REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 2003

(CIVIL)

GOVERNMENT OF ORISSA

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Preface

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

2. Chapters I and II of this Report respectively contain audit observations on matters arising from examination of the Finance Accounts and the Appropriation Accounts of the State Government for the year ended 31 March 2003.

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

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

5. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2002-2003 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 2002-2003 have also been included wherever necessary.

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OVERVIEW

This Report includes two chapters on the Finance and Appropriation Accounts of the State Government for the year 2002-2003. The next three chapters comprise four reviews, two long paragraphs and 35 paragraphs on individual transactions based on the audit of selected programmes and activities and of the financial transactions of the Government. A synopsis of the important findings contained in the Report is presented in this overview.

1. An overview of the Finances of the State Government

Large Revenue and Fiscal Deficits year after year indicated continued macro imbalances in the State. The deficits, however, declined in the current year mainly due to more receipts from Government of India coupled with low growth in revenue expenditure.

Revenue receipts of the State increased from Rs.4554 crore in 1998-99 to Rs.8439 crore in 2002-03. The increase was substantial during 2002-03 mainly due to higher Central transfer and receipt of more interest and dividends from the PSUs.

Revenue expenditure accounted for 88 *per cent* of the total expenditure. During 2002-03, revenue expenditure grew by 1.35 *per cent* against the average annual growth of 12.50 *per cent* during past five years. The low growth in the current year was mainly due to less maintenance expenditure under Public Works, less transfer to Calamity Relief Fund and lower growth in interest payment.

The interest payments increased at an average annual growth of 23 *per cent* from Rs.1485 crore in 1998-99 to Rs.2886 crore in 2002-03 due to continued reliance on borrowings. The increase in the current year was, however, marginal (1.80 *per cent*) mainly due to lower rate of interest on GPF and GOI loans.

Capital expenditure declined from 11.82 *per cent* in 1998-99 to 9.69 *per cent* in 2002-03. There was also a decline in the share of developmental expenditure during the period.

At the end of 2002-03, the total investment in statutory corporations, Government companies etc. worked out to Rs.1519.39 crore. Use of high cost borrowing for investments, which yield very little, indicates an implicit subsidy.

(Paragraphs 1.1 to 1.11)

2. Allocative priorities and appropriation

Against the total budget provision of Rs.22913 crore including supplementary provision, expenditure of Rs.21278 crore was incurred during 2002-03. The overall savings of Rs.1636 crore was the net result of saving of Rs.3705 crore in 37 grants and 2 appropriations offset by excess of Rs.2069 crore in 3 grants and 2 appropriations. The excess relating to 3 grants and 2 appropriations requires regularisation under Article 205 of the Constitution of India.

Expenditure was inflated to the extent of Rs.317.11 crore, as monies were drawn and deposited into Personal Ledger Accounts or Civil Deposits without any expenditure.

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

Advance from the Contingency Fund aggregating Rs.94.66 crore remained un-recouped for periods of 1 to over 15 years.

(Paragraphs 2.2 to 2.7)

3. Functioning of Utkal University

Very large amounts of money received by the Post Graduate Departments and other units such as the, Distance and Continuing Education, Law College etc. were retained by these units without depositing them into the General Fund of the University. The result was uncontrolled decentralisation of authority and dilution of responsibility in respect of receipts and expenditure. There was hardly any control over such expenditure by the Comptroller of Finance, the Vice-Chancellor or the Syndicate.

The main centralised cash book was not maintained up to 1999-2000. The accounts were inaccurate and incomplete in as much as they did not capture all receipts and expenditure. The budget head-wise actual figures of receipts and expenditure of any particular year were reflected only in the budget of the second subsequent year.

The Post Graduate Departments collected seminar fees of Rs.25.73 lakh from the students at the rate of Rs.2000 to Rs.5000 per student per annum without any authority and did not keep any proper account thereof. There was lack of transparency in the system of incurring expenditure on examinations. Payment of Rs.1.92 crore was made to the printers of question papers and computer firms in cash. The rate was fixed arbitrarily without inviting quotations or obtaining approval of the Syndicate. Lakhs of rupees advanced to the Controller of Examinations were deposited to his personal bank account.

Excess payment of Rs.1.82 crore was made to the staff towards medical allowance contravening conditions of the Block Grant given by the State Government. There was less realisation of Rs.3.39 crore from the staff towards electricity and water charges. The advances outstanding with the staff, colleges, supplier firms etc. amounted to Rs.21.41 crore as of 31 March 2003. No records were maintained to watch the recovery.

OSPHWC was unduly favoured by being entrusted with works of UGC assisted projects though the guidelines of UGC stipulated execution of such works only through PWD/CPWD. Rupees 10.23 lakh were advanced to this organisation during 1996-97 for construction of Symposium/Seminar building before selection of site. The construction of building was taken up in July 2003.

An amount of Rs.1.08 crore was advanced to the warden of the PG Hostel for construction and repair of building and purchase of equipment while there was a Development Officer for such activity. Moreover, the payment was made without any requirement. The relevant account was not produced to audit.

The UGC grant of Rs.1.35 crore meant for Campus Development was spent on repair works not covered under the programme. Similarly, UGC grant of Rs.21.40 lakh meant for procurement of equipment was utilised on procurement of furniture and fixtures.

(Paragraph 3.1)

4. Review on Implementation of Drugs and Cosmetics Act, 1940

Review of the implementation of the Drugs and Cosmetics Act, 1940 in the State during 1998-2003 revealed several deficiencies in the enforcement of the provisions of the Act. Though not permitted under the Act, conditional licences were issued to drug manufacturers, medicine shops, blood banks and manufacturers of large volume parenterals. Some of these establishments were allowed to run without valid licences.

Inspection of the licensees' premises was highly inadequate, the shortfall with reference to the prescribed norms ranging between 73 and 84 *per cent* in the allopathic sector, 97 and cent *per cent* in the homoeopathic sector and 63 and 79 *per cent* in the ayurvedic sector.

No drug samples were drawn for testing in the homoeopathic and the ayurvedic sectors due to the absence of any testing laboratory in the State. The Central Government funds received for purchase of equipment for such testing laboratories were lying unutilised. The State Drug Testing and Research Laboratory at Bhubaneswar failed to test all types of allopathic drugs due to lack of infrastructure and reference standards.

Effective steps were not taken by the State Drug Control Organisation in allopathic sector to recall 419 batches of drugs of non-standard quality from the market and to prosecute the offenders as per the Act/Rules. The DC failed to take action against a manufacturer who supplied 143 lakh tablets of anti TB drug of non-standard quality for use in Hospitals/Dispensaries due to conflicting results of test reports by the State and the Central Drug Testing Laboratories.

No prosecution could be launched against the manufacturers and suppliers who supplied 365 batches of non-standard drugs to Government Hospitals/Dispensaries under the Central Purchase System owing to the failure on the part of the concerned Drug Inspectors to collect statutory samples.

There were several instances of sub-standard drugs being allowed to be marketed owing to failure to undertake tests or to get the test results in time.

(Paragraph 3.2)

5. Prevention and Control of Fire

Fire prevention and related safety measures are an integral part of town planning and building construction. Fire services are the first responder to save life and property from fire accidents. Though the Orissa Fire Service Act has been enacted in December 1993, penalty could not be imposed on defaulters who violated fire safety measures as the necessary Rules were not framed. Because of non-framing of rules, adherence to fire safety norms by the builders and occupiers of high rise buildings and other fire prone premises could not be ensured.

LPG bottling plants and storage houses, which are major fire hazards were not at all inspected from fire safety point of view.

Incidence of fire and loss of human lives were on the rise despite opening of 39 new fire stations. Two fire stations were opened at places which did not satisfy the relevant criteria. One district headquarters did not have a fire station.

While the fire service in the State had not gone for the much needed upgradation of communication system estimated to cost Rs.23.60 lakh, as much as Rs.7.74 crore were spent for procurement of vehicles which were in excess of requirement and for which even drivers were not available. Fourteen new fire stations were not provided with telephones.

A highly specialised sky-lift for fire fighting and rescue in high rise buildings purchased for Rs.2.72 crore in April 1999 was never put to use. In fact, it is of quite doubtful utility because of low electric lines and lack of movement space around high rise buildings. Similarly, three rescue tenders costing Rs.24.34 lakh and purchased during 1986-89 were never utilised, not even during the Super-cyclone of October 1999.

The utilisation of capacity of the training institute was very poor during the period under review.

(Paragraph 3.3)

6. Accelerated Irrigation Benefit Programme (AIBP)

AIBP was launched during 1996-97 with the objective of accelerating the completion of ongoing irrigation/multipurpose projects on which substantial investments had already been made and which were beyond the resource capacity of the State Government. A review of the programme revealed serious failure of expenditure control and wide spread mismanagement of funds involving significant excess/undue payments to contractors and extra, unauthorised and wasteful expenditure amounting to Rs.329.45 crore which was 32 *per cent* of the total expenditure of Rs.1040.25 crore during 1996-2003. Additional irrigation potential of 1.83 lakh ha. was to be created under the programme through completion of six Major Irrigation Projects (under progress) and four Major, one Medium and twenty-two Minor Irrigation Projects (all new) between 1996 and 2003 with estimated cost of Rs.1018.25 crore. Only 0.48 lakh ha. of additional irrigation potential could be created.

Abandonment of the Subarnarekha Irrigation Project and uncertainty in completion of Right Bank Canal of Rengali Irrigation Project rendered an expenditure of Rs.478.03 crore wasteful.

Excess payment, undue benefits to contractors and extra expenditure amounting to Rs.14.90 crore was incurred in execution of canal works of Upper Indravati Irrigation Project.

Non-acceptance of lowest valid tender and extension of undue benefits to contractors led to wasteful expenditure of Rs.6.93 crore in gate works of Naraj Barrage Irrigation Project.

Expenditure of Rs.3.94 crore was incurred by diverting funds for activities beyond the scope of AIBP.

Extension of undue benefits to contractors and extra expenditure in the canal works of Upper Kolab Irrigation Project led to wasteful expenditure of Rs.3.30 crore.

Construction of roads on the canal embankment of Potteru Irrigation Project with unwarranted higher specification resulted in extra expenditure of Rs.1.45 crore.

(Paragraph 3.4)

7. Welfare of the Handicapped

The Persons with Disabilities (PWD) Act, 1995 whose objective is the welfare of the handicapped, extends certain statutory safeguards to the disabled. But the State Government did not frame the Rules under PWD Act thereby hampering the implementation of the Act nor was a full time Commissioner for the PWD appointed. The State Co-ordination Committee, the apex co-ordinating and directing body in the State for implementing the Act never met since its constitution in 1997. Consequently, the State Executive Committee could not function adequately.

The shortcomings include shortfall in the training of Government Medical Officers in disability management and poor implementation of the scheme of integrated education for the disabled children. Timely release of funds by the Government of India could not be ensured owing to delay on the part of the State Government in submission of utilisation certificates and budget proposals. Jobs were not identified and specific points in the 80 point roster for recruitment by the State Government were not earmarked for PWDs. During 1998-99 and 1999-2000, budget provision of Rs.23.27 lakh made for supply of aids and appliances to the PWD was allowed to lapse which would have sufficed for around 1900 disabled persons. Rs.1.45 crore received from the National Handicapped and Finance Development Corporation was misutilised by the Mahila Vikas Samabaya Nigam by investing the same in banks instead of advancing loans to disabled beneficiaries. The amount of Rs.3.79 crore received by the Women and Child Development Department during 1999-2003 from the Government of India for implementation of the national programme for rehabilitation of PWDs remained mostly unutilised.

The School for the Blind run by the State Government (SME Department) is without the services of any headmaster and three teachers, out of the sanctioned strength of 14 teachers. In the School for the Deaf, also run by the SME Department, there is no group hearing aid and only 40 individual hearing aids for 130 students.

(Paragraph 3.5)

8. Execution of works by Orissa Bridge and Construction Corporation (OBCC)

Despite preferential treatments from Government by way of huge advances and price preference in open bidding, the OBCC incurred losses in successive years due to poor operational performance.

As against 82 works taken up, the Corporation could complete only 18 works as of 2002-03. Thirteen works remained incomplete even after lapse of four to fifteen years rendering the expenditure of Rs.28.69 crore unfruitful. Abandonment of works led to extra liability of Rs.4.67 crore. As of March 2003, advances of Rs.155.65 crore remained outstanding.

The Corporation unauthorisedly retained Government revenue of Rs.3.01 crore and sustained loss of Rs.51.15 lakh on idle wages of staff deployed for collection of toll.

(Paragraph 3.6)

9. Fraudulent drawal/misappropriation/embezzlement/losses

Twenty three Collectors failed to obtain accounts for the advances and the paid vouchers amounting to Rs.4.35 crore. The period of pendency in adjustment ranged upto 47 years. Paid vouchers of Rs.59 lakh could not be produced to Audit.

(Paragraph 4.1.1)

Negligence of Executive Engineer by acceptance of forged Bank Guarantee at the time of drawal of agreement and failure to secure the advances resulted in loss of Rs.50.69 lakh.

(Paragraph 4.1.4)

10. Infructuous/Wasteful expenditure and overpayment

The Oil Palm Development Programme involving oil palm plantation and oil extraction failed as dejected farmers destroyed 1656 hectares of plantation due to lack of oil extraction facility. This led to loss of Rs.2.86 crore.

(Paragraph 4.2.1)

Improper preconstruction survey and defective execution of work led to water loss in the reservoir resulting in wasteful expenditure of Rs.7.40 crore apart from depriving irrigation facilities to beneficiaries.

(Paragraph 4.2.2)

Failure of the Executive Engineer to comply with the conditions for acquisition of forest land before execution of work led to stoppage of work and resultant nugatory expenditure of Rs.5.38 crore.

(Paragraph 4.2.3)

Delayed finalisation of the drawings and award of work before finalisation of the drawings by the Executive Engineer led to avoidable extra expenditure of Rs.2.31 crore.

(Paragraph 4.2.4)

Failure of the CE to observe pre-qualification criteria for a bid led to an extra liability of Rs.1.99 crore on retender.

(Paragraph 4.2.5)

Laying of upstream blanket before filling earth in cut-off trench disregarding the technical advice of the Geologist resulted in wasteful expenditure of Rs.1.61 crore.

(Paragraph 4.2.6)

Failure of the CE in approving the bridge designs without taking into account the site condition and the hydraulic particulars led to wasteful expenditure of Rs.89.44 lakh besides extra liability of Rs.83.21 lakh.

(Paragraph 4.2.7)

Unjustified provision for overhead charges on material component in the Schedule of Rate (Electrical) led to overpayment of Rs.50.40 lakh to 65 contractors.

(Paragraph 4.2.8)

11. Violation of contractual obligations/undue favour to contractors

Unrealistic preparation of estimates by Executive Engineers inflated cost of works resulting undue financial benefit of Rs.5.48 crore to National Highway contractors.

(Paragraph 4.3.1)

Construction of wooden foot bridge for transportation of materials by the contractor during construction of High Level Bridge led to extension of undue benefit of Rs.80.87 lakh.

(Paragraph 4.3.4)

12. Idle investment/idle establishment/blockage of funds

Bridge works remained incomplete for periods ranging from three to eight years due to lack of pursuance by the Executive Engineers leading to idle investment of Rs.3.46 crore.

(Paragraph 4.4.1)

Failure of the Executive Engineer to include the tender condition for hiring of available departmental machines by contractors led to loss of revenue of Rs.2.65 crore.

(Paragraph 4.4.2)

Unauthorised retention of Rs.1.54 crore in the shape of lapsed bank drafts and in current accounts of banks by the Director of Sports for 1 to 15 years led to loss of interest of Rs.37.78 lakh.

(Paragraph 4.4.3)

Construction of two patrol boats to safeguard the interests of the traditional fishermen was not completed even after nine years.

(Paragraph 4.4.4)

Construction work of panthasala and the administrative buildings meant for providing support service to the water sports complex at Barkul adjacent to Chilika lake remained incomplete for nearly a decade involving unproductive investment of Rs.90.09 lakh.

(Paragraph 4.4.5)

Placement of fertiliser transport subsidy of Rs.64.36 lakh with OAIC by the DAFP in disregard of the provisions of Agriculture Policy led to unauthorised payment of subsidy of Rs.34.84 lakh besides utilisation of the remaining Rs.29.52 lakh for other purposes.

(Paragraph 4.4.6)

13. Regulatory issues and other points

NCDC assistance of Rs.21.66 lakh meant for primary fishermen's co-operative societies were misutilised for unauthorised purposes. The OSFCF failed to recover loan installments and interest thereon amounting to Rs.1.11 crore from the societies due to improper documentation of loans.

(Paragraph 4.5.1)

Six Collectors unauthorisedly kept land acquisition advance of Rs.35.46 crore in banks and utilised the interest of Rs.70 lakh earned on such bank deposits for contingent expenditure without authority.

(Paragraph 4.5.2)

Printing of the District Census Hand Book 1991 in the departmental press could not be completed even by September 2003 due to delay in commencement of printing and purchase of a faulty offset printing machine.

(Paragraph 4.5.3)

Failure of three Inspectors of Schools to exercise necessary checks led to irregular payment of grants-in-aid of Rs.62.67 lakh to 14 Integral Schools as the schools utilised the same for payment of honorarium to voluntary workers instead of salary to teachers.

(Paragraph 4.5.4)

Eleven RTOs used receipts on account of motor vehicle tax towards contingent expenditure contravening codal provisions and undermining legislative control over Government expenditure.

(Paragraph 4.5.5)

14. Internal Audit System

The audit set-up in the State has four separate organisations namely Cadre Audit, Local Fund Audit, Efficiency Audit and Gram Panchayat Audit. Common Cadre Audit was separate for each department and undertakes audit of subordinate offices of the concerned department. Efficiency Audit conducts selected evaluation studies. Local Fund Audit conducts audit of the accounts of Local Bodies, both rural and urban. The audit of Gram Panchayats is done by Gram Panchayat Audit unit.

There was no manual of internal audit. The on site supervision of such audit was inadequate. There was enormous delay in issue of audit reports. The compliance to audit reports was either lacking or delayed. The follow up of audit reports too was poor. Thus, though the internal audit was undertaken, it should improve in terms of efficiency and effectiveness.

(Paragraph 5.1)

CHAPTER-I

FINANCES OF THE STATE GOVERNMENT

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Finances of the State Government

SUMMARY

Large Revenue and Fiscal Deficits year after year indicate continued macro imbalances in the State. In Orissa, both the Revenue and Fiscal Deficits increased during 1998-99 to 2001-02 except in 2000-2001. The deficits, however, declined in 2002-2003 mainly due to more receipts from Government of India coupled with low growth in revenue expenditure.

The ratio of revenue receipts to total expenditure stood at 73.82 per cent in 2002-03. Overall revenue receipts increased from Rs.4554 crore in 1998-99 to Rs.8439 crore in 2002-03 at an average trend rate of 13.62 per cent per annum. There were however, significant inter year variations in the growth rates. During the current year, revenue receipts grew by 19.74 per cent. This was due to 16.29 per cent increase in tax revenue and 10.45 per cent increase in non-tax revenue. Arrears of revenue were high at Rs.1410 crore and represented 37 per cent of tax and non-tax revenue receipts. On an average around 44 per cent of the revenue had come from State's own resources, Central tax transfers and Grants-in-aid together continued to contribute nearly 56 per cent of the total revenue.

Overall expenditure of the State increased from Rs.8079 crore in 1998-99 to Rs.11432 crore in 2002-2003 at an average trend rate of 11.48 per cent per annum. The rate of growth of 23.21 per cent in 1998-99 declined to 2.55 per cent in 2002-03. The proportion of developmental expenditure declined from 63.80 per cent in 1998-99 to 55.16 per cent in 2002-03. Revenue expenditure, which constituted 87.60 per cent of total expenditure, grew at a trend rate of 12.50 per cent over the five-year period with the lowest growth of 1.35 per cent in 2002-03. Interest payments increased steadily by 94 per cent from Rs.1485 crore in 1998-99 to Rs.2886 crore in 2002-03 primarily due to continued reliance on borrowings for financing fiscal deficit. They peaked at over 40 per cent of revenue receipts in 2001-02 and declined to 34 per cent in 2002-03. Interest payments were consuming a substantial chunk of the revenue receipts.

Although it is not uncommon for a State to borrow for widening its infrastructure and for creating income generating assets, an ever increasing ratio of fiscal liabilities to Gross State Domestic Product (GSDP) together with a revenue deficit could lead the State finances into a debt trap. In Orissa, the ratio of fiscal liabilities to GSDP crossed 65 per cent in the current year. As generation of additional internal resources and curtailment of non-developmental expenditure are the best means available, implementation of Fiscal reforms programme (MOU signed with Government of India on 21 October 2001) is a step in the right direction.

1.1 Introduction

The Finance Accounts of the Government of Orissa are laid out in nineteen statements, presenting receipts and expenditure, revenue as well as capital, in the Consolidated Fund, Contingency Fund and the Public Accounts of the State Government. The lay out of the Finance Accounts is depicted below.

Lay out of Finance Accounts

Statement No. 1: presents the summary of transactions of the State Government-receipts and expenditure, revenue and capital public debt receipts and disbursements etc. in the Consolidated Fund, Contingency Fund and Public Account of the State.

Statement No. 2: contains the summarised statement of capital outlay showing progressive expenditure to the end of 2002-03.

Statement No. 3: gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc.

Statement No. 4: indicates the summary of debt position of the State, which includes borrowings from internal debt, Government of India, other obligations and servicing of debt.

Statement No. 5: gives the summary of loans and advances given by the State Government during the year, repayments made, recoveries in arrears, etc.

Statement No. 6: gives the summary of guarantees given by the Government for repayment of loans etc. raised by the statutory corporations, local bodies and other institutions.

Statement No. 7: gives the summary of cash balances and investments made out of such balances.

Statement No. 8: depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2003.

Statement No. 9: shows the revenue receipts and revenue expenditure under different heads for the year 2002-2003 as a percentage of total revenue/expenditure.

Statement No. 10: indicates the distribution between the charge and voted expenditure incurred during the year.

Statement No. 11: indicates the detailed account of revenue receipts by minor heads.

Statement No. 12: provides accounts of revenue expenditure by minor heads under Non-plan, State plan, Central plan and Centrally Sponsored Schemes separately and capital expenditure major head-wise.

Statement No. 13: depicts the detailed capital expenditure incurred during and to the end of 2002-2003.

Statement No. 14: shows the details of investment of the State Government in statutory corporations, Government companies, joint stock companies, co-operative banks and societies etc. up to the end of 2002-03.

Statement No. 15: depicts the capital and other expenditure to the end of 2002-03 and the principal sources from which the funds were provided for that expenditure.

Statement No. 16: gives the detailed account of receipts, disbursements and balances under heads of account relating to debt, Contingency Fund and Public Account.

Statement No. 17: presents detailed account of debt and other interest bearing obligations of the Government of Orissa.

Statement No. 18: provides the detailed account of loans and advances given by the Government of Orissa, the amount of loan repaid during the year, the balance as on 31 March 2003 and the amount of interest received during the year.

Statement No. 19: gives the details of earmarked balances of reserved funds.

1.2 Trend of Finances with reference to previous year

Finances of State Government during the current year, as compared to the previous year, were as under:

(Rupees in Crore)

2001-02	Sl. No.	Major Aggregates	2002-03
7048	**1.**	**Revenue Receipts (2+3+4)**	**8439**
2467	2.	Tax Revenue	2872
692	3.	Non-Tax Revenue	961
3889	4.	Other Receipts	4606
132	**5.**	**Non-Debt Capital Receipts**	**177**
132	6.	Of which Recovery of Loans	177
7180	**7.**	**Total Receipts (1+5)**	**8616**
8371	**8.**	**Non-Plan Expenditure (9+11)**	**8642**
8066	9.	On Revenue Account	8444
2835	10.	Of which, Interest Payments	2886
305	11.	On Capital Account	198
231	12.	Of which Loans disbursed	117
2777	**13.**	**Plan Expenditure (14+15)**	**2790**
1816	14.	On Revenue Account	1571
961	15.	On Capital Account	1219
148	16.	Of which Loans disbursed	226
11148	**17.**	**Total Expenditure (8+13)**	**11432**
3968	**18.**	**Fiscal Deficit (17-7)**	**(-) 2816**
2834	**19.**	**Revenue Deficit (9+14-1)**	**(-)1576**
1133	**20.**	**Primary Deficit(+)/Surplus(-) (18-10)**	**(+)70**

1.3 Summary of Receipts and Disbursements for the year

Table 1 summarises the finances of the State Government of Orissa for the year 2002-03 covering revenue receipts and expenditure, capital receipts and expenditure, public debt receipts and disbursements and public accounts receipts and disbursements made during the year as emerging from Statement-1 of Finance Accounts and other detailed statements.

Table 1 :SUMMARY OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2002-2003

(Rupees in crore)

2001-02	Receipts	2002-03	2001-02	Disbursements	2002-03		
SECTION-A: Revenue							
					Non-Plan	**Plan**	**Total**
7047.99	**I. Revenue Receipts**	**8438.77**	9881.73	**I. Revenue Expenditure**	**8444.03**	**1570.15**	**10014.68**
2466.88	Tax revenue	2871.84	4933.32	General Services	4792.27	12.99	4805.26
691.75	Non-tax revenue	961.17	3259.45	Social Services	2602.77	856.78	3459.55
2648.72	Share of Union Taxes/Duties	2805.58	1539.40	Economic Services	903.42	699.36	1602.78
1240.64	Grants from Government of India	1800.18	149.56	Grants-in-aid/ Contributions	145.57	1.52	147.09
SECTION-B: Capital							
-Nil-	**II. Miscellaneous Capital Receipts**	-Nil-	886.77	**II. Capital Outlay**	**81.26**	**992.82**	**1074.08**
131.66	**III. Recoveries of Loans and Advances**	177.19	379.15	**III. Loans and Advances disbursed**	**117.52**	**225.72**	343.24
3273.08	**IV. Public debt receipts***	**4819.31**	920.85	**IV. Repayment of Public Debt**	2688.66 #		2688.66
6812.71	**V. Public account receipts**	**7149.65**	5329.35	**V. Public account disbursements**	**6637.80 #**		**6637.80**
			66.67	**VI. Expenditure from Contingency Fund**	**0.34 #**		**0.34**
268.66	**Opening Balance**	69.63	69.63	**Closing Balance**			(-)104.25
17534.10	Total	20654.55	17534.10	Total	17969.61	2789.19	20654.55

Note: * Includes net ways and means advances and overdraft also

Bifurcation of plan and non-plan not available

1.4 Audit Methodology

Audit observations on the Finance Accounts bring out the trends in the major fiscal aggregates of receipts and expenditure and from the statements of the Finance Accounts for the year 2002-03. Wherever necessary, the observations show these trends in the light of time series data and periodic comparisons. Major fiscal aggregates such as tax and non-tax revenue, revenue and capital expenditure, internal debt and loans and advances etc. have been presented as percentages to the GSDP at current market prices. For tax revenues, non-tax revenues, revenue expenditure etc.; buoyancy projections have also been provided for a further estimation of the range of fluctuations with reference to the base represented by GSDP. The key indicators adopted for the purpose are (i) Resources by volumes and sources, (ii) Application of resources, (iii) Assets and Liabilities and (iv) Management of deficits. Audit observations have also taken into account the cumulative impact of resource mobilization efforts, debt servicing and corrective fiscal measures. Overall financial performance of the State Government as a body corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates.

In addition, the section also contains a paragraph on indicators of financial performance of the Government. Some of the terms used here are explained in Appendix-I.

1.5 State Finances by Key Indicators

1.5.1 Resources by volumes and sources

Resources of the State Government consist of revenue receipts and capital receipts. Revenue receipts consists of tax revenues, non-tax revenues, State's share of union taxes and duties and grants-in-aid from the Central Government. Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources viz. market loans, borrowings from financial institutions/ commercial banks etc. and loans and advances from Government of India as well as accruals from Public Accounts.

Table 2 shows that the total receipts of the State Government for the year 2002-03 were Rs.20585 crore. Of these, the revenue receipts of the State Government were only Rs.8439 crore, constituting 41 *per cent* of the total receipts. The balance of receipts came from borrowings and public account receipts.

Table 2 – Resources of Orissa

(Rupees in crore)

I Revenue Receipts			***8439***
II Capital Receipts			***4996***
a	*Miscellaneous Receipts*	*-Nil-*	
b	*Recovery of Loans and Advances*	*177*	
c	*Public Debt Receipts*	*4819*	
III Public Account Receipts			***7150***
a.	*Small Savings, Provident Fund, etc.*	*2020*	
b	*Reserve Fund*	*213*	
c	*Deposits and Advances*	*3086*	
d	*Suspense and Miscellaneous*	*67*	
e	*Remittances*	*1764*	
Total Receipts			***20585***

1.5.2 Revenue Receipts

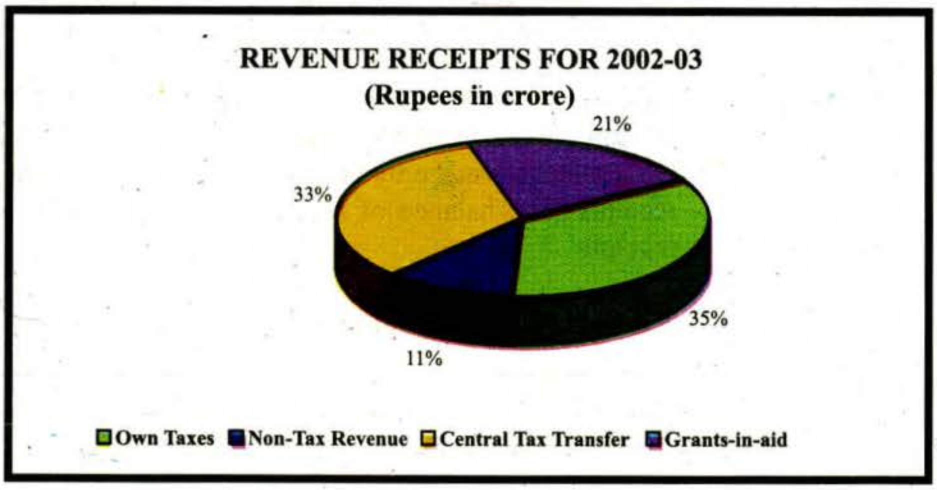
Statement-11 of the Finance Accounts details the Revenue Receipts of the Government. The Revenue Receipts of the State consist mainly of its own tax and non-tax revenues, Central tax transfers and grants-in-aid from Government of India. Overall revenue receipts; their annual rate of growth, ratio of these receipts to the State's Gross Domestic Product (GSDP) and their buoyancy is indicated in Table 3.

Table 3: Revenue Receipts – Basic Parameters (Values Rupees in crore and others in *per cent*)

	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003
Revenue Receipts	4554	5885	6902	7048	8439
Own taxes	1487	1704	2184	2467	2872
Non-Tax Revenue	557	717	685	692	961
Central Tax Transfers	1695	1748	2604	2647	2806
Grants-in-aid	815	1716	1429	1240	1800
Rate of Growth	* (-)1.68	29.23	17.28	2.12	19.74
Revenue Receipts/GSDP	12.80	15.23	17.80	16.28	19.19
GSDP Growth	10.38	8.57	0.39	11.64	1.57
Revenue Buoyancy	**	3.41	44.50	0.18	12.55

* Rate of growth of Revenue Receipts was negative

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



Revenue receipts of the State increased from Rs.4554 crore in 1998-1999 to Rs.8439 crore in 2002-2003 at an average trend rate of 13.62 *per cent* per annum. There were, however, significant inter-year variations in the growth rates with negative growth of 1.68 *per cent* during 1998-99. Revenue receipts increased substantially during 2002-03 by Rs.1390 crore due to higher amount of Central transfers by way of share of income tax assigned to States (Rs.310 crore), grants-in-aid from GOI (Rs.560 crore), Taxes on Sales, Trades etc. (Rs.203 crore) and increase in Non-tax revenue due to higher dividend and interest from PSUs(Rs.194 crore).

While on an average around 44 *per cent* of the revenue had come from the State's own resources, Central tax transfers and grants-in-aid together continued to contribute nearly 56 *per cent* of the total revenue. Sales tax was the major source of State's own tax revenue having contributed 56 *per cent* of the tax revenue followed by State Excise (9 *per cent*), taxes on vehicles (9 *per cent*), other taxes (13 *per cent*) etc. Of non-tax revenue sources, Non-Ferrous Mining and Metallurgical Industries (46 *per cent*), Dividends and Profits (16 *per cent*) and Forestry and Wildlife (10 *per cent*) were principal contributors.

The arrears of revenues increased by 22 *per cent* from Rs.1152 crore in 1998-99 to Rs.1410 crore at the end of 2002-03. Of these, Rs.52 crore (8 *per cent*) were outstanding for a period of more than 5 years and pertained to Industrial Water Rate (Rs.45.22 crore), Mines and Minerals (Rs.2.47 crore) and Police (Rs.4.27 crore). The deterioration in the position of arrears of revenue showed a slackening of the revenue realisation efforts of the State Government.

The source of revenue receipts under different heads and GSDP during 1998-2003 is indicated in Table 4.

Table 4 – Sources of Receipts: Trends

(Rupees in crore)

Year	Revenue Receipts	Capital Receipts			Total Receipts	Gross State Domestic Product
		Non-Debt Receipts	Debt Receipts	Accruals in Public Account		
1998-99	4554	106	2383	4907	11950	35581
1999-2000	5885	103	2682	6557	15227	38629
2000-01	6902	77	3589	6175	16743	(P) 38779
2001-02	7048	132	3273	6813	17266	(Q) 43293
2002-03	8439	177	4760	7150	20585	(A) 43974

P=Provisional Q=Quick Estimates A=Advance Estimates

1.6 Application of resources

1.6.1 Trend of Growth

Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure major head wise. The total expenditure of the State increased from Rs.8079 crore in 1998-1999 to Rs.11432 crore in 2002-2003 at an average trend rate of 11.48 *per cent* per annum. The average rate of growth of total expenditure was lower than the average rate of growth of revenue receipts during this period. In fact, the rate of growth of total expenditure has declined over the period.

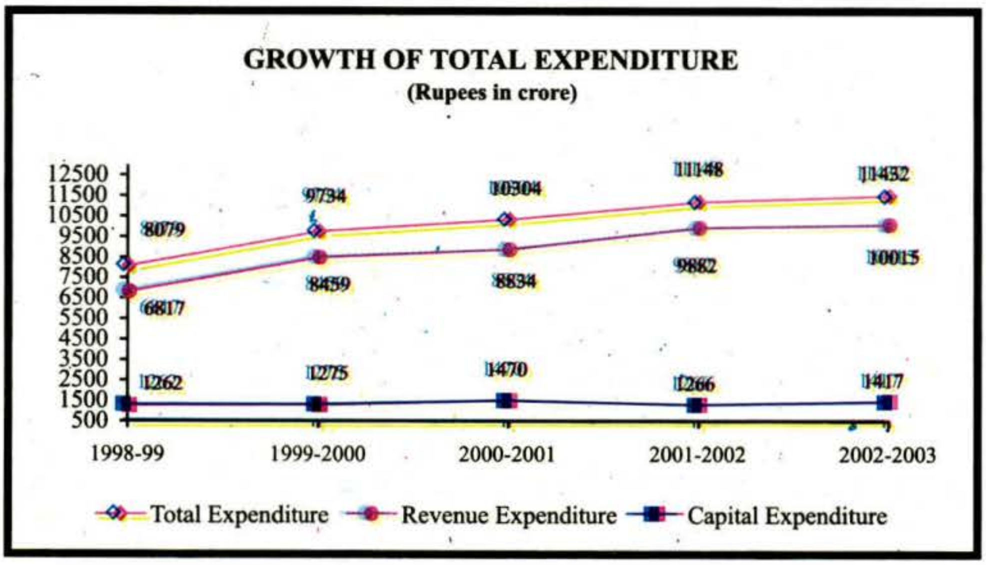
Total expenditure of the State, its trend and annual growth, ratio of expenditure to the State's GSDP and revenue receipts and its buoyancy with regard to GSDP and revenue receipts is indicated in Table-5 below:

Table 5: Total Expenditure – Basic Parameters (Value: Rupees in crore and others in *per cent*)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Total Expenditure(TE)	8079	9734	10304	11148	11432	10139
Rate of Growth	23.21	20.49	5.86	8.19	2.55	11.48
TE/GSDP	22.71	25.20	26.57	25.75	26.00	25.32
Revenue Receipts/TE	56.37	60.46	66.98	63.22	73.82	64.17
Buoyancy of Total Expenditure with						
GSDP	2.236	2.391	15.080	0.704	1.620	1.816
Revenue Receipts	*	0.701	0.339	3.872	0.129	0.843

* **Rate of growth of revenue receipts was negative in 1998-1999**

There was upward trend in the ratio of revenue receipts to total expenditure from 56.37 *per cent* in 1998-1999 to 73.82 *per cent* in 2002-2003, indicating that approximately 74 *per cent* of the State's total expenditure was met from its current revenue, leaving the balance to be financed from borrowings. Average buoyancy of the total expenditure with GSDP during 1998-2003 was 1.816 indicating that for every one-percentage point increase in GSDP, expenditure increased by 1.816 *per cent*. The average buoyancy of total expenditure with GSDP was higher than that of average total revenue with GSDP indicating a tendency for increased revenue deficit.



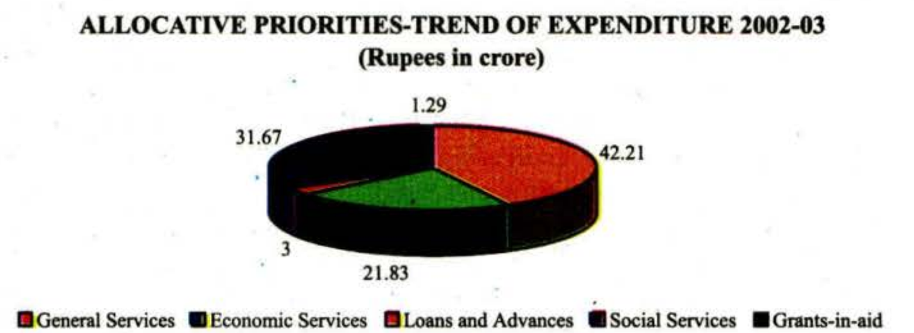
In terms of the activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services and loans and advances. The relative share of these components in total expenditure is indicated in Table 6.

Table 6: Components of expenditure – Relative Share (in *per cent*)

	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	Average
General Services	34.35	29.82	39.42	44.92	42.21	38.14
Social Services	34.42	41.61	31.43	30.56	31.67	33.94
Economic Services	26.62	23.46	21.53	19.77	21.83	22.64

	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	Average
Grants-in-aid	0.30	0.22	1.45	1.35	1.29	0.92
Loans and advances	4.31	4.89	6.17	3.40	3.00	4.35
Total	**100**	**100**	**100**	**100**	**100**	**100**

The movement of relative share of these components of expenditure indicated that while the share of Economic Services in total expenditure declined from 26.62 *per cent* in 1998-1999 to 21.83 *per cent* in 2002-2003, the relative share of General Services increased from 34.35 *per cent* in 1998-99 to 42.21 *per cent* in 2002-03. In case of Social Services, the relative share declined from 34.42 *per cent* in 1998-99 to 31.67 *per cent* in 2002-03.



1.6.2 Incidence of Revenue expenditure

Revenue expenditure had the predominant share in total expenditure. Revenue expenditure is usually incurred to maintain the current level of assets and services. Overall revenue expenditure, its rate of growth, ratio of revenue expenditure to State's GSDP and revenue receipts and its buoyancy with both GSDP and revenue receipts is indicated in Table 7 below:

Table 7: Revenue Expenditure – Basic Parameters (Value: Rupees in crore and others in *per cent*)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Revenue Expenditure (RE)	6817	8459	8834	9882	10015	8801
Rate of Growth	23.16	24.09	4.43	11.86	1.35	12.50
RE/ GSDP	19.16	21.90	22.78	22.83	22.77	21.98
RE as *per cent* of TE	84.38	86.90	85.73	88.64	87.60	86.80
RE as *per cent* of Revenue Receipts	149.69	143.74	127.99	140.21	118.68	134.05
Buoyancy of Revenue Expenditure with						
GSDP	2.231	2.812	11.417	1.019	0.856	1.978
Revenue Receipts	*	0.824	0.257	5.608	0.068	0.918

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

Revenue expenditure of the State increased from Rs.6817 crore in 1998-1999 to Rs.10015 crore in 2002-2003 at an average trend rate of 12.50 *per cent* per annum. Rate of growth of revenue expenditure fluctuated sharply during the period and reached its maximum in 1999-2000 at 24.09 *per cent*.

During 2002-2003, the growth rate reached its lowest of 1.35 *per cent*. The lower growth rate of Revenue expenditure during the year was due to less maintenance expenditure under Public Works(Rs.266 crore), less transfers to Calamity Relief Fund (Rs.62 crore) and lower growth in interest payments (1.80 *per cent* as compared to an average increase of 23 *per cent* during the previous four years) due to lower interest on Provident Funds and GOI loans (Rs.136 crore).

Revenue expenditure accounted for 88 *per cent* of total expenditure during 2002-03. Though the ratio of revenue expenditure to revenue receipts declined from 149.69 *per cent* in 1998-99 to 118.68 *per cent* in 2002-03, dependence of the State on borrowings, for meeting its current expenditure continues primarily due to the fact that salaries (Rs.3718 crore), Interest payments (Rs.2886 crore) and Pensions (Rs.1030 crore) alone consumed 90 *per cent* of total revenue receipts of the State during the year.

Average buoyancies of revenue expenditure to GSDP during 1998-2003 was 1.978 indicating that for each one *per cent* increase in GSDP, revenue expenditure increased by 1.978 *per cent*. Similarly, for each one percentage increase in the State's receipts, the revenue expenditure increased by 0.918 *per cent*.

1.6.2.1 High salary expenditure

Salaries alone accounted for nearly 44 *per cent* of the revenue receipts of the State during 2002-03. The expenditure on salaries increased from Rs.3399 crore in 1998-99 to Rs.3718 crore in 2002-03 as indicated in the Table 8 below:

Table 8

(Rupees in crore)

Heads	1998-99	1999-2000	2000-01	2001-02	2002-03
Salary expenditure	3399	3887	3803	3736	3718
As percentage of GSDP	10	10	10	9	8
As percentage of Revenue Receipts	75	66	55	53	44

1.6.2.2 Huge expenditure on pension payments

Pension payments more than doubled from Rs.475 crore in 1998-99 to Rs.1030 crore in 2002-03. Year-wise breakup of expenditure incurred on pension payments during the years 1998-99 to 2002-2003 was as under:

Table 9 **(Rupees in crore)**

Year	Expenditure	Percentage to total revenue
1998-1999	475	10
1999-2000	688	12
2000-2001	832	12
2001-2002	1003	14
2002-2003	1030	12

With the increase in the number of retirees, the pension liabilities are likely to increase further in future. The State Government has not constituted any fund to meet the fast rising liabilities towards pension of the retired State employees. Considering the rate at which pension liabilities are increasing, reforms in the existing pension schemes assume critical importance.

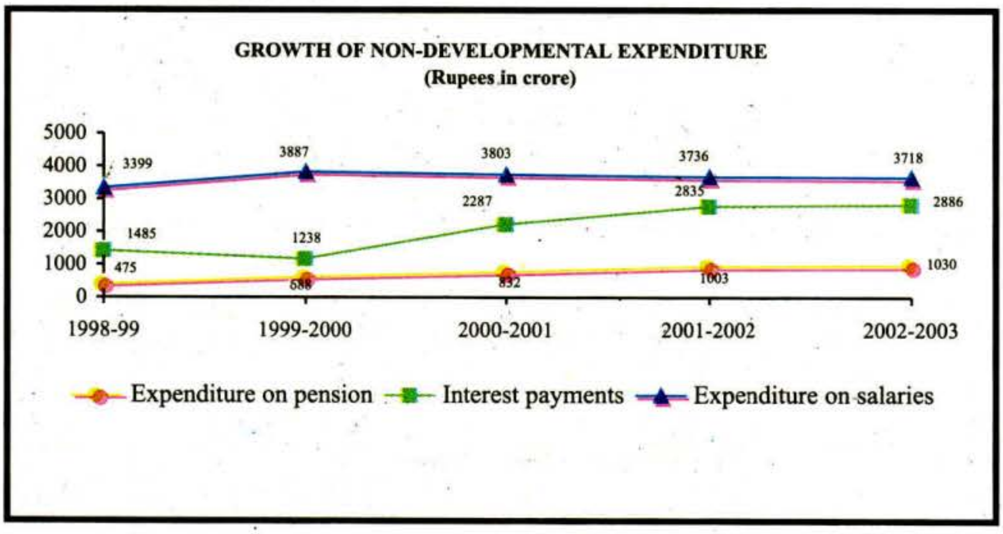
1.6.2.3 Interest payments

The Eleventh Finance Commission has recommended (August 2000) that as a medium term objective, States should endeavour to keep interest payment as a ratio to revenue receipts to 18 *per cent*. It was, however, observed that interest payments as percentage of revenue receipts ranged between 21 and 40 during the last five years as below:

Table 10

Year	Interest Payment	Percentage of interest payment with reference to	
	(Rupees in crore)	Revenue Receipts	Revenue Expenditure
1998-1999	1485	33	22
1999-2000	1238	21	15
2000-2001	2287	33	26
2001-2002	2835	40	29
2002-2003	2886	34	29

In absolute terms, interest payments increased by 94 *per cent* from Rs.1485 crore in 1998-99 to Rs.2886 crore in 2002-03 primarily due to continued reliance on borrowings for financing the fiscal deficit. The increase in interest payments during 2002-03 was, however, marginal mainly due to lower interest rates on provident funds (Rs.90 crore) and on GOI loans (Rs.46 crore).



1.7 Expenditure by Allocative Priorities

The actual expenditure of the State in the nature of plan expenditure, capital expenditure and developmental expenditure emerging from Statement 12 of Finance Accounts reflect the allocative priorities of the State. Higher the ratio of these components to total expenditure, better is deemed to be the quality of expenditure. Table 11 below gives the percentage share of these components of expenditure in State's total expenditure*.

Table 11- Quality of expenditure (*per cent* to total expenditure*)

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Plan Expenditure	32.97	28.12	27.16	24.41	23.12	27.16
Capital Expenditure	11.82	8.63	8.63	8.24	9.69	9.40
Developmental Expenditure	63.80	68.42	56.44	52.10	55.16	59.18

***Total expenditure exclude expenditure on loans and advances**

All the three components of expenditure show a relative decline during 1998-2003. Plan expenditure declined from 32.97 *per cent* of total expenditure in 1998-1999 to 23.12 *per cent* in 2002-2003. Similarly, capital expenditure declined from 11.82 *per cent* in 1998-99 to 9.69 *per cent* in 2002-2003. There was also a decline in the share of developmental expenditure. The average share of expenditure on these components was significantly below the level achieved in 1998-99.

Out of the developmental expenditure (Rs.6117 crore), Social Services (Rs.3621 crore) accounted for 59 *per cent* of the developmental expenditure during the year. General Education, Medical and Public Health and Water Supply and Sanitation consumed nearly three-fourths (70 *per cent*) of the expenditure on Social Sector.

Table 12

Social Sector Expenditure **(Rupees in crore)**

	1998-99	1999-2000	2000-01	2001-02	2002-03
General Education	1435	1896	1715	1717	1857
Medical and Public Health	323	346	383	387	425
Water Supply and Sanitation	255	243	221	251	249
Total	**2013**	**2485**	**2319**	**2355**	**2531**

Similarly, the expenditure on Economic Services (Rs.2496 crore) accounted for 41 *per cent* of the developmental expenditure. Of this, Agriculture and Allied activities (Rs.559 crore), Irrigation and Flood Control (Rs.698 crore) and Rural Development (Rs.469 crore) accounted for 69 *per cent* of the expenditure on Economic Sector.

Table 13

Economic Sector Expenditure **(Rupees in crore)**

	1998-99	1999-2000	2000-01	2001-02	2002-03
Agriculture and Allied activities.	530	597	574	506	559
Irrigation and flood control	780	706	647	645	698
Rural Development	342	511	412	448	469
Total	**1652**	**1814**	**1633**	**1599**	**1726**

1.7.1 Financial assistance to local bodies and other institutions

Autonomous bodies and authorities perform non-commercial functions of public utility services. These bodies/authorities receive substantial financial assistance from Government along with other institutions such as Co-operative Societies. The grants are given by Government mainly for maintenance of educational institutions, hospitals, charitable institutions, construction and maintenance of schools and hospital buildings, improvement of roads and other communication facilities under municipalities and local bodies.

The quantum of assistance provided to different Bodies etc., during the period of five years ending 2002-2003 was as follows:

Table 14 **(Rupees in crore)**

Sl. No.	Bodies/authorities, etc.	1998-99	1999-2000	2000-01	2001-02	2002-03
1.	Universities and Educational Institutions	206.67	197.60	190.44	251.06	300.59
2.	Municipal Corporations and Municipalities	64.58	54.68	56.42	40.96	46.44
3.	Zila Parishads and Panchayati Raj Institutions	62.46	35.81	114.64	119.80	130.11
4.	District Rural Development Agencies (DRDAs)	173.24	393.87	194.64	302.67	309.45
5.	Integrated Tribal Development Agencies (ITDAs)	68.32	60.62	--	106.21	87.35
6.	Western Orissa Development Council	--	--	--	50.00	50.00
7.	Co-operative Societies and Institutions	20.97	1.63	8.09	2.78	4.03
8.	Non-Government Organisation	9.60	4.86	--	19.72	2.85
9.	Other Institutions (including statutory bodies)	121.18	215.80	665.70	101.25	91.31
	Total	**727.02**	**964.87**	**1229.93**	**994.45**	**1022.13**
	Percentage increase(+)/ decrease (-) over previous year	(+)20	(+)33	(+)27	(-)19	(+)3
	Assistance as a percentage of revenue receipts	16	16	18	14	12
	Percentage of assistance to revenue expenditure	11	11	14	10	10

Outstanding Utilisation Certificates

Audit of 125 institutions/autonomous bodies conducted during the year 2002-03 revealed that UCs for an amount of Rs.1086.34 crore relating to these 125 units (92 Panchayat Samities: Rs.424.47 crore, 13 DRDAs: Rs.589.31 crore, 9 ITDAs: Rs.55.90 crore and 11 others: Rs.16.66 crore) were outstanding vide Appendix-II. This included Rs.863.41 crore for which year-wise details were not available. The huge growth in pendency was mainly on account of absence of suitable mechanism for watching timely receipt of UC and further release of grants by sanctioning authorities as a matter of routine without insisting on furnishing of UCs for earlier grants.

Delay in furnishing accounts

Mention was made in Para 5.3.1(iii) of the Comptroller and Auditor General's Audit Report (Civil) for the year ended 31 March 2002 about non-receipt of information from Departments of Government regarding grants and loans given to various bodies/authorities so that the applicability of Section 14 of the Comptroller and Auditor General's (Duties, Power and Conditions of Service) Act, 1971 could be decided. Even though the Finance Department agreed (May 1988) to furnish such details by end of June each year, such details were not furnished up to 31 October 2003.

Audit of Autonomous Bodies

During the year ended 31 March 2003, audit of accounts of 125 Autonomous Bodies of the Department of Panchayati Raj (105), School and Mass Education (2), Scheduled Tribe and Scheduled Caste Development Department (9), Higher Education Department (1), Agriculture Department (2), Housing and Urban Development Department (4), Revenue Department (1) and Industries Department (1) was conducted under Section 14 of the Comptroller and Auditor General of India's (DPC) Act, 1971. During the period covered by audit, the bodies received financial assistance of Rs.1562.92 crore. Important points noticed during audit are brought out in the following paras.

Unspent balance of grants

The financial rules of Government required that the grants should be utilised within the financial year during which they were sanctioned or within one year from the date of sanction. The unspent balances were to be refunded to Government immediately thereafter unless permitted by Government for utilisation in subsequent years. These provisions were not followed by the bodies or the authorities and the unspent balances were being carried over to subsequent years as a matter of routine. The unspent balance of Rs.316.85 crore in respect of bodies at the end of the year for which audit was conducted was as follows:

(Rupees in Crore)

Sl. No.	Name of the Body	Number of the Bodies	Year up to which audited	Unspent balance as on 31 March of the year covered in audit
1.	Panchayat Samities	7	1999-2000	5.77
		12	2000-2001	9.35
		73	2001-2002	84.52
2.	DRDAs	13	2001-2002	107.76
3.	ITDAs	9	2001-2002	40.08
4.	CADA	2	2001-2002	2.34
5.	**Other Bodies**			
	(i) Municipality	3	2000-2001	1.44
	(ii) OSDMA	1	--	63.79
	(iii) OUAT	1	1998-1999	1.80
	Total	**121**		**316.85**

The periods to which the unspent balances related and reasons for non-utilisation were not available with the bodies/authorities.

Outstanding Advances

Payment of advances to autonomous bodies is generally prohibited except in the case of works expenditure and amounts so advanced were to be regularly and promptly adjusted.

However, advances aggregating to Rs.123.89 crore were outstanding in the accounts audited (Rs.26.47 crore in respect of 92 Panchayat Samities and Rs.97.42 crore in respect of 33 other bodies).

Stringent measures were called for either to adjust or recover these amounts in order to avert possible loss with lapse of time.

1.7.2 Misappropriations, defalcations, etc.

Cases of misappropriation, losses etc. of Government money reported to audit up to the end of March 2003 and on which final action was pending at the end of June 2003 were as follows:

(Rupees in lakh)

		Number of cases	Amount
i)	Cases reported up to the end of March 2002 but outstanding at the end of June 2002	2093	1420.24*
ii)	Cases reported during April 2002 to March 2003	20	52.63
iii)	Cases disposed of till June 2003	12	1.07
iv)	Cases reported up to March 2003 but outstanding as of June 2003	2101	1471.80

* **The outstanding balance at the end of June 2002 was Rs.1419.79 lakh. However, this was enhanced to Rs.1420.24 lakh after revaluation.**

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

(Rupees in lakh)

		Number of cases	Amount
i)	Over five years (1948-49 to 1997-98)	1918	1141.70
ii)	Exceeding three years but within five years (1998-99 to 1999-2000)	117	186.15
iii)	Upto three years (2000-2001 to 2002-2003)	66	143.95
		2101	**1471.80**

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

		Number of cases	Amount (Rupees in lakh)
i)	Awaiting departmental and criminal investigation	581	668.27
ii)	Departmental action initiated but not finalised	835	534.34
iii)	Criminal proceedings finalised but execution of certificate cases for the recovery of the amount pending	40	9.79
iv)	Awaiting orders for recovery or write off	502	143.89
v)	Pending in the courts of law	143	115.51
		2101	**1471.80**

1.8 Assets and Liabilities

The Government accounting system does not attempt a comprehensive accounting of fixed assets, i.e. land, buildings etc., owned by the Government. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure. Statement 16 read with details in Statement 17 of Finance Accounts show the year-end balances under the Debt, Deposit and Remittance heads from which the liabilities and assets are worked out. Statement-I presents an abstract of such liabilities and the assets as on 31 March 2003, compared with the corresponding position on 31 March 2002. While the liabilities in this statement consist mainly of money owed by the State Government such as internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Fund, the assets comprise mainly the capital expenditure and loans and advances given by the State Government. The liabilities of Government of Orissa depicted in the Finance Accounts, however, do not include the pension, other retirement benefits payable to serving/retired State employees, guarantees/ letters of comforts issued by the State Government. Statement - IV depicts the Time Series Data on State Government Finances for the period 1998-2003.

1.8.1 Financial results of irrigation works

The financial results of 11 major and 41 medium irrigation projects with a capital expenditure of Rs.2282.30 crore at the end of March 2003 showed that revenue realised from these projects during 2002-2003 (Rs.0.53 crore) was only 0.02 *per cent* of the capital expenditure and these were not sufficient to cover even the direct working expenses (Rs.49.63 crore). After meeting the working and maintenance expenditure (Rs.49.87 crore) and interest charges (Rs.154 crore), the schemes suffered a net loss of Rs.203.22 crore. The loss was substantial (Rs.174.79 crore) in all the 11 major irrigation projects.

1.8.2 Incomplete projects

As of 31 March 2003, there were 31 (Major 14 and Medium 17) incomplete projects in which Rs.4446 crore were blocked. Of these, 25 projects were incomplete for periods ranging from 5 to 10 years (9: Rs.432.31 crore), 10 to 15 years (3: Rs.227.13 crore), 15 to 20 years (4: Rs.619.69 crore) and more than 20 years (9: Rs.2950.59 crore). This showed that the Government was spreading its resources thinly, which failed to yield any return. Reasons for incomplete projects were paucity of funds, works left incomplete by contractors, change in site/design of the project(s), defective planning etc.

1.8.3 Investments and returns

As on 31 March 2003, Government had invested Rs.1519.39 crore in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives. Government's return on this investment was only meagre (less than one *per cent*) during 1998-99 and 2001-2002 as indicated in Table 15 below.

Table 15: Return on Investment **(Rupees in crore)**

Year	Investment at the end of the year	Return	Percentage of return	Weighted rate of interest on Government borrowing (*per cent*)
1998-1999	1346.56	0.28	0.02	10.82
1999-2000	1379.19	111.15	8.06	7.01
2000-2001	1408.82	37.91	2.69	10.35
2001-2002	1473.20	8.77	0.60	10.95
2002-2003	1519.39	152.22	10.02	9.85

1.8.4 Loans and advances by State Government

In addition to its investment, Government has also been providing loans and advances to many of these bodies. Total outstanding balance of the loans advanced was Rs.2532 crore as on 31 March 2003 (Table 16). Overall, interest received against these advances stood at 2.68 *per cent* during 2002-2003. The difference between interest paid and received was negative during last five years. Further, in most cases, Government orders sanctioning the loans did not specify the terms and conditions for these loans.

Table 16: Average Interest received on Loans Advanced by the State Government

(Rupees in crore)

	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003
Opening Balance	944	1186	1560	2119	2366
Amount advanced during the year	348	476	636	379	343
Amount repaid during the year	106	102	77	132	177
Closing Balance	**1186**	**1560**	**2119**	**2366**	**2532**
Net Addition (+) / Reduction (-)	242	374	559	247	166
Interest received (Rupees in crore)	13	15	10	18	68
Interest received as *per cent* to outstanding loans and advances	1.22	1.09	0.54	0.80	2.68
Average weighted rate of interest paid by the State	10.82	7.01	10.35	10.95	9.85
Difference between interest paid and received	(-)9.60	(-)5.91	(-)9.80	(-)10.15	(-)7.17

1.8.5 Management of cash balances

It is generally desirable that State's flow of resources should match its expenditure obligations. However, to take care of any temporary mis-matches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) from Reserve Bank of India has been put in place. Orissa had the WMA limit of Rs.185 crore from 1 April 2002 and Rs.215 crore from 3 March 2003. During the year, the State used this mechanism for 169 days as against 112 days last year although it raised borrowings of Rs.1308 crore from the market on five occasions. Resort to overdraft, which is over and above the WMA limits, is all the more undesirable. The State used the Overdraft facilities on 188 days during the year as against 252 days last year.

Table 17: Ways and Means and Overdrafts of the State and Interest paid thereon

(Rupees in crore)

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	Average
Ways and Means Advances						
Taken in the Year	1613	1867	2137	1355	2000	1794
Outstanding	160	206	179	179	239	192
Interest Paid	4.22	6.54	11.71	11.59	10.88	8.99
Overdraft						
Taken in the Year	1039	1868	3828	5393	4723	3370
Outstanding	144	Nil	833	1064	210	450
Interest Paid	1.75	3.07	4.13	8.32	8.75	5.20
Number of Days State was in Overdraft	90	141	203	252	188	175

1.8.6 Fiscal liabilities – public debt and guarantees

The Constitution of India provides that State may borrow within the territory of India, upon the security of its consolidated fund, within such limits, as may from time to time, be fixed by an act of Legislature. However, no such law was passed in the State to lay down any such limit. Statement 4 read with Statements 16 and 17 of Finance Accounts show the year-end balances under Debt, Deposit and Remittances heads from which the liabilities are worked out.

It would be observed that the overall fiscal liabilities of the State increased from Rs.15057 crore in 1998-1999 to Rs.30735 crore in 2002-2003 at an average growth rate of 20.57 *per cent*. These liabilities as ratio to GSDP increased from 42.32 *per cent* in 1998-1999 to 69.89 *per cent* in 2002-2003 and stood at 3.64 times of its revenue receipts and 8.02 times of its own resources comprising its own tax and non-tax revenue. Table 18 below gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP, revenue receipts and own resources and buoyancy of these liabilities with respect to these parameters.

