



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

**FOR THE YEAR  
ENDED 31 MARCH 1992**

**NO. 3**

**(CIVIL)**

**GOVERNMENT OF ORISSA**



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FOR THE YEAR  
ENDING JUNE 30, 1902

1902

GOVERNMENT OF THE UNITED STATES

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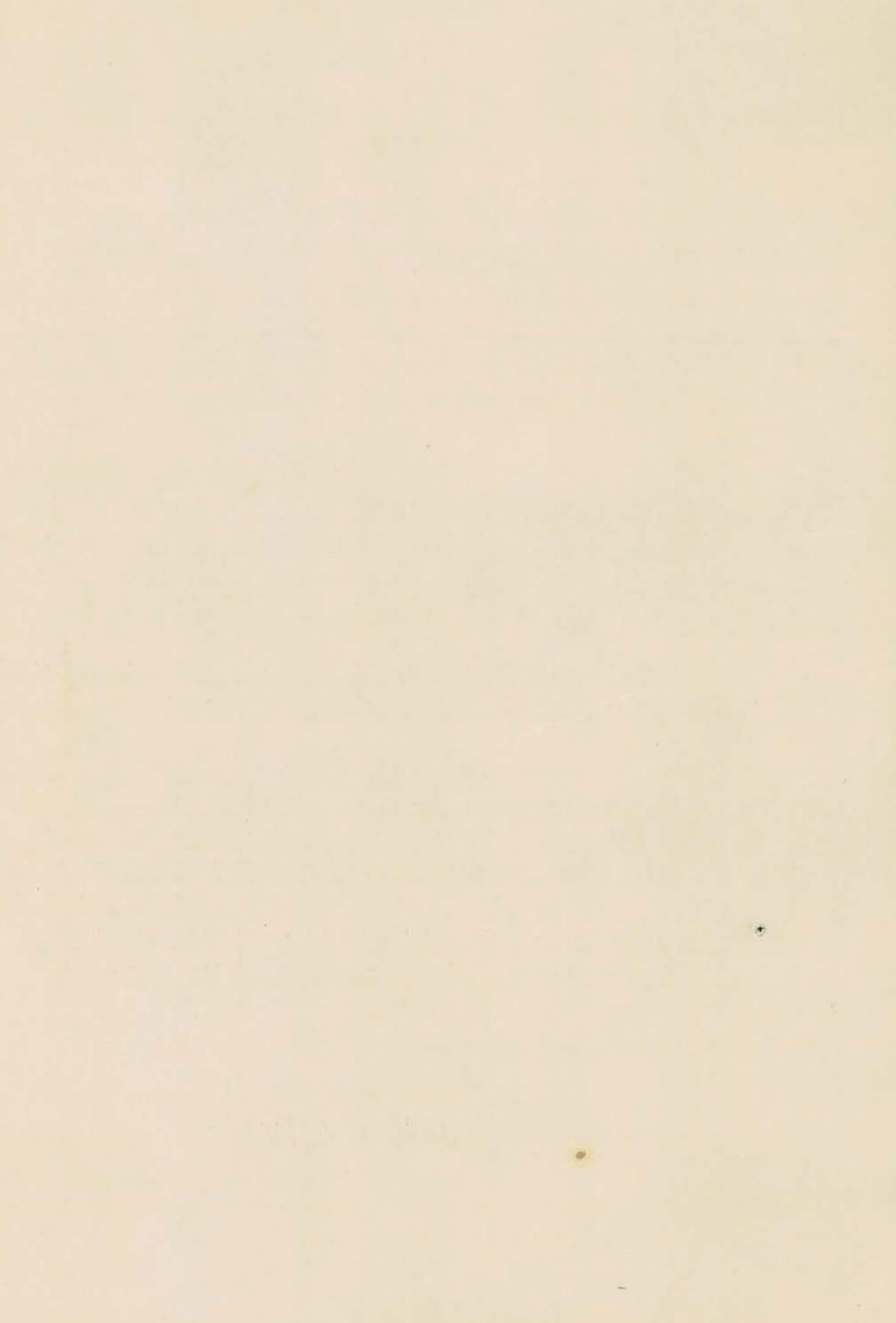


## PREFATORY REMARKS

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 1991-92 as well as from audit of other financial transactions of Government of Orissa including reviews on Development of Sericulture, Development and Exploitation of Inland and Marine Fisheries Resources, Operation Blackboard and Upper Indravati Project.

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 1991-92 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports. Matters relating to the period subsequent to 1991-92 have also been included wherever considered necessary.





## OVERVIEW

This Report has seven Chapters, of which the first two Chapters contain observations of Audit on the State Finance and Appropriation Accounts for the year 1991-92 and other Chapters contain four reviews of schemes and projects and 70 audit paragraphs. A synopsis of the major audit findings is given below.

### 2. Accounts of the State Government

The Budget estimates for the year 1991-92 placed the overall deficit at Rs.41.62 crores, which was scaled down to Rs.32.83 crores in the Revised Estimates. The actual deficit was, however, Rs.19.37 crores.

The State has been running recurring revenue deficits since 1987-88; the revenue deficit was at an all time high at Rs.187.71 crores in 1991-92; an increase of more than 152 *per cent* over the revenue deficit of Rs.74.51 crores in 1987-88. Because of the continuing deficits, the gap, between assets and liabilities has widened during 1987-88 to 1991-92. While the liabilities of the State Government increased by 82 *per cent* from Rs.3343 crores at the end of March 1988 to Rs.6076 crores at the end of March 1992, the assets of the State Government increased only by 73 *per cent* from Rs.3178 crores to Rs.5500 crores during the period.

**Revenue Receipts :** The receipts of the State Government increased to Rs.2447 crores in 1991-92 from Rs.1333 crores in 1987-88 i.e. an increase of 84 *per cent*. The non tax revenue raised by the State Government increased from Rs.156 crores in 1987-88 to Rs.260 crores in 1991-92, while the State's tax revenue increased from Rs.387 crores to Rs.674 crores during the same period. While the revenue from the State's own resources increased by 72 *per cent* between 1987-88 and 1991-92, the aggregate of the amount received by the State on account of share of net proceeds of Income Tax, State's share of Union Excise duties and Grants-in-aid increased by 92 *per cent* from Rs.790 crores to Rs.1514 crores during the same period. The percentage of revenue raised by the State to the total revenue receipts decreased to 38 in 1991-92 from 41 in 1987-88.

**Revenue Expenditure :** Revenue expenditure increased from Rs.1408 crores in 1987-88 to Rs.2635 crores in 1991-92 - an increase of 87 *per cent*. While Plan revenue expenditure increased by 57 *per cent* from Rs.422 crores in 1987-88 to Rs.665 crores in 1991-92, the increase in non-Plan revenue expenditure was faster

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All abbreviations used in this Report are expanded in the Glossary vide Appendix-XVII at Page - 216 - 217.



at 100 per cent from Rs.985 was to Rs.1970 crores during the same period. The percentage of non-Plan revenue expenditure to total revenue expenditure increased from 70 to 75 between 1987-88 and 1991-92. While Plan revenue expenditure actually declined by Rs.90 crores from Rs.755 crores in 1990-91 to Rs.665 crores in 1991-92, non-Plan revenue expenditure registered an increase of 37 per cent from Rs.1436 crores in 1990-91 to Rs.1970 crores in 1991-92.

**Public Debt and interest payments :** Public Debt increased from Rs.2455 crores at the end of 1987-88 to Rs.4288 crores by the end of 1991-92 representing an increase of 75 per cent during the five years. Inclusive of other liabilities, the total liabilities of the Government went up from Rs.2935 crores to Rs.5338 crores between 1987-88 and 1991-92 representing an increase of 82 per cent. Interest payments during 1991-92 aggregated to Rs.481 crores - up by 132 per cent from Rs.207 crores in 1987-88. The repayment of Central Government loans and interest thereon aggregating to Rs.461 crores during 1991-92 exceeded the amount of Central Government loans (Rs.437 crores) received during the year.

While the Government paid interest totalling Rs.481 crores on debt and other obligations during 1991-92, the interest received on all accounts was Rs.34 crores only leaving a net interest burden of Rs.447 crores.

**Investment and returns :** The investment totalling Rs.892 crores as on 31 March 1992 in various undertakings and co-operative societies yielded dividend/interest of Rs.0.16 crore only during 1991-92. The return on such investment in all the respective years from 1987-88 to 1991-92 was less than the average rate of interest for Government borrowings.

The low cash balances maintained by the State Government with the Reserve Bank of India necessitated taking of ways and means advances of Rs.372 crores and overdrafts of Rs.322 crores during 1991-92.

( Paragraphs : 1.1 to 1.18 )

### 3. Appropriation Audit and Control over expenditure

Against the total budget provision of Rs.5251.44 crores, the total expenditure aggregated to Rs.4683.24 crores during 1991-92. The over all saving of Rs.568.20 crores was the net result of saving of Rs.754.66 crores in 83 cases of grants/appropriations and excess of Rs.186.46 crores in 12 cases of



grants/appropriations. The excess requires regularisation under Article 205 of the Constitution.

Supplementary provisions of Rs.278.79 crores obtained during the year constituted 6 per cent of the original budget provision as against 15 per cent in the preceding year.

Supplementary provision of Rs.127.78 crores obtained in 18 cases of grants/appropriations proved unnecessary as the expenditure was less than even the original provisions. In 14 cases supplementary provisions were excessive, and in 7 cases the expenditure exceeded the provisions despite supplementary provision. In 15 cases of grants/appropriations the savings were Rs.1 crore or more and more than 20 per cent of the provision in each case.

( Paragraph : 2.2 )

#### 4. Development of Sericulture

Development of Sericulture was adopted as a Plan strategy during the VIIIth Five Year Plan for the economic development of tribals and the economically weaker sections of society with specific emphasis being given to increasing the area of plantation and silk production. A review of the activities relating to development of sericulture in the State during the years 1985-86 to 1991-92 brought out instances of unutilised resources, low production and weak infrastructural facilities. Some of the more important observations are as follows:

Out of Rs.789.89 lakhs provided for development of sericulture (Tassar and Mulberry) during 1985-86 to 1991-92, an amount of Rs.136.74 lakhs remained unutilised with the State Tassar and Silk Co-operative Society (STSC) at the end of March 1992.

Against the estimated production of 58.94 crores of tassar cocoons the target fixed for procurement was only 28.40 crores (less than 50 per cent). The actual procurement of 14.28 crores was even lower (about 50 per cent of the target).

Cocoons valued at Rs.23.43 lakhs were not lifted by the apex body from the primary Tassar Rearers Co-operative Societies. In addition, the apex body held stock of unsold cocoons valued at Rs.28.66 lakhs at the end of March 1991.



- Prolonged maintenance, beyond the prescribed period, of Arjun plantation in 1037 hectares which should have been handed over to rearers for commercial rearing of tassar cocoons by 1988-89 resulted in additional expenditure of Rs.33.81 lakhs on maintenance during 1989-90 and 1990-91.
- Pilot project centres established to supply DFL to rearers could produce only 6.37 lakhs layers at a cost of Rs.21.75 lakhs against a target of 27.20 lakhs of layers resulting in a shortfall of 77 per cent.
- Out of mulberry plantation raised in an area of 1339.40 ha., plantation in only 734.20 ha. survived. The expenditure of Rs.78.83 lakhs incurred on the plantation in 605.20 ha. proved wasteful.
- The programme of mulberry plantation in 160 ha. in the tribal blocks of R.Udayagiri and Mohana, proposed under Bivoltine Sericulture Development Project, remained a non-starter due to lack of irrigation facilities.
- Against the targeted production of 80 lakh seed cocoons in the seed stations at Ramgiri and Akili, only 12 lakh seed cocoons were produced due to inadequate irrigation facilities, non-completion of infrastructure and non-availability of suitable land.

( Paragraph : 3.1 )

## 5. Development and exploitation of inland and marine fishery resources

Development and Exploitation of Inland and Marine Fisheries Resources was accorded high priority in successive Five Year Plans for the production of nutritive food and generation of employment in rural areas. A review of implementation of various schemes of development of fisheries during the period 1985-86 to 1991-92 revealed instances of non-utilisation of funds/non exploitation of resources, low yield of fish, unproductive investments, poor infrastructural arrangements etc. Some of the more important observations are as follows :

- Out of Rs.6236 lakhs provided for the implementation of various schemes of fisheries development a sum of Rs.5612 lakhs was spent upto the end of March 1992 resulting in a saving of Rs.624 lakhs of which Rs.559 lakhs related to Central Government assistance. The expenditure included an amount of Rs.463 lakhs which had actually not



been spent but was kept in Civil Deposits or was lying with the Brackish Water Fisheries Development Agencies (BFDAs), Fish Farmers Development Agencies (FFDAs) and Orissa Fish Seed Development Corporation (OFSDC).

As against the fresh water production potential of 1.53 lakh tonnes per annum, the average annual yield during 1985-91 was only 0.43 lakh tonnes representing 28 *per cent* of the potential. The production during 1989-90 was 0.51 lakh tonnes against the Seventh Five Year Plan target of 1 lakh tonne for the terminal year. The yield from brackish water was 0.24 lakh tonnes which represented 40 *per cent* of the estimated potential of 0.60 lakh tonnes. The Seventh Five Year Plan target of Marine Fish Production of one lakh tonnes was also not achieved, the production/during 1989-90 being only 0.78 lakh tonnes.

Only 0.34 lakh hectares out of 0.56 lakh hectares of water area was developed by FFDAs; the area actually brought under fish culture was still less at 0.23 lakh hectares. The average annual yield of 1451 kgs per hectare was less than 50 *per cent* of the expected annual yield of 3000 kgs per hectare.

Inadequate stocking of fish seed - shortfall being upto 94 *per cent* - among other factors resulted in poor yield from reservoirs which on an average was only 17 *per cent* of the total potential during 1985-91.

In respect of 11 reservoirs wherein fish was collected through fishermen co-operative societies on payment of wages, Orissa Fish Seed Development Corporation sustained a loss of Rs.74.52 lakhs during 1987-88 to 1990-91.

In the State owned Kausalyaganga Fish Farm the value of fish not exploited and marketed from the stocking tanks during 1987-92 was Rs.194.25 lakhs.

Expenditure of Rs.11.31 lakhs incurred on establishment of captive nursery centres for raising fingerlings remained unproductive due to non development of infrastructural facilities and defective design of tanks.

Against an area of 0.25 lakh hectares identified as suitable for prawn culture, the actual utilisation was only 0.02 lakh hectares in 1990-91. BFDAs had utilised only Rs.50.21 lakhs out of Rs.260.51 lakhs paid to them during 1985-92



for disbursement of subsidy. The average yield ranged from 104 kg to 469 kg in four BFDAs against the estimated yield of 1000 kg per hectare per annum. Only 54 out of 208 tanks were constructed in three districts - Balasore, Puri and Cuttack under Area Development Approach Programme; of these 13 had not been put to use.

Expenditure of Rs.11.16 lakhs incurred on setting up of a Prawn Hatchery at Paradeep proved unfruitful due to lack of proper planning and technical feasibility study not having been undertaken initially.

Only 52 Beach Landing Crafts (BLCs) were purchased and supplied to groups of fishermen/co-operative societies against the requirement of 71. The utilisation of 37 BLCs ranged from 7 to 35 per cent only.

Due to unsuitable design the expenditure of Rs.6.27 lakhs incurred on infrastructure facilities in respect of Chudamani Jetty proved wasteful. A fishing jetty constructed at Chandipur village in Balasore district at a cost of Rs.17.10 lakhs in 1980-81 had become defunct since 1985-86 due to heavy siltation.

Expenditure of Rs.392 lakhs was incurred on construction of Jetty of Astarang Fishing Harbour when it was severely damaged by floods. The damage which was estimated at Rs.148 lakhs, was attributed to inadequate design.

Rupees 27.29 lakhs spent on Brackish Water Prawn Culture Project at Jagatjore proved largely unproductive on account of defective design of water intake structures and the project had to be leased out for a nominal amount.

( Paragraph : 3.3 )

## 6. Upper Indravati Project

The Upper Indravati Multipurpose Project in Koraput and Kalahandi districts envisaging construction *inter-alia* of four dams (Indravati, Kapur, Muran and Podagada and eight dykes was approved by the Planning Commission in 1978. The original project estimate of Rs.208.14 crores framed during 1975-76 was revised to Rs.954.10 crores in June 1990. The cost of four dams and eight dykes had increased from Rs.49.49 crores as per the estimate of 1975-76 to Rs.154.80 crores as per estimate prepared in June 1990; against which expenditure of Rs.130.48 crores had been incurred as of March 1992. A review of execution of work of the four dams and dykes revealed the following :



- Recovery of lump sum amount of Rs.1.44 lakhs towards charges for transportation of cement and steel to work site against Rs.26.57 lakhs which should have been recovered resulted in undue benefit of Rs.25.13 lakhs to the contractor engaged for construction of Muran dam.
- Unauthorised financial aid of Rs.40.97 lakhs was provided to the contractor in connection with the construction of Podagada Earth Dam due to payment of higher rates for quantities of earth work in river bed portion in excess of those approved by Government.
- Fixation of an unreasonably low rate for recovery towards cost of granite stones supplied by the department resulted in undue benefit of Rs.42.19 lakhs to the contractor for construction of Podagada Earth Dam.
- Payment of higher rate for earth work done in the entire dam base, instead of the river bed portion only as approved by Government, resulted in undue benefit of Rs.41.99 lakhs to the contractor in connection with the work of construction of Kapur Dam.
- Failure to make appropriate adjustments with reference to quantities of cement actually used in concrete/masonry items resulted in excess payment of Rs.39.69 lakhs in the works of Indravati Masonry Dam.
- Inadequate pre-construction surveys leading to substantial variations between quantities put to tender and the quantities actually executed resulted in sanctioning of higher rates involving extra expenditure of Rs.36.26 lakhs in the works of Podagada Earth Dam and Kapur Dam.
- Failure to recover royalty charges from the contractor at the revised rates effective from August 1990 resulted in unauthorised financial assistance of Rs.16.90 lakhs to the contractor in the construction of Muran Dam.

( Paragraph : 4.1 )

## 7. Operation Blackboard

The scheme 'Operation Blackboard' was sanctioned by the Government of India in 1987 with a view to realising the objectives as set out in the National Policy on Education, 1986. The objective of the scheme was proposed to



be achieved by providing a ,minimum level of facilities to all existing schools (as on 30 September 1986) viz: at least two reasonably large rooms that are usable in all weather, at least two teachers, including a woman teacher as far as possible and essential teaching and learning materials.

A review of the implementation of the scheme revealed that out of Rs.5689 lakhs received as Central assistance, Rs.1287 lakhs remained unspent. An amount of Rs.604 lakhs was kept in Civil Deposit while Rs.683 lakhs was not drawn. Government of India took 3 to 15 months to release funds after sanction of projects by the State Level Empowered Committee ; the State Government released funds to the Director of Elementary Education after delays of 3 to 7 months.

Against the requirement of 8362 buildings, construction of only 3440 buildings was taken up; of these 2345 were completed and construction of 1095 buildings was in progress. Cases of incorrect reporting of construction of buildings were noticed in the districts test-checked in audit. None of the buildings was completed within the prescribed time schedule; the extent of delays ranged from 6 months to two years and more. In 244 out of 396 school buildings constructed/under construction in the test-checked districts separate toilets for boys and girls were not provided as envisaged in the scheme.

Against the requirement of 13004 additional teachers, 10352 teachers were appointed upto 1991-92. The teachers appointed under the scheme were not imparted orientation training.

Though the scheme envisaged supply of teaching and learning material to the schools to the extent of deficiencies identified as per the survey reports, the State Level Empowered Committee decided to provide such materials (except tables, chairs, blackboards and school bells) regardless of deficiencies. Purchase of materials through the intermediary of various agencies instead of direct purchase from manufacturers resulted in extra expenditure of Rs.70.25 lakhs. Excess expenditure of Rs.101.27 lakhs was incurred due to purchase of materials at rates higher than the unit cost prescribed by the Government of India. Material valued at Rs.19.55 lakhs was substandard; cases of non-supply of material and supply of material in excess of requirement were noticed. Harmonium sets purchased at a cost of Rs.20.84 lakhs remained unused. Rupees 130.94 lakhs was diverted for



purposes not covered by the scheme and materials worth Rs.30.19 lakhs were distributed to 392 schools not eligible for assistance under the scheme.

Monitoring of the implementation of the scheme was largely ineffective. Out of 34178 schools, in existence in the State on 30 September 1986, 6017 schools did not have two room buildings, 2652 schools were without a second teacher while 7924 schools were not supplied essential teaching and learning material as of 31 March 1992.

( Paragraph : 3.5 )

#### 8. Other points of interest

(i) An agreement entered into by the Orissa Industrial Infrastructure Development Corporation with a firm for providing a water supply system to the industrial area at Jeypore resulted eventually in a loss of Rs.174.14 lakhs to the Corporation.

( Paragraph : 7.7.2 )

(ii) Expenditure of Rs.58.69 lakhs incurred by the Orissa Industrial Infrastructure Development Corporation on construction of 21 industrial sheds and roads, culverts, drains etc. during 1982-85 was rendered unproductive and unfruitful since there was no demand for sheds due to non-provision of essential facilities like electricity and water.

( Paragraph : 7.7.3 )

(iii) The issue of departmental materials for conversion of mild steel rounds and billets into different sizes and payment of advances for supply of tor bars to the contractor by the Executive Engineer, Stores and Mechanical Division, Mahanadi Birupa Barrage Project, Cuttack without obtaining adequate security resulted in a loss of Rs.52.19 lakhs.

( Paragraph : 4.18 )

(iv) An Elite Coconut Seed Farm established during 1975-76 for the production of eight lakh hybrid coconut seeds per annum from the seventh year of plantation and expected to become self-supporting from 1988-89 had failed to achieve its objective. Only 6855 plants out of 11796 exotic seedlings acquired had survived as of November 1991 despite 3343 gap fillings made in place of casualties. Though 5457 of the surviving palms were fruit bearing, not a single hybrid nut had been produced upto 1990-91. Expenditure of Rs.59.85 lakhs had



been incurred on the farm upto March 1992.

( Paragraph : 3.8 )

(v) Expenditure of Rs.28.86 lakhs incurred on the construction of a drainage sluice system with gates to stop entrance of flood water of Baitarani river inside Ghasipura town and allow the drainage water of Baunsanalla into river Baitarani has remained unfruitful as the work commenced in April 1985 and scheduled for completion by April 1986 had not been completed even as of March 1993.

( Paragraph : 4.9 )

(vi) A liquid Nitrogen Plant procured in April 1991 at a cost of Rs.26.68 lakhs by the Director of Animal Husbandry and Veterinary Services, Orissa for the Frozen Semen Bank at Balasore had not been commissioned for want of some of the essential components.

( Paragraph : 3.4 )

(vii) The expenditure of Rs.39.90 lakhs incurred on avenue and other plantations undertaken by the Divisional Manager, Balasore plantation Division, Balasore and Assistant Soil Conservation Officers, Balasore and Nowrangpur and the Divisional Forest Officer, Sambalpur during various periods from 1979-80 to 1990-91 was largely unfruitful as the survival of these plantations was far below the prescribed norm.

( Paragraph : 7.2 )

(viii) Failure to finalise the tenders for the right main canal from RD 22 to 27 km of Upper Indravati Project within the period of validity resulted in extra expenditure of Rs.12.68 lakhs.

( Paragraph : 4.6 )

(ix) Adoption of incorrect method of measurement of work of formation of sheet piles cut off in foundation of Mahanadi Barrage resulted in excess payment of Rs.7.96 lakhs to the contractor.

( Paragraph : 4.2 )

(x) Delay on the part of Government to close down the Field Machinery Sub-division at Bhubanpalli, Malkangiri village - 79 as recommended by the Chief Engineer, Potteru Irrigation Project in January 1987, since there did not exist adequate work load, resulted in infructuous expenditure of Rs.8.97 lakhs upto



December 1991 on virtually idle establishment.

( Paragraph : 4.5 )

(xi) Separate payment for drilling holes which was already included in the estimate for the composite item of supply and fixing of mild steel dowel bars in foundation rock including cost of material and drilling holes resulted in unauthorised aid of Rs.7.40 lakhs to a contractor in connection with the work of construction of power house.

( Paragraph : 4.12 )

(xii) Out of fifty houses completed in 1987-88 at a cost of Rs.4.86 lakhs under the Rural Landless Employment Guarantee Programme for the members of the scheduled castes/scheduled tribes and freed bonded labourers only 11 still existed at which 6 were in a dilapidated condition, rendering the expenditure largely wasteful.

( Paragraph : 7.3 )

(xiii) Retrenchment of workmen by Salandi Canal Division, Bhadrak without complying with the requirements of the Industrial Disputes Act, 1947 resulted in the retrenchment being quashed as illegal by the Labour Court and nugatory expenditure of Rs.4.68 lakhs on payment of wages to the workmen for the period for which they had not actually worked.

( Paragraph : 4.8 )

(xiv) Liquidated damages amounting to Rs.3.10 lakhs were not recovered from firms inspite of failure to supply pipes within the stipulated date.

( Paragraph : 4.28 )

(xv) A sum of Rs.90.37 lakhs sanctioned for rehabilitation works in Satabhaya and Kanhupur villages remained blocked under Civil Deposits or otherwise as the agencies concerned had been asked to stop work after allotment of funds as it was found that the works would result in unlawful destruction of forests. Further, expenditure of Rs.3.88 lakhs incurred on elevation of 250 house sites and excavation of tanks was also rendered infructuous.

( Paragraph : 3.16 )

(xvi) Failure to deduct the amount of rebate admissible for bulk orders as prescribed by Government while fixing rates resulted in excess payment of Rs.3.71 lakhs to a cement supplier in Upper Indravati Project.

( Paragraph : 4.16 )



(xvii) Procurement of materials in excess of requirement, resulted in blocking of funds amounting to Rs.14.45 lakhs in Electrical Construction Division, Upper Kolab Project.

( Paragraph : 5.2 )

(xviii) Due to failure to provide funds for taking up new plantations during 1989-90, 5.13 lakh seedlings raised during 1988-89 for the purpose could not be used and were damaged resulting in a loss of Rs.2.61 lakhs.

( Paragraph : 7.4 )



## CHAPTER I

### ACCOUNTS OF THE STATE GOVERNMENT

#### 1.1 Summarised Financial position

The financial position of the Government of Orissa as on 31 March 1992 as emerging from the Appropriation Accounts and the Finance Accounts for the year 1991-92, the Abstract of Receipts and Disbursements and the details of Sources and Application of Funds for the year are given in the following statements :-

## I - Summarised financial position of the

Amount as on 31 March 1991 (Rupees in crores)	Liabilities	Amount as on 31 March 1992 (Rupees in crores)
1090.84	Internal Debt	1419.73
	Market loans bearing interest	1189.05
	Market loans not bearing interest	14.82
	Loans from Life Insurance Corporation of India	40.35
	Loans from National Co-operative Development Corporation	28.71
	Loans from General Insurance Corporation	12.62
	Loans from other institutions	12.27
	Ways and Means advances	44.37
	Overdraft from Reserve Bank of India	77.54
2653.31	Loans and Advances from Central Government	2868.56
	Pre 1984-85 loans	699.93
	Non-Plan loans	791.21
	Loans for State Plan Schemes	1286.33
	Loans for Central Plan Schemes	13.45
	Loans for Centrally Sponsored Plan Schemes	77.64
21.54	Contingency Fund	40.29
856.29	Small Savings, Provident Funds etc.	1049.51
458.04	Deposits	589.53
12.91	Reserve Fund	14.31
74.03	Suspense and Miscellaneous balances	93.64
<u>51,66.96*</u>		<u>60,75.57</u>

\* Differs from the amounts shown in the Audit Report for 1990-91 as the been adjusted from the cash balance.



## Government of Orissa as on 31 March 1992

Amount as on 31 March 1991 (Rupees in crores)	Assets	Amount as on 31 March 1992 (Rupees in crores)
4230.23	Gross Capital outlay on fixed assets	4885.93
	Investment in shares of Companies, Corporations, Co-operatives etc. 892.45	
	Other Capital outlay 3993.48	
473.66	Loans and Advances	543.40
	Loans for Power Projects 207.81	
	Other development loans 290.13	
	Loans to Government Servants and Miscellaneous loans 45.46	
4.87	Other Advances	5.88
64.81	Remittance Balances	61.28
388.14	Deficit on Government account	575.85
	Deficit as on 31.03.1991 388.14	
	Add : Current Deficit 187.71	
5.25	Cash	3.23
	Cash in Treasuries and local Remittances 1.87	
	Deposit with Reserve Bank of India (-)17.31	
	Departmental cash balances including permanent advances 3.79	
	Cash balance investment 13.16	
	Security Deposit 0.63	
	Investment of earmarked funds 1.09	
<u>51,66.96*</u>		<u>60,75.57</u>

amount of minus deposit with the Reserve Bank of India under cash balance has

**GOVERNMENT**  
**II - Abstract of Receipts and**

Receipts	Amount
	(Rupees in crores)

**SECTION - A - REVENUE**

<b>I. Revenue Receipts</b>	2447.31
i) Tax Revenue	673.64
ii) Non-Tax Revenue	259.81
iii) State's share of net proceeds of Taxes on Income other than Corporation Tax	220.80
iv) State's share of Union Excise Duties	609.73
v) Grants from the Central Government	683.33
(a) Non-Plan grants	165.53
(b) For State Plan Schemes	220.16
(c) For Central Plan Schemes	39.15
(d) Centrally sponsored Plan Scheme	258.49
<b>II. Revenue Deficit carried down to Section 'B'</b>	187.71
	<u>2635.02</u>

**SECTION - B - OTHERS**

<b>III. Opening cash balance including departmental cash balance, permanent advances, cash balance investment of earmarked funds</b>	5.25*
<b>IV. Recoveries of Loans and Advances</b>	46.62
i) From Government Servants	6.67
ii) From others	39.95
<b>V. Public Debt Receipts</b>	1087.18
i) Internal Debt of the State Government	278.69
ii) Ways and Means Advances	371.90
iii) Loans and Advances from the Central Government	436.59

\* Differs from the amounts shown in the Audit Report for 1990-91 as the  
been adjusted from the cash balance.



## OF ORISSA

## Disbursements for the year 1991-92

Disbursements		Amount (Rupees in crores)		
<b>I. Revenue Expenditure</b>				2635.02
	<b>Non-Plan</b>	<b>Plan</b>	<b>Total</b>	
i) General Services	873.59	8.00	881.59	
ii) Social Services	759.29	280.88	1040.17	
iii) Agriculture and Allied Services	126.03	123.12	249.15	
iv) Rural Development	27.19	160.22	187.41	
v) Irrigation and Flood Control	44.50	34.41	78.91	
vi) Energy	27.00	7.14	34.14	
vii) Industry and Minerals	20.78	28.07	48.85	
viii) Transport	63.42	8.14	71.56	
ix) Science, Technology and Environment	0.29	2.63	2.92	
x) General Economic Services	15.18	10.11	25.29	
xi) Grants-in-aid and contribution	12.93	2.10	15.03	
	<b>1970.20</b>	<b>664.82</b>	<b>2635.02</b>	<b>2635.02</b>
<b>II. Revenue Deficit brought down from Section 'A'</b>				187.71
<b>III. Opening overdraft from Reserve Bank of India</b>				15.60*
<b>IV. Capital outlay</b>				655.70
i) General Services	1.76	10.02	11.78	
ii) Social Services	0.09	50.95	51.04	
iii) Agriculture and Allied Services	0.76	16.26	17.02	
iv) Irrigation and Flood Control	0.01	239.52	239.53	
v) Energy	—	180.05	180.05	
vi) Industry and Minerals	5.92	46.37	52.29	
vii) Transport	0.46	99.88	100.34	
viii) General Economic Services	0.21	3.44	3.65	
<b>V. Loans and advances disbursed</b>				116.36
i) for various projects			86.77	
ii) to Government Servants			9.98	
iii) Others			19.61	

amount of minus deposit with the Reserve Bank of India under cash balance has

**GOVERNMENT**  
**II - Abstract of Receipts and**

Receipts	Amount (Rupees in crores)
<b>VI. Public Account Receipts</b>	2265.96
i) Small Savings and Provident Funds etc.	380.41
ii) Reserve Fund excluding Investment	49.00
iii) Deposits and Advances	969.70
iv) Suspense and Miscellaneous excluding cash with departmental officers, permanent advances, cash balances investment and investment of earmarked funds	32.76
v) Remittances	834.09
<b>VII. Closing overdraft of Reserve Bank of India</b>	77.54
<b>VIII. Contingency Fund</b>	28.55

**3511.10**



## OF ORISSA

## Disbursements for the year 1991-92

Disbursements	Amount
(Rupees in crores)	
<b>VI. Repayment of Public Debt</b>	604.98
i) Internal debt of the State Government	11.92
ii) Ways and Means Advances	371.72
iii) Loans and Advances from the Central Government	221.34
<b>VII. Public Account Disbursements</b>	1917.12
i) Small Savings and Provident Fund	187.19
ii) Reserve Funds excluding investment	47.60
iii) Suspense and Miscellaneous excluding cash with departmental officers, permanent advances, cash balances investment and investment of earmarked funds	13.15
iv) Remittances	830.56
v) Deposits and Advances	839.22
<b>VIII. Contingency Fund</b>	9.80
<b>IX. Cash balance at the end of the year</b>	3.23
i) Cash in treasuries and local remittances	1.87
ii) Departmental cash balance including permanent advances	3.79
iii) Cash balances investment, security deposits and investment of earmarked fund	14.88
iv) Deposit with the Reserve Bank of India	(-)17.31
<b>X. Appropriation to Contingency Fund</b>	---
	<u><b>3511.10</b></u>

## III - Sources and application of funds for 1991-92

Sl. No.	Sources	Amount (Rupees in crores)	Sl. No.	Application	Amount (Rupees in crores)
1.	Revenue Receipts	2447.31	1.	Revenue Expenditure	2635.02
2.	Increase in Public Debt	482.20	2.	Capital Expenditure	655.70
3.	Recoveries of Loans and Advances	46.62	3.	Lending for development and other programmes	116.36
4.	Increase in overdraft	61.94			
5.	Increase in Contingency Fund	18.75			
6.	Reduction in cash balance	2.02			
7.	Net receipts from Public Account	348.24			
	(a) Increase in Small Savings Provident Funds etc.	193.22			
	(b) Increase in Deposits and Advances	130.48			
	(c) Increase in Reserve fund	1.40			
	(d) Effect of Suspense and Miscellaneous Balances	19.61			
	(e) Effect of Remittance balance	3.53			
		<u>3407.08</u>			<u>3407.08</u>



### Explanatory Notes

1. The summarised financial statements are based on the statements of Finance Accounts and the Appropriation Accounts of the State Government and are subject to notes and explanations contained therein.
2. Government accounts being mainly on cash basis, the revenue deficit has been worked out on cash basis. Consequently, 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.76.65 crores between the figures reflected in the accounts and those intimated by the Reserve Bank of India under deposits with the Reserve Bank at the end of the year. The difference was reduced to Rs.0.38 crore at the end of July 1992.
6. Reasons for adverse/minus balances appearing against some of the Debt, Deposits and Remittances Heads have been explained by way of foot-notes in the relevant statements of the Finance Accounts.
7. Based on the foregoing 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 1991-92.

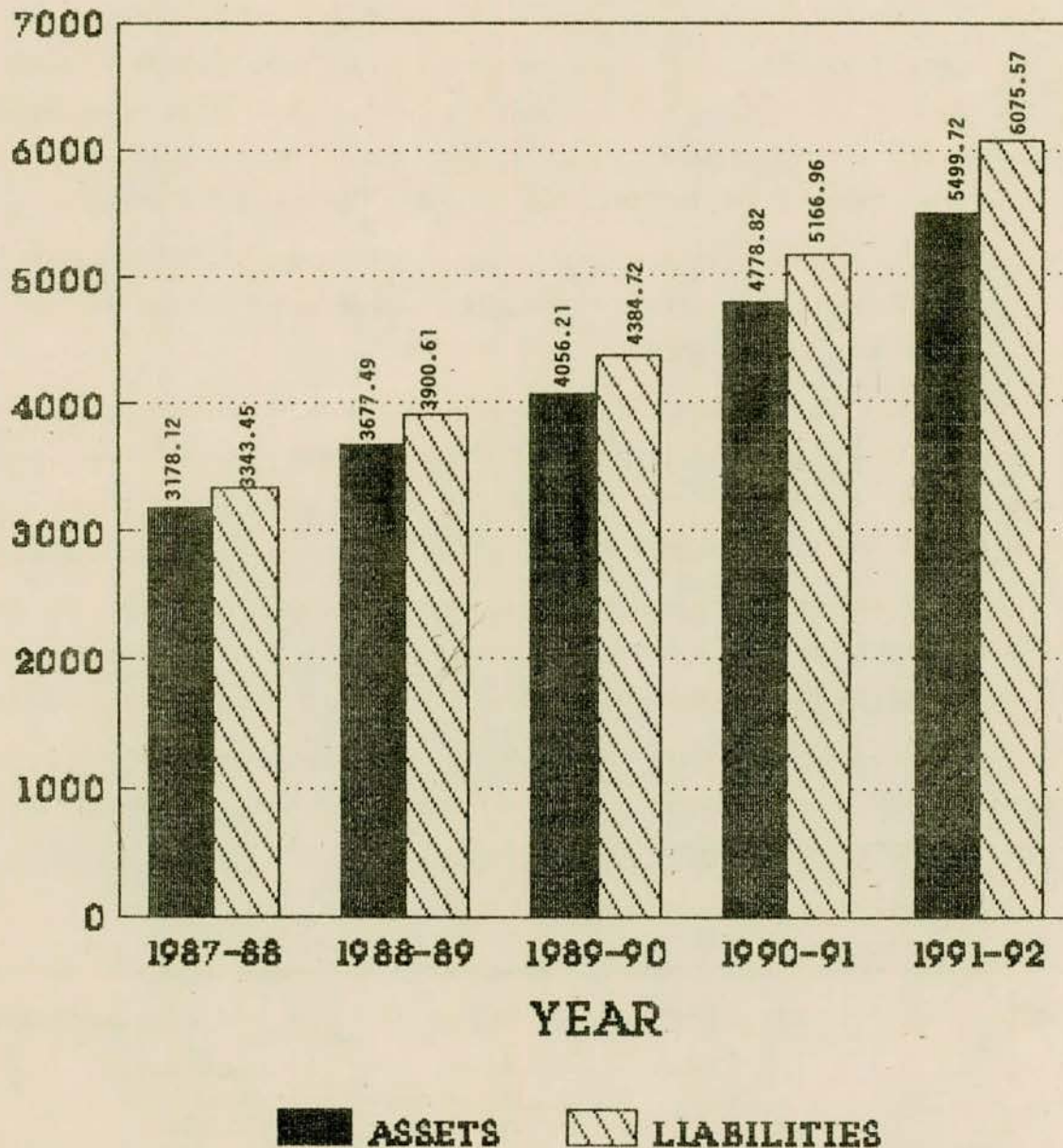
#### 1.2 Assets and liabilities of the State

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

Year	Assets ( Rupees in	Liabilities crores )
1987-88	3178.12*	3343.45*
1988-89	3677.49*	3900.61*
1989-90	4056.21*	4384.72*
1990-91	4778.82*	5166.96*
1991-92	5499.72	6075.57

\* Differ from figures in the earlier A.R. because of adjustment as explained in Footnote on Page-2 .

# ASSETS & LIABILITIES (RS. IN CRORES)



Paragraph : 1.2



While the assets have grown by 73 per cent during the five years from 1987-88 to 1991-92, the liabilities have grown by 82 per cent. The growing gap between assets and liabilities is on account of continuing revenue deficit.

### 1.3 Overall deficit

The Budget Estimates for 1991-92 projected an overall deficit of Rs.41.62 crores which was scaled down to Rs.32.83 crores in the Revised Estimates. The actual deficit for the year was, however, only Rs.19.37 crores. This was mainly due to net increased receipts under Public Account (Rs.145.79 crores), less capital expenditure (Rs.218.58 crores) partially set off by revenue deficit (Rs.140.70 crores) and decrease in net receipts under Public Debt (Rs.199.43 crores).

### 1.4 Revenue deficit

(a) The position of revenue deficit during the last five years is given in the following table :

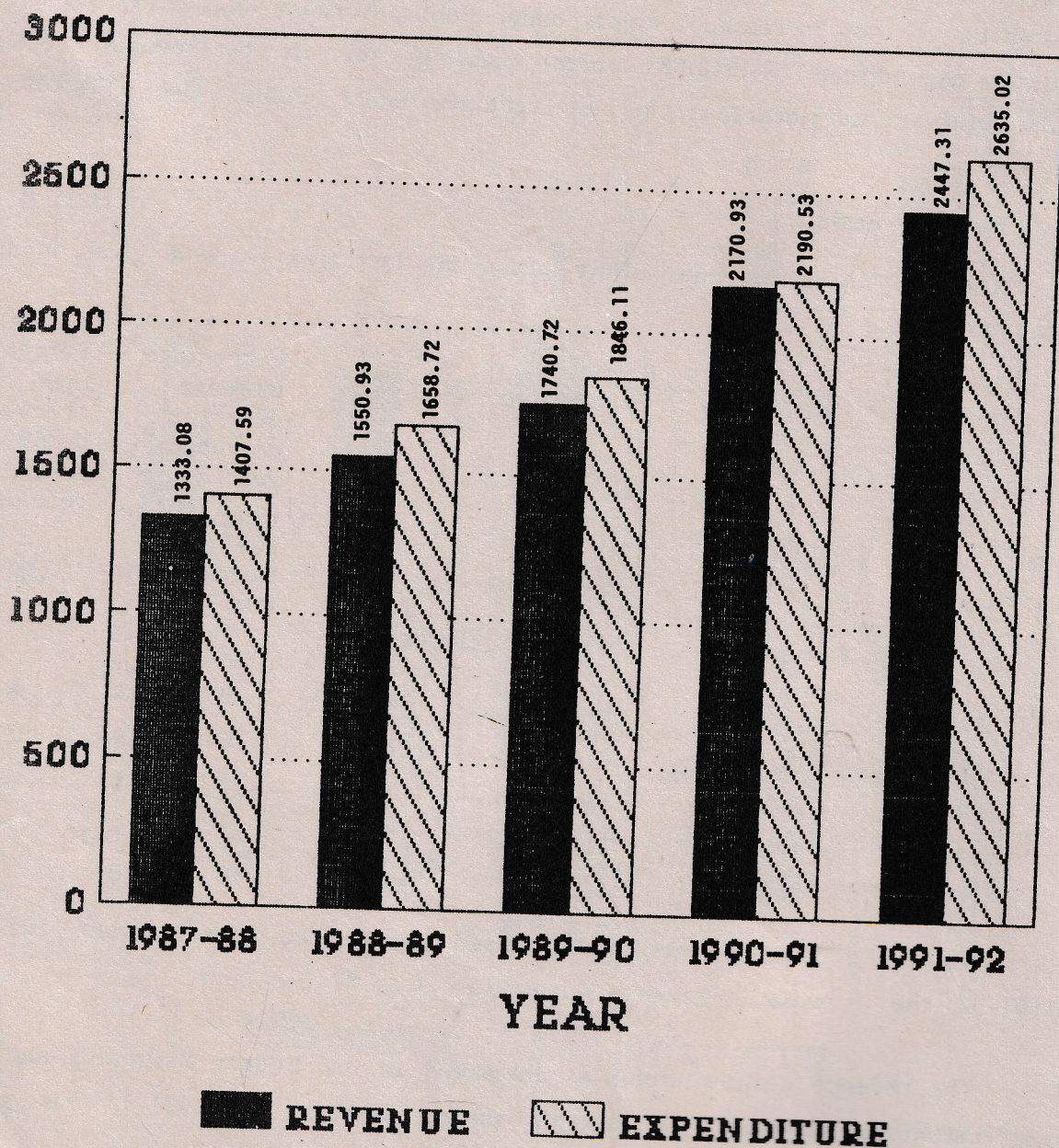
Year	Revenue			Percentage		Percentage of revenue deficit to revenue receipts
	Receipts	Expenditure	Deficit	increase over the previous year	Revenue Receipts	
	( Rupees	in	crores )		Expenditure	
1987-88	13,33.08	14,07.59	74.51	9	13	6
1988-89	15,50.93	16,58.72	107.79	16	18	7
1989-90	17,40.72	18,46.11	105.39	12	11	6
1990-91	21,70.93	21,90.53	19.60	25	19	1
1991-92	24,47.31	26,35.02	187.71	13	20	8

While the revenue receipts increased by 84 per cent between 1987-88 and 1991-92, the increase in revenue expenditure was 87 per cent.

(b) The revenue deficit/surplus as envisaged in the Budget Estimates and the Revised Estimates vis-a-vis the actuals during 1987-88 to 1991-92 is given overleaf.



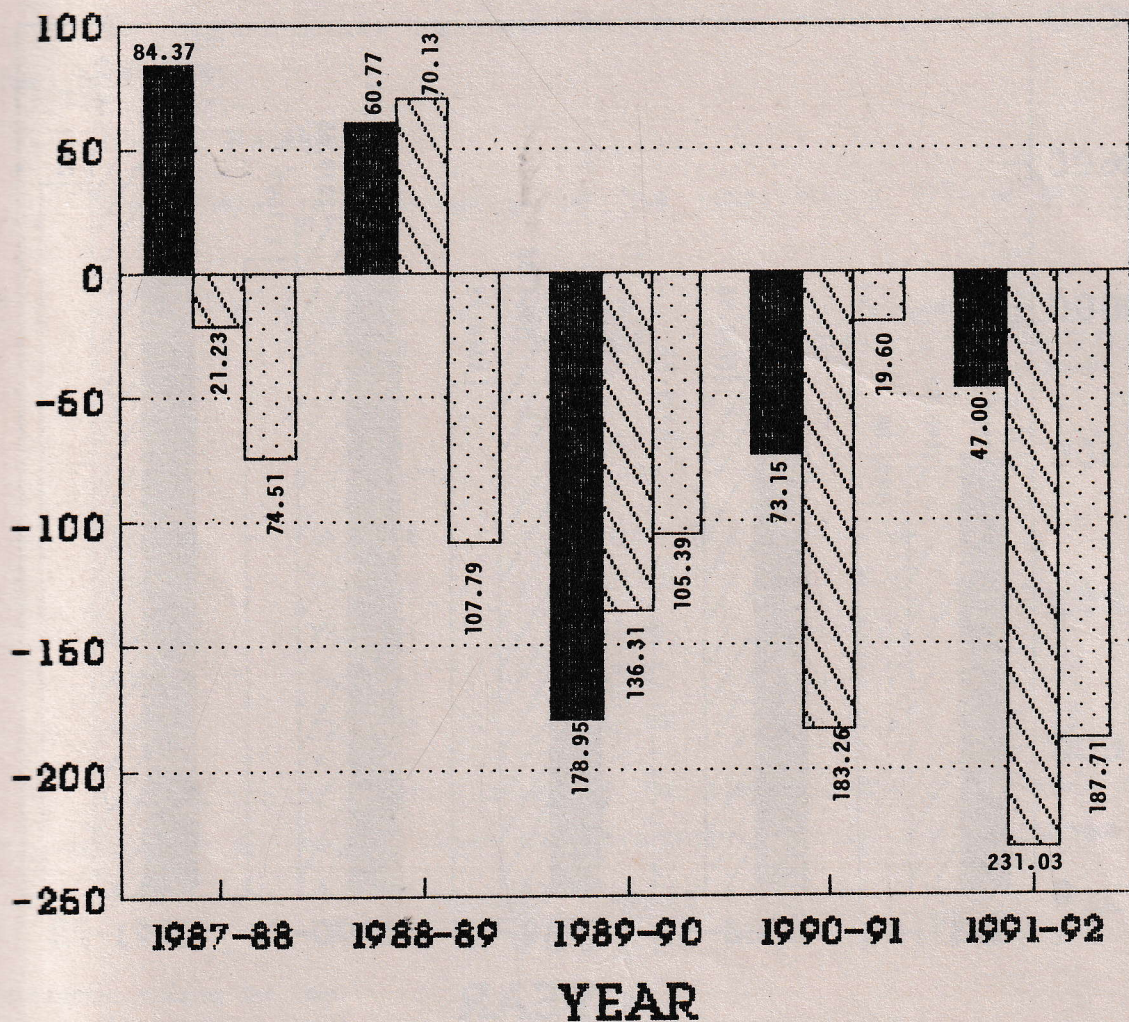
# REVENUE DEFICIT (Rs. IN CRORES)



Paragraph : 1.4(a)



# REV. DEFICIT/SURPLUS (Rs. IN CRORES)



**BUDGET ESTIMATES**



**REVISED ESTIMATES**

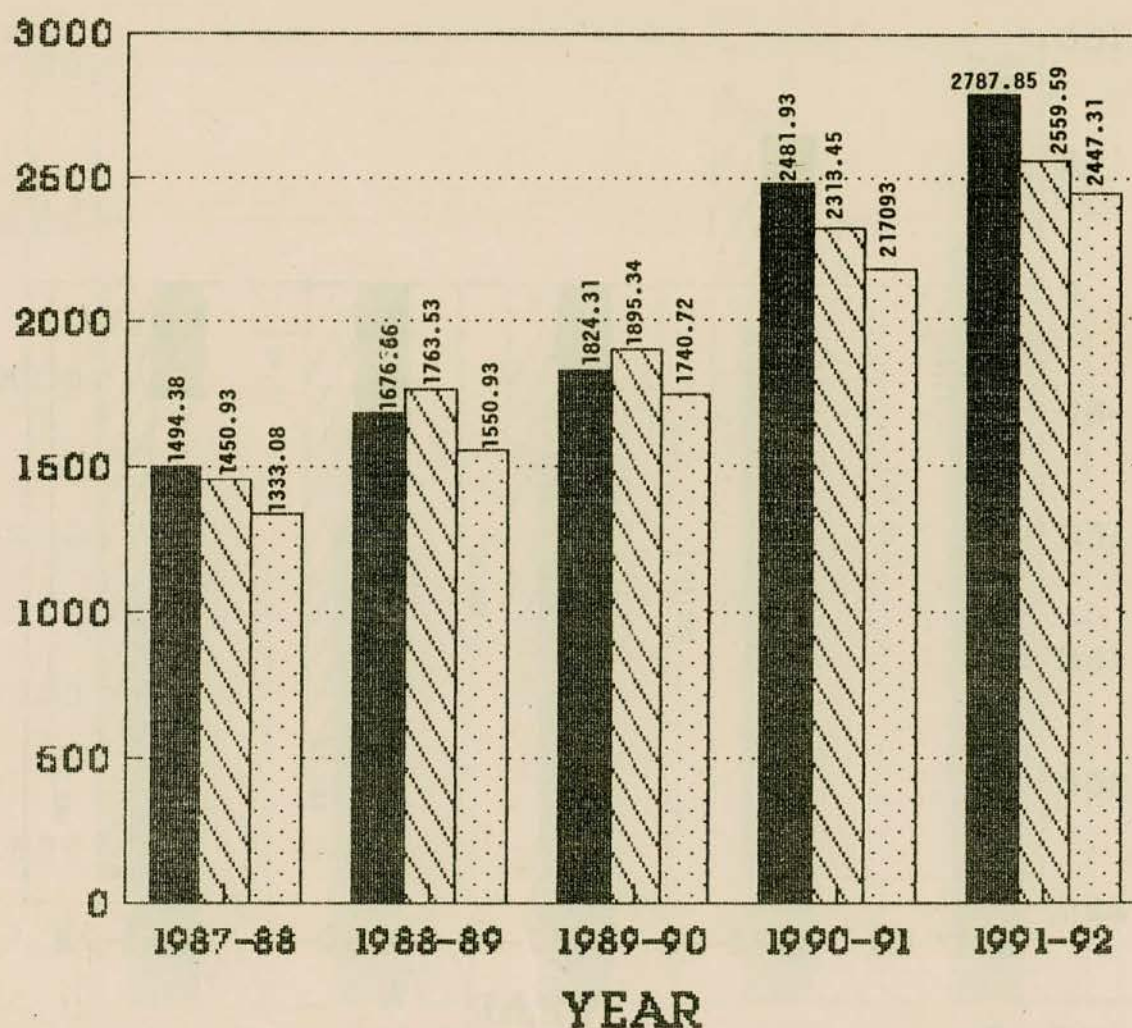


**ACTUALS**

Paragraph : 1.4.(b)



# REVENUE RECEIPT (Rs. IN CRORES)



BUDGET ESTIMATES
  REVISED ESTIMATES  
 ACTUALS

Paragraph : 1.5



Year	Revenue Deficit(-)/Surplus (+)		
	Budget	Revised	Actuals
	Estimates	Estimates	
	( Rupees	in	crores )
1987-88	(+) 84.37	(-) 21.23	(-) 74.51
1988-89	(+) 60.77	(+) 70.13	(-)107.79
1989-90	(-)178.95	(-)136.31	(-)105.39
1990-91	(-) 73.15	(-)183.26	(-) 19.60
1991-92	(-) 47.00	(-)231.03	(-)187.71

The revenue deficit has shown an increasing trend and was at an all time high in 1991-92.

