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

FOR THE YEAR ENDED 31 MARCH 2007

**(CIVIL)
GOVERNMENT OF ORISSA**

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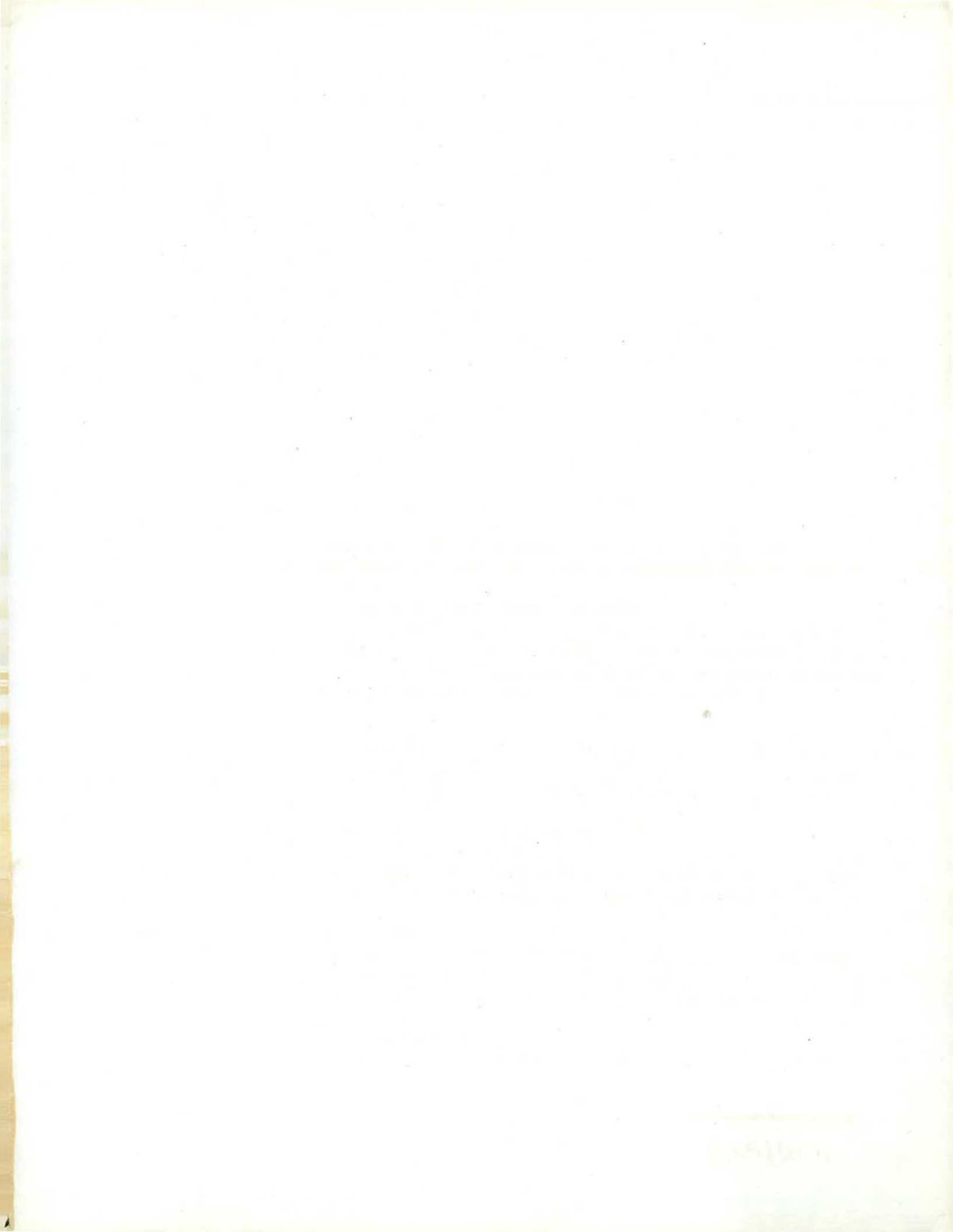
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Preface

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 2007.
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 2006-07 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 2006-07 have also been included wherever necessary.
6. The audits have been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.



OVERVIEW

OVERVIEW

This Report includes two Chapters containing observations on Finance and Appropriation Accounts of the Government of Orissa for the year 2006-07 and three others comprising five reviews and 38 paragraphs dealing with the results of performance audit of selected programmes, internal control system as well as audit of the financial transactions of the Government.

The audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department. Audit samples have been drawn based on statistical sampling methods as well as on judgement basis. The audit conclusions have been drawn and recommendations made taking into consideration the views of the Government.

A summary of the financial position of the State and the audit comments on the performance of the Government in implementation of certain programmes and schemes as well as internal control mechanism in Revenue and Disaster Management Department are given below:

Financial position of the State Government

The fiscal position of the State viewed in terms of key fiscal parameters indicates a consistent improvement over the period 2001-07. The revenue surplus during the last two years and a consistent decline in fiscal deficit during 2001-06 and a situation of fiscal surplus during the current year are the pointers towards fiscal consolidation and the stability of the State. Moreover, actual values of various fiscal variables vis-a-vis the projections made by the State Government in its FRBM Act 2005 and in its Fiscal Correction Path as well as in its Medium Term Fiscal Plan also indicate that in case of most of these variables, the State has achieved the targets well ahead of the time lines indicated in documents. However, although the fiscal parameters indicate the improvement in the fiscal health of the State but the expenditure pattern depicts a grim position as revenue expenditure still accounted for 90 *per cent* leaving little room for enhancing the level of capital expenditure in the State. Despite significant improvement in fiscal position of the State and declining ratio of fiscal liabilities to the revenue receipts of the State, 33 *per cent* of the liabilities still had no asset backup as on 31st March 2007.

Performance of Integrated Tribal Development Agencies

Integrated Tribal Development Agencies (ITDAs) were set up to implement schemes for socio-economic development of the tribal population in the State. The ITDAs did not have a complete list of Scheduled Tribe families living below the poverty line (BPL). Long term area specific micro-planning was also absent. Delayed release of funds resulted in carry over of unspent balances. Irregular retention of scheme funds in Personal Ledger (PL) Accounts in the 11 test checked ITDAs contributed to loss of interest of

Rs 9.21 crore. Special Central Assistance (SCA) funds of Rs 14.11 crore were diverted for works not incidental to income generation. Rupees 7.14 crore was diverted for establishment expenditure and purchase of vehicles though not permissible as per Government of India (GOI) instructions. Under income generation activities, inadmissible subsidy of Rs 2.32 crore was extended to beneficiaries on distribution of agriculture implements, milch cows, goats etc in excess of the prescribed norms under SCA guidelines. Excess expenditure of Rs 19.34 crore was also incurred on 1068 land based projects under SCA (IGS) which eroded the resources for income generating activities. In Rayagada and Koraput ITDAs, there was unfruitful expenditure of Rs 4.25 crore incurred out of Additional Central Assistance (RLTAP) on raising only shade trees without coffee plantations under phase-I and II. All the 11 test checked vocational training centres were closed during 2004-05 for want of funds due to non-receipt from Government of India because of pending utilisation certificates. Primary School Hostels lacked minimum amenities. Number of meetings by the District Level Monitoring Committee and Project Level Committee were small indicating inadequate involvement and concern towards monitoring.

Administration of Jails

Performance audit of administration of jails of the State showed that GOI funds of Rs 32.20 crore under 'Modernisation of prisons' were retained in civil deposits up to 17 months and there was delay in release of State share up to 24 months. Seven new sub-jails and 15 additional wards in the existing jails constructed for 3440 prisoners at a cost of Rs 19.74 crore were not used for periods upto 13 years. Prison escape and entry of prohibited articles to jails increased and 47 out of 77 prisoners escaped during 2002-07 were not recaptured. Thirty prisoners released on parole and furloughs were not brought back to jails for periods from two to five years. Regular doctors were not available in 52 out of 70 jails of the State. Equitable wages for prisoners were not fixed. Mentally ill prisoners were not sent to psychiatric hospitals / mental asylums despite instructions of the Government. New Sub-jails constructed / under construction did not conform to the specifications prescribed in Orissa Jail Manual and Model Prison Manual. Rehabilitation measures were not adequate.

NABARD Assisted Medium and Minor Irrigation Projects

The objective of augmenting the irrigation potential remained unfulfilled despite availing loan assistance from National Bank for Agriculture and Rural Development (NABARD). The Department could only complete 50 per cent of the projects with investment of Rs 316.92 crore and the achievement of irrigation potential created was 45 per cent of the target as of March 2007. There was cost escalation of Rs 58.31 crore in four Medium and 10 MI projects due to time-overrun caused by faulty estimates, improper planning in execution, execution of projects without acquisition of private / forest land and

inadequate monitoring. Extra expenditure of Rs 33.68 crore was incurred due to irregular adoption of Schedule of Rates of Water Resources Department, improper planning in execution, award of works to the Orissa Construction Corporation without tender in excess over estimated cost, execution of work in deviation from approved design, left over works through other agencies and irregular adoption of lead charges. Besides, instances of undue financial benefits to contractors aggregating Rs 6.23 crore were also noticed.

IT Systems of Orissa Primary Education Programme Authority (OPEPA)

The performance audit of different IT systems developed by the OPEPA disclosed deficiencies in the System Development planning when adhoc and arbitrary approaches were adopted. There were various rounds for the collection and feeding of data in a computerised system but each was marred by the improper planning which resulted in the incomplete capture of information. The systems developed also had deficient application controls leading to incorrect data in the database.

The controls on the input through the ICR could not be exercised leading to incorrect inputs into the database. The use of the ICR technology itself was not justifiable as it was a costly alternative and was adopted on incorrect basis. More than 24 lakh records pertaining to child less household were collected and input into the system leading to excess expenditure. The adoption of ICR technology led to development of an unreliable, inconsistent and erroneous database of children at a cost of Rs 5.05 crore during OCC-2005. The CTSVU-2006 system developed at a cost of Rs 2.76 crore to rebuild the database of OCC-2005 also failed due to defective software, absence of supervision and monitoring.

The implementation of EPIS and the GIS remained incomplete due to faulty planning after incurring expenditure of Rs 2.64 crore.

Internal Control system in Revenue and Disaster Management Department

The budgetary and expenditure controls as envisaged in the Orissa Budget Manual were not adhered to leading to persistent savings against budgeted provisions, surrenders not conforming to the final savings and rush of expenditure in the last quarter of the financial years. There were delays in disposal of mutation cases due to non-adherence to the provisions of the mutation manual by the tehsildars. The Inspector General of Registration had not issued any internal control parameters for computerised system to be followed by the registration offices. Due to lukewarm approach of the tehsildars and non constitution of working committees at tehsil level, status of 3.81 lakh acres of Bhoodan land was yet to be determined for distribution to beneficiaries for a long time. Benchmark valuation guidelines of the districts could not be finalised in all districts due to inefficient functioning of the

committee at the tehsil and district levels and absence of monitoring at the State level. Administrative controls were weak, as the vigilance cases were not timely pursued. Internal audit was ineffective as number of audit reports were pending for issue. Large number of undervaluation cases involving Rs 23.49 crore detected by the internal audit of the department were yet to be settled.

Transaction Audit findings

Audit of financial transactions, subjected to test-check in various departments of the Government and their field functionaries showed instances of misappropriations, losses, excess payment, unfruitful expenditure of about Rs 139 crore as mentioned below:

Misappropriation of Rs 6.54 crore was noticed in Water Resources Department. Besides, there were instances of misutilisation of Government funds and loss of Rs 5.38 crore in Revenue and Disaster (Rs 2.69 crore), Panchayati Raj (Rs 2.37 crore) and Agriculture (Rs 32 lakh) Departments.

Avoidable extra cost, unfruitful expenditure and undue benefit to contractors amounting to Rs 116.22 crore was noticed in Rural Development (Rs 42.47 crore), Water Resources (Rs 32.53 crore), Works (Rs 29.13 crore), Co-operation (Rs 6.91 crore), Revenue and Disaster (Rs 4.64 crore), Health and Family Welfare (Rs 4.88 crore) and Industries (Rs 30 lakh) Departments.

There were instances of blockage of funds and idle investments of Rs 10.47 crore in Health and Family Welfare (Rs 5.02 crore), School and Mass Education (Rs 3.64 crore) and Agriculture (Rs 1.81 crore) Departments.

Some of the important audit observations are listed below.

Subsidised rice of 4185.57 MT was issued under Food for Work (FFW) programme to contractors without sanctioned estimates, agreements and work orders resulting in misappropriation of Rs 4.94 crore in Puri Irrigation Division.

(Paragraph 4.1.1)

Misappropriation of subsidised rice for Rs 1.39 crore and excess payment of Rs 21.20 lakh due to non-deduction of settlement allowance from earthwork and non-recovery of cost of empty rice bags for construction of Gobkund cut double embankment under the FFW programme in Puri Irrigation Division were noticed.

(Paragraph 4.1.2)

Deficiencies and lapses in implementation of Special IAY scheme by the BDO, Barachana resulted in misuse of funds and other irregularities to the tune of Rs 2.37 crore.

(Paragraph 4.1.3)

Failure to enforce the conditions of the contracts by Orissa State Disaster Mitigation Authority (OSDMA) and Executive Engineer, Jagatsinghpur, R&B

Division in the work "repair and reconstruction of the Purijena-Kothi-Ersama-Naubelari road" led to loss of Rs 1.91 crore and non-realisation of penalty of Rs 77.74 lakh from the contractors.

(Paragraph 4.1.4)

Non-completion of the restoration works of Kandarpur Machhagaon road executed by Executive Engineer, Jagatsinghpur (R&B) Division through Orissa Bridge & Construction Corporation led to extra cost of Rs 12.51 crore and avoidable maintenance cost of Rs 53.55 lakh.

(Paragraph 4.2.1)

Due to continuation of Orissa State Cooperative Bank as an intermediate agency handling NABARD finance notwithstanding Parliament's amendment authorising such abolition, the farmers in the State had to bear avoidable interest burden of Rs 4.06 crore and the State had to provide subvention of Rs 2.85 crore to its apex co-operative bank with no value addition to the banking services.

(Paragraph 4.4.1)

Roads constructed by 15 Rural Works divisions at a cost of Rs 42.47 crore under Pradhan Mantri Gram Sadak Yojana did not provide all weather connectivity to the targeted habitations due to non-construction of bridges.

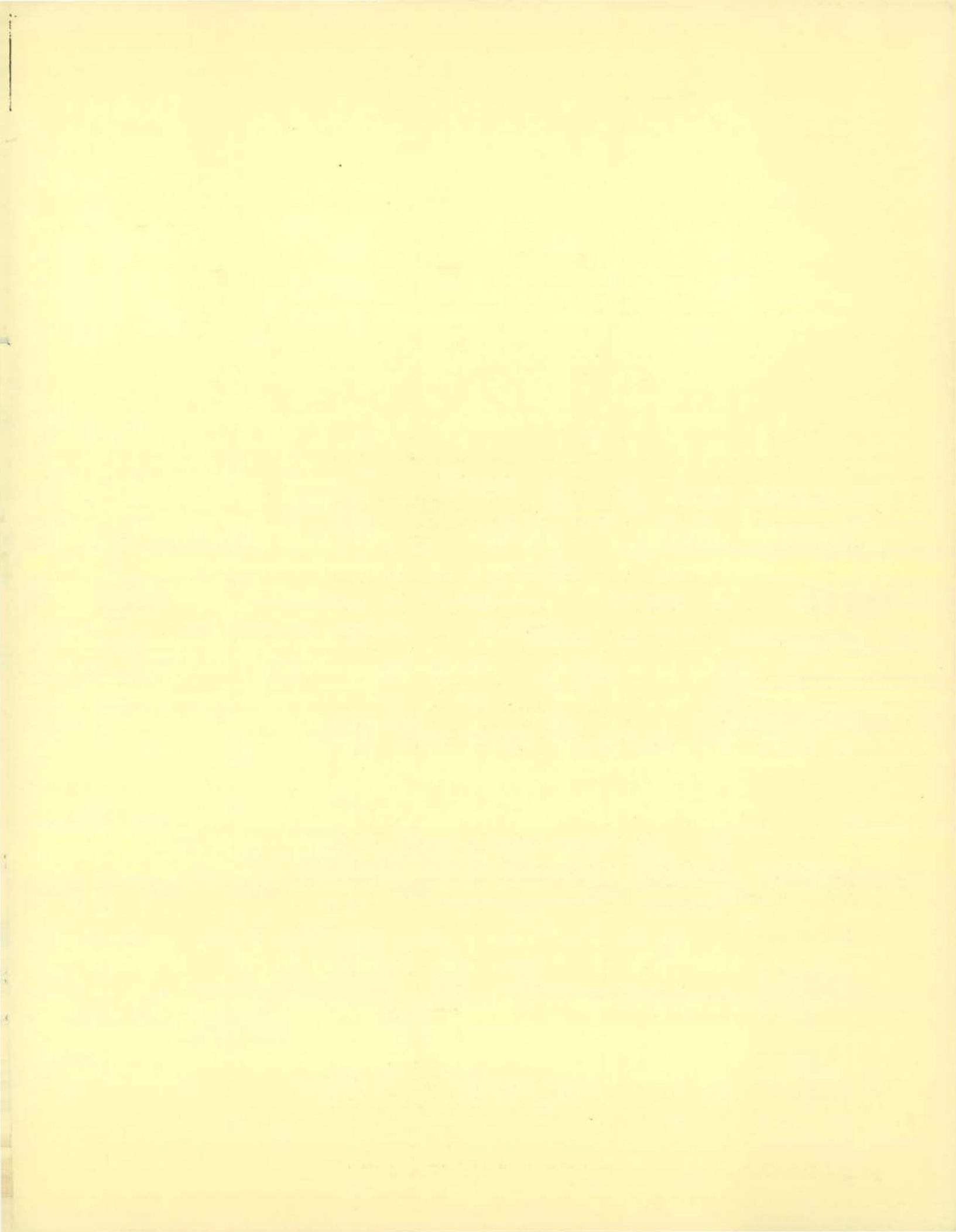
(Paragraph 4.4.5)

Unauthorised issue of works advance and payment at higher rates for cement concrete items by the Executive Engineer, Left Canal Division III, Dharamgarh for construction of cross drainage structure of Golamunda distributary across river Tel near Dharamgarh led to excess payment of Rs 10.79 crore to the Orissa Construction Corporation.

(Paragraph 4.4.6)

Machines and equipment worth Rs 5.02 crore procured by the Director of Health Services for eight Regional Diagnostic Centres remained idle due to non-enforcement of purchase conditions and absence of appropriate manpower and accessories.

(Paragraph 4.5.1)



CHAPTER-I

FINANCES OF THE STATE GOVERNMENT

CHAPTER-I

Finances of the State Government

1.1 Introduction

The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account (*Appendix 1.1- Part A*). 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 of Orissa. The layout of the Finance Accounts is depicted in *Appendix 1.1-Part B*.

1.1.1 Summary of Receipts and Disbursements

Table-1.1 summarises the finances of the Government of Orissa for the year 2006-07 covering revenue receipts and expenditure, capital receipts and expenditure and public accounts receipts/disbursements as emerging from Statement-1 of Finance Accounts and other detailed statements.

Table-1.1: Summary of receipts and disbursements for the year 2006-07

(Rupees in crore)							
2005-06	Receipts	2006-07	2005-06	Disbursements	2006-07		
Section-A: Revenue					Non Plan	Plan	Total
14084.72	Revenue receipts	18032.62	13603.52	Revenue expenditure	13045.44	2726.58	15772.02
5002.28	Tax revenue	6065.06	6825.66	General services	7491.03	11.74	7502.77
1531.90	Non-tax revenue	2588.12	4677.72	Social services	3707.46	1513.09	5220.55
4876.75	Share of Union Taxes/ Duties	6220.42	1953.28	Economic services	1574.70	1201.74	2776.44
2673.79	Grants from Government of India	3159.02	146.86	Grants-in-aid and Contributions	272.26	--	272.26
Section-B: Capital							
--	Misc Capital Receipts	--	1038.06	Capital Outlay	111.59	1339.87	1451.46
347.60	Recoveries of Loans and Advances	285.82	67.20	Loans and Advances disbursed	133.42	138.35	271.77
2094.96	Public debt receipts*	2045.89	1037.58	Repayment of Public Debt*			1850.74
80.80	Contingency Fund	--	--	Contingency Fund			137.67
8506.47	Public Account receipts	9991.62	6003.01	Public Account disbursements			7958.06
1681.82	Opening Cash Balance	5047.00	5047.00	Closing Cash Balance			7961.23
26796.37	Total	35402.95	26776.77	Total			35402.95

* Excluding Ways and Means Advances and Overdraft.

Following are the significant changes during 2006-07 over previous year.

- ① Revenue Receipt grew by Rs 3948 crore (28 per cent) over previous year. The increase was mainly contributed by Tax Revenue (Rs 1063 crore), Non-Tax Revenue (Rs 1056 crore) which included non-cash receipt of Rs 763.80 crore towards interest relief and debt waiver by the Government of India (GOI) under DCRF¹ and State Share of Union Taxes/Duties (Rs 1343 crore), Grants from Government of India (Rs 485 crore).
- ② Total expenditure increased by Rs 2786 crore during 2006-07 over the previous year of which increase in revenue expenditure was Rs 2168 crore and the capital expenditure including loans and advances disbursed increased by Rs 618 crore.
- ③ Transfer of funds to Consolidated Sinking fund during 2006-07 amounted to Rs 1488 crore, an increase of Rs 828 crore from the level of Rs 660 crore transferred to the Fund in 2005-06.
- ④ The public debt of Government increased by Rs 195 crore during the year 2006-07 and stood at Rs 26925 crore at the close of the period. Public account disbursement increased by Rs 1955 crore over the previous year.
- ⑤ Cash balance of the State increased by Rs 2914 crore from Rs 5047 crore in 2005-06 to Rs 7961 crore during the current year by way of increase in investment of reserve funds (Rs 1276 crore) and cash balance investment (Rs 1855 crore).

1.1.2 Trends in Fiscal Aggregates

The fiscal position of the State Government during the current year as compared to the previous year is given in Table-1.2.

Table 1.2

(Rupees in crore)

2005-06	Sr. No	Major Aggregates	2006-07
14085	1.	Revenue Receipts (2+3+4)	18033
5002	2.	Tax Revenue (Net)	6065
1532	3.	Non-Tax Revenue	2588
7551	4.	Other Receipts	9380
348	5.	Non-Debt Capital Receipts	286
348	6.	Of which Recovery of Loans	286
14433	7.	Total Receipts (1+5)	18319
11615	8.	Non-Plan Expenditure (9+11+12)	13290
11491	9.	On Revenue Account	13045
3697	10.	Of which Interest Payments	3188
124	11.	On Capital Account	111
49	12.	On Loans disbursed	134
3094	13.	Plan Expenditure (14+15+16)	4205
2113	14.	On Revenue Account	2727
981	15.	On Capital Account	1340
18	16.	On Loans disbursed	138
14709	17.	Total Expenditure (13+8)	17495
(+)481	18.	Revenue Deficit (9+14-1)/Surplus (+)	(+) 2261
(-)276	19.	Fiscal Deficit (17-15)/Surplus (+)	(+) 824
3421	20.	Primary Deficit (19-10)/Surplus (+)	(+) 4012

¹ In pursuance of the recommendations of the Twelfth Finance Commission (TFC) for fiscal consolidation and elimination of revenue deficit of the States, Government of India formulated a scheme "The States' Debt Consolidation and Relief Facility (DCRF) (2005-06 to 2009-10)" under which general debt relief is provided by consolidating and rescheduling at substantially reduced rates of interest the Central loans granted to States on enacting the FRBM Act and debt waiver is granted based on fiscal performance, linked to the reduction of revenue deficits of States.

Table-1.2 shows that revenue receipts increased by Rs 3948 (28 per cent) during 2006-07 while revenue expenditure increased by Rs 2168 crore (16 per cent) over the previous year resulting in increase in revenue surplus by Rs 1780 crore during the current year over the previous year level of Rs 481 crore. The huge revenue surplus of Rs 2261 crore in 2006-07 along with the moderate increase of Rs 413 crore in capital expenditure Rs 205 crore in disbursement of loans and advances resulted in a fiscal surplus of Rs 824 crore during 2006-07 as compared to the deficit of Rs 276 crore in the previous year.

1.2 Methodology adopted for the assessment of Fiscal position

The trends in the major fiscal aggregates of receipts and expenditure as emerged from the Statements of Finance Accounts were analysed wherever necessary over the period of last five years and observations have been made on their behavior. In its Restructuring Plan of State finances, Twelfth Finance Commission (TFC) recommended the norms/ceiling for some fiscal aggregates and also made normative projections for others. In addition, TFC also recommended that all States are required to enact the Fiscal Responsibility Acts and draw their fiscal correction path accordingly for the five year period (2005-06 to 2009-10) so that fiscal position of State could be improved as committed in their respective FR Acts/Rules during medium to long run. The norms/ceilings prescribed by the TFC as well as its projections for fiscal aggregates along with the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other Statements required to be laid in the legislature under the Act have been used to make qualitative assessment of the trends and pattern of major fiscal aggregates during the current year. Assuming that GSDP is the good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the Gross State Domestic Product (GSDP) at current market prices. The buoyancy coefficients for tax revenues, non-tax revenues, revenue expenditure etc, with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilisation of resources, pattern of expenditure etc, are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP. The key fiscal aggregates for the purpose are grouped under four major heads: (i) Resources by Volume and Sources, (ii) Application of Resources, (iii) Assets and Liabilities, and (iv) Management of Deficits (*Appendix 1.2-B to 1.5*). The 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. The definitions of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given in *Appendix 1.1 Part C*.

1.2.1 Growth and composition of Gross State Domestic Product (GSDP)²

GSDP is being used as a base in presenting the trends in key fiscal parameters as well as in estimating various buoyancy ratios especially for revenue and

² GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production.

expenditure aggregates. The qualitative assessment of the trends and pattern of various fiscal variables would depend on the quality and correctness of the GSDP estimates. The New GSDP series with 1999-2000 as base, as published by the Directorate of Economics and Statistics of the State Government have been used in estimating these percentages and buoyancy ratios. The trends in growth and composition of GSDP for last six years are presented in **Table-1.3**.

Table –1.3: Trends in Growth and Composition of GSDP

(Rupees in crore)						
Estimates	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Gross State Domestic Product (GSDP)	47270	50149	61071	69037	75706	83016
Primary Sector (Percentage Share)	16159 (34)	16739 (33)	22298 (37)	23196 (34)	25173 (33)	26847 (32)
Secondary Sector (Percentage Share)	8748 (18)	8792 (18)	11130 (18)	14504 (21)	15288 (20)	17865 (22)
Tertiary Sector (Percentage Share)	8375 (18)	9420 (19)	11024 (18)	13763 (20)	15575 (21)	16945 (20)
Finance and Services (Percentage Share)	13988 (30)	15198 (30)	16619 (27)	17574 (25)	19670 (26)	21359 (26)
Rates of Growth (per cent)						
GSDP	7.48	6.09	21.78	13.04	9.66	9.66
Rate of Growth of Primary Sector	11.90	3.60	33.20	4.03	8.52	6.65
Rate of Growth of Secondary Sector	(-) 2.52	0.49	26.60	30.32	5.41	16.86
Rate of Growth of Tertiary Sector	9.26	12.48	17.03	24.85	13.17	8.80

Source: Directorate of Economics and Statistics, Government of Orissa.

1.2.2 The Orissa Fiscal Responsibility and Budget Management Act 2005

The State Government has enacted the Fiscal Responsibility and Budget Management (FRBM) Act 2005 to ensure prudence in fiscal management and to maintain fiscal stability in the State. To improve the fiscal position and to bring fiscal stability, the Act envisages progressive elimination of revenue deficit, reduction in fiscal deficit and prudent debt management consistent with fiscal sustainability. To ensure fiscal prudence, the Act also provides for greater fiscal transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework and matters connected therewith or thereto. To give effect to the fiscal management principles as laid down in the Act, and/or the rules framed thereunder prescribed the following fiscal targets for the State Government:

- Reduce Revenue deficit to 'NIL' within a period of five financial years beginning from the initial year as on the 1st day of April 2004 and ending on the 31st day of March 2009.
- Reduce fiscal deficit by 1.5 *per cent* of GSDP in each of the financial years beginning on the 1st April 2004 so as to bring it down to not more than three *per cent* of the estimated gross State domestic product within a period of five financial years ending on the 31st day of March 2009 in the manner consistent with the goal.
- Generate a primary surplus of over three *per cent* of GSDP by the year ending 31 March 2008.

- d) Other important monitorable targets would be
- the ratio of salary to State's own revenue is to be reduced to 80 *per cent* by the year ending 31 March 2008;
 - the ratio of non-interest committed revenue expenditure to State's Own and Mandated revenue is to be reduced to 55 *per cent* by the year ending 31 March 2008; and
 - the ratio of revenue deficit to revenue receipt is to be reduced to zero *per cent* by the year ending 31 March 2009.
- e) In order to bring the debt stock to a sustainable level, interest payment as a percentage of revenue receipt to be limited from 18 to 25 *per cent*.
- f) Total Debt stock should be limited to 300 *per cent* of the total Revenue Receipt of the state by the year ending 2007-08.

The Act however provides that the revenue deficit and the fiscal deficit may exceed the specified limits on account of unforeseen circumstances or natural calamity to the extent of actual fiscal cost that can be attributed to the natural calamities.

1.2.2.1 Roadmap to Achieve the Fiscal Targets as laid down in FRBM Act/Rules

The State Government had also developed its own Fiscal Correction Path (FCP) indicating the milestones of outcome indicators with the target dates of implementation during the period from 2004-05 to 2009-10 (*Appendix-1.2 (A)*) and detailing the structural means required for mobilising additional resources and identifying areas where expenditure could be compressed to achieve the targets set out in FRBM Act. In its FCP, State has envisaged *inter alia* to almost double the State's own revenue from Rs 4396 crore in the base year (2003-04) to Rs 8529 crore in 2009-10; reduce the share of committed expenditure in the form of salaries, pensions and interest payments from 84 *per cent* of total revenue receipts in base year to 60 *per cent* in 2009-10; consistently reduce the general subsidy from Rs 231 crore to Rs 60 crore and eliminate the power subsidy during the period; eliminate the revenue deficit and earn surplus and bring the fiscal deficit below three *per cent* by 2008-09

1.2.2.2 Fiscal Policy Statement(s) 2006-07

As prescribed in the Act, the State Government has laid the following statement(s) of fiscal policy along with the budget before the legislature during 2006-07:

- Fiscal Policy Strategy (FPS) statement containing an overview of the Fiscal Policy for the ensuing year relating to taxation, expenditure, borrowings, strategic priorities and measures for restructuring the State finances as recommended by the Twelfth Finance Commission (TFC).
- Medium Term Fiscal Plan (MTFP) prescribing fiscal targets and assumptions for achieving them.

The targets framed in MTFP for the year 2006-07 for various fiscal variables along with the projections made by the State Government in its FCP; FRBM Act and the normative assessments/projections made by TFC are being used to present the comparative analysis of actual performance vis-à-vis targets and projections are given below:

(Rupees in crore)

Fiscal forecasts	Projection in FRBM Act	Projection in TFC	Projection as per MTFP	Projection as per FCP	Actuals
Revenue deficit/ surplus	0.0 (31.3.2009)	0.0 (31.3.2009)	-498	-498	2261
Own Tax Revenue		4933	4933	4933	6065
Own Non-Tax Revenue		1357	1186	1186	2588
Ratio of non-interest committed revenue exp to State's Own and Mandated Revenue	55 (By 31.3. 2008)	-	-	-	78.80
Ratio of Salary to State's own Revenue	80 (By 31.3. 2008)	-	-	72.9	46.6
Non-Plan Revenue Expenditure	-	11563.12	-	13025.22	13045
Ratio of Fiscal Deficit to GSDP	Reduction by 1.5 per cent w.e.f. 2004-05	3.0 or below	-	(-) 2.76	(+) 0.99
Debt-GSDP ratio		31.0	57.9		47.54
Interest payments		3801.98	--	3507.65	3188
Ratio of interest payments to Total Revenue Receipts			24.4		(17.7)
Ratio of Salary Exp to Revenue Exp net of Interest and Pension		35.0	49.3		36.29

Note: Except where specifically mentioned, the figures relate to the year 2006-07.

Besides, as against the projection in the FRBM Act to keep the fiscal deficit at 1.5 per cent of the Gross State Domestic Product (GSDP), the State achieved fiscal surplus during the year.

1.2.2.3 Mid-Term Review of Fiscal Situation

As per the half yearly review in compliance with Sec 8(2) of Orissa Fiscal Responsibility and Budget Management Act 2005, the Finance Minister convened review meetings in June 2006 and January 2007 wherein *inter alia* the trends in receipts and expenditure vis-à-vis the targets laid down in the Budget and other Fiscal Statements placed in the legislature were reviewed. Directions were issued to all the concerned departments to achieve 20 per cent growth in revenue receipt over the collection level of 2005-06 and all the departments should take all possible measures for full utilisation of their budgetary provisions. However, the provisions were not utilised fully during 2006-07 and there were savings of Rs 2835.77 crore and Rs 1363.94 crore under Revenue and Capital sections respectively. The proceedings of these review meetings were placed before the legislature along with Budget 2007-08 in June 2007.

1.3 Trends and Composition of Aggregate Receipts

Resources of the State Government consist of revenue receipts and capital receipts. Revenue receipts consist of tax revenues, non-tax revenues, State's share of union taxes and duties and grants-in-aid from the Government of India (GOI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GOI as well as accruals from Public Account. **Table-1.4** shows that the total receipts of the State Government for the year 2006-07 were Rs 30357 crore. Of these, the revenue receipts were Rs 18033 crore, constituting 59 per cent of the total receipts. The balance came from borrowings, recovery of loans and advances and Public Account.

Table-1.4: Trends in Growth and Compositions of Aggregate Receipts

(Rupees in crore)

Sources of Receipt	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
I Revenue Receipts	7048	8439	9440	11850	14085	18033
II Capital Receipts	3405	4996	6152	4529	2443	2332
Recovery of Loans and Advances	132	177	273	417	348	286
Public Debt Receipts	3273	4819	5879	4112	2095	2046
Miscellaneous Capital Receipts	--	--	--	--	--	--
III Contingency Fund	--	--	--	54	81	--
IV Public Account Receipts	6813	7150	7657	7373	8506	9992
a. Small Savings, Provident Fund etc.	1994	2020	1675	1938	2742	2077
b. Reserve Fund	251	213	530	1123	1105	2004
c. Deposits and Advances	2690	3086	3733	2749	2397	2463
d. Suspense and Miscellaneous	34	67	131	-428	-74	12
e. Remittances	1844	1764	1588	1991	2336	3436
Total Receipts	17266	20585	23249	23806	25115	30357

1.3.1 Revenue Receipts

Statement-11 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts consist of its own tax and non-tax revenues, central tax transfers and grants-in-aid from GOI. Overall revenue receipts, its annual rate of growth, ratio of these receipts to the GSDP and its buoyancies are indicated in **Table-1.5**.