Table 18: Fiscal Imbalances–Basic Parameters **(Rupees in crore and Ratios in *per cent*)**

	1998-99	1999-2000	2000-01	2001-02	2002-03	Average
Fiscal Liabilities	15057	20289	23911	27853	30735	23569
Rate of growth	21.41	34.75	17.85	16.49	10.35	20.57
Ratio of Fiscal Liabilities to						
GSDP	42.32	52.52	61.66	64.34	69.89	58.14
Revenue Receipts	330.63	344.76	346.44	395.19	364.20	354.92
Own Resources	736.64	838.04	833.43	881.70	801.85	815.41
Buoyancy of Fiscal Liabilities to						
GSDP	2.062	4.056	45.974	1.416	6.578	3.254
Revenue Receipts	*	1.189	1.033	7.794	0.524	1.510
Own Resources	5.188	1.884	0.965	1.631	0.485	1.947

*With negative growth in Revenue Receipts, buoyancy became negative

1-A.C

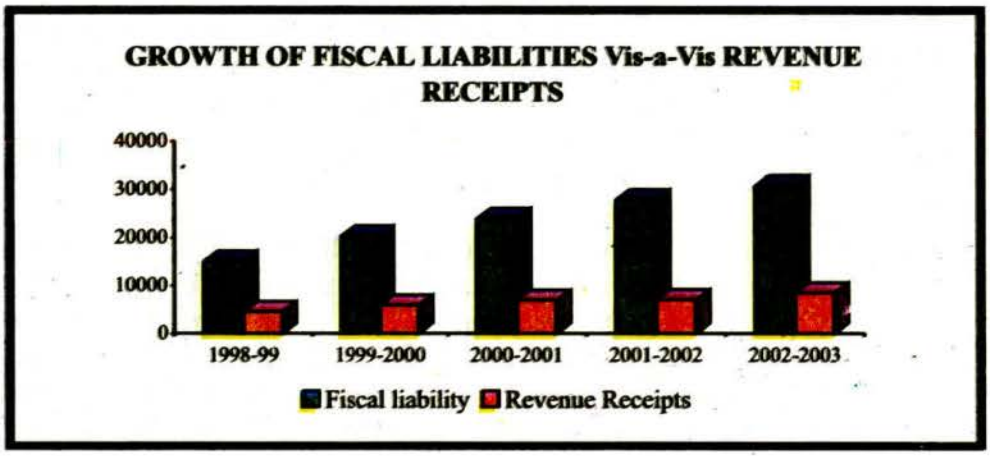
In addition to these liabilities, Government had guaranteed loans of its various Corporations and others, which in 2002-2003 stood at Rs.8487.42 crore. The guarantees are in the nature of contingent liabilities of the State and in the event of non-payment of loans, there may be an obligation on the State to honour these commitments. Currently, the fiscal liabilities including the contingent liabilities exceed three times the revenue receipts of the State. The direct fiscal liabilities of the State have grown much faster as compared to rate of growth of GSDP. On average for each one *per cent* increase in GSDP, the direct fiscal liabilities of the State have gone up by 3.254 *per cent*.

Increasing liabilities had raised the issue of sustainability of the State Government's finances. Fiscal liabilities are considered sustainable if the average interest paid on these liabilities is lower than the rate of growth of GSDP.

Debt sustainability with reference to weighted interest rate, GSDP growth rate and interest spread is indicated in Table 19.

Table 19: Debt Sustainability – Interest Rate and GSDP Growth (in *per cent*)

	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	Average
Weighted Interest Rate	10.82	7.01	10.35	10.95	9.85	9.79
GSDP Growth	10.38	8.57	0.39	11.64	1.57	6.32
Interest spread	(-)0.44	1.56	(-)9.96	0.69	(-)8.28	(-)3.47



Another important indicator of debt sustainability is net availability of the funds after payment of the principal on account of the earlier contracted liabilities and interest. Table-20 below gives the position of the receipts and repayments of internal debt over the last five years. The net funds available on account of the internal debt and loans and advances from Government of India after providing for the interest and repayments varied from 1.54 *per cent* to 48.45 *per cent* of the total public debt during 1998-2003.

Table 20: Net Availability of Borrowed Funds (Rupees in crore)

	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	Average
Internal Debt*						
Receipts	623	1129	1044	1687	2296	1356
Repayments (Principal+ Interest)	574	675	867	987	1298	880
Net Funds Available	49	454	177	700	998	476
Net Funds Available (*per cent*)	7.87	40.21	16.95	41.49	43.47	35.10
Loans and Advances from Government of India						
Receipts	1281	1253	1489	973	1769	1353
Repayments (Principal+ Interest)	947	553	1405	1632	2062	1320
Net Funds Available	334	700	84	(-) 659	(-)293	33
Net Funds Available (*per cent*)	26.07	55.87	5.64	(-)67.73	(-)16.56	2.44
Total Public Debt						
Receipts	1904	2382	2533	2660	4065	2709
Repayments(Principal+ Interest)	1521	1228	2272	2619	3360	2200
Net Funds Available	383	1154	261	41	705	509
Net Funds Available (*per cent*)	20.12	48.45	10.30	1.54	17.34	18.79

* Internal debt excluding ways and means advances

1.9 Management of deficits

1.9.1 Fiscal imbalances

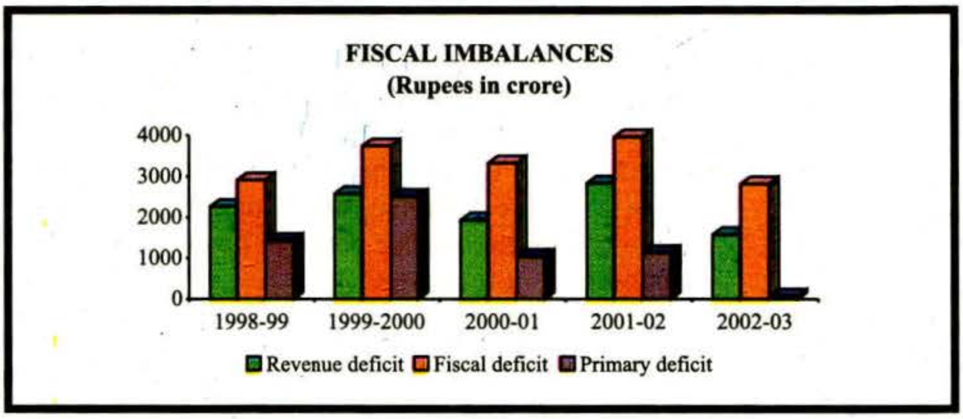
The deficits in Government accounts represent the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources so raised are applied are important pointers to the fiscal health.

The revenue deficit (Statement 1 of Finance Account) of the State, which is the excess of its revenue expenditure over revenue receipts increased from Rs.2263 crore to Rs.2834 crore during the period 1998-2002 with a dip in 2000-2001. During 2002-03, however, the decline was substantial (Rs.1258 crore) mainly due to larger share of Taxes on Income (Rs.310 crore), more grants-in-aid from GOI (Rs.560 crore) coupled with low maintenance expenditure under Public Works (Rs.266 crore) and low growth in interest payments. The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, marginally decreased from Rs.2914 crore in 1998-1999 to Rs.2816 crore in 2002-2003. State also had a primary deficit which decreased from Rs.1429 crore in 1998-1999 to Rs.1133 crore in 2001-2002 and was now having surplus of Rs.70 crore in 2002-2003 as indicated in Table 21.

Table 21: Fiscal Imbalances – Basic Parameters (Value: Rupees in crore and Ratios in *per cent*)

	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	Average
Revenue deficit	(-)2263	(-)2574	(-)1932	(-)2834	(-)1576	(-)2236
Fiscal deficit	(-)2914	(-)3746	(-)3325	(-)3968	(-)2816	(-)3354
Primary Deficit (-)/	(-)1429	(-)2508	(-)1038	(-)1133	(+)70	(-)1208

	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	Average
Surplus (+)						
RD/GSDP	6	7	5	7	3	6
FD/GSDP	8	10	9	9	6	8
PD/GSDP	4	6	3	3	0.15#	3
RD/FD	78	69	58	71	56	67



Persistent revenue deficit indicated that the revenue receipts of the State were not able to meet its revenue expenditure because of poor tax administration and Government had to borrow funds to meet its current obligations. The ratio of revenue deficit to fiscal deficit decreased from 78 *per cent* in 1998-1999 to 56 *per cent* in 2002-2003. As a proportion of GSDP, revenue deficit decreased to three *per cent* and fiscal deficit to six *per cent* in 2002-2003.

1.10 Implementation of Orissa Fiscal Reform Programme to improve the financial position of the State

To improve the financial position of the State, a Memorandum of Understanding (MOU) was signed (October 2001) between the Government of Orissa and the Government of India to implement a mutually agreed reform programme as per a fixed time schedule. The programme included measures to raise revenue and to reduce expenditure so as to eliminate the revenue deficit by March 2005. It also aimed to stabilise, through structural adjustments and policy reforms, the State Government's fiscal situation so as to overcome the frequent ways and means difficulties that it has experienced in the recent past and to generate greater investable resources for development and poverty reduction programmes. As generation of additional internal resources and curtailment of non-developmental expenditure are the best means available, implementation of the fiscal reform programme is a step in the right direction.

Ratio of Primary Surplus to GSDP

1.11 Fiscal Ratios

The finances of a State should be sustainable, flexible and non-vulnerable. Table 22 below presents a summarised position of Government Finances over 1998-2003, with reference to certain key indicators that help assess the adequacy and effectiveness of available resources and their applications, highlight areas of concern and capture its important facets.

The ratios of revenue receipts and State's own taxes to GSDP indicate the adequacy of the resources. The buoyancy of the revenue receipts indicates the nature of the tax regime and the State's increasing access to resources with increase in GSDP. Revenue receipts comprise not only the tax and non-tax resources of the State but also the transfers from Union Government. It indicates sum total of the resources which the State has access to, for which there is no direct services provision obligations, recovery of users charges for the social and economic services provided by it and its entitlement from the central pool of resources.

Various ratios concerning the expenditure management of the State indicate quality of its expenditure and sustainability of these in relation to its resources mobilisation. The ratio of revenue expenditure to total expenditure increased from 84.38 *per cent* in 1998-99 to 87.60 *per cent* in 2002-2003. Its capital expenditure and developmental expenditure as a percentage of the total expenditure, however, declined during 1998-2003. Both its revenue and total expenditure when compared to its revenue receipts and revenue expenditure have shown comparatively higher buoyancy. All these indicate State's dependence on borrowings for meeting its revenue expenditure and inadequate expansion of its developmental activities.

Table 22: Ratios of Fiscal Efficiency (in *per cent*)

Fiscal Ratios	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	Average
Resources Mobilisation						
Revenue Receipts/GSDP	12.80	15.23	17.80	16.28	19.19	16.39
Revenue Buoyancy	*	3.41	44.50	0.18	12.55	2.15
Own Tax/GSDP	4.18	4.41	5.63	5.70	6.53	5.35
Expenditure Management						
Total Expenditure/GSDP	22.71	25.20	26.57	25.75	26.00	25.32
Revenue Receipts/ Total Expenditure	56.37	60.46	66.98	63.22	73.82	64.17
Revenue Expenditure/Total Expenditure	84.38	86.90	85.73	88.64	87.60	86.80
Capital Expenditure/Total Expenditure	11.82	8.63	8.63	8.24	9.69	9.40
Developmental Expenditure/ Total Expenditure (RE+CE)	63.80	68.42	56.44	52.10	55.16	59.18
Buoyancy of TE with Revenue Receipts	*	0.701	0.339	3.872	0.129	0.843
Buoyancy of RE with Revenue Receipts	*	0.824	0.257	5.608	0.068	0.918

Fiscal Ratios	**1998-1999**	**1999-2000**	**2000-2001**	**2001-2002**	**2002-2003**	**Average**
Management of Fiscal Imbalances						
Revenue Deficit (Rupees in crore)	(-)2263	(-)2574	(-)1932	(-)2834	(-)1576	(-)2236
Fiscal Deficit (Rupees in crore)	(-)2914	(-)3746	(-)3325	(-)3968	(-)2816	(-)3354
Primary Deficit (Rupees in crore)	(-)1429	(-)2508	(-)1038	(-)1133	70	(-)1208
Revenue Deficit/Fiscal Deficit	78	69	58	71	56	67
Management of Fiscal Liabilities						
Fiscal Liabilities (FL) / GSDP	42.32	52.52	61.66	64.34	69.89	58.14
Fiscal Liabilities/Revenue Receipts	330.63	344.76	346.44	395.19	364.20	354.92
Buoyancy of FL with Revenue Receipts	(-)12.713	1.189	1.033	7.794	0.524	1.510
Buoyancy of FL with Own Resources	5.188	1.884	0.965	1.631	0.485	1.947
Interest Spread	(-)0.44	1.56	(-)9.96	0.69	(-)8.28	(-)3.47
Net Fund Available	27.76	20.12	48.45	10.30	1.54	21.63
Other Fiscal Health Indicators						
Return on Investment	0.0002	0.081	0.027	0.006	0.100	0.043
BCR (Rupees in crore)	(-)1364	(-)1581	(-)1069	(-)1945	(-)1410	(-)1474
Financial Assets/Liabilities	0.64	0.58	0.56	0.52	0.52	0.56

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

Continuing revenue and fiscal deficit indicate fiscal imbalances of the State. Similarly, high ratio of revenue deficit to fiscal deficit indicates that the application of borrowed funds has largely been to meet current consumption.

It is not uncommon for a State to borrow for increasing its social and economic infrastructure support and creating additional income generating assets. However, ratios of fiscal liabilities to GSDP and revenue receipts being high together with continuous revenue deficit indicate that the State is gradually getting into a debt trap. The average interest paid by the State on its borrowings during 1998-2003 has also exceeded the rate of growth of its GSDP, violating the cardinal rule of debt sustainability. There has also been a decline in net availability of funds from its borrowings due to a larger portion of these funds being used for debt servicing. The State's low return on investment and use of high cost borrowing for investments indicate an implicit subsidy. The ratio of State's total financial assets to liabilities has also deteriorated over the past five years indicating that increasingly a greater part of liabilities is without an asset back up. The balance from current revenue (BCR) of the State has also continued to be negative. The BCR plays a critical role in determining its plan size and a negative BCR adversely affects the same and reduces availability to fund for additional infrastructure support and other revenue generating investment.

STATEMENT-I
SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF ORISSA

(Rupees in crore)

As on 31.03.2002	Liabilities		As on 31.03.2003
9816.08	**Internal Debt**		**11109.02**
5612.46	Market Loans bearing interest	6893.00	
16.57	Market Loans not bearing interest	110.93	
38.08	Loans from LIC	34.66	
2905.94	Loans from other Institutions	3622.03	
179.31	Ways and Means Advances	238.73	
1063.72	Overdrafts from Reserve Bank of India	209.67	
8715.00	**Loans and Advances from Central Government**		**9552.71**
471.39	Pre 1984-85 Loans	381.97	
1797.62	Non-Plan Loans	1948.83	
6107.49	Loans for State Plan Schemes	6893.85	
47.99	Loans for Central Plan Schemes	44.49	
90.51	Loans for Centrally Sponsored Plan Schemes	83.57	
200.00	Ways and Means Advance	200.00	
55.68	**Contingency Fund**		**55.34**
6746.99	**Small Savings, Provident Funds, etc.**		**7588.91**
2385.77	**Deposits**		**2284.67**
190.48	**Reserve Funds Advances**		**200.66**
-----	**Suspense and Miscellaneous**		-
698.12	**Miscellaneous Capital Receipts**		**698.12**
28608.12			**31489.43**
As on 31.03.2002	**Assets**		**As on 31.03.2003**
12300.08	**Gross Capital Outlay on Fixed Assets**		**13374.16**
1473.20	Investments in shares of Companies, Corporations etc.	1519.39	
10826.88	Other Capital Outlay	11854.77	
2366.39	**Loans and Advances**		**2532.44**
842.50	Loans for Power Projects	1044.72	
508.46	Other Development Loans	519.07	
1015.43	Loans to Government servants and Miscellaneous loans	968.65	
7.39	**Advances**		**7.36**
163.01	**Suspense and Miscellaneous Balances**		**408.42**
25.74	**Remittance Balances**		**19.51**
69.63	**Cash**		**(-) 104.25**
9.13	Cash in Treasuries and Local Remittances	9.33	
25.52	Deposits with Reserve Bank	(-) 148.05	
13.86	Departmental Cash Balance including Permanent Advances	14.84	
0.38	Security Deposits	0.46	
1.13	Investment of earmarked funds	1.13	
19.61	Cash Balance Investment	18.04	
13675.88	**Deficit on Government Accounts**		**15251.79**
-	Appropriation to Contingency Fund	-	
2833.74	Revenue Deficit of the Current Year	1575.91	
10842.14	Accumulated deficit	13675.88	
28608.12			**31489.43**

STATEMENT-II
ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2002-2003

(Rupees in crore)

2001-2002	Receipts		2002-03	2001-2002	Disbursements	Non-Plan	Plan		2002-03
	Section-A: Revenue								
				9881.73	I.Revenue Expenditure				**10014.68**
7047.99	I. Revenue Receipts		**8438.77**	**4933.32**	General Services	4792.27	12.99		**4805.26**
2466.88	-Tax Revenue	2871.84		**3259.45**	Social Services	2602.76	856.79		**3459.55**
691.75	-Non-tax revenue	961.17		1733.34	-Education, Sports, Art and Culture	1688.09	194.70	1882.79	
2532.12	-State's share of Union Taxes and Duties	2379.11		421.44	-Health and Family Welfare	354.56	105.02	459.58	
116.60	-State's share of net proceeds of Taxes on income other than Corporate Tax	426.47		266.42	-Water Supply and Sanitation, Housing and Urban Development	160.32	129.19	289.51	
313.16	-Non-Plan grants	395.11		10.13	-Information and Broadcasting	10.82	2.10	12.92	
649.84	-Grants for State Plan Scheme	1021.39		263.18	-Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	95.11	163.13	258.24	
63.46	-Central Plan Schemes	31.91		21.36	-Labour and Labour Welfare	21.66	0.16	21.82	
214.18	-Centrally Sponsored Plan Schemes	351.77							
2833.74	II. Revenue deficit carried over to Section B		**1575.91**	523.27	-Social Welfare and Nutrition	252.64	256.57	509.21	
				20.31	-Others	19.56	5.92	25.48	
				1539.40	Economic Services	903.42	699.36		**1602.78**
				471.47	-Agriculture and Allied Activities	380.88	118.63	499.51	
				447.98	Rural Development	146.03	323.00	469.03	
				-	-Special Areas Programmes	-	-	-	-
				193.00	-Irrigation and Flood Control	144.36	40.19	184.55	
				16.17	-Energy	2.90	44.90	47.80	
				102.08	-Industry and Minerals	37.00	9.86	46.86	
				135.35	-Transport and Communications	145.27	0.01	145.28	
				15.63	-Science, Technology and Environment	2.57	18.17	20.74	
				157.72	-General Economic Services	44.41	144.60	189.01	
				149.56	-Grants-in-aid and Contributions	145.57	1.52	-	**147.09**

2001-2002	Receipts		2002-03	2001-2002	Disbursements	Non-Plan	Plan		2002-03
	Section-B								
268.66	III. Opening Cash balance including Permanent Advances and Cash Balance Investment		**69.63**	**832.93**	III. Opening Overdraft from RBI				**1063.72**
Nil	IV. Miscellaneous Capital Receipts		Nil	**886.77**	IV. Capital Outlay				**1074.08**
				74.73	General Services	10.74	9.06	19.80	
				147.21	Social Services	21.76	139.13	160.89	
				22.31	-Education, Sports, Art and Culture	0.19	19.46	19.65	
				28.12	-Health and Family Welfare	-	37.83	37.83	
				91.04	-Water Supply, Sanitation, Housing and Urban Development	21.57	72.98	94.55	
				5.72	-Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	-	8.86	8.86	
				0.02	-Social Welfare and Nutrition	-	-	-	
				664.83	Economic Services	48.76	844.63	893.39	
				34.65	-Agriculture and Allied Activities	16.12	43.07	59.19	
				-	-Rural Development				
				-	-Special Areas Programmes				
				452.48	-Irrigation and Flood Control	-	513.57	513.57	
				50.20	-Energy	-	-	-	
				1.63	-Industry and Minerals	(-) 7.11	7.60	0.49	
				120.28	-Transport and Communications	39.28	269.56	308.84	
				5.59	-General Economic Services	0.48	10.82	11.30	
131.66	V Recoveries of Loans and Advances		**177.19**	**379.15**	V. Loans and Advances disbursed				**343.24**
Nil	-From Power Projects			139.97	-For Power Projects			202.22	
109.33	-From Government Servants			221.52	-To Government Servants			70.45	
22.33	-From others			17.66	-To Others			70.57	
	VI Revenue surplus brought down			**2833.74**	VI. Revenue deficit brought down				**1575.91**

2001-2002	Receipts			2001-2002	Disbursements	Non-Plan	Plan		
3042.29	VII Public debt receipts (other than Ways and Means)		**4819.31**	**920.85**	VII. Repayment of Public Debt				**1834.61**
1687.01	-Internal debt other than Ways and Means Advances and Overdraft	2295.78		83.76	-Internal debt other than Ways and Means Advances and Overdraft			208.20	
0.06	-Net transaction under Ways and Means Advances	59.42 (*)		-	-Net transaction under Ways and Means Advances				
1355.22	-Loans and Advances from Central Government	2464.11		837.09	-Repayment of Loans and Advances to Central Government			1626.41	
-	VIII Appro-priation to Contingency Fund	-	-	Nil	VIII. Appropri-ation to Contin-gency Fund				-
-	IX Amount transferred to Contingency Fund	-	-	**66.62**	IX. Expenditure from Contingency Fund				**0.34**
6812.71	X Public Account receipts		**7149.65**	**5329.35**	X. Public Account disbursements				**6637.80**
1993.58	-Small Savings and Provident Funds	2019.51		1082.80	-Small Savings and Provident funds			1177.59	
250.81	-Reserve Funds	213.34		260.67	-Reserve funds			203.16	
33.78	-Suspense and Miscellaneous	67.21		132.18	-Suspense and Miscellaneous			312.63	
1843.85	-Remittance	1763.57		1851.78	-Remittance			1757.33	
2690.69	-Deposits and Advances	3086.02		2001.92	-Deposits and Advances			3187.09	
1063.72	XI Closing Overdraft from Reserve Bank of India		**209.67**	**69.63**	XI Cash Balance at end				**(-) 104.25**
				9.13	-Cash in Treasuries and Local Remittances			9.33	
				25.52	Deposits with Reserve Bank			(-) 148.05	
				13.86	-Departmental Cash Balance including permanent advances			14.84	
				21.12	-Cash Balance Investment			19.63	
11319.04			**12425.45**	**11319.04**					**12425.45**

(*) Represents receipts Rs.1999.73 crore and disbursements Rs.1940.31 crore

STATEMENT - III
SOURCES AND APPLICATION OF FUNDS

(Rupees in crore)

2001-2002		Sources	2002-2003	
7047.99		1. a) Revenue receipts		8438.77
Nil		b) Miscellaneous Capital receipts(Non-debt)		-
131.66		2. Recoveries of Loans and Advances		177.19
2121.44		3. Increase in Public debt other than overdraft		2984.70
1483.36		4. Net receipts from Public Account		511.85
	910.78	Increase in Small Savings	841.92	
	688.77	Decrease in Deposits and Advances	(-) 101.07	
	(-) 9.86	Increase in Reserve funds	10.18	
	(-) 98.40	Net effect of suspense and Miscellaneous transactions	(-)245.42	
	(-) 7.93	Net effect of Remittance transactions	6.24	
230.79		5. Increase in Overdraft		-
199.03		6. Decrease in closing cash balance		173.88
	-	7. Net effect of Contingency Fund transaction		-
11214.27		**Total**		**12286.39**
		Application		
2001-02				**2002-2003**
9881.73		1. Revenue expenditure		10014.68
379.15		2. Lending for development and other purposes		343.24
886.77		3. Capital expenditure		1074.08
66.62		4. Net effect of Contingency Fund transactions		0.34
-		5. Decrease in Overdraft		854.05
-		6. Increase in closing Cash Balance		-
-		7. Appropriation to Contingency Fund		-
11214.27		**Total**		**12286.39**

Explanatory Notes for Statement I, II and III:

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

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

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

4. There was a difference of Rs.209.17 crore (net debit) between the figures reflected in the accounts (Rs.148.05 crore) and those intimated by the RBI (Rs.357.22 crore) under "Deposit with Reserve Bank". After reconciliation and adjustment, the difference to the extent of Rs.12.16 lakh Debit (Net) remains to be reconciled (June 2003).

STATEMENT - IV
TIME SERIES DATA ON STATE GOVERNMENT FINANCE

	1998-99	1999-2000	2000-2001	2001-02	2002-03
	(Rupees in crore)				
PART A. RECEIPTS					
1. Revenue Receipts	**4554**	**5885**	**6902**	**7048**	**8439**
(i) Tax Revenue	**1487(33)**	**1704(29)**	**2184(31)**	**2467(35)**	**2872(34)**
Taxes on Agricultural Income	Nil	Nil	Nil	Nil	Nil
Taxes on Sales, Trade, etc.	971(65)	1108(65)	1342(62)	1402(57)	1605(56)
State Excise	110(7)	115(7)	135(6)	197(8)	246(8)
Taxes on vehicles	143(10)	156(9)	178(8)	216(9)	258(9)
Stamps and Registration fees	88(6)	102(6)	109(5)	110(4)	136(5)
Land Revenue	58(4)	50(3)	53(2)	84(3)	82(3)
Taxes and Duties on Electricity	110(7)	127(7)	147(7)	137(6)	172(6)
Other Taxes	7(1)	46(3)	220(10)	321(13)	373(13)
(ii) State's share of net proceeds of Taxes and duties	**1695(37)**	**1748(30)**	**2604(38)**	**2647(37)**	**2806(33)**
(iii) Non-Tax Revenue	**557(12)**	**717(12)**	**685(10)**	**692(10)**	**961(12)**
(iv) Grants-in-aid from GOI	**815(18)**	**1716(29)**	**1429(21)**	**1240(18)**	**1800(21)**
2. Miscellaneous Capital Receipts	**505**	**Nil**	**Nil**	**Nil**	**Nil**
3. Total Revenue and Non-debt Capital Receipts (1+2)	**5059**	**5885**	**6902**	**7048**	**8439**
4. Recoveries of Loans and Advances	**106**	**103**	**77**	**132**	**177**
5. Public Debt Receipts	**2383**	**2682**	**3589**	**3273**	**4819**
Internal Debt (excluding Ways and Means Advances and Overdrafts)	623	1129	1044	1687	2296
Net transaction under Ways and Means Advances and Overdrafts (WMA-2002-03)	289	Nil	806	231	59.42
Loans and advances from Government of India*	1471	1553	1739	1355	2464
6. Total Receipts in the Consolidated Fund (3+4+5)	**7548**	**8670**	**10568**	**10453**	**13435**
7. Contingency Fund Receipts	**3**	**106**	**1**	**Nil**	**Nil**
8. Public Account Receipts	**4907**	**6557**	**6175**	**6813**	**7150**
9. Total Receipts of the State (6+7+8)	**12458**	**15333**	**16744**	**17266**	**20585**
PART B. EXPENDITURE/DISBURSEMENTS					
10. Revenue Expenditure	**6817(85)**	**8459(87)**	**8834(86)**	**9882(88)**	**10015(88)**
Plan	1646(24)	1828(22)	1824(21)	1816(18)	1571(16)
Non-Plan	5171(76)	6631(78)	7010(79)	8066(82)	8444(84)
General Services including interest payment	2757(40)	2888(34)	4031(46)	4933(50)	4805(48)
Social Services	2720(40)	4002(48)	3116(35)	3260(33)	3460(35)
Economic Services	1316(19)	1548(18)	1538(17)	1539(16)	1603(16)
Grants-in-aid and contributions	24 (1)	21(Nil)	149(2)	150(1)	147(1)
11. Capital Expenditure	**914(11)**	**799(8)**	**834(8)**	**887(9)**	**1074(9)**
Plan	903(99)	775(97)	802(96)	813(92)	993(92)

* Includes Ways and Means Advances from GOI

	1998-99	1999-2000	2000-2001	2001-02	2002-03
	(Rupees in crore)				
Non-Plan	11(1)	24(3)	32(4)	74(8)	81(8)
General Services	18(2)	15(2)	31(4)	75(8)	20(2)
Social Services	61(7)	48(6)	123(15)	147(17)	161(15)
Economic Services	835(91)	736(92)	680(81)	665(75)	893(83)
12. Disbursement of loans and advances	**348(4)**	**476(5)**	**636(6)**	**379(3)**	**343(3)**
13. Total Expenditure(10+11+12)	**8079**	**9734**	**10304**	**11148**	**11432**
14. Repayments of Public Debt	**561**	**484**	**744**	**921**	**2688**
Internal Debt (excluding Ways and Means Advances and Overdrafts)	121	141	113	84	208
Net transactions under Ways and Means Advances and Overdraft (Over draft 2002-03)	-	98	-	-	854
Loans and Advances from Government of India*	440	245	631	837	1626
15. Appropriation to Contingency Fund	--	**90**	**Nil**	**Nil**	**Nil**
16. Total disbursement out of Consolidated Fund (13+14+15)	**8640**	**10308**	**11048**	**12069**	**14120**
17. Contingency Fund disbursements	**17**	**11**	**Nil**	**67**	**Nil**
18. Public Account disbursements	**4026**	**4925**	**5331**	**5329**	**6638**
19. Total disbursements by the State (16+17+18)	**12683**	**15244**	**16379**	**17465**	**20758**
PART C. DEFICITS					
20. Revenue Deficit (-)/ Surplus (+)(1-10)	**(-) 2263**	**(-)2574**	**(-)1932**	**(-)2834**	**(-)1576**
21. Fiscal Deficit (3+4-13)	**(-)2914**	**(-)3746**	**(-)3325**	**(-)3968**	**(-)2816**
22. Primary Deficit (21-23)	**(-)1429**	**(-)2508**	**(-)1038**	**(-)1133**	**(+)70**
PART D. OTHER DATA					
23. Interest Payments (Percentage of Revenue Expenditure)	1485(22)	1238(15)	2287(26)	2835(29)	2886(29)
24. Arrears of Revenue (% of Tax & Non-Tax Revenue Receipt) (Under principal heads of revenue as reported by the Department)	1152(42)	1074(34)	1064(19)	1195(21)	1410(21)
25. Financial Assistance to local bodies, etc.	727	965	1230	994	1022
26. Ways and Means Advances/ Overdrafts availed (days)	1613 (160 days) 1039 (90 days)	1867 (144 days) 1868 (141 days)	2137 (142 days) 3828 (203 days)	1355 (112 days) 5393 (252 days)	2000 (169 days) 4723 (188 days)
27. Interest on WMA/Overdraft	4.22/21.75	6.54/3.07	11.71/4.13	11.59/8.32	10.88/8.75
28. Gross State Domestic Product (GSDP)	35581	38629	38779(P)	43293(Q)	43974(A)
29. Outstanding Public Debt(year end)	11135	13334	16178	18531	20662
30. Outstanding guarantees (year end) (Principal + Interest)	3484+23	3696+8	3448+*	5251+*	5231+*
31. Maximum amount guaranteed (year end)	5321	6465	6748	8423	8487
32. Number of incomplete projects	29	29	29	31	31
33. Capital blocked in incomplete projects	2974	3340	3673	4031	4446
34. Outstanding Debt (year end)	15057	20289	23911	27853	30735

Note: Figures in brackets represent percentages (rounded) to total of each sub-heading
P : Provisional Estimates, Q: Quick Estimates, A: Advance Estimates
* Figures not furnished by Government

CHAPTER-II

ALLOCATIVE PRIORITIES AND APPROPRIATION

A.G.

CHAPTER-II

ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

The Appropriation Accounts prepared annually indicate capital and revenue expenditure on various specified services vis-à-vis those authorised by the Appropriation Act in respect of both charged and voted items of budget.

Audit of appropriation by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2002-2003 against grants/appropriations was as follows:

	Nature of expenditure	Original grant/appro-priation	Supplementary grant/appro-priation	Total	Actual expenditure	Savings(-)/ Excess(+)
		(R u p e e s i n c r o r e)				
Voted	I. Revenue	8430.84	964.80	9395.64	7281.26	(-)2114.38
	II. Capital	1336.27	571.31	1907.58	1186.98	(-)720.60
	III. Loans and Advances	882.71	40.41	923.12	343.68	(-)579.44
Total Voted		**10649.82**	**1576.52**	**12226.34**	**8811.92**	**(-)3414.42**
Charged	IV. Revenue	3163.69	231.52	3395.21	3113.33	(-)281.88
	V. Capital	1.01	1.53	2.54	0.60	(-)1.94
	VI. Public Debt	2289.16	5000.00	7289.16	9351.78	(+)2062.62
Total Charged		**5453.86**	**5233.05**	**10686.91**	**12465.71**	**(+)1778.80**
Grand Total		**16103.68**	**6809.57**	**22913.25**	**21,277.63**	**(-)1,635.62**

These were gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Revenue heads (Rs.379.91 crore) and Capital heads (Rs.113.94 crore).

2.2.1 During 2002-03 total expenditure stood inflated to the following extent

- Rs.243.14 crore was drawn under various functional major heads and deposited into 8443-Civil Deposits-106-Personal Deposits, without actual expenditure.
- Rs.9.49 crore were drawn on Abstract Contingent Bills during 2002-03 for which the detailed contingent bills were not received as of March 2003.
- Rs.53.85 crore (Deposits: Rs.227.31 crore, *less* Disbursements: Rs.173.46 crore) were added to balance in 8443-Civil Deposits-800-Other Deposits.
- Rs.10.63 crore were expenditure pertaining to earlier years viz. 2000-2001 and 2001-2002 but accounted for this year in Balasore (R&B) Division (March-2001 account) and Rural Works Division, Kendrapara (March-2002 account).

2.2.2 During 2002-03 total expenditure was understated to the following extent

Rs.0.34 crore drawn from the Orissa Contingency Fund during 2002-03 remained unrecouped at the close of the year.

2.2.3 Overall savings/excesses

The overall savings of Rs.1635.62 crore were the result of savings of Rs.3704.55 crore in 37 grants and 2 appropriations offset by an excess of Rs.2068.93 crore in 3 grants and 2 appropriations. The overall savings constituted 7.14 *per cent* of the total budgeted funds including supplementaries. The reasons for savings/excesses in respect of 3964 cases (savings 2682 cases for Rs.3250.06 crore, excesses 1282 cases for Rs.2361.72 crore) called for by the Accountant General (A&E) had not been received as of August 2003.

2.3 Fulfilment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

Analysis of savings with reference to allocative priorities brought out the following:

Grant No. 3 – Revenue

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	538.61			
Supplementary:	439.64	978.25	516.54	461.71
Revenue (Charged)				
Original:	120.69			
Supplementary:	231.41	352.10	142.39	209.71

Savings occurred in the voted section mainly under 2245 Relief on Account of Natural Calamities-80-General lump sum (Rs.491.95 crore). In the charged section, savings occurred under 2245-Relief on Account of Natural Calamities-Central Grant from National Calamity Contingency Fund. Reasons for final savings were not intimated (August-2003) to Accountant General (A&E) by Revenue Department.

Grant No. 5-Finance

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	1554.89			
Supplementary:	1.17	1556.06	1087.79	468.27

Savings occurred mainly under 2071 Pension and Other Retirement Benefits-Pension to Government Servants (Rs.115.09 crore), Voluntary retirement/voluntary separation benefits for State Government Employees (Rs.40.00 crore), Voluntary Separation Scheme for NMR, DLR Work Charged etc. (Rs.25.00 crore), commuted value of pension (Rs.63.98 crore), Death-Cum-Retirement Gratuity (Rs.45.75 crore), Family Pensions (Rs.18.72 crore), Pension to Teachers of Government Primary Schools and Basic Schools (Rs.11.39 crore), Pension and Gratuity for Non-Government teachers of Secondary Schools and Colleges (Rs.56.19 crore). Reasons for savings were not intimated to Accountant General (A&E) by Finance Department.

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	281.18			
Supplementary:	25.46	306.64	125.98	180.66

Savings occurred mainly under 7610-Loans to Government Servants etc. Special House Building Advance (Rs.148.86 crore), Advance for purchase of Motor Conveyances (Rs.11.00 crore). Reasons for savings were not intimated to Accountant General (A&E) by Finance Department.

Grant No.7-Works

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	282.05			
Supplementary:	5.72	287.77	168.62	119.15

Savings occurred mainly under 3054-Roads and Bridges-80-General Transfer to/from Reserve Fund/Deposit Accounts (Rs.89.19 crore) (Non-Plan). Reasons for the savings were not intimated to Accountant General (A&E) by Works Department.

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	189.71			
Supplementary:	97.99	287.70	149.25	138.45

Savings occurred mainly under 5054-Capital outlay on Roads and Bridges-District and other Roads-Other Expenditure (Rs.63.16 crore under Non-Plan), Road Development Programme (Rs.33.83 crore under State Plan-State Sector). Reasons for the savings were not intimated to Accountant General (A&E) by Works Department.

Grant No.30-Energy

(Rupees in crore)

Capital (Voted)		Total grant	Actual Expenditure	Saving
Original:	605.00			
Supplementary:	151.77	756.77	202.22	554.55

Savings occurred mainly under 6801-Loans for Power Projects-State Plan-State Sector and Loans to GRIDCO for upgradation of T&D system and procurement of Meters and receipt of Loans from World Bank (Rs.197.64 crore), Upgradation of Power Distribution system (World Bank Assisted) (Rs.184.85 crore) and strengthening and improvement of distribution system under APDRP (Rs.151.77 crore).

Appropriation-2048-Reduction or avoidance of debt

(Rupees in crore)

Revenue (Voted)		Total grant	Actual Expenditure	Saving
Original:	90.07			
Supplementary:		90.07	50.07	40.00

Entire available savings of Rs.40.00 crore under 2048-Appropriation for reduction or avoidance of debt for creation of a revolving fund for emergent payment for avoiding default in payment to Financial Institutions remained unsurrendered. Reasons for savings were not intimated to Accountant General (A&E) by Energy Department.

2.3.2 Persistent savings

Savings of more than 10 *per cent* were noticed in 29 out of 42 grants/appropriations. Such savings persisted during the period 2000-2003 in 19 out of the above 42 grants/appropriations (Appendix-IV-A & B).

2.3.3 Excess over provision requiring regularisation

Excess over provisions relating to previous years

As per Article 205 of the Constitution of India, it is mandatory for the State Government to get the excess over a grant/appropriation regularised by the State Legislature. The excess expenditure of Rs.2068,92,86,176 in three Grants and two Appropriations during 2002-03 (Voted Rs.6,30,69,702 and Charged Rs.2062,62,16,474) requires regularisation (Appendix-V). Reasons for the excess had not been furnished by the Government as of August 2003. The excess expenditure amounting to Rs.6750.21 crore for the years 1996-97 to 2001-2002 was yet to be regularised as detailed below:

Year	No. of grants/ appro-priations	Grant/Appropriation Number	Amount of excess	Amount for which explanations not furnished to PAC
			(Rupees	in crore)
1996-1997	6	3 Revenue, 6 Commerce, 7 Works, 22 Forest and Environment, 28 Rural Development, 29 Parliamentary Affairs	107.40	107.40
1997-1998	8	3 Revenue, 5 Finance, 7 Works, 13 Housing and Urban Development, 15 Sports and Youth Services, 22 Forest and Environment, 6003 Internal debt of the State Government and 6004 Loans etc.	989.97	989.97
1998-1999	9	5 Finance, 6 Commerce, 7 Works, 8 Legislative Assembly , 12 Health and Family Welfare, 13 Housing and Urban Development, 24 Steel and Mines, 32 Tourism and Culture, 35 Public Enterprises	126.26	126.26
1999-2000	12	1 Home, 5 Finance, 6 Commerce, 7 Works, 8 Orissa Legislative Assembly, 10 School and Mass Education, 17 Panchayati Raj, 20 Water Resources, 26 Excise, 28 Rural Development, 29 Parliamentary Affairs and 6003 Internal debt of the State Government	2658.52	2658.52
2000-2001	8	6 Commerce, 7 Works, 8 Orissa Legislative Assembly, 10 School and Mass Education, 20 Water Resources, 22 Forest and Environment, 6003 Internal Debt of the State Government, 6004 Loans and Advances from Central Government	2474.48	2474.48
2001-2002	4	15 Sports and Youth Services, 20 Water Resources, 28 Rural Development and 6004 Loans and Advances from Central Government	393.58	393.58
		Total	**6750.21**	**6750.21**

2.3.4 Supplementary provision

Supplementary provision of Rs.6809.58 crore made during the year constituted 42 *per cent* of the original provision as against 54 *per cent* in the previous year.

2.3.5 Unnecessary/Excessive/Inadequate Supplementary Provision

Unnecessary supplementary provision

Supplementary provision of Rs.1066.99 crore in 33 cases was wholly unnecessary as the expenditure in each case was even less than the original provision, the saving being more than Rs.50 lakh in each case (Appendix-VI).

Excessive supplementary provision

Against the additional requirement of Rs.166.23 crore in 13 cases, supplementary provision of Rs.640.12 crore was obtained resulting in savings of Rs.25 lakh or more in each case and Rs.473.89 crore in aggregate out of which in one grant (Grant No.3 Revenue Department) the saving was Rs.210 crore which was 44 *per cent* of the overall savings (Appendix-VII).

Inadequate supplementary provision

Supplementary provision of Rs.5015.37 crore obtained in three cases proved inadequate by more than Rs.1 crore for each case leaving an aggregate uncovered excess expenditure of Rs.994.83 crore (Appendix-VIII).

2.3.6 Persistent excesses

In 2002-2003, excess was noticed in three Grants and two Appropriations (Appendix-V) while persistent excess over provision was noticed in one appropriation as shown below during the last three years.

The Government stated (December 2003) that the excess occurred mainly owing to repayment of high cost loan under the Debt Swap Scheme and because of receipt and payment of more ways and means advance from the Government of India than anticipated.

Name of the Appropriation	Percentage of Excess		
	2000-01	2001-02	2002-03
Loans and Advances from Central Government (Capital-charged)	48	47	194

2.3.7 Significant cases of savings in plan expenditure

Significant savings exceeding Rs.1 crore in each case aggregating to Rs.441.83 crore (44 *per cent*) against the provision of Rs.1006.49 crore either due to non-implementation or slow implementation of Plan schemes were noticed in 40 cases in seven grants (Appendix-IX). In two cases (Sl.No.5 and 31 of Appendix-IX), the entire provision of Rs.21.61 crore remained unutilised.

2.3.8 Significant cases of excess expenditure

Significant excess amounting to Rs.124.88 crore exceeding Rs.1 crore in each case was noticed in 19 cases involving eight Grants (Appendix-X).

2.3.9 Delayed surrender of savings

According to rules, all anticipated savings in a grant/appropriation should be surrendered as soon as the possibility of savings is foreseen from the trend of expenditure without waiting till the end of the year when it cannot be purposefully utilised. During 2002-03, although actual savings of Rs.3704.55 crore were available, only Rs.1804.19 crore was surrendered in March 2003.

2.3.10 Injudicious surrender

In 21 Grants/Appropriations, amounts surrendered were less than the savings available by more than Rs.2 crore in each case. In respect of the Grants-5-Finance, 20-Water resources and 30-Energy, the Departments did not surrender any amount against total savings of Rs.648.93 crore (Rs.468.27 crore+Rs.180.66 crore), Rs.4.56 crore and Rs.622.71 crore (Rs.68.16 crore+Rs.554.55 crore) respectively (Appendix-XI).

2.3.11 Excessive surrender

In seven cases, the amount surrendered was in excess of actual savings indicating inadequate budgetary control. Against the actual savings of Rs.172.60 crore, amount surrendered was Rs.275.80 crore resulting in excess surrender of Rs.103.20 crore (Appendix-XII).

2.3.12 Unrealistic surrender

Although expenditure exceeded the total provision by Rs.990.27 crore and no savings were available, Rs.28.69 crore was surrendered (Appendix-XII-A).

2.3.13 Surrender of entire provision

In 30 cases relating to seven Grants, the entire provision of Rs.556.20 crore (exceeding Rs.10 lakh in each case) was re-appropriated/surrendered (Appendix-XIII).

2.3.14 Anticipated savings not surrendered

In 26 cases relating to eight Grants, the entire available provision of Rs.472.87 crore remained unutilised and was not surrendered (Appendix-XIV).

2.3.15 Unutilised provision

In 28 cases involving 20 Grants/Appropriations, the expenditure fell short of provision by more than Rs.1 crore and more than 20 *per cent* of the provision in each case (Appendix-XV).

2.3.16 Expenditure on New Service

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

During 2002-2003, expenditure of Rs.28.24 crore was incurred in nine cases as detailed in Appendix-XVI without following the prescribed procedure for New Service/New Instrument of Service.

2.3.17 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. Cases where the re-appropriation of funds proved injudicious in view of final excess/savings over grant by over rupees one crore are detailed in Appendix XVII and XVIII respectively.

2.4 Deficient Budgetary Procedure and Control

Scrutiny of budget proposals and actual expenditure in respect of two Departments viz. (i) Higher Education Department and (ii) Revenue Department revealed the following:

2.4.1 Provision for vacant posts

Rule 61(b) of Orissa Budget Manual provides that provisions should be made in the budget for men on duty (excluding vacant posts). But in Revenue Department, provision of Rs.14.33 crore was made for vacant posts and the entire amount was ultimately surrendered.

2.4.2 Belated surrenders

Orissa Budget Manual provides that all anticipated savings should be surrendered immediately after these are foreseen and latest by 10th of March of the financial year. It was noticed that the above two departments surrendered Rs.358.55 crore (Higher Education Department: Rs.4.40 crore and Revenue Department: Rs.354.15 crore) on the last working day of the financial year (31 March 2003).

2.4.3 Lump sum provision

According to Rule 59 of the Orissa Budget Manual, lump sum provision should not, as a rule, be made in the budget unless a scheme has been elaborated and sanctioned in a previous year or unless sufficient details are available. Contrary to such provision, during 2002-03 the Revenue Department met lump sum budgetary provision of Rs.491.95 crore under the head 2245-Relief on account of Natural Calamities. Further, out of the lump sum provision of Rs.491.95 crore, an amount of Rs.254.18 crore was surrendered on 31 March 2003.

2.4.4 Persistent savings under Grant No.3 Revenue

In Revenue Department, there were persistent savings under Revenue Heads (Voted) during the last eight years with the percentage of savings rising drastically during 1999-2002 but marginally declined in 2002-03 as shown in the table below:

Year	Provision	Expenditure	Savings	Percentage of Savings
	(Rupees in lakh)			
1995-1996	220.05	194.70	25.35	11
1996-1997	235.31	208.72	26.59	11
1997-1998	276.80	238.69	38.11	14
1998-1999	343.12	296.90	46.22	13
1999-2000	1090.10	730.57	359.53	33
2000-2001	1003.29	590.40	412.89	41
2001-2002	1365.79	515.52	850.27	62
2002-2003	978.25	516.54	461.71	47

2.4.5 Blocking of Capital

Government approved (2001-02) construction of a +2 Science college building at Zerango in Gajapati District at a cost of Rs.56.21 lakh. As against the above, Rs.36.81 lakh was released during 2001-02 to Industrial Infrastructure Development Corporation (IDCO) for construction of the college building. Instead of executing the work, IDCO came up (August 2002) with a revised estimate of Rs.87.77 lakh for sanction.

During 2002-03, the department sanctioned a further sum of Rs.19.40 lakh (March 2003) aggregating the sanction to Rs.56.21 lakh for the purpose. Pending approval of the revised estimate, the amount was released in favour of IDCO. However, IDCO did not commence the execution of the work (June 2003). This has resulted in blocking of capital of Rs.56.21 lakh besides depriving the students of tribal area of the facility of science education for two years.

2.4.6 Non-utilisation of "National Service Scheme" fund

National Service Scheme (NSS), a Centrally sponsored plan scheme, aims at orienting the students to community service. The scheme provides the students opportunity to improve social conscience and to work with the problems of the villages and slums.

The scheme is implemented through (i) Regular activities and (ii) Special Camping Programme in the colleges and universities. Government of India (GOI) has to provide assistance of Rs.1.49 crore per annum for 123750 volunteers (Regular activities volunteers-82500 and Special camping volunteers-41250) on 7:5 sharing basis between Central and State Governments.

It was noticed that GOI did not release Rs.1.49 crore relating to the year 2002-03 as the State Government could not utilise GOI assistance of Rs.2.36 crore (Regular-Rs.1.25 crore and Special-Rs.1.11 crore) relating to the previous years.

Government stated (July 2003) that due to non-provision of matching State share, the amount could not be utilised. Thus, objective of the scheme could not be achieved.

2.5 Advances from the Contingency Fund

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

During the year 2002-2003, Rs.0.34 crore drawn from the Contingency Fund remained un-recouped at the end of the year. Besides, advances of Rs.94.32 crore remained un-recouped for more than 1 to 15 years as of 31 March 2003 as indicated below:

Period	Amount remaining un-recouped (Rupees in crore)
15 years and above	3.10
More than 10 years	6.33
More than 5 years	8.18
More than 3 years	10.09
More than 1 year	66.62
Below 1 year	0.34
Total	**94.66**

2.6 Rush of expenditure

Controlling Officers are responsible for ensuring effective control over expenditure and guard against rush of expenditure in the month of March. Test check in audit revealed that during 2002-2003, under as many as 11 Major Heads, 51 to 100 *per cent* of the total expenditure was incurred in March 2003 (Appendix-XIX).

2.7 Civil Deposits

Balance under 8443-Civil Deposit-800-Other Deposits at the end of March 2003 was Rs.797.29 crore. The position during 1998-99 to 2002-2003 is given in Appendix-XX. During the five years period, the deposit increased from Rs.381.34 crore in 1998-99 to Rs.797.29 crore in 2002-03 showing increase by 109 *per cent*. Correspondingly, the total expenditure (Revenue Expenditure + Capital Expenditure) increased from Rs.7731 crore to Rs.11089 crore showing an increase of 43.44 *per cent*. It is evident that Government preferred to park the scheme funds in Civil Deposit for years together by overstating the respective service expenditure.

CHAPTER-III

PERFORMANCE REVIEWS

CHAPTER-III

Performance Reviews

This chapter contains performance reviews on Functioning of Utkal University (3.1), Implementation of the Drugs and Cosmetics Act (3.2), Prevention and Control of Fire (3.3), Accelerated Irrigation Benefit Programme (3.4), Welfare of the Handicapped (3.5) and Orissa Bridge and Construction Corporation (OBCC) (3.6).

HIGHER EDUCATION DEPARTMENT

3.1 Functioning of Utkal University

3.1.1 Introduction

Utkal University, established in 1943, is a teaching-cum-affiliating University. There are at present 26 Post-Graduate Departments located in the University Campus for studies and research in various disciplines of Science, Humanities, Business Administration, Social Science, Law and Commerce. Besides 26 regular courses, 24 self-financing courses are now being offered by the different Departments of the University. In addition, the University has three Constituent Institutions i.e. the Directorate of Distance and Continuing Education, the University Law College at Vani Vihar and Madhusudan Law College at Cuttack.

According to the Orissa Universities Act, 1989, the accounts of the University shall be audited at least once every year and at intervals of not more than 15 months by the Local Fund Audit Department of Government of Orissa and the report placed before State Legislature.

The Comptroller of Finance is the pivot of all the financial transactions of the University. He is responsible for accounts of all receipts and for payment of all bills after scrutiny. He is also responsible for preparation of annual financial estimate and statement of Accounts in the form of Receipts and Expenditure Account, Income and Expenditure Account and the Balance Sheet for submission to Syndicate and Senate. He is assisted by a Budget-cum-Accounts Officer.

The audit of the accounts of the University covering the period from 1995-96 to 2002-03 was conducted under Section 14(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 between March and July 2003. The audit findings regarding accounting and some aspects of financial management of the University are set out below.

3.1.2 Deficiencies in the system of accounts and audit

Large amounts received from different sources by different departments and unit offices was not routed through General Fund Account

All receipts except those specifically earmarked for the Foundation Fund are to be credited to General Fund of the University and all expenditure, barring those relating to the Foundation Fund is to be met out of the General Fund. It was, however, seen during audit that the main cash book was incomplete and large amounts of money from different sources was received directly by the various Departments and Directorates without being routed through the General Fund. The responsibility for spending such funds was thus assumed by the concerned heads of the Departments or Directorates. Thus, there was hardly any control over such expenditure by the Comptroller of Finance or the Vice-Chancellor or by the Syndicate of the University. The result was decentralisation of authority (though there is no formal delegation) and dilution of responsibility.

Cash Book not maintained up to 1999-2000 and Annual Statement of Accounts not prepared

Consolidated account of the University contained some broad statements of receipts and expenditure. However, since the main cash book had not been maintained up to 1999-2000, the authenticity of such statements could not be checked. The balance sheet for the year 2001-02 included in the budget document for 2003-04 was not a balance sheet but only a broad head wise statement of receipts and expenditure. The budget head wise figures/actual of receipts and expenditure were reflected in the budget of the second following year and even there, as pointed out to the authorities during audit, some of those figures were incorrect or incomplete. The accounts of the University was not as a rule certified by any statutory auditor. All the shortcomings indicate that the Comptroller of Finance had failed to discharge his duties as regards the maintenance of accounts of the University and ensuring that the financial affairs are conducted as per prescribed rules.

The audit of the University had been conducted by the Local Fund Audit of the State Government up to 1989-90. However, it was ascertained that they have conducted audit for the years 1990-91, 1991-92 and 2000-01, but the Audit Reports were not issued.

Some examples of money being received from outside authorities or being collected from the students directly by individual Departments and Directorates and not being accounted for properly are given below.

(Rupees in lakh)

Sl. No.	Year of receipt	Name of the Unit Office	Purpose of receipt	Amount received	Amount transferred/ deposited with University	Amount retained
1.	1999-2000 to 2001-02	PG Central Office	Course fee for sponsored course	462.12	171.82	290.30
2.	1995-1996 to 2000-2001	PG Central Office	Scholarships and Loan stipend received from Government of India/ State Government	76.55	--	76.55
3.	1995-1996 to 2001-2002	PG Central Office	Sale proceeds of admission forms		--	
			i) Regular	40.11		40.11
			ii) Sponsored	11.07		11.07

Sl. No.	Year of receipt	Name of the Unit Office	Purpose of receipt	Amount received	Amount transferred/ deposited with University	Amount retained
4.	1995-1996 to 2002-2003	Director, Distance and Continuing Education (DDCE)	Fees from students including sponsored courses and development fees etc.	2443.80	252.80	2191.00
5.	1995-1996 to 2002-2003	Law College	1) Fees from students for PG Diploma course on Labour Law	15.30	--	15.30
			2) 5 year integrated course	29.16		29.16
6.	1999-2000 to 2002-2003	Department of MBA (5 year course)	Sale of application forms	7.13	--	7.13

According to Section 26 and 27 of the Orissa Universities Act, 1987 read with Rule 12 of the Orissa University Accounts Manual 1987, all the above receipts were to be deposited to the General Fund of the University. This was not done. Moreover, the decision taken by the Syndicate to retain 2/3rd course fee for sponsored course with the concerned Units and deposit only 1/3rd with the University (General Fund) was contrary to the provisions of the Act and the Manual.

As per clause 13 of the Orissa Universities First Statute, 1990 all payments should be made under the authority and supervision of the Comptroller of Finance after scrutiny of the bills. This was not followed. The Unit offices incurred expenditure on their own without submitting the bills to the Comptroller of Finance. The normal purchase procedure such as calling of tenders, approval of Syndicate etc. was not followed. Allowing the Departments and Unit offices to retain the funds for utilisation at their level contributed to mismanagement and misutilisation of funds as evident in the following instances.

Violation of prescribed purchase procedure and diversion of course fee

The Course Coordinators of MBA five-year and MBA three-year courses incurred an expenditure of Rs.1.30 crore between 1999-2000 and 2002-03 without scrutiny by the Comptroller of Finance. Test check revealed irregular expenditure of Rs.23.24 lakh on purchase of computers, EPABX system, air conditioners, furniture and fixture etc. without following the prescribed purchase procedure and without obtaining approval of the Syndicate. It was also revealed that the Course Co-ordinator of five year MBA course utilised the course fee for development of hostel (Rs.2 lakh), contribution to the Cleaning and Greening fund (Rs.0.60 lakh) instituted by the Vice-Chancellor and preparation of brass letters for the main gate (Rs.1.13 lakh) without approval of the Syndicate. The course fee was meant to be utilised only for the specific purpose of running the course and not for any other purpose.

Unauthorised retention and misutilisation of sale proceeds of admission forms

Sale proceeds of admission forms being a revenue receipt of the University were to be deposited in the General Fund. Test check of the records of the Post Graduate Central Office revealed that Rs.27.78 lakh out of the sale proceeds (Rs.40.11 lakh) of admission forms during 1995-2002, were utilised on remuneration of the staff, wage payment to daily labour, payment to junior assistants and sweepers, improvement of garden, refreshment charges, vehicle repairing etc. This expenditure was incurred without scrutiny by Comptroller of Finance and also without obtaining approval of Syndicate wherever necessary.

Unauthorised collection of seminar fees

Check of the records of the Departments of Computer Science, Mathematics, five year MBA Course and Zoology revealed that between 1999-2000 and 2002-03, the Heads of Departments collected seminar fees amounting to Rs.25.73 lakh from the students of both regular courses and sponsored courses at the rate of Rs.2000 to Rs.5000 per annum and utilised the amount at their end. They did not have any authority to collect the amount. Apart from holding a few seminars, an expenditure of Rs.22.93 lakh was incurred on telephone connection, repair of type writers, cordless phone, vacuum cleaner, sanitary fittings, Ganesh Puja, Saraswati Puja, stationery etc. Out of this expenditure, vouchers for Rs.15.06 lakh were not produced to audit.

Misutilisation of fees collected from students

Check of records of Director, Distance and Continuing Education, Bhubaneswar revealed that Rs.10.81 lakh received from the private students appearing in the MA examination between 1995-96 and 2002-03 was retained in the Directorate instead of being deposited to the General Fund. Test check revealed an expenditure of Rs.6.24 lakh out of this amount for various purposes like entertainment of guests, payment of daily wages, repair and maintenance of equipment, furniture, buildings, treatment of staff and office contingencies etc. These expenditures were incurred according to the decisions taken in the Directorate only.

Similarly, an amount of Rs.14.54 lakh was spent out of the receipts collected from students on account of sale of application form, course fee, laboratory development fee, fees for admission test, magazine fee etc. The money was spent on procurement of vehicle, equipment, furniture, air conditioners, computers, television etc. for Vice-Chancellor's Office, Syndicate rooms, Registrar's Office during the period 1997-2002. This amount should have been deposited into the General Fund and any necessary expenditure met out of the University budget.

3.1.3 Printing of question paper and publication of results

The handling of expenditure relating to the work of Controller of Examinations has been an area without practically any system of internal control in place. The Controller of Examinations is solely responsible for printing of question papers, publication of results and other associated work and is answerable to the Vice-Chancellor. There was no evidence that the Vice-Chancellor had exercised any control or supervision over the work of the Controller of Examinations during the last five years. On the other hand, very large amounts of money had been advanced by the Vice-Chancellor to the Controller of Examinations and the latter had spent such amounts without any documentation. Besides, whatever documents had been produced to audit had also been kept in the personal custody of the Controller of Examinations rather than in his office or in the University office as they should have been. Several instances of irregular handling of funds by the Controller of Examinations are given below.

Lack of transparency in the system of incurring expenditure on examinations

Between 1997-2003, the Controller of Examinations received advances of Rs.1.93 crore from the University towards printing of question papers and computer charges for tabulation and publication of results. The money was transacted through a savings bank account and no cash book was maintained. No correlation could be established in audit between the dates of drawal of money from the bank and the dates of actual expenditure since the acknowledgements by the payees were not dated either by them or by the disbursing officer. It could not thus be verified that the withdrawals from the bank account had been made only when actually necessary. It was also noticed that the bills received from different printing and computer firms had not been checked for arithmetical accuracy. This led to inadmissible and excess payments as mentioned in succeeding paragraph.

Out of the advance of Rs.1.93 crore received by the Controller of Examinations, Rs.1.44 crore was budgeted for printing of question papers and Rs.49 lakh for computer charges. The following points were noticed in this regard during audit.

The total expenditure against the advance of Rs.1.93 crore was Rs.1.92 crore, Rs.1.07 crore being spent on printing and Rs.85.12 lakh on computer charges including tabulation work which was done through outside agencies. Since the Controller had refunded Rs.1.82 lakh out of the advance, the total expenditure exceeded the advance by Rs.0.60 lakh. This excess expenditure purportedly incurred by the Controller was not reimbursed by the University and the source of funds was also not clarified during audit.

The procedure followed for making payments to printers for printing question papers appeared to be contrary to all norms of financial propriety. In the name of secrecy, heavy amounts of lakhs of rupees were being paid in cash to the printers and even the paid vouchers did not indicate the names of the printers. Mere signatures on revenue stamps and that too against cash payment can not be accepted as genuine proof of payment. In fact, for better financial control and proper documentation, payment of any amount in excess of certain minimum limits should be made through account payee cheques or drafts. Such practice is followed in at least two other Universities in a neighbouring State, as verified by the audit team. In these cases, payment is made to the printers through drafts and cheques though in order to maintain secrecy, only code names are used for printers in the offices of the respective Controllers of Examinations.

