REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 2002

(CIVIL)

GOVERNMENT OF ORISSA

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Preface

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.

2. Chapters I and II of this Report respectively contain audit observations on matters arising from examination of the Finance Accounts and the Appropriation Accounts of the State Government for the year ended 31 March 2002.

3. The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works Departments, audit of stores and stock, audit of autonomous bodies and departmentally run commercial undertakings.

4. The Report containing the observations arising out of audit of Statutory Corporations, Boards and Government companies and the Report containing such observations on Revenue Receipts are presented separately.

5. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2001-2002 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports. Matters relating to the period subsequent to 2001-2002 have also been included wherever necessary.

OVERVIEW

This Report includes two chapters on the Finance and Appropriation Accounts of the Government of Orissa for the year 2001-2002 and four other chapters comprising 4 reviews and 32 paragraphs based on the audit of certain selected programmes and activities and of the financial transactions of the Government. A synopsis of the important findings contained in the Report is presented in this overview.

1. An overview of the Finances of the State Government

While the liabilities of the State Government grew by 16 *per cent*, the assets grew only by 8 *per cent* during 2001-2002 mainly as a result of very high (26 *per cent*) growth in the deficit on Government Account.

The share of revenue receipts in the total receipts decreased from 65 *per cent* in 2000-2001 to 63 *per cent* during 2001-2002. The share of net receipts from the Public Account increased from 8 to 13 *per cent* during the year.

Revenue expenditure accounted for 88 *per cent* of total funds and was higher than the share of revenue receipts (63 *per cent*) in the total receipts of the State government leading to Revenue Deficit.

Non-plan revenue expenditure increased to Rs.8066 crore due to increased interest payments of Rs.548 crore, increased expenditure on Public Works by Rs.166 crore and on pension and other retirement benefits by Rs.171 crore.

Lending for development purposes decreased from 5.96 *per cent* to 3.38 *per cent* of the total application of funds.

The percentage share of revenue receipts in total expenditure declined from 70.64 *per cent* in 1997-98 to 63.22 *per cent* in 2001-2002 indicating that the balance had to be financed by borrowings.

Interest payments and expenditure on general services, considered as non-developmental, together accounted for nearly 45 *per cent* of the total expenditure in 2001-2002 as compared about 34 *per cent* in 1997-98.

The average interest paid by the State on its borrowing during 1997-2002 exceeded the rate of growth of its GSDP by 6.76 *per cent* violating the cardinal rule of debt sustainability.

At the end of 2001-2002, the total investment in Statutory Corporations, Government Companies etc. worked out to Rs.1473.20 crore. Use of high cost borrowing for investments, which yield very little, indicates an implicit subsidy.

(Paragraphs 1.1 to 1.14)

2. Appropriation and control over expenditure

Against the total budget provision of Rs.23262 crore including supplementary provision, expenditure of Rs.19058 crore was incurred during 2001-2002. The overall savings of Rs.4204 crore was the net result of saving of Rs.4597 crore in 37 grants and 2 appropriations off set by excess of Rs.393 crore in 3 grants and 1 appropriation. The excess relating to 3 grants and 1 appropriation requires regularisation under Article 205 of the Constitution of India.

Expenditure was inflated to the extent of Rs.397.60 crore, as monies were drawn and deposited into Personal Ledger Account or Civil Deposits without any actual expenditure. Rs.6.70 crore were drawn on Abstract Contingent bills as advance.

Rs.6356.63 crore excess spent during 1996-2001 remained to be regularised. This amount represents the extent of loss of legislative control over budget.

Persistent saving ranging from 12 to 100 *per cent* occurred in 20 grants over a period of three years.

Advances from the Contingency Fund aggregating Rs.94.32 crore remained un-recouped for the period ranging from 1 to over 15 years.

(Paragraphs 2.2 to 2.11)

3. Working of Zilla Saksharata Samities in Orissa

The Centrally Sponsored Schemes (i) Total Literacy Campaign (TLC) and (ii) Post Literacy Campaign (PLC) aimed at imparting functional literacy to illiterate adults in the age group of 15-35 years through district level educational societies viz. Zilla Saksharata Samities (ZSSs) were introduced in the State in the year 1991-92. Review of implementation of TLC and PLC programmes revealed several deficiencies like mismanagement of finances, irregular procurement and distribution of teaching and learning materials, poor academic achievement, inadequate training of trainers and monitoring and incorrect reporting of physical and financial achievements.

Rupees 1.27 crore advanced to different Blocks/Urban Local Bodies (ULBs) were treated as final expenditure without supporting vouchers (Rs.1.11 crore).

Late procurement of teaching and learning materials by 2 to 26 months delayed the completion of literacy campaign by 8 to 60 months.

Expenditure of Rs.16.26 lakh was incurred in excess by 4 ZSSs on procurement of teaching and learning materials and honorarium.

Sub-standard teaching and learning materials worth Rs.21.62 lakh were procured by 2 Samities.

Expenditure of Rs.11.22 lakh incurred by 5 ZSSs on concurrent evaluation at the close of literacy campaign was wasteful.

Physical and financial achievement figures as reported did not tally with records.

Despite implementation of the programme for over 9 years, literacy rate in the test checked districts was only 44 *per cent* against the target of 80-85 *per cent.*

(Paragraph 3.1)

4. Working of Works Department

The Works Department is entrusted with the construction, improvement and maintenance of the roads, bridges and Government buildings in the State. Audit review of the working of the Department revealed serious failure of expenditure control and widespread mismanagement of funds having financial involvement of Rs.548.91 crore which constituted 49.72 *per cent* of the total expenditure of Rs.1103.83 crore during 1999-2002. The expenditure on establishment far exceeded the prescribed norms and there was gross mismanagement of the inventory system with huge losses on surplus stores. There was significant cost overrun (44 *per cent*) in construction of bridges.

Poor budgetary control led to unjustified surrenders (Rs.6.87 crore) and unnecessary supplementary demands of Rs.35.90 crore. Revenue expenditure has been increasing every year and has moved from 56 to 74 *per cent* of the total expenditure which severely constricts the outlay on capital works.

Establishment expenditure was 51 *per cent* against 10.5 *per cent* admissible and the excess expenditure amounted to Rs.206.59 crore.

There was cost overrun of Rs.71.31 crore in bridge works along with time overrun.

Failure to adopt Schedule of Rates (SORs) in preparation of estimates and acceptance of irrational rates in tenders led to extra liability of Rs.3.12 crore.

Drawal of agreements with faulty clauses, non-enforcement of contract conditions, execution of works without inviting tenders, deviation from approved specifications and failure to levy penalty led to extra expenditure/liability of Rs.12.87 crore.

Abandonment/non-completion of works led to wasteful expenditure of Rs.25.95 crore.

Excess expenditure over agreement value on works proper amounted to Rs.3.87 crore.

Disregard of design and specifications led to wasteful expenditure of Rs.3.19 crore.

Substandard execution of building works resulted in loss of Rs.1.62 crore.

3757 NMR/DLR staff were in excess of the sanctioned strength costing the exchequer Rs. 16.23 crore in 3 years.

Non-utilisation of the available machinery due to improper planning led to loss of Rs. 5.29 crore besides unproductive expenditure of Rs. 11.63 crore due to poor inventory management.

(Paragraph 4.1)

5. Rural Housing Scheme

Review of the implementation of the Rural Housing Scheme revealed that there was loss of Central Assistance of Rs.47.41 crore under Indira Awas Yojana (IAY) due to non-fulfilment of prescribed conditions. Against 3.89 lakh IAY houses targeted under 'normal' category for construction/up-gradation during 1997-2002, achievement was only 2.64 lakh houses. Further, out of 6 lakh IAY houses allotted during 1999-2002 for the victims of Super Cyclone 1999, only 2.02 lakh houses were constructed. Monitoring of the IAY scheme was not effective. Funds earmarked for infrastructure under Pradhan Mantri Gramodaya Yojana (Gramin Awas) remained underutilised. Release of funds under Credit-cum-Subsidy Scheme (CCSS) was not commensurate with the target and the subsidy component was not adjusted by the Orissa Rural Housing Development Corporation against the loan account of the beneficiaries. Implementation of Samagra Awas Yojana (SAY) did not take off in the State. The Rural Building Centres did not come up owing to lack of proper planning.

There was loss of Central Assistance of Rs.47.41 crore under IAY because the State Government did not fulfill the prescribed conditions and thereby 23,702 poor persons were deprived of housing benefits. Disregarding GOI guidelines, State share under IAY was kept in PL Account/Current Account/DCR resulting in loss of interest of Rs.1.04 crore for the scheme.

IAY Houses under 'normal' category were provided only to 68 *per cent* of the targeted beneficiaries whereas it was only 34 *per cent* in cyclone affected districts despite availability of funds. 72613 houses were allotted in the name of male members of the household instead of in the name of female members or in the joint name of both husband and wife.

1892 IAY houses taken up for construction during 1990-99 remained incomplete rendering the expenditure of Rs.2.22 crore thereon infructuous.

Monitoring of execution of IAY houses was not satisfactory and no mechanism existed to verify the correctness of data furnished by field offices.

Only 44 *per cent* of funds for infrastructure under Gramin Awas was utilised.

Out of 29458 houses reported complete under CCSS, 23307 houses were actually incomplete.

Subsidy component of Rs.19.73 crore under CCSS was not adjusted against loan accounts of beneficiaries.

Rural Building Centres did not come up owing to lack of proper planning.

(Paragraph 5.1)

6. Swarnjayanti Gram Swarozgar Yojana

Audit review of Swarnjayanti Gram Swarojgar Yojana (SGSY) revealed that the implementation of the programme was poor and less than 2 *per cent* BPL beneficiaries were covered each year against the desired coverage of 6 *per cent*. Coverage of women and SC/ST swarozgaris was much less than the prescribed norm of 40 and 50 *per cent* respectively. The performance of Self Help Group (SHG) was unsatisfactory and against 27,461 groups formed only 1485 groups (5 *per cent*) could take up economic activities. No initiative was taken for identification and development of market support. The monthly income of swarozgaris did not reach the intended level of Rs.2000 per month. There was lack of proper planning, mobilisation and monitoring of the programme. State level officials did not visit the districts and schedule of visits for line department officials was not prescribed. There was no co-ordinated effort for providing technical and marketing support.

State Government lost Central Assistance of Rs.30.93 crore due to shortfall in State contribution, delayed submission of proposal etc.

Rs.3.99 crore were irregularly diverted towards administrative expenses.

Coverage of BPL families was less than 2 *per cent* per annum against the target of 6. Coverage of women, SC and ST beneficiaries fell short by 9 to 38 *per cent.*

Selection of Key Activities for the beneficiaries was faulty and participatory process was not followed. Line departments and financing banks were not involved in the preparation of Project Reports.

Assets valued at Rs.2.19 crore were either not existent or only partly existent.

Out of 27461 SHGs formed in 8 districts, only 1485 SHGs (5 *per cent*) could take up economic activity. Revolving Fund of Rs.4.39 crore was not utilised by March 2002.

Rs.2.07 crore were irregularly spent in 6 DRDAs for creation of general infrastructure/inadmissible work.

Training fund of Rs.4.81 crore remained unutilised and shortfall in training programme was 64 *per cent.*

(Paragraph 5.2)

7. World Bank Aided Projects

The State Government has been implementing 3 State Plan projects with credit from International Development Association (IDA) under agreements signed between Government of Orissa, Government of India and IDA in respect of 2 projects under Orissa Water Resources Consolidation Project (OWRCP) from 1994-95 and one under Shrimp and Fish Culture Project (SFCP) from 1992-93 onwards.

(i) Mahanadi Chitrotpala Island Irrigation Project (MCIIP)

Benefit Cost Ratio of MCIIP declined to 1.05 as against minimum norm of 1.5 rendering the project economically unviable.

Failure to ensure award of contracts at reasonable rates led to extra liability of Rs.18.29 crore.

Payment at higher rates for remodeling of Kendrapara Canal resulted in undue benefit of Rs.42.71 lakh to a contractor.

Failure to enforce contract conditions for construction of Link Canal resulted in infructuous expenditure of Rs.2.17 crore.

Failure to ensure insurance cover as per contract conditions led to loss of Rs.29.89 lakh.

Non-enforcement of contract conditions resulted in sub-standard execution of work despite extra expenditure of Rs.31.15 lakh.

Inadmissible payment of Rs.39.75 lakh was made in construction of Mahanadi Left and Right Canals towards back filling of structures, base stripping etc.

Excess payment and undue benefit of Rs.57.33 lakh were made to the contractor towards reimbursement of Sales Tax.

Entertainment of surplus Work-charged and NMR staff in the project led to unproductive expenditure of Rs.15.17 crore.

(ii) Naraj Barrage Project

Due to award of work to Orissa Construction Corporation, Government lost World Bank assistance of Rs.26.79 crore.

Lack of co-ordination in execution of different components of work resulted in wasteful expenditure of Rs.0.48 crore and additional liability of Rs.2.03 crore.

Unproductive expenditure of Rs.3.78 crore was made on surplus staff.

Injudicious expenditure of Rs.1 crore on construction and furnishing of a guest house at the high rate of Rs.1258 per square foot excluding cost of land.

Undue benefit of Rs.50.28 lakh was extended to contractors towards construction and maintenance of approach road and haul road.

*(iii) **Shrimp and Fish culture project***

There was idle expenditure of Rs.4.71 crore on construction of shrimp ponds which could not be leased out to private entrepreneurs.

Irregular expenditure of Rs.2.33 crore was incurred by two divisions on cyclone damage repair works.

Due to departmental lapse, World Bank assistance of Rs.2.40 crore was lost.

(Paragraph 3.12)

8. National Scheme of Liberation and Rehabilitation of Scavengers

The Government of India (GOI) launched (1980-81) the Centrally Sponsored "National Scheme of Liberation and Rehabilitation of Scavengers" (NSLRS) to liberate scavengers and their dependents from the existing hereditary obnoxious and inhuman occupation of manually removing nightsoil and filth and to provide for and engage them in alternative and dignified occupations.

Rs.4.02 crore under Rehabilitation Programme remained unutilised.

Shortfall under training programme was 77 *per cent.*

Detailed profile of identified scavengers was not maintained and shelf of projects not prepared.

Against 35,049 identified scavengers, only 11,463 scavengers (33 *per cent*) were rehabilitated during 1992-2002 of whom 5364 scavengers were rehabilitated without basic training.

Funds of Rs.45 lakh for rehabilitation through sanitary mart and Rs.46.35 lakh for infrastructure were not utilised.

Against the target of 50913 flush latrines, achievement was only 23067.

Utilisation Certificates for Rs.6.93 crore against expenditure under rehabilitation were not furnished whereas the pendency under liberation was for Rs.4.58 crore.

State level and District level Monitoring Committees for rehabilitation programme were non-functional. Evaluation study of rehabilitation programme indicated unsatisfactory performance and little impact on improvement of socio-economic condition of scavengers.

(Paragraph 5.4)

9. Blockage of funds

(i) Injudicious decision on construction of academic block and hostel building at a cost of Rs.64.80 lakh for Forest Rangers' Training College, Angul without ensuring the continuance of training programme of the Rangers led to blockade of Government money.

(Paragraph 3.2)

(ii) Release of Rs.1.63 crore for construction of health sub-centres without acquisition of land led to blockade of Government money for over 3 years.

(Paragraph 3.3)

(iii) Inadequate pre-construction survey in preparation of estimate and unauthorised deviation in specification during execution led to cost escalation of Rs.32.23 lakh and the construction of Plus 2 Science College Building at a cost of Rs.56.78 lakh remained incomplete for over 2 years for want of additional fund.

(Paragraph 3.8)

(iv) Spare parts and stores valued at Rs.9.86 crore were procured by a Public Health Mechanical Division without tender and without immediate requirement.

(Paragraph 4.3)

10. Infructuous expenditure

(i) Expenditure of Rs.1.91 crore incurred under the woollen carpet weaving training programme for predominantly rural poor women was unfruitful; only 23 *per cent* of the trained artisans could get some employment during 1993-2001.

(Paragraph 3.6)

(ii) Undue extension of TBA scales of pay to teaching/non-teaching staff of Government taken over schools before completion of specified 15 years of service under Government as per ORSP Rules 1998 led to irregular payment of arrears of pay of Rs.2.36 crore.

(Paragraph 3.7)

(iii) Expenditure of Rs.41.39 lakh incurred on the site for developing golf course was wasteful as the same was ultimately abandoned.

(Paragraph 3.11)

(iv) A stevedore was paid Rs.65.21 lakh towards operation, manning and maintenance of harbour craft at Gopalpur Port Project without even handing over the departmental craft, without any shipment activity and without any mobilisation of men and machinery by the stevedore.

(Paragraph 4.2)

(v) Wasteful expenditure of Rs.61.82 lakh was incurred on a high level bridge due to major variation in boring data and change of design and abandonment of work. The EE also failed to recover Government dues of Rs.26.73 lakh from the defaulting contractor.

(Paragraph 4.4)

(vi) Failure of the Executive Engineer (EE) to take corrective action despite instructions of higher authorities led to unfruitful expenditure of Rs.1.21 crore on a bridge work that remained incomplete for 8 years.

(Paragraph 4.5)

(vii) Excavated Medium Hard Rock was not stack measured and voids not deducted in Right Canal Division-I, Mukhiguda which led to excess payment of Rs.2.48 crore to contractors.

(Paragraph 4.6)

(viii) Expenditure of Rs.15.40 crore incurred on improvement of Bhanjanagar reservoir was rendered wasteful because the increased reservoir capacity could not be utilised due to non-acquisition of forest land.

(Paragraph 4.7)

(ix) Payment of escalation charge of Rs.56.52 lakh on labour component was made in Harabhangi Irrigation Project without any provision in the contract.

(Paragraph 4.8)

(x) Non-execution of a composite spur to the design length and specification led to wasteful expenditure of Rs.38.18 lakh in Nimapara Irrigation Division. Further, there was sub-standard execution of work valuing Rs.1.08 crore due to non-adherence to the recommendations of the consultant.

(Paragraph 4.9)

(xi) Execution of work in deviation from the approved designs in Baghalati Irrigation Project led to extra expenditure of Rs.46.60 lakh.

(Paragraph 4.11)

(xii) Extra cost of Rs.26.83 lakh was incurred due to adoption of incorrect design and there was also unfruitful expenditure of Rs.20.46 lakh on abandonment of work in Alikuan Minor Irrigation Project

(Paragraph 4.12)

(xiii) Unwarranted revision of rates and incorrect fixation of revised rate in Badanalla Canal Division led to extra payment of Rs.35.92 lakh to contractors.

(Paragraph 4.13)

(xiv) Irregular acceptance of single non-responsive tender resulted in undue financial benefit of Rs.81.20 lakh to the contractor in Hariharjore Irrigation

Project apart from wasteful expenditure of Rs.39.26 lakh incurred on sub-standard execution of structures.

(Paragraph 4.14)

(xv) EAS funds of Rs.1.49 crore were spent without creation of any assets. In another case, employment to the extent of at least 3.22 lakh mandays was lost.

(Paragraph 5.5)

11. Other points of interest

(i) Failure of the IG (Finance) Orissa Police, to claim reimbursement cost of the establishment deployed with SER from Railways led to unnecessary burden of Rs.76.09 lakh on the State Government.

(Paragraph 3.4)

(ii) 427 Sub-Inspector of Schools of 29 districts defaulted in remitting sale proceeds of NT books of Rs.53.20 lakh into treasury collected during their incumbency between 1991-2002.

(Paragraph 3.9)

(iii) The objective of providing institutional care, protection and development of neglected and delinquent children remained unachieved as the affected children were not shifted from the jail premises and necessary infrastructure created for housing them at a cost of Rs.30.33 lakh was lying idle for over 11 years.

(Paragraph 3.13)

(iv) Avoidable expenditure of Rs.31.27 lakh was incurred for filling canal banks of Baragarh Main Canal .

(Paragraph 4.10)

CHAPTER I

AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

This chapter discusses the financial position of the State Government, based on the information contained in the Finance accounts. The analysis based on the trends in the receipts and expenditure, the quality of expenditure and the financial management of the State Government. In addition, the Chapter also contains a section on analysis of indicators of financial performance of the Government. Some of the terms used in this chapter have been defined in the Appendix-I.

1.2 Financial position of the State

The Government accounting system does not attempt a comprehensive accounting of fixed assets i.e. land and building etc. owned by the Government. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by the Government. Exhibit-I presents an abstract of such liabilities and assets as on 31 March 2002, compared with the corresponding position on 31 March 2001. While the liabilities in this statement consist mainly of moneys owed by the State Government such as internal borrowing, loans and advances from the Government of India and the balances in the Public Account including Reserve Funds, the assets comprise mainly the capital expenditure and loans and advances given by the State Government. It can be seen that while the liabilities grew by 16 *per cent*, the assets grew by 8 *per cent* during 2001-02, mainly as a result of very high (26 *per cent*) growth in the deficit on Government account.

Exhibit-II shows receipts and disbursements of the Government during the year, Exhibit-III shows the position of sources and application of funds, Exhibit-IV shows Time Series Data on State Government finances for 5 years period 1997-2002. These are placed at pages 18 to 24.

1.3 Sources and Application of Funds

Exhibit-III gives the position of sources and application of funds during the current and the preceding year. The main sources of funds include the revenue receipts of the Government, recoveries of loans and advances, public debt and the receipts in the Public Account. These are applied mainly on revenue and capital expenditure and on lending for developmental and other purposes.

Revenue receipts constituted the most significant source of fund for the State Government. Their relative share, however, decreased from 65 *per cent* in 2000-01 to 63 *per cent* in 2001-02. The share of recoveries of loans and advances increased from 0.72 *per cent* to 1.17 *per cent*. The share of receipts from public debt marginally increased from 18.86 *per cent* in 2000-01 to 18.92 *per cent* in 2001-02. The share of net receipts from the Public Account increased from 8 to 13 *per cent*.

Revenue expenditure accounted for 88 *per cent* of total funds available during 2001-02. This was higher than the share of the revenue receipt (63 *per cent*) in the total receipt of the State Government. This led to Revenue Deficit. Non-plan revenue expenditure during the year was Rs.8066 crore (82 *per cent* of total revenue expenditure). The increase in the revenue expenditure was mainly due to higher expenditure on interest payments by Rs.548 crore, on public works by Rs.166 crore and on pension and other retirement benefits by Rs.171 crore in comparison to previous year. Percentage of capital expenditure increased marginally from 7.82 *per cent* to 7.91 *per cent* during the year. Lending for development purposes decreased from 5.96 *per cent* to 3.38 *per cent* of the total application of funds.

1.4 Revenue Receipts

The Revenue Receipts of the State consists mainly of its own tax and non-tax revenues, central tax transfers and grants-in-aid from the Government of India. Overall revenue receipts of the State increased from Rs.4632 crore in 1997-98 to Rs.7048 crore in 2001-2002, at an average trend rate of 13.05 *per cent* per annum. There were, however, significant inter year variations in the growth rates. The overall growth in revenue receipts declined to 2.12 *per cent* in the current year. Overall revenue receipts, its annual and trend rate of growth, ratio of these receipts to the State's Gross Domestic Product (GSDP) and its buoyancy are indicated in Table 1.

Table 1. Revenue Receipts-Basic parameters (Values Rupees in crore and other in *per cent*)

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Revenue Receipts	4632	4554	5885	6902	7048	5804
Rate of Growth	8.05	(-) 1.68	29.23	17.28	2.12	13.05
Revenue Receipt /GSDP	14.62	13.36	16.21	19.00	18.72	16.382
Revenue Buoyancy	0.369	*	4.55	60.87	0.61	2.81
GSDP Growth	21.82	7.64	6.42	0.28	3.24	4.65

*** With negative growth in Revenue Receipts, buoyancy became negative.**

The rate of growth of revenue receipts and GSDP in the State depict a diverging trend. On an average, higher growth in revenue receipts was observed in the years of moderate GSDP growth (1999-2000) and very moderate (even negative) growth in revenue receipts was associated with relatively higher GSDP growth. The revenue receipts-GSDP ratio after reaching a peak of 19 *per cent* in 2000-01 declined to 18.72 *per cent* in

2001-02, with the five-year average being 16.382 *per cent*. A low GSDP growth and higher growth in revenue receipts resulted in high revenue buoyancy in 2000-01. Though revenue buoyancy became negative in 1998-99, during the last 5 years from 1997 to 2002, a relatively higher revenue growth compared to growth in GSDP kept the revenue buoyancy at 2.81. This indicated that with every one percentage point increase in the state GSDP, the revenue on an average increased by 2.81 *per cent*.

Composition of the revenue receipts of the State and relative share of the four components over last five years is indicated in Table 2. While on an average, around 43 *per cent* of the revenue had come from the State's own resources, central tax transfers and grants-in-aid together continued to contribute nearly 57 *per cent* of the total revenue. Though the non-tax revenue of the State witnessed more or less a static share (10 *per cent*), contribution of grants-in-aid declined moderately in the current year. This decline in the contribution of grants-in-aid to the State's total revenue was due to less receipt of non-plan grants and grants for centrally sponsored plan schemes which was Rs.791.41 crore in 2000-01 and at Rs.527.33 crore in 2001-2002.

Table 2: Components of Revenue Receipts relative share in *per cent*

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Own Tax	30.70	32.65	28.95	31.64	35.00	31.79
Non-Tax Revenue	11.68	12.23	12.18	9.92	9.82	11.17
Central Tax Transfers	33.77	37.22	29.70	37.73	37.59	35.20
Grants-in-aid	23.59	17.90	29.16	20.71	17.59	21.84

Overall growth of the four components of revenue during 1997-2002 had also differed significantly. While the own taxes of the State recorded a trend growth of 18.37 *per cent* during 1997-2002, the non-tax revenue recorded a growth of 6.98 *per cent* only. The trend growth of revenue from central taxes and grants-in-aid was 17.34 and 3.05 *per cent* respectively. The trend annual growth of these components of the State's revenue, buoyancy, average ratio as percentage to GSDP and average annual rate of shift in their relative contribution is indicated in Table-3.

Table 3: Components of Revenue Receipts-Basic parameters 1997-2002 (*per cent*)

	ROG	Buoyancy	GSDP share	Relative share	Shift Rate
Own Taxes	18.37	3.951	5.24	32	1.52
Non-Tax Revenue	6.98	1.501	1.80	11	(-)3.29
Central Tax Transfers	17.34	3.729	5.73	35	0.71
Grants-in-aid	3.05	0.656	3.60	22	(-)2.27

State's own taxes had the highest buoyancy of the four components. Buoyancy of central tax transfers and grants-in-aid was also significantly high, while the non-tax revenue had a buoyancy of only 1.501 indicating that for every one percentage point increase in the State's GSDP its non-tax revenue grew by only 1.501 *per cent*. Own taxes averaged 5.24 *per cent* of the State's GSDP during 1997-2002. The central tax transfer-GSDP ratio was 5.73 *per cent* during this period. Differing growth rates of these components of revenue also resulted in

shift in their relative share in total revenue receipt of the State. Average annual increase in the relative contribution of State's own taxes was 1.52 *per cent.* While the contribution from its non-tax revenue was negative at 3.29 *per cent* Central Tax Transfers witnessed an increase in their share, the annual shift being 0.71 *per cent* while the relative share of grants-in-aid declined at an average rate of 2.27 *per cent.*

1.5 Expenditure

Overall expenditure of the State comprising the revenue expenditure, capital expenditure and the loans and advances increased from Rs.6557 crore in 1997-98 to Rs.11148 crore in 2001-2002, at a trend rate of 13.01 *per cent* per annum. The rate of growth of total expenditure was only marginally lower than the rate of growth of revenue receipt during this period. There was also a decline in the rate of growth of expenditure from its peak in 1998-99. Total expenditure GSDP ratio, however, continued to increase from 20.70 *per cent* in 1997-98 to 29.61 *per cent* in 2001-2002 due to a moderate and relatively lower growth of the latter. There was also a decline in the percentage of revenue receipts with respect to total expenditure from 70.64 *per cent* in 1997-98 to 63.22 *per cent* in 2001-02 indicating that only a little over two thirds of the State's total expenditure was met from its current revenue, leaving the balance to be financed by borrowings. Total expenditure of the State, its trend and annual growth, ratio of expenditure to the State's GSDP and revenue receipts and its buoyancy with regard to GSDP and revenue receipt is indicated in Table 4 below:

Table 4: Total expenditure: Basic parameters (Value Rupees in crore and others in *per cent*)

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Total Expenditure	6557	8079	9734	10304	11148	9164
Rate of Growth	7.32	23.21	20.49	5.86	8.19	13.01
TE/GSDP Ratio	20.70	23.70	26.83	28.32	29.61	25.83
Revenue Receipts/ TE Ratio	70.64	56.37	60.46	66.98	63.22	63.53
Buoyancy of Total expenditure with						
GSDP	0.335	3.038	3.192	20.929	2.528	2.80
Revenue Receipts	0.909	*	0.701	0.339	3.863	0.997

* Rate of growth of Revenue was negative in 1998-99

Average buoyancy of the total expenditure with GSDP during 1997-2002 was 2.80 indicating that for every one-percentage point increase in GSDP, expenditure increased by 2.80 *per cent.* The buoyancy of total expenditure with GSDP was higher than that of total revenue with GSDP indicating a tendency for increased revenue deficit. However, lower growth in revenue expenditure in 2001-02 kept the overall buoyancy of expenditure with revenue receipt at 0.997 only.

In terms of the activities, total expenditure could be considered as being composed of expenditure on general services, interest payments, social and

economic services and the loans and advances. The relative share of these components in total expenditure is indicated in Table 5.

Table 5: Components of Expenditure- Relative share **(in *per cent*)**

	1997-98	1998-99	1999-2000	2000-2001	2001-2002	Average
General services	14.61	15.97	17.10	17.23	19.49	16.88
Interest payments	19.40	18.38	12.72	22.20	25.43	19.69
Social services	34.82	34.42	41.61	31.43	30.56	34.57
Economic Services	27.92	26.62	23.46	21.53	19.77	23.86
Loans & Advances	2.53	4.31	4.89	6.17	3.40	4.26

The movement of relative share of these components of expenditure indicated that while the share of economic services in total expenditure declined from 27.92 *per cent* in 1997-98 to 19.77 *per cent* in 2001-2002, the relative share of general services and interest payments increased. Interest payments and expenditure on general services considered as non-developmental, together accounted for nearly 45 *per cent* of total expenditure in 2001-2002 as compared to about 34 *per cent* in 1997-98.

In total expenditure, revenue expenditure had the predominant share. Revenue expenditure is incurred to maintain the current level of services and does not represent any addition to the State's service network. Overall revenue expenditure of the State increased from Rs.5535 crore in 1997-98 to Rs.9882 crore in 2001-2002, at an average trend rate of 14.34 *per cent* per annum. Rate of growth of revenue expenditure reached its maximum in 1999-2000 at 24.08 *per cent* and then it had declined sharply to 4.43 *per cent* in 2000-2001 and again went up to 11.86 *per cent* in 2001-2002. However, despite this decline in growth rate, revenue expenditure - GSDP ratio witnessed an increase from 17.47 *per cent* in 1997-98 to 26.34 *per cent* in 2001-2002. (It averaged 22.26 *per cent* during 1997-2002). Further, there was also an increase in the ratio of revenue expenditure to total expenditure from 84.41 *per cent* in 1997-98 to 88.64 *per cent* in 2001-02. On an average 86.26 *per cent* of total expenditure of the State was in the nature of expenditure on current consumption. The ratio of revenue expenditure to revenue receipt was also on the rise indicating increasing dependence of the State on borrowing for even meeting the current expenditure. Overall revenue expenditure, its rate of growth, ratio of revenue expenditure to State's GSDP and revenue receipts and its buoyancy with both GSDP and revenue receipts are indicated in Table 6 below:

Table 6: Revenue Expenditure. Basic parameters (Values Rupees in Crore and other in *per cent*)

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Revenue Expenditure	5535	6817	8459	8834	9882	7905
Rate of Growth	8.17	23.16	24.08	4.43	11.86	14.34
RE/GSDP	17.47	19.99	23.31	24.28	26.31	22.27
RE as % of TE	84.41	84.38	86.90	85.73	88.64	86.26
RE as % of Revenue Receipts	119.49	149.69	143.74	127.99	140.21	136.22

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Buoyancy of Revenue Expenditure with						
GSDP	0.374	3.031	3.751	15.821	3.66	3.083
Revenue Receipts	1.015	*	0.824	0.256	5.594	1.09

* Rate of growth of Revenue Receipt was negative in 1998-99.

The growth in revenue expenditure exceeded the rate of growth of State's GSDP and revenue receipts. Average buoyancy of revenue expenditure to GSDP during 1997-2002 was 3.083 indicating that for each one-percentage increase in GSDP, revenue expenditure increased by 3.083 *per cent*. Similarly, for each one percentage increase in the State's receipts, revenue expenditure increased by 1.09 *per cent*.

The expenditure of the State in the nature of plan expenditure, capital expenditure and developmental expenditure reflect its quality. Higher the ratio of these components to total expenditure better is the quality of expenditure. Table 7 below gives the ratio of these components of expenditure to State's total expenditure.

Table 7: Quality of Expenditure (*per cent* to total expenditure)

	1997-98	1998-99	1999-2000	2000-2001	2001-2002	Average
Plan expenditure	34.41	32.97	28.12	27.16	24.41	29.41
Capital expenditure	13.39	11.82	8.63	8.63	8.24	10.14
Development expenditure	70.16	68.94	71.86	60.66	56.05	64.74

(Total expenditure do not include Loans and Advances)

All the three components of expenditure show a relative decline from 34.41 *per cent* of total expenditure on 1997-98 to 24.41 *per cent* in 2001-2002. Similarly, capital expenditure also declined from 13.39 *per cent* in 1997-98 to 8.24 *per cent* in 2001-2002. There was also a decline in the share of development expenditure. The average share of expenditure on these components was significantly below the level achieved in 1997-98.

Activity-wise expenditure during 1997-2002 further reveal that the average trend growth of its various components had significant variations. Interest payments were the fastest growing component with an average growth of 29.86 *per cent* per annum. Loans and advances had a growth of 32.08 *per cent* and economic services grew by 5.09 *per cent* per annum. As percentage to GSDP, non-development expenditure comprising general services and interest payments averaged 9.66 *per cent*, followed by social services 8.95 *per cent* and the economic services 6.07 *per cent*. Activity-wise trend growth, ratio to GSDP, relative share of the various activities, shift in their relative share and buoyancy with GSDP is indicated in Table-8.

Table 8: Activity-wise Expenditure-Basic parameters (in *per cent*)

	ROG	GSDP Share	Relative Share	Share shift	Buoyancy with	
					GSDP	Revenue Receipt
General Services	31.71	4.47	16.88	11.48	6.819	2.430
Interest payments	29.86	5.19	19.69	6.51	6.422	2.288
Social services	12.31	8.95	34.57	(-)1.95	2.647	0.943
Economic Services	5.09	6.07	23.86	(-)8.82	1.095	0.390
Loans & Advances	32.08	1.14	4.26	18.03	6.899	2.458

The relative share of the expenditure on general services, interest and loans and advances increased by an average of 11.48 *per cent*, 6.51 *per cent* and *18.03 per cent* per annum respectively while the share of expenditure on social services and economic services actually declined. Interest payments also had the buoyancy of 6.422 with regard to GSDP and 2.288 with revenue receipts, indicating that for each one *per cent* increase in GSDP and revenue receipts, interest liabilities grew by 6.422 and 2.288 *per cent* respectively.

1.6 Fiscal imbalances

The deficits in Government accounts represent the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources so raised are applied are important pointers to the fiscal health. The revenue deficit of the State, which is the excess of its revenue expenditure over revenue receipts, increased from Rs.903 crore in 1997-98 to Rs.2834 crore in 2001-2002. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, increased from Rs.1801 crore in 1997-98 to Rs.3968 crore in 2001-2002. State also had a primary deficit increasing from Rs.509 crore in 1997-98 to Rs.1133 crore in 2001-2002.

The existence of revenue deficit indicated that the State Government had to borrow funds to meet its current obligations. The ratio of revenue deficit to fiscal deficit have also been continuously increasing from 50 *per cent* in 1997-98 to 71 *per cent* in 2001-2002 indicating a continuous deterioration. As proportion to State's gross domestic product revenue deficit had increased to 8 *per cent* in 2001-2002 and fiscal deficit to 11 *per cent*.

Table 9: Fiscal Imbalances-Basic parameters (Values Rupees in crore and Ratios in *per cent*)

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Revenue deficit	(-) 903	(-) 2263	(-) 2574	(-) 1932	(-) 2834	(-) 2101
Fiscal deficit	(-) 1801	(-) 2914	(-) 3746	(-) 3325	(-) 3968	(-) 3151
Primary Deficit	(-) 509	(-) 1429	(-) 2508	(-) 1038	(-) 1133	(-) 1323

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
RD/GSDP	3	7	7	5	8	6
FD/GSDP	6	9	10	9	11	9
PD/GSDP	2	4	7	3	3	4
RD/FD	50	78	69	58	71	65

1.7 Fiscal Liabilities- Public Debt and Guarantees

The Constitution of India provides that State may borrow within the territory of India, upon the security of its consolidated funds, within such limits, as may from time to time, be fixed by an Act of legislature. However, no such law was passed in the State to lay down any such limit. Exhibit-IV lists the amounts of guarantees given by the Government and the amount outstanding at the end of each year during 1997-2002. Table 10 below gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP revenue receipts and own resources and the buoyancy of these liabilities with receipt to these parameters. It would be observed that the overall fiscal liabilities of the State increased from Rs.12402 crore in 1997-98 to Rs.27853 crore in 2001-2002 at an average annual rate of 20.79 *per cent*. These liabilities as ratio to GSDP increased from 39.15 *per cent* in 1997-98 to 73.97 *per cent* in 2001-2002 and stood at 3.95 times of its revenue receipts and 8.82 times of its own resources comprising its own tax and non-tax revenue.

In addition to these liabilities Government had guaranteed loans of its various Corporations and others which in 2001-02 stood at Rs.5251 crore. The guarantees are in the nature of contingent liabilities of the State and in the event of non-payment of loans there may be an obligation of the State to fulfill these commitments. Currently the fiscal liabilities including the contingent liabilities exceed nearly five times the revenue receipt of the State. The direct fiscal liabilities of the State have grown much faster compared to its rate of growth of GSDP, revenue receipts and own resources. On average for each one *per cent* increase in GSDP, Revenue Receipts and own resources the direct fiscal liabilities of the State had gone up by 15.53, 2.92 and 2.29 *per cent* respectively.

Table 10: Fiscal Liabilities-Basic parameters (in *per cent*)

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Fiscal Liabilities	12402	15057	20289	23911	27853	19902
Rate of Growth	13.43	21.41	34.75	17.85	16.49	20.79
Ratio of Fiscal liabilities to						
GSDP	39.15	44.16	55.92	65.71	74.15	55.82
Revenue Receipt	267.75	330.63	344.76	346.44	395.19	336.95
Own Resources	631.79	736.64	838.04	833.43	881.70	784.32

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Buoyancy of fiscal Liabilities to						
GSDP	0.65	2.802	5.413	63.750	5.090	15.534
Revenue Receipts	1.668	*	1.189	1.033	7.778	2.917
Own resources	1.762	5.184	1.884	0.965	1.631	2.285

*With negative growth in Revenue Receipts, buoyancy became negative

Increasing liabilities had raised the issue of its sustainability. Fiscal liabilities are considered sustainable if the average interest paid on these liabilities is lower than the rate of growth of GSDP. However, in case of Orissa average interest on fiscal liabilities at 14.23 *per cent* during 1997-2002 exceeded the rate of growth of GSDP by 7.35 *per cent* as indicated in Table 11.

Table 11: Debt sustainability-Interest rate and GSDP Growth **(in *per cent*)**

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Weighted Interest Rate	14.66	14.52	10.12	15.50	16.34	14.23
GSDP Growth	21.82	7.64	6.42	0.28	3.48	6.88
Interest spread	7.16	(-)6.88	(-)3.70	(-)15.21	(-)12.85	(-)7.35

Another important indication of debt sustainability is net availability of the funds after payment of the principal on account of the earlier contracted liabilities and interest. Table 12 below gives the position of the receipt and repayment of internal debt and loans and advances from Government of India after providing for the interest and repayments which varied from 1.54 *per cent* to 48.45 *per cent* during 1997-2002. The net funds available declined to the lowest level of 1.54 *per cent* of total fresh loans during 2001-2002.

Table 12: Net Availability of Borrowed Funds **(Rupees in crore)**

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Market Borrowings						
Receipts	579	623	1129	1044	1687	1012
Repayment (Principal + Interest)	432	574	675	867	987	707
Net Fund Available	147	49	454	177	700	305
Net Fund Available (*Per cent*)	25.39	7.87	40.21	16.95	41.49	30.14
Loans and Advances from Government of India excluding ways & means advance						
Receipt	1085	1281	1253	1489	973	1216
Repayment (Principal + Interest)	770	947	553	1405	1632	1061
Net Fund Available	315	334	700	84	(-) 659	155
Net Fund Available (*Per cent*)	29.03	26.07	55.87	5.64	(-) 67.73	12.75
Total Public Debt						
Receipt	1664	1904	2382	2533	2660	2229

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Repayment (Principal + Interest)	1202	1521	1228	2272	2619	1769
Net Fund Available	462	383	1154	261	41	460
Net Fund Available (*Per cent*)	27.76	20.12	48.45	10.30	1.54	20.64

1.8 Loss/Diversion of Central Assistance/incorrect submission of Utilisation Certificates

Loss/diversion of central assistance of Rs.43.32 crore was noticed in the following cases:

Sl. No	Name of the Department	Scheme to which the funds relate	Central assistance lost/diverted (Ruppes in crore)	Remarks
1.	Agriculture	Macro Management of Agriculture – Centrally Sponsored Scheme (CSS)	22.82	The scheme was introduced in the state from 2001-02 subsuming 27 existing CSS. The expenditure under the scheme based on a work plan was to be shared between Government of India (GOI) and the State Government in the ratio of 90 : 10 treating 80 *per cent* of Central assistance as grant and remaining 20 *per cent* as loan. As per guidelines 50 *per cent* of allocated funds were to be released by GOI during April every year as first instalment and on receipt of progress report of utilisation of available funds (unspent funds of previous years plus amount released in the first instalment), the second and final instalment was to be released on a graded basis i.e. upto 60 *per cent* by December would entitle to the remaining 50 *per cent* but such utilisation in January, February or March would entitle the State Government to 40, 30, 20 *per cent* respectively of balance funds. Central assistance of Rs.22.82 crore was lost on account of the following: (i) Poor utilisation of available funds: Rs.14.85 crore (ii) Excess carry over of balance: Rs.7.97 crore.
2.	Education	Centrally sponsored scheme Educational technology with 100 *per cent* Central assistance	0.67	Government of India (GOI) sanctioned (March 2001) Rs.1.61 crore towards purchase of 12978 radio-cum-cassette players for supply to primary schools of 14 super cyclone affected districts and released (March 2001) Ist installment of Rs.94.32 lakh. The balance was to be released on purchase of the sets by the State. On the request of State Government, GOI permitted utilisation of the fund during 2001-02. The fund could not be utilised even in 2001-02. To avoid lapse of budget grant the money was drawn and kept in Civil Deposit and consequently the balance of the Central assistance of Rs.66.64 lakh was lost.

Sl. No	Name of the Department	Scheme to which the funds relate	Central assistance lost/diverted (Ruppes in crore)	Remarks
3	Panchayati Raj Department	Loss of Central Assistance under JGSY and SGSY	18.94	Scrutiny of 16 sanction orders issued by GOI under Jawahar Gram Samridhi Yojana (JGSY) and Swarn jayanti Gram Swarojgar Yojna (SGSY) schemes during the year 1999-2001 revealed that Government of India had deducted Central Assistance of Rs.18.94 crore due to (i) retention of excess balance at the commencement of financial year (Rs.13.58 crore), (ii) excess administrative expenditure (Rs.0.46 crore), (iii) short expenses on SC/ST (Rs.0.65 crore) and (iv) short release of State share (Rs.4.25 crore) at the time of release of next instalment under the schemes. This deprived the rural poor of the intended benefits.
4.	Fisheries and Animal Resources Development Department	CSS – Development of fresh water aqua culture through Fish Farmers Development Agencies (FFDAs)	0.89	Scheme funds meant for subsidy and training of fish farmers were irregularly diverted by 22 FFDAs for payment of base staff salary which was to be borne out of the State Government funds. This had deprived the fish farmers of the intended benefits
	Total		**43.32**	

1.9 Investment and returns

1.9.1 As on 31st March 2002, Government had invested Rs.1473.20 crore in Statutory Corporations, Government Companies, Joint Stock Companies and Cooperatives. Government's return on this investment was not only meagre, it also declined continuously as indicated in Table 13 below:

Table 13: Return on Investment **(Rupees in crore)**

Year	Investment at the end of the year	Return	Percentage of Return	Weighted Interest rates(in *per cent*)
1997-98	1268.41	3.20	0.25	14.66
1998-99	1346.56	0.28	0.02	14.52
1999-2000	1379.19	111.15	8.06	10.12
2000-2001	1408.82	37.91	2.69	15.50
2001-2002	1473.20	8.77	0.60	16.34

In addition to its investment, Government has also been providing loans and advances to many of these parastatals. Total outstanding was Rs.2366 crore as on 31st March 2002. Overall interest received stood at 0.76 *per cent* during 2001-02. The difference between interest paid and received is negative during last five years (Table 14). Further, in most cases Government orders sanctioning the loans did not specify the terms and conditions for these loans.

Table 14: Average Interest Received on Loans Advanced by the State Government

(Rupees in crore)

	1997-98	1998-99	1999-2000	2000-01	2001-02
Opening Balance	903	944	1186	1560	2119
Amount advanced during the year	165	348	476	636	379
Amount repaid during the year	124	106	102	77	132
Closing Balance	944	1186	1560	2119	2366
Net addition	41	242	374	559	247
Interest Received	-	13	15	10	18
Interest received as *per cent* to Loans advanced	Nil	1.10	0.96	0.47	0.76
Weighted Interest rates paid by the State	14.66	14.52	10.12	15.50	16.34
Difference between interest paid and received	(-) 14.66	(-) 13.42	(-) 9.16	(-) 15.03	(-) 15.58

1.9.2 Further scrutiny of records relating to loans disbursed/recovered during the period 1997-2002 of 5[1] Departments of the State Government revealed the following:

1.9.2.1 Loans to GRID Corporation

A case study of the Energy Department revealed that loan of Rs.120 crore sanctioned during February 1999 to GRID Corporation Ltd. Orissa for clearance of outstanding dues of Orissa Power Generation Corporation with the condition that the loan was to be repaid in 12 equal annual instalments commencing from 2001-02 at 13 *per cent* interest per annum.

Audit scrutiny revealed that against Rs.10 crore as principal and interest of Rs.49.40 crore at the end of 2001-2002, no recoveries were made by Government due to poor financial condition of the Corporation. It was noticed that no penal clause was included in the sanction order for default in repayment of loans by the loanee. Government, however, assured to collect the penal interest as applicable.

1.9.2.2 `Loans converted into equity

Out of total loans of Rs.27.54 crore disbursed by Government in Textile and Handloom Department to Orissa Textile Mills Ltd. between 1981-82 and 1997-98, Rs.12.72 crore was converted (February 1997) into equity for strengthening the financial status of the company and was waived the interest of Rs.18.59 crore due to Government as of March 1995. As the company was wound up in May 2001 the conversion of loan into equity in effect resulted in

[1] Energy, Industries, Steel and Mines, Textile and Handloom and Housing and Urban Development Departments.

writing off the loans. Further, there were outstanding loans of Rs.14.82 crore at the date of winding of the company.

Further, due to liberal grant of loans and advances by Government in Textile and Handloom Department and Industries Department to 6[2] unviable units, prospects of recovery of Government money of Rs.31.17 crore (Principal: Rs.22.80 crore and Interest: Rs.8.37 crore) outstanding against them as of March 2002 were bleak due to defunct state/sale/closure of the units.

1.9.2.3 Loans to Orissa State Housing Board

Government in Housing and Urban Development Department sanctioned loan of Rs.25.17 crore to the Orissa State Housing Board between 1969-70 and 1998-99 in 169 cases towards various housing projects stipulating different terms and conditions of recovery.

It was noticed that in 6 cases there was no provision for payment of penal interest and in 37 cases, no repayment of dues of Rs.4.26 crore was effected (principal Rs.1.81 crore and interest Rs.2.45 crore) though they were due since 1993-94. The total over due loans of Rs.18.06 crore (Principal Rs.7.97 and interest Rs.10.09 crore) by March 2002 were yet to be realised from OSHB (July 2002).

1.9.2.4 Non-payment of overdue loans

(a) The following Government Corporations of Steel and Mines and Industries Departments did not repay the outstanding overdue loans.

(Rupees in crore)

Name of the Corporation	Loan disbursed	Payment due		Total amount overdue
		Principal	Interest	
Orissa Mining Corporation*, Bhubaneswar (Steel and Mines Department)	24.18	19.34	12.62	31.96
Industrial Development Corporation, Bhubaneswar (Industries Department)	13.77	11.37	18.34	29.71
Orissa State Financial Corporation, Cuttack (Industries Department)	17.01	16.69	11.02	27.71
Total	**54.96**	**47.40**	**41.98**	**89.38**

* Brief mention of it was made in Para 3.21 of Comptroller and Auditor General's Audit Report (Civil) for the year ended 31 March 2001.

This had adversely affected the financial position of the State by way of blockage of funds of Rs.89.38 crore with the above Corporations.

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[2] Bhaskar Textile Mills :Jharsuguda (Defunct since April 1998):Rs.3.70 crore; Gangpur Weaver's Co-operative Spinning Mills Ltd., Sundargarh (Sold in May 1993):Rs.11.22 crore, Orissa Textile Mills, Choudwar (Defunct since May 2001):Rs.14.81 crore, Orissa State Leather Corporation, Cuttack (Closed in January 1998):Rs.0.80 crore, Orissa State Handloom Development Corporation, Bhubaneswar (Defunct in 1997-98):Rs.0.10 crore) and Orissa Instrument Company, Cuttack (Closed in January 1998): Rs.0.54 crore.

(b) Further, interest free loans of Rs.13.78 crore were paid to Orissa State Financial Corporation (OSFC) between 1988-2001 for disbursement of annual minimum dividend to its share holders as guaranteed by the State Government. These loans were to be repaid in 3 annual instalments with a moratorium of 1 year from the date of their payment. Although repayment of loans of Rs.12.70 crore paid up to 1999-2000 was over due as of March 2002, OSFC did not repay the same. Moreover, instead of discharging the minimum dividend liability, the corporation retained the interest free loans with it as a separate liability to shore up its capital base. Since OSFC failed to discharge the dividend liability, the payment of interest free loans to it by Government year after year was irregular resulting in loss of interest of Rs.10.21 crore calculated at minimum borrowing rate of 10.5 *per cent* during the period.

1.10 Financial results of irrigation works

The financial results of 11 major and 41 medium irrigation projects with a capital expenditure of Rs.2196.25 crore at the end of March 2002 showed that revenue expenditure realised from these projects during 2001-2002 (Rs.1.11 crore) was only 0.05 *per cent* of the capital expenditure and these were not sufficient to cover even the direct working expenses (Rs. 45.26 crore). After meeting the working and maintenance expenditure (Rs.45.48 crore) and interest charges (Rs.148 crore), the schemes suffered a net loss of Rs. 192.36 crore. The loss was substantial (Rs.165.73 crore) in all the major irrigation projects.

1.11 Incomplete Projects

As of 31st March 2002 there were 31 (Major 14 and Medium 17) incomplete projects in which Rs.4052 crore were blocked. Of these, 25 projects were incomplete for period ranging from 5 to 10 years (9: Rs.338 crore), 10 to 15 years (4: Rs.224 crore), 15 to 20 years (4: Rs.669 crore) and more than 20 years (8: Rs.2635 crore). This showed that the Government was spreading its resources thinly, which failed to yield any return. Reasons for incomplete projects were paucity of funds, works left incomplete by contractors, change in site/design of the project(s), defective planning etc.

1.12 Arrears of revenue

Comparing the arrears for the years 2000-2001 (Rs.1064 crore) to 2001-2002 (Rs.1195 crore), there had been an increase of 12 *per cent*. The arrears of revenue up to 31st March 2002 were 17 *per cent* of the revenue receipts during 2001-2002. Of the arrears, Rs.328 crore (27 *per cent*) were pending for more than five years and pertained to Taxes on Sales, Trade etc.(Rs.322 crore), Mines and Minerals (Rs.2.19 crore) and Police (Rs 3.40 crore). The

deterioration in the position of arrears of revenue showed a slackening of the revenue realising efforts of the State Government.

1.13 Management of Cash Balances

It is generally desirable that State's flow of resources should match its expenditure obligations. However, to take care of any temporary mis-matches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advance (WMA) from Reserve Bank of India has been put in place. However, State has been increasingly using this mechanism over the years. Normally these advances should be liquidated during the year. Any outstanding balances of WMA indicate mis-match in the revenue and expenditure, which is not transient in nature. Resort to overdraft which is over and above the WMA limits, is all the more undesirable. The State has increasingly been drawing in excess of its WMA limits from RBI as indicated in Table 15.

Table 15: Ways and Means Advance & Overdrafts of the State and Interest paid

(Rupees in crore)

	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Ways & Means Advances						
Taken in the year	1295	1613	1867	2137	1355	1653
Outstanding	16	160	206	179	179	148
Interest paid	6.02	4.22	6.54	11.71	11.59	8.02
Overdraft						
Taken in the year	872	1039	1868	3828	5393	2600
Outstanding	Nil	144	Nil	833	1064	408
Interest paid	2.00	1.75	3.07	4.13	8.32	3.85
Number of days State was in overdraft	104	90	141	203	252	158

1.14 Financial Indicators of the Government of Orissa

The finances of a State should be sustainable, flexible and non-vulnerable. Table 16 below presents a summarized position of Government finances over 1997-2002, with reference to certain key indicators that help assess the adequacy and effectiveness of available resources and their applications, highlight areas of concern and captures its important facets.

The ratio of revenue receipt and State's own taxes to GSDP indicate the adequacy of its resources. The buoyancy of the revenue receipt indicates the nature of the tax regime and the State's increasing access to resources with increase in GSDP. Revenue receipts comprises not only the tax and non-tax resources of the State but also the transfers from Union Government. It indicates the sum total of the resources which the State has access to including entitlement from the central pool. These ratios showed a continuous

improvement during 1997-2001, while revenue buoyancy declined considerably in 2001-02 mainly due to decline in Grants-in-aid from the Central Government. Despite decline in Revenue buoyancy, the own tax to GSDP ratio improved in 2001-02. Various ratios concerning the expenditure management of the State indicate quality of its expenditure and sustainability of these in the relation to its resource mobilization. The ratio of revenue expenditure to total expenditure has shown continuous increase while its capital expenditure has declined. Both its revenue and total expenditure have been buoyant compared to its revenue receipts and revenue expenditure has shown a comparatively greater buoyancy. All these indicate State's increasing dependence on borrowings for meeting its revenue expenditure and inadequate expansion of its developmental activities.

Table 16: Indicators of Fiscal Health (in *per cent*)

Fiscal Indicators	1997-98	1998-99	1999-2000	2000-01	2001-02	Average
Resource Mobilization						
Revenue Receipt/GSDP	14.62	13.36	16.21	19.00	19.72	16.382
Revenue Buoyancy	0.369	*	4.55	61.71	0.65	2.81
Own Tax/GSDP	4.49	4.36	4.70	6.00	6.57	5.22
Expenditure Management						
Total Expenditure/ GSDP	20.70	23.70	26.83	28.32	29.61	25.83
Revenue Receipts/ Total Expenditure	70.64	56.37	60.46	66.98	63.22	63.53
Revenue Expenditure/ Total Expenditure	84.41	84.38	86.90	85.73	88.64	86.26
Capital Expenditure	13.39	11.82	8.63	8.63	8.24	10.14
Development Expenditure	70.16	68.94	71.86	60.66	56.05	64.74
Buoyancy of TE with RR	0.909	*	0.701	0.339	3.863	0.997
Buoyancy of RE with RR	1.015	*	0.824	0.256	5.594	1.09
Management of Fiscal Imbalances						
Revenue Deficit (Rs. in crore)	(-) 903	(-) 2263	(-) 2574	(-) 1932	(-) 2834	(-) 2101
Fiscal Deficit(Rs. in crore)	(-) 1801	(-) 2914	(-) 3746	(-) 3325	(-) 3968	(-) 3151
Primary Deficit (Rs. in crore)	(-) 509	(-) 1429	(-) 2508	(-) 1038	(-) 1133	(-) 1323
Revenue Deficit/ Fiscal Deficit	50	78	69	58	71	
Management of Fiscal Liabilities						
Fiscal Liabilities/GSDP	39.15	44.16	55.92	65.71	74.15	55.82
Fiscal Liabilities/RR	1.668	*	1.189	1.033	7.778	2.917
Buoyancy of FL with Own Resources	1.762	5.184	1.884	0.965	1.631	2.285
Interest spread	7.16	(-)6.88	(-)3.70	(-)15.21	(-)12.85	(-)7.35
Net Fund Available	27.76	20.12	48.45	10.30	1.54	20.64
Other Fiscal Health Indicators						
Return on Investment	0.0025	0.0002	0.087	0.027	0.006	0.0231
BCR (Rs. in crore)	(-) 229	(-) 1364	(-) 1581	(-) 1069	(-) 1945	(-) 1238
Financial Assets/ Liabilities	0.71	0.64	0.58	0.56	0.52	0.60

*** With negative growth in Revenue Receipts, buoyancy became negative.**

Increasing revenue and fiscal deficit indicate growing fiscal imbalances of the State. Similarly, increase in ratio of revenue deficit and fiscal deficit indicates that the application of borrowed funds has largely been to meet current consumption. All the four indicators of fiscal imbalances show continuous deterioration over time indicating increasing unsustainability and vulnerability of State finances.

It is not uncommon for a State to borrow for increasing its social and economic infrastructure support and creating additional income generating assets. However, increasing ratio of fiscal liabilities to GSDP and revenue receipts together with a growing revenue deficit indicate that the State is gradually getting into a debt trap. Similarly, the higher buoyancy of the debt both with regard to its revenue receipts and own resource indicate its increasing unsustainability. The average interest paid by the State on its borrowings during 1997-2002 has also exceeded the rate of growth of its GSDP, violating the cardinal rule of debt sustainability. There has also been a decline in net availability of funds from its borrowings due to a larger portion of these funds being used for debt servicing. The State's low return on investment and use of high cost borrowing for investments indicates an implicit subsidy. The ratio of State's total financial assets to liabilities has also deteriorated indicating that increasingly a greater part of liabilities are without an asset back up. This indicates that either the State has to generate more revenue from out of its existing assets or need to provide from its current revenues for servicing its debt obligations. The balance from current revenue of the State has also continued to be negative. The BCR plays a critical role in determining its plan size and a negative BCR adversely affects the same and reduces availability to fund for additional infrastructure support and other revenue generating investment.

