सत्यमेव जयते

Report of the

Comptroller and Auditor General of India

General and Social Sector

for the year ended March 2019

भारतीय लेखापरीक्षा और लेखा विभाग ✦ INDIAN AUDIT AND ACCOUNTS DEPARTMENT

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

ओड़िशा शासन

Government of Odisha

Report No.5 of the year 2020

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TABLE OF CONTENTS

Preface

This Report for the year ended March 2019 has been prepared for submission to the Governor of Odisha under Article 151 of the Constitution of India for being laid before the State Legislature.

The Report contains significant results of the Compliance Audits of the Departments of Health and Family Welfare, Panchayati Raj and Drinking Water, Revenue and Disaster Management, Housing and Urban Development, General Administration and Public Grievance, Rural Development and Labour and Employees' State Insurance.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2018-19 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports. Instances relating to the period subsequent to 2018-19 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Chapter I

Overview of General and Social Sector

Chapter I: Overview of General and Social Sector

1.1 Introduction

This Report covers matters arising out of the audit of State Government Departments and Autonomous Bodies under the General and Social Sectors. The primary purpose of this Report is to bring to the notice of the Legislature the important results of Audit. The findings of Audit are expected to enable the Executive to take corrective action as also to frame policies and directives that will lead to improved financial management of the organisations contributing to better governance.

The Report has been organised in two chapters as under:

- Chapter I contains the Profile of the General and Social Sector with a brief analysis of the expenditure of the Departments under this Sector for the last five years, the authority for Audit, Audit jurisdiction, planning and conduct of Audit, significant Audit observations in brief during Compliance Audit, response of the Government to various Audit products, namely Inspection Reports, Draft Paragraphs, *etc*., and follow-up action on Audit Reports.
- Chapter II contains significant observations arising out of Compliance Audit of various Departments and their functionaries and includes Compliance Audit of "Procurement and distribution of drugs, medical consumables and equipment by Odisha State Medical Corporation Limited" and "Implementation of Deen Dayal Upadhyaya Grameen Kaushalya Yojana in the State".

1.2 Profile of the General and Social Sector and Audit Universe

As per the Budget Publication, the Government of Odisha releases 43 grants related to its various Departments. The Audit universe under General and Social Sector of the office of the Accountant General (General and Social Sector Audit), Odisha, comprises 12,058 units of various levels related to 24 grants. It also includes 152 bodies/ authorities[1] which are either substantially financed from the Consolidated Fund of the State or Audit of which has been entrusted by the Government under various sections of the Comptroller & Auditor General's (CAG's) DPC (Duties, Powers and Conditions of Service) Act, 1971 under these two sectors. List of the Departments, Autonomous bodies and Companies under the Audit jurisdiction of the office of the Accountant General (General and Social Sector Audit), Odisha is shown in ***Appendix 1.1***.

Summary of expenditure during 2014-19 in major Departments under the Audit jurisdiction of the office of the Accountant General (General and Social Sector Audit), Odisha is shown in ***Table 1.1***.

[1] Under Section 14 (1): 110; 15 (1): 1; 19 (2): 32 (including 30 District Legal Services Authorities); 19 (3): 9 of Comptroller and Auditor General's (CAG's) DPC (Duties, Powers and Conditions of Service) Act, 1971

Table 1.1: Summary of expenditure of the Departments under the Audit jurisdiction of Accountant General (General and Social Sector Audit), Odisha for the years 2014-15 to 2018-19

(₹ in crore)

Sl. No.	Name of the Department	2014-15	2015-16	2016-17	2017-18	2018-19
1.	Odia Language Literature & Culture	239.02	213.02	209.69	274.07	131.38
2.	Electronics and Information Technology	95.34	110.83	111.25	99.19	112.87
3.	Finance	7,072.85	6,719.98	7,213.97	10,520.15	12,351.26
4.	Food Supplies and Consumer Welfare	1,529.39	1,269.43	1,081.54	988.59	1,224.46
5.	General Administration and Public Grievance	275.61	236.71	241.38	316.40	370.62
6.	Health and Family Welfare	3,222.00	3,724.14	4,817.09	4,928.42	5,800.46
7.	Higher Education	1,875.81	1,944.62	1,973.94	1,792.21	2,009.55
8.	Home	3,206.36	3,379.99	3,585.35	4,198.73	4,923.19
9.	Housing and Urban Development	2,340.72	2,721.88	3,075.76	4,683.27	4,540.75
10.	Information and Public Relations	0	0	0	0	282.99
11.	Labour and Employees' State Insurance	197.65	221.96	96.35	136.48	115.77
12.	Law	232.51	285.16	238.95	279.98	324.79
13.	Panchayati Raj and Drinking Water	4,821.45	7,652.22	8,345.96	9,302.11	15,426.37
14.	Planning and Convergence	1,062.61	764.06	785.32	992.12	987.37
15.	Revenue and Disaster Management	2,267.65	3,257.10	3,291.03	1,992.70	931.75
16.	Rural Development	3,838.99	6,609.27	7,276.61	7,392.33	7,289.79
17.	School and Mass Education	7,886.68	9,049.63	9,774.15	12,058.59	14,161.88
18.	Social Security and Empowerment of Persons with Disabilities#	0	0	1,746.13	1,914.79	2,257.12
19.	Sports and Youth Services	64.31	85.15	102.82	250.39	418.08
20.	ST and SC Development, Minorities and Backward Classes Welfare	1,944.80	2,508.60	2,542.57	2,851.83	3,220.68
21.	Women and Child Development & Mission Shakti	3,558.80	3,812.51	2,109.05	2,266.84	3,163.51
22.	Science and Technology	61.87	65.34	61.53	60.91	63.60
23.	Parliamentary Affairs	27.92	30.23	31.63	39.52	44.86
24.	Public Enterprises	3.81	14.27	6.78	9.02	12.91
	Total	**45,826.15**	**54,676.10**	**58,718.85**	**67,348.64**	**80,166.01**

(Source: Appropriation Accounts of Government of Odisha for 2014-15 to 2018-19)

 # Sl.18 came into being with effect from July 2015. Allotment under separate Grant was made from 2016-17 onwards.

In Finance Department, the expenditure in 2018-19 registered an increase of ₹ 1,831.11 crore over 2017-18 due to increase in pension liability by

₹ 1,814.03 crore. Likewise, increase in expenditure in Panchayati Raj and Drinking Water Department in 2018-19 by ₹ 6,124.26 crore was on account of expenditure of ₹ 3,966.36 crore on rural drinking water programme, which was undertaken by Rural Development Department up to 2017-18 and expenditure of ₹ 1,250 crore for a new scheme *viz.*, *Ama Gaon Ama Vikash Yojana*.

1.3 Authority for Audit

Authority for Audit by the CAG is derived from Articles 149 and 151 of the Constitution of India and the CAG's (Duties, Powers & Conditions of Service) Act, 1971 (DPC Act). CAG conducts Audit of expenditure of State Government Departments under Section 13 of the CAG's DPC Act[2]. CAG is the sole auditor in respect of Autonomous Bodies, which are audited under Section 19 (2) and 19 (3) of the DPC Act[3]. In addition, CAG also conducts Audit of other Autonomous Bodies which are substantially financed by the Government under Section 14 of the DPC Act[4] and Local Bodies under Section 20 (1) of the Act. Principles and methodologies for various audits are prescribed in the Regulations on Audit and Accounts, 2007 and Auditing Standards by the Indian Audit & Accounts Department.

1.4 Planning and conduct of Audit

Compliance Audit is conducted as per the Annual Audit Plan. Units for Compliance Audit are selected on the basis of risk assessment of the Apex units, Audit Units and Implementing Agencies involving matters of financial significance, social relevance, internal control system, past instances of defalcation, misappropriation, embezzlement, *etc.*, as well as findings in previous Audit Reports.

Inspection Reports are issued to the heads of Units after completion of Audit. Based on the replies received, Audit observations are either settled or further action for compliance is advised. Important audit findings are processed further as Draft Paragraphs for inclusion in the Audit Report.

Formal replies furnished by Departments as well as views expressed by the Heads of Departments in Exit Conferences are carefully considered while finalising the materials for inclusion in the Audit Report. Audit Reports are laid before the State Legislature under Article 151 of the Constitution of India.

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

3 Audit of the accounts of Corporations (not being Companies) established by or under law made by the State Legislature in accordance with the provisions of the respective legislations or as per request of the Governor of the State in the public interest

4 Several non-Commercial Autonomous/ Semi-Autonomous Bodies, established to implement schemes for employment generation, poverty alleviation, spread of literacy, health for all and prevention of diseases, environment, *etc.*, and substantially financed by Government, are audited under Section 14

1.5 Significant Audit observations during Compliance Audit

During the course of Audit, significant deficiencies which impacted the efficient functioning of the State Government including cases of misappropriation of government money, loss of revenue, idling of assets, wasteful expenditure, *etc*., were noticed across various Departments. These significant audit findings have been reported in Chapter II. The major observations in this regard are as follows:

1.5.1 Procurement and distribution of drugs, medical consumables and equipment by Odisha State Medical Corporation Limited

Odisha State Medical Corporation Limited (OSMCL) is an independent procurement agency for the Department of Health and Family Welfare (H&FW), Government of Odisha. The key functions of OSMCL are timely procurement of quality medicines, surgicals, equipment, instruments, furniture, *etc*., through fair, transparent and competitive bidding process.

Audit of procurement and distribution of drugs by OSMCL for the period 2016-19 revealed the following:

- There was inordinate delay ranging between five and seven months in the finalisation of annual procurement plans for drugs and medical consumables and six to 17 months in respect of Equipment, Instrument and Furniture (EIF). Delay in finalisation of procurement plan impacted the procurement process and supply of drugs and medical consumables to health institutions.

  (Paragraph 2.1.2)

- Against the indented/ approved quantity of 692.97 crore units, OSMCL could supply 336.94 crore (49 *per cent*) units of drugs and medical consumables to health institutions during 2016-19. Non-supply of indented quantity resulted in non-availability of essential drugs in health institutions which resorted to local purchase at higher costs and stock out of essential and critical drugs.

  (Paragraph 2.1.3)

- Out of 3,471 Purchase Orders (POs) placed for supply of drugs and medical consumables, 791 (23 *per cent*) POs were partially executed and 252 (7 *per cent*) POs were not executed at all, which led to less supply of drugs and consumables to the health institutions.

  (Paragraph 2.1.4)

- Deficiencies in stock management led to expiry of 349 kinds of drugs valued at ₹4.18 crore during April 2017 to May 2019. Expiry of drugs was due to ineffective monitoring of indents, distribution, consumption, stock position of drugs through *e-Niramaya* software.

  (Paragraph 2.1.6)

- Short supply of drugs and medical consumables by OSMCL led to the health institutions procuring these items locally incurring extra expenditure. During 2018-19, test checked health institutions had incurred extra expenditure of ₹98.12 lakh (44 *per cent*) in procuring medicines worth ₹2.24 crore.

(Paragraph 2.1.7)

- OSMCL could procure only 43 *per cent* EIF against the approved quantity during 2016-19. As of June 2019, 19 *per cent* of the procured EIF had not been installed and were lying unutilised with different indenting agencies.

(Paragraph 2.1.8)

- Quality test reports of 22 *per cent* drug samples were received with a delay ranging between 16 and 244 days due to which the drugs received remained quarantined without supply to health facilities. Instances of non-replacement of sub-standard drugs by the suppliers were also noticed.

(Paragraph 2.1.10)

- Monitoring of distribution of drugs and medical consumables through the online inventory management system (*e-Niramaya*) was not adequate and effective. Lack of monitoring at the level of H&FW Department/ State Drug Management Unit/ OSMCL/ health institutions ultimately resulted in shortage of essential drugs and wastage of government resources due to expiry of unused drugs, supplied in excess.

(Paragraph 2.1.13)

1.5.2 Implementation of Deen Dayal Upadhyaya Grameen Kaushalya Yojana in the State

Government of India (GoI) introduced (September 2014) youth employment scheme, Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDUGKY) as a part of the National Rural Livelihood Mission, with the aim to provide skills to rural youth and jobs with regular monthly wages. GoI provides 60 *per cent* of the training cost for the scheme and the balance 40 *per cent* is borne by the State Government.

Odisha Rural Development and Marketing Society (ORMAS), a registered society, under the administrative control of the Panchayati Raj and Drinking Water was responsible for implementation of the scheme in Odisha. ORMAS engaged Project Implementing Agencies (PIAs) to impart training in Placement Linked Skill Development courses and to ensure job placement. Audit scrutiny of implementation of the scheme in Odisha revealed the following:

- Project Approval Committee approved four training projects worth ₹ 76.34 crore of four PIAs without conducting required qualitative appraisal of projects, in violation of the procedures laid down by Ministry of Rural Development. The PIAs failed to provide placements to agreed number of candidates. However, ₹ 41.09 crore had been paid to the PIAs till September 2019.

(Paragraph 2.2.2.1)

- Four PIAs were sanctioned projects worth ₹ 102.13 crore during September 2016 to September 2018 despite the fact that they were eligible for projects worth ₹ 25.20 crore only. Thus, the PIAs were awarded projects which were much higher than their financial eligibility, resulting in undue pecuniary advantage to private agencies.

(Paragraph 2.2.2.2)

- Two PIAs were irregularly sanctioned (May 2018) their fourth projects worth ₹ 39.09 crore without approval of the Project Approval Committee and ₹ 16.45 crore was released as of September 2019. The projects were awarded despite fraudulent placement complaints against one PIA and closure of the first project of another PIA due to its poor performance.

(Paragraph 2.2.2.3)

- Three PIAs applied for their next projects submitting inflated performance reports of previous projects. ORMAS did not cross-verify the submitted figures with actual performance and awarded (January 2016 to November 2016) new projects worth ₹ 33.04 crore.

(Paragraph 2.2.2.4)

- On test check of employment records of 481 candidates reportedly placed by 12 PIAs, it was noticed that authenticity of bank statements/ bank pass books of 112 candidates (23 *per cent*) placed by three PIAs were doubtful. The bank account numbers recorded therein had excess numbers of digits, arithmetical inaccuracies, absence of chronology in transaction dates, differing font styles from original pass books, *etc*.

(Paragraph 2.2.3.1)

- On cross check of the veracity of the placement data in respect of 1,286 candidates with the data available on the website of the Employees' Provident Fund Organisation, Ministry of Labour and Employment, GoI, it was noticed that 705 candidates (55 *per cent*) were already employed during the period of their trainings. Thus, credibility of the reported placement figure was doubtful. The PIA received ₹ 22.69 crore as training and placement charges for these candidates.

(Paragraph 2.2.3.3)

- Advances to PIAs were to be released on the basis of candidates to be trained each year. While one PIA submitted works schedule to train 1,100 candidates in the first year and was therefore, eligible to receive ₹ 3.30 crore as the first instalment, ORMAS released ₹ 6.60 crore, considering two years target, thereby extended undue favour.

(Paragraph 2.2.4.3)

- There were instances of irregularities in verification of performance of PIAs like acceptance of false Employees' State Insurance Corporation

(ESIC) numbers as well as forged bank statements, disregarding reports of NABARD Consultancy Services Private Limited (NABCONS) on placement, *etc*. As a result, five PIAs had been paid an excess amount of ₹ 10.83 crore.

(Paragraph 2.2.4.4)

1.5.3 Other Compliance Audit observations

- Disbursement of Old Age Pension in the name of dead beneficiaries, retention of funds by the Panchayat Extension Officers for years without refunding and manipulation of records resulted in suspected misappropriation of government money of ₹10.72 lakh.

(Paragraph 2.3)

- Contrary to Section 26 of Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, Revenue and Disaster Management Department issued instructions in February 2014 to adopt 1 January 2014 as cut off date for determination of market value. Erroneous consideration of cut off date for fixation of market value of land by the Land Acquisition Officer, Chhatrapur led to excess award of compensation of ₹ 29.45 crore.

(Paragraph 2.4)

- VFS Global Services Limited, an outsourcing agency, did not develop IT solutions for complete automation of the building plan process of the Bhubaneswar Development Authority as per the terms of the contract. Despite such breach in contract, the Authority neither terminated the contract nor did it forfeit the outstanding dues of the firm, resulting in infructuous expenditure of ₹ 2.62 crore.

(Paragraph 2.6)

- Bhubaneswar Municipal Corporation could not avail power supply for the newly constructed fruit market complex due to non-availability of space for transporting transformer. In absence of electricity, 78 shops could not be given on rent, which resulted in loss of revenue of ₹ 1.13 crore.

(Paragraph 2.7)

- Bhubaneswar Municipal Corporation neither rescinded contract with an advertising agency despite latter's failure to pay licence fee and interest thereon nor did it encash the bank guarantee. Thus, the chance of recovery of outstanding amount of ₹ 13.02 crore from the advertising agency was remote.

(Paragraph 2.8)

- Taking up two bridge works without complying with the regulation framed by Inland Waterways Authority of India with regard to horizontal and vertical clearance as well as non-adherence to their subsequent instructions by the Rural Development Department led to midway closure of the works. This resulted in wasteful expenditure of ₹ 4.22 crore.

(Paragraph 2.11)

- Construction of Maternal and Child Health building without making plan for its operationalisation led to idling of the building, thereby rendering an expenditure of ₹ 5.96 crore incurred on construction of the building idle.

(Paragraph 2.12)

- Despite Jindal India Thermal Power Limited (JITPL) being the unauthorised occupant of land, the Collector, Angul sanctioned 12 acres of government land on lease in favour of Odisha Industrial Infrastructure Development Corporation in November 2017, for subsequent transfer to JITPL at a concessional rate of ₹ 72.95 lakh instead of ₹ 3.03 crore, thereby extending undue favour of ₹ 2.30 crore to JITPL in sanction of lease.

(Paragraph 2.13)

1.6 Lack of response of Government to Audit

1.6.1 Response of the Government to Inspection Reports

Accountant General (General and Social Sector Audit), Odisha, (AG) conducts Audit of Government Departments to check for compliance to rules and regulations in transactions and to verify the regularity in maintenance of important accounting and other records as per the prescribed rules and procedures. After these audits, Inspection Reports (IRs) are issued to the Heads of Offices inspected with copies to the next higher authorities. Important irregularities and other points detected during inspection, which are not settled on the spot, find place in IRs. Serious irregularities are brought to the notice of the Government by the Office of the AG.

As per the Regulations on Audit and Accounts, 2007, the Officer in charge of the audited entity shall send the reply[5] to an IR within four weeks of its receipt. On intimation of any serious irregularity by Audit, the Government shall undertake *prima facie* verification of facts and send a preliminary report to Audit confirming or denying the facts within six weeks of receipt of intimation. Where the fact of major irregularity is not denied by the Government in the preliminary report, the Government shall further send a detailed report to Audit within three months of preliminary report indicating remedial action taken to prevent recurrence and action taken against those responsible for the lapse.

[5] Even if it is not feasible to furnish the final replies to some of the observations in the Audit note or Inspection Report within the aforesaid time limit, the first reply shall not be delayed on that account and an interim reply may be given indicating the likely date by which the final reply shall be furnished

Besides the above, Finance Department of Government of Odisha had also issued instructions from time to time[6] for prompt response by the executive to IRs issued by the AG to ensure timely corrective action in compliance with the prescribed rules and procedures and to ensure accountability for the deficiencies, lapses, *etc*., observed during inspections.

A six monthly report showing the pendency of IRs is sent to the Principal Secretary/ Secretary of the respective Departments to facilitate monitoring and settlement of outstanding audit observations in the pending IRs.

Inspection Reports issued up to March 2019 relating to 3,540 offices under 24 Departments showed that 49,359 paragraphs relating to 10,127 IRs had remained outstanding up to the end of June 2019. It was observed that out of 398 IRs issued during the period from April 2018 to March 2019 relating to 18 Departments, replies were received only in case of 81 IRs relating to 14 Departments[7].

Department-wise and year-wise break-up of the outstanding IRs and Paragraphs are detailed in ***Appendix 1.2***.

The outstanding IRs contained 566 paragraphs involving serious irregularities like theft, defalcation, misappropriation, *etc*., of government money, loss of revenue and shortages, losses not recovered/ written off amounting to ₹ 940.78 crore. The Department-wise and nature-wise details of the outstanding paragraphs of serious nature are shown in ***Appendix 1.3***.

Outstanding paragraphs related to Higher Education Department were mainly on non-recovery of loan scholarship, excess payment of grants-in-aid on account of salary to the staff of non-Government educational institutions, excess reimbursement of medical expenses, non-recovery of interest, non-deduction of mobilisation advances, fraudulent drawal of government money, misappropriation of government money, *etc*.

In case of School and Mass Education Department, significant outstanding paragraphs include observations on fraudulent expenditure, misappropriation/ embezzlement of Government money, avoidable expenditure due to continuance of fake teachers, excess payment towards salary and grants-in-aid, *etc*.

The outstanding paragraphs of General Administration and Public Grievance Department were mainly in the nature of non-realisation of Government revenue towards sewerage and water charges from the beneficiaries, non-

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6 Compilation of instructions issued from time to time, was issued in December 2006 in the form of a Hand Book for speedy settlement of audit objections, scrutiny of CAG Reports and initiation of action thereon

7 Electronics and Information Technology: 1, General Administration and Public Grievance: 2, Health and Family Welfare: 4, Higher Education: 6, Home: 30, Housing and Urban Development: 1, Law: 1, Panchayati Raj and Drinking Water: 12, Revenue and Disaster Management: 9, Rural Development: 10, School and Mass Education: 1, ST and SC Development, Minorities and Backward Classes Welfare: 1, Social Security and Empowerment of Persons with Disabilities: 1 and Women and Child Development and Mission Shakti: 2

recovery of rent and other fees from the allottees of Government accommodation and commercial complexes, loss of revenue due to delay in adoption of Benchmark value of land, *etc*.

In case of Home Department, significant outstanding observations were on misappropriation of government money, non-realisation of dues from non-government bodies for deployment of police personnel, non-realisation of rent/ fees/ taxes/ cess/ penalty, *etc*.

In the Revenue and Disaster Management Department, significant outstanding audit observations are in the nature of suspected misappropriation/ theft/ embezzlement, losses of revenue due to theft of minor mineral resources, non-recovery of royalty, non- levy or under levy of premium, non-auction of minor mineral resources, *etc*.

Triangular Committees (TC), comprising the representatives of the respective administrative Departments, Finance Department and Audit, held meeting in respect of 13 out of 24 Departments under the General and Social Sector for expeditious settlement of outstanding Inspection Reports/ Paragraphs. Triangular Committee meetings were not held for the remaining 11 Departments[8]. Of the 13 Departments where TC meetings were held during April 2018 to March 2019, 1,541 paragraphs and 189 Inspection Reports were settled.

It is recommended that the Government should ensure that a procedure is put in place for (i) action against officials failing to send replies to IRs/ paragraphs as per the prescribed time schedule, (ii) recovery of losses/ outstanding advances/ overpayments, *etc*., in a time-bound manner and (iii) holding at least one meeting of each Audit Committee every quarter.

1.6.2 Impairment to Audit scope

Section 18(1) (b) of the DPC Act stipulates that the CAG has the authority in connection with the performance of his duties under the said Act to requisition any accounts, books, papers and other documents which deal with or form the basis of or otherwise relevant to the transactions to which his duties in respect of audit extends. The provision has been further amplified by Regulation 181 of the Regulations on Audit and Accounts, 2007 which provides that every Department or entity shall establish and implement a mechanism to ensure that data, information and documents that are required by Audit are made available to it in time. Further, Section 7A of Information Technology (Amendment) Act, 2008 provides that where in any law for the time being in force, there is a provision for audit of documents, records or information, that provision shall also be applicable for audit of documents, records or information processed and maintained in electronic form.

[8] (1) Odia Language Literature and Culture, (2) Electronics and Information Technology, (3) General Administration and Public Grievances, (4) Information and Public Relations, (5) Labour and Employees' State Insurance, (6) Law, (7) Parliamentary Affairs, (8) Public Enterprises, (9) Science and Technology, (10) Social Security and Empowerment of Persons with Disabilities and (11) Sports and Youth Services

Despite such clear provisions, there were instances of non-production of records which restricted the effectiveness of Audit. Out of 1,420 units under various Departments audited during February 2018 to July 2019, 48 audited entities under nine Departments[9] did not provide the vouchers relating to transactions involving ₹ 17.84 crore though sought for while conducting audit scrutiny, as detailed in ***Appendix 1.4***.

1.7 Response of the Departments to Draft Audit Paragraphs

Regulations on Audit & Accounts, 2007 stipulate that responses to Draft Audit Paragraphs proposed for inclusion in the Report of the Comptroller & Auditor General of India should be sent within six weeks.

Draft Paragraphs are forwarded to the Principal Secretaries/ Secretaries of the concerned Departments drawing attention to the audit findings and requesting them to send their response within prescribed time frame. It is also brought to their personal attention that in view of the likely inclusion of such paragraphs in the Audit Reports of the Comptroller and Auditor General of India which are placed before the Legislature, it would be desirable to include their comments on these audit findings.

Draft Paragraphs proposed for inclusion in this Report were forwarded to the Secretaries of the concerned Departments between May and September 2019 through Demi-Official letters. The concerned Departments/ Directorates did not send replies to 4 out of 11 Draft Paragraphs featured in this Audit Report.

The responses of concerned Directorates/ Departments as well as replies to initial audit memos, wherever received, have been suitably incorporated in the Report.

1.8 Follow-up on Audit Reports

Audit Reports for the year 2015-16, which were submitted to the Governor in January 2017 (Local Bodies) and March 2017 (General and Social Sector), were laid on the floor of the State Legislature in September 2017. A mechanism to ensure promptness in tabling of Audit Reports should be put in place.

After tabling of the Reports of the C&AG of India in the State Legislature, the State Government Departments are required to submit *suo motu* replies to the audit observations within three months. Review of outstanding replies on paragraphs included in the CAG's Reports on the General and Social Sector and Local Bodies on the Government of Odisha up to 2016-17 showed that no compliance is outstanding as of September 2019. Out of 210 paragraphs

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[9] (1) Panchayati Raj and Drinking Water (20 entities), (2) Higher Education (4 entities), (3) Health and Family Welfare (4 entities), (4) Home (2 entities), (5) Rural Development (1 entity), (6) School and Mass Education (2 entities), (7) ST and SC Development, Minorities and Backward Classes Welfare (2 entities), (8) Revenue and Disaster Management (11 entities) and (9) Women and Child Development and Mission Shakti (2 entities)

pertaining to the years 2007-08 to 2016-17, 140 paragraphs were selected for discussion by the PAC while remaining 70 paragraphs have not been selected.

As stipulated in the Rules of Procedure of the PAC, Administrative Departments were required to take suitable action on the recommendations made in the Reports of PAC presented to the State Legislature and submit comments on the action taken or proposed to be taken on those recommendations within four months.

Action Taken Notes on 37 paras contained in two Reports[10] of the PAC, presented to the Legislatures had not been submitted by seven Departments[11] to the Assembly Secretariat as of September 2019. These two Reports of the PAC had suggested recovery, disciplinary action, *etc*. A few significant cases are elaborated in ***Appendix 1.5.***

Action taken by administrative Departments on the recommendations of the PAC were, however, found to be inadequate and wanting.

[10] 16th PAC Report 2018-19 and 17th PAC Report 2018-19

[11] Home (1), Panchayati Raj and Drinking Water (2), Revenue and Disaster Management (8), Rural Development (17), School and Mass Education (6), Higher Education (2), Science and Technology (1)

Chapter II

Compliance Audit

Chapter II

Compliance Audit

Health and Family Welfare Department

2.1 Procurement and distribution of drugs, medical consumables and equipment by Odisha State Medical Corporation Limited

2.1.1 Introduction

Odisha State Medical Corporation Limited (OSMCL) was established in November 2013 under the Companies Act, 1956, as an independent procurement agency for the Department of Health and Family Welfare, Government of Odisha. The key functions of OSMCL are timely procurement of quality medicines, surgicals, equipment, instruments, furniture, *etc*., through fair, transparent and competitive bidding process.

OSMCL is also the nodal implementing agency (April 2015) for 'Free medicine distribution (*Niramaya*) scheme', one of the flagship schemes of the Government of Odisha (GoO) for providing all essential medicines[1] free of cost to patients coming to government health institutions. For the implementation of the scheme, OSMCL was responsible for (i) timely procurement of quality medicines, surgicals and EIF (Equipment, Instrument and Furniture); (ii) management of central drug warehouses to ensure smooth flow of supply to health institutions through a centralised online inventory management system; (iii) monitoring drug distribution counters (DDC) in health institutions centrally and track prescription practices and disease pattern and (iv) procurement and maintenance of medical equipment across health institutions.

The procurement and supply process involves placement of indents by the health institutions through their respective Drug Therapeutic Committees (DTC)[2] to OSMCL for supply of drugs and medical consumables as enlisted in the Essential Drug List (EDL). OSMCL and State Drug Management Unit (SDMU) compile/ analyse the indents and prepare the draft Annual Procurement Plan (APP). The APP is placed before the State Drug Management Committee (SDMC) for approval. After approval of the APP, OSMCL procures the approved quantity of drugs and medical consumables in a phased manner at the contract price[3]. In case of EIF, OSMCL procures and supplies them directly to the health institutions as per their indent /

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[1] Essential medicines are those that satisfy the needs of majority of population, should be available at all times, in adequate quantities and in proper doses, are rational and are of proven therapeutic value and safety

[2] Committees constituted in all districts, blocks, medical colleges and other major health institutions to ensure rational use of drugs and medical consumables at government health institutions

[3] Contract price is the lowest price arrived at after evaluation of tenders floated for procurement of drugs and medical consumables which remains valid for one year. OSMCL procures drugs and medical consumable at this price throughout the year

requirement. OSMCL has also developed *e-Niramaya* software application at a cost of ₹1.42 crore from 1 April 2017 to automate supply chain management *i.e.,* for procurement, distribution and quality control of drugs and medical consumables. Prior to implementation of *e-Niramaya* application, OSMCL had used *e-Aushadhi* software application system developed by the Centre for Development of Advanced Computing (CDAC)[4] for online supply chain management. OSMCL, however, discontinued this system from 1 April 2017 as the same could not meet the requirement of the Corporation. OSMCL was to follow the guidelines and procedures as issued by the Finance Department, Government of Odisha from time to time, along with the provisions under Orissa General Financial Rules (OGFR) in discharging the above responsibilities.