### 1.5 Revenue Receipts

The revenue receipts during the five years ending 1991-92 are given below :-

Year	Budget Estimates	Revised Estimates	Actuals	
			Amount	Percentage of growth over the pre- vious year
	( Rupees	in	crores	)
1987-88	14,94.38	14,50.93	13,33.08	9
1988-89	16,76.66	17,63.53	15,50.93	16
1989-90	18,24.31	18,95.34	17,40.72	12
1990-91	24,81.93	23,13.45	21,70.93	25
1991-92	27,87.85	25,59.59	24,47.31	13

The position of revenue raised by the State Government, State's share of taxes and duties and receipts from the Government of India was as follows :-

	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>
	( Rupees	in	crores	)	
<b>I. Revenue raised by the State Government</b>					
(a) Tax Revenue	386.74	442.73	524.84	668.79	673.64
(b) Non-Tax Revenue	156.10	193.26	198.64	201.12	259.81
<b>Total :</b>	<u>542.84</u>	<u>635.99</u>	<u>723.48</u>	<u>869.91</u>	<u>933.45</u>

	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>
	( Rupees in crores )				
II. State's share of taxes on Income other than Corporation tax	108.32	114.80	158.38	168.25	220.80
III. Receipts from the Government of India					
(i) State's share of Union/Excise duties	293.82	313.91	414.21	525.84	609.73
(ii) Grants-in-aid	<u>388.10</u>	<u>486.23</u>	<u>444.65</u>	<u>606.93</u>	<u>683.33</u>
Total ( II + III ) :	<u>790.24</u>	<u>914.94</u>	<u>1017.24</u>	<u>1301.02</u>	<u>1513.86</u>
IV. Total receipts of State Government (Revenue Account)	1333.08	1550.93	1740.72	2170.93	2447.31
V. Percentage of revenue raised to total receipts	41	41	42	40	38

The revenue receipts of the State Government increased by 84 per cent from 1333.08 crores in 1987-88 to Rs.2447.31 crores in 1991-92. The revenue from State's own resources increased by 72 per cent during these years. Tax revenue raised by the State Government by 74 per cent from Rs.386.74 crores in 1987-88 to Rs.673.64 crores in 1991-92. Collections from non-tax revenue increased by 67 per cent from Rs.156.10 crores in 1987-88 to Rs.259.81 crores in 1991-92.

### 1.6 Tax Revenue

The revenue from taxes levied and collected by the State Government during the five years from 1987-88 to 1991-92 is given below :-

Year	Tax Revenue	Percentage growth over previous year
(Rupees in crores)		
1987-88	386.74	14
1988-89	442.73	14
1989-90	524.84	19
1990-91	668.79	27
1991-92	673.64	1



An analysis of the tax revenue raised by the State Government is given below :-

Source	1987-88	1988-89	1989-90	1990-91	1991-92
	( R u p e e s		in	c r o r e s	)
1. Sales Tax	206.06 (53)	238.34 (54)	297.20 (57)	354.58 (53)	394.16 (58)
2. Taxes and duties on electricity	61.12 (16)	68.42 (15)	33.39 (6)	98.75 (15)	99.46 (15)
3. Taxes on vehicles	34.61 (9)	38.03 (9)	43.90 (8)	52.29 (8)	59.75 (9)
4. Land Revenue	30.16 (8)	35.60 (8)	78.95 (15)	81.90 (12)	24.77 (4)
5. State Excise	26.52 (7)	30.96 (7)	38.29 (7)	45.64 (7)	55.07 (8)
6. Stamps and Registration fees	22.18 (6)	25.62 (6)	27.98 (5)	30.94 (4)	35.43 (5)
7. Taxes on goods and passengers	0.67 (nil)	0.23 (nil)	0.06 (nil)	0.08 (nil)	0.01 (nil)
8. Other Taxes and duties on commodities and services	5.42 (1)	5.53 (1)	5.07 (1)	4.61 (1)	4.99 (1)
<b>Total :</b>	<b>386.74</b> <b>(100)</b>	<b>442.73</b> <b>(100)</b>	<b>524.84</b> <b>(100)</b>	<b>668.79</b> <b>(100)</b>	<b>673.64</b> <b>(100)</b>

**Note :** Percentage share of individual taxes on the total is given in brackets.

It would be seen that while the contribution of receipts from Sales Tax and State Excise have increased over these five years, that from land revenue has declined from Rs.81.90 crores in 1990-91 to Rs.24.77 crores in 1991-92 on account of non-collection of cess due to Supreme Court judgement declaring collection of cess beyond the competency of Legislature.

#### 1.7 Non-tax revenue

The growth/decline of non-tax revenue during the last five years is indicated overleaf.



Year	Non-tax revenue	Percentage growth (+)/ shortfall(-) over the previous year
	( Rupees in crores)	
1987-88	156.10	(-) 1
1988-89	193.26	(+)24
1989-90	198.64	(+) 3
1990-91	201.12	(+) 1
1991-92	259.81	(+)29

It will be seen from the above that there was significant growth in non-tax revenue realisation during 1988-89 and 1991-92 over the previous years.

#### 1.8 State's share of Union Taxes and Grants received from the Central Government

The aggregate of the State's share of Union Taxes, Duties and Grants-in-aid from the Central Government during the year 1991-92 was Rs.15,13.86 crores representing 62 per cent and 57 per cent of the total revenue receipts and the total revenue expenditure of the State respectively. Year-wise details for the period 1987-88 to 1991-92 are given below :

Year	State's share of Union Taxes/Duties	Grants-in-aid	Total	<u>Percentage of total</u> <u>Revenue</u> <u>Revenue</u> <u>Receipts</u> <u>Expenditure</u>	
	(   R u p e e s       i n   c r o r e s   )				
1987-88	402.14	388.10	790.24	59	56
1988-89	428.71	486.23	914.94	59	55
1989-90	572.59	444.65	1017.24	58	55
1990-91	694.09	606.93	1301.02	60	59
1991-92	830.53	683.33	1513.86	62	57

It would be seen that more than 50 per cent of the revenue receipts of the State during the past five years consisted of amounts received from the Government of India.

#### 1.9 Arrears of revenue

The position of arrears of revenue as intimated by Commerce, Energy, Finance, Forest, Home, Industries and Revenue Departments against total revenue



raised by the State during the period 1987-88 to 1991-92 is given below. This does not reflect the total arrears as particulars from the remaining departments were not made available.

Year	Revenue collected	Arrears of revenue
		Number of Departments in brackets
	( Rupees	in crores )
1987-88	542.84	308.68 (7)
1988-89	635.99	444.34 (7)
1989-90	723.48	588.92 (7)
1990-91	869.91	634.74 (7)
1991-92	933.45	685.12 (7)

It would be seen that increasing amounts of revenue remained unrealised every year.

#### 1.10 Revenue expenditure

The revenue expenditure (Plan) during 1991-92 was Rs.664.82 crores against the Revised Budget provision of Rs.829.56 crores (including supplementary) disclosing a shortfall of Rs.164.74 crores in expenditure. The non-Plan revenue expenditure during the year was Rs.1970.20 crores (Rs.1436.00 crores during the previous year) against the Revised Budget Estimates of Rs.1961.06 crores disclosing an expenditure of Rs.9.14 crores in excess of the provision. Further details are available in the Appropriation Accounts for 1991-92.

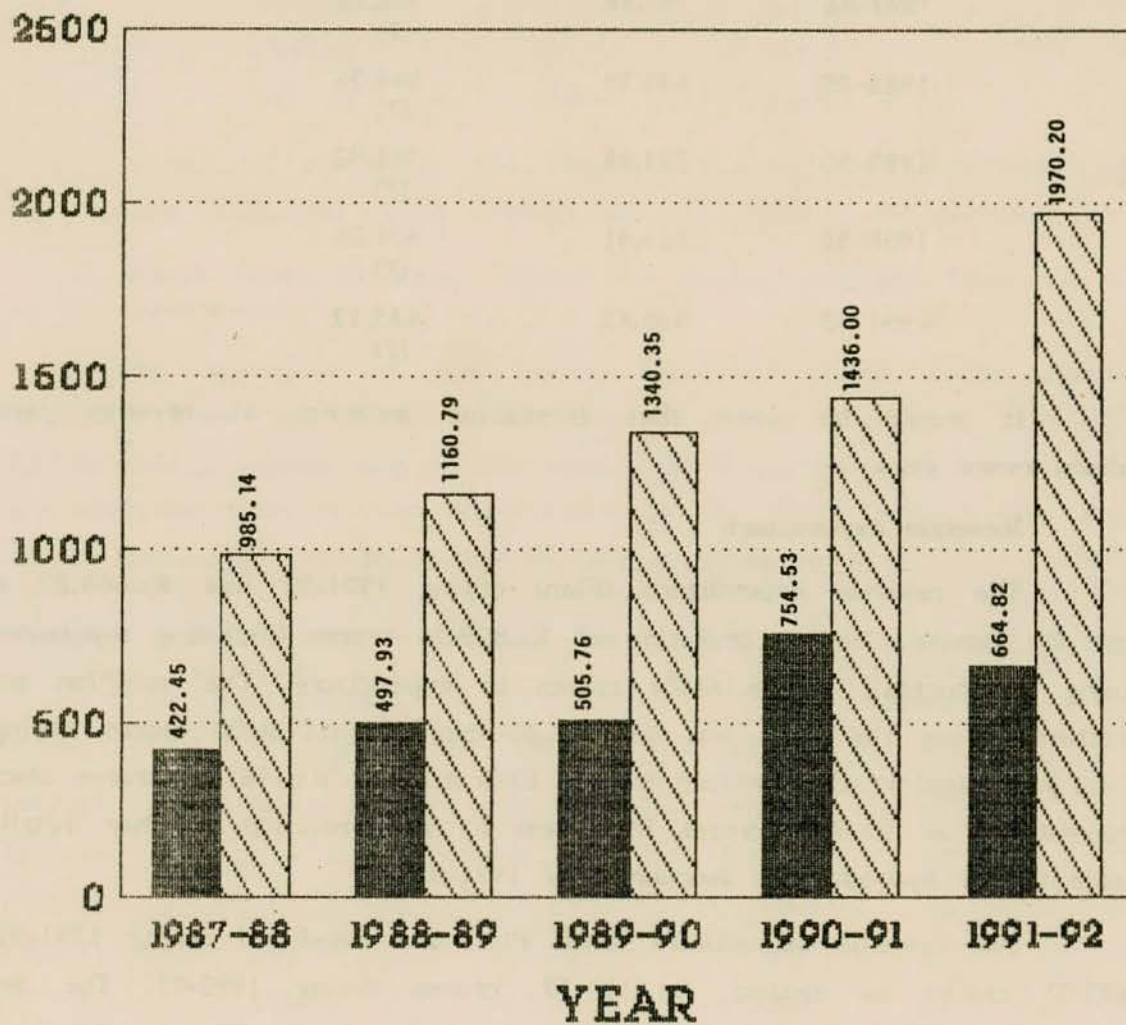
The revenue expenditure (both Plan and non-Plan) during 1991-92 was Rs.2635.02 crores as against Rs.2190.53 crores during 1990-91. The detailed reasons for variation are given in Statement No.1 of the Finance Accounts for 1991-92.

#### 1.11 Growth of revenue expenditure

The growth of revenue expenditure (both Plan and non-Plan) during the last five years was as follows :-



## GROWTH OF REV. EXP. (Rs. IN CRORES)



■ PLAN EXPENDITURE    ▨ NON-PLAN EXPENDITURE

Paragraph : 1.11



Year	Revenue expenditure			Percentage of non-Plan expenditure to total revenue expenditure
	Plan	Non-Plan	Total	
	( Rupees	in	crores	)
1987-88	422.45	985.14	1407.59	70
1988-89	497.93	1160.79	1658.72	70
1989-90	505.76	1340.35	1846.11	73
1990-91	754.53	1436.00	2190.53	66
1991-92	664.82	1970.20	2635.02	75

While the revenue expenditure (Plan) increased by 57 per cent between 1987-88 and 1991-92 the expenditure under non-Plan increased faster by 100 per cent during the same period.

#### 1.12 Non-Plan revenue expenditure

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

Purpose	1987-88	1991-92	Percentage of variation
	(Rupees in crores)	in crores	
General Services	432.02	873.59	102
Social Services	385.64	759.29	97
Agriculture and Allied Services	69.16	126.03	82
Rural Development	15.68	27.19	73
Irrigation and Flood Control	20.28	44.50	119
Energy	0.41	27.00	6485
Transport	33.47	63.42	89
General Economic Services	7.82	15.18	94

#### 1.13 Capital expenditure

Against the Budget Estimates of Rs.874.28 crores which were reduced to Rs.609.14 crores in the Revised Estimates, the capital expenditure during 1991-92 was Rs.655.70 crores resulting in expenditure of Rs.46.56 crores in excess of the provision. Further details are available in the Appropriation Accounts of the State Government for 1991-92.



### 1.14 Financial assistance to local bodies and others

The following table gives the trend of grants/financial assistance provided to different bodies viz: Educational institutions, District Rural Development Agencies, Co-operative Societies, Municipalities and others during the period from 1987-88 to 1991-92.

Year	Revenue expenditure	Revenue raised by the State	Total grants	Total grants as a percentage of		Grants to		
				Revenue expenditure	Revenue raised by the State	Educational institutions	DRDAs	Others
						(Percentage to total grants indicated in brackets)		
	( R u p e e s			in		c r o r e s		
1987-88	1407.59	542.84	438.58	31	81	220.50 (50)	114.99 (26)	103.09 (24)
1988-89	1658.72	635.99	543.87	33	86	262.10 (48)	116.22 (21)	165.55 (31)
1989-90	1846.11	723.48	519.41	28	72	251.31 (48)	61.10 (12)	207.00 (40)
1990-91	2190.53	869.91	684.97	31	79	158.89 (23)	155.79 (23)	370.29 (64)
1991-92	2635.02	933.45	704.93	27	76	190.47 (27)	131.68 (19)	382.78 (54)

During the period from 1987-88 to 1991-92 grants paid to non-Government bodies/authorities represented 27 to 33 per cent of the total revenue expenditure of the State during the respective years.

Grants to educational institutions represented 48 to 50 per cent of the total grants each year upto 1989-90. The decrease in the grants to educational institutions thereafter (23 to 27 per cent) was due to taking over of the Primary education by the State Government in 1989-90.

The grants to DRDAs ranged between 12 and 26 per cent during the period from 1987-88 to 1991-92.

### 1.15 Investments and returns

(a) In 1991-92, Government invested Rs.196.12 crores in various statutory corporations (Rs.19.90 crores), Government companies (Rs.166.50 crores) and co-operative societies (Rs.9.72 crores).



The total investments of Government in the share capital of different undertakings and the dividend/interest received during the five year period 1987-88 to 1991-92 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
	( Rupees in crores )		
1987-88	383.79	0.24	0.06
1988-89	461.91	0.22	0.05
1989-90	506.35	0.22	0.04
1990-91	696.32	0.13	0.01
1991-92	892.45	0.16	0.02

Thus, the return on investment in the respective years was less than the average rate of interest of 12 per cent for Government borrowings during this period.

(b) Out of 80 Government companies in which Government had invested Rs.625.37 crores, accounts were finalised in 52 cases upto different years ranging from 1961-62 to 1990-91. Twenty three of these companies were under liquidation and 14 had incurred a loss of Rs.7.52 crores according to the accounts last rendered by them while 15 companies had a cumulative loss of Rs.73.54 crores. Twenty six companies in which Government had invested Rs.295.86 crores during 1951-52 to 1991-92 have not rendered accounts even for a single year (March 1992). The details are given in statement 14 of the Finance Accounts for 1991-92.

In respect of 23 Joint Stock Companies in which Government had invested Rs.1.25 crores, only one in which the investment was Rs.0.33 crore had rendered accounts upto 1988-89 showing an accumulated loss of Rs.6.46 crores.

Government had invested Rs.162.52 crores in co-operative societies as at the end of March 1992 including Rs.9.72 crores during 1991-92 and received Rs.0.06 crore as dividend representing 0.04 per cent of the amount invested.

#### Public Debt and Other liabilities

(a) Under Article 293(1) of the 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 the Act



of the Legislature of the State. No law has been passed by the Orissa Legislature laying down such a limit.

Public Debt of the State consists of internal debt and loans and advances from the Central Government. Internal debt comprises long term loans raised in the open market and loans received from financial institutions, etc. This also includes ways and means advances from the Reserve Bank of India and other bonds issued by the State Government. Loans and Advances from the Central Government represent loans received from the Government of India for execution of various Plan and non-Plan schemes. Besides, the Government had other liabilities on account of funds raised through small savings, provident funds etc.

The details of such liabilities of the State Government during the five years ending March 1992 are given below :-

Year	Internal Debt	Loans and Advances from Central Government	Total Public Debt	Other liabilities	Total liabilities
( R u p e e s i n c r o r e s )					
1987-88	628.74	1826.59	2455.33	479.23	2934.56
1988-89	732.39	2044.12	2776.51	607.38	3383.89
1989-90	942.26	2267.48	3209.74	720.61	3930.35
1990-91	1090.84	2653.31	3744.15	856.29	4600.44
1991-92	1419.73	2868.56	4288.29	1049.51	5337.80

The total liabilities of the Government had increased from Rs.2934.56 crores at the end of 1987-88 to Rs.5337.80 crores at the end of 1991-92 representing an increase of 82 per cent over the last five years.

(b) The public debt included Rs.14.82 crores representing undischarged market loans which had matured during 1989 and earlier years and did not carry any interest.

### 1.17 Debt service

The State Government had not made any amortisation arrangements for open market loans, bonds and loans from the Central Government.



The following table shows the outgo of funds on account of interest payment (gross) during the five years ending 1991-92.

Year	Interest paid	Opening balance			Other obligations	Total obligation	Percentage of interest to	
		Internal Debt	Loans and Advances from Central Government	Small Savings Provident Fund etc.			Total obligation	Total Revenue expenditure

( R u p e e s            i n            c r o r e s )

1987-88	206.94	518.88	1629.18	393.44	0.84	2542.34	8	15
1988-89	303.70	628.74	1826.59	479.23	0.84	2935.40	10	18
1989-90	310.34	732.39	2044.12	607.38	0.84	3384.73	9	17
1990-91	364.67	742.26	2267.48	720.61	1.20	3931.55	9	17
1991-92	480.97	1090.84	2653.31	856.29	0.84	4601.28	10	18

It will be seen that the outflow of funds for payment of interest during the period has been Rs.1666.62 crores and was between 15 and 18 per cent of the revenue expenditure.

Interest received during the year was Rs.34.03 crores while the interest paid on debt and other obligation was Rs.480.97 crores. The net interest burden during the year was, thus, Rs.446.94 crores (18 per cent of the total revenue receipts and 66 per cent of the tax revenue of the State).

The repayment of the Central Government loans and payments of interest thereon by the State Government during the last five years was as follows:-

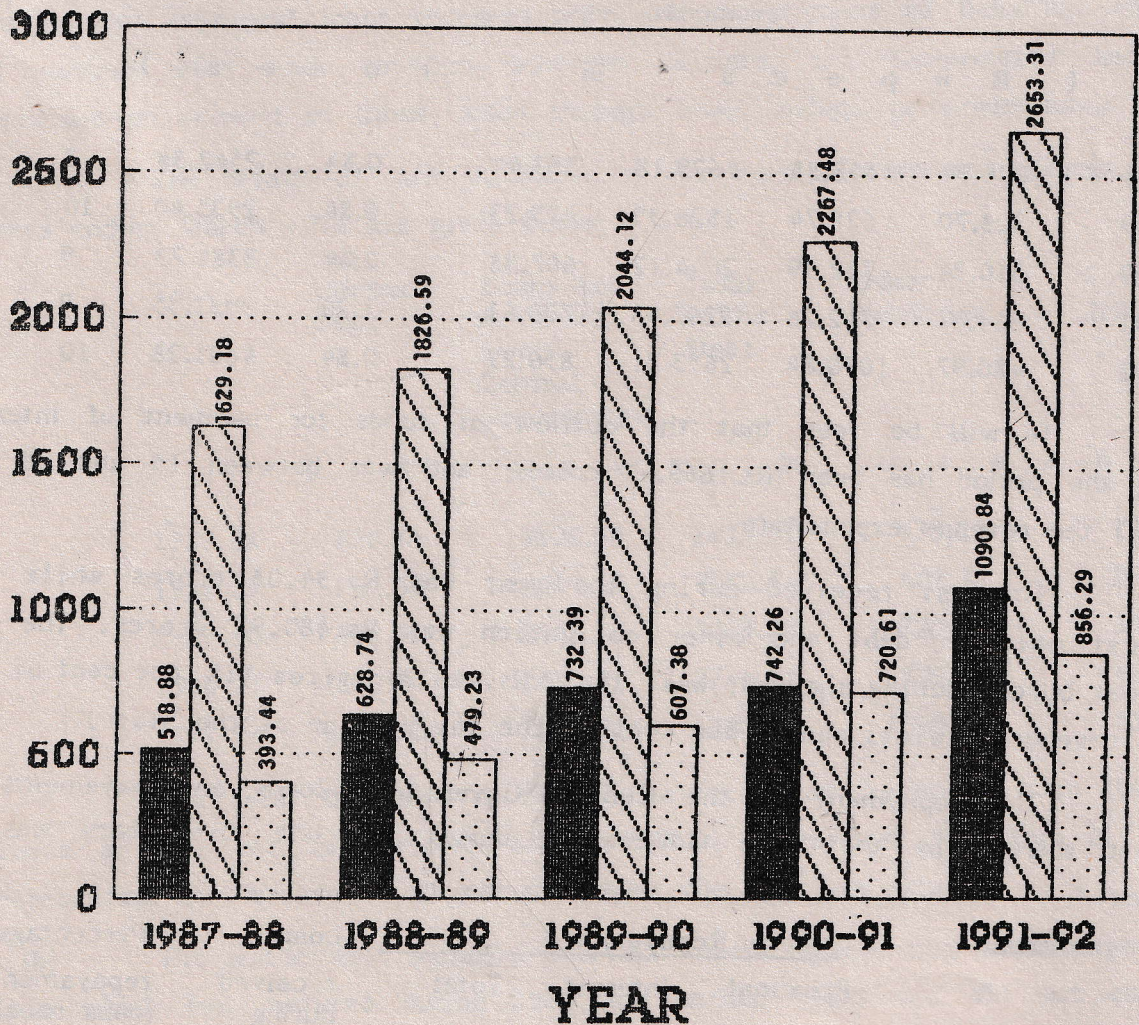
Year	Repayment			Loans received during the year	Percentage of repayments to loans received
	Principal	Interest	Total		



( R u p e e s            i n            c r o r e s )

1987-88	107.04	115.08	222.12	304.45	73
1988-89	118.92	155.76	274.68	336.44	82
1989-90	131.94	152.64	284.58	355.31	80
1990-91	221.61	182.22	403.83	607.44	66
1991-92	221.34	239.69	461.04	436.59	106



# DEBT SERVICE (Rs. IN CRORES)



 INTERNAL DEBT.  
 OTHER LIABILITIES

 LOANS & ADVANCES



The total outflow on account of repayment of Government of India loans and interest thereon increased by 108 per cent between 1987-88 and 1991-92. During 1991-92 the entire fresh loans received were consumed for the repayment of outstanding loans and payment of interest thereon.

### 1.18 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 limit for ordinary Ways and Means Advances and Special Ways and Means Advances has been fixed at Rs.33.60 crores and Rs.10.77 crores 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 balance with the Bank during the period 1987-88 to 1991-92 is given below :-

	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>
i) Number of days on which minimum balance was maintained					
(a) Without obtaining any advances	99	121	191	221	218
(b) by obtaining Ways and Means Advances	253	213	133	77	115
ii) Number of days on which overdraft was taken	13	31	41	63	33

The position of Ways and Means Advances and overdraft taken by the State Government and interest paid thereon during 1987-88 to 1991-92 is detailed below :

	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>
<b>Ways and Means Advances:</b>					
(i) Advances taken during the year	460.42	494.21	417.77	346.32	371.90
(ii) Advances outstanding at the end of the year	16.37	5.41	44.05	44.19	44.37
(iii) Interest paid	1.30	1.21	1.00	1.32	0.59



	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>
<b>Overdrafts:</b>	<b>( R u p e e s i n c r o r e s )</b>				
(i) Overdraft taken during the year	77.47	133.37	165.01	283.73	321.97
(ii) Overdraft outstanding at the end of the year	-	-	13.61	15.60	77.54
(iii) Interest paid	0.09	0.19	0.18	0.28	0.35

#### 1.19 Loans and advances by State Government

(a) The State Government has 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 the five years from 1987-88 to 1991-92 is given below :-

	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>
	<b>( R u p e e s i n c r o r e s )</b>				
Opening balance	320.92	361.65	386.35	428.08	473.66
Amount advanced during the year	65.02	48.00	58.88	78.60	116.36
Amount repaid during the year	24.29	23.30	17.15	33.02	46.62
Closing balance	361.65	386.35	428.08	473.66	543.40
Net addition	40.73	24.70	41.73	45.58	69.74
Interest received and credited to revenue	5.00	15.43	4.16	5.23	34.03

Out of loans advanced to various bodies, the detailed accounts of which are maintained in the Office of the Accountant General, recovery of Rs.4.28 crores (Principal : Rs.2.32 crores and Interest : Rs.1.96 crores) was in arrears as on 31 March 1992. The loans for energy advanced to the Orissa State Electricity Board (Rs.207.81 crores) constituted the largest share (38 per cent) of the outstanding balance as on 31 March 1992.

In respect of loans, the detailed accounts of which are maintained by the Departmental Officers, information was received (September 1992) from only 7 out of 23 departments. According to the information furnished, recovery of Rs.64.51 crores (Principal : Rs.48.02 crores and Interest : Rs.16.49 crores) was outstanding on 31 March 1992.



### 1.20 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 follows :

As on 31 March 1992	Maximum amount guaranteed (Principal only)	Amount outstanding	
		Principal	Interest
	( R u p e e s	in	c r o r e s )
1988	763.67	460.67	3.89
1989	1435.52	1051.09	11.94
1990	2663.34	1461.60	5.26
1991	1454.19	799.97	333.51
1992	1791.50	1085.69	4.63

The amount of outstanding guarantees at the end of 1991-92 increased by 36 per cent over the previous year.

The guarantee commission realised during the year was Rs.0.14 crore in one case. According to the information furnished by the Department, guarantee commission of Rs.1.69 crores was due for recovery in 13 cases as of 31 March 1992. The main defaulters were Government Companies and Statutory Corporations.

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



## CHAPTER II

### APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

#### 2.1 General

2.1.1 The summarised position of actual expenditure during 1991-92 against approved grants/appropriations is given below :-

	Original grant/ appropri- ation	Supplementary grant/ appropriation	Total	Actual expendi- ture	Variation Saving(-) / Excess(+)
	( R u p e e s		in	c r o r e s	)
	(1)	(2)	(3)	(4)	(5)
<b>I. Revenue</b>					
Voted	2408.38	177.97	2586.35	2336.44	(-)249.91
* Charged	558.68	20.54	579.22	532.39	(-) 46.83
<b>II. Capital</b>					
Voted	983.64	130.47	1114.11	831.69	(-)282.42
Charged	0.44	1.08	1.52	0.79	(-) 0.73
<b>III. Public Debt</b>					
Charged	864.07	-	864.07	865.00	(+) 0.93
<b>IV. Loans and Advances</b>					
Voted	157.44	(-) 51.27	106.17	116.93	(+) 10.76
<b>Grand Total</b>	<u>4972.65</u>	<u>278.79</u>	<u>5251.44</u>	<u>4683.24</u>	<u>(-)568.20</u>

#### 2.2 Results of Appropriation Audit

The overall saving was the net result of saving in 83 cases of grants/appropriations and excess in 12 cases of grants/appropriations as shown below:-

	Savings		Excess		Net	
	Revenue	Capital	Revenue	Capital	(Savings(-)/Excess(+))	
	(1)	(2)	(3)	(4)	Revenue	Capital
	(1)	(2)	(3)	(4)	(5)	(6)
	( R u p e e s		in	c r o r e s	)	)
Voted	330.51	310.40	80.60	38.74	(-)249.91	(-)271.66
	(30)	(31)	(5)	(3)		
Charged	47.26	66.49	0.43	66.69	(-) 46.83	(+) 0.20
	(16)	(6)	(3)	(1)		
	<u>377.77</u>	<u>376.89</u>	<u>81.03</u>	<u>105.43</u>	<u>(-)296.74</u>	<u>(-)271.46</u>

\* In a demand, the grants are voted and appropriations are charged.



The supplementary grants/appropriations of Rs.278.79 crores obtained during 1991-92 constituted 6 per cent of the original grants/appropriations, as against 15 per cent in the previous year.

### 2.2.1 Excess over grants/appropriations

In the revenue section there was excess of Rs.81,03,41,332 in 8 cases of grants, while the excess in the capital section amounted to Rs.105,43,81,774 in 4 cases of grants/appropriations as detailed below :-

Grant number	Department	Total grant	Expenditure	Excess over grant/ appropriation
(1)	(2)	(3)	(4)	(5)
( In r u p e e s )				
<b>REVENUE SECTION</b>				
1.	Home (Charged)	2,01,11,000	2,04,23,701	3,12,701
7	Works (Voted)	75,57,33,000	124,67,27,144	49,09,94,144
	(Charged)	27,79,000	67,87,310	40,08,310
8	Legislative Assembly			
	(Charged)	2,43,000	2,44,349	1,349
13	Housing and Urban Development			
	(Voted)	65,48,46,000	73,68,03,057	8,27,57,057
20	Irrigation			
	(Voted)	42,18,63,000	44,55,38,518	2,36,75,518
21	Transport			
	(Voted)	5,87,87,000	5,92,83,034	4,96,034
28	Rural Development			
	(Voted)	149,33,04,000	170,14,00,219	20,80,96,219
	<b>Total :</b>	<b>340,68,66,000</b>	<b>421,72,07,332</b>	<b>81,03,41,332</b>
<b>CAPITAL SECTION</b>				
5	Finance (Voted)	28,83,75,000	29,61,12,613	77,37,613
9	Food and Civil Supplies (Voted)	21,93,000	31,55,918	9,62,918
22	Forest and Environment	85,27,67,000	123,15,15,249	37,87,48,249
	Appropriation-6004-Loans and Advances from the Central Government	154,65,44,000	221,34,76,994	66,69,32,994
		268,88,79,000	374,42,60,774	105,43,81,774
	<b>Grand Total :</b>	<b>609,67,45,000</b>	<b>794,14,68,106</b>	<b>186,47,23,106</b>



These 12 cases of excess require regularisation under Article 205 of the Constitution of India.

No reasons for such excesses have been intimated by the Government.

In Grant No. 7 relating to Works Department, the expenditure had exceeded the budget provisions by 29 and 56 per cent in 1989-90 and 1990-91. The excess during 1991-92 was 65 per cent.

#### 2.2.2 Excess over grants in previous years not regularised

Cases of excess over grants/appropriations of the aggregate amount of Rs.512.12 crores relating to the following years are pending with the Finance Department for regularisation :

Year	Amount (Rupees in crores)
1986-87	58.20
1987-88	126.79
1988-89	118.47
1989-90	56.74
1990-91	151.92

#### 2.2.3 Expenditure without provision

An expenditure of Rs.2.74 crores was incurred in the following grants/appropriations without provision.

Serial number	Grant number	Department	Head of account	Amount (Rupees in crores)
(1)	(2)	(3)	(4)	(5)
1.	7	Works	3053-Civil Aviation-02 Air Ports (3)-FFA-800-Other expenditure	0.10
2.	7	Works	2216-Housing-01 Government Residential Buildings (7)-Z(106) General Pool Accommodation	0.11
3.	20	Irrigation	2801-Power-01-Hydel Generation - 5-AAA-X-800 Other expenditure	0.01
4.	20	Irrigation	4701-Capital Outlay on Major and Medium Irrigation Commercial 01-Major Irrigation Commercial (32)IIIA-207-Anandapur Barrage	0.97



Serial number	Grant number	Department	Head of account	Amount (Rupees in crores)
(1)	(2)	(3)	(4)	(5)
5.	20	Irrigation	(33)-000A-218-Chiroli Irrigation Project	0.14
6.	20	Irrigation	4701-Co-ordination 03-Medium Irrigation Commercial 35-PPPA-301-Kuanria Irrigation Project	0.11
7.	20	Irrigation	37-SSSA-310-Upper Suktel Irrigation Project	0.50
8.	20	Irrigation	(38)-TTTA-312-Ong. Irrigation Project	0.78
9.	23	Agriculture	2402-Soil and Water Conservation (36)-XX-102-Soil Conservation	0.02 <u>2.74</u>

#### 2.2.4 Unnecessary/excessive/inadequate supplementary provision

(a) In 18 cases where saving was more than Rs.0.50 crore in each case as detailed in Appendix - I supplementary provision of Rs.127.78 crores (Revenue : Rs.100.35 crores, Capital: Rs.27.43 crores) was made even though the expenditure in each grant/appropriation did not come upto or exceed the original provision (Rs.2563.24 crores).

(b) In 14 other cases detailed in Appendix - II, against the actual requirement of Rs.75.04 crores (Revenue : Rs.59.87 crores, Capital : Rs.15.17 crores), supplementary provision of Rs.114.09 crores (Revenue : Rs.82.74 crores, Capital: Rs.31.35 crores) was made resulting in a saving of Rs.25 lakhs or more in each case and Rs.39.05 crores in the aggregate.

(c) The supplementary provision of Rs.21.74 crores (Revenue : Rs.13.34 crores, Capital : Rs.8.40 crores) obtained in 7 cases as detailed in Appendix - III proved inadequate by more than Rs.40 lakhs in each case resulting in a total uncovered expenditure of Rs.119.60 crores.

#### 2.2.5 Non-receipt of explanation for savings/excesses

After closure of accounts of each financial year, the detailed Appropriation Accounts showing the final Grant/Appropriation, the actual expenditure and the resultant variations are sent to the controlling officers, who are required to explain the variations in general and those under important



sub-heads in particular. The State Budget Manual also requires the controlling officers to furnish promptly all such information to the Accountant General for preparation of the Appropriation Accounts.

For the appropriation Accounts 1991-92, the reasons for savings/excess were called for by the Accountant General in September 1992 in respect of 3413 cases (Savings: 2262 cases for Rs.239.46 crores, Excesses: 1151 cases for Rs.253.54 crores). These have not been received so far (June 1993).

#### 2.2.6 *Unutilised provision*

In 15 cases of grants/appropriations, 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 - IV.

#### 2.2.7 *Persistent savings*

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

Serial number	Grant number	Department	Percentage of savings		
			1989-90	1990-91	1991-92
(1)	(2)	(3)	(4)	(5)	(6)
<b><u>REVENUE SECTION (Voted)</u></b>					
1.	3	Revenue	20	13	21
2.	5	Finance	21	57	35
3.	12	Health and Family Welfare	23	20	13
4.	16	Planning and Co-ordination	13	59	35
<b><u>CAPITAL SECTION (Voted)</u></b>					
5.	19	Industries	14	55	16

#### 2.2.8 *Surrender of savings*

According to the rules all anticipated savings in a grant/appropriation should be surrendered as soon as the possibility of saving is foreseen from the trend of expenditure, without waiting till the end of the year when it cannot be purposefully utilised. During 1991-92, although actual saving of Rs.754.67 crores was available Rs.737.53 crores were surrendered only in March 1992.



In the following grants/appropriations significant savings exceeding Rs.1 crore each were not surrendered :

Grant number	Department	Total saving ( Rupees )	Amount surrendered in crores	Unsurrendered amount ( )
(1)	(2)	(3)	(4)	(5)
<b>REVENUE SECTION</b>				
1	Home	2.61	1.46	1.15
3	Revenue			
	Voted	35.90	26.70	9.20
	Charged	19.89	-	19.89
5	Finance	62.46	60.37	2.09
12	Health and Family Welfare	23.88	18.21	5.67
17	Panchayati Raj	79.98	78.06	1.92
22	Forest and Environment	19.01	2.05	16.96
23	Agriculture	13.86	10.66	3.20
2049	Interest payment			
	Charged	27.01	4.35	22.66
<b>CAPITAL SECTION</b>				
2	General Administration	1.99	-	1.99
30	Energy	207.11	186.80	20.31

In the following grants/appropriations surrenders exceeding Rs.50 lakhs in each case were made in excess of the saving actually available.

Grant number/ Appropriation	Department	Amount of saving available	Amount surrendered	Excess surrender made
(1)	(2)	( Rupees )	in crores	( )
(1)	(2)	(3)	(4)	(5)
<b>REVENUE SECTION</b>				
10	Education and Youth Services	33.09	40.45	7.36
11	Harijan and Tribal Welfare	12.16	12.71	0.55
33	Fisheries and Animal Resources Development	2.53	3.18	0.65
6003	Internal Debt of the State Government	65.76	69.30	3.54



Grant number/ Appropriation	Department	Amount of saving available	Amount surrendered	Excess surrender made
(1)	(2)	(3)	(4)	(5)
( Rupees in crores )				
<u>CAPITAL SECTION</u>				
20	Irrigation	31.25	64.70	33.45
34	Co-operation	9.63	20.66	11.03

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

Grant number/ Appropriation	Department	Total excess	Amount surrendered
(1)	(2)	(3)	(4)
( Rupees in crores )			
<u>REVENUE SECTION</u>			
13	Housing and Urban Development	8.28	9.48
28	Rural Development Department	20.81	20.55
<u>CAPITAL SECTION</u>			
5	Finance Department	0.77	0.52
22	Forest and Environment	37.87	1.55
6004	Loans and Advances from the Central Government	66.69	2.67

### 2.3 Injudicious re-appropriation

Re-appropriation is transfer of funds within a grant from one unit of appropriation where savings are anticipated to another where additional funds are needed. It is permissible only when there is definite or reasonable chance of saving under the unit from which funds are proposed to be re-appropriated or when it is meant to curtail expenditure under the unit to meet more urgent expenditure under another unit. These aspects were not taken into consideration when re-appropriation orders were issued during 1991-92. In 13 cases



re-appropriation for sums exceeding one crore in each case turned out to be unnecessary on account of the final saving or excess of Rs.50 lakhs or more in each case, as detailed in Appendix - V.

## **2.4 Advances from the Contingency Fund**

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

Test check of records of Collector, Cutack, however, revealed that a sum of Rs.94.25 lakhs was sanctioned (March 1991) by the Government as advance from Contingency Fund for meeting expenditure in connection with rehabilitation of families of Satabhaya and Kanhupur villages of Cuttack district damaged due to saline inundation and coastal erosion caused by cyclonic winds and tidal waves, the amount was not spent but credited (March 1991) to Civil Deposits in terms of Government of Orissa, Revenue and Excise Department orders dated 22 March 1991.

Out of the total amount of Rs.94.25 lakhs only a sum of Rs.31 lakhs was drawn (June 1991) from Civil Deposits for expenditure in connection with the rehabilitation work and the remaining amount of Rs.63.25 lakhs remained in Civil Deposits (June 1993).

2.4.2 Out of 53 sanctions of advance from Contingency Fund for an aggregate amount of Rs.38.03 crores issued during the year one sanction for Rs.3 crores was cancelled without assigning any reasons.

Advances from Contingency Fund aggregating Rs.19.84 crores relating to 1991-92 (Rs.9.80 crores) and earlier years (Rs.10.04 crores) remained unrecouped as of March 1992.

## **2.5 Trend of recoveries and credits**

Under the system of gross budgeting by Government, the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts in reduction of expenditure. The anticipated recoveries and credits are shown separately in the



budget estimates. In 1991-92, against the anticipated recovery of Rs.254.33 crores (Revenue : Rs.132.66 crores; Capital : Rs.121.67 crores) the actual recovery was Rs.411.15 crores (Revenue : Rs.233.80 crores; Capital : Rs.177.35 crores).

The additional amount recovered was mainly under the Department of Works (Rs.37.93 crores), Housing and Urban Development (Rs.11.10 crores), Agriculture Department (Rs.8.60 crores) and Rural Development (Rs.48.17 crores).

Under the Capital Section additional recovery was under the Department of Irrigation (Rs.38.26 crores), Forest and Environment Department (Rs.38.71 crores).



## CHAPTER III

### INDUSTRIES DEPARTMENT

#### 3.1 Development of sericulture

##### 3.1.1 Introduction

Development of sericulture broadly covers cultivation of specific plants for rearing of Tassar, Mulberry and Eri cocoons, production of yarn and silk fabric and improvement of marketing potential. Eggs laid by the moths are hatched after the stipulated period. Larva is fed on tender leaves of the respective plants and grows into pupa in about 5 weeks when it prepares the silk cocoons around itself. The pupal stage continues for about 12 days after which a moth emerges. The whole cycle is completed in 60 days. Before the moths come out the cocoon is collected and the pupa is killed in tiffing chambers or by applying heat. The reelers take out the silk from the cocoons and prepare yarn for weaving textiles. For the purposes of rearing, the cocoons with pupa inside are kept separately from which the moth is allowed to come out for further breeding. Such cocoons are called seed cocoons. In Orissa, Tassar culture is practised in nine districts (Bolangir, Cuttack, Dhenkanal, Kalahandi, Keonjhar, Mayurbhanj, Phulbani, Sambalpur and Sundargarh), Mulberry culture in four districts (Ganjam, Kalahandi, Koraput and Phulbani) and Eri culture in four districts (Cuttack, Phulbani, Puri and Sundargarh). Four specific projects for the development of sericulture in the State viz: Inter-State Tassar Project, (in Cuttack, Dhenkanal, Mayurbhanj, Kalahandi, Keonjhar, Koraput, Sambalpur and Sundargarh districts from 1981-82); Special Mulberry Development Project (in Cuttack, Ganjam, Kalahandi, Koraput, Keonjhar, Phulbani, Puri and Sambalpur districts from 1986-87); Bivoltine Sericulture Project (in Ganjam district from 1986-87) and National Sericulture Project (in Koraput from 1989-90) are under implementation. Sericulture as a strategy for economic development of tribals and economically weaker sections of the society, assumed greater importance during the Seventh Five Year Plan period with specific emphasis being given to increasing the area of plantation and silk production to augment gainful employment opportunities in rural areas.

##### 3.1.2 Organisational set up

The schemes for development of sericulture, excepting Eri variety are executed through co-operative societies with the State Tassar and Silk Co-operative Society (STSC), Orissa as the apex body. The apex society is, The abbreviations used in this Review are listed in the Glossary in Appendix-XVII at Page-216-217.



*inter-alia*, responsible for implementing the special projects, organising primary co-operative societies, providing assistance to beneficiaries, supplying disease-free layings and marketing of the produce etc. The Director of Textiles functioning under the Industries Department is responsible for allocation and release of programme funds, planning and overseeing implementation through the Assistant Directors of Sericulture at the district level. The Central Silk Board, Bangalore has a research unit at Bhubaneswar for providing technical assistance.

### 3.1.3 *Audit coverage*

Records relating to development of sericulture during the period from 1985-86 to 1991-92 were test checked from July 1990 to March 1991 and from November 1991 to January 1992 in the Industries, Harijan and Tribal Welfare and Community Development and Rural Reconstruction departments of the Government, Office of the Director of Textiles, eight apex offices, three range offices, thirteen district offices, five block offices and three subordinate field offices. The results of test check are brought out in the succeeding paragraphs.

### 3.1.4 *Highlights*

- Out of Rs.789.89 lakhs provided for development of sericulture (Tassar and Mulberry) during 1985-86 to 1991-92, an amount of Rs.136.74 lakhs remained unutilised with the State Tassar and Silk Co-operative Society (STSC) at the end of March 1992.

( Paragraph : 3.1.5 )

- Against the estimated production of 58.94 crores of tassar cocoons the target fixed for procurement was only 28.40 crores (less than 50 per cent). The actual procurement of 14.28 crores was even lower (about 50 per cent of the target).

( Paragraph : 3.1.7 )

- Cocoons valued at Rs.23.43 lakhs were not lifted by the apex body from the Primary Tassar Rearers Co-operative Societies. In addition, the apex body held stock of unsold cocoons valued at Rs.18.66 lakhs as at the end of March 1991.

( Paragraph : 3.1.8 )

- Tassar variety yarn valued at Rs.8.19 lakhs and fabric valued at Rs.29.31 lakhs were lying in the stock with the STSC. The stock of



yarn was reduced in 1989-90 and 1990-91 by 2117 kg valued at Rs.3.61 lakhs on the ground that it was of inferior variety but orders of the competent authority for such reduction were not obtained.

( Paragraph : 3.1.9 )

Expenditure of Rs.11.87 lakhs incurred in 1990-91 on salary and allowances of staff of 13 training-cum-production centres was unfruitful as no training was imparted by the centres from that year.

( Paragraph : 3.1.11 )

Prolonged maintenance, beyond the prescribed period, of Arjun plantation in 1037 hectares which should have been handed over to rearers by 1988-89 for commercial rearing of cocoons resulted in additional expenditure of Rs.33.81 lakhs on maintenance during 1989-90 and 1990-91.

( Paragraph 3.1.13(a) )

Due to inadequate utilisation of plantation and layers there was shortfall of 80 *per cent* in the production of cocoons.

( Paragraph : 3.1.13(c) )

Pilot project centres established to supply DFL to rearers could produce only 6.37 lakh layers at a cost of Rs.21.75 lakhs against a target of 27.20 lakhs of layers, resulting in a shortfall of 77 *per cent*.

( Paragraph : 3.1.13(d) )

Out of Rs.21.96 lakhs released during 1986-87 to 1988-89 for development of mulberry cultivation in 25 selected tribal blocks, only Rs.7.55 lakhs were utilised by the end of November 1991 and the balance of Rs.14.41 lakhs (66 *per cent*) remained unutilised with the blocks.

( Paragraph : 3.1.14 )

Out of mulberry plantation raised in an area of 1339.40 ha. plantation in only 734.20 ha. survived. The expenditure of Rs.78.83 lakhs incurred on the balance plantation in 605.20 ha. proved wasteful.

( Paragraph : 3.1.15 )

The programme of mulberry plantation in 160 ha. in the tribal blocks of R.Udayagiri and Mohana, proposed under Bivoltine Sericulture



Development Project remained a non-starter due to lack of irrigation facilities.

( Paragraph : 3.1.17(a) )

Against the targeted production of 80 lakh seed cocoons in the seed stations at Ramgiri and Akili, only 12 lakh seed cocoons were produced due to inadequate irrigation facilities, non-completion of infrastructure and non-availability of suitable land.

( Paragraph : 3.1.17(c) )

An amount of Rs.34.23 lakhs advanced to Industrial and Infrastructural Development Corporation, Orissa between December 1988 and December 1989 for construction work under Bivoltine Sericulture Project had remained unfruitful so far as neither was the construction completed nor was the infrastructure already created handed over to the project authority.

( Paragraph : 3.1.17(d) )

### 3.1.5 Provision and utilisation of funds

Funds for the programme were made available from State Plan, Special Central assistance from the Central Government, matching assistance from the Central Silk Board, National Co-operative Development Corporation etc. The total amount provided to the STSC under the programme during the Seventh Plan Period and the annual Plan years 1990-91 and 1991-92 was Rs.789.89 lakhs, out of which the total expenditure as of 31 March 1992 was Rs.653.15 lakhs. The year-wise details are given below :

	Funds available	Expenditure incurred	Shortfall (-) Excess (+)
	( Rupees	in	lakhs )
1985-86	23.45	8.95	(-) 14.50
1986-87	51.76	28.02	(-) 23.74
1987-88	162.29	72.67	(-) 89.62
1988-89	121.91	92.12	(-) 29.79
1989-90	124.96	169.21	(+) 44.65
1990-91	167.75	160.07	(-) 7.68
1991-92	<u>137.77</u>	<u>121.71</u>	(-) <u>16.06</u>
<b>Total :</b>	<b><u>789.89</u></b>	<b><u>653.15</u></b>	<b>(-) <u>136.74</u></b>



(Against the actual expenditure of Rs.653.15 lakhs utilisation certificates for only Rs.135.89 lakhs had been furnished to the Accountant General as of December 1992).

In addition, the Department had incurred during this period an expenditure of Rs.52.93 lakhs directly on the programme.

#### A. Tassar

##### 3.1.6 *Financial position of State tassar and Silk Co-operative Society Limited, Bhubaneswar*

The State Tassar and Silk Co-operative Society (STSC) was established in 1962. The Society is the apex body in respect of Tassar Culture in the State. From the accounts of the society which had been audited by the departmental auditors upto the year 1989-90 only, it was seen that a total amount of Rs.6.29 crores was invested by the State Government from 1985-86 to 1991-92.

The Society had earned a total net profit of Rs.0.24 crore upto 1991-92 after setting off a loss of Rs.0.04 crore in 1985-86.