Table-1.5: Revenue Receipts - Basic Parameters

	(Rupees in crore)					
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Revenue Receipts (RR) (Rupees in crore)	7048	8439	9440	11850	14085	18033
Own Taxes (<i>per cent</i>)	2467 (35)	2872 (34)	3302 (35)	4177 (35)	5002 (35)	6065 (34)
Non-Tax Revenue (<i>per cent</i>)	693 (10)	961 (12)	1094 (12)	1345 (11)	1532 (11)	2588 (14)
Central Tax Transfers (<i>per cent</i>)	2648 (37)	2806 (33)	3328 (35)	3978 (34)	4877 (35)	6221 (34)
Grants-in-aid (<i>per cent</i>)	1240 (18)	1800 (21)	1716 (18)	2350 (20)	2674 (19)	3159 (18)
Rate of growth of RR (<i>per cent</i>)	2.12	19.73	11.86	25.53	18.86	28.02
RR/GSDP (<i>per cent</i>)	14.91	16.83	15.46	17.16	18.60	21.72
Buoyancy Ratio³						
Revenue Buoyancy Ratio	0.26	3.24	0.545	1.957	1.952	2.903
State's own taxes buoyancy Ratio	1.56	3.77	0.62	2.91	2.89	2.20
Revenue Buoyancy ratio with reference to State's own taxes	0.16	0.86	0.88	0.67	0.68	1.32
GSDP Growth (<i>per cent</i>)	7.48	6.09	21.78	13.04	9.66	9.66

General Trends

The revenue receipts have shown a progressive increase over the period 2001-07 with only marginal change in its composition i.e., the share of own taxes, non-tax revenue and central transfers almost remained static with slight increase of one percentage point during the current year. While on an average around 48 *per cent* of the revenue during 2006-07 came from state's own resources, central transfers and grants-in-aid together contributed nearly 52 *per cent* of total revenue. Revenue receipts of the state consistently increased from Rs 14085 crore in 2005-06 to Rs 18033 crore in 2006-07 indicating highest growth rate of 28 *per cent* during the current year. An increase of Rs 1063 crore (21 *per cent*) in own tax revenue, Rs 1056 crore (69 *per cent*) in non-tax revenue, Rs 1344 crore (28 *per cent*) in central tax transfers and Rs 485 crore (18 *per cent*) in grants-in-aid resulted in a steep increase of Rs 3948 crore in revenue receipts during 2006-07. Revenue buoyancy ratio with reference to GSDP has significantly increased from 1.95 *per cent* in 2005-06 to 2.90 in 2006-07. State's Own Tax Buoyancy with respect to GSDP has sharply declined from 2.89 *per cent* in 2005-06 to 2.20 *per cent* in 2006-07 indicating the scope of expanding the tax base with the increasing share of secondary and tertiary sectors in GSDP during the recent years. The revenue buoyancy with reference to the state's own revenue has also increased sharply during current year mainly on account of non-cash receipts under non-tax revenue on account of interest relief and debt waiver under DCRF and increase sales tax revenue on account of implementation of VAT. However, ratio of state's own revenue to total revenue receipt marginally increased from 46 *per cent* in 2005-06 to 48 *per cent* in 2006-07 due to sharp increases in central tax transfers and grants-in-aid from Government of India.

Tax Revenue

The Tax Revenue has increased by 21.25 *per cent* from Rs 5002 crore in 2005-06 to Rs 6065 crore in 2006-07. The share of sales tax in total tax

³ Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance revenue buoyancy at 2.9 during 2006-07 implies that revenue receipts tend to increase by 2.9 percentage points if the GSDP increases by one *per cent*.

revenue has been more than 50 *per cent* throughout the period 2001-07 but its share sharply increased since 2004-05 contributing 62 *per cent* in 2006-07 mainly on account of implementation of Value Added Tax from 1 April 2005. State Excise (Rs 430 crore), Taxes on vehicle (Rs 427 crore), Land Revenue (Rs 226 crore), Taxes and Duties on electricity (Rs 283 crore) were the other contributors in the State's tax revenue. **Table-1.6** below presents the trends in growth and composition of tax revenue during 2001-07.

Table 1.6: Trends in Growth and Composition of Tax Revenue

	(Rupees in crore)					
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Sales Tax	1402	1605	1864	2471	3012	3765
State Excise	197	246	256	307	389	430
Taxes on vehicles	216	258	280	338	406	427
Stamps and Registration fees	110	136	153	198	236	260
Land Revenue	84	82	103	132	70	226
Taxes and duties on electricity	137	172	200	262	353	283
Other taxes	321	373	446	469	536	674
Total	2467	2872	3302	4177	5002	6065

Non-Tax Revenue

Non-Tax revenue of the state has shown a sharp increase of Rs 1056 crore (69 *per cent*) in 2006-07 mainly due to a credit of non-cash receipts of Rs 763.80 crore under Miscellaneous General Services on account of debt waiver under DCRF and an increase of Rs 131.57 crore in receipts from non-ferrous Mining and Metallurgical industries from Rs 805.03 crore in 2005-06 to Rs 936.60 crore in 2006-07. Other major contributors towards the non-tax revenue of the State included interest receipts including dividends (Rs 448 crore); receipts from the sale of timber and forest produce (Rs 131 crore); education and health services (Rs 55 crore); other social services (Rs 51 crore) and irrigation (Rs 54 crore).

The actual tax and non-tax revenue receipts vis-à-vis the assessments made by TFC and in FCP and MTFP during 2006-07 were as below:

	(Rupees in crore)			
	Projection by TFC	Projection as per MTFP	Projection as per FCP	ACTUALS
Own Tax Revenue	4933	4933	4933	6065
Own Non-Tax Revenue	1357	1186	1186	2588

The tax Revenue increased by 22.94 *per cent* and the Non-Tax Revenue by 90.71 *per cent* over the assessment made by the TFC. The actual realisation also exceeded the assessments made by the State Government in FCP and MTFP.

Central Tax Transfers

Central Tax transfers increased by Rs 1344 crore from Rs 4877 crore in 2005-06 to Rs 6221 crore in 2006-07.

Grants-in-aid

The Grants-in aid from Government of India (GOI) increased from Rs 2674 crore in 2005-06 to Rs 3159 crore in the current year. The increase was mainly under State plan scheme (Rs 205 crore) and Centrally Sponsored Plan

Schemes (Rs 243 crore) and Non-plan scheme i.e. Rs 19 crore. As per the recommendations of Twelfth Finance Commission (TFC), the GOI released during the current year Rs 696.90 crore under non-plan grants for specific purposes viz. maintenance of roads (Rs 368.77 crore), maintenance of buildings (Rs 48.64 crore), maintenance of forests (Rs 15 crore), Primary Health (Rs 34.81 crore), Education (Rs 58.68 crore) and grants-in-aid to local bodies (Rs 171 crore). Besides, relief on account of natural calamities (Rs 316.34 crore) and grants on account of fiscal reforms were received during the year. Details of Grants-in-aid from GOI are given in **Table-1.7**.

Table-1.7: Grants-in-aid from Government of India

	(Rupees in crore)					
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Grants for State Plan schemes	649.84	1021.39	1048.65	1391.99	1078.80	1284.32
Non-plan Grants	313.15	395.11	265.61	398.75	1066.60	1086.34
Grants for Central Plan Schemes	63.46	31.91	61.64	38.35	45.69	62.29
Grants for Centrally Sponsored Plan Schemes	214.18	351.77	340.38	521.32	482.69	726.07
Total:	1240.63	1809.17	1716.28	2350.41	2673.78	3159.02
Percentage of increase over previous year	(-)-13.15	45.10	(-)-4.66	36.95	13.76	18.15

1.4 Application of resources

1.4.1 Growth of Expenditure

Statement-12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. States raise resources to perform their sovereign functions, maintain their existing nature of delivery of social and economic services, to extend the network of these services through capital expenditure and investments and to discharge their debt service obligations. The total expenditure of the State increased from Rs 11148 crore in 2001-02 to Rs 17495 crore in 2006-07. Total expenditure, its annual growth rate and ratio of expenditure to the State GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts are indicated in **Table-1.8**.

Table-1.8: Total Expenditure – Basic Parameters

	(Rupees in crore)					
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Total expenditure (TE)* (Rupees in crore)	11148	11432	13286	13633	14709	17495
Rate of Growth (per cent)	8.19	2.55	16.22	2.61	7.89	18.94
TE/GSDP Ratio (per cent)	23.58	22.80	21.76	19.75	19.43	21.07
RR /TE Ratio (per cent)	63.22	73.82	71.05	86.92	95.76	103.07
GSDP Growth (per cent)	7.48	6.09	21.78	13.04	9.66	9.66
Buoyancy Ratio of Total Expenditure with reference to:						
GSDP	0.989	0.418	0.745	0.2	0.817	1.962
Revenue Receipts	0.283	0.129	1.367	0.102	0.418	0.676

* Total expenditure includes revenue expenditure, capital expenditure and loans and advances.

Total expenditure during 2006-07 at Rs 17495 crore increased by Rs 2786 crore (19 per cent) over the previous year. Of the increase in total

expenditure, revenue expenditure formed 78 *per cent* (Rs 2168 crore), capital expenditure component 15 *per cent* (Rs 413 crore) while disbursement of loans and advances constituted only 7 *per cent* (Rs 205 crore). Of the total expenditure, while the share of plan expenditure constituted 24 *per cent* (Rs 4205 crore), the remaining 76 *per cent* was non-plan expenditure (Rs 13290 crore). The increase in capital expenditure was mainly due to increased expenditure on Irrigation and Flood control (Rs 215.67 crore), Transport and Communication (Rs 76.30 crore), Water Supply and Sanitation etc (Rs 61.12 crore) and Health and Family Welfare (Rs 16.33 crore). The sharp increase in loans and advances disbursed from Rs 67 crore in 2005-06 to Rs 272 crore in 2006-07 (306 *per cent*) was mainly due to disbursement of loan to Orissa State Financial Corporation (Rs 118.40 crore), loan to Electronics and Telecommunication Industries (Rs 9.11 crore) and loans for miscellaneous services (Rs 114.70 crore) etc.

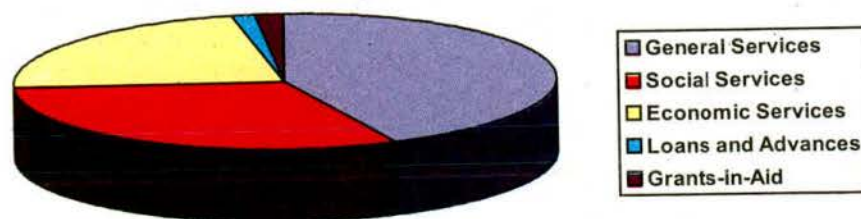
The buoyancy of total expenditure with reference to GSDP indicated an increasing trend from 0.42 to 1.96 *per cent* during 2002-03 to 2006-07 with an exception of 2004-05 when the ratio dipped steeply to 0.2 mainly on account of a marginal increase of 2.6 *per cent* in total expenditure during the year. The trend indicates overall increasing propensity of the State to spend as GSDP increases. The ratio of revenue receipt to total expenditure in 2006-07 was 103.07 *per cent* which indicated that the State can meet its total expenditure out of its revenue receipts only, resulting fiscal surplus during the year.

Trends in Total Expenditure by Activities: In terms of activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services, grants-in-aid and loans and advances. Relative share of these components in total expenditure is indicated in Table-1.9.

Table-1.9: Components of Expenditure – Relative Share

	(in per cent)					
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
General Services	44.92	42.21	39.12	47.75	46.77	43.25
Of which Interest payments	25.43	25.24	21.53	24.44	25.13	18.22
Social Services	30.56	31.67	28.88	29.75	32.61	31.10
Economic Services	19.77	21.83	18.51	19.83	19.17	22.54
Grants-in-aid	1.35	1.29	1.66	1.16	1.00	1.55
Loans and Advances	3.40	3.00	11.83	1.50	0.46	1.55

Component of Expenditure



The movement of relative shares of these components of expenditure indicated that the share of General Services (including interest payment), considered as non-developmental, increased from 44.92 *per cent* in 2001-02 to 47.75 *per cent* in 2004-05 and thereafter showed decreasing trend and stood at 43.25 *per cent* in 2006-07. Interest payment which is a part of general services sharply declined during 2006-07 mainly because relief in interest rate on account of consolidation and re-schedulement of GOI loan consequent to enactment of FRBM Act resulting in a dip in its share in general services. The relative share of social services at 31.10 *per cent* in 2006-07 remained almost at the level of 2001-02 with marginal variations during the period. The relative share of economic services which hovered around 19 *per cent* during the last five year period 2001-06 has marginally increased to 22.54 *per cent* in 2006-07. Grants-in-Aid increased from 1.35 *per cent* in 2001-02 to 1.55 *per cent* in 2006-07 with slight variations while loans and advances revealed wild fluctuations during the period 2001-07.

1.4.2 Incidence of Revenue expenditure

Revenue expenditure is incurred to maintain the current level of services and payment, for the past obligations and as such does not result in any addition to the State's infrastructure and service network. The overall revenue expenditure, its rate of growth, ratio of revenue expenditure to GSDP and to revenue receipts and its buoyancy are indicated in **Table-1.10**.

Table-1.10: Revenue Expenditure - Basic Parameters

	(Rupees in crore)					
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Revenue Expenditure (RE),	9882	10015	10861	12372	13604	15772
Of which						
Non-Plan Revenue Expenditure (NPRE)	8066	8444	9218	10416	11491	13045
Plan Revenue Expenditure (PRE)	1816	1571	1643	1956	2113	2727
Rates of Growth/ Ratios (<i>per cent</i>)						
Revenue Expenditure	11.86	1.35	8.45	13.91	9.96	15.94
NPRE	--	4.69	9.17	13.00	10.32	13.52
PRE	--	(-)13.50	4.58	19.05	8.02	29.06
RE/TE (<i>per cent</i>)	88.64	87.6	81.75	90.75	92.49	90.15
NPRE/GSDP (<i>per cent</i>)	17.06	16.84	15.09	15.09	15.18	15.71
NPRE as <i>per cent</i> of TE	72.35	73.86	69.38	76.40	78.12	74.56
NPRE as <i>per cent</i> of RR	114.44	100.06	97.65	87.90	81.58	72.34
Buoyancy Ratio of Revenue Expenditure with						
GSDP	1.59	0.221	0.388	1.067	1.031	1.650
Revenue Receipts	0.75	0.068	0.712	0.545	0.528	0.569

Revenue expenditure had the predominant share varying between 82 to 92 *per cent* in the total expenditure during the period 2001-07. The buoyancy ratios of both revenue receipts and revenue expenditure with respect to GSDP being greater than one during the last three years (2004-07) indicates continued predominant share of more than 90 *per cent* of revenue expenditure in total expenditure during the period.

Revenue expenditure accounted for 90 *per cent* of total expenditure during 2006-07 of the State and has increased by 16 *per cent* from Rs 13604 crore in 2005-06 to Rs 15772 crore in the current year. The NPRE has shown a

consistent increase at an average rate of 10 *per cent* over the period and continued to share the dominant proportion varying in the range of 82-92 *per cent* of the revenue expenditure. Of the total increase of Rs 2168 crore in the current year, increase in NPRE contributed 72 *per cent* (1554 crore) and remaining Rs 614 crore (28 *per cent*) was the plan revenue expenditure. The major components of incremental NPRE has been the General Services (Rs 672 crore) and the increase during the current year was mainly on account of transfer to consolidated sinking fund (Rs 828 crore) and pension and other retirement benefits (Rs 146.02 crore) set off by decrease in interest payment. Increase of Rs 614 crore in Plan Revenue Expenditure from Rs 2113 crore in 2005-06 to Rs 2727 crore in 2006-07 was mainly due to increase in Agriculture and Allied service (Rs 95.03 crore), Rural Development (Rs 111.36 crore), Social Welfare and Nutrition (Rs 83 crore).

The actual non-plan revenue expenditure vis-à-vis assessment made by TFC reveals that NPRE during the current year remained almost at par with assessment made by State Government in Fiscal Correction Path (Rs 13025 crore) while it exceeded the normative assessment made by TFC (Rs 11563 crore) by Rs 1482 crore during the year.

The ratio of non-plan revenue expenditure to total expenditure contributed around 3/4th of total expenditure of the State with minor variations during the period 2001-07 as a result of which its ratio with revenue receipt consistently declined from 114 *per cent* in 2001-02 to 72 *per cent* in the current year with the increase in the base during the period.

1.4.3 Committed Expenditure

Expenditure on Salaries and Wages

Table-1.11: Expenditure on Salaries

(Rupees in crore)

Heads	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Expenditure on Salaries & Wages	3736	3929.39	3725.75	3777.80	4002.44	4028.27
Of which						
Non-Plan Head	NA	3564.92	3512.24	3551.70	3774.01	3816.11
Plan Head	NA	364.47	213.51	226.10	228.43	212.16
As <i>per cent</i> of GSDP	9	8.56	6.10	5.47	5.29	4.85
As <i>per cent</i> of RR	53	46.56	39.47	31.88	28.42	22.34

The expenditure on salaries increased marginally from Rs 4002.44 crore in 2005-06 to Rs 4028.27 crore in 2006-07 accounting for nearly 22 *per cent* of revenue receipts of the State during the year. Expenditure on salaries under non-plan head during 2006-07 increased by Rs 42.10 crore from Rs 3774.01 crore in 2005-06 to Rs 3816.11 crore in 2006-07 whereas expenditure on plan head decreased by Rs 16.27 crore from Rs 228.43 crore in 2005-06 to Rs 212.16 crore in 2006-07. Expenditure on salaries as a percentage of revenue expenditure, net of interest payment and pension amounts to 36.3 *per cent* which was almost at par with the norm of 35 *per cent* as recommended by the TFC and significantly lower than the projection of 49 *per cent* made in MTFP. Moreover, ratio of salary expenditure to State's own revenue at 46.6 *per cent* is also significantly below the projection of 75.8 *per cent* in MTFP.

and is already well within the target of 80 *per cent* to be achieved in the financial year 2007-08 as laid down in State's FRBM Act, 2005.

Pension Payments

The expenditure on pension showed an increasing trend during the five year period 2002-07 (Table 1.12).

Table 1.12: Expenditure on Pensions

(Rupees in crore)						
Heads	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Expenditure on Pensions	1003	1030	1158	1260	1339	1485
Rate of Growth	20.55	2.70	12.43	8.81	6.27	10.90
As <i>per cent</i> of GSDP	2.12	2.05	1.90	1.83	1.77	1.79
As <i>per cent</i> of RR	14.23	12.21	11.21	10.63	9.51	8.23
As <i>per cent</i> of RE	10.14	10.28	10.66	10.18	9.84	9.42

A comparative analysis of actual pension payments vis-à-vis the assessment/projection reveals actual pension payment of Rs 1485 crore during 2006-07 remained significantly lower than the projection of Rs 1934 crore made by TFC which was also adopted by the State in its FCP for the year. Although the Government did not work out the pension liabilities on realistic basis as prescribed in FRBM Act 2005 but the Government introduced a Contributory Pension Schemes for employees recruited on or after 01 January 2005 to mitigate the impact of rising pension liabilities in future.

Interest payments

Trends in Interest payment reveal increasing trend from Rs 2835 crore in 2001-02 to Rs 3697 crore in 2005-06 (with a marginal decline of Rs 26 crore in 2003-04) and thereafter it decreased to Rs 3188 crore in 2006-07 (Table-1.13). The swapping of debt amounting to Rs 2543.62 crore during the three year period 2002-05 resulted in interest relief of Rs 144.47 crore to the government which to some extent helped in stability in interest payments especially during 2002-03 and 2003-04.

Table-1.13: Interest payments

Year	Total Revenue Receipts	Interest Payments	Percentage of Interest payments with reference to	
			Total Revenue Receipts	Revenue Expenditure
	(Rupees in crore)			
2001-02	7048	2835	40	29
2002-03	8439	2886	34	29
2003-04	9440	2860	30	26
2004-05	11850	3332	28	27
2005-06	14085	3697	26	27
2006-07	18033	3188	18	20

A decline of Rs 509 crore in interest payments in 2006-07 was mainly on account of interest rate relief and consolidation and reschedulement of GOI loans as well as due to debt waiver received by the State government linked to its fiscal performance. Besides, State government also prepaid the high cost

market borrowings amounting to Rs 394.61 crore towards the close of the financial year 2006-07 which would also provide a relief in interest payments especially in the ensuing year. During 2006-07, the ratio of interest payment to total revenue receipt was 18 *per cent* which was much lower than the projection of 24.4 *per cent* made in MTFP and FCP for the year.

Subsidies

Though the finances of the State are under strain, State Government has been paying subsidies to various Corporations etc. The trends in the subsidies given by the State Government are given in **Table 1.14**.

Table-1.14: Subsidies

Year	Amount (Rupees in crore)	Percentage increase (+)/ decrease (-) over previous year	Percentage of subsidy in total expenditure
2003-04	230.89	--	1.73
2004-05	93.95	(-)59.30	0.69
2005-06	82.70	(-) 11.97	0.56
2006-07	170.20	(+) 105.8	0.97

Note: Figures for 2003-04 and 2004-05 are taken from the Budget Document 2006-07 while for the remaining two years the sources is the Appendix -VI of the Finance Accounts of the respective years.

The State Government in its Fiscal Policy Strategy Statement stated to rationalise subsidy and reduce their overall volume. Both MTFP and FCP of the State have projected the reduction of subsidy gradually to a level of Rs 59.96 crore by the year 2009-10. In case of food subsidy, TFC recommended for an amount of Rs 36.71 crore per annum which was also provided for in the MTFP and FCP projections. However, against these projections, the expenditure on subsidies more than doubled from Rs 82.70 crore in 2005-06 to Rs 170.20 crore in 2006-07. The increase of subsidy during 2006-07 over the previous year was mainly on account of increase in power subsidy (Rs 25 crore), industries and mineral subsidy (Rs 25 crore) and social welfare and nutrition subsidy (Rs 32 crore). Besides, the food subsidy amounting to Rs 39.96 crore was also included in 2006-07. In defiance to the commitment of zero power subsidies in FCP, the state government has spent Rs 27.86 crore on power subsidies during 2006-07.

1.5 Expenditure by Allocative Priorities

1.5.1 Quality of Expenditure

The availability of better social and physical infrastructure in the State reflects its quality of expenditure. Therefore ratio of capital expenditure to total expenditure as well as to GSDP and proportion of revenue expenditure being spent on running efficiently and effectively the existing social and economic services would determine the quality of expenditure. Higher the ratio of these components to total expenditure and GSDP better is quality of expenditure. **Table-1.15** gives these ratios during 2002-07.

Table 1.15: Indicators of Quality of Expenditure

	(Rupees in crore)					
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Capital Expenditure	887	1074	853	1056	1038	1451
Revenue Expenditure	9882	10015	10861	12372	13604	15772
Of which						
Social and Economic Services with						
(i) Salary & Wage Component	NA	NA	2936.29	2973.93	3161.35	3123.66
(ii) Non-Salary & Wage component	NA	NA	3360.15	3786.06	4455.04	6260.74
As per cent of Total Expenditure						
Capital Expenditure	8.24	9.69	7.28	7.86	7.09	8.42
Revenue Expenditure	91.76	90.31	92.72	92.14	92.91	91.58
As per cent of GSDP						
Capital Expenditure	1.88	2.14	1.40	1.53	1.37	1.75
Revenue Expenditure	20.91	19.97	17.78	17.92	17.97	19.00

Revenue Expenditure constituted 90 per cent to 93 per cent of total expenditure during 2001-02 to 2006-07 resulting in less expenditure in Capital account ranging between 7 per cent and 10 per cent. The ratio of Capital Expenditure to GSDP has decreased from 1.88 per cent in 2001-02 to 1.75 per cent in 2006-07 indicating deterioration in quality of expenditure over the year. It is below the projection of three per cent made in Medium Term Fiscal Plan indicating the need for changing for allocative priorities. Expenditure on social and economic services ranged between 50 to 54 per cent of total revenue and capital expenditure during 2004-07. Non-salary component expenditure on Social and Economic Services increased from Rs 3360 crore in 2003-04 to Rs 6261 crore in 2006-07 (86 per cent) whereas salary component increased by six per cent during that period.

1.5.2 Expenditure on Social Services

Given the fact that the human development indicators such as access to basic education, health services and drinking water and sanitation facilities etc. have a strong linkage with eradication of poverty and economic progress, it would be prudent to make an assessment with regard to the expansion and efficient provision of these services in the State. **Table-1.16** summarises the expenditure incurred by the State Government in expanding and strengthening of social services in the State during 2002-07.

Table-1.16: Expenditure on Social Services

	(Rupees in crore)					
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Education						
Revenue Expenditure, <i>Of which</i>	1724.09	1871.96	1856.65	1976.70	2288.28	2431.40
(a) Salary & Wage Component			1669.59	1683.87	1829.41	1783.25
(b) Non-Salary & Wage component			187.06	292.83	458.87	648.15
Capital Expenditure	22.31	19.65	17.69	2.01	2.28	4.25
Health and Family Welfare						
Revenue Expenditure, <i>Of which</i>	421.44	459.58	458.82	627.45	450.64	575.47
(a) Salary & Wage Component			376.06	394.46	408.36	443.59
(b) Non-Salary & Wage component			82.76	232.99	42.28	131.88
Capital Expenditure	28.12	37.83	41.14	3.45	16.38	32.71
Water Supply, Sanitation, Housing and Urban Development						
Revenue Expenditure, <i>Of which</i>	266.42	289.51	300.02	321.84	450.07	416.22
(a) Salary & Wage Component			46.73	64.85	65.05	34.04
(b) Non-Salary & Wage component			253.29	256.99	385.02	382.18

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Capital Expenditure	91.04	94.55	64.63	69.13	89.07	150.19
Other Social Services						
Revenue Expenditure, <i>Of which</i>	847.50	838.50	1094.12	1054.41	1488.73	1797.45
(a) <i>Salary & Wage Component</i>			182.72	176.58	184.24	189.48
(b) <i>Non-Salary & Wage component</i>			911.40	877.83	1304.49	1607.97
Capital Expenditure	5.74	8.86	3.14	1.48	11.37	33
Total (Social Services)	3406.66	3620.44	3836.21	4056.47	4796.82	5440.69
Revenue Expenditure, <i>Of which</i>	3259.45	3459.55	3709.61	3980.40	4677.72	5220.54
(a) <i>Salary & Wage Component</i>	NA	NA	2275.10	2319.76	2487.06	2450.36
(b) <i>Non-Salary & Wage component</i>	NA	NA	1434.51	1660.64	2190.66	2770.18
Capital Expenditure	147.21	160.89	126.60	76.07	119.10	220.15

N.B: Figures of salary and non-salary for the years 2001-02 and 2002-03 are not available.

Expenditure on social services during the current year (Rs 5441 crore) accounted for 31 *per cent* of total expenditure (Rs 17495 crore) and 58 *per cent* of developmental expenditure⁴ (Rs 9385 crore). Out of total developmental expenditure, social services accounted for 58 *per cent* during the year 2006-07. Three major social services, i.e. general education (Rs 2431.40 crore), health and family welfare (Rs 575.47 crore), water supply and sanitation (Rs 416.22 crore) accounted for 63 *per cent* of the total expenditure on Social Services.

Capital Expenditure on Social Services with wild fluctuations has increased from Rs 126.60 crore in 2003-04 to Rs 220.15 crore in 2006-07 indicating only a marginal improvement and a need for changing the expenditure pattern favoring expansion of these services. Out of revenue expenditure on Social Services, share of total salary component increased from Rs 2275 crore in 2003-04 to Rs 2450 crore in 2006-07 (8 *per cent*) whereas non-salary component increased by 93 *per cent* from Rs 1435 crore to Rs 2770 crore during such period. Assuming that non-salary component of revenue expenditure is a proxy for the maintenance and efficient running of these services, the quality of these services seem to have improved over the period 2003-07.

To improve the quality of education and health services in the States, the TFC recommended that the non-plan salary expenditure under education, health and family welfare should increase only by five to six *per cent* while non-salary expenditure under non-plan heads should increase by 30 *per cent* per annum during the award period. The trends in expenditure (taking expenditure under both plan and non-plan heads) revealed that the salary and wage component of revenue expenditure under general education increased by 8.6 *per cent* in 2005-06 and marginally decreased by three *per cent* in 2006-07 over the respective previous years while non-salary and wage component increased by 57 and 41 *per cent* respectively during 2005-06 and 2006-07. Under Health and family welfare, the salary and wage component increased by three *per cent* and 8.6 *per cent* during 2005-06 and 2006-07 while non-salary and wage wildly fluctuated during these years. The expenditure pattern in education although seems to be in conformity with TFC norms while in health services, a consistency needs to be maintained in respect of non-salary and wage component of revenue expenditure.

⁴ Development expenditure is defined as the total expenditure incurred on social and economic services.

1.5.3 Expenditure on Economic Services

The expenditure on economic services includes all such expenditures as to promote directly or indirectly, productive capacity within the States' economy. The expenditure on economic services (Rs 3944 crore) accounted for 23 per cent of the total expenditure and 42 per cent of developmental expenditure (Table-1.17). Of this, Agriculture and Allied activities (Rs 652.33 crore), Irrigation and Flood Control (Rs 280.66 crore), Transport and Communication (Rs 563.24 crore) and Power and Energy (Rs 32.77 crore) consumed Rs 1529 crore (39 per cent) of the expenditure on economic services.

Table-1.17: Expenditure on Economic Sector

	(Rupees in crore)					
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Agriculture, Allied Activities						
Revenue Expenditure of which	471.47	499.51	638.37	533.99	560.58	652.33
(a) Salary & Wage Component			326.72	315.90	328.87	349.42
(b) Non-Salary & Wage component			311.65	218.09	231.71	302.91
Capital Expenditure	34.65	59.19	60.96	56.04	54.90	60.78
Rural Development						
Revenue Expenditure of which	447.98	469.03	458.66	467.71	513.94	610.12
(a) Salary & Wage Component			84.57	84.82	87.19	94.23
(b) Non-Salary & Wage component			374.09	382.89	426.75	515.89
Capital Expenditure	--	--	--	--	--	--
Irrigation and Flood Control						
Revenue Expenditure of which	193.00	184.55	178.08	207.71	235.34	280.66
(a) Salary & Wage Component			85.46	91.02	96.78	76.01
(b) Non-Salary & Wage component			92.62	116.69	138.56	204.65
Capital Expenditure	452.48	513.57	401.28	486.43	484.02	699.69
Power and Energy						
Revenue Expenditure of which	16.17	47.80	27.42	43.91	40.86	32.77
(a) Salary & Wage Component			2.18	3.58	3.47	1.62
(b) Non-Salary & Wage component			25.24	40.33	37.39	31.15
Capital Expenditure	50.20	--	20.64	36.44	--	--
Industry and Minerals						
Revenue Expenditure of which	102.08	46.86	53.11	49.91	80.91	113.15
(a) Salary & Wage Component			37.45	37.08	38.39	41.28
(b) Non-Salary & Wage component			15.66	12.83	42.52	71.87
Capital Expenditure	1.63	0.49	(-)2.84	(-)3.47	(-)3.54	0.28
Transport						
Revenue Expenditure of which	135.35	145.28	131.30	143.51	204.93	563.24
(a) Salary & Wage Component			10.78	11.26	11.67	2.27
(b) Non-Salary & Wage component			120.52	132.25	193.26	560.97
Capital Expenditure	120.28	308.84	201.00	360.92	318.90	395.20
Science, Technology and Environment						
Revenue Expenditure of which	15.63	20.74	11.49	8.08	12.78	17.18
(a) Salary & Wage Component			0.33	0.37	0.35	0.35
(b) Non-Salary & Wage component			11.16	7.71	12.43	16.83
Capital Expenditure	--	--	--	--	--	--
General Economic Services						
Revenue Expenditure of which	157.72	189.01	272.92	298.30	303.94	506.99
(a) Salary & Wage Component			41.64	41.78	48.37	45.74
(b) Non-Salary & Wage component			231.28	256.52	255.57	461.25
Capital Expenditure	5.59	11.30	6.84	14.15	11.93	11.72
Total Economic Services	2204.23	2496.17	2459.23	2703.63	2819.49	3944.11
Revenue Expenditure of which	1539.40	1602.78	1771.35	1753.12	1953.28	2776.44
(a) Salary & Wage Component			589.13	585.81	615.09	610.92
(b) Non-Salary & Wage component			1182.22	1167.31	1338.19	2165.52
Capital Expenditure	664.83	893.39	687.88	950.51	866.21	1167.67

N.B: The Salary and Non-salary figures for the 2001-02 and 2002-03 are not available.

Out of total expenditure on Economic Services during 2006-07, 25 per cent on Irrigation and Flood Control, one per cent on Power and Energy, 24 per cent on Transport, 18 per cent on Agriculture and Allied activities and 32 per cent

on other economic activities was incurred. As compared to 2003-04, significant increases in 2006-07 were observed in Irrigation and Flood Control (69 per cent) and Transport Services (188 per cent). The salary component in revenue expenditure on Economic Services declined from 33 per cent in 2003-04 to 22 per cent in 2006-07 whereas the non-salary component increased from Rs 1182 crore (67 per cent) in 2003-04 to Rs 2166 crore (78 per cent) in 2006-07.

Of the increase of Rs 1485 crore in total expenditure on economic services during the four year period 2003-07, transport and communication sector shared 42 per cent (Rs 626 crore) and irrigation and flood control consumed 27 per cent (Rs 401 crore). However, 69 per cent of the incremental expenditure in transport and communication was incurred under non-salary and wage component of revenue expenditure while around 3/4th of incremental expenditure under irrigation and flood control was the capital expenditure. These trends in expenditure pattern indicate that focuses on these economic services are either on their maintenance/effective delivery or in their expansion over the period 2003-07.

1.5.4 Financial Assistance by State Government to local bodies and other institutions

The quantum of assistance provided by way of grants and loans to local bodies and others during the six year period 2001-07 is presented in **Table-1.18**.

Table-1.18: Financial Assistance

	(Rupees in crore)					
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	251.06	300.59	278.41	384.26	537.98	489.46
Municipal Corporations and Municipalities	40.96	46.44	65.72	44.47	94.61	47.82
Zilla Parishads and other Panchayati Raj Institutions	119.80	130.11	142.95	134.21	230.79	1509.92
Development Agencies	408.88	396.80	219.32	302.63	409.31	400.39
Other Institutions ⁵	173.75	148.19	258.42	197.97	510.29	971.91
Total	994.45	1022.13	964.82	1063.54	1782.98	3419.50
Assistance as percentage of RE	10	10	9	9	13	22

The financial assistance extended to local bodies and other institutions increased from Rs 1782.98 crore in 2005-06 to Rs 3419.50 crore in 2006-07 with inter year variations by 92 per cent over the previous year mainly due to increase of grants etc to Panchayati Raj Institutions (Rs 1279 crore) and other institutions (Rs 462 crore) like Orissa State Agricultural Marketing Board, Orissa State Disaster Mitigation Authority, Orissa State Water Supply and Sanitation Mission and Chilika Development Authority etc.