Audit was conducted covering the period 2016-19 with the objective of examining the economy and efficiency in procurement and distribution of medicines and EIFs along with evaluation of adequacy of quality control measures.

Audit sampling involved test check of records of Health and Family Welfare (H&FW) Department, OSMCL, health institutions in seven[5] out of 30 districts and one out of the three medical colleges & hospitals in the state (Sriram Chandra Bhanja Medical College & Hospital). Districts were selected through stratified random sampling without replacement method considering three risk parameters *viz*., expenditure, annual indented quantity and number of patients registered in Outpatient Department (OPD) and Inpatient Department (IPD). Besides, joint physical inspection of warehouses/ stocks and patients' survey was conducted. Photographs were also taken, wherever required.

Audit findings have been suitably commented upon in succeeding paragraphs.

Audit findings

2.1.2 Delay in finalisation of Annual Procurement Plans

As per the guidelines[6] issued (May 2015) by H&FW Department, OSMCL should compile and analyse all annual indents received from the health institutions through their DTCs to prepare the APP for drugs and medical consumables. OSMCL would place the draft APP for the ensuing financial year before the SDMC[7] by 15 December for approval. The guidelines were revised in June 2017 requiring OSMCL to submit the compiled annual indents

4 A scientific society of the Department of Electronics and Information Technology under the Ministry of Electronics and Information Technology, Government of India

5 The sampled districts (both for District Headquarters Hospitals and Drug warehouses) were Boudh, Keonjhar, Koraput, Nabarangpur, Puri, Rayagada and Sundargarh. H&FW Department, however, requested to take up Balangir district in place of Koraput for rational representation of all regions across the State. Accordingly, Balangir district was taken as a sampled district instead of Koraput

6 Guidelines on Procurement Planning and Management of Drugs and Medical Consumables

7 Composition: Chairman: Commissioner-*cum*-Secretary, H&FW Department; Convener: Joint Director of Health Services, SDMU; Members: Managing Director (National Health Mission); Director, Health Services; Director, Medical Education and Training; Director of Family Welfare; Director of Public Health; Financial Adviser (H&FW Department); Special invitees as required

to the SDMU by 30 November. The latter would analyse and prepare the APP and place before the SDMC for approval. The APP would be sent to OSMCL by 25 December for initiating procurement process.

Similarly, the APP for EIF would be finalised by the State Level Equipment Management Committee (SEMC) and sent to OSMCL by 10 August for procurement.

In this context, Audit noticed inordinate delay in approval of APPs as discussed below:

- ***Drugs and medical consumables*****:** Against the prescribed timeline of submitting the compiled annual indent/ draft APP by 15 December of each year, OSMCL/ SDMU submitted the same to SDMC in March to May with a delay up to five months[8] during 2016-19. SDMC also took more than two months to approve the APP against the given period of 10 days. Thus, the overall delay in the approval of APP ranged from five to seven months.

  Further, the State/ district-wise consolidated annual demand was not forecast/ generated through the *e-Niramaya* application despite having a provision for the same in the system. Instead, APPs were prepared manually after consolidating the annual requirement/ indents received from field functionaries outside the *e-Niramaya* application. Thus, the *e-Niramaya* application was not utilised optimally and could not be used to mitigate the delays in finalisation of the APP.

- ***Equipment, Instrument and Furniture (EIF)**:* Against the annual target date of 10 August to finalise/ approve the APPs for the ensuing year, SDMU/ SEMC approved APPs with delays ranging between six and 17 months during 2016-19.

Delay in finalisation of APPs ultimately delayed the entire procurement process and the supply of drugs and medical consumables to health institutions.

H&FW Department stated (August 2020) that irrational indents/ indents in improper format received from indenting officers contributed to the delay in approval of APP. The fact, however, remained that these delays impacted the supply of essential drugs and equipment to health institutions. Further, non-utilisation of the *e-Niramaya* application for generating accurate indents, also contributed to delays in preparation and approval of APP.

2.1.3 Indent and supply of drugs and medical consumables

OSMCL procures drugs and medical consumables as per the APP which is approved after due screening and analysis of inputs received from the health institutions. After procurement, drugs and medical consumables are supplied to health institutions for distribution to patients.

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[8] Date of submission of draft APP: 2016-17: 21 March 2016; 2017-18: 31 March 2017 and 2018-19: 25 May 2018

On an analysis of the data made available to Audit and the *e-Niramaya* database, it was noticed that SDMC had approved 524 to 596 kinds of drugs and medical consumables with quantity of 692.97 crore[9] units for procurement during 2016-19. Out of this approved quantity, OSMCL could procure only 336.94 crore (49 *per cent*) units of drugs and medical consumables during this period as detailed in the table below:

Table 2.1.1: Drugs and medical consumables approved and procured during 2016-19

Year	Drugs and medical consumables approved			Drugs and medical consumables procured			Drugs and medical consumables not procured	
	No. of items	Unit *(in crore)*	Cost *(₹ in crore)*	No. of items *(per cent)*	Unit (in crore) *(per cent)*	Cost *(₹ in crore)*	No. of items *(per cent)*	Unit (in crore) *(per cent)*
2016-17	524	152.14	213.17	325 (62)	75.75 (50)	87.33	199 (38)	76.39 (50)
2017-18	576	202.50	426.32	372 (65)	109.68 (54)	148.08	204 (35)	92.82 (46)
2018-19	596	338.33	323.73	394 (66)	151.51 (45)	190.04	202 (34)	186.82 (55)
Total	**1,696**	**692.97**	**963.22**	**1091 (64)**	**336.94 (49)**	**425.45**	**605 (36)**	**356.03 (51)**

(Source: OSMCL data and e-Niramaya database)

Audit observed that 199 to 204 essential medicines/ medical consumables (356.03 crore units) like Injection Ampicillin Sodium (500 mg), Injection Cefoperazone and Sulbactam (500 mg), Injection Cefipime (1000 mg), Injection Labetalol (20 mg), Frusemide (10 mg) tablet and Primaquin Phosphate (7.5 mg) tablet, approved for procurement during 2016-19 were not procured at all. Consequently, the indented quantities of these medicines could not be supplied to hospitals.

A detailed analysis of eight sampled health institutions showed no rational linkages between the indent and supply of drugs. An analysis of the *e-Niramaya* database for these eight units for 2018-19 showed that there was short supply in respect of 151 to 260 kinds of drugs whereas 29 to 110 kinds of drugs were supplied more than the indented quantities, as detailed in the table below:

Table 2.1.2: Short and excess supply of drugs during 2018-19 *(Quantity in lakh units)*

Name of the DHH/ SCB MCH	Short supply cases			Excess supply cases		
	Number of drugs	Quantity indented	Quantity supplied *(Percentage of short supply)*	Number of drugs	Quantity indented	Quantity supplied *(Percentage of excess supply)*
Balangir	260	764.50	320.34 (58)	29	121.97	237.71 (95)
Boudh	178	85.02	51.44 (39)	86	30.07	86.54(188)
Keonjhar	240	526.19	261.99 (50)	38	96.55	261.52 (171)
Nabarangpur	198	301.34	169.86 (44)	75	46.06	226.72 (392)
Puri	151	178.47	118.33 (34)	110	210.47	467.60 (122)
Rayagada	221	188.43	103.66 (45)	55	102.85	243.38 (137)
Sundargarh	219	385.55	210.28 (45)	54	89.12	251.69 (182)

[9] Drugs (Anti-Bacterial, Anti-Fungal, Gastrointestinal, Dermatological, *etc.*): 411.78 crore units (₹ 697.26 crore), Programme drugs (Anti-Malaria, Anti-Tubercular, Leprosy, Maternal and child health, *etc.*): 256.07 crore units (₹ 80.59 crore), Anti-cancer drugs: 0.25 crore units (₹ 75.43 crore), Surgical & Suture items: 24.87 crore units (₹ 109.94 crore)

Name of the DHH/ SCB MCH	Short supply cases			Excess supply cases		
	Number of drugs	Quantity indented	Quantity supplied *(Percentage of short supply)*	Number of drugs	Quantity indented	Quantity supplied *(Percentage of excess supply)*
SCB MCH, Cuttack	236	260.57	129.45 (50)	54	53.03	74.80 (41)

(Source: e-Niramaya database)

Short supply of drugs ranged between 60.14 lakh units (34 *per cent*) in Puri and 444.16 lakh units (58 *per cent*) in Balangir compared to the quantities indented in sampled districts and included 45 to 78 indented drugs for which there was no supply. Due to non/ short supply of required drugs, the District Headquarters Hospitals (DHHs)/ Sriram Chandra Bhanja Medical College & Hospital (SCB MCH) resorted to local purchase at higher prices where there was stock out of drugs, as discussed in ***Paragraphs 2.1.5*** and ***2.1.7***.

Thus, even after five years of its establishment (June 2013), OSMCL could not fulfil the requirement of supply of essential drugs in health institutions. The primary reasons for short supply of medicines, as observed in audit, were delay in finalisation of APPs, nil/ partial execution of Purchase Orders (POs) by suppliers, receipt of single or no bids for items, thus, necessitating retendering, non-revision of EDL on time, *etc*.

H&FW Department stated (August 2020) that OSMCL procured drugs on the basis of consumption at health facilities, and supplied medicines and anti-cancer drugs as per indents. The reply is not tenable as short/ non supply of indented drugs resulted in stock out of essential medicines in health institutions, leading to the indenting officers having to procure unavailable drugs locally at higher rates.

2.1.4 Execution of Purchase Orders

After finalisation of a tender, OSMCL placed POs with the successful bidders who were to supply the drugs and medical consumables at warehouses within the stipulated period of 70 days.

During 2016-19, OSMCL had placed 3,471 POs with 484 firms for supply of drugs and medical consumables worth ₹568.65 crore. The status of execution of these POs as of May 2019 is given in the table below:

Table 2.1.3: Execution of Purchase Orders during 2016-19

Year	Total Number of POs	Number of firms	Total value of POs *(₹ in crore)*	Number of POs		
				Fully executed[10] (*per cent*)	Partially executed *(per cent)*	Not executed (*per cent*)
2016-17	970	141	121.25	591 (61)	285 (29)	94 (10)
2017-18	1,101	161	181.16	880 (80)	173 (16)	48 (4)
2018-19	1,400	182	266.24	957 (68)	333 (24)	110 (8)
Total	**3,471**	**484**	**568.65**	**2,428** (70)	**791** (23)	**252** (7)

(Source: OSMCL data)

Above table shows that only 70 *per cent* of the POs were fully executed whereas 23 *per cent* were partially executed. Moreover, 252 POs issued to 109 firms for supply of 186 medicines (72.01 crore units) like Cefixime tablet (200

[10] 99 to 100 *per cent* of the indented quantity supplied

mg), Isosorbide dinitrate tablet (5 mg), Rabeprazole injection, Chloropheniramine maleate tablet (4 mg), *etc*., valued ₹ 51.34 crore were not executed at all. Non/ part execution of POs contributed to stock out of essential drugs in hospitals. OSMCL had not taken adequate action for non-performance of the contracts which extended undue favour to the suppliers as discussed below:

2.1.4.1 Undue favour to suppliers

As per contract conditions, OSMCL shall de-recognise/ blacklist the defaulting suppliers for non-performance of contract provisions, non-supply/ part supply of the ordered quantity followed by forfeiture of earnest money deposit and performance security of the said bidder/ supplier. Audit, however, observed that:

(i) OSMCL had not recovered/ forfeited performance securities of suppliers amounting to ₹ 47.42 lakh in respect of 30 out of 252 POs issued during 2016-19 (***Appendix 2.1.1)*** against which there was no supply. OSMCL had, however, not taken other penal actions like de-recognition/ blacklisting/ cancellation of POs, *etc*., against the defaulting firms.

OSMCL placed a Purchase Order (No: CR 18,718 dated 17 July 2018) with a firm for supply of 7.32 lakh Levofloxacin tablets. The firm failed to execute the order within the stipulated period of 70 days. OSMCL issued (4 February 2019) a show cause notice to the firm for non-execution of the order. The firm contended (7 February 2019) that it could not execute the order due to difficulties in getting raw material and price hike. OSMCL, however, did not take action like forfeiture of performance security, derecognition/ blacklisting the firm etc., as stipulated in the contract conditions.

Further, 17 firms which were 'nil' suppliers in previous years were unduly favoured by OSMCL by award of further contracts valued ₹ 55.45 crore in subsequent years (***Appendix 2.1.2***).

(ii) As per the contract conditions, drugs should have minimum 5/6th (83 *per cent*) shelf life period from the date of manufacture when supplied. However, exempted items[11] can be accepted with less than 5/6th shelf life period with an undertaking from the supplier that if the item expires without being utilised, then the supplier would replace them with fresh stock.

Analysis of *e-Niramaya* database showed that out of 357.14 lakh units (of 11 medicines) supplied by the firms with less than 5/6th (41 *per cent* to 80 *per cent*) shelf-life period, 10.12 lakh units worth ₹34.34 lakh could not be utilised within the expiry period. The suppliers had not replaced these expired medicines as envisaged in the contract conditions. These medicines were lying in 24 warehouses for periods ranging from 11 days to 384 days as of June 2019. OSMCL had neither enforced contract conditions for replacement of these expired drugs by the suppliers despite undertakings given by them for the same nor did they forfeit the performance securities furnished by these suppliers for non-adherence to contract conditions. Non-replacement of

[11] Imported items, small ordered items and in case of vaccines, serums, immunoglobulin, blood products like human coagulation factors VII, VIII, IX, *etc*.

expired drugs by the suppliers had an impact on the State exchequer to that extent, and was also an act of extension of undue benefit to these suppliers.

Thus, OSMCL did not enforce the conditions of contract entered into with the suppliers scrupulously in procurement and supply of drugs and medical consumables. Due to non/ short supply of ordered quantities, OSMCL could not meet the requirement of indenting agencies leading to non-availability of essential and critical drugs in health institutions.

H&FW Department stated (August 2020) that penalty amount of ₹ 6.65 lakh had been recovered[12] in respect of nine POs, supplies in respect of six POs had since been received and in respect of three POs, the supplier being an MSME[13], PS had not been obtained. Audit noted that in the case of remaining 12 POs, four POs had been cancelled, four supplier firms had been blacklisted without forfeiting their PS and no action had been taken against the firms in respect of four POs. Regarding non-replacement of expired drugs, the Department further stated that ₹14.09 lakh had been recovered towards cost of expired drugs.

The fact, however, remained that OSMCL cancelled/ blacklisted suppliers in respect of eight POs without forfeiting PS and did not initiate action in respect of four POs. Further, 17 firms which were 'nil' suppliers in previous years were unduly favoured by OSMCL by award of further contracts valued ₹ 55.45 crore in subsequent years.

2.1.5 Stock-out of essential drugs

OSMCL had prescribed (June 2016) minimum stocks to be maintained at various levels[14] for ensuring that there would not be any cases of stock out or over stocking of any item.

Audit noticed that minimum stock of essential drugs was not maintained at warehouses and Drug Distribution Counters (DDCs). This was due to non/ short supply of indented drugs by OSMCL. Also, the drugs procured locally (out of 20 *per cent* budget) were inadequate to replenish the shortage. The stock-out position of essential drugs in test checked hospitals is given in the table below:

Table 2.1.4: Non-availability of essential drugs in test checked hospitals during 2017-19

Name of the DHH/ MCH	Stock out of drugs at DHHs/ MCHs					
	2017-18			2018-19		
	1-3 months	3-6 months	More than 6 months	1-3 months	3-6 months	More than 6 months
Balangir	37	29	27	40	32	33
Boudh	20	18	9	7	15	6
Cuttack	26	17	17	20	21	17
Keonjhar	10	3	4	7	10	5
Nabarangpur	5	2	6	9	3	9
Puri	24	13	16	21	9	41
Rayagada	20	8	14	8	14	10

12 ₹ 6.65 lakh recovered in respect of nine POs after being pointed out in Audit
13 Micro, Small and Medium Enterprises
14 District Warehouse: 4 months' stock; DHH: 1 month's stock; Community Health Centre (CHC)/ Sub-Divisional Hospital (SDH): 2 months' stock

Name of the DHH/ MCH	Stock out of drugs at DHHs/ MCHs					
	2017-18			2018-19		
	1-3 months	3-6 months	More than 6 months	1-3 months	3-6 months	More than 6 months
Sundargarh	7	6	9	2	3	10

(Source: Records of test checked hospitals and DWH)

Audit noticed that critical drugs like Azithromycin (500 mg) tablet (anti-bacterial drug), Chlorpheniramine Maleate tablet (anti-allergic drug), Clopidogrel tablet (anti-hypertensive drug), Pentazocine Lactate injection (pain and inflammation control drug), Metformin HCl (500 mg) tablet (anti-diabetic drug), *etc*., were not available in test checked hospitals during 2018-19.

During the OPD beneficiaries' survey, it was also noticed that 141 out of 555 prescribed drugs like Pantoprazole 40 mg tablets, Vitamin B-complex tablets, Calcium syrup, Cefixime syrup, Phenobarbitone syrup, *etc*., were not distributed to the patients.

Further, health institutions were to maintain their inventory and generate Management Information System (MIS) reports through the *e-Niramaya* system. Audit noticed that data relating to issue of medicines to patients, DDCs, Primary Health Centres (PHCs), *etc*., had not been entered into the database. Therefore, the system could generate stock position of Drug Warehouse (DWH) level only and stock position at DDC, CHC, PHC levels could not be generated. Thus, the system generated incomplete stock information. This also led to deficient inventory management resulting in stock out of essential drugs in hospitals.

Due to non-availability of essential/ critical drugs in hospitals, patients had to procure the prescribed medicines from outside on their own.

Thus, OSMCL failed to supply essential drugs to patients visiting public health institutions free of cost as promised by the Government under 'Free drug distribution scheme'.

H&FW Department stated (August 2020) that stock out position of essential drugs in health institutions had improved over the years which stood at 15.90 *per cent* of the requirement as of July 2020. The fact, however, remained that patients in public health institutions could not be provided with all prescribed essential drugs free of cost.

2.1.6 Deficient stock management led to expiry of medicines

OSMCL is responsible for management of surplus and deficit stocks of drugs and medical consumables. OSMCL is authorised to withdraw surplus stock from any institution and to transfer inter-institution, inter-warehouse, inter-district stocks for effective inventory management. OSMCL is to monitor distribution and stock position of drugs centrally through *e-Niramaya* application system for ensuring uninterrupted supply of medicines at the health institutions.

Audit noticed that 349 kinds of drugs (4.88 crore units) valued ₹4.18 crore had expired during April 2017 to May 2019. These expired drugs were lying in 39 warehouses. In eight test-checked districts, 12 to127 expired drugs valued

₹ 1.42 crore were found lying in respective drug warehouses, as detailed in the table given below:

Table 2.1.5: Details of expired drugs lying in stores as of March 2019

Name of the DWH	No. of drugs expired	Quantity (units)	Value (in ₹)
Balangir	12	24,185	91,581
Boudh	29	23,139	56,386
Keonjhar	38	1,05,856	12,91,103
Nabarangpur	22	89,344	3,54,333
Puri	62	3,38,823	8,46,485
Rayagada	47	2,62,632	13,56,560
SCB MCH, Cuttack	127	5,18,868	76,12,790
Sundargarh	78	8,75,860	25,45,473
Total	**415**	**22,38,707**	**1,41,54,711**

(Source: DHH/ MCH records)

OSMCL could not effectively monitor indenting, distribution, consumption, stock position of drugs through *e-Niramaya* application, which resulted in expiry of drugs mostly due to supply in excess of requirement, excess indenting, non-usage of drugs after procurement, *etc*.

A few such instances are discussed below:

- Based on the indents (2015-16) of Acharya Harihara Regional Cancer Centre (AHRCC), OSMCL supplied (July 2015-May 2016) 3,09,955 units of 22 cancer drugs worth ₹ 1.99 crore. AHRCC, however, failed to utilise 31,742 units of these drugs worth ₹ 0.81 crore (41 *per cent)* before expiry of life period. Even in nine cases[15], life period of 51- 90 *per cent* of the procured quantity expired. This indicated that neither the AHRCC had indented as per its requirement nor did OSMCL monitor utilisation of these drugs effectively to save government money.
- Against the indent for 3,92,390 units of 31 drugs, OSMCL supplied 8,77,698 units to SCB MCH, Cuttack which was 2.24 times of the indented quantity. Due to excess supply, SCB MCH could not utilise 3,48,964 units (40 *per cent*) worth ₹ 56.59 lakh in time, which expired. This included seven drugs (72,003 units) costing ₹ 38.54 lakh against which there was no indent.
- OSMCL supplied 1,16,578 units of Azithromycin suspension to DWH, Rayagada against its indent for 11,923 units. Out of this, only 12,477 units could be utilised by the expiry date (August 2017). The balance quantity of 1,04,101 (89 *per cent*) units worth ₹ 6.24 lakh expired. Neither OSMCL nor the DWH took timely action for transfer of this surplus stock to other health institutions where they could have been utilised.
- OSMCL procured (July 2016) 85,000 Sodium Valproate tablets valued ₹ 0.89 lakh and stored it in the Central Drug Store (CDS), Bhubaneswar. The entire stock of this medicine remained as such in

[15] (i) Injection Cladribine; (ii) Capsule Lenalidomide; (iii) Injection Pemetrexed; (iv) Injection Pemetrexed; (v) Injection Zoledronic Acid I.P; (vi) Injection Vinorelbine 50 mg I.P; (vii) Injection Vinorelbine 10 mg I.P; (viii) Capsule Lenalidomide and (ix) Injection Pemetrexed 100 mg

the CDS without being issued to health institutions. The life period of entire stock expired in May 2018. The status of the drug was neither monitored through the *e-Niramaya* software nor did the CDS inquire about this, despite prolonged storage and non-usage.

- ***Non-disposal of expired/ Not of Standard Quality (NSQ) medicines***: The heads of health institutions[16] were to verify the stocks pertaining to expired/ NSQ drugs and take steps for destruction of these drugs. Audit observed that huge quantities of damaged, expired and NSQ drugs as discussed above were lying in district warehouses of the test checked districts. The concerned authorities had not taken any steps for disposal of NSQ and expired medicines. Stocks of such NSQ/ expired drugs not only caused congestion of the available space in DWHs but were also susceptible to risk of being diverted and misused at later date. Due to shortage of space, OSMCL had stored 39,540 sanitary napkins (cost: ₹ 0.82 lakh) in a dilapidated quarter at CHC, Badagaon which were damaged by white ants.

H&FW Department stated (August 2020) that though consumption pattern of drugs and consumables were being monitored through *e-Niramaya,* 100 *per cent* consumption within the shelf-life period was not possible. The reply was not tenable as OSMCL had not effectively monitored its inventory management system which led to expiry of medicines especially due to supply of drugs, much in excess of what was indented and also other cases such as non-utilisation of entire stock, *etc*., as mentioned above.

2.1.7 Local purchases of medicines

OSMCL procures drugs and medical consumables out of 80 *per cent* of the budget made by the State under centralised procurement system. Provision up to 20 *per cent* of the drugs budget is made for local procurement by the DHHs, medical colleges and other major health institutions to meet emergency requirements. As per the instruction (October 2017) of the H&FW Department, local procurement of drugs is to be limited to requirement for one month only at a time and follow the procurement guidelines issued by the Finance Department from time to time.

The test checked health institutions had incurred ₹40.81 crore for local procurement of drugs and consumables against Government allocation of ₹42.48 crore during 2016-19. The district-wise allocation and expenditure is given in the table below:

Table 2.1.6: Allocation and expenditure of funds during 2016-19

Name of DHH/ MCH	Allotment	Expenditure	Savings	Percentage of non-utilisation
	(₹ in lakh)			
Balangir	475.80	436.72	39.08	8.21
Boudh	112.33	49.54	62.79	55.90
Keonjhar	374.28	361.43	12.85	3.43
Nabarangpur	255.74	255.55	0.19	0.07
Puri	524.09	476.84	47.25	9.02
Rayagada	294.03	292.13	1.90	0.65

16 Chief District Medical Officer/ Chief Medical Officer/ Superintendent of Medical Colleges

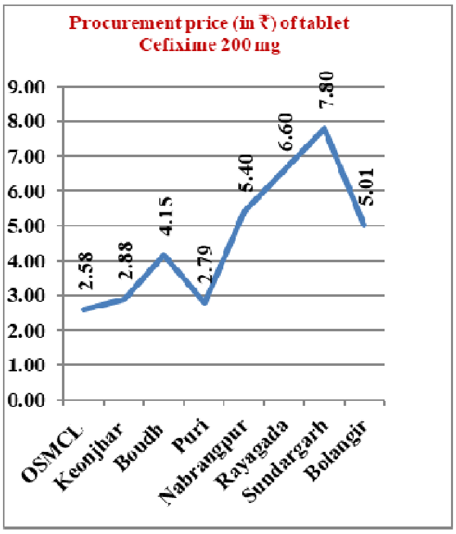
Name of DHH/ MCH	**Allotment**	**Expenditure**	**Savings**	**Percentage of non-utilisation**
	(₹ in lakh)			
Sundargarh	547.89	547.86	0.03	0.01
Cuttack	1,664.14	1,661.41	2.73	0.16
Total	**4,248.30**	**4,081.48**	**166.82**	**3.93**

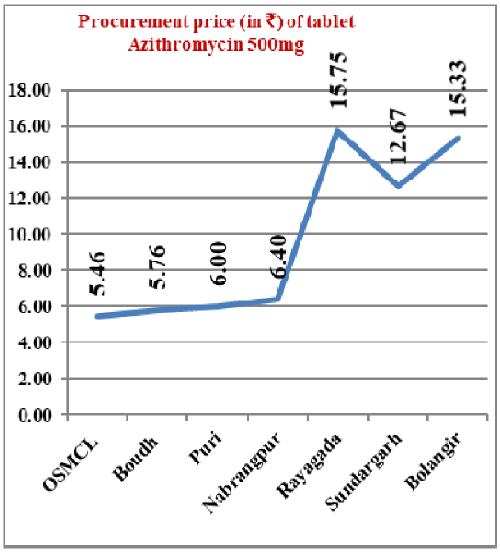
(Source: Records of DHH)

As seen from the above table, Chief District Medical and Public Health Officer (CDM & PHOs) of Balangir, Boudh and Puri districts had not spent substantial amounts of the allocated funds and allowed a significant part of it to lapse despite stock out of essential drugs in the DHHs as discussed in ***Paragraph 2.1.5***. While no recorded reasons were available for this, audit analysis revealed that this was linked to poor monitoring of stock position by the hospitals. Lack of an efficient monitoring system led to non-procurement of essential medicines, even though funds were available for local procurement.

Audit also observed that in some of the test checked units, the DHHs/ SCB MCH had procured drugs and consumables at different rates and there was no consistency in prices at which drugs were being procured. A comparison of procurement prices of two essential drugs procured locally by test checked hospitals is shown in the chart below:

Chart 2.1.1: Comparison of procurement prices of medicine by test checked hospitals





(Source: DHH records)

It can be seen from the above chart that DHH, Sundargarh had procured Cefixime tablet at ₹7.80 which is 3.02 times of OSMCL's procured price (₹ 2.58 per tablet). Similarly, DHH, Rayagada had procured Azithromycin tablet at ₹ 15.75 being 2.88 times of the OSMCL price of ₹ 5.46. Audit made an analysis of local procurement prices of drugs with that of OSMCL and found that the hospitals had incurred an extra expenditure of ₹ 98.12 lakh (44 *per cent*) in purchase of drugs and consumables worth ₹2.24 crore during 2018-19.

Other deficiencies noticed in the local procurement process are as follows:

2.1.7.1 Procurement without tender

As per the 'Guidelines for procurement of goods' issued (February 2012) by the Finance Department, tender is to be invited by advertisement for procuring goods worth ₹5 lakh and above. The Superintendent/ CDM & PHOs of five test checked hospitals[17], however, did not follow tender procedure annually for local procurement of drugs and consumables. Instead of inviting fresh tender, the hospital authorities procured drugs based on the rates approved by them in previous years, inviting quotations from local medicine shops, *etc*. Non-floating of tenders led to procurement of drugs at prices that were not competitive while also being contrary to the provisions of procurement guidelines issued by the Finance Department.

The Superintendent of SCB MCH, Cuttack did not float any tender during 2016-19 (up to January 2019) and procured drugs on the basis of quotations received from the local medicine shops empanelled during 2015-16. A comparison of cost of drugs procured (2016-19) with the rates finally approved when the tendering was carried out (February 2019), showed that SCB MCH had incurred an extra expenditure of ₹ 21.58 lakh (24 *per cent*) in procuring five medicines at ₹ 88.38 lakh.

Similarly, comparison of procurement prices of 61 items purchased (without tender) during 2017-18 by DHH, Keonjhar with the approved tender price of 2018-19 showed that the CDM & PHO had incurred an extra expenditure of ₹40.25 lakh (46 *per cent*) in procuring medicines worth ₹ 87.96 lakh. This extra expenditure was a loss to the State exchequer and an extension of undue financial benefit to the suppliers.

