



REPORT
OF THE
COMPTROLLER
AND
AUDITOR GENERAL OF INDIA
FOR THE YEAR
1986-87

(CIVIL)
GOVERNMENT OF ORISSA



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PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for 1986-87 together with other points arising from audit of financial transaction of Government of Orissa. It also includes:

- (i) Certain points arising from the Finance Accounts for the year 1986-87; and
- (ii) Comments on Rural House Sites-cum-House Construction Programme, Slum Clearance and improvement of Slums, Modernisation of Police Force, Government Ayurvedic Pharmacy, Bolangir, Kanjhari Medium Irrigation Project, Potteru Irrigation Project, State Social Welfare Advisory Board and Rural Landless Employment Guarantee Programme.

2. The Report containing observations of Audit on Statutory Corporations and Government Companies and the Report containing observations of Audit on Revenue Receipts are prepared separately.

3. The cases mentioned in the present Report are among those which came to notice in the course of test audit of accounts during the year 1986-87 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 1986-87 have also been included wherever considered necessary.

An overview of the Report bringing out the significant audit findings, is given before the Chapters.



OVERVIEW

This Report contains two chapters on the observations of audit on the State Finance Accounts and Appropriation Accounts and five chapters, comprising 8 audit reviews on various schemes and 30 audit paragraphs. Synopsis of main findings of audit is given in succeeding paragraphs.

General analysis of State Finance

Revenue raised by the State Government was only Rs.4,96.14 crores against the budgetary anticipation of Rs.5,29.11 crores. The shortfall of Rs.32.97 crores was mainly due to less realisation of taxes and duties on electricity and sales tax. The uncollected revenue as on 31st March 1987 amounted to Rs.1,78.66 crores of which Rs.22.11 crores was disputable, pending in courts or under consideration for write-off etc. Against the anticipated revenue surplus of Rs.17.30 crores, there was revenue deficit of Rs.19.74 crores.

(Paras 1, 2, 3, 1.2.6. and 1.2.4)

The progressive capital outlay of Rs.24,45.49 crores at the end of 1986-87 formed 89 per cent of the total public debt, small savings and deposits etc., aggregating Rs.27,49.53 crores. The capital outlay included Rs.10,05.39 crores on 39 multipurpose major and medium irrigation projects under execution. The working expenses of Rs.8.10 crores of thirty irrigation projects did not include interest charges; even without charging interest the loss sustained by these projects during the year was Rs.7.17 crores.

(Para 1.2.7. and 1.2.8.)

A total sum of Rs.1,28.77 crores (principal: Rs.10.39 crores and interest: Rs.1,18.38 crores) was overdue on account of loans and advances paid by the State Government.

(Para 1.2.11)

Total interest paid on debt and other obligations amounted to Rs.1,71.95 crores, which constituted 14 per cent of the total revenue receipt. Against this, the total interest and dividend received from all sources was only Rs.12.69 crores resulting in net interest burden of Rs.1,59.26 crores on the State finances.

(Para 1.2.15)

Against the Plan provision of Rs.7,74.63 crores the actual expenditure on Plan schemes was Rs.6,89.76 crores resulting in a shortfall of Rs.84.87 crores. Similarly in non-Plan revenue account, the actual expenditure was Rs.9.04 crores against the provision of Rs.9,11.63 crores, which resulted in shortfall of Rs.7.63 crores.

(Para 1.2.16)

The total investment of Government in shares and debentures at the end of the year was Rs.3,40.67 crores. Interest and dividend received on the investment was Rs.0.21 crore. The contingent liability for the guarantee given by the State Government for loans raised by the statutory corporations, companies and co-operatives was Rs.4,48.20 crores at the end of the year.

(Para 1.2.18 and 1.2.19)

Appropriation Audit and Control over expenditure

Against the total provision of Rs.23,77.53 crores (original: Rs.20,58.33 crores and supplementary: Rs.3,19.20 crores) expenditure was Rs.22,09.90 crores

leaving a net saving of Rs.1,67.63 crores. The supplementary provision constituted 15 per cent of the original provision and proved excessive in view of the overall saving.

(Paras 2.1 and 2.2.1)

Total saving of Rs.2,25.83 crores occurred in 28 grants and 2 charged appropriations. Excess of Rs.59.20 crores in 8 grants and one appropriation required regularisation under Article 205 of the Constitution of India.

(Para 2.2.3)

In 17 cases, the supplementary provision of Rs.36.90 crores was unnecessary as the expenditure (Rs.5,86.65 crores) did not come up even to the original provision(Rs.6,59.35 crores). The supplementary provision of Rs.51.87 crores obtained in 5 cases proved inadequate by more than Rs.10 lakhs in each case with total uncovered expenditure of Rs.39.61 crores.

(Para 2.2.2(b) and 2.2.2(d))

The corpus of the State Contingency Fund was raised from Rs.20 crores to Rs.50 crores by promulgation of an ordinance in December 1986. The ordinance was not ratified by the legislature under Article 213(2)(a) of the Constitution and allowed to lapse automatically in July 1987.

(Para 2.4)

Rural House Sites-cum-House Construction Programme

The scheme, which aims at providing ready-built houses to the homesteadless rural poor, was launched in 1975. Against the total provision of Rs.6,57.97 lakhs, the expenditure upto 1986-87 was Rs.5,89.82 lakhs, resulting in non-utilisation of Rs.68.15 lakhs. There was an overall shortfall of 8,011 in the construction

of houses upto 1986-87. During 1985-86 and 1986-87, Rs.21.79 lakhs were diverted for works not covered under the scheme.

Although the scheme envisaged free supply of forest materials by the Forest Department, Rs.6.86 lakhs were spent by the Block Development Officers of 10 Blocks between 1975-76 and 1982-83 for the purchase of forest material. Such diversion of money depleted the funds available for the scheme and consequently deprived approximately 450 homesteadless families of the benefits of the scheme.

In 11 districts, 1,476 houses constructed at a cost of Rs.13.40 lakhs, collapsed or were partially damaged between 1975-76 and 1985-86, due to defective construction, heavy rains etc.

(Para 3.1)

Slum clearance and improvement of Slums

The scheme was launched in 1973-74 for the environmental improvement of urban slums. Although utilisation certificates for the entire amount of the Central grant of Rs.50 lakhs, received during 1983-84 and 1984-85, were issued by 6 local bodies, an amount of Rs.13.54 lakhs actually remained unutilised upto June 1987.

In 3 Municipalities, works worth Rs.29.14 lakhs were reported to have been completed but in fact these works had not even been commenced.

A sum of Rs.13.65 lakhs was diverted by 3 local bodies during 1983-84 and 1984-85 for works not connected with the scheme.

(Para 3.2)

Modernisation of State Police Force

With a view to improving police efficiency, the Centrally sponsored scheme of Modernisation of the State Police Force was launched in the State in 1969.

Four proposals within the ambit of this scheme, for improving the work of the department, having an estimated cost of Rs.1,87.00 lakhs, submitted between 1982 and 1985, had not been sanctioned by the State Government upto May 1988.

High frequency and very high frequency wireless sets were not provided to 6 out of the 7 battalions in the State. Cryptographic machines were not provided in any district. Rupees 3.23 lakhs were spent out of the Central assistance on the purchase of inadmissible items during 1982-83 to 1985-86. Out of 407 police stations in the State, only 170 were supplied with jeeps upto 1986-87.

Extension of the building which was housing the State Forensic Science Laboratory, constructed at a cost of Rs.9.00 lakhs out of the Central assistance, was used for locating offices of the Crime Branch.

Rupees 31.51 lakhs were spent in January 1987 on repairs of a computer purchased in October 1985 at a cost of Rs.35.80 lakhs.

(Para 3.3)

Government Ayurvedic Pharmacy, Bolangir

The Ayurvedic Pharmacy at Bolangir was set up in 1937 with the main objective of manufacturing genuine ayurvedic medicines and supplying them free of cost to ayurvedic dispensaries and hospitals for free distribution to patients. A sum of Rs.4.26 lakhs was spent during 1980-81 to 1986-87 on the maintenance of the herbal garden, but the value of the herbs collected during this period was only Rs.0.81 lakh.

Twenty essential medicines with production targets set for the period 1984-85 to 1986-87 were not manufactured at all. Besides this, targets laid down for manufacture of other medicines were not achieved.

Shortfall in targets was attributed to frequent breakdown of machinery, delay in supply of raw materials, unhealthy working conditions etc.

Against the total indented requirement of medicines of the value of Rs.1,19.39 lakhs during 1980-81 to 1986-87, the pharmacy could only supply medicines worth Rs.54.41 lakhs.

(Para 3.4)

Unproductive expenditure due to closure of marine fishing base at Ganjam

The marine fishing base unit at the Rushikulya river mouth near Ganjam set up in April 1981 for exploring marine fishing resources, along the Ganjam coast and increasing fish catches by using mechanised crafts had to be closed in 1984 due to non-availability of navigation facilities, discharge of chlorine gas by some chemical industries and other environmental factors, resulting in an unfruitful expenditure of Rs.2.72 lakhs.

(Para 3.9)

Kanjhari Medium Irrigation Project

The project, envisaging the construction of an earthen dam of 1,245 metres across the river Kanjhari to provide irrigation to 81 villages, was started in 1979-80. The project, which had been programmed for completion in 5 years commencing from 1979-80, had not yet been completed due to reasons such as delay in land acquisition and change of design.

Against the original estimate of Rs.11,75.29 lakhs for the project, the total expenditure at the end of March 1987 was Rs.22,15.49 lakhs.

An excess payment of Rs.5.73 lakhs was made to a contractor due to incorrect application of rates for earth filling works.

Extension of time was granted to a contractor due to short supply of cement, resulting in payment of escalated costs and consequent extra expenditure amounting to Rs.13.74 lakhs.

No action was initiated for recovering from a contractor, an amount of Rs.11.79 lakhs towards the cost of materials and hire charges of machinery. Against Rs.17.06 lakhs deposited with the Special Land Acquisition Officer between May 1984 and May 1986 for rehabilitation of families displaced due to the implementation of the project, a sum of Rs.5.23 lakhs only was disbursed upto March 1987.

(Para 4.1)

Potteru Irrigation Project

The project, launched in 1972-73, envisaged the construction of a Barrage at Village Surlikonda across the river Potteru to provide irrigation to 1.09 lakh hectares of land in the Malkangiri Sub-division of Koraput district in order to help the rehabilitation programme in the Dandakaranya region. The original estimate of the project for Rs.14,81.24 lakhs, approved by Government in 1975, was revised four times subsequently upto 1985, the final estimate being Rs.69,74.30 lakhs.

The project, which was due for completion by the end of 1977-78, was still in progress.

Against the irrigation potential of 31,172 hectares created by the project upto March 1987, only 2,042 hectares were utilised. In spite of standing instructions in the contract, that 80 per cent of the hard rock and 10 per cent of medium hard rock excavated was to be retrieved by the contractor and handed over to the department, a quantity of 96,643.25 cubic metres of medium and hard rock was not so retrieved and made over to the department, resulting in a loss of Rs.11.11 lakhs to the department. Machinery and spares worth Rs.1,11.14 lakhs remained unutilised between 1977 and 1984 and proved to be surplus. Besides, machinery and spares costing Rs.12.26 lakhs procured from Balimela Dam Project in March 1977 remained unutilised. Although excavation work of the canal was entrusted to the Orissa Construction Corporation and other contractors, four Poclain Excavators were procured by the department in December 1979 at a cost of Rs.49.35 lakhs. These remained idle during March 1980 to January 1982 and were finally transferred to another Project.

(Para 4.2)

Extra Contractual Payment

Rupees 7.57 lakhs were paid to a contractor for work in the Mahanadi Birupa Barrage Circle for the removal of sand and slush, which was the liability of the contractor.

(Para 4.3)

Non-acceptance of tender within validity period

Non-acceptance of tender within the validity period for construction of the Bisol Distributory of Sunei Irrigation Project and calling of fresh tenders resulted in an extra expenditure of Rs.7.19 lakhs for the department.

Due to similar reasons, there was an avoidable extra expenditure of Rs.2.05 lakhs on the construction of a surplus escape for the Khansabal Minor Irrigation Project in Kalahandi.

(Para 4.6)

Non-recovery of the cost of materials issued to Contractors

The cost of stock materials worth Rs.10.36 lakhs issued to 71 contractors by 9 Public Health Divisions had not been recovered upto June 1987.

(Para 5.5)

State Social Welfare Advisory Board, Orissa

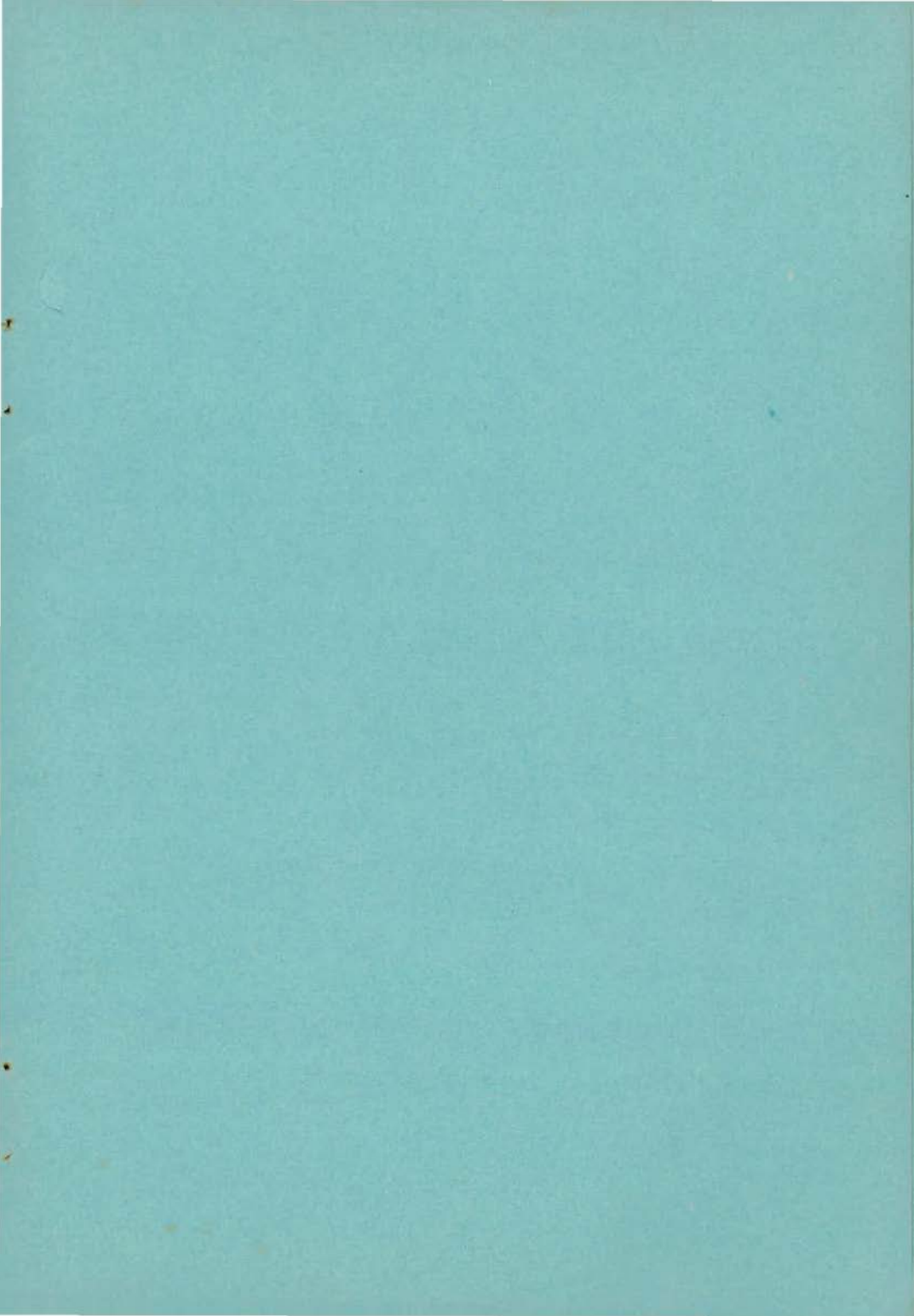
The State Social Welfare Advisory Board, Orissa was established in August 1954 primarily for implementation and co-ordination of welfare and developmental activities of the State Government. Even after receiving financial assistance of Rs.14.03 lakhs between 1980-81 and 1986-87 for setting up production units to provide work to poor and needy women, 31 institutions had not started production.

Out of grants of Rs.2,61.11 lakhs released during 1980-81 to 1986-87, utilisation certificates for only Rs.1,59.17 lakhs were submitted by the institutions.

(Para 7.2)

Rural Landless Employment Guarantee Programme	7.3	137 - 150

The scheme was introduced in 1983 mainly to improve employment opportunities for rural landless labourers during the lean agricultural period and create durable assets for strengthening the rural infrastructure.



CHAPTER I

OVERALL ANALYSIS OF STATE FINANCE

1.1 Summary of accounts

The summarised position of the Accounts of the Government of Orissa emerging from the Appropriation Accounts and the Finance Accounts for the year 1986-87 is indicated in the statements following:

I-Statement of financial position of the Government

Amount as on 31.3.1986 (Rupees in Crores)	Liabilities	Amount as on 31.3.1987 (Rupees in Crores)
4,41.78	Internal Debt including	5,18.88
	Ways and Means Advances	
	(Market loans, Loans from Life Insurance Corporation and other Autonomous bodies)	
15,04.11	Loans and Advances from	16,29.18
	Central Government	
	Non-Plan loans 2,67.56	
	Loans for State	
	Plan Schemes 3,79.98	
	Loans for Central	
	Plan Schemes 15.99	
	Loans for Centrally	
	Sponsored Plan Schemes 28.93	
	Ways and Means Advances (-) 4.11	
	Pre-1984-85-Loans	
	(Other Loans) 9,40.83	
10.17	Contingency Fund	28.70
3,24.64	Small Savings	3,93.44
1,95.03	Deposit	2,08.02
9.30	Reserve Funds	10.89
...	Overdraft from	
	Reserve Bank of India	93.12
88.41	Suspense and Miscellaneous	
	balance	77.47
0.17	Surplus on Government account	
<u>25,73.61</u>		<u>29,59.70</u>

of Orissa as on 31st March 1987

Amount as on 31.3.1986 (Rupees in Crores)	Assets	Amount as on 31.3.1987 (Rupees in Crores)
21, 22.76	Gross Capital outlay on Fixed Assets	24, 45.49
	Investment in shares of Companies Corporations and Co-operatives etc. 3, 40.67	
2, 94.26	Other Capital outlay 21, 04.82	3, 22.21
	Loans and Advances	
	Loans for Power Projects 1, 65.34	
	Other Development Loans 1, 42.33	
	Loans to Government servants and miscellaneous loans 14.54	
5.07	Other advances	5.56
74.43	Remittance balances	75.68
...	Deficit on Government Account	69.52
	Surplus as on 31st March 1986 (-)0.17	
	Add accumulated adjust- ment on account of correction 20.00	
	Net deficit at the beginning of the year 19.83	
	Add Current years deficit 19.74	
	Add misc.adjustments 29.85	
	69.52	
57.09	Cash	41.24
	Cash in Treasuries and Local remittances 1.76	
	Departmental cash balance including permanent advances 3.78	
	Cash balance investment, Security deposit and invest- ment of earmarked funds 35.70	
	Contingency Fund	
20.00		...
<u>25, 73.61</u>		<u>29, 59.70</u>

GOVERNMENT
II-Abstract of Receipts and

Amount
(Rupees in Crores)

Receipts

SECTION-A-REVENUE

I. Revenue Receipts 12, 28.22

(i) Tax Revenue ₹ 37.84

(ii) Non-Tax Revenue 1, 58.30

(iii) State's share of
divisible Union Taxes 4, 14.39

(iv) Grants from
Central Government ₹ 17.69

(a) Non-Plan Grants 62.05

(b) For State Plan
Schemes 1, 22.36

(c) For Central
Plan and
Centrally
Sponsored
Plan Schemes 1, 33.28

**II. Revenue Deficit
carried down
to Section'B'**

19.74

12,47.96

OF ORISSA

Disbursements for the year 1986-87

Amount

(Rupees in Crores)

Disbursements

I. Revenue Expenditure

12, 47.96

	Non-Plan	Plan	Total	
(i) General services	3, 79.41	11.20	3, 90.61	
(ii) Social and Community Services	3, 60.65	1, 50.77	5, 11.42	
(iii) General Economic Services	23.22	10.04	33.26	
(iv) Agriculture and Allied Services	34.06	1, 46.88	2, 30.94	
(v) Industry and Minerals	6.65	15.77	22.42	
(vi) Water and Power Development	16.04	7.35	23.39	
(vii) Transport and Communication	27.39	1.95	29.34	
(viii) Grants-in-aid and Contribution	6.58	....	6.58	
	<u>9, 04.00</u>	<u>3, 43.96</u>	<u>12, 47.96</u>	<u>12, 47.96</u>

SECTION-B-OTHERS

(Rupees in Crores)

Receipts

III.	Opening cash balance including departmental cash balances, permanent advances, cash balance investment, security deposit and investment of earmarked funds	57.09
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IV.	Recoveries of Loans and Advances	27.04
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(i)	From Government servants	6.37
-----	-----------------------------	------

(ii)	From others	20.67
------	-------------	-------

V.	Public Debt Receipts	5, 31.30
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(i)	Internal Debt of the State Government other than Ways and Means advances	99.62
-----	--	-------

(ii)	Ways and Means Advance per Centre	2, 26.44
------	--------------------------------------	----------

(iii)	Loans and Advances from Central Government	2, 05.24
-------	--	----------

6, 15.43

(Rupees in Crores)

Disbursements

II.	Revenue deficit brought down from Section-'A'	19.74	
III.	Capital outlay	3,22.73	
(i)	General Services	7.77	
(ii)	Social and Community Services	32.22	
(iii)	General Economic Services	10.46	
(iv)	Agriculture and Allied Services	22.98	
(v)	Industry and Minerals	23.36	
(vi)	Water and Power Development	1,84.47	
(vii)	Transport and Communication	41.47	
IV.	Loans and Advances disbursed	54.99	
(i)	For various projects	41.38	
(ii)	To Government servants	7.82	
(iii)	To others	5.79	
V.	Repayment of Public Debt	3,29.13	
(i)	Internal Debt of the State Government other than Ways and Means Advances	22.52	
(ii)	Ways and Means Advances per Centre	2,26.44	
(iii)	Loans and Advances from the Central Government	80.17	
		<u>7,26.59</u>	

(Rupees in Crores)

Receipts**VI. Public Accounts Receipts**

10,84.16

(i)	Small Savings and Provident Fund	1,44.40
(ii)	Reserve Funds excluding investments	14.92
(iii)	Deposits and Advances	4,08.30
(iv)	Suspense and Miscellaneous excluding cash with Departmental Officers, Permanent advances, cash balance investment and investment of earmarked funds	(-)17.73
(v)	Remittances	5,34.27

**VII. Closing overdraft from the
Reserve Bank of India**

93.12

**VIII. Recoveries of advances
from Contingency Fund**

35.99

18,28.70

(Rupees in Crores)

Disbursements**VI. Public Account Disbursements** 10, 13.41

- | | | |
|-------|---|----------|
| (i) | Small Savings and Provident Fund | 75.61 |
| (ii) | Reserve Funds excluding investments | 13.32 |
| (iii) | Deposits and Advances | 3, 95.80 |
| (iv) | Suspense and Miscellaneous excluding cash with departmental officers, permanent advances, cash balance investment and investment of earmarked funds | (-) 6.84 |
| (v) | Remittances | 5, 35.52 |

VII. Appropriation to Contingency Fund 30.00**VIII. Advances from Contingency Fund** 17.46**IX. Cash balance at end** 41.24

- | | | |
|-------|--|--------------|
| (i) | Cash in treasuries and local remittances | 1.76 |
| (ii) | Departmental cash balances permanent advances | 3.78 |
| (iii) | Cash balance investment, security deposits and investment of earmarked funds | <u>35.70</u> |

18, 28.70

III. Sources and application of funds for 1986-87

I. Source	Amount (Rupees in Crores)
1. Revenue Receipts	12, 28.22
2. Increase in Public Debt, Small Savings and Deposits	2, 83.47
3. Contingency Fund (net addition)	18.53
Total:-	<u>15, 30.22</u>
4. Adjustments	<u>98.42</u>
(i) Reduction in suspense	(-) 10.94
(ii) Effect on remittance balances	(-) 1.25
(iii) Increase in Reserve Funds	(+) 1.59
(iv) Net adjustment in miscellaneous Government Account	(+) 0.05
(v) Overdraft with Reserve Bank of India	(+) 93.12
(vi) Reduction in closing cash balance	(+) 15.85
5. Net funds available	<u>16, 28.64</u>
II. Application	
1. Revenue Expenditure	12, 47.96
2. Capital expenditure	3, 22.73
3. Lending for development and other programmes	27.95
4. Appropriation to Contingency Fund	<u>30.00</u>
	<u>16, 28.64</u>

Explanatory Notes

1. Government accounts being mainly on cash basis, the revenue surplus or deficit has been worked out on cash basis. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc. do not figure in the accounts.
2. Finance Accounts contain information on progressive capital expenditure outside the revenue account. Prior to rationalisation of accounting classifications, small expenditure of capital nature was also met out of revenue. Information on such capital expenditure being not available, it is not reflected in the accounts.
3. Although a part of the revenue expenditure and the loans are used for capital formation by the recipients, its classification in the account of State Government remains unaffected by end use.
4. There was an unreconciled credit difference of Rs.9.83 crores between the figures reflected in the accounts and those intimated by the Reserve Bank of India under Deposits with Reserve Bank at the end of the year. The difference was reduced to Rs.2.45 crores by the end of June 1987.

1.2. Analysis of the Accounts of the Government of Orissa for 1986-87

1.2.1. The net additional public debt as adjusted by the effect on remittances, suspense balances and drawals from Reserve Funds togetherwith net addition from the Contingency Fund raised during the year was Rs.4,00.42 crores. Out of this, Rs.3,22.73 crores were utilised for capital expenditure, Rs.27.95 crores for net disbursement under loans and advances, Rs.30 crores for transfer to Contingency Fund, and the balance

of Rs. 19.74 crores covered the revenue deficit.

1.2.2. Under the agreement with the Reserve Bank of India the State Government has to maintain a minimum balance of Rs.0.60 crore on all working days. If the balance falls below the agreed minimum the deficiency is made good by taking ways and means advance from Reserve Bank of India upto the limit mutually agreed upon. The limit for ordinary ways and means advance and special ways and means advance has been fixed at Rs.24 crores and Rs.12 crores respectively. Even after availing maximum ways and means advance if the shortfall remains uncovered, overdraft is allowed by Reserve Bank of India to maintain the minimum balance. During 1986-87 minimum balance was maintained by taking ways and means advance on 60 days while overdraft was availed of on 5 days. For the aggregate amount of ways and means advance of Rs.220.78 crores and overdraft of Rs.5.66 crores the State Government paid Rs.1 crore as interest during the year. The entire amount of Rs.2,26.44 crores was, however, repaid during the year.

1.2.3. The revenue raised by the State was Rs.4,96.14 crores against the anticipation of Rs.5,29.11 crores resulting in a variation of Rs.32.97 crores, which comprised shortfall of Rs.39.77 crores under tax revenue and an increase of Rs.6.80 crores under non-tax revenue. The shortfall in realisation was mainly under Taxes and Duties on Electricity (Rs.23.81 crores) and Sales Tax (Rs.18.86 crores) which was partly offset by increase under "Stamps and Registration Fees" (Rs.4.28 crores). The increase under non-tax revenue was mainly under Miscellaneous General Service (Rs.23.76 crores) which was partly counterbalanced by less realisation under Interest (Rs.9.99 crores) and Forest (Rs.6.06 crores).

