	78.60	(-) 28.16
V. Appropriation to Contin- gency Fund	-	40.00	40.00	40.00	-
Grand Total=	<u>4245.35</u>	<u>624.54</u>	<u>4869.89</u>	<u>4019.01</u>	<u>(-)850.88</u>

2.2 Results of Appropriation Audit

The following results emerge broadly from the Appropriation Audit.

2.2.1 *Supplementary provision*

Supplementary provision of Rs.624.54 crores obtained during the year constituted 15 per cent of the original budget provision as against 9 per cent in the previous year.

2.2.2 *Unnecessary/excessive/inadequate supplementary provision*

(a) The total supplementary provision of Rs.624.54 crores made in October 1990 (Rs.128.78 crores) and February 1991 (Rs.495.76 crores) proved excessive in view of the overall savings of Rs.850.88 crores at the close of the year.

(b) In 18 cases where saving was more than Rs.0.50 crore in each case as detailed in *Appendix -I*, the supplementary provision of Rs.355.04 crores (Revenue: Rs.69.64 crores, Capital : Rs.285.40 crores) was made, even though the expenditure (Rs.2225.63 crores) did not come up to the level of the original provision (Rs.2570.16 crores).

(c) In 10 other cases, against the actual requirement of Rs.59.97 crores (Revenue : Rs.33.04 crores, Capital : Rs.26.93 crores), supplementary provision of Rs.130.49 crores (Revenue : Rs.86.12 crores, Capital: Rs.44.37 crores) resulted in a saving of Rs.10 lakhs or more in each case and Rs.70.52 crores on the aggregate vide *Appendix - II*.

(d) The supplementary provision of Rs.101.60 crores (Revenue : Rs.8.27 crores, Capital : Rs.93.33 crores) obtained in 6 cases (*Appendix - III*) proved inadequate by more than Rs.10 lakhs in each case, with a total uncovered expenditure of Rs.59.97 crores.

2.2.3 *Saving/excess over provision*

The overall savings of Rs.850.88 crores was the result of saving of Rs.1002.80 crores in 29 grants (Rs.654.87 crores) and 2 charged appropriations (Rs.347.93 crores), partly offset by excess of Rs.151,91,92,051 in 9 grants (Rs.60,26,55,906) and one appropriation (Rs.91,65,36,145) vide *Appendix - IV* requiring regularisation under Article 205 of the Constitution. Excesses over grants/appropriations to the tune of Rs.360.20 crores relating to previous years (1986-87 - Rs.58.20 crores, 1987-88 - Rs.126.79 crores,

1988-89 - Rs.118.47 crores and 1989-90 - Rs.56.74 crores) have not yet been regularised as of February 1992.

2.2.4 *Unutilised provision*

In 21 cases of Grants/Appropriations, the expenditure fell short of the provision by more than Rs.1 crore which worked out to 13 *per cent* and more of the total provision as detailed in *Appendix - V*.

2.2.5 *Savings under plan schemes*

Substantial savings exceeding Rs.1 crore each occurred in the following cases owing to non-implementation or tardy implementation of Plan Schemes:

Sl. No.	Grant No.	Department	Head of account	Amount of saving (in crores of rupees)	Percentage of the provision
(1)	(2)	(3)	(4)	(5)	(6)

REVENUE SECTION

State Plan

1.	3	Revenue	2053-District Administration T-093-District establishment	1.00	100
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SL. No.	Grant No.	Department	Head of account	Amount of saving (in crores of rupees)	Percentage of the provision
(1)	(2)	(3)	(4)	(5)	(6)

REVENUE SECTION

State Plan

2.	10	Education and Youth Services	2202-General Education 01-Elementary Education 796-Tribal Area Sub-plan	1.78	20
3.*	10	Education and Youth Services	2202-General Education-80-General-003-Training	3.20	81
4.	10	Education and Youth Services	2202-General Education-80-General-796-Tribal Area Sub-plan	1.19	93
5.**	10	Education and Youth Services	2202-General Education 01-Elementary Education 102-Assistance to Non-Government Primary Schools	5.36	64

* Allocation for improving training and other facilities in education.

** Allocation for improving primary education.

SL. No.	Grant No.	Department	Head of account	Amount of saving (in crores of rupees)	Percentage of the provision
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(1)	(2)	(3)	(4)	(5)	(6)
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REVENUE SECTION

State Plan

6.	23	Agriculture and Co-operation	2501-Special Programme for Rural Development 02-Drought Prone Area Programme XXXX-001-Ayacut Development	1.44	43
7.	28	Rural Development	2215-Water Supply and Sanitation 01-Water Supply 001-Direction and Administration	2.21	84
8.	28	Rural Development	2215-Water Supply and Sanitation 01-Water Supply U-799-Suspense	3.63	36
9.	28	Rural Development	2215-Water Supply and Sanitation 01-Water Supply AA-102-Rural Water Supply Programme	5.60	40
10.	28	Rural Development	2215-Water Supply and Sanitation 01-Water Supply CC-799-Suspense (Danida)	2.00	100

Sl. No.	Grant No.	Department	Head of account	Amount of saving (in crores of rupees)	Percentage of the provision
(1)	(2)	(3)	(4)	(5)	(6)

CAPITAL SECTION

State Plan

11.	20	Irrigation and Power	Lump provision to meet liabilities of completed projects	1.77	100
12.*	20	Irrigation and Power	Lump provision for modernisation of Irrigation projects	3.86	100
13.**	22	Forest, Fisheries and Animal Husbandry	4405-Capital Outlay on Fisheries CCCCC-103-Marine Fisheries	1.61	96
14.	30	Energy	4801-Capital Outlay on Power Projects 01-Hydel generation-1-201-Hirakud Stage-I	1.00	100

* Allocation for modernising major irrigation projects (11), distributary systems (2) and other works (3).

** Allocation for construction of fishing harbours at Gopalpur and Astaranga.

Sl. No.	Grant No.	Department	Head of account	Amount of saving (in crores of rupees)	percentage of the provision
(1)	(2)	(3)	(4)	(5)	(6)

CAPITAL SECTION

State Plan

15.	30	Energy	4801-Capital Outlay on Power Projects 01-Hydel Generation 796-Tribal Area Sub-plan	20.09	33
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Central Plan

16.	20	Irrigation and Power	4701-Capital Outlay on Major and Medium Irrigation 01-Major Irrigation Commercial PPPP-796-Tribal Area Sub-plan	3.02	60
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2.2.6 *Persistent savings*

Persistent savings above 10 per cent were noticed in the following Grants/Appropriations:

Sl. No.	Grant No.	Department	Percentage of savings		
			1988-89	1989-90	1990-91
(1)	(2)	(3)	(4)	(5)	(6)

REVENUE SECTION

1.	3	Revenue	27	20	13
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SL. No.	Grant No.	Department (3)	Percentage of savings		
			1988-89 (4)	1989-90 (5)	1990-91 (6)

REVENUE SECTION

2.	5	Finance	25	21	57
3.	12	Health and Family Welfare	12	23	20
4.	15	Tourism, Sports and Culture	19	31	20
5.	16	Planning and Co-ordination	15	13	59
6.	19	Industries	12	12	17
7.	27	Science, Technology and Environment	23	18	30

CAPITAL SECTION

8.	12	Health and Family Welfare	99	62	57
9.	15	Tourism, Sports and Culture	46	61	30
10.	19	Industries	11	14	55
11.	23	Agriculture and Co-operation	30	22	50

2.2.7 *Significant cases of excesses*

As already indicated under paragraph 2.2.3, a sum of Rs.151.92 crores was spent in excess of the provision made in 9 grants and one appropriation

requiring regularisation. The following are significant cases of such excesses in which the expenditure exceeded the approved provision by more than one crore and 10 per cent of the total provision :

SL. No.	Grant No./ Appropriation	Name of the Department	Amount of excess (in crores of rupees) (4)	Percentage to provision (5)
(1)	(2)	(3)	(4)	(5)
<u>REVENUE SECTION</u>				
1.	7 (Voted)	Works	39.61	56
2.	13 (Voted)	Housing and Urban Development	7.80	17
<u>CAPITAL SECTION</u>				
3.	6 (Voted)	Commerce	2.22	28
4.	- (Charged)	Loans and Advances from Central Government	91.65	71

Reasons for the excess in the above cases have not been intimated.

2.2.8 *Persistent excesses*

Persistent excess was noticed in Grant number 7 (Revenue - Voted) relating to the Works

Department. The percentage of excess ranged from 40 per cent in 1988-89 to 56 per cent in 1990-91.

2.2.9 Expenditure without provision

An expenditure of Rs.8.43 crores was incurred in the following Grants/Appropriations without provisions:

SL. No.	Grant No.	Head of account	Amount (in crores of rupees)
(1)	(2)	(3)	(4)
1.	13	2215-Water Supply and Sanitation (01) Water Supply-(3)-OA-102-Rural Water Supply Programme - Danida Scheme	2.09
2.	20	2801-Power-01-Hydel Genera- tion (10)AAA(X)-800- Other expenditure	0.35
	20	4701-Capital outlay on Major and Medium Irrigation (12)HHH (A)-Modernisation of Delta Development Plan	1.49
		(14)MM(B) Modernisation of Rushikulya system	0.22
		(15)MMM(D) Chiroli Irrigation Project	0.35
		(16)MMM(E) Anandpur Barrage Project	0.69

SL. No.	Grant No.	Head of account	Amount (in crores of rupees)
(1)	(2)	(3)	(4)
		(20)YYY-313-Ramiala Irrigation Project	0.22
		(21)JJJ(C)-314-Gohira Irrigation Project	0.39
		(22)JJJJ-D-Uttei Irrigation Project	0.10
		(23)JJJJ-E-Dhanei Irrigation Project	0.10
		(24)JJJJ-F-Budhabudhiani Irrigation Project	0.10
		(25)JJJJ-H-Hirakud Distributary system	1.16
		(26)JJJJ-I-Saipal Irrigation Project	0.10
		(27)JJJJ-X-Salia Irrigation Project	0.10
3.	30	4801-Capital outlay on Power Projects-01-Hydel Generation- KA-Hydro Power Projects under Engineer-in-Chief, Irrigation	0.97
2.2.10		<i>Surrender of savings</i>	

(a) The rules require that all anticipated savings should be surrendered as soon as the possibility of saving is foreseen from the trend of expenditure.

Such surrender, is, however, generally made only in the last month of the year, when it cannot be purposefully utilised. Although actual saving of Rs.1002.80 crores was available during the year, Rs.877.48 crores were surrendered on the 31 March 1991.

(b) Significant savings exceeding Rs.1 crore each remained unsurrendered in the following Grants/Appropriations:

Grant No.	Department	Total saving	Amount surrendered	Unsurrendered amount
(in crores of rupees)				
<u>REVENUE SECTION</u>				
1	Home	10.70	2.24	8.46
3	Revenue	<u>35.25</u>	-	<u>35.25</u>
5	Finance	123.24	114.32	8.92
9	Food and Civil Supplies	23.31	22.29	1.02
10	Education and Youth Services	84.62	43.72	40.90
12	Health and Family Welfare	34.84	27.89	6.95
17	Panchayati Raj	38.26	34.96	3.30
19	Industries	10.42	8.39	2.03

Grant No.	Department	Total saving	Amount surrendered	Unsurrendered amount
(in crores of rupees)				

REVENUE SECTION

22	Forest, Fisheries and Animal Husbandry	19.66	15.50	4.16
23	Agriculture and Co-operation	32.41	30.52	1.89
28	Rural Development	22.62	9.84	12.78

CAPITAL SECTION

23	Agriculture and Co-operation	34.00	18.56	15.44
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(c) Surrender exceeding Rs.50 lakhs in each case was made in excess of the saving actually available in the following Grants and Appropriations:

Grant No./ Appropriation	Department	Amount of saving available	Actual surrender	Excess surrender made
(in crores of rupees)				
(1)	(2)	(3)	(4)	(5)

REVENUE SECTION

3	Revenue	20.10	22.09	1.99
	Interest payment	37.07	38.73	1.66

(d) Although the expenditure exceeded the total provision and no saving was available, amounts exceeding Rs.50 lakhs in each case were surrendered in the following cases :

Grant No./ Appropriation	Department	Total excess	Amount surre- ndered
(In crores of rupees)			
(1)	(2)	(3)	(4)

REVENUE SECTION

7	Works	39.62	3.53
13	Housing and Urban Development	7.80	0.82

CAPITAL SECTION

20	Irrigation	9.68	22.28
22	Forest, Fisheries and Animal Husbandry	0.53	2.84
	Loans and Advances from the Central Government	91.65	8.31

2.3 Injudicious re-appropriation

Re-appropriation is transfer of funds within a Grant, from one unit of Appropriation where savings

are anticipated, to another where additional funds are needed. It is permissible only when there is definite or reasonable chance of saving under the unit from which funds are proposed to be re-appropriated or when it is meant to curtail expenditure under the unit to meet more urgent expenditure under another unit. These aspects were not taken into consideration when re-appropriation orders were issued during 1990-91. In 24 cases re-appropriation for sums exceeding Rs.50 lakhs in each case turned out to be injudicious on account of the final saving or excess as detailed in *Appendix - VI*.

2.4 Advances from the Contingency Fund

The corpus of the State Contingency Fund was enhanced from Rs.20 crores to Rs.60 crores vide Orissa Contingency Fund (Amendment) Act, 1990 (Orissa Act, 10 of 1990) in order to enable Government to meet such unforeseen expenditure of an emergent nature as cannot be postponed till the vote of the Legislature is taken.

Out of 60 sanctions for a sum of Rs.69.93 crores issued during the year, 2 sanctions (Rs.0.46 lakh) were cancelled without assigning any reasons.

Advances from contingency fund aggregating Rs.38.56 crores relating to 1990-91 (Rs.34.66 crores) and earlier years (Rs.3.90 crores) remained unrecouped as of March 1991.

2.5 Trend of recoveries and credits

Under the system of gross budgeting by Government, the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts in reduction of expenditure, the anticipated recoveries and credits are shown separately in the budget estimates. In 1990-91, against the anticipated recovery of Rs.154.11 crores (Revenue : Rs.97.19 crores; Capital : Rs.56.92 crores) the actual recovery was Rs.299.84 crores (Revenue : Rs.166.37 crores; Capital : Rs.133.47 crores).

In the Revenue Section the additional amount recovered was mainly under the Departments of Works (Rs.47.96 crores), Housing and Urban Development (Rs.8.13 crores), Agriculture and Co-operation (Rs.3.59 crores) and Rural Development (Rs.16.01 crores).

Under the Capital Section additional recovery was under the Department of Commerce (Rs.2.74 crores), Irrigation (Rs.14.97 crores), Forest, Fisheries and Animal Husbandry (Rs.57.01 crores).

2.6 Non-receipt of explanations for savings/excesses

After 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, requiring them to explain the variations in general and those under important sub-heads in particular. The State Budget Manual also requires the controlling officers to furnish promptly all such information to the Accountant General (A&E) for preparation of Appropriation Accounts.

It is, however, seen that the reasons for variations were not furnished in time. For the Appropriation Accounts 1990-91, explanations were called for by the Accountant General in September 1991 in respect of 4290 cases (Savings : 2900 cases for Rs.238.85 crores; Excesses : 1390 cases for Rs.251.24 crores).

215 explanations have so far been received (April 1992). Explanations were due to be received from almost all the Departments.

CHAPTER III
CIVIL DEPARTMENTS
AGRICULTURE AND CO-OPERATION DEPARTMENT

3.1 Special Rice Production Programme

3.1.1 Introduction

With the object of improving productivity of paddy crop by adoption of improved techniques of cultivation, the Government of India decided in February 1984 to introduce Special Rice Production Programme (SRPP). It was implemented in the State as a Pilot Project, during 1984-85, with 100 per cent Central assistance in 7 (out of 314) Blocks having irrigation facilities. The Programme was implemented during 1985-86 to 1988-89, with 50 per cent Central assistance in 63 (30 irrigated and 33 rainfed) Blocks including 21 tribal Blocks (5 irrigated and 16 rainfed).

From 1989-90 the scheme was extended to 179 Blocks of the State as part of "Special Foodgrains Production Programme - Rice (including SRPP)" with 75 per cent Central assistance.

All abbreviations used in this Review are listed in the Glossary in Appendix - XVI (Page 360 & 361).

During 1990-91 a new scheme called Integrated Programme for Rice Development was implemented by replacing the earlier programme of SFPP.

The Programme envisaged (i) free or subsidised distribution of seeds, fertilisers and plant protection equipment, (ii) popularisation of improved packages of practices through demonstrations and training of farmers and (iii) construction of field channels and drainage facilities on farmers' fields.

The objective of SRPP was to achieve a rise in the productivity of paddy crops from the State average yield of 1.80 tonnes per hectare to 2.50 tonnes per hectare by the end of the Seventh Plan.

3.1.2 *Organisational set-up*

The programme was executed by the Director of Agriculture and Food Production (Director) who was assisted by the Joint Director of Agriculture (Special Programme) at State level, Deputy Directors of Agriculture (DDA) at range level, District Agriculture Officers and Additional District Agriculture Officers at District levels, Junior Agricultural Officers (JAO) at Block levels and Village Agricultural Workers (VAW)

at village levels. The Agriculture Department of Government was the nodal authority for effective implementation and supervision of the programme. A State Level Sanctioning Committee (SLSC) with the Secretary, Agriculture and Co-operation Department as Chairman was in overall charge of finalising the programme of implementation of SRPP.

3.1.3 *Audit coverage*

Records of the Agriculture Department, Director of Agriculture and Food Production, Orissa, 5 Deputy Directors of Agriculture at Puri, Cuttack, Bolangir, Keonjhar and Phulbani Ranges having 25 Blocks under the programme and 2 District Agriculture offices at Puri and Cuttack for the period from 1984-85 to 1988-89 covering only SRPP were test checked during the period between August 1990 and February 1991.

3.1.4 *Highlights*

During 1985-86 and 1986-87, the State Government could not avail of Central assistance to the extent of Rs.413.41 lakhs for want of necessary resources to provide matching 50 per cent grant under SRPP.

(Paragraph 3.1.5)

- Out of Rs.1484.74 lakhs, a sum of Rs.80.99 lakhs remained unutilised during 1986-87 to 1988-89. In the 5 test-checked districts it was noticed that the unutilised amount of Rs.43.70 lakhs was retained as Revenue Deposits, Deposit at call Receipts, Bank drafts and advances.

(Paragraph 3.1.5)

- Out of Rs.102.47 lakhs paid to Orissa Agro Industries Corporation during 1988-89 as advance for administering subsidies admissible under SRPP, a sum of Rs.15.93 lakhs remained unspent as of December 1990.

(Paragraph 3.1.5)

- Against a target of production of 16.57 quintals of rice per hectare by the end of 1988-89 in respect of the 63 SRPP Blocks, the achievement was 13.49 quintals per hectare.

(Paragraph 3.1.6(a))

- 0.32 lakh minikits relating to 1987-88 and 1988-89 valuing Rs.8.33 lakhs contained

varieties of seeds other than the recommended one by the Department.

(Paragraph 3.1.7(a)(ii))

0.92 lakh minikits valuing Rs.27.11 lakhs distributed during 1987-88 and 1988-89 contained seeds which were not treated with chemicals.

(Paragraph 3.1.7(a)(iv))

0.14 lakh minikits valuing Rs.3.38 lakhs contained sub-standard seeds with a germination capacity ranging between 58 and 62 per cent against the prescribed 80 per cent capacity.

(Paragraph 3.1.7(a)(v))

During 1988-89 a sum of Rs.2.65 lakhs was utilised under the programme for distribution of seed treating chemicals for Blocks not covered under the programme.

(Paragraph 3.1.9)

The Department procured 975 sprayers of 12 litre capacity valuing Rs.8.85 lakhs from OSCMF which were not considered handy for use by the farmers.

(Paragraph 3.1.10)

Out of a sum of Rs.16.63 lakhs drawn for providing subsidy under the component-"Power Tillers", a sum of Rs.13.55 lakhs representing 81 per cent remained unspent.

(Paragraph 3.1.13)

3.1.5 Financial outlay and expenditure

The budget provision, the Central assistance received and the expenditure incurred during the period from 1984-85 to 1988-89 are as under :

Year	Budget provision	Amount released as Central assistance	Expenditure
	(Rupees	in Lakhs)
1984-85	66.01	66.01	56.71
1985-86	187.79	126.00	181.18
1986-87	252.00	90.59	251.91
1987-88	611.40	300.06	605.99
1988-89	629.29	314.65	626.84
Total =	<u>1746.49</u>	<u>897.31</u>	<u>1722.63</u>

The component-wise allotment and expenditure for the years 1984-85 to 1988-89 are given in *Appendix-VII*.

There was low utilisation of the allotted funds in the Tribal Blocks and out of Rs.68.56 lakhs allotted during 1985-86, Rs.19.56 lakhs were diverted in January 1986 to Blocks other than Tribal Blocks by the Director without the approval of the State Government.

A sum of Rs.5.16 lakhs out of Rs.31.27 lakhs drawn in March 1986 by the Director was retained and kept in "Revenue Deposits" (July 1991).

Out of Rs.1484.74 lakhs shown as spent during the years 1986-87 to 1988-89, a sum of Rs.80.99 lakhs remained unutilised with the DDAs (Rs.80.20 lakhs) and the Director (Rs.0.79 lakh) as of June 1990.

During 1984-85, against an allotment of Rs.3.45 lakhs under the component "Plant Protection Chemicals", a sum of Rs.3.04 lakhs remained unutilised in the following Blocks as indicated there-against:

Block	Amount		Remarks
	Allotment	Unspent	
(Rupees in lakhs)			
Salepur	1.15	1.14	Credited to Miscellaneous Government Account in October 1986.

Block	Amount		Remarks
	Allotment	Unspent	
(Rupees in lakhs)			
Attabira and Bheden	2.30	1.90	Kept under "Revenue Deposits" in March 1985.

Out of the Central assistance of Rs.897.31 lakhs received during the years 1984-85 to 1988-89, the State Government could utilise Rs.889.66 lakhs and the unutilised balance of Rs.7.65 lakhs was not refunded to the Government of India.

During 1985-86, the Government of India approved an outlay of Rs.10.00 lakhs per Block for the implementation of the programme with the State and Central Governments sharing the expenditure equally. As the State Government could not provide funds to meet its share of 50 *per cent*, the allocation was reduced to Rs.4 lakhs per Block by the Government of India and the same pattern continued during 1986-87. Thus, the State Government could not avail of Central assistance to the extent of Rs.413.41 lakhs (Rs.630 lakhs* - Rs.216.59 lakhs) admissible during the years

* At the rate of Rs.10 lakhs per Block per year for the implementation of the programme in 63 Blocks in the State, the outlay for the years 1985-86 and 1986-87 works out to Rs.1260 lakhs to be borne equally by the State and Central Governments. Thus, the State could have availed of Rs.630 lakhs as Central assistance during the said years.

1985-86 and 1987-88.

Similarly, against an allotment of Rs.12.85 lakhs under "Farm Implements" a sum of Rs.7.06 lakhs was drawn and paid (March 1986) as advance subsidy to the Development Engineer (DE), Implement Factory, Bhubaneswar by the DAFP. Of this, a sum of Rs.5.34 lakhs only was utilised and the balance amount of Rs.1.72 lakhs was refunded (January 1987) by DE by credit to the Departmental receipt head.

In respect of the years 1986-87 to 1988-89 it was noticed in the 5 test-checked districts that Rs.43.70 lakhs which remained unutilised (December 1990) with DDAs were retained as Revenue Deposits (Rs.16.96 lakhs), Deposit at Call Receipts (Rs.6.76 lakhs), Bank Drafts (Rs.4.74 lakhs) and advances with different agencies (Rs.15.24 lakhs - such as Orissa Agro Industries Corporation (OAIC) Rs.14.29 lakhs, Orissa State Co-operative Marketing Federation (OSCMF) Rs.0.88 lakh and DE, Implement Factory Rs.0.07 lakh).

According to the guidelines issued by the Government of India, subsidies under the scheme should be administered to the beneficiaries at source, through State level corporation and other executing agencies.

Accordingly, the Orissa Agro Industries Corporation (OAIC) was advanced Rs.102.47 lakhs during 1988-89 for payment of subsidies under fertilisers (Rs.69 lakhs), pesticides (Rs.9.02 lakhs), sprayers (Rs.5 lakhs), power tillers (Rs.10 lakhs) and farm implements (Rs.9.45 lakhs). The OAIC, however, rendered adjustment accounts for a sum of Rs.86.54 lakhs and the balance of Rs.15.93 lakhs (Rs.7.85 lakhs relating to the 5 test-checked districts) remained unutilised with the OAIC as of December 1990.

3.1.6 *Physical targets and achievements*

(a) Targets set by the State Government for area coverage, production and yield per hectare (in terms of cleaned rice) for the period from 1984-85 to 1988-89 for the State as a whole and for the 63 Blocks covered under the programme and achievements thereagainst were as indicated in the following page :

[Statement

Year	For the State as a whole					
	Targets			Achievements		
	Area cove- rage (thou- sand hec- tares)	Produc- tion (thou- sand tonnes)	Yield (Quintals per Hectare)	Area cove- rage (thou- sand hec- tares)	Produc- tion (thou- sand tonnes)	Yield (Quinta- ls per Hectare)
1984-85	4220	5340	12.65	4304	4172	9.69
1985-86	4220	5607	13.25	4402	5226	11.87
1986-87	4150	5810	14.00	4394	4834	11.00
1987-88	4100	6007	14.65	4053	3471	8.56
1988-89	4082	6245	15.30	4282	5297	12.37

(Targeted Annual Growth rate in productivity 5 per cent approximately).

Year	For Blocks under the programme						
	Number of Blocks	Targets			Achievements		
		Area cove- rage (thou- sand hec- tares)	Pro- duc- tion (thou- sand tonnes)	Yield (Quin- tals per Hec- tare)	Area cove- rage (thou- sand hec- tares)	Pro- duc- tion (thou- sand tonnes)	Yield (Quintals per Hectare)
1984-85	7	122	183	15.00	105	157	14.95
1985-86	63	1006	1246	12.38	983	1253	12.75
1986-87	63	1006	1375	13.67	989	1163	11.76
1987-88	63	1006	1514	15.05	935	881	9.43
1988-89	63	1006	1667	16.57	983	1326	13.49

(Targeted annual growth in productivity 8 per cent approximately).

While the State Government set a target of annual growth rate of productivity of 5 *per cent* under the Seventh Five Year Plan for the State as a whole, the annual growth rate of productivity envisaged for the SRPP Blocks was about 8 *per cent*. Accordingly the yield per hectare in the 63 Blocks covered under the programme should have risen from 11.57 quintals of rice per hectare in kharif of 1983-84 to 16.57 quintals of rice per hectare by the end of 1988-89. The actual achievement was even lower being 13.49 quintals per hectare only by the end of 1988-89. The shortfall in production was 3.41 lakh tonnes of rice (16.67 lakh tonnes - 13.26 lakh tonnes) during the year 1988-89 and 11.79 lakh tonnes during the period from 1985-86 to 1988-89.

(b) Test check of records revealed that the average yield per hectare of rice in some SRPP Blocks was less than the average yield in the non-SRPP Blocks of the same district as mentioned in the following page :

[Statement

District	Year	Blocks covered by the programme		Blocks not covered by the programme		Percentage of short-fall of yield in the covered blocks with reference to column.6
		Number of Blocks	Yield per hectare (quintals)	Number of Blocks	Yield per hectare (quintals)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Kalahandi	1985-86	4	14.76	14	15.21	3
	1986-87	4	9.15	14	9.23	1
	1987-88	4	6.90	14	9.48	27
Mayurbhanj	1985-86	4	13.17	22	16.34	19
Dhenkanal	1987-88	3	8.03	13	9.95	19
Keonjhar	1987-88	3	7.37	10	8.35	12

(i) In Kalahandi District the average production of SRPP Blocks was 3, 1 and 27 *per cent* less than the average production of non-SRPP Blocks during the years 1985-86, 1986-87 and 1987-88 respectively.

(ii) In Mayurbhanj District the average production of SRPP Blocks was 19 *per cent* less than the average production of non-SRPP Blocks during 1985-86; and

(iii) In Dhenkanal and Keonjhar districts the average production of SRPP Blocks was less by 19 *per cent* and 12 *per cent* respectively than the average production of non-SRPP Blocks during 1987-88.

Reasons for such reduction in SRPP Blocks when compared to that in the non-SRPP Blocks were not analysed by the Director.

Points noticed by Audit in the implementation of the scheme are summarised in the subsequent paragraphs.

3.1.7 Seeds

Keeping in view the need to ensure adequate, easy and timely supply of quality seeds at reasonable

prices as a pre-requisite for achieving higher yield, the programme provided for supply of seed minikits to the farmers free/at nominal cost. A scheme of sale of seeds at subsidised rates was also introduced under the programme during the years 1987-88 and 1988-89.

(a) *Seed minikits*

According to the guidelines issued by the Director, the kits were to be prepared at the range level with seeds procured from departmental farms, Orissa State Seed Corporation (OSSC) and National Seed Corporation (NSC) and supplied to the Departmental Sales Centres at the Blocks level for distribution to the farmers through Village Agricultural Workers by 15th May each year.

Test check of records, however, revealed that :

(i) there were delays ranging from one to eleven weeks in the distribution of seeds in the SRPP Blocks of Phulbani, Puri, Cuttack, Keonjhar and Bolangir districts during the years 1985-86 to 1988-89;

(ii) 31,803 minikits valuing Rs.8.33 lakhs relating to 1987-88 (23,860 kits) and 1988-89 (7,943 kits)

distributed in Cuttack (19,691 kits), Phulbani (8,813 kits) and Keonjhar (3,299 kits) districts contained varieties of seeds other than those recommended by the Department, due to non-availability of recommended varieties in time.

(iii) According to instructions issued in April 1986, early and medium duration varieties of seed minikits were to be supplied in rainfed Blocks; late duration varieties were to be supplied to irrigated Blocks. In the rainfed Blocks of Banki, Athagarh and Garadpur of Cuttack district minikits of early and medium duration varieties were supplied to the extent of only 40, 60 and 44 *per cent* respectively. Even though late duration varieties were required to be supplied to the irrigated Blocks, it was seen that in the three Blocks of Dasarathpur, Barchana and Balikuda of the same district, more than 60 *per cent* of the supply was of early/medium varieties. Thus the instructions for the issue of seeds of prescribed variety were not followed.

(iv) Treatment of the seeds in the kits with chemicals was prescribed in 1987-88. Test-check revealed that out of 1.78 lakh minikits distributed during 1987-89 in Cuttack district, 0.92 lakh kits valuing Rs.27.11 lakhs were not so treated.

(v) According to guidelines, quality seeds of high-yielding varieties (having not less than 80 per cent germination capacity) procured from OSSC, NSC, outside the State and departmental farms were to be used in the minikits. Test-check of the records in Cuttack district revealed that the minikits distributed were of 58 to 62 per cent germination capacity as shown below :

Year	Variety of seeds	Number of kits	Value (Rupees in lakhs)	Percentage of germination
1987-88	CR-1009	9449	2.36	61
1987-88	Jagannath	2653	0.66	58
1988-89	CR-1009	1440	0.36	62
Total =		<u>13542</u>	<u>3.38</u>	

(vi) The guidelines also stipulated that reports on the performance of different varieties of seeds supplied through minikits by VAWs/JAOs were to be submitted to Joint Director of Agriculture (Special Programme) by January each year. In Cuttack district, the District Agricultural Officer, Banki submitted a report on 20 February 1988 covering 3 years - 1985-86 to 1987-88, indicating unsatisfactory yield potential

of IR-36 variety seeds distributed in successive years. No remedial action was possible due to delay in submission of the report.

(vii) In April 1988, the Government of India conveyed approval for implementation of the programme in 179 Blocks which was reduced to 63 Blocks in May 1988. But, based on the earlier approval, 2.78 lakh minikits valuing Rs.83.52 lakhs were distributed during kharif 1988-89 in 116 non-SRPP Blocks at the rate of 2400 kits each. They included 0.09 lakh minikits valuing Rs.2.63 lakhs which were diverted (24 June 1988 to 29 June 1988) by DDA, Cuttack to non-SRPP Blocks after receipt of orders on 23 June 1988.

(viii) 10,000 seed minikits valuing Rs.1.00 lakh meant for distribution during 1985-86 in SRPP Block of Puintala were distributed during June - July 1985 in a non-SRPP Block of Saintala due to a typographical error in the list of 63 Blocks under SRPP circulated by the Director (December 1984). No kit was supplied to the selected Block during 1985-86.

(ix) *Adjustment of seed minikits bills in excess of actual expenditure*

The cost of preparation of minikits by ranges was initially met from the Personal Ledger

Account of the Director. On receipt of the Block-wise bills from the concerned range officers, the amount was later drawn from treasury and credited to the Personal Ledger Account. Cost of each kit was not to exceed Rs.10 during the years 1985-86 and 1986-87 and Rs.25 and Rs.30 during the years 1987-88 and 1988-89 respectively.

Test-check of the records revealed that against the actual cost of Rs.166.98 lakhs in the preparation and distribution of minikits in Cuttack, Puri, Bolangir, Keonjhar, and Phulbani districts during 1985-86 to 1988-89, bills of the range offices were prepared at the maximum rates fixed for the kits and Rs.182.34 lakhs was drawn and credited to the Personal Ledger Account of the Director resulting in excess drawal of Rs.15.36 lakhs. Details are given in *Appendix - VIII*. Similarly in 1988-89, against bills of Rs.150.98 lakhs (prepared at the maximum rate prescribed without reference to actual cost) received from Range Officers, the entire provision of Rs.157.50 lakhs available for the purpose was drawn and credited to the Personal Ledger Account between December 1988 and March 1989 resulting in excess drawal of Rs.6.52 lakhs from the scheme funds.

(b) *Supply of seeds at subsidised rates*

(i) During 1987-88 and 1988-89, the scheme provided for supply of 200 quintals of certified paddy seeds per Block with a subsidy of Rs.150 per quintal in the 63 Blocks. Targets and achievements in the SRPP Blocks are given below :

In SRPP (63) Blocks

Year	Financial		Physical	
	Provision	Expenditure	Target	Achievement
	(in lakhs of rupees)		(in quintals)	
1987-88	10.30	9.53	12600	6358
1988-89	18.90	18.90	12600	8079

The sales were below 61 per cent of target in both the years in three districts test-checked. In the test checked districts, the position in 25 SRPP Blocks was as under:

Name of the District	Number of Blocks	1987-88			1988-89		
		Tar- get	Achie- vement	Per- cen- tage of achie- vement	Tar- get	Achie- vement	Per- cen- tage of achie- vement
		(in quintals)			(in quintals)		
Cuttack	8	1600	414.64	26.0	1600	76.60	4.8
Puri	7	1400	271.70	19.5	1400	367.16	26.3

Name of the District	Number of Blo-cks	1987-88			1988-89		
		Tar- get	Achie- veme- nt	Per- cen- tage of achie- veme- nt	Tar- get	Achie- veme- nt	Percen- tage of achieve- ment
		(in quintals)			(in quintals)		
Bolangir	4	800	628.55	78.5	800	418.85	52.4
Kecnjhar	3	600	473.04	78.9	600	343.40	57.3
Phulbani	3	600	232.74	38.8	600	173.38	28.9
Total=	25	5000	2020.67	40.4	5000	1379.39	27.5

It is apparent that the objective of motivating the farmers in the increased use of high yielding varieties of seeds remained largely unattained.

(ii) The guidelines of the Director for the year 1987-88 envisaged that seeds procured at Rs.449 per quintal from outside the State/NSC are to be distributed in SRPP Blocks at Rs.299 per quintal allowing a subsidy of Rs.150 per quintal. Test-check of the records revealed that 234 quintals of seeds procured from OSSC (at the rate of Rs.356 per quintal) and 74 quintals procured from departmental farms (at Rs.360 per quintal) were sold to the farmers at Rs.299 per quintal allowing a

subsidy of only Rs.57 and Rs.61 per quintal respectively. But subsidy at the rate of Rs.150 per quintal was drawn by Director and credited to the Personal Ledger Account of the Director resulting in unauthorised drawal of Rs.0.28 lakh. During 1988-89, the entire budget provision of Rs.18.90 lakhs made for the purpose was drawn by Director and credited to the Personal Ledger Account in March 1989, although bills for Rs.6.49 lakhs only were received for 4,325 quintals of seeds actually supplied to the farmers during the year.

3.1.8 *Fertilisers*

The programme provided for subsidised sale of fertilisers to the farmers through the sale centres opened by the Service Co-operative Societies, Orissa State Co-operative Marketing Federation (OSCMF), OAIC and Oil Orissa, on the basis of permits issued by the VAWs of the Department. While 25 *per cent* of the cost of fertiliser was given as subsidy during 1984-85 and 1985-86, 50 *per cent* subsidy was allowed during 1986-87 to 1988-89. The subsidy was, however, subjected to monetary limit of Rs.20 and Rs.100 per farmer during kharif and rabi respectively of 1985-86 and upto a maximum of Rs.100 per farmer per hectare during the years 1986-87 to 1988-89.

During 1988-89, the system of issue of permits to the farmers by the VAWs was dispensed with by the State Government. As a result, the subsidised sale of fertilisers to farmers was not properly ensured according to DDA, Cuttack. The Collector, Phulbani reported in August 1988 that absence of permits resulted in malpractices in the sale of fertilisers on subsidy to private dealers depriving benefit to the needy farmers.

3.1.9 *Seed treating chemicals*

With a view to motivating the farmers to use treated seeds, the programme for the years 1987-88 and 1988-89 provided for distribution of seed treating chemicals in small packets at nominal cost.

Sowing operations for kharif take place during May each year and therefore, seed treatment chemicals are required to be provided to the farmers before that. It was noticed in Audit that the chemicals were supplied very late as indicated below :

<u>Year of programme</u>	<u>Name of the Block/District</u>	<u>Period of supply</u>
1987-88	Keonjhar, Barchana, Harbhanga and Pipili	19 June 1987 to 14 September 1987
1988-89	18 Blocks (Districts of Cuttack (8) Puri(7) and Phulbani (3))	22 June 1988 to 3 July 1989

The delay in distribution was on account of belated procurement of chemicals by the Director.

Test-check also revealed that during 1988-89, a sum of Rs.2.65 lakhs of the programme was utilised for distribution of seed treating chemicals in 116 Blocks not covered under the programme.

3.1.10 *Equipment for Plant Protection unit*

For procurement of equipment necessary for a plant protection unit set up at Block level for the use by the farmers, an amount of Rs.15,000 for each of the 63 SRPP Blocks (Rs.9.45 lakhs) was provided under the programme during 1987-88 and 1988-89.

The Orissa State Co-operative Marketing Federation had huge stock of unsold 12 litre capacity sprayers due to lack of demand from the farmers who preferred 9 litre capacity sprayers which were handy. In order to assist the OSCMF the Department procured 975 sprayers valuing Rs.8.85 lakhs from them during 1987-88 for distribution to the plant protection units. 12 litre capacity sprayers of another make (included in the list of sprayers recommended for use) were available with OSCMF at a lower price of Rs.640 each as against the price of Rs.872.43/Rs.660.00 for each sprayer paid to OSCMF.

Test check of records of 10 Blocks in 5 districts revealed that these were not utilised.