H&FW Department stated (August 2020) that district health institutions sometimes procure medicines for critical patients in emergency without going for tender. It was added that there would always be price difference between OSMCL purchase and local purchase since manufacturers offer competitive price for bulk supplies. The fact, however, remained that local procurement was to be resorted due to non-supply of indented drugs and medical consumables by OSMCL.

2.1.7.2 Procurement in excess of requirement

In violation of instructions of Government to procure one month's requirement at a time, the DHHs/ SCB MCH purchased drugs in large quantities. Procurement of drugs in large quantities at a time involved extra expenditure and affected the supply chain of the OSMCL as well. A few such instances are discussed below:

- SCB MCH, Cuttack procured 4,600 vials of injection Tetglobe worth ₹ 59.77 lakh during July to November 2017 and 35,000 vials of injection Norad valued ₹11.03 lakh during 2018-19 from the empanelled shops despite the fact that the monthly consumption of these two drugs was only 100 to 200 vials and 2,000 vials, respectively. This procurement of medicines in excess of requirements

[17] SCB MCH, Cuttack (2016-18); Keonjhar (2016-18); Balangir (2016-18); Nabarangpur (2016-17); Rayagada (2016-17)

cost the MCH an extra expenditure of ₹14.75 lakh compared to OSMCL contract price.

- DHH, Sundargarh had also procured drugs and medical consumables like Injection Diclofenac, Injection Phenytoin sodium, Injection Atropine, *etc*., at a cost of ₹ 19.04 lakh in excess of one month's requirement at a time during the period 2017-19. The procured quantities (ranging from 5,000 units to 1,50,000 units) were consumed in 3 to 14 months. During the same period, OSMCL had also supplied such medicines to the district warehouse which could have met the requirements of the hospital.

2.1.8 Procurement, Installation and maintenance of equipment, instrument and furniture (EIF)

As per the Guidelines on 'Rational procurement planning and management of EIF' issued (December 2014) by the H&FW Department, State Drug Management Unit (SDMU) is to compile the indents received from various health institutions and place them before the State Level Equipment Management Committee (SEMC) for finalisation of APP. The SEMC finalises the quantity to be procured against the quantity indented based on the level of institution and budgetary resources. After finalisation of the APP, OSMCL starts procurement of EIF.

Audit observed that the SEMC approved procurement of 1,39,182 EIF during 2016-19 against which OSMCL could procure 60,234 EIF only, as detailed in the table below:

Table 2.1.7: Status of EIF approved and procured during 2016-19

Year	Number of EIF			Value of procured EIF (*₹ in crore)*
	Approved	Procured *(percentage of approved EIF)*	Installed *(percentage of procured EIF)*	
2016-17	32,423	21,631 (67)	20,158 (93)	56.89
2017-18	41,759	3,283 (8)	3,196 (97)	58.00
2018-19	65,000	35,320 (54)	25,159 (71)	117.24
Total	**1,39,182**	**60,234 (43)**	**48,513 (81)**	**232.13**

(Source: Data furnished by OSMCL)

OSMCL could procure 43 *per cent* of the EIF approved by the SEMC during 2016-19. Even by June 2019, 11,721 (19 *per cent*) of the procured EIF had not been installed and were lying unutilised with different indenting agencies. In test checked hospitals, 78 (7 *per cent*)[18] out of 1,089 equipment (received during December 2016 to September 2019) like ventilator, defibrillator, Operation Theatre (OT) monitor, bio-safety cabinet, *etc*., costing ₹ 5.43 crore were lying idle without installation. Audit also noted instances of equipment lying idle/ defunct. Non/ delay in supply of EIF to the health institutions was directly related to delay in procurement by OSMCL, delayed approval of APP, *etc*. A few such cases are discussed below:

[18] Balangir: 38; Boudh: 9; Keonjhar: 16, Cuttack: 4; Puri: 1; Nabarangpur: 1; Rayagada: 6; Sundargarh:3

2.1.8.1 Non-procurement of equipment for Robotic surgery

SEMC approved (April 2016) the list of EIF and specification required for Robotic Surgery at SCB MCH, Cuttack for conducting complex and advanced surgical procedures. Director of Medical Education and Training (DMET) provided (September 2016) ₹ 12 crore to OSMCL for procuring the above equipment. OSMCL, however, did not take any action for the procurement even after three years of approval. Non-availability of robotic surgery facility denied improved patient care, surgical skill and teaching standard in SCB MCH.

H&FW Department stated (August 2020) that the changed technical specification had been finalised on 10 December 2019 by the Technical Committee comprising faculty members of Urology Department of All India Institute of Medical Science (AIIMS), New Delhi and Bhubaneswar, Postgraduate Institute of Medical Education and Research (PGIMER), Chandigarh and Professors of user institutions. For procurement of the same through Government e-Marketplace (GeM), request had been made for category creation of the equipment. The reply is not convincing. Taking three and half years for finalisation of specification of the equipment suggests lethargic procurement system in place.

2.1.8.2 Delayed supply of equipment to Sardar Vallavbhai Patel Post Graduate Institute of Paediatrics (SVPPGI)

SEMC approved (2015-16 and 2016-17) procurement of 890 EIF for SVPPGI at ₹9.28 crore. Though the approval was granted in 2015-16, OSMCL took about three years to supply these items indicating its apathetic approach to procurement. Timely supply of required equipment could have rendered quality health care services in the hospital.

H&FW Department did not offer any specific views on the audit observation.

2.1.8.3 Defunct equipment

In test checked hospitals, 94 out of 521 equipment costing ₹ 2.84 crore were found lying defunct/ idle for period ranging between 2 to 36 months. These equipment were non-operational due to want of Annual Maintenance Contracts or inaction of the concerned authorities towards their restoration. Audit also noticed non-availability of trained operators for High-end ventilator (DHH Nabarangpur), Bio-safety cabinet (in DHH Nabarangpur), Semi Auto Analyser (CHCs Dabugaon and Papadahandi) and Elisa Machine (SDH Gunupur). Also there was no Ophthalmologist for operating the Indirect Ophthalmoscope in DHH Boudh. As a result, these equipments could not be utilised.

H&FW Department stated (August 2020) that the tender for Bio-medical Equipment Maintenance Programme had been finalised during 2019-20 and was in operation from 1 January 2020 to maintain all the EIF supplied to health institutions after warranty period. The reply was, however, silent over maintenance of the EIF becoming defunct within the warranty period and no action being taken to repair /replace the defunct equipment.

2.1.8.4 Idling of equipment for Liver Transplantation Unit

Equipment worth ₹5.41 crore supplied (January-March 2015) to SCB MCH, Cuttack for operationalisation of Liver Transplantation Unit (LTU) could not be installed due to want of required infrastructure like Operation Theatre (OT), Intensive Care Unit (ICU) and the related Ward, *etc*. The LTU had not been made functional despite comments in the Comptroller & Auditor General's Audit Report for the year ended March 2017. Non-functioning of the LTU led to idling of these equipment worth ₹5.88 crore (September 2019) including the cost of OT tables worth ₹46.27 lakh, supplied in August 2018. This indicated that appropriate site with required infrastructure was not ensured before indenting/ procurement of equipment.

H&FW Department stated (August 2020) that the LTU had since been made operational. The reply was not acceptable since the LTU had not been functioning as per information furnished (September 2020) by the SCB MCH, Cuttack.

Thus, OSMCL was not able to procure and supply the EIF as per indents. Non-supply/ maintenance/ installation of EIF in time as per requirement hampered delivery of quality healthcare services in hospitals. This is also indicative of inefficiency of OSMCL as a procurement and supplying agency of EIF.

2.1.9 Irregularities in tendering procedure

OSMCL is to follow the guidelines and procedures as issued by the Finance Department, GoO from time to time, along with the provisions under Orissa General Financial Rules (OGFR).

Audit observed that OSMCL did not maintain transparency, economy and efficiency in the procurement process leading to part/ non-supply of equipment, undue advantage to suppliers, *etc*., as discussed in following paragraphs:

2.1.9.1 Lackadaisical approach of OSMCL in finalisation of tender led to non-functioning of Blood Component Separation Units and idling of equipment worth ₹4.47 crore

State Blood Transfusion Council (SBTC), Odisha requested (December 2015) OSMCL to procure equipment and instruments for establishment of Blood Component Separation Units (BCSUs) in seven DHHs[19]. OSMCL floated (January 2016) tenders for procurement of 19 equipment and instruments[20] for these BCSUs. Tender Evaluation Committee (TEC) approved (May 2016)

[19] (i) Balasore, (ii) Baripada, (iii) Keonjhar, (iv) Koraput, (v) Bargarh, (vi) Balangir, and (vii) Rourkela

[20] i) Refrigerated Centrifuge (Floor Standing Model), (ii) Platelet Agitator-*cum*-Incubator, (iii) Deep Freezer (-80 degree C) (Vertical) , (iv) Deep Freezer (-40 degree C) (Vertical), (v) Plasma Expresser, (vi) Plasma Thawing Bath, (vii) Semi-Automated Coagulation Analyser, (viii) Laminar Air - Flow Bench, (ix) Sterile Connecting device, (x) Blood Bank Refrigerator, (xi) Cryobath, (xii) Portable Tube sealer, (xiii) Blood Collection Monitor, (xiv) Horizontal Autoclave, (xv) Digital PH Meter, (xvi) Double Pan Balance Weighing Machine, (xvii) Tube Stripper, (xviii) Transport Cold Chain Box and (xix) Walk-in Room (Cooler)

procurement of 12 items and recommended re-tendering for seven other equipment[21] due to non-responsive/ single bids. After retendering (May 2016), the TEC approved (January 2017) three equipment and recommended two items (Plasma Expresser and Sterile Connecting Device) for approval subject to price justification. The TEC again suggested retendering for the other two items (Digital PH Meter and Blood Transport Cold Chain Box).

OSMCL did not take any action for arriving at a price justification or for retendering as recommended by the TEC. After 25 months of the above recommendation, OSMCL floated (February 2019) tender for procurement of a number of items including the Plasma Expresser, Sterile connecting device, Digital PH meter, *etc*., for the seven BCSUs. After evaluation of the price bids, POs were placed (November 2019) with the selected firms for supply of three items (Platelet agitator, Cryobath and Sterile connecting device) and the procurement process for other items[22] had not been concluded as of December 2019.

Thus, due to non-supply of these items, which were necessary for functioning of the BCSUs, equipment worth ₹4.47 crore procured and supplied (June 2016 to June 2018) by the OSMCL to DHHs for the BCSUs remained idle (December 2019). Moreover, warranty period of four equipment[23] lying in DHHs was already over during August to October 2019, without utilisation.

H&FW Department stated (August 2020) that OSMCL had procured equipment worth ₹ 6.52 crore for seven BCSUs and contract for manual Plasma expresser was issued (December 2019) in Government e-Marketplace (GeM) portal. It further added that equipment like Digital PH Meter and Blood Transport Cold Chain Box were being procured at institutional level. The fact, however, remains that huge delays in supply of the indented equipment could have been avoided.

2.1.9.2 Abnormal delay in procurement of dental equipment for medical college and DHHs

The State Level Equipment Management Committee (SEMC) approved (13 August 2015 and 20 April 2016) procurement of dental equipment valued ₹11.42 crore for supply to SCB MCH (Dental College) and peripheral health institutions. OSMCL floated (October 2016) the tender for procurement of 44 such items. After technical evaluation (March 2017) of bids, TEC decided to open price bids of seven items[24] for which multiple bids had been received and recommended retendering for other items (37) where only one or no bids were submitted. TEC evaluated (7 October 2017) the financial bids and recommended the L_1 bidders for purchase of these seven items.

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21 (i) Refrigerated Centrifuge, (ii) Platelet Agitator-*cum*-Incubator, (iii) Cryobath, (iv) Plasma expresser, (v) Sterile connecting device, (vi) Digital PH meter and (vii) Blood transport cold chain box

22 Plasma Expresser, digital PH meter and cold chain box

23 (i) Laminar Air Flow Bench, (ii) Blood Collection Monitor, (iii) Plasma Thawing Bath and (iv) Semi-Automated Coagulation Analyser

24 (i) Milling machine with optical scanner, (ii) Cone beam computerised tomography machine, (iii) Dental instrument set, (iv) Dental lab micrometer with hand pieces, (v) Table top front loading autoclave, (vi) Laser for soft tissue and (vii) Ultrasonic scaler

Audit observed that even after the recommendation of the TEC, OSMCL did not take steps to retender for these 37 items. Even in case of the seven items recommended for purchase, OSMCL did not take timely action to obtain the necessary approvals and place the purchase orders, within the six months validity period[25] (up to 28 October 2017) of the tender prices. By the time the purchase recommendations of the TEC were evaluated for approval, the tender validity period was almost over. As a consequence, OSMCL had to opt for retendering for all 44 items.

The process of retendering for all the dental equipment including the seven items originally approved for purchase by the TEC, was initiated only in December 2018. The technical bids were opened in February 2019 and were not evaluated till June 2019. However, two items (Dental Chair and Dental X-ray machine) out of the 44 items, were procured and supplied to the health institutions through the rate contract tender procedure.

Thus, OSMCL was apathetic in taking timely action for purchase of dental equipment and supplying the same to the health institutions including items that were essential to requirements, as per the Dental Council of India (DCI). As a result, despite availability of manpower and funds, doctors in health institutions had to work without necessary dental equipment for quality treatment of the patients.

H&FW Department stated (August 2020) that tender could not be finalised due to introduction of Goods and Services Tax (GST). It was added that OSMCL had already issued POs for nine items after finalisation of the tender. The fact, however, remained that the tender value of the equipment was exclusive of Value Added Tax (VAT)/ sales tax/ entry tax, and therefore, introduction of GST could not have rendered the tender invalid.

2.1.9.3 Procurement of virtual anatomy dissection table

As per procurement guidelines, specification of goods to be procured should be broad based to the extent feasible to attract sufficient number of bidders. Efforts should also be made to use standard specifications which are widely known to the industry.

While floating tender to procure one Virtual Anatomy Dissection Table (VADT) for VIMSAR[26], Burla, OSMCL included two special features (*Real time 6 axis navigation with stylus and working with live person)* which were available with only one manufacturer, *i.e.*, Anatomage, United States of America (USA). Despite requests by the prospective bidders to delete/ amend these specifications in pre-bid meetings, OSMCL did not reconsider its decision. Consequently, the tender could not attract more bidders for participation and only one bidder[27] qualified for the said item. OSMCL procured the said equipment at ₹2.34 crore against the estimated cost of ₹1.20 crore made by VIMSAR, Burla at the time of indent.

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[25] Six months from the date of opening of price bids
[26] Veer Surendra Sai Institute of Medical Sciences and Research
[27] M/s Maveric Solutions Inc. (for M/s Anatomage, USA)

Contrary to this, OSMCL deleted/ amended these specifications in the next tender floated (March 2019) to procure nine such tables on the request of the prospective bidders for enabling more manufacturers/ suppliers to participate. However, this tender was cancelled on administrative grounds. Deletion of these special features in the subsequent tender indicated that these specifications were not essential/ mandatory.

H&FW Department stated (August 2020) that tender had been floated as per the technical specification finalised by the technical committee. The fact, however, remained that by including these special features in earlier tender, OSMCL could not discover an optimum competitive price and narrowed the field of choice on particular manufacturer/ supplier.

2.1.9.4 Procurement of sanitary napkins at higher prices under KHUSI scheme

Government of Odisha decided (January 2018) to distribute sanitary napkins to 17.26 lakh adolescent school going girls studying in Class VI to XII under 'Menstrual Hygiene Scheme' KHUSI. OSMCL was to procure and supply the sanitary napkins following procurement guidelines.

OSMCL invited (April 2018) quotations from the manufactures/ importers through e-tender portal of the State and *via* its website as well. In response to the above tender, five bidders[28] submitted bids. The Tender Evaluation Committee (TEC) examined (23 July 2018) the technical bids and rejected three bids due to want of required supporting documents in the bids. The TEC evaluated (13 August 2018) the price bids of the remaining two technically qualified bidders[29] and found that the rates quoted by the lowest bidder (L_1) was ₹ 2.97 (excluding tax) per unit. The TEC further observed that the L_1 bidder was also the firm approved (May 2018) for supply of sanitary napkins under another scheme, *i.e.,* RKSK[30] at ₹1.74 per unit (excluding tax). As the price seemed to be on the higher side, the price justification given by the supplier was not accepted by the committee and OSMCL cancelled the tender (September 2018).

OSMCL went for retender (September 2018) of the said item and after evaluation of price bids, the TEC approved the rate quoted by one firm[31] for the sanitary napkins at ₹2.30 per piece being the L_1 bidder. Accordingly, purchase order was placed with the firm for supply of sanitary napkins.

Audit, however, observed that:

- While selecting the L_1 firm, OSMCL did not consider the price of napkins procured under RKSK as was done in case of the 1st tender,

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28 (i) M/s Sanyog Enterprises Private Limited, Nangloi, Delhi, (ii) M/s HLL Lifecare Limited, Kolkata, (iii) M/s Sekhani Industries Private Limited, Ahmedabad, (iv) M/s Vaidya & Infrastructure Private Limited and (v) M/s OM Shanti Traders, Nabarangpur

29 (i) M/s HLL Lifecare Limited, Kolkata and (ii) M/s Sekhani Industries Private Limited, Ahmedabad

30 Rastriya Kishor Swasthya Karyakram

31 M/s Shree Radhe Hygiene Products Limited, Pune

even though the price (₹2.30) of the same napkin under KHUSI was more by 32 *per cent* than that under RKSK (₹1.74). The technical specification of napkins for both the schemes *i.e.,* RKSK and KHUSI were the same. Only the door delivery point[32] was 319 for KHUSI whereas it was 39 in case of RKSK. As per the estimate submitted by OSMCL, the cost of transportation from district warehouses to periphery hospitals was ₹0.15 per napkin only. Further, the selected firm had agreed to supply same sanitary napkin at ₹1.74 under RKSK in May 2018 and quoted (November 2018) ₹2.30 for same napkin in retender for KHUSI scheme. Therefore, the Committee should have called for price justification and carried out price negotiation accordingly.

- The price at which the firms had supplied napkins to medical corporations of other states during 2017-18 and 2018-19 was far less than the OSMCL approved price. The differential unit price of sanitary napkins supplied by the firms/ suppliers to other agencies/ medical corporation ranged between ₹ 0.79 and ₹ 0.52 with financial implication ranging from ₹ 29.46 crore to ₹ 19.39 crore, as detailed in the table below:

Table 2.1.8: Comparative price statement of sanitary napkins supplied by different suppliers

Name of the firm supplying sanitary napkins	Name of the consignees	Rate at which supplied *(in ₹)*	Year of procure-ment	OSMCL price for KHUSI (2018-19) *(in ₹)*	Differential cost per unit *(in ₹)*	Financial implication[33] to the exchequer compared to the prices at Col.3 *(₹ in crore)*
1	2	3	4	5	6	7
M/s Shree Radhe Hygiene Products Private Limited, Pune	Tamil Nadu Medical Services Corporation Limited	1.57	2017-18	2.30	0.73	27.22
		1.78	2018-19	2.30	0.52	19.39
M/s Sekhani Industries Private Limited, Ahmedabad	Rajasthan Medical Corporation Limited	1.62	2017-18	2.30	0.68	25.36
M/s Vaidya V & I Infrastructure Private Limited	DG, Medical Health and FW, Uttarakhand	1.51	2017-18	2.30	0.79	29.46
		1.51	2018-19			
HLL Lifecare Limited, Vijayanagar	Tamil Nadu Medical Services Corporation Limited	1.78	2018-19	2.30	0.52	19.39

(Source: OSMCL records)

[32] These are the warehouses/ stores at block level where the supplier was to deliver the material

[33] Loss calculated based on the number of girl students (17,26,551) @ 54 napkins per quarter for one year (4 quarters)

The above aspect was not considered while approving the L_1 price.

- Also, the estimated price submitted (August 2018) by the Expenditure Finance Committee (EFC) to Government of Odisha for budget provision was only ₹2.08 per unit. The approved cost of transportation from district warehouses to periphery hospitals was quoted as ₹0.15 per one napkin only by the EFC. This was not considered while approving the price.
- The financial cost for supply of sanitary napkins under KHUSI is estimated to be ₹85.78 crore[34] (approximately) per year. This would involve an extra expenditure of ₹15.29 crore[35] annually compared to the price under RKSK. This aspect was not taken into cognisance while evaluating the price bids.

Above mentioned observations indicated that OSMCL had not explored all possible means of financial prudence in finalising the rate of sanitary napkins under KHUSI programme to secure best value of government money. The price of ₹2.30 per napkin is on higher side on the basis of all parameters analysed above. Extra expenditure incurred on this account is a loss to the State exchequer and an undue favour to the supplier.

H&FW Department stated (August 2020) that the price was accepted considering inadmissible input tax credit, additional transport cost and extra packaging cost. The fact, however, remained that the accepted price was unreasonably high and OSMCL had not gone for price negotiation to reduce the offered price to save government money. OSMCL continued to place purchase orders with the firm even after the unreasonableness of the approved price was brought to the notice of the higher authorities.

2.1.9.5 Undue benefit to the firm in procurement of spectacles under 'Sunetra' Yojana

OSMCL floated tender for procurement of spectacles under *SUNETRA* Yojana and after evaluation (November 2018) of the tender, accepted the lowest bid price of ₹224 offered by the bidder (L_1).

On receipt of a complaint against the L_1 bidder stating that the firm had retail outlets[36], OSMCL disqualified (December 2018) the said bidder for violating tender conditions. OSMCL then, negotiated with the second lowest bidder who had quoted ₹284 per unit and accepted the negotiated price of ₹275. The negotiated price was 23 *per cent* more than the L_1 price (₹224). The L_2 firm was also supplying (February 2018) spectacles at ₹200 per unit to Tamil Nadu Medical Service Corporation. As such, the negotiated price was much higher than the prevailing price.

Thus, accepting the negotiated price was not financially prudent and economical as it involved an extra expenditure of ₹51 lakh[37] from the State exchequer for this purchase under the *SUNETRA* scheme. As of October 2019,

[34] 17,26,551 girls X 54 napkins (per quarter) X 4 quarters (1 year) X ₹2.30 (approved rate)

[35] 17,26,551 girls X 54 napkins (per quarter) X 4 quarters (1 year) X ₹0.41 (differential price) differential price = ₹ 0.41 (₹ 2.30- (₹ 1.74+₹ 0.15))

[36] As per tender condition, the bidder should not have any retail outlets

[37] 1,00,000 units of spectacles x ₹ 51 (₹ 275- ₹ 224)

purchase order had been placed with the firm for supply of 19,788 spectacles and payment to the extent of ₹13.52 lakh had been made to the firm.

H&FW Department stated (August 2020) that since the L_1 bidder was technically rejected, the price of the said bidder cannot be further considered as L_1 price. The reply was not tenable as after evaluation of the price bids, OSMCL was aware that the price (₹ 284) quoted by the L_2 bidder was not reasonable as the same supplier was also supplying the spectacles at ₹ 200 to Tamil Nadu Medical Service Corporation.

2.1.10 Quality assurance mechanism

OSMCL draws samples of all drugs[38] from different warehouses and sends them to National Accreditation Board Laboratories (NABL)[39]/ Government laboratories for quality testing. Distributions of drugs are made only after receipt of standard quality test report. As per the agreement entered with the empanelled drug testing laboratories, the laboratory shall furnish test reports within 15 days of receipt of samples in case of tablets, capsules, pessaries, ointments, powders and liquid oral preparation and 25 days in case of all other sterile preparations. In case of 'Not of Standard Quality (NSQ)' Report, the supplier shall replace the item with new batches at different warehouses at their own cost within 60 days from the date of issue of letter from OSMCL failing which penalty would be levied.

An analysis of *e-Niramaya* database showed that OSMCL had sent 11,107 samples of drugs to empanelled laboratories for quality testing during 2016-2018. Out of these, test reports were received for 11,106 samples. In this regard, Audit, observed the following:

- ***Delay in receipt of test reports***: Test reports of 2,457 (22 *per cent*) samples were received with a delay ranging between 16 and 244 days after the permissible period of 15 to 25 days. Due to delay in receipt of test reports, drugs received at warehouses remained quarantined without supply to health institutions. Though OSMCL had recovered liquidated damages from the defaulting laboratories for the delay, no effective action was taken for timely receipt of test reports to activate the quarantined medicines for distribution to patients.

- ***Non replacement of NSQ drugs***: As per *e-Niramaya* database, 20 kinds of drugs (2.55 crore units) supplied by 15 firms during 2017-19 valued ₹2.02 crore were reported as NSQ by the testing laboratories. Out of these, the suppliers had taken back 43.03 lakh units of the NSQ drugs against which no replacement was found in the database. Also, OSMCL had not taken any action for replacement of the balance sub-standard/ NSQ drugs.

- ***Non-replacement of sub-standard drugs***: Three batches of injection Propofol[40] were reported (August 2016 to February 2018) as sub-

[38] Except exempted category like local anesthetics, anti-malaria drugs, Injection Human soluble insulin, Injection snake venom antiserum, *etc*.

[39] National Accreditation Board for testing and calibration Laboratories

[40] Batch No. N-5857 (Capital Hospital in August 2016), Batch No. N-6840 (MKCG, Berhampur in July 2017) and Batch No. N-7424 (SCB MCH, Cuttack in February 2018)

standard by four health institutions[41]. OSMCL did not take immediate action to stop the use of these drugs and replace them. Against receipt of 12,840 vials (value: ₹4.79 lakh) of this drug, only 3,982 vials were lying in different warehouses. Thus, 8,858 vials of this sub-standard drug were distributed to patients. OSMCL had asked (April 2018) the supplier to replace the remaining undistributed drug. The details of replacement were, however, not made available to Audit.

Similarly, 15 batches[42] (7.50 lakh units valued ₹107.57 lakh of injection Rabeprazole supplied (September 2015 to December 2016) by a firm were reported as sub-standard. The firm agreed to replace four batches[43] of the drug declared NSQ by the State Drug Testing and Research Laboratory (SDTRL) and refused to replace other batches attributing the defects to improper transportation and storage. Though OSMCL blacklisted (June 2017) the firm, details of replacement of drugs/ recovery of the cost from the firm were not available.

Thus, action by OSMCL for replacement of NSQ drugs and timely receipt of test reports was not adequate. Adverse reaction on the patients due to administration of NSQ drugs cannot be ruled out.

H&FW Department stated (August 2020) that though test reports were received late, distribution and use were not affected as stocks of other batches under the same PO was available within the transit period and the question of purchasing these items from outside did not arise. The reply is not tenable as the test reports were not received within the prescribed timeline and instances of stock out of drugs were noticed in various hospitals as discussed in ***Paragraph 2.1.5***.

Regarding non-replacement of sub-standard drugs, the Department stated that the supplier had replaced the unused stock of 2,980 vials of injection Propofol and an amount of ₹ 14.20 lakh had been recovered from the suppliers towards injection Rabeprazole. The fact, however, remained that the recovery amount was only 13 *per cent* of the cost (₹107.57 lakh) of the sub-standard drug (Rabeprazole injection).

2.1.11 Other issues of interest

2.1.11.1 Non-revision of Essential Drug List (EDL)

As per the Drug Management Policy (2003) of Government of Odisha, an EDL was to be prepared and updated every two years. The State Level Technical Advisory Committee (STAC)[44] was to update the EDL based on the

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41 Shishubhawan, Capital Hospital, MCH, Berhampur and MCH Cuttack

42 N-5860, N-5861, N-5862, N-5866, N-5867, N-6588, N-6598, N-6599, N-6600, N-6601, N-6794, N-6797, N-6798, N-5864 and N-8290

43 N 5861, 5867,6600 and 6601

44 STAC composition: (i) Special Secretary (Technical) – Chairman; (ii) Joint Director, SDMU – Convener; (iii) Director of Medical Education and Training; (iv) Financial Adviser (H&FW Department); (v) DHS; (vi) Principal / Superintendent of Medical Colleges; (vii) Drugs Controller; (viii) Joint Director (Technical), National Health Mission; (ix) Director & Superintendent (AHRCC/ Capital Hospital/ Institute of Mental Health/ SVPPGI); (x) Special invitees as per requirement (*i.e.,* Heads of Departments/ Specialists in Pharmacology, *etc.*)

suggestions received from the health institutions with respect to additions or deletions. Health institutions were to prepare their annual indents from the drugs included in the EDL.

Audit noticed that the latest EDL was prepared in April 2014 (sixth edition), which included 570 types of drugs and medical consumables. Thus, EDL was to be revised by April 2016. Audit observed that the Director of Health Services (DHS), Odisha had initiated the revision in October 2015 but the same could not be completed by the scheduled period, due to delays in receiving suggestions from the State health institutions, non-convening of sub-committee and technical committee meetings on time, delay in finalisation of the list of drugs to be enlisted under the EDL, *etc*.

Audit noted that the STAC approved (September 2019) revised list of drugs after four years, deleting 106 items and adding 213 new items to the EDL (2014). The additions and exclusions of drugs had been made keeping in view the prevailing disease pattern. The EDL finalised by the STAC was sent (January 2020) to OSMCL for assigning drug codes to the newly added drugs which had not been completed as of June 2020. The DHS, Odisha had requested (June 2020) OSMCL to make final verification of the newly assigned drug codes after which the EDL would be transmitted to Government for approval. The revised EDL had, however, not been approved by the Government as of July 2020. Pending approval of the revised EDL by the Government, essential drugs like tablet Naproxen (500mg), Injection Ampicillin + Cloxacillin, Capsule Oseltamivir 75 mg, Baclofen tablet (10 mg), *etc*., could not be procured.