EXHIBIT-I

SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF ORISSA AS ON 31 MARCH 2002

(Rupees in crore)

As on 31.03.2001	Liabilities		As on 31.03.2002
6994.65	**Internal Debt -**		**9816.08**
4936.55	Market Loans bearing interest	**5612.46**	
16.91	Market Loans not bearing interest	16.57	
41.50	Loans from LIC	38.08	
987.51	Loans from other Institutions	2905.94	
179.25	Ways and Means Advances	179.31	
832.93	Overdrafts from Reserve Bank of India	1063.72	
9184.19	Loans and Advances from Central Government		**8715.00**
575.56	Pre 1984-85 Loans	471.39	
2844.74	Non-Plan Loans	1797.62	
5418.84	Loans for State Plan Schemes	6107.49	
49.91	Loans for Central Plan Schemes	47.99	
95.14	Loans for Centrally Sponsored Plan Schemes	90.51	
200.00	Ways and Means Advance	200.00	
122.30	Contingency Fund		**55.68**
5836.21	Small Savings, Provident Funds, etc.		**6746.99**
1696.87	Deposits		**2385.77**
200.34	Reserve Funds Advances		**190.48**
0.16	Suspense and Miscellaneous		-----
698.12	Miscellaneous Capital Receipts		**698.12**
24732.84			**28608.12**
As on 31.03.2001	**Assets**		**As on 31.03.2002**
11413.31	Gross Capital Outlay on Fixed Assets		**12300.08**
1408.82	Investments in shares of Companies, Corporations etc.	1473.20	
10004.49	Other Capital Outlay	10826.88	
2118.90	Loans and Advances		**2366.39**
702.54	Loans for Power Projects	842.50	
520.63	Other Development Loans	508.46	
895.73	Loans to Government servants and Miscellaneous loans	1015.43	
7.25	Advances		**7. 39**
64.76	Suspense and Miscellaneous Balances		**163.01**
17.82	Remittance Balances		**25. 74**
268.66	Cash		**69. 63**
4. 14	Cash in Treasuries and Local Remittances	9. 13	
229.75	Deposits with Reserve Bank	25.52	
10.96	Departmental Cash Balance including Permanent Advances	13.86	
0.38	Security Deposits	0.38	
1.13	Investment of earmarked funds	1.13	
22.30	Cash Balance Investment	19.61	
10842.14	Deficit on Government Accounts		**13675. 88**
--	Appropriation to Contingency Fund		
1931.97	Revenue Deficit of the Current Year	2833.74	
8910.17	Accumulated deficit	10842.14	
24732.84			**28608. 12**

EXHIBIT-II
ABSTRACT OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR 2001-2002

(Rupees in crore)

2000-2001	Receipts		2001-2002	2000-2001	Disbursements	Non-Plan	Plan		2001-2002
	Section-A: Revenue								
					1.Revenue Expenditure				
6902.02	I. Revenue Receipts		**7047.99**	**4030.93**	General Services	**4911.60**	**21.72**		**4933.32**
2184.03	-Tax Revenue	2466.88		**3115.96**	Social Services	**2233.78**	**1025.67**		**3259.45**
685.47	-Non-tax revenue	691.75		1741.58	-Education, Sports, Art and Culture	1321.58	411.76	1733.34	
2209.45	-State's share of Union Taxes & Duties	2532.12		433.11	-Health and Family Welfare	271.80	149.64	421.44	
394.52	-State's share of net proceeds of Taxes on income other than Corporate Tax	116.60		241.67	-Water Supply & Sanitation, Housing and Urban Development	153.36	113.06	266.42	
467.83	-Non-Plan grants	313.16		10.10	-Information and Broadcasting	8.00	2.13	10.13	
600.97	-Grants for State Plan Scheme	649.84		216.73	-Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	70.08	193.10	263.18	
36.16	-Central Plan Schemes	63.46		22.42	-Labour and Labour Welfare	18.43	2.93	21.36	
323.59	-Centrally Sponsored Plan Schemes	214.18							
1931.97	II. Revenue deficit carried over to Section B		**2833.74**	388.27	-Social Welfare and Nutrition	371.79	151.48	523.27	
				62.08	-Others	18.74	1.57	20.31	
				1537.67	Economic Services	**793.76**	**745.64**		**1539.40**
				507.66	-Agriculture and Allied Activities	325.08	146.39	471.47	
				411.77	Rural Development	80.47	367.51	447.98	
				-	-Special Areas Programmes	-	-	-	-
				178.44	-Irrigation and Flood Control	122.98	70.02	193.00	
				6.82	-Energy	5.01	11.16	16.17	
				101.40	-Industry and Minerals	84.11	17.97	102.08	
				146.89	-Transport and Communications	134.74	0.61	135.35	
				25.50	-Science, Technology and Environment	2.23	13.40	15.63	
				159.19	-General Economic Services	39.14	118.58	157.72	
				149.43	-Grants-in-aid and Contributions				**149.56**

2000-2001	Receipts		2001-2002	2000-2001	Disbursements	Non-Plan	Plan		2001-2002
	Section-B								
(-)95.27	III. Opening Cash balance including Permanent Advances and Cash Balance Investment		**268.66**	**Nil**	III. Opening Overdraft from RBI				**832.93**
Nil	IV. Misce-llaneous Capital Receipts		**Nil**	**834.10**	IV. Capital Outlay	**75.55**	**813.22**		**886.77**
				31.15	General Services	**60.17**	**14.56**	**74.73**	
				123.13	Social Services	**0.62**	**146.59**	**147.21**	
				18.90	-Education, Sports, Art and Culture	0.19	22.12	22.31	
				25.83	-Health and Family Welfare	-	28.12	28.12	
				72.05	-Water Supply, Sanitation, Housing and Urban Development	0.43	90.61	91.04	
				6.27	-Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	-	5.72	5.72	
				0.80	-Social Welfare and Nutrition	-	0.02	0.02	
				679.82	Economic Services	**12.76**	**652.07**	**664.83**	
				66.67	-Agriculture and Allied Activities	12.57	22.08	34.65	
				-	-Rural Development	-	-	-	
				-	-Special Areas Programmes	-	-	-	
				468.44	-Irrigation and Flood Control	-	452.48	452.48	
				0.25	-Energy	-	50.20	50.20	
				-2.09	-Industry and Minerals	-	1.63	1.63	
				144.21	-Transport and Communications	-	120.28	120.28	
				2.34	-General Economic Services	0.19	5.40	5.59	
76.58	V Recoveries of Loans and Advances		**131.66**	**635.79**	V. Loans and Advances disbursed				**379.15**
Nil	-From Power Projects	Nil		250.12	-For Power Projects			139.97	
43.08	-From Government Servants	109.33		340.89	-To Government Servants			221.52	
33.50	-From others	22.33		44.78	-To Others			17.66	
	VI Revenue surplus brought down			**1931.97**	VI. Revenue deficit brought down				**2833.74**

2000-2001	Receipts		2001-2002	2000-2001	Disbursements	Non-Plan	Plan		2001-2002
2782.44	VII Public debt receipts (other than Ways & Means)		**3042.29**	**770.28**	VII. Repayment of Public Debt				**920.85**
1043.61	-Internal debt other than Ways and Means Advances and Overdraft	1687.01		112.99	-Internal debt other than Ways and Means Advances and Overdraft			83.76	
	-Net transaction under Ways and Means Advances	0.06*		26.78	-Net transaction under Ways and Means Advances				
1738.83	-Loans and Advances from Central Government	1355.22		630.51	-Repayment of Loans and Advances to Central Government			837.09	
	VIII Appro-priation to Contingency Fund		-	**Nil**	VIII. Appropriation to Contingency Fund				
0.60	IX Amount transferred to Contingency Fund			**Nil**	IX. Expenditure from Contingency Fund				**66.62**
6174.92	X Public Account receipts		**6812.71**	**5331.40**	X. Public Account disbursements				**5329.35**
1692.19	-Small Savings and Provident Funds	1993.58		830.68	-Small Savings and Provident funds			1082.80	
138.73	-Reserve Funds	250.81		324.97	-Reserve funds			260.67	
207.43	-Suspense and Miscellaneous	33.78		142.69	-Suspense and Miscellaneous			132.18	
1842.20	-Remittance	1843.85		1840.21	-Remittance			1851.78	
2294.37	-Deposits and Advances	2690.69		2192.85	-Deposits and Advances			2001.92	
832.93	XI Closing Overdraft from Reserve Bank of India		**1063.72**	**268.66**	XI Cash Balance at end				**69.63**
				4014	-Cash in Treasuries and Local Remittances			9.13	
				229.75	Deposits with Reserve Bank			25.52	
				10.96	-Departmental Cash Balance including permanent advances			13.86	
				23.81	-Cash Balance Investment			21.12	
9772.20			**11,319.04**	**9772.20**					**11319.04**

* Represents receipts Rs.1354.59 crore and disbursements-Rs.1354.53 crore

EXHIBIT - III
SOURCES AND APPLICATION OF FUNDS

(Rupees in crore)

2000-2001		Sources	2001-2002	
6902.02		1. a) Revenue receipts		7047.99
Nil		b) Miscellaneous Capital receipts(Non-debt)		Nil
76.58		2. Recoveries of Loans and Advances		131.66
2012.16		3. Increase in Public debt other than overdraft		2121.44
843.52		4. Net receipts from Public Account		1483.36
	861.51	Increase in Small Savings	910.78	
	101.52	Increase in Deposits and Advances	688.77	
	-186.24	Increase in Reserve funds	-9.86	
	64.74	Net effect of suspense and Miscellaneous transactions	-98.40	
	1.99	Net effect of Remittance transactions	-7.93	
832.93		5. Increase in Overdraft		230.79
-		6. Decrease in closing cash balance		199.03
0.60		7. Net effect of Contingency Fund transaction		-
10667.81		**Total**		**11214.27**
		Application		
2000-2001				**2001-02**
8833.99		1. Revenue expenditure		9881.73
635.79		2. Lending for development and other purposes		379.15
834.10		3. Capital expenditure		886.77
-		4. Net effect of Contingency Fund transactions		66.62
-		5. Decrease in Overdraft		-
363.93		6. Increase in closing Cash Balance		-
Nil		7. Appropriation to Contingency Fund		-
10667.81		**Total**		**11214.27**

Explanatory Notes for Exhibit I, II and III:

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.

2. Government accounts being mainly on cash basis, the deficit on Government account as shown in Exhibit I indicates the position on cash basis as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc. do not figure in the accounts.

3. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlement, etc.

4. There was a difference of Rs.1064.04 crore (net debit) between the figures reflected in the accounts (Rs.25.52crore) and that intimated by the RBI (Rs.1038.52 crore) under "Deposit with Reserve Bank". After reconciliation and adjustment, the difference to the extent of Rs.10.22 lakh Debit (Net) remains to be reconciled (June 2002).

EXHIBIT - IV
TIME SERIES DATA ON STATE GOVERNMENT FINANCE

	1997-98	1998-99	1999-2000	2000-2001	2001-02
	(R u p e e s i n c r o r e)				
PART A. RECEIPTS					
1. Revenue Receipts	**4632**	**4554**	**5885**	6902	**7048**
(i) Tax Revenue	**1422(31)**	**1487(33)**	**1704(29)**	**2184(31)**	**2467(35)**
Taxes on Agricultural Income	Nil	Nil	Nil	Nil	Nil
Taxes on Sales, Trade, etc.	925(65)	971(65)	1108(65)	1342(62)	1402(57)
State Excise	106(8)	110(7)	115(7)	135(6)	197(8)
Taxes on vehicles	142(10)	143(10)	156(9)	178(8)	216(9)
Stamps and Registration fees	77(5)	88(6)	102(6)	109(5)	110(4)
Land Revenue	39(3)	58(4)	50(3)	53(2)	84(3)
Taxes and Duties on Electricity	128(9)	110(7)	127(7)	147(7)	137(6)
Other Taxes	5	7(1)	46(3)	220(10)	320(13)
State's share of net proceeds of Taxes and duties	**1564(34)**	**1695(37)**	**1748(30)**	**2604(38)**	**2647(37)**
(ii) Non-Tax Revenue	**541(11)**	**557(12)**	**717(12)**	**685(10)**	**692(10)**
(iii) Grants-in-aid from GOI	**1105(24)**	**815(18)**	**1716(29)**	**1429(21)**	**1240(18)**
2. Miscellaneous Capital Receipts	**Nil**	**505**	**Nil**	**Nil**	**Nil**
3. Total Revenue and Non-debt Capital Receipts (1+2)	**4632**	**5059**	**5885**	6902	**7048**
4. Recoveries of Loans and Advances	**124**	**106**	**103**	**77**	**132**
5. Public Debt Receipts	**1729**	**2383**	**2682**	**3589**	**3273**
Internal Debt (excluding Ways and Means Advances and Overdrafts)	579	623	1129	1044	1687
Net transaction under Ways and Means Advances and Overdrafts	Nil	289	Nil	806	231
Loans and advances from Government of India*	1150	1471	1553	1739	1355
6. Total Receipts in the Consolidated Fund (3+4+5)	**6485**	**7548**	**8670**	**10568**	**10453**
7 Contingency Fund Receipts	**Nil**	**3**	**106**	**1**	**Nil**
8. Public Account Receipt	**4178**	**4907**	**6557**	**6175**	**6813**
9. Total Receipts of the State (6+7+8)	**10663**	**12458**	**15333**	**16744**	**17266**
PART B. EXPENDITURE/DISBURSEMENTS					
10. Revenue Expenditure	**5535(84)**	**6817(85)**	**8459(87)**	**8834(86)**	**9882(89)**
Plan	1355(24)	1646(24)	1828(22)	1824(21)	1816(18)
Non-Plan	4180(76)	5171(76)	6631(78)	7010(79)	8066(82)
General Services including interest payment	2240(40)	2757(40)	2888(34)	4031(46)	4933(50)
Social Services	2212(40)	2720(40)	4002(48)	3116(35)	3260(33)
Economic Services	1056(19)	1316(19)	1548(18)	1538(17)	1539(16)
Grants-in-aid and contributions	28 (1)	24 (1)	21(Nil)	149(2)	150(1)
11. Capital Expenditure	**856(13)**	**914(11)**	**799(8)**	**834(8)**	**887(8)**
Plan	846(99)	903(99)	775(97)	802(96)	813(92)
Non-Plan	10(1)	11(1)	24(3)	32(4)	74(8)
General Services	10(1)	18(2)	15(2)	31(4)	75(8)
Social Services	71(8)	61(7)	48(6)	123(15)	147(17)
Economic Services	775(91)	835(91)	736(92)	680(81)	665(75)
12. Disbursement of loans and advances	**166(3)**	**348(4)**	**476(5)**	**636(6)**	**379(3)**
13. Total Expenditure(10+11+12)	**6557**	**8079**	**9734**	**10304**	**11148**

* Includes Ways and Means Advances from GOI

	1997-98	1998-99	1999-2000	2000-2001	2001-02
	(Rupees in crore)				
14. Repayments of Public Debt	**721**	**561**	**484**	**744**	**921**
Internal Debt (excluding Ways and Means Advances and Overdrafts)	17	121	141	113	84
Net transactions under Ways and Means Advances and Overdraft	425	-	98	-	-
Loans and Advances from Government of India*	279	440	245	631	837
15. Appropriation to Contingency Fund	**--**	**--**	**90**	**Nil**	**Nil**
16. Total disbursement out of Consolidated Fund (13+14+15)	**7278**	**8640**	**10308**	**11048**	**12069**
17. Contingency Fund disbursements	**10**	**17**	**11**	**Nil**	**67**
18. Public Account disbursement	**3519**	**4026**	**4925**	**5331**	**5329**
19. Total disbursement by the State (16+17+18)	**10807**	**12683**	**15244**	**16379**	**17465**
PART C DEFICITS					
20. Revenue Deficit (-)/ Surplus (+)(1-10)	**(-) 903**	**(-) 2263**	**(-)2574**	**(-)1932**	**(-)2834**
21. Fiscal Deficit (3+4-13)	**1801**	**2914**	**3746**	**3325**	**3968**
22. Primary Deficit (21-23)	**509**	**1429**	**2508**	**1038**	**1133**
Part D Other .Data.					
23. Interest Payments (Percentage of Revenue Expenditure)	1292(23)	1485(22)	1238(15)	2287(26)	2835(29)
24. Arrears of Revenue (% of Tax & Non-Tax Revenue Receipt) (Under principal heads of revenue as reported by the Department)	1237(49)	1152(42)	1074(34)	1064(19)	1195(21)
25. Financial Assistance to local bodies, etc	606	727	965	1230	
26. Ways and Means Advances/ Overdrafts availed (days)	1295 (220 days) 872 (104 days)	1613 (160 days) 1039 (90 days)	1867 (144 days) 1868 (141 days)	2137 (142 days) 3828 (203 days)	1355 (112 days) 5393 (252 days)
27. Interest on WMA/Over-draft	6.02	4.22	6.54	11.71/4.13	11.59/8.32
28. Gross State Domestic Product (GSDP)	31675	34095	36283(P)	36386(Q)	37654
29. Outstanding Public Debt(year end)	9315	11135	13334	16178	18531
30. Outstanding guarantees (year end) (Principal + Interest)	1849+16	3484+23	3696+8	3448+**	5251+**
31. Maximum amount guaranteed (year end)	3577	5321	6465	6748	8423
32. Number of incomplete projects	25	29	29	29	31
33. Capital blocked in incomplete projects	2496	2974	3340	3673	4031
34. Outstanding Debt (year end)	13688	16485	20282	23904	27853

Note: Figures in brackets represent percentages (rounded) to total of each sub heading
P – Provisional Estimates, Q – Quick Estimates,

* Worked out on the basis of average growth over previous four years as GSDP figures were not furnished by the State Government.

** Figures not furnished by Government

CHAPTER - II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

SUMMARY OF APPROPRIATION ACCOUNTS-2001-2002

Total No. of Grants : 38
Total No. of Appropriations: 4
Total provision and actual expenditure

Provision	Amount (Rs. in crore)	Expenditure	Amount (Rs. in crore)
Original	15132.10		
Supplementary	8130.21		
Total gross provision	23262.31	Total gross expenditure	19058.50
Deduct – Estimated recoveries in reduction of expenditure	1027.75	Deduct – Actual recoveries in reduction of expenditure	473.18
Total net provision :	**22234.56**	**Total net expenditure**	**18585.32**

Voted and Charged Provision and Expenditure

	Provision		Expenditure	
	(Rupees in crore)			
	Voted	Charged	Voted	Charged
Revenue	9007.06	3685.89	7151.06	3099.51
Capital	2318.22	8251.14	1369.13	7438.80
Total Gross	11325.28	11937.03	8520.19	10538.31
Deduct – recoveries in reduction of expenditure	1027.75	NIL	473.18	NIL
Total : Net	**10297.53**	**11937.03**	**8047.01**	**10538.31**

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Introduction

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

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

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

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2001-2002 against grants/appropriations was as follows:

	Nature of expenditure	Original grant/appro-priation	Supplementary grant/appro-priation	Total	Actual expenditure	Savings(-)/ Excess(+)
		(Rupees in crore)				
Voted	I. Revenue	7352.52	1654.54	9007.06	7151.06	(-) 1856.00
	II. Capital	1129.67	439.02	1568.69	989.50	(-) 579.19
	III. Loans and Advances	715.18	34.35	749.53	379.63	(-) 369.90
Total Voted		9197.37	2127.91	11325.28	8520.19	(-) 2805.09
Charged	IV. Revenue	3185.16	500.73	3685.89	3099.51	(-) 586.38
	V. Capital	0.36	1.57	1.93	1.13	(-) 0.80
	VI. Public Debt	2749.21	5500.00	8249.21	7437.67	(-) 811.54
Total Charged		5934.73	6002.30	11937.03	10538.31	(-) 1398.72
Grand Total		**15132.10**	**8130.21**	**23262.31**	**19058.50**	(-) **4203.81**

These were gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Revenue heads (Rs.368.84 crore) and Capital heads (Rs.104.34 crore).

2.2.1 During 2001-02 total expenditure stands inflated to the following extent:

(i) Rs.264.18 crore was drawn under various functional major heads and deposited into 8443-Civil Deposits-106-Personal Deposits, without actual expenditure.

(ii) Rs.6.70 crore drawn on Abstract Contingent Bills for which the detailed contingent bills were not received as of March 2002.

(iii) Rs.126.72 crore (Deposits: Rs.307.59crore, *less* Disbursements: Rs.180.87crore) was added to balance in 8443-Civil Deposits-800-Other Deposits.

2.2.2 During 2001-02 total expenditure was understated to the following extent:

(i) Rs.8.49 crore remained unaccounted for due to non-receipt of accounts of Rural Works Division, Kendrapara for the month of March 2002.

2.3. Results of Appropriation Audit

2.3.1 Overall savings/excess

The overall savings of Rs.4203.81 crore was the result of savings of Rs.4597.39 crore in 37 grants and 2 appropriations offset by excess of Rs.393.58 crore in 3 grants and 1 appropriation. The overall savings constituted 18.07 *per cent* of the total budgeted funds including supplementaries.

2.3.2 Supplementary provision

Supplementary provision of Rs.8130.21 crore made during the year constituted 54 *per cent* of the original provision as against 16 *per cent* in the previous year.

2.3.3 Excess over provision requiring regularisation

2.3.3(i) Excess over provisions relating to previous years

As per Article 205 of the Constitution of India, it is mandatory for the State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs.6356.63 crore for the years 1996-97 to 2000-2001 was yet to be regularised.

Year	No. of grants/ appro-priations	Grant/Appropriation Number	Amount of excess	Amount for which explanations not furnished to PAC
			(Rupees in crore)	
1996-97	6	3 Revenue, 6 Commerce, 7 Works, 22 Forest & Environment, 28 Rural Development, 29 Parliamentary Affairs	107.40	107.40
1997-98	8	3 Revenue, 5 Finance, 7 Works, 13 Housing and Urban Development, 15 Sports & Youth Services, 22 Forest & Environment, 6003 Internal debt of the State Government & 6004 Loans etc.	989.97	989.97
1998-99	9	5 Finance, 6 Commerce, 7 Works, 8 Legislative Assembly , 12 Health and Family Welfare, 13 Housing & Urban Development, 24 Steel and Mines, 32 Tourism & Culture, 35 Public Enterprises	126.26	126.26
1999-2000	12	1 Home, 5 Finance, 6 Commerce, 7 Works, 8 Orissa Legislative Assembly, 10 School and Mass Education, 17 Panchayati Raj, 20 Water Resources, 26 Excise, 28 Rural Development, 29 Parliamentary Affairs and 6003 Internal debt of the State Government	2658.52	2658.52
2000-2001	8	6 Commerce, 7 Works, 8 Orissa Legislative Assembly, 10 School & Mass Education, 20 Water Resources, 22 Forest & Environment, 6003 Internal Debt of the State Government, 6004 Loans & Advances from Central Government	2474.48	2474.48
Total			**6356.63**	**6356.63**

2.3.3(ii) Excess over provisions relating to 2001-2002

The excess expenditure of Rs.3,93,58,00,108 in three Grants and one Appropriation (Voted Rs.1,25,07,37,749 and Charged Rs.2,68,50,62,359) requires regularisation (Appendix-II).

2.3.4 Unnecessary/Excessive/Inadequate Supplementary Provision

(a) Unnecessary supplementary provision

Supplementary provision of Rs.1263.90 crore in 29 cases was wholly unnecessary as the expenditure in each case was even less than the original provision, the saving being more than Rs.50 lakh in each case (Appendix-III).

2.3.4(b) Excessive supplementary provision

Against the additional requirement of Rs.4977.47 crore in 19 cases, supplementary provision of Rs.6763.91 crore was obtained resulting in savings of Rs.25 lakh or more in each case and Rs.1786.44 crore in aggregate out of which in one grant (Grant No.3 Revenue Department) the saving was Rs.400 crore which was 22 *per cent* of the overall savings (Appendix-IV).

2.3.4(c) Inadequate supplementary provision

Supplementary provision of Rs.54.18 crore obtained in 2 cases proved inadequate by more than Rs.2.00 crore in each case leaving an aggregate uncovered excess expenditure of Rs.124.94 crore (Appendix-V).

2.3.5 Significant cases of savings in plan expenditure

Significant savings exceeding Rs.1 crore in each case aggregating to Rs.335.18 crore (34 *per cent*) against the provision of Rs.999.09 crore either due to non-implementation or slow implementation of Plan schemes were noticed in 59 cases in 12 grants (Appendix-VI). In five cases (Sl.No.7, 40, 49, 52 & 53 of Appendix-VI), the entire provision of Rs.17.19 crore remained unutilised.

2.3.6 Persistent savings

Savings of more than 10 *per cent* were noticed in 27 out of 42 grants/appropriations. Such savings were persisting during the period 1999-2002 in 20 out of the above 42 grants/appropriations (Appendix-VII-A & B).

2.3.7 Persistent excesses

In 2001-2002, excess was noticed in 3 Grants and one Appropriation (Appendix-II) while persistent excesses of 1 to 3 *per cent* over provision were noticed in Water Resources (Voted) grant during last 3 years which requires investigation by the Government for remedial action.

2.3.8 Significant cases of excess expenditure

Significant excesses amounting to Rs.91.28 crore exceeding Rs.1 crore in each case were noticed in 21 cases involving 13 Grants/Appropriations (Appendix-VIII).

2.3.9 Delayed surrender of saving

According to rules, all anticipated savings in a grant/appropriation should be surrendered as soon as the possibility of savings is foreseen from the trend of expenditure without waiting till the end of the year when it cannot be purposefully utilised. During 2001-02, although actual savings of Rs.4597.38 crore were available, but only Rs.3053.58 crore were surrendered in March 2002.

(a) Injudicious surrender

In 19 Grants/Appropriations amounts surrendered were less than the savings available by more than Rs.2 crore in each case. In respect of the Grants 3-Revenue (charged), 23-Agriculture and 33-Fisheries & Animal Resources Development, the Departments did not surrender any amount against total savings of Rs.400 crore, Rs.31.92 crore and Rs.19.66 crore respectively (Appendix-IX).

(b) Excessive surrender

In one case, the amount surrendered was in excess of actual savings indicating inadequate budgetary control. Against the actual savings of Rs.279.09 crore, amount surrendered was Rs.291.04 crore resulting in excess surrender of Rs.11.95 crore (Appendix-X).

(c) Unrealistic surrender

Although expenditure exceeded the total provision by Rs.120 crore under Rural Development and no savings were available, Rs.26.47 crore were surrendered.

2.3.10(a) Surrender of entire provision

In 38 cases relating to 9 Grants, the entire provision of Rs.111.59 crore (exceeding Rs.10 lakh in each case) was re-appropriated/surrendered (Appendix-XI).

2.3.10(b) Anticipated savings not surrendered

In 22 cases relating to 11 Grants, the entire available provisions of Rs.117.72 crore remained unutilised and unsurrendered (Appendix-XII).

2.3.11 Unutilised provision

In 20 cases involving 17 Grants/Appropriations, the expenditure fell short of provision by more than Rs.1 crore and more than 20 *per cent* of the provision in each case (Appendix-XIII).

2.3.12 Expenditure on New Service

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

During 2001-2002, expenditure of Rs.56.84 crore was incurred in 9 cases as detailed in Appendix-XIV without following the prescribed procedure for New Service/New Instrument of Service.

2.4 Deficient Budgetary Procedure and Control

Scrutiny of budget proposals and actual expenditure in respect of two Departments viz. (i) School & Mass Education Department and (ii) Rural

Development Department revealed the following:

2.4.1 Provisions for vacant posts

In both the Departments, provision of Rs.8.29 crore and Rs.0.77 crore respectively were irregularly made for the vacant posts and entire amount was ultimately surrendered.

2.4.2 Belated surrenders

Orissa Budget Manual provided that all anticipated savings would be surrendered immediately after these were foreseen and latest by 10th of March of the financial year. It was noticed that above two departments surrendered Rs.321.45 crore (School & Mass Education Department: Rs.109.26 crore and Rural Development Department : Rs.212.19 crore) on the last working day of the financial year (30 March 2002).

2.4.3 Lump sum provision

According to Rule 59 of the Orissa Budget Manual, lump sum provision should not, as a rule, be made in the budget unless a scheme has been elaborated and sanctioned in a previous year or unless sufficient details are available. Contrary to such provision, lump sum budget provisions were made in the budget for 2001-2002, as shown below:

Name of the Department	Major Head	Amount (Rupees in crore)
Rural Development	4215 Capital outlay on Water Supply and Sanitation	0.75
Rural Development	5054 Capital outlay on Roads & Bridges	71.36

2.4.4 Persistent saving under Grant No.28-Rural Development

In Rural Development Department there were persistent savings under Capital Heads (Voted) during the last 8 years with the percentage of savings rising drastically during the last two years as shown in the table below:

Year	Provision	Expenditure	Savings	Percentage of Savings
	(Rupees in lakh)			
1994-95	11480.46	8371.67	3108.79	27
1995-96	10539.13	7899.01	2640.12	25
1996-97	6599.09	5112.21	1486.88	23
1997-98	9582.87	7485.10	2097.77	22
1998-99	8244.86	6865.73	1379.13	17
1999-2000	7704.24	5884.49	1819.75	24
2000-2001	25606.29	10768.78	14837.51	58
2001-2002	31831.65	11822.96	20008.69	63

2.5 Advances from the Contingency Fund

The corpus of the State Contingency Fund was enhanced (January 2000) from Rs.60 crore to Rs.150 crore to enable the Government to meet unforeseen and emergency expenditure not provided for in the budget and which could not be postponed till the vote of Legislature was taken. The advance from the fund was to be recouped by obtaining Supplementary Grant at the first session of the Assembly immediately after the advance was sanctioned.

During the year 2001-2002, Rs.66.62 crore were drawn from the Contingency Fund which remained un-recouped at the end of the year. Beside advances of Rs.27.70 crore remained un-recouped for more than 1 to 15 years as of 31 March 2002 as indicated below:

Period	Amount remained un-recouped (Rupees in crore)
15 years and above	3.10
More than 10 years	6.32
More than 5 years	1.05
More than 3 years	7.18
More than 1 year	10.05
Below 1 year	66.62
Total	**94.32**

2.6 Recoveries and Credits

Under the system of gross budgeting followed by Government, the Demands for Grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted as reduction of expenditure. The anticipated recoveries and credits are shown separately in the budget estimates. In 2001-2002, against the anticipated recovery of Rs.1027.75 crore, actual recovery was Rs.473.18 crore. Thus, there was shortfall in recoveries of Rs.554.57 crore (54 *per cent*).

Instances of variations of more than 20 *per cent* from Original Estimates to the extent of Rs.630.27 crore each being more than Rs.1 crore are given in Appendix-XV.

2.7 Non-receipt of explanations for Savings/Excesses

The reasons for savings/excesses in respect of 3833 cases (savings 2490 cases for Rs.1734.91 crore, excesses 1343 cases amounting Rs.1657.74 crore) were called for by the Accountant General(A&E). Details had not been received as of September 2002.

2.8 Rush of expenditure

Controlling Officers are responsible for ensuring effective control over expenditure and guard against rush of expenditure in the month of March. Test check in audit revealed that during 2001-2002, 54 to 100 *per cent* of the total expenditure under 13 Major Heads was incurred in March 2002 (Appendix-XVI).

2.9 Civil Deposits

Balances under 8443-Civil Deposit-800-Other Deposits at the end of March 2002 was Rs.743.44 crore. The position during 1997-98 to 2001-2002 is given in Appendix-XVII. The balance has increased by 95 *per cent* during the last five years.

2.10 Excess payment of pension and gratuity

Test check of records of Treasuries revealed excess payment of pension amounting to Rs.14.97 lakh during 2001-02 due to erroneous determination of admissibility amount in respect of pension claims of 250 pensioners.

2.11 Non-reconciliation of departmental figures of expenditure

Standing instructions of the Government require that departmental expenditure figures should be reconciled periodically by the Controlling Officer (CO) with those booked by the Principal Accountant General (A&E). Such reconciliation enables the departmental officers to monitor the progress of expenditure and ensure timely detection of misclassification, wrong bookings, fraud and defalcation etc. During 2001-2002, out of expenditure of Rs. 111399.31 crore in respect of 290 COs, expenditure of Rs. 535.64 crore (5 *per cent*) remained unreconciled in respect of 46 COs (16 *per cent*).

CHAPTER-III

CIVIL DEPARTMENTS

SECTION-A

SCHOOL AND MASS EDUCATION DEPARTMENT

3.1 Working of Zilla Saksharata Samities (ZSSs) in Orissa

For imparting functional literacy to illiterate adults in the age group of 15-35 years, the National Literacy Mission (NLM) introduced 3 Centrally sponsored schemes viz. Total Literacy Campaign (TLC), Post Literacy Campaign (PLC) and Continuing Education (CE) from 1991-92 for implementation through District level educational societies namely Zilla Saksharata Samities (ZSSs). While the TLC aimed at providing education to the illiterates of the targeted age group to become self-reliant in reading, writing and numeracy, the PLC was to consolidate the literacy gains of neo-literates to facilitate their transition from guided learning to self-learning and the CE was meant for developing reading habits and creating awareness in the neo-literates. The TLC and PLC suffered from financial mismanagement, irregular procurement and distribution of teaching and learning materials, poor academic achievement, inadequate training and monitoring and incorrect reporting of physical and financial achievements.

Highlights

❖ **Rs.1.27 crore advanced to different Blocks/Urban Local Bodies (ULBs) were treated as final expenditure without supporting vouchers (Rs.1.11 crore) and without ensuring actual utilisation (Rs.0.16 crore).**

(Paragraph 3.1.4.4)

❖ **Despite implementation of the programme for over 9 years, literacy rate in the test-checked districts was only 44 *per cent* against the target of 80-85 *per cent*.**

(Paragraph 3.1.5)

❖ **ZSSs test-checked, diverted Rs.49.22 lakh for purchasing Marshall jeep, Computer, Audio-visual equipment and for purposes not related to the programme.**

(Paragraph 3.1.6.3)

- **In 6 ZSSs, implementation was adversely affected due to short-release of Rs.2.23 crore by Central and State Governments.**

(Paragraph 3.1.6.4)

- **Expenditure of Rs.11.22 lakh incurred by 5 ZSSs on concurrent evaluation at the close of literacy campaign was wasteful.**

(Paragraph 3.1.6.6)

- **Expenditure of Rs.16.26 lakh was incurred in excess by 4 ZSSs on procurement of teaching and learning materials and honorarium.**

(Paragraph 3.1.6.7)

- **Sub-standard teaching and learning materials worth Rs.21.62 lakh were procured by 2 Samities.**

(Paragraph 3.1.7.4)

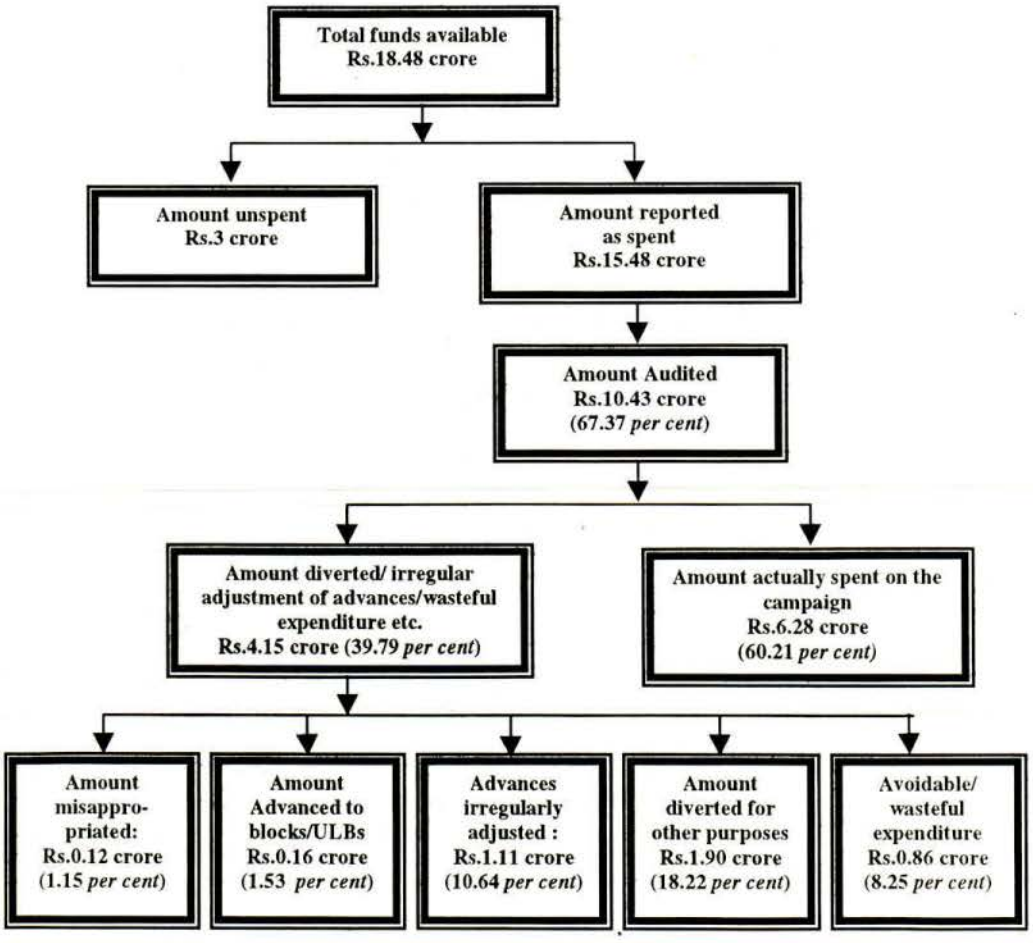
- **Physical and financial achievement figures as reported did not tally with records.**

(Paragraphs 3.1.4.2 and 3.1.5)

- **Late procurement of teaching and learning materials delayed the completion of literacy campaign in 10 districts and led to avoidable expenditure of Rs.53.24 lakh.**

(Paragraphs 3.1.6.5 and 3.1.7.5)

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



3.1.1 Introduction

The TLC which was to be followed up with PLC was introduced in 1991-92. While the TLC was to identify illiterates through survey and enrol them as learners for completion of 3 stages of learning i.e. Primer-I, II and III and to make them self reliant in reading, writing and numeracy, the PLC was to develop reading habits of the neo-literates by providing them with reading materials under the guidance of a volunteer for completion of PLC Primer I.

As regards Continuing Education (CE), two projects in Bolangir and Kalahandi have been approved by NLM to be implemented with effect from 2002-03.

3.1.2 Organisational set-up

The schemes were implemented by NLM in partnership with the State Literacy Mission (SLM) through ZSSs headed by the district collectors. The SLM, Orissa was functioning from December 1996 under the chairmanship of the Secretary of School and Mass Education Department. The projects proposed by the ZSSs were to be approved by the Project Approval Committee (PAC) of NLM and the central share of the funds was released to the ZSSs directly by the Ministry of HRD. The State share was released through the Director of Mass Education (DME).

3.1.3 Audit coverage

The review was conducted between December 2001 and May 2002 through test check of records of School and Mass Education Department, Directorate of Mass Education (DME), 12[1] Zilla Saksharata Samities and 98 Blocks covering the period 1997-2002. The results of test check are discussed below.

3.1.4 Financial management

3.1.4.1 Funding

The schemes were funded by both Central and State Governments in the ratio of 2:1. In the case of Tribal Area Sub-plan, the ratio was 4:1. The funding of both TLC and PLC as worked out in audit for the period 1997-2002 based on Monthly Progress Reports (MPRs) was as under:

(Rupees in crore)

Programme	Approved Cost			Released during 1997-02				Expenditure	Closing Balance
	Central	State	Total	Opening balance	Central	State	Total		
TLC	35.30	15.95	51.25	6.21	4.87	3.44	14.52	10.11	4.41
PLC	13.40	6.25	19.65	1.24	1.92	0.80	3.96	5.37	(-)1.41
Total	**48.70**	**22.20**	**70.90**	**7.45**	**6.79**	**4.24**	**18.48**	**15.48**	**3.00**[2]

1 Balasore, Baragarh, Bhadrak, Bolangir, Cuttack, Kalahandi, Kandhamal, Khurda, Mayurbhanj, Nabarangpur, Puri and Rayagada.

2 Closing balance does not include interest of Rs.1.83 crore earned on unspent balance as of March 2002.

Funding for TLC and PLC were far short of approved cost. Out of Rs.14.52 crore under TLC during 1997-2002, only Rs.10.11 crore were spent while under PLC Rs.1.41 crore were spent in excess indicating diversion of TLC funds. However, the reported release of Rs.4.24 crore being State share during 1997-2002 was not correct since the actual expenditure as per accounts was Rs.3.28 crore during the same period as indicated in para 3.1.4.3. This needs to be reconciled.

3.1.4.2 Release of funds

The funding in the 12 test checked ZSSs were as under:

(Rupees in crore)

Programme	OB	Released 1997-2002	Interest	Total	Expenditure	Closing Balance
TLC	3.30	6.37	1.37	11.04	8.46	2.58
PLC	0.88	1.16	0.29	2.33	1.97	0.36
Total	**4.18**	**7.53**	**1.66**	**13.37**	**10.43**	**2.94**

The unspent balance reported to NLM by these ZSSs was Rs.2.01 crore against the actual balance of Rs.2.94 crore.

It was further noticed that 7 ZSSs inflated the expenditure reported by Rs.39.26 lakh[3] while ZSS Puri reported less expenditure of Rs.1.77 lakh in their MPRs for March 2002.

3.1.4.3 Continuous savings in State Budget provisions

State Government consistently spent less than budgeted funds as detailed below:

(Rupees in lakh)

Year	Budget	Expenditure	Savings (-) Excess (+)	Percentage over Budget provision
1997-98	126.90	106.20	(-) 20.70	16
1998-99	79.50	67.80	(-) 11.70	15
1999-2000	70.00	55.00	(-) 15.00	21
2000-01	96.00	68.58	(-) 27.42	29
2001-02	30.00	30.00	-	-
Total	**402.40**	**327.58**	**(-)74.82**	**19**

DME stated that the savings were due to less release of funds by GOI. The reply was not quite correct as detailed in Paragraph 3.1.4.1, which shows that total expenditure under TLC and PLC was less than the available funds.

[3] (Balasore: Rs.3.73 lakh, Bhadrak :Rs.0.05 lakh, Bolangir: Rs.0.21 lakh, Bargarh:Rs.13.28 lakh, Kandhamal :Rs.2.40 lakh, Kalahandi :Rs.2.32 lakh and Nabarangapur:Rs.17.27 lakh).

3.1.4.4 Irregular adjustment of advances

Advances of Rs.1.27 crore were irregularly adjusted by 6 ZSSs

Advances of Rs.15.52 lakh pending in different blocks/ULBs in 4 ZSSs (Bolangir: Rs.4.23 lakh, Cuttack: Rs.6.87 lakh, Khurda: Rs.2.22 lakh and Rayagada: Rs.2.20 lakh) were shown as final expenditure. Similarly advances of Rs.1.11 crore were adjusted in six ZSSs[4] based on utilisation certificates received from Blocks/ULBs without supporting paid vouchers. This was irregular.

3.1.4.5 Submission of Utilisation Certificates

Although Rs.13.18 crore were spent during 1991-2002 on literacy campaign against receipt of Rs.16.13 crore, Utilisation Certificates (UCs) for Rs.1.15 crore in 10 ZSSs were not submitted and excess UCs for Rs.5.60 lakh were submitted in 2 ZSSs (Mayurbhanj: Rs.5.55 lakh and Bhadrak: Rs.0.05 lakh).

3.1.5 Physical targets and Achievements

Against NLM norm of 80-85 *per cent* literacy, the percentage of literacy achieved in the test checked ZSSs was only 44

Each ZSS prepared project report estimating the number of illiterates in the district for approval by NLM. After approval, the actual number of illiterates is identified through door to door survey for enrolment. Achievements in respect of enrolment and completion of primer-III (TLC), PL-I (PLC) as of March 2002 were as follows.

(Numbers in lakh)

Camp-aign	Estimated illiterates as per Project Report	Number of illiterates identified in the survey			Actual enrolment (percentage over survey)	Achievement of success in the campaign		
		Male	Female	Total		Male (Percent-age over survey)	Female (Percent-age over survey)	Total (Percent-age over survey)
TLC	75.98	26.87	39.96	66.83	58.89 (88)	13.15 (49)	16.29 (41)	29.44 (44)
PLC	25.97	10.00	14.95	24.95	22.62 (90)	7.40 (74)	9.17 (61)	16.57 (66)
Total	**101.95**	**36.87**	**54.91**	**91.78**	**81.51 (89)**	**20.55 (56)**	**25.46 (46)**	**46.01 (50)**

Although the objective of the campaign was to achieve 80-85 *per cent* literacy (on completion of primer-III), only 44 *per cent* completed primer-III in respect of TLC and 66 *per cent* completed PL-I stage in respect of PLC by March 2002. Achievement made among women was only 46 *per cent* during the period 1991-2002 while among special efforts group like Scheduled Castes (SC) and Scheduled Tribes (ST) categories, it ranged between 47 and 40 *per cent* as detailed below:

(Numbers in lakh)

Name of the campaign	Number of illiterates identified in the survey		Achievement (Percentage over survey)	
	SC	ST	SC	ST
TLC	14.71	24.57	6.37 (43)	9.14 (37)
PLC	5.64	8.36	3.25 (58)	4.01 (48)
Total	**20.35**	**32.93**	**9.62 (47)**	**13.15 (40)**

[4] (Bolangir: Rs.1.80 lakh, Baragarh: Rs.19.36 lakh, Balasore: Rs.62.69 lakh, Khurda: Rs.8.73 lakh, Nabarangpur: Rs.16.38 lakh and Rayagada: Rs.2.31 lakh).

As per guidelines, TLC was to be completed within 12-18 months from its launching and the PLC was to be completed within 12 months. However, 44 *per cent* literacy in TLC was achieved over a period of 9 years.

The physical achievements in 12 test checked ZSSs were even worse than the State average. While achievements under TLC were only 30 *per cent* (6.22 lakh completed primer-III out of 20.43 lakh targeted illiterates) in 10 ZSSs, the achievements under PLC in 4 test checked ZSSs were 66 *per cent* (5.46 lakh completed PL-I out of identified PLC neo-literates of 8.27 lakh) as detailed in Appendix-XVIII.

6 ZSSs showed inflated figures in respect of enrolment of learners (Kalahandi, Bargarh and Kandhamal), distribution of primers (ZSS, Bhadrak), identification of illiterates (ZSS, Nabarangpur), completion of Primer-I (Rayagada) and under reporting in respect of survey and completion of course under TLC (Bargarh and Kandhamal) as detailed in Appendix-XIX.

3.1.6 Implementation of the projects

3.1.6.1 Defective illiteracy survey

Before undertaking survey, the survey team was to be given one day training on the modes of survey. The survey was to be conducted as "one go" and "one day" operation adopting door-to-door visit of each house. During the survey, the names of the literates willing to work as Voluntary Instructor (VI) and Master Trainer (MT) were also to be collected so as to ensure participation of people from all sections of the society.

Test check of records revealed that such a survey was conducted for two months in Kandhamal and four months in Balasore and Khurda in deviation of guidelines. Training was also not imparted to the survey team before commencement of survey.

Against the targeted age group of 15-35 years, the Balasore ZSS had enrolled illiterates in the age group of 9-35 years and Bolangir ZSS in the age group of 9-45 years in their TLC programme giving scope for overlapping of learners since separate scheme (Non-Formal Education) was also in operation in the State for the age group of 6-14 years.

3.1.6.2 Inadequate motivation and mobilisation

Inadequate motivation and mobilisation for the literacy campaign by the ZSSs

As per guidelines, the environment building and mass mobilisation programme should continue throughout the duration of the literacy campaign. For this purpose, Village Campaign Committee (VCC) and Village Educational Committee (VEC) were essential. While the VCC members were to ensure regularity in conducting teaching and learning activities, the VEC members were to keep track of drop out learners.

Scrutiny of records of 12 ZSSs revealed that while VCCs and VECs were not formed at all in 3 ZSSs; in remaining 9 ZSSs, though the same were stated to

have been formed, no profile relating to such committees like name of village, date of formation, details of members etc. was maintained.

Test check of 43 out of 72 field units in 5[5] ZSSs revealed that VECs and VCCs were not formed in 35 to 41 *per cent* of the villages.

Secretaries of Bhadrak and Nabarangpur ZSSs attributed non-formation of committees to lack of interest among the villagers. This in itself reflected inadequate environment building and mass mobilisation.

3.1.6.3 Diversion of Funds

Diversion of scheme funds

As per instructions, funds were not to be used for purchase of capital assets. However, Rs.21.53 lakh were diverted by 10 ZSSs towards purchase of Marshall jeep, Computer, Audio and Visual equipment, Cycle etc. and Rs.27.69 lakh were diverted by 8 ZSSs for purposes not related to the programme. Of these, assets[6] worth Rs.2.49 lakh were kept in the residences of 4 collectors.

3.1.6.4 Short-release of funds by Central and State Governments

Surplus balances in 6 ZSSs despite short-release of funds during 1994-2002

Against required release of Rs.9.16 crore in favour of 6 ZSSs (Balasore, Bargarh, Kandhamal, Mayurbhanj, Nabarangpur and Rayagada) towards first instalment (Central share: Rs.7.03 crore and State share: Rs.2.13 crore), Central and State Governments released only Rs.6.93 crore (Central share: Rs.5.55 crore and State Share : Rs.1.38 crore) between March 1995 and March 2002 for implementation of the literacy campaign resulting in short release of funds of Rs.2.23 crore (Central share : Rs.1.48 crore and State share : Rs.0.75 crore). The ZSSs concerned stated that the implementation of the campaign was adversely affected due to short release of funds. This was not tenable since the ZSS concerned retained surplus balances despite short release of funds.

3.1.6.5 Avoidable expenditure of Rs.53.24 lakh

Delay in commencement and completion of TLC/PLC resulted in avoidable expenditure of Rs.53.24 lakh

The duration of the TLC was assumed to be 12/18 months depending upon the terrain and state of development of the district and PLC was for one year during IX Five Year plan unless extension was granted.

Scrutiny of records of 12 ZSSs revealed that none of the projects under TLC or PLC were completed within time schedule. Despite availability of funds, the TLC and PLC projects commenced with long delays[7] and 9[8] ZSSs completed with delays ranging from 8 to 60 months. In 3[9] ZSSs, TLC was still continuing without extension of time.

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5 Rayagada, Baragarh, Balasore, Kalahandi, Kandhamal.

6 Solar light (Bolangir), Colour TV & VCP (Bargarh), Tata Phone and computer (Bhadrak) and Xerox machine (Rayagada).

7 Delay in commencement of TLC Projects : 3 to 48 months and PLC Projects : 3 to 13 months.

8 Balasore, Bargarh, Bhadrak, Bolangir, Cuttack, Khurda, Kalahandi, Puri and Rayagada

9 Kandhamal, Mayurbhanj and Nabarangpur.

Had the TLC/PLC been completed within the time schedule of 18/12 months of commencement, administrative expenses of Rs.53.24 lakh incurred during the period of delay could have been avoided.

Frequent transfer of Collectors, natural calamities, non-release and late release of funds, elections, delay in decision of the Chairman (Bhadrak), delay in printing of Primers (Mayurbhanj) were some of the reasons attributed for the delay.

3.1.6.6 Wasteful Expenditure

5 ZSSs incurred wasteful expenditure of Rs.11.22 lakh on concurrent evaluation

Scrutiny revealed that evaluation was conducted after completion of TLC in 2 ZSSs, during the period of implementation in 2 ZSSs and in one ZSS it was conducted by an unauthorised agency as detailed below:

(Rupees in lakh)

Sl. No.	Name of ZSS	Amount spent on evaluation	Purpose	Reasons
1.	Bolangir	1.52	Conducting external evaluation by Operation Research Group not approved by NLM.	As per decision of district level committee.
2.	Puri	2.41	Evaluation conducted after completion of TLC, having no corrective value.	Late commencement of the concurrent evaluation.
3.	Khurda	2.79	Evaluation conducted after completion of TLC having no corrective value.	-do-
4.	Kandhamal	2.10	Corrections suggested by concurrent evaluation during the currency of campaign not carried out.	No valid reason
5.	Cuttack	2.40	-do-	Frequent change of Collector-cum-Chairman of the ZSS.

Thus, the expenditure of Rs.11.22 lakh incurred on concurrent evaluation without corrective measures was wasteful.

Although in Cuttack ZSS, deficiencies in management and organisation of activities, lack of monitoring and supervision by Executive Committee, apathy of BDOs and Sub-Collectors towards the campaign and inadequate attention of the Secretary for supervision and monitoring were commented upon in concurrent evaluation (October 2000), no remedial measures were taken during the campaign period.

3.1.6.7 Avoidable expenditure

Scrutiny of records revealed that avoidable expenditure of Rs.16.26 lakh was incurred by the following 4 ZSSs.

(Rupees in lakh)

Sl. No.	Name of the ZSS	Excess expenditure	Purpose	Remarks
1	Mayurbhanj	(i) 7.55	Purchase of 7.40 lakh primers at rates higher than the tendered/ negotiated rate.	Reasons not furnished
		(ii) 1.10	Purchase of 2.22 lakh kit bags @ Rs.5.00 each against approved rate of Rs.4.75.	"Urgent requirement of materials" stated as reason was not correct since materials were supplied over a period of 9 months.

Sl. No.	Name of the ZSS	Excess expenditure	Purpose	Remarks
2.	Bhadrak	2.40	Non-procurement of primer-I from the lowest tenderer	"Lowest tenderer did not turn up for negotiation" was not correct. Negotiation with the 2nd lowest tenderer was held at a short notice by only 2 out of 5 members of the Purchase Committee.
3	Puri	3.54	Expenditure on conveyance allowance, honorarium beyond sanctioned amount.	Time overrun. Ex-post facto approval being obtained.
	-do-	0.09	Excess consumption of fuel in hired vehicle beyond agreed rate.	-do-
4.	Kandhamal	1.58	Payment of honorarium beyond approved cost.	-do-

3.1.7 Inventory management

The procurement, acquisition, distribution and utilisation of teaching and learning (TL) materials in 12 test checked ZSSs revealed the following omissions and commissions.

3.1.7.1 Idle stock due to excess procurement

Teaching and learning materials like slates, primer, VI guide books, kit bags were purchased between December 1995 and December 2001 at a cost of Rs.7.33 crore of which materials worth Rs.7.11 crore were distributed. Test check of 98 units revealed that learning materials worth Rs.12.83 lakh were left unused (March 2002). This was due to procurement of TL materials on the basis of number of learners identified instead of actual learners enrolled. Secretaries of ZSSs concerned while confirming the idle stocks stated that these would be utilised in subsequent programmes (PLC/CE). However, the system of procurement needs correction.

It was further noticed that of the undistributed stock of TL materials worth Rs.22.00 lakh at ZSS level, stock worth of Rs.6.92 lakh was misappropriated in ZSS, Kandhamal. Besides, stock worth Rs.4.41 lakh was distributed without obtaining acknowledgements (ZSS, Kandhamal: Rs.4.07 lakh; ZSS, Balasore: Rs.0.11 lakh and ZSS, Bargarh : Rs.0.23 lakh) and there was also misappropriation of idle stock worth Rs.0.54 lakh at field level in ZSS, Bargarh.

Secretaries of ZSS, Bargarh and Kandhamal while confirming such shortages/misappropriations stated that higher authorities would be appraised for appropriate action. Secretary of ZSS, Balasore, however, pleaded ignorance but shortages were recorded in the distribution register.

3.1.7.2 Acknowledgement from learners wanting

All the test checked ZSSs distributed TL materials to the blocks /ULBs who in turn distributed the same to the MTs/Gram Panchayat (GP) Co-ordinators. No records of distribution at MT/GP Co-ordinator's level were maintained.

3.1.7.3 Annual physical verification

Five[10] ZSSs did not conduct any physical verification and existence of idle stock could not be ascertained by audit.

3.1.7.4 Distribution of sub-standard materials

Distribution of sub-standard TL materials affected literacy campaign in 2 ZSSs

Two ZSSs had distributed sub-standard TL materials worth Rs.21.62 lakh as detailed below.

Sl. No.	Name of ZSS	Amount involved (Rupees in lakh)	Remarks
1.	Rayagada	8.13 (TLC materials purchase)	This was reported to DME and Government after discussion in E.C. Meeting.
	Rayagada	5.30	Inferior quality primers not conforming to Improved Pace and Content of Learning norm.
2.	Kandhamal	8.19	

ZSS, Kandhamal confirmed the facts and ZSS, Rayagada stated that the recovery process was underway.

Delay in procurement of TL materials led to delay in literacy campaign in 10 ZSSs

3.1.7.5 Delay in procurement and irregularities in distribution

In 10 test checked ZSSs (except Baragarh and Rayagada), there were delays in procurement of primers and TL materials ranging from 2 to 26 months and 3 to 14 months in respect of TLC and PLC respectively because of which neither TLC nor PLC could be completed on time in any of the ZSSs. No penalty was imposed on suppliers for the delayed supply.

Irregular/irrational distribution of teaching and learning materials

Following other deficiencies were also noticed in distribution of TL materials.

(Rupees in lakh)

Name of ZSS	Delay in distribution	Cost of VI guides	Excess distribution of TL materials		Short distribution in Blocks
			No of blocks	Cost	
Bolangir (TLC)	2-36 months		4	0.24	5
Balasore (TLC)	7-17 months				
Bargarh (TLC)	1-4 months	0.77	6	0.43	3
Cuttack (TLC)	20 to 45 days				
Kalahandi (PLC)	2 months				14
Kandhamal (TLC)	10 months				
Khurda (TLC)			14	5.49	

[10] Bargarh, Bhadrak, Cuttack, Kandhamal, Nabarangpur.