3.1.11 *✓ Prophylactic measures in endemic areas*

According to the guidelines issued by the Government of India the State Government is not competent to sanction expenditure on new components under the programme. Nevertheless, a sum of Rs.12.60 lakhs was spent during 1987-88 and 1988-89 for a new component for taking up "prophylactic measures in endemic areas in compact patches" with the approval of SLSC and without approval of the Government of India. Under this, plant protection chemicals were to be sold to the farmers within the kharif season at 90 *per cent* subsidy.

Test-check of records revealed that plant protection chemicals, valuing Rs.6.30 lakhs, procured for the above purpose during November and December 1987 were distributed during December 1987 and January 1988, and those procured during January to March 1989 at a cost of Rs.6.30 lakhs were distributed in April 1989 to July 1989 and March 1990 long after the kharif season was over.

The main objective of providing plant protection chemicals to the farmers during kharif 1987 as well as kharif 1988 was, therefore, not achieved.

3.1.12 *Farm implements*

The programme provided for sale of improved bullock drawn plough and other hand operated implements to the farmers at 50 per cent subsidy.

Targets and achievements during the period 1984-85 to 1988-89 are as follows :

Year	Financial		Physical		
	Provision	Expenditure	Targets	Achievements	Percentage of achievement
	(in lakhs of rupees)		(number of implements)		
1984-85	10.50	6.43	Not targeted	4,000	-
1985-86	12.85	12.85	NA	NA	-
1986-87	12.43	12.37	22,693	21,189	93
1987-88	25.20	24.83	53,060	25,978	49
1988-89	18.90	18.86	39,690	15,623	39

Non-availability of sufficient number of required implements with the supplying agencies was stated as the reason for low achievement during 1987-88

and 1988-89. The financial achievement was due to drawal of amount and debiting it to the programme though part of the amount remained unutilised.

3.1.13 *Power tillers*

(a) In order to encourage mechanised cultivation, the programme provided for sale of Power Tillers to the farmers during 1987-88 and 1988-89 at a subsidy of Rs.10,000 per set.

Targets and achievements for the two years were as under :

Year	Financial		Physical		Percentage of achievement
	Provision	Expenditure	Target	Achievement	
(in lakhs of rupees) (in numbers)					
1987-88	25.10	31.31	351	23	7
1988-89	23.10	23.10	231	76	33

Even though the entire provision was spent in both the years, physical achievement was only 7 and 33 per cent in 1987-88 and 1988-89 respectively due to lack of adequate demand from the farmers.

(b) In the five districts records of which were test checked, out of Rs.16.63 lakhs drawn in 1987-88 (Rs.10.45 lakhs) and 1988-89 (Rs.6.18 lakhs), a sum of Rs.13.55 lakhs representing 81 *per cent* of the amount drawn remained unutilised (March 1990).

Low utilisation of funds was attributed to lack of demand from the farmers. Funds were drawn only to utilise budget provision and report as expended.

(c) Though under this component of SRPP, a sum of Rs.35.10 lakhs was initially provided for 1987-88, the same was reduced to Rs.25.10 lakhs as a measure of economy. But before the cut in the provision was intimated to the DDAs, an amount of Rs.31.31 lakhs was drawn resulting in excess drawal of Rs.6.21 lakhs over the provision during 1987-88.

3.1.14 *Field demonstrations*

(i) The programme provided for free supply of certified seeds during 1986-87 and such supply to the extent of 50 *per cent* of the quantity during 1987-88. However, no seeds were supplied by the DDAs in Cuttack and Bolangir districts for conducting the demonstrations during the years.

- ✓ (ii) During 1986-87, to make up the loss of nitrogenous content in the fields due to stagnation of water for want of proper drainage, application of 50 per cent of Urea Super Granules (USG) as basal dose and 25 per cent each after transplantation and as panicle* dressing, was suggested in respect of 22 SRPP Blocks of 6 districts of the State.

Test-check of records of Cuttack district, where demonstrations were to be conducted with 55 quintals of USG in 7 Blocks revealed, that the USG was supplied towards the end of July 1986 instead of May/June 1986 and could not be used as a basal dose.

- ✓ (iii) Out of 5 quintals of USG fertiliser each supplied (July 1986) to Banki and Tirtol Blocks, 2.09 quintals and 3.10 quintals respectively remained unutilised as of October 1990. A quantity of 7.33 quintals remaining unutilised with Salepur Block out of 10 quintals supplied in July 1986, was utilised in September 1989 after a lapse of 3 years.

Results of demonstrations conducted with application of USG in Dasarathpur, Barchana and Tirtol Blocks were not obtained. The DAO, Jagatsingpur

* A loose branching cluster of Paddy flowers

reported (March 1989) that no demonstrations were conducted in Balikuda Block during 1986-87.

(iv) During 1988-89, a provision of Rs.6.30 lakhs was made for conducting demonstrations in 27 hectares in each Block with application of weedicides as pre-emergence spray and top dressing of urea at Panicle-I stage during kharif 1988. But the guidelines for demonstrations were issued in July 1988 (middle of kharif), and the weedicide was procured during August 1988 and supplied to the Blocks during September, October 1988. As a result, demonstrations could not be conducted during kharif 1988 and were conducted during rabi 1988-89. As the purpose of demonstrations was to show the effectiveness of weedicides in curbing the growth of destroying weeds, such demonstrations in rabi during which growth of weed was comparatively less, did not serve the purpose.

(v) Test-check of records revealed that in Balikuda Block of Cuttack district the yield in demonstration plots during rabi 1988-89 ranged from 11.10 to 16.50 quintals of paddy per hectare against the Block average yield of 23.12 quintals per hectare. Similarly, in the Hatadihi Block of Keonjhar district and in all the 7 SRPP Blocks of Puri district, the yield in demonstration

plots was 14.19 and 30.00 quintals per hectare as against the Block average yield of 32.71 and 35.30 quintals per hectare respectively. In Phulbani district, results of demonstrations conducted at a cost of Rs.1.20 lakhs in the Blocks for the years 1986-87 to 1988-89 were not obtained from the field.

3.1.15 *Training*

In order to impart training to the farmers and Agriculture labourers (including women) on Rice Production Technology, all range DDAs were instructed by the Director for organising training camps in advance of kharif season so as to complete the training by 30th June in the rainfed Blocks and by 15th July in the irrigated Blocks.

Test-check of records revealed that the prescribed time schedule was not observed in any of the years and the training camps were being organised throughout the year.

Further, though the guidelines envisaged participation of scientists from Orissa University of Agriculture and Technology/Central Rice Research Institute, Cuttack for imparting training, only District

and Block level staff of the Agriculture Department imparted training to the farmers.

3.1.16 *Land Development/Irrigation and drainage*

The programme envisaged distribution of pump sets and low lift hand-pumps at 50 per cent subsidy, not exceeding Rs.5000 per set during 1987-88 and 1988-89.

Test-check of records revealed that in the Pipili Block of Puri district, the subsidy allowed to the farmers in respect of 8 out of 9 pump sets sold by OAIC ranged between Rs.2,500 to Rs.3,350 representing 27 to 41 per cent as against 50 per cent envisaged under the scheme.

3.1.17 *Monitoring, Evaluation*

Monthly Progress Reports regarding the achievements in the fields were required to be submitted by the Department of Agriculture to the Agriculture Commissioner, Department of Agriculture and Co-operation of the Ministry of Agriculture with a copy to the Director of Rice Development, Patna and the Joint Director of Rice Development, Hyderabad. Though such reports were rendered, there was no system of verifying the correctness of the figures reported

Test-check disclosed that against the target of supply of 1600 quintals of seeds at subsidised rates and reported achievement of 1661 quintals of seeds reported to the Government of India through periodical returns in respect of the Eight Blocks of Cuttack district, 76.60 quintals of seeds only were supplied to the farmers of the said Blocks at subsidised rates during 1988-89.

In their evaluation studies the Director compared the productivity and production in SRPP Blocks with those of non-SRPP Blocks but attempts were not made to ascertain the reason for low achievements for remedial action.

The above points were brought to the notice of Government in May 1991; their reply had not been received as of April 1992.

3.2 National Watershed Development Programme for Rainfed Agriculture

3.2.1 Introduction

The Centrally sponsored scheme of National Watershed Development Programme for Rainfed Agriculture was launched in the year 1986-87 for stabilisation

of agricultural production in rainfed areas by development of dryland agriculture. It is a programme to increase overall productivity of crops in a given area depending upon rainfall. The programme includes Land and Moisture Management works for increasing the moisture availability. It also includes alternate land use systems for developing dryland horticulture, farm forestry and silvipasture. All these programmes are to be undertaken on a watershed basis. For this purpose 50 *per cent* of the cost with a ceiling of Rs.2,500 per hectare is to be borne by the Government of India and the State Government is required to meet the balance 50 *per cent* of the cost from their own plan resources.

3.2.2 *Organisational set-up*

The programme was implemented through the Department of Agriculture with the Director of Soil Conservation as the controlling authority. At the district level the Soil Conservation Officer, Koraput was the nodal agency for the execution and monitoring of the programme.

3.2.3 *Audit coverage*

Four watersheds (three micro watersheds and one mini watershed), all in the district of Koraput were identified and selected for the implementation of the programme, during the period from 1986-87 to 1989-90. Out of the four watersheds, three were test-checked for the entire period in Audit during the period from April 1991 to July 1991, and results thereof are given in the succeeding paragraphs.

3.2.4 *Highlights*

An amount of Rs.4.03 lakhs out of the funds released during the period from 1986-87 to 1989-90 was lying unutilised as of June 1991.

(Paragraph 3.2.5(b))

Funds to the extent of Rs.4.70 lakhs were diverted and utilised on items not covered under the programme.

(Paragraph 3.2.5(d))

Rupees 30.78 lakhs were spent on costly/prohibited soil conservation measures without approval of the Government of India.

(Paragraph 3.2.6(a))

- Expenditure to the tune of Rs.19.87 lakhs incurred on non-arable lands and debitable to other ongoing schemes was irregularly debited to this scheme.

(Paragraph 3.2.6(b))

- As against the admissible expenditure of Rs.99.73 lakhs under the programme on four watersheds , the Department incurred Rs.112.14 lakhs resulting in excess expenditure of Rs.12.41 lakhs.

(Paragraph 3.2.6(c))

- The dryland horticulture works carried out in Koraput and Rayagada proved to be a failure as survival of plants was less than 50 per cent in 2 watersheds during 1988-89 and 4 watersheds in 1989-90.

(Paragraph 3.2.7)

- Agricultural implements worth Rs.0.51 lakh meant for demonstration work were distributed to farmers free of cost.

(Paragraph 3.2.8)

- Expenditure incurred on crop demonstration exceeded the norms resulting in excess expenditure of Rs.6 lakhs.

(Paragraph 3.2.9)

The share of beneficiaries to the extent of Rs.3.28 lakhs in the form of labour to be realised in respect of on-farm Development works was not done.

(Paragraph 3.2.10)

3.2.5 *Financial outlay and expenditure*

(a) Details of financial outlay, release of funds by the Central and the State Governments and amount utilised under the programme during the period from 1986-87 to 1989-90 are as under :

Year	Outlay			Amount released			Expenditure incurred
	Central	State share	Total	Central	State	Total	
(in lakhs of rupees)							
1986-87	50	50	100	3.17	3.83	7.00	6.99
1987-88	50	50	100	15.00	5.60	20.60	20.03
1988-89	50	50	100	15.00	15.00	30.00	27.70
1989-90	50	50	100	26.90	33.36	60.26	58.67
	<u>200</u>	<u>200</u>	<u>400</u>	<u>60.07</u>	<u>57.79</u>	<u>117.86</u>	<u>113.39</u>

(b) *Unutilised balance of funds at the end of the project period*

Funds were sanctioned and released year after year by Government without ensuring their timely

utilisation. The unutilised balances out of the funds drawn and released to the executing agencies during 1986-87 to 1989-90, as at the end of the project period amounted to Rs.4.03 lakhs (June 1991) resulting in blocking of Government funds.

(c) *Position of utilisation certificates pending with executing agencies*

Utilisation certificates for Rs.11.38 lakhs relating to the period from 1986-87 to 1989-90 were pending with the executing agencies (as on August 1991), year-wise details of which are furnished below :

Year	Amount (in lakhs of rupees)
1988-89	1.56
1989-90	<u>9.82</u>
	<u>11.38</u>

(d) *Diversion of funds*

According to the instructions of the Government of India, items such as pumpsets, electrical typewriters, xerox machines, film projectors, video-cameras, VCRs, colour TVs, public address systems, library books and other dead stock articles etc. were not to be purchased out of the funds provided for the programme.

Notwithstanding the above instructions, an expenditure of Rs.4.70 lakhs was incurred by the departmental officers on items which are not covered under the programme. Details of the purchases made are given in *Appendix - IX*.

(e) *Advances shown as final expenditure*

An amount of Rs.34.10 lakhs advanced to various executing agencies during the period from 1986-87 to 1989-90 was shown as final expenditure. Details of these advances are given in *Appendix - X*.

3.2.6 *Land Management works*

(a) The Government of India laid stress on low rainfed farming technology involving cheap and replicable soil conservation practices like Contour bunding, vegetative bunding, retention/tatti type terraces etc. costing not more than Rs.1000 per hectare. Nevertheless, costly measures like Water Harvesting Structures, Gully control structures and Stream Bank erosion control, prohibited by the Government of India, were undertaken at a cost of Rs.20.51 lakhs as detailed in the following page :

[Statement

Year	Water harvesting		Gully control structure		Stream bank erosion control		Total	
	Area	Expendi-	Area	Expen-	Area	Expen-	Area	Expen-
	cove- red	ture (in lakhs of rupees)	cove- red	diture (in lakhs of rupees)	cove- red	diture (in lakhs of rupees)	cove- red	diture (in lakhs of rupees)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1986-87	43	2.00	28	1.52	-	-	71	3.52
1987-88	109	5.50	34	1.70	-	-	143	7.20
1989-90	75	6.00	68	3.40	13	0.39	156	9.79
	<u>227</u>	<u>13.50</u>	<u>130</u>	<u>6.62</u>	<u>13</u>	<u>0.39</u>	<u>370</u>	<u>20.51</u>

In addition, field bunding covering an area of 1260 hectares was undertaken during 1986-87 to 1988-89 at a cost of Rs.10.27 lakhs, though the Government of India specifically prohibited the same as soil conservation measure under the programme.

(b) *Irregular expenditure on non-arable lands*

Expenditure on all works on non-arable lands were to be met from the ongoing schemes such as Rural Landless Employment Guarantee Programme, National Rural Employment Programme, Drought Prone Area Programme etc. It was observed that a sum of

Rs.19.87 lakhs as detailed below was spent on activities on non-arable lands out of the National Watershed Development Programme for Rainfed Agriculture :

Nature of work	Period	Amount (in lakhs of rupees)
Miscellaneous plantations	1987-88 and 1988-89	3.25
Cashew plantation	1987-88 and 1988-89	2.58
Coffee plantation	1987-88 and 1988-89	1.21
Diversion drain	1989-90	11.10
Farm Forestry	1989-90	0.98
Pasture Development	1989-90	0.75
		<u>19.87</u>

(c) *Expenditure in excess of the norms prescribed*

According to the instructions of the Government of India, the cost of the project in a watershed should not exceed Rs.2,500 per hectare excluding the expenditure incurred under the head "Publicity". Scrutiny of the records revealed that the total area of the four watersheds on which works were carried out

was 3,989.20 hectares. As against the admissible expenditure of Rs.99.73 lakhs, the Department incurred an expenditure of Rs.112.14 lakhs resulting in an excess expenditure of Rs.12.41 lakhs.

3.2.7 *Dryland Horticulture*

The Horticulturists, Koraput and Rayagada had carried out Horticulture plantation programme during the years 1988-89 and 1989-90 in all the 4 watersheds incurring an expenditure of Rs.2.08 lakhs. The percentages of survival of plantation are as under :

Table - I

Name of the watershed	Year of plantation : 1988-89	
	Area covered under plantation (in hectares)	Percentage of mortality with reference to original plantation
(1)	(2)	(3)
Kerandinala	3.7	22.5
Nisar	2.5	69.1
Sagar	3.5	26.4
Pedagada	2.5	100
	<u>12.2</u>	

Table - II

Year of plantation : 1989-90		
Kerandinala	7.00	77
Nisar	8.00	51
Sagar	7.00	62.8
Pedagada	6.00	67
	<u>28.00</u>	

The high rate of mortality in Nisar and Pedagada watersheds during the year 1988-89 and in all the four watersheds during 1989-90 was attributed to lack of adequate maintenance of plantations by the beneficiaries. There was no provision under the National Watershed Development Programme for maintenance of plantation beyond first year.

3.2.8 *Distribution of implements*

According to the instructions issued in January 1989 by the Government of India implements purchased from the project funds are to be utilised for demonstration purpose only and not to be distributed to farmers at subsidised rates. It was, however, seen from the records of the Soil Conservation Officer, Koraput that implements worth Rs.0.51 lakh were distributed free of cost to the farmers.

3.2.9 *Excess expenditure on crop demonstration*

According to the guidelines of the Government of India, the cost on seed, fertiliser and plant protection chemicals was to be about Rs.600 per hectare per crop/inter crop except for Maize and Groundnut where the limit was up to Rs.1000 per hectare. Scrutiny of

records of the Deputy Director of Agriculture, Jeypore revealed that there was an excess expenditure to the tune of Rs.6 lakhs in respect of demonstrations conducted during 1988-89 to 1990-91 as detailed in *Appendix - XI*.

3.2.10 *Non-realisation of contribution from the beneficiaries*

According to the guidelines of the Government of India a minimum of 30 *per cent* of the expenditure incurred towards On-farm Development works was to be realised from the beneficiaries in the shape of his own labour or family members etc. A test check of records revealed that a sum of Rs.10.95 lakhs was spent towards development on private lands during the period 1986-87 to 1989-90. The share of 30 *per cent* in the form of labour was not realised from the beneficiaries.

Name of the Watershed	Amount utilised				Total
	1986-87	1987-88	1988-89	1989-90	
(In lakhs of rupees)					
Kerandinala	0.24	0.60	0.77	1.50	3.11
Nisar	0.36	1.50	1.48	4.50	7.84
					<u>10.95</u>

The value of such work not adjusted worked out to Rs.3.28 lakhs.

3.2.11 *Wasteful expenditure*

(a) A Slide Projector was purchased (March 1990) at a cost of Rs.0.10 lakh out of the funds provided under "Publicity" during the years 1986-87 to 1988-89. The projector is lying idle ever since its purchase in the office of the Soil Conservation Officer, Koraput resulting in wasteful expenditure.

(b) An expenditure of Rs.1.22 lakhs was incurred by the Assistant Soil Conservation Officer, Koraput on Cashew plantation over 188 hectares in the Semiliguda Range of Kerandinala watershed. As no funds were provided for the maintenance of these plantations in subsequent years, only 30 to 40 *per cent* of them survived thus rendering bulk of the expenditure wasteful.

The points mentioned in this review were referred to Government in October 1991; their reply had not been received (April 1992).

3.3 **Un-productive investment**

Government established (June 1983) a Regional coconut nursery at Marichipur in Cuttack district for raising one lakh coconut seedlings annually to be used for plantations on canal embankments. The

nursery initially set up as a centrally sponsored scheme with 50 *per cent* assistance from Coconut Development Board was continued as a State Plan Scheme from 01.04.1986 as the Board refused funds due to financial constraints. A sum of Rs.10.17 lakhs (Central : Rs.6.02 lakhs and State : Rs.4.15 lakhs) was spent upto 1989-90 (salaries : Rs.4.30 lakhs, works : Rs.2.17 lakhs, machinery and equipment : Rs.0.42 lakh, office contingencies : Rs.1.06 lakhs and raising of seedlings : Rs.2.22 lakhs). The details of seed nuts sown, coconut seedlings produced, seedlings sold and amount realised up to 1989-90 were as under :

Year	Number of seed nuts sown	Number of coconut seedlings produced	Number of coconut seedlings sold/sup- plied	Revenue realised (Rupees in lakhs)
	(in	lakhs)	
1984-85	0.05	0.04	-	-
1985-86	0.28	0.12	0.08	0.58
1986-87	-	-	-	
1987-88	0.07	0.02	0.04	0.25
1988-89	-	0.05	0.02	0.14
1989-90	<u>0.16</u>	<u>0.03</u>	<u>0.02</u>	<u>0.12</u>
Total =	<u>0.56</u>	<u>0.26</u>	<u>0.16</u>	<u>1.09</u>

Test check in audit disclosed (January 1989) that the views of the Director of Horticulture, Orissa were not obtained nor water and soil samples tested prior to the establishment of the farm and a reference made subsequently was not followed up. Moreover, the area of the nursery was frequently affected by wind erosion as a result of which large sand dunes were formed around the nursery at a higher elevation making it unsuitable for the establishment of the nursery. No irrigation facilities were available in the farm while continuous rains during August and September submerged the plants resulting in poor regeneration. The site of the farm was inaccessible due to lack of necessary link road for transportation of coconut seedlings during plantation season which adversely affected the performance of the farm. The posts of Horticulturist, Junior Agriculture Officer, Agriculture Overseer and Driver were lying vacant since 15 July 1986, 25 September 1986, 1 April 1987 and June 1983 respectively.

Thus, due to improper location and lack of facilities the nursery did not fulfil the purpose for which it was established and the investment of Rs.10.17 lakhs made thereon was rendered largely unproductive.

Government stated (December 1990) that after the Coconut Development Board stopped Central assistance, the nursery was being maintained by the State Government within their limited plan resources and the staff under this project were deployed for the general horticulture development of the area.

3.4 Un-successful coffee plantation

In pursuance of a programme to raise coffee plantations, the Soil Conservation Department developed plantations on 471.75 acres in Phulbani district during 1974-75 to 1983-84. Upto 1988-89 a sum of Rs.22.25 lakhs was spent on raising the plantations (Rs.4.61 lakhs) and their maintenance (Rs.17.64 lakhs excluding the period 1974-75, 1975-76 and 1977-78). The plantations were targeted to give a net annual income of Rs.1659 per acre from fifth year to 36th year. The targeted annual production was 270 kg per acre while the annual maintenance expenditure was to be Rs.1200 and Rs.800 per acre for coffee bearing and non-producing plantations respectively.

As observed from the records of the Assistant Soil Conservation Officer, Phulbani the total yield and sale proceeds obtained during 1978-79 to 1988-89

were 17,341 kg and Rs.2.66 lakhs respectively as against the anticipated production of 5.24 lakh kg and net income of Rs.32.19 lakhs.

The reasons given by the Department for low production were inadequacy of rainfall and paucity of funds for maintenance according to norms. It was, however, observed from the report (February 1988) of the Liaison Officer of the Coffee Board that the poor yield was due to improper handling and pruning and want of prophylactic measures caused by less provision of funds, Rs.22.25 lakhs only were provided as against the required amount of Rs.38.54 lakhs.

Thus, inadequate provision of funds adversely affected the productivity of the programme and rendered the plantations uneconomical.

The matter was reported to Government in June 1991; their reply had not been received (April 1992).

3.5 Un-fruitful expenditure on raising plantation

The programme of "Economic Rehabilitation of Rural Poor" envisages identification of beneficiaries, obtaining their willingness after proper motivation to move to the site of plantations, engagement of

were 17,341 kg and Rs.2.66 lakhs respectively as the beneficiaries as labourers in the development of the anticipated production of 5.24 lakh kg and plantations so that they would not only earn income but also develop attachment to the asset which would eventually be transferred to them. The plantations to be distributed to the beneficiaries are cashew/mixed orchard (2 acres) and banana (1 acre) in the fifth and third year of plantation respectively.

The reasons given by the Department for low production were inadequacy of rainfall and paucity of funds for maintenance according to norms. It was, however, observed from the report (February 1991) of the Liaison Officer of the Coffee Board that poor yield was due to improper handling and poor maintenance and want of prophylactic measures caused by inadequate provision of funds, Rs.22.25 lakhs only were provided as against the required amount of Rs.38.54 lakhs. From a test check (April 1990) of the records of the Horticulturist, G.Udayagiri it was observed that out of 393 acres of plantations raised, 257 acres (Rs.4.25 lakhs) were not distributed to 132 beneficiaries due to (i) non-identification of beneficiaries (30 acres - Rs.1.75 lakhs - 67 beneficiaries), of this plantation in 8 acres (cost: Rs.0.18 lakh) was lost in 1990 as it was left uncared for after the maintenance period; (ii) non-receipt of funds in time leading to damage to plantations (62 acres - Rs.0.84 lakh - 31 beneficiaries); (iii) un-willingness of the beneficiaries to move to the site of the plantations as the sites were far away from their villages (54 acres - Rs.1.49 lakhs - 27 beneficiaries) and (iv) damage by frost (7 acres of banana - Rs.0.17 lakh - 7 beneficiaries).

Thus, inadequate provision of funds adversely affected the productivity of the programme and rendered the plantations uneconomical.

The matter was reported to Government in June 1991; their reply had not been received (February 1992).

3.5 Un-fruitful expenditure on raising plantations

The programme of "Economic Rehabilitation of Rural Poor" envisages identification of beneficiaries obtaining their willingness after proper motivation to move to the site of plantations, engagement of

(b) The records of Assistant Soil Conservation Officer, Khurda, disclosed (January 1991) that cashew

plantations raised on 598 acres at a cost of Rs. lakhs meant for distribution to 299 beneficiaries were not distributed due to non-identification of beneficiaries. Of the above, plantations in 36 acres in Gopal Prasad Village were up-rooted by the residents of nearby villages in October 1990 (Rs.0.61 lakh - 18 beneficiaries).

On a request (February 1987) from the Director of Soil Conservation, Government instructed (February 1987) for auctioning of the plantations and distributing the sale proceeds amongst the beneficiaries after proper identification. Accordingly, out of Rs. lakhs realised on sale, (between 1987-88 and 1990-91) from the plantations raised in villages - Gamel, Panchpur - I & II, Aranga, Jaritap, Bariko, Gopal Prasad, Baullabandha, Godijhar and Ramchandpur, Rs.0.61 lakh were distributed to 35 beneficiaries, Rs.1.73 lakh were kept in civil deposit due to non-selection of beneficiaries and the balance amount of Rs.2.87 lakh was appropriated towards maintenance charges without specific sanction. Records in support of the expenditure of Rs.2.87 lakhs were also not produced to Audit (March 1991).

Due to non-identification of the beneficiaries, the expenditure of Rs.12.50 lakhs incurred on raising plantations was rendered unfruitful, as the twin objectives of making the beneficiaries wage earners and ultimate owners of the plantations, remained unfulfilled.

The non-achievement of the objective of the scheme was reported to Government in June 1991; their reply had not been received (April 1992).

Avoidable loss due to excess procurement of seeds

Director of Agriculture and Food Production, Cuttack (DA&FP) allotted 11,660 quintals of paddy seeds for procurement by the Deputy Director of Agriculture (DDA), Cuttack for 1988 and 1989 against requirement of 6,985 quintals of seeds as assessed by the field Agriculture Officers of the district. The DDA procured 11,411 quintals of tested paddy seeds though he had 1,063 quintals of carried over stock in hand. Out of 10,348 quintals thus available, only 2,575 quintals of seeds could be sold and 5,709 quintals were utilised in demonstrations, during the two years. The balance quantity (4,190 quintals) was subjected to sample test by the Seed Testing Laboratory, Bhubaneswar. The

results showed germination percentage of 58 to against the required percentage of 80 prescribed the Department.

Out of the above, 908 quintals of valuing Rs.3.30 lakhs were therefore sold in auction for Rs.1.46 lakhs resulting in a loss of Rs.1.84 lakhs. 194 quintals of seeds were shown as storage loss which was in excess of permissible storage loss by 15 quintals and the balance quantity of 3088 quintals were awaiting disposal (May 1991).

The DDA stated in August 1989 that procurement was made in excess of requirement to meet the demand of cultivators and to maintain reserve for use in case of natural calamities. Contentment of the DDA is not tenable in view of the fact that sales constituted barely 23 per cent of the total procurement and it is unlikely that such a huge quantity would have been planned for meeting demonstrative requirements and for meeting contingencies.

HEALTH AND FAMILY WELFARE DEPARTMENT

National Technology Mission on Immunisation (Universal immunisation programme)

Introduction

The Universal Immunisation Programme was launched in 1985-86 for the coverage of pregnant women and 85 per cent (enhanced to 100 per cent from 1990-91) of infant population as well as to improve the quality of services already being provided. In 1978, under the expanded programme on immunisation it is a Centrally sponsored programme and was declared as "a Technology Mission" in 1987-88 to provide a sense of urgency and commitment to achieve the target by 1990.

The programme aimed at reducing morbidity and infant mortality through universal immunisation against vaccine preventable diseases such as Diphtheria, Pertussis, Tetanus, Poliomyelitis, Tuberculosis and measles. The programme was implemented in all the districts of the State in a phased manner between 1985-86 and 1989-90.

All abbreviations used in the Review are expanded in the Glossary vide Appendix - XVI at Page 360 & 361

3.7.2 Organisational set-up

The Additional Chief District Medical Officer (ACDMO) at the district level and the District Immunisation Officer (DIO) is responsible for organising the programme in consultation with the Director of Family Welfare (DFW). The Department of Social & Preventive Medicines and the Department of Paediatrics of the Medical College (if located in the district), are also to take part in the programme. In the cities having Medical Colleges, the services of the Medical students are also to be utilised for intensive coverage of the programme. At the district level, the programme is being implemented through the network of the Primary Health Centres (PHCs), Community Health Centres (CHC), and Sub-centres headed by Auxiliary Nurse and Midwives (ANM).

3.7.3 Audit coverage

Implementation of the programme during 1985-86 to 1990-91 was test checked in Audit between January and July 1991 at the Government level, Directorate of Family Welfare and in 3 districts (Cuttack, Puri and Keonjhar) out of 13 districts in the State.

Audit coverage included one Medical College, one specialised institute for Paediatric care, 8 Post Partum Centres (PPC) and 13 PHCs/CHCs. Points noticed during test-check, are dealt with in succeeding paragraphs.

Highlights

During 1986-87 to 1990-91 an amount of Rs.2.88 lakhs was diverted for the purpose other than that for which it was intended.

(Paragraph 3.7.5(c))

The report of achievement in respect of vaccination was not tallying with the doses of vaccines utilised.

(Paragraph 3.7.6(b))

The vaccination coverage assessment survey revealed the percentage of drop out as more than 30.

(Paragraph 3.7.7(a))

As of April 1990 the percentage of beneficiaries not vaccinated ranged from 22 to 41 indicating that the programme had not achieved its objective.

(Paragraph 3.7.7(c))

The incidence of Diptheria rose from cases with 80 deaths (1987-88) to 931 with 108 deaths in 1989-90.

(Paragraph 3.7.11)

Ice lined Refrigerators and deep freezers for maintaining cold chain were not supplied to 6 out of 17 units in Cuttack and districts.

(Paragraph 3.7.11)

DPT Vaccines (valuing Rs.3.66 lakhs) were received by the State Vaccine Store and transportation by passenger train with any cold chain arrangement, though it was required to be transported by Air. The Vaccine was distributed to centres without potency.

(Paragraph 3.7.11)

OP vaccines of low potency valuing Rs.2 lakhs were administered to the beneficiaries.

(Paragraph 3.7.12(a))

Out of 6 vaccines utilised under immunisation programme, potency of only one vaccine was tested and that was also inadequate being 2 per cent of the target.

(Paragraph 3.7.12(b))

Vehicles under Universal Immunisation Programme were mainly used for other purposes.

(Paragraph 3.7.13)

The State Level Advisory Committee set up to review the progress of the Mission, held only 3 meetings against the requirement of 12 meetings during the period from 1988-89 to 1990-91.

(Paragraph 3.7.14)

Financial outlay and expenditure

Year-wise position of the amount allocated by the Government of India, amount actually released and the expenditure incurred was as follows :

Year	Amount allocated	Amount released	Expenditure
	(Rupees	in	lakhs)
1985-86	NIL	NIL	0.28
1986-87	14.81	11.10	12.29
1987-88	21.01	21.77	23.79
1988-89	46.34	33.16	44.14
1989-90	50.98	27.64	43.81
1990-91	45.70	45.70	44.01
	<u>178.84</u>	<u>139.37</u>	(Provisional) <u>168.32</u>

Vehicles under Universal Immunisation Programme were mainly used for other purposes.

(Paragraph 3.7.13)

The State Level Advisory Committee set up to review the progress of the Mission, held only 3 meetings against the requirement of 12 meetings during the period from 1988-89 to 1990-91.

(Paragraph 3.7.14)

3.7.5 Financial outlay and expenditure

(a) Year-wise position of the amount allocated by the Government of India, amount actually released and the expenditure incurred was as follows :

Year	Amount allocated	Amount released	Expenditure
	(Rupees	in	lakhs)
1985-86	NIL	NIL	0.28
1986-87	14.81	11.10	12.29
1987-88	21.01	21.77	23.79
1988-89	46.34	33.16	44.14
1989-90	50.98	27.64	43.81
1990-91	45.70	45.70	44.01
	<u>178.84</u>	<u>139.37</u>	(Provisional) <u>168.32</u>

(b) In addition to the above, vaccines and equipments worth Rs.613.65 lakhs were also provided by the Government of India during the above period.

(c) During the period from 1986-87 to 1990-91 an amount of Rs.2.88 lakhs was diverted by the DFW and utilised on the purchase of duplicating machine, calculator, water filters, furniture, repair and maintenance of vehicles etc. though they were not envisaged under the Immunisation Programme.

3.7.6 *Physical performance*

The targets and reported achievements under the programme during 1985-86 to 1990-91, were as under :

[Statement

	1985-86		1986-87		1987-88		1988-89		1989-90		1990-91 (Provisional)	
	Tar- get (1)	Achi- eve- ment (2)	Tar- get (3)	Achi- eve- ment (4)	Tar- get (5)	Achi- eve- ment (6)	Tar- get (7)	Achi- eve- ment (8)	Tar- get (9)	Achi- eve- ment (10)	Tar- get (11)	Achi- eve- ment (12)
BCG	5.00	3.76	5.00	4.47	5.94	6.76	6.50	6.61	6.71	7.39	7.94	8.26
DPT	5.00	4.22	5.00	4.81	5.94	6.22	6.50	6.96	6.71	7.01	7.94	7.43
OPV	5.00	3.18	5.00	4.14	5.94	5.51	6.50	6.91	6.71	6.95	7.94	7.43
Measles	0.50	0.04	2.00	0.98	4.28	3.18	6.11	4.43	6.71	4.52	7.94	6.98
TT(PW)	5.50	3.84	5.50	4.40	5.90	5.56	8.55	7.13	9.03	7.01	9.00	7.46
DT(5-6 years of age)	3.00	3.31	3.00	3.02	4.00	4.26	6.61	6.59	6.60	7.42	6.09	7.80
TT(10 years of age)	1.50	1.07	1.60	1.63	2.81	2.47	3.31	3.52	6.37	6.05	5.82	5.85
TT (16 years of age)	0.75	0.54	1.00	0.84	1.00	1.17	1.25	1.62	6.08	4.80	6.09	5.00

DPT - DIPHTHERIA PERTUSSIS TETANUS

OPV - ORAL POLIO VACCINE

BCG - BACILLUS CALMETTE GUERIN

TT(PW) - TETANUS TOXOID FOR
PREGNANT WOMEN

The shortfall in the achievement in TT(PW) and Measles vaccine in all the years were not explained.

Test check of the vaccination records of vaccine disclosed following :-

(a) In Keonjhar district, 98,447 Pregnant Women were reported to have been vaccinated with TT during 1988-89 to 1990-91 as against 45,552 pregnant women actually available for such vaccine during the period.

(b) In eleven PHCs/PP centres/Sisu Bhawan (units), the achievements in the utilisation of vaccine reported were more than the number of doses of vaccines actually utilised (including wastage component) as indicated below :

Year	Name of vaccines	Units under report	Vaccines utilised including wastage (doses)	Achievement reported (doses)
1989-90	DPT	3	17,606	20,640
	OPV(Polio)	4	12,018	16,422
	DT	3	15,140	18,773
	Measles	1	1,858	2,198
	TT	4	49,561	52,640
1990-91	DPT	1	8,512	8,774
	OPV(Polio)	1	8,020	8,832
	DT	1	4,519	4,754
	Measles	1	3,104	3,121
	TT	6	74,744	77,216

(c) In 13 sub-centres though the records revealed that there was no stock of vaccines, 1123, 267, 172 and 132 beneficiaries were reported to have been covered under DPT, OPV, BCG and Measles respectively during 1989-90 and 1990-91.

(d) During 1989-90 and 1990-91, 5 sub-centres reported vaccination of 144, 282 and 427 beneficiaries with DPT, OPV, BCG and Measles vaccines while their vaccination Registers (the basic record) recorded 81, 63 and 98 beneficiaries respectively.

(e) Vaccination carried out during 1988-89 (DPT/ Polio - 162 doses, BCG - 28 doses, Measles - 3 doses and TT(PW) - 37 doses) and included in the reported achievements by the Municipal Health Office, Cuttack for 1988-89 were again included in the reports for 1989-90. Similarly, vaccinations carried out in 1989-90 (DPT/Polio - 697 doses, BCG - 152 doses, Measles- 9 doses and TT(PW) - 119 doses) were included in the reported achievements of 1989-90 and 1990-91.

(f) Though each implementing unit was reporting its achievement direct to the ACDMO independently, the reported achievements of the Municipal Health Office, Cuttack included in their reports of 1989-90,

vaccinations (DPT - 934 doses, Polio - 682 doses, BCG- 114 doses, Measles - 35 doses and TT(PW) - 99 doses) carried out by PPC, Cuttack; Sisu Bhawan, Cuttack; Urban Health Centre, Cuttack and SCB Medical College, Cuttack.

(g) A scrutiny of details of vaccination sessions in 28 Sub-centres revealed that against 1680 (28 x 60) sessions targeted every year only 468 and 470 sessions were conducted during 1989-90 and 1990-91 respectively. The reasons for shortfall were not furnished.

3.7.7 (a) The annual progress report for the period from 1985-86 to 1990-91 revealed that drop out in DPT and Polio Vaccine cases ranged from 12 to 28 *per cent* whereas the vaccination coverage assessment survey conducted during March 1988 to January 1990 indicated the drop out as more than 30 *per cent*. The discrepancy was not clarified.

(b) In respect of 11 *per cent* cases of BCG and 32 *per cent* cases of measles vaccination carried out in 21 units, the children were beyond the prescribed age for vaccination.

(c) As on April 1990, beneficiaries not vaccinated were 41 *per cent* in respect of BCG; 35.7 *per cent* in respect of Measles and 21.8 *per cent* in respect of TT(PW). Thus, it would be seen that the programme had not achieved its objective.

3.7.8 *Death cases*

The State Directorate reported 8 cases of death out of 28 cases of adverse reaction following vaccination during 1988-89 to 1990-91. DPT, Polio and Measles Vaccines were simultaneously administered in 8 cases resulting in death in one case.

3.7.9 *Surveillance of diseases*

(a) The DFW selected in September 1989 all the Medical College Hospitals (3 numbers) and District Headquarters Hospitals (13 numbers) as Surveillance centres.