The SDMU stated (July 2020) that after finalisation of the drugs and consumables to be included in the revised EDL, OSMCL had been requested to assign codes to the newly added drugs after receipt of which, the EDL would be sent to the Government for approval.

H&FW Department stated (August 2020) that OSMCL had completed coding of newly added drugs and the STAC had been directed to revise the EDL at the earliest. The fact, however, remained that the objective of timely revision of the EDL was not fulfilled due to abnormal delay in its finalisation.

2.1.11.2 Prescription Audit

Prescription audit is a mechanism to ensure rational use of drugs. DTCs at different health institutions are to carry out prescription audit every month for ensuring that drugs are prescribed from EDL, prescriptions are based on inventory, prescribing drugs in generic names, *etc*. State Level Technical Advisory Committee is to review the compiled audit report quarterly at State level.

Records of SDMU showed that prescription audit was not conducted by the health institutions regularly. During 2016-17, AHRCC, Cuttack did not conduct any prescription audit and districts like Balangir, Sonepur and MCH, Berhampur conducted audit for one month only. Similarly, 14 districts/ institutions, though they performed well in 2017-18, became defaulters in 2018-19.

In test checked hospitals, number of months for which prescription audit was conducted ranged between 8 (Balangir) and 35 (Boudh) during 2016-19. It was found that 24 *per cent* of the prescribed drugs were not generic names. Five *per cent* of the prescribed drugs were to be procured from outside indicating that prescriptions were not as per the EDL.

Names of prescribed medicines were not written in capital letters and full name of doctors were not available on prescriptions as envisaged in the guidelines. In six test checked hospitals[45], DTCs did not conduct the prescription audit. The concerned pharmacists of the hospitals compiled prescriptions and prepared the report in the prescribed format. No review meeting was conducted to address the deficiencies for ensuring rational use of drugs. Similarly, at State level, the STAC had not reviewed the results of prescription audit regularly. It had reviewed only once (June 2017) during 2016-19, even though it was to be done quarterly.

Thus, prescription audit was not effective. Doctors continued to prescribe drugs with non-generic/ brand names. The patients could not get these prescribed medicines from the hospitals and had to procure the same from outside on their own.

The SDMU stated (July 2020) that the health institutions were requested time and again to conduct prescription audit as per Government guidelines and the review of prescription audit would be done in the next STAC meeting.

H&FW Department stated (August 2020) that steps were being taken to convene STAC meeting quarterly for review of the prescription audit.

2.1.11.3 Working of Drug Distribution Counters

As per scheme guidelines, drugs shall be distributed to patients through Drug Distribution Counters (DDCs) in each facility. DDCs are to dispense medicines against prescriptions only. The data relating to drugs dispensed and prescriptions are to be captured in the system for reference. Data captured at the DDCs shall be analysed centrally to monitor consumption pattern and prescription practice. Overall performance of DDCs is to be monitored by the OSMCL and SDMU. The number of DDCs in the facility are based on patient load, requirement, availability of space, *etc*.

As per Indian Public Health Standards (IPHS), there should be one DDC for 200 OPD patients. Audit observed that the test checked hospitals had less number of DDCs in comparison to the patient load. Against requirement of 55 DDCs in test checked hospitals, only 20 DDCs were functional. MCH, Cuttack was running with only four DDCs against the requirement of 26, whereas other DHHs had shortage of one to four DDCs. Due to shortage of DDCs, the patients had to wait in long queues to avail the prescribed medicines.

Further, the details of drugs dispensed at the DDCs were not entered in the *e-Niramaya* database for assessing consumption pattern, prescription practices, demand assessment and disease prevalence in the facility/ locality.

45 Balangir, Boudh, Cuttack, Puri, Rayagada and Sundargarh

H&FW Department stated (August 2020) that all Indenting Officers had been requested (July 2020) to increase the number of DDCs based on patient load, manpower, space and infrastructure.

2.1.12 Financial management at OSMCL

OSMCL received funds from Government for procurement and supply of drugs, medical consumables and EIF, Annual Maintenance Contract, *etc.* During 2016-19, OSMCL received ₹1,447.69 crore from Government. Out of total available funds of ₹1,863.46 crore[46] (including opening balance), OSMCL incurred expenditure of ₹889.40 crore[47] (48 *per cent*). The year wise expenditure ranged between 24 *per cent* and 30 *per cen*t of the available funds as detailed in the table below:

Table 2.1.9: Receipt and expenditure of funds during 2016-19

Year	Opening Balance	Receipt	Interest on bank deposits	Total funds available	Expendi-ture	Closing Balance	Percentage of expenditure to available funds
	(₹ in crore)						
2016-17	381.73	343.48	0	725.21	204.42	520.79	28.19
2017-18	520.79	521.64	34.04	1,076.47	260.86	815.61	24.23
2018-19	815.61	582.57	0	1,398.18	424.12	974.06	30.33
Total	**381.73**	**1,447.69**	**34.04**		**889.40**	**974.06**	

(Source: Data furnished by OSMCL)

Component-wise analysis showed that OSMCL had spent only ₹ 256.28 crore (28 *per* cent*)* out of ₹ 927.03 crore available for procurement of EIF while ₹ 616.11 crore (67 *per cent)* was spent on drugs and medical consumables against the allocated amount of ₹ 916.20 crore. The expenditure on drugs and medical consumables constituted only 64 *per cent*[48] of the amount indented for highlighting the fact that despite availability of funds, OSMCL failed to supply the indented equipment and drugs to the health institutions indicating its poor spending efficacy. Also, the unspent amount of ₹974.06 crore available for purchase of drugs, medical consumables, EIF, annual maintenance contract, *etc*., remained stuck with the OSMCL without utilisation for years (2015-19).

H&FW Department stated (August 2020) that less expenditure was due to stabilisation process of OSMCL in terms of manpower, logistics, *etc*., during initial period of its establishment and the expenditure had picked up over the years to 56.83 *per cent* during 2019-20. The fact, however, remained that OSMCL had not completed all stages involved in the procurement process in a time bound manner so that the allocated funds could have been spent in purchase of drugs, medical consumables and EIF.

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[46] For Drugs & consumables: ₹ 916.20 crore; EIF: ₹ 927.03 crore and AMC/ CMC: ₹ 20.23 crore

[47] Towards Drugs & consumables: ₹ 616.11 crore; EIF: ₹ 256.28 crore and AMC/ CMC: ₹ 17.01 crore

[48] ₹ 616.11 crore (expenditure on drugs and medical consumables) / ₹963.22 (approved cost for indented drugs and medical consumables) x 100

2.1.13 Lack of Monitoring

OSMCL is the nodal agency for procuring and supplying medicines to all the health institutions in Odisha. For monitoring of this system of supply and distribution of medicines, OSMCL is primarily reliant on the centralised online inventory management system *i.e., e-Niramaya*. However, there were lacunae in the utilisation of this system by various health institutions which impacted the overall monitoring of the process of supply and distribution of drugs by OSMCL.

It was noted that as on 1 October 2020, opening stock information from 1,283 institutions[49], indenting data of 120 institutions[50] and information on issue of medicines of 229 institutions[51] were not available with OSMCL. Further, complete information regarding stock position at DDC, CHC and PHC levels was not available with OSMCL to allow it to efficiently monitor distribution and consumption of drugs. As a result, OSMCL failed to have a clear and comprehensive picture of drug availability and supply, resulting in cases of supply in excess of requirement and more critically, stock out of essential drugs in health institutions.

One of the critical factors for timely procurement was the approval of APP within the prescribed timeline, which would have allowed OSMCL for timely procurement and supply of drugs, medical consumables and EIF to indenting agencies. Abnormal delay in approval of the APP delayed the procurement process indicating poor monitoring by the OSMCL/ SDMU/ H&FW Department in ensuring timely approval of the APPs.

Due to poor monitoring mechanism, delays in receipt of quality test reports of 2,457 (22 *per cent*) samples ranging between 16 and 244 days after the permissible period of 15 to 25 days. As a result, drugs received at warehouses remained quarantined without supply to health institutions. No effective action was taken for timely receipt of test reports to activate the quarantined medicines for distribution to patients.

Information on drugs procured locally by the health institutions under 20 *per cent* budget are to be mandatorily entered into the *e-Niramaya* database. The data entry and data maintenance in this regard is poor with only a very few DHHs entering information about a few drugs in the database. Health institutions did not enter data related to all the drugs procured locally in the *e-Niramaya* database. As a result, the exact stock status of essential drugs at the institutional and State level could not be ascertained for monitoring the availability of medicines.

Further, health institutions could not spend the allocated amounts for procurement of stock out drugs under local procurement leading to lapse of the unspent amount despite cases of stock out of essential medicines. The unspent amount could have been utilised for procuring the stock out medicines through an effective monitoring of the inventory by the heads of the health institutions.

OSMCL could not effectively manage and monitor the surplus and deficit stock of drugs and medical consumables. It failed to withdraw surplus stocks

[49] DHHs:2; CHCs: 24; SDH:1; PHCs: 1,227 and Other hospitals: 29
[50] CHCs: 5; PHCs: 107 and Other hospitals: 8
[51] CHCs: 22, PHCs: 185 and Other hospitals: 22

from the warehouses and health institutions by effecting inter-warehouse/ inter-institution transfer. This contributed to expiry of surplus drugs available with the health institutions and warehouses, indicating its poor monitoring.

Thus, monitoring by OSMCL was not effective and lack of monitoring at the level of H&FW department/ SDMU/ OSMCL/ health institutions, ultimately resulted in shortage of essential drugs and wastage of government resources due to expiry of unused drugs, supplied in excess.

2.1.14 Conclusion

OSMCL failed in timely procurement and supply of drugs, equipment and instrument to health institutions as per indent. The procurement process was riddled with systemic flaws and numerous instances of non-adherence to the procurement policy/ orders issued by the Government from time to time, consequently impacting availability of drugs and equipment. There was stock out of essential drugs in hospitals leading to out of pocket expenditure by the patients. Monitoring of inventory management through *e-Niramaya* software application was ineffective leading to shortage of drugs in health institutions and expiry of drugs as well. Government was unsuccessful in providing an unbroken supply of essential drugs to the patients in public health institutions as per its own prescribed Essential Drug List. Government's mandate to provide all prescribed drugs to patients free of cost in public health institutions remained largely unfulfilled.

2.1.15 Recommendations

Government may consider to:

- *Make all stakeholders to take comprehensive efforts to ensure that there are no delays in the preparation of the Annual Procurement Plan and revision of the Essential Drugs List for meeting the requirements of indents and to guard against instances of stock-out of critical medicines at health institutions.*
- *Take steps to monitor end-to-end supply chain management comprehensively through e-Niramaya software application for ensuring that all essential drugs are available in health institutions as per requirement and inter-institutional transfer of excess stocks made effective to avoid expiry of medicines.*
- *Monitor procurement, installation and functioning of equipment centrally by developing an online inventory management system for ensuring availability and proper functioning of required equipment in the State health institutions.*

Panchayati Raj and Drinking Water Department

2.2 Implementation of Deen Dayal Upadhyaya Grameen Kaushalya Yojana in the State

2.2.1 Introduction

Government of India (GoI) introduced (September 2014) a youth employment scheme, Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDUGKY) as a part of the National Rural Livelihood Mission, with the aim to provide skills to rural youth and to provide them with jobs having regular monthly wages. GoI provides 60 *per cent* of the training cost for the scheme and the balance 40 *per cent* is borne by the State Government. The DDUGKY provides for training in 2,277 types of trades related to textiles, tourism and hospitality, health care, accounting, beauty wellness, retail business, supply chain management, *etc*.

As per guidelines, the State Rural Livelihood Mission (SRLM) is to implement the scheme in the State. Odisha Rural Development and Marketing Society (ORMAS), a registered society[52], was the SRLM in the state of Odisha for scheme implementation. The Commissioner-*cum*-Secretary of the Panchayati Raj and Drinking Water (PR&DW) Department is the Chairman of its Governing Body. The Chief Executive Officer (CEO) is the ex-Officio Member Secretary of ORMAS. The Executive Director (ED), ORMAS (redesignated as Additional Chief Executive Officer from January 2019) is responsible for proper administration and implementation of various activities of ORMAS.

ORMAS engaged Project Implementing Agencies (PIAs) to impart training in Placement Linked Skill Development courses[53] and to ensure job placement through post placement support[54] and retention tracking. For selection of PIA, the project proposal is initially verified by the Project Screening Committee[55] (PSC) of SRLM and after qualitative appraisal conducted by NABARD Consultancy Services Private Limited (NABCONS), Project Approval Committee[56] (PAC) approves the project.

The PIA must provide minimum 70 *per cent* placement. In case it is below 70 *per cent*, training cost will be paid proportionately. Quality Team[57] of the

52 Registered in 1991 under the Societies Registration Act, 1860

53 Sewing Machine Operator, Tourism and Hospitality, Food and Beverage Service (Steward) Security Guards, Sales Executive, *etc.*

54 Assistance to the placed candidates is given through bank transfer of cash in the first two to six months of their placement. It is given @ ₹1,000 for two months if the placement is within district, for three months if the placement is within State and for six months if the placement is outside State

55 Comprised State Mission Director-*cum*-CEO, Odisha Livelihood Mission (OLM); Financial Adviser to OLM; Deputy Secretary-*cum*-Additional CEO (Programme Support), OLM; Deputy CEO (Skills), ORMAS; Executive Director, ORMAS and Additional CEO, OLM

56 Comprised Commissioner-*cum*-Secretary PR&DW Department; State Mission Director-*cum*-CEO, OLM; Financial Advisor to PR&DW Department/ OLM; State Mission Director, Employment Mission, Odisha; Deputy Secretary-*cum*-Additional CEO, OLM; Executive Director, ORMAS and Additional CEO, OLM

57 Quality Team's main activities were beneficiary identification, mobilisation and selection. It also monitored training, certification, placement, *etc*.

PIAs, ORMAS and NABCONS[58] were to carry out verification of the placement of employed candidates on sample check basis. Qualitative appraisal was being conducted by ORMAS up to March 2017 and thereafter NABCONS was entrusted the task of qualitative appraisal on the basis of a Memorandum of Understanding (MoU) signed on 7 April 2017. Payment to the PIAs is made on the basis of the success rate of the sample candidates verified by the above three agencies.

Audit was conducted (July 2019 to November 2019) covering the period from September 2014 to September 2019. Audit selected 18 out of 95 PIAs for scrutiny of training and placement of candidates. These PIAs were selected based on red flags raised during the compliance audit of Chief Executive Officer, ORMAS for the year 2018-19 (May 2019). These PIAs were awarded projects worth ₹ 436.17 crore and were paid ₹ 231.46 crore up to March 2019. These18 PIAs imparted training to 46,097 youth and claimed to have provided placement to 31,556 youth during the years from 2014 to 2019. Of these, Audit test checked records relating to 5,160 trained candidates and 607 placed candidates. Apart from this, Audit also selected five out of 26 non-performing PIAs[59], who had been paid ₹ 5.94 crore during the period 2014 to 2019.

Though the State was awarded the best performing state under DDUGKY by Ministry of Rural Development (MoRD) during the years 2016-17 and 2017-18, the following serious irregularities were noticed in audit:

2.2.1.1 Receipt and utilisation of funds

ORMAS received ₹ 657.90 crore[60] during 2014-19 under DDUGKY and utilised ₹ 568.43 crore[61] (86 *per cent*) as of March 2019. The training programmes were conducted through 95 PIAs. ORMAS fixed a target[62] to train 2.02 lakh rural youth, against which it trained 1,31,854 youth (65.27 *per cent*) by March 2019 and claimed to have placed 97,198 youth in jobs (73.72 *per cent*), as detailed in the table below:

Table 2.2.1: Financial and Physical achievement of the scheme

Year	Opening Balance (*₹ in crore*)	Receipt (*₹ in crore*)		Expenditure (₹ in crore)	Closing Balance (*₹ in crore*)	Training provided (No. of youth)	Employment provided (No. of youth) (*per cent*)
		GoI	State			Year-wise performance	
2014-15	-	80.35	26.78	30.72	76.41	0	0
2015-16	76.41	39.93	26.62	61.6	81.36	749	0
2016-17	81.36	16.07	10.71	95.88	12.26	61,617	54,513
2017-18	12.26	138.36	92.24	165.03	77.83	27,850	11,204

58 NABCONS acts as the Central Technical Support Agency and plays the supportive supervision role on behalf of MoRD. It undertakes tri-monthly inspection of training centres, placement verification of sampled candidates and also conducting qualitative appraisal of project proposals since April 2017

59 PIAs who had defaulted in discharging contractual obligation towards training and placement

60 Project Cost: ₹ 555.55 crore, Placement Support Cost: ₹ 102.35 crore

61 Project Cost: ₹ 527.80 crore, Placement Support Cost: ₹ 40.63 crore

62 MoRD did not allot any yearly target for training. As per information furnished by ORMAS, a total target of training of 2.02 lakh youth was allotted for the period 2014-19

Year	Opening Balance *(₹ in crore)*	Receipt *(₹ in crore)*		Expenditure (₹ in crore)	Closing Balance *(₹ in crore)*	Training provided (No. of youth)	Employment provided (No. of youth) *(per cent)*
		GoI	State			Year-wise performance	
2018-19	77.83	136.1	90.73	215.2	89.46	41,638	31,481
Total		**410.81**	**247.08**	**568.43**		**1,31,854**	**97,198** ***(73.72)***

(Source: Information furnished by ORMAS and data downloaded from web portal of MoRD, Kaushal Pragati)

2.2.2 Irregularities in selection of PIAs and award of projects

Audit noticed that ORMAS had flouted the laid down provisions in selection of PIAs and also awarded projects to PIAs, who were otherwise ineligible, as discussed in the following paragraphs.

2.2.2.1 Wrongful award of projects worth ₹ 76.34 crore without qualitative appraisal

Para 4.2 of guidelines of DDUGKY provides that appraisal of the project proposal by a PIA shall be done in the manner and the system as notified by MoRD and proposals that score the required marks shall qualify for consideration by Project Approval Committee (PAC). Para 4.7(i) of guidelines provides that the PIA, irrespective of its category should be more than three years old at the time of receipt of application by MoRD to be eligible for getting a project.

Audit noticed that four projects of four PIAs with project cost of ₹ 76.34 crore were approved by the PAC without such qualitative appraisal of projects[63] and ₹ 41.09 crore was released till September 2019, as detailed in the table below:

Table 2.2.2: Details of PIAs awarded projects without qualitative appraisal

Sl. No.	Names of PIAs	Month and year of approval by PAC	Training target	Placement target	Project cost	Amount released
			(In numbers)		(₹ in crore)	
i.	Escorts Limited	January 2017	2,200	1,700	27.09	13.20
ii.	ASD Education Private Limited	August 2017	992	794	8.42	5.76
iii.	Black Panther Guards & Services Private Limited	March 2018	4,000	2,810	31.57	15.40
iv.	Cardiac Research and Education Foundation (CARE)	January 2017	850	595	9.26	6.73
Total			**8,042**	**5,899**	**76.34**	**41.09**

(Source: Compiled from the records of ORMAS)

Deficiencies noticed in selection of three out of the above four PIAs are discussed below in detail:

(i) Irregular waiver of mandatory qualitative assessment of Escorts Limited

The Project Screening Committee (PSC) in its meeting held in December 2016 recommended two proposals to the PAC without qualitative appraisal. The

63 Qualitative appraisals include parameters like training infrastructure, financial, organisational strength, past placement records and quality assurance system

qualitative appraisals of these two projects of the same PIA (Escorts Limited), were waived off by the PSC in view of the financial strength, commitment to captive placement, parent company structure and core sector presence of the PIA. The PAC also approved (January 2017) the project proposals accepting the views of PSC and ignoring the necessity of a qualitative appraisal. This was in contradiction of the scheme guidelines that did not allow for any such exemption.

Further, there was no uniformity in the approach of PAC, as was noted by the fact that qualitative appraisal was not waived off in another case *viz.,* Hindustan Latex Family Planning Promotion Trust, a GoI institution, despite the fact that the agency had also committed to provide full captive placement (June 2016).

Audit noticed that as per the MoU, the PIA (Escorts Limited) was to impart training to 2,200 candidates and to provide placement to 1,700 candidates (77 *per cent*) by March 2019. This project period was, however, extended up to March 2020. As of September 2019, the PIA claimed to have provided training to 1,207 candidates (only 55 *per cent*) and provided placement to 386 candidates (32 *per cent* of the trained candidates) as per the MIS report. Besides this, the PIA could only submit documents relating to 157 candidates in support of its claims of providing placement.

Thus, exemptions of mandatory qualitative assessments of project proposals were not only irregular but also amounted to extension of undue benefit to the PIA as its performances in training and placement were not as per the MoU.

Accepting the observation, the Department stated (June 2020) that the PIA had been instructed to submit all the training and placement documents and that the project awarded to the PIA would be closed and amount would be recovered.

(ii) Arbitrary and non-transparent selection of ASD Education Private Limited as PIA

A delegation[64] of Odisha Government was invited to Australia (June 2017) by an Australian firm, *via* its Indian training arm, ASD Education Private Limited. The firm desired to become a training partner of Odisha Government for imparting training and providing placement under the DDUGKY program. Subsequently, the project proposal of ASD Education Private Limited was placed before the PSC in July 2017, which exempted the proposal from qualitative appraisal on the ground that the PIA was an Indian entity of parent company, REACH International, Australia who had experience as a training partners with National Skill Development Corporation. The PIA proposed to set up centre of excellence (model training centre) at Odisha and one-third of the placement target proposed by the PIA, was for overseas placement.

PAC, while accepting the recommendation of the PSC, approved (August 2017) the project proposal without qualitative appraisal. ORMAS and the PIA entered (September 2017) into an MoU for training of 1,000 candidates and job placement of 800 candidates by June 2019 for project cost of ₹ 8.42 crore.

[64] Principal Secretary, PR&DW Department; Commissioner-*cum*-Secretary, Skill Development and Technical Education Department and Executive Director, ORMAS

As of October 2019, ASD Education Private Limited claimed to have trained 955 candidates and placed 696 candidates. In this case, Audit noted the following:

- ***Selection of ineligible PIA***: As per the scheme guidelines, the prospective PIA should be more than three years old at the time of receipt of application by MoRD. ASD Education Private Limited, established on 3 August 2015, had not fulfilled this criterion as on 19 July 2017 *i.e.,* the date of receipt of application by MoRD. Despite this, application of ASD Education Private Limited was accepted whereas, other project proposals[65] had been rejected on similar ground (age criteria).

- ***Award of project worth ₹ 8.42 crore despite being ineligible***: The guidelines also envisaged that the applicant should have a turnover of at least 25 *per cent* of the cost of the proposed project. ASD Education Private Limited in its application, submitted online to MoRD had indicated its average turnover in 2015-16 and 2016-17 as ₹ 0.76 crore and accordingly applied for training of 300 candidates involving a project cost of ₹ 3.04 crore, which was within the eligibility limit. It was noted that the project cost and parameters were subsequently enhanced and the PSC as well as the PAC, approved project cost at ₹ 8.42 crore for imparting training to 1,000 candidates. Audit found that approval was granted on the basis of an offline application submitted (July 2017) by ASD Education Private Limited. Both PSC and PAC, by ignoring the financial turnover criterion, extended financial benefit to an ineligible private party.

  Further, ORMAS flouted the relevant laid down norms in selection of ASD Education Private Limited as PIA by awarding it a project beyond its eligibility.

- ***Inaction on wrong claim of placement:*** As the size of project awarded to ASD Education Private Limited was beyond its eligible limit, Audit noted that this impacted the placement performance of the PIA. Out of 696 candidates claimed to have been provided placement as of October 2019, a sample of 50 candidates was drawn for verification by the Quality team of the PIA (40), ORMAS (7) and NABCONS (3). The PIA and ORMAS verified 40 and 7 samples respectively and confirmed placement. NABCONS, which picked (20 November 2018) three primary samples and three re-check samples[66], submitted its report on 30 January 2019 (*i.e.,* after 71 days). NABCONS in its report stated that three sampled candidates had not been placed. Meanwhile, ORMAS issued (03 October 2018) an order requiring NABCONS to submit their sample within 15 days, failing which, ORMAS would proceed as per their own findings.

  Para 4.8 of DDUGKY guidelines states that any revision in the protocol formulated by MoRD requires approval of the Ministry.

[65] Project proposal of Khwahish Leather Skill Trainers and Consultants Private Limited was rejected in November 2014

[66] Two samples verified by the PIA and one sample verified by ORMAS

However, it was noted that this divergence from laid down protocol of not considering the verification report from NABCONS in case of delay of more than 15 days was not communicated to MoRD. Consequently, result of sample verification report of NABCONS was not awaited and ORMAS itself verified (31 December 2018) those six samples and stated all candidates as placed.

Accordingly, the rate of successful placement was worked out as 70 *per cent* and an amount of ₹ 3.91 crore was released to the PIA (February 2019) as second instalment. This was despite the fact that the negative report from NABCONS had already been communicated to ORMAS (January 2019) that three candidates were not placed. On the basis of this finding of NABCONS, ₹ 3.67 crore would have been due for payment. ORMAS thus, irregularly released extra payment of ₹ 23.45 lakh, which resulted in a pecuniary advantage to a private agency.

- ***Irregular and wrongful award of second project worth ₹ 11.76 crore***: As per the decision (October 2018) of ORMAS, second project could be given to a PIA if the PIA achieves 70 *per cent* training target of the previous project and 50 *per cent* of trained candidates have been placed in jobs. Audit noted that PAC awarded (16 February 2019) a second project worth ₹ 11.76 crore to the PIA (ASD Education Private Limited) subject to submission of compliance with NABCONS placement verification.

  It was noticed that the CEO, ORMAS had been appraised of the ineligibility of the PIA in view of its achievement in training being only 47.48 *per cent* against the target of 70 *per cent* and 79.40 *per cent* (of the trained candidates) of placement as per the MIS of 6 March 2019. As PIA had not achieved 70 *per cent* training target, criteria for awarding the second project was not fulfilled. Disregarding the performance and pending compliance to NABCONS placement verification, PR&DW Department approved the project (March 2019) on the recommendation of the CEO. Further, it was also noticed in Audit that the average annual turnover of the PIA for the years 2015-16 to 2017-18 was ₹ 1.32 crore. As per the guidelines, the PIA was eligible to get project worth four times of the average turnover (₹ 5.28 crore) less cost of the on-going project (₹ 8.42 crore). Against this, the ineligible PIA was awarded a project worth ₹ 11.76 crore. Thus, award of second project was irregular and was an undue extension of benefit to the PIA.

- ***Breach of commitment***: Though providing overseas placement and setting up of centre of excellence in Odisha were among the grounds for selection of ASD Education Private Limited, these conditions were not incorporated in the MoU between ORMAS and the PIA. It was noticed that neither overseas placement was provided by the PIA nor was a centre of excellence set up by ASD Education Private Limited in Odisha as of September 2019.

Audit observed that concerted efforts were made to extend favour to ASD Education Private Limited by making a series of deviations from the laid down procedure from selection to acceptance of placement report and subsequent award of projects to this PIA. The PIA had not met the eligibility criteria in terms of period of operation and financial capability. Besides, ORMAS had also ignored the placement report of NABCONS, which indicated shortfall in achievement of the placement target. Thus, selection and subsequent awarding of the projects to ASD Education Private Limited was arbitrary and non-transparent.

In reply, the Department stated (June 2020) that in the greater public interest, the PAC decided to take ASD Education Private Limited on board which not only brought the training methodology of the reputed Australian Company REACH but also brought a proposal to place youth overseas. It was awarded the project with the target based on its capacity to train number of candidates. The Department further stated that they would verify the authenticity of the placement document and if found incorrect, the excess amount would be recovered.

Reply of the Department is not acceptable as the scheme guidelines do not allow for any such relaxations in the criteria for PIA selection. Moreover, the PIA could not meet two out of three measures *i.e.,* non-achievement of target in training and targets for placement and non-fulfilment of annual turnover for project selection. This resulted in the PIA ultimately not achieving the commitments given at the time of finalisation of contracts, which adversely affected the stated outcomes of the scheme. The matter needs to be investigated and responsibility is required to be fixed on the responsible officials.

(iii) Irregular sanction of project to an ineligible PIA

Para 4 of the MoRD notification (June 2015) provides for qualitative appraisal process for all DDUGKY Project applications.

Audit noticed that at the initial screening of the project proposal submitted by a PIA, *viz*., Black Panther Guards and Services Private Limited (Black Panther) for third project, the Programme Manager, ORMAS recommended (February 2018) a qualitative appraisal. However, ED, ORMAS recommended (February 2018) allotment of the project without a qualitative appraisal to ascertain the financial turnover and net worth of the PIA and the PIA was categorised on the basis of its past performances. The PAC sanctioned (March 2018) a project with a cost of ₹ 31.57 crore in favour of Black Panther. Thus, sanction of project without conducting a qualitative assessment was irregular and as a result, the PIA was awarded a project valued more than its eligibility, as discussed in ***Paragraph 2.2.2.2***.

In reply, the Department stated (June 2020) that though MoRD provided for Projects with duration of three to five years, ORMAS sanctioned projects with duration of one year to reduce the risk. After seeing the progress, subsequent year sanctions/ targets were allotted to the PIA without qualitative appraisal based on the category of PIA.

The reply is not tenable since award of projects sanctioned without qualitative appraisal violated the condition mandated by MoRD notification (June 2015).

Audit noted that ORMAS provided undue favour to PIAs by skipping the laid down appraisal process which was a crucial internal control mechanism to ensure eligibility of the PIAs for successful completion of the project.