##### 3.1.7 *Production and procurement of Tassar cocoons*

Out of 39,972 ha. of Arjun plantation\*, actually grown in forest area, 29,000 ha. were available for commercial rearing of Tassar cocoons. Cocoons were reared on the natural plantation by individual rearers of the tassar co-operative societies (63 societies as of 1990-91). Though the production on this natural plantation was estimated, the actual production was not recorded. Against the estimated production of 58.94 crore numbers of cocoons during 1985-91 the target of procurement from the rearers was fixed by the Director of Textiles, Orissa at only 28.40 crores as per year-wise details below :

Year	Estimated production ( Numbers	Targeted procurement in	Actual procurement lakhs )
1985-86	864	400	183
1986-87	704	400	129
1987-88	1104	480	253
1988-89	896	480	324
1989-90	806	512	368
1990-91	1520	568	171
	<u>5894</u>	<u>2840</u>	<u>1428</u>

---

\* Arjun (*Terminalia Arjuna*) is the primary food plant of Tassar insect.



Although STSC paid Rs.35.85 lakhs as the full amount of royalty to the Forest Department for the period 1985-86 to 1990-91, the target of procurement was fixed at less than 50 per cent of estimated production. The actual procurement was even lower being 50 per cent of the targeted procurement. Fixing of a lower target was attributed to the unwillingness of the rearers to sell the entire stock to the society as they kept a portion of the produce for seeds and making yarn as well as for sale to private entrepreneurs at a better price. Reasons for the shortfall in procurement against target were stated to be failure of crop and shortage of seeds, though it was recorded in the project proposal that agro-climatic conditions were suitable for tassar culture and despite the fact that with the setting up of a special tassar project in April 1981 there should have been no shortage of seed.

#### 3.1.8 *Lifting and sale of cocoons*

The entire stock of cocoons procured by the primary Tassar Rearers Co-operative Societies (TRCS) was required to be lifted and marketed by the apex society (STSC). However, out of 16.04 crores of cocoons available with TRCS (including an opening stock of 1.76 crores on 1 April 1985) during 1985-91, STSC lifted only 14.71 crores leaving a stock of 1.33 crores valued at Rs.23.43 lakhs (at Rs. 0.17 per cocoon approximately as recorded by the Director of Textiles) with TRCS at the end of March 1991. With an opening stock of 0.81 crore of cocoons STSC had a total stock of 15.52 crores, out of which it had sold 13.50 crores leaving a balance of 2.02 crores valued at Rs.28.66 lakhs. While STSC did not lift the entire stock from primary units to avoid accumulation at its level, the reason for unsold stock was attributed to fall in export market. No suitable arrangements for further exploitation of the domestic market were made by the department.

#### 3.1.9 *Accumulated stock of yarn and fabric*

In respect of yarn and fabric there was no monopoly procurement (as in the case of cocoons) by STSC and the primary Tassar Weavers Co-operative Societies, and individual rearers and spinners were free to sell them in the market. However, fifteen such primary Societies marketed the yarn and fabric produced by them through the apex society. During the period from 1985-86 to



1990-91 the purchase and sale of yarn and fabric by the STSC were as under :-

Yarn Year	Opening stock	Purchase	Total stock	Sale	Unsold stock	Value (Rupees in lakhs)
	(	W e i g h t	in	k i l o g r a m s )		
1985-86	337	2683	3020	1712	1308	4.60
1986-87	1308	2527	3835	2855	980	1.82
1987-88	980	4350	5330	3233	2097	4.82
1988-89	2097	1226	3323	454	2869	7.60
1989-90	2869	1226	4095	685	3410	5.22
1990-91	3410	<u>1758</u>	5168	<u>2158</u>	3010	8.19
<b>Total :</b>		<b><u>13770</u></b>		<b><u>11097</u></b>		

**Fabric value (Rupees in lakhs)**

Year	Opening stock	Purchase	Total stock	Sale	Unsold stock	Value (Rupees in lakhs)
1985-86	1.40	nil	1.40	nil	1.40	1.40
1986-87	1.40	8.74	10.14	7.48	6.40*	6.40
1987-88	6.40	18.15	24.55	15.68	8.87	8.87
1988-89	8.87	11.80	20.67	10.76	9.91	9.91
1989-90	9.91	21.76	31.67	13.73	17.94	17.94
1990-91	17.94	<u>27.64</u>	45.58	<u>16.27</u>	29.31	29.31
<b>Total :</b>		<b><u>88.09</u></b>		<b><u>63.92</u></b>		

The closing balance of 3010 kgs of yarn was reduced to 893 kgs in the stock account of the society by reducing the stock by 2117 kgs during 1989-90 and 1990-91. The Marketing Officer, STSC stated that the reduction was made due to the yarn being of inferior variety but no order of the Managing Director authorising such reduction was available on record. The loss sustained on this account was valued at Rs.3.61 lakhs.

The sale of yarn during 1988-89 (454 kgs) and 1989-90 (685 kgs) constituted 37 and 56 per cent of the purchase of 1226 kgs each year. In the fabric sector also the accumulation of unsold stock registered a rising trend as indicated in the table. The value of unsold stock of fabric which was Rs.1.40 lakhs at the end of 1985-86 rose to Rs.29.31 lakhs at the end of 1990-91. The



value of fabric lying unsold from 1985-86 to 1990-91 vis-a-vis the value of stock available each year is indicated in the graph at page 47.

Heavy accumulation of stock from 1988-89 onwards was attributed by the Marketing Officer of STSC to abnormal fall in the export market for tassar finishing materials. It was also stated that the apex body had taken steps to convert the unsold stock of yarn into fabric by negotiating with other weaving organisations.

### 3.1.10 *Shortfall in production of silk yarn*

Out of 26 Tassar Reeling and Spinning Centres in the State 25 are run by co-operative societies and one (at Nuapatna) by Government. Test-check of Nuapatna centre revealed that against a total allotment of Rs.11.43 lakhs during 1985-86 to 1990-91 for production of different varieties of silk yarn, the centre had spent Rs.10.48 lakhs (92 per cent ) and had produced 5843 kg of yarn against the target of 13,500 kg. The shortfall of 7657 kg (57 per cent of the target) was reportedly due to limited allocation of funds for working capital.

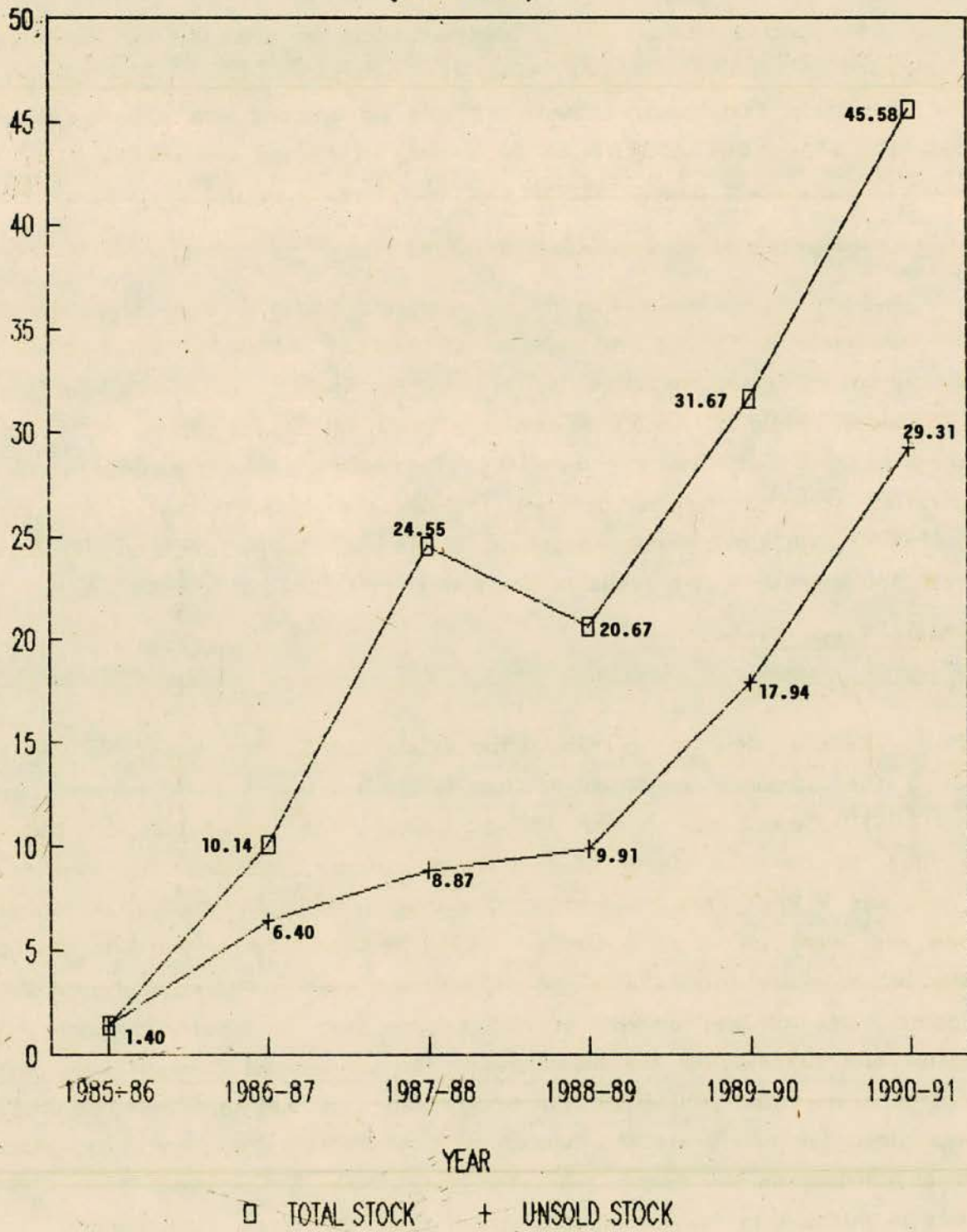
### 3.1.11 *Shortfall in training*

In order to impart training to tribal rearers in Tassar reeling and spinning, thirteen training-cum-production centres were set up in 1973-74 by the State Government in five tribal districts namely Dhenkanal, Keonjhar, Mayurbhanj, Sambalpur and Sundargarh. Rupees 26.20 lakhs was allocated during the Seventh Five Year Plan period (1985-86 to 1989-90) for training 130 rearers each year against which expenditure of Rs.25.96 lakhs was incurred with the following targets and achievements:

Year	Amount spent  (Rupees in lakhs)	Targets		Achievements	
		Number of trainees	Production of yarn (In kilo-grams)	Number of trainees	Production of yarn (In kilo-grams)
1985-86	4.02	130	5000	97	1206
1986-87	4.50	130	6500	103	1372
1987-88	5.40	130	6500	91	1173
1988-89	5.46	130	6500	87	897
1989-90	6.58	130	6500	48	51
	<u>25.96</u>				



(Rs. IN LAKHS)





No specific reason for the shortfall could be given by the department. No evaluation of training was done. Since the training programme was taken over by the Inter-State Tassar Project from 1990-91 no training was imparted by the centres. The expenditure of Rs.11.87 lakhs incurred by the Centres on salary and allowances of the staff during 1990-91 was, therefore, unfruitful.

### 3.1.12 *Formation of co-operative societies*

Sixty three Tassar Rearers Co-operative Societies were organised with total membership of 36,263. An amount of Rs.11.98 lakhs was invested in the share capital of these societies (Government : Rs.8.11 lakhs and members : Rs.3.87 lakhs). While 23 societies earned a profit of Rs.1.51 lakhs, 40 societies sustained a loss of Rs.3.15 lakhs by December 1991. Fourteen mulberry co-operative societies formed between 1987-88 and 1988-89 started functioning from 1989-90 with Government investment of Rs.17.62 lakhs. The financial results of these societies were not available (December 1991).

## Inter-State Tassar Project

### 3.1.13 *Plantation*

(a) With a view to increasing the production of the tassar variety and improving the economic condition of the tassar rearers, the Inter-State Tassar Project (ISTP) was set up in 1981-82 under the Indo-Swiss Co-operation Programme. In the first phase of the project, Arjun Plantation was created in 2537 ha., and 4 Pilot Project Centres, 9 grainages, one cold storage, one market complex etc. were set up at a cost of Rs.268.56 lakhs. The project was extended for the second phase from 1986-87 to 1989-90 with the intention of consolidating the assets. One of the objects of the project was to create compact Arjun Plantation and to handover the plants ready for commercial production of tassar cocoons to rearers for sericulture. Plantations raised in one year were required to be maintained for two years and handed over to rearers for commercial rearing of tassar cocoons in the fourth year. The project was implemented through STSC and was in addition to the natural plantation under the Forest Department.

The funds received by STSC under this project during the second phase from 1986-87 and the expenditure incurred thereagainst



were as under :

Years	Funds received from SDC	Government of Orissa	Total	Expenditure incurred
	( R u p e e s	in	L a k h s	)
1986-87	nil	18.73	18.74	18.18
1987-88	90.50	19.91	110.41	42.42
1988-89	nil	38.39	38.39	39.48
1989-90	54.00	11.32	65.32	97.67
1990-91	55.00	47.99	102.99	136.33
1991-92	67.00	49.07	116.07	126.51
<b>Total :</b>	<b><u>266.50</u></b>	<b><u>185.41</u></b>	<b><u>451.91</u></b>	<b><u>460.59</u></b>

Out of 2537 hectares of plantation created in the first phase 1927 hectares were planted upto 1983-84, 295 hectares in 1984-85 and 315 hectares in 1985-86. The plantation created in the first phase should have been completely handed over by 1988-89 but plantation in 1500 hectares only was found suitable for transfer to the rearers and plantation in 1037 hectares was required to be maintained even after 1988-89, of which only 663 hectares of plantation was maintained. The prolonged maintenance of plantations resulted in additional expenditure of Rs.33.81 lakhs (1989-90 : Rs. 15.26 lakhs, 1990-91 : Rs.18.55 lakhs) besides shortfall in commercial production in 374 hectares of plantation due to their non-maintenance.

(b) *Non-utilisation of seedlings*

Out of 70.28 lakh seedlings raised by the ISTP in its nursery during 1987-88 to 1989-90, only 62.69 lakh seedlings were utilised for plantation. The year-wise utilisation of the seedlings and the balance at the end of March 1990 is indicated in the following table :

Year	Total requirement of seedling for plantation	Opening balance	Seedling raised	Total	Utilised	Shortage	Closing balance
	( N u m b e r s			in	L a k h s		)
1987-88	7.14	nil	26.31	26.31	21.01	2.36	2.94
1988-89	5.05	2.94	14.21	17.15	9.48	2.30	5.37
1989-90	<u>22.04</u>	5.37	<u>29.76</u>	35.13	<u>32.20</u>	nil	2.93
	<b><u>34.23</u></b>		<b><u>70.28</u></b>		<b><u>62.69</u></b>	<b><u>4.66</u></b>	



Reasons for the shortage of 4.66 lakh seedlings valued at Rs.1.17 lakhs (at Re.0.25 each were not stated. The closing stock of 2.93 lakh seedlings at the end of March 1990 valued at Rs.0.73 lakh was also found unfit for plantation. Out of 62.69 lakh seedlings utilised, 34.23 lakh seedlings were utilised for new plantation and 28.46 lakhs (valued at Rs.7.11 lakhs) for gap filling of the first phase of plantation. Against the admissible mortality of 7.26 lakh plants at the normal rate of 10 per cent\* the utilisation of 28.46 lakh seedlings for gap filling indicated high mortality of plantations raised in the first phase and resulted in extra expenditure of Rs.5.30 lakhs on extra gap filling of 21.20 lakh (28.46 - 7.26) plants at Re.0.25 per plant.

(c) *Shortfall in utilisation of layers and yield of cocoons*

According to the norms, for optimum results, 350 disease free layers (DFL) were required to be reared in one ha. of plantation to yield approximately 16,000 cocoons per year. Although 1500 ha. of plantations were ready for rearing by 1985-86 and 1884 ha. (1500 + 384) by 1989-90, the area utilised for rearing was much less during the period 1986-87 to 1990-91.

The extent of utilisation of plantation and DFL and shortfall in cocoon production during the 5 years (1986-87 to 1990-91) is indicated in the following table:

Year	Plantation available for rearing	Area actually utilised	DFL as per norms on actual plantation	DFL utilised	Cocoon production		
					As per plantation (16000 cocoons per hectare)	As per DFL used (45 cocoons per DFL)	Actual production
	( in hectares )		( in lakhs )		( in crores )		
1986-87	1500	296	1.03	0.34	0.47	0.15	0.07
1987-88	1500	811	2.84	1.06	1.29	0.48	0.27
1988-89	1500	1020	3.57	1.17	1.63	0.53	0.18
1989-90	1884	1402	4.91	2.87	2.24	1.29	0.26
1990-91	1884	1773	6.21	3.55	2.83	1.59	0.89
	<b>8268</b>	<b>5302</b>	<b>18.56</b>	<b>8.99</b>	<b>8.46</b>	<b>4.04</b>	<b>1.67</b>

The utilisation of DFL and production of cocoons during these years were far below the norms.

\* 10 per cent of seedlings planted in 1037 ha. at 7000 seedlings per ha.

Thus, non-exploitation of the plantation and DFL to the extent available confined the production to twenty per cent of the target.

(d) *Functioning of Pilot Project Centres*

With the object of supplying DFL to the rearers four pilot project centres were set up in the first phase of ISTP and a fifth centre (started in 1986-87) was completed in 1990-91. From 1986-87 to 1990-91, the centres produced only 6.37 lakh DFLs at a cost of Rs.21.75 lakhs against the target of 27.20 lakhs of layers. The shortfall in achievement (77 per cent) was attributed to non-availability of basic seeds and bad climatic conditions.

(e) *Training*

With the twin objectives of improving the procedure of reeling through machines and providing additional income, expected to be generated through improved work practices, to cocoon growers families, the ISTP was required to organise training in reeling and spinning for tribal women in 10 centres.

Against the target of training 500 women from 1986-87 to 1989-90 at an estimated cost of Rs.37.50 lakhs on stipend to trainees, honorarium to master craftsmen, raw materials etc. only 85 women were trained during the period in eight centres and expenditure of Rs.5.86 lakhs was incurred. The shortfall of 83 per cent in the achievement was attributed to poor response of trainees as (i) the stipend of Rs.200 per month was low; (ii) facilities for rehabilitation after training were inadequate; and (iii) no proper marketing arrangement for yarn was available.

(f) *Unutilised Central assistance*

An amount of Rs.19.89 lakhs was received in 1988-89 as special Central assistance for maintenance of Tassar plantation in ITDA areas under the ISTP. Only Rs.14.05 lakhs were spent during the project period leaving an unutilised balance of Rs.5.84 lakhs, due to inadequate technical staff and infrastructural support.

**B. Mulberry**

3.1.14 *Non-utilisation of funds in tribal blocks*

Special Central assistance was provided through the Harijan and Tribal Welfare Department of the Government to Integrated Tribal Development Agency



for mulberry cultivation. The scheme was introduced in 1986-87 and implemented in tribal blocks under other developmental programme viz: Economic Rehabilitation of Rural Poor and Integrated Rural Development Programme for providing remunerative occupation to low income families in tribal area.

In 25 out of the 32 blocks mulberry plantation was introduced and 10 additional tribal beneficiaries were to be assisted in each block. Assistance was to be provided to each beneficiary having one acre of land from special Central assistance and from Integrated Tribal Development Agency under a prescribed funding pattern for meeting the expenses on construction of rearing house, plantation, equipments and inputs. The total cost of the scheme was Rs.34.05 lakhs at the rate of Rs.1,36,200 per block. Against Rs.34.05 lakhs allocated during the period from 1986-87 to 1988-89, only Rs.21.96 lakhs were released by the Director of Textiles to the blocks as under :

9 blocks at	1,24,300 per block	Rs.11,18,700
11 blocks at	62,800 per block	Rs. 6,90,800
3 blocks at	68,800 per block	Rs. 2,06,400
1 block at	1,18,300 per block	Rs. 1,18,300
<u>1 block at</u>	<u>61,500 per block</u>	<u>Rs. 61,500</u>
<u>25 blocks</u>		<u>Rs.21,95,700</u>

Out of the amount released only Rs.7.55 lakhs were utilised by the end of November 1991 and the remaining amount of Rs.14.41 lakhs, constituting 66 per cent of the amount released remained unutilised with the blocks and was kept in Personal Ledger Account. Mulberry was developed in 140 acres of land of 140 beneficiaries against the target of 250 acres and 250 beneficiaries respectively. The poor utilisation of funds was attributed to lack of interest on the part of beneficiaries and implementation of other schemes by the blocks.

### 3.1.15 *Wasteful expenditure on mulberry plantation*

For development of mulberry culture it was decided by Government to raise mulberry plantation in 4480 hectares during the Seventh Five Year Plan period in 32 selected blocks, especially in tribal areas to provide remunerative occupation to identified beneficiaries having 0.50 acres of land under the Economic Rehabilitation of Rural Poor (ERRP) and beneficiaries with one acre of land under Integrated Rural Development Programme (IRDP). The expenditure was to met from funds provided under other developmental programmes like Drought Prone Area



Programme (DPAP), IRDP and Integrated Tribal Development Agency (ITDA) for payment of subsidy towards equipment, labour, inputs, repayment of loans etc. Against the target of 4480 hectares of plantation, the achievement was only 1339.40 hectares through 4675 beneficiaries under both ERRP and IRDP during 1986-86 to 1990-91. But effective plantation was only 734.20 ha. involving 2463 beneficiaries as the plantation in the remaining areas did not survive. Payment of subsidy of Rs.78.83 lakhs to 2212 beneficiaries thus proved wasteful.

Lack of interest on the part of beneficiaries was stated to be the primary reason for the poor survival of plantations.

### 3.1.16 *Low production of cocoons*

Out of 1339.40 ha. of plantation, 934.20 ha. planted upto 1989-90 were expected to yield 6.98 lakh kgs of cocoons by the end of 1990-91 calculated on the basis of 80 kg per acre for the second year and 160 kgs from subsequent years. The actual collection during 1986-87 to 1989-90 against the expected yield of 6.98 lakh kgs of cocoons was as under :

Year	Plantation made		Expected yield in				Total	Actual collection
	Acre	Hectare	1987-88	1988-89	1989-90	1990-91		
( In kilograms )								
1986-87	420.25	168.10	33620	67240	67240	67240	235340	1601
1987-88	479.50	191.80	Nil	38360	76720	76720	191800	6860
1988-89	974.25	389.70	Nil	Nil	77940	155880	233820	2065
1989-90	461.50	184.60	Nil	nil	nil	36920	36920	11927
	<u>2335.50</u>	<u>934.20</u>	<u>33620</u>	<u>105600</u>	<u>221900</u>	<u>336760</u>	<u>697880</u>	<u>22453</u>

The collection of 0.22 lakh kgs during the entire period was barely 3 per cent of the expected yield. The shortfall in production was due to :

- (i) non-survival of the plantation in 605.20 ha. as mentioned in paragraph 3.1.15 above, and ;
- (ii) non-exploitation of the full area of the plantation that survived, which was attributed (December 1990) by the Director of Textiles to lack of interest on the part of beneficiaries, non-supply of rearing equipments in time and lack of desired interest/timely supervision by Government officials.



3.1.17 *Bivoltine sericulture project*

(a) A project for the development of mulberry plantation in 400 hectares (240 rainfed and 160 irrigated) in two tribal blocks of R.Udayagiri and Mohana in Ganjam district with an outlay of Rs.4.27 crores was prepared by the Central Silk Board and approved by Government of India in July 1986. The project was financed by the Central Silk Board, Government of Orissa, National Co-operative Development Corporation (NCDC) and the National Bank for Agriculture and Rural Development (NABARD) for implementation over a period of five years from 1986-87 to 1990-91. A total of 1300 families were to be benefited. The mulberry plantation was intended to produce 1.80 lakh kgs of bivoltine cocoons to yield 17000 kgs of silk yarn valued at Rs.76.50 lakhs each year and to provide employment to 5000 persons directly and 1150 persons indirectly. The assistance received from various sources is given below :

	Share of assistance ( Rupees	Assistance received in lakhs )
1. Harijan and Tribal Welfare Department	42.75	5.76
2. Industries Department	89.66	77.26
3. Community Development and Rural Reconstruction Department	42.75	93.62
4. National Co-operation Development Corporation	102.47	12.00
5. Central Silk Board	78.27	71.50*
6. National Bank for Agriculture and Rural Development	71.55	2.37
	<u>427.45</u>	<u>262.51</u>

Short release of funds was mainly due to non-completion of formalities prescribed by Central Silk Board and State Government departments. Against Rs.262.51 lakhs received, only Rs.175.18 lakhs was spent leaving an unutilised balance of Rs.87.33 lakhs which constituted 33 per cent of the amount received. While there was 100 per cent achievement in the programme of plantation in the rainfed area (240 ha.) the achievement in the irrigated area (160 ha.) was nil due to lack of irrigation facilities. Thus, as a result of incorrect assessment of irrigation potential in the project report, the programme of mulberry plantation in 160 ha. remained a non-starter.

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\* Includes Rs.56.59 lakhs received through STSC.



(b) *Low production of cocoons*

From the total mulberry plantation of 225.40 ha. for development of Bivoltine Sericulture cocoons upto 1988-89, 1,02,120 kg of cocoons as detailed in Appendix - VI should have been produced during four years as per the norms prescribed in the scheme. The actual production was, however, only 37,868 kgs. The shortfall of 64,252 kgs (63 per cent) was attributed mainly to cattle grazing in the fields, adverse climate, casualties due to drought and lack of interest on the part of the beneficiaries.

(c) *Low production of seed cocoons*

Under the Project, seed cocoons\* were required to be supplied to grainages\*\* for production of disease free layers for eventual utilisation by the rearers. For this purpose two seed stations at Ramgiri and Akili were proposed to be set up in 1987-88 on 8 ha. of irrigated land with the target of producing 80 lakh seed cocoons during the project period 1987-88 to 1989-90. Since no suitable land was available, only 4 ha. of non-irrigated land were developed for the purpose and the target of production reduced to 20 lakh seed cocoons. Against the total provision of Rs.25.87 lakhs an amount of Rs.17.95 lakhs was spent during 1986-87 to 1989-90 and 12 lakh seed cocoons were produced from 1987-88 to 1989-90. As seed cocoons were the vital primary input of the Bivoltine Sericulture programme, their low production was the major set-back in achieving the target. The reasons for low production were (i) inadequate irrigation facilities, (ii) non-completion of infrastructure like rearing house, seed cocoon store and cold storage, and (iii) non-availability of suitable land.

(d) *Unfruitful expenditure on construction work*

The project included construction of staff quarters (10), grainage house and cold storage (1), rearing house (1), etc. at various places of the project area under the two blocks at an estimated cost of Rs.36.76 lakhs. The construction work was entrusted in 1988-89 to the Industrial and Infrastructural Development Corporation (IDCO), Orissa a State Government undertaking, with a target date of completion of all buildings by December 1989. The estimate included 25 per cent extra towards supervision charges. An amount of Rs.34.23 lakhs was placed at the

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\* Seed cocoon is a live cocoon which is preserved till a month emerges from it, and lays eggs.

\*\* Grainage is a place specially conditioned for production of disease-free layers.



disposal of IDCO in two equal instalments in December 1988 and December 1989. Out of ten quarters only eight were constructed by January 1992 but without fittings of doors, electricity, etc. The roofs of four quarters and the rearing house at Akili were reported to be leaking rendering them unfit for use. IDCO had neither furnished detailed accounts to the project authority for adjustment of the advance paid nor was it prepared to hand over the infrastructure unless further payment was made to cover work done in excess of the estimate. Thus, the amount of Rs.34.23 lakhs spent on construction has remained unfruitful so far (January 1992). This had also affected the achievements of targets as mentioned in paragraph (d) above.

(e) *Shortfall in accrual of benefits*

The Project envisaged payment of hundred *per cent* subsidy at the rates of Rs.1891 and Rs.3602 to each beneficiary having 0.50 acre and 1.00 acre of land respectively as identified under both IRDP and ERRP for meeting expenses on mulberry cuttings, labour cost, material cost and crop compensation under the plantation programme. For infrastructure comprising rearing shed, rearing equipment and well, the beneficiaries under ERRP were entitled to 100 *per cent* subsidy at the rates of Rs.4930 (holder of 0.5 acre area of land) and Rs.7550 (holder of 1.00 acre area of land); but this assistance was 50 *per cent* subsidy and 50 *per cent* loan for SC and ST beneficiaries and 33-1/3 *per cent* subsidy to other beneficiaries under IRDP.

During 1986-87 to 1990-91, Rs.59.03 lakhs was disbursed to 1405 beneficiaries towards subsidy under the plantation programme though Rs.83.89 lakhs were received from the Government. The shortfall of Rs.24.86 lakhs, constituting 30 *per cent* of the subsidy released, was stated to be due to payment of subsidy piecemeal according to the needs of beneficiaries so as to keep them involved in the project.

1080 beneficiaries were required to be provided with rearing houses and rearing equipment. While 668 houses were constructed, in 212 cases rearing equipment was supplied. The non-completion of 412 rearing houses (38 *per cent*) was attributed to inadequacy of funds to meet the unit cost (unit cost of Rs.3600 for beneficiary having 0.5 acre land and Rs.5000 for beneficiary having one acre of land) and difficulty in collection of forest materials the shortfall in supply of

equipment in 868 cases (80 per cent) was due mainly to non-completion of the rearing houses.

Although the project aimed at ensuring a regular source of income to the beneficiaries by providing them training, infrastructure and inputs so as to raise them above the poverty line, 1080 beneficiaries received Rs.20.83 lakhs by sale of cocoons during 1987-88 to 1989-90 providing an average cash benefit of Rs.1928 per head which was far below the poverty line income of Rs.6500 per annum.

Thus, the beneficiaries were not provided with the full assistance nor was there any significant improvement in their economic condition as envisaged in the project.

### 3.1.18 Shortfall in plantation under National Sericulture Project

The National Sericulture Project (NSP) was set up at Koraput in June 1989 with the specific object of developing mulberry plantation in Koraput district for the benefit of the tribal population. The total amount released for the project during 1989-90 and 1990-91 was as under :

Year	Name of the Department	Amount released (Rupees in lakhs)
1989-90	Community Development and Rural Reconstruction Department	1.02
1990-91	Community Development and Rural Reconstruction Department	14.73
1990-91	Harijan and Tribal Welfare Department	1.10
		<u>16.85</u>

Against Rs.1.02 lakhs earmarked for training 210 beneficiaries, expenditure of Rs.0.06 lakh was incurred on training 34 beneficiaries only due to late commencement of the programme. Out of Rs.1.10 lakhs specifically sanctioned by Harijan and Tribal Welfare Department for payment of subsidy to 51 ITDA beneficiaries Rs.0.23 lakh were spent for payment of subsidy to 47 beneficiaries. Out of the balance amount of Rs.16.56 lakhs, an amount of Rs.8.39 lakhs was spent upto December 1990 on the plantation programme, the targets and



achievements under which are detailed below :

	Targets (1989-92)	Achievements (1989-90)	Percentage of coverage
Plantation (Acres)	1450	304 (including adopted 116 acres)	21
Beneficiaries (Numbers)	731	402	55

While the coverage of beneficiaries was adequate, it was low in the case of plantation. Low coverage was attributed to late start of the project and non-availability of mulberry cuttings.

### 3.1.19 *Infructuous expenditure*

In place of the existing Research Extension Centre at Phulbani functioning in a rented building under the Regional Sericulture Research Station, Koraput a Technical Service Centre (TSC) was set up in January 1990 in the same building under the National Sericulture Project, Koraput in pursuance of the decision of the Central Silk Board taken in January 1990. However, due to a decision taken later by the Central Silk Board that TSC Phulbani should not be brought under the control of NSP, Koraput the Centre could not function from January 1990 upto May 1991, when it was shifted from Phulbani to Kashipur, a place within the project area. The expenditure of Rs.1.04 lakhs incurred on establishment and house rent of the Centre for the period from January 1990 to May 1991, was, therefore, infructuous.

### 3.1.20 *Mulberry Demonstration Farms*

Six Mulberry Demonstration Farms (MDF) were established between 1978-79 and 1987-88 in the State with object of popularising mulberry silk rearing amongst SC and ST beneficiaries below the poverty line and demonstrating improved methods of rearing. Test check of records of the three farms at Bayakumutia, Phulbani and Similiguda revealed that coverage of plantation and production of cocoons were below the norms prescribed as shown overleaf.

Year	Area available for plantation (Area in Acres)	Actual area of plantation		Shortfall		Cocoons estimated to be produced as per norms	Cocoons actually produced	Shortfall	
		Non-irrigated	Irrigated	Area	percentage			Quantity	Percentage
1985-86	50	24	2	24	48	4315	565	3750	87
1986-87	50	16	5	29	58	4075	531	3544	87
1987-88	65	15	5	45	69	5850	964	4886	84
1988-89	65	13	6	46	71	4795	848	3947	82
1989-90	65	13	6	46	71	3795	827	2968	78

Although an amount of Rs.8.44 lakhs was spent on the maintenance of the farms during 1985-86 to 1989-90, the effective area of plantation decreased during this period and the shortfall in production of cocoons persisted.

### 3.1.21 Other points of interest

#### (a) Delay in establishment of seed station at Chandka

In November 1980 the Department decided to set up a mulberry silk-worm seed station at Chandka in an area of 3.5 acres of land by 1980-81 with the object of supplying 6 lakh disease-free layers (DFL) to 1000 rearers each year. The amount sanctioned and expenditure incurred between 1980-81 and 1989-90 were as under :

Purpose	Amount sanctioned	Amount spent	
	( Rupees )	in	lakhs )
i) Purchase of land	6.88		3.13
ii) Construction of Building	6.89		10.74
iii) Establishment etc.	3.73		3.47
<b>Total :</b>	<b>17.50</b>		<b>17.34</b>

Since the State Government could not provide land, 3.5 acres of land was purchased from IDCO for Rs.3.13 lakhs (Rs.0.58 lakh paid in 1983-84 and Rs.2.55 lakhs in 1985-86) and the land was made available only in January 1986. Though funds were placed with the PWD from 1980-81 onwards construction was taken up only in October 1988 and the buildings were handed over in June 1990. Reason for delay in acquiring the land and completing the construction were not stated.



Plantation was taken up in only 2 acres in 1988-89 against the targeted area of 2.50 acres and yielded only 100 numbers of DFL in 1990-91 against the targeted yield of 4.5 lakhs as per norms. In 1991-92 the station was handed over to the State Tassar and Silk Co-operative Societies. Thus, even after an expenditure of Rs.17.34 lakhs on establishment of the seed station, the object of supplying 6 lakh DFL to 1000 rearers each year remained unfulfilled (January 1993).

(b) *Unfruitful expenditure*

A post graduate diploma course in sericulture was started in 1987-88 in Similiguda under Orissa University of Agriculture and Technology (OUAT), Bhubaneswar with the twin objectives of making trained personnel available for assisting sericulturists and providing self-employment to trainees. Out of Rs.7.13 lakhs advanced by the State Government to OUAT during 1987-88 to 1989-90 an amount of Rs.7.02 lakhs was spent.

Against the target of 16 trainees per year, only two batches of 16 trainees each were admitted in 1987-88 and 1989-90 of whom 27 completed the course. Of the 27 trained candidates, 14 were employed as field assistants while 13 remained unemployed (as of August 1991). No trainee was admitted to the course after 1990-91. The training programme had largely failed to provide technical assistance to the sericulturist nor had it ensured employment to the trainees. The expenditure of Rs.7.02 lakhs incurred upto 31 March 1991 included expenditure of Rs.1.62 lakhs during 1990-91, when no training was organised.

The matter was referred to Government in October 1992; reply has not been received (June 1993).

### 3.2 *Unfruitful expenditure*

Government of Orissa approved (May 1986) introduction of a three year diploma course in Ceramics at Jharsuguda Engineering School (JES). A test check (August 1991) of the records of the Principal, JES revealed that two batches of 20 students each were enrolled during 1986-87 and 1987-88. Posts of two Lecturers, one Instructor and a Laboratory Attendant in Ceramics were sanctioned (July and August 1987) and one Instructor was appointed in September 1987. Machinery and equipment valued at Rs.9.53 lakhs were purchased in April 1988 and July 1990.



However, as the posts of Lecturers could not be filled, the students of the Ceramics course were diverted to other faculties in their second year (first year was common to students of all faculties). Though with the approval (August 1989) of the Government, the Ceramics course in the JES was closed, the Instructor was retained in service (March 1992).

The continued employment of the Instructor resulted in an infructuous expenditure of Rs.0.74 lakh on his pay and allowances for the period from September 1987 to March 1992. In addition, a sum of Rs.9.53 lakhs spent even after the abolition of the course on the procurement of equipment represented an idle investment.

The matter was referred to Government in February 1992. Government accepted (February 1993) the factual position.

#### FISHERIES AND ANIMAL RESOURCES DEVELOPMENT DEPARTMENT

### 3.3 Development and exploitation of Inland and Marine fishery resources

#### 3.3.1 Introduction

(a) Fisheries play an important role in the economy of the country in augmenting food supply, generating employment, raising nutritional levels and foreign exchange earnings. Accelerated growth of the Fisheries Sector had been accorded high priority in successive Five Year Plans to produce more nutritive food in the country and to generate employment in rural areas.

The State of Orissa has a coast line of 480 kms with a continental shelf\* of about 24,000 square kms. The continental shelf is a potential source of marine fisheries for the State. The estimated harvestable potential upto 200 metres depth is 1.25 lakh tonnes per annum, spread over the 4 coastal districts of Balasore, Cuttack, Ganjam and Puri. The State has also a vast potential resource in the inland fisheries sector with a total water area of 6.55 lakh hectares (ha.) (tanks and ponds : 0.64 lakh ha., rivers and canals : 1.55 lakh hectares, reservoirs : 2.56 lakh hectares and swamps : 1.80 lakh hectares). In addition, the State has 3.98 lakh hectares of brackish water lakes and estuaries, 0.25 lakh hectares area under brackish water tanks and 0.08 lakh hectares under backwaters.

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The abbreviations used in this Review are listed in the Glossary in Appendix - XVII - at page - 216-217.

\* A gently sloping zone under relatively shallow seas, offshore from a continent or island.



The average yield of fish per annum during the period from 1985-86 to 1990-91@ from different sources vis-a-vis the available potential was as under\* :

Source	Potential ( in lakh tonnes )	Yield
Fresh water	1.53	0.43
Brackish water	0.60	0.24
Marine	1.25	0.69

(b) Important schemes being implemented by the State under both Central and State Sectors and their objectives are given in the Annexure at page - 89.

### 3.3.2 *Organisational set up*

The Fisheries and Animal Resources Development Department of the State Government is assisted by the Director of Fisheries (DF), Orissa in policy formulation, overall supervision and direction to ensure successful implementation of the various programmes undertaken for the development of fisheries. The DF is assisted by an Additional Director, a Joint Director, a Senior Research Officer, and other subordinate officers and staff. There are three Zonal Deputy Directors of Fisheries (DDF) for Inland Fisheries schemes with headquarters at Berhampur, Cuttack and Sambalpur and two Zonal DDFs for marine schemes with headquarters at Balasore and Cuttack. At the district level one District Fisheries Officer (DFO)/Assistant Director of Fisheries (ADF) is responsible for extension of inland programmes. The Superintendent of Fisheries (SF) and Fisheries Extension Officers (FEO) implement the fisheries extension programmes under the supervision of the DFO/ADF. In addition, there are three ADFs with headquarters at Balasore, Ganjam and Kujang exclusively for the implementation of the schemes under "Marine Fisheries".

The DDF, Survey of Brackish Waters (SBW), Cuttack assisted by four Chief Executive Officers (CEO) under him with headquarters at Balasore, Cuttack, Ganjam and Puri implement the schemes of Brackish water fisheries.

The DF is also assisted by one Executive Engineer (EE), (Civil) who undertakes construction activities under various schemes. Besides, some of the civil works were also entrusted to Chief Construction Engineer (CCE), Gopalpur Port Project, Gopalpur.

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@ Figures for 1991-92 were not made available.

\* Hand book on Fishery Statistics 1991 published by the Director of Fisheries and Status Papers on Marine Fisheries and Brackish Water Fisheries published by Fisheries and Animal Resources Development Department.



### 3.3.3 *Audit coverage*

Records relating to the period from 1985-86 to 1991-92 in the Fisheries and Animal Resources Development (FARD) Department and DF, Orissa and in the different offices/agencies detailed below were test checked during December 1991 to July 1992:

(a) The DFS, Berhampur, Cuttack and Sambalpur, CEO's of Fish Farmers Development Agencies (FFDA) and DFOs/ADFs in 5 selected districts viz: Balasore, Cuttack, Ganjam, Puri and Sambalpur in respect of inland fisheries.

(b) DDFs, Balasore and Cutack and 3 ADFs, Balasore, Ganjam and Kujang in respect of marine fisheries.

(c) CEOs of 4 Brackish Water Fisheries Development Agencies (BFDA) (Balasore, Cuttack, Ganjam and Puri) in respect of brackish water fisheries.

In addition, records of the Chief Construction Engineer, Gopalpur Port Project, Ganjam, DDF (Survey of Brackish Water), Executive Engineer (Fisheries), Managing Directors, Orissa Maritime and Chilika Area Development Corporation, Orissa Fish Seed Development Corporation were also test checked.

### 3.3.4 *Highlights*

- Out of Rs.6236 lakhs provided for the implementation of various schemes of fisheries development a sum of Rs.5612 lakhs was spent upto the end of March 1992 resulting in a saving of Rs.624 lakhs of which Rs.559 lakhs related to Central share.

[ Paragraph : 3.3.5(a) ]

- Out of Rs.163.71 lakhs received by the Fish Farmers Development Agencies an amount of Rs.38.59 lakhs remained unutilised as at the end of March 1992.

[ Paragraph : 3.3.7(a)(ii) ]

- During 1985-86 to 1991-92 the average yield of fish out of culturable tanks and ponds was 1451 kgs per hectare per annum as against the norm of 3000 kgs per hectare per annum.

[ Paragraph : 3.3.7(a)(iv) ]

- In respect of 11 reservoirs wherein fish was collected through fishermen co-operative societies on payment of wages, Orissa Fish Seed



Development Corporation sustained a loss of Rs.74.52 lakhs during 1987-88 to 1990-91.

[ Paragraph : 3.3.7(b) ]

- In the State owned Kausalyaganga Fish Farm the value of fish not exploited and marketed from the stocking tanks was Rs.194.25 lakhs.

[ Paragraph : 3.3.7(c) ]

- Expenditure of Rs.18.99 lakhs incurred on establishment of composite hatchery complex at Kalimela has proved unproductive so far (May 1992).

[ Paragraph : 3.3.7(d) ]

- Expenditure of Rs.11.31 lakhs incurred during 1989-90 and 1990-91 on establishment of captive nursery centres has remained unproductive so far (June 1992) due to non-development of infrastructural facilities and defective design of tanks.

[ Paragraph : 3.3.7(e) ]

- Out of Rs.262.42 lakhs available with the Brackish Water Fish Farm Development Agencies as subsidy during 1985-92, Rs.212.21 lakhs remained unutilised at the end of 1991-92 and had been kept in their Bank accounts.

[ Paragraph : 3.3.8(a)(ii) ]

- Area brought under prawn culture ranged from 1 to 8 per cent of the total area identified as suitable for the purpose during 1985-86 to 1991-92.

[ Paragraph : 3.3.8(a)(iv) ]

- Expenditure of Rs.7.58 lakhs incurred on 23 tanks at Saratha village under Area Development Approach Programme (ADAP) was rendered largely unproductive due to non-provision of saline water exchange facilities, at the time of construction.

[ Paragraph : 3.3.8(b)(i) ]

- Expenditure of Rs.11.16 lakhs incurred on setting up of a Prawn Hatchery at Paradeep proved unfruitful due to lack of proper planning and technical feasibility study not having been undertaken initially.

[ Paragraph : 3.3.8(c) ]

- Due to unsuitable design the expenditure of Rs.6.27 lakhs spent on infrastructural facilities in respect of Chudamani jetty proved wasteful.

[ Paragraph : 3.3.9(b)(i) ]

- A fishing jetty constructed at Chandipur village in Balasore district at a cost of Rs.17.10 lakhs in 1980-81 had become defunct since 1985-86 due to heavy siltation.

[ Paragraph : 3.3.9(b)(ii) ]

- In the development of marine fisheries through Co-operatives with NABARD assistance, there was default in the repayment of loan by four societies to the extent of Rs.129.84 lakhs for which the State Government had stood guarantee.

[ Paragraph : 3.3.9(c)(ii) ]

- Out of Rs.29.76 lakhs available for re-imbursement of Central Excise Duty to fishermen, Rs.27.27 lakhs was kept under 'Civil Deposits'.

[ Paragraph : 3.3.9(d) ]

- Expenditure of Rs.392 lakhs was incurred on the construction of jetty of Astarang Fishing Harbour when it was severely damaged by floods. The damage was estimated at Rs.148 lakhs and was attributed to inadequate design.

[ Paragraph : 3.3.9(e) ]

- Out of a total amount of Rs.38.46 lakhs released under National Welfare Fund for fishermen Rs.22.28 lakhs remained unutilised as at the end of June 1992.

[ Paragraph : 3.3.9(f) ]

- Fishery Industrial Estate at Chudamani established in 1990-91 at a cost of Rs.31.13 lakhs has remained idle due to a decision not having been taken as to who would manage the affairs of the Estate.

[ Paragraph : 3.3.9(g) ]

- Rupees 27.29 lakhs spent on Brackish Water Prawn Culture Project at Jagatjore proved largely unproductive on account of defective design of water intake structures and the project had to be leased for a nominal amount.

[ Paragraph : 3.3.10(i) ]



### 3.3.5 Financial performance

(a) The budget provision and expenditure during the period from 1985-86 to 1991-92 on fisheries development programmes were as follows :

Year	Budget provision			Expenditure incurred			Saving	Percentage of	
	State share	Central share	Total	State share	Central share	Total		Saving	State Central
	( Rupees )			in lakhs					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1985-86	308	57	365	304	52	356	9	1	9
1986-87	444	65	509	440	26	466	43	1	60
1987-88	515	59	574	515	59	574	Nil	Nil	Nil
1988-89	621	182	803	613	105	718	85	1	42
1989-90	805	289	1094	800	245	1045	49	1	15
1990-91	940	535	1475	896	332	1228	247	5	38
1991-92	833	583	1416	833	392	1225	191	Nil	33
	<u>4466</u>	<u>1770</u>	<u>6236</u>	<u>4401</u>	<u>1211</u>	<u>5612</u>	<u>624</u>	<u>1</u>	<u>32</u>

The DF did not furnish reasons for the poor utilisation of Central funds.

(b) Rupees 156.12 lakhs were retained under Civil Deposits (as of 31 March 1992) after drawal under different schemes to avoid lapse of grants. Details of the offices, dates of drawal/deposit and the schemes to which the funds related are given in Appendix - VII . Of this Rs.44.16 lakhs had been drawn prior to April 1991.

(c) Out of Rs.427.16 lakhs released to 4 BFDA's during the above period, an amount of Rs.250.07 lakhs remained unutilised with the Agencies as of 31 March 1992.

(d) Out of Rs.20 lakhs advanced to the Orissa Fish Seed Development Corporation in 1988-89 for commercial development of prawn farming and supply of fishing nets, Rs.18.60 lakhs remained unutilised (March 1992) with the Corporation in Savings Bank Deposits pending detailed examination of the projects.

### 3.3.6 Physical targets and achievements

#### (a) Inland fisheries

The annual production potential from the inland fishery resources and the average production per annum achieved thereagainst

during the period from 1985-86 to 1990-91 is as follows :

Water resources	Area	Estimated production per hectare	Total potential	Annual average production during 1985-86 to 1990-91
	(in hecates)	(in kilograms)	( In tonnes )	
(1)	(2)	(3)	(4)	(5)
<b>A Fresh water areas</b>				
i) Tanks/Ponds	63,892	2000	1,27,784	35,074
ii) Reservoirs	2,56,000	50	12,800	2,240
iii) Lakes/Swamps	1,80,000	50	9,000	4,046
iv) Rivers, Canals	1,55,400	20	3,108	1,906
			<u>1,52,692</u>	
<b>B. Brackish water areas</b>				
i) Areas suitable for Brackish water tanks	24,827	1,000	24,827	1,843
ii) Back waters	8,100	200	1,620	
iii) Lakes	1,00,000	100	10,000	7,106
iv) Estuaries	2,97,850	80	23,828	14,926
			<u>60,275</u>	

As against the fresh water production potential of 1.53 lakh tonnes per annum the average yield achieved during the period was 0.43 lakh tonnes only representing 28 per cent of the potential. Though a target of one lakh tonnes was fixed for 1989-90 (the terminal year of the Seventh Plan period) for fresh water fish production the actual achievement was 0.51 lakh tonnes.

Against the Brackish Water fish potential of 0.60 lakh tonnes per annum, the average yield achieved was 0.24 lakh tonnes representing 40 per cent of the estimated potential.

(b) *Marine fisheries*

The number of mechanised and non-mechanised boats operated and landing therefrom during 1985-86 to 1990-91 in the marine sector is given below:

Year	Number of mechanised boats operated	Fish landings from mechanised boats	Number of non-mechanised boats operated	Fish landings from non-mechanised boats
(1)	(2)	(in tonnes)	(4)	(in tonnes)
1985-85	674	25,445	10,550	28,136



Year	Number of mechanised boats operated	Fish landings from mecha- nised boats  (in tonnes)	Number of non-mecha- nised boats operated	Fish landings from non- mechanised boats  (in tonnes)
(1)	(2)	(3)	(4)	(5)
1986-87	724	25,586	10,653	29,738
1987-88	891	25,559	12,019	34,401
1988-89	1,099	23,871	13,470	36,249
1989-90	1,263	31,633	13,488	46,262
1990-91	1,802	38,131	13,488	40,061

Against a potential of 1.25 lakh tonnes of marine fish per annum the actual average achievement was 0.64 lakh tonnes per annum during the period from 1985-86 to 1990-91 representing 51 *per cent* of the potential 44 *per cent* of fish catch was through mechanised crafts while the balance was achieved through non-mechanised crafts.

Against a potential of 1.25 lakh tonnes per annum, a target of one lakh tonnes of marine fish was fixed for 1989-90 - the terminal year of the Seventh Plan period. Actual achievement was, however, 0.78 lakh tonnes representing 78 and 62 *per cent* of the target and estimated potential respectively. Though the number of mechanised boats operated during the plan period had risen by 87 *per cent*, the quantum of fish caught increased by 24 *per cent* only.

### 3.3.7 *Inland fisheries*

#### (a) *Development of aquaculture through Fish Farmers Development Agencies*

The Fish Farmers Development Agencies (FFDA) programme was first introduced in the country in the Fifth Five Year Plan with a view to increasing fish productivity from village tanks and ponds through scientific fish farming and improving the socio-economic conditions of the rural population by providing them employment opportunities through aquaculture. The main objective of the FFDAs are to bring all the existing village and panchayat tanks/ponds under fish culture, create a cadre of fish farmers in the country, increase the average productivity of fish from tanks/ponds to a level of 3000 kgs per hectare per year and to arrange lease of water area on long term basis to fish farmers selected from weaker sections of the society.

Thirteen FFDAs, one in each district, were set up in the State between 1980-81 and 1987-88. The FFDAs were to arrange required inputs like fish feed, fish seed, credit from banks etc. and to impart training and provide subsidy for improvement of tanks/ponds. A review of the working of FFDAs brought out the following :

(i) A total credit of Rs.2213.13 lakhs was arranged by FFDAs during the period from 1980-81 to 1991-92. The FFDAs had not monitored the recovery/repayment of loans.