Name of ZSS	Delay in distribution	Cost of VI guides	Excess distribution of TL materials		Short distribution in Blocks
			No of blocks	Cost	
Nabarangapur (TLC)	1 month	0.64	5	0.29	6
Puri (TLC)	1-12 months		6	0.09	6
Rayagada (TLC)			14	3.56	
Total		**1.41**	**49**	**9.86**	**34**

VI guide books worth Rs.1.41 lakh were purchased on 22 May 2000 and 23 March 1998 while it was stated that these were distributed in March 2000 and 16 March 1998 respectively in Nabarangpur and Bargarh ZSSs. Besides, as against requirement of 21,800 VI guidebooks 40,000 guide books were purchased and distributed in Bolangir ZSS resulting in excess purchase of 18,200 books worth Rs.0.82 lakh.

The Secretaries concerned attributed the delay to irregular receipt of funds, natural calamities and non-availability of transportation facilities. The fact, however, remained that such delayed, irregular and irrational distribution of TL material affected the literacy campaign adversely.

3.1.7.6 Doubtful purchase of Kerosene oil

Test check at ZSS, Nabarangapur revealed that out of Rs.9.04 lakh advanced to blocks for purchase of Kerosene, Rs.4.21 lakh were adjusted during May to September 2000 based on UCs obtained from the blocks. No vouchers were available at ZSS level as observed by the Collector in June 2000. During test check, no records could be shown to audit at 5[11] Blocks/ULB of the ZSS. Hence, the purchase was not free from doubt. Secretary, ZSS stated that the higher authorities would be moved for appropriate action.

3.1.8 Training

As per the NLM guide line, the MTs and VIs were to be provided with 9 days training at Block and GP level in four spells i.e. 4 days before survey and Primer-I stage, 2 days before Primer-II stage, 2 days before Primer-III stage and 1 day before Evaluation and Final reporting.

Shortfall and deficiencies in training programmes

Scrutiny in ten ZSSs (TLC in two ZSSs completed by March 1997) revealed that the details of training programme conducted at block and GP levels were not available although monthly reports and returns were furnished. However, test check of records in 92 out of 152 blocks and ULBs revealed that percentage of shortfall in training programme for MTs and VIs was 31 and 37 respectively under TLC. Although VI Guide books were pre-requisite for training, the same were not procured by the Bhadrak and Rayagada ZSSs despite availability of funds. In the case of PLC, the shortfall in required

[11] Nandahandi, Nabarangpur, Papadahandi, Tentulikhunti Blocks and Nabarangapur Municipality.

training for VIs and MTs was 51 and 76 *per cent* respectively in 4 test checked ZSSs. Training of MTs and VIs in case of two blocks (Tihidi and Chandbali) under ZSS, Bhadrak was conducted after commencement of teaching.

While training programmes were inadequate for initial workers, there were 491 excess training days for supervisory staff (Resource Persons) in 8 ZSSs resulting in excess expenditure of Rs.0.80 lakh.

3.1.8.1 Staffing pattern

The NLM had sanctioned 97 full time staff at district level and 1506 in Block and Sub-block levels for the test checked 12 ZSSs. Against this, only 50 officials in district level and 458 members in block and sub-block levels were deployed, resulting in shortfall of 68 *per cent* of the required administrative staff despite availability of funds. As the TLC is implemented in campaign mode involving mass mobilisation of all sections of the society for the cause of literacy, the following workers were to be identified, enrolled and trained as per the guidelines.

1 Volunteer Instructor for 10 learners.

1 Master Trainer for 25-30 VIs.

1 Resource Person for 25-30 MTs.

3069 supervisors were engaged in excess

Records of 12 ZSSs revealed that against the requirement of 2,36,617 VIs, only 2,29,966 VIs were engaged for teaching 25.02 lakh of illiterates resulting in shortfall of 6651 VIs. But 3069 supervisory staff (MTs:2699 and RPs:370) were excess engaged.

Further, there was no full time appointment of Secretary/Project Co-ordinator in 9 out of 12 test checked ZSSs. Thus, the manpower management was deficient.

3.1.9 Monitoring and Evaluation

In the 12 test checked ZSSs, monitoring of the programme was ineffective as evidenced by delay in submission of monthly progress reports, non-aggregation of data from the Blocks/ULBs (4 ZSSs), shortfall in conducting executive meetings and non-verification of enrolment figures (2 ZSSs). At the state level also monthly review meetings were not being conducted regularly by the DME.

The above matter was demi-officially referred to the Commissioner-cum-Secretary to Government (July 2002); no reply was received (October 2002).

SECTION-B

FOREST AND ENVIRONMENT DEPARTMENT

3.2 Blockage of funds on construction of academic block and hostel buildings for Orissa Forest Rangers' College, Angul

Injudicious decision on construction of academic block and hostel building at a cost of Rs.64.80 lakh for Forest Rangers' College, Angul without ensuring the continuance of Rangers' training programme led to blockage of Government money.

Government accorded administrative approval (December 1992 and November 1993) of Rs.64.80 lakh for construction of an additional hostel building (Rs.18.95 lakh) and a two storied building for academic block (Rs.45.85 lakh) in Orissa Forest Rangers' College, Angul (FRC).

Scrutiny of records of the Principal, FRC, Angul revealed (May 2001) that the construction was entrusted to Orissa Industrial Infrastructure Development Corporation (IDCO) and Rs.64.80 lakh were released during 1991-96 of which Rs.31.00 lakh were placed (1991-92) with IDCO even before obtaining administrative approval. IDCO handed over the hostel constructed at a cost of Rs.20.41 lakh, to the Principal in May 1994 and commenced the construction of the academic block in November 1995 completing the same in September 1997 at a cost of Rs.44.52 lakh. Although IDCO requested the Principal to take possession of the academic block in November 1997, the Principal declined as the building was no more required because Rangers' Training in the College was discontinued from 1996.

Principal stated (May 2001) that the hostel building was used for accommodating the JFM and refresher trainees up to December 1998 and for the Forester and Forest Guard trainees during their combined examinations and also Passing Out ceremonies etc. In respect of the academic building he stated that the matter was referred to the Government. Subsequently, he took possession of the academic block in April 2002. However, despite taking possession of the building it had so far not been put to any use (November 2002). Meanwhile, due to delay in taking possession of the building, there had been additional expenditure of Rs.3.35 lakh on its watch and ward.

Although Government was aware (August 1995) that there would not be direct recruitment of Rangers in the next 5/6 years, it did not direct the stoppage of construction which commenced in November 1995. This led to blockage of funds of Rs.68.28 lakh on the construction of the additional buildings and maintenance expenditure.

The matter was referred to the Principal Secretary to Government, Forest and Environment Department (March 2002); no reply had been received (October 2002).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.3 Release of funds for construction of 35 health sub-centre buildings without acquisition of land

Release of Rs.1.63 crore for construction of health sub-centre buildings without acquisition of land led to blockage of Government money for over 3 years and denial of primary health care benefits to locations in districts.

Government sanctioned Rs.4.99 crore (March 1998: Rs.3.00 crore and March 1999: Rs.1.99 crore) for construction of health sub-centre buildings in 16 districts and Orissa Industrial Infrastructure Development Corporation (IDCO) was to be the executing agency. The agreement with IDCO (May 1999) *inter alia* provided that the Government would hand over the site free from all encumbrances and furnish annual work programme and that funds would be released in quarterly instalments as per requirement. IDCO was to complete construction within 18 months from the date of receipt of the first instalment or from the date of handing over possession of the site whichever was later.

Scrutiny of records of Director, Family Welfare, Orissa, Bhubaneswar (Director) revealed (May 2002) that Rs.4.92 crore was advanced to IDCO by May 1999 for construction of 125 health sub-centre buildings. It was noticed from the physical progress reports that 41 buildings (tribal area: 16 and non-tribal area: 25) to be constructed at a cost of Rs.1.63 crore were not taken up by IDCO (August 2002) for want of land (35 numbers), estimate or tender initiated (6 numbers). As a result, Rs.1.63 crore remained blocked with IDCO and Government of Orissa lost Rs.69.56 lakh by way of interest[12] during April 1999 to August 2002. Of the remaining Rs.3.29 crore, IDCO spent Rs.2.42 crore on 37 centres handed over (August 2002) and 47 centres were still under construction.

Director, while admitting the facts stated (October 2002) that despite several requests made to the Chief District Medical Officers concerned for selection of sites, no response was received from them and steps were being taken to select the sites. The reply was not tenable since entire funds were advanced to IDCO without ensuring availability of land in disregard of the provisions of the agreement.

The matter was demi-officially referred to the Department in August 2001. As there was no improvement, this was again referred (June 2002) to the Principal

[12] Calculated at 12.5 *per cent* of Government's borrowing rate during 1998-99.

Secretary to Government for reply within 6 weeks followed by a reminder in August 2002. No reply was received (October 2002).

HOME DEPARTMENT

3.4 Establishment expenditure of Government Railway police not claimed from Railways

Failure of the IG (Finance) Orissa Police to claim reimbursement of cost of the establishment deployed with SER from the Railways led to unnecessary burden of Rs.76.09 lakh on the State Government.

As per the provisions of Indian Railway Financial Code, the cost of deployment of Government Railway Police (GRP) by the State Government (Government) was to be shared equally between the Government and Railways provided the staff strength of GRP was approved by the Railways. With effect from July 1993, the establishment expenditure, office expenses, contingencies, building rent, if any, etc. upto the level of Inspector General of Police (IG) exclusively in-charge of GRP, was also to be included in the above cost sharing arrangement. Orissa Police Manual and the Code *ibid* provide that Government was to raise the claim of annual reimbursement based on budget estimates of the year to be subsequently adjusted with reference to actual expenditure in the next financial year.

The office of Deputy Inspector General of Police (Railways), Cuttack functioning with staff strength of 21 since 1993-94, meant for GRP has been with South Eastern Railway (SER). The office was upgraded as IG (Railways) with effect from August 1997. Scrutiny of records revealed (May 2002/June 2002) that the IG (Finance) did not claim Rs.76.09 lakh from the Railways being 50 *per cent* of establishment expenditure of the office of the DIG/IG (Railways) incurred between August 1993 and March 2002. The IG (Finance) also did not have the details of staff approved by the Railways in respect of office of IG (Railways) for claiming reimbursement. The failure to prefer claims adversely affected the State finances in the form of loss of interest of Rs.29.48 lakh calculated at Government's borrowing rate of 12 *per cent* per annum.

IG (Finance) admitted the above and stated (October 2002) that action was being taken to prefer the claims.

The matter was demi-officially referred (June 2002) to the Principal Secretary to Government, Home Department for reply within 6 weeks followed with a reminder in August 2002. No reply was received (October 2002).

3.5 Blockage of capital on District Police Office buildings for over 3 years

Buildings constructed at a cost of Rs.34.05 lakh lying unused for over 3 years due to lack of infrastructure facilities of approach road etc.

Government approved construction of (i) residence of Superintendent of Police: Rs.8.84 lakh, (ii) District Police Office: Rs.14.98 lakh and (iii) District Forensic and Scientific Laboratory: Rs.5 lakh at Paralakhemundi in Gajapati District between February 1994 and March 1996 by the Orissa State Police Housing Welfare Corporation (OSPHWC). Accordingly, funds were released between February 1994 and January 1997.

Scrutiny of records of Superintendent of Police (SP), Gajapati District (October 2000, November 2001) and information collected subsequently revealed that OSPHWC completed the construction at a cost of Rs.34.05 lakh[13] based on revised estimates pending approval and requested the SP to take possession of the buildings between March 1998 and July 1999. However, the SP did not take possession as of May 2002 as the buildings lacked facilities of approach road, compound wall, electricity and water supply connections which were not included in the original/revised estimates. Thus, the buildings constructed at a cost of Rs.34.05 lakh remained unused for over 3 years due to failure on the part of the technical committee[14] in scrutinising the estimates. Consequently, there was also avoidable expenditure of Rs.7.75 lakh by way of rent towards hiring alternative accommodation during March 1998 to August 2002 which was continuing.

Government stated (September 2002) that due to paucity of funds, infrastructure works of the buildings could not be taken up although main building works were completed and steps were being taken to complete the same early. The fact however remains that incomplete estimates were approved by the technical committee resulting in inadequate construction and blocking of Government money and avoidable additional expenditure.

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[13] (i) Residence of SP: Rs.10.48 lakh, (ii) District Police Office, Gajapati : Rs.18.57 lakh and (iii) District Forensic and Scientific Laboratory : Rs.5 lakh.

[14] Technical Committee comprised DG and IG of Police, Engineer-in-Chief-cum-Secretary to Government, Works Department, Chairman-cum-Managing Director, OSPHWC and Under Secretary to Government, Finance Department.

INDUSTRIES DEPARTMENT

3.6 Unfruitful expenditure on woollen carpet weaving training

Expenditure of Rs.1.91 crore incurred under the woollen carpet weaving training programme for predominantly rural poor women was unfruitful; only 23 *per cent* of the trained artisans were provided employment during 1993-2001.

The woollen carpet weaving training programme was introduced (1989-90) in the State under the State Plan Scheme "Promotion of Handicraft Industries" with the aim of creating additional avenues for self employment for women belonging to the weaker sections. The scheme was initially implemented in 6 districts[15] by the Director of Handicrafts and Cottage Industries, Orissa (Director) from 1993-94 onwards through the District Cottage Industries Officers (DCIOs). Technical support for the programme was arranged with an Uttar Pradesh (UP) based firm. The agreement with the firm covering a period of five years effective from April 1994 *inter alia* provided that while stipend would be disbursed to the trainees directly by Government, raw materials, designs, technical personnel[16] and other inputs for training would be provided by the firm which would take back the materials used in training. The expenditure on wages to the technical personnel was, however, to be borne by Government.

Test check of records (September 2001) and information collected subsequently (February 2002) revealed that to provide self employment to 3000 artisans, Government decided (June 1993) that 1000 looms would be supplied to the artisans by 1995-96 by arranging interest bearing loans from Khadi and Village Industries Corporation (KVIC). However, only 628[17] looms could be arranged as of June 2002. An expenditure of Rs.1.91 crore was incurred on the scheme between 1993 and 2001 to train 7145 artisans against the target of 8256 artisans. Although the agreement provided payment of stipend of Rs.750 per month, during the training period they were actually paid stipend of Rs.150 per month. Of the 7145 artisans trained, only 1611 (*23 per cent*) were producing carpets on their own looms. The monthly wages received from the firm by an employed artisan averaged only to Rs.450 during 2001-02 as against the minimum wage of Rs.40 per day fixed by the Government for an unskilled labour. The training imparted was incomplete as the follow up stages of training like processing, colour separation, clipping, washing etc. were not extended to the artisans. Resultantly, 5534 out of 7145 artisans could not find employment.

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15 Khurda(Bhubaneswar), Cuttack, Dhenkanal, Puri, Jagatsinghpur and Nayagarh.

16 Master craftsmen (MCM) and Assistant Master craftsmen (AMCM).

17 353 from KVIC, 107 from DRDAs and 168 idle looms of closed training centres on hire purchase basis.

The Director while admitting the facts stated (August 2002) that the number of training centres was gradually reduced from 33 in 1993-94 to 6 in 2000-2001 and added that steps were taken to promote establishment of carpet units by private entrepreneurs on availing assistance under different poverty alleviation programmes like Prime Minister's Rojgar Yojana (PMRY) etc. Government endorsed (August 2002) the views of the Director in the matter.

The reply was not acceptable since all that the programme achieved was training of artisans at Government cost and employment of only 23 *per cent* of these by a private firm as wage earners that too in a process with low value addition as no training was imparted on processing colouring etc. The fact that the remaining trained artisans were awaiting employment for periods ranging from 1 to 8 years reflected that the steps taken to create avenue for self employment were not effective.

SCHOOL AND MASS EDUCATION DEPARTMENT

3.7 Irregular extension of TBA scale of pay to staff of schools taken over by Government

Undue extension of TBA scales of pay to teaching/non-teaching staff of taken over schools before completion of specified 15 years of service under Government as per ORSP Rules 1998 led to irregular payment of arrears of pay of Rs.2.36 crore.

The Orissa Revised Scale of Pay Rules (ORSP Rules) 1998 effective from 1 January 1996 provided time bound advancement (TBA) to the Government servants on completion of 15 years (20 years in respect of Class IV employees) of service in a grade/post as on 1 January 1996 or thereafter. Accordingly, all the teaching and non-teaching staff of Government schools fulfilling the above criterion were eligible for the benefits under TBA scheme.

The School and Mass Education Department (SMED) had taken over the assets, management and control of 2929 High Schools and 4630 Upper Primary Schools and staff during 1991-94 treating them as government servants from the dates of such take over. SMED instructed (December 1999) their field formations not to extend the TBA benefit and not to disburse arrears of salary on this account to the staff of taken over schools since they had not completed the specified period of 15 years of service under the Government.

The ORSP Rules, 1998 specified that persons eligible for TBA should have completed 15 years or more in a particular grade. None of the employees in the taken over institutions could have completed more than 7 years service in a particular grade as the earliest date of take over was effective from April 1991. Therefore, extension of the TBA benefit to such employees was irregular.

Scrutiny of records of 5 Inspector of Schools and 2 District Inspector of Schools (DIS) revealed that TBA benefit was allowed to 2166 employees resulting in irregular payment of arrears of Rs.2.36 crore[18].

The Financial Advisor-cum-Joint Secretary to Government stated (May and October 2002) that the issue had been referred to Finance Department and the information called for on the matter by the latter was under collection.

3.8 Blockage of Capital in construction of Plus 2 Science College building

Inadequate pre-construction survey and unauthorised deviation in specification during execution led to cost escalation and the project remained incomplete for over 2 years for want of additional funds.

Government sanctioned (March 1997) Rs.50 lakh to Director, Higher Education (DHE) for construction of a building for opening a Plus 2 Science College at Ayeba in Kendrapara district. Orissa Industrial Infrastructure Development Corporation (IDCO) was entrusted with the execution of the work. An agreement was signed (April 1998) between Government and the IDCO which *inter alia* provided that the agency was to execute the work as per approved drawing specifications. The estimated cost of the work was Rs.56.78 lakh allowing 20 *per cent* increase on the civil works since the same was calculated at the Schedule of Rates of 1994 and labour rates of 1996. All payments made to IDCO by DHE were to be treated as works advance for completion of work within one year from the date of placement of such funds. The agreement also provided that any proposal for alteration or likely escalation, deviation or revision of estimates during execution would require prior approval of Government.

Scrutiny of records of DHE revealed (July 2001) that although DHE placed entire funds of Rs.56.78 lakh with IDCO (Rs.50 lakh in May 1998 and Rs.6.78 lakh in April 2001), the work remained incomplete as of May 2002. It was, further noticed that IDCO came up (April 2000) with a revised estimate of Rs.89.01 lakh on account of change of specifications due to poor quality of soil (use of 9.00 M deep double underground bored piles in place of 5.00 M piles) execution of extra items (Rs.20.68 lakh) and other items (Rs.11.55 lakh). In the absence of further release of funds the work was stopped in June 2000. Thus, absence of adequate pre-construction survey leading to change of specification midway resulted in overall escalation of project cost by 64

[18] (i) IS, Balasore : Rs.61.06 lakh (905 employees for January 1996 to July 1999), (ii) IS, Bolangir : Rs.13.00 lakh (139 employees for January 1996 to October 2000), (iii) IS, Kalahandi : Rs.37.08 lakh (256 employees for January 1996 to March 2001), (iv) IS, Keonjhar : Rs.23.90 lakh (195 employees for January 1996 to February 2001), (v) IS, Khurda : Rs. 89.09 lakh (558 employess for January 1996 to July 2001), (vi) DIS, Balasore : Rs.8.47 lakh (79 employees for January 1996 to May 2001) and (vii) DIS, Sonepur : Rs 3.84 lakh (34 employees for January 1996 to June 2001).

per cent and Rs.56.78 lakh spent on construction of the building remained blocked as the building remained incomplete as of May 2002.

Government stated (October 2002) that IDCO was not accorded permission for effecting deviation in design and estimates during execution and as such additional funds could not be sanctioned. It was further, added that Works Department had been requested in February 2001 for concurrence to the revised estimate which was still awaited. The fact however remains that the buildings remain incomplete and work has not restarted since June 2000. The matter was under correspondence for over 2 years resulting in blockage of capital.

3.9 Non-realisation of sale proceeds of Nationalised Text books

427 Sub-Inspectors of Schools of 29 districts defaulted in remitting sale proceeds of NT Books of Rs.53.20 lakh into treasury during 1991-2002.

The publication and supply of the (NT) books for school students from Classes 1 to 7 of the State rests with the Director, Text Book Production and Marketing, Bhubaneswar (TBPM). The Director, Elementary Education was to consolidate the block-wise requirements and place a requisition with the TBPM for supply of books at the Block headquarters. The Sub-Inspectors of Schools (SIs), were to maintain the stock account, realise sale proceeds and remit the same into the treasury within two days from the date of sale. While the Block Development Officers (BDO)/District Inspectors of Schools (DIs) would make frequent checks and monitor the programme of distribution of NT books in their respective areas, TBPM would conduct audit every year on sale of the books and deposit of the sale proceeds.

Scrutiny of records (November 2001) of Director, TBPM and information collected subsequently revealed that Rs.53.20[19] lakh collected by 427 SIs in 240 Blocks of 29 districts between August 1991 and November 2001 was not remitted into the treasury as of June 2002. This was in violation of orders of Government which might lead to misappropriation of Government money.

Director, TBPM while admitting the facts stated (June 2002) that several reminders were issued to the defaulting SIs for deposit of the outstanding sale proceeds into the treasury. There was, however, scope for the Director, TBPM to take further departmental action to realise the dues as these were long over due. The Department may therefore, conduct thorough investigation into the matter and bring the defaulting SIs to book since retention of Government money with them for such long periods violated all norms of financial propriety.

[19] Outstanding position as of December 2001.

The matter was demi-officially referred (July 2002) to the Commissioner-cum-Secretary to Government for reply within 6 weeks followed by a reminder in September 2002. No reply was received (October 2002).

SPORTS AND YOUTH SERVICES DEPARTMENT

3.10 Non-functioning of youth hostel at Gopalpur-on-sea

Youth hostel at Gopalpur-on-sea, Ganjam constructed at a cost of Rs.64.07 lakh in April 1995 was lying unutilised.

Under the Youth Hostel Scheme of Government of India, the State Government (Government) was to make available to the Central Government a fully developed plot measuring 1.5 to 2 acres free of cost for construction of youth hostels. The Central Government would construct the youth hostel and lease it to the State Government for 99 years at a nominal rent of Re.1 per annum.

Scrutiny of records of District Sports Officer (DSO) Ganjam, Chatrapur revealed (June 1999) that the youth hostel at Gopalpur-on-sea constructed at a cost of Rs.64.07 lakh and handed over to DSO in April 1995 remained non-functional as of March 2002. Further, it was noticed that GOI's draft for Rs.1.60 lakh received in September 1996 for purchase of furniture and furnishings of the Youth Hostel could not be encashed as the same was drawn in the name of the Director instead of the Assistant Director. However, the draft was returned (May 1997) to GOI by the Director of Sports and Youth Services after a lapse of 8 months by which time funds sanctioned by GOI for 1996-97 had lapsed. It was only in June 2002 that the matter was again taken up with GOI for placement of above funds. There were also cases of theft of glass and electrical fittings between April 1997 and February 2000 due to inadequate watch and ward. Although Hostel Management Committee was formed, no effective steps were taken to operationalise the youth hostel. Director of Sports and Youth Services stated (February, June, July 2002) that the external service for electricty, water, sewage and compound wall were provided between February 1997 and December 2001 as no plan of the building was supplied by the CPWD but by then the building had dilapidated during the super cyclone in October 1999. Government endorsed (September 2002) the views of the Director.

The reply was silent about why the provision of water connection was thought of after the building was handed over and why the construction of compound wall took 6 years and if the building had been dilapidated as claimed why compound wall was constructed at all. Besides, there was abnormal delay in seeking equipment grant from GOI as stated above. The inefficiency on the part of the DSO and the Director has made the Youth Hostel constructed at a cost of Rs.64.07 lakh useless and denied the benefit to the target group.

TOURISM AND CULTURE DEPARTMENT

3.11 Establishment of a golf course on forest land

Rs.41.39 lakh incurred on the sites for developing golf course which were ultimately abandoned.

To attract affluent tourists and for providing employment to 100 families, Government contemplated (April 1991) development of a golf course of international standard at Bhubaneswar. Accordingly, Government land measuring 128.597 acres was taken over by the Department in March 1993. In order to arrest the encroachment of the area by unauthorised people, Government approved (October 1994) construction of a compound wall at an estimated cost of Rs.48.92 lakh by the Orissa Tourism Development Corporation (OTDC) and released Rs.41.92 lakh (October 1994 : Rs.20 lakh and March 1996 : Rs.21.92 lakh) to the OTDC.

Scrutiny of records of Director, Tourism (Director) revealed (March 2002) that Government decided (June 1996) to abandon the site due to encroachment. By then, expenditure of Rs.8.88 lakh had already been incurred for construction of the compound wall. An alternative forest land measuring 150 acres was identified and Government entrusted (March 1998) the work of developing the Golf course to Regional Plant Resource Centre (RPRC) a Non-Government Organisation. As per orders of Government (March 1998), OTDC placed the remaining funds amounting to Rs.33.04 lakh with the RPRC between March and June 1998 who after submitting (March 1999) the plan and estimate of the work at the new site started executing the work even before Government's approval and incurred an expenditure of Rs.32.51 lakh as evidenced by the utilisation certificates submitted by the RPRC in October 1999. However, in the Tourism Advisory Committee meeting (January 2002) chaired by the Chief Minister, this site was also abandoned for reasons not on record and a new site covering forest land of 100 acres close to Nandan Kanan was chosen. Thus, due to indecision in selection of sites for the golf course, expenditure of Rs.41.39 lakh incurred on abandoned sites was rendered infructuous.

Government stated (September 2002) that the matter had been referred to the executing agencies and reply would be furnished on receipt of information from them.

WATER RESOURCES AND FISHERIES AND ANIMAL RESOURCES DEVELOPMENT DEPARTMENT

3.12 World Bank aided projects

3.12.1 Introduction

3.12.1.1 Project formulation, objective and funding

The State Government has been implementing following 3 State Plan projects with credit from International Development Association (IDA) under agreements signed between Government of Orissa, Government of India and IDA in respect of 2 projects under Orissa Water Resources Consolidation Project (OWRCP) from 1994-95 and 1 project under Shrimp and Fish Culture Project (SFCP) from 1992-93 onwards. Details of projects were as below:

SL. No	Name of the Project	Object in brief	Implementing authorities	Estimated cost	Implement-ation period
1	2	3	4	5	6
1.	Mahanadi Chitrotpala Island Irrigation Project (MCIIP)	To provide irrigation to 19542 ha. reduced to 15342 ha. of Cultivable Command Area in the island bounded by Chitrotpala-Mahanadi and Mahanadi-Paika river	Chief Engineer, Naraj and Chitrotpala Projects under OWRCP	Rs.39.93 crore revised to Rs.150 crore	1988-89 to 2001-02
2.	Naraj Barrage Project	To ensure continuity of irrigation to 2.06 lakh ha. of land, improving flood protection and additional all weather road connection between Bhubaneswar and Cuttack.	Chief Engineer, Naraj and Chitrotpala Projects under OWRCP	Rs.117.05 crore revised to Rs.203.77 crore	1994-95 to 2001-02
3.	Shrimp and Fish Culture project	Increase in shrimp and fish production leading to increased exports and land protection etc.	Director of Fisheries, Orissa, Cuttack under Fisheries and Animal Resources Development Department	Rs.70.13 crore revised to Rs.68.55 crore	1992-93 to December 2000

3.12.1.2 Implementation structure

The projects under OWRCP were being executed by the Chief Engineer (CE) Naraj and Chitrotpala (NC) Projects assisted by 5 Executive Engineers (EE) and 2 Superintending Engineers (SE) and the Shrimp and Fish Culture Project was being implemented by the Director of Fisheries while the State Project Unit was responsible for overall monitoring of the SFCP.

Mention was made in earlier Audit Reports (Civil) about excess payments and other irregularities in execution of the MCII Project (Rs.1.50 crore) and the Naraj Barrage Project (Rs.7.33 crore), as detailed below:

Reference to Audit Report	Reference to audit paras	Nature of irregularities	Money value (Rupees in crore)
(A) MCII Project			
1996-97	4.23	Overpayment to contractor	0.78
	4.30	Extra contractual benefit	0.09
2000-2001	4.2.7.5 (8), (9), (14), (15)	Excess and irregular payments	0.42
	4.2.7.6 (6)	Extra expenditure	0.21
		Total	**1.50**
(B) Naraj barrage Project			
1997-98	4.1.8 (I) (ii) (vii)	Excess and irregular payments	4.00
2000-01	4.2.5.7	Avoidable extra payment	0.49
	4.2.7.5 (1), (14)	Excess payments	0.41
	4.2.7.9 (i)	Short recovery from contractor	2.43
		Total	**7.33**

The following further points were noticed in Audit.

3.12.1.3 Progress and Project evaluation

Physical target and progress of work in respect of the MCIIP and the Naraj Barrage Project were as under:

Sl. No.	Item of work	Target	Achieve-ment	Percentage of achievement
1	2	3	4	5
MCII Project				
1.	Main canal and branches (in km)	132.35	98.42	74.36
2.	Distributaries and Minors (in km)	192.46	65.23	33.89
3.	Structures in Main Canal and branches (Nos)	380	287	75.52
4.	Structures in Minors	388	174	39.69
Naraj Barrage Project				
1.	Bays(Nos)	46	42	97
2.	Gates(Nos)	46	Nil	0

As of March 2002, only 50 *per cent* of excavation of canal system and 60 *per cent* of construction of structures of the MCIIP were executed. As regards Naraj Barrage Project, the works were complete except installation of gates

(46 numbers) and 4 bays left incomplete for execution of gate works. A monitoring cell was functioning under the supervision of the Assistant to CE, NC Project, Cuttack since inception to monitor the progress of execution. But no effective monitoring was done which resulted in massive cost and time overrun. The physical achievement in different components under SFCP was 33 and 85 *per cent* as detailed in the Appendix XX.

3.12.1.4 Benefit Cost Ratio

Decline in BCR rendered the MCII project economically unviable

In the original project report of MCIIP, the Benefit Cost Ratio (BCR) was 2.247 which declined to 1.66 in the revised estimate of August 1998. The BCR had not been re-assessed even though the expenditure exceeded the revised estimate. However, with cost escalations including Rs.39.73 crore required to complete the work, the BCR as worked out in audit has declined to 1.05 as against minimum norm of 1.5. The project thus, turned out economically unviable. As regards Naraj Barrage Project, the BCR was not worked out on the ground that it was in replacement of the existing weir and no additional ayacut was involved.

3.12.1.5 Audit coverage

Implementation of the projects during 1997-2002 was reviewed in audit during January to April 2002 by test check of records of the CE, 5 EEs, Financial Adviser and Chief Account Officer, NC Projects and Fisheries and Animal Resources Development Department, Finance Department, Director of Fisheries, Orissa, Cuttack and Fishery Engineering Division, Bhubaneswar. The State Monitoring and Co-ordinating Committee headed by the Secretary of Fisheries was responsible for implementation of SFCP.

The results of the review are discussed in the succeeding paragraphs.

3.12.1.6 Financial outlay and expenditure

Details of funding for the projects were as below:

Sl. No.	Name of the Project	Estimated cost	Budget provision from 1988-89 to 2001-02	Expenditure upto 2001-02[20]	Percentage increase over project cost
		(Rupees in crore)			
1	2	3	4	5	6
1.	MCIIP	150.00	173.42	175.66[21]	17
2.	Naraj Barrage Project	203.77	192.84	174.76	--
3.	SFCP	68.55	45.61	38.60	--

Though the expenditure in respect of MCIIP exceeded the revised project cost (though not sanctioned) by 17 *per cent*, the project still remained incomplete.

[20] As per Finance Account upto 2000-01 and departmental figure 2001-02.

[21] Includes expenditure of Rs.22.16 crore incurred during 1988-89 to 1993-94 prior to World Bank assistance.

Further, the expenditure in excess over the budget provision needs regularisation by the Department. No step was taken to evaluate the project in view of the increased cost nor the revised estimate sanctioned to regularise the excess expenditure.

WATER RESOURCES DEPARTMENT

3.12.2 Mahanadi Chitrotpala Island Irrigation Project

There was cost overrun of Rs.175.46 crore

The Project started in 1988-89 under State Plan at an estimated cost of Rs.39.93 crore to provide irrigation to 19542 Ha. of Cultivable Command Area (CCA) in the islands bounded by Mahanadi-Chitrotpala and Mahanadi - Paika rivers. Expenditure of Rs.22.16 crore was incurred upto 1993-94 under State Plan. Progress was slow due to paucity of funds and the same was included under Orissa Water Resources Consolidation Project (OWRCP) with revised (1995) estimated cost of Rs.130.95 crore under World Bank funding with reduced irrigation potential of 15342 Ha. of CCA. The estimated cost was further revised (1998) to Rs.150 crore rescheduling completion by June 2002. The revised estimates were not sanctioned as of March 2002. Though expenditure of Rs.175.66 crore was incurred upto March 2002, only trial irrigation to 7000 Ha of land (46 *per cent*) was reportedly provided during Kharif 2001. Further, Rs.39.73[22] crore were required to complete the balance works in respect of excavation/construction/re-modeling of canal, protection works, excavation of drainage channel, construction of service road etc. In comparison to the physical achievements so far made vis-a-vis expenditure incurred, the cost of balance works is likely to go up further. Completion of project by June 2002 was not achieved since extension of time was granted to some of the contractors upto July 2003. Thus, there was cost overrun of Rs.175.46 crore (439 *per cent*).

3.12.2.1 Delay in Land Acquisition

Against the requirement of 464.78 Ha. of private land for the canal system, possession of only 251.21 Ha.(54 *per cent*) was taken (February 2002). Against 327.59 Kms. of canal system scheduled for excavation by March 2001, only 163.65 Kms (50 *per cent*) were completed as of March 2002. 25 Land Acquisition (LA) cases involving acquisition of 18.71 Ha. of land were not initiated by the department as of March 2002. Out of 16.97 Ha. of land requisitioned (April 1996 to June 1999) in 10 cases, proposal for 6 Ha. were withdrawn (August 2001 to March 2002) by the department due to change of alignment of the canal thereby causing delay in LA process. In other cases, LA proceedings were at different stages. Due to non-acquisition of requisite land, there was delay in achieving the desired progress in canal system with consequential cost escalation.

[22] Liability on ongoing contracts Rs.32.50 crore + works awaiting finalisation of tender Rs.7.23 crore at the estimated cost.

3.12.2.2 Delay in rendition of Land acquisition accounts

LAOs did not render accounts for Rs.2.72 crore

Against estimated cost of Rs.10.50 crore for land acquisition, Rs.10.88 crore were drawn and deposited with 3 LAOs (Cuttack, Jagatsinghpur and MCIIP) during 1991-2002 for payment of compensation to land owners. Instead of accounting the above amount under 'LA suspense' as per the codal procedures, the FA & CAO irregularly debited the amount as final expenditure to the project. The LAOs, rendered accounts for only Rs.8.16 crore as of September 2002. Of the unspent balance of Rs.2.72 crore, Rs.33.13 lakh remained with the LAO (Civil) Cuttack since 1994-95 (Rs.21.41 lakh) and 1995-96 (Rs.11.72 lakh). No steps were taken to pursue expeditious acquisition of land and disbursement of compensation.

3.12.2.3 Acceptance of tenders with high percentage of excess over estimates

Failure to carry out negotiations to arrive at reasonable rates led to extra liability of Rs.18.29 crore

Bids for 37 packages were accepted between 1995-2002 for Rs.68.75 crore at 12 to 56 *per cent* excess over the estimated cost of Rs.50.46 crore without negotiations. As the estimated cost included 15 *per cent* overhead charges over prime cost and 10 *per cent* towards hidden labour, the estimates were reasonable. Thus, failure to negotiate led to extra liability of Rs.18.29 crore over the estimated cost (Appendix-XXI).

3.12.2.4 Undue benefit to a contractor

Payment at higher rates resulted in undue benefit of Rs.42.71 lakh to a contractor

Remodeling of Kendrapara canal from RD 1650 to 11887 M was awarded (December 1998) to a contractor at Rs.21.52 crore for completion by November 2001. EIC after inspecting the site (March 1999) directed removal of the clay deposits, wherever such strata was encountered to a depth of 0.6 metre and fill it with clean coarse sand to improve drainage below the lining. The contractor removed 66,069 cum of clay deposits from canal bed and filled 45,865 cum of sand and was paid at the rate of Rs.70 and Rs.100 per cum respectively (September 2001). Since the rate for excavation included items like shoring, shuttering and utilising excavated earth which were not required; the rate of Rs.70 per cum for removal of clay deposits from canal was unjustified and the contractor was entitled to only Rs.19.60 per cum as per schedule of rates. Thus, the contractor was granted undue benefit of Rs.33.30 lakh for removal of 66,069 cum of clay deposits. Similarly, sand filling in canal bed after removal of clay deposits did not require shuttering and coffer dam etc. for which the rate was higher by Rs.20.52 per cum. Thus, payment for sand filling of 45,865 cum at the rate of Rs.100 per cum instead of Rs.79.48 per cum resulted in undue benefit of Rs.9.41 lakh.

3.12.2.5 *Failure to enforce the contract conditions resulting in loss*

Failure to enforce contract conditions resulted in infructuous expenditure of Rs.1.15 crore and extra cost of Rs.1.02 crore

Construction of the Link Canal from RD 00 to 8.679 km was awarded (February 1996) to a contractor for Rs.11.85 crore. The supplementary contract provided *inter alia* for installation of pressure release valves and crack inducing joints in the concrete lining at a cost of Rs.1.15 crore. The SE during inspection observed (November 1997) that the pressure release valves and crack inducing joints had been removed by miscreants. As per conditions of the contract, any damage to the structure/work during the course of execution was to be made good by the contractor at his cost and risk. Instead of insisting the contractor to make good the damages, the CE advised to fill up the joints with bituminous compound to avoid damage to the concrete lining. However, this was not done.

The World Bank mission during inspection observed (January 2000) that the removal of pressure release valves and crack inducing joints adversely affected the under drainage system and cracks of significant nature occurred at some locations of concrete lining. The mission suggested (January 2000) immediate remedial action to prevent water from reaching any potentially troublesome foundation material. No remedial action was taken as of September 2002. Thus, failure of the department to enforce the contract conditions rendered the expenditure of Rs.1.15 crore largely infructuous.

The agreement further, stipulated that the execution was to be carried out in such manner that all the useful material available from the cutting portions were utilised in the embankment formation before borrowing earth from outside. Accordingly, the rates quoted by the contractor for excavation of all kinds of soil in cutting portions included charges for its transportation to the filling reaches. Of the 1.98 lakh cum of all kinds of soil available out of excavation, only 0.23 lakh cum soil was utilised in the filling portions. Balance 1.75 lakh cum of cutting earth was reportedly not utilised in the filling section but 1.75 lakh cum earth was brought from borrow areas with extra cost of Rs.1.02 crore. This calls for investigation.

3.12.2.6 *Loss due to departmental lapses in insurance coverage*

Failure to ensure insurance cover as per contract conditions led to loss of Rs.29.89 lakh

The above contractor of the link canal after executing work valued at Rs.15.55 crore, abandoned (August 1999) the work and the contract was closed (March 2000) without penalty. Super cyclone (October 1999) damaged the bank slopes and lining work. The damaged canal was repaired at a cost of Rs.29.89 lakh (November 2000 to March 2001). As per conditions of the contract, the contractor was required to insure the work from the commencement date to the end of Defect Liability Period i.e 180 days after completion date. Extension of time having been granted upto August 1999, the Defect Liability Period was upto February 2000 and hence the insurance coverage during this period could have compensated the loss due to super cyclone. As insurance cover as per contract conditions was not available, the department could not claim the cost of repair of Rs.29.89 lakh. Since the security deposit was released (May 1999 to March 2000) to the contractor and only Rs.3.63 lakh was available, there was no scope for recovery from the contractor also.

3.12.2.7 Extra expenditure due to change in size of aggregate

Non-enforcement of contract conditions resulted in sub-standard execution of work despite extra expenditure of Rs.31.15 lakh

The above contract provided for 19146 cum of cement concrete lining of canal with 40 mm downgraded crushed hard granite aggregate at the rate of Rs.2180 per cum. Technical specification of the contract stipulated that the contractor was to effectively compact and finish the lining with paving and finishing machine to design section and thickness, if necessary by use of richer mix without any extra cost. After execution of 638 cum of lining, the Engineer-in-Chief (EIC) on inspection observed (January 1997) that finishing of the work was not as smooth as required and some times the surface was made smooth by use of extra mortar manually. Instead of insisting that the contractor ensured the quality of the work, the EIC instructed for concrete lining with 20 mm downgraded aggregate in place of 40 mm downgraded. The rate for concrete with 20 mm downgraded aggregate was approved (August 1997) for Rs.2323.50 per cum. Accordingly, payment for execution of 21,707.162 cum of concrete with 20 mm downgraded aggregate amounting to Rs.5.04 crore was made (October 1999) to the contractor resulting in extra expenditure of Rs.31.15 lakh.

The World Bank Mission while inspecting the site observed (January 2000) that the finish and workmanship of the concrete surface was not of desired quality and suffered from honey comb patches at places. Thus, failure of the department to enforce contract conditions resulted in sub-standard execution of the work despite extra expenditure. No responsibility was fixed for such defective work.

3.12.2.8 Inadmissible payments

Inadmissible payment of Rs.21.79 lakh towards filling back of structures

(a) The technical specifications of the National Competitive Bid contracts executed during 1996-99 for construction of the Mahanadi Left and Right Canals provided that the cost of back fill of structures was included in the applicable price bid for excavation of foundation of the structures. Despite that, a separate item was included in 12 agreements regarding back fill of foundation of the structures with excavated materials at rates varying between Rs.10 and Rs.25 per cum which resulted in undue payment of Rs.10.10 lakh towards 0.53 lakh cum of back fill. Apart from this, Rs.11.69 lakh was paid to a contractor towards filling back of the sides of structures near the Cross Drainage-cum-escape at RD 26.285 of the Mahanadi Left Canal with 3307.29 cum of morum by drawal of supplementary agreement.

Irregular payment of Rs.17.96 lakh for base stripping and lead channels

(b) The technical specification for construction of the Link Canal required execution of base stripping works before construction of embankments. The contract rates for earth works were inclusive of the base stripping works and no extra payment was admissible. Despite clear contractual provisions, the Executive Engineer unauthorisedly and irregularly paid Rs.17.96 lakh for execution of 64,377 cum of base stripping.

Payment of irregular escalation charges of Rs.26.94 lakh

(c) Tender for the work "Construction of Link Canal RD 00 to 8.679 km" was opened in December 1995 and was awarded (February 1996) for completion by February 1999. As per price escalation clause, the base period for calculation of price escalation was from the date of opening of tender. Six

extra items were however, executed by sanction of rates in August 1996. While calculating the escalation, the value of work executed under extra items was also included with the original value of work and base period taken as December 1995. Since the rates for extra items were approved at a latter date (August 1996) on mutual consent, there was no justification for payment of escalation on extra items from December 1995. As a result, Rs.26.94 lakh paid to the contractor on this account was irregular and unauthorised.

3.12.2.9 Excess payment in disregard to contract provisions

Excess payment of Rs. 16.42 lakh for earth work disregarding contract conditions

Agreements executed (March 1996) for "Raising and strengthening of Paika side embankment for protection of canal system (gap closing 3 & 4)" provided *inter alia* for execution of earth work of 88,470 cum by head load and 51,838 cum by mechanical means and the contractors were to borrow earth at their own cost without any compensation for change in leads and locations of borrow areas. Against the above provision, the contractor completed the works (July 1998/March 2000) by executing 26,877 cum of earth work by head load and 1,05,320 cum by mechanical means on the plea that sufficient earth was not available by head load.

For 53,482 cum by mechanical means the department had to incur extra expenditure of Rs.16.42 lakh. According to the EE (January 2002) as no earth was available nearby, the contractor brought the earth by mechanical means. The reply was not tenable since the contract specifically mentioned that the contractor had to borrow the earth at his own cost.

3.12.2.10 Undue benefit to contractors towards reimbursement of Sales Tax

Excess payment and undue benefit of Rs.57.33 lakh to the contractors towards reimbursement of Sales Tax

As per extant orders, deduction of 4 *per cent* towards sales tax were to be effected from works contracts. The notice inviting the tender as well as the contract conditions stipulated that the rates were inclusive of all taxes, duties etc. However, another clause was incorrectly included in the contract that sales tax on completed items of works as may be levied would be reimbursed. Accordingly, Rs.57.33 lakh was reimbursed to 10 contractors (Appendix-XXII). Since the sales tax component was included in the rates, subsequent reimbursement constituted undue benefit to the contractors.

3.12.2.11 Avoidable payment towards escalation

Avoidable payment of Rs.12.55 lakh towards escalation

As per instructions contained in the Procurement Guidelines of the World Bank, price adjustment provisions were not necessary for works scheduled to be completed within 18 months. Contrary to these instructions, price adjustment clause were included in the bid documents for the work "Excavation of minors and sub-minors of Mahanadi Left Canal from RD 00 to 28.00 km" though scheduled period of completion was 18 months. While communicating approval for award of the work, Government instructed (July 1998) deletion of price adjustment clause. This clause was however not deleted by the CE on the ground that this clause was included in the bid documents and deletion at that stage might invite contractual complication. On the plea of scattered nature of work and slow pace of land acquisition and on

the recommendation (August 1998) of the CE, Government revised (June 1999) the scheduled period of completion to 24 months, whereby the contractor became eligible for escalation. The plea of the CE was not tenable since the nature of work and pace of land acquisition was well known when the Government approved (July 1998) the tender. Thus, subsequent providing price adjustment clause resulted in paying Rs.8.95 lakh (March 2002) towards escalation.

Similarly, Rs.3.60 lakh was paid (January 2002) towards price escalation for the work "Excavation of minors and sub-minors of Chitrotpala Right Canal" though the scheduled period of completion was 18 months. The extra expenditure aggregated to Rs.12.55 lakh for which no responsibility was fixed.

3.12.2.12 Unproductive expenditure on surplus Work Charged and NMR staff

Entertainment of surplus Work charged and NMR staff without work led to an unproductive expenditure of Rs.15.17 crore

Extant rules provided that employment of persons under work charged establishment for a particular work would cease on completion of the project. Contrary to these provisions, 302 Work Charged and 214 NMR staff of the completed Mahanadi Birupa Barrage Project were diverted to MCIIP. Expenditure on these surplus staff during 1990-91 to 2001-2002 was Rs.14.97 crore. Since the works of the Mahanadi Chitrotpala Island Irrigation Project were executed on item rate contracts, the above staff were employed without any work.

Apart from above, Rs.20.00 lakh was spent between 1991-2000 on engagement of additional labour despite ban (November 1981) imposed by the Government and surplus staff already available. Thus, the total unproductive expenditure was Rs.15.17 crore. EEs and the SE stated (April 2002) that the redeployment had been carried out as per order of the Chief Engineer.

3.12.3 Naraj Barrage Project

Naraj Barrage Project was started in 1994-95 in replacement of old dilapidated weir across river Kathajodi in order to (i) ensure continuity of irrigation to 2.06 lakh ha. of land (ii) improve flood protection and (iii) provide additional all weather road communication between Bhubaneswar and Cuttack. The project, estimated at Rs.117.05 crore was funded by World Bank under OWRCP. The estimate was subsequently revised to Rs.203.77 crore (Rs.176.77 crore under OWRCP and Rs.27 crore under AIBP) which was yet to be sanctioned. The project was scheduled for completion by September 2002. Expenditure on the project was Rs.174.76 crore as of March 2002. World Bank reimbursed Rs.134.24 crore against expenditure of Rs.158.82 crore by 2000-01 and balance was met from State funds. The claim for 2001-02 has not been finalised (September 2002).

The following points were noticed in audit.

3.12.3.1 Loss of assistance

Due to award of work to OCC, Government lost World Bank assistance of Rs.26.79 crore

World Bank guidelines stipulated that no finance would be available for work executed through corporation/agencies controlled by the State Government. Orissa Construction Corporation (OCC), a State public sector undertaking was awarded (May 2001/January 2002) the gate and civil works of barrage for Rs.26.79 crore. As a result, the World Bank decided to delete these works from OWRCP and consequently the State lost the World Bank assistance. These components of the Barrage work were being executed under Accelerated Irrigation Benefit Programme (AIBP) financed by the Government of India.

3.12.3.2 Extra liability due to non-synchronisation in execution of different components

Non-synchronisation in execution of different components resulted in wasteful expenditure of Rs.0.48 crore and additional liability of Rs.2.03 crore

The civil works portion of the Naraj Barrage project was awarded (August 1996) to a contractor stipulating completion by August 2001, whereas the gate works had not commenced as of March 2002. Since erection of the gates after completion of the civil works would not be feasible due to submergence of the working area, the Department, in consultation with the Technical Advisory Committee (TAC) decided to stop construction of 4 nos. of spillway bays 4 metres below the designed crest level to facilitate installation of the gates after manufacture. Due to diversion of the entire flow of water during rainy season through 4 incomplete bays, the downstream side of the bays were damaged by scouring. To prevent further retrogression, protection work was done (May/June 2001) by dumping stones at a cost of Rs.21 lakh (paid in January 2002). TAC also advised for lifting and placing concrete blocks on the incomplete bays before the onset of the monsoon and their removal subsequently. Resultantly, concrete blocks were manufactured at a cost of Rs.27 lakh.

In January 2002, the balance work of 4 incomplete bays valuing Rs.1.39 crore was entrusted to OCC for Rs.3.42 crore for completion by March 2004.

Thus, failure of the Department to synchronise execution of the gate works with that of civil works, resulted in wasteful expenditure Rs.0.48 crore on protection work with additional liability of Rs.2.03 crore for completion of 4 bays.

Executive Engineer stated (February 2002) that execution of different components of the work could not be synchronised due to delay in finalisation of the tender at Government level.

3.12.3.3 Unproductive expenditure without workload

Unproductive expenditure of Rs.3.78 crore on entertainment of staff without work

Naraj Barrage Division No.II was created in April 1997 and continued upto November 2001 for execution of a portion of the Naraj Barrage Project work. The Division did not execute any work other than repair and maintenance works for Rs.19.41 lakh during the period, whereas the expenditure of Rs.2.36 crore was incurred towards salaries and wages of the work charged staff. Naraj Barrage Division No.I also incurred expenditure of Rs.1.42 crore towards

wages of work charged, DLR and NMR staff during January 1997 to March 2001. Since the works of the project were executed through contractors on item rate contract, there was no need for these staff. Thus, engagement of staff without work resulted in unproductive expenditure of Rs.3.78 crore.

Executive Engineers stated (April 2002) that the staff were re-deployed from other projects as per orders of the Chief Engineer.

3.12.3.4 Exorbitant rates paid for construction of Guest House

Injudicious expenditure of Rs.1 crore on construction and furnishing of a guest house at fabulous rate of Rs.1258 per square foot excluding land cost

The approved project estimate (November 1993) for the Naraj Barrage provided for construction of a rest-shed at Rs.6.45 lakh. However, Government approved (November 1995) a separate estimate for construction of a guest house-cum-observation tower at Rs.10.37 lakh which was not acted upon. Subsequently, another estimate for Rs.49.98 lakh was technically sanctioned (March 1996) by the CE for construction of guest house with plinth area of 7921 square feet and furnishing on the plea that no accommodation was available nearby for the visiting officials. This was not factually correct since there was an existing 3 suited Inspection Bungalow at the project site which was also improved/remodelled (1996-98) at a cost of Rs.17.98 lakh. Administrative approval of the Government to this new guest house was not obtained and the work excluding furnishings was awarded (July 1996) to a contractor for Rs.59.86 lakh (49 *per cent* excess over the estimated value) without negotiation, stipulating completion by January 1998. An expenditure of Rs.1.08 lakh was also incurred towards architectural fees for preparation of designs of the guest house. During execution, specifications of certain items like superstructure, flooring and painting etc. were changed and these substituted items, involving extra cost of Rs.21.41 lakh were entrusted to the existing contractor at market rates. The work was completed in April 1998 at a cost of Rs.81.27 lakh.

It was also observed that the contractor's rates for furnishing were Rs.2.40 lakh higher than the rates obtained (July 1998) by the department from local suppliers before calling for quotations for this work.

Thus, acceptance of tender at 49 *per cent* higher rate without negotiation, even though the estimate had provided for 20 *per cent* excess over the prime cost and post contract change of specification resulted in increase in the cost of construction and furnishing of the guest house from Rs.49.98 lakh (March 1996) to Rs.99.64 lakh (199 *per cent*). As against Rs.578 per square foot as per the sanctioned estimate (March 1996), the cost of construction (excluding furnishing) worked out to Rs.1026 per square foot which was abnormally high since there was no land cost.

3.12.3.5 Undue benefits to contractors

Undue benefit of Rs.50.28 lakh towards construction and maintenance of approach and haul roads to the site

(i) As per contract, the approach and haul roads were to be at the cost of the contractor and deemed to be contingent to the main work valuing Rs.142.55 crore. Despite this, the Executive Engineer spent Rs.50.28 lakh for construction of approach roads and their maintenance through other agencies

during the period of construction. This resulted in undue benefit to the contractor.

Undue benefit of Rs.31.05 lakh to a contractor by allowing higher rates

(ii) The agreement provided for execution of 5672 cum of Cement Concrete (M-25 grade) with 20 mm downgraded crushed granite stone aggregate mixed in batching and mixing plant including cost of all materials etc. at the rate of Rs.3050 per cum. The Chief Engineer while approving the drawings, substituted the item with Cement Concrete (M-20 grade) at the rate of Rs.2812.80 per cum. But there was another item (C.C.M-20) with the same specification in the agreement (BOQ item No.5) to be executed at the rate of Rs.2,400 per cum. The Chief Engineer recommended (March 2000) higher rate treating it as an extra item and a supplementary agreement was drawn (March 2000). Pending approval of the Government, the contractor was paid for 7521.668 cum provisionally at the rate of Rs.2250.24 per cum (80 *per cent* of the proposed rate). This resulted in undue benefit of Rs.31.05 lakh to the contractor. The Executive Engineer stated (March 2002) that higher rate had been recommended for the substituted item as it involved centering; shuttering and vibrating components which was not included in the item existing in the agreement. The reply was not tenable since the item existing in the agreement also included cost of centering, shuttering and vibrating.

FISHERIES AND ANIMAL RESOURCES DEVELOPMENT DEPARTMENT

3.12.4 Shrimp and Fish Culture project

Shrimp and Fish Culture Project was launched in the State in 1992-93 to increase shrimp and fish production for export and was scheduled to be completed by June 1999 which was extended upto December 2000 by the World Bank Authorities.

The project was estimated to cost Rs.68.55 crore (Brackish water shrimp culture: Rs.63.98 crore, Inland Fisheries :Rs.3.21 crore, Project Management : Rs.1.36 crore) for developing net water area of 861 hectares (Shrimp culture) in two districts and 79 reservoirs (Fish culture) covering 19[23] districts of the State under Brackish water and Inland Fisheries sector respectively. Expenditure incurred upto December 2000 was Rs.39.51 crore towards shrimp culture (Rs.30.04 crore), Fish culture (Rs.6.88 crore) and project management (Rs.2.59 crore). Check of records in audit revealed the following:

3.12.4.1 Failure of shrimp production

Failure of only crop undertaken at the Jagatejore-Banapada shrimp sites

The shrimp culture operation is done during monsoon and winter seasons in a year. While the monsoon crop is raised from July to October, the winter crop is raised from February to May. The Jagatejore-Banapada project under shrimp culture originally estimated (December 1991) to cost Rs.14.78 crore

[23] Angul, Bargargh, Deogargh, Dhenkanal, Gajapati, Ganjam, Jharsuguda, Kalahandi, Keonjhar, Koraput, Malkangiri, Mayurbhanj, Nayagargh, Nowrangpur, Nuapada, Phulbani, Sambalpur, Sonepur and Sundargarh.

was revised (November 1996) to Rs.22.55 crore. Shrimp culture operation was done under the project for the first time between June and September 2000 in two clusters i.e. (i) Banapada and (ii) Jagatejore cluster-III.

As per the Staff Appraisal Report of World Bank (SAR), the production of shrimp was to start at 1600 kg per hectare and reach 2000 kg per hectare from the third year onwards. Scrutiny of records of Deputy Director of Fisheries, Orissa, Cuttack revealed (February 2002) that 34 BPL beneficiaries took up shrimp culture (1st crop) in the Banapada cluster between June and September 2000 but could produce only 4330 kg (Catch value :Rs.9.43 lakh) of shrimp in the cluster with an expenditure of Rs.13.91 lakh on the inputs. As regards Jagatejore Cluster-III, 110 BPL beneficiaries took up shrimp culture operation between July and October 2000 at a cost of Rs.39.52 lakh. But the entire crop at the shrimp site had perished within 15 days of culture due to attack of white spot disease although preventive measures against the attack of the disease were stated to have been taken by the beneficiaries concerned by way of chlorinating ponds and through use of medicines during culture period as advised by the technical consultants. Thus, the Jagatejore-Banapada Shrimp project had largely failed and there was also no provision in the SAR for insurance coverage for shrimp farmers for any crop failure.

3.12.4.2 Idle expenditure on construction of shrimp ponds

Idle expenditure of Rs.4.71 crore on construction of 76 shrimp ponds which had not been leased out to private entrepreneurs

As per SAR, construction and development of shrimp ponds was to be on a site basis divided into clusters with each cluster covering a net water area of about 50 hectares. While ponds covering water area of 0.5 hectares each would be constructed in 70 *per cent* of the total water area and leased to BPL beneficiaries selected for the purpose, ponds covering water area of 1 hectare each would be constructed in the remaining 30 *per cent* of the total water area and leased to one or two private entrepreneurs.

Scrutiny of records of Director of Fisheries, Cuttack revealed (February 2002) that in all 481 ponds were constructed (December 2000) in the Jagatejore-Banapada shrimp site and 405 ponds covering water area of 0.5 hectare each were leased to equal number of BPL beneficiaries between December 2000 and December 2001. The remaining 76 ponds covering water area of one hectare each could not be leased to private entrepreneurs as of March 2002 since no private entrepreneurs were interested. This rendered the expenditure of Rs.4.71 crore incurred on their construction infructuous.

3.12.4.3 Non-extension of credit facility to the BPL beneficiaries towards working capital for stocking inputs

Due to departmental lapse, World Bank assistance of Rs.2.40 crore was lost depriving bulk of beneficiaries of the credit facility

As per SAR, credit was to be provided to the Below Poverty Line (BPL) beneficiaries towards working capital for inputs like seed, fertilisers and medicines etc. Accordingly, Government sanctioned (November 2000) Rs.2.40 crore. Although bills were presented at the treasury twice in December 2000, the Treasury returned the bill for want of ink signed copy of the sanction order. The credit was not released during the currency of project i.e. till 31 December 2000.