Further, Audit noted that the PIAs were selected arbitrarily without conducting mandatory qualitative assessment in terms of their financial strength, commitment to captive placement, parent company structure and core sector presence, *etc.*, which amounted to extension of undue pecuniary benefits to certain PIAs. All such violations of the laid down procedure need to be investigated, and responsibility is required to be fixed on the responsible officials for such violations.

2.2.2.2 Ineligible PIAs getting projects in excess of their financial eligibility

Para 4.6 of the DDUGKY guidelines provides for categorisation of PIAs into A, B and C on the basis of training as well as placement performance, turnover, educational institution of repute and experience in working under the scheme. The ceiling of value of projects for Category A, B and C PIAs were fixed at ₹ 50 crore, ₹ 15 crore and ₹ 5 crore respectively. Further, the guidelines limited project cost to four times of the average turnover of the PIA.

Audit noticed that four PIAs were sanctioned five projects worth ₹ 102.13 crore during September 2016 to September 2018. As per their average turnover, they were eligible for projects worth ₹ 25.20 crore only. Thus, projects worth ₹ 76.93 crore were awarded disregarding their eligibility, as detailed in the ***Appendix 2.2.1***.

Audit observed the following:

- NICE Computer Educational Society and Black Panther Guards and Services Private Limited were categorised as A and B respectively on the basis of their training and placement performances. On the basis of these categories, the PAC sanctioned projects worth ₹ 5.21 crore and ₹ 31.57 crore to the PIAs. However, their average turnovers were ₹ 1.98 crore (NICE) and ₹ 8.07 crore (Black Panther) only and, therefore, they were eligible for projects up to ₹ 4.27 crore and ₹ 14.61 crore respectively. By ignoring turnover of the PIAs for determining the maximum value of the projects that could be awarded, projects more than eligibility were irregularly awarded to these two PIAs. The PAC and PR&DW Department approved projects in favour of these PIAs violating the provisions of the guidelines.

- In case of Edujobs Academy Private Limited, the PIA had applied for a project worth ₹ 0.72 crore as per its eligibility. The PAC, recommended projects worth ₹ 29.26 crore for award, which was in excess of the eligible limit though the PAC had no powers to do so. The reason for such deviation was not on record. The ED, ORMAS and Secretary, PR&DW Department, without enquiring into the reason for such recommendation by the PAC, approved award of projects in excess (₹ 28.55 crore) of what had been applied for by the PIA.

- In case of project awarded to Kartavya Consultants Private Limited (January 2017) for ₹ 11.40 crore, the PIA stated that they had no on-going projects in hand. It was noted that this PIA was carrying out projects worth ₹ 5.75 crore on the date of application. Thus, the actual eligibility for the PIA was ₹ 5.61 crore[67] only. ORMAS by accepting factually incorrect information, irregularly awarded new project (January 2017) to the PIA thereby extended undue benefit of ₹ 5.79 crore in excess of its eligibility.

- Audit noted that the same PIA (Kartavya Consultants Private Limited) was awarded another project in July 2018 worth ₹ 24.69 crore. The PIA indicated its average turnover as ₹ 8.08 crore in its application. Audit ascertained from the books of accounts of the PIA for the period 2015-18 filed with the Registrar of Companies that the average turnover of the company was ₹ 4.28 crore only. Thus, the turnover figure was overstated by ₹ 3.80 crore while applying for the project.

  Similarly, the PIA had furnished value of on-going project as ₹ 5.75 crore (January 2017) though the same stood at ₹ 30.42 crore as on the date of application. As such, the PIA was not eligible for further projects.

  Thus, Kartavya Consultants Private Limited was awarded projects valued ₹ 30.48 crore (₹ 5.79 crore + ₹ 24.69 crore) in excess of its financial eligibility on the basis of misstated figures, resulting in undue pecuniary advantage to the private agencies.

Accepting the observation of Audit, the Department stated (June 2020) that ORMAS would adhere to the financial parameters strictly while sanctioning of projects in future.

2.2.2.3 Undue favour in award of projects by the Executive Director, ORMAS in contravention to the recommendation of PAC

As per Para 4.1 of MoRD notification (April 2017), after completion of qualitative appraisal, the project application shall be placed before the PAC for approval or rejection.

Audit noticed that two PIAs[68] were irregularly sanctioned (May 2018) their fourth projects worth ₹ 39.09 crore without approval of the PAC and ₹ 16.45 crore[69] was released as of September 2019.

It was noticed that in September 2017, NABCONS had verified placement performance in the first project of Abbey West Services Private Limited and found that five out of six sample candidates had not been placed. On the basis of this test check of NABCONS, the first project was closed (March 2018) and recovery of ₹ 12.86 lakh from the PIA was initiated.

In case of the second PIA, NICE Computer Educational Society, NABCONS found that three sample candidates had not been placed (August 2016) as the employers denied having such employees in their organisation. The Collector, Bargarh had also forwarded (March 2017) to the ED, ORMAS five complaint cases against the PIA for false training and job placement.

67 ₹ 2.84 crore (turnover) * 4 times – ₹ 5.75 crore (Cost of ongoing projects) = ₹ 5.61 crore (eligible amount for new project)

68 Abbey West Services Private Limited: ₹ 25.99 crore and NICE Computer Educational Society: ₹ 13.10 crore

69 Abbey West Services Private Limited: ₹ 12.94 crore and NICE Computer Educational Society: ₹ 3.51 crore

In view of this, the PAC withheld (9 March 2018) award of further projects to these two PIAs. However, ED, ORMAS and the Principal Secretary PR&DW Department later approved (April 2018) projects in favour of these PIAs. Awards were made despite fraudulent placement complaints against NICE Computer Educational Society and closure of the first project of Abbey West Services Private Limited due to its poor performance.

In reply, the Department stated (June 2020) that PAC had sanctioned projects to the two PIAs with due knowledge of NABCONS. Further, a recovery letter had been issued to the PIA, NICE Computer Educational Society. However, the reply was silent on the reason for not implementing the recommendation of the PAC (March 2018) to withhold awarding further projects to these two PIAs.

Further, award of more projects subsequently to these two PIAs by ED, ORMAS and Principal Secretary PR&DW Department by ignoring recommendations of the PAC was irregular and tantamount to extension of undue pecuniary benefits to these PIAs. All such violations of the laid down procedure need to be investigated, and responsibility is required to be fixed on the responsible officials for such violations.

2.2.2.4 *Wrongful approval of projects based on inflated MIS reports - ₹ 33.04 crore*

As per ORMAS notification (June 2016), a proposal for a second project of the PIA will be considered on completion of 70 *per cent* training target and 50 *per cent* of placement target of the first/ previous project. Further, the guidelines stipulate that for every project the project appraisal has to be done before sanctioning the same.

Audit noticed that three PIAs[70] applied for their next projects while submitting performance reports of the previous projects. Considering their past performances, the PAC approved (January 2016 to November 2016) new projects for ₹ 33.04 crore to these PIAs[71].

Audit observed that the PIAs had submitted false and inflated placement reports to get their projects approved, as discussed below:

- Two PIAs (Centum Workskills India Limited and Madhyam Foundation) while applying for the new projects claimed (December 2016) to have provided placement to 916 and 257 candidates, respectively. The same PIAs, however, later reported (March 2017 and December 2018) to have provided placement to only 619 and 234 candidates respectively. Thus, the PIAs inflated the placement figures to get new projects sanctioned. Further, the PIAs also misused the provisions in the DDUGKY reporting system that allowed them to revise MIS figures at their level.

- In case of Edujobs Academy Private Limited, while scrutinising the project proposal for the second project, the consultant of ORMAS

70 Centum Workskills India Limited, Madhyam Foundation and Edujobs Academy Private Limited

71 Centum Workskills India Limited: ₹ 11.87 crore, Madhyam Foundation: ₹ 3.99 crore and Edujobs Academy Private Limited: ₹ 5.97 crore (Project-2) and ₹ 11.21 crore (Project-3)

recorded on a file that the placement achievement of the PIA for the first project was 47 *per cent* as per MIS report. However, the PIA informed (October 2015) ORMAS that actual training and placement figures were much higher and could not be reported due to an error in the MIS. On that basis, ED, ORMAS awarded (October 2015) a project worth ₹ 5.97 crore to the PIA, in violation of its own notification issued in June 2016. Thus, without cross-checking claims made by the PIA, ORMAS accorded approval to the project resulting in undue financial advantage.

Audit observed that the irregular approval of these projects occurred because ORMAS decided to consider only the MIS figures entered by PIAs themselves as a performance evaluation measure, without doing any cross-verification of such figures, which resulted in PIAs inflating their MIS figures for getting new projects sanctioned.

The Department stated (June 2020) that as per MoRD, all PIAs were to enter their training and placement data in *Kaushal Pragati* which is the MIS platform developed by MoRD and that the State is depending on the same to ascertain progress of the PIAs. Further, the Department assured that an Enterprise Resource Planning (ERP) based monitoring framework and a Geo Positioning System (GPS) based application to track the field visits and observations would be developed. However, the fact remained that the system of awarding subsequent projects to PIAs was not foolproof in view of self-reporting by the PIAs and no provision for scrutinising their MIS reports by ORMAS before awarding new projects.

2.2.3 Irregularities in conduct of training and placement

2.2.3.1 Forged bank statement/ nil bank statements used by PIAs to get projects worth ₹ 27.89 crore

MoRD issued (September 2015) Standard Operating Procedures (SOPs) I and II as supplement to the DDUGKY guidelines. The primary purpose of the SOPs is to detail the minimum common protocols to be followed by stakeholders in implementation of projects. As per SOP-II, ORMAS was to verify salary slip/ salary certificate and place of employment, to ensure actual placement of candidates. The SOP also provided that cross verification of salary statement with bank statement should be conducted in all cases to ensure that the salary drawn is actually credited to the bank account.

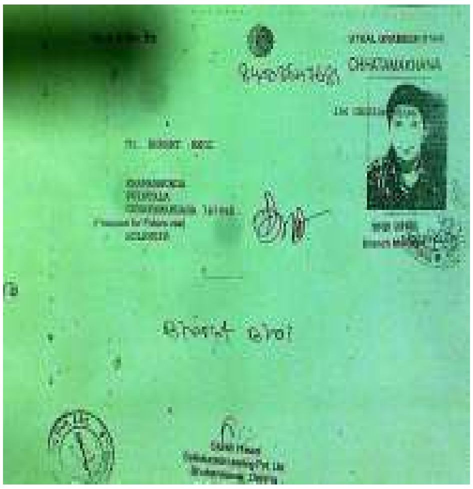
Audit test checked employment records of 481 candidates of 12 PIAs and found employment of 112 candidates (23 *per cent*) of three PIAs[72] doubtful as discrepancies like excess digit numerals in bank account number, arithmetical inaccuracy, absence of chronology in the date of transactions, font style being different in the original pass book submitted by PIAs, *etc*., were noted in the details provided to Audit (details of 22 candidates are given in ***Appendix 2.2.2***).

In respect of 40 out of 112 candidates whose salary accounts were opened in UCO Bank, Audit sought details of confirmation of genuineness of credit of

[72] Edujob Academy Private Limited, Safexpress Private Limited and Santh Dhaneswar Shiksha Sansthan

Case Study

Safexpress Private Limited, a PIA, had submitted bank statement of a candidate claimed to have been placed at M/s Jena Engineering, Jharsuguda in November 2017. While the account details of the bank statement indicated that the bank account was in Utkal Grameen Bank, the inner pages showed transaction details containing logo of SBI, as seen from the photo affixed below.



salary from the Bank. In response, UCO bank intimated that six bank accounts were non-existent and no such transactions had taken place in 33 accounts. Thus, claims of placement of these candidates were not genuine. These three PIAs had received ₹ 27.89 crore[73] towards training and placement charges as of March 2019.

Accepting the observation of Audit, the Department stated (June 2020) that in case of two PIAs[74], recovery process had been initiated while closure notice along with notice for recovery of penalty had been issued to the third PIA[75].

2.2.3.2 Deliberate acceptance of forged salary slips and employment certificates by ORMAS thereby extending undue benefit of ₹ 17.05 crore to PIAs

As per SOP-II, ORMAS was to verify salary slip/ salary certificate and place of employment of the candidates claimed to have been placed by PIAs to confirm gross salary, perquisites, statutory deductions, other deductions and net salary paid as per the salary statement.

On scrutiny of salary slips furnished by two PIAs, Audit noticed the following:

- The PIA, Data Pro Computers Private Limited, claimed to have placed 75 trained candidates in a company called Inspavo Consultancy Services Private Limited, Bhubaneswar during June to November

73 Edujob Academy Private Limited- ₹ 21.11 crore, Santh Dhaneshwar Shiksha Sansthan - ₹ 2.87 crore and Safexpress Private Limited- ₹ 3.91 crore

74 Edujob Academy and Santh Dhaneshwar Shiksha Sansthan

75 Safexpress Private Limited

2016. However, during physical verification (15 September 2018) by a joint committee[76] of ORMAS, the company (Inspavo), not only denied that any placement had been provided by them but also informed ORMAS that they had filed an FIR (09 August 2018) against the PIA. Initially, no action was initiated against the PIA by the ED, ORMAS for forging the documents of the employer and for deliberate submission of manipulated claims of placements. Instead one additional target for the third project worth ₹ 3.51 crore was sanctioned (February 2019) and the first instalment of ₹ 0.85 crore for the third project was released (April 2019). It was only in reply to Audit in June 2020, the Department stated that closure process had been initiated against the PIA (Data Pro Computers Private Limited).

- Another PIA (NICE Computer Educational Society) claimed (July 2016) placement of candidates in two companies, namely, Tatwa Technologies and D3X Solution Private Limited and ₹ 11.21 crore was released in favour of the PIA. During verification by ORMAS through NABCONS, both the companies stated (September 2016) that the placements claimed by the PIA were false and the documents submitted were fabricated.

  Audit noted that NABCONS had informed ORMAS (August 2016) about the fake employment claims of NICE Computer Educational Society and had also advised ORMAS to initiate default proceedings against the PIA. ORMAS however, intimated (September 2016) NABCONS that all the candidates were placed. The Executive Director (ED) of ORMAS also claimed that proof of placements was made available to NABCONS through Google drive. Later on, NABCONS (19 October 2016) informed ORMAS that the Google drive was inaccessible and the placements could not be treated as genuine.

  No proof of placement was provided to Audit by ORMAS. Audit observed that the then ED of ORMAS accepted these forged documents and also released full payment of ₹ 3.67 crore to the PIA, which was irregular. Accepting the observation of Audit, the Department stated (June 2020) that notice for recovery of ₹ 2.33 crore had been issued to the PIA (NICE Computer Educational Society).

2.2.3.3 Manipulation of records of training and fraudulent drawl of training charges

DDUGKY guidelines provide that PIAs will mobilise, counsel and select unemployed youth of rural poor household with employable skills for training. The candidates are to be given classroom as well as on-the-job training (OJT) for three to nine months by PIAs. The PIAs are to upload data of candidates relating to training, placement and their current status by the 9th of every month in the designated online portal of the Ministry of Rural Development (MoRD), Government of India (GoI). ORMAS was to conduct bi-monthly inspections to verify actual trainings conducted.

[76] Committee composed of Assistant Director (ED), Deputy CEO, OLM and Assistant Director, ORMAS

Audit noticed that one PIA (Kartavya Consultants Private Limited) had reportedly imparted training to 4,285 candidates and provided placement to 1,929 candidates during 2016-19 as per the MIS Report. The PIA received ₹ 22.69 crore as training and placement charges for these candidates. ORMAS provided details of 1,286 out of these 1,929 candidates whom the agency claimed to have placed, during December 2016 to December 2017.

Audit cross checked the relevant information of candidates/ employer organisations with those available on the website[77] maintained by the Employees' Provident Fund Organisation (EPFO), Ministry of Labour and Employment, GoI. It was noticed that 705 out of these 1,286 candidates (55 *per cent*) were already in employment during the period of their trainings. Further, Audit verified the details and observed that EPF deductions were made for more than two months for 424 candidates before their dates of placements.

Since the skill development training is classroom as well as OJT, it was not possible for a candidate to be a trainee and an employee at the same time. Further, ORMAS had not conducted any bi-monthly inspection to verify if the PIA was actually imparting training to the candidates, as claimed by the agency.

On this being pointed out in Audit, the Department stated (June 2020) that EPF contribution of 340 candidates had been verified and it was found that no EPF had been deducted during classroom training, however, there was no restriction on deposit of EPF during OJT. For other cases, ORMAS intimated that it had neither checked their records nor made any payment towards their training cost.

Audit observed that since ORMAS had not provided other evidence for training like video recording of classes, Universal Account Number of candidates for verification, *etc*., Audit could not draw assurance regarding training actually conducted for 705 candidates by the PIAs. Thus, fraudulent claim for the payments made on the basis of these placements cannot be ruled out.

2.2.3.4 Use of fake ESIC numbers by PIAs in claiming Project Money

As per SOP-II for implementation of the Scheme, payment to Employees State Insurance Corporation (ESIC) and Provident Fund may be taken as proof of payment of salary.

Audit noticed that one PIA (Abbey West Services Private Limited) had submitted (December 2016 and August 2017) fake ESIC numbers in the salary slips of 19 candidates stated to have been placed by them. Audit cross verified ESIC numbers in the salary slips with the ESIC portal and found that the ESIC numbers were not of the persons mentioned in the salary slips. Audit noted that the PIA had received (November 2015 and March 2018) payment of ₹ 4.18 crore.

The Department while accepting the observation of Audit, stated (June 2020) that ₹ 2.74 crore had been recovered from the PIA.

[77] https://unifiedportal-epfo.epfindia.gov.in

However, the fact remains that there were obvious gaps in the verification process being followed by ORMAS and such systemic lacunae need to be resolved to guard against similar cases of fraud in future.

2.2.4 Weak internal control system

Audit noted that the PIAs taking advantage of weaknesses in the oversight mechanism of ORMAS were able to provide fraudulent/ inflated placement figures of their projects for getting the new projects sanctioned. A few cases highlighting weak internal control system are discussed below:

2.2.4.1 Manipulation of sampling process by ORMAS to extend undue favour - ₹ 1.26 crore

As per SOP-II, upon submission of placement details by PIA, at least 50 samples of candidates are to be verified by the Quality team of PIA (40), ORMAS (seven) and NABCONS (three). After completion of sample checking, rechecking of selected samples is to be conducted by NABCONS and ORMAS and the placement success rate is to be calculated. Full payment is made if the placement success rate is 70 *per cent* and proportional payment is made if the success rate is between 50 and 70 *per cent*. In case, success rate is less than 50 *per cent*, no payment is made and a project closure report is initiated.

Audit noticed that one PIA (Black Panther Guards and Services Private Limited) submitted (February 2016) placement details of 79 candidates. Against the requirement of a minimum of 50 samples, ORMAS drew only 12 samples for verification and confirmed placement of all 12 candidates, and irregularly released (March 2016) the second instalment of ₹ 1.26 crore to the PIA.

On this being pointed out in Audit, the Department stated (June 2020) that ORMAS checked 15 *per cent* of 79 candidates (12 candidates) on a random basis as there was no formal sampling procedure which was introduced by ORMAS during June 2016.

The reply was not acceptable as the sampling process had been clearly mentioned in SOP (August 2015), whereas the PIA submitted the placement document only in February 2016.

2.2.4.2 Undue extension of financial benefit worth ₹ 2.90 crore overlooking Centre Readiness Report

As per SOP-1, before commencement of the training programme, a due diligence report on the preparedness of the centre would be prepared by the Quality Team and would be cross verified by ORMAS including facts on availability of space for training hall, computer laboratory, toilet, drinking water, *etc*. Further, as per orders of ORMAS, first instalment would be released only after receipt of the centre readiness report.

Audit noticed that ED, ORMAS recommended (September 2018) release of ₹ 2.90 crore to one PIA (Surya Wires Private Limited) as first instalment for imparting training to 1,000 candidates. The training centre was verified by the

Technical Support Agency[78] (on 16 and 17 July 2018) and the latter reported various deficiencies in the readiness of the centre[79]. Despite such reported deficiencies, the ED proposed (4 September 2018) for release of ₹ 2.90 crore to the PIA as first instalment for the project. The proposal was also concurred with by the Member Secretary, ORMAS (15 September 2018) and Principal Secretary, PR&DW Department (18 September 2018). Later, during subsequent inspection (December 2018) of the training centre, ORMAS found that the centres were not functioning at all. ORMAS decided (February 2019) to terminate the MoU entered into with the PIA. However, till date of audit (November 2019) ORMAS did not take any action to recover the released amount of ₹ 3.57 crore along with penal interest[80].

Accepting the observation of Audit, the Department stated (June 2020) that show cause notice had been issued to the PIA for non-performance and Bank Guarantee of ₹ 72.70 lakh had been revoked by ORMAS along with issue of letter for balance recovery.

2.2.4.3 Undue favour to the PIAs by excess release of first instalment - ₹ 3.30 crore

As per ORMAS Notification (June 2016), where tenure of a project is more than one year, the project cost would be released on a yearly basis. Based on the performance of the first year, target for the subsequent years would be enhanced. Further, funds would be released on the basis of candidates to be trained each year.

Audit noticed that the PAC approved (January 2017) a project for ₹ 27.08 crore to the PIA (Escorts Limited) for providing training to 2,200 candidates and subsequently for placing them. As per the work schedule submitted by the PIA, 1,100 candidates were to be trained in the first year. Accordingly, ₹ 3.30 crore was to be released as first instalment. However, ORMAS released ₹ 6.60 crore considering two years' target of 2,200 instead of one year against the provisions of its own notification. This amounted to undue favour to the PIA by releasing an excess amount of ₹ 3.30 crore as first instalment.

Accepting the observation of Audit, the Department stated (June 2020) that the closure process had been initiated and excess amount released would be recovered.

2.2.4.4 Irregular release of instalment on the basis of wrong placement report resulting in excess release of ₹ 10.83 crore

As per the revised scheme guidelines (August 2016), full second instalment would be released if the placement percentage is more than 70 *per cent*. If the placement is less than 70 *per cent*, the amount would be released on *pro-rata* basis. In case, it is less than 50 *per cent*, project shall be terminated immediately and pro rata payment shall be allowed.

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[78] Technical Support Agency appointed by SRLM to assist in evaluation of proposals of the PIAs and inspect training centres

[79] Absence of certified Training of Trainers, Domain Trainers and Counsellor, non-availability of bilingual books, domain and non-domain books and inadequate numbers of Aadhaar Enabled Biometric Attendance System

[80] ₹ 2.90 crore released in September 2018. Penal interest calculated @10 *per cent* per annum for 28 months up to May 2020

As per ORMAS notification (October 2018), if the PIA challenges any sample verification report, a joint committee consisting of members from ORMAS and NABCONS would verify the samples and the re-verification report would be treated as final.

Audit verified records related to release of funds in six projects of five PIAs[81] and noticed various irregularities in the verification process conducted before the release of instalment. These irregularities included instances of false ESIC numbers, non-production of bank statements, payments made in cash in contravention of scheme guidelines, submission of forged bank statements, disregarding reports of NABCONS on placement, *etc*.

Case Study

During placement verification of a PIA (Centum Workskill India Limited), NABCONS reported (January 2017) to ORMAS that five candidates out of six candidates were not placed. On the appeal of the PIA, ORMAS formed a committee on 16 February 2017 comprising representatives of ORMAS, NABCONS and PIA and again confirmed that in four cases, placements had not happened. Later on, ED, ORMAS formed another committee on 03 April 2017 excluding NABCONS and submitted a report that three out of four had been placed. Formation of such a committee after confirmation of non-placement of candidates by a joint committee in contravention to scheme guidelines was irregular and not justified. Further, the ED, ORMAS did not have any power to form such committee.

In accordance with the scheme guidelines, Audit re-calculated the amount released on the basis of the placement and noticed that these five PIAs were paid an excess amount of ₹ 10.83 crore (***Appendix 2.2.3)***. This excess release happened due to omissions made by the officials of ORMAS and had not only resulted in a loss to the exchequer but also resulted in promoting PIAs who were not qualified for the core job of training and placement.

Thus, faulty placement verification by ORMAS in six projects resulted in an excess release of ₹ 10.83 crore to five PIAs.

Accepting the observation of Audit, the Department stated (June 2020) that ₹ 68.81 lakh had been recovered from Abbey West Services Private Limited, recovery letter for ₹ 6.27 crore had been issued to Edujob Academy Private Limited, Centum Workskill India Limited and Nice Computer Educational Society.

2.2.4.5 Undue benefit to the PIAs by issuing irregular notification in contravention to MoRD guidelines

As per the SOP notified by MoRD on 26 August 2016, PIAs who have provided placement to at least 70 *per cent* of trained candidates shall be eligible for 50 *per cent* of the project cost as second instalment. Further, Para 4.8 empowers the SRLM to prepare protocols for various processes and tasks listed in the guidelines. The guidelines provide that the protocols prepared by

81 Centum Workskill India Limited, Edujobs Academy Private Limited, NIAM Educational Foundation, Nice Computer Educational Society and Abbey West Services Private Limited

the SRLM are to be approved by the Empowered Committee of MoRD.

Audit noticed that ORMAS, being the SRLM of the State, notified (October 2018) an amendment to the aforesaid SOP, which, *inter alia*, provided for release of 50 *per cent* of the second instalment *i.e.*, 25 *per cent* of the project cost to the PIAs as advance on submission of requisite documents only. If a PIA is found to be ineligible for the advance after desk verification and/ or on-site placement verification, the amount shall be recovered with 10 *per cent* annual interest. The objective of bringing such an amendment was to incentivise PIAs through early release of advance amount. On the basis of this amendment, ORMAS released 50 *per cent* of second instalment amounting to ₹ 30.42 crore to 9 out of 18 performing PIAs test checked by Audit till September 2019. Of the nine PIAs who were paid advances, documents submitted by two PIAs[82] in support of placement provided were found to be incomplete during desk verification and in case of another PIA (Kartavya Consultants Private Limited), placement verification had not been done after desk verification.

Audit observed that ORMAS did not seek approval of the amended notification from the Empowered Committee of MoRD though required. Further, the amendment to the SOP issued by MoRD opened opportunities for poor performing PIAs to avail pecuniary benefit without rendering intended service. As a result, those three PIAs could be paid ₹ 15.51 crore[83] before ensuring that they had actually achieved the target of providing placement to at least 70 *per cent* of the trained candidates. Thus, the objective of incentivising the PIAs by releasing 50 *per cent* advance, had not resulted in improved performance of PIAs.

On this being pointed out in Audit, the Department stated (June 2020) that they have requested the Empowered Committee of MoRD to ratify the changes made in the guidelines by the State.

The reply was not acceptable as the notification was implemented without the approval of Empowered Committee of MoRD violating the provisions of the guidelines.

2.2.4.6 Closure/ Abandoning of projects by the PIAs after receiving first instalment

Para 3.2.2.20 of the DDUGKY guidelines provides that if the achievement of a PIA is less than 50 *per cent* of the placement target, the PIA shall be asked to discontinue the training and will be paid on a *pro rata* basis, as per actual placements. The balance amount, if any, receivable from the PIA will be recovered with interest at 10 *per cent* per annum as per Clause 61 of the MoRD notification (February 2014). Failure by the PIA to refund the amount would attract action under Public Money Recovery Act of the State Government.

Audit noticed that 26 out of 95 PIAs were declared as non-performing PIAs by ORMAS during 2014-19. Audit noted that of the 26 non-performing PIAs,

[82] Escorts Limited and Edujobs Academy Private Limited

[83] Escorts Limited (₹ 6.60 crore), Edujobs Academy Private Limited (₹ 2.78 crore) and Kartavya Consultants Private Limited (₹ 6.13 crore)

ORMAS had issued closure orders to six PIAs before the commencement of audit. Further, remaining 20 non-performing PIAs to whom ₹ 20.11 crore was paid, claimed to have placed 6,526 candidates, had also not submitted any documents in support of their claim.

Based on Audit comment, Department closed projects of one PIA and was under the process of reviewing the remaining 19 PIAs. Details of 20 non-performing PIAs, dates and amount of funds released to them and their training performances as per the MIS figures are given in ***Appendix 2.2.4***.

Audit reviewed records of two out of 20 non-performing PIAs[84] and observed the following:

- **RVS Rise Skills** while submitting their project proposal, submitted the registration certificate of one RVS Education Trust. Due to this discrepancy, PSC did not accept the proposal of the agency. Subsequently, the same project proposal was submitted in the name of RVS Education Trust which was approved (December 2014) by the PAC and an MoU was signed (April 2015) awarding the project worth ₹ 3.16 crore to the PIA for training and placement of 1,000 candidates. ORMAS released the first instalment amounting to ₹ 72.46 lakh in January 2016 to the PIA. The PIA was to complete the training and placement by December 2016, *i.e.,* within 12 months of the release of the first instalment.

  ORMAS received an email on 2 August 2015 from an unverified source with the information that three companies including RVS Rise Skills, managed by one Rise India, had been suspended from Pradhan Mantri Kaushal Vikas Yojana for indulging in unethical practices. It was also informed that RVS Educational Trust is also managed by the same, Rise India. ORMAS, based on information from MoRD (20 October 2015) that RVS Educational Trust (the PIA) had never been suspended, decided not to take any action against RVS Educational Trust.

  Audit, however, noticed that a director in RVS Rise Skills (suspended by GoI) was also a trustee of RVS Educational Trust. Thus, the PIA selected by ORMAS was another unit of the suspended firm. The final outcome of the project awarded to the PIA in April 2015 was that, targeted training and placements were not undertaken by the agency. After several rounds of correspondence to refund the amount, the PIA submitted (March 2017) a cheque amounting to ₹ 15 lakh. The cheque, however, bounced due to insufficient funds in the payer's account.