Wide variations were noticed between the surveillance reports furnished by the DFW (about affected and death cases of VPDs) and the Vital Statistics data (VS) maintained by the Director of Health Services

as indicated below :

Disease	Period of reports	According to Reports		According to VS Data	
		affected cases	Death	affected cases	Death
Diphtheria	1987-88				
	to 1989-90	187	23	2580	242
Pertussis	1987-88				
	to 1989-90	2398	8	116198	14
Measles	1987-88				
	to 1989-90	7759	53	120654	76
Polio	1987-88				
	to 1988-89	282	4	5039	45

(b) There was no fall in the incidence of Diphtheria after implementation of the Universal Immunisation Programme. On the other hand the incidence of Diphtheria rose from 728 cases with 80 deaths (1987-88) to 931 cases with 108 deaths in 1989-90. Epidemiological evaluation required to be conducted at the end of each year, was not done. Investigation of cases of out-break of diseases, analysis and interpretation of data collected, were not done at the Sentinel centres. No follow up action was taken at the State level.

3.7.10 *Training*

(a) As against 1772 Medical Officers and 13,935 para medical staff involved in the programme, only 438 Medical Officers and 10,236 para-medical staff were actually trained resulting in short fall of 75 per cent and 26 per cent respectively.

(b) 9 ACDMO's and 8 DIO's (against 13 each) were not trained at the National Institute of Health and Family Welfare, New Delhi and the National Institute of Communicable Diseases.

3.7.11 *Management of Cold-chain*

Cold-chain is a system where the vaccines are kept at required temperature while carrying it from the manufacturer to the places where actual vaccination programme is conducted. The following deficiencies were noticed in the management of cold-chain.

(a) Though the prescribed storage temperature for DPT, TT and DT vaccines was 2° to 8° Centigrade, 0.98 lakh doses of DPT, 0.59 lakh doses of DT and 1.21 lakh doses of TT vaccines were stored at 0° Centigrade in Ice-lined Refrigerators at the District Vaccine Stores, Keonjhar and 4 PHC/PP Centres in Cuttack,

Puri and Keonjhar districts for 2 to 150 days during the period 1988-89 and 1989-90. These vaccines were utilised without test to ascertain whether the preservation at the temperature below the prescribed limits had affected their potency.

(b) Eventhough the scheme was implemented in Cuttack and Puri districts in 1985-86 and in Keonjhar district in 1987-88, supply of required quantity of cold-chain equipments in these districts was completed only by 1990-91. Ice-lined Refrigerators and Deep Freezers were not supplied to 6 (out to 17) units in Cuttack and Puri districts. In 7 Sub-Centres involving 5 PHCs of the districts of Cuttack, Puri and Keonjhar, Vaccines (BCG - 206 doses, DPT/OPV - 695 doses, Measles - 182 doses) were stored, carried and handled without cold-chain arrangement for 2 to 60 days during 1989-90 and 1990-91 and were administered to 695 beneficiaries without conducting potency test.

(c) The Cold-chain Officer is required to tour for a period of 144 days in a year for carrying out the inspection of the cold-chain units for preventive and corrective maintenance. It was, however, seen that the Cold-chain Officer had undertaken tour for only 93 days during the period from 1989-90 to 1990-91.

Thus, the supervision in the maintenance of Cold-chain covering the PHCs and district net-work was not adequate.

Test check of receipts of vaccines from the manufacturer in one case showed that the State Vaccine Store received 5.45 lakh doses of DPT Vaccine valuing Rs.3.66 lakhs from the manufacturer in May 1988 over a transit period of 4 days without any cold-chain arrangement. The supply was made without any indent but based on orders placed by the Government of India. The vaccines were supplied to the districts for immunisation programme without testing their potency. Eventhough the Cold-chain system provided for transportation from the manufacturer to the State Store by Air only, the stock in this case was transported by Passenger Train. The utilisation of this stock in respect of 5.45 lakh doses can not, therefore, be considered as fruitful.

3.7.12 *Potency test of vaccine*

(a) The Medical College at Cuttack was identified in August 1989 by the Government of India for testing of OPV (Polio) samples and accordingly Rs.0.70 lakh was released to the college in April 1990 towards the cost of the basic equipments. But the testing centre had not been set up as of August 1991. In the absence

of the Testing Centre in the State, OPV samples were sent for testing to Delhi and Hyderabad, from where test reports were generally received late, with a delay of one month to twelve months. Test reports of 75 OPV samples (collected from 75 units) sent from November 1990 onwards had not yet been received as of August 1991.

5.13 lakh doses of OP vaccine valuing Rs.2.59 lakhs, which, on test, found to have lost the required level of potency, were administered to the beneficiaries during 1987-88 to 1989-90 before receipt of test reports in December 1987 and May 1989 to March 1990.

Samples of OP vaccine of a particular batch collected from 13 PHCs of different districts during 1988-89 and 1989-90 were found to be of low potency. But no sample of this batch was sent from the State Vaccine Store for test before supply of the vaccines to the districts or during the course of supply so as to ascertain whether the vaccine was of low potency at the time of receipt or there was failure of cold-chain at the State Headquarters, though a total quantity of 9.13 lakh doses of vaccines of this batch, valuing Rs.7.76 lakhs, were received during 1988-89 and 1989-90.

The test results received at the district level in no case were communicated to the PHC level where the vaccines are also stored at site.

(b) Out of the 6 vaccines administered under the programme, potency test is conducted only in respect of OP vaccine which was also inadequate. Against the requirement of testing every month, of samples from each of the 400 vaccine stores at different levels, only 489 OPV samples were sent for testing during 1986-87 to 1990-91, which constituted only 2 per cent of the target. No sample was sent from 1989-90 onwards. There were also time gaps of 1 to 2 months between the date of collection of samples and sending for testing at the district level and the State level.

3.7.13 Vehicles

For transportation of vaccines and to increase the mobility of the staff in all 34 Jeeps and 22 Vans were supplied to 13 districts in addition to 2 Vans at State Headquarters. Vaccines were transported from District stores to PHCs and from PHCs to Sub-centres, by the Public transport system or by bicycle, without ensuring cold-chain cover. Test check revealed that the Jeeps provided under the Programme were mostly

utilised for works other than immunisation programme. The utilisation of the jeeps in 3 test checked districts revealed the following :

District	Number of vehicles	Total number of days of use	Used for immunisation work	Percentage of use under immunisation programme	Remarks
Cuttack	4	3641 days	284 days	8	In addition 3 vehicles of UIP are being used exclusively for other purposes.
Puri	4	1311 days	71 days	5	
Keonjhar	2	590 days	63 days	11	

It was observed that 4 villages in PHCs of Keonjhar district were not covered under the programme during 1990-91 for want of vehicles.

3.7.14 Monitoring

The State Level Advisory Committee is required to meet once in a quarter every year to review the progress of the Mission. During 1988-89 to 1990-91

against the required number of 12 meetings only 3 meetings were held (July 1988, January 1989 and April 1989).

District Level Councils set up in May 1988 had not met even once in the three selected districts.

3.7.15 *Evaluation*

Though the Universal Immunisation Programme was launched in 1985-86, evaluation of the programme was not conducted upto 1988-89. The work was entrusted to a private agency in 1989-90 on payment of Rs.0.25 lakh. The organisation conducted the evaluation between January 1990 and April 1990 and submitted its report in March 1991. But the coverage of the evaluation was quite inadequate. Against the coverage of 27.94 lakh pregnant women and 77.53 lakh children (0 - 16) during the period of 5 years ended 1989-90, the evaluation covered only 116 (0.004 per cent) PW and 2043 (0.026 per cent) children.

The following were the findings of the evaluation agency :

- (i) Incidence of drop out was higher
- (ii) There was lack of communication between the functionaries and the public

- (iii) Supervision was inadequate
- (iv) Low vaccination coverage
- (v) Non-availability of vehicles for the programme.

Government had not taken any action on the evaluation report as of August 1991.

The matter was reported to Government (October 1991); their reply had not been received (April 1992).

3.8 Idle Equipment

For the purpose of providing scanning facilities to the patients, an ultrasound liner scanner Model LS-500 was procured in May 1986 from a Japanese firm through their Indian Agent at a cost of Rs.4.44 lakhs and installed (September 1986) in Sri Ramchandra Bhanja Medical College Hospital, Cuttack. For the smooth functioning of the machine an air conditioner, one voltage stabiliser and two fans costing Rs.0.20 lakh were also procured in August 1987. Purchase of the machine was not made through Director General, Supplies and Disposals, New Delhi as required under Rule 7 of Appendix - 6 of Orissa General Financial Rules. As a result, the machine was not subjected to inspection before shipment by the purchasing agency of Government.

There was also no provision in the purchase order for repair and replacement during the period of guarantee and supply of required spares. The proforma invoice furnished (June 1984) by the Indian Agent included a provision for guarantee for 12 months against any manufacturing defects.

The machine was used only thrice since its installation till August 1987 when it was found to be not working properly as the pictures were not appearing on the screen due to faults in digital converters. The service engineers of the Indian agent who had visited in November 1987 and August 1988 could not undertake the repair of the machine and reported the need for importing some sophisticated spare parts. After some persuasion, the supplier offered in February 1989 to rectify the machine if it was sent to Japan. This was not acceptable to the Department. However, in July 1991 the firm informed the hospital authorities that they could not undertake repairs as the manufacturing firm had stopped manufacturing ultrasound scanners and had disposed of all their spares and their business relationship with the manufacturers had since been terminated.

The machine costing Rs.4.64 lakhs is thus, lying idle since August 1987 without any prospect of future utilisation.

The matter was reported to Government in September 1990; their reply had not been received (April 1992).

3.9 Unfruitful expenditure on idle establishment

A twelve-bedded hospital at Barkote in the district of Sambalpur got submerged due to construction of Rengali Dam and was re-located in the National Highway Office building at Barkote in August 1985. But only outdoor treatment of the hospital was continued to be provided while the indoor facilities ceased to function for want of space. Though the Irrigation and Power Department deposited a sum of Rs.1.35 lakhs in March 1983 in favour of Health and Family Welfare Department for construction of a new hospital building and staff quarters under a rehabilitation programme, construction had not been taken up. Meanwhile nurse, cook, attendants etc. exclusively meant for the indoor treatment were continued without work in the re-located hospital and an expenditure of Rs.3.13 lakhs was incurred on their salary during the period from September 1985 to October 1990.

Further, the hospital was ordered (December 1987) to be upgraded to a Community Health Centre involving an additional expenditure of Rs.11.97 lakhs with the sanction of Government for 18 more beds. This has not been implemented for want of accommodation.

The Chief District Medical Officer, Sambalpur stated (January 1991) that steps were being taken to utilise the services of idle staff by deputing them to the nearest Medical Institutions.

Thus, failure of Government in providing an alternative building resulted in the incomplete shifting of the hospital and nugatory expenditure on the engagement of staff besides depriving the displaced persons of the benefit of medical care.

The matter was reported to Government in August 1990; their reply had not been received (April 1992).

3.10 Extra expenditure

Under the National Malaria Eradication Programme spray squads were employed on daily wage basis for conducting DDT spray operations. According to the prescribed norms, a spray squad consists of

1 Superior Field Worker (SFW) and 5 Inferior Field Workers (IFW) for operating 2 stirrup pumps and are required to cover 90 houses a day. The District Malaria Officer, Sundargarh engaged 17,802 (SFW) and 91,939 IFW during 1986 to 1988 and covered 10.55 lakh houses on payment of Rs.11.42 lakhs on account of wages. It should have been possible to cover 10.55 lakh houses with squads of 11,723 SFW and 58,615 IFW according to the prescribed norms on payment of Rs.6.96 lakhs as wages. Thus, engagement of excess spray squads resulted in extra expenditure of Rs.4.46 lakhs on their wages.

The matter was reported to Government in June 1991; their reply had not been received (April 1992).

3.11 Avoidable expenditure

Government sanctioned in March 1966 the establishment of a Regional Bacteriological and Pathological Laboratory at the Veera Surendra Sai Medical College Hospital, Burla, Sambalpur district. Though necessary equipments were provided (1966-67) and staff needed for the purpose were posted, the laboratory could not be established for want of accommodation.

The Director of Health Services, Orissa transferred the staff consisting of Medical Officer 1, Laboratory Technicians 3, Junior Clerk 1, Specimen Collector 1, Laboratory Attendants 3, Peon 1 and Sweeper 1 to the District Headquarters Hospital, Sambalpur in November 1970 with a view to establishing the laboratory there. But this also had not materialised for want of accommodation and non-shifting of equipments as they were put to other uses in Burla. The staff were utilised in the hospital in addition to the separate sanctioned complement without proper justification. An expenditure of Rs.12.88 lakhs incurred on their pay and allowances from April 1975* to March 1991 proved nugatory.

The matter was reported to Government in January 1985 and March 1991; their reply had not been received (April 1992).

3.12 Purchase and issue of substandard Medicines

In order to ensure supply of medicines of standard quality for use in hospital, Government issued (July 1989) the following guidelines : (i) the field functionaries of the Drugs Controller's establishment, either

* Details for the earlier period were not made available.

on their own initiative or on information from the indenting officers, should get random samples of drugs tested in the Drug Control and Research Laboratory, Bhubaneswar and communicate promptly the test results to the Director, Medical Education and Training (DMET) to enable withdrawal of substandard medicines from use, (ii) the supplier should replace the entire batch of substandard medicines within a month failing which the cost is to be recovered from him, (iii) the entire batch of medicines found substandard should be destroyed to prevent their fraudulent use.

From a test check of the records of the Chief District Medical Officer (CDMO), Puri (January 1990), Chief District Medical Officer, Bhawanipatna (August 1989) and Director of Medical Education and Training, Bhubaneswar (August 1990), it was observed that :

(i) the adverse results of samples tested by Drugs Inspector, Puri in February 1987 were communicated to the CDMO, Puri in May 1988, by which time substandard drugs purchased at a cost of Rs.0.92 lakh between June 1986 and May 1987 had been used;

(ii) medicines costing Rs.0.55 lakh purchased (June 1987 and June 1988) and found substandard in November 1988 and June 1989 respectively were issued for use before the test results were received (CDMO, Puri : Rs.0.09 lakh; CDMO, Bhawanipatna : Rs.0.46 lakh);

(iii) medicines worth Rs.1.22 lakhs, certified as substandard during August 1989 to May 1990 were lying in stock with DMET, Bhubaneswar, without being replaced by the suppliers or destroyed (except for those worth Rs.0.15 lakh) for preventing misuse.

The matter was reported to Government in May, August 1990 and May 1991; their reply had not been received (April 1992).

3.13 Avoidable expenditure on the purchase of fluids

In order to obviate the delays in finalising the list of drugs and chemicals to be purchased annually for use in different hospitals of the State, Government decided (May 1985) to prepare a list of drugs and chemicals specifying the agencies from which the drugs and chemicals would be purchased. Under these instructions, transfusion fluids were to be purchased from Orissa

Drugs and Chemicals (ODCL), Orissa Red Cross Blood Bank (ORCBB), SSI Units and outside firms.

According to the recommendations of the Purchase Committee, Government had decided in August 1985 that requirements of transfusion fluids be purchased from the firm in the ratio indicated below :

(1) ODCL	45 per cent
(2) ORCBB	30 per cent
(3) SSI Units	25 per cent

The basis and the detailed justification for adopting the above percentages was not made available to Audit.

The Industrial Policy, 1986 of Government envisaged that as far as practicable, orders would be equitably distributed among the competing units manufacturing in the State, if they agree to supply at the same rate and quality.

The procedure of purchase of drugs and chemicals was, however, not revised in the light of the Industrial Policy, 1986 of Government and purchase of fluids was made at varying rates from the undertakings in the percentages specified by Government in August 1986.

From the list approved by Government, the Superintendent, S.C.B. Medical College, Cuttack; M.K.C.G. Medical College, Berhampur and Assistant District Medical Officer, Balasore purchased (1988-89 and 1989-90) 1.78 lakh bottles of fluids (like Dextrose solution, normal saline etc.) at a total cost of Rs.17.61 lakhs at the following higher rates from two approved suppliers as against the lower rates approved for supplies from SSI Units:

Serial number	Item	Quantity procured (in lakh bottles)	ORCBB (Price in rupees per bottle)	ODCL	SSI Units
1.	Dextrose Saline 5 per cent	0.74	10.75	8.80	7.80
2.	Destrose Solution 5 per cent	0.50	10.65	8.75	7.75
3.	Dextrose Solution 10 per cent	0.14	11.20	9.40	8.40
4.	Normal Saline	0.40	10.20	8.30	7.20

Non-revision of the drug purchase procedure in the light of the Industrial Policy, 1986 and procuring at higher prices from those suppliers who had been

allotted a higher share, lacked justification and resulted in an avoidable expenditure of Rs.3.83 lakhs (computed with reference to the price allowed to SSI).

Orders were placed with the same suppliers identified long back in 1985 at the rates offered by/ negotiated with them. No fresh tenders were called to enlist new suppliers and to ascertain the market trend.

The matter was reported to Government in February 1991; their reply had not been received (April 1992).

FISHERIES AND ANIMAL RESOURCES DEVELOPMENT DEPARTMENT

3.14 Misappropriation of Government money

Test check (May 1990 and April 1991) of the accounts records of Joint Director of Veterinary Services, Biological Products Institute, Bhubaneswar for the year 1989-90 disclosed misappropriation of Rs.1.95 lakhs as detailed below :

Cash book showed payment of Rs.1.95 lakhs to two firms of Cuttack during April 1989 to June 1989 although purchase orders placed on them (between

December 1988 and March 1989) were cancelled in August 1989 before supply of any materials by them. One of the firms had also confirmed (July 1990) that no material was supplied by them and they did not receive any payment.

The misappropriation was rendered possible and remained undetected due to non-observance of codal provisions such as passing of supply bills after ensuring receipt of materials and recording payment entries in the cash book supported by vouchers duly acknowledged by the actual payees etc.

The case was under investigation by the Departmental Auditors (April 1991).

The matter was reported to Government (June 1991); their reply had not been received (April 1992).

3.15 Unfruitful investment

Government released a sum of Rs.13.30 lakhs for equipment (Rs.7.30 lakhs) and building (Rs.6.00 lakhs) during 1986-87 (Rs.6.00 lakhs), 1987-88 (Rs.6.00 lakhs) and 1988-89 (Rs.1.30 lakhs) for the establishment of a Prawn hatchery at Paradeep. The hatchery was to produce 2 million prawn seeds and fetch an income of Rs.2.00 lakhs (at Rs.100 per thousand seeds) per year through their sale.

While the required equipments were purchased at a cost of Rs.6.70 lakhs between April 1987 and August 1989 by the Deputy Director of Fisheries (DDF), Survey of Brackish Water, Cuttack, the building and other infrastructural works stipulated for completion by June 1989 could not be got completed by the Executive Engineer (Civil), (EE) Fisheries, Cuttack (May 1991).

As a result, the hatchery has not started functioning. The delay in the completion of the building was due to delay in finalisation of tenders, discontinuance of work by the contractor and delay in the sanction of revised estimates. A sum of Rs.3.22 lakhs has so far been spent on the construction of building and other infrastructure and the balance of work, estimated to cost a further sum of Rs.8.47 lakhs, has not been taken up (May 1991).

Thus, the expenditure of Rs.9.92 lakhs incurred on the hatchery remained blocked up besides delay in realising revenue to Government.

The delay was reported to Government (March 1991); their reply had not been received (April 1992).

INDUSTRIES DEPARTMENT

3.16 Un-intended benefit to entrepreneurs due to non-recovery of interest free Sales Tax and electricity duty loans

In order to accelerate the pace of industrial development in the State, Government had, in their Industrial Policy 1977-78 and 1980 provided for grant of interest free Sales Tax loans (STL) and Electricity Duty loans (EDL) to new industrial units. These loans, equal to Sales Tax and Electricity Duty paid respectively during the year, are granted to each industry every year over a period of 5 years after the first year of its operation and are repayable in 5 annual instalments on completion of 5 years from the date of each year's drawal. In case of default in the repayment of any annual instalment, a simple interest at 11 *per cent* was leviable on the overdue instalment and in the event of default of two consecutive instalments, the entire amount of loan outstanding becomes recoverable with 11 *per cent* interest thereon. The scheme has been discontinued from April 1986 with the introduction of Industrial Policy 1986.

The Director of Industries, Orissa, Cuttack, paid Rs.19.95 lakhs as Sales Tax loan to 37 units during

1981-82 to 1985-86 and Rs.25.70 lakhs as Electricity Duty loan to 3 units during 1983-84 and 1984-85. Though 23 units defaulted (March 1991) in the repayment of STL (20 units - Rs.7.80 lakhs) and EDL (3 units - Rs.25.70 lakhs) for over two years whereby the entire amount of loans was recoverable with interest of Rs.20.55 lakhs (on STL : Rs.2.83 lakhs and EDL : Rs.17.72 lakhs), no action was taken to collect the financial position of the defaulting units in order to ascertain the reasons for the default and to enforce the legal remedy available under Orissa Public Demand Recovery Act, 1962 (April 1991). As the rate of interest chargeable on these loans was less than the market rates of interest on borrowings, the inaction on the part of the Department in realising the loans resulted in the blockage of Government funds apart from bestowing un-intended benefit to the loanees.

Test check revealed that one unit to which STL of Rs.0.14 lakh (May 1982) and EDL of Rs.1.16 lakhs (May 1983) were paid had been taken over by the Orissa State Finance Corporation in December 1984 due to its closure. No legal action could be initiated against industrial units of Cuttack district for non-repayment of STL for want of their permanent address.

The matter was reported to Government (May 1991); their reply had not been received (April 1992).

3.17 Non-utilisation and mis-utilisation of training funds

The Project Administrator, Integrated Tribal Development Agency, Jeypore paid (April 1989 and June 1989) the General Manager, District Industries Centre (DIC), Koraput, an amount of Rs.4.97 lakhs to arrange for the training of 100 unemployed youth belonging to Scheduled Castes (49) and Scheduled Tribes (51) and to rehabilitate them.

The General Manager, DIC in turn placed (April 1989), Rs.1.74 lakhs with the Panchayat Industries Officer (PIO), Kotpad for arranging training in the manufacture of Burnt Bricks and Mangalore Pattern tiles (40 trainees) and Rs.0.72 lakh with PIO, Borigumma for imparting training in the manufacture of Bee Boxes (20 trainees).

A test check (January 1991) of the records of General Manager (DIC) revealed the following :-

- (i) the PIO, Kotpad, without arranging any training had diverted Rs.1.10 lakhs in 1989-90 for

modernisation of a Panchayat owned tile manufacturing unit closed in 1986-87. No utilisation certificate for Rs.1.10 lakhs was furnished and the balance amount of Rs.0.64 lakh was yet to be refunded. The General Manager (DIC) stated (January 1991) that there had been alleged misappropriation by the Ex-PIO, Kotpad and the matter had been reported to the higher authorities for arranging investigation;

- (ii) the PIO, Borigumma claimed to have spent Rs.0.67 lakh (out of Rs.0.72 lakh placed with him) eventhough no utilisation certificate could be furnished in support of the claim.

The General Manager, DIC surrendered in July 1990 the balance amount of Rs.2.51 lakhs (Rs.4.97 lakhs - Rs.2.46 lakhs).

Thus, the object of training and rehabilitating the unemployed youth remained unfulfilled and an amount of Rs.0.69 lakh remained blocked up with the PIOs.

The irregularities were reported to Government in August 1991; their reply had not been received (April 1992).

FOREST AND ENVIRONMENT DEPARTMENT

3.18 Un-fruitful expenditure on plantations

The Department incurred an expenditure of Rs.220.50 lakhs during 1985-86 to 1989-90 under different schemes (NREP, RLEGP, ERRP etc.) covering 33 kms of avenue and other plantations on 20,255 hectares, in four districts (Phulbani, Bolangir, Keonjhar and Puri). It was observed in Audit that the percentage of survival of plantations ranged from 29 to 59 against the norm of 75 per cent for a successful plantation, prescribed by Government. The details are as under :

Name of the Division	Area of plantation (in hectares)	Avenue plantation (in running km.)	Total expenditure (Rupees in lakhs)	Overall percentage of survival	Proportionate expenditure on un-successful plantations (Rupees in lakhs)
Divisional Forest Officer (DFO), Bolangir	8858	20	103.96	36	66.53
Divisional Forest Officer (DFO), Balliguda (Phulbani district)	3013	4	29.66	29	21.06

Name of the Division	Area of Plantation (in hectares)	Avenue Plantation (in running km.)	Total expenditure (Rupees in lakhs)	Overall percentage of survival	Proportionate expenditure on unsuccessful plantations (Rupees in lakhs)
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Divisional Forest Officer (DFO), Keonjhar	5477	9	27.77	38	17.22
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Divisional Forest Officer (DFO), Coastal Shelter Belt Afforestation Division, Bhubaneswar	2907	-	59.11	59	24.24
Total =	<u>26255</u>	<u>33</u>	<u>220.50</u>	<u>29 to 59</u>	<u>129.05</u>

Thus, the expenditure of Rs.129.05 lakhs proved largely unfruitful.

The DFOs attributed the low rate of survival to biotic interference by grazing cattle and want of watch and ward.

The matter was reported to Government (February 1991 to June 1991) and their reply had not been received (April 1992).

GENERAL ADMINISTRATION DEPARTMENT

3.19 Irregular payment due to wrong fixation of pay

According to Orissa Public Service Commission (OPSC) (Conditions of Service) Regulations, 1952 as amended in March 1986 and October 1989, if a person after his retirement from service under Government, is appointed as a Chairman or Member of the Commission, he shall be entitled to draw such pay as will be arrived at after deducting the amount of pension, including the portion commuted, from the pay fixed under these regulations. Test check of the records of OPSC in August 1990 disclosed that full pay of the post without deducting the amount of pension was paid to the Chairman since 6 August 1987 to 31 July 1991 and to a Member from September 1988 involving an irregular payment of Rs.2.66 lakhs (till July 1991).

These Regulations also stipulate that in determining the admissibility of dearness allowance, the pay of the Chairman or Member is deemed to include the pension drawn by him. According to Government Orders dearness allowance was not admissible upto April 1989 to those drawing pay above Rs.6,000 per month. But the Chairman and four Members whose

pay was Rs.8,000 and Rs.6,300 per month respectively were paid dearness allowance during the period from August 1987 to April 1989 resulting in over payment of Rs.0.50 lakh.

Similarly, dearness pay of Rs.0.25 lakh was paid to these Members from February 1988 to July 1991 though the same was not admissible to them under Rules.

Thus, in all the total irregular payment amounted to over Rs.3.41 lakhs.

The matter was reported to Government in February 1991; their reply had not been received (April 1992).

EDUCATION AND YOUTH SERVICES DEPARTMENT

3.20 Misappropriation of cash

From a scrutiny of the cash book of the District Inspector of Schools, Nowrangpur, it was noticed (June 1990) that payment for the purchase of scientific equipment and other materials was made on seven bills between April 1988 and April 1989. By recording entries twice in the cash book in respect of one payment, an amount of Rs.0.69 lakh was misappropriated.

The misappropriation came to light when Audit requested (June 1990) for the production of vouchers in support of the payment entry in the cash book on 21 December 1989.

The practice followed in respect of accounting expenditure incurred out of available cash is, that no final entry of payment was recorded in the body of the cash book, and the 'paid vouchers awaiting adjustment' were exhibited as forming part of the closing cash balance. On receipt of fund for the purpose, the final payment entries are made in the cash book by adjusting the closing cash balance. In the present case, seven paid vouchers in respect of which final payment entries were already recorded in the cash book between April 1988 and April 1989 were shown as forming part of the closing cash balance on 3 November 1989, by showing them as 'paid vouchers awaiting adjustment'. They were continued to be shown as such, till 21 December 1989, when a fictitious entry of final payment was made in the cash book against the same set of vouchers.

The misappropriation could occur as the following safeguards prescribed in the Orissa Treasury Code (OTC) to prevent fraudulent use of vouchers

were not observed.

(1) Paid vouchers not required to be forwarded to the Accountant General/Controlling Officer are to be duly cancelled when the bill is signed. In the instant case the seven vouchers were not cancelled at the time of the first payment which facilitated their fraudulent use.

(2) Closing cash balance was not verified by the District Inspector of Schools during the period between 26 April 1989 to 31 May 1990 (except February 1990) as required under Rule 37 of OTC.

On this being pointed out by Audit, the District Inspector of Schools took up the matter with the Directorate of Elementary Education for detailed investigation in June 1990. The investigation had however, not been taken up (July 1991).

Government accepted it (November 1991) as a case of misappropriation.

GENERAL

3.21 Misappropriations, losses etc.

Cases of misappropriations, losses etc. of Government money reported to Audit upto the end

of March 1991 and on which final action was pending at the end of September 1991 were as follows :

	Number	Amount (Rupees in lakhs)
Cases reported upto the end of March 1990 and outstanding at the end of September 1990	1,548	640.44
Cases reported during April 1990 to March 1991	172	59.22
Cases disposed of till September 1991	95	35.91
Cases reported upto March 1991 but outstanding at the end of September 1991	1,575	663.75

Department-wise analysis of outstanding cases is given in *Appendix - XII*. The period for which these are pending finalisation are given below :

	Number	Amount (Rupees in lakhs)
i) Over five years (1948-49 to 1985-86)	1,115	545.88
ii) Exceeding three years and within five years (1986-87 to 1987-88)	198	40.39
iii) Upto three years (1988-89 to 1990-91)	262	77.48
Total =	<u>1,575</u>	<u>663.75</u>

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

	Number	Amount (Rupees in lakhs)
i) Awaiting departmental and criminal investigation	410	177.41
ii) Departmental action started but not finalised	740	395.39
iii) Criminal proceedings finalised but execution/ certificate cases for recovery of the amount pending	48	8.91
iv) Awaiting orders for recovery or write off	276	44.62
v) Pending in Courts of Law	101	37.42
Total =	<u>1,575</u>	<u>663.75</u>

3.22 Outstanding Inspection Reports

Audit observations on financial irregularities in the initial accounts noticed during local audit and not settled on the spot are communicated to the Heads of Offices and to the next higher departmental authorities through Inspection Reports (IRs). The more important and serious irregularities are also reported to the Heads of Departments and Government. First replies to these

Reports were to be received in the Audit Offices within four weeks from the date of issue of the Reports.

As at the end of June 1990, 11,627 Inspection Reports containing 37,805 paragraphs relating to Civil Departments issued upto December 1989 were outstanding. Of these, in respect of 2,324 Reports containing 8,976 paragraphs even first reply had not been furnished by the Departments. The details are given in *Appendix-XIII*.

Of the pending Inspection Reports in respect of which even first reply was not received, 125 IRs with 215 paragraphs were outstanding for over 10 years and 517 IRs with 1,817 paragraphs for over 5 years. An year-wise analysis of the rest of the paragraphs is given below :

	<u>Inspection Reports</u>	<u>Paragraphs</u>
1985-86	204	671
1986-87	282	974
1987-88	318	1,249
1988-89	487	2,247
1989-90 (up to December 1989)	391	1,793
	<u>1,682</u>	<u>6,934</u>

A review of the outstanding IRs relating to Education and Youth Services Department and Housing and Urban Development Department disclosed the following broad categories of irregularities :

SL. No.	Broad category of Irregularity	Housing and Urban Development department				Education and Youth Services Department	
		Public Health Engineering		Town Planning			
		No.of Offi- ces	Amount (Rupees in lakhs)	No.of Offi- ces	Amount (Rupees in lakhs)	No.of Offices	Amount (Rupees in lakhs)
1.	Irregular expenditure	10	1056.97	4	1.53	545	370.01
2.	Non-realisation of dues- (repair and maintenance charges, fees, advances etc.)	6	583.12	7	0.73	380	939.10
3.	Entertainment of excess/ idle staff	7	188.16	-	-	6	14.88
4.	Unauthorised expenditure on the maintenance of Government vehicles	8	138.81	-	-	-	-

SL. No.	Broad category of Irregularity	Housing and Urban Development department				Education and Youth Services Department	
		Public Health Engineering		Town Planning		No. of Offices	Amount (Rupees in lakhs)
		No. of Offi-ces	Amount (Rupees in lakhs)	No. of Offi-ces	Amount (Rupees in lakhs)		
5.	Irregular purchase of stock materials and idle stock	6	124.14	-	-	55	18.98
6.	Loss, theft or shortage of stock	14	34.73	-	-	282	21.05
7.	Non-recovery of cost of materials from contractors	8	18.89	-	-	-	-
8.	Avoidable liability due to non-vacation of private Office building	-	-	1	1.43	-	-
9.	Heavy, unutilised balances at the end of the year	-	-	-	-	397	1855.15

SL. No.	Broad category of Irregularity	Housing and Urban Development department				Education and Youth Services Department	
		Public Health Engineering		Town Planning		No.of Offices	Amount (Rupees in lakhs)
		No.of Offi-ces	Amount (Rupees in lakhs)	No.of Offi-ces	Amount (Rupees in lakhs)		
10.	Theft,misap-propriation, shortage etc.of cash	-	-	-	-	138	77.15
11.	Non-deposit of GPF/TPF amounts in Government Account	-	-	-	-	22	11.84
12.	Non-finali-sation of AECD Accounts	-	-	-	-	10	6.92
13.	Amount kept out of Govern-ment Account	-	-	-	-	70	73.57
14.	Undisbursed scholarship, stipend, etc.	-	-	-	-	106	154.11
15.	Out standing utilisation certificates, D.C. Bills	-	-	-	-	83	12781.26
16.	Miscellaneous	-	-	-	-	233	1877.55

CHAPTER IV

WORKS EXPENDITURE

IRRIGATION DEPARTMENT

4.1 Kansbahal Medium Irrigation Project

4.1.1 Introduction

Kansbahal Medium Irrigation Project was taken up for construction in the year 1980-81 for improving the socio-economic condition of the Tribals of Sundargarh district by providing assured irrigation to 4,615 hectares of kharif and 3,006 hectares of rabi through utilisation of water resources of Barjore Nala, a right bank tributary of Sankh river in the Bramhani basin.

LEGEND

RIVER WITH DAM	
CANAL	
ROAD	
RAILWAY LINE	
CATCHMENT AREA	
COMMAND AREA	
RIVER GAUGE STATION	
RAIN GAUGE STATION	



The project envisaged construction of an earthen dam of 1,075 metres across the river intercepting a catchment area of 179 square kilometres with reservoir capacity of 4,041.50 ha.m. at full reservoir level and 2,872 ha.m. at live storage level and also construction of main canals (two) 29.29 km. in length.

The estimate for the work initially prepared (1980) for Rs.676.99 lakhs was subsequently revised to Rs.1,629.44 lakhs and sanctioned in November 1985. The estimate further revised to Rs.2,742.75 lakhs in December 1989 was awaiting sanction as of February 1992.

4.1.2 *Organisational set-up*

The project has been under execution by Upper Bramhani Investigation Division, Panposh under the supervision of the Superintending Engineer, Hirakud Dam Circle, Burla. The overall technical and administrative supervision is with the Chief Engineer (Medium Irrigation-I) under the Engineer-in-Chief, Irrigation.

4.1.3 *Audit coverage*

Test check of records relating to the period January 1981 to April 1991 was conducted during

All abbreviations used in this Review are listed in the Glossary in Appendix - XVI (Page 360 & 361).

February to April 1991 in the offices of the Executive Engineer, Upper Bramhani Investigation Division, Chief Engineer (Medium Irrigation-I) and Irrigation Department. The results of the study of the execution of the project are brought out in subsequent paragraphs.

4.1.4 *Highlights*

- The latest revised estimate submitted for Rs.2742.75 lakhs in December 1989 was awaiting sanction as of February 1992.

(Paragraph 4.1.1)

- The Project scheduled to be completed by March 1986 has been rescheduled for completion by March 1992.

(Paragraph 4.1.7)

- As against the original estimated cost of Rs.676.99 lakhs, expenditure incurred to the end of March 1991 was Rs.2347.68 lakhs.

(Paragraph 4.1.1 and 4.1.6)

- In the construction of earth dam expenditure of Rs.9.98 lakhs was incurred by the Department on items of works (removal of earth from rock toe : Rs.1.09 lakhs, construction of maintenance of ramps : Rs.1.87 lakhs,

disposal of excavated material in the construction of upstream blanket : Rs.5.93 lakhs and filling up of depth in respect of haul road on upstream toe:Rs.1.09 lakhs) required to be carried out by the contractor at his cost stating that the work was withdrawn from the contractor without penalty.

(Paragraph 4.1.8)

- A sum of Rs.3.20 lakhs (hire charges of dozers Rs.1.01 lakhs, vertical chimney filling and lift charges paid in excess Rs.0.95 lakh and Rs.0.71 lakh respectively and hire charges of pump Rs.0.53 lakh) was due for recovery from the contractor of earth dam whose contract has been closed.

(Paragraph 4.1.8)

- In the item of work of earth filling of the earth dam extra expenditure of Rs.4.82 lakhs had been incurred by the Division due to inflated measurement.

(Paragraph 4.1.8(d))

- Due to modification in the designs of spillway and execution of work departmentally by withdrawing the work from the contractor, the Department incurred extra expenditure of Rs.14.70 lakhs besides filling of excavation already carried out involving extra cost of Rs.11.90 lakhs.

(Paragraph 4.1.9)

- Extra expenditure of Rs.25.25 lakhs was incurred in the construction of aqueduct at RD 11985 M of left main canal due to change in design.

(Paragraph 4.1.10)

- Spares purchased for maintenance and repairs of machinery for Rs.22.36 lakhs remained unutilised for a period of 5 years as of April 1991.

(Paragraph 4.1.11(a))

4.1.5 *Project features*

The salient features of the project were as mentioned in the following page :

[Statement

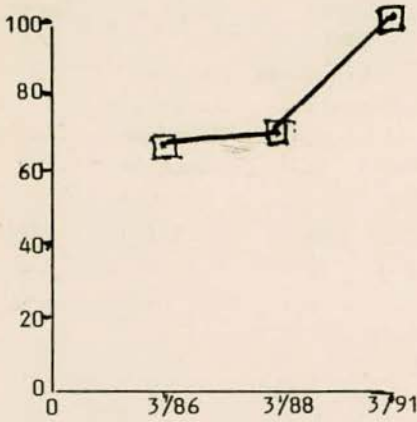
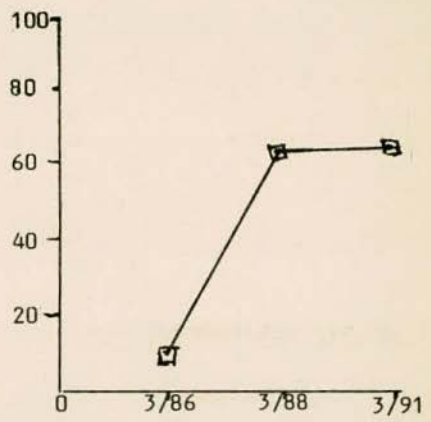
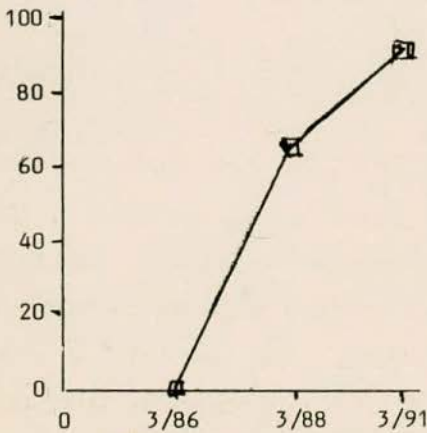
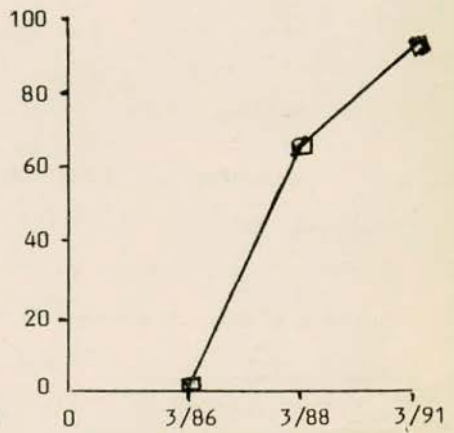
SL. No.	Description	Estimated details	Percentage of physical progress as on		
			March 1986 (scheduled date for completion)	March 1988 (Date of stoppage of World Bank assistance)	March 1991
(1)	(2)	(3)	(4)	(5)	(6)
A. HEAD WORKS					
i)	<u>Earth Dam</u>		67	69	100
	Length	1075 metres			
	Height	28 metres			
	Top Width	6 metres			
ii)	<u>Spillway</u>		10	65	65
	Type	Centrally loca- ted ogee type with radial gates.			
	Length	70 metres			
	Number, size and type of gates	5 numbers of 12 metres x 6 metres each.			
	Capacity	1745 cu.m.sec*			

* Recalculated (December 1987) to be actually 1745 cu.m. sec against the provisions of 1356 cu.m. sec in the original estimates.