(ii) The agencies received a sum of Rs.163.71 lakhs as subsidy during the period from 1985-86 to 1991-92. Subsidy released to the banks for adjustment against the loans availed of by the beneficiaries during the same period amounted to Rs.125.12 lakhs and Rs.38.59 lakhs remained unutilised as of 31 March 1992.

(iii) According to a survey (conducted in 1979-80 and updated later) by the Department of Fisheries upto March 1991, there were 1,55,623 tanks/ponds with a total water area of 63,892 hectares in the State found suitable for pisciculture. Against this, the areas surveyed and ponds/tanks developed and brought under fish culture by the FFDAs as furnished in Appendix - VIII would show that large areas developed for fish farming were not brought under culture. Against the cumulative developed water area of 0.34 lakh hectares upto 1991-92, an area of 0.23 lakh hectares only was brought under pisciculture. Reasons as to why the remaining area of 0.11 lakh hectares was not brought under pisciculture were not on record.

(iv) Fish harvesting was done in 65 to 100 per cent of the area cultured during 1986-87 to 1991-92 as may be seen from Appendix - IX . During 1991-92 an area of 0.20 lakh hectares only was harvested yielding 0.29 lakh tonnes of fish, which was far below the expected yield of 0.60 lakh tonnes (3000 kgs per hectare). The average yield of fish out of culturable tanks and ponds was 1451 kgs per hectare per annum during the period from 1985-86 to 1991-92 (excluding 1988-89).

(b) *Development of reservoir fisheries by Orissa Fish Seed Development Corporation (OFSDC)*

The scheme 'Development of Reservoir Fisheries' was launched by the State Government during October 1978. It envisages stocking of fingerlings continuously for a period of 5 years to achieve an annual production of fish at 50



kgs per hectare. The State has a total reservoir resource of 2.56 lakh hectares out of which 1.97 lakh hectares represented by 1,442 reservoirs had been surveyed and found suitable for fisheries development.

Details of year-wise expenditure incurred on development of reservoirs under State programmes, quantity of fingerlings required to be stocked, actually stocked and yield obtained were as follows :

Year	Area in which stocked	Quantity of fingerlings required to be stocked at 1200 numbers per hectare	Quantity actually stocked	Percentage of stocking to requirement	Expenditure incurred			Yield
					By Depa-rtment	By OFSDC	Total	
	(in hectares)	( Numbers in lakhs )			( Rupees	in lakhs)	(in tonnes)	
1985-86	63,159	757.91	84.37	11	3.80	Nil	3.80	1392
1986-87	1,35,805	1629.66	99.00	6	7.81	0.88	8.69	1400
1987-88	62,726	752.71	204.37	27	5.25	15.54	20.79	2000
1988-89	54,215	650.58	641.82	99	16.99	17.19	34.18	2500
1989-90	1,31,217	1574.60	575.34	37	5.76	16.36	22.12	3000
1990-91	1,25,776	1509.31	644.90	43	5.95	15.85	21.80	3150
<b>Total:</b>	<b>5,72,898</b>	<b>6874.77</b>	<b>2249.80</b>		<b>45.56</b>	<b>65.82</b>	<b>111.38</b>	<b>13442</b>

It would be seen from the above that a total quantity of 2249.80 lakh fingerlings/fry was stocked from 1985-86 to 1990-91 against the requirement of 6874.77 lakhs. The yield obtained during the above period was 13,422 tonnes which worked out to 2237 tonnes per year on an average representing 17 per cent of the total estimated potential of 12,800 tonnes (2.56 lakh hectares x 50 kgs) per annum.

The shortfall in achievement of programme objectives was attributed by the Department and OFSDC to inadequate stocking, lack of knowledge on ecology of the reservoirs and non-promulgation of Enforcement Act against indiscriminate fishing, poaching etc.

Scrutiny of records relating to eleven reservoirs in two districts (Dhenkanal and Ganjam) revealed that although a quantity of 535.86 lakhs of advanced fingerlings valued at Rs.67.21 lakhs was stocked in different reservoirs

during the above period, the harvest of fish from the reservoirs was to the extent of 234 tonnes (against the estimated quantity of 1600 tonnes from 32,000 hectares of area stocked) valued at Rs.37.40 lakhs. The Corporation attributed low productivity to removal of fish by the societies before delivery of catch to the Corporation and poaching.

Fishing rights in respect of 39 reservoirs were transferred by the Irrigation Department to the Fisheries Department for fishing activity, out of which 30 were transferred by the Department in 1987-88.

The Corporation has been collecting fish through the fishermen co-operative societies on payment of wages in respect of 11 reservoirs of an average area of 32,000 hectares.

In respect of these reservoirs the Corporation sustained a loss of Rs.74.52 lakhs during 1987-88 to 190-91 as detailed below :

<u>Particulars</u>	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>	<u>Total</u>
	(	R u p e e s	in	l a k h s	)
Expenditure including cost of fingerlings	11.05	36.46	34.62	29.79	111.92
Fish caught (In tonnes)	29.89	76.84	80.73	46.49	233.95
Sale proceeds realised on fish collected	4.28	11.80	13.81	7.51	37.40
Loss	6.77	24.66	20.81	22.28	74.52

The loss was attributed to poaching, clandestine removal of fish by the societies before delivery of catch to the Corporation and high rate of wages compared to the sale value of fish caught.

In view of the loss, the system of collecting fish on payment of fishing wages was discontinued by the Corporation, with the approval of the Board, from July 1991. Instead, the Corporation started leasing the reservoirs to the Co-operative Societies.

In respect of the other 19 reservoirs, the Societies were allowed to catch and sell fish on payment of royalty at the rate of Re.1 per kg of fish caught. Details of royalty collected in respect of the 19 reservoirs were not made available to Audit.



(c) *State owned Kausalyaganga Fish Farm*

There are 94 departmental fish farms in the State of which Kausalyaganga Fish Farm (Puri district) is the biggest fresh water farm with a total water area of 40.48 hectares. The farm was established in 1951 mainly for production of quality fish seeds and for research activities. The receipts and expenditure of the farm during the years 1986-87 to 1991-92 were as under :

Year	Expenditure	Receipts from sales of fry, spawn and spent breeders
( R u p e e s   i n   l a k h s )		
1986-87	2.45	1.92
1987-88	2.61	2.62
1988-89	2.14	2.83
1989-90	2.73	2.69
1990-91	7.07	2.35
1991-92	8.80	2.02

The position of spawn stocked, expected fry/fingerlings production, actual fry/fingerlings production, quantity of fry remaining in the stocking tanks after distribution to farms for the period from 1987-88 to 1991-92 is detailed below :

Year	Quantity of Spawn stocked	Expected fingerlings/ fry production*	Actual fry/ fingerlings production	Fry/fingerlings remaining in stock tanks after distribution
(     I n             l a k h s             n u m b e r s             )				
1987-88	159	39.75	32.00	1.89
1988-89	212	53.00	41.24	4.10
1989-90	299.25	74.81	50.23	7.22
1990-91	245	61.25	44.96	5.30
1991-92	263.75	<u>65.94</u>	<u>31.63</u>	NA
		<u>294.75</u>	<u>200.06</u>	<u>18.51**</u>

The shortfall in fry output during 1987-88 to 1991-92 was 94.69 lakh numbers resulting in loss of Rs.4.74 lakhs calculated at Rs.5000 per one lakh fry.

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\* According to the norm of .25 per cent fixed by DF.

NA Not available

\*\* Excluding the year 1991-92.

There was no exploitation and marketing of fish during the above period from the stocking tanks although every year huge quantities of advanced fingerlings/fry remained in the tanks after supply to different fish farms. Considering the expected production of fish of 9.25 lakh numbers (at 50 per cent of fry/fingerlings stocked) the value of fish not exploited and marketed from the stocking tanks during the period was Rs.194.25 lakhs computed at the rate of Rs.21 per kg adopted by the farm and taking the estimated weight of the fish as 1 kg per number. The ADF attributed the decline in fry production to taking of two crops one after another without preparing the tanks and non-exploitation to the following factors :

- non allotment of funds
- as the tanks did not have embankments, these were submerged in the floods of 1982 resulting in growth of weed and high multiplying predator fish which had not been cleaned for want of funds.

A proposal for renovating the farm by providing required infrastructural facilities was submitted to the Government by the Director in May 1992.

(d) *Establishment of Composite Fish Seed Centre and Hatchery Complex at Kalimela*

To meet the demand of fish farmers of the Koraput district for pure fish seed, Government of India sanctioned an amount of Rs.15.04 lakhs for establishment of a composite fish seed hatchery at Kalimela (Koraput district) under the Dandakaranya Project. Work on the hatchery was to be executed by the State Government and re-imbursement of the expenditure was to be claimed from the Project annually.

The State Government released Rs.19.29 lakhs including their own share of Rs.4.25 lakhs in favour of the ADF, Koraput in three instalments (1985-86 : Rs.4.25 lakhs, 1986-87 : Rs.6.78 lakhs and 1987-88 : Rs.8.26 lakhs). The work on the project commenced in January 1987 and was scheduled to be completed in June 1987 but was still in progress and an expenditure of Rs.18.99 lakhs had been incurred (May 1992). The Dandakaranya Project having been wound up during 1988-89, re-imbursement of Central share of Rs.15.04 lakhs was claimed (November 1989) from the Government of India but was yet to be received (May 1992).

Scrutiny of the records of the DDF, Southern Zone, Berhampur revealed that the hatchery was taken up despite the technical advice (November 1985) of



the DDF that the site was biologically unsuitable. It was also noticed that the success of the hatchery depended on availability of water throughout the year for which sub-minor canal from Potteru Irrigation system was proposed in November 1985 to be extended, but this proposal had not materialised.

On completion the hatchery was expected to produce 75 lakh fry and 2000 kgs of fish per annum valued at Rs.3.75 lakhs and Rs.0.20 lakh respectively. Delay in completion of the project has, therefore, deprived Government of potential net revenue of Rs.3.95 lakhs per annum for the last 4 years.

(e) *Establishment of captive nursery centres*

During 1988-89, the State Government sanctioned Rs.20 lakhs for establishment of 20 Captive Nursery Centres on the periphery of reservoirs for raising fingerlings close to the reservoirs in which they were to be stocked. The proposed Centres were to be developed by the Government and then transferred to the control of the OFSDC. Construction of 75 tanks in the centres at Barkote, Kadkei, Machikapodar, Saifala and Sundar was reported to have been completed during the years 1989-90 (60) and 1990-91 (15) at a cost of Rs.11.31 lakhs. However, the tanks could not be put to use due, according to OFSDC, to non-availability of adequate water and non-provision of infrastructural facilities such as work shed, store room, staff quarters, approach road etc. It was also noticed from the inspection report (December 1990/January 1991) of a team of the OFSDC that the design of the tanks was defective and as a result the tanks were not put to use. The expenditure of Rs.11.31 lakhs thus remained unproductive as of June 1992.

Records of the OFSDC further revealed that the 25 tanks of the Barkote Centre were excavated in reserve forest area while the soil of the 9 tanks of one of the Centres Viz: Kadkei Centre was considered biologically unproductive.

No study as to rectificatory works to be carried out to make the projects workable has been made so far (June 1992).

(f) *Functioning of Inland Fisheries Co-operative Societies*

The Thebra Primary Fisherman Co-operative Society received Rs.11.06 lakhs (1984-85 : Rs.5.87 lakhs, 1985-86 : Rs.4.05 lakhs and 1986-87 : Rs.1.14 lakhs) under the scheme "Development of Fishery Co-operatives" for improving the economic condition of fishermen by providing boats, nets and other accessories to

facilitate marketing of fish.

The Society purchased a truck (Rs.0.96 lakh) in January 1987, a carrier launch (Rs.0.84 lakh) in January 1988 and 10 numbers of insulated boxes (Rs.0.23 lakh) and out boat (Rs.0.29 lakh) in September 1988 to facilitate marketing by eliminating middlemen. It was noticed during test check of the records of DFO, Sambalpur that -

- the truck was used for the intended purpose for 158 days during June 1987 to December 1987 and for purposes not connected with the activities of the society thereafter;
- the carrier launch after operating for 62 days remained idle from January 1989 for want of repair of the engine which could not be arranged reportedly due to misplacement of guarantee papers;
- the out boat could not be put to use for want of funds;
- ten numbers of insulated boxes procured were lying idle since marketing operations were not conducted.

Thus, the benefits envisaged in the scheme did not reach the fish farmers.

### 3.3.8 *Brackish water fisheries*

#### (a) *Integrated Brackish Water Fish Farm Development*

During 1988-89, two BFDA's were established in Cuttack and Ganjam districts under the Centrally sponsored scheme - 'Integrated Brackish Water Fish Farm Development'. Two more BFDAs which were originally established in Balasore and Puri districts under State Plan Schemes during 1983-84 were also brought under the above scheme from 1989-90.

The BFDAs were to provide the requisite package of technological, financial and extension support to prawn farmers belonging to small and marginal categories. Under the scheme, 25 per cent of the capital cost on farm development and the total cost of first crop input subject to a maximum ceiling of Rs.30,000 per hectare per beneficiary was provided as subsidy. From 1991-92, subsidy for construction of intake channels peripheral dykes, drainage, power supply, approach roads, water control structures, prawn hatchery feedmills etc. was also included. Subsidy was to be released by the BFDAs to the Banks after



ensuring proper utilisation by the beneficiaries, of the amount of loans extended by the Banks. For each BFDA, financial commitment was limited to Rs.7.63 lakhs per annum for development of 50 hectares of water area per annum.

Test-check of the records of the four BFDAs revealed the following :

(i) The BFDAs received a total amount of Rs.427.16 lakhs (including Central assistance of Rs.134.71 lakhs) as grants upto 1991-92 against which the expenditure incurred was Rs.179.88 lakhs and Rs.250.07 lakhs remained unspent (including the opening balance of Rs.2.79 lakhs of April 1986) as of March 1992. The BFDAs had thus utilised only 42 *per cent* of the amounts released under the scheme.

(ii) The BFDA's received Rs.260.51 lakhs during 1985-86 to 1991-92 for payment of subsidy against which an amount already paid by BFDAs was Rs.50.12 lakhs only.

The balance of Rs.212.21 lakhs (including opening balance of Rs.1.91 lakhs as of April 1986) had been kept by the BFDAs in their accounts.

The low utilisation of subsidy was due to release of subsidy towards first crop input at 25 *per cent* instead of the admissisble norm of 100 *per cent*. The CEO, BFDA, Cuttack stated that the agency was unaware of the actual norm till June 1990. The CEOs, BFDA, Balasore and Puri attributed the low utilisation to non-settlement of lease cases and non-co-operation by the financing banks.

(iii) Test-check of the records of the BFDA, Puri revealed that 108 Brackish Water tanks, excavated in an area of 52.58 hectares during 1985-86 to 1990-91 (1985-86 : 13, 1986-87 : 14, 1987-88 : 29, 1988-89 : 8 , 1989-90 : 38 and 1990-91 : 7), were lying incomplete as the work had not been executed according to specifications. Expenditure of Rs.1.34 lakhs incurred on payments of subsidy in respect of these farms had not proved fruitful. The Agency stated that subsidy component was released on receipt of intimation of release of loans by the banks to the beneficiaries. Apparently no system existed to verify the utilisation of loans before release of subsidy component of assistance.

(iv) Against an area of 25,079.13 hectares, identified (upto November 1991) as suitable for prawn culture, the actual area covered under various schemes like NREP, RLEGP, JRY, BFDA etc. ranged from 1 to 8 *per cent* as detailed overleaf.

Year	Cumulative area identified for prawn culture	Area brought under prawn culture	Percentage of area covered
	( Area in hectares )		
1985-86	15,902	90	1
1986-87	16,817	454	3
1987-88	17,334	1,237	7
1988-89	18,954	1,277	7
1989-90	21,894	1,557	7
1990-91	24,827	2,076	8
1991-92 (Upto November 1991)	25,079	633	3

The low coverage was attributed by the DF to -

- lack of systematic approach in identification of lands for the development of brackish water aquaculture;
- difficulties encountered in having the lands leased out for aquaculture due to restrictions under the law ;
- lack of infrastructural facilities like roads, electricity, water inflow/outflow facilities and other communication facilities;
- lack of assured supply of seed and feed by BFDAs;
- lack of support from rural credit financing institutions;
- inadequate training facilities within the State;
- inadequate technical man-power.

(v) The average yield per annum (two crops) in extensive shrimp culture in small scale operations worked out to 367 kgs, 469 kgs, 466 kgs and 104 kgs of prawn in Balasore, Cuttack, Ganjam and Puri districts respectively during the period from 1987-88 to 1991-92 as against estimated yield of 1000 kgs per hectare per annum. The DF attributed the low yield to non-availability of compound feed, lack of water exchange system, low stocking rate etc.

(b) *Development of brackish water fish farms under Area Development Approach Programme (ADAP)*

Under ADAP, ponds were to be developed in two phases during 1982-83 to 1988-89 and leased out on nominal charges to fishermen and persons belonging



to economically weaker sections. Expenditure on the development of ponds was to be borne by Government of India and the State Government on 50:50 basis. The departmental officers were responsible to ensure that the farm area was maintained regularly with proper water exchange system, supply of fish seed, feed and fertilisers. Test check of records in three districts (Balasore, Puri and Cuttack) showed as under :

(i) **Balasore** : Rupees 10.51 lakhs was released by Government during 1985-86 to 1988-89 to the BFDA, Balasore for construction of 36 tanks (in two phases of 18 tanks each) in Saratha village. The construction of tanks of the first phase and 5 out of 18 tanks of second phase was completed by 1988-89 at a cost of Rs.7.58 lakhs but the work of the remaining 13 tanks could not be taken up due to unwillingness of the local people to part with their tanks.

Culture operations were reported to have been carried out only in 1988-89 and were discontinued thereafter as the excavated tanks had virtually become fresh water tanks for want of saline water exchange facilities which should have been provided at the time of construction of the tanks. It was also reported that no saline water was coming upto the site due to construction of an embankment by the Irrigation Department. Thus due to lack of co-ordination between the Irrigation and the Fisheries and Animal Resources Development departments and non-provision of saline water exchange facilities a sum of Rs.7.58 lakhs invested on the tanks had been rendered largely unproductive.

(ii) **Puri** : Rupees 18.89 lakhs was released by Government during 1982-83 to 1989-90 in favour of the Executive Engineer (Civil) for construction of 52 tanks (Mudiratha : 34, Machhnadandi : 18). Construction of 31 tanks at Mudiratha was completed by 1984-85 at a cost of Rs.14 lakhs; the tanks at Machhnadandi could not be constructed due to non-finalisation of sites.

(iii) **Cuttack** : Construction of 120 tanks was proposed to be taken up in 3 stages in Jatadhari village at a total cost of Rs.60 lakhs. An amount of Rs.7.38 lakhs was placed with BFDA, Cuttack (by Executive Engineer, Fisheries : Rs.4.89 lakhs and by CEO, BFDA, Balasore : Rs.2.49 lakhs) during 1991-92 for excavation of tanks and provision of necessary infrastructural facilities.

Although more than one year had elapsed since acquisition (March 1991) of land on payment of premium of Rs.1.33 lakhs, no project report had been prepared as yet (June 1992). Micro level survey conducted by the Marine Products



Exports Development Authority (MPEDA), Bhubaneswar revealed that the site selected for the project was unsuitable due to poor soil condition and would require construction of a strong protection dyke (estimated cost : Rs.100 lakhs) involving transportation of earth from a distance of 4 kms which might not be cost effective.

Thus, due to wrong selection of the site no progress has been achieved so far (June 1992) and an amount of Rs.6.05 lakhs remained unutilised with the BFDA.

(c) *Establishment of a small scale hatchery at Paradeep*

Government sanctioned Rs.13.30 lakhs (building : Rs.6.00 lakhs, equipments : Rs.7.30 lakhs) during 1986-87 to 1988-89 for establishing a small scale hatchery of 3 million capacity at Paradeep in Cuttack district. The initial objective of the hatchery was to test its viability for setting up similar additional hatcheries to cope with the increasing demand of prawn seed during the Eighth Five Year Plan period. Rupees 11.16 lakhs were spent during 1986-87 to 1991-92 (equipments : Rs.6.71 lakhs and buildings : Rs.4.45 lakhs). Although the Project was scheduled to be completed by 1988-89, construction of the building was still in progress (May 1992) due to delay in the preparation and sanction of estimates, awarding of works to contractors and frequent change of contractors.

Due to non-completion of building, equipments worth Rs.6.71 lakhs (breeding and rearing pools, generator sets etc.) purchased during 1986-87 and 1987-88 could not be installed. According to the DF costly items like rearing and breeding pools worth Rs.2.27 lakhs procured from private firms between April 1987 and August 1989 were left in the open and had been thoroughly corroded due to the saline climate.

It had been proposed (March 1992) by the Forest and Animal Resources Development (FARD) department that this brackish water prawn hatchery (penoid hatchery) be converted into a sweet water prawn hatchery since the low capacity hatchery was reportedly of little use to meet the increasing demand of prawn seeds.

The DDF observed (October 1990) that difficulties in sea water intake due to compact packing of sea wall constructed by the Paradeep Port Trust were not taken into account when construction of the hatchery was taken up, and that water of required salinity would not be available for the hatchery at the present



site. The DF stated (February 1991) that all these problems were being faced as no project report/feasibility study was undertaken before construction of the hatchery was taken up.

Thus, due to lack of proper planning and due to technical feasibility study not having been undertaken initially, Rs.11.16 lakhs already spent on the establishment of the hatchery had proved unfruitful.

### 3.3.9 *Marine Fisheries*

#### (a) *Introduction of Beach Landing Crafts*

The scheme of introduction of Beach Landing Crafts (BLC) was launched in the Sixth Five Year Plan period. Under the scheme beach landing crafts made of fibre glass, suitable for launching and landing on the surf-beaten coast of the country, were to be provided at subsidised rates. 50 per cent of the cost of the craft was provided as subsidy by the Government of India through the National Consumer Development Corporation (NCDC), 45 per cent as loan by NCDC and 5 per cent was to be contributed by the Co-operative Societies/group of fishermen. Against the estimated requirement of 71 BLCs, 52 BLCs were centrally purchased at Rs.1.05 lakhs per BLC by the DF and supplied to 11 Co-operative Societies during 1984-85 to 1990-91.

Details of 37 BLCs supplied to eight different Primary Marine Fishermen Co-operative Societies (PMFCS), total number of fishing days required to be done by each BLC, actual number of fishing days done, quantity of fish caught etc. are given in the Appendix - X. Information in respect of the remaining 15 BLCs was not made available to Audit.

It would be seen that none of the eight societies had achieved the prescribed target of fishing days, and that the achievement during the period from 1987-88 to 1991-92 ranged from 7 to 35 per cent. Reasons for the poor performance of the BLCs were not furnished.

Details of loans availed of by the societies and repayments made thereagainst are given in Appendix - XI. The societies were to repay the loans obtained by them within 5 years with interest at the rate of 15 per cent thereon. As of May 1992, out of Rs.23.21 lakhs obtained by 11 societies, a sum of Rs.4.40 lakhs only was repaid. Information regarding the amount overdue was not available.



(b) *Fishing jetties*

(i) Chudamani fishing jetty : Construction of a gravity type jetty for landing and berthing of fish crafts was completed during 1985-86 at a cost of Rs.14.45 lakhs (Central share : Rs.7.22 lakhs) by the Irrigation and Power Department and the jetty was handed over to the Fisheries Department in March 1985.

Joint inspection of the jetty conducted in July 1985 by the Additional Director of Fisheries and Chief Construction Engineer (CCE), Gopalpur Port Project revealed that the fishing crafts were not coming close to the jetty due to fear of damage from the pitched stone slope during tidal fluctuations. It was also reported by the Secretary, Commerce and Transport Department in December 1985 that the jetty was structurally defective and, as such, not usable by the fishing crafts. An additional amount of Rs.5.30 lakhs was spent during 1987-88 on the construction of an auxilliary (vertical type) jetty adjacent to the earlier jetty for safe-harbouring of crafts.

To a query by Government of India in July 1987 as to why vertical faced jetty was not taken up initially, the DF stated that this was due to limited funds. This is not acceptable as the alternative design was not even considered and a design which was unsuitable should not have been approved.

Thus, the amount of Rs.6.27 lakhs incurred on the construction of the jetty proper (excluding Rs.8.18 lakhs spent on infrastructure facilities like roads, electricity, water provision etc.) proved wasteful.

(ii) Chandipur fishing jetty : Government of India accorded approval in 1978 for construction of a jetty at Chandipur in Balasore district, at a cost of Rs.14.74 lakhs, of which Rs.13.48 lakhs was the Central share. Construction of the jetty was completed in 1980-81 at a cost of Rs.17.10 lakhs.

Although the DF reported to Government of India in December 1991 that the jetty was being utilised by about 250 numbers of mechanised and non-mechanised boats, scrutiny of records, however, revealed that the jetty had become totally defunct since 1985-86 due to heavy siltation. The DDF, Balasore had observed in February 1988 that the jetty had become totally silted up due to technical defects and wrong selection of site. The CCE, Gopalpur Port Project had also observed in August 1988 that as the jetty was situated on the silting bank,



any dredging near the structure would attract continuous maintenance dredging of the silt brought down by the river. As a result, any capital dredging to deepen the channel would be of no use. The reported utilisation of the jetty by about 250 mechanised/non-mechanised boats was, therefore, doubtful.

Thus, the expenditure of Rs.17.10 lakhs spent on construction of the jetty had ceased to be productive.

(c) *Development of marine fisheries through co-operatives*

During the Fifth Five Year Plan under a programme sponsored by the Agricultural Refinance Development Corporation, now National Bank of Agricultural and Rural Development (NABARD), to improve the socio-economic conditions of poor fishermen, financial assistance was given to four Primary Marine Fishermen Co-operative Societies (Gangadevi, Kritania, Maa Dhamarai and Rajya Laxmi) to acquire 160 mechanised boats with accessories and set-up one workshop each, at an estimated cost of Rs.152.54 lakhs. The societies received an amount of Rs.51.69 lakhs from Government towards subsidy (1974-75 to 1980-81) and raised loans aggregating Rs.131.01 lakhs from the banks. In all, only 103 boats (against 160) were acquired during 1977-78 to 1982-83 at a cost of Rs.131.73 lakhs.

The actual number of boats in operation as of December 1991 was 14; 56 boats were damaged, 17 were missing and 16 had sunk.

Against the amount of Rs.42.14 lakhs admissible as subsidy under the scheme at 25 per cent of the cost of boats and 50 per cent of the cost of nets, an amount of Rs.51.69 lakhs was paid. The excess subsidy of Rs.9.55 lakhs was adjusted by the banks against their loan account.

The scheme envisaged that 80 per cent sale proceeds of fish would be retained by the societies to meet the operational and maintenance cost and repayment of loan, while the remaining 20 per cent was payable to member-fishermen. It was seen that against cumulative sale proceeds of Rs.36.42 lakhs, the society of Kirtania had paid Rs.12.25 lakhs to the bank till 1991 which represented 34 per cent of sale proceeds. Similarly, against the sale proceeds of Rs.112.03 lakhs the society of Gangadevi had paid (upto 1987-88) to the bank Rs.14.94 lakhs which worked out to 13 per cent of the sale proceeds only. Repayment to the banks was stopped from 1987-88.



At the end of December 1991 all the four societies were in default in repayment of loan with interest to the tune of Rs.129.84 lakhs as detailed below:

Name of the Society	Loan with interest due	Repayment by		Balance
		Society	Government*	
	( Rupees	in	lakhs	)
Gangadevi	101.11	26.75	40.00	34.36
Kirtania	47.43	12.25	19.97	15.21
Maa Dhamarai	85.80	28.58	Nil	57.22
Rajyalaxmi	73.94	32.39	18.50	23.05
	<u>308.28</u>	<u>99.97</u>	<u>78.47</u>	<u>129.84</u>

Government had stood guarantee in 1978-80 for a total amount of Rs.170 lakhs raised as loan from the banks but the guarantee fee at 0.25 per cent per annum on the outstanding loan was not realised from the societies, nor were any share certificates obtained from the societies towards share capital investment of Rs.15.77 lakhs made during 1974-75 to 1983-84 by the Government. Government guarantee was for a minimum period of 8 years from the date of availing of loan or till the repayment of loan, whichever was earlier. The guarantee period expired during 1986-87 and 1987-88. The Government under Debt Relief Scheme repaid Rs.20.00 lakhs towards loan during 1990-91 and Rs.58.47 lakhs in 1991-92 and is saddled with a debt burden of Rs.91.53 lakhs.

(d) *Re-imbursement of Central Excise Duty on HSD oil supplied to mechanised boats below 20 M length*

The scheme was introduced during 1990-91 with 100 per cent Central assistance to assist the small mechanised fishing sector with the objective of providing relief to fishermen operating fishing boats below 20M length to develop the mechanised fishing industry for augmenting marine fish production, generating additional employment and export of marine products. The pattern of assistance was revised to 80:20 basis between Centre and State with effect from 1991-92.

A sum of Rs.16.00 lakhs was sanctioned during March 1991 as grants-in-aid by the Government of India for the year 1990-91 for establishment of 5 diesel outlets (Rs.5 lakhs), re-imbursement of excise duty (Rs.10 lakhs) and installation of computer (Rs.1 lakh - 100 per cent grant).

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\* Debt Relief Scheme



As the above amount could not be drawn and utilised in time, the Government of India revalidated the sanction to the extent of Rs.9.52 lakhs out of Rs.16.00 lakhs for the year 1990-91. Against this, the State Government had drawn Rs.8.47 lakhs only of which the amount meant for re-imbursement of Central Excise Duty was Rs.2.47 lakhs. Against Rs.2.47 lakhs available, Rs.2.08 lakhs was reported to have been re-imbursed to vessel owners in two districts Viz: Balasore (124 numbers) and Cuttack (188 numbers) for two quarters ending March 1991 and June 1991. Thereafter no re-imbursement was made.

Out of the amount of Rs.6 lakhs intended for establishment of diesel outlets (Rs.5 lakhs) and installation of computer (Rs.1 lakh), an amount of Rs.3 lakhs was lying under Civil Deposits with the DF (May 1992) while the balance amount of Rs.3 lakhs was kept by the ADF (Marine) Kujang in his Bank account.

For the year 1991-92 against Rs.29.76 lakhs released for re-imbursement of Central Excise duty, an amount of Rs.27.27 lakhs (Rs.21.82 lakhs by the Central Government and Rs.5.45 lakhs by the State Government) was kept under Civil Deposits by the DF. No reasons were given by the DF for non-establishment of the outlets, non-installation of the computer and non-re-imbursement of Central Excise duty after June 1991. Further, the scheme could not be implemented due to non-release of funds from Civil Deposits on account of financial constraints in the ways and means position of the State Government.

(e) *Astarang (Nuagarh) Fishing Harbour*

Government of India approved in October 1988 the construction of a fishing harbour at an estimated cost of Rs.313.22 lakhs (revised to Rs.507.00 lakhs in February 1992) at Astarang (Nuagarh). Expenditure of Rs.392.42 lakhs was incurred and 95 per cent of the construction of the jetty (major component of the harbour) had been completed when it was severely damaged by floods.

The damage was estimated at Rs.148 lakhs (construction of submersible dykes in front of the jetty : Rs.97 lakhs, construction of 2 spurs at Rs.25 lakhs each and other item Rs.1 lakh) based on preliminary inspection by the Ocean Engineering Centre, Madras. The Chairman, Orissa Construction Corporation Limited (OCC) who was appointed to inquire into the cause of damage to the jetty opined (December 1991) that the design of the jetty was not sound enough to withstand the fury of floods.



An amount of Rs.97 lakhs was placed (March 1992) with the OCC for completing the restoration work of dykes before the onset of the monsoon. The OCC had carried out only 30 per cent of the work as of June 1992.

(f) *National Welfare Fund for fishermen*

The scheme was launched in 1987-88 and aimed at providing civic amenities such as housing, drinking water, community hall and credit facilities to selected fishermen villages. The estimated cost per village was Rs.12.82 lakhs for 100 low cost houses (Rs.10.80 lakhs), 5 tube-wells (Rs.1.00 lakh), 1 community hall with two toilets, and one tube-well (Rs.0.82 lakh) and seed money for one credit society (Rs.0.20 lakh). In all, 3 villages (Talapada, Motto and Kaluria) were identified and an amount of Rs.38.46 lakhs (Rs.19.23 lakhs being Central share) was released by the State Government during 1987-88 to 1989-90 in favour of ADFs (Marine), Balasore and Cuttack against which an expenditure of Rs.16.18 lakhs was incurred (as of June 1992) leaving Rs.22.28 lakhs unutilised.

Test check of records of the ADF (Marine), Balasore, Cuttack and EE (Fisheries) revealed the following :

- In village Talapada (Balasore district), against the target of 100 houses, 25 houses were completed (1988-89) at a cost of Rs.4.60 lakhs and allotted to the beneficiaries and the balance amount of Rs.8.22 lakhs was retained under 'Civil Deposit' since March 1990 by the DDF (Marine North) Balasore who stated that it was not possible to complete the houses within the cost norms.
- In Motto village (Puri district) against a target of 100 houses, 55 houses were completed (1988-89) upto roof level at a cost of Rs.3.82 lakhs and the balance amount of Rs.9.00 lakhs retained in the shape of bank drafts. The houses had not been allotted to the beneficiaries. Information in respect of village Kaluria (Dhenkanal district) was not made available to Audit.

Non-completion of houses was attributed by the Executive Engineer (Fisheries) to very low cost estimates (Rs.0.10 lakh per house) prepared on the basis of Schedule of the Rates of 1986.



(g) *Fishery Industrial Estate at Chudamani*

In order to provide facilities like fish landing platform with auction hall, community hall, fish drying platform, building for workshop, rest shed for crew, guide light etc. for smooth fishing operations. Government of India accorded administrative approval (March 1988) for establishing a fishery Industrial Estate at Chudamani in the Balasore district at an estimated cost of Rs.27.34 lakhs to be shared equally between the Central and the State Governments. The Project was completed at a cost of Rs.31.13 lakhs in 1990-91. Due to non-transfer of the assets to the Department (May 1992) by the CCE, Gopalpur Port Project pending decision of the Government as to who would manage the affairs of the estate (Fisheries Department or Commerce and Transport Department), the infrastructure created at a cost of Rs.31.13 lakhs is lying idle since 1990-91. The ADF (Marine) reported to the DF in December 1991 that the entire fishing complex had become unhealthy and unhygienic.

3.3.10 *Role of Orissa Maritime and Chilika Area Development Corporation (OMCAD)*

OMCAD was established in 1978-79 to develop maritime areas of Orissa through economic activities and to plan, promote and execute a comprehensive and integrated development programme in the State. Since its inception, it has taken up various schemes of fisheries, horticulture, salt industries, launch services etc.

Test check (May 1992) of the records of the OMCAD revealed the following :

(i) *Brackish water Prawn Culture Project at Jagatjore*

The above project was taken up by the Corporation in February 1989 based on a techno-economic report submitted in 1988-89 by the Marine Products Export Development Authority (MPEDA), Ministry of Commerce, Government of India. An amount of Rs.27.29 lakhs was reportedly spent against an estimated cost of the project of Rs.30.38 lakhs on various components of the project like ponds, sluices, buildings etc. by March 1992. During trial operation of the water-in-take structures conducted by Deputy Director, MPEDA and Manager, OMCAD in August - September 1989, it was noticed that sufficient water was not entering into the ponds during high tide due to defective design of the ponds/sluices etc.



According to the estimates prepared (January 1991) by MPEDA for repair of the defective structures, Rs.50 lakhs would be needed to ensure proper flow of saline water into the ponds. As the cost of repair was prohibitive, the Board of Management, OMCAD decided (April 1990) to lease out the project on 'as is where is' basis.

Thus, due to defective design of water-intake structures, the project which was expected to yield an annual net revenue of Rs.9.53 lakhs had to be leased out for a nominal amount of Rs.0.74 lakh in 1989-90, Rs.0.61 lakh in 1990-91 and to Rs.0.80 lakh in 1991-92.

(ii) *Diversion of funds*

Out of Rs.24.25 lakhs released during March 1986 by Government of India as grants-in-aid for the construction of two brackish water fish farms around Chilika and one hatchery at Arzipally in Ganjam district within a period of three years, the Corporation spent Rs.13.64 lakhs (upto 1989-90) on survey, supervision, acquisition of land and preparation of feasibility report and diverted Rs.10.61 lakhs for the project at Jagatjore mentioned in (i) above. This was done in spite of approval of the Government of India for the Jagatjore project having been withheld (April 1985) pending further technical studies.

Government of India allowed only the expenditure of Rs.4.87 lakhs on preparation of the feasibility report and asked the State Government in May 1991 to recover the inadmissible balance of Rs.19.38 lakhs from the Corporation alongwith interest. No recovery has been affected so far (June 1992).

(iii) *Scheme for exploitation of marine fish and utilisation of low priced fish*

An expenditure of Rs.76.84 lakhs (capital investment : Rs.32.96 lakhs and operational expenditure : Rs.43.88 lakhs) was incurred on the scheme for exploitation of marine fish and utilisation of low priced fish during the period from 1979-80 to 1991-92 though the scheme was closed in February 1988 due to continued losses.

Although the scheme was expected to yield an annual profit of Rs.21.41 lakhs over a period of 10 years, the cumulative losses upto 1991-92 (till July 1991) amounted to Rs.26.16 lakhs. The loss was attributed to delay in supply of trawlers by the boat builders.



(iv) *Blocking of funds*

In February 1983, the Corporation was granted a licence by the Government of India to charter 5 pairs of vessels. The terms of the licence required the Corporation to purchase an equal number of deep sea vessels by February 1986. An amount of Rs.36.96 lakhs was paid as advance by the Corporation to a firm (between 1985-86 and 1988-89) based at Kakinada for construction and supply of a trawler at a price of Rs.92.40 lakhs. The amount comprised OMCAD's own contribution (Rs.3.16 lakhs), subsidy met out of Government of India grants (Rs.11.65 lakhs) and loan obtained from the Shipping Development Fund Committee/Shipping Credit and Investment Company of India Limited (Rs.22.15 lakhs). Though the delivery of the trawler was to be made by December 1988, the same has not been constructed so far (July 1992). The Corporation filed money suit for settlement of the dispute and realisation of the amount paid to the boat building firm.

Thus, funds of Rs.36.96 lakhs have been blocked and the Corporation has to pay a sum of Rs.6.05 lakhs to the financing institutions towards interest upto June 1992, besides losing income of Rs.20.43 lakhs that would have accrued to the Corporation had the trawler been delivered on schedule.

The matter was referred to the Government in September 1992; reply has not been received (June 1993).

( Annexure

ANNEXURE

Important schemes under Fisheries implemented by the State under both Central and State sectors.

<u>Name of the Scheme</u>	<u>Objectives in breif</u>
<b><u>Central Sector</u></b>	
i) Development of Inland Fisheries Statistics	To evolve uniform concepts in methodology for estimation of inland fishery resources and fish production.
ii) Introduction of Beach Landing Crafts	To improve fishing ability of traditional fishermen by mechanised means
iii) Re-imbursement of Central Excise Duty on High Speed Diesel Oil supplied to mechanised boats below 20 M. length.	To give relief to fishermen and to develop mechanised fishing industry.
<b><u>Centrally sponsored schemes</u></b>	
i) Trawler development fund - Import and purchase of deep sea trawlers	For financing purchase/import of deep sea trawlers by Indian Companies.
ii) Fresh Water Aquaculture (Development of Aquaculture)	To increase fish productivity from village tanks and ponds through scientific fish farming.
iii) Integrated Brackish water fish farm development	To utilise the vast Brackish water areas in coastal belts for prawn culture.
iv) Fishery Harbours at Minor ports	To provide landing and berthing facilities.
v) Motorisation of traditional crafts	To increase the frequency and area of operation by the fishermen so as to improve their economic condition.
vi) Welfare schemes for fishermen -	
(a) Group Accident Insurance Scheme for active fishermen	To provide insurance coverage to active fishermen.
(b) National Welfare fund for fishermen	To provide civic amenities in selected fishermen villages.
<b><u>State Sector</u></b>	
i) Production of quality spawn	To raise production of induced bred spawn.
ii) Remodelling of fish farms	To renovate and modernise existing farms to increase capacity utilisation.
iii) Development of reservoir fisheries	To raise the fish production from reservoir waters and to cover more reservoir areas.
iv) Brackish Water Development Agency	To provide requisite packages of technological, financial and extension support to fish farmers of small and marginal categories.
v) Development of traditional fisheries at Kosafal with Norweign Aid (NORAD)	To provide infrastructural facilities at Kosafal to improve the socio-economic conditions of fishermen.



### 3.4 Idle outlay

Out of two tenders received from Indian Agents of foreign manufacturers for the supply of Liquid Nitrogen Plant (LNP) for Frozen Semen Bank, Balasore, the Director of Animal Husbandry and Veterinary Services (DAHVS) accepted (March 1990) the offer of LNP with 9.70 litre capacity per hour for Rs.25 lakhs in preference to the other offer of LNP of 10 litre capacity per hour for Rs.25.97 lakhs. The capacity specified in the tender notice could not be verified as the same was not made available to Audit. The LNP was received in April 1991 and installed in March 1992 but was yet to be commissioned (November 1992). Expenditure of Rs.26.68 lakhs was incurred (including bank commission, interest and other charges) on the equipment upto March 1992. In addition, liabilities aggregating to Rs.2.10 lakhs on account of octroi (Rs.0.50 lakh), clearance charges (Rs.0.59 lakh) and installation charges (Rs.1.01 lakhs) were yet to be discharged (March 1992).

Test check of the records of the DAHVS conducted during February 1992 revealed the following :

- (a) The purchase committee recommended (20 March 1990) purchase of 10 litre capacity LNP. After contacting the manufacturer, the DAHVS preferred to purchase the lower capacity plant on the ground that it was cheaper and the Indian Agent of the recommended firm was not reliable whereupon the committee recommended (26 March 1990) the purchase of the lower capacity plant. As the tender papers were not made available to Audit, the economics/cost-effectiveness of the offers could not be checked in audit.
- (b) By not stipulating any condition of pre-shipment inspection in the purchase order and by not making the purchase of the equipment manufactured abroad through the Director General of Supplies and Disposals, New Delhi as required under Rule 3 and 7 of Appendix - 6 of Orissa General Financial Rules, Government lost the opportunity of pre-shipment inspection of the LNP.
- (c) According to the Delegation of Financial Powers, cases involving expenditure beyond Rs.12.50 lakhs were to be sanctioned by the Administrative Department. The purchase was referred to Government in January 1991 but has not yet been ratified (March 1992).
- (d) During the trial-run conducted in March 1992, the plant attained a production capacity of only 4.50 litres per hour against the 9.70 litres per hour projected by the manufacturer. This was stated to be on account of non-supply of specific container and hose pipe etc. forming part of the plant.
- (e) The firm had not furnished the guarantee documents.

Thus, the equipment procured at a cost of Rs.28.78 lakhs has remained idle since April 1991 for want of essential parts.

The Department stated (November 1992) that the hose pipe has since been received and the manufacturing firm had been requested (August, September and December 1992) to depute an engineer for commissioning the plant.



## EDUCATION AND YOUTH SERVICES DEPARTMENT

## 3.5 Operation Blackboard

## 3.5.1 Introduction

The scheme 'Operation Blackboard' (scheme) was sanctioned by the Government of India in 1987 with a view to realising the objectives set out in the 'National Policy on Education 1986'. The main objective of the scheme was to bring about a substantial improvement in primary education by providing the minimum level of facilities in all primary schools existing on 30 September 1986 and prescribing the minimum level of funding for all primary schools (PS) to be opened in future.

The objective of the scheme was proposed to be achieved through the following three inter-dependent components.

- (i) provision of at least two reasonably large rooms that are usable in all weather with a deep verandah alongwith separate toilets for boys and girls;
- (ii) provision of at least two teachers, including, as far as possible, a woman teacher in every primary school; and
- (iii) provision of essential teaching and learning materials including blackboards, mats, charts, a small library and toys and games and some equipment for work experience.

The scheme was to be implemented in three years during 1987-88 to 1989-90 covering 20 per cent of blocks and municipal areas (MA) in 1987-88, 30 per cent in 1988-89 and the remaining 50 per cent in 1989-90. However, Government of India allowed continuance of the scheme during 1990-91 and 1991-92 also.

The scheme was first introduced in 65 blocks and 15 MAs during 1988-89 and subsequently extended to 176 blocks and 60 MAs in a phased manner as detailed below :

Phase	Year	Number of Blocks and MAs	Number of Primary Schools
I	1988-89	65 blocks and 15 MAs	7,377
II	1989-90 1990-91	98 blocks and 35 MAs	12,760
III	1991-92	78 blocks and 25 MAs	1,342
			<u>30,479</u>

The abbreviations used in the review are expanded in the Glossary vide Appendix - XVII at page - 216-217.



### 3.5.2 *Organisational set up*

At the State level, the Education and Youth Services (EYS) Department is in charge of appointment of teachers and supply of teaching and learning equipment (TLE) while construction of buildings is being looked after by both the EYS and Panchayati Raj (PR) Departments. The Director of Elementary Education (DEE) assists the Government in the overall implementation of the scheme with the assistance of District Rural Development Agencies (DRDA), District Inspectors of Schools (DIS) and Block Development Officers (BDO) at the District and Block levels. At the field level, the scheme is implemented by the Executive Officers of Municipalities and Notified Area Councils and the Village Level Committees. A State Level Empowered Committee (SLEC) headed by the Chief Secretary was constituted in August 1987 to approve and sanction the detailed block/municipal area-wise project reports pertaining to the scheme. On the basis of sanctions of the SLEC, funds are released by Government of India (GI).

### 3.5.3 *Audit coverage*

The implementation of the scheme during 1987-88 to 1991-92 was reviewed in audit during January - June 1992 based on a test-check of the records of the EYS Department and DEE and of 4 (out of 13) District Rural Development Agencies, 9 (out of 58) DIS, 9 (out of 100) Municipalities/Notified Area Councils and 34 (out of 314) blocks covering 4 districts (Cuttack, Ganjam, Kalahandi and Puri). The results of test-check are brought out in the succeeding paragraphs.

### 3.5.4 *Highlights*

- Out of Rs.5689 lakhs received as Central assistance during 1987-88 to 1991-92, the State Government incurred an expenditure of Rs.4402 lakhs leaving an unspent balance of Rs.1287 lakhs. While Rs.683 lakhs was not drawn, Rs.604 lakhs was kept under Civil Deposits as at the end of March 1992.

( Paragraph 3.5.5 )

- Expenditure of Rs.14.29 lakhs on TLE supplied to schools opened after 30 September 1986 was incurred though the scheme specifically prohibited this.

[ Paragraph 3.5.5(v) ]

- The achievement in the construction of Primary School buildings was 28 per cent of the assessed requirement and 68 per cent of the target. In 10 blocks MA, 14 buildings were shown to have been constructed more than once involving an additional expenditure of Rs.11.17 lakhs.  
[ Paragraph : 3.5.7(a) & (g) ]
- Against the assessed requirement of 13,004 second teachers only 10,352 posts were filled in. Test check revealed that of 136 posts of teachers sanctioned in excess 97 were irregularly adjusted in multi-teacher schools and 39 in schools not covered under project proposals and sanction.  
[ Paragraph : 3.5.8(a) & (b) ]
- Extra expenditure of Rs.70.25 lakhs was incurred in the procurement of TLE due to placing of supply orders with agencies who were not producing/manufacturing these materials.  
[ Paragraph : 3.5.9(a) ]
- Materials worth Rs.19.55 lakhs purchased and supplied to primary schools were found to be sub-standard.  
[ Paragraph : 3.5.9(b) ]
- In 5 blocks and 9 MAs materials worth Rs.11.37 lakhs were purchased and supplied in excess of requirement.  
[ Paragraph : 3.5.9(c) ]
- Payment of Rs.11.18 lakhs was made for supply of magazines on proforma bills without actual verification/certification of supply.  
[ Paragraph : 3.5.9(e) ]
- Expenditure of Rs.101.27 lakhs was incurred on the procurement of materials in excess of the ceiling cost fixed by GI.  
[ Paragraph : 3.5.9(f) ]
- A sum of Rs.130.94 lakhs was diverted for purposes beyond the scope of the scheme.  
[ Paragraph : 3.5.9(h) ]
- Harmoniums purchased at a cost of Rs.20.84 lakhs were lying unutilised since November 1988 due to non-availability of music teachers.  
[ Paragraph : 3.5.9(i) ]



In the 4 districts test-checked materials worth Rs.30.19 lakhs were distributed to 392 schools which were not eligible for assistance under the scheme.

( Paragraph : 3.5.10 )

### 3.5.5 Finance and expenditure

Operation Blackboard was a Centrally sponsored scheme. Government of India provided 100 per cent assistance for two of the components of the scheme - appointment of second teachers in single teacher schools and purchase of TLE.

No separate funds were provided under the scheme for construction of buildings and the expenditure was to be met by provision of adequate funds by the State Government under the ongoing schemes such as National Rural Employment Programme/Rural Landless Employment Guarantee Programme/Jawahar Rojgar Yojana by treating the construction of school buildings as high priority activity.

For construction of buildings, the State Government received funds from the following sources : (i) Ninth Finance Commission, (ii) Jawahar Rojgar Yojana (40 per cent State share, 60 per cent Central share) and (iii) Funds provided under State Plan for the purpose.

Grants released by GI and expenditure incurred from 1987-88 to 1991-92 for salaries and purchase of TLE and amount released for construction of buildings and expenditure incurred are indicated below :

Year	Grants released by GI towards			Expenditure			Funds released for construction of School buildings	Expenditure
	Salaries	TLE	Total	Salaries	TLE	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	( R u p e e s )				in		l a k h s )	
1987-88	220.75	532.25	753.00	88.86*	Year-wise details are not available	-	-	Nil
1988-89	471.51	633.94	1105.45	277.59		-	216.16	NA
1989-90	499.15	365.10	864.25	818.87		-	1510.92	NA
1990-91	1407.95	410.37	1818.32	1353.27		-	750.00	NA
1991-92	1147.90	Nil	1147.90	525.63		-	NA	NA
	<u>3747.26</u>	<u>1941.66</u>	<u>5688.92</u>	<u>3064.22</u>	<u>1337.53</u>	<u>4401.75</u>		

\* Represents expenditure on account of pay and allowances of 750 women teachers of different State and Centrally sponsored schemes brought over to the OB scheme from the date of its commencement.

NA : Not available.