As mentioned earlier, the actual expenditure for any particular year under any particular head of account is reported only in the "actual expenditure" column of the budget of the second following year. In the case of expenditure on printing of question papers and computer charges, even the "actual expenditure" columns of the budgets of the relevant years showed only the original budget provisions rather than the real actual expenditure. The latter was checked during audit with reference to the documents including the abstract of expenditure furnished by the Controller of Examinations. Under the circumstances, the excess expenditure of Rs.36.12 lakh over budget incurred by the Controller on computer charges was not reflected in any document. There was no record that such excess expenditure had been reported to or approved by any higher authority. Exercise of such unfettered financial authority by one particular official showed the weakness of the financial control system of the University. Moreover, there was no system of invitation of tenders for awarding the work of printing of question papers and other work relating to publication of results. The correctness and the reasonableness of the expenditure under these heads could not be verified since the entire system lacked transparency.

Unreasonable excess payment to printers

The payment for printing of question papers was based on a formula that had been proposed by an individual printer and approved by the University originally in 1985. The logic behind that formula was not explained to audit. Over a period of time, certain extra charges were allowed to the printers like block making charges, cost of envelopes, security charges etc. But the rationale behind such increases or their quanta was not explained nor were any relevant orders of the competent authority shown to audit. It was noticed that packing and forwarding charges were being paid to the printers at the rate of 20 *per cent* after the basic charge (as per the formula) had been loaded with the cost of envelopes and all other overheads. This did not appear to be reasonable and led to excess payment of Rs.5.13 lakh between 1997-98 and 2002-03. The rates of payment to the computer firms were also fixed arbitrarily without inviting any quotations nor was any Syndicate approval obtained.

Payment of advance to a former Controller of Examinations

On 29 November 2002, an advance of Rs.24 lakh was given to a former Controller of Examinations who had already relinquished his charge for making payment for printing of question papers and publication of results. The amount was kept in the personal bank account of the former Controller and cash was drawn in instalments. As mentioned above, the payees' acknowledgements were not dated and no correlation could be established between the dates of drawal of money and the dates of payment. Credit of official funds to a personal account should be considered a serious misdemeanor and amounted to temporary misappropriation of funds. The rationale behind the payment of advance to the former Controller rather than to the then incumbent was not clarified.

Non-maintenance of account of result booklets

The Controller of Examinations had incurred an expenditure of Rs.10.16 lakh on preparation of 49350 result booklets during 1997-2003. Since this was a priced publication, a proper account of such booklets should have been kept by the Controller of Examinations. No account in support of the sales and realisation of price was, however, shown to audit.

3.1.4 Irregular payments to staff

Check of the records relating to payments made to the staff revealed the following.

Irregular payment of medical allowance and medical advance

As per the Resolution (June 1994) of Government of Orissa, Department of Higher Education, medical allowance was to be paid to the University employees at the rate of Rs.1000 per annum per employee. It was further stipulated that since the University was paying medical allowance at a specific rate, sanction of special allowance was not permissible. Check of the relevant records showed that the University had paid medical allowance at a higher rate ranging from Rs.1800 to Rs.3000 per annum per employee during the years 1995-2003 contrary to the above resolution. In addition, medical advance was also paid to certain employees as a special case.

It was clarified during audit that medical allowance was being paid to the employees at a higher rate with the approval of the Syndicate (which was given in April 1999) and the Vice-Chancellor and with the knowledge of the Higher Education and Finance Departments of the Government. It was further stated that the extra expenditure of Rs.1.82 crore because of higher rate of payment was not met from the State Government's Block Grant but from the Examination Fund of the University. The reply was not acceptable as the decision taken by the Syndicate was in contravention of Government decision; in any case, the higher rate was allowed even before April 1999 when the Syndicate approved it.

Less realisation of electricity and water charges

Government of Orissa, instructed the University in June 1994 to separate the residential power connections from the official line so that electricity charges can be recovered from individual residents as per meter readings. Government fixed the liability for the University and the residents at 60:40 till the lines were separated and meters installed in the quarters for domestic consumption. But the University collected electricity charges from the residential quarters at flat rates depending on the type of quarter starting from Rs.46 to Rs.261 up to July 1998 and at the rate of Rs.92 to Rs.522 from August 1998 onwards. This recovery was far below the rate of 40 *per cent* prescribed by Government and led to short realisation of electricity charges amounting to Rs.3.24 crore during 1996-2002.

It was further noticed that against 20 *per cent* of total water charges amounting to Rs.27.11 lakh to be collected from the occupants of the University quarters, an amount of Rs.12.04 lakh was only collected resulting in less realisation of Rs.15.07 lakh.

Inadmissible payment of subsidy to casual workers

According to the instruction of Government, the Syndicate in its meeting held on 29 May 1991 decided to pay subsidy to the casual workers of PG Hostel at the enhanced rates of wages fixed by Government since the PG students had refused to bear the enhanced cost. As a matter of fact, the cost of wages to casual workers is a liability of the boarders.

Check of records revealed that an amount of Rs.21.94 lakh was irregularly spent by the University during the period from 1996-97 to 2001-2002 towards subsidy to casual workers in PG Hostel.

Irregular payment of honorarium or extra remuneration

It was noticed that during 1995-2001, extra remuneration/honorarium amounting to Rs.13.21 lakh was paid to the non-teaching staff other than those working in examination, budget and essential services. This was contrary to Clause 265 of the Orissa University Statute 1990 and the orders passed by the Chancellor in July 1991. It was stated by the University during audit that the payments were made as per the orders of the Vice-Chancellor.

Position of advances outstanding against staff and others (Main office)

From the information submitted to audit and the position reflected in the main Cash Book, which has been maintained only since 2000-01, it was noticed that a huge amount of Rs.21.41 crore was outstanding against the University employees, colleges, firms etc. as on 31 March 2003. This related to the period from 1995-96 to 2002-03. Contrary to the normal rules and practice, additional advances continued to be paid to individuals before adjustment of earlier advances and no ledgers were maintained to watch their adjustment or recovery.

3.1.5 Construction activities

Check of the records relating to construction of buildings revealed the following.

Award of construction works to OSPHWC without calling for competitive bidding

All construction works, barring one or two, undertaken in the Utkal University during the period covered by audit, were entrusted to the Orissa State Police Housing and Welfare Corporation (OSPHWC) as a rule. This was not in accordance with the norms and general practices followed in award of Government construction works. In the case of UGC assisted projects, there was a clear requirement that construction works would be executed through the State PWD or CPWD. For such projects, the plans and estimates were prepared by the Chief Architect and the Chief Engineer of the State PWD and these were submitted to the UGC stating that the works would be executed through the PWD. However, all such works were given to OSPHWC on the ground that the workload on the State PWD was already too heavy. Works executed by Directorate of Distance and Continuing Education (DDCE) which were not assisted by UGC were also entrusted to OSPHWC; in such cases, however, OSPHWC should be treated as a contractor like OCC or IDCO and the normal procedure of competitive bidding should be followed. This was not done and the works were awarded to OSPHWC as deposit works.

Excess expenditure on construction of UGC assisted buildings

Scrutiny of records of five UGC assisted buildings executed through OSPHWC revealed that the Corporation incurred an expenditure of Rs.2.32 crore against the estimated cost of Rs.1.12 crore resulting in excess expenditure of Rs.1.20 crore. The reasons for such excess were frequent revision of estimates by the executant on the ground of escalation of labour rate and material cost and revision of drawing and design. The absence of agreements stipulating dates of commencement and completion contributed to the delay ranging from three to ten years with ultimate revision of estimates. The details are given below:

(Rupees in lakh)

Sl. No.	Name of the building	Estimated cost approved by the UGC with date	Expenditure incurred	Excess expenditure	Date of Work order Date of completion
1.	120 Seated Boys Hostel	33.60 (February 1990)	104.40	70.80	March 1990 March 2000
2.	Construction of 12 nos. of Teaching Staff Quarters	20.51 (January 1990)	45.50	24.99	March 1990 March 1996

Sl. No.	Name of the building	Estimated cost approved by the UGC with date	Expenditure incurred	Excess expenditure	Date of Work order Date of completion
3.	Construction of MBA Teaching Block	37.25 (June 1989)	50.95	13.70	December 1989 April 1993
4.	Construction of 1st floor of Geography block	14.46 (December 1994)	20.17	5.71	September 1996 December 1998
5.	Construction of Library Hall, Philosophy Department	6.37 (March 1995) (Work awarded for Rs.5.69 lakh only)	10.51	4.82	April 1995 May 1998

The plans and estimates initially prepared by the Chief Architect and the PWD were substantially modified by OSPHWC in the above cases. These revised plans and estimates were not checked by PWD authorities and the Chief Architect from technical point of view and correctness of the rate. The revised estimates were not submitted to UGC for approval. No analysis of rates was given with the estimates and it could not be verified in audit if rates were in conformity with schedule of rates of PWD.

Non-construction of UGC/State Government assisted projects and diversion of funds to other works

During 1996-97, the University Grants Commission released Rs.5.75 lakh and the State Government released Rs.4.48 lakh towards their shares of funds for construction of Symposium/Seminar Complex. The work order for construction was placed with OSPHWC in September 1996 and the entire grant of Rs.10.23 lakh was released to the Corporation between January 1997 and March 1997. The construction of the building was not taken up till July 2003 due to non-selection of site. Thus, undue favour was extended to the Corporation by giving an advance of Rs.10.23 lakh.

Irregular expenditure on construction of Post-Graduate Central Office

The construction of PG Central Office estimated to cost Rs.13.26 lakh was entrusted to OSPHWC in September 1992. No agreement was executed. The work was not commenced for want of selection of site up to June 1995. A revised estimate was submitted for Rs.31.79 lakh by OSPHWC in August 1996 which was not approved by the Vice-Chancellor/Syndicate as of July 2003, Rs.45 lakh advanced to OSPHWC between May 1995 and January 1997 remained to be adjusted due to non-receipt of final bill.

Execution of works valuing Rs.2.32 crore by Director, Distance and Continuing Education (DDCE) without tender

DDCE instead of inviting tenders, entrusted construction of six buildings estimated to cost Rs.2.32 crore to OSPHWC on deposit work basis. This was irregular since only Government Departments can be given deposit works without tender. Besides this, these works were executed without making any provision in the budget of the University as required under Rule 57 of the Orissa Universities Manual, 1987. Interestingly, it was also noticed that Rs.27 lakh was paid to the Corporation without finalisation of any work.

3.1.6 Other points of interest

Irregular payment of advance to the Warden of PG Hostel for sundry works and purchases

Scrutiny of Cheque Issue Register revealed that Rs.1.08 crore was paid to the Warden of PG Hostel on 29 August 2002 and 30 September 2002 for construction of different buildings, repair of hostels damaged due to super cyclone, campus development and purchase of scientific equipment. While the University had a Development Branch with a Development Officer and an Engineering Branch with an Assistant Engineer and a Junior Engineer to execute all the civil works of the University, the payment of advance to the Warden was highly irregular. Moreover, the payment was not made on the basis of any requirement. No estimate or any tender processing was done for procurement of equipment or construction of buildings. The payments were made with the approval of Vice-Chancellor. The relevant cash book, vouchers and all other connected documents, though called for from the Warden, were not shown to audit.

Inadmissible expenditure under Campus Development

According to the guidelines issued by the University Grants Commission, the Development Grant sanctioned by them shall be utilised for development of land, construction of fencing/boundary wall, electricity, sewerage lines and their augmentation, construction and augmentation of water works, electricity sub-stations/transformers, construction of roads, plantation and landscaping etc. The UGC in their letter of February 2002 stated that any expenditure for Campus Development without obtaining the approval of UGC would be treated as unauthorised expenditure.

It was observed during audit that the entire grant of Rs.1.35 crore received from UGC during the Ninth Plan period had been spent during 1998-99 to 2002-03 on repair and renovation of different buildings damaged due to super cyclone. Such repair and renovation works do not qualify for expenditure under the Development Grant. The entire expenditure of Rs.1.35 crore was irregular and unauthorised, in fact, Rs.44.50 lakh out of this expenditure reported as utilised had actually been disallowed by the UGC.

Avoidable expenditure on engagement of private security

The University deployed 93 security staff and officers on regular basis under the security cell with effect from 1996-97. However, despite this, the University spent Rs.34.39 lakh on private security between 1996-97 and 2001-02 which was unnecessary.

Non-realisation of sale proceeds of application forms

During check of files/records in respect of sale of application forms for admission to different faculties, it was noticed that the Director, Distance and Continuing Education, Bhubaneswar had sold the application forms through Syndicate Bank, APTECH, Edutech Informatics, Institute of Hotel Management, Centre for Management and Computer Education etc. The cost of each form was Rs.100 for the years 1999-2003. During the years 1999-2003, 41038 forms were sold through these organisations. But the cost of 20311 forms was only deposited by them. The cost of the remaining 20727 forms being Rs.20.73 lakh was not realised as of 31 May 2003 and meant a loss to the DDCE.

The Stock Register as regards the number of forms printed was not maintained and so the actual position of the total number of forms printed and number sold could not be ascertained.

The University Grants Commission released Rs.63 lakh during 1998-2001 in favour of the Utkal University for procurement of equipment other than furniture and fixture.

Inadmissible expenditure of Rs.21.40 lakh

Test check of records revealed that Rs.21.40 lakh were spent on procurement of furniture, airconditioners, air coolers etc. for the administrative office in contravention of UGC's guidelines. It was also noticed that though the Development Officer was responsible for the procurement of equipment, a Professor of Commerce was appointed as Executive Officer by the Vice-Chancellor and made responsible for this procurement. A short tender notice was issued and wide publicity was not given to the procurement of these equipment. The Professor of Commerce placed the purchase order for equipment worth Rs.21.40 lakh for the Administrative office on a single day (30 March 2002) after which he was reverted from the charge of the Executive Officer. In reply to audit, it was stated that as per the provision 50(1) of the OUAM 1987, the Syndicate has power to appoint any officer as Stores Officer for procurement of store. The reply was not acceptable as there was already an officer called Development Officer for such purchases. Moreover, the decision of the Syndicate for such appointment was not shown to audit.

Unauthorised creation of Cleaning and Greening Fund

A fund titled as "Cleaning and Greening Fund" was created by the Vice-Chancellor without the approval of the Syndicate. The fund was operated by the Vice-Chancellor himself by opening an account in the State Bank of India and the receipts and expenditure relating to the Fund were kept outside the budget and the accounts of the University. The contribution to the Fund, ranging from Rs.2000 to Rs.60000, was made by the Departments as per the direction of the Vice-Chancellor. Out of Rs.1.79 lakh received in the Fund during 2001-2003 (including interest), an expenditure of Rs.1.23 lakh was incurred of which Rs.0.22 lakh were spent on cleaning and watering of plants in Vice-Chancellor's residential campus, mathematics olympiad prize, help for a student suffering from cancer and help for the family of a demised student. Of the remaining expenditure, vouchers for Rs.0.38 lakh were not shown to audit. Rs.0.43 lakh had been paid on nominal muster roll without details of work and Rs.0.20 lakh on plain paper receipt.

3.1.7 Internal Audit

The primary function of Internal Audit is to assist in ensuring the accuracy of the account, to ensure that all revenues collected are brought to account under proper heads, that all expenditure and disbursements are authorised and that the final account represents a complete statement of financial transactions.

It was seen during audit that the Internal Audit Cell was formed in 1998 with two auditors and one Audit Superintendent on deputation from the Local Fund Audit wing of the Finance Department of the State Government. The services of the Internal Audit Cell were utilised to pre-audit the bills relating to purchase, work bills, research fellowship transactions etc. and to give guidance in the maintenance of the main cash book and its reconciliation. However, non-maintenance of proper accounts by the University and other irregularities as pointed out in the foregoing paragraphs did not provide any evidence of proper functioning of the Internal Audit Cell. There was also no evidence of the Internal Audit Cell conducting audit of any of the departments of the University during 1998-2003.

3.1.8 Conclusions

There were major lapses in the maintenance of the accounts of the University. Failure on the part of the Vice-Chancellor and the Comptroller of Finance in exercising their powers in respect of management of finances led to financial indiscipline and resulted in misutilisation of the funds. There was unauthorised exercise of financial authority by the Heads of Departments and other functionaries without formal delegation of powers putting the entire system in disarray.

There was lack of transparency in the manner of incurring expenditure on printing of question papers and tabulation and publication of results. No account was maintained for these expenditures. University funds were parked in personal bank accounts of officials. Huge payments were made in cash instead of cheques.

Recommendations

- The system of accounting needs strict direction and control to ensure adherence to the financial rules of the University.
- There should be centralised accounting as per the provisions of the University Act.
- The authorities concerned should see that payments to all but petty suppliers are made in cheques or bank drafts.
- The Internal Audit wing should be activated to avoid financial indiscipline.
- Audit by the Local Fund Audit wing must be carried out every year. The action taken on the objections and findings must be closely monitored and followed up by the State Government.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.2 Implementation of the Drugs and Cosmetics Act

Highlights

A review of the implementation of the Drugs and Cosmetics Act, 1940 in the State during the period 1998-2003 revealed vital lapses in enforcement of major provisions of the Act by the State Drug Control Authorities (SDCAs). There were shortfalls in inspection of premises of the units licensed for manufacture and sale of drugs. Medicine shops, blood bank and manufacturing units of Large Volume Parenterals (LVP) were allowed to continue without valid licence. While the State Drug Testing and Research Laboratory lacked infrastructure to test all types of allopathic drugs, there was absence of a State level laboratory for testing of ayurvedic and homoeopathic drugs. Besides, the State machinery was not effective in recalling from the market drugs declared not of standard quality, to check their further use.

- **Five manufacturers of drugs were granted conditional licences although the Act and Rules do not permit issue of such licences.**

(Paragraph 3.2.9)

- **Medicine shops, manufacturing units for Large Volume Parenterals (LVP) and Blood Bank were allowed to continue without valid licence.**

(Paragraph 3.2.9)

- **Licences were granted for manufacture of a cosmetics paste i.e. 'Dantaghasa Gudakhu' which contained harmful tobacco despite prohibition to do so in public interest by Government of India.**

(Paragraph 3.2.9)

- **Inspection of licensees' premises and sale units was negligible. The shortfall ranged between 73 and 84 *per cent* in allopathic sector, 97 and cent *per cent* in homoeopathic sector and 63 and 79 *per cent* in ayurvedic sector during the period 1998-99 to 2002-03.**

(Paragraph 3.2.7)

- **State Drug Testing Laboratory (ISM) for Ayurvedic sector could not function despite release of Central grant of Rs.54 lakh in 2000-2001.**

(Paragraph 3.2.8)

- **Lack of infrastructure facilities in the State Drug Testing and Research Laboratory resulted in arriving at no opinion on the standards of 69 samples and diversion of 149 samples to Central laboratories.**

(Paragraph 3.2.8)

- **419 batches of drugs were declared Not of Standard Quality (NSQ) during 1998-99 to 2002-2003 as per laboratory test reports, but no**

effective steps were taken to recall them from the market to check further use of such drugs and prosecute the offenders.

(Paragraph 3.2.9)

- **No action taken against supply of NSQ drugs i.e. Ethambutol Hydrochloride IP (400 mg) in Government hospitals/dispensaries because of faulty sampling of drugs sent for testing.**

(Paragraph 3.2.9)

- **Non-prosecution of the units manufacturing NSQ drugs and selling to Government for ultimate use by patients of the State.**

(Paragraph 3.2.9)

3.2.1 Introduction

Background

At the beginning of the twentieth century, the Drug Industry was practically non-existent in India and pharmaceuticals were being imported from abroad. The First World War changed the scene and not only were the cheaper drugs imported in increasing volume, the demand for indigenous products also started growing. With the call for Swadeshi, manufacturing concerns, both Indian and Foreign, sprang up to produce pharmaceuticals at cheaper rates to compete with imported products. Some of these were of inferior quality and harmful. The Government was, therefore, called upon to take note of the situation and consider the matter of introducing legislation to control the manufacture, distribution and sale of drugs and medicines. A Select Committee appointed by the Central Legislative Assembly in 1937 recommended various measures, providing for the uniform control of manufacture and distribution of drugs as well as of import. The outbreak of the Second World War in 1939 delayed the introduction of legislation and finally the Drugs Act[1] was passed on 10 April 1940.

At present, the following Acts and Rules made thereunder apart from the Drugs and Cosmetics Act, 1940 govern the manufacture, sale, import, export and clinical research of drugs and cosmetics in India: The Pharmacy Act, 1948; The Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954; The Narcotics Drugs and Psychotropic Substances Act, 1985; The Medicinal and Toilet Preparations (Excise Duties) Act, 1956; The Drugs (Prices Control) Order 1995 (Under the Essentials Commodities Act). But the main Act continues to be the "The Drugs and Cosmetics Act, 1940".

Main features of the Drugs and Cosmetics Act, 1940

- Regulatory measures to ensure standards of Drugs and Cosmetics, Diagnostics and Devices
- Monitoring of quality of drugs and medicines imported, manufactured, distributed and sold to public

[1] Drugs Act, 1940 was amended to provide for regulation of the manufacture of cosmetics and prohibition of import and sale of sub-standard and misbranded cosmetics vide Government of India Gazette notification dated 4 December 1961

- Punitive measures for dereliction of provisions of the Act and
- Regulate clinical research and publication of Indian Pharmacopoeia.

Scope of Statutory Functions

This is a Central Act and is applicable to the whole of India. The main functions of Central Government are (a) laying down standards of drugs, cosmetics, diagnostics and devices (b) laying down regulatory measures, amendments to Acts and Rules (c) to regulate market authorisation of new drugs, clinical research in India and standards of imported drugs (d) to approve licences to manufacture certain categories of drugs as Central Licence Approving Authority i.e. for Blood Banks, Large Volume Parenterals and Vaccines and Sera (e) work relating to the Drugs Technical Advisory Board (DTAB) and Drugs Consultative Committee (DCC) (f) testing of drugs by Central Drugs Laboratories (g) publication of Indian Pharmacopoeia, etc.

The main functions of the State Government are (a) licensing of all drugs and cosmetics manufacturing units and sales establishments under allopathic and homoeopathic sectors (b) licensing of drug testing laboratories (c) approval of drug formulations for manufacture (d) monitoring of quality of Drugs and Cosmetics, manufactured by respective State units and those marketed in the State (e) investigation and prosecution in respect of contravention of legal provisions (f) administrative actions to regulate the standards of imported drugs (g) pre- and post- licensing inspection and (h) recall of non-standard drugs.

3.2.2 Scope of Audit

It would be seen from the scope of responsibility that while parameters of control are devised by the Central Government, these are required to be actually implemented by the State Government, excepting areas of standard setting for imported drugs, regulations of clinical research and market authorisation of new drugs. It is in the implementation of the regulatory parameters that dereliction occur particularly in the areas of licensing, approval, monitoring, prosecution, inspection and recall of non-standard/spurious drugs.

Audit examination of the implementation of the Drugs and Cosmetics Act, 1940 adopts these areas of possible dereliction as critical indicators for the level of implementation.

The implementation of Act for the period 1998-2003 was reviewed during November 2002 to May 2003 based on the test check of records of the Drug Controller (DC), Orissa, Bhubaneswar and his subordinate officers[2], the Director, Indian Medicines and Homoeopathy, Orissa (DIMH) and Deputy Director (DD), State Drug Management Unit (SDMU), Bhubaneswar

[2] Three Deputy Drug Controllers (DDCs) of South Zone, Berhampur, West Zone, Sambalpur and Research Programme (RPT) in charge of the State Drug Testing and Research Laboratory, Bhubaneswar (SDTRL), Six Drug Inspectors (DIs) (Cuttack-III, Puri, Berhampur, Jeypore, Sambalpur and Keonjhar)

functioning under the administrative control of the Director, Medical Education and Training (DMET), Orissa.

3.2.3 Implementing Agencies/arrangement

The DC as the Licensing Authority (LA) as declared by the State Government was responsible for implementation of various provisions of the Act and Rules for all the systems of medicine from October 1982. In respect of homoeopathic and ayurvedic including Sidha and Unani medicines, the DIMH was vested (July 1997) with the powers of LA. The Act provided specific technical qualification for appointment of LA in respect of homoeopathic discipline. As the DIMH did not have the requisite qualification, his appointment as the LA in respect of homoeopathic discipline was withdrawn (October 2002) from him and the DC was again vested with the said power with effect from November 2002. In respect of the ayurvedic, siddha and unani sectors, the DIMH continued to be the LA as the Act was silent about any specific qualification.

The DC assisted by 4 DDCs, 3 Assistant Drug Controllers (ADCs) and 17 DIs issued original and renewal licences of all the cosmetic manufacturers and the allopathic drug manufacturers except the renewal licence of allopathic drug selling units of west and south zones which were delegated to the respective zonal DDCs. The DIMH issued the original and renewal licences of ayurvedic drug manufacturing units. However, licences under the homoeopathic drug manufacturing/selling units were issued by the DIMH up to October 2002 and by the DC thereafter. The inspection of firms, sampling of drugs and launching of prosecution cases under the Act and Rules were assigned to the ADC-cum-DIs, DIs under the DC and the DIs under the DIMH. The testing of sampled drugs and reporting thereon was assigned to the State Drug Testing and Research Laboratory (SDTRL) and in some cases the help of Central Drug Laboratories (CDL) outside the State was being taken.

3.2.4 Statistics of prosecution vis-a-vis cases filed

Infirmities in the Act/Rules for prosecutions

In Orissa, as per the Act, a DI can order an offender not to dispose of stock suspected to be of spurious/non-standard quality etc. for a maximum period of 20 days. However, the DIs have no power to close and seal the manufacturing/selling units under lock pending orders of the Court of Law.

Tardy progress in prosecution

Review of records of DC revealed that in respect of the allopathic sector, 179 prosecution cases were pending as on 1 April 1998 to which 81 cases were added during 1998-2003 taking the total to 260 cases. But only 2 cases were disposed during the said period leaving the pendency at 258 cases including 2 cases on spurious drugs as on 31 March 2003. No separate legal cell was created under the DC/DIMH to monitor and effectively follow up the court cases.

3.2.5 Implementation of the Act

Survey and licensing procedure

No regular surveys were carried out by the SDCAs through their technical staff posted at Ranges to identify drug or cosmetic units engaged in illegal manufacturing/selling activities without valid licences. However, on receipt of applications from interested applicants alongwith requisite challan in support of deposit of licence/inspection fees etc. for grant or renewal of manufacturing/selling licences of drugs or cosmetics, the ADC-cum-DIs and the DIs inspect the premises of the applicants to verify the correctness of documents furnished by them and study the feasibility or otherwise of the proposed units with respect to the provision of Acts / Rules and then forward the same to the LAs alongwith their views/recommendations etc. The LAs issue the licences in the prescribed forms for specified periods after examination of the therapeutic rationale, stability studies of formulation; compositions and ingredients etc., testing method employed, facility available, process of manufacture adopted by the firms and compliance of the conditions attached to the Act / Rules.

Absence of database on pendency of application for grant/renewal of licences

The pendency of applications as on 31 March 2003 could not be furnished by the DC. Test check of records of DDC (WZ) and 6 DIs revealed that 1113[3] numbers of application for fresh/renewal of licences for sale of drugs were pending for one to five years as of 31 March 2003 as the reports/returns submitted by field units were not compiled in his office due to shortage of staff.

Non - renewal/non-deposit of licence fee

Scrutiny of records of DC and DIMH for the period 1998-03 revealed that fee of Rs.61.19 lakh towards renewal of licence was not collected at the prescribed rates from 1448 firms after expiry of the term of their licences as detailed below.

Name of the authority	Number of firms not renewed		Amount of non-deposit of licence renewal fee at prescribed rate (Rupees in lakh)
	Sector	Number of units	
DC	Allopathic drug manufacturers	164	60.67
	Cosmetics manufacturers	15	
	Sales units of drugs	1130	
DIMH	Homoeopathic manufacturers	6	0.38
	Homoeopathic sales units	85	
	Ayurvedic drug manufacturers	48	0.14
	Total	**1448**	**61.19**

The DC stated (August 2003) that the licences were deemed to have been cancelled since the licensees failed to apply for renewal as per the DC Rules. He further added that these firms closed down their business and there was no need to cancel the already expired licence. The fact, however, was that the licences were not cancelled in the licence register and there were no records available supporting the actual closure of the units.

[3] DIs : Berhampur : 205, Cuttack-III : 285, Jeypore : 155, Keonjhar : 194, Puri : 100, Sambalpur : 174

3.2.6 Sampling

Inadequacy of Sampling

The samples drawn under the allopathic sector were as shown below as per the DI-wise targets fixed by DC every year:-

Year	Number of running units			Number of samples drawn			
	Manu-facturing Units	Selling Units	Total Units	Manu-facturing Units	Selling Units	Govern-ment Hospitals	Total samples drawn
1998-99	319	13542	13861	135	1322	747	2204
1999-2000	327	14068	14395	57	1163	735	1955
2000-2001	340	14713	15053	48	1105	645	1797
2001-2002	343	15336	15679	39	1113	721	1872
2002-2003	348	16224	16572	95	1302	628	2025

Considering that each unit manufactured/sold varieties of drugs, the average number of samples (1971) drawn annually would seem to be inadequate against the average 5052 inspections carried out annually during 1998-2003. The Department attributed the inadequate sampling to shortage of staff, paucity of funds to meet the cost of samples drawn, travelling allowances of the staff etc.

In the homoeopathic sector, only 32 samples were drawn during 1998-2000 out of 1083 manufacturing and selling units licensed up to October 2002. Thereafter, no samples were drawn. No reasons for non-drawal could be adduced by DIMH. As regards ayurvedic medicines, no samples were drawn during 1998-2003, due to non-existence of testing facilities/laboratory in the State and refusal (September 1999) by Central Indian Pharmaceutical Laboratory (CIPL), Ghaziabad to receive samples for testing. Hence the LA could not ensure the standard/quality of homoeopathic drugs manufactured and sold in 1083 units and ayurvedic drugs manufactured in 171 units in the State during 1998-2003.

Cosmetics samples were not drawn at all as there were no facilities for testing them in the SDTRL. It was also stated by the DC that the cosmetic samples were also not accepted by any of the laboratories situated outside the State for testing. As such, the LA could not discharge its duty of ensuring the quality of cosmetics manufactured in the State.

3.2.7 Adequacy of Inspection

As per DC Rules, 1945 an Inspector was to inspect the premises of licensed selling and manufacturing units under allopathic, homoeopathic and cosmetics sectors at least twice in a year up to September 2001 and thereafter once in a year. Review of records revealed that the extent of shortfall in inspection varied from 73 to 84 *per cent* in respect of allopathic sector and 97 to 100 *per cent* in respect of homoeopathic sector during 1998-2003. In ayurvedic sector, the annual shortfall in inspection with reference to prescribed norm varied from 63 to 79 *per cent* during 1998-2003. Thus, the mandatory inspection conducted covered an insignificant number of units.

The DC/DIMH stated (November 2002) that due to lack of manpower and scarcity of funds under travelling allowance head, the prescribed number of inspections could not be achieved in respect of allopathic and ayurvedic sectors. No reason for shortfall was given in respect of homoeopathic sector.

The DC stated (August 2003) that as per the recommendation of Hathi Committee approved by the Central Government, the State required 200 Drug Inspectors. But the sanctioned strength of DIs in the State was 24 and 17 posts only were operating during 1998-2003. This was inadequate for implementation of the provisions of the Act and Rules in allopathic sector. No posts of DI were also sanctioned to look after 1000 sales and manufacturing units under homoeopathic sector.

3.2.8 State Drug Testing and Research Laboratory

State Drug Testing and Research Laboratory for ayurvedic sector could not function although funds were not a constraint

The State Drug Testing and Research Laboratory was set up at Bhubaneswar on 2 October 1975 for testing the drug/cosmetic samples. It has been functioning with 17 drug testing personnel (Government Analyst: 8, Junior Scientific Officer: 2 and Senior Laboratory Assistant: 7) against the sanctioned strength of 25 during the period covered in review under the overall supervision of DDC (RPT), Orissa. There was no separate Drug Testing Laboratory at State level in the homoeopathic sector and ayurvedic sector. However, for strengthening of the Drug Testing Laboratories of Indian System of Medicine (ISM), Government of India sanctioned Rs.70 lakh towards purchase of instruments and equipment (Rs.60 lakh) and manpower (Rs.10 lakh) during 2000-2001 and released Rs.54 lakh in the first instalment during 2000-2001. The amount was kept unutilised in a bank as of March 2003 because of non-completion of construction of building in the premises of the Government Ayurvedic Hospital, Bhubaneswar.

Diversion of drug samples to Central laboratories due to lack of infrastructure facility in SDTRL

The SDTRL was not adequately equipped with modern apparatus and testing methodology, despite receipt of Central grant of Rs.39.50 lakh (1996-97: Rs.31 lakh, 2000-01: Rs.8.50 lakh) of which expenditure of only Rs.27.23 lakh were incurred during 1999-2001. The remaining amounts were parked in bank (Rs.3.77 lakh) and in Civil Deposit (Rs.8.50 lakh). Hence no opinion on the quality of drugs could be made by the Laboratory in respect of 218 samples. Of this, 69 samples and 149 samples were referred to CDL, Kolkata and Central Indian Pharmaceutical Laboratory, Ghaziabad respectively for testing during 1998-2003. Moreover, 25 important drugs widely used in the State for treatment of common ailments were debarred from testing in the SDTRL with effect from 27 July 2002 for want of reference standards, intermediate compounds, testing facilities, non-repair of idle machinery and non-procurement of vital equipment etc.

Delay in testing of samples by 3 to 12 months by the SDTRL involved consequential hazards to the patients

No time limit was either prescribed by the Act/Rules or fixed by the Central/State Government for testing of drugs samples and sending the test results. In the absence of this, the correctness of working norms prescribed for the testing personnel by the DDC (RPT) could not be examined. Thus, drugs were tested at the convenience of the SDTRL/CDLs and considerable delays of over 3 to 12 months were noticed in declaration of results in 120 out of 372 NSQ drugs.

The belated declaration of the drugs as NSQ left little scope for the DIs to recall the same from the market as the same would have been already consumed by the patients causing serious health hazards.

Non-testing the standards of Ayurvedic drugs

Non-availability of testing facility of ayurvedic drugs samples in the State had adverse impact upon the general health of patients. It was seen that 115 bottles of 'Mritusanjivani Sura' which was being used as alcoholic intoxicant rather than a medicine were seized (August 1999) by a joint raid of police, excise and drug control officers in Boudh-Kandhamal district. Although five manufacturers in Orissa and four outside the State were involved in preparation of such stock, no action could be taken against them due to non-testing of statutory samples.

3.2.9 Irregular grant of Licences

Conditional licences were issued in contravention of the Act

Test check of records of DC revealed that five drug manufacturing licences were renewed with stipulation to rectify certain defects/deficiencies within a period of one month from the issue of licence (Appendix-XXI) although the Act and the Rules do not permit issue of conditional licence. The defects included major deficiencies like non-cleaning of drainage system, non-testing of raw materials, non-mentioning batch number in the labels etc. which violated the minimum requirements of schedules M and S of the DC Rules and no monitoring was done by the DC to see that the conditions were complied with by the firms.

The DC licensed 15 units for manufacture of Dantaghasa Gudakhu /tooth paste having tobacco as the main ingredient despite prohibition by Central Government

Government of India, Ministry of Health and Family Welfare Department in their notification dated 30 April 1992 prohibited the manufacture and sale of all cosmetics licensed as tooth paste/tooth powder containing tobacco having risk for human being in terms of Section 26 A of the Act in public interest.

"Dantaghasa Gudakhu" was a cosmetics paste intended to be rubbed against human teeth and it contained tobacco as the main ingredient. However, it was noticed that 15 units all over the State were licensed by DC to manufacture "Dantaghasa Gudakhu" during May 1993 to September 2002 in addition to 100 units licensed between October 1972 and February 1991.

On this being pointed out, the DC stated (August 2003) that Dantaghasa Gudakhu was not licensed as tooth paste/tooth powder category containing tobacco under the Act and the licences were issued as per clarification received from the Law Department of Government. The reply was not tenable since granting of licence for manufacture of "Dantaghasa gudakhu" under the camouflage of cosmetics having harmful tobacco as main ingredient was not in consonance with the spirit of the prohibitory orders of Government of India made in April 1992 in the interest of public.

Four medicine stores were running without valid licence

Scrutiny of records of DDC (WZ), Sambalpur revealed that four medicine shops (namely Mahabir Medical Hall, Sai Medical Store, Life Medical Store and Solace Medicare) were operating in Sambalpur town without valid licence in contravention of the provisions of the Act / Rules. The DDC (WZ) in July 2002 ordered the DI concerned to conduct surprise raids of the said firms with the help of police. This was followed by similar orders of DC in

August 2002 and reminder in August 2003. However, no such raid was carried out by DI, Sambalpur range (August 2003).

Running of Blood Bank without valid licence in the district headquarters hospital at Sonepur

Records of DC revealed that the Orissa Red Cross Blood Bank (ORCBB) was licensed (26 February 2002) to operate a blood bank for processing of whole human blood IP at the district headquarters hospital, Sonepur subject to fulfilment of 25 conditions. The ORCBB started functioning from 22 March 2002. However, it was noticed that the licence was meant for the period 11 August 2000 to 31 December 2001. Thus, the ORCBB had been functioning at the above place without a valid licence since its inception. The DC stated (August 2003) that the application for issue of certificate of renewal for prospective period was sent (May 2003) to the Deputy Drug Controller General (India), Kolkata and licence would be renewed after observing all formalities.

Production and sale of LVP fluids without renewal of licences

Scrutiny of the records of DDC (WZ), Sambalpur revealed that a firm named M/s Bindlish Chemical and Pharmaceuticals Works, Sambalpur whose licence expired on 31 December 1999, manufactured 21742 bottles of LVP fluids during January to June 2000 despite the instruction of DC (January 2000) to stop production/sale of drugs. The firm distributed 19082 bottles between January and July 2000 and the Range DI seized the balance of 2660 bottles. The Superintendent of VSS Medical College Hospital, Burla procured 8600 bottles (March 2000) and issued 4670 bottles to patients; the balance of 3930 bottles were seized by the Range DI. Drug recall in respect of the distribution of the balance of 10482 bottles was not effected (May 2003) and no action was taken to prosecute the offender. The DC stated (August 2003) that the DI, Sambalpur failed to issue the drug recall letter as well as to submit the prosecution case and was asked to explain. Similarly, six[4] other firms of the State continued the production and sale of such LVP fluids without valid licence beyond 31 December 1999 upto the dates of their cancellation (February 2001). But the details were not available with DC. The concerned DIs were, however, instructed in March and July 2002 to report the activities of the firms. Further development in the matter was awaited (August 2003).

Manufacture and sale of unauthorised ayurvedic preparations

Scrutiny of records of the DIMH revealed that show cause notices were issued in June 2000 by the Directorate against four offenders, who were manufacturing and selling 13 Ayurvedic medicines in contravention of Section 33EEB of the Act and also advertising them through media agents as magic remedies for all types of ailments/health hazards warranting punishment under Act and also under the Drugs Magic Remedies (Objectionable Advertisement) Act, 1954 and the Rules made thereunder. But none of the notices have been responded to by the offenders and no further action was taken to prosecute the offenders under the Act.

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4 M/s Orissa Drugs and Chemicals Limited, Bhubaneswar, Kelvin Pharmaceuticals and Om Pharmaceuticals, Cuttack, Jaybee Pharmaceuticals, Unipharma Laboratory and Tarisha Pharmaceuticals, Berhampur

Substandard drugs were allowed for circulation causing threat to the health of the patients

As per the provisions of the Act / Rules, on receipt of a drug testing report from a GA regarding NSQ drug, action was to be taken by the LAs through the DIs posted in the Ranges to recall the unused NSQ drugs by screening the market and check further use of the same in case of own State manufacturers of the said drugs. In case of NSQ products manufactured in other States, the concerned DCs were to be asked to initiate action under the Act/Rules.

It was stated by the DC that against 9853 samples drawn by DIs of the State during 1998-2003, 9151 samples were tested in SDTRL and CDLs outside the State and 419 samples were declared NSQ by the GAs concerned.

The details of drugs recalled in respect of each NSQ case, prosecution cases lodged against manufacturer/seller of these drugs, penalty imposed etc. were, however, not available with the DC due to non-maintenance of relevant registers to monitor follow up action. Test check of records of six DIs revealed that in 114 cases[5], no concrete/expeditious steps were taken by the concerned DIs or the DC to recall the NSQ drugs well before the expiry dates from circulation both inside/outside the State except issue of formal letters to drug supplier/manufacturers and LAs of other States concerned. In most of the cases, there was no response. As such, the major quantity of NSQ drugs were allowed to be marketed causing threat to health of the patients. The DC stated (August 2003) that in most of the cases, by the time the reports are received by the DI, stocks of the particular batch of the NSQ drugs are found sold in the market.

Further, scrutiny of NSQ files of DI, Cuttack-III and Puri ranges revealed that six drugs (DI, Cuttack-5 and DI, Puri-1) were declared NSQ by SDTRL, through test reports which were challenged by the firms on different grounds. But no details as to action taken to meet such challenges were available in the files. The samples were also not sent to CDL/CIPL for authoritative test of standards. Some more interesting cases of inaction by DC are detailed at Appendix-XXII to this report.

Failure to take action in case of anti-TB NSQ drug consumed by the patients

M/s Panacea Pharmaceuticals of Berhampur, Orissa supplied 143 lakh tablets of Ethambutol Hydrochloride IP (400 mg), an anti-TB drug to SDMU, during 2000-01 which were distributed throughout the State. The drug was reportedly declared as of Standard Quality (SQ) by the authorised testing laboratories to whom the samples were sent by DD, SDMU, Bhubaneswar as per terms of the supply agreement with the manufacturer. However, tests on certain samples drawn from Khurda and Phulbani districts were found to be sub-standard. Hence Government decided that the DC would draw samples from all batches in all the districts and test them both at SDTRL and CDL, Kolkata. The test results were confusing. Some samples found by SDTRL to be SQ were found to be NSQ by CDL, Kolkata and vice versa. When DC ordered the manufacturer to stop production of the drug, the latter appealed to the State Government and some interesting arguments were put forward by the manufacturer. One of the arguments was that Ethambutol is highly hygroscopic and therefore even if it is SQ initially, it could become NSQ later.

5 (i) DI, Cuttack : 30 cases, (ii) DI, Puri : 15 cases, (iii) DI, Berhampur : 16 cases, (iv) DI, Jeypore : 14 cases, (v) DI, Sambalpur : 19 cases and (vi) DI, Keonjhar : 20 cases.

It is, however unlikely that the reverse would happen i.e. a sample which is NSQ becomes SQ later. Test results showed that some samples, which had been found to be NSQ earlier, were found to be SQ in a subsequent test. In view of such conflicting results, the Government set aside the orders of the DC allowing benefit of doubt to the manufacturer except for 3 batches of the drug whose samples were found NSQ by both SDTRL and CDL, Kolkata. These three batches were ordered to be replaced by the manufacturer immediately which was done. This showed that necessary precautions had not been taken during sampling and despatching the same to testing laboratories. In fact during hearing before the Principal Secretary, Health and Family Welfare Department, the Drug Control Organisation could not even refute the argument of the manufacturer that samples could have been damaged during transit to the testing laboratories.

Non-prosecution of manufacturers supplying NSQ drugs to Government Hospitals/ Dispensaries

Under the Central Purchase System of allopathic drugs for consumption in Government Hospitals and Dispensaries, the Deputy Director, State Drug Management Unit (SDMU), Bhubaneswar procured huge stock of medicines during 1998-2003, of these 365 batches of different drugs were declared as NSQ by the reputed private testing laboratories outside the State where such batches were sent for testing after sampling by the staff of DD,SDMU as per decision of Government. The supplying firm replaced 146 batches and the replacement details of 47 batches could not be made available to audit by DD,SDMU. Fifty-four NSQ drugs were declared as SQ on challenge by the firms in second and subsequent tests. The patients of the State were administered with 118 NSQ drugs. But no legal action under the Act could be initiated against the suppliers of these NSQ drugs including 37 blacklisted suppliers because the samples were not statutorily drawn by the concerned DIs and NSQ reports were not obtained from the CDL/SDTRL. It was observed that no clause was included in the contract agreement made with the suppliers of such drugs by the DD, SDMU to punish them under the Act in case of supply of NSQ drugs.

Absence of intelligence-cum-legal cell/Searches and Seizures

Section 22(c)(iii) of the Act empowers the DIs to search any manufacturing/selling premises and seize suspected drugs to be of NSQ/ clandestine stock for sale and take action for suspension and cancellation of licences and disposal of stocks in the manner prescribed under the DC Rules. However, no intelligence-cum-legal cells were established by the LAs so far to gather information on clandestine activities of drugs/cosmetics manufacturers/ traders and movement of NSQ/spurious items of drugs and cosmetics inside the State. No search and seizure case was noticed during the period under review. This was obviously due to non-functioning of intelligence cells and shortage of manpower under the LAs. The DC stated (August 2003) that Government had been requested to provide more staff and create the cell.

3.2.10 Training

To impart training and update the knowledge of the DIs, the Central Government had been conducting training programmes at Mumbai, Kasauli, Kolkata and Ghaziabad to which officers were deputed depending upon feasibility and suitability. It was noticed that 4 out of the 17 DIs in position have not undergone any training and no training facilities exist in the State for developing/upgrading the skills of DIs.

3.2.11 Monitoring

The only State level activity to monitor and gear up performance of the Drug Controller's Organisation was holding of periodical meetings of all Drug Control Officers under the aegis of the Principal Secretary, Health and Family Welfare Department. Creation of a computerised database of manufacturers and sales licensees did not materialise, reportedly owing to financial constraints. The computerised management information system and monitoring system modules also did not start for the same reason. The State level Drug Advisory Committee which was set up by the Government in December 1999 to suggest measures for better implementation of the Act and Rules as well as other allied Acts/Rules did not meet until the Committee was re-constituted in December 2002. Even the minutes of the first meeting of the Committee held in February 2003 were not made available to audit since the Government as of May 2003 did not clear the same.

Lack of interface with the pharmaceutical industry/trade, consumers and medical profession

Generally, conferences/symposia are organised jointly with the Industry/Trade Association/Medical Practitioners etc. to enable the State authorities to get speedy and timely information on the regulatory issues involved and the problems, if any, in the implementation of the Act. During the period from April 1998 to March 2003, no such symposia/conferences were organised. The DC stated (August 2003) that meetings and discussions were being held with the trade associations as and when possible. His reply, however, was silent about the outcome of such meetings/discussions and the impact on drug control activities.

In the ayurvedic sector, however, two meetings were held in November 2001 and August 2002 with the licensed drug manufacturers of the State to discuss basic issues of implementation of the Act and Rules, setting up of a State level Advisory Board and other vital points including the Good Manufacturing Practice (GMP) which was made mandatory for the firms with effect from June 2002.

In the homoeopathic sector, no interface was created during the period covered under the review due to non-existence of any recognised association of manufacturers/traders.

Lack of follow up action on press reports

The Press plays an important role in unearthing the deficiencies of administration and at times it focuses on the plight of people through its reports. It was noticed that as many as 25 press clippings were brought to the notice of DC during 1998-2003 regarding circulation of fake drugs with/without valid drug licence. However, the response and follow up action to examine the correctness behind such allegation were very poor as the DC simply endorsed the same to the DIs concerned without pursuing any further action. In the homoeopathic and ayurvedic sectors, no watch was at all kept on Press report/clipping on the circulation of fake/NSQ drugs.

Inaction against NAQ report of survey samples

The Act/ Rules did not provide for drawal of any non-statutory survey samples by the DIs of the State. It was revealed from the records of DC's office that 20 Non Acceptable Quality (NAQ) reports were received by the DC during 1998-2003 from CDL/SDTRL due to drawal of non-statutory drug samples by nine[6] DIs of the State as detailed at Appendix-XXIII to this report.

The details of subsequent statutory sampling of such drugs for getting NSQ reports and initiation of legal action against the manufacturers could not be made available to audit by DC.

Thus, the whole exercise of survey sampling was futile and the patients of the State had to be administered with NAQ drugs manufactured by the above firms.

3.2.12 Conclusions

Enforcement of the D&C Act, 1940 was deficient in many major areas. There were shortfalls in the required inspection of the premises of licensed selling and manufacturing units. Expeditious steps were not taken by the Drug Inspectors to recall the Not of Standard Quality drugs well before the expiry dates. Licences were granted for manufacture of cosmetics prohibited by Government of India. Legal cells were not established in the State Drug Control Authorities to monitor the search and seizure and prosecution cases, nor were intelligence wings functioning to gather information on non-standard and spurious drugs and cosmetics. Testing facilities in the State Drug Testing and Research Laboratory were not adequate. Above all, due to lack of administrative arrangements, scanty release of funds, absence of sufficient staff and proper monitoring, an important piece of legislation ensuring proper standards of drugs and cosmetics could not become effective.

Recommendations

- Adequate funds, manpower etc. should be provided to the Drug Controller/Director, Indian Medicines and Homoeopathy for effective implementation of the Act.
- Vigilance and legal cells may be opened at appropriate places in the State to gather information on the offenders and prosecute them under the Act.
- Early steps should be taken for starting a drug testing laboratory in the Ayurvedic sector.
- Proposals should be sent to Drug Controller General (India) for fixing (a) the norms for sampling drugs and cosmetics by the DIs and (b) specific time limit for testing of each type of drugs in the testing laboratories for early reporting of the quality thereof.

[6] Cuttack-III(5), Dhenkanal (1), Ganjam-II(3), Keonjhar(1), Phulbani (1), Mayurbhanj(2), Puri (2), Rayagada (1) and Sundargarh (4)

- Arrangement should be made for statutory sampling of drugs purchased by the Deputy Director, State Drug Management Unit under central purchase system before they are despatched to Government hospitals and dispensaries of the State.
- Above all, the State level advisory committee should be convened regularly (a) to aid and advise the SDCAs to monitor the various lapses as discussed in this report and (b) to recommend to the appropriate authorities the necessary amendments to the Act in the interest of effective enforcement.

The matter was demi-officially referred (June 2003) to Government followed by a reminder in August 2003. Reply was not received (December 2003).

HOME DEPARTMENT

3.3 Prevention and Control of Fire

Highlights

Fire prevention and related safety measures are an integral part of town planning and building construction. Besides, to combat any situation arising out of calamities including fire incidents, fire services are organised as first responder to save life and property. Orissa Fire Services Act, 1993 was enacted in December 1993 to provide fire prevention and safety measures in the State. No rules or notifications under the Act were, however, issued by the Government as of March 2003. In the absence of these, the builders violating the fire safety norms remained unpunished. Incidence of fire accidents and loss of human lives and property were on the rise.

- **Non-framing of Rules by the Government under the Orissa Fire Services Act, 1993 stood in the way of the Fire Service taking precautionary measures and levying penalty on the owners of the buildings who violated the building code provisions.**

(Paragraph 3.3.5)

- **Parking of GIC loan of Rs.5.78 crore meant for construction of buildings and procurement of equipment in Civil Deposit led to interest burden of Rs.42.66 lakh.**

(Paragraph 3.3.4)

- **Due to inadequate staff, the Fire Service in the State failed to inspect the LPG bottling plants and storage houses. The shortfall in inspection of explosive/fire cracker manufacturing units, factories, cinema halls, high rise buildings etc. was 50 *per cent*.**

(Paragraph 3.3.5)

- **The Department had fire fighting vehicles in excess of requirement ranging from 81 to 111 vehicles during 1998-2003 due to unnecessary purchase of 91 vehicles at a cost of Rs.7.74 crore during the same period.**

(Paragraph 3.3.8)

- **Against the requirement of 636 drivers to operate 339 vehicles, only 290 drivers were in position resulting in shortfall of 346 drivers which led to keeping the procured vehicles idle, raising doubts about the possibility of use of the fire fighting vehicles in times of need.**

(Paragraph 3.3.8)

- **The department could not go for the upgraded VHF sets for equipping the fire stations with effective communication system costing Rs.23.60 lakh reportedly due to funds constraint although there was purchase of vehicles in excess of requirement at a cost of Rs.7.74 crore.**

(Paragraph 3.3.8)

❖ **There was underutilisation of capacity of the training institute ranging between 17 and 97 *per cent* during 1998-2003 due to nomination of less trainees by the Fire Officer and DG (Fire Service).**

(Paragraph 3.3.9)

3.3.1 Introduction

The Orissa Fire Service has its origin in the Armed Police Reserve when it was first established in Cuttack in March 1942. The Orissa Fire Service is governed under the provisions of the Orissa Police Manual. The State Fire Service has been established under the Orissa Fire Services Act, 1993, which came into force with effect from 29 December 1993. Necessary rules for carrying out the provisions of this Act have not been published yet (March 2003).

3.3.2 Organisational set-up

This is a wing of the Home Department (Civil Defence) under the direct control of the Director General, Fire Services (DGFS), Orissa, Cuttack assisted by the State Fire Officer (FO). Four Deputy Fire Officers (DFO) are in charge of the Central Range, Cuttack, the Southern Range, Berhampur, the Northern Range, Sambalpur and the Fire Prevention Wing, Bhubaneswar. There are 153 Fire Stations in the State.

3.3.3 Audit coverage

Test check of records of the Home Department (Civil Defence) and the Offices of the DGFS, the FO, four Range Officers, one Training Institute at Bhubaneswar and 16 Fire Stations[1] had been conducted during 2001-02 and from March to May 2003 covering the period 1998-2003.

3.3.4 Financial Outlay and Expenditure

Budget allotment and expenditure for the fire service in the State for the period from 1998-2003 were as below:

(Rupees in crore)

Year	Budget allotment			Expenditure			Savings(+)/Excess(-)		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
1998-1999	1.81	17.13	18.94	1.69	16.70	18.39	(+) 0.12	(+) 0.43	(+) 0.55
1999-2000	0.83	18.42	19.25	2.61	21.24	23.85	(-) 1.78	(-) 2.83	(-) 4.61
2000-2001	3.41	18.41	21.82	4.10	19.42	23.52	(-) 0.69	(-) 1.01	(-) 1.70
2001-2002	3.58	22.81	26.39	3.58	22.80	26.38	Nil	(+) 0.01	(+) 0.01
2002-2003	2.47	21.56	24.03	2.47	20.10	22.57	Nil	(+) 1.47	(+) 1.47
Total	**12.10**	**98.33**	**110.43**	**14.45**	**100.26**	**114.71**	**(-) 2.35**	**(-) 1.93**	**(-) 4.28**

[1] Khurda, Jatni, Nimapara, Puri, Cuttack-I, Cuttack-II, Salepur, Kendrapara, Jajpur Road, Bhubaneswar-I, Rourkela, Sambalpur, Berhampur, Bhadrak, Dhenkanal and Bhuban

The above allocation included special problem grants of Rs.10.70 crore[2] and loan of Rs.12.50 crore taken from the General Insurance Corporation (GIC) between March 1998 and March 2000. Scrutiny of records revealed the following points.

Parking of GIC loan of Rs.3.25 crore in Civil Deposit leading to creation of interest burden of Rs.42.66 lakh

Test check of records of the DGFS and the FO, Orissa, revealed that Rs.17.74 crore were drawn in Abstract Contingent (AC) Bills (DGFS: Rs.16.79 crore and FO: Rs.0.95 crore) during 1993-2003. Of this, Rs.5.78 crore including GIC loan of Rs.3.25 crore received during 1999-2000 remained parked in Civil Deposit as of 31 March 2003 under orders of Government. Retention of GIC loan (bearing 13.27 to 13 *per cent* interest) in Civil Deposit for one to two years resulted in interest burden of Rs.42.66 lakh without deriving any benefit. As of November 2003, Rs.1.25 crore continued to remain in Civil Deposit. Abstract contingent bills for Rs.10.97 crore were pending settlement for over a decade in the offices of the Fire Officer/DG (Fire Service) due to non-submission of detailed contingent bills to the Accountant General (A&E).

Failure to submit DC bills meant retention of heavy amounts in the hands of departmental officers which is contrary to the codal procedures. The possibility of misappropriation of Government money due to such long delay in adjustment could not be ruled out. Besides, once amounts drawn on AC Bills are deposited into the Civil Deposit head of account, the submission of DC bills becomes unlikely.

3.3.5 Fire prevention

Penalty not imposed on defaulters who violated the fire safety measures as rules were not framed

The Orissa Fire Services Act enables the Government to issue notification requiring the owners/occupiers of different premises used for activities which could have risk of fire, to take precautionary measures as may be specified in the notification. After the occurrence of a major fire accident at Baripada in February 1997 where 149 people were charred to death in a temporary pandal, the Government issued (September 1997) a notification requiring precautionary measures to be taken by all concerned. However, no rules have been framed as of March 2003 under the Act for imposition of penalty on defaulters and for enforcement of other sections of the Act. As a result, no penalty could be imposed or prosecution initiated against defaulting persons.

Inadequate inspection of fire risk premises including LPG bottling plants and explosive manufacturing units, fire cracker units

The National Building Code of India 1983 envisages fire protection arrangements in high rise buildings and apartments. The DGFS in his circular (July 1997) instructed the FO and other field officers to carry out inspections of the high rise buildings on completion of construction to verify that proper fire protection and prevention measures were in place as per approved plan. The circular further required that annual inspection of such buildings was to be made by the officer-in-charge of the concerned Fire Station and the Fire Prevention Wing and a report was to be sent to the FO and the respective District Administration. There were, however, no records to show that such inspections had ever been undertaken. The Fire Prevention Officer,

[2] Tenth Finance Commission (TFC): Rs.2.20 crore and Eleventh Finance Commission (EFC): Rs.8.50 crore.

Bhubaneswar stated (March 2003) that he was not consulted by the Bhubaneswar Development Authority (BDA) and Cuttack Development Authority (CDA) while issuing permission for construction of high rise buildings. He further stated that there were no executive orders to implement the Fire Services Act and no penalty could be imposed on defaulters.

As per Government's notification (September 1997), fire prevention and safety measures in high risk buildings and premises should have been taken by the owners/occupiers of the buildings and the safety measures should have been inspected by the officer-in-charge of the concerned Fire Station and the Fire Prevention Wing. It was noticed that out of 1079 high risk premises in the State which included high rise buildings, cinema halls, factories, explosive manufacturing units and temporary structures, only 542 premises were inspected during 1998-2003, the shortfall being 50 *per cent*. The Liquified Petroleum Gas bottling plants and storage houses were not at all inspected by the Fire Prevention Wing during the period.

The FO stated that due to shortage of staff, all the high risk buildings and other premises could not be inspected and in the absence of rules under the Act, no penalty could be imposed on defaulters.

Absence of fire drill in high rise buildings

The DGFS, Orissa instructed (February 2002) the Fire Prevention Officer, Bhubaneswar to organise mock fire alarm drill in high rise buildings to ensure adoption of safety measures by the people during a fire accident. The Assistant Fire Officer, Bhubaneswar was also directed to spare the Hydraulic Platform-cum-Turn Table Aerial ladder (Bronto skylift) for the purpose. No fire drill in high rise buildings had been organised till March 2003.

3.3.6 Opening of new Fire Stations

Irregular opening of two fire stations; absence of fire station in district head quarters

As per the norms fixed (December 1998) by Government, new fire stations were to be opened where the incidence of outbreak was between 10 and 15 per year on an average and no fire station was available within 30 km. As approved by the Government, 39 new fire stations were opened (2001-02: 34 and 2002-03:5) by re-deployment of existing manpower and equipment. However, scrutiny of records of the DGFS revealed that in the following two places, new fire stations were opened during 2001-02 though neither of the above conditions fixed by Government were fulfilled.

Sl. No.	Name of the Fire Station	Date of opening	Fire incidence				Distance from Fire Station
			1997	1998	1999	Average	
1	Raghunathpur	15 December 2001	9	7	Nil	5	15
2.	Borigumma	15 October 2001	5	14	8	9	22

Though the EFC recommendation envisaged (August 2000) opening of Fire Stations at all district headquarters, there was no Fire Station at Nuapada as of March 2003.

The following table shows the services rendered to the community during 1998-2003 as ascertained from the Fire Officer, Orissa.

Year	Fire Incidence		Value of properties lost	Value of properties saved	No. of lives lost	No. of lives saved
	Reported	Attended				
			(Rupees in lakh)			
1998-99	8026	8026	1007.86	3382.54	20	430
1999-2000	8925	8925	2328.96	10588.96	35	953
2000-01	8379	8379	1720.98	8271.24	41	506
2001-02	9208	9208	2349.50	5815.08	36	844
2002-03	10134	10134	2289.73	8078.68	50	621

* The valuation of properties shown above is based on reports of victims as well as eye estimation

Incidents of fire and loss of human lives on the rise despite opening of 39 new fire stations

It can be seen from the above that the number of fire incidents had increased from year to year so also the incidence of loss of human life; opening of 39 new Fire Stations was clearly not enough to reverse or arrest this trend.