1.5.5 Delay in furnishing utilisation certificates

Utilisation Certificates (UCs) became due in respect of grants and loans aggregating to Rs 3286.23 crore paid up to 2006-07 in respect of 30 Bodies

⁵ Other institutions include those institutions which received the ad hoc financial assistance from the government during a year.

and nine Departments audited during the year. Of the above amount, UCs for an aggregate amount of Rs 1103.52 crore were in arrears. Details of Department-wise break up of outstanding UCs are given in the *Appendix-1.6*.

1.5.6 Non-submission of accounts

In order to identify the institutions which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971, the Government/Heads of the Departments are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose of assistance granted and the total expenditure of the institutions. As of March 2007, no department of the Government has furnished such details for the year 2006-07.

1.5.7 Misappropriations, losses, defalcations, etc

State Government reported 1815 cases of misappropriation, defalcation etc involving Government money amounting to Rs 1705.16 lakh up to the period 31 March 2007 on which final action was pending. The department-wise break up of pending cases is given in *Appendix 1.7*.

(Rupees in lakh)			
		Number of cases	Amount
i)	Cases reported up to the end of March 2006 but outstanding at the end of June 2006	2114	1678.75*
ii)	Cases reported during April 2006 to March 2007	10	76.31
iii)	Cases disposed of till June 2007	309	49.89
iv)	Cases reported up to March 2007 but outstanding as of June 2007	1815	1705.16

□ The outstanding balance at the end of June 2006 was Rs 1648.71 lakh. However, this was enhanced to Rs 1678.75 lakh after revaluation of some cases of five Departments.

The period for which the cases were pending are given below:

(Rupees in lakh)			
		Number of Cases	Amount
i)	Over five years (1948-49 to 2001-2002)	1729	1394.77
ii)	Exceeding three years but within five years (2002-2003 to 2003-2004)	39	61.84
iii)	Upto three years (2004-05 to 2006-07)	47	248.55
	Total	1815	1705.16

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

(Rupees in lakh)			
		Number of Cases	Amount
i)	Awaiting departmental and criminal investigation	480	418.15
ii)	Departmental action initiated but not finalised	674	743.59
iii)	Criminal proceedings finalised but execution of certificate cases for the recovery of the amount pending	32	20.33
iv)	Awaiting orders for recovery or write off	479	194.03
v)	Pending in the courts of law	150	329.06
	Total	1815	1705.16

1.5.8 Write off of losses etc

As reported to Audit, losses due to theft, fire and irrecoverable revenue etc. amounting to Rs 0.23 lakh in three cases were written-off during 2006-07 by competent authorities. The relevant details are given in *Appendix-1.8*.

1.6 Assets and Liabilities

In the Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Table-1.32** gives an abstract of such liabilities and the assets as on 31 March 2007, compared with the corresponding position on 31 March 2006. While the liabilities consist mainly of internal borrowings, loans and advances from the GOI, receipts from the Public Account and Reserve Funds; the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances (*Appendix-1.2-B*).

The ratio of Assets and Liabilities of the State consistently remained at 0.52 *per cent* during 2001-04 and thereafter started picking up and reached the level of 0.67 *per cent* in 2006-07 as shown in **Table-1.32**. The low ratio of Assets to Liabilities during the period 2001-04 was mainly on account of increasing internal borrowing which constituted Market loan, Loans from GOI, Receipt from Public Account and Reserve Fund and deposits. During 2005-06 and thereafter Government has developed huge cash balances, liquidated the past liabilities especially GOI loans and also experienced significant improvement in their fiscal balances owing to increase in its own receipts and the central transfers which helped the State Government in improving the asset-liability ratio during these years.

1.6.1 Financial Results of Irrigation Works

The Financial results of 52 Irrigation projects (11 major and 41 medium projects) with a capital expenditure of Rs 2558.78 crore at the end of March 2007 showed that no revenue was realised from these projects during 2006-07 against the direct working expenses of Rs 79.44 crore. After meeting the working and maintenance expenditure (Rs 79.77 crore) and interest charges (Rs 173.91 crore), the schemes suffered a net loss of Rs 253.68 crore.

1.6.2 Incomplete projects

The department-wise information pertaining to incomplete projects as on 31st March 2007 is given in the **Table 1.19**.

Table 1.19: Department-wise Profile of incomplete projects

(Rupees in crore)					
Department	Number of incomplete projects	Initial Budgeted cost	Cost overrun with reference to cumulative exp as on 31.3.2007	Revised total cost of projects	Cumulative actual expenditure as on 31.3.2007
Water Resources	31*	1655.53	4319.05	NA	5974.58
Housing and Urban Development	11	66.71	NA	NA	40.94
Rural Development	11	41.91	NA	NA	33.64
Industries	2	42.29	NA	NA	10.96
Total	55	1806.44	4319.05	—	6060.12

* There are 41 incomplete projects; however initial budgeted cost in respect of 10 projects was not available on which expenditure of Rs 376.46 crore was incurred up to 31 March 2007 aggregating the cumulative expenditure to Rs 6436.58 crore for 65 projects.

As of 31 March 2007 there were 65 incomplete projects in which Rs 6436.58 crore was blocked. Although revised cost estimates of the incomplete projects are not available, the cost overruns even with reference to the cumulative expenditure as of 31 March 2007 for 31 incomplete projects under water resources department amounts to Rs 2664 crore. As these projects are not completed, the cost overruns with reference to the revised or final costs would turn out to be even more than this estimate. The reason for non-completion of works by the departments was attributed to non-acquisition of land, slow progress by the executing agencies and paucity of funds.

1.6.3 Departmental Commercial Undertakings

Activities of *quasi*-commercial nature are performed by departmental undertakings of certain Government departments. These undertakings are required to prepare annually proforma accounts in prescribed format showing the results of financial operations so that Government can assess the results of their working. The department-wise position of arrears in preparation of proforma accounts and the investment made by the Government are given in **Appendix-1.9**. As of March 2007, four schemes/undertakings out of fifteen remained inoperative / closed. The assets and liabilities were not fully disposed of or liquidated by Government. The details as well as reasons for non-operation or closure were not available. In respect of two schemes viz. (i) purchase and distribution of quality seeds to cultivators, (ii) Poultry Development, Government had not prescribed the preparation of proforma accounts; only Personal Ledger Accounts were opened during 1977-78 and 1979-80 respectively. The closing balances of these Accounts were stated in **Table-1.20**.

Table-1.20

Name of the Undertaking/ Unit/ Scheme	Year in which the Personal Ledger accounts were opened	(Rupees in crore)			
		Accounts for 2006-07			
		Opening Balance	Credit	Debit	Closing Balance
Purchase and distribution of quality seeds to cultivators	1977-78 (Revenue accounts)	11.31	0.24	(-) 20.94	32.50
Poultry Development	1979-80 (Revenue accounts)	3.02	--	--	3.02

The Comptroller and Auditor General of India had commented in his Audit Reports (Civil) 2005-06 (Para-1.10.5) about the failure of the State machineries in preparing the Proforma Accounts. Also, the PAC in their 14th report (10th Assembly) had expressed (November 1992) concern at the state of affairs in preparation of Proforma Accounts. Despite all that, no Proforma Accounts in respect of above schemes could be prepared as of 31st March 2007.

1.6.4 Investments and returns

As of 31 March 2007, Government had invested Rs 1652.14 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives (**Table-1.21**). The average rate of return on this investment was 5.69 *per cent* for the last six years while the Government paid interest at the average rate of 8.18 to 10.95 *per cent* on its borrowings during the corresponding period of 2002-

2007. The actual return earned on the Government investments reflects not only wide fluctuations but as *per cent* to total investment made, it indicates the declining trend since 2002-03. This indicated injudicious investment of borrowed funds in unviable institutions/organisations.

Table-1.21: Return on Investment

Year	Investment at the end of the year	Return	Percentage of return	Average rate of interest on Government borrowing	Difference between interest rate and return
	(Rupees in crore)			(In percentage)	
2001-02	1473.20	8.77	0.60	10.95	10.35
2002-03	1519.39	152.22	10.02	9.85	(-) 0.17
2003-04	1556.63	138.06	8.87	8.83	(-) 0.04
2004-05	1610.41	69.15	4.29	9.51	5.22
2005-06	1637.09	120.59	7.39	9.92	2.53
2006-07	1652.14	49.39	2.99	8.18	5.19

1.6.5 Loans and advances by State Government

In addition to investments in Co-operative societies, Corporations and Companies, Government have also been providing loans and advances to many of these institutions/organisations. The Loans and Advances by the State Government increased from Rs 2119 crore in 2001-02 to Rs 3339 crore in 2006-07. Interest received against these loans advanced was Rs 18 crore in 2001-02 to Rs 103 crore in 2006-07. The interest received as *per cent* to outstanding Loans and Advances decreased from 5.13 in 2004-05 to 3.09 in 2006-07 though Government borrowed funds during the year at an average rate of 5.09 *per cent*.

Table-1.22: Average Interest Received on Loans Advanced by the State Government

	(Rupees in crore)					
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Opening Balance	2119	2366	2532	3831	3619	3339
Amount advanced during the year	379	343	1572	205	67	272
Amount repaid during the year	132	177	273	417	347	286
Closing Balance	2366	2532	3831	3619	3339	2325
Net addition	247	166	1299	(-)212	(-)280	(-) 14
Interest Received	18	68	161	191	167	103
Interest received as <i>per cent</i> to outstanding Loans and advances	2.78	2.78	5.06	5.13	4.80	3.09
Average interest rate ⁶ (in <i>per cent</i>) paid on borrowings by State Government	10.95	9.85	8.83	9.51	9.92	8.18
Difference between average interest paid and received (<i>per cent</i>)	(-) 8.17	(-) 7.08	(-) 3.77	(-) 4.38	(-) 5.12	(-) 5.09

The TFC has recommended that interest receipts on Loans and Advances of the Government should gradually increase to seven *per cent* by the end of award period (2005-10) but interest receipts stand at only 3.09 *per cent* needing appropriate corrective action.

⁶ Average interest rate is defined as the ratio of interest payments to average outstanding fiscal liabilities of the State during the year.

1.6.6 Management of cash balances

It is generally desirable that the State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and expenditure obligations, a mechanism of Ways and Means Advances (WMA) – ordinary and special – from Reserve Bank of India has been put in place. The operative limit for Normal Ways and Means Advances is reckoned on the three year average of revenue receipts and the operative limit for Special Ways and Means Advances is fixed by Reserve Bank of India from time to time depending on the holding of Government securities.

Ways and Means Advances and Overdrafts availed, the number of occasions it was availed and interest paid by the State is detailed in **Table-1.23**. The Government have not availed any Wage and Means Advances and Overdraft facility during 2006-07

Table-1.23: Ways and Means and Overdrafts of the State

	(Rupees in crore)					
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Ways and Means Advances						
Availed in the Year	1355	2000	3204	1450.46	NIL	NIL
Number of Occasions					NIL	NIL
Outstanding WMAs, if any	179	239	NIL	--	NIL	NIL
Interest Paid	11.59	10.88	12.19	1.85	NIL	NIL
Number of Days				99	NIL	NIL
Overdraft						
Availed in the year	5393	4723	3809	--	NIL	NIL
Number of Occasions					NIL	NIL
Number of Days	252	188	171	--	NIL	NIL
Interest Paid	8.32	8.75	8.42	--	NIL	NIL

1.7 Undischarged Liabilities

1.7.1 Fiscal Liabilities – Public Debt and Guarantees

There are two sets of liabilities namely, public debt and other liabilities. Public debt consists of internal debt of the State and is reported in the Annual Financial Statements under the Consolidated Fund. Capital Account includes market loans, special securities issued by RBI and loans and advances from the Central Government. The Constitution of India provides that a 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 the Act of its Legislature and give guarantees within such limits as may be fixed. Other liabilities, which are a part of public account, include deposits under small savings scheme, provident funds and other deposits. The total liabilities as defined under the FRBM Act include the liabilities under the Consolidated Fund and the Public Account of the State of Orissa.

Table-1.24 gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP, to revenue receipts and to own resources as also the buoyancy of fiscal liabilities with respect to these parameters.

Table-1.24: Fiscal Liabilities – Basic Parameters

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Fiscal Liabilities ⁷ (Rupees in crore)	27853	30735	34014	36093	38468	39466
Rate of Growth (<i>per cent</i>)	16.49	10.35	10.67	6.11	6.58	2.59
Ratio of Fiscal Liabilities to						
GSDP (<i>per cent</i>)	58.92	61.29	55.70	52.28	50.81	47.54
Revenue Receipts (<i>per cent</i>)	395.19	364.20	360.32	304.58	273.11	218.85
Own Resources (<i>per cent</i>)	881.70	801.85	773.75	653.62	588.74	456.10
Buoyancy of Fiscal Liabilities to						
GSDP (ratio)	NA	1.699	0.490	0.469	0.681	0.269
Revenue Receipts (ratio)	NA	0.524	0.899	0.239	0.349	0.093
Own Resources (ratio)	NA	0.485	0.726	0.239	0.359	0.080

Overall fiscal liabilities of the State increased from Rs 27853 crore in 2001-02 to Rs 39466 crore in 2006-07 at an average growth rate of 8.80 *per cent*. The growth rate was 2.59 *per cent* during 2006-07 over previous year. The ratio of fiscal liabilities to GSDP decreased from 58.92 *per cent* in 2001-02 to 47.54 *per cent* in 2006-07 excepting an increase of 61.29 *per cent* in 2002-03. These liabilities stood at 2.19 times of the revenue receipts (as against the projection of three times in FRBM Act by the year ending 2007-08) and 4.5 times of the State's own resources at the end of 2006-07. The buoyancy of these liabilities with respect to GSDP during the year was 0.269 *per cent* indicating that for each one *per cent* increase in GSDP; fiscal liabilities grew by 0.269 *per cent*.

The fiscal liabilities at the end of the year 2006-07 was Rs 39466 crore comprises internal debt (Rs 18180 crore), loans and advances from Government of India (Rs 8745 crore), Small Saving Provident Fund etc. (Rs 10327 crore) and other obligation (Rs 2214 crore). The internal debt (Rs 18180 crore) constituted market loan of Rs 8911 crore, Special Securities issued to NSS Fund of Central Government (Rs 6862 crore), Compensation and other Bonds (Rs 993 crore) and other institutions (Rs 1414 crore).

In line with the recommendation of the TFC, the State Government set up the Sinking Fund with effect from January 2003 for amortisation of market borrowings as well as other loans and debt obligations. The MTFP has made a projection for a provision of investment in the Sinking Fund at the rate of two *per cent* of the total outstanding debt at the end of each year. As on 31st March 2007, the outstanding balance in Sinking Fund was Rs 3133 crore. During 2006-07, Rs 1488 crore has been invested in the Sinking Fund which is not only in excess of the projection made in MTFP (Rs 789 crore, i.e. two *per cent* of outstanding debt liabilities) but more by Rs 828 crore over the level of previous year.

⁷ Includes internal debt (market borrowings, loans from financial institutions and NSSF loans), loans and advances from GOI and other obligations (liabilities arising from the Public Account of the State) at the end of the year.

1.7.2 Status of Guarantees – Contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended.

As per the **Statement-6** of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees at the end of year since 2001-02 is given in **Table-1.25**.

Table-1.25: Guarantees given by the Government of Orissa

(Rupees in crore)

Year	Maximum amount guaranteed	Outstanding amount of guarantees	Revenue receipt less Grant-in-Aid for the second preceding year	Guarantee outstanding as percentage of Revenue Receipt
2001-02	8423.36	5250.89	4169.01	125.95
2002-03	8487.42	5230.92	5473.47	95.57
2003-04	9342.67	5094.09	5807.35	87.71
2004-05	9296.86	3823.26	6638.60	57.59
2005-06	9251.76	3496.19	7723.95	45.26
2006-07	8588.90	2647.55	9499.78	27.87

As per Article 293 of the constitution, the outstanding guarantee of Rs 2647.55 crore was 15 *per cent* of Revenue receipt (Rs 18033 crore) of State Government. The State Government has set up the guarantee redemption fund to take care of any contingent liability arising out of State Government Guarantee.

Guarantees were given in respect of four statutory corporations, twenty-six Government companies, forty-six cooperative Banks and societies and eighty-six Notified Area Councils, Municipality and Improvement Trusts. Maximum amount guaranteed and the amount outstanding against these bodies shows a reducing trend since 2003-04 as can be seen from the **Table-1.25** above. Government in their resolution dated 19 March 2004 have issued instruction to the Public Sector undertakings/Urban Local Bodies/Co-operative Societies etc., who have borrowed or intended to borrow against Government guarantees to open an Escrow Account in a Nationalised Bank. So far five numbers of Escrow Accounts have been opened by 31 March 2007 out of 162 institutions.

Though, no law has been enacted under Article 293 of the constitution laying down the limit of such guarantee but an administrative limit has been imposed in 2002 so that the total outstanding guarantee as on 1st day of April every year shall not exceed hundred *per cent* of the state revenue receipt of the 2nd preceding year as per the books of account maintained by Accountant General (A & E), Orissa. The State Government in its MTFP placed along with the budget 2007-08 has slightly revised the limit by defining the State's revenue receipts net of grants-in-aids for the second preceding year. The position of the guarantees with regard to the revised limit is presented in **Table-1.25** which reveals that level of guarantees are well within the prescribed limits.

The Government set up a Guarantee Redemption Fund during 2002-03 to meet the contingent liabilities arising out of the total outstanding liabilities. As on 31-03-2007, Rs 390 crore is invested in the Fund which comprises guarantee fee, special contribution and return earned on the funds invested.

The State Government has also taken a number of steps to enhance the credibility of the State finances in the financial market. One such measure is discharging the State Government guarantees through one time settlement (OTS). So far, the State Government and various public sector undertakings, cooperatives have paid Rs 451.76 crore under OTS schemes to discharge guarantee liabilities arising out of the default of loanee organisations.

1.7.3 Off-Budget Borrowings

The borrowings of a State are governed under Article 293 of the Constitution of India. In addition to the liabilities shown in **Table-1.24**, the State guaranteed loans availed of by Government companies/corporations. These companies/ corporations borrowed funds from the market/financial institutions for implementation of various State plan programmes projected outside the State budget. Although the estimates of the plan programmes of the State Government project that funds for these programmes would be met out of the resources of the companies/corporations outside the State budget, however in reality the borrowings of many of these concerns ultimately turn out to be the liabilities of the State Government termed as 'off-budget borrowings'. Though off-budget borrowings are not permissible under Article 293 (3), the State continues to undertake such off-budget borrowings as per the data furnished by the Finance Department. **Table 1.26** captures the trends in the off-budget borrowings by the State during 2002-07.

Table-1.26: Off-Budget Borrowings

(Rupees in crore)					
Year	2002-03	2003-04	2004-05	2005-06	2006-07
Outstanding	67.75	66.15	64.52	64.43	64.43
Borrowing Added	6.98	--	--	--	--
Repayment made (Principal)	8.58	1.63	0.09	--	2.50
Balance Principal	66.15	64.52	64.43	64.43	61.93

* Information collected from Orissa Budget at a glance (2007-08)

Off-Budget borrowings were resorted by the State Government through special purpose vehicles. Since 1991-92, an amount of Rs 250.41 crore had been raised through off-budget borrowings out of which an amount of Rs 61.93 crore was outstanding for payment through budget provisions of the State Government. The Table reveals that Government has not resorted to off budget borrowings through SPVs since 2002-03.

1.8 Debt Sustainability

The debt sustainability is defined as the ability to maintain a constant debt-GDP ratio over a period of time. In simple terms, public debt is considered sustainable as long as the rate of growth of income exceeds the interest rate or cost of public borrowings subject to the condition that the primary balance is

either positive or zero. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GDP ratio would be constant or sustainable. On the other hand, if $PD > QS$, debt-GDP ratio would be rising and if $PD < QS$, it would be falling.

1.8.1 Debt Stabilisation

A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would stabilise eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling. Trends in fiscal variables indicating the progress towards the debt stabilisation are indicated in **Table-1.27**.

Table-1.27: Debt Sustainability–Interest Rate and GSDP Growth (in per cent)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Average Interest Rate	10.95	9.85	8.83	9.51	9.92	8.18
GSDP Growth	7.48	6.09	21.78	13.04	9.66	9.66
Interest spread	(-)3.47	(-) 3.76	12.94	3.54	(-) 0.28	1.47
Quantum Spread [*] (Rs in crore)	(-)830	(-)1047	3477	1204	(-)101	565
Primary Deficit (Rs in crore)	(-)1133	(+)70	(-)713	(+)1966	(+)3421	(+) 4012

Table reveals that quantum spread together with primary deficit remained negative during 2001-02 and 2002-03 resulting an increase in debt-GSDP ratio during 2002-03. Since 2003-04, quantum spread together with primary deficit consistently remained positive resulting in a continuous decline in debt/GSDP ratio from 55.7 in 2003-04 to 47.5 per cent in 2006-07. These trends indicate the State is moving towards the debt stabilisation which in turn improves the debt sustainability position of the State.

1.8.2 Sufficiency of Non-debt Receipts

Another indicator for debt stability and its sustainability is the adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure. **Table-1.28** indicates the resource gap as defined for the period 2002-07.

^{*} Quantum spread= Interest spread x opening fiscal liabilities/100.

Table-1.28: Incremental revenue receipts and Revenue Expenditure

(Rupees in crore)

Period	Incremental				Resource Gap
	Non-Debt Receipts	Primary Expenditure	Interest Payments	Total Expenditure	
2002-03	1436	233	51	284	+1152
2003-04	1097	1880	-26	1854	-757
2004-05	2554	-125	472	347	+2207
2005-06	2166	711	365	1076	+1090
2006-07	3886	3296	-509	2787	+1099

The trends in **Table 1.28** reveal that the incremental non-debt receipts of the State had been able to meet the incremental interest liabilities and incremental primary expenditure in four years out of the five year period 2002-07. Moreover, the persistent positive resource gap during the last three years (2004-07) is a pointer towards the fiscal and debt sustainability of the State.

1.8.3 Net Availability of Borrowed Funds

The debt sustainability of the State also depends on (i) the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and (ii) application of available borrowed funds. The ratio of debt redemption to debt receipts indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds. The solution to the Government debt problem lies in application of borrowed funds, i.e. they are (a) not being used for financing revenue expenditure; and (b) being used efficiently and productively for capital expenditure which either provides returns directly or results in increased productivity of the economy in general which may result in increase in Government revenue.

Table-1.29 gives the position of the receipt and repayment of internal debt and other fiscal liabilities of the State as well as the net availability of the borrowed funds over the last six years.

Table-1.29: Net Availability of Borrowed Funds

(Rupees in crore)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Internal Debt						
Receipt	1687	2296	4338	2689	2105	1305
Repayment (Principal + Interest)	987	1298	1834	2344	2043	2768
Net Fund Available	700	998	2504	345	62	(-) 1463
Net Fund Available (per cent)	41.49	43.47	57.72	12.83	2.95	(-) 112.11
Loans and Advances from GOI						
Receipt (A)	973	1769	1141	1423	(-) 10	741
Repayment (Principal + Interest) (B)	1632	2062	2509	2426	1280	1480
Net Fund Available (A-B)	(-) 659	(-) 293	(-) 1368	(-) 1003	(-) 1290	(-) 739
Net Fund Available (per cent)	(-) 67.73	(-) 16.56	(-) 119.89	(-) 70.48	(-) 12900	(-) 99.73
Other obligations						
Receipt	1994	2020	1675	1938	2742	2077
Repayment (Principal + Interest)	1838	1843	1793	2092	2753	2270
Net Fund Available	156	177	(-) 188	(-) 154	(-) 11	(-) 193
Net Fund Available (per cent)	7.82	8.76	(-) 7.04	(-) 7.95	(-) 0.40	(-) 9.29
Total liabilities						
Receipt	4654	6085	7154	6050	4837	4123
Repayment (Principal + Interest)	4457	5203	6136	6862	6076	6518
Net Fund Available	197	882	1018	(-) 812	(-) 1239	(-) 2395
Net Fund Available (per cent)	4.23	14.49	14.22	(-) 13.42	(-) 25.61	(-) 58.08

The net funds available on account of the internal debt and loans and advances from Government of India and other obligation after providing for the interest and repayments remained negative during the last four years 2003-07. During the current year, the Government repaid principal plus interest on account of internal debt of Rs 2768 crore; Government of India loans of Rs 1480 crore and also discharged other obligation of Rs 2270 crore as a result of which payments exceeded the receipts during the year. During the recent years, in view of the large cash balances, the focus of the Government seems to be on discharging the past debt obligations both on account of principal and interest payments on loans raised from the market as well as from the Government of India.

1.9 Management of deficits

1.9.1 Trends in Deficits

The deficit in the Government accounts represents 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 raised are applied are important pointers to its fiscal health. The trends in fiscal parameters depicting the position of fiscal equilibrium in the State are presented in **Table-1.30**.

Table-1.30: Fiscal Imbalances - Basic Parameters

Parameters	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Revenue deficit (Rupees in crore)	(-)2834	(-)1576	(-)1421	(-)522	(+)481	(+) 2261
Fiscal deficit (Rupees in crore)	(-)3968	(-)2816	(-)3573	(-)1366	(-)276	(+) 824
Primary deficit (Rupees in crore)	(-)1133	(+)70	(-)713	(+) 1966	(+) 3421	(+) 4012
RD/GSDP (per cent)	(-) 6.00	(-) 3.14	(-) 2.33	(-) 0.76	(+) 0.64	(+) 2.72
FD/GSDP (per cent)	(-) 8.39	(-) 5.62	(-) 5.85	(-) 1.98	(-)0.36	(+) 0.99
PD/GSDP (per cent)	(-) 2.40	(+) 0.14	(-) 1.17	(+) 2.85	(+) 4.52	(+) 4.83
RD/FD (per cent)	71.42	55.97	39.77	38.21	(-) 174.28	274.39

Fiscal Imbalances

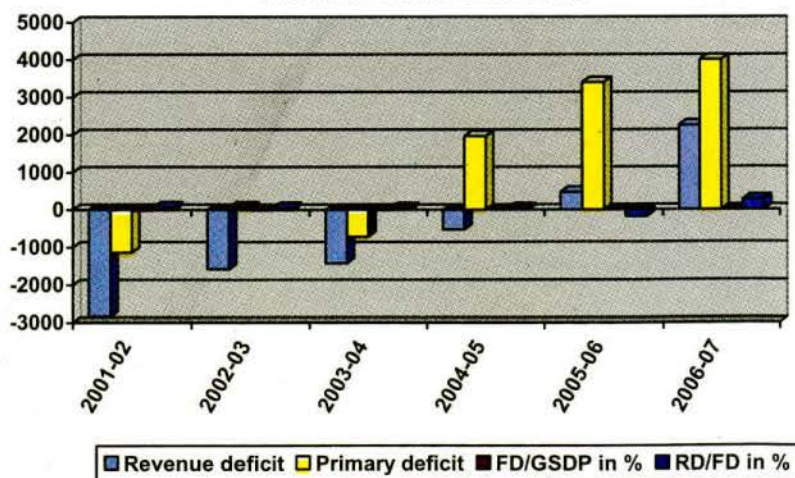


Table-1.30 reveal that the revenue account experienced a situation of huge deficit of Rs 2834 crore during 2001-02 which consistently declined to Rs 522 crore in 2004-05 and since then a surplus amounting to Rs 481 crore which

has steeply increased to Rs 2261 crore during the current year. The significant improvement in revenue account during the current year was mainly on account of increase in revenue receipts by Rs 3948 crore (28 *per cent*) during 2006-07 against an increase of Rs 2168 crore (16 *per cent*) in revenue expenditure over the previous year resulting in increase in revenue surplus by Rs 1780 crore during the current year over the previous year level of Rs 481 crore. The sharp increase in revenue receipts during 2006-07 was mainly on account of increase in State's own taxes (21 *per cent*), non-tax revenue (69 *per cent*), central tax transfers (28 *per cent*) and grants-in-aid (18 *per cent*). On the other hand, despite a big push in plan revenue expenditure (29 *per cent*) Government could maintain the growth in revenue expenditure below the revenue receipts by containing the growth in NPPE (13 *per cent*).

The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, consistently decreased from Rs 3968 crore in 2001-02 to Rs 276 crore in 2005-06 and turned into a situation of fiscal surplus in 2006-07. The huge revenue surplus of Rs 2261 crore in 2006-07 along with the moderate increase of Rs 413 crore in capital expenditure and Rs 205 crore in disbursement of loans and advances resulted in a fiscal surplus of Rs 824 crore during 2006-07 as compared to the deficit of Rs 276 crore in the previous year.

The primary deficit⁹ which persisted in the State budget till 2003-04 also took a turnaround and resulted into a primary surplus during the last three years 2004-07. A sharp decline in fiscal deficit together with a moderate increase in interest payments led to a situation of huge primary surplus during 2005-06 and 2006-07. During the current year, a fiscal surplus along with a decline in interest payments by Rs 509 crore resulted in huge primary surplus exceeding Rs 4000 crore during 2006-07. As against the target of generating a primary surplus of over three *per cent* of GSDP by the year ending March 2008 as laid down in Orissa FRBM Act, the State has achieved the target in 2004-05, much before the date line fixed in the Act.

Quality of Deficit/Surplus

The ratio of RD to FD and the decomposition of Primary deficit into primary revenue deficit¹⁰ and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. The ratio of RD to FD consistently declined during 2001-05 and thereafter revenue account has shown surplus during the succeeding two years. This trajectory shows a consistent improvement in the quality of the deficit and during the current year, the State has experienced a fiscal surplus indicating non-debt receipts even exceeded the total expenditure leaving cash balances to meet the past debt obligations.

⁹ Primary deficit defined as the fiscal deficit net of interest payments indicates the extent of deficit which is an outcome of the fiscal transactions of the States during the course of the year.

¹⁰ Primary revenue deficit defined as gap between non interest revenue expenditure of the State and its non-debt receipts indicates the extent to which the non-debt receipts of the State are able to meet the primary expenditure incurred under revenue account.

The bifurcation of the factors resulting into primary deficit or surplus of the State during the period 2002-07 reveals (Table-1.31) that throughout this period, the primary deficit was experienced on account of capital expenditure incurred and loans and advances disbursed by the State government. In other words, non-debt receipts of the State were enough to meet the primary expenditure¹¹ requirements in the revenue account, rather left some receipts to meet the expenditure under the capital account. But the surplus non-debt receipts were not enough to meet the expenditure requirements under capital account resulting in primary deficit only during 2001-02 and 2003-04. This indicates the extent to which the primary deficit has been on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy.

Table 1.31

(Rupees in crore)							
Year	Non-debt receipt	Primary Revenue Expenditure	Capital Expenditure	Loans and Advance	Primary Expenditure	Primary Deficit/ Surplus with reference to Revenue Expenditure	Primary Deficit/ Surplus with reference to Capital Expenditure
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2001-02	7180	7047	887	379	8313	+133	-1133
2002-03	8616	7129	1074	343	8546	+1487	+70
2003-04	9713	8001	853	1572	10426	+1712	-713
2004-05	12267	9040	1056	205	10301	+3227	+1966
2005-06	14433	9907	1038	67	11012	+4526	+3421
2006-07	18319	12584	1451	272	14307	+5735	+4012

1.10 Fiscal Ratios

The finances of a State should be sustainable, flexible and non-vulnerable. Table-1.32 below presents a summarised position of Government finances over 2001-2006, with reference to certain key indicators that help to assess the adequacy and effectiveness of available resources and their applications, highlights areas of concern and captures its important facts.

Table-1.32: Indicators of Fiscal Health

(Rupees in crore and per cent)						
Fiscal Indicators	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
1	2	3	4	5	6	7
I Resource Mobilisation						
Revenue Receipt/GSDP	14.91	16.83	15.46	17.16	18.60	21.72
Revenue Buoyancy	0.26	3.240	0.545	1.957	1.952	2.903
Own Tax/GSDP	5.219	5.727	5.407	6.050	6.607	7.306
II Expenditure Management						
Total Expenditure/GSDP	23.58	22.80	21.76	19.75	19.43	21.07
Total Expenditure/Revenue Receipts	158.17	135.47	140.74	115.04	104.43	97.01
Revenue Expenditure/Total Expenditure	88.64	87.60	81.75	90.75	92.49	90.15
Salary & Wage expenditure on Social and Economic Services / Revenue Expenditure	NA	NA	26.37	23.49	0.63	192.41

¹¹ Primary expenditure of the State defined as the total expenditure net of the interest payments indicates the expenditure incurred on the transactions undertaken during the year.

Fiscal Indicators	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
I	2	3	4	5	6	7
Non-Salary & Wage expenditure on Social and Economic Services / Revenue Expenditure	NA	NA	24.10	21.15	28.12	31.30
Capital Expenditure/Total Expenditure	8.24	9.69	7.28	7.86	7.09	8.42
Capital Expenditure on Social and Economic Services/Total Expenditure.	52.10	55.16	53.75	50.34	52.01	54.49
Buoyancy of TE with RR	1.09	0.13	1.37	0.10	0.42	0.68
Buoyancy of RE with RR	0.75	0.068	0.712	0.545	0.528	0.569
III Management of Fiscal Imbalances						
Revenue deficit (Rs in crore)	(-)2834	(-)1576	(-)1421	(-)522	481	2261
Fiscal deficit (Rs in crore)	(-)3968	(-)2816	(-)3573	(-)1366	(-)276	824
Primary Deficit (Rs in crore)	(-)1133	(+)70	(-)713	1966	3421	4012
Revenue Deficit/Fiscal Deficit	71.42	55.97	39.77	38.21	(-) 174.28	274.39
IV Management of Fiscal Liabilities						
Fiscal Liabilities/GSDP	58.92	61.29	55.70	52.28	50.81	47.54
Fiscal Liabilities/RR	395.19	364.20	360.37	304.58	273.11	218.85
Buoyancy of FL with RR		0.524	0.899	0.239	0.349	0.093
Buoyancy of FL with Own Receipt		0.485	0.726	0.239	0.359	0.080
Primary deficit vis-à-vis quantum spread (Rupees in crore)		(-)977	2287	3170	3320	3447
Net Funds Available		1.54	17.34	20.73	(-) 16	(-) 58.62
V Other Fiscal Health Indicators						
Return on Investment	152.22	152.22	138.06	69	121	49
Balance from Current Revenue (Rs in crore)	(-) 1410	(-) 1410	(-) 1228	(-) 1517	(-) 5342	4403
Financial Assets/Liabilities	0.52	0.52	0.52	0.55	0.59	0.67

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. Revenue receipts are comprised not only of the tax and non-tax resources of the State but also the transfers from Union Government. The ratio of revenue receipts to GSDP during the current year is 22 *per cent*, an increase of three percentage points over previous year. During 2001-07, the ratio of own taxes to GSDP showed continued improvement and increased from 5.2 *per cent* in 2001-02 to 7.3 *per cent* in 2006-07.