Scrutiny of records, revealed the following :

- (i) GI released funds for the second phase in full before any expenditure was incurred by the State Government though, as per the scheme, 50 per cent of the funds were to be released when the projects were sanctioned by the SLEC and the remaining only after the State Government was able to show the progress of expenditure of 75 per cent of the amounts released earlier.
- (ii) The time lag between sanctions accorded by the SLEC and funds released by GI ranged from 3 months in the first phase to 15 months in the third phase.
- (iii) Delay in the release of funds by the State Government to DEE ranged from 3 to 6 months in respect of 'Salaries' and 5 to 7 months in respect of TLE. In one case the delay was 2 years.
- (iv) Out of Rs.1941.66 lakhs received as Central assistance for TLE during 1987-88 to 1991-92, Rs.1337.53 lakhs was spent and the balance of Rs.604 lakhs was lying in Civil Deposit. In addition, a sum of Rs.683 lakhs, out of Rs.3747 lakhs released as Central assistance towards salary of teachers was not drawn. Besides, State Government funds of Rs.4 lakhs drawn in May 1990 were lying unutilised with the DEE.
- (v) 185 schools in four districts (Cuttack : 37, Ganjam : 81, Kalahandi : 30 and Puri : 37) opened after 30 September 1986 which were not eligible for financial assistance under the scheme were provided with TLE at a cost of Rs.14.29 lakhs out of scheme funds. Sanction in these cases had been accorded by the SLEC without ascertaining the dates of opening of these schools.

#### 3.5.6 *Survey and project formulation*

No initial survey reports in the prescribed proforma for first, second and third phases were available with the field offices. The actual data based on which the consolidated block proposals were prepared and submitted to the SLEC for sanction of funds were also not made available to Audit.

#### 3.5.7 *Construction of buildings*

(a) Under the scheme, land required for construction of school buildings should be provided by the local community which should also take over responsibility for fencing, repairs and maintenance of the buildings. However, Block



project proposals were prepared/approved and Central assistance received without obtaining undertakings from the village committees about provision of land etc. Construction of school buildings was mainly on Government land.

The Fifth All India Educational Survey (September 1986) assessed the requirement of Primary School buildings at 17,612. Against this, 9,250 buildings were constructed by the State Government upto the commencement of the first phase of the scheme i.e. upto 1988-89. Thus, construction of 8,362 buildings was to be taken up under the scheme. However, construction of only 3,440 buildings was taken up for completion in three phases; the targets and achievements were reported to be as follows :

Phase	Number of schools		Constructions to be taken up.			Construction completed			Construction in progress		Total (10+11)	Amount released for construction (Rupees in lakhs)	Amount spent
	Total	Covered	Number of buildings			Two Rooms	One Room	Total	Two Rooms	One Room			
			Two Rooms	One Room	Total								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
I	1179	1179	1043	136	1179	1043	136	1179	Nil	Nil	Nil	669.38	669.38
II	1511	1166	1511	Nil	1511	1166	Nil	1166	345	Nil	345	1057.70	976.95
III	750	Nil	750	Nil	750	Nil	Nil	Nil	750	Nil	750	750.00	NA*

The achievement of construction of buildings was 28 per cent of the assessed requirement and 68 per cent of the target.

(b) In the four districts (Cuttack, Ganjam, Kalahandi and Puri) test-checked, it was noticed that out of 396 buildings targeted to be constructed in the three phases (First : 130, second : 180 and third : 86), only 127 buildings were constructed (First : 59, second : 67 and third : 1) representing 45, 37 and 1 per cent respectively of the targets set. The overall achievement in the these four districts during the three phases was 32 per cent of the target. Construction of 55 buildings was not taken up, while that of 214 was in progress (March 1992). Expenditure of Rs.149.74 lakhs had been incurred (as of March 1992) representing 54 per cent of Rs.278.76 lakhs sanctioned for the purpose.

(c) Though the DEE reported completion of all the 1179 buildings in the first phase, 71 buildings relating to the 4 test-checked districts alone had not been completed as of March 1992. In one case relating to the third phase, it was noticed that the construction was completed though the DEE, in July 1992, reported

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NA\* : Not Available



that none of the buildings of the third phase was completed. Thus, the figures of completion of construction of buildings as reported by the DEE were not correct.

(d) None of the buildings in the test-checked districts was completed within the time schedule. The delay in the construction of the buildings ranged from 6 months to a little over 2 years and was attributed by the executing agencies to (i) non-selection of site, (ii) land disputes, (iii) delay in the execution of work by the agencies and (iv) requirement of additional funds on account of escalation in cost of materials and labour.

(e) The scheme provided for separate toilets for boys and girls. In 244 out of 396 school buildings constructed/under construction/planned in the test checked districts, no toilets had been provided for (May 1991). The State Government dispensed with the construction of toilets due to financial constraints on account of cost escalation.

(f) For construction of buildings in MAs, the State Government were required to make necessary arrangements for funds and funds of Central Government were not to be utilised. Test-check of records of 9 MAs of Cuttack, Ganjam, Kalahandi and Puri districts revealed that Rs.17.56 lakhs were sanctioned from central funds for construction of 32 school buildings out of which one building was completed and seven were in progress and expenditure of Rs.4.53 lakhs was incurred.

(g) Fourteen school buildings in 9 blocks and one MA of Cuttack (1), Ganjam (6), Kalahandi(1) and Puri(2) districts were shown as constructed more than once during the period 1986-87 to 1991-92. While Rs.5.91 lakhs were shown as spent on this account on the first occasion, a sum of Rs.11.17 lakhs was shown as spent on the construction of the same buildings again. During 1990-91, Rs.1 lakh each were sanctioned for the construction of two of the above buildings of Ganjam district for the third time. However, construction of these buildings was yet to be taken up (June 1992).

### 3.5.8 *provision of second teacher*

(a) The scheme provided for appointment of a second teacher, preferably a woman, in each single teacher school. According to the information furnished by the Director of Education, the State Government assessed the requirement of second teachers as 13,004 against which 10,352 (5,880 being women) posts were



reported to the GI to have been filled in as shown below :

i) Month and year of approval of Project report	I - Phase	II - Phase	III - Phase
	November 1987	December 1988 and March 1989	June 1989
ii) Number of posts sanctioned	2978	4388	2986
iii) Month in which the posts were sanctioned	May 1988	June 1989 and September 1989	February 1991
iv) Number of second teachers appointed upto 1991-92	2978	4388	2986
v) Shortfall in appointment of additional teachers	Nil	Nil	Nil

(b) In Bolangir, Cuttack, Ganjam, Kalahandi, Puri and Sambalpur districts, 136 posts of teachers were sanctioned in excess of requirement. Of these, 97 posts were irregularly adjusted in multi-teacher schools involving an expenditure of Rs.54.62 lakhs and 39 posts were adjusted in schools not covered under the project proposal and sanction. Test-check, also revealed that 120 posts of second teacher were lying vacant - 16 posts from May 1988 to May 1992, 4 posts from March 1990 to May 1992 and 100 posts from February 1991 to May 1992, in 6 blocks (Aska, Dangodi, Kesinga, Lanjigarh, Patrapur and Salipur) and one MA (Puri Municipality) due to these being in remote areas.

(c) The teachers appointed under the scheme were not imparted any orientation training and no booklets were supplied to facilitate proper use of materials supplied under the scheme.

### 3.5.9 Supply of TLE

In terms of the scheme, altogether 32 items of various categories of TLE were required to be supplied to the schools as 'essential facilities at primary stage'. The State Government was required to procure the items within the unit cost fixed by the Government of India and supply them to each school covered under the scheme. The procurement was to be confined to only those items which could not be fabricated/manufactured within the educational institutions like Polytechnics/ITIs under the work-experience programme. A sum of Rs.1337.53 lakhs was spent on purchase of essential facilities for supply to 30,479 primary schools

covered upto the third phase as detailed below :

Phase	Number of schools	Value of TLE required	Amount released	Expenditure incurred	Shortfall against amount released
( R u p e e s                      i n                      l a k h s )					
I	7377	539.54	532.25	473.75	58.50
II	12760	1009.82	999.04	857.49	141.55
III	10342	827.41	410.37	6.31	404.06
		<u>2376.77</u>	<u>1941.66</u>	<u>1337.55</u>	<u>604.11</u>

Though the scheme envisaged procurement of materials identified as deficient in the schools as per the initial survey reports, the SLEC decided to provide all the TLE listed in the scheme for supply to the schools irrespective of the availability except tables/chairs, blackboards and school bells.

The following further irregularities were noticed in this connection:

(a) *Purchase of articles from non-manufacturing units*

TLE was purchased from non-manufacturing units without ascertaining whether items required could be manufactured within the educational institutions and also without identifying the manufacturers. Expenditure of Rs.265.92 lakhs was incurred during 1988-89 to 1991-92 on procurement of materials viz: maps, educational charts, plastic globes, games equipment etc. from Orissa Consumers Co-operative Federation (Rs.46.84 lakhs), Orissa State Handicrafts Corporation (Rs.96.65 lakhs), Orissa Leather Corporation (Rs.62.02 lakhs) and Orissa Small Industries Corporation (Rs.60.41 lakhs) which were not the manufacturers.

Purchase of articles through these agencies instead of direct purchases from the manufacturers resulted in extra expenditure of Rs.70.25 lakhs as shown below :

Name of the agencies from whom procured	Item of equipment	Procurement cost including transportation and other charges incurred by the agency	Cost at which supplied to Government	Extra expenditure to Government
( R u p e e s                      i n                      l a k h s )				
Orissa Small Industries Corporation	Mini Tool kits	28.09	60.41	32.32



Name of the agencies from whom procured	Item of equipment	Procurement cost including transportation and other charges incurred by the agency	Cost at which supplied to Government	Extra expenditure to Government
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( R e p e e s      i n      l a k h s )

Orissa State Handicrafts Corporation	Toys, wisdom Box, Birds and Animal puzzles, School Bell, Manzira and sitting mats	113.32	140.78	27.46
Orissa Leather Corporation	Foot Ball, Volley Ball, Tennycoit and Air Pump	51.62	62.09	10.47
		<u>193.03</u>	<u>263.28</u>	<u>70.25</u>

(b) *Purchase of sub-standard material*

Samples of the quality approved were not supplied to blocks/MAs by the DEE in respect of any of the items procured and as a result the quality of articles supplied by the agencies could not be verified at the time of delivery. The following materials procured were found to be of sub-standard quality at the time of verification by the Financial Adviser and Chief Accounts Officer of the Office of the DEE, Purchase Committee constituted for the procurement of TLE under the scheme and as per complaints received in this regard as detailed below:

Name of the articles	Period of procurement	Quantity	Date of declaration as sub-standard	Cost (Rupees in lakhs)
Plastic Globes	1989-90	8090 numbers	October 1991	7.12
Educational charts	1988-89	5438 sets	February 1991	4.79
Foot-ball	1988-89	14754 numbers	October 1989	5.06
Swing Rope	1988-89	7377 numbers		2.58
				<u>19.55</u>

(c) *Supply of materials in excess of requirement*

Against the requirement of 733 sets of TLE worth Rs.57.75 lakhs for distribution to 733 existing schools in 5 Blocks and 9 MAs, 879 sets valued at Rs.69.12 lakhs were supplied to these blocks resulting in excess supply of TLE valued at Rs.11.37 lakhs. Of the sets distributed to blocks, 104 sets valued at Rs.8.18 lakhs (proportionate cost) were lying in stock in the blocks of the districts (Ganjam - 50 sets, Kalahandi - 16 sets, Sambalpur - 24 sets, Cuttack - 10 sets

and Puri - 4 sets). In Aska block of Ganjam district 14 sets were distributed to NAC schools though the schools had earlier been supplied these materials under the second phase.

(d) *Non-supply of materials*

The following materials to be supplied under the scheme had not been provided (May 1992) to schools as detailed below :

Sl. No.	Name of materials	Total number of schools		Number of schools not supplied			
		Phase - I	Phase - II	Phase-I	Per-centage	Phase-II	Per-centage
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Syllabus	7377	12760	7377	100	4090	32
2.	Teachers guide	7377	12760	7377	100	12760	100
3.	Text book	7377	12760	7377	100	4090	32
4.	Dholak	7377	12760	6912	94	8866	69
5.	Harmonium	7377	12760	4841	66	11761	92

Thus, while there was excess supply of materials to some schools, the requirement of the TLE of other schools was not fully met.

The Text Book Press on whom orders were placed for supply of items at serial number (1), (2) and (3) could not supply the same and the matter was under correspondence with the Government and the Press. The agency on whose orders for supply of dholak and harmonium were placed could not supply the same and the orders were cancelled (August 1989). No fresh orders were placed for supply of these items (June 1992).

(e) *Irregular payment on proforma bill*

A sum of Rs.11.18 lakhs was paid by DEE during 1988-89 to suppliers on proforma bills without verification/certification of actual supply of magazines to 7377 schools.

(f) *Articles purchased in excess of unit cost*

It was seen that the expenditure incurred in respect of the following articles was in excess of the ceiling prescribed by Government of India resulting



in total excess expenditure of Rs.101.27 lakhs.

Name of the materials	Numbers purchased	Period of purchase	Prescribed unit cost	Rate at which purchased	Extra expenditure
			( In r u p e e s )		(Rupees in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)
Blackboard	37,309	August 1989 to March 1992	200 each	230 each	11.19
Sitting mats	20,137 units	1988 to 1990	375 unit	750 unit	75.51
Galvanised insulated box	7,377	November 1988	300 (for 2 sets)	450 (for 3 sets)	11.07
Harmonium	999	June 1990 to November 1990	500 each	850 each	3.50
					<u>101.27</u>

(g) *Non-availing of discount on purchase of magazines*

Although the purchase orders placed by DEE in September 1988 and December 1989 provided for 15 per cent discount on purchase of magazines to be deducted from the suppliers bills, a sum of Rs.3.85 lakhs being 15 per cent discount on purchase of magazines worth Rs.25.64 lakhs was not deducted by the DEE during January 1989 to November 1991 from the suppliers bills.

(h) *Diversion of funds*

There was a saving of Rs.172.71 lakhs on account of discount received on purchase of library books and non-purchase of musical instruments etc. Out of the said amount a sum of Rs.130.94 lakhs was diverted for the following purposes beyond the scope of the scheme.

		(Rupees in lakhs)
(i)	Purchase of 2925 steel almirahs	58.50
(ii)	initial expenditure for the printing of 12,760 sets of 24 children books	4.72
(iii)	repeat purchase of 4251 sets of 298 children books	67.72
Total :		<u>130.94</u>

(the books at (ii) and (iii) were in addition to 364 and 456 titles supplied to each school under first and second phases of the scheme).

The balance amount of Rs.41.77 lakhs was lying unutilised (May 1992). The 24 manuscripts were, however, not printed (May 1992) due to upward revision of price from Rs.24.50 lakhs to Rs.32.77 lakhs. In the meantime, Rs.4.72 lakhs have already been spent in the preparation of screens and blocks.

(i) *Non-utilisation of musical instruments*

Harmoniums (3535 numbers) procured by DEE at a cost of Rs.20.84 lakhs during November 1988 to November 1990 were lying unutilised in 3535 schools due to non-availability of music teachers. The availability of music teachers had not been considered at the project proposal stages.

3.5.10 *Other points of interest*

As per the scheme Upgraded Middle English Schools and Middle English Schools having primary sections upto Class-V were not to be covered. It was, however, seen during test check of 4 districts viz: Cuttack, Ganjam, Kalahandi and Puri that 392 such schools were covered under the Scheme and materials worth Rs.30.19 lakhs were supplied to them by DEE during November 1988 to November 1990.

3.5.11 *Monitoring and evaluation*

For effective implementation of the programme and for timely appraisal, reports and returns were prescribed by Government of India for periodical submission by the field officers to DEE. It was observed that no such returns were furnished by them to the DEE. The performance of village level committees was to be reviewed monthly by the Sub-Inspector of Schools concerned and reported to DEE by 7th of the succeeding month. Test-check revealed that no such reports were sent to DEE.

Out of 34,178 schools existing in the State as on 30 September 1986, 6017 schools did not have two rooms buildings, 2652 schools did not have a second teacher while 7924 schools were not supplied essential TLE as of 31 March 1992.

In respect of 4000 schools opened after 30 September 1986 upto 31 March 1992, the State Government was required to provide all the facilities as per the norms of the scheme. But though a second teacher was posted in all such schools, no TLE were supplied. The DEE also has no information about the number of schools having two roomed buildings.



Basic information regarding the impact of the scheme indicating the improvement in the strength of students in the primary schools, reduction in dropout etc. were not available with the DEE.

The State Government had also not conducted any evaluation of the scheme till May 1992.

The points mentioned above were referred to Government in August 1992; reply has not been received (June 1993).

### **3.6 Employment of excess staff**

According to the staffing norms of Government High Schools as revised in December 1980, Lady Lewis Girl's High School, Sambalpur was entitled to a complement of 30 teachers (22 trained graduate (TG) teachers and 8 trained Intermediate (TI)/trained matriculate (TM) teachers) during the period 1983-84 to 1989-90, 32 teachers (24 TG and 8 TI/TM) during 1990-91 and 33 teachers (24 TG and 9 TI/TM) during 1991-92. Audit scrutiny, however, revealed that during the period 1983-84 to 1991-92 (August 1991) the staff strength of the school was not in accordance with the norms and that against the vacancies in the TG cadre a larger number of teachers in the TI/TM cadre were appointed resulting in an extra expenditure of Rs.5.75 lakhs on salary of teachers entertained in excess as detailed in the Appendix - XII .

In reply to an audit query the Inspector of Schools, Sambalpur Circle stated (April 1992) that as it was not possible to provide qualified staff as per the revised norms and so long as the excess staff were not adjusted in other schools, they were to be retained in their present stations. It could not, however, be explained why excess staff were entertained. It was also noticed that though a review of the staff strength was undertaken during 1985 by the Directorate of Secondary Education, no steps were taken to re-allocate the staff in accordance with the sanctioned strength

In their reply, Government accepted (February 1993) the factual position and stated that all the surplus teachers of the above High School were adjusted by September 1991.

### **3.7 Nugatory expenditure on idle staff**

Shorthand and Typewriting was being taught as an optional subject from Class-VIII onwards in the High Schools of the State until 1986. The Board of



Secondary Education, Orissa, Cuttack deleted (July 1986) this subject from the syllabus of Class-VIII for the 1986-87 session and the High School Certificate Examination (HSCE), 1988 and onwards in respect of Class-IX - X.

During test-check (May 1992) of records of the Headmaster, Onslow Institute, Chatrapur, District Ganjam, it was noticed that the Shorthand and Typewriting Instructor (ST) was continued in service even after the HSCE 1987 without any work. The Department incurred nugatory expenditure of Rs.2.04 lakhs for the period from June 1987 to March 1992 on his pay and allowances.

The Headmaster stated that the instructor was attending the school in the morning shift for Class-VI and VII to maintain discipline and that he had requested (April 1992) the Director of Schools to post the instructor elsewhere.

The matter was referred to Government in May 1992; reply has not been received (June 1993).

#### AGRICULTURE DEPARTMENT

##### 3.8 Unproductive investment

An Elite Coconut Seed Farm was established during 1975-76 over an area of 50 hectares at Biswanahakani in Cuttack district for production of high yielding variety of hybrid (DXT) coconut seeds by cross pollination of dwarf and tall varieties of coconut plants. The farm was intended to

- (i) meet part of the seed requirement of the State apart from becoming self-sufficient in the production of DXT hybrid seednuts; and
- (ii) supply hybrid nuts for planting along the fallow sandy tracts of the coastal belt so as to change the ecology and economy of the area besides being a soil conservation measure.

The scheme formulated by the State Soil Conservation Organisation in 1974-75 and approved by the Government of India in November 1975 was made a Centrally Sponsored Scheme with 100 per cent Central assistance upto 1978-79 and 50 per cent thereafter (upto 1987-88). The farm was expected to become self-supporting from 1988-89 onwards and raise 10,000 coconut palms which would yield 8 lakh hybrid seednuts per annum from the seventh year of plantation.



The farm acquired 11,796 exotic seedlings during 1976-77 to 1979-80 (1976-77 : 7,658, 1978-79 : 2,699 and 1979-80 : 1,439) at a cost of Rs.0.71 lakh. It was, however, noticed from the records of the Research Officer of the farm that despite 3,343 gap fillings made in place of casualties, only 6,855 plants survived as on 30 November 1991. Though 5,457 of the surviving palms were fruit bearing, not a single hybrid nut had been produced upto 1990-91. This was attributed by the farm authorities to non-hybridisation of the palms due to lack of funds for the purpose upto 1990-91. During 1990-91, a sum of Rs.1 lakh was provided for hybridisation of the palms and 19,382 hybrid seed nuts valued at Rs.1 lakh were produced during 1991-92.

Against Rs.59.85 lakhs spent upto 1991-92 on the Elite Coconut Seed Farm (pay and allowances of staff : Rs.27.54 lakhs, plantation and maintenance : Rs.21.15 lakhs, irrigation : Rs.4.73 lakhs, minor works : Rs.3.66 lakhs, tractor and pump sets : Rs.0.87 lakh, electricity charges : Rs.1.90 lakhs) revenue of Rs.13.21 lakhs only was realised through sale of non-hybrid seedlings (Rs.3.24 lakhs), hybrid seed-nuts (Rs.1 lakh), seed-nuts (Rs.0.93 lakh), non-seeds (Rs.8.01 lakhs) and branches including coir (Rs.0.03 lakh) during the period from 1983-84 to 1991-92 (December 1991).

Thus, the farm that was expected to have 10,000 coconut palms producing 8 lakh hybrid seed-nuts per annum from 1985-86 onwards has failed to achieve the objectives for which it was established.

The matter was referred to Government in March 1992; reply has not been received (June 1993).

### **3.9 Unfruitful expenditure on plantation**

Assistant Soil Conservation Officer (ASCO), Puri district raised cashew and miscellaneous plantations on 142 hectares during 1988-89 and 1989-90 at a cost of Rs.2.73 lakhs and incurred an expenditure of Rs.0.44 lakh on their maintenance upto 1991-92. Test-check of the records of the ASCO revealed that the percentage of survival of the plantations ranged between 'Nil' and 42 against the norm of 75 per cent prescribed by the Government, as detailed overleaf.

Year of plantation	Location	Area (in hectares)	Expenditure incurred on			Overall percentage of survival	Proportionate expenditure on unsuccessful plantations (Rupees in lakhs)
			Plan-tation	Mainte-nance	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1988-89	Champagarh	33	0.87	0.13	1.00	42	0.58
	Biribari	7					
	Kuhudi	20	0.22	0.07	0.29	Nil	0.29
	Monei	20	0.22	0.07	0.29	20	0.23
	Kumudalpatna	16	0.51	0.05	0.56	38	0.35
	Tarapi	24	0.77	0.08	0.85	Nil	0.85
1989-90	Ariapada	16	0.10	0.03	0.13	Nil	0.13
	Chamagarh	6	0.04	0.01	0.05	Nil	0.05
	<b>Total :</b>	<b>142</b>	<b>2.73</b>	<b>0.44</b>	<b>3.17</b>	<b>20 to 42</b>	<b>2.48</b>

The plantations totally failed in an area of 66 hectare - 1988-89 : 24 hectare, 1989-90 : 22 hectares. The ASCO attributed (May 1992) the low survival of plantation to lack of funds for maintenance of the plantations. Test-check of records indicated that during the year 1989-90 maintenance expenditure at the rate of Rs.110 per acre was sanctioned while during 1990-91, it was sanctioned at the full rate of Rs.150 per acre. It was only during the third year that the allotment was reduced by about 50 per cent.

Thus, out of Rs.3.17 lakhs, expenditure of Rs.2.48 lakhs spent on unsuccessful plantations proved unfruitful.

The matter was referred to Government in February 1992; reply has not been received (June 1993).

### 3.10 Wasteful expenditure on construction of water harvesting structures

(a) Construction of water harvesting structure (slanting apron and irrigation sluice) at Badapur in Manikpur Gram Panchayat of Dharakote Block, Ganjam district was taken up in April 1989 at an estimated cost of Rs.2.61 lakhs. The site was selected on the basis of a survey conducted by the Assistant Soil Conservation Officer, Bhanjanagar. Technical sanction was accorded by the Soil Conservation Officer, Berhampur in July 1989, and the work was certified as completed in January 1990. Expenditure of Rs.2.16 lakhs was incurred on the



structure. The structure was reported to have been damaged by the floods of November 1990 and repair was estimated to cost Rs.2 lakhs. At this stage, a fresh feasibility survey was undertaken which revealed that the construction of water harvesting structure was not feasible at the site. Had proper feasibility study been undertaken at the initial stage the loss could have been avoided.

The matter was referred to Government in (August 1992); reply has not been received (June 1993).

(b) Construction of one water harvesting structure (WHS) was taken up at Khariguda in Chandrapur Block during 1988-89 to provide irrigation facilities to tribal lands, at an estimated cost of Rs.1.90 lakhs under Area Development Approach for Poverty Termination (ADAPT) Scheme (Rs.1.30 lakhs) and Prime Minister's Massive Programme (Rs.0.60 lakh). The Junior Engineer (JE) in-charge of the work reported completion of head works in January 1989 and the supply system in June 1989 at a cost of Rs.1.30 lakhs and Rs.0.56 lakh respectively.

Test-check of the records of the Assistant Soil Conservation Officer (ASCO), Gunupur conducted during November 1990 revealed that the Soil Conservation Officer (SCO), Koraput had instructed the JE to correct several defects noticed during his field inspection on 14 August 1989 and 7 October 1989, but no action had been taken by the JE despite reminders. The structure was damaged in the first fortnight of June 1990 in the normal rain fall. The SCO who inspected the work on 25 June 1990 observed that the WHS had become totally defunct on account of the damage caused due to use of sub-standard materials and non-execution of work according to standard specifications. The WHS had not been repaired so far. The entire expenditure of Rs.1.86 lakhs incurred on WHS has thus proved unproductive.

The ASCO stated (November 1990) that an amount of Rs.0.32 lakh was disallowed after check measurement carried out in June 1990 due to sub-standard work and action was being taken to recover the amount and utilise the same in the project so that it could be made beneficial to the farmers. He also stated that the JE had been chargesheeted (August 1990).

The matter was referred to Government in March 1991; reply has not been received (June 1993).



### 3.11 Loss due to excess procurement of groundnut seeds

The Deputy Director of Agriculture (DDA), Dhenkanal had assessed the requirement of groundnut seeds for the year 1990-91 (kharif) as 500 quintals. Against this, he received 462.70 quintals of groundnut seeds valued at Rs.6.05 lakhs in addition to the quantity of 0.15 quintal of groundnut seeds already available with him for sale to cultivators. The DDA could sell through sales centres, only 119.35 quintals of seeds which constituted 24 per cent of the assessed need. The shortfall in sale was due to the sale price of seeds being higher than the market rate. It was noticed during audit (February 1992) that after treating 15.50 quintals as handling loss (within the permissible limit), the balance quantity of 328 quintals of seeds were treated as unsuitable and were auctioned for Rs.2.63 lakhs against the cost price of Rs.4.05 lakhs. Thus, there was a loss of Rs.1.42 lakhs on the procurement of groundnut seeds which could not be sold to cultivators.

The matter was referred to Government in August 1992; reply has not been received (June 1993).

### 3.12 Loss due to procurement of sub-standard seeds

According to the instructions issued by the Director of Agriculture and Food Production (DAFP) seeds should be procured from Orissa State Seeds Corporation Limited (OSSC) and be tested by the State Seed Testing Laboratory before distribution. The seeds not conforming to 80 per cent germination capacity should be returned to the OSSC, at their own cost and risk, provided the reports of lower germination capacity are intimated within 25 days of taking delivery of stocks.

Test-check (September 1991) of the records of the Deputy Directors of Agriculture (DDA) of Baripada, Ganjam and Puri Ranges revealed that out of 710 quintals of paddy seeds procured during 1988-89 to 1991-92, 478 quintals were found to have less than 80 per cent germination capacity, but the stocks (except 38 quintals in respect of DDA, Puri) could not be returned to OSSC as the tests were conducted and/or the results of tests were received long after the prescribed period of 25 days of procurement of the seeds as detailed overleaf.



Sl. No.	Range	Year(s)	Quantity procured ( in quintals)	Time taken in sending samples for test	Time taken for receipt of test Report	Quantity found sub-standard ( In quintals )	Quantity disposed	Actual cost of the quantity disposed	Sale proceeds realised	Net loss
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1.	Ganjam	1988-89	51	149 days	27 days	51	51	0.22	0.07	0.15
2.	Mayurbhanj	1989-90	70	248 days	18 days	70	50	0.24	0.09	0.15
3.	Puri	1989-92	<u>589</u> <u>710</u>	12 to 135 days	14 to 23 days	<u>357</u> <u>478</u>	<u>284</u> <u>385</u>	<u>1.42</u> <u>1.88</u>	<u>0.68</u> <u>0.84</u>	<u>0.74</u> <u>1.04</u>

The time taken in sending samples for testing was upto 248 days while test reports were received within 14 to 23 days. Of the 478 quintals found sub-standard, 385 quintals were disposed of by the DDAs, 5 quintals had already been sold as seeds to farmers through sales centres before receipt of the test reports, 38 quintals could be returned to OSSC and 50 quintals are awaiting disposal (March 1992).

The DDAs stated that the seeds were required to be distributed within a time bound programme and in the rush of meeting, cultivators' demands, samples could neither be sent in time nor could they wait for the germination test reports before distribution. The reply is not accepted as the object of timely distribution of seeds would be defeated if poor quality seeds were distributed. Further, the disposal of sub-standard seeds as grain without availing of the opportunity of seeking replacement of seeds from the supplier (Orissa State Seeds Corporation) reduced the availability of tested seeds during the period and also resulted in a loss of Rs.1.04 lakhs.

The matter was referred to Government (January 1991/February 1992); reply has not been received (June 1993).

### 3.13 Unfruitful investment

The Assistant Soil Conservation Officer (ASCO), Padampur raised cashew plantation over an area of 80 hectares during 1983-84 at a cost of Rs.0.46 lakh. Apart from serving the purpose of soil conservation, the plantation was expected to yield net revenue of Rs.0.03 lakh per hectare per annum from the fifth year i.e. 1988-89. Test-check of the records of the ASCO (April 1990), revealed that a

sum of Rs.0.29 lakh was spent on the maintenance of the plantation during 1984-85 (Rs.0.11 lakh), 1985-86 (Rs.0.12 lakh) and 1986-87 (Rs.0.06 lakh) against the norm of Rs.0.12 lakh per annum. The plantation was not maintained thereafter; according to the ASCO the plantation was, as a result, completely damaged.

The ASCO, while admitting the facts, contended that the damaged plantation prevented soil erosion. The contention of the ASCO is not tenable as damaged plantation being dead-wood cannot prevent soil erosion.

Thus, as a result of non-maintenance after 1986-87 the entire expenditure of Rs.0.75 lakh was rendered infructuous in addition to depriving Government of a potential annual net revenue of Rs.2.40 lakhs.

The matter was referred to Government in November 1990; reply has not been received (June 1993).

#### HEALTH AND FAMILY WELFARE DEPARTMENT

##### **3.14      Nugatory expenditure on pay and allowances of cooks**

Hospitals in the State having indoor treatment facilities are provided with cooks for supply of diet to the patients admitted for treatment. Test check (July 1989 to February 1992) of records of 2 Sub-divisional Hospitals and 33 Primary Health Centres (PHC)/Dispensaries revealed that 37 cooks employed in these institutions were not utilised for preparation and supply of diet to in-door patients for one to eight years and more as detailed in Appendix -XIII . While confirming the facts the Medical Officer-in-charge of the Hospitals/dispensaries could not specify how the services of the cooks were gainfully utilised.

Non-utilisation of cooks for the purpose for which they were appointed resulted in nugatory expenditure of Rs.17.72 lakhs incurred on their pay and allowances for the period mentioned.

The matter was referred to Government in April 1992; reply has not been received (June 1993).

##### **3.15      Idle investment**

The Director of Health Services (DHS), Bhubaneswar placed (January 1987) an order with a firm for supply of one 200 milli amperes X-Ray machine valued at Rs.2 lakhs in replacement of the existing one at the District



Headquarters Hospital (DHH), Sundargarh without any requisition from the hospital. According to the terms of the order, the firm was to be paid 90 *per cent* against delivery and the balance on installation which was to be completed within 30 days from the date of delivery. In case of delay in installation for reasons beyond the control of the firm, 10 *per cent* of the cost was to be paid within 30 days of delivery failing which Government was liable to pay interest at the rate of 18 *per cent* per annum thereon. The firm had offered a guarantee period of one year from the date of delivery.

The firm enquired (January 1987) about the availability of infrastructural facilities like power supply, room of specified size, dark room etc. at the DHH, and based on the advice of the Chief District Medical Officer (CDMO), Sundargarh, the firm supplied the machine on 13 August 1987 and was paid Rs.1.80 lakhs on 17 August 1987 towards 90 *per cent* of its cost.

Subsequently, however, the CDMO intimated (27 August 1987) the DHS that as the existing X-Ray machine was in working condition, the new machine could be installed in another room after remodelling the same and providing power supply. Though electrical installations were completed in October 1991 at a cost of Rs.0.13 lakh a sum of Rs.0.04 lakh was deposited only in September/October 1992 with the Orissa State Electricity Board for the power connection. The X-Ray machine could not, therefore, be installed (October 1992). Meanwhile Government had incurred a liability of paying a sum of Rs.0.18 lakh as interest on the balance (Rs.0.20 lakh) cost of the machine.

The procurement of the additional X-Ray machine for District Headquarters Hospital, Sundargarh without advance planning and provision of the necessary facilities resulted in an idle investment of Rs.1.97 lakhs as of October 1992. The CDMO confirmed (May 1992) the above position and stated that steps would be taken to instal the machine early.

The matter was referred to Government in July 1992; reply has not been received (June 1993).

#### REVENUE DEPARTMENT

##### 3.16 Infertuous expenditure

The State Government sanctioned (March 1991) Rs.94.25 lakhs for the rehabilitation of 395 families of Satabhaya and Kanhupur villages of Cuttack district which were damaged due to saline inundation and coastal erosion caused by



cyclonic winds and tidal waves. The amount was drawn by the Collector, Cuttack and credited to Civil Deposits as per the orders dated 22 March 1991 of the Revenue and Excise (RE) Department. The amount was to be utilised on (a) construction of ten tube-wells (Rs.3 lakhs); (b) excavation of four tanks (Rs.8 lakhs); (c) construction of houses (Rs.59.25 lakhs); (d) construction of Gheribandh (Rs.14 lakhs) and (e) elevation of house sites with sand/earth (Rs.10 lakhs). A sum of Rs.31 lakhs was drawn from Civil Deposits in June 1991 and advanced (July 1991) to various executing agencies as detailed below :

Executing Agency	Amount (Rupees in lakhs)	Purpose
Executive Engineer, Public Health Division - III	3.00	Construction of 10 tube-wells.
Block Development Officer (BDO), Rajnagar	4.00	Excavation of 2 tanks
Executive Engineer, Kendrapara Division, Kendrapara.	14.00	Construction of Gheribandh
Block Development Officer, Rajnagar	10.00	Elevation of House sites with Sand/Earth

During audit (February 1992) it was noticed that the Block Development Officer (BDO), Rajnagar had incurred expenditure of Rs.3.88 lakhs on the elevation of 250 house sites (Rs.3.64 lakhs) and excavation of tanks (Rs.0.24 lakh). No reports of progress of work had been rendered by other executing agencies (February 1992). It was also noticed that based on an intimation received from the Forest and Environment Department that the area was within the Bhitarkanika Wild Life Sanctuary and the rehabilitation works resulted in unlawful destruction of forests in violation of the Forest (Conservation) Act, 1980, the Collector had issued instructions (September 1991) to all the executing agencies whereby all rehabilitation works were stopped.

Thus, lack of proper planning and co-ordination between different departments resulted in funds to the extent of Rs.90.37 lakhs remaining blocked under Civil Deposits (Rs.63.25 lakhs) and with different executing agencies (Rs.27.12 lakhs). Besides, there was an infructuous expenditure of Rs.3.88 lakhs on works that had been started but which had to be abandoned as they were in forest areas where such works were prohibited under the Forest (Conservation) Act *ibid.*



The matter was referred to Government in August 1992; reply has not been received (June 1993).

### **3.17      Infertuous expenditure on the creation of a consolidation circle**

Test-check (August 1991) of the records of the Deputy Director (Consolidation), Bolangir disclosed that in June 1988 a new consolidation circle (Madanpur-Rampur) was created by the Government to carry out the work of consolidation of land holdings in an area of 14311 hectares under 46 villages. The Director, Consolidation intimated (March 1992) that the circle could not conduct any consolidation work due to lack of popular response in favour of such work. Government issued orders in December 1989 abolishing the circle and diverted the staff of the abolished circle to another newly created circle at Chandabali. The transfer of staff was effected by 15 January 1990.

The expenditure of Rs.1.43 lakhs incurred on the salary and allowances of idle staff of the circle during the period from 1 June 1988 to 15 January 1990 proved infertuous.

The matter was referred to Government in October 1991; reply has not been received (June 1993).

## **FINANCE DEPARTMENT**

### **3.18      Unfruitful expenditure on computers**

Government decided in April 1986 to employ computers for preparation of budget, monitoring of expenditure, inventory control, preparation of pay bills and accounts of terminal benefits, and entrusted M/s. Orissa Computer Application Centre (OCAC), a Government of Orissa undertaking, with the supervision and overall co-ordination of the operations.

Two computers were installed in August 1986 at a cost of Rs.5.78 lakhs. Besides, a sum of Rs.6.49 lakhs was spent during 1986-87 to 1990-91 towards maintenance of the computers (Rs.1.93 lakhs), pay and allowances of Data Entry Operators (Rs.1.20 lakhs), stationery (Rs.1.75 lakhs) and development of software, preparation of user's manuals etc. (Rs.1.61 lakhs).

Though the computers were commissioned in December 1986, the intended benefits could not be derived and Government decided in January 1991 to handover the computer to OCAC at their depreciated value. As there was no



response from OCAC, Government invited (January 1992) tenders for the disposal of the computers, but there was no response to the tender call. Meanwhile, preparation of computerised Revised Estimates for 1991-92 and Budget Estimates for 1992-93 was got done through the National Informatics Centre, Bhubaneswar. It was noticed that the National Informatics Centre had opined in April 1991 that the computers were out dated. In reply to an audit query in this regard, the Department stated (November 1992) that due to lack of complete data from different departments in time, the computers could not be utilised properly and that they could be used only to train personnel, generate miscellaneous reports on expenditure/receipts and other statistical data.

Thus, due to improper planning and management, expenditure of Rs.12.27 lakhs incurred on the installation and maintenance of computers was rendered largely unfruitful.

#### LABOUR AND EMPLOYMENT DEPARTMENT

##### 3.19 Infertuous expenditure on idle staff

Government established in 1965 a Multipurpose Labour Welfare Centre at Bardol in Sambalpur district for providing recreational, educational and cultural amenities to the workers of Hira Cement Works (HCW), Bardol and their families. In view of the much better amenities provided by the HCW to its employees and their families, the facilities of the Centre were not used. The Centre was, therefore, shifted from Bardol to a rented building at Bargarh during October 1987 and thereafter (September 1991) to the Office of the Assistant Labour Officer (ALO), Bargarh.

The Centre had on its rolls, a Welfare Organiser, a Lady Instructor and a Peon since its inception. The Deputy Labour Commissioner (DLC), Sambalpur Division, Sambalpur transferred (August 1986) the Welfare Organiser to the Office of the ALO, Bargarh and recommended (July 1987) to the Labour Commissioner that:

- (a) the Lady Instructor of the Centre be transferred to other Division as her services could not be utilised there; and
- (b) the services of the Peon be utilised by the ALO, Bargarh.

All of them, however, continued to remain attached to the office of the ALO, Bargarh only without assignment of any specific duty in addition to the



full sanctioned strength of that Office. Their pay and allowances are being drawn against the defunct Centre.

Thus, the entire expenditure of Rs.2.54 lakhs incurred on the pay and allowances of the three employees from October 1987 to March 1992 (Rs.2.43 lakhs) and hire charges of the rented building for the defunct Centre from October 1987 to September 1991 (Rs.0.11 lakh) was rendered infructuous.

The matter was referred to Government in January 1991; reply has not been received (June 1993).

### GENERAL

#### 3.20 Misappropriations, losses etc.

Cases of misappropriations, losses etc. of Government money reported to Audit upto the end of March 1992 and on which final action was pending at the end of September 1992 as follows:

	Number of cases	Amount (Rupees in lakhs)
i) Cases reported upto the end of March 1991 and outstanding at the end of September 1991	1,575	663.75
ii) Cases reported during April 1991 to March 1992	130	88.54
iii) Cases disposed of till September 1992	62	2.64
iv) Cases reported upto March 1992 but outstanding at the end of September 1992	1,643	749.65

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

	Number of cases	Amount (Rupees in lakhs)
i) Over five years ( 1948-49 to 1986-87)	1,177	565.00
ii) Exceeding three years and within five years (1987-88 to 1988-89)	182	43.07
iii) Upto three years (1989-90 to 1991-92)	284	141.58
	<u>1,643</u>	<u>749.65</u>

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

	Number of cases	Amount (Rupees in lakhs)
i) Awaiting departmental and criminal investigation	452	206.31
ii) Departmental action started but not finalised	765	431.95
iii) Criminal proceedings finalised but execution/certificate cases for recovery of the amount pending	47	8.87
iv) Awaiting orders for recovery and write off	269	61.85
v) Pending in courts of Law	110	40.67
	<u>1,643</u>	<u>749.65</u>

### 3.21 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 Department and Government. The first replies to these reports are required to be received in the Audit Office within four weeks of the date of issue of the IRs.

At the end of June 1991, 10,078 IRs containing 34,447 paragraphs relating to Civil Departments issued upto December 1990 are outstanding. Of these, in respect of 1755 reports containing 7221 paragraphs even the first replies had not been furnished by the Departments. The details are given in Appendix-XV

Of the pending Inspection Reports in respect of which even the first reply was not received, 6 Inspection Reports with 38 paragraphs have been outstanding for over 10 years and 376 Inspection Reports with 1167 paragraphs for over 5 years (as of June 1991). The year-wise analysis of the remaining paragraphs is given below :

<u>Year</u>	<u>Inspection Reports</u>	<u>Paragraphs</u>
1986-87	164	625
1987-88	189	766
1988-89	279	1379
1989-90	486	1893
1990-91	255	1353
	<u>1373</u>	<u>6016</u>



A review of the outstanding Inspection Reports relating to the Industries, Panchayati Raj and Home Departments disclosed the following broad categories of irregularities:

SL. No.	Broad category of irregularities	Industries Department		Panchyati Raj Department		Home Department	
		Number of Offices	Amount (Rupees in lakhs)	Number of Offices	Amount (Rupees in lakhs)	Number of Offices	Amount (Rupees in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Infructuous/unfruitful/avoidable/Irregular expenditure	244	718.25	154	55.28	103	122.02
2.	Non-recovery of dues from firms, staff and others	125	1397.12	298	59.33	159	942.94
3.	Irregular purchase and non-accounting of stock and stores	52	16.33	62	1.65	156	25.07
4.	Idle, surplus, unserviceable stock and stores	51	39.95	70	2.64	69	52.97
5.	Expenditure in excess of financial/Administrative sanctions	19	4.94	95	15.80	80	13.04
6.	Excess payment of Pay and allowances	66	2.74	153	5.14	52	17.08
7.	Loss/theft/misappropriation/defalcation/shortage of cash	51	9.80	34	5.95	65	7.85
8.	Non-utilisation of funds	27	320.75	61	13.87	108	707.35
9.	Diversion of funds	--	--	38	51.63	--	--
10.	Investment in share Capital of sick units	7	117.22	--	--	--	--
11.	Irregular payment of subsidy	21	213.53	--	--	--	--
12.	Arrears in collection of Revenue	1	466.33	19	10.04	5	0.04
13.	Miscellaneous	10	75.03	26	203.46	110	192.92

## CHAPTER IV

### IRRIGATION DEPARTMENT

#### 4.1 Upper Indravati Project

##### 4.1.1 Introduction

The Upper Indravati Multipurpose Project in Koraput and Kalahandi districts envisaging construction of four dams and eight dykes was approved by the Planning Commission in 1978. The main dam was to be constructed on the river Indravati and the remaining three on its tributaries namely, Podagada, Kapur and Muran. These dams were envisaged to impound water in a single reservoir with gross storage capacity of 2300 m.cu.m. connected together through link channels. The water from the reservoir was to be conveyed through a water conductor system to the power house at Mukhiguda with an installed capacity of 600 MW (4 units of 150 MW each) to generate 1962 MKW of electricity per year. The water released from the power house was to be carried through a Tail Race channel (9 km long) to be finally picked up by the barrage on the river Hati to irrigate 1.09 lakh hectares (CCA) of land through two flow canals and one lift canal in the chronically drought prone areas of Dharamgarh Sub-Division of Kalahandi district.

##### 4.1.2 Organisational set up

The execution of works is under the overall control of a Chief Engineer, designated as General Manager, assisted by an Additional General Manager and Chief Construction Engineer under whom there are 8 Superintending Engineers and 34 Divisional Officers.

##### 4.1.3 Audit coverage

The expenditure incurred on the construction of four dams, eight dykes and two link channels was reviewed in audit during January to April 1992. The results of the review are given in the following paragraphs.

##### 4.1.4 Project cost

The original project estimate framed during 1975-76 for Rs.208.14 crores was administratively approved by Government in July 1979. The estimate was revised in June 1990 to Rs.954.10 crores; administrative approval for revised estimate has not been received so far (March 1993). The details of the provisions for the construction



of dams and dykes and the cost overrun are given below :

Sl. No.	Major units of work	Original estimated cost (1976)	Revised estimated cost (1990)	Increase in cost	Expenditure upto March 1992
( Rupees in crores )					
1.	Indravati Dam	12.80	36.54	23.74	32.89
2.	Podagada Dam	12.71	25.91	13.20	23.30
3.	Kapur Dam	8.80	18.82	10.02	23.76
4.	Muran Dam	10.65	57.47	46.82	34.28
5.	Dykes and Link channels	4.53	16.06	11.53	16.25
<b>Total</b>		<b><u>49.49</u></b>	<b><u>154.80</u></b>	<b><u>105.31</u></b>	<b><u>130.48</u></b>

The increase in cost was due to time overrun on account of frequent changes in drawing and designs by the Central Water Commission, delayed execution by contractors, delayed decision on tenders and delay in land acquisition. The project was appraised by the World Bank in 1983 for a loan assistance of 156.40 million dollars by way of credit from the International Development Association and 156 million dollars from the International Bank for Reconstruction and Development. The terms of the World Bank loan *inter alia* stipulated that international tenders be called for all major works. Accordingly all previous contracts were closed in 1984-85 and international tenders were floated and finalised in 1985-86. This resulted in delay leading to increase in cost.

#### 4.1.5 Physical progress

The construction of dams was taken up in 1978-79; the progress as of 31 March 1992 was as under :

Sl. No.	Component of the work	Date of commencement	Expected date of completion	Percentage of physical progress as of March 1992
1.	Indravati Masonry Dam	January 1986	June 1992	85
2.	Kapur Earth Dam	March 1986	March 1993	83
3.	Muran Masonry Dam	January 1986	July 1993	51
4.	Podagada Earth Dam	January 1986	July 1992	52
5.	Fixation of gates in Indravati and Muran Masonry Dam	January 1988	June 1994	Nil

Sl. No.	Component of the work	Date of Commencement	Expected date of completion	Percentage of physical progress as of March 1992
6.	Construction of 8 nos. dykes and link channels	1979	Completed (December 1990)	100

#### 4.1.6 *Undue benefit to contractors*

##### 4.1.6.1 *Muran Dam*

According to the terms and conditions of the agreement with the contractor entered into in January 1986 for construction of Muran Dam cement and steel required for the work were to be supplied to him at the Central Store, Khatiguda and he was to lift the same to the work site (25 km. away) at his own cost. Till the end of October 1991 the Department transported 57055.70 tonnes (11,41,114 bags) of cement and 706.80 tonnes of steel and delivered them at the work site. Against the transportation charges of Rs.26.57 lakhs which should have been recovered from the contractor at Rs.46.00 per tonne as provided in the agreement, a lump sum amount of Rs.1.44 lakhs only was recovered (as of March 1992) by the Executive Engineer on *ad-hoc* basis without approval of the competent authority (General Manager). The Executive Engineer stated that for the convenience of the Department, cement and steel carried from rail heads of Rayagada and Jeypore were delivered at work site and by this a lot of time and expenditure was saved by the department and hence less recovery of transportation charges was made. The contention of the Executive Engineer is not tenable as the contract clearly provided for recovery. The short-recovery has resulted in undue benefit of Rs.25.13 lakhs to the contractor.

##### 4.1.6.2 *Indravati Dam*

According to the terms and conditions of the agreement for construction of Indravati Dam, entered into with the contractor in January 1986, materials like cement and steel etc. were to be supplied by the department to the contractor at the Central store at Khatiguda and the contractor was to bear all incidental charges such as transport to the work site, storage and handling.



Test check revealed that during September 1986 to February 1992 the department issued 3.48 lakh bags (17,425 tonnes) of cement to the contractor from the departmental store at the dam site without effecting recovery of incidental charges from him. This resulted in an undue benefit of Rs.2.32 lakhs to the contractor towards transportation charges calculated at the rate of Rs.13.30 per tonne.

The Executive Engineer of Indravati Dam Division stated (April 1992) that due to lack of space in the Central Store at Khatiguda, cement was supplied to the contractor from the dam site store and in view of this the question of recovery of carriage charges from him did not arise. The contention is not tenable because the agreement specifically provided that the carriage charges of materials from the Central Store to the dam site would be paid by the contractor.

4.1.6.3 *Podagada Dam* : (a) The agreement executed in January 1986 for construction of Podagada Earth Dam, *inter alia*, provided for base stripping and foundation excavation at the rate of Rs.36 per cu.m. for a quantity of 5.25 lakh cu.ms. which included removal of all unsuitable bed materials before laying the foundation.

The contractor claimed (May 1989) payment for this work as an extra item as this involved deeper excavation in the dam base and river bed than what was assumed in the specifications and drawings attached to the tender documents. The General Manager recommended (November 1990) a rate of Rs.75.40 per cu.m. for the earth work of 63,000 cu.m. involved in the river bed portion only. Government approved (June 1991) the said rate limiting it to a quantity of 63,000 cu.m. of earth work not exceeding extra financial implication of Rs.24.82 lakhs both for the dam base and river bed portions.

Scrutiny of records in audit revealed that payment was made (September 1991) at the enhanced rate of Rs.75.40 per cu.m. for a quantity of 1.67 lakhs cu.m. of earth work against 0.63 lakh cu.m. approved by Government, resulting in unauthorised financial aid of Rs.40.97 lakhs to the contractor. The Divisional Officer stated (March 1992) that the payment was made as per the orders of the General Manager.

(b) According to the terms and conditions of the agreement for construction of Podagada Earth Dam the contractor was to collect and supply granite stones at the site and dump the same by headload in rip-rap of earth dam, surface packing and fixing wave breakers etc. at the rate of Rs.63.00 per cu.m. for a quantity of 3.28 lakhs cu.m. The estimated rate for this item of work was Rs.40.68 per cu.m., Rs.30.59 for supply and stacking stones at site and Rs.10.09 for dumping in rip-rap etc. The tendered cost for supply and stacking the stones worked out to Rs.47.25 per cu.m. computed in this proportion. The department supplied 1.27 lakh cu.m. of granite stones up to the end of May 1991 to the contractor at the site. In respect of this quantity, the Department made payment at the rate of 63 per cu.m. for the item and recovered cost of supply of stone at the rate of Rs.14.00 per cu.m. provided in the agreement. Thus for the element of the cost of the stone supplied at the rate of Rs.47.25 per cu.m. the Department had provided an unreasonably low rate of Rs.14 per cu.m. for recovery. This resulted in undue benefit to the contractor to the tune of Rs.42.19 lakhs.