In reply to an audit query, the Deputy Director of Fisheries stated (February 2002) that the Director of Fisheries ordered not to draw the amount as its utilisation within project period was not possible for getting reimbursement from the World Bank and added that the request made to Government by the Director (March 2001) to extend the credit facility to the BPL beneficiaries out of State funds also did not yield any result and ultimately the amount had to be surrendered. This reply was not acceptable as credit could have been extended within a month as the beneficiaries had already been identified. Thus, the World Bank assistance of Rs.2.40 crore was lost.

In reply to an audit query as to the viability of the project in the absence of credit facility, Director stated (February 2002) that a fresh proposal to lease out the ponds to a private company was approved by Government (February 2002) according to which the lessee company would initiate shrimp culture in the beneficiary ponds and in turn deposit 25 *per cent* of lease value with Brackish water Farmer's Development Agency (BFDA). Of this, Rs.20000 would be retained by the BFDA towards repayment of loans by the beneficiaries and the rest would be enjoyed by the beneficiaries. As envisaged in the proposed tripartite agreement, the lessee company at the instance of beneficiary would engage the latter for labour oriented jobs in the ponds atleast for 240 days for 2 crops at the wage rate approved by Government for unskilled labour. However, the lease process had not materialised as of September 2002. Even after materialisation, such arrangement would mean earning wages whereas the project envisaged beneficiaries being in self employment and earning profits.

3.12.4.4 Irregular expenditure of Rs.2.33 crore on cyclone damage repairs

As per contract, the contractor was required to provide insurance cover in the joint names of the employer and the contractor against damage to the works and materials during construction.

Irregular expenditure of Rs.2.33 crore on cyclone damage repair works

Scrutiny of records of Executive Engineer (EE), Fishery Engineering Division, Bhubaneswar revealed (March 2002) that Rs.2.33 crore were irregularly spent by EE, Fishery Engineering Division (Rs.2.18 crore) and EE, Electro Mechanical Division, Bhubaneswar (Rs.0.15 crore) between March and December 2000 towards Cyclone Damage Repair Works in respect of Jagatejore-Banapada Shrimp Culture Project although such expenditure was required to be met by the contractor and reimbursement claimed from the insurance company since damage caused to the project was during the contractual period. EE, Fishery Engineering Division stated (March 2002) that the insurance coverage was the responsibility of the contractor which was not taken. The reply was not tenable as the action of the EE amounted to undue benefit to the contractor.

3.12.4.5 Support service of the Project

As per SAR, 6 hatcheries (estimated cost : Rs.5.47 crore) and 2 ice plants (estimated cost: Rs.0.18 crore) were to be completed by private sector participation by December 2000. Against the above, only one hatchery at

Bhadrak and one ice plant at Jagatejore-Banapada could be completed as of December 2000 by extending credit of Rs.0.23 crore to 2 private entrepreneurs.

3.12.4.6 Conclusion

(i) The rates quoted by contractors and accepted by the authorities were substantially higher than the estimates and were not reasonable. Contract conditions were not enforced which led to extra expenditure and there were cases of undue benefits to contractors. Surplus staff were entertained in the project without work. Resultantly, Benefit Cost Ratio of MCII Project declined to 1.05 as against minimum norm of 1.5 rendering the project economically unviable.

(ii) There was loss of World Bank assistance due to award of a part of the project of Naraj Barrage Project to a Government Corporation. Non-synchronisation in execution of different components of work and inadequate pre-construction survey led to extra expenditure. There were cases of undue benefits to contractors. Staff without work meant unproductive expenditure.

(iii) SFCP could develop net water area of only 283 hectares against the targeted 861 hectares and 53 reservoirs against the target of 79. The shrimp production as of September 2002 was also negligible and only 144 out of 405 targeted BPL families benefited by the project. In the wake of Government's decision to lease out the ponds to a private party, the above beneficiaries would only become wage-earners instead of profit-earners.

The matter was referred to the Government in July 2002; followed by reminders to the respective departments in September 2002. No reply was received (October 2002).

WOMEN AND CHILD DEVELOPMENT DEPARTMENT

3.13 Buildings constructed for housing neglected children and delinquent juveniles lying idle for over 11 years

The objective of providing institutional care, protection and development of neglected and delinquent children remained unachieved as the affected children were not shifted from the jail premises and necessary infrastructure created for housing them at a cost of Rs. 30.33 lakh was lying idle for over 11 years.

An Observation Home and Special Home (Combined), Rourkela (OHSH) established under the Orissa Children Act, 1982 for neglected and delinquent children was functioning in the extension block of Special Jail, Rourkela from August 1986. Scrutiny of records of Superintendent OHSH, Rourkela revealed (January 2002) that the process of shifting of the OHSH to a separate building

was initiated by Collector, Sundargarh. A dilapidated building was located (April 1988) and Rs.21.06 lakh were spent on its renovation and on construction of 5 quarters meant for the staff of OHSH. As stated by the Superintendent, OHSH (March 2002) the buildings were handed over in February 1991. It was also noticed that a further expenditure of Rs.9.27 lakh was incurred between March 1992 and July 1996 on construction of compound wall, fixation of iron gate, external water supply connection etc.

Despite expenditure on renovation, OHSH continued to function in the extension block of Rourkela Jail as the new building suffered from a locational disadvantage of being 8 km away from the township which would create problems of conveyance of the juveniles to the court as and when necessary. The newly constructed quarters were also not allotted as they were not provided with electrical installations and sanitary fittings etc. As a result, the objective of providing institutional care to neglected children and delinquent juveniles in natural surroundings away from jail environment was not achieved. Rs.30.33 lakh spent on renovation/construction of buildings was blocked for over 11 years and there was avoidable expenditure of Rs.1.78 lakh on payment of house rent allowance to the staff.

Government stated (July 2002) that the building had several shortcomings and was unsuitable to house the Observation Home and sought some more time for taking a final view in the matter of shifting the Observation Home.

GENERAL

3.14 Misappropriation, losses etc.

Cases of misappropriation, losses etc. of Government money reported to audit upto end of March 2002 and on which final action was pending at the end of June 2002 were as follows:

		Number of cases	**Amount (Rupees in lakh)**
(i)	Cases reported upto the end of March 2001 but outstanding at the end of June 2001	2071	1343.00[24]
(ii)	Cases reported during April 2001 to March 2002	23	77.10
(iii)	Cases disposed of till June 2002	1	0.31
(iv)	Cases reported upto March 2002 but outstanding as of June 2002	2093	1419.79

[24] The outstanding balance at the end of June 2001 was Rs.1343.35. However, reduced to Rs.1343.00 after revaluation.

Department-wise analysis of the outstanding cases is given in the Appendix-XXIII. The period for which these were pending are given below :-

		Number of cases	Amount (Rupees in lakh)
(i)	Over five years (1948-49 to 1996-97)	1879	1115.86
(ii)	Exceeding three years but within five years(1997-98 to 1998-99)	102	62.91
(iii)	Upto three years (1999-2000 to 2001-2002)	112	241.02
		2093	**1419.79**

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

		Number of cases	Amount (Rupees in lakh)
(i)	Awaiting departmental and criminal investigation	609	635.95
(ii)	Departmental action initiated but not finalised	848	547.17
(iii)	Criminal proceedings finalised but execution of certificate cases for the recovery of the amount pending	36	9.87
(iv)	Awaiting orders for recovery or write off	469	137.51
(v)	Pending in the courts of law	131	89.29
		2093	**1419.79**

3.15 Lack of response to audit

Accountant General (Audit), Orissa, arranges to conduct periodical inspection of Government departments to test check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IR). When important irregularities etc. detected during inspection are not settled on the spot, these IRs are issued to the Heads of offices inspected with a copy to the next higher authorities. The rules and orders of Government provide for prompt response by the executive to the IRs issued by the Accountant General (AG) to ensure rectificatory action in compliance with the prescribed rules and procedures and to ensure accountability for the deficiencies, lapses etc. noticed during his inspection. The Heads of Offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the Accountant General (Audit). Serious irregularities are also brought to the notice of the Head of Department by the Accountant General (Audit). Half yearly report of pending IRs is sent to the Secretary of

each Department to facilitate monitoring of the audit observations in the pending IRs.

IRs issued upto June 2002 pertaining to 4784 offices of 34 departments disclosed that 66,641 paragraphs relating to 18,150 IRs remained outstanding at the end of September 2002. Of these 4058 IRs containing 9396 paragraphs had not been settled for more than 10 years (Appendix-XXIV). Year-wise position of the outstanding IRs and paragraphs are detailed in Appendix-XXV. Even the initial replies which were required to be received from the Heads of Offices within six weeks from the date of issue were not received in respect of 6046 IRs (Appendix-XXIV) issued between 1980-81 and 2001-02 (June 2002) in respect of civil departments (5862 IRs) 1964-65 and 2001-2002 (June 2002) in respect of works departments (184 IRs). As a result, several serious irregularities commented upon in these IRs had not been settled as of September 2002 (Appendix-XXVI).

A review of the IRs which were pending due to non-receipt of replies as detailed in Appendix-XXIV revealed that the Heads of Offices whose records were inspected failed to discharge due responsibility as they did not send any reply to a large number of IRs/Paragraphs. Failure to address the issues raised by Audit facilitated the continuation of serious financial irregularities and loss to the Government.

Further, despite repeated comments in the Inspection Reports, outstanding advances of Rs. 57.34 lakh had been rolling in the closing cash balances of 2 Drawing and Disbursing Officers (District Inspector of Schools, Malkangiri I (DIS): Rs.36.50 lakh and District Welfare Officer (DWO), Rayagada : Rs.20.84 lakh) since 1997-98 and prior to the year 1997 respectively. However, audit scrutiny revealed that while the advances paid by the DIS to the headmasters of UGME/Government ME schools were towards disbursement of salaries of the teachers of the concerned schools etc. the amount paid by the DWO to the headmasters of Ashram/Residential schools were towards pre-matric scholarsip of students etc. which were lying unadjusted for want of paid acquittances. These were made possible due to irregular maintenance of the advance ledgers which were not reviewed periodically for adjustment.

It is recommended that Government should look into this matter and ensure that procedure exists for (a) action against the officials who failed to send replies to IRs/Paras as per the prescribed time schedule, (b) action to recover loss/outstanding advances/overpayments in a time bound manner and (c) revamping the system of proper response to the audit observations in the Department.

The matter was referred to Government in September 2002. No reply was received (October 2002).

3.16 Follow-up action on earlier Audit Reports

The Comptroller and Auditor General's (CAG) Audit Reports represent culmination of the process of scrutiny starting with initial inspection of accounts and records maintained in the various offices and Departments of Government. It is therefore, necessary that they elicit appropriate and timely response from the executives.

Finance Department, Government of Orissa had issued instruction (December 1993) to all Administrative Departments to submit explanatory notes on paragraphs/reviews included in the Audit Reports and Action Taken Notes (ATNs) on the recommendations of Public Accounts Committee (PAC) reports within 3 months and 6 months respectively of their presentation to the Legislature.

(i) Outstanding Explanatory Notes

It was noticed that 25 out of 37 departments which were commented upon, did not submit explanatory notes on 314 paras/reviews as of August 2002 in respect of Audit Reports for the year 1991-92 to 2000-2001 as indicated below:

Year of Audit Report	Total paras/reviews in Audit Report	Number of paras/reviews for which explanatory notes were not received
1991-92	70	10
1993-94	60	18
1994-95	57	14
1995-96	61	15
1996-97	77	56
1997-98	64	37
1998-99	64	60
1999-2000	54	50
2000-2001	54	54
Total	**561**	**314**

The department-wise analysis is given in the Appendix-XXVII. The break-up revealed that the Departments largely responsible for non-submission of explanatory notes were Water Resources, Agriculture, Panchayati Raj, Works and Scheduled Tribes and Scheduled Castes Development Departments. The non-compliance varied from 72 to 100 *per cent.* Comments on topics such as Super Cyclone, Public Distribution System, Employment Assurance Scheme etc. had also failed to elicit any response from the Government.

(ii) System Deficiency

Mention was made in paras 3.1.6, 3.1.11 and 3.1.12 of Audit Report for the year March 1997 about the system deficiency in Non-formal Education (NFE) under School and Mass Education Department leading to (1) Non-utilisation

of funds and non-opening of NFE centres, (2) shortfall in in-service training and (3) short/non-supply of reading and writing materials. It was observed in subsequent scrutiny that the position has not improved as commented in Audit Report (Civil) for the year ended March 2001. The Public Accounts Committee in their 20th Report (12th Assembly) 2001-2002 had asked the department to furnish comprehensive note indicating the reasons for lapses as mentioned in (1), (2) and (3) above. But the Action Taken Note on the recommendations of Public Accounts Committee had not been furnished by the department (September 2002).

The matter was demi-officially referred (September 2002) to the Principal Secretary to Government, Finance Department. No reply was received (October 2002).

CHAPTER-IV

WORKS EXPENDITURE

SECTION-A

WORKS DEPARTMENT

4.1 Working of Works Department

The Works Department is entrusted with the construction, improvement and maintenance of the roads, bridges and Government buildings in the State. A review of the working of the Department revealed serious failure of expenditure control and wide spread mismanagement of funds having a financial involvement of Rs.548.91 crore which constituted 49.72 *per cent* of the total expenditure of Rs.1103.83 crore during 1999-2002. The expenditure on establishment far exceeded the prescribed norms and there was gross mismanagement of the inventory system. There was significant cost overrun (44 *per cent*) in execution of bridges. No action had been taken to fix responsibility wherever irregularities had occurred.

4.1.1 Highlights

❖ **Budget formulation, control and monitoring of expenditure were inadequate. There were unjustified surrenders (Rs.6.87 crore) and unnecessary supplementary demands of Rs.35.90 crore. Revenue expenditure had been increasing every year and increased from 56 to 74 *per cent* of the total expenditure during 1997-2002 which severely constricted outlay on capital works. Establishment expenditure was 51 *per cent* against the admissible 10.5 *per cent* resulting in excess expenditure of Rs.206.59 crore.**

(Paragraphs 4.1.5.1, 4.1.5.3, 4.1.5.5 and 4.1.5.8)

❖ **There was cost overrun of Rs.71.31 crore in 29 bridge works along with time overrun. No monitoring or evaluation was carried out to make them cost/time effective.**

(Paragraph 4.1.6)

❖ **Operation and Maintenance (O & M) Budget were largely consumed on wages and salaries and only 34 *per cent* of the total provision for maintenance expenditure was actually spent on maintenance of completed works.**

(Paragraph 4.1.8)

- **Failure to adopt Schedule of Rates (SORs) in preparation of estimates and acceptance of irrational rates in tenders led to extra liability of Rs.3.12 crore.**

(Paragraphs 4.1.9.1 and 4.1.9.2)

- **Drawal of agreements with faulty clauses, non-enforcement of contract conditions, execution of works without inviting tenders and in deviation from approved specifications and failure to levy penalty where due led to extra expenditure/liability of Rs.12.87 crore.**

{Paragraphs 4.1.9.3 (i) (ii), 4.1.9.5, 4.1.9.9 and 4.1.9.10}

- **Abandonment/non-completion of works led to wasteful expenditure of Rs.25.95 crore.**

(Paragraph 4.1.9.6)

- **Excess expenditure incurred without any authority amounted to Rs.3.87 crore.**

{Paragraphs 4.1.7 (ii) and 4.1.9.7(i,ii,iii)}

- **Disregard of design and specifications led to wasteful expenditure of Rs.3.19 crore.**

(Paragraph 4.1.9.8)

- **Sub-standard execution of building works resulted in loss of Rs.1.62 crore.**

{Paragraph 4.1.9.11 (iii)}

- **3757 NMR/DLR staff were in excess costing exchequer Rs. 16.23 crore in 3 years.**

(Paragraph 4.1.10.1)

- **Failure to utilise available machinery due to improper planning led to loss of Rs. 5.29 crore. Unproductive expenditure due to poor inventory management was Rs.11.63 crore.**

{Paragraphs 4.1.11 and 4.1.13 (i)}

4.1.2. Introduction

The primary function of the Works Department is planning and execution of roads/bridge works and construction, maintenance and repairs of non-residential and residential Government buildings. Besides, 3190 Kms of National Highways (NH) in the State, it had 13,303 Kms of State Highways (SH: 5049 Kms), Major District Roads (MDR: 3677 Kms) and Other District Roads (ODR:4577 Kms) as of March 2002. The Department also maintained 47.66 lakh sqms plinth area of non-residential buildings and 37.32 lakh sqms of residential buildings (March 2002).

4.1.3 Organisational Set-up

The Engineer-in-Chief-cum-Secretary to Government was the overall in-charge of the Department. There were Engineer-in-Chief (EIC), 5 Chief Engineers (CE), 16 Superintending Engineers (SE) and 76 Executive Engineers (EE).

4.1.4 Audit Coverage

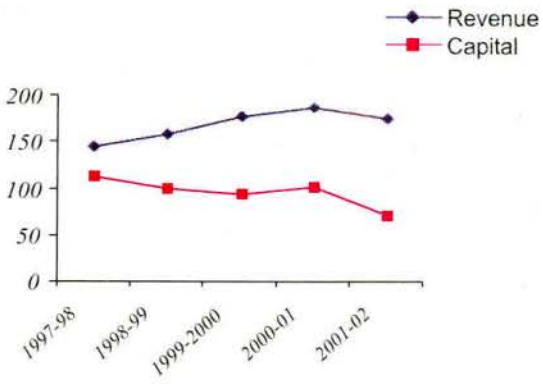
Test check of records of the Administrative Department of 4 EIC/CEs and 22 EEs for the periods 1999-2000 to 2001-2002 was done during January to May 2002.

4.1.5 Financial Management and Control

4.1.5.1 Budgetary allocation and expenditure

The budget provisions vis-a-vis expenditure of the department were as follows:

Year	Budget Provision			Expenditure			Excess (+) saving (-) / (percentage)	Savings/ excess (percentage)
	Capital	Revenue	Total	Capital	Revenue	Total	Revenue	Capital
	(Rupees in crore)							
1997-98	126.60	130.04	256.64	112.08	145.40	257.48	(+)15.36 (12)	(-)14.52 (11)
1998-99	137.65	147.43	285.08	99.75	157.93	257.68	(+)10.50 (7)	(-)37.90 (28)
1999-00	232.75	146.79	379.54	93.71	177.31	271.02	(+)30.52 (21)	(-)139.04 (60)
2000-01	129.22	169.60	298.82	100.03	187.36	287.39	(+)17.76 (10)	(-)29.19 (23)
2001-02	112.14	203.55	315.69	70.97	175.51	246.48	(-)28.04(14)	(-)41.17 (37)
Total	**738.36**	**797.41**	**1535.77**	**476.54**	**843.51**	**1320.05**	**(+)46.10(6)**	**(-)261.82(35)**



Despite separate allocation of Rs.121.20 crore during 1999-2002 under Revenue section for cyclone damage repairs, funds from capital works were consistently diverted by the department for revenue expenditure which was irregular. Heavy revenue expenditure had a direct impact on the developmental activities which were starved of funds. The increase in revenue expenditure along with decline in capital expenditure indicated an underutilised work force. Reasons for the considerable savings/excesses were not intimated.

4.1.5.2 Inadequate control over Letter of Credit (LoC)

Government introduced (April 1968) the system of Letter of Credit (LoC) to ensure even flow of expenditure and avoid excess expenditure over budget allotment. LoC was, however, authorised without assessment of actual requirements. While the prorata charges levied under different heads were deducted from the gross budget provisions, the LoC's were loaded with additional 2 *per cent* towards Income tax. This being an accounting adjustment, the EEs obtained excess LoC for Rs.20.42 crore.

EEs under CE (Roads), CE (Buildings) and CE (NH) executed works worth Rs.149.37 crore (Roads : Rs. 96.89 crore, Building : Rs.40.48 crore and NH: Rs.12 crore) during 1999-2002 without sanction and the liability created for future payments. This confirmed that the control over LoC was grossly inadequate which subverted the procedure of financial control.

Expenditure of Rs. 18.13 crore was incurred by 9 EEs without budget provisions

According to codal provisions, no expenditure was to be incurred nor liability created in the absence of budget provision. However, EEs of 9[1] Divisions incurred Rs.18.13 crore on different works during 1999-2002 which was irregularly paid in the absence of budget provisions. The unauthorised expenditure was incurred by debiting to Miscellaneous Works Advance or through Transfer Entry Orders. No action had been initiated by the CE for the irregular expenditure of Rs. 18.13 crore. In Cuttack (R&B) Division, the EE spent Rs.11.30 crore on repairs of buildings against the budget provisions of Rs.6.71 crore during 1998-2001 by diverting Rs.4.59 crore from other works. No action had been taken against the officers concerned by the CE. Such inactions on the part of controlling officers weakened the budgetary process.

4.1.5.3 Unjustified Surrenders and Supplementary Demands

Surrender of Rs.6.87 crore under Revenue section and supplementary demands of Rs.27.95 crore under Capital section were unjustified

During 1999-2001 under the Revenue section, the expenditure exceeded the provision by Rs.48.28 crore and the supplementary provision of Rs.7.95 crore was grossly insufficient. Despite substantial excess expenditure there were also surrenders of Rs.6.87 crore. The expenditure under Revenue section during 2001-02 and that under the Capital section during 1999-2002 was less than even the original provisions and the supplementary provision of Rs.27.95 crore during the above years were unjustified. This serious deficiency in preparation of budget / revised estimates were never reviewed for rectification.

4.1.5.4 Delay in submission of Budget Proposals

The budget manual and instructions issued by the Finance Department stipulated that the Controlling Officer was to submit the budget proposal by 1 September which was then to be consolidated and submitted to the Finance Department. However, due to delay of more than 4 months in receipt of proposals from the Controlling Officers, the Works Department could not submit the budget proposals to the Finance Department in time and the latter had to finalise the budget on ad-hoc basis. No effort was made to streamline the procedures to ensure preparation of realistic budget proposals.

4.1.5.5 Rush of Expenditure

The Controlling Officers were to ensure control over expenditure and to guard against rush of expenditure in March. However, between 1999-2002 cash payments made in March each year were as high as 31 to 44 *per cent* of the total expenditure. Although this was endemic no corrective action was taken.

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1. R&B Divisions: Khurda, Cuttack, Jagatsingpur, Balasore, Sambalpur, Kendrapara, Bhubaneswar (No.I&IV) and N.H Division Rourkela.

4.1.5.6 Drawal of funds without immediate requirement

Rs.14.86 crore was drawn by 7 EEs without immediate necessity and parked in DCR

In blatant disregard of the rules and directives of the Finance Department, 7 EEs[2]parked Rs.14.86 crore in Deposit At Call Receipt/Banker's cheque during 1999-2002 indicating that funds were drawn without any immediate necessity. No action was taken against the erring officers.

According to Treasury code, no money was to be drawn from Treasury/Bank unless required for immediate disbursement. Despite this, the Finance Department released (March 2001/March 2002) LoC for Rs.5.79 crore to CE (Buildings)/ CE (Roads) (Rs.3.50 crore under Critical Intervention Fund, Rs.1.59 crore for upgradation of Judicial Administration and Rs.70 lakh for construction of Banijyakar Bhawan in Cuttack) without examining the requirement. The amount was deposited in Civil Deposits to avoid lapse of LoC. The works had not been started (September 2002).

4.1.5.7 Plan provisions vis-à-vis revised plan outlay

The annual plan outlay, budget provisions and revised plan outlay were as follows:

Year	Approved plan outlay	Budget provisions	Revised plan outlay	Percentage of reduction in plan activities
	(Rupees in crore)			
1999-2000	195.62	232.75	79.23	66
2000-2001	46.54	129.22	50.44	61
2001-2002	56.72	112.14	49.94	55

The annual plan outlays were revised downwards by 55 to 66 *per cent* by the Planning and Co-ordination Department (P&C) at the end of the financial year due to lack of resources. This indicated failure to correctly assess and mobilise resources.

The targets vis-a-vis achievement of the department were as follows:

Year	Targets		Achievement		Percentage of achievement	
	Roads (in Kms)	Bridges (in Nos)	Roads (in Kms)	Bridges (in Nos)	Roads	Bridges
1999-2000	83	36	38	29	46	51
2000-2001	153	29	41	09	27	31
2001-2002	110	15	--	11	--	73

Neither any target was set for building works nor was any achievement reported. Monitoring and evaluation of the works were to be done by EIC and P&C Department. No monitoring and evaluation was ever done.

The allotment/expenditure for NH works during 1999-2002 was Rs.298.94 crore. Against the above, the MORT&H reimbursed Rs.283.77 crore resulting

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2 R&B Division Khurda (Sri B. K. Pattanaik-March 2000 and B. K. Behera-March 2001) and Balasore (Sri M. G. Baig-March 2001) and NH Division Rourkela (Shri B. C.Dash-March 2002), NH Division Keonjhar (Sri S. C Das- March 2000- Sri S. K. Das March 2001) and NH Division, Sambalpur (Sri R. Das- March 2000/2001).

in short release of Rs.15.17 crore which was met out of State funds. This short release was attributed to EEs not fulfilling the prescribed norms of incurring expenditure.

4.1.5.8 Excess expenditure on establishment and manpower

Excess expenditure of Rs.206.59 crore on establishment

Against the prescribed norm of 10.5 *per cent* for establishment, it was seen that Rs.260.11 crore were spent on establishment during 1999-2002 which was 51 *per cent* of the works outlay of Rs.509.68 crore. Rs.206.59 crore establishment expenditure was in excess of norms.

There were 5 Mechanical Divisions entrusted with the responsibility of maintenance and repairs of machinery of the department. A Mechanical Division should have minimum workload of Rs.1.80 crore per year (1985). It was, however, revealed that the expenditure of the divisions averaged only between Rs.47.72 lakh and Rs.63.02 lakh which was only 27 to 35 *per cent* of the norms. The Mechanical Divisions had been rendered idle since most of the works were executed by the contractors. No effort was made to utilise the departmental machinery to their optimal potential or wind up the divisions and re-deploy the manpower elsewhere. The establishment expenditure of the 5 Divisions amounted to Rs.7.44 crore per year which was largely unfruitful since the machinery were utilised for only 8 *per cent* of the available working hours. Government could review the manpower of Mechanical Divisions.

4.1.5.9 Diversion of Funds

The work of construction of HL bridge over river Brahmani at Rampur was not taken up for over 3 years due to non-finalisation of site. The EE misutilised the allotment of Rs. 94 lakh during 1999-2002 on other works and on stores.

Similarly, contingency expenditure of Rs.32.48 lakh[3] pertaining to energy bills, telephone bills, purchases of stationery and computers and printing works of divisions, circles and controlling offices were irregularly debited to works.

4.1.6 Failure to monitor and prioritise incomplete bridge works

Cost overrrun of Rs.71.31 crore on bridge works alongwith time overruns

40 major bridges were taken up for completion between March 1994 and August 2001 at a cost of Rs.182.49 crore. Works worth Rs.131.94 crore (72 *per cent*) had been executed by February 2002. Scrutiny revealed that the cost of 29 bridges were revised to Rs.233.68 crore against the original cost of Rs.162.37 crore mainly due to rise in cost of labour, materials, POL, delay in land acquisition and modification in design during construction warranting execution of additional work. This resulted in cost overrun of Rs.71.31 crore (44 *per cent*). Although all the bridges remained incomplete, 13 new bridges for Rs.51.47 crore were approved during 1999-2002 and expenditure of

[3] (R&B) Division No.I, Ganjam (Rs.0.26 lakh), Cuttack (Rs.2.75 lakh), Charbatia (Rs.1.04 lakh), Burla (Rs.0.06 lakh), Balasore (Rs.0.30 lakh), No. II, Ganjam (Rs.1.91 lakh), Kendrapara (Rs.2.02 lakh), Jeypore (Rs.1.50 lakh), No-IV, Bhubaneswar (Rs.0.71 lakh), CE, NH (Rs.20.32 lakh), NH Division, Keonjhar (Rs.0.89 lakh) and Sambalpur (Rs.0.72 lakh).

Rs.17.83 crore (35 *per cent*) incurred. In all, 53 bridges remained incomplete as of March 2002. Evidently, there was no prioritisation of projects to make use of the available resources judiciously. No attempt was made to complete the ongoing works. The EIC-cum-Secretary also agreed (January 2002) that the achievement was far behind the schedule due to lack of proper planning, investigation, designs and project monitoring.

A review of Cuttack (R & B) Division disclosed that as of March 2001 there were 68 groups of ongoing building works pertaining to 17 departments. Against the approved cost of those works for Rs.8.50 crore, budget provisions were made for Rs.6.10 crore of which Rs.3.63 crore were spent (March 2002). 43 works were reportedly incomplete and 25 works were reported complete at Rs.1.62 crore and handed over to the concerned departments. It revealed that of the 43 incomplete works, the department had provided Rs.1.47 crore for 17 works (approved at Rs.2.17 crore), against which expenditure (March 2001) was only Rs.70 lakh. Reasons for non-completion were attributed mostly to (i) non-availability of site/land, (ii) want of administrative approval, (iii) want of funds and (iv) non-execution of work by the contractors. While the reasons of (i), (ii) and (iv) were departmental lapses, the reason of want of funds was untenable since the works were not prioritised for completion within the available resources and savings were available under capital head. Details in respect of balance 26 incomplete works were not available.

4.1.7 Expenditure by EEs in excess of Approval/Sanction

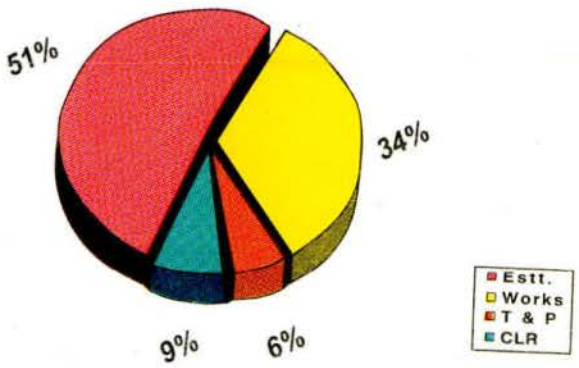
(i) EEs were authorised to incur expenditure upto 15 *per cent* above the administrative approvals and technical sanctions. In violation of these instructions, 18 EEs[4] paid Rs.37.63 crore (63/41 *per cent*) to 33 agencies in excess of administrative approvals (27 works: Rs.31.60 crore) and technical sanctions (7 works: Rs.6.03 crore). No action was taken to control unathorised expenditure.

(ii) Reconstruction of damaged culvert at Km 222/9 and Rehabilitation of Kuradhi bridge at Km 251/6 of NH 215 estimated to cost Rs.75.31 lakh (Culvert : Rs.46.90 lakh and Kuradhi : Rs.28.41 lakh) were executed with each work limited to Rs.50,000 with total expenditure of Rs.68.59 lakh (Culvert : Rs. 40.61 lakh and Kuradhi: Rs.27.98 lakh). In none of the cases, financial sanction and technical approval of the MORT&H were obtained. No budget allotment was available for reconstruction of damaged culvert and only Rs.22.60 lakh were allotted for the Kuradhi bridge. The unauthorised expenditure of Rs.45.99 lakh was debited to other works. Thus, Rs.68.59 lakh was spent without sanction/approval and adequate provision of funds.

[4] R&B Divisions; Khurda, Charbatia, Cuttack, Sambalpur, Balasore, Bhadrak, Kendrapara, Jagatsinghpur, Panikoili, Dhenkanal, Angul, Ganjam (No.I), Bhanjanagar, Phulbani, Koraput, NH Divisions; Sambalpur, Rourkela and Dhenkanal.

4.1.8 Expenditure on Operations and Maintenance (O&M)

60 *per cent* of the total provision made for Revenue Sector was actually consumed on establishment



Rs.509.68 crore were available during 1999-2002 under Revenue Sector for O&M of roads and bridges and buildings, Rs.260.11 crore (51 *per cent*) was exhausted on establishment expenditure and Rs.28.70 crore (6 *per cent*) on Tools and Plants. Rs.16.23 crore (3 *per cent*) was also spent on the wages of the 3757 identified NMR/DLR staff of the department. The EEs further spent Rs.33.70 crore (6 *per cent* on an average of the test checked units) on deployment of 7514 casual labour though it's employment was prohibited by the Finance Department. Further, the works executed by the casual labour were not quantified. No action was taken against the EEs for such practice. As a result on O&M, the expenditure was limited to Rs.170.94 crore (34 *per cent).*

4.1.9 Extra expenditure and loss in implementation of Projects/Contracts

Departmental officers are responsible for strict enforcement of terms of contract, specification of works and other requirements under extant codal provisions. These were violated leading to large scale undue benefits, excess payments, wasteful and unproductive expenditure as discussed below.

4.1.9.1 Acceptance of tenders with irrational rates

As per codal provisions, while selecting tenders, the rationality of rates in different items of a tender should be taken into account. The officer inviting the tender was also to negotiate with a tenderer to obtain the lowest rates. Periodical Renewal (PR) Works to NH 215 and NH 23 in three reaches[5] were tendered in August 2001 under single notice providing identical item of works. While accepting (December 2001) tender value of Rs.23.67 lakh for NH 23 at 29.90 *per cent* less than the estimated cost tenders for NH 215 were accepted (December 2001) for Rs.97.34 lakh at 4.94 *per cent* above the estimated costs. The irrationality of rates quoted for identical works during the same period was evidently not evaluated by the EE/SE. This led to avoidable liability of Rs.34.69 lakh.

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5 NH 215; (i) RD 233/3 to 237/3 Km estimated cost: Rs. 53.60 lakh, (ii) RD 212 to 215 Km estimated cost : Rs. 35.77 lakh and NH 23 (iii) RD 237 to 243 Km estimated cost : Rs.34.27 lakh (EE, NH Division Rourkela).

4.1.9.2 Non-adoption of Schedule of Rate (SR)

Failure to adopt schedule of rates in preparation of estimate led to extra liability of Rs.2.77 crore

As per codal provisions, estimated costs were to be prepared on the basis of prevailing schedule of rates. The tenders were to be compared to conclude the rationality of the rates quoted. However, the estimates sanctioned (March 2000) by the CE, NH at Rs.32.45 crore for fourteen improvement works of Riding Quality of NHs (162 km) were prepared unjustifiably on local market rates instead of approved SR. The difference between the estimated cost (Rs.29.68 crore) as per SR and that put to tender on local market rate (Rs.32.45 crore) worked out to Rs.2.77 crore. The inflation of the estimates to the extent of Rs.2.77 crores facilitated acceptance of higher tender rates. The CE accepted (December 2000) their tenders and the works were under execution (March 2002).

4.1.9.3 Award of work without tender

(i) As per codal provisions, tenders were not to be split to avoid sanction of higher authority. Further, sales tax at the rate of 4 *per cent* was recoverable from contracts of Rs.1 lakh and above. However, EEs of 16 Divisions[6] executed work worth Rs.45.48 crore after splitting orders keeping the value of contract below Rs.1 lakh each. This resulted in evasion of sanction by higher authority and collection of sales tax for Rs.1.13 crore. After split up of tenders, 3 EEs also allowed Rs.1.41 crore excess over the sanctioned estimate resulting in additional expenditure. The CEs had not taken any action against the EEs for such breach of rules.

(ii) The work of approach roads to the High Level (HL) bridge over Mahanadi on Sonepur-Biramaharajpur-Subalya road was entrusted to the contractor of the bridge as an extra item at a cost which was 35.32 *per cent* excess over the estimated cost. Based on the recommendation (October 2000) of the EE/SE/CE, Government alloted (July 2001) the works at Rs. 2.37 crore for completion by February 2002. No work on the approach roads had been executed as of May 2002 showing the work was not urgent. The extra liability of Rs.62 lakh because of the 35.32 *per cent* premium was avoidable and the work could have been tendered.

4.1.9.4 Unjustified cancellation of tender

For construction of submersible bridge over Balijodi Nullah on Karanjia-Mohadevdeuli road at 10th km, three tenders were received with the lowest for Rs.63.66 lakh being 6.89 *per cent* above the estimated cost. Government cancelled (June 1997) the notice to tender on the ground of insufficient budget provision (Rs.7 lakh).

Fresh lowest tender for Rs.96.37 lakh received in October 1999 was also cancelled (September 2000) since the contractor did not turn up for negotiation. Thereafter, the lowest negotiated tender for Rs.84.98 lakh

[6] R&B Divisions: Khurda, Charbatia, Cuttack, Jagatsinghpur, Burla, Sambalpur, Kendrapara, Keonjhar, Jeypore, Dhenkanal, Balasore, Panikoili, Bhubaneswar- IV and NH Divisions: Keonjhar, Sambalpur and Rourkela.

received (November 2000) on the third occasion was accepted in November 2001 though the budget provision at that stage was only Rs.27 lakh. Since the work was administratively approved, the budget provisions were to be periodically augmented. Thus, the cancellation of valid tender in June 1997 was unjustified. This led to extra liability of Rs.21.32 lakh at tender stage apart from time overrun of 5 years.

Undue benefits of Rs.4.13 crore were extended to contractors by non-enforcement of contractual terms and payments at higher rates

4.1.9.5 Undue benefits allowed to contractors

Undue benefits of Rs.4.13 crore were extended to contractors due to failure to adhere or enforce the contractual terms as summarised below:

Name of work	Cost of work (Rupees in crore)	Date of commencement/ completion	Observation
(i) Construction of six major bridges alongwith approaches in Ganjam District	21.80	March 1994/ March 1996	The escalation clause normally provided that the rises of prices of labour, materials and POL were reimbursable for 75 *per cent*. The agreements in respect of two bridges (near Moulabhanja and Hinjili) provided for 100 *per cent* reimbursement resulting in undue benefit of Rs.29.50 lakh. Against 133 tonnes of steel stipulated for dismantlement from Moulabhanj bridge, 30.409 tonnes were salvaged and auctioned at Rs.3.20 lakh in October 2000. The remaining quantity of 102.591 tonnes was not accounted for (May 2002) leading to undue benefit of Rs.10.80 lakh. The total undue benefit was Rs.40.30 lakh.
(ii) Widening two lanes including raising and realignment from 296.960 to 305 Km of NH 23	11.83	March 1996-June 2000/ March 1999-December 2002	As per the agreements, obtaining of bitumen as per the specifications constituted the cost and risk of the contractors. However, during execution the contractors were allowed by the CE to execute first coat surface dressing involving higher rate in place of primer coat approved at lower rates on the ground that primer was not available locally. There was no evidence on record to indicate non-availability of primer. This led to extra contractual payment of Rs.36.18 lakh. Further, as per the sanctioned estimate, stone products were to be obtained from the departmental approved quarry "Jalda" located at 57 Km from the site at Rs.142.70 per cum. However, stone products were collected from a quarry located at 6 Km from the site as seen from the quality control test results. The rate of the contractor which included lead charges for 57 km were, however, not reduced to 6 Km resulting in undue benefit of Rs.22.92 lakh. Thus, by execution of work in deviation to the approved specifications together with non-revision of the item rates to suit the actual lead

Name of work	Cost of work (Rupees in crore)	Date of commencement/ completion	Observation
			charges led to undue benefit of Rs.59.10 lakh to the contractor.
(iii) Construction of HL Bridge over river Smakoi on Missing Link of NH 23	7.83	March 2001/ September 2003	Despite absence of any provision in the agreement, the firm was paid (March 2001) Rs.78.30 lakh interest free mobilisation advance as per orders (March 2001) of CE. This had violated the general financial rules that any advance to contractors was to carry interest of 18 *per cent* per annum. This resulted in undue favour to the contractor and loss of interest for Rs.21.14 lakh as of September 2002.
(iv) Widening of two lane from RD 201/290 to 206/600 km of Cuttack-Sambalpur Section of NH 42 and widening and strengthening to NH 23 from RD 72/2 to 78/2 Km of Cuttack-Rourkela section	3.69	October 1997/ October 1999	The quoted rates were deemed to cover any and all distance and situations of source of soil and also any modes of transport either by manual or mechanical means. 0.48 lakh cum of earth work was shown as executed mechanically resulting in undue benefit of Rs.13.75 lakh. In the work of widening of NH 42, the earth obtained and utilised was not of the required specifications and as such did not act as filler layer for effective drainage and in turn posed threat to the road and embankment. This warranted providing sand and graded filter media at sub-grade level with additional expenditure of Rs.17.98 lakh which was not approved by MORT&H (January 2002). The execution of work in deviation to the approved specification, thus, involved undue benefit of Rs.31.73 lakh to the contractors. Further, the agreement for the work of NH 42 provided for excavation of disintegrated rock for 0.10 lakh cum. During execution the quantity was increased to 0.27 lakh cum involving additional payment of Rs.21.59 lakh which was not approved by MORT&H (January 2002). The sanctioned estimate and the agreement also did not include any item for removal of trees or stumps. However, during execution of work such item was encountered and the Forest Department prolonged the work of removal of trees which involved payment of escalation to the contractor for the prolonged period amounting to Rs.18.48 lakh. Thus, execution of work in deviation of the specifications and lack of timely action for removal of trees led to extra contractual payments of Rs.71.80 lakh.
(v) Construction of HL bridge over river Daya	2.29	October 1994/April 1996	The work was to be executed on Tirmulaghat near Beguniapada on Patnaikia-Delanga-Khurda road (balance works). While

Name of work	Cost of work (Rupees in crore)	Date of commencement/ completion	Observation
			implementing the work, the contractor represented (May 1995) for compensation of the loss caused in May 1995 due to flash floods. Although as per the contract no claim was to be entertained on such account, the Engineer-in-Charge assessed (May 1996) the loss as Rs.25.39 lakh against which Government sanctioned (September 1998) Rs.22.80 lakh. This resulted in undue benefit of Rs.22.80 lakh to the contractor.
(vi) Construction of HL bridge over Mahanadi at Sidhamula	25.10	March 1997/ March 2000	Prices of cement and steel prevailing on the date of commencement (March 1997) of the work were to be the base price for calculation of escalation. However, the escalation on material component was reimbursed from the date of opening (September 1996) of the tender leading to undue benefit of Rs.11.35 lakh as of June 2002. Further, the detailed tender call notice stipulated that the escalation on labour component was payable based on the differences of All India Price Index for Industrial workers. Accordingly, the contractor had offered the lump sum value for the work and subsequently also clarified (January 1997) that the offer was as per the escalation clause provided in the NIT. During execution, this clause was modified at the instance (March 1997) of the CE (Roads) that the escalation would be payable on the differences of minimum wages of State Government fixed from time to time. The contractor was reimbursed Rs.1.09 crore on labour component as of December 2001 based on the difference of minimum wages.

4.1.9.6 Unproductive expenditure due to improper planning in execution

Lack of co-ordination within the Department led to unproductive expenditure of Rs.1.85 crore

Construction of four works as detailed below were approved between March 1994 and February 1997 for execution at Rs. 2.28 crore.

The Civil Works of 16 'C' type and 8 'D' type quarters and other works were completed between August 1996 and April 2001 with expenditure of Rs.1.85 crore. The works could not be made operational and handed over to the concerned departments due to non-completion of electrical and sanitation works. Thus, non-synchronisation of various components of building construction rendered the expenditure of Rs. 1.85 crore unproductive for over 5 years.

(Rupees in lakh)

Sl. No.	Name of work	Date of anticipated completion	Unfruitful expenditure incurred so far
1.	20 Nos. of "C" type and 10 Nos. of "D" type Qrs. of Health/Family Welfare Department, Burla.	April 2001	59.25
2.	60 seated Hostel Building at I.T.I. Choudwar.	January 2000	39.96
3.	Residence-cum-offices for Superintendent of Police and for Collector of Nayagarh.	October 1996	27.96
4.	District Tourism and Cultural Centres at Phulbani.	August 1996	57.37
	Total		**184.54**

Abandonment/ non-completion of works led to unfruitful/un-productive expenditure of Rs. 24.10 crore

Similarly, abandonment, non-completion of works and improper planning also led to unfruitful expenditure of Rs.24.10 crore as shown below:

Name of work	Cost of work (Rupees in crore)	Date of com-pletion	Observation
(i) Construction of HL bridge over river Daya at 13th Km of Pattanaikia-Delanga-Khurda road	4.22	April 1997	Though the bridge was reported as opened to traffic with "short approaches", in fact only pedestrians could use the bridge. Minister, Works also stated (November 1999) that due to non-execution of the approaches to the bridge the general public was deprived of its benefit. Long approaches were not executed as of August 2002 resulting in unfruitful expenditure of Rs.4.22 crore.
(ii) Construction of a HL bridge over river Badagenguti	4.20	January 2002	The construction of the bridge near Areikana on Baruan Balichandrapur Road (ODR) was completed in January 2002. However, the approach roads could not be executed due to non-availability of land rendering the expenditure of Rs.4.20 crore incurred on the bridge unfruitful.
(iii) Development of roads under Orissa State Road Project	14.53		Government of Orissa (GoO) accepted World Bank's Project Implementation Frame work and entered into a participation Agreement with Ministry of Finance, Government of India in 1997 to avail loan assistance (US $ 3.5 millions) from January 1999. Based on the above agreement, GoO identified about 2350 Km of different roads for development under Orissa State Road Project. The consultancy works of (i)Techno economic analysis,(ii) Socio environmental feasibility study, (iii)Evaluation of feasibility of improvement works,(iv) Prioritising 700 Km of roads out of identified 2350 Km of roads,(v) Institutional Development Strategic Study and (vi) Computerised Project Financial Management System Study (CPFMS) to cater the needs of the PW Divisions in maintaining and reporting their expenditures were got completed through two agencies with expenditure of Rs.14.53 crore. Thereafter, the World Bank expressed unwillingness for providing loan on the ground of major fiscal crisis of GoO. Thus, the Orissa State

Name of work	Cost of work (Rupees in crore)	Date of com-pletion	Observation
			Road Project was not made operative rendering the expenditure of Rs.14.53 crore on consultancy payments unfruitful.
(iv) Construction of HL bridges over Petapulla Nullah at 19 Km and Tujer Nullah at 21 Km of Suruganja-Manusagaon Road	1.09	March 1997	For providing all weather communication to the Tribal people of Kasipur Block of Rayagada District, construction of the bridges were approved (June 1996) for finance under the International Fund for Agriculture Development (IFAD) Scheme, targeted for completion by March 1997 at a cost of Rs.1.09 crore as a time bound programme. The progress of construction was slow and after execution of works for Rs. 61.08 lakh (Rs. 22.75 lakh in Tujer Nullah and Rs. 38.33 lakh of Petapulla Nullah) the works were abandoned as IFAD Scheme was closed from December 1997. The balance works of the bridges remained incomplete (December 2001) rendering the expenditure of Rs. 61.08 lakh unfruitful.
(v) Construction of submersible bridge over river Deo at 63rd Km on TDPUMB- Rupsa Road (MDR-70)	0.68	February 1995	The work was awarded (February 1993) to a contractor at Rs.68.42 lakh for completion by February 1995. Since the contractor defaulted in execution after completion of work worth Rs.17.88 lakh his contract was closed (June 1998) with penalty. The balance works were awarded (June 2000) on re-tender to another contractor at Rs.73.89 lakh for completion by June 2002. The contractor suspended the work from January 2001 on the ground that there was heavy percolation of water. Although the terms of the agreement stipulated that de-watering of foundation was the responsibility of the contractor, the CE/EIC suggested (March 2001) replacement of the open foundation with RCC raft foundation. The CE (DPI) submitted (April 2001) the revised design to EIC but to avoid incurring additional cost, he directed (April 2001) the EE/SE to execute the bridge as per the old design. The revised design was, however, approved by the EIC (December 2001) and the cost of the bridge with raft foundation was revised (March 2002) to Rs.1.46 crore. The work as per the revised design was under execution (September 2002). The unwarranted modification of the designs from open foundation to raft foundation instead of enforcing contract condition for dewatering by the contractor as proposed by CE (DPI) led to extra liability of Rs.54 lakh.

4.1.9.7 Unauthorised expenditure on works

(i) As per codal provision, any variation in the schedule of quantities of a contract during execution were to be carefully investigated for financial implications. In respect of four works, excess execution between 13 and 16

per cent over the contract values were got done by 4 EEs[7] without prior approval. The increase was due to inadequate survey and change of specification during execution. This resulted in unauthorised payments of Rs.1.65 crore.

Payment for works without any record of period of its execution led to fraudulent payment of Rs.99.95 lakh

(ii) During 2000-2001 improvement and repair works valuing Rs.99.95 lakh were executed and paid for by the EE, Jagatsinghpur (R&B) Division out of lump sum allotment for the roads towards repair and improvement through 203 split up agreements limited to Rs.50,000 and below each. Neither the agreements nor the measurement book indicated the dates of commencement of the works. No work order was also issued to the agencies for commencement of the work. In the absence of dates of execution of works and without any measurement check by AE and EE, the payments of Rs.99.95 lakh made thereagainst were apparently fraudulent and would merit investigation.

Execution of similar items of work on a road under different programmes resulted in wasteful expenditure of Rs.53.29 lakh.

(iii) Under Cyclone Damage Repair (CDR) works, Fulnakhara-Niali-Madhava Road (MDR-81) from RD 4 to 19 km was shown as repaired between September 2000 and January 2002 at a cost of Rs.53.29 lakh under metalling, surface dressing and final seal coat. Immediately thereafter, the CE (Roads) sanctioned (February 2002) an estimate for Rs.1.60 crore for execution of identical items of work on the above road on the ground that no improvement work was executed on these stretches during the previous ten years due to paucity of funds. The CE's justification was incorrect as the CDR works were not taken into account in the estimate for the 'improvement' work. The work was awarded (June 2002) to a contractor for Rs.1.69 crore for completion by May 2003 and as of January 2003, the contractor executed work valuing Rs.87.37 lakh. Thus, execution of similar items of work on the same stretches under different programmes resulted in wasteful expenditure of Rs.53.29 lakh. The matter merits investigation.

4.1.9.8 Wasteful expenditure

Execution of works without conforming to design and specification led to wasteful expenditure of Rs.3.19 crore

Execution of works in deviation to the designs/specification and non-synchronisation of the half done works with that of the balance works led to wasteful expenditure of Rs.3.19 crore as detailed below:

Name of work Date of commencement/ completion	Cost of work (Rupees in crore)	Observation
(i) Replacement of old damaged bridge over river Ardei at 136 Km of JC Main Road March 1994 / September 1995	54.99	The contractor after completing the cut off wall, floor protection and pier cladding stopped the execution from June 1995. His contract was rescinded (May 1998) after three years of stoppage of the work without penalty. The balance works were not executed till transfer of the work to the NH in November 1999 classifying the road as NH 215 by which time EE Keonjhar R&B Division had incurred an expenditure of Rs.66.25 lakh on the bridge. The NH authorities not being satisfied with the designs had proposed (September 2000) construction of a new bridge. The new bridge

[7] Charbatia R&B Division - (Construction of HL Bridge over Badagenguti at Areikana), Sambalpur NH Division (Widening of two lanes from 201/290 to 206/600 Km of NH 42), Bhubaneswar R&B Division (Construction of Nirman Soudh at Bhubaneswar) and Rourkela NH Division (Construction of HL bridge over Suidhi Nullah on NH 23).

Name of work Date of commencement/ completion	Cost of work (Rupees in crore)	Observation
		had not been executed (January 2002). This led to wasteful expenditure of Rs. 66.25 lakh.
(ii) Construction of a submersible bridge over river Kusei at 14th Km of Ramchandra-pur-Harichan-danpur Road. - / March 1999	1.87	The bridge constructed (March 1999) at cost of Rs.1.87 crore was opened to traffic in April 1999. After six months of its opening to traffic, the bridge was severely damaged and collapsed in October 1999. The Enquiry Committee under the Chairmanship of CE Bridges, observed (March 2000) that uprooted trees came floating in the river and choked the vents of the bridge which created whirlpool action and caused eddies around the piers deepening the scour. It was revealed in audit that the design aspect of the bridge was not given adequate importance in view of its location on Other District Roads. Although the bore log data indicated presence of sand to a depth of 8 metres below the bed level the foundation level was left at the designed level of 3 metres depth. As a result, the piers could not withstand the thrust of the flood water resulting collapse of eight spans and led to wasteful expenditure of Rs.1.87 crore incurred on construction of the bridge.
(iii) Construction of the HL bridge over river Mahanadi near Boudh on Boudh-Kiakata-Rairakhol Road (SH 24). December 1994 / December 1998	17.16	The work was awarded to M/s Orissa Construction Corporation (OCC) with RCC double box girder and well foundation spreading over 35 spans for Rs.17.16 crore. Due to slow progress of work, the contract of the OCC was rescinded (February 1997) at the cost and risk of the Corporation. OCC was paid Rs.66.34 lakh as of November 1996 against value of work done of Rs.78.94 lakh. The balance work of the bridge was awarded (April 1998) to M/s UP State Bridge Corporation Limited (UPSBC) under a lump sum contract for Rs. 25.64 crore adopting the corporation's own drawing which provided for open RCC foundation with solid RCC single circular pier (2 metre dia) and increasing the number of spans to 74. Consequential to the revision of drawing of the bridge from well foundation to open foundation, the works executed by OCC sinking of wells (9 Nos) for Rs.66.34 lakh were rendered wasteful since the specification of excavation of foundation was changed for all the 74 spans.

4.1.9.9 Excess payment to contractors

Excess payment of Rs.2.01 crore was made to the contractors in violation to the terms of the contracts

Excess payment of Rs.2.01 crore was made to the contractors in violation of the terms of the contracts as summarised below. These merit investigation.

Name of work Date of commencement/ completion	Amount payable (Rupees in crore)	Amount paid (Rupees in crore)	Observation
(i) Construction of balance works of HL bridge (184.23 metre) over river Daya on Pattanaikia-Delanga-Khurda road	1.17	2.28	For the construction, a lump sum offer of a contractor amounting to Rs.2.29 crore was approved (September 1994) with rebate of Rs.0.58 lakh per metre for any reduction of work during execution and Rs.63 lakh per each span on additional execution. This was not in conformity with the provisions of NIT which stipulated that the rebate as well as extra payment should be in identical proportions. The financial implication of such discrepancy in the quoted rate was not examined before acceptance. During execution,

Name of work / Date of commencement/ completion	Amount payable (Rupees in crore)	Amount paid (Rupees in crore)	Observation
			due to inadequate vents provided at the site, the designs were modified increasing the length of the bridge by three spans of 35 metres each with exclusion of one span of 10 metres. This involved additional payment of Rs.1.77 crore. While the tendered rate was Rs.1.23 lakh per metre he quoted a rate of Rs.63 lakh per additional span which worked out to Rs.1.80 lakh per metre. Thus, at the quoted rate Rs.1.77 crore was paid instead of Rs.1.17 crore. This led to extra payment of Rs.60.82 lakh. Escalation charges of Rs.51.07 lakh (Rs.12.07 lakh in Daya bridge and Rs.39 lakh in Mahanadi bridge) were also paid to the contractor on the extra works though under the contract this was not payable.
(ii) Maintenance of NH works in 3 NH Divisions	Nil	0.34	Although NH works were to be maintained by the contractor upto six months after construction, EEs of 3 NH[8] Divisions made separate payments of Rs.34.12 lakh between March 2000 and March 2002 to 5 contractors during the currency of the contracts towards maintenance of the works and profile correction etc.
(iii) HL bridge over river Badanadi and Rushikulya at Aska	Nil	0.55	For computing the increase in the cost of labour for reimbursement to the contractors, the Consumers' Price Index (CPI) for industrial workers (wholesale price) was the basis. Government directed (November 1992) that escalation on labour component from 1 July 1990 be based on minimum wage instead of CPI for industrial workers. The minimum wages fixed at Rs.25 per day from 1 July 1990 were revised to Rs. 30 per day from August 1996. Therefore, no escalation on labour component was payable in respect of any contracts received/finalised after 1 July 1990 for works executed upto August 1996. However, in Bhanjanagar (R&B) Division the contracting firm was paid (February/March 2000) escalation on labour for Rs.54.97 lakh.

4.1.9.10 Extra expenditure/liability

Execution of work in deviation from the specification and non-levy of penalty led to extra expenditure / liability of Rs.3.57 crore.

Execution of works in deviation of approved specification and non-levy of penalty despite default in execution led to extra expenditure/liability of Rs.3.57 crore as detailed below:

Name of work / Date of commencement/completion	Cost of work (Rupees in crore)	Observation
(i) Widening including strengthening of the NH-23 in RD	9.13	The works awarded (June/July 1998) to three contractors involved widening the road to 7 metres with overlay of one layer of WBM and one layer of BUSG followed by premix carpet and seal coat. The works were reported as completed

[8] NH Division; Sambalpur, Keonjhar and Rourkela.
NH-6: RD 392 to 412 km, NH-23: RD-201/290 to 206/600 km, 257 to 263 km 273 to 286 km and 296/960 to 305 km.

Name of work Date of commencement/completion	Cost of work (Rupees in crore)	Observation
257 to 268/3 km, RD 273 to 280/3 km., RD 281 to 286/74 km. June/July 1998 March/ December 2000		(December 2000-January 2001) with payment of Rs.8.83 crore to the contractors. However, the road crusts failed immediately after completion showing signs of distress in the carriage way. MORT&H suggested investigation into the causes of failure. Though the EE had pointed out (October 2000) that the failure occurred due to presence of voids in the BUSG layer which enabled water seeping into the BUSG layers resulting failure of the crust, the laboratory test results on such failure were not obtained. As per the conditions of the contracts, the surface of the embankment/sub-grade at all times during construction was to be maintained for effective drainage of water and also to prevent ponding. These reaches suffered the failure basically due to presence of voids in the BUSG layer in as much as construction of the road embankments without adequate drainage facility. The SE proposed (April 2001) provision of aggregate drain alongside the black topped surface for channelising the accumulated water at a cost of Rs.45.50 lakh in these reaches. Although the same was not approved by MORT&H, the EE had incurred an expenditure of Rs.16.10 lakh on such work as of May 2002. Thus, execution of the works by the agencies without adhering to the specifications together with the departmental failure in not penalising the contractors for poor quality works and instead carrying out the rectification at the cost of the department led to extra expenditure/liability of Rs.45.50 lakh .
(ii) Single lane to double lane from RD 255 to 257 Km and RD 268 to 271 Km of NH 23. December 1997/August 1995 November 1998/ February 1997	0.31 0.46	The reach from RD 255 to 257 Km was completed at Rs.31.13 lakh by February 1999. In the case of RD 268 to 271 Km the contractor abandoned the work after executing work worth Rs.19.01 lakh as of June 1999. The balance works were got completed departmentally at a cost of Rs.27 lakh by October 1999. Immediately thereafter, the road developed severe cracks in both the reaches and the road was in distress condition. The reasons for the failure of the road were not investigated. Rs.70.59 lakh was spent on bituminous macadum and surface dressing between June and August 2000 under Flood Damage Repair (FDR) grant for both the reaches. Again the portion from RD 269 to 271 Km disclosed heavy depressions with wide spread pot holes which was not rectified (March 2002). Thus, the reasons for frequent failures of the constructed/repaired road were not investigated by the department, responsibility not fixed and recoveries , if any, not made from the contractors.
(iii) Strengthening two lane pavement from RD 440 to 456 Km of NH 6 March 1996/ March 1999	4.57	The portions from 443 to 445.714 Km and 450 to 456 Km were completed and opened to traffic by June 1997. Thereafter the CE, NH, Regional Officer (RO), MORT&H and the CE, Research Development and Quality Promotion (RDQP) noticed crocodile cracks over the SDBC surface. The matter was, thereafter, investigated and as mentioned (June 1998) by the EIC-cum-Secretary to Government, the inter-connected cracks forming a series of blocks were developed due to (i) excessive movement of base (ii) oversaturation of base (iii) excessive load over the surface and (iv) inadequate pavement thickness. He concluded that the failure was mostly due to the lapses in execution by the contractor. The contractor was not penalised and instead, rectification was carried out by the same contractor under extra item to the contract resulting in extra expenditure of Rs.57.72 lakh to the Department.