Various ratios concerning the expenditure management of the State indicate quality of its expenditure and sustainability of these in relation to its resource mobilisation efforts. The revenue expenditure as a percentage to total expenditure remained little over 90 *per cent* during the last three years 2004-07 indicating its dominant share in the total expenditure of the State leaving capital expenditure at relatively lower level in the State. The buoyancies of total and revenue expenditure with reference to revenue receipts during 2005-06 and 2006-07 indicate increasing propensity of the State for spending more with the increase in receipts. The ratio of revenue receipt to total expenditure in 2006-07 was 103.07 *per cent* which indicated that the State can meet its

total expenditure out of its revenue receipts only resulting fiscal surplus during the year.

The revenue surplus during the last two years and a consistent decline in fiscal deficit during 2001-06 and a situation of fiscal surplus during the current year has resulted in a significant improvement in the fiscal position of the State. The increasing revenue receipts have been able to bring an improvement in the fiscal imbalances of the State which is also reflected by the decreasing ratio of financial liabilities to revenue receipts as well as positive balance from the current revenues during the current year. A significant improvement in the fiscal imbalances of the State was also reflected in the increasing assets to liabilities ratio during the last three years.

1.11 Conclusion

The fiscal position of the State viewed in term of key fiscal parameters indicated a consistent improvement over the period 2001-07. The revenue surplus during the last two years and a consistent decline in fiscal deficit during 2001-06 and a situation of fiscal surplus during the current year are the pointers towards fiscal consolidation and the stability of the State. Moreover, actual values of various fiscal variables vis-à-vis the projections made by the State Government in its FRBM Act 2005 and in its Fiscal Correction Path as well as in its Medium Term Fiscal Plan also indicate that in case of most of these variables, the State has achieved the targets well ahead of the time lines indicated in documents. However, although the fiscal parameters indicates the improvement in the fiscal health of the State, the expenditure pattern depicts grim position as revenue expenditure still accounted for 90 *per cent* leaving the little room for enhancing the level of capital expenditure in the State. The return on Government investments made in companies and statutory corporations etc. has not only widely fluctuated during the period 2001-07 but as percentage of capital employed in the organisations it has steeply declined since 2002-03 and reached level of 2.99 *per cent* during the current year which is significantly lower than the rate at which Government borrowed the funds for investment. This calls for making the Government investment as remunerative proposition. Despite significant improvement in fiscal position of the State and declining ratio of fiscal liabilities to the revenue receipts of the State, 33 *per cent* of the liabilities still had no asset backup as on 31st March 2007.

CHAPTER-II

ALLOCATIVE PRIORITIES AND APPROPRIATION

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 by the State Legislature for that year 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 act, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2006-2007 against grants/appropriations was as follows:

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Savings(-)/ Excess(+)
		(R u p e e s i n c r o r e)				
Voted	I. Revenue	11636.27	1943.36	13579.63	11461.10	(-) 2118.53
	II. Capital	1510.43	607.44	2117.87	1552.09	(-) 565.78
	III. Loans and Advances	129.47	198.29	327.76	271.77	(-) 55.99
Total Voted		13276.17	2749.09	16025.26	13284.96	(-) 2740.30
Charged	IV. Revenue	4698.54	805.48	5504.02	4786.79	(-) 717.23
	V. Capital	2.03	7.22	9.25	7.03	(-) 2.22
	VI. Public Debt	2136.22	92.43	2228.65	1850.74	(-) 377.91
Total Charged		6836.79	905.13	7741.92	6644.56	(-) 1097.36
Grand Total		20112.96	3654.22	23767.18	19929.52	(-) 3837.66

The overall savings of Rs 3837.66 crore is the result of savings of Rs 4199.71 crore and excess of Rs 362.05 crore. The excess expenditure of Rs 362.05 crore in one grant under Capital Account (Forest and Environment Department) and one Appropriation (6004-Loans and Advances from Government of India) during the year required regularisation under Article-205 of the Constitution of India. The expenditure figures were gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Revenue heads (Rs 475.87 crore) and Capital heads

(Rs 107.67 crore). However, all the 38 Grants and 2 Appropriations showed savings indicating lack of accuracy in budget preparation.

2.2.1 During 2006-07 the total expenditure under Consolidated Fund stands inflated to the following extent for the reasons mentioned there against

- (i) Rupees 149.38 crore was transferred to 8443-Civil Deposits, 106-Personal Deposits drawn through NIL payment vouchers during the year.
- (ii) Rupees 0.27 crore was transferred to 8443-Civil Deposits, 800-Other Deposits drawn through NIL payment vouchers during the year.

2.2.2 During 2006-07 total expenditure was understated to the following extent

- (i) The balance in 8443 Civil Deposits-800-Other Deposits was decreased by Rs 50.77 crore. (Disbursements Rs 81.09 crore less Deposits Rs 30.32 crore)
- (ii) Rupees 137.66 crore drawn from Orissa Contingency Fund during the year remained unrecouped at the year-end.

2.3 Fulfillment of Allocative Priorities

2.3.1 Appropriation by Allocative Priorities

Out of the overall savings of Rs 3837.66 crore during the year, major savings of Rs 2728.86 crore (71 per cent) occurred in five grants (Rs 1391.26 crore) and two appropriations (Rs 1337.60 crore) as mentioned below:

(Rupees in crore)

Grant/Appropriation	Original Provision	Supplementary Provision	Total grant	Actual Expenditure	Saving
Grant No. 3 – Revenue (Voted)	1017.40	697.13	1714.53	1143.97	570.56
Grant No. 5 – Finance Revenue (Voted)	2020.52	--	2020.52	1564.60	455.92
Grant No. 12 – Health and Family Welfare Revenue (Voted)	680.75	1.71	682.46	567.52	114.94
Grant No.17 – Panchayati Raj Revenue (Voted)	633.76	218.84	852.60	733.18	119.42
Grant No. 36 – Women and Child Development Revenue (Voted)	609.92	248.30	858.22	727.80	130.42
Appropriation-2049 Interest Payment Revenue (Charged)	3801.98	--	3801.98	3188.43	613.55
Appropriation-6003 Internal Debt of the State Government Capital (Charged)	1795.50	--	1795.50	1071.45	724.05
Total	10559.83	1165.98	11725.81	8996.95	2728.86

The areas in which major savings occurred in these grants and appropriations are given in *Appendix 2.1*. The reasons for savings were not intimated by the department.

2.3.2 Persistent savings

Savings of more than 10 *per cent* were noticed in 24 out of 42 grants/appropriations. Such savings persisted during the period 2004-2007 in 15 out of the above 42 grants/appropriations (*Appendix-2.2 and 2.3*).

2.3.3 Excess over provision requiring regularisation

2.3.3 (i) Excess over provisions relating to previous years

As per Article 205 of the Constitution of India, it is mandatory for the State Government to get the excess over a grant/appropriation regularised by the State Legislature. The excess expenditure amounting to Rs 7731.77 crore for the years 1998-99 to 2005-06 as detailed below had not been regularised. This was breach of legislative control over appropriation.

Year	No. of grants/appropriations	Grant/Appropriation Number	Amount of excess	Amount for which explanations not furnished to PAC
			(Rupees in crore)	
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
2002-2003	5	8-Orissa Legislative Assembly, 15-Sports and Youth services, 20-Water Resources, 6003-Internal Debt of State Government and 6004-Loans and Advances from Central Government	2068.93	2068.93
2004-2005	3	7-Works, 34-Co-operation and 38-Higher Education	9.94	9.94
2005-2006	2	7-Works, 31-Textile and Handloom	0.06	0.06
Total				7731.77

2.3.3 (ii) Excess over provisions relating to 2006-07

Further, the excess expenditure of Rs 362.05 crore in one Grant (Forest and Environment Department), one Appropriation (6004-Loans and Advances from Government of India) during the year also required regularisation under Article 205 of the Constitution of India (*Appendix-2.4*).

2.3.4 Supplementary provision

Supplementary provision of Rs 3654.22 crore made during the year constituted 18 *per cent* of the original provision being the same as in the previous year.

2.3.5 Unnecessary/Excessive/Inadequate Supplementary Provision

(i) Unnecessary supplementary provision

Supplementary provision of Rs 445.49 crore in 18 cases under 12 grants and two Appropriations was wholly unnecessary as the expenditure in each case was even less than the original provision, the savings being more than Rs 1.00 crore in each case (*Appendix-2.5*).

(ii) Excessive supplementary provision

Against the additional requirement of Rs 629.00 crore in 19 cases under 17 grants/Appropriations, supplementary provision of Rs 1563.08 crore was obtained resulting in savings of Rs 50 lakh or more in each case and Rs 934.08 crore in aggregate out of which in one grant (3-Revenue), the saving was Rs 570.56 crore which was 61 *per cent* of the savings of Rs 934.08 crore during the year (*Appendix-2.6*).

2.3.6 Significant cases of savings in plan expenditure

Significant savings exceeding Rs 1.00 crore in each case aggregating to Rs 222.16 crore (21 *per cent*) against the provision of Rs 1054.29 crore either due to non-implementation or slow implementation of Plan schemes were noticed in 40 cases in 13 grants. In six cases (Sl.No.1, 4, 24, 25, 27 and 40) of *Appendix-2.7*, the entire provision of Rs 68.48 crore remained unutilised.

2.3.7 Significant cases of excess expenditure

Significant excess expenditure amounting to Rs 177.50 crore exceeding Rs 1.00 crore in each case was noticed in 23 cases involving 12 Grants/Appropriations (*Appendix-2.8*).

2.3.8 (i) Delayed surrender of saving

According to rules, all anticipated savings in a grant/appropriation should be surrendered as soon as the possibility of savings is foreseen from the trend of expenditure without waiting till the end of the year when it cannot be purposefully utilised. During 2006-07, although actual savings of Rs 2007.48 crore were available, only Rs 1620.29 crore was surrendered mainly in March 2007. (*Appendix-2.9*)

(ii) Injudicious surrender

In 10 Grants, amounts surrendered were less than the savings available. The amounts not surrendered were more than Rs 1.00 crore in each case (*Appendix-2.10*).

(iii) Excessive surrender

In 10 cases, the amounts surrendered were in excess of actual savings indicating lack of proper budgetary control. Against the actual savings of Rs 1455.16 crore, amount surrendered was Rs 1492.88 crore resulting in excess surrender of Rs 37.72 crore (*Appendix-2.11*).

(iv) Surrender of entire provision

In 93 cases relating to 20 Grants, the entire provision of Rs 808.47 crore (exceeding Rs 10 lakh in each case) was reappropriated/surrendered (*Appendix-2.12*).

(v) Anticipated savings not surrendered

In 24 cases relating to 12 Grants/Appropriations the entire available provision of Rs 78.96 crore remained unutilised and was not surrendered (*Appendix-2.13*).

2.3.9 Unutilised provision

In 14 cases involving 12 Grants and 1 Appropriations, the expenditure fell short of provision by more than Rs 1.00 crore and more than 20 per cent of the provision in each case (*Appendix-2.14*). All these indicated severe lack of budgetary and expenditure control.

2.3.10 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 2006-2007, expenditure of Rs 99.30 lakh was incurred in two cases involving two Grants as detailed in *Appendix-2.15* without following the prescribed procedure for New Service/New Instrument of Service.

2.3.11 Excessive/unnecessary reappropriation of funds

Reappropriation 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 reappropriation of funds proved injudicious in view of final savings/excess over grant by over rupees one crore are detailed in *Appendix-2.16 and 2.17* respectively.

2.4 Inadequate Budgetary Control

Scrutiny of budget proposals and actual expenditure in respect of three Departments viz. (i) Industries, (ii) Scheduled Tribes, Scheduled Caste Development and Minorities and Backward Classes Development and (iii) Rural Development revealed the following:

2.4.1 Provision for vacant posts

Rule 61(b) of Orissa Budget Manual (OBM) provides that provisions should be made in the budget for men on duty (excluding vacant posts). But the provision of Rs 82.43 crore (Industries Department Rs 71.35 crore and Rural Development Department Rs 11.08 crore) was made for vacant posts and the entire amount was ultimately surrendered.

2.4.2 Belated surrenders

Orissa Budget Manual (OBM) 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 three departments surrendered Rs 289.59 crore (Industries Department Rs 9.42 crore and Scheduled Tribes, Scheduled Caste Development and Minorities and Backward Classes Development Department: Rs 65.48 crore and Rural Development Rs 214.69 crore) on the last working day of the financial year (31 March 2007).

2.4.3 Persistent savings under Grant No. 28-Rural Development Department

In Rural Development Department there were persistent savings under Capital Heads (Voted) during the last 10 years with the percentage of savings rising drastically during the year 2006-07 as shown in the table below:

Year	Provision	Expenditure	Savings	Percentage of Savings
	(R u p e e s i n l a k h)			
1997-98	9582.87	7485.10	2097.77	21.89
1998-99	8244.86	6865.73	1379.13	16.70
1999-2000	7704.24	5884.49	1819.75	23.62
2000-01	25606.29	10768.78	14837.51	57.94
2001-02	31831.65	11822.96	20008.69	62.85
2002-03	32833.96	19715.18	13118.78	39.95
2003-04	18161.98	10579.69	7582.29	41.74
2004-05	16581.48	12995.75	3585.73	21.62
2005-06	17465.48	12683.66	4781.82	27.38
2006-07	31704.87	15224.67	16480.20	51.98

2.4.4 Surrender of entire provision

Industries and Rural Development Departments have surrendered the entire provision of Rs 26.17 crore on last day of the year i.e. on 31.3.2007 depriving needy areas for utilisation, (Appendix-2.18).

2.4.5 Non-utilisation of Special Central Assistance (SCA) provided for construction of ST/SC Hostel Building

The Planning and Co-ordination Department provided Rs 15.50 crore (Rs 8.75 crore in 2005-06 and Rs 6.75 crore in 2006-07) out of the Special Central Assistance for construction of 118 numbers of ST and SC hostel buildings in the KBK districts. The funds were placed to the executing agencies (DRDA and ITDA) without stipulating the date of completion of the work. A state owned authority (OREDA) was directed by the Government to prepare and submit the plan and estimate for the purpose. However, the plan and estimates prepared by OREDA was not accepted by the Government stating that the same was incomplete and instructed (January 2007) the executing agencies to complete the work with the locally prepared plans and estimates by March 2007. Out of 118 hostel buildings planned for completion only 27 stated to have been completed in two districts (Nawrangpur and Sonepur) incurring expenditure of Rs 3.27 crore and the balance 91 remained incomplete as of July 2007. The delay in completion of the buildings was made due to non-finalisation of design, plan and estimates at Government level, on which SCA fund of Rs 12.23 crore was blocked denying the benefit intended under the scheme.

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 cannot be postponed till the vote of Legislature is 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 is sanctioned. An amount of Rs 40.43 crore remained unrecouped to the fund till the end of 2005-06 and the balance in the fund was only Rs 109.57 crore. However, during the year 2006-07 Government have sanctioned Rs 285.33 crore in 13 sanction orders in which Rs 137.66 crore was disbursed and the same remained un-recouped till the end of the year. So, Rs 28.09 crore was disbursed in excess of the balance of the fund. The amount of advance Rs 178.09 crore remained un-recouped relating to current year and earlier years is given below.

(Rupees in crore)

Period	20 years and above	Less than 20 years and more than 15 years	Less than 15 years and more than 10 years	Less than 10 years and more than 5 years	Less than 5 years and more than 3 years	Below 1 year	Total
Arrears remained unrecouped	3.10	6.32	1.05	29.94	0.02	137.66	178.09

2.6 Rush of expenditure towards the end of the financial year

Controlling Officers are responsible for ensuring effective control over expenditure and guard against rush of expenditure in the month of March as envisaged under rule 147 of OBM. Uniform flow of expenditure during the year is a primary requirement of Budgetary Control. The drawal and release

of fund at the fag end of the financial year is indicative of deficient financial management indicating a tendency to utilise the budget at the close of the year. Test check of Monthly Account revealed that during 2006-2007 under as many as 11 Major Heads of Accounts, 70 to 100 *per cent* of the total expenditure was incurred in March 2007 (*Appendix-2.19*).

2.7 Parking of funds in Civil Deposits

Balance under 8443-Civil Deposit-800-Other Deposits at the end of March 2007 was Rs 495.59 crore. The position during 2001-2002 to 2006-2007 is given in *Appendix-2.20*. During the six years period the deposit decreased by Rs 121.13 crore from Rs 616.72 crore in 2001-2002 to Rs 495.59 crore in 2006-07. Such accumulation of funds showed that Government left the funds, meant for many schemes, parked in the Civil Deposit without actual expenditure and overstating the expenditure at the same time.

2.8 Excess payment of Pension and Gratuity

Test check of records in the treasuries and other auditee organisations revealed excess payment of pension and gratuity to the tune of Rs 13.12 lakh during 2006-07 due to erroneous determination of admissibility and calculation error in respect of pensionary claims of 172 pensioners.

2.9 Defective Reappropriations

During 2006-07 financial year, 1272 reappropriation orders for Rs 4045.81 crore were issued out of which 18 orders aggregating Rs 134.79 crore were issued on 31 March 2007, the last day of the fiscal year 2006-07. Two reappropriation orders of the value of Rs 2.20 crore were not considered for incorporation in accounts in view of re-appropriation from Capital to Revenue Head.

2.10 Huge Cash Balance with DDOs

Test check of records revealed that huge cash balances of Rs 20.32 crore was lying with eight DDOs as on 31 March 2007 without disbursement. The amount was drawn to avoid budget lapse in contravention of SR 242 of OTC, Volume-I.

CHAPTER-III

PERFORMANCE AUDITS

CHAPTER-III PERFORMANCE AUDITS

SCHEDULED TRIBE AND SCHEDULED CASTE DEVELOPMENT DEPARTMENT

3.1 Integrated Tribal Development Agencies

Highlights

The Integrated Tribal Development Agencies (ITDAs) were involved in implementation of various Central Plan, Centrally Sponsored Plan and State Plan schemes in the Tribal Sub Plan areas of the State to improve the living condition of poor tribal population. Review of the performance of the ITDAs disclosed deficiencies such as non-conducting of survey on status of Scheduled Tribe (ST) families living below the poverty line (BPL), absence of long term perspective plans; diversion and misutilisation of funds; excess payment of subsidies; wasteful, unfruitful and avoidable expenditure in execution of works, undue benefit to contractors under various schemes. The systems of internal control, monitoring and evaluation mechanism were also found to be inadequate.

❖ No survey was conducted by the ITDAs for identification and preparation of priority list of unassisted ST BPL families and number of such families brought above the poverty line.

(Paragraph 3.1.6)

❖ Out of Rs 652.25 crore available with the test checked ITDAs during 2002-07 under different schemes, Rs 601.45 crore were utilised and Rs 50.80 crore remained unspent as of March 2007.

(Paragraph 3.1.7)

❖ In the test checked ITDAs, due to irregular retention of scheme funds in Personal Ledger account (PL), scheme resources suffered by way of loss of interest of Rs 9.21 crore.

(Paragraph 3.1.7)

❖ Contrary to GOI instructions, SCA funds of Rs 14.11 crore were diverted for works not incidental to income generation and Rs 7.14 crore diverted for establishment expenditure and purchase of vehicles.

(Paragraph 3.1.7.2)

❖ Under income generation activities, inadmissible subsidy of Rs 2.32 crore was extended to beneficiaries on distribution of agriculture implements, milch cows, goats etc in excess of the norms prescribed under SCA guidelines. Excess expenditure of Rs 19.34 crore was also incurred under the scheme on land based projects which eroded the resources for income generating activities.

(Paragraphs 3.1.8.1 and 3.1.8.2)

* Abbreviations used in this performance review have been expanded in Glossary of abbreviations at pages 243-248.

- ❖ In Rayagada and Koraput ITDAs expenditure of Rs 4.25 crore incurred out of Additional Central Assistance (RLTAP) on raising only shade trees (4765 hectares) without coffee plantations (phases I and II) was found unfruitful while Rs 62.33 lakh spent in coffee phase-I for raising shade trees (554 hectares) became wasteful due to low plant density.

(Paragraphs 3.1.8.5 and 3.1.8.6)

- ❖ All the 11 vocational training centres test checked were closed during 2004-05 for want of funds due to non-submission of utilisation certificates to GOI. Follow up for employment/ self-employment of 4679 tribal youths given training under SCA (IGS) at a cost of Rs 2.93 crore was not taken. Primary School Hostels lacked minimum amenities.

(Paragraphs 3.1.10.1, 3.1.10.2 and 3.1.10.3)

- ❖ Ekalavya Model Residential schools set up with a view to provide quality education along with better infrastructure ended up with schools having low paid teachers and weak infrastructure despite availability of funds.

(Paragraph 3.1.10.4)

- ❖ As the Accounts of the ITDAs were not prepared and audited since inception, Annual General Meetings (AGMs) were never held. Internal Audit was also not effective. While the District Level Monitoring Committees constituted in September 2006 did not meet, there were also shortfalls in holding Project Level Committee meetings by the ITDAs.

(Paragraph 3.1.11)

3.1.1 Introduction

Orissa has the third largest population of Scheduled Tribes (ST) in the country. The total tribal population was 8.15 million (22.13 *per cent* of the State population) as per Census 2001. Of these, 7.70 million ST population (95 *per cent*) lived in rural areas. The incidence of poverty among ST people living in rural areas of the State was 73 *per cent* as of 1999-2000¹. Under Fifth Schedule to the Constitution of India, an area covering 69403.11 square kilometers of the State comprising of 118 community development blocks (six districts fully and seven districts partially)² was declared (1977) as "Scheduled Areas" for taking up comprehensive development of the ST population. Accordingly, 21 ITDAs were set up in the State as registered (February 1979) societies under the Societies Registration Act, 1860 to implement various schemes approved in the Annual Action Plans (AAPs) for integrated socio-economic development of the tribal population based on comprehensive long term action plans.

3.1.2 Organisational set up

All the ITDAs were functioning under the administrative control of the Scheduled Tribe and Scheduled Caste Development Department (SSD)

¹ Source: Human Development Report 2004 of Government of Orissa.

² **Fully covered:** Koraput, Mayurbhanj, Sundargarh, Rayagada, Malkangiri and Nabarangpur;
Partially covered: Balasore, Gajapati, Kandhamal, Sambalpur, Keonjhar, Kalahandi and Ganjam.

Department) with a Commissioner-cum-Secretary heading the department and assisted by a Director-cum-Additional Secretary (ST and SC). Each ITDA was run by a Project Administrator (PA) reporting to a Project Level Committee (Governing Body). The District Collector functioned as the Chairperson of the Governing Body. Each PA was assisted by a Special Officer (SO), one Assistant Engineer (AE), Junior Engineers (JE) and other support staff for carrying out different activities of ITDA. ITDAs also released funds to other line departments of the Government who implemented various programmes for development of ST population.

3.1.3 Audit objectives

The objectives of the performance audit were to assess whether

- planning for implementation of various programmes was need based and area specific;
- funds from different sources were received and utilised timely in accordance with scheme objectives and action plans;
- income and employment generation for people under various schemes were commensurate with the used resources;
- the programmes / works were implemented efficiently, economically and effectively with due regard to quality / technical specifications and in accordance with the scheme objectives;
- economic and social infrastructure were created and maintained in pursuit of scheme objectives;
- Internal Control Mechanism, monitoring and evaluation of the programmes were effective.

3.1.4 Audit criteria

The Audit criteria for assessing the performance of the schemes implemented by the ITDAs were:

- Memorandum of Associations (MOA)/Bye-laws of ITDAs, scheme guidelines, proceeding of Project Level Committee (PLC) meetings for preparation of strategic and Annual Action Plans (AAP);
- Financial and physical targets set for the respective schemes and norms of allocation of funds set out in the respective scheme guidelines;
- Provisions relating to employment and income generation as well as vocational training programmes laid down in the respective scheme guidelines and Annual Action Plans;
- Time frame for completion of works, standards/ specifications prescribed for execution of works.
- Monitoring and Internal Control Mechanism instituted by the Government.

3.1.5 Scope and methodology of Audit

The performance Audit of the Integrated Tribal Development Agencies was conducted during March – June 2007 through sample check of records of the

SSD Department at the State level, 11 selected ITDAs³ (50 per cent selected on the basis of stratified random sampling without replacement method), 144 Primary School Hostels (PSH), 11 Vocational Training Centres (VTC), five⁴ Ekalavya Model Residential Schools (EMRS) managed by these ITDAs and 12 selected offices⁵ (executing agencies) of line departments pertaining to the period 2002-03 to 2006-07. In addition, information was also collected from three other ITDAs⁶ based on previous audit findings on these ITDAs and included in the performance audit. The audit objectives, criteria and methodologies were discussed with the Commissioner-cum-Secretary to the Government, SSD Department in an entry level conference held on 4 April 2007. Joint physical inspection of assets created under various schemes and facilities available in Primary School Hostels were conducted and interview of the beneficiaries were taken in the presence of authorised representatives from the concerned offices. Photographs were also taken as evidence depicting the ground realities. The findings of audit were also discussed with the Commissioner-cum-Secretary of the Department in the exit conference held on 30 July 2007. The outcome of the discussion has been suitably incorporated in this review.

Audit findings

3.1.6 Planning

The long term perspective plans were not prepared in any of the test checked ITDAs and the thrust areas were not identified though required under the schemes⁷. No survey was conducted to identify infrastructure gap in critical areas such as health, drinking water, electrification, rural marketing and tribal land development for consideration in the AAPs as required under the guidelines for governing grants under Article 275 (1) of the Constitution of India (grants). In 11 ITDAs⁸, there were delays in preparation and approval of AAPs up to 247 days from the commencement of the financial year. No survey was conducted by the ITDAs for identification and preparation of priority list of unassisted ST BPL families and number of such families brought above the poverty line. In absence of such basic information, the entire planning process lacked focus. Further, absence of any such data was fraught with risk of ineligible beneficiaries getting the benefits under the scheme.

3.1.7 Receipt and utilisation of funds

The ITDAs received funds from Government under various schemes viz. Special Central Assistance (SCA) to Tribal Sub Plan (TSP), grants under Article 275 (1) of the Constitution of India, Centrally Sponsored and State

³ Balliguda, Baripada, Gunupur, Keonjhar, Koraput, Malkangiri, Nabarangpur, Rairangpur, Rayagada, Sundargarh and Jeypore.

⁴ Bhabanipur (Sundargarh ITDA), Ranke (Keonjhar ITDA), Pungar (Koraput ITDA), Hirli (Nabarangpur ITDA) and Siriguda (Gunupur ITDA).

⁵ Executive Engineers (R&B): Sundargarh and Rairangpur, Assistant Soil Conservation Officers: Koraput, Gunupur and Rairangpur, District Managers, Orissa Agro Industries Corporation: Baripada, Sundargarh and Keonjhar, Chief District Veterinary Officer: Koraput, Deputy Director (Coffee Development): Koraput and Assistant Soil Conservation Officer (Coffee Development): Koraput and Rayagada.

⁶ Karanjia, Panposh and Thuamal Rampur (Bhawanipatna).

⁷ Special Central Assistance to Tribal Sub-Plan (SCA to TSP) and Grant under Article 275(1) of the Constitution of India.

⁸ Balliguda, Gunupur, Karanjia, Keonjhar, Koraput, Malkangiri, Nabarangpur, Rairangpur, Rayagada, Sundargarh and Th. Rampur.

Plan schemes for implementation of income generation activities and infrastructure development programmes. Besides, the ITDAs, as executing agencies, also received funds from other sources like the District Rural Development Agencies (DRDAs) for execution of works under different schemes such as Sampurna Grameen Rozgar Yojana (SGRY), Food for Work Programme (FFW), National Food for Work Programme (NFFWP), Rastriya Sama Vikash Yojana (RSVY) etc.

As reported by the State Government, Rs 509.14 crore⁹ were released to all the 21 ITDAs during 2002-07 under SCA and grants. Funds available with these ITDAs during the period aggregated to Rs 590.17 crore including opening balance of Rs 81.03 crore as on 1 April 2002. Of this, the 21 ITDAs spent Rs 508.32 crore during 2002-07 leaving a balance of Rs 81.85 crore unspent as on 31 March 2007.

Major activity-wise receipt and utilisation of funds including funds received from other line departments in the 11 test checked ITDAs during 2002-07 were as below.

(Rupees in crore)														
Activities	Opening Balance	2002-03		2003-04		2004-05		2005-06		2006-07		Total		Closing Balance
		Receipt	Expr	Receipt	Expr	Receipt	Expr	Receipt	Expr	Receipt	Expr	Receipt	Expr	
Income Generation	8.44	16.57	14.83	15.54	17.88	19.57	15.88	24.34	22.00	28.64	31.66	104.66	102.25	10.85
Infrastructure Development	46.05	42.86	34.45	35.67	42.81	31.12	44.38	64.68	52.80	55.55	75.42	229.88	249.86	26.07
Education development and Others	37.58	44.05	41.39	37.86	46.21	38.20	47.49	52.35	49.26	53.18	64.99	225.64	249.34	13.88
Total	92.07	103.48	90.67	89.07	106.90	88.89	107.75	141.37	124.06	137.37	172.07	560.18	601.45	50.80

Delayed release of funds resulted huge unspent balances in each year.

During 2002-07, the 11 ITDAs received Rs 560.18 crore which included Rs 246.93 crore released under SCA to TSP and grants during 2002-07. Of this, Rs 119.74 crore (48 per cent) were released during the last quarter of the financial years to the 11 ITDAs and Rs 63.54 crore (26 per cent) in the last month of the respective years. Belated release of funds by the Government besides affecting timely execution of the projects/ schemes resulted in carry over of huge unspent balances to the succeeding years. Further, the AAPs had become a routine document, as the annual release of funds by the Government during 2002-07 to the 11 test checked ITDAs ranged from 43.29 per cent less to 56.47 per cent excess of the AAP provisions.

Scheme funds were retained in non-interest bearing accounts leading to loss of Rs 9.21 crore towards interest

Despite instructions of GOI to keep the centrally sponsored and central plan scheme funds in separate Savings bank accounts and also instructions of the State Government (September 2006) to treat the interest earned as a part of the scheme funds, 12 ITDAs¹⁰ kept scheme funds ranging from Rs 16.18 lakh to Rs 24.30 crore in Personal Ledger (PL) and other non-interest bearing accounts during 2002-07. As a result, scheme resources suffered by way of loss of interest¹¹ of Rs 9.21 crore.

⁹ This did not include funds received from other departments/DRDAs as an executing agency.

¹⁰ Baripada, Balliguda, Gunupur, Keonjhar, Koraput, Malkangiri, Nabarangpur, Rairangpur, Rayagada, Sundargarh, Thumamul Rampur and Jeypore.

¹¹ At the SBI savings bank interest rate of 4 per cent up to 1 April 2003 and 3.5 per cent thereafter.

Utilisation
certificates for
Rs 11.88 crore were
pending for one year
or more

As per the provisions in the Fiscal Responsibility and Budget Management (FRBM) Act 2005, the agencies implementing the schemes should utilise the grants sanctioned under the schemes and submit the utilisation certificates (UCs) within 12 months from the date of release. It was however seen that out of Rs 445.42 crore received by 12 ITDAs¹² during 2002-07, utilisation certificates for Rs 11.88 crore against the funds received up to 31 March 2006 had not been submitted by five ITDAs¹³ to the Government as of March 2007.

Besides, the following other irregularities were noticed in funds management.

3.1.7.1 Outstanding advances

Advances of Rs 24.26
crore were
outstanding against
executing agencies
and staff for two to
17 years

Advances of Rs 24.26 crore paid to different executing agencies and officials for execution of works remained outstanding in 13 ITDAs¹⁴ as of 31 March 2007. The advances related to the period July 1985 to 2005. This included Rs 38.17 lakh which was outstanding in five ITDAs¹⁵ for periods ranging from six to 12 years against 11 transferred employees as of June 2007. Non-adjustment of advances over a long period was fraught with the risk of fraud and misappropriation of public funds.

3.1.7.2 Diversion of scheme funds and misutilisation of interest

SCA funds of
Rs 14.11 crore were
diverted for works
not incidental to
income generation

SCA funds up to a maximum of 30 *per cent* were to be spent on creation of infrastructure incidental to income generation. However, during 2002-07, 12 ITDAs¹⁶ diverted Rs 14.11 crore for special repair of primary school hostel buildings and other educational institutions run by SSD Department (Rs 7.72 crore), drinking water supply projects (Rs 1.04 crore), electrification of tribal bastis (Rs 2.52 crore) and repair of water harvesting structures / diversion weirs/ tanks etc (Rs 2.83 crore) as these were not incidental to income generation.

SCA to TSP of
Rs 7.14 crore was
diverted for
expenditure on
prohibited items

Contrary to the instructions (August 2003) of the State Government not to include one *per cent* of the cost of works executed out of grants in the estimates as works contingency, six ITDAs¹⁷ included Rs 10.93 lakh in the estimates of 216 works test checked out of 863 works executed and utilised the same on administrative contingencies after recovery from the works bills during 2002-07. This indicated non-adherence to the instructions of the Government. Besides, an amount of Rs 7.14 crore under SCA to TSP was diverted by the Government during 2003-05 for utilisation on prohibited items like purchase of vehicles for ITDAs (Rs 11.19 lakh) and establishment expenditure of ITDAs etc¹⁸ (Rs 7.03 crore) contrary to GOI guidelines (May

¹² Baripada, Balliguda, Keonjhar, Koraput, Malkangiri, Nabarangpur, Rairangpur, Rayagada, Sundargarh, Thuamul Rampur, Jeypore and Karanjia.

¹³ Jeypore: Rs 1.17 crore, Rayagada: Rs 0.55 crore, Koraput: Rs 4.10 crore, Keonjhar: Rs 1.71 crore and Karanjia: Rs 4.35 crore.

¹⁴ Baripada, Balliguda, Gunupur, Keonjhar, Koraput, Malkangiri, Nabarangpur, Rairangpur, Rayagada, Thuamul Rampur, Jeypore, Panposh and Karanjia.

¹⁵ Panposh: 2 (Rs 18.95 lakh), Rairangpur: 1 (Rs 0.50 lakh), Nabarangpur: 2 (Rs 14.50 lakh), Rayagada: 5 (Rs 4.05 lakh), Keonjhar: 1 (Rs 0.17 lakh).

¹⁶ Baripada, Balliguda, Gunupur, Rayagada, Keonjhar, Koraput, Karanjia, Sundargarh, Nabarangpur, Rairangpur, Jeypore, Th. Rampur,

¹⁷ Baripada: Rs 1.48 lakh (37 works), Gunupur: Rs 2.27 lakh (27 works), Malkangiri: Rs 1.45 lakh (38 works), Balliguda: Rs 2.45 lakh (87 works), Nabarangpur: Rs 1.11 lakh (7 works) and Rayagada: Rs 2.17 lakh (20 works).

¹⁸ Salary of ITDA staff including wages of bee-keeping fields men of KVIC: Rs 7.03 crore (2003-05).

Interest money of Rs 1.19 crore was spent for other purposes

2003). Two ITDAs spent Rs 19.87 lakh¹⁹ on contingent expenditure out of Rs 20.26 lakh recovered as sale proceeds of empty gunny/ cement bags during the period 2002-07 instead of utilising the same under the respective schemes.