- An MoU was signed (June 2014) with Everonn Skill Development for training and placement of 2,000 candidates in Khurdha and Puri (May 2015) at a project cost of ₹ 7.90 crore. ORMAS released (November 2014) the first instalment of ₹ 1.49 crore after receipt of the centre readiness report. It was however, noted that the district heads of ORMAS in Khurdha and Puri while conducting the centre verifications, had reported (May 2014) various deficiencies like absence of rent agreement of the building, non availability of beds in

[84] RVS Educational Trust and Everonn Skill Development Limited

the hostel, lack of CCTVs in training centres, *etc*. Despite the fact that the centre was clearly not fully ready, the Programme Manager (Skill Development) of ORMAS while processing the file for first instalment, noted the suitability of the training centre and payment of the first instalment was released. It was also noticed that against the claim of imparting training and placement to 590 and 216 candidates respectively, desk verification of ORMAS confirmed the figure as 305 and 84 respectively. ORMAS issued pre-closure notice to the PIA in January 2017.

Accepting the Audit observation, the Department stated (June 2020) that ₹ 2.55 crore had been recovered from nine PIAs with closure of seven projects and necessary action against other non-performing PIAs had been initiated for recovery. However, an early action is required to be taken for closure of 19 remaining projects of the non-performing PIAs and recover the amount released to these non-performing PIAs along with the penal interest.

2.2.4.7 Failure of internal control mechanism

As per OM of Central Vigilance Commission (September 2013), rotational transfer of officers continuing beyond three years is to be carried out for sensitive posts to avoid chances of fraud in the organisations.

Audit noticed that the Executive Director of ORMAS had been in charge from September 1997 to January 2019 (21 years).

Continuance of the same officer in the organisation for prolonged periods, raises the risk of development of vested interests and may contribute towards irregularities being committed in an unchecked manner in the organisation.

The Department did not furnish any reply.

2.2.5 Conclusion

ORMAS implements DDUGKY, introduced by GoI in September 2014 with the objective of providing skills to rural youth and placing them in jobs with regular monthly wages. During 2014-19, ORMAS reportedly trained and provided placement to 1.32 lakh and 0.97 lakh youth respectively, through 95 PIAs.

After checking of placement records and MIS reports, Audit found that 14 *per cent*[85] of trainings and 77 *per cent*[86] of placements and as claimed by ORMAS seem to be false and fabricated. Audit could not draw any assurance regarding the satisfactory achievement of trainings and placements as multiple suspected frauds have been found to be committed by the PIAs. PIAs have manipulated the weaknesses in the system resulting in extension of undue financial benefits to private players.

[85] Audit test checked records of 5,160 trained candidates and could not draw any assurance regarding training actually conducted in respect of 705 candidates (14 *per cent*) (discussed in *Paragraph 2.2.3.3)*

[86] Audit test checked placement documents of 607 candidates and found discrepancies in 465 placement cases (77 *per cent*) in bank statements, ESIC numbers, salary slips and employer certificates (discussed in *Paragraph 2.2.3)*

Various instances of frauds like forging of bank statements, production of fake ESIC numbers and submission of forged salary slips indicated that the required internal checks, especially those related to verification of job placement were ineffective and inefficient.

Audit noticed that projects worth ₹ 197.05 crore have been irregularly sanctioned to the test checked PIAs by ORMAS violating the due procedures envisaged in the scheme guidelines. Further, out of ₹ 237.40 crore released to test checked PIAs during 2014-19, ₹ 59.83 crore needs to be recovered along with penal interest.

Thus, implementation of DDUGKY in Odisha by ORMAS is mired with several internal control weaknesses and serious irregularities.

2.2.6 Recommendations

Government may:

- *Investigate thoroughly all the placement documents submitted by all the PIAs to ensure genuineness of claims of the PIAs regarding placements as well as trainings.*
- *Ensure that after the verification is conducted, placement percentage is recalculated and any excess money released is recovered with penal interest.*

2.3 Suspected misappropriation of funds

Disbursement of Old Age Pension (OAP) in the name of dead beneficiaries, retention of government money by the Panchayat Extension Officers for years without refunding and manipulation of records resulted in suspected misappropriation of government money of ₹10.72 lakh.

2.3.1 Payment of OAP in the name of deceased beneficiaries

The National Social Assistance Programme (NSAP) is a Centrally Sponsored Scheme of the Government of India that provides financial assistance to the elderly, widows and persons with disabilities in the form of social pensions. Madhu Babu Pension Yojana (MBPY) is a Government of Odisha scheme which provides pension to persons above 60 years of age, widows (irrespective of age), AIDS patients and persons with deformity having yearly income of less than ₹12,000. As per the guidelines of NSAP and provisions of MBPY Rules 2008, Gram Panchayat (GP) / Panchayat Samiti (PS) shall report every case of death of a pensioner immediately to the Block Development Officer (BDO)/ Sub-Collector concerned. Further, annual verification of pensioners shall be conducted by the competent authority to ascertain that the pensioner is alive and continues to fulfil all the conditions of eligibility. Pension shall cease to be payable following the death of the pensioner.

Audit scrutinised (July 2018 to March 2019) pension disbursement records of 49 out of 317 PSs and 268 out of 6,798 GPs and noticed that in 11 PS[87] and

[87] PS: Anandpur, Hatadihi, Banarpal, Nandahandi, Cuttack Sadar, Angul, Telkoi, Narla, Khairput, Kokasara and Tangi

nine GPs[88], the concerned Gram Panchayat Extension Officers (GPEOs) and other officials[89] disbursed pension to 1,700 beneficiaries during May 2011 to March 2018. On cross check of Cash Book of the Harishchandra Sahayata Scheme,[90] meant for *ex-gratia* payment to the kin of deceased persons, and records of concerned Primary Health Centres/ Community Health Centres with the pension payment records, Audit observed that 167 beneficiaries to whom pension amounting to ₹ 2.33 lakh had been paid in cash were not alive on the dates of payment of pension. However, pension continued to be paid in their name for 1 to 22 months after their death. Thus, the amounts were suspected to have been misappropriated.

Irregular payments of this nature were made possible for not reporting the cases of death of the beneficiaries immediately to the BDOs/ Sub-Collectors by the GPs. On this being pointed out in Audit, BDOs of Koraput and Nandahandi intimated (11 June 2019) that ₹0.41 lakh had been recovered from the concerned employees. Other BDOs/ GPEOs assured that they would examine the facts and recover the amount from the person responsible for such payments.

2.3.2 Unauthorised retention of Government money

As per Rule 93(2) of Odisha GP Rules 2014, PEO/ Sarpanch of a GP is to record all transactions in the cashbook on the same day on which money is received or paid. As per Rule 93 (4), the GP Extension Officer (GPEO) is to verify the cash books and the cash in hand, at least once in a month. Further, as per Rule 96 (3), the GPEOs shall scrutinise the accounts of the GP every month and bring to the notice of the concerned authority, any discrepancy, irregularity, misappropriation or defalcation. As per Rule 58(2) of Odisha GP Rules, 2014, any shortage noticed in the cash balance during inspection or audit shall be treated as misappropriated and the person concerned shall be liable to be proceeded against under Section 9 of the Odisha Local Fund (OLF) Act, 1948 in addition to being criminally proceeded against.

Scrutiny of Old Age Pension (OAP) cash book (October 2017 to March 2019) in 12 GPs[91] of 11 PSs revealed that the ex-Panchayat Executive Officers and ex-Sarpanchs/ Nayab Sarpanchs/ ex-Secretaries of the GPs had retained unutilised funds of ₹ 6.16 lakh (***Appendix 2.3.1***) with them for period ranging between five months and six years. The amount was shown as cash in hand/ cash with Secretary, Ex-PEOs in the cash books. Audit noted that though the officials had already been transferred or were not holding official positions, ₹ 6.16 lakh was not handed over to their successors. Further, GPEOs at concerned Blocks had not scrutinised the accounts of GP as required under the aforesaid rule. No action has been taken by the Department to recover the amount from them (July 2020).

88 GP: Pipalpadar, Mahadeiput, Thusuba, Lamtaput, Latiguda, Gadapadar, Lamtaput, Odiapentha and Guneipada

89 Welfare and Extension Officer, Junior Engineer, Marketing Inspector, GPEO, *etc*.

90 A scheme launched in August 2013 for providing financial assistance from the Chief Minister's Relief Fund to poor and destitute for conducting last rites of their family members and for cremation of unclaimed dead bodies

91 Bahadalpur, Karadapada, Mahima, Kalaskhaman, Sarapari, Korukonda, Rameswar, Narla, Nuagaon, Chandimal, Kesdurapal and Deypur

Unauthorised retention of Government money by the ex-officials amounts to temporary misappropriation of funds and the same needs to be recovered immediately. Further, action against the officials as per Rule 58(2) of Odisha GP Rules read with Section 9 of the OLF Act needs to be initiated.

2.3.3 Manipulation of records

As per Para 96 (3) of Odisha GP Rules, 2014, GPEO shall scrutinise the accounts of the GP every month and bring to the notice of the proper authority any discrepancy, irregularity, misappropriation or defalcation.

In 11 GPs[92] of 8 PSs, Audit noticed from verification of cash books that the GPEOs manipulated figures in the cash books by understating the opening balance, making short account of Government money received, resorting to fake diversion of funds from one cash book to other cash book, *etc*. In this way there was suspected misappropriation of ₹ 2.23 lakh, as detailed in ***Appendix 2.3.2***.

Audit observed that in all these cases, the GPEOs had not verified the cash book on a monthly basis. Thus, failure of the internal control system resulted in misappropriation of ₹ 10.72 lakh[93]. It is to be noted that though these kinds of incidents were being reported by Audit in previous CAG's Reports, the PR&DW Department had neither strengthened the internal control measures to prevent such cases nor taken punitive measures against errant officers.

The matter has been reported (September 2019) to the Government. Reply is awaited (August 2020).

Revenue and Disaster Management Department

2.4 Erroneous determination of land acquisition compensation

Erroneous consideration of cut off date for fixation of market value of land by Land Acquisition Officer, Chhatrapur led to excess award of compensation of ₹ 29.45 crore.

Land Acquisition (LA) was governed by the Land Acquisition Act, 1894 up to 31 December 2013. The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (RFCTLAR&R) Act, 2013 replaced the LA Act, 1894 with effect from 1 January 2014.

Section 24 of RFCTLAR&R Act, 2013 provides that where land acquisition proceedings have been initiated under the LA Act, 1894 but no award of compensation has been made, the amount of compensation should be determined as per the RFCTLAR&R Act, 2013. As per Section 26 of RFCTLAR&R Act, 2013 the date for determination of market value of land shall be the date on which the notification has been issued.

Revenue and Disaster Management (R&DM) Department issued (April 2013) notification under Section 4 (1) of LA Act, 1894 for acquisition of 8.027 acre

[92] H. Katapali, Gyanapali, Narla, Kiringsira, Ladugaon, Durlanga, Joradobra, Kumuli, Pedawada, Rengalpali and Kolabira

[93] Payment of OAP to deceased persons + Non-refund of unutilised cash by ex-PEOs/ Sarpanchs/ Nayab Sarpanchs +Manipulation of records: ₹ 2.33+₹ 6.16+ ₹ 2.23 = ₹ 10.72 lakh

private land[94]. Out of this, the Land Acquisition Officer (LAO), Chhatrapur passed land acquisition awards during May 2015 to June 2016 under the provisions of the new Act (2013) for 5.823 acre land, amounting to ₹ 61.09 crore[95].

Audit observed (January 2017) that the R&DM Department had directed (February 2014) that the amount of compensation should be determined based on the value of land prevailing as on 1 January 2014. This instruction was a deviation from the provisions of Section 26 of RFCTLAR&R Act, 2013 as per which, the date of notification *i.e.,* 25 April 2013 should have been considered as the base date. However, the LAO determined the amount of compensation as ₹61.09 crore in pursuance of the instruction of the R&DM Department. Audit worked out the amount of compensation payable as per the value of land prevailing as on 1 April 2013 as ₹ 31.64 crore[96]. Thus, erroneous determination of compensation amount resulted in extra expenditure of ₹ 29.45 crore ***(Appendix 2.4.1)***.

Audit further observed that the R&DM Department issued (March 2016) modified instructions to determine the compensation amount based on the value of land prevailing on the date of issue of notification of the 2013 Act. This was in conformity with the provisions of Section 26 of RFCTLAR&R Act. However, despite this, the LAO did not revise the LA compensation for Chhatrapur.

Thus, erroneous issue of instructions by R&DM Department and non- revision of compensation by the LAO after issue of rectified instructions of March 2016 resulted in excess expenditure of ₹ 29.45 crore, which needs to be recovered and action needs to be initiated against errant officials.

R&DM Department stated (December 2019) that the value of acquired land had been assessed adopting 01 January 2014 as cut off date and revision of the estimates could not be made since the clarification issued by the Department in March 2016 had not been received by the LAO. The reply is not tenable as responsibility to ensure implementation of government's order/ clarification lies with the concerned government officials and authorities entrusted with the responsibility to implement as per the intent of the Act/ Rule/ instructions of the Government once a clarification is issued by the Government. There should not be any situation where a decision of the Government is not given effect on the grounds that the implementing authority was not aware of the decision.

2.5 Misappropriation of Government funds

Lack of oversight measures like periodic verification of cash book and physical verification of cash balance resulted in misappropriation of ₹ 2,68,302.

Rule 6 (1) of the Orissa Treasury Code (OTC) requires that all moneys

94 On the basis of the requisition of the Executive Engineer, Roads & Building Division-II, Berhampur in January 2013 for construction of railway over-bridges

95 Value of land: ₹ 16.98 crore, additional compensation: ₹ 4.07 crore, value of structures: ₹ 9.48 crore, value of trees: ₹ 0.02 crore and solatium: ₹ 30.54 crore

96 Value of land: ₹ 5.45 crore, additional compensation: ₹ 1.74 crore, value of structures: ₹ 9.48 crore, value of trees: ₹ 0.02 crore and solatium: ₹ 14.95 crore

received by Government servants on account of the revenues of the State are to be paid in full into the treasury or a bank account without undue delay. Rule 37 of OTC envisages that each officer should maintain a cash book for recording all moneys received by him on behalf of Government and their subsequent remittance/ withdrawal/ disbursement. Rule 37 (iv) envisages that at the end of each month, the head of the office should verify the cash balance in the cash book and record a signed and dated certificate to that effect. Subsidiary Rule 32 (2) of the OTC requires that the authority must satisfy itself that the opening and closing balances have been verified by actual enumeration of coin and currency and bank notes.

On scrutiny (January 2018) of cash books, money receipts, registers, *etc*., of Collectorate, Jagatsinghpur, Audit noticed that the office was maintaining nine subsidiary cash books and one main cash book to record all monetary transactions. The Assistant Collector, Jagatsinghpur despite being the Drawing and Disbursing Officer (DDO), had not verified the cash balance in the cash books during May 2010 to December 2017 (*i.e.*, period covered in audit) as required under the codal provisions. The DDO made a closing cash analysis of the main cash book on 15 January 2018 which showed a balance of ₹ 4,33,031 in cash. On the same day, physical verification of cash by the Assistant Collector in the presence of Audit, showed cash balance of only ₹ 1,04,500. Thus, there was a shortage of cash by ₹ 3,28,531.

On this being pointed out by Audit, the Additional District Magistrate, Jagatsinghpur stated (November 2018) that ₹ 60,229 was kept separately to meet expenditure like, flood, cyclone, drought, *etc*., and had not been physically verified in presence of Audit. However, he admitted the shortage of the remaining amount of ₹ 2,68,302. It was further stated that the amount had not been handed over by the ex-Nazir, who had been issued notice to deposit the same.

Audit observed that the Assistant Collector, Jagatsinghpur had not taken requisite control measures like periodic physical verification of cash as per the provisions of OTC, which led to misappropriation of public money by the Nazir.

Revenue and Disaster Management Department stated (July 2019) that the ex-Nazir had been issued a notice to deposit the amount but the ex-Nazir instead of depositing the same had filed a case in Odisha Administrative Tribunal against the notice.

Housing and Urban Development Department

2.6 Infructuous expenditure of ₹ 2.62 crore

VFS Global Services Limited, an outsourcing agency, did not develop IT solutions for complete automation as per the terms of the contract. Despite such breach in contract, Bhubaneswar Development Authority neither terminated the contract nor did it forfeit the outstanding dues of the firm, resulting in infructuous expenditure of ₹ 2.62 crore.

As per the guidelines issued by the Finance Department of the Government of Odisha in September 2011, the competent authority, before proceeding to outsource services, should estimate cost by consulting other organisations/

departments engaged in similar activities and also ensure that available budget provision is adequate for the purpose.

Bhubaneswar Development Authority (BDA) selected VFS Global Services Limited (VFSGSL) through an open tender floated in September 2014 to undertake the job of streamlining the system of issuing Building Plan approval, issuance of occupancy certificates, procedures for allotment of assets and other citizen centric services through IT based platforms. A contract was entered into between BDA and VFSGSL on 26 November 2014. As per the terms of the contract, VFSGSL would render services in the manual mode during the first three months and thereafter through Information Technology (IT) based solutions developed with required IT tools[97] for the purpose. Further, VFSGSL would also support the vendor (to be selected by BDA), in designing Integrated Building Plan Management System (IBPMS)[98] for providing end-to-end services.

As per the terms of the contract, rate of payments to VFSGSL would depend on the built-up area of building plans, being processed for approval and was agreed to at ₹ 2.76 per square feet. Any deviation or non-performance of contract by VFSGSL would entitle BDA to forfeit outstanding dues in addition to termination of the contract.

Scrutiny of records (October 2018) revealed that BDA terminated (31 August 2017) the contract with VFSGSL on the basis of a decision taken to receive building plan applications through on-line mode. VFSGSL had been paid ₹ 2.62 crore up to August 2017 on the basis of built up area of building plan applications processed. In this connection, Audit observed the following:

- ***Fixation of processing fee without cost estimation***: BDA had not estimated the cost of outsourcing before engaging VFSGSL. During December 2014 to July 2017, VFSGSL processed building plan applications involving 83.57 lakh sq.ft and was paid ₹ 2.62 crore[99]. However, BDA could collect only ₹ 58.80 lakh as processing fee from the applicants as per the rate fixed under the Planning & Building Standards Regulations (2008). This led to an extra financial burden of ₹ 2.03 crore on BDA. This has to be seen in view of the fact that prior to the engagement of VFSGSL, the building plan applications were processed by the officials of the BDA and even after the engagement of the firm, these officials continued in the organisation. In this scenario, outsourcing of activities incurring extra expenditure was not justifiable.

- ***Non-development of IT based solution***: VFSGSL did not develop and use IT based solution for processing the applications and continued with the manual mode throughout the contract period (December 2014 to August 2017) against the contract conditions of using this mode

97 Like Office Management, Process Management and MIS, front-end Management, Documentation and verification services, Field Verification, *etc.*

98 Online receipt of applications with complete automation of work flow from receipt of application till approval and thereafter issuing permissions by using digital signature, use of Geographic Information System (GIS), *etc*. IBPMS would ultimately become a single window clearance of building plans in future

99 83,57,441.30 sq.ft. X ₹ 2.76 = ₹ 2.31 crore and Service Tax: ₹ 31.12 lakh

only during the first three months (*i.e.,* up to February 2015) and thereafter develop required IT solutions. Further, BDA did not take initiative for development of IBPMS where the field survey reports gathered by VFSGSL using GPS devices and other software tools could be used. In absence of this, VFSGSL did not render services like complete automation of work flow from receipt of application till approval though the cost of the same was included in the contract price. Thus, as VFSGSL had failed in discharging its contractual obligations and as per applicable terms, BDA had a right to forfeit all outstanding payments and terminate the contract. However, BDA continued to make payments to VFSGSL towards processing of building plans. During June 2015 to August 2017, BDA paid ₹ 2.62 crore to VFSGSL which should not have been paid as per the terms of the contract.

Thus, imprudent decision to outsource building plan approval process without a detailed cost assessment coupled with non-enforcement of conditions of contract like termination of contract and forfeiture of the outstanding dues despite non-adoption of IT solutions, rendered the expenditure of ₹ 2.62 crore infructuous.

Accepting the fact that VFSGSL was supposed to develop IT solution by the end of February 2015, the Vice Chairman, BDA stated (June 2019) that since the Government had decided (March 2015) to engage another agency for developing IT solution for building plan approval process during the same period, automation work by the Process Manager was put on hold and manual process continued till August 2017. The Vice Chairman assured Audit, to examine the matter to take action as deemed proper.

Housing & Urban Development Department endorsed (November 2020) the reply of the BDA and did not offer any further comments. The fact, however, remained that BDA had not rescinded the contract from March 2015, when the Government had decided to develop IT solutions for plan approvals by another agency.

Thus, continuance of VFSGSL without development of IT solution did not fulfil the objective of outsourcing, as VFSGSL continued with the manual processes along with the existing officials of BDA. The entailed cost of ₹ 2.62 crore was thus, infructuous.

2.7 Loss of revenue due to idling of assets

Bhubaneswar Municipal Corporation could not get power supply for the newly constructed fruit market complex due to non-availability of space for transporting transformer. In absence of electricity, 78 shops could not be given on rent, which resulted in loss of revenue of ₹ 1.13 crore.

The Fiscal Management Principles of Orissa Fiscal Responsibility and Budget Management Act, 2005 called for utilisation of Government resources in such ways that give best value for money and best possible use of public assets.

Test check of records of Bhubaneswar Municipal Corporation (BMC) revealed (November 2018) that Housing and Urban Development Department, on recommendation of BMC, accorded (June 2013) administrative approval to the project 'Construction of fruit market in Ashok Nagar' at an estimated cost of ₹1.90 crore. The objective of constructing the market complex was to rehabilitate 77 fruit vendors whose unauthorised road side shops had been evicted by the administration in April 2004.

Audit noticed that construction of market complex with 78 shops was completed in August 2015 at an expenditure of ₹ 2.03 crore. The Commissioner of BMC also approved (January 2016) rent of the shops at ₹ 35 per sqft per month and one-time security deposit of ₹ 4 lakh per shop. However, none of the shops could be allotted to the identified allottees due to failure in getting power supply as of May 2019, as noticed during joint physical inspection of the market complex conducted by the officials of BMC in presence of Audit.

Photographs showing vacant shops in the market complex

Audit observed that in response to the request (August 2015) of BMC to Central Electricity Supply Utility (CESU) for supply of electricity from an existing 250 KVA transformer, CESU suggested BMC to upgrade the existing 250 KVA transformer to 500 KVA. BMC, however, failed to carry out upgradation since the space available for carrying 500 KVA to the designated point was not sufficient. BMC's subsequent request (August 2018) to CESU for effecting power supply from the existing 250 KVA substation had not been responded to by CESU till May 2019. Visit of the construction site by Audit (August 2020), revealed that the shopping complex is yet to be electrified even after lapse of 59 months (September 2015 to July 2020) of its completion.

Audit also observed that BMC had not considered provisions required to be made for availing power supply. As a result, the market complex even after lapse of 59 months of its completion could not be utilised, which resulted in loss of revenue of ₹ 1.13 crore[100] (calculated up to July 2020). Besides, the intended benefits of rehabilitating the evicted vendors could not fructify despite expenditure of ₹ 2.03 crore on construction of the market complex. Audit interviewed 7 out of 77 beneficiaries, who confirmed the fact of non-allotment of shops and also added that they were carrying out business using push carts with much difficulty under heat and rain.

The matter has been reported (May 2019) to Government. Reply is awaited (August 2020).

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[100] (A) 66 shops with room size – 7'4''x 9'6'' each *i.e.,* 69.66 sqft each
Rent of 66 rooms for 59 months @ ₹ 35 per sqft = 66*69.66*59*₹ 35= ₹ 94,93,961
(B) 12 shops with room size - 7'6.5"x 9'6'' each *i.e.,* 71.65 sqft
Rent of 12 shops for 59 months @ ₹ 35 per sqft = 12*71.65*59*₹ 35 = ₹ 17,75,487
(C) Total rent for 59 months for 78 shops (A+B) : ₹ 94,93,961 + ₹ 17,75,487 = ₹ 1,12,69,448

2.8 Undue favour to Team Admark advertising agency

Bhubaneswar Municipal Corporation neither rescinded contract with an advertising agency despite latter's failure to pay licence fee and interest thereon nor encashed bank guarantee. Thus, the chance of recovery of outstanding amount of ₹ 13.02 crore was remote.

The guidelines of the Finance Department, issued in February 2012, for procurement of goods provided that new rate contracts are to be made operative right after the expiry of the existing rate contracts without any gap. If a new rate contract is not concluded on time, extension of not more than three months, can be granted.

Audit noticed (November 2018) that Bhubaneswar Municipal Corporation (BMC) entered into a contract with M/s Team Admark, selected through competitive bidding for displaying advertisements in five advertisement zones[101] within the Bhubaneswar Municipal area. As per the terms of the contract, the contract period was three years from October 2014 to September 2017. M/s Team Admark would pay ₹ 13.14 crore to BMC for the first year of the contract towards license fee/ ground rent. The amount would increase by 10 *per cent* and 20 *per cent* in the second and third years of the contract respectively. M/s Team Admark would pay the amount in monthly instalments by 25th of every month. In case of delay in payment, late fee/ interest at the rate of two *per cent* would be charged on the unpaid amount. In case of default in payment up to one quarter, the contract would be liable to be terminated and the bank guarantee (BG) submitted by M/s Team Admark would be forfeited.

During October 2014 to September 2017, *i.e.*, the tenure of the contract, the agency did not pay license fee as per the schedule fixed in the agreement. As a result, license fee and interest amounting to ₹ 9.07 crore[102] was outstanding against the agency at the close of the contract period. However, no action was taken by BMC to encash the Bank Guarantee of ₹ 3.33 crore[103], within its validity period (September 2017) in order to recover a part of the arrear license fee. Further, despite such deviation in payments by the agency, BMC extended (September 2017 and September 2018) the contract twice[104] on the grounds of non-finalisation of advertisement plan for floating fresh tenders. During the extended period (October 2017 to September 2019) of the contract, the agency continued to default in making payments. Thus, the total outstanding amount stood at ₹ 13.02 crore (as of September 2018). Further, BMC irregularly extended the contract period in (September and December 2018) without instructing the agency to submit fresh Bank Guarantee for the extended period of contract.

Thus, BMC extended undue favour to the agency by not rescinding the contract despite regular default in payments of license fees, not encashing the BG within the currency period, and extending the contract period twice

[101] East, West, Central, North and South
[102] License fee: ₹ 6.17 crore and Interest: ₹ 2.90 crore
[103] Value of bank guarantee did not include guarantee towards performance of contract in western and southern zone due to change in advertising space, as claimed by Team Admark
[104] October 2017 to September 2018 and October 2018 to September 2019

without either ensuring recovery of arrear dues and/ or not obtaining BG for the extended period. In absence of any BG, recovery of outstanding licence fee (₹ 9.31 crore) and interest thereon was remote.

The Deputy Commissioner, BMC stated (November 2018) that a committee was formed (January 2018) to determine the amount of arrear licence fee to be paid by the agency and action would be taken on the basis of the report of the committee. The fact, however, remained that BMC instead of taking timely action by invoking BG and termination of contract extended the contract without insisting for clearance of past dues and thus, allowed undue favour to the agency.

The matter has been reported (May 2019) to Government. Reply is awaited (August 2020).

Labour and Employees' State Insurance Department

2.9 Extra expenditure of ₹ 1.47 crore towards training cost

Adoption of pre-revised rate of annual increase of training cost in the Memorandum of Understanding led to extra expenditure amounting to ₹ 1.47 crore.

Director General, Employment and Training (DGE&T), GoI, formulated (October 2014) the "Recognition of Prior Learning (RPL) scheme for construction workers". The RPL scheme was formulated to recognise and upgrade the skill acquired by construction workers and to bring them into mainstream for improving the productivity and enhancing their dignity. The scheme was launched (November 2014) as a pilot in the States of Haryana, Delhi and Telangana with training cost at ₹ 27.50 per hour per person with a provision for annual increase by 10 *per cent* from every financial year starting from 1 April. During the approval of the scheme (November 2014), DGE&T revised the rate of increase of training cost from 10 *per cent* to ₹ 2.50 at the beginning of each financial year. Thereafter, the scheme was adopted by other states.

Odisha Building and Other Construction Workers' Welfare Board[105] (OB&OCWWB), functioning under the Labour and Employees' State Insurance Department (L&ESI), is responsible for taking measures for welfare of labourers in the State out of the labour cess collected by it.

Audit scrutiny (January 2019) of records of OB&OCWWB revealed that L&ESI Department approved (December 2014) draft Memorandum of Understanding (MoU) with the provision to increase the pre-revised training cost by 10 *per cent* annually. Accordingly, the Labour Commissioner-*cum*-Member Secretary, OB&OCWWB signed (January to April 2015) MoUs with six GoI empanelled training providers[106] for imparting the training. These training providers imparted 4,88,20,020 hours of training to 4,12,273

[105] Established under the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, l996, a Central Act

[106] 1-Labour Net Services India Private Limited, 2-IL & FS Skills, 3-G&G Skills Developers Private Limited, 4-Bhaskar Foundation, 5-Sushil Bahuddeshiya Shikshan Shanstha and 6-OP Jindal Community College

registered workers and were paid ₹ 175.21 crore during 2014-19 (as of January 2019).

Audit observed that L&ESI Department, instead of adopting the revised training cost[107] fixed in November 2014, adopted the pre-revised rate[108]. Though the fact of revision of rate was known to the Board during January 2015, it did not modify the rate while signing the MoU. As a result, against an amount of ₹ 167.80 crore required to be paid to the training providers as per the revised training cost, an amount of ₹ 175.21 crore was paid to them. This resulted in extra expenditure of ₹ 7.41 crore (***Appendix 2.9.1***). On this being pointed out in Audit, the Labour Commissioner-*cum*-Member Secretary, OB&OCWWB had recovered (March to August 2019) ₹ 5.94 crore from five training providers[109]. Recovery of balance amount of ₹ 1.47 crore from one training provider[110] is awaited (October 2019).