Name of work Date of commencement/completion	Cost of work (Rupees in crore)	Observation
(iv) Widening of NH 6 from RD 322 to 338 Km April 1995 / April 1997	1.77	After completion of the work in stretches, depressions occurred in the central carriage way which led to failure of the crust. The failure was attributed to inadequacy of sub-base designed by the department and construction of the embankment and sub-base without providing drainage facility. The central carriage way portion for 0.25 lakh Sqm was repaired and sand drain was provided to protect the widening portion through the same agency with additional expenditure of Rs. 31.81 lakh.
(v) Construction of HL bridge over Kantia Nullah at 6th Km on RN Road (MDR 18) December 1997 September 1998	0.38	The contract stipulated that in case of default in completion of the work including extended scope of the works, if any, the left over works were to be got executed at the cost and risk of the defaulting contractor. The contractor could not complete the works even during the extended period (June 2000) on the grounds of change of site and involvement of execution of additional spans. Although the grounds were not tenable as per the term of the contracts, the agreement was closed by the CE (Roads) without levy of penalty by which time the defaulting contractor had executed works worth of Rs.14.41 lakh. The left over works of Rs.23.71 lakh were retendered in February 2001 and the lowest negotiated tendered value of Rs.44.09 lakh was under approval (September 2002). Thus, the default in execution led to extra liability of Rs.20.38 lakh at the tender stage.
(vi) Construction of approach roads to HL bridge over river Tikira at 67th km on Rairakhol-Deogarh road (SH 24) August 1993 February 1995	0.34	The contractor abandoned (August 1996) the work at sub-base level. The SE during inspection suggested (May 2001) for stone pitching to the embankment to safeguard the bridge and approach roads. The works were not executed before monsoon. The flood water of July 2001 overtopped the half done approach roads causing breach of 73 metres and washing out the existing vented causeway. Thereafter with the instruction (July 2001) of the EIC restorations were made (July 2001) with an expenditure of Rs.38.27 lakh. Tenders for permanent restoration work received in March 2002 for Rs. 46.06 lakh remained unfinalised (May 2002). Thus, the abandonment of the work by the contractor together with delay in completion of the protection works led to extra expenditure of Rs.38.27 lakh. Besides, the defaulting contractor retained unused departmental materials worth Rs.5.04 lakh which was not recovered (May 2002).
(vii) Construction of the balance works of HL bridge over river Mahanadi at Sonepur on Sonepur-Biramaharajpur-Subalya road (ODR) February 1999 February 2002	25.00	As per rules, the tenders were to be finalised and agreements executed within 90 days from the date of receipt and escalations on labour, material and POL were payable from the date of opening of tender. However, the tenders for the work received in November 1997 was awarded as late as in February 1999 to a contractor (due to delayed finalisation of the tender). The contractor had executed (March 2002) work worth Rs.21.01 crore. Further, although the contractor had not executed any work from November 1997 to February 1999, the cost escalation was paid for the above period to the contractor which resulted in avoidable expenditure of Rs.57 lakh.

Name of work Date of commencement/completion	Cost of work (Rupees in crore)	Observation
(viii) Construction of the HL bridge over river Safai at 67th Km of Sambalpur Rourkela road (SH 10) October 1993 April 1995	--	The work was taken up by OBCC on priority basis since the existing girder bridge was in a dilapidated condition. As the work was not completed as scheduled, the balance works were awarded to another contractor providing construction, maintenance and completion of the work proper and the diversion roads at their cost and risk. This girder bridge was used as a diversion during the construction period of the new bridge. Adequate maintenance was not done to the girder bridge and as a result, the bridge further deteriorated and collapsed on 3 May 2001. This obstructed the vents of the new bridge warranting protection works. The protection works were completed (January 2002) through the bridge contractor and another agency with payment of Rs.34.52 lakh. Thus, the massive delay of 12 years in execution of the bridge together with lack of maintenance of the girder bridge used as diversion led to extra expenditure of Rs.34.52 lakh.

4.1.9.11 Irregularities in execution of Deposit Works

There has been mismanagement of funds of Rs.17.81 crore on execution of deposit works

Works Department executed various works under the deposit accounts of other agencies. Finance Department receives the deposits and releases LoCs for execution of the works. There had been mismanagement of funds of Rs.17.81 crore on execution of deposit works as summarised below:

(i) Against the receipt of deposits of Rs.31.52 crore, Finance Department authorised Rs.24.02 crore for execution of the works. As a result, deposit works for Rs.7.50 crore remain unexecuted (March 2002).

(ii) During 1999-2002, against LoC of Rs.1.59 crore provided for repairs of deposit works of Aviation Research Centre (ARC), Charbatia, the EE Charbatia (R&B) Division incurred an expenditure of Rs.1.15 crore and the balance LoC of Rs. 44 lakh was diverted to other works.

(iii) The EE, Charbatia (R&B) Division incurred an expenditure of Rs.1.38 crore during April 1999 to August 2001 towards repairs to the residential and non-residential buildings of ARC, Charbatia.

The Assistant Director (ADMN) ARC Charbatia however, reported (August 2001) that repair works executed by the Division were sub-standard as the leakage/seepage of roofs/walls had increased despite repairs. The CE (Building) directed (August 2001) to rectify the defects and to initiate action against the Engineer-in-charge. Neither the defects were rectified nor responsibility fixed for the sub-standard works. Thus, the expenditure of Rs.1.38 crore incurred on repairs did not serve the purpose.

Similarly, the additional class room in Oriya Medium School at Charbatia (UGME school) constructed with an expenditure of Rs.24.24 lakh was leaking profusely. The EE attributed (September 2001) the poor standard of work to laxity of supervision by JE and instructed to take up the repair which were, however, not carried out (November 2001). Thus, the expenditure of

Rs.24.24 lakh incurred on the construction was rendered unfruitful as the building could not be handed over.

(iv) Although the notice (July 2001) floated by EE, Burla (R&B) Division for improvement of 7 roads sponsored (July 2001) by Western Orissa Development Council (WODC) at Rs. 88.63 lakh provided for execution of identical items of works, the SE accepted 3 tenders ranging between 18.66 *per cent* and 23.87 *per cent* less than the estimated cost and the other 4 tenders carried excess between 2.51 *per cent* and 2.46 *per cent* over the estimates. The total value of the tenders stood at Rs.80.59 lakh. The irrationality of rates quoted by the bidders for identical works during the same period was evidently not evaluated by the EE/SE. This led to avoidable liability of Rs.11.67 lakh at the tender stage.

(v) The Railways approved construction of Railway over Bridge (RoB) by NH as a deposit work at 348/180 Km of NH 6 near Keonjhar. Although the fly over was 1180 metres long, the pre-construction borings were conducted only at two locations which indicated the Safe Bearing Capacity (SBC) as 26.256 tonnes per sqm against the designed requirement of 22.8 tonnes per sqm. Based on this data it was considered that the construction of the approaches to the RoB in earthen embankment was costly compared to the RCC fly over. Construction of a RCC RoB on NH-6 was accordingly awarded (July 1999) to a contractor at Rs.10.38 crore for completion by January 2001. The agreement stipulated that sub-soil exploration was to be completed before actual execution for confirmation of the SBC of the soil as indicated in the drawings. Before actual execution, the SBC was found to range between 4.37 and 15.14 tonnes per sqm at all pier locations. Due to low SBC, modifications were carried out providing considerable increase in the foundation concrete. The estimate was revised to Rs.14.97 crore in July 2001 and the work was rescheduled for completion by January 2002. Had the SBC been correctly assessed ab-initio and the fly over constructed by earthen embankment, the work could have been completed at Rs.10.04 crore. The inadequate pre-construction survey and investigation, therefore, not only led to insufficient reading of the SBC but also escalated cost of the bridge by Rs.4.93 crore and time overrun by one year.

(vi) Construction of approach road to Railway over Bridge (RoB) near Bargarh on NH 6 was awarded (November 1999) to a contractor at Rs.1.65 crore for completion by September 2000. The agreement stipulated that in case of failure of completion within the given time, compensation upto 10 *per cent* of the value of the work was leviable. The contractor after executing work worth Rs.1.15 crore abandoned (March 2001) it without executing the surface dressing and finishing items. Liquidated damage of Rs.16.50 lakh though leviable under the contract towards default in execution was not levied (January 2002).

Although as per the agreement the contractor was to protect and maintain the work during execution and upto the defect liability period, no such action was taken by him after abandonment of the works. As a result and also due to non-execution of the surface dressing works, the works developed signs of distress on account of surface erosion by rain water. Neither the defects had been

rectified (February 2002) nor any action initiated for closure of his agreement with penalty. The road had not been opened to traffic (January 2002). The non-completion and time overrun in the work thus resulted in unfruitful expenditure of Rs.1.15 crore.

(vii) The detailed specifications for the works of above approach roads to the RoBs stipulated that the contractors had to make and maintain all diversions including light barriers etc. as directed by the EIC. However, during the process of finalisation of the bids for the work of RoB near Keonjhar the department completed the construction of diversion of road on the site incurring an expenditure of Rs.27.51 lakh. Similarly, the Railways completed the diversion road at Bargarh site before handing over to the NH organisation. Thereafter, the works, were awarded to contractors at Rs.12.03 crore stipulating construction of the RoBs and maintenance of diversion roads at their cost and risk. In spite of that the department continued to maintain the diversion roads during the currency of the contracts resulting in extra expenditure/liability of Rs.57.69 lakh on such account as of February 2002.

(viii) The 10th Finance Commission sponsored a scheme for establishment of Roll on/Roll off facility between Satapada and Jahnikuda to connect Satapada with Puri District Headquarters. For this purpose, the Chilika Development Authority (CDA) deposited (May 1999) Rs.2 crore with Khurda (R&B) Division for improvement of 19 Kms of Krushnaprasad-Jahnikuda road at Rs.1.55 crore and replacement of the damaged wooden bridge at Rs.45 lakh with a HL bridge at Poisana being the vital link for making the scheme operational. The road was completed in March 2000 with expenditure of Rs.1.47 crore. For construction of the bridge the lowest tender value of Rs. 87 lakh received in July 2000 was not approved (December 2001). The balance amount of Rs. 45 lakh was refunded to the CDA in January 2002 and the bridge was not executed. Due to non-completion of the bridge, the road could not be opened for traffic, thereby rendering the entire expenditure of Rs.1.47 crore unfruitful.

4.1.10 Manpower Management

4.1.10.1 Sanctioned strength vis-à-vis Staff in position

The sanctioned strength vis-a-vis men in position in different grades (March 2001) as per the Budget data was as follows. The staff position as of March 2002 was not worked out by the Department even as of May 2002.

Grade	Sanctioned post (both technical & non-technical)	Men in position (both technical and non-technical)	Vacancy/ (Percentage in bracket)	NMR[9]/DLR staff in Grade B,C&D
A	174	158	16 (9)	
B	729	673	56 (8)	
C	4785	3810	975 (20)	
D	6301	5696	605 (10)	
	11989	**10337**	**1652 (14)**	**3757**

[9] NMR- Nominal Muster Roll, DLR- Daily Labour Roll.

Excess deployment of 3757 numbers of staff at a cost of Rs.16.23 crore

Although the vacancies under all the grades ranged between 8 and 20 *per cent* (March 2001), Government neither reduced the sanctioned strength on realistic evaluation nor was the workload re-organised and staff redeployed. Instead, against the vacancy of 1636 posts under Group B, C & D the department had enrolled 3757 on NMR and DLR (without sanction). The unauthorised expenditure was Rs.16.23 crore during 1999-02.

4.1.10.2 Creation and operation of post without job description

The Administrative Department created and operated one post of EIC (Civil) from December 1995, yet the job description of the EIC was not codified and the EIC had not been authorised with any technical and financial powers (March 2002). The expenditure on salaries of EIC and his establishment during December 1995 to March 2002 amounted to Rs.24 lakh.

4.1.10.3 Transfer and posting policy

Without receipt of any transfer orders, 65 officers were unauthorisedly allowed to perform their duties for 2 months to 13 years at places other than their actual places of posting. It was evident that transfer and postings were being done in ad-hoc and even arbitrary manner having adverse impact on the efficient discharge of duties by the officials concerned.

4.1.10.4 Vigilance and disciplinary cases

There were 47 vigilance and disciplinary cases in respect of 54 Officers pending for finalisation as of March 2002. The period of pendency ranged between 10 and 48 months. During the pendency 7 Officers retired on superannuation. Such pendency of disciplinary cases frustrate the purpose of disciplinary action.

4.1.10.5 Training

Although the department had adequate infrastructure for construction of roads, bridges and buildings, yet no training institute was established for periodical training to increase efficiency.

4.1.10.6 Non -finalisation of pension cases

243 members of staff were authorised provisional pension of Rs.15.21 lakh per month due to delay in finalising pension cases by the Department. The delay ranged between 3 and 38 months.

4.1.10.7 Non-recovery of rent of Staff Quarters

In 12[10] out of 22 Divisions test checked rent amounting Rs.89.04 lakh (March 2002) was not recovered from the staff occupying Government quarters. While routine notices were issued, there was no follow-up action.

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[10] R&B Divisions Khurda:-Rs.2.90 lakh, Charbatia: Rs.1.84 lakh, Cuttack: Rs.40.84 lakh, Jagasinghpur: Rs.5.09 lakh, Ganjam No-I: Rs.0.26 lakh, Ganjam No. II: Rs.8.73 lakh, Keonjhar: Rs.8.20 lakh, Jeypore: Rs.0.55 lakh, Dhenkanal: Rs.2.22 lakh, Balasore: Rs.14.34 lakh, Panikoili: Rs.3.61 lakh, NH Dhenkanal: Rs.0.46 lakh

Materials worth Rs. 34.65 crore were not disposed of resulting in unproductive expenditure of Rs.11.63 crore apart from loss of Rs.8.55 crore

4.1.11 Inventory control

Due to large scale misappropriation, defalcation, theft and pilferage in stores Government ordered (January 1996) discontinuance of procurement of stores from April 1996 and directed that the works be executed by contractors on finished item rate contract basis providing stores and machinery at their cost and risk. Government also ordered for immediate stock taking of the existing materials/spares and exploring the possibility of their utilisation/disposal. Despite lapse of over 6 years, such stock taking was yet to be completed (March 2002). Test check in audit revealed that the department continued to retain surplus stores worth Rs.34.65 crore (March 2002). These items mostly related to higher dimension steel rods and building fittings. No action was taken to utilise/dispose of the same. The department had incurred Rs.11.63 crore during 1999-2002 on watch and ward and maintenance of stores. Audit scrutiny also revealed irregularities in inventory control resulting in loss of Rs.8.55 crore as detailed in Appendix- XXVIII.

4.1.12 Poor functioning of Stores Verification Party

A Stores Verification Organisation with a staff strength of 18 and headed by one SE was to conduct physical verification of stores, segregate surplus/unserviceable materials and detect pilferage, theft and losses. In 40 months, physical verification was done in 14 divisions. Even the reports of verification were issued after a delay of 4 years. Even though the reports indicated mismanagement of stores valued at Rs.9.75 crore arising out of discrepancies between book and ground balances, lack of references of utilisation of materials and shortage in charge papers etc. neither did the EEs take any remedial action nor was any action taken against the delinquent officials.

4.1.13 Deployment of machinery/Underutilisation of departmental machinery

(i) In 13 units test checked, the EEs were having 104 Power Road Rollers (PRRs) of which 69 were in working condition. No attempt was made to repair the rollers to make them fit for deployment. Against 3.89 lakh hours available during the period from April 1999 to March 2002, the EEs deployed the road rollers only for 0.33 lakh hours which worked out to 8 *per cent.* The low utilisation as per the Engineers-in-Charge was due to execution of works by contractors deploying their own PRRs. This led to loss of revenue on account of hire charges of Rs.5.29 crore (March 2002).

(ii) According to the conditions of the contracts, machinery available with the department were to be provided to the contractors on payment of usual hire charges. Rs.14.24 crore were outstanding with the contractors as hire charges pertaining to the works executed as of March 2002.

4.1.14 Deficient Accounting

Deficient accounting led to non-reconciliation of discrepancies for Rs. 52.77 crore

Failure on the part of the EEs to adhere to the prescribed accounting procedure led to non-adjustment of Rs.52.77 crore as detailed in Appendix-XXIX.

4.1.15 Poor response to Audit

Failure of the department to take action on audit observation led to non-settlement of audit objection involving Rs.223.20 crore

Audit observations on financial and other irregularities noticed during local Audit and not settled on the spot were communicated to the Heads of Offices and to next higher departmental authorities through Inspection Reports (IR). As of September 2002, 957 IRs containing 3813 paragraphs were outstanding for compliance. The IRs included serious financial and other irregularities like extra expenditure, non-recovery, infructuous/avoidable expenditure and mis-appropriation etc. involving Rs.223.20 crore. The failure of the Department to take action on the audit observations facilitated continuance of irregularities and perpetuates an atmosphere of financial irresponsibility.

The review was demi-officially forwarded (July 2002) to the Engineer-in-Chief-cum-Secretary to Government, Works Department for reply within six weeks and was followed by demi-official reminder in September 2002. No replies were received (October 2002).

SECTION-B

COMMERCE AND TRANSPORT (COMMERCE) DEPARTMENT

4.2 Undue favour to a stevedore in Gopalpur Port

A stevedore was paid Rs.65.21 lakh towards operation, manning and maintenance of harbour craft at Gopalpur Port Project without any shipment activity and without mobilisation of men and machinery.

The work "Operation, manning and maintenance of harbour craft of Gopalpur Port Project for the shipment season 2001-2002" (December 2001 to March 2002) was awarded (March 2002) by the Executive Engineer (EE), Gopalpur Port Project to a stevedore for Rs.1.61 crore. The contract stipulated *inter alia*, that the period of contract might be changed as and when required depending upon the circumstances and in such cases, payment would be made for the actual working period. The stevedore was, however, paid Rs.65.21 lakh for operating, manning and maintaining work for first two months from 2 December 2001 to 1 February 2002, even before the award of work.

Test check of records revealed (A ough the date of commencement of work mentioned i 2 December 2001, the barges (harbour craft) were not handed rt authorities to the stevedore and the stevedore had not even mobilised men and machinery at site even by the first week of February 2002. The first ship for which stevedore services were provided arrived at Gopalpur Port on 17 February 2002. As such, there was no activity at the port site during the period December 2001 and January 2002. Hence the agency was not entitled to any payment.

Government stated (July 2002) that the stevedore had mobilised the men and machinery at site/took over possession of the port crafts and had commenced the work from 2 December 2001. The reply was not correct as the stevedore had not mobilised men and machinery as of 30 January 2002 and no stevedore services were provided before 17 February 2002.

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

4.3 Irregular and unnecessary purchases without assessing actual requirement

Spare parts and stores valuing Rs.9.86 crore were procured without tenders and requirement resulting in blockage of Rs.2.76 crore.

Departmental rules stipulate that purchase of materials required for use in public works should be made in the most economical manner after assessing definite requirements and the existing stock of materials. The rates for purchases exceeding Rs.10,000 should be approved by the competent authority after inviting sealed quotations/tenders through wide publicity and purchase orders should not be split up to avoid sanction of higher authority.

Test-check of records of defunct Public Health (PH) Mechanical Division, Bhubaneswar, renamed (July 2000) as PH Division, Bolangir revealed (December 2001) that the Executive Engineer (EE), purchased spares worth Rs.9.86 crore for departmental rigs and other machinery during 1997-2001 (upto July 2000) without assessing the requirement. Spares worth Rs.7.26 crore were purchased from local markets through spot quotations by the sub-divisional officers on piecemeal basis without inviting sealed tenders/quotations. This included stores valuing Rs.0.75 crore purchased during shifting (July 2000) of the division from Bhubaneswar to Bolangir and resulted in huge accumulation of unutilised stores valuing Rs.2.76 crore as of October 2002.

Further, one rig (B-80) was repaired (April-July 2000) by the erstwhile PH, Mechanical Division, Bhubaneswar by purchasing spares worth Rs.39.86 lakh. But the rig was still not in working condition. Thus, the expenditure on spares was rendered wasteful. The defunct division transferred all rigs and machinery to five PH divisions while the unutilised spares were transferred only to one division which resulted in accumulation of spares mainly in that division.

Thus, irregular and unnecessary purchase of spares in disregard of the prescribed purchase procedures resulted in blockage of Government funds of Rs.2.76 crore. Such irregular and unnecessary purchases was attributable to uncontrolled release of LoCs of Rs.15.08 crore by the Chief Engineer (CE) to the EE as against allotment of only Rs.9.60 crore during the said years. The matter calls for investigation.

Government, while accepting the audit observations stated (August 2002) that departmental special audit was in progress and disciplinary action had been initiated.

RURAL DEVELOPMENT DEPARTMENT

4.4 Wasteful expenditure on a bridge work

Wasteful expenditure of Rs.61.82 lakh due to major variation in boring data and change of design and abandonment of work. The EE also failed to recover Government dues of Rs.26.73 lakh from the defaulting contractor.

Construction of a high level bridge over river Gobari on Mahakalapada-Bijaynagar road in Kendrapara district was awarded (February 1991) by the Executive Engineer (EE), Kendrapara Expressway Division[1] on lump sum contract at Rs.1.50 crore stipulating completion by August 1993. In June 1994 after receiving Rs.61.82 lakh, the contractor abandoned the work on the ground of non-clearance of dues. Although the reason adduced by the contractor was not correct, it took over 3 years for the contract to be closed (July 1997) by the Government with levy of penalty of 5 *per cent* of the value of incomplete work. This had not been recovered from the contractor till date.

Scrutiny further revealed that the EE issued (December 1991-June 1994) to the contractor 4090 bags of cement, 16.3152 MT of steel and one bearing in excess of requirement which were not returned. Steps were not initiated by the EE as of June 2002 to recover the cost of unutilised materials at penal rate amounting to Rs.22.33 lakh together with the penalty of Rs.4.40 lakh imposed by the Government on closure of the contract. Against the recoverable dues of Rs.26.73 lakh, only Rs.2.09 lakh were available as Security Deposit.

As per instructions of June 2001 the EE, Rural Works Division, Kendrapara undertook fresh boring where wide variation between old and new boring data was discovered necessitating change in foundation levels of all the piers. Accordingly, he suggested (November 2001) preparation of a fresh General Arrangement Drawing (GAD) which was still to be done as of October 2002.

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[1] The work was transferred to the Rural Works Division, Kendrapara from June 1991.

Scrutiny revealed that the payment of Rs.61.82 lakh to the contractor included Rs.13.50 lakh towards setting up camp and submission of first set of designs (Rs.6 lakh) and mobilisation (Rs.7.50 lakh). Since the work was closed and the design of the contractor was not workable in view of major variations in the subsequent boring data, Rs.13.50 lakh spent on designs, mobilisation etc. proved wasteful.

The role of EE in not recovering Rs.26.73 lakh from the contractor deserves investigation. The entire expenditure of Rs.61.82 lakh proved wasteful and the bridge remained incomplete for over 12 years.

The matter was reported to the Chief Engineer, Rural Works during August 2001; reply had not been received. The matter was also demi-officially forwarded (July 2002) to the Commissioner-cum-Secretary to the Government, Rural Development Department for reply within six weeks and was followed by demi-official reminder in August 2002. No reply was received (October 2002).

4.5 Unfruitful expenditure due to defective execution of a bridge work

Failure of the Executive Engineer (EE) to take corrective action despite instructions of higher authorities led to unfruitful expenditure of Rs.1.21 crore on a bridge work that remained incomplete for 8 years.

Based on the General Arrangement Drawing (GAD) approved (February 1992) by the Chief Engineer (CE), Rural Works (RW), construction of a high level bridge over river Baitarani on Champua-Fogu road was awarded (November 1994) to a contractor at Rs.2.67 crore for completion by May 1997. After partly casting and sinking of all piers (5 numbers) and abutments (both sides) and receiving payment of Rs.1.21 crore, the contractor stopped the work (June 2000) and applied for extension upto April 2002. The CE during inspection (December 2000) observed that wells had shifted and tilted beyond the permissible limit of 150 mm and 1:80 respectively. Therefore, Technical Advisory Committee (TAC) suggested (November 2001) remedial measures at contractor's cost.

Check of records in audit revealed (March 2002) that the GAD provided for test boring at exact position of piers/abutment wells before commencement of work. The Superintending Engineer (SE), RW, North-Eastern Circle, Keonjhar during his inspection (November 1994) had pointed out the difference between the bore log data adopted in the GAD and those furnished at site and instructed the EE for fresh boring at the well points to ascertain soil condition and rock bed. Fresh test boring was not done by the EE before commencement of the work. Consequently, the wells tilted and shifted beyond the permissible limit. Even the remedial measures suggested by the TAC were not carried out as of June 2002.

Thus, improper investigation and failure to conduct fresh test boring by the EE as instructed by SE led to defective and incomplete execution of the work rendering the expenditure of Rs.1.21 crore unfruitful. Further, the EE also failed to get the defective work rectified by the contractor as directed by the TAC. Besides, funds of Rs.3.32 crore received for the bridge and approach road, could not be utilised due to slow progress and defective execution of work and were surrendered between 1994 and 2002. Resultantly, the beneficiaries were deprived of the intended communication facility which the bridge was to provide.

EE stated (March 2002) that decision of the TAC to rectify the defects at contractor's cost was communicated to the contractor. However, the defects were not rectified as of June 2002.

The matter was reported to the CE, RW during May 2002; reply had not been received. This again was demi-officially forwarded (July 2002) to the Commissioner-cum-Secretary to Government, Rural Development Department for reply within six weeks and was followed by demi-official reminder in August 2002. No reply was received (October 2002).

WATER RESOURCES DEPARTMENT

4.6 Excess payment to contractors for non-deduction of voids from excavated materials

Excavated Medium Hard Rock was not stack measured and voids not deducted which led to excess payment to contractors.

Excavation of Right Main Canal from RD 11 to 22 Km including structures, RD 33 to 39 Km and RD 39 to 42 Km of Upper Indravati Irrigation Project was awarded (January 1994/May 1994/January 1995) to two contractors under three agreements at a cost of Rs.5.89 crore for completion by July 1995/November 1995/April 1996. The agreements provided, *inter alia*, for excavation of 0.87 lakh cum of Medium Hard Rock (MHR) mixed with disintegrated (DI) rock, intermediate stony earth patches etc. at a cost of Rs.0.73 crore against which the contractors executed 8.06 lakh cum and were paid Rs.9.92 crore at rates varying between Rs.81 and Rs.142.20 per cum.

Check of records of Right Canal Division-I, Mukhiguda (October 2001) revealed that the general conditions of agreement for RD 33-39 Km and RD 39-42 Km stipulated that payment for excavation of MHR was to be made for the quantity to be arrived at after deducting 25 *per cent* voids from stack measurement but this condition was not incorporated in respect of agreement for Reach 11-22 Km though 7.18 lakh cum was excavated in this reach. Payments were thus made to the contractors on level section measurement instead of stack measurement for MHR and deduction of voids.

Thus, payment for the overall quantity (8.06 lakh cum) of excavation as MHR without deduction of voids of 2.02 lakh cum being 25 *per cent* of the excavated quantity, resulted in excess payment of Rs.2.48 crore to the contractors.

Executive Engineer (EE) stated (October 2001) that measurement for excavation of MHR was taken on level section which was considered to be more accurate. The contention of EE was not tenable in view of the fact that the MHR was mixed with earth and boulders etc. and lack of stack measurement and non-deduction of voids inflated the quantity of MHR for payment resulting in excess payment to the contractor.

The matter was referred to the Chief Engineer, Upper Indravati Irrigation Project, Khatiguda in December 2001; no reply was received from him. This again was demi-officially forwarded (February 2002) to the Commissioner-cum-Secretary to Government, Water Resources Department for reply within 6 weeks and was followed by demi-official reminder in April 2002. No reply was received (October 2002).

4.7 Wasteful expenditure due to bad planning

Expenditure of Rs.15.40 crore incurred on improvement of Bhanjanagar reservoir was rendered wasteful due to non-acquisition of forest land.

Bhanjanagar reservoir with storage capacity of 47,800 Acre feet (Ac. ft.) enabled irrigation requirement of Rushikulya system and drinking water supply to Bhanjanagar and Berhampur towns. Due to siltation, the storage capacity had reduced to 38,600 Ac. ft. To ensure a storage of atleast 45,800 Ac. ft., it was decided (1995) to raise the Top Bank Level (TBL) from RL 98.30 m to 100.50 m, strengthen the crest of the Dam and revise spillway designed with 7 bays for flood discharge of 914 cumecs in place of existing 154 cumecs. Although the Executive Engineer (EE), Bhanjanagar Irrigation Division was aware from the pre-construction survey that this would cause submergence of an additional 66.49 hect. of reserve forest land yet he took up the work under World Bank assistance (DSARP and WRCP[2]) without initiating any proposal for release of required forest land. As of March 2002, Rs.15.40 crore were spent.

The World Bank Supervision Mission, visited the site in July 2001 and noted that only 6 bays were constructed in place of 7 due to constraints in acquisition of forest land. The team suggested to restrict the maximum storage in the reservoir to the original Full Reservoir Level (FRL) 95.10 m in which case, raising of TBL was not necessary. However, the TBL had already been raised by 1.70 m.

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[2] DSARP: Dam Safety Assurance and Rehabilitation Project.
WRCP: Water Resources Consolidation Project

Check of records in audit revealed (May 2002) that the proposal for release of reserve forest land was submitted only in November 2000 and the land had not been released as of June 2002.

Thus, the purpose of boosting reservoir capacity to supplement assured irrigation to Rushikulya system and providing drinking water to Bhanjanagar and Berhampur towns were defeated and expenditure of Rs.15.40 crore incurred on the works proved wasteful since construction of the 7th bay at this stage was not feasible.

EE, Bhanjanagar Irrigation Division stated (May 2002) that the repair of the dam was inevitable in order to regain the capacity and safety of the dam for future and after detailed study, the level of the reservoir would be increased. The fact however, remains that even after spending Rs.15.40 crore on enhancement of irrigation potential and drinking water facility, there was no increase in the storage capacity, water supply to two towns etc.

The matter was referred to the Engineer-in-Chief, Water Resources in May 2002. No reply had been received. This again was demi-officially forwarded (July 2002) to the Commissioner-cum-Secretary to Government, Water Resources Department for reply within six weeks and was followed by demi-official reminder in August 2002. No reply was received (October 2002).

4.8 Undue financial aid to a contractor

Payment of escalation charge of Rs.56.52 lakh on labour component without any provision in the contract and despite advice of the Law Department in this regard.

Excavation of Kadaguda Distributary from RD 00 to 16800 M of Harabhangi Irrigation Project was awarded (December 1998/June 1999) to a contractor under two agreements financed by World Bank under Water Resources Consolidation Project for Rs.5.12 crore stipulating completion in 12 months. The works could not be completed within the stipulated period and time extension upto September 2000/May 2001 was granted by the Chief Engineer and Basin Manager (CE and BM), Rushikulya, Vansadhara and Nagavali (RVN) Basin, without prejudice to Government's right to levy compensation under the terms of the contract. The contractor claimed differential amount on account of revision of minimum wages for the value of work executed upto December 1999/October 2000 and he was paid (December 2000) Rs.56.52 lakh towards increase in rates of labour as per price adjustment formula.

Check of records in Audit revealed that price adjustment clause was deleted from the agreements, since the stipulated time for completion of work was less than eighteen months as per conditions of bid documents approved by World Bank for Water Resources Consolidation Projects. While applying for extension, the contractor also furnished an undertaking that he would not

claim any price escalation for the extended period. As per opinion (March 1992) of the Law Department circulated (April 1992) by the Government, a contractor on furnishing no claim certificate, forfeits his right to any escalation charges. Despite above clarification of Law Department, the contractor was unauthorisedly paid Rs.56.52 lakh towards price escalation on labour component.

EE did not contest the audit conclusion and stated (May 2002) that the payment was made under orders of CE and BM, RVN Basin.

The matter was referred to the Engineer-in-Chief, Water Resources in April 2001. No reply was received. The same was again demi-officially forwarded (June 2002) to the Principal Secretary to Government, Water Resources Department for reply within six weeks and was followed by a reminder in July 2002. No reply was received (October 2002).

4.9 Wasteful expenditure due to disregard of design specification and execution of sub-standard work

Failure to execute a composite spur to the design length and specification led to wasteful expenditure of Rs.38.18 lakh. Further, work valuing Rs.1.08 crore was sub-standard due to disregard of recommendations of the consultant.

(i) Protection to scoured bank on Devi Right Embankment at RD 78.460 km near village Bauriakana (construction of 60 m composite spur) was awarded (March 1998) to a contractor at Rs.46.23 lakh for completion by June 1998. The contractor after executing the spur upto 33 m at a cost of Rs.35.45 lakh stopped (June 1999) the work since it started sinking. The contractor had been paid (March 1999) Rs.31.45 lakh and final bill was pending. Besides, Rs.6.73 lakh were spent on the departmental supplies. The incomplete spur of 33 m was damaged due to flood and during super cyclone of October 1999. Repairs and bank protection work was awarded (April 2002) to another contractor at Rs.1.06 crore for completion by February 2003 and the work was under progress.

Check of records in audit revealed (March 2002) that the agreement provided for under-water dumping of 6818 cum hard stone boulder in GI crates and 5436 cum without GI crates, against which the contractor dumped only 800 cum in GI crates and 8795 cum without GI crates. Similarly, in place of provision for under-water dumping of 2635 cum of sand filled in empty cement bags in net-lons and 2635 cum without net-lon, the contractor executed 1400 cum and 4398 cum respectively. Non-execution of the work as per the design specification caused depression of the spur and the work was left incomplete. This indicated lack of supervision by the EE. Entries in the measurement book had also been tampered with as observed (February 2001) by the Executive Engineer (EE), Nimapara Irrigation Division and also corroborated (May 2001) by the Task Force Committee. Departmental

proceedings were initiated against the erring officers on the basis of Task Force report on June 2002 and final quantity with financial involvement in the case was awaited as of August 2002.

Thus, non-completion of the composite spur to its design length and non-observance of the specifications for under-water dumping of stone and sand bag rendered the expenditure of Rs.38.18 lakh wasteful as the spur depressed (June 1999) and was unable to provide any protection to the river bank.

EE stated (June 2002) that the spur was constructed as a temporary protection measure. The reply was not tenable since the EIC, Water Resources considered (December 1997) one long composite spur suitable to protect the bank scouring effect.

(ii) To control river Devi to its right embankment from RD 77.400 km to 79.060 km, Government appointed (May 2000) Ocean Engineering Centre (OEC) of Indian Institute of Technology (IIT), Madras as consultant to survey the river within 25 km stretch of its mouth starting at about 2 km upstream of village Bauriakana and to suggest remedial measures for protection of the river bank and embankment. The agency suggested (November 2000) various remedial measures which among other items included rehabilitation of old spurs and construction of 6 new spurs consisting of three layers i.e first layer with dredged materials, second layer with stones of 150 Kgs to 200 Kgs weight with side slope of 1:2 and bottom layers to be filled up with stones of 50 Kg. weight.

Accordingly, the Chief Engineer and Basin Manager, Lower Mahanadi Basin (CE and BM, LMB), Bhubaneswar submitted an estimate for Rs.13.38 crore. The Technical Advisory Committee (TAC) approved (November 2000) construction of only two new spurs between existing spur No.5 and 6, pending receipt of final report from the OEC and a physical model study report from Hydraulic Research Station, Hirakud.

The EE, however, obtained approval of CE and BM, LMB in May 2001 for rehabilitation of three spurs (Nos.3,4,5) with packing of embankment at Rs.3.30 crore under the financial assistance of Orissa State Disaster Mitigation Authority (OSDMA) ignoring the approval of TAC for construction of two spurs.

Scrutiny in audit revealed (March 2002) that CDR to spur No.4 at RD 78.442 km and CDR to scoured Bank on Devi Right Embankment at RD 78.50 km to 79.50 km were awarded to two contractors[3] between June and August 2001 at Rs.2.18 crore stipulating completion by April/June 2002. The contractors executed work valuing Rs.1.08 crore as of June 2002. Although according to the recommendations of OEC, construction of spurs was required to be done using hard stone boulders of 150 Kg and 200 Kg weight, the contracts stipulated for boulders of only 50 Kg weight which were used during actual execution. Further, as per test report (November 2001) of the Quality Control

[3] (1)M/s B. Engineers & Builders
(2)Shri Suresh Chandra Sahoo

Wing of the Department, the stones did not conform to ISI norms. This led to execution of work below specification.

Dredging of river bed was also not taken up by the EE as suggested by the consultant. Instead of 6 spurs only 2 new spurs have been constructed. Since none of the remedial measures suggested by the OEC were adopted, the expenditure of Rs.12.50 lakh paid towards consultancy charges was nugatory apart from execution of sub-standard work of Rs.1.08 crore.

(iii) The cyclone damage restoration work of the Saline Embankment from Jharling to Belanga between RD 3.3 and RD 5.2 km was awarded (June 2000) to two contractors at Rs.19.68 lakh stipulating completion in one and half months. The contractors after executing work valuing Rs.10.87 lakh abandoned the work in December 2000 and ex-parte measurements were taken (April/May 2001). Since the contractors did not execute the restoration work upto the design section to sustain the flood water, the incomplete embankment was outflanked at different reaches by floods of 2001. Protection of the embankment at the same location was awarded (February 2002) to another contractor at Rs.30.95 lakh. The defaulting contractors were neither asked to reconstruct the embankment at their cost and risk nor their contracts closed with penalty as of June 2002.

The EE's failure to get the work completed within the contract period of one and half months and permitting the contractors to prolong the work for 9 months till the on set of the next monsoon led to wasteful expenditure of Rs.10.87 lakh, coupled with additional liability of Rs.30.95 lakh on protection works.

EE stated (June 2002) that the work in question was not a permanent solution to the problem but a temporary measure. The reply was not tenable since the restoration works were left incomplete by the contractors but the EE failed to take penal action against the defaulting contractors.

The matters were reported (May 2002) to the CE and BM, LMB; reply had not been received. The same were again demi-officially forwarded (July 2002) to the Commissioner-cum-Secretary to Government, Water Resources Department for reply within six weeks and was followed by demi-official reminders in August/September 2002. No reply was received (October 2002).

4.10 Doubtful expenditure on canal works

Doubtful expenditure of Rs.31.27 lakh for filling canal banks.

Improvement of Bargarh Main Canal from RD 40 km to RD 55 km under Water Resources Consolidation Project (WRCP) was awarded to a contractor in January/May 2001 at Rs.1.16 crore under two agreements, for completion by June/October 2002. The agreements provided *inter alia*, cutting of 1.02 lakh cum of earth in all kinds of soil in canal by mechanical means and

utilising the same in filling reaches of the canal banks with all leads and lifts. The unusable surplus earth was to be deposited in the spoil banks. The contractor executed the work and received payment of Rs.30.60 lakh as of February 2002.

Check of records of the Executive Engineer (EE), Canal Division, Bargarh revealed (March 2002) that 0.66 lakh cum of earth were required in filling zones of the canal against availability of 1.02 lakh cum of earth from cutting zones. Despite clear provision in the agreements for utilising the cutting earth in filling zones, a separate item was provided in the estimates as well as in the agreements for use of borrow earth from outside the working reach. Due to this the contractor claimed borrowing the entire 0.66 lakh cum of earth from the borrow area from a distance of 4 km for the filling zones at a cost of Rs.31.27 lakh which was doubtful.

Government stated (June 2002) that the agreement provided for utilisation of useful excavated material in filling section and the excavated materials were mostly slushy and mixed with debris which were not suitable for filling sections as was observed by the Superintending Engineer, Hirakud Dam Circle, Burla during his inspection (8 May 2001). The reply was not tenable since the unsuitability of excavated material was not tested in the quality control wing of the department.

4.11 Extra expenditure due to deviation from approved design

Execution of work by deviating from the approved designs, led to extra expenditure of Rs.46.60 lakh.

Construction of Approach Channel and Chute carrier of Baghalati Irrigation Project was awarded (February 1997) to a contractor at Rs.3.27 crore for completion by August 1998 subsequently extended upto August 1999. The works were completed in November 2000 and payment of Rs.3.78 crore made (January 2001). Release of flood water through the spillway during 1999-2000 caused retrogression in the spill channel deeply scouring the earth dam. Protection measures by way of providing dry rubble rock toe were carried out during 1999-2001 through the same contractor at an additional cost of Rs.46.60 lakh (including materials).

Test-check of the records revealed (July 2001) that against the design requirements of the chute carrier for 250 metres in Reinforced Cement Concrete (RCC), the CE and Basin Manager (CE and BM), Rusikulya, Vansadhara and Nagavali Basin in his technical sanction (October 1996) reduced the length to 80 metres ignoring the approval of the CE (Designs) and during actual execution, the Executive Engineer (EE) further restricted it to only 69 metres. No reason was recorded for reduction in length nor the impact of restricted length on the retrogression of water on the chute carrier examined. Further, concurrence of CE (Designs) was not obtained for the deviation from the approved designs as required under the codal provisions. Due to execution of the work for a reduced length, the spilled water caused

retrogression due to pool formation and the unexecuted portion of the spill channel was scoured between RD 69 and 250 metres during 1999-2000 and 2000-2001 warranting protection measures. The work as per the original design therefore stood incomplete (January 2002).

Thus, execution of the work in deviation from the approved designs resulted in extra expenditure of Rs.46.60 lakh as of January 2002 on protection measures.

Government stated (May 2002) that the chute carrier could not be executed to its design length of 250 metres due to fund constraint and the protection measures for restoration of the chute carrier had supplemented the execution of the stage II proposal which was in the pipe line. The reply was not tenable since fund constraint was not borne out from the records and the protection measures by dumping stones would in no way supplement the RCC work to be executed at the balance length of the chute carrier under stage II.

4.12 Commencement of work and award of contracts on Minor Irrigation Project without design, drawings or land

Extra cost of Rs.26.83 lakh due to adoption of incorrect design and unfruitful expenditure of Rs.20.46 lakh on abandonment of work in Alikuan Minor Irrigation Project (MIP).

(i) Alikuan MIP in Sorada Block of Ganjam district was damaged by floods of 1990. Rehabilitation of the project was identified (June 1991) for execution under Dam Safety Assurance Rehabilitation Project (DSARP), the funding of which was to cease in September 1999. Government engaged (March 1995) a consultancy firm to prepare the drawings and designs for the rehabilitation works. The Executive Engineer (EE), Minor Irrigation Division No.II, Ganjam adopted the drawings/designs without examining their suitability and entrusted (March 1996/June 1998) the work of raising of the crest of the earth dam, construction of four drops and re-gradation of surplus channel to three contractors for Rs.4.27 crore stipulating completion by September 1997/December 1998.

During execution, the Dam Safety Supervision Mission (DSSM) visited the site and pointed out (June 1996) serious lapses in construction management and quality control. DSSM also observed that the construction drawings were not prepared as per actual levels for each chainage nor had these been approved by the Chief Engineer (CE). Further, execution of earth work was not upto the required specification. Thereafter, the construction drawings were modified (1996/1997) by the Engineer-in-Chief, Designs and Planning necessitating execution of certain additional quantities of earth work and Cement Concrete (CC) as well as certain extra items.

Following representations (July/October 1997) from the contractors and as per quantity variation clause provided in the contract, the rates of earth work and its compaction were revised (September 1998) by the CE from

Rs.41.34/Rs.11.13 to Rs.54.21/Rs.20.83 per cum respectively. The rate of CC in two contracts were also revised from Rs.1310/Rs.1330 to Rs.1499 per cum by the CE and submitted for approval of Government which was awaited (January 2002). The works were completed between December 1997 and April 1999.

Thus, execution of 0.49 lakh cum of earth work in excess and its compaction at higher rates resulted in extra expenditure of Rs.11.07 lakh as per approved deviation statement while liability to the extent of Rs.15.76 lakh was incurred towards excess execution of 0.09 lakh cum. of CC at revised rates as per interim deviation statement. This could have been avoided had appropriate drawings and designs for the work been available at the beginning. The award of work without proper design and drawing should be taken serious note of.

The Government stated (February 2003) that due to change of designs and drawings the quantities were revised necessitating revision of rates. The reply was not tenable as adoption of Consultant's drawings without examining their suitability led to upward revision of quantities and rates.

(ii) Audit check of records further revealed that the work of re-gradation of the surplus channel required for free flow of surplus water was entrusted (June 1998) to a contractor at a cost of Rs.33.65 lakh for completion by December 1998. However, the work remained incomplete (September 1999) after incurring expenditure of Rs.20.46 lakh since clearance from Forest Department was not available. Though forest clearance was ultimately received in August 2000, no action was taken for resumption of the work. Thus, the expenditure of Rs.20.46 lakh on the work was rendered unfruitful.

Government stated (February 2003) that due to non-availability of funds the balance work could not be done. The reply was not tenable since no effort was made to complete the balance work by providing funds in the budget despite receipt of Forest clearance in August 2000.

4.13 Extra payment due to unwarranted revision of rates

Unwarranted revision of rates and incorrect fixation of revised rate led to extra payment of Rs.35.92 lakh to two contractors.

Construction of balance works of Badanalla Main Canal from RD 19.9 Km to 25.6 Km, Sanyasipur Branch Canal from RD 00 to 8.10 Km and Srirampur Branch Canal with distribution systems of Badanalla Irrigation Project were awarded to two contractors in December 1997 / November 1996 under three packages namely 4, 6 and 8 at a cost of Rs.6.61 crore stipulating completion by June 1999 / February 1998.

The contract provided for revision of rates for the quantity of any item executed in excess of 25 *per cent.* Further, if a new item executed

corresponded to any item described in the bill of quantity, the agreement rate only should be applied for the additional quantity.

(a) Check of records of the Executive Engineer (EE), Badanalla Canal Division revealed (July 2001) that the agreement for Package No. 4 provided for execution of 4,295 cum. of cement concrete (CC) M-15 grade for structure (894 cum) and lining works (3401 cum). The contractor, however, executed 5,130 cum (structure: 1451 cum, lining: 3679 cum) of CC M-15 and was paid (October 2001) for 1,451 cum at the agreement rate of Rs.1500 per cum. For the balance 3,679 cum, he was paid at a revised rate of Rs.2115 per cum which was approved (December 1998) by the Chief Engineer and Basin Manager (CE and BM), Rusikulya, Vansadhara and Nagavali Basin (RVN). Since the quantity did not exceed the agreement quantity by more than 25 *per cent,* the revision of rate was unwarranted.

The Chief Engineer stated (April 2002) that 4295 cum of CC M-15 grade did not include lining quantity of M-15 grade concrete. The reply was not tenable since 4295 cum of CC M-15 grade in the agreement included the quantity for lining works and revision of rates for this package was in violation of contract conditions. Thus, the irregular revision of rates resulted in an undue benefit of Rs.22.63 lakh to the contractor.

(b) The contracts in respect of Packages 6 and 8 drawn with another contractor provided for execution of 461 cum of CC M-15 for structures at the rate of Rs.1740 per cum. During execution of work, the Engineer-in-Chief directed that lining of the canal be made with CC M-15 grade. Consequently, the total quantity of the item with, CC M-15 grade, was increased from 461 cum to 3267 cum thereby exceeding the agreement quantity by more than 25 *per cent.* The contractor was paid (January 1999) at the agreement rate of Rs.1740 per cum for 646 cum. and at the revised rate of Rs.2261.33/Rs.2129 per cum for the balance 2621 cum. Scrutiny revealed that the rates were revised (April/May 1997) by the Executive Engineer ostensibly on the basis of site observation, by incorporating items such as 'excess labour for feeding to crusher', 'carriage of concrete', 'shifting of concrete mixture', 'cost of water and curing' etc. although the agreement rate was to be adopted for the purpose as provided in the contract.

The rates worked out by Audit on the basis of the rate analysis of the Water Resources Department were only Rs.1674/Rs.1666 per cum. Since the agreement rate of Rs.1740 per cum. was itself reasonable and workable, there was no justification for payment to the contractor at the inflated revised rates, which resulted in undue benefit of Rs.13.29 lakh to the contractor.

The Chief Engineer stated (April 2002) that the rates were revised since the lining works were more skillful and intensive in nature. The reply was not tenable since no superior skill to that of structural works was warranted for the lining works and revision of rates was not called for.

The matter was demi-officially forwarded (February 2002) to the Commissioner-cum-Secretary to Government, Water Resources Department

for reply within six weeks and was followed by demi-official reminder in April 2002. No reply was received (October 2002).

4.14 Collusion in the award of a World Bank contract to an unqualified contractor

Irregular acceptance of single non-responsive tender resulted in undue financial benefit of Rs.81.20 lakh to the contractor apart from wasteful expenditure of Rs.39.26 lakh incurred on sub-standard execution of structures.

According to the conditions of World Bank bid documents, tenders of the contractors involved in corrupt and fraudulent practice are liable to rejection. Tender notice (November 1997) were issued by the Executive Engineer (EE), Hariharjore Irrigation Division No.II, Biramaharajpur for 2 reaches of the work "Construction of Hingma distributary and its minors and sub-minors of Hariharjore Irrigation Project" i.e. from (i) RD 00 to 7200 M and (ii) RD 7200 to 8958 M. Single tenders were received (January 1998) though tender papers had been purchased by a few other contractors. One of the tenderers who had purchased the tender papers lodged an FIR (January 1998) with Burla Police station that the single tenderer who had filed the tender papers for the work had prevented him from bidding. While the tender was under consideration, a complaint was received from the World Bank alleging that the single tenderer had adopted corrupt practice in bidding and requested (June 1998) the Government to investigate.

Instead of carrying out investigation, Government approved (July 1998) the single tenders for Rs.2.58 crore (both reaches) at 46 *per cent* excess over estimated cost (Rs.1.77 crore). The works were awarded (October 1998) for completion by October 1999. The contractor after executing work valuing Rs.2.38 crore stopped (April 2000) further execution. Thereafter, Government after investigating the tender irregularities ordered (June/July 2000) fixation of responsibility and to debar the tenderer and advised closure of contract. However, the contract was not closed and the final bill was not prepared as of September 2002 pending rectification of defective works by the contractor.

Scrutiny of records further revealed (February 2002) that the contractor did not fulfill the World Bank norms as regards past experience, financial status, experienced work force etc. Further, procurement guidelines issued by World Bank stipulated negotiation with the lowest evaluated bidder to obtain a satisfactory contract. Since the estimated cost of the work was based on Schedule of Rates (1994) of Water Resources Department which included 15 *per cent* overhead charges and 10 *per cent* hidden cost on labour, there was no justification for acceptance of tender at 46 *per cent* higher than the estimated cost. The EE instead of rejecting the fraudulent single bid, recommended its acceptance at the higher tendered rate without negotiation which led to undue financial benefit of Rs.81.20 lakh to the contractor.

Audit checks further disclosed that almost all the structures in reach-II of the distributary were damaged and required immediate restoration. The reasons for damage were attributed (February 2002/July/August 2001) by the SE/EE to bad workmanship and lack of supervision. The expenditure of Rs.39.26 lakh on construction of the structures was wasteful. SE stated (February 2002) that final bill of the contractor was pending and that action had been initiated to fix responsibility for defective execution. However, no action was taken against the erring officers as of August 2002. The matter needs investigation.

The Chief Engineer and Basin Manager, Upper Mahanadi Basin, Burla, while accepting execution of defective work by the contractor, stated (September 2002) that the single bids were valid and responsive. The reply was not tenable in view of non-fulfilment of World Bank norms by contractor and also the orders of the Government to debar the contractor from World Bank tender for indulging in corrupt practice.

The matter was demi-officially forwarded (July 2002) to the Commissioner-cum-Secretary to Government, Water Resources Department for reply within six weeks and was followed by demi-official reminder in September 2002. No reply was received (October 2002).

CHAPTER-V

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

SECTION-A

PANCHAYATI RAJ DEPARTMENT

5.1 RURAL HOUSING SCHEME

With a view to help construction/upgradation of dwelling units by providing assistance to the Below Poverty Line (BPL) rural house holds belonging to Scheduled Castes/Tribes and Freed Bonded labourer categories, several Rural Housing Schemes viz. (i) Indira Awas Yojana (IAY), (ii) Pradhan Mantri Gramodaya Yojana (Gramin Awas), (iii) Credit-cum-Subsidy Scheme (CCSS), (iv) Samagra Awas Yojana (SAY) and (v) Rural Building Centre (RBC) launched by the Government of India (GOI) are being implemented. IAY was started from 1985-86 and other schemes from 1999-2000.

Highlights

- **Central Assistance of Rs.47.41 crore was lost because of the failure to fulfill the prescribed conditions depriving 23,702 poor persons of housing benefits. Disregarding GOI guidelines, State share under IAY was kept in PL Account/Current Account/DCR resulting in loss of interest of Rs.1.04 crore for the scheme.**

{Paragraphs 5.1.1.4 and 5.1.1.4 (i)}

- **Huge advances of Rs.23.48 crore against IAY beneficiaries were awaiting adjustment.**

{Paragraph 5.1.1.4 (iii)}

- **Utilisation Certificates (UCs) for Rs.284.84 crore under IAY were pending in 9 DRDAs test-checked, while Rs.170.40 crore released by 7 DRDAs to Blocks was shown as final expenditure without ensuring their actual utilisation.**

{Paragraph 5.1.1.4 (iii)(v)}

- **Houses under 'normal' category were provided only to 68 *per cent* of the targeted beneficiaries whereas it was only 34 *per cent* in cyclone affected districts despite availability of funds. 72613 houses were allotted in the name of male instead of female members or in the joint name of both husband and wife.**

{Paragraphs 5.1.1.5 (i) and 5.1.1.9 (iii)}

- **1892 houses remained incomplete rendering the expenditure of Rs.2.22 crore infructuous.**

{Paragraph 5.1.1.5 (iii)}

- **Out of total 4.66 lakh houses constructed, smokeless chulha and sanitary latrines were not provided to 4.01 lakh and 3.71 lakh houses respectively.**

{Paragraphs 5.1.1.7 and 5.1.1.8}

- **Only 44 *per cent* of funds for infrastructure under Pradhan Mantri Gramodaya Yojana was utilised.**

(Paragraph 5.1.2.1)

- **23307 out of 29458 houses reported complete under Credit-cum-Subsidy Scheme were actually incomplete.**

(Paragraph 5.1.3.2)

- **Subsidy components of Rs.19.73 crore under Credit-cum-Subsidy Scheme were not adjusted against loan accounts of beneficiaries.**

{Paragraph 5.1.3.2 (i)}

- **Rural Building Centres did not come up owing to lack of proper planning.**

(Paragraph 5.1.4)

5.1.1 Indira Awas Yojana

5.1.1.1 Introduction

Indira Awas Yojana (IAY) was launched in 1985-86. The main objective was to provide dwelling houses to households Below Poverty Line (BPL) living in rural area. 60 *per cent* of the allocation was to be utilised for construction of houses of SC/ST category households. IAY benefits were also extended to the families of ex-servicemen and paramilitary forces killed in action. Three *per cent* of the houses under IAY were to be reserved for BPL and physically and mentally challenged persons in rural area.

5.1.1.2 Organisational set-up

The funding and monitoring of the scheme were vested in the Ministry of Rural Development (RD) of Government of India at Central level and Panchayati Raj Department of Government of Orissa at State level. The District Rural Development Agencies (DRDAs) were to co-ordinate and monitor the programme at district level while Block Development Officers (BDOs) implemented the scheme at field level.

5.1.1.3 Audit coverage

Implementation of the programme during 1997-2002 was reviewed through test check of records in Panchayati Raj Department of Government of Orissa,

9[1] of 30 DRDAs and 43 of 138 Blocks in the 9 DRDAs during November 2001 to June 2002.

5.1.1.4 Funding of the scheme

The release of fund and expenditure status were as shown below:

(Rupees in crore)

Year	Opening balance	Receipt[2]	Total availability of funds	Expenditure	Closing balance
(a) Construction including up-gradation and additional for flood					
1997-98	5.85	98.16	104.02	88.45	15.57
1998-99	15.57	125.63	141.20	106.08	35.12
1999-2000	35.12	81.31	116.42	118.65	(-)2.23
2000-01	(-) 2.23	73.65	71.42	66.16	5.26
2001-02	5.26	189.70	194.96	89.16	105.80
Total (a)		**568.45**	**574.30**	**468.50**	**105.80**
(b) Cyclone (additional)					
1999-2000	Nil	45.97	45.97	Nil	45.97
2000-01	45.97	374.90	420.87	284.82	136.04
2001-02	136.05	404.13	540.18	236.85	303.33
Total (b)		**825.00**	**825.00**	**521.67**	**303.33**
Grand Total (a) + (b)		**1393.45**	**1399.30**	**990.17**	**409.13**

Central Assistance of Rs.47.41 crore were lost due to non-fulfillment of prescribed conditions

GOI deducted Rs.47.41 crore due to non-fulfillment of prescribed conditions viz - excess carryover balance (Rs.24.35 crore), late receipt of proposal (Rs.12.46 crore), short release of State share (Rs.6.41 crore) and others (Rs.4.19 crore). Loss of this Central Assistance deprived 23,702 beneficiaries from getting IAY houses.