1.2.4. Against the anticipated revenue surplus of Rs. 17.30 crores there was a revenue deficit of Rs. 19.74 crores. The revenue deficit for 1984-85 and 1985-86 was Rs. 73.74 crores and Rs. 60.09 crores respectively.

1.2.5. State's share of divisible Union Taxes increased from Rs. 2,75.53 crores in 1985-86 to Rs. 4,14.39 crores in 1986-87, which accounts for 50 per cent increase.

1.2.6. According to the information received from nine departments the uncollected revenue as on 31st March 1987 amounted to Rs. 1,78.66 crores, of which non-collection of Rs. 22.11 crores was due to dispute (Rs. 14.48 crores), Court cases (Rs. 4.71 crores), certificate cases (Rs. 2.32 crores) proposals for write-off (Rs. 0.36 crore) and stay orders (Rs. 0.24 crore).

1.2.7. The progressive capital outlay of Rs. 24,45.49 crores to the end of 1986-87 including Rs. 10,05.39 crores on 39 multipurpose major and medium irrigation projects under execution, formed 89 per cent of the Public debt, small savings and deposits (Rs. 27,49.53 crores).

1.2.8. After abolition of maintenance of separate accounts for commercial and non-commercial projects and discontinuance of charging interest on capital outlay from 1979-80 interest was not charged and included in the working expenses of Rs. 8.10 crores of 30 irrigation projects shown in accounts. Even without charging interest the loss sustained during the year by these projects worked out to Rs. 7.17 crores.

1.2.9. In case of Machkund Hydroelectric (Joint) Scheme the expenditure on construction was to be shared between the Governments of Orissa and Andhra Pradesh. Besides capital outlay of Rs. 4.63 crores invested by Government of Orissa upto 1958-59 a debit of Rs. 0.65 crore representing 30 per cent share of Orissa Government raised by Government of Andhra Pradesh for the period from 1959-60 to 1986-87 was not accepted

by Government of Orissa. As per decision of the Government to discontinue maintenance of separate accounts for commercial schemes the interest charge on capital was not adjusted in the accounts. The gross receipt (excluding interest) upto the end of 1986-87 was Rs. 12.27 crores against the working expenses of Rs. 7.08 crores.

1.2.10. Interest on capital expenditure on Balimela Dam Project was notionally worked out to Rs. 2.48 crores (Dam Project) and Rs. 2.58 crores (Power Scheme) as Governments of Orissa and Andhra Pradesh are to share the total working expenses including interest as per the agreement. No revenue receipts or working expenses appeared in the accounts after transfer of Power House to the control of Orissa State Electricity Board from 1st April 1979. Against the Dam Project working expense of Rs. 0.70 crore was booked during the year, although no revenue receipt was accounted for.

1.2.11. From the information received from 17 out of 19 departments recovery of Rs. 1,28.77 crores (Principal: Rs. 10.39 crores and interest: Rs. 1,18.38 crores) was overdue on 31st March 1987, on account of loans and advances disbursed by the State Government.

1.2.12. There was an unreconciled difference of Rs. 1.50 crores between the figures of outstanding loans shown in the detailed records maintained by the departments and those shown under broad categories in the books of Accountant General. The earliest year to which the unaccounted difference relates was 1965-66.

1.2.13. Annual certificates of acceptance of balances in respect of loans and advances as on 31st March 1987 were not furnished by a large number of departmental offices. Out of 744 cases involving loan of Rs. 6.94 crores, in 78 cases for Rs. 3.03 crores certificates were awaited for more than five years.

1.2. 14. Public debt included Rs. 10.97 crores representing undischarged market loans which expired in 1986 and earlier years and did not carry any interest.

1.2. 15. The interest paid on debt and other obligation during the year was Rs. 1,71.95 crores which constituted 14 per cent of the total revenue receipt. The interest received on loans and advances, investments of cash balance etc., together with dividends on investment in commercial undertaking totalled Rs. 12.69 crores. The net interest burden was thus Rs. 1,59.26 crores. The interest charges paid on small savings, provident funds etc., was Rs. 31.99 crores while the net accretion to the balance during the year was Rs. 68.80 crores.

1.2. 16. Against the plan provision of Rs. 7,74.63 crores the actual expenditure on plan schemes on all accounts was Rs. 6,89.76 crores during the year, resulting in a shortfall of Rs. 84.87 crores. Against non-plan provision of Rs. 9,11.63 crores in the revenue account the actual expenditure was Rs. 9,04 crores, leaving a shortfall of Rs. 7.63 crores.

1.2. 17. The total expenditure under non-plan (including capital) during the year was Rs. 9,35.91 crores as compared to Rs. 7,45.43 crores in the previous year. The increase was mainly under Social and Community Services and Economic Services.

1.2. 18. With the fresh investments of Rs. 50.08 crores during 1986-87 in various statutory corporations, Government Companies and Co-operative institutions the total investment of the Government at the end of the year was Rs. 3,40.67 crores (shares and debentures Rs. 3,40.32 crores; bonds Rs. 0.35 crore). Interest and dividend received on such investment during the year was only Rs. 0.21 crore representing roughly 0.06 per cent.

1.2.19. The Contingent liability for guarantee given by the State Government for repayment of loans by the statutory corporations, Companies and Co-operatives etc., as on 31st March 1987 was Rs.4,48.20 crores including interest and dividend. In 54 cases where guarantees were invoked Government paid Rs.1.40 crores upto the March 1987 against which Rs.0.08 crore was recovered from the principal debtors, leaving a balance of Rs.1.32 crores.

The guarantee commission realised during the year was Rs.0.31 crore in 33 cases. Guarantee Commission of Rs.1.48 crores was due for recovery in eighty cases on 31st March 1987. The main defaulters were Government Companies and statutory Corporations.

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

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 General

2.1.1 The summarised position of actuals during 1986-87 against provision is as follows:-

	Original grant/ appro- priation (1)	Supple- mentary (2)	Total (3)	Actual Expen- diture (4)	Variation/ Saving(-) Excess(+) (5)	
						(In crores of rupees)
I.Revenue						
Voted	11,31.92	1,09.49	12,41.41	11,65.37	(-) 76.04	
Charged	1,76.39	8.77	1,85.16	1,87.57	(+) 2.41	
II.Capital						
Voted	3,85.49	43.59	4,29.08	4,41.96	(+) 12.88	
Charged	0.68	0.54	1.22	0.88	(-) 0.34	
III.Public Debt						
Charged	3,14.82	1,06.97	4,21.79	3,29.13	(-) 92.66	
IV.Loans and Advances						
Voted	49.03	19.84	68.87	54.99	(-) 13.88	
V.Appropriation to Contin- gency Fund						
Voted	...	30.00	30.00	30.00	.....
Grand Total:	<u>20,58.33</u>	<u>3,19.20</u>	<u>23,77.53</u>	<u>22,09.90</u>	<u>(-)1,67.63</u>	

2.2. Results of Appropriation Audit

The following results emerge broadly from the Appropriation Audit.

2.2.1. Supplementary provision of Rs.3,19.20 crores obtained during the year constituted 15 per cent of the original budget provision, against 9 per cent in the previous year.

2.2.2. Unnecessary/excessive/inadequate supplementary provision

(a) The total supplementary provision of Rs.3,19.20 crores made in September 1986 and March 1987, proved excessive in view of the overall saving of Rs.1,67.63 crores.

(b) In 17 cases, as detailed in appendix 2.1 the supplementary provision of Rs.36.90 crores (Revenue: Rs.22.45 crores, Capital: Rs.14.45 crores) was unnecessary as the expenditure (Rs.5,86.65 crores) did not come up even to the original provision (Rs.6,59.35 crores).

(c) In 12 other cases against the actual requirement of Rs.96.21 crores (Revenue: Rs.39.31 crores, Capital: Rs.56.90 crores), supplementary provision of Rs.2,10.19 crores (Revenue : Rs.61.45 crores; Capital: Rs.1,48.74 crores) resulted in saving of Rs.10 lakhs or more in each case and Rs.1,13.98 crores on the aggregate (details in appendix 2.2).

(d) The supplementary provision of Rs.51.87 crores (Revenue: Rs.26.89 crores; Capital: Rs.24.98 crores) obtained in 5 cases (appendix 2.3) proved inadequate by more than Rs.10 lakhs in each case, with a total uncovered expenditure of Rs.39.61 crores.

2.2.3. Saving/Excess over provision

The overall saving of Rs.1,67.63 crores comprises saving of Rs.2,25.83 crores in 28 grants and 2 charged appropriations and excess of Rs.59.20 crores in 8 grants and one appropriation. The excess requires regularisation under Article 205 of the Constitution.

Excess over grants/appropriations to the tune of Rs.8,14.87 crores for the following years is yet to be regularised:-

(In crores of rupees)

1980-81	1,19.51
1981-82	60.71
1982-83	1,70.57
1983-84	2,46.20
1984-85	1,79.93
1985-86	<u>37.95</u>
	<u>8,14.87</u>

2.2.4. Unutilised provision

In the following nine grants/appropriations the expenditure fell short by more than Rs.1 crore and also by more than 10 per cent of the total provision.

Sl. No.	Grant No.	Name of the Department	Amount of saving (In Crores of rupees)	Percentage to total provision	Main reason for saving
(1)	(2)	(3)	(4)	(5)	(6)
		REVENUE SECTION			Less requirement of salaries and allowances. Reasons
1	5	Finance	33.78	44	

Sl. No.	Gr- No.	Name of the Department	Amount of saving (In Crores of rupees)	Per- cent- age to total provi- sion	Main reason for saving
(1)	(2)	(3)	(4)	(5)	(6)
2.	16	Planning and Co-ordination	3.50	35	for less requirement not intimated. Non-implementa- tion of the District Planning units and the scheme of "Improvement of statistics of Urban Local Bodies and preparation of Municipal Statistical Year Book", as well as non-approval of Government of India to assist spill-over schemes of the 6th Five Year Plan.
3.	19	Industries	8.72	16	Non-utilisation of funds under various industrial complexes under the National Test Range project. Reason for non-utili- sation not intimated.
4.	27	Science, Technology and Environment	1.78	25	Non-receipt of Cent- ral assistance under non-conventional Energy Sources.

Sl. No.	Gr- Name of the Department	Amount of saving (In Crores of rupees)	Per- cent- age to total- provi- sion	Main reason for saving
(1)	(2)	(3)	(4)	(5) (6)
CAPITAL SECTION				
5.	5 Finance	5.92	12	Less sanction of ways and means advances to State Government Undertakings.
6.	19 Industries	6.50	18	Restriction imposed by Government of India on sanction of funds by National Co-operative Department Corporation for opening of new Spinning Mills.
7.	23 Agriculture and Co-operation	11.39	28	Less sanction of funds by National Bank for Agriculture and Rural Development (NABARD) and non-release of money by Reserve Bank of India and National Co-operative Development Corporation for Credit Co-operatives and Warehousing and Marketing Co-operatives.

Sl. No.	Grant No.	Name of the Department	Amount of saving (In Crores of rupees)	Percentage to total provision	Main reason for saving
(1)	(2)	(3)	(4)	(5)	(6)
8.	603-Inter-nal Debt of the State Govern-ment	Finance	79.76	24	Less Ways and Means Advance from the Reserve Bank of India
9.	604-Loans and Advances from Central Govern-ment	Finance	12.90	14	Less sanction of short-term loans by Government of India

2.2.5. Saving under Plan Schemes

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

Sl. No.	Grant No.	Department	Scheme	Amount of Savings (In crores of rupees)	Percentage of the provision
REVENUE SECTION					
Central Plan					
1	3	Revenue	Rehabilitation Schemes	2.43	100

Sl. No.	Grant No.	Department	Scheme	Amount of Savings (In Crores of rupees)	Percentage of the provision
(1)	(2)	(3)	(4)	(5)	(6)
<i>Central Plan</i>					
2	19	Industries	National Test Range Project Scheme	6.84	53

CAPITAL SECTION

State Plan

3	1	Home	Housing	2.39	100
4	20	Irrigation and Power	Rengali Project Power Schemes	1.56	11

2.2.6. *Persistent savings*

Persistent savings of 10 per cent and above were noticed in the following grants/appropriations:

Sl. Grant Department			Percentage of savings		
No.	Grant No.		1984-85	1985-86	1986-87
(1)	(2)	(3)	(4)	(5)	(6)
REVENUE SECTION					
(Voted)					
1	5	Finance	54	67	44
2	15	Tourism, Sports and Culture	22	12	12
3	27	Science, Technology and Environment	31	33	25

Sl. Grant	Department		Percentage of savings		
No.	No.		1984-85	1985-86	1986-87
(1)	(2)	(3)	(4)	(5)	(6)
CAPITAL SECTION					
(Voted)					
4	12	Health and Fam ily Welfare	34	37	37
5	17	Comm unity Development and Rural Reconstruction (Gram Panchayat)	22	18	22
6	19	Industries	25	24	18
7	23	Agriculture and Co-Operation	26	35	28
8	26	Excise	44	37	33
9	27	Science, Technology and Environment			
REVENUE SECTION					
(Charged)					
10	12	Health and Fam ily Welfare	100	100	100
11	22	Forest, Fisheries, and Anim al Husbandry	15	80	34
12	23	Agriculture and Co-Operation	60	34	100
CAPITAL SECTION					
(Charged)					
13	9	Food and Civil Supplies	100	22	14

2.2.7. Significant cases of excesses

In the following grants/appropriations, the expenditure exceeded the approved provision by more than one crore and also by more than 10 per cent of the total provision:

Sl. No.	Grant No.	Name of Department	Amount of excess (In Crores of rupees)	Percentage to total provision	Reasons for excess
(1)	(2)	(3)	(4)	(5)	(6)
REVENUE SECTION					
1.	1	Home	7.97	10	Drawal of arrears on account of fixation of pay in the revised scales of the various establishments of the Police department.
2.	7	Works	16.71	20	Reasons for excess were not received.
3.	22	Forest, Fisheries and Animal Husbandry	18.27	33	The excess pertained to suspense account of Government Trading in Kendu leaves. Reasons for excess were not received.

2.2.8. Persistent excesses

Excesses were noticed to be persisting in the following grants:

Sl. No.	Grant No.	Department	Percentage of savings		
			1984-85	1985-86	1986-87
(1)	(2)	(3)	(4)	(5)	(6)
1.	7	Works	3	11	20
2.	20	Irrigation and Power	7	10	5
3.	22	Forest, Fisheries and Animal Husbandry	23	20	62

2.2.9. Expenditure without provision

In the following two cases expenditure exceeding five lakhs of rupees in each case was incurred without any provision:-

Grant No.20	533-Capital outlay on Irrigation Navigation Drainage and Flood Control Projects	(In crores of rupees)
	VVV(A)- Delta Irrigation Stage-I	
	Voted ..	0.02
	Charged ...	0.06
		<u>0.08</u>
Charged Appropriation	603-Internal Debt of the State Government	
	A-Market Loans bearing interest	12.47

2.2.10. Surrender of savings

(a) The rules require that all anticipated savings should be surrendered as soon as the possibility of saving is foreseen from the trend of expenditure. Such surrender is, however, being made only in March every year, when it cannot be purposefully utilised. Although actual saving of Rs.2,24.25 crores was available Government surrendered only Rs.1,37.16 crores on the 31st March 1988.

(b) Significant saving exceeding Rs.1 crore remained unsurrendered in the following grants/appropriations:

Grant No./ Appropriation	Department	Total saving	Amount surrendered	Unsurrendered amount
(1)	(2)	(3)	(4)	(5)

REVENUE SECTION (In Crores of rupees)

3	Revenue	5.80	3.30	2.50
5	Finance	33.78	22.08	11.70
10	Education and Youth Services	8.59	4.36	4.23
19	Industries	8.72	1.66	7.06
23	Agriculture and Co- operation	4.50	3.32	1.18

CAPITAL SECTION

604-Loans
and
Advances
from Cen-
tral Gove-

rnment	Finance	12.90	8.50	4.40
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(c) Surrender exceeding Rs.50 lakhs in each case was made in excess of the saving actually available in the following grants and appropriations:

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

REVENUE SECTION

11.	Harijan and Tribal Welfare	0.04	1.32	1.28
12.	Health and Family Welfare	9.90	11.25	1.35
13.	Housing and Urban Development	6.14	9.00	2.86
17.	Community Development and Rural Reconstruction (Community Development)	10.82	12.37	1.55
20.	Irrigation and Power	1.71	5.79	4.08

CAPITAL SECTION

603-Internal
debt of
State

Government Finance	79.76	116.88	37.12
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(d) Although the expenditure exceeded the total provision, amount exceeding Rs.50 lakhs in each case was surrendered in the following cases:

Grant No./Appropriation	Department	Total excess	Amount surrendered
(1)	(2)	(3)	(4)
(In crores of rupees)			
REVENUE SECTION			
1.	Home	7.97	1.16
7.	Works	16.71	1.52
249-Interest paid	Finance	2.49	0.63
CAPITAL SECTION			
20.	Irrigation and Power	12.17	20.89

2.3. Injudicious re-appropriation

Re-appropriation is transfer of funds within a grant, from one unit of appropriation where savings are anticipated to another unit where additional funds are needed, it is permissible only when there is definite or reasonable chance of saving under the unit from which funds are proposed to be reappropriated or it is meant to curtail expenditure under that unit, to meet more urgent expenditure under another unit. These aspects were not taken into consideration when reappropriation orders were issued during 1986-87. In 82 cases re-appropriation for sums exceeding Rs.20 lakhs in each case turned out to be injudicious on account of final saving of excess as detailed in appendix 2.4.

2.4. Advances from the Contingency Fund

The corpus of the Fund was raised from Rs.20 crores to Rs.50 crores during the year by promulgation of the Orissa Contingency Fund (Amendment) Ordinance, 1986 (Orissa Ordinance No.9 of 1986) on the 31st December 1986 for meeting emergent and unforeseen requirement of drought and flood relief operations. The ordinance had not lapsed within 31st

March 1987 and the corpus of the Fund remained at Rs.50 crores. The Ordinance was not ratified by the Legislature under article 213(2)(a) of the Constitution and allowed to lapse automatically in July 1987.

Advances aggregating Rs.21.30 crores remained unrecouped on 31st March 1987, of which Rs.17.44 crores were drawn in 1986-87 and the balance in earlier years.

2.5 Trend of recoveries and credits

Under the system of gross budgetting by Government the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts in reduction of expenditure; the anticipated recoveries and credits are shown separately in the budget estimates. Actual recoveries exceeded the estimates under both Revenue and Capital Sections during the last four years. In 1986-87, against the anticipated recovery of Rs.1,54.40 crores (Revenue: Rs.57.88 crores; Capital: Rs.96.52 crores) the actual recovery was Rs.2,25.09 crores (Revenue: Rs.1,04.98 crores; Capital: Rs.1,20.11 crores).

The excess recovery was mainly under suspense transactions relating to Works (Rs.22.85 crores), Public Health and Sanitation (Rs.19.70 crores) and Irrigation (Rs.7.77 crores) in the Revenue Section; and in the Capital Section excess recovery was under suspense transaction of Irrigation Projects (Rs.36.06 crores) and Trading in Kendu leaves (Rs.16.88 crores), which was partly off-set by non-adjustment of recovery from Contingency Fund (Rs.30.00 crores) towards replenishment of fund appropriated for increase of the corpus. Reasons for excess were not intimated (July 1988).

2.6. Non-receipt of explanation for savings/excesses

After close of the accounts of each financial year, the detailed appropriation accounts showing the final grants/appropriations, the actual expenditure and the resultant variations are sent to the Controlling Officers, requiring them to explain the variations in general and those under important sub-heads in particular. The State Budget Manual also requires the Controlling Officers to furnish promptly all such information to the Accountant General for preparation of Appropriation Accounts. It is, however, seen that the reasons for variations are not furnished intime. For the Appropriation Accounts 1986-87, explanations were called between February 1988 and April 1988 in respect of 3426 cases, (Savings: 1974:Rs.1,53.42 crores; excesses:1452:Rs.2,83.43 crores). Explanations were received (August 1988) only in 551 cases (16 per cent).

Departments from which bulk of the remaining explanations is still awaited are Irrigation and Power (1363), Works (262), Education and Youth Services (187), Forest, Fisheries and Animal Husbandry (185), Agriculture and Co-operation (156), Home (129) and Industries (117).

CHAPTER III

CIVIL DEPARTMENTS

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

3.1 Rural House Sites-cum-House Construction Programme

3.1.1 Introduction

The scheme of providing house sites to the homeless rural poor, which was launched in 1974 under the Minimum Needs Programme, was reviewed by the State Government in 1975 and changed to a composite scheme styled as the "Integrated Housing Scheme". The objective of the scheme was to provide ready-built houses to the homesteadless rural poor with the participation of beneficiaries in the shape of voluntary labour. The scheme envisaged construction of houses with fire-proof tiled roof or thatched roofs with false ceiling ('attu') as per the type-plan and design approved by the Government. In October 1986, Government decided that the 'Integrated Housing Scheme' in its applicability to non-Scheduled Caste and non-Scheduled Tribe beneficiaries should be executed through the Orissa State Housing Board from 1986-87. The scheme aimed at providing houses to five lakhs homesteadless rural poor by the end of the Fifth Five Year Plan (1978-79). Houses were to be constructed on the land provided free of cost to the beneficiaries by the Revenue authorities of the districts.

3.1.2 Audit Coverage

Records of the Housing and Urban Development Department, 4 Collectorates and 13 blocks pertaining to the period 1980-81 to 1985-86 were test-checked during April 1987 to June 1987. The results of the review are given in the succeeding paragraphs.

3.1.3 Organisational set-up

The scheme was controlled by the Revenue Department upto December 1980 and thereafter transferred to the administrative control of the Housing and Urban Development Department. At the district level, both prior to 1980 and thereafter, the Collector was in overall charge of the selection and development of sites. The Block Development Officers(BDOs) were in direct charge of execution of the works.

3.1.4 Highlights

- Against the total provision of Rs.6,57.97 lakhs for the year 1978-79 to 1986-87 for the scheme, the expenditure from 1978-79 to 1986-87 was Rs.5,89.82 lakhs, resulting in non-utilisation of Rs.68.15 lakhs. (Para 3.1.5).
- There was an overall shortfall of 8011 in the construction of houses upto 1986-87 (Para 3.1.6).
- During 1985-86 and 1986-87, a total amount of Rs.21.79 lakhs was diverted for works not covered under the scheme. (Para 3.1.7)
- Of the 13178 beneficiaries selected, 833 were ineligible having already in their possession house sites etc. (Para 3.1.10)
- There was an unfruitful expenditure of Rs.2.38 lakhs because 217 houses started in four blocks against allotment pertaining to the periods 1978-79 to 1985-86 could not be completed due to cost escalation and non-availability of building materials. (Para 3.1.12)
- Although the Scheme envisaged free supply of forest materials by the Forest Department, Rs.6.86 lakhs were spent by the Block Development Officers

of 10 Blocks between 1975-76 and 1982-83 for the purchase of forest material. Such diversion of money depleted the funds available for the scheme consequently depriving 457 homesteadless families of the benefits of the scheme. (Para 3.1.14)

- In all districts, 1476 houses constructed at a cost of Rs.13.40 lakhs, collapsed or were partially damaged between 1975-76 and 1985-86 due to defective construction, heavy rains etc. (Para 3.1.15)
- In spite of Government instructions to the effect that houses should be constructed and given to the beneficiaries, advances amounting to Rs.4.22 lakhs were given to beneficiaries, between 1977-78 and 1985-86 for construction of houses in 10 blocks. (Para 3.1.16)
- The scheme was neither monitored nor evaluated by the department. (Para 3.1.18)

3.1.5 *Provision of Funds and Expenditure*

Against the total provision of Rs.657.97 lakhs for the year 1978-79 to 1986-87 for the scheme, the expenditure for these years upto the end of 1986-87 as per the monthly progress reports was Rs.589.82 lakhs, resulting in an overall non-utilisation of Rs.68.15 lakhs.

3.1.6 *Targets and achievements*

Targets for construction of houses under the scheme upto 1986-87 and achievements made thereagainst are

indicated below:

Year	Target (Number of houses)	Achievement (Number of houses)	Shortfall(-) Excess (+)
Upto			
1978-79	13,137	9,608	(-)3,529
1979-80	3,000	3,126	(+) 126
1980-81	NIL	1,239	(+)1,239
1981-82	192	1,557	(+)1,365
1982-83	3,800	3,800	. .
1983-84	4,000	3,463	(-) 537
1984-85	6,667	4,787	(-)1,880
1985-86	6,667	1,682	(-)4,985
1986-87	<u>3,333</u>	<u>3,523</u>	<u>(-) 190</u>
	<u>40,796</u>	<u>32,785</u>	<u>(-)8,011</u>

Reasons for the overall shortfall of 8,011 were not on record.

Although the Block Development Officer(BDO) reported that construction of 32,785 houses at a cost of Rs.5,89.82 lakhs had been completed, the corresponding figure in the Department's record was 29,031. Reasons for the discrepancy were not intimated.

The heavy shortfall of 74.8 per cent during 1985-86 was attributed by the Block Development Officers to increase in the cost of materials and labour.

3.1.7 *Non-utilisation of funds at the Block-level*

Out of Rs.4,27.46 lakhs released to 280 Blocks between 1974-75 and 1985-86 towards part-release of funds placed at the disposal of Collectors, a sum of Rs.52.79 lakhs was lying unutilised at the end of March 1987. Reasons stated (March 1987) by the BDOs for non-utilisation were delay in release of funds by higher authorities, non-finalisation of accounts and non-completion of houses in some blocks.

3.1.8 *Lapse of funds*

Funds to the tune of Rs.2.46 lakhs allotted between 1983-84 and 1985-86 lapsed because of non-drawal by BDOs mainly due to misplacing of allotment orders and non-submission of bills.

3.1.9 *Delay in reallocation of funds*

During the period 1980 to 1985, an amount of Rs.0.73 lakh not required by Rayagada and Chikiti Blocks was reallocated to Kosogumuda, Rangeilunda and Chhatrapur Blocks after a delay of 12 to 41 months because of which the overall programme of construction of houses was adversely affected.

3.1.10 *Selection of beneficiaries*

Although the scheme *inter-alia* envisaged construction of houses for landless people of rural areas, no specific criteria for selection of beneficiaries was laid down by the Government. Selection was made at random by Village Level Workers, Sarpanches and Chairmen of Panchayat Samities without verification of income or possession of site. Some of the defects noticed in the

selection were as under:

(i) Out of 13178 beneficiaries selected between 1981-82 and 1985-86, 438 persons were in possession of house sites.

(ii) Three hundred and fortyseven houses (at a cost of Rs.3 lakhs) were constructed between 1976-77 and 1983-84 for persons already owning house sites.

(iii) Fifty houses costing Rs.0.75 lakh in Jeypore Block were allotted in 1982-83 to urban dwellers of Jeypore town.

3.1.11 *Deviation from Plan and Estimate*

As per the approved plan estimate, the houses were to be constructed in clusters of 20 or more, with tile roofing or thatched roof with inner ceiling (attu). Each house was to be constructed within a limit of Rs.2,000/- applicable from 1979-80. The following deviations were noticed in 5 out of the 13 blocks test checked:

(i) Five hundred and thirty houses were constructed with asbestos cement roof in place of tile roof i.e. out of a grant Rs.2,000/- for each house, Rs.1,300/- per house was spent on AC sheets.