4.1.6.4 *Kapur Dam* : The agreement with the contractor executed in January 1986 for construction of Kapur Dam provided for excavation of all kinds of soils and silts including DI rock, weathered rock and soft rock etc. for foundation excavation and base stripping etc. for which payment was to be made at the rate of Rs.27 per cu.m. The specifications attached to the agreement stipulated base stripping to sufficient depth to remove all unsuitable materials.

In August 1988 the contractor claimed payment at the higher rate of Rs.128 per cu.m. for the execution of the aforesaid item in the river bed portion on the ground that he had to handle excavation of slushy soil not coming under the scope of normal stripping. The General Manager requested the Government (October 1988) to consider payment of a higher rate of Rs.78 per cu.m. for the earth work beyond 1.5 metre depth in the river bed portion for a quantity not exceeding 0.96 lakh cu.m. Government approved (March 1989) the rate of Rs.78 per cu.m. for payment for the earth work below one metre depth and 0.67 lakh cu.m. of earth work involved between 1 metre and 1.5 metre depth.



The supplementary agreement executed by the Executive Engineer for this extra item of work (March 1989) mentioned extraction and removal of incompetent dam base materials met with during dam base preparation, but did not specifically restrict the payment of higher rate to excavation below the river bed portion to specified depth only. The contractor represented (September 1990) to the Executive Engineer for payment at the revised rate for the earth work involved below one metre depth in the entire dam base as per the narration in the Supplementary Agreement, but the Executive Engineer rejected the representation (October 1990) on the ground that the extra rate was admissible for the work done in river bed portion only. However, the General Manager, Upper Indravati Project allowed (May 1991) payment for earth work done in the entire dam base below one metre depth, instead of to river bed portion only as recommended earlier by him and approved by Government. This resulted in undue benefit of Rs.41.99 lakhs to the contractor for an additional quantity of earth work of 82,329 cu.m. done in the dam base portion. The Executive Engineer stated (May 1992) that the payment was made as per the orders of the General Manager.

#### 4.1.7 *Excess/irregular payments*

4.1.7.1 *Indravati Dam* (a) The agreement with the contractor 'M' for the construction of Indravati masonry dam entered into in January 1986 provided for Coarse Rubble Masonry (CRM) (1:3) and Random Rubble Masonry (RRM) (1:3) at the rate of Rs.610 per cu.m. and Rs.546 per cu.m. respectively. Scrutiny of records in audit (March 1992) revealed that 11874.39 cu.m. of a substituted item of work namely, RR stone masonry (1:3) with CR facing which combined CR masonry and RR stone masonry both for a thickness of 0.75 metre was executed in October 1988.

As the work executed was a combination of CR and RR masonry works of the agreement with equal thickness the average of both the rates (working out to Rs.578 per cu.m.) as recommended by the panel of Superintending Engineers appointed by the General Manager should have been paid to the contractor. The contractor was however paid at the higher rate of Rs.610 per cu.m. provided for the initial item of CR masonry. The payment was made under the orders of the General Manager, Upper Indravati Project. Approval of the Government for the rate so recommended (February 1992) by the Superintending Engineers was still awaited (April 1992).



The payment at the higher rate resulted in an excess payment of Rs.3.80 lakhs. The Executive Engineer stated in April 1992 that the recovery of excess payment would be made after final decision was taken by the General Manager. Further action in this regard was awaited (October 1992).

(b) The sanctioned estimate for construction of Indravati Masonry Dam indicated the cement requirement against different specifications of concrete and masonry items. In the pre-bid meeting, the Department clarified that the cost of excess cement consumed in different items would be borne by it and for lower consumption of cement the rates for finished items would be proportionately reduced. However, this clarification which formed a part of the contract (finalised in January 1986) did not specify the cement content of each concrete and masonry item to work out of the actual excess or lower consumption of cement.

Audit scrutiny revealed that there were wide variations in the consumption of cement in the different concrete/masonry items compared to the provisions in the estimate. Against the estimated quantity of 9.26 lakh bags of cement required for execution of the work in Indravati Dam upto March 1992, 8.56 lakh bags were used resulting in lower consumption of 0.70 lakh bags valued at Rs.36.22 lakhs.

The Executive Engineer stated (April 1992) that due to failure to mention the cement contents against the concrete/masonry items of work adjustment for the lower consumption of cement would not be made. The excess payment on this account worked out to Rs.36.22 lakhs.

(c) The supplementary agreement concluded with the contractor (February 1988) for the extra item for the construction of Indravati Masonry Dam *inter alia* stipulated execution of cement concrete works (C2) with 340 kgs of cement per cu.m. at a rate of Rs.696.75 per cu.m. The contractor executed 11,818 cu.m. of work and was paid Rs.82.34 lakhs in March 1992 at that rate including the cost of 80,362 bags of cement as per the prescribed rate of consumption.

It was observed in audit that against the requirement of 80,362 bags of cement assessed by the Executive Engineer the contractor executed the work with only 73,623 bags of cement. The lower consumption of cement was attributed to actual requirement in the work being lower as clarified by the quality control wing of the project. Although only 73,263 bags were actually consumed in the work,



the contractor was allowed payment for 80,362 bags resulting in an excess payment for 6,739 bags valued at Rs.3.47 lakhs at the rate of Rs.51.50 per bag.

The Executive Engineer admitted (April 1992) that excess payment had been made.

4.1.7.2 *Podagada Dam* : The tender for the work of construction of Right Dyke-I (balance work) was approved by the Irrigation and Power Department in December 1981 and the work was awarded to a contractor at a cost of Rs.53.91 lakhs for execution. The tender schedule which formed part of the notice inviting tenders and the tender offered by the contractor did not contain any clause towards payment of escalation charges but such a clause was incorporated by the Executive Engineer later (after signing the agreement) in the agreement with the contractor without any authority on record. The work commenced in January 1982 was targeted for completion by October 1982. The date of completion was extended to February 1983 and again to March 1984 by the Chief Construction Engineer at the request of the contractor; the delay was attributable to the contractor and for the latter extension Government approval was not taken as required under the rules. After executing work worth Rs.41.16 lakhs the contractor stopped the work (March 1984) on the ground that slope cutting of the embankment was not provided in the agreement and unless this item of work was completed he could not proceed to execute the rip-rap work.

It was observed by Audit (June 1990) that according to clause VI of special specification to the tender schedule forming part of the agreement, the slope cutting was to be done by the contractor without any extra cost. The department, however, closed the agreement (March 1984) and released the pre-final bill for Rs.43.64 lakhs (January 1985) and 75 per cent of his security deposit of Rs.1.64 lakhs (August 1985). The balance work was got completed (February 1986) at an extra cost of Rs.3.49 lakhs. The original contractor was also paid escalation charges of Rs.2.59 lakhs including for the period of extension without obtaining orders of Government regularising the extension of time and sanction to the deviation statement which was pending for decision. The orders of Government received in November 1984 stated that payment of escalation charges to the contractor was not admissible as the same was not provided in the tender schedule and the tender offered by the contractor.

Thus, the Department incurred extra expenditure of Rs.3.49 lakhs for completing the balance work and made irregular payment of escalation charges of Rs.2.59 lakhs to the original contractor.

4.1.8 *Variation in quantity of work due to inadequate pre-construction investigation*

In the following cases there were substantial variations between the quantities as per the agreements with the contractors and the quantities actually executed necessitating upward revision of rates :

	<u>Podagada Dam</u>	<u>Kapur Dam</u>
	<u>Description of item of work</u>	
	Blasting hard rock in the shape of boulders and/or sheet rock	
Quantity as per agreement	1.86 lakh Cu.Ms	1.64 lakh Cu.Ms
Quantity actually executed	1.13 lakh Cu.Ms	0.48 Cu.Ms (upto March 1992)
Rate as per agreement	Rs.67.50 per Cu.M	Rs.67.50 per Cu.M
Revised rate	Rs.90 per Cu.M	Rs.90 per Cu.M
Extra expenditure	Rs.25.45 lakhs	Rs.10.81 lakhs

The wide variations in quantities were attributed to inadequate pre-construction surveys and resulted in sanctioning of higher rates involving extra expenditure of Rs.36.26 lakhs.

4.1.9 *Other points of interest*

(a) Infuctuous expenditure on publication of tender notices

Construction of Muran Dam was awarded (January 1986) to a contractor at a cost of Rs.4029.27 lakhs for completion by July 1991. The General Manager proposed (July 1991) to Government to withdraw a portion of the work from the contractor as the progress was very slow, the achievement being only 64 per cent



on excavation work and 46 per cent on concrete and masonry works till the end of July 1991 when the work was due for completion.

Pending receipt of Government approval, the General Manager issued the tender notice for publication in August 1991. Thereafter three corrigenda were published between October 1991 and January 1992 and a total expenditure of Rs.1.02 lakhs was incurred by the Division on Tender Call Notices/Corrigenda. In March 1992 it was, however, decided to get the work done through the original contractor.

Thus, the expenditure of Rs.1.02 lakhs on publication of Tender Call Notice and Corrigenda proved infructuous.

(b) Unfruitful expenditure

With a view to providing water supply to Muran Dam site and staff colony (malaria prone areas) an estimate for Rs.5.93 lakhs was sanctioned during 1980-81, which was revised to Rs.9.67 lakhs during February 1985. The sanctioned estimate envisaged construction of intake well with pump house, three numbers of water tanks (one number of 1000 gallons capacity and two numbers of 50,000 gallons capacity) and procurement of pipes and pumps required for the work. The work of water supply was targeted to be completed by December 1986.

Scrutiny of records (January 1991) revealed that although expenditure of Rs.5.04 lakhs had been incurred upto the end of March 1992, only 50 per cent of the work had been completed. Meanwhile water supply was being managed by direct pumping of raw water from the river for which a total expenditure of Rs.7.33 lakhs from 1980-81 onwards had been incurred upto October 1992.

Thus the objective of providing clean drinking water to employees of Muran Dam site had not been achieved even after 11 years despite an investment of Rs.5.04 lakhs.

(c) Non-realisation of royalty charges at revised rates

As per contract clause 27 of Muran Dam all duties, tolls, quarry fees, royalties and other taxes etc., on the minor minerals extracted from the Government land are to be paid by the contractor. The rates of royalty were revised from August 1990.



Test check of records in January 1992 revealed that the royalty charges were not recovered at the revised rates. The General Manager requested the Government in December 1990 to permit recovery of royalty charges from the contractor at the rates prevailing prior to August 1990 to avoid extra burden on him and instructed the Financial Adviser and Chief Accounts Officer (FA & CAO) to effect recovery at the pre-revised rate and to pay the differential amount to the concerned Tahsildars by charging to the work. The FA & CAO deposited Rs.16.90 lakhs in respect of Muran Dam division with the Tahsildar to make good the short recovery of royalty from the bills of the contractor (August 1990 to January 1992). Orders of the General Manager to effect recovery of royalty charges at the rates prevailing before August 1990 without Government approval amounted to extension of unauthorised financial aid of Rs.16.90 lakhs to the contractor. Government approval has not been accorded so far (March 1993).

The above observations were brought to the notice of the Department in June 1992; reply has not been received (June 1993).

#### **4.2 Excess payment due to incorrect measurements**

The agreement executed in April 1988 with contractor 'B' for the construction of Mahanadi Barrage on right side from right divide wall including right head regulator for Rs.380 lakhs *inter alia* provided for formation of sheet piles cut-off in foundation for 2280 square metres. The contractor was entitled to payment at the rate of Rs.720 per square metre for this work including cost and conveyance of 'Z' type sheet piles which were to be supplied by the Department.

According to the specifications prescribed in the agreement and drawing appended therewith, the sheet piles were to be supplied to the contractor at the rate of 125 kg. per square metre taking the unit projected length of the sheet piles as 400 mm. The bills were preferred and payments made (August 1989) on this basis upto 38th Running Account Bill. Thereafter, the unit length of the sheet pile was enhanced to 585 mm as per orders (August 1989) of the Executive Engineer by changing the measuring norm to "along the shape" with the result that the surface area was increased from the 39th Running Account Bill. The final bill has not yet been prepared. After completion of work in July 1990 the contractor was paid Rs.25.86 lakhs in 51st Running Bill (March 1991) for executing 3591.60 sqm. of formation of sheet piles cut-off. Out of the total quantity of 349.876 tonnes supplied by the Department



310.718 tonnes of sheet piles were shown as utilised. According to tender specification 310.718 tonnes of sheet piles would have covered an area of 2486 sqm. at the unit weight of 125 kg. per sqm., but the Department worked out the quantity as 3591.60 sqm. This resulted in excess payment of Rs.7.96 lakhs to the contractor for the extra quantity of 1105.60sqm. at the rate of Rs.720 per sqm.

The Divisional Officer stated (June 1990) that the item of work was done as per actual execution at site since no special mention had been made in the agreement to measure according to the prescribed length. This was not correct because the approved drawing of sheet pile forming part of the Agreement with the contractor specified the unit as 125 per sqm. The fact of excess measurement of sheet piles was also mentioned by the concerned Assistant Executive Engineer in his charge handing over notes (October 1989).

The matter was referred to Government (December 1990); reply has not been received ( June 1993).

#### **4.3 Extra expenditure due to faulty estimates**

The work excavation of Subarnarekha Main Canal from RD 7350 metre to 10875 metre was technically sanctioned by the Chief Engineer, Subarnarekha Irrigation Project in March 1988 and was awarded (August 1988) to the lowest tenderer for Rs.89.67 lakhs for completion by August 1990. While the execution of work was in progress, the Executive Engineer, Subarnarekha Irrigation Division No.I reported (February 1990) to the Chief Engineer that the quantities of work estimated for execution under different items would undergo wide variations mainly because of non-inclusion of the quantity of earth work required to be done for filling of five ponds and one gap of 40 metres falling in the canal alignment. After executing work of the value of Rs.89.53 lakhs against the agreed value of Rs.89.67 lakhs between August 1988 and May 1990, the contractor stopped further work from May 1990 and expressed his unwillingness to complete the balance works the cost of which at the agreed rate worked out to Rs.11.02 lakhs. The Chief Engineer in January 1992 proposed closure of the contract and sought approval for the variation in the quantities, but the same had not been sanctioned by Government nor had the balance works been executed (August 1992).



Based on the actual quantities of work executed by the contractor, the tender value of the second lowest tenderer worked out to Rs.83.84 lakhs against Rs.89.83 lakhs paid to the contractor.

Thus, due to incorrect preparation of estimates, the tender process was vitiated and the most competitive rate was not obtained, which resulted in extra expenditure of Rs.5.99 lakhs for the work executed so far. The Executive Engineer accepted (April 1992) the position and stated that the deviation in quantity was due to defective estimates.

The matter was referred to Government in March 1992; reply has not been received (June 1993).

#### **4.4 Avoidable expenditure**

Excavation of right main distributary from RD 16290 M to 17835 M of Bankabal Irrigation Project was entrusted to contractor 'A' at a cost of Rs.5.46 lakhs in December 1986 for completion by August 1987. The agreement entered into with the contractor provided for execution of earth work in all kinds of soil either in cutting or filling with all leads, lifts and delifts including dressing and levelling to proper section.

During the course of execution of the work, the canal alignment was changed (November 1987) to avoid the homestead land in Sanjharan Village and a tank. Hence a revised level section on the right main distributary was approved by the Chief Engineer, Designs (August 1990) which involved increase in the quantities of earth work to be executed.

The contractor 'A' having completed the work valued at Rs.4.87 lakhs by March 1988 (being the extended period) requested for closure of contract on the ground of deviation, extra item of work and enhanced labour rate. This was accepted by the Department after making the above payment but the contract has not been closed so far (March 1993). The balance work left by the contractor 'A' was got executed in January 1991 through other agencies involving extra cost of Rs.0.15 lakh.

It was seen in audit (April 1991) that the earth deposited and dressed by the contractor 'A' on the bank of slope profile at RD 16890 M to RD 17005 M slipped to the bed during the rainy season due to heavy seepage of water on account of black cotton soil. No soil test was conducted before taking up the work of slope



formation to know the gripping capacity of the earth. The Department had to incur expenditure of Rs.1.79 lakhs for excavation and removal of earth which had slipped into the bed. The extra expenditure of Rs.1.94 lakhs could have been avoided had the work been got done through the same contractor 'A' after proper survey and soil test.

The matter was referred to Government in January 1992; Government accepted the factual position (January 1993).

#### **4.5 Expenditure on idle establishment**

The Chief Engineer, Potteru Irrigation Project sent a proposal to Government (January 1987) for closure of Field Machinery Sub-Division at Bhuvanpalli, Malkangiri village-79 with effect from 28 February 1987, as there did not exist adequate work load for the staff comprising one Assistant Engineer, one Junior Engineer, five work-charged staff and four casual labourers engaged on Nominal Muster Roll. The Sub-Division continued to exist and expenditure of Rs.8.97 lakhs was incurred during the period from March 1987 to December 1991 which worked out to an average monthly expenditure of Rs.0.15 lakh on establishment.

Test check of records (September 1991) revealed that during this period minor repair works of jeeps on 15 occasions, the estimated cost of which was only Rs.0.08 lakh and the period of actual repair was of 4 months and 16 days, were undertaken by the Sub-Division. The Divisional Officer, Potteru Canal Division-III in reply to an audit query stated (September 1991) that Government orders for the discontinuance of the Sub-Division were not received as of September 1991.

The delay in Government decision resulted in expenditure of Rs.8.97 lakhs being incurred on the virtually idle establishment of this Sub-Division.

The matter was referred to Government in December 1991; reply has not been received (June 1993).

#### **4.6 Extra expenditure due to non-acceptance of tender within the validity period**

The period prescribed for scrutiny of tenders at the Executive Engineer level and at the General Manager (Chief Engineer) level is 20 days. Tenders for



the work 'Execution of right main canal from RD 22 to 27 km.' of Upper Indravati Project estimated to cost Rs.120.96 lakhs were invited by the Executive Engineer, Right Canal Division No.I in January 1989. In all, six tenders were received on 17 March 1989 of which the offers of the three lowest contractors were Rs.128.08 lakhs, Rs.155.91 lakhs and Rs.168.59 lakhs respectively.

The validity period of the tenders was upto 14 June 1989.

The tender documents duly processed at the Divisional level were sent to Government on 17 June 1989 through the General Manager of the Project after a period of three months. The tenders had not been finalised by the Government till December 1989; the second lowest tenderer withdrew his offer as the validity period had expired.

Government in January 1990 accepted the third lowest offer of Rs.168.59 lakhs and rejected the lowest offer of Rs.128.08 lakhs as being unworkable. Thus, due to delay in finalisation of tenders within the validity period, Government had to bear an extra expenditure of Rs.12.68 lakhs (Rs.168.59 lakhs less Rs.155.91 lakhs) for the quantity executed to the extent provided in the tender. The extra expenditure involved with reference to quantities actually executed worked out to Rs.44.23 lakhs. The Additional General Manager of the Project accepted (January 1991) the factual position.

The matter was referred to Government in March 1992; reply has not been received (June 1993).

#### **4.7 Excess payment due to irregular measurement**

In order to prevent possible erosion to the partially constructed earth dam Badanalla Irrigation Project due to flood, the Engineer-in-Chief, Irrigation, instructed (March 1988) the Badanalla Irrigation Division to take protective measures by dumping rubble on the downstream side of the dam. The Executive Engineer got the work executed (June 1988) through the contractor who was executing the work of construction of the dam as an extra item and paid Rs.14.85 lakhs (February 1992) for dumping 28,548.93 cu.m. of rubble stone at the rate of Rs.52 per cu.m.

According to the departmental schedule of rates such work was to be measured by deducting one-sixth for voids to arrive at the net payable quantity. Test check (November 1989) of records revealed that the Department had not made



any deduction for voids from the overall measured quantity of 28,548.93 cu.m. This resulted in excess payment of Rs.2.47 lakhs to the contractor.

On this being pointed out by Audit in November 1989, the Executive Engineer stated (April 1992) that no deduction was made for voids because the rate analysis for the item did not provide any such deduction. This is not tenable as the rate for the item was based on the schedule of rates which provided for deduction of one-sixth volume for voids.

The matter was referred to Government in April 1992; reply has not been received (June 1993).

#### **4.8 Unproductive expenditure towards payment of back wages**

According to the provisions of the Industrial Dispute Act 1947, no workman employed in any industry who has been in continuous service for not less than 240 days in one year under an employer shall be retrenched by that employer until (a) the workman 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 of such notice, wages for the period of the notice, (b) the workman 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 the workman.

Scrutiny of the records of the Salandi Canal Division, Bhadrak (February 1992) revealed that on receipt of directives (September 1984) of the Engineer-in-Chief, Irrigation, the Executive Engineer without complying with the aforesaid requirements of the Act retrenched with effect from 31 October 1984, 76 Nominal Muster Roll (NMR) staff who had 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 of maintenance grant. The retrenchment staff filed a case before the Labour Court, Bhubaneswar in January 1986 and the Court quashed the retrenchment order of 53 workmen as illegal on the ground that the Department had not issued one month prior notice of termination or paid one month pay in lieu thereof though the staff had worked more than 240 days in the preceding year. The Court in their judgement of 26 October 1987 passed orders for their reinstatement with full back wages. In the case of the remaining 23 workmen, the Court ordered



exgratia payment of Rs.1000 each as compensation. The Department decided (August 1988) not to appeal against the decision of the Labour Court. Out of 53 retrenched workmen, 50 were re-employed from 15th March 1990 (whereabouts of 3 workmen were not known) with full back wages and the Division paid Rs.5.04 lakhs towards back wages of 42 workmen for the period from November 1984 to 14 November 1990 during which the workmen had not worked and exgratia payment to 8 of the 23 workmen during October 1991 to March 1992. The exgratia payment in respect of remaining 15 workmen was not made nor was the amount deposited in the Court. The total amount payable would have been only Rs.0.36 lakh if notice as contemplated in the Act had been served. Thus, non-compliance with the mandatory requirements of the Act resulted in nugatory expenditure of Rs.4.68 lakhs.

The matter was referred to Government in March 1992. While accepting the factual position, Government stated in December 1992 that departmental action would be taken against the persons responsible.

#### **4.9 Unfruitful expenditure**

With a view to providing drainage escape with gates to stop the entrance of flood water of Baitarani river inside Ghasipura town and allow the drainage water of Baunsanalla into river Baitarani, the work of construction of a drainage sluice system was awarded by the Executive Engineer, Baitarani Irrigation Division in April 1985 to a contractor 'A' for Rs.23.89 lakhs for completion by April 1986. The work was started by the contractor in April 1985.

Scrutiny of records of Baitarani Division, Salapada in May 1991 revealed that after executing work valued at Rs.22.51 lakhs (61 per cent), the contractor stopped the work in August 1988 and requested (January 1989) the Superintending Engineer to close the contract. This had not been done as of March 1992. The contractor was paid Rs.19.97 lakhs upto August 1988. Besides, the Division incurred expenditure of Rs.8.89 lakhs (work-charged staff : Rs.1.94 lakhs, petty purchases : Rs.0.40 lakh, stock adjustment : Rs.6.55 lakhs) on the work. The work had not been completed as of March 1993. In reply to an Audit query the Divisional Officer stated that the work was stopped due to non-availability of funds. The reply is not acceptable since against the administrative approval for Rs.28.25 lakhs funds to the extent of Rs.31.65 lakhs were made available.



Thus the expenditure of Rs.28.86 lakhs incurred on the work has remained unfruitful so far (March 1993).

The matter was referred to Government in July 1991; reply has not been received (June 1993).

#### **4.10 Unfruitful expenditure on purchase of instruments for Kansabahal Earth Dam**

With a view to collecting quantitative data indicating the magnitude and distribution on Pore Pressures and their variations with time, patterns of seepage, zones of potential piping and effectiveness of under seepage control measures and potentially dangerous condition of the dam, the designs for installations of twin tube piezo-meter tips in the foundation levels at RL 197 and 201 metre and in embankment of 207, 215 and 223 metres of Kansabahal Irrigation Project earth dam were approved in October 1987 by the Chief Engineer, Designs. The construction of earth dam where the Piezo-meter tips were to be installed was taken up in October 1988 by the Executive Engineer, Upper Brahmani Investigation Division, Panposh and the Piezo-meter tips with accessories worth Rs.2.56 lakhs were procured from a firm in March 1989. By this time, however, the dam construction had reached the level of RL 216.15 metre and the piezo-meter tips could not, therefore, be installed at the initial levels of RL 197.201 and 207 meters. The tips were, however, installed at RL 215 and 223 metres.

Of the instruments worth Rs.2.56 lakhs procured, Piezo-meters with accessories worth Rs.2.04 lakhs thus remained unutilised (June 1991). The Chief Engineer, Designs had suggested (August 1989) installation of stand pipe piezo-meters, as an alternative, in three locations where twin tube piezo-meter tips were not fitted, but the proposal was turned down (November 1990) by the Chief Engineer, Medium Irrigation-I on the ground that drilling the completed embankment for their installation would induce hydraulic fracturing in the embankment.

Thus, due to non-synchronisation of procurement/installation of instruments with the construction schedule of the dam, piezo-meter tips and accessories valued at Rs.2.04 lakhs could not be installed and were lying idle. The Executive Engineer stated (June 1991) that the surplus materials would be transferred to other projects for their utilisation. It was also mentioned by him that the proper installation of the tips in the earth dam would have indicated the potentially dangerous conditions.



The matter was referred to Government in April 1992; reply has not been received (June 1993).

**4.11      Avoidable extra expenditure due to defective agreement for embankment formation**

The design approved by the Chief Engineer, Medium Irrigation-I in February 1989 for the work of bank connections to aqueduct at RD 500 metre of Gambhari distributary of Upper Suktel Project in Bolangir district provided for the construction of embankment and slope protection works involving masonry toe wall and stone pitching. The Executive Engineer, Bolangir Irrigation Division, awarded (April 1990) the above work to a contractor for Rs.4.25 lakhs for completion by October 1990. The work, however, did not include construction of masonry toe walls which were required to retain the stone pitching and protect the earth slopes. The contractor completed the work in March 1991 at a cost of Rs.3.87 lakhs.

Scrutiny of records in February 1992 revealed that on 30 September 1991 when water for the khariff season was released in the canal, it breached the embankment. The Executive Engineer after inspection of the site in October 1991 reported that the breach in the embankment was due to non-execution of adequate slope protection works.

The Superintending Engineer, thereafter, sanctioned (November 1991) an estimate for Rs.2.41 lakhs for restoration works. The works of restoration of the breached portion of the embankment and slope protection with masonry toe wall were carried out in November 1991 at a cost of Rs.1.61 lakhs and Rs.0.74 lakh respectively.

Thus, the failure to execute slope protection work before allowing water in the canal led to breach of embankment and avoidable extra expenditure of Rs.1.61 lakhs on restoration work.

The matter was referred to Government in April 1992; reply has not been received (June 1993).

**4.12      Unauthorised aid to a contractor**

The estimate sanctioned in June 1985 for the work "Construction of Power House including transition (Civil works)" provided for supply and fixing 25 mm dia mild steel dowel bars in foundation rock at 2 m. Intervals staggered as shown



in the approved drawing including cost of materials and drilling holes upto a maximum complete at Rs.65 per metre. However, in the agreement executed (December 1987) by the Executive Engineer, Power House Division, Mukhiguda with the contractor, the item of work was included as "Supply and fixing 25 mm dia MS dowel bars in foundation rock at 2 m. intervals staggered as shown in the approved drawing including cost of all materials for drilling holes upto a maximum dia of 38 mm. etc., at Rs.65 per metre".

The contractor represented (February 1989) for separate payment for the work of drilling holes on the ground that the agreement item did not include the cost of drilling operations. The claim was disallowed in a joint meeting held in February 1989 between the General Manager, Superintending Engineer, Executive Engineer and the representatives of the contractor. Accordingly, the contractor was paid Rs.20.32 lakhs in October 1991 for fixing 9114 metres of dowel bars upto September 1991 at the rate provided in the agreement. However, in October 1991 the Executive Engineer paid an additional amount of Rs.7.40 lakhs to the contractor for drilling 6040 metres at Rs.122.60 per metre without recording any reasons therefor.

Since the work of drilling and fixing of dowel bars was sanctioned in the estimate as a complete item including all labour charges and cost of materials, payment of Rs.7.40 lakhs towards labour charges of drilling work was not admissible, and amounted to unauthorised aid to the contractor.

On this being pointed out in audit the Executive Engineer stated (June 1991) that the payment was made as per orders of the General Manager.

The matter was referred to Government (April 1992); reply has not been received (June 1993).

#### **4.13 Excess payment due to incorrect measurement**

In order to provide irrigation facilities to cultivable lands the work "Excavation of main canal from RD 19.376 to 20.721 km." was awarded to a contractor in November 1980, by the Executive Engineer, Bolangir Irrigation Division at a cost of Rs.2.39 lakhs for completion by May 1981.



After executing part of the work valued at Rs.1.79 lakhs the contractor abandoned it in September 1981. The final measurement was taken in October 1981 in the presence of the authorised representative of the contractor and the value of the work executed was recorded as Rs.1.79 lakhs. Though the contractor accepted the final measurement, he disputed the method of calculation of the quantities incorporated in the final bill and requested in November 1987 for a joint verification of the quantity of work executed.

The Executive Engineer took (eight and half years later) fresh measurement of the work in March 1990 through the concerned Junior Engineer and Assistant Engineer and arrived at the gross value of work done as Rs.3.18 lakhs. The amount of Rs.3.18 lakhs was paid to the contractor in November 1990 without the prescribed check measurement by the Executive Engineer and without obtaining sanction of the Chief Engineer for the excess of Rs.0.79 lakh over the agreement value.

On this being pointed out by Audit (January 1991) the Department investigated the matter (October 1991) and after check of final measurement in December 1991 the value of work done was arrived at Rs.2.14 lakhs against Rs.3.18 lakhs already paid to the contractor.

Government observed (February 1992) that the Executive Engineer passed the bill without check measurement and made payment without getting it checked by the Divisional Accountant, and ordered recovery of the amount of Rs.1.04 lakhs paid in excess. No action had, however, been taken for recovery of the excess payment nor had any departmental action been taken against the officers responsible for the same.

The matter was referred to Government in June 1992; reply has not been received (June 1993).

#### **4.14 Excess payment to the State Electricity Board**

The energy charges of Potteru Irrigation project works and its colonies at Balimela Dam Project were being paid by the Project authorities to the Orissa State Electricity Board (OSEB) according to the rates contained in the agreement drawn up in 1976 between State Electricity Board and Balimela Dam Project authorities. The Balimela Project was transferred to the control of the State Electricity Board from April 1979. In the absence of any separate means for measuring consumption



of energy by Potteru Irrigation Project, the Superintending Engineer, Hydro Electric Circle apportioned (July 1979) total energy charges between the Potteru and Balimela Projects in the ratio of 40:60. Owing to reduction in energy consumption in Potteru Project, the position was reviewed in July 1987 in a joint meeting of the Project authorities and the Board and it was decided that the electricity charges would be shared from August 1987 at 25 per cent and 75 per cent for the Potteru Irrigation Project and the Board respectively.

Scrutiny of records of the Executive Engineer, Potteru Irrigation Division, Balimela in May 1991 revealed that no fresh agreement had been executed with the Board for payment of energy charges as per the revised proportion. The Board continued to claim the charges at 40 per cent upto December 1990 and payment was made accordingly. It was only in December 1990 that the Executive Engineer initiated action to execute an agreement for the purpose and energy bills were paid at 25 per cent from January 1991. The Department paid Rs.64.83 lakhs towards energy charges at 40 per cent for the period from August 1987 to December 1990 against Rs.48.03 lakhs payable (at 25 per cent) resulting in excess payment of Rs.16.80 lakhs.

On this being pointed out in audit in May 1991, the Executive Engineer stated (July 1991) that the amount paid in excess would be adjusted. The agreement with the Board at the reduced rate of 25 per cent from August 1987 has not been executed so far (March 1993) nor has the excess amount been recovered or adjusted.

The matter was referred to Government in October 1991; reply has not been received (June 1993)

#### **4.15      Avoidable expenditure due to delay in execution of bridge work**

It was envisaged that with the construction of Harabhangi Irrigation Project by the Irrigation Department the existing bridge over Sandhi nallah on State Highway No.17 under the jurisdiction of Works Department would be submerged. Accordingly, the Irrigation Department provided Rs.70.00 lakhs (Rs.10.00 lakhs in March 1979 and Rs.60.00 lakhs in February 1987) to the Works Department for the construction of another high level bridge and the work was taken up in March 1987 through a contractor for completion by September 1988. The work, however, could not be completed by the targeted date mainly due to delay in approval of designs and non-finalisation of site plan by the Chief Engineer (Designs, Planning and Irrigation) on account of inadequate pre-construction survey by the Works Department. In a



joint meeting of the Chief Engineers of the two Departments in March 1989, it was decided to raise the level of the existing road in order to avoid disruption in traffic owing to submergence since no work in the new bridge was under execution. The Irrigation Department took up (April 1989) the work of raising of the levels of the existing road departmentally. During the execution of the above work the Superintending Engineer (Roads and Buildings) observed in April 1989 that the vent provided at the old bridge site was inadequate (against 5 numbers of huge pipes to be provided inside the vent only 2 numbers were provided) for full discharge of rain water and might cause damage to the embankment. The work was completed in June 1989 at a cost of Rs.6.75 lakhs.

In November 1990 a portion of the road breached due to pressure of accumulated water and it was got repaired (March 1991) through a contractor at a cost of Rs.1.25 lakhs.

Had the high level bridge been constructed by September 1988 by advance planning and adequate pre-construction survey the expenditure of Rs.8.00 lakhs (Rs.6.25 lakhs on raising of the levels of the existing road and Rs.1.25 lakhs on repairs to the portions washed away) could have been avoided.

The matter was referred to Government in May 1992; Government accepted the factual position in December 1992.

#### **4.16 Excess payment to a cement supplier**

Government in the Finance Department in May 1989 and July 1990 had fixed the rate of Rs.1060.00 and Rs.1192.00 per tonne respectively for supply and delivery of cement to places beyond 421 km. with the condition that in the case of bulk order of 1000 tonnes and more during one calendar month rebate of Rs.20 per tonne was to be allowed.

The General Manager, Upper Indravati Project placed 14 supply orders with the Industrial Development Corporation Limited (IDC), Bardol (Bargarh) during 1989-90 and 1990-91 for supply of 8500 tonnes of cement at Rs.1060.00 per tonne and 11616.30 tonnes at Rs.1192.00 per tonne to the Executive Engineer, Stores and Mechanical Division. Upper Indravati Project, Khatiguda (F.O.R. Jeypore Railway Station) against which the firm had supplied 7,918.40 tonnes and 10,632.30 tonnes respectively and received payment at the above rates.



During audit (May 1991) it was noticed that though each purchase order was for bulk quantity exceeding 1000 tonnes in a month, rebate of Rs.20.00 per tonne was not obtained from the claims of the supplier, resulting in total excess payment of Rs.3.71 lakhs.

On this being pointed out, the Executive Engineer stated (May 1991) that the audit observation would be brought to the notice of higher authorities. The recovery has not been effected so far (March 1993).

The matter was referred to Government in February 1992; reply has not been received (June 1993).

**4.17      Avoidable expenditure due to non-revision of agreements for contract demands of power**

The Chief Engineer, Upper Kolab Project entered into an agreement with the State Electricity Board for supply of 4500 KVA of power to the project from January 1982 (revised to 3000 KVA from January 1986). The agreement provided for payment of fixed charges of Rs.50 per KVA per month for eight per cent of contract demand in addition to usual energy charges.

The Executive Engineer, Upper Kolab Electrical Construction Division, worked out (September 1989) the requirement of power as 2500 KVA per month in view of completion of a major portion of construction works and, accordingly, the Chief Engineer proposed (September 1989) to the Board that a revised agreement from September 1989 reducing the contract demand from 3000 KVA to 2500 KVA be drawn up. This was further re-assessed by the Executive Engineer as 2000 KVA from April 1990 and 1500 KVA from November 1991.

During audit (April 1991) it was seen that the actual consumption of power for the project ranged from 1500 to 1950 KVA during September 1989 to December 1991 but revised agreements had not been entered into till September 1992 for reduced consumption. Had the agreements been revised in time for average demand of 2000 KVA from September 1989, Rs.22.40 lakhs only would have been paid towards fixed charges to the Board during September 1989 to December 1991 against Rs.33.60 lakhs paid for 3000 KVA. There was thus an avoidable expenditure of Rs.11.20 lakhs.



The matter was referred to Government in December 1991; in reply, Government stated (November 1992) that excess expenditure was incurred owing to delay on the part of the State Electricity Board to revise the agreement for reduced demand.

**4.18      Loss due to issue of materials and advance payment without adequate security**

The Executive Engineer, Stores and Mechanical Division, Mahanadi Birupa Barrage Project, Cuttack, without inviting tenders, entered into agreement with contractor "S" in November 1986 for conversion of 309.480 tonnes of mild steel rounds and 207.735 tonnes of billets into different sizes by May 1987. The entire quantity of mild steel rounds and billets valued at Rs.33.85 lakhs was issued to the contractor in June 1982 and in March 1984 respectively, prior to execution of the agreement and without obtaining adequate security or bank guarantee from the contractor. The contractor did not deliver converted materials by the stipulated date in spite of repeated reminders. Non-delivery of the re-rolled steel products till date (August 1992) not only resulted in loss of Rs.33.85 lakhs to the department but also adversely affected the progress of construction of Mahanadi Birupa Barrage for which the steel materials were required. The work which was to be completed by November 1987 was actually completed by July 1990 and the department admitted that the work was delayed due to the non-delivery of converted steel materials.

The Executive Engineer had also placed an order with the same contractor for the supply of 450 tonnes of tor bars for which an advance payment of Rs.23.93 lakhs was made on 10 September 1984 and 29 March 1985. It was seen during audit that the contractor was assigned the work without entering into written agreement and also without obtaining adequate security in the shape of earnest money, cash or bank guarantee. The contractor supplied 104.265 tonnes of tor bars only and the balance quantity of 345.735 tonnes costing Rs.18.34 lakhs was yet to be delivered (August 1992) to the Division. The department was not able to recover the cost of the materials not delivered by the contractor and filed two money suits (May 1989) which had not been finalised as of March 1993.

The issue of departmental materials and payment of advances to the contractor without obtaining adequate security entailed a loss of Rs.52.19 lakhs (Rs.33.85 lakhs plus Rs.18.34 lakhs) to the department.



The matter was referred to the Government in February 1991; reply has not been received (June 1993).

**4.19 Extra contractual payment to a contractor**

The work of removal of over-burden of spillway of Jonk Irrigation Project was awarded (May 1988) to a contractor for Rs.38.13 lakhs for completion by October 1988. The agreement included an item of excavation of disintegrated rock at the contractor's finished quoted rate of Rs.30 per cu.m. The contractor preferred a claim in February 1989 for an extra payment of Rs.45.70 per cu.m. for execution of dis-integrated rock on the ground that its removal involved drilling and blasting operations. The department, however, allowed (January 1990) an extra rate of Rs.6.80 per cu.m. to the contractor for loosening the dis-integrated rock by drilling and blasting operations before excavation on the ground that the contractor's finished rate of Rs.30.00 per cu.m. did not include charges for the same. Accordingly, Rs.1.93 lakhs extra was paid to the contractor in March 1990 for removal of 28446 cu.m. of dis-integrated rock.

It was observed (February 1991) by Audit that the technical specification forming part of the agreement specified excavation of hard and compacted dis-integrated rock, even if it was required for loosening by blasting before removal, at the quoted rate of Rs.30.00 per cu.m. The special condition of the agreement also stipulated that no extra payment on account of blasting was to be made to the contractor. Thus, the extra payment of Rs.1.93 for loosening of dis-integrated rock by blasting before excavation was an extra contractual payment to the contractor.

On the matter being pointed out in April 1991, Government stated (July 1992) that the dis-integrated rock required continuous drilling and blasting operation for excavation and since charges for the same were not included in the rate of the contractor, extra payment was allowed. The reply is not tenable in view of the specific contract provisions that all types of dis-integrated rock requiring blasting operation before excavation were to be removed at the finished quoted rate only.



## RURAL DEVELOPMENT DEPARTMENT

**4.20 Extra expenditure due to delay in finalisation of designs**

Construction of earth dam, head regulator and surplus escape of Karkata Minor Irrigation Project in Kalahandi district was awarded (February 1986) to a contractor for Rs.14.90 lakhs for completion by February 1987. The agreement with the contractor stipulated that cut-off-trench (dam foundation) should be at least 0.6 metre inside the impervious strata and the final depth suitably varied if found necessary by the Engineer-in-charge as per site conditions. The contractor excavated the cut-off-trench to a depth of three metres by January 1987, but could not reach impervious strata due to presence of pebbles and boulders mixed with moorum. After inspection of the site by the Superintending Engineer (January 1987) and Chief Engineer (June 1987), instructions were issued by the Chief Engineer for further excavation of cut-off-trench by 3.5 metres in order to reach the impervious strata. The contractor who had stopped the work from June 1987 after executing work valued at Rs.6.90 lakhs expressed (September 1987) his unwillingness to resume the work and requested for closure of his contract. Government observed in January 1989 that there was inordinate delay in finalisation of design of cut-off-trench owing to lack of detailed pre-construction survey and investigation and accordingly extended the contract period upto June 1987 and closed the agreement in October 1989. The balance works were got executed (July 1990) through another contractor at a cost of Rs.12.03 lakhs, involving extra expenditure of Rs.3.39 lakhs to the department computed with reference to the rates of the original contractor.

Thus, the failure of the department to finalise the design of cut-off-trench during the currency of the agreement resulted in extra expenditure of Rs.3.39 lakhs to the Department.

The matter was referred to Government in April 1992; reply has not been received (June 1993).

**4.21 Loss due to excess drawal of food grains without proper storage**

Improvement works in Khandadhar Minor Irrigation Project in Keonjhar district were taken up (February 1989) through the Village Committee Leaders under 27 job contracts out of grants of Rs.6.20 lakhs received during 1987-88 from the DRDA. Under the National Rural Employment Programme (NREP) 50 per cent of the wages of the labourers deployed on the works were to be paid in the form of food



grains (wheat and rice). The Assistant Engineer of the work drew 840 quintals of grain (July 1987 : rice and wheat 195 quintals each; August 1988 : rice 225 quintals and September 1988 : wheat 225 quintals) from the Divisional store on the basis of total grain components sanctioned in the estimate and handed over the same to the Junior Engineer for distribution to the labourers engaged in the works without assessing the actual requirement.

During audit (May 1992) it was seen that against the quantity drawn, only 206.50 quintals of rice and 206.50 quintals of wheat had been distributed to the labourers. The balance quantity of wheat and rice of 213.50 quintals each had not been returned to the Divisional Store nor had the department received the cost thereof of Rs.1.17 lakhs (at the rate of Rs.300 and Rs.250 per quintal of rice and wheat respectively) from the Junior Engineer. The Junior Engineer in his charge handing over report in September 1991 stated that the entire stock of food grains was damaged by rats, rain and due to prolonged storage.

The drawal of food grains in excess of the required quantity without proper storage resulted in loss of Rs.1.17 lakhs. The Executive Engineer stated (July 1992) that action would be taken to recover the loss from the Junior Engineer but no action has been taken so far (March 1993).

The matter was referred to Government in August 1992; reply has not been received (June 1993).

#### **4.22 Extra expenditure due to allowing of price preference not due**

Government in the Finance Department stipulated in August 1975 that in respect of purchase of items not covered under rate contract, the products manufactured by local small scale industries should be given price preference upto 15 per cent over others. The Executive Engineer, Mechanical Public Health Division No.I, Bhubaneswar invited (February 1991) tenders for purchase of ODEX drilling accessories from the open market for drilling of 112 tube wells by March 1991. The accessories were not readily available with the original manufacturers. In response to tenders, two firms quoted (March 1991) Rs.10.92 lakhs and Rs.12.50 lakhs respectively for supply of 3350 metres of ERW pipes (a component of ODEX drilling). The higher offer of Rs.12.50 lakhs of a firm which was registered as a small scale industrial unit was accepted (April 1991) by the Chief Engineer by giving price preference of 14.42 per cent.



Scrutiny of records (March 1992) revealed that the firm which was registered as a small scale industrial unit was engaged in machining jobs only and was not a manufacturing unit for the pipes required by the Department and as such was not eligible for the price preference.

Thus, the acceptance of a higher tender as a result of allowing price preference not due, entailed an extra expenditure of Rs.1.58 lakhs.

The matter was referred to Government in April 1992; reply has not been received (June 1993).

#### **4.23      Extra expenditure on tube wells**

Executive Engineer, Public Health Division, Baripada entrusted the work of sinking of tube wells (125 x 50 mm dia) to 88 contractors during 1988-89 and 1989-90 at the rates approved by the Superintending Engineer, Public Health Circle, Bhubaneswar in December 1977.

Against bore holes of 50 mm dia below ground level required for lowering 50 mm dia GI pipe, the contractors drilled 100 mm dia bore holes and payment was made to the contractors at higher rates applicable for 100 mm dia bore holes instead of for 50 mm dia bore holes, resulting in extra expenditure of Rs.2.02 lakhs.

On this being pointed out in audit, the Executive Engineer stated (September 1991) that the payment was made according to the agreement. The reply is not acceptable as the extra expenditure could have been avoided had the approved specifications been followed.

The matter was referred to Government in August 1991; reply has not been received (June 1993).

#### **4.24      Unfruitful expenditure and non-recovery of departmental dues**

The Executive Engineer, Kalahandi Irrigation Division awarded the work of construction of an RCC culvert at RD 22660 metre of the periphery road of Behera Irrigation Project to a contractor in March 1987 for Rs.2.68 lakhs for completion by July 1987. Administrative approval of Government and technical sanction of the Chief Engineer were not obtained. The contractor after being paid Rs.1.39 lakhs towards construction of abatement wall up to the deck level stopped the work



in March 1989 and did not resume the work despite issue of notices by the Department. The contract was neither rescinded nor was any penalty levied by the Department as of April 1992. The final bill for nil amount was also pending for settlement.

No action had been taken by the Department for completion of the work as of August 1992. Besides, unutilised departmental materials worth Rs.0.20 lakh were not returned by the contractor. In terms of the agreement, a sum of Rs.1.00 lakh (at 5 times the agreed rate) was recoverable from the contractor as the cost of materials. Against this, the Department had only Rs.0.19 lakh towards the dues of the contractor.

The Executive Engineer stated (April 1992) that the work could not be executed further for want of funds and that there was no likelihood of resuming the work. He also stated that the cost of unutilised materials retained by the contractor would be adjusted against the dues of the contractor in the Division as well as in other Divisions.

Thus, commencement of execution of the work without obtaining administrative approval and technical sanction and its non-completion resulted in unfruitful expenditure of Rs.1.39 lakhs. Besides recovery of Rs.1.00 lakh towards the cost of materials not returned by the contractor was outstanding.

The matter was referred to Government in May 1992; reply has not been received (June 1993).

#### **4.25 Undue benefit to a contractor**

The work of construction of Rissia Minor Irrigation Project was awarded (November 1982) to a contractor for Rs.89.03 lakhs for completion by April 1984. The work involved trimming of the partially compacted earth beyond the design section in the slope of the earth fill at a finished rate of Rs.2000 per 100 cu.m. The technical specification of the item accordingly provided for laying of 1.5 feet width extra earth on either side for achieving adequate compaction as per design and re-using of the same on the dam surface with no extra payment. The contractor executed 2.78 lakh cu.m. of earth work upto July 1987 and was paid (March 1990) Rs.55.57 lakhs as per the agreement.

It was noticed during audit (November 1990) that the Executive Engineer, Minor Irrigation Division, Balasore, allowed (March 1990) separate payment of Rs.1.07 lakhs for the slope cutting work (at Rs.300 per 100 cu.m. for 35756.10 cu.m.) although this item was provided for in the finished rate of the contractor for the earth fill.



On this being pointed out the Executive Engineer stated (November 1990) that separate payment was made as the agreement provided for slope cutting item and technical specification was overruled. The reply is not tenable, since the item of earth fill contained trimming operation.

The erroneous inclusion of a separate item for slope cutting work resulted in undue benefit of Rs.1.07 lakhs to the contractor.

The matter was referred to Government in June 1992; reply has not been received (June 1993).

#### **4.26      Extra cost due to injudicious termination of contract**

Construction of a portion of earth dam of Karkata Minor Irrigation Project in Kalahandi district (estimated cost:Rs.31.05 lakhs) was awarded to a contractor in July 1989 for Rs.33.57 lakhs for completion by July 1991. In spite of issue of notice (March 1990) for slow progress and delay in completion of work as per time frame there was no improvement. During site inspection, the Chief Engineer noticed (February 1991) that the contractor had executed only 10 per cent of the work and had stopped work since February 1991. He, therefore, directed that the contract be closed and the balance work be got executed through another agency. As per the final measurement taken in March 1991, the value of work done was Rs.3.61 lakhs. The contract was closed under the orders of Government in February 1992. Neither was any penalty levied, nor was the remaining work to be got completed at the risk and cost of the original contractor. Of the work valued at Rs.29.96 lakhs (Rs.33.57 lakhs minus Rs.3.61 lakhs) left incomplete by the contractor, a portion of the work estimated to cost Rs.19.62 lakhs was awarded (February 1992) to another contractor for Rs.38.26 lakhs, after inviting fresh tenders, for completion by December 1992. This involved an extra cost of Rs.18.64 lakhs (Rs.38.26 lakhs minus Rs.19.62 lakhs) to the department.

The Executive Engineer, Minor Irrigation Division, Kalahandi stated that the penalty was waived on the ground of rise in prices of labour and royalty of materials, untimely rain in 1990 and scarcity of diesel. The agreement with the contractor included a price escalation clause which neutralised the effect of rise in prices with timely completion of the work. Further, any changes in the rates of royalty were to be borne by the contractor as per the terms of the contract.



Therefore, the closure of the contract without levy of penalty was injudicious and resulted in an extra cost of Rs.18.64 lakhs to the Department.

The matter was referred to the Government in June 1992; reply has not been received (June 1993).

#### **4.27      Extra payment on escalation**

Construction of earth dam of Jagadala MIP (Head Works) was awarded to contractor 'A' (April 1984) for Rs.69.47 lakhs for completion by April 1987 but was actually completed in March 1989 at a cost of Rs.90.39 lakhs. Although the agreement *inter alia* provided for payment of price escalation, the manner in which it was to be regulated/determined was not specified. Government prescribed a uniform procedure for regulation of the amount of price escalation on different works in April 1986. According to this procedure price escalation was to be allowed treating 60 *per cent* of the cost of work as labour component and 20 *per cent* as the material component of the works. The Chief Engineer, Minor Irrigation, however, in June 1986, fixed 79.57 *per cent* as labour component and 8.82 *per cent* as the material component. This resulted in extra payment of Rs.1.76 lakhs to the contractor.