Audit scrutiny also revealed the following:

State share of Rs.139.56 crore were kept under Civil Deposit/PL account

(i) Funds earmarked for the scheme, both Central and State shares were to be deposited in interest bearing savings banks accounts. Instead, the following amounts were kept as follows:

(a) State's share of IAY funds amounting to Rs.130.38 crore in respect of 9 DRDAs kept in PL account (Public Account).

(b) Rs.5.57 crore drawn by State Government in March 1999 and March 2000 kept in civil deposit in Public Account of Orissa.

(c) State's share of IAY amounting to Rs.3.61 crore in respect of 11 Panchayat Samities kept in PL account (Public Account).

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1 Cuttack, Ganjam, Jagatsinghpur, Kalahandi, Keonjhar, Koraput, Mayurbhanj, Puri and Sundergarh

2 Receipts include Central and State releases and other receipts under the scheme accounted for by DRDAs

(d) State's share of IAY funds amounting to Rs.2.17 crore in respect of 3 Panchayat Samities kept in current account and DCRs in commercial banks.

This led to loss of interest of Rs.103.83 lakh (Rs.72.40 lakh for DRDAs, Rs.16.06 lakh for Panchayat Samities and Rs.15.37 lakh at Government level). The Department stated (June 2002) that to safeguard the ways and means position of the State, funds were kept temporarily in civil deposit as advised by the Finance Department.

(ii) The State share was to be released within one month of the receipt of Central Assistance. Test check revealed delays ranging from 13 to 272 days which was attributed to the poor ways and means position of the State.

Advance of Rs.23.48 crore against beneficiaries were awaiting adjustment

(iii) Payments were to be made to the beneficiaries on staggered basis depending on the progress of work. Check of records revealed that advance of Rs.23.48 crore were outstanding against beneficiaries (March 2002). This indicated that adjustment of advance was not properly monitored and possibility of misuse or loss of funds could not be ruled out. Year-wise analysis of such advance was not available with the department. Further, Rs.170.40 crore released by 7 DRDAs to Blocks during 1997-2001 were shown as final expenditure without receipt of adjustment account and UCs from Blocks. This was inflated reporting of expenditure.

IAY fund of Rs.1.21 crore were diverted for other purpose

(iv) Rs.1.21 crore were irregularly diverted (May 1999) by DRDA, Mayurbhanj towards expenditure on drought mitigation measure. Of the said amount, Rs.12.61 lakh remained un-recouped as of March 2002. The PD, DRDA, Mayurbhanj stated that the amount was diverted as per instruction of PR Department to the Collector, Mayurbhanj.

UC for Rs.284.84 crore were pending with 9 DRDAs test-checked

(v) Utilisation Certificates for Rs.284.84 crore were pending as on 31 March 2002 with 9 DRDAs test checked.

5.1.1.5 Programme Management

The physical target and reported achievements for the entire State were as follows:

Year	Target	Achievement		No. of houses under construction
	No. of houses	Houses completed	Percentage of achievement	
(a) Construction including upgradation and additional for flood				
1997-98	45483	50023	110	18924
1998-99	67684	50671	75	38541
1999-2000	55221 (normal) 11612(upgraded)	53328 2861	97 25	40,000 -
2000-01	21889(normal) 10944(upgraded)	37173 26870	170 246	104483[3] 3732

[3] Separate figures for normal and cyclone categories were not available with the Department.

Year	Target	Achievement		No. of houses under construction
	No. of houses	Houses completed	Percentage of achievement	
2001-02	50640(normal) 25320(upgraded) 100000(flood)	27394 12857 2519	54 51 3	26132 8925 6592
Total (a)	**388793**	**263696**	**68**	**41649**
(b) **Cyclone (additional)**				
1999-2000	50,000	Nil	0	NA
2000-01	1,50,000	75518	50	NA
2001-02	4,00,000 (against cyclone backlog 2,00,000 – 75518)	32850 93868	8 75	263645 29731 (out of 2 lakh)
Total (b)	**6,00,000**	**202236**	**34**	**293376**
Grand Total (a) + (b)	**9,88,793**	**4,65,932**	**47**	**3,35,025**

Specific targets for different categories of beneficiaries, i.e. SC/ST, freed bonded labourers, non-SC/ST household, physically handicapped and widow of war personnel were not fixed. Only a mention was made in the sanction order that sixty *per cent* of the total expenditure should be incurred on houses for SC/ST categories. Thus, decision (March 1997) of GOI to earmark IAY fund for physically challenged persons was not given effect to. Eligible persons were also not identified at field level.

Only 68 *per cent* of targeted houses under normal category were completed

(i) Against 3.89 lakh houses targeted for construction including upgradation of kutcha houses under normal category during 1997-2002, only 2.64 lakh houses (68 *per cent*) were reportedly complete and 0.42 lakh houses were under construction as of March 2002. There were 54 to 97 *per cent* achievements in respect of construction of houses and between 25 and 51 *per cent* under up-gradation. Construction of large number of houses (0.83 lakh) was not taken up at all although there was no constraint of funds. In 9 test-checked DRDAs, 1.12 lakh houses were completed and 0.15 lakh houses were under construction against the target of 1.63 lakh houses during the period.

Achievement in Cyclone affected districts was only 34 *per cent*

6 lakh houses were allotted for the victims of Super Cyclone of 1999. Against this, only 2.02 lakh houses (34 *per cent*) were reported complete and 2.93 lakh houses were reportedly under construction. Out of Rs.825 crore, Rs.521.67 crore were spent as of March 2002. In 6 test-checked cyclone affected districts (Cuttack, Ganjam, Jagatsinghpur, Keonjhar, Mayurbhanj and Puri), 1 lakh houses were completed and 1.39 lakh houses were under construction against the target of 3.08 lakh houses. The Government attributed the shortfall to higher target for cyclone affected areas, non-availability of building materials, labourer and mason. In order to mitigate the difficulties of the victims and deprived, the Government will have to speed up the process.

Wrong reporting of achievements

(ii) Physical achievement of 110 *per cent* under normal category was not correct as large number of houses remained incomplete/under construction. Further, the reported achievements also included the achievement made against backlog of previous years. Similarly, in respect of upgradation of kutcha houses, the reported achievement of 246 *per cent* during 2000-2001 was found to be fictitious since test check revealed that up-gradation of 7628 houses were reported to the GOI in respect of 6 DRDAs (Cuttack, Ganjam, Jagatsinghpur, Keonjhar, Mayurbhanj and Puri) though no up-gradation was actually done nor reported by the concerned DRDAs.

Infructuous expenditure of Rs.2.22 crore due to non-completion of houses for years

(iii) Test check of records and information furnished to audit revealed that 1892 houses taken up in 37 blocks[4] for construction during 1990-99 had remained incomplete as of March 2002 after incurring expenditure of Rs.2.22 crore. No action had been initiated against defaulting beneficiaries for non-completion of houses or for recovery of advances. Reasons for non-completion of houses were not enquired by the BDOs/PD, DRDAs. Failure to complete the houses for many years points to misappropriation/misapplication of funds.

5.1.1.6 Irregular construction of IAY houses through external agency/contractor

354 IAY houses were entrusted for execution through external agency/contractor

Test check of records of DRDA, Jagatsinghpur revealed that Rs.5.55 lakh were placed with a Hyderabad based voluntary organisation AWARE in July 2000, as first instalment for construction of 111 houses in the village Ambiki under Erasama Block at an estimated cost of Rs.32,000 per house of which Rs.22,000 was to be met from IAY fund and balance to be borne by the organisation. Due to delay in construction, the DRDA asked the organisation on 22 January 2001 to refund the money forthwith. But the organisation submitted (25 January 2001) a revised estimate of Rs.30,000 per house to be financed by Rs.22,000 from IAY fund, Rs.3,000 by the organisation and Rs.5,000 to be contributed by the beneficiary for acceptance. No action was taken by the DRDA nor was the money refunded by the organisation as of January 2002. DRDA stated (January 2002) that Government had been moved in the matter. There was no further development in the matter as of September 2002.

Similarly, 243 houses were executed through contractor in 6 Blocks[5] at a total cost of Rs.28.71 lakh in violation of guidelines.

The guidelines further stipulated minimum plinth area of 20 sq.mts. In the Cyclone affected districts, the plinth area of IAY houses ranged between 11 to 15 sq.mts. with one room only which was not adequate to meet the minimum

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4 Balikuda, Balishankara, Barasahi, Betonati, Boriguma, Champua, Chatrapur, Cuttack Sadar, Dharmagarh, Erasama, Ganjam, Ghasipura, Ghatagaon, Hatadihi, Jagatsinghpur, Jashipur, Jeypore, Jhumpura, Junagarh, Kakatpur, Kaptipada, Kuarmunda, Kujang, Kukudakhandi, Lathikata, Narla, Niali, Nimapara, Nischintakoili, Rajgangpur, Rangeilunda, Salipur, Similiguda, Sundargarh, Tangi-Choudwar, Tirtol and Udala

5 Balikuda, Champua, Chatrapur, Jhumpura, Kukudakhandi and Niali

requirements with regard to kitchen, sanitary facility and community preference.

5.1.1.7 Non-provision of smokeless chulha

Smokeless chulha were not provided in 4.01 lakh houses

The IAY scheme envisaged that each IAY house including kutcha houses converted to pucca houses should be provided with smokeless chulha. Audit scrutiny disclosed that out of total 4.66 lakh houses reported constructed in the State during 1997-2002, only 0.65 lakh houses (14 *per cent*) were provided with smokeless chulhas.

It was further observed that smokeless chulhas as per approved specification and design were not installed but portable chulhas without chimney were supplied to the beneficiaries which were not smokefree.

5.1.1.8 Non-construction of sanitary latrine

Sanitary latrines were not provided in 3.71 lakh houses

Construction of sanitary latrine was mandatory in new and upgraded houses. The unit cost of each IAY house also included cost of sanitary latrine.

Scrutiny of records revealed that out of total 4.66 lakh houses reported constructed (1997-2002), only 0.95 lakh houses (20 *per cent*) had been provided with sanitary latrine.

Test check of records further revealed that in the name of sanitary latrine, the houses were provided with Barpali Latrine Pan at a cost of Rs.270 to 280 against Rs.2250 available for sanitary latrine.

Non-construction of 3.71 lakh sanitary latrines in the IAY houses of the entire State in violation of guideline despite utilisation of full unit cost amounted to denial of facility to the beneficiaries apart from possible health hazard to the beneficiaries as well as the environment.

5.1.1.9 Irregular allotment of houses

IAY houses allotted to 252 beneficiaries not in BPL list

i) As per guidelines, beneficiaries were to be member of BPL households. Test check revealed that 252 persons in 17 blocks[6] whose names did not appear in the BPL list, were allotted the houses. Thus, expenditure of Rs.48.01 lakh incurred on these houses was irregular and inadmissible.

IAY houses allotted to 25 beneficiaries in disregard of eligibility criteria

ii) According to guideline, the eligibility criteria in the cyclone affected districts for IAY house were that (a) the beneficiary family should not have a pucca house (b) the beneficiary should not have got any pucca house from other source and (c) no member of family of the beneficiary should be working in Government/Semi Government/private company.

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6 Balishankara (8), Betonati (5), Champua (18), Chatrapur (8), Cuttack Sadar (23), Ghasipura (28), Ghatagaon(4), Hatadihi (19), Jashipur (17), Jhumpura (17), Kaptipada (6), Kukudakhandi (6), Puri (1), Salipur (57), Tangi-Choudwar (5), Tirtol (19) and Udala (11)

Test check, however, revealed that in Jagatsinghpur district on re-verification conducted (April 2002) by the Project Director and Additional Project Director, DRDA, Jagatsinghpur, it was found that 25 beneficiaries of 3 Blocks (Raghunathpur, Kujang and Tirtol) were allotted IAY houses on the recommendation of verifying officer although 22 had pucca houses, one was a driver and two beneficiaries were ineligible for other reasons. It was ordered to recover the amount from the ineligible beneficiaries and initiate proceedings against nodal officer who conducted verification. Recovery of amount and initiation of proceedings were awaited (May 2002).

iii) IAY guidelines provide for allotment of a house in the name of female member or alternatively in the joint name of both husband and wife. Scrutiny of records revealed that 72,613 houses other than additional houses for cyclone affected districts, were allotted in the name of male members of household.

5.1.1.10 Other points of interest

Reduced benefit of Rs.15.41 crore was given to 58,614 beneficiaries

(i) From 1 August 1996, the cost norm was revised to Rs.20,000 for plain area and Rs.22,000 for hilly and difficult area. Construction assistances were given to 58614 beneficiaries at rates less by Rs.400 to Rs.9,500 than the prescribed norm resulting in reduced benefit of Rs.15.41 crore to the beneficiaries in 7 DRDAs[7].

Exemption of Central Excise Duty and Orissa Sales Tax on building materials amounting to Rs.16.10 crore not availed of

(ii) In 14 Cyclone affected districts of Orissa, GOI and the State Government granted exemption, for cement and steel rods from payment of Central Excise Duty (CED) and Orissa Sales Tax (OST) from 18 August 2000 and 9 October 2000 respectively until July 2003. Exemption from CED and OST were to be extended by the manufacturers on receipt of certificate issued by the Secretary, PR Department.

The State Government appointed (March 2001) 13 PDs, DRDAs of Cyclone affected districts as Indenting Officers for procuring cement from M/s IDCOL Cement Ltd., Bargarh, M/s OCL India Ltd., Rajgangpur, M/s L&T Ltd., Jharsuguda and steel rods from M/s SAIL through their branch office at Bhubaneswar. The materials were to be delivered at block level.

2.02 lakh additional IAY houses completed by March 2002 in Cyclone affected districts required 3.54 lakh MT cement and 0.26 lakh MT steel rod against which only 2,00,079.48 MT cement and 2892 MT steel rod were procured (by March 2002) at duty/tax exempted rates. Non-procurement of balance 1,53,833.52 MT cement and 23398.7 MT steel rod at duty/tax exempted rates led to non-availment of duty/tax exemption of Rs.16.10 crore (CED -Rs.9.95 crore and OST -Rs.6.15 crore) by the concerned DRDAs.

(iii) As per cost analysis of SAIL, the cost price of M.S Tor steel for delivery at block points was Rs.16,145 per MT. Since the steel rod supplied for IAY houses were exempt from CED and OST, the cost price reduced to Rs.13,552. It was however seen in audit that M/s SAIL charged Rs.14,534 per

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[7] Ganjam, Jagatsinghpur, Kalahandi, Keonjhar, Koraput, Mayurbhanj and Sundergarh.

MT and was paid Rs.28.40 lakh in excess on purchase of 2892 MT steel rods by 54 blocks in 11 districts between January 2001 and March 2002.

(iv) Records of 9[8] out of 43 blocks test checked revealed that 6628 bags of cement valued at Rs.7.29 lakh were found clodded and became useless due to lack of storage facility. 195 houses could have been completed with this cement.

Disaster resistant houses not constructed

(v) According to the specification approved by the State Government in Panchayati Raj Department and communicated (May 2000) to DRDAs, 4.9 qtl. of steel rods were required for construction of each house with frame structure having pillars designed to resist cyclone. Test check of records of 7 blocks[9] revealed that only 0.60 qtl (Ghasipura block in Keonjhar district) to 3.50 qtl. steel rods (Kakatpur block of Puri district) per house were issued by the BDOs. This indicated that the houses constructed were not disaster resistant.

Inventory of houses not maintained

(vi) Details like name, occupation and category of beneficiary, date of start, date of completion and cost of the house, name of village and block in which the house is situated and acknowledgements from the beneficiary are to be maintained by the implementing agencies. Test check of block records revealed that inventory register was not maintained in the absence of which authenticity of physical progress could not be ensured.

It was also required to fix IAY logo after completion. According to information furnished and on test check of records it was revealed that only 2 out of 43 blocks test checked followed the system of displaying IAY logo.

5.1.1.11 Monitoring

Monitoring of the scheme was not satisfactory and no machanism existed to verify correctness of data furnished by field offices

The IAY guidelines stipulated a schedule of inspection from State to Block level to be drawn up and strictly adhered to. But no such schedule of inspection was drawn nor any inspection report in support of field visit could be shown to audit.

The State Level Coordination Committee (SLCC) had only three meetings under the Chairmanship of the Chief Secretary and discussion on IAY was held only in two meetings. Thus, monitoring by SLCC was not very effective. Though periodical reports and returns were sent to GOI on the basis of reports from DRDAs, no mechanism existed to verify the correctness of data furnished. Test check of records of Blocks revealed that base records on which monthly progress reports were prepared were not maintained. Guidelines provided that suitable Non-Government Organisations (NGOs) with proven track record should be entrusted with the task of guidance and monitoring of construction of IAY houses especially for motivating beneficiaries regarding use of sanitary latrine and smokeless chulha. However, no NGO was associated with the IAY programme.

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8 Jagatsinghpur, Biridi, Balikuda, Tirtol, Erasama, Kujang, Niali, Kakatpur and Ghasipura

9 Balikuda, Ghasipura, Hatadihi, Jagatsinghpur, Kakatpur, Niali and Tangi - Chowdwar

5.1.1.12 Evaluation

Evaluation Report not received

Guidelines provided for conducting periodic evaluation through reputed institutions and for taking remedial measures. It was stated (June 2002) by the State Government that the evaluation was entrusted to the State Institute of Rural Development (SIRD) but the report was awaited.

5.1.2 Pradhan Mantri Gramodaya Yojana (Gramin Awas)

The Pradhan Mantri Gramodaya Yojana (Gramin Awas) was launched by the GOI from 1 April 1999 to supplement the IAY. The scheme was fully funded by GOI and 10 *per cent* was earmarked for infrastructure like road, drainage, drinking water, plantation etc. and upto 20 *per cent* of proposed fund was to be utilized for the conversion of kutcha houses into pucca houses. Rs.25.82 crore were released by GOI during 2000-2002 of which Rs.19.31 crore were spent.

5.1.2.1 Physical target and achievement

The physical target vis-à-vis achievements were as indicated below:

Year	Spill over	Target for the year (No. of houses)	Total target	Houses completed (Nos.)	Percentage of achieve-ment	Incomplete houses
2000-01	--	6315	6315	368	6	5947
2001-02	5947	4722	10669	6693	63	3976

Following observations were made in audit.

Poor utilisation of funds under infrastructure

Though 10 *per cent* of the allocation was for infrastructure, no information was available regarding expenditure on infrastructure development during 2000-01. As intimated (June 2002) by the State Government, Rs.2.56 crore was available under infrastructure during 2001-02, against which expenditure was Rs.1.12 crore (44 *per cent*) on internal road, drainage and drinking water leaving unspent balance of Rs.1.44 crore.

5.1.3 Credit-cum-Subsidy Scheme

Fund was not allocated for conversion of kutcha house into pucca house

The Credit-cum-Subsidy Scheme for rural housing was launched by the GOI from 1 April 1999 to provide loan and subsidies to the rural households having an annual income upto Rs.32,000 for construction of dwelling houses. 60 *per cent* of the total subsidy allotted was to be utilised for houses of Scheduled Caste, Scheduled Tribe and freed bonded labourers. The allocation of subsidy was to be shared on 75:25 basis between the Centre and States. The ceiling of subsidy was fixed at Rs.10,000 per household with maximum loan amount of Rs.40,000. In Orissa, the scheme was implemented by Government in Panchayati Raj Department through Orissa Rural Housing Development Corporation Ltd.(ORHDC).

5.1.3.1 Funding

Funding details were as follows:

(Rs. in lakh)

Year	No. of units allocated	Allocation of fund			Release			Expend-iture
		Central	State	Total	Central	State	Total	
1999-2000	17871	1335.20	445.06	1780.26	667.60	--	667.60	561.79
2000-2001	11655	874.12	291.38	1165.50	812.06[A]	222.53[B]	1034.59	1107.55
2001-2002	2931	219.85	73.28	293.13	--	270.69[C]	270.69	303.54
Grand Total	**32457**	**2429.17**	**809.72**	**3238.89**	**1479.66**	**493.22**	**1972.88**	**1972.88**

Short release of funds against units allocated during 1999-2001

Against total requirement of Central Assistance of Rs.22.14 crore (Rs.7,500 X 29,526) for 29,526 units targeted to be covered during 1999-2001, Rs.14.80 crore were released by GOI resulting in short release of Rs.7.34 crore with consequent short release of State matching share amounting to Rs.2.45 crore (Rs.2,500 X 29,526 - 493.22).

Funds against allocation for 2001-02 not released

Central Assistance (subsidy) was not released during 2001-2002 due to failure of State Government to supply the required information regarding quantum of loan, loaning institution, rate of interest, progress report and UC of previous year. In reply, it was stated by the State Government that though the ORHDC was reminded time and again, no information was furnished. Since ORHDC was a Government owned Corporation, inability of the Government to elicit information was unacceptable.

5.1.3.2 Physical targets and achievements

The physical targets and achievements were as follows:

Year	Annual target	Houses completed	Houses under construction
1999-2000	17871	14981	2457
2000-2001	11655	13601	876
2001-2002	--	876	--
Total	**29526**	**29458**	

Incomplete houses were reported complete

It was stated (June 2002) by the ORHDC in reply to an audit query that of the 29458 houses reported complete, 23307 houses were constructed upto lintel

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A Included Rs.375 lakh pertaining to 1999-2000

B Pertaining to 1999-2000

C Includes Rs.125 lakh towards State share against (2nd instalment) for 1999-2000 and balance Rs.145.69 lakh relates to 2000-2001.

ong/incurring excess expenditure over allottment
g to suspense head

Irregularities reported			
Upto 31.3.00	**For 2000-01**	**Upto 31.3.01**	**For 2001-02**
-	0.50	-	
-	28.01	96.32	
		0.2894	
-	-	16.56	
	28.51	**113.1694**	

level and above. Thus, completion of 29458 houses reported in the Progress Report of ORHDC was not factually correct.

(i) Non-adjustment of subsidy against loan account

Subsidy component of Rs.19.73 crore not adjusted against loan accounts of beneficiaries

According to the modality decided by the Government in Panchayati Raj Department, subsidy was to be adjusted against the loan account of the beneficiary after completion of the houses. Though expenditure of Rs.19.73 crore was reportedly incurred by ORHDC on subsidy (March 2002) and stated to have been adjusted in the loan account of the beneficiaries, test check of records of district offices of ORHDC (Cuttack, Puri and Ganjam) disclosed that no adjustment of subsidy had been carried out as of March 2002. It was stated by the District units of ORHDC that it was in progress in the ORHDC headquarter. The ORHDC headquarter also could not furnish district-wise details of adjustment of subsidies. In the absence of timely adjustment of subsidies in the loan account of beneficiaries, the BPL persons were burdened with extra interest charges.

(ii) Non-provision of sanitary latrine and smokeless chulha

Sanitary latrines and smokeless chulha not provided in the houses

According to the guidelines, houses constructed under the scheme should be provided with sanitary latrine and smokeless chulha. But no such facilities were provided. ORHDC agreed to examine the matter.

5.1.4 Rural Building Centre

The scheme of Rural Building Centre (RBC) was launched by the GOI from 1 April 1999. The primary objectives were technology transfer and information dissemination, skill upgradation through training and production of cost effective and environmental friendly materials. This scheme was funded by the GOI (Ministry of Rural Development) through the HUDCO at the rate of Rs.15 lakh for each RBC.

RBCs did not come up despite availability of funds

The ORHDC received (August 2001) Rs.30.00 lakh from HUDCO as first instalment to set up 5 RBCs at Kishore Nagar (Cuttack district), Mahakalpada and Marshaghai (Kendrapara district), Balipatna (Khurda district) and Erasama of Jagatsinghpur district. The money was distributed to NGOs for utilisation at the rate of Rs.6 lakh (Rs.1.50 lakh on land development and Rs.4.50 lakh on building infrastructure). The RBCs were not set up as of February 2002. Delay was attributed to land disputes. Due to delay, the Corporation also could not avail itself of full assistance of Rs.15 lakh for each RBC. Thus, release of funds without finalisation of site with consequential delay on setting up of RBC resulted in blockage of Rs.30 lakh and non-achievement of the desired objective.

The matter was referred demi-officially to the Secretary to the Government, Panchayati Raj Department in July 2002 and was followed by a demi-official reminder in September 2002. No reply had been received (October 2002).

5.2 SWARNJAYANTI GRAM SWAROZGAR YOJANA

To overcome the inherent problems[10] of Integrated Rural Development Programme (IRDP) and allied programmes, Government of India (GOI) consolidated these programmes, restructured and rechristened as Swarnjayanti Gram Swarozgar Yojana (SGSY) from 1 April 1999. SGSY aimed at bringing every assisted family above the poverty line in three years with focus on group approach. Number of Below Poverty Line (BPL) families identified in 1997 was 45.03 lakh in the State. No resurvey was done thereafter. The implementation of the programme was poor and less than 2 *per cent* BPL beneficiaries were covered each year against desired coverage of 6 *per cent*. There was no effective monitoring and verification of assets through regular field visits by the Departmental Officers.

Highlights

- **Central Assistance of Rs.30.93 crore was lost due to shortfall in State share, delayed submission of proposal etc.**

(Paragraph 5.2.4.1)

- **Rs.3.99 crore were irregularly diverted towards administrative expenses.**

(Paragraph 5.2.4.3)

- **Coverage of BPL families was less than 2 *per cent* per annum against target of 6. Coverage of women, SC and ST beneficiaries fell short by 9 to 38 *per cent*.**

(Paragraphs 5.2.7 and 5.2.7.1)

- **Selection of Key Activities for the beneficiaries was faulty and participatory process was not followed. Line departments and financing banks were not involved in preparation of Project Reports.**

{Paragraph 5.2.8 (i)(ii)}

- **There was delay of 2 to 7 months in disbursement of bank loan. Loan of Rs.46.32 lakh released to beneficiaries was actually retained in fixed deposits/S.B. Accounts.**

(Paragraph 5.2.9.1)

- **Assets valued at Rs.2.19 crore were either not existent or partly existent.**

(Paragraph 5.2.9.2)

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10 Lack of proper social intermediation, absence of desired linkages among Integrated Rural Development and allied programmes, non-focussing on the substantive issue of sustainable income generation etc.

- **Out of 27461 SHGs formed in 8 districts, only 1485 SHGs (5 *per cent*) could take up economic activity. Revolving Fund of Rs.4.39 crore was not utilised by March 2002.**

(Paragraph 5.2.9.5)

- **SGSY funds of Rs.2.07 crore were irregularly spent in 6 DRDAs for creation of general infrastructure/inadmissible work.**

{Paragraph 5.2.9.6 (ii)(iii)}

- **Training fund of Rs.4.81 crore remained unutilised in 8 districts and shortfall in training programme was 64 *per cent* in four of these districts.**

{Paragraph 5.2.9.7(i)(ii)}

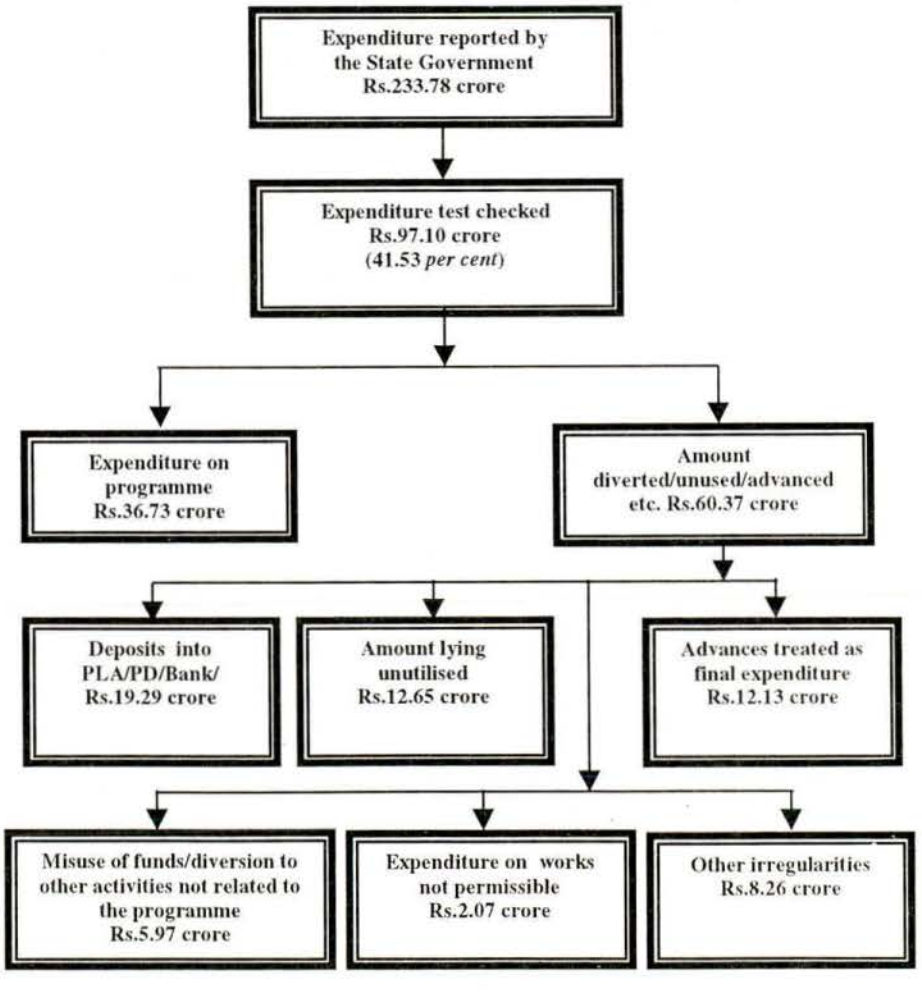
- **District level authorities in the 8 districts test checked did not take any initiative for providing market support to beneficiaries.**

(Paragraph 5.2.9.9)

- **There was lack of proper planning, mobilisation and monitoring of the programme.**

(Paragraph 5.2.10)

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



5.2.1 Introduction

SGSY, a Centrally sponsored self employment programme was implemented from April 1999 through District Rural Development Agencies (DRDAs) involving both assistance from Government (GOI/State) and loan from banks. Government assistance was shared between the GOI and the State Government in the ratio of 75 *per cent* and 25 *per cent*. GOI share was released direct to the DRDAs. This money was to be utilised by the DRDAs for training (10 *per cent*), revolving fund (10 *per cent*), infrastructure (20 *per cent*) and subsidy for economic activities (60 *per cent*). Subsidy under SGSY would be 30 *per cent* of the project cost subject to maximum of Rs.7500. However, in respect of Scheduled Caste (SC)/Scheduled Tribe (ST) beneficiaries (swarozgaris), it was 50 *per cent* of the project cost subject to maximum of Rs.10,000 whereas for Groups of Swarozgaris (SHG), it was 50 *per cent* subject to a ceiling of Rs.1.25 lakh. However, there would be no monetary limit on subsidy for irrigation projects.

5.2.2 Organisational set up

Government in Panchayati Raj (PR) Department is in overall charge of the programme. The programme was monitored by the State Level SGSY (SLSGSY) Committee chaired by the Chief Secretary and the District Level SGSY (DLSGSY) Committee. The programme was implemented at Block level by the Block level SGSY (BLSGSY) Committee and credit financing was made by the Public Sector and Rural Banks under a lead bank in each district. The selection of Key Activities was done by the BLSGSY Committee and approved by the DLSGSY Committee in consultation with experts and line departments. Selections of cluster/villages/beneficiaries is done by the BLSGSY Committee in association with the banks and the Panchayat Samities.

5.2.3 Audit coverage

Execution of the programme during 1999-2002 was reviewed in audit by test check of records in PR Department at Government level, 8[11] out of 30 DRDAs, 34[12] Blocks, 34 financing banks and 38 Gram Panchayats. Total expenditure covered in audit was Rs.97.10 crore.

5.2.4 Funding

The funding position (both GOI share and State share) as reported by the State

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11 (i) Bolangir, (ii) Balasore, (iii) Dhenkanal, (iv) Ganjam, (v) Jajpur, (vi) Kalahandi, (vii) Khurda and (viii) Mayurbhanj

12 Deogaon, Titilagarh, Patnagarh, Agalpur, Balasore, Baliapal, Soro, Remuna, Khaira, Nilgiri, Jaleswar, Dasarathpur,Binjharpur,Odapada, Hindol, Chatrapur, Purushottampur, Dhenkanal, Sanakhemundi, Sorada, Buguda, Digapahandi, Rangeilunda, Bhawanipatna, Kesinga, Junagarh, Bangiriposi, Bisoi, Jashipur, Betanoti, Kaptipada, Khurda, Begunia and Tangi

Government was as follows:

(Rupees in crore)

Year	Opening balance	Receipts*	Total	Expenditure	Closing balance
1999-2000	27.80	103.93	131.73	74.58	57.15
2000-2001	44.67	68.51	113.18	97.81	15.37
2001-2002	14.99	42.76	57.75	61.39	(-)3.64
Total				**233.78**	

* includes Central and State shares and other receipts accounted for by the DRDAs during the relevant year(s).

Government stated (September 2002) that the discrepancies between closing balance of the previous year and the opening balance of the following year were due to transfer of Million Well Scheme funds from SGSY to Employment Assurance Scheme and reconciliation of discrepancies in the opening balance of 2 DRDAs (Kalahandi and Jharsuguda). As regards excess expenditure by the end of March 2002, Government stated that accounts were under reconciliation.

Even though the guidelines provided for maintenance of separate accounts under Infrastructure Fund, Training Fund, Revolving Fund and Subsidy Fund, no separate accounts were maintained.

5.2.4.1 Loss of Central Assistance

State Government lost Central Assistance of Rs.30.93 crore due to shortfall in budgeting State share

GOI released funds in two instalments, first by end of May and second on receipt of intimation regarding budget allocation by the State to ensure that the State allocated the proportionate share subject to submission of proposals in time etc. Audit scrutiny revealed that the State Government lost Central Assistance of Rs.30.93 crore during 1999-2002 due to short allocation, delayed submission of proposals and excess opening balance at the beginning of the year. Government accepted (July 2002) the factual position.

5.2.4.2 Loss on account of interest on overdraft

PD, DRDA, Mayurbhanj maintained SB Accounts at Baitarani Gramya Bank (BGB), Baripada. The Bank debited Rs.2.03 crore to the said account towards subsidy disbursed during 23 March to 29 May 2000 which exceeded the balance in the account by Rs.1.16 crore until August 2000. The Bank charged interest of Rs.6.42 lakh on this overdraft which was ultimately met from subsidy account. Had IRDP funds of Rs.1.78 crore available in other Bank accounts been transferred to SGSY accounts, as required, the above overdraft and interest could have been avoided.

5.2.4.3 Diversion of SGSY Funds

SGSY fund of Rs.3.99 crore was diverted for administrative purposes

8 test checked DRDAs diverted Rs.3.90 crore from SGSY funds to meet staff salaries, travelling expenses, contingencies etc. Similarly, 4 DRDAs[13] diverted Rs.9.46 lakh for purchase of computers.

5.2.4.4 Irregular parking of funds in PL Account

SGSY funds were kept in PL Accounts for 2 to 575 days

Government directed DRDAs to credit the SGSY amount to the PL Account of DRDAs (instead of depositing in the SB Account). Consequently, 8[14] DRDAs kept the State share of Rs.17.57 crore in their PL Accounts during 1999-2002 for periods ranging between 2 and 575 days.

5.2.4.5 Retention of funds relating to erstwhile schemes under Civil Deposit

The unspent balance of erstwhile self employment schemes were to be transferred to SGSY funds. But Rs.15.66 crore (IRDP: Rs.15.03 crore + TRYSEM: Rs.0.63 crore) were not transferred.

5.2.5 Outstanding advance

Advance of Rs. 9.85 crore reported as final expenditure

Audit scrutiny revealed that advance of Rs.9.85 crore paid to the BDOs/Executing Agencies during 1999-2002 were exhibited in DRDAs' monthly reports as final expenditure pending adjustment of such advance as of March 2002.

5.2.6 Non-submission of Utilisation Certificates

UCs for Rs.7.10 crore were wanting as of March 2002

Utilisation Certificates (UCs) for Rs.7.10 crore were not submitted by the Executing Agencies in 8 test checked DRDAs as of March 2002.

5.2.7 Physical performance

Coverage of BPL families was less than 2 *per cent* against desired coverage of 6 *per cent* per annum

30 *per cent* of the Swarozgaris were to be covered in a period of 5 years which meant 6 *per cent* in each year whereas the actual coverage ranged between 1.3 *per cent* and 1.9 *per cent* per annum during 1999-2002. The physical targets fixed and achieved were as under.

Year	Total No. of BPL families	Target to be fixed as per norms (@ 6 *per cent*)	Target fixed	Shortfall in fixation	Achieve-ment	Shortfall in achievement	Percentage of coverage of BPL families (Col.6 to Col.2)
1	2	3	4	5	6	7	8
STATE LEVEL							
1999-2000	45,02,809	270168	99583	170585 (63%)	74633	24950 (25%)	1.7
2000-2001		270168	99094	171074 (63%)	86171	12923 (13%)	1.9
2001-2002		270168	53755	216413 (80%)	59233	NIL	1.3

13 Dhenkanal, Ganjam, Kalahandi and Mayurbhanj

14 Balasore, Bolangir, Dhenkanal, Jajpur, Mayurbhanj, Kalahandi, Khurda and Ganjam.

Despite less targeting, achievements fell short of the target by 13 to 25 *per cent*

Shortfall in fixation of targets ranged between 63 and 80 *per cent* and even the reduced targets were not achieved to the extent of 25 and 13 *per cent* during 1999-2000 and 2000-01 respectively. Reasons therefor were not furnished by the Government (October 2002).

5.2.7.1 Shortfall in coverage of women and SC/ST swarozgaris

40 *per cent* of the swarozgaris covered should be women and 50 *per cent* from SC/ST category. This was not so and achievements were as follows:

A. Women category

Coverage of women and SC/ST beneficiaries fell short by 16 to 38 and 9 to 11 *per cent* respectively

Year	Total Achievement	Number of women swarozgaris to be covered as per norm (40 *per cent*)	Number of women swarozgaris actually covered	Shortfall in coverage	Percentage of shortfall in coverage
1999-2000	74633	29853	21626	8227	28
2000-2001	86171	34468	21347	13121	38
2001-2002	59233	23693	19842	3851	16

B. SC/ST category

Year	Total achievement	Number of SC/ST swarozgaris to be covered as per norms (50 *per cent*)	Number of SC/ST swarozgaris actually covered	Shortfall in coverage	Percentage of shortfall
1999-2000	74633	37317	33272	4045	11
2000-2001	86171	43086	39058	4028	9
2001-2002	59233	29616	43071	--	--

5.2.8 Planning

The scheme envisaged detailed planning at DRDA level for Key Activity (KA) selection, identification of swarozgaris and making provision for skill upgradation, technology transfer and market support. As per guidelines, stress should be on cluster approach in selection of KA and the choice should not be arbitrary. Further, there should be a Project Report (PR) for each key activity indicating *inter alia*, various elements required such as training, credit, technology, infrastructure, marketing and number of people that could be covered economically in a block. The annual plans were prepared at DRDA. Test check of records in audit revealed the following deficiencies:

Tentative selection of key activities without any base work

(i) Report on selection of KA was not available nor the records based on which each KA was selected, were available. In 3 DRDAs (Ganjam, Jajpur and Khurda), records did not indicate selection of KA through participatory process with village Sarpanch and group of rural poor. The PD, DRDA, Ganjam stated (May 2002) that selection of KA was a type of opinion survey and selections were based on local resources. The selected KAs were not reviewed/re-evaluated with ground experience at the end of evey two years in 4 DRDAs (Jajpur, Khurda, Kalahandi and Mayurbhanj). DRDA, Ganjam stated that formal review was made, no review report was, however, available. Though the DLSGSY Committee was to select not more than 4-5 KAs per

block, the KAs selected in 6 blocks (Agalpur, Deogaon, Patnagarh, Dasarathpur, Kuliana and Betonati) ranged between 6 and 14.

(ii) Line departments were not involved in preparation of PRs as verified from 10 out of 22 PRs of test checked districts. In 14 PRs, the number of beneficiaries to be covered under each KA was not indicated and there was no evidence of involvement of financing banks in preparation of 20 PRs. In 4 districts (Ganjam, Jajpur, Khurda and Mayurbhanj), elements like 'Training', 'Credit', 'Technology' and 'Marketing' were not discussed in 18 PRs.

Due to lack of proper planning and co-ordination, assistance was sanctioned to less beneficiaries than viable

(iii) In 3 districts (Balasore, Bolangir and Ganjam), key activities for 51861 beneficiaries were considered viable against which only 34715 cases (67 *per cent*) were sanctioned assistance. This indicated lack of proper co-ordination with financing banks.

5.2.9 Programme implementation

5.2.9.1 Assistance to individuals

(i) Non-disbursement of sanctioned loans to the beneficiaries

Bank loans were not disbursed/short-disbursed to the beneficiaries in 2/7 blocks

As per the physical verification conducted (May 2001) in 2 blocks (Bangiriposi and Remuna), loans of Rs.5.25 lakh sanctioned (December 2000-March 2001) in favour of 21 swarozgaris were not disbursed (May 2001). In 7 blocks[15], physical verification conducted by the block officials (October 2000 - June 2001) revealed that against sanctioned loan of Rs.51.45 lakh, only Rs.36.02 lakh were disbursed to 231 swarozgaris. Reasons for non-disbursement of balance amount were not on record.

(ii) Delay in disbursement of loans by banks

Disbursement of loans by banks delayed by 2 to 7 months

In 7[16] blocks delay in payment of loans to 346 swarozgaris by the banks during 2000-01 ranged between 2 and 7 months.

(iii) Irregular retention of loan in FDR and SB Accounts

Bank loans were retained in SB Account or Fixed Deposits instead of disbursing to the beneficiaries for generation of income

In 5 test-checked blocks[17], Rs.46.32 lakh relating to 438 swarozgaris were retained by the banks either in fixed deposit or in SB Account for 15 to 870 days. The SB account pass books and loan pass books were reportedly not made over to at least 51 swarozgaris by the financing banks (BOI, Similipal) under Jashipur block and were also not allowed to withdraw the loan. Similarly, in Kaptiapada block, 13 beneficiaries financed by 4 banks were not permitted to withdraw the loan.

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15 Balasore, Jaleswar, Remuna, Bhawanipatna, Golamunda, Kesinga and Junagarh.

16 Balasore, Bangiriposi, Betonati, Jashipur, Kaptipada Sadar, Kuliana and Remuna

17 Bangiriposi, Bisoi, Jashipur, Kaptipada and Kuliana.

5.2.9.2 Asset management

Assets valued Rs.2.19 crore were non-existent/partly existent

(i) PD, DRDAs, Bargarh/Nayagarh released Rs.20.97 lakh in favour of 569 beneficiaries. Physical verification (September 1999) by BDO, Ranapur and PD, DRDA, Bargarh, however, revealed that assets were not in existence.

In 3 blocks[18] Asset Register was not maintained despite expenditure of Rs.13.43 crore. In 15 blocks[19], assets valued at Rs.1.77 crore were either not created or partly created by 961 swarozgaris while 113 assets created in Chatrapur block at a cost of Rs.21 lakh were in a damaged/defunct condition, thereby reducing income generation.

5.2.9.3 Defaulters in repayment of loans

There was default in repayment of loan of Rs. 1.96 crore in 4 districts

Test check in 18 banks in 4 districts[20] revealed that 576 beneficiaries defaulted in repayment of loan of Rs.1.96 crore as of March 2002.

5.2.9.4 Income Generation

The net monthly income of the swarozgary was targeted to be not less than Rs.2000 per month, after repayment of bank loan. In May 2002, DRDAs, Jajpur and Ganjam stated that the swarozgaris achieved the desired level of income whereas DRDAs, Balasore and Kalahandi stated that the swarozgaris achieved it partially. DRDA, Mayurbhanj stated that the swarozgaris did not achieve the targeted income.

Swarozgaris did not achieve monthly income of Rs.2000 and generally it was below Rs.1000

Scrutiny of 140[21] beneficiary assessment reports obtained by audit disclosed that none of the swarozgaris had achieved the desired monthly income of Rs.2000. In 3 blocks[22] verification by the BDOs revealed the monthly income to be between Rs.200 and Rs.1800 and generally did not exceed Rs.1000.

5.2.9.5 Self Help Group (SHG)

Against 27461 SHGs formed in 8 districts, only 1485 SHGs (5 *per cent*) could take up economic activity

For coverage under the programme SHGs would go through three stages of evolution viz. Group Formation (stage-I), Capital Formation through the Revolving Fund and Skill Development (stage-II) and taking up economic activity for income-generation (stage-III). As against 27461 SHGs formed in 8 test-checked districts, only 7993 (29 *per cent*) reached Group-I stage of which only 2818 SHGs reached Group-II stage and finally 1485 SHGs (only 5 *per cent* of SHGs formed) had taken up economic activity (Group-III stage).

Audit observed that grading of SHG was done by the BDO/CDPO and not by any independent agency as indicated in guidelines.

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18 Begunia, Khurda and Purushottampur.

19 Begunia, Bhawanipatna, Chatrapur, Golamunda, Hindol, Jashipur, Jaipatna, Junagarh, Kaptipada, Kesinga, Khaira, Khurda,Nilgiri,Odapada and Remuna.

20 Balasore, Bolangir, Dhenkanal and Mayurbhanj.

21 Mayurbhanj-6, Dhenkanal-20, Bolangir-40, Ganjam-20, Kalahandi-33, Balasore- 7, Khurda -4, Jajpur-10.

22 Hindol, Khaira and Begunia.

As per the guidelines, greater emphasis should be on group approach. In 4 districts[23], the number of beneficiaries (4709) covered under SHG were 12 *per cent* of total beneficiaries (39963) which indicated that group approach was neglected.

Revolving fund of Rs.4.39 crore not utilised in 8 districts

In 8 test checked districts, Rs.7.07 crore were allotted towards revolving fund of which only Rs.2.68 crore (38 *per cent*) were utilised. Poor utilisation of revolving fund indicated little emphasis on group approach.

5.2.9.6 Infrastructure creation

Out of Rs.17.47 crore in infrastructure fund, Rs.15.71 crore were utilised in 8 test checked districts. Following points were noticed:

(i) 151 infrastructure activity/projects for which funds of Rs.6.82 crore were released remained incomplete for 1 to 3 years.

SGSY fund of Rs. 78 lakh spent for inadmissible works

(ii) According to Government of Orissa's instructions (October 1999/May 2001), Lift Irrigation Projects could be taken up under SGSY only by way of subsidy with mandatory credit linkage. In disregard of the instructions, PD, DRDA, Khurda expended Rs.78 lakh on 12 LIPs without the mandatory credit linkage during 2000-2002 on the plea that the credit component was high in case of LIPs and the expected return might not be adequate to meet the interest burden. The financing of LIP without credit linkage was irregular.

SGSY funds of Rs.1.29 crore irregularly spent for creation of general infrastructure

(iii) Infrastructure created at a cost of Rs.1.29 crore by 5 DRDAs were for general purposes and not for identified KA as detailed below:

Name of the DRDA (Key Activities)	Name of the infrastructure	Amount involved (Rupees in lakh)
Mayurbhanj (Paddy processing, Irrigation and farm mechanism including Dairy development)	Construction of Training centre and Godown	23.50
	Construction of cattleshed (Animal Hat) in Saraskana block	3.05
Balasore (Integrated farming, paddy processing, Agro service centre, Dairy)	Construction of Godown and purchase of computers	61.29
Dhenkanal (Dairy, Goatary, Poultry, Paddy Processing, Mushroom cultivation)	Construction of 15 live stock centres in 8 blocks	12.75
	Development of Sadar fish farm	4.43
	Establishment of Capital Nursery	2.07
	Provision of Block level Fishery minikits	2.08
Bolangir (L.I point, brick making, Dairy, weaving, Rice processing)	Construction of five Onion storage godowns	14.46
Kalahandi (Minor Irrigation, Brick making, Dairy, Banana cultivation, Goatary)	Expansion of ginning unit at Konark Cotton Growers Co-operative Spinning Mill	5.00
Total		**128.63**

[23] Balasore, Dhenkanal, Kalahandi and Mayurbhanj.

The PD, DRDA, Mayurbhanj stated (January 2002) that construction of Training Centre and Godown was as per the decision of DLSGSY committee whereas the PD, Balasore stated (December 2001) that the godown construction /purchase of computers was approved in governing body meeting. PD, Bolangir stated that the infrastructure was created to provide market support to avoid loss on prices of onion. The replies were not acceptable since scheme guidelines prohibited such infrastructure development. PD, Kalahandi stated that cotton cultivation was taken up by the swarozgaris which was, however, not supported by records.

(iv) Under the erstwhile IRDP scheme, Rs.30.73 lakh were placed (March 1994) by the PD, DRDA, Mayurbhanj with the Orissa Rural Development and Marketing Society (ORMAS) towards infrastructure development activities. ORMAS could spend only Rs.9.16 lakh and refunded the unspent amount of Rs. 21.57 lakh in July 2000 after lapse of more than 6 years. Due to late refund of the balance amount, Government sustained loss of Rs. 6.74 lakh towards interest (upto June 2000).

(v) The Chief District Veterinary Officer (CDVO), Mayurbhanj submitted a Project proposal (January 2001) on infrastructure development for Breeding programme and Dairy development at an estimated cost of Rs. 64 lakh. DLSGSY Committee approved it for (December 2000) Rs.18 lakh, but Rs.45.10 lakh was released to OMFED, Bhubaneswar resulting in unauthorised expenditure of Rs. 27.10 lakh. Rs.45.10 lakh released (upto November 2001) included cost of 4 bulk coolers and equipment valued at Rs.15.80 lakh meant for Milk Chilling Plants at Karanjia and Rairangpur. Scrutiny revealed that 2 bulk coolers installed (June 2002) in Karanjia and Rairangpur were non-operational for want of power supply. The remaining 2 coolers transferred to VASs Kosta and Badasahi were either defective or non-operational. These bulk coolers were procured in April/November 2001, but Milk Chilling Plants had not been set up as of September 2002 resulting in idle investment.

(vi) Managing Director (MD), OMFED, Bhubaneswar had received Rs.10.84 crore from 26 DRDAs between December 2000 and December 2001 towards creation of infrastructure facilities for dairy development. Of this, Rs.9.56 crore was reported as utilised as of October 2002 and Rs.1.85 lakh was refunded to 3 DRDAs (Jharsuguda, Deogarh and Malkangiri) while Rs.1.26 crore was kept in Fixed Deposit/Current Account (October 2002).

Audit scrutiny revealed that even though utilisation certificates, accounts and completion reports for Rs.70.64 lakh were awaited (June 2002) from Gajapati Milk Union, UC was submitted by OMFED.

It was further seen that 14 works valued at Rs. 1.57 crore were yet to be completed in 11 districts[24] as equipment were not installed but UCs were submitted by the MD, OMFED to the Government.

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[24] Balasore, Bhadrak, Boudh, Dhenkanal, Jajpur, Kendrapara, Keonjhar, Nayagarh, Nuapada, Sambalpur and Sonepur

5.2.9.7 Training

(i) Rs.5.75 crore were allotted (1999-2002) to the 8 test-checked districts towards training fund, of which only Rs.0.94 crore (16 *per cent*) were utilised during the period.

Huge shortfall in training programme in 4 districts

(ii) In 4 districts (Mayurbhanj, Jajpur, Bolangir and Ganjam), only 15905 persons (36 *per cent*) were trained during 1999-2002 against target of 44604 persons although funds were not a constraint.

(iii) Training expenses were not to exceed Rs.15 per trainee. Test check revealed that 37398 beneficiaries were imparted training during 1999-2002 at a cost of Rs.90.23 lakh against Rs.5.61 lakh admissible. No reason was assigned by the DRDAs for the excess expenditure of Rs.84.62 lakh.

5.2.9.8 Technology management

Technology management was very poor

The effort under SGSY was to ensure development of sustainable micro-enterprises. Information from 8 test checked districts revealed that 3 DRDAs[25] had not spent any amount for Technology creation.

5.2.9.9 Market support

No market survey was conducted and district level authorities did not take initiative for providing market support to beneficiaries

In Jajpur district, no market survey was conducted before selection of Key Activities to ensure the marketability of the goods produced. In Khurda district, the goods were not marketed in urban outlets and outside the district despite existence of District Supply and Marketing Society (DSMS). The beneficiaries in Balasore and Jajpur districts were deprived of marketing support due to shifting of the DSMS to Rayagada district from Balasore and non-existence of DSMS in Jajpur while the DRDA, Bolangir stated that the goods marketed by swarozgaris were not qualitative.

Due to inaction of the district level authorities in providing adequate marketing support, the swarozgaris evidently did not get reasonable prices for their goods produced thereby reducing their income.

5.2.9.10 Special Project under SGSY

Special Project for marketing rural products could not be implemented despite availability of funds

GOI approved (March 2001) a special project "Creation of Integrated Network for Marketing of Rural products" (cost Rs.14.83 crore), at Rs.9.83 crore to be shared between Centre and State in the ratio of 75:25 with facility to obtain bank loan of Rs.5 crore by the beneficiaries. The project was to operate in 10 tribal districts[26] to cover 1.80 lakh families in 2000 villages in two years from the date of sanction. GOI released Rs.3.68 crore towards first instalment of Central share in favour of ORMAS in March 2001.

The SLSGSY committee decided (February 2002) to transfer unutilised funds of Rs.1.50 crore under the scheme "Strengthening of Training Infrastructure

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[25] Balasore, Khurda and Mayurbhanj.

[26] Koraput, Rayagada, Malkangiri, Nowarangpur, Kalahandi, Nuapada, Bolangir, Sonepur, Phulbani and Boudh.

under TRYSEM (Mini ITIs) available with 7 districts[27] towards State share but ultimately 5 DRDAs[28] transferred (April/May 2002) only Rs.1.01 crore to ORMAS. Against availability of Rs.4.90 crore (including interest of Rs.21.09 lakh) with ORMAS, Rs.2.23 crore were advanced to DSMS by June 2002. Out of this, Revolving Fund was created (2001-02) with Rs.83 lakh and expenditure on the project (2001-02) was Rs.15.02 lakh leaving a balance of Rs.1.69 crore.

It was observed in audit that:

(i) The State share was delayed until April/May 2002 by which time more than half of the project period was over.

Unutilised Central Assistance of Rs.75.75 lakh was transferred towards State share for the special projects

(ii) The earlier Scheme under TRYSEM (Mini ITIs) from where the unutilised balances were transferred towards State share was also funded by both Central and State Governments in the ratio of 75:25. As such, Rs.75.75 lakh out of Rs.1.01 crore was GOI funds. Thus, the actual release by the State Government was only Rs.25.25 lakh.

(iii) The special project started (May 2001) in Phulbani district, was closed in February 2002 after an expenditure of Rs.2.30 lakh, which proved unfruitful. Besides, Rs.3 lakh placed with the DSMS, Phulbani towards revolving fund (August 2001) was also not returned to/ recovered by ORMAS.

(iv) Utilisation certificates were not received from DSMS as of June 2002 against advances paid and as such actual utilisation of money could not be ascertained.

(v) Against targeted formation of 2000 SHGs for special projects, only 635 SHGs were formed but none of the groups crossed the first stage of demonstrating the potential viability of the group to enter the second stage and receive the revolving fund. Though 300 targeted groups were allotted to the Self Help Promoting Institutions (SHPIs) in Nowarangpur/Malkangiri districts, the District Co-ordination Committee of ORMAS had not selected the SHPIs even after one year of the project period.

5.2.10 Monitoring and evaluation

Poor monitoring of the programme

Audit scrutiny revealed that monitoring of the programme was very poor in as much as the State Headquarters officials associated with SGSY implementation did not visit the districts to verify the assets created and maintained by the swarozgaris to ensure generation of incremental income. Neither the District Collector nor the Project Director, DRDA prescribed any schedule of visits for line department officials. No field visits were undertaken by the BDOs/ABDOs in 8[29] of 34 test checked blocks. No co-ordinated efforts were made to interact with the swarozgaris by the various agencies regarding

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27 Khurda(Rs.52.46 lakh), Jharsuguda (Rs.3.99 lakh), Mayurbhanj (Rs.21.14 lakh), Dhenkanal (Rs.22.15 lakh), Phulbani (Rs.25.30 lakh), Angul (Rs.19.55 lakh) and Sambalpur (Rs.5.54 lakh).

28 Khurda, Jharsuguda, Dhenkanal, Phulbani and Sambalpur.

29 Agalpur, Balasore, Deogaon, Digapahandi, Soro, Purusottampur, Rangeilunda and Surda.

technical and marketing support needed by them to achieve the desired level of income generation.

Evaluation of the programme was not done by the State Government

As of June 2002, 5[30] out of 8 test checked districts were reported to be under concurrent evaluation by three[31] Delhi based institutions. However, physical verification reports revealed that the income generated by the swarozgaris were between Rs.200 and Rs.1800 per month and in large number of cases, it did not exceed even Rs.1000 per month. Thus, swarozgaris continued to be BPL due to indiscriminate selection of key activities which reduced the capability of local market to absorb the output of the swarozgaris and due to internal competition.

The matter was demi-officially referred to the Commissioner-cum-Secretary to the Government, Panchayati Raj Department in July 2002 followed by reminder in September 2002. No reply was received (October 2002).

SECTION-B

FINANCE DEPARTMENT

5.3 GENERAL

5.3.1 Financial Assistance

(i) Government provided financial assistance of Rs.994.45 crore during 2001-02 by way of grants and loans to various non-Government bodies, as per details given below:

Sl. No.	Category of Bodies/Institutions	Amount of assistance paid (Rs. in crore)
1.	Educational Institutions (Aided Schools, Private Colleges, Universities)	251.06
2.	District Rural Development Agency	302.67
3.	Municipalities, Corporations, District Councils, Development Authorities etc.	40.96
4.	Panchayati Raj Institutions viz. Panchayat Samities, Zilla Parishads & Gram Panchayats	119.80

[30] Balasore, Bolangir, Jajpur, Khurda and Mayurbhanj.

[31] Socio-economic Research Centre, Development Facilitators and Locus Research and Consultants.

Sl. No.	Category of Bodies/Institutions	Amount of assistance paid (Rs. in crore)
5.	Command Area Development Authorities	18.97
6.	Co-operative Societies & Institutions	2.78
7.	Integrated Tribal Development Agencies	106.21
8.	Non-Government Organisations	19.72
9.	Western Orissa Development Council	50.00
10.	Orissa State Disaster Mitigation Authority	15.42
11.	Chilika Development Authority	6.26
12.	Other Institutions	60.60
	Total	**994.45**

The financial assistance of Rs.994.45 crore provided during the year 2001-02 formed 10.06 *per cent* of total revenue expenditure (Rs.9881.73 crore) of Government.

