



**REPORT
OF THE
COMPTROLLER AND
AUDITOR GENERAL OF INDIA**

**FOR THE YEAR ENDED
31 MARCH 1997**

No.3

(CIVIL)

GOVERNMENT OF ORISSA

FOR THE YEAR 1911

1911

THE
MILITARY

ADJUTANT GENERAL'S
COMPTROLLER
GENERAL
RECORDS

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PREFATORY REMARKS

The Report has been prepared for submission to the Governor under Article 151 of the Constitution. It contains audit comments on points arising from the Appropriation Accounts and Finance Accounts of the State for 1996-97 as well as from audit of other financial transactions of Government of Orissa including reviews on Non-Formal Education, Working of Health & Family Welfare Department, Contract Management and Trading in Kendu Leaves.

2. Reports containing observations of Audit on Statutory Corporations and Government Companies and on Revenue receipts are presented separately.

3. The cases mentioned in the present Report are among those which came to notice in the course of test-audit of accounts during 1996-97 as well as those which had come to notice in earlier years but could not be dealt with in the previous Reports. Matters relating to the period subsequent to 1996-97 have also been included wherever considered appropriate.

OVERVIEW

This report includes two chapters on the Finance and Appropriation Accounts of the Government of Orissa for the year 1996-97 and five other chapters, comprising four reviews and 75 paragraphs, based on the audit of certain selected programmes and activities and of the financial transactions of the Government. A synopsis of the important findings contained in the Report is presented in this overview.

1. Accounts of the State Government

Revenue deficit is a regular feature of the state's financial performance during the past several years. The deficit registered an all time high of Rs.830.49 crore in 1996-97. Assets formation did not keep pace with the liabilities. Assets at the end of March 1997 were valued at Rs.9156 crore as against the liabilities of Rs.12236 crore. The growth in assets and liabilities were of the order of 50 *per cent* and 80 *per cent* respectively at the end of March 1997 with regard to 1992-93 as the base year. Revenue deficit having been met through borrowings the interest burden was on the rise.

(Paragraph 1.4 & 1.10)

Revenue Receipts

The receipts of the State Government increased to Rs.4287 crore in 1996-97 from Rs.2913 crore in 1992-93. This represented an increase of 47 *per cent*. The non-tax revenue realised from State's own resources increased from Rs.388 crore in 1992-93 to Rs.482 crore in 1996-97 and the tax revenue of the State increased from Rs.762 crore to Rs.1342 crore during the same period. While the revenue realised from the State's own resources increased by 59 *per cent* between 1992-93 to 1996-97, the aggregate of the amounts received by the State on account of share of net proceeds of Income Tax, share of Union Excise Duties and Grants-in-aid increased by 40 *per cent* from Rs.1763 crore to Rs.2463 crore during the same period.

(Paragraph 1.7)

Revenue Expenditure

Revenue expenditure increased from Rs.3049 crore in 1992-93 to Rs.5117 crore in 1996-97; an increase of 68 *per cent*. While plan revenue expenditure increased by 81 *per cent*

from Rs.748 crore in 1992-93 to Rs.1351 crore in 1996-97, growth in the non-plan revenue expenditure was 64 *per cent* from Rs.2301 crore to Rs.3766 crore during the same period.

(Paragraph 1.8)

During 1992-97 grants and loans paid to non-government bodies/authorities represented 17 to 27 *per cent* of the revenue expenditure.

(Paragraph 1.8.2)

Capital Expenditure

Though Capital expenditure increased from Rs.587 crore in 1992-93 to Rs.879 crore in 1996-97, the percentage of such expenditure in General and Social services dropped to 1 and 9 *per cent* in 1996-97 from 2 and 14 *per cent* respectively.during the past 2 to 3 years.

(Paragraph 1.9.1)

Against the total investment of Rs.1214 crore upto the end March 1997 in various public sector undertakings and co-operative institutions, the dividend received during 1996-97 was only Rs.36 lakh.

(Paragraph 1.8.2)

Public Debt and Interest Payments

Most of the receipts under Public debt were appropriated towards servicing of debt and interest payments. Public Debt rose from Rs.4821 crore at the end of 1992-93 to Rs.8306 crore by the end of 1996-97. Inclusive of other liabilities, the total liabilities of the Government went up from Rs.6166 crore to Rs.10934 crore between 1992-93 and 1996-97 representing an increase of 77 *per cent*. Interest payment increased by Rs.537 crore from Rs.542 crore in 1992-93 to Rs.1079 crore in 1996-97. The repayment of the Central Government loans and interest thereon aggregating Rs.667 crore during 1996-97 represented 95 *per cent* of the amount of Central Government loans (Rs.701 crore) received during the year.

(Paragraph 1.8.1, 1.11.1, 1.11.2 & 1.11.3)

While Government paid interest aggregating Rs.1079 crore on debt and other obligations during 1996-97, the interest received on all accounts was Rs.13 crore only leaving a net interest burden of Rs.1066 crore.

(Paragraph 1.8.1)

Fiscal deficit

Fiscal deficit had risen sharply from Rs.740 crore in 1992-93 to Rs.1602 crore in 1996-97 registering an increase of 116 *per cent*.

(Paragraph 1.10.2)

2. Appropriation and control over expenditure

Against the total budget provision of Rs.9293 crore including supplementary provision, expenditure of Rs.8658 crore was incurred during 1996-97. The overall saving of Rs.635 crore was the net result of saving of Rs.1252 crore in 84 cases involving 37 voted grants and 18 charged appropriations and excess of Rs.617 crore in 8 cases involving 6 voted grants and 2 charged appropriations. The excess relating to 6 voted grants and 2 charged appropriations require regularisation under Article 205 of the Constitution.

In the face of overall saving of Rs.635 crore supplementary provisions for Rs.1686 crore obtained during the year was not justified.

Persistent savings ranging from 11 *per cent* to 100 *per cent* occurred in 27 grants and appropriations over a period of three years. In 4 grants the expenditure continued to be more than the budget provision ranging from 10 *per cent* to 65 *per cent* during 1994-95 to 1996-97.

(Paragraph 2.1, 2.2 and 2.2.3)

The expenditure for the year as reflected in the accounts was inflated by Rs.69.36 crore (Rs.23.13 crore kept in PL Account, Rs.31.24 crore kept in Civil Deposits, Rs.8.46 crore in DCRS/Bank Draft and Rs.6.53 crore as undisbursed drawals) in respect of test-checked units.

(Paragraph 2.1)

Contrary to the provisions in the Orissa Budget Manual, Rs.7.94 crore, Rs.14.34 crore and Rs.1.93 crore were provided in the budget on lump sum basis, for vacant posts and new services respectively.

(Paragraph 2.5.1, 2.5.2, 2.7)

Rs.112.79 crore were surrendered by three departments on 31 March 1997.

(Paragraph 2.5.3)

Rs.2 crore drawn from Contingency Fund by Women & Child Welfare Department for allotting to National Institute of Social Work and Social Science remained undisbursed till August 1997.

(Paragraph 2.5.4)

Advances from Contingency Fund aggregating Rs.10.58 crore remained un-recouped for periods ranging from 1 year to over 10 years.

(Paragraph 2.9)

3. Working of Health and Family Welfare Department.

The performance of Health and Family Welfare Department of Orissa in the field of health care and related activities was reviewed in audit. The review revealed :

Overall saving of Rs.124.97 crore during the years 1993-94 to 1996-97 occurred due to non-filling of vacant posts (Non-Plan) and non-receipt of central assistance (Plan).

Expenditure on salaries showed rising trend in contrast with expenditure on diet and medicine. In PHCs and CHCs in the rural sector unspent amounts relating to provision under diet were Rs.31.80 lakh, Rs.29.26 lakh and Rs.29.88 lakh during 1993-94, 1994-95 and 1995-96 respectively. The savings were effected by the supply of sub-standard diet : Calorific value of the diet was only 910 as against the norm 1200-1300 calories.

Rs.15.51 crore mostly related to various plan scheme under central assistance remained under Civil Deposits since 1983-84 to 1996-97.

Rs.74.13 lakh spent from 1991-92 to 1995-96 on purchase of 31 X-Ray machines proved unfruitful due to lack of dark room facilities and non-availability of technicians.

Non-reduction of reserved beds in Manasik Arogyasala, Ranchi led to avoidable expenditure of Rs.89.44 lakh.

Equipment valuing Rs.68.06 lakh in two Medical College Hospitals were not functioning due to want of repairs.

For want of equipment, open heart surgery and attention to cardiac patients were affected in SCB Medical College Hospital.

Unfruitful expenditure for Rs.75.81 lakh was made on pay and allowances to drivers attached to ambulances and vehicles which remained off-road.

In Kalahandi district two mobile health units were run by pharmacists since July 1995 without doctors. The post of Medical Superintendent of Government TB Hospital in Kalahandi district remained vacant from August 1994 to June 1997 affecting the management of the hospital.

Large number (622) of posts of doctors remained vacant as of August 1997 out of which 77 numbers related to Kalahandi, Bolangir and Koraput (KBK) districts.

Rs.1.66 crore comprising 65 *per cent* of total amount released under AIDS Control Programme were lying in civil deposit/in shape of bank deposit/cash since 1991-92.

Out of 5198 Gram Panchayats in the State as many as 3792 Gram Panchayats had no facilities of allopathic medical institutions.

(Paragraph 3.4)

4. Non-formal Education

In order to impart non-formal education (NFE) to children having no access to formal schooling, "Non-formal Education Schemes" was launched with sponsorship of Central Government. The review of progress and performance of the scheme in audit and findings thereon were as under :

Central share of Rs.5.75 crore received by Government of Orissa in 1995-96 was not released and consequently "8000 girls" centres were not sanctioned/established as of March 1997.

Rs.2.54 crore shown as spent under the programme was kept as Deposit at Call Receipt (Rs.0.90 crore), in current account with banks (Rs.1.12 crore) and in cash and as advances (Rs.0.52 crore).

Funds in respect of 145 defunct centres and 88 centres yet to be opened were drawn and kept in the shape of cash (Rs.34.71 lakh) and materials (Rs.1.17 lakh). Expenditure of Rs.3.20 lakh was incurred in respect of 43 numbers of idle staff.

NFE course based on Minimum Level Learning (MLL) system was not introduced and centres were running with old integrated course.

Village Education Committee were not set up in any of 5100 centres under test-checked districts and honorarium was being paid without countersignature of the Chairman of the committee. In 4 District Inspectorates of Schools test checked, such payments amounted to Rs.60.93 lakh.

In Boipariguda and Kundra Project of DIS, Jeypore, 53 instructors were engaged for one year by issuing fake engagement letters by the Junior Co-ordinator.

(Paragraph 3.1)

5. Contract Management in Works Department

Management of contracts relating to works involving expenditure above Rs.5 lakh entered into or paid during the period from 1994-95 to 1996-97 was reviewed and the following points emerged:

Roads and Buildings Wing in Works Department spent an amount of Rs.190.91 crore in the last 5 years on construction of roads and bridges (Rs.141.25 crore) and buildings (Rs.49.66 crore).

Expenditure of Rs.4.03 crore was incurred on construction of a high level bridge over river Daya at Tirumala ghat without obtaining technical sanction and revised administrative approval of the government.

Non-acceptance of the tender for construction of a high level bridge over Mahanadi within the validity period and cancellation of valid tender resulted in extra liability of Rs.3.62 crore to the department.

Expenditure of Rs.3.21 crore was booked in 5 divisions, test checked, towards cost of materials in order to avoid lapse of budget allotment.

Non-completion of work by a contractor resulted in extra liability of Rs.1.38 crore to the department. Besides, government dues of Rs.3.79 lakh were not recovered from the contractor.

Rs.1.48 crore towards additional expenditure involved in execution of balance works left incomplete by the original contractors and cost of departmental materials (Rs.20.44 lakh), remaining unused, were not realised from 14 contractors.

Due to abandonment of construction of high level bridge over river Kharasuan by a firm, there was extra liability of Rs.71.45 lakh involved in execution of balance work. Government dues of Rs.21.42 lakh were also not recovered from the firm. Expenditure of Rs.17.62 lakh incurred on mobilisation, setting up of camp, and first set of drawing on the unexecuted portion of work became infructuous.

Payment of escalation on labour computed on consumers' price index for industrial workers instead of minimum wages notified for industrial workers resulted in an excess payment of Rs.68.36 lakh to eleven contractors.

Failure of department to file a counter to the excess claims of a contractor before the Arbitrator resulted in an extra expenditure of Rs.11.39 lakh to the department. Departmental action to fix responsibility leading to extra expenditure was not initiated as of May 1997.

(Paragraph 4.1)

6. Trading in Kendu Leaves

Kendu leaves are used to wrap tobacco in the manufacture of bidies. Sale proceeds/royalties received from trade in Kendu leaves forms a major part of the State's revenue. While production of Kendu leaf is looked after by the Forest Department, trading was nationalised in January 1973 and vested with the Orissa Forest Development Corporation (OFDC) as the government's sole selling agent.

Agreement required to be executed between the OFDC and Government at the beginning of each crop year was not executed for the crops of 1994, 1995 and 1996.

Working advances by the Corporation to the Forest Divisions were delayed which affected the calendar of operation. An accumulated amount of Rs.18.31 crore was outstanding upto February 1997 for payment to Government by OFDC.

Proforma Accounts were not maintained or submitted annually by Forest Department to Government and Accountant General since 1990-91.

Commission on sale proceeds of the corporation as well as royalties paid to Government declined from Rs.6.86 crore to Rs.5.85 crore and from Rs.61.01 crore to Rs.53.79 crore respectively from 1992 to 1996 due to increase in working expenses of OFDC.

In Deogarh Division there was under-realisation of sale value to the extent of Rs.1.73 crore and blocking of Government money due to huge unsold stocks from 1992 to 1996 valued at Rs.1.30 crore.

Deliveries to/from godowns were not being weighed either by Forest Department or by the purchaser at the time of lifting which led to a loss of Rs.67.27 lakh on this account from 1992 to 1996.

Sales tax to the tune of Rs.4.48 crore was not realised by OFDC from traders. An amount Rs.1 crore had to be paid by OFDC to sales tax department on a demand raised by Sales Tax Authorities and interim orders of High Court on an appeal filed by OFDC.

The absence of proper documents in support of exemption allowed by OFDC in respect of exports led to demand for sales tax being raised by Sales Tax Department.

(Paragraph 7.2)

7. Other points of interest

- (i) Due to inaction on the part of the Government (School and Mass Education Department), a sum of Rs.3.94 crore was locked up by way of advance with the supplier M/s Konark T.V. Limited, for periods ranging 3 to 9 years depriving 3800 no. of Schools of the benefit of colour television sets under Education Technology Programme.

(Paragraph 3.2)

- (ii) Owing to lack of maintenance and cultural operation of the coffee plantations/estates over 224 hectares in Machkund area of Koraput district, Government had to suffer loss of production valuing Rs.1.45 crore during 1992-93 to 1995-96.

(Paragraph 3.7)

- (iii) Government lost Rs.1.72 crore on investment in a Shrimp farm project which became unviable. As the Government was taking ways and means advances from Reserve Bank of India, the interest burden on this injudicious investment amounted to Rs.45.39 lakh.

(Paragraph 3.17)

- (iv) Due to sub-standard seeds, the demonstration of Soyabean Cultivation failed rendering the expenditure of Rs.57.43 lakh largely unfruitful and the process of absorption of technology by farmers suffered a set-back. Besides, input given by the participating farmers amounting to Rs.56.76 lakh were wasted.

(Paragraph 3.8)

- (v) Government incurred nugatory expenditure of Rs.29.19 lakh towards pay and allowances as of November 1997 on idle staff in Sukinda Seed Farm.

(Paragraph 3.11)

- (vi) Inadmissible payment of special diet allowance to the tune of Rs.69.03 lakh was made to the police personnel.

(Paragraph 3.14)

- (vii) Improper planning and execution led to wasteful expenditure to the tune of Rs.3.39 lakh and blocking of fund amounting to Rs.7.20 lakh (from 1987-88 till date).

(Paragraph 3.18)

- (viii) Failure on the part of Project Manager, District Industries Centre, Rourkela to take prescribed action for recovery of sales tax loan led to Government dues of Rs.20.98 lakh remaining unrecovered for over three to five years.

(Paragraph 3.20)

- (ix) Failure of revenue officials to obtain revision orders from board of revenue on known cases of irregular transfer of titles in land led to avoidable payment of compensation by State Government amounting to Rs.41 lakh.
(Paragraph 3.21)
- (x) Inadequate provision of water way in the original design, execution of an additional span and non-execution of the work as per specification in construction of a high level bridge resulted in extra expenditure of Rs.54.45 lakh apart from infructuous expenditure of Rs.1.98 lakh. Government dues of Rs.1.14 crore also remained unrecovered from the executing agency.
(Paragraph 4.3)
- (xi) Non-completion of the work by the original contractor and execution of balance work through another agency led to extra expenditure of Rs.29.54 lakh in construction of a high level bridge. Besides, Government dues of Rs.1.16 crore were not realised from the defaulting contractor.
(Paragraph 4.4)
- (xii) Failure of Department to act on the legal opinion resulted in loss of Rs.41.11 lakh due to non-recovery of differential royalty charges.
(Paragraph 4.5)
- (xiii) Payment of advances to a corporation in violation of the prescribed accounting procedure resulted in excess advance payment of Rs.54.28 lakh. Further, despite default in execution extra expenditure of Rs.78.93 lakh was not recovered due to termination of contract without enforcing risk and cost clause of the agreement.
(Paragraph 4.6)
- (xiv) Incorrect application of rates resulted in extra expenditure of Rs.9.08 crore in a World Bank aided project and involved excess payment of Rs.16.47 crore including price escalation on labour, material and POL.
(Paragraph 4.12)
- (xv) Frequent revision of item rates beyond the scope of the contract and non-recovery of the extra amount according to stipulation, constituted undue benefit of Rs.66.54 lakh to a Corporation.
(Paragraph 4.13)

- (xvi) Incorrect decision on the nature of the rock strata and non-execution of the spill channel according to design and specifications resulted in extra expenditure of Rs.1.38 crore.
(Paragraph 4.14)
- (xvii) Non-deductions of void prescribed for measuring quantity of earth excavated resulted in undue benefit of Rs.51.88 lakh to the contractor.
(Paragraph 4.18)
- (xviii) Erroneous inclusion of an item in the agreement for construction of canal syphon-cum-bridge resulted in over payment of Rs.78.39 lakh to the contractor.
(Paragraph 4.23)
- (xix) An amount of Rs.1.15 crore spent on a bridge remained unfruitful for more than three years as the bridge was not completed.
(Paragraph 4.31)
- (xx) Despite instructions of Government prohibiting use of 'hand receipts' an amount of Rs.22.44 crore was incurred on "hand receipts" irregularly representing maintenance and repair works by three departments of Government.
(Paragraph 4.35)
- (xxi) Mis-appropriation of bitumen by the carriage contractors through non-delivery and non-accountal of the bitumen by a Junior Engineer resulted in loss of Rs.1.09 crore to the department.
(Paragraph 5.1)
- (xxii) Purchase of materials above requirement resulted in loss of Rs.37.62 lakh to the Government.
(Paragraph 5.3)
- (xxiii) Due to non-implementation of various employment programmes under the schemes of Jawahar Rojgar Yojana and Rural Sanitation Programme in previous years, an amount of Rs.16.44 crore was deducted from the central assistance by the Government of India.
(Paragraph 6.1(b)(i))

- (xxiv) Rs.15.74 lakh were spent by the horticulturists in Mayurbhanj district but there was no evidence to establish that the nurseries were functioning .

(Paragraph 6.5)

- (xxv) Funds amounting to Rs.3.65 crore were diverted from one scheme to another in violation of the guidelines of the schemes.

(Paragraph 6.9)

- (xxvi) Faulty execution and abandonment of a project resulted in wasteful expenditure of Rs.10.55 lakh.

(Paragraph 6.10)

- (xxvii) Expenditure on dead and unsuccessful plantations aggregating Rs.10.49 lakh proved wasteful.

(Paragraph 6.11)

- (xxviii) Expenditure of Rs.40.01 lakh incurred under Income Generating Scheme was not covered by the guidelines.

(Paragraph 6.13)

- (xxix) Raising of Cashew plantation on Government owned land under Income Generating Scheme (IGS) in violation of guideline involved unauthorised expenditure of Rs.37.40 lakh apart from denial of intended benefits to the tribal beneficiaries.

(Paragraph 6.14)

CHAPTER I

ACCOUNTS OF THE STATE GOVERNMENT

1.1 Introduction

1.1.1 Structure of the government Accounts

The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Accounts.

Part I-Consolidated Fund

All receipts of the State Government from revenues, loans and recoveries of loans go into the Consolidated Fund of the State, constituted under Article 266 (1) of the Constitution of India. All expenditure of the government is incurred from this Fund and no amount can be withdrawn from the Fund without authorisation from the State Legislature. It consists of two main divisions, namely Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Accounts (Capital Receipts, Capital Expenditure, Public Debt and Loans etc.),

Part II-Contingency Fund

The Contingency Fund created under Article 267 (2) of the Constitution of India is in the nature of imprest placed at the disposal of the Governor of the state to meet urgent unforeseen expenditure pending authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent

amount from the Consolidated Fund to Contingency Fund. The corpus of this Fund authorised by the Legislature during the year was Rs.60 crore.

Part III-Public Account

Receipts and disbursements in respect of Small Savings, Provident Funds, Deposits, Reserve Funds, Suspense, Remittances etc. which do not form part of the Consolidated Fund are accounted for in Public Account and are not subject to vote by the State Legislature.

1.1.2 Annual Accounts

The accounts of the State Government are compiled annually by the Accountant General (Accounts and Entitlement), Orissa, Bhubaneswar. These are prepared in two volumes viz., the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation Accounts on the other hand, present the details of amounts actually spent by the State Government vis-à-vis the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

1.1.3 Audit Report

The Finance Accounts and the Appropriation Accounts as well as various transactions in these accounts are audited by the Comptroller and Auditor General of India (C&AG) in accordance with CAG's (Duties, Powers and Conditions of Service) Act 1971. C&AG certifies

the accounts and also submits separate Audit Report to the Governor of the state in terms of Article 151 of Constitution of India.

1.2 Summarised financial position

The financial position of the Government of Orissa as on 31 March 1997 emerging from the Appropriation Accounts and the Finance Accounts for the year 1996-97, supplemented by the additional information collected separately and the Abstract of Receipts and Disbursements for the year is given in the following statements:-

I. Summarised financial position of the

Amount as on 31 March 1996 (Rs. in crores)	Liabilities	Amount as on 31 March 1997 (Rs. in crores)
2727.49	Internal Debt	3439.39
	Market loans bearing interest	2744.63
	Market loans not bearing interest	13.49
	Loans from Life Insurance Corporation of India	56.48
	Loans from National Co-operative Development Corporation	20.46
	Loans from General Insurance Corporation of India	35.30
	Loans from other Institutions	128.93
	i) National Bank of Agriculture & Rural Development	128.36
	ii) Compensation & other Bonds	0.28
	iii) Other Institutions	0.29
	Ways and Means Advances	119.36
	Overdraft from Reserve Bank of India	320.74

Government of Orissa as on 31 March 1997

Amount as on 31 March 1996	Assets	Amount as on 31 March 1997
(Rs. in crores)		(Rs. in crores)
7131.87	Gross Capital outlay	8010.66
	(i)Investment in shares of companies, co-operatives, corporations etc.	1213.54
	(ii)Other Capital outlay	6797.12
816.89	Loans and Advances	902.88
	Loans for Power Projects	354.04
	Other development loans	423.31
	Loans to Govern- ment Servants and other Miscellaneous Loans	125.53
6.19	Other Advances	6.60
61.05	Remittance Balances	53.33
71.24	Suspense and Miscellaneous	nil
2249.85	Deficit on Government account	3080.34
	Deficit as on 31.3.96	2249.85
	Add: Revenue Deficit during the current year	830.49

I. Summarised financial position of the

Amount as on 31 March 1996 (Rs. in crores)	Liabilities	Amount as on 31 March 1997 (Rs. in crores)
4351.12	Loans and Advances from Central Government	4866.22
	Pre 1984-85 loans	828.81
	Non-Plan loans	1394.99
	Loans for State Plan Schemes	2487.11
	Loans for Central Plan Schemes	57.63
	Loans for Centrally Sponsored Plan Schemes	97.68
	Other ways and means advances	nil
47.88	Contingency Fund	49.42
2306.29	Small Savings, Provident Funds etc.	2628.29
884.73	Deposits	962.48
	(i) Deposits of Government Companies	21.06
	(ii) Deposits not bearing interest	941.42
61.08	Reserve Funds	77.83
0.31	Suspense and Miscellaneous Balances	19.32
	(i) Suspense	19.08
	(ii) Other accounts	0.24
	Misc. Capital Receipts	193.24
<u>10378.90</u>		<u>12236.19</u>

Government of Orissa as on 31 March 1997

Amount as on 31 March 1996	Assets	Amount as on 31 March 1997
(Rs. in crores)		(Rs. in crores)
41.81	Cash	182.38
	Cash in Treasuries and local Remittances	2.59
	Deposit with Reserve Bank of India	148.13
	Departmental Cash balances including permanent advances	5.13
	Cash balance investment	25.04
	Security Deposits	0.35
	Investment of earmarked funds	1.14
10378.90		12236.19

Explanatory Notes

1. The summarised financial statements are based on the statements of Finance Accounts and Appropriation Accounts of the State Government and are subject to notes and explanations contained therein.
2. Government Accounts being mainly on cash basis, the revenue deficit has been worked out on cash basis. Consequently, amounts payable or receivable or items like depreciation or variation in stock figures, etc. do not figure in the accounts.
3. Finance Accounts contain information on progressive capital expenditure outside the revenue account. Prior to rationalisation of accounting classification, small expenditure of capital nature was also met out of revenue. Information on such capital expenditure, being not available, is not reflected in the accounts.
4. Although a part of the revenue expenditure (grants) and the loans are used for capital formation by the recipients, its classification in the accounts of the State Government remains unaffected by end use.
5. There was an unreconciled difference of Rs.3.21 crore between the figures reflected in the accounts and those intimated by the Reserve Bank of India under deposits with the Reserve Bank at the end of the year. The difference was reduced to Rs.0.20 crore (net) at the end of July 1997.
6. Reasons for adverse/minus balances appearing against some of the Debt, Deposits and Remittance Heads have been explained by way of foot-notes in the relevant statements of the Finance Accounts.

GOVERNMENT
II. Abstract of Receipts and

Receipts		Amount (Rupees in crores)
<u>SECTION-A-REVENUE</u>		
I.	Revenue Receipts	4286.76
(i)	Tax Revenue	1342.04
(ii)	Non-Tax Revenue	481.78
(iii)	State's share of net proceeds of Taxes on Income other than Corporation Tax	608.20
(iv)	State's share of Union Excise Duties	957.78
(v)	Grants from Central Government	896.96
	(a) Non-plan grants	243.96
	(b) For State Plan Schemes	337.54
	(c) For Central Plan Schemes	72.21
	(d) For Centrally Sponsored Plan Schemes	243.25
II.	Revenue Deficit carried down to Section 'B'	830.49
		<u>5117.25</u>
<u>SECTION-B-OTHERS</u>		
III.	Opening cash balance including departmental cash balance, permanent advances, cash balance investment, investment of earmarked funds	41.81

OF ORISSA
Disbursements for the year 1996-97

Disbursements		Amount (Rupees in crores)		
I.	Revenue Expenditure			5117.25
		Non-plan	Plan	Total
(i)	General Services	1938.38	14.96	1953.34
(ii)	Social Services	1208.82	806.53	2015.35
(iii)	Agriculture and Allied Services	288.40	154.64	443.04
(iv)	Rural Development	43.11	215.72	258.83
(v)	Irrigation and Flood Control	91.35	88.49	179.84
(vi)	Energy	1.93	9.29	11.22
(vii)	Industry and Minerals	32.18	34.55	66.73
(viii)	Transport and Communications	121.46	0.67	122.13
(ix)	Science, Technology and Environment	0.71	7.80	8.51
(x)	General Economic Services	26.29	16.24	42.53
(xi)	Grants-in-aid and Contributions	13.61	2.12	15.73
		3766.24	1351.01	5117.25
II.	Revenue deficit brought down from Section 'A'			830.49
III.	Opening overdraft from Reserve Bank of India			22.73

GOVERNMENT

II. Abstract of Receipts and

Receipts		Amount
		(Rupees in crores)
IV.	Recoveries of Loans and Advances	27.68
	(i) From Government Servants	9.99
	(ii) From others	17.69
V.	Public Debt Receipts	2615.35
	i) Internal Debt of the State Government	451.71
	ii) Ways and Means Advances	1462.77
	iii) Loans and Advances from the Central Government	700.87
VI.	Public Account Receipts	3349.07
	i) Small Savings and Provident Funds etc.	782.65
	ii) Reserve Fund excluding Investment	16.87
	iii) Deposits and Advances	1308.67
	iv) Suspense and Miscellaneous excluding cash with departmental officers, permanent advances, cash balances investment and investment of earmarked funds	13.47
	v) Remittances	1227.41

OF ORISSA
Disbursements for the year 1996-97

Disbursements		Amount	
		(Rupees in crores)	
IV. Capital Outlay			878.78
	Non-plan	Plan	Total
(i) General Services	1.19	9.60	10.79
(ii) Social Services	0.26	77.60	77.86
(iii) Agriculture and Allied Services	14.48	17.91	32.39
(iv) Irrigation and flood control	0.01	392.61	392.62
(v) Energy	--	197.57	197.57
(vi) Industry and Minerals	(-)3.54	3.72	0.18
(vii) Transport	1.72	163.11	164.83
(viii) General Economic Services	0.16	2.38	2.54
	14.28	864.50	878.78
V. Loans and Advances disbursed			113.67
i) For Power Projects		30.97	
ii) Others		65.34	
iii) To Government Servants		17.36	
VI. Repayment of Public Debt			1686.36
i) Internal Debt of the State Government		14.91	
ii) Ways and Means Advances		1485.68	
iii) Loans and Advances from the Central Government		185.77	

GOVERNMENT
II. Abstract of Receipts and

Receipts		Amount
		(Rupees in crores)
VII.	Closing Overdraft of Reserve Bank of India	320.74
VIII.	Contingency Fund	1.37
IX.	Miscellaneous capital receipts	193.24

6549.26

OF ORISSA**Disbursements for the year 1996-97**

Disbursements		Amount
		(Rupees in crores)
VII.	Public Account Disbursements	2835.03
	i) Small Savings and Provident Funds	460.66
	ii) Reserve Funds excluding investment	0.13
	iii) Suspense and miscellaneous excluding cash with departmental officers, permanent advances, cash balances investment and investment of earmarked funds	(-)76.79
	iv) Remittances	1219.70
	v) Deposits and Advances	1231.33
VIII.	Contingency Fund	(-)0.18
IX.	Cash balance at the end of the year	182.38
	i) Cash in treasuries and local remittances	2.59
	ii) Deposits with Reserve Bank of India	148.13
	iii) Cash balances investment, security deposits and investment of earmarked funds	26.53
	iv) Departmental Cash balance including permanent advance	5.13
		6549.26

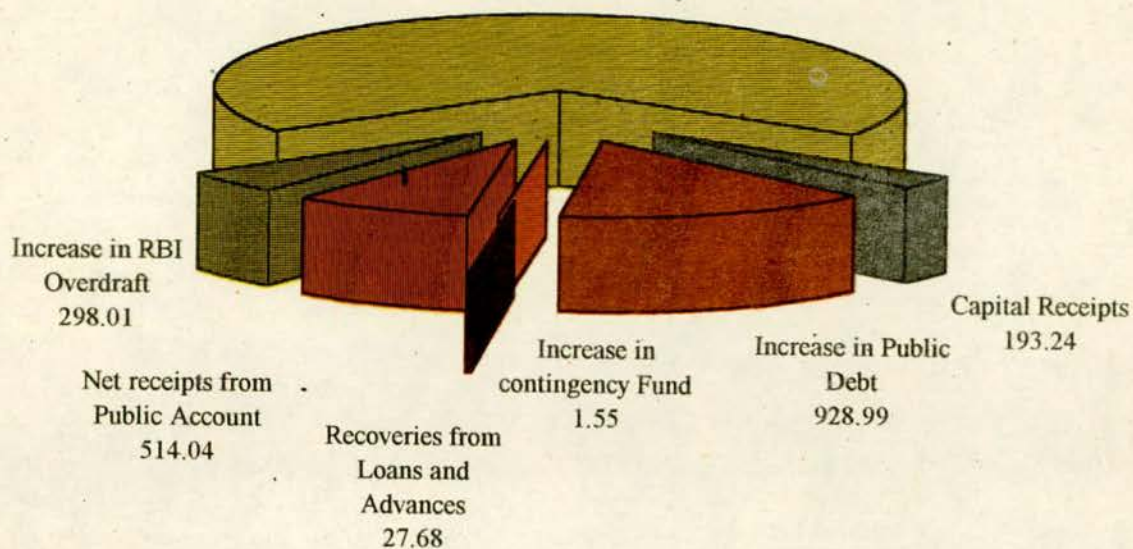
III. Sources and application of funds for 1996-97

		Amount
		(Rupees in crores)
Sources		
1.	Revenue Receipts	4286.76
2.	Capital Receipts	193.24
3.	Increase in Public Debt	928.99
4.	Recoveries from Loans and Advances	27.68
5.	Increase in Contingency Fund	1.55
6.	Net receipts from Public Account	514.04
	(a) Increase in Small Savings etc.	321.99
	(b) Increase in Deposits and Advances	77.34
	(c) Increase in Reserve fund	16.74
	(d) Effect of Suspense and Miscellaneous Balances	90.26
	(e) Effect of Remittance Balances	7.71
7.	Increase in RBI overdraft	298.01
		<u>6250.27</u>
Application		
1.	Revenue Expenditure	5117.25
2.	Capital Expenditure	878.78
3.	Lending for development and other programmes	113.67
4.	Increase in Cash	140.57
		<u>6250.27</u>

SOURCES

(Rupees in crores)

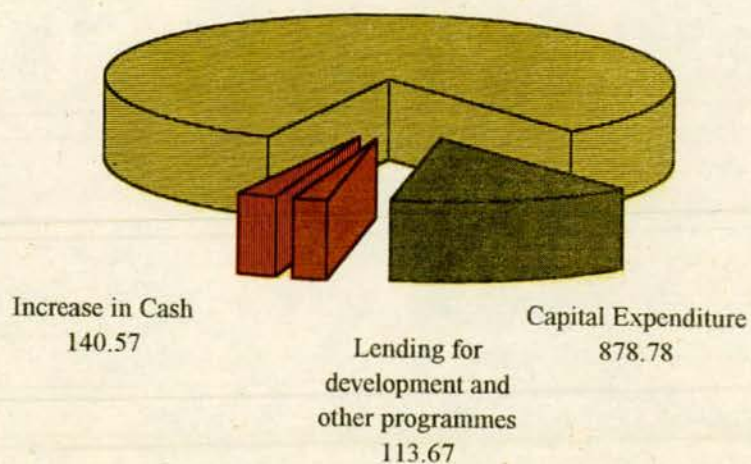
Revenue Receipt
4286.76

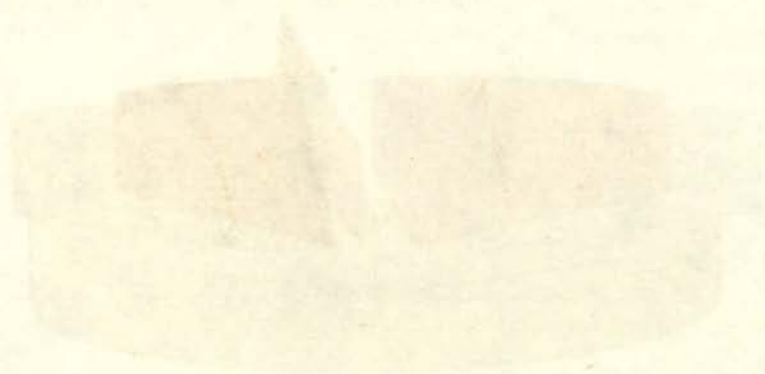


APPLICATION

(Rupees in crores)

Revenue
Expenditure
5117.25





Based on these statements and other supporting data the following paragraphs in this chapter present an analysis of the management of the finances of the State Government during 1996-97, relating to the position obtaining in the preceding four years.

1.3 Implementation of recommendations of 10th Finance Commission for the year 1996-97

I) Tenth Finance Commission recommended Grants-in-aid for Rs.137.79 crore for Orissa towards up-gradation of standards of administration (Rs.86.79 crore) and special problems (Rs.51.00 crore). The release of grants was to be spread over the period from 1996-97 to 1999-2000 at the rate of 20, 25, 30 and 25 *per cent* respectively.

The guidelines (June 1995) of the Ministry of Finance, Department of Expenditure envisaged constitution of a State Level Empowered Committee (SLEC), which should cause formulation of suitable action plans both in physical and financial terms on the basis of phasing of year-wise grant and furnish a consolidated plan covering all the sectors to Inter Ministerial Empowered Committee (IMEC) of Central Government for approval. State Government, after receipt of approval of IMEC should make suitable provisions for expenditure distinctly under appropriate functional Major Heads and Minor Heads of account and assume receipt of grants-in-aid correspondingly under the Head of Account "1601-Grants-in-aid from Central Government". From such provisions, the competent departmental authority should accord sanction for expenditure comprising the approved plan. The guidelines further provided for release of 25 *per cent* of the provision for the year on "On account basis" and the rest in quarterly instalments on the basis of utilisation certificates submitted by the State Government limiting to the total amount recommended for the year.

Check of records (November 1997) of the Finance Department relating to the recommendation of the Commission disclosed that Government could submit action plan only for Rs.99.38 crore and for the remaining amount of Rs.38.41 crore comprising seven schemes viz, (i) promotion of girls education where literacy was below 20 *per cent* (Rs.2 crore); (ii) promotion of girls education where literacy was between 20 and 40 *per cent* (Rs.4 crore); (iii)

additional facility in upper primary schools toilet for girls (Rs.8.41 crore); (iv) preservation and protection of ancient monuments (Rs.10 crore); (v) flood control and deep tube wells (Rs.4 crore); (vi) flood control-Live Stock Shelters (Rs.4 crore) and (vii) conservation of plant genetic resources (Rs.6 crore) were not submitted as of March 1997.

It was also seen that against the recommended grant of Rs.27.56 crore for the year 1996-97, only Rs.14.31 crore were released resulting in shortfall of Rs.13.25 crore. The reasons for shortfall were (i) non-submission of action plan (7 schemes: Rs.7.68 crore); (ii) non-submission of utilisation certificates (7 schemes: Rs.4.42 crore); (iii) utilisation certificates submitted but grant not released in respect of 3 programmes (Rs.0.34 crore); (iv) funds placed with Home Ministry to undertake police telecommunication works centrally (Rs.0.80 crore) and (v) surrender due to excess provision over the estimated cost (Rs.0.01 crore).

Thus, Government failed to take advance action to formulate action plan for utilisation of grants-in-aid to the maximum extent for upgradation of programmes and special problems as per guidelines of June 1995.

The Finance Department accepted (November 1997) the points raised in audit.

II) Finance Commission also recommended grants totalling to Rs.220.10 crore for the four years period 1996-2000 for providing support to urban local bodies (Rs.19.11 crore) and Panchayati Raj institutions (Rs.200.99 crore) and accordingly Government of India released Rs.4.78 crore and Rs.50.25 crore respectively during November 1996 to March 1997 in favour of Government of Orissa (Panchayati Raj Department) which in turn issued sanctions (March 1997) in favour of urban local bodies and 30 DRDAs with instructions to draw and deposit the amount in Personal Ledger (PL) Accounts before 31 March 1997. Thus the entire sum of Rs.55.03 crore was retained in the PL Accounts of the bodies.

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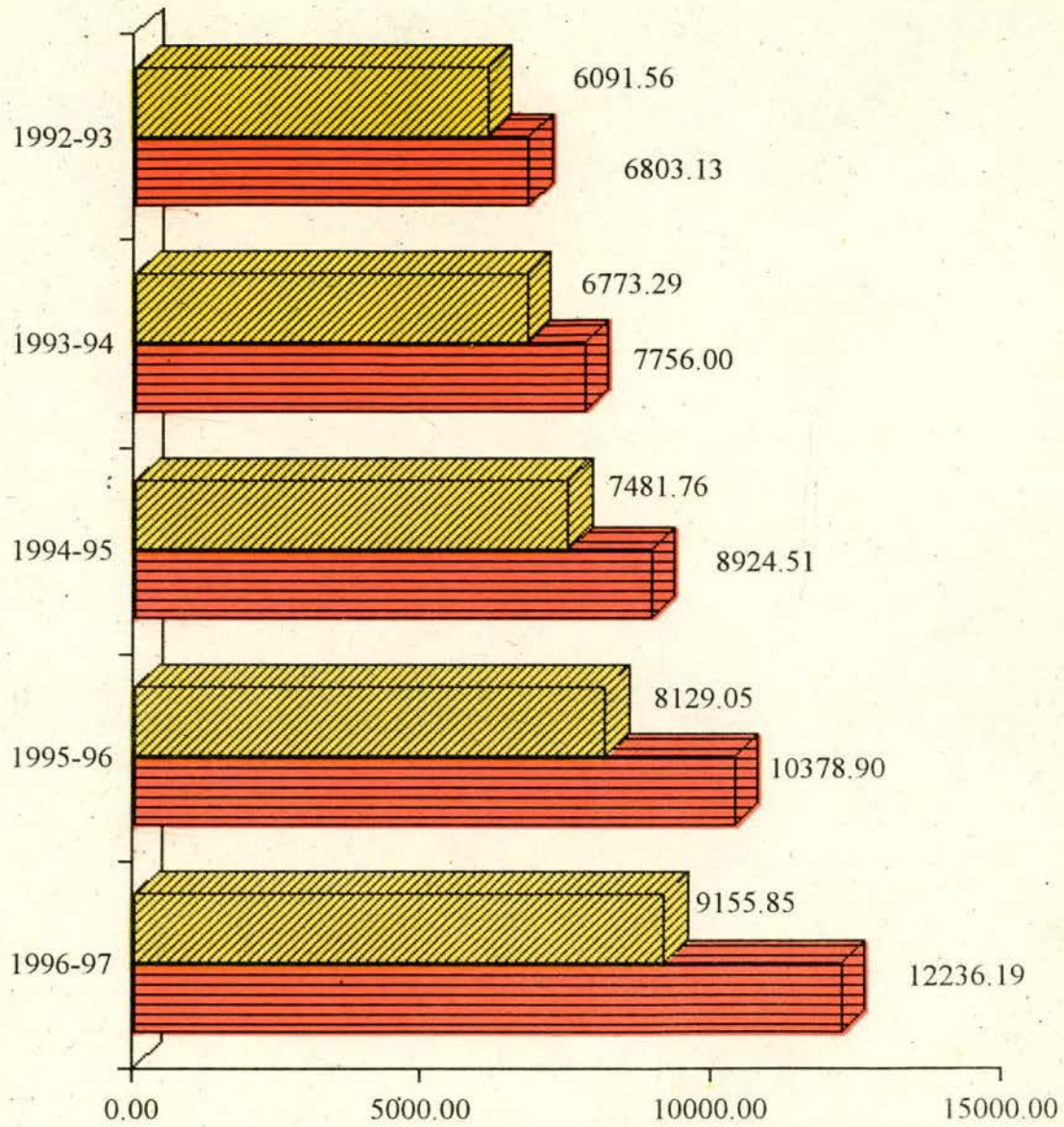
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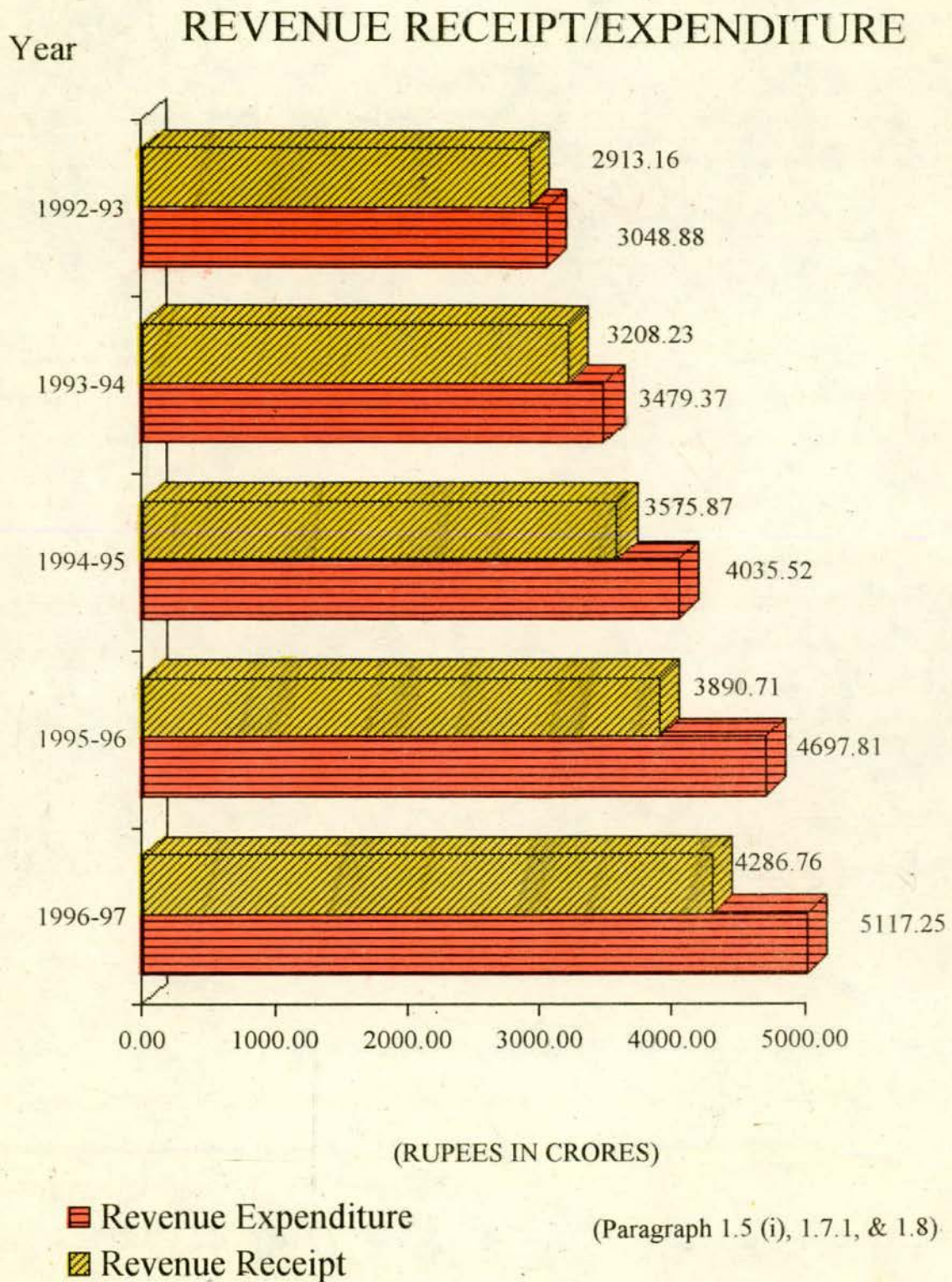
Assets & Liabilities



(RUPEES IN CRORES)

■ Liabilities ■ Assets

(Paragraph 1.4)



1.4 Assets and liabilities of the State

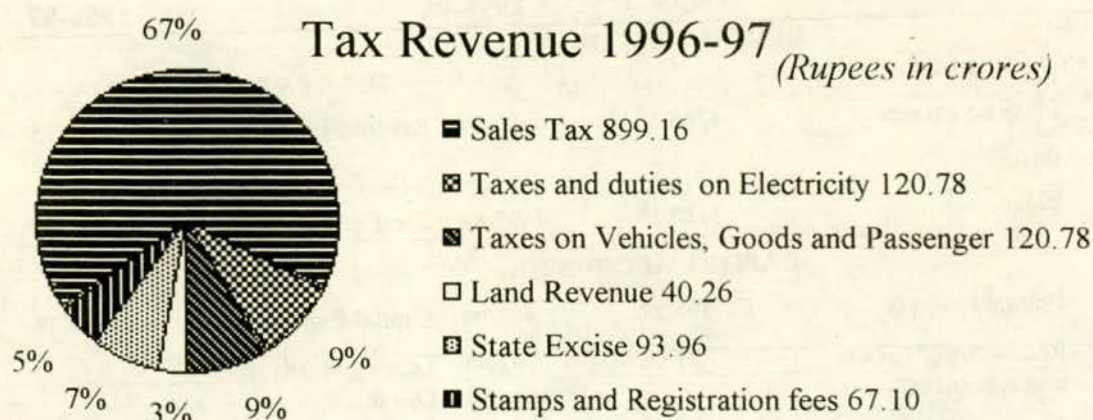
The assets comprising of capital investment and loans advanced and the total liabilities of the State Government during the last five years were as given below :-

Year	Assets	Liabilities
	(Rupees in crores)	
1992-93	6091.56	6803.13
1993-94	6773.29	7756.00
1994-95	7481.76	8924.51
1995-96	8129.05	10378.90
1996-97	9155.85	12236.19

While the assets had grown by 50 per cent during the last five years from 1992-93 to 1996-97, the liabilities had grown by 80 per cent.

1.5 Financial position of the State

(i) Financial position of the State Government during 1996-97 as emerged from the Finance Accounts revealed that revenue receipts of the State Government were Rs.4286.76 crore against which revenue expenditure was Rs.5117.25 crore thus resulting in a revenue deficit of Rs.830.49 crore constituting 19.37 per cent of the revenue receipt.



(ii) The revenue receipts of the State Government (Rs.4286.76 crore) comprised tax revenue (Rs.1342.04 crore), non-tax revenue (Rs.481.78 crore), State's share of union taxes and duties (Rs.1565.98 crore) and grants-in-aid from the Central Government (Rs.896.96 crore). The sources of tax revenue were sales tax (67 per cent), Taxes and Duties on Electricity (9 per cent), Taxes on Vehicles (9 per cent), State Excise (7 per cent), Stamps & Registration

fees (5 *per cent*), and Land Revenue (3 *per cent*) and non-tax revenue came mainly from Non-Ferrous Mining and Metallurgical Industries (56 *per cent*), Forestry & Wild Life (16 *per cent*).

(iii) The revenue expenditure of Rs.5117.25 crore was on General Services:Rs.1953.34 crore (38 *per cent*), Social Services:Rs.2015.35 crore (39 *per cent*) and Economic Services: Rs.1132.83 crore (22 *per cent*) and Grants-in-aid Contributions:Rs.15.73 crore (1 *per cent*).

(iv) The Capital expenditure of the State Government was Rs.878.78 crore which was distributed among General Services-Rs.10.79 crore (1 *per cent*), Social Services-Rs.77.86 crore (9 *per cent*) and Economic Services-Rs.790.13 crore (90 *per cent*).

(v) The Public Debt of the State Government increased by Rs.1227 crore during 1996-97 thereby pushing up the burden of interest payment and servicing of debt by Rs.150.11 crore over 1995-96. The total interest payments (Rs.1079.44 crore) constituted 21 *per cent* of the revenue expenditure of the State.

1.6 Consolidated Fund

The receipts and expenditure under the Consolidated Fund of the State for 1996-97 alongwith previous financial year were as under :

RECEIPTS			EXPENDITURE		
1995-96		1996-97	1995-96		1996-97
REVENUE ACCOUNT					
(Rupees in crores)			(Rupees in crores)		
3890.71	Revenue Receipts	4286.76	4697.81	Revenue Expenditure	5117.25
807.10	Deficit	830.49			
4697.81	Total	5117.25	4697.81	Total	5117.25
CAPITAL ACCOUNT					
--	Capital Receipts	193.24	446.90	Capital Expenditure	878.78
51.11	Recoveries of Loans and Advances	27.68	192.95	Loans and Advances Disbursed	113.67
1620.27	Receipts booked as Public Debt	2615.35	561.85	Repayment of Public Debt	1686.36
--	Capital deficits	--	469.68	Capital Surplus	157.46*
1671.38	Total	2836.27	1671.38		2836.27
337.42	Deficit in Consolidated Fund	673.03			

The hefty increase of Rs.995 crore in Public Debt over the previous year contributed to Capital surplus of Rs.157.46 crore. Accordingly, Capital surplus did not reflect growth in capital receipts.

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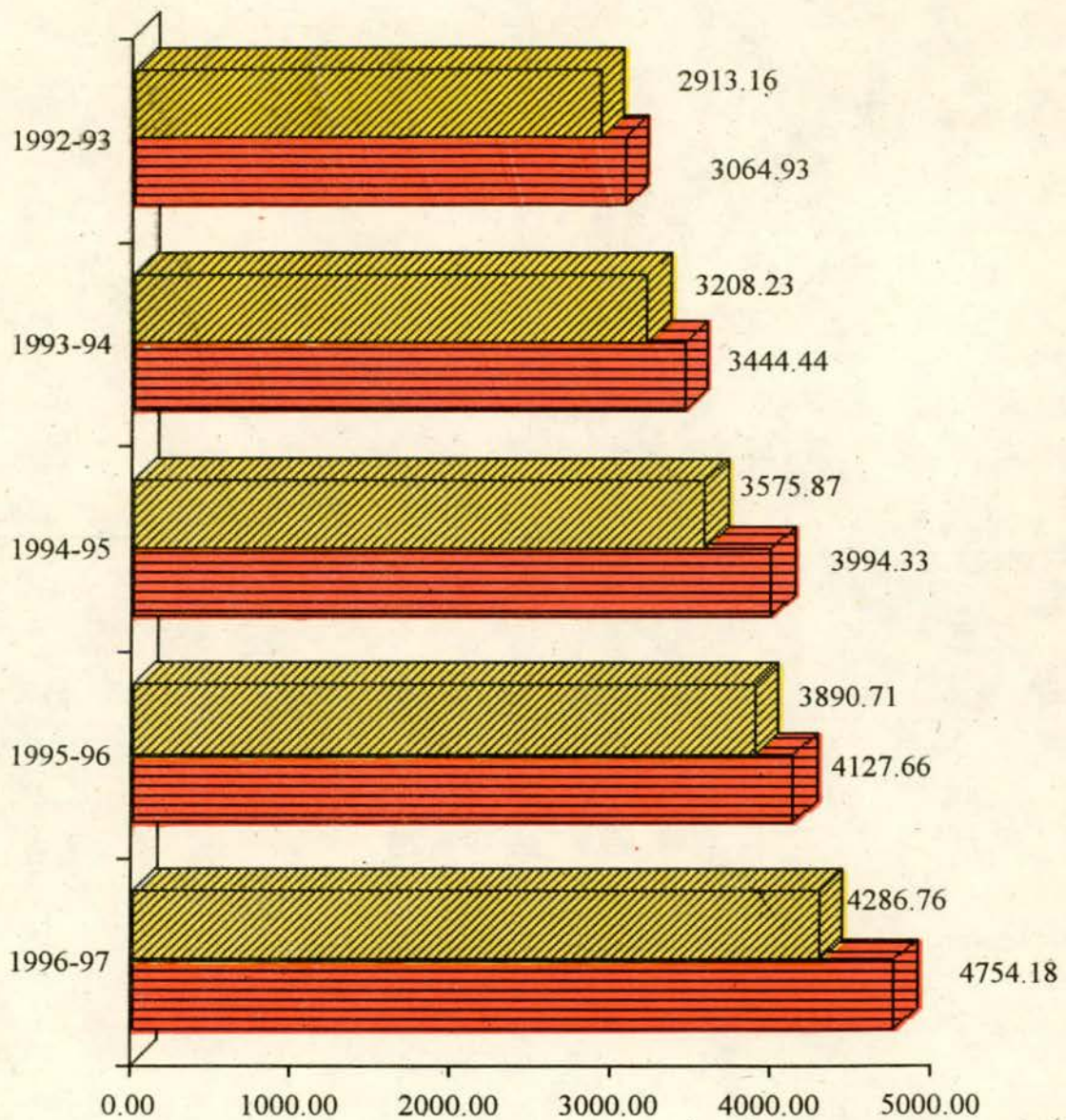
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REVENUE ESTIMATES/RECEIPTS



(RUPEES IN CRORES)

■ Budget Estimates

▨ Actuals

(Paragraph 1.7.1)

Receipts in Consolidated Fund of State increased from Rs.4382.68 crore in 1992-93 to Rs.7123.03 crore in 1996-97 which constituted an increase of 62.53 *per cent* while receipts from State's own sources (Tax Revenue and Non-Tax Revenue: Rs.1823.82 crore) constituted 25.60 *per cent* of the total receipts during the year as against 26.24 *per cent* (Rs.1150.05 crore) during the year 1992-93. In other words, generation of State's own resources compared to total receipts remained constant even after five years. The Public Debt receipts (borrowed funds) constituted 36.72 *per cent* of the receipts in the Consolidated Fund. Under Article 293(1) of Constitution of India, a State may borrow within the territory of India, upon the security of the Consolidated Fund of the State within such limits, if any, as may from time to time be fixed by an Act of the Legislature of the State. No law had so far been passed by the State Legislature laying down any such limit.

Net deficit in Consolidated Fund of the State stood at Rs.673.03 crore in 1996-97 which constituted an increase of 99 *per cent* over the previous year.

1.7 Revenue Receipts

1.7.1 Trend of revenue receipts during the last five years were as under:-

Year	Budget Estimates	Actual Revenue Receipts	Increase(+) Decrease(-) over the previous year	Percentage of Increase(+) Decrease(-)
(R u p e e s i n C r o r e s)				
1992-93	3064.93	2913.16	(+)465.85	(+)19
1993-94	3444.44	3208.23	(+)295.07	(+)10
1994-95	3994.33	3575.87	(+)367.64	(+)11
1995-96	4127.66	3890.71	(+)314.84	(+)9
1996-97	4754.18	4286.76	(+)396.05	(+)10

* Revenue receipts increased from Rs.2913.16 crore in 1992-93 to Rs.4286.76 crore in 1996-97 which constituted an increase of 47 *per cent*.

1.7.2 Tax Revenue

The growth of Tax Revenue mobilised by the State Government during the last five years from (1992-97) was as under:-

Year	Budget estimate	Tax Revenue	Percentage of growth over the previous year	Percentage increase with reference to revenue receipt
(Rupees in crores)				
1992-93	1115.94	761.90	13	(-)1
1993-94	1184.19	859.89	13	(+)1
1994-95	1439.31	922.61	7	(-)1
1995-96	1632.16	1127.19	22	(+)3
1996-97	1999.42	1342.04	19	(+)2

Tax Revenue increased from Rs.1127.19 crore in 1995-96 to Rs.1342.04 crore in 1996-97 registering an increase of 19 *per cent*. The share of tax revenue to revenue receipts was 26 *per cent* in 1992-93 which rose to 31 *per cent* in 1996-97.

However, the growth rate of Tax-revenue declined from 22 *per cent* in 1995-96 to 19 *per cent* in 1996-97.

In a few departments* the amount of arrears in revenue collection at the end of 1996-97 was Rs.1035.15 crore as indicated below:

Sl. No.	Revenue Head	Amount in arrears (Rs. in crores)
1.	Sales Tax	786.42
2.	Mines and Minerals	38.30
3.	Land Revenue	12.76
4.	Interest	13.51**
5.	Taxes and Duties on electricity	89.17***
6.	Police	6.96
7.	Forest	58.43
8.	Taxes on vehicles	29.60
Total		1035.15

* Finance, Mining, Revenue, Panchayati Raj, Textile, Energy, Home, Forest and Transport departments

** Panchayati Raj Department Rs. 1.08 crore
Textile Department Rs.12.43 crore

Rs.13.51 crore

*** Provisional

1.7.3 Non-tax revenue

The growth/decline of Non-Tax Revenue during the last five years were as under:-

Year	Budget estimates	Non-tax Revenue (Rupees in crores)	Percentage growth(+)/shortfall(-) over the previous year	Percentage in increase(+)/decrease(-) with reference to revenue receipts
1992-93	327.48	388.15	(+) 49	(+) 3
1993-94	451.91	415.44	(+) 7	Negligible
1994-95	451.42	634.23	(+) 53	(+) 5
1995-96	583.90	628.23	(-) 1	(-) 2
1996-97	597.86	481.78	(-) 23	(-) 5

Non-tax revenue decreased by Rs.146.45 crore during 1996-97 over 1995-96 and by Rs.152.45 crore over 1994-95 constituting a decrease by 23 *per cent* and 24 *per cent* respectively.

1.7.4 State's share of Union Taxes and duties and Grants-in-aid from the Central Government

The trend of State's share of Union Taxes and duties (Income Tax and Union Excise Duties) and Central grants-in-aid for the last five years was as under:-

Year	State's Share of				As a percentage of total revenue	
	Net proceeds of taxes on income other than corporation tax	Union Excise	Grants-in-aid	Total	Expenditure	Receipt
	(R u p e e s i n c r o r e s)					
1992-93	262.35	732.53	768.23	1763.11	58	61
1993-94	335.25	732.60	865.05	1932.90	56	60
1994-95	370.30	823.70	825.03	2019.03	50	56
1995-96	506.15	778.78	850.36	2135.29	45	55
1996-97	608.20	957.78	896.96	2462.94	48	57

1.7.5 Arrears of Revenue

The information in respect of arrears of revenue was called for from all departments concerned. As per information* available, the position of arrears of revenue for the last five years was as under:

Year	Arrears of revenue (Rupees in crores)
1992-93	743.47
1993-94	811.01
1994-95	830.60
1995-96	922.86
1996-97	1035.15

Reasons for arrear are analysed in report on Revenue Receipts.

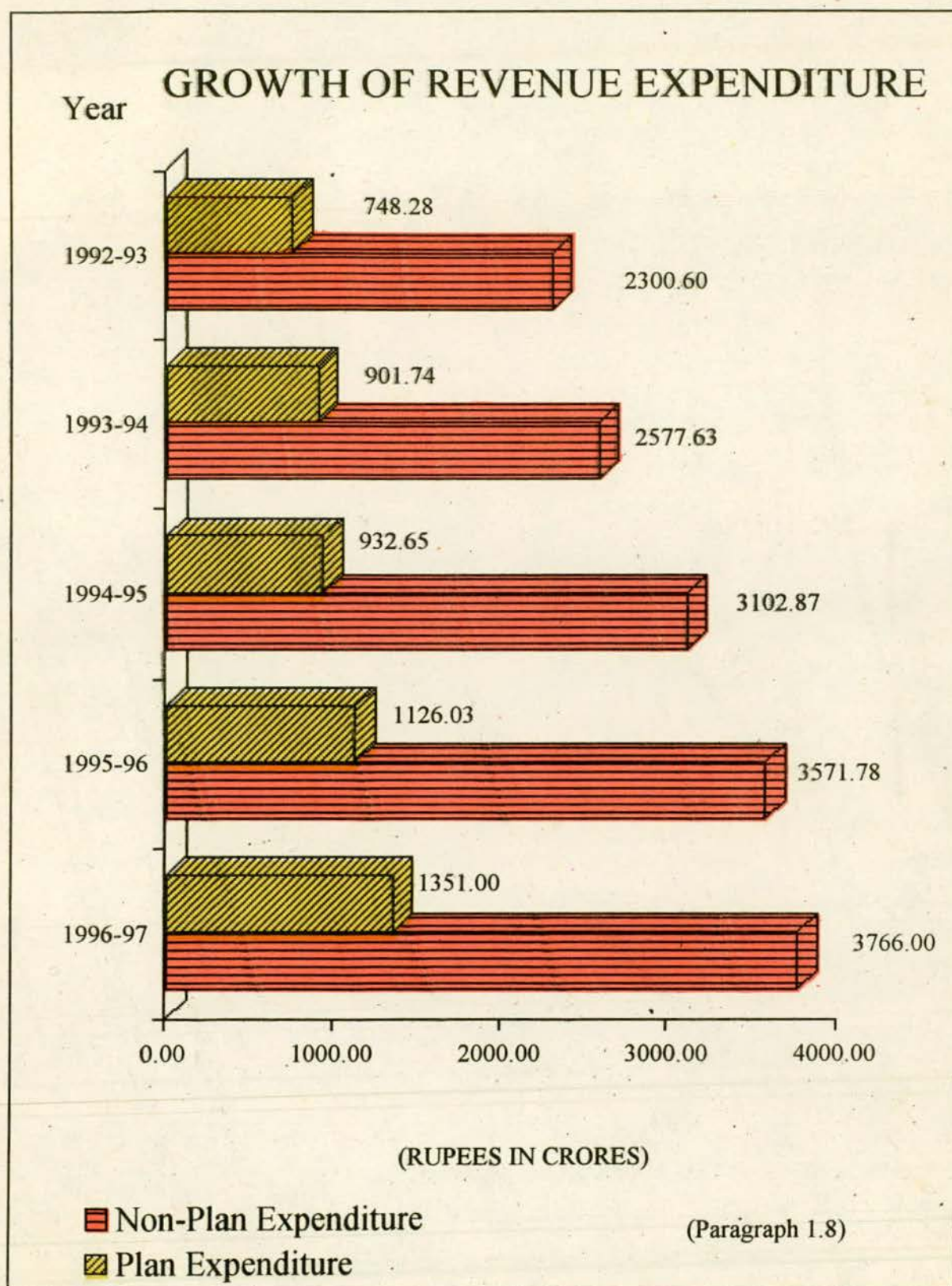
1.8 Revenue Expenditure

Trend of Revenue Expenditure of the state during the five years period ending 1996-97 was as under:

Year	Budget Estimates (Net)			Actuals			Increase(+)/decrease(-) over the previous year		
	Plan	Non-plan	Total	Plan	Non-plan	Total	Plan	Non-plan	Total
	(R u p e e s i n c r o r e s)								
1992-93	971	2278	3249	748	2301	3049	83	331	414
1993-94	991	2635	3626	902	2577	3479	154	276	430
1994-95	1426	2990	4416	932	3103	4035	30	526	556
1995-96	1439	3676	5115	1126	3572	4698	194	469	663
1996-97	1347	3939	5286	1351	3766	5117	225	194	419

During the five year period while the non-plan expenditure increased by Rs. 1465 crore, plan expenditure increased only by Rs. 603 crore.

* As made available by 9 departments viz : Finance, Mining, Revenue, Panchayati Raj, Textile, Energy, Home, Forest and Transport departments.



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The sector-wise trend of revenue expenditure was as under:

Sector	1992-93	1993-94	1994-95	1995-96	1996-97
GENERAL SERVICES (Rupees in crores)	1013	1179	1424	1603	1953
As a percentage of total revenue expenditure	33	34	35	34	38
SOCIAL SERVICES (Rupees in crores)	1195	1324	1489	1835	2015
As a percentage of total revenue expenditure	39	38	37	39	40
ECONOMIC SERVICES (Rupees in crores)	827	956	1117	1247	1133
As a percentage of total revenue expenditure	27	27	28	27	22
GRANTS-IN-AID AND CONTRIBUTIONS (Rupees in crores)	14	20	5	13	16
As a percentage of total revenue expenditure	1	1	--	--	--

During the year while the expenditure on General Services consisting mainly of interest payments, fiscal services and administrative services registered an increase of Rs.940 crore, social services consisting of Education, Sports, Culture, Water Supply and Housing registered an increase of Rs.820 crore and Economic Services consisting of mainly Agriculture, Transport, Industry and Energy registered an increase of only Rs.306 crore over 1992-93.

The following table shows the details of non-plan revenue expenditure other than interest payments where there had been significant increase over last five years.

Purpose	1992-93	1996-97	Percentage of variation
(Rupees in crores)			
General Services	463.10	859.01	85
Health and Family Welfare	107.90	176.30	63
Agriculture and Allied Services	149.38	288.41	93
Transport	76.59	121.46	59
General Economic Services	16.74	26.29	57

1.8.1 Interest Payments

Trend of interest payments during the last five years was as under:

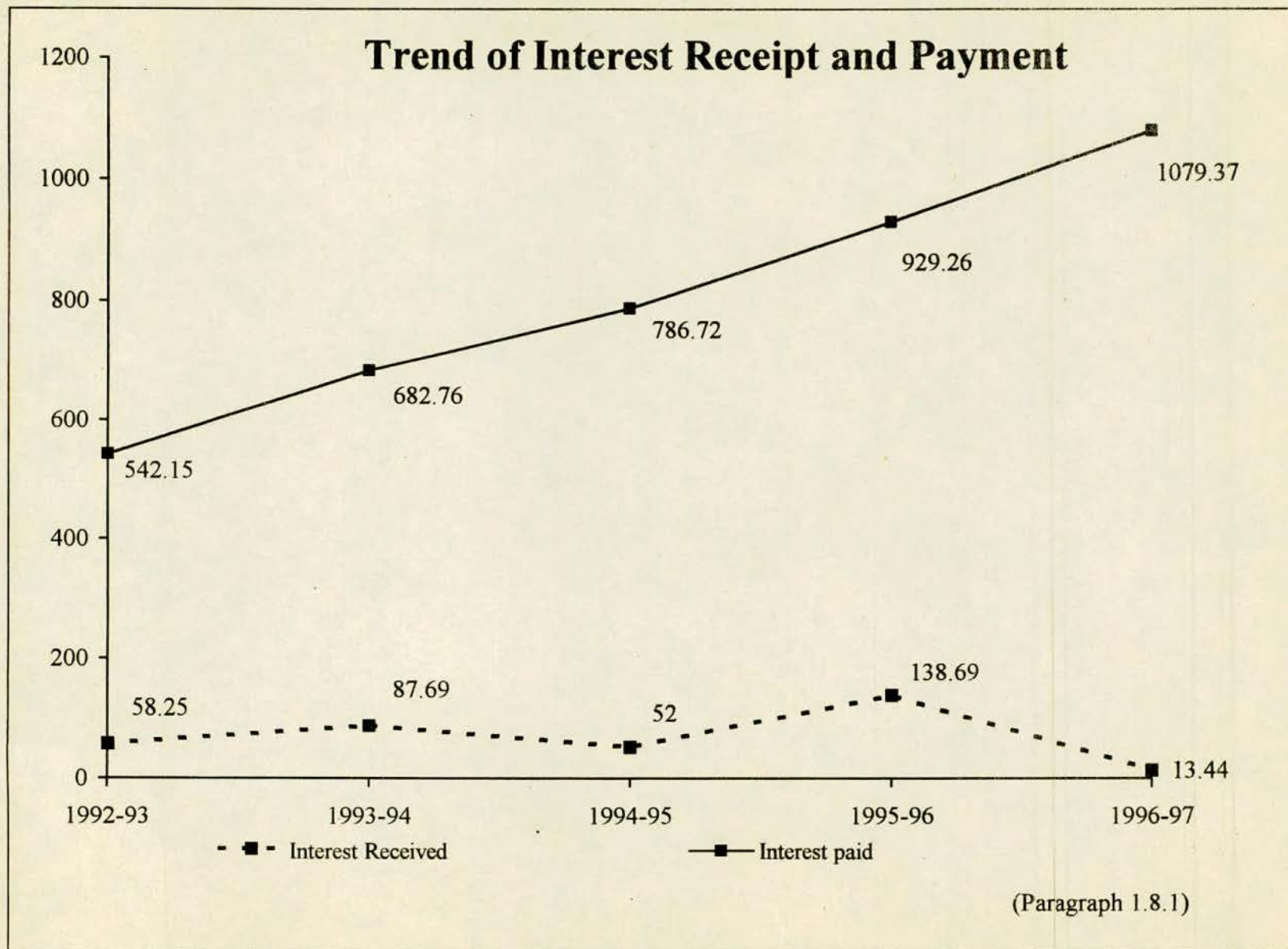
Year	Interest Paid on					Percentage of interest payments with reference to	
	Internal Debt	Loans received from central government	Small Savings, Provident Funds etc.	Others	Total	Revenue expenditure	Tax Revenue
	(R u p e e s I n c r o r e s)						
1992-93	122.86	264.32	154.95	0.02	542.15	18	71
1993-94	204.40	302.98	175.33	0.05	682.76	20	79
1994-95	235.46	345.07	206.08	0.11	786.72	19	85
1995-96	261.32	407.25	260.53	0.16	929.26	20	82
1996-97	344.34	481.60	253.00	0.43	1079.37	21	80

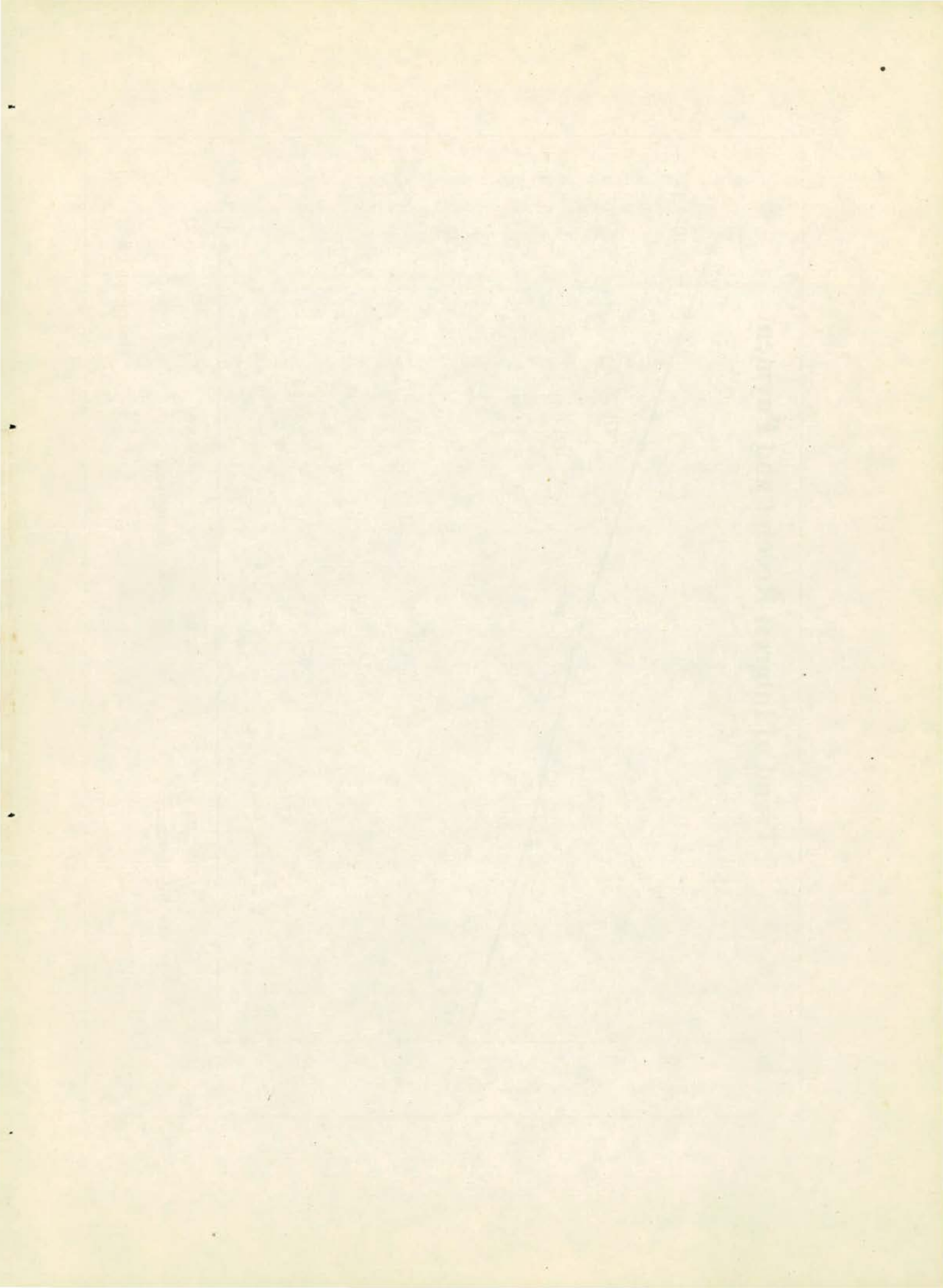
The interest payments during the last five years hovered between 71 and 85 *per cent* of tax revenue collected by the state.