(ii) One hundred and ninetyone thatched roof houses were constructed without ceiling (attu).

(iii) Five hundred and thirty houses were not constructed in clusters.

(iv) Ninety eight houses in two blocks could not be constructed according to the prescribed specifications as the construction was made on sites belonging to persons

who had lost their houses in a fire.

(v) Although a grant of only Rs.0.30 lakh had been received in 1984-85 for the construction of 20 houses in Kalyansingpur block, construction work was started with an estimate of Rs.4,500 instead of Rs.2,000 for each house. As a result of this, the construction could not be completed (May 1987) due to lack of sufficient funds.

3.1.12 *Unfruitful expenditure*

An expenditure of Rs.2.38 lakhs, including advances of Rs.1.54 lakhs, proved unfruitful because 217 houses started against allotment pertaining to the period 1978-79 to 1985-86 in four Blocks (Rayagada: Rs.0.14 lakh, Jeypore: Rs.0.39 lakh, Bhubaneswar: Rs.1.66 lakhs and Pipili: Rs.0.19 lakh) could not be completed (June 1987) due to escalation in the cost of building materials and non-availability of forest materials free of cost.

3.1.13 *Extra expenditure*

Thirtynine houses were constructed in 1982-83 and 1983-84 in Jeypore Block through contractors resulting in an extra expenditure of Rs.0.20 lakh due to the labour component not being contributed by the beneficiaries. Further, an extra expenditure of Rs.0.48 lakh was incurred between 1982-83 and 1984-85 towards labour charges on construction of 65 houses in Koraput and Chhatrapur Blocks in contravention of the approved guidelines of the scheme, which envisaged contribution of labour by the beneficiaries.

3.1.14 *Purchase of forest materials*

The scheme envisaged free supply of forest materials by the Forest Department. However, in 10 out

of the 13 Blocks test-checked, forest materials viz. bamboos and ballahs worth Rs.6.86 lakhs were purchased by the BDOs for construction of 869 bouses between 1975-76 and 1982-83, due to non-supply of materials by the Forest Department. Due to diversion of money for purchase of forest materials, funds available under the scheme were depleted and approximately 450 home-steadless families were deprived of the benefits under the scheme.

3.1.15 *House collapse and damage*

According to a report in respect of 11 districts, 1476 houses constructed at a cost of Rs.13.40 lakhs for beneficiaries under the scheme collapsed/were partially damaged between 1975-76 and 1985-86. BDOs of some Blocks test-checked attributed (March 1987) due to heavy rains, defective construction, non-maintenance of house etc. There was nothing on record to show whether any investigation had been made regarding the defective construction.

3.1.16 *Outstanding advances*

According to the instructions, Government was to construct the houses and give them to the beneficiaries. Specific instructions were issued by the Government in February 1977 not to advance money to beneficiaries. It was observed that in spite of this, advances amounting to Rs.4.22 lakhs were given to beneficiaries for construction of houses between 1977-78 and 1985-86 in 10 Blocks of Cuttack, Kalahandi, Koraput and Puri Districts. The amount was lying unadjusted due to non-finalisation of accounts by the Block Development Officers (June 1987).

3.1.17 Other points

(a) Completion certificates and occupation reports were not kept on record by the Block Development Officers of the Blocks test checked.

(b) 'Pattas', which constitute the record of ownership, were not issued to beneficiaries except in Rayagada Block.

3.1.18 Evaluation and Monitoring

No system of monitoring the progress of the scheme was in existence nor was any evaluation made by the department. The State Planning Machinery under the Planning and Co-ordination Department conducted an evaluation of the scheme in 1983-84 for the period from 1975-76 to 1980-81 in respect of four districts. The evaluation, *inter-alia*, revealed that:

- i) Selection of beneficiaries was not done properly,
- ii) Co-operation of beneficiaries was lacking,
- iii) The existing estimated cost of the houses was too low,
- iv) The prescribed type-plan was not followed in 21 *per cent* of the construction work,
- v) Eighty one *per cent* of the houses had thatched roofs without mud ceiling and 19 *per cent* did not have a kitchen and verandah as prescribed under the norms.
- vi) In many cases, houses remained vacant due to damages caused, abandonment and beneficiaries having their own houses.

No follow-up action on this Evaluation Report has been taken so far (October 1987).

The above points were reported to the Government in October 1987; reply has not been received (March 1988).

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

3.2 Slum clearance and improvement of slums

3.2.1 Introduction

Unplanned habitation resulting from overcrowding in urban agglomerates having little sanitation and sewerage facilities leads to slums. According to the 1981 census, an estimated population of 5 lakhs people was living in slum areas situated in urban localities of Orissa, constituting 17.7 per cent of the total urban population. The number of major slums, as identified in 1983 were 155, with the majority of the population (2.74 lakhs) living in five cities viz., Cuttack, Berhampur, Bhubaneswar, Puri and Rourkela.

Under the Minimum Needs Programme, the State Government launched a scheme for "Environmental Improvement of Urban Slums" in Cuttack during 1973-74. This was extended to 21 other towns between 1980-81 and 1984-85. Government of India provided incentive grants to the State during the Sixth Plan period in order to cover more slumdweller, but these were discontinued from 1985-86.

3.2.2 Audit coverage

A test-check of the records of the Housing and Urban Development Department and the urban local

bodies of Bhubaneswar, Berhampur, Cuttack, Puri and Rourkela (both Civil and Steel Townships) was conducted in August 1987 mainly to examine the utilisation of grants received and achievements made under the scheme during 1980-81 to 1985-86. Results of the review are set out in the succeeding paragraphs.

3.2.3 *Organisational set-up*

The State Government provides the necessary grants-in-aid to the Municipalities/Notified Area Councils (NACs) and their Executive Officers to implement the scheme under the direct control of the Housing and Urban Development Department.

3.2.4 *Highlights*

- A sum of Rs.196.20 lakhs was allotted for the scheme during 1980-81 to 1985-86 against which an expenditure of Rs.189.06 lakhs was incurred. (Para 3.2.5.1(a))
- Although utilisation certificates for the entire amount of the Central grant of Rs.50 lakhs received during 1983-84 and 1984-85 were issued by 6 local bodies, an amount of Rs.13.54 lakhs actually remained unutilised upto June 1987. (Para 3.2.5.1(c)).
- Although required under the guidelines issued by the Government, slum areas were not notified by any local body. (Para 3.2.6)
- In 3 Municipalities, works worth Rs.29.14 lakhs, though reported to have been completed, had not been taken up. (Para 3.2.6(b))

- In spite of Government orders to the contrary, departmental charges amounting to Rs.2.58 lakhs were paid in 1983 and 1984 in respect of slum works.(Para 3.2.9)
- A sum of Rs.13.65 lakhs was diverted by 3 local bodies during 1983-84 and 1984-85 for works not connected with the scheme. (Para 3.2.10)

3.2.5 Targets and achievements

3.2.5.1 Financial

(a) Against the total allotment of Rs.196.20 lakhs during 1980-81 to 1985-86, the expenditure incurred on the scheme was Rs.189.06 lakhs. The yearwise break-up is given below:

Year	Allotment		Expenditure	
	Central Incentive grant	State Plan	Central Incentive grant	State Plan
(In lakhs of Rupees)				
1980-81	NIL	15	NIL	15
1981-82	NIL	15	NIL	15
1982-83	NIL	15	NIL	15
1983-84	NIL	15	11 (out of Contingency Fund of the State)	15
1984-85	34	19.05	60.75	19.06
1985-86	52	31.15	12	26.25
	<u>86</u>	<u>110.20</u>	<u>83.75</u>	<u>105.31</u>
	<u>196.20</u>		<u>189.06</u>	

(b) Against the total provision of Rs.110.20 lakhs under the State Plan between 1980-81 and 1985-86, an expenditure of Rs.105.31 lakhs was incurred. The shortfall was attributed (August 1987) by the Executive Officer, Cuttack Municipality to non-completion of works. The figure reported to the Government of India in periodical returns was, however, Rs.99.36 lakhs. The reasons for the difference of Rs.5.95 lakhs were not intimated.

(c) *Non-utilisation of grants*

Although an amount of Rs.13.54 lakhs (out of the Central grant of Rs.50 lakhs received during 1983-84 and 1984-85) actually remained unutilised with the six local bodies upto the end of July 1987, utilisation certificates for the entire amount i.e. Rs.50 lakhs were issued by those local bodies to the Government. Out of Rs.19.05 lakhs released under State Plan Schemes in 1984-85, a sum of Rs.13.68 lakhs was not utilised by the Cuttack Municipality. While non-utilisation of the Central grant was attributed by the State Government (October 1985) to (i) late receipt of allotment (ii) delay in technical sanction of projects and (iii) delay in execution of deposit works, the State grants could not be utilised due to non-completion of the works. Reasons for non-completion were, however, not available.

3.2.5.2 *Physical*

Targets fixed by Government to cover the population under the scheme out of various grants and achievements made against these were as follows:

Year	Population to be covered out of				Achievement				Short fall(-) Excess (+)			
	Central	Urban	State	Total					Central	Urban	State	Short
	Incentive	Local	Plan						Incentive	Local	Plan	Fall/
	grant	Bodies							grant	Bodies		Excess
		own								own		
		Fund								Fund		
	(a)	(b)	(c)	(d)	(a)	(b)	(c)	(d)	(a)	(b)	(c)	(d)
(In thousands)												
1980-81	Nil	Nil	5	5	Nil	Nil	5	5	-	-	-	-
1981-82	Nil	Nil	7	7	Nil	Nil	7	7	-	-	-	-
1982-83	Nil	Nil	14	14	Nil	5	11	16	-	+5	-3	+2
1983-84	30	10	10	50	26	9	10	45	-4	-1	-	-5
1984-85	20	5	10	35	4	5	9	18	-16	-	-1	-17
1985-86	16	6	8	30	16	4	8	28	-	-2	-	-2

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Shortfalls during 1983-84 and 1984-85 were mainly due to non-utilisation of grants in full and diversion of funds.

3.2.6 Implementation

Though guidelines for implementation were issued by Government in November 1983 and funds released in February 1984, no local body issued any notification declaring a particular area as a slum area, requiring improvement of houses unfit for habitation, imposing restrictions on houses for demolition, acquiring land for slum improvement or for removal of dangerous/offensive traders from slum areas. Test-check of progress reports revealed that although the works under the scheme were reported to have been completed, they were either not completed, or not taken up at all. Details are given below.

(a) Wide variations were noticed between actual achievements and those reported by the local bodies in five cities for the years 1983-84 and 1984-85 as given hereunder:

Sl. Amenty No. Provided	Achievement during 1983-84			Achievement during 1984-85		
	As repo- rted	Actual	Variation	As repo- rted	Actual	Variation
1.Roads (in metres)	13,815	12,977	838	15,816	12,521	3,295
2.Drains (in metres)	2,530	3,187	657	9,347	6,410	2,937
3.Latrine (Numbers)	128	88	40	200	96	104
4.Tube Wells (Numbers)	46	15	31	82	25	57
5.Street Lights (Number of Poles)	123	16	107	231	150	81

(b) Works worth Rs.29.14 lakhs, though reported to have been completed were not taken up at all in the following cases.

Sl. No.	Name of the local body	Value of work reported as completed but not taken up (Rupees in lakhs)						Total
		Roads	Drains	Bath	Light-ing	Latrine	Tube-well	
	Central Incentive grants							
1.	Bhubaneswar Municipality (1984-85)	0.79	0.57	0.20	-	-	-	1.56
2.	Puri Municipality (1984-85)	0.89	-	-	-	-	-	0.89
	(1985-86)	2.85	-	-	0.08	0.92	0.19	4.04
3.	Cuttack Municipality (1984-85)	<u>1.51</u>	<u>2.51</u>	<u>-</u>	<u>-</u>	<u>13.73</u>	<u>4.90</u>	<u>22.65</u>
		<u>6.04</u>	<u>3.08</u>	<u>0.20</u>	<u>0.08</u>	<u>14.65</u>	<u>5.09</u>	<u>29.14</u>

(c) Puri Municipality partly executed (45 per cent) two roads during 1984-85 at a cost of Rs.0.89 lakh but reported the work as completed.

(d) Five roads and drains costing Rs.0.44 lakh under the Notified Area Council, Rourkela Civil Town-ship and four roads worth Rs.1.83 lakhs under Cuttack Municipality were executed during 1983-84 to 1985-86 without the prior approval of Government.

(e) Roads costing Rs.2.98 lakhs and drains costing Rs.0.52 lakh completed between November 1980 and May 1983 i.e. prior to the implementation of the scheme by the Bhubaneswar Municipality were irregularly included in the achievements under the scheme against grants released subsequently.

3.2.7 *Irregularities in works executed departmentally*

Works relating to repairs of roads and drains and construction of latrines worth Rs.11.47 lakhs were executed departmentally by the Cuttack Municipality during 1984-85. No records were maintained regarding issue of materials or payment of advances for labour charges to the concerned executing officer. The entire amount was paid to the Junior Engineer without supporting vouchers, muster rolls and hand receipts.

3.2.8 *Wasteful Expenditure*

A sum of Rs.0.42 lakh out of the Central incentive grant was spent by Berhampur Municipality on sinking four tubewells between 1985 and September 1985 without prior ground water survey and investigation. The tubewells failed and the expenditure proved to be wasteful.

The NAC, Rourkela (Steel Town-Ship) spent Rs.0.62 lakh in 1984-85 on drawing electricity service lines to G.B. Palli and Barkani slums. Since the lines were drawn outside the periphery of the slums, no light was provided to the slum dwellers, defeating the objective for which the amount was spent.

3.2.9 *Levy of departmental supervision charges*

As per a Government of India decision of December 1972, the executing authorities should not include departmental/supervision charges in the estimates for works under the schemes given to the local bodies. It was, however, seen that departmental charges of Rs.2.38 lakhs (Public Health Department: Rs.1.73 lakhs and Orissa State Electricity Board: Rs.0.65 lakh) were paid in November 1983 and January 1984 in respect of slum works executed for local bodies. Besides, Cuttack municipality charged Rs.0.20 lakh in 1984-85 towards its own

departmental charges. Thus, the scheme was deprived of Rs.2,58 lakhs on this account.

3.2.10 *Diversion of Funds*

Instead of implementing the slum clearance programme, Bhubaneswar Municipality diverted (November 1983 and January 1984) a sum of Rs.1.22 lakhs out of the Central Incentive grant for 1983-84 for digging tubewells in Rama Devi Womens College and Rs.0.34 lakh for repairing a traffic island opposite the State Museum.

Similarly, Rourkela NAC spent Rs.1 lakh on digging tubewells and Rs.0.52 lakh on miscellaneous works in non-slum areas during 1983-84.

Out of the State Grant, Cuttack Municipality diverted Rs.10.57 lakhs in 1984-85 towards furnishing the Town Hall (Rs.1.26 lakhs), construction of a wall and an approach road to a crematorium (Rs.2.84 lakhs), for piped water supply (Rs.2.48 lakhs) and miscellaneous works (Rs.3.99 lakhs) in non-slum areas.

3.2.11 *Improper maintenance of Records*

(a) No plans were made nor records maintained in respect of the amenities provided in slum areas, by any of the local bodies test-checked excepting the two at Rourkela. Maps and photographs of the slum areas before and after the providing of basic amenities, which were required to be maintained by each local body in terms of the Government order of October 1984, were not maintained. No site plan indicating the area and location of slums where work was taken up was available.

(b) No separate records indicating receipt and utilisation of Central grants were maintained by any of the local bodies test-checked, contrary to specific instructions of the Government of India.

3.2.12 *Monitoring and evaluation*

The urban local bodies were required to render monthly progress reports to the Housing and Urban Development Department. None of these bodies furnished the progress reports regularly.

A review of utilisation of funds provided during 1983-84 and 1984-85, conducted by Government in November 1986, revealed that five local bodies had not furnished the Annual Report for 1985-86. Furnishing of progress reports to Government was, however, discontinued from November 1986 even though slum improvement works were still in progress.

The above points were reported to Government in September, 1987; reply has not been received (March 1988).

HOME DEPARTMENT

3.3 **Modernisation of state police force**

3.3.1 *Introduction*

The scheme for modernisation of the State Police Force was introduced by the Government of India in 1969 for an initial period of 10 years. At the end of this period, it was observed that the Central financial assistance had not been utilised properly by the State and the priorities had not been rationally worked out to get the optimum use of the assistance. The scheme

was therefore reviewed by the Government of India in 1980 and further extended upto 1989-90. The scheme was restricted to the following areas:

- (i) strengthening of communications by installing teleprinter services and wireless sets;
- (ii) improving mobility by providing each police station with a jeep;
- (iii) supplying equipment for Forensic Science Laboratories, training institutions and Finger print Bureaus for examination of questioned documents;
- (iv) construction of buildings for State Forensic Science Laboratories upto a limit of Rs.20 lakhs in respect of each State; and
- (v) utilisation of data processing machines for maintaining crime records, statistics and accounts.

3.3.2 *Audit Coverage*

The audit conducted in February and July 1987 was confined to a general review of the implementation of the scheme prior to 1980-81 and test-check of records in the Secretariat and a few selected offices for the period from 1980-81 to 1986-87. Records of the office of the Director General and Inspector General of Police, 3 DIGs, 6 SPs, AIG Signals, Director, State Forensic Laboratory, and one battalion were reviewed. Results of audit are given in the succeeding paragraphs.

3.3.3 *Organisational set-up*

The Director General of Police (DGP) Orissa has been implementing the scheme with the assistance

of a Planning Cell created in July, 1982.

3.3.4 *Highlights*

- Four proposals for improving the work of the department having an estimated cost of Rs.187.00 lakhs, submitted between 1982 and 1985, had not been sanctioned by Government upto May 1988. A proposal for opening of Finger Print Bureaus at district and regional levels, for which no estimate was, however made, was awaiting Government approval. (Para 3.3.8).
- High frequency and very high frequency wireless sets were not provided to 6 out of 7 battalions in the State. Cryptographic machines were not provided in any district. Telephones were provided to only 20 out of the 74 wireless stations in the State. (Para 3.3.9(a)).
- Rupees 3.23 lakhs were spent out of the Central assistance on the purchase of inadmissible items during 1982-83 to 1985-86. (Para 3.3.9(b)).
- One hundred and eleven wireless sets were purchased in 1984 and 1985 at higher rates resulting in an extra expenditure of Rs.1.71 lakhs. (Para 3.3.9(b)).
- Out of 407 police stations in the State, only 170 were supplied with jeeps upto 1986-87. (Para 3.3.10).
- Extension of the building, housing the State Forensic Science Laboratory, constructed at a cost of Rs.9 lakhs out of Central assistance

was used for locating offices of the Crime Branch. (Para 3.3.12).

Rupees 31.51 lakhs were spent in January 1987 on repairs of a computer purchased in October 1985 at a cost of Rs.35.80 lakhs (Para 3.3.13).

3.3.5 *Perspective Plan*

According to the revised scheme, the State Government was required to prepare a perspective plan indicating therein, the State's share of expenditure and Central assistance to be spent during the period 1980-81 to 1989-90. For the period 1980-81 to 1983-84, no such perspective plan was approved by the Government of India as the plan submitted by the State Government did not indicate the State's share of expenditure. Only a perspective plan for the period 1984-85 to 1989-90 for Rs.5,20.05 crores (State Share : Rs.2,50.03 crores and Central assistance: Rs.2,70.02 crores) submitted in January 1985 by the State Government was approved by the Government of India in May 1985, for implementation.

3.3.6 *Pattern of Central assistance*

The State Government was required to initially incur expenditure on the scheme from its own resources as a pre-requisite for receipt of Central assistance and then obtain reimbursement from the Government of India in the shape of loans and grants in equal proportion. Government of India, in February 1979, tentatively allocated Rs.46.96 lakhs per annum. Release of Central assistance for the second and subsequent years, however, was based on the expenditure actually incurred during the preceeding year.

A distinct sub-head "Modernisation of Police Force" under the non-plan budget was required to be opened for identifying expenditure incurred on the scheme as per instructions of the Government of India issued in October 1980. No such head of account was opened by the State Government till 1984-85.

3.3.7 *Targets and achievements*

(a) *Financial*

The State Government received Rs.2,32.67 lakhs as Central assistance during 1969-70 to 1978-79 and spent Rs.2,24.64 lakhs. The unspent amount of Rs.8.03 lakhs was not revalidated subsequently by the Government of India for utilisation. No Central assistance was released during 1979-80. For the period 1980-81 to 1985-86, Central assistance of Rs.2,46.54 lakhs (50 per cent loan and 50 per cent grant) was received. The expenditure on the main components of the scheme during 1980-81 to 1985-86 was as under:

Component	Expenditure in lakhs of Rupees
(i) Vehicles	85.73
(ii) Wireless Communication	77.73
(iii) Computer	49.52
(iv) Forensic Laboratory	9.26
(v) Training and equipment	<u>24.30</u> <u>246.54</u>

No contribution was made by the State Government out of its own resources during 1969-70 to 1979-80

for the scheme. The State Government spent Rs.123.45 lakhs from 1980-81 to 1985-86 on the scheme from its own resources.

(b) *Physical*

No physical targets were set by the State Government for the Scheme. In the first ten years, the implementation was confined to the acquisition of vehicles, wireless sets, laboratory equipment etc. The perspective plan for the period 1984-85 to 1989-90 contained details of purposes for which money was to be spent but no specific physical targets were set against which achievements could be verified.

3.3.8 *Pending proposals*

With a view to improving the working of the Police Department, five proposals mooted between 1980-85 by the Director General of Police, in different areas of activity in respect of four cases were pending with the Government for sanction (May 1988). The details are given below:

Details of proposal	When sent to Governemt	Estimated cost
1. Opening of Finger print Bureaus at regional and District level	1980-81	Estimate not made
2. Construction of barracks for trainees of Police Training College, Angul	March 1982	Rs.60 lakhs
3. Construction of 62 wireless Stations and 4 repeater Stations	March 1982	Rs.64 lakhs

Details of proposal	When sent to Government	Estimated cost
4. Construction of a main workshop at Cuttack and regional workshops at Koraput, Rourkela, Sambalpur and Berhampur for the Police Motor Transport	November 1985	Rs.52 lakhs
5. Purchase of tools and plants for fleet management and modernisation of transport workshop	December 1985	Rs.11 lakhs

3.3.9 *Strengthening of communications*

(a) *General*

The outlay on wireless communication was made with a target of providing 100 per cent "thana" level communication as well as 100 per cent communication in cities having a population of one lakh and above. Emphasis was laid on provision of wireless sets to each police station which was proposed to be linked with the State Control Room through a wireless or telecommunication system.

Telecommunication facilities were made available to 367 police stations out of 394 police stations by March 1987. Six police stations provided with very high frequency sets had not been electrified upto September 1987.

High frequency and very high frequency sets were not provided to six out of the seven battalions in the State. One wireless transmitter with 3 numbers of high frequency and 2 numbers of very high frequency sets were provided to one battalion (Cuttack) only. Cryptographic machines for sending and receiving secret messages with teleprinter links were not provided in any of the districts. Out of 74 wireless stations in the State to be provided with telephones, four were provided with telephones prior to 1980-81, 16 between 1980-81 and 1986-87, while the remaining 54 stations were not provided telephones due to lack of funds (September 1987).

(b) *Equipment*

A sum of Rs.6.96 lakhs drawn for the purchase of 64 numbers of very high frequency trans-receivers in 1978-79 was refunded to the treasury in January 1980 incorrectly under the 'State receipts' head as the equipment could not be supplied by the firm. The scheme was thus deprived of Central assistance to this extent, because the amount was no longer available for the purchase of equipment under the scheme.

Under the scheme, expenditure on maintenance did not qualify for Central assistance. However, spares, accessories and consumable articles valuing Rs.3.23 lakhs were purchased during 1982-83 to 1985-86. The department stated in August, 1987 that for want of matching grant by the State Government, purchases were made out of Central assistance to establish quick communication.

Rupees 0.60 lakh drawn by the SP, Signals during 1981-82 for installation of repeaters at Kapilas and Kalinga hilltops were placed at the disposal of the Orissa Police Housing and Welfare Corporation in August 1983

for execution of the work. The work was yet to be completed (June 1987).

The Deputy Inspector General of Police (Technical) ordered S.P., Signals, in March 1984, to buy wireless sets from a Public Sector Undertaking (PSU) of Chandigarh because they had submitted the lowest quotation of Rs.7,779.20 per set. However, 21 sets were purchased in March 1984 at the rate of Rs.10,865 per set and 50 such sets were purchased in August 1985 at the rate of Rs.9,152 per set from a PSU at Jaipur. Forty similar sets were purchased from another PSU at Calcutta at the rate of Rs.8723 per set in August 1984. Purchase at higher rates resulted in an extra expenditure of Rs.1.71 lakhs. The Department stated in September 1987 that the points raised in Audit were valid and sustainable. The Department did not state whether any action had been taken to fix responsibility in this case.

In August 1984, 5 very high frequency (Model No.865) sets were purchased at the rate of Rs.12,698.40 per set from a PSU at Jaipur whereas in December 1984 another 40 similar sets were purchased from the same company at the rate of Rs.13,613.60 per set which resulted in an extra expenditure of Rs.0.37 lakh. Had they purchased the entire quantity of 45 sets in August 1984, this extra expenditure of Rs.0.37 lakh could have been avoided.

A PSU at Jaipur was paid (August 1984) Rs.5 lakhs in full settlement against an order of July 1984 for supply of 36 numbers of very high frequency (MK-11.3830 model) sets. The Company however, supplied (August 1985) only 25 sets costing Rs.3.19 lakhs. It supplied 11 sets of another model which were not accepted and a refund was asked for. The refund of Rs.1.81 lakhs had not been made by the firm.

3.3.10 Vehicles

The perspective plan envisaged the procurement of 770 vehicles during 1980-81 to 1989-90. However, only 167 vehicles (112 costing Rs.94.97 lakhs out of Central assistance and 55 costing Rs.66 lakhs out of State assistance) were purchased at a cost of Rs.1,60.97 lakhs under the Scheme. Apart from that, 167 more vehicles costing Rs.1,41.48 lakhs were purchased during the period 1980-81 to 1986-87 out of the State replacement grant for condemned vehicles.

Out of 407 Police Stations, only 170 police stations were supplied with jeeps during the period 1980-81 to 1986-87. 237 police stations were yet to be supplied with jeeps. The minimum requirement of 1185 vehicles could not be met even after implementation of the scheme for 16 years, as the number of vehicles in position was 865. Thirty two circles out of 82 were supplied with jeeps. Against 135 vehicles condemned in 1982-83 to 1984-85, only 66 vehicles were replaced.

3.3.11 Equipment for Special Branch

Out of the total allotment of Rs.5.10 lakhs from 1980-81 to 1986-87 for purchase of equipment for the Special Branch, Rs.4.35 lakhs were drawn upto 1985-86 and kept in the shape of deposit-at-call receipts (Rs.3.47 lakhs) and Civil Deposits (Rs.0.88 lakh) (May 1987). The State assistance of Rs.0.35 lakh for the year 1985-86 was also kept under Civil Deposit. The amount was, therefore, not utilised (May 1987) for procurement of equipments for the Special Branch.

A data-device-entry machine with a mini-computer purchased in December 1983 at a cost of Rs.0.56 lakh was required to be installed in a dustproof and airconditioned room. Pending construction of such a room and

installation of the machine therein, it was kept in the room of the SP, Special Branch, Cuttack. Thus, the machine remained idle for three years, blocking an amount of Rs.0.56 lakh.