The Labour Commissioner-*cum*-Member Secretary, OB&OCWWB had assured (June 2019) that the balance amount of ₹ 1.47 crore would be recovered from the remaining one training provider. Further development in the matter is awaited (August 2020).

General Administration and Public Grievance Department

2.10 Loss of revenue to the government due to delay in adoption of revised land value

Delay in adoption of Benchmark Value of land prescribed by Revenue and Disaster Management Department for realisation of conversion fee and differential premium for conversion of leasehold to freehold land resulted in loss of revenue amounting to ₹ 1.95 crore.

General Administration and Public Grievance Department (GAD), Government of Odisha is responsible for allotment of land under Bhubaneswar Municipal Corporation (BMC) area. It allots land to individuals, institutions, organisations, government departments for various purposes[111] on lease basis. In order to provide transferable and heritable rights to residential lease holders, Government of Odisha (GoO) formulated the Conversion Scheme, 2003. As per the Conversion Scheme, the leasehold plot could be converted to freehold on payment of conversion fees at the rate of five to 20 *per cent*[112] of prevailing

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107 Training cost for the initial year (2014-15) was ₹ 27.50 per hour and incremental increase @ ₹ 2.50 increase for subsequent years. Accordingly, training cost per hour for 2015-16 is ₹ 30, 2016-17 is ₹ 32.50, 2017-18 is ₹ 35 and so on

108 Training cost for the initial year (2014-15) was ₹ 27.50 per hour with provision for increase by 10 *per cent* in succeeding years. Accordingly, training cost per hour for 2015-16 is ₹ 30.25, 2016-17 is ₹ 33.275, 2017-18 is ₹ 36.60 and so on

109 1-Labour Net Services India Private Limited: ₹ 3.10 crore, 2-IL&FS skills: ₹ 0.44 crore, 3-G&G Skills Developers Private Limited: ₹ 1.99 crore, 4-Sushil Bahuddeshiya Shikshan Shanstha: ₹ 0.34 crore and 5-OP Jindal Community College: ₹ 0.07 crore

110 M/s Bhaskar Foundation

111 Residential, industrial, commercial and other developmental purposes

112 Five *per cent* in case building constructed as per approved plan; 10 *per cent* in case building constructed with deviation from approved plan or left vacant; 20 *per cent* where the lessee had used the land for institutional or commercial purpose

market value of land *i.e.*, Benchmark Value (BMV)[113] value of land. Where land was initially allotted at a concessional value, the allottees were to pay the differential value between the concessional value and value of land prevailing at the time of conversion.

Audit noticed (January 2018) that up to the year 2009, the GAD charged conversion fee on the basis of value of land determined by it. However, GAD decided (December 2009) to adopt value of land *i.e.*, BMV fixed by the Revenue and Disaster Management (R&DM) Department. Since 2009, the R&DM Department had revised BMV of land on four different occasions between 2011 and 2016.

Audit test-checked 271 conversion cases approved during 2010-16 and in 27 cases, it was noticed that due to non/ delay in adoption of revised BMV by GAD, Government sustained loss of revenue of ₹ 1.95 crore, as detailed in the table below:

Table 2.10.1: Loss of revenue due to delay/ non adoption of revised BMV

Date of revision of BMV by R&DM	Date of adoption of BMV by GAD	Delay in adoption (in days)	Number of cases	Loss of revenue (₹ in lakh)
25 February 2011	16 June 2012	477	13	141.59
01 May 2013	Not revised	-	11	36.11
20 October 2014	24 December 2014	65	1	16.98
10 May 2016	07 September 2016	120	2	0.32
Total			**27**	**195.00**

(Source: Records of GAD)

Audit also observed that GAD had no mechanism in place to give immediate effect to the revised BMV as and when the same was revised by the R&DM Department. Also, there was no monitoring mechanism to ensure that proper BMV was adopted for charging conversion fee while processing by the GAD.

Thus, due to non/ delay in adoption of BMV of land fixed by R&DM Department for charging conversion fee, Government sustained a loss of ₹ 0.94 crore towards conversion fee and ₹ 1.01 crore towards differential value of the land.

GA Department stated (August 2019) that conversion fee/ premium had been determined on the basis of BMV in force on the date of application and therefore, there was no short recovery. The reply is not correct since BMVs adopted in these 27 cases were pre-revised and lesser than those notified by the R&DM Department. The GA Department had adopted revised BMV with delays ranging from 65 to 477 days from revision effected by the R&DM Department, leading to a loss of revenue to the tune of ₹ 1.95 crore.

113 Market value of land fixed by Government from time to time

Rural Development Department

2.11 Wasteful expenditure of ₹ 4.22 crore

Taking up the bridge works without complying with the provisions of Inland Waterways Authority of India and non-adherence to subsequent instructions led to midway closure of work, resulting in wasteful expenditure of ₹ 4.22 crore.

Inland Waterways Authority of India (IWAI) of Government of India is empowered with regulation and development of inland waterways for purposes of shipping and navigation as per Section 14 (1) (g) of the Inland Waterways Authority of India Act, 1985. IWAI declared[114] (April 2009) the Talcher-Dhamra stretch of Brahmani river and Mangalgadi-Paradip stretch of Mahanadi Delta River as National Waterways (NW-5) and stated that the construction of all bridges/ other structures across the NW-5 could commence only after obtaining its concurrence on horizontal and vertical clearance[115] of the bridges/ other structures. The alignment coming under NW-5 includes a stretch of river Kani in Kendrapara district and Tantiaghai in Jajpur district.

Audit noticed (November 2018) that the bridge work over Kanthia Nallah and Chingudia Nallah were taken up over Kani and Tantiaghai River system by Kendrapara-II and Jajpur-I Rural Works Divisions respectively. Rural Development (RD) Department had accorded (May 2011 and June 2013) Administrative Approval (AA) and the Chief Engineer (CE), Rural Works (RW) had accorded (May 2011 and July 2013) Technical Sanction (TS) for construction of both the bridges at a cost of ₹ 13.51 crore[116]. The respective Executive Engineers (EE) awarded (December 2011 and December 2013) the works at a total value of ₹13.92 crore[117] with stipulation to complete the bridge works by December 2013 and December 2015 respectively.

Audit observed that the technical sanctions granted by CE of RW Department were not submitted to IWAI for their concurrence as required under the provisions of IWAI Act, which was reiterated by the IWAI as early as in April 2009. Based on the technical sanctions, the works were awarded subsequently. Thus, the provisions of the IWAI Act had not been adhered to before commencement of the works. Subsequently, in a meeting between the Chief Secretary, Government of Odisha (GoO) and IWAI in December 2013, IWAI authorities urged GoO to maintain required navigational clearance in the proposed bridges. Despite such reminder, the designs of the bridges were neither reviewed nor were efforts made to obtain clearance from IWAI. While the construction works were in progress, IWAI again reported to the Chief Secretary (August 2014) against construction of bridges over NW-5 without obtaining its clearance with regard to required navigational clearance. The Chief Secretary, in November 2014, instructed for a review of the ongoing bridge works coming under stretches across NW-5. IWAI also requested (December 2014) the Engineer-in-Chief (EIC), RW Department to stop the

[114] Office Memorandum No. IWAI/PL-8(2)/2002/GEN/NW-5 Dated: 23 April 2009
[115] Horizontal clearance: 50 metre and vertical clearance: 7 metre
[116] Kanthia Nallah: ₹ 7.59 crore and Chingudia Nallah: ₹ 5.92 crore
[117] Kanthia Nallah: ₹ 8.18 crore and Chingudia Nallah: ₹ 5.74 crore

ongoing works. Despite such instructions, the designs of the bridges were neither reviewed nor stopped by the RD Department.

The EEs of Kendrapara-II and Jajpur-I Rural Works Divisions sought clearance of IWAI much later, *i.e.*, in April, May and June 2016. The same was turned down (June and July 2016) by the IWAI on the ground that designs of the bridges with reference to the vertical/ horizontal clearances were not as per the prescribed parameters. Consequently, the EIC, RW issued instructions for stopping the works in December 2016 and January 2017. By this time expenditure of ₹ 4.22 crore had already been incurred on these bridge works.

Thus, the EIC, RD Department did not comply with the provisions of the IWAI Act while granting technical sanction and instead proceeded with the award of construction of work. Moreover, the EIC did not heed further advisories of the IWAI to examine the designs of the bridges and continued with the construction. This established the fact that the EIC violated the provisions in place to regulate constructions over National Waterways, thereby rendering ₹ 4.22 crore spent on construction works, wasteful.

RD Department, while confirming (September 2019) the fact of receipt of intimation in August 2014 to maintain appropriate navigational clearance in the proposed bridges stated that the executed works would be incorporated in the revised design conforming to IWAI's requirement. The fact, however, remained that the RW Divisions concerned stopped the works after almost two and half years of receipt of aforesaid intimation from IWAI. Further, the General Alignment Drawing as per IWAI guidelines had not been finalised as of September 2019. Therefore, the expenditure of ₹ 4.22 crore remained wasteful.

Health and Family Welfare Department

2.12 Idle expenditure of ₹ 5.96 crore

Construction of Maternal and Child Health building without making plan for its operationalisation led to idling of the building, thereby rendering the expenditure of ₹ 5.96 crore incurred on construction of the building idle.

Under National Health Mission, 100/50/30 bedded Maternal and Child Health (MCH) wings are to be established in District Hospitals/ Sub-Divisional Hospitals/ Community Health Centre (CHC) to provide comprehensive health care services to mothers and neonates under one roof.

On scrutiny of records (January 2019) of the Chief District Medical and Public Health Officer (CDM&PHO), Puri, Audit noticed that a decision was taken (March 2013) in a meeting to review the preparedness for 'Nabakalebar[118] 2015', to upgrade the Primary Health Centre (PHC) at Konark to a 30-bedded hospital, which would cater to the healthcare needs during the Nabakalebar festival. Health and Family Welfare (H&FW) Department accorded (9 January

[118] The Nabakalebara 2015 was a celebration of the ancient ritual of the Nabakalebara, associated with Jagannath Temple when the idols of Lord Jagannath, Balabhadra, Subhadra and Sudarshan are replaced by a new set of idols

2014) administrative approval for construction of one 30-bedded MCH building and 10 staff quarters at Konark. The construction work was entrusted to the Executive Engineer (EE), Roads and Buildings (R&B) Division, Puri. The EE completed the MCH building and staff quarters at an expenditure of ₹ 5.96 crore and ₹ 97.63 lakh respectively. The MCH building and staff quarters were handed over to the CDM&PHO, Puri in March 2016 and May 2016 respectively.

Audit noticed that construction of the MCH building could not be completed by the time of Nabakalebar festival (*i.e.* by July 2015). Thus, the primary purpose of upgradation was not fulfilled. During the joint physical inspection (January 2019) of the constructed infrastructure, Audit noticed that out of three floors of MCH building, only the ground floor was being used for the outpatient department of PHC, Konark from May 2016 and the remaining two floors remained vacant. The PHC, despite having its own building was shifted to the ground floor of the newly

constructed building. The old PHC building was being used as meeting hall and store room. Further, out of 10 staff quarters, five staff quarters (construction cost: ₹ 57.13 lakh) had remained vacant as of February 2019.

Audit observed that an MCH was to be established at District Headquarters Hospitals/ Sub-Divisional Hospitals/ Community Health Centre as per the National Health Mission (NHM) guidelines, 2013. Hence, the decision of the Department to construct an MCH building at Konark PHC, was in deviation from the NHM guidelines, 2013 and was injudicious. Even after three years of construction of the MCH building, no initiative had been taken for upgrading the PHC to a CHC for operationalisation of the MCH building. As a result, the building remained unutilised for the intended purpose since March 2016, resulting in expenditure of ₹ 5.96 crore incurred for its construction remaining idle.

The CDM&PHO stated (February 2019) that the MCH building was proposed to be converted to Urban CHC for better health care facility. The reply supports the fact that the building is being utilised sub-optimally.

The matter has been reported (May 2019) to Government. Reply is awaited (August 2020).

Revenue and Disaster Management Department

2.13 Irregular sanction of lease of land at concessional rate of premium

Irregular sanction of lease by the Collector and fixation of premium at concessional rate on the basis of Industrial Policy Resolution ignoring the fact of encroachment by Jindal India Thermal Power Limited (JITPL) amounted to extension of undue benefit of ₹ 2.30 crore to JITPL.

The Odisha Industrial Infrastructure Development Corporation (IDCO) acquires government as well as private land for industrial purposes and provides the same to the industrial houses for setting up of industries. Both Industrial Policy Resolution (IPR)[119], 2007 and IPR 2015 of Government of Odisha envisaged providing land for industrial and infrastructure development at concessional rates of premium.

Revenue and Disaster Management (R&DM) Department devised a principle in November 2010 for fixation of premium, interest and penalty for land leased to private parties. It was envisaged therein that the land occupied without prior approval of the competent authority shall be treated as encroachment and shall be liable to eviction. However, in exceptional cases, where the government, due to good and sufficient reasons, considers a piece of land for settling[120], the occupier would be required to pay a premium calculated at the market value of the land prevailing on the date of occupation with interest thereon for the entire period of occupation or, the market value as applicable in cases where the land is to be occupied after normal sanction of lease, whichever is higher. In such cases, the R&DM Department is the competent authority to approve the lease. Further, benefits of concessional rates of premium, if any, available under any policy of government for the specified purposes would not be applicable to such lease cases.

Audit noticed (December 2018) that Jindal India Thermal Power Limited (JITPL) applied (November 2011) for diversion of forest land for non-forestry use, *i.e.*, construction of approach road for its thermal plant at Kanhia, Angul district to the Forest and Environment (F&E) Department, Government of Odisha. Based on the recommendations (December 2013 and January 2014) of the F&E Department, GoI approved the final (Stage-II) diversion proposal[121] in September 2014. Upon approval of the diversion proposal by GoI, IDCO applied (May 2015) for lease of 12 acre of Government land under Kanhia Tahasil[122] to the Tahasildar, Kanhia for industrial use by JITPL. The Collector, Angul, on the recommendation of the Tahasildar, Kanhia and Sub-Collector, Talcher, granted (November 2017) lease of 12 acres of Government land in favour of IDCO for subsequent transfer to JITPL. As per the sanction order of

[119] An initiative of State Government formulated to create a conducive environment through an enabling policy and regulatory framework to drive sustainable industrial growth in the State

[120] Settlement denotes conferring Records of Right to a piece of land upon the legally rightful owner of government land

[121] Stage I approval accorded by GoI in February 2014

[122] In the villages of Takua and Derang

the Collector, Angul, IDCO was to deposit ₹ 72.95 lakh[123], as per the IPR 2015, towards one time lease premium of the land at the concessional rate, ground rent, cess, incidental charges and interest thereon. Interest on premium, ground rent, cess and incidental charges were calculated for three previous years since JITPL was in unauthorised occupation of the land. In this connection, Audit observed the following:

- On the basis of the reports of the Revenue Inspector of Kanhia Tahasil that JITPL was in unauthorised occupation of Government land since 2013, the Tahasildar, Kanhia had filed (October 2015) three encroachment cases against JITPL. Later, the Tahasildar inspected the sites and found (November 2015) that JITPL had also constructed roads connecting to its plant on these patches of land. The fact of encroachment being proved, the Tahasildar had imposed a penalty of ₹ 75,000 on JITPL which was realised in November 2015. Since it was proved that the JITPL was in unauthorised occupation of land, premium at concessional rate was not applicable for the land acquired for ultimate transfer to it, as per the principle devised by the R&DM Department in November 2010.
- The Tahasildar, while recommending (December 2015) for grant of lease to the Sub-Collector had mentioned the fact of encroachment of the land by JITPL in the case proceeding. This fact was, however, overlooked and land premium was calculated at concessional rates and was approved by the Sub-Collector and recommended to the Collector, Angul for approval. Finally, the Collector, Angul sanctioned the lease in November 2017 at ₹ 72.95 lakh. Despite the fact that they were aware of the encroachment of land by JITPL, as mentioned by the Tahasildar in the case proceeding, the Sub-Collector and Collector did not question the applicability of concessional rate of premium as per the IPR. Since lease at concessional rate was not applicable in the instant case, land premium at market value should have been charged as per the principle devised by the R&DM Department in November 2010.
- Audit calculated the land premium that would have been charged as per the aforesaid principle of R&DM Department. The market value of the land prevailing on the date of occupation (2013) with interest thereon for the entire period (for three years) of occupation was worked out to be ₹ 1.38 crore whereas market value on the date of sanction of lease (December 2015) was worked out to be ₹ 3.03 crore. Since the latter amount was higher, the land premium and other charges amounting to ₹ 3.03 crore should have been charged. Instead only ₹ 72.95 lakh was charged by the Collector, Angul. Thus, there was undercharging of land premium by ₹ 2.30 crore (Land premium at market value of ₹ 3.03 crore less land premium

[123] Premium: ₹ 48 lakh (at concessional rate of ₹ 4 lakh per acre as per IPR 2015), ground rent: ₹ 0.48 lakh, cess: ₹ 0.36 lakh, incidental charges: ₹ 4.80 lakh, interest on premium: ₹ 17.28 lakh, interest on ground rent: ₹ 0.17 lakh, interest on cess: ₹ 0.13 lakh and interest on incidental charges: ₹1.73 lakh

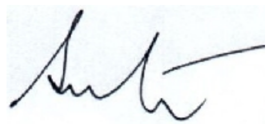
realised at concessional rate of ₹ 72.95 lakh), which amounted to extension of undue benefit to JIPTL.

- Further, only the Government (R&DM Department) was competent to sanction lease of encroached land as per the aforesaid instruction of November 2010. However, in the instant case, the Collector, Angul sanctioned the lease without obtaining approval of the Government, which was irregular.

Thus, irregular sanction of lease by the Collector and fixation of premium at concessional rate on the basis of IPR instead of market rates, ignoring the fact of encroachment by JITPL resulted in loss of revenue of ₹ 2.30 crore as well as extension of undue benefit to JITPL.

The R&DM Department while accepting the Audit observation, stated (April 2019) that JITPL was encroacher of Government land and therefore, was not eligible for regularisation of encroached land in its favour at concessional rate.

Action taken by the Department regarding recovery of the aforesaid amount is still awaited (August 2020).



Bhubaneswar
The 30 DEC 2020

(SMRITI)

Accountant General (Audit-I)
Odisha

Countersigned

New Delhi
The 7 JAN 2021

(GIRISH CHANDRA MURMU)

Comptroller and Auditor General of India

Appendices

Appendix 1.1
(Refer Paragraph 1.2)
Statement showing Audit jurisdiction of Accountant General (General and Social Sector Audit), Odisha

Sl. No.	Departments	Autonomous Bodies/ Public Sector Undertakings[1]
1.	Odia Language Literature and Culture	**Government Companies/ Corporations Under Section 19 (1)**
2.	Electronics and Information Technology	Odisha State Police Housing and Welfare Corporation Limited
3.	Finance	Odisha State Civil Supplies Corporation Limited
4.	Food Supplies and Consumer Welfare	Odisha State Medical Corporation Limited
5.	General Administration and Public Grievance	Odisha Rural Housing and Development Corporation Limited
6.	Health and Family Welfare	Bhubaneswar Smart City Limited
7.	Higher Education	Water Corporation of Odisha
8.	Home	Rourkela Smart City Limited
9.	Housing and Urban Development	**Under Section 19 (2)**
10.	Information and Public Relations	Odisha State Legal Services Authority and 30 District Legal Services Authorities
11.	Labour and Employees' State Insurance	Odisha Building and Other Construction Workers Welfare Board
12.	Law	**Under Section 19 (3)**
13.	Panchayati Raj and Drinking Water	Cuttack Development Authority
14.	Planning and Convergence	Berhampur Development Authority
15.	Revenue and Disaster Management	Bhubaneswar Development Authority
16.	Rural Development	Puri-Konark Development Authority
17.	School and Mass Education	Rourkela Development Authority
18.	Social Security and Empowerment of Persons with Disabilities	Kalinganagar Development Authority
19.	Sports and Youth Services	Paradeep Development Authority
20.	Scheduled Tribes and Scheduled Castes Development, Minorities & Backward Classes Welfare	Talcher-Angul-Meramunduli Development Authority
21.	Women and Child Development and Mission Shakti	Sambalpur Development Authority
22.	Science and Technology	
23.	Parliamentary Affairs	
24.	Public Enterprises	

[1] Excluding 111 bodies/ authorities substantially financed by the State Government and audited under Section 14 and 15

Appendix 1.2

(Refer Paragraph 1.6.1)

Department-wise and year-wise break up of the outstanding Inspection Reports (IRs) and Paragraphs up to June 2019

Sl. No.	Name of the Department	Up to 2015-16		2016-17		2017-18		2018-19		Total	
		No. of IRs	No. of Para	No. of IRs	No. of Paras	No. of IRs	No. of Paras	No. of IRs	No. of Paras	No. of IRs	No of Paras
1.	Odia Language Literature and Culture	29	132	9	76	9	70	0	0	47	278
2.	Electronics and Information Technology	10	92	0	0	2	23	2	24	14	139
3.	Finance	19	32	5	26	2	19	0	0	26	77
4.	Food Supplies and Consumer Welfare	46	86	10	36	8	56	0	0	64	178
5.	General Administration and Public Grievance	17	64	1	9	3	24	5	43	26	140
6.	Health and Family Welfare	642	1,660	55	467	40	471	9	166	746	2,764
7.	Higher Education	363	1,877	16	151	38	326	22	240	439	2,594
8.	Home	72	225	22	109	41	377	56	395	191	1,106
9.	Housing and Urban Development	330	3,510	57	891	30	339	29	389	446	5,129
10.	Information and Public Relations	69	219	2	12	0	0	1	12	72	243
11.	Labour and Employees' State Insurance	30	145	24	126	0	0	14	141	68	412
12.	Law	92	303	15	103	1	8	11	93	119	507
13.	Panchayati Raj and Drinking Water	3,239	12,969	77	1,284	135	1,721	87	976	3,538	16,950
14.	Parliamentary Affairs	14	31	3	26	0	0	0	0	17	57
15.	Planning and Convergence	54	200	6	64	7	52	1	8	68	324
16.	Public Enterprises	2	9	2	9	0	0	0	0	4	18
17.	Revenue and Disaster Management	1,491	3,917	45	488	75	832	60	797	1,671	6,034
18.	Rural Development	216	447	18	149	6	63	17	179	257	838
19.	School and Mass Education	961	3,186	37	380	14	256	13	301	1,025	4,123
20.	Science and Technology	17	75	1	21	2	34	2	22	22	152

Sl. No.	Name of the Department	Up to 2015-16		2016-17		2017-18		2018-19		Total	
		No. of IRs	No. of Para	No. of IRs	No. of Paras	No. of IRs	No. of Paras	No. of IRs	No. of Paras	No. of IRs	No of Paras
21.	Social Security and Empowerment of Persons with Disabilities	5	26	1	12	10	111	12	138	28	287
22.	ST and SC Development, Minorities and Backward Classes Welfare	291	1,223	67	722	25	315	11	114	394	2,374
23.	Sports and Youth Services	30	83	4	40	2	32	0	0	36	155
24.	Women and Child Development and Mission Shakti	697	2,678	65	1,297	1	11	46	494	809	4,480
Total		**8,736**	**33,189**	**542**	**6,498**	**451**	**5,140**	**398**	**4,532**	**10,127**	**49,359**

Appendix 1.3

(Refer Paragraph 1.6.1)

Statement showing outstanding paragraphs on serious irregularities

(₹ in lakh)

S. No.	Name of the Department	Cases of theft/ defalcation/ misappropriation		Loss of revenue		Shortage/ losses neither recovered nor written off		Total	
		No. of Para	Amount	No. of Para	Amount	No. of Para	Amount	No. of Para	Amount
1.	Panchayati Raj and Drinking Water	48	19.90	0	0	0	0	48	19.90
2.	Women and Child Development and Mission Shakti	4	676.47	1	2.98	0	0.00	5	679.45
3.	Scheduled Tribes and Scheduled Castes Development, Minorities and Backward Classes Welfare	3	2.96	0	0.00	4	390.73	7	393.69
4.	Labour and Employees' State Insurance	1	0.63	5	4,106.00	0	0.00	6	4,106.63
5.	Rural Development	0	0	21	4,132.47	9	141.19	30	4,273.66
6.	Social Security and Empowerment of Persons with Disabilities	3	1.97	0	0	0	0	3	1.97
7.	Higher Education	11	127.10	5	580.50	13	5,212.50	29	5,920.10
8.	School and Mass Education	16	373.21	11	1,759.65	31	2,011.50	58	4,144.36
9.	Health and Family Welfare	17	80.50	3	85.23	0	0	20	165.73
10.	Odia Language Literature and Culture	2	3.28	1	33.95	0	0	3	37.23
11.	Electronics and Information Technology	0	0	2	1,185.00	3	1,354.27	5	2,539.27
12.	Finance	0	0	1	276.00	0	0.00	1	276.00
13.	General Administration and Public Grievance	0	0	13	7,654.10	6	878.40	19	8,532.50
14.	Home	2	1.64	52	31,164.73	0	0	54	31,166.37
15.	Information and Public Relations	0	0	1	783.00	0	0	1	783.00
16.	Law	0	0	3	70.93	0	0	3	70.93
17.	Planning and Convergence	0	0	1	138.00	0	0	1	138.00
18.	Revenue and Disaster Management	23	624.22	132	16,221.86	112	13,691.59	267	30,537.67
19.	Science and Technology	0	0	3	262.30	3	29.66	6	291.96
	Total	**283**	**1,911.88**	**255**	**68,456.70**	**181**	**23,709.84**	**566**	**94,078.42**

Appendix 1.4
(Refer Paragraph 1.6.2)
Statement showing non-production of records/ vouchers

No. of units audited during 2018-19	No. of units that did not produce vouchers	Related Department	Amount involved *(₹ in lakh)*
462	20	Panchayati Raj and Drinking Water	150.73
121	2	School and Mass Education	30.88
35	4	Higher Education	1,227.28
83	4	Health and Family Welfare	110.05
38	2	Scheduled Tribes and Scheduled Castes Development, Minorities and Backward Classes Welfare	164.47
76	2	Women and Child Development and Mission Shakti	27.53
39	1	Rural Development	1.00
218	11	Revenue and Disaster Management	65.15
174	2	Home	7.05
1,246	**48**	**Total**	**1,784.14**

Appendix 1.5

(Refer Paragraph 1.8)

Statement showing significant recommendations of Public Accounts Committee (PAC) against which Action Taken Notes (ATNs) were outstanding from Departments

Year of Audit Report with para No.	PAC report number/ Recommendation No.	Name of the Department	Gist of the Audit para	Recommendation of PAC
3.14 of 1996-97	16th Report (15th Assembly)/118	Home	Inadmissible payment of Special Diet Allowance.	Action should be taken against the Departmental Secretary for not furnishing required compliance note.
3.8.4 of 1985-86	16th Report (15th Assembly)/225	Revenue and Disaster Management	Assistance to farmers for repair of damaged tube wells/ pumps etc.	Undue benefit got by the banks due to delay should be recovered from them and a system should be developed for quickly compensating the identified beneficiaries.
4.9 of 2005-06 (Revenue Receipts)	16th Report (15th Assembly)/266	Revenue and Disaster Management	Conversion of agriculture land for non-agricultural purpose.	Department should expedite the submission of reports on cases of Bhubaneswar and Sambalpur Tahasils, and fix responsibility on the officers responsible for non-submission of required compliance.
4.10 of 2005-06 (Revenue Receipts)	16th Report (15th Assembly)/267	Revenue and Disaster Management	Short demand of capitalised value.	Department should immediately intimate about the realisation of Government dues.
2.2.9 of 1988-89	16th Report (15th Assembly)/271	Science and Technology	Expenditure without provision.	Departmental action should be taken against the officer responsible for overdrawal of money for expenditure and initiate action against officers responsible for non-monitoring such cases.
3.18 of 1995-96	17th Report (15th Assembly)/163	Higher Education	Misappropriation and losses.	Departmental Secretary should review the cases and furnish the detailed report at the earliest.
7.11 of 1993-94	17th Report (15th Assembly)/304	Panchayati Raj and Drinking Water	Unfruitful expenditure on incomplete water harvesting structure.	Department should collect the information on audit objections and submit it to the Committee.
4.14 of 1983-84	17th Report (15th Assembly)/310	Rural Development	Supply of drinking water to problem villages.	Department should initiate departmental proceeding against the concerned errant officials for not furnishing the required ATNs.
4.30 of 1990-91	17th Report (15th Assembly)/362	Rural Development	Doubtful execution of work.	Action should be taken on the concerned officers for non-furnishing the report of high level enquiry or State Vigilance.