In four ITDAs²⁰, interest money of Rs 18.21 lakh credited by different banks during the period 2002-07 to the savings bank accounts were not accounted for in the cash books for a period ranging from three to 18 months as of March 2007. Further, interest money amounting to Rs 1.19 crore was spent by 12 ITDAs²¹ on inadmissible activities such as repair/ improvement of ITDA offices/ staff quarters (Rs 67.94 lakh), Adivasi Exhibition (Rs 28.60 lakh) and other contingent expenditures (Rs 22.42 lakh) not permissible under GOI Guidelines. Similarly, interest of Rs 38.29 lakh earned on deposit of funds received from DRDAs under the schemes such as SGRY, NFFWP etc and sale proceeds of empty cement/gunny bags amounting to Rs 2.73 lakh recovered under these schemes were lying with four ITDAs²² as of June 2007 without refunding to the concerned DRDAs although the projects under those schemes had already been completed.

3.1.7.3 Low expenditure under women component

Women component of Rs 31.71 crore under grants and Rs 28.69 crore under SCA were diverted for other purposes

The scheme guidelines of grants envisaged utilisation of at least 30 per cent of the grants for exclusive benefit of women beneficiaries. Out of Rs 120.44 crore spent by 13 ITDAs (excepting Panposh) during 2002-07, the expenditure on women component was only Rs 4.42 crore (3.67 per cent). This led to diversion of women component of Rs 31.71 crore for other purposes. Similarly, under SCA to TSP, nine ITDAs²³ utilised only Rs 4.93 crore towards 'women component' during 2002-07 against the required provision of Rs 33.62 crore and Rs 28.69 crore²⁴ were diverted for other purposes.

Programme implementation

For all round development and welfare of scheduled tribe (ST) population living in TSP areas, ITDAs were implementing various schemes for increasing the income generation activities of ST population living below the poverty line, creation of social and economic infrastructure to bridge the critical gaps and educational development programmes for ST children through Primary School Hostels, Ekalavya Model Residential Schools and payment of pre-matric scholarship etc.

3.1.8 Income generation activities

Funds under SCA were received as an additive to TSP for supporting income-generating activities for ST BPL people and creation of infrastructure

¹⁹ ITDAs (i) Baripada (Rs 11.80 lakh) and (ii) Th. Rampur (Rs 8.07 lakh).

²⁰ ITDAs, Balliguda: Rs 4.61 lakh, Keonjhar: Rs 4.53 lakh, Koraput: Rs 7.12 lakh and Sundargarh: Rs 1.95 lakh.

²¹ ITDAs, Baripada: Rs 20.03 lakh, Balliguda: Rs 8.34 lakh, Keonjhar: Rs 14.62 lakh, Koraput: Rs 12.36 lakh, Malkangiri: Rs 15.52 lakh, Nabarangpur: Rs 3.78 lakh, Rairangpur: Rs 4.72 lakh, Rayagada: Rs 14.23 lakh, Sundargarh: Rs 9.16 lakh, Th. Rampur: Rs 4.24 lakh, Jeypore: Rs 4.67 lakh and Karanjia: Rs 7.29 lakh.

²² ITDAs, Keonjhar: Rs 19.07 lakh, Koraput: Rs 3.89 lakh, Rairangpur: Rs 5.69 lakh and Karanjia: Rs 12.37 lakh.

²³ Gunupur, Malkangiri, Thuamul Rampur, Balliguda, Keonjhar, Koraput, Nabarangpur, Sundargarh and Karanjia.

²⁴ Gunupur (Rs 2.53 crore), Malkangiri (Rs 2.90 crore), Th Rampur (Rs 1.09 crore), Balliguda (Rs 2.84 crore), Keonjhar (Rs 4.43 crore), Koraput (Rs 3.18 crore), Nabarangpur (Rs 4.06 crore), Sundargarh (Rs 5.12 crore) and Karanjia (Rs 2.54 crore).

incidental to income generation in accordance with the guidelines. The State Government had clarified (May 2003 and December 2006) that the expenditure incurred in contravention of the SCA guidelines were to be treated as misutilisation of SCA funds even if the same had been approved by the PLCs in their resolution. A review of the implementation of IGS and other wage employment programmes by the ITDAs revealed excess expenditure on subsidy, wasteful/ unfruitful/ avoidable expenditure etc as discussed in the succeeding paragraphs.

3.1.8.1 Inadmissible expenditure and misutilisation of funds under SCA

Contrary to the provisions of the SCA guidelines for payment of subsidy at the rate of 50 per cent of the unit cost or Rs 10000 per ST BPL household whichever was less, agricultural implements/ farm equipment, milch cows, goats etc worth Rs 5.01 crore were distributed by 11 ITDAs²⁵ during 2002-07 to 4867 individual beneficiaries, 58 Pani Panchayats and 183 SHGs under SCA (IGS). This included distribution at free of cost (Rs 3.03 crore) and with subsidy at the rate of 90 and 95 per cent (Rs 1.98 crore) resulting in misutilisation of Rs 2.32 crore as detailed in the *Appendix-3.1*. Of the above expenditure of Rs 5.01 crore, Rs 1.15 crore were spent during 2003-06 by the ITDAs, Koraput and Jeypore on free distribution of milch cows and goats to 2570 beneficiaries through the Chief District Veterinary Officer, Koraput. Investigation (February 2005) by the State Vigilance wing in one village under ITDA, Koraput based on press reports about irregularities in supply of cows in the district showed that 14 cows worth Rs 1.40 lakh were old and dry which the beneficiaries accepted as these were supplied free of cost. Similarly, in ITDA, Jeypore, the district administration detected that goats already in possession of the beneficiaries were shown as distributed to them. Though utilisation of the entire amount of Rs 1.15 crore was fraught with the risk of misutilisation, no further action was taken by the department for investigation in other cases.

Subsidy of Rs 2.32 crore was paid in excess of the cost norms under SCA (IGS)

Inadmissible expenditure of Rs 53.50 lakh was incurred on free distribution of seed and fertiliser minikits

Further, two ITDAs spent Rs 35.71 lakh under SCA (IGS) during 2002-03 on free distribution of seed / fertiliser minikits to 676 ST beneficiaries against Rs 3.38 lakh admissible towards subsidy as per the cost norm of Rs 500 per beneficiary family fixed by the Government (January 1992). This resulted in extra expenditure of Rs 32.33 lakh²⁶. Besides, the ITDA, Sundargarh irregularly spent Rs 21.17 lakh on free distribution of seeds and fertilisers to 1788 ST beneficiaries during 2003-04 for demonstration purpose contrary to the GOI's guidelines (May 2003).

3.1.8.2 Excess expenditure towards subsidy on land based projects

For land based projects including development of beneficiaries' land, 50 per cent of the cost was to be met from SCA (IGS) and remaining 50 per cent was to be borne by the beneficiaries through arrangement of bank loan to ensure people's participation. However the State Government, in January 1993, clarified that projects under the scheme could be undertaken without insisting

Excess expenditure of Rs 19.34 crore due to non-realisation of 50 per cent of project cost from the beneficiaries

²⁵ Gunupur, Jeypore, Karanjia, Keonjhar, Koraput, Malkangiri, Nabarangpur, Rairangpur, Rayagada, Sundargarh and Th. Rampur.

²⁶ Sundargarh: Rs 28.60 lakh (572 numbers during 2002-03) and Gunupur: Rs 3.73 lakh (104 numbers during 2002-03).

upon bank loan if more than 20 beneficiaries in a group agreed to contribute 50 per cent of the cost of the project by way of labour. 1068 land based projects²⁷ including land development²⁸ in private land of beneficiaries were executed during 2002-07 under SCA (IGS) by 12 ITDAs²⁹ at a cost of Rs 38.68 crore without any beneficiary contribution. This resulted in an excess expenditure of Rs 19.34 crore. Further, except ITDA, Keonjhar, no individual/family oriented income generation activities were implemented through bank loan linkage by these ITDAs during 2004-07.

3.1.8.3 Irregular management of subsidy under IGS on bank loan linkage

Subsidy of Rs 6.57 crore under SCA (IGS) was irregularly adjusted within seven days to one year of release of loan by banks

According to the instructions of the GOI and State Government, subsidies under SCA (IGS) were to be managed as per the Swarnajayanti Gram Swarozgar Yojana (SGSY) guidelines. As per the above guidelines, subsidies paid against bank loan linkage were to be treated as back ended i.e. the subsidy was to be adjusted / utilised towards repayment of last installments of loan. All loans were to be treated as medium term loans with a minimum repayment period of five years and no subsidy was to be allowed for repayment of loans before the lock-in period of three years. In nine ITDAs³⁰, subsidy of Rs 6.57 crore allowed to 7324 ST beneficiaries through bank loan linkage were treated as front ended and was released to the beneficiaries along with loan component and adjusted by the banks within seven days to one year of release of loans by the banks. Thus, the objective of the scheme for improving the economic activities of the beneficiaries by way of assured income out of loan linked subsidy remained unfulfilled.

Further, test check of loan ledgers of 86 beneficiaries relating to seven ITDAs³¹ maintained in eight banks showed that in four cases (4.65 per cent), the loans had been fully repaid within the lock-in period and in 41 cases³² the tenures of loan were less than five years for which no subsidy was admissible. In remaining 41 cases, all the beneficiaries defaulted in re-paying the loans. In all cases, subsidy was released by the banks along with loan component and in one case (ITDA, Sundargarh), subsidy of Rs 10000 was released without disbursement of any loan.

Irregular payment of subsidy of Rs 8.97 lakh against loans taken for seasonal crops

Though the State Government clarified (10 May 1993) that no subsidy was to be allowed for annual cropping, seasonal crops and short duration schemes, yet subsidy for Rs 8.97 lakh³³ was paid by three ITDAs to 155 ST beneficiaries and four SHGs during the year 2002-04 for short duration crops like seasonal vegetable cultivation.

²⁷ Diversion weirs, water harvesting structures (WHS), Field channels and other irrigation works etc.

²⁸ ITDA, Rairangpur through ASCO, Rairangpur

²⁹ Baripada, Balliguda, Gunupur, Jeypore, Karanjia, Keonjhar, Koraput, Malkangiri, Nabarangpur, Rairangpur, Rayagada and Sundargarh.

³⁰ Balliguda (Rs 0.65 crore), Gunupur (Rs 0.15 crore), Koraput (Rs 0.89 crore), Malkangiri (Rs 0.96 crore), Nabarangpur (Rs 1.22 crore) Sundargarh (Rs 1.24 crore), Keonjhar (Rs 0.82 crore), Rairangpur (Rs 0.41 crore) and Karanjia (Rs 0.23 crore).

³¹ Gunupur, Keonjhar, Koraput, Malkangiri, Rairangpur, Sundargarh, Nabarangpur.

³² Raigangpur: 10 and Sundargarh: 31.

³³ Sundargarh: Rs 4.76 lakh (68), Balliguda: Rs 1.39 lakh (42) and Nabarangpur: Rs 2.82 lakh (45 beneficiaries and 4 SHGs).

**Non-submission of
UC / non-refund of
unutilised subsidy by
banks**

Advance subsidy of Rs 37.77 lakh released by three ITDAs³⁴ to 27 banks during the October 1989 to March 2004 were neither utilised nor refunded to the concerned ITDAs as of March 2007. In ITDA, Keonjhar, though the balance in subsidy pass books opened with various banks as on 31 March 2007 disclosed balance of Rs 5.09 lakh, yet in the advance ledger and cash book of the ITDA, the same was shown as Rs 67.69 lakh and the discrepancy of Rs 62.60 lakh had not been reconciled.

3.1.8.4 Plantation programmes under SCA

Horticulture plantations such as cashew, banana, mulberry, rubber etc under SCA (IGS) in the land of ST BPL beneficiaries were to be carried out with subsidy of 50 per cent of the project cost or Rs 10000 per beneficiary whichever was less. The remaining cost was to be borne by the beneficiary through bank loan linkage or labour contribution. However, Government decided (June 2004) to provide the entire input cost at prescribed norms by the Government for each such plantation and the labour charges were to be borne by the beneficiary. Test check of the records relating to plantations under SCA (IGS) however showed excess/ inadmissible/ wasteful expenditure of Rs 1.18 crore on plantation programmes as given in the table below:

(Rupees in lakh)

Sl. No	Observation in brief	Amount involved
(i)	<i>Expenditure on subsidy in excess of permissible limit</i>	
	Three ITDAs utilised Rs 43.79 lakh on 104.37 hectares of rubber plantation for 256 beneficiaries against the maximum permissible subsidy of Rs 25.60 lakh resulting in excess expenditure of Rs 18.19 lakh ³⁵ .	18.19
	As against subsidy of Rs 43.50 lakh admissible under SCA (IGS) at the rate of 50 per cent of the project cost, the ITDA, Koraput spent Rs 69.55 lakh towards subsidy (80 per cent) on 1000 acres of grafted cashew plantation during 2003-04 through the Assistant Soil Conservation Officer (ASCO). This resulted in excess expenditure of Rs 26.05 lakh. Joint physical verification of 150 (Badaanaikguda) acres of plantation raised at a cost of Rs 10.44 lakh disclosed survival only up to 30 per cent. Ten out of 150 beneficiaries interviewed by audit confirmed nil / low survival and stated that they could not provide proper watch and ward as the plantations were raised on hill slope and hill top far away from their habitations.	26.05
(ii)	<i>Inadmissible expenditure beyond the prescribed cost norm</i>	
	The ITDA, Koraput spent Rs 50.97 lakh on 960 acres of grafted cashew plantation during 2004-05 through the ASCOs, Koraput (725 acres) and Machkund (235 acres) erroneously taking the cost norm of Rs 8101 per acre for banana plantation instead of Rs 19.14 lakh ³⁶ at the rate of Rs 3598 per acre ³⁷ for grafted cashew. This resulted in inadmissible expenditure of Rs 31.83 lakh. The ITDA asked (September 2006) the concerned executing agencies to refund this amount. The SCO, Koraput expressed his inability as the amount had already been spent as per the estimate administratively approved (August 2004) by the ITDA.	31.83

³⁴ Sundargarh (Rs 6.08 lakh), Keonjhar (Rs 17.91 lakh) and Malkangiri (Rs 13.78 lakh).

³⁵ (i) Baripada: Rs 9.69 lakh, (ii) Rairangpur: Rs 5.40 lakh and (iii) Karanjia: Rs 3.10 lakh.

³⁶ At the rate of Rs 1994 per acre (Rs 3598 minus Rs 1604 towards cost of 80 grafts supplied by the ITDA/ Government) for 960 acres.

³⁷ Cost norm for grafted cashew plantation prescribed by Government: Rs 3598 per acre (Cost of 80 grafts: Rs 1604, Fertilisers and pesticides: 1st year- Rs 453, 2nd year- Rs 341 and input cost for fencing: Rs 1200).

Sl. No	Observation in brief	Amount involved
(iii)	<i>Wasteful expenditure on failed plantation</i>	
	Based on audit observations (April 2006) on irregular implementation of cashew plantation programme by the ITDA, Koraput, a joint committee ³⁸ inspected (November 2006) some of the plantations and noticed only nil to 10 per cent survival of grafted cashew plantations raised at a cost of Rs 26.14 lakh through a Junior Soil Conservation Officer (JSCO) attached to the ITDA. Thus, the entire expenditure of Rs 26.14 lakh incurred on cashew plantation turned out wasteful.	26.14
(iv)	<i>Wasteful expenditure due to abandonment of tea plantation</i>	
	The State Government released (March 2002) Rs 40 lakh in favour of ITDA, Keonjhar for tea plantation programme through the Tribal Co-operative Marketing Development Federation of India Limited (TRIFED). The ITDA released (May 2002) Rs 20 lakh to the Industrial Promotion and Investment Corporation Limited (IPICOL) for procurement of tea seedlings and Rs 10 lakh to TRIFED for implementation of the programme. However, as no premium free land was allotted by the Government in favour of TRIFED, it undertook plantation programme in two acres of land of tribal beneficiaries taken on lease, as a pilot project incurring expenditure of Rs 6.10 lakh. Ultimately, the TRIFED abandoned (November 2005) the pilot project on the ground of non-allotment of the identified land (54 hectare) on premium free basis and refunded (November 2005) the balance amount of Rs 3.90 lakh to the ITDA. Out of Rs 20 lakh received (May 2002), the IPICOL spent Rs 9.99 lakh for procurement of 3.30 lakh tea seedlings and refunded (June 2002) Rs 10.01 lakh to the ITDA. However, the said seedlings were not utilised in the plantation. Thus, the plantation activity undertaken by the ITDA without arranging the required land led to wasteful expenditure of Rs 16.09 lakh besides blockage of funds of Rs 23.91 lakh.	16.09
	Total	118.30

Besides, the following other irregularities were also noticed under SCA (IGS).

- In ITDA, Koraput, 83 acres³⁹ of grafted cashew plantation raised at a cost of Rs 6.10 lakh were distributed to two to four members of the same ST BPL household though not permissible. Similarly, two non-tribal and four non-BPL beneficiaries were irregularly covered at Beheraguda and Lunguri plantations. Besides, 10 beneficiaries of Sorispadar village already provided with coffee plantation at the rate of two acres each were again provided (July 2006) with one acre of grafted cashew plantation each instead of covering other unassisted ST BPL households.
- In respect of 80 acres of mango plantation and 1541 acres of grafted cashew plantation raised by ITDA, Gunupur during 2005-06 at a cost of Rs 50.60 lakh, neither the required doses of inputs (fertiliser and pesticides) were supplied during the second year of plantation (2006-07) nor the survival position was verified. Non-supply of inputs during second year despite availability of funds indicated poor commitment by field staff engaged in plantation programme.

³⁸ Consisting of the PA, ITDA, Koraput, Project Director, DRDA, Koraput and Soil Conservation Officer, Koraput.

³⁹ Dekapadu, Kakirguda and Lunguri-Kadamguda of Semiliguda block and Badanaikguda of Koraput block.

3.1.8.5 Small growers Coffee plantation programme (Tribal Coffee project)

With the objective of improving the socio-economic condition of ST BPL households through gainful employment⁴⁰ in coffee cultivation, the Agriculture Department decided to take up coffee plantations in non-forest Government land as well as private land over 1000 hectares each in Koraput and Rayagada districts under phase-I out of Additional Central Assistance (ACA) received under the Revised Long Term Action Plan (RLTAP) in the KBK districts for distribution to 2500 beneficiaries. The project outlay of Rs 12 crore approved by the Planning Commission consisted of beneficiary contribution of Rs 1.20 crore in shape of labour or cash, Rs 1.50 crore as Coffee Board subsidy for 1000 hectares at the rate of Rs 15000 per hectare and balance Rs 9.30 crore from the ACA (RLTAP). During 2002-06, the Agriculture Department released Rs 4.95 crore out of ACA (RLTAP) in favour of the ITDAs, Koraput and Rayagada for taking up coffee plantation under existing shade trees (438 hectares) and raising shade plantation and coffee nursery in 1800 hectares (Koraput: 950 hectares and Rayagada: 850 hectares) under phase-I. The two ITDAs raised shade plantations in 1800 hectares through the Divisional Forest Officer (Afforestation), Koraput and Rayagada (DFO) and Deputy Director, Social Forestry Project, Rayagada. However, coffee plantation was undertaken in only 919.10 hectares⁴¹ through the Assistant Soil Conservation Officers (ASCOs), Koraput and Rayagada and distributed to 1318 beneficiaries. The total expenditure incurred was Rs 3.96 crore⁴² as of March 2007. Review of implementation of the programme under Phase-I disclosed the following deficiencies.

Unfruitful expenditure of Rs 1.28 crore on shade plantation rendered due to low plant density/insufficient growth and not taking up coffee plantation

- Out of 950 hectares shade plantation handed over by the DFO, Koraput to the ASCO (Coffee Development), Koraput, 554 hectares was unsuitable for coffee plantation due to rocky patch, insufficient growth and low plant density. Joint physical verification of 16 hectares of shade plantation (Lankaput) conducted (May 2007) by audit with the ASCO also confirmed low survival (20-30 per cent). Thus, expenditure of Rs 62.33 lakh incurred on 554 hectares of shade plantation rendered wasteful. Further, in Rayagada district, coffee plantation was not undertaken in 765 out of the 850 hectares of shade plantation raised at a cost of Rs 65.57 lakh rendering the expenditure unfruitful.

Avoidable extra expenditure of Rs 61.67 lakh due to non-adjustment of Coffee Board subsidy as a part of the project cost

- The project proposal approved (2002-03) by the Planning Commission provided for adjustment of Coffee Board Subsidy at the rate of Rs 15000 per hectare for 1000 hectares of plantation. However, the entire expenditure on coffee plantation was met out of ACA (RLTAP) without adjusting the Coffee Board subsidy of Rs 61.67 lakh which was disbursed directly to the beneficiaries in the presence of ITDA/ASCO staff as of March 2007. The PA, ITDA, Koraput stated that this was due to delay in issue of guidelines by the Agriculture Department (February 2005) and

⁴⁰ Employment for about six months in a year with net income of Rs 17533 per annum per beneficiary on sustainable basis for nine years from 6th to 15th year.

⁴¹ (i) Plantation in 438.10 hectares under existing Shade trees : (ITDA, Koraput: 288.10 ha and ITDA, Rayagada: 150 ha) and (ii) Plantation of 481 hectares in newly raised shade trees (ITDA, Koraput: 396 ha and ITDA, Rayagada: 85 hectares out of 1800 ha newly raised shade trees).

⁴² (i) Expenditure on shade plantation of 1800 hectares: Rs 174.84 lakh and (ii) expenditure on 919.10 hectares of coffee plantation: Rs 221.60 lakh.

Non-realisation of
beneficiary
contribution of
Rs 22.16 lakh

that further fund was released to the executing agency from April 2006 deducting the Coffee Board subsidy. The reply was not tenable as despite such release, entire plantation cost was met by the executing agencies out of funds available with them.

- Beneficiary contribution of Rs 22.16 lakh (10 *per cent* of Rs 2.22 crore spent on 919.10 hectares of coffee plantation) from 1318 beneficiaries, to whom the plantations were distributed, had not been recovered as of June 2007. The PA, ITDAs stated that the recovery was not made, due to absence of such a provision in the above guidelines (February 2005). The reply was not acceptable as the project proposal submitted by the ITDA, Koraput through the Agriculture Department and approved by the Planning Commission contained such a provision.

3.1.8.6 Unfruitful expenditure under Coffee plantation phase-II

Rs 3.59 crore
spent on shade
plantation under
Coffee phase-II
became unfruitful
as no coffee
plantation was
made

Before successful implementation of the Phase-I programme, Government expanded the programme to another 4000 ha (2000 ha each in Koraput and Rayagada districts) at a total outlay of Rs 26.40 crore to be met from RLTA funds (Rs 23.76 crore / 90 *per cent*) and beneficiaries contribution of 10 *per cent* (Rs 2.64 crore). The Planning Commission did not approve the phase-II coffee plantation programme as it had a subsidy component of 90 *per cent* not conforming to the subsidy pattern followed under the Central Schemes. The Planning and Co-ordination Department advised (December 2004) the Agriculture Department to modify the programme accordingly limiting the subsidy component to a maximum of 50 *per cent* and also informed that support extended under Phase-II of the programme would be limited to only shade plantation up to 31 March 2006. It also advised the Agriculture Department to explore the feasibility of funds for coffee plantation Phase-II from sources other than ACA to RLTA.

It was noticed that without finalising the source of required funds for the coffee plantation, the Agriculture Department released (2004-06) Rs 3.60 crore (project cost rupees four crore minus 10 *per cent* beneficiary contribution) to ITDAs, Koraput and Rayagada for taking up shade plantation in 4000 hectares. The ITDAs spent Rs 3.59 crore up to March 2007 on shade plantation. However, coffee plantation could not be taken up for want of funds. As the maintenance period was over by March 2006, the shade plantations were handed over to the Village Committees in Rayagada district (2000 ha) and the process of handing over to beneficiaries was in progress in Koraput district (March 2007). Thus, handing over shade plantation without raising coffee plantation rendered the expenditure of Rs 3.59 crore unfruitful.

3.1.9 Infrastructure development

Guidelines of SCA to TSP provided for utilisation of up to 30 *per cent* of total allocation by each ITDA on infrastructure development, which are incidental to income generation. Grants were also received for creation of infrastructure to bridge the gap in critical areas such as health, education, drinking water, communication etc which were not specifically taken up under any other schemes. Besides, the ITDAs were executing other works relating to

infrastructure development like rural roads, cross drainage (CD), educational infrastructure etc under various State Plan / Centrally Sponsored Plan schemes viz. MPLAD, MLALAD, RSVY, NFFWP, FFW, SGRY etc funds for which were provided by the DRDAs / District Administrations. Review of the implementation of these schemes disclosed several irregularities as discussed in succeeding paragraphs.

3.1.9.1 Undue benefit to two contractors

Undue benefit of Rs 76.26 lakh was extended to a contractor due to excess provision for consumption of cement in the estimate than the agreed quantity

Indian Standard (IS 456:2000) prescribed minimum cement content for different types of concrete mix⁴³ of RCC M-20, M-25, M-30, M-35 and M-40 grades from 300 kg to 360 kg per cubic meter to achieve the prescribed compressive strength. The agreement with the contractor for the work "construction of High level bridge over river Ib (53rd km) on Lefripara-Balisankara road"⁴⁴ executed by the ITDA, Sundargarh through the R&B Division, Sundargarh, provided consumption of cement conforming to the above specifications. However, in the estimate (August 2001), cement consumption was provided in excess of the above prescribed limit for RCC-M15 to M30 grades⁴⁵ from 323 to 645 kg per cum. This led to extension of undue benefit and excess payment of Rs 76.26 lakh to the contractor on 21322 quintals of extra cement on the value of work executed and paid up to March 2007. The work also remained incomplete over shooting the scheduled date of completion (March 2006) due to paucity of fund as the original estimate (Rs 9.81 crore) not being site-specific was revised (Rs 11.51 crore). The EE stated that utilisation of more cement would enhance the strength and durability of the bridge. The reply was not tenable as the agreement provided for consumption of minimum quantity of cement as prescribed in IS 456.

With a view to establish inter-state connectivity with Chhatisgarh, the work "Development of Karamdihi-Subdega-Tulsera-Balisankara road (36km)" was administratively approved (October 2001) for Rs 11.09 crore without any cost escalation. The cost of the work was to be met out of grants received under Article 275(1) of the Constitution of India. The work was awarded (August 2002) to a contractor by Executive Engineer (R&B) Division, Sundargarh stipulating completion by February 2005.

The Chief Engineer (Roads) observed (March 2003) that the work executed was substandard as was being alleged by the public. A technical committee set up by the ITDA also confirmed (November 2003) the sub-standard execution. Despite this, final bill including the withheld amount of Rs 7.42 lakh for quality control was released (February 2007) to the contractor even though the test reports confirmed utilisation of substandard metal and bitumen in the work. No deduction was made for utilisation of substandard materials, thereby extending undue benefit to the contractor. In addition, contrary to the contractual provisions, the EE allowed escalation of Rs 8.06 lakh for the works executed during first year of the contract. Rupees 1.53 lakh was also paid in excess to the contractor due to erroneous consideration of October to

⁴³Cement requirement for different types of cement concrete mix as per IS 456:2000 (Code of Practice for PCC and RCC): M 20 (300 kg), M 25 (300 kg), M 30 (320 kg), M 35 (340 kg) and M 40 (360 kg) per cubic meter of concrete mix with 20 mm downgraded crusher broken coarse aggregates.

⁴⁴ Implementing agency: ITDA, Sundargarh. Executing agency: Executive Engineer, R&B Division, Sundargarh), Scheme: Article 275(1). Estimated cost: Rs 9.81 crore and amount spent: Rs 7.67 crore (March 2007)

⁴⁵ M-15 (323 kg), M-20 (411 kg), M-25 (571 kg) and M-30 (645 kg) per cum.

December 2001 as the base quarter for computation of escalation instead of January to March 2002 even though the tender was opened during February 2002. Thus, undue favour of Rs 9.59 lakh was extended to the said contractor.

The EE stated that the final bill was paid after final measurement on 16 October 2006 after rectification of defects by the contractor including repair of pot holes. The reply was not tenable since as per the report of CE (Roads) in the high level meeting (10 August 2006), the rectification required total replacement of substandard materials over the length of the road. The matter therefore calls for investigation.

Further, the original estimate being not site-specific was revised (May 2003) from Rs 11.09 crore to Rs 14.95 crore. No additional fund was, however, available under the above grants and therefore the construction cost was to be restricted to the amount administratively approved by reducing the road length under construction from 36 to 29.5 kilometers. As a result, the remaining portion of the road (6.5 km) continued to remain unfit for vehicular traffic. Thus, the objective of establishing inter-State-connectivity could not be achieved despite spending Rs 10.04 crore up to March 2007.

3.1.9.2 Avoidable expenditure due to execution of works with higher specifications

Avoidable expenditure of Rs 29.27 lakh on construction of field channels and road works with higher specifications

The IS specification (IS 12739:1988 reaffirmed in 2005) prescribed lining of field channels with 75 mm thick cement concrete (1:3:6) or with 150 mm thick stone / brick masonry. However, contrary to the above specifications, in 10 such works executed by four ITDAs⁴⁶, the thickness of cement concrete lining on the bed and side walls of field channels exceeded the above specification ranging from 170 mm to 450 mm and in four cases with random rubble stone masonry (300 to 450mm) in walls. This led to avoidable expenditure of Rs 16.89 lakh. Further, avoidable expenditure of Rs 12.38 lakh⁴⁷ was also incurred by these ITDAs on construction of eight cement concrete roads out of the funds provided by the DRDAs with specification higher than that prescribed by Panchyati Raj Department⁴⁸ (Rs 6.72 lakh) and allowing higher rate of cement than that prescribed by DRDA, Phulbani for RSVY works (Rs 5.66 lakh).

3.1.9.3 Unfruitful expenditure

An amount of Rs 3.81 crore spent out of SCA and other schemes were rendered unfruitful as under:

		(Rupees in crore)
Sl. No.	Brief subject	Amount
(i)	Fifty-three works as detailed in Appendix-3.2 with estimated cost of Rs 4.43 crore remained incomplete in eight ITDAs for one to four years over-shooting the scheduled dates of completion after incurring expenditure of Rs 2.60 crore due to non-following up with the contractors and departmental execution of more number of works.	2.60

⁴⁶ Koraput, Keonjhar, Rairangpur and Balliguda.

⁴⁷ ITDAs, Keonjhar and Rairangpur: Construction of eight cement concrete roads (Rs 6.72 lakh), ITDA, Balliguda: Allowing higher rate of cement than that prescribed by DRDA, Phulbani for RSVY works (Rs 5.66 lakh).

⁴⁸ Carriage width 3 meter, 225 mm sand filling as filter layer followed by 100mm thick Cement Concrete (1:4:8) and 75mm thick Cement Concrete (1:2:4) prescribed by PR Department.

Sl. No.	Brief subject	Amount
(ii)	Five Community Lift Irrigation Points (CLIPs ⁴⁹) constructed under SCA (IGS) by ITDA, Panposh during February 2002 to March 2005 through the Orissa Agro Industries Corporation Limited (OAIC) at a cost of Rs 27.17 lakh and four bore wells ⁵⁰ constructed at Rs 7.79 lakh out of grants during 2003-05 were lying idle due to want of power supply (six cases), disconnection of power supply by the electricity authorities for non-payment of electricity dues by the Pani Panchayats concerned (two cases) and non-energisation due to damaged water source (one case) thereby defeating the objective of providing assured irrigation to 345 acres involving 512 beneficiaries.	0.35
(iii)	Construction of 13 Water harvesting structures/ irrigation projects by four ITDAs (Balliguda, Baripada, Keonjhar and Koraput) was completed during 2002-07 at a cost of Rs 85.73 lakh without construction of field channels.	0.86
Total		3.81

It was further noticed that though Rs 34.37 lakh were spent on construction of nine irrigation projects like diversion weir and water harvesting structure by ITDAs, Keonjhar (2) and Rairangpur (7), yet ayacut area and list of beneficiaries were not available with them.

3.1.9.4 Wasteful expenditure on abandoned projects

Wasteful expenditure of Rs 32.20 lakh on projects abandoned

In five ITDAs⁵¹, 17 works with estimated cost of Rs 2.83 crore were abandoned after incurring expenditure of Rs 32.20 lakh due to local problems (five), funds constraint (10), change of site (one), abandonment of project after soil exploration (one). Thus, the entire expenditure of Rs 32.20 lakh incurred on these projects turned out to be wasteful.

3.1.9.5 Execution of SGRY / NFFWP / FFW works relating to other agencies

Contractors were engaged directly and in the guise of VLLs for execution of works under SGRY/NFFWP

The Guidelines of SGRY and NFFWP prohibited engagement of contractors for execution of works and stipulated that the works were to be executed departmentally. The guidelines, however, permitted utilisation of services of one person from amongst the labourers working in the project as labour leader for preparation of muster rolls, payment of wages and ensuring quality of work on behalf of the villagers. The leader was entitled to wages at the skilled labour rate. The Panchayati Raj Department also repeatedly reiterated (January 1999 to September 2004) these provisions. It was however noticed that contractors were engaged directly in three cases by ITDA, Sundargarh (amount paid Rs 9.89 lakh) and in the guise of Village Labour Leaders (VLL) in four ITDAs (Keonjhar, Koraput, Jeypore and Rairangpur) for execution of 68 works at Rs 2.14 crore (including cost of food grains) during 2002-06.

⁴⁹ (i) Baghalata-I: Rs 5.21 lakh, (ii) Baghalata-II: Rs 5.14 lakh, (iii) Dharuakhaman: Rs 4.13 lakh, (iv) Purunapani: Rs 5.61 lakh, and (v) Khairabandha: Rs 7.08 lakh.

⁵⁰ Panposh ITDA: (i) Sisudihi: Rs 2.93 lakh, Sundargarh ITDA: (i) Charnunda: Rs 1.67 lakh, (ii) K Kalo: Rs 1.98 lakh and (iii) B Singh: Rs 1.21 lakh.

⁵¹ ITDAs: Rairangpur (1), Sundargarh (1), Malkangiri (4), Balliguda (10) and Gunupur (1 EMRS).

Doubtful muster rolls for Rs 5.82 lakh showing engagement of same labourers in same work on same day twice and thrice

Misutilisation of BPL rice for non-wage purpose and non-recovery of differential cost of Rs 18.93 lakh

Unutilised 97.243 MT of BPL rice valued Rs 6.13 lakh were found missing from stock of ITDA, Rairangpur

Rs 21.88 lakh towards penalty for delayed completion of works was not recovered

In three cases⁵² involving muster rolls for Rs 5.82 lakh (including cost of 123.88 quintals of rice), 69 labourers were engaged twice and thrice on the same day in same work for 420 man days in ITDA, Koraput indicating doubtful engagement of labourers on muster rolls. The PA, ITDA stated that due care would be taken to scrutinise the muster rolls in future.