Trend of gap between interest payments and interest receipts during the last five years was as under :

Year	Interest Received (Under Head 0049)	Interest Paid (Under Head 2049)
	(R u p e e s i n c r o r e s)	
1992-93	58.25	542.15
1993-94	87.69	682.76
1994-95	53.66	786.72
1995-96	138.69	929.26
1996-97	13.44	1079.37

The wide gap between the interest payments and interest received was due to exorbitant increase in borrowings by the Government from Rs.1394.35 crore in 1992-93 to Rs.2615.35 crore in 1996-97.





1.8.2 Financial assistance to local bodies and others

The quantum of assistance provided to different local bodies, etc. during the period of five years ended 1996-97 was as under :

Name of the body	1992-93	1993-94	1994-95	1995-96	1996-97
(R u p e e s i n c r o r e s)					
1. Educational institutions (Aided Schools, Private Colleges, Universities)	164.29	204.03	247.32	305.10	174.63
2. District Rural Development Agencies (DRDA)	171.05	292.81	200.66	140.52	205.73
3. Municipal Corporations, District Councils, Development Authorities etc.	22.64	20.33	24.04	52.32	33.60
4. Panchayats	31.48	29.40	50.29	23.19	64.68
5. Command Area Development Authority (CADA)	3.95	8.63	4.34	9.86	3.32
6. Co-operative Societies and Institutions	71.04	34.90	16.40	40.33	21.90
7. Integrated Tribal Development Agencies (ITDA)	15.64	33.07	42.03	61.39	60.16
8. Others	250.14	297.28	476.96	647.76	327.17
9. Total	730.23	920.45	1062.04	1280.47	891.19
10. Revenue realised from State's own resources (Tax & Non-tax)	1150.05	1275.33	1556.84	1755.42	1823.82
11. Percentage of Assistance to revenue from State's own resources	63	72	68	73	49
12. Revenue Expenditure	3048.88	3479.37	4035.52	4697.81	5117.25
13. Percentage of assistance to Revenue Expenditure	24	26	26	27	17

During the period from 1992-93 to 1996-97 grant and loans paid to non-Government bodies/authorities represented 17 to 27 *per cent* of the total revenue expenditure of the state during the respective years. The grants to DRDAs and ITDAs in a year ranged from 11 to 32 and 2 to 7 *per cent* respectively of the total grant during the period from 1992-93 to 1996-97.

Position of pending utilisation certificates has been indicated in Chapter-VII.

1.8.3 (i) Loans and Advances by the State Government

The State Government had been advancing loans to government companies, corporations, autonomous bodies, co-operatives, non-government institutions etc. for developmental and non-developmental activities. The position of such loans for five years from 1992-93 to 1996-97 was as given below:

	1992-93	1993-94	1994-95	1995-96	1996-97
(R u p e e s i n c r o r e s)					
Opening Balance	543.40	560.33	602.23	675.06	816.90
Amount advanced during the year	92.10	89.95	118.38	192.95	113.67
Amount repaid during the year	75.17	48.05	45.55	51.11	27.68
Closing Balance	560.33	602.23	675.06	816.90	902.89
Net addition	16.93	41.90	72.83	141.84	85.99
Interest received and credited to revenue	58.25	87.69	53.66	138.69	13.44

1.8.3 (ii) Recoveries of arrears in respect of loans and advances by the State Government

(a) The position of recoveries overdue in respect of loans and advances, detailed accounts of which were maintained by the departmental officers for five years was as under :

Year	Number of departments required to furnish information	Number of departments furnished the information	Amount overdue as per information received from the departments mentioned under column 3		
			Principal	Interest	Total
1	2	3	4	5	6
(R u p e e s i n c r o r e s)					
1992-93	24	6	4.24	10.03	14.27
1993-94	25	9	68.26	30.42	98.68
1994-95	25	10	35.08	21.29	56.37
1995-96	25	8	34.25	26.77	61.02
1996-97	25	10	226.67	66.58	293.25

(b) Detailed accounts of Loans and Advances to Municipalities, Local Bodies, Corporations and Loans under State Aid to Industries Act are maintained in the office of the Accountant General (A&E). The position of recoveries overdue for such loans and advances for five years from 1992-93 to 1996-97 was as under:

Year	Amount overdue		Total
	Principal	Interest	
	(R u p e e s i n c r o r e s)		
1992-93	2.14	2.15	4.29
1993-94	2.62	2.29	4.91
1994-95	2.94	2.49	5.43
1995-96	2.63	2.73	5.36
1996-97	3.88	2.92	6.80

1.9 Capital Expenditure

1.9.1 Assets are created mostly out of Capital expenditure. In addition, financial assets arise from moneys invested in institutions or undertakings outside Government (i.e. Public Sector Undertakings (PSUs), Corporations, etc.) and loans and advances. Trend of Capital expenditure for the last five years was as under:

Year	Budget Estimates	Revised Estimates	Capital Expenditure			Percentage increase(+)/ decrease (-) over the previous year	Percentage of Capital expenditure with reference to total expenditure
			Plan	Non-plan	Total		
1	2	3	4	5	6	7	8
	(R u p e e s i n c r o r e s)						
1992-93	831.02	632.97	579.90	7.49	587.39	(-)10	16
1993-94	858.24	622.50	563.30	21.89	585.19	(-) 0.37	14
1994-95	888.33	630.55	546.58	79.88	626.46	7	13
1995-96	594.13	592.80	439.25	7.65	446.90	(-) 29	9
1996-97	978.35	772.99	864.50	14.28	878.78	97	15

The sector-wise trend of Capital expenditure was as under :

Sector	1992-93	1993-94	1994-95	1995-96	1996-97
General Service (Rupees in crores)	9.77	9.39	11.35	13.11	10.79
As a percentage of total Capital Expenditure	2	2	2	3	1
Social Services (Rupees in crores)	44.18	53.10	90.56	54.33	77.86
As a percentage of total Capital Expenditure	8	9	14	12	9
Economic Service (Rupees in crores)	533.44	522.70	524.55	379.46	790.13
As a percentage of total Capital Expenditure	90	89	84	85	90

While the percentage of Capital expenditure on General Services, Social Services and Economic Services to total Capital expenditure was 2, 8 and 90 in 1992-93 the same in 1996-97 was 1.9 and 90 indicating no significant increase in respect of social services sector which included Health, Family Welfare, Water Supply, Sanitation and Housing etc. while in respect of General services the percentage had reduced from 2 in 1992-93 to 1 in 1996-97. In respect of Economic Services there was no change in comparison to 1992-93.

1.9.2 Investment and Returns

During 1996-97 Government invested Rs.26.54 crore in various Statutory corporations (Rs.7.00 crore), Government companies (Rs.7.42 crore) and Co-operative Institutions (Rs.12.12 crore).

The overall investment of Government increased by Rs.146.47 crore over 1992-93.

The total investments of Government in the share capital of different undertakings and dividend/interest received during the five years period from 1992-93 to 1996-97 were as follows :

Year	Total investments at the end of the year	Dividend/interest received during the year	Percentage of dividend/interest received to total investment
(R u p e e s i n c r o r e s)			
1992-93	1067.07	1.18	0.11
1993-94	1209.52	0.63	0.05
1994-95	1242.28	(-)0.01*	Negligible
1995-96	1187.00	2.16	0.18
1996-97	1213.54	0.36	Negligible

* Minus transaction is due to rectification of misclassification of 1993-94

The returns on investment during the period from 1992-93 to 1996-97 were thus negligible whereas the average rate of interest for Government borrowings during the same period was 12 per cent.

1.10 Deficit

1.10.1 Revenue deficit

Revenue deficit is the excess of revenue expenditure over revenue receipts. Persistent revenue deficit indicated that the Government was not only meeting its entire Capital Expenditure out of the borrowing but even a part of the Revenue Expenditure was also met out of the borrowings. Trend of revenue deficit for the last five years was as under:

Year	Budget Estimate	Revised Estimate	Actual revenue deficit
	(R u p e s i n c r o r e s)		
1992-93	183.84	184.04	135.72
1993-94	181.56	344.69	271.14
1994-95	421.94	507.38	459.65
1995-96	987.60	928.94	807.10
1996-97	786.78	719.09	830.49

1.10.2 Fiscal deficit

The fiscal deficit may be defined as the excess of revenue and capital expenditure (including net loans given) over the revenue receipts (including grants-in-aid and capital receipts).

Position of fiscal deficit for the last five years was as under:

Year	Fiscal deficit
	(Rupees in crores)
1992-93	740.04
1993-94	898.23
1994-95	1158.94
1995-96	1395.84
1996-97	1602.02

1.11 Public Debt

Public Debt of a State Government comprises of internal debt and has vital link with all aspects of Public Finance, taxation and expenditure policies, budget surplus and deficits, trade and balance of payments, developmental expenditure and economic growth.

The Constitution of India provides that a state may borrow within the territory of India, upon the security of Consolidated Fund of the State within such limits, if any, as may from time to time, be fixed by an Act of Legislature of the State. No law had been passed by the State Legislature laying down any such limit.

1.11.1 Internal Debt

Position of internal debt for the last five years was as under:

Year	Addition during the year	Debt servicing + Payment of interest	Percentage of Col.3 to Col. 2
1	2	3	4
(Rupees in crores)			
1992-93	1520.46	1390.47	91
1993-94	1250.25	1193.88	95
1994-95	907.55	924.42	102
1995-96	1093.02	778.80	71
1996-97	2735.47	2367.90	87

Most of the Internal Debt receipts of the Government was appropriated towards debt servicing and interest payments each year during 1992-97.

1.11.2 Other liabilities

Apart from the borrowing accounted for in the Consolidated Fund of the State, there are Small Savings, Provident Funds, Reserve Funds and Deposits and Advances which are kept in a separate Public Account. The balances of Public Account are carried forward annually. These amounts add substantially to the liability of the State Government. Trend of these liabilities for the last five years was as under:

Year	Addition during the year	Debt payment + interest	Percentage of Col.3 to Col.2
(R u p e e s i n c r o r e s)			
1992-93	1579.28	1488.71	94
1993-94	1794.73	1575.77	88
1994-95	1996.99	1658.24	83
1995-96	2070.26	1917.39	93
1996-97	2108.19	1945.54	92

1.11.3 Loans and Advances from the Central Government

Position of loans and advances from the Government of India for the last five years was as under :

Year	Additions during the year	Repayment + interest	Net flow	Percentage of Col.3 to Col.2
(R u p e e s i n c r o r e s)				
1992-93	444.93	429.49	15.44	97
1993-94	539.96	557.71	(-) 17.75	103
1994-95	605.19	538.29	66.90	89
1995-96	663.77	565.41	98.36	85
1996-97	700.87	667.37	33.50	95

During the year 1996-97, ninety five *per cent* of total sum borrowed from Government of India had gone towards repayment of loans and interest thereon.

1.11.4 Guarantees given by the Government

The position of the contingent liability for guarantees given by the State Government for repayment of loans and payment of interest thereon by the statutory corporations, companies and co-operatives etc. was as under:

As on 31st March	Maximum amount guaranteed (Principal only)	Amount outstanding	
		Principal	Interest
	(R u p e e s i n c r o r e s)		
1993	2071.47	1320.18	12.59
1994	2401.56	1356.74	0.30
1995	2920.54	1480.67	3.47
1996	3341.64	1831.25	22.90
1997	3473.65	1903.59	14.94

The amount of outstanding guarantees at the end of 1996-97 increased by 4 *per cent* over the previous year. Guarantee Commission was realised from 3 Government Companies (Rs.4.84 crore) and 7 Co-operative societies (Rs.0.04 crore) during the year. According to information furnished by the Government, guarantee commission of Rs.7.89 crore was due for recovery from 7 Government Companies (Rs.7.23 crore), 14 Co-operative banks and societies (Rs.0.65 crore) and 1 private company (Rs.0.01 crore) as of March 1997. Rs.352.57 crore in respect of 22 co-operative institutions (Rs.40.30 crore) and 2 co-operative banks (Rs.312.27 crore) were included in the total maximum guaranteed amount of 1996-97 for which the department of co-operatives stood guarantee. Out of the total outstanding guarantee (Rs.1903.59 crore) Rs.36.95 crore pertaining to co-operative institutions, of which Rs.36.44 crore alone related to Orissa State Co-operative Bank as of March 1997. Scrutiny of the records of the department conducted (August/September 1997) disclosed that:

- (i) The sum of Rs. 14.80 crore guaranteed between June 1969 and April 1988 in favour of three institutions (Bargarh Co-operative Sugar Mills Limited -- Rs.2.10 crore, Nayagarh Co-operative Sugar Industries Limited -- Rs.6.40 crore and Barmba Co-operative Sugar Industries Limited -- Rs.6.30 crore) was outstanding as of 31st March 1997 and these institutions were leased out in January/August 1991.
- (ii) Department had no details of outstanding guarantees in respect of 9 institutions against whom maximum amount guaranteed was Rs.49.90 crore (7 co-operative bodies- Rs.24.84 crore and two co-operative banks Rs.25.06 crore).
- (iii) The stipulated guarantee fee of Rs.7.75 lakh was outstanding against 4 co-operative bodies (Rs.7.15 lakh) and Orissa State Co-operative Bank (Rs.0.60 lakh) as of March 1997. The department had no details about outstanding guarantee fees in respect of remaining 19 institutions.

According to instructions issued by the Finance Department of Government of Orissa in April 1980, every borrower should execute an agreement with the Government for payment of guarantee fee and due performance of other obligations and every case of guarantee should be reviewed annually by the Administrative Department concerned to ascertain the need for continuance of the guarantee. Scrutiny, however, disclosed that the guarantee deed was not executed for the block guarantee of Rs.50.00 crore issued in May 1982 in favour of Orissa State Co-operative Bank Limited for refinance from NABARD towards IRDP finance to Central Co-operative Banks. Consequently no guarantee fee was demanded and realised as of March 1997. No record was available to show that the contemplated annual review and consequent follow up action to withdraw guarantee was taken wherever warranted. This led to huge amounts guaranteed remaining outstanding (Appendix I).

The instructions also enjoin that sums paid by the Government to lending institutions in discharge of guarantee obligations due to the failure of the borrower to repay the loans shall be treated as sums recoverable from the borrower.

Fisheries and Animal Resources Development Department paid Rs.1.02 crore on behalf of Orissa Fish Seed Development Corporation which had failed to pay the same being interest towards term loan of Rs.3.13 crore borrowed from three commercial banks during November 1983 to October 1989 for which the Department stood guarantee. Instead of treating the amount of Rs.1.02 crore paid in discharge of guarantee obligation as loan recoverable from the corporation, the sum of Rs. 1.02 crore was sanctioned and released (May 1991) as grants-in-aid in favour of the corporation contrary to the instructions issued by the Finance Department.

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

1.12 Huge cash balances with the DDOs

Finance Accounts show only the closing cash balance of Government of Orissa available with the treasuries and Reserve Bank of India and the cash balance lying with departmental officers are not reckoned as part of the General Cash balance of Government. In the absence of any rules stipulating maximum limit upto which Drawing & Disbursing Officers (DDOs) are allowed to keep cash balance, DDOs resorted to keeping huge cash balances.

Scrutiny of Cash Books of 421 auditees (DDOs) disclosed that they had cash balances ranging from Rs.3000/- (ADMO, Medical, Bhadrak in September 1996) to Rs.9.99 crore (Special Revenue Development Commissioner, Cuttack in April 1996) aggregating to Rs.73.72 crore at the end of periods from April 1995 (CDPO, Kuliana) to February 1997 (Sub-Collector, Athamalik). These closing cash balances comprised of un-accounted paid vouchers for a sum of Rs.3.68 crore. Paid vouchers representing irregular use of funds remained outside the purview of accounts.

Due to non-refund of unspent balance to government account and misutilisation for unsanctioned purposes, Government failed to reduce its borrowings through overdraft

(Rs.820.98 crore)/ways and means advances (Rs.1462.77 crore) and consequent interest liability.

1.13 Ways and Means Advances and overdraft

Under an 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 advances from the Reserve Bank of India upto a limit mutually agreed upon. The limits for ordinary ways and means advances and special ways and means advances have been fixed at Rs.50.40 crore and Rs.19.20 crore respectively. Even after availing of maximum ways and means advances, if the shortfall remains uncovered, overdraft is allowed by the Reserve Bank of India to maintain the minimum balance.

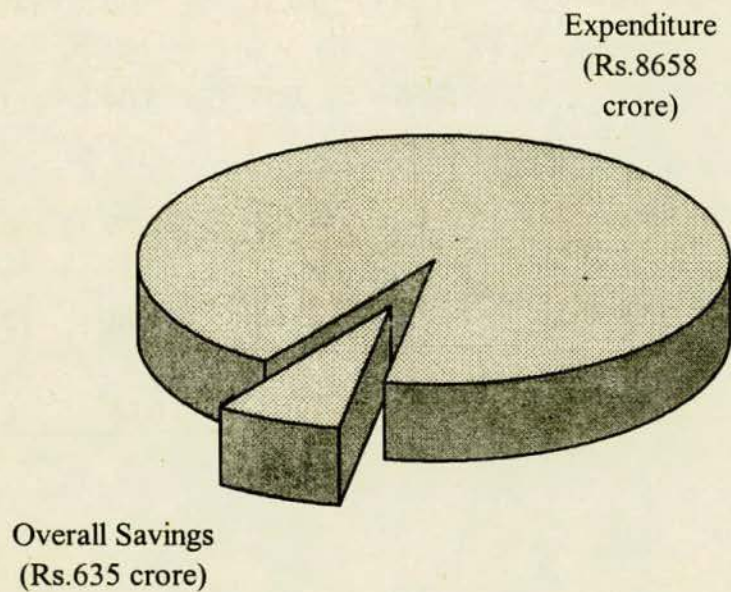
The extent to which the state Government maintained the minimum^m balance with the Bank during the period 1992-93 to 1996-97 was as given below :-

		1992-93	1993-94	1994-95	1995-96	1996-97
1.	Number of days on which minimum balance was maintained					
	a) Without obtaining any Advance	109	195	239	304	177
	b) By obtaining Ways and Means Advances	159	105	77	47	93
2.	Number of days on which there was shortfall in minimum balance after taking above advance but no overdraft was taken	4	1	1	Nil	2
3.	Number of days on which overdraft was taken	93	64	48	15	93

The position of Ways and Means Advances and overdraft taken by the State Government and interest paid thereon during 1992-93 to 1996-97 were as detailed below :

	1992-93	1993-94	1994-95	1995-96	1996-97
(R u p e e s i n c r o r e s)					
Ways and Means Advances					
i) Advances taken during the year (Gross)	665.91	447.47	318.14	479.04	1462.77
ii) Advances outstanding at the end of the year	44.27	60.31	Nil	142.27	119.36
iii) Interest Paid	2.94	1.55	3.04	1.03	6.33
Overdraft					
i) Overdraft taken during the year (Gross)	571.04	481.83	265.98	136.51	820.98
ii) Overdraft outstanding at the end of the year	68.19	35.66	Nil	22.73	320.74
iii) Interest Paid	0.65	0.85	0.70	0.20	0.84

Summarised position of actual expenditure



Total Budget Provision includes
Original : Rs.7607 crore
Supplementary : Rs.1685 crore
(Rs.9293 crore)

(paragraph 2.1)

CHAPTER-II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 General

The summarised position of actual expenditure during 1996-97 against approved Grants/Appropriations was as given below:

	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Variation Savings(-) Excess(+)
(Rupees in crores)					
I. Revenue					
Voted	4515.05	297.92	4812.97	4151.90*	(-) 661.07
Charged	1134.11	41.43	1175.54	1167.12	(-) 8.42
II. Capital					
Voted	1085.12	329.40	1414.52	1014.71*	(-) 399.81
Charged	1.41	2.01	3.42	1.13	(-) 2.29
III. Public Debt					
Charged	700.15	1002.09	1702.24	2209.34	(+) 507.10
IV. Loans and Advances(Voted)	171.83	12.77	184.60	113.67	(-) 70.93
Total	7607.67	1685.62	9293.29	8657.87**	(-) 635.42

* These were gross figures without taking into account the recoveries adjusted in accounts as reduction under revenue expenditure :- Rs.201.77 crore and Capital Expenditure :- Rs.137.06 crore.

** The total expenditure stands inflated at least to the extent of

- (i) Rs.23.13 crore remaining unutilised in personal deposit account of six DRDAs test checked (Khurda Rs.13.57 crore, Rayagada Rs.3.35 crore, Koraput Rs.3.16 crore, Cuttack Rs.1.57 crore, Bolangir Rs.0.46 crore and Keonjhar Rs.0.23 crore) and CADA, Cuttack (Rs.0.79 crore)
- (ii) Rs.31.24 crore drawn during the year 1996-97 and kept in Civil Deposits by various departmental officers as intimated by 29 treasuries. In the absence of yearwise details for the balances held as on 31 March 1997 made available by the remaining 6 treasuries, the exact amount kept unutilised pertaining to the year 1996-97 could not be ascertained.
- (iii) Rs1.16 crore due to retention of moneys drawn during the year in the shape of Deposit at Call Receipts by nine officers of Agriculture Department (Additional District Agriculture Officer, Ghatagaon Rs.0.03 crore, District Agriculture Officer, Jajpur Rs.0.13 crore, Dy. Director of Agriculture, Mayurbhanj Rs.0.12 crore, Director of Agriculture and Food Production Rs.0.56 crore, Deputy Director Agriculture, Jeypore Rs.0.04 crore, District Agriculture Officer, Rairangpur Rs.0.07 crore, Additional District Agriculture Officer, Nandpur, Koraput Rs.0.01 crore, District Agriculture Officer, Angul Rs.0.11 crore and District Agriculture Officer, Deogarh Rs.0.09 crore) and Rs.7.30 crore in the shape of Bank Drafts by the Director of Soil Conservation (Rs.2.18 crore) and Director of Agriculture and Food Production (Rs.5.12 crore).
- (iv) Rs.6.53 crore being drawal made by several Drawing and Disbursing Officers (DDOs) of sixteen departments on 31 March 1997. The amounts were not spent before the close of the year.
- (v) Expenditure of Rs.0.23 crore incurred by various departments for which vouchers were not received from the treasuries during the year remained unaccounted for in the books of the Accountant General (A&E), Orissa. Similarly, a sum of Rs.0.03 crore remained outside the accounts in the receipts side

Footnote Continued in next page

2.2 Results of Appropriation Audit

2.2.1 Supplementary provision of Rs.1685.62 crore obtained during 1996-97 constituted 22 *per cent* of the original grants/appropriations, as against 10 *per cent* in the previous year.

2.2.2 The overall saving of Rs.635.42 crore in 84 cases was the result of savings in 37 voted grants (Rs.1227.09 crore in 63 cases) and 18 charged appropriations (Rs.24.99 crore in 21 cases) which was partly offset by excesses of Rs.95.27 crore in 6 voted grants and Rs.521.39 crore in 2 charged appropriations.

2.2.3 Excess over grants/appropriations

The excess expenditure of Rs.616,67,20,807 in 8 cases (voted Rs.95,27,74,561 involving 6 grants and charged Rs.521,39,46,246 involving 2 appropriations) as detailed below require regularisation under Article 205 of the Constitution.

Sl.No.	Number and Name of grant/Appropriation	Total grant/Appropriation	Expenditure	Excess over grant/Appropriation
(in Rupees)				
I.	Voted			
A.	Revenue Section			
1.	7 Works	120,86,29,000	165,60,51,693	44,74,22,693
2.	28 Rural Development	172,65,20,000	189,23,87,451	16,58,67,451
3.	29 Parliamentary Affairs	4,90,21,000	5,11,29,372	21,08,372
		298,41,70,000	359,95,68,516	61,53,98,516
B.	Capital Section			
1.	3 Revenue	24,38,000	28,05,459	3,67,459
2.	6 Commerce	5,35,70,000	5,39,08,438	3,38,438
3.	22 Forest and Environment	104,09,19,000	137,75,89,148	33,66,70,148
		109,69,27,000	143,43,03,045	33,73,76,045
II	Charged			
A.	Revenue Section			
1.	3 Revenue	66,36,78,000	78,49,56,379	12,12,78,379
		66,36,78,000	78,49,56,379	12,12,78,379

owing to non-submission of receipt schedules by the treasuries during the year. Before the despatch of the list of payments and schedules, the Treasury officer was required to ensure by personal inspection, that all the required vouchers/schedules were attached as enjoined in Rule-34 of Orissa Treasury Code Volume-I. However, non-observance of these provisions led to understatement of expenditure/receipts.

- (vi) At the end of March 1997 Detailed Contingent Bills were not received as required under Rule 260 to 262 of Orissa Treasury Code Volume-I from the Drawing and Disbursing Officers in support of Rs.99.98 crore drawn on Abstract Contingent Bills. Non-submission of Detailed Contingent Bills was indicative of doubtful nature of expenditure. In absence of Detailed Contingent Bills, the genuineness of the expenditure could not be vouchsafed.

Sl.No.	Number and Name of grant/Appropriation	Total grant/Appropriation	Expenditure	Excess over grant/Appropriation
(i n R u p e e s)				
B	Capital Section			
1.	6003 Internal Debt of the State Government	1514,29,46,000	2023,56,13,867	509,26,67,867
		1514,29,46,000	2023,56,13,867	509,26,67,867
	Grand Total	1988,77,21,000	2605,44,41,807	616,67,20,807

2.3 Unnecessary/excessive/inadequate Supplementary Provision

(a) Supplementary provision of Rs.458.43 crore (Revenue : Rs.146.66 crore, Capital : Rs.311.77 crore) in 27 cases was wholly unnecessary as the expenditure in each case did not come up to the level of original provision, the saving being more than Rs.50 lakh in each case, as indicated in the Appendix-II.

(b) Against the actual requirement of Rs.49.07 crore (Revenue Rs.43.19 crore, Capital : Rs.5.88 crore) in 12 cases supplementary provision of Rs.123.84 crore (Revenue : Rs.105.05 crore, Capital : Rs.18.79 crore) was obtained resulting in saving of Rs.25 lakh or more in each case and Rs.74.77 crore in aggregate. Relevant details are given in Appendix-III

(c) Supplementary provision of Rs.1074.42 crore (Revenue : Rs.70.40 crore, Capital : Rs.1004.02 crore) obtained in 5 cases as detailed in Appendix-IV proved inadequate by more than Rs.2.00 crore in each case leaving an aggregate uncovered excess expenditure of Rs.616.41 crore.

2.3.1 Significant cases of Savings in plan expenditure

Significant savings exceeding Rs.1 crore in each case were noticed in 37 cases under plan schemes involving 12 grants, details of which are given in Appendix-V.

2.3.2 Persistent Savings

Persistent savings of more than 10 *per cent* were noticed during the years 1994-95,

1995-96 and 1996-97 in the following grants/appropriations:

Sl.No.	No. and name of the Grant	Percentage of savings		
		1994-95	1995-96	1996-97
Revenue Section				
1.	2-General Administration (Charged)	11	32	13
2.	5-Finance (Voted)	48	43	45
3.	5-Finance (Charged)	100	100	100
4.	10-School and Mass Education (Voted)	11	11	11
5.	10-School and Mass Education (Charged)	90	100	51
6.	12-Health and Family Welfare (Charged)	98	66	75
7.	13-Housing and Urban Development (Charged)	100	64	30
8.	15-Sports, Culture and Youth Services (Voted)	25	15	42
9.	16-Planning and Co-ordination (Voted)	91	58	18
10.	18-Public Grievances (Voted)	22	37	32
11.	19-Industries (Voted)	30	23	13
12.	22-Forest and Environment (Voted)	31	30	26
13.	31-Textile and Handloom (Voted)	41	40	34
14.	34- Co-operation (Voted)	23	16	28
15.	36-Women and Child Development (Voted)	25	30	28
16.	38-Higher Education (Charged)	100	100	100
Capital Section				
17.	7-Works (Voted)	17	20	14
18.	16-Planning and Co-ordination (Voted)	100	100	100
19.	20- Water Resources (Voted)	18	24	19
20.	20- Water Resources (Charged)	31	100	69
21.	23-Agriculture (Voted)	93	11	65
22.	24-Steel and Mines (Voted)	56	100	100
23.	25-Information and Public Relation (Voted)	80	100	90

Sl.No.	No. and name of the Grant	Percentage of savings		
		1994-95	1995-96	1996-97
24.	26-Excise (Voted)	100	100	100
25.	28-Rural Development (Voted)	27	25	23
26.	28-Rural Development (Charged)	66	21	14
27.	29-Parliamentary Affairs (Voted)	100	100	100
28.	30-Energy (Voted)	43	54	57
29.	31-Textile and Handloom (Voted)	14	44	74
30.	32-Tourism and Culture (Voted)	33	45	32
31.	33-Fisheries and Animal Resources Development (Voted)	57	75	36
32.	34-Co-operation (Voted)	62	39	36
33.	38-Higher Education (Voted)	44	46	44

2.3.3 Persistent Excesses

Persistent excesses were noticed in the following grants

Sl.No.	No. and name of the Grant	Percentage of excesses		
		1994-95	1995-96	1996-97
Revenue Section				
1.	7-Works (Voted)	38	37	37
2.	28-Rural Development (Voted)	35	37	10
Capital Section				
3.	3-Revenue (Voted)	38	65	15
4.	22-Forest and Environment (Voted)	22	14	32

2.3.4 Surrender of Savings

According to rules, all anticipated savings in a grant/appropriation should be surrendered as soon as the possibility of savings is foreseen from the trend of expenditure, without waiting till the end of the year when it cannot be purposefully utilised. During 1996-97 although actual saving of Rs.1252.08 crore was available, Rs.1182.88 crore was surrendered, that too only in March 1997.

(a) In the following grants/appropriations amounts surrendered were less than the savings available by more than Rs.2 crore in each case.

Sl.No.	No.&Name of the Grant	Total Savings	Amount surrendered	Amount not surrendered
1	2	3	4	5
(Rupees in crores)				
Revenue Section (Voted)				
1.	3-Revenue	26.59	24.17	2.42
2.	10-School and Mass Education	106.47	77.00	29.47
3.	22-Forest and Environment	26.37	21.43	4.94
4.	30-Energy	10.15	6.74	3.41
5.	36-Women and Child Development	88.13	81.26	6.87
6.	38-Higher Education	12.71	9.47	3.24
Capital Section (Voted)				
7.	7-Works	22.70	20.35	2.35
8.	12-Health and Family Welfare	7.03	Negligible	7.03
9.	20-Water Resources	93.59	44.46	49.13
10.	24-Steel and Mines	3.79	0.25	3.54

(b) In the following grants/appropriation surrenders exceeding Rs.50 lakh in each case were made in excess of the savings actually available.

Sl.No.	No.&Name of the Grant	Total Savings	Amount surrendered	Amount surrendered in excess
1	2	3	4	5
(R u p e e s i n c r o r e s)				

Revenue Section (Voted)

1.	11-Welfare	41.03	43.14	2.11
2.	13-Housing and Urban Development	4.06	7.33	3.27
3.	17-Panchayati Raj	29.59	32.19	2.60
4.	20-Water Resources	0.41	4.77	4.36
5.	23-Agriculture	18.92	23.20	4.28

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

Sl.No.	No.&Name of the Grant	Total excesses available	Amount surrendered
1	2	3	4
(R u p e e s i n c r o r e s)			

Revenue Section (Voted)

1.	7-Works	44.74	3.18
2.	28-Rural Development	16.59	25.98

Capital Section (Voted)

3.	22-Forest and Environment	33.67	2.21
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2.3.5 Non-receipt of explanations for savings/excesses

After the closure of accounts of each financial year, the detailed Appropriation Accounts showing the final grant/appropriation, the actual expenditure and the resultant

variations are sent to the Controlling Officers (CO) who are required to explain the variations in general and those under important sub-heads in particular. The State Budget Manual also requires the CO to furnish promptly all such information to the Principal Accountant General (A&E) for preparation of the appropriation accounts.

For the Appropriation Accounts 1996-97, the reasons for savings/excesses were called for by the Principal Accountant General (A&E) in October 1997 in respect of 4513 cases (Savings : 2745 cases for Rs.1246.38 crore, Excesses : 1768 cases for Rs.539 crore). These were not received as of October 1997.

2.3.6 Unutilised provision

In 22 cases involving 17 grants/appropriation, the expenditure fell short of the provisions by more than Rs.1 crore and more than 20 *per cent* of the provision in each case, as detailed in Appendix-VI.

2.4 Review on Personal Ledger (PL) Account and Civil Deposits

2.4.1 Personal Ledger Accounts

Personal Ledger Accounts (PL) which are in the nature of personal bank account were maintained within the Consolidated Fund of Orissa (Grant No.9, 22 and 23) as well as in Public Account of Orissa (8443-Civil Deposits-106-Personal Deposits). The scheme-wise position of balances at the end of March 1997 and their maintenance of accounts have been exhibited in the Appropriation Accounts for the year 1996-97 under the respective grants.

(A) PL Account within the Consolidated Fund of Orissa

Test check of accounts records maintained by the Department of Food Supplies and Consumer Welfare and Directorate of Agriculture conducted in September 1997 disclosed the following:-

(1) Food Supplies and Consumer Welfare Department (Grant No.9)

Scrutiny of departmental records disclosed that out of five schemes for which PL Accounts were maintained with a closing balance of Rs.12.85 crore, four were inoperative with a balance of Rs.2.82 crore for over two decades but had not yet been closed (September 1997).

The discrepancies between the figures of closing balance in the PL Accounts as maintained by the department and the Accounts Office as mentioned below remained to be reconciled as of September 1997 even though the department promised before the Public Accounts Committee in June 1996 to reconcile within a month. The details were as under:

		Closing balance as on 31 March 1997 as per	
Scheme	Inoperative from	Accounts office (Rupees in lakhs)	Department (Rupees in lakhs)
(a) Grain Purchase Scheme		2454.16	1002.87 (With Dist. Collectors Rs.121.20 lakh, with Secretary F.S. and CW Dept. Rs.881.67 lakh).
(b) Grain Supply Scheme	1959	248.15	258.12
(c) Trading in Scrap Iron and Other materials	1974-75	19.42	13.62
(d) Trading in Mustard Oil	1971-72	9.81	10.05
(e) Purchase of cloth	1954-55	0.46	0.47
Total		2732.00	1285.13

(2) Forest and Environment Department

Out of five schemes for which PLAccounts were maintained with a closing balance of Rs.20.52 crore, four schemes though inoperative with a balance of Rs.83.42 lakh since long, had not been closed. Though Government decided (August 1979) to close two inoperative accounts with a balance of Rs.79.30 lakh (Marketing of fish and by-products: Rs.3.95 lakh and Trading in Kendu leaves: Rs.75.35 lakh), the same had not been closed so far due to discrepancies between the closing balances as maintained by the department and accounts office.

(3) Agriculture department - Directorate of Agriculture

(a) There were nine schemes for which PL Accounts were maintained with a closing balance of Rs.2.99 crore as on 31st March 1997.

Agriculture Department authorised (March 1970) the Director of Agriculture, in consultation with Accountant General (A&E) to open a PL Account "suspense personal deposit debit" with an advance of Rs.20 lakh and maximum ceiling limit of Rs.50 lakh which was raised to Rs.1.35 crore in 1982-83 for purchase and distribution of seeds. Though there were no further instructions in this regard, Government had been providing Rs.4.00 crore in the Budget (Non-plan) each year under the Head of account "2401-Crop-Husbandry-103 Seeds-D-PL" accounts for purchase and distribution of seeds and fertilisers etc. under "Suspense Debit" and minus Rs.4.00 crore under "Suspense credit".

Scrutiny of the PL account operated by the Director for the "Purchase and distribution of quality seeds to cultivators" for the year 1996-97 disclosed the following :-

Opening Balance as on 1.4.1996	Credits during 1996-97	Debits during 1996-97	Closing Balance as on 31.3.1997
(R u p e e s i n c r o r e s)			
11.97	26.73	35.49	3.21

The credits comprised of Rs.13.96 crore being sale proceeds of seeds and Rs.12.77 crore transferred by debit to the service Major Heads in respect of the following nine schemes.

There were however, no specific instructions of Government to keep such amounts in PL accounts.

	Rupees in lakhs
(i) Oil seeds	81.50
(ii) Natural calamities drawn out of Orissa Contingency Fund	850.00
(iii) Seed subsidy	200.00
(iv) Jute Programme	4.55
(v) National Pulse Development Programme	25.00
(vi) Intensive Cereal Development Programme	100.00
(vii) National Project on Development of Fertilisers in low consumption in rainfed areas	3.25
(viii) Integrated Seed Development Programme	2.72
(ix) Rice Minikit	10.08
Total	1277.10*

* Of this, Rs.691.52 lakh was credited in March 1997.

(b) (i) The discrepancy between the departmental opening balance of Rs.11.97 crore as on 1.4.96 and closing balance of Rs.6.72 crore as per Appropriation Accounts for 1995-96 awaited reconciliation by the Department. Amount credited to PL Account during 1996-97 as per the Appropriation Accounts for 1996-97 was Rs.26.76 crore whereas departmental figure was Rs.26.73 crore which also awaited reconciliation. The closing balance on 31st March 1997 as per the treasuries was Rs.3.24 crore as against the departmental figure of Rs.3.21 crore

(ii) The Personal Ledger Cash Book showed outstanding advances for Rs.91.03 crore against executing agencies as on 31 March 1997.

(iii) No advance ledger showing the names of the executing agencies to whom advances were paid, dates of payment, advances adjusted and outstanding balances scheme-wise had been maintained despite instructions in the Accounting procedure for PL Account.

- (iv) There were no records showing the programmes devised and targets fixed on the basis of which advances were given to the executing agencies.
- (v) No reasons had been stated for the delay in adjustment of huge outstanding advances for Rs.91.03 crore.
- (vi) Though Rs.2.00 crore sanctioned during 1996-97 for administration of subsidy on improved seeds were not to be drawn till actual payments to the beneficiaries were assessed, the same was, however, drawn during the year and credited to PL Account.
- (B) PL Accounts within Public Account of Orissa

Finance Accounts for the year 1996-97 showed a balance of Rs.109.75 crore under "8443-Civil Deposits-106 Personal Deposit".

There were 65 operative and 19 in operative Personal Deposit Accounts. The balance as on 31 March 1997 in the PL accounts in operation by 27 District Rural Development Agencies (Rs.76.58 crore), 18 Integrated Tribal Development Agencies (Rs.20.16 crore), 5 Command Area Development Authorities (Rs.5.23 crore) and 6 others (Rs.56.42 lakh) was Rs.102.53 crore. In the absence of Annual Balance Certificates, the balances held by the remaining PLaccount holders could not be ascertained.

Results of test check of the records of DRDA, Khurda, Cuttack, Koraput, Bolangir, Bhawanipatna, Rayagada and Keonjhar conducted in September 1997 are summarised in the succeeding paragraphs.

- (i) Discrepancies between Treasury pass book and bank book

According to Note-3 below SR-423 of Orissa Treasury Code Vol-I balances in the PL Account as per the books of the Departmental officers should be verified with the balances in Treasury Accounts every month. During test check of records of DRDA, Keonjhar, it was found that without effecting any such reconciliation, the Project Director certified that the balances in his pass book had tallied with the Treasury Pass Book despite the following

discrepancies. Similar discrepancies were noticed in the records of DRDA, Bhawanipatna.

Year	Closing Balance at the end of March as per Treasury Pass Book	Closing Balance as per Bank Book	Closing Balance as per the Report of the Chartered Accountant	Closing Balance as reported by Pr.AG(A&E), Orissa
<u>DRDA, Keonjhar</u>	(I n	R u	p e e	s)
1993-94	99,36,049.06	98,86,758.06	98,86,749.06	99,36,049.06
1994-95	1,29,61,773.06	1,22,22,781.56	1,29,81,782.06	1,29,61,773.06
1995-96	1,36,81,295.06	1,50,39,303.48	1,40,50,019.06	1,59,81,295.06
1996-97	2,43,74,978.06	2,48,75,888.48	2,35,91,609.06	2,43,74,978.06
<u>DRDA, Bhawanipatna</u>				
1996-97	3,89,49,789.15	3,65,77,939.85	--	3,95,34,789.15

(ii) Yearwise details of balances lying in the PL Account against State Share and Central Share of each scheme as on 31 March 1997 had not been worked out in any of the DRDAs.

(iii) Contrary to the instructions of Government of India, Ministry of Rural Development in July 1994 addressed to the Secretaries of Rural Development Department and the Chairman DRDAs of all States, to keep all Scheme funds in banks, DRDAs test checked, had deposited Scheme funds in their PL Accounts. This led to loss of interest which otherwise would have been available for expenditure on items of works specified in the guidelines of the respective schemes.

(iv) Sanction of funds without requirements

While conducting audit during September 1997, it was observed that two departments sanctioned (March 1997) Rs.6.28 crore to retain the amounts in PL Account until further

instructions and the amounts had not been spent as of September 1997 as detailed below :-

Sanction No. & Date	Purpose/Scheme	Amount sanctioned	Amount credited to PL Account
(Rupees. in lakhs)			
<u>DRDA, Rayagada</u>			
3144/WCD dt. 13 March 1997	Construction of CDPO Office-cum- godown	8.00	8.00
3113/PR dt. 20 March 1997	10th Finance Commission Award on Rural connectivity (Normal Rs.56.67 lakh, TASP Rs.160 lakh)	216.67	216.67
3129/PR dt. 20 March 1997	Construction of ZP office building	28.00	28.00
		252.67	252.67
<u>DRDA, Khurda</u>			
3336 dt. 22 March 1997	TRYSEM Mini ITI	56.34	56.34
3428 dt.29 March 1997	JRY Adm. Charges	0.77	
33398 dt. 27 March 1997	JRY Adm. Charges	1.50	2.27
3409 dt. 27 March 1997	EAS	28.14	
3423 dt. 27 March 1997	EAS	1.85	29.99
3436 dt. 29 march 1997	Freedom from hunger	57.80	57.80
31113 dt. 20 March 1997	Rural Connectivities (10th Finance Award)	118.20	118.20
3129 dt. 20 March 1997	Construction of Zilla Parishad building	28.00	28.00
3725 dt. 20 March 1997	Construction of G.P. Ghar	4.00	4.00
3704 dt. 24 March 1997	TRYSEM (Estt. of Mini ITIs)	211.38	78.27
		507.98	374.87
Grand Total :			627.54

Out of Rs.65 lakh received during 1994-95 for Krushak Kalyan Karyakram and kept in PL Account, Rs.35 lakh were advanced to Orissa Agro Industries for conducting sounding tests for installation of borewell and Rs.30 lakh kept in fixed deposit in March 1996.

(v) Unauthorised use of PL Accounts

(i) At the instance of Collector, Koraput a sum of Rs.3 lakh received from Orissa Civil Supplies Corporation Limited, Jeypore for construction of godowns at Narayanpatna (Rs.2 lakh) and Lamptaput (Rs.1 lakh) was deposited in the PL Account of DRDA, Koraput in February 1996 and April 1996 respectively.

(ii) Rs.31.25 lakh received for sinking of tube wells by the Collector, Bhawanipatna were deposited in the PL Account of DRDA, Bhawanipatna in March 1997.

(iii) Rs.37.50 lakh received by the Collector, Bolangir for sinking 150 numbers of tube wells were deposited in PL Account of DRDA, Bolangir in March 1997.

(iv) Rs.24.94 lakh drawn by District Social Welfare Officer, Rayagada towards expenditure on ICDS, Midday Meal Programme etc, were credited to the PL Account of DRDA, Rayagada during March 1996 at the instance of the Collector, Rayagada.

2.4.2 Civil Deposits

Finance Accounts for 1996-97 showed a closing credit balance of Rs.183.86 crore representing unspent amounts lying under the Head of Account "8443-Civil Deposits-800-Other deposits" whereas information received from 33 out of 35 treasuries indicated a closing credit balance of Rs.211.25 crore as detailed in Appendix-VII. Of this, Rs.31.24 crore related to the year 1996-97. However, the treasuries furnished departmentwise details only for Rs.192.95 crore as indicated in Appendix-VIII. The treasuries did not furnish yearwise analysis and the schemes to which the balances related.

2.5 Budgetary procedure and control over expenditure

Scrutiny of budget proposals and the actual expenditure in respect of 3 departments viz. (i) Women and Child development, (ii) Agriculture and (iii) Planning and Co-ordination revealed the following:

2.5.1 Lump sum provision

According to Rule 59 of the Orissa Budget Manual, lump sum provisions should not, as a rule, be made in budget. However, lump sum provisions were made in Budget for 1996-97 in the cases detailed below:

Department	Major Head	Amount (Rupees in crores)
23 Agriculture	23-2401 Crop Husbandry -State Plan-State Sector-103 Seeds 0004560 Exp. 2000000	0.56
- do -	796-TASP 0004560 Exp. of Seed Firm- 2000000	0.34
16 Planning and Co-ordination	16-3451 Secretariat Economic Service-District Sector-102-District Planning, Machinery-(Pipe Line Project)	3.37
36 Women & Child Development	36-2236 Nutrition-State Sector-02 Distribution of Food and Beverages SNP-2000000-Other Charges 100 New ICDS Project Rs.2,94,16,000 6 New Urban ICDS Projects Rs.72,84,000	3.67

2.5.2 Provisions for vacant posts

Rule 61(b) of Orissa Budget Manual provides that provision should be made in the Budget for men on duty (excluding posts remaining vacant). But in the following cases provisions for vacant posts were made in the Budget for 1996-97 by two departments and all these amounts were surrendered.

Sl.No.	Head of Account	Amount (Rupees in crores)
Women and Child Development		
1.	36-Non Plan-2235 SSW/02 SW-001 Direction and Administration	0.09
2.	36-Non Plan-2235 SSW/02-106	0.07
3.	36-Non Plan-2236 -Nutrition-02- Distribution of Food and Beverages- 001 Direction and Administration Feeding Programme	0.01
4.	36-State Plan-2235 SSW State Sector-02-SW 106- Rehabilitation of neglected delinquent Juveniles	0.01
5.	36-Central Plan-2235 SSW- District Sector-02 SW-796 TASP	2.01
6.	36-Central Plan-2235 SSW- District Sector-02 Social Welfare-800 Other Charges	0.15
7.	36-CSP-2235 SSW District Sector-02-SW-102 Child Welfare WBA-ICDS Programme	5.32
8.	36-2235 SSW-CSP-District Sector-02-SW-102 Child Welfare-0014740 WBA ICDS Programme	6.37
Agriculture		
9.	16-2401 Crop Husbandry (Non Plan)	0.08
	16-2401 Crop Husbandry (S.P.)	0.11
	16-3454 Census Survey Statistics	0.12
Total		14.34

2.5.3 Belated Surrenders

Though Rule 146 of the Orissa Budget Manual provides that all anticipated savings **should** be surrendered to Government immediately after these are foreseen latest by 10th of **March of the financial** year without waiting till the end of the year, it was, however, noticed in audit that 3 **Departments** surrendered the amount after the due date as detailed below:-

Department	Amount (Rupees in crores)	Date of surrender
Women and Child Development Department	50.17	31.3.97 to 8.4.97
Director of Soil Conservation	26.38	31.3.97
Agriculture Department	31.24	31.3.97
Planning and Co-ordination Department	5.00	31.3.97

2.5.4 Irregular drawal from Orissa Contingency Fund

Finance Department sanctioned an advance of Rs.2.00 crore from Orissa Contingency Fund in favour of Women and Child Development Department for giving grants-in-aid (Rs.60 lakh) and loans (Rs.1.40 crore) to National Institute of Social Works and Social Sciences (NISWAS), a voluntary organisation for promotion and strengthening of social welfare activities on the ground that the expenditure was unforeseen and of emergent nature and could not wait till funds were provided through supplementary demand. While issuing orders for drawal of the amount, Women and Child Development Department insisted that the organisation should produce a bank guarantee for the loan amount as stipulated by the Planning & Coordination Department which concurred with the proposal for assistance to NISWAS. Though Bank drafts for Rs.2.00 crore were drawn in favour of NISWAS on 27 March 1997, the same were not handed over pending submission of bank guarantee (11 August 1997). Evidently sanction of advance from Contingency Fund was not justified and could have waited till budget provision was made in the following year.

2.5.5 Surrender due to non-implementation of Central Plan(non World Bank) Integrated Child Development Service Scheme (ICDS)

(a) The Department of Women and Child Development made provision of Rs.17.77 crore under normal Plan and Rs.7.56 crore under -796-Tribal Area Sub Plan below the Head "36-2235-Social Security and Welfare-Central Plan-District Sector-02-Social Welfare-102-Child Welfare" for continuation of 59 existing ICDS projects and for opening 97 new projects. Scrutiny of the records of the Department (May 1997) revealed that the Department had surrendered Rs.10.09 crore under normal plan and Rs.1.80 crore under TASP respectively due to non-operationalisation of new projects sanctioned during 1994-95 and 1995-96 and non-recruitment of staff for 1121 posts sanctioned in February 1997 by the Department. While the provision for vacant post was irregular, non-operationalisation of the projects funded by the Central Government denied the benefit to the targeted sectors.

(b) The Women and Child Development Department provided Rs.22.38 crore under normal plan and Rs.37.78 crore under Tribal Area Sub Plan below "36-2235-Social Security and Welfare CSP-02-Social Welfare-102-Child Welfare in the Budget Estimates for the year 1996-97 for implementation of World Bank Assisted ICDS programme; of which Rs.5.66 crore and Rs.7.57 crore respectively were surrendered due to non-filling of sanctioned posts, delay in imparting training to ICDS functionaries, delay in finalisation of bids for procurement of medicines, delay in installation of hand pumps in Anganwadi centres and non-implementation of income generating activities etc.

Scrutiny of surrender statements also disclosed that Rs.6.37 crore being 48 per cent of the total surrendered amount of Rs.13.23 crore was on account of pay and allowances under State Sector (Rs.0.07 crore), District Sector-normal Plan (Rs.2.77 crore), District Sector -796-TASP (Rs.3.48 crore) and Training programme (Rs.0.05 crore). Though the savings were known early in the year due to provisions for vacant posts, surrender was made only on 31 March 1997.

2.6 Recoveries and credits

Under the system of gross budgeting by Government, the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts in reduction of expenditure. The anticipated recoveries and credits are shown separately in the budget estimates. In 1996-97, against the anticipated recovery of Rs.246.76 crore (Revenue: Rs.134.05 crore, Capital : Rs.112.71 crore), the actual recovery was Rs.338.83 crore (Revenue: Rs.201.77 crore, Capital : Rs.137.06 crore).

Details of major variations involving 20 *per cent* of the original estimates and not less than Rs.1 crore were as given below:

Sl. No.	Number & Name of the Grant	Budget estimate	Actual recoveries	Variation	
				Amount	Percentage
(R u p e e s i n c r o r e s)					
A. Excess recoveries against budget estimates					
Revenue					
1.	7-Works	11.18	35.77	24.59	220
2	13-Housing and Urban Development	2.08	9.06	6.98	336
3.	20-Water Resources	4.49	5.82	1.33	30
4.	23-Agriculture	4.75	27.43	22.68	477
5.	28-Rural Development	10.18	41.69	31.51	310
Capital					
6.	20-Water Resources	8.70	15.81	7.11	82
B. Short recoveries against budget estimates					
Revenue					
1.	5-Finance	4.43	0.14	4.29	97
2.	12-Health & Family Welfare	23.26	14.31	8.95	38
Capital					
3.	30-Energy	1.60	0.05	1.55	97

2.7 Expenditure on New Service

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

During 1996-97, expenditure totalling Rs.1.93 crore was incurred in 3 cases as detailed below without following the prescribed procedure for New Service/New Instrument of service and hence incurred without authority of Legislature.

Sl.No.	Number & Name of the Grant	Head of Account	Amount (Rupees in crores)
1.	28-Rural Development	4059 - Capital Outlay on Public Works-State Plan-District Sector-01-Office Buildings-ZZ(a)-051-construction	1.47
2.	28-Rural Development	4202-Capital Outlay on Education, Sports, Arts and Culture-State Plan-District Sector-01-General Education-ZZ(b)-202 Secondary Education	0.20
3.	33-Fisheries and Animal Resources Development	6405-Loans for Fisheries-Central Plan-State Sector RRRR(A)-Loans to Cooperatives	0.26
Total			1.93

2.8 Non-reconciliation of departmental figures of expenditure

Standing instructions of the Government require that departmental figures should be reconciled periodically with those of the Accountant General (Accounts and Entitlement). Such reconciliation enables the Departmental Officers to monitor the progress of expenditure and timely detect misclassifications, wrong bookings etc. During 1996-97 out of 282

Controlling Officers, 30 Controlling Officers had not reconciled the expenditure figures at all and 10 Controlling Officers had partially reconciled the expenditure figures.

2.9 Advances from the Contingency Fund

The corpus of the State Contingency Fund was fixed (June 1990) at Rs.60 crore to enable Government for meeting unforeseen expenditure not provided for in the budget and of such emergent nature that could not be postponed till the vote of Legislature was taken.

During the year 1996-97, 17 sanctions of advance from Contingency Fund for an aggregate sum of Rs.41.95 crore were issued.

Advances from Contingency Fund aggregating Rs.10.58 crore remained unrecouped as of March 1997. The periods for which these are pending for recoupement are given below.

Period	Amount (Rupees in crores)
Upto 1986-87	3.10
1987-88 to 1991-92	6.32
1992-93 to 1993-94	0.02
1994-95	1.03
1995-96	0.11
Total	10.58

The major headwise details of amount outstanding are available in the Finance Accounts.

2.10 Irregular drawal from Contingency Fund

A sum of Rs.80 lakh was sanctioned (26 March 1993) by Harijan & Tribal Welfare Department for taking up "Drip Irrigation Project" to provide irrigation to orange plantation in tribal areas of Gajapati District out of Orissa Contingency Fund (recouped in December 1993). The amount was released to Project Administrator, ITDA, Paralakhemundi in June 1993 who, in turn deposited the same in his Personal Ledger Account (Rs.40 lakh) and in Bank Account (Rs.40 lakh). Of this, only Rs.9.12 lakh (Rs.1.55 lakh in 1994-95 and Rs.7.57 lakh in 1996-97)

were spent upto March 1997 leaving Rs.70.88 lakh unutilised as of September 1997. In view of the poor trend of expenditure, sanction of funds from Contingency Fund lacked justification.

2.11 Excess payment of pensions

Test check of records of the Treasuries revealed excess payments to the tune of Rs.4.94 lakh in respect of 214 pensioners during 1996-97.

These cases were brought to the notice of Treasuries concerned during July 1996 to June 1997.

CHAPTER - III

SCHOOL AND MASS EDUCATION DEPARTMENT

3.1 Non-formal education programme

3.1.1 Introduction

Non-formal Education (NFE), a centrally sponsored scheme was launched in nine educationally backward States including Orissa, during the Sixth Plan Period (1980-85) to provide facilities for learning to a large number of out-of-school children who were unable to avail of the benefits of schooling due to various social constraints. Non-formal education was to cover habitations without schools, school dropouts, working children of the weaker section of the society like Scheduled Castes/Tribes and girls who could not attend whole-day school, within the age group of 9-14 years. The programme was given the shape of a project in November 1988 in Orissa. Each project comprised about 100 NFE centres in a compact and contiguous area, coterminous with a Community Development Block. During 1993 the programme was further improved and strengthened by Government of India. The revised scheme envisaged intensified approach and decentralisation of administration and management, enhancement of technical resource inputs, development of training infrastructure, intensive training, development of teaching-learning materials and semesterisation of NFE based on Minimum Level of Learning (MLL) syllabus.

Financing Pattern

Government of India provided financial assistance in the following ratio upto Seventh Plan Period : (i) for general NFE centres 50:50 and (ii) for girls NFE centres 90:10. During 1993, financial assistance in respect of general NFE centres was revised to 60:40 with revised cost parameter for projects and centres.

The abbreviations appearing in the review are listed alphabetically and expanded in the glossary at Appendix- XIX at page 353-354.

In Orissa the programme was running through 14,552 nos. of Prathamika (8168 general and 6384 girls) and 896 nos. of Madhyamika (662 general and 234 girls) centres spread all over the State.

3.1.2 Organisational set-up

The Department of School and Mass Education was responsible for releasing funds, overall monitoring of the programme, issuing orders for opening of centres and submission of reports and returns to the Government of India. The implementation and monitoring of the programme was the responsibility of the Director of Elementary Education (DEE), assisted by one Joint Director and 13 District Co-ordinators. NFE wing of the Directorate of Teachers Education and State Council of Educational Research and Training (TE & SCERT) provided resource support and academic inputs for development of curriculum and training. District Institute of Educational Training (DIET) and Secondary Training Schools conducted training programmes. Responsibility of printing and supply of books rested with Director, Text Book Production and Marketing, Orissa.

3.1.3 Audit coverage

Records relating to the implementation of the NFE Programme from 1991-92 to 1996-97 were test checked during January 1997 to May 1997 covering the Department of School and Mass Education, Government of Orissa, Directorate of Elementary Education, Directorate of TE & SCERT and offices of 17* District Inspector of Schools (DIS) out of 64 DIS. The results of test check conducted in audit are dealt in succeeding paragraphs.

(1) Angul, (2) Baliguda, (3) Bhadrak-II, (4) Bhawanipatna, (5) Chatrapur, (6) Cuttack, (7) Dhenkanal, (8) Jeypore, (9) Kendrapara, (10) Keonjhar, (11) Koraput, (12) Nayagarh, (13) Nimapara, (14) Rairangpur, (15) Rourkela, (16) Sundergarh and (17) Titlagarh. Each of these correspond to education district and not the revenue district.

3.1.4 Highlights

- Central share of Rs.5.75 crore received by Government of Orissa in the year 1995-96 was not released and consequently "8,000 girls" centres were not sanctioned/established as of March 1997.

{Paragraph 3.1.5(a)}

- Rs.2.54 crore shown as spent under the programme was kept as DCR (Rs.90.11 lakh), in current account with banks (Rs.1.12 crore) and in cash and advances (Rs.52.40 lakh). Rs.52.44 lakh kept under Civil Deposits and Rs.93.53 lakh were refunded to the Treasury as the amount could not be utilised.

{Paragraph 3.1.5(b)}

- Out of 705 centres sanctioned under "2000 girls" scheme in the test checked districts only 617 centres were opened. In Cuttack district centres at 29 places including 13 places where primary schools existed were sanctioned without recommendation of DIS in violation of guideline. Funds in respect of 145 defunct centres and 88 centres yet to be opened were drawn and kept in the shape of cash (Rs.34.71 lakh) and materials (Rs.1.17 lakh). Expenditure of Rs.3.20 lakh was incurred in respect of 43 idle staff.

{Paragraph 3.1.6}

- Against the target group of learners in 9 - 14 years, children of 6 years and below were admitted in large numbers. The ratio of children in the age groups of 9 - 14 years to total learners ranged between 15 to 20 *per cent* only during 1991-92 to 1995-96.

{Paragraph 3.1.7}

- In 17 DIS none of the 5100 NFE centres was providing education beyond Class-III level as against the norm of education upto Class-V level. The centres failed to

retain children even upto Class-III level. The number of dropouts was 70 *per cent* during 1992-93 to 1993-94 and thereafter no examination was conducted.

{Paragraph 3.1.8}

- NFE course based on Minimum Level of Learning (MLL) system was not introduced and centres were running with old integrated course.

{Paragraph 3.1.9}

- Village Education Committees, for ensuring community participation in the programme were not set up in any of the 5100 centres under test checked districts and honorarium was paid without countersignature of the Chairman of the committee.

{Paragraph 3.1.10}

- In Boipariguda and Kundra projects of DIS, Jeypore 53 instructors were engaged by issuing fake engagement letters by a Junior Co-ordinator.

{Paragraph 3.1.11}

- Funds provided for free supply of reading and writing materials in 17 DIS were utilised in purchase of teaching materials by curtailing cost of stationery from Rs.75 and Rs.100 to Rs.10 and Rs.25 per learner.

{Paragraph 3.1.12}

- In DIS, Bhawanipatna reading and writing materials worth Rs.11.66 lakh were shown as distributed among the learners without any acknowledgement of receivers.

{Paragraph 3.1.12(iii)}

- Monitoring of the implementation of the programme was not conducted effectively. As a result, a number of irregularities took place in enrolment of learners. Large scale dropouts and irregularities in distribution of reading and writing materials were noticed.

{Paragraph 3.1.14}

3.1.5 Financial outlay and expenditure

The grants received from Government of India (GI), Ministry of Human Resources Development, amount released by State Government and expenditure under the programme from 1991-92 were as under:

Year	Grants-in-aid received from GI	Central share released	State share released	Total amount released	Expenditure	Expenditure in test-checked districts
	(R u p e e s i n l a k h s)					
1991-92	364.30	342.91	220.78	563.69	562.74	108.33
1992-93	356.27	301.87	179.82	481.69	477.89	96.51
1993-94	445.01	325.54	202.74	528.28	527.15	96.74
1994-95	761.70	718.75	331.68	1050.43	978.44	246.71
1995-96	1343.83	768.51	340.28	1108.79	1035.24	261.30
Total		2457.58	1275.30	3732.88	3581.46	809.59

Scrutiny of records at different offices revealed as under :

(a) Central share of Rs.5.75 crore received in 1995-96 for implementation of the following programme was not released by the State Government:

- (i) Opening of 8000 additional girls centres : Rs.4.28 crore
- (ii) Opening of 80 new projects for 8000 centres : Rs.27.26 lakh
- (iii) Project and centres expenses : Rs.1.20 crore

In reply to an audit query, the Department stated (August 1997) that the '8000 girls Primary NFE Centres' could not be opened till 1996-97 due to (i) non-availability of adequate

The expenditure includes drawals made, yet kept (Rs.3.07 crore) under Civil Deposits, DCR and Current Account in the bank and cash at hand.

matching share in the State Budget; (ii) non-selection of centres and (iii) ban on opening of centres on account of general election and Panchayat election.

(b) Unutilised grants

(i) Funds with DIS: Though an amount of Rs.2.54 crore was shown in the expenditure statement of the programme for the years from 1991-92 to 1995-96 (1991-92:Rs.5.21 lakh; 1992-93:Rs.6.73 lakh; 1993-94:Rs.18.39 lakh; 1994-95:Rs.47.66 lakh and 1995-96:Rs.1.76 crore), scrutiny revealed that the said amount was lying unspent as of March 1997 with 35 District Inspector of Schools (DIS) in shape of Deposit at Call Receipt (DCR) (Rs.90.11 lakh with 13 DIS); current account with Banks (Rs.1.12 crore with 15 DIS); in cash (Rs.48.96 lakh with 9 DIS) and in shape of Advances (Rs.3.44 lakh with one DIS).

Drawal of funds from Treasury without immediate requirement for payment contravened the provisions of Orissa Treasury Code. Government had also prohibited retaining the same outside Government account in shape of DCRs and Current accounts as it adversely affected the ways and means position of Government. By keeping money in shape of DCRs and Current account an unintended benefit was given to the banks and Government sustained a loss of Rs.20.18 lakh (@ 10 per cent per annum) by way of interest during the year 1996-97, as no interest was admissible on such deposits.

(ii) Civil deposits of Rs.52.44 lakh (1991-92 :Rs.0.15 lakh and 1993-94 :Rs.52.29 lakh) kept in the Treasury after drawal by 6 DIS (Baripada :Rs.0.64 lakh; Bonai :Rs.0.15 lakh; Koraput :Rs.1.43 lakh; Kuchinda :Rs.2.59 lakh; Sambalpur :Rs.2.91 lakh and Sundergarh :Rs.1.47 lakh) and Director of Elementary Education (DEE :Rs.43.25 lakh) could not be drawn and utilised for want of permission of Government till November 1997. This included the Central share of Rs.31.46 lakh.

(iii) Grants pertaining to Training programme of Instructors, purchase of reading and writing materials and development of curriculum to the tune of Rs.93.53 lakh were refunded to the Treasury by 29 DIS (Rs.92.20 lakh) and Director, TE & SCERT (Rs.1.33 lakh) under the

Head "0202"-Education, as revenue of State Government though the funds included central component of 60 *per cent* amounting to Rs.56.19 lakh.

3.1.6 Establishment of NFE centres

According to the guideline issued (August 1993) by the Government, location for establishment of NFE centres were to be recommended by District Inspector of Schools (DIS) after survey through the junior co-ordinators placed at project level in places : (i) of unserved habitations having a population of 200 in tribal areas and 300 in non-tribal areas, (ii) with children of working groups, school dropouts and girls who could not attend whole-day schools despite existence of a primary school and (iii) schools at a distance of 1½ kms. or more.

The following failures/shortcomings were noticed in establishment of centres:

(a) (i) Out of 705 centres, sanctioned during April 1995 under the scheme "2000 girls" for the test checked districts, only 617 centres were opened and 88 centres (Baliguda:16, Bhadrak-II:28, Cuttack:6, Koraput:19, Keonjhar:1, Nimapara:12, Titlagarh:5 and Rourkela:1) could not be opened till March 1997. But funds to the tune of Rs.9.78 lakh, drawn by them remained unutilised for two years. Besides, materials worth Rs.0.65 lakh purchased by 2 DIS (Bhadrak:Rs.0.31 lakh, Nimapara:Rs.0.34 lakh) were also lying with them for distribution. As to reasons for non-opening of centres, DIS stated that the centres could not be opened due to commencement of Panchayat Election, court stay and non-availability of instructors in the locality.

(ii) In Cuttack district, Government had sanctioned opening of centres at 29 places under the above scheme without the recommendations of the DIS, Cuttack. Further it was observed that out of 29 places, 13 NFE centres had been sanctioned where primary schools existed in violation of the guideline issued by Government in August 1993.

(iii) In DIS, Sundergarh 12 centres under the above scheme were opened at places other than the sanctioned places without approval of the competent authority on the ground that the places sanctioned by Government were non-existent under his jurisdiction.

(b) 145 centres under 3 DIS (Baliguda: 64, Sundergarh: 22 and Koraput: 59) opened before projectisation of the scheme were closed down subsequently for want of learners. But funds drawn in respect of these defunct centres amounting to Rs.24.93 lakh remained unutilised as of March 1997. Besides, materials worth of Rs.0.52 lakh were also lying with DIS, Sundergarh without distribution.

(c) Due to non-availability of learners, 4 DIS proposed to shift 43 centres (Bhadrak-II :3, Chatrapur :23, Nayagarh :8 and Titlagarh :9) under their control to other places within the district where learners would be available, but the shifting was yet to materialise. As a result, 43 Instructors remained idle ranging from 26 months to 74 months as of May 1997. The wasteful expenditure by way of payment to idle staff worked out to Rs.3.20 lakh for the above periods.

Thus, the centres were opened without giving due regard to the conditions prescribed for opening of centres.

3.1.7 Enrolment of ineligible learners in NFE centres and consequent unfruitful expenditure

The revised scheme of NFE introduced in 1987 was meant for children in age group of 9 - 14 years under the norms of Universalisation of Elementary Education (UEE). Test check of records of 15 DIS revealed that the children at the age of 6 years and below were also admitted in large numbers in NFE centres to increase the strength of learners. The ratio of children in the age group of 9 - 14 years to the total learners admitted in the centres of the above 15 DIS during the years from 1991-92 to 1995-96 ranged between 15 to 20 *per cent*. System of verification of admission registers by Supervisors and Junior Co-ordinators, was not effective and as a result, large number of children below the targeted age-group were admitted. Therefore, the expenditure of Rs.7.47 crore was mostly unfruitful. Also the scheme substantially failed to cover the target groups of the programme in these districts.

Scrutiny of records of DIS further revealed the following facts:

(a) In 7 centres under 4 DIS, 30 children (Angul : 17, Keonjhar : 4, Sundergarh : 4 and Titlagarh : 5) were enrolled with their names both in NFE centres and Primary Schools of formal education system located in the same area. Duplication of enrolments resulted in over reporting of achievement.

(b) In 14 centres under the control of 3 DIS, 183 learners (Bhadrak-II :60, Jeypore :51 and Sundergarh :72) were admitted without mentioning the name of their parents, local address and date of birth which raised doubt about the genuineness of the admission of such children.

(c) In 134 centres under 8 DIS, 621 learners (Baliguda :116, Bhadrak-II :53, Chatrapur :50, Jeypore :92, Keonjhar :73, Koraput :109, Nayagarh :100 and Rairangpur :28) enrolled included children belonging to same parents but of age difference of 1 - 8 months only to increase the numbers through fictitious means.