3.3.7 Non-provision of facilities

Non-provision of residential accommodation to staff

The Standing Fire Advisory Committee (SFAC) of the Ministry of Home Affairs, Government of India in its 23rd meeting suggested that considering the nature of duties to be performed by members of the fire services, it was essential to provide rent free accommodation to all members of the service at the Fire Station premises. But against sanctioned strength of 2068 posts of operational staff, only 269 quarters (13 *per cent*) were made available at 14 out of 153 Fire Stations. It was stated that Government quarters would be provided after construction.

The SFAC in its second meeting recommended that the fire stations should be equipped with 50-60 feet fire escape and hook ladders in places where buildings with more than two upper floors were in existence.

50-60 feet fire escape and hook ladder not supplied to Fire Stations

Though there were high rise buildings (14.5 mtrs. and above) at Bhubaneswar, Cuttack, Puri, Rourkela, Sambalpur and Berhampur etc., 50-60 feet fire escape and hook ladder had not been provided to any of the Fire Stations. The DGFS stated (April 2003) that these were not supplied owing to non-receipt of requisition from the FO.

14 new fire stations opened during 2001-02 not provided with telephones

For rendering quick and effective service, the provision of adequate communication system is essential for the Fire Brigade. Telephone had been the only mode of communication in the Fire Stations as street fire alarm system, radio telephone or wireless facilities were not in vogue in Orissa. However, 14[3] Fire Stations (all opened during 2001-02) out of 153 in the State were not provided with telephones as on 31 March 2003. This rendered the fire stations ineffective, as it would not be possible to reach the fire stations in times of need.

3 Adaspur, Astaranga, Bamur, Bhapur, Bari, Barkote, Ghatgaon, Joda, Kasinagar, Kankadahada, Kalimela, Khariar, Raikia and Rengali.

3.3.8 Purchase of fire fighting vehicles

Purchase of Bronto Skylift at a cost of Rs.2.72 crore was injudicious as it was never put to use and its utility was doubtful

For fire fighting and rescue operation in high rise buildings at Bhubaneswar, one Hydraulic Platform-cum-Turn Table Aerial Ladder (Bronto Skylift) of 42 meters working height was purchased (April 1999) at a cost of Rs.2.72 crore from a foreign firm out of GIC loan. The purchase had been approved by the State Government in May 1997. The Skylift went out of order in September 2001 and was repaired in January 2002. It again went out of order in February 2002 and was repaired in July 2002. The service engineer opined (July 2002) that biennial service of the ladder had not been carried out earlier. The Department did not supply 100 litres of hydraulic fluid (April 2003) though requisitioned for maintenance in February 2002. The ability of the vehicle to negotiate the narrow bylanes to reach the high rise residential buildings which have come up in the city was not assessed at the time of purchase. Further, the Assistant Fire Officer stated (April 2003) that the ladder might not be of use in such areas due to lack of adequate movement space and low overhead electric line.

In view of frequent breakdown, improper maintenance, low overhead electric lines and want of movement space around the high rise buildings, the utility of the skylift in times of need was doubtful and expenditure of Rs.2.72 crore out of the GIC loan appeared to be injudicious.

Rescue tenders purchased for disaster management could not be put to use for more than ten years after their procurement

Three Rescue Tenders were procured at a cost of Rs.24.34 lakh during the year 1986-1989 out of GIC loan to rescue the trapped/accident victims. One such tender was provided to the training institute at Bhubaneswar to impart training. The other two vehicles were provided to Bhubaneswar and Rourkela Fire Stations. Logbooks of these vehicles revealed that the vehicles were never put to use for the purpose for which these were intended as of May 2003. Further, the two vehicles consumed diesel worth Rs.2.36 lakh towards garage starting and road trial. The FO stated that no major occasion for rescue operation arose and the vehicles were kept ready for disaster management. But the vehicles could not even be used during the Super Cyclone of October 1999. The Assistant Fire Officer, Bhubaneswar stated (June 2003) that although the rescue tenders were not used during the Super Cyclone 1999, its equipment and appliances like wood cutters, iron cutters etc. were taken out and used for clearance of roads in the aftermath of the Super Cyclone. The reply showed that Fire Service was not able to use these tenders during the disaster even a decade after the procurement of the vehicles and after receiving training in their operation.

Each pumping unit of Fire Station requires one pumping unit vehicle i.e. either a Motor Fire Engine (MFE) or a Towing Tender (TT). Accordingly, 219 vehicles were required during the period from 1998-2001 in respect of 114 Fire Stations as detailed below:

Category of Fire Station	Number of stations in the State	Number of vehicles required
One Pumping Unit Fire Station	60	60
Two Pumping Unit Fire Stations	05	10

Category of Fire Station	Number of stations in the State	Number of vehicles required
Three Pumping Unit Fire Stations	47	141
Four Pumping Unit Fire Stations	02	08
Total	**114**	**219**

With the opening of 39 new Fire Stations in 2001-2003, the requirement of vehicles increased to 258. As against the above requirement, Orissa Fire Services had the following operational vehicles (MFE and TT) during 1998-2003 as detailed below:

Year	Number of operational vehicles available	Number of off-road / unserviceable vehicles auctioned	Total number of operational vehicles available (Col.2-3)	Number of vehicles actually required	Number of excess vehicles available (Col.4-5)	Number of operational vehicles purchased	Total number of excess vehicles available (Col.6+7)	Total number of vehicles available during the year (Col.5+8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(10)
1998-1999	309	-	309	219	90		90	309
1999-2000	309	-	309	219	90	21	111	330
2000-2001	330	33	297	219	78	12	90	309
2001-2002	309	-	309	253	56	31	87	340
2002-2003	340	28	312	258	54	27	81	339

91 fire fighting vehicles purchased in excess of requirement at a cost of Rs.7.74 crore

It could be seen from the above table that the department had fire fighting vehicles in excess of the requirement ranging from 54 to 90 vehicles during the above period. Despite excess availability, the Department procured 91 new vehicles during 1999-2003. The excess vehicles were purchased at a cost of Rs.7.74 crore out of vehicle replacement grant, TFC and EFC grants and GIC loan as detailed below:

(Rupees in lakh)

Source of funds	Number of vehicles purchased	Amount
Motor Vehicle replacement grant sanctioned out of normal budget procedure	12	58.38
TFC award	03	25.06
EFC award	35	315.22
GIC loan	41	375.81
Total	**91**	**774.47**

In 37 fire stations, only 67 drivers were provided against the availability of 111 vehicles

As per SFAC norms, 1.5 drivers plus 25 *per cent* leave reserve are required to operate each fire fighting vehicle. Hence, 636 drivers were required to operate 339 available vehicles against which only 290 (46 *per cent*) drivers were in position resulting in shortage of 346 drivers. It was noticed that in 37 Fire Stations, 67 drivers were deployed against 111 vehicles as detailed in Appendix-XXIV. The requirement of vehicles worked out by the FO did not warrant purchase of the vehicles. Thus, instead of creation of new posts of drivers, the department had gone for purchase of new vehicles in addition to the existing vehicles which were already in excess of requirement, only because funds were available. This led to idling of vehicles. As a matter of fact, in a fire accident in Balasore (April 2002) the fire fighting vehicles, though available, could not be engaged due to non-availability of drivers. During discussion, the Principal Secretary of the Department stated that efforts were on to utilise all the vehicles by rationalising the strength of staff and fire fighting vehicles attached to the Fire Stations and by redeployment of existing staff and recruitment of drivers to the extent necessary.

VHF walkie-talkies though procured were not installed in the fire stations as the required GP antennae were not procured along with them

To modernise and upgrade the communication system, initially eight sets of Very High Frequency (VHF) walkie-talkies with four sets of Ground Pole (GP) antennae were purchased during 1998-2000 at a cost of Rs.2.53 lakh against the TFC award of Rs.2.40 lakh for the purpose. DGFS directed (July 2000) installation of the sets in eight Fire Stations; the FO, however, issued one each to four Fire Stations (Cuttack, Cuttack-II, Bhubaneswar and Puri) due to shortage of required GP antennae. However, the VHF sets installed at Cuttack, Cuttack-II and Bhubaneswar went out of order due to technical problems. The Fire Officer, Orissa stated that the upgradation and purchase of VHF sets for all the Fire Stations required large funds and separate wireless channel. But no initiative was taken to have a separate wireless channel and to get the VHF at Cuttack, Cuttack-II and Bhubaneswar repaired.

The department had an urgent need for better Communication System. But the request made (November 2001) to the DGFS by the FO for purchase of VHF communication equipment at a cost of Rs.23.60 lakh for 35 Fire Stations and headquarters was not accepted by the Government. It appears from the records produced in audit that constraint of funds was the reason for not considering the requirement. The consequence was that the communication system had not been upgraded in the State.

Fire stations were not equipped with the much needed upgraded communication system although crores of rupees were spent on purchase of vehicles in excess of requirement

The VHF communication equipment would have been more useful than purchasing vehicles in excess of requirement and equipment which could not be used, for some reason or other as stated in the preceding paragraphs. In fact with only a fraction of the expenditure incurred on unnecessary purchase of vehicles, all Fire Stations of the State could perhaps be equipped with the upgraded communication facilities. Thus, the Fire Service failed to prioritise the necessities vis-à-vis availability of funds. In reply, it was stated that more vehicles were purchased to attend to VIP duty, fair, festival, law and order situation etc. The reply was not tenable since vehicles alone without drivers could not serve any purpose. Moreover, no norms showing the requirement of vehicles for VIP, festival and fair duties etc. were shown to audit to justify the purchase of such a large number of extra vehicles.

3.3.9 Training and awareness programme

All the technical staff should be trained in fire fighting in the Orissa Fire Service Training Institute (OFSTI) at Bhubaneswar. The Institute is headed by a Fire Officer (Principal) and imparts training to Fireman, Driver Havildar, Leading Fireman, Assistant Sub-Officer and Station Officer etc. with intake capacity of 120 trainees. There is also provision for refresher course for in-service personnel.

The following training courses were undertaken by the Institute during 1998-2003.

Year	Intake capacity of Institute	Number of trainees participated	Rank	Duration (Months)	Trainee months available	Trainee months utilised	Percentage of utilisation	Expenditure (Rupees in lakh)
1998-1999	120	125 123	Fireman Station Officer	9 6	1440	1197	83	16.21
1999-2000	120	Nil	Nil	Nil	1440	Nil	Nil	19.37
2000-2001	120	17 13	Station Officer Fire man	9 9	1440	270	19	19.08
2001-2002	120	32 14	Leading Fireman Driver Havildar	6 6	1440	276	19	19.64
2002-2003	120	01 06	Driver Havildar Station Officer	6 6	1440	42	3	19.84

Underutilisation of capacity of OFSTI in imparting training to fire service personnel due to nomination of fewer number of trainees

While the capacity utilisation of the Institute was 83 *per cent* in 1998-99 and nil in 1999-2000, it ranged between 3 and 19 *per cent* during the other years. The shortfall was attributed to fewer number of trainees nominated by the FO/DGFS. Thus, the expenditure incurred on the establishment of the institute was largely unfruitful. Besides, the refresher course training for in-service personnel was not taken up by the Institute since 1996-1997 due to shortage of trainees.

There was no provision to impart training to groups which have heavy fire risk such as residents of congested localities/multistoried buildings/offices/ commercial areas etc. The Institute did not take up programmes of popularisation of fire resistant building materials.

3.3.10 Non-realisation of dues from OPGC

Claim of Rs.1.02 crore towards establishment of fire station not preferred against OPGC

Government of Orissa, Home Department agreed (1991) to open one-unit Fire Station within the campus of Ib Thermal Power Station of Orissa Power Generation Corporation (OPGC). Although no formal agreement was executed, OPGC agreed (November 1991) to provide funds for the purpose. However, it was noticed that after opening (November 1992) of the fire station that the claim amounting to Rs.1.02 crore in respect of salary and allowances calculated by the Deputy Fire Officer, Sambalpur up to March 2002 was not preferred against OPGC towards the cost of establishment.

Avoidable expenditure of Rs.40.98 lakh towards house rent of hired buildings due to delay in construction of buildings

3.3.11 Avoidable expenditure towards house rent

Non-completion of the buildings planned for construction under TFC award and GIC loan within the stipulated period of one year due to non-release of funds by Government and delay in acquisition of land and execution resulted in avoidable expenditure of Rs.40.98 lakh towards house rent of private buildings as detailed in Appendix-XXV. The FO accepted the facts.

3.3.12 Conclusions

No rules have been framed for ensuring adherence to fire safety norms by builders and occupiers of high rise buildings and fire prone premises or for imposition of penalty on defaulters of fire safety norms. Despite opening of new fire stations, the incidence of fire and loss of human life was on the rise in the State. There was inadequate inspection of premises including LPG bottling plants and explosive manufacturing units. Fire stations were not equipped with the much needed upgraded communication system although crores of rupees were spent on purchase of vehicles in excess of requirement, as also specialised vehicles which could not be used.

Recommendations

The department should frame the necessary rules under the Act to enable Orissa Fire Service to deal effectively with errant builders.

Provision of modern upgraded communication system for the fire stations should receive the highest priority for the department.

There should be mandatory pre-scrutiny of plans of high rise buildings before sanction thereof.

Statutory inspection of establishments with high fire risks should be ensured.

WATER RESOURCES DEPARTMENT

3.4 Accelerated Irrigation Benefit Programme

Highlights

The Accelerated Irrigation Benefit Programme (AIBP) launched in 1996-97 at a cost of Rs.1018.25 crore included 33 Major, Medium and Minor Irrigation Projects with the aim for creation of additional irrigation potential of 1.83 lakh ha. Despite adequate fundings, all the projects except one minor irrigation project with irrigation potential of 2000 hectares were incomplete. The cost of the projects (Rs.1018.25 crore) was revised to Rs.1462.66 crore resulting in cost overrun by Rs.444.41 crore. Against the target for creation of irrigation potential of 1.83 lakh ha. under AIBP, potential of only 0.48 lakh ha. (26 *per cent*) was created as of March 2003. Subarnarekha Irrigation (Inter State) Project was abandoned due to non-commencement of any work by the neighbouring State. The Rengali Irrigation Project remained incomplete due to lack of forest clearance for the Right Bank Canal (RBC), non-acquisition of land, default in execution by contractors and lack of co-ordination with Railways. These projects did not create any additional irrigation capacity rendering the expenditure of Rs.478.03 crore wasteful.

- **Short release of funds of Rs.129.67 crore by Finance Department, non-availability of detailed accounts for Rs.78.74 crore and non-recovery of advance payment of Rs.1.95 crore by Divisional Officers were indicative of poor financial management and ineffective control over expenditure.**

(Paragraph 3.4.6)

- **Expenditure of Rs.181.02 crore was incurred on ineligible projects. In violation to the prescribed norms, establishment expenditure of Rs.124.24 crore was met out of AIBP funds and Rs.3.94 crore were diverted for activities beyond the scope of AIBP.**

(Paragraphs 3.4.2 and 3.4.6)

- **Rs.2.28 crore were spent on construction of unwarranted costly roads on the canal embankment of Potteru Irrigation Project. The contractors were benefited to the tune of Rs.1.62 crore.**

(Paragraph 3.4.6)

- **Excess payment, undue benefits to contractors and extra expenditure aggregated to Rs.14.90 crore in execution of canal works of Upper Indravati Irrigation Project.**

(Paragraphs 3.4.5 and 3.4.9)

- **Non-acceptance of lowest valid tender and extension of undue benefits to contractors led to wasteful expenditure of Rs.6.93 crore in the gate works of Naraj Barrage Irrigation Project.**

(Paragraph 3.4.8)

- **In execution of the canal works of Upper Kolab Irrigation Project, extension of undue benefits and incurring of extra expenditure led to wasteful expenditure of Rs.3.30 crore.**

(Paragraphs 3.4.5 and 3.4.9)

- **Non-adherence to the design specification led to extra expenditure of Rs.65.37 lakh in two Minor Irrigation Projects.**

(Paragraph 3.4.9)

3.4.1 Background

AIBP was launched during 1996-97 with the main objective of accelerating the completion of six ongoing Irrigation projects on which substantial investment had already been made and completion of which was beyond the resource capability of the State Government. The programme was later modified to include an additional four Major Projects as well as one Medium Project which were in initial stages of construction and 22 Minor Surface Irrigation Schemes (new and ongoing) in KBK districts of Orissa.

3.4.2 Scope of the Programme

The following Projects were taken up under AIBP in Orissa:

(Rupees in crore)

Sl. No.	Name of the Project	Estimated cost		Expenditure up to 31 March 1996	Outlay under AIBP	Expenditure during 1996-2003
		Original	Revised			
1.	Right Bank Canal of Rengali Irrigation Project (April 1979)	233.64	2438.61	242.73	451.07	290.38
2.	Anandapur Barrage 8th Plan	7.17	36.07	20.07	25.07	15.35
3.	Subarnarekha Irrigation Project (1982) 6th Plan	95.02	2303.72	248.49	285	187.65
4.	Right Main Canal of Upper Indravati Irrigation Project (July 1979)	208.14	480.96	467.96	198.84	215.24
5.	Canal system of Upper Kolab Irrigation Project (April 1967) 5th Plan	24.05	285.00	375.31	65	93.03
6.	Titilagarh (May 1991)	21.13	44.19	1.71	26.70	19.56
7.	Lower Indra Irrigation Project (9th Plan)	211.70	211.70	--	120	97.45
8.	Lower Suktel Irrigation Project (9th Plan)	217.30	217.13	0.48	115	26.53
9.	Upper Jonk Irrigation Project (August 1977) (Extension)	18.00	18.00	58.92	18	11.52
10.	Potteru Irrigation Project (4th Plan) (February 1972)	14.81	191.21	107.45	31.12	20.20
11.	Naraj Barrage I (8th Plan)	125.75	203.77	2.50	39.91	21.49
12.	22 Minor Irrigation Projects	72.27	--	--	86.97	41.85

As per the guidelines (October 1996), only a project costing more than Rs.1000 crore (reduced to Rs.500 crore from March 1997) with the targeted potential of 1 lakh ha. where substantial progress had been created was to be included under the programme. The Central Loan Assistance (CLA) was to be available in the form of reimbursement after the expenditure was actually incurred on the approved projects. Although five Major Irrigation Projects viz. Anandpur Barrage, Lower Indra, Lower Suktel, Potteru Irrigation and Naraj Barrage did not fulfil the above criteria, these projects were approved by GOI for financial assistance under the programme. As against the actual expenditure of Rs.181.02 crore on these projects as of March 2003, CLA of Rs.186.11 crore was released resulting in excess reimbursement of Rs.5.09 crore over the actual expenditure.

3.4.3 Implementation arrangements

AIBP Projects were executed and overseen by the normal working arrangements of Water Resources Department. Monitoring and Evaluation of the various Irrigation Programmes including AIBP were done by the Engineer-in-Chief (EIC) (Irrigation) assisted by a monitoring cell.

3.4.4 Scope of Audit

Appraisal of the performance/impact of the programme in delivering the desired irrigation benefit as well as adequacy of the mechanism adopted for project selection and project management ensuring accrual of maximum benefit within a specified time frame was made in Audit between January and May 2003 through test check of records of the Water Resources Department, 2 Engineers-in-Chief, 3 Chief Engineers and 17 Executive Engineers for the period 1996-2003 covering 8 Major, 1 Medium and 22 Minor Irrigation Projects.

3.4.5 Addition to Irrigation Potential

Shortfall in achievement of targeted irrigation potential ranged between 64 and 100 *per cent* led to loss of revenue of Rs.3.37 crore annually

Project-wise additional irrigation potential targeted under the programme and achievement thereagainst during 1996-2003 were as mentioned below.

Sl. No.	Name of the Project	Additional Irrigation Potential (in Hectares)		Shortfall (in Hectares)	Percentage of shortfall
		Target	Created		
1.	Right Bank Canal (79 km) of Rengali Irrigation Project	20600	1450	19150	93
2.	Anandapur Barrage	5870	5500	370	06
3.	Subarnarekha Irrigation Project	36900	1000	35900	97
4.	Upper Indravati Irrigation Project (Right Main Canal)	27192	26350	842	03
5.	Upper Kolab Irrigation Project (Canal system)	10750	10000	750	06
6.	Titilagarh (Stage II) Irrigation Project	2000	Nil	2000	100
7.	Lower Indra Irrigation Project	29900	Nil	29900	100

Sl. No.	Name of the Project	Additional Irrigation Potential (in Hectares)		Shortfall (in Hectares)	Percentage of shortfall
		Target	Created		
8.	Lower Suktel Irrigation	31830	Nil	31830	100
9.	Potteru Irrigation Project	4034	332	3702	91
10	Naraj Barrage Project	(Stabilisation of 1.67 lakh ha. not achieved)			
11	Upper Jonk Medium Irrigation Project	1950	700	1250	64
12	22 Minor Irrigation Projects	11893	2253	9640	81
	Total	**182919**	**47585**	**135334**	**74**

Projects remained incomplete due to delay in land acquisition, forest clearance, default in execution of works by contractors

The shortfall in achievement of the irrigation potential in nine of the twelve projects above ranged between 64 and 100 *per cent*. The non-achievement of targeted irrigation potential (1.35 lakh ha.) despite investment of Rs.1040.25 crore, resulted in loss of revenue (water rate) of Rs.3.37 crore annually at the rate of Rs.250 per ha. apart from depriving farmers of much needed irrigation.

The status of the projects under the programme as of March 2003 was as follows:

(Rupees in crore)

Sl. No.	Name of the project	Original approved cost	Revised cost	Expenditure (March 2003)	Percentage of progress (March 2003)	Schedule date of completion	Reasons for delay
1	Right Bank Canal of Rengali Irrigation project (RBC 79 kms)	208.16	451.07	290.38	64	March 1999	Lack of forest clearance, delay in land acquisition, default in execution of canal works by contractors and lack of co-ordination with Railways
2.	Anandapur Barrage (Canalisation Scheme and Extension)	7.17	25.07	15.35	61	March 1999	The project was rescheduled for completion by March 2005
3.	Subarnarekha Irrigation Project (Main and Branch Canal)	192	285	187.65	66	March 1999	Project remained incomplete due to non-commencement of the works by Government of Jharkhand on joint component of the project
4.	Right main Canal of Upper Indravati Irrigation Project (UIIP)	152.74	198.85	215.24	100 (expenditure exceeded the estimate)	March 1999	Delay in receipt of forest clearance
5.	Upper Kolab Irrigation Project (Canal system)	40	65	93.03	100 (expenditure exceeded the estimate)	March 2000	Delay in land acquisition

Sl No.	Name of the project	Original approved cost	Revised cost	Expend-iture (March 2003)	Percentage of progress (March 2003)	Schedule date of completion	Reasons for delay
6.	Titilagarh Irrigation Project Stage-II	26.70	26.70	19.56	73	March 2001	Problem in rehabilitation and resettlement of displaced persons
7.	Lower Indra Irrigation Project	120	120	97.45	81	March 2002	Land acquisition problem, transfer of non-forest land to Forest Department for taking up compensatory afforestation work and problem in rehabilitation and resettlement of displaced persons
8.	Lower Suktel Irrigation Project	115.00	115.00	26.53	23	March 2002	Land acquisition problem, transfer of non-forest land to Forest Department for taking up compensatory afforestation work and problem in rehabilitation and resettlement of displaced persons
9.	Upper jonk (Extension) Irrigation Project	18	18	11.52	64	March 2002	Land Acquisition problem
				Fast Track Projects[1]			
10.	Potteru Irrigation (KBK)	26.30	31.12	20.20	65	March 2003	Interruption of works by anti - social elements and non-availability of stones in the area
11.	Naraj Barrage Project (Gate works)	39.91	39.91	21.49	54	March 2003	Delay in finalisation of tender
12.	22 Minor Irrigation Projects	72.27	86.94	41.85	48	March 2001 March 2003	One MIP completed. Other projects rescheduled for completion by June 2004/ June 2006

The above position indicated that all projects except one Minor Irrigation Project with irrigation potential of two thousand hectares remained incomplete at varying stages of completion ranging between 23 and 81 *per cent* despite investment of Rs.1040.25 crore up to March 2003. The cost of the Projects (Rs.1018.25 crore) was revised to Rs.1462.66 crore resulting in cost overrun by Rs.444.41 crore. The non-completion was mainly due to lack of forest clearance, non-acquisition of land, problems in rehabilitation and resettlement

[1] For completion in one year with 100 *per cent* Central funding.

of displaced persons, delay in finalisation of tender and lack of co-ordination with neighbouring States as discussed below: -

Non-acquisition of land and non-clearance of forest land resulted in non-completion of project rendering the expenditure of Rs.290.38 crore unfruitful

RBC of RIP from RD 00 to 95 Km was approved by the Central Water Commission (CWC) at a cost of Rs.738.27 crore in 1997 with the target to command an ayacut of 1.02 lakh ha. gravity irrigation and 0.20 lakh ha by lift. GOI approved CLA of Rs.208.16 crore for implementation of phase-I of the RBC from RD 00 to 79 Km under AIBP in February 1997 to irrigate a CCA of 0.21 lakh ha. This work was included under AIBP for early completion of the incomplete project to achieve maximum potential within less time. The cost was revised (1998) to Rs.451.07 crore but the same was not sanctioned as of March 2003. While 80 *per cent* of the works of Main Canal was completed between RD 00 and 59 Km except three railway crossings at RD 23, 28 and 34 Km, only 30 *per cent* of the works had been executed between RD 59 and 79 Km as of March 2003 due to lack of forest clearance and non-acquisition of land.

Excavation of canal stopped due to non-clearance of forest land

No additional irrigation potential was created rendering the expenditure of Rs.290.38 crore incurred on the project unfruitful. The department had not specified the revised date for completion of the project and so the completion of the project was uncertain (March 2003).

Lack of co-ordination with neighbouring State led to abandonment of the Project resulting in unfruitful expenditure of Rs.187.65 crore

Subarnarekha Irrigation Project, an Inter-State Project, involving Orissa, Jharkhand and West Bengal aimed at utilising Orissa's share of Subarnarekha water allotted under tripartite agreement in 1978 to irrigate 1.10 lakh ha through 46.50 Km of Subarnarekha Main Canal within Orissa at an estimated cost of Rs.223.36 crore during 8th five year plan. A part of the project was taken up at a cost of Rs.192 crore under AIBP to create irrigation potential of 0.37 lakh ha in 1996. Total expenditure of Rs.187.65 crore had been incurred as of March 2003 including Rs.12 crore paid to Jharkhand towards Orissa's share of joint component works. The creation of irrigation potential by the project was, however, linked with the completion of joint component of works in Jharkhand. Since the Government of Jharkhand did not commence any work on the joint component, the project was abandoned during 2002-03 resulting in unfruitful expenditure of Rs.187.65 crore.

Loss of Rs.26.34 lakh on mobilisation advance due to delay in land acquisition

Excavation of minors and sub-minors in 12 reaches of RMC of UIIP were taken up between February 1997 and August 1998 through 12 contractors at a cost of Rs.26.77 crore. Advances of Rs.1.34 crore were paid to the contractors towards plant and machinery during 1997 carrying 18 *per cent* simple interest for recovery on or before payment of 80 *per cent* of the agreement value.

Unrecovered advances were not to bear any interest beyond the stipulated period of execution, if the delay was not attributable to the contractor. None of the 12 works was completed within the stipulated period due to non-acquisition of land and extension of time ranging between 24 and 30 months was granted in favour of the contractors. Of the advance, Rs.46.70 lakh with interest was recovered within the stipulated period and Rs.84.95 lakh during the extended period of execution, leaving Rs.2.11 lakh still to be recovered (March 2003). Interest of Rs.26.34 lakh accrued as of March 2003 on the principal during the extended period was not realised on the ground that the delay was not attributable to contractors. Thus, commencement of the work without acquisition of land led to loss of Rs.26.34 lakh towards interest on mobilisation advance.

Non-Construction of Distributaries

Wasteful expenditure of Rs.9.66 crore due to extension of undue benefit, unauthorised payment and extra expenditure

Construction of distributary, minors, sub-minors and service roads including structures taking off from RD 53.70 to 63 Km of RMC of UIIP was awarded (January 1997) to a contractor at a cost of Rs.7.88 crore (43.61 *per cent* excess) for completion by January 1999. The work could not be completed during the stipulated time due to massive variations in quantities of different items, for which the contractor was granted extension of time up to January 2001. The contractor however, abandoned the work (January 2001) after executing works worth Rs.15.65 crore (109.96 *per cent* excess). Without sanction of deviation by Government, the contractor was paid Rs.15.47 crore. As stipulated in the code, the massive deviations were neither carefully investigated nor the instruction of CE to stop execution beyond the agreement quantities was carried out. Consequent upon abandonment of the work by the contractor, the balance works were awarded in February 2002 to another contractor on retender at a cost of Rs.2.26 crore (13.54 *per cent* excess) for completion by August 2002. The rates as per this tender were more economical even in February 2002 compared to the rates approved in original tender five years ago. Computed with the rates received for the balance works, the unauthorised excess execution beyond the agreement quantities led to extra expenditure of Rs.2.07 crore. The contractor executing the balance works failed to complete the works within the stipulated period. Though the delay in execution was attributed to the contractor, compensation of Rs.22.55 lakh leviable under the terms of the contract was not recovered (March 2003).

Extra expenditure of Rs.1.48 crore due to payment of escalation during extended period

According to codal provisions, no work was to be executed before acquisition of land. However, the works of excavation of RBC of RIP from RD 17.40 to 21.79 Km and RD 60.58 to 63.15 Km were entrusted (March 1997/October 1998) to two contractors before acquisition of land. Thereafter, the completion period was extended upto September 2002/March 2002. Government also allowed payment of escalation charges to the contractors during the extended periods. The award of the works to the contractors without acquisition of land, thus, not only delayed completion by three years but also resulted in extra expenditure/liability of Rs.1.48 crore towards escalation as of March 2003.

Undue benefit of Rs.1.03 crore due to unauthorised payment of escalation during extended period

Excavation and construction of Kotpad distributary from RD 11.67 to 23.13 Km alongwith its structures and lining of Upper Kolab Irrigation Project (UKIP) was awarded (February 1998) to a contractor at a cost of Rs.6.85 crore for completion by August 1999. The contractor could not complete the work within the given time on the grounds of delay in acquisition of land, rainy season, delay in execution of lining works and absence of approach road to the site. The Chief Engineer and Basin Manager (CE&BM) granted extension of time up to February 2001. Since the required land was acquired during the currency of the original contract and the original completion period had been fixed taking into account the rainy season and also the execution of lining work and construction of service roads being the contractor's responsibility, the extension of time with benefit of price escalation was not admissible. Instead of recovering compensation of Rs.68.51 lakh from the contractor for the delay in execution as per terms of contract, payment of escalation of Rs.34.36 lakh was made to the contractor for the extended period of execution (up to December 2001) without sanction of extension of time. This led to extension of undue benefit of Rs.1.03 crore to the contractor.

Extra expenditure of Rs.34.57 lakh due to poor planning in execution

The Kotpad distributary from RD 00 to 11.67 Km of UKIP was completed in March 1996 with bed width of 11.81 metres and discharge capacity of 8.495 cusec at a cost of Rs.1.24 crore. Thereafter, the second reach of the canal from RD 11.67 to 23.13 Km was approved in November 1997 for construction with reduced bed width and discharge capacity to 9.06 metres and 6.70 cusecs of water respectively due to its location on the flood zone of river Indravati. Concrete lining to the first reach (RD 00 to 11.67 Km) and canal excavation with lining of the second reach (RD 11.67 to 23.13 Km) were awarded (January/February 1998) to two contractors at a cost of Rs.66.21 lakh/Rs.6.85 crore for completion by March 1999/August 1999. The contractors had executed work worth Rs.7.82 crore (March 2003). As a result of the reduced bed width and discharge capacity of the second reach of the canal, the work in first reach already excavated with higher scope without proper assessment of the hydrological condition of the second reach had to be rebuilt by filling in earth of 1.27 lakh cum. The poor planning in execution of the canal led to extra expenditure of Rs.34.57 lakh.

3.4.6 Financial management and control

Funds for Rs.84.19 crore remained unutilised and unauthorised expenditure of Rs.44.42 crore on two projects

Despite adequate funding, the projects remained incomplete due to serious failure in management of funds involving irregular advance payments, diversion of funds and unauthorised expenditure as discussed below:

The financial status of the programme during 1996-2003 as mentioned in Appendix-XXVI indicated that Rs.1124.44 crore was released against the provision of Rs.1254.11 crore resulting in short release of Rs.129.67 crore. Unutilised balances at the end of each year were on the increase from Rs.4.30 crore in 1996-97 to Rs.84.19 crore in 2002-03 indicating serious failure in management of funds. Utilisation Certificate (UC) for Rs.87.86 crore was pending for submission to GOI. In the absence of UC, the utilisation of CLA for the specific purpose could not be ascertained. As against the approved cost of Rs.263.85 crore, the expenditure on UIIP and UKIP was Rs.308.27 crore resulting in unauthorised expenditure of Rs.44.42 crore (March 2003).

Irregular advance payments and non-recovery of Rs.78.74 crore from LAOs

Payment of interest free works advance to OCC led to loss of Rs.4.63 crore

Advance payments of Rs.78.07 crore were made to Land Acquisition Officers (LAO) between March 1997 and February 2003 by five Drawing and Disbursing Officers (DDOs) for payment of land compensation in respect of Lower Indra, Jonk, Anandapur Barrage, Lower Suktel and eight Minor Irrigation Projects. The DDOs unauthorisedly debited the advances as final expenditure. The LAOs did not render the accounts with paid vouchers. No action was taken as of March 2003 for recovery of the advances. Against the estimated cost of Rs.1.42 crore for compensation for land acquisition of four Minor Irrigation Projects, the EE MI Division, Kalahandi made advance payment of Rs.2.36 crore resulting in excess advance payment of Rs.94 lakh to LAO. Only Rs.27.15 lakh was returned leaving Rs.66.85 lakh unrecovered as of March 2003. Similarly, out of works advance of Rs.2.84 crore paid to three contractors during 1996-2003 and finally debited by the EEs to works, Rs.1.95 crore was still outstanding for recovery with interest of Rs.40 lakh as of March 2003. Though the CLA provided under the programme carried interest between 11.5 and 13 *per cent* per annum, interest free works advances of Rs.22.35 crore were paid between February 1998 and March 2003 to OCC in respect of works pertaining to Naraj Barrage, Lower Indra and UIIP, leading to undue benefit of Rs.4.63[2] crore.

As per the guidelines of the programme, debit of establishment expenditure was not permissible till February 2002. In disregard to this, Government of Orissa (GOO) debited establishment expenditure of Rs.118.60 crore in respect of eight Major Irrigation Projects during 1996-2002.

Unauthorised expenditure of Rs.124.24 crore on establishment in violation to the prescribed norms

Further, though GOI approved 15 *per cent* establishment cost from the State's share in the projects, where 100 *per cent* financing was not made from GOI, Rs.5.64 crore over and above the normal entitlement of 15 *per cent* was also debited to four projects. The total unauthorised expenditure on establishment charged to these projects was as much as Rs.124.24 crore. This included diversion of CLA of Rs.4.95 crore during 2000-03 received for Lower Indra and Potteru Irrigation Projects.

Funds of Rs.3.94 crore were diverted for activities other than the programme

Funds of Rs.3.94 crore in eight projects were diverted between 1997-2003 in disregard of the guidelines and spent on activities not related to the programme. This had not only adversely affected the completion of the projects but had also resulted in irregular expenditure by the DDOs.

Adoption of higher rate of overhead charges in the schedule of rate led to extra payment of Rs.2.53 crore

Mention was made in para 4.2.6.5 of the Audit Report (Civil) for the year ended 31 March 2001 regarding adoption of higher overhead charges in SR of Water Resources Department. Further checks disclosed that the estimates in respect of 10 works technically sanctioned for Rs.7.74 crore by the CEs during 2002-03 still adopted 15 *per cent* overhead charges against two *per cent* admissible. The excess allowance of 13 *per cent* facilitated syphoning of Rs.1.01 crore in favour of the contractors. Similarly, the estimate for gate works of Naraj Barrage allotted to OCC, included overhead charges of 20 *per cent* against 12.5 *per cent* admissible under the SR of Works Department in addition to 15 *per cent* agency charges over and above the offered rate leading to extra financial benefit of Rs.1.52 crore.

2 At the rate of 18 *per cent* per annum.

Construction of roads on canal embankment with unwarranted higher specification resulted in wasteful expenditure/ liability of Rs.1.45 crore

As per the suggestion of CWC (January 1998), construction of Water Bound Macadam (WBM) roads on service banks of Gompakunda Main Canal (GMC), Tamsa Main Canal and Tatiguda distributary of Potteru Irrigation Project (PIP) was technically sanctioned (October/December 2001) by the Chief Construction Engineer (CCE), at a cost of Rs.6.94 crore. The works were awarded in February/March 2002 to 22 contractors at a cost of Rs.8.75 crore for completion by August 2002. As of February 2003, works worth Rs.4.22 crore (48 *per cent*) only had been completed.

Neither any extension of time was granted nor was the compensation of Rs.87.52 lakh for delay in completion recovered. The works provided for execution of one layer of Grade-I metalling of 115 mm thickness and another layer of Grade-III metalling with 100 mm thickness consolidated with 20 *per cent* moorum equivalent to the specifications for heavy traffic roads. However, construction of roads on these canal banks was to facilitate inspection of the canals and required construction with two layers of 75 mm thick metalling each. The work, with approval of CCE, was executed with higher specification involving utilisation of 0.79 lakh cum of metal worth Rs.4.91 crore against the necessity of 0.55 lakh cum worth Rs.3.46 crore computed with the recommended specification. Thus, the execution of the canal bank service road with unwarranted higher specification in deviation to the Civil Engineering Specification led to extra expenditure of Rs.1.45 crore.

Extra expenditure of Rs.63.52 lakh due to adoption of higher rates towards the cost of stones

The above road works provided for execution of grade-I and grade-III metalling involving a quantity of 0.37 lakh cum and 0.42 lakh cum respectively. The sanctioned estimates provided for execution of the works with hand broken granite stone metals instead of crusher broken hard granite stones. However, the rates (Rs.280 and Rs.350 per cum) applicable for crusher broken hard granite metals as provided in the SR under the nomenclature "IRC grade-I /grade-III" were adopted in the estimates. Computed with the rates provided in the SR (Rs.225 per cum for grade-I and Rs.265 per cum for grade-III) for hand broken metal of the specified sizes, adoption of the higher rates towards the basic cost of the stones in the estimates/agreements, despite use of hand broken stones of lower specification in the work led to extra expenditure of Rs.63.52 lakh. No quality control testing had been done to ensure execution of work using specified quality/quantity of materials.

Undue benefit of Rs.37.96 lakh due to wrong fixation of basic rate of metal

The sanctioned estimates and notice inviting tenders (NIT) for construction of the roads on service banks of GMC from RD 00 to 20 Km of PIP stipulated that metals of both grade-I and III available in the departmental dumping yard were to be obtained and utilised in the roads. The works were awarded (February/March 2002) to two contractors at a cost of Rs.94.25 lakh for completion by August 2002. Since the departmental stones were already blasted and broken/stacked, the contractors were not required to incur any expenditure on its basic cost except transporting to the work site. However, the basic costs of Rs.280 per cum of Grade-I and Rs.350 per cum of Grade-III were adopted in the estimates and no provision was made in the agreements for recovery of the basic cost, which led to undue benefit of Rs.37.96 lakh.

Extra expenditure of Rs.19.26 lakh due to extra provision for pothole fillings

As per the technical specification followed under UKIP, the existing potholes and undulations were to be filled with grade-III metal at 10 *per cent* of the quantity involved under the top layer of grade-III metalling. However, the above road in addition to original construction provided for potholes, depressions and wheel track fillings with grade-I metal for 4109 cum (at 53 *per cent*) before laying the top layer with grade-III metal. The total quantity of grade-III metal involved in the top layer was 7770 cum. The quantity for filling the undulations was neither worked out on the basis of level sections nor was supported by field evidence. Computed at 10 *per cent*, the extra provision for depression/pothole fillings, allowed on ad hoc basis, was 3332 cum involving extra expenditure of Rs.19.26 lakh (3332 cum X Rs.578/cum).

Excess payment of Rs.36.39 lakh to contractor due to less deduction of voids

As per the specification of the above road, each layer of metalling contained 20 *per cent* moorum as filler material. Instead of recovering 20 *per cent* towards voids from the metal quantity, only 12.5 *per cent* was deducted which resulted in excess payment of Rs.36.39 lakh to contractor.

3.4.7 Wasteful expenditure due to unsatisfactory rehabilitation measures for the Project affected persons

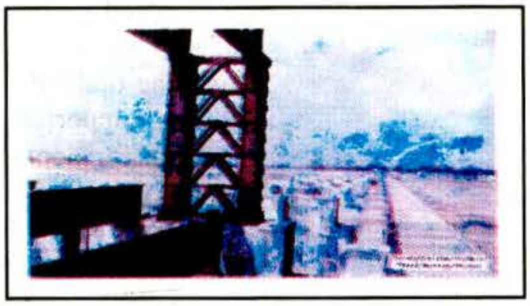
Expenditure of Rs.26.53 crore was rendered wasteful due to abandonment of works

Lower Suktel Irrigation Project envisaged construction of a reservoir scheme across the river Suktel in Bolangir district to provide irrigation to an ayacut of 0.32 lakh ha in Bolangir and Sonepur districts. First phase of the project was started during 1999 under AIBP at an estimated cost of Rs.115 crore to provide irrigation to 0.13 lakh ha and was scheduled for completion by end of 1999. Rupees 9.30 crore were paid to the Special LAO, Bolangir up to 2003 for acquisition of land. No LA case was however, initiated and the preliminary works like enumeration of displaced persons and property survey of the villages coming under the area of submergence were also not completed as of April 2003. The soil sample of the earth dam site could not also be tested due to agitation by the people of the affected villages, which led to non-finalisation of the design of the earth dam (March 2003). Government decided (February 2003) not to go for further infrastructure works of the project. Thus, the expenditure of Rs.26.53 crore incurred during 1999-2003 on survey and investigation, creation of infrastructure, pay and allowances of staff and advance to the Special LAO (March 2003) was rendered wasteful and the objective of creation of additional irrigation potential remained unachieved.

3.4.8 Contract Management

Extra liability of Rs.6.76 crore due to non-acceptance of valid lowest tender and delay in awarding of contract

In response to the notice inviting bids for design, manufacture, supply, erection and commissioning of Naraj Barrage gates at a cost of Rs.20.33 crore, four bids were received (August 1998) of which the lowest bid was Rs.20.09 crore. Government, however, decided in May 2001 to allot the work to OCC at their negotiated rate. OCC offered (June 2001) Rs.21.83 crore for the work which was 7.41 *per cent* excess over the estimated cost. The Law Department did not agree for award of the work to OCC at their offered rate with additional provision of reimbursement of sales tax. Water Resources Department, however, opined that the OCC would be able to complete the work within 18 calendar months i.e. by January 2003 and that, had the work been awarded to the lowest tenderer, the contractor would have been entitled for payment of Rs.21.84 crore with escalation. The above contention was factually not correct since against the completion period of 18 calendar months, the period finally allowed was 32 calendar months and the OCC had executed works for Rs.9.30 crore (43 *per cent*) as of March 2003.



Further, the contract executed (May 2001) with OCC provided for payment of escalation charges during the period of execution of the work. They were also entitled to reimbursement of 15 *per cent* overhead charges on the value of the work, besides reimbursement of sales tax. Computed with the above, the offer of OCC was Rs.27.65 crore against the lowest tender value of Rs.20.89 crore. The award of work to OCC ignoring the valid open tender not only led to extra liability of Rs.6.76 crore but also considerably delayed the award of the work.

Besides, Octroi charges though were not payable on the cost of materials, were already built into the item rates and resulted in undue benefit of Rs.17.20 lakh.

Extra liability of Rs.1.75 crore due to default in execution of work by contractors

Excavation of RBC of RIP from RD 17.40 to 21.79 Km, RD 39.71 to 53.80 Km and RD 58.63 to 63.15 Km was awarded (March 1997- October 1998) to six contractors at a cost of Rs.55.03 crore stipulating completion between March and October 1999. Despite extension of time up to March/September 2002 and issue of repeated notices, the contractors did not complete the works. Government, however, closed the contracts without penalty and awarded the balance works valuing Rs.14.44 crore to OCC at their negotiated offers for Rs.16.19 crore. Thus, entrustment of the works to OCC at higher rates led to extra liability of Rs.1.75 crore at tender stage.

Extra expenditure due to unwarranted substitution of agreement item

The work of extension of canal system of Rampas Distributary between river Baitarani and Salania Branch Canal of Anandpur Barrage Project was awarded by the EE, Baitarani Division, Salapada in May 2000 to a contractor at a cost of Rs.99.27 lakh for completion by March 2001. The contractor had quoted an abnormally low rate of Rs.50 per running metre for providing RCC hume pipes, which was 97 *per cent* below the estimated rate. Eventually, during execution, the EE with the approval of CE, substituted the abnormally low rated item of hume pipes by RCC work of higher extra item rate, which resulted in extra expenditure of Rs.20.73 lakh.

3.4.9 Other points of interest

Excess payment of Rs.1.84 crore to a contractor over his normal dues

Excavation of RBC of RIP from RD 17.40 to 21.79 Km was awarded (March 1997) to a contractor at a cost of Rs.23.14 crore for completion by September 1999. Due to change/revision of design, there was gross deviation in quantities which was approved (August 1999) by Government for Rs.9.11 crore. Government directed (October 2002) to close the contract and complete the balance work through OCC. This had not been implemented (March 2003). The contractor was paid Rs.29.22 crore in 52 running account bills against the actual value of work of Rs.27.38 crore executed as per the final measurement resulting in excess payment of Rs.1.84 crore. Against this, contractor's dues of Rs.4.88 lakh towards security deposit only were available with the division for possible adjustment. Interest bearing security of Rs.1.03 crore in shape of Bank Guarantee furnished by the contractor had since expired and was not got revalidated as of September 2003. Neither the amount paid in excess was recovered nor was any responsibility fixed on the errant officers (September 2003).

As per the conditions of contracts, the rates for extra items were to be paid at the prevailing SR. However, this contract provided that the rates for the extra items were to be based on mutually settled rates. The rate for the extra item 'providing and laying of RCC M-35' was accordingly fixed at Rs.3551.70 per cum on negotiation as against Rs.2595.60 per cum provided in the SR resulting in extra liability of Rs.10.64 lakh for 1112.43 cum of such works executed as of March 2003.

Extra expenditure of Rs.4.28 crore due to unwarranted shifting of alignment of the canal and substitution of specification

The contract "Construction of distributary, minors, sub-minors and service road including structures taking off from RD 53.70 to 63 Km of RMC of UIIP" provided for execution of 1.24 lakh cum of earthwork by mechanical means in filling reaches at the rate of Rs.74 per cum. The contractor was paid (March 2003) Rs.5.87 crore towards execution of 7.94 lakh cum of earthwork resulting in excess execution of 6.70 lakh cum involving payment of Rs.4.96 crore. Of this, 3.68 lakh cum was due to shifting of the alignment of the canal for safety of human life and property of a village located close to the canal, since the reach involved blasting for excavation of hard rock for 10434 cum at Rs.15.65 lakh. As per the contract, blasting operations were to be carried out by the contractor adhering to the Explosive Act and Regulations to ensure safety of human life and property. Instead of enforcing the above condition, the alignment was shifted without approval of the Government, which involved heavy filling in earthwork ranging from 5 to 12 metre for a length of 200 metre. This led to additional earthwork of 3.68 lakh cum at Rs.3.25 crore involving extra expenditure of Rs.3.09 crore (Rs.3.25 crore less Rs.0.16 crore).

Further, the agreements of the works from RD 53.70 to 63 km and RD 45 to 49 km provided that the structures were to be executed with Random Rubble (RR) Stone masonry (1:4). During execution, the RR stone masonry works were substituted with cement concrete (CC) M-10 on the ground of failure of the contractor to arrange specified stones. As the contractor quoted his rates for finished item, adherence to specifications was his responsibility. This unwarranted substitution involved extra expenditure of Rs.1.19 crore.

Excess payment of Rs.96.12 lakh to a contractor due to change in classification of strata

Balance works of RMC from RD 73 to 84 Km of UIIP awarded (January 1995) to a contractor at a cost of Rs.5.27 crore provided for 1.72 lakh cum of excavation of canal in all kinds of soil (AKS) at the rate of Rs.27 per cum and 0.06 lakh cum in Disintegrated (DI) rock at the rate of Rs.81 per cum. Against the above, the actual measurement for AKS was 0.27 lakh cum and for DI, 1.84 lakh cum. The increase in quantity of DI rock with decrease in AKS was reportedly due to meeting of DI strata at higher level. Since the quantities of different items of excavation were based on results of trial bores done prior to preparation of the estimate, the unauthorised change in classification of AKS to DI during execution by the EE led to excess payment of Rs.96.12 lakh.

Extra expenditure of Rs.60.50 lakh due to non-utilisation of excavated earth

The agreement for construction of Belgaon distributary of UKIP *inter alia*, provided for excavation of 0.44 lakh cum of AKS and filling of 1.02 lakh cum of earth in the embankment. The useful excavated earth was to be utilised in filling sections. The contractor excavated 0.55 lakh cum of earth both from foundation and cut off trenches and was paid Rs.15.76 lakh. The useful earth was not utilised in bank filling and the entire earth of 1.60 lakh cum was measured as obtained from burrow area at a cost of Rs.1.65 crore. Thus, non-utilisation of the available cutting earth of 0.55 lakh cum in the filling section led to undue benefit of Rs.60.50 lakh to the contractor.

Excess payment of Rs.49.09 lakh to a contractor on escalation

Although the contract for the Kotpad distributary of UKIP did not provide for any condition for payment of escalation on labour, the EE executed (October 2000) supplementary agreement for such payment, creating liability of Rs.25.33 lakh. Similarly, payment of price escalation on material component at 65 *per cent* as against the stipulated 20 *per cent* led to excess payment of Rs.23.76 lakh to the contractor. No approval of Government for such extra payments/liability of Rs.49.09 lakh was obtained (March 2003).

Extra expenditure of Rs.55.81 lakh on flood protection works

For protection of the earthen embankment of Kotpad Distributary from RD 11.67 to 23.13 km and Sankarda distributary from RD 7.80 to 15.76 Km of UKIP, which were running in the flood zone of river Indravati, agreements were drawn (February 1998) for providing Random Rubble (RR) stone masonry. Considering the changed hydrological condition of the area after construction of the Indravati Dam, CE&BM and EIC (P&D) suggested (August 1998) to dispense with the bank protection works in the submergence area. Despite this, the EEs executed the flood protection works involving extra expenditure/liability of Rs.55.81 lakh.

Inadmissible liability of Rs.42.02 lakh as escalation charges

Work of excavation of Minors and Sub-minors in six reaches of RMC of UIIP was awarded (February 1997) to six contractors at a cost of Rs.7.58 crore for completion by August 1998. All the works were completed by the contractors between February 2000 and July 2002 with grant of extension of time ranging between 18 and 48 months on the ground of non-acquisition of land. Out of the total escalation charges of Rs.42.02 lakh, Rs.41.97 lakh was already paid to five contractors upto March 2003. As the works were awarded without acquiring land, Government had to incur extra expenditure/liability of Rs.42.02 lakh towards escalation. In respect of two contracts drawn in February 1997 for RD 53.70 to 63.00 Km and RD 45.00 to 49.00 Km, though a specific condition was provided to the effect that no price escalation was payable till the land was made available, such condition was however, not provided in other contracts.

Avoidable extra expenditure of Rs.42.29 lakh due to execution of work in deviation to prescribed specifications

Construction of a diversion weir at 75 metres down stream of the existing dilapidated weir on Boden nullah Minor Irrigation Project (MIP) was entrusted (December 1999) to a contractor for Rs.5.42 crore by the EE MI Division, Khariar, for completion by December 2000. The contractor executed (October 2001) work for Rs.4.53 crore. Works valuing Rs.19.65 lakh comprising 140 metres of afflux bundh, head regulator, left upstream abutment and wing wall were washed away in June 2001 in the flood water. The EIC, WR and the Commissioner-cum-Secretary to the Government attributed (August/October 2001) this to non-fixation of shutter to the head regulator and non-removal of old diversion weir before commencement of the work. Instead of initiating departmental action for the lapses in execution, the CE sanctioned FDR estimate for Rs.41.55 lakh and the work was entrusted (December 2001) to the same agency under a supplementary agreement. The contractor executed work valuing Rs.42.29 lakh as of March 2003.

Out of executed earthwork of 0.31 lakh cum in the afflux bundh, compaction was done only for 0.02 lakh cum although the afflux bundh was laid perpendicular to the flow of water. Due to inadequate compaction, the same failed to withstand the water thrust during the floods and consequently breached. Further, the department had also not conducted permeability test of soil before execution of work to determine the foundation depth of the structure. These factors resulted in washout of the afflux bundh and the allied items. While accepting the factual position, the EE stated (December 2002) that the water harvesting structure was not transferred to the department. This was not tenable since the structure was transferred (December 1995) to the department before commencement of the project. Thus, execution of work without adhering to the prescribed specifications resulted in avoidable extra expenditure of Rs.42.29 lakh.

Wasteful and extra expenditure of Rs.23.08 lakh due to non-adherence to approved design

Construction of head works of Chahaka MIP was completed (April 2001) at a cost of Rs.1.45 crore. During execution, the spill channel was excavated for a width of 24 metres as against the designed width of 69 metres. During the rains of June 2001, a portion of the dam between RD 295 and 355 metre was washed away within two months of gap closing. SE attributed (June 2001) the collapse to the substantial reduction in width of spill channel. The repair and restoration of the breached portion was entrusted (January 2003) to a contractor at a cost of Rs.20.94 lakh. Further, widening of the surplus channel was executed through another contractor at a cost of Rs.10.56 lakh with involvement of extra expenditure of Rs.2.08 lakh. The works were not completed as of April 2003. Thus, the project scheduled for completion by April 2001 at a cost of Rs.2.73 crore remained incomplete (April 2003) even after incurring expenditure of Rs.4 crore. Besides, there involved wasteful expenditure of Rs.21 lakh and extra expenditure of Rs.2.08 lakh due to non-adherence to approved designs. On being pointed out, CE stated (February 2003) that charges had been framed against SE and submitted to the Government for approval. No action had, however, been taken (March 2003).

Extra expenditure of Rs.3.14 crore due to wrong measurement

Non-deduction of settlement allowance from earthwork, non-deduction of voids from excavated rocks and wrong recording of levels led to extra expenditure of Rs.3.14 crore as detailed in Appendix-XXVII.

Separate payment of Rs.46.49 lakh to contractors towards inadmissible items

Though the agreement rates for cement concrete and earth works included centering, shuttering, clearance of jungle and filling foundation, separate payments were made to the contractors on such accounts resulting in inadmissible payment of Rs.46.49 lakh as detailed in Appendix-XXVIII.

Unauthorised payment of Rs.3.17 crore to contractors at post tender stage

Without sanction of deviation by competent authority, Rs.3.17 crore were paid to contractors at the post tender stage which resulted in unauthorised payment. The details are given in Appendix –XXIX.

During approval to the estimate for embankment formation of Kotpad distributary from RD 00 to 11.67 Km under UKIP, the CE & BM inflated the quantity by 10 *per cent* towards filling of undulations. Such requirement was not supported by any field evidence and data. The inflated quantity was allowed by the EE to the contractor. Since the estimated quantity was arrived at on level section of the site, the unwarranted addition of quantity for filling of undulations led to excess payment of Rs.16 lakh.

Avoidable liability of Rs.26.25 lakh due to unauthorised drawal of supplementary agreement

Agreements for construction of Dhamnahandi and Belgaon distributaries of UKIP awarded (March/April 1998) to two contractors at a cost of Rs.1.68 crore did not provide for payment of price escalation on labour. Despite this, the EE executed supplementary agreements without approval of the Government for such payment. Out of the escalation bills for Rs.26.25 lakh, the FA & CAO paid Rs.3.59 lakh but returned the bills for obtaining approval of the Government. The Government, however, refused (June 2001) for such payment. In a counter reply to the case filed in the High Court for non-payment of escalation charges, the EE confirmed passing the bills for payment. Thus, unauthorised drawal of supplementary agreement by the EE for inadmissible payment of escalation on labour led to avoidable liability of Rs.26.25 lakh.

3.4.10 Conclusions

AIBP could not succeed in accelerating completion of the ongoing irrigation Projects and creation of targeted irrigation potential despite investment of Rs.1040.25 crore. This was mainly due to improper planning, inadequate monitoring and supervision coupled with mismanagement of funds. The Department also failed to utilise the irrigation potential created.

3.4.11 Recommendations

- The Government should ensure availability of required land and forest clearance for timely completion of the projects.
- Accountability in the resource management process needs to be strengthened to check expenditure in violation of the norms of the programme and misutilisation/diversion of funds.
- Monitoring and supervision of works need to be improved to check inefficiencies/irregularities in execution leading to extension of undue benefits to the agencies.

The matter was referred to Government in June 2003; no reply has been received (December 2003).

WOMEN AND CHILD DEVELOPMENT DEPARTMENT

3.5 Welfare of the Handicapped

Highlights

Implementation of various schemes on "Welfare of the Handicapped" under the provisions of the Persons with Disabilities (PWD) Act, 1995 remained ineffective mainly due to non-functioning of State Co-ordination Committee and State Executive Committee, non-framing of rules under the PWD Act, poor attendance of the trainees in the in-service training programme etc.

- **The State Co-ordination Committee (SCC) entrusted with the review and co-ordination of the activities of all Government departments relating to welfare of persons with disabilities under the PWD Act, 1995 was constituted in 1997. The Committee never met and remained non-functional till date. The State Executive Committee responsible for carrying out the decisions of SCC could not discharge its responsibilities due to non-functioning of SCC.**

(Paragraph 3.5.4)

- **The State Government failed to frame the rules for the effective implementation of the provisions of the PWD Act, 1995 as of May 2003 despite receipt of draft model rules for the purpose in July 1996 from Government of India.**

(Paragraph 3.5.6)

- **There was 88 *per cent* shortfall in the training of medical officers of PHCs on disability management due to poor attendance of the trainees.**

(Paragraph 3.5.7)

- **The implementation of Integrated Education for the Disabled Children Scheme suffered for want of timely release of funds from GOI due to delay in submission of utilisation certificates and budget proposals.**

(Paragraph 3.5.8)

- **The school for blind run by the State Government (SME Department) was without the services of any headmaster and 3 teachers, out of the sanctioned strength of 14 teachers. In the school for the deaf, also run by the SME Department, there was no group hearing aid and there were only 40 individual hearing aids for 130 students.**

(Paragraph 3.5.9)

- **Due to non-identification of jobs and posts by the Government, persons with disabilities were deprived of the employment opportunity as envisaged in the PWD Act, 1995.**

(Paragraph 3.5.11)

- **Budget provision of Rs.23.27 lakh was allowed to lapse which was enough to provide aids and appliances to 1919 PWDs as programmed.**

(Paragraph 3.5.12)

❖ **Funds of Rs.1.45 crore meant for advancing loans to 243 disabled beneficiaries were irregularly invested by Mahila Vikas Samabaya Nigam in banks.**

(Paragraph 3.5.17)

3.5.1 Introduction

As a group, the disabled need special facilities to enable them to utilise usual services and facilities available to the general public. The disabled have been subjected to neglect, deprivation and at times pity as well. To address the above issues, the "Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995" (PWD Act) enacted by the Parliament came into force in 1996. The categories of disabilities given statutory safeguard are (i) Blindness, (ii) Low vision, (iii) Locomotor Disability, (iv) Leprosy cured, (v) Hearing impairment, (vi) Mental retardation and (vii) Mental illness.

The State Government had been implementing certain welfare activities/schemes for persons with disabilities even before the PWD Act came into force in 1996. These included payment of disability pension, maintenance of special schools, payment of scholarship and stipend to disabled students.

The PWD Act, 1995 provided a focus and a direction for the formulation of schemes by the States in discharging their responsibilities under the Act.

Information regarding the number of disabled in the State indicating category-wise, district-wise, male/female and rural/urban distribution was not available with the Government. A survey conducted by the State Handicapped Welfare Council for its estimation of disabilities in the State during 1993-95, identified 1.58 lakh persons as disabled. Of the above, orthopaedically handicapped formed 40 *per cent*, visually impaired 30 *per cent*, hearing impaired 23 *per cent* and mentally handicapped and others 7 *per cent*.

3.5.2 Organisational set up

The Women and Child Development Department (WCD) was the nodal department in the State responsible for co-ordination among different departments of Government for implementation of the provisions of the PWD Act. The School and Mass Education Department (SME) was to monitor the training and educational programme of the disabled children.

3.5.3 Audit coverage

Implementation of the provisions of the PWD Act was test checked between December 2002 and February 2003 from the records of the Women and Child Development Department, three[1] Training Centres for teachers of visually impaired, hearing impaired and mentally retarded, two[2] Directorates,

[1] Training Centre for the Teachers of Visually Handicapped (TCTVH), Training Centre for the Teachers of Deaf (TCTD) and Training Centre for the Teachers of Mentally Handicapped (TCTMH).