Similarly, one micro-processor along with a micro-reader, printer and micro-film purchased at Rs.0.75 lakh in 1986-87 could not be utilised for want of a separate airconditioned dark room.

3.3.12 *State Forensic Science Laboratory*

The State Forensic Science Laboratory(FSL) was functioning at Rasulgarh, Bhubaneswar from May 1970 in a building acquired from the Irrigation and Power Department at a cost of Rs.11 lakhs. An amount of Rs.9 lakhs was further spent towards extension of the building out of Central assistance under the modernisation scheme, which was utilised for locating offices of the Crime Branch instead of the Forensic Science Laboratory

A sum of Rs.1.72 lakhs was spent from modernisation grants for purchase of chemicals, glassware and minor equipment during 1980-81 to 1985-86, the expenditure on which should have been met from the State's own resources.

3.3.13 *Computer*

For maintenance of crime records, statistics and accounts, a computer was purchased (October 1985) from the Electronics Corporation of India Limited (ECIL) at a cost of Rs.35.80 lakhs. It was commissioned in January 1986 duly insured. The computer broke down in October, 1986. The Department attributed it to interruption of power supply on account of heavy rains and lightning. This was incidentally repaired by ECIL at an estimated cost of Rs.31.51 lakhs in January, 1987 only for little less than the cost.

A committee of computer specialists which investigated this matter in November 1986 found that the breakdown of the computer was due to (i) situation of the airconditioning plant close to the computer, (ii) defective environment design, (iii) defective electrical installation, (iv) improper maintenance of temperature and humidity and (v) running of AC plant by unqualified staff. There was nothing on record to show that these deficiencies had been rectified (April 1988).

3.3.14 *Training Institutions*

Rupees 4.61 lakhs was spent on training during the period 1969-70 to 1978-79 out of Rs.5.64 lakhs provided in the scheme. Equipment worth Rs.3.14 lakhs were purchased for the institutions at Angul and Nayagarh from 1980-81 to 1985-86.

The State Police Academy, started in the campus of the Police Training College, Angul from May 1981, was shifted to Cuttack in September 1983. It was functioning in a rented building. Construction of the building for the State Police Academy was pending for more than six years due to non-completion of acquisition of land proceedings. Reorientation training courses were taken up only from 1984. Training in refresher courses for Inspectors, Sub-Inspectors and Deputy Superintendents of Police was conducted only from 1986.

The Central team recommended in December 1981, the provision of adequate funds for setting up a library and purchase of books and magazines for the training institution from the State's own resources. A proposal for purchase of books at a cost of Rs.34 lakhs (Rs.6 lakhs each year from 1983-84 to 1987-88 and Rs.2 lakhs each year for 1988-89 and 1989-90) was submitted in June 1982 to Government against

which only Rs.0.39 lakh was provided under the upgradation grant and Rs.0.01 lakh under the normal budget for Police Training College, Angul.

3.3.15 *Monitoring and Evaluation*

According to the scheme, a Central team was required to undertake periodical visits to make on-the-spot study of progress. Periodical evaluation was also required to be made by an independent authority, preferably an agency outside the State Government. A Central team visited the State only once in December 1981. The team had pointed out that out of Rs.139.18 lakhs released between 1979-80 and 1980-81 by the Government of India, the State Government had utilised only Rs.121.30 lakhs upto September 1981. Of 29 schemes approved by the Government of India, the State Government had sanctioned implementation of five schemes fully and three schemes partly.

A Special Cell was also formed in July 1982 at Police Headquarters, Cuttack for planning and monitoring of the scheme. Periodical returns were required to be submitted about utilisation of funds, purchases and unspent balances but no such returns were submitted to Government.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.4 **Government Ayurvedic Pharmacy, Bolangir**

3.4.1 *Introduction*

The Ayurvedic Pharmacy at Bolangir was set up in 1937 with the main objective of manufacturing genuine ayurvedic medicines and supplying them free of cost to 337 ayurvedic dispensaries and two hospitals

in nine selected districts for free distribution to patients. The pharmacy maintains a herbal garden on 10.28 acres of land at Harishankar, 83 Kms. from Bolangir and a mini herbal garden within its own campus to ensure a continuous supply of raw ingredients for manufacturing medicines. For the purchase of further new ingredients required for manufacturing the medicines, funds are provided by Government from time to time.

The institution functions under the direct control of the Director of Indian Medicine and Homeopathy, Orissa. The Health and Family Welfare Department is its administrative department in the Government.

3.4.2 *Audit Coverage*

A test-check of records for the period 1985-86 to 1986-87 was conducted during May and June 1987 to assess the results of the activities of the pharmacy.

3.4.3 *Financial outlay and expenditure*

A total sum of Rs.73.87 lakhs was allotted by the Government to the pharmacy from 1980-81 to 1986-87 against which an expenditure of Rs.72.16 lakhs was incurred.

3.4.4 *Maintenance of herbal garden at Harishankar*

From 1980-81 to 1986-87, a sum of Rs.4.26 lakhs was spent on the maintenance of the herbal garden with the main objective of obtaining various herbs, roots, leaves etc., for utilisation in the manufacture of ayurvedic medicines. The value assessed by the management, of the herbs collected during this period was only Rs.0.81 lakh. The reason for low production in comparison to the expenditure incurred was not analysed by the management.

3.4.5 *Production of medicines*

On the basis of indents received from the dispensaries and hospitals, the Director of Indian Medicine and Homeopathy, Bhubaneswar draws up a programme and fixes annual targets for manufacturing of medicines for each year. It was observed that these targets were not achieved. Twenty essential medicines with production targets of 333 kgs, 816 kgs, and 1042 kgs for the years 1984-85, 1985-86 and 1986-87 respectively were not manufactured at all. Reasons for the shortfall in production were, as stated by the management in June 1987, machinery lying idle due to non-demonstration by the suppliers, frequent breakdown of machinery, delay in supply of raw-materials, absence of a shift system for personnel engaged in the manufacturing unit, unhealthy working conditions etc.

Fourteen items of machinery and equipment procured between 1977 and 1982 at a cost of Rs.1.29 lakhs were lying idle for periods ranging from 1977 to date due to lack of technical knowhow.

3.4.6 *Drug testing laboratory*

Pursuant to the Government of India policy of February 1976 to ensure quality control of the medicines manufactured, laboratory equipment worth Rs.0.89 lakh was procured from various suppliers between October 1979 and April 1982 for setting up a drug testing laboratory in the pharmacy. A sum of Rs.0.63 lakh was incurred on the pay and allowances of one Scientific Assistant from December 1982 to August 1986 and a laboratory attendant from February 1980 to July 1987. However, the laboratory could not be utilised as no scientific officer was posted there. This resulted in unfruitful expenditure of Rs.1.52 lakhs due to idle equipment and staff. In the absence of laboratory tests, the quality

control was conducted by visual inspection by a sub-committee set up for the purpose.

3.4.7 *Supply of medicines*

Medicines manufactured by the pharmacy are supplied to earmarked dispensaries and hospitals for distribution to patients free of cost against the indents received from them. From 1980-81 to 1986-87 the total requirement, as per indents, was of the value of Rs.119.39 lakhs. The pharmacy, however, supplied medicines worth Rs.54.41 lakhs which amounted to only 45 per cent of the requirement. Reasons for the shortfall were not investigated.

The matter was reported to Government in July 1987; reply has not been received (April 1988).

3.5 **Idle expenditure on building and equipment**

Out of the advance Plan assistance received from Government of India during 1978-79 towards relief and rehabilitation of the people of tornado-affected areas, an amount of Rs.2.50 lakhs was allocated in August 1978 for construction of a Subsidiary Health Centre (SHC), along with staff quarters at Purunabandhagoda in Keonjhar district. The construction of five residential quarters and the Subsidiary Health Centre, which was commenced in 1979, was completed in December 1983 at a cost of Rs.5.03 lakhs, the excess being met out of the State Plan funds. Equipment worth Rs.1.07 lakhs was purchased in 1984-85 and 1985-86 out of the Chief Minister's Relief Fund.

The Government, however, accorded approval to the establishment of the SHC Purunabandhagoda only on 12th February 1985, long after the completion of the building for centre. On 13th February 1985,

Government modified the sanction of the previous day and decided to set up the SHC at village, 'Bato' of the same district.

Thus, the entire expenditure of Rs.6.10 lakhs incurred on building and idle equipment for the proposed Subsidiary Health Centre has remained unfruitful so far.

The matter was reported to Government in August 1987; reply has not been received (December 1987).

INDUSTRIES DEPARTMENT

3.6 Idle establishment and machines

With the specific purpose of testing bituminised hessian bags, used by the Fertiliser Corporation of India (FCI), a testing laboratory was set up at Talcher in 1978. The department expected that the laboratory would test bags produced by 5 ancillary units with a production capacity of 1 lakh bags per annum, which were expected to be set up at Talcher for the FCI. As only one such unit came up, the FCI continued to procure bags from outside the State. Since there was no demand for testing at Talcher, the department shifted the laboratory to Angul in November 1985, expecting that the laboratory would be better utilised at Angul due to a greater concentration of industrial activities on account of the National Aluminium Company situated there.

A test-check of the records of the laboratory conducted in May 1987, revealed that, after shifting to Angul, it could not function due to non-supply of electric power till March 1987. Only 73 samples (61 at Talcher and 12 at Angul) were tested between

November 1978 and April 1987 and a testing fee of only Rs.0.07 lakh was realised. The expenditure of Rs.7.55 lakhs on establishment incurred from 1978-79 to 1986-87 thus proved to be largely infructuous.

A universal testing machine procured from a firm at Bombay in March 1984 at a cost of Rs.1.64 lakhs remained idle from 1984 to November 1985 at Talcher and upto August 1987 at Angul for want of the requisite supply of three-phased electricity at 440 volts. Moreover, Rs.0.07 lakh had been incurred in November 1985 for shifting the machine from Talcher to Angul. Thus, the laboratory incurred a further unfruitful expenditure of Rs.1.71 lakhs due to idling of the machine.

The matter was reported to Government in August 1987; reply has not been received (July 1988).

AGRICULTURE AND CO-OPERATION DEPARTMENT

3.7 Soil Testing Laboratory, Sundergarh-infructuous expenditure

With a view to extending soil testing facilities to agricultural production, a Soil Testing Laboratory was set up at Sundergarh in a hired building in May 1981, with a capacity to conduct the analysis of 13,000 samples per annum. The laboratory, however, started functioning from January 1983 with one Soil Chemist and ancillary staff (sanctioned in June 1979 and entertained from July 1980), after suitable alteration of the building and installation of electricity.

Against the total allotment of Rs.15.33 lakhs made during 1979-80 to 1985-86 by the Department,

an expenditure of Rs.11.33 lakhs (comprising Rs.6.95 lakhs on establishment and Rs.4.38 lakhs on contingencies and equipment) was incurred during the period.

A test-check conducted in September 1986 revealed that the expenditure on establishment was not commensurate with the work-load due to inadequate inflow of samples as detailed below:

Period	Capacity for con- ducting analysis	Analysis actually conducted	Short- fall	Percentage of idleness of establish- ment
(1)	(2)	(3)	(4)	(5)
January 1983 to March 1983	3,250	590	2,660	82
1983-84	13,000	3,170	9,830	76
1984-85	13,000	5,708	7,292	56
1985-86	13,000	6,537	6,463	50

The entire expenditure on entertainment of the establishment from July 1980 to December 1982 and proportionate expenditure on idle establishment from January 1983 to March, 1986, aggregating to Rs.4.98 lakhs thus proved to be unfruitful.

In addition, equipment costing Rs.0.94 lakh purchased in 1981-82 had not been installed, as stated by the Soil Chemist in September, 1986, for want of space and non-availability of three-phased electric supply.

Equipment worth Rs.0.88 lakh supplied to the Soil Chemist in 1985-86 for setting up a Microbiological Laboratory in the above-mentioned Soil Testing Laboratory for production of Rhizobium culture for groundnut crop under the National Oil Seed Development Project of the Central Government could not also be installed and commissioned for want of space and the required three-phased power line.

Thus, owing to lack of proper assessment and planning, expenditure of Rs.4.98 lakhs on establishment proved unfruitful and an amount of Rs.1.82 lakhs (Rs.0.94 lakh: soil testing and Rs.0.88 lakh: microbiological laboratory) on idle equipment, remained blocked.

The Government stated in August 1988 that soil testing laboratory had been established in tribal areas to motivate the tribal farmers towards soil technology. As the tribal district is covered with forests and hillocks there was no smooth transportation facilities. Hence collection of soil samples from long distance and inaccessible areas became difficult. As a result the target of 13,000 samples could not be achieved in the initial stage. During the year 1986-87 the department has achieved 54 per cent of the target.

3.8 Blockage of Government funds on purchase of a truck chassis

The Development Engineer, Implement Factory, Bhubaneswar, purchased in March 1983, two truck chassis at a cost of Rs.3.69 lakhs for use in the two agricultural districts of Baripada and Kendrapara. While the body on the chassis for Kendrapara was built and delivered in May 1984, the body on the chassis, earmarked for the District Agricultural Office, Baripada, could not be built as no funds were provided for the purpose.

The chassis, as reported by the Development Engineer, Implement Factory (August 1987) was lying in the Implement Factory Campus.

The expenditure of Rs.1.84 lakhs on the chassis thus proved to be unfruitful.

The matter was reported to Government in September 1987. In August 1988, the department stated that the work of body building on the chassis had been taken up.

FOREST, FISHERIES AND ANIMAL HUSBANDRY DEPARTMENT

3.9. Unproductive expenditure due to closure of marine fishing base at Ganjam

The State Fisheries Department started, in April 1981, a marine fishing base unit at the Rushikulya river mouth near Ganjam to explore marine fishing resources along the Ganjam coast and to increase fish catches by using mechanised crafts. Departmental fishing operations were conducted at the unit and continued between April 1981 and October 1984 at an expenditure of Rs.2.75 lakhs towards maintenance of staff and equipment. Sale proceeds of the fish collected during the period, however, amounted to only Rs.3,353. No target for fish catches had been fixed by the Department. The fishing base was closed (October 1984) after incurring an expenditure of Rs.2.72 lakhs as it proved to be unproductive. The Director of Fisheries attributed (February 1987) the low production to non-availability of navigation facilities at the river mouth throughout the year, discharge of chlorine gas by some chemical industries and other environmental factors. The scheme had been departmentally operated without conducting any feasibility study. The existence of chemical industries in the area had not been taken into consideration even

though they had been operating there long before the fishing operations were taken up. Thus, lack of proper planning before execution of the scheme led to an unfruitful expenditure of Rs.2.72 lakhs.

The matter was reported to Government in July 1987; reply has not been received so far (January 1988).

FOOD AND CIVIL SUPPLIES (WEIGHTS AND MEASURES) DEPARTMENT

3.10 Avoidable Expenditure

In order to provide more space to the Regional Reference Standards Laboratory, Government of India, the State Government decided in April 1982 to transfer the departmental building at Khandagiri (Bhubaneswar), which also housed the State Standards Laboratory, to Government of India on realisation of the cost. In order to accommodate the laboratory in another departmental building where the office of the Assistant Controller, Weights and Measures (ACWM) Puri Zone was functioning, the State Government ordered (April 1983) that the office of the ACWM should be shifted to a private rented building. Accordingly, the office of the ACWM shifted in April 1983 to a private rented building on a monthly rent of Rs.2,281.

However, in December 1983, the State Government reconsidered the matter and decided not to transfer the building to Government of India as it was required by them. The laboratory, which was shifted from the Khandagiri building in May 1983 was shifted back there in September 1983. In September 1985, orders were issued for the shifting of the office of the ACWM back

to the departmental building where it was originally situated. The ACWM's office was shifted in December 1985. In the meantime, Rs.0.59 lakh, for the period 1983 to November 1985, were spent on rent of the private building which had been hired, which was avoidable.

The Department stated, in December, 1987, that three months' notice for vacating the private building had been issued in August 1984, but after considering a representation of the owner that he had incurred expenditure on addition and alteration, the notice was withdrawn and Government decided to continue to occupy the building for some more time.

GENERAL ADMINISTRATION DEPARTMENT

3.11 Lease of land to socio-religious institutions

A test-check of the records of the General Administration Department conducted in August 1987 disclosed the following:

a) Messrs Orient Paper Mills Limited was provided 0.53 hectare of land in December 1963 for construction of a "Dharmasala" to provide accommodation to the public free of rent. However, as per the Revenue Inspector's report of March 1981, the building constructed on the land was being used as a lodging house and the rooms were let out on rent ranging from Rs.1.50 to Rs.100 a day. No action was taken by the department on this matter upto August 1987.

b) Out of 0.57 hectare of land leased out to the Rajdhani Puja Samiti in November 1977 for construction of a Puja Mandap, temple and shop rooms, an area of

89.77 Sq.Metres was being utilised since August 1978 by an outsider as a hotel on payment of monthly ground rent of Rs.350 to the Samiti, as reported by the Revenue Inspector in August 1978. The Government decision on the violation of the lease condition by the lessee was awaited (August 1987).

c) Land measuring 0.40 hectare was leased out at a premium of Rs.50,000 to Sri Ram Charita Manas Pracharini Samiti in June 1980 for establishing the Chitrakuta Ashram with the provision of a yogic therapy centre and diagnosis units. The Samiti had paid only Rs.5,000 in June 1980 and agreed to pay the balance of Rs.45,000 in half yearly instalments with 6 per cent interest. Since then, no instalment was paid and Government issued a show-cause notice in December 1983 followed by a determination order in May 1987. The lessee deposited Rs.30,000 in June 1987 which was, however, not accepted by the Department. Apart from the balance amount of premium, Rs.19,000 towards interest was also due for recovery from the Samiti in August 1987. Further developments have not been intimated.

In all the three cases detailed above, not only were the terms of lease of Government land violated but even the purposes for which the department had provided land were not served.

The matter was reported to Government in September 1987; reply has not been received (April 1988).

GENERAL

3.12 Misappropriations, losses etc.

Cases of misappropriations, losses etc., of Government money reported to audit upto the end of March 1987 and on which final action was pending at the end of September 1987 were as follows:

	Number	Amount (In lakhs of rupees)
(1)	(2)	(3)
Cases reported upto the end of March 1986 and outstanding at the end of September 1986	1,435	5,41.13
Cases reported during April 1986 to March 1987	89	15.64
Cases disposed of till September 1987	73	2.93
Cases reported upto March 1987 but outstanding at the end of September 1987	1,451	5,53.84

A department-wise analysis of outstanding cases is given in Appendix 3.1. The periods for which

these are pending finalisation are given below:

	Number	Amount (In lakhs of rupees)
(1)	(2)	(3)
(i) Over five years (1948-49 to 1981-82)	1034	271.97
(ii) Exceeding three years and within five years 1982-83 to 1983-84	186	212.42
(iii) Upto three years 1984-85 to 1986-87	231	69.45
Total	<u>1451</u>	<u>553.84</u>

The reasons for which the cases were out standing were:

(i) Awaiting departmental and criminal investigation	430	178.19
(ii) Departmental action started but not finalised	770	294.93
(iii) Criminal proceedings finalised but execution/certificate cases for recovery of the amount pending	52	10.57
(iv) Awaiting orders for recovery or write-off	97	33.50
(v) Pending in court of law	102	36.65
Total	<u>1451</u>	<u>553.84</u>

CHAPTER IV

WORKS EXPENDITURE

IRRIGATION AND POWER DEPARTMENT

4.1 Kanjhari Medium Irrigation Project

4.1.1 Introduction

The Kanjhari Medium Irrigation Project on the Baitarani Basin in Keonjhar District was approved in August 1978 by the Planning Commission at an estimated amount of Rs.733 lakhs. The project envisaged the construction of an earthen dam of 1245 metres across the river Kanjhari to provide irrigation to 9,300 hectares of land in the *Kharif* and 3,600 hectares in the *Rabi* season, covering 81 villages having 4672 families. The length of the Left Main Canal, Right Main Canal and distribution system was 21.10 Km., 15.80 Km. and 123 Km. respectively. The project was started in 1979-80 and was scheduled to be completed by March 1984.

4.1.2 Audit Coverage

A test-check of the records of the two divisions, Kanjhari Irrigation Projects No.I and II was conducted during February to May 1987. Results of the review are indicated in the subsequent paragraphs.

4.1.3 Organisational set-up

The project was executed by two divisions viz., Kanjhari Division-I and Kanjhari Division-II in respect of the dam and the canal respectively. The work was supervised by the Superintending Engineer, Northern Irrigation Circle, Salpara under the administrative control of the Irrigation and Power Department.

4.1.4 Highlights

The project, which had been programmed for completion in 5 years commencing from 1979-80 had not yet been completed due to reasons such as delay in land acquisition and change of design. (Para 4.1.5)

- Against the original estimate of Rs.1175.29 lakhs for the project, the total expenditure at the end of March 1987 was Rs.2215.49 lakhs.(Para 4.1.6)
- An excess payment of Rs.5.73 lakhs was made to a Contractor due to incorrect application of rates for earth filling work. (Para 4.1.7)
- An excess of Rs.1.67 lakhs was made to a Contractor for work which had already been executed departmentally. (Para 5.1.8)
- Delay in completion of the right training wall by the Department led to closure of the Contract and execution of the balance work at an extra expenditure of Rs.5.78 lakhs. (Para 4.1.9)
- Extension of time was granted to a contractor due to short supply of cement, resulting in payment of escalated costs and consequent extra expenditure amounting to Rs.13.74 lakhs. (Para 4.1.10)
- An excess payment of Rs.1.28 lakhs was made to a contractor as result of non-deduction of the value of departmentally supplied materials from his bill. (Para 4.1.11)

- Out of Rs.28.43 lakhs, recoverable from a contractor towards the cost of materials as well as hire charge of machinery, the Department had only Rs.16.64 lakhs adjustable against bills and security deposit. No action was initiated for recovering the balance amount of Rs.11.79 lakhs. (Para 4.1.12)
- Non-supply of cement by the Department resulted in closure of a contract and execution of the balance work at an extra expenditure of Rs.1.20 lakhs. (Para 4.1.13)
- Machinery and equipment worth Rs.1.32 lakhs purchased for the Project between 1981 and 1986 remained unutilised. (Para 4.1.16)
- Against the estimate of Rs.20.01 lakhs for rehabilitation of 197 families displaced due to the implementation of the project, a sum of only Rs.5.23 lakhs was disbursed upto March 1987. (Para 4.1.18)

4.1.5 *Programme and Progress*

The project comprised an earthen dam of 1.25 Kms. with a central masonry ogee crested spillway; 111.50 metres controlled with radial gates and two head regulators, Left Main Canal: 21.10 Kms. Right Main Canal: 15.80 Kms. and minor and sub-minors: 123 Kms. It was programmed for completion in five years commencing from the year 1979-80 as the first year of execution. It was, however, noticed that the work had not progressed as per the originally targeted

completion dates as shown here-under :

Component of work	Year of commen- cement	Stipulated date of comple- tion	Percentage of work done by March 1987	Anticipated date of completion
(1)	(2)	(3)	(4)	(5)
Earthen Dam	1979-80	1984-85	97	June 1987
Spillway and gates	1979-80	1984-85	86	June 1988
Head regulators with gates	1981-82	1984-85	75	March 1988
Canals	1980-81	1984-85	70	March 1989
Structures and water courses	1980-81	1984-85	45	March 1989
Land acquisition and Rehabilitation	1979-80	1983-84	50	December 1987

The delay in completion of the project was due to delay in land acquisition; change of designs of the head works and termination of one of the contracts for works of construction of the earthen dam and spillway due to the death of one of the contractors.

4.1.6 *Estimates and Expenditure*

Based on the tentative programme of completing the project within 5 years from 1979-80 which was revised to 6 years till 1984-85 in the appraisal report

of the Central Water Commission in March 1981, the original estimate of Rs.11,75.29 lakhs was revised to Rs.25,51.95 lakhs in May 1986 with the stipulated date of completion as March 1988. However, according to the Status Report of the project of November 1986, it was contemplated that the project would be completed only by March 1989, provided additional funds to the tune of Rs.118 lakhs were provided beyond the revised estimate of May 1986. One of the major factors contributing to the increase in cost was change of design of the dam, necessitated by change in the characteristic of the soil, not adequately studied in the pre-construction survey, which resulted in an increase in the quantity of earth work valuing Rs.3,39.40 lakhs. the total expenditure at the end of March 1987 was Rs.22,15.49 lakhs.

Earthen Dam

4.1.7 Excess payment due to erroneous calculation

Contractor 'A', entrusted with the work "Left Earth Dam", executed an extra quantity of earth fill to the extent of 3,83,645 cum. on account of providing a blanket fill-up in the valley parallel to the dam (1,34,608 cum.) and change in the upstream slope from 1:3 to 1:4 and downstream slope from 1:2 to 1:2.5 (2,49,037 Cum.) upto 15 metres of the height of the dam. The contractor was required to be paid at the rate of Rs.1558.00 per 100 cum. for the total quantity of 1,95,625 cum. executed upto 5th September 1983, at the Schedule of Rates 1982 (plus increase in the labour rates) of Rs.1693.00 per 100 cum. and Rs.1783.35 per 100 cum. respectively which were applicable to earth work above 15 metres and upto 30 metres height. The excess payment on account of the incorrect application of the rate for works executed above 15 metres height to the actual quantity executed within 15 metres height worked out to Rs.5.73 lakhs. In July 1983, the division accepted the irregularity in accounting and

confirmed the payment at higher rates. No records were made available indicating the actions taken to recover the excess amount of Rs.5.73 lakhs.

4.1.8 *Payment to contractor for departmentally executed work*

While paying the 33rd Running Account bill of Contractor 'A' in September 1983, the Executive Engineer disallowed a quantity of 9392.60 Cum. earthwork of upstream Earthen Blanket (running distance 630-690 M) as the same was executed departmentally. However, it was noticed that payment of Rs.1.67 lakhs for a part of the same work of 9361.42 Cum. @ 1783.35 per 100 Cums. was made in the 47th R.A. bill in June 1985 by the same Executive Engineer. Reasons for payment to the contractor for the work not executed by him have not been stated by the department.

4.1.9 *Extra expenditure due to delay in construction*

Contractor 'B' stopped the work of the Right Earthen Dam in July 1985 after executing work worth Rs.38.31 lakhs against the agreed amount of Rs.42.96 lakhs on the ground of delay in completion of the right training wall of the Spillway foundation by the department. In August 1985, the Chief Engineer ordered that the final measurement should be recorded and that fresh tenders should be invited for the balance quantity of the work. The Government approved the closure of the contract in May 1987 without penalty on either side. Before the closure of the contract of 'B', the balance work was put to tender in August 1985 and the work was entrusted to the lowest tenderer, Contractor 'C' in January 1986 at a cost of Rs.32.67 lakhs with the stipulation to complete the work by 9th August 1986. Contractor 'C' had executed work worth Rs.25.58 lakhs upto March 1987.

Computed with reference to the rates of the original contractor, the cost of the work executed by contractor worked out to Rs.19.80 lakhs. Thus, delay in completion of the right training wall by the department resulted in an avoidable extra expenditure of Rs.5.78 lakhs, which is likely to be enhanced when the balance work is completed at extra cost.

4.1.10 Irregular sanction of price escalation

The work "Construction of spillway" was awarded in April 1981, to Contractor 'A' for Rs.350 lakhs on the basis of competitive tenders with a stipulation to complete it by April 1984. In February 1984, the contractor applied for grant of extension of time upto March 1986 on the ground of short supply of cement, rain and floods and increase in the quantity of excavation in foundation.