There was short recovery of cost of 804 quintals of rice issued after 1 April 2005 at Rs 5.65 per kg instead of at Rs 6.30 per kg from the executants of the SGRY and FFW works under the ITDAs, Koraput and Rairangpur. This resulted in extension of undue benefit of Rs 1.32 lakh to the executants. Besides, in four ITDAs⁵³, though 8155 quintals of subsidised BPL rice issued to the executants of SGRY and FFW works were not utilised by them for payment of wages, yet recovery was made from them at the rate applicable to BPL rice instead of procurement rate. This led to short recovery of Rs 18.93 lakh being the difference in procurement rate paid by GOI to the Food Corporation of India and the subsidised BPL rice.

With effect from February 2006, the unutilised funds and food grains under NFFWP were required to be transferred to the National Rural Employment Guarantee Scheme (NREGS) for utilisation as per NREGA Guidelines. However, 97.243 MT of unutilised rice valued at Rs 6.13 lakh under NFFWP remained in stock for over 2 years since May 2005 as per the Register of the ITDA, Rairangpur (June 2007) and the same were not returned to DRDA for utilisation under NREGA. The PA could not arrange physical verification though requested (June 2007) in audit and stated that the food grains were kept with the storage agent to avoid deterioration of quality. However, no acknowledgement in support of receipt of rice by the storage agent could be shown to Audit. The matter needs investigation.

Contrary to the Guidelines of SGRY and NFFWP, Rs 12.71 lakh were spent by three ITDAs (Koraput, Keonjhar and Rairangpur) on creation of non-durable assets like kutcha road with only earth filling and moorum spreading in 12 cases during 2002-07.

3.1.9.6 Non-recovery of penalty for delayed completion of works

Time is the essence of the contract and the agreements executed with contractors provided for recovery of penalty at 0.5 per cent of the value of the works remaining unexecuted for every day of delay beyond the stipulated dates of completion subject to a maximum of 10 per cent of the contract value. In 26 cases, three ITDAs (Baripada, Rairangpur and Karanjia) did not recover penalty from the contractors to the extent of Rs 21.88 lakh for delay beyond the stipulated dates of completion from 30 to 1005 days.

⁵² Construction of road from Dumarpur to Malichalar (Voucher 8 dated 22 July 2005), Construction of road from Chandiguda to Parjhar (Voucher 3 dated 24 May 2005) and Improvement of road from RD road to Renga Ashram School (Voucher 6 dated 4 July 2005).

⁵³ Keonjhar (470 Q), Koraput (1457.87 Q), Baripada (3243.38 Q) and Rairangpur (2983.78 Q).

Adjustment of excess prorata charges of Rs 2.22 crore on works executed under Article 275(1) which affected the completion of the projects for want of further funds

3.1.9.7 Irregular payment of prorata supervision charges

As per GOI's guidelines (July 2002), a maximum of two *per cent* of the grants was admissible for project management, administrative expenses etc. The execution of two projects⁵⁴ as approved by the GOI in TSP areas out of above grant was entrusted by the ITDA, Sundargarh to the EE, R&B Division, Sundargarh. During 2002-07 an amount of Rs 20.91 crore was placed with the EE for the purpose. The EE spent Rs 17.71 crore on both the works up to March 2007 which included adjustment of Rs 2.57 crore towards prorata supervision charges treating the works as deposit works, against the admissible Rs 35.43 lakh (2 *per cent* of expenditure incurred) which resulted in excess charge of Rs 2.22 crore. Both these works were lying incomplete for want of further fund of Rs 5.56 crore.



High level bridge over river IB (ITDA, Sundargarh) lying incomplete due to paucity of funds

3.1.9.8 Inadmissible expenditure

Contrary to SCA guidelines, the ITDA, Keonjhar released (June and August 2002) grant in aid of Rs seven lakh under SCA to an NGO for construction of hostel building for deaf and dumb, which was not incidental to income generation of ST population living below the poverty line. Similarly ITDA, Rairangpur irregularly spent Rs 22.26 lakh out of tender savings under SCA on repair and maintenance of 22 completed projects though not admissible as per the SCA guidelines.

3.1.9.9 Irregular payments

In 21 cases under two ITDAs (Koraput and Rairangpur), Rs 26.22 lakh was irregularly paid to contractors for execution of 92092 cum of earth work on the basis of pit / string measurement instead of level section measurement as required under the provisions of the Orissa Public Works Department (OPWD) code. Besides, Rs 4.53 lakh was also paid in excess to the contractors in these works due to less deduction of void (deduction was made at 12.5 *per cent* against the required 33.33 *per cent*) from the gross volume for un-compacted hand rammed fills.

3.1.9.10 Irregularities in departmentally executed works

In two ITDAs (Koraput and Rairangpur), 783 works estimated to cost of Rs 20.18 crore were executed departmentally during 2002-07. Neither vouchers in support of purchase of materials such as cement, steel, road metal, stone products, sand etc from registered dealers were submitted by the executants nor stock accounts in support of procurement and issue of materials to works and material at site accounts were maintained. No advance was availed by the departmental officers for payment of wages to

⁵⁴ (i) "Development of Karamdihi-Subdega-Tulsera-Balisankara road (State High way- 24 Km and Main district road for 13 Km)"; Rs 11.09 crore and (ii) "Construction of High level bridge over river Ib (53rd km) on Lefripara-Balisankara road" (Rs 9.81 crore).

the labourers and muster rolls were not submitted in many cases. Muster rolls wherever submitted were also not treated as cash/adjustment vouchers and were kept in the case record file being susceptible to manipulation. However, payments were released to these Engineers on works bills on item rate based on the measurement recorded by them. As a result, the genuineness of expenditure could not be verified in audit.

3.1.10 Education and other activities

3.1.10.1 Unfruitful expenditure on idle assets of Vocational Training Centres

With the objective of providing training to tribal youth in multi-disciplinary trades to develop their potential for obtaining jobs, the GOI introduced (1995-96) the Central Plan scheme with hundred *per cent* central assistance for establishing 17 'Vocational Training Centres (VTC)' in tribal belts in nine⁵⁵ districts. The ITDAs being the implementing agencies besides providing vocational training to the tribal youths in these VTCs were also required to maintain a database of passed out trainees and arrange their employment /self employment. During 2000-03, Rs 1.29 crore was released by the GOI for construction of VTC buildings, purchase of necessary equipment and administrative and maintenance cost of these VTCs. Of the above amount, Government spent Rs 98.32 lakh and the remaining Rs 30.44 lakh remained unutilised as of June 2007. Due to non-submission of UCs for Rs 30.44 lakh, the GOI stopped further funding.

Test check of records of 11 VTCs⁵⁶ revealed that as of March 2007, Rs 26.76 lakh was lying unspent with eight ITDAs. All the 11 VTCs were closed during 2004-05 due to non-receipt of funds from GOI and the staff had already been disengaged. However, Rs 6.96 lakh⁵⁷ was spent in three ITDAs towards pay and allowances of the idle staff of four VTCs without any work after disengagement. Besides, buildings and other infrastructure created at a cost of Rs 13.95 lakh⁵⁸ including two new buildings remained idle. It was also noticed that out of 291 youths who completed training in these VTCs during 2002-05, only 47 were employed in the private sector and information on remaining trained youths were not available with the ITDAs.

Information on 244 youths imparted training on vocational trades was not available with the ITDAs



Newly constructed Vocational Training Centre at Naranpur (Keonjhar ITDA) lying unused

⁵⁵ Rayagada, Kandhamal, Koraput, Nabarangpur, Mayurbhanj, Sundargarh, Kalahandi, Keonjhar and Malkangiri.

⁵⁶ ITDAs, Baripada (1), Balliguda (2), Jeypore (1), Nabarangpur (1), Sundargarh (1), Th. Rampur (1), Malkangiri (1), Koraput (1), Keonjhar (1) and Rayagada (1).

⁵⁷ (i) ITDA, Koraput: Sunabeda (Rs 3.75 lakh), (ii) ITDA, Balliguda: Daringbadi (Rs 0.60 lakh), Kotagarh (Rs 0.60 lakh) and (iii) ITDA, Rayagada: Kailashpur (Rs 2.01 lakh).

⁵⁸ Newly constructed buildings without any use at Naranpur (Rs 8 lakh) under ITDA, Keonjhar and Nalagaja (Rs 5.95 lakh) under ITDA, Baripada.

3.1.10.2 Skill development for tribal youth

During 2002-07, vocational training in different trades was provided to 4679 tribal youths under SCA (IGS) through different Industrial Training Centres / Industrial Training Institutes and recognised Computer Training Institutes incurring expenditure of Rs 2.93 crore. However, no follow up action was taken for their engagement / self employment after completion of training and none of them were given any financial support under IGS bankable scheme for their engagement in income generating activities.

3.1.10.3 Primary school hostels lacked minimum amenities for boarders

The ITDAs had been managing the Primary School Hostels (PSHs) in TSP areas having capacity of 40 seats and were responsible for construction of Hostel buildings and providing minimum amenities to those PSHs out of funds provided under various schemes. However, amenities provided to the PSHs were far from satisfactory as under:



PSH attached to Batibeda Sevashram (ITDA, Nabarangpur) housing 40 boarders in dilapidated condition

Shortage of beds for boarders and inadequate facilities of sanitation and safe drinking water

In the 217 PSHs, against the requirement of 8680 cots for the boarders, only 3374 cots were available. In 68 PSHs, no sanitary latrines were provided and in the remaining 149 PSHs, one to two such latrines were available for 40 boarders against the norm of one latrine for 10 boarders. In 19 PSHs, no tube well / sanitary well was available thereby depriving the boarders of safe drinking water facilities.

Pre-matric scholarship of Rs 9.14 lakh lying undisbursed with the superintendents of the PSHs for one to five years

In the test checked ITDAs (except Sundargarh), Pre-matric Scholarship (PMS) advanced to Superintendents of PSH were shown as final expenditure in the cash books, as a result of which their actual utilisation could not be ascertained in audit. In four ITDAs⁵⁹, the superintendents of 23 PSHs retained undisbursed PMS of Rs 9.14 lakh for periods ranging from one to five years without refunding the same to the ITDAs as of June 2007.

3.1.10.4 Ekalavya Model Residential Schools

During Ninth Plan, the GOI sanctioned 10 Ekalavya Model Residential Schools (EMRS) out of grants under Article 275(1) on the pattern of Navodaya Vidyalayas and released Rs 38.60 crore towards non-recurring (Rs 25 crore) and recurring (Rs 13.60 crore) grants during 2002-07. Accordingly, 10 such model schools were set up in the State to provide education to 300-420 tribal students from Class-VI to Class X / XII in each such school (30 boys and 30 girls in each class). These schools were initially managed by the ITDAs up to 2005-06 and thereafter by a registered society 'Orissa Model Tribal Education Society (OMTES)' functioning under the SSD

⁵⁹ (i) Nabarangpur (10 PSHs), (ii) Balliguda (2 PSHs), (iii) Koraput (2 PSHs) and (iv) Sundargarh (9 PSHs).

Ekalavya Model Residential schools meant to provide quality education ended up with schools having low paid teachers and weak infrastructure

Department. An amount of Rs 31.18 crore was spent on these model schools up to March 2007. The remaining Rs 7.42 crore was lying unspent with the OMTES as on 31 March 2007.

The EMRS guidelines among others envisaged maintenance of teacher pupil ratio at 1:30, providing vocational as well as practical training in agriculture, animal husbandry and related areas and free meals in the pattern of Jawahar Navodaya Vidyalayas to the students, higher pay scales to the Principal and teaching staff than those of their counterparts in Government Schools, quarters for all teaching staff, fixing time table allocating sufficient time for teaching, vocational training, sports, cultural and extra curricular activities were the other facilities to be extended. However, it was noticed that the teachers were appointed on payment of consolidated salary, which was much below the scale of pay allowed to the teachers of Government schools. In one EMRS, Bhabanipur (Sundargarh district), students were either sleeping on the floor or on masonry berths. Five untrained teachers were also engaged for teaching in the EMRS. In another EMRS, Pungar (Koraput district), the students were using the class rooms as hostel rooms also. Construction of school and hostel building at Siriguda (Rayagada district) remained incomplete for the last seven years (June 2007).



Students sleeping on the floor in the EMRS hostel, Bhabanipur (ITDA, Sundargarh)

3.1.11 Monitoring, evaluation and internal audit

Review of Internal Controls and systems of monitoring and evaluating the development programmes implemented by the ITDAs showed the following deficiencies:

Annual accounts not prepared since inception and not placed before AGM

- Despite requirement under the Memorandum of Associations (MOA), Annual Accounts were not prepared and placed before Annual General Meeting (AGM) since inception of the ITDAs. Thus, the provisions of MOA remained uncomplied.

Against the required 20 meetings during 2002-07, PLCs of the test checked ITDAs met only six to nine times

- As per the MOAs, the Project Level Committees (PLCs) should meet once in every quarter to discuss and deliberate upon the activities of respective ITDA. The AGMs of the society should be held at least once every year and not more than 15 months should elapse between two successive AGMs. However, it was noticed that during 2002-07, while the PLCs of 11 test checked ITDAs met only six to nine times against required twenty times for each ITDA and the AGMs were never held during the period.

Non-conducting of District Level Monitoring Committee (DLMC) meetings

- After formation (September 2006), the District Level Monitoring Committees (DLMC) in eight test checked TSP districts⁶⁰ did not meet even once against two meetings due up to March 2007.

⁶⁰ Kalahandi, Koraput, Keonjhar, Mayurbhanj, Malkangiri, Nabarangpur, Rayagada and Sundargarh.

Evaluation studies
not conducted though
Rs 80.94 lakh
earmarked for the
purpose is lying
unspent

- Out of Rs 1.16 crore released by Government during 1995-96 to 2006-07 to ITDA, Balliguda for conducting evaluation studies, Rs 80.94 lakh remained unutilised as of March 2007. During 2002-07, Rs 9.33 lakh were spent on conducting evaluation studies of different tribal development programmes through four institutions. However, none of the evaluation reports could be produced to Audit, as the same were not received from the institutions concerned. Similarly, report on evaluation study on implementation of SCA in the State conducted by Sri Venkateswar University, Tirupati at the instance of the Planning Commission was yet to be received (June 2007).

Internal Audit was
not effective

- Internal Audit of ITDAs was being conducted by the Common Cadre Auditors of the SSD Department from time to time. Audit of ITDAs were not conducted on annual basis and there were arrears in audit of all the 21 ITDAs for periods ranging from one to four years as of March 2007.
- There were also delays ranging from 156 to 389 days in issue of the Internal Audit Reports after completion of audit. Response to Internal audit by the ITDAs was poor as 9182 paragraphs of 84 Internal Audit Reports (IARs) were not complied by the ITDAs for periods ranging from one to 12 years (March 2007). Internal Audit Reports were not issued in respect of 10 ITDAs as of June 2007 even after lapse of three to 15 months from the dates of completion of audit. In five out of 25 test checked IARs, it was seen that although fraud and misappropriation cases involving Rs 1.35 crore as detailed in the *Appendix-3.3* were pointed out by the internal audit during 2001-05, yet the cases were not finalised as of August 2007.

3.1.12 Conclusion

No survey was conducted for identifying the unassisted ST BPL families. While long-term area specific plans were not prepared at all, the Annual Action Plans also did not focus on thrust areas of income generation activities and creation of infrastructure incidental to income generation. Release of funds by Government was also made in an unplanned manner without any linkage with the AAPs. Instances of expenditure on inadmissible works, payment of subsidy beyond prescribed norms, diversion and misutilisation of funds, avoidable, wasteful and unfruitful expenditures in execution of works and plantations were common in all the test checked ITDAs. Expenditure for exclusive benefit of women under SCA and grants was meager. Under education sector, the amenities provided in primary school hostels were inadequate. Vocational training centers established to impart training to unemployed tribal youths for their employment/self-employment were totally defunct. No data regarding the employment of youths given training in different trades under SCA (IGS) were available. Annual Accounts were not prepared and placed in the Annual General Meetings as required under the Memorandum of Associations of the ITDAs. The systems of monitoring, evaluation and internal audit were ineffective.

3.1.13 Recommendations

- Proper survey may be conducted for identification of thrust areas and Annual Action Plans prepared before the beginning of the financial year;
- Funds should be released to the ITDAs in accordance with the AAPs for timely completion of projects;
- Management of subsidies under SCA (IGS) should be made effectively with due regard to the scheme guidelines so that more number of beneficiaries are covered under income generating activities;
- Steps should be taken to revive vocational training centres and employment/self-employment opportunities to trained youths may be created through coordinated approach to bring them into the mainstream;
- Minimum amenities in primary school hostels and Ekalavya Model Residential Schools should be ensured;
- Annual Accounts of the ITDAs may be prepared and placed before the Annual General Meetings and got audited by Chartered Accountants as required under the MOAs.
- Holding of quarterly PLC and DLMC meetings may be ensured for effective monitoring of the performance of the ITDAs.

The above points were reported (July 2007) to the Commissioner-cum-Secretary of the Department; reply had not been received (August 2007).

HOME DEPARTMENT

3.2 Administration of Jails

Highlights

The Administration of jails mainly consists of admission, safe custody of prisoners and welfare and rehabilitation measures for the prisoners. Review of the Administration of jails in the State showed that the provisions of Model Prison Manual prescribed by Government of India in December 2003 had not been brought into operation so far. Overcrowding of jails continued to remain an area of concern as several new jail buildings constructed were not made functional due to deficiencies in structural designs and for want of guarding staff. Incidences of jail escapes, non-return of the prisoners released on parole and furloughs were the other areas of serious concern. Extension of welfare measures like sanitation in the jails and health care of the prisoners did not receive priority. Minimum wages were not paid to prisoners at work. No control mechanism existed for technical supervision of the execution of civil works by the executing agency leading to slow pace of construction and avoidable excess payments. Prescribed inspections by departmental officers were not regularly carried out indicating weak supervisory controls.

- ❖ Central share of Rs 32.20 crore under "Modernisation of Prison administration" was kept in civil deposits by the Government for periods ranging from 10 to 17 months.

(Paragraph 3.2.6.1)

- ❖ Despite acute overcrowding in jails, seven new sub-jails and 15 additional wards in existing jails constructed at a cost of Rs 19.74 crore for accommodating 3440 prisoners were not put to use for periods ranging from two to 13 years due to non-posting of required staff and lack of security.

(Paragraph 3.2.7.2)

- ❖ The incidence of prison escapes increased from six in 2002-03 to 15 in 2006-07 due to absence of proper watch and ward arrangements and 47 out of 77 prisoners escaped were still at large for periods ranging from two to five years.

(Paragraph 3.2.8)

- ❖ During 2002-07, under trial prisoners (UTPs) constituted 68 to 75 per cent of total prisoners, as prescribed steps for expeditious disposal of their cases were not taken. In 14 jails 469 UTPs were detained for periods ranging from two to five years contrary to the recommendations of NHRC.

(Paragraph 3.2.11.2)

- ❖ Prisoners were paid only incentives upto Rs 12 per day for work done in prisons despite recommendation of the Jail Reforms Committee and directives of the apex court to ensure payment of equitable wages at par with the wages paid to a labourer outside the jails under the Minimum Wages Act. Even incentives were not paid in time.

(Paragraph 3.2.12.1)

* Abbreviations used in this performance review have been expanded in Glossary of abbreviations at pages 243-248.

- ❖ Staff quarters numbering 122 constructed at a cost of Rs 4.24 crore under “Modernisation of Prison Administration” scheme were lying idle for one to two years due to non-provision of water supply. All the seven completed new sub-jails and 16 under construction at a cost of Rs 49.30 crore did not conform to the specifications prescribed in Jail Manuals.

(Paragraphs 3.2.13.1 and 3.2.13.2)

- ❖ There was excess payment of Rs 77.74 lakh to OSPHWC due to non-refund of saving arising from modifications in the scope of works. Besides, there was excess payment of Rs 2.16 crore due to inclusion of work contract tax in addition to sales tax in the estimates.

(Paragraphs 3.2.13.4 and 3.2.13.7)

- ❖ There was shortfall in sanctioned posts of 383 guarding staff and 36 supervisory staff with reference to recommendations of the Dave Committee.

(Paragraph 3.2.14)

- ❖ There was huge shortfall in prescribed inspections of jails by the Inspector General (IG), Prisons, which had an obvious impact on accountability.

(Paragraph 3.2.15.1)

3.2.1 Introduction

Prison is an integral component in the criminal justice system of our country. The jails in the State are being administered under the provisions of Orissa Jail Manual 1942 (OJM) incorporating the provisions of the Central Prisons Act 1894 and the Prisoners Act 1900.

The Government of India (GOI) is providing funds to the State Government under the scheme ‘Modernisation of Prison Administration’ on cost sharing basis (GOI: 75 *per cent* and State Government: 25 *per cent*) since 2002-03. The GOI has framed a Model Prison Manual (MPM) in consultation with the National Human Rights Commission (NHRC) and Bureau of Police Research and Development (BPRD) with a view to converting jails to correctional homes. The said Manual was issued by the GOI (December 2003) to all the State Governments for adoption and incorporation of the related provisions in the State Jail Manuals, as prison is a State subject. The MPM has not yet been adopted by the Government (August 2007).

3.2.2 Organisational set up

The overall administration of the Jails rests with the Principal Secretary, Home Department. The Additional Director General of Police-cum-Inspector General, Prisons and Correctional Services (IG) is the functional head of jails with headquarters at Bhubaneswar. The Department is having four circle jails, ten District jails, two special jails, six special subsidiary jails, 46 subsidiary jails, one open jail (Biju Patnaik Open Air Ashram), one female Prison (Nari Bandi Niketan) and one Jail Training School. The Circle jails are managed by the Senior Superintendents while district and other jails are managed by the Superintendents / Jailors/ Assistant Jailors drawn from Orissa Jail Service cadre. Besides, three Regional Probation Offices, 13 District Probation Offices, 17 Sub-Divisional Probation offices, one Probation hostel, one

Central Home for men, 19 Prison Welfare Offices and one 'After care shelter' are also functioning in the State for implementation of reforms, rehabilitation and correctional measures for prisoners.

3.2.3 Audit objectives

The audit objectives were to assess whether:

- financial resources were adequate and economically and effectively utilised,
- human resources management including training to staff were effective;
- safe custody of prisoners, reformatory and rehabilitation support to convert prisoners as good and useful citizens of the society were ensured;
- adequate steps taken for reducing overcrowding of jails and directions of National Human Rights Commission /Apex court were complied with ;
- the system of accommodation, sanitation, health cover, transportation and other facilities for prisoners (including female prisoners and their accompanied children) were adequate; and
- monitoring and evaluation system was in place and effective.

3.2.4 Audit criteria

The Audit criteria used for assessing the performance were as under:

- Allocation and utilisation of financial resources as per the annual action plans and prescribed norms,
- Norms for essential/guarding staff as per Jail Manuals and recommendations of Mulla Committee and Dave Committee on Jail Reforms;
- Security system as provided in the OJM, MPM and instructions of the GOI (MHA);
- Standards of accommodation, sanitation and other facilities as prescribed in the OJM, MPM, UN Standard Minimum Rule for treatment of Prisoners;
- Facilities, privileges and rights of prisoners as envisaged in the UN Standard Minimum Rules for the Treatment of Prisoners 1955 and MPM; and
- Monitoring mechanism envisaged in the Jail Manuals.

3.2.5 Audit coverage and methodology

The performance audit was conducted during January to May 2007 covering the period 2002-07 by examination of records of the Home (Jails) Department, IG (Prisons), 18 jails / sub-jails¹ (selected on the basis of stratified random sampling without replacement method) along with the concerned Probation offices, Prison Welfare offices located in the same station. Orissa State Police Housing and Welfare Corporation Limited (OSPHWC), the agency looking after civil, electrical, sanitation and Public Health works of jails and Jail Training School, Berhampur were also covered in audit.

¹ Berhampur, Choudwar, Sambalpur,, Baripada, Bhubaneswar, Rourkela, Balasore, Koraput, Puri, Keonjhar, Sundargarh, Bhawanipatna, Rairangpur, Bhadrak, Rayagada, Angul, Nari Bandi Niketan (Sambalpur) and Open Jail (Jamujhori).

Physical inspection of assets was conducted in the presence of Engineering staff of OSPHWC and interview of prisoners by way of questionnaires on the quality of ration / diet, accommodation, sanitation facilities and health cover etc was arranged in the presence of Jail officials. Photographs of assets created/ facilities available were also taken in few cases. The audit objectives and the criteria were discussed with the Principal Secretary in an Entry level Conference (April 2007) and the audit findings were discussed (August 2007) in an exit conference. The reply of the Government received in August 2007 was incorporated in appropriate places in this Report.

AUDIT FINDINGS

3.2.6 Financial management

Budget provision vis-à-vis the expenditure during 2002-07 for administration of jails and correctional services in the State were as under:

(Rupees in crore)

Year	Budget provision				Expenditure			
	State Plan	Non-plan	Centrally sponsored scheme	Total	State Plan	Non-plan	Centrally sponsored scheme	Total
2002-03	0.48	28.73	21.47	50.68	0.48	28.57	21.47	50.52
2003-04	1.39	28.60	21.69	51.68	1.39	28.60	21.69	51.68
2004-05	0.07	29.33	21.47	50.87	0.07	29.33	21.47	50.87
2005-06	0.01	31.00	21.47	52.48	0.01	31.00	21.47	52.48
2006-07	2.02	38.90	21.56	62.48	2.02	38.90	21.56	62.48
Total	3.97	156.56	107.66	268.19	3.97	156.40	107.66	268.03

Out of Rs 107.66 crore received under the centrally sponsored schemes, Rs 107.40 crore were under "Modernisation of Prison Administration" (Modernisation scheme) on 75:25 cost sharing basis between the Centre and the State. The said amount was advanced (2004-07) to two executants OSPHWC (Rs 105.60 crore including Rs 32.24 crore directly released by the GOI) and Orissa Industrial Infrastructure Corporation (IDCO) (Rs 1.80 crore) for execution of works. The entire amount given to OSPHWC (Rs 73.36 crore) was treated as final expenditure though Rs 36.81 crore was lying unspent (March 2007).

3.2.6.1 Delay in release of funds

Central share of Rs 32.20 crore received from GOI during 2002-04 under the modernisation scheme were kept (March 2003: Rs 16.10 crore, March 2004:Rs 16.10 crore) in Civil deposits and were released to the executing agency after delays ranging from 10 to 17 months. Similarly, GOI share of Rs 9.20 crore received during August 2004 was released by the State Government after delay of five to eight months. Also, State share (Rs 26.85 crore) was released by the Government with delays ranging from nine to 24 months during 2003-07. The Government attributed the delay to release of funds by the GOI at the fag end of the financial year 2002-03 and 2003-04 and time required for preparation of plan and estimates. The reply was not tenable as the advance planning was to be made to ensure timely allocation of fund despite requirement as per the GOI instructions (November 2002).

Advance to OSPHWC was treated as final expenditure despite Rs 36.81 crore lying unspent

Retention of central share in Civil deposits and belated release of State share

Interest of Rs 35.40 lakh earned on unspent scheme fund was appropriated by OSPHWC

3.2.6.2 Interest earned on scheme funds misutilised

In absence of instructions from the State Government, the OSPHWC used up the interest earned on deposit of the above advances like it's own fund without ploughing it back to augment the scheme resources. Total interest earned by OSPHWC and appropriated up to March 2007 were neither intimated by the Corporation nor related records produced to Audit. However, interest earned on Rs 5.80 crore released during 2004-05 for works not commenced up to 31 March 2007 worked out to Rs 35.40 lakh at the State Bank of India savings rate.

3.2.7 Accommodation of prisoners

Accommodation capacity of all the jails in the State as of 31 March 2002 was 7532 prisoners according to the prescribed norm. In view of overcrowding of jails, the GOI introduced (November 2002) the scheme of "Modernisation of Jail Administration" and sanctioned Rs 107.40 crore (GOI share: Rs 80.55 crore and State share: Rs 26.85 crore) during 2002-07 for construction of additional jails to reduce overcrowding (Rs 66.62 crore), repair and renovation of existing jails (Rs 13.92 crore), improvement of sanitation and water supply in jails (Rs 2.45 crore) and construction of quarters for prison staff (Rs 24.41 crore). Besides, the Eleventh Finance Commission (EFC) awarded Rs 3.00 crore for provision of sleeping accommodation (Rs 1.65 crore), upgradation of jail hospitals, improvement of sanitation and vocational training of convicts (Rs 1.35 crore). Following deficiencies were noticed in implementation of schemes:

3.2.7.1 Deficient planning

Daily average prisoners population during 2001-02 was 12049 in all the jails of the State against the available capacity for 7532 prisoners. However, additional space for 10205 prisoners (135 *per cent*) by construction of 23 new sub-jails and 58 additional wards in existing jails were planned during 2002-07 by the Government at a projected outlay of Rs 62.77 crore under the modernisation scheme (Rs 61.57 crore for 9605 prisoners) and EFC grants (Rs 1.20 crore for 600 prisoners).

Planning for construction of additional space was not based on field requirements and average number of offenders sent to nearby prison by the concerned Courts. While the existing circle and district jails were overcrowded, 17 sub-jails were not upgraded to district jails and minimum facilities were absent in most of the jails, construction of 23 new sub-jails, each having capacity of accommodating 250 under trial prisoners (UTP) at a cost of Rs 2.14 crore each along with 15 staff quarters (Rs 52 lakh) were planned. Test check revealed that one 250 capacity sub-jail was constructed at Digapahandi where as only 30-35 prisoners sent by the Court of that area were continuing in Chhatrapur and Berhampur jails (2002-07) on daily average. Had the sub-jails with lesser capacity been constructed considering the actual need and prisoner's statistics, the amount saved could have been utilised in construction of additional wards, jail hospital, isolation wards in the existing jails housing convict prisoners.

Manpower planning for the new sub-jails was also not planned in time. The Government stated that planning was made considering the rising trend of prisoners in old jails and sub-jails. The reply was not convincing as 44 per cent of the scheduled capacities of 17 existing sub-jails (1278) were lying unutilised during 2002-07 and 23 new sub-jails with 5750 proposed capacity was intended only for UTPs.

3.2.7.2 Additional space created but not put to use

Additional accommodation for 3440 prisoners constructed at a cost of Rs 19.74 crore were not put to use for periods ranging from two to 13 years

Out of additional space for 10205 prisoners targeted during 2002-07, additional space for 3750 prisoners was only created by completing construction of 26 works (seven new sub-jails: 1750 prisoners and 19 additional wards: 2000 prisoners) up to March 2007 at a cost of Rs 20.49 crore. Of the remaining 55 works, 50 were under various stages of construction and five works (estimated cost Rs 4.88 crore) had not yet been started (June 2007) mainly due to non-selection of site, delay in obtaining forest clearance etc. However, all the seven new sub-jails² and 12⁴ out of 19 completed additional wards constructed at a cost of Rs 18.99 crore for accommodating 3220 prisoners were not made operational (July 2007) for periods ranging from 12 to 36 months due to non-sanction of required staff



Additional ward at Anugul Jail constructed outside the perimeter wall lying idle since July 2004



New sub-jail and staff quarters at Jajpur Road lying unutilized

by the Government (seven new sub-jails), construction of wards being outside the perimeter walls (Angul and Champua), without inner boundary walls and cracks in the wall (Berhampur) and functioning of juvenile home in the same premises (Rourkela). The IG Prison's proposal (January 2005) for sanction of 980 guarding staff was pending with the Government (June 2007). Besides, three additional wards constructed at a cost of Rs 74.80 lakh during 1993 (one) and 2001 (two) out of Ninth and Tenth Finance Commission grants in two overcrowded jails (Koraput and Choudwar) for accommodating 220 prisoners were also not put use as of July 2007 due to low height of perimeter wall (Koraput) and non-provision of water supply/ sewerage connection (Choudwar). The Government stated (August 2007) that the proposal for creation of posts to make the new sub-jails functional was under active consideration and action had been initiated for construction of extended perimeter wall and to remove other bottlenecks.

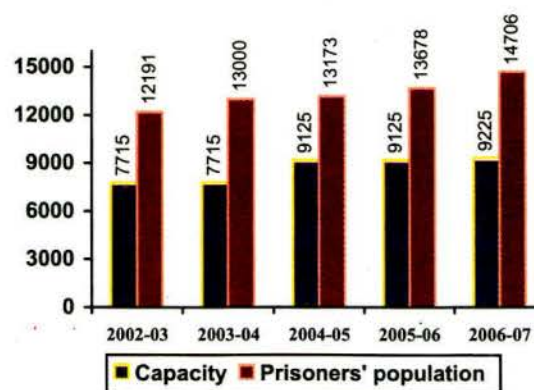
3.2.7.3 Overcrowding of jails

Against the total capacity for accommodating 7715 (2002-03) to 9225 (2006-07) prisoners in the jails in the State, the daily average prisoners population

² Banapur, Bissam Katak, Digapahandi, Jajpur Road, Narasingpur, Sohela and Salipur.

³ **Modernisation grant** Khurda (1), Malkangiri (2), Keonjhar (1), Rourkela (1), Baliguda (1), Choudwar (1) and Kamakhyanagar (1), **EFC grant** Berhampur (1), Rourkela (1), Angul (1) and Champua (1).

ranged from 12191 (2002-03) to 14706 (2006-07). The actual prisoners population in the existing 70 jails of the State as on 31 March 2007 was 13783 of which 13066 prisoners were lodged in 53 jails having the capacity for 7947 prisoners while the remaining 717 prisoners were kept in 17 jails having the capacity to



accommodate 1278 prisoners indicating overcrowding in some jails and under-utilisation of capacity in others. In the District jail, Puri, 30 women prisoners (including 10 convicted prisoners) with six children were lodged as of 31 March 2007 against the capacity of 10 (with 10 masonry berth) while in Nari Bandi Niketan (NBN), Sambalpur, 38 seats were lying vacant as on that date. Rule 764 of Orissa Jail Manual empowers the IG, Prison to transfer any class/classes of prisoners to any jail/class of jails irrespective of the sentence. As such, relocation of the above women prisoners required review. In five test checked jails⁴, though 34 children were staying with their imprisoned mothers; no crèche was available, required as per the observations of the Apex court.

3.2.8 Security lapses

During 2002-07, seventy seven prisoners escaped from jail custody in 43 incidents by making hole in perimeter wall, cutting iron bars, scaling the perimeter wall at night, over-powering the jail staff during treatment in medical colleges/ hospitals etc. The incidents of escape from prison increased from six in 2002-03 to 15 in 2006-07 in the State. Only 30 prisoners out of 77 could be recaptured as of June 2007 and the remaining 47 prisoners were still at large (June 2007). Recurring escapes were noticed in three Circle Jails (Baripada, Choudwar and Sambalpur) and two district jails (Balasore, Sundargarh) during 2002-07. Though IG /DIG inspected the jails after escape of prisoners, yet effective steps were not taken for preventing recurrence of such escapes. The recurring feature of prisoners escaping from jails also indicated poor security arrangements, lack of internal controls and preventive measures as discussed below:

3.2.8.1 Absence of proper watch and ward arrangement

Test check revealed that 39 hand metal detectors in 11 jails⁵ and 22 walkie talkies in eight jails⁶ were in unserviceable condition and annual firing target practice had not been undertaken by the guarding staff in 18 jails during last ten years (June 2007). Dummy exercises were also not conducted in any of the jails test checked. Modern security equipment like cell phone jammer / cell phone detector, live wire fencing, door metal detectors were not available in

Escape from prison was on the increasing trend and 47 prisoners escaped from jails were not recaptured

Annual firing target practice has not been conducted by the guarding staff

⁴ Keonjhar (3), Bhadrak (15), Baripada (13), Koraput (1) and Puri (2).