SL. No.	Description	Estimated details	Percentage of physical progress as on		
			March 1986 (scheduled date for completion)	March 1988 (Date of stoppage of World Bank assistance)	March 1991
(1)	(2)	(3)	(4)	(5)	(6)

B. DISTRIBUTION SYSTEM

a)	Right main canal	5.82 kms			
b)	Left main canal	23.38 kms	-	67	93
c)	Minors and Sub-Minors	11.05 kms. 63.09 kms.			
d)	Number of structures	446 nos.	-	65	89

EARTH DAMSPILLWAYCANAL EXCAVATIONCANAL STRUCTURES

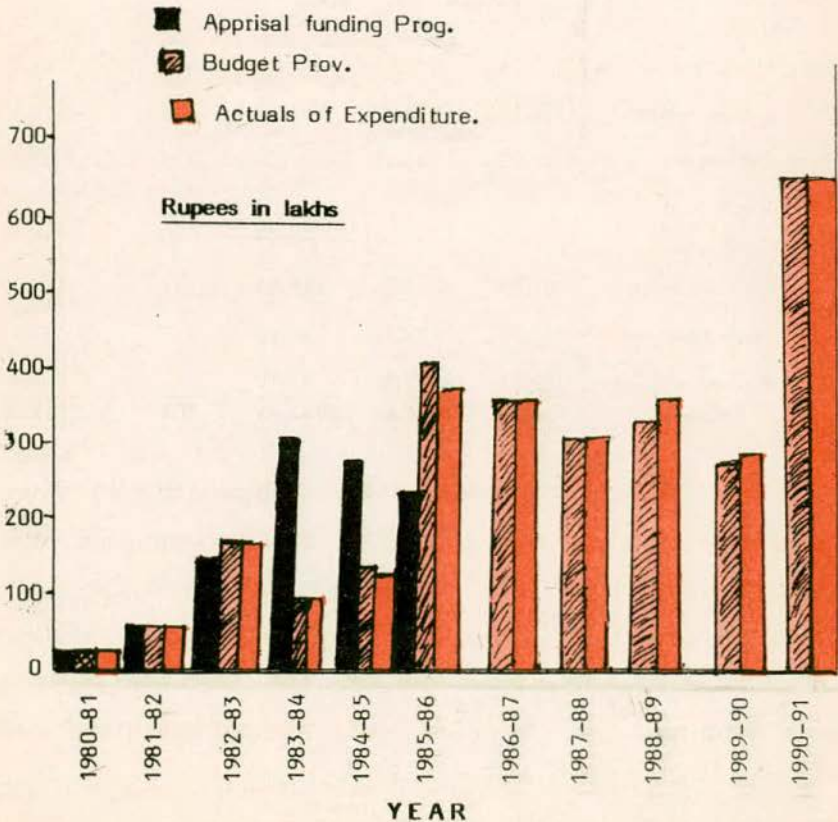
4.1.6 Cost over-run

The details of cost over-run are given in the table below :

SL. No.	Items	Original estimated cost (1980)	Revised estimated cost (1985)	Revised estimated cost (1989)	Percentage of increase in cost	Actual expenditure ending March 1991
(Rupees in lakhs)						
1.	Head works	373.52	896.36	1441.52	286	1333.89
2.	Canal system	183.15	471.17	907.97	396	551.50
3.	Buildings	21.02	46.82	53.98	157	62.61
4.	Tools and Plant	41.00	35.68	52.69	29	38.10
5.	Establishment	69.02	150.24	218.61	217	124.47
6.	Miscellaneous	17.30	49.15	95.13	450	237.11
7.	Receipts (less)	28.02	19.98	27.15	-	-
	Total =	<u>676.99</u>	<u>1629.44</u>	<u>2742.75</u>	<u>305</u>	<u>2347.68</u>

During the years 1983-84 and 1984-85 when bulk of the work was scheduled to be completed, the budgeted provision was inadequate as could be seen from the bar chart shown in the next page which resulted in slippage of completion period. The increase in cost was mainly on account of increase in land and

rehabilitation cost (Rs.273.32 lakhs), labour rates (Rs.235.96 lakhs), material cost (Rs.205.58 lakhs), establishment charges (Rs.191.58 lakhs), miscellaneous (Rs.184.02 lakhs), increase in quantity of work (Rs.194.14 lakhs), change in designs and specification (Rs.77.73 lakhs), new items not provided in original estimate (Rs.538.76 lakhs), high tendered rates (Rs.157.39 lakhs), cost of machinery and equipment (Rs.728 lakhs) etc.



4.1.7 *Time over-run*

The objective of the project was to provide irrigation to 4615 hectares of kharif and 3006 hectares of rabi crops on its completion in March 1986. The project was re-scheduled to be completed by March 1992 due to delay in getting the clearance for use of forest land, financial stringency, stoppage of International Development Association assistance, change in designs, and slow progress in the construction of earth dam and spillway. No irrigation potential had been achieved as of March 1991.

A 4.1.8 *Earth dam*

(a) *Extra expenditure due to non-completion of the work by the original contractor*

The contract for construction of earth dam was executed in February 1982 at a cost of Rs.256.07 lakhs for completion by August 1984. By June 1985, the contractor could execute work of Rs.151.16 lakhs only. Though the progress of work was very poor, his contract was closed (July 1985) by the Chief Engineer without imposing any penalty on the ground of constraints in funding for adequate payment to the contractor. The balance work was split up and the work of left

flank was, however, again awarded in February 1986 to the same agency at a cost of Rs.39.19 lakhs and was got completed in March 1990 i.e. 39 months behind the schedule with the payment of Rs.40 lakhs made upto May 1990. Right flank and the river gap portion were awarded (December 1985/October 1988) to two other contractors who completed the works in April 1987 (delayed by six months) and in October 1989 (in time) at a cost of Rs.29.37 lakhs and Rs.85.17 lakhs respectively. For completion of the balance works an expenditure of Rs.154.54 lakhs was incurred by the Department against Rs.120.75 lakhs at the rates of original contractor resulting in an additional expenditure of Rs.33.79 lakhs.

Audit scrutiny revealed that the constraints in funding had no bearing on the works of the contractor since the achievements were not commensurate with the allotments received. The Department also observed (August 1987) that the contractor's progress of works were far from satisfactory both the times which warranted adverse comments from the Central Water Commission.

Thus, the non-completion of the work by the original contractor had not only resulted in additional expenditure of Rs.33.79 lakhs to the Department but also considerably delayed the completion schedule.

The extra expenditure could not be recovered owing to non-imposition of penalty on the defaulting contractor.

(b) Audit scrutiny of execution of works and payments made against agreement executed in February 1982 for construction of earth dam revealed the following other irregularities.

(i) *Extra expenditure in construction of upstream blanket*

Agreement stipulated that the excavated debris should be disposed off clear of work site beyond the outermost profile line of the toe. The Engineer-in-Chief observed (December 1982) that the contractor was dumping the debris in the upstream side which was proposed to be reutilised in the dam. He, however, left the work incomplete in June 1985 without removing the debris. The debris (0.30 lakh cu.m.) was got removed (April 1989) through two other contractors at a cost of Rs.5.93 lakhs. The agreement of the defaulting contractor was closed without imposition of penalty and no action was taken to recover from him the expenditure incurred by the Department on the removal of the debris.

(ii) *Extra expenditure in filling upstream ditch*

For carriage of construction materials, a haul road was constructed by the contractor along the upstream toe of the dam which subsequently formed ditch between the toe and the road. Although according to general condition of the agreement the contractor was to fill up the ditch, he did not do so before leaving the work site in June 1985. Therefore, on the advice (July 1988) of a Advisory group of experts, the ditch was filled departmentally with approved soil for the safety of the dam at an expenditure of Rs.1.09 lakhs. The amount remained to be recovered from the contractor as of February 1992. The Executive Engineer also could not state the reason for non-recovery from the contractor.

(iii) *Extra expenditure towards maintenance and repairs to the downstream rock toe*

The Department noticed in July 1988 that owing to leaving the work incomplete in June 1985 by the contractor without dressing* and turfing the downstream slopes, loose earth was washed away during

* Dressing means trimming the slope to bring to proper shape and turfing.

rains contaminating and chocking the toe drains. Although according to contract provisions, this was to be rectified by the contractor, the Department undertook the work of removal of the earth from the rock-toe at a cost of Rs.1.09 lakhs. The dressing of the slopes was completed by subsequent contractors. The expenditure was not recovered since no penalty was imposed on the defaulter. The Executive Engineer stated (February 1991) that the rectification work was incidental to the dam considering the stability factor. But he did not justify doing the work at departmental expenses.

(iv) *Non-recovery of hire charges*

Contract provisions stipulated that haul roads, ramps, quarry roads, approach roads, coffer dam be constructed and maintained at the cost and risk of the contractor. Preparation of dam base before laying the earth fill, borrow area maintenance and removal of debris from the work site was also the responsibility of the contractor. For execution of above works, departmental dozers had been used for 181.26 hours for which hire charges of Rs.1.01 lakhs were not recovered from the original contractor to whom the work was awarded in February 1982. The Divisional Officer stated that the recovery would be effected

from the final bill of the contractor which was pending in the Division as of February 1992.

The finished quoted rate of Rs.1,775 per 100 cu.m. of the contractor against earth filling item was inclusive of the charges of spreading earth including breaking clods and levelling in appropriate layers. The Department however, executed the spreading works with departmental dozers which had worked for 167 hours during November 1982 to June 1985. The hire charges of Rs.0.94 lakh for 167 dozer hours were not recovered from the contractor.

(v) *Excess payment in vertical chimney construction*

The rate of the vertical chimney filling work quoted by the contractor included charges for shoring and shuttering arrangements for filling the filter materials i.e. sand, chips, and metal in separate zones to ensure that the different ingredients do not get mixed up. According to instruction of the Chief Engineer, the vertical chimney was filled with only sand instead of composite filter materials not requiring shoring and shuttering arrangement. The contractor executed 0.12 lakh cu.m. sand filling at a cost of Rs.4.20 lakhs. The changed specification was not requiring

any shoring and shuttering arrangements which were contemplated for original one. The payment of Rs.4.20 lakhs made to the contractor however, included Rs.0.95 lakh towards the shoring and shuttering arrangements resulting in excess payment to the contractor. The Executive Engineer accepted (February 1991) the Audit observation.

(c) *Extra contractual payment*

Agreement drawn in December 1985 with a contractor for execution of balance works of earth dam from RD 850 to 1075 metres stipulated for cutting in disintegrated rock and blasting of hard-sheet rock to the extent of 159 cu.m. and 388 cu.m. respectively at a total cost of Rs.0.17 lakh against which the contractor executed (April 1987) 4000 cu.m. of each item valuing Rs.2.04 lakhs. This had resulted in excess execution of work for Rs.1.87 lakhs. The excess execution was attributed by the Divisional Officer in May 1988 to construction of a ramp by the contractor for access to the dam. According to contract provisions ramps were to be constructed and maintained by the contractor at his cost and risk. As such the payment of Rs.1.87 lakhs to the contractor resulted in extra contractual payment to him.

(d) *Construction of river gap portion*

A scrutiny of the payments made to the contractor in respect of contract drawn in October 1988 for construction of river gap portion of the dam revealed the following :

(i) *Extra expenditure in stripping of river bed*

The agreement provided for base stripping to average one metre depth in stony earth mixed with river shingles. The Chief Engineer, Superintending Engineer and the Chief Research Officer visited the site in November 1988 and directed that the shingle layers (one metre depth) in the downstream portion of sand chimney need not be removed as contemplated in the agreement and directed that the filter be laid directly on the bed after treatment of surface with mud lipping and using pneumatic rammers. Despite this, the Divisional Officer allowed (October 1988) removal of 0.66 lakh cu.m. of river shingle in the downstream area and paid Rs.2.82 lakhs to the contractor for the work resulting in extra expenditure to the Department. The position was accepted (March 1991) by the Department but no explanation was given.

(ii) *Excess payment in vertical chimney construction*

Technical specification for vertical chimney construction stipulated for cutting of compacted earth

layers and filling with sand. Accordingly, the finished quoted rate of the contractor for the item included the charges of procurement cost of sand, transportation by mechanical means, 100 metres conveyance from dumping yard to working point (trench) by manual means and filling in the excavated trench with manual lift. As observed (January 1989) by the Chief Research Officer, the construction progressed by spreading sand and earth in layers simultaneously instead of cutting the compacted earth and filling in sand. Owing to changed specification of spreading sand alongwith earth directly in layers, the provisions of manual lead and lift as included in the contractor's quoted rate for the original specification of work was not necessary. For similar specification of earth spreading no such manual lead and lift were allowed. However, the Division made full payment to the contractor without disallowing the charges for manual lead and lift which resulted in excess payment of Rs.0.71 lakh.

(iii) *Non-recovery of hire charges*

Technical specification of the contract stipulated that construction and maintenance of coffer dam to prevent water entering the working area was to be at the cost and risk of the contractor. The Department had deployed pumps for dewatering the bundh

in order to prevent the water from entering into the working area. The pumps had worked for 1909 hours. The final bill of the contractor had been paid without recovery of the hire charges of Rs.0.53 lakh for use of the pump.

- (e) *Other irregularity connected with all the four agreements is brought out below :*

Extra expenditure in earth filling

The designed requirement of earth dam stipulated for execution of 8.59 lakhs cu.m. of earth fill against which the total measurement was 9.06 lakhs cu.m. resulting in excess measurement of 0.47 lakh cu.m. To an Audit query for the excess execution, the Executive Engineer stated (February 1991) that the foundation excavation was done for six metres deep to have sound foundation strata against the designed depth of two metres which necessitated the extra earth filling. Audit scrutiny of measurement revealed that the excess depth excavation in foundation involved execution of only 0.24 lakh cu.m. of earth fill (river gap : 0.06 lakh and between RD 500 to 700 metre : 0.18 lakh cu.m.). This was also confirmed by the Executive Engineer in March 1991. Thus, the inflated measurement of earth work of 0.23 lakh cu.m. (0.47 lakh cu.m. less

0.24 lakh cu.m.) over and above the actual requirement resulted in extra expenditure of Rs.4.82 lakhs to the Department.

4.1.9 *Spillway*

(a) *Extra expenditure in the construction of spillway*

Construction of spillway was entrusted in August 1987 to a contractor at an estimated cost of Rs.45.42 lakhs for completion by July 1988. In December 1987, the water discharge was noticed to be actually 1745 cusecs against earlier calculations of 1356 cusecs. This necessitated modifications in the designs and execution of additional works. The works according to the revised design valued at Rs.85.59 lakhs were, therefore, allotted to the contractor extending the completion date to April 1990. However, the contractor had executed work worth Rs.23.95 lakhs by December 1990. The Department withdrew (December 1990) a portion of his works valuing Rs.25.17 lakhs. They were executed departmentally (March 1991) involving an extra cost of Rs.14.70 lakhs. Against the work of Rs.60.42 lakhs still left with the contractor for execution, work for Rs.50.55 lakhs had been executed upto May 1991. Not only was the completion schedule of spillway delayed

by 21 months (July 1988 to April 1990) due to modification in designs but also involved extra cost of Rs.14.70 lakhs, in getting the work executed departmentally at higher rate.

(b) *Extra expenditure due to defective designs*

Designs approved in October 1985 stipulated spillway apron level (top) at RL 214 metre with half a metre concreting over RD 213.5 metre. Accordingly, the foundation excavation of spillway area was completed upto RL 213.5 metres in March 1988. Since the actual peak flood discharge was 1,745 cusecs against 1,356 cusecs adopted earlier, the designs were modified in April 1990. The apron level was raised to RL 214.5 metres necessitating one metre more thickness of concreting over the excavated level of RL 213.5 metres. The designs were however, reviewed in the Directorate of Designs and revised in October 1990 specifying the actual necessity of concreting of 0.5 metre only. Since the excavation had already been completed upto one metre depth by then, the excess excavation of 0.5 metre was filled by concrete involving an extra expenditure of Rs.11.90 lakhs to the Department.

The Executive Engineer stated (February 1991) that since the foundation excavation was carried up to one metre depth, the additional excavation was filled in with concrete.

(c) *Excess consumption of steel*

Designs approved in October 1985 stipulated execution of chute reinforcement with 20 mm diameter for steel rods at 300 mm spacing from centre to centre. During execution, the reinforcement was, however, provided with 25 mm diameter mild steel rods with same spacing. Therefore, against the actual requirement of 500.636 quintals of steel, 770.966 quintals were consumed in the work upto February 1991 resulting in an excess consumption of steel of 270.33 quintals valuing Rs.2.20 lakhs.

The Executive Engineer stated (February 1991) that in order to utilise the existing stock of 25 mm plain rods (instead of procuring 20 mm tor rods), the deviation was made.

Audit scrutiny revealed that this proposal (November 1989) of the Executive Engineer was rejected by the Design Directorate and the designs were finalised in April/July 1990 prescribing 20 mm tor steel rods only.

Therefore, advance planning was to be made in getting the design rods to observe the economy and design specification. Non-compliance of the above resulted in extra expenditure of Rs.2.20 lakhs to the Department.

(d) *Extra cost in fixing anchor bars*

The agreement provided for fixing of anchor bars at Rs.30 each. The contractor fixed 3,199 anchor bars upto May 1991 and received payment of Rs.0.96 lakh. However, an additional payment of Rs.2.20 lakhs was allowed to the contractor by the Executive Engineer in May 1991 for drilling holes for fixing the anchor bars under two extra items without sanction.

Drilling and fixing of anchor bars were sanctioned (May 1986) in the estimate as a complete item including all labour charges and materials cost excluding only the cost of steel. In the tender document and agreement the drilling and grouting operations were omitted to be mentioned. Technical specifications of the agreement however, explained the item to be a composite one including both drilling and fixing work. The separate payment of Rs.2.02 lakhs to the contractor for drilling alone thus resulted in extra cost to the Department.

Executive Engineer stated (February 1991) that since the agreement item did not specify drilling of holes by the contractor extra payment had to be made. He, however, did not explain the reasons for omission of schedule wording in the item.

(e) *Extra cost owing to deviation in specification*

Design finalised in May 1988 stipulated for fixing of 36 mm diameter anchor bars with spacing of 1500 mm centre to centre. Superintending Engineer instructed (May 1989) to use 25 mm bars with decreased spacing of 1000 mm on the ground that the contractor was experiencing difficulty in drilling holes for fixing 36 mm anchor bars. Owing to such deviation, as against the actual requirement of 2773 holes (calculated at a distance of 1500 mm) 4160 holes had to be drilled (in 1000 mm spacing) at an extra cost of Rs.1.32 lakhs for the excess 1387 holes.

Executive Engineer stated (February 1991) that due to non-availability of required machine for drilling 36 mm holes, the deviation was made. This was not tenable since the agreement condition stipulated that the tendered rate of the contractor was with the condition of procurement of drilling machine by him.

(f) *Non-recovery of hire charges*

Technical specifications in the agreement stipulated that the unit bid prices for concrete and random rubble stone masonry works were inclusive of the charges for dewatering the working area and clearance of debris from the work site. For dewatering of abutment and the spillway construction areas the Department had deployed pumps which worked for 1453 hours. The hire charges of the pumps amounting to Rs.0.41 lakh were not recovered from the contractor.

Similarly, departmental tractors and trucks were deployed for the clearance of the debris from the spillway area. The tractors had worked for 16 days and the trucks ran 3850 km. The hire charges for both truck and tractors amounting to Rs.0.20 lakh were also not recovered.

4.1.10 *Distributary*

(a) *Extra expenditure and non-recovery of departmental dues*

(i) Construction of aqueduct at RD 11985 metres of left main canal was entrusted to a contractor in December 1988 at a cost of Rs.26.23 lakhs with stipulation for completion by December 1989. After the contractor

executed the foundation excavation works, designs of the structure underwent changes twice i.e. in April 1989 and September 1990 to suit the actual soil bearing capacity. This involved execution of additional quantities of work on some items. The contractor however, expressed unwillingness in January 1991, after executing work valuing Rs.10.04 lakhs, to execute the revised quantities at his tendered/schedule of rates owing to increase in cost of labour and materials. Although the original contract was not rescinded, the balance work was awarded to another contractor in February 1991 on retendering at a cost of Rs.52.57 lakhs for completion by June 1991.

Audit scrutiny revealed that the original design of the structure was approved in October 1986 without ascertaining the soil bearing capacity below the piers, through survey, investigation and tests. Owing to change in design made to suit the soil bearing capacity, the aqueduct scheduled to be completed in December 1989 was prolonged till June 1991. Besides, computed with the rates of the original contractor the Department had to bear an extra cost of Rs.25.25 lakhs in getting the work executed through another agency.

The Executive Engineer stated (February 1991) to Audit that the delay in completion beyond the scheduled

period resulted in rendering the agreement rates unworkable.

(ii) 6,983 bags of cement and 41.973 tonnes of steel were issued to the defaulting contractor of the aqueduct, out of which 6,384 bags of cement and 22.789 tonnes of steel were utilised in the work. Although the contractor left the work unfinished, the unused cement : 599 bags and steel : 19.184 tonnes were not returned to the Department for which Rs.3.78 lakhs at penal rate was recoverable from him. Besides, other materials valuing Rs.0.47 lakh issued to him were also neither used nor returned.

Mobilisation advance of Rs.1.31 lakhs was paid to the contractor in March 1989 of which only Rs.0.71 lakh was recovered leaving an amount of Rs.0.60 lakh still to be recovered along with interest of Rs.0.36 lakh as of March 1991.

Thus, against the total recoverable amount of Rs.5.21 lakhs (Rs.3.78 lakhs plus Rs.0.47 lakh plus Rs.0.96 lakh) the defaulting contractor's dues were only Rs.0.40 lakh (security deposit and withheld amount). His final bill was pending for finalisation as of February 1992.

(b) *Excess and contractual payment*

(i) Agreement drawn in November 1987 with a contractor for execution of left main canal from RD 6810 to 10020 metres stipulated for deduction of settlement allowance for the non-compacted earth work from the overall measurement, if measured before monsoon. In respect of 0.36 lakh cu.m. of earth measured (May 1989) before monsoon, deduction of 4500 cu.m. towards settlement allowance (at the rate of 12.5 per cent) was not effected.

The Executive Engineer stated to Audit (February 1991) that the contractor executed 1000 cu.m. extra earth work beyond the design section. Thus, non-recovery of balance 3500 cu.m. (4500 cu.m. less 1000 cu.m.) resulted in excess payment of Rs.0.62 lakh to the contractor.

(ii) The execution of left main canal, as mentioned above, provided for transportation of 0.16 lakh cu.m. earth from borrow area to filling reach of the canal by mechanical means at a cost of Rs.3.47 lakhs. Actual execution (May 1989), involved transportation of 0.23 lakh cu.m. of earth at a cost of Rs.4.88 lakhs. The reasons for excess transportation of 0.07 lakh cu.m. of earth at an expenditure of Rs.1.41 lakhs were explained

in February 1990 by the Executive Engineer as removal of the earth by a private party, which had to be filled in by obtaining earth from borrow area. Extra payment of Rs.1.41 lakhs to the contractor violated the general condition of the agreement that any damage or alterations made to area or land handed over to the contractor was to be made good at his cost and risk.

The Executive Engineer stated (February 1991) that neither party was responsible for such action which was not tenable since according to agreement provisions, the contractor was responsible to make good at his cost.

(c) *Extra payment in transportation of earth*

Agreement drawn in March 1989 for excavation of left main canal from RD 3900 to 6910 metre provided for excavation of 0.21 lakh cu.m. of earth. The contractor excavated 0.19 lakh cu.m. out of which 0.06 lakh cu.m. was deposited in filling reaches of the canal and the remaining 0.13 lakh cu.m. remained unutilised. Instead of transporting the available earth direct to the filling reach at a cost of Rs.1.94 lakhs, the quantity was transported from a borrow area at a cost of Rs.2.52 lakhs violating the orders (February 1986) of Chief Engineer to utilise the locally available earth to observe

economy. Non-compliance of the instruction resulted in extra expenditure of Rs.0.58 lakh to the Department.

4.1.11 *Other topics of interest*

Other aspects of construction works relating to both dam and spillway are brought out below :

(a) *Irregular procurement of spares*

Spares purchased for maintenance and repairs of machinery valuing Rs.22.36 lakhs remained unutilised (April 1991). The Division was yet to initiate adequate action for disposal of the items, some of which were lying unutilised for a period of five years.

(b) *Loss and excess payment*

The finished quoted rates of the contractors against the item "blasting-hard-sheet-rock" in respect of agreements executed in January 1982 for construction of earth dam and also for over-burden clearance of spillway included charges for depositing the excavated materials in regular stacks. The quantum of salvaged stones was to be measured. The quantum of stones blasted by the contractors, quantity salvaged and the shortfall against the estimated provisions are

shown in the table below :

Items of works	Quantity	Estimated salvaged stone	Actually salvaged quantity	Shortfall in quantity	Cost per lakh cu.m	Excess payment on acco- unt of non-sta- cking
	(	L a k h	c u . m .		) (Rupees in lakhs)	
Earth dam	0.14	0.10	0.02	0.08	1.88	0.96
Over-burden clearance	0.64	0.45	0.45	-	-	4.51
Total =	<u>0.78</u>	<u>0.55</u>	<u>0.47</u>	<u>0.08</u>	<u>1.88</u>	<u>5.47</u>

The contractors had not deposited the excavated materials in stacks and no stack measurement of the salvaged stones was recorded. The Junior Engineer incharge of the works had certified the salvaged stones on theoretical basis.

Though the contractors did not stack, payments were made to them at the quoted rates which resulted in an excess payment of Rs.5.47 lakhs. Moreover, non-retrieval of estimated quantities of salvaged stones resulted in loss of Rs.1.88 lakhs.

The Executive Engineer accepted (February 1991) that no stack measurement was recorded.

- (c) *Excess payment of Rs.1.16 lakhs in slope cutting of earth dam*

Technical specifications of all the four contracts stipulated that initially earth in the embankment be laid in an extra width of 0.75 metre both upstream and downstream for adequate compaction to the edge of the dam and the extra earth so laid beyond the designed section be cut and spread in top layers. The total measured quantity of slope cutting work through the contractors was 0.56 lakh cu.m. against the designed provisions of 0.40 lakh cu.m. This had resulted in excess measurement of 0.16 lakh cu.m. valuing Rs.1.16 lakhs.

Audit scrutiny for such excess revealed that in the measurement the Division allowed increased depth cutting varying upto 1.5 metre against the designed depth of 0.75 metre which was however, inadmissible to the contractors. This incorrect measurement of work under the slope cutting work involved excess payment of Rs.1.41 lakhs to the contractors.

The Executive Engineer accepted (February 1991) the Audit observation for effecting recovery.

(d) *R.C.C. parapet wall on the dam*

The World Bank Safety Panel on reviewing the safety aspect of the dam suggested (October 1987) construction of a solid parapet wall over the dam as a measure of safety for the dam on the basis of calculation of actual discharge at peak flood being 1,745 cusecs as against 1,356 cusecs adopted at the design stage. Work of construction of parapet wall was awarded in August 1989 at a cost of Rs.11.45 lakhs to the lowest tenderer but he did not execute the contract but forfeited the security deposit. Though the estimates of the work had been revised to Rs.23.19 lakhs, it had not yet been taken up as of May 1991.

(e) *Viability of the project*

The benefit cost ratio of the project declined from 1.46 according to the appraisal report of January 1982 of Government to 1.27 based on the revised estimate (December 1989). Fresh ratio on account of upward revision of labour rates and rehabilitation charges from July 1990, increased material cost and enhancement of compensatory plantation cost was not worked out (March 1991). Audit has computed the latest ratio to 0.91 taking into account the above factors indicating that the project may not be viable.

4.1.12 Above points were reported to Government in May 1991; their reply had not been received (April 1992).

4.2 Upper Kolab Irrigation Project

4.2.1 *Introduction*

The Upper Kolab Irrigation Project in Koraput district undertaken by Government in 1976-77 envisaged the utilisation of tail race releases from Upper Kolab Power House by construction of earthen dam with a central spillway, for distribution through Jeypore main canal on the right and Padmapur distributary on the left to provide irrigation to an ayacut of 47,715 hectares. The project was cleared by the Planning Commission during June 1976 at an estimated cost of Rs.1646 lakhs. Revised estimates for Rs.10479 lakhs prepared during 1984 and further revised to Rs.13956 lakhs and submitted to Government in 1988 had not been approved as of April 1992.

4.2.2 *Organisational set-up*

Execution of the project was entrusted to five Divisions under the supervision of the Superintending

All abbreviations used in this Review are listed in the Glossary in Appendix - XVI (Page 360 & 361).

Engineer, Upper Kolab Circle with overall technical supervision and control by the Chief Engineer, Upper Kolab Project under the administrative control of the Irrigation Department.

4.2.3 *Audit coverage*

A test-check of records relating to the period from April 1978 to February 1991 was conducted during January 1991 to March 1991 and the results are brought out in subsequent paragraphs.

4.2.4 *Highlights*

- The Project, originally estimated (1976) to cost Rs.1646 lakhs, was revised to Rs.13956 lakhs in 1988. The project scheduled for completion by 1983 is expected to be completed only after 1995, although a sum of Rs.10,109.57 lakhs was spent upto March 1991.

(Paragraph 4.2.5 and 4.2.6)

- Works valuing Rs.523.77 lakhs were commenced without sanctioned estimates.

(Paragraph 4.2.7)

- Inadmissible payment of Rs.2.60 lakhs made to the contractor towards stripping the borrow

area as a separate item though this was included in the item of excavation of earth work

(Paragraph 4.2.9)

- Expenditure of Rs.10.88 lakhs due to change in location and type of spillway on account of inadequate investigation proved infructuous.

(Paragraph 4.2.10(a))

- Payment of Rs.17.79 lakhs made to the contractor in the work of construction of canal was beyond the scope of the agreement.

(Paragraph 4.2.11(a))

- Materials not stipulated in the agreement were issued to the contractor and recovery effected at lesser rate resulting in unauthorised financial aid to the tune of Rs.6.46 lakhs.

(Parasgraph 4.2.11(g))

4.2.5 *Estimates and expenditure*

The initial estimates of the work of Rs.1646.12 lakhs (1976) were revised to Rs.13956.10 lakhs in 1988 accounting for 747 per cent increase. The expenditure incurred upto March 1991 was Rs.10109.57 lakhs.

The increase in cost was mainly attributed to increase in prices (Rs.5,761 lakhs), change in scope of work (Rs.61.65 lakhs), inadequate provision in earlier estimate (Rs.2308.75 lakhs), inadequate investigation (Rs.1440 lakhs), change in design and additional requirement (Rs.1348.26 lakhs) and other factors (Rs.1390.32 lakhs).

Financial provision and expenditure for 5 years ending March 1991 were as follows :

Year	Provision (Rupees in lakhs)	Expenditure
1986-87	400.00	399.89
1987-88	1100.00	1098.62
1988-89	750.00	747.75
1989-90	1000.00	999.39
1990-91	1300.00	1278.75

4.2.6 *Progress of execution of works*

Works of the project commenced from 1976-77 were originally scheduled for completion by 1983 but continued to be in progress as of March 1991 and expected to be completed after 1995. The delay in completion of the project was attributed by the Chief Engineer to (i) delay in land acquisition, (ii) less provision of

funds in initial years upto 1987-88, (iii) delay in execution of works, (iv) delay in finalisation of tenders and (v) delay in survey and design of water course. A part of the project (appraisal cost Rs.3972 lakhs) is being financed by Overseas Economic Co-operation Fund (OECF), Japan from October 1988. Till May 1991 out of 11 applications (aggregating Rs.727 lakhs) submitted to Overseas Economic Co-operation Fund for reimbursement, Rs.552 lakhs had been reimbursed till May 1991. The details of progress of various components of the project are as follows :

SL. No.	Items of work	Cost (Rupees in lakhs)	Date of commen- cement	Date of completion
1.	Earth dam	148.53	May 1983	March 1988
2.	(a) Spillway (without gates)	288.44	June 1984	March 1990
	(b) Gates		May 1987	March 1990
3.	Head regulator	22.55	April 1987	December 1987
4.	Main canals and branches	4958.50	1987-88	In progress
5.	Main canal structure			
6.	Field channels		Not taken up	
7.	Water courses			

As against the irrigation potential of 42,944 hectares of kharif (90 per cent CCA) and 35,786 hectares of rabi (75 per cent CCA) to be created, only 3,450 hectares of kharif and 2,000 hectares of rabi were provided irrigation by May 1991 due to non-completion of the entire canal system. Points noticed in the execution of the project are given in the succeeding paragraphs.

4.2.7 *Commencement of works without obtaining sanction to estimates .*

Certain items of works of the project valued at Rs.523.77 lakhs were commenced without obtaining sanctions to the estimates in contravention of the Codal provision. These sanctions were not obtained even after completion of the work in respect of three works (Rs.238.25 lakhs) on the plea that they had been included in the revised project estimate (1988), sanction to which had not been accorded as of July 1991.

4.2.8 *Works awarded to M/s. Orissa Construction Corporation Limited without calling for tenders*

Construction of seven major works of the project for Rs.389 lakhs were awarded to M/s. Orissa Construction Corporation Limited, at their offered rates without calling for open competitive tenders

for timely completion of the works. Test-check of records in audit, however, revealed that none of the works were completed in time (*Appendix - XIV*).

4.2.9 *Construction of earthen dam*

Inadmissible payment to contractor

The construction of Satiguda dam awarded to a contractor in May 1983, at a cost of Rs.45.58 lakhs was completed in July 1986 (at a cost of Rs.45.89 lakhs) against stipulated date of March 1984. The payment to the contractor included a sum of Rs.2.60 lakhs towards stripping the borrow area as a separate item. But according to technical specification stripping of borrow area was part of excavation of earth work in borrow area by which separate payment for stripping would not arise. But the Department included the stripping work as a separate item in the contract. This resulted in extra payment of Rs.2.60 lakhs which could have been avoided had this separate item not been included in the agreement.

No justification could be given by the Department for such payment.

4.2.10 (a) *Infructuous expenditure due to change in type and location of spillway*

The original project report (1976) contemplated construction of Chute spillway in the right abutment of Satiguda dam at a cost of Rs.58.35 lakhs. Owing to the locational advantage, the Chief Engineer decided (February 1978) that the spillway could be located on the saddle available on the left of the dam. Accordingly execution of spillway over-burden was taken up by mechanical means from April 1977. A revised estimate for Rs.169.31 lakhs was submitted in February 1979 by the Superintending Engineer which was yet to be approved (February 1992). The Additional Chief Engineer observed in April 1979 that the estimate for excavation of saddle was high in comparison with the original plan of provision of Chute spillway and decided (June 1982) to provide a central spillway by then. An expenditure of Rs.8.20 lakhs had been incurred (between April 1977 and December 1978) on excavation of over-burden of saddle which became nugatory due to change in the type of spillway.

Again after incurring an expenditure of Rs.2.68 lakhs towards excavation of central spillway the work was abandoned in November 1984 due to shifting

of its location to 10 metres to the right side to avail good rock strata at higher elevation for sound foundation. The work was completed in March 1988.

Thus, clearance of over-burden and change of location of spillway on inadequate and insufficient investigation data resulted in infructuous expenditure of Rs.10.88 lakhs. Divisional Officer had not furnished any reply as of April 1992.

- (b) *Vertical lift gates of spillway - Fabrication, transportation and erection*
 - (i) *Avoidable extra expenditure due to execution of the work at higher cost*

For work of fabrication, transportation and erection of 3 vertical lift gates with hoisting arrangements of Satiguda Spillway M/s.Orissa Construction Corporation quoted Rs.36.78 lakhs (November 1986). The Superintending Engineer (Mechanical), Medium Irrigation, Hirakud offered to do the work for Rs.28.25 lakhs (October 1986). Rejecting the lower offer the Chief Engineer recommended the offer of Orissa Construction Corporation which was approved by Government (May 1987) for Rs.36.78 lakhs. The work was completed in March 1990 (Rs.33.39 lakhs).

Acceptance of the offer of M/s. Orissa Construction Corporation resulted in extra expenditure of Rs.5.14 lakhs.

The Department replied that the Superintending Engineer's offer was not accepted as he had not taken effective action in the matter and there was delay in inspection of site and preliminary arrangement whereas M/s. OCC took prompt action. This was not acceptable to Audit as the Department could not produce any record regarding its intimation to the Superintending Engineer to inspect the site in response to his offer.

(ii) *Excess payment and consequential extra expenditure*

According to agreement with M/s. OCC 103 tonnes of structural steel was to be utilised in the work of fabrication of gates for which Rs.30.75 lakhs were included in the agreement towards cost of steel, fabrication, transportation and erection.

But in actual execution 70.025 tonnes of steel were utilised in the work and payment of Rs.30.75 lakhs was made for the entire quantity of 103 tonnes as against Rs.20.91 lakhs admissible, resulting in additional payment of Rs.9.84 lakhs to M/s. OCC. The Department could not furnish any reason for the additional payment.

4.2.11 Canals and distributaries

(a) *Extra expenditure and undue financial aid*

The construction of Jeypore main canal from RD 00 to 2.88 km was awarded (February 1979) to a contractor at Rs.174 lakhs. The work due for completion by June 1980 was completed in June 1985 at a cost of Rs.197.30 lakhs. During the course of execution of the work, on the request of the contractor and recommendation of Chief Engineer, Government approved between September and December 1988 separate rates for rehandling of excavated rock, clearance of slush and providing cement plaster over concrete although there was no such provision in the agreement. According to the conditions of the agreement the execution of these items of work was the responsibility of the contractor without any extra payment as the rates quoted were for finished items. Besides the contractor was allowed payment at enhanced rate for item of excavation of hard rock. Thus, the payment of Rs.17.79 lakhs to the contractor for these items was beyond the scope of the agreement. In reply the Executive Engineer stated (September 1991) that Government being the final authority had approved the expenditure.