Year of Audit Report with para No.	PAC report number/ Recommendation No.	Name of the Department	Gist of the Audit para	Recommendation of PAC
4.20 of 1991-92	17th Report (15th Assembly)/372	Rural Development	Extra expenditure due to delay in finalisation of designs.	Criminal proceeding should be initiated against the concerned retired Chief Engineer, Superintending Engineer and Executive Engineer for failure to discharge their duties causing extra expenditure.
4.10.08 (b) of 1995-96	17th Report (15th Assembly)/417	Rural Development	Other point of interest - Theft or loss of materials.	Disciplinary action should be taken to punish the errant officials and to recover the Government money of ₹ 45.45 lakh from them.
4.12 of 1995-96	17th Report (15th Assembly)/419	Rural Development	Extra liability on the work of high-level bridge over river Luna due to wrong selection of site, survey and investigation and non-finalisation of detailed drawing and design prior to award of work.	Fix responsibility on the officers responsible for approving the said defective drawing layout to take suitable action against them.
3.16 of 1995-96	17th Report (15th Assembly)/518	School and Mass Education	Irregular expenditure on pay and allowances due to irregular appointment of craft teachers.	Stern penal action on the then Director should be taken for not submitting the investigation report in time.
3.2 of 1996-97	17th Report (15th Assembly)/540	School and Mass Education	Advance of ₹ 3.94 crore are still outstanding against M/s Konark TV Limited towards supply of colour televisions.	Take action on the officer(s) responsible for not furnishing details of agreements with M/s Konark TV Limited and the reasons for non-finalisation of tender towards purchase of colour TVs worth ₹ 1 crore.

(Source: Reports of Public Accounts Committee)

Appendix 2.1.1

(Refer Paragraph 2.1.4.1)

Statement showing status of recovery of penalty from suppliers in respect of 30 purchase orders (POs) which were not executed

(*Amount in ₹*)

Sl. No.	PO No.	Date of PO	Name of the supplier	PO value	Performance security not recovered/ forfeited
1.	CR 17451	08 September 2017	Modern Laboratories	96,000	4,800
2.	CR 18289	20 April 2018	Ms. Biogenetic Drugs Private Limited	52,88,650	2,64,433
3.	CR 17377	05 August 2017	Sterimed Medical Devices	2,67,542	13,377
4.	CR 18728	17 July 2018	La Chemico Private Limited	9,86,912	49,346
5.	CR 18718	17 July 2018	Ms. Aurio Pharma Laboratories	9,32,663	46,633
6.	CR 18753	18 July 2018	Super Formulation Private Limited	82,826	4,141
7.	CR 18919	01 September 2018	Aurio Pharma Laboratories	21,73,899	1,08,695
8.	CR 18915	01 September 2018	Puskar Pharma	4,54,948	22,747
9.	CR18762	19 July 2018	Adroit Pharmaceuticals Private Limited	30,20,588	1,51,029
10.	CR 16677	16 November 2016	Maxmed Lifesciences Private Limited	2,45,140	12,257
11.	CR 16779	27 December 2016	Med Manor Organics Private Limited	4,36,800	21,840
12.	CS 16802	21 February 2017	Mannequin Pharmaceuticals Private Limited	7,74,871	38,744
13.	CR 17192	25 July 2017	Baxalata Bioscience India Private Limited	3,06,27,000	15,31,350
14.	CR 17705	27 November 2017	Adroit Pharmaceuticals Private Limited	11,75,308	58,765
15.	CR 18272	20 April 2018	Puskar Pharma	1,94,181	9,709
16.	CR 16729	02 December 2016	Unicure India Limited	1,41,63,750	7,08,188
17.	CR 16791	27 December 2016	Biochem Healthcare Private Limited	40,95,300	20,47,65
18.	CR 16792	27 December 2016	Biochem Healthcare Private Limited	24,52,532	1,22,627
19.	CR 17324	05 August 2017	Kwality Pharmaceuticals Limited	4,38,000	21,900
20.	CR 16105	02 April 2016	Om Biomedic Private Limited	46,96,458	2,34,823
21.	CS 16049	02 April 2016	Bubuna Chemicals	6,55,654	32,783
22.	CS 16090	02 April 2016	Bubuna Chemicals	3,25,365	16,268

Sl. No.	PO No.	Date of PO	Name of the supplier	PO value	Performance security not recovered/ forfeited
23.	CR 17659	08 November 2017	Zurich Healthcare	1,66,38,993	8,31,950
24.	CR 16854	22 February 2017	Yeluri Formulations Private. Limited	31,41,788	1,57,089
25.	CS 16524	01 November 2016	Novo Pharmaceuticals Private Limited	14,89,440	18,618
26.	CS 16541	01 November 2016	Novo Pharmaceuticals Private Limited	4,14,441	5,181
27.	CS 16095	02 April 2016	Novo Pharmaceuticals Private Limited	3,25,365	4,067
28.	CR 18108	01 February 2018	Hindustan Syringes and Medical Devices Limited	6,27,626	31,381
29.	CR 18885	14 August 2018	Rusan Pharma Limited	81,000	4,050
30.	CR 18423	22 May 2018	Healthylife Pharma Private Limited	2,16,655	10,833
			Grand Total	**9,65,19,695**	**47,42,389**

(Source: Data supplied by Odisha State Medical Corporation Limited)

Appendix 2.1.2

(Refer Paragraph 2.1.4.1)

Statement showing details of suppliers who defaulted in execution of Purchase Orders (POs) and issued with supply orders in subsequent years

(Amount in ₹)

Sl. No.	Names of firms	Value of POs placed in 2017-18	Value of POs placed in 2018-19	Total value of POs
1.	Phyto Pharmaceutical Private Limited, Cuttack	1,17,66,343	3,35,57,034	4,53,23,377
2.	Salud Care India Private Limited, Ahmedabad	50,59,057	0	50,59,057
3.	Unicure India Limited, Noida, Uttar Pradesh	2,30,97,641	69,51,686	3,00,49,327
4.	United Biotech Private Limited, New Delhi	20,23,520	0	20,23,520
5.	Scott-Edil Pharmacia Limited, Chandigarh	20,03,166	0	20,03,166
6.	Kwality Pharmaceuticals Limited, Amritsar, Punjab	78,05,535	0	78,05,535
7.	Health Biotech Limited, Chandigarh	1,19,72,418	0	1,19,72,418
8.	Modern Laboratories Indore, Madhya Pradesh	2,15,28,111	5,43,43,435	7,58,71,546
9.	Bio-Med Healthcare Products Private Limited, Haryana	83,41,100	0	83,41,100
10.	Biogenetic Drugs Private Limited, Jaipur, Rajasthan	9,53,16,353	13,01,82,299	22,54,98,652
11.	Medicamen Biotech Limited, South Delhi	1,02,79,614	0	1,02,79,614
12.	Cipla Laboratories Limited Bhanpur, Cuttack	96,81,459	0	96,81,459
13.	Celon Laboratories Private Limited, Hyderabad	0	1,27,16,749	1,27,16,749
14.	Gouri Cottons, Dhenkanal	0	59,17,459	59,17,459
15.	Nestor Pharmaceuticals Limited, Gurgaon	0	7,99,98,106	7,99,98,106
16.	Swiss Parenterals Limited, Ahmedabad	0	1,04,42,585	1,04,42,585
17.	Adroit Pharmaceuticals Private Limited, Nagpur		1,15,62,727	1,15,62,727
	TOTAL	**20,88,74,317**	**34,56,72,080**	**55,45,46,397**

(Source: Data supplied by Odisha State Medical Corporation Limited)

Appendix 2.2.1

(Refer Paragraph 2.2.2.2)

Statement of projects sanctioned in excess of financial eligibility

Sl. No.	Project Implementing Agency (PIA)	Average turnover	Value of on-going project	Value of project eligible for award[2]	Value of project awarded	Excess of project value awarded	Month and year of award
		(₹in crore)					
1.	NICE Computer Education Society	1.98	3.65	4.27	5.21	0.94	September 2016
2.	Black Panther Guards and Services Private Limited	8.07	17.67	14.61	31.57	16.96	March 2018
3.	Edujobs Academy Private Limited	10.63	41.82	0.71	29.26	28.55	September 2018
4.	Kartavya Consultants Private Limited	2.84	5.75	5.61	11.40	5.79	January 2017
		4.28	30.42	0	24.69	24.69	July 2018
	Total			**25.20**	**102.13**	**76.93**	

(Source: Records of Odisha Rural Development and Marketing Society)

2 Value of Project eligible= 4 times of turnover – cost of ongoing projects

Appendix 2.2.2

(Refer Paragraph 2.2.3.1)

Statement showing false bank statements submitted by Project Implementing Agencies (PIAs)

Names of the candidates	Year of training	Remarks
1. Krushna Gahir 2. Labanya Gahir 3. Sambhu Charan Bhoi 4. Amit Gahir 5. Prakash Chandra Nayak	2016	The PIA had submitted bank statement of 76 candidates. All these candidates had salary accounts in ICICI banks. It was noticed that bank account numbers in respect of five candidates had 13 digit numbers. However, ICICI bank, uses 12 digit numerals for identification of bank accounts[3]. Thus, the bank statements submitted by the PIA in respect of five candidates were fake and genuineness of their employment appears doubtful.
6. Sasmita Pradhan 7. Padmalaya Nag 8. Padmavati Behera 9. Durga Charan Panipatra 10. Swarnaprava Pradhan 11. Sukanti Barik 12. Milli Nayak 13. Sumitra Biswal 14. Ranjit Barik 15. Sushribala Jena	2016	The arithmetical accuracies in the bank statements were wrong.
16. Naresh Mahal 17. Ajit Bandichod 18. Rojaline Dash 19. Suchismita Behera	2016	Transaction dates in bank statements were either not in chronology or incorrect.
20. Phulamani Dehuri	2016	In the bank statement of the candidate from the ICICI bank, the logo of the bank was found to be placed in the middle of the page unlike other statements from the same banks where the logo is placed on the top of the page. Thus, the authenticity of the statement appears doubtful.
21. Shri Kanhucharan Barik	2016	Bank statement of one candidate with two account numbers
22. Mitanjali Pani	2016	Bank account number and name shown differently in statement.

(Source: Records of Odisha Rural Development and Marketing Society)

[3] Letter dated 31 December 2012 of the Reserve Bank of India

Appendix 2.2.3

(Refer Paragraph 2.2.4.4)

Statement of irregular release of instalments to the Project Implementing Agencies (PIAs)

Sl. No.	PIA	Project No.	Project cost *(₹ in crore)*	No. of instalment	Instalments released by ORMAS *(₹ in crore)*	Placement eligible for release of second instalment *(in per cent)*	Placement as per audit calculation *(in per cent)*	Amount due as per audit *(₹ in crore)*	Excess release *(₹ in crore)*
1.	Centum Workskills India Limited	1	7.67	2	3.35	65	57	0	3.35
2.	Edujobs Academy Pvt. Ltd.	2	5.96	2	2.77	50	46	0	2.77
3.	NIAM Educational Foundation	1	4.92	2	2.26	50	47	0	2.26
4.	Nice Computer Educational Society	1	1.11	2	0.58	65	0	0	0.58
5.	Nice Computer Educational Society	2	3.71	2	1.76	65	63	0	1.76
6.	Abbey West Services Pvt. Ltd.	1	1.55	3	0.11	65	61	0	0.11
	Total		**24.92**		**10.83**				**10.83**

(Source: Records of Odisha Rural Development and Marketing Society)

Appendix 2.2.4

(Refer Paragraph 2.2.4.6)

Statement of non-performing Project Implementing Agencies (PIAs)

Sl. No.	Name of the PIA	Date of release of fund	Amount of fund released (₹ in lakh)	Total candidates placed as per MIS data as of November 2019
1.	Octavio Solutions Private Limited	17 August 2016	39.07	0
2.	RVS Educational Trust	12 January 2016	72.46	0
3.	All India Asian Education Foundation	28 July 2015	140.57	103
4.	All Services Global Private Limited	08 December 2015	74.99	124
5.	APITCO Limited	10 December 2014	69.74	668
6.	Apollo Medskills Limited	28 September 2015	86.73	494
7.	Apollo Technical Education Foundation	03 July 2015	53.24	139
8.	Educomp Solutions	23 July 2015	89.73	520
9.	Everonn Skill Development Limited	29 November 2014	149.48	216
10.	ICFE Skill Solutions	03 June 2015	35.35	110
11.	India Can Education Private Limited[4]	08 September 2014 and 13 October 2016	342.14	1,198
12.	IndiaCan Education Private Limited	23 May 2017	194.27	94
13.	King ManPower Solution Private Limited[5]	06 August 2014 and 12 January 2016	92.90	234
14.	Laurus Edutech Private Limited	04 September 2015	37.50	44
15.	Orion Security Solutions Private Limited	23 December 2014	37.19	309
16.	Orissa Education and Charitable Trust[6]	15 February 2016 and 19 August 2017	157.59	269
17.	Skill Ventures Private Limited	09 June 2014	34.15	94
18.	Skill Education Private Limited[7]	29 November 2014 and 18 January 2016	161.27	609
19.	Skill Education Private Limited	25 February 2016	105.55	570
20.	Sum Drishti Education Society	04 December 2014	37.37	731
	Total		**2,011.27**	**6,526**

(Source: Records of Odisha Rural Development and Marketing Society)

[4] Paid in two instalments of ₹ 112.11 lakh and ₹ 230.03 lakh

[5] Paid in two instalments of ₹ 30.54 lakh and ₹ 62.36 lakh

[6] Paid in two instalments of ₹ 51.42 lakh and ₹ 106.17 lakh

[7] Paid in two instalments of ₹ 53.24 lakh and ₹ 108.03 lakh

Appendix 2.3.1

(Refer Paragraph 2.3)

Statement showing cash in hand with Gram Panchayat officials

Sl. No.	Name of the GP	Details of Irregularities	Amount involved (in ₹)	Dates of retention of money	Period of retention	Total amount (in ₹)
1.	Nuagaon GP	Cash in hand with ex-PEO and with ex-Secretary	6,875 3,855	18 March 2016 to 29 March 2018	24 months.	10,730
2.	Chandinimal GP	Cash in hand with ex-Secretary And with Ex-Nayab Sarpanch.	1,808 5,000	21 January 2013 to 16 May 2018	65 months	6,808
3.	Kesdurapal GP	Cash in hand with Ex-Sarpanch	1,93,329	21 March 2017 to 18 March 2018	12 months	1,93,329
4.	Mahima GP	Cash in hand with Ex-PEO	3,400	23 August 2016 to 25 March 2018	19 months	3,400
		Cash in hand with Ex-PEO	45,900	July 2016 to March 2018[8]	21 months	45,900
5.	Karadapada GP	Cash in hand with Ex-PEO	14,796	17 June 2017 to 11 March 2018	9 months	14,796
6.	Bahadalpur GP	Cash in hand with Ex-PEO.	2,000 1,300	7 October 2017 to 10 November 2018 and 19 January 2018 to 17 November 2018	13 months 10 months	3,300
7.	Kalaskhaman GP	Cash in hand with Ex-PEO	35,590	26 September 2017 to 9 March 2018	5 months	35,590
8.	Narla GP	Cash in hand with Ex-Sarpanch	20,000 30,000	1 July 2012 to 11 June 2018 11 June 2015 to 20 June 2018	72 months 36 months	50,000
9.	Rameswar GP	Cash in hand with Ex-Secretary	41,220 4,241	2 July 2017 to 30 March 2018 8 September 2017 to 30 March 2018	9 months 7 months	45,461
10.	Korukonda GP	Cash in hand with Ex-PEO	20,765 88,329	19 March 2016 to 30 March 2018 5 May 2017 to 30 March 2018	24 months 11 months	1,09,094
11.	Sarapari GP	Cash in hand with Ex-PEO Cash in hand with Ex-Sarpanch	9,047 2,250	30 September 2015 to 8 March 2018 30 September 2015 to 8 March 2018	29 months 29 months	11,297
12.	Deypur GP	Cash in hand with Ex-PEO	86,500	15 March 2016 to 31 March 2018	24 months	86,500
		Total				**6,16,205**

(Source: Records of respective test checked Gram Panchayats)

8 Exact dates were not mentioned in the Cash Books

Appendix 2.3.2
(Refer Paragraph 2.3)
Statement showing irregularities in maintenance of cash books

Sl. No.	Name of the Gram Panchayat (GP)	Nature of Irregularities	Amount *(in ₹)*	Date of occurrence	Total amount *(in ₹)*
1.	Gyanpali GP	Opening Balance understated by the Panchayat Extension Officer (PEO)	1,004 36,568	30 June 2017 13 May 2017	37,572
2.	Narla GP	Short accounting of auction money by Ex-PEO	10,000	5 June 2017	10,000
3.	Kiringsira GP	Totalling stated less in Receipt side by PEO	70,00	25 April 2017	7,000
4.	Ladugaon GP	Non-accounting of auction money collected	1,170 5,100	21 June 2016 28 July 2017	6,270
5.	Joradobra GP	Amount received not taken in the Cash Book	20,000	23 April 2016	20,000
6.	Durlaga GP	Misappropriation by manipulating the cash book figure.	5,000	30 November 2016	5,000
7.	Kumuli GP	Opening balance (OB) not taken with receipts OB not taken with receipts Less amount taken on the receipt side	32,247 14,898 8,791	30 June 2017 28 September 2017 28 August 2017	55,936
8.	Pedawada GP	Less calculation of receipts Less calculation of receipts	10,000 7,748	5 March 2017 5 April 2017	17,748
9.	Rengalpali GP	Cost of empty gunny bags not taken in the receipts	4,530	22 June 2016	4,530
10.	Kolabira GP	Manipulation of Old-age Pension acquaintance figures	16,500	August 2017, October 2017, December 2017 and January 2018	16,500
11.	H. Katapali GP	Cash in hand omitted from the OB	42,656	Closing balance on 19 June 2017 was not found recorded in Cash Book on 14 September 2017	42,656
	Total				**2,23,212**

(Source: Records of respective Gram Panchayats)

Appendix 2.4.1

(Refer Paragraph 2.4)

Statement showing difference between land cost awarded and land cost admissible

Particulars	Pathara		Ambapua		Panakalapali		Kalupuri		Umapur		Gopabandhu Nagar		Uttareswar		Total	
Land area (in acre)	0.454		2.076		1.824		0.298		0.619		0.198		0.354		**5.823**	
Date of award	28-May-15		07-Aug-15		02-Feb-16		02-Feb-16		05-Mar-16		20-Jun-16		23-May-16		**--**	
	AD	**AW**	**AD**	**AW**	**AD**	**AW**	**AD**	**AW**	**AD**	**AW**	**AD**	**AW**	**AD**	**AW**	**AD**	**AW**
	(₹in lakh)															
Value of land	10.99	27.47	164.13	363.85	198.63	794.53	43.27	108.17	65.91	197.73	9.43	73.07	53.11	132.79	**545.47**	**1,697.61**
Value of structure	2.29	2.29	85.53	85.53	489.35	489.35	40.23	40.23	204.13	204.13	57.52	57.52	68.66	68.66	**947.71**	**947.71**
Value of trees	0.10	0.10	0.79	0.79	0.47	0.47	0.48	0.48	0	0	0	0	0	0	**1.84**	**1.84**
Total land value	13.38	36.45	250.45	537.50	688.45	1,475.04	83.98	174.84	270.04	449.32	66.95	148.13	121.77	233.32	**1,495.02**	**3,054.60**
Solatium (100 *per cent*)	13.38	36.45	250.45	537.50	688.45	1475.04	83.98	174.84	270.04	449.32	66.95	148.13	121.77	233.32	**1,495.02**	**3,054.60**
Additional compensation (12 *per cent)*	2.76	6.59	45.00	87.33	66.15	190.69	14.41	25.96	22.64	47.46	3.57	17.54	19.63	31.87	**174.16**	**407.44**
Amount of award	29.52	72.90	545.90	1,075.00	1,443.05	2,950.08	182.37	349.68	562.72	898.64	1,37.47	296.26	263.17	466.64	**3,164.20**	**6,109.20**

(Source: Records of Land Acquisition Officer, Chhatrapur)

Total award amount: **₹ 6,109.20 lakh**
***Less* Total admissible amount:** **₹ 3,164.20 lakh**
Excess payment of compensation: **₹ 2,945.00 lakh**
Note: AD: Admissible amount of compensation. AW: Actual award amount of compensation

Appendix 2.9.1

(Refer Paragraph 2.9)

Statement showing excess payment made to training partners

Year	Pre-revised rate per hour (in ₹)	No. of trainees	Total hours training given (in lakh)	Amount due at pre-revised rate	Amount actually paid	Difference in payment at pre-revised rate	Revised rate per hour at which payment was to be made (₹)	Amount due at revised rate as per GoI	Excess payment made	Amount recovered at the instance of Audit	Balance yet to be recovered
				(₹ in lakh)				(₹ in lakh)			
M/s Bhaskar Foundation											
2015-16	30.25	2,122	2.54	76.93	76.93	0.00	30.00	76.30	0.64		
2016-17	33.28	13,537	16.08	535.23	535.10	-0.12	32.50	522.76	12.34		
2017-18	36.60	65,093	77.52	2837.22	2,836.96	-0.26	35.00	2,713.04	123.92		
2018-19	40.26	3,123	3.74	150.65	150.65	0.00	37.50	140.32	10.33		
Total		**83,875**	**99.89**	**3,600.02**	**3,599.64**	**-0.39**		**3,452.41**	**147.22**	**0**	**147.22**
M/s ILFS Skills Development Corporation Limited											
2015-16	30.25	5,530	6.62	200.21	200.21	0	30.00	198.55	1.65		
2016-17	33.28	7,621	9.09	302.58	302.57	0	32.50	295.53	7.05		
2017-18	36.60	13,551	16.24	594.55	596.06	1.52	35.00	568.55	27.51		
2018-19	40.26	2,252	2.70	108.79	108.79	0	37.50	101.34	7.45		
Total		**28,954**	**34.66**	**1,206.12**	**1,207.64**	**1.52**		**1,163.98**	**43.66**	**43.66**	**0**
M/s Labour Net Services India Private Limited											
2014-15	27.50	1,450	1.74	47.85	47.85	0.00	27.50	47.85	0.00		
2015-16	30.25	34,440	40.90	1,237.22	1,240.10	2.88	30.00	1226.99	13.11		
2016-17	33.28	40,762	47.43	1,578.20	1,582.83	4.64	32.50	1541.44	41.39		
2017-18	36.60	64,301	75.26	2,754.41	2,758.79	4.38	35.00	2634.00	124.79		
2018-19	40.26	41,554	48.40	1,948.53	1,945.78	-2.74	37.50	1815.04	130.75		
Total		**1,82,507**	**213.73**	**7,566.20**	**7,575.35**	**9.15**		**7,265.32**	**310.04**	**310.04**	**0**

Year	Pre-revised rate per hour (in ₹)	No. of trainees	Total hours training given (in lakh)	Amount due at pre-revised rate	Amount actually paid	Difference in payment at pre-revised rate	Revised rate per hour at which payment was to be made (₹)	Amount due at revised rate as per GoI	Excess payment made	Amount recovered at the instance of Audit	Balance yet to be recovered
				(₹ in lakh)				(₹ in lakh)			
M/s OP Jindal Community College											
2015-16	30.25	2,882	3.44	104.14	104.14	0	30.00	103.28	0.86		
2016-17	33.28	7,044	8.40	279.65	279.65	0	32.5	273.13	6.51		
Total		**9,926**	**11.84**	**383.79**	**383.79**	**0**		**376.42**	**7.37**	**7.37**	**0**
M/s G & G Skill Developers (P) Limited											
2015-16	30.25	4,396	5.28	159.57	159.35	-0.23	30.00	158.26	1.09		
2016-17	33.28	7,774	9.30	309.42	309.54	0.12	32.50	302.21	7.33		
2017-18	36.60	28,763	34.37	1,257.94	1,257.88	-0.06	35.00	1,202.95	54.93		
2018-19	40.26	40,967	49.07	1,975.40	1,975.67	0.27	37.50	1,840.07	135.60		
Total		**81,900**	**98.01**	**3,702.33**	**3,702.44**	**0.11**		**3,503.48**	**198.95**	**198.95**	**0**
M/s Sushil Bahudeshiya Sikshana Sanstha											
2015-16	30.25	217	0.26	7.88	7.88	0.00	30.00	7.81	0.07		
2016-17	33.28	11,496	13.71	456.29	456.29	0.00	32.50	445.66	10.63		
2017-18	36.60	12,885	15.48	566.64	563.33	-3.31	35.00	541.87	21.46		
2018-19	40.26	513	0.62	24.78	24.79	0.00	37.50	23.09	1.70		
Total		**25,111**	30.07	**1,055.58**	**1,052.28**	**-3.30**		**1,018.42**	**33.86**	**33.86**	**0**
Grand Total		**4,12,273**	**488.20**	**17,514.05**	**17,521.14**	**7.09**		**16,780.03**	**741.11**	**593.88**	**147.22**

(Source: Records of Odisha Building and Other Construction Workers' Welfare Board)

GLOSSARY

Glossary of abbreviations

AA	Administrative Approval
AG	Accountant General
AHRCC	Acharya Harihara Regional Cancer Centre
AIDS	Acquired Immune Deficiency Syndrome
APP	Annual Procurement Plan
AIIMS	All India Institute of Medical Science
BCSU	Blood Component Separation Unit
BDA	Bhubaneswar Development Authority
BDO	Block Development Officer
BG	Bank Guarantee
BMC	Bhubaneswar Municipal Corporation
BMV	Bench Mark Value
CAG	Comptroller and Auditor General
CCTV	Closed Circuit Television
CDAC	Centre for Development of Advanced Computing
CDM&PHO	Chief District Medical and Public Health Officer
CDS	Central Drug Store
CE	Chief Engineer
CEO	Chief Executive Officer
CESU	Central Electricity Supply Utility
CHC	Community Health Centre
CMO	Chief Medical Officer
CMRF	Chief Minister's Relief Fund
DCI	Dental Council of India
DDC	Drug Distribution Counter
DDO	Drawing and Disbursing Officer
DDUGKY	Deen Dayal Upadhyaya Grameen Kaushalya Yojana
DGE&T	Director General, Employment & Training
DHH	District Headquarters Hospital
DHS	Director of Health Services
DPC	Duties, Powers and Conditions of Service
DMET	Director of Medical Education and Training
DTC	Drug Therapeutic Committee
DWH	Drug Warehouse
ED	Executive Director
EDL	Essential Drug List
EE	Executive Engineer
EFC	Expenditure Finance Committee
EIC	Engineer-in-Chief
EIF	Equipment, Instrument and Furniture
EPF	Employees' Provident Fund
EPFO	Employees' Provident Fund Organisation
ERP	Enterprise Resource Planning
ESIC	Employees' State Insurance Corporation
FA	Financial Adviser
F&E	Forest & Environment

FIR	First Information Report
GAD	General Administration and Public Grievance
GeM	Government e-Marketplace
GIS	Geographic Information System
GoI	Government of India
GoO	Government of Odisha
GP	Gram Panchayat
GPEO	GP Extension Officer
GPS	Geo Positioning System
GST	Goods and Services Tax
H&FW	Health and Family Welfare
HOD	Heads of Department
IBPMS	Integrated Building Plan Management System
ICU	Intensive Care Unit
IDCO	Odisha Industrial Infrastructure Development Corporation
IPD	Inpatient Department
IPHS	Indian Public Health Standards
IPR	Industrial Policy Resolution
IR	Inspection Report
IT	Information Technology
IWAI	Inland Waterways Authority of India
JITPL	Jindal India Thermal Power Limited
KVA	Kilo Volt Ampere
L&ESI	Labour and Employees' State Insurance Department
LA	Land Acquisition
LAO	Land Acquisition Officer
LTU	Liver Transplantation Unit
MBPY	Madhu Babu Pension Yojana
MCH	Maternal and Child Health
MD	Managing Director
MIS	Management Information System
MKCG	Maharaja Krushna Chandra Gajapati
MoRD	Ministry of Rural Development
MoU	Memorandum of Understanding
NABARD	National Bank for Agriculture and Rural Development
NABCONS	NABARD Consultancy Services Private Limited
NABL	National Accreditation Board Laboratories
NHM	National Health Mission
NSAP	National Social Assistance Programme
NSDC	National Skill Development Corporation
NSQ	Not of Standard Quality
NW	National Waterways
OAP	Old Age Pension
OB&OCWWB	Odisha Building and Other Construction Workers' Welfare Board
OPD	Outpatient Department
OGFR	Orissa General Financial Rules
OJT	On Job Training

OLF	Odisha Local Fund
OLM	Odisha Livelihood Mission
OM	Office Memorandum
ORMAS	Odisha Rural Development and Marketing Society
OSMCL	Odisha State Medical Corporation Limited
OT	Operation Theatre
OTC	Orissa Treasury Code
PAC	Public Accounts Committee/ Project Approval Committee
PEO	Panchayat Extension Officer
PGIMER	Postgraduate Institute of Medical Education and Research
PHC	Primary Health Centre
PIA	Project Implementing Agency
PO	Purchase Order
PR&DW	Panchayati Raj and Drinking Water
PS	Panchayat Samiti
PSC	Project Screening Committee
R&B	Roads and Buildings
R&DM	Revenue and Disaster Management
RD	Rural Development
RFCTLAR&R	Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement
RKSK	Rashtriya Kishor Swasthya Karyakram
RPL	Recognition of Prior Learning
RW	Rural Works
SBTC	State Blood Transfusion Council
SCB MCH	Sriram Chandra Bhanja Medical College & Hospital
SDH	Sub-Divisional Hospital
SDMC	State Drug Management Committee
SDMU	State Drug Management Unit
SDTRL	State Drug Testing and Research Laboratory
SEMC	State Level Equipment Management Committee
SOP	Standard Operating Procedure
SRLM	State Rural Livelihood Mission
STAC	State Level Technical Advisory Committee
SVPPGI	Sardar Vallavbhai Patel Post Graduate Institute of Paediatrics
TC	Tender Committee/ Triangular Committee
TEC	Tender Evaluation Committee
TS	Technical Sanction
USA	United States of America
UCO	United Commercial
VADT	Virtual Anatomy Dissection Table
VAT	Value Added Tax
VFSGSL	VFS Global Services Limited
VIMSAR	Veer Surendra Sai Institute of Medical Sciences and Research

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