Despite the Superintending Engineers' views expressed in May 1984 that reasons given by the contractor for non-completion of the work in time were exaggerated, the Chief Engineer granted extension of time upto 30th July 1985 without benefit of price escalation for the extended period. However, the claim of the contractor, in July 1985, to allow price escalation for the extended period was recommended by the Chief Engineer to the Government for sanction. The contractor expired on 13th July 1986. The Chief Engineer sanctioned further extension of time upto the date of the contractor's death and the Government allowed the benefit of price escalation for the extended period.

Thus, due to unjustified granting of extension of time, payment of escalated cost was made, resulting in consequent extra expenditure amounting to Rs.13.74 lakhs.

4.1.11 Excess Payment of escalation cost.

The agreement with contractor 'A', *inter-alia*, provided for payment of escalation costs within the contractual period i.e., upto 1st April 1984 at the rate of 30 per cent for labour component and 15 per cent for material component excluding the cost of material supplied by the department to the contractor. Though the department had supplied materials worth Rs.69.52 lakhs between March 1982 and March 1984 to the contractor, their value was not deducted while calculating the escalation cost and the contractor was paid Rs.2.73 lakhs towards escalation cost against Rs.1.45 lakhs payable which resulted in an excess payment of Rs.1.28 lakhs.

4.1.12 Outstanding Recovery

While the work "Construction of spillway" was in progress, contractor 'A' expired on 13th July 1986, after executing work worth Rs.3,03.57 lakhs. The contract was closed without penalty and the final bill was settled for Rs.3.60 lakhs (Net) in July 1987. Materials worth Rs.3.05 lakhs comprising 8989 bags of cement worth Rs.2.79 lakhs and 6.6 MT steel worth Rs.0.26 lakh were not returned to the Department. As per the agreement, five times the cost of the materials i.e. Rs.15.25 lakhs was recoverable from the contractor. Besides, Rs.9.52 lakhs, on account of cost of materials utilised in the work and Rs.3.66 lakhs towards hire charges of machinery were also recoverable. Against the total recoverable amount of Rs.28.43 lakhs only Rs.16.64 lakhs was payable to him (Rs.3.60 lakhs for work done and security deposit of Rs.13.04 lakhs). No action for the recovery of the balance amount of Rs.11.79 lakhs had been initiated (July 1987).

Canals

4.1.13 Extra expenditure due to non-supply of cement

Construction of an aqueduct at R.D. 12230 M of the Left Main Canal was awarded to the lowest tenderer 'D' for Rs.3.00 lakhs with the stipulation to complete the work by June 1983. In May 1982, the contractor applied for extension of time upto 31st August 1984 on the ground of non-supply of cement by the Department. The contractor ultimately stopped the work in May 1984, after executing work worth Rs.0.42 lakh. In November 1984, the contractor requested for closure of the contract without penalty. The Superintending Engineer closed the contract in January 1986 without penalty.

After retendering in November 1984, the balance amount of work worth Rs.2.86 lakhs was got executed for Rs.5.12 lakhs in January 1986 through another contractor 'E'. Computed with reference to the rates of 'D', the extra expenditure worked out to Rs.1.20 lakhs.

Thus, non-supply of cement ultimately resulted in an extra expenditure of Rs.1.20 lakhs.

4.1.14 Extra expenditure due to non-imposition of penalty

The work of excavation of the Left Main Canal from reach distance (RD) 18,300 to 20,200 metres was entrusted to contractor 'F' in December 1980 for Rs.3.90 lakhs with a stipulation to complete the work by 17th June 1982. As the work could not be completed within the stipulated period, extension was granted upto 31st March 1983, but the contractor who executed work worth Rs.3.56 lakhs within the extended period of 31st March 1983, left the top portion of the filling section unexecuted on the ground of non-availability

of earth within reasonable head lead. As per the agreement, it was the contractor's responsibility to arrange a borrow area for earth work at his own cost. In spite of this, the Superintending Engineer closed the contract on the recommendation of the Executive Engineer in December 1983 without penalty.

The balance quantity of work estimated at Rs.3.27 lakhs was put to tender in January 1985 and the lowest tender of contractor 'A' for Rs.3.76 lakhs was accepted by the Superintending Engineer in April 1985 with the stipulation to complete the work by 16th January 1986. The work was still in progress (May 1987). Computed with reference to the rates of the original contractor 'F', extra expenditure upto the 6th Running Account bill (for Rs.3.58 lakhs paid in February 1987) worked out to Rs.1.99 lakhs.

4.1.15 Extra expenditure in execution of the Head Regulator

The construction of the Right and Left Head Regulators estimated to cost Rs.18 lakhs and Rs.17.72 lakhs was entrusted to the lowest tenderer, contractor 'G' in December 1980 with the stipulation to complete the works by December 1981 and July 1982 at a cost of Rs.11.66 lakhs and Rs.12.25 lakhs respectively.

The contractor, after executing work worth Rs.2.85 lakhs in respect of the Right Head Regulator and Rs.4.55 lakhs in respect of the Left Head Regulator stopped the work in September 1981, claiming enhanced rates in respect of items of concrete and masonry work. The claim, being inadmissible under the contract, was not accepted by the department. While the Chief Engineer rescinded the contract in respect of the Left Head Regulator under Clause 3(c) which envisaged recovery of extra cost from the contractor, the closure

of the contract in respect of the Right Head Regulator was still pending approval (June 1987).

The balance work of the Right Head Regulator and the Left Head Regulator was re-tendered in November 1983 and October 1981 and completed in March 1983 and February 1983 involving extra cost of Rs.2.38 lakhs and Rs.2.20 lakhs respectively. 1393 bags of cement not utilised in the work were not returned by contractor 'G' for which Rs.2.24 lakhs computed at five times the original rate was recoverable from him.

Against the total amount of Rs.6.82 lakhs recoverable from the contractor, only Rs.1.10 lakhs due to the contractor on account of his pending final bill for the Right Head Regulator for Rs.0.75 lakhs, and security deposit of Rs.0.35 lakhs, was available with the department. No action was taken to recover the net amount of Rs.5.72 lakhs for him (June 1983) from the project.

4.1.16 *Idle equipment*

Items of equipment shown below were procured for the project at a cost of Rs.1.32 lakhs during February 1981 to March 1986 but not utilised at all (May 1987) resulting in avoidable blockage of funds:

Name of equipment	Date of procurement	Cost of equipment (Rupees)
1. Kirloskar Pump 10 M.P 1 No.		14,165.27
2. B.P.C. Vibrator (2 Nos)	August 1981	8,844.00
3. B.C. Vibrator (2 Nos.)	December 1982	18,720.00

Name of equipment	Date of procurement	Cost of equipment (Rupees)
4. EMEC Vibrator (3 Nos.)	September 1981 August 1984 March 1986	12,588.88
5. Bharat Concrete Mixer (1 No.)	October 1981	20,000.00
6. C.G. Pumps (1 No.)	February 1981	58,120.00
	Total	<u>1,32,438.15</u>
	Or Rs. 1.32 lakhs	

4.1.17 Idle Wages

One Dodge truck and on T-100 tractor procured in October 1982 became surplus in the Division from October 1983 and October 1984 respectively. However, two operators and two helpers for the tractor and one driver for the truck continued in the Division upto March 1987. Idle wages paid on this account worked out to Rs.1.16 lakhs to the end of March 1987.

The Executive Engineer stated in May 1987 that the Chief Engineer, Mechanical had been requested in August 1986 to transfer the vehicles to another project but as the final order was still awaited, the staff had been entertained.

4.1.18 Rehabilitation and resettlement of displaced persons of the project

Against the final estimate of Rs.20.01 lakhs for rehabilitation of 197 families displaced due to the implementation of the project, Rs.17.06 lakhs was deposited with the Special Land Acquisition Officer,

Keonjhar between May 1984 and May 1986 for rehabilitation of 51 families. However, a sum of only Rs.5.23 lakhs was actually disbursed upto March 1987. While 31 families were fully settled, 20 families were partially rehabilitated and the balance 146 families had not been settled (27th May 1987).

The matter was reported to Government in January 1988. Reply has not been received.

4.2 Potteru Irrigation Project

4.2.1 Introduction

The Project Report for "Potteru Irrigation Project" prepared by Government in 1971 envisaged the construction of a Barrage at Village Surlikonda across the river Potteru to provide irrigation to 1.09 lakh hectares (*Kharif*: 0.61 lakh hectares and *Rabi*: 0.48 lakh hectares) of virgin land in the Malkangiri Sub-division of Koraput District to help the rehabilitation programme in the Dandakaranya region. The project comprised the left canal known as the "Gomphakonda Main Canal", having a length of 82,608 Kilometres along with 5 distributaries and the Right canal known as "Tamsa Main Canal", having a length of 79.815 Kilometres with 4 distributaries. The project which was started in 1972-73 was scheduled to be completed by the end of 1977-78. The work is still in progress.

4.2.2 Audit Coverage

A test-check of the records of the project and a detailed review of the construction of the barrage, fabrication and erection of radial crest gates and excavation of the Gomphakonda Main Canal was conducted in April to July 1987. Results of the review are indicated in the succeeding paragraphs.

4.2.3 Organisational set-up

The project was executed by four divisions (one barrage and three canal divisions) under a separate circle of the Potteru Irrigation Project. The Chief Engineer, Potteru Irrigation Project supervised the execution of the project under the administrative control of the Irrigation and Power Department.

4.2.4 Highlights

- The original estimate of the project for Rs.1481.24 lakhs, approved by Government in 1975 was revised four times subsequently upto 1985, the final estimate being Rs.6974.30 lakhs. (Para 4.2.5)
- Against the total Plan allocation of Rs.7234.95 lakhs during the period 1970-71 to 1986-87, an expenditure of Rs.6198.83 lakhs was incurred on the project upto March 1987. (Para 4.2.5)
- The project which was due for completion by the end of 1977-78 was still in progress. (Para 5.2.6)
- Against the irrigation potential of 31172 hectares created by the project upto March 1987, only 2042 hectares were utilised. (Para 4.2.6)
- Payment of Rs.1.29 lakhs was made to a contractor for silt clearance, which was the liability of the contractor. (Para 4.2.10.1)
- There was an avoidable extra expenditure of Rs.4.25 lakhs due to payment being made to a contractor at higher rates. (Para 4.2.10.2)

- An amount of Rs.3.43 lakhs, representing the excess amount spent for executing balance works following rescission of contracts, could not be recovered in 4 cases. (Para 4.2.10.4)
- In spite of standing instructions in the contract that 80 *per cent* of hard and 10 *per cent* of medium hard rock excavated was to be retrieved by the contractor from the excavation carried out, a quantity of 96643.25 cubic metres of medium and hard rock was not retrieved resulting in a loss of Rs.11.11 lakhs to the Department. (Para 4.2.8 and 4.2.12)
- Claims totalling Rs.3.71 lakhs were pending with the Railways since 1981-82. (Para 4.2.13)
- A sum of Rs.13.52 lakhs spent on maintenance of roads and watch and ward for the period from July 1979 to March 1987 which was reimbursable by the Orissa State Electricity Board has not been realised so far. (Para 4.2.14)
- Machinery and spares worth Rs.1,11.14 lakhs remained unutilised between 1977 and 1984 and proved to be surplus. Besides, machinery and spares costing Rs.12.26 lakhs procured from Balimela Dam Project in March 1977 remained unutilised. (Para 4.2.15)
- Although excavation work of the canal was entrusted to the Orissa Construction Corporation and private contractors, four Poclain Excavators were procured by the department in December 1979 at a cost of Rs.49.35 lakhs kept idle during March 1980 to January 1982 and finally transferred to another project. (Para 4.2.16)

4.2.5 Estimate and Expenditure

The project was to be entirely financed by the Government of India. The State was to provide only 40,000 acres of land. The original estimate of the project prepared in 1971 for Rs.14,81.24 lakhs and approved by Government in 1975 was revised four times subsequently in 1976, 1979, 1981 and 1985. The most recent estimate for Rs.69,74.30 lakhs prepared in 1985 was approved by Government in October 1987.

The latest hike in the estimate was *inter-alia*, due to increase in the cost of cement, petrol and diesel, earth work, an arbitration award and other miscellaneous charges.

Against the total Plan allocation of Rs.72,34.95 lakhs during the period 1970-71 to 1986-87, an expenditure of Rs.61,98.83 lakhs was incurred on the project upto March 1987, out of which Rs.58,94.24 lakhs was reimbursed by the Government of India upto the end of 1986-87.

The year-wise break-up is given below:

Year	Plan allocation	Actual expenditure	Amount reim- bursed by Government of India
	(Rupees in lakhs)		
Upto			
1983-84	55,29.41	46,96.23	46,71.97
1984-85	6,08.00	6,09.13	6,08.00
1985-86	4,97.54	4,92.62	4,04.46
1986-87	6,00.00	4,00.85	2,09.81
Total	<u>72,34.95</u>	<u>61,98.83</u>	<u>58,94.24</u>

4.2.6 *Plan and Progress*

The project which was due for completion by the end of 1977-78 was still in progress (July 1987). While the barrage had been completed, work on the main canals was completed to the extent of 98 per cent. Progress of work on the distributaries and minor ranged between 29 per cent and 80 per cent. Against the irrigation potential of 31,172 hectares created up to March 1987, only 2042 hectares were utilised. The Department attributed (July 1987) this to lack of motivation and non-provision of field channels.

The Chief Engineer, Potteru Irrigation Project attributed (July 1987) the slow progress of work to inaccessibility of the area where canal work was to be undertaken, inadequate labour force, unwillingness of private contractors to complete the work, delay in acquisition of land etc. According to the Progress Reports, the project was scheduled to be completed by 1989-90 in all respects.

4.2.7 *Works awarded to Orissa Construction Corporation Limited without calling for tenders*

Construction of major works of the project was awarded to the Orissa Construction Corporation Limited without calling for open competitive tenders in contravention of the codal provisions on the ground that the Corporation was a State Government Undertaking.

4.2.8 *Non-return of useful rock*

According to the standing instructions of the Engineer-in-Charge, which formed part of the contract, 80 per cent of the hard rock blasted for excavation

was to be retrieved from the excavation carried out. A quantity of 6381.73 Cum. (80%) of useful hard rock, so blasted, was not retrieved resulting in a loss of Rs.0.73 lakh (@ Rs.11.50 per Cum.) to the department.

4.2.9 *Radial Crest Gates*

4.2.9.1 *Non-recovery of cost of steel at penal rate*

Out of 416.29 tonnes of steel issued to the Orissa Construction Corporation between December 1975 and June 1978 for fabrication of the crest gates and the hoist bridge, 335.00 tonnes were utilised and 21 tonnes were diverted unauthorisedly to another project. Out of the balance quantity of 60.29 tonnes, the Corporation returned 35.77 tonnes of steel in good condition and 4.15 tonnes as scrap and the balance of 20.37 tonnes was not accounted for at all. A total amount of Rs.1.53 lakhs computed at five times the issue rate of Rs.1500 per MT was recoverable from the Corporation for the non-return of 20.37 MT against which the Division recovered only Rs.0.05 lakh. Non-recovery of Rs.1.48 lakhs constituted unauthorised financial aid to the Corporation.

4.2.10 *Canals*

4.2.10.1 *Inadmissible payment*

The work 'Excavation of canal reach from reach distance 60 Kilometres to 62.85 Kilometres' was awarded to the Corporation in March 1979 at a cost of Rs.274.09 lakhs with the stipulation to complete the work within 26 working months, (excluding June to October every year) i.e. by December 1982.

A sum of Rs.1.29 lakhs was paid to the Corporation for silt clearance, although this was the responsibility of the Corporation according to the conditions

of the agreement.

4.2.10.2 *Extra expenditure due to award of works without prior approval*

The work of canal excavation in the three consecutive reaches over reach distance 36.995 KM to 37.970 KM., 37.970 KM to 39.140 KM and 39.140 KM to 40.309 KM was awarded to the Corporation on 2nd February 1981 by the Superintending Engineer without finalisation of the rate for such excavation. On 12th February 1981, the Corporation offered the following rates.

Sl. No. (1)	Reach (2)	Estimated cost (3)	Rate offered (4)	Percen- tage (5)
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(Rupees in lakhs)

1.	R.D. 36.995 Km. to 37.970 Km.	3.28	5.91	80.18
2.	37.970 Km. to 39.140 Km.	2.37	5.27	122.36
3.	39.140 Km. to 40.309 Km.	2.94	6.18	110.20

One of the conditions stipulated by the Corporation was payment @ Rs.34 per Cum. for blasting of all kinds of rocks not removable by pickaxes and crowbars.

This was approved by Government in May 1981, with the stipulation to complete the work by 2nd February 1982. The work was, however, completed on 15th January 1984. Extension of time applied for in January 1984, was granted by Government in May 1986.

During execution, the Corporation excavated 4268.16 Cum. of disintegrated rock for which blasting was not required. As per the Schedule of Rates, 1979 the rate for excavation in disintegrated rock was Rs.6.05 per Cum. Adding the the percentage quoted by the contractor in different reaches the admissible rate worked out to Rs.10.90, Rs.13.45 and Rs.12.72 per Cum. in respect of the three reaches and the amount payable at these rates worked out to Rs.2.42 lakhs. The Corporation was, however, paid Rs.6.67 lakhs at the rate of Rs.34 per Cum. (rate for excavation of rock requiring blasting). This resulted in an avoidable extra expenditure of Rs.4.25 lakhs.

4.2.10.3 *Extra expenditure due to defective work*

The canal work in reach 0.42 Km. to 4.02 Km. was awarded to the Corporation in 1975-76. The work was completed in March 1981. When water was let into the reach for a trial run on 12th January 1982, a breach occurred in the right bank of the canal, which was subsequently closed in the same month departmentally at an expenditure of Rs.0.95 lakh. The Sub-Divisional Officer reported in October 1983 that the breach was on account of improper compaction of the earth in the filling section of the canal bank. However, this extra cost was not recovered from the Corporation and its final bill for Rs.8.70 lakhs was paid in March 1986. No action was taken to fix responsibility in this matter.

4.2.10.4 *Non-imposition of penalty on rescinded contracts*

An amount of Rs.3.43 lakhs, being the excess amount involved in getting leftover work executed through contractors other than the first, could not be recovered as the contract of the first contractor was rescinded under Clause 3(a) instead of Clause 3(c) of the agreement which envisaged imposition of penalty. Rescission under Clause 3(a) led to an avoidable increase in the cost of the project. There was no recorded reason for not imposing Clause 3(c).

4.2.11 *Unrecovered cost of materials*

Materials worth Rs.1.07 lakhs were returnable by eleven contractors, who abandoned 14 works between February 1985 and December 1985. As per the codal provision and terms of agreement, a sum of Rs.5.35 lakhs being 5 times the issue price of materials, was recoverable from the contractors. Against this, the Department had only Rs.0.34 lakh towards security deposit. Proper action had not been initiated by the Department for recovery of the balance amount of

Rs.5.01 lakhs. The balance amount is yet to be recovered.

4.2.12 Non-accountal of useful rocks

As per standing orders of the Engineer-in-Charge, eighty *per cent* of the excavated blasted hard rock and ten *per cent* medium hard rock was to be retrieved by the contractor from the excavations carried out. A test-check of the site accounts of the canal excavation in 18 reaches revealed that a total quantity of 85,859.98 Cum. of hard rock and 2,77,622.25 Cum. of medium hard rock were excavated, out of which 68,687.98 Cum. and 27,762.22 Cum. were required to be retrieved. However, only 5,618.71 Cum. of hard rock and 570.000 cum. of medium hard rock were retrieved. Non-retrieval of 68,069.27 Cum. of hard rock and 27,192.25 Cum. of medium hard rock resulted in a loss of Rs.10.38 lakhs to the department computed at the rate of Rs.11.50 per Cum. (for both kinds of rocks).

4.2.13 Amount pending recovery from the Railways

A wagon containing 57.60 tonnes of mild steel plain rounds despatched by Messers Iron and Steel Company, Calcutta against the advance of Rs.2.39 lakhs paid by the Additional Chief Engineer in July 1981 did not reach the destination, Raygada. The Executive Engineer preferred a claim of Rs.2.42 lakhs from the Railways in February 1982 on account of non-delivery of goods. The Railway authorities intimated in November 1983 that the wagon was missent to Madras and that the matter was under investigation. The cost of steel had not been realised so far (March 1988).

Besides, ten claims totalling Rs.1.29 lakhs on account of shortages/damages of materials-in-transit were pending with Railways since 1982-83.

4.2.14 *Reimbursement pending with Orissa State Electricity Board*

An amount of Rs.10.75 lakhs towards 50 per cent maintenance expenditure on roads from Balimela Power House to Govinda Palli and from Balimela to Valve House from July 1979 to March 1987 and Rs.2.77 lakhs towards expenditure on watch and ward in the Power Project Stores and the stores at Narsipatnam Railway Station upto March 1987, reimbursable by the Orissa State Electricity Board had not been realised so far (November 1987).

4.2.15 *Surplus and idling of Machinery and Spares*

Out of the machinery and spares purchased at Rs.2,27.07 lakhs upto March 1987, machinery worth Rs.58.73 lakhs and spares costing Rs.52.41 lakhs procured between 1977 and 1984 remained unutilised and proved to be surplus. No action was taken by the department for disposal of the surplus unserviceable machinery. Besides, machinery/vehicles worth Rs.7.44 lakhs and spares worth Rs.4.82 lakhs, were procured from the Balimela Dam Project in March 1977 and remained idle since then.

4.2.16 *Unnecessary purchase of Poclain Excavators*

Although the excavation work of the canal was entrusted to Orissa Construction Corporation and private contractors, four Poclain Excavators were procured during January to December 1979 at Rs.49.35 lakhs

and used upto March 1980 for 1721 hours. The total out turn being 27,975 Cum. of earth excavation, the average out turn worked out to 16.25 Cum. per hour against the expected out turn of 121.5 Cum. per hour with 75 per cent efficiency of the machine. The machines were kept idle after March 1980 and finally transferred to Upper Indravati Project in January 1982 at a cost of Rs.56.19 lakhs.

Thus, the expenditure of Rs.49.35 lakhs on the purchase of the machines and of Rs.0.71 lakh on maintenance was largely unfruitful.

4.3. Extra Contractual payment

The construction of Birupa Barrage was awarded in December 1981 to Contractor 'J' at an agreed amount of Rs.53.1 lakhs against an estimated cost of Rs.420 lakhs. As per the programme drawn up by the Department in consultation with the contractor, 40,000 Cum. excavation of foundation work (earth: 21,000 Cum.; laterite: 19,000 Cum.) and 30,000 Cum. concrete work in the sub-structure upto the river-bed level was to be done during the working season from November 1982 to June 1983.

During the above season, the contractor executed 44,735 Cum. excavation of foundation (earth: 40,392; laterite: 4,343 Cum.) and 11,883 Cum. of concrete in the sub-structure. Due to less execution of the concreting work, a substantial portion of the excavated foundation was left unfilled. The unfilled portion got filled with sand and slush, in flash floods during the monsoon.

In June 1983, the contractor represented that the concreting work could not be completed due to intermittent power failure and requested for

payment of the cost of removing sand and slush etc., without specifying the quantity of work involved or the amount of the claim. Under Clause 15.1 of the agreement "the silt, debris sand and other materials accumulated in the working area during flash floods or regular floods in the monsoon shall be removed by the contractor, as required for continuing the work at his cost. By chance, if any excavated portion that could not be filled with concrete by the contractor, gets filled up during the monsoon period with earth and silt, its removal will not be paid for again. The contractor will have to re-excavate at his own cost". Further as per clause 5.1 "in case of break-down in the power supply for any reason whatsoever, the Department is not liable for any compensation".

In spite of this, the Superintending Engineer, Mahanadi Birupa Barrage Circle, recommended (March 1984) the contractors claim, computing Rs.6.30 lakhs for an estimated quantity of 19,500 Cum. stating that the concreting work was hampered due to loadshedding between one hour to 4 to 5 hours a day against the contractor's liability to make his own arrangements for power failure upto a maximum period of one hour. The Chief Engineer approved the claim in March 1984 and a total amount of Rs.7.57 lakhs was paid between January 1984 and October 1984 towards removal of sand and slush of 22.292 Cum. without the sanction of Government.

The payment of compensation of Rs.7.57 lakhs to the contractor was against the provisions of the contract and therefore, inadmissible.

4.4. Avoidable extra expenditure due to erroneous measurement

The work "Removal of overburden of Spillway of Hariharjore Irrigation Project" (Bolangir District) was awarded (March 1981) to the lowest tenderer 'D' for Rs.22.95 lakhs (which was 47.21 per cent higher than the estimated cost of Rs.15.59 lakhs) with a stipulation to commence the work in March 1981 and complete it within six calendar months.

The contractor could not complete the work in time owing to the rainy season and applied (September 1981) for extension of time upto 30th June 1982, which has not been sanctioned so far (June 1987). In March 1982, the contractor stated that he had executed 37,000 Cum. for excavation of rock against the provision of 32,705 Cum. in the agreement (vide items 4 and 5) and claimed payment at a higher rate as per the revised "Schedule of Rates" (January 1982) for the excess quantity of the work done.

The claim was not considered and the contractor abandoned the work in April 1982 after receiving payment of Rs.19.92 lakhs (upto the 6th Running Account bill). The Chief Engineer, Medium Irrigation-II ordered the closure of his contract (June 1982).

After due notification to the contractor (August 1982) the Executive Engineer, Hariharjore Irrigation Division took (November 1982) *ex-parte* measurement (Sectional) which revealed that the contractor had actually executed 2669.49 Cums. of "earth work in excavation in all kinds of soil", 4829.74 Cums. in "dis-integrated rock" and 28,231 Cums. in "Rock", against the payment made for 4,500 Cums., 5231.55 Cums., and 32774.53 Cums. respectively, leading to an excess payment of Rs.2.69 lakhs.

In January 1985, it was noticed that the error in measurement was due to "string measurement", instead of "sectional" measurement and recording of incorrect levels done by two Junior Engineers in charge of the work. Moreover, none of the Running Accounts bills was checkmeasured by the Executive Engineer, although he was required to checkmeasure 10 per cent of bills for works exceeding Rs.2 lakhs as per the codal provisions.

A further amount of Rs.0.55 lakh including Rs.0.35 lakh towards the cost of materials, issued by the Department and Rs.0.20 lakh towards hire charges of compressor were also due (June 1987) for recovery from the contractor. No action was taken either to recover the excess amount totalling Rs.3.24 lakhs from the contractor or against the officials responsible for such payment. Against the recoverable amount, only Rs.0.99 lakh, on account of Security Deposit of the contractor was lying with the Department.

The balance work was got executed through a number of job workers and through contractor 'K' involving an extra expenditure of Rs.2.74 lakhs. No decision for imposing penalty on contractors 'J' was taken (June 1987).

The resultant avoidable and extra expenditure in this case amounted to Rs.5.98 lakhs (Rs.2.69 lakhs excess payment due to erroneous measurement:Rs.0.55 lakh recoverable from the contractor and Rs.2.74 lakhs extra expenditure for balance work).

The matter was report to the Government in August 1987; reply has not been received (February 1988).

4.5. Non-acceptance of tender within validity period

Out of three tenders received (October 1980), in response to a tender call notice (August 1980) by the Executive Engineer, Kalo Irrigation Division for construction of the Bisol Distributory (Road Distance 13,300 metres to 15,500 metres) of Sunei Irrigation Project, at an estimated cost of Rs.9.16 lakhs, the lowest tender of Contractor 'J' for Rs.10.30 lakhs was recommended by the Executive Engineer (November 1980) and ultimately approved by Government on 8th September 1981. Since the period of validity of the tender (90 days) was over, the department requested the contractor to extend the same (September 1981) which the contractor did not accept.