- (b) *Extra expenditure due to inadmissible payment to a contractor*

The balance portion of the work of construction of Jeypore main canal from RD 00 to 2.88 km was awarded in January 1989 to another contractor for Rs.63.52 lakhs for completion by January 1989. According to specification in agreement, the concrete surface of canal lining was to be finished smooth and free from projection of honey comb or any other objectionable defects. The contractor intimated (March 1989) the Executive Engineer that inspte of all efforts honey combs had appeared and the surface was not smooth. This necessitated provision of a coat of 6 mm thick plastering with cement mortar (1:3) in order to attain the degree of smoothness required so that the canal section would carry the designed discharge. Accordingly the contractor asked for payment of Rs.25 per sqm. as an extra item (including cost of cement) and stated *inter alia* that in anticipation of approval, plastering on the concrete surface was being done. The Executive Engineer observed (March 1989) that since the work on the slope was not done perfectly, the quality control staff had insisted for proper finishing. Accordingly the contractor had to do plastering work at his won cost.

The Superintending Engineer reported (October 1989) to the Chief Engineer that the agreement rate included cost of finishing to the top of lining work, but he at the same time submitted the claim for extra item to Chief Engineer for sanction. The Chief Engineer approved (September 1990) the rate of Rs.7.35 per sqm. (with rate of recovery of cement as provided in the agreement) and accordingly Rs.2.62 lakhs was paid to the contractor for executing 39,621 sqm. of plastering work.

Since honey combs had appeared on account of improper finishing of the work by the contractor, the additional payment of Rs.2.62 lakhs for proper finishing was irregular. The Department stated that plastering over concreting was done in the interest of project work.

(c) *Overpayment due to less compaction*

The agreement for the work of excavation of Jeypore main canal from RD 10.61 km to 13.98 km *inter alia* provided for compaction and watering upto optimum moisture content (OMC), rolling earth work with power road roller or tractor with sheep foot roller in embankment in layers not exceeding 0.23 M (9") including hire charges of roller at Rs.450 per 100 cu.m.

of earth compacted. The contractor was paid an amount of Rs.1.80 lakhs for compaction of 0.40 lakh cu.m. of earth using dozer for 57.30 hours for which hire charges were recovered. According to rate analysis 100 cu.m. of compaction can be done by dozer in one hour and in 57.30 hours, the dozer would have carried out compaction of 5730 cu.m. of earth against 0.40 lakh cu.m. which required 400 dozer hours. Apparently the compaction of earth, (Rs.1.80 lakhs) was not of the required specification.

Similarly in the execution of balance work of excavation of Jeypore main canal from RD 10.61 km to 13.98 km entrusted (November 1986) to a contractor 530 dozer hours were utilised for compaction of 0.76 lakh cu.m. of earth against standard requirement of 760 hours. Thus, Rs.4.40 lakhs paid for compaction of 0.76 lakh cu.m. was also not of the required specification.

On being pointed out in Audit the Executive Engineer stated (July 1991) that the contractor had used private dozers also. When further requested to justify and substantiate the details of use, no records could be produced to Audit for verification.

(d) *Undue financial aid to the contractor*

According to the standing instructions (November 1989) of the Chief Engineer, 40 per cent of hard rock excavated was to be retrieved by the contractors out of excavation carried out. Agreement stipulated excavation of hard rock and compacted sheet rock and stacking of the useful rock in regular stacks.

Test-check of site accounts in respect of works "Excavation of Dhanpur Distributary from RD 00 to 1.584 km" and "Construction of road crossing-cum-cross regulator at RD 1.045 km of Dhanpur Distributary" entrusted to M/s. Orissa Construction Corporation Limited for Rs.35.96 lakhs and Rs.6.71 lakhs respectively, revealed that out of 0.25 lakh cu.m. of hard rock excavated, 0.10 lakh cu.m. was to be retrieved and handed over to the Department. But the rock was unauthorisedly removed by the Corporation from site and was stated (November 1990) to have been utilised on other works of the project which was contrary to the contractual provision. Such unauthorised removal of materials from site warranted levy of penalty of Rs.11.72 lakhs at 5 times the cost of Rs.23.40 per cu.m. for 10,017.14 cu.m. under the agreement condition. The Department, however,

withheld dues of the Corporation for only Rs.0.51 lakh and had effected recovery of Rs.0.99 lakh in December 1990.

The balance of Rs.10.22 lakhs was still to be recovered. The Department stated (July 1991) that the final bill was yet to be paid.

Similarly under the agreements the Corporation was to stack the useful excavated materials at site and the rate quoted was inclusive of Rs.5 towards stacking charges. Although the excavated materials were not stacked, the Department had allowed payment of stacking charges for the entire excavated quantity (0.25 lakh cu.m. approximately) amounting to Rs.1.26 lakhs resulting in excess payment to the Corporation.

(e) *Irregular utilisation of drought relief assistance*

Government placed (December 1987) additional funds of Rs.150 lakhs for the progress under drought relief assistance for providing gainful employment to agricultural labourers and small and marginal farmers in the drought affected areas with the following conditions :

- (i) the project shall be completed within two years,

- (ii) the project shall not cover expenditure on canal linking or major masonry works,
- (iii) the fund shall not be utilised to meet expenditure on repairs or maintenance of existing assets and
- (iv) the amount shall be utilised before 31 March 1988.

Test-check of records of four Irrigation Divisions showed that the Irrigation Division No.I spent Rs.2.54 lakhs on road and masonry works which were not admissible.

(f) *Outstanding recoveries*

(i) Test-check of records relating to the construction of Head Regulator of Jeypore main canal completed in December 1987 revealed that Rs.7.99 lakhs were recoverable from M/s. Orissa Construction Corporation towards cost of materials, short recovery/non-recovery of royalty, cost of cement bags etc. Corporation's dues with the Department were only Rs.2.72 lakhs by way of cost of work done, security deposit and withheld amounts.

Similarly out of 139.389 tonnes of steel issued to Orissa Construction Corporation between

January 1987 and July 1987 for fabrication and erection of the gates of Head Regulator of Jeypore main canal and Satiguda spillway gates, 118.944 tonnes were utilised in the works. As regards the balance quantity the Executive Engineer stated (September 1991) that the balance quantity of 20.445 tonnes of steel was returned by the Corporation which completed the work in February 1987. The connected records for accounting the return of steel was however, not made available to Audit for verification.

The Executive Engineer further stated that cost of 3.66 tonnes of scrap materials valuing Rs.0.24 lakh was also recoverable from the Corporation which would be effected (July 1991).

(ii) Surplus materials worth Rs.0.95 lakh outstanding with eleven contractors after discontinuation/completion of works during the period from December 1987 to March 1990 were not returned to the Department. According to contract conditions, recovery of cost on penal rate amounting to Rs.4.75 lakhs was to be effected from the contractors, against which only Rs.0.29 lakh had been recovered as of March 1990.

(g) *Issue of materials to contractors beyond the scope of agreement*

Huge quantities of materials were issued to the contractors though not contemplated in the agreements (GCI sheets, MS angles, MS channels etc. for construction of hutments). Recovery of cost of such materials issued was to be made at the prevailing issue rate or market rate whichever was higher. Test-check of records in Audit revealed that recovery of the cost of materials was made at issue rates without adding supervision charges on the plea that prevailing market rate was not assessable. This resulted in undue financial aid of Rs.6.46 lakhs to the contractors.

The Department had not furnished any reply (August 1991) to audit observation

4.2.12 *Surplus stores*

Test-check of records in Chief Engineer's office revealed that huge quantities of structural steel and RCC hume pipes were procured for utilisation in the project. As of February 1991 the following materials were lying unutilised in stocks :

Mild Steel Rounds	594.607 tonnes
Ribbed Tor Steel Rods	669.907 tonnes

Reinforced Cement
Concrete Hume pipes
NP 2 class

1897 numbers

In reply to Audit, the Chief Engineer stated (March 1991) that out of the above stock the smaller dimension rods upto 20 mm size would be utilised in the structures of Irrigation Project; necessary action for disposal of the higher dimension mild steel rods of 398.934 tonnes and RTS Rods 234.258 tonnes would be taken. He further stated that in order to utilise the stock of NP 2 class Hume pipes procured by the Superintending Engineer, Upper Kolab Circle without approval of the Chief Engineer, the designs of the structures to be taken up in the project would be changed from NP 3 class to NP 2 class.

The value of surplus stores of 1264.514 tonnes steel (Rs.75.87 lakhs) and 1987 Hume pipes (Rs.5.69 lakhs) was Rs.81.56 lakhs.

4.2.13 *Surplus machinery and spares*

(a) Machinery and spares worth Rs.266.22 lakhs obtained between 1976 and 1985 mainly from Balimela Dam Project were declared to be surplus between January 1987 and April 1987. Out of them, machinery and spares worth Rs.77.23 lakhs were transferred to other projects

and action for disposal of the balance surplus machinery and spares worth Rs.188.99 lakhs was still to be taken (July 1991). It was seen that machinery worth Rs.9.30 lakhs, spares worth Rs.42.50 lakhs and tyres worth Rs.4.06 lakhs remained unutilised since their procurement.

In addition, one Kirloskar Diesel Compressor (No.1801006) procured for the canal works at a cost of Rs.1.21 lakhs in December 1978 was declared surplus in 1985-86 and has been lying unutilised since then.

Similarly spares for the equipment worth Rs.1.09 lakhs procured between March 1981 and March 1983 were not at all utilised (July 1991). The Division stated (July 1991) that the spares were procured in advance for future use. But they were declared surplus in November 1990.

Thus, the additional procurement of equipment and spares at a cost of Rs.2.30 lakhs resulted in blockage of funds.

(b) Two numbers of air compressors procured (January 1983) for the Irrigation Project at a cost of Rs.2.04 lakhs each were not at all utilised and one of them was transferred to Upper Kolab Head Works Division in November 1988. The procurement was,

therefore, avoidable. The department's reply to audit observation was awaited as of October 1991.

4.2.14 *Other points of interest*

(a) *Non-recovery of royalty*

Royalty charges amounting to Rs.1.77 lakhs towards excavated material of 0.09 lakh cu.m. of metal and 0.23 lakh cu.m. of boulder utilised in the spillway work between June 1984 and January 1988 were not recovered from a contractor though due for recovery.

(b) *Extra payment for additional work*

In the execution of work of excavation of Jeypore main canal RD 4.26 km to 8.00 km the contractor executed an extra item of work "Excavation of Head Rock etc." and was paid (in May 1984) Rs.1.84 lakhs at Rs.61.20 per cu.m. for 0.03 lakh cu.m. The agreement stipulated that the rates for the extra item of work not stipulated in the tender would be derived from the rates for similar items of work in the agreement, and that in the absence of such an item of work in the agreement, the rate would be derived from the Schedule of Rates. There was no similar item of work in the agreement, and the value of extra item executed by the contractor at the schedule of rates actually

worked out to Rs.0.95 lakh as against Rs.1.84 lakhs (Rs.61.20 per cu.m.) paid to him. This resulted in over payment of Rs.0.89 lakh to the contractor. The Department replied (September 1991) that the rate of Rs.61.20 per cu.m. was paid with the approval (May 1984) of the Chief Engineer, as in the case of another work in the project. But, this was irregular payment.

- (c) *Non-recovery of extra cost of Rs.0.81 lakh from the contractor*

Though the execution of work of construction of Cross Regulator-cum-Village Road Bridge of Jeypore distributary at RD 2.965 km of Dhanpur branch canal was closed with penalty on the contractor due to unsatisfactory progress, extra cost of Rs.0.73 lakh incurred by engaging another agency to complete the work was not recovered from him. Besides, cost of materials amounting to Rs.0.08 lakh was also due for recovery. Against the recoverable amount of Rs.0.81 lakh, the contractor's dues of Rs.0.14 lakh only were available with the Department. The factual position was accepted (January 1991) by the Executive Engineer.

- (d) *Extra expenditure of Rs.1.35 lakhs*

The execution of balance work of excavation of Dhanpur distributary from RD 00 km to 1,587 km was

left incomplete (April 1987) by the contractor due to dispute in finalisation of rates for the item of medium hard rock and was entrusted to another agency after one year (March 1988). The delay in awarding the balance work resulted in payment of Rs.1.35 lakhs to M/s. OCC towards clearance of silt accumulated in one working season which was avoidable. Reply from the Department is awaited.

(e) *Avoidable expenditure of Rs.1.94 lakhs*

According to the agreement condition for the work of excavation of Padmapur distributary from RD 00 km to 8.22 km (work completed in June 1987) it was the responsibility of the contractor, M/s. Orissa Construction Corporation to maintain the canal up to six months from the date of completion and any expenditure towards maintenance was required to be borne by the contractor. It was, however noticed in audit that although the work was treated as complete, expenditure of Rs.1.85 lakhs was incurred between June 1987 and March 1989 on bed cleaning, desilting, protection works of the embankment without obtaining specific approval of Government. Further, Rs.0.09 lakh was also paid to another contractor for closing of the breaches in the canal during the contractual period itself. Thus,

expenditure of Rs.1.94 lakhs was recoverable from the agency.

4.2.15 The points noticed were reported to Government in August 1991; their reply had not been received (April 1992).

4.3 Extra expenditure due to delayed payment of electricity charges

The agreement executed (June 1976) with Orissa State Electricity Board for power supply to dam site at Chitrakonda (Balimela Dam Project) and Power House site at Orkel (Potteru Irrigation Project) *inter alia* stipulated that bills for energy consumed would be paid to the Board within 15 days from the date of the bill. In case of delay in payment by more than 15 days surcharge at the rate of 1/5th of one per cent per day on the unpaid amount would be payable.

Test-check of records in audit in April 1991 of Potteru Irrigation Project revealed that surcharge of Rs.8.04 lakhs was paid in March 1989 and March 1991 to the Orissa State Electricity Board for delayed payment (ranging from 5 days to 130 days) of energy charges during the period from December 1987 to July 1990. In addition, claims for Rs.4.36 lakhs relating

to the period from August 1990 to February 1991 remained unpaid as of March 1991 for want of funds resulting in levy of surcharge.

Similarly, in the Balimela Dam Project an amount of Rs.4.46 lakhs was paid during 1987 to January 1989 as surcharge for delayed payment of energy bills (ranging from 9 days to 70 days). The delays in payment of energy bills were attributed to shortage of funds.

The matter was reported to Government in May 1991; their reply had not been received (April 1992).

4.4 Extra expenditure due to departmental lapse

Due to change in canal alignment the quantity of earth work in a contract for "raising and strengthening the right bank of Pattamundai canal from Balichandrapur to Charpada" increased from 0.65 lakh cu.m. (tendered cost Rs.3.18 lakhs) to 1.29 lakhs cu.m. The contractor who completed the work was paid Rs.5.84 lakhs. The balance dues of Rs.0.30 lakh were proposed to be paid after obtaining approval of Government for the increase in costs. The matter was referred to Government in June 1980. Approval had not been received as of February 1992. The contractor having failed to get his dues,

as also security deposit of Rs.0.06 lakh, sought arbitration (September 1981) putting forth a claim of Rs.37.91 lakhs. The arbitration pronounced in August 1987 a non-speaking award of Rs.6.83 lakhs in favour of the contractor with 10 per cent interest from May 1978 till the date of decree.

Appeal against the award filed by Government in the High Court was disposed of (August 1987) and on a Special Leave Petition in the Supreme Court filed in November 1987, the award was confirmed (March 1988) omitting payment of interest for the period of arbitration. The contractor was paid Rs.11.23 lakhs (March 1989).

Thus, inaction on the part of the Department to consider the claim of the contractor in time resulted in extra expenditure of Rs.10.87 lakhs (Award amount Rs.11.23 lakhs against Rs.0.36 lakh due to him).

Government in November 1988 directed the Chief Engineer, Delta Flood Control to fix responsibility, the result of which was still awaited as of April 1991.

The matter was reported to Government in March 1991 and their reply had not been received (April 1992).

4.5 Excess payment to contractor

Construction of earth dam of Upper Jonk Irrigation Project was entrusted in January 1984 to a contractor for Rs.195.85 lakhs stipulating completion by June 1987. Approved drawing (January/November 1987) of the earth dam provided for construction of vertical chimney with composite filter materials of metal chips and sand and the item of work was accordingly included in the agreement. During the course of execution of the work the Engineer-in-Chief, Irrigation visited the site in January 1988 and instructed for utilisation of sand only in place of composite filter materials of metal chips and sand on the ground of non-availability of graded crusher chips of required size and specification. Accordingly, further work in the vertical chimney at RD 30 M to 360 M and 460 M to 560 M of the earth dam was executed using sand alone to an average height of 3.5 metres (RL 339.5 M to 343 M) involving sand filling for 7,588 cu.m. till March 1990).

The deviation in the specification of material components in vertical chimney was however, not approved (June 1988) by the Chief Engineer, Designs. Thereafter in March 1990, use of composite filter materials (metal chips and sand) was restored in filling the

subsequent layers of chimney conforming to the original design.

Test-check of records of the Division in audit in October 1990 revealed that the approved rate of the contractor for construction of the vertical chimney included charges for shoring and shuttering arrangements to have clear partition between the vertical layers of metal chips and sand.

Although shoring and shuttering and use of metal chips were not required in location where sand alone was used in filling of the vertical chimney the contractor was paid at the full quoted rate for the 7,588 cu.m. of sand filling which resulted in an excess payment of Rs.0.88 lakh at the rate of Rs.11.66 per cu.m.

On being pointed out by Audit (October 1990), the Executive Engineer stated that payment was allowed because the agreed rate was for finished item rate contract. Since there was deviation from the agreed specification in the actual execution, the rate could have been readjusted. Failure to do so resulted in excess payment.

The matter was reported to Government (January 1991); their reply had not been received as of April 1992.

4.6 Unfruitful expenditure

With a view to resettling the displaced persons of the Upper Kolab Project in Koraput district, three rehabilitation and resettlement camps were established in 1979-80 at a cost of Rs.23.71 lakhs (development of land Rs.12.66 lakhs; construction of School Rs.6.25 lakhs and Public Utility Services Rs.4.80 lakhs). As stated by the Land Acquisition and Rehabilitation Officer, Upper Kolab Hydro Electric Project (December 1990) the camps remained unutilised due to unwillingness of the displaced persons to settle there.

Under orders of Government in October 1989 land measuring 1053.59 acres in the three camps along with structures was transferred to the Upper Indravati Project in December 1989 for resettlement of persons but there also it remained unutilised due to unwillingness of the people.

Thus the expenditure of Rs.23.71 lakhs incurred on the resettlement camps proved unproductive.

The matter was reported to Government in May 1991; their reply had not been received (April 1992).

4.7 Delay in submission of accounts in respect of land acquisition charges

According to rules prescribed for payment of land acquisition charges for projects under Public Works Department and accountal thereof, the advance drawn for payment of compensation should initially be debited to the head "Land Acquisition Suspense" in the project accounts. After payment of compensation, the Land Acquisition Officer was required to submit detailed accounts of the advance alongwith connected vouchers to the Divisional Officer (FA & CAO in respect of Major projects) for eventual clearance of the Suspense Accounts after admitting the amount so paid by the Land Acquisition Officer. The orders (February 1976) of Government in this regard clearly stipulated that the undisbursed amounts or balance amount, if any, was not to be credited into Treasury under the head "Revenue Deposits".

Audit check of accounts of FA & CAO, Rengali Multipurpose Project in June/October 1990 revealed that advance of Rs.394 lakhs given to the

LAO, Sambalpur in March 1988 and March 1989 for payment of land acquisition charges was deposited by the LAO under "Revenue Deposits" in the Sub-Treasury, Rengali instead of crediting the same in the project accounts under "Miscellaneous Deposits". Out of Rs.394 lakhs, Rs.251 lakhs were drawn by the LAO during July 1988 and October 1990 for payment of compensation but no accounts were rendered to the FA & CAO so far (May 1991). The balance amount of Rs.143 lakhs remained in deposit account. Check of records of Land Acquisition Officer in August 1991 also confirmed the above facts. The Financial Advisor and Chief Accounts Officer, Rengali Multipurpose Project stated (November 1990) that the Land Acquisition Officer had been asked to render accounts (June 1991).

The case was reported to Government in May 1991; their reply had not been received (April 1992).

4.8 Loss due to failure to lease out a vacant building

Consequent upon the explosive storage magazine (40 Tonne capacity) of the Rengali Project becoming surplus (February 1987) to departmental requirement, tenders were called in July 1986 for leasing it out.

The highest offer received of Rs.0.60 lakh per annum (cost of maintenance and upkeep of the building to be borne by the lessee) was approved for acceptance by Government in September 1987. The building was not leased out but kept vacant without any justification. In December 1989, fresh offers were invited for leasing it out and highest bid of Rs.0.55 lakh per annum (maintenance and upkeep of the building at the lessee's cost) was accepted in August 1990 and the building was leased out from December 1990.

Failure to lease out the building between February 1987 and November 1990 resulted in loss of Rs.2.25 lakhs. Besides this, the Department also incurred an expenditure of Rs.1.47 lakhs on watch and ward of the vacant building during this period.

The matter was reported to Government in April 1991; their reply had not been received (April. 1992).

4.9 Undue financial aid to contractor

Item 5 of the agreement executed with a contractor for construction of Masonary dam of the Upper Indravati Project provided for fixing 36 tonnes

of anchor bars (25 mm dia) in foundation rock of the dam at suitable intervals at the rate of Rs.19,872 per tonne including cost of steel. However, in October 1988 the contractor claimed extra payment of Rs.7,500 per tonne towards cost of steel and its fabrication contending that his rate did not include cost of steel and fabrication. The claim of the contractor was not accepted by the Executive Engineer, Indravati Dam Division who pointed out (November 1988) that no extra payment was admissible as the rate provided in the agreement was a finished item rate inclusive of the cost of all materials and fabrication. However, in a meeting held in February 1989 to review the work, the General Manager of the project conveyed the decision that the rate quoted did not include cost of steel and its fabrication and that the cost of steel used in anchor blocks be measured and paid. Accordingly the cost of 20.803 tonnes of steel amounting to Rs.1.35 lakhs already recovered from the running payment made for departmental supply of the material was refunded to the contractor in December 1989. Further recovery of the cost of 40.151 tonnes of steel actually utilised in the work was dispensed with.

However, on reconsideration the Chief Construction Engineer (C) reiterated in May 1990 that item 5 of the agreement included the cost of all materials required for the work and hence the cost of steel was also included in the agreement item rate and the contractor might be informed. But the cost of 60.954 tonnes of steel recoverable from the contractor amounting to Rs.3.96 lakhs remained unrecovered (August 1990).

On the above being pointed out to the Divisional Officer by Audit in August 1990 the Executive Engineer endorsed the above facts. Government, in January 1991, asked the General Manager, Upper Indravati Project to issue early instruction to the concerned Divisional Officer to recover the cost of steel from the contractor. In pursuance of Government orders the Divisional Officer recovered (May 1991) an amount of Rs.0.40 lakh from the contractor. Information regarding further recovery has not been furnished as of February 1992.

The matter was reported to Government in April 1991; their reply had not been received (April 1992).

4.10 Undue financial aid to contractor

Construction of 24 structures of Right Main Canal (RD 11 km to 22 km) of the Upper Indravati Project estimated to cost Rs.216.74 lakhs was awarded to M/s. Orissa Construction Corporation (M/s. OCC) at a cost of Rs.285.41 lakhs (31.68 *per cent* above the estimated cost) on negotiation basis in March 1988 for completion in 24 months. The drawing, design and estimate of the structures were not prepared and sanctioned before entrustment of work to M/s. OCC. The Corporation was paid (March 1988) Rs.57.08 lakhs as mobilisation advance (20 *per cent* of the contract value) for purchase of equipment. Drawing and designs were prepared for 20 structures only, and scope of the work was reduced. The estimated cost of the contract was also reduced to Rs.26.74 lakhs. The eligibility of the mobilisation advance came down to only Rs.5.35 lakhs. But the excess amount paid was not claimed from the Corporation. The grant of mobilisation advance was subject to the terms and conditions that (i) the advance would carry interest @ 12 *per cent* per annum, (ii) the advance would be recovered proportionately from the running account bills, (iii) accrued interest should be the first charge in each bill and balance if any adjusted towards principal, (iv) no diversion of fund should be made and

(v) the equipment purchased out of the advance should be hypothecated in favour of Government till final recovery of the advance is effected.

Check of records in audit conducted in April 1990 revealed that no recoveries towards both principal and interest were effected from the work bills of this contract in contravention of the provisions of the agreement. It was also seen that no equipment were purchased by M/s. OCC out of the advance.

In reply to Audit the Executive Engineer stated in May 1991 that the outstanding interest and principal would be recovered from the dues of other works entrusted to M/s. OCC. The Executive Engineer mentioned that out of accrued interest of Rs.22.39 lakhs upto August 1991, an amount of Rs.6.61 lakhs only was recovered leaving a balance of Rs.15.78 lakhs. No recovery towards mobilisation advance was made upto August 1991. Reasons for non-recovery of the dues had not been received from the Department (September 1991).

The matter was reported to Government in July 1991; their reply had not been received (April 1992).

4.11 Double payment of award amount

In respect of four arbitration cases arising out of contract works executed under Bolangir Irrigation Division, the Arbitration Tribunal, Bhubaneswar passed (April 1982 to September 1983) awards for Rs.1.54 lakhs in favour of a contractor. The arbitration awards were made rule of the Court during the period from January 1983 to August 1984. The award amounts were, however, paid to the contractor between October 1983 and March 1984 with the approval of Government without being certified by the executing Court where the awards were decreed. Taking advantage of non-certification of payment of award amounts by the executing Court, the contractor filed execution case before the Sub-Judge Court, Bolangir regarding non-payment of decretal amounts by the Department.

The Court rejected all evidence in support of full payment of the award amount to the contractor on the ground that the payment were made prior to the award becoming the rule of the Court. An appeal against the above judgement before the High Court was also dismissed (April 1989) on the same ground.

Consequent on the dismissal of the appeal the decretal amount for Rs.1.54 lakhs was again deposited in the Sub-Judge Court, Bolangir between September 1989 and December 1989 with the approval of Government. The Department, also filed money suits (October 1989) against the contractor for realisation of Rs.1.54 lakhs being the amount paid twice, results of which are still awaited (April 1991).

Had the payment of the award amount been made after it became the rule of the Court and after certification of the executing Court, the extra payment of Rs.1.54 lakhs and legal expenses of Rs.0.16 lakh incurred could have been avoided. In reply to Audit the Divisional Officer stated (February 1990) that progress in recovery would be intimated.

The matter was referred to Government in April 1991; their reply had not been received (April 1992).

4.12 Extra expenditure in the construction of Right Under Sluice

To make an upstream coffer dam for construction of Right Under Sluice by diverting the water flow in the left side of the river Brahmani, tenders for carriage

of boulders from Rengali Dam site (6600 cu.m.), Sansada quarry (415 cu.m.) and from the side of left main canal (1000 cu.m.) to stacking yard at Samal were invited separately by the Executive Engineer, Head Works Division, Samal in December 1988. The lowest tenders received for Rs.4.29 lakhs, Rs.0.31 lakh and Rs.0.30 lakh respectively were recommended by the Executive Engineer/Superintending Engineer in February 1989/April 1989 for acceptance by the Chief Engineer, who, however, felt (May 1989) that the work would not be necessary in that year. The Superintending Engineer, Head Works Circle asked the Executive Engineer in September 1989 to refloat tenders for the work with a view to completing the coffer dam by November 1990. Fresh tenders were invited in November 1989 for carriage of 7,600 cu.m. of boulders from Rengali Dam site and 415 cu.m. from Sansada quarry and the lowest tenders of contractor 'A' for Rs.8.59 lakhs and Rs.0.31 lakh respectively were accepted by the Chief Engineer in February 1990. The carriage of boulders was completed by July 1990 at a cost of Rs.8.95 lakhs and the work of Coffor Dam was carried out during the period from November 1990 to March 1991.

Audit check of records in November 1990 revealed that the Department had to incur extra expenditure of Rs.3.68 lakhs towards the carriage of boulders at higher rates due to cancellation of original tenders in May 1989. Having known that construction of coffer dam was inevitable even after monsoon was over and the gap between the two time tenders being six months, there was no justification for the department to delay transportation of the boulders. The Executive Engineer replied to Audit (November 1990) that the programme for diversion of water through the Left Under Sluice bays during working season for November 1989 to June 1990 was deferred due to delay in finalisation of design of the gates.

Thus, the decision of the Chief Engineer to cancel the tenders resulted in an extra avoidable expenditure of Rs.3.68 lakhs.

The matter was reported to Government in July 1991; their reply had not been received (April 1992).

4.13 Infructuous expenditure

To protect the Puri sea beach from pollution, a scheme for diverting the existing drain water, through

an old nallah known as 'Kukudakhai-Nuanai-Ganga Jamuna Nallah' was approved (March 1989) by Government at a cost of Rs.93.39 lakhs for execution by the Puri Irrigation Division under the administrative control of the Chief Engineer, Delta Flood Control. The scheme *inter alia* envisaged excavation and improvement of the old nallah for a length of 8 km out of which 1 km would run inside the town area, 2 km in a barren sandy field forming part of the Jagannath Sanskrit University and the rest 5 km through reserved forest and anabadi land.

The whole work was divided in 22 reaches with an estimated cost of Rs.34.55 lakhs and awarded (March 1989) to several contractors for execution. Though the channel passes through reserve forest land and within the premises of Jagannath Sanskrit University, neither clearance from the Government of India under Forest Conservation Act nor permission from University authorities was taken before commencement of excavation of the channel in February 1989. While the work was in progress, the Executive Engineer intimated to the Chief Engineer, Delta Flood Control and to the Collector, Puri that excavation of channel at 2.850 km was obstructed by the Forest Department on the ground that clearance for forest land was not

taken for excavation of the channel inside forest land. The authorities of the Jagannath Sanskrit University also objected to the work in their premises. The position was then reviewed in a high level meeting held in March 1989 and it was decided that the channel should neither be cut across the University premises nor pass through the forest land. Instead, the sewerage water would pass through the channel direct to the sea at a suitable point after it crosses the boundary of the Sanskrit University.

Accordingly, it was decided in March 1989 to divert the sewerage water through Bankimuhan by the side of the Sanskrit University in a changed alignment to avoid acquisition of forest land. The excavation of channel was finally abandoned in April 1989 after executing work worth Rs.3.11 lakhs between March 1989 and April 1989. The Chief Engineer, Delta Flood Control reported to Government in January 1990 that the original scheme for excavation of Kukudakhai-Nuanai-Ganga Jamuna Nallah was abandoned and according to the revised proposal, the work involved installation of sewerage treatment plant for purification of sewerage water and would be entrusted to the Public Health Engineering Organisation. The Executive Engineer, Public Health Division, Puri also stated (July 1991)

that the abandoned stretch would not be of any use under the revised proposal awaiting sanction (July 1991).

Thus, the departmental lapses in taking up the work before acquisition of land and finalisation of the alignment resulted in abandonment of the scheme and rendering the expenditure of Rs.3.11 lakhs incurred infructuous.

The matter was reported to Government in May 1991; their reply had not been received (April 1992).

4.14 Unfruitful expenditure on instrumentation of Upper Kolab Dam

With a view to measuring various technical aspects of the dam such as stress, strain, uplift, pore-pressure, temperature and dam deflection as well as movement in the body of the dam (concrete and masonry), and also to bring to light in time any malfunctioning, the Chief Engineer, Upper Kolab Project decided (May 1982) to instal instruments such as temperature probe, picuometer uplift pressure, stress meter, strain meter and joint meter in Block No.12 and 23 of the Upper Kolab Dam, according to the drawing approved (January 1982) by the Central Water Commission. Supply and

installation of instruments was entrusted (May 1983) to a firm at the cost of Rs.10.49 lakhs (excluding forwarding, freight and insurance charges) for completion by December 1983. The supply was received between May 1983 and April 1984 and the installation was completed in May 1985.

The Department incurred a total expenditure of Rs.13.46 lakhs towards the cost of installation and allied charges.

The Executive Engineer was informed by the Sub-Divisional Officer (January 1985) about defects in the instrumentation involving inaccurate readings etc. The firm was requested in January 1985 and April 1986 to rectify but to no result (April 1991). Rs.0.31 lakh due to the firm were withheld for payment pending rectification of defects (April 1991).

Thus, the entire investment of Rs.13.46 lakhs on the instrumentation proved unfruitful. The Chief Engineer stated (June 1991) that attempts were made to rectify the defects and after repair the system would start functioning. The Executive Engineer, however, stated in July 1991 that the firm was contacted and they had suggested that digital indicator would have to be set for ascertaining the functioning of the instrument which had not been carried out as of February 1992.

The matter was reported to Government in March 1991; their reply had not been received (April 1992).

4.15 Payment of compensation not covered by contract

Construction of a cross bundh for closing the mouth of creek at Gupti for providing irrigation to 1,400 ha. of rabi crops in Rajnagar block of Cuttack district was entrusted in March 1989 to a contractor for Rs.2.34 lakhs stipulating completion by July 1989. The agreement provided for excavation of 6,238 cu.m. of earth work, 606 cu.m. of stone packing and collection and driving of 20.98 cu.m. of seasoned salwood bullahs*. By May 1989, the contractor supplied only 13.945 cu.m. of seasoned salwood bullahs at a cost of Rs.0.67 lakh (paid in May 1989) and applied (June 1989) for grant of extension of time upto 15 March 1990 on the ground of untimely rain and cyclone. While sanction to extension of time was under consideration of the Executive Engineer till July 1990, it was reported (February 1990) by the Junior Engineer and Assistant Engineer in charge of the work that the cross bundh constructed upto its berm level was over-topped by sea tide and breached on 7 February 1990. The contractor appealed (February 1990) to the

* Log of Salwoods used for piling work to protect the earth work from sea tide.

Executive Engineer to compensate the loss of Rs.0.72 lakh sustained by washing out of the whole work and expressed his inability for taking up further work. Final measurement of the work was taken in March 1990 and the final bill for Rs.1.21 lakhs (gross value) of the contractor was paid in July 1990, despite the condition stipulated in the agreement that no compensation should be paid to the contractor for any damage occurred due to rain or similar action during execution of the work.

Thereafter, the work with the same items and quantities was awarded (July 1990) to another contractor at Rs.3.31 lakhs with use of non-sal wood bullahs and completed (March 1991) at a cost of Rs.1.70 lakhs without stone packing. Instead of asking the first contractor to reconstruct the cross bundh at his cost and risk, his contract was rescinded with nominal penalty of forfeiting his security deposits for Rs.0.09 lakh available with the Department, on the ground of self illness. The continuance of the work beyond the stipulated period was also regularised with sanction (October 1990) of extension of time upto 8 February 1990 by the Chief Engineer, Delta Flood Control.

Thus, delay on the part of the contractor to complete the work within the stipulated time in the original contract, non-application of clause 9 of special condition of F2 Agreement that no compensation shall be paid for any damage due to rain or similar action during execution of work and non-inclusion of a clause in the agreement for taking protective measures by the contractor against heavy rain etc. put the Department to a loss of Rs.1.21 lakhs. The Department had not furnished any reply as of February 1992.

The matter was reported to Government in March 1991; their reply had not been received (April 1992).

4.16 Avoidable extra expenditure

Design, manufacture, supply, erection and commissioning of Mahanadi-Birupa Barrage gates were entrusted to M/s. Orissa Construction Corporation Limited (OCC) in September 1983 at a cost of Rs.1,360.56 lakhs for completion by September 1986. The gates were designed to maintain the pond level for providing irrigation through canal and to regulate the flood during monsoon. M/s. OCC could not complete the work within the time schedule due to non-completion of civil works

and their application for grant of extension of time upto March 1992 was yet to be sanctioned as of September 1991.

During the working season of 1988-89, the old anicuts of Mahanadi-Birupa rivers were dismantled at places for carrying out the civil work. The under sluice bays of Mahanadi-Birupa gates both in right and left sides had not been completed and the hoisting arrangements and lifting mechanism of gates were not fully commissioned before the monsoon of 1989. In order to tackle the flood during the monsoon and to provide irrigation for that year, it was decided (June 1989) by the Chief Engineer to release the flood water through spillway bays. Pending preparation of manual for operation of the barrage gates which task had been entrusted (May 1989) to an Engineering consultancy firm, a draft guideline was prepared (July 1989) by the Chief Engineer and the work of operation of the gates was entrusted to M/s.Orissa Construction Corporation (OCC) under departmental supervision.

M/s.OCC operated the gates during July to October 1989. After closing of the gates in November 1989 it was noticed by the Department that deep scours had occurred below some of the bays upto the sheet pile locations. The Chief Engineer (Designs), Central Water Commission after discussion with the Chief

Engineer Mahanadi-Birupa Barrage Project in June 1990/July 1990 observed that, owing to certain undesirable gate operation, scours had occurred in some of the bays which were dangerous and alarming. These had reached the cement concrete blocks and the end sill of the floor resulting in their subsidence and removal.

After examination of the actual operation details brought out by the Project authorities, the Central Water Commission observed that the spillway gates at three locations were fully raised in a few bays while the gates in the adjacent bays were totally closed. This had given rise to concentration at few locations resulting in deep scours. Immediate repair by stone dumping in scour pools was completed by the Department at a cost of Rs.11.62 lakhs.

Had the water been evenly distributed by regulating the gate operations, the deep scours and the resultant expenditure on repairs thereon for Rs.11.62 lakhs could have been avoided.

Thus, the undesirable gate operation, resulted in avoidable expenditure of Rs.11.62 lakhs.

The matter was reported to Government in July 1991; their reply had not been received (April 1992).

4.17 **Loss and extra expenditure due to lapses of contractor**

Extension work of flood embankment (RD 5100 to 5190 M) from Kesinga to Kantesir on right side of river Tel with 0.43 lakh cu.m. of earth work and fine dressing and turfing of 8,762 sq.m. was awarded to a contractor at a cost of Rs.4.04 lakhs for completion by November 1989. The progress of work was slow as observed (April/May 1989) by the Executive Engineer, Kalahandi Irrigation Division due to less deployment of labour by the contractor. The contractor could execute work valuing Rs.2.21 lakhs (55 per cent) by December 1989 and the same was paid to him. He applied (November 1989) for grant of extension of time upto August 1990, sanction to which was still awaited (June 1991). According to revised work programme (November 1989), the earth work was scheduled for completion by March 1990 and turfing during rainy season.

In August 1990 earth work (0.35 lakh cu.m.) executed by the contractor in the embankment was washed away by rain and flood. The Executive Engineer initially held (September 1990) the contractor responsible for the loss on the ground that the latter had failed to take any measures for protection of the earth work

in the embankment, in terms of conditions of the contract. However, instead of asking the contractor to bring the embankment to the designed profile at his cost the same was reconstructed (March 1991) through another agency at a cost of Rs.5.86 lakhs even though the original contract was not closed (June 1991).

The Executive Engineer, stated (July 1991) that the contractor had to take protective arrangements of minor type to protect the embankment from damage due to rain during monsoon but the damage which occurred due to heavy flood was beyond control.

The contention of the Executive Engineer was not acceptable to Audit as he had held the contractor responsible for the loss due to the latter's inaction to take protective measures in terms of contract clause. Besides, in support of the stand taken by him the Executive Engineer prepared the 8th and final bill for a minus amount of Rs.3.22 lakhs considering the entire amount paid upto 7th Running bill as recoverable from the contractor. The minus bill was not passed for payment pending receipt of sanction to extension of time by the competent authority (September 1991). There was, however, a sum of Rs.0.56 lakh (security deposit of Rs.0.16 lakh and miscellaneous deposit of Rs.0.40 lakh)

only available with the Department.

The matter was reported to Government in April 1991; their reply had not been received (April 1992).