⁵ Baripada, Sambalpur, Balasore, Sundargarh, Bhabanipatna, Koraput, Keonjhar, Bhubaneswar, Rourkela, Bhadrak, Rairangpur.

⁶ Sambalpur, Puri, Sundargarh, Bhabanipatna, Koraput, Keonjhar, Bhubaneswar and Rourkela.

any of the 18 jails test checked where convicts were locked up. Besides, proper lighting arrangement was not made in these jails despite instructions of Government (February 2004). Close Circuit Television (CCTV) cameras, though installed in Circle jail, Choudwar housing hardcore terrorists, were operated only during office time by the Senior Superintendent as no other officer was trained to use the equipment. Four power generators supplied by the IG for jail security were lying out of order in four jails for periods ranging from five to seven years. These were not replaced with new ones (June 2007). In District Jail, Puri, 30 lanterns were being used as the defective generator was not repaired / replaced (March 2007). No arms and ammunition were provided in five jails⁷. Except Choudwar Circle jail, Berhampur Circle jail and Rourkela special jail, none of the remaining 15 jails test checked was having watch towers.

Contrary to the provisions of UN Standard Minimum Rules, OJM and MPM, separate enclosures were not available for convicts, UTPs, young offenders, civil prisoners in 17 test checked jails (excepting Berhampur). All prisoners were free to move in the same premises during day time and were taking meals together in the same dining place thereby increasing the risk of young and civil prisoners getting mixed up with criminal convicts.

3.2.8.2 Prevention of entry of prohibited articles

Rule 605 of OJM listed the article declared as prohibited for entry to jails. Rule 620 and administrative instructions provided for thorough search of the prisoners before and after the interview and also while their admission to jails. However, prohibited articles like ganja, cash, mobile phones etc were seized from the prisoners in five test checked jails on various occasions. 22 mobile phones were also seized from prisoners in four jails (Balasore, Choudwar, Bhubaneswar, Puri) during 2002-07 along with other contraband articles (Berhampur) which indicated failure to observe prescribed controls. In one case (Jagatsingpur) involvement of the Jailor-cum-Superintendent in helping a hardcore criminal in using mobile phone and bringing that out of jail after use as alleged by the press was also enquired by police and the concerned Superintendent was put to jail and was under suspension (August 2007). The matter was under investigation (August 2007).

3.2.8.3 Non-return of prisoners released on parole and furlough

Under the "Provisions of Orissa release of Prisoners on Parole Rules 1983", prisoners were temporarily released on parole for a period not exceeding 30 days to attend serious illness or death or marriage of any member of the prisoner's family or to repair his dwelling house. Similarly, under "The Prisoners (Release on furlough) Rules 1963", a prisoner can be released on furlough for a period not exceeding two weeks to attend to his relatives subject to certain prescribed conditions. However, it was noticed that in three⁸ test checked jails, five prisoners released on parole (2002-07) did not return to jail for period ranging from two to five years after expiry of the parole period of

Twenty five mobile phones and other prohibited articles were found with prisoners

Five prisoners sent on parole and 25 prisoners released on furlough did not return to jail for period two to five years

⁷ Angul, Bhadrak, Rairangpur, Rayagada and NBN(Sambalpur).

⁸ Choudwar (3), Baripada (1) and Koraput (1).

30 days. Similarly, in six test checked jails⁹, 25 prisoners released on furlough (2002-07) did not return to jail for periods ranging from two to five years after completion of the furlough period of two weeks. Effective steps were not taken by the Jail authorities to bring them back to jails so far (July 2007). The Government stated that the jail authorities and district administration were instructed to take appropriate action in the matter and to forfeit the security deposits.

3.2.9 Welfare of prisoners

Besides providing accommodation to prisoners, the jails were also to carry out certain welfare activities such as provision of diet according to norms, safe drinking water, sanitary latrines, maintenance of hygiene in the jail premises, free legal aid, correspondence and interview with family members and relatives. A review of the welfare activities in the 18 test checked jails disclosed deficiencies in diet, non-availability of sanitation facilities, inadequate health care facilities etc as detailed in succeeding paragraphs.

3.2.9.1 Sanitation facilities in jails

In the test checked 18 jails, there was shortage of 463 latrine seats (35 *per cent*) against the total requirement of 1317 seats according to the Orissa Jail Manual norm of one toilet for every six prisoners. Even at the MPM norm of one toilet for every 10 prisoners, the shortage worked out to 87 against the requirement of 213 seats. There was no night latrine in the female ward (first floor) of the Balasore jail where female prisoners are locked at night. Poor unhygienic and sanitary conditions in five jails (Athamalik, Jamujhori, Hindol, Chhatrapur and Chowduar) were also reported by the National Human Rights Commission (NHRC) in its Annual Report 2002-03, after inspection of these jails.

3.2.9.2 Diet Provision

The Government while prescribing the scale of diet fixed (September 1986) 630 grams of rice for non-labouring prisoners and 730 grams for labouring prisoners. It was noticed that in 11 jails¹⁰, out of 11207 convicts undergoing rigorous imprisonment during 2002-07, only 4032 (36 *per cent*) convicts were assigned with works during 2002-07 and the remaining 7175 prisoners, were not engaged in any work in jail garden/manufacturing industries. However, 730 grams of rice per prisoner days was shown as consumed by the 7175 non-labouring prisoners for 26.19 lakh¹¹ prisoner days. Thus, utilisation of 2619 quintals of rice (cost Rs 23.57 lakh) at 100 grams per prisoner day appeared doubtful and was against the prescribed norm. The Government's reply was silent on the doubtful consumption.

**Doubtful
consumption of 2619
quintals of rice
worth Rs 23.57 lakh
for non-labouring
prisoners at the scale
prescribed for
labouring prisoners**

⁹ Choudwar (4), Baripada (3), Balasore (2), Keonjhar (2), Angul (12) and Bhadrak (2).

¹⁰ Baripada, Bhawanipatna, Koraput, Choudwar, Sundargarh, Sambalpur, Bhubaneswar, Balasore, Keonjhar, Rourkela and Bhadrak.

¹¹ 7175 non-labouring prisoners X 365 days.

In 10 test checked jails¹², there was no dining hall and food was being served in the wards. Besides, the asbestos / tiled roof of kitchen in four Jails¹³ were in leaking / damaged condition.

3.2.9.3 Health care facilities

No regular doctor was available in 52 jails to cater to the health care needs of the prisoners

Section 6 of Prisons Act 1894 provided one Medical Officer for each prison. Only, 19 Jail Medical Officers were available in 16 jails on regular basis and in two jails (Ranapur and Jamujhori) on contractual basis. In remaining 52 jails, no regular doctor was provided and the Medical Officer of nearby Government hospitals visited the jails once in a week / fortnight on a token honorarium of Rs 200 per month. However, it was noticed that pharmacists were mainly attending the sick prisoners. The Government stated that creation of 51 posts of Medical Officers for these jails was under consideration.

In four test checked jails¹⁴, there were no indoor / isolation wards for TB / Leprosy / HIV positive and mentally ill patients though required as per the provisions of OJM. These patients ranging from one to 18 were kept in the general wards along with other prisoners with the risk of spreading the infectious disease. Regular blood tests were also not conducted in these jails. Medical instruments like glucometer, microscope etc purchased at a cost of Rs 2.84 lakh during 2001-02 were lying idle in 17 jails due to non-availability of technicians.

In 16 test checked Jails¹⁵, no vehicle was available for transportation of sick prisoners to the nearby hospitals for specialised treatments.

3.2.9.4 Victim Compensation Fund

Victim Compensation Fund had not been set up despite directives from the Supreme Court of India

The Honourable Supreme Court of India directed (September 1998) all the States for formulating law for setting up a Victim Compensation Fund by setting apart a portion of wages earned by the prisoners (convicts undergoing rigorous imprisonment). Though the State Government instructed (February 2000) the IG, Prison to deduct 10 per cent of the wage earned by the labouring convicts and deposit under a specific head of account for this purpose yet the said instruction had not been complied and no such fund was set up (June 2007). The Government stated (August 2007) that the proposal to set up the fund was under consideration.

3.2.9.5 Non-availability of amenities despite provision in OJM and MPM

Though Rule 613 OJM provided for arranging interview of prisoners with his / her relatives in a special part of the jail yet interview rooms were not available in 14 test checked jails¹⁶.

¹² Balasore, Sundargarh, Keonjhar, Rourkela, Angul, Bhadrak, Rairangpur, Rayagada, Sambalpur Nari Bandi Niketan and Jamujhori open jail in Bhubaneswar.

¹³ Sambalpur, Bhawanipatna, Angul, Keonjhar.

¹⁴ Angul (18) Bhadrak (1), Bhawanipatna (17) and Puri.(18)

¹⁵ Excepting Berhampur and Choudwar, In Sambalpur there is no driver and vehicle is out of order

¹⁶ Sambalpur, Bhubaneswar, Berhampur, Puri, Balasore, Sundargarh, Bhawanipatna, Koraput, Keonjhar, Rourkela, Angul, Bhadrak, Rairangpur, Rayagada, NBN (Sambalpur).

Similarly, despite observations of the Apex court and GOI instructions (November 2002), creche for children accompanying women prisoners were not provided in five jails¹⁷ keeping 34 children with their prisoner mothers. It was further noticed that in three new sub-jails (Sohela, Bisam Katak and Khariar) constructed during 2004-07, separate juvenile wards (plinth area 1257.96 sft each) within the female wards were constructed at Rs 19.14 lakh though not required as per Rule¹⁸. The Government however agreed (April 2007) that these juvenile wards would be utilised as crèche for accompanying children of female prisoners. Action in this regard is awaited (August 2007).

3.2.10. Reforms and rehabilitation activities

The MPM provides that reformation and social rehabilitation of prisoners should be the ultimate objective of prison administration for ensuring self-employment to the prisoners after their release from jail and preventing prisoners relapsing to crime after release. For the purpose, activities such as literacy drive and education, yoga and physical education, recreation facilities, health awareness (prohibition and AIDS awareness etc), rehabilitation of prisoners after release through vocational training were required to be undertaken by the prison administration. However, it was noticed that no teacher for imparting education was available in 49 jails having capacity for 2977 prisoners. Also despite provision in MPM for one community hall in each prison, the same was not available and regular physical drills were not conducted in any of the 18 jails test checked. It was also noticed that though two rehabilitation centres¹⁹ for the prisoners were functioning in the State, only 63 (0.1 per cent) out of 60893 prisoners released from jail were rehabilitated during 2002-07. The Government stated that proposal to revamp the existing two rehabilitation centres was under consideration.

3.2.11 Human Rights issues

3.2.11.1 Retention of mentally ill prisoners in Jails

Mental Health Act 1987 did not permit detention of mentally ill persons in the prison. National Human Rights Commission (NHRC) advised (September 1996) the Chief Ministers of all States to ensure that no mentally ill person should be made to stay in jail after 31 October 1998. The NHRC also stated that in case of non-compliance, the Commission might award compensation to the mentally ill persons or their family members and the amount of award would be recovered from delinquent public officers. The State Government also issued (June 2000) instructions to the IG Prisons to take appropriate action on the matter.

323 mentally ill patients were detained in 16 test-checked jails for periods ranging from 12 to 60 months despite the above instructions. The IG did not take any action for shifting these prisoners for their treatment even though the Jail Medical Officers were regularly submitting monthly returns on such patients. Government stated that these prisoners had been shifted to Circle jails for treatment under Psychiatric Specialist. However, transfer of mentally ill

¹⁷ Keonjhar (3), Bhadrak (15), Baripada (13), Koraput (1), Puri (2).

¹⁸ Juvenile Justice (Care and Protection of children) Act, 2000.

¹⁹ (i) Central Home for men at Baripada and (ii) After-care Centre at Cuttack.

prisoners to any Psychiatric Hospital or Psychiatric Nursing Home was yet to take place (August 2007).

3.2.11.2 *Detention of UTPs in jails beyond two years*

The Constitution of India (Article 21) envisages right to speedy trial. The Chairperson of NHRC informed (22 December 1999) all the Chief Justices of High Courts about the decision of the Apex Court to complete the trial of prisoners for offences punishable up to seven years within two years and for offences punishable beyond seven years within three years. During the period 2002-07, under trial prisoners constituted 68.50 to 75.44 *per cent* of total prisoners held in custody in the Jails. 469 UTPs were remaining in 14 Jails of the State for more than two years, 83 of them were continuing for three to five years and 21 for more than five years as of March 2007 due to non-finalisation of their cases. Though the District Committee of two jails (Puri and Berhampur) and IG on various occasions (6 December 2005, 14 June 2006) expressed their concern for speedy trial of prisoners, yet the matter was not brought to the notice of the appropriate Court (June 2007) for remedial action. Government stated that necessary instructions were issued to the Jail authorities to move to the notice of appropriate Court for release of such UTPs on bail.

3.2.12 *Working of manufacturing / production units inside jails*

To inculcate healthy work habits among prisoners, various training modules in trades and industries like phenyl preparation, Dari making, tailoring etc were introduced in prisons. Test check of 11 manufacturing / production units of jails disclosed non-payment of minimum wages, blockage of funds on idle workshop and equipments, non-availability of facilities, unsold finished goods etc as under.

3.2.12.1 *Non-payment of minimum wages*

The Supreme Court of India *inter alia* directed (1998) all the State Governments to ensure that equitable wages are paid to every convict for the work done by him or her at the same rate at which a worker is paid outside the jail under the Minimum Wages Act and the State Governments have to set up a wage fixation body to determine the equitable wage payable to the prisoners. But no such 'Wage fixation body' was set up by the State Government so far (June 2007) and the prisoners were being paid incentives at Rs 10 per day for unskilled and Rs 12 per day for skilled work (revised in April 2000 from Re 1 and Rs 1.50 per day) when the minimum wage was Rs 40 per day for labourers outside the jail. The prisoners were thus deprived of equitable wages despite Apex Court's orders. Even this paltry incentives to 3089 prisoners (including 1184 already released) in 11 jails²⁰ amounting to Rs 32.87 lakh for utilisation of their services up to 31 March 2007 were not paid on the ground of paucity of funds and inadequate allotment of funds.

Incentive of Rs 32.87 lakh were not paid to 3089 prisoners due to non-receipt of allocation

²⁰ Bhawanipatna, Balasore, Puri, Sambalpur, Sundargarh, Keonjhar, Baripada, Angul, Bhadrak, Berhampur and NBN Sambalpur.

3.2.12.2 Idle workshop, machinery and staff

In District Jail, Keonjhar, one workshop building though constructed (April 2004) at a cost of Rs 3.50 lakh out of EFC grant for paddy, wheat and oil processing, was lying idle (June 2007) as the same was constructed outside the perimeter wall and no machinery were procured. Similarly, the coal briquettes workshop building and machinery purchased and installed at a cost of Rs 6.45 lakh (April 1998 - November 2000) were not put to use in the Choudwar jail as it was in defunct condition since its installation. Forty six handloom machines and other equipment costing Rs 2.54 lakh were laying in unserviceable condition for two to five years in the six²¹ test checked jails.

In two jails (Berhampur and Jamujhori), the services of three instructors were not gainfully utilised during 2002-07 and Rs 10.14 lakh²² spent on the pay and allowances of these staff proved nugatory. At the same time, tin and smithy unit of Angul jail was left idle due to want of instructor who was at Jamujhori without any such unit. Further, at the NBN, Sambalpur, the tailoring and craft unit were lying idle despite availability of two instructors during 2002-07. Special Sub-jail, Bhadrak did not have manufacturing unit despite holding 85 convicts. Government stated that the weaving unit of Balasore would be shifted to Bhadrak soon. Finished goods costing Rs 17.98 lakh were lying unsold in the manufacturing units of 11 test checked jails.

3.2.13 Civil Works

As per the GOI instructions (April 2001), the civil works relating to Modernisation of police force and the like were entrusted by the Government to the OSPHC and Rs 105.60 crore was released by the GOI and State Government during 2002-07 to the Corporation for execution of works under modernisation scheme. The physical as well as financial targets and achievement during 2002-07 were as under:

Year	Administratively approved estimated cost	Amount released during the year	Number of works allotted for the year	(Rupees in crore)	
				Financial and physical achievements up to 31 March 2007 by OSPHC	
				Amount spent	Number of works completed
2002-03	19.67	0	63	18.05	44
2003-04	21.47	0	82	21.40	67
2004-05	21.47	52.95	91	18.78	52
2005-06	21.47	30.13	110	7.40	38
2006-07	21.50	22.52	141	3.16	3
Total	105.58	105.60	487	68.79	204

It could be seen from the table above that against the expenditure of Rs 68.79 crore only 204 works out of the 487 targeted works were completed up to March 2007. The Corporation had submitted utilisation certificates for Rs 73.36 crore up to March 2007 reporting completion of 346 works which were entrusted to it up to 2005-06. However, it was noticed that only 145 out of the 346 were actually in progress (June 2007). The scheme funds were also merged with the corporation's funds and the interest earned on the unspent

145 works reported as completed by the Corporation were still under construction

²¹ Rourkela, Keonjhar, Sambalpur, Bhawanipatna, Choudwar and Puri.

²² Jamujhori (Tin and Smithy instructor-Rs 1.49 lakh during July 2004 to December 2006), Berhampur (Rs 8.65 lakh during 2002-07-for two instructors (Binder grade I) in addition to two existing instructors were engaged for imparting training to only six to seven prisoners).

funds was appropriated and the accounts of the Corporation were in arrears from 2004-05.

It was further noticed that the estimates were prepared by the Corporation and were administratively approved by the Government without further verification by any technical authority. Supervision charges at 15 *per cent* of the estimated cost were allowed and there was no written agreement between the Government and the Corporation regarding the basis of preparation of estimates, time schedule for completion of works, reports and returns / accounts to be submitted to the Government etc. Such arrangement has shortcomings like reasonableness of estimates, time and cost over-run, excess payments, undue enrichment, absence of contractual terms, inadequate monitoring system as detailed in following paragraphs.

3.2.13.1 *Unfruitful expenditure on idle assets*

122 staff quarters constructed at Rs 4.24 crore were lying idle

It was noticed that 105 staff quarters for seven new sub-jails²³ constructed during 2004-06 at Rs 3.64 crore were not taken over and put to use by the jail authorities as of July 2007 for periods ranging from 12 to 27 months. Further, 17 new staff quarters (three at Champua and 14 at Choudwar) constructed at a cost of Rs 60 lakh were lying idle and not taken over by jail authorities due to non-provision of external water supply in the estimate and lack of coordination between the Corporation and Jail authorities. Thus, Rs 4.24 crore spent on these completed buildings remained unfruitful (July 2007).

3.2.13.2 *Construction of new sub-jails not conforming to the prescribed specifications*

New sub-jails constructed/ under construction did not conform to the specifications prescribed in MPM and OJM

All new sub-jails constructed / under-construction by the OSPHWC at a cost of Rs 49.30 crore, did not conform to specifications prescribed in the OJM and MPM. Masonry berths to be used by prisoners for sleeping were not provided; jail buildings were constructed within 50 meters of the perimeter walls; grated windows were provided with shutter arrangements in many cases and mild steel bars of size 15 to 20 mm were used against 25mm prescribed; expansion joints were provided in perimeter walls; no grill was provided in first floor verandah, buildings for crèche were not constructed despite stipulation of GOI in the Scheme Guidelines and orders of the Apex court; male and female dining space were not segregated; night latrine not provided in female isolation wards, floor area of wards, hospital and number of toilets / latrine seats were less than the norm prescribed and in two cases the land within prison premises was found to be highly undulated. List of such cases are indicated at *Appendix-3.4*. Thus, provisions of OJM and MPM were not complied for ensuring effective security and custody of prisoners.

In 15 sub-jails (excepting Narasingpur and Jajpur Road), no quality control tests were conducted despite payment of Rs 19.37 lakh²⁴ to the OSPHWC for such tests. Thus, the requirement of MPM that all prison works must conform to IS standard was not ensured. However, after being pointed out in Audit

²³ Banapur, Bisam Katak, Sohela, Jajpur road, Narasingpur, Digapahandi and Salipur.

²⁴ For 15 jails at the rate of Rs 1,29,126 each (one *per cent* of the cost of civil works: Rs 1,29,12,578) provided for quality control tests.

(January 20007), the Corporation stopped claiming charges for quality control separately in the estimates of Jail works. The amount claimed and received for quality control in the past cases by the Corporation was not recovered.

3.2.13.3 *Incomplete works and slow pace of construction*

Seven new sub-jails²⁵ sanctioned during 2002-05 at Rs 18.65 crore and taken up by OSPHWC during 2004-06 were not completed (June 2007) due to slow pace in execution and the delay beyond the stipulated dates of completion ranged from three to 30 months. The Government stated that these seven sub-jails would be completed within next few months.

3.2.13.4 *Excess payment to OSPHWC*

In four new sub-jails²⁶, despite provision of Rs 17.30 lakh in the administratively approved estimates, the juvenile wards and corridors to female dining hall were not constructed, as the same were not required in view of the stipulation in the Juvenile Justice Act 2000 not to keep any juvenile offender inside the general prison. However, the said amount already paid to the OSPHWC was not refunded to the Government.

Similarly, in five other new sub-jails²⁷, though Rs 1.17 crore was provided (2004-05) for construction of single storey hospital buildings of plinth area 4293 sft (each with estimated cost ranging between Rs 22.56 lakh and Rs 24.33 lakh) but double storey hospital buildings with total plinth area of 2290 sft (estimated cost Rs 11.14 lakh to Rs 11.55 lakh) were constructed (2004-07) at a cost of Rs 56.96 lakh.

Thus, a sum of Rs 77.74 lakh was refundable to the State/Central Government by OSPHWC. Government stated that the amounts were utilised in other works in same project as per need and site requirement. The reply was not tenable as the concerned Deputy Project Managers of OSPHWC stated that no extra work was executed in lieu of above items deleted and that detailed estimates for such extra works were not prepared.

3.2.13.5 *Non-recovery of royalty on minor minerals*

The suppliers were required to furnish receipts/transit pass in support of payment of royalty failing which the royalty at prescribed rate was to be recovered from the supplier bills for depositing with the Revenue authorities. In 33 jail works executed by the OSPHWC, royalty for Rs 16.37 lakh was not recovered from the suppliers bills even though the suppliers failed to furnish documentary proof in support of pre-payment of royalties. This resulted in excess payment of Rs 16.37 lakh to the suppliers besides loss of revenue to the State Government.

3.2.13.6 *Avoidable expenditure due to construction of hospital buildings with large plinth area*

In 19 sub-jails constructed/under construction, though provision for single storey hospital buildings with 4293 sft plinth area (at Rs 22.56 lakh to

There was excess payment of Rs 77.74 lakh to OSPHWC due to non-refund of cost of structures subsequently deleted from the scope of work and construction of hospital buildings with lower plinth area

Excess payment of Rs 16.37 lakh was made to the suppliers of the building materials due to non-recovery of royalty

²⁵ Biramaharajpur, Jaleswar, Soro, Nimapara, MV 79, Kotpad and Madanpur-Rampur.

²⁶ Birmaharajpur, Banapur, Barbil and Rajgangpur.

²⁷ Banapur, Nimapara, Kotpad, Jaleswar and Badabil.

Rs 24.33 lakh each) were made in six jails²⁸, yet in remaining 13 cases double storied hospital with total plinth area of 2290 sft (at Rs 11.14 lakh to Rs 11.55 lakh each) were constructed/ provided in the estimates even though the capacity of all new sub-jails was same (200 male and 50 female under trial prisoners) and no regular doctor was posted in any sub-jail. Thus, uniformity in providing the plinth area for the hospital buildings in these new sub jails was not maintained and Rs 74.19 lakh was incurred extra on construction of hospital building of higher plinth area and the same could have been utilised in augmenting the facilities of other jail hospitals, special and circle jails, which were overcrowded and regular doctors were available.

3.2.13.7 *Undue enrichment of OSPHWC*

Preparation of inflated estimates by inclusion of contract tax in addition to sales tax and supervision charges resulted in excess payment of Rs 2.16 crore to OSPHWC and unjust enrichment

The analysis of rates in respect of all the civil works included the element of Orissa Sales Tax (OST). In addition, six *per cent* of the estimated cost of civil works was added to the estimates as 'Works Contract tax' and the same was approved and released by the Government. Test check revealed that in case of 16 new sub-jails and 305 other jail buildings constructed by the OSPHWC, Rs 2.16 crore was irregularly claimed and adjusted towards works contract tax and supervision charges thereon although no such tax was payable for executing the works departmentally through labour contractors and the elements of OST had already been included in the detailed estimate. This resulted in excess payment of Rs 2.16 crore to OSPHWC. On this being pointed out in audit (January 2007), the Corporation stopped charging such tax in its estimates thereafter. However, the above excess payment had not been recovered from the Corporation. Government stated that since the estimates were prepared on the basis of old schedule of rates, it was difficult to discharge the tax liabilities and confirmed that the Corporation was not charging any such tax from 2006-07. The reply was not tenable as the detailed estimates were prepared in all cases as per the Schedule of Rates 2003 and 2006 applicable during the period loaded with the element of sales tax. It was also ascertained (August 2007) from the Sales Tax authorities that no contract tax was paid by the Corporation. This resulted in unjust enrichment of the Corporation as contract tax claimed and collected by the Corporation was not paid to the Sales Tax authorities.

3.2.13.8 *Extra expenditure due to preparation of estimates in excess of Schedule of Rates*

Extra amount of Rs 32.85 lakh was allowed to OSPHWC in excess of that admissible under SR 2003

Contrary to the provisions of OPWD Code and Guidelines (December 2001) of the Engineer-in-Chief, Orissa²⁹, the estimates of three sub-jails (Biramaharajpur, Khariar and Bisamkatak) were prepared (November 2003) at market rates instead of on Current Schedule of Rates (CSR) and were administratively approved (March 2004) for Rs 6.43 crore against Rs 6.10 crore at SR 2003. This resulted in undue favour to the Corporation to the extent of Rs 32.85 lakh. Government stated that the estimates were prepared at market rates as per the then prevailing procedures. The reply was not tenable as the codal provision and Guidelines of Works Department (December 2001)

²⁸ Salepur, Narasingpur, Digapahandi, Jajpur road, Rajgangpur and Soro

²⁹ Para 3.4.2 of Orissa Public Works Department Code Volume I and Circular No.61538 dated 3 December 2001 of Engineer-in-Chief, Orissa.

provided for preparation of estimates at Current Schedule of Rates and prevailing minimum labour rates.

3.2.14 Human Resource management

The men-in-position in the Jail Department in the State as a whole and average prisoners population during the period covered under audit were as under:

Year	Sanctioned strength	Men-in-position	Shortage	Average prisoners population
2002-03	2366	2268	98	12191
2003-04	2364	2234	130	13000
2004-05	2346	2191	155	13173
2005-06	2329	2120	209	13678
2006-07	2356	2107	249	14706

Thus, there was a trend of shortage of staff going up with increase in prisoners population during the period 2002-03 to 2006-07.

As per the recommendations (September 1976) of Dave Committee set up by the State Government, the norm of guarding staff should be one for 25 prisoners. Against the requirement of 1767 numbers of guarding staff for 70 jails of Orissa as per the recommendations of the Committee, only 1384 guarding staff were sanctioned by the Government resulting in shortfall of 383 essential guarding staff. In regard to supervisory staff, posts sanctioned fell short by 36 (18 Assistant Jailor and 18 Sub-Assistant Jailors). Cumulative requirement of staff might go up further when 21 new sub-jails would be made operational. Government stated that Finance Department had been moved for creation of 567 posts for newly constructed sub-jails.

Besides, following deficiencies were observed in deployment of various categories of staff in jails:

- For qualitative improvement of jail administration, the National Human Rights Commission (NHRC) recommended (September 1996) that selection of officers to head the Jail administration should be done carefully with minimum tenure of three years, with a view to imparting continuity, dynamism and help in improving jail administration in the State. It was however seen that IG, Prison's post was held by Indian Police Service officers for periods from two to 14 months on five occasions during 2002-07.
- Though as per the provisions of OJM and Prisons Act, 1894 only regular employees were to be engaged inside the jail to ensure safety and security, yet 122 numbers of Home Guards were deployed in Jails for security and custody of jails as of March 2007. It was further noticed that in four jails where there were incidents of prison escape, 27 home guards (Sambalpur: 9, Baripada: 11, Choudwar: 4 and Bhadrak: 3) were deployed.
- There was no technical staff in the Directorate of Prison to check the estimates, design, location and to supervise the construction work. The cumulative effect was felt in poor management of construction activities as discussed earlier at paragraph 3.2.13.

Government stated that posting of IG, prisons were done as per administrative convenience, home guards were deployed purely on temporary basis and posting of a Junior Engineer in the Directorate was under consideration.

3.2.14.1 Inadequate staff training facilities

The total sanctioned strength of the Jail Training School, Berhampur was 20, of which, one post of instructor was lying vacant since 2002-03 and two were working in the office of the IG of Prisons even though their pay and allowances were being drawn from the Training school. The school on the other hand was engaging outside faculty on payment of honorarium. However, the training school having the capacity to train 46 jail staff (30 guarding staff and 16 officers at a time) imparted training to only six to 39 trainees annually during 2002-07 and remained virtually idle for 10 months (September 2002 to June 2003) without conducting any training programme. Training materials were not provided to the trainees in the Jail Training Institute, Berhampur. This shows that human resource development / capacity building among the jail staff lacked focus. There was no Jail Academy in the State and the proposal of the IG for setting up one such unit at Bhubaneswar was pending with the Government for the last one year.

3.2.14.2 Pending disciplinary cases

The departmental enquiries were pending against 71 non-gazetted officers for charges like bribery, abetment of prisoner's escape, misbehavior with seniors and prisoners etc initiated during the period 2002-07. The oldest case pending for disciplinary action was for more than three years.

3.2.15 Inspection, monitoring and internal audit

3.2.15.1 Inspections

As per Rule 28 of the OJM, the IG, Prison was required to inspect every jail and sub-jail at least once a year. It was noticed that seven test checked jails³⁰ were never inspected by the IG during 2002-07 and only ten inspections (3 per cent) were conducted by the IG against 350 inspections required to be conducted during this period for all the jails of the State. Besides, the District Committee was to inspect the jails under their jurisdiction at least once in a quarter for determining the pendency of UTPs and to review the sanitary and other conditions of the prisoners and to hear their grievances, if any. It was noticed that Open Air Jail, Jamujhori was not inspected even once by the District Committee during 2002-07.

Government had not prescribed the frequency of mandatory inspection of sub-jails by the Senior Superintendents of Circle jails.

Government stated that around 60 per cent of jails were inspected / visited by the IG, Additional IG etc during the period. The reply was not tenable as most of such inspections were prison visits which were not followed by issue of inspection notes for follow up action by the jail authorities.

3.2.15.2 Evaluation study

Evaluation of the performance of jails of the State was not conducted by any internal or external agency up to March 2007.

³⁰ Berhampur, Bhawanipatna, Koraput, Bhubaneswar, Rairangpur, Rayagada and NBN(Sambalpur).

3.2.15.3 Internal audit

A separate Audit cell with ten Auditors and two Audit Superintendents was functioning under the administrative and technical control of IG, Prisons for conducting audit of Jails and other offices. As on 31 March 2007, 294 internal audit reports with 3885 paragraphs remained unsettled for periods ranging from one to seven years due to non-receipt of proper compliance. Government stated that a monitoring committee was set up (July 2007) to review the pending paragraphs.

3.2.16 Conclusion

Utilisation of Central funds under modernisation of prison administration had remained poor. Substantial funds remained unspent with the executing agency i.e. OSPHWC. Overcrowding of jails continued to remain a serious area of concern as new sub-jails and additional wards in the existing jails were not made functional for periods upto 13 years due to deficiencies in structural designs and for want of required guarding staff. Prison security was inadequate, as incidences of prison escape continue to occur. Prisoners released on parole and furloughs were not brought back to jail for periods upto five years. Welfare measures like maintenance of sanitation in jails and health care of sick prisoners were not given priority. Incentives were not paid in time and equitable wages for prisoners were not fixed. Victim Compensation Fund was not set up despite Apex Court's orders. No mechanism existed for technical supervision of the civil works undertaken by the executing agency. There were vacancies in various cadres of posts in jails and human resource development and training for capacity building was inadequate. Prescribed inspections of jails by departmental officers were not regularly carried out indicating weak supervisory control in jail administration. Compliance to internal audit findings was poor.

3.2.17 Recommendations

- The new sub-jails and additional wards completed under 'Modernisation of Jail administration' and EFC grant may be made functional early to reduce overcrowding of existing jails. Model Prison Manual should be considered for adoption by the State.
- Security arrangements in jails may be strengthened by providing required manpower as per the norms recommended by the Dave Committee and infrastructure like watch towers, power generators etc.
- As recommended by the Committee on Jail Reforms, the required wage fixation body may be set up for determining payment of equitable wages to prisoners for work done inside the prison.
- Victim Compensation Fund may be set up and rehabilitation of prisoners after release may be given priority.
- Mentally ill prisoners may be identified and steps taken for their treatment in mental hospitals/asylum.
- The existing arrangement with OSPHWC should be reviewed to ensure reasonableness of estimates, speedy execution and effective financial control (regular reconciliation of accounts).

WATER RESOURCES DEPARTMENT

3.3 NABARD assisted medium and minor irrigation projects

Highlights

National Bank for Agriculture and Rural Development (NABARD) sanctioned loan assistance of Rs 747.40 crore between 1995-96 and 2004-05 under RIDF for taking up 48 Medium (Rs 496.01 crore) including 10 new projects and 215 Minor Irrigation (MI) (Rs 251.39 crore) projects including 121 new projects under RIDF I to X. The objective behind availing NABARD assistance remained unfulfilled due to inadequate pre-construction survey and investigation, improper planning, ineffective execution, lack of financial discipline and inadequate monitoring in implementation.

- ❖ Against the target of completing five Medium and 143 MI Projects between March 2002 and March 2007, only one Medium and 19 Minor Irrigation Projects were completed within the stipulated period. The achievement was 14 per cent.

(Paragraph 3.3.9)

- ❖ Against sanctioned cost of Rs 434.03 crore, Government availed loan assistance of Rs 234.30 crore which was only 54 per cent. The Government also released Rs 16.80 crore against Rs 28.76 crore in respect of MIPs which was 58 per cent of the State share due. The project wise information regarding repayment of principal and interest was not maintained either in the Finance Department or NABARD.

(Paragraph 3.3.8)

- ❖ The Head works of 16 MIPs completed with an expenditure of Rs 43.28 crore could not be made operational due to non-completion of distribution systems. The head works of seven MIPs and Rajua Diversion Weir Project were partly completed due to non-acquisition of land resulting unproductive expenditure of Rs 21.26 crore.