(d) In 25 centres under 8 DIS, names of 178 learners (Baliguda :24, Chatrapur :22, Jeypore :36, Keonjhar :2, Koraput :24, Nayagarh :26, Rourkela :2 and Sundergarh :42) were repeated in the admission lists changing their date of birth.

(e) In 60 centres under 10 DIS, 584 learners (Baliguda :58, Bhadrak-II :3, Chatrapur :33, Jeypore :240, Keonjhar :32, Koraput :57, Nayagarh :72, Rairangpur :9, Rourkela :6 and Sundergarh :74) in the age group of 1 - 5 years were admitted in NFE centres.

In reply to audit queries all the 17 DIS stated (between January and May 1997) that they would avoid mistake in future.

3.1.8 Continuing education upto desired level

NFE programme envisaged that non-formal education centres would provide education upto Class-V level. Arrangements of non-formal education upto Class-VIII level would be provided wherever necessary, so that learners would avail the opportunity of continuing their education without any gap. Testing of children in NFE stream would be made with reference to an equivalent stage in the formal system to facilitate NFE learner's lateral entry into formal

system. According to revised scheme of NFE, course duration would be two years in Primary level (upto Class-V) and three years in Upper Primary level (upto Class-VIII) based on semester system. A learner in NFE centre would be taught upto Class-V level in two years in four semesters.

Scrutiny of records of 17 test checked DIS revealed that none of the 5100 NFE centres (tribal :2490 and non-tribal :2610) under their control was providing education beyond Class-III as the centres were not upgraded to provide education upto Class-V level and the learners were leaving the centres after completing education upto Class-III level in traditional system of 3 years duration and no semester system was introduced in any of the centres.

It was further observed from the records from the 15 test checked DIS that NFE centres also failed to retain children even upto Class-III level and large number of children were leaving centres in mid course as detailed below:

Base Year	Number of children admitted in Class-I	Number of children appeared in Class-III common exam	Number of dropouts from the centres	Percentage of dropouts
	(	Number in lakh)	
1992-93	0.46	0.14 (1994-95)	0.32	70
1993-94	0.47	0.14 (1995-96)	0.33	70
1994-95	NA	NA (1996-97)	NA	NA

No examination was conducted during 1996-97 for the learners admitted in Class-I in the year 1994-95, as stated by DEE (November 1997) and no examination was due for the learners of 1995-96 and 1996-97 during the period of audit. Hence, percentage of dropouts could not be ascertained for those years.

The position of dropouts from NFE centres were more under the DIS, Baliguda (86 per cent), Rairangpur (80 per cent), Rourkela (83 per cent), Koraput (72 per cent) and

Sundergarh (93 *per cent*) comprising tribal districts and non-tribal districts of Angul (82 *per cent*), Dhenkanal (94 *per cent*), Chatrapur (89 *per cent*) and Cuttack (82 *per cent*).

Thus, the programme was conducted without due regard to the course duration and adequate arrangement to equip the centres to meet the programme.

3.1.9 Curriculum was not revised

Revised Scheme of NFE envisaged that Minimum Level of Learning (MLL) Course would be introduced with effect from 1993. The main features of the MLL were (i) assessment of existing level of learning, (ii) a definition of MLL for the area and attainment of MLL within a time-frame, (iii) re-orientation of teaching practices, (iv) introduction of continuous comprehensive evaluation system and (v) review of text books and their revision.

Test check of records of 17 DIS and Director, TE & SCERT, revealed that NFE Course based on MLL system was not introduced as envisaged in the programme instead old Integrated course was followed. Similarly, text books meant for NFE Course were not revised and books written on Integrated Course were in use (May 1997). Other conditions were also not met as envisaged in the programme.

Thus, centres were opened without due care and arrangement to introduce the MLL course.

3.1.10 Village Education Committee (VEC) not formed

The scheme envisaged institutionalisation of community participation in planning, locating and monitoring the NFE centres by forming Village Education Committee (VEC) under the supervision of Junior Co-ordinator at the centre level with due representation of weaker sections to assist the Instructors of the centres in running the centres and to motivate the children to attend the centres regularly. The VEC would also require to countersign the honorarium bills of Instructors. The records of 17 test checked DIS disclosed that none of the 5100 centres under their control formed any VEC (May 1997). No public awareness campaign

was taken up by the project level officers due to non-release of funds by Government of Orissa for this purpose as stated by DIS, although Government of India had released their share. Consequently, the community, which was the ultimate beneficiary of the programme was not involved in locating, running and overseeing the centres at the grass root level resulting in non-functioning/mal-functioning of NFE centres. Complaints about absence of Instructors from the NFE centres were received by the DIS from public and other officials and enquiries made by the DIS in some cases established the fact of non-functioning/mal-functioning. DIS, Bhawanipatna and Titlagarh terminated the engagement of 10 Instructors (5 each) on the basis of enquiry. Had the VECs been formed at the centre level such irregularities would not have taken place.

(i) Payment of honorarium without following due procedure

Payment of honorarium bills were made by all the 17 test checked DIS without countersignature of chairman of VECs. In particular, 4 DIS were paid Rs.33.48 lakh and Rs.27.45 lakh during 1994-95 and 1995-96 respectively (Baliguda: Rs.5.84 lakh in 1994-95 and Rs.4.29 lakh in 1995-96; Cuttack: Rs.6.90 lakh in 1994-95 and Rs.7.34 lakh in 1995-96; Koraput: Rs.11.93 lakh in 1994-95 and Rs.5.85 lakh in 1995-96 and Nayagarh Rs.8.81 lakh in 1994-95 and Rs.9.97 lakh in 1995-96) without such countersignature. In respect of 3 DIS (Cuttack : 1 case, Dhenkanal : 6 cases, and Koraput : 13 cases) complaints were received regarding payment of honorarium to Instructors. In the absence of VECs there was no means of checking of these payments.

3.1.11 Selection of instructors and their training

Instructors of NFE Centres were to be drawn from the local community and the main criteria for selection would be their commitment to the cause of community service and acceptability to the local community. Drawing Instructors from weaker sections of the society and women was to be encouraged for enrolment of children of weaker section and particularly girl learners. Government of Orissa formed selection committee at Project level for the

selection of Instructors. Instructors were to get a monthly honorarium of Rs.200 in Prathamika (Primary Level) centre and Rs.250 in Madhyamika (Upper Primary Level) centre for working 1 ¹/₂ hours daily.

Test check of records of 14 DIS revealed that 950 Instructors (Bhadrak-II : 32, Bhawanipatna : 34, Cuttack : 8, Dhenkanal : 1, Jeypore : 150, Koraput : 284, Keonjhar : 6, Nimapara : 74, Nayagarh : 274, Baliguda : 10, Chatrapur : 21, Rourkela : 7, Titlagarh : 37 and Kendrapara : 12) not belonging to the same area were engaged in violation of the norm. In reply to audit query, most of the DIS stated that they would take care of it in future. Only DIS, Koraput stated that outsiders were engaged due to non-availability of local candidates.

In Boipariguda and Kundra Projects under DIS, Jeypore, 53 Instructors were engaged by a Junior Co-ordinator by issuing fake engagement orders in March 1994. A committee was formed by the DIS to enquire into the matter and on their recommendations, the DIS disengaged them on 31 March 1995. Amounts paid to them could not be verified as the records were seized by the Collector, Koraput. Besides, 20 of these Instructors received reading and writing materials worth Rs.1140 each during 1994-95 from the Junior Co-ordinator for distribution, but materials were not distributed and the amounts were not refunded.

Training of Instructors of NFE Programme was considered as key to the success of the programme and according to the guideline, Instructors were to undergo an initial training of 30 days followed by re-training of 20 days every year. District Institution of Education and Training (DIET) and District Resource Unit (DRU) would be responsible for conducting training.

Full arrangement for 20 days re-training was not made for 4576 Instructors in each year from 1991-92 to 1994-95 and 5100 during 1995-96, instead 10 days training was only conducted for 2272 nos. in 1991-92, 2148 nos. in 1992-93, 2900 nos. in 1993-94, 3763 nos. in 1994-95 and 2749 nos. in 1995-96. As a result, only Rs.66.82 lakh could be spent against

allotment of Rs.1.21 crore. Out of the unspent balance of Rs.53.79 lakh, only Rs.11.54 lakh were refunded to the treasuries and the balance Rs.42.25 lakh were lying with DIS, while the centres continued to be managed by un-trained persons.

3.1.12 Free supply of reading and writing materials

The scheme provided free supply of reading and writing materials to each learners at the rate of Rs.75 per learner in the Prathamika stage (upto Class-V) and Rs.100 in Madhyamika stage (Class-VI to VIII) in a year.

Following points were noticed in this regard :

- (i) Reading and writing materials worth Rs.10 to Rs.25 were supplied to learners as against the norm of Rs.75 and Rs.100 and amounts thus saved were spent in procurement of teaching/learning materials (like maps, charts and globes etc.) as the State Government did not release its share of money for purchase of teaching materials despite release of funds by Government of India.
- (ii) Four DIS diverted funds of Rs.5.20 lakh for purchasing furniture (Jeypore : Rs.2.46 lakh, Keonjhar : Rs.1.36 lakh, Nayagarh : Rs.0.70 lakh and Nimapara Rs.0.68 lakh), though there was no such provision in the scheme.
- (iii) In DIS, Bhawanipatna, reading and writing materials were supplied to four Junior Co-ordinators during the period from April 1994 to February 1996 for distribution. The Junior Co-ordinators in turn distributed the materials to the Instructors of NFE centres under their control for eventual distribution to the NFE learners. Check of records of four projects revealed the following :

In Norla and Lanjigarh Project, the learners had acknowledged the reading and writing materials in the distribution register of respective NFE centres. But in case of other three projects, viz : (i) Thuamul- Rampur (ii) Madanpur Rampur (iii) Bhawanipatna, acknowledgement of learners in token of receipt of materials were not found. The total cost of reading and writing materials issued to these three projects during the period

between April 1994 and February 1996 was Rs.11.66 lakh. In the absence of acknowledgement of learners in the distribution register, distribution of reading and writing materials was doubtful.

- (iv) No books on the basis of MLL syllabus were developed and supplied to the learners as per guideline. Obsolete books published earlier were only supplied to the learners. It was also seen that no books were supplied to the learners under the control of 4 DIS (Bhawanipatna, Baliguda, Rairangpur and Rourkela). In reply to a query, while DIS, Bhawanipatna stated that no requisition for supply of books was received by him from the Junior Co-ordinator, the other DIS noted the point for future guidance.
- (v) Rs.38.88 lakh were lying unspent with 13 DIS as of 31 March 1997, in shape of cash, DCR and Current Account.

In reply all the 17 DIS stated that they would take care in future.

3.1.13 Running of NFE centres

Test check of records of NFE Prathamika (Primary) and Madhyamika (Upper Primary) centres disclosed the following :

- (a) Prathamika centres
 - (i) Poor strength of learners - Though as per the guideline 20 learners (non-tribal) and 10 learners (tribal) would justify setting up of centres, audit check conducted in 9 DIS revealed that in 100 non-tribal and 141 tribal centres, the number of learners admitted were 1058 and 510 from non-tribal and tribal community respectively. The shortfall in enrolment thus, were 50 *per cent* and 69 *per cent* for non-tribal and tribal category.
 - (ii) 22 centres under 5 DIS (Baliguda : 8, Chatrapur : 3, Jeypore : 9, Koraput : 1 and Rairangpur : 1) were running without any fresh admission during the last 3 years.
 - (iii) 78 centres under 4 DIS (Baliguda : 7, Chatrapur : 47, Koraput : 6 and Nayagarh : 18) were closed down due to absence/non-availability of Instructors.

- (iv) In 97 centres under 8 DIS, 1147 learners (Baliguda : 18 centres and 257 learners, Dhenkanal : 16 centres and 313 learners, Jeypore : 24 centres and 358 learners, Keonjhar : 8 centres and 67 learners, Koraput : 8 centres and 41 learners, Nayagarh : 12 centres and 64 learners, Rairangpur : 9 centres and 33 learners and Sundargarh : 2 centres and 14 learners) were stated to be continuing in Class-1 for 2 to 5 years. In reply to an audit query, the DIS, Baliguda and Jeypore stated that due to irregular attendance, the learners continued in the same class years together, while other DIS stated that they would take care of it in future.

Thus, 438 Prathamika centres were running inefficiently years together.

- (v) Test check of Admission Register of 50 NFE Centres under DIS, Jeypore revealed that admission of learners in these centres for the first time started from July 1993 (14 centres), July 1994 (14 centres), July 1995 (12 centres) and July 1996 (10 centres). The expenditure for the period of non-functioning of centres (November 1988 to the date of first admission in the centres) could not be ascertained as the records were seized by the District Collector. However, on the basis of prescribed norms, the expenditure worked out to Rs.10.68 lakh. The DIS could not confirm the amount though he accepted that expenditure were incurred. Thus, the expenditure of Rs.10.68 lakh in respect of above 50 centres was doubtful.

- (b) Madhyamika centres

Test check revealed that the 146 out of 184 centres under 8 DIS (Bhawanipatna, Chatrapur, Cuttack, Jeypore, Keonjhar, Nayagarh, Rairangpur and Titlagarh) were running with learners below the prescribed norm. It was also noticed that a few children from 7 centres appeared for the upper primary common examination during 1994-96. No learner appeared from 139 centres.

3.1.14 Monitoring and evaluation

The guideline laid emphasis on monitoring including data collection, management information system (MIS) and decision support system in the NFE programme. According to the Programme, Instructors and Supervisors were required to look into these points. The basic unit for collection of MIS data would be the project. Evaluation would be built in the programme and Instructors were to be involved in concurrent participatory evaluation.

Test checks revealed that the data regarding evaluation of the programme was not collected from Instructors and field supervisors. No reports and returns were sent by DIS to the Director of Elementary Education. Village Education Committees were also not formed at Centre level for monitoring the programme as envisaged. The Departmental Officers like Junior Co-ordinators, Co-ordinators and District Inspector of Schools were not monitoring the programme effectively. As a result, a number of irregularities took place in enrolment of learners. Large number of learners dropped out and irregularities in distribution of reading-writing materials etc., occurred. NFE centres were established at places where no learners were available and ultimately closed down. Had there been proper survey these could have been avoided. The centres also failed to retain children so as to ensure completion of study upto Class-V level.

Though a State Level Monitoring Committee was formed in April 1988 and re-constituted in October 1995 to monitor and review the NFE programme for corrective measures, no committee meeting was ever held as of March 1997.

Impact of non-formal education was also not evaluated by Government.

The above points were referred to Government in August 1997; reply had not been received. (December 1997).

3.2 Blocking of funds in shape of advance

To bring about qualitative improvement in education, the Educational Technology Programme was taken up in Orissa from 1987-88 with 75 *per cent* Central assistance. The programme envisaged supply of Colour Television (CTV) sets to Upper Primary Schools with primary sections.

Government of Orissa released Rs.10.81 crore including Central share of Rs.8.11 crore during 1987-88 to 1994-95 for procurement of CTV sets. Scrutiny of records of School and Mass Education Department revealed that from the above amount Rs.9.25 crore were paid as advance to Konark Television Ltd., a Government of Orissa Undertaking between May 1988 and July 1995 through State Institute of Education and Technology (SIET) for 8083 CTV sets and Rs.1.00 crore was kept in Civil Deposit by Government Department. Of this 4283 CTVs valued Rs.5.31 crore, had been supplied as of September 1993 and the balance amount of Rs.3.94 crore for supply of 3800 CTVs were lying with Konark TV Ltd., as of October 1997. Further, scrutiny revealed that though delivery of the balance 3800 CTVs was scheduled for completion by September 1995, no supply was made as of October 1997.

In reply to audit observations, the Department stated (November 1997) that the defaulting supplier had been asked in April 1997 to supply the CTVs within two months, failing which legal action as per rules would be initiated. It was also decided with the approval of Finance Department that during the current year (1997-98) share capital of Rs.0.50 crore, meant for the firm would be adjusted against the outstanding advance. But neither any supply was received nor any action was taken by the Government as of October 1997.

Thus, a sum of Rs.3.94 crore remained blocked for three to nine years with the supplier depriving the 3,800 nos. of Schools of the benefit of the programme. The amount of Rs.1.00 crore deposited in the Civil Deposit remained blocked without any use.

3.3 Idle expenditure on construction of womens' hostel at Cuttack

In October 1989, erstwhile Education and Youth Services Department accorded administrative approval for construction of a 100 bedded womens' hostel for Radhanath Institute of Advanced Studies in Education (RIASE), Cuttack at an estimated cost of Rs.17 lakh (Civil Works: Rs.14.50 lakh, Internal PH Works: Rs.1.25 lakh and Internal Electrical Works: Rs.1.25 lakh). The work was entrusted to Executive Engineer (EE), Roads and Building (R&B), Cuttack and was completed in January 1992 with an actual expenditure of Rs.21.09 lakh, as per approved plan and specification and handed over to Principal, RIASE, Cuttack on 7.5.92 without external Electrical Installations (EI) and Sanitary Installations (SI). A separate plan and estimate was made (February 1991) for Rs.1.47 lakh (Revised to Rs.2.00 lakh in March 1994) for above external works and sent to the Director, Teachers Education and State Council of Education, Research and Training (SCERT), Bhubaneswar for administrative approval and placement of funds.

To an audit query (February 1997) regarding non-utiisation of the building, the Principal, RIASE stated that the building was not utilised since the date of take over for want of completion of external EI and SI works. It was however, observed that though provision for the above work was made in budget for the year 1990-91 and the government had been moved (February 1991) for administrative approval, no progress was made till date (May 1997), even after several reminders. Besides that furniture and equipment worth of Rs.1.20 lakh procured for the hostel (March 1989) also remained idle till date (May 1997). Owing to delay in approving the proposal, original estimate to external works had already been increased by Rs.0.53 lakh and likely to increase further.

Thus, due to inaction on the part of the department, the expenditure of Rs.22.29 lakh (Building: Rs.21.09 lakh + Furniture: Rs.1.20 lakh) was rendered idle and unfruitful since May 1992.

The matter was referred to Government in April 1997; reply had not been received (December 1997).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.4 Working of Health and Family Welfare Department

3.4.1. Introduction

Health and Family Welfare Department of Government of Orissa implements the National Health Policy to achieve the national health goals by 2000 AD with the following objectives:-

- i) To provide adequate and qualitative, preventive and curative health care to the people of Orissa,
- ii) To improve Mother and Child health in particular to reduce post-natal Mother and Child mortality,
- iii) To ensure equality in health care to all, particularly to disadvantaged groups, Scheduled Tribes, Scheduled Caste, Backward classes and Women,
- iv) To provide quality and affordable health care to the people of Orissa through alternative system of medicine like Homoeopathy, Ayurvedic and Unani etc., and
- v) To train doctors, nurses and other paramedical staff to meet the need of health care in the State.

3.4.2. Organisational set up

Secretary, Health and Family Welfare (H&FW) Department is the administrative head of the Department in the Government. He is assisted by 5 Directors in Allopathy one each for Health Services, Family Welfare, Medical Education and Training, Area Development and State Institute of Health and Family Welfare and one Director for Ayurvedic and Homoeopathy. One Drug Controller is looking after the drug control and its administration. The District Health administration is looked after by 31 Chief District Medical Officers (CDMO) assisted by 21 Sub-Divisional Medical Officers (SDMO) at Sub-Divisional level.

For periphery services of health care there are 732 Primary Health Centres (PHCs), 157 Community Health Centres (CHCs) and 32 Mobile Health Units (MHUs) headed by medical officer(s) for administering health care services to people.

There are 3 Medical College Hospitals in the State. For Homoeopathy there are 4 Colleges, 460 Dispensaries, 4 Hospitals and for Ayurvedic there are 3 Colleges, 528 Dispensaries, 5 Hospitals and one Pharmacy.

3.4.3. Audit Coverage

The functions and overall activities of the Health and Family Welfare Department were reviewed for the period 1994-95 to 1996-97 by test check of records of Secretariat, all the Directorates (6), Drug controllers office, Medical College Hospitals (3), 5 Chief District Medical Officers, one Homoeopathic College, one Ayurvedic College, one Ayurvedic Pharmacy and 2 Tuberculosis Hospitals in the districts of Bolangir, Cuttack, Dhenkanal, Ganjam, Kalahandi, Khurda, Koraput, Puri and Sambalpur. The results of the review are discussed as under:

3.4.4. Highlights

- Budgetary allocation and expenditure for the years 1993-94 to 1996-97 showed overall saving of Rs.124.97 crore in the Health & Family Welfare Department (HFWD) due to non-filling of vacant posts (Non-plan) and non-receipt of Central assistance (Plan).

{Paragraph 3.4.5}

- While the budget provision of the State increased by 100 *per cent* from 1990-91 to 1996-97 the provision under HFWD grew only by 66 *per cent* during this period.

{Paragraph 3.4.6}

- During 1993-94 to 1995-96 non-plan expenditure on salary increased from 83.48 *per cent* in 1993-94 to 85.13 *per cent* in 1995-96, while expenditure on Diet, Medicine and

Bedding Clothing and Linen (BCL) declined from 9.34 *per cent* to 6.99 *per cent* during the same period.

{Paragraph 3.4.7(b)}

- In rural sector (PHCs and CHCs) budgetary provision on the diet remained unutilised to the extent of Rs.31.80 lakh, Rs.29.26 lakh and Rs.29.88 lakh during 1993-94, 1994-95 and 1995-96 respectively. Besides, diet supplied to the patients was substandard. As against the daily requirement of 1200-1300 calories, the calorific content was only 910.

{Paragraph 3.4.7(b)(i)}

- Rs.15.51 crore most of which related to various plan schemes under the central assistance remained under Civil Deposit without utilisation since 1983-84 to 1996-97

{Paragraph 3.4.8(c)}

- Rs.25.81 lakh were drawn under National Leprosy Eradication programme towards salary component based on forged sanction, which included drawal of Rs.5.69 lakh by Medical Officers, Leprosy Eradication units during 1996-97.

{Paragraph 3.4.8(g)}

- Rs.74.13 lakh spent during 1991-92 to 1996-97 out of UK assisted project funds on purchase of 31 X-Ray machines proved unfruitful as darkroom facilities and services of technicians were not available.

{Paragraph 3.4.9(a)}

- Anti Cholera Vaccine Institute was not functioning since July 1995 and Rs.12.31 lakh was paid on salary of the staff without specific work.

{Paragraph 3.4.11}

- Avoidable expenditure amounting to Rs.89.44 lakh was incurred on reservation of beds at Manasika Arogyasala, Ranchi due to non-reduction of reserved beds.

{Paragraph 3.4.12}

- Equipment valuing Rs.80.87 lakh in three Medical College Hospitals were not functioning due to want of repairs from various periods since 1991-92. Due to non-functioning of essential equipment in cardiac department of SCB Medical College, Cuttack, open heart surgery and treatment to cardiac patients were adversely affected.

{Paragraph 3.4.13(a)(b)(c)}

- Unfruitful expenditure of Rs.75.81 lakh was incurred on pay and allowances of idle drivers engaged for ambulances and other vehicles which were off the road for repair.

{Paragraph 3.4.14(b)}

- Due to non-utilisation of central grants provided earlier, the State Government was deprived of central assistance of Rs.5.11 crore during 1995-97 under the National Programme for Control of Blindness and the state's achievement was the lowest among project states during the years 1994-95 to 1996-97.

{Paragraph 3.4.15(a)}

- In National TB Control Programme though entire allotted funds were spent, the physical achievement fell short by 23 *per cent* to 31 *per cent* of the target during the years 1993-94 to 1995-96. Post of Medical Superintendent of Government TB Hospital in Kalahandi district remained vacant from August 1994 to June 1997.

{Paragraph 3.4.15(b)}

- In Kalahandi district two mobile health units were run by pharmacists since July 1995 without doctors which involved risk in health care to the patients.

{Paragraph 3.4.16(ii)}

- Medicines valuing Rs.12.00 lakh purchased for distribution under Kalahandi Bolangir Koraput (KBK) scheme were diverted for general patients.

{Paragraph 3.4.16(iv)}

- In Aids Control Programme :-

- (i) **Rs.1.66 crore comprising 65 per cent of total amount released remained in Civil Deposit/Bank draft/cash without any utilisation for various periods since 1991-92.**

{Paragraph 3.4.17(i)}

- (ii) **Rs.6.73 lakh remained undisbursed to the non-government organisations (NGOs) under Aids Control Programme.**

{Paragraph 3.4.17(ii)}

- (iii) **Out of Rs.31.76 lakh released during 1993-94 and 1994-95 to 40 NGOs, utilisation certificates for Rs.11.12 lakh from 19 NGOs were not received.**

{Paragraph 3.4.17(iii)}

- **Out of 4222 posts of doctors sanctioned in the state, 622 posts remained vacant as of August 1997. In KBK districts 77 posts of doctors out of a total strength of 284 were lying vacant affecting the health care of the people in backward districts of the state.**

{Paragraph 3.4.20(a)}

- **Out of 5198 Gram Panchayats in the State, as many as 3792 Gram Panchayats had no medical facilities.**

{Paragraph 3.4.20(c)}

- **Transfer/postings of doctors were made on the recommendation of MLA/MPs/ Ministers/other VIPs without following prescribed norms. Transfer of five doctors were made in violation of model code of conduct (Lok Sabha election 1996) of the Election Commission.**

{Paragraph 3.4.20}

3.4.5. Budgetary allocation and expenditure

The position of allotment of funds and expenditure during the year 1994-95 to 1996-97 were as under:

Year	Budget provision			Revised Budget			Expenditure			Savings (-) Excess(+)
	Non-plan	Plan	Total	Non-plan	Plan	Total	Non-plan	Plan	Total	
(R u p e e s i n c r o r e s)										
1993-94	124.35	117.94	242.29	122.65	120.00	242.65	116.20	78.89	195.09	(-)47.56
1994-95	129.12	117.17	246.29	139.71	129.52	269.23	131.65	105.70	237.35	(-)31.88
1995-96	151.83	125.02	276.85	156.74	145.14	301.88	148.52	131.42	279.94	(-)21.94
1996-97	162.04	148.37	310.41	164.96	156.17	321.13	174.27	123.27	297.54	(-)23.59

The savings of Rs.22.73 crore under the non-plan expenditure during the years from 1993-94 to 1995-96 were attributed by Government to non-filling of vacant posts. By providing funds for vacant posts Government violated the provisions of Budget Manual (Rule 61(b)). While no reasons for excess expenditure of Rs.9.31 crores during 1996-97 under certain non-plan heads were offered, the savings of Rs.111.55 crore under plan programme were attributed to non-receipt of Central Assistance for the Central and Centrally Sponsored Schemes. Scrutiny revealed that due to non-utilisation and late utilisation of central assistance central shares were not released.

3.4.6 State budget-vis-a-vis Health budget

The provision in Health budget in comparison to total State budget declined in

1991-92 and thereafter remained almost static during 1992-93 to 1996-97 as illustrated below:

Year	Total State budget/per- centage growth between two years (Rupees	in	Total Health budget/per- centage growth between two years crores)	Percentage to total State budget
1990-91	5179.74		187.02	3.61
1991-92	6763.95 (30.58%)		197.71 (5.71%)	2.92
1992-93	7427.14 (9.80%)		221.65 (12.11%)	2.98
1993-94	8109.65 (9.18%)		242.29 (9.31%)	2.96
1994-95	9164.64 (13%)		246.29 (1.65%)	2.68
1995-96	9666.97 (5.48%)		276.85 (12.40%)	2.86
1996-97	10395.08 (7.53%)		310.41 (12.12%)	2.98

The growth in budget provision for the State in 1996-97 over that of 1990-91 was 100.68 *per cent* as against 66 *per cent* for the provision under budget for the Health & Family Welfare Department.

The doctor and population ratio based on sanctioned strength of doctors virtually remained static during the years 1995 (1:7300), 1996 (1:7400) and 1997 (1:7255). The actual gap in doctor population ratio based on men in position had been discussed in paragraph 3.4.20.

Despite growing population and escalation in cost of diet and medicine the growth in outlay in health sector lagged behind general growth in expenditure.

3.4.7(a) Delay in sending budget proposals

According to the prescribed procedure, budget proposals for plan expenditure were to be submitted to Health and Family Welfare Department and for non-plan to the Finance Department by the Directors of Health and Family Welfare; Drug Control and State Institute of Health and Family Welfare on 1 September each year. But the Directors had submitted the same in December each year from 1993-94 to 1995-96 involving delay of 3 months in each year.

Reasons for such late submission of budget proposals were not stated by Government.

(b) Expenditure on salaries and other items

The details of expenditure during 1993-94 to 1995-96 in the department were as under:

Year	Salary	O.E.	Diet	Medicine	BCL	Total
	(R u p e e s i n c r o r e s)					
1993-94	97.01	8.34	2.23	8.36	0.26	116.20
	(83.48%)		(1.92%)	(7.2%)	(0.22%)	
1994-95	109.98	11.23	2.06	8.12	0.26	131.65
1995-96	126.43	11.70	2.04	8.06	0.29	148.52
	(85.13%)		(1.37%)	(5.42%)	(0.20%)	
Total	333.42	31.27	6.33	24.54	0.81	396.37

The above table showed that the salary component of the total expenditure was 84 *per cent* while the three other components i.e. diet, medicine and BCL represented 8 *per cent* of the cumulative expenditure for 3 years. Further, while the salary component increased from 83.48 *per cent* in 1993-94 to 85.13 *per cent* in 1995-96 other components put together declined from 9.34 *per cent* to 6.99 *per cent* during the same period.

The review of budget proposal and expenditure on Diet, Medicine, BCL, revealed the following:

(i) Diet

The indoor patients in the Government hospitals are given two meals and one breakfast a day free of cost. Government of Orissa revised the rate of expenditure on diet from Rs.3.50

for general patients and from Rs.4.50 for TB patients in 1978-79 to Rs.7.70 and Rs.8.80 respectively in 1995-96.

In spite of low provision under diet in rural sector (PHCs and CHCs) funds provided on diet remained unutilised to the extent of Rs.31.80 lakh, Rs.29.26 lakh and Rs.29.88 lakh during 1993-94 to 1995-96.

Savings on provisions under diet were attributed to supply of sub-standard food to the patients. According to provisions of Dietary Manual, an indoor patient was to be supplied with food which should provide 1200 to 1300 calories of energy. As against this, patients were supplied with diet having 910 calories of food value. The Superintendent, SCB Medical College Hospital, Cuttack stated (September 1997) that due to low cost of diet fixed by the Government calory contents of food was low.

(ii) Non-supply of cooked food to hospitals/PHCs

In 2 sub-divisional hospitals and 33 PHCs no cooked diet was supplied to the indoor patients, though cooks were available. In 26 PHCs either food were purchased from outside or dry food were provided to the patients and in 9 PHCs no diet was supplied. Government stated (September 1997) that in peripheral hospitals, cooks often remain idle for various reasons. Nugatory expenditure by way of payment of salary etc., to cooks worked out to Rs.17.72 lakh in respect of above units during April 1981 to March 1992.

Following audit observation regarding idling of cooks, Government in August 1997 changed the designation of "Cook" to "Cook-cum-bearer" and instructed the Chief Medical Officers to utilise their services in the hospitals for the purpose of cooking and miscellaneous jobs. The Joint Secretary-Cum-FA of H&FW Department stated (September 1997) that Government was contemplating to substitute cooked food with bread, egg, milk and fruits etc. The final decision of Government in this regard is awaited (September 1997).

CDMOs in 4 District Headquarter Hospitals stated that 76052 patients out of 401771 total indoor patients (18.93 *per cent*) refused to avail of the diet. No specific reasons were attributed by them for such refusal.

(iii) Norm of medicines not revised since 1979

Medicines are provided free of cost to the outdoor and indoor patients treated in government hospitals. For this purpose Government fixed the norm as Re.0.50 paise for an outdoor and Rs.9.50 for an indoor patient per day during 1979 and 1990 respectively and these rates were still in force (September 1997). In view of the increase in price, the norm of expenditure on medicine per patient per day for outdoor and indoor patients appeared to be inadequate.

Scrutiny of records of 4 CDMOs and one Medical College Hospital revealed excess expenditure on medicines as per table given below:

Name of the Hospital	Cost of medicines consumed by patients			Expenditure to be incurred as per norms			Expenditure in excess of norms		
	1994-95	1995-96	1996-97	1994-95	1995-96	1996-97	1994-95	1995-96	1996-97
	(R u p e e s i n l a k h s)								
1. District Headquarter Hospital, Koraput	4.99	5.08	5.36	2.47	3.09	2.90	2.52	1.99	2.46
2. City Hospital, Cuttack	2.91	4.29	4.46	2.41	2.32	2.15	0.50	1.97	2.31
3. DHH, Dhenkanal	4.90	6.62	7.16	4.12	4.65	4.73	0.78	1.97	2.43
4. DHH, Bolangir	7.95	8.06	7.76	6.72	6.50	5.21	1.23	1.56	2.55
5. MKCG Medical College Hospital, Berhampur	40.41	40.90	32.35	20.91	21.14	18.47	19.50	19.76	13.88

The reason for excess expenditure on medicines was stated to be the low norms fixed by the Government for medicine for meeting the patient care (CDMO, Bolangir). The CDMO, Koraput stated that most of the patients belonged to SC/ST and OBC. Because of their poor economic condition, they were not able to afford extra expenditure for their treatment. Hence the medicines were supplied by the hospital exceeding the norm. The CDMO, Dhenkanal stated that the expenditure was incurred as per requirement of the patients but not as per norms. The CDMO, Cuttack stated that in essential cases, the medicines were being issued

beyond the norms as per availability. He further pointed out that the cost of medicines were increasing from time to time but the prescribed rate of Government was the same as before.

(iv) Purchase of medicines etc.

Test check of stock register of medicines in two specialised hospitals (TB and Leprosy) revealed that medicines and X-Ray films involving 22 items were not purchased as of May 1997, even though the stocks were exhausted since October 1995. Superintendent of the hospitals stated that due to want of valid approved list (DGS & D rate) and non-receipt of funds, medicines and X-Ray film remained out of stock.

(v) Short accounting in stock ledger

Scrutiny of stock ledger of Assistant District Medical Officer (Medical and TB), Sundergarh revealed short accounting of 4.35 lakh number of Cotrimexazole tablets for the year 1994-95 as discussed under:

OB as on 01.04.1994	Purchased during 1994-95	Total	Consumption 1994-95	Balance 31.03.1995
3,21,500	17,84,500	21,06,000	5,21,000	15,85,000

As against the actual balance of 15.85 lakh tablets, the stock was shown as 11.50 lakh Cotrimexazole tablets which indicated a shortage of 4.35 lakh tablets valuing Rs.2.08 lakh. The shortage of medicine in stock needed investigation. Besides, the stockholding was not commensurate with actual consumption and hence procurement of large quantity of tablets was avoidable.

(vi) Purchase of sub-standard tubal rings

Tubal rings, used in laproscopic sterilisation under family welfare programme is generally supplied by Government of India. In order to meet the situation due to delayed supply of rings, the State Government was authorised to have local purchase of the said rings as per the standard fixed by Bureau of Indian Standards (BIS).

Scrutiny of record in the Directorate of Family Welfare revealed that 6,000 pairs of Tubal rings (Suruji Wear make) were procured during April 1995 from the local market at a price of Rs.25 + S.T. per piece amounting to Rs.1.68 lakh. The payment was made to the firm in January 1996. The product of G. Suruju wear Limited did not conform to the specification of Indian standard as per guidelines issued by the Government of India in their Health and Family Welfare Department (October 1987).

Thus, purchase of Tubal rings of Suruji Wear made at a cost of Rs.1.68 lakh resulted in purchase of sub-standard article.

(vii) Non-replacement of Anti-TB Drugs

Government of India under Central Plan Scheme for domicilliary treatment supplies Anti-TB Drugs to State/Union Territory TB clinic/centres through their medical store department. The cost of such medicines are adjusted against total central subsidy available to the State/Union Territory under the programme.

Scrutiny of the stock register of Assistant District Medical Officer (ADMO) (TB), Koraput revealed that a stock of 50,000 Refampicin capsules (450 mg) was received from Deputy Assistant Director (MS) (DAD), Government Medical Store Department, Hyderabad on 28.11.1995 and expiry date of those capsules was February 1996. As only three months were left for expiry of the tablets, the entire stock was returned to the DAD (MS), Hyderabad during December 1995, assuming that the stock would not be consumed within the short period. No replacement of 50,000 capsules valuing Rs.1.73 lakh had been received.

(viii) Bedding, Clothing and Linens (BCL)

The budget estimate and actual expenditure on purchase of BCL for the years 1994-95 and 1995-96 were as given below:

Year (1)	Budget estimate (2) (R u p e e s)	Expenditure (3) (i n l a k h s)	Savings (4)
1994-95	26.31	26.23	0.08
1995-96	31.61	29.08	2.53

Government did not fix any norm for supply of BCL per bed. Total number of 10,768 and 14,111 bed sheets were supplied to hospitals etc. during 1994-95 and 1995-96 against total number of 13,664 beds in government medical institutions. In the year 1994-95 all the beds could not be supplied with bed sheet. Government stated (September 1997) that due to resource constraint the provision on 'BCL' remained almost static and in peripheral hospitals all the beds were not provided throughout the year.

Besides, a sum of Rs.12.19 lakh drawn for purchase of bed sheets during March 1994, remained unutilised in civil deposit at DHS level due to the firm's (OTM) refusal to supply at the earlier rate. As a result, the medical institutions, as listed in Appendix-IX were not supplied bed sheets for the in-patients altogether. No decision at Government level was taken to utilise the amount as yet (August 1997).

Physical verification of stock under 'BCL' was not conducted in 10 medical institutions test checked during 1996-97.

3.4.8 Unspent cash balance

The review of cash books and other subsidiary registers in the office of the DDOs revealed the following deficiencies in management of cash.

(a) Retention of heavy cash balance

Treasury Rules provided that no amount should be drawn from Government treasury unless it was required for immediate disbursement. In the offices of 36 DDOs, the unspent balance in shape of cash, Bank Draft, Deposit at Call Receipts (DCRs) and paid vouchers lying in the cash chest amounted to Rs.10.80 crore for the years 1981-82 to 1996-97. In case of 4 DDOs, the cash balance of Rs.97.37 lakh had not been analysed as on 31 March 1997.

Out of the total amount of Rs.10.80 crore (Health and Family Welfare Department- Rs.64.37 lakh, 2 Directorates-Rs.572.14 lakh, 2 CDMOs-Rs.81.48 lakh, 3 Medical College Hospitals- Rs.118.84 lakh, 2 Medical colleges- Rs.58.55 lakh and other DDOs - Rs.184.62 lakh.), a sum of Rs.18.58 lakh related to paid vouchers, but not shown as payment in cash

(f) Delay in remittance of revenue receipts into Treasury

The Treasury Rules provide that all revenue receipts were to be deposited in treasury/bank within 3 days of their receipt where treasury/bank exists in the same station. In SCB Medical College, Cuttack it was noticed that Government dues etc., collected from students from time to time were not deposited in treasury in time. The delay ranged from 7 days to 8 months resulting in accumulation of Rs.0.69 lakh (May 1995) to Rs.5.48 lakh (March 1997). This resulted in unauthorised retention of money.

It was stated that due to pressure of work, the money remained unremitted (June 1997).

(g) Drawals of pay and allowances under National Leprosy Eradication Programme based on fake sanction order

National Leprosy Eradication Programme (NLEP) was launched with effect from 1993 to introduce Multi Drug Therapy in the treatment of the leprosy patients. The scheme was continued in the State during the years 1994-95 to 1996-97 under 100 *per cent* assistance from Central Government. The pay and allowances of the staff under the scheme, were being drawn based on the release of central assistance from time to time and sanction orders issued at State Government level in phased manner during a financial year.

On review of the sanction orders for the year 1996-97 it was revealed that the sanction order of Government of Orissa dated 1 September 1996 relating to the drawal of salary of the staff under NLEP were issued twice with overlapping period as indicated below:

GO. No. and date	Period of sanction
1) GO 49855/H dt.13.12.1996	01.09.1996 to 28.02.1997
2) GO 4823/H dt.13.02.1997	01.09.1996 to 30.11.1996
3) GO 19255/H dt.03.06.1997	01.12.1996 to 31.05.1997

On being pointed out by audit, the DHS(O) stated (July 1997) that the GO No. 49855/H dt.13.12.1996 issued to the DDOs in DHS(O) memo no. 18336 dt.24.12.1996 appeared to be forged one.

Records received in the Office of the AG (A&E), revealed that a total sum of Rs.25.81 lakh had been drawn for salary for September 1996 to February 1997 under 'NLEP Central plan scheme' based on the forged sanction order. Test check of records of 5 Medical Officers of Leprosy Eradication Units, One District Leprosy Officer and One Assistant District Medical Officer confirmed the drawals of Rs.5.69 lakh based on forged sanction order towards salaries for the period from September 1996 to December 1996.

The forged sanction order was not scrutinised properly either at DDOs or at treasuries level. The aforesaid sanction order was marked '**COURT URGENT**' at the top of the order which was unusual. The period of sanction for continuation of post was upto February 1997 but in the next year, it was instructed not to draw salary beyond March 1997. No proper care was taken by DDOs to verify the signature of the DHS with the specimen available at treasury level.

DHS stated (July 1997) that CDMOs were instructed to stop drawal on the basis of forged sanction order and the matter was under investigation (September 1997).

(h) Loss of Rs.3.25 lakh on fire in family welfare store at Dhenkanal

A fire broke out in May 1995 night in the Family Welfare Store under CDMO, Dhenkanal. An FIR was lodged with police vide CDMO letter No. 3747 (3) dated 25 May 1995. As reported by CDMO, Dhenkanal Refrigerator and other equipments worth Rs.3.25 lakh were either burnt completely or partially damaged.

The enquiry by SDO, GE sub-division revealed that the fire was not due to defect in electrical installation but man made. Government stated (June 1997) that due to non-receipt of investigation report from police no decision could be taken to hand over the case to Crime

Branch. The matter was not pursued at any level (from CDMO to Government level) to obtain the police report in time since May 1995.

(i) Theft of ultra sound machine

One ultra sound machine purchased at a cost of Rs.8.36 lakh during September 1994 in the VSS Medical College Hospital, Burla was reported to have been stolen in November 1995. The case was reported to higher authority/police on the same day. It was stated (June 1997) in reply to audit query that the matter was under investigation of Crime Branch as of December 1997.

(j) Losses and misappropriations

41 cases of losses and misappropriations involving Rs.52.17 lakh were detected in the department during the period 1966-67 to 1995-96 (1966-67 to 1993-94: 39 cases - Rs.51.25 lakh and 1994-95 to 1995-96 : 2 cases - Rs.0.91 lakh). The position of pending cases as of October 1996 was as follows :

		No. of cases	Amount involved (Rupees in lakhs)
(i)	Departmental action not started/finalised	13	27.86
(ii)	Recovery of money awaited	6	4.66
(iii)	Under investigation/subjudice	22	19.65
Total		41	52.17

Out of 13 cases under category (i) above in 4 cases no departmental action had been started (1982-83 : 1 case, 1988-89 : 1 case, 1991-92 : 2 cases) so far. While in other 9 cases (detected between 1974-75 and 1991-92) departmental action was to be finalised.

(k) Pending Inspection Reports/ Paragraphs

1630 Inspection Reports (IRs) consisting of 6050 paragraphs issued during 1980-81 to 1996-97 (upto December 1996) were outstanding as of June 1997 for compliance. Out of these even the first reply/compliance was not furnished for 614 IRs consisting of 3329 paragraphs. Year-wise break-up is given in Appendix-X.

3.4.9 Idle machinery and equipment

(a) Purchase of X-Ray machines -under UK assisted project

A sum of Rs.74.13 lakh was spent towards purchase of 31 X-Ray machines for supply to 23 Community Health Centres (CHCs), 6 Upgraded Primary Health Centres, 2 other hospitals during 1990-91 to 1996-97 under the U.K. Aid Assisted Project.

Test check of records of Project Director, Area Development Project revealed the following:

(i) Order for purchase of eight X-Ray machines was placed with Seimens (India) at the rate of Rs.1,56,624 per machine during March 1991 for supply to 8 CHCs in Cuttack, Ganjam, Kalahandi, Phulbani and Puri districts. The X-Ray machines were supplied during November 1991 to March 1993 without dark room accessories and Stabilisers. As a result, the X-Ray machines could not be used from March 1991 to September 1994 due to non-purchase of accessories along with the X-Ray machines. Allotment of funds (Rs.4 lakh) was provided during 1994-95 and accessories costing Rs.3.70 lakh were received during September 1994 to November 1994.

The reason for not purchasing the accessories along with the X-Ray machines could not be stated to audit.

(ii) A sum of Rs.42.80 lakh was sanctioned in March 1992 for purchase of 16 X-Ray machines. The amount was drawn and kept in Civil Deposit in March 1992. The X-Ray machines were purchased at a total cost of Rs.40.30 lakh during April to June 1996.

It was noticed in audit that the purchase committee meeting held on 20 August 1992 approved the purchase of 16 X-Ray machines at unit cost of Rs.2.14 lakh including accessories from Seimens (India). Thus, the cost of 16 X-Ray machines would have come to Rs.34.17 lakh had the purchases been made in August 1992 instead of depositing the money in Civil Deposit.

Project Director (PD) stated (June 1997), that there was no provision of dark rooms and technicians to operate the machines, hence the amount was kept under Civil Deposit. Thus, inadequate planning and execution led to extra expenditure of Rs.6.13 lakh and idling of 16 X-Ray machines after the purchase.

(iii) Further, Government sanctioned Rs.14.48 lakh for purchase of 6 X-Ray machines during 1994-95. All the 6 X-Ray machines were purchased during June 1995 and were lying unutilised in 6 PHC/CHC due to want of dark room facilities. In the year 1995-96 accessories for 6 machines were purchased at a cost of Rs.0.79 lakh and these were lying un-utilised. During 1996-97 one machine was purchased out of unspent balance of 1991-92 at a cost of Rs.2.33 lakh.

(iv) The State Government was to create 31 posts of X-Ray technicians out of its own source to operate the X-Ray machines supplied under U.K. Assisted Project. DHS, Orissa stated (June 1997) that the proposal for creation of 17 posts of technicians were pending with the Government and the rest 14 were yet to be proposed. In the absence of X-Ray technicians, as stated by the DHS, the machines were being operated by deputing technicians from other hospitals twice a week. The reason for not proposing the balance of 14 posts of X-Ray technicians could not be stated.

Thus, the 11 X-Ray machines (cost Rs.28.40 lakh) remained unutilised from June 1995 to May 1996 due to want of dark room facilities and balance 20 machines (cost Rs.45.73 lakh) partially utilised (26.30 *per cent*) due to non-sanction of posts of X-Ray technicians.

(b) Heart lung machine lying idle since February 1995

One COBE heart lung machine with heater cooler unit was purchased by Superintendent, SCB Medical College Hospital, Cuttack from Parry Engineering and Exports Ltd., Madras and installed in February 1995, in the Cardio Thoracic Surgery Department. Payment of Rs.22.18 lakh (full cost) for the heart lung machine and Rs.4.07 lakh (being 90 per cent of the cost) for the heater cooler was made to the firm in August 1995.

During the demonstration of the machine in August 1995 it was seen that the heater cooler was not functioning due to leakage of the gas of the cooler. But the same was neither replaced nor its defects rectified as of September 1997. In the absence of the heater cooler which was essential for conducting open heart surgical operations, no operation could be conducted even though the machine was purchased in February 1995. Thus, the entire expenditure of Rs.26.25 lakh proved to be unfruitful.

3.4.10 Drug Control

Drug control administration in Orissa functions as an independent Directorate and is responsible for ensuring availability of quality drugs to consumers through close watch over the movement of suspected, spurious, adulterated and substandard drugs.

(i) Physical Target and Achievement

Drug and cosmetic rules stipulate inspection of premises of all licenced manufacturers of drugs twice in a year and draw samples of drugs manufactured in the premises and also from trade and Government hospitals where these drugs are used. The following was the position of drugs manufacturing units in the State vis-a-vis number of inspections made by the

Inspectors during the last 3 years.

Year	No. of Manufacturing units	No. of Inspections to be conducted	Actual No. of inspections conducted	Percentage of coverage
1994-95	390	780	162	20.76
1995-96	487	974	181	18.58
1996-97	516	1032	284	27.50

The low coverage of inspection was attributed by the Drug Controller to shortage of staff. Against the required strength of 93 Drug Inspectors (DI) as per the recommendations of Task Force set up by Government of India, only 24 DIs were in position in the State.

(ii) Testing of samples

The following was the position of target and achievement of collection of sample and their testing.

Year	Target for collection of samples	No. of samples collected	No. of samples to be tested (including balance of previous year)	No. of samples tested	Balance
1994-95	1700	1775	1775	1522	253
1995-96	1700	1646	1899	1392	507
1996-97	2200	1297	1804	1460	344

It would be seen from the table above that there was a shortfall every year in achieving the targets and balance was carried over to next year. The backlog in testing samples was stated to be due to (a) want of reference standards from Central Drug Laboratory, and (b) absence of Laboratory technical personnel who were sent for training during the year.

Sample tested included 176 numbers of samples of Ayurvedic and 19 numbers of Homoeopathy medicines. These were got tested outside the State due to non-availability of testing facilities in the State.

Test check of records in VSS Medical College Hospital, Burla revealed that 6 samples of drugs taken by DI for testing in the year 1994-95 were found to be of sub-standard quality. But by the time the test reports were received (period of receipt of test reports ranged between 6 to 10 months) drugs were consumed in full in 2 cases and partially in 4 cases. In one case the balance stock was replaced and in other 3 cases the stock of drugs worth Rs.0.19 lakh was not replaced and no action was taken to recover the cost of the drugs.

Drug Controller stated (April 1997) that no time frame was fixed under the provision of Drug Act for examination of samples and submission of reports. This was not tenable as the delayed communication of test reports resulted in administering of sub-standard drugs to patients.

(iii) Non-functioning of the Drug Testing Laboratory-Idle expenditure of Rs.3.29 lakh

One Drug testing Laboratory was attached to the Government Ayurvedic Pharmacy, Bolangir since 1980 for testing the drugs manufactured therein. The Laboratory was having one Scientific Officer (July 1993 to July 1995) and one Scientific Assistant (upto August 1996) and one Attendant (continuing since February 1980).

No test of the drugs manufactured in the Pharmacy was conducted in the Laboratory. The non-testing, was attributed to non-availability of instrument and equipment in the Laboratory and available instruments and equipment were not sufficient (procured during 1978-79 to 1980-81 at a cost Rs.0.81 lakh). A proposal for a sum of Rs.69.00 lakh for such instruments and equipments was submitted to Government during September 1993, which was yet to be finalised.

- (iv) Non-utilisation of services of Drugs Inspector (Ayurveda)-Unfruitful expenditure of Rs.2.89 lakh

One post of Drugs Inspector (Ayurveda) was filled in during January 1993 (sanctioned in June 1979) in the Directorate of Indian Systems of Medicine and Homocopathy (DISM&H). The services of the said DI were utilised in the office rather than in the field inspection for which it was meant. Reasons for non-utilisation for the purpose were stated as non-issue of notification declaring the DISM&H as the licencing authority for Indian System of Medicines (ISM) in the State, which was being exercised by the Drug Controller.

3.4.11 Anti-Cholera Vaccine Institute, Cuttack not functioning since July 1995

With a view to manufacturing anti-cholera (AC) vaccine to meet the emergency requirement of the State, the Anti-Cholera Vaccine Institute, Cuttack established in 1964 was functioning under the control of State Bacteriologist and Pathologist. The Institute had ceased to function with effect from 17 July 1995 on the instructions of the Drug Controller, Orissa because of unsuitable condition of the building and environment in the manufacturing unit and lack of cold storage and quality control facilities essential for manufacturing AC Vaccine. In this connection, the following points were noticed.

- (i) The Medical Officer and other staff were continuing without any specific job since July 1995. They had drawn pay and allowances regularly from 17 July 1995 to 31 March 1997.

A sum of Rs.13.86 lakh (Rs.12.31 lakh for pay and allowances on idle staff + Rs.1.55 lakh for Electric charges etc.) thus became infructuous as of March 1997.

- (ii) Equipment, plants and machinery purchased for the Vaccine Institute at the cost of Rs.3.62 lakh were lying idle since July 1995.
- (iii) Due to sudden stoppage of manufacturing of the AC Vaccine, the semi-processed product (Concentrated Vaccine) costing approximately Rs.3.3 lakh got spoiled.

A proposal was sent to the Government (Health and Family Welfare Department) by the Director of Health Services, Orissa in December 1995 to convert the Government Vaccine Institute to Polio Vaccine Testing Centre. The decision was pending at Government level (July 1997).

3.4.12 Reservation of beds in Manasika Arogyasala, Ranchi - Avoidable expenditure

Government of Orissa was a participant in the management of lunatic asylum of Manasika Arogyasala, Ranchi (Bihar) on payment of contribution on the basis of seats reserved. Initially, the bed strength for Orissa was 83 which was reduced to 75 from 1975-76 and to 50 with effect from 1 April 1988.

Test check of records in the department of the Government revealed that on the basis of the report of Union Health Secretary on Supreme Court's order, the State Government paid the arrear for the reserved beds in the following manner.

From 1979-80 to 1987-88, the total expenditure of the institution was to be shared on the basis of "Actual bed Utilisation" by each state or 'Number of beds reserved' for each year whichever was more. The share of Orissa was calculated on 75 beds reserved.

The reserved beds were reduced to 50 with effect from 1988-89. However, occupancy of patients from Orissa varied from 47.2 *per cent* to 54.8 *per cent* of the reserved bed only from 1988-89 to 1993-94 (January 1994). In addition to Rs.52.65 lakh already paid on actual bed occupancy, the Government paid arrears of Rs.89.44 lakh for the period from 1979-80 to 1993-94 (January 1994) on the basis of calculation on bed reservation basis.

The extra expenditure of Rs.89.44 lakh could have been avoided had the bed reservation been reduced to a realistic level.

3.4.13 Non-functioning of equipment

(a) Open heart surgery wing - Idle machinery worth Rs.36.09 lakh

The Cardio Thoracic Surgery department was equipped in 1984 in the SCB Medical College Hospital, Cuttack to conduct open heart surgeries. In order to strengthen this vital wing for continuance of open heart surgery, Government sanctioned Rs.30.00 lakh (February 1992). The amount was spent on purchase of equipment (Rs.25.49 lakh) and spares and repair of old equipment (Rs.4.51 lakh) during the years 1991-92 and 1992-93. Further a sum of Rs.6.09 lakh was spent on purchase of generator etc. in the year 1993-94.

During April 1993 and November 1995, 38 open heart surgeries were conducted (1993-94 : 23; 1994-95 : 14; 1995-96 : 1). Thereafter no surgery took place, which was attributed to lack of equipment and shortage of staff. However no specific details were furnished to audit. The reply was not totally correct since as many as 23 operations were conducted during 1993-94.

It was seen that during May 1997, proposal for full staff/equipment required for this department was submitted to Government.

Due to non-functioning of this unit, the equipment purchased and repaired at a cost of Rs.36.09 lakh remained idle forcing needy patients to go outside the State for treatment.

(c) Gamma Camera

MKCG Medical College Hospital, Berhampur had executed (August 1993), Memorandum of Understanding (MOU) with Board of Radiation and Isotope Technology (BRIT), Bombay for establishment of Radio Immunology (RIA)/Nuclear medicine facility in the hospital. As per terms and conditions of MOU, BRIT released (February 1994) an amount of Rs.33 lakh for purchase of Gamma Camera and its accessories which was installed in November 1994 at a cost of Rs.31.97 lakh. The machine went out of order in August 1996 as the acquisition in the camera was not occurring due to a cable fault linking the camera with the computer. It was found that the guarantee period for rendering free service to the camera and

its accessories by the supplying firm Electronics Corporation of India Ltd. (ECIL), Hyderabad was over by 31.10.95. No effort was found to have been made to repair/replace the damaged cable to make the equipment operational.

3.4.14 Machinery/Vehicles remained unused for want of repairs

(a) Machinery and equipment

Large number of surgical instruments and 7 X-Ray machines valuing Rs.63.10 lakh were lying in unserviceable condition from 1976 to 1997 due to want of fund for repairs in 3 Medical College Hospitals, 8 CDMOs and Superintendent TB&ID hospitals, Puri. No effective step was taken by the DDOs to repair instruments for use.

(b) Ambulances and other vehicles

Seven Ambulances were lying in unserviceable condition in 5 CDMOs and one TB hospital from January 1994 due to want of funds for repair. In one case the driver was utilised in another vehicle and 6 Ambulance drivers remained idle for want of ambulances.

At DHS(O) level, 55 vehicles (Jeep, Car and Vans) were lying in unserviceable condition due to want of repairs. Seven vehicles were sent to garage for repairs and the balance (48 numbers) remained as such. The utilisation of drivers attached to vehicles could not be stated to audit.

In 3 Medical College Hospitals, one Ayurvedic Medical College and 8 CDMOs, 64 vehicles were lying off-road from January 1990 to July 1997. The vehicles could not be repaired due to want of funds. The CDMOs (Cuttack and Dhenkanal) stated that the drivers were utilised in running ambulances on rotation basis and some had been diverted to PHCs. The other CDMOs could not furnish the mode of utilisation of drivers.

The ambulances and other vehicles which were not repaired, thus, could not be utilised for health care of the people.

As informed by the department, expenditure of Rs.75.81 lakh was incurred towards 70 idle drivers of these vehicles for the period between 1990 to 1997. For rest of vehicles the period in which the vehicles were off road could not be furnished to audit.

3.4.15 Physical target and achievement under the schemes/programmes

Under the plan sector, the State Government implemented the following schemes in Medical and Public Health during the years 1994-95 to 1996-97.

Name of the Scheme	Pattern of Assistance/ (year of implementation)
(a) National Programme of Control of Blindness (NPCB)	100 <i>per cent</i> Centrally assisted scheme under World Bank (1994-95)
(b) National AIDS Control Programme (AIDS)	100 <i>per cent</i> Centrally assisted scheme (1991-92)
(c) National TB Control Programme (NTCP)	50:50 basis between Central and State Government (1964-65)
(d) Control of Iodine Disorder Deficiency Scheme (CIDDS) Formerly known as Goitre Control Programme	100 <i>per cent</i> Centrally assisted Scheme (December 1989)
(e) National Leprosy Eradication Programme(NLEP)	100 <i>per cent</i> Centrally assisted Scheme (1983)
(f) National Malaria Control Programme (NMEP)	50:50 basis share on materials and equipments only (1958)
(g) Long term Action Plan in KBK Districts (in Orissa Health Sector)	Prime Minister's Relief Fund (1995)

The review of the schemes undertaken in audit in respect of NPCB, AIDS, NTCP, NLEP and KBK are discussed as under :

(a) National Programme of Control of Blindness

(i) The National Programme of Control of Blindness (NPCB) was implemented in the state with the aim to reduce incidence of blindness from 1.4 *per cent* to 0.3 *per cent* by 2000 AD. The entire expenditure under the scheme was borne by Central Government under Central Plan scheme. The components of the scheme include medicines and other consumables, vehicle, construction of buildings, staff salary etc. including cataract operation. During the years 1994-95 to 1996-97 the Budget provision, GOI allocation and expenditure thereof were as detailed below:

Year	Amount allocated (R u p e e s)	Budget provision (R u p e e s)	Central Release (R u p e e s)	Expenditure (l a k h s)	Savings(-) Excess(+)
1994-95	-	207.38	91.58	98.02	(-)109.36
1995-96	426.41	220.85	236.76	47.25	(-)173.60
1996-97	388.18	215.17	67.18	63.02	(-)152.15

Central assistance was not released due to non-utilisation of grants provided earlier. As a result the State Government was deprived of Central assistance to the tune of Rs.1.90 crore and Rs.3.21 crore during 1995-96 and 1996-97 respectively.

In 1996-97 Government of India provided Rs.3 crore for Civil works but did not release the amount as Rs.1.80 crore released earlier was not utilised for the purpose. However, Government of Orissa sanctioned the entire amount of Rs.4.80 crore in October 1997 and the amount was drawn by the Director of Health Services in March 1997. Out of this, Rs.3 crore were, however, refunded into treasury in April 1997.

The delay in utilisation of Rs.1.80 crore was attributed to reluctance on the part of Rural Development Department for execution. As a result, Government of Orissa was deprived of central assistance of Rs.3 crore.

(ii) Amount for purchase of medicines kept in Civil Deposit

Government of Orissa, Health and FW Department sanctioned Rs.1.64 lakh and Rs.5.64 lakh in March 1992 and March 1995 respectively for purchase of drugs and

consumable under NPCB programme. The entire amount was drawn during March 1992 and March 1995 and kept under Civil Deposit. The permission for drawal of the amounts for Rs.6.64 lakh was accorded (April 1996) by Finance Department. The medicines and consumable for Rs.5.32 lakh were purchased during 1995-96 leaving a balance of Rs.1.32 lakh under Civil Deposit as of September 1997.

As revealed from the Civil Deposit account of DHS(O), a total sum of Rs.21.87 lakh was lying unspent from 1990-91 to 1994-95 under the scheme without any utilisation.

(iii) Poor achievement in target on cataract operation

Government of India while releasing the fund under NPCB fixed the annual target on cataract operation for the State. The achievement by State Government against such targets on cataract operation during 1994-97 was as follows:

Year	Target (I n n u m b e r s)	Achievement	Shortfall	Percentage of shortfall
1994-95	80,000	40,536	39,464	49.33
1995-96	88,000	46,835	41,165	46.78
1996-97	1,00,000	60,517	39,483	39.48

Government of India expressed their dissatisfaction over the poor performance. During 1995-96, Report of Director of Health Services, Orissa showed that amongst the 7 project assisted states, the achievement of Orissa was the lowest (50 *per cent*). In other 6 project states namely Tamil Nadu, Andhra Pradesh, Madhya Pradesh, Maharashtra, Gujarat and U.P. the achievement on cataract operation ranged between 124 *per cent* and 80 *per cent* during 1995-96.

Poor performance in cataract operation was attributed (April 1997), by the DHS to lack of facilities in the state like non-availability of required number of ophthalmology surgeons, non-availability of resourceful Non-Government Organisations (NGOs). DHS further stated that the targets fixed by Government of India were unrealistic. However, no correspondence was made in this regard with the Government of India.

The reply of DHS(O) was not found tenable on the following grounds :

(i) The CDMO, Sundargarh stated that only one vehicle was available at his disposal. As a result conducting Eye camps simultaneously in 2 places were not possible.

(ii) The vehicle of Mobile unit attached to Ophthalmology Department of Medical College, Berhampur was put in to use (67.37 *per cent*) for purposes other than conducting Eye camps.

Thus, it was evident that marshalling and deployment of resources required greater effort and efficiency.

Test check of records of 7 CDMOs as detailed below revealed that the percentage of cataract operation as against the target was extremely low:

CDMO	Target			Achievement			Shortfall		
	1994-95 (i	1995-96 n	1996-97 n	1994-95 u	1995-96 m	1996-97 b	1994-95 e	1995-96 r	1996-97 s)
1. Bolangir	2900	5000	4100	1314	976	2023	1586 (55%)	4024 (80%)	2077 (51%)
2. Koraput	2140	2760	3010	1020	1048	2214	1120 (52%)	1712 (62%)	796 (26%)
3. Dhenkanal	1650	5000	3200	963	965	969	687 (42%)	4035 (81%)	2231 (70%)
4. Cuttack	9600	9000	5600	5021	6804	5828	4579 (48%)	2196 (24%)	--
5. Rayagada	--	2000	2400	--	543	1010	--	1457 (73%)	1390 (58%)
6. Kalahandi	3000	3000	3900	1618	1017	864	1382 (46%)	1983 (66%)	3036 (78%)

The CDMOs stated that inspite of all out efforts, old people mostly SC/ST in interior areas having cataracts were not coming forward for free operation despite incentives like free distribution of Dhoties/Sarees.

(b) National TB Control Programme

The National Tuberculosis Control Programme was in operation in the State since the year 1964 with the objective to provide free and domiciliary treatment to TB patients at grass root level. The physical and financial achievement with reference to the target were as under:

Year	Detection of new TB cases			Total No. of patients (old and new)	Total No. of patients completed treatment
	Target (In total No.)	Achievement (In numbers)	Shortfall		
1993-94	42400	29219	13,181(31%)	70.284	6762
1994-95	44100	32136	11,964(27%)	74.933	9955
1995-96	44100	33,842	10,258(23%)	81.240	8635

Though the entire funds were spent, physical progress ranged only between 69 per cent and 77 per cent for the years 1993-94 to 1995-96. The reason for shortfall was stated to be due to non attendance of the symptomatic T.B. patients at the T.B. Centres.

Test check of records of 2 T.B. Hospitals out of four, revealed that the post of doctors and paramedical staff were lying vacant in specialised T.B. Hospitals as given below :

Name of the Hospital	Category of post	Sanctioned posts	Men in position	Vacancy
i) B.M.Swasthya Nibas, Chandipur	i) Specialist in Paediatrics	1	Nil	1
	ii) Nursing sister	6	5	1
	iii) Cook	5	4	1
	iv) Kitchen Attendant	5	3	2

Name of the Hospital	Category of post	Sanctioned posts	Men in position	Vacancy
ii) Government TB Hospital Udit Narayanpur, Kalahandi	i) Specialist in Pathology	1	Nil	1 (vacant since 21.11.94)
	ii) Specialist in Radiology	1	Nil	1 (vacant since 7.10.94)
	(iii) Medical Superintendent	1	Nil	1 (vacant since August 1994 to January 1997)
Total		20	12	8

The post of Medical Superintendent of Government TB Hospital, Udit Narayanpur, (Kalahandi), was vacant from August 1994 to January 1997. Thus, the TB Control Programme was neglected in absence of specialised doctors in the Government hospitals.

3.4.16 Long Term Action Plan for KBK districts

The long term action plan for KBK (Kalahandi, Bolangir, Koraput District) scheme aimed at drought proofing and development saturation of the newly formed eight backward districts out of erstwhile under developed districts of KBK.

Government decided in July 1995 to set up 31 Mobile Health Units for strengthening the rural health care in inaccessible areas of undivided Koraput, Bolangir and Kalahandi districts. Out of Rs.4.10 crore of assistance received from Prime Minister's Relief Fund, a sum of Rs.4.00 crore was released during 1995-96 for utilisation in health component of the districts.

Scrutiny of records in Director of Health Services (DHS), revealed that an amount of Rs.2.98 crore was released to 8 districts during 1995-96. The balance amount of Rs.1.02 crore was utilised by DHS for supply of 31 Ambulance vans to 31 Mobile Health Units (MHU) in the districts during October 1995 to December 1995.

During 1996-97 Government further released a sum of Rs.89.71 lakh for continuance of the scheme in the above 8 districts though a balance of Rs.1.96 crore (65.78 *per cent*).was lying unutilised relating to previous year.

i) Test check of records of 4 KBK districts revealed that Rs.2.14 lakh were released to the nodal Collector of the districts who were entrusted with implementation of the scheme by forming Zilla Swasthya Seva Samiti (ZSSS), in association with CDMOs, as Secretary of the Samiti. The grants were placed in shape of bank drafts (BDs) from DHS with the Collector of the district and passed on to the ZSSS for expenditure at CDMO level.

Year	Name of the District	Amount received (I n R u p e e s)	Expenditure	Balance	Balance amount in Percentage
1995-96	Koraput	42,08,900	38,78,584	16,91,316	30.37
1996-97	Koraput	<u>13,61,000</u> 55,69,900			
1995-96	Bolangir	46,49,500			
1996-97	Bolangir	<u>12,57,000</u> 59,06,500	24,66,620	34,39,880	58.24
1995-96	Kalahandi	47,34,950			
1996-97	Kalahandi	<u>14,83,000</u> 62,17,950	29,78,756	32,39,194	52.09
1995-96	Nawrangpur	36,89,550	1,66,704	35,22,846	95.48
Total		2,13,83,900	94,90,664	1,18,93,236	

ii) Each Mobile Health Unit was to have a doctor, one Pharmacist, one Health Visitor (Female) and one Attendant including a driver. In the office of CDMO, Kalahandi it was revealed that out of 5 mobile health units, 2 units were managed by the pharmacists since July 1995 without the doctor. In reply, the CDMO stated that pharmacist could manage the team in the absence of the doctor. The views of CDMO were not tenable as qualification and capability of a pharmacist were different from that of a doctor. Moreover, operating an MHU without doctor for years together involved risk in health care to the people.

iii) According to Government instructions (July 1995) the doctor and his team were required to make tour for 15 to 20 days in a month. Test check of records of CDMO, Bolangir

revealed that the MHU had toured 5 to 12 days in a month during January 1996 to August 1996 except 16 days during April 1996. Similarly, another MHU had visited 3 to 10 days during February 1996 to September 1996 except 16 days during April 1996. In most of the days of the month the full team was not available.

iv) 17 lakh number of Chloroquin tablets and other medicines valuing Rs.12 lakh purchased for distribution under KBK scheme were irregularly diverted to Central stock/ADMO(PH) for general patients at hospital level as per details given below. As a result the people in interior areas for whom the medicines were meant, were deprived of the benefit.

CDMO	Year of purchase	No.of Chloroquin tab./other medicine	Rate	Value (In rupees)
Kalahandi	1996-97	Medicines		4,02,000
Bolangir	1995-96	7.00 lakh	469.31 per 1000 tab.	3,28,517
Bolangir	1996-97	10.00 lakh	-do-	4,69,310
				11,99,827 or 12 lakh

(v) Government stated (July 1995), that there were to be three tier monitoring system for the implementation of the scheme at State level, District level and at Block level. But no instructions regarding detailed function of the monitoring system were issued by the Government. No monitoring and evaluation was done about the progress of the scheme though it was under implementation since October 1995.

3.4.17 National AIDS Control Programme

The National AIDS Control Programme was being implemented in the State with 100 per cent Central assistance since 1991-92, through various components Viz (i) Programme Management, (ii) Blood Safety, (iii) Information, Education and Communication, (iv) Surveillance, (v) Training and (vi) Sexually Transmitted Diseases' clinics.

Government of India, Ministry of Health and Family Welfare under AIDS Control Programme released Rs.2.56 crore from the year 1991-92 to 1996-97 to State of Orissa as per details given below:

Year	Amount released by GOI	Actual Expenditure	Amount lying in Civil Deposit	Unspent balance in shape of cash/ B.D.
	(.. R u p e e s i n l a k h s)			
1991-92	8.45	7.58	--	0.87
1992-93	52.27	5.50	46.77	Nil
1993-94	19.82	11.79	7.10	0.93
1994-95	126.10	42.15	70.71	13.24
1995-96	Nil	--	--	--
1996-97	50.00	24.02	--	25.98
Total	256.64	91.04	124.58	41.02

The scrutiny of records of DHS and Government revealed the following :

- (i) The unutilised balance of Rs.165.60 lakh constituted 65 *per cent* of total amount released lying either in Civil Deposit or in shape of Bank Draft/Cash. As major portion of the amount remained unutilised, the progress of the scheme was not encouraging.
- (ii) Out of Rs.19.50 lakh and Rs.18.99 lakh released to 27 and 17 NGOs during 1993-94 and 1994-95 respectively, 20 number of Bank Drafts amounting to Rs.6.73 lakh were still lying undisbursed since March 1994 at Government level (July 1997).
- (iii) A total sum of Rs.31.76 lakh was released during 1993-94 and 1994-95 to 40 NGOs but utilisation certificate for Rs.11.12 lakh from 19 NGOs were yet to be received (July 1997).
- (iv) 40 NGOs to whom grants were released under AIDS Control programme, 13 were situated at Bhubaneswar, Cuttack (5 nos.), Puri (4 nos.), Nayagarh (3 nos.), Khurda (3 nos.), Dhenkanal (2 nos.), Ganjam (2 nos.) and one each in other 8 districts. 15 other

districts of the State were not covered as per selection done by Government during 1993-94 and 1994-95.

- (v) A sum of Rs.6.63 lakh out of the amount of Rs.29.20 lakh placed with 2 Medical College Hospitals, Director of Health Services, Information and Public Relation Department during 1990-91 to 1993-94 still remained unspent (August 1997).
- (vi) No evaluation and monitoring was done in respect of the progress of the scheme.