[2] Director of Employment and Director for Teachers Education and State Council of Educational Research and Training.

three[3] Departmental Offices, one Special Employment Exchange for P.H. persons and three[4] associations receiving funds from State Government for maintenance of vocational training centres. The irregularities noticed during the course of review are discussed in the succeeding paragraphs.

3.5.4 Non-functioning of State Co-ordination Committee

The State Co-ordination Committee and the State Executive Committee remained non-functional

PWD Act, 1995 envisaged constitution of the State Co-ordination Committee (SCC) to *inter alia* review and co-ordinate the activities of all the Departments of Government and other Governmental and Non-Governmental Organisations implementing various programmes under the Act.

Scrutiny of records in the WCD Department revealed that the SCC was constituted in November 1997 under the Act with the Hon'ble Chief Minister as ex-officio Chairperson. No meetings of the SCC were however convened since its inception and none of the functions assigned to it under the provisions of the Act was carried out.

Similarly, the State Executive Committee (SEC) constituted in November 1997 for carrying out the decisions of the State Co-ordination Committee met only thrice (January 2001, April 2001 and August 2001). The shortfall was attributable to non-functioning of the SCC from its date of creation.

3.5.5 Commissioner for PWDs

The Act provided for appointment of a person having special knowledge and practical experience in rehabilitation activities as Commissioner for the PWDs. The Commissioner was to co-ordinate with the departments of the State Governments for the programmes and schemes for the benefit of the PWDs, monitor the utilisation of funds received, take steps to safeguard the rights, facilities made available to them and look into complaints of aggrieved PWDs. It was however, noticed that the Commissioner, WCD Department was appointed (February 1999) Commissioner for PWDs in addition to his/her own duties. Information on complaints received from PWDs in respect of deprivation of their rights, monitoring and utilisation of funds by Non-Government Organisations (NGOs) were not available with the Commissioner. Thus, the office of the Commissioner for PWD was non-functional.

3.5.6 Framing of Rules

Rules for the implementation of the PWD Act not framed despite receipt of draft model rules from GOI

Section 73(1) of the PWD Act, 1995 provided that the appropriate Government may by notification make rules for carrying out the provisions of the Act. Although the copy of the draft model Rules sent by the Ministry of Welfare, Government of India was received by the WCD in July 1996, the State Government did not frame rules for carrying out the provisions of the

[3] Mahila Vikash Samabaya Nigama, District Rehabilitation Center, Bhubaneswar and District Social Welfare Officer, Cuttack.

[4] Orissa Association for Blind, Orissa Association of Deaf and All Orissa Orthopaedically Handicapped Welfare Association, Bhubaneswar.

PWD Act, 1995 so far (May 2003) but was implementing the programmes under Government of India PWD Rules, 1996.

3.5.7 Training programmes

88 *per cent* shortfall in training of PHC Medical Officers on Disability Management

Rehabilitation Council of India (RCI) through three implementing agencies; the National Institute of Rehabilitation, Training and Research and two NGOs viz., Jewels International and Shanta Memorial Rehabilitation Centre implemented the training programme. Against the target of 2636 Medical Officers (MOs) of the Primary Health Centres (PHCs) to be trained by March 2003 in 132 batches, only 321 MOs (12 *per cent*) were trained in 26 batches by three implementing agencies between October 1999 and February 2003. The shortfall (88 *per cent*) was due to inadequate sponsoring of MOs by the State Government and poor attendance of sponsored trainees. The purpose of the training programme for disability management and better care of disabled persons through PHCs could not thus be fulfilled.

3.5.8 Integrated Education for the Disabled Children

To provide educational opportunities for the disabled children in common schools to facilitate their retention in the school system, the "Integrated Education for the Disabled Children (IEDC)", a Centrally Sponsored Scheme was introduced (1992) with 100 *per cent* Central Assistance by the Ministry of Human Resources Development, Government of India (MHRD). According to the scheme, the education of the disabled children would continue upto the senior secondary school level including vocational courses equivalent to the senior secondary stage. The Central Assistance comprised salary of teachers and helpers and allowances for the disabled children for books, stationery, uniform and conveyance.

Delay in submission of UCs and Budget proposals by Government led to non-release and delayed release of funds by GOI

Test check of records of the Director of Teachers Education and State Council of Educational Research and Training (TESCERT) revealed that against the committed allocation of funds of Rs.3.46 crore by the Government of India (GOI), the MHRD released Rs.2.76 crore due to delay in submission of Utilisation Certificates and budget proposals to GOI. This had resulted in short release of Rs.70.44 lakh after adjustment of unspent balance of Rs.4.74 lakh of 1997-98 in 1998-99 and the State Government released Rs.2.72 crore to the Director of TESCERT during the period 1998-2003 as detailed in Appendix-XXX.

Out of Rs.2.76 crore received from MHRD, Rs.2.72 crore were released by the Finance Department to SME. Of this amount, Rs.10.48 lakh were parked in Civil Deposit (as of March 2003) by the Director, TESCERT as per orders of SME. Thus, short release and delayed release of funds and retention of funds in Civil Deposit during 2000-03 deprived the teachers of their salary and disabled children of the benefits like books, stationery, etc.

Non-establishment of Administrative Cell in TESCERT

For effective implementation of the programmes for the disabled children under the IEDC scheme, one Administrative Cell comprising one Deputy Director, Co-ordinator, Special Educator, Stenographer and lower division clerk was to be set up in the Directorate of TESCERT. The establishment expenditure of the cell was to be borne by the Government of India in full. However, it was noticed that the cell was not created by the SME as of April 2003 and the activities under the scheme were being looked after by a Deputy Director with the help of an assistant of the Directorate in addition to their normal duties. Thus, in the absence of the cell, implementation of the scheme suffered.

No concurrent evaluation of IEDC activities undertaken

As per para 23.1 of the IEDC guidelines, the State Government was to identify institutions/agencies to take up concurrent evaluation of the programme in selected areas/schools. The cost of such evaluation studies would be reimbursable to the State Government under the scheme. The MHRD may also undertake evaluation of implementation of the scheme through National Council of Educational Research and Training (or other institutions) at the end of the plan period. Though Rs.2.72 crore were released for implementation of the scheme, no evaluation was made by any agency/institution as of March 2003.

Inspection of the activities of the NGOs receiving assistance from GOI suffered due to non-establishment of Administrative Cell

Director, TESCERT recommended 33 voluntary organisations to the Ministry for sanction of financial assistance of Rs.5.16 crore for implementation of various schemes during the period from 1998-99 to 2002-03. Out of the above, 11 organisations received financial assistance of Rs.1.37 crore directly from MHRD and in respect of the rest, no information was available either with the department or with the Director, TESCERT. As per para 22 (ii) of the IEDC guidelines, an agency receiving assistance from GOI was to be inspected by the SME. However, due to non-formation of the Administrative Cell in the Directorate, the Deputy Director in charge of establishment, curriculum development, population education etc. in addition to his own duties looked after the inspection of the NGOs receiving funds from GOI. Thus, at the State level, the monitoring of the IEDC scheme was not given adequate importance.

Training of District Primary Education Programme (DPEP) Teachers

In order to improve the quality of education imparted to children with special needs in DPEP Primary Schools, MHRD approved RCI's proposal to impart foundation course of training for a duration of 45 days for IEDC teachers. The State Project Director of DPEP would make all funding.

Accordingly, the Orissa Primary Education Programme Authority (OPEPA) decided (January 2001) to train three teachers per block for a period of 45 days in batches of 25 at four[5] RCI recognised training institutions. Funds of Rs.1.99 lakh were released to each of the above four institutions in January 2001 to conduct the training. Against the target of 261 teachers to be trained in 87 Blocks (three teachers per block), in all 82 teachers were trained with these institutions in one batch.

Further, the Training Centre for Teachers of Deaf (TCTD) did not furnish details of expenditure of Rs.1.77 lakh to OPEPA even after lapse of two years.

[5] Training Centre for Teachers of the Deaf (TCTD), Training Centre for Teachers of the Visually Handicapped (TCTVH), Training Centre for Teachers of the Mentally Handicapped (TCTMH) and Open learning system.

Project Director, OPEPA attributed (March 2003 / October 2003) the shortfall to non-sponsoring of teachers due to long duration of training and consequential absence of teachers from school affecting the normal teaching.

3.5.9 Running of schools for disabled children

Three[6] schools for the blind, the deaf and the dumb were running under the control of SME Department. Check of records of two schools revealed (December 2003) the following:

In the School for the Blind, Bhubaneswar against sanctioned strength of 14 teaching staff, teaching was imparted through 10 teachers and the school was running without a Headmaster, a trained Science Graduate Teacher (from December 2001), a trained Arts Graduate Teacher (April 2000) and one Classical Teacher (August 2000).

In the school for the deaf at Bhubaneswar, it was observed that the "group hearing aids" required for development of speech by the deaf students at preparatory stage before their entry into class-I, were damaged in 1992. As a result, the students were deprived of the opportunity to hear and develop speech and vocabulary as well.

Out of 130 deaf students, individual hearing aids provided to only 40

Each and every hearing impaired child has a certain amount of residual hearing which they can use for their speech and language development for oral and written communication only with the help of individual hearing aids. It was, however, found that out of 130 deaf students, only 40 were provided with individual hearing aids by voluntary organisations as of September 2003.

3.5.10 Functioning of Training Institutes

Three[7] training institutions in Orissa were in operation with assistance from the State Government and National Institutes since 1987-88.

Despite availability of funds, acoustic booth required for testing the hearing impaired was not constructed

Check of records of TCTD revealed that the Government sanctioned (March 1988) Rs.1.04 lakh for sound proofing of the audiometric room. Although permission was accorded by the State Institute of Rural Development in May 2000 and the Director of the National Institute of Hearing Handicapped provided the design for the acoustic booth by November 2001, the work was not started even by March 2003. Besides, the centre, which assisted 2362 disabled persons during 1998-2003 for hearing aids (1846 persons) and therapeutic sessions (516 persons) was functioning without resource room, own play ground, disabled friendly toilets.

[6] Bhima Bhoi School for blind and Bipin Bihari Choudhury School for Deaf, Bhubaneswar and Government High School for Blind, Deaf and Dumb, Burla.

[7] (i) Training Centre for Teachers of the Visually Handicapped (TCTVH), (ii) Training Centre for the Teachers of the Deaf (TCTD) and (iii) Training Centre for the Teachers of Mentally Handicapped (TCTMH).

TCTVH failed to appoint permanent teaching faculty despite repeated insistence by RCI

Check of records of the TCTVH revealed that against two full time lecturers, the training was imparted through one lecturer from April 1998 to May 2000 on a consolidated salary and from June 2000 only guest lecturers were being used. Thus, the lack of full time qualified lecturer as pointed out by RCI in August 2002 could not be redressed by the institution (January 2003).

3.5.11 Reservation of posts for persons with disabilities

No posts for the persons with disabilities had been identified by Government for employment

Section 32 of the PWD Act provided for identification of posts in the establishments, suitable for disabled persons and Section 33 provided for reservation of vacancies not less than three *per cent* for persons suffering from blindness or low vision, hearing impairment and locomotor disability.

No specific points reserved for persons with disabilities in the 80 point roster annexed to the GA Department resolution of June 1996

Check of records revealed that the State Government had not identified the jobs for persons with disabilities. Though the General Administration Department of the State Government in a resolution (June 1996) made 3 *per cent* reservation for the PWDs in the matter of recruitment, but no specific point in the 80 point roster annexed to the resolution was earmarked for any of the categories of disabled persons. In the absence of specific points of reservation in the 80 point roster, the provisions of Section 33 of the Act could not be enforced.

Administrative Reports of the Special Employment Exchange (SEE), Bhubaneswar for the year 2002, revealed that 85 vacancies were outstanding on the live register of SEE at the end of 2002 due to non-receipt of results of selection from the employers. The vacancies related to 22 employers; Central Government: 39, Central Government (Quasi): 26, State Government: 12, State Government (Quasi): 4, Local Bodies: 2 and Private sector: 2. The fewer vacancies in the State Government including quasi Government was due to inaction on the part of the State Government to identify jobs for the Physically Handicapped (PH). Another reason for the overall poor number of notified and filled-in vacancies was that the State Government did not issue necessary notification under the PWD Act.

Employment Officer (EO), SEE stated (February 2003) that the vacancies were rolling down in her register for want of information from the employers about the final placement of the PH persons.

Provision of Special Employment Exchange

There was one SEE for persons with disabilities, which was set up in Bhubaneswar in 1976. Number of disabled persons registered with SEE, number of establishments reported vacancies, etc. during 1998-2003 were as given below:

Year	No of persons with disabilities registered with the SEE	No of establishment who have reported vacancies to SEE	No. of persons with disabilities who have been sponsored and provided with employment	No. of persons with disabilities who have been registered for more than two years with SEE	No. of persons with disabilities who have been paid unemployment allowance, if any, as per Rules
1998-1999	294	4	6	1446	Nil
1999-2000	302	3	4	1493	Nil
2000-2001	292	5	2	1423	Nil

Year	No of persons with disabilities registered with the SEE	No of establishment who have reported vacancies to SEE	No. of persons with disabilities who have been sponsored and provided with employment	No. of persons with disabilities who have been registered for more than two years with SEE	No. of persons with disabilities who have been paid unemployment allowance, if any, as per Rules
2001-2002	180	1	1	1438	Nil
2002-2003	190	3	9	1529	NIl

It would be seen from the above that out of 1529 PH persons registered up to March 2003, only 22 could get employment. Further, provision of unemployment allowance under Section 68 of the Act was not made to the PH persons registered with SEE for more than two years but not getting any gainful employment.

Section 34 of the PWD Act enabled the State Government to issue a notification requiring every employer to furnish information on vacancies for the PWDs that had occurred or were about to occur in that establishment. The information was to be furnished to the SEE. It was seen that during the period under review, a total number of 16 employers notified the vacancies to the SEE.

Employment Officer, SEE stated (February 2003) that in the absence of Government notification under Section 34 of the PWD Act, it was not possible to persue the employers for submission of prescribed returns.

As per PWD Act and Rules, an employer shall maintain the record of employees with disabilities and any person authorised by the SEE in writing, shall have access to any relevant record or document in the possession of any establishment. The EO, SEE stated that the aforementioned provision could not be acted upon until the State Government issued necessary notification. However, as per the instruction of the Director of Employment (December 1992) the EO, SEE verified the establishment records of 86 employers during 1998-2003 under the provisions of the Orissa Reservation of Vacancies Act, 1975 to look into the placement of PH persons. The findings of the EO *inter alia* included observation that the major employers recruited candidates other than PH persons against the vacancies earmarked for PH persons.

3.5.12 Aids and appliances to persons with disabilities

As per Section 42 of the PWD Act, the appropriate Government shall, by notification make schemes to provide aids and appliances to persons with disabilities.

Rs.23.27 lakh was allowed to lapse denying aids and appliances to 1919 disabled persons

On the basis of information received from the districts, 2680 and 3033 disabled persons were to be provided with different special appliances during 1998-99 and 1999-2000 respectively. As against the above requirement, the WCD allocated Rs.23.51 lakh (Plan and Non-plan) in each of the years 1998-99 and 1999-2000 for procurement of the same. However, the department could procure appliances worth Rs.23.75 lakh during the period which covered only 2505 disabled persons. The remaining provision of Rs.23.27 lakh was allowed to lapse (1998-99: Rs.12.51 lakh and 1999-2000: Rs.10.76 lakh) and would have been adequate to provide appliances to 1919[ж] more disabled persons.

In pursuance of WCD instructions (September 2002), the District Social Welfare Officer (DSWO), Cuttack intimated the department about non-distribution of aids and appliances worth Rs.0.98 lakh which were damaged due to long storage. DSWO requested the department for repair of those defective appliances available at district level. These equipment procured in February 1999 were lying in the district store as of May 2003. Information on damaged appliances lying with other districts was not available with WCD (October 2003).

3.5.13 Barrier free environment for Disabled Persons

The State Access Committee was constituted (March 2001) for ensuring barrier free environment for the disabled as envisaged in the PWD Act. After visiting 52 Government offices, the committee observed (August 2001) absence of such facilities i.e. toilets for wheelchair users, parking space signs and indicators, slopes etc. in these premises.

Ministry of Social Justice and Empowerment (MSJE) provided (March 2001) Rs.2.50 lakh to the District Rehabilitation Centre, Bhubaneswar (DRC) under National Programme for Rehabilitation of Persons with Disabilities (NPRPD) for creating barrier free environment in the DRC. The offices of specialists such as physiotherapists, audiologist, occupation therapist were located in the first floor of the centre. However, no action had been taken by the State Government to make the first floor accessible for the PWDs by providing ramps, slopes etc.

3.5.14 Recognition of institutions for persons with disabilities

PWD Act envisaged that all the Welfare Institutions working for the disabled were to be registered with the Director of Social Welfare. There were 35 such institutions in the State none of which was registered. The Department stated (May 2003) that the process would start after formulation of the Rules under the PWD Act.

3.5.15 Regional Rehabilitation Centre

To provide basic facilities to persons with spinal injury and orthopaedic disability, the Regional Rehabilitation Centre for persons with spinal injuries and other orthopaedic disabilities was set up in February 2001 at Cuttack. The centre commenced functioning in a temporary accommodation provided by the State Government in the campus of SCB Medical College Hospital. As per the guidelines issued by the MSJE, the GOI would provide financial support for civil construction, equipment and furniture as well as for meeting the

[ж] Wheel chair-175, Small crutches-30, Medium crutches- 72, Large crutches-124, Braille cane-464, Hearing aids-857 and Tri-cycles-197.

resource gap for the first five years. The Indian Spinal Injury Centre, New Delhi would provide the technical support including training of personnel.

Blockage of Rs.70 lakh due to non-completion of the building for spinal injury and orthopaedic disability centre

Against the requirement of funds of Rs.3.51 crore during the IX Five Year Plan period (1997-98 to 2001-02), the MSJE released Rs.2.23 crore by March 2003 and the Indian Spinal Injury Centre supplied equipment and furniture valued at Rs.11.56 lakh. Check of records revealed that the State Government allotted approximately 1.5 acres of land in the campus of SCB Medical College Hospital in May 2002 for construction of the building against requirement of five acres. Though an advance of Rs.70 lakh (50 *per cent* of the estimated cost of the building) was deposited (March 2002) with the CPWD authorities, the work had not started as of May 2003 due to non-finalisation of tender and architectural drawings.

The centre was providing services to 30 in-patients at two different locations in the temporary accommodation due to delay in construction of its own building. The Vocational Training Centre for the rehabilitation of persons with spinal injuries had not started (March 2003) as required under the scheme. Similarly, the diagnostic facilities of in-patients were being provided only through the medical college hospital.

3.5.16 District Disability Rehabilitation Centre Programme

As per decision taken by MSJE (February 2000), the District Disability Rehabilitation Centre Programme (DDRC) was launched (February/March 2001) in Kalahandi, Mayurbhanj and Sambalpur districts. The DDRCs were to provide the services of identification of disabled, fitment repair and follow-up of assistive devices, support for vocational training and employment of PWDs etc. The DRC, Bhubaneswar was the implementing agency for the purpose.

Check of records of DRC revealed that Rs.14.14 lakh per annum (Manpower: Rs.9.52 lakh, Equipment: Rs.3.62 lakh and Travel: Rs.1.00 lakh) *per centre* was required for running a DDRC. However, DRC, Bhubaneswar received Rs.15 lakh from MSJE during 2000-02 for opening of the three DDRCs. Out of the above receipt, the DRC incurred expenditure of Rs.9.98 lakh towards procurement of equipment and contingencies up to March 2003. The DRC, Bhubaneswar provided skeleton professional service due to non-posting of required professional staff in the centres. The Centres were not made operational fully even after two years of launching of the programme.

3.5.17 Disbursement of loans to PWDs through Mahila Vikas Samabay Nigam

To promote self-employment and other ventures for the benefit/economic rehabilitation of persons with disabilities, the National Handicapped Finance and Development Corporation (NHFDC), sanctioned Rs.7.71 crore as term loan for 1591 applicants. The loan was given to the Mahila Vikas Samabay Nigam (MVSN), Bhubaneswar being the appropriate channelising agency for the purpose. The loan carried interest from three to seven *per cent* with a moratorium of three months for repayment of loan but there shall be no moratorium on payment of interest.

The loan released during 1998-2003 and utilisation as of September 2003 were as below:

Amount released by NHFDC (No. of beneficiaries)	Disbursed (No. of beneficiaries)	Amount kept in bank (No. of beneficiaries)	Amount refunded (No. of beneficiaries)
(Rupees	in	crore)	
7.64 (1586)	5.45 (1186)	1.45 (243)	0.74 (157)

Loan funds of Rs.1.45 crore meant for disabled beneficiaries were irregularly invested by MVSN in Commercial Banks

It was seen that of the amount disbursed, Rs.1.16 crore were disbursed to 237 beneficiaries after three to six months of receipt of funds, which resulted in an additional financial liability of Rs.1.45 lakh representing interest payable by MVSN as of March 2003.

Further, MVSN earned interest of Rs.6.03 lakh by investing the undisbursed loan of Rs.1.45 crore of 243 beneficiaries in Commercial Banks, while Rs.3.56 lakh was payable to NHFDC by September 2003 on account of interest on un-disbursed loan. This resulted in undue financial benefit of Rs.2.47 lakh to MVSN.

3.5.18 National Programme for Rehabilitation of Persons with Disabilities (NPRPD)

The NPRPD Scheme was initiated as a Central Plan Scheme with the objectives of (i) creating service delivery system at State/District/Block/Gram Panchayat levels and (ii) providing services to persons with disabilities and creating awareness for prevention of disabilities.

The Ministry of Social Justice and Empowerment sanctioned Rs.3.79 crore in favour of WCD during the period from 1999-2003 for implementation of the NPRPD Scheme. Out of this amount, Rs.1.28 crore was released in favour of the DRC for procurement of equipment (May 2001: Rs.25 lakh) and conducting training programme for community based and multipurpose rehabilitation workers (March 2003: Rs.1.03 crore). Besides, Rs.1.16 lakh was released (December 2002) in favour of Regional Rehabilitation Training Centre (RRTC), Cuttack for conducting training of Master Trainers programme. The remaining Rs.2.50 crore was lying unutilised with the State Exchequer as on 31 March 2003. Further, check of records of the DRC revealed that out of Rs.1.28 crore received from WCD, only Rs.15.50 lakh were utilised towards procurement of equipment and other expenses and the balance of Rs.1.13 crore along with interest of Rs.2.15 lakh remained unutilised (March 2003) with DRC, Bhubaneswar.

Though 17 master trainers drawn from Training Centre for Teachers of the Visually Handicapped, Training Centre for Teachers of the Deaf, National Institute of Rehabilitation, Training and Research (NIRTAR) and other RCI recognised institutions were trained in January 2003, their services could not be utilised as the training of Community Based Rehabilitation Workers and Multipurpose Rehabilitation Workers had not started (March 2003). Thus, despite availability of funds, the scheme meant for providing services to PWDs and creating awareness of prevention of disabilities had not started (March 2003).

3.5.19 Conclusions

The implementation of various schemes for the welfare of the handicapped could not make much progress because the two apex committees responsible for co-ordinating the activities of all the Government and Non-Government organisations did not provide necessary leadership and guidance. The non-appointment of a full time Commissioner and non-framing of rules also contributed to the tardy progress. Non-identification of posts and absence of reservation of specific points in the recruitment roster of the State Government deprived the PWDs of the employment opportunities. There was poor attendance of trainees in the in-service training programmes.

Recommendations

- The State Co-ordination Committee and State Executive Committee should be regularly convened to review and co-ordinate the activities of all the departments of the Government and Non-Government Organisations.
- Rules for carrying out the provisions of the Act should be framed.
- The Government run schools for handicapped children should be provided with essential staff and equipment.
- Specific jobs in different establishments should be identified and specific points in the 80 point roster should be earmarked for better employment opportunity for PWDs in the State Government.
- For effective supervision of activities of different organisations, a full time Commissioner needs to be appointed by the Government.

The matter was referred demi-officially to the Commissioner-cum-Secretary to the Government, Women and Child Development Department in June 2003 followed by a reminder in August 2003. No reply had been received (December 2003).

WORKS DEPARTMENT

3.6 Execution of works by Orissa Bridge and Construction Corporation (OBCC)

3.6.1 Introduction

Orissa Bridge and Construction Corporation (OBCC) was established in 1983 as a State owned company with a share capital of Rs.five crore to undertake Government construction of all types of bridges, buildings and other structures with quality construction keeping in view its own financial interest as well as that of Government. In addition to the price preference up to three *per cent* over the lowest rate in the case of participation in open tenders floated by the State Government and other agencies, the Corporation had the benefit of allotted works by the Works department. The working of the Corporation in regard to efficiency, economy and effectiveness on execution of works for the period from April 1998 to March 2003 was reviewed during March to April 2003. The following points were noticed.

3.6.2 Poor operational performance

As against 82 works taken up, the Corporation could complete only 18 works as of 2002-03. Further, works advances of Rs.155.65 crore remained outstanding since 1983-84 and onwards till March 2003

As on 31 March 1998, 29 works valuing Rs.55.92 crore were directly 'allotted' by Government during the period December 1987 and March 1998. Thereafter, 53 more works valuing Rs.130.11 crore (including five works for Rs.8.01 crore obtained on open tender) were awarded to the Corporation during 1998-2003. Of these, 18 works valued at Rs.18.38 crore were completed as of March 2003. While 8 out of 16 works allotted during 1998-99 could be completed, the position of completed works has remained static since 1999-2000 as indicated below:

Year	No. of allotted/tendered works	Value of works (Rupees in crore)	No. of works completed	Value (Rupees in crore)
Work in hand as on 31 March 1998	29	55.92	9	13.81
1998-1999	16	14.16	8	3.85
1999-2000	7	12.15	1	0.72
2000-2001	11	44.16	Nil	Nil
2001-2002	11	22.69	Nil	Nil
2002-2003	8	36.95	Nil	Nil
Total	**82**	**186.03**	**18**	**18.38**

It was noticed in audit that the poor operational performance was due to lack of monitoring by the Chief Executive (MD) of the Corporation. Seven MDs were appointed in the preceding five years - two having tenure of 17 months and remaining five MDs with average tenure of five months. The poor operational performance is also evident from the fact that as of March 2003 works advances amounting to Rs.155.65 crore paid by Government remained outstanding since 1983-84 despite the fact that such advances were to be adjusted in the same financial year as per the accounting procedure prescribed by Government.

Unauthorised advance of Rs.8.89 crore to sub-contractors also remained un-recovered

The Corporation paid advance of Rs.9.18 crore to contractors in respect of 63 works sub-contracted during the period from 1987-88 to 2002-03 of which Rs.8.89 crore remained unrecovered from 72 private contractors.

3.6.3 Works remained incomplete even after lapse of 4 to 15 years

Due to inaction, 13 works remained incomplete even after lapse of 4 to 15 years

Thirteen Works (Bridges-8, Roads-3, Buildings-2) valuing Rs.37.58 crore were allotted to the Corporation between December 1987 and May 1997 for completion by December 1989 and December 1999. Despite outstanding advance of Rs.155.65 crore, the Corporation could execute works worth Rs.28.69 crore as of March 2003. The reasons for non-completion were due to inadequate budget provision, non-acquisition of land and delay in finalisation of General Arrangement Drawing (GAD) as shown below:

(Rupees in crore)

Sl. No.	Name of the work	Project cost	Date of commencement/ stipulated date of completion	Value of work executed as of March 2003	Remarks
1	2	3	4	5	6
1.	Suktel bridge	1.64	December 1987 November 1989	1.12	Inadequate budget provision and non-receipt of revised Administrative Approval.
2.	Gopabandhu Administrative Academy building	0.66	November 1991 August 1993	0.42	Diversion of funds by OBCC for other purpose.
3.	HL bridge over Baghua, Hatitota	2.88	March 1992 March 1999	2.39	Work of Approach Roads to bridge was not commenced.
4.	HL bridge over Brahmani Choudakulat	7.64	December 1998 January 1999	7.50	Land acquisition problem, delay in approval of design and plugging of wells. The cost of the project was revised to Rs.14.35 crore in July 2001.
5.	Montei bridge	0.84	May 1995 March 2000	0.58	Delay in finalisation of GAD, inadequate budget provision, delay in approval of revised Administrative Approval.
6.	HL bridge over Tankapani	7.13	January 1996 December 1999	6.10	Inadequate budget provision.
7.	Right approach to Brahmani	0.60	January 1996 May 2000	0.27	Non-provision in budget and non-payment of dues.
8.	Joda Bamberi expressway Reach-II	1.78	April 1997 March 1998	1.15	Diversion of funds by the Corporation for other purpose.
9.	Sanskruti Bhawan	0.67	May 1997 February 1998	0.43	Inadequate budget provision.
10.	Joda Bamberi expressway Reach-I	1.88	January 1997 May 1999	1.76	Diversion of funds by OBCC for other purpose.
11.	HL bridge over Budhabalanga at Ballighat	2.28	February 1993 June 1996	1.20	After executing work valuing Rs.0.62 crore, OBCC abandoned the work in June 1996. The cost of work was revised to Rs.3.13 crore and re-allotted to OBCC in July 1999 with stipulation to complete the work by December 2000.

Sl. No.	Name of the work	Project cost	Date of commencement/ stipulated date of completion	Value of work executed as of March 2003	Remarks
1	2	3	4	5	6
12.	HL bridge over Brahmani at 6th km of GC road	9.03	December 1994 March 2002	5.66	After executing work valuing Rs.3.78 crore, the Corporation abandoned the work in May 1999. The work was re-allotted in June 2002 at a cost of Rs.11.68 crore which was further revised to Rs.14.35 crore for completion by May 2004.
13.	Construction of Hume pipe vented causeway over river Danta at 5th km on NH 6 at Panichhatra to Bargarh main canal	0.55	January 2000 January 2001	0.11	After executing work worth Rs.0.11 crore, the Corporation applied for EOT up to March 2003 on the ground of non-availability of sheet piles, labour and rainy season which was not sanctioned as of March 2003 and the left over work was not taken up as of March 2003.
		Total		28.69	

Thus, the expenditure of Rs.28.69 crore incurred on these works was rendered unfruitful.

3.6.4 Abandoned works

Abandonment of works led to extra expenditure of Rs.4.67 crore

Seven works (bridges-5, road-1 and building-1) valuing Rs.13.64 crore were allotted to the Corporation between November 1990 and March 2000 for completion between October 1993 and March 2002. After executing work worth Rs.2.36 crore, the Corporation abandoned the works on the ground of inadequate fund provision and non-revision of rates as detailed below:

Sl. No.	Name of the work/ Project cost/ date of commencement/ completion	Value of work executed/ Date of abandonment (Rupees in crore)	Remarks
1	2	3	4
1.	HL bridge over Baghua at Badaramachandrapur near Polsara/ Rs.1.34 crore/ November 1990/October 1993	0.54	Government rescinded the contract (June 2000). Balance work was entrusted (June 2001) to other agency at Rs.1.26 crore, whereby extra expenditure of Rs.0.46 crore was incurred. The cost of 17.09 tonnes of unutilised steel worth Rs.13 lakh at penal rate was not recovered as of November 2003.
2.	HL bridge over river Luna at Dasamouza / Rs.2.15 crore / June 1992/June 1996	0.40 January 1996	The Corporation abandoned the work on the ground of inadequate flow of funds. The contract was rescinded (February 2001) without penalty. Balance work was awarded to other agency at a cost of Rs.3.20 crore involving extra expenditure of Rs.1.45 crore. The other agency did not commence the work as of November 2003.
3.	Improvement to Nayagarh Dasapalla Road/ Rs.0.65 crore / January 1999/August 1999	0.56 March 2000	The Corporation abandoned the work on the ground of inadequate provision of funds. Balance work was not taken up as of November 2003.

Sl. No.	Name of the work/ Project cost/ date of commencement/ completion	Value of work executed/ Date of abandonment (Rupees in crore)	Remarks
1	2	3	4
4.	Construction of Multistoried building for office of the SP vigilance at Bhubaneswar/ Rs.1.67 crore/ April 1999/May 2001	0.44 September 2002	Government off-loaded (September 2000) the balance work of Rs.1.81 crore for execution departmentally. The balance work was not taken up as of November 2003.
5.	HL bridge over river Baitarani at Kayangola/ Rs.5 crore/ November 1996/ November 1999	0.10 June 2000	The contract was rescinded in June 2000 without penalty and balance work awarded (September 2002) at Rs.7.50 crore to another agency leading to extra liability of Rs.2.60 crore. The work was in progress (November 2003).
6.	Construction of Administrative Building of Western Orissa Development Council Medical College and Hospital at Bolangir/ Rs.1.15 crore/ December 1999/March 2002	0.30 December 2001	After executing work worth Rs.0.30 crore, the Corporation abandoned the work on the ground of non-receipt of funds. The balance work for Rs.0.85 crore was not taken up as of November 2003.
7.	Construction of HL bridge over river Bhaskel at 1st km of Kasagumuda-MP Border Road/ Rs.1.68 crore/ March 1991	0.02 October 1994	The balance work left over by OBCC was awarded (December 1997) at a cost of Rs.1.81 crore to another agency leading to extra liability of Rs.15.60 lakh. The balance work was under execution (November 2003).
	13.64	**2.36**	

Of these incomplete works, four works were awarded by the department to other agencies involving extra liability of Rs.4.67 crore. Remaining works were not taken up as of March 2003.

3.6.5 Collection of Toll

State Government assigned (April 1983) the responsibility of collection of toll to the Corporation. According to the terms and conditions, the Corporation was to retain with them 12 *per cent* of the collected amount towards agency charges and deposit the balance amount into Government account regularly.

The Corporation unauthorisedly retained Government revenue of Rs.3.01 crore

The Corporation sustained loss of Rs.51.15 lakh on idle wages of 115 staff

Out of the total collection of toll of Rs.8.62 crore during 1998-2003, the Corporation deposited Rs.4.57 crore with Government and retained Rs.4.05 crore against the normal entitlement of Rs.1.04 crore resulting in unauthorised retention of revenue of Rs.3.01 crore during the period. Further, Government of India assigned collection of toll in four lane section of Bhubaneswar-Cuttack-Jagatpur (NH-5) to the Corporation from July 2001. However, due to delay in signing of the agreement by OBCC with National Highway Authority of India (NHAI), the date of commencement of collection was rescheduled to August 2001 and later to October 2001, which also did not materialise due to the non-approval of reduction of rates of toll from different vehicles. Thereafter, NHAI collected toll from June 2002 on their own, resulting in loss of toll amounting to Rs.6.31 crore for the period from July 2001 to May 2002. The Corporation, however, continued deployment of 115 staff during March 2001 to December 2002 incurring idle expenditure of Rs.51.15 lakh towards pay and allowances. Of the Rs.4.26 lakh spent by the Corporation on addition/alteration of the Toll Plaza, the NHAI reimbursed only Rs.2.40 lakh leaving Rs.1.86 lakh un-reimbursed (March 2003).

3.6.6 Irregular reimbursements

The Corporation irregularly reimbursed Rs.9.31 crore towards Sales Tax and Overhead charges

As per accounting procedure, the Corporation should not sub-contract the work and should execute the work directly through their own organisations. Check of records revealed that during 1998-2003, the Government reimbursed Rs.7.56 crore to the Corporation towards 15 *per cent* overhead charges on works valuing Rs.50.52 crore. Such reimbursement was, however, violative of the prescribed accounting procedure as the Corporation got the works executed through the special class contractors[1].

Further, conditions of the agreements in respect of works allotted to the Corporation stipulated that the Corporation was to bear all taxes and duties. Contrary to such conditions, reimbursement of Sales Tax of Rs.1.75 crore was made to the Corporation between 1998-2003.

3.6.7 Conclusions

Despite preferential treatments from Government in the shape of interest free advances, price preference in open bidding and direct allotted works, the Corporation was incurring financial losses in successive years right from its inception due to its poor operational performance.

Recommendations

- There is urgent need to revamp the monitoring system and improve the OBCC's operational performance so that the Corporation does not abandon works leading to withdrawal of works by the client Departments.

- The Corporation should themselves execute the works instead of sub-contracting to other agencies to avoid idling of their vast infrastructure.

The matter was referred to Government in June 2003; no reply was received (December 2003).

[1] B. Engineers and Builders, P.C. Patra, SSM Construction, P.C. Dash, D.K. Engineering Construction, Bhadasingh Jay Prakash Construction, Basudev Construction

CHAPTERS-IV & V

CHAPTER-IV

AUDIT OF TRANSACTIONS

Audit of transactions of the Departments of Government, their field formations as well as that of the autonomous bodies brought out several instances of lapses in management of resources and failures in the observance of the norms of regularity, propriety and economy. These have been presented in the succeeding paragraphs under broad objective heads.

4.1 Fraudulent drawal/misappropriation/embezzlement/losses

REVENUE DEPARTMENT

4.1.1 Unadjusted advances and paid vouchers in the Collectorates

Twenty three Collectors failed to obtain accounts for the advances made and the paid vouchers amounting to Rs.4.35 crore. The period of pendency in adjustment ranged up to 47 years. Paid vouchers of Rs.59 lakh could not be produced to audit.

Government rules stipulate that advances granted to officials for departmental purposes are to be adjusted by submission of detailed accounts supported by vouchers and refund of unspent balances within the month in which the advance was paid. The general financial rules prohibit incurring of expenditure until the same has been sanctioned by the competent authority and provided for in the budget. Finance Department requested (March 2000) all the Secretaries/Heads of the Departments/Collectors for issue of instructions to all the Drawing and Disbursing Officers (DDOs) under their control for strict adherence to the financial/codal procedures in the management of cash. Mention was made vide paragraph 3.8 of the Comptroller and Auditor General's Audit Report (Civil) for the year ended 31 March 2000 regarding the mismanagement of cash by the DDOs in 12 departments.

Scrutiny of records of 23 Collectorates during 2002-03 revealed that Rs.6.33 crore were outstanding against officials for adjustment on account of advances (Rs.5.74 crore[1]) made and the paid vouchers (Rs.0.59 crore[2]) as of March 2002. In many cases the paid vouchers were included in the advances

[1] **Advances**

Collectors: (1) Balasore-Rs.15.58 lakh, (2) Bhadrak-Rs.3.82 lakh, (3) Baragarh-Rs.6.57 lakh, (4) Bolangir-Rs.17.31 lakh, (5) Boudh-Rs.5.76 lakh, (6) Dhenkanal-Rs.6.40 lakh, (7) Deogarh-Rs.5.78 lakh, (8) Gajapati-Rs.1.95 lakh, (9) Ganjam-Rs.13.23 lakh, (10) Jagatsinghpur-Rs.132.15 lakh, (11) Jharsuguda-Rs.18.91 lakh, (12) Kalahandi-Rs.2.90 lakh, (13) Keonjhar-Rs.8.25 lakh, (14) Kendrapara-Rs.119.46 lakh, (15) Khurda-Rs.7.25 lakh, (16) Koraput-Rs.64.64 lakh, (17) Nowarangpur-Rs.18.44 lakh, (18) Phulbani-Rs.1.66 lakh, (19) Puri-Rs.53.75 lakh, (20) Rayagada-Rs.1.22 lakh, (21) Sambalpur-Rs.40.78 lakh, (22) Sonepur-Rs.5.53 lakh and (23) Sundergarh-Rs.22.54 lakh.

[2] **Paid vouchers**

Collectors: (1) Balasore-Rs.4.33 lakh, (2) Bhadrak-Rs.6.38 lakh, (3) Boudh-Rs.3.58 lakh, (4) Gajapati-Rs.4.23 lakh, (5) Jagatsinghpur-Rs.10.41 lakh, (6) Jharsuguda-Rs.7.42 lakh, (7) Kalahandi-Rs.13.18 lakh, (8) Phulbani-Rs.7.42 lakh and (9) Rayagada-Rs.1.78 lakh.

and not shown separately in the closing cash balances. The paid vouchers were nothing but expenditure made from available cash for purposes for which no sanction and allotment existed.

The outstanding advances exceeded Rs.50 lakh in four Collectorates of Jagatsinghpur (Cyclone and Emergency: Rs.122.87 lakh, Election and miscellaneous: Rs.9.28 lakh), Kendrapara (Flood and cyclone: Rs.92.18 lakh, miscellaneous: Rs.27.27 lakh), Puri (53.75 lakh) and Koraput (Rs.64.64 lakh).

The unadjusted advances and paid vouchers had been continuing as part of the closing cash balance for years together in violation of all rules and norms.

Out of Rs.6.33 crore, money receipts and expenditure vouchers in respect of advances/paid vouchers for Rs.59.08 lakh in seven[3] Collectorates were not produced to audit. Non-production of these documents was an indicator of misappropriation. Similarly, advances/paid vouchers for Rs.0.38 crore in respect of Collectors, Jharsuguda (Rs.0.25 crore) and Kalahandi (Rs.0.13 crore) could not be verified due to improper maintenance of records.

As regards the non-production of paid vouchers, the Collector, Bolangir stated that efforts were being made for special audit to make good the loss. The Collector, Kendrapara replied that Ex-Nazirs were being reminded to hand over the detailed charge of advance. Collectors, Dhenkanal and Gajapati stated that action was being taken to fix responsibility on the persons concerned. Collectors, Sambalpur and Sundargarh stated that the vouchers would be traced out and produced to Audit. Collector, Phulbani did not reply.

Government stated (September 2003) that Rs.1.98 crore had already been adjusted by the 23 Collectors as of August 2003 and they were instructed to adjust the remaining Rs.4.35 crore early. However, the fact remained that Rs.6.33 crore had been spent unauthorisedly from the available cash meant for development and other works. The advances/vouchers were lying unadjusted for periods ranging from 1 to 47 years and such irregularities were committed routinely, despite repeated objections made through the Audit Inspection Reports. Government however, was silent about the non-production of vouchers to audit by the seven Collectors.

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

4.1.2 Short realisation of Octroi

Collection of octroi in Cuttack Municipality Corporation at reduced rate, in disregard of Government order, resulted in loss of Rs.40.63 lakh.

As per the Orissa Municipal Act, 1950, a municipal council, with the sanction of State Government, may impose octroi on goods brought within the limits of a municipality for consumption, use or sale therein. Government may on their own motion or on application made in that behalf and after consulting the Municipal Corporation/Council, revise the rate of such octroi. Government in

[3] Bolangir: Rs.1.53 lakh, Dhenkanal : Rs.2.54 lakh, Gajapati: Rs.0.19 lakh, Kendrapara: Rs.14.87 lakh, Phulbani : Rs.6.96 lakh, Sambalpur Rs.22.68 lakh and Sundargarh : Rs.10.31 lakh.

Housing and Urban Development Department, on the recommendation of Cuttack Municipal Corporation (CMC) revised (12 March 1998) the rate of octroi to 1 *per cent* from the prevailing rate of 0.5 *per cent* on the value of potato, onion, dal and sugar, among other goods, brought within the limits of CMC.

Scrutiny of records (February 2003) of the Executive Officer (EO), CMC revealed that there was public protest against the upward revision of octroi duty on potato, onion, dal and sugar. In the face of such public protest, CMC decided to reduce the octroi on the above items from 1 *per cent* to 0.5 *per cent* ad valorem with effect from 20 March 1998. This was not in order since CMC had no authority to do so as no Government notification to this effect had been issued. Thus, collection of octroi at the reduced rate was irregular and resulted in short realisation of octroi amounting to Rs.40.63 lakh for the period from April 1998 to November 1999.

The matter was referred to Government (June 2003); their reply was not received (December 2003).

4.1.3 Loss due to non-realisation of EPF contribution from the contractors

Non-realisation of EPF contributions from the contractors by the Bhubaneswar Development Authority led to loss of Rs.29.30 lakh.

The Bhubaneswar Development Authority (BDA) acquires and develops land and constructs houses/flats for sale to the public. The BDA, being registered (November 1980) as an establishment under the Employees Provident Fund and Miscellaneous Provisions (EPF and MP) Act, 1952 has the responsibility to pay to the Regional Provident Fund Commissioner (RPFC) the contributions of the employees and the employer's share at prescribed rates in respect of its own employees and the employees deployed through contractors.

BDA undertook different housing schemes and development works between November 1980 and January 1985 through 65 contractors. Test check in audit revealed (October 2002) that no action was initiated to comply with the provisions of the aforesaid Act by incorporating suitable conditions in the works contracts to ensure recovery of EPF contributions from employees engaged by the contractors. Thus, BDA failed to recover EPF contributions and consequently defaulted in making payment to RPFC. On a demand being raised by the RPFC (January 1998), BDA paid (May 1998) Rs.29.30 lakh towards employees' and employer's share of EPF contribution in respect of employees engaged by the contractors between November 1980 and January 1985. Prior to the payment to RPFC, BDA had requested all contractors through newspaper publication to pay the EPF dues. The contractors did not respond. In the meantime, RPFC raised (August 2003) a further demand of Rs.6.64 crore against BDA towards EPF dues for the period from February 1985 to February 2000 which has not been paid by BDA as of September 2003. BDA could not furnish details of EPF dues collected/to be collected from the contractors for the period from March 2000 to March 2002. However, BDA stated (November 2002) that EPF dues were being collected from the Running Account Bill of the contractors from April 2002 onwards on the basis of a clause being incorporated in the contract.

Thus, non-incorporation of suitable clause in the contract agreements and consequent failure to recover the EPF contributions from their work bills resulted in loss of Rs.29.30 lakh to BDA and possible loss of even larger amounts since the further demands raised by RPFC have not been paid up.

Executive Engineer, Division No.III, BDA stated (November 2002) that demand notices were being issued to contractors for realisation of the EPF dues.

The matter was referred to Government (May 2003); no reply has been received (December 2003).

WATER RESOURCES DEPARTMENT

4.1.4 Negligence of Executive Engineer led to loss of Rs.50.69 lakh

Negligence of Executive Engineer by acceptance of forged Bank Guarantee at the time of drawal of agreement and failure to secure the advances resulted in loss of Rs.50.69 lakh.

Construction of minors and sub-minors of Sanyasipur branch canal from RD 00 to 8.10 km of Badanalla Irrigation Project was awarded (March 1999) to a contractor at a cost of Rs.2.87 crore for completion by March 2000. Extension of time was granted (March 2001) up to January 2002. But the work could not be completed even after expiry of the extended period and the work was abandoned by the contractor (July 2002) after executing work worth Rs.24.34 lakh and removed machinery and material from the site. The contract was closed (January 2003) with imposition of penalty.

Scrutiny of records of the Executive Engineer (EE) Badanalla Canal Division, Padampur revealed (September 2002) that the contractor submitted Bank Guarantee for Rs.14.37 lakh as performance security at the time of execution of agreement which was later found forged. The contractor submitted (September 2000) a fresh Bank Guarantee which was also found to be forged.

Mobilisation and equipment advance of Rs.28.72 lakh was paid (March 1999/June 1999) against Bank Guarantees but the same were also found (November 2001) forged. Out of the above advance, Rs.13.19 lakh was recovered leaving a balance of Rs.15.53 lakh and accrued interest of Rs.21.43 lakh. Against this, fresh Bank Guarantee for Rs.15 lakh submitted in June 2002 was available for adjustment (March 2003).

The contractor was also liable to pay liquidated damages of Rs.28.73 lakh for delay in completion of work, which was not recovered as of March 2003.

After adjustment (May 2003), Rs.50.69 lakh was outstanding against the contractor.

Government stated (June 2003) that the contract was ordered to be closed with penalty (liquidated damage) and action initiated for blacklisting the contractor and cancellation of his licence. As regards furnishing of forged Bank Guarantee, Government stated that in addition to lodging an FIR, the matter had been referred to the CBI.

Government assured (October 2003) that in future advances would be made to contractors only after confirmation of the genuineness of Bank Guarantees and added that action had already been initiated to recover the outstanding Government dues from the contractor.

4.1.5 Extra expenditure due to preparation of erroneous bid document

Erroneous preparation of bid document and consequent delay in acceptance of tender inflated the cost of the work by Rs.27.69 lakh.

Based on the bid documents approved (October 1997) by the Chief Engineer and Basin Manager (CE&BM) Rushikulya, Vanshadhara and Nagavali (RVN) Basin, tender (bid) for the work "Improvement to 15 Tanks and Kankia nalla, Desghai nalla and Ghodaka nalla of 10th Distributary of Rushikulya Irrigation System" was invited (October 1997) by the Executive Engineer (EE), Chikiti Irrigation Division, Berhampur. In response, three bids were received (22 December 1997) and the 1st lowest tender for Rs.1.75 crore was recommended by the EE/SE on 24 December 1997. However, the CE&BM took 40 days (25 December 1997 to 2 February 1998) for scrutiny against 20 days admissible at his level and recommended it on 3 February 1998 for acceptance by Government. Though the bid validity period of 90 days had expired on 21 March 1998, the Empowered Committee recommended (30 May 1998) for award of the work to the 1st lowest tenderer at his offered rate of Rs.1.75 crore. While the tender was pending at Government level, World Bank forwarded (July 1998) a complaint of All Orissa Contractors Association who alleged that the clause to qualify for award of the contract mentioned only an insignificant quantity of 0.30 lakh cum of earth work to have been executed by the bidder in any one year during the last five years, was deliberately included in the bid document to favour a specific contractor, though in another similar work of the project, the qualifying quantity was 2.90 lakh cum of earth work. The CE&BM admitted (October 1998) that 0.30 lakh cum was stipulated in the bid document due to oversight instead of 3 lakh cum. Consequently, Government rejected (November 1998) the bid for invitation of fresh bid with concurrence of the World Bank and ordered (November 1998) to fix responsibility for error in bid document which caused delay in finalisation of the bid.

Check of records of the Superintending Engineer (SE), Southern Irrigation Circle, Berhampur revealed (March 2002) that the CE&BM had resubmitted the tender (February 1999) to the Government on the ground that the contractor qualified the requisite criteria of having executed 3 lakh cum of earth work as per the evidence subsequently furnished by the contractor on his own accord. On recommendation of the CE and the Empowered Committee, the Government approved (May 2001) the 1st lowest bid for Rs.1.75 crore.

However, while extending the validity of the bid up to August 2001, the contractor requested to correct the bid price under clause 15.3 of contract, i.e. by increasing it by the factor of five *per cent* per annum for each week or part of a week elapsed from the expiration of the initial bid validity to the date of issue of letter of acceptance to the successful bidder. Accordingly, Government approved (March 2002) the revised bid price as Rs.202.25 lakh (Rs.174.56 lakh plus Rs.27.69 lakh) on the recommendation of CE&BM.

Thus, erroneous preparation of bid documents by the EE and approval thereof by the CE&BM without verification led to abnormal delay of 3 years and 60 days in finalisation of tender, leading to a loss of Rs.27.69 lakh. Despite direction of Government, responsibility was not fixed for erroneous preparation of bid document.

Government admitted (October 2003) the above facts and assured that correctness of the bid documents would be ensured in future.

4.2 Infructuous/wasteful expenditure and overpayments

AGRICULTURE DEPARTMENT

4.2.1 Infructuous expenditure of Rs.2.86 crore on oil palm plantation

Dejected farmers destroyed 1656 hectares of plantation due to lack of facilities for oil extraction resulting in infructuous expenditure of Rs.2.86 crore.

Oil Palm Development Programme (OPDP), a Centrally Sponsored Plan Scheme had been under implementation in the State since 1993 to supplement the edible oil requirement in the State. The expenditure under the Scheme was shared between Government of India (GOI) and the State Government in the ratio of 3:1. According to the scheme, the oil palm plantations were to be taken up on the beneficiaries' land entitling them to a subsidy of Rs.16250 per hectare on planting materials and cultivation cost during the gestation period of four years. The scheme included provision for installation of oil processing facility as the oil palm tree commences fruition after the gestation period and the fruits were to be processed within 24 hours of harvesting for optimum oil extraction.

Scrutiny of records of Assistant Horticulture Officer, Kamakhya Nagar (May 2002) and Horticulturist, Gunupur (January 2003) and information collected from the Director of Horticulture, Orissa (August 2003) revealed that the State Government received Rs.3.14 crore during 1992-2003 from GOI under the scheme. However, Government placed Rs.3.14 crore with the Director (GOI share: Rs.2.35 crore and State share: Rs.0.79 crore) for implementation leaving unspent GOI share of Rs.0.79 crore with them. Oil palm plantations under the scheme were taken up over an area of 2014 hectares[4] on the farmers' land in 9 districts incurring expenditure of Rs.2.86 crore during 1993-2002. A Tamil Nadu based firm which was selected (November 2001) for establishment of an oil extraction unit in Gajapati district did not set up the unit as of August 2003 on the ground that the fruit produced was insufficient for running the plant. The field survey reports received by the Director between June 2001 and March 2003 disclosed that plantation had survived only in 358 hectares (18 *per cent*). The dejected farmers destroyed plantations of 1656 hectares due to lack of oil extraction facility, obviously to switch over to other crops.

Thus, implementation of the OPDP scheme without ensuring facilities for oil extraction in the State led to infructuous expenditure of Rs.2.86 crore.

The Director while admitting the facts stated (August 2003) that no firm came forward for setting up an oil extraction unit due to involvement of huge investment of capital. The reply was not tenable as the action to go ahead with plantation by Government without ensuring feasibility of establishment of an oil extraction unit in the State not only deprived the farmers and the State, the benefits envisaged under the scheme but also caused considerable financial loss to the farmers apart from wastage of Rs.2.86 crore spent on plantation.

The matter was referred (May 2003) to the Commissioner-cum-Secretary to Government, Agriculture Department for reply within six weeks followed by a reminder (July 2003). The matter was also discussed (November 2003) with the Secretary who admitted the fact. Reply was awaited (December 2003).

WATER RESOURCES DEPARTMENT

4.2.2 Wasteful expenditure

Improper preconstruction survey and defective execution of work led to water loss in the reservoir resulting in wasteful expenditure of Rs.7.40 crore apart from depriving irrigation facilities to the beneficiaries.

With a view to providing irrigation to 1215 ha. of land in kharif and 405 ha. in rabi, Government approved (July 1984) construction of Siltiguda Minor Irrigation Project at a cost of Rs.2.83 crore. The project was taken up in November 1985 for completion in June 1987. The cost of the project was revised from time to time and the project was ultimately completed at Rs.7.40 crore in March 1998. Despite investment of Rs.7.40 crore, the project could provide irrigation to only 9.5 *per cent* (115.84 ha.) of the designed ayacut as of March 2002.

During inspection (May 2000), the Chief Engineer (CE) Minor Irrigation (MI) noticed that despite 700mm of rain, there was no water in the reservoir. The Executive Engineer (EE) M.I Division, Rayagada was directed to investigate if any gullies were formed in the reservoir. The EE inspected (July 2000) the catchment area and reported that although there were no gullies, the reservoir bed consisted of sandy soil and porous strata.

[4] Cuttack: 15 hectares, Dhenkanal : 270 hectares, Gajapati:767 hectares, Jajpur : 173 hectares, Kedrapara : 17 hectares, Koraput : 201 hectares, Nayagarh : 52 hectares , Rayagada : 269 hectares, Sundargarh : 250 hectares.

Scrutiny in audit revealed (May 2003) that as per the approved drawing, the Cut Off Trench (COT)[5] was required to be excavated till impervious strata was met. During execution, back filling of COT was taken up before impervious strata was met. Further, though the reservoir base was of porous strata and in lime stone zone, the water retention capacity of the reservoir base was not tested before commencement of the work. Although upstream blanket was provided as an alternative (expenditure : Rs.13.96 lakh), there was water loss in the reservoir.

Thus, inadequate preconstruction survey of the reservoir area coupled with defective execution and non-initiation of remedial measures led to water loss in the reservoir, rendering the expenditure of Rs.7.40 crore wasteful.

Government while confirming (October 2003) the above facts stated that the water level in the reservoir got depleted due to unauthorised construction of diversion weirs on the upstream of the nullah as well as scanty rainfall in the area. The reply was not convincing since EE did not report (July 2000) such unauthorised constructions on the upstream of the nullah. Government, however, assured that in future, projects would be constructed after proper investigation and implementation of corrective measures.

4.2.3 Nugatory expenditure

Failure of the EE to comply with the conditions for acquisition of forest land before execution of work led to stoppage of work and resultant nugatory expenditure of Rs.5.38 crore.

Codal rules provide that no work should be commenced on land which has not been acquired.

For providing irrigation to Kharif and Rabi crops for 1500 and 500 acres respectively, Government approved (April 1992) construction of Malken Nallah Minor Irrigation (MI) Project in Gaisilet Block of Bargarh district at a cost of Rs.2.93 crore. As the project involved submergence of 47.10 ha. of forest land in the reservoir basin, Government of India (GOI) while granting 'in principle' clearance for diversion of 47.10 ha. of forest land stipulated certain conditions regarding (i) transfer and mutation of equivalent non-forest land,(ii) deposit the cost of compensatory afforestation with the State Forest Department and (iii) commitment for depositing funds for Catchment Area Treatment Plan (CATP) with the Forest Department before issue of formal orders of approval by GOI.

Check of records of Executive Engineer (EE), MI Division, Padampur revealed (November 2002) that the EE awarded (January 2000) the head works (earth dam, head regulator and spillway) of the project to a contractor at a cost of Rs.2.87 crore for completion by April 2001 without complying with the conditions prescribed by GOI for acquiring the forest land. Though mutation was completed, equivalent non-forest land was not transferred (May 2003) to Forest Department. Cost of CATP of Rs.4.40 crore was neither

[5] An excavation in the base of the dam filled with relatively impervious material to reduce percolation

deposited nor commitment made for depositing the money with the Forest Department. Out of Rs.10.36 lakh payable towards compensatory afforestation cost, the EE deposited only Rs.5.63 lakh with the Forest Department.

Since steps for obtaining GOI clearance of forest land had not been initiated, the Chief Engineer (CE), MI instructed (February 2002) to stop execution of river gap portion of the dam and the contract was closed (September 2003). Meanwhile, work valuing Rs.2.65 crore had been executed. Though the execution of head works was stopped due to non-clearance of forest land, the EE awarded (December 2001/March 2002) distribution system to 13 contractors at a cost of Rs.1.01 crore for completion by June 2002 against which Rs.67 lakh were spent. As of November 2003, an expenditure of Rs.5.38 crore including ancillary works had been incurred on the Project. Forest clearance was not obtained as of November 2003.

Scrutiny also revealed that the EE had not taken into account the cost of CATP (Rs.4.40 crore) whereby the projected benefit cost ratio (BCR) of 3.08 also declined to 1.68.

Thus, commencement of work without securing forest clearance led to stoppage of work, whereby the expenditure of Rs.5.38 crore was nugatory.

Though Secretary to Government of Orissa, Water Resources Department had asked CE/EE in November 2002 to comply with the conditions stipulated, no action was initiated.

Government confirmed (October 2003) the facts and assured that in future, the projects would be implemented after complying with the conditions prescribed by GOI and that necessary steps would be taken to provide kharif irrigation during 2004.

4.2.4 Avoidable extra expenditure due to delayed finalisation of drawings

Delayed finalisation of the drawings and award of work before finalisation of the drawings led to avoidable expenditure of Rs.2.31 crore.

Codal rules provide that detailed design and drawings should be finalised prior to commencement of works.

The work "construction of left bank canal from RD 47.50 to 50.50 km (Package 16)" at a cost of Rs.40.52 crore was awarded (November 1998) without finalising the drawings by the Executive Engineer, OECF Division II, Kamakhyanagar. Although the work was to be completed by November 2001, after executing only 21 *per cent* of the work worth Rs.8.38 crore, the contractor applied (October 2001) for extension of time (EOT) up to November 2004 on the ground of delay in finalisation of drawings of different components of work and non-availability of land. On recommendation of EE/SE/CE[6], Government granted EOT up to December 2002. The contractor could execute only 46.98 *per cent* work worth Rs.19.04 crore during the

[6] EE: Executive Engineer, OECF Division II Kamakhya Nagar, SE: Superintending Engineer, Rengali Canal circle, Giridimali, CE: Chief Engineer and Basin Manager, Brahmani left Basin, Samal.

extended period. The contractor again applied for EOT on the same ground up to June 2005 which was granted by the Government up to November 2004. On both the occasions, Government granted EOT with benefit of price escalation on the ground of non-finalisation of the drawings which was not attributable to the contractor. The contractor was paid Rs.2.31 crore towards price escalation on the value of work executed during the extended period from December 2001 to March 2003.

Scrutiny of records of the EE, OECF Division II, Kamakhyanagar revealed (March 2003) that despite repeated requests from CE, Design & Research, EE did not submit the necessary technical data for preparation of the drawings leading to delay in finalisation. The drawings were handed over to the contractor after 12 to 34 months from the due date (November 1998). The revised drawings of some vital components (upstream abutment, wing wall and raft and pier 1 of aqueduct) were not handed over to the contractor till January 2002, which necessitated extension up to November 2004.

Thus, negligence of EE in submission of technical data, delayed the finalisation of drawings and consequent delay in completion of work resulted in avoidable extra expenditure of Rs.2.31 crore towards escalation.