4.18 Unrealistic estimation

Out of 12 tenders received in July 1987 for the work "Excavation of left main canal from RD 7 km to 10 km", the Chief Engineer, Rengali Irrigation Project accepted (January 1988) with the approval of Government the tender for Rs.67.29 lakhs (being 9.30 per cent excess over the estimated cost of Rs.61.56 lakhs). Since the quoted rates of the contractor for items 1, 3 and 6 of the tender were grossly in excess over the estimated cost (by 97.33 per cent, 89.29 per cent and 723.97 per cent respectively) the Chief Engineer imposed (July 1989) a restriction that the quantities during execution should not be allowed to vary by more than 5 per cent of those contracted without prior approval.

Audit check of records in October 1990 revealed that on completion of the work in June 1989, the contractor was paid Rs.57.41 lakhs against contract value of Rs.67.29 lakhs after obtaining approval (October 1989) of Government to the deviation. There was however, wide variation in the quantity of all items of

work as indicated below :

Item of work	Estimated quantity	Executed quantity	Difference	Percentage of variation
1. Excavation of canal in all kinds of soil	94,800	1,12,865	(+)18,065	19
2. Earth work in canal embankment	1,00,200	27,821	(-)62,379	62 less
3. Cutting in DI rock	91,700	1,14,204	(+)22,504	24
4. Cutting in hard sheet rock	22,600	2,611	(-)19,989	88 less
5. Fine dressing of earth work in slopes	54,400	17,134	(-)37,266	68 less
6. Fine dressing of earth work in slopes and top road formation	39,000	28,971	(-)10,029	25 less

The Executive Engineer stated in August 1989 that the preparation of estimate for the work was based on few random trial pits data taken at longer intervals which did not reflect the actual field condition and thereby the nature of soil was abruptly changed during actual execution.

The unrealistic estimation of the work thus, completely vitiated the tender position. On the basis of the actual work executed, the tender of 'O' stood at Rs.48.73 lakhs against Rs.57.41 lakhs paid to 'B'.

The matter was reported to Government (March 1991) and their reply had not been received (April 1992).

4.19 Excess payment

Agreement drawn (January 1986) with a contractor for construction of Muran Dam of Upper Indravati Project *inter alia*, stipulated for execution of cement concrete works of C2 - M - 165 (item 7), C3-M-165 (item 8) and C2A-M-200 (item 33) consuming cement at the rates of 350 Kg, 400 kg and 350 kg per cu.m. of work respectively. The quoted rates of the contractor for these items of work were Rs.658.50,

Rs.724.00 and Rs.663.50 per cu.m. respectively which included the cost of the above standard requirement of cement. The contractor executed (December 1990) 19,209 cu.m. (item 7), 13,720 cu.m. (item 8) and 7,373 cu.m. (item 33) of such works and a total payment of Rs.274.74 lakhs was made to him in December 1990 which included the cost of 2.96 lakh bags of cement.

Test-check of records in audit revealed that against the requirement of 2.96 lakh bags of cement the contractor executed the work consuming 2.52 lakh bags of cement in the work. The consumption of less cement was attributed to the actual requirement based on the design mix proportions prepared by the Quality Control Wing of the Project. Although 2.52 lakh bags of cement were actually consumed in the work, the contractor was allowed payment for 2.96 lakh bags resulting in excess payment for 0.44 lakh bags valuing Rs.22.66 lakhs at the rate of Rs.51.50 per bag. This was pointed out to the Executive Engineer (January 1991) but he had not furnished his reply as of February 1992.

The matter was reported to Government in July 1991; their reply had not been received (April 1992).

4.20 **Avoidable expenditure**

"Excavation of Tailrace Channel beyond RD 280 M (Estimated cost Rs.53.61 lakhs)" of the Upper Kolab Project was decided (September 1982) by the Chief Engineer, Upper Kolab Project to be allotted to M/s.Orissa Construction Corporation Limited (M/s.OCC) at their agreed rates and conditions for the first reach from RD 00 to 280 M. M/s.OCC commenced the work in October 1982, but pleaded that the rate was unworkable due to considerable increase in the rates of labour and materials and submitted (October 1982) a quotation for Rs.68.62 lakhs for consideration of the Department. After negotiation (November 1982), the offer was reduced to Rs.66.51 lakhs and was recommended (January 1983) to Government for approval which was not accorded until March 1984 even after discussion held by the Chief Engineer with Government in February 1984.

On the ground that their earlier quotation was not available, the Corporation submitted (March 1984) a revised offer for Rs.105 lakhs. While forwarding the same to Government (March 1984) the Chief Engineer observed that the rates quoted by the Corporation were very high and since the earlier offer had not been finalised in time (which was reportedly not available

in the Secretariat) he recommended that escalation cost alone could be paid to the Corporation.

His successor however, recommended (May 1984) the negotiated quotation for Rs.104 lakhs for approval of Government on the grounds of difficult site condition. Government approved (June 1984) award of contract and agreement was concluded with the Corporation in September 1984 stipulating completion by April 1985. As mentioned, the work had already commenced in October 1982, long before the finalisation of contract. The work was finally completed with reduced scope in April 1988 at a cost of Rs.69.91 lakhs. The Corporation sought extension of time periodically, which has not been sanctioned as of February 1992.

Thus, computed with reference to rates of November 1982 (Rs.45.31 lakhs) for the completed portions of work plus escalation for the period 1982 to 1988 (Rs.6.13 lakhs), the expenditure incurred by the Department at the rates of June 1984 (Rs.69.91 lakhs) resulted in avoidable extra expenditure of Rs.18.47 lakhs.

Further, it was seen in audit that, a sum of Rs.2.91 lakhs was paid to the contractor in excess due to recording of measurement of the quantity of

cutting in DI rock as 0.67 lakh cu.m. instead of 0.59 lakh cu.m. and is pending recovery.

The matter was reported to Government in April 1991; their reply had not been received (April 1992).

WORKS DEPARTMENT

4.21 Inadmissible payment

An agreement executed in June 1983 with a contractor for construction of a high level bridge over river Reba on Dhamnagar-Chudakuti road of Balasore district for Rs.29.41 lakhs, *inter alia*, provided for supplying, fitting and fixing 15 sets of mild steel roller and roller-cum-rocker bearing in position at the approved rate of Rs.0.11 lakh per set (one roller bearing and one roller-cum-rocker bearing constitute one set).

During the course of execution of the bridge work, the Executive Engineer, however, supplied through departmental sources 12 sets of such bearings to the contractor for eventual utilisation in the work with the approval (February 1985) of the Chief Engineer, Rural Landless Employment Guarantee Programme. The remaining 3 sets were procured by the contractor

himself for utilisation in the work. The cost of departmental bearings was recovered from the contractor at the rate of Rs.3,314 per set. Payment for the work was made at the contract rate of Rs.0.11 lakh per set for all 15 sets.

Test-check in audit conducted in August 1990 revealed that the quoted rate of Rs.0.11 lakh of the contractor included labour charges of Rs.1,445.50 towards fitting and fixing and Rs.9,554.50 towards cost of each set. By allowing payment for 12 sets supplied departmentally at the quoted rate of Rs.0.11 lakh per set the contractor was overpaid Rs.0.75 lakh.

The Executive Engineer replied (July 1991) that supply of roller and rocker bearing by the Department was not mentioned in the agreement as the specified materials of the required quantity were not procured for the construction of the bridge. During execution of work it came to notice that there were 12 sets of such roller and rocker bearings lying unutilised in the store for a long time and the same were utilised.

The matter was reported to Government (October 1990); their reply had not been received (April 1992).

4.22 Non-recovery of extra cost from contractor

Construction of under passage crossing the left approach to high level bridge over river Vansadhara on Gunpur-Padampur road was entrusted (April 1987) to a contractor for Rs.11.39 lakhs, stipulating completion by March 1988. The contractor after executing work worth Rs.2.62 lakhs stopped further execution of work from July 1987. Consequently the final bill for Rs.2.62 lakhs was paid to him by the Executive Engineer in August 1987 and the contract was closed (May 1988) with levy of full penalty under the agreement. The balance work was retendered in September 1988 and entrusted (January 1989) to another contractor who completed it in October 1989 at a cost of Rs.10.11 lakhs. The balance work executed computed with the rate of the defaulting contractor resulted in an extra expenditure of Rs.1.87 lakhs which had not been recovered from the original agency as of September 1991.

Besides, cement (813 bags), steel, binding wire etc., issued to the contractor which remained unutilised were not returned to the Department. The value thereof at penal rates amounting to Rs.2.90 lakhs was also not recovered (July 1991). Only an amount

of Rs.0.35 lakh was available as security deposit of the contractor with the Division.

The Executive Engineer stated (July 1991) that action had been taken by him to realise the extra cost and the cost of materials. Final recovery^a had not been made as of September 1991.

The matter was reported to Government in April 1991; their reply had not been received (April 1992).

4.23 Extra expenditure on causeway of Deng-Tikarapara road

Construction of hume pipe vented causeway at 18th km of Deng-Tikarapara road of Bolangir district was entrusted (June 1971) to a contractor at a cost of Rs.2.10 lakhs for completion by June 1972. The work was actually completed in June 1973 and the contractor was paid Rs.2.81 lakhs by June 1974 in his running account bills withholding Rs.0.10 lakh for want of sanction of extension of time.

The final bill of the contractor was not prepared and his security deposit for Rs.0.30 lakh was not refunded till 1982 for want of approval for delay in completion. The contractor went for arbitration

(April 1982) claiming Rs.1.41 lakhs (extra for increase in wages of labour : Rs.0.62 lakh, value of work done but not paid : Rs.0.44 lakh, maintenance of coffer dam : Rs.0.05 lakh and unrefunded security deposit: Rs.0.30 lakh). The Department had also submitted counter claim for Rs.3.44 lakhs consisting of excess payment of Rs.0.06 lakh, cost of unutilised departmental materials Rs.0.45 lakh, compensation for delay in work Rs.2.00 lakhs, unrecovered royalty charges Rs.0.05 lakh and interest at the rate of 18 *per cent* on the whole amount Rs.0.69 lakh. The arbitrator pronounced (November 1982) award for Rs.1.74 lakhs in favour of the contractor, with interest at the rate of 10 *per cent* *per annum* on Rs.0.92 lakh from 1st November 1982 disallowing the departmental claim on the ground that the Department had failed to recover the dues in the course of execution of the work from final bill of the contractor. The award was made rule of the Court in July 1984. Appeal in the High Court was also dismissed (October 1989) after which Rs.2.23 lakhs (award amount Rs.1.74 lakhs plus interest up to August 1990 : Rs.0.49 lakh) was paid to the contractor in October 1990 through the Sub-Judge Court, Bhubaneswar.

Thus, due to non-sanction of extension of time resulting in delay in (i) payment of the final bill and (ii) refund of security deposit to the contractor, the Department had to bear an extra expenditure of Rs.1.83 lakhs against dues of the contractor with the Department for Rs.0.40 lakh, besides incurring a loss of Rs.0.56 lakh by non-recovery from the contractor (cost of materials Rs.0.45 lakh, excess payment on work Rs.0.06 lakh and royalty charges Rs.0.05 lakh) at appropriate time.

The matter was reported to Government in July 1991; their reply had not been received (April 1992).

4.24 Extra cost due to departmental lapse

For the construction of two girls hostel buildings for Kanyashram at Jodinga and Hatabharandi of Koraput district, tenders were received in December 1988. The lowest tender was for Rs.2.92 lakhs and Rs.3.05 lakhs respectively. The Executive Engineer, Jeypore (R&B) Division took 50 days for processing the tenders as against 20 days permissible under rules and the Superintending Engineer took 35 days against 15 days permissible and recommended to the Chief Engineer Building II in March 1989 for acceptance when

when only 5 days were left for expiry of the validity period of the offers. The retention of tender papers by the Executive Engineer was stated to be on account of negotiations with the tenderers to reduce their rates but in vain. The Chief Engineer returned (April 1989) the tenders unaccepted on grounds of expiry of validity period and the tenderers not turning up for negotiation.

Though the next lowest tenderers (for Rs.2.93 lakhs and Rs.3.13 lakhs respectively) agreed in September 1989 to extend the period of validity of their offer till October 1989 that was not accepted.

The works were ultimately retendered and awarded (August 1990) for Rs.3.39 lakhs and Rs.3.91 lakhs respectively for completion in nine months.

Thus, the delay in processing the tenders by the Executive Engineer and the Superintending Engineer resulted in retendering and avoidable extra expenditure of Rs.1.87 lakhs.

In reply to Audit the Divisional Officer stated (December 1990) that the delay occurred due to protracted correspondence at each level for which no particular officer could be held responsible.

The matter was reported to Government in July 1991; their reply had not been received (April 1992).

4.25 Undue financial aid to contractor

Out of five lump sum tenders received (November 1983) for the work "Construction of high level bridge over river Brahmani on Dhenkanal-Kamakhyanager Road", the tender of contractor 'I' for Rs.480.97 lakhs was the lowest. While submitting the tender, the firm putforth a condition that it would be allowing 2.5 per cent rebate if the Department would accept its escalation formula of labour, material (other than departmental materials) and P.O.L. components at the rate of 30 per cent, 15 per cent and 8 per cent against departmental formula of 18.33 per cent and 27.50 per cent for labour and material respectively. After negotiation (May 1984) with the Chief Engineer (Roads), the firm however, agreed to accept the departmental escalation formula for labour and materials in addition to 5 per cent on POL in place of 8 per cent originally claimed by them.

The Tender Committee recommended (June 1984) for acceptance of the lowest tender with adoption of departmental escalation formula and rejected the offer of the firm for allowing rebate of 2.5 per cent.

Accordingly, the lowest tender of 'I' was accepted (July 1984) by Government and the work was awarded (August 1984) to the firm for completion in August 1987.

Audit check of records in May 1991 revealed that, out of Rs.41.97 lakhs paid to the firm towards escalation cost Rs.1.72 lakhs related to P.O.L. component at the rate of 5 *per cent* in addition to labour and material, despite the fact that the firm's tender was accepted by Government with departmental escalation formula without P.O.L. component.

On being pointed out, the Executive Engineer, Dhenkanal (R&B) Division stated that the payment for escalation on P.O.L. at 5 *per cent* was made in terms of clarification received (August 1984) from the Chief Engineer (Roads). But this was not tenable since the tender of the firm was accepted by the Tender Committee, which clearly rejected the escalation formula of the firm and adopted the departmental escalation formula excluding P.O.L.. Moreover, departmental escalation clause in the tender call notice had also not contained any escalation for P.O.L.. Further payment of escalation on P.O.L. had been stopped by the Division from August 1991.

The matter was reported to Government in May 1991; their reply had not been received (April 1992).

4.26 Extra expenditure

Out of eight tenders received (November 1987) by the Executive Engineer, Khurda (R&B) Division for the construction of bridge with approaches over Khadipadar Nallah on Ranapur-Siko road, the tender of contractor 'G' was the lowest for Rs.14.41 lakhs (11.05 per cent less than the estimated cost of Rs.16.20 lakhs). The 2nd lowest tender negotiated for Rs.16.48 lakhs (1.73 per cent excess) was recommended (December 1987/January 1988) by the Executive Engineer/Superintending Engineer for acceptance of the Chief Engineer (Roads) on the ground that the rates quoted by the lowest tenderer were unworkable for timely completion of this important bridge work and that the validity period of the Sales Tax Clearance Certificate (STCC) submitted by the lowest tenderer with the tender, had expired, thereby disqualifying the tender, under clause 12 of the D.T.C.N. The lowest tender 'G' however, submitted (14.12.1987), a fresh STCC valid upto 31 March 1988. The Chief Engineer (Roads) directed (January 1988) the Superintending Engineer, to obtain and submit

the analysis of rates from the lowest tenderer justifying his quoted rates. The lowest tenderer intimated (February 1988) to the Executive Engineer that he had quoted the rates taking into account a marginal profit of only 3 per cent against 12.5 per cent of contractor's profit provided in the Analysis of Rates with the view of utilising surplus construction materials and vehicles, including Tools and Plant articles, available with him. While submitting the analysis of rates (February 1988) to the Superintending Engineer, the Executive Engineer reported that the rates of the lowest tenderer were workable.

In spite of that, the lowest tender was not accepted by the Chief Engineer without recording any reason. On the other hand, the Chief Engineer ordered (June 1988) the execution of work in several groups of job contracts limiting each to Rs.0.25 lakh, which was neither completed at the stipulated date nor its cost remained within Rs.16.48 lakhs as estimated by the Department.

Test-check of records of the Division in audit revealed (August 1991) that the construction of bridge with approaches was completed in March 1991 i.e. after 21 months from the stipulated date

(June 1989) at a cost of Rs.17.30 lakhs which was more than the tendered cost quoted by the lowest tenderer. Had the lowest tender been considered and the work executed at that rate, extra expenditure of Rs.4.55 lakhs could have been avoided.

The matter was reported to Government in August 1991; their reply had not been received (April 1992).

RURAL DEVELOPMENT DEPARTMENT

4.27 Unfruitful expenditure on Remuli Minor Irrigation Project

Renovation to Remuli Minor Irrigation Project in Keonjhar district was administratively approved (February 1980) for Rs.6.97 lakhs (revised to Rs.13.32 lakhs in June 1984) with a view to providing assured irrigation to 250 acres of land in kharif season after completion by September 1982.

Scrutiny of records of the Minor Irrigation Division, Keonjhar in May 1991 revealed that the head works of the project except gap closing of the earth dam and a prortion of the canal excavation with all cross drainage works were completed by March 1983

at a cost of Rs.9.16 lakhs. The Chief Engineer, Minor Irrigation reported to Government in May 1991 that the work of gap closing and a portion of the canal could not be executed due to non-availability of funds and delay in land acquisition. Thus the expenditure of Rs.9.16 lakhs on the project remained unfruitful besides denial of irrigation facilities to the beneficiaries for over 8 years.

The factual position is accepted by the Government in tripartite meeting held during April 1992.

4.28 Unfruitful expenditure on raising the dam and surplus escape of Laigam Minor Irrigation Project

Executive Engineer, Minor Irrigation Division, Phulbani proposed in December 1981 raising by four feet the height of the dam and surplus escape of the Laigam Minor Irrigation Project, constructed in 1977 at a cost of Rs.58.67 lakhs, as the storage capacity was not adequate to provide irrigation to the designed ayacut of 3514 acres in kharif and 1000 acres in rabi. The work estimated to cost Rs.4.98 lakhs, was sanctioned by the Superintending Engineer, and administratively approved by the District Rural Development Agency,

Phulbani in March 1982. It was entrusted (July 1982) to a contractor at Rs.4.06 lakhs for completion by April 1983. The contractor executed the work of raising the dam up to 4 feet for a value of Rs.2.36 lakhs for which he was paid in May 1983 and the work of surplus escape remained to be carried out.

The Chief Engineer, Minor Irrigation during his site inspection in December 1982 had suggested a revision in the design relating to surplus escape and held the Superintending Engineer as not competent to sanction the working estimate by splitting up the works of the same project. He also ordered calling for explanations from the officers responsible for executing the work prior to obtaining approval to estimate and technical clearance from competent authority, and directed to intimate action against the officials concerned. The revised drawing for surplus escape submitted to the Chief Engineer in February 1983 was pending approval (September 1991). In view of the delay the contract was closed in January 1991.

Thus, the expenditure of Rs.2.36 lakhs incurred proved unproductive as the work has not been completed and objective not achieved.

The matter was reported to Government in June 1991; their reply had not been received (April 1992).

4.29 Inadmissible payment

The rates for concrete and masonry items in the agreement (February 1983) for the "construction of diversion weir" of Perencho Minor Irrigation Project included the cost and conveyance charges of stone/metal of required specification to be carried from the approved quarry involving a lead of 5 km. The contractor completed the work in March 1988 at a cost of Rs.24.99 lakhs.

Test check of records of Minor Irrigation Division, Kalahandi in November 1990 revealed that, for the construction of the diversion weir, 5,355 cu.m. of useful blasted stone available at site was supplied to the contractor by the Department and the cost of the stone was recovered from the contractor at Rs.14 per cu.m. Although, no expenditure on carriage of this stone/metal was incurred by the contractor, no reduction in the rate for the works was done. The payment of Rs.24.99 lakhs made to the contractor included Rs.1.85 lakhs for carriage charges of 5,355 cu.m. of blasted stone at the rate of Rs.34.58 per cu.m.

Besides, the contractor was paid Rs.0.19 lakh in excess by way of recovery of the cost of the stone at Rs.14 per cu.m. instead of Rs.17.60 per cu.m. The amount has not been recovered as of July 1991.

The matter was reported to Government in April 1991; their reply had not been received (April 1992).

4.30 Doubtful execution of work

Agreement executed (December 1983) with contractor for excavation of leading channel of Pokharia Minor Irrigation Project at a cost of Rs.2.68 lakhs, *inter alia*, provided for excavation of 6,300 cu.m. of blasting hard and compacted sheet rock against which the contractor executed 6,342 cu.m. (January 1985). The Executive Engineer reassessed in January 1985 the quantity of blasting work as 10,042 cu.m. and excavated 3,639 cu.m. of hard compacted sheet rock departmentally (March 1988) (Rs.2.11 lakhs) and 980 cu.m. (by April 1989) through job workers (Rs.0.54 lakh).

Test-check (January 1990) of records in audit revealed that against the standard requirement of 1,286 nos. of blasters and 2,572 nos. of stone cutters for blasting of 3,639 cu.m. hard-sheet rock, the Department deployed only 42 nos. (97 per cent less) and 1740 nos.

(32 per cent less) respectively. However, against the standard requirement of 2,572 mulias (casual unskilled labour), 10,776 mulias were deployed for the work which resulted in excess expenditure of Rs.1.10 lakhs for the 8,204 mulias. Similarly, as against the actual requirement of explosive material viz. geletine : 3,639 kg, fuse coil : 1,455 nos. and ordinary detonator : 14,555 nos. the blasting operation could be completed with only 116 kg, 15 nos. and 460 nos. involving less consumption of the items by 97, 99 and 97 per cent respectively. As it was impossible to execute the above work with such deployment of less licenced blasters and consumption of less explosives, the departmental operation of blasting work proves doubtful.

On this being pointed out in audit, the Executive Engineer stated (February/March 1990) that the work was done by mulias in absence of required licensed blasters and stone cutters and less consumption of explosives was as per actual requirement in the work. Explosive Act, however, did not allow for deployment of mulia in lieu of licensed blasters. The consumption of less explosives was not tenable since the standard requirement was computed on the basis of departmental analysis itself.

The matter was reported to Government in April 1991; their reply had not been received (April 1992).

4.31 Undue benefit to contractor

The work of construction of Earth Dam Suhagi Minor Irrigation Project was awarded in December 1983 to a contractor at a cost of Rs.195.85 lakhs for completion by March 1985. The contract conditions stipulated that the contractor should make adequate arrangements for closing the river gap and complete the dam to the designed section before the onset of monsoon. Any damage to the dam and structure was to be borne by the contractor and no claim by the contractor in that regard was to be entertained.

Test-check of records of Cuttack Minor Irrigation Division conducted in August 1990 revealed that the Department undertook (September 1985) protection work against rain and flood in the river gap portion with the approval of Chief Engineer at a cost of Rs.0.51 lakh. Despite such protection, provided by the Department, the work executed in the river gap portion was washed away in the rains of September 1985 causing also a massive breach of 40 feet width and 6 feet depth to the earth dam. After inspection of the site by the

Superintending Engineer and the Chief Engineer in October 1985 the Department undertook clearance of a debris from the working areas through job workers in December 1985 at a cost of Rs.0.30 lakh. The damaged portion was however repaired (December 1985), engaging the same contractor at a cost of Rs.1.51 lakhs. Though all the works mentioned above were to have been done by the contractor at his own cost according to the terms of contract the Department undertook the work at the cost of Government. The construction of dam was completed in June 1986 after giving extension of time.

On the above being pointed out in audit the Executive Engineer stated (July 1991) that though the Chief Engineer instructed (February 1985) compaction units to complete the gap closing before the onset of monsoon and to allow the flood water of 1985, compaction unit could not be arranged and it was decided to leave the gap. The work of closing the river gap remained suspended. Hence pre-monsoon precaution was arranged to allow the flood to flow safely without causing substantial damage to the earth dam. But the reply was not tenable as no reason was given by the Executive Engineer for not getting the protection and

repair works done by the contractor at his cost and risk.

Thus, the Department not only sustained a loss of Rs.0.81 lakh towards protection work (Rs.0.51 lakh) and clearance of silt and slush (Rs.0.30 lakh) but also Rs.1.51 lakhs towards repair of the damaged portion without invoking the provisions of the contract and making the contractor bear the entire cost.

The matter was reported to Government in May 1991; their reply had not been received (April 1992).

4.32 Non-recovery of dues from the contractor

Construction of the spillway of Suhagi Minor Irrigation Project was awarded in January 1982 to a contractor for its completion by June 1984 at a cost of Rs.91.31 lakhs. The contractor executed work worth Rs.75.24 lakhs by April 1986 and left the work incomplete. Therefore, his contract was closed (March 1990) by the Chief Engineer (Minor Irrigation) without imposition of penalty.

Test-check of records of Cuttack Minor Irrigation Division, conducted in August 1990 revealed that at the time of leaving the work, departmentally

issued materials, viz. cement : 5,070 bags, steel : 101.616 quintals were retained by the contractor in excess of the bonafide needs of the work, for which Rs.11.72 lakhs were recoverable from him. Besides, Rs.0.60 lakh towards the cost of materials etc. utilised and Rs.1.55 lakhs for hire charges for departmental equipment used were outstanding for recovery from the contractor. The Department had also failed to obtain the signature of the contractor in the log books of the machinery in token of their use.

The Executive Engineer stated (July 1991) that the contractor was requested in June 1990 to return the excess materials and that recovery would be effected against his dues. Action on the part of the Department in this regard was still to be initiated as of August 1991.

The final bill of the contract indicated that against total recoverable amount of Rs.13.87 lakhs, the contractor's dues with the Department available were Rs.5.23 lakhs (security deposit Rs.4.85 lakhs plus withheld amount of Rs.0.38 lakh).

Besides, the charges for dewatering and desilting of the working area during construction was

the responsibility of the contractor as the cost of the same was included in his finished item rates. But the Department executed the same incurring an expenditure of Rs.1.05 lakhs, which was recoverable from the contractor as he was paid at finished item rate quoted by him without any reduction in the rate for dewatering and desilting.

The factual position is accepted by the Government in the tripartite meeting held during April 1992.

4.33 Non-achievement of the irrigation potentiality due to sanction of overlapping projects by the same agency

Improvement to Changria Minor Irrigation Project, administratively approved for Rs.13.02 lakhs by the District Rural Development Agency (DRDA), Bolangir and financed under the Drought Prone Area Programme, was taken up by Minor Irrigation Division, Bolangir in July 1986 with a view to providing irrigation to 170 acres of agricultural land during kharif and 20 acres in rabi. The work consisted of construction of earth dam, head regulator, surplus escape and canal from RD 00 to RD 8100 feet. The excavation of canal from RD 2958 feet to 8100 feet was suspended in

December 1987 after incurring expenditure of Rs.10.10 lakhs due to the construction of a water harvesting structure by the Soil Conservation Department on the approved alignment of the canal. This work had also been administratively approved by the DRDA in 1987-88. The Soil Conservation Department completed their work with full vigour without heeding the request of the Minor Irrigation Division, to stop construction. The matter was discussed in the Drought Prone Area Programme meeting in December 1988 and a joint verification was carried out. It proposed to change the alignment of the canal with an increased outlay of Rs.1.65 lakhs but it could not be executed as acquisition of land was involved which was beyond the purview of Drought Prone Area Programme. Accordingly, further excavation of canal work was shelved by the DRDA. The project which aimed at irrigating 170 acres during kharif and 20 acres in rabi could provide the facility only to 73 acres allowing surplus water to escape.

The factual position is accepted by the Government in the tripartite meeting held during April 1992.

4.34 Extra expenditure

The work of construction of Dumerbahal Reservoir Project in Bolangir district was taken up by Minor Irrigation Division, Bolangir in the year 1984-85 at an estimated cost of Rs.622 lakhs for supply of drinking water to Ordnance factory. Its earth dam and surplus escape were completed in December 1988 at a cost of Rs.191 lakhs and water was impounded in the reservoir in the year 1987.

Soon after impounding of water, wet patches and boiling points were observed in March 1989 by the Assistant Engineer at the down stream of the earth dam at RD 990 M to 1085 M and RD 1225 to 1340 M. In order to prevent seepage, seven repair estimates amounting to Rs.15.01 lakhs were sanctioned by the Department for conducting drilling and grouting, water percolation tests and loading of the down stream of the dam with inverted filters, against which expenditure of Rs.14.96 lakhs was incurred by the end of December 1990.

The Central Water Commission (CWC) during their visit to dam site in June 1990, attributed the seepage to non-execution of curtain grouting prior

to construction of earth dam as the strata of underlying cut-off consisted of disintegrated pervious rock. They concluded that, had the entire curtain grouting work been done properly before filling up the cut-off trench, such a situation would not have arisen.

Further, the Director of Embankment, DTE (CWC) after going through the grouting details in November 1990 observed that, only 30 holes were drilled and grouted before construction of the earth dam and 136 additional holes were drilled and grouted after dam construction. He opined that post grouting permeability tests were conducted in grouted holes and the grout mix of water and cement used in the holes was of very thin proportion of 10:1 and 6:1 as against 3:1 or even 1:1 depending upon the situation. No permeability tests were also conducted in the holes that were drilled and grouted before construction.

To an Audit query, the Executive Engineer stated (September 1991) that the sanctioned estimate of the project contained provision for drilling and grouting in 46 holes at a cost of Rs.4.05 lakhs out of which 30 holes were drilled and grouted at RD 1050 M to 1185 M at a cost of Rs.2.33 lakhs before construction

of the dam and the balance 16 numbers were done after dam construction at a cost of Rs.1.65 lakhs.

Thus, due to failure on the part of the Department to take adequate safety measures by providing curtain grouting in the cut-off trench before filling by conducting permeability tests in the drilled holes before grouting, extra expenditure of Rs.11.51 lakhs* was incurred to control the seepage in the dam which would go up till the drilling and grouting operation is completed.

The matter was reported to Government in April 1991; their reply had not been received (April 1992).

*** Note :**

(a)	Expenditure incurred on drilling and grouting of 136 holes (including 16 left over from the pre-construction period)	Rs.13.16 lakhs
(b)	Cost of 16 holes drilled and grouted	Rs. 1.65 lakhs
	Net extra cost	Rs.11.51 lakhs

CHAPTER V

STORES AND STOCK ACCOUNT

A - PUBLIC WORKS

IRRIGATION DEPARTMENT

5.1 Irregular purchase of spare parts and electrical goods

Departmental rules for procurement of stores or spares for public works *inter alia* prescribed that the purchases should be made in most economical manner according to the actual requirement for use in works. According to rules such purchases should always be made only after sanction of estimates by Chief Engineer/ Superintending Engineer/Executive Engineer except in cases of stores of small value upto Rs.500. Sealed quotations should invariably be invited for supply of all articles exceeding Rs.10,000 except in respect of supplies made by original manufacturers or from their authorised dealers.

Test-check of records in February 1991 of Stores and Mechanical Division under Rengali Irrigation Project revealed that the Executive Engineer had purchased spare parts of machinery and various electrical goods worth Rs.34.40 lakhs and Rs.25.01 lakhs respectively during the period from April 1987 to March 1990

ignoring the purchase procedures prescribed by the Department. The purchases were met out of emergent advances placed with the Assistant Engineer and through credit bills (6,200 nos.), payments for which were made subsequently after drawal of money duly sanctioned by Financial Advisor and Chief Accounts Officer of the project. In respect of all such purchases neither estimates were sanctioned nor any assessment of annual requirement made to have a bulk purchase from authorised dealers. On the other hand, purchases were limited to Rs.1,000 in each case, by splitting up the purchase orders in order to avoid sanction of higher authority which was in contravention of codal provisions. It was also seen in audit that quotations for such purchases were not invited from reputed firms or from manufacturers and authorised dealers to avail of lowest market rate.

The spare parts and electrical goods so purchased were directly issued to works for repair of machinery but the replaced parts were not accounted for in the surplus stock accounts. The irregular and unauthorised purchases were pointed out in audit (February 1991) but the Executive Engineer had not given any reply to justify his action.

The matter was reported to Government in July 1991; their reply had not been received (April 1992).

5.2 Unnecessary purchase of spare parts

In Rengali Multipurpose Project, spare parts worth Rs.17.23 lakhs purchased during the year 1975 to 1985 for utilisation in heavy machinery (dozers, cranes, shovels and trucks) remained unutilised as of September 1991. The Department confirmed (September 1990) that the spares could not be utilised as the machines had been either rendered surplus to the project, or transferred to other projects. The Chief Engineer's circular in February 1985 to explore the possibility of utilisation of these spares in other major projects and Departments of Government also failed to elicit any response. Meanwhile the Executive Engineer, Stores & Mechanical Division, Rengali had submitted in September 1990, survey reports for disposal of the surplus spares being unserviceable, sanction to which has not been received as of September 1991.

Thus, unnecessary purchase of spare parts in absence of specific requirement to the machines, resulted in loss of Rs.17.23 lakhs to the Department.

The matter was reported to Government in August 1991; their reply had not been received (April 1992).

5.3 Misappropriation of Government materials

Sixteen air conditioners (1.5 ton capacity) worth Rs.3.60 lakhs were shown as issued (March 1980 to November 1984) to different Sub-Divisions under General Electrical Division No.I, Bhubaneswar. The issues accounted for in the Bin Cards were not supported by indents, entry in Register of Indents (Form 7A), acknowledgement of Indenting Officers and entries in site accounts of works (Buildings) for which they were issued. Owing to absence of these vital records, the issues were apparently fictitious.

Similarly, 1.07 lakh metres of wire, 653 tube lights, 50 ceiling fans and 4 (1000 watt) halogen lamps worth Rs.1.74 lakhs were shown as issued in the Bin Cards as against 210 metres of wire and 148 tube lights actually issued. No physical verification of stock was conducted.

The Executive Engineer while confirming the facts stated (June 1991) that the issues of material were fictitiously entered in Bin Cards with a view to

misappropriating Government materials. He further stated that disciplinary proceedings were being initiated against the Store Officers to fix responsibility for the lapses, results of which had not been communicated as of February 1992.

The matter was reported to Government in June 1990; their reply had not been received (April 1992).

5.4 Non-delivery of materials by a carriage contractor

The Superintending Engineer, Northern Circle (R&B), Sambalpur placed an order with Hindustan Petroleum Corporation, Haldia in May 1989 for supply of 75 tonnes of packed asphalt. The transportation of the material was entrusted to a contractor in April 1990 for completion within three months from April 1990. The agreement with the contractor provided for deposit of earnest money and initial security at 1 per cent each. The challan-cum-despatch advice and consignee's receipt certificate were handed over (May 1990) to the contractor authorising him to take delivery of the material. The contractor lifted 74.807 tonnes of asphalt for transport through sub-agent M/s.Poul Roadlines in June 1990

from the Corporation but the agent delivered only 17.528 tonnes (October and November 1990) at the departmental store.

A legal notice was served on the contractor in December 1990 directing him to deliver the balance quantity within 15 days but to no purpose. Filing of a certificate case against the contractor was under contemplation (May 1991). The undelivered quantity of bitumen was valued at Rs.1.89 lakhs by the Executive Engineer against which only Rs.0.12 lakh was available with the Department.

The matter was reported to Government in March 1991; their reply had not been received (April 1992).

5.5 Injudicious purchase of a tractor

For transportation of heavy electrical equipments of Upper Indravati Project, Government decided (September 1986) to utilise the existing 80 Tonnes-Tractor Trailer of Upper Kolab Project.

Accordingly, the depreciated cost of the Tractor-Trailer for Rs.36.91 lakhs was paid to Power Plant Division No.I of Upper Kolab Project in January 1987.

Expenditure of Rs.2.08 lakhs was also incurred in constructing a shed to house the tractor at Upper Indravati Project (May 1988).

The Tractor-Trailier was however, not brought physically to Upper Indravati Project site due to narrow ghat-road and a narrow bridge thereon obstructing its transportation, which were widened at a cost of Rs.40.41 lakhs by May 1991.

Meanwhile, the transportation of heavy electrical equipments required for the project was entrusted to a private firm of Vishakhapatnam in March 1988 and the firm was paid Rs.28.29 lakhs till March 1990 towards transportation charges and no further payment was made till August 1991. Thus, the very object of purchasing the Tractor-Trailer remained unfulfilled and the expenditure of Rs.79.40 lakhs remained unfuritiful.

The matter was reported to Government in August 1991; their reply had not been received (April 1992).

ENERGY DEPARTMENT

5.6 Extra expenditure on the purchase of tractor

The Chief Engineer Electricity-cum-Chief Engineer Electrical Projects, Orissa placed a purchase order in May 1982 with M/s. Leyland Vehicles Exports Limited, England through their Indian agents M/s. Greaves Cotton And Company Limited for supply of a 80 ton tractor unit with spares at a cost of Rs.9.55 lakhs (cost of tractor Rs.8.80 lakhs and spares Rs.0.75 lakh) for transportation of heavy equipments for initial setting up of Upper Kolab Power Project. The consignment despatched by the overseas supplier in January 1983 was cleared by the Department in March 1983 at Visakhapatnam port on payment of customs duty for Rs.12.09 lakhs levied at 115 *per cent* of the consignment value.

Test-check of records of Power Plant Division No.1, Bariniput in November 1985 revealed as follows :

The tractor unit required for the Project qualified for concessional rate of customs duty in terms of Customs Tariff Act, 1975 if the import licence had the endorsement of "Project Import" in which case a sum of Rs.3.91 lakhs would have been payable against Rs.12.09 lakhs. On this being pointed out the Divisional

Officer stated that such endorsement was not applied for earlier, and the Assistant Chief Controller of Imports and Exports when approached in May 1983 to incorporate the endorsement "Project Import" on the body of the import licence, refused to do so on the ground that the endorsement could not be made after clearance of goods.

Thus, failure of the Department in getting the endorsement of "Project Import" on the import licence before release of materials resulted in extra expenditure of Rs.8.18 lakhs (Rs.12.09 lakhs - Rs.3.91 lakhs) to Government.

The matter was reported to Government in May 1991; their reply had not been received (April 1992).

AGRICULTURE AND CO-OPERATION DEPARTMENT

5.7 Idle stores

Assistant Soil Conservation Officer (ASCO), Khurda received stock materials worth Rs.1.79 lakhs consisting of 22 items of stores like pruning knife, grafting knife, budding knife, pruning saw, hand compressor etc. between 1978 and 1987 from the Director of Soil Conservation, Bhubaneswar without any indent.

Consequently, the materials received remained unutilised, which included materials worth Rs.1.02 lakhs lying for over ten years. Physical verification of the stores was also not conducted since inception.

The ASCO stated (June 1991) that action would be taken to dispose of the materials after physical verification which was in progress.

The matter was reported to Government in (June 1991); their reply had not been received (April 1992).