3.4.18 Family Welfare Programme

The Family Welfare Programme is a continuous scheme in operation in the state for the year 1993-94 to 1995-96. Test check of records in Directorate of Family Welfare, Orissa revealed the following in respect of financial and physical achievements under the schemes.

(i) Financial

Year	Allotment (R u p e e s)	Expenditure i n l a k h s)	Balance	Remarks
1993-94	302.00	293.54	8.46	Balance amount surrendered
1994-95	456.95	454.73	2.22	
1995-96	457.40	454.04	3.36	

(ii) Physical target and achievement

Family Welfare Programme has been accorded very high priority by Government. Two major components of the programme were population control and immunisation. In respect of sterilisation, the shortfall in achievement ranged from 9.70 *per cent* to 25.68 *per cent* during 1993-94 to 1995-96. In immunisation programme the shortfall ranged from 1.59 *per cent* to 45.99 *per cent* for the years 1992-93 to 1995-96. The details are given in a table vide Appendix-XI.

The reason for shortfall in achieving the target were not stated.

In 5 CDMOs similar trend of shortfall in achieving the target in respect of sterilisation was noticed as per details given below :

Name of CDMO	Year	Target	Achievement	Shortfall/ Percentage
Bolangir	1994-95	8590	6215	2375/(28)
	1995-96	10050	5427	4623/(46)
Cuttack	1994-95	12700	9709	2991/(24)
	1995-96	14970	11333	3637/(24)
Dhenkanal	1994-95	6490	5983	507/(7.8)
	1995-96	7040	4751	2289/(33)
Kalahandi	1994-95	5673	5673	-- /(--)
	1995-96	7950	4288	3662/(46)
Koraput	1994-95	6090	5796	294/(5)
	1995-96	7260	5736	1524/(21)

The reason for low achievement was stated to be due to vacancy of Medical Officers, Supervisors, Lady Health Visitors (LHVs), Paramedical staff, insufficient vehicles, untrained Medical Officers, inaccessible areas and late receipt of allotment.

Neither the targets nor the achievements were kept in respect of conventional contraceptive (CC) users for the year 1995-96 despite reportedly high achievement in preceding years.

3.4.19 Outstanding Utilisation Certificates

For the grants released to various Government/non-government organisations, they were required to furnish utilisation certificates (UCs) within the stipulated period as laid down in sanction orders.

Test check of records at Government and Director of Health Services revealed that the UCs for Rs.1.24 crore were not received from one DDO (Rs.23.07 lakh), 19 Non-Governmental Organisations (NGO) (Rs.11.12 lakh) for National Aids Control Programme and 8 NGOs (Rs.89.65 lakh) for Family Welfare Programme as of June 1997.

The amounts were paid directly at department level but no step was taken to obtain the utilisation certificate from the NGOs.

3.4.20 Deployment of personnel

The sanctioned strength vis-a-vis, the men in position in different medical institutions of the state as of August 1997 are given in Appendix-XII. The summary of vacancies in 1070 medical institutions out of 1083, as of August 1997 were as follows.

	Sanctioned post (I n n u m b e r s)	Men in position	Vacancy
Class-I	485	442	43
Class-II(Specialist)	1029	794	235
Class-II(Assistant Surgeon)	2708	2364	344
Total	4222	3600	622

(a) Non-availability of doctors in tribal KBK districts

The undivided Koraput, Bolangir and Kalahandi (KBK) districts of Orissa were mostly inhabited by scheduled caste and scheduled tribe people.

The districts were treated as economically backward districts in comparison to other districts having 245 medical institutions. As stated by Government during August 1997, a total 77 numbers of doctors and specialists were lying vacant as per details given below.

Name of the districts	Sanctioned strength (I n n u m b e r s)	Men in position	Vacancy
1. Koraput	129	86	43
2. Bolangir	77	64	13
3. Kalahandi	78	57	21
Total	284	207	77

As a result of vacancies, the health care of the districts were mostly affected. The reasons for vacancies stated by the CDMOs during July 1997, were due to proceeding of doctors on higher studies and cancellation of posting orders after joining.

(b) Deployment of doctors/paramedical staff at places other than the place of duty

The deployment of officers on regular basis at places other than the place of duty is not permissible by service rules framed by the Government. Test check of records in 4 medical institutions revealed that 16 Doctors and 16 other officials as detailed below were allowed to perform their duties at places other than their actual place of posting as per orders of Government and Director of Health Services, Orissa.

Name of medical Institution		No. of Doctors		No of Para-medical staff and other staff	Period
i.	Capital Hospital, Bhubaneswar	Class-I Class-II (SpecialNo) Asst. Surgeon	4 2 5	3	1/95 to 6/97 (Continuing)
ii.	District Head Quarters Hospital, Bolangir	Class-II	5	11	11/86 to 6/97 (continuing)
iii.	District Head Quarters Hospital, Koraput			1 (Pharmacist)	1/96 to 6/97 (Continuing)
iv.	VSS Medical College Hospital, Burla.			1 (Staff nurse)	2/96 to 6/97 (continuing)
Total			16	16	

Eleven doctors were attached to Capital Hospital, Bhubaneswar without any sanctioned post. The Chief Medical Officer was not aware where from the doctors were deployed in his hospital as the orders of Government and DHS(O) did not contain that information. It was also not known from where the doctors were drawing their pay and allowances.

(c) PHCs/CHCs operating without doctors

According to Government of India (GOI) guidelines (basing on the International Conference on Primary Health Care held during 1978) there should be one PHC in twenty thousand population in Tribal and one in thirty thousand population in Non-Tribal areas. As per Government of India norm there should be 744 PHCs in the State as per population ratio. As against this, there were 732 PHCs in the State out of which 42 PHCs had no sanction of post of doctors (March 1997). In 5198 Gram panchayats (GPs) in the State, 1406 GPs (27 *per cent*) were provided with Allopathic Medical Institutions leaving a balance of 3792 GPs as uncovered.

During the years 1995-96 and 1996-97, 12 PHCs were opened, out of which one was situated in Tribal area and other 11 in urban areas. In 10 new PHCs no post of doctor existed. The new PHCs were being managed by deputing doctors/pharmacists by District Health Administration.

(ii) For effectiveness in running a hospital, a building with essential provisions like electricity, water was necessary. As per information furnished to audit, out of 429 PHCs/CHCs under 15 CDMOs, no building existed in 96 PHCs/CHCs. These medical institutions were functioning in cottage, Rest house, panchayat buildings and Medical Officers' quarters.

(d) Transfers and postings of doctors

Government of Orissa in their General Administration Department formulated (July 1991) the following principles to regulate the transfer and postings of Government servants.

No officer of the rank of class-II and above was to be allowed to remain in a district for more than 6 years. Officers were to be ordinarily transferred after completion of 3 years in a station. Government of Orissa modified (May 1995) the transfer policy indicating that transfer should be done taking into account the academical year and effected preferably within 15th June.

Scrutiny revealed that in the H&FW Department for the years 1994-95 to 1996-97 no list was prepared indicating the doctors due for transfer as per specified period of stay in a particular district or in a station. The department did not have records to indicate the doctors who were due for transfer or to whom the transfer orders were issued. The department maintained a number of part files in respect of a transfer order, as a result the subsequent changes in transfer order could not be co-related in audit.

- (e) Transfer of doctors are made on the basis of recommendations
 - (i) Test check of records in Health and Family Welfare department revealed that all the 189 transfer cases of doctors in 1996-97, were made on recommendations of the 7 Ministers, 4 MPs, 10 MLAs and 2 VIPs without any proposal at departmental level.
 - (ii) In 25 cases, as seen from the records of 1996-97, the transfers were finalised directly at the level of Health Minister without any notings by departmental officers.
- (f) Transfer orders were cancelled through political influence
 - (i) Government of Orissa in their Political and Service Department circular dated 28 April 1967 observed that through political influence the transfer cases got cancelled dislocating the health care work. In spite of this, 9 cases of cancellation of transfers were effected during the period February 1996 to October 1996 on the recommendation of 7 Ministers and 2 MLAs.
 - (ii) Nineteen doctors were transferred within 2 months to 14 months of stay in one station against the minimum period of 3 years of stay without recording reasons, justifying such transfers.
 - (iii) Two Assistant Surgeons were posted to PHC/CHC where no sanctioned post of doctors existed and were allowed to draw their pay and allowances from their old stations.
 - (iv) Three doctors, qualified in a particular branch were allowed to continue in another department, in SCB Medical College, Cuttack, their services were not being properly utilised.

(g) Irregular transfer

Five doctors were transferred during the period March 1996 to April 1996 when model code of conduct was in force (Lok Sabha Election 1996) from March 1996 to May 1996 and transfers were totally banned.

3.4.21 Herbal Garden at Harisankar (Bolangir District)

One herbal garden covering an area of 10 acres was set up in the foothill of Harisankar hill with a complement staff of 1 Medical Officer (Ayurveda), 1 Agricultural Overseer, 5 Malis and 2 Attendants.

The value of herbs produced from the garden and the establishment cost during 1994-97 were as follows.

Year	Value of herbal produce (R u p e e s i n l a k h s)	Establishment cost
1994-95	0.19	1.87
1995-96	0.32	2.15
1996-97	0.35	3.02

The table showed that the maintenance of the farm was uneconomical and needed improvement in the areas of administration and evaluation.

3.4.22 Other topics of interest

(a) Non-implementation of Orissa Clinical Establishment (Control and Regulation) Act 1990 and Rules 1994

As per the statistics compiled by Government, 1079 private nursing homes/clinics were in operation in Orissa as of July 1997. Government of Orissa framed the Orissa Clinical Establishment (Control and Regulation) Act 1990 and Rules 1994 to monitor the functioning of Medicare Institutions in private sector and enforced the same from October 1994 to ensure quality of patient care.

Government (Health and Family Welfare Department) stated (July 1997) that the said Act and Rules were yet to be implemented.

(b) Non-completion/construction of Government Buildings

U.K. Assisted Project

Orissa Industrial Infrastructure Development Corporation (IDCO), a State Government Undertaking, was entrusted with construction of 1473 buildings related to construction of Primary Health Centres, staff quarters of doctors and paramedical staff, ANM, Hospitals etc. in 11 districts under U.K. Assisted Project. The advances amounting to Rs.52.33 crore were released to the IDCO during March 1990 to October 1996.

Out of 1473 buildings, 1405 buildings were completed as of March 1997, leaving 68 buildings as incomplete. As revealed from the report, 59 buildings were under construction, 7 could not be taken up due to want of sites and other 2 could not be constructed as local mafia was obstructing construction. Out of the amount advanced to the IDCO, a sum of Rs.78.47 lakh remained unutilised (March 1997).

In this connection, the following observations were made :

- (i) Out of 1405 completed buildings, only 1272 buildings were handed over to the Department, the reason for not handing over 133 buildings could not be stated to audit. In 210 buildings, taken over by the Department there was no electrical connection, 101 buildings though taken over, were not occupied by the Department. The reason was not found on record.
- (ii) The advances of Rs.52.33 crore were paid to the IDCO, the executive agency, from March 1990 to October 1996 without any indication about the number of buildings to be constructed with reference to estimated cost of each building. In reply it was stated that the advances were paid in lump on recommendation of Empowered Committee.
- (iii) The target fixed for completion of the buildings, actual date of completion and extension of time allowed if any, though called for during April 1997 could not be furnished to audit (July 1997).

(c) Pending Pension cases

There were 215 pension cases of retired Government servants of Health and Family Welfare Department lying unsettled since 1990-91 to 1996-97. At Government level 186 cases and at 4 test checked CDMO level 29 pension cases were pending for disposal (July 1997).

(d) Vigilance cases lying unsettled

Test check of records in the Department of the Government revealed that 94 vigilance cases instituted against the officials of the Health & Family Welfare Department were lying in process of correspondence. Out of 34 cases produced to audit, in 14 cases it was revealed that the cases were not pursued timely to expedite the cases. However, at the instance of audit, reminders were issued in July 1997.

(e) Basic facilities like toilet, sewerage etc. are lacking in District Headquarters Hospitals (DHH)

The High Power Committee during its visit to DHH, Puri observed that the basic amenities like toilets for patients, duty room for nurses, staff room for clinical discussion of doctors etc. have not been provided. The committee pointed out that the labour room provided in the DHH, Puri was without any basic amenities. DHH, Bolangir stated (July 1997) that out of 25 toilets, 20 were not functioning. Sewerage system though available was not working. Roof and wall of the labour room were profusely leaking. In DHH, Dhenkanal no sewerage system was available. In Koraput, the labour room needed repair and doctors duty room was not provided. The laboratory set up lacked adequate space.

3.4.23 Health indicators vis-a-vis national health policy

Health and Family Welfare Department of Government of Orissa have been implementing the national health policy since its proclamation in 1983 and striving to achieve the national health goal by 2000 AD. The national goal to be achieved by 2000 AD and the

situation in State as at the end of the year 1994 were as under:

		National goal to be achieved by 2000 AD	Existing situation in Orissa (1994)	
1.	Infant Mortality rate	60	103	(per thousand live birth)
2.	Child Death Rate	9	11.1	(per thousand population)
	Under 5 years	50	131	(per thousand population)
3.	Maternity mortality rate	NIL	6	(per thousand maternity cases)
4.	Life expectancy	64	53	
	Male	64	63.13	
	Female	64	58.40	
5.	Family size	2.3	3.1	(Average no. of children per family)
6.	Crude Birth rate	21%	28%	(per thousand population)
7.	Effective Couple protection rate	60%	40.6%	
8.	Antenatal care	100%	83.5%	
9.	Delivery by trained personnel	100%	48%	
10.	<u>Immunisation statistics</u>			
	(a) TT for Pregnant women	100%	81.6%	
	(b) measles	100%	93.3%	
	(c) DT	85%	82.4%	
11.	Leprosy prevalence	1	16.6	(per 10 thousand population)
12.	Blindness	0.3%	1.7%	

Government did not furnish the action plan, if any, made for achieving the goal nor had the data about the progress made beyond 1994.

The above points were referred to Government in October 1997; reply had not been received (December 1997).

3.5 Failure to strengthen the State Public Health Laboratory with Central assistance

Government of India sanctioned (January 1991) Rs.9.00 lakh to meet the entire cost in strengthening State Public Health Laboratory (SPHL), Orissa, for undertaking sophisticated analysis to check presence of contaminants in processed food. The amount was meant for

purchase of equipment and instruments as would be required by the State from the approved list of 20 items.

Test check of records of the Deputy Director-cum-Public Analyst (DDPA), conducted in December 1996 revealed that the amount of Rs.9.00 lakh was drawn and kept in civil deposit (March 1992) as ordered by Government of Orissa. A Purchase Committee constituted in August 1992 decided to purchase 13 out of 20 listed items through tenders limiting the purchase to availability of funds. But the purchase orders for 12 tendered items worth Rs.3.35 lakh could not be placed with the firms for tender deficiencies pointed out (March 1993) by the internal audit. The matter was referred to Government in May 1995. No decision had been received as of July 1997.

However, one Microprocessor based Gas Liquid Chromatograph (GLC) with accessories viz: Electron Capture Detector (ECD), Flame Ionization Detector (FID) and Computer were purchased (April 1993 and April 1994) at a cost of Rs.4.53 lakh. A sum of Rs.1.12 lakh was deposited (November 1993) with the electrical authority for air conditioning.

The GLC could not be put to final testing though the guarantee period was over as of July 1997, as (i) the computer was found defective and not replaced; (ii) mandatory permission from Bhaba Atomic Research Centre was not obtained for use of ECD containing radioactive source; (iii) FID could not be operated for want of Oxygen cylinder to be supplied by DDPA and (iv) air conditioning was not made for want of administrative approval from the Government.

Government of India while calling (January 1994) for the utility status report of the assistance given in January 1991, indicated their assurance for further assistance. No utilisation certificate could however, be sent to Government of India as of July 1997. In reply to an audit query the DDPA stated (December 1996 and May 1997) that the final testing of the machinery was not over due to non-provision of the AC chamber and non-purchase of the oxygen cylinder by the department and the machine was kept idle.

Thus, due to want of proper planning, prompt and effective actions at different levels the machinery remained idle after spending Rs.5.65 lakh and the related equipment could not be procured with the balance fund of Rs.3.35 lakh which resulted in the failure to strengthen the laboratory for the purpose for which the assistance was obtained and deprived the State of availing further assistance.

The matter was referred to Government in May 1997; reply had not been received (December 1997).

3.6 Loss due to non-availing of permissible discount

As per terms and conditions of payment stipulated in the Rate Contracts (RC), concluded with Small Scale Industry (SSI) units and communicated to all the Chief District Medical Officers (CDMOs) by the Director of Export Promotion & Marketing (DEPM), Orissa from time to time, the suppliers (SSI units) were to give 3 *per cent* discount to the Indenting Officers, if full payment was made to them within a period of two weeks of the delivery of the stock of drugs, medicines and surgical dressing materials.

Test check of records conducted in the offices of CDMOs, Baripada, Cuttack, Koraput and Sambalpur between October 1995 and July 1996 and further information collected during July 1997 from the Offices of CDMOs, Balasore, Dhenkanal, Ganjam and Puri revealed that in 1256 cases (Balasore: 235, Baripada: 209, Cuttack: 199, Dhenkanal: 121, Ganjam: 153, Koraput: 90, Puri: 236 and Sambalpur: 13), though cent *per cent* payment to the tune of Rs.206.11 lakh (Balasore: Rs.23.17 lakh; Baripada: Rs.37.60 lakh; Cuttack: Rs.24.85 lakh; Dhenkanal: Rs.12.94 lakh; Ganjam: Rs.44.86 lakh; Koraput: Rs.6.00 lakh; Puri: Rs.54.86 lakh and Sambalpur: Rs.1.83 lakh) was made to the SSI Units within two weeks from the date of delivery of the medicines and dressing materials but no discount was availed of. Thus, due to non-availing of discount at the prescribed rate Government sustained a loss of Rs.6.18 lakh.

On this being pointed out in Audit, the CDMO, Baripada agreed (May 1996) to adjust the discount from the future payment of the concerned SSI units. However, the CDMOs, Balasore, Cuttack, Dhenkanal, Ganjam, Koraput, Puri and Sambalpur stated (October 1995, July 1996 and July 1997) that medicines and surgical materials were purchased from SSI units as per approved list communicated by the Director of Medical Education & Training (DMET), Orissa and due to non-receipt of instructions from DMET, 3 *per cent* discount was not availed of.

In reply to Audit enquiry (April 1997) regarding non-issue of circular of DEPM, the DMET stated (April 1997) that the DEPM circulars to avail 3 *per cent* discount were enclosed with the approved list of SSI units communicated from time to time and it was not felt necessary to issue a specific instruction to the Indenting Officers to avail such discount.

Thus, on account of negligence on the part of CDMOs, Government had been put to loss to the tune of Rs.6.18 lakh.

The matter was referred to Government in April 1997; reply had not been received (December 1997).

AGRICULTURE DEPARTMENT

3.7 Low yield of coffee in Machkund Region of Koraput District due to lack of proper maintenance of plantation

Government developed coffee plantations/estates from 1958-59 onwards over an area of 224 hectares of land in 18 patches in Machkund region of Koraput district on commercial basis. The plantations were expected to produce a minimum yield of 500 kg per hectare from the 5th year of plantation upto 40 years, according to norm fixed by the Government.

Analysis of the yield and the actual revenue earned during 1992-93 to 1995-96 showed that as against an expected annual yield of 1,08,200 kg, the average annual production was only 36,762 kg. and during 1996-97 the yield was as low as 13,100 kg. Consequently, the

actual revenue was only Rs.67.88 lakh in these years (1992-93 to 1995-96) compared to expected revenue of Rs.2.13 crore as shown in the table below:

Year	Total expenditure for maintenance (Rs.in lakhs)	Yield expected From 216.40 hectares of area (.....in Kg.....)	Actual yield	Short fall	Selling rate of sale per Kg. (in Rupees)	Revenue		
						Expected	Actual	Short fall
						(Rupees	in	lakhs)
1992-93	6.49	1,08,200	52,306	55,894	26.47	28.64	13.85	14.79
1993-94	6.49	1,08,200	34,208	73,992	57.35	62.05	19.62	42.43
1994-95	6.46	1,08,200	32,272	75,928	60.00	64.92	19.36	45.56
1995-96	6.81	1,08,200	28,260	79,940	53.25	57.62	15.05	42.57
Total	26.25	4,32,800	1,47,046	2,85,754		213.23	67.88	145.35

Assistant Soil Conservation Officer (ASCO), Machkund-II attributed (November 1996) the low yield to (i) paucity of funds for maintenance/cultural operations, (ii) unfavourable climatic conditions, (iii) non-traditional area and (iv) degradation of soil conditions. However, the contention of ASCO was not correct as Senior Liaison Officer (SLO), Coffee Board, Government of India, stationed at Koraput stated (May 1997), that the area was quite suitable for coffee. He also stated that the variations in temperature and rainfall could be overcome by following the guidelines issued from time to time and applying new materials evolved by the Board. The SLO further stated that the plantations were suffering due to improper maintenance and non-adherence to time bound cultural operations.

The above omissions were attributed by the ASCO to release of inadequate funds (Rs.0.03 lakh per hectare for bearing area and Rs.0.02 lakh per hectare for non-bearing area) as against the Coffee Board's recommendations of Rs.0.14 lakh per hectare.

Thus, due to lack of maintenance and cultural operations of the coffee plantations/estates, Government had to forego coffee produce valuing Rs.1.45 crore during 1992-93 to 1995-96. While accepting the audit observations, Government replied in August

1997 that no loss had been accrued to Government from the coffee yield in comparison with the expenditure incurred on maintenance of plantation. The reply of the Government was not tenable because by proper management of plantation the department would have obtained much higher yield and earned more revenue.

It was also observed that the yield had declined steadily from 52,306 Kg. in 1992-93 to 13,100 Kg. in 1996-97.

3.8 Failure of Soyabean demonstrations under Oil Seed Production Programme

Government decided (December 1995) to launch a programme on Soyabean cultivation under oil seed production programme, a centrally sponsored scheme funded with 75 *per cent* Central assistance in the five undivided Revenue districts of the State. The Director of Agriculture and Food Production (DAFP), Orissa communicated (June 1996) to the Deputy Directors of Agriculture (DDAs), in charge of the concerned districts to conduct demonstration of Soyabean cultivation in 4715¹ hectares with farmers participation in their field. The unit cost of demonstration per hectare was Rs.3300. Of this amount, seed input (75 kg. seeds per hectare) constituting 50 *per cent* of the cost was to be supplied by the department and the balance 50 *per cent* cost being the cost of other inputs viz. fertilisers and chemicals was to be borne by the participating farmer.

Test check (November 1996/and January to March 1997) of records of concerned DDAs revealed that the Orissa State Seed Corporation Ltd. (OSSC) had supplied (May/June 1996) 3367² quintals of Soyabean seeds to DDAs as per the indent placed by the DAFP in February 1996 for organising demonstrations. The DDAs sent the seed samples to the State Seed Testing Laboratory (SSTL), Bhubaneswar and Seed Testing Laboratory (STL), Bargarh soon after receipt of stocks. The test results received by the DDAs indicated that the entire stock of soyabean seeds of four DDAs (except DDA, Sambalpur) were sub-standard with germination capacity ranging from 11 to 68 *per cent*, against the norm of 70 *per cent*

¹ Bolangir:425 hectares; Kalahandi:425 hectares; Koraput:1600 hectares; Sambalpur:800 hectares and Sundargarh:1465 hectares.

² Bolangir:310 quintals; Kalahandi:416 quintals; Koraput:1044 quintals; Sambalpur:500 quintals and Sundargarh: 1097 quintals

germination prescribed by the Government of India in consultation with Central Seed Committee. The test result of seeds supplied to DDA, Sambalpur however, indicated germination capacity from 70 to 84 *per cent*.

Audit check further revealed that before receipt of test report from SSTL/STL, the DDAs distributed (between June and July 1996) 3061¹ quintals of seed for demonstration in an area of 4107 hectares through the sale centres. The DDA, Bolangir after receipt of test report requested (June 1996), OSSC to lift back the sub-standard seeds, but OSSC in its reply stated (July 1996) that seeds were standard as per their own laboratory test. DDA, Bolangir without pursuing the matter diverted entire stock to the sales centres. Out of the balance 306 quintals of seeds of all the DDAs, 209 quintals were sold to the farmers and 97 quintals were lying unutilised with DDA, Kalahandi.

Thus, sub-standard seeds of 2579 quintals costing Rs.57.43 lakh (Rs.2227 per quintal) were utilised in demonstration by four DDAs which resulted in complete failure of crops and negligible/low yield varying from 2.75 to 7.43 quintals per hectare.

To an audit query about the results of demonstration, the District Agriculture Officers (DAOs), under above four DDAs, stated that the soyabean crop failed and the yield was nil/very low/negligible against the average yield of 10 to 12 quintals per hectare due to low germination capacity of the seeds supplied.

Thus, due to use of sub-standard seeds the demonstration of soyabean cultivation failed rendering the expenditure of Rs.57.43 lakh as largely unfruitful. The process of absorption of technology by farmers also suffered a setback. In addition inputs given by the participating farmers amounting to Rs.56.76 lakh were wasted.

The matter was referred to Government in May 1997; reply had not been received (December 1997).

¹ Bolangir:309 quintals; Kalahandi:319 quintals; Koraput:909 quintals; Sambalpur:482 quintals and Sundargarh:1042 quintals.

3.9 Loss due to excess procurement of seeds

District Agriculture Officers (DAOs) ascertain the requirement of different seeds from farmers of their areas through the field functionaries well before commencement of the sowing season. On the basis of the information received from the DAOs of the range, each Deputy Director of Agriculture (DDA) submits an indent to the Director of Agriculture and Food Production (DAFP), Orissa, who allots seeds to the range DDAs for supply by the Orissa State Seeds Corporation (OSSC) and the agriculture farms run by the Department. On receipt of the seeds, the DDAs transport the same to the sales centres in the field for sale to farmers and for utilisation in demonstration.

During scrutiny of records of DDA, Cuttack and Berhampur, it was noticed that the quantities of seeds so assessed, indented, allotted or received/procured by the DDAs during Rabi 1993-94 and 1994-95 were in excess of the quantities sold/utilised as seeds. As a result, large quantities of different varieties of seeds procured by the DDAs were rendered surplus and were ultimately either sold in auction or remained unutilised as non-viable seeds with further deterioration resulting in loss of Rs.42.76 lakh as detailed below :

Name of the indenting officer/season	Name of the seeds & quantity indented	Quantity received (in quintals)	Quantity utilised (in quintals)	Quantity sold in auction (in quintals)	Loss due to auction sale				Balance quantity (in quintals)	Value (Rs. in lakhs)	Total loss
					All in cost price (In Rupees)	Auction sale price (Rupees)	Difference	Loss (Rs.in lakhs)			
1.DDA, Cuttack Rabi 1993-94	Ground-nut 21,595	2,576	1,285	256	1,874	535	1,339	3.43	987*	18.50	21.93
2.DDA, Berhampur Rabi 1994-95	Ground nut 3,129	2416.06	1692.83	640.99	2,032	250	1,782	11.42	--*	--	11.42
3.DDA, Cuttack Kharif 1995	Jute 758	662	370	--	3257	--	--	---	289*	9.41	9.41
Total								14.85		27.91	42.76

* 48 quintals, 82.24 quintals and 3 quintals have been availed as admissible by the DDA, Cuttack, Berhampur and Cuttack respectively

The DDAs attributed the following reasons for the variations in the quantities of seeds procured vis-a-vis the quantities sold/utilised as seeds :

- (i) Higher sale price of seeds as compared to market price;
- (ii) Intermittent supply of seeds by the OSSC;
- (iii) Presence of inert materials like sand, dry soil clods, stones and sticks in the seeds supplied by Oil Orissa etc. and
- (iv) adverse weather conditions.

In one case (sl. no.3 of the table) Government however replied (November 1997) that the indent was placed after most judicious assessment and disposal could not take place due to lack of rain during April and excess rain in May 1995.

The reply was not tenable, since the indent itself was in excess of requirement. Further, the prevailing market price was not taken into consideration while fixing the sale price of seeds by Government. Government reply was also not tenable since additional indent was placed despite availability of stock and there was delay in diversion of seeds to the sale centres for sale to the farmers. Ultimately Government sustained a loss of Rs.42.76 lakh.

The matter was referred to Government in March 1997 and June 1997; reply had not been received (December 1997).

3.10 Loss due to non-extraction of Sisal fibre

Director of Soil Conservation (DSC), Orissa, released a sum of Rs.2.30 lakh (Rs.0.50 lakh in August 1994 and Rs.1.80 lakh in March 1996) in favour of Assistant Soil Conservation Officer (ASCO), Patnagarh, to undertake extraction of Sisal fibre in respect of 90 hectares of plantations in each year during 1994-95 and 1995-96 against 150 hectares of plantation available annually for extraction. The amounts were released at the rate of Rs.560 and Rs.2000 per hectare of extraction for the year 1994-95 and 1995-96 respectively. The norm for extraction of fibre was 0.675 MT per hectare.

Test check of records of ASCO, Patnagarh in Audit (September 1996 and April 1997), revealed that 6.72 and 2.50 MT of fibre were extracted over an area of 90 and 2 hectares by spending Rs.50,000 and Rs.4,000 during the year 1994-95 and 1995-96 respectively, against the expected annual yield of 60.75 MT as per the norm. Thus, there was a shortfall of extraction of fibre of 54.03 and 58.25 MT during the respective years resulting in a loss of Rs.22.10¹ lakh. Besides due to non-provision of funds in respect of balance exploitable area of 60 hectares, 40.50 MT of fibre could not be extracted in each year which also caused a loss of revenue amounting to Rs.15.91² lakh.

To an audit query about non-extraction of Sisal fibre from the available area of 150 hectares and low extraction, the ASCO stated in September 1996/April 1997 that due to resource constraints in general and delay in release of fund in particular during 1995-96, extraction could not be possible on the entire exploitable area of 150 hectares. Government however, replied (November 1997) that the balance amount of 1995-96 was spent during 1996-97 for extraction of fibre.

The reply was not tenable in audit as the amount of Rs.1.80 lakh for the year 1995-96 was placed with ASCO, Patnagarh on 3 April 1996 well before the end of the extraction season (May) and the amount was lying unutilised. Subsequent utilisation of balance fund had no bearing on the target and achievement of 1995-96.

Thus, both non-provisioning of funds and non-utilisation despite adequate provisioning at Patnagarh led to a loss of Rs.38.01 lakh in the shape of under exploitation of Sisal fibre.

¹ In 1994-95 expected yield 60.75 MT less actual yield of 6.72 MT = Shortfall 54.03 MT x Rs.0.188 lakh per MT = Rs.10.16 lakh

In 1995-96 expected yield 60.75 MT less actual yield of 2.50 MT = Shortfall 58.25 MT x Rs.0.205 lakh per MT = Rs.11.94 lakh

² In 1994-95 expected yield 40.50 MT x Rs.0.188 lakh = Rs.7.61 lakh and in 1995-96 yield 40.50 MT x Rs.0.205 lakh = Rs.8.30 lakh

3.11 Nugatory expenditure on surplus staff

To facilitate Oil Palm cultivation in the state, Government of Orissa, Agriculture Department decided (June 1992) to provide 327.6 hectares of land, out of 557.6 hectares available in the Sukinda Seed Farm to the Director of Horticulture, Orissa (DHO). Government directed the Director of Agriculture and Food Production (DAFP), Orissa to transfer four staff members (one Senior Clerk, two Junior Clerks and one Peon) of the Seed Farm.

Although the land transfer was effected in September 1992 for oil palm cultivation, the staff members were not transferred. Further the transfer of land from the Sukinda seed farm rendered 20 nos. of different categories of farm staff surplus. In October 1995 the Farm Superintendent (FS), Sukinda and the Deputy Director of Agriculture (DDA), Cuttack requested the DAFP to withdraw the surplus staff. However, the surplus staff were continued in the farm till date (November 1997) and Rs.29.19 lakh were spent on their pay and allowances for the period from September 1992 to November 1997.

The FS, Sukinda stated that despite several requests made by him and DDA, Cuttack, the DAFP did not take any action for redeployment of the surplus staff.

The delay on the part of FS, Sukinda and DDA, Cuttack in proposing redeployment of surplus staff elsewhere and inaction of the DAFP, Orissa for transfer of surplus staff, resulted in nugatory expenditure of Rs.29.19 lakh on their pay and allowances.

The matter was referred to Government in May 1997; reply had not been received (December 1997).

3.12 Loss on purchase of substandard seeds

Director of Horticulture, Orissa (DHO) drew up an action plan (September 1994) to provide assistance to the farmers for off season onion cultivation by free supply of seeds during Rabi 1994-95. Each beneficiary farmer was to be supplied with onion seeds free of cost (10 Kg. per hectare) for a maximum of one hectare cultivation and the programme was to

be implemented through 23 Horticulturists in the State. Government of Orissa (Agriculture Department), sanctioned (October 1994), a sum of Rs.13.77 lakh for implementation of the Scheme. DHO placed a purchase order with the National Consumer Co-operative Federation Limited (NCCF) during November 1994 for supply of 95 quintals of N-53 variety onion seeds, with the condition that the seeds should be of quality, true to type and of standard percentage of germination and the seeds would be tested by State Seed Certification Agency before payment was made.

Test check of records of Vegetable Specialist (VS), Orissa, Bhubaneswar (June 1995/April 1997) revealed that NCCF supplied (November 1994) 94.80 quintals of N-53 variety onion seeds costing Rs.13.08 lakh (Rs.13,800 per quintal). The seeds were distributed to the farmers through 22 Horticulturists in the State soon after receipt of seeds. Samples of seeds were sent to State Seed Testing Laboratory (SSTL), Bhubaneswar in November 1994. The SSTL report (January 1995) showed a low germination capacity ranging from 42 to 62 *per cent* as against the standard germination of 70 *per cent* prescribed by Government of India. In spite of his knowledge of such low germination test result, the Director released the payment of Rs.12.69 lakh (97 *per cent* of the total cost) to the supplier during March 1995 and July 1995.

On further enquiries from field units the Horticulturist of Boudh, Karanjia, Phulbani and Rairangpur stated (March/April 1997) that onion seeds distributed among the beneficiary farmers in November 1994 showed a very low yield ranging from 25 quintals to 75 quintals against the expected minimum yield of 200 quintals per hectare.

On being pointed out by audit, the VS replied (June 1996), that the distribution of seeds and payment of dues were made as per orders of the DHO. The DHO in his reply stated (February 1997), that the Purchase Committee resolved to make payment on the grounds that (i) no party other than the NCCF agreed to the stringent terms and conditions laid down for supply and NCCF came forward to supply the seeds at lowest rate and supplied the seeds in a record time of about 10 days and (ii) as NCCF was a co-operative organisation, the Purchase Committee decided to take lenient view by deducting only 3 *per cent* from the total cost. The

reply of the DHO was not acceptable in view of provisions made in the supply order (November 1994) and availability of test report of SSTL before payment.

Thus, procurement of substandard seeds with an expenditure of Rs.12.69 lakh proved to be largely unfruitful, apart from depriving the farmers of benefits due to low yield of onions.

The matter was referred to Government in April 1997; reply had not been received (December 1997).

3.13 Loss due to non-observance of instructions of Government

The State Government had advised (16 May 1995) the Director of Agriculture and Food Production (DAFP), Orissa and the Director of Soil Conservation, Orissa to issue instructions to the Deputy Directors of Agriculture (DDA) and the Soil Conservation Officers (SCO) to finalise mutually the actual requirement of paddy and non-paddy seeds of varieties locally in demand for demonstration under National Watershed Development Programme in Rainfed Areas (NWDPRAs). Government had also indicated that if the SCO had already not arranged for seeds, he should place indent for seeds with the DDA who should arrange for their supply.

Though DDA, Dhenkanal did not place any indent, the DAFP, Orissa advised the Orissa State Seeds Corporation (OSSC) on 12 June 1995 for supply of 1100 quintals of paddy seeds to DDA, Dhenkanal which was to be purchased by SCO, Dhenkanal from him for demonstration under NWDPRAs as per Government orders of May 1995. But without consulting the DDA and in violation of the decision of Government the SCO, Dhenkanal also placed an indent with the OSSC for supply of 1181 quintals of paddy seeds on 6 June 1995 and 8 June 1995 for the same purpose under intimation to the DDA, Dhenkanal.

DDA, Dhenkanal received (18 to 22 June 1995) 864 quintals of seeds against the 1100 quintals of seeds indented by DAFP and sold 156 quintals only to the farmers as by then sowing was almost complete and the variety of seeds received from OSSC was not locally in

demand. Out of balance 708 quintals there was a shortage of 4 quintals and 704 quintals became unfit for use as seeds and 686 quintals of these were auctioned/sold between February 1996 and November 1996 resulting in a loss of Rs.4.47 lakh as detailed below:

	Quantity (in quintals)	All-in-cost price	Auction sale price	Difference	Loss (Rupees in lakhs)
(I n r u p e e s)					
Auction Sale	7	1081	372	709	0.05
Sold to RCMS	679	1081	430	651	4.42
Total					4.47

The balance quantity of 18 quintals of non-viable seeds valued at Rs.0.19 lakh were lying undisposed as of February 1997.

Thus, due to violation of orders of Government, the department suffered a loss of Rs.4.47 lakh.

The matter was referred to Government in February 1997; reply had not been received (December 1997).

HOME DEPARTMENT

3.14 Inadmissible payment of Special Diet Allowance

Additional earned leave for fifteen days per annum was admissible to the police personnel upto the level of Inspector of Police for performance of their duties during holidays as well as beyond office hours on working days. In March 1991, Government withdrew this benefit from the police personnel who enjoyed concessions like Special Pay (SP), Overtime Allowance (OA), etc. In April 1993, Special Diet Allowance (SDA) at the rate ranging from Rs.60 to Rs.150 per month was sanctioned in lieu of additional fifteen days of earned leave to

various categories of police employees including Inspectors etc. and again the said SDA was withdrawn from April 1996.

Audit of records of Commandants, OSAP, 1st Battalion, Charbatia; 6th Battalion, Cuttack and 7th Battalion, Bhubaneswar (November 1995, December 1996, February 1997 and June 1997) revealed that police personnel drawing SP were allowed to draw SDA during 19 April 1993 to 31 March 1996 for Rs.69.03 lakh (1st Battalion Charbatia: Rs.19.20 lakh, 6th Battalion, Cuttack: Rs.28.40 lakh and 7th Battalion, Bhubaneswar: Rs.21.43 lakh). Since additional earned leave was not permissible to police employees in receipt of Special Pay, payment of SDA in lieu of additional earned leave given to employees as stated was inadmissible.

The Commandants stated (between November 1995 and June 1997) that they did so as per Government orders of April 1993 and the follow up action would be taken after receipt of clarification from state police headquarters to whom the matter would be referred.

Thus, non-observance of Government orders resulted in inadmissible payment of SDA to the tune of Rs.69.03 lakh to the police personnel drawing Special Pay.

The matter was referred to Government in June 1997; reply had not been received (December 1997).

3.15 Loss due to non-observance of procedures and delayed action

(a) Loss due to imposition of additional conditions on rate contract firms

According to the Industrial Policy Resolution (IPR), 1992 of the Government of Orissa, all Store items, for which prices and rate contract (RC) holding firms have been prescribed by the Directorate of Export Promotion and Marketing (EPM), should be purchased from RC holders at the prices fixed without inviting tenders/quotations and imposing additional terms and conditions. Contrary to the stipulated policy and despite issue of instructions by the Chief Secretary (July 1993), Purchase Committee, in the Office of the Director General and Inspector General of Police, Orissa, Cuttack, while finalising (May

1994) the tender of rate contract items, recommended for imposition of additional conditions on the RC holding firms and asked them to furnish the security deposits etc.. This delayed the finalisation of the purchase. Ultimately, purchase orders were placed with two firms of Bhubaneswar (November 1994) and Cuttack (March 1995) for supply of 5000 pair of canvas boots by February 1995 and 13,364 pair of P.T. shoes by March 1995 respectively.

As the rates for these items were enhanced by the Directorate of EPM in October 1994 and March 1995, the department had to incur an extra expenditure of Rs.4.67¹ lakh.

Government in their reply (December 1997) while admitting the delay in purchase of canvas boots stated that there was no delay in purchase of PT shoes.

The reply was not tenable since the decision of the purchase committee (May 1994) was not promptly acted upon and the purchase was made from the same firm in March 1995.

Thus, imposition of additional conditions by the Purchase Committee in violation of Government order delayed the matter and led to avoidable loss by way of payment at enhanced rate.

(b) Loss due to delayed action

Government of India sanctioned (March 1994), a loan of Rs.85 lakh from the General Insurance Corporation of India (GIC) in favour of the State Government for purchase of fire-fighting equipment with the condition that the State Government should draw the loan before the end of March 1994 and utilise it within six months from the date of drawal. Necessary provision was made in the Budget for 1994-95 and funds were released during March 1995.

Government approved the proposal of Fire Officer (FO), Orissa, Cuttack for purchase of 12 Towing Tender Vehicles in December 1994. In response to the tender calls (December 1994) of FO, Cuttack, firm 'U' quoted lowest tender of Rs.2.11 lakh per vehicle of above

¹ Cost of 5000 pair of Canvas Boots at increase rate between Rs.70 and Rs.73 per pair comes to Rs.3.61 lakh and cost of 13,364 pair of P.T. shoes at increase rate of Rs.7 per pair comes to Rs.1.06 lakh = Rs.4.67 lakh

brand. The Preliminary Purchase Committee (PPC) at the level of Director General of Police, Fire Service, Orissa and the State Level Purchase Committee (SLPC) sat in February 1995 and May 1995 respectively and approved the quotation of firm 'U' (May 1995). The purchase was effected in September 1995. In the meantime the price of vehicles shot up in January 1995 (Rs.2.17 lakh), in May 1995 (Rs.2.22 lakh) and in September 1995 (Rs.2.33 lakh). The FO, Cuttack, could purchase the vehicles at the rate of Rs.2.33 lakh from the firm 'U' which resulted in avoidable extra expenditure of Rs.2.60 lakh.

Thus, inspite of availability of funds with the State Government since March 1994 and instructions of Government of India to spend the fund within the period of six months, there was undue delay in finalisation/purchase of vehicles which caused a loss of Rs.2.60 lakh to Government.

The matter was referred to Government in June 1997; reply had not been received (December 1997).

(c) Irrecoverable loss of Government dues

Fire Officer (FO), Orissa, Cuttack awarded (December 1993) the work of fabrication of four motor fire engines to a firm at his lowest offer of Rs.8.58 lakh. As per terms of the agreement, the firm was to complete the work within 120 days from the date of handing over of chassis failing which the firm would be liable to pay liquidated damage of Rs.60 per day of delay in delivery per chassis and also the extra cost involved in the event of getting the work done through some other agencies.

The chassis were handed over to the firm on 5 February 1994 but the firm failed to complete the work within the stipulated time (4 June 1994). Department cancelled the order in February 1995 and got the fabrication work completed through another firm at a cost of Rs.12.26 lakh involving extra expenditure of Rs.3.68 lakh.

As per agreement, the defaulting firm was liable to pay the liquidated damages of Rs.0.74 lakh, extra cost of Rs.3.68 lakh and the expenditure of Rs.0.10 lakh by the department

for repair of damages to chassis. Scrutiny of records (March/June 1997) revealed that against the recoverable amount of Rs.4.52 lakh, the department had adjusted only Rs.1.26 lakh during July 1995 from the dues of the firm available with department and Rs.3.26 lakh remained unrecovered as of June 1997.

On this being pointed out, the Fire Officer stated (June 1997) that the matter was being referred to the higher authorities for realisation of dues.

The matter was referred to Government in June 1997; reply had not been received (December 1997).

3.16 Wasteful expenditure on idle boat staff

A new police district was carved out from the erstwhile Cuttack district in March 1993. It was noticed in audit during October 1996 that Superintendent of Police (SP), Jagatsinghpur employed the following staff for the police personnel to reach remote localities of the district by boat:

Sl. No.	Name of post	Period	Number of persons entertained
1.	Majhi (Boatman)	April 1993 to January 1994	2
		February 1994 to June 1997	1
2.	Dandi (Helper)	April 1993	7
		May 1993 to July 1993	6
		August 1993 to June 1994	5
		July 1994 to June 1997	3

As the SP did not have any boat during the period the Majhis and the Dandis remained idle and Government incurred wasteful expenditure of Rs.5.41 lakh on their pay and allowances as of November 1997.

In reply to audit queries regarding utilisation of services of Majhis/Dandis in absence of any boat, the SP stated (October 1996/July 1997) that their services were being utilised for miscellaneous duties as Class-IV staff and that difficulty was being experienced in

discharging the duties in those areas without any boat. The SP had also indicated (March 1997), that higher authorities were approached for supply of a boat. The reply was not tenable as the utilisation of services of Majhis/Dandis for miscellaneous purposes were not got approved from the appointing authority (State Police Headquarters) and the purpose for which they were appointed remained unfulfilled.

The matter was referred to Government in March 1997; reply had not been received (December 1997).

FISHERIES AND ANIMAL RESOURCES DEVELOPMENT DEPARTMENT

3.17 Injudicious investment

A Memorandum of Understanding (MOU) was signed (September 1991) by the State Government for the establishment of an Integrated Shrimp Farm Project¹ (Shrimp Farm, Feed Mill, Processing Plant and Hatchery) involving a total share capital of Rs.3.5 crore with an equity participation of 49 *per cent* by Government in collaboration with three private firms². For this purpose, the State Government was to lease out 600 hectares of land to Kalinga Aquatics Ltd. (KAL) near Panaspada in Puri district for a period of 15 years at a premium of Rs.834 per hectare per annum payable by KAL in one instalment in cash to be adjusted against the liability of the State Government towards its equity participation. As per the MOU the participation of the State Government in the venture, through Orissa Maritime and Chilka Area Development Corporation Limited (OMCAD) was to commence only after the project was approved and term loans sanctioned by financial institutions.

Test check of records of the Director of Fisheries, Orissa, Cuttack and the Fisheries and Animal Resources Development (FARD) Department, conducted during December 1996 and enquiries made thereafter revealed that advance possession of 370 hectares of land sanctioned by the Revenue Department in October 1991, was made over to KAL in December

¹ Initially called the Tata Aquatic Farm, Orissa but renamed latter as Chilka Aquatic Farm Ltd., Orissa and Kalinga Aquatics Limited (KAL).

² Tata Iron and Steel Company Limited (30 *per cent*), Tata Oil Mills Company Limited (18 *per cent*) and Otto India Limited (3 *per cent*).

1991 after obtaining an undertaking that they would abide by the terms and conditions of lease including the amount of premium as would be determined by Government at the time of sanction of lease/transfer of land.

Though the Project was approved by the Project Approval Committee in December 1992, it had not received environmental clearance from the Government of India and was eventually abandoned in 1993. Test check, however, revealed that the State Government started releasing their share of equity in instalments (as detailed below) through OMCAD, even before approval of the Project and continued to do so even after abandonment of the Project without adjusting the amount of Rs.46.29 lakh (Rs.834 x 370 hectares x 15 years) of premium on land handed over as per MOU.

Details of release of equity share

By Government (Rupees in lakhs)		By OMCAD (Rupees in lakhs)	
March 1991	29.12	October 1993	29.12
January 1993	80.00	August 1994	30.00
February 1994	62.38	December 1994	112.38
Total	171.50		171.50

The Board of Directors of KAL in their meeting held on 11 September 1995 decided to write off the expenditure of Rs.3.37 crore incurred on the shrimp farm since its establishment at Panasapada..

Government accepted (May 1997), the comments of Audit and loss suffered by them and indicated that they had to release funds even after abandonment of the Project as KAL was facing liquidity problems and was defaulter in repayment of loans taken from financial institutions. Non-payment of premium by KAL was attributed (December 1996) by Government to non-sanction of lease. This was not acceptable as Government should not have continued more and more unproductive investment on the abandoned project.

In addition to the loss suffered by Government as above, Government sustained loss of Rs.45.39 lakh on account of interest on ways and means advances equal to the share of their equity released from time to time.

3.18 Blocking of fund and denial of housing facilities to fishermen

In order to provide amenities such as housing, drinking water, community hall and to provide seed money to credit society to the fishermen, "National Welfare Fund for Fishermen" (NWFF), a centrally sponsored scheme was launched in the village Talpada of Balasore district during 1987-88. Estimated cost of Rs.12.82 lakh for 100 nos. of low cost houses, 5 tube wells, 1 community hall with toilets and tube well and seed money for one credit society (Rs.0.20 lakh) was administratively approved by Government of India (GOI), which sanctioned Rs.6.41 lakh, being GOI's 50 *per cent* share under the programme in May 1987. Accordingly, Rs.12.82 lakh were released by the State Government during 1987-88 to 1989-90 in favour of Assistant Director, Fisheries (ADF), Marine, Balasore. However, against the target of 100 low cost houses only 25 houses and 5 tube wells were completed at a cost of Rs.4.60 lakh and allotted to the fishermen. The balance of Rs.8.22 lakh was kept in "Civil Deposit" by the Deputy Director of Fisheries (DDF), Marine North (MN) in March 1990, as it was not possible to complete the houses within the cost norms. A mention was made in this regard in para 3.3.9(f) of the Report of the Comptroller and Auditor General of India (Civil) for the year ended 31 March 1992.

Further scrutiny of records of ADF(M), Balasore (May 1995) revealed that in addition to the available amount of Rs.8.22 lakh an additional sum of Rs.4.30 lakh was provided by the State Government (February/December 1993) to complete the balance 75 nos. of houses only. Before engaging any contractor for completing the work, the ADF(M) procured 750 nos. of AC sheets and 375 pair of ridges at a cost of Rs.3.41 lakh between November 1992 and March 1993 for eventual utilisation in the construction work through contractor, but handed over the

materials directly to 75 beneficiaries during December 1992 and April 1993. In June 1993, one contractor was entrusted to execute the work and was paid an advance of Rs.1.90 lakh without executing any agreement. The contractor commenced the work in July 1993 but abandoned it in December 1993 after executing only a portion of the work (7 houses upto roof level and 2 houses upto ground level) costing Rs.0.42 lakh leaving a balance of Rs.1.48 lakh unrecovered as of September 1997. In the meantime, 37 out of 75 beneficiaries were reported to have sold out AC sheets and ridges supplied to them valuing Rs.1.91 lakh. In October 1994, Director of Fisheries (DF), Orissa requested the Block Development Officer (BDO), Remuna to take up the abandoned work (66 houses) and Rs.7.20 lakh was placed with him. The remaining 9 incomplete houses were to be completed by the ADF(M), Balasore. But construction work was not commenced either by BDO, Remuna or by the ADF(M), Balasore as of September 1997.

On being pointed out in audit as to the authority/orders under which the advance of Rs.1.90 lakh to contractor without executing agreement and materials worth of Rs.3.41 lakh to beneficiaries were given, the ADF(M), Balasore stated that he had acted according to the instruction of DF, Orissa. As to the non-commencement of the construction work and non-utilisation of funds by the BDO, it was stated by the ADF(M), that the BDO could not commence the work due to different pre-occupations like Election work, etc.

Improper planning and execution thus led to wasteful expenditure to the tune of Rs.3.39 lakh, blocking of funds of Rs.7.20 lakh and denying housing facilities to the poor fishermen.

The matter was referred to Government in May 1997; reply had not been received (December 1997).

3.19 Wasteful expenditure on the defunct Brackish Water Fish Farm at Inchudi

A Brackish Water Fish Farm was established during 1982-83 at Inchudi, in the district of Balasore under the administrative control of the Assistant Director of Fisheries (Marine), Balasore over an area of 14.30 hectares for undertaking research and serving as a model farm to encourage and promote brackish water prawn culture in the area. The farm owns 25 nos. of stocking/rearing/nursery tanks covering water spread area of 9.234 hectares and a building costing Rs.19.03 lakh. The land was taken on lease basis from the Revenue Department. The farm was subsequently transferred to the control of Deputy Director of Fisheries, Survey of Brackish Water (SBW), Cuttack in June 1991.

Test check of records (May 1996 and March 1997) of the Deputy Director of Fisheries (SBW), Cuttack, revealed that the prawn culture activities in the farm became nearly defunct from 1987-88, as all the 4 numbers of sluice gates became non-operational for want of maintenance and consequently the water area of the farm became full with fresh water and hence utilised for Indian Major Carp culture (popularly known as Rohi; Bhakuda etc.) and experimental culture of Lates Calcarifar (popularly known as Bheketi) upto 1991-92 instead of prawn culture. From 1992-93 the farm became completely non-operational and no culture was taken up due to damage of tanks and sluice gates and no attempt was also made for their repair and maintenance. The production of fish came down to a value of Rs.0.08 lakh against the target of Rs.0.20 lakh during the period from 1988-89 to 1990-91; whereas the establishment expenditure of the farm had gone up from Rs.1.51 lakh to Rs.2.08 lakh during the said period.

In view of large scale poaching by public and unproductive establishment cost the Chief Executive Officer, Brackish Water Fisheries Development Agency and Deputy Director of Fisheries (DDF), SBW suggested to the Director of Fisheries to remodel the farm, lease out to private parties or return the farm to Revenue Authorities with redeployment of staff on

other existing centres. Though the suggestions were sent in January and April 1992 no decision was taken in this regard by the Director of Fisheries, Orissa, Cuttack as of May 1997. Six numbers of staff (one Fishery Supervisor, three Demonstrators and two Chowkidars) continued to be on the pay rolls of the farm since 1992-93, without any fruitful services and an expenditure of Rs.5.37 lakh was incurred towards their pay and allowances upto February 1997. Besides, a liability of Rs.4.95 lakh was also incurred towards lease value (Rs.2.28 lakh) and ground value (Rs.2.67 lakh i.e. at the rate of Rs.13,666 per annum with 6 *per cent* interest thereon) payable to Revenue Department as fixed by the Board of Revenue in October 1984.

In reply to an audit query, the Deputy Director of Fisheries (SBW), Cuttack, stated (May 1996 and March 1997) that the Director of Fisheries, Orissa had been moved to initiate action to transfer the Farm to some other agencies and the staff were utilised to take care of the government assets. The reply was not acceptable in audit as six numbers of staff inclusive of four technical hands were not required to take care of the assets of the farm defunct since 1992-93. On the other hand Director of Fisheries, Cuttack in his reply stated (May 1997) that funds were not allocated for maintenance as it was not felt wise to spend money on the defunct fish farm and the government decision in the matter was awaited.

Thus, due to lack of maintenance of sluice gates/tanks of the farm prior to 1992 and timely action/decision thereafter by the Director of Fisheries/Government on the recommendations/suggestions of the field functionaries, the farm lay defunct and an amount of Rs.5.37 lakh towards pay and allowances as of February 1997 of the staff proved to be wasteful.

The matter was referred to Government in April 1997; reply had not been received (December 1997).

INDUSTRIES DEPARTMENT

3.20 Short recovery of interest on Sales Tax Loan

Interest free Sales Tax Loan (STL) and Electricity Duty Loans equal to Sales Tax and Electricity Duty paid during a year were paid every year to entrepreneurs of new small scale industrial (SSI) units as well as Large and Medium Scale Industries over a period of 5 years after the first year of operation. These loans were repayable in 5 years from the date of each year's drawal in respect of SSI units and 10 years in case of large/medium industries. Simple interest at 11 *per cent* was leviable on overdue instalments from the date of their disbursement and in the event of default of two consecutive instalments, the entire amount of outstanding loan would become recoverable with interest at 11 *per cent*.

Mamata Drinks & Industries Ltd., Rourkela an SSI unit, subsequently declared (during 1981-82) as a Medium Scale Industry was paid STL from time to time. The details of payment of STL and repayment thereof alongwith interest were as detailed below :

SL N o.	Amount of STL (Rupees in lakhs)	Date of payment of loan	Due date of repay-ment of loan	Date of repay- ment	Amount due		Amount paid		Short Recovery	
					Principal (Rupees in lakhs)	Interest	Principal (Rupees in lakhs)	Interest	Principal (Rupees in lakhs)	Interest
1	2	3	4	5	6	7	8	9	10	11
1	1.00	December 1981	December 1986	June 1992	1.00	1.15	1.00	0.60	--	0.55
2	1.00	June 1982	June 1987	June 1992	1.00	1.10	1.00	0.55	--	0.55
3	1.91	January 1983	January 1993	January 1993	1.91	0.86	1.36	--	0.55	0.86
4	5.31	May 1983	May 1993	May 1994	5.31	6.45	5.31	0.62	--	5.83
5	5.69	November 1984	November 1994	May 1995	5.69	6.60	5.69	0.35	--	6.25
6	5.81	September 1985	September 1995	June 1996	5.81	6.87	5.81	0.48	--	6.39
Total					20.72	23.03	20.17	2.60	0.55	20.43

Interest as of May 1997 on the balance principal amount

The Industry repaid full amount of principal (except in Sl. No.3) after lapse of 9 to 14 years of disbursement. But due to non-levy of interest at the prescribed rate from the date of disbursement of each loan and non-levy of full amount of principal in one case (Sl.No.3) undue benefit of Rs.20.98 lakh since December 1996 to May 1997 was allowed to the firm.

As per instructions (September 1988) of the Director of Industries (DI), Orissa, Cuttack a certificate case was to be filed under Orissa Public Demand Recovery Act, 1961 within three months from the due date of recovery. Audit scrutiny revealed that no such action had been taken by the Project Manager (PM), District Industries Centre, Rourkela and as a result there was huge accumulation of dues against this unit. The PM did not indicate any reason for failure to follow the instructions of the DI and stated (September 1996) that revised demands had already been raised. This inaction to recover dues amounted to undue favour to the industrial unit.

Failure on the part of PM, DIC, Rourkela to take prescribed action of recovery led to Government dues of Rs.20.98 lakh remaining unrecovered for over 3 to 5 years.

The matter was referred to Government in June 1997; reply had not been received (December 1997).

REVENUE DEPARTMENT

3.21 Avoidable compensation paid for fraudulently settled private titles in land

Bidanasi Triangular Development Project to cover 4000 acres and provide accommodation for the increased population of Cuttack city was approved by Government in principle in January 1983. A Committee headed by the Revenue Divisional Commissioner, Cuttack (RDC) submitted the detailed proposals for the project and proposed issue of notification under section 4(1) of Land Acquisition Act, 1894 (LA Act, 1894) for the land to be acquired. Accordingly, notification No.47630/R dated 25-7-83 under section 4(1) of the LA Act, 1894 was issued. Since section 4(1) provided that objections could be filed by affected individuals within a stipulated period under section 5(A), another notification

No.50195/R dt.3-8-83 was issued under section 17(1) of the LA Act, 1894 stating provisions of section 5A would not apply due to the urgency about acquiring the land.

A part of the land (112 acres) to be acquired was located in village Bidyadharpur-6. Private titles to these 112 acres of land were claimed by 24 persons against 12 sale deeds executed during 1976 to 1979. On the basis of the entries in the record of rights (ROR) the Collector, Cuttack awarded compensation to the 24 persons severally on 23 August 1985.

Compensation was paid at the rate of Rs.12,500 to Rs.16,000 per acre for the 12 cases as shown below:

Sl. No	Names	Sales Deed No.	Area (In acres)	Compensation received (in Rupees)
1.	Debananda Mishra	1378/27.2.1976	10	5,60,000
2.	Debaprakash Dash	6493/24.10.1979	17	6,75,520
3.	Snehalata Dash	1380/27.2.1976	10	2,82,015
4.*	Jayshree Das	2773/7.5.1976	10	12,00,977
5.	H.K. Samatray	5904/17.9.1979	5	82,320
6.	R.N. Das	2898/15.5.1976	5	1,02,900
7.	Renuka Kumari Samatray	2897/15.5.1976	10	1,64,640
8.	B.K. Samantraya	2772/7.5.1976	10	1,64,640
9.	Musha Behera	5905/17.9.1979	5	1,11,891
10.	H.K. Samatray	2896/15.5.1976	10	1,64,640
11.	R.G. Rout	2895/15.5.1976	10	2,05,800
12.	Nalini Mohapatra and 4 others	1381/27.2.1976	10	3,74,023
Total			112	40,89,366

Of these awardees, Smt Nalini Mohapatra wife of Shibaram Mohapatra and Shri Debananda Mishra, son of Shri Ranganath Misra, with a sale deed for 10 acres each did not contest the compensation awarded by the Collector on 23-8-85. It was noted by audit that in a separate case related to the same village Bidyadharpur, Shri Shivananda Mishra and his

* Retaining 10 acres as shown above, Shri Bijoy Kumar Samantray had transferred a piece of 10 acres in favour of Smt. Jayshree Das wife of Shri Rabinarayana Das vide sale deed No.2773 dated 7.5.1976 for which she was granted compensation

nephew Shri Deepak Mishra took 2 acres each of unreclaimed ceiling surplus land free of cost as per order contained in Cuttack Tahasildar letter dt. 30-11-79 and pattas were issued to them on 14-1-1980. The deeds were cancelled vide ADM's order dt. 18-11-1985 because the patta recipients were found to have produced false affidavits stating they were landless and belonged to lower income group.

In the other 10 cases shown in the Table, the awardees accepted the amounts under protest and petitioned the civil court of sub-Judge, Cuttack under Section 18(1) of Land Acquisition Act, 1894. The Sub-Judge increased compensation payable by his judgement of 29 January 1994 to Rs.2.25 lakh per acre in 8 cases and Rs.0.42 lakh per acre in 2 cases. The awardees accepted the compensation payments. Thus, compensation for a total amount of Rs.40.89 lakh was paid to all the awardees.

Though the compensation awarded by the Sub-Judge, Cuttack was based on the claim of the petitioner Smt. Jayasree Das, wife of Shri R. N. Das that the land was situated in Ward No.1 of Cuttack Municipality, Government did not bring to the notice of the Court that if the land was considered non-agricultural, Urban Land Ceiling Act and Orissa Land Reforms Act would be applicable and rights would be vested with the Government with the obligation to pay nominal compensation for a reduced land area as per the ceiling imposed. On the other hand, if it was considered agricultural land, the compensation payable would be at the rates determined by the Collector. In either case there were no grounds for claims of higher amount of compensation than was actually awarded by the Collector.

Audit scrutiny of land acquisition cases bearing No.64/83 and 51/83 in the office of the Land Acquisition Officer, Cuttack and connected records in the Cuttack Sadar Tahasil showed that even before the award of compensation by the Collector, Cuttack the issue about Government's ownership of these lands having been wrongly settled in favour of one Shri B. C. Sethi (from whom the awardees of compensation had later purchased the lands) had been raised by various officers of the Revenue Department. After the amendment in 1970 of the Orissa Land Reforms Act, 1960, Shri B.C. Sethi should have been allowed to retain at best only 72 out of the 283 acres with him and the balance 211 acres should have been vested with the Government. Despite a case no. 346 of 1975 pending in the court of Revenue

Commissioner under section 59(2) of OLR Act, 1960 (as amended in 1970) compensation was paid by the Collector, Cuttack in August 1985.

By his letter dated 21 December 1983, Secretary (Revenue) had asked the Collector to take steps to move Board of Revenue to revise the orders of allotment of surplus ceiling land to the allottees under section 59 (2) of the Orissa Land Reforms Act, 1960. In his letter dt. 8 March 1984 RDC (CD) had written to Land Reforms Commissioner to complain about the misdemeanour of Sub Divisional Officer in granting ceiling surplus lands to the allottee Shri B. C Sethi. The RDC (CD) had stated in the letter that section 49 (b) of the OLR Act, 1960 had envisaged that ceiling surplus land even if wrongly transferred by any mode would be null and void. By his letter dt. 1 May 1984 the Deputy Land Reforms Commissioner had informed RDC (CD) about the desire of Member, Board of Revenue for an administrative enquiry to be held and requested for submission of a comprehensive report. RDC (CD) in exercise of his powers under section 38(A) of the OLR Rules (General) had remanded the cases for re-hearing by Tahasildar (Sadar), Cuttack.

In spite of all this correspondence on the case, Collector, Cuttack awarded the compensation in August 1985. After the award by the Collector, the Joint Secretary, Revenue requested him in May 1987 to report on the correct position of the cases remanded by the RDC (CD) in respect of the ceiling surplus land and cancellation of cases. Letters and reminders were issued repeatedly by both RDC and Government to the Collector from 30 June 1986 to 30 September 1988 for submission of the report but no report was forthcoming. It was also found that the Settlement Officer, Cuttack Major Settlement had detected (May 1986) irregularities in settlement of these lands and had instructed the Collector, Cuttack to file suo-motu revision case before the Board of Revenue, Orissa under section 15(a) and 25(a) of the Orissa Survey and Settlement Act, 1958 for revision of the record of rights. The Collector as well as Additional District Magistrate and SDO of Cuttack Sadar had instructed the Tahasildar in August 1986 and October 1986 to file the revision case before the Board of Revenue. However, the Tahasildar, Cuttack Sadar did not carry out the instructions.

It was not explained to audit why all these efforts of senior officers of Government failed to safeguard the interests of Government. It was only after these efforts failed that in

February 1988 the claim under section 18 of LA Act, 1894 for higher compensation of one of the compensation awardees Smt Jaysree Das was referred to the Sub-Judge, First Court, Cuttack.

There was no reason why the Government pleader could not place the case against award of any, let alone higher, compensation being payable before the Sub-Judge, First Court, Cuttack. Full facts of the case were not placed before the Sub-Judge where he revised the rate of compensation by his award in January 1994. Payments of compensation amounts (inclusive of the revision in January 1994 of rate of compensation by the court of Sub-Judge) were effected between March 1985 and June 1995.

Thus, compensation amounting to Rs.40.89 lakh had to be paid due to fraudulently allotted titles to land and inability of the Revenue Department to obtain revision order from Board of Revenue. By virtue of the sale deeds the vendees of Shri B. C. Sethi became awardees to whom an amount of Rs.40.89 lakh was paid as land acquisition compensation. Non-initiation of revision case before the Board of Revenue, Orissa and gross irregularities at the levels of Tahasildar, SDO and Collector, Cuttack at different stages led to avoidable expenditure of Rs.40.89 lakh. The case revealed the total failure of the revenue authorities of Government at all levels to safeguard the financial interests of Government.

On this being pointed out in audit (June 1997) while the Tahasildar, Cuttack Sadar agreed to file revision case before the Board of Revenue, Orissa the Land Acquisition Officer, Cuttack replied that compensation was paid on the basis of record-of-right. The contention of the latter was not tenable inasmuch as the irregularity was pointed out by different authorities before payment of the compensation.

Government preferred first appeal in the High Court of Orissa in case Nos.185 and 186 of 1994. Government apprehended in December 1995 that further revision of compensation payable by the High Court might involve payment of an amount of Rs.30 crore. Though the Chief Minister ordered in January 1996 that action be taken against all the errant officials involved and the case be properly argued in first appeal in the High Court of Orissa as per

legal advice to be obtained from the Advocate General, no action was taken against the errant officials.

The matter was referred to Government in July 1997; reply had not been received (December 1997).

3.22 Excess payment of compensation towards Land Award

Based on the request of the General Administration (GA) Department in December 1989, the Land Acquisition Officer (LAO), Puri, issued a notification under Section 4 (1) of Land Acquisition Act, on 18 February 1990 to acquire land measuring 3.92 acres in Bhubaneswar. The writ petitions filed by the aggrieved land owners to the High Court and Supreme Court were dismissed on 12 October 1993 and 29 September 1995 respectively. The Collector, Puri passed the land award on 31 December 1993 and deposited Rs.93.84 lakh in Government Treasury on 27 July 1994. The amount was paid to the land owners in August 1996 as against the admissible amount of Rs.89.53 lakh as explained below.

As per Section 23 (I-A) of the LA Act, 1894 read with explanation thereunder, while computing the amount of compensation, 12 *per cent* additional market value is to be awarded per annum on the market value of the properties for the period from last date of the dates of publication of the notice till the date of award or the date of possession whichever is earlier, excluding the periods of any stay or injunction of proceeding by the order of any Court.

In this case, notice was issued by the LAO on 18 February 1990; High Court issued stay orders on 29 April 1991; petition was dismissed on 12 October 1993 and Collector passed the land award on 31 December 1993. Accordingly, the owners were entitled to 12 *per cent* additional market value on Rs.60.93 lakh (market value of properties) for the period from 18.2.90 to 31.12.93 excluding the period of stay from 29 April 1991 to 12 October 1993 which amounted to Rs.10.31 lakh. Instead the Collector, Puri allowed the benefit of additional market value for the period from 15.1.90 to 14.1.92 (Rs.14.62 lakh) without excluding the period of stay which resulted in excess payment of Rs.4.31 lakh.

The Collector, Puri admitted the omission and intimated (February 1997) to the Government that since the land owners had received the amount of compensation on execution of indemnity bonds action was being taken to realise the excess amount paid to them and Collector, Khurda (newly created district) stated (June 1997) that excess amount paid would be realised.

The matter was referred to Government in June 1997; reply had not been received (December 1997).

FOREST AND ENVIRONMENT DEPARTMENT

3.23 Wasteful expenditure on cashew nut plantation

Management Plan of a Centrally sponsored Scheme (with full Central assistance) for Integrated Wasteland Development Project (IWDP), was drawn up for 7 blocks of the undivided Ganjam district in January 1992 to be implemented over a period of five years from 1992-93 to 1996-97. The main objectives of the scheme were to: (a) check degradation of natural resources, (b) bring back wasteland to optimise production on sustained basis, (c) restore ecological balance and (d) improve socio-economic status of the people. The scheme also provided that the usufructs of the plantations on Government land were to be shared by the members of the Village Forest Protection Committee participating in the programme.

Scrutiny of records of Assistant Soil Conservation Officer (ASCO), Parlakhemundi revealed that he received Rs.4.54 lakh from the Project Director (PD), District Rural Development Agency (DRDA), Ganjam (Rs.4.02 lakh in June 1993/August 1994) and on diversion from ASCO, Berhampur (Rs.0.52 lakh in November 1993) for implementation of the IWDP in 126 hectares in two blocks under his jurisdiction and maintenance of plantations against the actual requirement of Rs.8.86 lakh as per prescribed norm¹. Initially 86 hectares of government wasteland in Rayagada Block was taken up in 1993-94 and 15,050 cashew seedlings were planted at a cost of Rs.2.17 lakh. Subsequently, 10 hectares in Rayagada Block

¹. Prescribed norm was Rs.7030 (for cashew plantation Rs.2817 and maintenance Rs.4213 for three years from 2nd year to 4th year of plantation) per hectare.

and 30 hectares in Mohana Block were also taken up and 1750 nos. and 5250 nos. of cashew seedlings planted at a cost of Rs.0.22 lakh and Rs.0.86 lakh respectively in 1994-95. The balance amount of Rs.1.29 lakh was spent on maintenance of said plantation upto September 1995 and thereafter maintenance was discontinued by the ASCO, Paralakhemundi for want of funds. Consequently, only 6130 out of 16800 plants survived in 96 hectares in Rayagada Block as of May 1997, whereas the entire plantation involving 5250 nos. of plants over 30 hectares in Mohana Block withered (May 1997). Government of Orissa, in their Agriculture Department clarified (August 1996) that the survival of plantations of 50 *per cent* or below were to be construed as failed plantation. Accordingly, in the instant case the plantation failed with overall percentage being 27.8 *per cent*.

On this being pointed out, the ASCO, Paralakhemundi stated (October 1996 and May 1997) that the failure of plantation was caused by lack of allotment of funds for maintenance. DRDA, Ganjam in his reply stated (May 1997) that further funds could not be provided due to non-receipt of funds from Government of India.

Thus, due to non-release of requisite funds for maintenance, the cashew plantation raised over an area of 126 hectares by ASCO, Paralakhemundi failed rendering the expenditure of Rs.4.54 lakh largely unfruitful. Besides, the objectives of the project for augmentation of the natural resources and improvement in the socio-economic status of the people could not be realised.

The matter was referred to Government in May 1997; reply had not been received (December 1997).