Fresh tenders were called for in September 1981 and the negotiated lowest offer of Rs.17.51 lakhs of contractor 'A' was accepted in February, 1982 which was higher by 97.05 per cent over the estimated cost. The work was commenced in March 1982 and was completed in September 1983 at a total cost of Rs.18.11 lakhs.

Calculated at the rates tendered by contractor 'J' in 1980, the cost of work executed by contractor 'A' would work out to Rs.10.92 lakhs. Non-acceptance of the lowest tender within the prescribed validity period thus, led to an extra expenditure of Rs.7.19 lakhs for the Department.

The matter was reported to Government in September 1987; reply has not been received (March 1988).

4.6. Avoidable extra expenditure

Four tenders were received in February 1984 in response to tenders called for in January 1984 by

the Executive Engineer, Minor Irrigation Division, Kala-handi for construction of a surplus escape of Khansabal Minor Irrigation Project, at an estimated cost of Rs.4.19 lakhs. The lowest tender of 'A' for Rs.4.88 lakhs was recommended by the Executive Engineer in February 1984 and after processing by the Superintending Engineer, Medium Irrigation Circle, Berhampur, the same was forwarded for acceptance to the Chief Engineer, Medium Irrigation May 1984. The Chief Engineer accepted it in May 1984. However, the tenderer who was informed about acceptance of his tender in June 1984 refused to execute the agreement, as the validity period of ninety days was already over.

As per the orders of the Chief Engineer, the work was retendered in July 1984 and the earlier order cancelled (August 1984). The negotiated lowest tender of 'M' for Rs.6.96 lakhs was accepted by the Chief Engineer, medium Irrigation in September 1984 and a work order was issued in November 1984 with a stipulation to complete the work by March 1985. The work was completed in May 1985 at a cost of Rs.6.65 lakhs.

Non-finalisation of the tender within the validity period, thus, led to avoidable delay in the execution of work as well as an extra expenditure of Rs.2.05 lakhs. The matter was reported to Government in April 1987; reply has not been received (April 1988).

4.7. Loss of Government Property

As ordered in July 1980 by the Executive Engineer, Khurda Irrigation Division, a Junior Engineer (JE) of Kuanria Mechanical Sub-Division took a "Ry -I-Skoda universal excavator" costing Rs.4.95 lakhs from the Salia Dam Site alongwith spare parts worth Rs.0.62 lakh in August 1980 to a firm at Berhampur for repairs.

Neither was any estimate made for repairs nor was any tender called for. The machine was also not brought back from Berhampur.

In October 1983, the Chief Engineer(Mechanical) framed charges against the Junior Engineer which, *inter-alia*, included alleged misappropriation and loss of Government property worth Rs.4.99 lakhs, comprising the cost of the excavator (Rs.4.35 lakhs), spare parts (Rs.0.62 lakh) and cost of mild steel plates found short (Rs.0.02 lakh). The charge sheet, however, could not be served as the whereabouts of the Junior Engineer were not known.

Lack of adequate action in time by the authorities resulted in the loss of Government property worth Rs.4.99 lakhs.

The Department stated in March 1988, that the matter was under investigation of Police/Vigilance Department and the position would be intimated after receipt of reports from them.

4.8. Extra expenditure due to unrealistic estimate

In response to tenders invited in 1978 for the work "Excavation of Jeypore Main Canal from RD 00 Km. to 2.88 Km." (estimated cost Rs.117 lakhs), four tenders were received and the Chief Engineer accepted the tender of 'M' being the lowest for Rs.174 lakhs, which was 48.72 per cent higher than the estimated cost of the work. The work was awarded to contractor 'M' in February 1979 with a stipulation for completion by 30th June 1980. The contractor, however, continued the work till 1985 against the extension (upto 31st July 1981) granted by the Chief Engineer in May 1981. However, he left the work soon after and requested (August 1985) for closure of the contract on the ground

that prices had increased considerably in the meantime. The Chief Engineer's recommendation (April 1986) for extension of time beyond July 1981 and closure of contract without penalty was awaiting approval by Government (July 1988). The contractor was paid, upto August 1985, Rs. 1,25.53 lakhs for the items of work done by him under the agreement. The quantities executed against three main items out of the total number of fourteen times, showed abnormal variations compared to the estimated quantities as noted below:

Item of work	Estimated quantity	Executed quantity	Difference Less (-) Excess (+)	Percentage of variation
	(In Cubic metres)			
(1)	(2)	(3)	(4)	(5)
Earth works in all kinds of soil	6, 34, 300	3, 97, 076	(-) 2, 37, 224	37.40
Excavation in disintegrated rock	88, 050	1, 58, 306	(+) 70, 256	79.79
Blasting hard rock	4, 640	13, 514	(+) 8, 874	191.25

Had the quantities of items of work been assessed realistically and put to tender accordingly, the tender of contractor 'D' would have worked out to Rs. 124.23 lakhs (based on quantities actually executed) and would have thus become the lowest. The Engineer-in-charge attributed (November 1987) the variations to the trial pits being taken at longer intervals (300, 450, 720, 2100, 2560 and 2790 metres). It was also noticed that in the region where rocky strata was met at a higher level (from RD 2250 metres to 2500 metres), no trial pit was taken at all.

Preparation of an unrealistic estimate based on trial pits at long and irregular intervals thus resulted in an extra expenditure of Rs. 1.30 lakhs.

4.9. Construction of Spillway of Sunder Medium Irrigation Project

The construction of the spillway of the Sunder Medium Irrigation Project, Kalahandi, estimated to cost rs.64.18 lakhs, was awarded to a contractor 'G', in July 1980, at the lowest tendered cost of Rs.71.13 lakhs with the stipulation to complete the work by July 1982. After execution of work worth Rs.28.38 lakhs upto March 1982, the contractor requested (April 1982) for 30 per cent enhancement over the agreed rate due to increase in the cost of labour and materials and revision of the Schedule of Rates from January 1982. He also requested for the inclusion of a price escalation clause in the agreement in terms of Government's decision of November 1980, which stipulated that increases and decreases in the cost of material and labour based upon the price index were to be taken into account while making payment to contractors.

The Executive Engineer, Nawapara Irrigation Division rejected the representation of the contractor in May 1982 on the ground that the enhancement of rates was beyond the scope of the agreement. The contractor requested in July 1982, for closure of the contract and refund of his security deposit as he felt that the contracted rates were not workable. The Chief Engineer, Medium Irrigation II, ordered (August 1982) the closure of the contracts under Clause 3(a) and directed that the critical items of work of the spillway should be taken up departmentally pending selection of a new executing agency. The contract was closed (October 1983) retrospectively from 17th July 1982. Approval

of the Government was not obtained.

Tenders invited in September 1983 for the balance work, estimated at Rs.46.08 lakhs, could not be finalised in time. The Chief Engineer cancelled them in July 1984 and ordered the invitation of fresh tenders after finalising the measurements of the work undertaken departmentally and the works executed by the contractor 'G'. By that time, work valuing Rs. 15.10 lakhs had already been executed departmentally.

Fresh tenders for the balance work, estimated to cost Rs.31 lakhs, were invited in August 1986 and the work was awarded to Messers Orissa Construction Corporation Limited (OCC), a State Government Undertaking in September 1987 at a negotiated cost of Rs.41.63 lakhs. The work was, however, commenced by OCC in March 1987.

Although the contract with contractor 'G' was closed in July 1982, no decision was taken for imposing penalty on him for non-completion of the work. Extra expenditure of the work executed departmentally, when compared with the rates of contractor 'G', worked out to Rs.6.35 lakhs. Although the OCC has not been paid upto March 1988, extra liability on the agreed quantities worked out to Rs.25.70 lakhs. In addition, a sum of Rs.3.74 lakhs (Rs.0.18 lakh on account of excess payment in running bills and Rs.3.56 lakhs towards cost of materials and hire charges of machinery) was recoverable from the contractor, against which the department had only Rs.1.71 lakhs as security deposit of the contractor.

Besides, due to non-completion of the spillway which was due to be completed in 1982, irrigation could not be provided so far (March 1988) although other

major components of the project were completed by 1978-79, resulting in the denial of benefits to the people of that area.

The matter was reported to Government in October 1987; reply has not been received (March 1988).

WORKS DEPARTMENT

4.10. Non-delivery of cement by carriage contractor

The Executive Engineer, Parlakhemundi(R&B) Division awarded (17th January 1983) the work of transportation of 450 tonnes of cement from Messers Andhra Cement Company (ACC) Limited, Vijayawada to Berhampur (150 tonnes, distance 650 Km.) and Parlakhemundi (300 tonnes, distance 560 Km.) to a carriage contractor 'S', who had quoted the lowest rate of 40 paise per Km. per tonne. The transportation work upto Berhampur and Parlakhemundi was stipulation to be completed by 31st January 1983 and 16th February 1983 respectively.

The contractor lifted only 102 tonnes between 30th January 1983 and 16th February 1983 and 40 tonnes on 17th February 1983 due to late delivery of authorisation (27th January 1983) by the department.

Since the contractor failed to lift the quota within the stipulated time, a show cause notice was issued to him on 11th February 1983 and the agreement with him was rescinded on 16th February 1983, under the orders of the Executive Engineer.

Out of 142 tonnes of cement lifted by the contractor, only 80 tonnes were delivered to Parlakhemundi store between 2nd and 18th February 1983. While 186 tonnes were transported through another agency, the balance of 122 tonnes of cement lapsed.

In a civil suit filed by the department on 16th August 1985, the Hon'ble Sub-Judge, Parlakhemundi decreed Rs.3.12 lakhs ex-parte against the contractor towards the cost of 62 tonnes of undelivered cement at 5 times the penal rate; (Rs.2.32 lakhs) Rs.0.10 lakh as extra cost incurred on transportation of 186 tonnes of cement and Rs.0.70 lakh on compensation for the lapse of 122 tonnes of cement (Rs.0.70 lakh). The amount could not be recovered as the whereabouts of the contractor were not known and he had no immovable property.

The matter was reported to Government in June 1987; reply has not been received (March 1988).

4.14 Extra expenditure due to departmental lapse

The Executive Engineer, Roads and Buildings Division, Jagatsinghpur entrusted the work, "Construction of Bridge over Kalighat Nallah on Phulnakharaniali Madhab Road" to a contractor 'B' for Rs.4.42 lakhs in March 1980 with stipulation to complete the work by March 1981. The contractor stopped the work in April 1980 due to mob agitation and hindrances caused by the Public. Despite assurances of peace being given by the Assistant Engineer in May 1980, the contractor did not resume the work. The department closed the contract in December 1980 under clause 3(c) of the agreement.

The balance work was awarded after 8 months, in September 1981 to a contractor 'U' at the tendered amount of Rs.5.15 lakhs. The work was completed in August 1982 at a cost of Rs.5.08 lakhs.

The award of the balance work to the contractor 'U' at higher rates resulted in an extra expenditure of Rs.0.86 lakh including payment of Rs.0.17 lakh towards price escalation.

Contractor 'B' went in for Arbitration in April 1983 with an allegation of breach of agreement and claimed compensation of Rs.0.96 lakh towards construction of the Camp Office, collection of materials and refund of Earnest Money and initial security deposits of Rs.9,000. The department in their counter-statement, claimed the recovery of extra expenditure of Rs.0.86 lakh incurred due to change of contractor.

In May 1984, the Arbitration Tribunal rejected the claim of the Department on the ground that (i) a prior notice was not served on the contractor under clause-2 for not making proportionate progress of work before invoking the provisions of clause 3(c) of the agreement to cancel the contract and (ii) the balance work was not entrusted to another agency immediately; and awarded payment of Rs.0.09 lakh to the contractor being the security deposit. In August 1985, the Sub-Judge, Bhubaneswar upheld the Tribunal award. The amount of Rs.0.09 lakh was paid to the contractor in April 1986.

Thus, due to delay in awarding the work to the Contractor 'U' as well as rescission of contract under clause 3(c) without serving prior notice under clause.2, the extra expenditure of Rs.0.86 lakh could not be recovered from Contractor 'B'. The department stated in April 1988 that the contract could not be rescinded under clause '2' due to non-submission of the work programme by contractor but this had not been accepted by the tribunal.

4.12. Construction of RCC Box Cell Bridge

The construction of an RCC Box Cell Bridge over river Paika in Cuttack District was entrusted in May 1979 to a Co-operative firm 'E' for Rs.4.87 lakhs, with a stipulation to complete the work by

November 1979. The firm, after executing work worth Rs.1.29 lakhs, stopped the work from 8th August 1979 on the ground of non-supply of designs for the super structure by the department. As the firm did not resume work despite notices served on them, the Executive Engineer, (Roads and Buildings), Jagatsingpur rescinded the contract in February 1980 under clause 3(c) of the agreement which stipulated recovery of extra cost of execution from the firm.

The balance work left over by the firm was got executed through other agencies at a cost of Rs.3.93 lakhs. The extra expenditure, computed with reference to the rate of firm 'E', worked out to Rs.0.25 lakh.

Total recovery due from the firm was Rs.2.17 lakhs, on account of materials not refunded, cost of materials consumed, cost of tools and plants issued and not returned, extra cost of execution of balance work and hire charges of tools and plant.

Against the above recovery, an amount of Rs.0.09 lakh was available with the department on account of the value of work done by the contractor (Rs.0.08 lakh) and his security deposit (Rs.0.01 lakh).

Accepting the factual position, the Department had assured in December 1984 that appropriate action would be taken to adjust the security deposit and move the Registrar, Co-operative Societies to effect recovery of the due amount. In January 1988, the Department informed that no adjustment could be made as no bill of the firm was pending and legal action would be taken if recovery through the Registrar, Co-operative Societies did not materialise.

4. B. Non-retrieval of Government material for want of agreement

In March 1981, the Executive Engineer, Roads and Buildings, Division-I, Puri paid Rs.2.06 lakhs to Messers Steel Authority of India Limited (SAIL) towards the cost of 58 pieces of iron blooms weighing 56.24 tonnes.

During physical verification, the stores verification party found (October 1981) the entire stock short. Further investigation by the Executive Engineer revealed in November 1983 that the blooms had been received (March 1981) departmentally by a "Work Sarkar" directly from the stock yard of Steel Authority of India Limited, Bhubaneswar. The blooms were handed over on the same date to a firm at Cuttack for conversion into Mild Steel rods against a simple receipt bearing no enfacement of the firm or name and designation of the receiving person.

No agreement with any firm of Cuttack regarding the quantity of material, specification of materials or completion had been executed. No sanction for purchase of the blooms, their re-rolling and handing over by the Work Sarkar was also available. Neither the blooms nor the converted rods had been received back from the firm (July 1987). Correspondence by the Executive Engineer, starting from September 1984, personal contact, and a pleader's notice in February 1986 had failed to elicit any response from the firm. No legal action has been initiated nor has any complaint been lodged with the police so far (July 1987). No action has been taken for fixing the responsibility.

The matter was reported to Government in August 1987; reply has not been received (February 1988).

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

4. 14. Extra Contractual Payment

The Chief Engineer, Public Health, Orissa accepted (March 1979) the lowest tender submitted by a certain engineering firm of Calcutta, for design and construction of a 9 million litres Discharge (MLD) water treatment plant at Baripada for a lump sum amount of Rs. 10.74 lakhs with the conditions that (i) the accepted price would remain valid till the completion of the work, (ii) in no circumstances would escalation in price be entertained, (iii) cement and steel rods upto the quantity actually required would be supplied at specified rates by the department, (iv) the structural work would be completed within 12 calendar months from the date of physically handing over the site after drawing the agreement and (v) the commissioning of the plant would be completed within 3 calendar months thereafter. The site was handed over in October 1979, but the agreement was executed in March 1980, *inter-alia* stipulating the date of commencement and completion of work as 1st March 1980 and 31st May 1981, respectively; reasons for which were not on record.

Audit conducted in December 1985 revealed the following:-

In April 1981, the firm claimed 20 per cent extra payment (subsequently revised to Rs. 3.40 lakhs in July 1981), over the contractual price towards escalation in the rates of labour and materials, etc., due to delay in execution as a result of inadequate/late supply of materials by the Department. Pending settlement of the claim, the work was suspended by the firm from July 1982.

It was noticed that against the requirement of 49.70 tonnes steel rods and 7,000 bags of cement, the Department supplied only 39.50 tonnes of steel rods and 1160 bags of cement between April 1980 and March 1981 and a total of 52.57 tonnes of rods and 4580 bags of cement upto May 1982. The short supply was attributed to scarcity of materials throughout the State.

Admitting the short supply of materials which caused delay in execution, the Chief Engineer (Public Health), Orissa recommended to the Government (April 1984) the payment of escalation charges to the extent of Rs.2.48 lakhs to the contractor on the basis of the Reserve Bank of India price index. The Government approved (June 1985) the payment of Rs.2.48 lakhs with the condition that necessary action should be taken against the Executive Engineer concerned because of whom the work could not be completed in time and the Government was forced to pay the additional cost.

After execution of a supplementary agreement, the firm resumed the work (September 1985), and completed the work in December 1987. The value of work done worked out to Rs.13.22 lakhs including Rs.2.48 lakhs towards escalation. Final bill was not paid (May 1988). No action had been initiated against the defaulting official (May 1988).

Thus, inadequate and delayed supply of materials for the work, not only led to delay in the completion of the water treatment plant but also to an additional expenditure of Rs.2.48 lakhs due to cost escalation.

The matter was reported to Government in April 1987; reply has not been received (November 1988).

CHAPTER V

STORE AND STOCK ACCOUNTS

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

5.1. Extra expenditure on India Mark-II hand pumps

Out of the tenders received in June 1984 for supply of 13,000 India Mark-II (galvanised) hand pumps, the rate of Rs.1560 per set quoted by Messers 'I' was the lowest. Among the other tenders, five Small Scale Industries Units (SSIU), which were eligible for price preference to the extent of 15 per cent over the lowest quoted rate agreed to supply the pumps at negotiated rate of Rs.1,700 per set. In December 1984, the Chief Engineer, Public Health placed orders for 1,000 sets from Messers 'I' at the rate of Rs.1,560 per set. Orders were placed by him in December 1984 and March 1985 for a further number of 5,500 sets from the SSIUs at the rate of Rs.1,700 per set.

While Messers 'I' completed the supply of 1,000 sets in February 1985, the SSIUs supplied only 1,357 sets by February 1985 and demanded an enhanced rate of Rs.2,100 per set, for the balance number of 4,143 sets due to increase in the price of steel. Although there was no price variation clause in the purchase order, the department revised the rate to Rs.2,050 per set in July 1985. Fresh purchase orders were placed in July 1985, October 1985 and December 1985 with the SSIUs for a total quantity of 5750 sets including the balance quantity of 4,143 sets. Payment for the 4,143 sets which had been ordered earlier, at the enhanced rate of Rs.2,050 in place of Rs.1,700 per set entailed an extra expenditure of Rs.14.50 lakhs. Thus, revision of rate even though there was no escalation clause in the agreement, resulted in an extra expenditure of Rs.14.50 lakhs to Government and an unintended benefit to suppliers. The matter was reported to Government in November 1987; reply has not been received (March 1988).

5.2. Avoidable expenditure in procuring PVC pipes

Out of the four tenders received in November 1982 for supply of 355 millimetres diameter Poly-Vinyl Chloride pipe fittings, the Superintending Engineer (SE), P.H.Circle, Berhampur accepted (December 1982) the lowest tender of a supplier 'M' for Rs.0.50 lakh and placed an order for their fitting in December 1982. Since the supplier could not produce the DGSD test certificate of goods, as required, the supply order was cancelled in August 1983 and the earnest money deposit of Rs.495 forfeited. Apprehending a similar problem with the second and third lowest tenderers who had quoted Rs.0.52 lakh and Rs.0.59 lakh respectively, the Superintending Engineer recommended in August 1983, the highest tender of 'A' for Rs.2.78 lakhs to the Chief Engineer, Public Health. The supplier 'A' was an authorised dealer of the manufacturer Messers 'W' of Madras and it had supplied the pipes of desired specification for the Koraput water supply scheme previously. However, this tender was not accepted as a result of discussions between the Chief Engineer, P.H. and the Superintending Engineer P.H., in September 1983. No reasons for non-acceptance of this tender were on record.

The Chief Engineer, PH, invited fresh tenders in October 1983 only from manufacturers. The tender of Messers 'W' of Madras for Rs.3.96 lakhs was accepted and an order for supply of the materials was placed on the firm in January 1984.

Non-acceptance of the tenders of Messers 'A' who was the authorised dealer of Messers 'W' of Madras and purchase of materials from the latter resulted in an avoidable extra expenditure of Rs.1.18 lakhs.

The matter was reported to Government in November 1987; reply has not been received (March 1988).

5.3. Extra expenditure due to non-availing of DGSD rate contract price in respect of stone wire pipes

Pursuant to the orders of Chief Engineer, PH, the Superintending Engineer, PH Circle, Cuttack(SE) procured in October 1983, 22,500 numbers of 100 mm diametre stone wire pipes (@ Rs.10.50 per pipe and 9,000 pieces of 150 mm diametre pipes (@ Rs.17 per pipe from the lowest tenderer Messers 'C', Cuttack for distribution among the four P.H. divisions. However, the rate per pipe of each type of specification, as per the DGSD rate contract available from February 1983 to January 1985, was Rs.8.75 and Rs.14.65 respectively.

In November 1983, the Chief Engineer, PH asked the Superintending Engineer to cancel the tenders because the items were available on the DGSD rate contract. the Superintending Engineer intimated in March 1984 that the materials had already been supplied by the supplier and bills paid.

The procurement of pipes from the open market instead of availing of the DGSD rate contract resulted in an extra expenditure of Rs.0.61 lakh.

The Chief Engineer stated in November 1984 that the department had no information upto 22nd October 1983 regarding the availability of the DGSD rate contract and the materials were procured from the open market to exhaust the budget allotment.

The matter was reported to Government in November 1987; reply has not been received (March 1988).

5.4. Supply of sub-standard pig lead

Against the supply order of September 1980 of Superintending Engineer, PH Circle, a Berhampur firm 'C' supplied, in November 1981, four tonnes of

pig lead to PH Division, Bhanjanagar at a cost of Rs.0.74 lakh. Rupees 0.37 lakh, were paid in January 1982 and the balance of Rs.0.37 lakh credited to the Public Work Deposits in favour of the firm. The quality of material was not checked before the payment. Chemical tests carried out by DGSD revealed in February 1982 that the material was not of standard specification. In June 1982, the firm was asked to remove the sub-standard stock and refund the amount already paid. The amount is yet to be refunded by the firm (June 1987).

The matter was reported to Government in November 1987; reply has not been received (March 1988).

5.5. Non-recovery of the cost of stock materials issued to contractors

Stores issued to contractors against the schedule of materials of the contract are to be recovered from the contractors at the rates mentioned therein. Out of the 32 PH Divisions, a check of the records of the 9 PH Divisions revealed that the cost of stores worth Rs.10.36 lakhs had not been recovered from 71 contractors who had left the work incomplete, and final bills had not been passed (June 1987). The Division-wise details are given below:-

	Number of contra- tors	Amount in lakhs of rupees
	(1)	(2)
1.P.H.Division I,Cuttack	2	0.17
2.P.H.Division II,Cuttack	7	1.05
3.P.H.Division,Balasore	28	4.14
4.P.H.Division,Koraput	16	3.31
5.P.H.Division,Bhanjanagar	1	0.19
6.P.H.Division,Sambalpur	12	0.63
7.P.H.Division,Keonjhar	1	0.44
8.P.H.Division,Baripada	1	0.08
9.P.H.Division,Phulbani	3	0.35
	<u>71</u>	<u>10.36</u>

The matter was reported to Government in November 1987; reply has not been received (March 1988).

5.6. Payment of wharfage charges

Two wagons containing 652 numbers of 150 mm GI Pipes for PH Division, Bhanjanagar reached Berhampur Railway Station (Railway head) on 5th April 1981. The wagons were unloaded on 6th April 1981 but the material was shifted to the departmental stores at Bhanjanagar after a lapse of 68 days for which the department paid Rs.0.87 lakh towards wharfage charges. In April 1983, the Superintending Engineer, Berhampur Circle called for the explanation of the Sectional Officer, who was found responsible for the delayed shifting of the material. Neither was any explanation received nor was the issue followed up by the division (March 1988).

CHAPTER VI

COMMERCIAL ACTIVITIES

6.1. General

Out of 15 departmental commercial and quasi commercial undertakings only seven were in operation on 31st March 1987. The extent of arrears in the submission of proforma accounts by these undertakings was as under:-

I.Name of the Undertakings(Working)	Year from which the accounts are in arrears
A. STATE TRADING SCHEME	
(i) Nationalisation of Kendu leaves	1980-81
B. INDUSTRIES	
(ii) K.S.Potteries development Centre, Jharsuguda	1986-87
C. EDUCATION	
(iii) Text Book Press, Bhubaneswar	1966-67
D. AGRICULTURE	
(iv) Cold Storage Plant, Similiguda	1973
(v) Cold Storage Plant, Bolangir	1983
(vi) Cold Storage Plant, Kuarmunda	1972 (a)
(vii) Cold Storage Plant, Parlakhemundi	1972

(a) Proforma accounts for 1972 and 1973 were received in an incomplete shape and returned.

II. Name of Undertakings (Non-working)	Year from which the accounts are in arrears
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A. STATE TRADING SCHEME

(i) Grain Purchase Scheme	1977-78
(ii) Trading in Kendu leaves (Pre-nationalised)	1965-66 to 1972-73 (b)

B. TRANSPORT

(iii) State Transport Service	1972-73 (c)
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C. AGRICULTURE

(iv) Cold Storage Plant, Cuttack (Unit-I)	1975 (d)
(v) Cold Storage Plant, Cuttack (Unit-II)	1977 (d)
(vi) Cold Storage Plant, Bhubaneswar	1971 (d)
(vii) Cold Storage Plant, Sambalpur	1971 (d)

D. OTHERS

(viii) Scheme for exploitation and marketing of fish	1975-76
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(b) The consolidated proforma accounts relating to the Kendu leaves schemes prior to nationalisation for the period from 1965-66 to 1972-73 submitted to audit (March 1978) were not certified pending rectification of mistakes noticed during the course of audit. Revised accounts are awaited (March 1988).

(c) Taken over by Orissa State Road Transport Corporation in May 1974.

(d) Taken over by Orissa State Seeds Corporation from 1st March 1979.

The undermentioned schemes remained inoperative/closed from the year noted against each; their assets and liabilities have not been fully disposed of/liquidated (December 1987).

Name of the Scheme	Year from which remained inoperative/closed
1. Grain Supply Scheme	1958-59
2. Scheme for trading in Iron Ore through Paradeep Port	1966-67
3. Cloth and Yarn Scheme	1954-55

The summarised financial results of the commercial undertakings in respect of which the *pro-forma* accounts have been received subsequent to those mentioned in paragraph 6.1. of the Audit Report (Civil) for the year 1985-86 are given in Appendix 6.1.

Out of the 4 undertakings for which *pro-forma* accounts have been received, one was showing profit and two were running at a loss for all the years. The fourth undertaking showed a profit during one year only (Rs.1.31 lakhs in 1980). Out of the four years for which the proforma accounts were made available, the return on Capital in the case of profit-earning undertakings ranged between 12 and 28 per cent.