On this being pointed out in audit (April 1991), the Executive Engineer accepted the factual position and stated that altogether 88.39 *per cent* was paid towards escalation charges against the admissible percentage of 80.

The matter was referred to Government in July 1991; reply has not been received (June 1993).

#### **4.28      Non-recovery of liquidated damages from firms**

For implementation of Rural Water Supply Programme in the rural areas of the State in the first quarter of 1990-91, a Sub-Committee comprising Chief Engineer, Public Health, Director of Industries and Director, Export Promotion and Marketing recommended (March 1990) procurement of 278.395 tonnes of PVC pipes from small scale industrial units (SSI) at rates which were valid upto 31 March 1990. The procurement could not be made before expiry of the validity of the rates since Government approval was not received. The rates of pipes increased from 1 April 1990 and the Sub-Committee's recommendation (July 1990) for purchase of 371.833 tonnes at the higher rates for the first two quarters (April - September 1990) was approved



(November 1990) by Government in favour of eight S.S.I. Units. The supplies were to be completed by 31 December 1990. The supply orders stipulated that in the event of non-supply or part supply of the materials within the stipulated time, liquidated damages at the rate of 2 per cent of the value of materials involved in the delay was to be realised from the firm's bill.

Test check (September 1991) of records revealed that none of the firms supplied the pipes in time. Five of the firms supplied (June 1991) 1.06 lakh metres of pipes and were paid (June 1991) Rs.155 lakhs. However the department did not recover liquidated damages of Rs.3.10 lakhs from the firms for failure to supply the pipes within the stipulated date as provided in the supply orders.

The matter was referred to Government in June 1991; reply has not been received (June 1993).

#### WORKS DEPARTMENT

##### 4.29 Loss due to irregular issue of foodgrains

Under the National Rural Employment Programme, the Chief Engineer, Roads allotted (March 1986) 80 tonnes of wheat to Sambalpur (R&B) Division for part payment of wages to labourers to be engaged on construction of approach road to Badkelo bridge in 19 enclaved villages. Two village committee leaders were identified for the work by the Block Development Officer in August 1986. The village leaders lifted (under authorisation letter issued by the Sub-Divisional Officer, Jharsuguda) 40 tonnes of wheat in June 1986 and 38.527 tonnes in September/October 1986.

Test check (January 1991) of records of the Executive Engineer, Sambalpur (R&B) Division revealed that no work order was issued nor was any agreement drawn up by the Division with the village committee leaders for execution of the work. There were also no records to show execution of any work and distribution of wheat to any labourer, nor was the wheat returned to the Department. The entire quantity of wheat lifted i.e. 78.527 tonnes valued at Rs.1.18 lakhs was thus not accounted.

On this being pointed out in audit (January 1991), the Divisional Officer stated (July 1992) that the Sub-Divisional Officer had been chargesheeted (March 1992) for the irregular authorisation to the village leaders to lift the foodgrains



before drawing up any agreement. The irregular issue of foodgrains resulted in loss of Rs.1.18 lakhs.

The matter was referred to Government in March 1991; reply has not been received (June 1993).

#### **4.30      Infertuous expenditure and non-recovery of dues from a contractor**

Construction of high level bridge over Damasala nallah at 49 km. on Talcher-Kamakhyanager-Bhuban-Sukinda road (Major District Road 12) under Arterial road programme was awarded to a contractor 'P' at a cost of Rs.21.97 lakhs for commencement in June 1985 and completion by December 1986.

The Chief Engineer after inspection of the work site in August 1985 directed (30 September 1985) that the location of the site be shifted due to some technical defects and land acquisition problems. In contravention of this directive, the layout of the bridge for construction at the original site was given (November 1985) by the Executive Engineer to the contractor who executed work worth Rs.1.73 lakhs between November 1985 and May 1986.

In December 1986 the Chief Engineer approved a revised design for the bridge at a new site and the work was executed by the same agency under the existing contract and completed in June 1988 at a cost of Rs.23.79 lakhs which included the expenditure of Rs.1.73 lakhs incurred on the work at the old site that was abandoned. Thus, the expenditure of Rs.1.73 lakhs proved infertuous.

Against an amount of Rs.4.07 lakhs recoverable from the contractor on account of surplus departmental materials (Rs.3.95 lakhs), hire charges of machinery (Rs.0.09 lakh) and taxes (Rs.0.03 lakh) contractor's dues of Rs.2.01 lakhs (comprising dues for work done-Rs.0.80 lakh and security deposit-Rs.1.21 lakhs) only were available.

In reply to an Audit inquiry the Department stated (February 1992) that the contractor had promised to return the materials. The materials had, however, not been returned as of May 1992.

The matter was referred to Government in March 1992; reply has not been received (June 1993).



#### **4.31 Non-recovery of Government dues from a contractor**

Construction of deck slab over the wooden bridge across the Simajore nallah at 5th km. of Jamidihi-Sayamba-Balijore road (Classified Village Road) was awarded in March 1988 to a contractor for Rs.2.79 lakhs for completion by March 1989. The contractor did not execute the work as per the approved work programme inspite of issue of notices and after executing work of the value of Rs.0.52 lakh finally stopped, work from May 1989. The contract was closed (June 1989) at the risk and cost of the contractor. The balance work was got completed (April 1990) through another contractor involving an extra expenditure of Rs.1.82 lakhs compared to the rates of the original contractor.

Further departmental materials (steel-19.9 tonnes valued at Rs.1.37 lakhs and cement-66 bags valued at Rs.0.04 lakh) issued to the earlier contractor in April/November 1988, were neither used nor returned for which an amount of Rs.7.02 lakhs at the penal rate was recoverable from him. Against the total amount of Rs.8.84 lakhs (Rs.7.02 lakhs plus Rs.1.82 lakhs recoverable from the contractor as worked out (July 1990) by the Executive Engineer, only Rs.0.13 lakh towards security deposit was available with the Division.

On this being pointed out in audit, the Executive Engineer, Rourkela (R&B) Division, accepted (June 1992) the factual position.

The matter was referred to Government in June 1992; reply has not been received (June 1993).

### **ENERGY DEPARTMENT**

#### **4.32 Unfruitful expenditure on rent of teleprinter**

With a view to maintaining efficient communication between the State Capital (Bhubaneswar) and Upper Kolab Project, the Chief Engineer, Electricity-cum-Chief Engineer Electrical Projects installed in December 1986 one teleprinter at Jeypore, on annual rent of Rs.1.22 lakhs which was to be paid to the Telecommunication Department.

Scrutiny of records of the above office by Audit in February 1992 revealed that the teleprinter had worked only for 104 minutes during the period from 15 December 1986 to 25 April 1987 and thereafter it stopped working due to failure of permanent current (termed PC in telegraphic code). The Department had not taken any action



to get the defect rectified by the Telecommunication Department but continued to pay rent. The teleprinter was surrendered in December 1990. An amount of Rs.4.88 lakhs was paid as rent for the period from 1987-88 to 1990-91 (upto December 1990).

The delay in surrender of the defective machine resulted in infructuous expenditure of Rs.4.88 lakhs for the project. The benefit of quick and efficient communication between the State Capital and the Project was also not achieved.

The matter was referred to Government in June 1992; reply has not been received (June 1993).

#### COMMERCE AND TRANSPORT DEPARTMENT

##### 4.33 Loss due to departmental lapses

The construction of a groyne on southern side of sand pump trestle of Gopalpur Port was awarded to a contractor for Rs.44.96 lakhs in July 1987 for completion by March 1988. An amount of Rs.6.74 lakhs was paid to the contractor in July 1987 as mobilisation advance to be recovered with interest of 15 per cent per annum as provided in the agreement. The recovery was to be completed before payment of 90 per cent of the contract amount. The contractor had furnished (April/June/July 1987) bank guarantee valid upto March 1988 for a total amount of Rs.12.05 lakhs (Rs.0.80 lakh towards earnest money, Rs.6.75 lakhs for mobilisation advance and Rs.4.50 lakhs towards performance security). Due to slow progress, the work was not completed by the stipulated date. The contractor applied for extension of time upto February 1989 on the ground of non-availability of machinery which was to be arranged by him as per the terms and conditions of contract.

After executing work worth Rs.12.57 lakhs, the contractor stopped further work from August 1988 and refused to extend the validity of the bank guarantee beyond March 1988.

Test check of records (January 1992) revealed that action was not initiated by the department in time for getting the period of validity of the bank guarantees extended by the contractor although it was apparent that the work would not be completed within the guarantee period. The penal clauses of the contract providing forfeiture of security deposits of Rs.7.55 lakhs and levy of liquidated damages of Rs.4.50 lakhs (10 per cent of the contract value) for default in execution of work could not be invoked as the period of bank guarantees had expired. Neither was



the contract closed nor were the pending works taken up as of February 1992. Out of the mobilisation advance of Rs.6.74 lakhs paid to the contractor, Rs.1.38 lakhs was recovered from the running account bills leaving a balance of Rs.5.36 lakhs and interest of Rs.2.77 lakhs still to be recovered as of January 1992. Besides, hire charges amounting to Rs.2.66 lakhs for departmental machinery utilised in the work and cost of departmental materials amounting to Rs.0.04 lakh (at the rate provided in the agreement) were also pending for recovery. Against the total recoverable amount of Rs.22.88 lakhs, the dues of the contractor's available with the department amounted to Rs.1.06 lakhs.

The matter was referred to Government in March 1992. In reply Government stated (July 1992) that the Chief Construction Engineer had been instructed to make recovery of outstanding dues immediately as per law. No legal action had however, been taken for recovery as of March 1993.



**CHAPTER V**  
**STORES AND STOCK ACCOUNT**

**A - PUBLIC WORKS**

**IRRIGATION DEPARTMENT**

**5.1 Undue benefit to the contractor**

The Executive Engineer, Balasore Irrigation Division invited quotations for supply and fixing of leak-proof pre-stressed R.C.C. screw gear shutters in different controlled sluices of creek Irrigation Project. Of the four quotations received, the lowest offers of firms A and B of Cuttack for Rs.7,000 per sqm. were accepted in February 1989 after negotiation and approved by the Chief Engineer in March 1989. Thirteen agreements were executed with dates of commencement and completion of work as 13 March 1989 and 15 June 1989 respectively.

Neither at the time of submission of quotations nor during negotiation subsequently while submitting the cost analysis for their rates had the firms made any mention of their rates being exclusive of sales tax. According to the agreement executed all taxes including sales tax were to be borne by the suppliers and in addition 2 per cent Orissa Sales Tax (OST) was to be deducted from these bills. However, while submitting bills the firms claimed (March 1989) 8 per cent OST and 1 per cent Turn Over Tax (TOT) over and above their quoted rates of Rs.7,000 per sqm.

The matter was referred in August 1989 to the Superintending Engineer by the Executive Engineer who held (April 1990) that the suppliers were entitled to payment of sales tax dues as the approved comparative statement showed sales tax as extra, over and above the quoted rates of the suppliers. The firms were paid 8 per cent towards OST and 1 per cent towards TOT amounting to Rs.2.08 lakhs on the value of work done incorporating in April 1990 a special condition in the agreements. The deduction of 2 per cent OST amounting to Rs.0.45 lakh was also not made.

The payment towards sales tax and non-deduction of OST resulted in undue benefit of Rs.2.53 lakhs to the firms.

The matter was referred to Government in August 1991; reply has not been received (June 1993).



## 5.2 Procurement of materials in excess of requirement

Test check (April/May 1991) of records of the Executive Engineer, Electrical Construction Division under Upper Kolab Project revealed that large quantities of electrical materials procured for installation in residential and non-residential buildings, substation of Upper Kolab Project were lying unutilised as detailed below :

Nature of materials	Date of procurement	Quantity indicating the rates	Quantity utilised	Period of utilisation	Balance	
					Quantity	Cost
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Distribution Boards	15 October 1987	3086 nos.	50 nos.	Not made available by the department	3036	6,00,000
2. MCB 6 AMP & 10 AMP.	17 October 1987	2759 nos.	315 nos.	Not made available by the department	2444	1,71,000
3. 20 Amp.	28 December 1987	100 nos. Rs.318 each taxes extra	54 nos.	1989-90	46	16,170
4. 10 Amp.	28 December 1987	300 nos. Rs.265 each taxes extra	62 nos.	1989-90	238	69,717
5. Meters 5 Amp.	11 February 1988	2000 nos. Rs.270 each taxes extra	30 nos.	1989-90	1970	5,87,962

**14,44,849**

or Rs.14.45 lakhs

It was stated (July 1990) by the Department that the electrical materials could not be used due to non-replacement of damaged wiring in the buildings. The Chief Engineer, after physical verification of the stores, proposed (April 1991) to Government in the Irrigation Department for their disposal. No action has been taken for disposal of the surplus materials so far (March 1993).



The procurement of materials in excess of requirement resulted in blocking of funds to the tune of Rs.14.45 lakhs. The reserve stock limit had also been exceeded in the year of procurement.

The matter was referred to Government in April 1992; reply has not been received (June 1993).

## WORKS DEPARTMENT

### 5.3 Mis-appropriation of Government money

According to Codal provisions, the Divisional Officer may advance money to a sub-ordinate officer for meeting petty payments on passed vouchers and the accounts of such advance should be rendered as soon as possible. The Divisional Officer is required to check all the entries in the cash book after the date of their occurrence and also sign it at the end of the month so that he is responsible for all entries of the month inclusive of the closing balance.

Test check of records (June 1992) revealed that the Divisional Officer, Capital Construction Division No.I, Bhubaneswar exhibited in his works cash book transfer of cash of Rs.1.11 lakhs during July/August/October 1991 in favour of three Sub-Divisional Officers (SDOs) (SDO-II : Rs.0.78 lakh on 31 July 1991 and Rs.0.20 lakh on 23 August 1991 and SDO, (Stores) : Rs.0.13 lakh on 15 October 1991). No requisition or acknowledgement from these Sub-Divisional Officers was available in the records of the Division for the transfer of cash, nor were the transactions entered in their respective cash books. The amounts were shown in the closing balance of the Divisional cash book as advanced to the Sub-Divisional Officers. In October/November 1991 the advance was shown as adjusted through entries in the monthly accounts of the Division as materials procured for stock (October 1991 : Rs.0.98 lakh and November 1991 : Rs.0.13 lakh) although there was actually no such purchase of stock materials.

It was also observed that sale proceeds of tender papers for two works viz : 'Improvement, widening and strengthening of Bidyut Marg from Rajbhavan to Accountant General Colony junction (Phase-I)' and 'Construction of 1st floor over additional room and practical class room of RETC' (tenders sold on 27 August 1989 and 6 May 1991 respectively) amounting to Rs.0.30 lakh deposited by 32 intending bidders were not accounted for in the cash book/tender sale Register.



On this being pointed out by Audit (June 1992) the Executive Engineer accepted the factual position and stated that draft charges were under process against the cashier who had been placed under suspension and that further investigations were being conducted by the Department for realisation of the mis-appropriated amount. The failure on the part of the Divisional Officer to check the cash book entries and tender sale register as required under the rules led to mis-appropriation of Government money amounting to Rs.1.41 lakhs.

The matter was referred to Government in August 1992; reply has not been received (June 1993).

#### ENERGY DEPARTMENT

##### 5.4 Extra contractual payment to a firm

The Chief Engineer, Electricity-cum-Chief Engineer, Electrical Projects, Bhubaneswar placed order with Bnarat Heavy Electricals Ltd. in February 1987 for procurement of hydro-generating equipments for the Upper Kolab Project at a cost of Rs.993.20 lakhs. The purchase order stipulated that in all cases of shortages of materials the supplier was to settle the claims for the same with the insurance agency on behalf of the purchaser and, without waiting for settlement of claims, was liable to arrange replacement of the items found short within a reasonable time. The claim amount when received from the Insurance Company by the purchaser was to be paid to the firm.

The firm despatched the materials in four packages by goods train in November 1990. While taking delivery of the materials in March 1991, the Executive Engineer noticed that two of the four packages were in damaged condition. The open delivery of the damaged packages was taken after a joint verification (March 1991) by the Railway authorities and the Executive Engineer, which revealed shortage of 56 numbers of fan blades valued at Rs.0.32 lakh (cost inclusive of taxes).

Test check (February 1992) of records revealed that the insurance claim (March 1991) for Rs.0.32 lakh (including taxes) for the shortages was pending as of August 1992. The Superintending Engineer, Upper Kolab Hydro-Electric Circle, without following the tender procedure obtained (June 1991) a fresh quotation from the firm for replacing the missing fan blades at Rs.10.65 lakhs. The firm replaced the blades in October/November 1991 and payment of Rs.13.51 lakhs (basic cost: Rs.10.65 lakhs plus taxes : Rs.2.86 lakhs) was made to it in November/December 1991.



This violated the purchase order condition that the firm was to make good the loss at its cost resulting in an extra contractual payment of Rs.13.18 lakhs (Rs.13.51 lakhs - Rs.0.32 lakh) to them.

The matter was referred to Government in June 1992; reply has not been received (June 1993).

#### INDUSTRIES DEPARTMENT

##### 5.5 Loss of stock materials

Test check (June 1990) of the records of the Principal, Industrial Training Institute, Cuttack revealed that in the new stock register opened from 24 April 1985, 302 items like electrical bulbs, fittings, tools, paints, MS rods, angles, sheets and flats of all sizes, copper wire, brass rods and sheets etc. valued at Rs.3.05 lakhs were not brought forward from the previous register. Further quantities of certain items valued at Rs.0.39 lakh were taken short when compared with the earlier register. The Principal stated that the new register was opened as the stock materials were not handed over by his predecessor. Though the stock materials were handed over subsequently (6 May 1985) the discrepancies as reflected in the new stock register were not reconciled. Physical verification was conducted in December 1985, May 1988 and June 1989 with reference to the stock register but the reports of physical verification were not made available to Audit. As the discrepancies between the ground balances and book balances have not been reconciled, this has to be reckoned as a loss.

In response to an inquiry by Audit it was clarified by the Principal that no stock verification was done during the four years preceding the opening of the new stock register.

The matter was referred to Government in January 1991; reply has not been received (June 1993).

#### AGRICULTURE DEPARTMENT

##### 5.6 Shortage of stock

Test check (February 1992) of the records of the Deputy Director of Agriculture (DDA), Bolangir revealed that the following items were neither carried forward from the stock account of the seasons mentioned below nor handed over by the Agricultural Overseer incharge of the central godown on his retirement on 30 June 1991.



Season to which the stock belongs	Item	Quantity ( in quintals )	Value (Rupees in lakhs)
Rabi - 1989-90	Gypsum	1750.00	1.25
Kharif - 1990-91	Single Super Phosphate	15.00	0.01
	Derosol	1.00	0.42
	K.Carboril	0.60	0.06
	Bariston	4.20	0.02
	Thionite	20.55	0.02
	Di-ammonium Phosphate	20.00	0.09
	<b>Total</b>		<b><u>1.87</u></b>

In response to an inquiry by Audit the DDA stated (February 1992) that the matter would be investigated.

The matter was referred to Government in September 1992; reply has not been received (June 1993).



## CHAPTER VI

### FINANCE DEPARTMENT

#### 6.1 Commercial activities

As on 31 March 1992, there were five departmental commercial and quasi-commercial undertakings/schemes. The extent of arrears in submission of proforma accounts in respect of these undertakings/schemes is indicated below :

Name of the undertaking/scheme	Year from which accounts are in arrears
<hr/>	
<b>A. <u>State Trading Scheme</u></b>	
1. Nationalisation of Kendu Leaves	1986-87
<b>B. <u>Agriculture</u></b>	
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 proforma accounts in respect of these undertakings/schemes have not been received for the years shown against each.

Name of the Undertaking/ Scheme	Name of the Corpo- ration to which transferred	Date of trans- fer	Year from which accounts are in arrears
(1)	(2)	(3)	(4)
<b>A. <u>State Trading Scheme</u></b>			
1. Grain purchase scheme	Orissa State Civil Supplies Corpo- ration Limited	September 1980	1977-78
<b>B. <u>Transport</u></b>			
2. State Transport Service	Orissa State Road Transport Corpo- ration Limited	May 1974	1972-73

- (a) Proforma accounts received for the years 1972 and 1973 were incomplete and were returned.
- (b) Proforma accounts for the years 1977, 1978 and 1980 were received in May 1988, July 1990 and January 1991 respectively. But the accounts for 1973, 1974, 1975, 1976 and 1979 had not been received as of July 1992.



Name of the Undertaking/ Scheme	Name of the Corpo- ration to which transferred	Date of trans- fer	Year from which accounts are in arrears
(1)	(2)	(3)	(4)
<b>C. <u>Agriculture</u></b>			
1. Cold Storage Plant, Bhubaneswar	Orissa State Seeds Corporation	March 1979	1971
2. Cold Storage Plant, Sambalpur	Orissa State Seeds Corporation	March 1979	1971

Following repeated correspondence, Government intimated in September 1989 that efforts were being made to rebuild the accounts of State Transport Service for the period from 1972-73 to 1974-75 as all the relevant records for the period were not available with the drawing and disbursing offices concerned. There has been no response from Government in respect of the accounts of the Grain Purchase Scheme.

In respect of the following schemes which remained 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.

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	1981-82

Although the following schemes were commercial in nature, Government had not prescribed the preparation of proforma accounts. Only personal ledger accounts were opened and maintained by the concerned Departments of Government. The



position of these personal ledger accounts at the end of 1991-92 was as under :

Name of the undertaking	Year in which the personal ledger accounts were opened	Accounts for 1991-92			
		Opening balance	Credit	Debit	Closing balance
		(	Rupees in lakhs		)
1. Purchase and distribution of quality seeds to cultivators	1977-78 (Revenue Accounts)	78.94	1274.04	1126.68	226.30
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 August 1992. In its 14th Report (10th Assembly) the Committee was distressed to note the sorry state of affairs in the preparation of Proforma accounts and desired that responsibility be fixed for failure to prepare the accounts. Further developments are awaited (June 1993).



## CHAPTER VII

### FINANCE DEPARTMENT

#### 7.1 Financial assistance to local bodies and others

##### 7.1.1 General

(a) During 1991-92 grants and loans amounting to Rs.704.93 crores were paid to non-Government bodies/Institutions for implementation of various programmes/schemes. This formed 27 per cent of the total expenditure of Government, on revenue account. The corresponding figures of the previous year 1990-91 were Rs.684.97 crores and 31 per cent.

The main recipients of the grants were Educational Institutions and District Rural Development Agencies which received Rs.190.47 crores (27 per cent) and Rs.131.68 crores (19 per cent) respectively during 1991-92 for the purposes shown below :

#### 1. Educational Institutions

Amount  
(Rupees in crores)

(a) Primary Education	48.23
(b) Secondary Education	87.37
(c) Higher Education	26.30
(d) <u>Universities</u>	
Non-Technical	22.18
Technical	6.39

190.47

#### 2. District Rural Development Agencies

(a) Jawahar Rojgar Yojana	107.65
(b) Integrated Rural Development Programme (IRDP)	16.55
(c) Development of Women and Children in Rural Areas (DOWCRA)	0.15
(d) Economic Rehabilitation of Rural Poor (ERRP)	0.10
(e) Training for Rural Youth for Self-Employment (TRYSEM)	3.23
(f) Assistance to Small and Marginal Farmers	4.00

131.68



(b) Audit arrangements

The Examiner, Local Fund Accounts is the Statutory Auditor for Panchayat Samities and Educational Institutions. The Registrar of Co-operative Societies is the auditor for Co-operative Societies while the accounts of District Rural Development Agencies (DRDAs), Integrated Tribal Development Agencies (ITDAs) and Command Area Development Authorities (CADAs) are audited by Chartered Accountants.

The audit of these institutions is also carried out under the Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act, 1971 as amended in March 1984. According to Section 14(1) of the Act, receipts and expenditure of any autonomous body or authority which is substantially financed by grants and loans from the Consolidated Fund of the State are to be audited by the Comptroller and Auditor General of India.

For this purpose, a body or authority is deemed to have been substantially financed if the aggregate of grants and/or loans to it in a financial year is not less than Rs.25 lakhs (Rs.5 lakhs upto 1982-83) and also not less than 75 per cent of the total expenditure of the body/authority. Under Section 14(2) of the Act, the Comptroller and Auditor General of India, with prior approval of the Governor, audits all receipts and expenditure of the body or authority if the aggregate of such grants or loans given from the Consolidated Fund of the State is not less than Rupees one crore in a financial year.

(c) Delay in receipt of accounts

Mention was made in Paragraph 7.1(b) of Audit Report (Civil) for 1990-91, about non-receipt of information from Departments of Government regarding grants and loans given to various bodies and authorities to facilitate determination of the applicability of audit under Section 14 of the Comptroller and Auditor General's (DPC) Act, 1971. The position did not improve during 1991-92, even though the Finance Department had agreed (May 1988) to furnish such details by the end of June each year.

As a result, information as to the number of bodies that received grants of not less than Rs.25 lakhs in a year was not available. However, the number of bodies/authorities whose accounts were received in audit as of February 1993 is



given below :

Year of Accounts	Number of accounts received
1983-84	393
1984-85	413
1985-86	381
1986-87	369
1987-88	349
1988-89	331
1989-90	297
1990-91	219
1991-92	41

According to Rule 172 of the Orissa General Financial Rules Vol. I, copies of all Audit Reports on the accounts of the institutions receiving grants or extracts thereof relating to grants-in-aid should be furnished to the Accountant General by the authorities concerned. As these provisions were not being observed, the matter was taken up with the Government, who instructed (November 1991) the Examiner, Local Fund Accounts to submit audited accounts of all the institutions to the Accountant General from 1991-92.

It would be evident that some of the bodies/authorities which might have actually qualified for audit have remained outside the purview of audit of the Comptroller and Auditor General of India due to non-furnishing of information regarding grants/loans, released by Government.

The results of audit of some institutions/bodies conducted under Section 14 and 15 are given in the succeeding paragraphs.

#### 7.1.2 *Audit of Autonomous Bodies*

During the year ending March 1992 audit of receipts and expenditure of 104 autonomous bodies relating to the Panchayati Raj (95), Harijan and Tribal Welfare (5), Fisheries and Animal Resources (2), Science and Technology (1) and Health and Family Welfare (1) Departments was conducted under Section 14(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. During the periods covered by audit the bodies had received financial assistance

of Rs.3,69.03 crores. The important points noticed during audit are brought out in the following paragraphs :

(a) Rule 171 of Orissa General Financial Rules and orders sanctioning the grants stipulate that funds should be utilised within the financial year during which they were sanctioned or within one year from the date of sanction and the unspent balances should be surrendered immediately thereafter. These provisions were not followed by the bodies/authorities and the unspent balances were being carried over to subsequent years as a matter of routine. The unspent balances in respect of 87 of the 104 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 * ( Rupees in lakhs )
(1)	(2)	(3)	(4)	(5)
1.	Panchayat Samitis	43	1988-89	757.29
		31	1989-90	691.58
2.	Integrated Tribal Development Agencies (ITDA)	4	1989-90	375.18
3.	Orissa Social Welfare Advisory Board	1	1989-90	24.91
4.	District Rural Development Agencies (DRDA)	5	1990-91	2511.18
5.	Brackish Water Development Agencies	2	1990-91	135.28
6.	Orissa Remote Sensing Application Centre	1	1990-91	24.55

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\* The year-wise break up of the unspent amount was not available.



It was noticed that the institutions did not maintain 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 period to which the unspent balances related and reasons therefor were not available with the bodies/authorities.

(b) In respect of the five DRDAs it was noticed that out of Rs.184.55 lakhs received during the period from 1981-82 to 1985-86 for implementation of various income generating schemes for Scheduled Castes/Scheduled Tribes residing outside the Tribal Sub-plan area an amount of Rs.72 lakhs was lying unutilised as on 31 March 1991 with the DRDAs and had been retained in their bank accounts and Personal Ledger Accounts although operation of the schemes through DRDAs had ceased from 1986-87.

On this being pointed out in audit (May 1992), the Harijan and Tribal Welfare Department stated (June 1992) that the DRDAs had been asked to transfer the unspent balances to the Orissa State Scheduled Castes and Scheduled Tribes Development Finance Co-operative Corporation.

(c) The DRDA, Balasore had deposited unspent balances of grants with the Bhadrak Co-operative Urban Bank Limited (Bank). Though there was a balance of Rs.29 lakhs in May 1991 the Bank dishonoured on the ground of paucity of funds, four cheques of Rs.0.50 lakh each drawn by the DRDA on the Bank. A special departmental audit of the Bank was taken up and according to a preliminary report of December 1990 the funds of the Bank had been misappropriated by the officials of the Bank.

Further scrutiny by Audit (December 1991) also brought out that on an earlier occasion a cheque for Rs.3 lakhs drawn in March 1987 in favour of the State Bank of India by the DRDA, Balasore was dishonoured on the ground of paucity of cash with the Bank though the DRDA had a balance of Rs.19 lakhs with the Bank on that date. In order to facilitate the Bank to pay the amount, DRDA deposited a further sum of Rs.5 lakhs in February 1988.

(d) Out of Rs.110.93 lakhs received for implementation of Podu Scheme (1987-88 : Rs.23.50 lakhs, 1988-89 : Rs.63.93 lakhs and 1989-90 : Rs.23.50 lakhs) the ITDA, Thuamul Rampur had spent Rs.6.93 lakhs only (1988-89 : Rs.0.17 lakh and 1989-90 : Rs.6.76 lakhs) and the balance amount of Rs.104.00 lakhs remained unspent.

(e) An amount of Rs.113.27 lakhs out of grants paid to BFDAs, Balasore and Puri for disbursement of subsidy for development of fish farming in Brackish Water remained unspent as on 31 March 1991 . Further details are given in paragraph 3.3.8(a)(i).

#### 7.1.3 *Outstanding utilisation certificates*

According to the financial rules and conditions stipulated in the orders sanctioning grants, the bodies receiving financial assistance are required to submit utilisation certificates (UCs) in respect of the amounts received by them by the end of June following the year of expenditure of funds or by such other date/period as may be stipulated in the sanctions.

It was seen during audit that UCs were not furnished by the grantee bodies in respect of Rs.211.65 crores (5 DRDAs : Rs.100.96 crores, 4 ITDAs : Rs.5.18 crores and 67 Panchayat Samitis : Rs.105.51 crores) as detailed in Appendix XVI. The outstanding UCs related to periods prior to 1979-80 also.

It was also noticed that ORSAC had submitted the UC for Rs.34.67 lakhs for the period 1989-90 to 1990-91 against Rs.21.92 lakhs actually spent by it. It was stated by ORSAC that the UCs were furnished after taking into account the advances paid in anticipation of adjustment in due course. This was irregular.

#### 7.1.4 *Unadjusted advances*

According to the Orissa Zilla Parishad and Panchayat Samiti Rules 1961, payment of advances is generally prohibited except in case of works expenditure and amounts so advanced shall be regularly and promptly adjusted. It was observed that advances aggregating Rs.2.54 crores in respect of 33 and Rs.3.97 crores in respect of 34 Panchayat Samitis were outstanding upto March 1989 and March 1990 respectively. No efforts were made by the Samitis to adjust or recover these amounts.



Year-wise details of amounts outstanding against 27 bodies audited upto 1988-89 (12) and 1989-90 (15) are given below :

Year	Amount in respect of 12 numbers of Panchayat Samitis audited upto 1988-89	Amount in respect of 15 numbers of Panchayat Samitis audited upto 1989-90
	(	)
	Rupees in lakhs	
Upto		
1979-80	20.87	5.57
1980-81	0.11	1.26
1981-82	2.04	2.99
1982-83	3.08	0.89
1983-84	6.89	15.92
1984-85	7.08	5.15
1985-86	21.52	14.47
1986-87	8.83	12.28
1987-88	9.77	33.62
1988-89	17.87	32.34
1989-90	Nil	79.47

The matter was referred to Government in September 1991; reply has not been received (June 1993).

#### PANCHAYATI RAJ DEPARTMENT

##### 7.2 Unfruitful expenditure on plantation

Under the National Rural Employment Programme and the Rural Landless Employment Guarantee Programme, various agencies undertook avenue and other plantations with funds provided through the District Rural Development Agencies. Details of expenditure incurred on plantations carried out by the agencies mentioned are given below :

Name of the executing agency	Details of plantations	Period of plantation/main-tenance	Expenditure incurred ( Rupees in lakhs )
a) Assistant Soil Conservation Officer, Nowrangpur, District Koraput	(i) 215 hectares cashew plantation	1979-80 to 1985-86	1.40
	(ii) Plantation in 1025 acres	1986-87 to 1989-90	4.26

Name of the executing agency	Details of plantations	Period of plantation/main-tenance	Expenditure incurred ( Rupees in lakhs )
b) Assistant Soil Conservation Officer, Balasore	Plantation in 100 hectares (Deveri Karuni: 20 hectares, Betakate : 80 hectares)	1986-87 to 1987-88	0.77
c) Divisional Manager, Balasore Plantation Division	(i) Avenue Plantation in 36 Km (Basta to Baliapal, Salt Road, Jaleswar to Kakeshmanoth and Karayimal to Balimunda)	1987-88	8.80
	(ii) Avenue Plantation in 21 Km. (Baliapal to Singla, Kantarata to Inchudi and Goba-geon to Charigachha	1988-89	7.46
	(iii) Avenue Plantation in 19 Km (Mandhata to Jamkonda and Mandhata to Pan-chupalli)	1988-89	4.39
d) Assistant Soil Conservation Officer, Balasore	(i) Miscellaneous plan-tation in 17 patches covering 200 hectares	1986-87	2.64
	(ii) Miscellaneous plan-tation in 10 patches covering 100 hectares	1987-88	1.73
	(iii) Avenue Plantation 5 Km	1987-88	1.58
	(iv) Avenue Plantation 2 Km	1988-89	0.61
	(v) 200 hectares cashew plantation in Ranipokhari Dwarikasui and Batkath	1986-87	1.50
	(vi) Bamboo plantation in 30 hectares (Jagannath-pur, Adempur, Bumgal, Mohantypade, Routrapur, Kharabedi	1986-87	0.90
e) Divisional Forest Officer (Plantation), Sambalpur	0.73 lakh seedlings plan-ted on the road side between Sohella and Padampur	1989-90 to 1990-91	3.86
			<u>39.90</u>



The State Government had prescribed survival rate of 75 per cent as the norm for a successful plantation, but none of the agencies achieved the prescribed rate of survival as stated below :

- Not a single plantation survived out of the plantation done at a total cost of Rs.8.19 lakhs by the Assistant Soil Conservation Officer, Balasore (200 hectares of cashew plantation and bamboo plantation in 30 hectares), Assistant Soil Conservation Officer, Nowrangpur (215 hectares of cashew plantation) and Divisional Manager, Balasore (avenue plantation in 19 Km).
- The survival of plantation was below 30 per cent in respect of the plantation done by Assistant Soil Conservation Officer, Balasore (Plantation in 100 hectares, miscellaneous plantation in 17 patches covering 200 hectares and miscellaneous plantation in 10 patches covering 100 hectares) at a total cost of Rs.5.14 lakhs.
- The survival of the remaining plantations done at a total cost of Rs.26.57 lakhs was 50 per cent or less.

While the poor survival in the case of plantations at (a) above was attributed to inadequate funds for treatment/maintenance operations, the poor survival in (b) to (e) was attributed to various factors such as damage due to lack of watch and ward arrangements, cattle menace, biotic interference and severe summer. These reasons are not tenable as these are well known factors for which action could have been taken in advance to avoid damage to plantation.

Thus, the expenditure incurred on the plantations proved largely unfruitful.

The above cases were referred to Government between June and September 1992; reply has not been received. (June 1993).

### 7.3 Wasteful expenditure

The Project Officer (PO), District Rural Development Agency (DRDA), Koraput released a sum of Rs.5.40 lakhs in favour of the Block Development Officer (BDO), Khairput, Koraput district during 1985-86 to 1987-88 for construction of 50 houses (26 in Mudulipada and 24 in Podeiguda villages) under the Rural Landless Employment Guarantee Programme (Indira Awas Yojna) to provide shelter to members of Scheduled Castes/Scheduled Tribes and freed bonded labourers. Of the above amount, the BDO advanced Rs.4.86 lakhs to two contractors entrusted with the construction



of the houses, in cash (Rs.3.13 lakhs) and materials including wages in the form of food grains (Rs.1.73 lakhs) during 20 December 1986 to 23 February 1988. The employment of contractors for construction of the houses in the said villages was in violation of the terms and conditions of the scheme according to which the work should be executed through village committees, voluntary organisations or departmentally.

Though the construction of the houses was completed during 1987-88, the accounts were not finalised for want of check measurement to be carried out by Junior Engineer/BDO. Though beneficiaries had been identified, there was no record to show that the houses had been allotted to them and had been occupied. The actual expenditure incurred on the construction of these houses could not be ascertained as the relevant records were stated to have been seized by the Vigilance Department.

The BDO, Khairput intimated (June 1992) in a letter to the Sub-Collector, Malkangiri, Koraput district that of the 26 houses of Mudulipada, only 9 houses still existed. Of these 4 were in a dilapidated condition. In respect of the 24 houses constructed at Podeiguda only two existed in a dilapidated condition. The BDO also stated that the Vigilance Department was enquiring (June 1991) into the matter.

Thus, the expenditure of Rs.4.86 lakhs proved wasteful and the objective of providing shelter to the needy was not achieved.

The matter was referred to Government in April 1992; reply has not been received (June 1993).

#### **7.4 Loss due to damage of seedlings**

The Divisional Plantation Manager (DPM), Afforestation Division, Dhenkanal incurred an expenditure of Rs.2.81 lakhs during 1988-89 for raising 5.63 lakh seedlings (Rs.2.25 lakhs) and maintenance of 3.93 lakh left over seedlings of the previous year (Rs.0.56 lakh) for taking up various plantation works under the National Rural Employment Programme (NREP) during 1989-90. Funds for the purpose were provided by the District Rural Development Agency (1988-89). Test check of the records of the DPM (December 1990) revealed that out of the 9.56 lakh seedlings available, the DPM sold 2.74 lakh seedlings for Rs.1.09 lakhs to different Gram Panchayats (GP) for use in various schemes under the Jawahar Rojgar Yojana (JRY) and



utilised 1.69 lakh seedlings for replacement of casualties of the 1988-89 plantations. The remaining 5.13 lakh seedlings remained unused and were reported (December 1990) to be damaged. The DPM stated (June 1992) that due to implementation of the JRY through GPs in place of the NREP, no funds were released for taking up new plantations during 1989-90 under NREP and the left over seedlings could not, therefore, be utilised and were damaged.

Computed at the rate of Rs.0.40 per seedling (being the expenditure incurred on raising each seedling) and including the expenditure of Rs.0.56 lakh incurred on maintenance of left over seedlings of the previous year, Government suffered a loss of Rs.2.61 lakhs on account of damage to seedlings.

The matter was referred to Government in February 1992; reply has not been received (June 1993).

#### **7.5 Loss of seedlings**

Divisional Forest Officer (DFO), Coastal Shelter Belt Afforestation Division, Cuttack raised 21.32 lakh seedlings during 1988-89 for the plantation programme under the National Rural Employment Programme (NREP) (Social Forestry Component) and utilised 16.76 lakh seedlings (for plantation during 1988-89 : 13.42 lakhs and for casualty replacement : 3.34 lakhs) leaving a balance of 4.56 lakh seedlings which were not maintained and allowed to die. In reply to an audit query about the non-utilisation of the balance quantity of seedlings, the DFO stated (September 1991) that they were not utilised due to reduction in target and due to non-availability of funds for their maintenance.

This resulted in a loss of Rs.1.82 lakhs calculated at the sale price of Rs.0.40 per seedling (the actual expenditure incurred in raising the seedlings was not intimated).

The matter was referred to Government in June 1992; reply has not been received (June 1993).

## 7.6 Avoidable extra expenditure on purchase of hume pipes and collars

According to the Industrial Policy, 1986 of the Government of Orissa all stores items for which prices and Rate Contract (RC) holding firms have been fixed by the Directorate of Export Promotion and Marketing (EPM) should be purchased from RC holders at the prices fixed without inviting tenders/quotations. Contrary to the stipulated policy and despite issue of instructions by the Chief Secretary from time to time, it was seen (December 1990 and November 1991) from the records of the following officers of Sambalpur and Sundargarh districts that hume pipes and collars of different sizes were purchased at higher rates by inviting quotations instead of placing orders on RC holding firms for the execution of works out of funds provided by the District Rural Development Agencies (DRDA), Sambalpur and Sundargarh. Certificates of non-availability were also not obtained from the RC holders. Computed with reference to prices approved by the EPM, the extra expenditure on the above purchases worked out to Rs.3.02 lakhs as detailed below :

Sl. No.	Name of the District/Office	Period of purchase	Amount paid	Amount payable as per RC prices	Difference
			(	Rupees in lakhs )	
<b>Sambalpur District</b>					
1.	Block Development Officer, Jharsuguda	May 1988	0.79	0.32	0.47
2.	Block Development Officer, Padampur	November 1987 to March 1991	2.83	1.87	0.96
3.	Assistant Soil Conservation Officer, Padampur	August 1987 to March 1991	1.58	0.71	0.87
<b>Sundargarh District</b>					
4.	Block Development Officer, Bonai	June 1987 to December 1988	0.70	0.54	0.16
5.	Assistant Soil Conservation Officer, Baragaon	March 1988 & September 1989	0.54	0.26	0.28
6.	Block Development Officer, Sundargarh	December 1987 to May 1988	0.46	0.18	0.28
<b>Total</b>			<u>6.90</u>	<u>3.88</u>	<u>3.02</u>



The following reasons were given for purchases not having been made from RC holding firms :

- (i) BDO, Jharsuguda stated that the purchases were made on the orders of the Project Officer, DRDA, Sambalpur.
- (ii) BDO, Padampur contended that no circular of Government in this regard was received by him.
- (iii) Assistant Soil Conservation Officer, Padampur stated that purchases were made from the local small scale industries after calling for quotations and that none of them was willing to supply at EPM rates.
- (iv) BDO, Bonai and Assistant Soil Conservation Officer, Baragaon stated that there was no RC holding firm in the district; the reply is not acceptable as there was a firm at Rourkela of Sundargarh district holding RC during 8 May 1987 to 30 June 1988 and 16 November 1988 to 30 June 1989.

The BDO, Sundargarh furnished no reasons.

The extra expenditure could have been avoided had orders been placed on the RC holding firms.

The matter was referred to Government in July 1992; reply has not been received (June 1993).

## INDUSTRIES DEPARTMENT

### **7.7            Functioning of the Orissa Industrial Infrastructure Development Corporation**

#### **7.7.1           Introduction**

The Orissa Industrial Infrastructure Development Corporation (IDCO) was established in 1981 under the provisions of the Orissa Industrial Infrastructure Development Corporation Act, 1980. The overall objective was the rapid and orderly establishment and organisation of industry, trade and commerce in the industrial areas and industrial estates in Orissa. The specific objectives were to : (a) establish and manage industrial estates, (b) develop industrial areas, provide amenities and common facilities in the estates/areas, (c) construct and maintain works and buildings and make them available on hire or sale to entrepreneurs, (d) construct houses for the employees of such industries and also for the employees of the Corporation.



Audit observations on the working of the Corporation for the years from 1983-84 to 1985-86 were mentioned in paragraph 7.10 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1989. Further points noticed during audit (December 1991 to April 1992) for the subsequent period upto 1988-89 are brought out in the succeeding paragraphs.

#### 7.7.2 *Loss due to undue financial accommodation*

IDCO entered (June 1983) into an agreement with Firm A, for providing a water supply system to the industrial area at Jeypore at an estimated cost of Rs.175 lakhs to deliver 10 million gallons per day (mgd) of water out of which 9.50 mgd. of water was to be utilised by Firm A. The work involved laying of a pipe line with accessories and fittings etc., upto a distance of about 8 km from river Kolab to the site of the Integrated Pulp and Paper Mill set up by Firm A at Jeypore. The agreement *inter alia* specified that IDCO was to arrange the finances for the execution of the work and Firm A was to undertake the job of procuring and laying the pipe line with accessories and fittings etc., on behalf of IDCO. IDCO was to receive 5 per cent of the total cost of the scheme or Rs.7 lakhs whichever was less towards supervision. IDCO's responsibility for raising loans was limited to Rs.122.50 lakhs and the balance amount of Rs.52.50 lakhs was to be provided by Firm A as margin money. Loans raised by IDCO were to be disbursed to Firm A in instalments after ascertaining the utilisation of the margin money in full.

In pursuance of the agreement, IDCO raised two loans aggregating Rs.122.50 lakhs from a Public Sector Bank-A in March 1984 (Rs.50 lakhs) and Bank-B in September 1984 (Rs.72.50 lakhs) and disbursed the same to Firm A in three instalments during October 1983 (Rs.45 lakhs), April 1984 (Rs.50 lakhs) and November 1984 (Rs.27.50 lakhs) respectively. The payment of Rs.45 lakhs to Firm A in October 1983 i.e. 5 months before it raised the first loan was not provided for in the agreement and constituted an extra contractual financial accommodation to Firm A.

Under the agreement, repayment of the loan was to commence from 15 December 1983. No efforts were, however, made to enforce the repayment schedule till 30 April 1990 when a legal notice was issued. By this time Firm A had been declared sick and had been merged with another private Company Firm B. Consequent on the merger of Firm A with Firm B, a rehabilitation package had been worked out by the Board of Industrial and Financial Reconstruction (BIFR) according to



which Firm B was to repay the principal amount of the loan with 75 per cent of the simple interest due upto 20 June 1991. IDCO had paid Rs.239.24 lakhs (Rs.157.66 lakhs in August 1991 and Rs.81.58 lakhs in January 1992) towards principal and interest due to the banks out of its own resources. Till April 1992 Firm B had paid to IDCO Rs.99.88 lakhs only. IDCO stated (November 1992) that assuming that the balance payment due from Firm B in accordance with the BIFR's recommendation is forthcoming, it would sustain, on account of the financial accommodation arranged for Firm A, a loss of Rs.174.14 lakhs. IDCO represented to Government on 28 January 1992 for a grant or subvention to make up for the eventual loss. No decision has yet been taken by the Government (April 1992).

### 7.7.3 *Unproductive expenditure on construction of sheds*

Test check of records of IDCO's, Cuttack Civil Division at Jagatpur revealed that IDCO constructed 21 numbers of sheds at a cost of Rs.34.88 lakhs in the Industrial Estate, Choudwar and incurred expenditure of Rs.23.81 lakhs on roads, culverts, drains etc. between 1982-83 and 1984-85. These were lying vacant as of April 1992 due to lack of demand. Lack of demand for the sheds from entrepreneur was to be stated due to the absence of basic amenities like water and electricity which could not be provided due to paucity of funds. Though it was claimed (April 1992) by IDCO that the infrastructure developmental activities were completed by 1985-86, basic necessities like water and electricity could not be provided to the Industrial Estate even after seven years of the construction of the sheds.

It was further noticed that all window grills, door-shutters and other materials were stolen from the vacant sheds and a complaint was stated (April 1992) to have been lodged with the Police. In order to avoid further theft from the sheds, the doors and window spaces were filled with cement and bricks at a cost of Rs.0.40 lakh.

To an audit query whether any assessment was made before construction of such sheds at Choudwar, the Corporation stated (April 1992) that for bringing in regional balance in infrastructure development, IDCO developed infrastructure facilities in all the districts of Orissa in general and demand was not taken as a criterion for construction of sheds. The reply was not correct since the sheds remained unoccupied because there was no demand for them due to non-provision of facilities in complete shape.



Scrutiny of records relating to the sanction of grants by the Department of Science, Technology and Environment, supplemented by information obtained from the grantee institutions/bodies during February - March 1992 revealed the following irregularities :

a) The Department had sanctioned Rs.651.55 lakhs as financial assistance to different bodies/authorities during the period from 1988-89 to 1990-91. However no register was maintained to show at any given time the total grants sanctioned, utilisation certificates received, assets created etc.

b) The following institutions/bodies which were sanctioned financial assistance as shown against them had either not utilised the assistance or had utilised only part of the sanctioned amounts :

Name of the institution/body	Period during which the amount was sanctioned	Amount sanctioned	Amount utilised	Remarks
		(	Rupees in lakhs	)
1. Orissa Renewable Development Agency	1983-84 to 1987-88	19.16	11.03	Utilisation Certificates for Rs.8.13 lakhs had not been received.
2. Orissa Bigyan Academy	1985-86 to 1989-90	7.20	1.73 (upto 1990-91)	Delay in locating space for necessary infrastructure, reconstitution of the Executive Council of the Academy and other procedural issues were given as reasons for non-utilisation.
3. Institute of Materials Science	1986-87 to 1989-90	7.00	Nil	Entire amount was kept in a Bank Account which earned interest of Rs.1.17 lakhs upto December 1990. Reasons for non-utilisation of funds were not on record.

In their reply Government stated (September 1992) that maintenance of various registers would be ensured and that an action plan was being drawn up to utilise the unspent amounts.



## 7.9 Purchase of Photo Voltaic Power Pack Systems

In order to popularise and propagate Solar Photo Voltaic (SPV) power pack, with television (TV) and dish antennae in remote unelectrified places of the State, the Orissa Renewable Energy Development Agency (OREDA) an autonomous body registered under the Societies Registration Act, 1860, decided (March 1991) to cover fifty remote unelectrified villages consisting of (a) forty Integrated Rural Energy Programme (IREP) villages, (b) six Urjagrams and (c) four institutions in unelectrified areas. The scheme envisaged the following :

- (i) beneficiaries under IREP would contribute an amount of Rs.5000 and the remaining cost would be borne by IREP excluding cost of module which was to be supplied by the Department of Non-conventional Energy Sources (DNES), Government of India;
- (ii) in the case of Urjagram, the cost of modules, TVs dish antennae would be borne by DNES and the balance cost would be met from the ongoing programme under Solar Photo Voltaic - State Plan; and
- (iii) institutions in unelectrified areas should have their own TV sets, buy the dish antennae from OREDA and deposit Rs.5000 with OREDA for power pack.

OREDA purchased fifty numbers each of TV sets, dish antennae, charge regulators, batteries valued at Rs.15.34 lakhs during March to September 1991 and for supply of power to these fifty systems, 300 modules valued at Rs.24.27 lakhs were supplied by DNES.

During audit (July - August 1992) it was noticed that :

- a) the purchases were made without any plan of use and without identifying the beneficiaries;
- b) Out of the equipment valued at Rs.39.61 lakhs, (procured by OREDA - Rs.15.34 lakhs and received from DNES Rs.24.27 lakhs) for implementation of the scheme OREDA had in hand (July 1992) equipment valued at Rs.28.66 lakhs (Procured : Rs.10.92 lakhs and received from DNES : Rs.17.64 lakhs). In response to an audit query as to the reasons for the purchase of equipment before the identification of beneficiaries, OREDA stated (August 1992) that the purchases were made to avoid increase in cost of procurement.

- c) the institution in unelectrified areas having their own TV sets could buy dish antennae from OREDA and deposit Rs.5000 with OREDA for a power pack. It was, however, noticed that 5 numbers each of TV sets, dish antennae and power packs (5 batteries, 5 charge regulators, 30 modules and other connected equipment) valued at Rs.4.51 lakhs were issued (March 1992) by OREDA to a voluntary organisation at a nominal charge of Rs.0.25 lakh (against the cost of Rs.1.40 lakhs) for use in five villages not declared as IREP villages or Urjagrams.