GENERAL**3.24 Misappropriations, losses, etc.**

Cases of misappropriations, losses, etc., of Government money reported to audit upto the end of March 1997 and on which final action was pending at the end of September 1997 were as follows :

		Number of cases	Amount (Rupees in lakhs)
(i)	Cases reported upto the end of March 1996 but outstanding at the end of September 1996	1752	1065.55
ii)	Cases reported during April 1996 to March 1997	99	55.11
(iii)	Cases disposed off till September 1997	1	0.05
(iv)	Cases reported upto March 1997 but outstanding at the end of September 1997	1850	1120.61

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

		Number of cases	Amount (Rupees in lakhs)
(i)	Over five years (1948-49 to 1991-92)	1493	682.71
(ii)	Exceeding three years but within five years (1992-93 to 1993-94)	177	79.57
(iii)	Upto three years (1994-95 to 1996-97)	180	358.33
		1850	1120.61

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

		Number of cases	Amount (Rupees in lakhs)
(i)	Awaiting departmental and criminal investigation	552	484.15
(ii)	Departmental action initiated but not finalised	750	460.89
(iii)	Criminal proceedings finalised but execution of certificate cases for the recovery of the amount pending	43	11.77
(iv)	Awaiting orders for recovery or write off	405	117.42
(v)	Pending in the Courts of law	100	46.38
		1850	1120.61

3.25 Outstanding inspection reports

Audit observations on financial and other irregularities noticed during local Audit and not settled on the spot are communicated to Heads of Offices and to the next higher departmental authorities through Inspection Reports (IRs). The more important and serious irregularities are also reported to the Heads of the Departments and to the Government. The first replies to these Inspection Reports are required to be received in the Audit Office within four weeks of the dates of issue of the IRs.

As at the end of June 1997, 15,051 IRs containing 53,339 Paragraphs relating to Government Departments and issued upto December 1996 were outstanding, Of these, in respect of 2444 IRs containing 12,328 Paragraphs even the first replies have not been furnished by the concerned departments. The details are given in Appendix-XIV. Of the pending IRs in respect of which even first replies were not received, 60 IRs with 251 paragraphs remained unattended for over 10 years and 461 IRs with 1903 paragraphs for over

5 years (as of June 1997). The year-wise analysis of the remaining paragraphs is given below:

Year	Inspection Reports	Paragraphs
1992-93	248	1102
1993-94	272	1339
1994-95	392	2076
1995-96	549	2989
1996-97	462	2668
Total	1923	10174

CHAPTER IV
WORKS EXPENDITURE
PUBLIC WORKS DEPARTMENT

4.1 Contract Management in Works Department (Roads and Buildings Wing)

4.1.1 Introduction

The Roads and Buildings Wing has 54 divisions under 11 circles. The State roads and buildings completed by Works Department upto 1995-96 are shown below:-

Category of Roads	Surfaced (in kilometers)	Unsurfaced	Total
State Highways	3993	21	4014
Major District Roads (MDR)	4852	250	5102
Other District Roads (ODR)	3855	610	4465
Total	12700	881	13581

The plinth area of buildings constructed was as under:

Category of Buildings	Plinth area(in sqr. mtrs.)
Residential units	32,23,765
Non-residential units	39,04,471
Total	71,28,236

The specifications followed for roads, bridges and buildings were as per Indian Road Congress (IRC), Ministry of Surface Transport (MOST) and Indian Standards (IS).

The above works were carried out by contractors bound by contracts enforceable by law as per Indian Contracts Act, 1872. The Public Works Department (PWD) organisation followed the provisions of Orissa Public Works Department Code which laid down the procedure for award and execution of works undertaken by the Department through services of contractors. The procedures required that contracts should, by and large, be executed on

* The abbreviations appearing in the review are listed out alphabetically and expanded in the glossary at Appendix XIX at page 353-354.

the basis of competitive bidding by means of tenders invited. Authorities competent to approve different types of work contracts had been specified by the Code.

The contracts are of two kinds viz; lumpsum and item rate contracts. In a lumpsum contract, the contractor agrees to execute the works providing for all its contingencies for a fixed sum. Item rate contracts are those in which the contractor undertakes to execute the different components of the works at rates agreed to; the payment to be received by the contractor depended on the quantities and quality of work done and on materials supplied by the department. The general and specific conditions of contracts relating to completion of work, rescission of contracts and levy of penalty in cases of failure of the contractors to complete the work, payment of minimum wages to labourers and supply of departmental materials and the rates at which they are to be charged are specified in the contracts.

4.1.2 Organisational setup

The Public Works Department is divided into several branches, each in the charge of the Chief Engineer (CE). For administrative reasons each branch is divided into circles, a circle into divisions, a division into sub-divisions and a sub-division into sections having territorial and functional jurisdiction. The CE is responsible to Government for the efficient administration of the Department and general professional control of Public Works within his jurisdiction. He exercises overall technical and supervisory control over all the officers functioning under him. At the division level, the EE is responsible to the SE for the efficient execution, management and accounting of all works and for all other matters within his division.

4.1.3 Scope of Audit

Management of contracts relating to works involving expenditure above Rs.5 lakh entered into or paid for during the period from April 1992 to March 1997 was reviewed in audit during March 1997 to June 1997. Test check of related records was conducted in the offices of the Chief Engineers and Executive Engineers of 30 (Roads and Buildings) Divisions.

4.1.4 Highlights

- **Expenditure of Rs.4.03 crore was incurred on construction of a high level bridge over river Daya at Tirumala ghat without obtaining technical sanction and revised administrative approval of the government.**

{Paragraph 4.1.7(ii)}

- Non-acceptance of the tender for construction of a high level bridge over Mahanadi within the validity period and cancellation of valid tender resulted in extra liability of Rs.3.62 crore to the department.
{Paragraph 4.1.6(i)(ii)}
- Expenditure of Rs.3.21 crore was booked towards cost of materials in order to avoid the lapse of budget allotment.
{Paragraph 4.1.5}
- Non-completion of work by a contractor resulted in extra liability of Rs.1.38 crore to the department. Besides, government dues of Rs.3.79 lakh were not recovered from the contractor.
{Paragraph 4.1.8(ii)}
- The additional expenditure of Rs.1.48 crore towards extra cost involved in execution of balance works left incomplete by the original contractors and cost of departmental materials (Rs.20.44 lakh) were not realised from 14 contractors
{Paragraph 4.1.8.(vi)}
- Due to abandonment of construction of high level bridge over river Kharasuan by a firm, there was extra liability of Rs.71.45 lakh involved in execution of balance work. Government dues of Rs.21.42 lakh were also not recovered from the firm. The expenditure of Rs.17.62 lakh incurred on mobilisation, setting up of camp, and first set of drawing on the unexecuted portion of work became infructuous.
{Paragraph 4.1.8(i)}
- Payment of escalation on labour computed on consumers' price index for industrial workers instead of minimum wages notified for industrial workers resulted in an excess payment of Rs.68.36 lakh to eleven contractors.
{Paragraph 4.1.8(iv)}
- Award of work to OBCC without invitation of tenders (Rs.8.00 lakh) and payment of unwarranted higher rates for extra quantities in supplementary agreement (Rs.9.11 lakh) resulted in total extra expenditure of Rs.17.11 lakh.
{Paragraph 4.1.9 (i) &4.1.8.(x)}

- The expenditure of Rs.8.49 lakh incurred for site development works and construction of retaining wall for Yatri Nivas in the alignment of drain of Puri town without obtaining clearance from Puri Municipality largely proved infructuous.
{Paragraph 4.1.8(viii)}
- Construction of staff quarters for the DIET, Jeypore remained incomplete since October 1992 rendering the expenditure of Rs.9.78 lakh unfruitful. Apart from extra cost for balance work to be recovered, government dues of Rs.1.39 lakh were also not recovered from the contractor.
{Paragraph 4.1.8(ix)}
- Upward revision of rates during execution of work constituted an undue financial benefit of Rs.6.93 lakh to OBCC
{Paragraph 4.1.9(ii)(b)}
- Failure of department to file a counter or contest the claims of the contractor before the Arbitrator in respect of excess amount claimed by the contractor resulted in an extra expenditure of Rs.11.39 lakh to the department. Departmental action to fix responsibility leading to extra expenditure was not initiated as of May 1997.
{Paragraph 4.1.8(iii)}

4.1.5 Financial progress

The position of allotment and expenditure on Roads and Bridges & Building works costing above Rs.5 lakh was as below :

Year	Roads & Bridges		Buildings	
	Allotment	Expenditure (.....Rupees in crores)	Allotment	Expenditure
1992-93	17.95	17.95	7.41	7.41
1993-94	23.18	23.18	9.81	9.81
1994-95	25.81	25.81	16.45	16.45
1995-96	34.45	34.45	8.95	8.95
1996-97	39.86	39.86	7.39	7.04
Total	141.25	141.25	50.01	49.66

The above expenditure of the department was inclusive of materials booked with a view to avoiding surrender of budget allotment. Test check of records of 5 divisions¹ revealed that expenditure of Rs.3.21 crore was booked towards cost of materials in order to avoid the lapse of budget allotment.

4.1.6 Delay in finalisation of tenders

Before award of works to contractors, tenders were to be invited for all works costing above Rs.10,000 through notice inviting tenders in the prescribed form giving wide publicity in the newspapers. On receipt of tenders, scrutiny and disposal of tenders were to be completed within 90 days from the date of receipt unless validity of tenders was extended further with the consent of the contractors. The EE, SE and CE were competent to approve award of works costing upto Rs.2.75 lakh, Rs.19.50 lakh and above Rs.19.50 lakh respectively. However, tenders for works for Rs.25 lakh and above were to be referred to Government for approval.

Test check of records revealed that the procedure laid down for award of contracts based on competitive bidding was vitiated due to inordinate delays at the level of CE and Government. Three such cases were as below:

(i) Extra liability due to non-acceptance of tender within the validity period.

In response to the notice inviting tender (July 1996) for the construction of a high level (HL) bridge over river Mahanadi at Sidhamula in Nayagarh district, seven tenders were received on 9 September 1996 by the EE, Khurda (R&B) Division, Khurda. The EE submitted the tenders on 20 September 1996 to the SE who submitted the same to the CE, Roads, Orissa on 3 October 1996. The tenders of two firms were not considered as the EMDs furnished by them were defective. Of the remaining five tenders, the tender of a firm for Rs.22.36 crore (20.66 per cent above the estimated cost of Rs.18.53 crore) was the lowest. The CE did not finalise the tender within its validity period ending on 8 December 1996, but asked the tenderers (December 1996/January 1997) to extend the validity period of tender. The lowest

¹ 1 Capital Construction Division No I & II, Dhenkanal, Ganjam-II and Keonjhar (R&B) Division.

tenderer, expressed (25 January 1997) his inability to extend the validity of tender beyond 8 December 1996 on the ground of hike in cost of labour and materials. Therefore, the tender of the lowest tenderer was not considered.

Government approved (March 1997) award of work to the second lowest tenderer, who had extended the validity of his offer and awarded the work (March 1997) to him at Rs.25.10 crore (35.45 *per cent* above the estimated cost of Rs.18.53 crore) for completion within 36 calendar months.

Non-acceptance of the lowest tender within the validity period and acceptance of second lowest tender resulted in extra liability of Rs.2.74 crore to the department.

EE stated that the tender was decided at government level. This was untenable as the delay in awarding the tender should have been avoided by the CE of the department.

(ii) Extra liability due to cancellation of valid tender

The EE, Keonjhar (R&B) Division invited (October/November 1994) tenders for the work of construction of approach road to the road over bridge (ROB) at 1st Km of Banspani Railway siding and realignment of road at 6th and 7th Km of Joda-Bamebari-Banspani Rail link including all CD works at an estimated cost of Rs.1.08 crore. Of the nine tenders received, the tender of a contractor for Rs.89.08 lakh (17.52 *per cent* below the estimated cost) was the lowest with the validity upto 1 March 1995. The EE submitted the tenders on 26 December 1994 to the SE who submitted the same to CE (Roads) on 31 December 1994. The CE after getting the validity of tenders extended upto May/June 1995 recommended to government on 5 April 1995 for acceptance of the lowest tender of the contractor on the ground that the contractor had experience for executing such type of work and possessed required machinery. Government retained the tenders for over six months and summarily cancelled (October 1995) on the plea that the railway authority was pressing hard for urgent completion of work to adhere to the target date of June 1996 for commissioning of the railway track and that the tenderers might or might not extend the validity of their tenders and ordered to take up the work departmentally at a rate not exceeding the lowest tendered rates less 12.5

per cent overhead charges on labour as per schedule of rates 1994. However, Government did not approve the rates proposed by the SE and ordered (December 1995) to allot the work to Orissa Bridge Construction Corporation (OBCC).

Audit scrutiny revealed that the work was allotted (June 1996) to OBCC without tender at their offered rate of Rs.1.77 crore for completion by May 1997 resulting in extra liability of Rs.88.33 lakh to the department at the tender stage.

Allotment of work to the corporation without invitation of tenders violating the codal provisions was irregular and constituted undue favour to the corporation. The firm had executed work valued at Rs.20.20 lakh as of February 1997 and the work was in progress.

EE stated (November 1996/February 1997) that the tender was decided at higher level and the work was allotted to OBCC as per orders of government.

Thus undue delay in deciding the contract, unjustifiable rejection of the lowest offer, and award of contract to OBCC without invitation of tender led to avoidable delay in completion of work and escalation of cost.

(iii) Non -finalisation of tender due to delay in processing the tender

Government accorded (August 1994) administrative approval for Rs.3.16 crore for construction of HL bridge over river Khadag at 49th km of Balliguda-Khamakela-Sindhiguda-Kantamala-Mumunda Road (MDR-24) and provided Rs.51.00 lakh during 1993-94 to 1996-97 for the above work.

Four tenders were received and the EE submitted the tenders to the SE on 22 November 1995 recommending lowest offer of a contractor for Rs.3.57 crore (13.04 *per cent* above the estimated cost of Rs.3.16 crore) for acceptance. The SE submitted (15 December 1995) the tenders to the CE, Roads who submitted the same to Government on 19 February 1997. On the request (February 1997) of the CE, the lowest tenderer extended the validity of tender for a further period upto 31 March 1997, but the tender had not been finalised by Government as of July 1997.

The time schedule of 90 days prescribed by the department for disposal of tender was not observed and there was delay in finalisation of tender at the levels of SE, CE and Government.

4.1.7 Execution without approval, sanction and allotment

According to codal provision, no work should commence or liability incurred in connection with it unless administrative approval had been received, estimate technically sanctioned and allotment of funds made.

Test check of records revealed that works were executed violating the above provisions. A few such cases were as discussed below.

(i) The EEs of Bhanjanagar and Bolangir (R&B) Divisions got executed the works of constructions of Institution Building (a portion) for College of Teachers' Education at Bhanjanagar and Circuit House at Sonapur "Ground floor" (upto roof slab half cast) through contractors between August 1994 and March 1997 and incurred expenditure of Rs.18.12 lakh without obtaining administrative approval of the Administrative Departments, technical sanction of the CE and adequate allotment of funds. EE, Bhanjanagar (R&B) Division stated that work was taken up as per the instructions of higher authorities of Education Department while EE Bolangir (R&B) division stated that steps would be taken to obtain administrative approval and to complete the work. The same had not been accorded as of June 1997.

(ii) EE Khurda (R&B) division entrusted (October 1994/March 1996) "Construction of H.L. bridge over river Daya at Tirumala ghat near Beguniapada on Delanga - Khurda Road (Balance work)" under lumpsum contract to a contractor for Rs.4.06 crore for completion by March 1997 and incurred expenditure of Rs 4.03 crore upto 12th running account bill paid in March 1997 without obtaining technical sanction of the CE (Roads). Government accorded (July 1989) administrative approval for the work for Rs.1.19 crore only. Revised administrative approval of government covering the agreement value of Rs.4.06 crore was also not obtained by him as of March 1997.

Cost of departmental materials viz. cement: 872 bags and steel: 44.675 tonnes valuing Rs.7.48 lakh issued to the contractor for soffit slab and web of second and fifth spans had not been recovered as of March 1997.

EE stated (April 1997) that the revised estimate for Rs.5.65 crore was submitted (September 1996) for administrative approval of government and action would be taken to recover the cost of materials as per decision of government.

4.1.8 Execution of contracts

After approval of award of work, an agreement in the prescribed form is executed with the contractor by the EE incorporating the details of agreement value, date of commencement, stipulated date of completion of work, items of works, quantities of work to be executed with specification and rates or lump sum at which they are to be executed. The agreements also provide for penalties in case of default and recovery of unused departmental materials supplied.

Test check of contracts revealed the following irregularities:

(i) Infertuous expenditure and extra liability due to non-completion of work

Construction of HL bridge over river Kharasuan on Jajpur-Baruan Road was awarded to a firm in July 1989 by the EE, Panikoi (R&B) division under lump sum agreement for Rs.3.44 crore for completion by January 1992. After executing the work valued at Rs.1.68 crore (being 48.75 *per cent* of the agreement value), the firm suspended (March 1996) further work under clause 18 of the agreement on the grounds of non-supply of departmental materials, delay in land acquisition, paucity of funds, delay in approval of designs, increase in LWL during rainy season and enhancement of minimum wages of labour from 1 July 1990.

The CE did not accept the grounds for suspension of work and recommended (November 1996) to government for rescission of contract with penalty. Despite the recommendation of the CE for rescission of the contract with penalty due to default of the firm, government rescinded the contract in January 1997 reserving the right to impose penalty as the claim of the firm was not refused and the legal liability would lie with the officers concerned. The final bill of the firm for Rs.0.38 lakh pending since March 1996 was not paid

as of May 1997. The balance work estimated to cost Rs.2.82 crore involving extra liability of Rs.71.45 lakh had not been taken up for execution as of May 1997.

Scrutiny revealed that the firm was paid Rs.1.67 crore upto May 1995 which included Rs.34.38 lakh (10 *per cent* of contract value) towards mobilisation, setting up of camp, giving first set of drawing. Since the firm stopped the work dismantling the camps and establishments totally from March 1996, the expenditure of Rs.17.62 lakh incurred towards mobilisation, setting up of camp, giving first set of drawing on the unexecuted portion of work became infructuous. Besides, unused departmental materials valued at Rs.4.26 lakh lying with the firm were not returned nor the value thereof amounting to Rs.21.30 lakh at penal rate (five times of cost) was recovered from the firm. Further, a sum of Rs.0.12 lakh towards cost of steel consumed in the work and empty cement bags was also outstanding for recovery.

Against the total recoverable dues of Rs.92.87 lakh, including the extra liability of Rs.71.45 lakh the firm's dues of Rs.2.11 lakh in shape of security deposits (Rs.1.73 lakh) and final bill (Rs.0.38 lakh) were available with the department.

No action had been taken by the department to recover the dues as of May 1997.

(ii) Non completion of work by contractor

Construction of the HL Bridge over river Budhabalanga at Balighat including 30 metre approach road on either side was administratively approved (May 1986) for Rs.93.50 lakh. The work was awarded (January 1989) to a contractor by the EE, Balasore (R&B) division at a cost of Rs.1.13 crore for completion by January 1991. After executing the work valued at Rs.23.03 lakh the contractor left the work incomplete since June 1990 on the plea of increase in labour rates and that he should be proportionately paid extra for enhancement of labour rates for balance work. The contractor did not resume the work and the contract was rescinded (March 1992) by Government at cost and risk of the contractor.

The balance work was allotted (February 1993) to OBCC at a cost of Rs.2.28 crore involving extra liability of Rs.1.38 crore computed at the rates of original contractor, which

was yet to be recovered from the original contractor. The work was in progress as of May 1997.

On the date of stoppage of work unused departmental materials valued at Rs.0.53 lakh lying with the contractor were not returned to the department. The value thereof at penal rate (five times cost) amounting to Rs.2.65 lakh was not recovered from him. Besides, Rs.0.32 lakh being the cost of utilised departmental materials in the work and Rs.0.82 lakh towards other dues were not recovered from the bills of the contractor. Against the recoverable dues of Rs.1.42 crore, only Rs.1.55 lakh towards the dues of contractor was available with the department.

On this being pointed out, EE stated (May 1997) that action would be taken to recover the extra cost and other dues from the contractor.

(iii) Extra expenditure due to negligence in contesting claims during arbitration

Construction of four Professors quarters and eight Readers quarters at Berhampur University awarded (March 1978) to a contractor by EE, Ganjam (R&B) Division-II, Berhampur for Rs.6.45 lakh was completed in July 1980 excepting some finishing items. The contractor was paid Rs.5.69 lakh upto July 1980. His final bill for a net amount of Rs.0.10 lakh could not be paid as he did not accept the same on the ground that payment of extra quantities executed by him was not allowed by the department.

The contractor filed (December 1980) an arbitration case before the Arbitrator claiming Rs.17.60 lakh towards different charges including interest on his dues. The department, however, did not file any counter. Consequently, the Arbitrator gave (December 1982) an award of Rs.7.60 lakh in favour of the contractor with interest at the rate of 12 *per cent* per annum with effect from 18 August 1980, which was made a rule of the Court on 24 February 1983. Appeal filed by the department was rejected (March 1987) by the High Court. On a special leave petition, the Supreme Court in their judgement (February 1991) reduced the award to Rs.5 lakh without claim of interest but observed that no objection had been raised by the department before the Arbitrator in respect of excess amount claimed by the claimant. The amount of Rs.5 lakh was deposited (January 1988/March 1992) in the Court of

Sub-Judge, Berhampur. Based on a judgement of High Court of Orissa (6 October 1993) on revision petition of the contractor, the department further deposited (December 1994 and January 1997) Rs.6.49 lakh in the court towards pendente lite interest calculated from 24 January 1983 to 28 April 1995 after dismissal of special leave petition by the Supreme Court (October 1994). An execution proceeding (EP) case filed by the contractor for further interest was pending in the Court of Sub-Judge, Berhampur, as of May 1997.

Thus, failure of department to counter the claims of the contractor before the Arbitrator in respect of excess amount claimed by him resulted in extra expenditure of Rs.11.39 lakh to the department.

Government instructed (June 1991) the Chief Engineer, Buildings-I to fix responsibility against the erring officials by 5 July 1991. No departmental action was, however, initiated as of May 1997.

(iv) Excess payment due to escalation of labour component

The formula under the escalation clause for computing the increase in the cost of labour for reimbursement to the contractors contained in works contracts since April 1986 was based on consumers' price index for industrial workers (whole sale price). Consequent upon the revision from 1st July 1990 of the minimum wages (from Rs.12.83 to Rs.25.00 per day), Government decided (November 1992) in principle to compensate the increase in labour rate on the basis of minimum wages in place of consumers' price index for industrial workers in respect of works for which tenders/agreements were invited/finalised prior to 1 July 1990 and continued thereafter. The minimum wages fixed at Rs.25 per day from July 1990 were revised to Rs.30 per day with effect from August 1996.

No escalation on labour was payable in respect of any contracts which were finalised after 1 July 1990 for works executed upto August 1996. Government in Works Department clarified (December 1996) after obtaining the opinion of the Law Department that any payment to the contractors on account of escalation in labour was irregular and should be recovered.

Test check of records in seven divisions revealed that contrary to the instructions of government, payment for escalation on labour charges computed on consumers' price index

for industrial workers amounting to Rs.68.36 lakh was unauthorisedly made by department between January 1994 and January 1996 to eleven contractors whose contracts were finalised on the basis of tenders received after 1 July 1990. This resulted in irregular excess payment of Rs.68.36 lakh as detailed below.

Sl.No	<u>Name of the work</u> Name of the Divn.	Date of receipt of tender	Amount of escalation paid irregularly on labour component (Rs. in lakh)	Month of Payment
1	2	3	4	5
1.	Construction of Road over bridge at Sambal- pur trestle approach road Sambalpur(R&B) Divn.	January 1991	14.21	August 1994 March 1995
2.	<u>Construction of Spe- cial Treasury Building</u> at Bhubaneswar Capital Construction Divn.II,Bhubaneswar.	May 1991	2.04	March 1994
3.	<u>Reconstruction of</u> Girder Bridge with RCC Bridge over river Deluka on 69 Km SH-I	November 1991	1.64	February 1994
4.	Construction of HL Bridge over river Daya at Tirumala Ghat	March 1994	2.89	September 1995
5.	Reconstruction of Girder Bridge with RCC bridge over river Kusumi Khurda (R&B) Divn.	November 1991	2.66	March 1994 January 1995
6.	<u>Construction of HI</u> bridge over river Mahanadi at Tarpur	July 1991	28.10	January 1994 October 1994 November 1994

Sl.No	Name of the work Name of the Divn.	Date of receipt of tender	Amount of escalation paid irregularly on labour component (Rs. in lakh)	Month of Payment
1	2	3	4	5
7.	Construction of HL Bridge over river Devi at Alipingal Jagatsinghpur (R&B) Divn.	October 1991	11.57	September 1995
8.	Construction of Submersible bridge over river Lingeria Angul (R&B) Divn.	December 1991	1.11	March 1997
9.	Construction of Submersible bridge over river Ghagara on Mitrapur-Baincha Road Balasore (R&B) Divn.	July 1993	1.14	December 1995
10.	Construction of bridge over river Ghensali at 17th Km. of Sohella Nuapada Road-SH-3	December 1990	1.42	March 1994
11.	Construction of HL bridge over river at 26th Km of Bolangir-Bargarh Road, SH-2 Burla (R&B) Divn.	November 1990	1.58	January 1996
Total			68.36	

On this being pointed out, the EEs stated that the payments of escalation charges were made according to escalation clause provided in the agreements.

The reply was not tenable as contract clause as per the revised formula prescribed by the Government should have been provided in the agreements and payments made to the contractors on account of escalation of labour should have been recovered as clarified by Government in Works Department in December 1996. The contract sanctioning authorities were responsible for this failure and consequent loss to the government.

(v) Excess payment to a contractor

Construction of HL bridge over river '**UNDER**' at 16th Km. of Bangamunda, Chandutara road (Balance work) was awarded (October 1994) to a contractor for Rs.3.18 crore for completion by October 1997. The contractor was paid Rs.1.04 crore in 15th RA bill upto May 1997.

Check of records of the EE Kantabanji (R&B) division revealed that the agreement provided different rates of labour for sinking abutment and pier wells of 7.00 metres diameter (external) in all kinds of soil, soft rock and hard rock. Out of nine wells sunk, five were of 6.5 metres diameter. The contractor had sunk 11.425 metres of wells in all kinds of soil, 20.418 metres of wells in softrock and 4.271 metres in hard rock upto 15 RA bill paid in May 1997. Though the wells were of different diameters, EE paid at the uniform rate provided in the agreement for 7.00 metres diameter wells instead of rates for 6.5 metres diameter wells derived resulting in an excess payment of Rs.2.89 lakh to the contractor as indicated below.

Item of the agreement	Total quantity of sinking of 6.5 metre diameter well (P2,P3,P6,P7& P8)	Agreement rate for sinking of 7.00 metre diameter well per running metres in rupees	Rate admissible for 6.5 metre diameter well per running metre as derived by the EE in rupees.	Difference in rate in rupees	Excess payment
					(Rupees in lakhs)
1	2	3	4	5	6
Labour for sinking well					
(i)8(a) in all kinds of soil	11.425	24876	22402	2474	0.28
(ii)9(a) in soft-rock	20.418	75147	64797	10350	2.11
(iii)9(b) in hard rock	4.271	85033	73320	11713	0.50
Total					2.89

On this being pointed out, the EE agreed (June 1997) for adjustment of payment made for 7 meter diameter wells instead of 6.5 meter diameter wells after obtaining approval of government.

(vi) Closure of contracts and non-recovery of government dues

According to agreement conditions, if in any case, a contractor failed to complete the work entrusted to him, the contract would be closed and the balance work would be executed through another agency at the cost and risk of the defaulting contractor. Similarly, the unused departmental materials if any, outstanding with a contractor were to be returned to the department failing which the cost thereof at penal rate (5 times of the cost) was recoverable.

Scrutiny of records of thirteen R&B divisions revealed that fourteen works valued at Rs.3.27 crore as detailed in Appendix-XV awarded to fourteen contractors between March 1987 and November 1995 were left incomplete due to default in execution. Of these, twelve balance works were got executed through other agencies and one balance work departmentally with extra expenditure altogether of Rs.1.48 crore recoverable from the defaulting contractors.

The contractors of nine works also failed to return the unused departmental materials (cement and steel) the cost thereof amounting to Rs.20.44 lakh at penal rate was not recovered as of May 1997. Against the total recoverable amount of Rs.1.68 crore outstanding with the contractors, the dues of contractors for Rs.5.89 lakh in the shape of security deposits, withheld amounts for extension of time and final bill amounts not paid were available with the department.

All the contracts were closed with penalty to recover the extra expenditure involved in execution of balance work. However, these were not recovered. No action was taken by the department for realisation of government dues as of May 1997.

(vii) Non-closure of contract

Construction of 38 additional beds in ESI Hospital, Choudwar was awarded to an engineering co-operative society by the EE, Charbatia (R&B) division for Rs.37.87 lakh for completion by October 1989. After receiving payment of Rs.29.64 lakh in June 1991 for the value of work executed by them, the society abandoned the work in August 1991 and requested for closure of the contract on the ground of enhancement in cost of labour, material and delay in receipt of fund. The contract was not closed as of June 1997. The final bill of the

society was not prepared even after a lapse of more than 5 years though the final measurements of the work executed by them were taken by the department in August 1991. The balance work estimated to cost Rs.2.67 lakh was not taken up as of April 1997.

Audit scrutiny further revealed that unused departmental materials valuing Rs.1.19 lakh lying with the society were not returned to the department nor the value thereof amounting to Rs.5.95 lakh at penal rate (5 times of the cost) was recovered from them.

To an audit query, the EE stated that the final bill of the society could not be finalised and details of outstanding materials could not be ascertained for recovery due to non-handing over of the charges and non-submission of accounts by the then Junior Engineer who had since been transferred to another Division.

No departmental action had been initiated as of June 1997 against the erring officials.

.(viii) Infertuous expenditure due to departmental lapse

Government in Tourism Department accorded (March 1990) administrative approval for Rs.10.88 lakh for development of site for construction of an accommodation unit for the Low Budget Tourists at Puri and a Tourist Reception centre known as "Yatri Niwas" on a land measuring 2.55 acres acquired (April 1989) in Puri town. The estimate for development of site interalia provided filling of sand for a height of 5 to 6 feet (Rs.5.68 lakh) to avoid base erosion.

Scrutiny of records of the EE, Puri (R&B) division revealed that the site development works were taken up departmentally through different contractors under K/2 agreements in March 1990 and after execution of works valued at Rs.0.43 lakh, the works were suspended from April 1990 as instructed by the Secretary, Tourism Department. The works were again commenced from May 1991 under the orders of Director, Tourism with a view to avoiding any encroachment. The Executive Officer, Puri Municipality asked (January 1992) the EE to stop the sand filling and construction of retaining wall as it was coming within the alignment of main drain of Puri town.

Despite the objection by the Puri Municipality, the works were continued and an expenditure of Rs.8.49 lakh was incurred by the EE between December 1990 and January 1993. Thereafter, the proposal for construction of composite complex known as "Yatri Nivas" in the developed land of 2.55 acres was dropped and it was decided (September 1994) by the Department of Tourism to construct Yatri Nivas in the premises of Pantha Nivas and Tourist Reception centre only in a limited area of 0.50 acre outside the developed area of 2.55 acres. The revised estimates of Yatri Nivas and Tourist Reception centre to be constructed in two separate locations had not been approved nor the work had been taken up as of March 1997. Thus, the expenditure of Rs.8.49 lakh incurred for site development works and construction of retaining wall for Yatri Nivas in the alignment of drain of Puri town without obtaining clearance from Puri Municipality largely proved infructuous.

EE stated that the work could not be taken up due to proposal of construction of main drain of Puri town in that area by Puri Municipality and the work as per the revised estimate would be taken up after finalisation of revised plan by government.

(ix) Unfruitful expenditure and non-enforcement of the condition of contract

Construction of staff quarters for the District Institute of Education and Training (DIET) Jeypore at a cost of Rs.9.75 lakh was administratively approved by the Government in March 1989. The civil work of the building was entrusted to a contractor for Rs.7.75 lakh by the EE Jeypore (R&B) division for completion by December 1990. After receiving payment of Rs. 4.52 lakh in August 1992 against the work value of Rs.4.78 lakh, the contractor stopped the work since October 1992. Thereafter, his contract was closed (June 1993) at the cost and risk of the contractor.

Scrutiny of records revealed that the balance work estimated to cost Rs.6.63 lakh was not taken up as of April 1997. As against the total allotment of Rs.7.07 lakh received upto 1991-92 for the work, the division incurred an expenditure of Rs.9.78 lakh thereby incurring a liability of Rs.2.71 lakh.

EE stated that the work could not be completed due to non-receipt of funds from Education Department. Thus, the building remained incomplete since October 1992 rendering the expenditure of Rs.9.78 lakh unfruitful.

Besides, unused departmental materials valued at Rs.1.20 lakh (at penal rate) was not recovered from him as of April 1997. Further, the materials such as doors, window frames, shutters and fittings valued at Rs.0.19 lakh issued for the work were not returned to the department.

Apart from the above recoveries, the extra cost involved in completion of balance work was also to be recovered from the defaulting contractor. However, an amount of Rs.0.23 lakh in shape of the security deposit of the contractor was available with the department. Although the work was stopped in October 1992, no action to recover the outstanding dues from the defaulting contractor had been taken by the department as of April 1997.

(x) Extra expenditure due to inadequate design

Construction of HL bridge over river Safai at 67th Km. on Sambalpur-Rourkela Road (SH-10) (Balance work) was entrusted (October 1993) to OBCC by the EE, Sundargarh (R&B) Division for Rs.1.27 crore (49.95 *per cent* above the estimated cost of Rs.84.93 lakh) stipulating completion by April 1995. During execution of work due to change in the design of the abutment and wing wall involving execution of one extra item and extra quantities in two original items of the agreement, one supplementary agreement was executed (March 1996) for Rs.54.32 lakh.

Though as per the condition of the agreement OBCC was required to execute extra quantities of work at the rates provided in the original agreement, Government approved (January 1996) higher rates for extra quantities in the supplementary agreement on the grounds of revision of schedule of rate with effect from 1 October 1994, price hike and abnormal increase in the quantities due to change in design of trestle type abutment to gravity type abutment and accordingly payment of Rs.54.45 lakh was made to OBCC in March 1997. Computed with the original agreement rates the revision of rates involved extra expenditure of

Rs.9.11 lakh to the department as detailed below :-

Item of the original agreement	Quantity and rate as per original agreement	Extra executed quantity and rate as per supplementary agreement	Excess rate	Total extra expenditure in 18th RA bill (voucher No.173 of March 1997 (Rs. in lakh)
1	2	3	4	5
7G design Mix of M-15 grade (1) abutment cap to bed level	<u>214.32 cum</u> Rs.1768 per cum	<u>2525.939 cum</u> Rs.2124.67 per cum	Rs.356.67 per cum	9.00
18 Earth work in excavation of foundation in all kinds of soil (a) upto 3.00 M depth	<u>317 cum</u> Rs.2500 per hundred cum	<u>1448.46 cum</u> Rs.2678.10 per hundred cum	Rs.178.10 per hundred cum	0.03
(b) Beyond 3.00 M upto 6.00 M depth	<u>120 cum</u> Rs.2800 per hundred cum	<u>1090.38 cum</u> Rs.3570.30 per hundred cum	Rs.770.30 per hundred cum.	0.08
Total				9.11

(xi) Non-recovery of government dues from contractor

Mention was made in Para 4.15 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1993 on "Irregular payments and outstanding dues" against a firm in the construction of HL bridge over river Vansadhara near Gunupur to link the existing road between Andhra Pradesh and Orissa. The firm left the work incomplete after receiving payment of Rs.1.97 crore upto October 1991 against agreement value of Rs.2.65 crore. Consequently, the contract of the firm was rescinded (January 1992) by government with stipulation to recover extra cost involved in the completion of balance work.

Further check of records of Rayagada (R&B) division revealed that the balance work left over by the firm was got completed departmentally at a cost of Rs.3.13.crore and the bridge was opened to traffic in May 1994. The extra expenditure of Rs.2.37 crore incurred in execution of balance work was not recovered from the firm as of April 1997.

On final measurement in February 1992, the department noticed that three sets of roller bearings on pier No.3 of main span between piers No.3 and No.4 were displaced and

pier No.4 alongwith the well cap was tilted towards Gunupur side. On the instructions (March 1992) of the Chief Engineer (Designs), soil exploration was undertaken between June 1992 and March 1994 by fresh borings on upstream and down stream of pier No.4 through another agency at a cost of Rs.3.15 lakh. The defects in the work were attributed by the department to bad workmanship by the firm. In order to protect the structures of Pier No.2,3 and 4 temporary protection works were undertaken between 1992-93 and 1995-96 at a cost of Rs.7.42 lakh by way of providing concrete block garlanding and dumping of boulders having 150 Kg weight. The Chief Engineer, Roads observed (May 1993) on the defects that there appeared to be an error of judgement on the part of all field staff and higher authorities who had inspected the work site.

Thus, the defective execution of work by the firm and error in adequate supervision by the field and supervising engineers resulted in an extra expenditure of Rs.10.57 lakh to the department.

4.1.9 Government prescribed (August 1983/March 1990) accounting procedure for execution of construction works through OBCC which, interalia, provided for award of works to OBCC with estimated value totalling upto Rs.6.00 crore per year without furnishing tenders. The Corporation could compete for any work beyond the total estimated value of Rs.6.00 crore already awarded without tender in a year alongwith other tenders and may claim a price preference as admissible. OBCC would be exempted from deposit of earnest money while submitting tenders as a contractor. The corporation would enter into agreement in the form specially prescribed in respect of awarded works after work order was issued. It would not pay any initial security deposit both for awarded works and tendered works. The Corporation would not entrust execution of work to sub-contractors. Instead of 12.5 *per cent* overhead charges, it could be separately allowed reimbursement of overhead charges of 15 *per cent* in respect of awarded works only on the actual value of work executed by them in a year. Funds required for execution of works would be released in favour of OBCC by the concerned Divisional Officers in suitable instalments in the form of interest free works advances. Advances so sanctioned to OBCC were required to be adjusted in the same financial year in which those were sanctioned. OBCC would for all purposes be treated as a contractor.

Test check of records revealed the following :

(i) Extra expenditure due to award of work without invitation of tender

Government approved (March 1990) award of the work of extension of secretariat building (south and north Blocks), Bhubaneswar to OBCC without invitation of tenders. The work of internal electrification and installation of 2 nos. of 13 passengers lifts each in south and north blocks was awarded (January 1991/November 1990) to the corporation by the EE, Capital Construction Division-II, Bhubaneswar at the total cost of Rs.66.68 lakh (Rs.33.34 lakh for each block) stipulating completion by February 1993 and December 1992 respectively. The firm's application for extension of time upto 31 January 1995 for both the works recommended (March 1995) by the CE, Buildings to Government was not approved as of March 1997.

The agreements stipulated for supply, installation, testing and commissioning of 4 nos. of 13 passengers lifts in south and north blocks at Rs.46.00 lakh (Rs.23.00 lakh in each block). The firm completed (January 1994) the commissioning of 2 nos. of 13 passengers lifts in south block of the building and submitted (June 1994) the bill for Rs.23.00 lakh for adjustment against the advance received by them and expressed their inability to complete the work of supply and installation of other 2 lifts in north block of the building due to want of funds and non-release of advance for the work by the department. The work was withdrawn from OBCC and the contract was closed (March 1995) under clause 12 of the agreement without any compensation to OBCC.

The balance work of installation of 2 lifts was tendered and got completed (March 1997) through another firm at a cost of Rs.15.00 lakh by the EE, General Electrical Division-I, Bhubaneswar. Thus, award of work to OBCC without invitation of tender in the first instance resulted in extra expenditure of Rs.8.00 lakh to the department apart from delay of 4 years in installation of lifts.

(ii) (a) Extra financial liability due to delay in completion of work

The work "construction of court and office building for the Commissioner of Endowment, Orissa, Bhubaneswar" comprising of ground floor with canteen block, 1st floor and 2nd floor at an estimated cost of Rs.15.66 lakh was originally administratively approved (June 1981) by government in Law Department. The estimate was revised in March 1986 to Rs.31.46 lakh in May 1994 to Rs.56.52 lakh and in May 1997 to Rs.86.16 lakh. The third revised estimate for Rs.86.16 lakh was not yet approved by government as of June 1997. Funds of Rs.49.61 lakh were placed with the CE, Building-II for the work during 1984-85 to 1996-97.

The increase in cost was attributable by the department mainly to rise in cost of materials, labour, the rates of OBCC as approved by the Technical Committee of the Works Department and non-receipt of allotment in time.

Scrutiny of records of the EE, Capital Construction Division-I revealed that construction of ground floor of the building was originally awarded (January 1986) to a contractor for Rs.4.50 lakh for completion by October 1986. After executing the work valued at Rs.0.77 lakh, he abandoned the work in December 1986. His contract was closed (July 1987) by the SE.

The balance work of the ground floor valued at Rs.3.73 lakh awarded in November 1988 to an engineer contractor for Rs.5.41 lakh for completion by June 1989 was also left incomplete in September 1989 after execution of work valued at Rs.3.96 lakh. His contract was closed at the cost and risk of the contractor by the SE in May 1992.

The balance work of ground floor alongwith 1st floor, 2nd floor and 3rd floor (Head room) was allotted to OBCC by Government in January 1992 at a cost of Rs.30.59 lakh. The work commenced in August 1992 was scheduled for completion by June 1995. The work of ground floor was completed by May 1995 while the work in other floors was in progress. Thus, the work commenced in January 1986 was not completed as of May 1997 even after a lapse of 11 years.

Thus, delay in commencement of work upto January 1986, delay in closure of contracts after abandonment of works by contractors and delay in award of work to OBCC by the department apart from delay in completion of work by OBCC were attributable for increase in the cost leading to extra financial liability of Rs.71.00 lakh to the department.

(ii) (b) Undue financial benefit due to upward revision of rates.

It was noticed in audit that OBCC had neither applied for extension of time beyond June 1995 nor had the department imposed penalty by way of recovery of liquidated damages ($\frac{1}{3}$ per cent of estimated cost) as per clause 4(iii) & (iv) of the agreement. The corporation was paid advance of Rs.27.80 lakh upto March 1997 for the work. While the work was in progress, the corporation requested government for upward revision of agreement rates basing on schedule of rates 1994 and prevailing market rates. Government approved (September 1996) revised rates of Rs.28.03 lakh for the construction of 1st, 2nd and 3rd floors of the building against the original approved rate of Rs.21.10 lakh.

According to clause 26 of the agreement, the corporation was entitled to claim price escalation on materials, labour and POL and there was no provision for revision of rates. Therefore, upward revision of rates by the department was not justified and constituted an undue financial benefit of Rs.6.93 lakh to the OBCC.

(iii) Irregular payment of advance

Construction of Tourist complex at Belghar in Kandhamal district was allotted to OBCC in January 1992 by government for Rs.29.69 lakh. An advance of Rs.6.16 lakh was paid to OBCC in March 1992 by the EE, Balliguda (R&B) Division for execution of the work without executing any agreement and without obtaining sanction from competent authority. But OBCC, however, did not start the work and government ultimately cancelled the allotment of work in September 1993. The advance of Rs.6.16 lakh had not been refunded by OBCC even after rescission of the allotted work. When the EE asked (November 1995) OBCC to refund the advance the corporation expressed (September 1996) their inability to refund the amount on the ground of financial hardship. Thus, the advance of Rs.6.16 lakh outstanding against OBCC since March 1992 had not been refunded by them as of May 1997.

Payment of advance without any agreement was irregular and constituted an undue aid to OBCC. Computed at the rate of interest applicable on government borrowings, there was a loss of interest of Rs.5.73 lakh on the outstanding advance of Rs.6.16 lakh for the period from April 1992 to May 1997.

On this being pointed out by Audit, the EE stated that the advance was paid as per instructions of higher authority.

(iv) Blocking of government money due to non-refund of outstanding advance

Construction of District Tourism Centre at Bolangir was administratively approved (December 1991) for Rs.74.71 lakh by government in Tourism Department. The work was allotted to OBCC in December 1991 by government in Works Department. An advance of Rs.40.95 lakh was paid to the Corporation in March 1992.

Scrutiny of records of the EE, Bolangir (R&B) Division revealed the following:

- (i) Estimate for the work had not been technically sanctioned by the Chief Engineer, Buildings.
- (ii) Agreement in the prescribed form had not been executed by the corporation even after approval of rates by the Technical Committee in April 1995.
- (iii) Due to unsatisfactory progress of work, the work was finally withdrawn from the corporation by government in January 1994. As per final measurements taken by the department, the value of work executed was Rs.7.00 lakh. The final bill was not passed for payment.
- (iv) Even after withdrawal of work finally in January 1994, the balance amount of Rs.33.95 lakh outstanding against the corporation had not been refunded as of May 1997. Blocking of Government money caused loss of interest of Rs.20.88 lakh on Rs.33.95 lakh for the period from January 1994 to May 1997.

EE stated (June 1997) that the advance was paid to OBCC as per instructions of higher authorities and the corporation was moved (September 1995) by the Chief Engineer, Buildings for refund of the amount.

(v) Non-rectification of defects in work

Construction of Sandhi bridge approaches to high embankment of 132 K.V. line road (SH 17) was awarded (October 1989) to OBCC by the EE, Paralakhemundi (R&B) Division for Rs.58.92 lakh for completion by October 1990. OBCC completed (June 1994) the work except either side approach slabs and crust for the above length, at a cost of Rs.60.48 lakh. The CE (DP & I) inspected (December 1995) the site and observed that the massive stone work back-filling masonry on back side of both abutments was subsiding. The slope and protection works of the embankments were not adequately done, so as to eliminate any disaster during heavy rains and floods. No action had been taken as of June 1997 to get the defects rectified nor any penalty imposed on OBCC for defective execution of work.

(vi) Outstanding advances

Advances of Rs.19.83 crore paid to OBCC between 1986-87 and 1996-97 by eleven¹ (R&B) Divisions for twenty five construction works remained outstanding as of March 1997 for non-execution of agreements (3 works Rs.1.54 crore) non-conduct of check measurements (4 works Rs.2.63 crore) and non-receipt of final bills/finalisation of pending bills (18 works Rs.15.66 crore) though the advances were to be adjusted/recovered in the same financial year in which these were sanctioned.

¹ Kantabanji, Capital Construction Division-I,II, Paralakhemundi, Kendrapara, Cuttack, Jeypore, Bhanjanagar, Bolangir, Balesore, Panikoili.

4.1.10 Irregular and unauthorised expenditure

Departmental rules stipulate that any deviation from the nature, specification, quantity and rates of items mentioned in the agreement required approval of the competent authority prior to payment.

(i) Construction of ground floor and 1st floor of Special Treasury Building at Bhubaneswar awarded to a contractor in April 1992 for Rs.43.40 lakh by the EE, Capital Construction Division-II, Bhubaneswar was completed in October 1993. The contractor was paid (March 1994) Rs.52.26 lakh upto 6 R.A. bill. The final bill for the amount prepared in August 1994 was not passed as of March 1997. Against the agreement value of Rs.43.40 lakh, the contractor was paid Rs.52.26 lakh resulting in excess deviation of Rs.8.86 lakh. The deviation statement for Rs.8.86 lakh submitted in March 1994 by the EE was not approved by the CE (Buildings) as of March 1997. The payment of Rs.8.86 lakh to the contractor in excess of the agreement value without obtaining approval of deviation statement from the CE was, therefore, irregular and unauthorised.

(ii) Construction of office building of Special Treasury No.I at Bhubaneswar (Balance work) awarded (March 1993) to the same contractor for Rs.49.99 lakh by the EE was completed in August 1994. The contractor was paid (February 1994) Rs.31.67 lakh upto 5 R.A bill. The final bill for Rs.0.56 lakh was not paid as of March 1997. The deviation statement for less deviation of Rs.17.76 lakh was also not submitted to the CE (Buildings) for approval as of March 1997.

(iii) Besides, the unused departmental materials issued for the above works to the contractor in excess of requirement were not returned by him. The cost of materials at penal rate (five times the cost) amounting to Rs.8.08 lakh was not recovered from the contractor as of March 1997. No action was initiated against the officials responsible for excess issue of materials to the contractor.

4.1.11 Non-enforcement of contractual provision

Government approved (January 1992) the award of the work "construction of road over bridge (ROB) at Rayagada in place of existing level crossing at 343/4 Km (Berhampur side approach)" to a contractor at a cost of Rs.80.99 lakh. Para-3 of the Government order stipulated that the contractor should construct the service road of proper specification and he should maintain the same at his cost to facilitate vehicular traffic for movement of vehicles during the construction period. Accordingly, the above condition of the Government was incorporated in the agreement signed by the contractor in July 1992.

Check of records of Rayagada (R&B) Division revealed that despite specific condition in the agreement, the department constructed the service road between August 1994 and April 1995 at the cost of Government incurring an expenditure of Rs.4.43 lakh through the same contractor resulting in an undue financial benefit to the contractor.

On this being pointed out, EE stated that the road was not a service road but was a parallel road of the original one a portion of which was occupied due to construction of ROB by the contractor. The reply was not tenable in as much as most of the fly over had fallen within the alignment of the existing road and there was little scope for utilisation of otherside road due to close location of railway track. The contractor was using this parallel road for movement of materials etc. as this was the only way to approach the site. Moreover, the expenditure of Rs.4.43 lakh on this road was in fact charged to ROB as service road.

4.1.12 Execution of works without call of tenders

According to Appendix-VII of OPWD Code Vol. II, tenders shall ordinarily be invited for all works costing more than Rs.0.1 lakh except in cases of emergency like test relief works, flood damage repairs, closure of breaches in embankments and roads, cases of exceptional emergency, when award of contracts by invitation of tenders is likely to involve delays which will be against the public interest, cases where tenders have not been received in spite of two or more notices and when rates offered by tenderers are considered unduly high in comparison with the estimated rates.

Test check of records revealed that in violation of departmental rules, the EEs of (R&B) Divisions, Bolangir, Khariar and Jeypore executed 256 works of original ordinary annual repairs, maintenance/repairs and special repairs and incurred expenditure of Rs.22.46 lakh during 1995-96 to 1996-97 on piecemeal basis without call of tenders. In all the cases, the works costing above Rs.0.1 lakh were split up and got executed through the same agency. The EE, (R&B) Division, Bolangir got the works executed during 1995-96 and paid for the works after drawal of agreements in 1996-97 while the EE, Khariar (R&B) Division got the works executed and drew the agreements subsequently for regularisation of the transactions.

EEs stated (May /June 1997) that the works were executed on piecemeal basis due to urgency. The reply was not tenable in as much as all the works were of original, normal maintenance and repair works which were not of urgent in nature.

4.1.13 Failure to conduct check measurements by the EEs

To detect errors in measurements and to prevent fraudulent entries and also to see that the specification has been faithfully maintained by the sub-ordinate officers, check measurement by the EE has been prescribed by the department. According to Para D(ii) of Appendix-II of OPWD Code Vol.II, the EE must check measure 10 *per cent* of the measurements of important and costly items in respect of works costing more than Rs.2.00 lakh. Check measurement should cover both running and final bills. The EE should particularly check measure extra items and items in respect of which the executed quantity has exceeded by more than 10 *per cent*.

Test check of records revealed that the above prescribed check measurement had not been conducted by the EEs of the following (R&B) Divisions for the periods noted against each:

Khariar	April 1995 to May 1997
Bolangir	July 1995 to May 1997
Sambalpur	November 1995 to March 1997

While the EEs noted the omission, the EE Khariar (R&B) Division stated that as he remained busy with arbitration cases and meetings during last two years, check measurement had not actually been conducted by him. The reply was not tenable as attending to arbitration cases and meetings would not absolve him of conduct of check measurement which was a compulsory work for the designated officers..

4.1.14 Other points of interest

Non-obtaining the Bank guarantee before supply of departmental materials to the contractor

Government introduced (June 1993) a clause for appending to F-2 and lumpsum contract forms according to which the departmental officers should obtain a bank guarantee of any Nationalised Bank valid for the entire currency period of agreement from the contractor for a sum equal to the cost of departmental materials before issue of the departmental materials to him. Government further clarified (February 1994) that the cost of departmental materials at no point of time should exceed the bank guarantee furnished.

Test check of records revealed that despite the above clause being incorporated in the agreements Bank guarantee was not obtained from the contractors executing the works before issue of departmental materials by the following divisions as indicated below :

	<u>Name of the work</u> Name of the Divn.	Agreement value (Rs. in lakhs)	Date of commencement	Particulars of materials issued	Quantity	Value (Rs. in lakhs)
i.	Construction of HL bridge alongwith approaches over matrugaon nallah at 210 Km on TMJ road {Balliguda (R&B) Division}.	34.06	November 1995	Cement - Steel -	3004 bags 4.447 MT	5.18
ii.	Construction of office building of Commercial Tax Officer, Kantabanji	12.44	May 1995	Cement - Steel -	1188 bags 217.13 quintals	4.75
iii.	Construction of 1 no. of C type qrs. (CSP) for Judicial department at Titilagarh {Kantabanji (R&B) Division}	4.05	August 1995	Cement- Steel -	455 bags 14 quintals	0.75
iv.	Construction of circuit house at Sonepur ground floor {Bolangir (R&B) Division}.	11.20	October 1995	Cement- Steel-	1664 bags 127.62 quintals	3.46

Non-obtaining the bank guarantee before issue of departmental materials failed to provide adequate safeguard against risk of non-recovery of the Government funds.

The above points had been referred to Government in August 1997; reply had not been received (December 1997).

4.2 Eleven years taken to construct a bridge

Construction of a high level bridge over Mahanadi at Mundali was allotted to Orissa Bridge and Construction Corporation (OBCC) in March 1985 by the Government for Rs.3.37 crore including 15 *per cent* overhead charges. The Corporation started the work from March 1985 but in October 1993 stopped the work on the ground of rise in minimum wages. Government withdrew (October 1993) the work from OBCC. On the basis of final measurement (January 1994) the Technical Committee determined (May 1995) that Rs.3.37 crore was payable to the corporation for the work executed by them. The balance works were got completed (January 1996) through job workers at a cost of Rs.4.94 crore.

Scrutiny of the records in audit revealed that OBCC were paid Rs.4.30 crore as interest free work advances between March 1986 and March 1996 including Rs.8.00 lakh paid (March 1996) even after stoppage of work in October 1993. Further, energy charges of Rs.1.82 lakh paid by the department on behalf of OBCC was not realised from them. The advances paid exceeded the amount finally payable by Rs.93.36 lakh; adding the energy charges, the total excess payment amounted to Rs.95.18 lakh.

Check of records of Jagatsinghpur (R&B) Division further disclosed (May 1996) that machinery and equipment and stores including temporary constructions taken over by the department were valued at the depreciated cost of Rs.61.47 lakh (machinery: Rs.11.37 lakh, structural steel: Rs.24.41 lakh, stores: Rs.7.43 lakh and shed etc: Rs.18.26 lakh) by a committee in November 1994 though rules provided assessment as per the procurement capital cost. The irregular valuation resulted in undue benefit of Rs.10.21 lakh to the corporation. Of the taken over items the store materials (Rs.7.43 lakh) were utilised in works but the others (Rs.43.83 lakh) remained idle/unused as of March 1997.

The remaining amount of Rs.43.92 lakh after adjustment of Rs.51.26 lakh towards cost of stores and machinery taken over from the OBCC was however, not recovered as of March 1997. Moreover, the non-recovery of advance resulted in loss of interest of Rs.18.01 lakh for the period from November 1993 to March 1997.

The Executive Engineer stated (February 1997) that the payments were supported with Government orders. Further, Chief-Engineer (Roads) had been moved for transfer of the machinery.

The matter was referred to Government in April 1997; reply had not been received (December 1997).

4.3 Extra expenditure and non-recovery of government dues

The work of construction of a high level bridge (1253.70 metres long) including 30 metres approaches on either side over river Bramhani on Dhenkanal-Kamakhyanagar road was awarded (August 1984) to a firm at a lump sum value of Rs.4.81 crore for completion by August 1987. Since the abutment on Dhenkanal side was falling inside the active channel and the bank was eroding, the Chief Engineer (CE) approved (September 1990) for extending the bridge by providing another span on that side. Although the firm was required to execute the additional span (60 metres) at Rs.31.49 lakh (at the rate of Rs.52,480 per metre) as per terms of the contract, they refused to do so unless the rate was increased. The department however, got the work completed (July 1993) through Orissa Bridge and Construction Corporation (OBCC) at a cost of Rs.59.16 lakh involving extra expenditure of Rs.27.67 lakh. The CE (DP&I) observed (July 1993) that the bank was still eroding and it actually warranted a launching apron (spur) to divert the flow of the river which was however, not done. The firm completed the bridge in September 1993 with an expenditure of Rs.6.65 crore but did not execute the approach roads despite full payment of the contract value made to them. The approach roads were got completed through another agency at a cost of Rs.5.10 lakh. As the bank continued to erode threatening safety and stability of the abutment as well as the slope

pitching, one toe wall was thereafter constructed (July 1994) with an expenditure of Rs.1.98 lakh in order to protect the abutment and to retain the pitching.

Test check of records of Dhenkanal (Roads and Buildings) Division in Audit revealed (May 1996) that the high flood level (HFL) on 18 September 1994 reached RL 44.15 metre against the designed HFL of RL 45.56 metre and with the flood action the bank was scoured and the river bed deepened by 3 to 5 metres. A pool was formed along the bank as well as around the pier of extended span. The toe wall constructed to protect the bank and pitching was overturned causing serious threat to abutment. The CE (DP&I) observed (March 1995) that the toe wall constructed with random rubble stone masonry with cement concrete base was not as per designed requirement and due to non-execution of pitching and launching apron, being the vital parts of protection measure, the toe wall was overturned. He also observed that the flood water was obstructed by the unutilised boulders dumped haphazardly and also by the excavated debris of the foundation deposited in heaps by the firm on upstream side and as a result the river took different course and damaged the abutment. The damages were got repaired and further protective works executed between May and June 1996 with an expenditure of Rs.26.78 lakh.

The firm did not return unused departmental steel: 247.083 tonnes and wood: 17.30 cum. for which Rs.81.21 lakh at penal rate was recoverable from them as per terms of the contract. Besides, steel : 377 tonnes, Cement : 7497 bags valuing Rs.27.12 lakh utilised in the work was pending for recovery. Transportation charges and hire charges amounting to Rs.0.49 lakh was also not recovered. Apart from the above, the expenditure of Rs.5.10 lakh incurred towards construction of the approach road through other agency was not recovered. Against the total recoverable amount of Rs.1.14 crore, their dues of only Rs.1.24 lakh towards performance security was available with the division. No action was initiated as of July 1997 to realise the government dues.

Thus, inadequate provision of waterway in the original design together with belated execution of the additional span through another agency resulted in extra expenditure of Rs.27.67 lakh to the department. Besides, non-execution of the work as per specifications

caused damages to the Dhenkanal side abutment involving extra expenditure of Rs.26.78 lakh and infructuous expenditure of Rs.1.98 lakh. Apart from the above, there was non-recovery of government dues of Rs.1.14 crore from the firm.

On this being pointed out, the Executive Engineer stated that the expenditure towards additional span and protection works was necessitated in the interest of the public to restore the all weather communication. Further, action would be taken to realise the Government dues from the firm. The reply was not tenable since the additional span was required on account of commencement of work without taking into account the site condition. A further protection work was also necessitated because toe wall constructed was not as per designed specification and non-execution of launching apron. It was also noticed that no recovery had been made so far (December 1997).

The matter was referred to Government in November 1996; reply had not been received (December 1997).

4.4 Irrecoverable loss due to excess issue of materials to the contractor

Construction of high level bridge over river Daya and Makara on 23rd KM. of new Jagannath Sadak (under the jurisdiction of Rural Development Department) was awarded (December 1988) by the Executive Engineer (EE) Rural Works (RW) Division, Puri to a contractor at a lump sum value of Rs.1.73 crore for completion by March 1990. The contract provided that in case of default in execution, the balance work would be executed through other agency at the cost/risk of the contractor. The contractor after completing the bridge works and 75 *per cent* of the earth work in road formation worth Rs.1.68 crore by the extended date of December 1994 abandoned the balance works valued Rs.4.66 lakh. The work was then transferred (October 1995) to the control of Works Department for completion of the left over works. The contract was thereafter closed in January 1996. The EE, Khurda (R&B) Division completed the work in August 1996 through some other agencies at a cost of Rs.34.20 lakh involving extra expenditure of Rs.29.54 lakh.

Scrutiny of records in Audit revealed that 54,334 bags of cement and 473.443 tonnes of steel were issued to the original contractor which were in excess of the requirements on the basis of progress of work. As a result only 33,882 bags of cement and 429.008 tonnes of steel were utilised in the work. The value of the materials not returned and recoverable from the defaulting contractor worked out to Rs.1.44 crore at penal rates.

Against the total amount of Rs.1.73 crore to be recovered from the contractor, the department could recover Rs.57.10 lakh only as of August 1997.

As against the remaining dues of Rs.1.16 crore, an amount of Rs.7.82 lakh (Security Deposit :Rs.2.79 lakh and value of work done : Rs.5.03 lakh) only was available with the Department for possible adjustment. No action was initiated as of May 1997 to realise the government dues of Rs.1.16 crore.

EE, RW Division, Puri stated (December 1996) that the cost of the quantity of materials utilised in the work, was recovered as recommended by the field staff. The reply was not relevant as it did not explain the reasons of excess issue of materials since according to codal provisions the EE/AE were to ensure that materials were not issued in excess of the actual requirement. Besides, the amount of Rs.29.54 lakh towards extra expenditure recoverable under the penal clause remained unrecovered from the contractor due to inaction of the department.

The matter was referred to Government in May 1997; reply had not been received (December 1997).

4.5 Short realisation of royalty charges

The notice inviting tenders issued in February 1991 for widening and strengthening to four reaches aggregating 65 Km of National Highway (NH) No.6 stipulated that the quoted rates should include necessary royalty charges on the materials. The prevailing royalty charges were Rs.25 per cum. for stone products and Rs.15 per cum. for sand/moorum. Tenders were received accordingly by the Executive Engineers (EEs) of Keonjhar and Sambalpur NH Division in February 1991. The works were awarded (April/May 1991) to four contractors (285 to 296 Km : Rs.1.34 crore, 310 to 322 Km : Rs.2.30 crore, 355 to 381 Km : Rs.5.09 crore and 516/6 to 532 Km : Rs.2.64 crore) with stipulation for completion by April 1994. The agreements provided for realisation of royalty charges but did not specify the rates for recovery. Government reduced the rate of the royalty charges for stone products to Rs.12 and sand/moorum to Rs.5 per cum. with effect from August 1991. Thereafter, Law and Finance Departments concurred (November 1993/February 1994) that consequent upon the downward revision of the royalty charges the differential amount between the rates prevailing on the dates of receipt of the tenders and the reduced rates would be recovered from the contractors.

Test check of records of the Division offices revealed (April 1995/March 1996) that the contractors were paid Rs.11.41 crore for the four reaches as of March 1997 for the work done computed at the full quoted rates, but the differential amount between the higher rates of royalty charges prevailing on the dates of receipt of the tenders and reduced rates prevailing during execution of the work was not recovered from them. This resulted in short realisation of Rs.41.11 lakh.

This being pointed out in Audit, the EEs stated (January/February 1997) that in the absence of any clause in the agreement for realisation of the differential rates of royalty charges, the recovery was not effected.

The reply was not tenable as the agreement provided for recovery of royalty charges and legal opinion advising recovery of excess payment of royalty charges was obtained. The

department's failure to act on the legal opinion resulted in loss due to non-recovery of differential royalty charges.

The matter was referred to Government in March 1997; reply had not been received (December 1997).

4.6 Non-recovery of excess payment and extra expenditure from OBCC

Construction of submersible bridge over river Budhabalang at Naharaghat under Mayurbhanj (R&B) Division was entrusted (January 1988) to Orissa Bridge and Construction Corporation (OBCC) without inviting tenders at their quoted rate of Rs.1.44 crore (including 15 *per cent* overhead charges) for completion by June 1992. OBCC could not complete the work by the stipulated date. After the Corporation had executed work worth Rs.78.71 lakh, their contract was rescinded (October 1993) by government without imposition of penalty despite default in execution. The balance work of Rs.65.02 lakh was transferred to Balasore (R&B) Division in November 1991 and got completed (November 1996) departmentally at a cost of Rs.1.44 crore (March 1997) involving extra expenditure of Rs.78.93 lakh.

According to the prescribed accounting procedure for execution of works through OBCC, advances were to be released to them in suitable instalments subject to adjustment against work bills in the same financial year. However, against the value of work done for Rs.78.71 lakh, the Corporation was paid an advance of Rs.1.33 crore as of October 1993 by the Executive Engineer (EE) Mayurbhanj (R&B) Division. This resulted in excess advance payment of Rs.54.28 lakh which was not realised from OBCC as of May 1997.

Thus, the payment of advances in violation of the prescribed accounting procedure and without synchronising advances with the anticipated progress of work together with non-adjustment of the advances against work bills in the same financial year resulted in excess advance payment of Rs.54.28 lakh to OBCC. Further, the extra expenditure of Rs.78.93 lakh incurred in execution of balance work due to default of OBCC could not be recovered from them as the contract was terminated without invoking risk and cost clause of the contract.

The Executive Engineer, Balasore (R&B) Division stated (March 1996) that the outstanding advance would be recovered from the bills of the OBCC against other works of the wing. This was however, not done as of October 1997.

The matter was referred to Government in January 1996; reply had not been received (December 1997).

4.7 Uncertainty in construction of bridge due to cancellation of tender

For construction of high level bridge over spillway nullah at 16/900 km on Digapahandi-Ghodahada Road (CDR) at the estimated cost of Rs.20.19 lakh, five tenders were received in August 1993 by the Executive Engineer (EE) Ganjam (R&B) Division No. I, Berhampur. Of the same, the lowest tendered amount of a contractor was for Rs.21.31 lakh and the highest tendered amount was for Rs.27.86 lakh which was submitted by Orissa Bridge and Construction Corporation (OBCC). The EE and Superintending Engineer (SE) recommended (September 1993) the lowest tender of Rs.21.31 lakh for acceptance. Government however, cancelled (December 1993) all the tenders and ordered to allot the work to OBCC without retender. The work was allotted (December 1993) to OBCC at their fresh offered rate of Rs.29.28 lakh (including 15 *per cent* overhead charges) for completion by January 1996. But OBCC failed to complete the work by the target date and executed only one third of the work (value Rs.9.83 lakh) as of December 1996. They applied for (December 1996) extension of time upto May 1997 on the grounds of rainy season, unseasonal floods, non-supply of cement and modification to the design of wing wall. Though extension was not sanctioned no penalty was imposed on OBCC for delay in execution as of April 1997. Further, against the works advance of Rs.6.00 lakh paid to them during 1995-96, Rs.1.79 lakh remained unrealised as of April 1997.

Thus, the cancellation of the valid tenders and allotment of the work to OBCC at higher rates resulted in uncertainty in completion of the work and an extra liability of Rs.7.97 lakh (Rs.29.28 lakh minus Rs.21.31 lakh) to the Department.

The matter was referred to Government in May 1997; reply had not been received (December 1997).

4.8 Non-recovery of government dues

Reconstruction of a minor bridge over Mahijore Nullah on National Highway (NH) No.23 was entrusted (November 1991) to a contractor at a cost of Rs.21.64 lakh for completion by April 1993. Despite issue of notices, the contractor failed to execute the work as per the programme and could execute work worth Rs.5.97 lakh only by December 1994 and abandoned further execution. The contract was thereafter rescinded (April 1995) by the Chief Engineer, NH at the risk and cost of the contractor. The left over works of Rs.15.67 lakh were retendered in August 1995 and entrusted (January 1996) to another contractor at a cost of Rs.20.73 lakh for completion by July 1997. The work was under progress (February 1997). The retender of the work involved extra liability of Rs.5.06 lakh to the department at the tender stage which was recoverable from the defaulting contractor.

Test-check of records of Rourkela NH Division in Audit revealed (February 1997) that unutilised departmental materials (cement : 13.65 tonnes, steel : 0.525 tonne) remained outstanding with the contractor and were not returned to the department. Besides, salvaged steel of dismantled bridge : 1.002 tonne, GCI sheets : 30 numbers, Tarpaulins : 2 nos, and empty cement bags : 427 numbers were also not returned by the contractor. The contractor was liable to pay Rs.12.45 lakh on the above account at penal rates. Against the total recoverable amount of Rs.17.51 lakh, the dues of the defaulting contractor amounting to Rs.0.88 lakh representing performance security : Rs.0.19 lakh, withheld dues : Rs.0.13 lakh and dues on account of work done : Rs.0.56 lakh were only available with the department. No action was taken by the department to recover the government dues as mentioned above from the defaulting contractor as of February 1997.

On this being pointed out the Executive Engineer stated (February 1997) that legal action would be taken to realise the government dues.

The matter was referred to Government (March 1997); reply had not been received (December 1997).

4.9 Inadmissible payment of escalation charges

The formula under the escalation clause for computing the increase in the cost of labour for reimbursement to the contractors contained in works contracts since April 1986 was based on consumers' price index for industrial workers (wholesale price). Consequent upon the revision of the minimum wages from Rs.12.83 to Rs.25.00 per day from 1 July 1990, Government decided (November 1992) in principle to compensate the increase in labour rate on the basis of minimum wages in place of consumers' price index for industrial workers in respect of works for which tenders/agreements were invited/ finalised prior to 1 July 1990 and continued thereafter. The minimum wages fixed at Rs.25 per day from 1 July 1990 were subsequently revised to Rs.30 per day with effect from August 1996. The detailed tender call notice also had a specific condition that labour charges should be calculated basing on minimum wages rate prevalent on the date of tender. Thus, no escalation on account of labour was payable in respect of any contracts which were finalised after 1 July 1990 for works executed upto August 1996.

Water Resources and Rural Development Departments accordingly, prescribed for modifications in the contracts not to entertain any escalation on labour component after 1 July 1990. The Works Department however, continued to provide a clause in the contracts as per the old formula. When this discrepancy was pointed out (March 1996) in Audit, Works Department stated (December 1996) that the adoption of old formula was a clear violation of Government instructions and ordered for recovery of the excess payment made towards escalation charges on labour basing on average consumers' price index.

Test check of escalation claims relating to four divisions under Works Department revealed that payment for escalation on labour charges computed on consumers' price index for industrial workers amounting to Rs.38.17 lakh (as detailed in Appendix-XVI) was made to contractors whose contracts were received and finalised after 1 July 1990. This resulted in

inadmissible payment of Rs.38.17 lakh. The amount was not recovered as of April 1997 despite instructions of Government for such recovery.

The matter was referred to Government in May 1997; reply had not been received (December 1997).

4.10 Inadmissible payment to a contractor

The work of widening and strengthening of National Highway (NH) No.42 from 228/0 Km. to 240/0 Km. was awarded (January 1990) to a contractor at a cost of Rs.1.43 crore for completion by July 1992. The contractor could not complete the work within the stipulated period and applied for extension of time upto May 1994 in two spells. The extension was granted by the Chief Engineer (CE), NH without the benefit of price escalation. The work was completed in May 1994 and Rs.2.09 crore were paid to the contractor in March 1996 which, however, included Rs.23.13 lakh towards escalation charges on labour, material and POL for the extended period from July 1992 to May 1994.

Audit of the records of NH Division, Sambalpur revealed (March 1997) that the contractor furnished (January 1990) a no claim certificate (which formed a part of the agreement) to the effect that he would not claim the benefit of price escalation during the extended period. Law and Works Departments, clarified (March/April 1992) that by virtue of giving a no claim certificate for escalation charges during the extended period, the contractor forfeited his right for such charges admissible to him under the appropriate clause of the agreement. The payment of escalation charges of Rs.23.13 lakh, therefore, constituted an undue financial aid to the contractor and the amount was thus recoverable from him.

The matter was referred to Government in June 1997; reply had not been received (December 1997).