(ii) Outstanding Utilisation Certificates

Under the Financial Rules, Utilisation Certificates (UC) showing that the grants have been utilised for the purpose for which they are given are required to be furnished by the Departmental Officers to the Accountant General within a reasonable time as prescribed in the orders sanctioning the grants-in-aid.

Audit of 120 institutions/autonomous bodies conducted during 2001-02 revealed that UCs for Rs.1023.88 crore relating to 119 units (95 Panchayat Samities: Rs.464.41 crore, 10 DRDAs: Rs.536.56 crore, 8 ITDAs: Rs.16.19 crore and 6 others: Rs.6.72 crore) were outstanding vide Appendix-XXX. This included Rs.802.79 crore for which year-wise details were not available.

The huge growth in pendency was mainly due to absence of suitable mechanism for watching timely receipt of UCs and further release of grants by the Government as a matter of routine without insisting on furnishing of UCs for earlier grants which is a condition stipulated in the sanction orders.

(iii) Delay in submission of accounts

Mention was made in para 5.1.1(III) of the Audit Report(Civil) of the C & AG of India for 2000-01 about non-receipt of information from Departments of Government regarding grants & loans given to various bodies/authorities so that the applicability of Section 14 of the Comptroller and Auditor General's (Duties, Power & Conditions of Service) Act, 1971 could be decided. Even though the Finance Department agreed (May 1988) to furnish such details by end of June each year, such details were not furnished as of October 2002.

5.3.2 Audit of Autonomous Bodies

During the year ended 31 March 2002, audit of accounts of 120 Autonomous Bodies of the Departments of Panchayati Raj (105), School & Mass Education (4), Scheduled Tribes & Scheduled Castes Development Department (8), Higher Education Department (1) and Agriculture Department (2) was conducted under Section 14 of the Comptroller & Auditor General's (DPC) Act, 1971. During the period covered by audit, the bodies received financial assistance of Rs.869.40 crore. Important points noticed during audit are brought out in the following paras:

(i) Unspent balance of grants

The financial rules of Government require that the grants should be utilised within one year from the date of sanction unless otherwise specified. The unspent balances are to be refunded to Government immediately after the time allowed for utilisation unless permitted by Government for utilisation later. These provisions were not followed by the bodies receiving grants and the unspent balances were being carried over to subsequent years as a matter of routine. The unspent balances were Rs.175.71 crore as indicated below in respect of bodies at the end of the year for which audit was conducted.

Sl. No.	Name of the Body	No. of Bodies	Year upto which audited	Unspent balance as on 31 March of the year covered in audit (Rs. in crore)
1.	Panchayat Samities	2	1998-99	2.07
		10	1999-2000	16.96
		83	2000-01	100.70
2.	DRDAs	10	2000-01	35.65
3.	ITDAs	8	1999-2000	13.75
4.	CADA	2	1999-2000	2.81
5.	Other Bodies			
(i)	Z.S.S	3	2000-01	2.28
(ii)	Jagannath Sanskrit University	1	1999-2000	1.49
	Total	**119**		**175.71**

It was noticed that the above institutions were not maintaining the prescribed register of Grants-in-Aid to record the expenditure incurred sanction-wise and scheme-wise for each year against the funds received. As a result, the periods to which the unspent balances related and reasons for non-utilisation were not available with them.

(ii) Outstanding Advances

According to Orissa Zilla Parishad & Panchayat Samiti Accounting Procedure Rules, 1961, payment of advances is generally prohibited except in case of works expenditure and the amounts advanced are to be regularly and promptly adjusted.

However, advances aggregating to Rs.50.41 crore were outstanding in the accounts audited (Rs.31.93[32] crore in respect of 95 Panchayat Samities and Rs.18.48 crore in respect of 25 other bodies).

Stringent measures are called for to adjust or recover these advances in order to avert possible loss with lapse of time.

SCHEDULED TRIBES AND SCHEDULED CASTES DEVELOPMENT DEPARTMENT/HOUSING AND URBAN DEVELOPMENT DEPARTMENT

5.4 National Scheme of Liberation and Rehabilitation of Scavengers

5.4.1 Introduction

The Government of India (GOI) launched (1980-81) a Centrally Sponsored National Scheme of "Liberation and Rehabilitation of Scavengers" (NSLRS) to liberate scavengers and their dependents from the existing hereditary obnoxious and inhuman occupation of manually removing night soil and filth and to provide for and engage them in alternative and dignified occupations. The main components of the scheme were a time bound programme for identification of scavengers and their dependents for alternative trade through a survey, training in identified areas at institutions/centres of various departments of State/Central Government and other Semi-Government and Non-Government Organisations (NGOs) and rehabilitation of scavengers in various trades and occupations.

At the State level, rehabilitation of scavengers was implemented by the Scheduled Tribes and Scheduled Castes Development (STSCD) Department through the Orissa Scheduled Caste and Scheduled Tribe Development Finance Co-operative Corporation Ltd. (OSCSTDFC) and the District Managers (DM), Orissa, Scheduled Caste Finance Development Corporation (OSCFDC) at the field level the Housing and Urban Development (H&UD) Department was the nodal agency for "Liberation of Scavengers" by conversion of dry latrines into flush latrines which was implemented through Urban Local Bodies.(ULBs).

[32] Upto 1998-99 (2), 1999-2000 (10) and 2000-01 (83) were Rs.0.51 crore, Rs.5.22 crore and Rs.26.20 crore respectively.

5.4.2 Audit Coverage

Test check of records for 1997-2002 was conducted in audit during November 2001 to May 2002 in the H&UD/SCSTD Departments at Government level, OSCSTDFC headquarters, 8[33] of 30 District Managers, OSCFDC and 18[34] of 104 ULBs. The points noticed in audit were as follows:

5.4.3 Funding of the Scheme

Funds of Rs.4.02 crore under Rehabilitation Programme remained unutilised since 1998-99

(i) Under rehabilitation of scavengers, expenditure on training and subsidy was to be borne by the GOI whereas the margin money was to be shared between the Central and the State Government in the ratio of 49:51. The scheme provided for funding the projects with Margin Money Loan (MML) to the extent of 15 *per cent* and subsidy was to be 50 *per cent* of the project cost upto a maximum of Rs.10,000. Balance was to be met from bank loan. The reported financial assistance received, expenditure and balance in respect of rehabilitation of scavengers were as follows:

(Rupees in lakh)

Year	Opening Balance		Receipt			Expenditure			Balance at the end of the year		
	MML	Subsidy/ Training	MML	Subsidy/ Training	Total	MML	Subsidy/ Training	Total	MML	Subsidy/ Training	Total
1992-93	Nil	Nil	112.50	352.87	465.37	0.28	10.08	10.36	112.22	342.79	455.01
1993-94	112.22	342.79	Nil	Nil	455.01	5.37	60.34	65.71	106.85	282.45	389.30
1994-95	106.85	282.45	Nil	119.00	508.30	6.94	87.58	94.52	99.91	313.87	413.78
1995-96	99.91	313.87	Nil	Nil	413.78	11.13	53.17	64.30	88.78	260.70	349.45
1996-97	88.78	260.70	19.60	443.26	812.34	14.79	100.03	114.82	93.59	603.93	697.52
1997-98	93.59	603.93	Nil	106.94	804.46	13.80	123.31	137.11	79.79	587.56	667.35
1998-99	79.79	587.56	Nil	589.73	1257.08	32.67	135.11	167.78	47.12	1042.18	1089.30
1999-2000	47.12	1042.18	Nil	Nil	1089.30	64.06	181.80	245.86	-16.94	860.38	843.44
2000-2001	-16.94	860.38	Nil	Nil	843.44	36.03	217.67	253.70	-52.97	642.71	589.74
2001-2002	-52.97	642.71	Nil	Nil	589.74	16.45	170.92	187.37	-69.42	471.79	402.37
Total			132.10	1611.80	1743.90	201.52	1140.01	1341.53	(-)69.42	471.79	402.37

It was observed in audit that no separate account of the above scheme was maintained by the OSCSTDFC. The OSCSTDFC had also not maintained separate account of Central and State funds and interest receipts. It was reported (April 2002) to the State Government that unspent Central Assistance was Rs.5.31 crore on 31 March 2002 whereas the closing balance furnished (May 2002) to audit was Rs.4.02 crore including both Central and State funds. The discrepancy remained unreconciled.

[33] Khurda, Berhampur, Cuttack, Koraput, Puri, Balasore, Keonjhar and Dhenkanal

[34] Khurda, Jatni, Berhampur, Chatrapur, Aska, Polsara, Bhanjanagar, Belguntha, Cuttack, Choudwar, Jeypore, Puri, Balasore, Keonjhar, Dhenkanal, Koraput, Jaleswar and Anandar.

(ii) Under MML the excess expenditure of Rs.69.42 lakh was met by diversion from subsidy fund account.

(iii) The scheme of liberation of scavengers was funded by the Central and the State Governments in the ratio of 45:50 and the balance of 5 *per cent* was to be borne by the beneficiaries. The Central share was treated as subsidy to the beneficiaries and State share was a loan. The Central fund was routed through HUDCO and the State Government also made arrangements with the HUDCO to provide loans to ULBs equal to the State Government shares. Detailed account of the amounts released as Central and State share (loans by HUDCO to ULBs) were not available either with the Government or with the HUDCO. However, HUDCO reported that a sum of Rs.6.07 crore (comprising Central share of Rs.3.40 crore and loans to ULBs of Rs.2.67 crore) had been released between November 1991 and March 1997. The expenditure upto 31 March 2002 was only Rs.5.01 crore, leaving a balance of Rs.1.06 crore with the ULBs. A part of this balance was actually lying with Sulabh International to whom such fund had been advanced by the ULBs. The State's and the Centre's shares being in the ratio of 50:45, HUDCO should have released Centre's share of only Rs.2.40 crore against State share of Rs.2.67 crore which was advanced as loans to ULBs. HUDCO could not indicate how the excess amount of Rs.1 crore was released as Centre's share. Further, according to the State Government HUDCO released Rs.5.57 crore to ULBs and not Rs.6.07 crore. The discrepancy of Rs.0.50 crore remained to be reconciled.

5.4.4 Survey and identification

The scheme stipulated that the survey for identification of scavengers would be completed by June 1992. Records in support of completion of survey were not available. However, during 1992-93, only 28643 scavengers were identified and subsequently on the basis of supplementary survey conducted by the ULBs at the instance of State Government (December 1999), further 6406 scavengers were identified making a total of 35049 scavengers.

During the survey, alternative occupational suitability was determined on the basis of willingness of the scavengers to take up a particular trade. However, no profile in respect of each scavenger and his dependents had been prepared with details of training requirement.

5.4.5 Training

Shortfall under training programme was 77 *per cent*

Training was to be organised as per TRYSEM norms through Central and State level institutes and NGOs. However, no reputed training institutes had been identified at any level. Against 35,049 identified scavengers, target for training was 26,000, but only 6099 scavengers were reportedly trained at a cost of Rs.2.87 crore. Thus, 77 *per cent* of the targeted number of scavengers were not trained. The shortfall was attributed (May 2002) by the OSCSTDFC to non-availability of adequate training institutions. However, the facilities of TRYSEM centres could have been availed of for this training but that was not done. Further, the Industrial Training Institutes and Polytechnics were not contacted for imparting the training. The OSCSTDFC had not constituted

State level and district level co-ordination committee on the TRYSEM pattern to monitor the training programme.

5.4.6 Rehabilitation

Detailed profile of identified scavengers was not maintained and shelf of projects not prepared

(i) No registers/records about identified scavengers indicating the training imparted, nature of training and those rehabilitated were available with ULBs/DMs, OSCFDC. The OSCSTDFC had not prepared any shelf of projects after carrying out detailed feasibility studies of different trades for rehabilitation of scavengers.

Against 35,049 identified scavengers, only 11,463 scavengers (33 *per cent*) were rehabilitated during 1992-2002

(ii) Applications for rehabilitation of identified scavengers were sponsored to banks by ULBs. Out of 35049 identified scavengers, only 11463 (*33 per cent*) were rehabilitated during 1992-2002 at the cost of Rs.15.79 crore (subsidy: Rs.7.93 crore, margin money loan: Rs.2.02 crore and bank loan: Rs.5.84 crore) as reported by the OSCSTDFC at an average cost of Rs.13,775 per head. Shortfall in achievement was attributed to non-sanction of loans by the bank due to earlier defaults by beneficiaries and non-existence of manual scavenging after establishment of water borne flush latrines.

MML of Rs.2.02 crore was not recovered

(iii) The margin money loan was to be recovered from the beneficiaries in 36 instalments with interest at 4 *per cent* per annum. Though Rs.2.02 crore had been released to 11463 beneficiaries, no amount was recovered (March 2002).

5364 scavengers (47 *per cent*) were rehabilitated without basic training

(iv) While 11,463 identified scavengers were reported to have been rehabilitated during 1992-2002, only 6099 scavengers had been imparted training. Thus, 5364 scavengers (47 *per cent*) were rehabilitated without any basic training in the trades.

(v) The scavengers were also proposed to be rehabilitated by providing them assistance for setting up sanitary mart which could serve as a shop and service centre with 50 *per cent* subsidy and 15 *per cent* MML subject to maximum of Rs.10000 and Rs.3000 respectively and balance as loan (Rs.7000). However, the project cost for a co-operative organisation consisting of 25 scavengers would be Rs.5 lakh.

Funds of Rs.45 lakh released for rehabilitation through sanitary mart remained unutilised

The National Safai Karmachari Finance and Development Corporation (NSKFDC), New Delhi released (August 2000) Rs.17.50 lakh to OSCSTDFC. The OSCSTDFC released (February to December 2001) Rs.45 lakh (subsidy: Rs.22.50 lakh, MML: Rs.6.75 lakh, NSKFDC term loan: Rs.15.75 lakh) to 7 district branches for establishment of 9 sanitary marts in 7[35] districts. Audit scrutiny revealed that not a single sanitary mart was established in any district owing to (i) non-selection of site, (ii) non-identification of scavenger group, (iii) non-preparation of project report etc. Consequently, the entire amount of Rs.45 lakh remained unutilised. The DM, OSCFDC, Balasore however, submitted utilisation certification for Rs.5 lakh without actual utilisation of the amount.

[35] Balasore, Cuttack, Dhenkanal, Jagatsinghpur, Jajpur, Keonjhar and Puri

OSCSTDFC refunded (by June 2002) Rs.6.87 lakh including interest of Rs.1.28 lakh, liquidity damages Rs.0.02 lakh and non-utilisation charges of Rs.2.07 lakh to NSKFDC. Obtaining loan without proper planning resulted in wasteful expenditure of Rs.3.37 lakh as of June 2002.

Funds of Rs.46.35 lakh for infrastructure were not utilised

(vi) The OSCSTDFC released (March 1995 to March 2000) Rs.46.35 lakh to 14[36] District Managers of OSCFDC for placing with 16 ULBs and one marketing society to construct infrastructure like Kiosks, cattle shed and work shed facilities for 385 scavengers. Money was released before selection of beneficiaries, possession of land etc. Neither district branches nor the concerned ULBs had submitted utilisation certificates or progress report of the works so far. It was observed in audit that 3 works (Rs.6 lakh) were under progress and 14 works (Rs.40.35 lakh) had not started as of October 2002.

Rehabilitation fund of Rs.5.45 lakh diverted for inadmissible purposes

(vii) The District Manager, OSCFDC, Berhampur released (May 1996) Rs.1.50 lakh to the Executive Officer, Polosara NAC for construction of 10 Kiosks for rehabilitation of 10 scavengers which was diverted for staff salary.

The NSKFDC, New Delhi released (August 2000) Rs.82.83 lakh to OSCSTDFC being 85 *per cent* of the estimated cost of Rs.97.45 lakh as long term loan to safai karmacharis for implementation of self employment scheme with the condition that the OSCSTDFC and the promoter would bear the balance of 10 *per cent* and 5 *per cent* of the cost respectively. The OSCSTDFC released (October 2001 to March 2002) Rs.35.64 lakh as loan along with subsidy of Rs.3.95 lakh to 67 safai karmacharis treating them as scavengers. As safai karmacharis were specifically excluded from the scheme, diversion of subsidy of Rs.3.95 lakh to them was irregular.

5.4.7 Liberation of scavengers

Against target of 50,913 flush latrines under Liberation of Scavengers, achievement was only 23,067 (45 *per cent*)

(i) No survey was conducted to ascertain the requirement of conversion of dry latrines into flush latrines. Year-wise position of targets and achievements could not be furnished by the Department. However, 50,913 latrines (conversion: 11,456 and new construction:39,457) were proposed to be completed at a cost of Rs.5.69 crore (loan: Rs.2.42 crore, subsidy: Rs.3.15 crore and beneficiaries contribution: Rs.0.12 crore). Against this, only 23,067 latrines (conversion: 9,278 and new construction: 13,789) were completed (May 2002) at a cost of Rs.5.19 crore. The shortfall was attributed by the Government to the unwillingness of the beneficiaries. Physical verification report on construction of flush latrines as per instruction (July 2000) of the Government was also not available. Non-construction of sanitary latrines under Indira Awas Yojana has been commented in paragraph 5.1.1.8.

Rs.4.19 crore were deducted from the grants receivable by ULBs due to default in repayment of loans

(ii) HUDCO released loan of Rs.2.67 crore to 62 ULBs for conversion of 10,556 latrines and construction of 39,809 latrines. As the ULBs failed to repay the loan and interest, the Government deducted (May 2000 to March 2002) Rs.4.19 crore from the grants-in-aid sanctioned to the concerned ULBs

[36] Cuttack, Koraput, Ganjam, Phulbani, Sundargarh, Rayagada, Nowrangpur, Keonjhar, Khurda, Malkangiri, Gajapati, Sonepur, Angul and Jajpur

and paid to HUDCO. Government stated (June 2002) that the ULBs failed to enforce recovery of loan and interest from the beneficiaries.

Further, the basis of selection of beneficiaries for new construction of latrines and list of beneficiaries were not available with the Government or with ULBs.

5.4.8 Utilisation Certificates

Utilisation Certificates for Rs.6.93 crore against expenditure under rehabilitation were not furnished

Against receipt of Rs.17.44 crore under rehabilitation programme, Rs.13.42 crore were spent during 1992-2002. But Utilisation Certificates (UCs) for only Rs.6.49 crore were submitted as of March 2002. Non-submission of UCs were attributed by the Government to non-submission of UCs by the OSCSTDFC, Bhubaneswar. The UCs along with audited statement of accounts were not sent to GOI as of June 2002.

Utilisation Certificates for Rs.4.58 crore under 'liberation' were not furnished

Similarly, against Rs.6.07 crore released (1991-97) under liberation of scavengers, Rs.5.01 crore was reported as expenditure, but UCs for only Rs.42.56 lakh had been received by HUDCO from 9 ULBs which were not sent to the GOI as of June 2002. Year-wise position of pending UCs was not available with OSCSTDFC/HUDCO/Government.

5.4.9 Monitoring and evaluation

State level and District level Monitoring Committees for 'Rehabilitation' programme were non-functional

The State level monitoring committee under the Chairmanship of the Chief Secretary was required to meet once in three months to review the progress. The monitoring committee had never met (June 2002). The District Level Monitoring Committees (DLMC) were reconstituted only in January 1997 in 16 out of 30 districts. No reports from the DLMCs were received.

Evaluation study of 'Rehabilitation' programme indicated unsatisfactory performance and little impact in improvement of socio-economic condition of scavengers

The State Government had not evaluated the programme through any independent agency. According to evaluation study made by the GOI through Sulabh International Social Service Organisation, New Delhi in Puri and Cuttack districts during 1999-2000, the scheme had little impact on the socio-economic condition of the scavengers. According to the study most of the beneficiaries spent the financial assistance in social ceremonies and purchase of household items in Puri district and the training programme by the various NGOs were not satisfactory. In the absence of any monitoring mechanism by the State/OSCFDC authorities, the district officials did not show any interest in the implementation of the scheme for the liberation of scavengers.

5.4.10 Conclusion

As against 35,049 identified scavengers, only 11,463 scavengers were reportedly rehabilitated during 1992-2002 of whom 5364 scavengers (47 *per cent)* had not been imparted the basic training. Against 50,913 flush latrines targeted under liberation of scavengers, achievement was only 23,067. There was large shortfall under training programme and OSCSTDFC had not prepared any shelf of projects for rehabilitation of scavengers. Thus, the scheme had not made much headway in the last 10 years.

The matter was demi-officially referred to the Government in July 2002 followed by reminder in September 2002. No reply had been received (October 2002).

PANCHAYATI RAJ DEPARTMENT

5.5 Irregular expenditure under the Employment Assurance Scheme

EAS funds of Rs.4.22 crore were spent without creating any asset (Rs.1.49 crore) and without generating employment potential (Rs.2.28 crore) as per norm. At least 3.22 lakh mandays employment was lost.

Employment Assurance Scheme (EAS), a Centrally Sponsored Scheme, aimed at providing wage employment to rural poor and only labour intensive works of productive nature which would create durable community, social and economic assets for sustained employment and development, were to be undertaken under the scheme. No repair/renovation work could be taken up under the scheme. Further, as per the guidelines, 60 *per cent* of the amount spent on EAS should be on wage component. Test check of records of executing agencies revealed (April/May/October 2001) the following irregularities in execution of the scheme:

Sl. No.	Executing Agencies	Amount spent (Rs. in crore)	Period of expenditure	Remarks
(i)	Executive Engineer (EE), Rural Works (RW)/Roads & Buildings/Minor Irrigation Divisions, Bhawanipatna, Assistant Soil Conservation Officer, Bhawanipatna/Dharmagarh and Block Development Officer (BDO), Bhawanipatna under District Rural Development Agency (DRDA), Kalahandi	1.49	1996-2000	Money was irregularly spent on 87 inadmissible works like renovation of tanks, improvement to existing roads, repair/improvement to minor irrigation projects and maintenance/renovation of Water Harvesting Structures without creation of any new or additional assets.
(ii)	EE, RW Division, Cuttack, BDOs, Kesinga/Jaipatna/Junagarh	2.28	1995-2000	Wage component on 88 works was Rs.0.36 crore resulting in excess expenditure of Rs.1.01 crore on material component and denial of employment opportunity to the extent of 3.22 lakh mandays to rural poor.
(iii)	DRDA, Nayagarh, Divisional Forest Officer, Coastal Shelter Belt Afforestation Division, Puri and Deputy Director, Social Forestry Project, Bhubaneshwar	0.45	1999-2001	No record of generation of employment was available since 20.25 lakh seedlings were procured from private nursery growers. There was also no evidence on record regarding utilisation of the seedlings.

Government stated (March 2002) in respect of (i) above that employment oriented works were taken up as per annual action plan approved by the DRDA governing body to arrest migration of local people due to drought situation. The reply was not acceptable since execution of labour intensive works of productive nature which would create durable community assets could have been taken up for execution during the drought situation. No reply was received in respect of (ii) and (iii) above, which were referred to the Government demi-officially in May 2002, followed by reminders in June 2002.

CHAPTER-VI

COMMERCIAL ACTIVITIES

FINANCE DEPARTMENT

6.1 Lack of accountability in the use of public funds in departmental commercial undertakings

Activities of quasi-commercial nature are performed by certain Government departments through undertakings, units or other subordinate formations which are to prepare Proforma accounts annually showing the results of financial operations so that Government can assess the functioning of the undertakings. The Heads of departments in Government are to ensure that the accounts are prepared on time and submitted to the Accountant General for audit.

As of March 2002, there are 11 such undertakings of the Government of Orissa out of which 4 remained inoperative or were closed and Government was yet to prescribe Proforma accounts for 2 undertakings. Of the 5 remaining undertakings 2 had not submitted accounts for 25 years or more, 1 for more than 20 years and 2 for more than 5 years. In respect of 4 undertakings merged with other companies/corporations, 2 undertakings/schemes had not submitted their accounts for 5 years or more and 2 undertakings/schemes for more than one year but less than 5 years.

In respect of the 4 undertakings/schemes, which remained inoperative or were closed, the assets and liabilities were not fully liquidated by Government. The details as well as reasons for non-operation or closure were not available. The State Government invested Rs.129.98 lakh in these 6 undertakings/schemes.

In respect of 2 undertakings/schemes for which Government had not prescribed the preparation of Proforma accounts, only Personal Ledger accounts were maintained by the concerned departments. The position of these Personal Ledger accounts at the end of 2001-02 was as follows:

Name of the Undertaking/Unit/Scheme	Year in which the Personal Ledger accounts were opened	Accounts for 2001-2002			
		Opening Balance	Credit	Debit	Closing Balance
		(Rupees in lakh)			
1. Purchase and distribution of quality seeds to cultivators	1977-78 (Revenue accounts)	599.60	3708.42	3209.70	1098.32
2. Poultry Development	1979-80 (Revenue accounts)	1.69	--	--	1.69

Comptroller and Auditor General repeatedly commented on the failure to prepare proforma accounts in time, but there was little improvement. The Public Accounts Committee in their 14th Report (10th Assembly) had expressed (November 1992) its distress at the state of affairs and had desired that responsibility be fixed for failure to prepare the Accounts. Thus,

accountability in these public undertakings was not ensured and not reporting the facts and figures of these undertakings/schemes amounted to breach of legislative control.

The department-wise position of arrears in preparation of proforma accounts is as follows:

Sl. No	Department	No. of Under-takings/ schemes under the Depart-ment	Accounts not finalised (Name of the Undertakings/Schemes)	Year from which accounts are due	Investment as per last accounts (Rupees in lakh)	Remarks
1.	Forest and Environment	1	Nationalisation of Kendu Leaves (maintained by Chief Conservator of Forests, Kendu Leaves, Orissa)	1996-97	70.09	
2.	Agriculture and Co-operation	7	(i) Cold Storage Plant, Kuarmunda ii) Cold Storage Plant, Similiguda iii) Cold Storage Plant, Paralakhemundi iv) Cold Storage Plant, Bolangir v) Cold Storage Plant, Bhubaneswar vi) Cold Storage plant, Sambalpur vii) Purchase and distribution of quality seeds to cultivators	1972 1977 1981 1994 1975 1971 -	11.97 16.15 5.96 7.92 17.89 Not available -	Transferred to Orissa State Seeds Corporation Limited (March 1979) Transferred to Orissa State Seeds Corporation Limited (March 1979) Proforma accounts not prescribed by the Government
3.	Food Supplies and Consumer Welfare	1	Grain purchase scheme	1977-78	Not available	Transferred to Orissa State Civil Supplies Corporation Limited since September 1980. Government stated (December 2001) that concerned Collectors were moved in August 1999 to fix up responsibility for non-preparation of upto date proforma accounts. The latest reminders were issued in August 2001.
4.	Commerce and Transport	1	State Transport Service	1972-73	Not available	Transferred to Orissa State Road Transport Corporation since May 1974.
5.	Fisheries and Animal Resources Development	1	Poultry Development	--	--	Proforma accounts not prescribed by Government
	In operative/Closed Undertakings/Schemes:					**(Year from which remained closed or inoperative)**
6.	--	1	Grain Supply scheme	--	--	1958-59
7.	--	1	Scheme for trading in Iron Ore through Paradeep Port	--	--	1966-67
8.	--	1	Cloth and Yarn Scheme	--	--	1954-55
9.	--	1	Scheme for exploitation and marketing of fish	--	--	1982-83

No action was taken against the management of these undertakings/schemes for the gross failure and disregard of public interest.

During the year, two accounts relating to Nationalisation of Kendu Leaves (KL) for the years 1994-95 and 1995-96 and four accounts relating to Cold Storage

Plant, Similiguda for the years 1973 to 1976 (calendar year) were received and audited. The following irregularities were observed in audit on the accounts relating to Nationalisation of Kendu Leaves.

(i) Inclusion of Rs.124.47 lakh being accumulated balances on re-organisation of KL divisions (Rs.65.58 lakh) and inter divisional transfers (Rs.58.89 lakh) which were purely internal in nature and did not represent any liability, in "Current Liabilities and Provisions" as well as in "Current Assets" resulted in overstatement of both Liabilities and Assets.

(ii) A sum of Rs.187.95 lakh representing withheld vouchers submitted by Range Officers towards KL expenses for the period from 1973-96 was exhibited as receivable as well as payable under the head "Account payable ARAA". This is unethical accounting practice.

The lack of accountability abets financial irregularities. Since these are departmentally run commercial units, responsibility for failure to ensure accountability of public funds should be fixed on the Heads of the Departments. Government should also re-examine the justification of continued release of budgetary funds to units, without finalised accounts and without assessing their financial performance.

BHUBANESWAR
THE 22 MAR 2003

(UTPAL BHATTACHARYA)
PRINCIPAL ACCOUNTANT GENERAL (AUDIT) I
ORISSA

COUNTERSIGNED

NEW DELHI
THE 31 MAR 2003

(VIJAYENDRA N. KAUL)
COMPTROLLER AND AUDITOR GENERAL OF INDIA

APPENDICES

APPENDIX -I

(Refer paragraph 1.1 at page 1)

Part A. Government Accounts

I. Structure:

The accounts of the State Government are kept in three parts (i) Consolidated Fund (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund

All receipts of the State Government from revenues, loans and recoveries of loans go into the Consolidated Fund of the State, constituted under Article 266(1) of the Constitution of India. All expenditure of the Government is incurred from this Fund from which no amount can be withdrawn without authorisation from the State Legislature. This part consists of two main divisions, namely, Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Capital Receipts, Capital Expenditure, Public Debt and Loans, etc.).

Part II: Contingency Fund

The Contingency Fund created under Article 267(2) of the Constitution of India is in the nature of an imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund. The corpus of this Fund authorised by the Legislature during the year was Rs.150 crore.

Part III: Public Account

Receipts and disbursements in respect of small savings, provident funds, deposits, reserve funds, suspense, remittances, etc., which do not form part of the Consolidated Fund, are accounted for in Public Account and are not subject to vote by the State Legislature.

II. Form of Annual Accounts

The accounts of the State Government are prepared in two volumes viz., the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation Accounts, present the details of expenditure by the State Government vis-a-vis the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

Part B- List of terms used in the Chapter-I and basis for their calculation

Terms	Basis for calculation
Buoyancy of a parameter	Rate of Growth of the parameter / GSDP Growth
Buoyancy of a parameter (X) with respect to another parameter (Y)	Rate of Growth of the parameter(X) / Rate of Growth of the parameter(Y)
Rate of Growth (ROG)	[(Current year Amount/Previous year Amount)-1]*100
Trend/Average	Trend of growth over a period of 5 years (LOGEST(Amount of 1996-97:Amount of 2001-02)-1)*100
Share shift/Shift rate of a parameter	Trend of percentage shares, over a period of 5 years, of the parameter in Revenue or Expenditure as the case may be
Development Expenditure	Social Services + Economic Services
Weighted Interest Rate (Average interest paid by the State)	Interest Payment / [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]*100
Interest spread	Weighted Interest rates - GSDP growth
Interest received as per cent to Loans Advanced	Interest Received [(Opening balance + Closing balance of Loans and Advances)/2]*100
Revenue Deficit	Revenue Receipt-Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts.
Primary Deficit	Fiscal Deficit – Interest Payments
Balance from Current Revenue (BCR)	Revenue Receipts **minus** all Plan grants and Non-plan Revenue Expenditure.

APPENDIX-II

(Refer paragraph 2.3.3(ii) at page 28)
Statement showing the excess expenditure over provisions

Sl. No.	Number and Name of Grant/Appropriation	Total Grant/ Appropriation (In Rupees)	Expenditure (In Rupees)	Excess Over Grant/Appro-priation (In Rupees)
I Voted				
Revenue Section				
1	15 Sports & Youth Services	4,60,94,000	4,74,62,804	13,68,804
2	20 Water Resources	2,01,36,71,000	2,06,27,42,638	4,90,71,638
3	28 Rural Development	2,15,43,66,000	3,35,46,63,307	1,20,02,97,307
	Total	**4,21,41,31,000**	**5,46,48,68,749**	**1,25,07,37,749**
II Charged				
	Capital Section			
1	6004 Loans and advances from the Central Government	5,68,58,42,000	8,37,09,04,359	2,68,50,62,359
	TOTAL	**5,68,58,42,000**	**8,37,09,04,359**	**2,68,50,62,359**
	GRAND TOTAL	**9,89,99,73,000**	**13,83,57,73,108**	**3,93,58,00,108**

Contd.

APPENDIX-III
(Refer paragraph 2.3.4(a) at Page 28)
Statement showing cases where supplementary provisions was unnecessary

Sl. No	No. & Name of the Grant/ Appropriation		Original Grant/ Appro-priation	Supple-mentary Grant/Appro-priation	Expendi-ture	Savings
(1)	(2)		(3)	(4)	(5)	(6)
						(Rupees in crore)
REVENUE SECTION						
1	1	Home(Voted)	489.14	46.81	481.93	54.02
2	1	Home(Charged)	7.86	0.38	7.72	0.52
3	2	General Administration (Voted)	22.99	0.32	22.04	1.27
4	3	Revenue(voted)	678.49	687.30	515.52	850.27
5	4	Law(voted)	31.61	0.52	31.32	0.81
6	5	Finance(Voted)	1455.54	0.57	1058.95	397.16
7	6	Commerce(voted)	27.73	0.52	25.80	2.45
8	7	Works(Voted)	200.84	1.30	174.24	27.90
9	8	Orissa Legislative Assembly(voted)	10.17	0.50	9.90	0.77
10	11	Scheduled Tribes and Scheduled Castes Development Department and Minorities and Backward Classes Development Department (Voted)	266.93	62.50	265.93	63.50
11	12	Health & Family Welfare Department (Voted)	518.08	48.07	437.79	128.36
12	14	Labour & Employment (Voted)	25.52	1.17	24.96	1.73
13	19	Industries (voted)	113.39	3.53	109.65	7.27
14	22	Forest & Environment (voted)	109.15	11.97	101.33	19.79
15	27	Science & Technology (voted)	3.24	4.29	2.56	4.97
16	31	Textiles and Handloom(voted)	44.73	4.15	12.01	36.87
17	32	Tourism and Culture(Voted)	15.32	0.65	15.02	0.95
18	33	Fisheries and Animal Resources Development(voted)	109.85	5.90	96.09	19.66

Concld.

Sl. No	No. & Name of the Grant/ Appropriation		Original Grant/ Appro-priation	Supple-mentary Grant/Appro-priation	Expendi-ture	Savings
(1)	(2)		(3)	(4)	(5)	(6)
						(Rupees in crore)
19	34	Co-operation(voted)	39.75	0.08	34.31	5.52
20	35	Public Enterprises(voted)	40.63	0.01	20.29	20.35
21	36	Women & Child Development(Voted)	245.64	36.32	225.91	56.05
		TOTAL	**4456.60**	**916.86**	**3673.27**	**1700.19**
CAPITAL SECTION						
1.	5	Finance(voted)	276.58	1.00	233.08	44.50
2	7	Works(Voted)	88.84	23.15	70.85	41.14
3	11	Scheduled Tribes and Scheduled Castes Development Department and Minorities and Backward Classes Development Department (Voted)	8.41	0.20	5.71	2.90
4	12	Health & Family Welfare (Voted)	65.85	0.70	35.05	31.50
5	13	Housing and Urban Development (Voted)	41.13	8.98	26.16	23.95
6	19	Industries(voted)	2.37	0.02	1.49	0.90
7	20	Water Resources (Voted)	587.91	166.71	463.31	291.31
8	28	Rural Development (Voted)	172.04	146.28	118.23	200.09
		TOTAL	**1243.13**	**347.04**	**953.88**	**636.29**
		GRAND TOTAL	**5699.73**	**1263.90**	**4627.15**	**2336.48**

APPENDIX-IV
(Refer paragraph 2.3.4(b) at page 28)
Statement showing cases where supplementary provision was made in excess of actual requirement

Sl. No.	Number and Name of the Grant/Appro-priation		Original Grant/ Appro-priation	Expendi-ture	Additional requirement	Supple-mentary provision	Final savings
				(Rupees in Crore)			
REVENUE SECTION							
1	3	Revenue (Charged)	149.95	249.95	100.00	500.00	400.00
2	9	Food Supplies & Consumer Welfare (Voted)	54.13	64.39	10.26	12.47	2.21
3	10	School and Mass Education (Voted)	1301.39	1379.31	77.92	215.17	137.25
4	13	Housing & Urban Development (voted)	256.70	257.86	1.16	19.18	18.02
5	16	Planning and Co-ordination (Voted)	117.75	135.18	17.43	52.99	35.56
6	17	Panchayati Raj(Voted)	317.48	473.29	155.81	164.33	8.52
7	21	Transport (voted)	11.11	11.46	0.35	1.04	0.69
8	23	Agriculture (voted)	210.43	226.19	15.76	47.68	31.92
9	24	Steel & Mines(voted)	12.19	12.49	0.30	1.58	1.28
10	25	Information and Public Relations (Voted)	11.05	11.80	0.75	1.23	0.48
11	26	Excise(Voted)	11.07	12.70	1.63	3.05	1.42
12	30	Energy(Voted)	4.64	12.35	7.71	26.66	18.95
13	38	Higher Education (Voted)	216.07	330.51	114.44	138.33	23.89
		TOTAL	**2673.96**	**3177.48**	**503.52**	**1183.71**	**680.19**
CAPITAL SECTION							
1	1	Home(Voted)	20.34	65.29	44.95	45.46	0.51
2	6	Commerce (Voted)	1.80	5.28	3.48	5.06	1.58
3	22	Forest and Environment (Voted)	113.07	116.77	3.70	10.75	7.05
4	33	Fisheries and Animal Resources Development (Voted)	1.47	3.02	1.55	4.02	2.47
5	34	Co-operation (voted)	5.99	6.30	0.31	14.91	14.60
6	6003	Internal Debt of the State Government (Charged)	2180.62	6600.58	4419.96	5500.00	1080.04
		TOTAL	**2323.29**	**6797.24**	**4473.95**	**5580.20**	**1106.25**
		GRAND TOTAL	**4997.25**	**9974.72**	**4977.47**	**6763.91**	**1786.44**

APPENDIX-V

(Refer to paragraph 2.3.4(c) at page 28)

Statement showing cases where supplementary provision was inadequate

Sl. No	Number and Name of the Grant/Appropriation		Original provision	Supple-mentary provision	Total provision	Expenditure	Expendi-ture in excess over total provision
			(Rupees in crore)				
REVENUE SECTION							
1	20	Water Resources (Voted)	177.05	24.32	201.37	206.28	4.91
2	28	Rural Development (Voted)	185.58	29.86	215.44	335.47	120.03
TOTAL			**362.63**	**54.18**	**416.81**	**541.75**	**124.94**

Contd.

APPENDIX-VI
(Refer paragraph 2.3.5 at page 29)
Statement showing significant cases of savings in plan expenditure

Sl No	No. & Name of the Grant/Appro-priation	Head of Account	Total Grant	Actual expendi-ture	Savings
			Rupees in crore		
1.	6 Commerce	5051-Capital outlay on Ports & Light houses -State Plan-State Sector-02-Minor Ports-R-200-Other Small Ports-R--1-Gopalpur Port	6.37	4.80	1.57
2.	7 Works	4059-Capital outlay on Public Works-Centrally sponsored plan-State Sector-60-Other Buildings-CC-05-Construction	2.43	0.51	1.92
3.	7 Works	4202-Capital outlay on Education, Sports, Art & Culture-Central Plan-State Sector-01-General Education-II-202-Secondary Education	1.85	0.62	1.23
4.	7 Works	4216-Capital outlay on Housing-State Plan-State Sector-01-Govt Residential Buildings-MM-106-General Pool Accommodation	3.18	1.79	1.39
5.	7 Works	5054-Capital outlay on Roads & Bridges-State Plan-State Sector-07-District & Other Roads-AAA-796-Tribal area Sub-Plan-AAA--Road Development Programme	8.57	6.42	2.15
6.	7 Works	5054-Capital outlay on Roads & Bridges-State Plan-State Sector-04-District & Other Roads-BBB-800-Other Expenditure-BBB-1-Road Development Programme	28.68	25.46	3.22
7.	7 Works	5054-Capital outlay on Roads and Bridges-Central Plan-State Sector-05-Roads of Inter State Economic Important-CCC-101-Bridges-CCC-1-Major Works	1.52	Nil	1.52
8.	12 Health & Family Welfare Department	2211-Family Welfare Central Plan-District Sector-TTT-5-Rural Family Welfare Services	19.45	16.50	2.95
9.	13 Housing & Urban Development	2215-Water Supply & Sanitation-State Plan-State Sector-L-191-Assistance to Local Bodies, Municipalities etc.	18.99	16.34	2.65
10.	13 Housing and Urban Development	2216-Housing-State Plan-State Sector-80-General-T-796-Tribal Area Sub-Plan	1.69	0.37	1.32
11.	20 Water Resources	4701-Capital outlay on Major and medium Irrigation-State Plan-State Sector-01-Major Irrigation (Commercial) SSSS-109-Rengali Dam project	5.50	0.30	5.20
12.	20 Water Resources	4701-Capital outlay on Major & Medium Irrigation-State Plan-State Sector-01-Major Irrigation(Commercial)-TTTT-202-Rengali Irrigation Project-TTTT-1-Funded by WRCP	48.32	31.89	16.43

Contd.

Sl No	No. & Name of the Grant/Appro-priation	Head of Account	Total Grant	Actual expendi-ture	Savings
			Rupees in crore		
13.	20 Water Resources	4701-Capital outlay on Major & Medium Irrigation-State Plan-State Sector-01-Major Irrigation (Commercial) TTTT-2-Funded by OECF	91.88	47.70	44.18
14.	20 Water Resources	4701-Capital outlay on Major and Medium Irrigation-State Plan-State Sector-01-Major Irrigation (Commercial)-TTTT-3-Right Bank Canal Funded by AIBP	47.13	37.65	9.48
15.	20 Water Resources	4701-Capital outlay on Major & Medium Irrigation-State Plan-State Sector-01-Major Irrigation (Commercial) VVVV-212-Subarnarekha Irrigation Project	70.90	34.09	36.81
16.	20 Water Resources	4701-Capital outlay on Major & Medium Irrigation-State Plan-State Sector-01-Major Irrigation (Commercial)-WWWW-219-Naraj Barrage	28.15	16.23	11.92
17.	20 Water Resources	4701-Capital outlay on Major and Medium Irrigation-State Plan- State Sector-01-Major Irrigation (Commercial)-XXXX-220-Mahanadi Chitrotpala Island Irrigation Project	19.95	18.79	1.16
18.	20 Water Resources	4701-Capital outlay on Major & Medium Irrigation-State Plan-State Sector-01-Major Irrigation (Commercial) ZZZZ-222-Lower Indra Irrigation Project	34.70	29.21	5.49
19.	20 Water Resources	4701-Capital outlay on Major and Medium Irrigation -State Plan- State Sector-01-Major Irrigation (Commercial)-AAAAA-223-Lower Suktel-Irrigation project	10.30	7.38	2.92
20.	20 Water Resources	4701-Capital outlay on Major & Medium Irrigation-State Plan- State Sector-01-major irrigation (Commercial)-BBBBB-796-Tribal Area Sub Plan-BBBBB-1-Upper Kolab Irrigation Project	21.20	16.02	5.18
21.	20 Water Resources	4701-Capital outlay on Major and Medium Irrigation-State Plan-State Sector-01-Major irrigation(Commercial)-BBBBB-796-Tribal area Sub Plan-BBBBB-2-Upper Indravati Irrigation project	21.20	16.75	4.45
22.	20 Water Resources	4701-Capital outlay on Major and Medium Irrigation-State Plan-State sector-01-Major Irrigation (Commercial) BBBBB-796-Tribal area Sub plan- BBBBB-3-Potteru Irrigation Project	16.63	5.16	11.47
23.	20 Water Resources	4701-Capital outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation (Commercial)-EEEEE-302-Harabhangi Irrigation Project	9.35	6.57	2.78

Contd.

Sl No	No. & Name of the Grant/Appro-priation	Head of Account	Total Grant	Actual expendi-ture	Savings
			Rupees in crore		
24.	20 Water Resources	4701-Capital outlay on Major & Medium Irrigation-State Plan-State Sector-03-Medium Irrigation (Commercial)-FFFFF-309-Baghua Irrigation Project-Stage-II	9.71	7.86	1.85
25.	20 Water Resources	4701-Capital outlay on Major and Medium irrigation-State Plan-State Sector-03-Medium Irrigation (Commercial)-GGGGG-311-Harihar Jore Irrigation Project	4.78	2.96	1.82
26.	20 Water Resources	4701-Capital outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation (Commercial)-HHHHH-315.Upper Jonk Irrigation project	12.20	4.92	7.28
27.	20 Water Resources	4701-Capital outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation (Commercial)-KKKKK-339-Other Pipelines Projects-KKKKK-1-Pipeline projects(NABARD Assistance)	19.66	14.96	4.70
28.	20-Water Resources	4701-Capital outlay on Major and Medium Irrigation State Plan-State Sector-03-Medium Irrigation-MMMMM-393-Water Resources Consolidation project(EAP)	109.93	67.72	42.21
29.	20 Water Resources	4701-Capital outlay on Major & Medium Irrigation-State plan- State sector-03-Medium irrigation (Commercial)-PPPPP-401-Rukura Irrigation Project	3.0	0.36	2.65
30.	20 Water Resources	4701-Capital outlay on Major & Medium Irrigation-State Plan-State Sector 03-Medium Irrigation(Commercial)-QQQQQ-796-Tribal Area Sub Plan-QQQQQ-1-Badanala Irrigation Project	6.92	4.63	2.29
31.	20 Water Resources	4701-Capital outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation(Commercial)-QQQQQ-796-Tribal Area Sub Plan-QQQQQ-2-Deo Irrigation Project	5.10	3.13	1.97
32.	20 Water resources	4701-Capital outlay on Major and Medium Irrigation- State Plan-State Sector-03-Medium Irrigation (Commercial) QQQQQ-3-Titilagarh Irrigation project	10.00	3.25	6.75
33.	20 Water Resources	4702-Capital outlay on Minor Irrigation-State Plan-District Sector-TTTTT-796-Tribal Area-Sub Plan-TTTTT-1-Ongoing MIPs	5.58	3.15	2.43
34.	20 Water Resources	4702-Capital outlay on Minor Irrigation-State Plan- District Sector-TTTTT-2-Ongoing scheme under AIBP	7.80	2.59	5.21

Contd.

Sl No	No. & Name of the Grant/Appro-priation	Head of Account	Total Grant	Actual expendi-ture	Savings
			Rupees in crore		
35.	20 Water Resources	4702-Capital outlay on Minor Irrigation-State plan-District sector-UUUUU-3-Ongoing scheme under AIBP	17.20	7.18	10.02
36.	22 Forest & Environment	2406-Forestry and Wildlife-State Plan-State Sector-01-Forestry-R2-Social Forestry (SIDA Assisted)	2.98	0.13	2.85
37.	22 Forest & Environment	2406-Forestry and wildlife-Central Plan- State Sector-01-Forestry-X-101-Forest Conservation-Development and Regeneration-X-1-Modern Forest-Fire control	1.50	0.29	1.21
38.	22 Forest & Environment	2406-Forestry and Wildlife-Central Plan-State Sector-02-Environmental Forestry and Wildlife-Z-110-Wildlife preservative-Z-1-Development of National parks, Sanctuaries and Nature reserves	3.00	1.82	1.18
39.	22 Forest & Environment	2406-Forestry and wild life-Central Plan-District sector-01-Forestry-AA-102-Social and farm forestry-AA-2-Integrated afforestation and Eco-Development project	17.25	14.50	2.75
40.	23 Agriculture	2401-Crop Husbandry-Centrally sponsored Plan-District Sector-NN-119-Horticulture and Vegetable Crops-NN-1-Development of Drip Irrigation	2.88	Nil	2.88
41.	23 Agriculture	2401-Crop Husbandry-Centrally sponsored plan-District sector-NN-2-Macromanagement of Agriculture supplementation /complementation of State efforts through work plan	4.85	2.63	2.22
42.	23 Agriculture	2402-Soil & Water conservation-centrally sponsored plan-District Sector-BBB-800-Other expenditure-BBB-1-Macromanagement of Agriculture Supplementation/Complementation of State's efforts through work plan	11.85	6.58	5.27
43.	23 Agriculture	4701-Capital outlay on Major & Minor Irrigation-State Plan-State sector-03-Medium Irrigation (Commercial)-SSS-393-Water Resources Consolidation project (EAP) SSS-1-Institutional Strengthening	5.00	1.13	3.87
44.	28 Rural Development	2215-Water Supply & Sanitation-State Plan-State Sector-01-Water Supply-S-799-Suspense-S-1-Stock	2.00	0.48	1.52
45.	28 Rural Development	4215-Capital outlay on Water supply & sanitation-State Plan-District Sector -01-Water Supply-WW-102-Rural Water supply programme-WW-1-Minimum needs programme	7.26	3.95	3.31
46.	28 Rural Development	4215-Capital outlay on water supply and sanitation-State Plan-District sector-01-Water Supply-WW-102-Rural Water Supply programme-WW-2-Prime Minister Gramodaya Yojana	8.67	6.52	2.15

Contd.

Sl No	No. & Name of the Grant/Appro-priation	Head of Account	Total Grant	Actual expendi-ture	Savings
			Rupees in crore		
47.	28 Rural Development	4215-Capital outlay on Water supply and sanitation-Centrally sponsored plan-District sector-01-Water supply-ZZ-796-Tribal Area Sub Plan-ZZ-1-Minimum needs programme	5.10	3.85	1.25
48.	28 Rural Development	5054-Capital outlay on Roads and Bridges-State Plan-District sector-04-District & other Roads-DDD-796-Tribal Area Sub Plan-DDD-1-Minimum needs programme	13.22	10.53	2.69
49.	28 Rural Development	5054-Capital outlay on Roads and Bridges-State Plan-District Sector-04-District & Other Roads-DDD-796-Tribal Area Sub Plan-DDD-2-Implementation of RCP in KBK Districts under RLTAP	3.32	Nil	3.32
50.	28 Rural Development	5054-Capital outlay on Roads & Bridges-State Plan-District sector-04-District & other Roads-EEE-800-Other expenditure-EEE-1-Minimum needs programme	43.88	41.43	2.45
51.	28 Rural Development	5054-Capital outlay on Roads & Bridges-State Plan-District Sector-04-District & Other Roads-EEE-800-Other expenditure-EEE-4-Pradhan Mantri Gram Sadak Yojana	7.31	5.64	1.67
52.	30 Energy	2801-Power-State Plan-State Sector-03-Transmission and Distribution-D-800-Other Expenditure-D-7-Subsidy to SOUTHCO for rural electrification	4.56	Nil	4.56
53.	30 Energy	2801-Power-State Plan-State Sector-03-Transmission and Distribution-D-800-Other Expenditure-D-8-Subsidy to WESCO for rural electrification	4.91	Nil	4.91
54.	30 Energy	2801-Power-State Plan-State sector-80-General-E-800-Other expenditure-E-1-Reforms and Restructuring project	0.09	(-) 8.18	8.27
55.	30 Energy	6801-Loans for power projects-State Plan-State sector-K-205-Transmission & Distribution-K-2-Upgradation of power Distribution system(WB Assistance)	73.10	69.20	3.90
56.	33 Fisheries & Animal Resources Development Department	2403-Animal Husbandry-Central Plan-State Sector-BB 2-Extension of frozen semen Technology for cattle and Buffalo development	4.20	2.12	2.08
57.	34 Co-operation	2435-Other Agricultural Programme-Centrally sponsored plan-State sector-01-Marketing and Quality control-Q-796-Tribal Area Sub Plan-Q-1-Subsidy to regulated marketing Committees for establishment of Krushak Bazar	2.05	0.56	1.49

Concld.

Sl No	No. & Name of the Grant/Appro-priation	Head of Account	Total Grant	Actual expendi-ture	Savings
			Rupees in crore		
58.	36 Women & Child Development	2235-Social security and Welfare-State Plan-District Sector-60-Other social security and welfare programme-S-102-Pensions under social security schemes-S-2-National Old age pension to destitute	11.84	10.71	1.13
59.	36 Women & Child Development	2235-Social security and welfare-central plan-District sector-X-796-Tribal Area Sub Plan-X-1-Integrated Child Development service scheme	28.44	26.76	1.68
		TOTAL	**999.09**	**663.91**	**335.18**

Contd.

APPENDIX-VII-A
(Refer paragraph 2.3.6 at page 29)
Statement showing savings of more than 10 per cent during 2001-2002

Sl. No.	Grant No.	Name of the Grant	Amount of Grant/Appro-priation	Savings	Percentage
					(Rupees in crore)
REVENUE SECTION					
1	2	General Administration (Charged)	2.53	0.37	15
2	3	Revenue(Voted)	1365.79	850.27	62
3	3	Revenue(Charged)	649.95	400.00	62
4	5	Finance(Voted)	1456.10	397.16	27
5	7	Works(Voted)	202.14	27.90	14
6	10	School & Mass Education(Charged)	0.03	0.03	100
7	11	Scheduled Tribes, Scheduled Castes Development and Minorities and Backward Classes Development (Voted)	329.43	63.50	19
8	12	Health & Family Welfare(Voted)	566.15	128.36	23
9	16	Planning & Co-ordination(Voted)	170.74	35.56	21
10	21	Transport(Charged)	0.03	0.03	100
11	22	Forest & Environment(Voted)	121.12	19.79	16
12	23	Agriculture(Voted)	258.11	31.92	12
13	23	Agriculture(Charged)	0.01	0.01	100
14	27	Science & Technology (Voted)	7.53	4.97	66
15	28	Rural Development (Charged)	0.02	0.01	50
16	29	Parliamentary Affairs (Charged)	2.02	0.28	14
17	30	Energy(Voted)	31.30	18.95	61
18	31	Textiles & Handloom (Voted)	48.88	36.87	75
19	33	Fisheries & Animal Resources Development(Voted)	115.75	19.66	17
20	34	Co-operation(Voted)	39.83	5.52	14
21	35	Public Enterprises(Voted)	40.64	20.35	50
22	36	Women & Child Development (Voted)	281.96	56.05	20
23	38	Higher Education (Charged)	0.01	0.01	100

Concld.

Sl. No.	Grant No.	Name of the Grant	Amount of Grant/Appro-priation	Savings	Percentage
					(Rupees in crore)
CAPITAL SECTION					
24	5	Finance(Voted)	277.58	44.51	16
25	6	Commerce(Voted)	6.86	1.58	23
26	7	Works(Voted)	111.99	41.14	37
27	7	Works(Charged)	0.14	0.03	21
28	11	Scheduled Tribes, Scheduled Castes Development and Minorities and Backward Classes Development (Voted)	8.61	2.90	34
29	12	Health & Family Welfare(Voted)	66.55	31.50	47
30	13	Housing & Urban Development(Voted)	50.11	23.95	48
31	19	Industries(Voted)	2.39	0.90	38
32	20	Water Resources (Voted)	754.62	291.31	39
33	20	Water Resource (Charged)	1.69	0.71	42
34	23	Agriculture(Voted)	5.01	3.87	77
35	28	Rural Development (Voted)	318.32	200.09	63
36	28	Rural Development (Charged)	0.10	0.05	50
37	30	Energy(Voted)	469.26	279.09	59
38	32	Tourism & Culture (Voted)	5.28	1.63	31
39	33	Fisheries & Animal Resources Development(Voted)	5.49	2.47	45
40	34	Co-operation(Voted)	20.90	14.60	70
41	38	Higher Education (Voted)	1.43	0.21	15
42	6003	Internal Debt of the State Government (Charged)	7680.62	1080.05	14

Contd.

APPENDIX-VII-B
(Refer paragraph 2.3.6 at page 29)
Statement showing persistent savings of more than 10 *per cent*

Sl. No	Grant No	Name of the Grant	Percentage of Savings		
			1999-2000	2000-2001	2001-02
REVENUE SECTION					
1	2	General Administration(Charged)	23	16	15
2	3	Revenue(Voted)	33	41	62
3	5	Finance(Voted)	26	39	27
4	10	School & Mass Education(Charged)	67	60	100
5	11	Scheduled Tribes & Scheduled Castes Development and Minorities & Backward Classes Development(Voted)	12	20	19
6	21	Transport(Charged)	100	100	100
7	23	Agriculture(Voted)	23	15	12
8	28	Rural Development (Charged)	67	100	50
9	30	Energy(Voted)	92	78	61
10	31	Textile & Handloom (Voted)	30	67	75
11	33	Fisheries & Animal Resources Development(Voted)	18	14	17
12	34	Co-operation (Voted)	15	16	14
13	36	Women & Child Development(Voted)	23	22	20
14	38	Higher Education (Charged)	100	100	100
CAPITAL SECTION					
15	7	Works(Voted)	60	23	37
16	11	Scheduled Tribes &Scheduled Castes Development and Minorities & Backward Classes Development(Voted)	25	34	34
17	12	Health & Family Welfare(Voted)	80	22	47
18	13	Housing & Urban Development(Voted)	62	15	48
19	19	Industries(Voted)	86	76	38
20	20	Water Resources (Voted)	14	31	39

Concld.

Sl. No	Grant No	Name of the Grant	Percentage of Savings		
			1999-2000	2000-2001	2001-02
21	20	Water Resources (Charged)	42	93	42
22	23	Agriculture(Voted)	57	76	77
23	28	Rural Development (Voted)	24	58	63
24	30	Energy (Voted)	89	15	59
25	32	Tourism & Culture (Voted)	61	70	31
26	33	Fisheries & Animal Resources Development(Voted)	49	20	45
27	38	Higher Education (Voted)	91	63	15

Contd.