The matter was referred to Government in September 1992; reply has not been received (June 1993).

#### **7.10 Purchase of solar cookers**

In order to popularise the use of solar cookers, Orissa Renewable Energy Development Agency (OREDA), purchased 925 family size solar cookers valued at Rs.5.94 lakhs during the period from 1984-85 to 1988-89. These cookers were purchased at rates varying from Rs.483 to Rs.2532 each and were to be sold to the public after allowing a subsidy of Rs.300 each. Till the end of March 1992, only 797 cookers were sold or issued for demonstration leaving a balance of 128 cookers (value Rs.0.90 lakh). It was noticed during audit that during 1984-85 to 1988-89 OREDA continued to purchase additional quantities every year even though quantities purchased in the previous year had remained unsold.

In response to an audit query as to the basis of assessment of the requirement of the cookers, OREDA stated (August 1992) that the purchases were made as per the provision in the budget for the year. OREDA further stated (August 1992) that 128 unsold cookers (of which 110 had been purchased in 1984-85) had become obsolete and there was no chance of their being sold as such.

The purchase of cookers without assessing the number that could be sold resulted in an avoidable loss of Rs.0.90 lakh.

The matter was referred to Government in September 1992; reply has not been received (June 1993).



## HARIJAN AND TRIBAL WELFARE DÉPARTMENT

**7.11 Unfruitful expenditure on setting up an Agarbati Factory at Baripada**

The Harijan and Tribal Welfare Department (HTWD) released (March 1989) Rs.18 lakhs as grants-in-aid in favour of the Managing Director (MD), Tribal Development Co-operative Corporation Limited (TDCC) for the establishment of an Agarbati Manufacturing Unit at Baripada and for marketing the produce. The amount was to be utilised by June 1989. The amount was earlier sanctioned (February 1989) as Special Central Assistance by the Government of India for the purpose on the basis of a pre-feasibility report submitted in September 1988 by the State Government. The unit was expected to employ 400 workers, mostly tribals which would improve the socio-economic conditions of the tribal population.

Test check (February 1991) of the records of the HTW Department under Section 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 revealed the following :

The MD, TDCC paid (July 1989) a sum of Rs.4.50 lakhs as part payment to Orissa Industrial Infrastructure Development Corporation towards the cost of two sheds of Industrial Estate at Chanchu, Baripada on outright purchase basis for the establishment of the Agarbati Factory and incurred a further expenditure of Rs.1.33 lakhs on consultancy services (Rs.0.78 lakh), pre-investment study report (Rs.0.15 lakh), repair of sheds (Rs.0.38 lakh) and water connection charges (Rs.0.02 lakh).

For the manufacture of Agarbati raw materials like bark of 'Medha' tree and 'Jhuna' extracted from sal resins were necessary. To ensure continued availability of these raw materials in sufficient quantities, the Commissioner-cum-Secretary, Forest, Fisheries and Animal Husbandry Department (FF&AH) Department, Managing Director, Similipahar Forest Development Corporation (SFDC) and the Director (Tribal Welfare), HTW Department agreed in a meeting held on 22 May 1989 that 'Jhuna' would be supplied by SFDC. The FF&AH Department agreed to consider (i) leasing out of Forest Divisions to TDCC for collection of balance quantity of 'Jhuna' required; and (ii) leasing right of collection of bark of 'Medha' trees to TDCC.



However, after the minutes of the meeting were communicated, the SFDC refused to supply 'Jhuna' of the required quality and insisted that TDCC should accept the same on 'as is whereis' basis, while the FF&AH Department did not agree to grant lease to TDCC for collection of the raw materials as a matter of Government policy. The TDCC, therefore, decided in December 1989 not to take any further steps for setting up the factory as there would be shortage of raw materials.

Thus, out of Rs.5.83 lakhs invested by TDCC on the establishment of the Agarbati factory, a sum of Rs.1.33 lakhs proved infructuous and the balance of Rs.4.50 lakhs was rendered unfruitful. The balance amount (Rs.12.17 lakhs) is lying with the TDCC since March 1989. The MD, TDCC stated (July 1992) that the sheds were being used for storing different minor forest produce/surplus agricultural produce.

In their reply Government accepted (November 1992) the statement of the MD, TDCC about the present use of the sheds and stated that TDCC was in an acute financial position and would refund the unutilised amount of Rs.12.17 lakhs when its liquidity condition improved.

#### **7.12            Infructuous expenditure on Mixed Orchard Plantation**

a)            To prevent shifting cultivation prevalent among the tribal people, provide them with sustained income and bring them above the poverty line while developing green cover over lands rendered dry through Podu cultivation, Government of India approved specific schemes for implementation in Integrated Tribal Development Agency (ITDA) areas. One of the schemes envisaged horticultural plantations to be undertaken through the tribal people at a cost of Rs.10,000 per acre to be spent over a period of 5 years at the rate of Rs.2945, Rs.1755, Rs.1800, Rs.1725 and Rs.1775 per annum on plantation in the first year and their maintenance during the subsequent four years, when they were to be handed over to the beneficiaries with ownership/ usufructory rights.

Test check (January 1992) of records of the Horticulturist, Koraput revealed that as part of the above scheme he undertook plantation of Mixed Orchard over an area of 52.50 acres during 1989-90 which was intended to benefit 43 tribal families. Out of Rs.3.04 lakhs (1989-90 : Rs.1.18 lakhs, 1990-91 : Rs.0.30 lakh and 1991-92 : Rs.1.56 lakhs) received by the Horticulturist from Integrated Tribal Development Agency, Koraput, Rs.1.18 lakhs were intended for plantation during 1989-90



and Rs.1.86 lakhs were intended to cover the cost of maintenance of the plantations during 1990-91 and 1991-92 (Rs.0.92 lakh in 1990-91 and Rs.0.94 lakh in 1991-92) as per norms. However, the Horticulturist spent Rs.1.08 lakhs on plantation in an area of 52.50 acres during 1989-90 and a sum of Rs.0.27 lakh only during 1990-91 on their maintenance against Rs.0.92 lakh. The balance amount remained unutilised and was not refunded. The Horticulturist handed over the plantations prematurely to the beneficiaries in July 1990 though the scheme provided for maintenance of the plantations for four years and funds were made available.

Due to inadequate maintenance during 1990-91, the survival of the plants came down from 80 per cent in July 1990 to 25 per cent in June 1991 and 1 per cent by November 1991. The sum of Rs.1.56 lakhs received during May 1991 for the maintenance of the plantations was refunded in December 1991 as the plantation had been handed over to the beneficiaries. In reply to an audit query the Horticulturist attributed the decline in the survival rate to lack of interest on the part of the beneficiaries. The reply is not considered satisfactory as the plantations had been handed over to the beneficiaries prematurely.

Thus, the scheme formulated to provide sustained income to the tribal beneficiaries did not fulfil its objectives due to inadequate maintenance and premature handing over of plantations and the expenditure of Rs.1.35 lakhs was rendered infructuous.

The matter was referred to Government in February 1992; reply has not been received (June 1993).

b) Test check (May 1991) of the records of Integrated Tribal Development Agency (ITDA), Parlakhemundi revealed that a total sum of Rs.1.98 lakhs was released in favour of Special Officer, Lanjiya Soura Development Agency (LSDA) during 1985-86 to 1987-88 for taking up mixed plantation in 17 villages of 3 Gram Panchayats of Guma Block under Income Generating Scheme. During 1985-86 to 1988-89 a sum of Rs.1.92 lakhs was spent to benefit 312 tribal families. The above plantation was raised over an area of 348.50 acres of which only a few plants survived. In his tour diary dated 11 February 1989 the Project Administrator of ITDA attributed the failure of the plantations to cattle grazing, podufire and lack of interest on the part of the beneficiaries.

It was seen from the proceedings of the 23 Governing Bodies/16 Project Level Committee (PLC) meeting of the ITDA, Parlakhemundi held on 15 February 1989 that the PLC held the Officer incharge of the scheme responsible for the loss and recommended disciplinary proceedings against him and decided not to release further funds for the maintenance of the plantations.

Thus, the expenditure of Rs.1.92 lakhs incurred on the development of the mixed plantations was rendered largely infructuous.

The matter was referred to Government in January 1991; reply has not been received (June 1993).

## HEALTH AND FAMILY WELFARE DEPARTMENT

### 7.13 Unfruitful expenditure

Government of India, Ministry of Health and Family Welfare approved (November 1985) a proposal of Hind Kustha Nivaran Sangh (HKNS), Bhubaneswar to establish a Leprosy Rehabilitation promotion unit at the existing Leprosy Home and Hospital, Puri and sanctioned (November 1985) a sum of Rs.11.24 lakhs for the purpose (construction activities including staff quarters : Rs.7.25 lakhs, hospital, laboratory and office equipment etc : Rs.1.30 lakhs and other recurring expenditure like pay and allowances of staff, stipend to trainees etc.: Rs.2.69 lakhs). The State Government, however, released Rs.13 lakhs as grants-in-aid (1986-87 : Rs.9.25 lakhs, 1987-88: Rs.2.50 lakhs and 1988-89 : Rs.1.25 lakhs) out of which a sum of Rs.9.81 lakhs was spent by March 1991 on construction works (excluding quarters) and purchase of equipments. However, the unit had not started functioning as the posts of Medical Officer (I), Physiotherapist (I), one of two posts of nurses, Social Services Technician (I) had not been filled up (April 1992). Reasons for not filling up the posts were neither on record nor stated.

A sum of Rs.3 lakhs placed (April 1988) at the disposal of the Executive Engineer (EE) (Roads and Buildings), Puri for the construction of staff quarters was lying unutilised as an area of 1.02 acres of land selected for the purpose had not been transferred to the unit by the Puri Municipality as the cost of Rs.1.10 lakhs thereof had not been paid by HKNS for want of funds. HKNS stated (April 1992) that it had requested the Housing and Urban Development Department for the waiver of payment of the cost of land which was pending consideration.




Thus, expenditure of Rs.9.81 lakhs incurred on the establishment of the unit had remained unfruitful while a further sum of Rs.3 lakhs was blocked up with the Executive Engineer.

The matter was referred to Government in July 1992; reply has not been received (June 1993).

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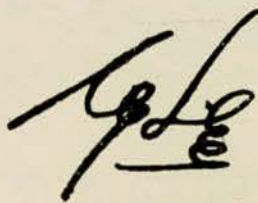
  
( S. K. ROY )  
Accountant General (Audit).I  
Orissa

*Countersigned*

NEW DELHI

The

27 SEP 1993

  
( C.G.SOMIAH )  
Comptroller and Auditor General  
of India





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# APPENDICES

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## APPENDIX - I

( Refer Paragraph : 2.2.4(a) at Page - 33 )

Statement showing cases where supplementary provision was unnecessary

Sl. No.	Grant No.	Department	Original grant	Supplementary grant	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)	(7)
( R u p e e s            i n            c r o r e s )						
<b>REVENUE SECTION</b>						
1.	3	Revenue				
		Voted	144.35	28.28	136.73	35.90
		Charged	47.00	19.89	47.00	19.89
2.	5	Finance	176.61	1.69	115.84	62.46
3.	9	Food and Civil Supplies	28.16	0.93	18.74	10.35
4.	10	Education and Youth Services	533.10	25.07	525.08	33.09
5.	11	Harijan and Tribal Welfare	96.57	2.85	87.27	12.15
6.	12	Health and Family Welfare	178.55	4.34	159.01	23.88
7.	15	Sports, Culture and Youth Services	12.15	0.34	11.25	1.24
8.	17	Panchayati Raj	326.97	6.57	253.56	79.98
9.	19	Industries	45.89	1.53	43.70	3.72
10.	22	Forest and Environment	73.84	5.25	60.08	19.01
11.	25	Information and Public Relations	6.40	0.14	5.96	0.58
12.	31	Textile and Handloom	24.09	1.95	22.28	3.76
13.	34	Co-operation	50.03	1.52	39.47	12.08
<b>CAPITAL SECTION</b>						
14.	28	Rural Development	81.28	6.29	79.27	8.30
15.	30	Energy	391.31	8.73	192.93	207.11
16.	32	Tourism	2.91	0.33	1.32	1.92
17.	34	Co-operation	54.63	4.32	49.32	9.63
18.	20	Irrigation	289.40	7.76	265.91	31.25
			<u>2563.24</u>	<u>127.78</u>	<u>2114.72</u>	<u>576.30</u>

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## APPENDIX - II

( Refer Paragraph : 2.2.4(b) at Page - 33 )

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

Sl. No.	Grant No.	Department	Original provision	Expenditure	Additional requirement	Supplementary provision
(1)	(2)	(3)	(4)	(5)	(6)	(7)
( Rupees in crores )						
<b>REVENUE SECTION</b>						
1.	1	Home	132.10	160.29	28.19	30.80
2.	2	General Administration	8.12	8.15	0.63	0.95
3.	6	Commerce	13.71	14.60	0.89	1.19
4.	14	Labour and Employment	9.37	9.53	0.16	0.96
5.	23	Agriculture	114.44	116.69	2.25	16.11
6.	26	Excise	3.55	4.00	0.45	0.83
7.	27	Science and Technology	7.27	7.95	0.68	1.86
8.	30	Energy	4.11	29.31	25.20	26.09
9.	33	Fisheries and Animal Resources Development	48.39	49.81	1.42	3.95
<b>CAPITAL SECTION</b>						
10.	7	Works	65.60	73.97	8.37	15.62
11.	13	Housing and Urban Development	14.77	15.01	0.24	0.93
12.	19	Industries	25.72	28.93	3.21	8.90
13.	20	Irrigation				
		Charged	0.04	0.44	0.40	0.84
14.	31	Textile and Handloom	3.54	6.49	2.95	5.06
			<u>450.73</u>	<u>525.77</u>	<u>75.04</u>	<u>114.09</u>

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## APPENDIX - III

( Refer Paragrapah : 2.2.4(c) at Page - 33 )

Statement showing cases where supplementary provision was inadequate

Grant No.	Department	Original grant	Supple- mentary grant	Expenditure	Excess of expenditure over total grant
(1)	(2)	(3)	(4)	(5)	(6)
( R u p e e s                      i n                      c r o r e s )					
<b>REVENUE SECTION</b>					
7	Works				
	(Voted)	72.29	3.28	124.67	49.10
	(Charged)	0.24	0.04	0.68	0.40
13	Housing and Urban Development				
	(Voted)	59.42	5.98	73.68	8.28
20	Irrigation				
	(Voted)	40.35	1.84	44.55	2.36
28	Rural Development				
	(Voted)	<u>147.13</u>	<u>2.20</u>	<u>170.14</u>	<u>20.81</u>
		<u>319.43</u>	<u>13.34</u>	<u>413.72</u>	<u>80.95</u>
<b>CAPITAL SECTION</b>					
5	Finance				
	(Voted)	23.61	5.22	29.61	0.78
22	Forest and Environment				
	(Voted)	<u>82.10</u>	<u>3.18</u>	<u>123.15</u>	<u>37.87</u>
		<u>105.71</u>	<u>8.40</u>	<u>152.76</u>	<u>38.65</u>
<b>Grand Total :</b>		<b>425.14</b>	<b>21.74</b>	<b>566.48</b>	<b>119.60</b>

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## APPENDIX - IV

( Refer Paragraph : 2.2.6 at Page - 34 )

Statement showing cases where expenditure fell short by one crore and over 20 per cent of the original provision

Sl. No.	Grant No.	Name of the Department	Total grant	Amount of saving	Saving as a percentage of total grant
(1)	(2)	(3)	(4)	(5)	(6)
( Rupees in crores )					
<b>REVENUE SECTION</b>					
1.	3	Revenue (Voted)	172.63	35.90	21
2.	3	(Charged)	66.89	19.89	30
3.	5	Finance (Voted)	178.30	62.46	35
4.	9	Food and Civil Supplies (Voted)	29.09	10.35	36
5.	16	Planning and Co-ordination (Voted)	25.17	8.72	35
6.	17	Panchayati Raj (Voted)	333.54	79.98	24
7.	22	Forest and Environment (Voted)	79.09	19.01	24
8.	34	Co-operation (Voted)	51.55	12.08	23
<b>CAPITAL SECTION</b>					
9.	2	General Administration (Voted)	5.41	1.99	37
10.	23	Agriculture (Voted)	16.73	3.74	22
11.	24	Steel and Mines (Voted)	50.00	27.50	55
12.	30	Energy (Voted)	400.05	207.11	52
13.	31	Handloom and Textiles (Voted)	8.60	2.11	25
14.	32	Tourism (Voted)	3.24	1.92	59
15.	33	Fisheries and Animal Resources (Voted)	6.48	1.58	24

Against 796 Tribal Area Sub-Plan under Grant Nos.23 - Agriculture and 30 - Energy Rs.9.56 crores and Rs.52.01 crores were provided of which Rs.8.43 crores and Rs.31.22 crores respectively were spent.

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## APPENDIX - V

( Refer Paragraph : 2.3 at Page - 37 )

Statement showing instances of injudicious re-appropriation

Sl. No.	Grant No.	Head of account	Provi- sion (original plus supple- mentary)	Re- appropri- ation	Total grant	Expen- diture	Excess(+) Savings(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
( R u p e e s                      i n                      c r o r e s )							
1.	3	2245-Relief on account of Natural calamities- 02-Floods Cyclones etc. 15-QQ-113- Assistance for repair, Reconstruc- tion of Houses	3.27	4.24	7.51	6.00	(-) 1.51
2.	3	(18)-YY-122	6.16	10.80	16.96	12.60	(-) 4.36
3.	10	2202-General Education Central Plan- State-Sector- District Sector-01- Elementary Education (16)-XXX-101-Government Primary Schools	17.67	(-)14.52	3.15	12.97	(+) 9.82
4.	10	(19)-AAAA-796-Tribal Area Sub-Plan	12.27	(-)10.16	2.11	9.41	(+) 7.30
5.	12	2211-Family Welfare Central Plan- District Sector- 21-NNNN-796-Tribal Area Sub-Plan	9.16	(-) 1.70	7.46	8.23	(+) 0.77
6.	20	4701-Capital Outlay on Major and Medium Irrigation State Plan-State Sector- 01-Major Irrigation Commercial (14)-MMM-212- Subarnarekha Irrigation Project	56.50	(-)20.70	35.80	38.10	(+) 2.31

Contd. ...

## APPENDIX - V (Contd.)

( Refer Paragraph : 2.3 at Page - 37 )

Statement showing instances of injudicious re-appropriation

SL. No.	Grant No.	Head of account	Provi- sion (original plus supple- mentary)	Re- appropri- ation	Total grant	Expen- diture	Excess(+) Savings(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
( R u p e e s                      i n                      c r o r e s )							
7.	20	4701-Capital Outlay on Major and Medium Irrigation State Plan-State Sector-03- Medium Irrigation Commercial (18)-TTT-311-Hariharjore Irrigation Project	5.50	(-) 2.00	3.50	4.16	(+) 0.66
8.	20	(24)-CCCC-395-Upkeep of Existing Irrigation system	5.77	(+) 3.68	9.45	1.11	(-)8.34
9.	20	4701-Capital Outlay on Major and Medium Irrigation State Plan -State sector 01-Major Irrigation Commercial (34)-PPP-796-Tribal Area Sub-Plan	84.94	(-)17.04	67.90	90.31	(+)22.41
10.	20	4701-Capital Outlay on Major and Medium Irrigation State Plan-State sector 03-Medium Irrigation Commercial (36)-QQQ-302-Harbhangi Irriga- tion Project	10.50	(-) 2.50	8.00	11.59	(+) 3.59
11.	20	4701-Capital Outlay on Major and Medium Irrigation State Plan-State sector 03-Medium Irrigation Commercial -(41)-FFFF-796-Tribal Area Sub-Plan	13.65	(-) 4.40	9.25	21.87	(+)12.62

Contd. ...



## APPENDIX - V (Concl'd.)

( Refer Paragraph : 2.3 at Page - 37 )

Statement showing instances of injudicious re-appropriation

Sl. No.	Grant No.	Head of account	Provision (original plus supplementary)	Re-appropriation	Total grant	Expenditure	Excess (+) Savings(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
( Rupees in crores )							
12.	28	2215-Water Supply and Sanitation Centrally sponsored Plan-District Sector (01)-Water Supply (18)-EE-102-Rural Water Supply Programme	15.88	(-) 5.93	9.95	11.61	(+) 1.66
13.	28	2215-Water Supply and Sanitation Centrally sponsored Plan-District Sector (01)-Water Supply (19)-FF-796-Tribal Area Sub-Plan	9.21	(-)8.81	0.40	1.38	(+) 0.98

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## APPENDIX -VI

( Refer Paragraph : 3.1.17(b) at Page - 55 )

Statement showing quantity of Bivoltine Cocoons

Year	Plantation area (In hectares)	Expected yield			
		1st Year	2nd Year	3rd Year	4th Year
1987-88	43.20	Nil	6480	8100	10800
1988-89	151.80	Nil	Nil	22800	28500
Adopted in 1987-88	<u>30.40</u> <u>225.40</u>	<u>4560</u> <u>4560</u>	<u>5700</u> <u>12180</u>	<u>7600</u> <u>38500</u>	<u>7600</u> <u>46900</u>

As per norm yield is : ( In 0.4 hectare )

Nil in 1st year

60 kgs in 2nd year

75 kgs in 3rd year

100 kgs in 4th year onwards.

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## APPENDIX - VII

( Refer Paragraph : 3.3.5(b) at Page - 66 )

Amount retained under Civil Deposits as of May 1992

Name of the Office	Date of drawal/ deposit	Purpose/scheme	Amount (Rupees in lakhs)
(1)	(2)	(3)	(4)
DF, Orissa	March 1989	Procurement of Beach Landing Crafts	1.06
	March 1990	Procurement of Beach Landing Crafts	3.24
DDF (Marine North), Balasore	March 1990	Construction of low-cost houses etc. under National Welfare Fund	8.22
DF, Orissa	March 1991	Share capital to OMCAD	29.12
	March 1991	Procurement of Beach landing Crafts	2.52
	March 1992	Procurement of Beach Landing Crafts	4.72
	March 1992	Re-imbursement of Central Excise Duty on HSD supplied to Boat owners	28.27
	March 1992	Motorisation of traditional Crafts	26.98
	March 1992	Grant-in-aid to FFDAs	12.70
	March 1992	Construction of Brackish Water Fish Farm	15.00
	March 1992	Loan to PMFCS	20.00
	March 1992	Supply of prawn seeds	2.29
ADF (Marine), Cuttack	March 1992	Subsidy for installation of diesel outlets	2.00
			<u>156.12</u>

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## APPENDIX -VIII

( Refer Paragraph : 3.3.7(a)(iii) at Page - 69 )

Details of areas surveyed, developed and brought under culture by 31 March 1992

Sl. No.	Name of FFDA	Total area surveyed upto 1990-91		Area developed	Area brought under culture	Balance
		Number of tanks/ ponds	Area in hectares			
(1)	(2)	(3)	(4)	( In hectares ) (5)	(6)	(7)
1.	Balasore	2/353	4515.24	3170.84	2793.17	377.67
2.	Bolangir	11014	10899.68	1314.32	970.15	344.17
3.	Cuttack	19037	5584.13	3159.40	1986.80	1172.60
4.	Dhenkanal	4911	4091.61	2814.22	2621.85	192.37
5.	Ganjam	9261	6984.85	4961.11	4074.87	886.24
6.	Kalahandi	2469	2464.89	2561.55	2508.55	53.00
7.	Keonjhar	2813	575.39	631.95	249.82	382.13
8.	Koraput	2774	1330.06	1202.09	183.85	1018.24
9.	Mayurbhanj	15215	3271.45	1670.84	1168.90	501.94
10.	Puri	17005	5580.28	3244.65	1458.00	1786.65
11.	Phulbani	2383	1934.87	1330.24	792.00	538.24
12.	Sundargarh	3357	1301.83	3784.97	291.37	3493.60
13.	Sambalpur	8590	7871.84	4203.17	4000.00	203.17
		126182	56406.12	34049.35	23099.33	10950.02



## APPENDIX - IX

( Refer Paragraph : 3.3.7(a)(iv) at Page - 69 )

Statement showing areas developed, cultured and harvested

Year	Cumulative area developed	Area brought under culture	Area left without culture	Area harvested	Yield obtained	Average yield per hectare	Percen- tage of harvest with Col.3
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1985-86	17,374	9,427	7,947	NA	24,271	NA	NA
1986-87	20,074	12,719	7,355	12,719	11,995	830	100
1987-88	23,912	16,039	7,873	13,991	26,589	1,900	87
1988-89	27,174	NA		NA	NA	NA	NA
1989-90	29,089	17,302	11,697	11,241	15,736	1,399	65
1990-91	31,075	31,399		29,413	46,100	1,567	94
1991-92	34,049	23,099	10,950	20,216	29,146	1,442	88

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# APPENDIX - X

( Refer Paragraph : 3.3.9(a) at Page - 80 )

Statement showing performance particulars of the Beach Landing Crafts supplied to Primary Marine Fishermen Co-operative Societies

Sl. No.	Name of Primary Marine Fishermen Co-operative Society	Year of supply of BLC to Society	No. of BLCs supplied	Cost of BLCs (Rs. in lakhs)	No. of fishing days fixed for each BLC per annum (in number of days)	Period of operation	Total number of days required to be utilised for fishing	Actual number of days utilised	Percentage of utilisation	Target @ 15 tonnes per BLC per annum ( In tonnes )	Quantity of fish caught	Value of fish caught (Rupees in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1.	Sauchakud, PMFCS Paradeep	1987-88	5	4.36	200	1987-88 to 1991-92	200x5x5 = 5000 days	586	12	375	50.000	2.23
2.	Penthakota PMFCS, Puri	1986-87	5	4.36	200	1986-87 to 1991-92	200x6x5 = 6000 days	2103	35	450	207.000	15.45
3.	Dr.B.R.Ambedkar, PMFCS, Paradeep	1989-90	5	5.25	200	1989-90 to 1991-92	200x3x5 = 3000 days	206	7	225	3.000	0.49
4.	Gangamata PMFCS, Astarang	1991-92	5	5.25	200	1991-92	200x1x5 = 1000 days	114	11	75	2.000	0.74
5.	Gopalpur PMFCS, Gopalpur	1986-87	6	5.24	200	1986-87 to 1991-92	200x6x6 = 7200 days	1482	21	540	NA	NA
6.	Bada Aryapalli PMFCS	1988-89	1	5.25	200	1988-89 to 1991-92	200x4x1 = 800 days	403	13	240	NA	NA
	Bada Aryapalli PMFCS	1989-90	4		200	1989-90 to 1991-92	200x3x4 = 2400 days					
7.	New Buxipalli PMFCS, Ganjam	1989-90	3	3.15	200	1989-90 to 1991-92	200x3x3 = 1800 days	293	16	135	NA	NA
8.	Patisonapur PMFCS	1990-91	3	3.15	200	1990-91 to 1991-92	200x2x3 = 1200 days	273	23	90	NA	NA
			<u>37</u>	<u>36.01</u>								

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NA : Not Available



## APPENDIXK - XI

( Refer Paragraph : 3.3.9(a) at Page - 80 )

## Loans outstanding in respect of Beach Landing Crafts

Name of RMFCS	No. of BLCs supplied	Year of supply	Loan availed	Loan repaid	Balance loan due from society
(1)	(2)	(3)	(4)	(5)	(6)
( R u p e e s   i n   l a k h s )					
Basanti Durga	5	February 1992	2.36	Nil	2.36
Sandhakud	5	December 1987	1.94	0.30	1.64
Dr.B.R.Ambedkar	5	May 1989	2.36	0.07	2.29
Penthakota	5	July 1986	1.94	1.48	0.46
Gangamata	5	May 1991	2.36	Nil	2.36
Chandrabhaga	5	September 1990	2.36	0.05	2.31
Bhudeswari	5	November 1991	2.36	Nil	2.36
Gopalpur	6	April 1986	2.33	1.88	0.45
Bada	1	December 1988	2.36	0.25	2.11
Aryapalli	4	September 1989			
New Buxipalli	3	September 1989	1.42	0.21	1.21
Pati Sonapur	<u>3</u>	September 1989	<u>1.42</u>	<u>0.16</u>	<u>1.26</u>
	<u>52</u>		<u>23.21</u>	<u>4.40</u>	<u>18.81</u>

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# APPENDIX - XII

( Refer Paragraph : 3.6 at Page - 104 )

Statement showing calculation sheet of excess payment

Year	Total number of posts admissible			Grand total	Posts for which salary drawn			Total	Surplus teachers			Total	Avoidable additional expenditure
	T.G.	T.I.	T.M.		T.G.	T.I.	T.M.		T.G.	T.I.	T.M.		
1983-84	22	4	4	30	17	6	14	37	(-)5	2	10	7	33,120
1984-85	22	4	4	30	17	5	14	36	(-)5	1	10	6	25,200
1985-86	22	4	4	30	18	-	20	38	(-)4	(-)4	16	8	75,120
1986-87	22	4	4	30	17	1	17	35	(-)5	(-)3	13	5	40,080
1987-88	22	4	4	30	18	1	16	35	(-)4	(-)3	12	5	44,544
1988-89	22	4	4	30	19	1	15	35	(-)3	(-)3	11	5	51,612
1989-90	22	4	4	30	23	1	15	39	1	(-)3	11	9	1,52,724
1990-91	24	4	4	32	24	1	15	40	-	(-)3	11	8	1,39,548
1991-92	24	5	4	33	24	1	10	35	-	(-)4	6	2	13,110
													<b>Rs. 5,75,058</b>

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## APPENDIX - XIII

( Refer Paragraph : 3.14 at Page - 111 )

List of dispensaries where Cooks were not utilised

Sl. No.	Name of the Hospital	No. of Cooks	Period	Reasons for non-utilisation of Cooks for intended purpose	Amount of pay and allowances for the period at Col. 4
(1)	(2)	(3)	(4)	(5)	(6) (Rupees in lakhs)
1.	PHC, Gudvela, Dist: Bolangir	1	May 1981 to February 1990	No cooked diet was supplied	0.67
2.	PHC, Tureikela Dist: Bolangir	1	August 1982 to April 1989	Cash payment @ Rs.5/- per patient per day was made instead of diet	0.57
3.	PHC, Gurandi Dist: Ganjam	1	April 1986 to November 1991	Dry food purchased and supplied	0.64
4.	PHC, Narla Dist: Kalahandi	1	March 1987 to March 1991	Food purchased from outside	0.47
5.	PHC, Borda Dist: Kalahandi	1	1987-88 to February 1992	Dry food like bread/ biscuits was supplied	0.60
6.	SDMO, Nawapara Kalahandi (Dispensaries at Komna and Tukla)	2	July 1986 to June 1989	No cooked diet was supplied	0.62
7.	PHC, Pinjhuriguda Dist: Koraput	1	August 1985 to December 1991	No contract for supply of diet materials was made and no in-door patient was admitted	0.69
8.	PHC, Bengiriposhi Dist: Mayurbhanj	1	April 1984 to March 1990	Want of utensils	0.44
9.	SDMO, Boudh Dist: Phulbani	1	March 1988 to February 1990	No cooked diet was supplied	0.36
10.	Government Hospital Purunakatak Dist: Phulbani	1	May 1987 to January 1990	No cooked diet was supplied	0.31
11.	PHC, Chatabar, Dist: Sambalpur	1	November 1987 to May 1990	No provision existed for supply of cooked food	0.28
12.	PHC, Sohela Dist: Sambalpur	1	March 1981 to March 1992	Cooked food was purcha- sed from local market	0.93

## APPENDIX - XIII (Contd.)

( Refer Paragraph : 3.14 at Page - 111 )

List of dispensaries where Cooks were not utilised

Sl. No.	Name of the Hospital	No. of Cooks	Period	Reasons for non-utilisation of Cooks for intended purpose	Amount of pay and allowances for the period at Col. 4
(1)	(2)	(3)	(4)	(5)	(6) (Rupees in lakhs)
13.	PHC, Bejpur Dist: Sambalpur	1	April 1981 to September 1990 (except for spells of 22 months)	Conversion of kitchen into labour room and non-supply of utensils	0.54
14.	PHC, Jujumarah Dist: Sambalpur	1	April 1981 to October 1991	Food was purchased from outside whenever in-door patients were there	0.79
15.	PHC, Rajpura, Dist: Sambalpur	1	March 1985 to June 1990	No cooked diet was supplied	0.57
16.	PHC, Gumagarh	1	April 1989 to April 1990	No food was supplied from 1st April 1989	0.13
17.	PHC, Remuna, Dist: Balasore	1	March 1987 to April 1990	No cooked food was supplied	0.29
18.	PHC, Chandabali, Dist: Balasore	1	February 1987 to May 1990	No cooked food was supplied	0.39
19.	PHC, Chandrapur, Dist: Koraput	1	July 1988 to December 1990	No cooked food was supplied	0.30
20.	PHC, Kukudakhandi, Dist: Ganjam	1	March 1986 to August 1990	Cooked food was purchased and supplied	0.68
21.	PHC, Ghasion, Dist: Bolangir	1	September 1986 to November 1991	No cooked food was supplied	0.62
22.	PHC, Dabugaon, Dist: Koraput	1	August 1983 to May 1991	Cooked food was purchased and supplied	0.76
23.	PHC, Ramanguda, Dist: Koraput	1	November 1989 to May 1991	No allotment was provided for diet	0.12
24.	PHC, Mathili, Dist: Koraput	1	August 1990 to July 1991	No cooked food was supplied	0.13

Contd. ...



## APPENDIX - XIII (Concl'd.)

( Refer Paragraph : 3.14 at Page - 111 )  
List of dispensaries where Cooks were not utilised

SL. No.	Name of the Hospital	No. of Cooks	Period	Reasons for non-utilisation of Cooks for intended purpose	Amount of pay and allowances for the period at Col.4
(1)	(2)	(3)	(4)	(5)	(6) (Rupees in lakhs)
25.	PHC, Dharmasala, Dist: Cuttack	1	March 1986 to April 1991	No cooked food was supplied	0.56
26.	UGPHC, Maniabandha Dist: Cuttack	1	July 1989 to September 1991	Dry food were supplied	0.25
27.	PHC, Chandanpur, Dist: Puri	1	March 1987 to August 1991	No cooked food was supplied	0.51
28.	PHC, Bheden, Dist: Sambalpur	1	January 1987 to April 1991	No cooked food was supplied	0.55
29.	PHC, Themera, Dist: Sambalpur	1	May 1981 to July 1991	No diet was supplied	0.81
30.	PHC, Subarnagiri, Dist: Phulbani	1	April 1991 to October 1991	No cooked food was supplied	0.22
31.	PHC, Raghunathpur, Dist: Cuttack	1	March 1987 to December 1991	Dry food was supplied	0.61
32.	PHC, Belgaon, Dist: Cuttack	1	April 1989 to March 1992	No diet was supplied	0.42
33.	PHC, B. Khajuripada, Dist: Ganjam	2	April 1988 to March 1992	No diet was supplied	0.87
34.	PHC, Patna, Dist: Keonjhar	1	May 1990 to February 1992	No diet was supplied	0.30
35.	PHC, Nandapur, Dist: Koraput	1	December 1986 to March 1992	No diet was supplied	0.72
Total :					Rs. <u>17.72</u>

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# APPENDIX -XIV

( Refer Paragraph : 3.20 at Page - 116 )

Statement showing misappropriation, losses etc. reported upto 31 March 1992 pending finalisation at the end of September 1992.

Sl. No.	Name of the Department	Cases in which criminal/depart- mental procee- dings have not been initiated due to non- receipt of deta- iled reports/ under Police investigation		Cases in which departmental action started but not finalised		Cases in which criminal procee- dings were finalised but execution of certificate cases for recovery of the amount are pending		Cases awaiting Government orders for recovery or write off		Cases in courts of law		Total	
		Num- ber of cases	Amount (Rupees in lakhs)	Num - ber of cases	Amount (Rupees in lakhs)	Num - ber of cases	Amount (Rupees in lakhs)	Num- ber of cases	Amount (Rupees in lakhs)	Num- ber of cases	Amount (Rupees in lakhs)	Num - ber of cases	Amount (Rupees in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1.	Finance	6	2.13	4	2.07	-	-	10	0.82	4	0.80	24	5.82
2.	Revenue	18	4.15	43	20.21	39	8.37	19	3.74	7	0.66	126	37.13
3.	Excise	-	-	1	0.21	-	-	-	-	1	0.10	2	0.31
4.	Law	9	1.41	1	0.14	-	-	2	1.84	5	2.81	17	6.20
5.	Irrigation	91	68.37	142	46.46	4	0.12	13	11.28	6	0.18	256	126.41
6.	Rural Development	6	0.28	76	15.74	-	-	4	0.25	1	0.03	87	16.30
7.	Energy	9	16.50	-	-	-	-	-	-	-	-	9	16.50
8.	Industries	1	0.05	3	2.58	-	-	9	0.99	2	0.05	15	3.67
9.	Textiles and Handloom	-	-	-	-	-	-	1	0.15	-	-	1	0.15
10.	Harijan & Tribal Welfare	5	1.68	16	2.88	1	0.01	8	0.63	10	3.20	40	8.40

Contd. ....



# APPENDIX - XIV (Contd.)

( Refer Paragraph : 3.20 at Page - 116 )

Statement showing misappropriation, losses etc. reported upto 31 March 1992 pending finalisation at the end of September 1992

Sl. No.	Name of the Department	Cases in which criminal/depart- mental procee- dings have not been initiated due to non- receipt of deta- iled reports/ under Police investigation		Cases in which departmental action started but not finalised		Cases in which criminal procee- dings were finalised but execution of certificate cases for recovery of the amount are pending		Cases awaiting Government orders for recovery or write off		Cases in courts of law		Total	
		Num- ber of cases	Amount (Rupees in lakhs)	Num- ber of cases	Amount (Rupees in lakhs)	Num- ber of cases	Amount (Rupees in lakhs)	Num- ber of cases	Amount (Rupees in lakhs)	Num- ber of cases	Amount (Rupees in lakhs)	Num- ber of cases	Amount (Rupees in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
11.	Health and Family Welfare	14	33.00	10	7.61	-	-	8	1.79	8	4.91	40	47.31
12.	Planning and Co-ordination	-	-	-	-	-	-	1	0.08	-	-	1	0.08
13.	General Administration	1	1.23	-	-	-	-	-	-	1	0.95	2	2.18
14.	Works	19	11.29	128	129.46	-	-	3	0.92	1	0.16	151	141.89
15.	Steel and Mines	1	0.01	1	0.47	-	-	1	0.02	-	-	3	0.50
16.	Commerce and Transport	6	3.41	2	0.48	-	-	3	0.98	-	-	11	4.87
17.	Education	15	10.32	30	10.44	-	-	7	1.72	12	4.72	64	27.20
18.	Fisheries and Animal Resources Development	27	6.57	26	54.72	-	-	12	4.39	8	14.97	73	80.65
19.	Agriculture	43	17.20	52	14.11	-	-	47	5.25	10	0.76	152	37.32
20.	Co-operation	1	0.71	-	-	-	-	-	-	-	-	1	0.71

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Contd. ...

# APPENDIX - XIV (Concl'd.)

( Refer Paragraph : 3.20 at Page -116 )

Statement showing misappropriation, losses etc. reported upto 31 March 1992 pending finalisation at the end of September 1992

Sl. No.	Name of the Department	Cases in which criminal/depart- mental procee- dings have not been initiated due to non - receipt of deta- iled reports/ under Police investigation		Cases in which departmental action started but not finalised		Cases in which criminal procee- dings were finalised but execution of certificate cases for recovery of the amount are pending		Cases awaiting Government orders for recovery or write off		Cases in courts of law		Total	
		Num- ber of cases	Amount (Rupees in lakhs)	Num- ber of cases	Amount (Rupees in lakhs)	Num- ber of cases	Amount (Rupees in lakhs)	Num- ber of cases	Amount (Rupees in lakhs)	Num- ber of cases	Amount (Rupees in lakhs)	Num- ber of cases	Amount (Rupees in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
21.	Panchayati Raj	35	10.55	17	10.37	3	0.37	7	0.61	7	0.87	69	22.77
22.	Home	5	0.29	6	1.90	-	-	10	2.54	7	3.71	28	8.44
23.	Food and Civil Supplies	-	-	2	2.94	-	-	1	0.03	1	0.09	4	3.06
24.	Housing and Urban Development	3	1.26	57	30.81	-	-	1	0.14	2	0.17	63	32.38
25.	Labour and Employment	2	-	-	-	-	-	-	-	3	0.96	5	0.96
26.	Information and Public Relations	90	7.71	3	0.12	-	-	5	0.34	-	-	98	8.17
27.	Forest	45	8.19	145	78.23	-	-	97	23.34	14	0.57	301	110.33
		<u>452</u>	<u>206.31</u>	<u>765</u>	<u>431.95</u>	<u>47</u>	<u>8.87</u>	<u>269</u>	<u>61.85</u>	<u>110</u>	<u>40.67</u>	<u>1643</u>	<u>749.65</u>

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## APPENDIX - XV

( Refer Paragraph : 3.21 at Page - 117 )

Statement showing the position of outstanding Inspection Reports/Paragraphs

SL. No.	Department	Report awaiting settlement		Report for which even 1st reply was not received	
		Number of Reports	Number of Paragraphs	Number of Reports	Number of Paragraphs
(1)	(2)	(3)	(4)	(5)	(6)
1.	Home	381	990	6	19
2.	General Administration	29	105	-	-
3.	Revenue	1040	2982	98	395
4.	Law	66	211	-	-
5.	Finance	120	326	65	157
6.	Commerce	4	9	-	-
7.	Works	893	3159	15	86
8.	Legislative Assembly	7	12	-	-
9.	Food & Civil Supplies	33	92	6	20
10.	Education	1176	3933	297	1097
11.	Harijan & Tribal Welfare	225	936	59	315
12.	Health & Family Welfare	929	3448	350	1477
13.	Labour & Employment	131	236	67	120
14.	Tourism, Sports, Culture & Youth Service	49	176	11	34
15.	Planning & Co-ordination	16	31	5	12
16.	Panchayati Raj	1027	4389	139	1027
17.	Industries	330	1606	20	129
18.	Transport	90	230	27	54
19.	Agriculture	981	2718	79	393
20.	Steel & Mines	38	70	8	22
21.	Information and Public Relation	54	234	15	70
22.	Excise	55	88	14	29
23.	Fishery & Animal Resources Development	664	1631	93	305

Contd. ...

## APPENDIX - XV (Concl'd.)

( Refer Paragraph : 3.21 at Page - 117 )

Statement showing the position of outstanding Inspection Reports/Paragraphs

Sl. No.	Department	Report awaiting settlement		Report for which even 1st reply was not received	
		Number of Reports	Number of Paragraphs	Number of Reports	Number of Paragraphs
(1)	(2)	(3)	(4)	(5)	(6)
24.	Co-operation	90	244	38	120
25.	Irrigation	717	3295	13	105
26.	Rural Development	302	1011	-	-
27.	Housing and Urban Development	264	1018	21	119
28.	Energy	49	135	-	-
29.	Forest	318	1132	309	1116
		<u>10078</u>	<u>34447</u>	<u>1735</u>	<u>7211</u>



# APPENDIX - XVI

( Refer Paragraph : 7.1.3 at Page 170 )

( Rupees in lakhs )

Statement showing year-wise position of wanting Utilisation Certificate

Name of the bodies	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	No details	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
<b>1. ITD AS :</b>														
Baliguda	0.15	0.73	0.29	1.21	1.50	0.32	2.36	11.39	75.70	90.27	70.44	-	-	254.36
Kaptipada	0.37	1.03	1.26	0.20	0.66	2.64	5.77	2.84	9.21	10.00	27.08	-	-	61.06
Phulbani	-	-	-	-	2.56	1.68	9.19	5.94	4.94	7.19	21.46	-	-	52.96
Th.Rampur	-	-	-	-	-	-	2.23	2.95	19.38	72.57	52.19	-	-	149.32
<b>Total :</b>	<b>0.52</b>	<b>1.76</b>	<b>1.55</b>	<b>1.41</b>	<b>4.72</b>	<b>4.64</b>	<b>19.55</b>	<b>23.12</b>	<b>109.23</b>	<b>180.03</b>	<b>171.17</b>	<b>-</b>	<b>-</b>	<b>517.70</b>
<b>2. Panchayat Samities</b>														
<b>Up to 1980</b>														
i) Audited														
upto 1988-89	696.83	159.91	66.27	184.41	304.13	258.46	428.15	478.52	844.51	1519.68	-	-	-	5040.87
ii) Audited														
upto 1989-90	611.13	118.76	101.96	96.63	221.73	173.36	224.30	436.66	652.76	801.83	1188.99	-	-	4628.11
iii) Amount for which year-wise details are not available													881.83	881.83
<b>Total :</b>	<b>1307.96</b>	<b>278.67</b>	<b>268.23</b>	<b>281.04</b>	<b>525.86</b>	<b>431.82</b>	<b>652.45</b>	<b>915.18</b>	<b>1497.27</b>	<b>2321.51</b>	<b>1188.99</b>	<b>-</b>	<b>881.83</b>	<b>10550.81</b>
<b>3. DRDAs ... No year-wise details available</b>														
														10096.10
<b>Grand Total</b>														<b>21164.61</b>

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## APPENDIX - XVII

## GLOSSARY OF ABBREVIATIONS

<b>ADAP</b>	:	Area Development Approach Programme
<b>ADF</b>	:	Assistant Director of Fisheries
<b>BFDA</b>	:	Brackish Water Fisheries Development Agency
<b>BLC</b>	:	Beach Landing Crafts
<b>BDO</b>	:	Block Development Officer
<b>CCA</b>	:	Cultivable Command Area
<b>CEO</b>	:	Chief Executive Officer
<b>CCE</b>	:	Chief Construction Engineer
<b>CSC</b>	:	Central Sanctioning Committee
<b>CADA</b>	:	Command Area Development Authority
<b>CRM</b>	:	Coarse Rubble Masonry
<b>DF</b>	:	Director of Fisheries
<b>DDF</b>	:	Deputy Director of Fisheries
<b>DFO</b>	:	District Fisheries Officer
<b>DEE</b>	:	Director of Elementary Education
<b>DRDA</b>	:	District Rural Development Agency
<b>DIS</b>	:	District Inspector of Schools
<b>DFL</b>	:	Disease Free Layers
<b>EE</b>	:	Executive Engineer
<b>EYS</b>	:	Education and Youth Services Department
<b>ERRP</b>	:	Economic Rehabilitation of Rural Poor
<b>FA&amp;CAO</b>	:	Financial Adviser & Chief Accounts Officer
<b>FARD</b>	:	Fisheries and Animal Resources Development Department
<b>FEO</b>	:	Fisheries Extension Officer
<b>FFDA</b>	:	Fish Farmers Development Agency
<b>GI</b>	:	Government of India
<b>HSD</b>	:	High Speed Diesel
<b>IRDP</b>	:	Integrated Rural Development Programme
<b>ITDA</b>	:	Integrated Tribal Development Agency
<b>ISTP</b>	:	Inter-State Tassar Project
<b>IDCO</b>	:	Industrial and Infrastructural Development Corporation, Orissa
<b>JRY</b>	:	Jawahar Rojgar Yojana

Contd. ...



## APPENDIX - XVII (Concl'd.)

## GLOSSARY OF ABBREVIATIONS

<b>MPEDA</b>	:	Marine Products Exports Development Authority
<b>MA</b>	:	Municipal Area
<b>NABARD</b>	:	National Bank for Agriculture and Rural Development
<b>NREP</b>	:	National Rural Employment Programme
<b>NA</b>	:	Not Available
<b>NCDC</b>	:	National Co-operative Development Corporation
<b>NSP</b>	:	National Sericulture Project
<b>OMCADC</b>	:	Orissa Maritime and Chilika Area Development Corporation
<b>OFSDC</b>	:	Orissa Fish Seed Development Corporation
<b>OCC</b>	:	Orissa Construction Corporation
<b>OB</b>	:	Operation Blackboard
<b>OUAT</b>	:	Orissa University of Agriculture and Technology
<b>PMFCS</b>	:	Primary Marine Fishermen Co-operative Society
<b>PR</b>	:	Panchayati Raj
<b>PS</b>	:	Primary School
<b>PO</b>	:	Project Officer
<b>RLEGP</b>	:	Rural Landless Employment Guarantee Programme
<b>RRM</b>	:	Random Rubble Masonry
<b>SF</b>	:	Superintendent of Fisheries
<b>SLEC</b>	:	State Level Empowered Committee
<b>SC/ST</b>	:	Scheduled Caste/Scheduled Tribe
<b>STSC</b>	:	State Tassar and Silk Co-operative Society
<b>TLE</b>	:	Teaching and Learning Equipment
<b>TRCS</b>	:	Tassar Rearers Co-operative Society
<b>UC</b>	:	Utilisation Certificate

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# E R R A T A

## Report of the Comptroller and Auditor General of India for the period ended 31 March 1992 (Civil) No.3, Government of Orissa

Sl. No.	Page No.	Reference	For	Read
1.	6	Item VI (v)	Remittacnes	Remittances
2.	25	First line in the sub para above the second statement	Payaments	Payment
3.	25	Last column of the second statement	repayment	repayment
4.	40	Fifth line from the bottom	Rs.18.66	Rs.28.66
5.	51	First line of sub para (e)	though	through
6.	52	Second line from the bottom	to met	to be met
7.	53	Last line of first sub para	beneficaires	beneficiaries was
8.	54	Item 4 of the statement	Co-operation	Co-operative
9.	55	First line of the first foot-note	month	moth
10.	76	Fourth line of sub-para (iii)	7	6
11.	80	Nineth, fifth and second line from the bottom	socieites	societies
12.	82	Seventh line of sub-para (c)	Rs.152.54 lakhs	Rs.252.54 lakhs
13.	86	Third line from top	for "." after substitute ","	"operation"
14.	87	Seventh line from top	Rs.9.53 lakhs	Rs.9.35 lakhs
15.	101	Fifth line below the statement	whose	whom

Contd.....

Sl. No.	Page No.	Reference	For	Read
16.	107	First line below the statement	24 hectare	44 hectares
17.	108	Penultimate line of the second sub-para of (b)	has	was
18.	130	Tenth line from top	125 per sqm	125 kg per sqm
19.	130	Tenth line of para 4.3	Rs.89.53 lakhs	Rs.89.83 lakhs
20.	160	Second line from top	Rs.13.18 lakhs	Rs.13.19 lakhs
21.	172	Second column-serial (i) against item (c)	Kakeshmanoth Karayimal	Lakshmanath Karanjimal
22.	179	Fifth and Sixth lines of para 7.7.3	entrepreneur was to be stated	enterpreneurs stated to be was
23.	183	Second line of sub-para (i) of para 7.9	borned	borne
24.	186	Seventh line of para 7.12(a)	ov	over
25.	196	Third column against serial 13	Handloom and Textiles (Voted)	Textiles and Handloom (Voted)
26.	202	Caption of column 3 of the statement	May be read as	"tanks/ponds"
27.	203	Second column of the statement against 1990-91	31,075	32,376
		Fourth column of the statement against 1990-91	blank	977

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