4.11 Infertuous expenditure due to execution of work without proper specification

The work of improvement to riding surface of National Highway (NH) No.6 for a length of 2200 metres from 551 Km. to 552 Km. and 558 Km. to 559.60 Km. was awarded (February 1996) by the Executive Engineer (EE) NH Division, Sambalpur to a contractor at a cost of Rs.21.43 lakh for completion by August 1997. The work envisaged filling of 20 *per cent* depression with lean bitumenous macadam (LBM) and providing semi-dense bitumen for full carriage way width 2200 metres length. The technical suitabilities to the drainage facility of the rain water was not examined by way of pre-construction survey and investigation before adopting the specification. The contractor completed (May 1996) the carpeting work for 800 metres between RD 551 Km. and 552 Km. for Rs.9.07 lakh. Thereafter, the EE observed (November 1996) that the executed works were badly damaged due to rain rendering total failure of the crust. The Superintending Engineer attributed (January 1997) the failure to inadequate drainage facility and due to non-removal of existing Black Top surface before laying the one layer metalling and carpeting. He therefore, suggested closure of the contract at that stage and execution of the work afresh by modifying the specification to provide adequate drainage arrangements. The contract was, however, not closed and the work was not executed as of June 1997.

Thus, the execution of work without proper specification and lack of pre-construction survey and investigation rendered the expenditure of Rs.9.07 lakh wasteful.

The Chief Engineer, NH stated (April 1997) that pre-construction survey was not considered necessary for such a petty work. The reply was not tenable as according to codal provision petty work included only works costing not more than Rs.0.10 lakh.

The matter was referred to Government in June 1997; reply had not been received (December 1997).

WATER RESOURCES DEPARTMENT

4.12 Undue extra payments due to inadequate survey and incorrect application of rates

The conditions of standard contracts (F2 forms) adopted by Government provided a clause which stipulated that additional quantities of items of works if required during execution would be carried out by the contractor on the same conditions and rates as specified in the tender for the main work. In medium irrigation projects in respect of works earlier assisted by the World Bank, such clause provided that the rates quoted for the individual items would apply for the quantities of work increased or decreased by not more than thirty *per cent* for each of the items. Should the quantities of work actually vary by more than thirty *per cent*, the rates for such excess over thirty *per cent* was to be revised as per actual field observation. However, it was found in Audit during a test check conducted in July 1997 in respect of nine¹ contracts awarded in Upper Indravati Project between January 1986 and September 1989 under World Bank norms that:

- (a) there was no consistency as between different contracts in providing the percentage of variation warranting revision of rates for the same items of works. Six contracts stipulated that the rates quoted would be revised in case of variations in quantities increased or decreased by not more than thirty *per cent*, but the other three contracts provided for it at fifteen *per cent*.
- (b) the quantities of work were estimated and provided for execution without detailed designs and visualising the underground strata scientifically; as a result, variations in the quantities were inordinately high;
- (c) instead of paying revised rates only for the quantity of work in excess over and above thirty/fifteen *per cent* variation, payment was made for the entire quantity of work done on these items;

1 Indravati, Muram and Podagada Dams in January 1986, Head Race Channel and Kapur Dam in March 1986, Tail Race Channel in November 1987, construction of Power House in December 1987, Erection of Penstock in January 1988 and construction of Valve House in September 1989.

(d) escalation charges were paid from the dates of opening tenders instead of the dates of revision of rates for items of costs like labour, POL and materials.

Details of such irregularities were as narrated below:

(i) As per norms, it was essential to explore the foundation strata before construction of all dams and reservoirs to ascertain the exact properties of soil materials underneath to workout the designs. The estimate should depict a full account of the basis and analysis of technical questions on which the designs were to be projected. But it was revealed from the records of the division offices that the quantities of work were estimated and provided for execution without detailed designs and without scientifically visualising the underground strata. As a result of the above, variations in quantities in as many as nine items occurred and ranged between 24 and 1072 *per cent*. The quoted rates for those items were revised upwards through supplementary agreements during the progress of the work under the quantity variation clause of the agreements and involved extra expenditure of Rs.9.08 crore for the nine works as of March 1997 Appendix-XVII. Although the contracts provided for arriving at the revised rates as per field observation, the revision were neither supported with evidence of claims of contractors to substantiate deployment of any additional equipment and infrastructure for execution of the extra quantities to justify higher rates nor were they supported by any record of joint observation. Besides, uniformity was not maintained in deciding the rates for all the agreements. The revised rates adopted for the same items differed among works though the items were executed under one project and under the same conditions.

(ii) Despite the fact that the conditions of the contracts required that the revised rates should be made applicable only to such quantities increased/decreased by not more than thirty/fifteen *per cent*, the same were made applicable for the entire quantities executed under the items. This irregularity resulted in excess payment of Rs.6.85 crore to the contractors as detailed in Appendix-XVII.

(iii) The initial contracts also provided that escalations towards increase in cost of labour, materials and POL would be payable on the basis of increases in the price index for such components from the dates of opening of the tenders for the works. Consequent upon the revision of minimum wages from Rs.12.83 to Rs.25 per day from 1 July 1990, Government decided in principle to compensate the increase in labour rates on the basis of minimum wages in place of consumers' price index. The minimum wages of Rs.25 per day were revised to Rs.30 from August 1996. The item rates in respect of the above agreements were revised between December 1990 and February 1997 and thus, the revised minimum wages (Rs.25) were built in. Therefore, no escalation on account of labour was payable till August 1996 in respect of the above items of the contracts. Similarly, the escalations on materials and POL components were payable from the dates of revision on account of quantity variation as the revised rates had updated all increase in the cost of materials and POL till that date. Still, the department had allowed escalations on labour, materials and POL on the basis of price index from the dates of opening of the tenders. This resulted in excess payment of Rs.9.62 crore to the contractors. The excess payment was not recovered as of December 1997.

The matter was referred to Government in October 1997; reply had not been received (December 1997).

4.13 Undue benefit to a corporation and outstanding recoveries

Construction of the tunnel of Harabhangi Irrigation Project including excavation of exit channel from RD 4105M to 4185M and excavation of approach channel from RD 1610M to 1785M were awarded (January 1991) to M/s Orissa Construction Corporation (OCC) at a cost of Rs.5.97 crore for completion by December 1993. The contract provided for a rate of Rs.400 per cum. for underground excavation of 0.34 lakh cum. After execution of 0.05 lakh cum. OCC requested (March 1994) for revision of the rate to Rs.644 per cum. for the remaining quantity of 0.29 lakh cum. and to allow extension of time upto June 1996 on the grounds of change in designs and increase in expenditure on infrastructure and labour. The rate was approved by Government in November 1994 beyond any scope in the agreement and the extension of time was allowed (February 1995) by the Chief Engineer (CE), Medium

Irrigation-II upto June 1996. Despite that, OCC could not complete the work and represented (July 1995) for further upward revision of the rate to Rs.935 per cum. on the grounds of change in methodology of disposal of the debris i.e. from manual to mechanical means, less out turn of work per day and rise in prices of materials, machinery and spares. Based on the recommendation (September 1995) of CE, Government approved (September 1995) the revision to Rs.809 per cum. for a quantity of 6774 cum. with stipulation that if OCC failed to complete the work by the target (June 1996) the entire extra amount towards revision of rates would be recovered.

Test check of records of Harabhangi Irrigation Division No.III in audit revealed (August 1996) that according to the condition of the contract, the rate for the underground excavation work was inclusive of the cost of disposal of the debris by loco system/mechanical or conventional method. The rise in prices of materials, machinery and spares and low outturn of work was considered for upward revision of rates effected in November 1994. Therefore, further revision mainly on same grounds was unwarranted and inadmissible. Despite upward revision of rates OCC failed to complete the work by the target date (June 1996) due to their lapse and could only execute excavation of 0.26 lakh cum. of the work. But the department did not recover the extra amount of Rs.66.54 lakh paid to the corporation for 0.21 lakh cum. on account of revision of rates. Further, the second revised rate was allowed for 9355 cum. as against the stipulation for 6774 cum. resulting in unauthorised payment of Rs.4.26 lakh for 2581 cum. as of February 1997. Besides, Rs.30.02 lakh paid as mobilisation advance and works advance were outstanding for realisation (March 1997).

Thus, the frequent revisions of item rate beyond the scope of the contract and non recovery of the extra amount according to stipulation, constituted undue benefit of Rs.66.54 lakh to the corporation. Further, the applicability of the revised rate beyond the quantity stipulated by government resulted in unauthorised payment of Rs.4.26 lakh, apart from non-recovery of advance of Rs.30.02 lakh.

The Executive Engineer stated (August 1996/ March 1997) that the revised rates were allowed after approval by government and the outstanding advances would be recovered.

This was not tenable since government did not authorise payment at revised rate for quantity beyond 6774 cum. and also stipulated to recover the extra amount in case they failed to complete the work by target date.

The matter was referred to Government in January 1997; their reply had not been received (December 1997).

4.14 Extra expenditure due to non-adherence to approved design

The designs for construction of Spillway of Kansbahal Medium Irrigation Project was approved by the Chief Engineer (CE) Designs in October 1985. The designs envisaged a sloping apron floor type spill channel upto RD 87.71 metre with an end sill and key at the end of the floor for 1745 cumsec water energy dissipation arrangements.

The Director, Engineering Geology Division No.II during his inspection of the site in February 1990 observed that the exposed rocks between RD 50 metre and RD 85 metre were not easily erodable and hence advised to review the usefulness of providing the sloping apron beyond RD 50 metre. Accordingly, CE, Medium Irrigation-I decided (April 1990) that the foundation rock beyond RD 50 metres virtually being inerodable, the apron be contained at that stage.

The CE (Designs) disagreed with the above modification on the technical consideration that it carried the risk of safety of the earth dam and spillway and recalled that such decision in the past at Saipala Dam had caused severe erosion to both dam and spillway endangering their stability. The Engineer-in-Chief, Irrigation nevertheless, concurred with the modification in April 1990. Accordingly, the floor protection upto RD 87.71 metres was terminated at RD 51.20 metres with no end keying.

Between July and August 1994 there was a maximum discharge of 602 cumsec of water in the spill channel which severely scoured the floor to a depth of 13 metres for a length around 30 metres from the edge of the apron (RD 51.20 metres), eroded the earthen guide bundh for 10 metres, undermined concrete floor to a depth of 0.6 metre and damaged the service and inspection roads. The Dam Safety Assurance and Rehabilitation Committee

(DSARC) in their report mentioned (January 1995) that the rock was erodable and the failure to execute the floor protection works as per prescribed design and specifications was responsible for the damage.

The damages of the spill channel had to be treated in March 1996 at a cost of Rs.1.81 crore when the execution of the apron from RD 51.20 metre to RD 87.71 metre as per original design would cost Rs.43.50 lakh. This resulted in extra expenditure of Rs.1.38 crore.

Thus, the incorrect decision of the CE, Medium Irrigation-I regarding nature of the rock strata and non-execution of the spill channel ignoring the design and specification led to the damage of the channel, the treatment of which involved extra expenditure of Rs.1.38 crore to the department.

Executive Engineer stated (January 1997) that although the rock after RD 51.20 metre was 'incompetent', it was considered inerodable and accordingly the apron was restricted without extending beyond RD 51.20 metre. The reply was not tenable as DSARC found (January 1995) that the rock was erodable and restriction of apron upto RD 51.20 M was based on wrong conclusion and against the approved design of Designs wing providing for apron upto RD 87.71 M.

The matter was reported to Government in May 1997; reply had not been received (December 1997).

4.15 Delay of more than 6 years and cost escalation of Rs.66.00 lakh in completion of a work

The work relating to "excavation of Main Canal from RD 19.840 M to RD 23.940 M of Subarnarekha Irrigation Project (SIP)" was awarded (March 1989) to a contractor at a cost of Rs.1.92 crore for completion by March 1991. Owing to revised design sections and reduced quantities of work the agreement value came down to Rs.1.64 crore. After receiving payment for Rs.92.60 lakh, the contractor abandoned the work from July 1992 on the plea of non-

* Incompetent refers to erodable.

settlement of rates for extra items of work. The Government was yet to decide (May 1997) the proposal for closure of the contract at the risk and cost of the contractor together with forfeiture of security deposits.

Audit scrutiny of the records of Subarnarekha Irrigation Division No.I, revealed that the contractor had actually executed work worth Rs.83.43 lakh as against the payment of Rs.92.60 lakh received by him. The excess payment of Rs.9.17 lakh was due to measurement of the quantities of work by string section instead of level section. The Junior Engineer in charge of the work took the wrong measurement which was accepted by both Assistant Engineer and Executive Engineer . There was also an excess payment of Rs.1.84 lakh, as escalation charges were incorrectly computed. The contractor was paid (March 1989) machinery advance of Rs.19.20 lakh against hypothecation of an excavator at the work site. Although the contract conditions stipulated that the entire advance with interest would be recovered by the time eighty *per cent* of the value of the contract was completed, the department did not synchronise the rate of recovery with the value of work completed. Further, on the plea of the contractor for repair and maintenance of the machinery, the Chief Engineer (CE), SIP allowed (May 1995) its removal despite being aware that the contractor was defaulter in execution and the advance was not recovered in full. As a result, machinery advance together with interest totalling Rs.12.21 lakh (principal : Rs.8.72 lakh and interest of Rs.3.49 lakh) for the period from July 1992 to November 1995 could not be recovered from the contractor. Against the total recoverable dues of Rs.28.85 lakh, only Rs.3.78 lakh of initial security deposit was available with the Division. Performance security deposit of Rs.5.76 lakh recovered from the contractor's bills were not forfeited as a decision on closure of the contract was yet to be made.

The left over works estimated to cost Rs.1.33 crore were awarded (November 1996) to another agency on retender (July 1996) at a cost of Rs.1.65 crore stipulating completion by November 1998. The contract for the balance work includes an item for removal of 0.15 lakh cum. of silt at a cost of Rs.6.37 lakh deposited in the canal during the period of four years since the work was stopped.

Thus, due to erroneous measurements of work, unjustified removal of machinery from the site and delay in closure of the contract resulted in loss of Rs.25.07 lakh to the department. Besides, the delay in execution of the balance work involved extra expenditure of Rs.6.37 lakh towards removal of silt.

Further the work which was to be completed in March 1991 at a cost of Rs.1.92 crore was remaining incomplete for more than six years as of May 1997 with cost escalation of Rs.65.93 lakh as per the contract for the left over work.

The matter was referred to Government in May 1997; they stated in October 1997 that the measurement for the string section instead of level section was not erroneous and that the defaulting contractor removed the machinery clandestinely from the site. This was not tenable as the work was to be measured on level section according to rules and conditions of contract. The machinery hypothecated to Government should not have been allowed to be shifted specially when the contractor was defaulting in execution.

4.16 Village road bridge abandoned after spending Rs.23.10 lakh

To provide communication facility to the rural population a village road bridge (VRB) was to be constructed over Kula Nullah near Village Koratpanga. With the approval (November 1990) of government the work was awarded by the Executive Engineer, Kendrapada Irrigation Division in January 1992 to a contractor at a cost of Rs.56.00 lakh for completion by July 1993. After executing work worth Rs.4.36 lakh, the contractor abandoned the work in December 1992. The department got the work executed valuing Rs.18.84 lakh through other agencies between June and July 1993. However, the government terminated (October 1993) the original contract without levying any penalty and ordered to close the work for want of funds.

Audit scrutiny of the records of Kendrapada Irrigation Division revealed (May 1997) that the work completed comprised only sheet piling (61.114 tonnes) and foundation concreting. Further, the contractor did not return the unutilised departmental materials (cement: 100 bags and steel:9.668 tonnes) and the cost there of amounting to Rs.6.44 lakh was

not recovered from him. The cost of construction of coffer dam (Rs.2.89 lakh) to be recovered from the contractor in terms of the contract was also not realised from him. Against the total recoverable amount of Rs.9.33 lakh (unutilised materials : Rs.6.44 lakh plus cost of coffer dam :Rs.2.89 lakh), only Rs.0.10 lakh of security deposit was available with the Department. But no action was taken to realise the balance dues of Rs.9.23 lakh as of May 1997 by the Department.

Thus, the decision of the government for closure of the work of VRB after Rs.23.20 lakh was spent on it rendered the expenditure unfruitful and denied communication facility to the people in the rural areas. Besides, Government dues amounting to Rs. 9.23 lakh on account of unreturned departmental materials and cost of construction of coffer dam remained unrecovered from the contractor.

The matter was referred to Government in May 1997; reply had not been received (December 1997).

4.17 Undue financial benefit to a contractor on account of escalation charges

Construction of "Pedestrian promenade and water sports lagoon inside Chilka lake" at Barkul was awarded (June 1990) to a contractor at a cost of Rs.69.84 lakh for completion within six months and no escalation charges were payable. The contractor did not complete the work by the scheduled date on the ground of monsoon and interim rainfall and was granted extension of time upto June 1992 with the stipulation that no price escalation on any account was payable during the extended period. The work was completed in June 1992 at a cost of Rs.53.79 lakh. The contractor represented in January 1993 for payment of differential cost on account of increase in the minimum wages from Rs.12.83 to Rs.25.00 with effect from July 1990. The Superintending Engineer, Central Irrigation Circle rejected the claim in May 1993 as there was no provision in the contract for payment of escalation and the delay in completion of the work was attributable to the contractor.

The Chief Engineer, Medium Irrigation-II, reopened the case in December 1993 recommending to government for reimbursement of differential cost due to increase in minimum wages from Rs.12.83 to Rs.25.00 on the quantum of work done beyond July 1990.

The government sanctioned the contractor payment of an additional sum of Rs.20.31 lakh in August 1995.

Scrutiny of the records of Khurda Irrigation Division revealed that the contractor had computed the labour rate at Rs.23.30 in his quoted rates. Hence the difference in wage rate for compensation, without prejudice to the fact that escalation was not admissible since the delay was attributed to the contractor, should have been limited to Rs.1.56 lakh on the difference of Rs.23.30 and Rs.25.00 instead of allowing payment of Rs.20.31 lakh on the difference between Rs.12.83 and Rs.25.00.

Thus, the amount of escalation charges of Rs.18.75 lakh was an undue financial benefit to the contractor and loss to the government. No action was taken to recover the amount.

The matter was referred to Government in May 1997; reply had not been received (December 1997).

4.18 Undue benefit to a contractor

Excavation of Right Main Canal from RD 42 to 45 Km. of Upper Indravati Project was awarded (January 1993) to a contractor at a cost of Rs.84.82 lakh for completion by May 1994. The excavation work could not be completed within stipulated period due to the existence of medium hard rock (MHR). The excavation of MHR for 2.15 lakh cum. for Rs.2.29 crore was entrusted to the contractor as extra items through supplementary agreement. According to the contract, the MHR mixed with disintegrated (DI) rock, intermediate stoney earth patches and stray cases of quartz boulder were to be separated and stacked after excavation for measurement. Deduction of minimum 25 per cent for voids was to be allowed to arrive at the net quantity payable to the contractor at the extra item rates for the MHR. The contractor was paid Rs.2.41 crore as of February 1997 for execution of the work which included excavation of MHR for 1.95 lakh cum.

Audit scrutiny of the records of Right Canal Division No.I, Mukhiguda revealed (March 1997) that the MHR after excavation was never stacked by the contractor. The Division had also not enforced the contractual provisions for deduction of voids (25 *per cent*) from the overall measured quantity of 1.95 lakh cum. This resulted in undue benefit of Rs.51.88 lakh to the contractor.

The matter was referred to Government in June 1997 and they stated in September 1997 that clause 34 of the general condition of the contract stipulated for level section measurement and no void was to be deducted. The contention of government was not tenable in view of the fact that clause 34 prescribed for level section measurement only in items which were not otherwise notified for measurement. The measurement to be adopted for the item of excavation of MHR was otherwise indicated under clause 11.2.3 of the contract. Since according to item specifications the MHR was mixed with other nature of earth and boulders etc, it was specified under that clause that payment for excavation of MHR would be made for the quantity arrived at on stack measurement after deducting a minimum of 25 *per cent* towards void. Failure to enforce the contractual provisions resulted in undue benefit of Rs.51.88 lakh to the contractor.

4.19 Tampering with the tendered rate leading to extra burden on the government

Two tenders were received in November 1996 for excavation of Minor and Sub-minors including construction of its structures from RD 35 to 37.5 Km. of Right Main Canal of Upper Indravati Project. The Executive Engineer (EE), Right Canal Division No. I, Mukhiguda and Superintending Engineer (SE) computed the lowest tendered cost at Rs.1.68 crore and recommended (November/December 1996) the same to the Chief Engineer (CE), Upper Indravati Project for consideration. The tendered cost was recalculated to Rs.1.73 crore by CE's office. Government approved (February 1997) the recalculated value and the CE accepted (February 1997) the tender. Agreement was executed with the contractor at Rs. 1.73 crore for completion of the work by August 1998. The work was under execution (June 1997).

Audit of the records of Division revealed (March 1997) that the rate quoted by the lowest tenderer in the tender document (both in words and figures) against item No.3 (excavation of all kinds of soil: 55,477 cum.) was Rs.20 per cum. The lowest tendered cost was computed at the levels of EE and SE to Rs. 1.68 crore adopting the above rate. In the office of the CE, the rate of Rs.20 per cum. was tampered with to read Rs. 29 per cum. and accordingly, the total tendered cost was increased to Rs.1.73 crore. The tampering of the rate resulting in extra liability of Rs. 4.99 lakh could not be detected at the level of CE/Government while accepting the tender. No action was taken as of June 1997 against the defaulting officials for the tampering of the tendered rate.

The matter was referred to Government in June 1997; they stated in October 1997 that the payment to the contractor for the item had been regulated at the originally quoted rate. However, no responsibility had since been fixed against the delinquent officials as of December 1997.

4.20 Infructuous expenditure due to delay in execution of work

Owing to prolonged flood action, which occurred every year the saline embankment from Jharling to Balanga being the confluence of river Devi and approach to Nuagarh Fishing harbour was severely damaged from RD 3.60 to 5.18 km. In order to check saline inundation to cultivable lands, the Chief Engineer, Delta and Flood Control technically sanctioned an estimate for Rs.16.40 lakh in May 1995 for construction of a retard line (an embankment in truncated section) below 60 metres of the existing embankment .

The work could not be taken up in right earnest due to delay in finalisation of tenders and was finally divided equally in May 1996 between two contractors. One of the contractors executed an agreement in May 1996 for Rs.16.19 lakh but the other contractor executed the agreement as late as in April 1997 for Rs.16.18 lakh. The works under both the agreements contemplated for completion in three months time were not completed as of June 1997. Despite default in execution, no penal action was initiated against the contractors.

Test check of the records of Nimapara Irrigation Division revealed (May 1997) that the non-completion of the work as per schedule warranted for providing immediate protective measures to save the cultivable lands from the floods of 1995. This measure involving construction of a toe wall with bullahs, bamboos, sand bags and stone dumping too was considerably delayed and was finally completed in December 1995 at an expenditure of Rs.20.30 lakh i.e. long after the flood season was over. The Junior Engineer in-charge of the work reported (April 1996) that soon after completion of the immediate protective works, the sand bags were damaged and the bullahs, piles and bamboos were taken away by the miscreants. Thereafter, neither the original work was completed nor any further immediate protective measures were provided as of June 1997.

Thus, due to abnormal delay in finalisation of tender and execution of work, the protective work remained incomplete as of June 1997. The expenditure of Rs.20.30 lakh on this work consequently did not solve the purpose of flood protection.

Executive Engineer stated (May 1997) that the expenditure was not infructuous since the immediate protective measures worked for the flood season of 1995. This was not tenable since the work was finally completed in December 1995 much after the flood season was over and that no protection was available for the 1996 flood season.

The matter was referred to Government in June 1997; reply had not been received (December 1997).

4.21 Non-observance of provisions of employees' provident funds scheme

According to the provisions under Employees' Provident Funds (EPF) and Miscellaneous Provisions Act (MPA), 1952 any employee who had put in three months of continuous service or had actually worked for sixty days in a period of three months or less under the same employer in an establishment of building and construction industry would, deem to be a member of the scheme. Contributions at the rate of 6.25 to 8 *per cent* of the wages including dearness allowance were payable to the EPF on equal proportion both by the employer and employee. The employer was responsible for timely deduction of the employees' share from his wages. In case of failure to do so, the employer was to pay both the shares as the recovery of arrears from the employees was not permissible under the provisions.

Scrutiny of records of the Chief-Engineer and Basin Manager Bramhani Basin, Samal conducted during (April 1996) revealed that while the EPF Scheme was made applicable by the Government and its functionaries to the work charged employees in five of the six major irrigation projects of the state including a portion of employees of Rengali Irrigation Project classified under building and construction industry since 1981, it was not made applicable to the work charged employees of other branches of Rengali Irrigation Project (RIP) Samal although they satisfied the eligibility criteria for becoming members of the scheme. The Regional Provident Fund Commissioner (RPFC) also issued instructions in May 1982 to the project authorities of RIP to extend the benefits of the scheme to the employees working under that project. But no action was taken by the project authorities to enroll them. The employees went for litigation and the government ultimately paid Rs.67.09 lakh (employees' share:Rs.31.25 lakh and government's share:Rs.35.84 lakh) under court order.

Thus, inaction on the part of government despite EPF Commissioners' directions in 1982 in making the EPF Scheme applicable to the eligible work charged employees of RIP, resulted in Government having to pay the employees' share as well, causing a pecuniary loss of Rs.31.25 lakh to the state exchequer.

4.22 Avoidable extra expenditure due to deviation from the approved specification

An aqueduct was to be constructed at RD 31.595 metre of Right Main Canal of Upper Indravati Project at a cost of Rs.61.43 lakh by October 1994. The abutments and piers of the aqueduct were to be constructed with Random Rubble (RR) stone masonry at the rate of Rs.441 per cum. as per the contract of the work (April 1993). In March 1994 the Chief Engineer of Upper Indravati Irrigation Project changed (March 1994) the specification from RR stone masonry to Cement Concrete (CC) M-10 for better workability and safety of the structure and instructed the EE to construct the structure accordingly.

It was seen in audit that according to specifications and departmental analysis of rates CCM-10 was to be executed with 40 mm downgraded metal. The Superintending Engineer (Design) also prescribed (May 1994/July 1995) 40 mm downgraded metal. Further, substituted item of work was to be executed on the same conditions and rate as specified for such work in the contract. This contract provided for use of 40 mm downgraded metal in CCM-10 in foundation of the aqueduct at Rs.828 per cum. Therefore, the substituted item CCM -10 for abutment and piers should have been executed using 40 mm downgraded metal which would cost Rs.48.53 lakh (5862 cum.x Rs.828 per cum).This was however, not implemented by the EE and 5,862 cum. of work was executed with 25 mm downgraded chips as of February 1997 involving payment of Rs.70.35 lakh to the contractor at the rate of Rs.1200 per cum.

The execution of the item with 25 mm downgraded chips, deviating from the approved specifications and at higher rate, resulted in avoidable extra expenditure of Rs.21.82 lakh to the department.

EE stated (June 1997) that the revision prescribing use of 40 mm downgraded metal was received after work started with 25 mm downgraded chips. As such, the rest of the work continued with 25 mm downgraded chips. Further, the rate of CCM-10 in the contract was prescribed for foundation and the same was not made applicable for superstructure. This was not tenable as the specification and analysis of rates as per norms prescribed for use of 40 mm downgraded metal in CCM-10 should not have been deviated without specific approval of the

competent authority. Moreover, works should not have started before receiving the design and specifications.

The matter was referred to Government in June 1997; reply had not been received (December 1997).

4.23 Over payment to the contractor

Construction of canal syphon-cum-bridge across river Chitrotpala near village Harichandanpur was awarded (December 1991) to a contractor at a cost of Rs.16.66 crore for completion by December 1995. The contract included inter-alia execution of five (items 2 to 6) cement concrete items of different specifications at the rates provided in the schedule of quantities. The specifications of the items and the conditions of the contract stipulated that the item rates were inclusive of the charges for the cost, maintenance, erection and removal of the form work (centering and shuttering arrangements) necessary to hold the concrete. The contractor was not entitled to any additional payments over the tendered item rates. Accordingly, the contractor executed 0.26 lakh cum. of cement concrete work pertaining to the five items for which he was paid Rs.4.87 crore which included payment towards centering and shuttering (Form work) as of February 1997.

Scrutiny of records of Mahanadi Chitrotpala Island Irrigation Division No.I, Kendupatna revealed (August 1996) that the Executive Engineer (EE) allowed (August 1996) separate payment of Rs.78.39 lakh for the centering and shuttering (form work) at the rate of Rs.175 per sqm. for 44797 sqm. It was found that the payment was made on the basis of a separate item additionally provided in the contract.

Thus, erroneous inclusion of a separate item for centering and shuttering (form work) work in the agreement resulted in over payment of Rs.78.39 lakh to the contractor and was recoverable.

The matter was referred to Government in March 1997; Government stated in September 1997 that the centering and shuttering work were not included in the cement

concrete items and as such paid through a separate item. The reply was not actually correct since as per item specification and conditions of the contract the provisions for cement concrete items included the charges of form work. No recovery was effected as of December 1997.

4.24 Excess payment of escalation charges

The minimum wage of labour was revised by Government of Orissa from Rs.12.83 to Rs.25.00 with effect from 1 July 1990. The Government in Rural Development Department clarified (February 1993) that no escalation on labour component was to be allowed in respect of contracts finalised after 1 July 1990 since impact of enhanced minimum wages was built into the tendered amounts irrespective of the fact whether estimated cost were framed/recast basing on the revised labour rate. According to the above orders, all contracts finalised after 1 July 1990 were to be reviewed for deletion of the existing labour escalation clause after adding therein another clause to the effect that price adjustment for labour would be made only if there was any increase or decrease in the minimum wage of Rs.25 as fixed by Government.

Test check of records in the following three minor irrigation divisions revealed that the tenders for six works were finalised after 1 July 1990. There was also no increase in the minimum wage during the currency of the contracts. However, payments for escalation on labour component were allowed to contractors between July 1991 and March 1996 resulting in

excess payment of Rs.14.90 lakh as detailed below :

Sl. No.	Name of the Division ----- Name of the work	Date of receipt of tender	Value of contract (Rupees	Amount of escalation charges paid on Labour component in lakhs)	Period of payment
1.	2.	3.	4.	5.	6.
Minor Irrigation Division, Ganjam-I					
1.	Construction of Gopalganda Minor Irrigation Project (MIP)(construction of Spillway) in Sanakhemundi Block	June 1992	57.55	3.39	March 1996
2.	Construction of Badadevasagar MIP (Dam, Surplus escape and Head Regulator, Kukudakhandi Block)	January 1992	39.14	0.60	June 1995
3.	Construction of Khairabank MIP(Earth Dam from 00 to 570M. and 1020 to 1245 M. with two head regulators)	April 1991	37.16	1.35	August 1992
4.	Construction of Khairabank MIP (Construction of Falls at RD 90 M. and 240 M. in surplus channel including excavation of surplus channel from RD 00 to 150 M.	June 1992	57.61	0.86	August 1995
Minor Irrigation Division, Baripada					
5.	Construction of head works of Nedam MIP.	September 1991	54.42	1.84	July 1993 May 1994
Minor Irrigation Division, Phulbani					
6.	Construction of Domkutch MIP (balance works)	September 1990	80.48	6.86	December 92 March 1993
Total				14.90	

Executive Engineer of Minor Irrigation Division, Baripada agreed (March 1997) to recover the excess payment of Rs.1.84 lakh. The other two Executive Engineers, however, stated (January 1997/March 1997) that the payments were made according to the escalation clause existing in the contracts. This was not tenable since the tenders were finalised after revision of minimum wage and such contracts were to be reviewed for deletion of the existing labour escalation clause with addition of new clause to the effect that price adjustment for labour would be made only if there was increase or decrease in the minimum wage of Rs.25 per day. Failure to do so resulted in excess payment of Rs.14.90 lakh to the contractors.

The matter was referred to Government in April 1997; reply had not been received (December 1997).

4.25 Incorrect bid evaluation and extra contractual benefits

Tender notices (September 1995) floated for the works of "Treatment to crest of Sorada Dam including surface drainage arrangements" and "Rehabilitation of Padma anicut" stipulated that the bidder should have satisfactorily completed atleast a major work of similar nature of value not less than Rs.3.50 crore and should have achieved a minimum annual financial turnover in all classes of civil construction works of Rs.3.50 crore in any of the years during last five years. The lowest responsive bids received (October 1995) from a firm for the above works were Rs.6.36 crore and Rs.8.28 crore respectively. The firm submitted legal documents supporting its claim of being qualified to undertake works due to merger of another firm with them from March 1994 transferring all their assets, liabilities and past experience. The Law Department opined (November 1995) that the bids for both the works were not responsive since the firm had utilised the bank solvency and past experience of the amalgamated company to fulfil the eligibility criteria. Accordingly, the lowest bid in respect of the work "Treatment to crest of Sorada Dam including surface drainage arrangements" was rejected and the tender of second lowest responsive bid of another firm amounting to Rs.6.90 crore was approved (February 1996) by Government with stipulation for completion of the work by August 1998. This resulted in extra cost of Rs.53.17 lakh at the tender stage.

However, while finalising the tender in respect of the work of 'Rehabilitation of Padma anicut', the decision of the Law Department was got examined (April 1996) by the Advocate General on the consideration that the matter involved complicated question of law. The Advocate General observed that the merger of the two companies was change in name with the entire infrastructure remaining the same. As such, the firm had every right to utilise the assets and past experiences of the previous company to satisfy the bid criteria and accordingly held that the lowest bid was responsive. Thereafter, Government accepted (July 1996) the lowest bid for the second work amounting to Rs.8.28 crore and the work was awarded (August 1996) to them for completion by November 1998. Both the works were under execution as of October 1997.

Thus, the rejection of the lowest responsive bid in respect of the work 'Treatment to crest of Sorada Dam' was incorrect in view of decision of Advocate General and led to extra cost of Rs.53.17 lakh at the tender stage.

Further, according to the conditions of the contract the construction and maintenance of the approach road and coffer dam for execution of the main work was the responsibility of the contractor for the first work (Treatment to crest of Sorada Dam including surface drainage arrangements) was paid Rs.8.98 lakh on such account which led to extra contractual benefits. This was not recovered as of October 1997.

Executive Engineer of Dam Safety Assurance Rehabilitation Project Division No.II, Sorada stated (March 1997) that the lowest bid being considered non-responsive was rejected and that since the construction of coffer dam and approach road did not find place in the bill of quantities, the conditions of contract had no meaning. This was not tenable as the lowest firm had quoted against the tenders for two works for which technical qualifications were identical and that the firm had actually been considered technically qualified in the tender for the second work. Therefore, the firm was equally qualified to be considered for the tender for the first work also. Moreover, payment for the coffer dam and approach road, despite being covered under the conditions of the contract to be executed by the contractor at his cost and risk, led to extra contractual benefits.

The matter was referred to Government in March 1997; their reply had not been received (December 1997).

4.26 Unfruitful expenditure due to abandonment of work

Gopaliaghai Totabali, a partly derelict Minor Irrigation Project, in Sorada Block of Ganjam District was providing Irrigation to 14.57 hectares of land. To increase the irrigation potential to 52.60 hectares, Government in Rural Development Department accorded (November 1991) administrative approval for renovation to the earth dam, surplus escape, surplus channel, head sluice and distribution system at an estimated cost of Rs.16.61 lakh. The works were awarded (December 1991) to a contractor at a cost of Rs.16.97 lakh stipulating completion by October 1992. The contractor after executing work worth Rs.12.27 lakh abandoned further execution from October 1994 on the grounds of non-availability of good earth, break down of machinery and rainy season. Thereafter, the Executive Engineer proposed (April 1995) to close the contract and execute the balance works through invitation of fresh tender.

Scrutiny of records of Minor Irrigation Division No.II, Berhampur by Audit revealed (September 1996) that the contract was neither closed nor the government had taken action for completion of the balance work of Rs.4.70 lakh (further estimated in April 1995 to cost Rs.7.73 lakh) as of September 1997. As a result, the targeted irrigation potential was not achieved rendering the expenditure of Rs.12.27 lakh incurred on the Project unfruitful. Besides, the defaulting contractor retained 103 bags of unutilised cement and not returned to the department for which Rs.0.41 lakh at the penal rate were outstanding for recovery September 1997.

The matter was referred to Government in March 1997; Government stated in September 1997 that action for closure of contract and completion of the balance work was under process and that of outstanding material the cost would be recovered from the final bill.

4.27 Additional liability for incomplete irrigation project

To provide irrigation to 135 hectares of Kharif and 75 hectares of Rabi crops as well as improving the drainage capacity of 500 hectares of water logged area in Balasore district, the execution of Gobarkhal Tank Creek Irrigation Project was taken up in the year 1988-89. The work was entrusted (February 1989/March 1990) to two contractors at a cost of Rs.8.60 lakh (Rs.5.00 lakh and Rs.3.60 lakh) for completion by March 1989 and June 1990 respectively. Thereafter, Government in erstwhile Irrigation and Power Department accorded (April 1989) administrative approval for Rs.10.66 lakh for execution of the project under Irrigation advancement programme with stipulation for completion by 1989-90.

The project comprised of renovation of creek covering 2.25 km., construction of control sluice and rough stone dry packing. For the above works, allotment of Rs.13.79 lakh was provided by 1990-91. The creek was renovated for one kilometre of the total length of 2.25 km. and the control sluice was erected only upto deckslab level by the end of 1990-91 at an expenditure of Rs.10.98 lakh. Thereafter the work was left incomplete from May 1990 resulting in an unfruitful expenditure of Rs.10.98 lakh. No action was taken to terminate the contract at the risk and cost of the defaulting contractor.

The matter was referred to Government in March 1997 and they while accepting factual position stated in October 1997 that the work could not be completed due to paucity of funds and that additional amount of Rs.15.66 lakh would be necessary for completing the works. The reply was not tenable as adequate funds were provided for early completion of the project and the work actually remained incomplete due to default in execution by the contractor. However, no further works were executed as of October 1997.

Thus, the failure to enforce contract conditions for non-completion of the project by the contractor resulted in unfruitful expenditure of Rs.10.98 lakh apart from additional liability of Rs.15.66 lakh for completing the works.

4.28 Nugatory expenditure towards payment of back wages

According to the provisions of the Industrial Disputes Act 1947, no workman employed in any industry who has rendered a continuous service for not less than 240 days in one year under an employer shall be retrenched by that employer until (a) he has been given one month's notice in writing indicating the reasons for retrenchment and the period of notice has expired or the workman has been paid, in lieu thereof wages for the period of the notice, (b) he has been paid at the time of retrenchment, compensation which shall be equivalent to fifteen days average pay for every completed year of service or any part thereof in excess of six months and (c) notice in the prescribed manner is served on him.

Scrutiny of records of the Kendrapara Irrigation Division, revealed (March 1996) that the Executive Engineer (EE) without complying with the aforesaid requirements of the Act retrenched with effect from 30 November 1984, 40 nominal muster roll (NMR) staff who worked for more than 240 days in the year preceding the year of termination. The termination was made on the ground of reduction in work load and inadequate provision under maintenance grant. The retrenched staff filed a case before the Industrial Tribunal in 1986 and the Tribunal quashed the retrenchment order of 34 workmen as illegal on the ground that the Department had no evidence of issue of prior notice of one month for termination or payment of one month's pay in lieu thereof though the staff had worked more than 240 days in the preceding year. The Tribunal in their judgement of 22 June 1991 passed orders for their reinstatement with full back wages. The remaining 6 workmen were not entitled to the back wages and reinstatement. The department appealed (1991/1995) before the High Court where the appeal was summarily dismissed since it involved no question of law or of facts. The department then appealed to the Supreme Court which ordered for payment of back wages from 22 June 1991 (the date of award by Industrial Tribunal) with reinstatement. Accordingly, the reinstatement order was issued in April 1995 and the back wages amounting to Rs.9.15 lakh paid in December 1995 in respect of 33 workmen (one expired before the applicable date). The total amount payable would have been only Rs.0.10 lakh if notice as contemplated in the Act had been served. The specific works for which the staff were engaged after

reinstatement with a recurring liability of Rs.3.10 lakh per annum could not be indicated by the EE.

Thus, non-compliance with the mandatory provisions of the Act resulted in nugatory expenditure of Rs.9.05 lakh apart from recurring liability of Rs.3.10 lakh per annum. No action was taken against the officials responsible for causing pecuniary loss to government due to non observance of well known mandatory provisions.

On this being pointed out, the EE stated (March 1997) that the payment was made in terms of orders of the court.

The matter was referred to Government in March 1997; reply had not been received (December 1997).

4.29 Excess payment due to wrong measurement

The work of improvement to Bhargavi left embankment from RD 2.00 km. to 8.45 km. estimated to cost Rs.62.61 lakh was allotted (March 1996) to Orissa Construction Corporation (OCC) at a cost of Rs.1.03 crore (64 *per cent* excess over the estimated cost) for completion by March 1998. The agreement provided for execution of 0.63 lakh cum. of earth work at the finished rate of Rs.79.80 per cum. OCC had executed earth work for 0.58 lakh cum. as of April 1997.

According to the specification of the agreement and analysis of rates, earth was to be laid in continuous horizontal layers of 22.5 cm. to be compacted to 15 cm. thickness by sheep foot rollers and dozers thus reducing voids by 33.33 *per cent*. Measurement of the earth work was to be taken on finished compacted level section. The earth work was however, executed by OCC without compaction by sheep foot rollers and dozers. The loose earth placed on the embankment was allowed to settle by natural process.

Audit of records of Nimapara Irrigation Division revealed (March 1997) that the earth work was measured for 0.67 lakh cum. and out of that quantity, 0.08 lakh cum. (12.5 *per cent*) was deducted towards voids though as per the specifications 33.33 *per cent* (0.22 lakh cum.) was deductible. Less deduction of voids resulted in excess payment of Rs.11.17 lakh for 0.14

lakh cum. to OCC. The division took no action for recovery of the excess payment as of June 1997.

The matter was referred to Government in June 1997; reply had not been received (December 1997).

4.30 Extra contractual benefits

Construction of link canal from RD-00 to 8.67 Km. with protection of right bank alongwith structures and service road was awarded (February 1996) to a contractor at a cost of Rs.11.85 crore for completion by February 1999. The design and specifications for the work provided that during excavation of the canal, earth equal to thickness of cement concrete linings (termed 'proud') be left unexcavated temporarily and finally removed just before placing concrete. Accordingly, the contract provided for excavation of 2.68 lakh cum. of all kinds of soil at Rs.26 per cum. During execution of the work, 0.77 lakh cum. of earth work pertaining to proud cutting was bifurcated from the above quantity and provided for execution at Rs.37.79 per cum. by drawing up (August 1996) supplementary agreement on the ground that the removal of proud was an additional operation and not covered under the item rate of excavation work. Incorporation of the work of proud cutting as an extra item constituted an extra contractual benefit of Rs.9.04 lakh to the contractor. As of February 1997, such benefit after payment of the extra item on the executed quantity of 0.12 lakh cum. worked out to Rs.4.44 lakh and the work was still in progress.

Proud cutting, though a separate operation in terms of phasing of work, is included as part of composite rate of payment for excavation in agreements for such works. No supplementary agreements are entered into. Scrutiny of records of Mahanadi Chitrotpala Island Irrigation Division No.1, Cuttack revealed (August 1996) that as per conditions of the basic contract the rate of Rs.26 per cum. provided for the excavation work was inclusive of the work of removal of proud and also was for finished item including all costs and operations required for carrying out and completing the item of work in accordance with the drawing and specifications. As such, no supplementary agreement was required nor any extra rate was required for removal of the proud. Thus, payment for proud cutting at higher rate despite

specific provisions in the contract for its removal at the rates provided for the excavation work constituted extra contractual benefits of Rs.9.04 lakh to the contractor.

The matter was referred to Government in April 1997; and they stated in July, 1997 that the quantity paid at higher rate was not only for proud cutting for the concrete lining but also for execution of filter drains both in the bed slopes, excavation of sleeper beams and pressure relief. The reply was not tenable since as per the supplementary agreement the volume of excavation pertained only to proud cutting for concrete lining and as per conditions of the contract payment for the same at higher rate treating it as extra item was not admissible.

RURAL DEVELOPMENT DEPARTMENT

4.31 Construction of high level bridge over Gobari river left incomplete

Construction of high level bridge over river Gobari on Angulai-Orat and Orat-Bijaya Nagar Badhi Road with 80 metres approaches on both sides was awarded (October 1991) to a contractor at a cost of Rs.2.82 crore for completion by April 1994. The contractor executed work of Rs.1.15 crore and stopped execution from March 1994 and stated (November 1994) that work would not be continued unless the item rates were revised. The Chief Engineer (CE), Rural Works (RW), pointed out (March 1995) to Government that due to poor funding the work had suffered and suggested (March 1995) for transfer of the half constructed bridge to Works Department for completion by them. However, the contract was not closed and the balance work was not executed as of June 1997 and the expenditure of Rs.1.15 crore incurred on the bridge remained unfruitful.

Audit of the records of RW Division, Kendrapara revealed (January 1997) that the contractor did not return unutilised cement : 768 bags and steel : 60.979 tonnes to the department for which Rs.37.60 lakh at the penal rate was recoverable from him. Against these, dues of contractor only Rs.5.76 lakh in shape of security deposit was available with the

department. No action was taken as of June 1997 to realise Rs.31.84 lakh (Rs.37.60 lakh less Rs.5.76 lakh) from the contractor.

The Executive Engineer stated (May 1997) that the question of transfer of bridge to the control of works Department was under consideration of Government and that the contractor would be asked to return the materials failing which its cost at penal rate would be recovered.

Thus, due to the failure of the Government to take prompt action on the suggestion of CE and the departments' inability to enforce the conditions of contract, the construction of the bridge remained incomplete since March 1994. The possibility of the completion of the remaining work was uncertain as decision in this regard had not yet been taken. As a result Rs.1.15 crore spent on the unfinished bridge remained unfruitful for more than three years.

The matter was referred to Government in June 1997; reply had not been received (December 1997).

4.32 Construction of a causeway below the specified level

The design for construction of a vented cause-way (VC) having 52 rows of one metre dia hume pipes over the Sankhei nullah at 5.5 Km. on Barundei Bandal Road was approved (March 1993) by the Chief Engineer Rural Works-I (CE, RW) for providing all weather communication to two Grampanchayats. The work was got completed (February 1995) by the Executive Engineer (EE), Rural Works Division, Jajpur through a contractor at a cost of Rs.13.40 lakh. During inspection (August 1995) the EE noticed stagnation of water at the site since the VC was not able to discharge the water even during ordinary flood. He therefore, suggested providing another tier of hume pipe vents over the causeway. Thereafter, the Superintending Engineer (SE) in consultation with the CE approved (December 1996) for providing 51 rows of 600 mm dia hume pipes over the VC. The work was awarded (December 1996) to another agency at a cost of Rs.13.03 lakh and was under execution (June 1997).

Audit scrutiny revealed (October 1996) that as per the pre-construction survey and investigation, 1.2 metre vent over the bed level of the nullah was necessary to discharge the water in the site. During construction, instead of laying the hume pipes over the bed level of nullah, the pipes were laid much below the bed level of the nullah. As a result, the flood water was not discharged and created an artificial pond of 1.3 metres depth of standing water. In order to allow proper release of water, another tier of hume pipes had to be provided through an other agency involving extra liability of Rs.13.03 lakh.

Thus, due to the construction of the VC at an incorrect level in deviation of survey and investigation report, extra liability of Rs.13.03 lakh was imposed on the department at the tender stage.

The matter was referred to Government in June 1997; Government in their reply stated in October 1997 that the pre-construction survey and investigation was made considering the discharge of water in earlier floods and also to save money instead of using the hume pipe of higher dia. On being noticed subsequently that the VC was not able to discharge the standing water smoothly, another tier of hume pipe was provided.

The reply was not convincing in view of the fact that the pre-construction survey and investigation required provision of 1.2 metre vents against which only 1 metre vent was provided in the actual execution.

4.33 Non-recovery of cost of stock and tools and plant materials found short

According to the codal provision, Divisional and Sub-divisional officers are required to verify the ground balance of materials under their charge with the book balance atleast once/twice in a year to find out discrepancies and to take necessary action to recover the cost thereof from the delinquent officials.

In respect of the Rural Works (RW) Section, Rajghat under RW Division, Balasore the physical verification of ground balances of stock and T&P materials conducted for the period ending March/September 1994 disclosed shortage of stock materials worth Rs.11.28 lakh and Tools & Plant articles for Rs.2.81 lakh. The Executive Engineer (EE) asked to reconcile the

shortages in January 1995. Since he failed to reconcile the shortages, the Superintending Engineer, RW Circle, Keonjhar proposed (July 1995/May 1996) to the Chief Engineer for effecting recovery of the cost of the materials found short from the JE. The proposal was not approved as of June 1997 and consequently no recovery has been made so far.

Audit of records of RW Division, Balasore revealed (September 1996) that despite audit comments, verification of the ground balances of stock and Tools and Plant materials of the section was not conducted during January 1987 to January 1993. This had facilitated non-detection of shortages of materials worth Rs.14.09 lakh in time and realisation of the costs thereof from the defaulting JE.

The matter was referred to Government in February 1997; Government stated in September 1997 that steps were being taken for effecting recovery of Rs. 14.09 lakh from the concerned Junior Engineer towards cost of the materials under shortage.

4.34 Bridge remaining incomplete even after seven years

Construction of a high level bridge over Badajhara nullah along with its approach road at 10th Km. of R.Udayagiri-Sambalpur Road was awarded (November 1988) to a contractor at a cost of Rs.16.64 lakh for completion by April 1990. The contractor executed work worth Rs.4.43 lakh as of April 1990 and stopped further execution. The pier No.I constructed at a cost of Rs.0.33 lakh collapsed in November 1990 and thereafter the contractor abandoned (November 1990) the work. As the contractor did not turn up despite issue of notices, the contract was rescinded (March 1992) by the Chief Engineer (CE), Rural Works (RW)-I with stipulation that the extra expenditure in execution of the balance work through other agency would be realised from the contractor. The balance work was awarded (October 1993) on retender to Orissa Bridge and Construction Corporation (OBCC) at a cost of Rs.46.29 lakh for completion by April 1995. OBCC executed work only for Rs.8.72 lakh as of November 1996. No compensation for delay in execution was realised from them as of June 1997. The balance work awarded to OBCC involved an additional burden of Rs.10.90 lakh to the department computed with the item rates of the original contractor. This was approved (May 1997) by the CE for realisation from the defaulting contractor.

The defaulting contractor retained unutilised cement : 1,157 bags and Steel : 7.464 tonnes for which Rs.6.56 lakh at the penal rate was recoverable from him. Besides, Rs.0.25 lakh pertaining to cost of 390 bags of cement utilised in the work was pending for recovery. Against the total recoverable amount of Rs.17.71 lakh from the contractor, only Rs.0.51 lakh towards securities was available. The department filed a money suit in 1994 for realisation of Rs.6.81 lakh but no money suit was filed to realise the balance dues of Rs.10.90 lakh inclusive of cost of pier No.I (Rs.0.33 lakh).

Thus, due to department's failure to enforce the condition of contract and to complete the balance work through other contractor, the construction of the bridge was remaining incomplete even after seven years.

The matter was referred to Government in May 1997; they stated in October 1997 that necessary money suit would be filed for realisation of government dues from the defaulting contractor.

4.35 Irregular works expenditure through hand receipts

According to the codal provisions, the monthly accounts incorporating therein all vouchers and transfer entry orders in respect of cash payments and other charges of a Public Works Division are required to be submitted to the Accountant General (AG) by 10th of the month following that to which it relates. However, vouchers relating to works or contingencies, the amounts of which do not exceed Rs.1,000 are not required to be submitted with the monthly accounts.

Scrutiny of the monthly accounts in Audit revealed that three Public Works Departments with 224 divisions had drawn total amount of Rs.644.55 crore during the financial year 1996-97 under different heads through cheques which included expenditure for Rs.206.72 crore on maintenance and repairs. Of the vouchers for Rs.40.94 crore not submitted to Audit alongwith the monthly accounts, the vouchers relating to maintenance and

repair works amounted to Rs.22.44 crore. The department-wise details are shown below :

Sl. No.	Name of the Department	No. of Divisions	Total amount of cheques drawn during 1996-97	Expenditure on maintenance and repair works	Amounts for which vouchers not submitted to audit	Amounts of vouchers on maintenance and repair works not submitted to audit
(R u p e e s i n c r o r e s)						
1	2	3	4	5	6	7
1.	Rural Development Department	51	173.61	69.25	14.17	9.92
2.	Works Department	54	224.29	123.09	9.49	7.05
3.	Water Resources Department	119	246.65	14.38	17.28	5.47
Total		224	644.55	206.72	40.94	22.44

Test-check conducted during Local Inspection in the field units revealed that the expenditure on maintenance and repairs on vouchers not submitted alongwith the monthly accounts pertained to payments made through hand receipt forms out of temporary advances issued to the Sub-Divisional Officers (SDOs) despite the fact that the Works and Finance Departments had instructed (August 1991/August 1995) not to incur any works expenditure through hand receipt forms except for miscellaneous advances and refunds. Although rules require that temporary advances can be issued to the SDOs to enable them to make payment on passed vouchers, such advances were issued to the SDOs without following the norms. This gave rise to irregular petty payments on hand receipt forms through split up vouchers within the financial limitation of the SDOs.

Thus, an amount of Rs.22.44 crore relating to the above three departments was spent irregularly on maintenance and repair works during the financial year 1996-97 in violation of repeated instructions of Government prohibiting use of 'hand receipts' in such works.

The matter was referred to the Government in respective departments in November 1997; their reply had not been received (December 1997).

CHAPTER - V
STORES AND STOCK
WORKS DEPARTMENT

5.1 Mis-appropriation of bitumen by carriage contractors and Junior Engineer (Stores)

(i) According to the existing procedure for procurement of bitumen through Director General of Supplies and Disposal (DGSD), the Indian Oil Corporation (IOC) delivers the bitumen to the authorised carriage contractors on the basis of orders placed with IOC. On receipt of consignee receipt certificate (CRC) duly signed by the consignee in proof of receipt of the bitumen, the carriage charges are paid to the transporter by the IOC, and 98 *per cent* of the cost of bitumen is payable to IOC by the Pay and Accounts Officer. The remaining two *per cent* is payable only after final certification of receipt of goods. In case of carriage by private agency, Government prescribed (June 1993) for obtaining a bank guarantee from the carriage contractor equal to the cost of materials to be transported. Government also ordered (August 1995) that one Junior Engineer (JE) or one responsible representative of the consignee division should accompany the fleet of carriers carrying bitumen from source till delivery.

In respect of nine consignee divisions, the carriage contractors lifted 6890.800 tonnes of bitumen from the IOC against the supply orders placed between December 1988 and April 1997, but delivered only 5784.799 tonnes to the consignee. Thus, they misappropriated

1106.001 tonnes of bitumen valued at Rs.57.81 lakh as shown in the table below:-

Sl. No.	Name of the Authority placing order	Supply order/date	Quantity lifted by the transporters (.....In tonnes.....)	Delivered quantity	Misappropriation of bitumen by transporters	Value of Misappropriated bitumen (Rupees in lakhs)
1	2	3	4	5	6	7
1.	SE Jeypore (R&B) Circle	July 1995/ February 1996				
	Rayagada (R&B) Division		551.570	400.130	151.440	8.53
2.	SE Cuttack (R&B) Circle	October 1994				
	Charbatia (R&B) Division		511.129	381.234	129.895	10.00
3.	SE Southern (R&B) Circle, Berhampur	October 1994				
	(a) Ganjam (R&B) Division No.II Berhampur	September 1995	863.403	806.223	57.180	2.59
	(b) Bhanjanagar (R&B) Division		1064.303	890.262	174.041	7.90
	(c) Phulbani (R&B) Division		1271.623	1204.693	66.930	3.04
	(d) Balliguda (R&B) Division		925.717	862.427	66.290	2.87
	(e) Parlakhemundi (R&B) Division		716.545	450.685	265.860	12.06
4.	SE Jeypore(R&B) Circle	February 1996				
	Malkangiri(R&B) Division		145.570	53.540	92.030	5.04
5.	SE N.H. Circle Sambalpur	December 1993	712.400	667.78	44.62	3.03
	N.H. Division Sambalpur	December 1988 to April 1997	128.540	67.825	60.715	2.75
Grand Total			6890.800	5784.799	1106.001	57.81

Test check of the records of above nine divisions revealed (March/July/September/November 1997) that the IOC had received 98 *per cent* cost of the bitumen. In respect of first eight consignees, the carriage contractors furnished forged CRC in token of receipt of bitumen by the consignee. No investigation report was available for the ninth consignee. Neither agreements (except for Charabatia (R&B) Division) were executed by the Divisional Officers with the contractors for carriage of the bitumen nor were necessary bank guarantees obtained from them while entrusting the transportation work. No representative of the Division Office accompanied the fleet of carriers to monitor the receipt and delivery of bitumen by the contractors in violation of the Government instructions. Due to the above failures, 1106.001 tonnes of bitumen was misappropriated and not delivered by the transport contractors resulting in loss of Rs.57.81 lakh to the department.

(ii) Apart from the above, against the book balance of 671.236 tonnes of bitumen in the stores section of Sambalpur (R&B) Division, the JE(Stores) handed over 44.250 tonnes to his successor on 30 September 1997 resulting in a shortage of 626.986 tonnes worth Rs.45.22 lakh. Further, against receipt of 1125.174 tonnes of bitumen between March 1997 and April 1997 from the IOC the same JE accounted for 1053.502 tonnes. This resulted in misappropriation of 71.672 tonnes of bitumen worth Rs.5.86 lakh. The cost of the misappropriated bitumen (Rs.51.08 lakh) was not realised from the JE as of November 1997.

Thus, the misappropriation of the bitumen by the carriage contractors and non-accountal of the bitumen by the JE (Stores) resulted in loss of Rs.1.09 crore to the department.

The matter was referred to Government in June/October/December 1997; their reply had not been received.

WATER RESOURCES DEPARTMENT**5.2 Loss due to advance procurement of paints**

Test check of records of Stores and Mechanical Division, Rengali Irrigation Project, Samal revealed (October 1996) that as per instructions (May 1994) of the Chief Engineer (CE), the Executive Engineer (EE) procured (July/August 1994) 3120 litres of aluminium red oxide primer and 7300 litres of aluminium paint (guaranteed for one year from the date of supply) at a total cost of Rs.7.78 lakh for the work of painting of Samal Barrage and its Head Regulator gates. The tender for the painting work however, could not be finalised as of April 1995 for lack of decision by Superintending Engineer (SE) on the workability of quoted rates. Thereafter, the painting works were included under WRCP package programme and taken up as late as in July 1996 through a contractor at a cost of Rs.57 lakh for completion by July 1997 on a finished item contract inclusive of supply of the paints by him. As a result, against the procurement, only 40 litres of aluminium paint valuing Rs.0.03 lakh were utilised in the other works of the Project by November 1995 leaving the balance quantity unutilised. The EE therefore, requested (November 1995) SE to declare the unutilised paints surplus to the project. Thus, 3120 litres of aluminium red oxide primer and 7260 litres of aluminium paint (7300 litres minus 40 litres) guaranteed for one year from the date of supply remained unutilised and got spoiled for which EE stated (September 1997) that these were to be surveyed.

Thus, the procurement of the paints without synchronising the finalisation of the tender for the works and actual requirement rendered loss of Rs.7.75 lakh to the department. No responsibility was fixed for the loss as of December 1997.

The matter was referred to Government in January 1997; they stated in September 1997 that the CE, RIP had instructed in August 1997 all the SEs and EEs of RIP to utilise the available paints for other departmental works within four months. This was not tenable as the paints had outlived its life and hence the entire expenditure was a loss.

RURAL DEVELOPMENT DEPARTMENT**5.3 Unnecessary purchase of stores**

The departmental rules for procurement of stores for use in Public Works, inter-alia, prescribed that purchases should be made economically with regard to sanctioned Reserved Stock Limit (RSL) after assessing the definite requirements in the ongoing works and stores in hand so as to avoid unnecessary purchases and accumulation of stores.

Consequent upon abolition of the Subarnarekha (R&B) Division, the stores of that division were brought over to the control of Rural Works (RW) Division, Balasore from December 1991. The Superintending Engineer, RW Circle, Keonjhar noticed in July 1993 unutilised materials of Rs.39.60 lakh in the stores of Subarnarekha (R&B) Division. As of February 1997 materials worth Rs. 1.98 lakh (five *per cent*) could only be disposed of.

Audit of the records of RW Division, Balasore revealed (September 1996) that the Executive Engineer (EE) of defunct Subarnarekha (R&B) Division purchased house hold fittings etc. between 1982 and 1987 in excess of actual requirement and without sanctioned estimate resulting in accumulation of stores and eventual deterioration in their quality. Of the unutilised stores, materials worth Rs. 4.64 lakh became unserviceable as of February 1997 due to long storage. The remaining materials worth Rs. 32.98 lakh could not be disposed of and remained unutilised for more than 10 years rendering them surplus to the division

Thus, purchase of materials beyond requirement by the EE resulted in loss of Rs. 37.62 lakh to the Government.

The matter was referred to Government in February 1997; Government in their reply (September 1997) while accepting the factual position stated that sincere efforts were being made to utilise the surplus materials in course of time.

CHAPTER VI
FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS
FINANCE DEPARTMENT

6.1(a) General

(i) Financial Assistance

In 1996-97, Government provided financial assistance of Rs.891.19 crore by way of grants and loans to various non-government bodies/institutions. Categorywise details are given below :

Sl.No	Category of bodies/ institutions	Amount of assistance paid (Rupees in crores)
1.	Educational Institutions (Aided Schools, Private Colleges, Universities etc.)	174.63
2.	District Rural Development Agencies (DRDA)	205.73
3.	Municipalities, Corporations, District Councils, Development Authorities, etc.	33.60
4.	Panchayat Samitis (PS)	64.68
5.	Integrated Tribal Development Agencies (ITDA)	60.16
6.	Co-operative Societies and Institutions	21.90
7.	Other Bodies/Authorities	330.49
Grand Total		891.19

The quantum of financial assistance from 1992-93 to 1995-96 have been indicated in paragraph no.1.5.2 of Chapter-I.

The financial assistance of Rs.891.19 crore provided during the year 1996-97 formed 17.41 *per cent* of total revenue expenditure (Rs.5117.25 crore) of Government. The corresponding figures of previous year (1995-96) were Rs.1280.47 crore and 27 *per cent*.

(ii) Outstanding utilisation certificates

Under the Financial Rules, in all cases in which conditions are attached to grants, utilisation certificates showing that the grants have been utilised for the purpose for which they are given are required to be furnished by the Departmental Officers to the Accountant General within a reasonable time as prescribed in the orders of sanction to grants-in-aid.

Utilisation certificates for an amount of Rs.287.36 crore relating to 87 units (63 PS: Rs.151.43 crore, 11 DRDAs:Rs.104.73 crore, 5 ITDAs : Rs.13.81 crore and 8 others : Rs.17.39 crore) were outstanding. This included Rs.31.52 crore of which the yearwise details were not available. The statement indicating the position of wanting utilisation certificates are detailed in the Appendix-XVIII.

Action was required to be taken for streamlining the procedure of watching timely receipt of utilisation certificates, as further release of grants was contingent upon furnishing of utilisation certificate.

(iii) Delay in submission of accounts

Mention was made in Paragraph 7.1(a) of Audit Report (Civil) for 1995-96, about non-receipt of information from Departments of Government regarding grants and loans given to various bodies/authorities to facilitate determination of the applicability of Section 14 of the Comptroller and Auditor General's (DPC) Act, 1971. The position did not improve during 1996-97 even though the Finance Department had agreed (May 1988) to furnish such details by the end of June each year. As a result, except in the case of 50 bodies whose accounts for 1996-97 were received as of November 1997, applicability of section 14 could not be ascertained in other cases, if any, to whom financial assistance was released during 1996-97.

6.1.(b) Audit of Autonomous Bodies

During the year ended 31 March 1997, audit of the accounts of 97 autonomous bodies of the department of Panchayati Raj(75), Tribal Welfare(6), Mass Education(5), Science, Technology & Environment(1), Agriculture(5), Industry(1), Fisheries and Animal Resources(3) and Health and Family Welfare(1) was conducted under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act 1971.

Interesting points arising out of audit are mentioned in the following paragraphs.

(i) Non-availing of Central Assistance

Test-check (February 1997) of records of Panchayati Raj Department revealed that Central share for Rs.100.94 crore was allocated during 1994-95 to implement various employment programmes through DRDAs for the benefit of rural poor under Jawahar Rojgar Yojana.

The following 7 DRDAs failed to implement the stipulated programmes. As a result, an amount of Rs.12.70 crore was deducted from the allocated share while releasing funds by the Government of India.

Name of the DRDA	Allocation of Central Share	Funds released by GOI	Funds deducted
(Rupees in crores)			
1 Dhenkanal	9.92	9.78	0.14
2 Ganjam	15.39	12.69	2.70
3 Keonjhar	12.71	10.33	2.38
4 Koraput	24.07	20.61	3.46
5 Mayurbhanj	12.33	12.17	0.16
6 Sambalpur	14.40	12.65	1.75
7 Sundargarh	12.12	10.01	2.11
Total	100.94	88.24	12.70

The rural poor were thus, deprived of the benefits of central allocation of Rs.12.70 crore under the schemes.

Similarly, check of records of Rural Development Department revealed (December 1996) that as against the allocation of central assistance of Rs.8.27 crore during 1990-91 to 1995-96 for implementation of Rural Sanitation Programme, funds for an amount of Rs.4.53 crore were only released.

Non-release of the balance assistance of Rs.3.74 crore was due to non-utilisation of funds for the programme released in previous years.

The findings of audit had been accepted by the Government.

(ii) Unspent balance of grants

The Financial rules of Government require that grants should be utilised within the financial year during which they are sanctioned or within one year from the date of sanction. The unspent balances are to be refunded to Government immediately thereafter unless permitted by Government for utilisation in subsequent years. These provisions were not followed by the bodies or authorities and the unspent balances were being carried over to subsequent years as a matter of routine. The unspent balances of Rs.101.97 crore in respect of 95 bodies at the end of the year for which audit was conducted were as follows:

Sl. No.	Name of the body	Number of bodies	Year upto which audited	Unspent balance as on 31 March of the year covered in audit (Rs. in crores)
1	Panchayat Samitis	3	1990-91	0.65
		8	1991-92	1.79
		7	1992-93	0.79
		16	1993-94	3.79
		24	1994-95	8.24
		5	1995-96	4.28
2	ITDAs	5	1994-95	2.34
3	DRDAs	6	1994-95	46.74
		5	1995-96	13.03
4	CADAs	2	1994-95	1.42
		1	1995-96	2.40

Sl. No.	Name of the body	Number of bodies	Year upto which audited	Unspent balance as on 31 March of the year covered in audit (Rs. in crores)
5	Other bodies/ authorities			
	(i) Zilla Saskharata Samitis	4	1995-96	0.72
	(ii) Brackish Water Fisheries	1	1993-94	1.11
	Development Agencies	1	1994-95	0.29
		1	1995-96	0.15
	(iii) Orissa SC & ST Development Finance Co-operative Corporation Ltd.	1	1991-92	1.75
	(iv) OSCAs	1	1994-95	1.26
	(v) Pathani Samanta Planetorium	1	1991-92	0.34
	(vi) Orissa Rural Development Marketing Society	1	1995-96	9.30
	(vii) Regional Plant Research Centre	1	1995-96	1.32
	(viii) SIE&T	1	1994-95	0.26
Total		95		101.97

It was noticed that none of the institutions were maintaining the "Register of Grants-in-Aid" as prescribed to record the expenditure incurred sanction-wise and scheme-wise for each year against the funds received. As a result, the periods to which the unspent balances related and reasons for non-utilisation were not available with the bodies/authorities.

(iii) Outstanding advances

According to Orissa Zilla Parishad and Panchayat Samiti Rules 1961, payment of advances is generally prohibited except in case of works expenditure and amounts so advanced are to be regularly and promptly adjusted.

Advances outstanding in respect of 63 panchayat samitis audited upto 1990-91(3), 1991-92(8), 1992-93(7), 1993-94(16), 1994-95(24) and 1995-96(5) were Rs.8.29 crore. The earliest advances pertained to 1986-87 and the outstanding totalled Rs.14.58 crore. Besides, advances of Rs.23.49 crore relating to 34 other bodies/authorities were remaining unadjusted.

No efforts were made by the Samitis to adjust or recover these amounts as of December 1997.

AGRICULTURE DEPARTMENT

6.2 Blocking of funds

Government of Orissa sanctioned (January 1990) Rs.31.20 lakh for construction of a 1000 tonne dehumidified refrigerated storage godown for preservation of groundnut seed for the requirement of early sown seed in the coastal areas. The expenditure was to be shared by the Government of Orissa and National Oil Seed and Vegetable Oil Development (NOVOD) Board, a unit under the Ministry of Agriculture, Government of India, in the ratio of 1:3. NOVOD Board released Rs.9.36 lakh as advance in January 1989 towards its share of expenditure.

In October 1990, the entire amount of Rs.31.20 lakh was placed at the disposal of Oil Orissa for construction of the godown at Central Oil Mill Complex, Khurda.

In July 1991 Orissa State Seed Corporation (OSSC) prepared a detailed design and estimate for a 500 tonne capacity godown for Rs.49.29 lakh, as the capacity of the godown was reduced due to escalation in cost. Government of Orissa expressed their inability to provide additional fund and directed (October 1991) the Oil Orissa either to execute 1000

tonne capacity godown as per NOVOD Board specifications with their own resources or to refund the amount released earlier with interest. The NOVOD Board, however, approved (March 1992) the estimate for Rs.49.25 lakh for 500 tonne capacity godown and agreed to share 50 *per cent* of the estimated cost provided the balance cost was borne by Oil Orissa or Government of Orissa. They also stipulated that if this proposal was not acceptable, Rs.9.36 lakh released earlier should be refunded.

No action was taken by Oil Orissa for implementation of this proposal of NOVOD and the cost estimate was revised by Oil Orissa to Rs.85.00 lakh for a 500 tonne capacity godown. In February 1994 the Government of India approved the revised estimate for Rs.85.00 lakh with the share of expenditure between Centre and State in the ratio of 75:25 (Centre : Rs.63.75 lakh and State : Rs.21.25 lakh) and released Rs.63.75 lakh between March 1994 and March 1995 with the instruction to refund Rs.9.36 lakh released by NOVOD. However, the entire amount of Rs.63.75 lakh received from Government of India was lying with Government of Orissa as of May 1997. Oil Orissa refunded the advance of Rs.9.36 lakh in March 1995 to NOVOD Board. The balance advance of Rs.21.84 lakh was not refunded to State Government as of May 1997.

Thus, Rs.85.59 lakh could not be utilised (Rs.21.84 lakh lying with Oil Orissa for 6 years and Rs.63.75 lakh with Government of Orissa for 2 years) due to lack of co-ordination between the Government of Orissa and the Oil Orissa. As a result, the proposed storage godown could not be constructed. The Managing Director, Oil Orissa stated (May 1997) that due to inadequacy of fund the construction of godown could not be taken up and as they were anticipating receipt of balance amount from State Government, the amount of Rs.21.84 lakh lying with them was not refunded to Government. On being asked about non-release of Government of India fund to Oil Orissa for construction of godown, the State Government stated (May 1997) that the matter was under their consideration.

The matter was referred to Government (March 1997); reply had not been received (December 1997).

PANCHAYATI RAJ DEPARTMENT**6.3 Excess expenditure and shortfall in employment opportunity under EAS**

During 1993-94, the Employment Assurance Scheme (EAS) was launched with the primary objective of providing gainful employment in manual work at least for 100 days during lean agricultural season to all needy able bodied adults living in rural areas. According to the guidelines issued by Government of India all works taken up under the scheme should be labour intensive i.e. those work having ratio of wages of unskilled labour to equipment, material and other skilled work of not less than 60:40 and works requiring larger component of materials like cement, steel etc, should not be sanctioned unless the excess cost on material component is provided from other sectoral programme funds.