Personal ledger accounts have been opened by the Government in respect of the schemes mentioned below. Although these schemes are of a commercial nature, Government have not prescribed the preparation of *pro-forma* accounts for them and the financial results of these schemes have not been worked out.

Undertaking	Year in which personal ledger account was opened	Accounts for 1986-87			
		Opening balance	Credit	Debit	Closing balance
(1)	(2)	(3)	(4)	(5)	(6)
		(Rupees in lakhs)			

State Trading Schemes

1. Purchase and distribution of quality seeds to cultivators	1977-78 (Revenue Account)	83.07	268.36	322.47	28.96
2. Poultry Development	1974-75 (Capital Account)	3.02	...	...	3.02

CHAPTER VII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

7.1. General

During 1986-87, Rs.3,83.93 crores were paid as grants to non-Government bodies/institutions. This formed 30.76 per cent of the Government's total expenditure on revenue account. The corresponding figures for the previous year were Rs.3,01.35 crores and 30.1 per cent.

The main beneficiaries of the grants were educational institutions and District Rural Development Agencies which received Rs. 190 crores (49.49 per cent) and Rs.71.18 crores (18.54 per cent) respectively during 1986-87 for the purposes shown below:

<i>Educational institutions</i>	<i>(Rupees in crores)</i>
Primary Education	99.76
Secondary Education	69.29
Higher Secondary Education	8.74
Universities:(i) Non-Technical	9.05
(ii) Technical	3.16
<i>District Rural Development Agencies</i>	<u>190.00</u>
Rural landless employment guarantee programme(RLEGP)	21.19
Assistance to small and marginal farmers for increasing agricultural production	7.82
Development of women and children in rural areas (IRDPA)	0.33

<i>District Rural Development Agencies</i>	<i>(Rupees in crores)</i>
National Rural Employment Programme (NREP)	12.66
Strengthening of block organisation and headquarters	7.38
Economic rehabilitation of rural poor (ERRP)	5.01
Integrated rural development programme (IRDP)	5.19
Welfare of back ward classes/ Scheduled Castes/Scheduled Tribes	<u>11.60</u> <u>71.18</u>

Mention was made in paragraph 7.1.1.(b) of the Audit Report (Civil) for 1985-86 about non-receipt of information from Departments of the Government regarding grants and loans given to various bodies and authorities from 1971-72 onwards, to determine the applicability of audit, under Section 14 of the Comptroller and Auditor General's Duties, Powers and Conditions

of Service Act, 1971 in these cases. The position did not improve as indicated below:

Year	Number of bodies/authorities which received grants/loans of not less than Rs.5 lakhs in the year upto 1982-83 and Rs.25 lakhs from 1983-84	Number of bodies whose accounts were	
		Received in audit	Not received in audit
1971-72	310	9	301
1972-73	290	9	281
1973-74	314	11	303
1974-75	308	11	297
1975-76	330	6	324
1976-77	346	14	332
1977-78	359	13	346
1978-79	358	5	353
1979-80	360	6	354

Year	Number of bodies/authorities which received grants/loans of not less than Rs.5 lakhs in the year upto 1982-83 and Rs.25 lakhs from 1983-84	Number of bodies whose accounts were	
		Received in audit	Not received in audit
1980-81	392	16	382
1981-82	411	31	380
1982-83	413	74	339
1983-84	*	322	*
1984-85	*	321	*
1985-86	*	157	*
1986-87	*	166	*

(*) Information not available.

The aforesaid statistical information presents an alluring picture as there is no idea about the utilisation of grants and performance of grants receiving bodies/authorities. Information about grants/loans for the year 1984-85 was received in respect of 321 bodies only, out of which 306 bodies qualified for audit under Section 14 (1) of the Comptroller and Auditor General's (DPC) Act, 1971. According to the provisions of Section 14 (1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, receipts and expenditure of bodies and authorities, substantially financed by grants and loans from the consolidated funds are to be audited by the Comptroller and Auditor General. For this purpose, a body/authority is deemed to have been substantially financed if the aggregate of grant and loan to it in a financial year was not less than Rs.5 lakhs to the end of 1982-83, Rs. 25 lakhs from 1983-84 and also not less than 75 per cent of the total expenditure of that body/authority.

Audit of some local bodies and authorities substantially financed by Government and falling under Section 14 of the Act was conducted. Important points noticed in the audit of these institutions and scrutiny of the records of sanctioning authorities under Section 15 are given in succeeding paragraphs.

COMMUNITY DEVELOPMENT AND RURAL RECONSTRUCTION DEPARTMENT

7.2 State Social Welfare Advisory Board, Orissa

7.2.1 Introduction

The State Social Welfare Advisory Board (State Board), Orissa was established in August 1954 primarily to act as a medium for exchange of information between the field agencies and the Central Social Welfare Board (Central Board), to supervise and report on the working of aided voluntary institutions and implementation and co-ordinate the welfare and development activities of the State Government and the Central Board in order to avoid duplication.

7.2.2 Audit Coverage

The review conducted in May to July 1987 consisted of a test check of records of the State Board ten voluntary institutions and two Government organisations. Results of audit are indicated in the succeeding paragraphs.

7.2.3 Organisational set-up

The State Board is headed by a Chairman who is assisted by the Secretary of the Community Development

and Rural Reconstruction Department.

7.2.4 Highlights

- Financial assistance amounting to Rs.254.55 lakhs was received for the scheme during 1981 to 1986 against which an expenditure of Rs.261.11 lakhs was incurred. (Para 7.2.5.).
- Even after release of financial assistance of Rs.14.03 lakhs between 1980-81 and 1986-87 for setting up production units to provide work to poor and needy women, 31 institutions had not started production.(Para 7.2.6.(b)).
- Out of a sum of Rs.13.55 lakhs, distributed as loan during 1978-79 and 1979-80 for undertaking special programmes in flood affected areas, only Rs.2.17 lakhs had been realized from the beneficiaries, leaving a balance of Rs.11.38 lakhs still due for recovery.(Para 7.2.8).
- Twenty eight holiday camps could not be conducted although an amount of Rs.1.12 lakhs had been released for the purpose. (Para 7.2.9).
- Out of grants of Rs.2,61.11 lakhs released during 1980-81 to 1986-87, utilisation certificates for only Rs.1,59.17 lakhs were submitted by the institutions.(Para 7.2.11.).

7.2.5 Pattern of Financial Assistance

The State Board is financed by grants released by the Central Board and the State Government. The entire expenditure on implementation of welfare programmes is borne by the Central Board. Separate grants are released by the State Government for specific purposes. The administrative expenses of the State Board are, however, shared by the Central Board and the State Government on 50:50 basis.

Details of financial assistance received from the Central Board and the State Government and expenditure incurred during the year 1980-81 to 1986-87 were as under:-

Year	Amount of assistance received from		Total	Expenditure
(1)	State (2) (Rupees	Central (3) in lakhs)	(4)	(5)
1980-81	6.22	23.48	29.70	25.32
1981-82	7.67	23.41	31.08	33.59
1982-83	2.98	28.35	31.33	36.66
1983-84	2.17	37.63	39.80	39.83
1984-85	3.00	38.34	41.34	34.84
1985-86	4.23	34.36	38.59	45.04
1986-87	<u>4.27</u>	<u>38.44</u>	<u>42.71</u>	<u>45.83</u>
	<u>30.54</u>	<u>224.01</u>	<u>254.55</u>	<u>261.11</u>

Taking into account the unutilised grant of Rs. 15.20 lakhs on 31st March 1980, the net amount which remained unutilised on 31st March 1987 was Rs.8.64 lakhs.

7.2.6 (a) Socio-Economic Programme

The Socio-Economic Programme was launched during the First Five Year Plan with the sole object of securing economic rehabilitation of needy women such as destitutes, widows and deserted and physically handicapped women, by providing employment. Financial assistance was given to institutions willing to take up the programme for setting up production units mainly

under 3 categories viz., cottage industries, agro-based industries and small scale industries. Selection of the institutions were made on the basis of factors like availability of raw materials, marketing facilities and skilled women workers. The programme also envisaged the active participation of departments of the State Government and the Central Government and other organisations like the Small Industries Service Institute (SISI), Handloom Boards, etc.

(b) A total grant of Rs.18.80 lakhs was released by the Central Board between 1980-81 and 1986-87 to 39 institutions covering 6 districts (Balasore, Cuttack, Dhenkanal, Ganjam, Puri and Sambalpur) for setting up production units with a view to providing work to 978 poor needy women. In 31 cases, the units were set up but production was not started even after receipt of financial assistance of Rs.14.03 lakhs. Progress of work in respect of the other units was not available as the recipient bodies had not submitted any progress report as envisaged under the programme. The Central Board released the sanctioned amounts in full to the institutions directly without watching the progress of the production units.

(c) Under the programme, the Central Board sanctioned Rs.0.87 lakh in May 1981 to Kishore Club, Puri for setting up a press to provide work to 20 poor needy women. The proposal of the institution to start the printing press at Bhubaneswar while having its office at Puri was accepted by the Central Board. Even though the institution failed to furnish to the Central Board the required particulars viz., quarterly progress report, unaudited or audited accounts, statement of assets etc., the Central Board released the funds in January 1982. As per the report of the Assistant Project Officer attached to the State Board who visited the production unit in May 1985, the Press at Bhubaneswar was not running.

(d) The Central Board sanctioned Rs.1.54 lakhs in December 1982 to Pragati Youth Association, Curtack for manufacturing lamps with the stipulation to provide work to 28 needy women. After acceptance of the terms and conditions by the association the entire amount was released in March 1983. The institution failed to furnish particulars regarding the production unit and a progress report on the performance as desired by Central Board in November 1983. The Assistant Project Officer inspected the unit only in January 1987. i.e., after almost four years of the release of the grants and reported that the unit had not started operation and suggested cancellation of the sanctioned grant. The Secretary of the Unit was ordered in January 1987 to refund the amount with penal interest @ 18 per cent per annum for unauthorised retention of money for 4 years. The institution had not refunded the amount so far (July 1987). Thus, the entire grant of Rs.1.54 lakhs was not utilised for the purpose for which it was sanctioned and remained blocked since March 1983.

(e) Nigamananda Cultural Centre of Dhenkanal district was paid Rs.0.92 lakh in September 1982 for setting up a production unit for binding and paper rolling to provide work to 30 needy women. The Progress Assistant of Parjang Block reported in March 1984 that the production unit had not started operating and that Rs.0.78 lakh had been spent on advances for construction of building, loans to different persons and travelling allowances, the balance of Rs.0.14 lakh remaining unutilised. Thus, the grant was not utilised for the purpose for which it had been provided. The department stated in February 1988 that the institution had been instructed to refund the grant. The amount has not yet been recovered.

7.2.7 *Dairy Scheme*

7.2.7.1 * Out of the total grant of Rs.31.37 lakhs sanctioned by the Central Board to 152 institutions between 1980-81 and 1986-87 for starting dairy units, Rs.29.14 lakhs were received during the period by the State Board for release of funds to the institutions. The State Board disbursed Rs.17.36 lakhs to only 89 institutions leaving an unutilised balance of Rs.11.78 lakhs. The unutilised amount was not refunded as directed by the Central Board in April 1987. Out of Rs.17.36 lakhs released by the State Board to 89 institutions, Rs.14.15 lakhs was in the nature of loans which were recoverable in instalments from the beneficiaries. Only Rs.1.72 lakhs had been realised upto 31st March 1987 and the balance amount of Rs.12.43 lakhs is yet to be realised. The reasons for non-realisation could not be stated by the Board.

7.2.8 *Special Socio-Economic Programme*

The Central Board allocated Rs.18 lakhs to the State Board between 1978-79 and 1979-80 for undertaking special programmes such as setting up of dairy units and supply of handlooms and sewing machines to women as a part of the self-employment scheme in the areas affected by floods in 1970. During 1978-79 to 1979-80, the State Board released Rs.17.99 lakhs to 164 institutions for organising a special programme in flood affected areas, out of which Rs.13.55 lakhs was in the nature of loans and the rest was in the form of grant. Out of the loan amount, only Rs.2.17 lakhs had been realised from the beneficiaries and the balance of Rs.11.38 lakhs was yet to be recovered (31st March 1987).

7.2.9 *Holiday camps for children*

Financial assistance of Rs.19.20 lakhs was released to 708 voluntary organisations during 1980-81 to 1986-87 for conducting holiday camps for children belonging to poor families having income not exceeding Rs.5,000 per annum. Out of the 699 camps (earmarked), 671 camps were organised and the remaining 28 camps for which grant of Rs.1.12 lakhs was released could not be conducted. Reasons for not organising the camps were not on record. No intimation has been received regarding the action taken for refunding of Rs.1.12 lakhs released to 28 organisations (February 1988).

7.2.10 *Creche Programme*

The scheme for providing creches for the children of working ailing mothers through voluntary institutions taken up by the Central Social Welfare Board during 1977-78 envisaged day-care services for children in the age group of 0 to 5 years including children of migrant labour who were engaged in construction work. The total budget of each creche was met by the Central Board and the voluntary institutions on 90:10 basis. The Central Board released Rs.26.55 lakhs between 1980-81 and 1986-87 to 360 institutions having a target of 9750 beneficiaries. Details regarding the number of creches in existence, the actual number of beneficiaries, the number of creches closed, if any, and reasons for their closure were not on record.

A test check of the records of Thakar Bapa Ashram in Ganjam district which was paid Rs.1.30 lakhs for the period 1980-81 to 1984-85 revealed that the age group of children admitted in 5 creches and the income of their parents were not recorded. Information

regarding the number of children who left the centre before completion of a year, particulars of staff engaged to look after the children, periodical medical check up for the children etc., were also not available. Records of properties and assets acquired out of the Central Board funds were not maintained though required as per the sanction order. The creches under the control of the institution were visited only once by the field officer of the State Board (September 1978). All the 5 creches were closed in April 1987. The reasons given by Manager of the ashram for the closure were non-receipt of grants due to non-submission of audited accounts.

7.2.11 *Utilisation Certificates*

Submission of utilisation certificates was heavily in arrears. Out of grants worth Rs.2,61.11 lakhs released during 1980-81 to 1986-87, utilisation certificate for only Rs.1,42.41 lakhs were submitted by the institutions to the State Board.

7.2.12 *Non-maintenance of records*

No register of grants-in-aid was maintained by the State Board to watch the receipt of grants from the State Government and Central Board and submission of utilisation certificates. No register of properties and assets was maintained by the 3 institutions test-checked to whom grants were released.

7.2.13 *Evaluation*

To assess the extent to which the objectives of the Welfare Programme had been achieved, a Committee comprising the Chairmen, West Bengal State Social Welfare Board and Bihar State Board conducted evaluation studies in September 1985. Their report has not been received (July 1987).

The matter was reported to Government in December 1987; reply has not been received (February 1988).

7.3 Rural Landless Employment Guarantee Programme

7.3.1 *Introduction*

Government of India introduced a new scheme called the "Rural Landless Employment Guarantee Programme" (RLEGP) in August 1983 with two main objectives of improving employment opportunities for rural landless labourers during the lean agricultural period with a guarantee of employment to at least one member of each household upto 100 days in a year and creating durable assets for strengthening the rural infrastructure which would lead to rapid growth of the rural economy. The programme was implemented in the State from November 1983.

7.3.2 *Audit coverage*

A test-check of the records of four District Rural Development Agencies at Cuttack, Puri, Bolangir and Phulbani alongwith the records of executing agencies and other sub-offices comprising 23 blocks, 16 P.W. divisions, 7 district forest offices, 7 soil conservation offices, 7 financing institutions, 3 horticulturists, 3 Agriculturists, two units of the State Civil Supplies Corporation, one District Agricultural Office, one Deputy Director of Agriculture and Director of Soil Conservation for the years 1983-84 to 1986-87 was conducted between January and April 1987. Results of audit are brought out in the succeeding paragraphs.

7.3.3 *Organisational set-up*

The Planning, implementation and monitoring of the programme were the responsibility of the Central Committee set up for the National Rural Employment

Programme at the Central level and the Co-ordination Committee at the State level. The projects were required to be approved by the "State RLEGP Approval Board" under the Chairmanship of the Chief Secretary before submission to the Central Committee. The programme was being implemented by the District Rural Development Agencies (DRDAs) which are registered under the Registration of Societies Act, 1860 and are the nodal authorities at the district level. The programmes are executed through various departmental offices, blocks, financing institutions and State-owned Corporations (executing agencies).

7.3.4 *Highlights*

Out of Rs.69,34.34 lakhs received under the scheme by the District Rural Development Agencies during 1983-84 to 1986-87, Rs.53,51.27 lakhs (Cash:Rs.44,03.38 lakhs and foodgrains: Rs.9,47.89 lakhs) was utilised. The unutilised balance consisted of Rs.13,33.36 lakhs in cash and foodgrains worth Rs.2,49.44 lakhs. (Para 7.3.6).

Against the Government of India's allotment of 96,091 tonnes of foodgrains during 1983-84 to 1986-87, an allotment of 18,246 tonnes of foodgrains lapsed resulting in a loss of employment generation of 182.46 lakh mandays. Besides, 8,346 tonnes of foodgrains, out of the quantity allotted by the State Government were not lifted by the Orissa State Civil Supplies Corporation from the Food Corporation of India for supply to executing agencies (Para 7.3.7).

Out of 69,480 tonnes of foodgrains lifted by the Orissa State Civil Supplies Corporation for eventual distribution to labourers, 14,429 tonnes of foodgrains remained unutilised. (Para 7.3.7).

Against employment of 486.38 lakh mandays targeted to be generated during 1983-84 to 1986-87, only 370.45 lakh mandays were generated during the period(Para 7.3.8).

Household surveys and identification of rural landless labourers was not done in 4 districts upto 1985-86(Para 7.3.9).

Due to computing value of foodgrains issued to labourers at rates higher than prescribed, there was a reduction of cash component in the wages of labourers in 2 Public Works Divisions and the Regional Plant Research Centre, Bhubaneswar to the extent of Rs.0.95 lakh.(Para 7.3.10).

Against an amount of Rs.1405.04 lakhs released by the State Government during 1983-84 to 1986-87 for social welfare projects under the Scheme, only Rs.653.54 lakhs were utilised.(Para 7.3.11.).

Sixteen water harvesting structures constructed at a cost of Rs.8.01 lakhs between December 1984 and July 1986, did not provide any irrigation due to breaches, defective execution and unsuitable soil strata resulting in infructuous expenditure to that extent. (Para 7.3.12).

Seven Jeeps costing Rs.7.96 lakhs were purchased by the Director of Soil Conservation during 1986-87 by diverting funds sanctioned to DRDA, Puri for water conservation work. (Para 7.3.13).

Although ten *per cent* of the total annual allocation under the Scheme was to be earmarked for projects exclusively beneficial to persons belonging to the Scheduled castes/tribes, no amount was provided by the State Government during 1983-84 and 1984-85 for such projects. Under the 'Indira Avas Yojana', against the target of construction of 11,892 houses for persons belonging to Scheduled Castes/Tribes and freed bonded labourers during 1985-86 and 1986-87, only 4485 houses were constructed during the period. There was an excess expenditure of Rs.50.70 lakhs as a result of constructing houses at a cost higher than that fixed by the Government. (Para 7.3.15).

Against the target of construction of 4704 primary schools building by March 1986, at an estimated cost of Rs.9,87.84 lakhs, the construction of 3,815 school buildings had been completed and 660 were still under construction. Construction of 229 school buildings had not been taken up. (Para 7.3.16).

Rupees 53 lakhs released by the Government of India in 1985-86 and 1986-87 for construction of rural latrines remained unutilised upto March 1987 due to non-finalisation of norms and non-selection of villages, schools and other beneficiaries. (Para 7.3.17).

No evaluation of the scheme was undertaken by the State Government upto 1987. (Para 7.3.21).

7.3.5 *Pattern of assistance*

The programme was totally funded by the Central Government. Twenty *per cent* of the annual allocation for the State (5 *per cent* upto 1984-85) was to be earmarked for Social forestry projects and 10 *per cent* exclusively for the benefit of persons belonging to Scheduled Castes/Scheduled Tribes.

The projects being labour-oriented, the wage component was to be not less than 50 *per cent* of the total cost of the project. Expenditure on other components was not to exceed 50 *per cent* of the total cost and any amount in excess of this was to be met from State Funds. Wages were to be paid in cash and foodgrains. Foodgrains were to be allocated by the Central Government based on the target of mandays to be generated and projects cleared for execution.

7.3.6 *Allocation of funds and expenditure*

Against the allocation of Rs.67,54.63 lakhs for the period from 1983-84 to 1986-87, Central assistance of Rs.62,28.60 lakhs was released to the State Government from 1983-84 to 1986-87, resulting in a shortfall of Rs.5,26.08 lakhs. Funds released included the cost of foodgrains allotted by the Central Government. Additional foodgrains worth Rs.7,41.37 lakhs were also released in 1985-86 and 1986-87. Out of this, the State Government released cash amounting to Rs.57,37.01 lakhs and foodgrains worth Rs.11,97.33 lakhs to DRDAs during the period for further distribution by executing authorities.

Besides the Central grant released under the Scheme, the Education and Youth Services Department of the State Government released Rs.4,09.72 lakhs during 1985-86 specifically to meet the additional material component at the rate of Rs.8,701 per school building for 4,704 schools.

Out of Rs.69,34.34 lakhs received by DRDAs; Rs.53,51.27 lakhs (cash: Rs.44,03.38 lakhs and foodgrains: Rs.9,47.89 lakhs) were utilised under different components of the scheme during the period. The unutilised balance at the end of March 1987 consisted of Rs.13,33.63 lakhs in cash and Rs.2,49.44 lakhs worth of foodgrains.

7.3.7 Allotment of foodgrains, lifting and utilisation

Government of India had allotted 51,150 tonnes of rice and 44,581 tonnes of wheat to the State Government during 1983-84 to 1986-87 for issue to labourers as part of their wages at the prescribed standard of one kilogram for generating one manday (2 kgs. per manday from 1986-87). Against this, the State Government allotted 49,063 tonnes of rice and 28,782 tonnes of wheat resulting in lapse of allotment of 2,447 tonnes of rice and 15,799 tonnes of wheat, for which the benefit of generating 182.46 lakh mandays was denied to the rural poor. Further, out of the quantity allotted by the State Government, 6,413 tonnes of rice and 1951.2 tonnes of wheat also lapsed as the Orissa State Civil Supplies Corporation(OSCSC), which was required to lift the allotted quantity of foodgrains from the Food Corporation of India for supply to the executing agencies, did not lift it. The department stated in April 1987 that the full quantity of foodgrains could not be released due to late receipt of funds and late finalisation of works projects.

As per the progress reports for the year 1983-84 to 1986-87 submitted by the State Government to the Government of India, out of 42,650 tonnes of rice and 26,830 tonnes of wheat lifted by OSCSC, 35,164 tonnes of rice and 19,887 tonnes of wheat were utilised. Due to non-utilisation of 14,429 tonnes of foodgrains, there was reduction in employment generation.

7.3.8 *Generation of mandays*

The number of mandays generated are required to be worked out on the basis of wages paid to the labourers in cash and in the shape of foodgrains as per the muster rolls. However, instead of being paid on the basis of muster rolls, the labourers were paid on the basis of measurement of work done on job basis. The accuracy of figures reported by the State Government in the Progress Report could not, therefore, be verified. As per the progress report submitted by the State Government, the number of mandays actually generated during the year 1983-84 to 1986-87 were 370.45 lakhs against the targeted number of 486.38 lakhs. No reasons for the shortfall in achievement were intimated (April 1988).

7.3.9 *Identification and selection of beneficiaries*

According to instruction issued by the State Government in October 1983, identification of beneficiaries for providing employment under the scheme was to be done at the Block level. The Block Development Officers were required to identify households located at the sites of the approved works to issue identity cards to each identified household. In the four districts test-checked, house hold surveys and identification of rural landless labourers were not done upto 1985-86. During 1986-87, Block Development Officer, Patnagarh (Bolangir district) and Brahmagiri (Puri district) were reported to have taken up survey work but no reports had been received from them.

7.3.10 *Reduction in Cash component*

By issuing foodgrains to the executing agencies at higher rates than the prescribed subsidised rate of Rs. 1.50 per kg. of wheat and Rs. 1.85 per kg. for

rice as part of wages for the work done by the labourers, there was a reduction in the cash component of wages of labourers to the extent of Rs.0.95 lakh, as detailed below:

Executing Agency	Foodgrains issued in quintals	Prescribed rate per Kg.	Rate charged per Kg.	Excess rate per Kg. charged	Reduction in cash component
(1)	(2)	(3)	(4)	(5)	(6)
			(In rupees)		
Executive Engineer Prachi Division, Bhubaneswar	1,148.70 (Wheat)	1.50	1.70	0.20	22, 974.00
	1,178.865 (Rice)	1.85	2.05	0.20	23, 577.30
Executive Engineer, Minor Irrigation Division, Khurda	322.00 (Rice)	1.85	2.45	0.60	19, 320.00
Chief Executive, Regional Plant, Resource Centre, Bhubaneswar	485.38 (Rice)	1.85	2.45	0.60	29, 122.80
	<u>1,148.70</u> (Wheat)				<u>94, 994.10</u>
	<u>1,986.245</u> (Rice)				

The amount of Rs.0.95 lakh recovered from the bills of executants on account of issue of foodgrains at higher rate was kept under "Miscellaneous Deposits" of the division by the Executive Engineer, Prachi Division, Bhubaneswar, instead of crediting the same to the RLEGP Fund.

7.3.11 *Social Forestry*

With a view to maintaining ecological balance, social forestry projects were included as an important component of the scheme. According to the instructions of the Government of India, 5 per cent of the total amount allocated upto 1984-85 and 20 per cent thereafter was to be earmarked for social forestry. Accordingly, a sum of Rs.10,69.21 lakhs out of the total amount of Rs.69,34.34 lakhs released during 1983-84 to 1986-87 was required to be allocated for this work. Against this, Rs.14,05.04 lakhs were released by the State Government and Rs.6,53.54 lakhs were utilised. Although the funds released exceeded the allocable amount, the actual utilisation fell short by Rs.7,51.50 lakhs, reasons for which were not on record.

Contrary to the instructions issued in December 1985 by the Chief Conservator of Forests, Orissa to utilise RLEGP funds only for rehabilitation and re-stocking of degraded forests but not for reserve forests, an amount of Rs.1.13 lakhs was spent in 1984-85 and 1985-86 towards pre-plantation operations in reserve forests under the Divisional Forest Officer, Territorial Division, Bolangir; Divisional Forest Officer, Afforestation Division, Bolangir and the Divisional Forest Officer, Forest Resources, Survey Division, Balliguda.

As per the norms fixed by the Government, the cost of rehabilitation at the rate of Rs.375 per hectare for trench fencing and Rs.187.50 per hectare for gap planting of 500 hectares of degraded forest under Nayagarh Forest Division worked out to Rs.1.87 lakhs and Rs.0.94 lakh respectively. The Division, however, spent Rs.2.08 lakhs on trench fencing and Rs.1.17 lakhs on gap planting which resulted in an excess expenditure of Rs.0.44 lakh.

7.3.12 Defective construction of water harvesting structures

Out of 24 water harvesting structures constructed between December 1984 and July 1986 by the Assistant Soil Conservation Officer (ASCO), Cuttack at a cost of Rs.12.01 lakhs without sanctioning of estimates (July 1987), 16 structures constructed at a cost of Rs.8.01 lakhs, did not provide any irrigation, resulting in infructuous expenditure to that extent. The Assistant Soil Conservation Officer, Cuttack in his report to the Director of Soil Conservation, Orissa (December 1986), attributed the failure to breaches, defective execution and abandonment of structures due to unsuitability of sub-soil strata.