Appendix VIII
(Refer paragraph 2.3.8 at page 29)
Significant cases of excess exceeding Rs. 1 crore)

Sl No.	No. & Name of the Grant	Head of Account	Total/ Final Grant	Expendi -ture	Excess
			Rupees in crore		
1	3 Revenue	2245-Relief on Account of Natural Calamities-02-Floods, Cyclones etc-KK-106-Repairs & Restoration of Damaged Roads & Bridges	0.01	5.88	5.87
2	3 Revenue	2245-Relief on Account of Natural Calamities-02-Floods, Cyclones etc-YY-122-Repairs/ Restoration of Damaged Irrigation and Flood control works	0.15	5.41	5.26
3	4 Law	2014- Administration of Justice-C-114-Legal Advisers and Counsels-C1-Advocate General	1.67	3.26	1.59
4	5 Finance	2071-Pensions and other retirement benefits-01-Civil-L-101-Superannuation and retirement allowance-Ll-Pension to Government servants	591.96	594.49	2.53
5	7 Works	2059-Public Works-80-General-C-001-Direction and Administration-C3-Deduct-Transfer of Establishment Charge on percentage basis	(-) 17.08	(-) 13.76	(+) 3.32
6	7 Work	2059-Public Works-80-General-D-2-Deduct Transfer of tools and plant charges on percentage basis	(-) 10.78	(-) 8.80	(+) 1.98
7	7 Works	3054-Roads and Bridges 03-State Highways-0-337-Road Work-01-Maintenance and Repairs	17.95	23.88	5.93
8	13 Housing & Urban Development	2215-Water Supply and Sanitation-F-101-Urban Water Supply programmes-F-1 Maintenance & Repairs	58.94	60.18	1.24
9	15 Sports & Youth Services	2204-Sports & Youth Services-State Plan-State Sector-F-001-Direction and Administration.F-1-Directorate of Sports and Youth Welfare	0.30	2.26	1.96
10	20 Water Resources	2701-Major & Medium Irrigation-80-General-DDD-001-Direction & Administration	14.56	19.13	4.57
11	20 Water Resources	2701-Major & Medium Irrigation-80-General-FFF-799-Suspense-FFF-1-Engineer-in-Chief	1.00	2.57	1.57
12	20 Water Resources	2702-Minor Irrigation-80-General-VVV-799-Suspense	1.00	12.00	11.00
13	20 Water Resources	4701-Capital outlay on Major & Minor Irrigation-State Plan-State Sector 01-Major Irrigation (Commercial)-UUUU-210-Kanpur Irrigation project	1.02	2.47	1.45

Concld.

Sl No.	No. & Name of the Grant	Head of Account	Total/ Final Grant	Expendi -ture	Excess
			Rupees in crore		
14	20 Water Resources	4711-Capital outlay on flood control projects/ State Plan-State Sector-01-Flood Control-VVVVV-2-Bank Protection Works on different river embankments	1.10	3.08	1.98
15	22-Forest & Environment	2406-Forestry and Wild Life-01 - Forestry- A-001-Direction & Administration-A-1-Headquarters Establishment	1.58	3.88	2.30
16	23 Agriculture	2401-Crop Husbandry-D-103-Seeds-D-3-Personal Ledger Account for purchase and Distribution of Seeds, Fertilisers etc.	4.00	32.10	28.10
17	30 Energy	6801-Loans for power projects-State Plan-State Sector-K-205.Transmission and Distribution-K-1.Loans to GRIDCO for upgrading T&D system and procurement of meters and receipt of loan from World Bank(EAP)	66.87	70.76	3.89
18	33 Fisheries and Animal Resources Development	4405-Capital outlay on fisheries-Centrally sponsored Plan-District Sector-LLLL-103-Marine fisheries-LLLL-1-Small Landing and Breeding facilities	1.81	2.91	1.10
19	36 Women & Child Development	2235-Social Security & Welfare-60-Other Social Security and Welfare Programmes-G-102-Pensioners under Social Security Schemes	76.49	78.30	1.81
20	38 Higher Education	2202-General Education-Central Plan-State Sector-03-University & Higher Education-Q-001-Direction and Administration-Q-1-Vocational Directorate	0.42	2.49	2.07
21	38-Higher Education	2204-Sports & Youth Services-Z-102-Youth Welfare programmes for students-Z-1-NCC	4.31	6.07	1.76
		Total	**817.28**	**908.56**	**91.28**

APPENDIX-IX
(Refer paragraph 2.3.9(a) at page 29)
Injudicious Surrenders

Sl.No	Number and Name of the Grant	Total Savings	Amount surrendered	Amount not surrendered
REVENUE SECTION (VOTED)				
1	1 Home	54.02	34.22	19.80
2	3 Revenue	850.27	545.85	304.42
3	5 Finance	397.16	347.77	49.39
4	7 Works	27.90	2.41	25.49
5	10 School & Mass Education	137.25	108.96	28.29
6	11 ST, SC Development & Minorities and Backward Classes Development	63.50	55.26	8.24
7	12 Health & Family Welfare	128.36	98.20	30.16
8	13 Housing & Urban Development	18.01	6.77	11.24
9	17 Panchayati Raj	8.52	5.72	2.80
10	22 Forest & Environment	19.79	0.05	19.74
11	23 Agriculture	31.92	Nil	31.92
12	30 Energy	18.95	1.22	17.73
13	31 Textile and Handloom	36.87	22.78	14.09
14	33Fisheries and Animal Resources Development	19.66	Nil	19.66
15	34 Co-operation	5.52	Nil	5.52
16	36 Women & Child Development	56.05	49.60	6.45
REVENUE SECTION (CHARGED)				
1	3 Revenue	400.00	Nil	400.00
2	2049 Interest payments	184.92	Nil	184.92
CAPITAL SECTION (VOTED)				
1	5 Finance	44.51	Nil	44.51
2	7 Works	41.14	27.81	13.33
3	13 Housing and Urban Development	23.95	20.52	3.43
4	20 Water Resources	291.31	Nil	291.31
5	22 Forest & Environment	7.05	0.59	6.46
6	23 Agriculture	3.87	Nil	3.87
7	28 Rural Development	200.09	185.65	14.44
8	33 Fisheries and Animal Resources Development	2.47	Nil	2.47
9	34 Co-operation	14.60	Nil	14.60
	Total	**3087.66**	**1513.38**	**1574.28**

Appendix-X
(Refer paragraph 2.3.9(b) at page 29)
Excessive surrenders

Sl.No	Number and Name of the Grant	Total Savings	Amount Surrendered	Amount surrendered in excess
				(Rupees in crore)
CAPITAL SECTION (VOTED)				
	30 Energy	279.09	291.04	11.95
Total		**279.09**	**291.04**	**11.95**

Contd.

APPENDIX-XI
(Refer paragraph No.2.3.10(a) at page 30)
Significant cases of entire provision surrendered/re-appropriated

Sl. No	Grant No and Name of the Department	Head of Account	Total provision	Amount surrendered/reappropriated
			Rupees in lakh	
1	7 Works	4055-Capital outlay on Police-State Plan-District sector-T-207-State Police	30.00	30.00
2	7 Works	4059-Capital outlay on Public works-60-Other buildings-State Plan-District sector-01-office Buildings-BB-796-Tribal Area Sub Plan	140.00	140.00
3	7 Works	4202-Capital outlay on Education, sports ,Art and culture-State Plan-State sector-04-Art & Culture-HH-800-Other expenditure-HH-I-Promotion of Art & Culture	15.00	15.00
4	7 Works	5054-Capital outlay on Roads & Bridges-04-District & Other Roads-WW-800-Other Expenditure-WW-1-Major works	1125.21	1125.21
5	10 School & Mass Education	2202-General Education-State Plan-District sector-NN-4-Education Guarantee Scheme and Alternative and Innovative Education	193.29	193.29
6	10 School & Mass Education	2202-General Education-State Plan-District Sector-NN-5-Sarbasikshya Abhiyan	100.01	100.01
7	10 School & Mass Education	2202-General Education-Central Plan-District Sector-02-Secondary Education-FFF-109-Govt Secondary Schools-FFF-1-High Schools	1136 80	1136.80
8	10 School & Mass Education	2202-General Education-Central Plan-District Sector-02-Secondary Education-GGG-796-Tribal Area Sub Plan-GGG-1-Govt secondary schools	368.20	368.20
9	10 School & Mass Education	2202-General Education-Central Plan-District Sector-04-Adult Education-HHH-200-Other Education Programme	100.00	100 00
10	10 School & Mass Education	2202-General Education-Centrally sponsored plan-District sector-01-Elementary Education-MMM-4-Hydrofacturing	1955.00	1955.00
11	10 School & Mass Education	2202-General Education-Centrally sponsored Plan-District sector-01-Elementary Education-MMM-5-Sarbasikshya Abhiyan	595.00	595 00
12	10 School & Mass Education	2202-General Education-Centrally sponsored Plan-District sector-01-Elementary Education-NNN-796-Tribal Area Sub Plan-NNN-3-Education Guarantee scheme and Alternative & Innovative Education	632.52	632.52
13	11 Scheduled Tribes & Scheduled Castes Development and Minorities & Backward classes Development	2225-Welfare of Scheduled Castes-Scheduled Tribes and Other Backward Classes-Central Plan State Sector-01-Welfare of Scheduled Castes-AA-800-Other Expenditure	352.87	352 87
14	11 Scheduled Tribes & Scheduled Castes Development and Backward Classes Development	2225-Welfare of Scheduled Tribe, Scheduled Caste & Other Backward Classes -Central Plan-District sector-01-Welfare of scheduled castes-CC-277-Education-CC-1-Other Educational facilities	725 00	725.00

Contd.

Sl. No	Grant No and Name of the Department	Head of Account	Total provision	Amount surrendered/reappropriated
			Rupees in lakh	
15	19 Industries	2851-Village and Small Industries-Centrally sponsored Plan-State Sector-GG-102-Small Scale Industries-GG-I-Development of Growth Centre in the State	300.00	300.00
16	19 Industries	2851-Village and Small Industries-Centrally Sponsored Plan-State Sector-HH-106-Coir Industries-HH-4-For establishment of rubberised coir unit at Bhubaneswar	83.40	83.40
17	19 Industries	6851-Loans for village and small Industries-Centrally sponsored plan-State sector-AAA-195-Loans to co-operatives-AAA-1-Loans to Orissa Co-operatives Corporation Ltd for establishment of Rubberised Coir Units at Bhubaneswar.	55.78	55.78
18	20 Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State sector-03-Medium irrigation(Commercial)-DDDDD-216-Other Pipeline projects under AIBP-DDDDD-1-Survey and Investigation	370.00	370.00
19	27-Science & Technology	2810-Non-Conventional sources of Energy-State Plan-District sector-60-Others-M-800-Other Expenditure-M-4-Village Electrification programme under PMGY	400.00	400.00
20	27-Science & Technology	2810-Non-Conventional sources of Energy-Central Plan-District sector-60-Others-N-800-Other expenditure-N-1-Integrated Rural Energy Programme	86.15	86.15
21	30 Energy	2045-Other Taxes and Duties on Commodities and services-A-103-Collection charges-Electricity Duty-A-2-Collection Charges payable to GRIDCO	100.00	100.00
22	31 Textile & Handloom	2851-Village and Small Industries-State Plan-State sector-E-103-Handloom Industries-E-3-Market Development Assistance	52.59	52.59
23	31 Textile & Handloom	2851-Village & Small Industries-State Plan-State sector-G-796-Tribal Area Sub-Plan-G-3-Market Development Assistance	15.00	15.00
24	31 Textile & Handloom	2851-Village & Small Industries-Central Plan-State sector-M-103-Handloom Industries-M-3-Assistance to Setting up Handloom Development Centre	1160.87	1160.87
25	31 Textile & Handloom	2851-Village & Small Industries-Central Plan-State sector-M-4-Assistance to setting up Quality Dying Unit	77.32	77.32
26	31 Textile & Handloom	2851-Village & Small Industries-Central Plan-State Sector-M-5-Health package scheme for Handloom Weavers	37.59	37.59
27	31 Textile & Handloom	2851-Village & Small Industries-Central Plan-State sector-N-796-Tribal Area Sub-Plan-N-1-Assistance to setting up Handloom Development centre	331.43	331.43
28	31 Textile & Handloom	2851-Village & Small Industries-Central Plan-State sector-N-796-Tribal Area sub Plan-N-2-Health package scheme for Handloom weavers	10.73	10.73

Concld.

Sl. No	Grant No and Name of the Department	Head of Account	Total provision	Amount surrendered/reappropriated
			Rupees in lakh	
29	31 Textile & Handloom	2851-Village & small Industries-Central Plan-District Sector-0-103-Handloom Industries-0-1-Workshed-cum-Housing scheme for Handloom weavers	77.98	77.98
30	31 Textile & Handloom	2851-Village & Small Industries-Central Plan-District Sector-P-796-Tribal Area Sub Plan-P-1-Workshed cum-Housing scheme for Handloom weavers	22.05	22.05
31	31 Textile & Handloom	2851-Village & Small Industries-Central Plan-District Sector-P-796-Tribal Area sub Plan-P-2-Assistance for setting of Quality Dying Unit	22.06	22.06
32	31 Textile & Handloom	2851-Village & Small Industries-Centrally Sponsored Plan-State Sector-Q-103-Handloom Industries-Q-l-Thrift Deposit-Handloom Weavers saving and security scheme	30.07	30.07
33	31 Textile & Handloom	2851-Village & Small Industries-Centrally Sponsored Plan-State Sector-Q-103-Handloom Industries-Q-3-Rebate on sale of handloom cloth in National Handloom expo and exhibition	90.54	90.54
34	31 Textile & Handloom	2851-Village & Small Industries-Centrally Sponsored Plan-State Sector-Q-4-Project package scheme for Handloom Development	48.10	48.10
35	31 Textile & Handloom	2851-Village & Small Industries-Centrally Sponsored Plan-State Sector-R-796-Tribal area Sub Plan-R-2-Market Development Assistance	56.99	56.99
36	31 Textile & Handloom	2851-Village & Small Industries-Centrally Sponsored Plan-State Sector-R-3-Rebate on sale of Handloom cloths in National Handloom expo and exhibition	25.85	25.85
37	31 Textile & Handloom	4860-Capital outlay on Consumer Industries-State Plan-State Sector-01-Textiles-T-190-Investments in Public Sectors and other Undertakings-T-1-Share Capital-Investments in Orissa Textile Mills	37.32	37.32
38	36 Women & Child Development	2235-Social Security and Welfare-Central Plan-State Sector-60-Other Social security and welfare programmes-U-101-Personal accident Insurance schemes for poor families-U-1-National programme for Rehabilitation of persons with disabilities	198.35	198.35
		Total	**11159.07**	**11159.07**

Contd.

APPENDIX-XII
(Refer paragraph No.2.3.10(b) at page 30)
Statement showing anticipated savings not surrendered

Sl. No	No. & Name of the Grant	Head of Account	Total Grant	Actual Expendi-ture	Savings
			Rupees in lakh		
1.	3 Revenue	2215-Water Supply & Sanitation-State Plan-District Sector-01-Water Supply-W.800-Other Expenditure-W-1-Upgradation of Standard of Administration/ schemes of special problem recommended by the 10th Finance Commission	267.00	-	267.00
2.	7 Works	3054-Roads & Bridges-80-General-Q-797-Transfer to/from Reserve Fund/Deposit Accounts	970.00	-	970.00
3.	12 Health & Family Welfare	3606-Aid Materials & Equipment-Central Plan-State Sector-CCCC-796-Tribal Area Sub-Plan-CCCC-1-Leprosy Control Programme	50.00	-	50.00
4.	13 Housing & Urban Development	4215-Capital outlay on Water Supply and Sanitation-State Plan-State Sector-02-Sewerage & Sanitation-GGG-106-Sewerage services-GGG-2-State's contribution for sewerage treatment plant at Puri	200.00	-	200.00
5.	20 Water Resources	4702-Capital outlay on Minor Irrigation-State Plan-District sector-UUUUU-4-Lump provision for improvement of medium irrigation projects under Biju Krushak Vikash Yojana	1000.00	-	1000.00
6.	20 Water Resources	4711-Capital outlay on Flood Control Project-Centrally Sponsored Plan-State Sector-03-Drainage-BBBBBB-103-Civil Waters-BBBBBB-1-Lump provision	1100.00	-	1100.00
7.	22 Forest & Environment	2406-Forestry & Wild life-Central Plan-State Sector-02-Environmental Forestry and Wild life-Z-110-Wildlife preservation-Z-5-Integrated Eco-development Project in Similpal Tiger Reserve	100.00	--	100.00
8.	22 Forest & Environment	2406-Forestry and Wildlife-Central Plan-State Sector-02-Environmental Forestry and Wild Life-Z- 110-Wild life preservative-Z-7-Relocation of village from sanctuaries and National Parks	440.00	-	440.00
9.	22 Forest and Environment	2406-Forestry and Wildlife-Central Plan-District Sector-01-Forestry-AA-102-Social and Palm Forestry-AA-I-Minor Forest Produce plantation including medicinal plants	150.00	--	150.00
10.	22 Forest and Environment	4406-Capital Outlay on Forestry and Wildlife-01-Forestry-RR-800-Other Expenditure-RR-1-Compensatory Afforestation in the Project areas	150.00	--	150.00
11.	22 Forest and Environment	4406-Capital Outlay on Forestry and Wildlife-State Plan-District Sector-01-Forestry-UU-102-Social and Farm Forestry-UU-2-Fuel Wood and Fodder Project	186.65.	--	186.65

Concld.

Sl. No	No & Name of the Grant	Head of Account	Total Grant	Actual Expendi-ture	Savings
			Rupees in lakh		
12.	22 Forest and Environment	4406-Capital Outlay on Forestry and Wildlife-State Plan-District Sector-01-Forestry-VV-796-Tribal Area Sub-plan-VV-3- Fuel Wood and Fodder Project	113.50	--	113.50
13.	23 Agriculture	2401-Crop Development-II-119-Horticulture & Vegetable Crops.II.-1-Integrated Programme for Development of spices	230.80	-	230.80
14.	23 Agriculture	2401-Crop Husbandry-Central Plan-District Sector-II-119-Horticulture and Vegetable Crops-II-2-Integrated Development Programme of Tropical and Arid Zone Fruits	188.57	-	188.57
15.	23 Agriculture	2401-Crop Development-NN-119-Horticulture and Vegetable Crops-NN-1-Development Drip Irrigation	287.68	--	287.68
16.	26 Excise	2039 State Excise- State Plan-State Sector-D-001-Direction & Administration D-1 Excise Commissioner's Establishment	40.00	Nil	40.00
17.	30 Energy	2801-Power-State Plan-State Sector-01-Hydel Generation-D-7-Subsidy to SOUTHCO for rural electrification	456.00	-	456.00
18.	30 Energy	2801-Power-State Plan-State Sector-01-Hydel Generation-D-8-Subsidy to WESCO for rural electrification	490.88	-	490.88
19.	30 Energy	4801-Capital Outlay on Power Projects-State Plan-State Sector-01-Hydel Generation-G-190-Investment in Public Sector and other Undertakings-G-1-Share capital investment in OHPC	1900.00	--	1900.00
20.	30 Energy	6801-Loans for power projects-State Plan-State Sector-J-201-Hydel Generation-J-1-Loans to OHPC under APDP scheme	1900.00	-	1900.00
21.	34 Co-operation	6405-Loans for Co-operation-State Plan-State Sector-Z-107-Loans to Credit Co-operatives-Z-1-Loans to OSCB for conversion of short term loan to medium term loan	1393.03	-	1393.03
22.	38 Higher Education	2202-General Education-Central Plan-District Sector-03-University and Higher Education-W-103-Government Higher Secondary Schools-W.1-Higher Secondary Schools	158.00	-	158.00
		Total	**11772.11**	**-**	**11772.11**

APPENDIX -XIII

(Refer paragraph 2.3.11 at page 30)

Statement showing cases where expenditure fell short by Rs.1 crore and over 20 *per cent* of provision

Sl.No	No. of the Grant	Name of the Grant/Appropriation	Total Grant	Amount of Savings	Savings as a percentage of total grant
1	2	3	4	5	6
			(Rupees in Crore)		
REVENUE SECTION					
1	3	Revenue(Voted)	1365.79	850.27	62
2	3	Revenue(Charged)	649.95	400.00	62
3	5	Finance(Voted)	1456.10	397.16	27
4	12	Health & Family Welfare(Voted)	566.15	128.36	23
5	16	Planning & Co-ordination (Voted)	170.74	35.56	21
6	27	Science & Technology (Voted)	7.53	4.97	66
7	30	Energy(Voted)	31.30	18.95	61
8	31	Textile & Handloom Development(Voted)	48.88	36.87	75
9	35	Public Enterprises	40.64	20.35	50
CAPITAL SECTION					
10	6	Commerce(Voted)	6.86	1.58	23
11	7	Works(Voted)	111.99	41.14	37
12	11	Scheduled Tribes, Scheduled Castes & Minorities and Backward Classes Development(Voted)	8.61	2.90	34
13	12	Health & Family Welfare(Voted)	66.55	31.50	47
14	13	Housing & Urban Development(Voted)	50.11	23.95	48
15	20	Water Resources (Voted)	754.62	291.31	39
16	23	Agriculture(Voted)	5.01	3.87	77
17	28	Rural Development(Voted)	318.32	200.09	63
18	30	Energy(Voted)	469.26	279.09	59
19	32	Tourism & Culture (Voted)	5.28	1.63	31
20	33	Fisheries & Animal Resources Development(Voted)	5.49	2.47	45

APPENDIX-XIV
(Refer paragraph No.2.3.12 at page 30)
Statement of New Service/New Instrument of Service

Sl. No	Grant No/Name of the Grant	Head of Account	Amount (Rupees in Lakh)
1	3 Revenue	2245-Relief on Account of Natural Calamity-80-General-DDD-3 National Fund for Calamity Relief	1116.81
2	7 Works	4210-Capital Outlay on Medical and Public Health-State Plan-State Sector-03-Medical Education, Training and Research-KKB-105-Allopathy	10.51
3	12 Health & Family Welfare	3606-Aid Materials and Equipment-Centrally Sponsored Plan-State Sector-EEEE-106-National TB Control Programme	283.14
4	20 Water Resources	2801-Power-01-Hydel Generation-0000A-Machhakund Hydro-Electric Scheme	52.46
5	20 Water Resources	4701-Capital Outlay on Major and Medium Irrigation-03-Medium Irrigation (Commercial)-JJJJJA-337-Darajanga Irrigation Project	18.01
6	22 Forest & Environment	2406-Forestry and Wildlife-01-Forestry-A-001-Direction & Administration-A-2-Field Establishment (Circle Office)	449.18
7	22 Forest & Environment	2406-Forestry and Wildlife-01-Forestry-A-001-Direction and Administration-A-3-Field Establishment (Division office)	3449.98
8	28 Rural Development	4215-Capital Outlay on Water Supply and Sanitation-State Plan-District Sector-01-Water Supply-WW-102-Rural Water Supply Programme -WW-3-Piped Water Supply in KBK districts under RLTAP	24.67
9.	28 Rural Development	4215-Capital Outlay on Water Supply and Sanitation-State Plan-District Sector-01-Water Supply-WW-102- Rural Water Supply Programme -WW-4-Submission Activities	279.65
	Total		**5684.41**

APPENDIX-XV
(Refer paragraph 2.6 at page.32)
Statement showing recoveries and credits

Sl. No	Number and name of the Grant	Budget Estimate	Actual Recoveries	Variation	
				Amount	Percentage
		(Rupees in Crore)			
1	2	3	4	5	6
REVENUE SECTION					
(A) Excess recoveries against Budget Estimate					
1.	23 Agriculture	5.56	38.22	32.66	587
2.	28 Rural Development	2.00	12.61	10.61	531
(B) Short recoveries against Budget Estimate					
1.	3 Revenue	815.20	284.27	530.93	65
2.	5 Finance	5.88	0.49	5.39	92
3.	12 Health & Family Welfare	28.41	2.40	26.01	92
4.	13 Housing & Urban Development	10.15	1.97	8.18	81
5.	17 Panchayati Raj	1.63	0.46	1.17	72
CAPITAL SECTION					
(A) Excess recoveries against Budget Estimate					
1.	20 Water Resources	6.81	12.43	5.62	83
(B) Short recoveries against Budget Estimate					
1.	7 Works	9.70	NIL	9.70	100

APPENDIX-XVI

(Refer paragraph 2.8 at page 33)

Statement showing particulars of Major Heads under which expenditure during March 2002 was substantial and also exceeded 51 *per cent* of the total expenditure during the year 2001-2002

Sl.No	Major Head of Account		Sector	Total expenditure during 2001-2002	Expenditure during March2002	Percentage of expenditure during March 2002 to total expenditure
						(Rupees in crore)
1	2		3	4	5	6
1.	2205	Art & Culture	State Plan	5.25	3.35	64
2.	2216	Housing	Non-Plan	39.43	21.27	54
3.	2216	Housing	State Plan	7.14	6.04	85
4.	2217	Urban Development	State Plan	12.28	8.72	71
5.	2235	Social Security & Welfare	State Plan	20.31	11.07	55
6.	2236	Nutrition	Non-Plan	8.19	5.55	68
7.	2236	Nutrition	State Plan	38.40	24.05	63
8.	2404	Dairy Development	Central Plan	1.30	1.30	100
9.	2405	Rural Employment	Centrally Sponsored Plan	0.10	0.10	100
10.	2515	Other Rural Development	State Plan	79.53	78.34	99
11.	2515	Other Rural Development	Central Plan	0.19	0.19	100
12.	2810	Non-Conventional Source of Energy	State Plan	0.33	0.30	91
13.	2851	Village & Small Industries	Central Plan	1.15	1.01	88
14.	3055	Roads & Transport	Non-plan	1.60	1.00	63
15	3435	Ecology & Environment	State Plan	7.30	7.19	98
16.	3435	Ecology & Environment	Central Plan	1.45	1.10	76
17.	3454	Census Survey & Statistics	Central Plan	1.10	0.76	69

APPENDIX-XVII
(Refer paragraph 2.9 at page 33)
Statement showing 8443-Civil Deposits-800-Other Deposits

Year	Opening Balance	Deposit	Withdrawal	Closing Balance
	(Rupees in crore)			
1997-98	183.86	247.34	49.86	381.34
1998-99	381.34	251.95	170.15	463.14
1999-2000	463.14	215.01	216.99	461.16
2000-2001	461.16	286.84	131.28	616.72
2001-2002	616.72	307.59	180.87	743.44

APPENDIX-XVIII

(Refer paragraph 3.1.5 at page 39)

Physical achievements in test checked districts up to March 2002 (TLC/PLC)

Name of ZSSs	Sanctioned illiterates	Surveyed illiterates	Enrol-ments	Completed			Percentage over surveyed illiterates	Male (Percentage over survey)	Female (Percentage over survey)	SC (Percentage)	ST (Percentage)
				Primer-I	Primer-II	Primer-III					
TLC											
Balasore	360,000	251,437	243,390	242,186	229,805	162,767	65	63,326 (63)	99,441 (66)	41,716 (56)	31,362 (48)
Baragarh	261,000	180,223	172,223	164,945	128,185	95,172	53	35,821 (52)	59,351 (53)	21,378 (48)	22,460 (44)
Bhadrak	167,000	166,774	154,830	150,117	141,102	108,006	65	50210 (66)	57,796 (64)	18,413 (54)	2,704 (49)
Cuttack	177,500	177,511	151,330	142,150	91,952	52,612	30	25,281	27,331	9,937	8094
Kandhamal	164,000	123,934	121,197	97,047	69,335	50,357	41	21525 (54)	28,832 (42)	17,535 (50)	26,914 (45)
Khurda	130,000	130,478	106,367	99,677	97,082	93,978	72	41155 (72)	52,823 (72)	26,837 (82)	12,665 (75)
Mayurbhanj	440,000	444,930	430,110	287,530	223,850	NA					
Nabarangapur	277,000	277,659	263,410	211,915	136,709	NA					
Puri	112,000	111,989	108,602	100,454	94,559	58,951	53	16637 (52)	42,314 (53)	19,352 (45)	345 (60)
Rayagada	203,000	178,489	91,373	52,331	NA	NA					
TOTAL	**2,291,500**	**2,043,424**	**1,842,832**	**1,548,352**	**1,212,579**	**6,21,843**	**30**	**2,53,955**	**3,67,888**	**1,55,168**	**104,544**
PLC											
Bolangir	2,50,000	2,60,000	2,41,365	2,07,541			86	98,867 (82)	1,08,674 (68)	36,915 (68)	39,691 (48)
Balasore	2,50,000	2,49,254	2,43,390	1,24,805			50	56,654 (56)	68,151 (46)	36702 (48)	24,655 (44)
Kalahandi	2,64,000	1,99,076	1,99,076	1,76,347			88	85,997 (86)	90,360 (91)	38,708 (75)	62,543 (97)
Puri	1,18,537	1,18,537	1.14,378	37,039			31	10,430 (30)	26,609 (32)	12,181 (28)	140 (24)
TOTAL	**8,82,537**	**8,26,867**	**7,98,209**	**5,45,732**			**66**	**2,51,948**	**2,93,794**	**1,24,506**	**127029**

APPENDIX –XIX
(Refer paragraph 3.1.5 at page 39)
Statement showing physical achievements wrongly reported by ZSSs through MPRs

Sl. No.	Name of the ZSS	Nature of report	Figure reported through MPR	Number of units test checked	Actuals	(+) Overre-porting (-) Under-reporting
1.	Kalahandi	Enrolment	163448	5	143871	(+)19577
2.	Bargarh	(1) Enrolment	44642	3	43022	(+)1620
		(ii) Survey	103442	7	104497	(-)1059
		(iii) Completion of TLC	41400	5	47561	(-)6161
3.	Kandhamal	(i) Enrolment	59249	7	47688	(+)11561
		(ii) Survey	58916	7	59342	(-)426
4.	Bhadrak	Distribution of Primers	461530	Stock Register	68599	(+)392931
5.	Nabarangpur	Identification of illiterates	18896	1	18287	(+)609
6.	Rayagada	Completion of Primer-I	86303	As per Status Report	22442	(+)63861

APPENDIX – XX
(Refer paragraph 3.12.1.3 at page 58)

Statement showing the details of physical achievements under the externally aided project of shrimp and fish culture by the Fisheries and Animal Resources Development Department

Sl.No	Name of the project	Revised water area projected in SAR (in hectares)	Actual implementation (in hectares)	Percentage of achievement
Shrimp Culture				
1.	Jagatjore-Banapada	277	283	102
2.	Bideipur	313	Nil	Nil
3.	Narendrapur	271	Nil	Nil
Total		**861**	**283**	**33**
Inland Fisheries				
4.	Reservoirs	28364 (79 numbers)	24076 (53 numbers)	85

Contd.

APPENDIX- XXI

(Refer paragraph- 3.12.2.3 at page 60)

Statement showing extra liability due to acceptance of tender with high percentage of excess

Sl. No.	Name of the Division/ Name of the Work	Agreement No.	Estimated Cost	Accepted Cost	Percentage of Excess
			Rupees in Lakh		
M.C.I.I. Division No.I					
1.	Remodeling of Kendrapara Canal	4 NCB/98-99	1391.82	2151.72	54.59
M.C.I.I. Division No.III					
2	Raising and strengthening of River Embankment on Mahanadi Left for protection of Canal system	2 NCB/95-96	51.83	60.51	16.75
3.	Raising and strengthening of River embankment on Paika side for protection of Canal system	1 NCB/95-96	20.19	22.69	12.38
4.	Raising and strengthening of River embankment on Paika side for protection of Canal system	4 NCB/95-96	28.39	42.09	48.48
5.	Raising and strengthening of River embankment on Paika side for protection of Canal system	5 NCB/95-96	36.22	41.45	14.43
6.	Raising and strengthening of River embankment on Paika side for protection of Canal system	3 NCB/95-96	36.19	42.81	18.28
M.C.I.I. Division No.II					
7.	Excavation of exit channel of Chitrotpala syphon including cross regulator (Left and Right)	1 NCB/ 96-97	118.20	135.79	14.81
8.	Construction of structures of Mahanadi Left Canal (excluding lining) from RD-00 to 28 km	3 NCB/96-97	268.73	315.88	17.54
9.	Construction of Chitrotpala Right Canal from RD-5 to 15.20 km (including structures from RD-00 to 15.20 km)	4 NCB/96-97	310.50	357.66	14 90
10.	Lining of Mahanadi Left Canal from RD-00 to 28.03 km	5 NCB/96-97	634.71	820.73	29.30
11.	Excavation of Mahanadi Left Canal reach V from RD 21.010 to 24.70 km (balance work)	1 NCB/97-98	12.09	16.57	37.05
12.	Gate works (supplying and installation) of gates in the structures of the canal system in Mahanadi Chitrotpala island	2 NCB/97-98	35.67	40.95	14.99
13.	Construction of additional VR bridges of Mahanadi Left Canal	4 NCB/97-98	18.88	29.60	56.79
14.	Protection to Right Bank of Mahanadi Left Canal Mahanadi Left embankment from RD-00 to 15.00 km	1 NCB/98-99	19.07	28.55	49.75
15.	Construction of additional structure of Mahanadi Left Canal	2 NCB/98-99	19.45	29.24	50.33
16	Excavation of Mahanadi Left Canal (balance work) from RD-12.395 to RD-14.318 km and RD-26.525 to RD-28.700 km	3 NCB /98 99	19.31	29.54	53.01

Contd.

Sl. No.	Name of the Division/ Name of the Work	Agreement No.	Estimated Cost	Accepted Cost	Percentage of Excess
17.	Excavation of minor and sub-minor of Chitrotpala Right Canal including structures from RD-00 to 15.20 km (package-12)	4 NCB/98-99	71.76	95.61	33.23
18.	Construction of additional bridges over Chitrotpala Right Canal from RD-00 to 15.20 km	5 NCB/98-99	17.67	27.39	54.99
19.	Construction of walk ways single row pile foot bridges over Mahanadi Left Canal from RD-00 to 18 km	6 NCB/98-99	14.31	22.19	54.99
20.	Construction of 5 Nos additional bridges from RD-2.40 km to 13.70 km of Chitrotpala Right Canal	7 NCB/98-99	18.08	28.02	54.94
21.	Flank dressing and moorum spreading on both the flanks of road from Guali to Tyendakuda with construction of traffic island along Mohanadi Left Canal	8 NCB/98-99	11.84	17.50	47.77
22.	Construction of additional bridges over Chitrotpala Right Canal at RD-0.60 km, 5.30 km,7.40 km,7.615 km,8.60 km and 13.85 km	9 NCB/98-99	18.79	29.11	54.89
23.	Excavation of Chitrotpala Right Branch Canal including structures from RD-00 to 32.24 km including minors and sub-minors	10 NCB/98-99	599.85	704.24	17.40
24.	Excavation of minors and sub-minors of Mahanadi Left Canal including structures from RD-00 to 28 km	11 NCB/98-99	220.70	301.93	36.80
25.	Excavation of Paika Left Branch Canal including structures from RD-00 to 22.40 km including minors and sub-minors	12 NCB/98-99	609.02	868.89	42.58
26.	Construction of additional foot bridges on Mahanadi Left Canal at RD-7.54 km, 13.00 km,26.170km and walk way at RD-15.300 km, 17.250 km and 19.450 km	1 NCB/99-2000	18.63	27.00	44.991
27.	Construction of 7 nos additional bridges on Chitrotpala Right Main Canal, walk way bridges at RD-0.75 km, 2.1 km, 3.5 km and foot bridged at RD-6 km,8 km,18.16 km, 18.467 km	2 NCB/99-2000	18.08	26.20	44.82
28.	Construction of CD over Mahanadi Left Canal at RD-15.440 km	1 NCB/2000-01	3.16	3.60	12.22
29.	Construction of CD over Mahanadi Left Canal at RD-16.515 km	2 NCB/2000-01	3.25	3.74	13.10
30.	Construction of service bank road on Chitrotpala Right Bank from RD-5.00 to 20.60 km, slice-I, additional package-I	1 NCB/2001-02	176.37	243.30	37.94
31.	Construction of service road on Chitrotpala Right Bank from RD-20.60 km to 33.24 km- slice-II additional package-I	2 NCB of 2001-02	174.03	241.47	33.73

Concld.

Sl. No.	Name of the Division/ Name of the Work	Agreement No.	Estimated Cost	Accepted Cost	Percentage of Excess
M.C.I.I. Division No.I					
32.	Construction of left approach road from flood embankment to top of syphone-cum-bridge across river Chitrotpala	1 NCB 97-98	9.71	12.57	29.45
33.	Protection to river bank on upstream and downstream of outfall of leading channel	1 NCB 98-99	9.77	14.04	43.70
34.	Construction of bridge over Kendrapara Canal at RD 17.667 Km near Harichandanpur	2 NCB 98-99	5.85	8.08	38.12
35.	Protection to approach road at bridge over Kendrapara Canal	5 NCB 98-99	9.15	12.83	40.21
36.	Protection to river bank on upstream and downstream of outfall of leading channel	6 NCB/98-99	6.72	9.41	40.02
37.	Improvement to right bank road of disty No.$5^{1/2}$ of Kendrapara Canal	1 NCB 99-2000	8.19	12.08	47.50
	Total		**5046.18**	**6874.98**	

*** Difference of cost Rs.6874.98 – Rs.5046.18 = Rs.1828.80 or Rs.18.29 crore**

APPENDIX- XXII
(Refer paragraph 3.12.2.10 at page 63)
Statement showing unauthorised reimbursement of Sales Tax

Sl.No.	Name of the Works	Agreement No.	Amount of OST reimbursed (Rupees)
1.	Construction of syphon-cum-bridge across Chitrotpala at Harichandanpur (MCII Division No.I)	1-LCB of 91-92	15,66,177
2.	Excavation of Exit channel of Chitrotpala Syphon including Cross regulators (Division No.II)	1-NCB of 96-97	2,66,134
3.	Construction of structures of Mahanadi Left Canal excluding lining from RD 00 to 28.00 Km)	3-NCB of 96-97	13,55,846
4.	Excavation of Chitrotpala Right Canal from RD 5.00 to 15.20 Km and structures from 00 to 15.20 Km	4-NCB of 96-97	16,61,416
5.	Construction of additional V.R.B. of M.L.Canal	4-NCB of 97-98	1,10,840
6.	Construction of additional structures of M.L. Canal	2-NCB of 98-99	1,65,407
7.	Construction of additional bridges of C.R. Canal	5-NCB of 98-99	1,44,689
8.	Construction of additional structures (5 Nos) of C.R. Canal	7-NCB of 98-99	1,15,235
9.	Construction of Walk ways (single row foot bridge) over M.L. Canal	6-NCB of 98-99	95,109
10.	Construction of staff quarters and site office at Naraj	4-NCB of 95-96	2,52,137
	Total		**57.33 lakh**

APPENDIX-XXIII

(Refer paragraph 3.14 at page 72)

Statement showing misappropriation, losses etc. reported up to 31 March 2002 pending finalisation at the end of June 2002.

Sl. No.	Name of the Department	Awaiting Departmental/ Criminal Investigation		Departmental action started, but not finalised		Criminal proceedings finalised but execution of certificate cases for recovery of the amount pending		Awaiting orders for recovery or write off		Pending in the Courts of law		Total	
		A		B		C		D		E		F	
		Number of Items	Amount (Rupees in lakh)	Number of Items	Amount (Rupees in lakh)	Number of items	Amount (Rupees in lakh)	Number of Items	Amount (Rupees in lakh)	Number of Items	Amount (Rupees in lakh)	Number of Items	Amount (Rupees in lakh)
1	Finance	2	0.09	1	0.17	--	--	13	10.73	7	3.66	23	14.65
2	Revenue	19	6.80	33	24.70	25	5.93	51	7.05	6	0.69	134	45.17
3	Excise	--	--	1	0.21	--	--	1	0.10	--	--	2	0.31
4	Law	12	6.44	1	--	--	--	7	2.20	5	2.49	25	11.13
5	Water Resources	99	108.10	248	81.29	2	0.01	23	12.79	16	2.20	388	204.39
6	Rural Development	42	18.08	37	14.40	1	0.03	--	--	8	3.21	88	35.72
7	Energy	3	241.25	5	1.35	1	1.17	--	--	1	0.35	10	244.12
8	Industries	6	5.32	4	4.82	--	--	12	2.87	1	0.02	23	13.03
9	Textile and Handloom	--	--	--	--	--	--	1	0.15	--	--	1	0.15
10	Harijan and Tribal Welfare	4	0.90	16	4.31	1	0.01	14	1.68	6	2.45	41	9.35
11	Health and Family Welfare	7	17.75	8	8.53	--	--	28	13.70	8	21.78	51	61.76

Contd.

Sl. No.	Name of the Department	Awaiting Departmental/ Criminal Investigation		Departmental action started, but not finalised		Criminal proceedings finalised but execution of certificate cases for recovery of the amount pending		Awaiting orders for recovery or write off		Pending in the Courts of law		Total	
		A		B		C		D		E		F	
		Number of Items	Amount (Rupees in lakh)	Number of Items	Amount (Rupees in lakh)	Number of items	Amount (Rupees in lakh)	Number of Items	Amount (Rupees in lakh)	Number of Items	Amount (Rupees in lakh)	Number of Items	Amount (Rupees in lakh)
12	General Administration	1	1.23	1	0.95	--	--	--	--	2	0.71	4	2.89
13	Works	36	35.82	143	171.80	1	0.41	3	3.10	4	3.34	187	214.47
14	Steel and Mines	2	0.35	--	--	--	--	5	0.63	--	--	7	0.98
15	Commerce and Transport	1	0.35	4	1.07	--	--	4	2.34	1	0.35	10	4.11
16	Education	23	20.74	25	22.47	--	--	17	4.83	11	11.59	76	59.63
17	Fisheries and ARD	22	2.86	9	53.53	--	--	28	10.94	7	14.91	66	82.24
18	Agriculture	63	31.32	48	26.09	--	--	67	5.05	16	7.44	194	69.90
19	Co-operation	--	--	1	0.94	--	--	--	--	2	3.25	3	4.19
20	Panchayati Raj	28	21.48	14	10.17	2	0.34	11	1.86	8	1.27	63	35.12
21	Home	5	13.04	2	0.18	--	--	16	2.97	8	4.33	31	20.52
22	Food Supplies and Consumer Welfare	1	--	2	2.94	--	--	--	--	1	0.09	4	3.03

Sl. No.	Name of the Department	Awaiting Departmental/ Criminal Investigation		Departmental action started, but not finalised		Criminal proceedings finalised but execution of certificate cases for recovery of the amount pending		Awaiting orders for recovery or write off		Pending in the Courts of law		Total	
		A		B		C		D		E		F	
		Number of Items	Amount (Rupees in lakh)	Number of Items	Amount (Rupees in lakh)	Number of items	Amount (Rupees in lakh)	Number of Items	Amount (Rupees in lakh)	Number of Items	Amount (Rupees in lakh)	Number of Items	Amount (Rupees in lakh)
23	Housing and Urban Development	23	10.09	41	27.62	--	--	2	0.19	2	1.38	68	39.28
24	Labour and Employment	1	0.10	--	--	--	--	3	1.09	2	1.99	6	3.18
25	Information and Public Relations	132	11.62	8	0.60	--	--	9	0.46	--	--	149	12.68
26	Forest and Environment	73	79.04	195	88.89	3	1.97	153	52.75	9	1.79	433	224.44
27	Women and Child Development	4	3.18	1	0.14	--	--	1	0.03	--	--	6	3.35
	Total	**609**	**635.95**	**848**	**547.17**	**36**	**9.87**	**469**	**137.51**	**131**	**89.29**	**2093**	**1419.79**

Contd.

APPENDIX- XXIV
(Refer paragraph 3.15 at page 73)
Statement showing the position of Outstanding Inspection Reports/Paragraphs

Sl. No.	Name of the Department	Reports awaiting settlement (Upto September 2002)		Reports awaiting settlement for more than 10 years		Reports to which even first reply not received
		No. of Reports	No. of Para-graphs	No. of Reports	No. of para-graphs	No. of Reports
1.	Home	724	2336	67	92	89
2.	General Administration	47	148	2	4	10
3.	Revenue	1673	5659	359	786	585
4.	Law	130	384	21	36	44
5.	Finance	22	59	1	2	11
6.	Food Supplies and Consumer Welfare	32	83	3	4	12
7.	Works	957	3813	311	648	42
8.	School and Mass Education	1706	6660	331	831	1028
9.	Welfare	397	1397	--	--	255
10.	Labour and Employment	277	651	24	38	119
11.	Tourism, Culture and Sports	60	384	18	73	61
12.	Planning and Co-ordination	54	188	13	34	10
13.	Women and Child Welfare	849	2762	83	184	230
14.	Panchayati Raj	1202	6694	296	917	475
15.	Health and Family Welfare	2109	7900	531	1229	924
16.	Agriculture	2099	8275	317	567	445
17.	Transport	156	415	8	12	111
18.	Steel and Mines	31	127	8	16	15
19.	Information and Public Relations	78	378	10	23	36
20.	Excise	58	83	16	16	46
21.	Fisheries and Animal Resources Development	865	2896	250	640	425
22.	Co-operation	106	306	28	54	64
23.	Water Resources	1790	6983	643	1725	86
24.	Housing and Urban Development	219	800	91	217	41
25.	Energy	45	131	10	17	6

Concld.

Sl. No.	Name of the Department	Reports awaiting settlement (Upto September 2002)		Reports awaiting settlement for more than 10 years		Reports to which even first reply not received
		No. of Reports	No. of Para-graphs	No. of Reports	No. of para-graphs	No. of Reports
26.	Science and Technology	13	48	3	3	1
27.	Forest	451	1622	80	239	84
28.	Industries	486	1481	108	208	97
29.	Textiles and Handloom	57	214	--	--	90
30.	Parliamentary Affairs	7	24	--	--	2
31.	Higher Education	317	1194	83	188	251
32.	Miscellaneous (Banks involving State Transactions of Pension Payment and Subsidy adjustment)	396	605	179	285	202
33.	Rural Development	529	1525	109	175	37
34.	Commerce	208	416	55	133	112
	Total	**18150**	**66641**	**4058**	**9396**	**6046**

APPENDIX- XXV

{Refer paragraph 3.15 at page 73)

Statement showing the year-wise break up of outstanding IRs/Paragraphs

Year	IRs	Paragraphs
1964-65	2	3
1965-66	6	28
1966-67	8	26
1967-68	9	31
1968-69	11	31
1969-70	15	62
1970-71	9	22
1971-72	9	19
1972-73	5	10
1973-74	2	4
1974-75	6	13
1975-76	10	29
1976-77	16	29
1977-78	15	47
1978-79	22	59
1979-80	25	45
1980-81	69	156
1981-82	91	191
1982-83	80	175
1983-84	105	214
1984-85	109	241
1985-86	179	389
1986-87	311	596
1987-88	368	745
1988-89	433	978
1989-90	548	1308
1990-91	849	2012
1991-92	978	2471
1992-93	1171	3412
1993-94	1133	3275
1994-95	1333	3494
1995-96	1461	5204
1996-97	1497	4827
1997-98	1103	4270
1998-99	1539	6363
1999-2000	1763	8248
2000-2001	1398	7586
2001-02 (Up to September 2002)	1462	10028
Total	**18150**	**66,641**

APPENDIX-XXVI
(Refer paragraph 3.15 at page 73)
Statement showing serious irregularities

Sl. No.	Nature of Irregularties	No.of Paragraph	Amount (Rupees in lakh)
1.	Infructuous/Unfruitful/ Avoidable/Irregular Expenditure	2038	33,123.28
2.	Extra liability/Excess expenditure/Excess payment to firms/ contractors	1206	31,290.15
3.	Idle Store/ Surplus/ Unserviceable store/ Blockage of Government money	1270	9,077.02
4.	Irregular purchase, non-accountal of stock/non-adjustment of cost of materials	1097	4,678.57
5.	Non-recovery of dues from firms/contractor etc.	685	13,627.33
6.	Non-submission of utilisation certificates	1233	25,240.19
7.	Amount kept in Civil Deposit	1024	3,701.01
8.	Loss, Misappropriation and shortage of stores	1169	1,02,012.42
9.	Unauthorised expenditure	1272	18,332.01
10.	Retention of undisbursed amount	625	743.31
11.	Inadmissible/Irregular Payments	1193	2,923.64
12.	Advance payment/less recovery of advances/Interest/Royalty and Income Tax	652	6,824.35
13.	Underutilisation of departmental machineries	32	3,093.64
14.	Demurrage/Penalty	33	1,157.61
15.	Undue financial aid to contractors/firms	179	5,573.65
16.	Miscellaneous/doubtful expenditure/Non-submission of vouchers/ overdrawal etc.	3319	43,698.89
17.	Stamped receipts/ Acknowledgement wanting	1098	656.79
18.	Loans/Advances not recovered	1831	5,878.66
19.	Short/Non-realisation of Government dues	1388	5,355.19

Contd.

APPENDIX-XXVII

(Refer paragraph 3.16 at page 74)

Statement showing reviews/paragraphs for which explanatory notes not received from Government Departments as of August 2002.

Sl. No.	Name of the Department	1991-1992	1993-1994	1994-1995	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000	2000-2001	Total
1.	Agriculture	--	8	9	5	8	7	2	--	3	42
2.	Commerce	--	--	--	2	--	--	1	--	--	3
3.	Energy	--	--	2	--	1	--	--	--	--	3
4.	Food Supplies & Consumer Welfare	--	--	--	--	--	--	1	--	--	1
5.	Finance	--	1	--	2	2	2	2	7	4	20
6.	Forest and Environment	--	--	--	--	2	--	--	1	3	6
7.	Fisheries & Animal Resources Development	2	2	--	1	3	3	1	4	3	19
8.	Health and Family Welfare	--	--	--	--	2	4	4	1	4	15
9.	Higher Education	--	--	--	--	--	--	--	--	1	1
10.	Home	--	--	--	--	3	1	2	1	2	9
11.	Housing and Urban Development	--	--	--	1	--	1	1	2	1	6
12.	Industries	--	--	--	3	--	3	2	2	2	12
13.	Labour and Employment	1	--	--	--	--	--	--	--	--	1

Concld.

Sl. No.	Name of the Department	1991-1992	1993-1994	1994-1995	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000	2000-2001	Total
14.	Panchayati Raj	--	--	--	--	--	--	8	6	5	19
15.	Planning and Co-ordination	--	--	1	--	--	--	--	1	--	2
16.	Revenue and Excise	2	--	--	--	2	3	2	1	2	12
17.	Rural Development	--	--	--	--	6	3	3	3	1	16
18.	Science and Technology	3	--	--	--	--	--	--	--	--	3
19.	School and Mass Education	--	--	--	--	--	--	7	2	2	11
20.	Steel & Mines	--	--	--	--	--	--	--	--	1	1
21.	Transport	--	--	--	--	--	1	--	1	--	2
22.	Welfare/ST&SC Development	2	6	1	1	5	3	1	3	2	24
23.	Water Resources	--	1	--	--	18	2	20	9	3	53
24.	Women and Child Welfare	--	--	--	--	--	1	1	1	1	4
25.	Works	--	--	1	--	4	3	2	5	14	29
	Total	**10**	**18**	**14**	**15**	**56**	**37**	**60**	**50**	**54**	**314**

Contd.

APPENDIX -XXVIII
(Refer paragraph 4.1.11 at page 99)

Details of irregularities in Inventory Control

Sl. No.	Observation	Rs. in crore
(i)	The EE NH Division, Sambalpur showed fictitious expenditure of Rs.5.51 crore against a work without actual execution by booking stock materials for Rs.5.51 crore to the work in March 2001 to save the lapse of allotment under works. Expenditure shown as incurred without actual execution of work merits investigation.	5.51
(ii)	Mention was made in para 4.16 of the Audit Report (Civil) for the year ended March 2001 regarding non-return of 191 tonnes steel by the Industrial Development Corporation (IDC) in respect of two Divisions. Further checks disclosed that the IDC did not return (March 2002) 600 tonnes of steel of higher dimension issued to them prior to 1997 for conversion into lower dimension steel rods relating to this Depatment. Non-return of the steel resulted in loss of Rs. 99.60 lakh to the Government.	1.00
(iii)	The EE of General Electrical Division No.I, Bhubaneswar purchased (March 1965 to June 1993) without assessment of actual requirement, 814 items of electrical materials at a cost of Rs.97.85 lakh which remained unutilised as of August 2000. Of the above, 407 items valuing Rs.34.15 lakh had become unserviceable due to long storage. These materials were proposed (March 2000) by the SDO to be survey reported which was pending with the EE without final disposal (March 2002). Thus, unnecessary purchase of materials and non-utilisation of the same in works resulted in loss of Rs. 34.15 lakh apart from blockage of Government money amounting to Rs. 63.70 lakh. No responsibility was fixed for such excess purchases.	0.98
(iv)	The site materials, T&P articles and machinery valuing Rs.61.47 lakh available (December 1993) at work site of Construction of H.L. bridge over river Mahanadi at Mundali weir was neither transferred to other division for their utilisation nor disposed of. As a result, they became unserviceable. Survey reports were sanctioned (August 2000) by the CE for Rs.46.24 lakh but those could not be disposed as of March 2002 in absence of fixation of upset price by the Condemnation Committee.	0.61
(v)	According to the provisions of OPWD code, Works Department was authorised to furnish and maintain the furniture in the Government residential buildings of the Ministers. The Personal Assistants (PAs) attached to the Ministers were required to acknowledge receipt of the furniture and maintain a list of all such furniture for stock accounts. The furniture were to be verified once a year by the PA and the Sub-Divisional Officer (SDO) jointly and the result intimated to the EE for recoupment of the loss, if any. No item was to be replaced without approval to the survey report. Condemnation and transfer of furniture was to be made with the approval of the Department. On vacation of a building, the PA was to hand over the furniture to the SDO. During the years 1999-2002 (January 2002), furnishings to Government residential buildings of the Ministers and MLAs were carried out by the EE, Bhubaneswar (R & B) Division No. I with an expenditure of Rs.1.11 crore by way of new supplies and repairs. New items were provided. Sanction to survey reports was not accorded. The physical verification of the ground balances of the furniture was not conducted The JE, Section No. I during charge handing over on 19 July 2000 handed over the available furniture which disclosed a shortage of 2316 Numbers against the book balances of 3184 Numbers. The value of the loss was not worked out (February 2002). The charge handing over made on 1	0.29

Sl. No.	Observation	Rs. in crore
	November 2000 of section No. IV disclosed that furniture valuing Rs.29.44 lakh were not handed over by the Ex-MLAs. No action was taken as of March 2002 for investigation of the shortages for making good the losses.	
(vi)	During incumbency of a JE in Central store, Balikuda under Roads Sub-Division No.II in Jagastsingpur R&B Division from October 1986 to August 1992, discrepancies/shortages of store materials valuing Rs.16.41 lakh were found against him. The JE failed to reconcile the same. The shortage remained unreconciled till his retirement on superannuation in March 1997. Charges were framed against the JE and the EIC ordered (August 1997) for recovery of the amount from him. The delayed proposal submitted (September 1999) by the EE and the EIC to institute a certificate case as per opinion of Government pleader was not approved by Government as of March 2002. Rs.16.41 lakh, thus, stood unrecovered (March 2002) due to delay at Government level.	0.16

APPENDIX - XXIX
(Refer paragraph 4.1.14 at page 100)
Details showing non-reconciliation of discrepancies on account of deficient accounting

<table>
<tr><th>Sl. No.</th><th>Observation</th><th>Rs. in crore</th></tr>
<tr><td>(i)</td><td>2 EEs paid advance of Rs. 86 lakh to LAOs for payment of land acquisition charges in respect of construction of approaches to 4 bridges and improvement of 2 roads. The EEs unauthorisedly debited the advances as final expenditure to the projects instead of to Land Acquisition Suspense in the works accounts. The LAOs had not submitted accounts with paid vouchers. No action was taken as of March 2002 either for receipt of the accounts with vouchers or to get back the advance.</td><td>0.86</td></tr>
<tr><td>(ii).</td><td>Divisional Officers were required to conduct a monthly reconciliation of receipt and payments with the Treasury and intimate the result of such reconciliation to the AG(A&E). Receipt of schedule (Form 51) was in arrears in respect of 27 EEs for periods ranging between October 2001 and March 2002. Delay and failure in reconciliation was fraught with risk of misappropriation of Government money.</td><td></td></tr>
<tr><td>(iii).</td><td>The debit advice memo (III b) for Rs.7.84 .crore issued by the AG(A&E) as of March 2002 for adjustment by 39 EEs on account of construction materials received by them were not accounted for by the EEs as of March 2002.
<table>
<tr><th>Year</th><th>No of Divisions</th><th>Opening balance</th><th>Additions</th><th>Clearance</th><th>Closing balance</th></tr>
<tr><td></td><td></td><td colspan="4">(Rupees in Crore)</td></tr>
<tr><td>99-2000</td><td>50</td><td>9.36</td><td>--</td><td>0.39</td><td>8.97</td></tr>
<tr><td>2000-01</td><td>49</td><td>8.97</td><td>0.02</td><td>0.03</td><td>8.96</td></tr>
<tr><td>2001-02</td><td>50</td><td>8.96</td><td>--</td><td>1.12</td><td>7.84</td></tr>
</table>
This resulted in suppression of actual expenditure with incorrect accounting during the years.</td><td>7.84</td></tr>
<tr><td>(iv).</td><td>Miscellaneous Works Advance was a suspense head of accounts operated to temporarily accommodate transactions ultimately to be cleared by actual recovery or transfer to other heads of accounts. The closing balance under this suspense head as of March 2002 was Rs.44.07.crore. The outstanding items related to the periods ranging from 1 to 53 years. Test check conducted in 16 divisions disclosed that materials worth Rs 80 lakh were sold on credit to various government departments and semi-government organisations between 1950 and 2001 which remained unrealised (March 2002). Similarly, advance payment of Rs . 3.05 crore made during 1948 to 2001 by 13 divisions to suppliers/other institutions for supply of materials also remained unrealised. Losses, retrenchments and errors noticed against the government servants for Rs. 7 lakh was debited to the suspense head pending recovery from them. The amount stood unrecovered (March 2002). Evidently, there was abuse of the provision of MWA and no serious attention was paid to the clearance of these balances.</td><td>44.07</td></tr>
</table>

APPENDIX- XXX

(Refer paragraph 5.3.1(ii) at page 141)

Statement showing the year-wise position of wanting Utilisation Certificates

(Rupees in lakh)

Name of the Bodies audited during 2001-02, Period upto which audited and No. of such bodies audited	Upto 1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-2001	Amount with no. of bodies for which year-wise details are not available	Total
PANCHAYAT SAMITI												
1998-99(2)	--	--	--	--	--	--	--	--	--	--	913.58(2)	913.58
1999-2000 (10)	1281.48	183.66	109.90	227.99	219.08	262.13	232.00	444.36	740.44	--	2365.24(4)	6066.28
2000-2001 (83)	4953.05	510.76	556.71	827.39	1000.37	1493.99	1759.08	1567.05	2407.20	3332.36	21053.64(47)	39461.60
DRDA (10)	--	--	--	--	--	--	--	--	--	--	53655.72(10)	53655.72
ITDA(8)	--	--	--	--	--	--	--	--	--	--	1618.89(8)	1618.89
CADA (2)	--	--	--	--	--	--	--	--	--	--	473.66(2)	473.66
ZSS (3)	--	--	--	--	--	--	--	--	--	--	147.81(3)	147.81
Bharat Scouts and Guides (1)	--	--	--	--	--	--	--	--	--	--	50.33(1)	50.33
119 Units	**6234.53**	**694.42**	**666.61**	**1055.38**	**1219.45**	**1756.12**	**1991.08**	**2011.41**	**3147.64**	**3332.36**	**80278.87**	**102387.87**