Test-check of records of Project Director (PD), District Rural Development Agency (DRDA), Nuapada and Block Development Officer (BDO), Khariar and Nuapada during October to December 1995 revealed that 53 building works executed (Khariar: 35 and Nuapada: 18) during 1993-94 under EAS at a cost of Rs.43.65 lakh (Khariar: Rs.28.05 lakh and Nuapada: Rs.15.60 lakh) consisted of wages component of 40 *per cent* amounting to Rs.17.47 lakh (Khariar: Rs.11.23 lakh and Nuapada: Rs.6.24 lakh) only against the requirement of 60 *per cent* amounting to Rs.26.19 lakh (Khariar: Rs.16.83 lakh and Nuapada: Rs.9.36 lakh). This resulted not only in excess expenditure of Rs.8.72 lakh towards material component under EAS which could have been met from other sectoral programmes but also resulted in less expenditure towards wage component denying employment opportunity to the extent of Rs.8.72 lakh involving 34,880 mandays to the rural poor in one of the acute drought prone areas of the State.

On this being pointed out in audit, while BDOs stated that the works were taken up as per approved Action Plan for the year 1993-94, PD, DRDA stated that though in those building works material component was more than the labour component the prescribed ratio

was ensured as a whole in executing all the works put together under the scheme. The contention was not tenable as works having material component in excess of 40 *per cent* of the total value of work should not have been sanctioned unless the additional burden was made from funds outside EAS as envisaged in the guidelines.

Thus, execution of works in violation of guidelines has resulted in excess expenditure on material component and shortfall in employment opportunity under EAS.

The matter was referred to Government in March 1996; reply had not been received (December 1997).

6.4 Unauthorised diversion of JRY funds

Jawahar Rozgar Yojana (JRY) scheme envisaged funding for setting up school buildings in Revenue Villages for sanctioned primary schools not having buildings of their own. The buildings were required to have two large rooms of approximately 30 sq.m each with deep verandah and lavatories and further modifications if any, were to be limited within the specified floor area.

Test-check (January/February 1996) of records of District Rural Development Agency (DRDA), Jajpur and four Block Development Officers (BDOs) (Rasulpur, Dharmasala, Barchana and Dasarathpur) revealed that instead of utilising JRY funds on providing buildings to the 67 sanctioned primary schools not having buildings of their own functioning under those Blocks, the BDOs incurred an expenditure of Rs.9.35 lakh (Rasulpur: Rs.0.30 lakh, Dharmasala: Rs.1.40 lakh, Barchana :Rs.2.95 lakh and Dasarathpur: Rs.4.70 lakh) during 1993-94 to 1995-96 on construction of buildings other than the primary schools. The above amounts were spent on extension of one college building: Rs.0.30 lakh, 31 high schools: Rs.8.55 lakh and compound walls of Block Office :Rs.0.50 lakh. Since the construction did not conform to the stipulations under JRY guidelines, the expenditure of Rs.9.35 lakh out of the JRY funds was unauthorised.

Though the DRDA did not furnish any reply to the audit query the BDOs stated (January/February 1996) that the construction work was carried out with the approval of the Project Director, DRDA, Jajpur. The above reply was not tenable as the JRY funds meant for construction of buildings for the 67 primary schools not having buildings of their own were unauthorisedly diverted.

The matter was referred to the Government in March 1996; reply had not been received (December 1997).

6.5 Doubtful expenditure on creation of nurseries

To develop horticulture in rural areas of Mayurbhanj with creation of employment potential, a scheme for setting up rural horticulture nurseries by horticulture task force (TRYSEM Trainee) was approved in April 1995 by the District Rural Development Agency (DRDA), Mayurbhanj. The scheme envisaged establishment of nurseries of 0.50 acre to 1 acre area each with assured irrigation facility under the guidance of Horticulture Department so that the beneficiary trainees would raise seedlings and sell them in their locality and become self-sufficient through self-employment. At the initial stage, the task force would be provided with financial assistance of Rs.0.20 lakh under recurring expenditure i.e. land development etc. (Rs.0.045 lakh) and for non-recurring expenditure such as purchase of polythene bags, plant protection chemicals, manure and seeds etc. (Rs.0.155 lakh) as one time assistance. According to the guidelines, an undertaking on a stamped paper was to be obtained from each beneficiary trainee to the effect that the amount under non-recurring expenditure would be made up through the sale proceed of the first year being kept in a joint account (in the name of the beneficiary trainee and the concerned horticulturist in any Nationalised Bank or Post Office) to be further used to meet expenses in raising of seedling/saplings. The Horticulturists were required to conduct monthly review meetings in sub-divisions in which each beneficiary trainee was to produce proper records of the seedlings raised/sold and sale proceeds realised.

Test-check of records of Horticulturist, Rairangpur (September 1996) and information collected from Horticulturists, Baripada and Kaptipada (April/May 1997) revealed that the

DRDA, Mayurbhanj released Rs.22 lakh in favour of 3 Horticulturists (Baripada - Rs.14 lakh in August 1995; Kaptipada - Rs.2.60 lakh in November 1995/May 1996 and Rairangpur - Rs.5.40 lakh in October 1995) through the Deputy Director of Horticulture (DDH), Baripada. The Horticulturists disbursed Rs.21.94 lakh to 116 beneficiary trainees to set up nurseries (Baripada - 70; Kaptipada - 19 and Rairangpur - 27) in shape of cash (Rs.6.20 lakh) and material (Rs.15.74 lakh). However, though 3 crop seasons elapsed since Rabi 1995-96 no joint bank account was opened by any of the beneficiary trainees and no undertaking was also obtained from any of them as prescribed in the scheme. There was no evidence on record to the functioning of the nurseries under the scheme. Consequently, Government property of Rs.15.74 lakh was not secured and the operation of the scheme was doubtful.

The Horticulturists stated that though no Pass Books were opened, they verified during their periodical field visits, that nurseries were established and their activities continued season after season. Since neither the required formalities on rendering of financial assistance nor any record of activities were maintained the contentions of the Horticulturists were untenable.

The matter was referred to Government in June 1997; reply had not been received (December 1997).

6.6 Irregular diversion of fund of IRDP

(a) According to the Contributory Provident Fund (CPF) rules applicable to the directly recruited employees of District Rural Development Agency (DRDA), the employees were entitled to 12 *per cent* interest per annum on their own contributions alongwith employers' share to the fund. The State Government therefore, directed to invest the funds under CPF in Post Office Time Deposit, to avail interest ranging from 10.5 *per cent* to 12.5 *per cent* per annum that would accrue depending on the period of time deposit.

Test-check of the records of DRDA, Mayurbhanj between March and June 1996 revealed that instead of investing the amounts accumulated under CPF in the Post Office Time Deposit the Project Officer (PO) chose to deposit the amount in Post Office Savings Bank

Account carrying interest of 5.5 *per cent* per annum. In order to compensate the shortfall on account of lower interest, PO, DRDA, Baripada invested (December 1993) an amount of Rs.10.00 lakh out of funds under Integrated Rural Development Programme (IRDP) towards purchase of SBI Bonds carrying interest of 12 *per cent* per annum and maturity period of 3 years. As the funds provided under programme were meant for implementation of various developmental works for the benefit of IRDP beneficiaries, the investment of Rs.10.00 lakh out of IRDP fund in SBI bonds was irregular and against the guidelines for the programme.

On this being pointed out, Project Officer (PO), DRDA, Mayurbhanj replied (June 1996) that though the action taken by DRDA was not in accordance with CPF rules or guidelines, the same was done in the interest of the Agency and action would be taken to encash the bond on attaining their maturity that is, after completion of 3 years. The bonds were however, not encashed as of May 1997 after completion of 3 years thereby continuing the diversion of IRDP funds unauthorisedly.

(b) In violation of guidelines under Integrated Rural Development Programme (IRDP), the Project Director (PD), DRDA, Baripada placed (March 1994) an advance of Rs.10.12 lakh with Project Manager, Orissa Agro Industries Corporation (PM, OAIC), Baripada out of IRDP fund for maintenance of revolving fund for procurement of diesel pump sets and supply to the IRDP beneficiaries. The Collector and Chairman, DRDA, Mayurbhanj observed (August 1995) that the advance placed with the OAIC for supply of diesel pump sets to IRDP beneficiaries was utilised for some other purposes and therefore directed the corporation for immediate refund of the advance of Rs.10.12 lakh to the DRDA for recoupment of the fund. The Corporation had not refunded the amount as of June 1997. The irregular release of IRDP funds to the Corporation and non-recovery of the amount thus, resulted in locking up of funds for over three years. This also resulted in loss of interest of Rs.1.76 lakh calculated at savings bank rate of 5.5 *per cent* per annum apart from diversion of IRDP funds unauthorisedly.

The matter was referred to Government in March 1997; reply had not been received (December 1997).

6.7 Excess payment towards drawal of LT lines

According to the guidelines (October 1989) and subsequent clarification (April 1991) of Government for installation of Community Lift Irrigation Projects under Integrated Rural Development Programme (IRDP), the cost payable towards laying of electric line by the District Rural Development Agency (DRDA) to the implementing agencies for deposit with the Orissa State Electricity Board (OSEB) shall be 25/30 of the estimated cost of the Board subject to a maximum of Rs.25,000.

Scrutiny of records (October and December 1995) of DRDA, Nowrangpur and two implementing agencies (Executive Engineer (EE)), Orissa Lift Irrigation Corporation (OLIC), Koraput and Deputy General Manager (DGM), Orissa Agro Industry Corporation (OAIC), Jeypore revealed that for installation of 23 Lift Irrigation Projects (LIPs) (15 through OLIC + 8 through OAIC) during 1993-94, Rs.13.09 lakh were paid (January 1994/September 1995) to OSEB representing full estimated cost of LT Lines against Rs.5.63 lakh admissible as per guidelines. This resulted in excess payment of Rs.7.46 lakh (Rs.13.09 lakh - Rs.5.63 lakh) out of IRDP funds.

Similarly, check of records of DRDA and EE, OLIC, Jagatsinghpur during March 1996 also revealed that for installation of 25 LIPs between 1990-91 and 1992-93, Rs.7.36 lakh were paid to OSEB towards full estimated cost of LT lines against Rs.4.89 lakh admissible. There was thus, an excess payment of Rs.2.47 lakh.

No action was taken for realisation of the excess payments of Rs.9.93 lakh as of September 1997.

The Project Director (PD), DRDA, Nowrangpur stated (December 1995) that he was not aware of the guidelines since the PD, DRDA, Koraput (undivided district) had sanctioned and released the funds in full in favour of the implementing agencies for subsequent deposit with the OSEB. While the PD, DRDA, Jagatsinghpur stated (March 1996) that the additional

cost of Rs.2.47 lakh was released on the basis of the decision of the Governing Body meeting and the matter had been moved to Government for consideration.

The above replies were not tenable since the payments were made in excess of prescribed norms in violation of the guidelines.

The matter was referred to Government in March 1996; reply had not been received (December 1997).

6.8 Misutilisation of funds under JRY

The guidelines under Jawahar Rojgar Yojna (JRY) inter-alia provided for taking up social forestry to benefit the rural communities in general and the rural poor in particular. Planting of all types of fruit, fodder and fuel trees are to be taken up under the programme on Government and community lands and on road sides etc. the benefit of which would directly accrue to the rural poor through the scheme of tree patta, the holder of which shall be entitled to usufruct rights of the trees i.e. to gather dead branches, take twigs and loppings of the branches, harvest produce such as fruits, flowers, seeds, leaves, tappings etc.

Project Officer (PO), District Rural Development Agency (DRDA), Bhadrak released Rs.8.49 lakh (Rs.1.00 lakh to BDO, Bhadrak, Rs.1.58 lakh to BDO, Tihidi, Rs.1.68 lakh to BDO, Dhamnagar, Rs.1.10 lakh to BDO, Bhandaripokhari, Rs.1.87 lakh to BDO, Basudevpur and Rs.1.26 lakh to BDO, Bonth) during 1994-95 for taking up social forestry programme in the premises of schools and colleges instead of on Government community lands. The plantations were carried out in 66 such locations (10 in Bhadrak, 3 in Tihidi, 24 in Dhamnagar, 10 in Bhandaripokhari, 9 in Basudevpur and 10 in Bonth) at a cost of Rs.11.23 lakh (Bhadrak: Rs.2.27 lakh, Tihidi: Rs.1.36 lakh, Dhamnagar: Rs.3.27 lakh, Bhandaripokhari: Rs.1.10 lakh, Basudevpur: Rs.2.14 lakh, and Bonth: Rs.1.09 lakh). As a result, the usufructory rights could not be passed on to rural poor by means of Tree-pattas. Thus, the benefits from plantation scheme involving Rs.11.23 lakh failed to reach the targeted beneficiaries in violation of JRY norms. Besides, there was an unauthorised excess expenditure of Rs.2.74 lakh (Rs.11.23 lakh - Rs.8.49 lakh) incurred by the BDOs in anticipation of receipt of fund from DRDA.

PO, DRDA, Bhadrak stated that the plantations were carried out in accordance with the decision of the Governing Body Meeting and purpose of plantation was not defeated. The reply was not acceptable, as the Governing Body was not competent to authorise deviation from the guidelines of JRY prescribed by Government of India. Moreover, it was not made clear as to how accrual of its benefit to the rural poor was ensured as the plantations were carried out in the premises of schools and colleges.

The matter was referred to Government in April 1996; reply had not been received (December 1997).

6.9 Diversion of funds

Test-check of records of District Rural Development Agencies (DRDAs) in audit during September 1997 revealed that despite stipulation in the guidelines of the respective schemes against diversion of funds on purposes not connected with the scheme, funds amounting to Rs.3.65 crore were diverted from one scheme to another as may be noticed from the following.

Name of the DRDA	Name of the scheme from which funds were diverted	Name of the scheme to which diverted	Amount (Rupees in lakhs)	Date of diversion
DRDA, Bolangir	Jawahar Rojar Yojana (JRY)	IRDP	40.00	09.08.95
-do-	-do-	-do-	0.50	16.11.95
-do-	-do-	-do-	40.00	31.03.97
-do-	DPAP	JRY	40.00	15.02.97
-do-	JRY	Operation Black Board	22.00	30.11.95
-do-	Bonded Labour	IRDP	13.82	30.03.96

Name of the DRDA	Name of the scheme from which funds were diverted	Name of the scheme to which diverted	Amount (Rupees in lakhs)	Date of diversion
DRDA, Bolangir	JRY	DPAP	60.00	30.11.96
-do-	JRY GP	IRDP	10.00	March 1997
-do-	ICDS	IRDP	50.00	-do-
DRDA Keonjhar	Employment Assurance Scheme (EAS)	JRY	31.91	September 1996
-do-	IRDP	EAS	35.62	-do-
-do-	IRDP & JRY	EAS	1.71	1995-96
-do-	IRDP	Construction of residential office of the Chairman-cum-Collector	1.50	1996-97
DRDA, Keonjhar	Available balance on various schemes	Improved tool kit	10.09	1996-97
DRDA, Sonapur	JRY	DWCRA (Construction of production centre at sonapur)	3.17	1995-96
	NREP surplus fund	-do-	4.82	-do-
Total			365.14	

These amounts were not recouped as of December 1997.

The matter was referred to Government in November 1997; reply had not been received (December 1997).

WELFARE DEPARTMENT

6.10 Wasteful expenditure due to abandonment of a project

For providing irrigation to 85.73 acres of land belonging to 42 Scheduled Tribe (ST) beneficiaries the Integrated Tribal Development Agency (ITDA) approved (October 1993) the construction of a diversion weir (DW) in Karanjia block in Mayurbhanj district at an estimated cost of Rs.4.18 lakh to be met out of fund provided under Income Generating Scheme of Special Central Assistance.

Instead of obtaining administrative approval, technical sanction and approval to the specification and design of the work from the competent authority for the entire project the estimate was split up into several parts keeping the estimated cost of each part within the sanctioning power of Project Administrator (PA), ITDA and Assistant Engineer (AE) ITDA who accorded administrative approval and technical sanction respectively for each part of the work separately. The Project Officer (PO), District Rural Development Agency (DRDA) Mayurbhanj also did not examine the above deficiencies before releasing funds for the project. After incurring an expenditure of Rs.1.66 lakh the weir was converted into a Minor Irrigation Project (MIP) in April 1994 for a revised ayacut of 674.87 acres of land belonging to 300 ST beneficiaries and the estimate was recast to Rs.7.19 lakh. Funds were released by the PO, DRDA, Mayurbhanj in favour of PA, ITDA, Karanjia between May 1994 and July 1994 out of Intensified Jawahar Rozgar Yojana (IJRY) and Employment Assurance Scheme (EAS). On completion of further work valuing Rs.1.71 lakh on the MIP, the PA, ITDA requested (December 1994) Executive Engineer (EE), Minor Irrigation (MI) Division, Baripada (Mayurbhanj) for technical guidance. The EE on visiting the site in December 1994 submitted a report to Collector Mayurbhanj and PA, ITDA, Karanjia stating that (i) the site was not at all suitable for the project, (ii) the work was taken up without detail survey, (iii) there was no such command area for irrigation facilities, (iv) no design aspects were adopted while executing the work, (v) the earth work was done without proper compaction and (vi) in case the gap closing work was not executed according to proper design and specification the dam

would be washed away during monsoon period and expenditure already incurred would be wasteful.

Despite adverse report of the EE, the work was allowed to continue with a further expenditure of Rs.3.92 lakh.

Thereafter the MIP was converted into a Water Harvesting Structure (WHS) in January 1995 at a revised estimated cost of Rs.19.90 lakh. After incurring an expenditure of Rs.3.26 lakh on WHS the executed work involving Rs.10.55 lakh (Weir : Rs.1.66 lakh; MIP : Rs.5.63 lakh and WHS : Rs.3.26 lakh) was abandoned (April 1995) by the Department. During rains of May 1995, the river gap closing with its upstream side laterite stone packing above 20' height were washed away rendering the expenditure of Rs.1.51 lakh wasteful.

On receipt of complaint about misuse of ITDA fund, the Collector directed (September 1995) the EE for a detailed enquiry about feasibility and utility of the Project. The enquiry report submitted by him indicated that (i) the work was allowed to continue by the PA, ITDA even after his categorical instructions previously (December 1994) about nonfeasibility of the project (ii) a breach had occurred at the deepest point of the nullah on an average width of 60'.0" for a depth of 30'.0" (iii) the canal was constructed haphazardly without head regulator and surplus escape (iv) no remodeling was possible for irrigating the ayacut as it lacked the minimum required dead storage depth of 30'.0" to enable flow of water in the canal.

Thus, inadequate survey and investigation on the feasibility of the project and lack of proper technical specifications and design led to faulty execution and abandonment of the project resulting in wasteful expenditure of Rs.10.55 lakh.

To an audit query (May 1997), the PA, ITDA, Karanjia while accepting the factual position stated that the concerned officials had been asked to offer their views.

The matter was referred to Government in March 1997; reply had not been received (December 1997).

6.11 Wasteful expenditure on plantation

The erstwhile Harijan Welfare Department of the Government of Orissa sanctioned (May 1994) a sum of Rs.25.47 lakh in favour of the District Rural Development Agency (DRDA), Sonapur for undertaking horticulture plantation in an area of 100 hectares of Government land and its maintenance over the next three years under Income Generating Scheme (IGS) for Schedule Caste (SC) beneficiaries in drought prone areas. Government had also indicated in their sanction that revised estimates could be submitted to provide dug wells and water harvesting structures (WHS) near the plantations to avoid high rate of mortality through a sustained source of irrigation and the beneficiaries should be willing to shoulder the responsibility of maintenance.

Test-check of records of the Horticulturist, Sonapur conducted in February 1997 revealed that he undertook mango plantation over 100 hectares of Government land nearer to existing WHS during 1994-95 (60 hectares - 9 locations) and 1995-96 (40 hectares - 3 locations) without conducting soil test and incurred an expenditure of Rs.14.63 lakh thereon including their maintenance as of June 1996. It was also noticed that none of the 4375 mango grafts planted over 35 hectares of land in 3 locations (Karlakhaman: 5 hectares of 1994-95; Daldaba: 10 hectares and Ranipur: 20 hectares of 1995-96) survived and the plantation was abandoned (August 1996). The expenditure of Rs.3.08 lakh on their plantation/maintenance proved wasteful.

Moreover, percentage of survival of plants in remaining locations of 1994-95 plantations ranged between 11 and 48 as detailed below as of July 1996 against the norm of 50

per cent survival prescribed by Government for a successful plantation.

Sl. No.	Name of Location	Area of plantation (In hectares)	Number of grafts planted	Number of surviving plants	Percentage of survival	Total expenditure incurred (Rupees in lakhs)	Proportionate expenditure on non surviving plants
1.	Narayanpur-I	5	625	280	45	0.61	0.34
2.	Narayanpur-II	5	625	236	38	0.61	0.37
3.	Dungripali	5	625	260	42	1.10	0.64
4.	Sankhachuda	5	625	95	15	1.10	0.94
5.	Godia	5	625	70	11	1.10	0.98
6.	Parimara I & II	15	1875	574	31	3.08	2.13
7.	Jabada	10	1250	375	30	1.79	1.25
8.	Naypali	5	625	100	16	0.90	0.76
Total						7.41	

Thus, expenditure aggregating Rs.10.49 lakh incurred on dead (Rs.3.08 lakh) and unsuccessful (Rs.7.41 lakh - as shown in the table) plantations was rendered wasteful. In reply to audit query, the Horticulturist attributed (February 1997) the failure of the plantations to poor soil conditions, biotic interference by local people and stray cattle and lack of adequate technical supervision over the grafters and gardeners.

The reasons were not tenable as soil conditions were not examined before selection of sites, adequate funds were not provided for watch and ward to avoid biotic interference, adequate technical supervision over grafters and gardeners was not exercised for which he was responsible. Besides due to non-finalisation of beneficiary list, no individuals came forward to shoulder the maintenance of plantations as envisaged in the scheme.

The matter was referred to Government in March 1997; reply had not been received (December 1997).

6.12 Unfruitful expenditure on Banana plantation

The Horticulturist, Koraput undertook (1991-92) banana plantations over an area of 153.5 acres of land in 17 locations of 7 Integrated Tribal Development Agency (ITDA) blocks with funds released by the Project Administrator (PA), ITDA, Koraput under Special Central Assistance (SCA). The scheme was launched with the object of providing economic upliftment of tribal beneficiaries. According to norms prescribed by the Government in January 1992, the unit cost of one acre banana plantation was Rs.11,000 of which Rs.5,000 was to be borne by it as subsidy to beneficiaries and the balance Rs.6,000 was to be contributed by the beneficiaries by way of labour.

Test-check of records (March and April 1996) of the PA, ITDA and Horticulturist, Koraput in audit revealed that the Horticulturist incurred an expenditure of Rs.8.88 lakh during the year towards subsidy to farmers as against admissible amount of Rs.7.68 lakh. This resulted in excess expenditure of Rs.1.20 lakh. Test-check further revealed that the percentage of survival of such plantation in 16 of the 17 locations ranged from 5 to 30 *per cent* with an overall average of 31.3 *per cent* against the norms of 75 *per cent* survival prescribed by Government for a successful plantation. This had resulted in wasteful expenditure of Rs.6.10 lakh being the proportionate expenditure on failed plantations.

To an audit query about reasons for poor survival of plantation, neither the PA, ITDA nor the Horticulturist, Koraput furnished any reply. However, the inspection note (July 1992) of the Special Officer, ITDA, Koraput disclosed that the reasons for failure of plantation in one of the patches at Malenga were due to wrong selection of patches suffering from non-availability of water.

Thus, there was excess expenditure of Rs.1.20 lakh vis-a-vis norms and failure of plantation resulted in wasteful expenditure of Rs.6.10 lakh. The object of the programme for economic upliftment of the tribal beneficiaries was not achieved.

The matter was referred to Government in October 1996; reply had not been received (December 1997).

6.13 Misutilisation of subsidies for income generating schemes

According to Government guidelines subsidy at 50 *per cent* of the unit cost approved by the NABARD could be provided for Income Generating Scheme (IGS) like cashew plantation if beneficiaries agreed to contribute free labour equal to the value of balance 50 *per cent* of the unit cost. Expenditure not covered by these guidelines was to be treated as misutilisation of the funds as per Government decision.

For raising cashew plantation in 7,009 acres of Government wasteland and its maintenance, the Project Administrator, Integrated Tribal Development Agency (PA, ITDA) Nowrangpur released Rs.96.46 lakh, towards subsidy during 1992-93 to 1994-95 under IGS out of Special Central Assistance (SCA) in favour of Assistant Soil Conservation Officer, (ASCO), Nowrangpur. As against this, the admissible subsidy was Rs.55.45 lakh being 50 *per cent* of the total cost of plantation. The ASCO utilised the entire amount on cashew plantation without obtaining free labour from the beneficiaries as contemplated under the guidelines. As 50 *per cent* of the estimated cost was only to be provided as subsidy, release of and utilisation of funds to the full extent of the cost of the plantation amounted to excess release and misutilisation of Rs.40.01 lakh.

The PA, ITDA stated that cashew plantation was taken up in Government wasteland as per decision of the Project Level Committee (PLC). Further, as the beneficiaries were landless SC and ST people, they were not turning up to offer free labour and hence it was decided in PLC to meet the full unit cost of the plantation by the ITDA instead of providing 50 *per cent* subsidy. The replies were not tenable as funds were spent on plantation programme in violation of Government guidelines.

The Government admitted (October 1996) that there was irregular excess release of subsidy by the ITDA, Nowrangpur.

The matter was referred to Government in March 1997; reply had not been received (December 1997).

6.14 Unauthorised expenditure on Cashew Plantation

To provide sustained source of income to the tribal population in Koraput District, Government of Orissa issued (January 1992 and May 1993) guidelines for utilisation of Special Central Assistance (SCA) according to which cash crop like cashew plantation were to be raised on the lands of tribal beneficiaries without loan linkage by providing 50 *per cent* of the unit cost as subsidy subject to a ceiling of Rs. 5,000 per individual family and the balance 50 *per cent* was to be contributed by the beneficiaries in the shape of labour. It was further stipulated that any expenditure incurred in violation of the guidelines should be treated as misutilisation of funds even if it was covered by the resolutions of Project Level Committee (PLC).

Test-check of records of Project Administrator (PA), Integrated Tribal Development Agency (ITDA) and Assistant Soil Conservation Officer (ASCO), Koraput during April 1996, however, revealed that even without identification of total number of tribal beneficiaries by the ASCO, Koraput the PA, ITDA released an amount of Rs.37.40 lakh in favour of ASCO, Koraput during 1993-94 to 1996-97 for raising cashew plantation in 900 hectares of Government owned land (500 hectares in 1993-94 and 400 hectares in 1994-95) instead of on the lands of tribal beneficiaries. The ASCO, Koraput incurred an expenditure of Rs.37.40 lakh without involvement of labour component by the tribal beneficiaries.

Release of funds towards full cost instead of 50 *per cent* of the cost of plantation by the PA, ITDA and raising plantation on Government land instead of on the lands of tribal beneficiaries by the ASCO violated the guidelines. As such the entire expenditure of Rs.37.40 lakh incurred on the plantation was unauthorised. Further, as the identification of beneficiaries was not complete till April 1997 and the proposed transfer of dafayati rights to enjoy usufruct of the trees did not confer permanent ownership right of the land on the beneficiaries, the implementation of the programme defeated the purpose of providing sustained income to the tribal beneficiaries and expenditure thus incurred proved to be irregular.

On this being pointed out in audit, the PA, ITDA, Koraput stated (April 1996) that the amounts were released to the ASCO as per decision of the PLC. The reply was not tenable as release of funds in full for carrying out plantation in Government owned land was a deviation from the guidelines and such deviation was beyond the scope of regularisation by PLC.

The matter was referred to Government in April 1997; reply had not been received (December 1997).

CHAPTER-VII
COMMERCIAL ACTIVITIES
FINANCE DEPARTMENT

7.1 General

As on 31 March 1997, there were five departmental Commercial and quasi-commercial undertakings/schemes in the State. The extent of arrears in submission of *pro forma* accounts in respect of these undertakings/schemes is indicated below:

Name of the undertaking/scheme	Year from which accounts are in arrears
A. <u>State Trading Scheme</u>	
1. Nationalisation of Kendu leaves, (Maintained by Chief Conservator of Forests, Kendu Leaves, Orissa)	1990-91
B. <u>Agriculture</u>	
2. Cold Storage Plant, Kuarmunda	1972 ^(a)
3. Cold Storage Plant, Similiguda	1973
4. Cold Storage Plant, Parlakhemundi	1973 ^(b)
5. Cold Storage Plant, Bolangir	1983

The following departmental commercial and quasi-commercial undertakings/schemes were either not in operation or had been taken over by Corporate bodies from the dates mentioned against each. The *pro forma* accounts in respect of these undertakings/Schemes had

(a) Pro forma accounts received for the years 1972 and 1973 were incomplete and returned.

(b) Pro forma accounts of the years 1977, 1978 and 1980 were received in May 1988, July 1990 and January 1991 respectively. But the accounts for 1973 to 1976 and 1979 had not been received as of August 1997.

not been received for the years noted against each.

Name of the Undertaking/ Scheme	Name of the Corporation to which transferred	Date of transfer	Year from which accounts are in arrears
A. State Trading Scheme			
1. Grain purchase scheme	Orissa State Civil Supplies Corporation Limited	September 1980	1977-78
B. Transport			
2. State Transport Service.	Orissa State Road Transport Corporation.	May 1974	1972-73
C. Agriculture			
3. Cold Storage Plant, Bhubaneswar.	Orissa State Seeds Corporation Limited.	March 1979	1974
4. Cold Storage Plant, Sambalpur.	Orissa State Seeds Corporation Limited.	March 1979	1971

Following repeated correspondence, Government intimated in September 1989 that efforts were being made to reconstruct the accounts of State Transport Service for the period from 1972-73 to 1974-75 as all the relevant records for the period were not available with the drawing and disbursing officers concerned. There was no response from Government in respect of the accounts of the Grain Purchase Scheme. In respect of the accounts of the Cold Storage Plants at Bhubaneswar and Sambalpur, Government intimated in October 1993 that special steps were being taken for preparation of *pro forma* accounts. There has been no improvement as of August 1997.

In respect of the following schemes which remained inoperative or were closed in the years noted against each, the assets and liabilities were not fully disposed of or liquidated by Government. The reasons for non-operation or closure were not made available.

Sl. No.	Name of the Scheme	Year from which remained inoperative or closed.
1.	Grain supply scheme	1958-59
2.	Scheme for Trading in Iron Ore through Paradeep Port	1966-67
3.	Cloth and Yarn Scheme	1954-55
4.	Scheme for Exploitation and Marketing of fish	1982-83

Although the following schemes were commercial in nature, Government had not prescribed the preparation of *pro forma* accounts. Only personal ledger accounts were opened and maintained by the concerned departments of Government. The position of these personal ledger accounts at the end of 1996-97 was as under:

Name of the undertaking	Year in which the personal ledger accounts were opened	Accounts for 1996-97			Closing Balance
		Opening Balance (Rupees in lakhs)	Credit	Debit	
1. Purchase and distribution of quality seeds to cultivators.	1977-78 (Revenue Accounts)	3196.93	2676.30	3549.11	2324.12
2. Poultry Development (inoperative)	1974-75 (Capital Accounts)	3.02	---	---	3.02

Similar paragraphs appearing in the Reports of the Comptroller and Auditor General of India for 1980-81, 1983-84 and 1986-87 were discussed (1986-87, 1987-88 and August 1992) by the Public Accounts Committee. In their 14th Report (10th Assembly) placed on the table of the Legislature in November 1992, the Committee had expressed its distress at the state of affairs in the preparation of *pro forma* accounts and had desired that responsibility be fixed for failure to prepare the accounts. No action had been taken in this regard as of August 1997.

DEPARTMENT OF FOREST AND ENVIRONMENT

7.2 Trading in Kendu leaves

7.2.1 Introduction

Kendu leaves are used to wrap tobacco in the manufacture of bidies. Kendu shrubs grow in the dry deciduous Sal forests in Orissa, mostly in the districts of Sambalpur, Bolangir and Kalahandi. Rights to plucking and use of kendu leaf are governed by Orissa Kendu Leaves (Control and Trade) Act, 1961. In exercise of its powers under Section 10 of the Act, Government by resolution notified the Manual on Trade in kendu leaf and thereby nationalised kendu leaf trade in January 1973. The bush cutting operations for production, collection and processing of kendu leaves are carried out departmentally and the Orissa Forest Development Corporation (Company) is entrusted, as the sole selling agent, with trading in kendu leaves received from the Forest Department. Co-ordination between the Forest Department and the Company is done by the high level Kendu Leaf Co-ordination Committee (KLCC).

7.2.2 Organisational set up

In the Forest Department, a Chief Conservator of Forests (Kendu Leaves) with powers of a Head of Department oversees the work of three conservator circles and nineteen divisions engaged exclusively in kendu leaf activities. Each kendu leaf division is headed by a Deputy Conservator of Forests, assisted by Assistant Conservators, Range Officers, Deputy Rangers, Foresters and Forest guards.

The Company has six divisions in various districts for handling the sale of the leaves, each division under the charge of a Divisional Manager. There are three general managers who supervise the work of Divisional Managers and report to the Managing Director of the Company. The Company maintains two sales centres outside the State, in Calcutta and Chennai. Kendu leaf, duly processed are received in bags from the central godowns of the

Divisions of the Forest Department by the Divisional Managers or Sub-divisional Managers of the Company. Thereafter, lots are formed with those bags for putting them up for auction.

7.2.3 Scope of Audit

Comments on trading in kendu leaves by Orissa Forest Corporation Limited (erstwhile name of the Company) were included in the Report of the Comptroller and Auditor General of India for the year 1983-84 (Commercial) - Government of Orissa. The present review focuses on the inter-related issues of efficiency in production/processing of kendu leaves by the Forest Department and realisation of sale values in trading operations of the Company.

The review was conducted during February 1997 to June 1997 based on the test check of records of four out of nineteen divisional offices of the Forest Department, the Head Office of the Company, two out of six units of the Company located in Orissa and two sales centres at Calcutta and Chennai. The results of audit are indicated in the succeeding paragraphs.

7.2.4 Highlights:

- **Proforma Accounts were required to be maintained by Forest department and submitted annually to Government and also to Accountant General. No such accounts were submitted since 1990-91.**

{Paragraph 7.2.6(b)}

- **Commission retained out of sale proceeds of OFDC and the royalties paid to Government by OFDC declined from Rs.6.86 crore to Rs.5.84 crore and from Rs.61.01 crore to Rs.53.79 crore from 1992 to 1996 respectively mainly due to increase in working expenses.**

{Paragraph 7.2.6(c)}

- **Annual Agreement stipulating level of expected production, schedule of delivery to/from godowns, commissions and royalties payable, schedules of working expenses/advances and other related activities between Government and OFDC required to be executed at the beginning of each crop year were not executed for 1994, 1995 and 1996 crop years and the Agreement for 1993 was executed as late**

as January 1995. As a result there was little control over timely release of working advance by OFDC to the Forest department. This affected schedules and conditions of delivery to/from central godowns and the royalties to Government.

{Paragraph 7.2.6(d)}

- Delivery of kendu leaves to central godowns were frequently delayed beyond the date of third General Auction Sales (GAS) which affected their quality and thus the sale prices declined in subsequent auctions. In Deogarh Division there was under-realisation of sale value to the extent of Rs.1.73 crore and the unsold stocks of each year between 1992-96 were valued at Rs.1.30 crore representing locking of funds to that extent.

{Paragraph 7.2.7}

- Prices at mini auction sales conducted in end May to ascertain the trend of market price each year were consistently higher in Sambalpur Division than the prices at first GAS indicating that the collection, processing and delivery of leaves were faulty.

{Paragraph 7.2.8}

- Records of four forest divisions for kendu leaves revealed that graded bags were not delivered as required and mixed lots were delivered to central godowns. This, coupled with delays in deliveries affected the imposition of the conditions of sale on the purchasers who insisted on extensions to lift stocks and defaulted. As a result, sale value of kendu leaves declined because they had to be sold at subsequent auctions.

{Paragraph 7.2.10 & 7.2.16(A)}

- Working advance by company to the forest divisions were delayed. Upto February 1997 an accumulated amount of Rs.18.31 crore was outstanding for payment by OFDC. Operation of forest divisions were affected due to inordinate delays in release of working advance by OFDC. Construction of godowns was also affected by the outstanding dues from OFDC not being realised.

{Paragraph 7.2.13(a)}

- Vouchers for Rs.2.14 crore of expenditure out of working advances submitted by range officers were disallowed/withheld by Divisional Forest Officers as on 31 March 1996 in respect of 15 divisions and their admissibility was not settled by controlling officers within the stipulated limit of three months. The reasons for non-adjustment of these vouchers were not on record.

{Paragraph 7.2.14}

- KLCC and Public Enterprises Department decided in 1992 and 1996 to revise the conditions of sale and reduce time allowed to purchasers for lifting the lots due to loss in long storage of kendu leaves but the same could not be implemented due to disagreement of the purchasers. The Company tried only on one occasion to implement the same.

{ Paragraph 7.2.16(c)}

- The upset prices fixed (offers below which would not be acceptable at the auctions) in Sambalpur between 1992 and 1996 were frequently lower by as much as Rs.900 to Rs.4905 per quintal than the actual prices obtained at general auction sales indicating that the upset prices were not fixed with due care and keeping in view the trend of the market.

{ Paragraph 7.2.16(d)(i)}

- Deliveries to/from central godowns were not being weighed either by Company/Forest department or by the purchasers at the time of lifting. The bags with 62 kgs of leaves were lifted within 6 months to one year of production by the bidders as 60 kg bags. Principal Chief Conservator of Forest decided in 1988 that bagging weight should be upto 64 kgs to allow for loss in weight due to drying of leaves in a period of 2 years of storage but the records at central godowns showed 60 kgs as weight on delivery of bags to godowns. Total loss sustained in two units of the Company on this account amounted to Rs.67.27 lakh during 1992-96 operation.

{ Paragraph 7.2.16(k)}

- Sales Tax to the tune of Rs.4.48 crore were not realised from traders without ensuring the genuineness of their claims regarding export of leaves by them; on receiving reassessment orders of Sales Tax department, OFDC preferred appeals to ACST and to High Court of Orissa for stay orders but the Corporation nevertheless had to pay Rs.1 crore on interim orders of High Court of Orissa.

{ Paragraph 7.2.16(l) }

- Non-surrender of idle godown in Calcutta had resulted in an avoidable expenditure of Rs.13.16 lakh.

{ Paragraph 7.2.16(m) }

7.2.5 Financial arrangement

The scheme of state trading of kendu leaves was to run as a self supporting one without any budgetary support from the Government. Therefore, the Company was required, in terms of the agreement with Government for each year to advance money to the Forest Department by way of working advance on the basis of estimated production as decided by KLCC. The advance was to cover the cost of departmental operations of the activities like bush cutting, drying, storage and processing of the leaves, transportation to central godowns and repair and maintenance of phadis. In addition, the Company was also required to pay royalty at the rate fixed by the KLCC from the sale proceeds of the leaves delivered to it. Out of the sale proceeds after duly adjusting the working advances and commission due to it, the Company was required to remit the balance as royalty or additional royalty to Government. In case the sale proceeds were not adequate to cover these elements, the Company was entitled for reimbursement of the shortfall from Government. Profit or loss in trading in kendu leaves was thus to the account of the Government while the Company was assured of marketing commission and any deficit on marketing expenses was to be borne by the Company.

7.2.6(a) Production and Sale:

The crop year and the financial year match except that bush cutting is undertaken upto end-March each year with working advances from the Company but the expenditure is booked to the accounts of the ensuing financial year. The adjustment in accounts necessary on this

count is subsequently dealt with. An overview of the levels and trends in production and sale of kendu leaves as reported by the Company is given in the table below:

Year	Production (in lakh quintals)	Sale (in lakh quintals)	Sale Proceeds (Rupees in lakhs)	Average Sale Price (Rupees per quintal)	Average Cost Price (Rupees per quintal)	Commission of OFDC (Rupees in lakhs)	Royalty of Government (Rupees in lakhs)
1992	5.09	5.08	13720.15	2695.51	1318.89	686.01	6101.48
1993	4.98	4.97	14781.56	2968.18	1271.28	739.08	7475.00
1994	4.91	4.90	14215.48	2895.21	1334.17	710.77	6726.49
1995	3.86	3.77	11730.65	3113.85	1611.50	586.53	4947.70
1996*	5.14	4.20	11684.50	2782.00	1545.88	584.22	5378.82

* Figures are reconciled upto September 1996

It may be seen that production was around 5 lakh quintals except for 1995 which was a high rainfall year. Annual sales by the Company in subsequent years remained at the same level, averaging 4.58 lakh quintals per year. The difference between production and sale on an average was 0.21 lakh quintals per year. Since local inhabitants were allowed to retain a specified quantity of kendu leaves per household, the figures of production were not compiled independently but were derived from procurement/sale figures. The production figures used by KLCC thus did not correctly reflect production. Government did not have any reliable figures on production of kendu leaf.

(b) Proforma accounts of the Scheme were required to be drawn up and submitted to Government and the Accountant General of the State. No proforma accounts were drawn up by the Forest Department after 1989-90. Divisional Officers stated that non-receipt of actual expenditure incurred by field units (range offices) in time accounted for the delays. This was not tenable since the proforma accounts were in arrears since 1990-91 and no steps were taken by the Government to clear the arrears.

(c) The foregoing table also showed that sale prices averaged Rs.2890.95 per quintal during 1992 to 1996 and did not increase proportionately with the costs of production which rose gradually mainly due to increase in working expenses. As a result the commission

retained by the Company decreased and the royalty to Government declined sharply in the last two years.

(d) Scrutiny by Audit revealed that the annual agreements between the Government and the Company stipulating level of production, schedule of delivery to/from godowns, schedule of payment of working expense advance, commissions and royalties payable and other related activities required to be executed at the beginning of the crop year were not executed for crops of 1994, 1995 and 1996. The Agreement for 1993 was executed two years later, in January 1995. Thus, the stipulations about levels of expected production, schedules of delivery to/from godowns, commissions and royalties payable were not available for the years under review. Failure to sign agreement in time caused short release of advance by OFDC to Department and the essence of joint responsibilities in other stages of operation was missing with the consequential decrease in quantum of commission receivable by the Company and royalties by Government.

7.2.7 Deviation in schedule of operation

Bush cutting is scheduled to end on 31st March and the leaves are fit for collection after 45 days of cutting. While leaves from bushes cut on the first day were collected within ten days of maturity, the collection of leaves from bushes, cut on the last day was often delayed by as much as 25 days after maturity. This affected the quality of leaves because of which the Patnagarh division had sustained loss of Rs.2.35 crore in 1996 operation as worked out in comparison to sale price of 1992 operation..

During 1992 to 1996 the Deogarh division delivered only 53 to 70 *per cent* of its total production to OFDC upto the end of 3rd General Auction Sales (GAS) most of which (85.26 to 94.5 *per cent*) was sold fetching an average sale price ranging between Rs.2640.48 to Rs.3150.48 per quintal upto 3rd GAS while the late arrivals were sold at subsequent GAS fetching average sales prices of only Rs.2247.90 to Rs.2615.59 per quintal. The unsold quantities in the division ranged from 1800 quintals to 3748.2 quintals during the successive crop years.

Non-adherence to the schedule of operations in Deogarh division resulted in under-realisation of sale value of Rs.1.73 crore and blocking of government money due to huge unsold stocks valued at Rs.1.30 crore on final disposal. Due to the huge unsold stocks of ranges Bamparada, Barkote, Reamal and Rangalbeda, the Conservator of Forest called (September 1994) for the explanation of Divisional Officer for delay in delivery but no such explanation tendered was shown to audit.

7.2.8 Purchase of inferior quality of leaves (Deogarh)

Mini auction sales are conducted in the last week of May each year to ascertain the trend of market prices. As such, they guide the fixing of 'upset prices' (akin to reserve prices) for the GAS to be conducted at an interval of 45 days. A comparison between the prices at mini auction sales and those obtained in 1st GAS each year showed that the prices at 1st GAS were consistently lower than that at mini auction sales and lower by as much as 44 per cent in 1995 vide table below:

Year crop	Average sale price		Mini Auction fetched rate excess (+) /less(-) by Rupees per quintal	Percentage of (+)/(-) to 1st GAS
	Mini Auction (Rupees per quintal)	1st GAS		
1992	3455.50	3249.35	(+) 206.15	(+) 6.34
1993	3617.22	3257.33	(+) 359.89	(+) 11.04
1994	3350.37	3015.47	(+) 334.90	(+) 11.11
1995	3861.42	2673.66	(+)1187.76	(+)44.42
1996	2637.00	2867.00	(-) 230.00	(-) 8.02

The Divisional Officer, Sambalpur could not offer any satisfactory explanation for these facts. Purchase of inferior quality of leaves and failures in checking during its subsequent stages of drying, processing and binding accounted for the GAS prices being lower than mini auction sale prices during 1992-95 though the same bidders participated in the auction sale.

7.2.9 Targets and achievement

Targets and achievement in production in respect of 1996 crop in DFO Sambalpur,

Patnagarh and Deogarh Divisions were as under:

Division	Pre-collection Targets (in quintals)	KLCC Targets (in quintals)	Post Collection Target (in quintals)	Achievement (in quintals)
Sambalpur	26000	26000	23300	22116.60
Patnagarh	36500	36000	36200	34584.00
Deogarh	25000	25000	24020	23819.00

It may be seen that even the post collection targets were not achieved due to which Sambalpur, Patnagarh and Deogarh Divisions sustained a loss of Rs.18.29 lakh, Rs.24.98 lakh and Rs.3.23 lakh respectively in 1996. It was however, observed in audit that when the target of anticipated production was estimated after due consideration of various factors were revised in post collection period, the causes contributing to the shortfall were required to be explained.

A review of the records of Patnagarh Division from 1992 to 1996 revealed that the division never achieved the targets projected in annual schemes. The Division attributed this failure to local labour preferring to collect smaller leaves to earn more. This explanation was not tenable as the weight of kerries (20 leaves) ranged between 17 and 21 gms which was close to the norm of 18 gms which indicated that even bigger size leaves were collected.

7.2.10 Delivery in lots instead of in bags

The Manual provides for delivery of leaves in graded bags to central godowns. Divisional records showed that deliveries to the Company were made throughout 1992-96 after forming lots instead of grade-wise bags. However, no expenditure was booked by the divisions for formation of lots but an expenditure of Rs.17.08 lakh was booked in accounts of the Company for the same purpose, the reasons for which could not be explained to audit.

7.2.11 Purchase of leaves at ranges

For leaves purchased from local labour the norms for weight of a kerry of 20 leaves was 18 gms. The table below showed the range-wise average weight of kerries in different years:

Ranges	1992 (	1993	1994 Grams/Quintals	1995	1996)
DFO/Bolangir					
Bolangir	17.913 2671.2	19.000 2851.8	20.232 3006.0	17.279 2601.0	20.245 3294.6
Chudapali	18.904 3290.4	19.615 3379.8	19.712 3240.0	15.327 2370.6	22.029 3222.0
Dungripali	17.937 3171.0	18.025 3200.4	20.291 3408.0	16.987 2747.4	20.622 3335.4
Tarava	17.684 2058.6	18.072 1947.0	20.430 1495.2	16.893 2885.0	20.951 2724.6
Loisingha	15.756 4850.4	16.332 4865.4	17.952 5160.0	14.431 3918.0	17.384 4468.2
Khaliapali	19.813 3996.0	18.921 3804.6	19.861 3444.6	17.401 3019.2	18.760 3964.8
Singbahali	15.358 1780.2	13.863 1632.6	17.085 1503.0	13.137 1306.8	17.908 1681.12
Binka	14.390 1591.8	9.301 1068.1	18.502 1867.8	12.371 1290.0	18.125 2044.8
DFO/Patnagarh					
Bhutiarbahal	20.438 7020.0	20.294 6780.0	21.251 6954.0	19.381 5461.2	20.188 7475.4
Patnagarh	18.070 5243.1	18.940 5111.4	19.584 4702.8	20.303 4413	18.340 5432.4
Ghasian North	20.343 5141.4	20.406 5160.6	19.290 4857.6	20.717 4032.0	17.322 4866.6

Ranges	1992 (	1993	1994 Grams/Quintals	1995	1996)
Ghasian South	19.729 3874.8	19.366 3666.0	18.906 3840.0	20.069 3216.0	18.137 3435.0
Khaprakhol	19.474 4003.2	18.917 4119.6	18.742 3435.6	20.265 2923.2	18.423 3623.4
Dhandamunda	20.131 3874.2	19.204 3772.2	19.032 3002.4	18.311 2741.4	17.637 3429
Jogimunda	19.922 3588.0	18.600 3285.0	17.627 3309.0	20.117 2808.0	18.528 3175.8
Kantabanji	18.214 3534.6	17.915 3374.4	17.952 3415.8	18.501 2723.05	18.400 3146.4
<u>DFO/Sambalpur</u>					
Sambalpur	13.698 1228.00	14.123 1785.78	14.284 1765.50	12.710 1200.60	13.914 1506.00
Chhamunda	15.704 2545.20	14.807 1668.00	15.555 2707.20	14.294 2428.80	15.986 2896.80
Jujumura	16.250 2107.80	16.124 2668.80	15.942 2164.20	14.447 2190.60	15.983 2623.80
Dhama	15.560 2572.74	14.616 2654.40	14.794 2386.80	14.214 1676.40	15.036 2350.20
Sindhol	17.362 2419.80	16.686 2569.20	17.359 2736.00	16.250 2209.80	17.166 2603.40
Ullunda	16.343 2827.20	16.121 2477.40	16.502 2625.00	15.709 2364.00	16.288 1750.20
Jaloi	16.982 2325.00	17.468 2031.60	17.851 2208.00	17.643 1883.40	18.572 1324.20
Godbhaga	17.902 2236.80	17.209 2140.20	17.963 2019.60	15.208 1486.80	17.806 1800.00
Bargarh	18.062 2077.80	16.896 1944.60	17.182 2304.00	15.207 1905.00	17.085 2359.20
Bhatli	19.047 2775.60	17.501 2505.60	17.492 2850.00	17.259 2487.00	18.460 2702.40

From the table it would be seen that the weight of kerries at Binka, Singhabahali, Sambalpur, Chamunda and Dhama during the last five years has been consistently lower as compared to weight of kerries in other ranges. As low weight of kerries would indicate smaller size of leaves attracting lower price, the matter required investigation by the Forest Department for appropriate measures to improve the realisation. It would be worth mention that the operational expenses on bush cutting were the same in these ranges as in the case of better productivity areas.

7.2.12 Grower's Leaves

As laid down in the Act, Grower of Kendu leaves means any person who owns land on which kendu plants are grown or who is in possession of such lands under a lease or otherwise. Every grower of kendu leaves shall, if the quantity of leaves grown by him during a year is likely to exceed 350 kgs, get himself registered and would be permitted to retain that quantity of leaves for his own use. If they wanted to dispose of it, that was to be sold to Government only and not to any private parties directly. Based on the checker's report at the time when leaves neared maturity, respective divisions estimated the anticipated production each year. Scrutiny of the records of Sambalpur Division revealed that there was significant shortfall ranging from 44.5 *per cent* to 98.5 *per cent* in collection of leaves with reference to the anticipated collection. In areas like Sambalpur, Chamunda and Sindhol ranges in Sambalpur division shortfall was persistently large. During the last five years no grower's leaves had been collected from the Ulunda, Jaloi, Godbhaga, Bargarh and Bhatli ranges under the said division. This indicated that a large part of production was being unauthorisedly sold by local inhabitants directly to traders. It was found that 1198.11 quintals of leaves were seized by the Territorial Wing of Forest Department during smuggling of leaves in the State during 1993-97 and Sambalpur KL Division accounted for 324.58 quintals of this quantity. This indicated the inefficiency of the Vigilance Wing (Territorial) of the Department to check the malpractices.

7.2.13 Working Advances

(a) Working fund advance by OFDC to Chief Conservator of Forests(KL) Scrutiny revealed that the CCF(KL) who did not receive the balance working advance of Rs.12.00 crore for 1993 operation expressed difficulties (February 1994) in clearing outstanding payment to binding labour and seasonal staff along with other payments.

KLCC in March 1996 approved the norm of expenditure for 1994 and 1995 operations.

However, as on 15 February 1997 the actual operation cost, working advances actually paid and the outstanding working advance to be released by OFDC were as under:

Year of operation	Actual operation cost	Working advances actually paid by OFDC	Balance outstanding
(.....Rupees in lakhs.....)			
Upto 1993			574.15
1994	6659.12	6614.72	44.40
1995	6470.55	6219.79	250.76
1996	7776.19	7414.32	361.87
Upto February 1997	600.00	--	600.00
	(Bush cutting expenditure)		
Total			1831.18

As per agreement clause 16(b), the Company would get @ 5 per cent of sale price which included 1 per cent for taking up construction of central godown through the Forest Department in order to supplement storage facilities. A sum of Rs.2.00 crore towards 1 per cent out of OFDC commission for construction of CG (central godown) relating to the year 1993 and 1994 crop was received only on 14 July 1995 and 5 February 1996. But due to non-release of operation cost for the year 1994 and 1995 the said amount was diverted towards working advances to clear the arrear dues of KL workers which were unpaid for long.

As such it was observed in audit that better storage facility could not be provided so far due to delay in release of funds which resulted in delay in construction of central godowns and jamming conditions arising out of non-lifting/slow-lifting of bags from existing storage capacity.

(b) Working advance by Chief Conservator of Forest to Divisional Forest Officers(KL)

The calendar of operations of the scheme (as per KL Manual) stipulated that bush cutting is to be completed by 31 March, collection of leaves to be completed latest by first week of June, binding works to be completed by 31 October and delivery of kendu leaf bags is to be completed by 15 November of the respective crop year.

Due to delay in release of working advance by the OFDC, the divisions (Divisional Forest Officers) received the working advance late from the Chief Conservator of Forests (KL), Orissa, Bhubaneswar. Funds ranging between 2.21 to 51.92 *per cent* of total expenditure was received by the DFOs after 15 November of the respective year, with a delay as detailed below:

1. Period of delay on account of bush cutting (in days)	1992	1993	1994	1995	1996
Sambalpur	40-308	(Average delay for all the 5 years)			
Deogarh	13	30	30	20	16
Patnagarh	10	21-161	3-78	14	19
2. Period of delay on account of pluckers dues (in no. of days)					
Sambalpur	32	(Average delay for all the 5 years)			
Deogarh	60	22	129	28	46
Patnagarh	5-10	4-34	4	8-16	3-27
3. Period of delay on account of binding and other payment (no. of days)					
Sambalpur	225	(Average delay for all the 5 years)			
Deogarh	61-75	61-108	107-114	45-118	61-148
Patnagarh	231	61	319	392	390

(c) Working Advance by DFO to Range Officers

On verification of release of advances by three Divisional Forest Officers (KL) i.e., Sambalpur, Deogarh and Patnagarh to their Range Officers, the following deficiencies were noticed in audit:

- (i) As on day of completion of bush cutting when the Kantabanji Range was paid the working advance (82.32 *per cent*) to meet its requirement during 1992 crop, all other Ranges were paid 43.63 *per cent* to 76.80 *per cent* during the same crop year. Similarly, during the crop years from 1993 to 1995, the Ranges were paid advances varying from 58.88 *per cent* to 87.83 *per cent* of their requirement. In 1996 crop, while the Ghasian North Range was paid 67.57 *per cent* of its requirement as advance, the Khaprakhhol Range was paid only 34.45 *per cent* of its requirement.

In 1996 when Sambalpur Range was paid the working advance in full to meet his requirement, the Ulunda Range received only 50 *per cent*.

When the Khamar Range was paid working advance to the extent of 81.88 *per cent* of its requirement during 1992 crop all other ranges were paid 37.91 *per cent* to 80 *per cent* during the same year. Again during 1993 crop Ranges were paid 8.23 *per cent* to 29.15 *per cent* of their respective requirement. During 1994 crop Barkote Range was paid in full to meet its requirement whereas other Ranges were paid 16.66 *per cent* to 57.14 *per cent* during the same year. For 1995 crop when no payment was made to Reamal for the purpose as on his closing date of bush cutting (31 March 1995) all other ranges were paid 38.89 *per cent* to 45 *per cent* of their requirement. Moreover, in 1996, these Ranges were paid 38.46 *per cent* to 52.88 *per cent* of their requirement as advance (Deogarh) thus, there was discrimination in distribution of advances between the Ranges.

- (ii) During the period of purchase/collection the funds were distributed, not keeping in view the requirements of respective Ranges because of which purchases were hampered in more productive areas especially during 1995 and 1996 crop.

It was observed that the above irregularities in release of working advances by the DFOs to Ranges hampered production in areas where more funds were needed.

7.2.14 Withheld/Disallowed vouchers

As per para 346(i) of Orissa Forest Department Code '1979', if a voucher is withheld, for incorporation in the divisional accounts on account of inaccuracies, or owing to suspicion of fraud, the explanation of the Range Officer and the officer who has disbursed the amount in the voucher should be obtained within three months. The Divisional Forest Officer after due consideration of the explanation shall order its incorporation in part or in full or he may reject the vouchers.

It was however seen in audit that a sum of Rs.1.49 crore and Rs.65.41 lakh being withheld and disallowed vouchers respectively were kept pending recovery/adjustment as on 31 March 1996 in respect of 15 out of 19 divisions.

Scrutiny revealed that no steps were taken by the divisions to adjust the withheld vouchers which were lying for 10 to 12 years and made no recovery in respect of disallowed vouchers so far (May 1997). Some of the employees had either retired or expired and the reasons for non-adjustment of these vouchers were not on record.

7.2.15 Working results of OFDC

Working results of OFDC in marketing of kendu leaves for the five years period ending 31st March, 1996 were as follows :

<u>Particulars</u>	<u>1991-92</u>	<u>1992-93</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>
	(PROVISIONAL FIGURES)				
	(..... Rupees in lakhs)				
A. Income					
i) Selling Comm- ission	680.63	686.13	739.99	704.03	648.85
ii) Commission on Surcharge	--	--	228.62	215.19	202.01
iii) Interest	--	--	27.23	5.83	5.62
iv) Miscellaneous	47.80	25.49	24.07	54.08	82.17
Total	728.43	711.62	1019.91	979.13	938.65

<u>Particulars</u>	<u>1991-92</u>	<u>1992-93</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>
	(PROVISIONAL FIGURES)				
	(..... Rupees in lakhs)				
B. Expenditure					
i) Establishment	100.88	129.70	169.73	186.41	206.41
ii) Marketing Expenses	347.33	352.25	475.72	530.49	394.89
iii) Common Expenses apportion (25% of total Administrative Overhead on each trade)	40.08	25.64	26.45	22.85	152.48
Total	488.29	507.59	671.90	739.75	753.78
Profit	240.14	204.03	348.01	239.38	184.87

The reasons for decrease in profit during 1992-93, 1994-95 and 1995-96 in comparison to that of 1991-92 were not analysed and reported by the Company to its Board of Directors. Further, marketing expenses in 1994-95 were very heavy (Rs.5.30 crore) on account of apportioning of GMs office expenses. The reason for the unusually high apportionment of Common Expenses in 1995-96 (as much as Rs.1.52 crore) to kendu leaf trading was due to the Company not apportioning any amount that year to trading in timber.

In course of test check of the records of Sale centre, several deficiencies and irregularities were noticed in fixing upset prices, acceptance of lot deliveries instead of KL bags, delay in acceptance of delivery of KL, non-enforcement of terms and condition of agreement for sale with the buyers, lack of regular auctions due to inadequate supply of leaves as discussed in succeeding paragraphs.

7.2.16 Review of Trade Activities

(a) Sale of Kendu leaves as 'Mixed Lots'

Although Kendu leaves are categorised into 4 grades (I to IV) at the time of collection as well as delivery but at the time of sale, all these are mixed without any specific composition ratio of quality grades and mixed lots are sold. As a result the Company (DM/KL, Bolangir) had sustained a loss to the tune of Rs.13.80 lakh in a crop year 1994.

(b) Sale of Kendu leaves

Kendu leaves are sold by conducting periodical auctions five to six times in a year. Sale to bulk consumers is conducted through negotiations. The sales centres at Calcutta and Chennai also arrange sale of kendu leaves.

Sometimes kendu leaves are carried over to the subsequent year for sale. As the qualities of the leaves deteriorate during long storage, the average sales realisation suffered.

The following table indicates the cost of production, average sales price per quintal and percentage increase/decrease of cost price, average sales price and royalty of last five years ending the crop year 1996 taking 1991 crop year as the base year.

Crop year	Production (in lakh quintal)	Cost of production (Rs/quintal)	Avg. sale price (Rs/quintal)	Percentage increase(+)/decrease(-)		
				Cost price	Avg.Sale Price	Royalty
1991	4.97	1243.59	2772.33	---	---	---
1992	5.09	1318.89	2695.51	(+) 6.06	(-) 2.77	(-) 8.77
1993	4.98	1271.28	2968.18	(+) 2.23	(+) 7.06	(+)11.77
1994	4.91	1334.17	2895.21	(+) 7.28	(+) 4.43	(+) 0.57
1995	3.86	1611.50	3113.85	(+)29.58	(+)12.32	(-) 26.02
1996	5.14	1545.88	2782.00	(+)24.31	(+)0.35	(-)19.57

It would be seen from the above table that though the production increased by 3.42 *per cent* and the cost price increased by 24.31 *per cent*, the average sale price increased marginally. As a result, payment of royalty decreased by 19.57 *per cent* in 1996 compared to 1991.

KLCC decided in February 1995 that the Finance Department would evolve a method for tender-cum-auction sale of kendu leaves to realise better prices. But no such steps have so far been taken by the Government (July 1997).

(c) Loss due to non-enforcement of Terms and Conditions of Sales

The salient features of conditions of 'Auction Sales' relating to payments and lifting of KL stocks were as under :

- (1) Security deposit (25 *per cent* of sale value) was to be paid within 45 days of the sale.
- (2) Lifting was allowed on full payment within 90 days of sale.
- (3) If the purchaser failed to pay and lift the lot within 90 days he was to pay 10 *per cent* of sale value as additional security deposit and could avail of upto 135 days to pay the value and lift the lot.
- (4) Further extension was allowed upto 150 days and in exceptional cases upto 180 days on payment of central godown rent at the rate of Rs.3.00 per bag per month upto 150 days and thereafter at a rate of Rs.6.00 per bag per month in addition to 20 *per cent* interest per annum.

As the time allowed for lifting the lot was too long, it was decided in December 1992 and July 1996 to revise the time allowed in the auction sale condition for payment of Security Deposit (SD), additional SD, sale value and lifting of KL as under :

Security Deposit	30 days from the date of sale (existing time 45 days)
Full sale value	60 days (existing time 90 days)
Full sale value with additional SD	105 days (existing time 135 days)
Full sale value with interest	120 days (existing time 150 days)

Though the Company tried only once to implement the above decision the same could not be implemented due to purchasers' disagreement in the tripartite meeting held on 11 July 1996 between officials of Government, OFDC and Purchasers' Association.

Further, it was noticed that in a number of cases where SD was not paid within the stipulated period of 45 days and the Company lost time for offering the leaves in subsequent auctions, the sale prices came down drastically.

- (i) Clause 4 of Auction Sale Notice stipulates that no complaint whatsoever regarding quality, quantity and other defects will ordinarily be entertained in respect of any lots after finalisation of sale in favour of the highest bidder. Genuine complaint, if any, however, is to be settled through joint verification of the stock by the DM/DFO and auction purchaser. In course of audit (Sambalpur Division) it was seen that large number of lots were cancelled for resale with refund of SD for 1993, 1994 and 1995 crop stock for complaint either on quality or of general nature of complaint resulting in loss of Rs.21.96 lakh on resale.
- (ii) As per provision of sale condition (Clause 3), the purchasers are supposed to inspect the contents of lots and satisfy themselves with the quality of the stock. In order to facilitate the above work, KLCC decided, in consonance with KL Manual provisions that lot formation would be done by the Company after delivery of bags. For lot formation, all the bags are required to be received in the central godown 10 days prior to commencement of auction so that Company gets sufficient time for formation of lots and purchasers also get reasonable time for checking of lots. As against this, it was found that the delivery from the Department was taken by the Company in the shape of lots instead of bags. It was also noted that 30 lots were taken delivery even on the date of auction in 1992-93 and 1993-94 by the DM, Sambalpur and thereby the purchasers were not given sufficient time for verification and assessment of quality of respective lots.

(d) Upset Price

(i) According to the existing policy the upset price was proposed for each lot jointly by the Divisional Forest Officer (DFO) of the forest department, Government of Orissa and the Divisional Manager (Kendu Leaf) of the Company and the same sent to the General Manager for approval at least one day before the auction sale. The statement of the upset price was opened in the auction hall by the General Manager and the price obtained against each lot was recorded by him without approving the upset price suggested by the DFO/DM. The following table would indicate the upset price fixed *vis-à-vis* the average sale price obtained in the central auction held at Sambalpur for the disposal of KL during the periods from 1992 to 1996.

Crop year	Lot No	Upset price fixed	Price obtained	Difference
		(Per Quintal)		
1992	41/3	7000.00	9400.00	2400.00
	151/2	4800.00	8000.00	3200.00
	157/2	5000.00	8005.00	3005.00
	141/2	5000.00	9905.00	4905.00
1993	228/1	5500.00	7000.00	1500.00
	122/2	7000.00	8955.00	1955.00
	128/2	6500.00	7801.00	1301.00
	227/3	3200.00	4400.00	1200.00
	226/3	3500.00	4600.00	1100.00
	278/4	5000.00	6080.00	1080.00
1994	76/1	3500.00	5952.00	2452.00
	72/1	5000.00	7210.00	2210.00
	292/2	5000.00	6360.00	1360.00
	294/2	5500.00	6800.00	1300.00
	281/4	3800.00	4955.00	1155.00
1995	220/2	4500.00	6200.00	1700.00
	21/3	5700.00	6611.00	911.00
	19/3	5700.00	6600.00	900.00
1996	219/2	5000.00	6000.00	1000.00
	258/4	5500.00	7100.00	1600.00
	251/4	6000.00	7515.00	1515.00

The huge differences between the upset prices fixed and the sale price obtained indicated that the Divisional Manager (KL), Bolangir failed to keep the market trend in view of the subsequent auctions. No analysis of the sale of KL at Sambalpur was made at any level to know the market trend, market demand, reasons for price fluctuation etc.

(ii) Committee constituted by the Company for fixation of upset price recommended (1994) that the concerned DFO and DM would propose realistic upset price in respect of each lot taking into account the sale price of respective auction sale of last year, average price of last auction and also upto last auction sale, current market rate and quality leaves in each lot.

Scrutiny revealed that no such factors were considered for fixation of upset price. Audit worked out the under realisation taking into consideration the above norms for fixation of upset price as well as minimum sale rate that was to be fixed and deducting this from the actual sales realisation. The under realisation in sales amounted to Rs.1.93 crore in six central godowns during the last five years ending 1996 crop as detailed below:

Crop Year	Deogarh	Tileibani	Sambalpur	Sindhol	Bolangir	Chudapalli
	(	Rupees	In	lakhs)
1992	13.02	13.83	0.79	9.12	8.83	1.05
1993	7.05	8.09	5.12	4.34	1.34	8.82
1994	6.98	5.26	3.47	4.50	11.08	6.45
1995	5.94	----	0.89	----	7.81	0.58
1996	11.00	6.57	2.58	15.96	11.44	11.66
Total	43.99	33.75	12.85	33.92	40.50	28.56

It was also noticed that the upset price decreased during 1992 to 1996 as detailed below :

(Average Upset price per quintal in Rupees)

Crop Year	1992	1993	1994	1995	1996
Deogarh (R)	3172.02	3170.43	2866.37	3095.04	2774.55
Teleibani(R)	2928.08	2817.98	2641.75	3056.95	2760.00
Sambalpur(R)	2579.16	2312.50	2188.89	2256.19	2175.00
Sindhol(R)	3311.11	3135.00	2807.50	2740.48	2564.17

Since a limited number of buyers repeatedly purchased the product of these divisions, the declining trend in upset price created a situation where the buyers could dictate the upset

price. Scrutiny of auction-wise sale results (1992-1996) revealed that 30 to 50 *per cent* of total sales made were purchased by 8 to 10 traders/bidders (identical) in all auction sales.

(iii) A comparative analysis of upset price fixed by the Divisional Manager, Bolangir in respect of KL lots of 1993 and 1994 crop sent to Calcutta and that of 1993, 1994 and 1996 crop sent to Chennai vis-à-vis upset price suggested by the respective RMEs was made in Audit. There was wide variation ranging from Rs.184 to Rs.1800 between the upset price fixed by the DM and that suggested by Regional Marketing Executives (RME), the reasons for fixation of upset price on the lower side as stated by the Management was attributed to deterioration of leaves due to time gap and also the change of market conditions.

However, the irregular fixation of upset price by the RMEs by not considering the minimum price inclusive of cost for transportation as suggested by the DMs resulted in under-realisation of sales to the extent of Rs.21.99 lakh (Calcutta) and Rs.45.19 lakh (Chennai) compared to the average sale price fetched in the state in case of fresh lots.

Management stated (May/June,1997) that the comparison of the upset price fixed by the DMs and RMEs might not be justified since the leaves deteriorated due to time gap and also the change of market condition. The reply was not tenable since the stock in question was fresh and the upset price was fixed by the RMEs on the lower side.

(e) Downward trend of average sale price

The table below indicates the auction wise average sale price against the KL lots put to auction sales on interval of 45, 90, 135 and 180 days from the day of first GAS and reduction in average sale price in 2nd, 3rd and 4th fresh GAS ranged between 2.38 to 24.77 *per cent* in

comparison to sale rate of 1st GAS during last five crop years ending 1996.

Crop Year	Average Sale value in Rs./quintal achieved in GAS.				Percentage of reduction in comparison to 1st GAS.			
	1st	45 days interval (2nd)	90 days interval (3rd)	135 days interval (4th)	1st	2nd	3rd	4th
1992	2916.38 (6660)	2846.95 (15360)	2431.48 (20700)	2478.20 (18360)	----	2.38	16.63	15.02
1993	3273.82 (8460)	2782.49 (16860)	2542.24 (14220)	2462.79 (15301)	----	15.01	22.35	24.77
1994	2840.99 (5040)	2608.65 (13560)	2705.51 (15360)	2549.87 (16352)	----	8.18	4.77	10.25
1995	**	3346.90 (21180)	2967.99 (15720)	2738.72 (8964)				
1996	2701.75 (9720)	2744.07 (11220)	2596.63 (17760)	2562.70 (18171)	----		3.89	5.15

(Figures in the brackets represents the quantity sold.)

**Obstructed by Purchaser's Association.

The reasons for such reduction in sale value in subsequent auctions from that of first GAS was attributed mainly to deterioration of quality of Kendu leaves due to long storage.

The said reply is not tenable in view of the fact that the purchasers who were also in business were allowed to avail upto 180 days of lifting time. Further in the meeting taken by the Chief Secretary in April 1996 it was decided that an average sale price of Rs.3300.00 per quintal was to be achieved by the OFDC during 1996-97 against which the actual achievement was Rs.2633 per quintal up-to 4th GAS. Regarding reasons for decline in sale price, OFDC clarified (July 1996) that the sale price obtained was not lower but reasonable under the prevailing situations and attributed to less production during the crop year 1995 compared to 1996. Besides, there was bumper crop in 1996 in other parts of the country. As such, the average sale price per quintal obtained was less than 1995 crop.

However, as observed in Board's meeting in December 1996, the sale price of 1996 crop was to be at least at par with that of 1992 crop, another bumper crop year. But even the sale price of 1992 was not achieved and the loss sustained by the KL Division (Sambalpur) to

the extent of Rs.32.41 lakh was not justified, when the KL production of (72225.60 quintals) 1996 was less than that of 1992 production (75718.20 quintals).

The Division stated that the average sale price per quintal for 1996 crop including Kerala Dinesh Bidi (KDB) supply was higher than that of 1992 crop. The reply was not tenable in view of the fact that the KDB supply was on negotiation sale; not on General Auction Sale.

(f) Loss due to delay in acceptance of delivery/disposal

As per the KL Manual 1973, on receipt of fortnightly delivery intimation from the concerned DFO (KL) specifying range wise production of KL and total receipt in respective central godowns the concerned division of the Company was required to take delivery in bags in the central godown for disposal in auction sales, at the earliest possible time in order to fetch higher sale price.