CHAPTER VI

FINANCE DEPARTMENT

6.1 Commercial activities

On 31 March 1991, five departmental commercial and quasi-commercial undertakings were in operation. The extent of arrears in submission of proforma accounts by these undertakings is indicated below :

Name of the Undertaking	Year from which accounts are in arrears
-------------------------	---

A. State Trading Scheme

- | | |
|------------------------------------|---------|
| 1. Nationalisation of Kendu leaves | 1984-85 |
|------------------------------------|---------|

B. Agriculture

- | | |
|--------------------------------------|---------|
| 2. Cold Storage Plant, Kuarmunda | 1972(a) |
| 3. Cold Storage Plant, Similiguda | 1973 |
| 4. Cold Storage Plant, Parlakhemundi | 1973(b) |
| 5. Cold Storage Plant, Bolangir | 1983 |

The following departmental commercial and quasi-commercial undertakings were either not

-
- | | |
|-----|---|
| (a) | Proforma accounts for 1972 and 1973 were received incomplete and have been returned. |
| (b) | Proforma accounts for the years 1977, 1978 and 1980 were received. But the accounts for 1973, 1974, 1975, 1976 and 1979 have not been received as of June 1991. |

in operation or had been taken over by corporate bodies from the dates mentioned against each. The proforma accounts of these undertakings have not been received for the years as detailed below :

Name of the Undertaking	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
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B. Transport

2. State Transport Service	Orissa State Road Transport Corporation Limited	May 1974	1972-73
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C. Agriculture

3. Cold Storage Plant, Bhubaneswar	Orissa State Seeds Corporation	March 1979	March 1971
4. Cold Storage Plant, Sambalpur	Orissa State Seeds Corporation	March 1979	March 1971

Following repeated correspondence, Government intimated in September 1989 that efforts were being made to rebuild 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 offices concerned. There has been no response from Government in respect of the accounts of the Grain Purchase Scheme.

In respect of the following schemes which remained in-operative or were closed, the assets and liabilities were not fully disposed of or liquidated by Government. The reasons for the non-operation or closure of the schemes were not made available.

Name of the scheme	Year from which remained in-operative or closed
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	1981-82

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 Department. The position at the end of 1989-90 of these personal ledger accounts was as under :

Name of the Undertaking	Year in which the personal ledger accounts were opened	Accounts for 1989-90			
		Opening balance	Credit	Debit	Closing balance
		(Rupees	in	lakhs
1. Purchase and distribution of quality seeds to cultivators	1977-78 (Revenue Accounts)	87.87	620.57	682.83	25.61
2. Poultry Development	1974-75	3.02	-	-	3.02

CHAPTER VII

FINANCE DEPARTMENT

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

7.1 General

(a) During 1990-91 grants amounting to Rs.684.97 crores were paid to non-Government bodies/institutions for implementation of various programmes/functions. This formed 31 *per cent* of the Government's total expenditure on revenue account. The corresponding figures for the previous year were Rs.519.41 crores and 28 *per cent*.*

The main beneficiaries of the grants were educational institutions and District Rural Development Agencies which received Rs.158.89 crores (23 *per cent*) and Rs.155.79 crores (23 *per cent*) respectively during 1990-91 for the purposes shown below :

1. Educational Institutions	(Rupees in crores)
(a) Primary Education	39.87
(b) Secondary Education	71.46

* These figures differ from those (Rs.763.89 crores and 41 *per cent*) mentioned in paragraph 7.1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1990 - No.3 (Civil), following the identification of an error in compilation which came to light subsequently.

Educational Insititutions (Rupees in crores)

(c) Higher Secondary Education	20.95
(d) <u>Universities</u>	
(i) Non-technical	20.55
(ii) Technical	6.06
	<u>158.89</u>

2. District Rural Development Agencies

(a) Jawahar Rojgar Yojana	126.40
(b) Integrated Rural Development Programme (IRDP)	16.24
(c) Untied Funds	7.64
(d) Assistance to small and marginal farmers for increasing agricultural production	4.59
(e) Roads & Bridges for purchase of Road Rollers	0.52
(f) Economic Rehabilitation of Rural Poor (ERRP)	0.40
	<u>155.79</u>

Trend of grants/financial assistance

Year	Revenue expenditure	Total grants	Percentage to Revenue expenditure	Educational Institutions	DRDAs
	(Rupees in crores)		tire	(Rupees in crores)	
1985-86	1000.92	301.35	30.10	150.17	52.25

Year	Revenue expendi- ture	Total grants	Percen- tage to Revenue expendi- ture	Educational Institutions	DRDAs
	(Rupees in crores)			(Rupees in crores)	

1986-87	1247.95	383.93	30.76	190.00	71.18
1987-88	1528.96	438.58	28.68	220.50	114.99
1988-89	1658.72	543.87	32.79	262.10	116.22
1989-90	1846.11	519.41	28.14	251.31	61.10
1990-91	2190.53	684.97	31.27	158.89	155.79

During the period from 1985-86 to 1990-91 the total grants paid to non-Government bodies/authorities represented 28 to 33 *per cent* of the total revenue expenditure of the State. While the increase in the revenue expenditure during 1985-86 to 1990-91 was 119 *per cent*, the increase in the grants during the same period was 127 *per cent*.

Grants to educational institutions represented a major share of 48 to 50 *per cent* of the total grants each year upto 1989-90. However, as primary education was taken over by the State during 1989-90, there was a fall in the grants to educational institutions during 1990-91 from 48 *per cent* in 1989-90 to 23 *per cent* of the total grants in 1990-91.

The grants to DRDAs showed a rising trend during the period from 1985-86 to 1990-91 except

during 1989-90 when it registered a fall. Grants to DRDAs represented 8 to 26 *per cent* of the total grants during the period.

The Examiner, Local Fund Accounts is the statutory auditor for Panchayat Samitis and Educational institutions. The Registrar of Co-operative Societies is the Auditor for Co-operative Societies while Chartered Accountants audit District Rural Development Agencies, Integrated Tribal Development Agencies and Command Area Development Authorities.

The Audit of these institutions is also carried out under the Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act, 1971 as amended in March 1984. According to Section 14(1) of the Act, receipts and expenditure of any autonomous body or authority which are substantially financed by grants and loans from the Consolidated Fund of the State are to be audited by the Comptroller and Auditor General of India.

For this purpose, a body or authority is deemed to have been substantially financed if the aggregate of grants and/or loans to it in a financial year is not less than Rs.25 lakhs (Rs.5 lakhs upto 1982-83) and also not less than 75 *per cent* of the total expenditure of the body/authority. Under Section 14(2) of

the Act, the Comptroller and Auditor General, with prior approval of the Governor, audits all receipts and expenditure of any body or authority if the aggregate of such grants or loans given from the Consolidated Fund of the State is not less than rupees one crore in a financial year.

(b) *Delay in Receipt of Accounts*

Mention was made in paragraph 7.1 of the Audit Report (Civil) for 1989-90 about non-receipt of information from Departments of Government regarding grants and loans given to various bodies and authorities from 1971-72 onwards, to facilitate determination of the applicability of audit under Section 14 of the Comptroller and Auditor General's (DPC) Act, 1971. The position did not improve during 1990-91, as indicated below, even though the Finance Department agreed (May 1988) to furnish such details by the end of June each year.

Year	Number of bodies/authorities which received grants/loans of not less than Rs.5 lakhs in a year upto 1982-83 and Rs.25 lakhs from 1983-84 onwards	Number of bodies/authorities whose accounts were	
		Received in Audit	Not received by Audit
(1)	(2)	(3)	(4)
1971-72 to 1982-83	4191	199	3992

Year	Number of bodies/authorities which received grants/loans of not less than Rs.5 lakhs in a year upto 1982-83 and Rs.25 lakhs from 1983-84 onwards	Number of bodies/ authorities whose accounts were	
		Received in Audit	Not received by Audit
(1)	(2)	(3)	(4)
1983-84	(a)	393	(a)
1984-85	(a)	413	(a)
1985-86	(a)	381	(a)
1986-87	(a)	347	(a)
1987-88	(a)	349	(a)
1988-89	(a)	102	(a)
1989-90	(a)	29	(a)
1990-91	(a)	5	(a)

According to rule 172 of the Orissa General Financial Rules (Vol.I), copies of all Audit Reports on the accounts of the institutions receiving grants or extracts thereof relating to grants-in-aid should be furnished to the Accountant General by the authorities concerned. As these provisions were not being observed, the matter was taken up with the Government who instructed (November 1991) the Examiner, Local Fund Accounts to submit audited accounts of all the institutions to

(a) - Information not furnished

the Accountant General from 1991-92.

It would be evident that some of the bodies/ authorities which might have actually qualified for audit have remained outside the purview of audit by the Comptroller and Auditor General of India due to non-furnishing of the information regarding grants/loans, released by the Government.

The results of Audit of some institutions/bodies conducted under Section 14 are given in the succeeding paragraphs.

AGRICULTURE AND CO-OPERATION DEPARTMENT

7.2 Command Area Development Programme

7.2.1 Introduction

The Command Area Development Programme (CADP) is being implemented in the State since 1976-77 as a centrally sponsored scheme with the objective of bridging the gap between the irrigation potential created and actual utilisation, thereby maximising the agricultural production and productivity. The components of the programme are soil survey, topographical survey,

All abbreviations used in this Review are listed in the Glossary vide Appendix - XVI (Page 360 & 361).

land levelling and shaping, construction of field channels and field Drains, Warabandi and Adaptive Trials. "Adaptive Trial" has two sub-components (a) Farmers' Training (b) multiple crop demonstration programme.

7.2.2 *Organisational set-up*

In order to implement the Programme, four Command Area Development Authorities (CADA) were constituted in 1976-77 (i) Mahanadi Delta Stage-I, Cuttack, (ii) Mahanadi Delta Stage-II, Puri, (iii) Salandi, Bhadrak and (iv) Hirakud, Sambalpur. The fifth CADA was constituted for Potteru - Satiguda composite project at Malkangiri in Koraput District in 1987-88. The first four CADAs are headed by the respective Revenue Divisional Commissioners and fifth one is headed by the Collector, Koraput, Co-ordination and monitoring of the implementation of the programme in the field are carried out under the direction and supervision of the CADAs. At the State level, the Agriculture Department is responsible for the overall implementation, supervision and monitoring of the Programme. In addition, the Additional Director of Agriculture (Engg.) and the Joint Director of Agriculture (Engg.) of the Agriculture Engineering cell of the Directorate of Agriculture supervise the execution

of Topographical survey and On Farm Development (OFD) works in the Command Area.

7.2.3 *Financial aspects*

The CADA Programme at Mahanadi Delta Stage-I and Stage-II, Salandi and Hirakud is covered under the Centrally Sponsored Plan Schemes with 50 per cent Central assistance and 50 per cent matching contribution by the State while the programme at Potteru - Satiguda is being covered under the Tribal Sub-Plan with 75 per cent Central assistance (50 per cent from the Ministry of Water Resources and 25 per cent from the Ministry of Home Affairs) and the State share being 25 per cent.

7.2.4 *Audit Coverage*

Out of 5 CADAs covering 6 districts and 58 blocks, the records of 2 CADAs and their executing agencies covering 3 districts and 35 blocks for the period 1985-86 to 1990-91 were test-checked in audit during April to July 1991 and the results are set out in the succeeding paragraphs. Besides, the review includes comments on details received from other CADAs.

7.2.5 *Highlights*

- Against the irrigation potential of 33 thousand hectares created, the utilisation of potential was 281.312 thousand hectares resulting in a shortfall of 47 per cent. Against this, cent per cent achievement was reported to Government of India.

(Paragraph 7.2.12)

Out of Central assistance of Rs.150 lakhs released, there was an unutilised balance of Rs.279.20 lakhs as on 31 March 1990. Against the amount released to the executing agencies a sum of Rs.280.84 lakhs (including Central assistance) remained in the P & A Ledger Account without being utilised.

(Paragraph 7.2.13)

- The shortfall in the construction of 10 drains against the target ranged from 10 to 79 per cent during the period 1987-88 to 1990-91 except 1989-90. No work was executed under the component of land levelling and shaping during the period from 1985-86 to 1990-91.

(Paragraph 7.2.14)

In 4 out of 5 CAD Divisions test-checked 8 works of field channels were abandoned after incurring expenditure of Rs.3.57 lakhs and 4 works remained incomplete after spending Rs.1.95 lakhs.

(Paragraph 7.2.13)

An amount of Rs.51.67 lakhs was spent (50 per cent Central assistance) under the component of Adaptive Trials though they were not covered by the programme.

(Paragraph 7.2.14(a))

The State Government released Rs.736 lakhs (with 50 per cent Central assistance) as Equity share capital to the Orissa Lift Irrigation Corporation for taking up ground water development programme. But the amount was not utilised for the purpose by the Corporation though six years have passed.

(Paragraph 7.2.15)

An amount of Rs.38.08 lakhs was spent by the 4 CAD Divisions on items not covered under the programme.

(Paragraph 7.2.19(a))

7.2.6 *Utilisation of irrigation potential*

The main objective of the scheme was to increase the utilisation of irrigation potential created in the Command area. The culturable Command Area under the four irrigation projects was 601.55 thousand hectares. Scrutiny of records however, showed that the potential created by the end of 1985-86 was 531.41 thousand hectares. No additional irrigation potential was created during the period from 1986-87 to 1990-91. Against this, only 281.312 thousand hectares of irrigation potential was utilised upto 1990-91 through the construction of field channels. Thus, there was a shortfall of 47 per cent even though cent per cent achievement was reported to the Government of India. The Government of India had directed the State Government to reconcile the position. No action has been taken as of August 1991.

7.2.7 *Overall financial progress*

The overall financial progress during the period 1985-86 to 1990-91 is as follows :

[Statement

Year	Outlay		Released		Utilised*		Central Assistance received	
	Central Government	State Government	Central Government	State Government	Central Government	State Government	Grant	Loan
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Rupees		in		lakhs			
1985-86	149.50	149.50	149.90	149.90	152.10	152.10	88.41	25.96
1986-87	376.30	376.30	324.53	324.53	212.00	212.41	193.24	82.50
1987-88	473.01	472.99	268.73	268.73	217.23	217.23	237.65	52.50
1988-89	508.01	507.99	291.93	279.93	172.80	172.80	512.48	-
1989-90	518.01	517.99	201.19	190.89	255.53	249.75	-	-
1990-91	410.47	377.06	241.16	226.95	218.22	212.76	314.34	
Total	2435.30	2401.83	1477.44	1440.93	1227.88	1217.05	1346.12	160.96

* Include the utilisation of funds of earlier years.

7.2.8 Unutilised Central assistance

The State Government received Rs.1507.08 lakhs (Grant - Rs.1346.12 lakhs and loan - Rs.160.96 lakhs) as Central assistance during the period from 1985-86 to 1990-91. Of this, Rs.1227.88 lakhs (Rs.1124.77 lakhs as grant and Rs.103.11 lakhs as loan) was utilised by the State Government leaving an unutilised balance of Rs.279.20 lakhs as of 31 March 1991.

7.2.9 Unspent balance with CADAs

As on 31 March 1991, a sum of Rs.280.84 lakhs (including Central assistance) remained unspent with the CADAs in their Personal Ledger Accounts as detailed below :

		(Rupees in lakhs)
i)	CADA, Cuttack	68.61
ii)	CADA, Puri	88.14
iii)	CADA, Salandi, Bhadrak	40.86
iv)	CADA, Hirakud, Sambalpur	53.75
v)	CADA, Potteru - Satiguda, Malkangiri	29.48
Total =		<u>280.84</u>

7.2.10 Non-utilisation of Central assistance of Rs.21 lakhs released during 1988-89 under Special Food Grains Programme.

During 1988-89, the Government of India had released Central assistance of Rs.21 lakhs for construction of field channels for covering an area of 7000 hectares under Special Food Grains Programme. This amount was not utilised for the Programme.

The Department stated (April 1991) that the Special Food Grains Programme was only for 1988-89 and 1989-90 and the assistance could not be released

to the CADAs due to non-availability of consolidated land.

7.2.11 *Unutilised subsidy of Rs.29 lakhs under "Land Levelling and shaping"*

The State Government released Rs.29 lakhs to the Project Directors of 4 CADAs during 1986-87 to 1988-89 for implementing the component of "Land Levelling and Shaping" under the programme. This amount was to be spent as subsidy (Small Farmers : 25 per cent and Marginal Farmers : 33.33 per cent) towards the loan taken by the beneficiary farmers from financial institutions. The farmers had not availed of the loan from financial institutions and as such Government decided to take up the programme departmentally on community basis by providing 100 per cent subsidy to farmers. The entire amount of Rs.29 lakhs remained unutilised till January 1991, when it was decided to discontinue the programme and utilise the amount for construction of field drains.

The Department stated (May 1991) that the Programme was discontinued due to non-finalisation of guidelines by the State Government.

7.2.12 *Physical progress under various components of the scheme*

The overall physical progress under various major components of the scheme during the period 1985-86 to 1990-91 is given in Appendix - XV. The following points are noticed :

(i) *Construction of Field channels*

The shortfall in achieving the targets fixed under this component of the programme during 1985-86 to 1990-91 (except 1988-89) ranged from 23 to 50 per cent. The shortfall during 1988-89 was very high being 84 per cent.

The Department stated that the shortfalls were due to non-availability of consolidated lands, unusual rains, adverse field conditions, low schedule of rates, scarcity of cement and non-filing of tenders by the contractors.

(ii) *Construction of Field drains*

No target for field drain work was fixed for 1985-86 and no work was carried out during that year. No work was carried out during 1986-87 also though the target of 8000 hectares was fixed. The shortfall in achieving the target during the period from

1987-88 to 1990-91 (except 1989-90) ranged from 30 to 79 per cent.

The Department stated that the reasons for shortfall were the same as those of Field channels. CAD Division, Bolangir showed the achievement during 1989-90 as 2102.96 hectares against the actual execution of work to the extent of 1235.18 hectares only. The projection was corrected subsequently and the difference of 867.78 hectares was shown as having been achieved during 1990-91. This showed that no reliable index for measuring achievements was available. The lack of reliable index was further observed in CAD Division, Bargarh when two sets of figures for the year 1990-91 were presented. The achievement was shown as 1601.68 hectares under 20 Point Programme whereas the same under this programme was shown as 2053.12 hectares in the monthly progress report.

(iii) *Land Levelling and shaping*

No work was executed under this component during the period from 1985-86 to 1990-91 though targets were fixed for the years 1987-88 and 1988-89.

The Department stated that the norms prescribed by the Panchayati Raj Department for improvement

of chakas* (25 per cent subsidy) were not reasonable. All the Project Directors of CADAs failed to motivate the farmers for availing 25 per cent subsidy scheme, though funds were placed for executing this component of the programme.

(iv) *Soil and topographical survey*

(a) The shortfall in achieving the physical targets under Soil Survey during 1985-86 and 1986-87 was 69 per cent and 15 per cent respectively.

It was stated by the Department that the low achievement was due to non-receipt of field contingencies and breakdown of vehicles during working season.

(b) Under topographical survey the shortfall during 1985-86 to 1990-91 ranged from 56 to 76 per cent.

The shortfalls were attributed to inadequate progress in consolidation work.

7.2.13 *Abandoned and incomplete works*

(a) The following 8 works of field channels taken up by 4 CAD Divisions during 1985-86 and 1986-87 at a total estimated cost of Rs.6.07 lakhs were abandoned

* Chaka means Consolidated holding

after incurring an expenditure of Rs.3.57 lakhs for the reasons noted against each.

Sl. No.	Name of the CAD Division	Number/ Names of works abandoned	Estimated cost	Expenditure incurred	Period of execution of work	Date of abandonment of work	Reasons for abandonment
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(Rupees in lakhs)							
I)	Sambalpur	1	2.04	1.08	1986-87	March 1988	Non-availability of irrigation water.
II)	Cuttack	5					
	Balipari		0.51	0.32	1985-86	September 1987	Incomplete consolidation and non-availability of Irrigation
	Durda		0.40	0.35	1986-87	June 1989	
	Borakhi		0.31	0.28	1986-87	September 1987	
	Tarjanga		0.37	0.35	1986-87	October 1989	
	Karatola		0.70	0.59	1986-87	May 1989	

Sl. No.	Name of the CAD Division	Number/ Names of works abandoned	Estimated cost	Expenditure incurred	Period of execution of work	Date of abandonment of work	Reasons for abandonment
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(Rupees in lakhs)							
III)	Kendrapara	1	0.87	0.49	1986-87	April 1987	Incomplete consolidation and non-availability of Irrigation
IV)	Bargarh	<u>1</u> <u>8</u>	<u>0.87</u> <u>6.07</u>	<u>0.11</u> <u>3.57</u>	1988-89	April 1989	Non-availability of land for construction

(b) The following 4 works of field channels taken up by three CAD Divisions during 1986-87, 1988-89 and 1989-90 at a total estimated cost of Rs.5.51 lakhs were left incomplete after incurring an expenditure of Rs.1.95 lakhs on their execution for the reasons noted against each :

[Statement

Sl. no.	Name of the CAD Division	Name of OFD work	Esti- ma- ted cost	Area in hecta- res propo- sed to be irri- gated	Period of exe- cution of work	Amo- unt spent	Period since when there is no expen- diture	Reasons
			(Rupees in lakhs)			(Rupees in lakhs)		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	Cuttack	Sasan	1.67	279.02	1986-87	0.04	1987-88	Incomplete consolidation
		Mukun- dapur	0.21	35.64	1988-89	0.01	1989-90	Failure of contractor
2.	Samba- lpur	Khan- dual	0.92	199.48	1986-87	0.34	1987-88	Scarcity of irrigation water
3.	Bolangir	Kanko- joli	<u>2.71</u> <u>5.51</u>	<u>451.60</u> <u>965.74</u>	1989-90	<u>1.56</u> <u>1.95</u>	1990-91	Non-co-operation of the villagers

The works were lying incomplete for a period ranging from 1 year to 4 years and the unspent balance amounting to Rs.3.56 lakhs has not been refunded by the Divisions as of August 1991.

Non-completion of these works resulted in non-accrual of the full benefit of the irrigation to 965.74 hectares of land.

7.2.14 Adaptive Trials

- (a) *Construction of Drainage-cum-Recycling Projects - utilisation of Central assistance on unapproved item*

"Adaptive Trials" component of the programme has two sub-components (i) Farmers Training and (ii) Multiple Crop Demonstration Programme. However, the State Government included Drainage-cum-Recycling Projects (DCRP) also under Adaptive Trials and spent Rs.51.67 lakhs on 97 such Projects during 1985-86 to 1989-90 and 50 per cent of the expenditure - Rs.25.84 lakhs was met out of Central assistance without the approval of the Central Government. A test-check of a DCRP at Nabang under CADA, Cuttack revealed that there was loss of Rs.1.26 lakhs on drainage works executed during 1983-84 and abandoned due to defective survey and poor design.

- (b) *Multiple Crop Demonstration Programme*

The Multiple Crop Demonstration Programme (MCDP) was taken up to motivate and educate the farmers to ensure optimum utilisation of water and land. The Department also prescribed several combinations for multiple cropping.

It was seen that against the target of conducting demonstration over 1200 hectares of land for four CADAs during 1989-90 demonstrations were actually conducted over 320.4 hectares resulting in shortfall of 74 per cent. Details in respect of other years were not furnished. The low achievement was attributed by the Department to increase in cost of inputs.

A scrutiny of records relating to demonstrations conducted revealed cases of excess payment as detailed below :

Name of Office/ Division	Item on which excess payment was made	Period to which it relates	Amount (Rupees in lakhs)
i) Deputy Director of Agriculture, Cuttack	Supply of Fertilisers/ Pesticide	1985-86 and 1987-88	0.85
ii) Project Director, Hirakud CADA, Sambalpur	On unautho- rised Crop	1986-87 and 1988-89	3.30
iii) Deputy Dire- ctor of Agri- culture, Sambalpur and Water Management, Cuttack	Subsidy for growing second or third Crop	1988-89 and 1990-91	1.25 <u>5.40</u>

(c) *Farmers Training*

In terms of the guidelines, atleast one centre of Farmers Training was to be set up in each project, but no Training centre was set up as of July 1991. Even funds placed for organising non-institutional training programme were not utilised except in respect of the Executive Engineer, Water Management Division, Sambalpur, who utilised Rs.0.24 lakh out of Rs.2.30 lakhs placed at his disposal during the period 1987-88 to 1990-91 on Farmer's training and the balance amount was lying with him. The reasons were stated to be late receipt of funds, general elections and non-availability of vehicles.

7.2.15 *Equity capital support to Orissa Lift Irrigation Corporation*

During 1983-84 to 1984-85 an amount of Rs.736 lakhs (50 per cent Central assistance and 50 per cent State share) was released to the Orissa Lift Irrigation Corporation (OLIC) as Equity Capital for taking up ground water development programme in the major command areas. The amount had not yet been utilised for the purpose as of August 1991.

7.2.16 *Loans*

Loans amounting to Rs.287.16 lakhs were released to four CADAs by the State Government during 1985-86 to 1990-91 for the construction of field channels and field drains without stipulating any terms and conditions for repayment. Test-check of records at Cuttack and Sambalpur CADAs revealed that even the list of beneficiaries was not maintained by the CADA Divisions.

Government stated (May 1991) that the matter regarding waiving of the loans is under consideration by them.

7.2.17 *Payment of subsidy to Small and Marginal Farmers*

A sum of Rs.94.74 lakhs (50 per cent Central share and 50 per cent State share) was placed with four CADAs by the State Government during 1985-86 to 1990-91 towards payment of subsidy to Small and Marginal farmers. Test-check of records of two CADAs, Cuttack and Sambalpur revealed that no record was maintained by them to show that the amount was paid by them as subsidy to farmers.

7.2.18 *Evaluation*

Though the Programme was being implemented from 1976-77 onwards no evaluation of the programme had been carried out as of August 1991.

7.2.19 *Other points of interest*

(a) *Inadmissible expenditure of Rs.38.08 lakhs*

It was noticed in audit that a sum of Rs.38.08 lakhs was spent by the Executive Engineer, CAD Divisions, Cuttack, Sambalpur, Bargarh and Bolangir and Water Management Division, Sambalpur on items not contemplated in the scheme like construction of outlets in OFD works (Rs.6.26 lakhs); construction of new/original works instead of repair and maintenance under warabandi programme (Rs.29.31 lakhs) during 1986-87 to 1990-91 and repairs to vehicles, POL etc. (Rs.2.51 lakhs) during 1983-84 to 1990.91.

(b) *Excess payment of wages to the Irrigators*

The Government of Orissa increased the wages of temporary Irrigators from Rs.11.50 to Rs.25 per day (i.e. consolidated wages of Rs.350 to Rs.750 per month) with effect from 7 December 1990. It was noticed that the payment of wages was made at Rs.570

per month to 28 Irrigators for the period September 1990 and October 1990 and at Rs.750 per month to 76 Irrigators for the period 1 November 1990 to 6 December 1990 by the Executive Engineer, Water Management Division, Sambalpur. This resulted in an excess payment of Rs.0.50 lakh towards wages of the Irrigators.

(c) *Stock of unused pre-cast structures*

With a view to expediting the construction of OFD and Drainage-cum-Recycling Projects in the Command Area, pre-cast structures of different types were designed and manufactured since 1979-80. The State Government stopped their manufacture since December 1984 as there was sufficient stock of these structures. Though more than 6 years have elapsed, 50027 unused pre-cast structures of different types valuing Rs.6.08 lakhs were lying in stock of three CAD Divisions at Cuttack, Sambalpur and Bolangir as of March 1991 resulting in blocking up of capital.

(d) *Stock of Hume pipes and Collars*

5900 Hume pipes and Collars valued at Rs.11.22 lakhs were lying in stock of CAD Divisions, Bhubaneswar, Cuttack, Kendrapara, Bhadrak, Sambalpur, Bargarh and Bolangir as of March 1991. The letter of the Additional Director of Agriculture (Engg.), Orissa, of June 1989 revealed that the closing balance of Hume pipes at the end of 1988-89 was 4730 and further quantity of 1170 pipes (valuing Rs. .22 lakhs) was purchased during 1989-90 and 1990-91 resulting in blocking up of capital.

(e) *Position of Utilisation Certificates pending with the executing agencies*

The utilisation certificates for Rs.287.34 lakhs relating to the period from 1985-86 to 1989-90 were pending as on 31 March 1991 from 4 out of 5 CADAs. The year-wise details are indicated below:

Year	(Rupees in lakhs)
1985-86	10.27
1986-87	104.71
1987-88	71.44
1988-89	50.89
1989-90	<u>50.03</u>
	<u>287.34</u>

The position in respect of fifth CADA (Mahanadi - Stage-I), Cuttack was not available with the Department.

(f) *Non-maintenance of Asset Register*

An inventory of all the assets created out of funds of the programme was to be maintained at block/district/State level. It was noticed in audit that no such inventory was maintained at any of these levels.

(g) *Non-repair of outlets and source canals*

According to the report of Additional Director of Agriculture (Engg.) of May 1989, outlets (1377) in four major commands needed repairs and 507 outlets (113 canals) of Salandi command required crossings for getting the canal water at farm gates. These were not repaired and restored by the Irrigation Department. This resulted in non-functioning of the Field channels partly and non-supply of irrigation water to the fields of the beneficiaries.

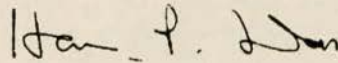
(h) *Infrastructure facilities*

Under the Programme, strengthening of infrastructure including communication system to handle the increased production, development of market etc. was the responsibility of the State Government. It was reported (August 1991) by the State Government that no provision was made in the Budget during 1985-86 to 1990-91 for the creation of these facilities and it was stated by the State Government that necessary provision would be made in the Eighth Five year Plan.

(i) *Retention of unspent money in current Accounts*

Two CAD Divisions at Cuttack and Kendrapara operated Current Accounts in Banks with the balance ranging from Rs.3.40 lakhs to Rs.38.34 lakhs during 1985-86 to 1990-91 without obtaining prior permission from the Government, though required under State Financial and Treasury Rules.

The points mentioned in this Review were referred to Government in September 1991; their reply had not been received (April 1992).

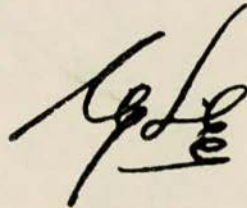


BHUBANESWAR
The

(H.P. DAS)
Accountant General (Audit)-I
Orissa

22 JUL 1992

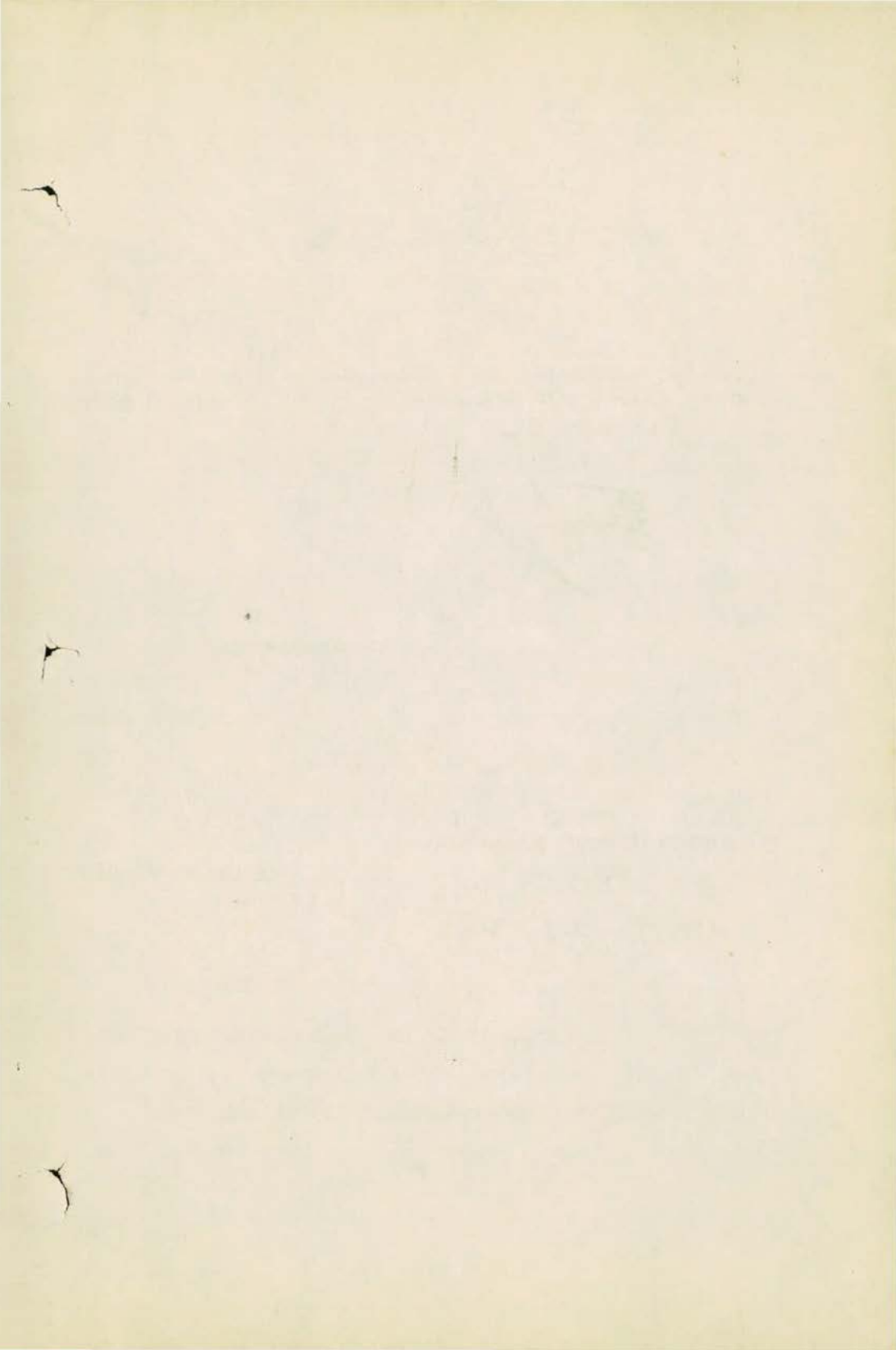
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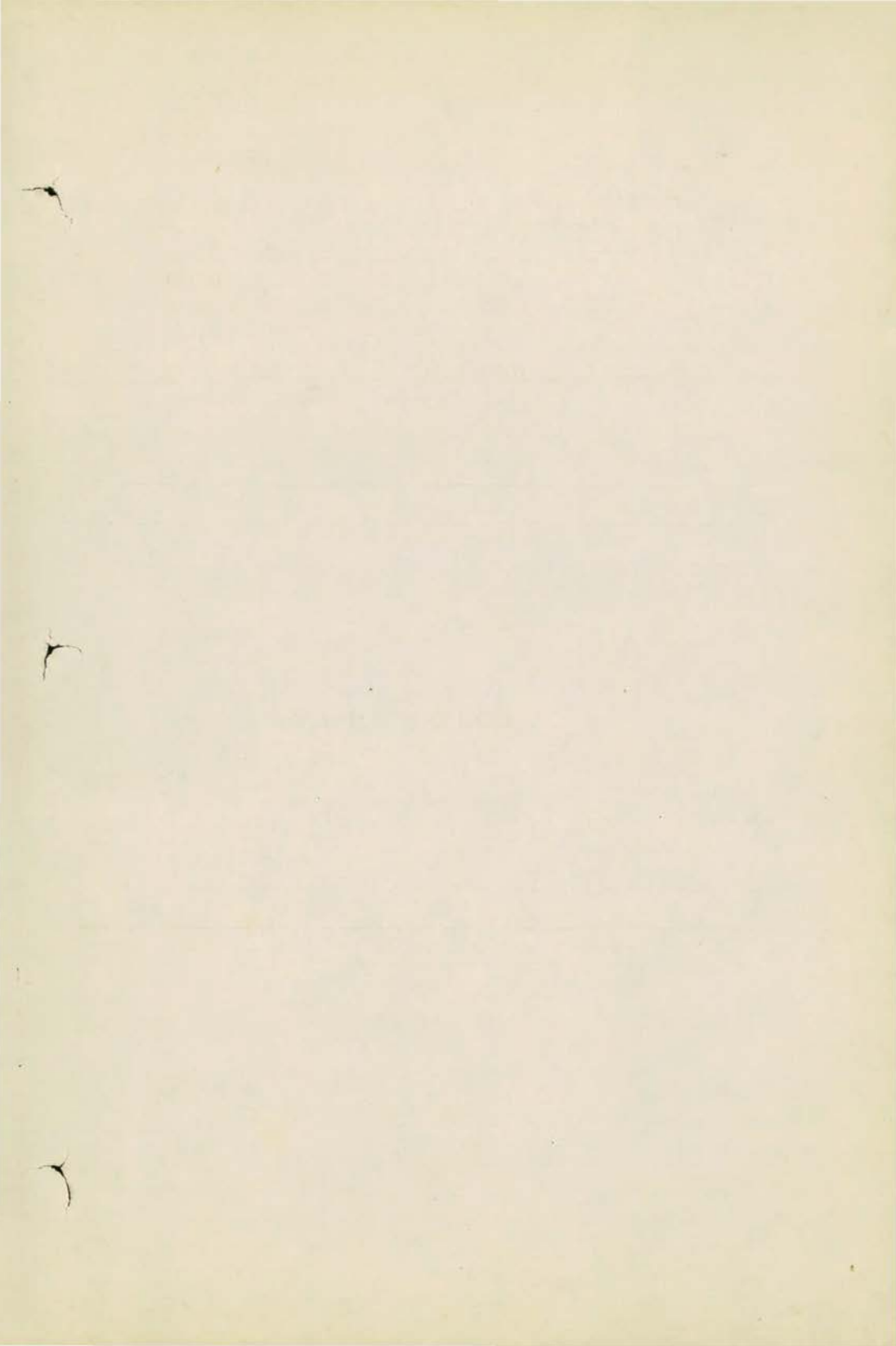
NEW DELHI
The

(C.G. SOMIAH)
Comptroller and Auditor General
of India

27 JUL 1992



APPENDICES



APPENDIX - I

(Reference to Paragraph : 2.2.2(b) at Page-33)

Statement showing cases where supplementary provision was unnecessary

Grant No.	Department	Original grant	Supplementary grant	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
REVENUE SECTION					
1	Home	126.96	9.12	125.38	(-) 10.70
4	Law	7.96	0.72	7.91	(-) 0.77
9	Food and Civil Supplies	40.11	0.03	16.83	(-) 23.31
10	Education and Youth Services	497.43	17.58	430.39	(-) 84.62
11	Harijan and Tribal Welfare	86.42	0.05	74.37	(-) 12.10
12	Health and Family Welfare	167.70	5.06	137.92	(-) 34.84
15	Tourism, Sports and Culture	11.69	0.07	9.36	(-) 2.40
17	Community Development and Rural Reconstruction	255.29	9.78	226.82	(-) 38.25

Contd....

APPENDIX - I - Contd.

(Reference to Paragraph : 2.2.2(b) at Page-33)

Statement showing cases where supplementary provision was unnecessary

Grant No.	Department	Original grant	Supplementary grant	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
REVENUE SECTION					
19	Industries	53.43	8.82	51.82	(-) 10.43
20	Irrigation and Power	35.19	2.19	34.25	(-) 3.13
22	Forest, Fisheries and Animal Husbandry	104.10	14.50	98.95	(-) 19.65
24	Steel and Mines	6.03	0.11	5.59	(-) 0.55
28	Rural Development	132.86	1.61	111.85	(-) 22.62
	Total Revenue:	<u>1525.17</u>	<u>69.64</u>	<u>1331.44</u>	<u>(-)263.37</u>

2.1.1
related
P. & A**CAPITAL SECTION**

13	Housing and Urban Development	11.44	0.81	11.17	(-) 1.08
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APPENDIX - I - Concl'd.