Government stated (October 2003) that the structure being complicated required more time for finalisation of the drawings and further assured that in future, timely finalisation of drawings and designs would be ensured.

4.2.5 Extra liability due to cancellation of valid tender

Failure of the CE to observe pre-qualification criteria for a bid led to an extra liability of Rs.1.99 crore on retender.

According to note VII below para 3.5.9 of Orissa Public Works Department code (OPWD) when cost of the work exceeds Rs.3 crore, pre-qualification of tenderer should be resorted to. The pre-qualification criteria were to be prescribed by the Chief Engineer and approved by Government before invitation of tender.

Tender for the work "Construction of three spurs for protection of saline embankment on Devi Right from Jharling to Belanga (estimated cost Rs.4.99 crore)" was invited (February 2001) by the Executive Engineer (EE) Nimapara Irrigation Division. The tender schedule was approved (February 2001) by the Chief Engineer & Basin Manager (CE&BM), Lower Mahanadi Basin, Bhubaneswar without any pre-qualification criteria. In response, seven tenders were received and the lowest tender for Rs.4.49 crore being 10.08 *per cent* less than the estimated cost was recommended (April 2001) by the CE&BM for approval. Government, however, cancelled (June 2001) the tender on the ground of failure to comply with the orders of August 2000 prescribing pre-qualification procedure and ordered for fresh tender. Accordingly, fresh tenders with variation in item quantities were invited (November 2001) providing pre-qualification criteria and the single bid for Rs.6.44 crore which was 3rd lowest (Rs.5.60 crore) in the earlier tender, was approved (June 2002) by Government. Agreement was executed in June 2002 for completion of the work by December 2003. Computed with the item rates of the agreement with those of the lowest (cancelled) tender excluding rise in cost due to substitution, extra liability on retender worked out to Rs.1.99 crore.

Thus, cancellation of the earlier tender due to failure of the CE&BM to observe the pre-qualification procedure and subsequent award of work to a single tenderer at higher cost resulted in extra liability of Rs.1.99 crore.

Government confirmed (April 2003) that the earlier tender had to be cancelled and fresh tenders invited due to CE's failure to follow the pre-qualification procedure. No mention was made about fixing of responsibility for the lapse. Government attributed the increase in cost to substitution of one item of work. The reply is not tenable since substitution of new item of work was possible under the agreement and did not necessitate re-tendering.

Government, however, assured (October 2003) that in future, bids would be finalised following pre-qualification criteria as laid down in the departmental code.

4.2.6 Wasteful expenditure

Laying of upstream blanket before filling earth in cut-off trench disregarding the technical advice of the Geologist resulted in wasteful expenditure of Rs.1.61 crore.

Mention was made in para 4.15 and 4.10 of Audit Report (Civil) for the year ended March 1999 and 2000 respectively regarding avoidable extra expenditure due to unjustified revision of rates in contract and unauthorised deviation in approved design of dam of Manjore Irrigation Project. Further scrutiny in audit revealed the following:

Final deviation statement approved (March 2003) by Government included Rs.2.33 crore towards execution of 3.12 lakh cum of earth work for upstream blanket of dam which was not included either in the agreement or estimate.

Check of records of Executive Engineer (EE), Manjore Irrigation Division, Athamallick revealed (December 2002) that construction of earth dam commenced in December 1996. The approved drawings (October 1996) of earth dam provided for curtain grouting in the cut-off trench (COT) since positive cut-off was not possible in most of the reaches. While the COT of the dam was under execution, the Geologist of the Geological Survey of India, Eastern Region, visited the site as many as 12 times between April 1997 and March 2003 and on examination of the fractured pattern of exposed rock strata and nature of seepage, suggested curtain grouting between RD 110 and 1490 m before filling earth in the COT. Though the Geologist had clearly warned of the possibility of seepage if curtain grouting was done after filling earth in COT, the project authorities did not take steps to grout the fractured surface before filling up earth. Grouting between RD 110 and 180m only was done after filling up earth at a cost of Rs.10.52 lakh during June-July 1998.

Since grouting was not done before filling up earth in COT, the Geologist suggested (February 1999) for laying of upstream blanket between RD 1180m and 1890m to arrest seepage. Chief Engineer (CE), Design and Research (D&R) observed (July 2000) that curtain grouting was not done as provided for in the approved drawing (July 1996). As the curtain grouting at that stage would have been costly and efficacy of grouting was felt doubtful, he approved the design of upstream blanket. Accordingly, upstream blanket between RD 90m to 645m and RD 870 to 1480m was laid at a cost of Rs.2.33 crore.

Had curtain grouting been done between RD 110 and 1480m as per the suggestion of the Geologist and specification of approved drawing (October 1996), an expenditure of Rs.72.35 lakh only would have been incurred.

Thus, execution of COT without curtain grouting before filling in earth disregarding the technical advice of the Geologist and laying of upstream blanket entailed an extra expenditure of Rs.1.61 crore which proved wasteful.

Government while accepting the above facts and figures stated (October 2003) that the continuous upstream blanket was provided to control seepage of water and for the safety of the dam. The reply is not acceptable since the suggestions of the Geologist and the specification of approved drawing for providing curtain grouting in the COT had been ignored and this led to wasteful expenditure of Rs.1.61 crore.

RURAL DEVELOPMENT DEPARTMENT

4.2.7 Extra cost due to defective design

Failure of the CE in approving the bridge designs without taking into account the site condition and the hydraulic particulars led to wasteful expenditure of Rs.89.44 lakh besides extra liability of Rs.83.21 lakh.

Based on General Arrangement Drawing (GAD) approved (December 1997) by the Chief Engineer (CE) Rural Works (RW), the work "Construction of Submersible bridge over Kandhapada Nullah at 5th KM on Madhapur-Kiakata Road" was entrusted (March 1999) to a contractor for Rs.81.55 lakh. The contractor executed work valuing Rs.89.44 lakh up to February 2002 against which he was paid (March 2002) Rs.84.77 lakh and the final bill was pending (January 2003).

Check of records of Executive Engineer (EE), RW Division, Angul revealed (June 2002) that width of the nullah was 200.5 M as per hydraulic particulars submitted (July 1997) by the EE but the CE had approved (December 1997) the GAD restricting the width to 97.70 M by providing 10 spans of 9.77 M vent each. The balance width of the nullah was to be closed with earthen embankment thereby restricting the discharge to 1057.68 cum/sec only against the High Flood Level (HFL) discharge of 1335.85 cum/sec. Further, the foundation level of the wing wall at Madhapur side was left with a gap of 1.70 M between the bed level of nullah and the bottom of foundation of wing wall which was filled with sand and other materials. Consequently, during the flood of August 1999, the wing walls of the bridge tilted and left approach road of earthen embankment of Madhapur side was breached. The Superintending Engineer (SE), Northern Circle, RW, Angul during his inspection (August 1999) observed that the wing wall had tilted due to scouring of foundation which was laid on freshly filled earth and instructed the EE to dismantle tilted portion of wing wall for reconstruction. The SE further suggested extending the bridge by providing extra vent to avoid breaching and scouring as the bridge was situated just below a curve of the river in upstream side whereby the flood water was first hitting the approach, before streaming to the vented channel of the river. However, no remedial measures were taken and during flood of July 2001, 100 metres of the left side approach and the protection walls of approach road were washed away while wing walls of left side abutments were displaced. The cost of damage worked out to Rs.11.68 lakh. Though revised GAD with provision of three more spans of 9.77 m each (13 X 9.77 m = 127.01 m) was approved (October 2001) by the Engineer-in-Chief (Civil), still sufficiency of the waterway during high flood was doubtful due to restriction of width of the nullah. The revised estimate for Rs.2.36 crore (October 2002) was not approved (September 2003). Computed with the original rates, the cost of three spans and additional works due to extension of the span including escalation resulted in extra cost of Rs.83.21 lakh.

Thus, failure of the CE in approving the bridge designs without taking into account the site condition and the hydraulic particulars not only involved extra liability of Rs.83.21 lakh but also led to wasteful expenditure of Rs.89.44 lakh due to non-completion of the bridge.

The Government stated (May 2003) that the original bridge drawing had been prepared on the basis of hydraulic data found reasonable at that time and the revision of drawing was made following observation of flood situation for three continuous years as stipulated in the original drawing. The reply is not tenable since the design of the bridge was approved without adequate waterway which caused extensive damages to the bridge during the flood of July 2001, thus rendering the expenditure wasteful.

Government further confirmed (September 2003) the above factual position and assured that in future, designs would be finalised taking into account actual site condition and hydraulic particulars.

4.2.8 Overpayment made due to irregular fixation of Schedule of Rates

Unjustified provision for overhead charges on material component in the Schedule of Rates (Electrical) led to overpayment of Rs.50.40 lakh to 65 contractors.

Internal Electrical Installation (IEI) works in Government buildings in the State were carried out according to the estimates prepared as per the Schedule of Rates (SoR) (Electrical) 1992 of Works Department up to October 2001. Government of Orissa, Works Department revised the SoR with effect from November 2001 on the ground of enhancement of rates of material, labour etc.

Check of records (October 2002) of Executive Engineer (EE) Rural Works Electrical Division, Bhubaneswar revealed that the Analysis of Rates (Electrical) 2001 which was the basis for SoR 2001 provided 12.5 *per cent* overhead charges both on material and labour components whereas the Analysis of Rates (Electrical) 1992 as well as existing Analysis of Rates (Civil) of Works Department provided such overhead charges only on labour component. Based on SoR 2001, the EE framed 2565 estimates of IEI works and executed equal number of agreements valuing Rs.6 crore at par with estimated cost between November 2001 and March 2002. The contractors were paid Rs.5.40 crore upto January 2003 of which, overhead charges on material component worked to Rs.50.40 lakh as per estimates. Thus, inclusion of unjustified provision for overhead charges on material component in the SoR led to undue benefit of Rs.50.40 lakh to 65 contractors.

On this being pointed out (October 2002), Finance Department directed (November 2002) Works Department to exclude the provision for overhead charges on material component from the estimates.

Government stated (July 2003) that the overhead charges on material component had been allowed on the basis of SoR 2001 and the provision had since been excluded from the estimates/agreements executed with effect from 23 November 2002, as directed by the Finance Department. The reply confirmed the fact that the unjustified provision in the estimates resulted in overpayment of Rs.50.40 lakh to the contractors.

Government confirmed (September 2003) the facts and assured that the inadmissible overhead charges would be recovered after a final decision is taken in this regard.

4.2.9 Overpayment to contractors on electrical installation works

Failure to adopt economical specification in estimates for electrical installation works led to overpayment of Rs.31.43 lakh to the contractors.

Schedule of Rates (SoR) for electrical installation in Government buildings stipulates that if more than one switch is located on a single board, the rates for one additional point on the same board shall be 25 *per cent* of the rate of the point provided in SoR and it will increase by 5 *per cent* for every additional point thereafter.

Check of records of Executive Engineer (EE) Rural Works Electrical Division, Bhubaneswar revealed (October 2002) that 2773 estimates for electrical installation in Government buildings at a cost of Rs.7.39 crore were sanctioned by the EE between 1999 and 2002. On test check of 757 estimates, it was observed that the EE ignored the provisions of SoR and allowed a separate board for each light and fan point instead of providing both the switch points on one board at the reduced rates as provided in SoR. Accordingly, agreements were executed at par with estimated rates. In case of 608 works executed during 2001-02, individual switch boards were provided for 15652 light points though they could have been located on 9278 boards having fan points.

Thus, non-adherence to provision of SoR by EE resulted in overpayment of Rs.31.43 lakh to the contractors.

Government while confirming the above facts, assured (September 2003) that the excess payment already made would be recovered and such event would not be repeated in future.

4.3 Violation of contractual obligations/undue favour to contractors

WORKS DEPARTMENT

4.3.1 Undue financial benefit to contractors

Unrealistic preparation of estimates by Executive Engineers led to inflated cost of works and undue financial benefit of Rs.5.48 crore to National Highway contractors.

Specification of bituminous items of various National Highways (NH) works like improvement of riding quality, periodical renewal, widening and strengthening and other improvement works provide use of bitumen without any distinction as to the use of packed or bulk bitumen. The price of bulk bitumen being cheaper, financial prudence demands that Executive Engineers (EEs) of NH Divisions adopt the price of bulk bitumen while preparing the estimates. Similarly, contractor's profit is to be provided only on labour component and not on materials.

Check of records of 114 works executed between 2000-2003 in one Expressway[7] and eight NH Divisions[8] revealed (April 2003) that instead of taking the price of bulk bitumen, the EEs considered the average price of both bulk and packed bitumen for preparing the estimates of various NH works. This consideration of average price instead of the price of bulk bitumen inflated the estimates of these works. However, the contracts were awarded to the agencies on finished item rate basis providing no scope for checking the inflated rate. This led to undue financial benefit of Rs.1.94 crore to contractors. Further, due to provision of contractor's profit at the rate of 10 *per cent* on cost of materials made in these estimates, undue benefit of Rs.3.54 crore was extended to the contractors.

Thus, preparation of the estimates in uneconomical manner and provision of contractor's profit on material component not only unduly inflated the cost of the works but also led to undue financial benefit of Rs.5.48 crore to the contractors.

Government stated (July 2003) that there was no production of bitumen by the oil refineries in the months of February and March since they shut down their

[7] Kendrapara Expressway Division.

[8] NH Divisions: Baripada, Sambalpur, Rourkela, Pallahara, Kesinga, Sunabeda, Dhenkanal and Jharsuguda.

plants during that period and that considering this aspect, provision was made in the estimates for bulk and packed bitumen on 50:50 basis.

The reply is not correct. As confirmed (December 2003) by the Indian Oil Corporation, Haldia, the plant had not been shut down during 2001-02 at all and in other years also, the shut down was for a few days between June and September which is also the non-working season for road works. Further, procurement of bitumen being the contractor's responsibility, adoption of average rate of bitumen by the department on grounds of non-availability of bulk bitumen was unjustified and led to undue benefit to the contractor.

WATER RESOURCES DEPARTMENT

4.3.2 Undue benefit to contractor

Unwarranted inflation of rates of extra/substituted items coupled with failure of EE to recover Government dues led to undue benefit of Rs.80.87 lakh to the contractor.

Construction of the civil works of Naraj Barrage Project was awarded (August 1996) to a firm at a cost of Rs.142.55 crore for completion by August 2001. The firm completed the work in May 2001 and was paid Rs.141.32 crore inclusive of escalation and value of substituted/extra items as of March 2003. The final bill was yet to be prepared (August 2003).

Test check of records of Executive Engineer (EE), Naraj Barrage Division-I Cuttack, revealed (March 2003) that the deviation with extra/substituted items approved (March 2003) by the Government disclosed that the rates arrived at were unjustifiably inflated by way of unwarranted inclusion of items such as (i) extra cost on blasting, (ii) extra cost on lubricants, (iii) cost of coffer dam, (iv) provision for wastage of materials at ad-hoc percentage, (v) provision for sales tax and EPF in the rates, (vi) adoption of Schedule of Rates (SoR) 1998 for carriage of material instead of SoR 1994 and (vii) computation of the basic rate as inclusive of voids. Adoption of the above unjustified items in the Analysis of rates for the extra/substituted items led to grant of undue benefit of Rs.36.70 lakh to the contractor. This needs investigation.

Further check revealed that though the item rates for construction of the above work included the cost of empty cement bags, provision was not made in the agreement for recovery of its cost. The contractor utilised (between August 1996 and May 2001) 12.62 lakh bags of cement in the work. However, the EE did not recover the cost of these empty cement bags amounting to Rs.44.17 lakh at the rate of Rs.3.50 per bag.

Thus, there were undue financial benefit and recoverable dues from the contractor amounting to Rs.80.87 lakh as of May 2003. No responsibility was fixed for the lapses.

Government while accepting the above factual position, however, stated (October 2003) that the extra cost towards blasting, lubricants, coffer dam, wastage, sales tax, carriage and voids was considered in the departmental analysis for the extra items to arrive at the rates acceptable to the contractor and further added that there was no provision in the agreement for recovery of cost of empty cement bags. The reply is not tenable in view of the assurance of the Government that in future, such exercise would be made only as per provisions of SoR. Further, as per conditions of contract, in case of disagreement, the engineer was required to fix such other rates as felt appropriate.

The cost of cement was also inbuilt in the contractor's item rates which included the cost of container also. The department should have provided for recovery of cost of empty cement bags in the contract to avoid loss to Government.

4.3.3 Extra benefit to a contractor

Unwarranted exclusion of the balance works of a Drainage Syphon from the bid document of the approved package facilitated undue benefit of Rs.55 lakh to a contractor.

The work of Left Bank Canal (LBC) of Rengali Irrigation Project (RIP) from RD 26 to 29.395 KM (WRCP Package 18) was awarded (June 1997) to a contractor for Rs.4.35 crore for completion by December 1999. While executing the work, the Executive Engineer (EE) Parjang Canal Division submitted (December 1997) a deviation statement for Package 18 to complete the balance work of a Drainage Syphon (DS) at RD 27.574 KM which was left incomplete (April 1996) by another contractor. Chief Engineer and Basin Manager (CE & BM), Brahmani Left Basin (BLB) while forwarding (July 1998) the deviation statement to the Government recommended that although the DS was included in the implementation schedule of Package 18 while seeking World Bank Assistance, it had been left out in the contract bid for the package. The CE & BM proposed to execute the DS at a cost of Rs.1.87 crore at the agreement rates for similar items in the contract for Package 18. Government however, did not accept (November 1998) the deviation on the ground of violation of World Bank procurement guideline and the codal provision. The work of DS was awarded (May 2001) to the same contractor through a separate agreement at a cost of Rs.2.42 crore as Package 18(A) with stipulation to complete the work by May 2002.

Check of records in audit revealed (July 2002) that in another package (Package 16) of the same project, deviation for Rs.2.26 crore was approved (March 2002) by World Bank for the additional work. Further, the codal provision did not prohibit deviation in the contract; instead it stipulated that deviation could be approved by the competent authority after obtaining revised Administrative Approval, wherever necessary.

Thus, non-inclusion of balance work in the bid document of approved Package 18, non-approval of deviation statement for execution of the balance work of the DS at the existing agreement rates and subsequent execution of the work by the same contractor through a separate agreement resulted in extra benefit of Rs.55 lakh to the contractor.

Government stated (April 2003) that the balance work of DS was not executed under Package No.18 as the contract was not closed due to pending court case. The reply was not tenable since even after the High Court passed final orders (July 1999) for taking final measurement of the work done, the contract for Package 18 was in force and the balance work of DS could have been included in Package 18. Instead, Government chose to invite fresh tenders, which led to extra liability of Rs.55 lakh.

Government confirmed the above position and assured (October 2003) that in future, all works of a package could be floated under a composite bid.

RURAL DEVELOPMENT DEPARTMENT

4.3.4 Undue benefit to a contractor disregarding the Tender Committee and Government's decision

Construction of wooden foot bridge for transportation of materials by the contractor during construction of High Level Bridge led to undue benefit of Rs.80.87 lakh to the contractor.

Mention was made in para 4.5 of C&AG's Report (Civil) for the year ended March 2000 regarding abandonment of the work "Construction of HL Bridge over river Luna on Gop-Kolpada Road" by Orissa Bridge and Construction Corporation (OBCC) and award of balance work to another agency involving extra liability of Rs.2.92 crore at the tender stage.

Further check of records of Executive Engineer (EE) Rural Works Division, Kendrapara revealed (October 2002) that tenders for the balance work were invited by the EE in March 1999. The Detailed Tender Call Notice (DTCN) stipulated that (i) tenders containing extraneous conditions were liable to be rejected, (ii) letters etc. deposited in tender box raising or lowering the rates or dealing with any point in connection with tender would not be considered, (iii) the rates quoted by the tenderer would be deemed to have been quoted after actual inspection of site and locality of the work and the rates would include cost of material, taxes, lead, lift, loading and unloading, islanding and cost of foot bridge and (iv) Government will not pay any extra charges for any reason.

Out of three tenders received (15 April 1999), the first lowest tender (L_1) for Rs.9.19 crore being 30.17 *per cent* excess over estimated cost of Rs.7.06 crore was considered as valid. Although the DTCN prohibited any letter with the tender, the L_1 tenderer submitted (15 April 1999) a letter of clarification over and above the tender indicating that a wooden foot bridge for 400m length should be constructed at the cost of department to transport the bridge materials and machinery or reimburse Rs.1.07 crore towards the cost of bridge to be constructed by the firm. Instead of rejecting the conditional tender, the EE recommended enhancement of the L_1 rate by Rs.1.07 crore towards cost of construction of wooden foot bridge. However, the Tender Committee (TC) decided (July 1999) not to allow any additional cost for construction and maintenance of wooden bridge as the contractors were asked to quote the rates taking into account the cost of islanding, foot bridge and other ancillary items which may be required during construction period as they were incidental to main item of work and recommended for acceptance of tender for Rs.9.19 crore only. Government accepted (October 1999) the tender with stipulation that the contractor should withdraw his conditions. The contractor accepted the stipulation with the request (October 1999) that the Department provide good communication facility to the bridge si te. The tender was again considered by TC which decided (October 1999) that Water Resources Department should be requested to maintain the canal embankment road connecting bridge site failing which the road be maintained by the department. Accordingly, EE spent Rs.3.38 lakh on maintenance of embankment, since the Chief Engineer (CE), Lower Mahanadi Basin refused (July 2000) to undertake the work. In the meanwhile, Government awarded (January 2000) the work to the contractor for Rs.9.19 crore with stipulation for completion by January 2003.

Scrutiny however, revealed that the CE, Rural Works approved (February 2001) a working estimate for Rs.78.37 lakh for construction of wooden bridge across the river, although this was categorically rejected by TC and Government. The additional work was entrusted (February 2001) to the same bridge contractor for which Rs.80.87 lakh was paid as of September 2002. The final expenditure on the wooden bridge was likely to go up.

Thus, as of September 2002 an undue benefit of Rs.80.87 lakh was extended to the contractor by the EE in violation of decision of Tender Committee and the Government.

Government confirmed (September 2003) the above facts and assured that in future, payments would be made to contractors as per contract provisions.

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

4.3.5 Undue benefit to a contractor

Without approval of Government, a contractor was paid Rs.36 lakh on extra items.

The work of Construction of 225 HIG core houses including infrastructure work at Subudhipur Phase II, Zone VI was awarded (March 2000) by the Bhubaneswar Development Authority (BDA) to a contractor at a cost of Rs.9.21 crore being 13.16 *per cent* extra over the estimated cost of Rs.8.14 crore for completion by June 2001. By November 2003, the contractor was paid Rs.8.80 crore including extra payment of Rs.0.36 crore towards ditch filling and carriage of stones etc. Out of 225 houses, 222 have already been completed and the remaining three could not be constructed due to adverse site condition.

Scrutiny of records of BDA revealed (August 2002) that during execution of the work, the Engineering Member (EM) visited the work site during January 2001 and ordered execution of the extra item of filling of ditches inside plinth area of building, outside plot area and on internal roads with moorum and sand. Filling of ditches also included carriage of stones and cement punning

Accordingly, the EM approved (March 2001) a deviation statement for Rs.1.22 crore including ditch filling (Rs.0.57 crore). By November 2003, the contractor was paid Rs.8.80 crore including extra item of Rs.0.36 crore towards ditch filling, carriage of stones etc. However, the payment on ditch filling was irregular due to the following reasons:

- No survey report was available with BDA in support of existence of ditches.
- Neither the Engineer-in-charge nor the contractor reported the existence of ditches or the necessity of filling those to the authority immediately before handing over/taking over of the site.
- Supplementary estimate for ditch filling work was not approved by the Government as required under the Orissa Development Authority Rules.

On this being pointed out, BDA stated (October 2002) that there were small ditches in the area which were not shown in the plan during the survey. The ditches became deeper and wider after super cyclone of 1999. Further, laterite stone and moorum were dug out of the area by some outsiders after the cyclone which was noticed during construction of houses. The reply was not tenable as there was no evidence of the existence of ditches before handing over of site and occurrence of ditches if any, thereafter was the responsibility of the contractor. This resulted in undue benefit of Rs.0.36 crore to the contractor.

The matter was referred to Government (May 2003); their reply has not been received (December 2003).

4.4 Idle investment/idle establishment/blockage of funds

RURAL DEVELOPMENT DEPARTMENT

4.4.1 Idle investment on bridge works

Bridge works remained incomplete for periods ranging from 3 to 8 years due to lack of pursuance by the EEs leading to idle investment of Rs.3.46 crore.

Test check of six Rural Works Divisions revealed that construction of one high level bridge and ten submersible bridges was taken up between January 1993 and October 2001 for completion between January 1995 and September 2002 at a cost of Rs.5.57 crore. The contractors left the works incomplete after executing works valuing Rs.3.46 crore as of March 2003. The bridge works were incomplete due to non-acquisition of land for the approaches to the bridge, non-acceptance of balance work tenders and non-enforcement of penal clause of contract on defaulting contractors. The bridges remained incomplete for more than three to eight years and the expenditure of Rs.3.46 crore on the bridges proved unfruitful as detailed below:

Sl No.	Name of work, value of work and executing division	Work taken up Stipulated date of completion	Value of work executed (Rupees in lakh)	Observation
1.	Submersible bridge over Routa nullah at 28 km on Naksara-Brahman posi road (Rs.49.22 lakh) RW Division, Baripada	January 1993 January 1995	42.19	The contractor completed the bridge proper in July 1997 at a cost of Rs.42.19 lakh. Approach road to the bridge could not be constructed due to non-availability of land. Thus, even after lapse of six years and incurring expenditure of Rs.42.19 lakh, the bridge could not be opened for public.
2.	High level bridge over river Jeera at 11km on Sohela (NH 6) to Sulsulia road (Rs.92.73 lakh) RW Division, Baragarh	January 1995 January 1997	49.30	The contractor could not complete the work within stipulated period and extension of time was granted up to June 1998. The contractor abandoned the work after executing work worth Rs.49.30 lakh. The contract was closed (February 2002) with penalty. Balance work was not taken up as of May 2003.
3.	Submersible bridge over Brahman posi nullah on Raruan Naksara Road (Rs.18.15 lakh) RW Division, Baripada	February 1997 August 1998	10.67	After executing work worth Rs.10.67 lakh, the contractor abandoned the work in August 1998. Even after lapse of five years, neither the contract was closed nor the balance work was got executed as of January 2003.
4.	Submersible bridge over Nalua nullah at 10th km of Jaida Damadarpur Road (Rs.29.07 lakh) RW Division, Baripada	January 1997 January 1999	18.85	After executing work valuing Rs.18.85 lakh, the contractor abandoned the work in October 2000. Contract was rescinded by Chief Engineer, RW in January 2003 with penalty. The balance work for Rs.10.22 lakh estimated at Rs.16.29 lakh by the EE was not taken up as of May 2003. Material valuing Rs.5.42 lakh at penal rate was outstanding for recovery from the contractor. Pending final bill for Rs.0.26 lakh and security/miscellaneous deposit of Rs.1.12 lakh of contractor was available with the division.
5.	Submersible bridge over Chansara nullah at 6th km on Tigiria Balanga Road with approach (Rs.82.85 lakh) RW Division, Cuttack	December 1997 December 1999	66.97	Bridge proper with one side approach (Chansara side) was completed at a cost of Rs.66.97 lakh (January 2001). Approach road on Balanga side was not executed by the contractor on the ground of non-availability of land. Though the bridge was completed, it was not put into use as one side approach remained incomplete.

(Table-Sl No.2)
(Incomplete high level bridge over river Jeera at 11 km on Sohela to Sulsulia road)

(Table Sl-9)
(Incomplete submersible bridge over river Bahuda on Khariaguda-Nuagada road)

Sl No	Name of work, value of work and executing division	Work taken up Stipulated date of completion	Value of work executed (Rupees in lakh)	Observation
6.	Submersible bridge over Singhajore nullah at 14th km of Bausuni Gundulia road (Rs.27.95 lakh) RW Division, Phulbani	December 1997 December 1999	21.56	The contractor could not complete the work within stipulated date and extension of time was granted up to June 2000. After executing work worth Rs.21.56 lakh, the contractor abandoned the work (August 2001). Rescission proposal submitted (July 2002) by the EE to SE, RW Circle, Berhampur was still pending. The balance work was not taken up as of May 2003.
7.	Submersible bridge over Neelamguda Nullah on Suludi Neelamguda Road (Rs.48.58 lakh) RW Division, Rayagada	October 2001 September 2002	19.47	The contractor, after executing work valuing Rs.19.47 lakh stopped (June 2002) further execution on the ground of interference by un-lawful people. The work was not commenced as of July 2003.
8.	Kanijodi Nullah on B. Cuttack-Kutraguda Road (Rs.23.61 lakh) RW Division, Rayagada	March 2001 January 2002	10.41	The contractor after executing work valuing Rs.10.41 lakh (44 *per cent*) stopped further execution since September 2002. Neither the contract was closed nor the balance work executed as of July 2003. No penalty was imposed on the defaulting contractor.
9.	Submersible Bridge over river Bahuda on Khariaguda-Nuagada Road (Rs.105.04 lakh) RW Division No.II, Berhampur.	January 2001 December 2001	41.41	The contractor executed work valuing Rs.69.75 lakh and was paid Rs.41.41 lakh. Balance amount was not paid due to non-availability of funds. The contractor stopped further execution due to non-payment of dues. Neither the contract was closed nor the balance work commenced as of July 2003. The bridge work taken up in January 2001 remained incomplete as of July 2003.
10.	Submersible bridge over Kharinallah at 4/0 km of Hansapur-Gedalapalli Road (Rs.49.71 lakh) RW Division No.II, Berhampur.	March 1997 June 1998	39.24	After completing the bridge proper at a cost of Rs.39.24 lakh, the contractor stopped (October 1999) further execution due to non-availability of land. The contract was closed without penalty and the tender for the balance work which was to be financed under RIDF was not finalised as of July 2003. Thus, the bridge work remained incomplete for six years resulting idle investment.
11.	Submersible bridge over Kanteikoli nullah at 12/2 km on Dehgausta N.K Penta Road (Rs.29.61 lakh) RW Division No.II, Berhampur	May 1999 August 2000	25.58	The contractor completed bridge proper and stopped further execution for want of land acquisition since January 2001. The balance work was not taken up as of July 2003 due to non-acquisition of land.

Government while accepting the above factual position, assured (September 2003) that early action would be taken to complete the balance works and to initiate penal action against the defaulting contractors besides realising the outstanding departmental dues.

WORKS DEPARTMENT

4.4.2 Idling of equipment

Failure of the Executive Engineers to include the tender condition for hiring of available departmental machines by contractors led to loss of revenue of Rs.2.65 crore.

Executive Engineers (EEs) of 3 National Highway (NH) and 2 Roads and Buildings (R&B) Divisions[9] were having 30 (NH:19, R&B:11) Power Road Rollers (PRR) and 2 Spot Mix Plants[10] (SMPs). All the machines were in working condition. Against 1.60 lakh and 0.15 lakh hours available in respect of PRRs and SMPs respectively for their optimum utilisation during the period between 1998-2003, the PRRs were deployed for 0.08 lakh hours only (5 *per cent*) and SMPs were not deployed at all. The underutilisation of PRRs for 1.52 lakh hours and non-utilisation of SMPs for 0.15 lakh hours led to loss of revenue of Rs.2.65 crore on account of hire charges of machines (March 2003).

The EEs attributed (March 2002/November 2002) the low/non-utilisation of machines to (i) deployment of their own machines by the contractors in the works, (ii) machines available in the divisions being old and low capacity not suitable for NH works and (iii) reduction of workload in the divisions consequent upon transfer of works to National Highway Authority of India. The replies of the EEs were not tenable since the tenders for the works were floated on finished item rate basis without stipulating use of departmental machines in the works. On the contrary, the EEs had stipulated that the contractors should make their own arrangement for the machines required for execution of the works. Consequently, there was no scope for the contractor to deploy the machines available with the EEs.

Government confirmed (July 2003) the factual position brought out in the para and assured that in future, the relevant conditions of the contract would be modified to include hiring of available departmental machines to the contractors.

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9 NH Division :Bhubaneswar (7), Baripada (5) and Deogarh (7), R&B Division: Keonjhar (5) and Angul (6)

10 NH Division, Bhubaneswar

SPORTS AND YOUTH SERVICES DEPARTMENT

4.4.3 Undue benefit to banks by retaining money in the shape of drafts for years

Unauthorised retention of Rs.1.54 crore in the shape of lapsed bank drafts and in current account of banks by the Director of Sports for 1 to 15 years led to loss of interest of Rs.37.78 lakh.

The Orissa Treasury rules provide that no money shall be drawn from the treasury unless it is required for immediate disbursement. Finance Department's instructions issued from time to time, the latest being in June 2001, also prohibit retention of Government funds outside Government account in the shape of deposit at call receipts/drafts/banker's cheques etc.

Scrutiny of records (May 2002) of Director of Sports and Youth Services, Orissa, Bhubaneswar revealed that the closing cash balance as of April 2002 in the Director's office included Rs.1.54 crore kept in the shape of 653 bank drafts. While 11 of the above bank drafts (March 1995 to May 2001) worth Rs.8.60 lakh were received from other organisations, the remaining 642 had been made from 1985-86 onwards in favour of different organisations, officials, individuals, suppliers etc. for payment of grants, disbursement of scholarships and pension, payment for supplies etc. It was noticed that out of the above, 650 drafts worth Rs.1.50 crore had become time barred and had not been revalidated either for disbursement or for credit into treasury. Despite repeated comments in the Inspection Reports[11] in the earlier years, the unauthorised retention of Government money in the shape of lapsed bank drafts for years together persisted which had not only hurt the cause of sports in the State but also meant undue benefit to the banks. At the same time, Government had been incurring expenditure by way of interest on the ways and means advances/overdrafts and other borrowed funds.

The Director attributed (May/August 2003) the accumulation of the time barred drafts to delay in final release of the payment on the part of the competent authority and failure to deliver the drafts to the recipients due to insufficient/wrong address and stated that there was some improvement in the position. The matter was again verified (August 2003) which revealed that of the aforementioned amount, only Rs.69.96 lakh had since been disbursed to the payees after revalidation of the drafts, Rs.14.22 lakh was refunded to the treasury, Rs.12.78 lakh deposited in the current account in the bank, Rs.14.44 lakh advanced to Government servants for incurring contingent expenditure, drafts worth Rs.8.60 lakh sent for revalidation. Time barred drafts worth Rs.34.10 lakh were still left without revalidation contrary to the Finance Department's instructions. For keeping Government money in the shape of drafts and current account in the bank, Government had lost Rs.37.78 lakh as of March 2003 by way of interest calculated at 8.30 *per cent* per annum being the minimum borrowing rate of Government during the period.

[11] Inspection Reports No : 96/1995-96, 13/1996-97, 49/1997-98, 364/1998-99, 637/1999-2000 and 484/2001-02.

The matter was referred (June 2003) to the Government, followed by a reminder in August 2003. Reply was not received (December 2003).

FISHERIES AND ANIMAL RESOURCES DEVELOPMENT DEPARTMENT

4.4.4 Blockage of Government money due to tardy implementation of scheme

Construction of two patrol boats to safeguard the interests of the traditional fishermen was not completed even after nine years.

Government of India (GOI) approved (April 1994) procurement of two patrol boats including communication equipment by the State Government (Government) at a cost of Rs.90 lakh each by providing hundred *per cent* assistance under the Centrally Sponsored Scheme 'Enforcement of Marine Fishing Regulation Act'. The boats were meant to safeguard the marine fishing areas earmarked for the traditional fishermen against intrusion of the mechanised fishing sector and to conserve fishery resources in territorial waters. Tenders for construction of the craft were to be called for from selected/reputed shipyards in the country.

Scrutiny of records (February 2003) of Director of Fisheries (DF), Orissa, Cuttack revealed that Rs.1.32 crore was sanctioned and released by GOI between March 1994 and March 2002 for the purpose. Though a purchase committee was constituted in October 1994, the State Government approved the tender proposal of the DF only in October 1996 and open tenders were invited in February 1997. Due to high prices offered by the tenderers, the purchase committee recommended (March 1997) retendering. The retendering took place only in February 1999 and the lowest offer of Rs.84.87 lakh per boat including taxes by a Gujarat firm was accepted (April 1999). The agreement executed (April 1999) with the firm provided for payment to the firm in stages. The construction and delivery of the boats was to be completed by July 2000 i.e. within nine months from the date of receipt of advance payment of 10 *per cent* of contract value (Rs.16.66 lakh) by the firm. It was noticed that the firm was paid Rs.1.32 crore between October 1999 and April 2002. Although the construction of boats had been completed in April 2002, the firm did not deliver the boats as of November 2003 due to non-release of the remaining payment of Rs.37.74 lakh (Rs.16 lakh sanctioned in November 2003 but not paid). Besides, the registration process of boats with the Registrar of Patrol Boats was not finalised for performing the voyage from Gujarat coast to Orissa coast.

Government, while admitting the facts (September 2003), stated during discussion (November 2003) that the delay was caused by procedural requirements and correspondence with various authorities. They added that the decision to bear the cost of maintenance and staff salary by Government took some time and added to the delay. It was further stated that GOI had been requested to release the balance of the assistance for the project. However, GOI had stated (May 2003) that the scheme was no longer in operation and sanction of further funds was discontinued. Thus, the tardy implementation of the scheme and delayed decision to bear the cost of salary etc. by the Government deprived the State of further sanction of GOI funds of at least Rs.21.74 lakh and the target group was denied the intended benefit for over nine years.

TOURISM AND CULTURE DEPARTMENT

4.4.5 Idle investment on incomplete buildings

Construction work of panthasala and the administrative buildings meant for providing support service to the water sports complex at Barkul adjacent to Chilika lake remained incomplete for nearly a decade involving idle investment of Rs.90.09 lakh.

To attract more tourists by providing support service to the water sports complex at Barkul adjacent to Chilika lake, Government administratively approved the creation of following infrastructure:

Sl. No.	Name of the work and the Executing agency to whom the construction work entrusted	Date of administrative approval, estimated cost etc.	Remarks
1.	Construction of Panthasala comprising eight cottages and attached restaurant for exclusive use by the boarders of the panthasala, lounge and sale centre by the Rural Works Division I, Bhubaneswar	October 1992/Rs.74.11 lakh. The cost was provided in the Rural Development Department's budget and funds were allocated from year to year to the Works Department.	The utility was to provide accommodation to more tourists during their stay at Barkul. The work was stopped (April 1996) after incurring expenditure of Rs.40.72 lakh against which the construction of only the structures of the 8 cottages was completed without flooring or any finishing work. This was reportedly due to non-issue of Letter of Credit (LOC) by the Finance Department against the allotment received for the work up to March 1996 on account of discontinuation of departmental procurement of construction materials by Public Works Divisions. The construction of the restaurant attached to the Panthasala was however completed (March 2002) on approval of a separate revised estimate in 2001-02 at a cost of Rs.8.65 lakh .

Sl. No.	Name of the work and the Executing agency to whom the construction work entrusted	Date of administrative approval, estimated cost etc.	Remarks
2.	Administrative and Ancillary buildings including an attached restaurant for use by the day visitors to the water sports complex and pathways within the complex by the Executive Engineer, Roads and Buildings (R&B) Division, Khurda	May 1993/Rs.27.99 lakh in the Budget estimate of the Works Department.	The Tourist Office was to function from the administrative building for providing tourist assistance to the visitors. The buildings after completion were handed over in January 1994.

Scrutiny of records of the Tourist Officer (TO), Barkul revealed (March 2003) that the estimates of the above works did not include provision for external water supply and electrical connections. Though Government subsequently paid (November 1996) Rs.2.57 lakh to the concerned authorities for installation of an electrical sub-station, that did not come up. Action to provide the external water supply had also not started (September 2003). Further, Rs.10.16 lakh paid (March 1997) to the Orissa Tourism Development Corporation (OTDC) for furnishing the panthasala and the attached restaurant remained unutilised as these buildings were incomplete. It was noticed that the restaurant attached to the administrative building was lying in a dilapidated condition due to its non-use for want of electricity and water supply connections; the flooring of the cottages of the panthasala remained incomplete and the fittings of the doors and windows were completely broken as of March 2003.

Thus, the tardy progress in the construction of the buildings and eventual stoppage of the work meant for support service to the water sports complex not only involved idle investment of Rs.90.09[12] lakh on the incomplete works but also adversely affected the image of the State tourism.

Government admitted (May 2003) the factual position and stated that due to funds constraint the works would be completed in a phased manner. The fact however remains that there would be wastage of substantial funds because as and when the work resumes, fittings/pathways and other internal civil work will have to be redone substantially.

The matter was demi-officially referred to the Commissioner-cum-Secretary to Government; followed by a reminder (August 2003). Reply was not received (December 2003).

[12] Rs.27.99 lakh (Administrative building), Rs.49.37 lakh (Cottages of Panthasala), Rs.2.57 lakh (advanced for external electrical supply connection), Rs.10.16 lakh (unspent advance with OTDC for furnishing of panthasala)

AGRICULTURE DEPARTMENT

4.4.6 Diversion of fertiliser transport subsidy meant for tribal areas

OAIC made payment of fertiliser transport subsidy of Rs.34.84 lakh to the transporters without verification of transportation and sale of fertiliser. Rs.29.52 lakh meant for subsidy was utilised for other purposes.

The State Agriculture Policy, 1996 provided subsidy on transport of fertiliser at the rate of Rs.100 per tonne to wholesalers and institutional agencies affiliated to Regional Marketing Co-operative Societies etc. for lifting the same from manufacturers and selling to the consumers in the tribal areas of the State. The agencies entitled to subsidy were to prefer their claims to the concerned Junior Agriculture Officers (JAOs) once a month who in turn were to verify the claims with reference to the original cash memos and forward the same with the certificate of verification within 15 days to the District Agriculture Officer (DAO) for payment.

Scrutiny of records of the Director of Agriculture and Food Production (DAFP), Orissa (January/December 2001) and information collected subsequently revealed that Government sanctioned Rs.80 lakh (October 1996) for payment of subsidy on transportation of fertiliser. DAFP allotted the amount to 37[13] Drawing and Disbursing Officers (DDOs) for utilisation during 1996-97 which was later (March 1997) extended to September 1997. In June 1997, the then DAFP, who was also holding the charge of the Managing Director of Orissa Agro Industries Corporation (OAIC) requested Government for amendment to the procedure so that subsidy is paid centrally instead of through the DAOs and instructed his field offices to deposit the unspent subsidy balances with the OAIC. Accordingly, all 37 DDOs deposited (June/July 1997) the unspent balance of Rs.64.36 lakh with the OAIC. Although Government had not approved the proposal, out of the above deposited amount, the field units of OAIC were stated (July 2000/2003) to have paid subsidy of Rs.34.84 lakh to the transporters as of September 1999 and utilisation certificates thereof sent to the DDOs concerned. Test check of the records of the field offices of the OAIC at Baripada and Keonjhar revealed (September 2003) that subsidy was paid to the claimants even before actual sale of the fertiliser at the retail outlets. Thus, subsidy payment was made without verifying the actual sale by the JAOs. Further, despite DAFP's request (December 1999) and Government's intervention in September 2000, the OAIC did not refund the unspent subsidy of Rs.29.52 lakh to the DDOs concerned as of July 2003 on the ground that the amount was spent otherwise towards payment of statutory dues of the Corporation.

Placement of the subsidy with OAIC in disregard of the provisions of the State Agriculture Policy and without Government approval led OAIC to make unauthorised payment of transport subsidy of Rs.34.84 lakh and utilisation of remaining Rs.29.52 lakh for purposes not connected with transport subsidy.

[13] DAOs: 18 and Additional DAOs: 19

Besides, there was loss of interest of at least Rs.22.78 lakh at 13.05[14] *per cent* per annum during the period August 1997 to July 2003.

The matter was referred to Government (May 2003) followed by a reminder (June 2003). Reply was not received (December 2003).

4.5 Regulatory issues and other points

FISHERIES AND ANIMAL RESOURCES DEVELOPMENT DEPARTMENT

4.5.1 Non-recovery of NCDC loan and diversion of funds

NCDC loan assistance of Rs.21.66 lakh meant for PFCS was misutilised for payment of staff salary. OSFCF failed to recover the loan and interest thereon amounting to Rs.1.11 crore from the societies due to improper documentation of loans.

The National Cooperative Development Corporation (NCDC) sanctioned financial assistance to four[15] Primary Fisheries Cooperative Societies (PFCS) between September and December 1995 for purchase of fishing vessels and equipment at a cost of Rs.1.3 crore. As per the terms of sanction, NCDC would release 75 *per cent* of the cost as loan and 17.5 *per cent as* subsidy in favour of Government of Orissa, the remaining 7.5 *per cent* to be borne by the PFCS. The Government, in turn, was to release 55 *per cent* of the cost as loan, *20 per cent* as share capital and 17.5 *per cent* as subsidy to the PFCS. The assistance was to be released first by the Government to the PFCS subject to placement of firm orders with the suppliers by the societies. Based on such release, the NCDC would reimburse the assistance to the Government which was repayable within eight years with interest.

Scrutiny of records of the Director of Fisheries, Orissa, Cuttack in December 2001 and information collected subsequently revealed that between October 1996 and March 1997, the State Government sanctioned Rs.119.83 lakh (Loan: Rs.71.25 lakh, Share Capital: Rs.25.91 lakh and Subsidy: Rs.22.67 lakh) and placed the funds with the Orissa State Fishermen's Cooperative Federation (OSFCF) for implementation of the scheme. The NCDC reimbursed the State Government between October 2000 and March 2002. OSFCF extended the assistance to the PFCS in the shape of 77 catamarans and 35 country boats with 124 quintals of net by procuring the same at a cost of Rs.98.17 lakh. The remaining amount of Rs.21.66 lakh was diverted for other purposes by OSFCF such as development of Kausalyaganga fish project and payment of staff salary.

OSFCF did not maintain any account of the materials procured nor had any acknowledgement been received from three PFCS in token of receipt of

[14] Government's minimum borrowing rate during 1996-97 on Government of Orissa Loan 2007

[15] PFCS at Chandrabhaga, Pattamundai, Puri and Tamdei.

materials worth Rs.68.95 lakh[16]. Similarly, documents in support of disbursement of loan and share capital of Rs. 54.99 lakh[17] were incomplete and documentation of Rs.20.49 lakh[18] was not available at all. Besides, Rs.1 lakh recovered (February 1998) by OSFCF from the Puri society was not credited to Government. No recovery of the loan and interest amounting to Rs.1.11 crore due by March 2003 was made from the PFCS (October 2003); no agreements with the PFCS had been executed for recovery.

Deputy Secretary to Government admitted the position and stated (April 2003) that measures were being contemplated for recovery of the loan from the PFCS.

The matter was referred (June 2003) to the Commissioner-cum-Secretary to Government followed by a reminder in August 2003; reply was not received (December 2003). However, during discussion (November 2003), Director, Fisheries stated that the then MD, OSFCF was facing departmental proceedings and his pension had been reduced by five *per cent* for the year; Secretary stated that steps had been taken to recover the loans and interest due.

REVENUE DEPARTMENT

4.5.2 Unauthorised deposit of land compensation money in banks and utilisation of accrued interest for contingency expenditure

Six Collectors unauthorisedly kept advances of Rs.35.46 crore in banks for land acquisition and utilised the interest of Rs.0.70 crore earned on such bank deposits for other purposes.

As per the Accounting Procedure Rules for Land Acquisition Contingencies effective from 1 April 1998 and clarification thereto issued (September 1998) by Government, advances received by Collectors on account of compensation for land acquisition should be deposited under the head of account 8443-Civil Deposit. Out of the additional amount of 20 *per cent* of the advances received along with the compensation money towards establishment contingencies, 15 *per cent* should be credited to the departmental receipt head 0029-Land Revenue-800-Other receipts. The remaining 5 *per cent* should be kept in a bank account to meet contingent expenditure ancillary to land acquisition proceedings.

Scrutiny of records of six Collectors between September 2000 and August 2002 and information collected subsequently revealed that Rs.35.46 crore[19] were received by the Collectors between 1993-2003 on account of compensation advance and establishment contingencies of land acquisition cases. Instead of crediting the amounts to the Civil Deposit (Rs.28.36 crore) and departmental receipt head (Rs.5.31 crore) as prescribed, the entire amount

[16] PFCS: (i) Puri : Rs. 44.41 lakh, (ii) Tamdei : Rs. 16.17 lakh and (iii) Pattamundei : Rs.8.37 lakh

[17] PFCS : (i) Puri: Rs.33.31 lakh and (ii) Chandrabhaga:Rs.21.68 lakh,

[18] PFCS : (i) Tamdei : Rs. 13.59 lakh and (ii) Pattamundei : Rs. 6.90 lakh.

[19] Collectors: (i) Bargarh : Rs. 1.91 crore (1997-2003), (ii) Bolangir : Rs. 3.06 crore (1997-2003), (iii) Jharsuguda : Rs.11.91 crore (1993-2003), (iv) Khurda : Rs. 4.70 crore (1998-2003), (v) Puri :Rs.4.83 crore (1996-2003) and (vi) Sambalpur : Rs.9.05 crore (1996-2003).

was irregularly kept in bank accounts. Out of the above receipt, the Collectors spent Rs.21 crore towards land acquisition including expenditure of Rs.4.05 lakh for contingencies in Puri. Out of the balance of Rs.14.46 crore, Rs.6.34 crore was deposited into Civil Deposit (Bolangir: Rs.1.01 crore, Puri: Rs.3.29 crore and Sambalpur: Rs.3.04 crore) and Rs.0.73 crore was credited to the departmental receipt head by Collector, Puri between 1997 and 2003. The residual balance of Rs.7.39 crore remained in the bank accounts as of March 2003. It was further noticed that out of the interest of Rs. 2.76 crore[20] earned upto March 2003 on the bank deposits, the Collectors spent Rs.0.70 crore[21] irregularly towards purchase of air conditioners, computers, xerox machine, tape recorders, vehicle spares, furniture, stationery, telephone bills, fuel, repairs and renovation of building etc. not connected with land acquisition proceedings. The balance of Rs.2.06 crore of the interest remained in the bank as of March 2003. Thus, the interest on the bank deposits constituted a source of funds for the Collectors to incur expenditure without legislative authority.

Government while admitting the unauthorised utilisation of interest money of Rs.0.70 crore stated (September 2003) that the Collectors had been instructed to deposit henceforth the interest money into treasury. The reply was silent about the remaining Rs.7.39 crore that continued to be kept in the bank accounts in conscious violation of the accounting procedure. Moreover, the failure to deposit 15 *per cent* establishment cost by five Collectors in the treasury under the departmental receipt head amounted to non-realisation of Government revenue of Rs.4.60 crore[22] during the period.

4.5.3 Delay and avoidable expenditure in printing of District Census Hand Book 1991

Printing of the District Census Hand Book 1991 in the departmental press could not be completed even by September 2003 due to delay in commencement of printing and purchase of a faulty printing machine.

Government sanctioned (September 1995) Rs.36 lakh for printing of the District Census Handbook 1991 at the departmental press of the Joint Director, Survey and Map Publication (SMP). The work was to be completed within one year. Scrutiny of records of SMP (September 2000) and information collected subsequently (April 2003) showed that work commenced only in December 1996. In February 1997, the Department decided to procure a new high speed offset printing machine since the earlier one purchased in June 1989 at a cost of Rs.4.78 lakh had not been installed. By April 2003, only 23 volumes of the handbook had been printed and the expenditure incurred was Rs.80 lakh; Government sanctioned Rs.44 lakh[23] in addition to the original provision of Rs.36 lakh. The cost escalation included Rs.18.45 lakh on

[20] Collectors: Bargarh : Rs.0.23 crore, Bolangir : Rs. 0.55 crore, Jharsuguda : Rs. 0.38 crore, Khurda : Rs.0.46 crore, Puri : Rs.1.02 crore (including interest on deposits of other scheme funds) and Sambalpur : Rs. 0.12 crore

[21] Collectors: Bargarh: Rs.0.12 crore, Bolangir : Rs. 0.07 crore, Jharsuguda : Rs. 0.06 crore, Khurda: Rs.0.13 crore, Puri : Rs.0.22 crore and Sambalpur : Rs. 0.10 crore

[22] Collectors: Bolangir : Rs.0.46 crore, Bargarh: Rs.0.29 crore, Jharsuguda: Rs.1.79 crore, Khurda: Rs.0.70 crore and Sambalpur: Rs.1.36 crore

[23] 1996-97: Rs.14 lakh, 1997-98: Rs. 10 lakh, 2000-01: Rs.20 lakh

purchase of new offset printing machine (April 1998) which did not function beyond April 2000 owing to technical snags and Rs.8.58 lakh spent on DTP work done through private firms despite availability of a DTP machine, which had not been installed.

Thus, there was an avoidable expenditure of Rs.31.81 lakh (Rs.18.45 lakh+Rs.4.78 lakh+Rs.8.58 lakh) in the printing work. Besides, the delay deprived the users of access to detailed district-wise statistical data which Government of India publications do not contain.

The SMP stated (April 2003) that necessary steps were being taken to complete the printing of the remaining volumes of the hand book shortly. However with 2001 census being over nearly two years ago, printing of the remaining volumes might not be useful at all.

Government while endorsing the views of the SMP, admitted the facts and stated (September 2003) that the DTP machine had not been used and the offset printing machine could be used after repairing. The Secretary during discussion (November 2003) stated that the offset machine would be disposed of as it was irreparable.

SCHOOL AND MASS EDUCATION DEPARTMENT

4.5.4 Payment of grants-in-aid to ineligible schools

Failure of three Inspectors of Schools to exercise necessary checks led to irregular payment of grants-in-aid of Rs.62.67 lakh to 14 Integral Schools as the schools utilised the same for payment of honorarium to voluntary workers instead of salary to teachers.

As per instructions of Government (February 1987), Integral Educational Institutions in the State controlled by the 'New Life Educational Trust' (Trust) were eligible for grant-in-aid in respect of salary payable to their teachers at the same rate as admissible to the trained matriculate teachers of Government primary schools. For availing of the grant, the Trust should appoint trained teachers in the institutions and frame specific rules governing their service conditions and submit the same to Government for approval. As per the condition stipulated in the sanction orders, the Inspectors of Schools (IS) while releasing the grants-in-aid, were required to personally check the approved staff strength of each school.

Scrutiny of records of three Inspectors, Balasore, Cuttack and Baripada between February 2002 and August 2003 revealed that 14 Integral Schools under their jurisdiction were paid recurring grants-in-aid of Rs.62.27 lakh between 1990-91 and 2001-02 towards salary of 21[24] teachers comprising one to three teachers in each school as sanctioned by Government. The grants-in-aid sanctioned in respect of each such teacher were equal to the salary of a trained Government primary school teacher. The payment was made based on the utilisation certificates furnished by the schools for the earlier grants. It was noticed that the trust neither framed the service conditions of the teachers

[24] (i) IS, Balasore : 9 teachers in 6 schools, (ii) IS, Baripada : 6 teachers in 4 schools and (iii) IS, Cuttack: 6 teachers in 4 schools.

nor appointed them as regular teachers in the schools. The grants-in-aid so received by the schools were actually paid by them as honorarium to voluntary workers called 'sadhaks' ranging from 6 to 20 who had been utilised for teaching by the schools concerned. These 'sadhaks' were not formally appointed as teachers in the schools by the Trust nor were all of them qualified as trained teachers. Such irregular payment was made as the Inspectors did not exercise the necessary checks as regards the appointment of regular teachers stipulated in the sanction orders issued by Government.

The IS concerned while admitting the irregularity stated (May 2002/May and August 2003) that the matter would be examined and taken up with the Government for regularisation.

The matter was referred (May 2003) to the Commissioner-cum-Secretary to Government, followed by a reminder (July 2003). No reply was received (December 2003); however, the matter was discussed (November 2003) with the Secretary, who stated that appropriate action was under process to stop payment of grants-in-aid to such institutions which failed to comply with Government instructions.

TRANSPORT DEPARTMENT

4.5.5 Misuse of revenue receipts for departmental expenditure by RTOs

Eleven RTOs used motor vehicle tax receipts towards their contingent expenditure contravening codal provisions and undermining Legislative control over Government expenditure.

As per the provisions of Orissa Treasury Code (OTC), all moneys received by or tendered to Government servants on account of the revenues of the State should be paid in full into the treasury within three working days of their receipt. Such revenue receipts shall not be appropriated to meet the departmental expenditure unless specifically authorised to do so under OTC. Mention was made in paragraphs 3.12, 3.14 and 3.5 of the Reports of the Comptroller and Auditor General (Civil) for the year ended 31 March 1993, 1998 and 2000 respectively regarding unauthorised use of revenue receipts of the Government towards departmental expenditure by Regional Transport Officers (RTOs).

Scrutiny of records of 11 RTOs during 2002-03 revealed that Rs.45.45 lakh[25] representing revenues on account of motor vehicle taxes was appropriated by them for meeting departmental expenditure such as purchase of petrol, oil and lubricants, spare parts of vehicles, payment of telephone and electricity charges, wages, travelling expenses and other office contingencies etc. The expenditure on the above purposes were incurred by them without any

[25] **RTOs:**
(i) Balasore : **Rs.8.29 lakh** (upto March 2002), (ii) Bargarh : **Rs.5.37 lakh** (up to December 2002), (iii) Bolangir : **Rs.1.83 lakh** (1993-94 to September 2002), (iv) Chandikhol : **Rs.6.21 lakh** (1993-94 to December 2002), (v) Dhenkanal : **Rs.4.32 lakh** (1994-95 to October 2002), (vi) Koraput: **Rs.12.98 lakh** (1994-95 to September 2002), (vii) Mayurbhanj : **Rs.3.34 lakh** (1996-97 to May 2002), (viii) Phulbani : **Rs.0.23 lakh** (up to October 2002), (ix) Puri : **Rs. 1.63 lakh** (1994-95 to 2001-02), (x) Rayagada : **Rs.0.39 lakh** (1996-97 to April 2002) and Sundargarh : **Rs.0.86 lakh** (2000-01 to August 2002).

Government sanction over and above the regular allotment of funds. These amounts formed part of the closing cash balance and had been shown as such in the shape of paid vouchers since 1993 in contravention of the codal provisions.

The RTOs while accepting the factual position stated that the State Transport Authority would be moved for obtaining the allotment for adjustment of the outstanding paid vouchers. The reply was not convincing as the authorities consciously flouted the provisions of financial rules year after year despite repeated audit observations in Audit Reports. Government did not take any remedial measure over the years to prevent recurrence of such expenditure without legislative and administrative sanction. The RTOs by appropriating the departmental receipts for expenditure persistently undermined the legislative control over Government expenditure.

The matter was referred (June 2003) to the Government; followed by a reminder in August 2003; no reply was received (December 2003).

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

4.5.6 Irregular payment of grants-in-aid

In violation of the Municipal Act, 1950, Cuttack Municipal Corporation incurred Rs.26.49 lakh on payment of grants-in-aid to ineligible organisations like Pooja Committees, service associations, recreation club etc.

According to the Orissa Municipal Act, 1950, a municipal council may provide financial assistance to public libraries, reading rooms, art galleries, gymnasia or other institutions connected with diffusion of mental and physical culture or technical instruction. Payment of grants-in-aid out of municipal funds to Pooja Committees, service associations, recreation clubs, memorials, general clubs and Samities was beyond the scope of the Act.

Scrutiny of the records (January 2003) of the Executive Officer, Cuttack Municipal Corporation (CMC) revealed that contrary to the provisions of the Act, the Corporation paid grants-in-aid of Rs.26.49 lakh to as many as 188 ineligible bodies (Puja committee:14 nos; Service Association:7 nos; Recreation Club:7 nos; Memorials:5 nos and General Clubs and Samities:155 nos) during the period 1995-2000.

The matter was referred to Government (June 2003); their reply was not received (December 2003).

4.6 GENERAL

4.6.1 Lack of response to audit

Principal Accountant General (Audit) I and Accountant General (Audit) II, Orissa arrange to conduct periodical inspection of Government departments to test check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs) which are sent to the heads of offices and next higher authorities to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the Accountants General (Audit). Half-yearly report of pending IRs is sent to the Secretary of each department to facilitate monitoring of the audit observations and their compliance by the departments.

A review of the IRs issued up to June 2003 pertaining to 4752 offices of 34 departments showed that 52394 paragraphs relating to 15509 IRs were outstanding at the end of September 2003. Of these, 3822 IRs containing 8025 paragraphs had not been settled for more than 10 years (Appendix-XXXI). Year-wise position of the outstanding IRs and paragraphs are detailed in Appendix-XXXII. Even the initial replies which were required to be received from the Heads of Offices within six weeks from the date of issue were not received in respect of 4058 IRs (Appendix-XXXI) issued between 1964-65 and 2002-03 (June 2003), in respect of civil departments (3986 IRs) and works departments (72 IRs). As a result, several serious irregularities commented upon in these IRs had not been settled as of September 2003 (Appendix-XXXIII). Failure to comply with the issues raised by Audit facilitated the continuation of serious financial irregularities and loss to the Government.