In the co-ordination meeting of General Managers (C), OFDC Ltd. and the Conservator of Forest (KL) Circles held on 1 November 1995 it was decided that the delivery of bags by OFDC were to be taken in the central godowns as a continuous process. If a minimum of 200 bags were available in central godown, the OFDC staff should take delivery of the bags after checking notwithstanding the date of auction sale.

A test check of production and receipt of KL bags in central godowns of Sambalpur and Sindhul range for the crop year 1994 showed the following deficiencies:

- (i) As against the available quantity of 798 bags of KL in the central godown (CG) (No.14,18,21,11) as per the intimation dated 30 August 1994 of DFO(KL), Sambalpur, DM Sambalpur (OFDC) took delivery of 500 bags (300 quintals) and sold this in 2nd GAS (1

September 1994 to 7 September 1994) at an average sale price of Rs.2326.20 per quintal leaving a balance of 298 bags.

(ii) Further, during the period of 3rd GAS (25 October 1994 to 31 October 1994) though quantity of 790 bags (474 quintals) including the balance of 298 bags was available, no delivery was taken/accepted by DM, Sambalpur and thereby the 3rd GAS was skipped over, the reasons for which were not on record. The same were taken delivery just before the 4th GAS (27 December 1994 to 2 January 1995) and sold in that auction at an average sale price of Rs.2120.22 resulting in under-realisation of sale proceeds of 298 bags to the extent of Rs.0.37 lakh in comparison to price fetched in 2nd GAS.

(iii) Out of the available balance of 1703 bags, 1200 bags were taken delivery including 790 bags as above and the same were sold in 4th GAS leaving a balance of 503 bags (301.80 quintals) which were taken delivery and sold in 5th GAS (20 February 1995 to 23 February 1995) at an average sale price of Rs.1996.25 per quintal resulting in loss of revenue by way of under-realisation to the extent of Rs.0.37 lakh in comparison to sales price of 4th GAS.

(iv) In case of Sindhol range (No.53) there was under-realisation of Rs.2.55 lakh due to taking delivery and selling of 1400 bags (840 quintals) in 4th GAS at an average sale price of Rs.2,638.40 instead of taking delivery and selling the same in third GAS (average selling price being Rs.2,942.33).

It was, thus, observed that due to delay in accepting/taking delivery of KL bags and consequential delayed disposal had resulted in the under-realisation of sale price to the extent of Rs.3.30 lakh in respect of two out of ten ranges under the jurisdiction of DFO(KL), Sambalpur in crop year 1994.

In reply, the Division stated that delay in accepting/taking delivery of KL bags was due to disagreement between the Forest department and Company as regards quality of the leaves. The reply of the Management was not tenable since the records made available to audit did not reflect such facts. Besides, audit observed that due to delay/non-execution of agreement between Government and selling agent (OFDC) there were no contractual responsibilities.

(g) Loss on resale of KL bags

Kendu leaves of 1994 and 1995 production stored in different godowns under Divisional Managers (KL) were put to auction on different places on different dates. While lifting those KL bags from different godowns, it was noticed by the purchasers that KL bags were severely damaged due to soaking of water from the ground, discolouration in leaves, cracks in leaves and even replacement of inferior quality leaves in place of better quality inside the KL bags. As a result of which purchasers expressed their inability to lift those KL bags and requested to refund their security amount deposited with the Company on settlement of sale. Joint verification were conducted by the concerned Divisional Forest Officers (KL) and Divisional Managers (KL), OFDC at the presence of purchasers.

Based on such joint verification, General Manager (Commercial), Sambalpur zone cancelled those sale and ordered (April 1995) to release the security deposit of concerned purchasers with the instruction to fix responsibility for such damages. General Manager (Commercial) of the Company ordered to despatch those damaged KL bags to Calcutta sales centre for resale. However, Audit could correlate only six cases in absence of any study by the Company on such resale. Resale value of those six lots was Rs.6.34 lakh against the sale price of Rs.8.92 lakh obtained at auction sale in Orissa and Rs.0.44 lakh was spent towards transportation charges of KL bags from DM's office (in Orissa) to Calcutta. Hence, the total loss to the Government in resale was Rs.2.58 lakh and to the Company Rs.0.57 lakh by way of commission (Rs.0.13 lakh) and transportation charges (Rs.0.44 lakh).

In reply, it was stated that the concerned Divisional Manager (KL) had been asked to take action against the staff concerned. No action was taken to recover the losses so far (July 1997).

As per Clause 11 of auction sale notice, in the event of failure to pay the full purchase price within the stipulated period the sale will be automatically treated as cancelled and the SD along with the additional SD will be forfeited and the lot(s) will be disposed of by the Company at the risk of the purchaser.

(i) At Chennai sales centre, there was a loss of Rs.4.49 lakh in respect of 1994 crop and Rs.7.23 lakh with respect to 1995 crop compared to the original sale value fetched in Sambalpur auction sale. Due to backing out of the successful bidders of Sambalpur auction sale, the Government had to sustain a loss of Rs.2.30 lakh in respect of 6 lots of 1995 crop resold at Chennai sales centre after adjusting the forfeiture of security deposit and additional security deposit of the said bidders.

Again, the Government had to sustain loss to the extent of Rs.2.19 lakh in respect of 11 lots of 1992 crop to 1995 crop sold and resold at Chennai Sales centre due to backing out of successful bidders of respective auction sales at Chennai.

Though as per above clause, the losses were to be recovered from the concerned defaulted bidders/purchasers no legal action has been initiated so far (July 1997).

In this connection Audit observed that due to non-incorporation of a suitable clause in regard to submission of property statement before participating in auction, the Company could not initiate any legal action against the defaulters.

h) Resale of part KL lots

The sale centre (Calcutta) had disposed of KL lots in piecemeal basis through auction at a much lower price than that of the original lot which was sold in Sambalpur auction but not lifted by the successful bidders.

Clause No.6 of the Auction Sale Notice (Calcutta) envisaged that the sale would not be allowed in favour of more than one party for any particular lot and sales once finalised in favour of any purchaser would not be transferred partly or fully subsequently to any other person.

In contravention to the above provision, the sale centre had re-arranged the lots received from Sambalpur into part lots containing one to thirty bags and sold the same to various bidders in auction at a much lower price than that fetched at Sambalpur auction but not lifted resulting in loss of Rs.28.08 lakh during 1991-92 and 1992-93. Had the provision been enforced there would not have been a loss.

RME, Calcutta stated (May 1995) that the procedure was being followed since inception.

(i) Delay in formation of lots

The lot formation was to be done by the Company after delivery of offered bags which were required to be received in the central godown ten days prior to the commencement of respective auctions and as far as practicable, all the delivered bags were to be kept in one central godown and the undelivered bags in other central godowns. The system was not followed and delivery was being taken only after formation of lots with quality composition just one or two days earlier than commencement of respective auction sales.

Due to non-completion of lot formation in time a number of lots were put to next auction sale and as a result, those lots did not fetch the average sales price of lots in which those were proposed to be sold, due to deterioration of leaves during long storage and the OFDC/Government had thus sustained a loss of Rs.1.04 crore in 1994 crop towards sale of pending lots as detailed below.

Name of Division	Quantity (in quintals)	Average sale price achieved	Average sale price of 1st GAS	Difference	Loss (Rupees in lakhs)
(.....Rupees per quintal.....)					
Pending lots of 1st GAS put to 2nd GAS					
A. Bolangir	120	1915	4302	2387	2.86
B. Patnagarh	60	3200	4507	1307	0.78
C. Titlagarh	60	2890	4363	1473	0.88
D. Padampur	720	2851	3486	635	4.57
Pending lots of 2nd GAS put to 3rd GAS					
A. Bolangir	60	3461	3486	25	0.01
B. Patnagarh	360	3398	4363	965	3.47
C. Titlagarh	960	2830	4202	1372	13.17
D. Padampur	660	3880	2507	--	--
Pending lots of 3rd GAS put to 4th GAS					
A. Bolangir	420	4083	7620	3537	14.85
B. Patnagarh	180	3960	8940	4980	8.96
C. Titlagarh	780	4023	8520	4497	35.08
D. Padampur	300	3308	9660	6352	19.06
Total :					103.69

In reply (February 1997) the Management stated that the forest department was fully involved in formation of lots so as to ensure a better marketability and maximisation of the price. The reply was not tenable in view of the fact that as per the manual provision the department was required to deliver the kendu leaves to OFDC in the shape of bags only and because of non-compliance of the manual provision the lots were sold at a later date fetching less sale price.

(j) Delay in disposal

Scrutiny revealed that the kendu leaves of a particular crop year took three to four financial years for its final disposal. The quality of stocks deteriorated due to long storage, affecting the sales realisation to Government. Delay in disposal of stocks also resulted in locking up of the Company's funds in working advances and delayed royalty payment to Government apart from postponement of the earning of marketing commission.

It was seen that the balance unsold kendu leaves of 1991, 1992 and 1993 crop of the Company which were not put to auction during the crop year but sold later in 1994-95 and 1995-96 resulted in a loss of Rs.48.41 lakh as under:

Crop year	Unsold balance quantity (in quintals)	Average sale price in respective crop year (Rupees per quintal)			Average sale price achieved in the year of selling (Rupees per quintal)		Loss per quintal (In rupees)	Total loss(in rupees)
		1991	1992	1993	1994-95	1995-96		
1	2	3A	3B	3C	4A	4B	3-4	(3-4)x2
1991	176	2784	--	--	806.11	--	2477.89	4,36,109
1992	134.20	--	2701	--	1183.32	--	1516.68	2,03,538
1992	62.40	--	2701	--	--	1562.98	1138.02	71,012
1993	3014.04	--	--	2794	--	1423.50	1370.50	41,307,42
Total								48,41,401

(k) Loss due to non-weightment of KL bags at lifting point

KLCC decided (December,1992) that the weight of a processed bag should be 64 kgs. at the time of bagging in the binding centre, to ensure its weight not to be less than 60

kgs after allowing for moisture loss even after two years. The Government however had not framed any rules to this effect.

A test check of delivery acceptance notes revealed that the KL bags were treated as 60 kg bag each instead of 64 kgs. at the time of offering delivery by the Forest department to OFDC, as there was no specific order from the Government. The Company had also accepted the lots (100 bags) as 60 quintals and such lots when sold, lifted by the purchasers during 6 months to one year of storage as 60 quintals each though the same were at least 62 quintals each after allowing moisture loss for one year on this account and the Division/Government sustained a loss to the tune of Rs. 67.27 lakh in trade of KL during 1992 to 1996 crops towards the excess delivery to parties. The Division had no practice of weighment at lifting point. Had the Division weighed the lots at lifting points the loss sustained by the Division/Government would have been avoided.

- (1) Loss due to irregular disposal of KL (export sale) leading to revised assessment under Section 12(8) of Sales Tax

In consonance with the provisions of Section 5(3) of CST Act, 1956 and rules thereunder, the auction sale notice (Clause 14) stipulates that the purchasers who wish to export kendu leaves are required to intimate in writing to the authority conducting the auction as well as concerned Divisional Manager (KL) the full address of the party/country to which the export is to be made, details of contract entered into with the foreign buyer and particulars of L/C opened to prove the genuineness of the purchase for export before taking part in the auction. But the purchasers who submitted a simple letter indicating the purpose of export with name of the country without supporting papers for export contract entered into or L/C were allowed to lift the lots/leaves without including sales tax in the bills. Traders submitted the photocopies of contracts entered into only after making their deposits or at the time of payment for purchases.

However, sales tax assessments for the period from 1990-91 to 1994-95 were completed by the then Sales Tax Officer (STO) based on the documents (photocopies) as submitted by the party. Turnovers on exports were also admitted without imposing any tax liability or penalty. Accordingly, the security deposit kept towards export sales were refunded after completion of assessment. In early 1996, Intelligence Wing of Sales Tax Department, Sambalpur issued notice to produce original documents of contract with foreign buyers, L/C with utilisation certificate etc. and directed to the Sales Tax Officers to reopen the assessment. Since OFDC failed to produce the required documents, the STO, Sambalpur had imposed tax liability of Rs.1.70 crore and penalty of Rs.18.00 lakh against the OFDC in reassessment. Appeal filed before the Additional Commissioner of Sales Tax (ACST), Sambalpur was rejected and Rs.10.00 lakhs towards deposit of demand tax for the period from 1990-91 to 1994-95 as per the order of Hon'ble High Court of Orissa, Cuttack was deposited by the OFDC Ltd.(Hdqr office) and the case is sub-judice.

It was found that this had happened at Bhawanipatna and Jharsuguda Divisions as well. Out of the total demanded Sales Tax amounting to Rs 4.48 crore (inclusive of Sambalpur) on account of non-acceptance of export particulars submitted by traders claiming exports, a sum of Rs 1 crore was paid upto end-July 1997. Thus, OFDC incurred a contingent liability to pay Sales Tax of Rs 4.48 crore without having collected the tax from purchasers.

In this connection Audit observed that had the sale conditions been followed strictly to ascertain the genuineness of the (purchases/exports) the loss sustained by the Company to the tune of Rs.4.48 crore being payment of demand tax without collecting the same from the purchasers could have been avoided.

- (m) Wasteful expenditure due to non-utilisation of the hired godown to the optimum capacity

Analysis of the KL bags received from the 6 KL Divisions of the OFDC Ltd., for 1992-93 to 1996-97 disclosed that the sale centre at Calcutta initially hired 6 godowns for storing kendu leaf bags and gradually vacated 3 (last one vacated on 31 March 1993) and the balance 3 hired godowns having total floor capacity of 34,360 Sq.ft for storage of 12000 nos. of KL bags in each month as a maximum and targeted to handle 48000 nos. of KL bags annually. The sale centre was liable to pay Rs.0.75 lakh per month till 1996-97. Taking into account, the stocks handled by the sale centre for the year 1993-94 to 1996-97 the RME, Calcutta had incurred a wasteful expenditure of Rs.19.71 lakh as detailed below :

Year	Stock received (in bags)	Targeted by RME to handle	Capacity utilisation	Rent paid (in Rupees)	Loss due to under utilisation
1993-94	24,738	48,000	50 %	9,00,000.00	4,50,000.00
1994-95	33,644	48,000	70 %	9,00,000.00	2,70,000.00
1995-96	11,142	48,000	23 %	9,00,000.00	6,23,000.00
1996-97	18,376	48,000	38 %	9,00,000.00	5,58,000.00
				Total :	<u>19,71,000.00</u>

Thus, it can be seen that the hired godowns during 1993-94 to 1996-97 were not properly utilised to its optimum extent and the payment of godown rent for 100 *per cent* capacity resulted in wasteful expenditure of Rs.19.71 lakh due to non-receiving of the required stock as well as delay in taking decision as regards surrender of idle godowns.

It would be seen that during the last five years, the unit never received more than 6500 bags at a time in any of the months. The retention of empty godown space by the RME was thus unjustified. Considering the quantity of bags received at hand, had one godown out of three as suggested by the Secretary, Forests vide his tour note dated December 1992 and July 1993 been surrendered in March 1993 itself (when the last one was vacated), payment of rent to the tune of Rs.13.16 lakh could have been avoided. However, the same was surrendered only in September 1996.

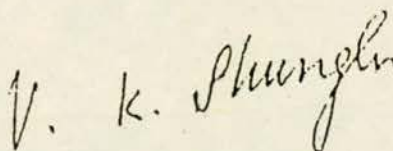
BHUBANESWAR,
The



(S.K. MISHRA)
ACCOUNTANT GENERAL(AUDIT)I ORISSA

5 MAY 1998

COUNTERSIGNED



NEW DELHI,
The

(V.K. SHUNGLU)
COMPTROLLER AND AUDITOR GENERAL OF INDIA

106 MAY 1998

1 DE WVI 1338

2 DE WVI 1338

APPENDICES

APPENDIX-I (Contd.)

(Refer paragraph 1.11.4 at page 47)

Statement showing the details of outstanding guarantees

Sl. No.	Name of the guarantee Institute	Guarantee sanction order No. and date	Maximum amount guaranteed		Guarantee outstanding as on 31 March 1997	Guarantee fee due as on 31 March 1996	Realised during 1996-97	Balance as on 31 March 1997	Remarks
			As per department	As per Explanatory memorandum					
(I n R u p e e s)									
1.	Bargarh, CSM Limited	11828/CF/10.06.69	230,00000	210,00000	19,46000	7,62682.63	61245.63	7,01437	Leased out 31.8.91
2.	Deogarh, RCMS Ltd.	23095/CF/27.11.68	1,00000	1,00000	1,00000	--			Yet to receive.
3.	Angul, RCMS Ltd.	23592 / 3.12.68	1,00000	1,00000	21404.34(Pr) 36951.38(Int)	--	--	--	--
4.	Jeypore, PGS & MCS Ltd	17545/ 6.9.66	1,83000	1,83000	--	--	--	--	Not furnished
5.	MARKFED, Orissa	12189/A&C 20.8.85	2400,00000	140000000 100000000	--	--	--	--	Not furnished
6.	Baripada, RCMS Ltd	256971 31.12.69	1,00000	1,00000	60000.00(Pr) 63605.50(Int)	--	--	--	
7.	Bolangir, RCMS Ltd	17166/CF/4.9.69	100000	100000	100000	--	--	--	
8.	Bamara, RCMS Ltd.	365/CF/ 5.7.68	100000	100000	70645.58	700.00	--	700.00	
9.	Padampur, RCMS Ltd.	23148/CF/27.11.68	100000	100000	30153.48	7537.00	--	2,578.37	
10.	Banki, RCMS Ltd.	19270/CF 17.9.68	3,00000	1,00000	3,00000 (Pr) 2,75582(Int)	7,125.00	7,125.00	--	
11.	Aska Co-op Cold Storage & MCS Ltd. Kotinada	199 7.1.67	3,21127.44	3,21127	3,21127.44	10,646.00	--	10,646.00	Defunct w.e.f. 29.7.87
12.	Jagatsinghpur, RCMS Ltd.	19275/CF dt.27.11.68	1,00000	1,00000	--	--	--	--	-do- Dt.11.9.90
13.	Jatni, RCMS Ltd.	19277/CF 17.09.68	67,000	67,000	--	--	--	--	
14.	Athagarh, RCMS Ltd.	24327/CF 12.12.68	1,00000	1,00000	--	--	--	--	Defunct wef 16.2.94

APPENDIX-I (Contd.)

(Refer paragraph 1.11.4 at page 47)

Statement showing the details of outstanding guarantees

15.	Gopabandhu Sitalbhandar & MCS Ltd, Jagatsinghpur	7810/CF 24.4.67	3,50,000	3,50,000	--	--	--	--	-do- 29.7.94
16.	Bapuji Co-op Cold Storage and MCS Ltd., Bahugram	7085 11.8.67	1,90,000	1,90,000	--	--	--	--	-
17.	Banki PGS & MCS Ltd	19268/CF 17.9.68	3,00,000	3,00,000	--	--	--	--	--
18.	Charanpada Denua PGS & MCS Ltd.	1965/CF 17.9.68	1,58,000	1,58,000	--	--	--	--	Defunct
19.	Danpur, JMCS Ltd. CTC	9807/AC 12.6.90	75,00,000	75,00,000	--	--	--	--	--
20.	Nayagarh CSI, Ltd.	17075 21.9.87	140,00,000	500,00,000 140,00,000	--	--	--	--	Leased out wef. 12.1.91
21.	Badamba, CSI, LTD	A&C No.279/87 dt 3.6.87 & -do- cad/ c- 120 1631 dt 7.4.88	500,00,000	500,00,000 130,00,000	--	--	--	--	Leased out wef 9.1.91
22.	Orissa Co-op Housing Corporation Ltd.	3842/A&C 16.2.81	50,00,000	50,00,000	17,50,000 as per expl. memora- ndum	--	--	--	Exempted
Grand Total			342169127.44	402969127	5075469.72			715361.37	

APPENDIX-I (Concl.)

(Refer paragraph 1.11.4 at page 47)

Statement showing the details of outstanding guarantees

Sl. No.	Name of the co-operative Bank	Guarantee sanction order No. and date	Maximum amount guaranged		Guarantee outstanding as on 31 March 1997	Guarantee fee due as on 31 March 1996	Realised during 1996-97	Balance as on 31 March 1997	Remarks
			As per department	As per Explanatory memorandum					
1.	Orissa State Co-op Bank Ltd. BBSR	a) A&C Deptt. Gr.O. Order No.3173 Dt.18.2.80	513,50000	513,50000	85,37000	20540	Nil	25,675	Guarantee fee for the period ending 31.3.93 to 31.3.97 has not been paid. RCS Orissa, has been requested vide Lr.No. 1665 dt.2.5.94 to move to Govt. for exemption of fee
		b) A&C Deptt. GO order No.12391 Dt.22.5.82	5000,00000	5000,00000	3157,64000	Not applicable			Guarantee deed has not been executed by Govt.
		c) Co-op Deptt. order No.5585 Dt.7.3.92	686,93000	686,93000	400,92000	27477.20	--	34346.50	
		d) A&C No.16605 7.10.85	--	837,80000 1088,80000					Guarantee fee exempted -do-
		e) A&C 32358 23.11.90	--	12100,00000					-do-
2.	Orissa State Co-op Agri. & Rural Dev. Bank Ltd	8341 / 12.4.88	--	11000,00000					Exempted
		Total	6200,43000	31227,03000	3643,93000			60021	

APPENDIX - II (Contd.)

) (Refer paragraph 2.3 (a) at page -55)

Statement showing cases where supplementary provision was unnecessary

Sl. No.	Grant/Appropriation		Original Grant/ Appropriation	Supplemen- tary Grant/ Appropriation	Expendi- ture	Saving
1	2		3	4	5	6
(Rupees in crores)						
REVENUE SECTION						
1	1	Home (Voted)	291.53	16.64	290.89	17.28
2	2	General Administration (Voted)	14.45	0.72	13.65	1.52
3	9	Food Supplies & Consumer Welfare(Voted)	112.84	0.78	94.78	18.84
4	10	School & Mass Education (Voted)	918.11	57.29	868.93	106.47
5	11	Welfare(Voted)	201.87	2.96	163.80	41.03
6	12	Health & Family Welfare(Voted)	298.56	3.89	283.74	18.71
7	14	Labour & employment (Voted)	17.26	0.69	17.14	0.81
8	15	Sports & Youth Services (Voted)	7.33	0.37	4.46	3.24
9	19	Industries (Voted)	86.80	5.30	80.34	11.76
10	21	Transport (Voted)	11.65	0.20	9.39	2.46
11	22	Forest & Environment(Voted)	93.87	5.79	73.29	26.37
12	23	Agriculture (Voted)	225.49	11.02	217.59i	18.92
13	24	Steel & Mines (Voted)	10.90	0.44	9.77	1.57
14	30	Energy (Voted)	16.07	3.84	9.76	10.15
15	31	Textile & Handloom (Voted)	33.55	0.42	22.28	11.69
16	32	Tourism & Culture (Voted)	11.97	0.11	9.19	2.89
17.	33	Fisheries & Animal Resources Development (Voted)	83.60	4.93	78.60	9.93

APPENDIX - II (Concl'd.)

(Refer paragraph 2.3(a) at page 55)

Statement showing cases where supplementary provision was unnecessary

Sl. No.	Grant/Appropriation	Original Grant/ Appropriation	Supplemen- tary Grant/ Appropriation	Expendi- ture	Saving	
1	2	3	4	5	6	
(Rupees in crores)						
REVENUE SECTION						
18	34	Co-operation(Voted)	33.52	2.61	26.10	10.03
19	36	Women & Child Development (Voted)	297.68	21.43	230.98	88.13
20	38	Higher Education (Voted)	171.30	7.23	165.81	12.72
		Total	2938.35	146.66	2670.49	414.52
CAPITAL SECTION						
1	7	Works (Voted)	150.75	7.80	135.85	22.70
2	20	Water Resources (Voted)	425.12	77.23	408.76	93.59
3	28	Rural Development(Voted)	52.45	13.54	51.12	14.87
4	30	Energy (Voted)	330.48	197.84	228.59	299.73
5	31	Textile & Hand loom(Voted)	3.18	6.92	2.61	7.49
6	33	Fisheries & Animal Resources Development(Voted)	10.00	1.27	7.25	4.02
7	34	Co-operation(Voted)	19.36	7.17	17.01	9.52
		Total	991.34	311.77	851.19	451.92
Grand Total		3929.69	458.43	3521.68	866.44	

APPENDIX -III

(Refer paragraph 2.3 (b) at page55)

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

Sl. No.	Grant/Original Appropriation		Expendi-Grant/ Appropriation	Additio-ture	Supplemen-nal require-ment	Final tary provi-sion	Saving
1	2		3	4	5	6	7
(R u p e e s i n c r o r e s)							
REVENUE SECTION							
1	3	Revenue (Voted)	203.46	208.72	5.26	31.85	26.59
2	4	Law (Voted)	16.48	17.12	0.64	0.98	0.34
3	6	Commerce(Voted)	20.99	21.27	0.28	0.70	0.42
4	13	Housing and Urban Development (Voted)	83.72	93.02	9.30	13.35	4.05
5	17	Panchayat Raj (Voted)	250.09	252.85	2.76	32.35	29.59
6	20	Water Resources(Voted)	165.71	190.63	24.92	25.33	0.41
7	25	Information and Public Relation (Voted)	8.61	8.64	0.03	0.49	0.46
Total			749.06	792.25	43.19	105.05	61.86
CAPITAL SECTION							
1	12	Health and Family Welfare(Voted)	11.83	13.80	1.97	9.00	7.03
2	13	Housing and Urban Development (Voted)	30.96	34.48	3.52	6.50	2.98
3	19	Industries (Voted)	16.78	16.79	0.01	0.67	0.66
4	20	Water Resources(Charged)	0.39	0.67	0.28	1.79	1.51
5	23	Agriculture (Voted)	0.29	0.39	0.10	0.83	0.73
Total			60.25	66.13	5.88	18.79	12.91
Grand total			809.31	858.38	49.07	123.84	74.77

APPENDIX - IV

(Refer paragraph 2.3 (c) at page -55)

Statement showing cases where supplementary provision was inadequate

Sl. No.	Grant/ Appropriation expenditure	Original provision	Supplem-entary provision	Expenditure	Excess of over total provision	
(R u p e e s i n c r o r e s)						
REVENUE SECTION						
1	3	Revenue (Charged)	40.56	25.81	78.50	12.13
2	7	Works (Voted)	118.21	2.65	165.61	44.75
3	28	Rural Development (Voted)	130.71	41.94	189.24	16.59
Total			289.48	70.40	433.35	73.47
CAPITAL SECTION						
1	22	Forest and Environment (Voted)	102.15	1.94	137.76	33.67
2	6003	Internal Debt of the State Government (Charged)	512.21	1002.08	2023.56	509.27
Total			614.36	1004.02	2161.32	542.94
Grand Total			903.84	1074.42	2594.67	616.41

APPENDIX - V (Contd.)

(Refer paragraph 2.3.1 at page 55)

Statement showing Significant cases of savings in plan expenditure

Sl. No.	Number and Name of Grant/Appropriation		Major Head/Minor Head/Sub-Head	Total grant	Actual expenditure	Saving
(Rupees in Crores)						
1	7	Works	4059-Capital outlay on Public Works-State plan State Sector-01-Office Buildings EE-051 -Construction	3.81	2.44	1.37
2	7	Works	5054-Capital outlay on Roads and Bridges-State -Plan State Sector-04-district & other Roads-CCCC-800-Other expenditure	50.38	47.49	2.89
3	10	School and Mass Education	2202-General Education-State Plan-District Sector-02-Secondary Eduation - QQ-109 Government Secondary schools	149.43	148.14	1.29
4	10	-do-	2202-General Education-State Plan-District Sector-02-Secondary Education-SS-796-Tribal Area Sub Plan	36.10	34.11	1.99
5	10	-do-	2202-General Education-Central Plan-District Sector-01-Elementary Education-EEE-101-Govt. Primarfy Schools	25.51	18.01	7.50
6	10	-do-	2202-General Education-Central Plan- District Sector-01-Elementary Education- FFF-796-Tribal Area Sub-Plan	16.57	7.73	8.84
7	12	Health & Family Welfare	2210-Medical & Public Health-State Plan District Sector-06-Public Health EEE-101-Prevention & Control of Diseases	12.15	10.95	1.20
8	12	-do-	2210-Medical & Public Health Centrally-sponsored plan-District Sector-06-Public Health NNN-101-Prevention & control of Diseases	1.20	NIL	1.20
9	12	-do-	3606-Aid ;materials & equipments-Central Plan-State sector-0000-101-Family Welfare Programme	16.89	12.25	4.64
10	12	-do-	3606-Aid materials & equipments-Centrally Sponsored Plan-State Sector-TTTT-104-National Malaria Eradication Programme	2.40	0.60	1.80
11	12	-do-	4210-Capital outlay on Medical & Public Health Centrally-Sponsored Plan-State Sector-02-Rural Health Services-AAAAA-101-Health sub-centres	6.92	Nil	6.92
12	13	Housing & Urban Development	2217-Urban Development-Central Plan-District Sector-04-Slum Area improvement-QQ-191-Assistance to Local Bodies, corporations, Urban Development Authority, Town improvement Boards etc.	5.00	NIL	5.00

APPENDIX - V (Contd.)

(Refer paragraph 2.3.1 at page 55)

Statement showing Significant cases of savings in plan expenditure

Sl. No.	Number and Name of Grant/Appropriation		Major Head/Minor Head/Sub-Head	Total grant (Rupees in Crores)	Actual expenditure	Saving
13	20	Water Resources	2702-Minor Irrigation-State Plan-State Sector -01- surface water-MMM-102-Lift Irrigation schemes	73.97	70.04	3.93
14	20	-do-	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-01-Major Irrigation-Commercial-KKKK-202 Rengali Irrigation Project	59.60	30.21	29.39
15	20	-do-	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-01- Major Irrigation-Commercial -QQQQ-221 Anandapur Barage Project	3.10	--	3.10
16	20	-do-	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-01- Major Irrigation Commercial-RRRR-796 Tribal Area Sub-Plan	89.60	88.26	1.34
17	20	-do-	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation; commercial-TTTT-309-Baghua Irrigation Project Stage-II	7.90	5.13	2.77
18	20	-do-	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03- Medium Irrigation-Commercial-VVVV-315 Upper Jonk Irrigation Project(charged)	1.01	--	1.01
19	20	-do-	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation-Commercial-CCCC-392- Hydrology Project (EAP)	2.00	0.26	1.74
20	20	-do-	4701-Capital outlay on Major & Medium Irrigation -State Plan-State Sector-03-medium irrigation; commerical-DDDDD-393- Water resources consolidated project(EAP)	19.11	14.77	4.34
21	20	-do-	4701-Capital outlay on Major & medium Irrigation- state plan-State Sector-03- medium Irrigation; Commerical-EEEE-394-National Water Management Project	10.30	4.77	5.53
22	20	-do-	4701-Capital outlay on Major & medium Irrigation- State Plan-State Sector -03- medium irrigation; commerical-KKKKK-796-Tribal Area Sub plan	12.71	10.76	1.95

APPENDIX - V (Contd.)

(Refer paragraph 2.3.1 at page 55)

Statement showing Significant cases of savings in plan expenditure

Sl. No.	Number and Name of Grant/Appropriation		Major Head/Minor Head/Sub-Head	Total grant	Actual expenditure	Saving
				(Rupees in Crores)		
23	20	Water Resources	4701-Capitaloutlay on Major & medium irrigation - State Plan- State Sector-03- medium Irrigation; commerical- LLLLL-800-Other expenditure	3.00	0.20	2.80
24	20	-do-	4701-Capital outlay on Major & medium Irrigation- State plan-State Sector-80-General-MMMMM- 004- Research	29.18	27.65	1.53
25	20	-do-	4702-Capital outlay on Minor Irrigation-State Plan-State Sector-00000-102-Ground Water	2.01	0.15	1.86
26	22	Forest & Environment	2406-Forestry and Wild Life Central-Plan-District Sector-01-Forestry-X-102-Social & Farm Forestry	6.01	0.45	5.56
27	23	Agriculture	2402-Soil and Water conservation-state plan District Sector-DDD-796 Tribal Area sub-plan	8.40	5.40	3.00
28	23	Agriculture	2402-Soil and Water conservation-Central Plan-State sector-GGG-796-Tribal Area sub-plan	4.27	0.98	3.29
29	23	Agriculture	2402-Soil and Water conservation-Central Plan-District Sector-HHH-102 Soil conservation	18.49	10.10	8.39
30	23	Agriculture	2402-Soil and water conservation-Central Plan District Sector-III-796-Tribal Area Sub-Plan	17.81	6.37	11.44
31	30	Energy	2801-Power-State Plan-State Sector-80-General F- 800 other expenditure	10.78	5.54	5.24
32	31	Textile & Handloom	2851-Village & Small Industries Centrally Sponsored Plan-State Sector-P-103-Handloom Industries	2.74	1.67	1.07
33	33	Fisheries & Animal Resources Development	4405-Capital outlay on Fisheries-State Plan-District Sector-KKKK-102-Esturine-Brakish Water Fisheries	4.97	1.30	3.67
34	36	Women and Child Develop-ment	2235-Social Security and Welfare-State Plan-District Sector-60-Other Social Security and Welfare Programmes-S-102-Provisions Under Social Security Schemes	6.22	3.77	2.45
35	36	Women & Child Development	2236-Nutrition-State plan-State Sector-02-Distribution of Nutritious Food & Beverages-FF-102-Mid Day Meal Programmes	50.91	48.43	2.48

APPENDIX - V (Concl'd.)

(Refer paragraph 2.3.1 at page 55)

Statement showing Significant cases of savings in plan expenditure

Sl. No.	Number and Name of Grant/Appropriation		Major Head/Minor Head/Sub-Head	Total grant (Rupees in Crores)	Actual expenditure	Saving
36	36	-do-	2236-Nutrition-State plan-State Sector-02-Distribution of Nutritious Food & Beverages-GG-796-Tribal Area Sub-Plan	29.55	28.24	1.31
37	38	Education	2202-General Education-State plan-State Sector-03-university & Higher Education-J-103; Govt. College & institutes	4.09	2.91	1.18

APPENDIX - VI

(Refer paragraph 2.3.6 at page 60)

Statement showing cases where expenditure fell short by Rs.1 crore and over 20 per cent of provision

Sl. No.	Name of the Grant		Total grant	Amount of saving	Saving as a percentage of total grant
(1)	(2)		(3)	(4)	(5)
REVENUE SECTION			(Rupees in crores)		
1	5	Finance (Voted)	528.40	240.43	46
2	15	Sports & Youth Services (Voted)	7.70	3.23	42
3	21	Transport (Voted)	11.85	2.46	21
4	22	Forest and Environment (Voted)	99.66	26.37	26
5	30	Energy (Voted)	19.91	10.15	51
6	30	Energy (Charged)	2.14	1.62	76
7	31	Textiles and Handloom (Voted)	33.97	11.70	34
8	32	Tourism & Culture (Voted)	12.08	2.89	24
9	34	Cooperation Department (Voted)	36.13	10.03	28
10	36	Women and Child Development (Voted)	319.11	88.13	28
CAPITAL SECTION					
1	2	General Administration (Voted)	6.94	1.60	23
2	5	Finance (Voted)	60.12	19.23	32
3	10	School & Mass Education (Voted)	12.28	12.28	100
4	11	Welfare (Voted)	4.85	2.51	53
5	12	Health & Family Welfare (Voted)	20.83	7.03	34
6	20	Water Resources (Charged)	2.18	1.51	69
7	24	Steel and Mines (Voted)	0.65	3.79	583
8	28	Rural Development (Voted)	65.99	14.87	23
9	30	Energy (Voted)	528.32	299.73	57
10	31	Textile & Handloom (Voted)	10.10	7.49	74
11	33	Fishery & Animal. Resources (Voted)	11.27	4.02	36
12	34	Co-operation (Voted)	26.53	9.52	36

APPENDIX-VII (contd.)

(Refer Paragraph 2.4.2 at page 67)

Treasurywise Details of Balances Under "8443 Civil Deposits-800-Other Deposits" as on 31 March 1997

SL. No.	TREASURY	AS PER TREASURY ACCOUNT	DEPARTMENT-WISE DETAILS AS AVAILABLE WITH THE TREASURY	DEPARTMENT-WISE DETAILS NOT AVAILABLE
(i n R u p e e s)				
1.	Dist. Treasury Khurda	69,89,04,481	69,89,04,481	
2.	District Treasury Puri	30,12,228	30,12,228	
3.	Special Treasury, Bhubaneswar	1,08,52,91,438	1,08,52,91,438	
4.	Special Treasury, Jeypore	8,04,721	8,04,721	
5.	District Treasury, Deogarh	3,76,060	3,76,060	
6.	District Treasury, Sambalpur	2,26,99,949	44,91,341	1,82,08,608
7.	Special Treasury, Berhampur	2,79,76,853	51,59,164	2,28,17,689
8.	District Treasury, Kalahandi	58,65,162	47,46,805	11,18,357
9.	District Treasury, Balasore	1,53,33,187	1,54,95,292	(-)1,62,105
10.	District Treasury, Bolangir	28,53,397	17,12,037	11,41,360
11.	District Treasury, Kendrapara	5,10,302	5,10,302	
12.	District Treasury, Jagatsinghpur	29,41,016	29,41,016	
13.	District Treasury, Rayagada	3,62,159	3,62,159	
14.	District Treasury, Mayurbhanj	82,66,906	82,66,906	
15.	District Treasury, Nawarangpur	8,90,549	8,90,549	
16.	District Treasury, Sundargarh	49,31,570	6,68,212	42,63,358
17.	District Treasury, Ganjam	65,72,715	12,27,058	53,45,657
18.	District Treasury, Cuttack	18,90,58,293	7,39,58,450	11,50,99,843
19.	District Treasury, Nayagarh	10,00,354	10,00,354	
20.	District Treasury, Bhadrakh	85,24,893	31,10,892	54,14,001
21.	District Treasury, Jharsuguda	24,74,512	24,74,512	
22.	District Treasury, Bargarh	3,90,684	3,90,684	
23.	District Treasury, Panposh	8,80,963	8,80,963	
24.	District Treasury, Boudh	6,12,042	6,12,042	
25.	District Treasury, Sonapur	1,79,560	1,10,027	69,533
26.	District Treasury, Keonjhar	75,78,067	75,52,667	25,400
27.	District Treasury, Nuapada	2,81,624	2,81,624	

APPENDIX-VII(concl'd.)

(Refer Paragraph 2.4.2 at page 67)

Treasurywise Details of Balances Under "8443 Civil Deposits-800-Other Deposits" as on 31 March 1997

SL. NO.	TREASURY	AS PER TREASURY ACCOUNT	DEPARTMENT-WISE DETAILS AS AVAILABLE WITH THE TREASURY	DEPARTMENT-WISE DETAILS NOT AVAILABLE
28.	District Treasury, Malkanagiri	7,04,352	6,98,934	5,418
		209,92,78,037	192,59,30,918	17,33,47,119
29.	District Treasury, Koraput	36,34,490	Not furnished	
30.	District Treasury, Jajpur	1,41,556	Not furnished	
31.	District Treasury, Dhenkanal	26,29,799	Not furnished	
32.	Special Treasury, Cuttack	Nil	Nil	Nil
33.	District Treasury, Angul	32,25,677	Not furnished	
34.	District Treasury, Gajapati	Not furnished	Not furnished	
35.	District Treasury, Phulbani	35,80,723.97	35,80,723.97	
		211,24,90,282.97	192,95,11,641.97	

APPENDIX-VIII (Contd.)

(Refer Paragraph 2.4.2 at page 67)

Statement Showing Departmentwise Details of Balances Held in "8443-Civil Deposits-800 Other Deposits" at the End of March 1997

Sl. No.	Department	Amount (in Rupees)		
1.	Steel & Mines	9,83,31,188		
2.	Science and Technology	64,27,180		
3.	Sports and Culture	3,74,63,516		
4.	Industries	4,95,16,254	+	1,66,500.00
5.	Commerce and Transport	34,40,576		
6.	Welfare	6,01,20,213		
7.	Home	7,49,57,190		
8.	Information and Public Relation	3,62,17,632		
9.	Tourism	10,46,690		
10.	Food Supplies and Consumer Welfare	1,07,68,142		
11.	Agriculture	6,66,38,042	+	5,04,451.00
12.	Water Resources	12,32,32,524		
13.	Finance	6,65,194	+	827.00
14.	Revenue & Excise	2,83,74,284	+	58,022.00
15.	Health and Family Welfare	14,17,55,209	+	1,10,593.00
16.	Education	74,95,77,242	+	23,10,156.00
17.	General Administration	4,87,15,728		
18.	Rural Development	42,24,030		
19.	Planning and Co-ordination	2,63,262	+	592.97

APPENDIX-VIII (concl'd.)

(Refer Paragraph 2.4.2 at page 67)

Statement Showing Departmentwise Details of Balances Held in "8443-Civil Deposits-800 Other Deposits" at the End of March 1997

Sl. No.	Department	Amount (in Rupees)		
20.	Housing and Urban Development	11,43,979		
21.	Co-operation	10,29,49,905		
22.	Works	34,59,566	+	18,561.00
23.	Law	1,34,499		
24.	F isheries & Animal Resources Development	86,14,484		
25.	Panchayati Raj	17,94,91,171	+	1,17,274.00
26.	Forest & Environment	1,11,43,560		
27.	Labour & Employment	1,83,739		
28.	Parliamentary Affairs	65,000		
29.	Energy	1,50,00,000		
30.	Women and Child Development	16,06,448	+	2,19,702.00
31.	Textile and Handloom	5,54,14,552		
32.	Veterinary & Animal Husbandry	7,02,739	+	10,005.00
33.	Harijan & Tribal Welfare	42,87,180	+	64,040.00
	Total :	1,92,59,30,918	+	35,80,723.97
		1,92,95,11,641.97		

APPENDIX-IX

(Refer Para 3.4.7(b)(viii) at page 106)

BCL not supplied during 1993-94

Sl.No	Name of the Institution	Amounts allotted (in Rupees)	G.O. No. & Date
1.	Medical Institutions of Umerkote Sone	6,988	8854/30.03.1994
2.	Other Hospitals	1,00,493	8839/30.03.1994
3.	-do-	4,95,999	8830/30.03.1994
4.	Capital Hospital, Bhubaneswar	11,995	8833/30.03.1994
5.	T.B. Control Programme	20,234	8857/30.03.1994
6.	P.H.C.(NP)	2,26,435	8842/30.03.1994
7.	Medical College Hospital, Burla	92,983	8845/30.03.1994
8.	Medical College Hospital, Berhampur	1,01,953	8836/30.03.1994
9.	Medical College Hospital, Cuttack	1,49,983	8851/30.03.1994
10.	Paediatric Hospital, Cuttack	11,995	8845/30.03.1994
Total		2,19,058 or 12.19 lakh	

APPENDIX-X

(Refer Para 3.4.8(k)) at page 113)

Inspection Reports issued upto 12/96 but not cleared upto 6/97

Year	No of IRs	No. of Paras	IRs in respect of which first reply not received	
			No of IRs	No. of Paras
1980-81	7	14	-	-
1981-82	7	18	-	-
1982-83	8	26	-	-
1983-84	22	52	1	2
1984-85	21	42	1	3
1985-86	26	60	4	12
1986-87	71	184	9	39
1987-88	97	276	9	40
1988-89	120	323	26	87
1989-90	166	471	34	188
1990-91	145	462	27	111
1991-92	130	297	36	191
1992-93	216	941	60	339
1993-94	149	543	88	451
1994-95	186	849	141	798
1995-96	184	1070	111	659
1996-97	75	422	67	409
Total	1630	6050	614	3329

APPENDIX-XI

Refer par 3.4.18 (ii) at page 131)

Target and achievement of Family Welfare Programme

Component	Target			Achievement			Shortfall		
	1993-94	1994-95	1995-96	1995-96	1993-94	1994-95	1995-96	1993-94	1994-95
1. Sterilisation	144000	200000	200000	130038	162085	148659	13962	37915	51341
				(90%)	(81%)	(74%)	(10%)	(19%)	(26%)
2. IUD	187000	207000	207000	165076	193582	209074	21924	13418	--
				(88%)	(93%)	(101%)	(12%)	(7%)	
3. CC users	446000	513000	--	382868	466238	443482	63132	46762	--
				(86%)	(93%)	(-)	(14%)	(9%)	
4. Oral Pill users	85000	94000	94000	69727	93904	101527	15273	96	--
				(82%)	(100%)	(108%)	(18%)	(-)	
Immunisation									
5. TT(PW)	1025176	993500	982900	819320	822964	832117	205856	170536	150783
				(80%)	(83%)	(85%)	(20%)	(17 %)	(15%)
6. DPT	892293	870000	864200	816815	875801	850487	75478	--	13713
				(92%)	(101%)	(98%)	(8%)		(2%)
7. Polio	892293	870000	864200	818684	873686	851109	73609	--	13091
				(92%)	(100 %)	(98%)	(8%)		(2%)
8. BCG	892293	870000	864200	930743	966765	883680	--	--	--
				(104%)	(111%)	(102%)			
9. Measles	892293	870000	864200	799799	827042	728973	92494	42958	135227
				(90%)	(95%)	(84%)	(10%)	(5%)	(16%)
10. DT	630840	837400	848900	761291	762510	458517	--	74890	390383
				(121%)	(91%)	(54%)		(9%)	(46%)

APPENDIX-XII

(Refer Para 3.4.20) at page 133).

Statement showing the position of sanctioned strength vis-a-vis man in position and vacancy of doctors

Category of Medical Institutions	Category of sanctioned post				Men in position				Vacancy			
	Class-I	Class -II (Specialist)	Class -II (Asstt. Surgeon)	Total	Class-I	Class -II (Specialist)	Class -II (Asstt. Surgeon)	Total	Class-I	Class -II (Specialist)	Class -II (Asstt. Surgeon)	Total
1. Medical College Hospital, Berhampur	3	53	27	83	3	34	27	64	-	19	-	19
2. Medical College Berhampur	135	71	1	207	121	44	1	166	14	27	-	41
3. Medical College Cuttack	188	86	1	275	176	73	1	250	12	13	-	25
4. Capital Hospital Bhubaneswar	18	39	-	57	18	38	-	56	-	1	-	1
5. District HQR Hospital (30 nos)	140	224	-	364	123	194	NIL	317	17	30	-	47
6. Sub-divisional Hospitals (21 nos)	-	134	-	134	-	119	-	119	-	15	-	15
7. Community Health Centres (157 nos)	-	238	-	238	-	154	-	154	-	84	-	84
8. Primary Health Centres (732 nos)	-	108	-	108	-	78	-	78	-	30	-	30
9. Other Hospitals (125 no)	-	76	-	76	-	60	-	60	-	16	-	16
10. T.B.Training Centres, Bhubaneswar	1	-	-	1	1	-	-	1	-	-	-	-
11. Asstt. Surgeon (in DHH, SDH, CMC, PHC, Other Hospitals)	-	-	2679	-	-	2335	-	2335	-	-	344	344
Total	485	1029	2708	4222	442	794	2364	3600	43	235	344	622

APPENDIX - XIII (Contd.)

(Refer paragraph 3.24 at page .173)

Statement showing misappropriation, losses etc. reported upto 31 March 1997 pending finalisation at the end of September 1997

Sl. No.	Name of the Department	Awaiting Departmental/ Criminal Investigation		Departmental action started, but not finalised		Criminal proceedings finalised but execution of certificate cases for recovery of the amount pending		Awaiting orders for recovery or write off		Pending in the Courts of law		Total	
		A		B		C		D		E		F	
		Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)
1	Finance Department	7	9.76	4	1.32	Nil	Nil	9	3.09	4	0.80	24	14.97
2	Revenue Department	20	7.02	36	25.34	29	6.33	40	5.12	7	0.71	132	44.52
3	Excise Department	Nil	Nil	1	0.21	Nil	Nil	Nil	Nil	1	0.10	2	0.31
4	Law Department	11	3.50	2	0.02	Nil	Nil	4	2.07	5	2.49	22	8.08
5	Department of Water Resources	107	34.84	177	55.93	2	0.01	14	12.02	2	0.06	302	102.86
6	Rural Development Department	44	6.40	44	23.10	1	0.03	03	0.14	1	0.03	93.	29.70
7	Energy Department	3	241.25	5	1.35	1	1.17	Nil	Nil	1	0.34	10	244.11

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APPENDIX - XIII (Contd.)

(Refer paragraph 3.24 at page .173)

Statement showing misappropriation, losses etc. reported upto 31 March 1997 pending finalisation at the end of September 1997

Sl. No.	Name of the Department	Awaiting Departmental/ Criminal Investigation		Departmental action started, but not finalised		Criminal proceedings finalised but exe- cution of certificate cases for recovery of the amount pending		Awaiting orders for recovery or write off		Pending in the Courts of law		Total	
		A		B		C		D		E		F	
		Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)
8	Industries Department	3	0.27	2	2.59	--	--	11	2.87	2	0.05	18	5.78
9	Textile and Hand- loom Department	Nil	Nil	Nil	Nil	Nil	Nil	1	0.15	Nil	Nil	1	0.15
10	Harijan and Tribal Welfare Department	4	0.90	15	3.36	1	0.01	13	1.59	7	2.54	40	8.40
11	Health and Family Welfare Department	20	35.69	7	3.37	Nil	Nil	13	7.16	10	7.34	50	53.56
12	Planning and Coordi- nation Department	Nil	Nil	Nil	Nil	Nil	Nil	1	0.08	Nil	Nil	1	0.08
13	General Administration Department	1	1.23	1	0.95	Nil	Nil	Nil	Nil	Nil	Nil	2	2.18
14	Works Department	17	9.64	132	141.72	1	0.41	3	0.34	2	0.21	155	152.32

APPENDIX - XIII (Contd.)

(Refer paragraph 3.24 at page 173)

Statement showing misappropriation, losses etc. reported upto 31 March 1997 pending finalisation at the end of September 1997

Sl. No.	Name of the Department	Awaiting Departmental/ Criminal Investigation		Departmental action started, but not finalised		Criminal proceedings finalised but ex- ecution of certificate cases for recovery of the amount pending		Awaiting orders for recovery or write off		Pending in the Courts of law		Total	
		A		B		C		D		E		F	
		Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)
15	Steel and Mines Department	2	2.19	Nil	Nil	Nil	Nil	5	0.66	Nil	Nil	7	1.95
16	Commerce and Transport Department	3	0.94	2	0.48	Nil	Nil	4	2.40	1	0.35	10	4.17
✓ 17	Education Department	25	21.36	28	11.71	Nil	Nil	9	1.96	10	3.89	72	38.92
18	Fisheries and ARD Department	22	3.06	11	53.70	Nil	Nil	21	8.34	8	16.73	62	81.83
19	Agriculture Department	59	27.50	54	23.84	Nil	Nil	54	4.63	11	0.67	178	56.64
20	Co-operation Department	1	0.71	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	1	0.71
21	Panchayati Raj Department	34	35.54	15	10.31	2	0.34	9	1.17	8	1.27	68	48.63

APPENDIX - XIII (Concl'd.)

(Refer paragraph 3.24 at page 173)

Statement showing misappropriation, losses etc. reported upto 31 March 1997 pending finalisation at the end of September 1997

Sl. No.	Name of the Department	Awaiting Departmental/ Criminal Investigation		Departmental action started, but not finalised		Criminal proceedings finalised but exe- cution of certificate cases for recovery of the amount pending		Awaiting orders for recovery or write off		Pending in the Courts of law		Total	
		A		B		C		D		E		F	
		Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)	Number of Items	Amount (Rupees in lakhs)
22	Home Department	10	15.36	1	0.02	Nil	Nil	12	2.69	8	4.51	31	22.58
23	Food and Civil Supply Department	1	Nil	2	2.94	Nil	Nil	1	0.03	1	0.09	5	3.06
24	Housing and Urban Development Department	-01	6.33	47	24.32	Nil	Nil	2	0.19	2	1.38	50	32.22
25	Labour and Employment Department	1	0.10	Nil	Nil	Nil	Nil	2	0.86	3	2.52	6	3.48
26	Information and Public Relations Department	120	10.49	2	0.10	Nil	Nil	10	0.59	Nil	Nil	132	11.18
27	Forest and Environment Department	38	10.97	162	74.21	6	3.47	164	59.27	6	0.30	3.76	148.22
Total		552	484.15	750	460.89	43	11.77	405	117.42	100	46.38	1850	1120.61

APPENDIX - XIV (contd.)

(Refer paragraph 3.25 at page 174)
Statement showing the position of outstanding

Inspection Reports/Paragraphs

Sl.No.	Department	Reports awaiting Settlement		Reports for which even first reply not received	
		No. of reports	No. of paragraphs	No. of reports	No. of paragraphs
1.	Agriculture	1380	4371	134	638
2.	Co-operation	171	441	51	257
3.	Commerce	23	109	--	--
4.	Excise	51	94	12	28
5.	Energy	298	1460	-	-
6.	Education	1846	5960	348	1829
7.	Finance	177	424	17	61
8.	Food and Civil Supply	44	113	11	36
9.	Fisheries	200	631	-	-
10.	Animal Resources Development	648	2145	138	819
11.	Forest	381	1415	21	119
12.	General Administration	42	143	8	41
13.	Home	284	668	26	92
14.	Harijan and Tribal Welfare	434	1726	176	879
15.	Health and Family Welfare	1630	6050	614	3259
16.	Housing and Urban Development	222	858	8	65
17.	Industries	420	1792	62	519
18.	Information and Public Relations	98	429	16	102
19.	Irrigation & Power	1637	6582	-	-
20.	Law	151	443	88	298
21.	Labour and Employment	277	485	120	273

APPENDIX - XIV (concl'd.)

(Refer paragraph 3.25 at page 174)

Statement showing the position of outstanding

Inspection Reports/Paragraphs

Sl.No.	Department	Reports awaiting Settlement		Reports for which even first reply not received	
		No. of reports	No. of paragraphs	No. of reports	No. of paragraphs
1.	2.	3.	4.	5.	6.
22.	Planning and Co-ordination	44	181	14	62
23.	Panchayati Raj & Women, Child Development	1675	6922	241	1486
24.	Revenue	1431	4491	234	1035
25.	Rural Development	391	1448	1	12
26.	Steel and Mines	34	112	13	54
27.	Science and Technology	10	38	--	--
28.	Transport	139	299	64	188
29.	Tourism, Sports and Culture	94	377	27	170
30.	Works	819	3132	--	--
Total		15051	53339	2444	12328

APPENDIX-XV(contd.)

{Refer Paragraph 4.1.8(vi) at page.191}

STATEMENT SHOWING NON-RECOVERY OF GOVERNMENT DUES

Sl. No.	Name of the work Name of the Division	Original agreement value	Value of work executed	Cost of balance work executed	Recoverable dues Extra cost involved	Value of materials	Total recovery	Dues of contractor
1	2	3	4	5	6	7	8	9
(R u p e e s i n l a k h s)								
1.	Construction of court and office building of the Endowment commissioner (Capital construction Division-I)	5.40	3.96	3.98	1.67	1.65	3.32	0.19
2.	Construction of HL bridge over river Kusumi (Bhanjanagar R&B) Division	18.42	17.39	Taken up departmentally	0.32	6.97	7.29	1.24
3.	Construction of 8 Mtr span RCC culvert Minor bridge over Hansanallah (Rayagada (R&B)) Division	6.66	3.18	4.81	1.15	--	1.15	0.46
4.	Construction of court building for (JM at Bhadrak (Groiund floor) (Bhadrak R&B) Division	18.26	4.15	22.44	2.56	3.62	6.18	0.98
5.	Construction of Kamakhyanagar side approach road (left side) to Brahmini bridge (Dhenkanal R&B) Division	39.79	0.12	138.63	99.84	--	99.84	--
6.	Construction of HL bridge over Harabhanginallah of 81/6 Km. line road (Parlakhemundi (R&B) Division	78.24	58.88	10.47	5.20	--	5.20	--
7.	Construction of HL bridge over HLC range No.1 at 1.70 Km. on Tangi Haripur Road (Charbatia R&B) Division	45.38	29.54	21.08	5.24	2.92	8.16	0.83
8.	Construction of 5 nos of 'E' type quarters of Tahsil at Hatadiha	5.03	2.68	2.66	0.96	0.24	1.20	0.18
9.	Construction of 30 seated Girls Hostel building for ITI (w) at Anandpur (R&B) Division	15.09	9.72	4.64	0.99	1.37	2.36	0.68

APPENDIX-XV (Concl'd.)

(Refer Paragraph 4.1.8(vi) at page.191)

STATEMENT SHOWING NON-RECOVERY OF GOVERNMENT DUES

Sl. No.	Name of the work Name of the Division	Original agreement value	Value of work executed	Cost of balance work executed	Recoverable dues Extra cost involved	Value of materials	Total recovery	Dues of contractor
1	2	3	4	5	6	7	8	9
10.	Construction of 66 seated working Womens Hostel at Keonjhar (Keonjhar R&B) Division	13.87	4.21	Not taken up	--	0.74	0.74	0.43
11.	Construction of DIPRO Office building at Bolangir (Bolangir R&B) Division	4.95	2.00	7.12	2.50	--	2.50	0.17
12.	Construction of Information and Public Relation Office building Chatrapur (Ganjam R&B) Division	7.27	2.52	6.26	3.74	1.45	5.19	0.44
13.	Construction of submersible bridge over river Jambhira with its approaches at 27th Km. on DDBM Road (ODR)(Balance work, Baripada (R&B) Divn.	54.55	4.73	69.96	20.23	--	20.23	0.20
14.	Construction of Women's Hostel building for DIET at Jeypore (Jeypore(R&B) Division	14.58	4.53	13.35	3.10	1.48	4.58	0.09
Total					147.50	20.44	167.94	5.89

APPENDIX- XVI (Contd.)

(Refer Paragraph 4.9 at page.215)

STATEMENT SHOWING DETAILS OF PAYMENTS OF ESCALATION CHARGES

Sl.No.	Name of the Division ----- Name of the work	Month of invitation of tender	Month of finalisation of tender	Amount of escalation paid on labour component → (Rupees in lakh) Month of payment
1	2	3	4	5
A.	<i>N.H.Division, Sunabeda</i>			
1.	Widening and strengthening of NH 43 from 368 to 370/200 KM and 370/600 to 373/200 KM	February 1991	June 1991	1.73 ----- January 1996
2.	Widening and strengthening of NH 43 from 403 to 408/250 KM	July 1991	January 1992	1.52 ----- August 1995
B.	<i>N.H. Division, Rourkela</i>			
1.	Construction of H.L. Bridge and its approaches to Amrudhi Nullah at 280/660 KM of NH 23	May 1991	August 1991	1.01 ----- August 1994
2.	Construction right approach to HL Bridge over river Bramhani near Banaigarh on NH 23	May 1991	August 1991	5.42 ----- May 1994
C.	<i>N.H. Division, Sambalpur</i>			
1.	Strengthening to two lane pavement of NH 6 from 516/6 to 532 KM	February 1991	May 1991	7.62 ----- November 1994

APPENDIX- XVI (Concl'd.)

(Refer Paragraph 4.9 at page.215)

STATEMENT SHOWING DETAILS OF PAYMENTS OF ESCALATION CHARGES

Sl.No.	Name of the Division ----- Name of the work	Month of invitation of tender	Month of finalisation of tender	Amount of escalation paid on labour component (Rupees in lakh) Month of payment
1	2	3	4	5
2.	Strengthening of weak two lane pavement from 532 to 536 KM of NH 6	August 1991	May 1992	2.55 ----- August 1995
3.	Strengthening of existing two lane pavement from 16 to 21 KM and 27 to 35 KM of NH 6	February 1991	April 1991	10.56 ----- August 1995
4.	Balance work of widening and Strengthening to single lane to double lane from 428.04 to 430.4 KM of NH 6	January 1992	March 1992	0.46 ----- August 1996
5.	Widening and Strengthening to NH 6 from 0.250 to 13 KM	February 1991	May 1991	7.56 ----- May 1994
D.	N.H. Division, Balasore			
1.	Strengthening to NH 5 from 117/0 to 120/0 KM and 128/0 to 138/0 KM	November 1991	May 1992	9.74 ----- August 1993 & August 1995
Total				38.17

APPENDIX-XVII(Contd.)

(Refer paragraph No. 4.12 at page 219)

(A) STATEMENT SHOWING EXTRA EXPENDITURE ON THE CONTRACTS INVOLVING 30 % QUANTITY VARIATION

Sl No	Name of the work Agst. value	Date of commencement Due date of completion Actual date of completion	Value of work done Date of payment	Item No. of the Agt.	Agst. quantity Rate	Actual quantity executed Revised rate fixed	percentage of variation	Extra Expenditure		Excess Payment		Escalation		
								Quantity	Amount	Quantity	Amount	L	M	P
1	Construction of Muran Composite Dam) (Civil Works) Rs 40,29,27,337	<u>January 1986</u> <u>July 1991</u> December 1993	<u>Rs 25,03,95,288</u> April 1994	1	<u>299600 Cum</u> Rs 28.50 per cum.	<u>144561 cum</u> Rs 42.50	46.38	1,44,563 Cum	20,23,882					
				2	<u>487590 Cum</u> Rs 52.75	<u>109325</u> Rs 104.70	77.58	1,09,325	56,79,434					
				13	<u>1,00,000 Cum</u> Rs 424	<u>25782</u> Rs 530	74.22	25,782	27,32,892			1,09,47,693	31,83,395	4,54,110
				33	<u>1140 Cum</u> Rs 603.50	<u>11370</u> Rs 818	1072.00	11,888	18,36,696	1,482	2,28,964			
				34	<u>15900 Cum</u> Rs 538.70	<u>6828</u> Rs 730	80.98	6,828	13,06,196					
2	Construction of Kapur Earth Dam Rs 14,17,67,724	<u>March 1986</u> <u>December 1990</u> June 1994	Rs 20,06,99,378	2	<u>164426 Cum</u> Rs 67.50	<u>48009</u> Rs 90	70.80	48,009	10,80,203			3,35,603	1,58,250	29,473
				4	<u>265190 Cum</u> Rs 27	<u>153625</u> Rs 45.90	42.06	1,53,625	29,03,513					

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APPENDIX-XVII(Contd.)

(Refer paragraph No. 4.12 at page 219)

(A) STATEMENT SHOWING EXTRA EXPENDITURE ON THE CONTRACTS INVOLVING 30 % QUANTITY VARIATION

Sl No	Name of the work Agt. value	Date of commencement Due date of completion Actual date of completion	Value of work done Date of payment	Item No of the Agt	Agt. Quantity Rate	Actual quantity executed Revised rate fixed	percentage of variation	Extra Expenditure		Extra Payment		Escalation		
								Quantity	Amount	Quantity	Amount	L	M	P
3	Construction of Indravati Masonry dam Rs 17,29,71,092	January 1986 October 1990 March 1995	Rs 26,82,21,920	2	25180 Cum Rs 70	9926 Rs 103.60	71.79	9,926	3,33,514	-	-			
				4	5210 Sqm Rs 12 per Sqm	11007 Rs 17	34.07	334	1,670	10,673	53,365			
				6	11890 Cum Rs 586	8675 Rs 1061	37.54	8,675	41,20,625	-	-			
				7	8825 Cum Rs 660	30440 Rs 802	244.81	18,964	26,92,888	11,476	16,29,592	2,12,03,047	7,60,785	1,34,584
				8	39920 Cum Rs 670	26078 Rs 119.90	34.67	26,078	1,17,32,492	-	-			
				11	5420 Sqm Rs 60	8643 Rs 108	34.63	8,346	4,00,608	-	-			
				13	76880 Cum Rs 462	44764 Rs 546	41.78	44,764	37,60,176	-	-			
				14	136740 Cum Rs 390	89873 Rs 489	34.27	89,873	88,97,427	-	-			
4	Construction of Podagada Earth dam Rs 17,94,30,284	January 1986 April 1990 June 1996	Rs 27,35,07,139	2	185825 Cum Rs 67.50	119202 Rs 103.60	35.85	1,19,202	43,03,192	-	-	22,73,160	12,82,934	2,79,480
				Section 2 3(i)	1235 Cum Rs 698	1706 Rs 1400	38.14	100	70,200	1,606	11,27,412			
				Section 5 (4)	7540 Cum Rs 786	3044 Rs 1400	59.63	3,044	18,69,016	-	-	1,53,307	2,36,636	16,948
5	Construction of headrace channel Rs 15,07,69,317	March 1986 September 1990 May 1993	Rs 13,94,69,372 December 1992											

APPENDIX-XVII(Contd.)

(Refer paragraph No. 4.12 at page 219)

(A) STATEMENT SHOWING EXTRA EXPENDITURE ON THE CONTRACTS INVOLVING 30 % QUANTITY VARIATION

Sl No	Name of the work Agst value	Date of commencement Due date of completion Actual date of completion	Value of work done Date of payment	Item No of the Agt	Agst quantity Rate	Actual quantity executed Revised rate fixed	percentage of variation	Extra Expenditure		Excess Payment		Escalation		
								Quantity	Amount	Quantity	Amount	L	M	P
6	Construction of valve House Rs 1,69,42,226	<u>September 1989</u> January 1992	<u>Rs 1,29,34,838</u> December 1995	1	841 Cum. Rs 35	2184 Rs 103 90	159.70	1,091	75,170	1,093	75,308			
				3	6.35 MT Rs 12500	15MT Rs 19007 20	136.22	7 MT	45,550	8MT	52,058	2,34,465	4520	5,403
				23	397.18 Cum. Rs 260	1447 Rs 577 10	264.32	931	2,95,220	516	1,63,624			
				35	100 Nos. Rs 95	1110 Rs 133 20	1010	980	37,436	130	4,966			

(B) Statement showing the extra expenditure on the contracts involving 15 % quantity variation

7	Construction of power house including transition (civil works) Rs 11,96,63,939	<u>December 1987</u> <u>December 1991</u> March 1999	Rs 27,58,84,281	2	11500 Sum. Rs 14	20531 Rs 40	156.79	16,306	4,23,956	13,225	3,43,850			
				4	16100 Cum. Rs 956	26629 Rs 1692 75	65.40	8,114	59,77,990	18,515	1,36,40,926			
				5	13900 Cum. Rs 1044	44128 Rs 1898 20 (Average rate)	30.17	5,143	43,93,151	30,985	3,33,00,987	2,94,14,122	65,51,925	27,69,734
				9	47300 Sum. Rs 95 20 (Average rate)	62052 Rs 209 20	31.19	7,657	8,72,898	54,395	62,01,030			
8	Fabrication and erection of penstock Rs 15,75,38,000	<u>January 1988</u> <u>July 1992</u> July 1994	<u>Rs 17,90,22,544</u> March 1997	Section I Item I										
				(a)	1200 Cum. Rs 75	11568 Rs 87 65	847.33	9,988	1,26,348	1,380	17,457			
				(b)	9400 Cum. Rs 115	20055 Rs 155 55	113.35	9,245	3,74,885	10,810	4,38,345	4,24,143	45,639	63,974
				Section I Item II	15600 Cum. Rs 1250	19320 Rs 1356	23.85	1,380	1,46,280	17,940	19,01,640			

APPENDIX-XVII(Concl'd.)

(Refer paragraph No. 4.12 at page 219)

(B) STATEMENT SHOWING THE EXTRA EXPENDITURE ON THE CNTRACTS INVOLVING 15 % QUANTITY VARIATION

Sl No	Name of the work Agt. value	Date of commencement Due date of completion Actual date of completion	Value of work done Date of payment	Item No of the Agt	Net quantity Rate	Actual quantity executed Revised rate fixed	percentage of variation	Extra Expenditure		Extra Payment		Escalation		
								Quantity	Amount	Quantity	Amount	L	M	P
9	Excavation of Tail Race channel including concrete lining (civil works) Rs 13,95,98,928	November 1987 November 1991 December 1997	Rs 32,17,77,069	3	250000 Cum Rs 15	997579 Rs 28 40	299.00	7,10,079	95,15,059	2,87,500	38,52,500			
				4	1145000 Cum Rs 25	875790 Rs 35 20	23.51	8,75,790	89,33,058	-	-			
				8(i)	12136 Cum Rs 15	39749 Rs 34 20	222.22	25,563	4,90,810	14,186	2,72,371	49,80,295	77,69,597	24,87,245
				(ii)	35812 Cum Rs 25	99129 Rs 42	93.03	27,945	4,75,065	41,184	7,00,128			
				24	516 MT Rs 7500	1274 MT Rs 8917	146.90	681	9,64,977	593	8,40,281			
				25	1794 Cum Rs 350	8631 Rs 527	154.30	4,738	8,38,626	3,893	6,89,061			
Grand total							GRAND TOTAL	9,08,19,607		5,84,84,906		9,62,00,467		

APPENDIX - XVIII

(Refer paragraph No.6.1(a)(ii) at page 255.)

Statement showing the yearwise position of wanting utilisation certificates

Name of the bodies (No.)	Year upto 1986-87	For the year 1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	Yearwise details not available	Total
			(	R	u	p	e	e	s	i	n)
Panchayat Samiti audited upto 1990-91(3)	123.72	18.94	260.64	38.89	73.41	--	--	--	--	--	--	515.60
1991-92(8)	560.43	175.85	153.88	171.56	302.82	405.63	17.22	17.36	32.58	--	--	1837.33
1992-93(7)	--	--	--	2.73	2.11	2.12	1.84	--	--	--	105.94	114.74
1993-94(16)	966.92	181.76	219.74	436.30	431.27	376.81	585.85	831.00	--	--	27.03	4056.68
1994-95(24)	1253.16	257.84	433.44	534.81	621.51	457.70	655.21	791.70	1366.17	--	--	6371.54
1995-96(5)	573.73	33.85	36.13	179.99	188.73	167.95	206.55	127.07	331.96	401.24	--	2247.20
DRDA(11)	--	--	--	--	--	--	--	146.23	7710.81	2615.90	--	10472.94
ITDA(5)	--	--	--	37.10	0.72	5.85	19.54	22.68	--	--	1295.02	1380.91
CADA(3)	--	--	--	--	0.58	2.33	1.22	10.46	--	--	520.27	534.86
ZSS(3)	--	--	--	--	--	--	--	--	--	--	116.92	116.92
RPRC(1)	--	--	--	--	--	--	--	--	--	--	131.68	131.68
ORMAS(1)	--	--	--	--	--	--	--	--	--	--	955.48	955.48
	3477.96	668.24	1103.83	1401.38	1621.15	1418.39	1487.43	1946.50	9441.52	3017.14	3152.34 or Rs.31.52 crore	28735.88 or Rs.287.36 crore

APPENDIX-XIX

GLOSSARY OF ABBREVIATIONS

AC	Anti-Cholera
ADMO	Assistant District Medical Officer
CCF	Chief Conservator of Forests
CDMO	Chief District Medical Officer
CE	Chief Engineer
CG	Central Godown
CHC	Community Health Centre
DCR	Deposit at Call Receipts
DEE	Director of Elementary Education
DHS	Director of Health Services
DHH	District Headquarters Hospital
DI	Drug Inspector
DIET	District Institute of Education and Training
DIS	District Inspector of School
DISM&H	Directorate of Indian Systems of Medicine
DM	Divisional Manager
DRU	District Resource Unit
DTCN	Detailed Tender Call Notice
EE	Executive Engineer
ED	Earnest Money Deposit
GO	Government of India
GP	Gram Panchayats
GAD	General Arrangement Drawing
GAS	General Auction Sale
HL	High Level
IDCO	Orissa Industrial Infrastructure Development Corporation
IRC	Indian Road Congress
KBK	Kalahandi, Bolangir, Koraput Districts
KLCC	Kendu Leaf Co-ordination Committee
KL	Kendu Leaf
KDB	Kerla Dinesh Bidi
LC	Letter of Credit

APPENDIX-XIX**GLOSSARY OF ABBREVIATIONS**

MHU	Mobile Health Units
MOST	Ministry of Surface Transport
MLL	Minimum Level of Learning
OE	Office Establishment
OBCC	Orissa Bridge and Construction Corporation
OPWD Code	Orissa Public Works Department Code
OFDC	Orissa Forest Development Corporation
PHC	Primary Health Centre
POL	Petrol, Oil and Lubricants
R&B	Roads and Buildings
RME	Regional Marketing Executive
SDMO	Sub-Divisional Medical Officer
SLPC	State Level Purchase Committee
SE	Superintending Engineer
VEC	Village Education Committee
ZSS	Zilla Swasthya Seva Samiti