(Reference to Paragraph : 2.2.2(b) at Page-33)

Statement showing cases where supplementary provision was unnecessary

Grant No.	Department	Original grant	Supplementary grant	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
CAPITAL SECTION					
19	Industries	79.77	17.02	43.09	(-) 53.70
23	Agriculture and Co-operation	45.83	22.52	34.35	(-) 34.00
30	Energy	198.97	5.80	168.21	(-) 36.56
	Internal Debt	708.98	239.25	637.37	(-)310.86
	Total Capital:	<u>1044.99</u>	<u>285.40</u>	<u>894.19</u>	<u>(-)436.20</u>

Grand Total : 2570.16 355.04 2225.63 (-)699.57

APPENDIX - II

(Reference to Paragraph : 2.2.2(c) at Page-34)

Statement showing cases where supplementary provision was made in excess of actual requirement

Grant No.	Department	Original provision	Expenditure	Additional requirement	Supplementary provision
REVENUE SECTION (In crores of rupees)					
2	General Administration	7.17	7.52	0.35	0.45
3	Revenue	109.76	130.06	20.30	40.41
8	Orissa Legislative Assembly	1.78	1.99	0.21	0.32
21	Transport	4.70	4.73	0.03	0.39
23	Agriculture and Co-operation	176.03	188.18	12.15	44.55
	Total Revenue:	299.44	332.48	33.04	86.12
CAPITAL SECTION					
2	General Administration	4.07	5.45	1.38	1.77
7	Works	56.26	62.02	5.76	10.01
9	Food and Civil Supplies	NIL	3.25	3.25	8.06
10	Education and Youth Services	3.33	3.92	0.59	3.35
28	Rural Development	49.50	65.45	15.95	21.18
	Total Capital:	113.16	140.09	26.93	44.37
	Grand Total :	412.60	472.57	59.97	130.49

APPENDIX - III

(Reference to Paragraph : 2.2.2(d) at Page-34)

Statement showing cases where complementary provision was inadequate

Grant No/ Appropriation No.	Department	Original Grant	Supplementary Grant	Expenditure	Excess
(In crores of rupees)					
REVENUE SECTION					
(Voted)					
6	Commerce	12.43	0.23	12.83	(+) 0.17
7	Works	65.06	5.41	110.08	(+)39.61
13	Housing and Urban Development	44.38	2.63	54.81	(+) 7.80
		<u>121.87</u>	<u>8.27</u>	<u>177.72</u>	<u>(+)47.58</u>
CAPITAL SECTION					
(Voted)					
5	Finance	19.27	40.04	59.49	(+) 0.18
20	Irrigation and Power	215.81	0.34	225.83	(+) 9.68
22	Forest, Fisheries and Animal Husbandry	39.70	52.95	93.18	(+) 0.53
		<u>274.78</u>	<u>93.33</u>	<u>378.50</u>	<u>(+)10.39</u>
Grand Total :		396.65	101.60	556.22	(+)57.97

APPENDIX - IV

(Reference to Paragraph : 2.2.3 at Page-34)

Statement showing excess over Grant/Appropriation requiring regularisation

Sl. No.	Grant No.	Department	Total Grant	Expenditure	Excess over Grant/Appropriation
(1)	(2)	(3)	(4)	(5)	(6)
(In rupees)					
REVENUE SECTION					
1.	6	Commerce (voted)	12,65,73,000	12,83,08,787	17,35,787
2.	7	Works (Voted)	70,46,89,000	1,10,08,41,733	39,61,52,733
3.	7	Works (Charged)	24,76,000	25,12,508	36,508
4.	8	Orissa Legislative Assembly (Charged)	3,03,000	3,09,951	6,951
5.	13	Housing and Urban Development (Voted)	47,00,56,000	54,80,59,845	7,80,03,845
		Total (Revenue Section)	<u>1,30,40,97,000</u>	<u>1,78,00,32,824</u>	<u>47,59,35,824</u>

CAPITAL SECTION

6.	3	<u>Revenue (Voted)</u>	<u>73,35,000</u>	<u>79,66,119</u>	<u>6,31,119</u>
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APPENDIX - IV - Concl'd.

(Reference to Paragraph : 2.2.3 at Page-34)

Statement showing excess over Grant/Appropriation requiring regularisation

SL. No.	Grant No.	Department	Total Grant	Expenditure	Excess over Grant/Appropriation
(1)	(2)	(3)	(4)	(5)	(6)
			(In rupees)		
CAPITAL SECTION					
7.	5	Finance(Voted)	59,31,00,000	59,49,09,667	18,09,667
8.	6	Commerce (Voted)	8,01,03,000	10,22,83,200	2,21,80,200
9.	20	Irrigation and Power (Voted)	2,16,14,81,000	2,25,82,89,733	9,68,08,733
10.	22	Forest,Fisheries and Animal Husbandry (Voted)	92,64,74,000	93,17,64,163	52,90,163
11.	27	Science Technology and Environment (Voted)	1,000	1,200	200
12.		Loans and Advances from Central Government (Charged)	1,29,96,00,000	2,21,61,36,145	91,65,36,145
		Total (Capital Section)	5,06,80,94,000	6,11,13,50,227	1,04,32,56,227
Grand Total :			6,37,21,91,000	7,89,13,83,051	1,51,91,92,051

APPENDIX - V

(Reference to Paragraph : 2.2.4 at Page-35)

Statement showing cases where expenditure fell short by one crore and 10 per cent of the original provision

SL. No.	Grant No.	Name of the Department	Amount of saving (in crores of rupees)	Percentage of provision
(1)	(2)	(3)	(4)	(5)

REVENUE SECTION

(Voted)

1.	3	Revenue	20.10	13
2.	5	Finance	123.24	57
3.	9	Food and Civil Supplies	23.31	58
4.	10	Education and Youth Services	84.62	16
5.	11	Harijan and Tribal Welfare	12.10	14
6.	12	Health and Family Welfare	34.84	20
7.	15	Tourism, Sport and Culture	2.40	20
8.	16	Planning and Co-ordination	21.86	59
9.	17	Panchayati Raj	38.26	14
10.	19	Industries	10.43	17

Contd.....

APPENDIX - V - Concl'd.

(Reference to Paragraph : 2.2.4 at Page-35)

Statement showing cases where expenditure fell short by one crore and 10 per cent of the original provision

SL. No. (1)	Grant No. (2)	Name of the Department (3)	Amount of saving (4) (in crores of rupees)	Percentage of provision (5)
REVENUE SECTION				
(Voted)				
11.	22	Forest, Fisheries and Animal Husbandry	19.66	17
12.	23	Agriculture and Co-operation	32.41	15
13.	28	Rural Development	22.62	17
14.	30	Energy	2.52	48
CAPITAL SECTION				
(Voted)				
15.	9	Food and Civil Supplies	4.81	60
16.	10	Education and Youth Services	2.76	41
17.	12	Health and Family Welfare	5.92	57
18.	19	Industries	53.69	55
19.	23	Agriculture and Co-operation	34.00	50
20.	30	Energy	36.56	18
(Charged Appropriation)				
21.		Internal Debt	310.86	33

Reasons for savings in respect of above cases have not been intimated.

APPENDIX - VI

(Reference to Paragraph : 2.3 at Page-47)

Statement showing instances of injudicious
re-appropriation

Sl. No.	Grant No.	Head of account	Pro- vision (ori- ginal plus sup- plemen- tary)	Re- appro- priation	Total Expen- Grant diture	Excess(+) Savings(-)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(In crores of rupees)							
1.	3	2245-Relief on account of Natural Calamities+10-JJ-106-Repair/ Restoration of damaged Roads and Buildings	6.75	(+) 0.77	7.52	5.80	(-) 1.72
2.	7	4216-OL-State Plan State Section-01-Government Residential Buildings (7)-JJJ-106-Central Pool-Accommodation	8.92	(-) 1.85	7.07	7.09	(+) 0.02
3.	10	2202-General Education-(36)-SSSS-109-Government Secondary Schools	7.16	(-) 2.57	4.59	4.71	(+) 0.12

Contd....

APPENDIX - VI - Contd.

(Reference to Paragraph : 2.3 at Page-47)

Statement showing instances of injudicious
re-appropriation

Sl. No.	Grant No.	Head of account	Pro- vision (original plus supplementary)	Re- appro- priation	Total Grant	Expen- diture	Excess(+) Savings(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(In crores of rupees)							
4.	17	3054-Roads and Bridges State-Plan-District Sector-04-District and other Roads (30)-000-010- minimum needs programme	0.0001	0.6499	0.65	2.80	(+) 2.15
5.	19	2851-Village and Small Industries (9)-WW-103-Handloom Industries	2.96	(-) 1.72	1.24	1.31	(+) 0.07
6.	20	4701-UOL-on Major and Medium Irrigation-01-Major Irrigation Commer- cial(11)-HHH- 203- Rengali Dam Project	1.27	(-) 0.57	0.70	1.56	(+) 0.86

Contd.....

APPENDIX - VI - Contd.

(Reference to Paragraph : 2.3 at Page-47)

Statement showing instances of injudicious
re-appropriation

Sl. No.	Grant No.	Head of account	Pro- vision (ori- ginal plus supp- lemen- tary)	Re- appro- priation	Total Grant	Expen- diture	Excess(+) Savings(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(In crores of rupees)							
7.	20	(13)-LLL-211-Mahanadi Birupa Barrage Project	4.50	1.14	5.64	5.77	(+) 0.13
8.	20	(17)-PPP-796- Tribal Area Sub-plan	58.65	(-) 4.05	54.60	81.28	(+)26.68
9.	20	(28)-NNNN-796- Tribal Area Sub-plan	26.30	(-) 2.11	24.19	30.47	(+) 6.28
10.	20	(37)-WWW-311- Hariharjore Irrigation Project	5.20	(-) 2.01	3.19	3.67	(+) 0.48
11.	20	(38)-HHHH-329- Mahanadi Chitratpala Island Irrigation Project	2.65	(-) 0.72	1.93	2.03	(+)0.10

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APPENDIX - VI - Contd.

(Reference to Paragraph : 2.3 at Page-47)

Statement showing instances of injudicious
re-appropriation

Sl. No.	Grant No.	Head of account	Pro- vision (ori- ginal plus supp- lemen- tary)	Re- appro- priation	Total Expen- Grant diture	Excess(+) Savings(-)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(In crores of rupees)							
12.	22	2406-Forestry (13)-JJJJ-101- Forest Conser- vation and Regeneration	1.35	(-) 1.35	-	0.03	(+) 0.03
13.	22	(14)-KKKK-102- Social and Farm Forestry	1.73	(-) 0.93	0.80	0.81	(+) 0.01
14.	23	2401-Crop Husbandry (11)-NN-108- Commercial Crops	2.35	(-) 0.61	1.74	1.79	(+) 0.05
15.	23	(13)-PP-796- Tribal Area Sub-plan	1.46	(-) 0.88	0.58	0.61	(+) 0.03
16.	28	2059-Public Works 01- Office buildings (1)-A-053-Mainte- nance and repairs	3.03	(-) 1.75	1.29	1.31	(+) 0.02

Contd....

APPENDIX - VI

(Reference to Paragraph : 2.3 at Page-47)

Statement showing instances of injudicious
re-appropriation

Sl. No.	Grant No.	Head of account	Pro- vision (ori- ginal plus supp- lemen- tary)	Re- appro- priation	Total Grant	Expen- diture	Excess(+) Savings(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(In crores of rupees)							
17.	28	2215-Water Supply and Sanitation 01-Water Supply (12)-FF-102- Rural Water Supply programme	12.30	(-) 3.01	9.29	9.40	(+) 0.11
18.	28	3054-Roads and Bridges-04-District and other roads (26)-CCC-337- Road Works	17.03	(+) 3.65	20.68	20.76	(+) 0.08
19.	28	5054-Capital outlay on Roads and Bridges 04-District and other roads (34)-FFFF-800- other expenditure	1.43	(-) 0.76	0.67	0.93	(+) 0.26

Contd. ...

APPENDIX - VI - Contd.

(Reference to Paragraph : 2.3 at Page-47)

Statement showing instances of injudicious
re-appropriation

Sl. No.	Grant No.	Head of account	Pro- vision (ori- ginal plus supp- lemen- tary)	Re- appro- priation	Total Grant	Expen- diture	Excess(+) Savings(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(In crores of rupees)							
20	30	4801-Capital outlay on Power Project (6)-J-202-Rengali Power Project	16.15	(-) 3.47	12.68	12.72	(+) 0.04
21.	Inte-	2049-Interest rest payment pay- 04-Interest on me- loans and nts advances from Central Govern- ment (2)-E-101- interest on loans on State Plan Schemes	88.12	(-) 26.79	61.33	75.54	(+) 14.21
22.	(01)-	Interest on market loans (1)-B-200- interest on other internal debt	9.11	(+) 1.11	10.22	10.23	(+) 0.01

Contd....

APPENDIX - VI - Concl'd.

(Reference to Paragraph : 2.3 at Page-47)

Statement showing instances of injudicious
re-appropriation

Sl. No.	Grant No.	Head of account	Pro- vision (ori- ginal plus supp- lemen- tary)	Re- appro- priation (5)	Total Grant (6)	Expen- diture (7)	Excess(+) Savings(-) (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(In crores of rupees)							
23.	Inter- rest pay- me- nets	(3)-H-104- Interest on loans for non- Plan scheme	46.62	(+) 4.40	51.02	53.25	(+) 2.23
24.	Appropriation - Internal Debt of the State Government- 6003-Internal Debt of the State Govern- ment (3)-A-101- Market Loans		-	(+) 1.32	1.32	0.65	(-) 0.67

APPENDIX - VII

(Reference to Paragraph : 3.1.5 at Page - 55)

Component-wise Allotment and Expenditure under SRPP

Component	Allotment	Expenditure
	(in lakhs of rupees)	
Seeds	488.05	479.88
Fertilisers	717.56	714.79
Plant Protection Chemicals	186.07	173.99
Farm Implements	128.08	129.75
Field Demonstrations	30.60	30.29
Training	58.78	58.44
Land Development, Irrigation and Drainage	22.60	22.04
Infrastructural Development	86.40	85.36
Crop Cutting Experiments	6.30	6.30
Contingencies	22.05	21.79
Total :	1746.49	1722.63

APPENDIX -

(Reference to Paragraph :

Statement showing the details of

Sl. No.	Name of the district	1985-86			1986-87		
		Amou- unt drawn	Actual expen- diture	Diffe- rence	Amo- unt drawn	Actual expen- diture	Diffe- rence
(R u p e e s i n							
1.	Cuttack	8.00	6.82	1.18	8.00	7.21	0.79
2.	Puri	7.00	5.69	1.31	7.00	5.92	1.08
3.	Keonjhar	3.00	2.66	0.34	3.00	2.68	0.32
4.	Bolangir	4.00	3.87	0.13	4.00	3.91	0.09
5.	Phulbani	3.00	2.52	0.48	3.00	2.65	0.35
Total :		25.00	21.56	3.44	25.00	22.37	2.63

VIII

3.1.7(a)(ix) at Page-67)

excess drawal on Seed Minikit Bills

1987-88			1988-89			Total		
Amo- unt drawn	Actual expen- diture	Diffe- rence	Amo- unt drawn	Actual expen- diture	Diff- rence	Amo- unt drawn	Actual expen- diture	Diffe rence
l a k h s)								
20.00	19.13	0.87	29.52	26.84	2.68	65.52	60.00	5.52
17.50	17.34	0.16	22.68	21.45	1.23	54.18	50.40	3.78
7.50	6.66	0.84	4.84	3.95	0.89	18.34	15.95	2.39
10.00	9.06	0.94	7.96	7.05	0.91	25.96	23.89	2.07
<u>7.50</u>	<u>6.89</u>	<u>0.61</u>	<u>4.84</u>	<u>4.68</u>	<u>0.16</u>	<u>18.34</u>	<u>16.74</u>	<u>1.60</u>
<u>62.50</u>	<u>59.08</u>	<u>3.42</u>	<u>69.84</u>	<u>63.97</u>	<u>5.87</u>	<u>182.34</u>	<u>166.98</u>	<u>15.36</u>

APPENDIX - IX

(Reference to Paragraph : 3.2.5(d) at Page- 87)

Diversion of funds for purposes other than covered under the programme in the watersheds in Koraput district

Name of the Watershed Project	Year	Amount (Rupees in lakhs)	Item/Scheme on which funds were spent
(1)	(2)	(3)	(4)
Nisar Watershed	1989-90	0.06	Photograph charges of Soil Conservation structures raised outside the Project area.
Kerandinala Watershed	1989-90	0.16	Cashew plantation done over an area of 25 Ha. in 1989-90 out of the funds of 1988-89 within Reserved forest areas.
Kerandinala Nisar, Pedagada Sagar (Training programme)	1987-88	0.26	Purchase of Tyres, payment of arrear electricity charges and purchase of miscellaneous items.

Contd.

APPENDIX - IX - Contd.

(Reference to Paragraph : 3.2.5(d) at Page-87)

Diversion of funds for purposes other than covered under the programme in the Watersheds in Koraput district

Name of the Watershed Project (1)	Year (2)	Amount (Rupees in lakhs) (3)	Item/Scheme on which funds were spent (4)
Kerandinala Nisar, Pedagada, Sagar (Training programme)	1988-89	0.36	Cost of Television, payment of arrear NAC tax, cost of Electrical wiring to Office buildings and purchase of miscellaneous items.
	1989-90	0.30	Spent by the Director of Soil Conservation, Orissa for State level workshop on the Restructured HWDP to be implemented during the Eighth Plan period.
Kerandinala Nisar, Sagar and Pedagada	1986-87	0.05	Cost of Dari, Microphone and Amplifier and furniture etc.
	1987-88	0.29	Cost of VCP, Colour TV and furniture etc.
	1989-90	0.24	Cost of 3 KVA Bajaj Generator.

Contd.....

APPENDIX - IX - Contd.

(Reference to Paragraph : 3.2.5(d) at Page-87)

Diversion of funds for purposes other than covered under the programme in the Watersheds in Koraput district

Name of the Watershed Project (1)	Year (2)	Amount (Rupees in lakhs) (3)	Item/Scheme on which funds were spent (4)
Kerandinala Nisar Pedagada Sagar (Improved tools & equipments)	1988-89	0.10	Cost of Ammonia printing machine
Kerandinala and Nisar watersheds (Improved tools & equipments)	1988-89	0.10	Cost of Ammonia printing machine.
Kerandinala Nisar (Fund diverted from Miscellaneous Contingency)	1988-89	0.07	Cost of furniture
Sagar watershed (Miscellaneous Contingency)	1988-89	0.09	Cost of Ammonia printing machine and furniture

Contd....

APPENDIX - IX - Contd.

(Reference to Paragraph : 3.2.5(d) at Page-87)

Diversion of funds for purposes other than covered under the programme in the Watersheds in Koraput district

Name of the Watershed Project (1)	Year (2)	Amount (Rupees in lakhs) (3)	Item / Scheme on which funds were spent (4)
Pedagada Watershed (Miscellaneous Contingency)	1988-89	0.10	Cost of Ammonia printing machine
Kerandinala, Sagar, Nisar and Pedagada watersheds (Diverted from Horticulture Programme)	1988-89	1.00	Diverted to the Soil Conservation Officer, Koraput for Nursery training activities. The amount is lying unspent with the Soil Conservation Officer, Koraput.
	1989-90	1.00	Diverted to the Director of Soil Conservation, Orissa, Bhubaneswar. The amount is lying unspent with the Director of Soil Conservation, Orissa so far (July 1991).

Contd....

APPENDIX - IX - Concl'd.

(Reference to Paragraph : 3.2.5(d) at Page-87)

Diversion of funds for purposes other than covered under the programme in the Watersheds in Koraput district

Name of the Watershed Project	Year	Amount (Rupees in lakhs)	Item / Scheme on which funds were spent
(1)	(2)	(3)	(4)
Kerandinala, Nisar, Sagar, and Pedagada Watersheds (Fund diverted from training component)	1988-89	0.04	Diverted to the Soil Conservation Officer (Survey), Bhubaneswar
Fund diverted from land moisture management	1988-89	0.48	Maintenance of structures and plantations which is not admissible.
		<u>4.70</u>	

APPENDIX - X

(Reference to Paragraph : 3.2.5(e) at Page-88)

Advances treated as final expenditure

Name of the district	Name of the watershed project	Name of the agency to whom funds were diverted	Year	Amount (Rupees in lakhs)	Purpose for which advance was given
(1)	(2)	(3)	(4)	(5)	(6)
Koraput	Kerandi-nala Nisar, Sagar and Pedagada	Deputy Director of Agriculture, Jeypore	1987-88	2.40	Crop demonstration
			1988-89	6.88	
			1989-90	20.45	Crop demonstration, contingency seed stocking and Adapting trials
		Deputy Director of Horticulture, Koraput	1987-88	0.72	Horticultural Programme.
			1988-89	1.85	
					Training programme.
		Principal Soil Conservation Training Institute, Koraput.	1987-88	0.50	
			1988-89	1.00	
	1989-90	0.30			
				34.10	

APPENDIX

(Reference to Paragraph :

Statement showing year-wise details

Year	Total area covered (Ha.)	Area covered under Maize/Groundnut crop demonstrations		Area cove- other crop tration (Ha.)
		Area (Ha.)	Permissible expenditure @ Rs.1000 per Ha. (Amount in rupees)	
(1)	(2)	(3)	(4)	(5)
1988-89	297.00	10	10,000	287.00
1989-90	513.00	92	92,000	421.80
1990-91	2531.00	394.50	<u>3,94,500</u> <u>4,96,500</u>	2136.50

XI

3.2.9 at Page-92)

of demonstration conducted

red under demon- strations	Total permi- ssible expe- nditure (4+6)	Actual expen- diture incurred	Excess expen- diture
Permissible amount @ Rs.600 per Ha. (	a m o u n t	i n	r u p e e s)
(6)	(7)	(8)	(9)
1,72,200	1,82,200	1,90,000	7,800
2,53,080	3,45,080	3,93,677	48,597
<u>12,81,900</u>	<u>16,76,400</u>	<u>22,19,832</u>	<u>5,43,432</u>
<u>17,07,180</u>	<u>22,03,680</u>	<u>28,03,509</u>	<u>5,99,829</u>

APPENDIX -

(Reference to Paragraph :

Statement showing misappropriation, losses etc. reported upto

SL. No.	Name of the Department	Cases in which criminal/Departmental proceedings have not been initiated due to non-receipt of detailed reports/under Police investigation		Cases in which departmental action started but not finalised	
		Num-ber of cases	Amount (Rupees in lakhs)	Num-ber of cases	Amount (Rupees in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)
1.	Home	2	0.07	7	2.12
2.	Agriculture and Co-operation	37	11.47	53	17.11
3.	Community Development and Rural Reconstruction	6	0.27	66	9.70
4.	Forest, Fisheries and Animal Husbandry	67	15.04	165	128.78
5.	Information and Public Relations	83	5.98	3	0.34
6.	Labour and Employment	1	-	-	-
7.	Food and Civil Supplies	-	-	2	2.94

XII - Contd.

3.21 at Page - 145)

31 March 1991 pending finalisation at the end of September 1991

Cases in which criminal proceedings cases were finalised but execution of certificate cases for recovery of the amount are pending		Cases awaiting Government orders for recovery or write off		Cases in Courts of Law		Total	
Num- ber of cases (7)	Amount (Rupees in lakhs) (8)	Num- ber of cases (9)	Amount (Rupees in lakhs) (10)	Num- ber of cases (11)	Amount (Rupees in lakhs) (12)	Num- ber of cases (13)	Amount (Rupees in lakhs) (14)
-	-	9	2.53	7	3.71	25	8.43
-	-	48	2.29	9	0.64	147	31.51
-	-	4	0.25	1	0.03	77	10.25
-	-	102	12.41	20	13.38	354	169.61
-	-	5	0.34	-	-	91	6.66
-	-	-	-	3	0.97	4	0.97
-	-	3	0.05	1	0.09	6	3.08

Contd....

APPENDIX -**(Reference to Paragraph :****Statement showing misappropriation, losses etc. reported upto**

SL. No.	Name of the Department	Cases in which criminal/Departmental proceedings have not been initiated due to non-receipt of detailed reports/under Police investigation		Cases in which departmental action started but not finalised	
		Num-ber of cases	Amount (Rupees in lakhs)	Num-ber of cases	Amount (Rupees in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)
8.	Housing and Urban Development	2	1.23	51	18.47
9.	Revenue and Excise	15	2.84	45	20.45
10.	Health and Family Welfare	12	26.48	10	7.64
11.	Education and Youth Services	12	4.79	31	9.45
✓ 12.	Hatijan and Tribal Welfare	4	0.08	4	2.07
13.	Industries	1	0.43	4	2.64
14.	Finance	4	0.08	4	2.07
15.	Irrigation	92	68.72	132	32.78
16.	Energy	8	16.16	-	-
17.	Law	8	1.25	2	0.19

XII - Contd.

3.21 at Page - 145)

31 March 1991 pending finalisation at the end of September 1991

Cases in which criminal proceed- ings cases were finalised but execution of	cases awaiting Government orders for recovery or write off	Cases in Courts of Law	Total
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(II) Avoidable expenditure

Amount (Rupees in lakhs) (10)	Num- ber of cases (11)	Amount (Rupees in lakhs) (12)	Num- ber of cases (13)	Amount (Rupees in lakhs) (14)
0.14	2	0.17	56	20.01
3.77	8	0.76	128	36.23
1.96	8	4.91	41	40.99
2.38	10	4.54	61	21.16
1.03	4	0.80	24	3.98
0.81	2	0.05	17	3.93
1.03	4	0.80	24	3.98
11.28	6	0.18	247	113.08
-	-	-	8	16.16
-	3	1.84	5	6.09

Contd.....

APPENDIX -

(Reference to Paragraph :

Statement showing misappropriation, losses, etc. reported upto

SL. No.	Name of the Department	Cases in which criminal/Departmental proceedings have not been initiated due to non-receipt of detailed reports/under Police Investigation		Cases in which departmental action started but not finalised	
		Num-ber of cases	Amount (Rupees in lakhs)	Num-ber of cases	Amount (Rupees in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)
18.	Works	19	11.29	131	126.21
19.	Steel and Mines	1	0.01	1	0.47
20.	Commerce and Transport	4	2.00	2	0.48
21.	General Administration	1	1.23	-	-
22.	Planning and Co-ordination	-	-	-	-
23.	Panchayati Raj	31	7.19	15	10.18
	Total :	410	177.41	740	395.39

XII - Concl'd.

3.21 at Page - 145)

31 March 1991 pending finalisation at the end of September 1991

Cases in which criminal proceedings cases were finalised but execution of certificate cases for recovery of the amount are pending		Cases awaiting Government orders for recovery or write off		Cases in Courts of Law		Total	
Number of cases (7)	Amount (Rupees in lakhs) (8)	Number of cases (9)	Amount (Rupees in lakhs) (10)	Number of cases (11)	Amount (Rupees in lakhs) (12)	Number of cases (13)	Amount (Rupees in lakhs) (14)
-	-	3	0.92	1	0.16	154	138.58
-	-	-	-	-	-	2	0.48
-	-	3	0.98	-	-	9	3.46
-	-	-	-	1	0.95	2	2.18
-	-	1	0.08	-	-	1	0.08
<u>3</u>	<u>0.37</u>	<u>8</u>	<u>0.75</u>	<u>7</u>	<u>0.87</u>	<u>64</u>	<u>19.36</u>
<u>48</u>	<u>8.91</u>	<u>276</u>	<u>44.62</u>	<u>101</u>	<u>37.42</u>	<u>1575</u>	<u>663.75</u>

APPENDIX - XIII

(Reference to Paragraph : 3.22 at Page - 147)

Statement showing the position of Inspection Reports issued to the various Departments

SL. No.	Department	Reports awaiting settlement		Reports for which even first reply was not received	
		Number of Reports	Number of Paragraphs	Number of Reports	Number of Paragraphs
(1)	(2)	(3)	(4)	(5)	(6)
1.	Education	1463	2729	359	1020
2.	Agriculture	1446	4714	90	430
3.	Revenue and Excise	1363	3778	134	442
4.	Panchayati Raj	1235	5121	377	2508
5.	Health & Family Welfare	990	3632	287	1083
6.	Animal Husbandry, Veterinary Sciences and Fisheries	596	1657	80	288
7.	Home	426	1325	68	218
8.	Industries	329	1473	-	-
9.	Harijan & Tribal Welfare	255	1074	58	317
10.	Finance	200	526	143	410
11.	Labour and Employment	155	285	31	78

Contd.....

APPENDIX -XIII - Contd.

(Reference to Paragraph : 3.22 at Page - 147)

Statement showing the position of Inspection Reports issued to the various Departments

SL. No.	Department	Reports awaiting settlement		Reports for which even first reply was not received	
		Number of Reports	Number of Paragraphs	Number of Reports	Number of Paragraphs
(1)	(2)	(3)	(4)	(5)	(6)
12.	Co-operation	87	216	18	62
13.	Commerce & Transport	83	210	35	88
14.	Tourism	55	187	13	54
15.	Mining and Geology	48	101	10	24
16.	General Administration	28	64	7	30
17.	Housing and Urban Development (Town Planning)	262	1044	171	517
18.	Food and Civil Supplies	26	65	22	60
19.	Planning and Co-ordination	14	31	3	6

Contd.

APPENDIX - XIII - Concl'd.

(Reference to Paragraph : 3.22 at Page - 147)

Statement showing the position of Inspection Reports issued to the various Departments.

SL. No.	Department	Reports awaiting settlement		Reports for which even first reply was not received	
		Number of Reports	Number of Paragraphs	Number of Reports	Number of Paragraphs
(1)	(2)	(3)	(4)	(5)	(6)
20.	Irrigation and Power	921	3995	16	150
21.	Works	950	3475	8	73
22.	Forest	394	1118	394	1118
23.	Rural Development	<u>301</u>	<u>985</u>	<u>-</u>	<u>-</u>
	Total :	<u>11627</u>	<u>37805</u>	<u>2324</u>	<u>8976</u>

APPENDIX - XIV

(Reference to Paragraph : 4.2.8 at Page - 191)

Statement showing works entrusted to Orissa Construction Corporation Limited at their offered rates without inviting tenders

SL. No.	Name of work	Agreement No./Year	Upper Kolab Irrigation Division-I			Actual date of completion	Upto-date payment (Rupees)
			Agreement value (Rupees)	Date of commencement	Stipulated date of completion		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Fabrication, supply and erection of 3 nos. of vertical left gate and hoist for Satiguda Spillway	33 F2/ 1987-88	36,78,549	15.01.1987	14.10.1987	20.03.1990	32,01,775
2.	Design, fabrication, transportation, erection of 6 Nos. of 2.75 x 2.75 M service gates and 6 Nos. of 2.75 x 0.75 emergent gates of Head Regulator of Jeypore main canal	24 F2/ 1988-89	23,15,272	9.04.1987	23.06.1987	9.12.1987	22,55,167

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APPENDIX - XIV - Contd.

(Reference to Paragraph : 4.2.8 at Page - 191)

Statement showing works entrusted to Orissa Construction Corporation Limited at their offered rates without inviting tenders

SL. No.	Name of work	Agreement No./Year	Upper Kolab Irrigation Agreement value (Rupees)	Division-I Date of commencement	Stipulated date of completion	Actual date of completion	Upto-date payment (Rupees)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
3.	Excavation of Jeypore main canal from RD 14.010 km to 18.120 km and 18.120 km to 18.105 km. Balance work from RD 17.850 km to 18.205 km.	38 F2/ 1987-88	82,26,964	28.03.1989	27.03.1989	-	79,09,522
4.	Excavation of Jeypore main canal from RD 19.830 km to 22.69 km. Package No.24	5 F2/ 1988-89	40,39,283	22.02.1989	12 months 21.02.1990	Recommended for extension of time upto 21.02.1991	9th RA 35,24,221

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Contd.....

APPENDIX - XV - Concl'd.

(Reference to Paragraph : 7.2.12 at Page - 298)

Targets and achievements under various components

Year	Targets in hec- tares	Achievement in hectares	Shortfall in hecta- res	Percentage
(1)	(2)	(3)	(4)	(5)
1988-89	50000	12179	37821	75.64
1989-90	50000	12432	37568	75.13
1990-91	42963	37219	5744	13.36

(b) Soil Survey

1985-86	20160	6148.460	14011.540	9.49
1986-87	21600	18401.690	3198.31	14.80
1987-88	20160	21295.770	-	-
1988-89	23130	23348.240	-	-
1989-90	28800	16589.86	-	-
		(Detailed)		
		125030	-	-
		(Reconnaissance)		
1990-91	35200	38827.534	-	-

APPENDIX - XVI**GLOSSARY OF ABBREVIATIONS**

ACDMO	: Additional Chief District Medical Officer.
AEO	: Agriculture Extension Officer.
ANM	: Auxiliary Nurse and Midwife.
CCA	: Cultivable Command Area
CHC	: Community Health Centre.
CADP	: Command Area Development Programme.
DAO	: District Agriculture Officer.
DE	: Development Engineer, Implements factory.
DFW	: Director of Family Welfare.
DIO	: District Immunisation Officer.
Director	: Director of Agriculture and Food production, Orissa.
Ha.m	: Hectametre.
IDA	: International Development Association.
JAO	: Junior Agriculture Officer.
MS.Round	: Mild Steel Rounds.
NSC	: National Seeds Corporation.
OAIC	: Orissa Agro-Industries Corporation.
OSCMF	: Orissa State Co-operative Marketing Federation.
OSSC	: Orissa State Seed Corporation.
OECE	: Overseas Economics Co-operation Fund.

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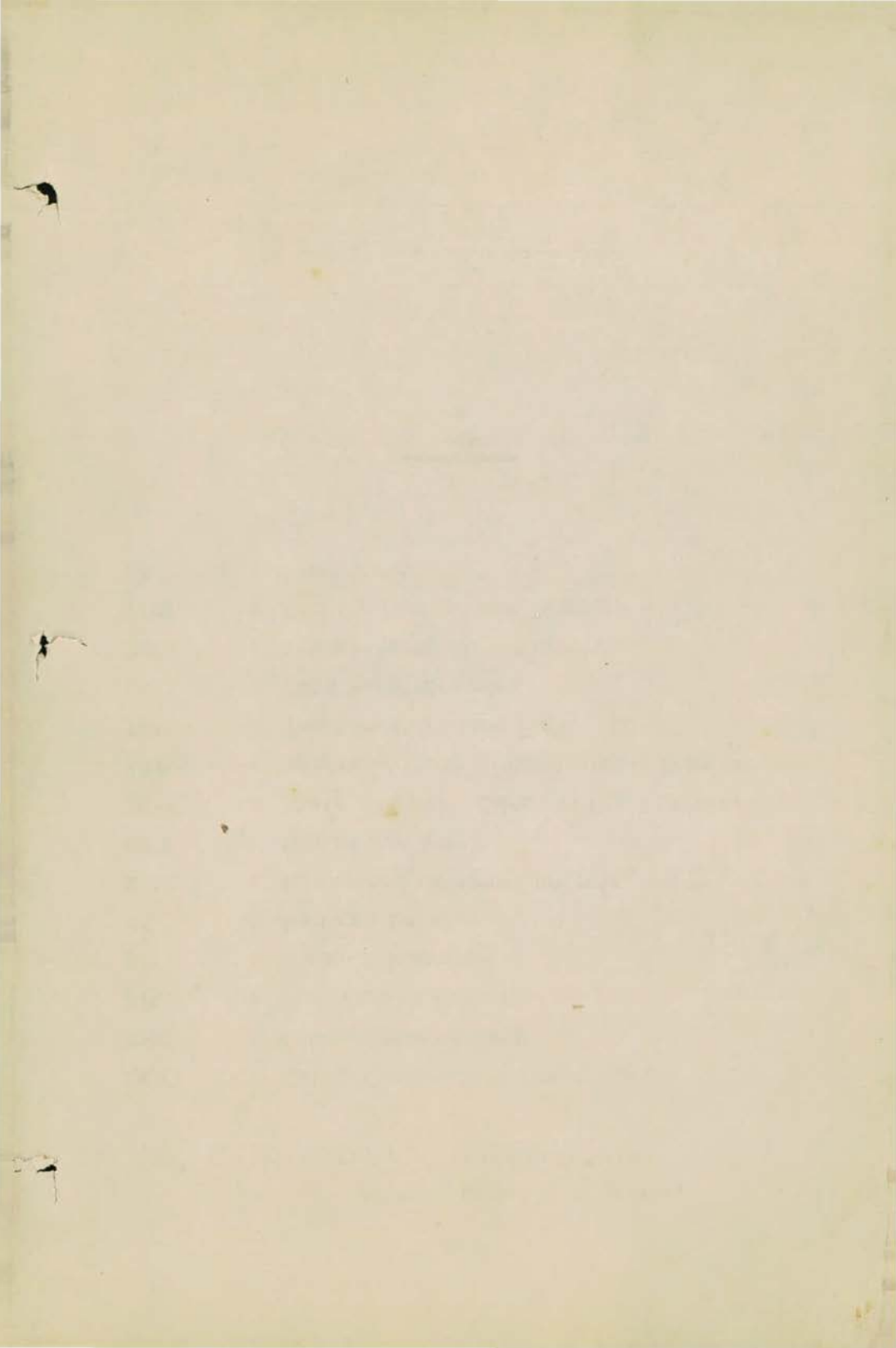
APPENDIX - XVI - Concl'd.**GLOSSARY OF ABBREVIATIONS**

OCC	: Orissa Construction Corporation.
PHC	: Primary Health Centre.
PPC	: Post Partum Centre.
RD	: Reach Distance.
RL	: Reduced Level.
RCC	: Reinforced Cement Concrete.
RTS	: Ribbed Tor Steel
SLSC	: State Level Sanctioning Committee.
SRPP	: Special Rice Production Programme.
TPF	: Teachers Providend Fund.
USG	: Urea Super Granules.
VAW	: Village Agriculture Worker.
VPD	: Vaccine Preventable Diseases.
VS	: Vital Statistics.

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XXX

X



ERRATA

Sl. No.	Page No.	Reference	For	Read
1.	xxviii	3rd line of Para - xv	Insert ' district ' after Sambalpur	
2.	21	Heading of 4th col. of the table	Actual	Actuals
3.	23	3rd line from bottom	Entitelements	Entitlements
4.	31	4th line from bottom	Enacte	Enacted
5.	58	1st line	1987-88	1986-87
6.	77	2nd line of 2nd para	laek	lack
7.	81	At the end of last line	Place ' . ' for full stop.	
8.	121	Last line	Functioneries	Functionaries
9.	128	9th line from top	recovered ted	recovered
10.	131	Last line	fro	from
11.	161	1st line of para 4.1.7	provde	provide
12.	183	3rd line from top	upsteam	upstream
13.	217	2nd line from bottom	Masonary	Masonry
14.	282	Heading of 3rd column of the table	opending	opening
15.	292	2nd line of 2nd highlight	released	released
16.	310	9th line	Rs. .22 lakhs	Rs.2.22 lakhs
17.	320	Heading of 5th column of the table	Additioanal	Additional
18.	321	3rd line - omission in print	wher plementary	"where supplementary"
19.	322	Sl.4 - column 3	Legislative	Legislative
20.	322	2nd Sub-heading	CAPITCAL	CAPITAL
21.	347	Heading of col. 7	ca	cases
	350	Sl.2 under col.2	Agricutre	Agriculture
23.	351	Heading of col.3	Settment	Settlement
24.	360	Expansion of IDA	Assocation	Association