7.3.13 Misutilisation of funds

Contrary to the specific instructions of the Government that RLEGP funds should not be utilised for purposes other than those included in the scheme, the Director of Soil Conservation purchased 7 jeeps at a cost of Rs.7.96 lakhs during 1986-87 by diverting funds sanctioned for water conservation works in favour of DRDA, Puri.

7.3.14 False completion report

In April 1985, the ASCO, Patnagarh reported the completion of 7 Soil Conservation Works at a cost of Rs.3.99 lakhs out of the grant of Rs.4.00 lakhs for the year 1984-85, whereas only five had actually been completed. One work was under progress and one had not been taken up at all. The department stated in December 1986 that the error had been noted for future guidance.

APPENDIX 2.1

Statement showing cases where supplementary provision was unnecessary

(Reference Paragraph 2.2.2(b) at Page 18)

Grant No.	Department	Original grant	Supplementary grant	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
(Rupees in Crores)					

REVENUE SECTION

5	Finance	76.30	..	42.51	33.78
6	Commerce	9.55	0.29	9.35	0.50
12	Health and Family Welfare	96.86	5.20	92.16	9.90
15	Tourism, Sports and Culture	5.47	0.52	5.26	0.73
16	Planning and Co-ordination	9.87	0.24	6.61	3.50
18	Community Development and Rural Reconstruction (Community Development)	118.76	6.48	114.42	10.82
19	Industries	51.81	3.12	46.21	8.72
20	Irrigation and Power	47.91	0.76	46.96	1.71
21	Transport	5.63	1.23	4.58	2.28
23	Agriculture and Co-operation	69.33	4.47	69.30	4.50
24	Mining and Geology	3.90	0.04	3.77	0.17
27	Science, Technology and Environment	7.12	0.07	5.42	1.77
28	Administrative Reform & Training Co-ordination and Public Grievance	0.33	0.03	0.09	0.27

APPENDIX 2.1 Concl'd.

Statement showing cases where supplementary provision was unnecessary

(Reference Paragraph 2.2.2(b) at page 18)

Grant No.	Department	Original grant	Supplementary grant	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
(Rupees in Crores)					

CAPITAL SECTION

19	Industries	33.52	3.16	30.18	6.50
20	Irrigation and Power(Charged)	0.62	0.04	0.50	0.16
23	Agriculture and Co-operation	30.61	9.94	29.16	11.39

604-Loans
and
advances
from
Central
Govern-
ment

Finance	<u>91.76</u>	<u>1.31</u>	<u>80.17</u>	<u>12.90</u>
	156.51	14.45	140.01	30.95

Grand Total:- 659.35 36.90 586.65 109.60

APPENDIX 2.2

Statement showing cases where supplementary provision was made in excess of actual requirement

(Reference paragraph 2.2.1.(c) at page 18)

Grant No.	Department	Original provision	Expenditure	Addi-tional requi-rem ent	Supple-mentary Provi-sion
(1)	(2)	(3)	(4)	(5)	(6)
(Rupees in Crores)					
REVENUE SECTION					
3	Revenue	62.88	79.39	16.51	22.31
4	Law	4.89	5.18	0.29	0.51
10	Education and Youth Services	227.18	244.32	17.14	25.73
13	Housing and Urban Development	72.99	76.30	3.31	9.44
14	Labour and Employment	5.36	5.55	0.19	0.36
17	Community Development and Rural Reconstruction (Gram Panchayat)	3.06	3.12	0.06	0.15
22	Forest, Fisheries and Animal Husbandry	53.09	54.90	1.81	2.95
	Revenue	<u>429.45</u>	<u>468.76</u>	<u>39.31</u>	<u>61.45</u>
CAPITAL SECTION					
5	Finance	16.54	41.31	24.77	30.69
7	Works	46.13	50.80	4.67	9.35
10	Education and Youth Services	5.36	6.76	1.40	1.84
13	Housing and Urban Development	6.85	7.01	0.16	1.20
APPROPRIATION					
6.3	Internal debt of the State Government				
	Finance	223.06	248.96	25.90	105.66
	Capital	<u>297.94</u>	<u>354.84</u>	<u>56.90</u>	<u>148.74</u>
	Grand Total:-	727.39	823.60	96.21	210.19

APPENDIX 2.3

Statement showing cases where supplementary
grant was inadequate

(Reference paragraph 2.2.2(d) at page 18)

Grant/ Appropriation No.	Department	Original grant	Supple- mentary	Expen- diture	Excess
(1)	(2)	(3)	(4)	(5)	(6)

REVENUE SECTION

1	Home	71.35	8.30	87.62	7.97
2	General Administration	3.98	0.92	5.17	0.27
7	Works	75.46	9.64	101.81	16.71
249-	Finance	161.43	8.03	171.95	2.49
Interest Payment					
		<u>312.22</u>	<u>26.89</u>	<u>366.55</u>	<u>27.44</u>

CAPITAL SECTION

20	Irrigation and Power	<u>245.02</u>	<u>24.98</u>	<u>282.17</u>	<u>12.17</u>
		<u>245.02</u>	<u>24.98</u>	<u>282.17</u>	<u>12.17</u>
		<u>557.24</u>	<u>51.87</u>	<u>648.72</u>	<u>39.61</u>

APPENDIX 2.4

Statement showing instances of injudicious
reappropriations

(Reference: Paragraph 2.3 at page 29)

Sl. No.	Grant No.	Head of Accounts	Provision (Original plus supplementary) (4)	Reappropriation (5)	Total Grant (6)	Expenditure (7)	Excess(+) Saving(-) (8)
(1)	(2)	(3)	(4) (Rupees in Crores)	(5)	(6)	(7)	(8)
1.	1	214-Administration Justice B-Civil and Session Courts	3.32	(-)0.21	3.11	3.02	(-)0.09
2.		252-Secretariat General Services G-Secretariat	2.52	(-)0.21	2.31	2.37	(+)0.06
3.		256-Jails Z-Jails	4.34	(-)0.23	4.11	4.08	(-)0.03
4.		229-Land Revenue A-Survey and settle- ment operation	7.15	(-)0.46	6.69	6.58	(-)0.11
5.		B-Management of Government Estates	20.43	(-)1.51	18.92	18.74	(-)0.18
6.		252-Secretariat General Services O-Board of Revenue	1.17	(-)0.55	1.72	1.76	(+)0.04
7.		253-District Administration R-District Establishment	5.67	(-)0.23	5.44	5.56	(+)0.12
8.		289-Relief on Account of Natural Calamities EE-Other expenditure	4.94	(-)0.30	4.65	4.61	(-)0.04

APPENDIX 2.4. Contd.

Statement showing instances of injudicious reappropriations

(Reference: Paragraph 2.3 at page 29)

Sl. No.	Grant No.	Head of Accounts	Provision (Original plus supplementary)	Reappropriation	Total Grant	Expenditure	Excess(+) Saving(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
9.	3	HH-Gratuitous Relief	4.87	(-)0.58	3.29	3.16	(-)0.14
10.		II-Drinking Water Supply	0.36	(-)0.30	0.06	...	(-)0.06
11.		MM-Assistance for Repair/Reconstruction of Houses	2.43	(+)0.30	2.73	2.51	(-)0.22
12.		WW - Other expenditure	1.66	(-)0.43	1.23	1.27	(+)0.04
13.		363-Compensation and assignments to local bodies and Panchayat Raj institutions					
		EE-Other miscellaneous compensation and assignments	1.31	(-)0.26	1.05	1.02	(-)0.03
14.	5	240-Sales Tax					
		A-Direction and Administration	4.56	(+)0.21	4.77	4.54	(-)0.23
15.		288-Social Security and Welfare					
		V- Pension to freedom fighters and their dependants	0.28	(+)0.53	0.81	0.77	(-)0.04

APPENDIX 2.4 Contd.

Statement showing instances of injudicious
reappropriations

(Reference: Paragraph 2.3 at page 29)

Sl. No.	Gr- nt No.	Head of Accounts	Provision (Original plus supplementary)	Reappro- priation	Total Grant	Expen- diture	Excess(+) Saving(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
				(Rupees	in Crores)	
16.	7	259-Public Works D-Maintenance and repair	6.45	(-)0.45	6.00	6.04	(+)0.04
17.	7	283-Housing Government Residential Buildings Z-Maintenance and Repair	3.85	(+)0.36	4.21	4.10	(-)0.11
18.		336-Civil Aviation UU-District and other Roads	21.01	(-)1.00	20.01	20.11	(+)0.11
19.		477-Capital outlay on Education and Culture GGG-University and other Higher Education	3.96	(-)0.42	3.54	3.49	(-)0.05
20.		483-Capital outlay on Housing Government Residen- tial Buildings UUU- Construct ion	2.74	(-)0.69	2.06	2.10	(+)0.04
21.		YYY- Other expenditure	1.55	(-)0.22	1.33	1.21	(-)0.12
22.		528-Capital outlay on Mines and Metallurgical Industries PPP-Const ruction	0.54	(-)0.50	0.04	0.06	(+)0.02

APPENDIX 2.4 Contd.

Statement showing instances of injudicious
reappropriations

(Reference: Paragraph 2.3 at page 29)

Sl. No.	Grant No.	Head of Accounts	Provision (Original plus supplementary) (4)	Reappropriation (5)	Total Grant (6)	Expenditure (7)	Excess(+) Saving(-) (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
				(Rupees	in	Crores)
23.	10	277-Education Y-Assistance to non-Government Primary Schools	1.01	(-)0.23	0.78	0.77	(-)0.01
24.		Z-Assistance to local bodies for Primary Education	3.36	(-)0.57	2.79	2.60	(-)0.19
25.		AA-Tribal Areas Sub-Plan Secondary Education	2.76	(-)0.51	2.25	2.06	(-)0.19
26.		BB-Government Secondary Schools	0.63	(-)0.29	0.34	0.33	(-)0.01
27.		CC-Assistance to Non-Government Secondary Schools	6.52	(-)0.20	6.32	5.74	(-)0.58
28.		FF-Tribal Areas Sub-Plan Government Secondary Schools	2.43	(+)0.26	2.69	2.63	(-)0.06
29.		HH-Adult Education	0.54	(-)0.27	0.27	0.26	(-)0.01
30.		NN-Government Colleges	2.29	(-)0.23	2.06	1.80	(-)0.26
31.		DD-Adult Education	1.69	(-)0.63	1.06	0.97	(-)0.09
32.		GGG-Tribal Areas Sub-Plan	1.23	(-)0.47	0.76	0.70	(-)0.06
33.	11	288-Social Security and Welfare J-Welfare of Scheduled Castes	0.35	(+)1.04	1.39	1.41	(+)0.02

APPENDIX 2.4 Contd.

Statement showing instances of injudicious
reappropriations

(Reference: Paragraph 2.3 at page 29)

Sl. No.	Grant No.	Head of Accounts	Provision (Original plus supplementary)	Reappropriation	Total Grant	Expenditure	Excess(+) Saving(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(Rupees in Crores)							
34.	11	K-Welfare of Scheduled Tribes	1.34	(+)1.03	2.37	2.41	(+)0.04
35.		L-Tribal Area Sub-Plan	17.46	(-)0.23	17.23	17.37	(+)0.14
36.	12	280-Medical					
		L-Medical Relief	30.27	(-)0.28	29.99	31.02	(+)1.03
37.		R-Medical Relief	5.60	(-)0.40	5.20	5.68	(+)0.48
38.		281-Family Welfare					
		QQ-Training Research and Statistics	1.06	(-)1.51	0.55	0.39	(-)0.16
39.		RR-Tribal Areas Sub-Plan	6.65	(-)1.85	4.80	4.58	(-)0.22
40.		282-Public Health, Sanitation and Water Supply					
		III-Prevention and control of Diseases	1.42	(-)0.27	1.15	0.98	(-)0.17
41.	13	282-Public Health, Sanitation and Water Supply					
		GG-Rural Water Supply Scheme	15.00	(-)5.08	9.92	6.59	(-)3.33
42.		HH-Tribal Area Sub-Plan	5.00	(-)2.04	2.96	6.29	(+)3.33
43.		288-Social Security and Welfare					
		EEE-Irrecoverable Temporary Loan					
		Written Off	1.48	(-)1.00	0.48	1.26	(+)0.78

APPENDIX 2.4 Contd.

Statement showing instances of injudicious
reappropriations

(Reference: Paragraph 2.3 at page 29)

Sl. No.	Grant No.	Head of Accounts	Provision (Original plus supplementary)	Reappropriation	Total Grant	Expenditure	Excess(-) Saving(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(Rupees in Crores)							
44.	18	288-Social Security and Welfare					
		R-Family and Child Welfare	3.76	(-)1.73	2.03	2.19	(+)0.16
45.		S-Tribal Area Sub-Plan	1.80	(-)0.65	1.15	1.42	(+)0.27
46.		305-Agriculture AA-Tribal Area Sub-Plan	7.27	(-)0.32	6.95	6.75	(-)0.20
47.		BB- Other expenditure	4.69	(-)1.13	3.56	3.62	(+)0.06
48.		314-Community Development					
		RR-Other expenditure	7.14	(-)0.76	6.38	6.40	(+)0.02
49.		WW-Other expenditure	7.14	(-)1.09	6.05	6.74	(+)0.69
50.	20	331-Water and Power Development Services					
		K-Training	0.76	(-)0.46	0.30	0.46	(+)0.16
51.	20	512-Capital outlay on Fisheries					
		HHH-Fishing Harbour and Landing Facilities	1.37	(-)1.10	0.27	0.17	(-)0.10

APPENDIX 2.4 Contd.

Statement showing instances of injudicious
reappropriations

(Reference: Paragraph 2.3 at page 29)

Sl. No.	Gr-nt No.	Head of Accounts	Provision (Original plus supplementary)	Reappro- priation	Total Grant	Expen- diture	Excess(+) Saving(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
				(Rupees	in	Crores),
52.	20	532-Capital outlay on Multipurpose River Project PPP-Power Scheme (Rengali Project)	13.48	(+)2.00	15.47	13.91	(-)1.56
53.	20	RRR-Tribal Areas Sub-Plan (Upper Kolab Project)	36.80	(+)2.67	39.47	38.79	(-)0.68
54.	20	SSS-Tribal Areas Sub-Plan (Upper Indravati Project)	54.93	(-)5.70	49.23	53.09	(+)3.86
55.	20	UUU-Tribal Areas Sub-Plan (Potteru Irrigation Project)	16.24	(-)11.21	5.03	5.13	(+)0.10
56.	20	533-Capital outlay on Irrigation, navigation, Drainage and Flood Control Projects WWW- Anandapur Barrage	1.80	(-)0.50	1.30	1.87	(+)0.56
57.		BBBB-Kuanria Irrigation Project	0.01	(+)0.31	0.32	0.47	(+)0.15

APPENDIX 2.4 Contd.

Statement showing instances of injudicious reappropriations

(Reference: Paragraph 2.3 at page 29)

Sl. No.	Grant No.	Head of Accounts	Provision (Original plus supplementary)	Reappropriation	Total Grant	Expenditure	Excess(+) Saving(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
				(Rupees		in	Crores)
58.		CCCC-Harabhangi Irrigation Project	5.25	(-)1.10	4.15	3.93	(-)0.23
59.		EEEE-Daha Irrigation Project	0.01	(+)0.62	0.63	0.94	(+)0.31
60.		KKKK-Hariharjore Irrigation Project	6.00	(-)1.97	4.03	3.79	(-)0.24
61.		LLLL-Ong Irrigation Project	1.55	(-)0.50	1.05	1.08	(+)0.03
62.		MMMM-Ramiala Irrigation Project	0.03	(+)1.08	1.11	1.43	(+)0.32
63.		NNNN-Gohira Irrigation Project	0.14	(+)0.74	0.88	1.16	(+)0.28
64.		RRRR-Mahanadi Birupa Barrage	35.00	(-)2.85	32.15	39.53	(+)7.38
65.		DDDDD-Tribal Area Sub-Plan	23.89	(-)2.69	20.20	22.70	(+)1.50
66.	21	536-Capital outlay on Civil Aviation P-Aeronautical Communication and other services	0.61	(-)0.23	0.38	0.37	(-)0.01
67.	22	310-Animal Husbandry Z- Other expenditure	0.41	(-)0.23	0.18	0.20	(+)0.02

APPENDIX 2.4 Contd.

Statement showing instances of injudicious reappropriations

(Reference: Paragraph 2.3 at page 29)

Sl. No.	Grant No.	Head of Accounts	Provision (Original plus supplementary)	Reappropriation	Total Grant	Expenditure	Excess(+) Saving(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(Rupees in Crores)							
68.	23	305-Agriculture W-Multiplication and distribution of seeds	4.72	(-)0.62	4.10	3.88	(-)0.22
69.		YY-Tribal Areas Sub-Plan	4.89	(-)0.28	4.61	4.86	(+)0.25
70.		498-Capital outlay on Co-operation BBBB-Wire housing and marketing co-operative	1.57	(-)0.55	1.02	0.83	(-)0.19
71.		GGGG-Wire housing and marketing co-operative	2.18	(-)1.17	1.01	1.19	(+)0.18
72.		705-Loans for Agriculture XXXX-Manures and Fertilisers	6.00	(-)1.49	4.51	4.54	(+)0.03
73.	Charged appropriations	249-Interest payment A-Interest on Market Loans	32.39	(+)0.70	33.09	43.11	(+)10.02
74.	-do-	B-Interest on other internal debt	8.61	(-)2.21	6.40	6.69	(+)0.29
75.	-do-	E-Interest on loans for Non-Plan Schemes	19.28	(+)1.08	20.36	15.76	(-)4.60

APPENDIX 2.4 Contd.

Statement showing instances of injudicious reappropriations

(Reference: Paragraph 2.3 at page 29)

Sl. No.	Gr- nt No.	Head of Accounts	Provision (Original plus supplementary)	Reappro- priation	Total Grant	Expen- diture	Excess(+) Saving(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(Rupees in Crores)							
76.	Charged	F-Interest on Appropriation loan for State Plan Schemes	19.09	(-)0.68	18.41	24.66	(+)6.25
77.	-do-	I-Interest on pre 1979-80 Loans Consolidated loans for production and semi-production purposes	55.80	(+)0.50	56.30	48.23	(-)8.07
78.	-do-	603-Internal debt of the State Government					
		A-Market loans bearing interest	16.32	...	(-)16.32	...	(+)12.47
79.	-do-	B-Market loans not bearing interest	...	(+)16.45	16.45	4.32	(-)12.13
80.	-do-	C-Ways and Means Advances from the Reserve Bank of India	305.66	(-)111.99	189.67	226.44	(+)36.77

APPENDIX 2.4 Concl'd.

Statement showing instances of injudicious
reappropriations

(Reference: Paragraph 2.3 at page 29)

Sl. No.	Grant No.	Head of Accounts	Provision (Original plus supplementary)	Reappropriation	Total Grant	Expenditure	Excess(+) Saving(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(Rupees in Crores)							
81.	Charged Appropriation	604-Loans and Advances from the Central Government A- Loans for Agriculture Manures and Fertilisers	15.00	(-)7.25	7.75	4.00	(-)3.75
82.	Charged Appropriation	G-Block Loans for State Plans	17.84	(-)1.33	16.51	16.54	(+)0.03

APPENDIX

Statement showing misappropriations, losses, etc.,
pending finalisation at the

(Reference to Paragraph

Sl. Name of the Department		Cases in which criminal/departmental proceedings have not been instituted due to non-receipt of detailed reports from sub-ordinate authorities		Cases in which departmental action started but not finalised	
		Number of cases	Amount (Rs. in lakhs)	Number of cases	Amount (Rs. in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)
1.	Revenue and Excise	28	19.04	67	9.28
2.	Forest, Fisheries and Animal Husbandry	187	67.84	105	67.17
3.	Agriculture and Co-operation	29	10.67	84	17.05
4.	Health and Family Welfare	9	5.57	32	4.98
5.	Education and Youth Services	10	6.05	40	12.42
6.	Community Develop- ment and Rural Reconstruction	21	5.91	19	10.09
7.	Harijan and Tribal Welfare	3	0.20	25	3.70
8.	Industries	5	0.53	23	2.04
9.	Home	2	0.36	18	3.91
10.	Finance	7	0.52	10	2.86
11.	Commerce and Transport	1	0.75	3	0.53
12.	Food and Civil Supplies	. . .	. . .	1	0.03

3.1

reported upto 31st March 1987
end of September, 1987

3.12 at Page 74)

Cases in which criminal cases were finalised but execu- tion certificate cases for recovery of the amounts are pending		Cases awaiting Government orders for recovery or write-off		Cases in Courts of Law		Total	
No. of cases	Amount (Rs. in lakhs)	No. of cases	Amount (Rs. in lakhs)	No. of cases	Amount (Rs. in lakhs)	No. of cases	Amount (Rs. in lakhs)
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
37	6.31	9	0.98	10	0.72	151	36.33
1	0.11	19	2.00	13	12.99	325	150.11
..	..	14	0.56	9	0.53	136	28.81
..	..	7	0.40	8	5.27	56	16.22
..	..	1	0.13	9	3.62	60	22.22
4	0.90	3	0.43	7	0.87	54	18.20
3	0.05	2	0.51	8	3.02	41	7.48
..	..	6	0.68	6	0.35	40	3.60
..	..	3	0.88	8	3.16	31	8.31
..	..	4	0.30	4	0.91	25	4.59
1	0.14	1	0.10	..	..	6	1.52
3	2.95	1	0.01	1	0.09	6	3.08

APPENDIX

Statement showing misappropriations, losses, etc.,
pending finalisation at the

(Reference to Paragraph

Sl. Name of the No. Department		Cases in which criminal/departmental proceedings have not been instituted due to non-receipt of detailed reports from sub-ordinate authorities		Cases in which departmental action started but not finalised	
		Number of cases	Amount (Rs. in lakhs)	Number of cases	Amount (Rs. in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)
13.	Information and Public Relation	7	0.25	3	0.32
14.	Labour and Employment	1	0.05	3	0.27
15.	Law	6	0.49	2	0.05
16.	Mining and Geology	1	0.03	. . .	. . .
17.	General Administration	. . .	. . .	. . .	. . .
18.	Tourism, Sports and Culture	. . .	. . .	. . .	. . .
19.	Planning and Co-ordination	. . .	. . .	. . .	. . .
20.	Irrigation and Power	88	44.09	134	30.57
21.	Works (including Rural Roads and Buildings)	21	12.47	128	120.09
22.	Housing and Urban Development Department	4	3.38	73	9.56
		<u>430</u>	<u>178.20</u>	<u>770</u>	<u>294.92</u>

3.1 Concl'd.

reported upto 31st March 1987
end of September 1987

3.12 at Page 74)

Cases in which criminal cases were finalised but execu- tion certificate cases for recovery of the amounts are pending		Cases awaiting Government orders for recovery or write-off		Cases in Courts of Law		Total	
No.of cases	Amount (Rs.in lakhs)	No.of cases	Amount (Rs.in lakhs)	No.of cases	Amount (Rs.in lakhs)	No.of cases	Amount (Rs.in lakhs)
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
..	10	0.57
..	1	0.70	5	1.02
..	..	1	1.69	5	2.38	14	4.61
..	1	0.47	2	0.50
..	1	0.95	1	0.95
..	..	1	0.16	..	..	1	0.16
..	1	0.08	1	0.08
3	0.12	23	12.55	6	0.19	254	87.51
..	..	2	12.12	..	..	151	144.68
..	4	0.34	81	13.29
<u>52</u>	<u>10.58</u>	<u>97</u>	<u>33.50</u>	<u>102</u>	<u>36.64</u>	<u>1451</u>	<u>553.84</u>

APPENDIX

Summarised financial result of the working of depart-

(Reference to Paragraph

Name of the Undertaking	Name of the department	Year of account	Govern-ment capital	Mean capital
(1)	(2)	(3)	(4)	(5)
			(Rupees in lakhs)	
Cold Storage Plant,Cuttack (Unit-II)	Agriculture	1976	21.04	23.10
Cold Storage Plant,Bolangir	Agriculture	1979	10.48	12.11
	Agriculture	1980	13.75	12.86
	Agriculture	1981	14.77	14.25
	Agriculture	1982	14.87	15.32
K.S.Pottery Development	Industry	1984-85	17.43	17.08
	Industry	1985-86	17.85	18.79
Government trading in Kendu leaves	Forest	1977-78	1440.58	1402.74
	Forest	1978-79	1863.41	1406.00
	Forest	1979-80	2388.43	1818.00

6.1 **mentally managed Government Undertakings for the year** **1986-87**

6.1 , at Page 123)

Free Reserve	Block assets	Depreciation	Profit(+) Loss(-)	Percentage of return on the mean capital
(6)	(7)	(8)	(9)	(10)
(Rupees	in	lakhs)	
..	18.56	2.25	(-) 3.86	..
..	12.75	5.72	(-) 3.43	..
..	12.75	6.22	(+) 1.31	12.1
..	12.75	6.67	(-) 1.69	..
..	12.75	7.09	(-) 2.80	..
..	17.43	8.98	(-) 3.36	..
..	17.74	9.62	(-) 4.95	..
..	..	..	(-) 6.98	..
..	..	..	(+)400.61	28.5
..	..	..	(+)516.79	28.4

ERRATA

Report of the Comptroller and Auditor General of India for 1986-87 (Civil),
Government of Orissa.

Sl.No.	Page No.	Reference	For	Read
1	(ii)	Below Home Department	Police	State Police
2	19	Para 2.2.3 - 3rd line	Rs 59.20	Rs 58.20
3	22	Para 2.2.5 - 1st line	exceedings	exceeding
	27	Para 2.2.10(a) - 2nd line	shoudl	should
5	31	Para 2.6 - 6th line	importrant	important
6	31	Para 2.6 - 12th line	called	called for
7	35	Below the table-1st line	8,011	8,011 houses
8	35	Below the table-3rd line	Block Develop- Officer	Block Development Officers
9	47	Sub-para (c)-1st line	executged	executed
10	49	2nd line	Rs 2,58	Rs 2.58
11	61	Para 3.3.14-1st line	was	were
12	63	Fourth line	harbal	herbal
13	76	Para 4.1.1-4th line	Rs 733	Rs.738
14	77	4th point-1st line	excess of	exces payment of
15	77	7th pont-2nd line	as result	as a result
16	80	1st para-2nd line from bottom	the total	The total
17	81	Para 4.1.8-4th line	running	reach
18	88	Para 4.2.2 2nd line	riview	review
19	99	second line from bottom	would could	could
20	103	Para 4.5-4th line	Road	Reach
21	106	9th line	times	items
22	107	Para 4.9-3rd line	rs.64.18	Rs.64.18
23	109	Para 4.10-1st sub- para-2nd line from bottom	stipulation	stipulated
24	114	Para 4.14-first sub- para-6th line from bottom	calandar	calendar
25	117	Para 5.2-2nd line	diametre	diameter

Sl.No.	Page No.	Reference	For	Read
26	117	Para 5.2-2nd line	Ploy-Vinyl	Poly-Vinyl
27	118	Para 5.3-4th line	diametre	diameter
28	118	Para 5.3-5th line	diametre	diameter
29	118	Para 5.3-2nd sub- para-4th line	the	The
30	119	Table-second column	contratoes	contractors
31	130	Third point-4th line	realized	realised
32	134	Para 7.2.7-1st line	7.2.7.1	(sub para number may be ignored)
33	136	Para 7.2.11-3rd line	certificate	certificates