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

The matter was referred to Government in November 2003. No reply was received (December 2003)

4.6.2 Follow up action on earlier Audit Reports

Serious irregularities noticed in audit are included in the Reports of the Comptroller and Auditor General (Audit Reports) which are presented to the State Legislature. According to instructions issued by the Finance Department, Government of Orissa in December 1993, the Administrative Departments are required to furnish explanatory notes on the paragraphs/reviews included in the Audit Reports and Action Taken Notes (ATNs) on the recommendations of Public Accounts Committee (PAC) Reports within three months and six months respectively of their presentation to the Legislature.

It was noticed that in respect of Audit Reports from the year 1991-92 to 2001-02 as indicated below, 25 out of 37 departments which were commented upon, did not submit explanatory notes on 207 paras/reviews as of September 2003.

Year of Audit Report	Total paras/reviews in Audit Report	No. of paras/reviews for which explanatory notes were not received
1991-92	70	6
1993-94	60	8
1994-95	57	12
1995-96	61	13
1996-97	77	23
1997-98	64	21
1998-99	64	30
1999-2000	54	29
2000-01	54	37
2001-02	33	28
Total	**594**	**207**

The department-wise analysis is given in the Appendix-XXXIV which shows that the Departments largely responsible for non-submission of explanatory notes were Revenue, Agriculture, Schedule Tribes and Schedule Castes Development and Finance. Comments on topics such as Super Cyclone, Public Distribution System and Integrated Audit of Primary Education had also failed to elicit any response from the Government.

Response of the departments to the recommendations of the Public Accounts Committee

The Orissa Legislative Assembly (OLA) Secretariat issued (May 1966) instructions to all departments of the State Government to submit Action Taken Notes (ATN) on various suggestions, observations and recommendations made by the Public Accounts Committee (PAC) for their consideration within six months after presentation of the PAC Reports to the Legislature. The above instructions were reiterated by Government in Finance Department in December 1993 and by OLA Secretariat in January 1998. The PAC Reports/recommendations are the principal medium by which the Legislature enforces financial accountability of the Executive to the Legislature and it is appropriate that they elicit timely response from the departments in the form of Action Taken Notes (ATNs).

However, it was noticed that 2030 recommendations of the PAC, relating to 1st Report of 9th Assembly (1985-86) to 41st Report of 12th Assembly (2002-03) were pending settlement at the end of September 2003. Department-wise details are given in Appendix-XXXV which indicate that Departments largely responsible for non-submission of ATNs are Water Resources, Works, Housing and Urban Development, Panchayati Raj, Industries, Agriculture and School and Mass Education.

CHAPTER-V

Internal Audit System

5.1 Internal Audit Arrangements within the Government

FINANCE DEPARTMENT

5.1.1 Introduction

The auditing arrangements existing within the Government of Orissa consist of (i) Internal Audit System known as Common Cadre Audit (CCA) in 20 of the 38 civil departments[1], (ii) Local Fund Audit Organisation (LFA) which is the statutory auditor of Panchayati Raj Institutions and Urban Local Bodies, (iii) Efficiency Audit Organisation to conduct selected evaluation studies and (iv) Gram Panchayat Audit (GPA) Organisation for audit of Gram Panchayats in the State. The LFA also conducts audit of aided schools, endowments etc.

5.1.2 Organisational set-up

The Organisational chart of (i) Common Cadre Audit (CCA), (ii) Local Fund Audit (LFA), (iii) Efficiency Audit and (iv) Gram Panchayat Audit (GPA) is given in Appendix-XXXVI. These units except the CCA are under the control of the Finance Department. Up to March 2003, the GPA was under the control of Panchayati Raj Department. The CCA is separate for each department and functions under the control of the Financial Advisor of the respective departments.

5.1.3 Scope of review

A review was conducted of the activities of these units through test check of records of Agriculture, Health and Family Welfare, SC and ST Development and Finance Departments during September and October 2003 for the period from 1998-99 to 2002-03. Besides, the activities in the District Audit Offices, Cuttack and Bhubaneswar under the LFA and District Panchayat Offices, Khurda and Puri under the GPA were reviewed in audit. The following points were covered.

- Audit Planning and Execution
- Audit Reporting and Follow-up
- Staffing and Training and
- Effectiveness of Internal Audit

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[1] There is no internal audit system in 15 departments including Home, Excise, Transport and Industries Departments. The Engineering Departments where the system of Divisional Accountants is in vogue also do not have any internal audit system.

5.1.4 Common Cadre Audit (CCA)

The sanctioned strength and men in position of the CCA as a whole, for all departments of the Government taken together, are given below:

Category	Sanctioned Strength		Men in Position	
	1998-99	2002-03	1998-99	2002-03
Auditor	469	447	416	372
Audit Superintendent	46	51	45	51
Audit Officer (Gr-B)	6	11	4	11
Audit Officer (Gr-A Jr)	2	3	2	2
Audit Officer (Gr-A Sr)	-	1	--	--

There was no recruitment of auditors since 2000 to fill up the vacancies.

Agriculture and SC and ST departments did not prepare annual or periodical audit plans (except for SC and ST Department for 1998-99). Health and Family Welfare Department, however, prepared annual plans for all the five years on the basis of available manpower, quantum of expenditure and arrears position. Certain factors such as importance of the subordinate offices, allotment of funds and arrears position were generally considered for selecting a unit for audit. However, no formal risk analysis of the units based on fund allotment, importance of activities and other risk factors had been made.

It was necessary to make a risk analysis of units and assign longer audit periodicity (biennial, triennial etc.) to less important units. Further, it was also necessary to do away with the present system of 100 *per cent* audit of receipts and expenditure and adopt selective audit techniques to enable the available manpower to audit all the units in time.

It was noticed that an audit party consisting of an auditor or two were deputed to a subordinate office for conducting audit. The party examines the records and at the end of audit prepared a draft audit report taking into consideration the replies of the subordinate office to its queries and submitted it to the audit superintendent who was to review it. The draft report was then submitted through a hierarchy to the Secretary for approval.

The following deficiencies were noticed:

- The CCA did not have an audit manual for its auditors.
- Auditors' work in the field was not supervised.
- Auditors did not as a rule verify whether the subordinate offices furnished compliance to the audit observations of external auditors.

The audit reports, after review and approval by the Secretary were issued to the sub-ordinate office for compliance within three months.

Test check of 60 audit reports in three test checked departments revealed that the audit reports, required to be issued within two months from the date of completion of audit, were issued after a delay of 2 to 37 months. There were 258 audit reports for the period from 1999-2000 to 2002-03 pending (Agriculture: 181, SC and ST Development: 41 and Health and Family Welfare: 36) for issue as of October 2003.

No compliance was received within the stipulated time in respect of any of the audit reports test checked. Further, no reports pertaining to non-compliance by sub-ordinate offices were prepared or submitted to the FA or Secretary for monitoring. No meetings were held with the subordinate offices for ensuring early compliance to the audit reports.

Thus, monitoring of compliance to audit reports at higher level needs improvement, if any benefit is to be derived from internal audit.

As of March 2003, audit was in arrears in all the three selected departments as shown below:

	Agriculture	**SC and ST Development**	**HFW**
Number of units	345	334	535
Number of units in arrears	345	286	Not Available
Number of Annual Accounts for which audit was in arrears	7169	1235	Not Available

Arrears were attributable to lack of adequate manpower and inadequate utilisation of available manpower. In the year 2002-03, as against the available 7200 mandays in the SC and ST department, 4884 (68 *per cent*) mandays only were utilised in field audit. Utilisation of 32 *per cent* time in headquarters' work indicated less mandays utilisation in field audit. In HFW Department, however, 82 *per cent* mandays were utilised in field duty. The effect of higher mandays utilisation in this department was, however, not ascertainable.

The Agriculture Department fixed no annual targets for audit. The SC & ST Development Department fixed the targets for 1998-99 and 2002-03. Against the 2002-03 target of audit of 87 units covering 512 Annual Accounts, the department could audit 53 units covering 162 Annual Accounts (32 *per cent* of the target). The HFW Department fixed the annual targets for all five years. However, against their 2002-03 targets of 86 units, the department could audit only 32 units (37 *per cent* of the target).

Shortfall in achievement of targets was attributable to setting of targets without taking into account the limited resources. The departments did not have any plan for clearing audit arrears.

No consolidated reports on outstanding audit reports and paragraphs were prepared. Therefore, the position of outstanding audit observations and their year-wise break-up was not available.

The CCA covered 20 out of 38 departments of the Government of Orissa. There was no arrangement for internal audit in 15 departments. Some departments did not have audit officers/audit superintendents to review the audit work. For example, in three departments viz. Science and Technology, Public Enterprise and Steel and Mines, there is only one auditor each in their internal audit wings. Obviously, the coverage of internal audit was inadequate.

5.1.5 Local Fund Audit (LFA)

The LFA organisation of the Finance Department functions under the authority of the Orissa LFA Act, 1948. It conducts audit of the accounts of the Local Fund Authorities, i.e. PRIs, Urban Local Bodies (ULBs), Aided Educational Institutions, Universities, Board of Secondary Education, Council of Higher Education, Religious Endowments and some miscellaneous institutions receiving Government grant. The audit conducted by the LFA is of two types, i.e. statutory in respect of PRIs and ULBs etc. and non-statutory in respect of aided schools, endowments etc. The number of units auditable by the LFA is given below:

Name of the Local Bodies	2002-03
Panchayat Samities	314
Urban Local Bodies	102
Education Institutions	9001
University	8
Board / Councils	2
Endowments	398
Miscellaneous	202
Special Planning Authority	15
Total	**10042**

The LFA auditors have the authority to order production of documents or to summon an official in person. The auditors also have powers to levy surcharge.

The LFA adopted the system of pre-audit in 157 Panchayat Samities since 1998 by posting one auditor in each samiti to apply checks before incurring expenditure.

The auditors of the LFA posted to Panchayat Samities were responsible for proper maintenance of accounts, cash books and relevant records. No bill could be presented to the treasury without the concurrence of the auditor. The District Audit Officers were required to supervise the work of auditors once in three months.

Though the objectives of the pre-audit system seemed foolproof, the results did not seem to be encouraging. A review of 10 blocks, where the pre-audit system existed, indicated no improvement in the state of accounts and financial administration. In spite of the presence of an internal auditor, important records such as registers of outstanding advances, grants-in-aid, property contractors' ledgers, measurement books, stores and suspense accounts etc. were not maintained and the receipts and payments account of grants was not prepared from 1999-2000 onwards.

The audit process consists in audit planning, audit execution and issue of audit reports and their follow-up. The District Audit Officer (DAO) is responsible for the audit of the local bodies and authorities under his jurisdiction.

It was observed that the annual audit plan prepared by the LFA for each audit district and audit party was not based on formal ABC analysis of units under audit, fund flow, the importance of the activities carried out by the offices and other risk factors. As a result, audit of 6494 auditee units (excluding Phulbani, Kalahandi and Cuttack districts) covering 86692 annual accounts were in arrears as of March 2003.

The following deficiencies were noticed:

- The LFA did not have an audit manual for its auditors though instructions were issued by FD regarding conduct of audit.
- Auditors did not verify whether the auditee unit furnished compliance to audit observations of auditors of the Indian Audit and Accounts Department (IA&AD) in respect of Panchayat Samities.

The internal audit reports, after review and approval by the Examiner-cum-Additional Secretary were issued to the auditee units for compliance within three months. Of the 20 audit reports test checked, no compliance was received within the stipulated time.

The audit reports, though required to be issued within two months from the date of completion of audit, were found to have been issued after a delay of 6 to 24 months.

Pertinent topics such as excess liabilities of ULBs, unutilised grants, pending UCs, non-recovery of taxes/licence fees, unauthorised retention of grants in the Personal Ledger Accounts (PLA), diversion of funds from PLA, loss of stock materials etc. find place in the audit reports. Other observations include retention of heavy cash balances, minor procedural irregularities in works etc. However, the following points need remedial action:

No reports pertaining to non-compliance by local bodies/authorities were prepared or submitted to the Examiner-cum-Additional Secretary for monitoring. No meetings were held with the local bodies/authorities by the Higher Management for ensuring early compliance to audit reports. Similarly, no consolidated report on outstanding audit reports and paragraphs was prepared. Clearly, monitoring of compliance to audit reports at higher level needed improvement.

In respect of cases warranting surcharge, show cause notices are issued. However, due to inadequate response from auditee units, the recovery on surcharge proposals could not be effected in a large number of cases.

The LFA did not certify the accounts of the units for which it was the statutory auditor.

The position of annual targets and achievements is given below:

Year	Number of units planned	Number of annual accounts audit planned	Number of units audited	Number of annual accounts audited	Percentage of number of annual accounts audited
(1)	(2)	(3)	(4)	(5)	(6)
1998-1999	716	1938	643	1576	81
1999-2000	821	2563	631	1701	66
2000-2001	797	2615	638	1662	63
2001-2002	566	1176	467	763	65
2002-2003	692	1401	563	1211	86

Shortfall in achievement of targets was attributable to setting of targets without considering the resources available. It was, therefore, necessary for the LFA to concentrate on units for which it has a statutory responsibility for audit. To achieve this, the LFA needs to consider the following:

- To make a formal ABC analysis based on fund allotment, importance of activities and other risk factors of the units and assign longer audit periodicity (biennial, triennial etc.) to non-statutory units.
- To do away with the present system of 100 *per cent* audit of receipts and expenditure and adopt selective audit techniques to enable the available manpower to audit all the units in time.

5.1.6 Efficiency Audit Organisation (EAO)

EAO conducts evaluation studies and internal audit with a detached and objective outlook and brings to notice the defects and deficiencies in the system and suggests remedies. It undertakes special and emergent nature of job, which requires immediate appraisal.

The EAO undertakes special audit on requisition from different organisations, instructions from higher authorities and at times on its own initiative. The scope of EAO audit is determined by the terms of reference of an assignment and generally includes assessment of performance of the activities of a particular department or a particular branch or a probe into any particular problem facing a number of departments.

As the system of audit was totally based on requisition, no annual planning was done. The subject for investigation was studied on the basis of available records, enquiry and discussion with concerned authorities and the scope of the inquiry and its objectives were determined. It also took up detailed audit of accounts where misappropriation, defalcation or embezzlement of cash was detected either by the department itself or by vigilance.

It was observed that the EAO did not have any audit manual for its auditors. The nature of audit observations was similar to that of the CCA such as mis-utilisation of revenue receipts, misuse of subsidy, irregular adjustment of grants, parking of Government money in savings accounts etc. The audit reports seen in audit did not indicate comprehensive examination from performance angle of the issues involved.

The audit reports, though required to be issued within two months from the date of completion of audit, were not issued in time. Of the 20 audit reports seen in audit, the delay in issue ranged from 3 to 15 months.

The departments did not furnish compliance to audit reports within the stipulated time of three months. Of the 20 audit reports issued during 1999-2003, no compliance report was received as yet in respect of 18 audit reports. In the remaining two cases, the delay in furnishing compliance was 25 to 30 months.

No reports pertaining to non-compliance by subordinate offices were prepared and submitted to the Special Secretary of Finance for monitoring. No meetings were held with the departments for ensuring early compliance to the internal audit reports. The periodical review by the high level committee, as prescribed, was not being done. Similarly, no consolidated report on the outstanding audit reports and paragraphs was prepared. Clearly, monitoring of compliance to audit reports at higher level was absent.

5.1.7 Gram Panchayat Audit (GPA)

During 1966, a separate cadre of auditors was formed under the PR (GP) Department to conduct the audit of GP accounts independently. The responsibility for the GP audit has since been transferred to FD in April 2003. There are 6234 GPs in the State.

In pursuance of the recommendations of the Eleventh Finance Commission, Government of India issued guidelines for the State Governments stipulating that the CAG of India be made responsible for technical guidance and supervision over the proper maintenance of accounts and audit of the PRIs. Government of Orissa entrusted audit of 20 *per cent* GPs to the CAG of India with effect from November 2002 under section 20(1) of the CAG's DPC Act, 1971. The CAG of India prepared the formats of accounts for PRIs. These formats were not adopted in the State.

As at the end of 2002-03, audit was in arrears in respect of 3708 GPs for 11666 Annual accounts due to inadequate manpower. As in case of other wings, the GPA wing too was plagued with delay in issue of audit reports and lack of compliance and follow-up. It was observed that the proforma of the audit report was more accounts oriented. The auditors devoted more time in preparation of accounts rather than auditing. It was therefore necessary to impart training to GP secretaries to enable them to prepare the accounts; this would relieve the auditors of accounting work.

5.1.8 Internal Auditing Standards

Auditing standards provide benchmarks for judging the performance of auditors and help bring uniformity and excellence in audit processes. The modern trend among audit organisations, therefore, is to adopt a formal set of standards covering general, operational and reporting areas. No audit wing of the State has such auditing standards.

5.1.9 Recruitment and Training

The posts of Audit Officers were filled in by promotion from the cadre of audit superintendents and that of audit superintendents from the cadre of auditors. Direct recruitment was made for 75 *per cent* posts of auditors through competitive examination conducted by Orissa Subordinate Staff Selection Commission. The remaining 25 *per cent* posts were filled in by promotion from among the staff of different departments with intermediate qualification. Considering the high responsibility involved in audit, the minimum educational qualification prescribed for internal promotion to auditors' cadre should be raised to graduation.

The quality of auditors' work also depends on the on-site supervision of their work by the audit superintendents. However, the on-site supervision by audit superintendents was minimal due to their number being inadequate. As against the total 957 auditors in all four wings as of March 2003, there were only 103 (11 *per cent*) audit superintendents. There is a need to enhance the number of audit superintendents' posts. This, apart from improving the quality of audit, will also act as a motivating factor by creating more promotional prospects.

For direct recruits to the cadre of auditors, the duration of induction training is three months. Induction training was also imparted to the departmental candidates promoted to the cadre of auditors. The syllabus for the training is adequate and covers the subjects the auditors are required to know. No information in respect of on the job training was available.

5.1.10 Effectiveness of Audit

- Audit in any organisation is effective only if the auditees view the audit observations seriously and take corrective measures. The position of audit of the State was far from effective in this regard. The auditees either not responded or responded belatedly to the audit observations. No records in support of system changes and improvements following audit observations could be seen during the review.

- The effectiveness of audit also depends on the currency of their audit reports. If the reports pertain to old periods (due to there being arrears in audit), there is little enthusiasm among auditees to act on the audit findings. The balance, therefore, needs to be tilted in favour of audit of current accounts.

- It was noticed that the LFA had been able to raise recovery demands in 4587 cases for Rs.7.40 crore during 2002-03. The actual recovery effected, however, stood at only Rs.3.11 lakh in 111 cases. Nevertheless, the work of LFA on this front contributed to its effectiveness.

5.1.11 Conclusion

Audit can be considered efficient if the quantity and quality of its output are such as to make an impact on the management and promotes good management practices. Quantitatively, the Government could not cover all the units due for audit. Qualitatively, improvements in its audit processes, as pointed out in the preceding paragraphs, are required which received least attention and support from the management of the auditee units as well as the Government departments. Nevertheless, the audit of the State is a conceptually well-organised set-up. The Department has a good infrastructure for training of audit personnel including qualified faculty. However, its efficiency and effectiveness are to be enhanced for effective audit.

The matter was discussed (December 2003) with the Principal Secretary to Government, Finance Department who assured that corrective measures would be initiated wherever necessary.

WATER RESOURCES DEPARTMENT

5.2 Functioning of Stores Verification Wing

The Water Resources Department did not have an Internal Audit Wing. However, a Stores Verification Wing was set up in March 1969 in the department to ensure proper control over inventories to strengthen the internal control system. The organisation headed by a Superintending Engineer under the administrative control of the Commissioner-cum-Secretary to Government, Water Resources Department was to conduct physical verification of stores & stock accounts, tools & plants accounts, segregate surplus materials for disposal, detect obsolence, pilferage and theft. The organisation was also required to review the Reserve Stock Limit of each division with reference to stock on hand and identify unnecessary purchases. The reports on such exercises were to be forwarded to the Divisional Officers within 30 days of the date of completion of the verification.

Check of records in audit revealed (September 2003) that though the Stores Verification Wing had staff strength of 24, it failed to exercise necessary control over inventory. Physical verification of accounts of 16 divisions[2] was conducted but verification reports were issued between September 2000 and March 2003 after delays ranging from 3 to 29 months from the

[2] 1) Puri Irrigation Division, Puri, 2) Rusikulya NWMP Division, Aska, 3) DSARP Division No. II, Sorada, 4) Kanpur Head Works Division, Keonjhar , 5) Stores & Mechanical Division, Ambaguda, 6) DSARP Division No. I, Bhanjanagar, 7) Rourkela Mechanical Division, Panposh, 8) MI Investigation Division, Berhampur, 9) Baghua Irrigation Division No. I, Matajhari, 10) Manjore Irrigation Division, Athamalik, 11) MCH, S & M Division, Cuttack, 12) Mahanadi Barrage Division, Cuttack, 13) Salandi Canal Division, Bhadrak, 14) Parjang Canal Division, Parjang, 15) Mayurbhanj Irrigation Division, Baripada and 16) GWS&I Division, Bhubaneswar.

dates of verification. The reports indicated mismanagement in maintenance of stores valued at Rs.11.87 crore (discrepancies: Rs.9.27 crore, shortages: Rs.1.60 crore, losses: Rs.0.56 crore and excess: Rs.0.44 crore). Of the 16 divisions involved, 11 Divisional Officers furnished first compliance, based on which objections valuing Rs.31.48 lakh (three *per cent*) were settled. As of September 2003, five Divisional Officers did not furnish any compliance.

Compliance in respect of stores valuing Rs.11.55 crore was pending as of September 2003. No remedial measures were taken by the Engineer-in-Chief, Water Resources, being the Head of the Department to ensure compliance and effect timely recovery of shortages from the officers concerned before their superannuation indicating ineffective functioning of the stores verification wing.

Government stated (September 2003) that setting up of Internal Audit Wing was under process.

BHUBANESWAR **(UTPAL BHATTACHARYA)**
THE **PRINCIPAL ACCOUNTANT GENERAL (AUDIT)-I**
31 MAY 2004 **ORISSA**

COUNTERSIGNED

NEW DELHI **(VIJAYENDRA N. KAUL)**
THE **COMPTROLLER AND AUDITOR GENERAL OF INDIA**
9 JUN 2004

APPENDICES

APPENDIX -I

(Refer Paragraph 1.4 at page 5)

Part A. Government Accounts

I. Structure: The accounts of the State Government are kept in three parts:- (i) Consolidated Fund (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund

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

Part II: Contingency Fund

The Contingency Fund created under Article 267(2) of the Constitution of India is in the nature of an imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund. The corpus of this Fund authorised by the Legislature during the year was Rs.150 crore.

Part III: Public Account

Receipts and disbursements in respect of small savings, provident funds, deposits, reserve funds, suspense, remittances etc., which do not form part of the Consolidated Fund, are accounted for in Public Account and are not subject to vote by the State Legislature.

II. Form of Annual Accounts

The accounts of the State Government are prepared in two volumes viz., the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation Accounts, present the details of expenditure by the State Government vis-a-vis the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

Part B. List of Indices/Ratios and basis for their calculation

(Refer Paragraph 1.4 at page 5)

Indices/Ratios		Basis for calculation
Sustainability	BCR	Revenue receipts minus all Plan grants (under Major Head 1601- 02, 03, 04) and Non-Plan revenue expenditure
Balance from the current revenue		
Primary Deficit		
Interest Ratio		
Capital Outlay Vs. Capital Receipts	Capital Outlay	Capital expenditure as per Statement No.13 of the Finance Accounts
	Capital Receipts	Internal Loans (net of ways and means advances) + Loans and advances from Government of India + Net receipts from small savings, PF etc. + Miscellaneous Capital Receipts
Total tax receipts Vs. GSDP		
State tax receipts Vs. GSDP		
Flexibility		As above
-Balance from current revenue	Capital Repayments	Disbursements under Major head 6003 and 6004 minus repayments on account of Ways and Means Advances/Overdraft under both the major heads
-Capital repayments Vs. Capital Borrowings	Capital Borrowings	Addition under Major Heads 6003 & 6004 minus addition on account of Ways & Means Advances/Overdraft under both the major heads
	State Tax Receipts	A- Tax Revenue of Statement 11 of Finance Accounts-State's share of net proceeds of Taxes & Duties
	Total Tax Receipts	State Tax receipts plus State's share of Union Taxes
Incomplete Projects		
-Total Tax Receipts Vs. GSDP		
-Debt Vs. GSDP		
Vulnerability		
-Revenue Deficit		Paragraph No. 1.9.1 of the Audit Report
-Fiscal Deficit		Paragraph No. 1.9.1 of the Audit Report
-Primary Deficit Vs. Fiscal Deficit	Primary Deficit	Fiscal Deficit minus interest payments
Total outstanding guarantees including letters of comfort Vs. Total revenue receipts of the Government	Outstanding guarantees	Statement-IV
	Revenue Receipts	Statement-II
Assets Vs. Liabilities	Assets and Liabilities	Statement-I
	Debt	Borrowings and other obligations at the end of the year (Statement No. 4 of the Finance Accounts)
Buoyancy of a parameter		Rate of growth of the parameter / GSDP Growth
Buoyancy of a parameter(X) with respect to another parameter (Y)		Rate of Growth of the parameter(X) / Rate of Growth of the Parameter(Y)
Rate of Growth (ROG)		[(Current year Amount/Previous year amount)-1]*100
Trend/Average		Trend of growth over a period of 5 years [LOGEST(Amount of 1996-97:Amount of 2001-02)-1]*100
Development Expenditure		Social Services+Economic Services
Weighted Interest Rate (Average interest paid by the State)		Interest Payment/[(Amount of previus year's Fiscal Liabilities+Current Year's Fiscal Liabilities)/2]*100

APPENDIX-II

(Refer paragraph 1.7.1 at page 13)

Statement showing the yearwise position of wanting Utilisation Certificates

(Rupees in crore)

Name of the Bodies audited during 2002-2003 period up to which audited and No. of such bodies audited	Upto 1992-1993	1993-1994	1994-1995	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	No. of Bodies where year-wise details not available with amount	Total
PANCHAYAT SAMITI												
1999-2000 (7)	6.76	0.53	0.18	0.73	0.82	2.02	2.82	3.68	--	--	19.86	37.40
2000-2001 (12)	2.79	0.32	0.07	0.74	0.57	5.48	7.02	7.11	9.46	--	25.26	58.82
2001-2002 (73)	55.90	5.00	9.50	12.28	8.09	8.77	12.69	16.28	24.08	19.24	156.42	328.25
DRDA (13)	--	--	--	--	--	--	--	--	--	--	589.31	589.31
ITDA (9)	--	--	--	--	--	--	--	--	--	--	55.90	55.90
CADA (2)	--	--	--	--	--	--	--	--	--	--	1.06	1.06
ZSS (2)	--	--	--	--	--	--	--	--	--	--	--	--
Municipality (3)	--	--	--	--	--	--	--	--	--	--	3.27	3.27
OSDMA (1)	--	--	--	--	--	--	--	--	--	--	1.51	1.51
OUAT (1)	--	--	--	--	--	--	--	--	--	--	10.82	10.82
IDCO (1)	--	--	--	---	--	--	--	--	--	--	--	--
BDA (1)	--	--	--	--	--	--	--	--	--	--	--	--
125 Units	65.45	5.85	9.75	13.75	9.48	16.27	22.53	27.07	33.54	19.24	863.41	1086.34

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APPENDIX-III

(Refer paragraph 1.7.2 at page 15)

Statement showing Misappropriation, losses etc. reported upto 31 March 2003 pending finalisation at the end of June 2003

(Rupees in lakh)

Sl. No.	Name of the Department	Awaiting Departmental/ Criminal investigation		Departmental action started, but not finalised		Criminal proceedings finalised but execution of certificate cases for recovery of the amount pending		Awaiting orders for recovery or write off		Pending in the court of law		Total	
		A		B		C		D		E		F	
		Number of items	Amount	Number of items	Amount	Number of items	Amount	Number of items	Amount	Number of items	Amount	Number of items	Amount
1	Finance	2	0.09	1	0.17	0	0.00	13	10.73	7	3.66	23	14.65
2	Revenue	6	1.74	19	5.08	27	5.30	70	9.78	11	20.75	133	42.65
3	Excise	0	0.00	1	0.21	0	0.00	1	0.10	0	0.00	2	0.31
4	Law	3	3.15	4	2.82	1	0.15	11	1.47	7	4.09	26	11.68
5	Water Resources	103	137.27	251	83.96	2	0.01	24	12.84	18	2.30	398	236.38
6	Rural Development	40	18.08	37	14.40	1	0.03	0	0.00	9	3.21	87	35.72
7	Energy	3	241.25	5	1.35	1	1.17	0	0.00	1	0.34	10	244.11
8	Industries	6	5.15	4	4.82	0	0.00	13	3.19	1	0.03	24	13.19
9	Textiles and Handloom	0	0.00	0	0.00	0	0.00	1	0.15	0	0.00	1	0.15
10	SC&ST Development	4	0.90	15	4.06	0	0.00	16	1.94	6	2.45	41	9.35
11	Health and Family Welfare	5	15.72	7	7.22	0	0.00	28	14.58	11	24.46	51	61.98
12	General Administration	1	1.23	1	0.95	0	0.00	0	0.00	2	0.71	4	2.89
13	Works	37	37.49	143	171.81	1	0.41	3	3.10	4	3.33	188	216.14
14	Steel and Mines	2	0.35	0	0.00	0	0.00	5	0.63	0	0.00	7	0.98
15	Commerce & Transport	1	0.35	4	1.07	0	0.00	4	2.34	1	0.35	10	4.11

Concld.

Sl. No.	Name of the Department	Awaiting Departmental/ Criminal investigation		Departmental action started, but not finalised		Criminal proceedings finalised but execution of certificate cases for recovery of the amount pending		Awaiting orders for recovery or write off		Pending in the court of law		Total	
		A		B		C		D		E		F	
		Number of items	Amount	Number of items	Amount	Number of items	Amount	Number of items	Amount	Number of items	Amount	Number of items	Amount
16 (a)	Education	22	26.37	22	21.94	0	0.00	5	0.98	4	6.88	53	56.17
16 (b)	Text Book	0	0	1	0.31	0	0	7	3.27	4	4.58	12	8.16
17	Fisheries and ARD	22	2.86	8	53.31	0	0.00	29	11.16	7	14.91	66	82.24
18	Agriculture	57	31.88	46	26.00	0	0.00	76	7.33	16	7.43	195	72.64
19	Co-operation	0	0.00	1	0.94	0	0.00	0	0.00	2	3.25	3	4.19
20	Panchayati Raj	27	20.52	15	12.47	2	0.34	12	2.82	8	1.27	64	37.42
21	Home	5	13.04	1	0.17	0	0.00	16	2.97	9	4.35	31	20.53
22	Food Supplies and Consumer Welfare	1	0.00	2	2.93	0	0.00	0	0.00	1	0.09	4	3.02
23	Housing and Urban Development	25	17.90	42	27.71	0	0.00	2	0.19	3	3.29	72	49.09
24	Labour and Employment	1	0.10	0	0.00	0	0.00	3	1.09	2	1.99	6	3.18
25	Information and Public Relation	132	11.62	8	0.60	0	0.00	9	0.45	0	0.00	149	12.67
26	Forest and Environment	73	79.05	195	88.89	5	2.38	153	52.75	9	1.79	435	224.86
27	Women and Child Development	3	2.16	2	1.15	0	0.00	1	0.03	0	0.00	6	3.34
	Total	**581**	**668.27**	**835**	**534.34**	**40**	**9.79**	**502**	**143.89**	**143**	**115.51**	**2101**	**1471.80**

APPENDIX-IV-A

Contd.

(Refer paragraph 2.3.2 at page 34)

Statement showing savings of more than 10 *per cent* during 2002-2003

Sl. No.	Grant No.	Name of the Grant	Amount of Grant	Savings	Percentage of savings
			(Rupees in crore)		
REVENUE SECTION					
1.	1	Home (Voted)	549.58	64.19	12
2.	1	Home (Charged)	9.41	1.11	12
3.	3	Revenue (Voted)	978.25	461.71	47
4.	3	Revenue (Charged)	352.10	209.71	60
5.	5	Finance (Voted)	1556.06	468.27	30
6.	6	Commerce (Voted)	30.42	5.27	17
7.	7	Works (Voted)	287.77	119.15	41
8.	7	Works (Charged)	0.94	0.21	22
9.	9	Food supplies and Consumer Welfare (Voted)	82.51	26.76	32
10.	10	School and Mass Education (Charged)	0.03	0.02	67
11.	11	Scheduled Tribe, Scheduled Castes Development and Minorities and Backward Classes Development (Voted)	357.10	96.13	27
12.	12	Health and Family Welfare (Voted)	588.84	134.37	23
13.	16	Planning and Co-ordination (Voted)	265.66	99.24	37
14.	19	Industries (Voted)	70.95	11.50	16
15.	21	Transport (Charged)	0.03	0.03	100
16.	22	Forest and Environment (Voted)	180.97	73.13	40
17.	23	Agriculture (Voted)	297.07	61.72	21
18.	26	Excise (Voted)	15.09	1.89	13
19.	28	Rural Development (Voted)	209.06	23.40	11
20.	29	Parliamentary Affairs (Voted)	7.86	1.43	18
21.	30	Energy (Voted)	115.66	68.16	59
22.	30	Energy (Charged)	1.40	0.22	16
23.	31	Textile and Handloom (Voted)	27.92	16.63	60
24.	33	Fisheries and Animal Resources Development (Voted)	172.50	68.84	40
25.	34	Co-operation (Voted)	62.07	19.95	32

Concld.

Sl. No.	Grant No.	Name of the Grant	Amount of Grant	Savings	Percentage of savings
			(Rupees in crore)		
26.	35	Public Enterprises (Voted)	40.64	27.64	68
27.	36	Women and Child Development (Voted)	360.60	75.20	21
28.	2048	Appropriation for reduction or avoidance of Debt (Charged)	90.07	40.00	44
CAPITAL SECTION					
29.	1	Home (Voted)	66.25	30.60	46
30.	5	Finance (Voted)	306.64	180.66	59
31.	7	Works (Voted)	287.70	138.45	48
32.	7	Works (Charged)	0.10	0.10	100
33.	11	Scheduled Tribes and Scheduled Castes Development (Voted)	11.57	2.71	23
34.	12	Health and Family Welfare (Voted)	74.33	27.78	37
35.	13	Housing and Urban Development (Voted)	46.18	15.18	33
36.	20	Water Resources (Voted)	718.69	192.65	27
37.	20	Water Resources (Charged)	2.34	1.80	77
38.	21	Transport (Voted)	1.08	1.08	100
39.	23	Agriculture (Voted)	1.01	0.77	76
40.	24	Steel and Mines (Voted)	9.21	8.70	94
41.	26	Excise (Voted)	1.00	1.00	100
42.	28	Rural Development (Voted)	328.34	131.19	40
43.	30	Energy (Voted)	756.77	554.55	73
44.	32	Tourism and Culture (Voted)	2.44	0.43	18
45.	34	Co-operation (Voted)	35.02	8.11	23
46.	38	Higher Education (Voted)	1.50	0.46	31

APPENDIX-IV-B

(Refer paragraph 2.3.2 at page 34)

Statement showing persistent savings of more than 10 *per cent*

Sl. No.	Grant No.	Name of the Grant	Percentage of Savings		
			2000-01	2001-02	2002-03
REVENUE SECTION					
1.	3	Revenue (Voted)	41	62	47
2.	5	Finance (Voted)	39	27	30
3.	10	School and Mass Education (Charged)	60	100	67
4.	11	Scheduled Tribes and Scheduled Castes Development and Minorities and Backward Classes Development (Voted)	20	19	27
5.	12	Health and Family Welfare (Voted)	14	23	23
6.	16	Planning and Co-ordination (Voted)	13	21	37
7.	21	Transport (Charged)	100	100	100
8.	22	Forest and Environment (Voted)	15	16	40
9.	23	Agriculture (Voted)	15	12	21
10.	30	Energy (Voted)	78	61	59
11.	31	Textile and Handloom (Voted)	67	75	60
12.	33	Fisheries and Animal Resources Development (Voted)	14	17	40
13.	34	Co-operation (Voted)	16	14	32
14.	36	Women and Child Development (Voted)	22	20	21
CAPITAL SECTION					
15.	5	Finance (Voted)	36	16	59
16.	7	Works (Voted)	23	37	48
17.	11	Scheduled Tribes and Scheduled Castes Development and Minorities and Backward Classes Development (Voted)	34	34	23
18.	12	Health and Family Welfare (Voted)	22	47	37
19.	13	Housing and Urban Development (Voted)	15	48	33
20.	20	Water Resources (Voted)	31	39	27
21.	20	Water Resources (Charged)	93	42	77
22.	23	Agriculture (Voted)	76	77	76
23.	28	Rural Development (Voted)	58	63	40
24.	30	Energy (Voted)	15	59	73
25.	32	Tourism and Culture (Voted)	70	31	18
26.	38	Higher Education (Voted)	63	15	31

APPENDIX-V
(Refer paragraph 2.3.3 at Page 34)
Statement showing the excess expenditure over Provisions

Sl. No.	Number and name of Grant/ Appropriation		Total Grant/ Appropriation (in Rupees)	Expenditure in Rupees	Excess over Grant/ Appropriation
(1)	(2)		(3)	(4)	(5)
					(In Rupees)
Revenue Section					
1. Voted					
1.	15	Sports and Youth Services	5,43,59,000	7,18,74,326	1,75,15,326
2.	20	Water Resources	193,84,95,000	198,40,49,376	4,55,54,376
	TOTAL		**199,28,54,000**	**205,59,23,702**	**6,30,69,702**
2. Charged					
1.	8	Orissa Legislative Assembly	13,61,000	14,07,829	46,829
2.	6003	Internal Debt of State Government	6736,84,58,000	7725,36,24,191	988,51,66,191
3.	6004	Loans and Advances from Central Government	552,31,39,000	1626,41,42,454	1074,10,03,454
	TOTAL		**7289,29,58,000**	**9351,91,74,474**	**2062,62,16,474**
	GRAND TOTAL		**7488,58,12,000**	**9557,50,98,176**	**2068,92,86,176**

Contd.

APPENDIX-VI

{Refer paragraph 2.3.5 at page 35}

Statement showing cases where supplementary provision was unnecessary

Sl. No.	Number and Name of the Grant/Appropriation		Original Grant/ Appro-priation	Supple-mentary Grant/ Appro-priation	Expend-iture	Savings
(1)	(2)		(3)	(4)	(5)	(6)
			(R u p e e s	i n	c r o r e)	
REVENUE SECTION						
1.	1	Home (Voted)	535.35	14.23	485.39	64.19
2.	2	General Administration (Voted)	23.34	1.68	22.84	2.18
3.	3	Revenue (Voted)	538.61	439.64	516.54	461.71
4.	4	Law (Voted)	39.96	0.95	38.54	2.37
5.	5	Finance (Voted)	1554.89	1.17	1087.79	468.27
6.	6	Commerce (Voted)	28.01	2.41	25.15	5.27
7.	7	Works (Voted)	282.05	5.72	168.62	119.15
8.	8	Orissa Legislative Assembly (Voted)	8.24	0.40	8.08	0.56
9.	9	Food Supplies and Consumer Welfare (Voted)	75.64	6.87	55.75	26.76
10.	10	School and Mass Education (Voted)	1662.63	55.88	1577.89	140.62
11.	11	Scheduled Tribes, Scheduled Castes Development Department and Minorities and Backward Classes Development Department (Voted)	315.67	41.43	260.97	96.13
12.	12	Health and Family Welfare Department (Voted)	570.80	18.04	454.47	134.37
13.	14	Labour and Employment (Voted)	26.51	0.61	25.28	1.84
14.	16	Planning and Co-ordination (Voted)	262.03	3.63	166.42	99.24
15.	19	Industries (Voted)	67.15	3.80	59.45	11.50
16.	22	Forest and Environment (Voted)	175.48	5.49	107.84	73.13
17.	23	Agriculture (Voted)	284.38	12.68	235.34	61.72
18.	24	Steel and Mines (Voted)	14.18	0.90	13.68	1.40
19.	26	Excise (Voted)	14.12	0.97	13.20	1.89
20.	28	Rural Development (Voted)	186.39	22.67	185.66	23.40
21.	29	Parliamentary Affairs (Voted)	7.41	0.45	6.43	1.43
22.	29	Parliamentary Affairs (Charged)	2.39	0.06	1.84	0.61
23	30	Energy (Voted)	66.58	49.08	47.50	68.16
24.	31	Textiles and Handloom (Voted)	27.28	0.64	11.29	16.63
25.	32	Tourism and Culture (Voted)	16.92	0.22	16.61	0.53
26.	33	Fisheries and Animal Resources (Voted)	164.10	8.40	103.66	68.84
27.	34	Co-operation (Voted)	54.98	7.09	42.12	19.95
	Total		7005.09	705.11	5738.35	1971.85

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Sl. No.	No. and Name of the Grant/Appropriation		Original Grant/ Appro-priation	Supple-mentary Grant/ Appro-priation	Expend-iture	Savings
(1)	(2)		(3)	(4)	(5)	(6)
			(R u p e e s	i n	c r o	r e)
CAPITAL SECTION						
1.	1	Home (Voted)	44.78	21.47	35.65	30.60
2.	5	Finance (Voted)	281.18	25.46	125.98	180.66
3.	7	Works (Voted)	189.71	98.00	149.26	138.45
4.	13	Housing and Urban Development (Voted)	43.47	2.71	31.00	15.18
5.	28	Rural Development (Voted)	265.87	62.47	197.15	131.19
6.	30	Energy (Voted)	605.00	151.77	202.22	554.55
	TOTAL		**1430.01**	**361.88**	**741.26**	**1050.63**
	GRAND TOTAL:		**8435.10**	**1066.99**	**6479.61**	**3022.48**

APPENDIX-VII

{Refer paragraph 2.3.5 at page 35}

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

Sl. No.	Number and Name of the Grant/ Appropriation		Original Grant/ Appro-priation	Expend-iture	Additional require-ment	Supple-mentary provision	Final savings
			(R u p	e e s	i n	c r o	r e)
REVENUE SECTION							
1.	3	Revenue (Charged)	120.69	142.39	21.70	231.41	209.71
2.	13	Housing and Urban Development (Voted)	263.85	268.09	4.24	22.71	18.47
3.	17	Panchayati Raj (Voted)	347.86	462.91	115.05	133.17	18.12
4.	21	Transport (Voted)	12.61	13.00	0.39	1.42	1.03
5.	25	Information and Public Relations (Voted)	13.15	14.72	1.57	2.55	0.98
6.	38	Higher Education (Voted)	271.40	271.77	0.37	8.06	7.69
	Total		**1029.56**	**1172.88**	**143.32**	**399.32**	**256.00**
CAPITAL SECTION							
1.	11	Scheduled Tribes, Scheduled Castes Development and Minority and Backward Classes Development (Voted)	7.55	8.86	1.31	4.02	2.71
2.	19	Industries (Voted)	1.36	11.09	9.73	10.51	0.78
3.	20	Water Resources (Voted)	523.47	526.04	2.57	195.22	192.65
4.	22	Forest and Environment (Voted)	130.53	132.95	2.42	6.92	4.50
5.	24	Steel and Mines (Voted)	0.20	0.50	0.30	9.01	8.71
6.	32	Tourism and Culture (Voted)	1.58	2.01	0.43	0.86	0.43
7.	34	Co-operation (Voted)	20.76	26.91	6.15	14.26	8.11
	Total		**685.45**	**708.36**	**22.91**	**240.80**	**217.89**
	Grand Total		**1715.01**	**1881.24**	**166.23**	**640.12**	**473.89**

APPENDIX-VIII
{Refer Paragraph 2.3.5 at page 36}
Statement showing cases where supplementary provision was inadequate

Sl. No.	Number and Name of the Grant/ Appropriation		Original provision	Supple-mentary provision	Total provision	Expenditure	Excess of Expenditure over total provision
			(Rupees in crore)				
Revenue Section							
1.	15	Sports and Youth Services (Voted)	5.16	0.28	5.44	7.19	1.75
2.	20	Water Resources (Voted)	178.76	15.09	193.85	198.41	4.56
Capital Section							
1.	6003	Internal Debt of the State Government (Charged)	1736.85	5000.00	6736.85	7725.37	988.52
Total			**1920.77**	**5015.37**	**6936.14**	**7930.97**	**994.83**

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APPENDIX-IX

(Refer paragraph 2.3.7 at page 36)

Statement showing significant cases of savings in plan expenditure exceeding Rs.1 crore

Sl. No.	Number and Name of the Grant/Appropriation		Major Head/Minor Head/Sub-Head	Total Grant	Actual expenditure	Savings
1	2		3	4	5	6
				(Rupees in crore)		
1.	3	Revenue	2245-Relief on Account of Natural Calamities-State Plan-State Sector-02-Floods, Cyclones etc. FFF-193-Assistance to Local Bodies and other Non-Govt. Bodies and Institutions. FFF-1 Grants to OSDMA	173.00	61.28	111.72
2.	7	Works	5054-Capital Outlay on Roads and Bridges-State Plan-State Sector-04-District and Other Roads-BBB.796-Tribal Area Sub-Plan	10.75	8.02	2.73
3.	7	Works	5054-Capital Outlay on Roads and Bridges-State Plan-State Sector-04-District and Other Roads-CCC 800-Other Expenditure- CCC.1-Road Development programme.	83.90	51.17	32.73
4.	12	Health and Family Welfare	2211-Family Welfare-Central Plan-District Sector-000-8 Rural Family Welfare Sub-Centres	20.01	16.11	3.90
5.	20	Water Resources	2701-Major and Medium Irrigation-State Plan-State Sector-XXX.001. Ayacut Development. XXX-1. Grants in aid to Command Area Development Authority.	3.74	--	3.74
6.	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-01-Major Irrigation-(Commercial) KKKK-202. Rengali Irrigation Project KKKK-1. Funded under W.C.P.	50.59	47.94	2.65
7.	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-01-Major Irrigation-(Commercial)KKKK-202-Rengali Irrigation Project-KKKK-2. Funded by O.C.C.F.	70.37	69.22	1.15
8.	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-01-Major Irrigation (Commercial)KKKK-202 Rengali Irrigation Project. KKKK-3. Left Bank Canal (Funded by A.I.B.P.)	4.00	0.02	3.98
9.	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-01-Major Irrigation (Commercial)KKKK-202 Rengali Irrigation Project. KKKK-4. Right Bank Canal (Funded by A.I.B.P.)	42.94	32.21	10.73
10.	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-01-Major Irrigation (Commercial) LLLL-210. Kanpur Irrigation Project	30.25	1.21	29.04

Contd.

Sl. No.	Number and Name of the Grant/Appropriation		Major Head/Minor Head/Sub-Head	Total Grant	Actual expenditure	Savings
1	2		3	4	5	6
				(Rupees in crore)		
11.	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-01-Major Irrigation (Commercial)MMMM-212. Subarnarekha Irrigation Project.	31.70	28.51	3.19
12.	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-01-Major Irrigation (Commercial)NNNN-219. Naraj Barrage.	27.12	20.27	6.85
13.	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-01-Major Irrigation (Commercial) SSSS-796. Tribal Area Sub-plan. SSSS-1. Upper Kolab Irrigation Project	11.19	7.31	3.88
14.	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-01-Major Irrigation (Commercial) SSSS-2. Upper Indravati Irrigation Project	28.10	17.55	10.55
15.	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-01-Major irrigation (Commercial). SSSS-3. Potteru Irrigation Project	18.05	15.21	2.84
16.	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation (Commercial) UUUU-216. Pipeline Projects under A.I.D.P. UUUU-1. Survey and Investigation.	4.00	1.27	2.73
17.	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation (Commercial) UUUU.12. Improvement of Sasan Canal (AIBP)	11.00	6.94	4.06
18.	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation (Commercial) YYYY-315. Upper Jonk Irrigation Project.	13.97	7.62	6.35
19.	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation (Commercial) ZZZZ-319. Baghalati Irrigation Project	4.02	2.35	1.67
20.	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation (Commercial) AAAA-320. Sapua Badojore Irrigation Project	3.41	1.34	2.07
21.	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation (Commercial) BBBBB-331. Manajane Irrigation Project.	13.26	11.78	1.48

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Sl. No.	Number and Name of the Grant/Appropriation		Major Head/Minor Head/Sub-Head	Total Grant	Actual expenditure	Savings
1	2		3	4	5	6
				(Rupees in crore)		
22.	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation (Commercial) CCCCC-339 Other Pipeline Projects. CCCCC-1. Pipeline Projects (NABARD Assistance)	24.42	15.69	8.73
23.	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation (Commercial) EEEEE-393. Water Resources Consolidation Project (E.A.P) EEEEE-1. Institutional Strengthening.	80.49	53.67	26.82
24.	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation (Commercial) HHHHH-401. Rukura Irrigation Project	3.00	1.38	1.62
25.	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation (Commercial) IIIII-796-Tribal Area Sub-plan. IIIII-1. Badanalla Irrigation Project	5.13	3.56	1.57
26.	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation (Commercial) IIIII-796-Tribal Area Sub-plan. IIIII-3. Titilagarh Irrigation Project	11.00	8.67	2.33
27.	20	Water Resources	4702-Capital Outlay on Minor Irrigation-State Plan-District Sector-LLLLL-796-Tribal Area Sub-plan LLLLL-1. On going MIPs.	5.32	3.53	1.79
28.	20	Water Resources	4702-Capital Outlay on Minor Irrigation-State Plan-District Sector-LLLLL-2. Ongoing scheme under A.I.B.P.	12.70	3.18	9.52
29.	20	Water Resources	4702-Capital Outlay on Minor Irrigation-State Plan-District Sector-MMMMM-800-Other expenditure. MMMMM-1. Continuing Projects	19.69	13.18	6.51
30.	22	Forest and Environment	2406-Forestry and Wildlife-State Plan-State Sector-01-Forestry. Q.102-Social and Farm Forestry	27.13	1.70	25.43
31.	22	Forest and Environment	2406-Forestry and Wildlife-State Plan-State Sector-01-Forestry. S-796 Tribal Area Sub-plan S-1 Social Forestry (SIDA Assisted)	17.87	--	17.87
32.	22	Forest and Environment	2406-Forestry and Wildlife-Central Plan-District Sector-01-Forestry-AA.102-Social and Farm Forestry-AA.1-Integrated afforestration and Eco-Development Project.	10.00	6.88	3.12
33.	22	Forest and Environment	4406-Capital Outlay on Forestry and Wildlife-State Plan-District Sector-01-Forestry-SS-102-Social and Farm Forestry. SS1-Economic Plantation/Rehabilitation of Degraded Forest	15.96	12.23	3.73

Concld.

Sl. No.	Number and Name of the Grant/Appropriation		Major Head/Minor Head/Sub-Head	Total Grant	Actual expenditure	Savings
1	2		3	4	5	6
				(Rupees in crore)		
34.	22	Forest and Environment	4406-Capital Outlay on Forestry and Wildlife-State Plan-District Sector-01-Forestry-TT-796-Tribal Area Sub-plan	10.97	4.27	6.70
35.	23	Agriculture	2401-Crop Husbandry-State Plan - State Sector-M-103-Seeds. M.2-Negotiable loan to create area under irrigation by exploiting ground water potential for Agricultural Development in the State	15.00	7.98	7.02
36.	23	Agriculture	2401-Crop Husbandry-Centrally Sponsored Plan-District Sector-GG.108-Commercial Crops. GG.2-National Pulse Development Programme	1.80	0.41	1.39
37.	23	Agriculture	2401-Crop Husbandry-Centrally Sponsored Plan-District Sector-II.119-Horticulture and Vegetable Crops-II.1-Macro management of Agricultural Supplementation Complementation of States efforts through work plan (Horticulture)	12.00	4.66	7.34
38.	23	Agriculture	2401-Crop Husbandry-Centrally Sponsored Plan-District Sector-KK.800-Other expenditure. KK.1-Macro management of Agricultural Supplementation/Complementation of States efforts through work plan.	18.00	7.12	10.88
39.	30	Energy	2801-Power-State Plan-State Sector-06-Rural electrification. G-800 other expenditure. G-8-Subsidy to WESCO for rural electrification through conventional sources	28.07	8.22	19.85
40.	30	Energy	2801-Power-State Plan-State Sector-06-Rural electrification. G-800 other expenditure. G-9. Subsidy to SOUTHCO for rural electrification through conventional sources	32.57	1.00	31.57
			Total	**1006.49**	**564.66**	**441.83**

APPENDIX-X

Contd.

(Refer paragraph 2.3.8 at page 36)

Statement showing significant cases of excess (exceeding Rs.1 crore)

Sl. No.	No. and Name of the grant	Head of Account	Total/ Final Grant	Expendi-ture	Excess
			(Rupees in crore)		
1.	3 Revenue	2245-Relief on Account of Natural Calamities-02-Flood, Cyclone etc. JJ-106-Repairs and Restoration of Damaged Roads and Bridges	1.06	8.95	7.89
2.	3 Revenue	2245-Relief on Account of Natural Calamities-02-Flood, Cyclone etc.-XX-122-Repair/Restoration of Damaged Irrigation and Flood Protection Works-XX-1 Repair/Restoration of Irrigation and Flood Protection Works	Nil	3.34	3.34
3.	3 Revenue	2245-Relief on Account of National Calamities-02-Flood, Cyclone etc.-XX-122 Repair/Restoration of damaged Irrigation and Flood Control works-XX-2 Repair/Restoration of Minor Irrigation Works	Nil	1.96	1.96
4.	4 Law	2014-Administration of Justice-A-105-Civil and Session Courts	20.73	22.05	1.32
5.	4 Law	2014-Administration of Justice C-114-Legal Advisor and Counsels. C-1 Advocate General	1.89	3.36	1.47
6.	7 Works	2059-Public Works-80-General-F-729-Suspense-F-1-Public Works	5.00	11.33	6.33
7.	7 Works	5054-Capital Outlay on Roads and Bridges. 03-Highways. WW.800-Other Expenditure. WW-1-Construction of Loop Road at different check gate of Commercial Tax Organisation	0.53	10.84	10.31
8.	13 Housing and Urban Development	2215-Water Supply and Sanitation-01-Water Supply-F-101-Urban Water Supply Programmes. F-1-Maintenance and Repairs	67.69	71.13	3.44
9.	20 Water Resources	2701-Major and Medium Irrigation-80-General-DDD-001-Direction and Administration	17.95	19.55	1.60
10.	20 Water Resources	2701-Major and Medium Irrigation-80-General. GGG-052-Machinery and Equipment	(-)3.83	(-)2.21	1.62
11.	20 Water Resources	2701-Major and Medium Irrigation 80-General.HHH-799-Suspense-HHH-1-Engineers-in-Chief	1.00	4.95	3.95
12.	20 Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-01-Major Irrigation (Commercial)-OOOO-220 Mahanadi Chitrotpala Island Irrigation Project	18.77	22.51	3.74

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Sl. No.	No. and Name of the grant	Head of Account	Total/ Final Grant	Expendi-ture	Excess
			(Rupees in crore)		
13.	22 Forest and Environment	2406-Forestry and Wildlife-01-Forestry-A-001-Direction and Administration. A-2-Field and Establishment (Circle Office)	0.24	11.69	11.45
14.	22 Forest and Environment	2406-Forestry and Wildlife-01-Forestry-A-001-Direction and Administration-A-3-Field and Establishment (Division Office)	1.67	31.71	30.04
15.	22 Forest and Environment	2406-Forestry and Wildlife-01-Forestry-G.101-Forest Conservation, Development and Regeneration G-1-Field Establishment (Circle Office)	1.66	5.72	4.06
16.	23 Agriculture	2401-Crop Husbandry- D.103-Seeds-D.4-Personal Ledger Account for Purchase and Distribution of Seeds, Fertilisers etc	4.00	21.76	17.76
17.	28 Rural Development	2059-Public Works-01-Office Building 80-General. C-001-Direction and Administration	(-)5.07	3.38	8.45
18.	28 Rural Development	2059-Public Works-01-Office Building-80-General. D-052-Machinery and equipment	(-)9.24	(-)5.14	4.10
19.	28 Rural Development	2215-Water Supply and Sanitation-01-Water Supply. I-102-Rural Water Supply Programmes-I-1. Maintenance and Repairs	12.49	14.54	2.05
Grand Total			**136.54**	**261.42**	**124.88**

APPENDIX-XI

(Refer paragraph 2.3.10 at page 36)

Statement showing Injudicious Surrenders

Sl. No.	Number and Name of the Grant	Total savings	Amount surrendered	Amount not surren-dered
		(Rupees in crore)		
REVENUE SECTION (VOTED)				
1.	1 Home	64.19	49.39	14.80
2.	3 Revenue	461.71	354.00	107.71
3.	5 Finance	468.27	Nil	468.27
4.	7 Works	119.15	9.27	109.88
5.	10 School and Mass Education	140.62	108.09	32.53
6.	11 Scheduled Tribes, Scheduled Castes Development and Minorities and Backward Classes Development	96.13	92.04	4.09
7.	12 Health and Family Welfare	134.37	97.53	36.84
8.	13 Housing and Urban Development	18.47	14.44	4.03
9.	17 Panchayati Raj	18.12	12.41	5.71
10.	20 Water Resources	4.56	Nil	4.56
11.	22 Forests and Environment	73.00	24.08	48.92
12.	23 Agriculture	61.72	11.36	50.36
13.	30 Energy	68.16	Nil	68.16
14.	33 Fisheries and Animal Resources Development	68.84	66.36	2.48
15.	36 Women and Child Development	75.20	69.50	5.70
16.	38 Higher Education	7.69	3.99	3.70
CAPITAL SECTION (VOTED)				
1.	5 Finance	180.66	Nil	180.66
2.	7 Works	138.45	94.96	43.49
3.	22 Forest and Environment	4.50	0.67	3.83
4.	24 Steel and Mines	8.70	1.59	7.11
5.	30 Energy	554.55	Nil	554.55
	Total	**2767.00**	**1009.68**	**1757.38**

APPENDIX-XII

(Refer Paragraph 2.3.11 at page 37)

Statement showing excessive surrenders

Sl. No.	Number and Name of the Grant	Total Savings	Amount surren-dered	Amount surrendered in excess
		(Rupees in crore)		
REVENUE SECTION (VOTED)				
1.	4 Law	2.37	3.10	0.73
2.	28 Rural Development	23.40	30.64	7.24
REVENUE SECTION (CHARGED)				
1.	2 General Administration	0.20	0.31	0.11
CAPITAL SECTION (VOTED)				
1.	3 Revenue	0.07	0.15	0.08
2.	13 Housing and Urban Development	15.18	17.20	2.02
3.	28 Rural Development	131.19	223.75	92.56
4.	33 Fisheries and Animal Resources Development	0.19	0.65	0.46
CAPITAL SECTION (CHARGED)				
	Nil			
	Total	**172.60**	**275.80**	**103.20**

APPENDIX-XII-A

(Refer paragraph 2.3.12 at page 37)

Statement showing unrealistic Surrender

Sl. No.	Number and name of the Grant	Expenditure exceeded Grants by	Amount surrendered though there was no savings
		(Rupees in crore)	
REVENUE SECTION (Voted)			
1.	15 Sports and Youth Services	1.75	0.04
CAPITAL SECTION (Voted)			
		Nil	
CAPITAL SECTION (Charged)			
1.	6003 Internal Debt of the State Government	988.52	28.65
	Total	**990.27**	**28.69**

Contd.

APPENDIX-XIII

(Refer paragraph 2.3.13 at page 37)

Statement showing significant cases of entire provision surrendered/re-appropriated

Sl. No.	Grant Number and Name of the Department	Head of Account	Total Provision	Totally surrendered/ re-appropriated
1	2	3	4	5
			(Rupees in lakh)	
1.	3 Revenue	2030-Stamps and Registration-State Plan-District Sector-03-Registration-N-001-Direction and Administration-N-1-District Establishment	100.00	100.00
2.	3 Revenue	2030-Stamps and Registration-Central Plan-District Sector-03-Registration-O-001-Direction and Administration,-O-1-Computerisation of District Registration offices	500.00	500.00
3.	3 Revenue	2245-Relief on Account of Natural Calamities-80-General DDD-Lump Provision	12597.95	12597.95
4.	3 Revenue	2245-Relief on Account of Natural Calamities-80-General EEF-Lump Provision (N.C.C.F)	36597.05	36597.05
5.	6 Commerce	2071-Pensions and Other Retirement Benefits 01-Civil J-101. Superannuation and Retirement allowances J-1-Voluntary Separation Scheme for NMR DLR Work charged etc.	182.03	182.03
6.	7 Works	4059-Capital outlay on Public Works-State Plan-State Sector-V-796-Tribal Area Sub-plan.	140.00	140.00
7.	12 Health and Family Welfare	2210-Medical and Public Health. State Plan-District Sector 01-Urban Health Services-Allopathy FF-110-Hospital and Dispensaries	30.00	30.00
8.	12 Health and Family Welfare	2210-Medical and Public Health. State Plan-District Sector 01-Urban Health Services-Allopathy GG-796-Tribal Area Sub-plan	21.00	21.00
9.	12 Health and Family Welfare	2210-Medical and Public Health. State Plan-District Sector 03-Rural Health Services-Allopathy. HH-102-Subsidiary Health Centres	35.05	35.05
10.	12 Health and Family Welfare	2210-Medical and Public Health. State Plan-District Sector 03-Rural Health Services-Allopathy. JJ-104-Community Health Centres	56.70	56.70
11.	12 Health and Family Welfare	2210-Medical and Public Health. State Plan-District Sector 03-Rural Health Services-Allopathy-KK-796-Tribal Area Sub-plan KK-1 Subsidiary Health Centres	12.50	12.50
12.	12 Health and Family Welfare	2210-Medical and Public Health. State Plan-District Sector 03-Rural Health Services-Allopathy-KK-796-Tribal Area Sub-plan KK-3 Community Health Centres	35.11	35.11
13.	12 Health and Family Welfare	2210-Medical and Public Health. Centrally Sponsored Plan-State Sector-06-Public Health-WW-101-Prevention and Control of diseases	76.00	76.00
14.	12 Health and Family Welfare	2211-Family Welfare-Central Plan-State Sector-III-106-Mass Education	80.34	80.34
15.	13 Housing and Urban Development	2216-Housing-State Plan-State Sector-80-General T-796-Tribal Area Sub-plan	92.00	92.00
16.	13 Housing and Urban Development	2216-Housing State Plan-State Sector-80-General U-800 Other expenditure	308.00	308.00

Concld.

Sl. No.	Grant Number and Name of the Department	Head of Account	Total Provision	Totally surrendered/ reappropriated
1	2	3	4	5
			(Rupees in lakh)	
17.	13 Housing and Urban Development	2217-Urban Development-State Plan-State Sector-05-Other Urban Development Schemes- EE-789. Special component plan for scheduled castes	17.00	17.00
18.	13 Housing and Urban Development	4215-Capital Outlay on Water Supply and Sanitation Centrally Sponsored Plan-District Sector-01-Water Supply. FFF-796-Tribal Area Sub-plan- FFF-1-Urban Water Supply	92.00	92.00
19.	30 Energy	2801-Power-State Plan-State Sector-06-Rural electrification-G-800-other expenditure G-10. Subsidy to CESCO for rural electrification through conventional sources	47.25	47.25
20.	30 Energy	2801-Power-State Plan-State Sector-06-Rural electrification-G-800-other expenditure. G-11. Subsidy to NESCO for rural electrification through conventional sources	94.50	94.50
21.	30 Energy	2801-Power-State Plan-State Sector-06-Rural electrification-G-800-other expenditure. G-12 Subsidy to WESCO for rural electrification through conventional sources	236.25	236.25
22.	30 Energy	2801-Power-State Plan-State Sector-06-Rural electrification-G-800-other expenditure. G-13 Subsidy to SOUTHCO for rural electrification through conventional sources	386.00	386.00
23.	31 Textiles and Handloom	2851-Village and Small Industries -Central Plan-State Sector-L-103 Handloom Industries. L-3. Deenadayal Hathkangha Protshahan Yojana	546.86	546.86
24.	31 Textiles and Handloom	2851-Village and Small Industries -Central Plan-State Sector-M-796. Tribal Area sub-plan. M-2 Deendayal Hathkangha Protshahan Yojana	156.14	156.14
25.	31 Textiles and Handloom	2851-Village and Small Industries -Centrally Sponsored Plan-State Sector-P-103. Handloom Industries. P-1-Thrift Deposit-Handloom Weavers Savings and Security scheme	11.67	11.67
26.	31 Textiles and Handloom	2851-Village and Small Industries-Centrally Sponsored Plan-State Sector-P-103-Handloom Industries. P-5-Deendayal Hathkargha Protshahan Yojana	530.27	530.27
27.	31 Textiles and Handloom	2851-Village and Small Industries -Centrally Sponsored Plan-State Sector-Q-796 Tribal Area Sub-plan. Q-4. Deendayal Hathkargha Protshahan Yojana	151.39	151.39
28.	36 Women and Child Development	2236-Nutrition State Plan-State Sector-02-Distribution of Nutritious Food and beverages CC-101-Special Nutrition Programmes. CC-2 Other charges	1001.00	1001.00
29.	36 Women and Child Development	2236-Nutrition State Plan-State Sector-02-Distribution of Nutritious Food and beverages DD-102-Midday Meals Programmes. DD-1 Other charges	1186.87	1186.87
30.	36 Women and Child Development	2236-Nutrition State Plan-State Sector-02-Distribution of Nutritious Food and beverages EE-796-Tribal Area Sub-plan. EE-2. Special Nutrition Programme	299.00	299.00
		Total	**55619.93**	**55619.93**

Contd.

APPENDIX-XIV

(Refer paragraph 2.3.14 at page 37)

Statement showing Anticipated savings not surrendered

Sl. No.	No. & Name of the Grant	Head of Account	Total Grant	Actual expenditure	Savings
			(Rupees in lakh)		
REVENUE SECTION					
1.	5-Finance	2052-Secretariat-General Services-G-Salaries Lump	1093.73	-	1093.73
2.	5-Finance	2071-Pensions and Other Retirement Benefits-01-Civil-L-101-Superannuation and Retirement allowances-L-2-Voluntary retirement-Voluntary superannuation benefits for State Government employees	4000.00	-	4000.00
3.	5-Finance	2071-Pensions and Other Retirement Benefits-01-Civil-L-101-Superannuation and Retirement allowances-L-3-Voluntary separation scheme for NMR, DLR, Work Charged etc.	2500.00	-	2500.00
4.	5-Finance	2071-Pensions and Other Retirement Benefits-01-Civil-T-115-Leave Encashment Benefits on Retirement/Death of Government Servants	5040.19	-	5040.19
5.	5-Finance	2071-Pensions and Other Retirement Benefits-01-Civil-W-800-Other Expenditure-W-1-payment on Account of Invocation of Guarantees	2000.00	-	2000.00
6.	5-Finance	3604-Compensation and Assignment to Local Bodies and Panchayati Raj Institutions-Z-103-Entertainment Tax	50.50	-	50.50
7.	5-Finance	7610-Loans to Government servants etc.-EE-800-Other advances-EE-3-Personal Computer Advance	500.00	-	500.00
8.	7-Works	3054-Roads and Bridges-80-General-P-797-Transfer to/ from Reserve Funds/Deposit Accounts	8919.45	-	8919.45
9.	12-Health and Family Welfare	2211-Family Welfare-Central Plan-State Sector-EEE-001-Direction and Administration-JJJ-200-Other services and supplies	353.69	-	353.69
10.	20-Water Resources	4702-Capital Outlay on Minor Irrigation-State Plan-District Sector-MMMMM-800-other expenditure-MMMMM-4-Lump provision for improvement of MIPs under Biju Krushak Bikash Yojana	2000.32	-	2000.32

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Contd.

Sl. No.	No. & Name of the Grant	Head of Account	Total Grant	Actual expenditure	Savings
			(Rupees in lakh)		
11.	21-Transport	4235-Capital Outlay on Social Security and Welfare-State Plan-State Sector-O-190-Investments in Public Sector and other Undertakings-O-1-Share capital investment in OSRTC	108.00	-	108.00
12.	23-Agriculture	2401-Crop Husbandry-Central Plan-State Sector-X-105-Manures and Fertilisers-X-1-Improving Fertilisers use in low consumption area with special reference in North-Eastern India	177.10	-	177.10
13.	23-Agriculture	2401-Crop Husbandry-Central Plan-State Sector-X-105-Manures and Fertilisers-X-2-Strengthening of State Pesticide Testing Laboratory	168.00	-	168.00
14.	24-Steel and Mines	2853-Non-Ferrous Mining and Metallurgical Industries-02-Regulaltion and Development of Mines-C-102- Mineral Exploration- C-6-Technical Assistance to other Agencies	21.57	-	21.57
15.	24-Steel and Mines	2853-Non-Ferrous Mining and Metallurgical Industries-02-Regulaltion and Development of mines-C-102- Mineral Exploration-C-7- Intensive Mineral Exploration and Assessment of Mineral Resources	345.06	-	345.06
16.	24-Steel and Mines	2853-Non-Ferrous Mining and Metallurgical Industries-02-Regulaltion and Development of mines-C-102- Mineral Exploration-C-8-Exploration and Development of Coal Resources	30.26	-	30.26
17	30-Energy	2801-Power-State Plan-State Sector-06-Rural Electrification-G-800-Other expenditure-G-7-Subsidy to NESCO for Rural Electrification through conventional sources	1915.51	-	1915.51
18.	30-Energy	2801-Power-State Plan-State Sector-80-General-H-800-Other Expenditure-H-2-Grants-in-aid to GRIDCO for shifting of electrical structure from Baramunda Bus Stand to Maharaja Cinema Hall	92.17	-	92.17
19.	30-Energy	2801-Power-Centrally Sponsored Plan-State Sector-06-Rural Electrification-I-800-Other Expenditure-I-1 Subsidy to CESCO for Rural Electrification through conventional sources	47.25	-	47.25

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Sl. No.	No. & Name of the Grant	Head of Account	Total Grant	Actual expenditure	Savings
			(Rupees in lakh)		
20.	30-Energy	2801-Power-Centrally Sponsored Plan-State Sector-06-Rural Electrification-I-800-Other expenditure-I-2-Subsidy to NESCO for Rural Electrification through conventional sources	94.50	-	94.50
21.	30-Energy	2801-Power-Centrally Sponsored Plan-State Sector-06-Rural Electrification-I-800-Other expenditure-I-3-Subsidy to WESCO for Rural Electrification through conventional sources	236.25	-	236.25
22.	30-Energy	2801-Power-Centrally sponsored Plan-State Sector-06-Rural Electrification-I-800- Other expenditure-I-4-Subsidy to SOUTHCO for Rural Electrification through conventional sources	386.00	-	386.00
23.	30-Energy	4801-Capital outlay on Power Projects-State Plan-State Sector-05-Transmission and Distribution, K-190-Investments in public sector and other undertakings	1530.00	-	1530.00
24	30-Energy	6801-Loans for Power Projects-State Plan-State Sector-L-204-Rural Electrification-L-1-Loans to SOUTHCO for Rural Electrification through conventional sources under NABARD(RIDF) Assistance	300.00	-	300.00
25.	30-Energy	6801-Loans for Power Projects-State Plan-State Sector-L-204-Rural Electrification-L-2-Loans to WESCO for Rural Electrification through conventional sources under NABARD (RIDF) Assistance	200.00	-	200.00
26.	30-Energy	6801-Loans for Power Projects-State Plan-State Sector-L-204-Rural Electrification-M-205-Transmission and Distribution. M-3 Strengthening and improvement of distribution system under APDRP	15177.00	-	15177.00
		Total	**47286.55**	**NIL**	**47286.55**

APPENDIX-XV

(Refer paragraph 2.3.15 at page 37)

Statement showing cases where expenditure fell short by Rs.1 crore and over 20 *per cent* of provision

Sl. No.	No. of the Grant	Name of the Grant/Appropriation	Total Grant	Amount of savings	Savings as a percentage of total grant
1	2	3	4	5	6
			(Rupees in crore)		
REVENUE SECTION					
1	3	Revenue (Voted)	978.25	461.71	47
2	3	Revenue (Charged)	352.10	209.71	60
3	5	Finance (Voted)	1556.06	468.27	30
4	7	Works (Voted)	287.77	119.15	41
5	9	Food Supplies and Consumer Welfare (Voted)	82.51	26.76	32
6	11	Scheduled Tribes, Scheduled Castes Development and Minorities and Backward Classes Development (Voted)	357.10	96.13	27
7	12	Health and Families Welfare (Voted)	588.84	134.37	23
8	16	Planning and Co-ordination (Voted)	265.66	99.24	37
9	22	Forest and Environment (Voted)	180.97	73.13	40
10	23	Agriculture (Voted)	297.07	61.72	21
11	30	Energy (Voted)	115.66	68.16	59
12	31	Textile and Handloom (Voted)	27.92	16.63	60
13	33	Fisheries and Animal Resources Development (Voted)	172.50	68.84	40
14	34	Co-operation (Voted)	62.07	19.95	32
15	35	Public Enterprises (Voted)	40.64	27.64	68
16	36	Women and Child Development (Voted)	360.60	75.20	21
17	2048	Appropriation for reduction or avoidance of Debt (Charged)	90.07	40.00	44
CAPITAL SECTION					
1	1	Home (Voted)	66.25	30.60	46
2	5	Finance (Voted)	306.64	180.66	59
3	7	Works (Voted)	287.70	138.45	48
4	11	Scheduled Tribes, Scheduled Castes Development and Minorities and Backward Classes Development (Voted)	11.57	2.71	23
5	12	Health and Family Welfare (Voted)	74.33	27.78	37
6	13	Housing and Urban Development	46.18	15.18	33
7	20	Water Resources (Voted)	718.69	192.65	27
8	20	Water Resources (Charged)	2.34	1.80	77
9	28	Rural Development (Voted)	328.34	131.19	40
10	30	Energy (Voted)	756.77	554.55	73
11	34	Co-operation (Voted)	35.02	8.11	23

APPENDIX-XVI

(Refer paragraph No. 2.3.16 at page 37)

Statement of New Service/New Instrument of Service

Sl. No.	Grant No.	Name of the grant	Head of Account	Amount (Rupees in lakh)
1.	1	Home	4216-Capital Outlay on Housing-01-Government Residential Buildings-AAA(a)-107 Police Housing Administration	2147.00
2.	7	Works	4059-Capital Outlay on Public Works-60-other Buildings-T.051-Construction-T-4-Construction of Fire Service Buildings	11.68
3.	7	Works	4202-Capital Outlay on Education, Sports, Arts and Culture-01-General Education-BB(A)-202-Secondary Education	13.92
4.	7	Works	5054-Capital Outlay on Roads and Bridges-03-Highways-VV(A)- 101-Bridges-VV(A)-1-Public Works	240.88
5.	13	Housing and Urban Development	2216-Housing-State Plan-State Sector-02-Urban Housing-S(a)-800-Other expenditure-S(a)-1-Housing Statistical Cell Establishment	7.24
6.	13	Housing and Urban Development	2216-Housing-State Plan-District Sector-03-Rural Housing-U(a)-800-Other expenditure-U(a)-1-Village Housing Scheme	7.98
7.	24	Steel and Mines	2853-Non-Ferrous Mining & Metallurgical Industries- State Plan-State Sector-02-Regulation and Development of Mines-C(b)-102- Mineral Exploration-C(b)-1.Intensive Mineral Exploration and Assessment of Mineral Resources	344.76
8	24	Steel and Mines	2853-Non-ferrous Mining and Metallurgical Industries-State Plan-State Sector-02-Regulation and Development of Mines-C(b)-102-Mineral Exploration-C(b)-2-Technical Assistance to Other Agencies	20.74
9	24	Steel and Mines	2853-Non-ferrous Mining and Metallurgical Industries-State Plan-State Sector-02-Regulation and Development of Mines-C(b)-102-Mineral Exploration-C(b)-3-Exploration and Development of Coal Resources	29.78
			Total	**2823.98**

APPENDIX-XVII
(Refer paragraph 2.3.17 at page 37)
Statement showing Injudicious Reappropriation

(Rupees in crore)

Sl. No.	Grants	Head of Account	Grants				Actual Expenditure	Savings
			Original	Supplementary	Augmentation	Total		
1.	3-Revenue	2245-Relief on Account of Natural Calamities-01-Drought-DD-800-Other Expenditure	2.60	--	2.42	5.02	1.99	3.03
2.	3-Revenue	2245-Relief on Account of Natural Calamities 80-General-800 Other Expenditure CCC-2 National Calamity Contingency Fund	Negligible	--	117.87	117.87	100.47	17.40
3.	7-Works	5054-Capital Outlay on Roads and Bridges State Plan-State Sector 03-State Highways YY-101 Bridges	15.83	8.00	0.53	24.36	19.68	4.68
4.	12-Health and Family Welfare	2211-Family Welfare-Central Plan-District Sector OOO-8-Rural Family Welfare Sub-Centres	18.15	--	1.86	20.01	16.11	3.90
5.	12-Health and Family Welfare	2211-Family Welfare-Central Plan-District Sector MMM-101 Rural Family Welfare Services MMM-2 Rural Family	27.01	--	6.06	33.07	31.90	1.17
6.	20-Water Resources	2701-Major and Medium Irrigation-01-Major Irrigation (Commercial) C-102-Hirakud State-I C-1-Direction and Administration	2.01	--	0.03	2.04	0.80	1.24
7.	20-Water Resources	4702-Capital Outlay on Minor Irrigation-State Plan-District Sector MMMM-800 Other Expenditure MMMMM-4 Lump Provision for improvement of M.I.P.S under Biju Krusak Vikash Yojana	10.00	--	10.00	20.00	--	20.00
8.	20-Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan -State Sector-03-Medium Irrigation (Commercial) IIII-796 Tribal Area Sub-Plan IIII-3 Titilagarh Irrigation Project	5.00	4.00	2.00	11.00	8.67	2.33
9.	22-Forest and Environment	2406-Forestry and Wild Life H-102-Social and Farm Forestry H_2-Economic Plantation/Rehabilitation of Degraded Forest	3.99	0.16	1.03	5.18	1.40	3.78
10.	30-Energy	2801-Power-State Plan-State Sector-60-Rural Electrification-G-800-Other Expenditure-G-9-Subsidy to SOUTHCO for rural electrification through conventional source	7.00	6.56	19.01	32.57	1.00	31.57

APPENDIX-XVIII
(Refer paragraph 2.3.17 at page 37)
Statement showing Injudicious Reappropriation

(Rupees in crore)

Sl. No.	Grants	Head of Account	Grants				Actual Expenditure	Savings
			Original	Supplementary	Augmentation	Total		
1.	13-Housing and Urban Development	6717-Loans for Urban Development State Plan State Sector-60-Other Urban Development Schemes KKK-191- Loans to Local Bodies, Corporations etc.	4.11	--	(-)4.10	0.1	1.47	1.46
2.	22-Forestry and Wild Life	2406-Forestry and Wild Life-01-Forestry G-101-Forest Conservations Development and Regeneration G-1-Field Establishment (Circle Office)	2.06	0.06	(-)0.46	1.66	5.72	4.06

APPENDIX-XIX

(Refer paragraph 2.6 at page 40)

Statement showing particulars of Major Head under which expenditure during March 2003 was substantial and also exceeded 51 *per cent* of the total expenditure during the year 2002-2003

Sl. No.	Major Head of Account	Sector	Total expenditure during 2002-2003	Expenditure during March 2003	Percentage of expenditure during March 2003 to total expenditure
			(Rupees in crore)		
1	2	3	4	5	6
1.	2041-Taxes on Vehicle	State Plan	0.49	0.30	61
2.	2203-Technical Education	Centrally Sponsored Plan	0.25	0.23	92
3.	2204-Sports & Youth Services	State Plan	4.36	3.40	72
4.	2220-Information & Publicity	State Plan	2.10	1.08	51
5.	2403-Animal Husbandry	Centrally Sponsored Plan	0.33	0.18	55
6.	2408-Food Storage & Warehousing	Non-Plan	43.09	26.64	62
7.	2408-Food Storage & Warehousing	State Plan	5.73	4.58	80
8.	2810-Non-Conventional Source of Energy	State Plan	1.16	0.66	57
9.	2851-Village & Small Industries	Centrally Sponsored Plan	0.25	0.25	100
10.	2852-Industries	Non-Plan	1.16	1.08	93
11.	2852-Industries	State Plan	0.87	0.83	95
12.	3425-Other Scientific Research	Non-Plan	0.61	0.42	69
13.	3425- Other Scientific Research	State Plan	5.02	4.39	87
14.	3435-Ecology & Environment	State Plan	11.66	11.66	100
15.	3435-Ecology & Environment	Central Plan	1.49	1.15	77

APPENDIX-XX

(Refer paragraph 2.7 at page 40)

Statement showing 8443-Civil Deposits-800-Other Deposits

Year	Opening Balance	Deposit	Withdrawal	Closing Balance
	(Rupees in crore)			
1998-1999	381.34	251.95	170.15	463.14
1999-2000	463.14	215.01	216.99	461.16
2000-2001	461.16	286.84	131.28	616.72
2001-2002	616.72	307.59	180.87	743.44
2002-2003	743.44	227.31	173.46	797.29

APPENDIX-XXI

(Refer paragraph 3.2.9 at page 60)

Statement showing the details of the licensees who were issued with conditional drug licence by the Drug Controller, Orissa during 1998-2003

Sl. No.	Name of the licencee	Category of licence granted	Date on which licence granted/ renewed	Period for licence granted	Deficiency noticed in audit
1.	M/s Orichem Laboratory, Puri	Renewal of licence with conditions	6 September 2002	January 1994 to December 2006	Conditional licence was granted for manufacture of 15 items against 8 items recommended by the drug control officials during inspection on 20 May 2002. The firm was notified (12 September 2002) to rectify 5 number of defects within 30 days.
2.	M/s Syamakali Weaving Factory, Gopinathpur	-do-	12 March 2001	January 2001 to December 2002	The firm was notified (8 March 2001) to rectify 7 deficiencies within one month (provision of cutting machine, bleaching of the product in own unit, testing of finished products, uniform health care of the workers, etc.). The DC stated (August 2003) that the deficiencies were complied vide letter dated 27 March 2001. However, no evidence could be shown to audit that the complied conditions were verified.
3.	M/s Maa Surgical, Nuapatna, Tigiria	-do-	31 July 2002	January 2002 to December 2006	The firm was notified (30 July 2002) to comply 8 deficiencies within 30 days (improvement of hygenic condition, provision for testing of raw materials, check of health condition and supply of uniform to workers, fresh consent letter from the approved laboratory of testing, specification of batch size and obtaining test reports from the testing laboratory, labeling of batch with name manufacture and date of manufacture etc). The DC stated (August 2003) that the firm complied with the conditions vide letter dated 10 September 2002. However, no evidence of verification of complied conditions could be shown to audit.
4.	M/s Magnum Pharmatech (P) Ltd. Bhubaneswar	Conditional certificate for renewal of 13 items of cosmetics	1 June 2001	January 2001 to December 2002	As per DC's letter dated 1 June 2001, 5 defects were to be rectified within one month. The DC stated (August 2003) that the firm complied the defects vide the firms letter dated 10 March 2003. However the reply is silent about the verification of the complied conditions.
5.	M/s Asian Drugs and Chemicals, Berhampur	Conditional Certificate of drug licence	8 August 2002	January 2002 to December 2006	As per the certificate dated 8 August 2002, 14 vital deficiencies were to be rectified within 30 days. However, none of the deficiencies were rectified as of March 2003. The DC stated (August 2003) that the firm complied the conditions vide the 'firms letter' dated 25 June 2003. However, the reply was silent about the verification of the complied conditions.

APPENDIX-XXII
(Refer Paragraph 3.2.9 at page 62)
Statement showing the poor follow up action in respect of NSQ drugs

Name of the firm/ Validity of licence	Name of drug, Batch No. and Date of Manufacture	Date of declaration of NSQ	Remarks
M/s Trio Pharma, Ahmedabad / Not known	Vitaprot, Batch No VT128 Manufactured on 3 July 1998	17 January 2000 (CIPL)	The ambiguous report dated 19 November 1999 about the drug as "SQ but spurious" was finally modified to "NSQ and spurious" on 17 January 2000 by CIPL, Gaziabad when expiry date was over on 2 January 2000. Hence no prosecution case could be launched by DC against the firm. DC's request to the Commissioner, Food and Drug Control Administration, Gujarat State in February 2000 for taking suitable action under the Act against the firm was not responded as of August 2003.
M/s Paras Pharmaceuticals, Sambalpur/Up to December 1998	a) Cotrimexazole Tab. DS (IP) B.No.22, Manufacturing date: January 2000	16 March 2001	Firm is running without licence. Prosecution cases in respect of (a) and (b) were launched only in August 2002 the results of which were awaited (August 2003). No case was launched against (c) by the DI, Sambalpur on seizing the available stock/purchase and sale bills, other records, raw materials etc. despite instruction of DC to do so (January 2003) followed by reminder (July 2003).
	b) Syrup U.Sol (BP). Batch .No :Tu 107 Manufacturing date: January 2000.	27 December 2001	
	c) Prufen Plus Batch . No.- R-21 Manufacturing date: February 2000	26 August 2002	
M/s Sunny Pharmaceuticals, Sambalpur/ December 2006	a) Enzyspa Liquid. Batch No- EZ0 14, Manufacturing date: February 1999	7 June 1999	Firm recurrently manufactured an NSQ drug. Show cause notice (June 2002) of DC was not responded. DC stated (August 2003) that the firm was served with a notice in July 2003 for personal hearing and disposal of the case.
	b) Enzyspa Liquid Batch No. 036 Manufacturing date: December 2001	15 May 2002	
M/s Bio-tech Medical Private Mehboobnagar (AP)/ Not known	Bathadoxin-12 Batch.No. BM-002 Manufacturing date: March 2000	30 March 2001	No prosecution case was launched as of August 2003 although 3000 phials of the drug were consumed in Cuttack alone by the time the test report was received (May 2001). The DC stated (August 2003) that the DC, Andhra Pradesh was moved for taking action (May 2001) since the firm was located under his jurisdiction. The reply was silent about any follow up action.
M/s Gayatri Pharmaceutical Private Ltd. Not known	Bactecine suspension Batch No.8809(96) Manufactured: September 1996	May 1998 (SDT and RL)	In response to Drug Recall letter of DI, Jeypore, the local druggist M/s Mancheswar Pharmaceutical from whom the sample was drawn explained that 144 phials of drug were procured from the manufacturing firm in December 1996. Out of this, 67 phials were returned (No details). 33 phials were broken (No details) and balance 44 phials were sold to local dealers (33 phials in March 1996 and 11 phials in July 1996). This was fallacious because sale could not precede the date of procurement. The DI agreed (February 2003) to investigate into the matter at belated stage when the expiry date of drugs was over in August 1998. Further reply awaited (October 2003).

APPENDIX-XXIII
(Refer paragraph 3.2.11 at page 65)
Statement showing the details of Not Accepted Quality (NAQ) reports

Sl.No.	Name of the DI	Year of drawal of non-statutory samples/Month of receipt of NAQ reports	Name of the manufacturing firm	No. of drugs declared NAQ	Name of the testing laboratory
1.	Cuttack-III, Cuttack	1998-99 July 1998	M/s Orissa Red Cross Blood Bank Limited, Cuttack	5 LVP fluids	SDT and RL
2.	Puri	1998-1999 June 1997 and March 1999	M/s. Lupin Laboratory, Mumbai and M/s Neelachal Chemicals	1 Cephalexin 1 New Phenyle	CDL under NSQED SDT and RL
3.	Ganjam-II, Chatrapur	2000-01 November 2000	M/s Chemie India, IE, Cuttack	3 Gauze and bandage items	CDL under NSQED
4.	Keonjhar	2000-01 November 2000	M/s Brij Textiles, Delhi	1 Gauze and bandage items	CDL under NSQED
5.	Phulbani	2000-01 November 2000	M/s Maa Durga Handloom Industries, Cuttack	1 Gauze and bandage items	CDL under NSQED
6.	Dhenkanal	2000-01 November 2000	M/s B.K.Surgicals, Madhya Pradesh	1 Gauze and bandage items	CDL under NSQED
7.	Sundergarh	2000-01 November 2000	M/s. Rabindra Handloom WCS Limited, Sambalpur M/s Adertin, Kolkota M/s B.K.Surgicals, Madhya Pradesh M/s. JP Industries, West Bengal	1 Gauze and bandage items 1 Gauze and bandage items 1 Gauze and bandage items 1 Gauze and bandage items	CDL under NSQED CDL under NSQED CDL under NSQED CDL under NSQED
8.	Mayurbhanj	2000-01 November 2000	M/s Ananda Bandage, Uttar Pradesh M/s Joycot Industries, Andhra Pradesh	1 Gauze and bandage items 1 Gauze and bandage items	CDL under NSQED CDL under NSQED
9.	Rayagada	2000-01 November 2000	M/s Ananta Bandage Pvt. Ltd., Uttar Pradesh	1 Gauze and bandage items	CDL under NSQED

APPENDIX-XXIV
(Refer paragraph 3.3.8 at page 73)
Statement showing availability of less drivers than number of vehicles as on 31 March 2002

Sl. No.	Name of the Fire Station	Number of vehicles available	Number of drivers are available
1	Adaspur	2	1
2	Kuanpal	2	1
3	Kurua	2	1
4	Cuttack-I	5	4
5	Kendrapara	3	2
6	Bhadrak	3	2
7	Balasore	3	2
8	Khaira	2	1
9	Baripada	3	2
10	Dasarathapur	2	1
11	Bari	2	1
12	Puri	4	3
13	Astaranga	2	1
14	Khurda	3	2
15	Balipatna	2	1
16	Nayagarh	3	2
17	Bhubaneswar	7	4
18	Sambalpur	4	2
19	Rourkela	5	3
20	Dhenkanal	4	3
21	Kankadahada	2	1
22	Bolangir	4	2
23	Angul	4	2
24	Athamalik	3	2
25	Jharsuguda	3	2
26	Lakhanpur	2	1
27	Joda	2	1
28	Baragarh	3	2
29	Berhampur	4	3
30	Jeypore	4	3
31	Boriguma	2	1
32	Rayagada	3	2
33	Boudh	3	2
34	Jajpur Road	2	1
35	Kutra	2	1
36	Kesinga	2	1
37	Khariar	2	1
Total		**111**	**67**

Contd.

APPENDIX-XXV

(Refer paragraph 3.3.11 at page 75)

Statement showing payment of house rent during the year 1998-99 to 2002-2003 for Fire Station Buildings

Sl. No.	Name of Fire Station Building	Estimated cost of project (Rupees in lakh)	Source of Funding	Year of commencement of construction	Stipulated date of completion of the building	Date of completion/ shifting of Fire Station	Rate of rent paid for Fire Station Building per month (Rs.)	Period		Avoidable total rent paid (Rs.)
								From	To	
1.	Sundargarh	16.74	TFC	1997-1998	1998-1999	4 May 2000	1586/-	1 April 1999	3 May 2000	20,771/-
2.	Jagatsinghpur	16.74	-do-	-do-	1998-1999	22 July 2000	3029/-	1 April 1999	22 July 2000	74,585/-
3	J.K. Road	11.92	-do-	-do-	-do-	30 April 2000	1838/-	1 April 1999	30 April 2000	23,894/-
4	Athagarh	16.74	-do-	1998-1999	1999-2000	9 May 2001	752/-	1 April 2000	9 May 2001	10,152/-
5	Ranapur	11.92	-do-	-do-	-do-	-	Disputed	-	-	-
6	Keonjhar	16.74	-do-	-do-	-do-	Not completed	3662/-	1 April 2000	April 2003	1,35,494/-
7	Anandpur	16.74	-do-	-do-	-do-	-	-	-	-	-
8	Talcher	16.74	-do-	-do-	-do-	17 July 2000	3600/-	1 April 2000	17 July 2000	12,774/-
9	Tirtol	11.92	-do-	-do-	-do-	8 December 1999	-	-	-	-
10	Rourkela	19.41	-do-	1999-2000	2000-2001	-	-	-	-	-
11	Kamakhya-nagar	16.74	-do-	-do-	-do-	25 November 2001	360/-	1 April 2001	30 November 2001	2,880/-
12	Bhawanipatna	16.74	-do-	-do-	-do-	-	2025/	1 April 2001	April 2003	50,625/-
13	Bhanjanagar	15.60	GIC	1996-1997	1997-1998	5 November 2001	611/-	1 April 1998	5 November 2001	26,273/-
14	Boudha	15.60	-do-	-do-	-do-	-	2785/-	1 April 1998	April 2003	1,69,885/-
15	Malkangiri	15.60	-do-	-do-	-do-	-	-	-	-	-
16	Khariar Road	15.60	-do-	-do-	-do-	-	3680/-	1 April 1998	April 2003	2,24,480/-
17	Koraput	15.60	-do-	-do-	-do-	10 October 2000	1780/-	1 April 1998	10 October 2001	75,650/-
18	Bolangir	11.92	-do-	-do-	-do-	31 May 2002	3296/-	1 April 1998	31 May 2002	1,64,800/-
19	Kujanga	11.92	-do-	-do-	-do-	11 May 1999	2700/-	1 April 1998	11 May 1999	34,350/-
20	Kantamal	11.92	-do-	-do-	-do-	11 October 2001	3117/-	1 April 1998	11 October 2001	1,32,473/-

Contd.

Sl. No.	Name of Fire Station Building	Estimated cost of project (Rupees in lakh)	Source of Funding	Year of commence-ment of construct-ion	Stipulated date of completion of the building	Date of completion/ shifting of Fire Station	Rate of rent paid for Fire Station Building per month (Rs.)	Period		Avoidable total rent paid (Rs.)
21	Nilagiri	11.92	-do-	-do-	-do-	8 August 2000	2413/-	1 April 1998	8 August 2000	68,771/-
22	Bhuban	11.92	-do-	-do-	-do-	19 March 2000	721/-	1 April 1998	19 March 2000	34,248/-
23	Banei	11.92	-do-	-do-	-do-	-	2456/-	1 April 1998	April 2003	1,49,816/-
24	Banki	16.74	-do-	1997-1998	1998-1999	-	2859/-	1 April 1999	April 2003	1,40,091/-
25	Burla	16.74	-do-	-do-	-do-	-	4100/-	1 April 1999	April 2003	2,00,900/-
26	Deogarh	12.73	-do-	-do-	-do-	-	3258/- 4436/-	1 April 1999	April 2003	2,03,228/-
27	Jeypore	16.74	-do-	-do-	-do-	-	1185/- 1224/-	1 April 1999	April 2003	59,508/-
28	Jharsuguda	16.74	-do-	-do-	-do-	1 December 2001	3445/-	1 April 1999	1 December 2001	1,10,240/-
29	Karanjia	16.74	-do-	-do-	-do-	-	2038/-	1 April 1999	April 2003	99,862/-
30	Cuttack-II	16.74	-do-	-do-	-do-	-	2000/-	1 April 1999	April 2003	98,000/-
31	Nayagarh	16.74	-do-	-do-	-do-	-	533/-	1 April 1999	April 2003	3,626/-
32	Nabarangpur	16.74	-do-	-do-	-do-	-	533/-	1 April 1999	April 2003	26,117/-
33	Rairangpur	16.74	-do-	-do-	-do-	-	6880/-	1 April 1999	April 2003	3,37,120/-
34	Rayagada	16.74	-do-	-do-	-do-	-	3200/-	1 April 1999	April 2003	1,56,800/-
35	Baragarh	19.60	-do-	1998-99	1999-2000	-	4290/-	1 April 2000	April 2003	1,58,730/-
36	Padmapur	18.49	-do-	-do-	-do-	-	1938/-	1 April 2000	April 2003	71,706/-
37	Kendrapara	22.50	-do-	-do-	-do-	-	1600/-	1 April 2000	April 2003	59,200/-
38	Titlagarh	19.60	-do-	-do-	-do-	-	4423/-	1 April 2000	April 2003	1,63,651/-
39	Patnagarh	18.33	-do-	1999-2000	2000-2001	-	2083/-	1 April 2001	April 2003	52,075/-
40	Udala	17.72	-do-	-do-	-do-	-	2083/-	1 April 2001	April 2003	52,075/-
41	Dharmagarh	19.68	-do-	-do-	-do-	-	1233/-	1 April 2001	April 2003	30,825/-
42	Gondia	19.75	-do-	-do-	-do-	-	1720/-	1 April 2001	April 2003	43,000/-
43	Brahmagiri	21.01	-do-	-do-	-do-	-	2083/-	1 April 2001	April 2003	52,075/-

Concld.

Sl. No.	Name of Fire Station Building	Estimated cost of project (Rs. In lakh)	Source of Funding	Year of commencement of construction	Stipulated date of completion of the building	Date of completion/ shifting of Fire Station	Rate of rent paid for Fire Station Building per month (Rs.)	Period		Avoidable total rent paid (Rs.)
44	Hindol	18.09	-do-	-do-	-do-	-	2263/-	1 April 2001	April 2003	56,575/-
45	Chandikhole	21.96	-do-	-do-	-do-	-	3667/-	1 April 2001	April 2003	91,675/-
46	Jatni	19.41	-do-	-do-	-do-	-	2794/-	1 April 2001	April 2003	69,850/-
47	Salipur	18.44	-do-	-do-	-do-	-	3758/-	1 April 2001	April 2003	93,950/-
48	Odagaon	18.96	-do-	-do-	-do-	-	2070/-	1 April 2001	April 2003	51,750/-
49	Hinjlikatu	18.90	-do-	-do-	-do-	-	2752/-	1 April 2001	April 2003	68,800/-
50	Nimapara	19.15	-do-	-do-	-do-	-	3440/-	1 April 2001	April 2003	86,000/-
51	Soro	20.13	-do-	-do-	-do-	-	3022/-	1 April 2001	April 2003	75,550/-
					Total					40,97,900/-

APPENDIX- XXVI
(Refer paragraph 3.4.6 at page 84)
Statement showing financial status

(Rupees in crore)

Year	Opening Balance	Provisions	Releases		Total	Less release (3-6)	Actual expenditure	Closing balance (2+6-8)
			Central	State				
1	2	3	4	5	6	7	8	9
1996-97	-	82.88	48.45	29.49	77.94	4.94	73.64	4.30
1997-98	4.30	158.15	85.00	55.77	140.77	17.38	140.77	4.30
1998-99	4.30	143.81	71.50	61.53	133.03	10.78	131.78	5.55
1999-2000	5.55	170.00	90.25	85.33	175.58	-	166.98	14.15
2000-01	14.15	170.00	85.47	53.39	138.86	31.14	129.07	23.94
2001-02	23.94	248.50	168.47	56.58	225.05	23.45	185.15	63.84
2002-03	63.84	280.77	159.02	74.19	233.21	47.56	212.86	84.19
Total		**1254.11**			**1124.44**			

APPENDIX-XXVII

Contd.

(Refer paragraph 3.4.9 at page 92)

Statement showing extra expenditure due to wrong recording of levels

Sl. No.	Name of work	Observation	Money value (Rs. in lakh)
1.	Excavation of minors, sub-minors of Right Main Canal for the reaches from RD11 to 18 Km, 20 to 33 Km and 45 to 53 Km of Upper Indravati Irrigation Project Cost :- Rs.9.43 crore	According to the agreement, the quantities of earth work required for payment to the contractor were to be derived on the basis of difference of levels between Natural Soil Level at commencement and those after execution. The initial ground levels recorded during the course of execution of works differed significantly with those recorded in the sanctioned estimate. This difference facilitated measurement of 2.68 lakh cum of earthwork over and above the agreement quantity leading to extra expenditure of Rs.1.49 crore.	149
2.	Construction of distributary, minor, sub-minors and service roads from RD 53.70 to 73 Km of Right Main Canal of Upper Indravati Irrigation Project Cost:- Rs.7.88 crore	Technical specifications of the contract stipulated deduction of 16 *per cent* voids (deduction) from the filling of quantities if measurements were recorded before passage of two monsoons. 7.94 lakh cum of earthwork was measured before passage of two monsoons. But no voids were deducted from the earthwork resulting in excess payment of Rs.93.97 lakh.	93.97
3.	Excavation and construction of Belgaon distributary of Upper Kolab Irrigation Project Cost :- Rs.5.21 crore	The contract provided for earth work of 0.88 lakh cum in embankment formation based on sanctioned estimate and computed with reference to ground levels (natural soil level) recorded during pre-construction survey and investigation. Against the above, actual execution as recorded in the measurement book was 1.46 lakh cum. The increase in quantity of 0.58 lakh cum over the estimate/agreement quantities was due to difference between ground levels recorded at the time of handing over of the alignments to contractor and those recorded during pre-construction survey and investigation. This incorrect recording of ground levels at the time of handing over the site by the Engineer-in-Charge resulted in extra payment of Rs.63 lakh to contractor.	63.00
4.	Construction of Spillway of Lower Indra Irrigation Project Cost:- Rs.53.25 crore.	As per conditions of contract, the contractor was required to stack the blasted debris in closely packed stacks and payment was to be made for solid quantity of rock calculated after deducting 40 *per cent* from the stacked volume towards voids. The Executive Engineer measured 0.42 lakh cum. of hard rock without stack measurement. Payment of Rs.86.25 lakh was made without deduction of voids of 0.17 lakh cum being 40 *per cent* of excavated quantity. This resulted in extra payment of Rs.39.67 lakh to contractor. The EE stated that stack measurement was provided to arrive at the quantity of hard rock encountered in medium hard rock(MHR) strata. As no such strata was encountered	39.67

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Sl. No.	Name of work	Observation	Money value (Rs. in lakh)
		during actual execution, no voids were deducted. The reply was not tenable since according to conditions of the agreement, 40 *per cent* was to be deducted towards voids from closely stacked debris. Failure to do so led to extra payment of Rs.39.67 lakh.	
5.	Excavation of Junagarh distributary of Upper Indravati Irrigation Project Cost:-Rs.1.11 Crore	The contract of the work provided for execution of 1.66 lakh cum of earthwork. These quantities were based on sanctioned estimate quantities computed from ground levels (NSL) recorded during pre-construction survey and prior to execution. Against the above, the actual measurement was recorded as 2.28 lakh cum. The increase in measurement over and above the estimate/agreement quantities arose due to difference between the ground levels recorded by the engineers at the time of handing over of the alignment to the contractors and those recorded prior to commencement of execution. This incorrect recording of levels facilitated measurements of excess earthwork of 0.61 lakh cum. resulting extra expenditure of Rs.31.48 lakh.	31.48
		Total	**314.00**

APPENDIX -XXVIII

(Refer paragraph 3.4.9 at page 92)
Statement showing inadmissible payment

Sl. No	Name of work	Observation	Money value (Rs in lakh)
1.	Construction of Baliguda canal, minors and distributaries of Potteru Irrigation Project Cost:- Rs.4.54 crore (22 Contracts)	i)The agreement rates for concrete items included cost of centering and shuttering. Despite such provision, separate item for centering and shuttering was provided in the agreement and payment of Rs.11.92 lakh was made to contractor for this item. ii) Clearance of shrub, jungle, bushes, uprooting stumps, thick bushes and trees below 30 cm girth were included in the earthwork of the item of agreement. However, separate item for clearance of jungle and uprooting of trees was provided in the agreements and contractors were paid Rs.9.51 lakh on this account. iii) Cost of filling foundation and plinth with excavated material was included in the agreement rates for excavation of foundation. Despite such provision, separate item was provided in the agreements for filling the foundation and plinth with excavated material and the contractors were paid Rs.2.93 lakh for the same.	24. 36
2.	Earth dam of Titilagarh Irrigation Project (Stage II) Cost:-Rs.7.28 crore	The rate for the earth work included cost of grubbing and stripping of borrow area up to required depth. Despite such provision, the contracting firm was paid Rs.11.72 lakh towards base stripping of borrow area which was inadmissible.	11.72
3.	Excavation and construction of Kotpad distributary from RD 11.67 to 23.13 Km of Upper Kolab Irrigation Project	The item rates for cement concrete (CC) of agreement of the work included the cost of centering and shuttering. Despite such provision, separate item for centering and shuttering was included in the agreement and contractor was paid Rs.10.41 lakh for such item. This constituted inadmissible payment of Rs.10.41 lakh.	10.41
		Total	**46.49**

APPENDIX-XXIX

(Refer paragraph 3.4.9 at page 92)
Statement showing unauthorised payment

Sl. No.	Name of work	Observation	Money value (Rs. in crore)
1	Construction of balance 14 structures and service road from RD 45 to 53 Km and 63 to 73 Km of Right Main Canal of Upper Indravati Irrigation Project Cost :- Rs.9.25 crore	During course of execution of the work additional works like excavation of canal from RD 45 to 53 Km, construction of 3 more structures and escape-cum-feeder channel to Bhatajore MIP at RD 66.15 Km were entrusted to the contractor without inviting tenders. The contractor was paid (July 2000) Rs.11.52 crore without approval of deviation by Government. This resulted unauthorised payment of Rs.2.27 crore.	2. 27
2.	Excavation of Right Main Canal from RD 73 to 84 Km (Balance work) (portion from RD 79.026 to 83 Km) of UIIP. Cost :- Rs.5.27 crore	The contract provided for execution of 2.94 lakh cum. of earth work in formation of embankment. Against the above, the contractor executed 5.04 lakh cum. Payment for extra quantity of 2.10 lakh cum. amounting to Rs.90.45 lakh was made without sanction of deviation statement. This resulted in unauthorised payment of Rs.90.45 lakh.	0.90
	Total		**3.17**

APPENDIX-XXX

(Refer paragraph 3.5.8 at page 97)

Statement showing the details of funds released by the State Government to Director TESCERT

Year	Committed by GOI	Released by GOI	Released by State Government	Remarks
	(Rupees in lakh)			
1998-1999	87.78	83.04	83.04	As the UC for Rs.39.15 lakh received in respect of the first instalment was sent to MHRD between May 1999 and May 2000, the second instalment of Rs.43. 89 lakh was released by MHRD in July 2000.
1999-2000	127.28	127.28	124.59	As the UC for Rs.68.28 lakh received (November 1999 and February 2000) towards first instalment was sent to MHRD in November 2001, the second instalment of Rs.59 lakh was released by MHRD in February 2002.
2000-2001	Nil	Nil	Nil	The MHRD had not released any assistance due to delay in submission of UCs and budget proposals for the year by the State Government inspite of reminders received from GOI in August 2000 and October 2001.
2001-2002	96.78	48.39	47.06	The first instalment of Rs. 48.39 lakh was received in December 2001 and the second instalment of Rs.48.39 lakh was not released by MHRD as of 31st March 2003.
2002-2003	34.62	17.31	17.31	The first instalment of Rs.17.31 lakh was received in March 2003 and the second instalment of Rs.17.31 lakh was not released by MHRD as of 31st March 2003.
Total	**346.46**	**276.02**	**272.00**	

Contd.

APPENDIX- XXXI
(Refer paragraph 4.6.1 at page 146)
Statement showing the position of Outstanding Inspection Reports/Paragraphs

Sl. No.	Name of the Department	Reports awaiting settlement (Upto September 2003)		Reports awaiting settlement for more than 10 years		Reports to which even first reply not received
		No. of Reports	No. of Para-graphs	No. of Reports	No. of Para-graphs	No. of Reports
1.	Home	616	1788	53	67	70
2.	General Administration	52	182	4	7	9
3.	Revenue	743	2138	125	217	173
4.	Law	89	306	12	25	34
5.	Finance	15	37	2	2	8
6.	Food Supplies and Consumer Welfare	24	58	3	6	7
7.	Works	982	3738	345	699	34
8.	School and Mass Education	1453	4952	411	900	645
9.	Welfare	341	1174	2	2	165
10.	Labour and Employment	244	545	32	59	89
11.	Tourism, Culture and Sports	98	389	22	44	74
12.	Planning and Co-ordination	47	144	19	39	9
13.	Women and Child Development	729	2210	112	253	152
14.	Panchayati Raj	904	5044	174	496	317
15.	Health and Family Welfare	1812	6037	580	1330	721
16.	Agriculture	1617	5991	288	533	390
17.	Transport	138	349	10	26	60
18.	Steel and Mines	39	91	6	12	15
19.	Information and Public Relations	79	352	10	22	32
20.	Excise	54	73	13	14	41
21.	Fisheries and Animal Resources Development	663	1974	183	384	276
22.	Co-operation	133	400	35	53	38
23.	Water Resources	1798	6405	599	1471	12
24.	Housing and Urban Development	216	886	80	176	23
25.	Energy	35	92	7	11	6

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Sl. No.	Name of the Department	Reports awaiting settlement (Upto September 2003)		Reports awaiting settlement for more than 10 years		Reports to which even first reply not received
		No. of Reports	No. of Para-graphs	No. of Reports	No. of Para-graphs	No. of Reports
26.	Science and Technology	13	48	4	6	1
27.	Forest	419	1339	82	185	65
28.	Industries	430	1216	112	128	80
29.	Textiles and Handloom	62	226	--	--	53
30.	Parliamentary Affairs	12	59	6	37	5
31.	Higher Education	552	1531	113	215	191
32.	Miscellaneous (Banks involving State Transactions of Pension Payment and Subsidy adjustment)	358	530	189	275	160
33.	Rural Development	524	1654	123	182	14
34.	Commerce	218	436	66	149	89
	Total	**15509**	**52394**	**3822**	**8025**	**4058**

APPENDIX-XXXII
(Refer Paragraph 4.6.1 at page 146)

Statement showing the year-wise break up of outstanding IRs/Paragraphs

Year	IRs	Paragraphs
1964-65	1	2
1965-66	6	28
1966-67	7	24
1967-68	9	30
1968-69	9	28
1969-70	14	54
1970-71	9	23
1971-72	6	12
1972-73	3	7
1973-74	2	2
1974-75	5	10
1975-76	6	11
1976-77	8	14
1977-78	11	31
1978-79	16	37
1979-80	21	34
1980-81	55	109
1981-82	62	141
1982-83	62	124
1983-84	76	139
1984-85	71	137
1985-86	130	284
1986-87	254	446
1987-88	297	536
1988-89	270	552
1989-90	400	791
1990-91	614	1299
1991-92	717	1409
1992-93	880	2204
1993-94	869	2199
1994-95	1018	2562
1995-96	1175	3623
1996-97	1118	3242
1997-98	904	2867
1998-99	1342	4745
1999-2000	1440	5446
2000-01	1293	5478
2001-02	1501	7957
2002-03	828	5757
(Up to September 2003)		
Total	**15509**	**52394**

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APPENDIX-XXXIII
(Refer paragraph 4.6.1 at page 146)

Statement showing serious irregularities

Sl. No.	Nature of Irregularties	No.of Paragraph	Amount (Rupees in lakh)
1.	Infructuous/Unfruitful/ Avoidable/Irregular Expenditure	1344	13084.15
2.	Extra liability/Excess expenditure/Excess payment to firms/ contractors	754	3490.49
3.	Idle Store/ Surplus/ Unserviceable store/ Blockage of Government money	954	1959.09
4.	Irregular purchase, non-accountal of stock/non-adjustment of cost of materials	691	1191.35
5.	Non-recovery of dues from firms/contractor etc.	421	590.90
6.	Non-submission of utilisation certificates	915	20264.48
7.	Amount kept in Civil Deposit	1043	16291.69
8.	Loss, Misappropriation and shortage of stores	905	730.57
9.	Unauthorised expenditure	801	6132.24
10.	Retention of undisbursed amount	438	371.79
11.	Inadmissible/Irregular Payments	824	2393.05
12.	Advance payment/less recovery of advances/Interest/Royalty and Income Tax	235	2888.40
13.	Under-utilisation of departmental machineries	42	2760.28
14.	Demurrage/Penalty	57	1780.45
15.	Undue financial aid to contractors/firms	135	4391.77
16.	Miscellaneous/Doubtful expenditure/Non-submission of vouchers/overdrawal etc.	2184	7312.82
17.	Stamped receipts/ Acknowledgement wanting	815	597.88
18.	Loans/Advances not recovered	1370	5057.06
19.	Short/Non-realisation of Government dues	1119	9274.26

Contd.

APPENDIX-XXXIV
(Refer Paragraph 4.6.2 at page 147)
STATEMENT OF EXPLANATORY NOTE NOT RECEIVED FROM GOVERNMENT ON REVIEWS/ AUDIT PARAGRAPHS (CIVIL) AS ON 30 SEPTEMBER 2003

(A) Individual Paras/Reviews(Numbers)		YEAR OF AUDIT REPORT(CIVIL) (REVIEWS/PARAGRAPHS)												
		1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	Total
1.	Agriculture	--	--	--	1	9	5	9	7 (R-1)	2 (R-1)	--	3	--	36 (R-2)
2.	Commerce	--	--	--	--	--	1 (R-1)	--	--	--	--	--	1	2 (R-1)
3.	General Administration	--	--	--	--	--	1	--	--	--	--	--	--	1
4.	Energy	--	--	--	--	--	--	1	--	--	--	--	--	1
5.	Food Supplies and Consumers Welfare	--	--	--	--	--	--	--	--	1 (R-1)	--	--	--	1 (R-1)
6.	Finance	--	--	--	1	--	2	2	2	2	7	4	2	24
7.	Forest and Environment	--	--	--	--	--	--	1	--	--	1 (R-1)	--	1	3 (R-1)
8.	Fisheries and Animal Resources Development	--	2 (R-1)	--	--	--	--	--	2	--	3 (R-1)	1	1	9 (R-2)
9.	Health and Family Welfare	--	--	--	--	--	--	--	--	--	1	4 (R-1)	1	6 (R-1)
10.	Home	--	--	--	--	--	--	--	1 (R-1)	2	1	2	2	8 (R-1)
11.	Housing and Urban Development	--	--	--	--	--	--	--	--	1	2 (R-1)	1	1	5 (R-1)
12.	Industries	--	--	--	--	--	3	--	--	--	--	1	--	4

		YEAR OF AUDIT REPORT(CIVIL) (REVIEWS/PARAGRAPHS)												
(A) Individual Paras/Reviews(Numbers)		**1990-91**	**1991-92**	**1992-93**	**1993-94**	**1994-95**	**1995-96**	**1996-97**	**1997-98**	**1998-99**	**1999-2000**	**2000-01**	**2001-02**	**Total**
13.	Panchayati Raj	--	--	--	--	--	--	--	--	--	--	--	3 (R-2)	3 (R-2)
14.	Planning and Co-ordination	--	--	--	--	1 (R-1)	--	--	--	--	1	--	--	2 (R-1)
15.	Tourism and Culture	--	--	--	--	--	--	--	--	--	--	--	1	1
16.	Sports and Youth Services	--	--	--	--	--	--	--	--	--	--	--	1	1
17.	Revenue and Excise	--	2	--	--	--	--	2	3 (R-1)	2	1 (R-1)	2 (R-1)	--	12 (R-3)
18.	Rural Development	--	--	--	--	--	--	--	--	--	--	1 (R-1)	--	1 (R-1)
19.	School and Mass Education	--	--	--	--	--	--	--	--	7	2 (R-1)	2 (R-1)	4 (R-1)	15 (R-3)
20.	Transport	--	--	--	--	--	--	--	1	--	1	--	--	2
21.	Welfare (ST & SC Development)	--	2	--	6	1	1	5	3	1	3	2 (R-1)	1	25 (R-1)
22.	Water Resources	--	--	--	--	--	--	1	--	9 (R-1)	2 (R-1)	1 (R-1)	7	20 (R-3)
23.	Women and Child Development	--	--	--	--	--	--	--	1	1 (R-1)	1	1	1	5 (R-1)
24.	Works	--	--	--	--	1	--	2 (R-1)	1	2	3	11	1 (R-1)	21 (R-2)
25.	Steel and Mines	--	--	--	--	--	--	--	--	--	--	1	--	1
Total "A"		--	**6 (R-1)**	--	**8**	**12 (R-1)**	**13 (R-1)**	**23 (R-1)**	**21 (R-3)**	**30 (R-4)**	**29 (R-6)**	**37 (R-6)**	**28 (R-4)**	**207 (R-27)**

R-Reviews included in the total figure

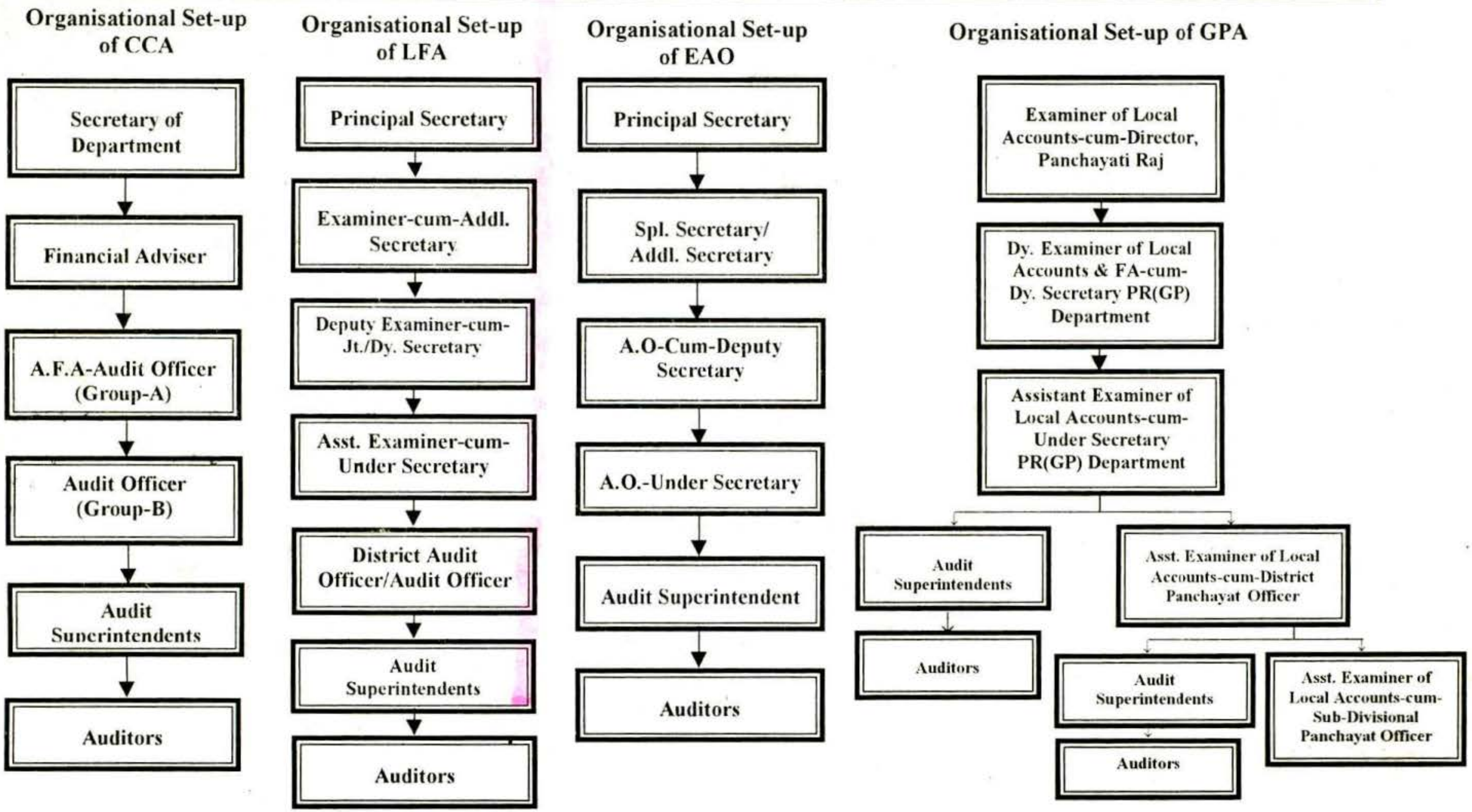
APPENDIX-XXXV
(Refer paragraph 4.6.2 at page 147)
Statement showing status of PAC recommendations on which actions had not been taken as on 30 September 2003

Sl. No.	Department	9th Assembly (1985-1990)	10th Assembly (1990-1995)	11th Assembly (1995-2000)	12th Assembly (up to 31 March 2003)	Total
1.	Agriculture	88	21	14	13	136
2.	Co-operation	21	6	--	--	27
3.	Commerce	4	13	1	--	18
4.	Transport	12	15	--	2	29
5.	School and Mass Education	55	25	3	21	104
6.	Higher Education	--	17	1	11	29
7.	Finance	57	--	6	--	63
8	Forest and Environment	29	25	5	2	61
9.	Food Supplies and Consumer Affairs	42	--	1	21	64
10.	Fisheries and Animal Resources Development	35	14	16	3	68
11.	General Administration	15	13	5	--	33
12.	Welfare (ST and SC Development)	47	--	8	--	55
13.	Health and Family Welfare	3	23	35	11	72
14.	Home	16	7	16	11	50
15.	Industries	39	62	1	12	114
16.	Information and Public Relation	13	2	7	--	22
17.	Labour and Employment	23	--	3	--	26
18.	Planning and Co-ordination	7	9	--	--	16
19.	Panchayati Raj	68	33	6	4	111
20.	Revenue and Excise	13	10	5	--	28
21.	Steel and Mines	8	--	1	7	16
22.	Tourism, Sports and Culture	9	--	5	--	14
23.	Textile and Handlooms	--	--	--	15	15
24.	Law	10	5	5	--	20
25.	Science and Technology	3	--	7	--	10
26.	Women and Child Development	--	32	1	--	33
27.	Energy	3	11	16	9	39
28.	Housing and Urban Development	41	32	29	5	107
29.	Rural Development	--	57	20	--	77
30.	Water Resources	126	207	10	64	407
31.	Works	55	72	26	13	166
	Total	**842**	**711**	**253**	**224**	**2030**

APPENDIX-XXXVI

(Refer paragraph 5.1.2 at page 148)

STATEMENT SHOWING THE ORGANISATIONAL SET-UP OF DIFFERENT WINGS OF INTERNAL AUDIT OF GOVERNMENT OF ORISSA



OGP-MP-PTS (A. G.)1-1,100-24-4-2004