(Paragraph 3.3.7.2)

- ❖ There was cost escalation of Rs 58.31 crore in four Medium and 10 MI projects due to time-overrun caused by faulty project estimates, improper planning in execution, execution of projects without acquisition of private/forest land and inadequate monitoring.

(Paragraph 3.3.9.1)

- ❖ Seventeen MIPs did not commence and 18 MIPs were abandoned during construction due to involvement of forest land, overlapping/non-availability of ayacut and decline in the Benefit Cost Ratio (BCR) resulting in wasteful expenditure of Rs 1.96 crore.

(Paragraph 3.3.7.1)

- ❖ Extra expenditure of Rs 33.63 crore was incurred due to computation of item rates due to irregular adoption of Schedule of Rates (SoR) of Water Resources Department, improper planning in execution, award of works to the OCC without tender in excess over estimated cost, execution of work in deviation from approved design and left over works through other agencies.

(Paragraph 3.3.10)

- ❖ There were instances of excess/undue payments and extension of undue financial benefits to contractors aggregating Rs 6.23 crore.

(Paragraph 3.3.12)

* Abbreviations used in this performance review have been expanded in Glossary of abbreviations at pages 243-248.

3.3.1 Introduction

In the budget of 1995-96, the Government of India announced a scheme for setting up of Rural Infrastructure Development Fund (RIDF) to be operationalised by NABARD for financing of the ongoing as well as new infrastructure projects. RIDF was being utilised for providing financial assistance to the State Government for completing/ taking up of new infrastructure projects in rural areas which would be completed within three years. In the irrigation sector the projects which can be sanctioned under RIDF include Major, Medium and Minor Irrigation projects.

To obviate the resource crunch of the Government and also for creation of additional irrigation potential of 1.40 lakh ha in Kharif and 0.24 lakh ha in Rabi in the non-KBK¹ districts NABARD sanctioned loan assistance of Rs 747.40 crore between 1995-96 and 2004-05 under RIDF for taking up 48 Medium (Rs 496.01 crore) including 10 new projects and 215 Minor Irrigation (MI) (Rs 251.39 crore) projects including 121 new projects under RIDF I to X².

3.3.2 Procedure for sanction of projects

The Water Resources Department formulates the project proposals. The Project Screening Committee, subsequently renamed as the High Power Committee (HPC), headed by the Development Commissioner, examines the proposals along with the estimates and feasibility report and thereafter recommends the same to the regional office of NABARD at Bhubaneswar for sanction. The consultant, after field visit, submits the appraisal report indicating whether the project is recommended or not. After receipt of the appraisal report of the consultant and his recommendation, the project proposals are sent to the head office of NABARD. The project sanctioning committee then sanctions the project and the head office issues the sanction letter.

3.3.3 Organisational set up

Finance Department of the Government is designated as the nodal department for drawal and disbursement of the loans sanctioned by NABARD and arranging for repayment of the loan with interest. Deputy Secretary, Finance Department is the nodal officer for coordination between the Department and NABARD. Water Resources Department under the administrative control of Principal Secretary to the Government is responsible for implementation of the projects. Execution of the projects is administered by one Engineer-in-Chief (EIC), Water Resources and four Chief Engineers (CEs) who are assisted by six Superintending Engineers (SEs) and 18 Executive Engineers (EEs).

3.3.4 Audit objectives

The performance audit of NABARD assisted Medium and MI projects was conducted with a view to assess whether:

- The planning process including survey and investigations ensured proper identification and prioritisation of works.

¹ Other than undivided Kalahandi, Bolangir and Koraput districts.

² RIDF-I – 1995-98, RIDF-II – 1996-99, RIDF-III – 1997-2000, RIDF-IV – 1998-2001, RIDF-V – 1999-2002, RIDF-VI – 2000-2003, RIDF-VII – 2001-2004, RIDF-VIII – 2002-2005, RIDF-IX – 2003-06, RIDF-X – 2004-07.

- Prudent financial management system existed for management of NABARD loans and interest payments.
- The objectives of completion of incomplete/new projects with NABARD's assistance and creation of irrigation potential were achieved.
- There was efficiency and economy in execution of the projects in compliance with the conditions laid down by NABARD.
- The monitoring system for implementation of projects was adequate.

3.3.5 Audit criteria

The audit criteria considered for assessing the extent of achievement were as follows:

- Norms for selection and implementation of projects.
- Rules and procedures governing the financial management.
- Budget and Accounts documents, financial targets vis-à-vis achievement.
- Physical targets and achievement in implementation of irrigation projects.
- Codal rules and provision in implementation of the projects and management of contracts.
- Report relating to joint verification of ayacuts³ by the revenue and project authorities; and
- Monitoring mechanism instituted by the Government.

3.3.6 Audit coverage and methodology

Performance Audit on implementation of medium and minor irrigation projects under the programme in non-KBK districts was carried out between November 2006 and May 2007 covering the period from 2002 to 2007 through test check of records of two Controlling Offices, five Irrigation and eight MI Divisions. The sample consisted of five Medium Irrigation Projects and 161 MIPs including 71 new projects (four Medium and 67 MIPs).

The audit methodology adopted included collection of data/information available with the Finance Department, with NABARD as well as with the Executive Engineers' offices. The entry conference was held (March 2007) with the Principal Secretary to Government, Water Resources Department to present the audit plan, objectives, criteria and coverage. The exit conference was held with the EEs and the Controlling Officers to present the audit findings.

Audit findings

3.3.7 Planning

The projects taken up under NABARD loan assistance were to be completed within a stipulated time frame of three years. The department was, therefore, required to conduct the initial survey and investigation and plan for the execution of the projects properly so that basic requirements such as administrative approval, land acquisition/forest clearance, ayacut planning etc. were obtained before commencement of the work to ensure their smooth and timely completion. Due to improper planning in 61 test checked projects, the

³ Culturable Command Area.

works were held up leading to cost overrun, decline in BC ratio and abandonment of projects resulting in wasteful/unproductive expenditure as discussed in the succeeding paragraphs:

3.3.7.1 Projects either not started or abandoned

Despite expenditure of Rs 90.50 lakh on Survey & Investigation charges and initial cost of land acquisition 17 MIPs were not commenced as of March 2007

The works in respect of 17 MIPs⁴ were approved to be taken up between March 2003 and March 2005 at a cost of Rs 15.59 crore for completion between March 2005 and March 2007. The projects were not commenced as of March 2007 due to non-acquisition of land, non-obtaining of forest clearance, non-accordance of administrative approval and non-completion of ayacut survey despite expenditure of Rs 90.50 lakh incurred on those projects towards survey and investigation charges and initial cost of land acquisition.



Kadaligadia MIP abandoned due to seepage in the dam

Expenditure of Rs 1.05 crore incurred on abandonment of 18 MIPs rendered wasteful apart from interest liability of Rs 18.53 lakh

Besides, construction/renovation of 18 MIPs⁵ taken up between April 1999 and March 2005 at a cost of Rs 28.04 crore were abandoned during execution due to involvement of forest land, overlapping / non-availability of ayacut, seepage of water from the dam and decline in the benefit-cost ratio. Consequently, expenditure of Rs 1.05 crore incurred on these projects was rendered wasteful. Further, out of these 18 projects, Government availed loan assistance of Rs 2.85 crore in the form of advances for 11 projects which posed avoidable interest liability of Rs 18.53 lakh as of March 2007.



Incomplete Left Main Canal of Ghensali MIP

3.3.7.2 Unproductive expenditure due to non completion of projects

Non completion of 23 MIPs due to non acquisition of private/ forest land led to unproductive expenditure of Rs 64.54 crore

Though the acquisition of land was a pre-requisite for taking up the project works, the EEs of eight MI divisions did not address this aspect adequately and commenced the works. As a result, distribution systems of 16 MIPs⁶ could not be completed due to non-acquisition of land even after



Incomplete River Gap of Kendua MIP

⁴ Bhalukatoli, Katarapal, Patilo, Jamujharan, Darh, Kharabella, Kushkella, Similisahi, Badpur, Murmuria, Laxmipur, Agulaghai, Hajabandha Raipada, Badabandha Boirani, Beniagula, Talabandha Gunthapada and Khajuribandha Gunthapada

⁵ Kadaligadia, Bartunda, Dadarkata, Khandahata, Kolibandha, Kulabira, Kiralaga, Debadihi, Ekama, Jermal, Dhabad, Chal, Safeinullah, Jaunlibandha, Jenaghai Kuriagum, Kharibandha, Krushna Chandrapur and Udaysinghnallah.

⁶ Ghensali, Sandhabali, Laxmiprasad, Madhabinullah, Sankaramara, Benga, Kuanria, Bandeswarinullah, Sikulpadar, Uttalijore, Uma, Janalabadia, Bhitirisagar, Kengtinullah, Bhogra and Hetabandha Santasipur

completion of head works over two to four years with expenditure of Rs 43.28 crore remaining unproductive.

In respect of seven other MIPs⁷, the head works were partly completed with expenditure of Rs 20.17 crore without closing the river gap due to non-acquisition of private and forest land. The distribution systems were also not taken up due to similar constraints. Further, the head works of Rajua Diversion Weir Project stipulated for completion by September 2003 at a cost of Rs 3.57 crore was abandoned by the contractor after executing work valuing Rs 1.09 crore on the ground of non-acquisition of land. The above led to unproductive expenditure of Rs 21.26 crore.



Incomplete head works of Rajua D/W

Expenditure of Rs 4.32 crore incurred on execution of Balita and Patharaganda MIPs was not economically viable owing to decline in BCR

3.3.7.3 Non-achievement of Benefit-Cost ratio

To provide irrigation to 240 ha in Kharif and 90 ha in Rabi, the project cost of Balita MIP was revised (July 2002) from Rs 1.80 crore to Rs 3.24 crore. The project remained incomplete after spending Rs 3.08 crore due to non-acquisition of land. With revision in the capital cost, the BCR declined to 1.23 against the minimum norm of 1.5 rendering the project economically unviable. Further, the ayacut was reduced to only 40 ha against the designed potential of 240 ha.

Similarly, BCR value of Patharaganda MIP taken up (July 2001) at a cost of Rs 2.29 crore to provide irrigation to 304 ha in Kharif and 61 ha in Rabi, declined to 1.01 against 1.66 originally projected due to revision of project cost for construction of a reservoir project in place of Diversion Weir. This rendered the project unviable. The work was in progress with an expenditure of Rs 1.24 crore as of May 2007.

3.3.8 Financial Management

NABARD was to provide loan assistance to cover about 95 per cent of estimated costs of the projects and the remaining was to be shared by the State Government. The loan agreement stipulated quarterly (RIDF-I to VIII)/monthly (RIDF-IX & X) release of loan assistance by NABARD as reimbursement of expenditure incurred by the State Government on the submission of expenditure statements. Each drawal of fund was to be deemed as a separate loan for the purpose of repayment schedule and was to be repaid in full in equal annual instalments within seven years including the grace period of two years.

Approved project cost, loan assistance sanctioned by NABARD and loan disbursed against the claim of Government in respect of 5 Medium and 161 Minor Irrigation Projects is depicted in *Appendix-3.5*. In this context, audit observed the following:

⁷ Nuadihi Moorunkata, Bhangamunda, Jhadabandha, Paranga, Kendua, Kukudimba and Badkarjang

Due to slow progress in execution of work of the projects the department was able to avail only 54 per cent of the funds under RIDF. Government also released only 58 per cent of the State share due

Unauthorised expenditure of Rs 27.60 crore in excess over/ without administrative approval was not regularised as of March 2007

- Against the approved project cost of Rs 494.24 crore for five Medium and 161 MI Projects, NABARD sanctioned Rs 434.03 crore. Out of the total sanctioned amount of Rs 434.03 crore, loans disbursed were Rs 234.30 crore. The details are given in *Appendix-3.6*. The Department was thus able to avail only 54 per cent of the available funds under RIDF due to slow progress in execution of works. The Government also failed to release its entire share of Rs 28.76 crore due in respect of the 161 MIPs. A sum of Rs 16.80 crore was released which was only 58 per cent of the State share due. Against the budget provision of Rs 348.27 crore, the Department spent Rs 316.92 crore (91 per cent) on these projects and the balance was surrendered. Despite adequate budget provision, the implementation of the projects was far behind the schedule mainly due to non-acquisition of land, forest clearance and delay in finalisation of ayacut planning for distribution systems.
- The project-wise information regarding repayment of principal and interest was not maintained either in the Finance Department or in NABARD. Only tranche-wise information was available with NABARD covering all types of projects including roads and bridges, as a result of which the status of repayment of principal and interest paid on medium and minor irrigation projects, could not be ascertained in audit.
- Against expenditure of Rs 316.92 crore on these projects, Government filed claim for reimbursement of Rs 269.59 crore of which NABARD reimbursed Rs 234.30 crore as of March 2007. The balance amount of Rs 35.29 crore (14 per cent) was not reimbursed as the expenditure was not eligible for reimbursement. However, details of such expenditure were not forthcoming from the departmental records.
- Four MIPs⁸ estimated to cost Rs 5.90 crore were taken up by the department without obtaining administrative approval and an expenditure of Rs 30.65 lakh was unauthorisedly incurred as of March 2007. Also, in respect of Bagh Barrage Project and 14 other MIPs⁹ the expenditure exceeded the administrative approval by Rs 27.29 crore. The unauthorised expenditure of Rs 27.60 crore was, however, not regularised as of March 2007.
- In construction of three Medium and 54 MIPs, Rs 19.43 crore were paid to the LAOs towards land compensation to land owners. The EEs had not obtained the land compensation vouchers in support of the payments as of March 2007.

3.3.9 Physical target and achievement

The status of medium and minor irrigation projects test checked in audit was as shown in the table below:

(Rupees in crore)/(Ayacut in ha)									
RIDF Tranches	Year of commencement	Stipulated year of completion	Name/ No. of projects	Approved cost	Expenditure as of March 2007	Projects completed	Expenditure on completed projects	Design potential (in ha)	Potential created as of March 2007
Medium Irrigation Project									
II & IX	1996-97	March 2006	Baghalati	79.61	95.82	Not completed	Not completed	5488	3410
III & X	1997-98	March 2007	Deo	121.83	48.42	-do-	-do-	5900	0

⁸ Chilanti, Saraswatinullah, Jamujharan and Kharabela.

⁹ Malkennallah, Ghensali (D/W Stage-II), Singarmunda, Katanganallah, Bargoanmal, Paranga, Kukudiamba, Balita, Gobora, Sankaramara, Hatianullah, Nuapadakata, Sandhabali and Victoriasagar.

RIDF Tranches	Year of commencement	Stipulated year of completion	Name/ No. of projects	Approved cost	Expenditure as of March 2007	Projects completed	Expenditure on completed projects	Design potential (in ha)	Potential created as of March 2007
III, VIII & X	1997-98	March 2007	Bagh Barrage	73.57	53.89	-do-	-do-	9660	5957
V	1999-2000	March 2002	Rajua D/W	14.31	4.37	-do-	-do-	2695	0
VIII	2002-03	March 2005	Baladiha	2.10	2.32	Completed	2.32	NA	NA
Total				291.42	204.82			23743	9367
Minor Irrigation Project									
V	1999-2000	March 2002	8	25.73	28.33	5	15.71	3786	2923
VI	2000-01	March 2003	5	22.54	17.45	1	2.07	3868	948
VII	2001-02	March 2004	7	13.78	11.97	2	1.46	2714	1669
VII (PD/CD)	2001-02	March 2004	54	26.06	23.04	44	20.15	16214	14538
VIII	2002-03	March 2005	21	48.22	23.37	5	3.52	7258	1601
IX	2003-04	March 2006	8	15.84	1.88	-	--	3108	40
X	2004-05	March 2007	18	38.17	3.42	-	--	7055	86
X (BKVY)	2004-05	March 2007	40	12.48	2.64	14	1.57	2649	624
Total			161	202.82	112.10	71	44.48	46652	22429

PD/CD – Partly derelict / completely derelict, BKVY: Biju Krushak Vikas Yojana

NA - Not available

It would thus be seen that five Medium Irrigation Projects, covered in audit, were approved at a cost of Rs 291.42 crore to provide irrigation to 0.24 lakh ha of land during Kharif. An expenditure of Rs 204.82 crore was incurred on these projects as of March 2007. Of the five projects, only one project was completed and four projects remained incomplete as of May 2007 due to slow progress of work.

As regards Minor Irrigation Projects, during 2002-2007 (RIDF-V to X) 161 MIPs were under execution at an approved cost of Rs 202.82 crore to provide irrigation to 0.47 lakh ha of land of which 18 MIPs were abandoned. Out of the remaining 143 MIPs, only 19 MIPs (2002-03: one, 2003-04: four and 2006-07: 14) were completed within the stipulated period and the other 52 MIPs were completed beyond the stipulated period with expenditure of Rs 44.48 crore as of March 2007. The delay in completion of projects ranged between two and five years.

3.3.9.1 Time and cost overrun

Due to time over run ranging between two and five years in execution of the projects on account of faulty project estimates, improper planning in execution, execution of projects without obtaining forest clearance/acquisition of land and inadequate monitoring of projects, the project costs of four¹⁰ Medium and 10 MI projects¹¹ escalated from Rs 297.98 crore to Rs 356.29 crore leading to cost overrun of Rs 58.31 crore.

3.3.10 Execution of works

Test check of records on execution of project works disclosed several instances of undue benefit and extra expenditure as discussed in the succeeding paragraphs:

The project cost of four Medium and 10 MIPs escalated by Rs 58.31 crore

¹⁰ Bagh Barrage, Baghalati, Deo and Rajua.

¹¹ Ghensali, Malkenullah, Patharaganda, Badkarajang, Khandahata, Nuaghai, Gopalighai Totabali, Nuadehi Moorunkata, Jamujharan and Rangamatia.

Adoption of SoR of WR Department inflated the estimated cost by Rs 15.14 crore with consequential benefit to the contractors

3.3.10.1 Irregular adoption of Schedule of Rate

Till 31 March 1994, Government of Orissa approved one SoR under Works Department (WD) by providing item rates fixed by the Rate Board for adherence by all Engineering Departments. This SoR contained a separate chapter for execution of irrigation works. Water Resources (WR) Department, however, adopted their own SoR from 1 April 1994 (revised in 1998) providing 10 per cent towards hidden cost on labour and 15 per cent overhead charges on labour, materials and machinery as against 12.5 per cent on labour and 2 per cent towards tools and plant charges in the SoR of Works Department. Mention was made in paragraph 4.2.6.5 of the Audit Report (Civil) for the year ended 31 March 2001 regarding unjust inclusion of overhead charges leading to undue benefit to contractors.

Further, check of the sanctioned estimates of Baghalati Irrigation Project and head works and head reach of the canal of Bagh Barrage Project showed that these estimates were prepared for Rs 131.65 crore adopting SoR of Water Resources department. This resulted in inflation of the estimates by Rs 15.14 crore due to excess provision of 11.5 per cent over and above the actual estimated cost with consequential benefit to the contractors.

3.3.10.2 Extra expenditure due to improper planning in execution

Avoidable expenditure of Rs 7.81 crore due to improper planning in execution of the Earth dam and Spillway of Bhagalati Irrigation Project

The Central Water Commission (CWC) cleared (July 1994) the proposal for execution of Baghalati Irrigation Project to provide irrigation to 4300 ha. in kharif and 1750 ha. in rabi. The project proposal envisaged construction of earth dam upto RL 109 metre. The CE, however, planned (October 1996) for construction of the earth dam in two phases at a cost of Rs 45.44 crore. Phase-I contemplated execution of the earth dam up to RL 94 metre and spillway up to 80 metre and the earth dam upto designed RL of 109 m and spillway up to 250 metres in Phase-II. The works of Phase-I awarded in two reaches (May 1996/May 1997) to two contractors for Rs 11.18 crore were completed by May 2000 with expenditure of Rs 15.70 crore.

Phase-II of the works of the Earth Dam and Spillway was awarded (May 2004/February 2005) to OCC at a cost of Rs 21.69 crore for completion by November 2005/February 2007. The work was executed with payment of Rs 11.33 crore as of April 2007. Computed with the item rates of Phase-I, the execution of the Phase-II works through OCC involved extra expenditure of Rs 7.56 crore. Had the earth dam and spillway been constructed at a time as cleared by CWC, the extra expenditure could have been avoided. Besides, due to part execution of the Earth Dam, 16,985 cum of compacted earth, had to be stripped and refilled with compaction involving further extra expenditure of Rs 24.55 lakh.

3.3.10.3 Extra cost due to abandonment of work by the contractor

Work of construction of head works and distribution system (two reaches) of Paranga MIP was awarded (March 1999/ September 2002) to a contractor at a cost of Rs 2.93 crore for completion between September 2000 and March 2003. The contractor, after executing head works valuing Rs 1.27 crore and

receiving Rs 1.31 crore abandoned the work. This resulted in excess payment of Rs 3.81 lakh. The contract was closed (June 2004) by Government with forfeiture of earnest money and security deposit and execution of balance of the works at the cost and risk of the contractor. The deposits were, however, not forfeited as of April 2007. The contractor did not execute the work of left/right main canal and the proposal of the CE (September 2004) to close the contract with penalty was not approved as of April 2007.

Extra cost of Rs 1.09 crore involved on re-tender of balance of the works of Paranga MIP together with excess payment of Rs 3.81 lakh were not recovered from the original contractor.

The balance of the works valuing Rs 1.66 crore were awarded (February 2004) to another contractor at a cost of Rs 2.75 crore for completion by February 2005. The award of balance of the works involved extra cost of Rs 1.09 crore on re-tender. The extra cost along with the excess payment of Rs 3.81 lakh was not recovered as of July 2007. Against recoverable dues of Rs 1.13 crore, the dues of the contractor in the shape of security deposit for Rs 6.38 lakh were only available with the department.

Further, the head works of Malkennullah and Bargoanmal MIPs were awarded (August 1998/January 2000) to two contractors at a cost of Rs 5.18 crore for completion by April 2001/January 2002. Due to non-availability of forest clearance even during execution, the contractors stopped the work from February 2002 by which time they executed work worth Rs 4.48 crore. The execution of the balance works subsequently between February 2004 and January 2006 through other agencies on re-tender involved extra expenditure of Rs 30.63 lakh.

3.3.10.4 *Extra expenditure due to construction of spillway in deviation from approved design*

Extra expenditure of Rs 1.20 crore was involved on rectification works due to construction of Spillway of Bhagalati Irrigation Project in deviation from approved design

Mention was made in paragraph 4.11 of the Report of the Comptroller and Auditor General for the year ended 31 March 2002 regarding extra expenditure of Rs 46.60 lakh on stone dumping to protect the chute carrier of spillway of Bhagalati Irrigation project constructed in deviation from the approved design.



Chute Spillway of Bhagalati Irrigation Project

Further check of records disclosed that the Dam Safety Panel and a High level Technical Committee inspecting the site between December 2003 and October 2004 attributed the damages in the chute carrier to restricting execution of the spillway to four bays by the Chief Engineer & Basin Manager (CE & BM), Rusikulya Vansadhara and Nagabali (RVN) Basin, Berhampur against five bays designed for execution. The committee suggested (October 2004) for straightening the chute carrier providing lean concrete of M-10. The rectification works of the chute were awarded (May 2004) to OCC which involved extra expenditure of Rs 1.20 crore.

3.3.10.5 Award of work to OCC without tender

Award of work to OCC without tender led to extra burden of Rs 4.20 crore to the exchequer. Besides, outstanding advance of Rs 13.76 crore was not recovered

During the period between February 2002 and February 2006, the Government awarded the balance work of Earth Dam and Spillway of Baghalati Irrigation Project and works of other eight¹² MIPs to OCC at a cost of Rs 38.36 crore at 8-13 *per cent* excess over the estimated cost for completion by February 2007. Audit checks disclosed that tenders received on wide publication for identical works during the same period were upto 20 *per cent* less. Thus, award of work to OCC without inviting tender resulted in an extra burden of Rs 4.20 crore to the State exchequer since the works were executed on loan assistance from NABARD involving payment of interest.

Despite financial support by way of payment (March 2004/March 2007) of interest free advance of Rs 31.26 crore, the corporation did not execute the work as per the programme and defaulted in execution. The EEs, however, did not realise the liquidated damages for Rs 3.84 crore to ensure completion of the works.

Further, for the work of construction of Patharganda MIP awarded (December 2006) to the Corporation at a tendered value of Rs 1.98 crore, the EE unauthorisedly paid between February and March 2007 an interest free advance of Rs 1.05 crore without any specific condition in the contract for such payment.

Out of the total advance of Rs 32.31 crore paid to OCC, Rs 18.85 crore were adjusted between March 2004 and March 2007. The balance advance of Rs 13.76 crore was pending for recovery (June 2007).

3.3.10.6 Execution of works at post tender stage

In four works the contractors were paid Rs 93.82 lakh unauthorisedly towards execution of variation in quantities without approval

In case of variation during execution, the deviations in quantities were to be got approved by the competent authority before allowing payments. In four works¹³ the contractors were, however, paid Rs 93.82 lakh towards execution of variation in quantities in excess of agreement value without obtaining approval of the CE. This resulted in unauthorised payments to the contractors at the post tender stage.

3.3.11 Creation of Irrigation Potential

The objective of availing loan assistance from NABARD was to complete the incomplete/new projects and to create irrigation potential of 0.71 lakh ha. The irrigation potential created was 0.31 lakh ha. which was only 45 *per cent*. Thus, the objective remained unachieved as discussed in the instances given below:

3.3.11.1 Non achievement of objective under BKVY

Government launched Biju Krushak Vikash Yojana (BKVY) in 2001 with the loan assistance from NABARD under RIDF-X and 20 *per cent* contribution from the beneficiaries to create additional irrigation potential of 2649 ha.

¹² Kukudiamba, Rangamatia, Bandeswarinullah, Kengtinullah, Sriganga, Janlabadia, Kuskela and Paranga.

¹³ Construction of Balita, Sagadianullah, Bandeswari nullah, Nuadihi Morrum .Kata MIP, Excavation of LMC from 3750 m to 5300 m and Construction of balance work of spill way of Baghalati Irrigation Project.

Out of 40 MIPs under BKVY, only 14 projects could be completed. The achievement in creation of irrigation potential was 24 per cent

Under the programme, the department undertook improvement of 40 MIPs commencing from 2004-05 at a total cost of Rs 12.48 crore for completion by March 2007. Fourteen projects out of the 40 MIPs were completed with an expenditure of Rs 1.57 crore. Of the remaining 26 projects, nine projects did not commence for want of contribution from the beneficiaries and local problems, six projects were dropped by the department for lack of feasibility, two were at the initial stage of execution and nine projects were in progress. The achievement in terms of irrigation potential created was only 624 ha (24 per cent).

3.3.11.2 Non-achievement of designed irrigation potential

An expenditure of Rs 2.32 crore was rendered unfruitful as no irrigation potential in respect of Baldiha Irrigation Project was created

Improvement to the existing diversion weir of Baldiha Irrigation Project estimated to cost Rs 2.10 crore was sanctioned by NABARD in February 2003 for a loan assistance of Rs 1.87 crore with the balance cost of Rs 23 lakh to be met out of State funds. The improvement works were to provide irrigation to an ayacut of 200 ha. during Rabi. The works were completed in March 2006 with expenditure of Rs 2.32 crore. The status report of NABARD assisted Irrigation projects for March 2007, however, showed that no irrigation potential was created. Thus, the expenditure of Rs 2.32 crore was rendered unfruitful. Further, no administrative approval was accorded either prior to sanction of the project by NABARD or even after completion of the works.

3.3.11.3 Non-verification of ayacuts

Against 14,561 ha of irrigation potential certified by EEs, 4,670 ha was actually assessed by the revenue authorities for collection of revenue

On completion of irrigation projects, joint verification of ayacuts was required to be done by the project authorities with revenue authorities for certification of ayacuts.

During 2002-06 only one Medium and 42 MIPs were completed and 14,561 ha of irrigation potential was certified by the Executive Engineers to have been created. Of the above, 4,670 ha was actually assessed by the Revenue Authorities for collection of revenue (Compulsory Basic Water rate) leaving a shortfall of 9,891 ha.

3.3.12 Management of contracts

Poor management of contracts resulted in undue benefits and excess payments of Rs 6.23 crore to contractors

Audit check disclosed poor management of contracts resulting in undue benefits and excess payments of Rs 6.23 crore to contractors as summarised below:

(Rupees in crore)

Sl. No.	Observation	Amount
1	The rate for earth fill for construction of earth dam was inclusive of stripping of the burrow area free from vegetation growth. The contractors were, however, paid (March 2000 – March 2007) Rs 51.40 lakh towards stripping burrow area for 1.35 lakh cum in three works resulting in undue benefit to the contractors. EE Bhaghalati Irrigation Division stated (April 2007) that the item of burrow area stripping was not included in the item of main dam earth fill as the quantity involved was very high. The reply was not acceptable since the stripping of burrow area was at the cost and responsibility of the contractor.	0.51
2	In the item rate analysis of sanctioned estimates the basic cost of crusher broken stones was adopted though the items specification in the agreements did not provide use of	0.55

SL No.	Observation	Amount
	crusher broken stones. Similarly, in excavation of canal and distributaries of Bagh Barrage Project and Rajua diversion weir project, the tender schedule specified use of both hand and crusher broken but the EEs of Boudh Irrigation and Khurda Irrigation Division computed the item rate adopting the rate of crusher broken only which was higher. Such erroneous computation inflated the estimated cost in the six works resulting in unwarranted benefit of Rs 54.57 lakh to the contractors.	
3	In construction of left Main Canal from RD 00 to 11.355 km of Bagh Barrage project and excavation of Right Main canal from RD 00 to 14.460 km of Bandeswarinullah MIP, the EEs of MI Division, Padampur and Boudh Irrigation Division however, did not utilise 1.55 lakh cum of earth available from cutting reaches in embankment formation, even in absence of any adverse quality control report resulting in undue benefit of Rs 54.18 lakh. The EEs also released payments to the contractors without deduction of settlement allowance (2 per cent / 12 per cent / 16 per cent) of 0.31 lakh cum from the over all measured quantity of 5.02 lakh cum of earth fill resulting excess payment of Rs 10.34 lakh. In excavation of Right Main canal from RD 00 to 14.460 km of Bandeswari nullah MIP, as against the earth work quantity to be executed manually as per the agreement, the agency was allowed mechanical transportation for 0.57 lakh cum of earth with an extra expenditure of Rs 22.83 lakh though the arrangement of the earth for construction of the embankment was the responsibility of the contractor. The total undue benefit/excess payment to the contractors amounted to Rs 87.35 lakh.	0.87
4	In excavation of main canal, distributaries, minors and sub-minors (24 works) of Bagh Barrage project, Nuadihi Moorunkata MIP and left and right canals of Uma MIP, although the contractors delayed the execution, the EEs did not realise liquidated compensation of Rs 88.73 lakh from the defaulting contractors.	0.89
5	The contract conditions provided that the unit rates of earth work were inclusive of royalty payable on the earth utilised in the work. In construction of 21 works of distribution systems of Bagh Barrage Project, excavation of Right Main canal (Package No.IV and VII) of Deo Medium Irrigation Project and seven MIPs ¹⁴ , the EEs had not realised such royalty for 10.94 lakh cum of earth from the contractors resulting in loss of revenue of Rs 85.63 lakh.	0.86
6	As per Indian Road Congress (IRC) code, the requirement of cement for execution of one cum of controlled concrete of M-15 and M-20 grade was 250 kg and 310 kg respectively. In Rajua Diversion Weir and Baghalati Medium Irrigation Projects and four other MIPs ¹⁵ the item rates were, however, computed adopting requirement of 259 kg/ 323 kg per cum of M-15 and 366 kg per cum for M-20 grade concrete works leading to excess payment of Rs 59.22 lakh. Similarly, in the work of construction of Patharganda MIP, against the actual requirement of 207 kg and 288 kg of cement per cum of M-10 and M-15 grade concrete works, the provision made in the estimate was 229 kg and 323 kg respectively. Excess provision of cement led to excess payment of Rs 5.10 lakh. Thus, the total excess payment to the contractors worked out to Rs 64.32 lakh.	0.64
7	The contractor awarded with the construction of head works of Bagh Barrage Project excavated 0.36 lakh cum of compacted sheet rock. Against 0.25 lakh cum of retrievable stone (70 per cent), 0.15 lakh cum only was retrieved and issued. The shortfall of 0.10 lakh cum resulted in loss of Rs 6.72 lakh. Further, the finished item rates inclusive of carriage charges for obtaining stone from quarry were not proportionately scaled down by deducting the carriage charges though the stones were issued at the site. This resulted in excess payment of Rs 20.24 lakh.	0.27
8	The SoR stipulated that the basic cost of material (stone products) included the cost of stacking charges and minimum 1/6 th towards voids were to be deducted from the overall measured quantity of stone packing. In Uttalijore and Malkennullah MIPs and two canal works of Bagh Barrage project neither the collected stones were stacked nor	0.44

¹⁴ Uttalijore, Bandeswarinullah, Khallipali, Bandupalli, Malkennullah, Bargoanmal and Basanti Sagar MIPs.

¹⁵ Ghensali, Malkennullah, Bandeswarinullah and Uttalijore.

Sl. No.	Observation	Amount
	were the voids deducted. This resulted in over payment of Rs 43.94 lakh to the contractors.	
9	General specification of the detailed tender call notice provided that the cost for construction of forms was inbuilt in the item rate of concrete work and no separate payment was admissible. In construction of distribution system under Phase – II of Bagh Barrage Project, Baldiha diversion weir, Baghalati Irrigation Project and Rajua diversion weir, separate items were, however, provided in the agreements (bill of quantities) for formwork. Inclusion of separate item for formwork in the agreements resulted in extra cost of Rs 88.74 lakh.	0.89
10	The department's approved quarry (Uttalijore) for obtaining sand was located at a distance of 5 km from the Uttalijore MIP. Distance of 50 km was, however, provided in the sanctioned estimate for carriage of sand. Irregular adoption of lead charges from a longer distance for carriage of sand resulted in extra cost of Rs 31.19 lakh.	0.31
Total		6.23

3.3.13 Monitoring and supervision

Monitoring and supervision of projects were poor resulting in massive cost and time overrun

Though periodical monitoring and evaluation of projects were essential to ensure timely completion of the projects for accrual of targeted benefits, the department did not create a specific cell to monitor the implementation of RIDF projects until 2006, although NABARD assistance was being availed since 1995-96.

A Project Screening Committee was constituted in August 2000 for scrutinising project proposals for funding under RIDF. Subsequently, a High Power Committee was constituted in December 2003 with the Development Commissioner-cum-Additional Chief Secretary as Chairman. Audit observed that though the Committee met regularly to review the projects taken up under RIDF, the discussions focused mainly on financial arrangements, submission of detailed project reports for the recommended projects, completion reports of completed projects and consideration of new proposals for funding under RIDF. The Committee did not look into technical deficiencies or the reasons for poor progress in the execution of projects although under the terms of reference it was required to monitor the progress and problems in project implementation. A monitoring cell was constituted only in April 2006 for ensuring submission of Detailed Project Reports, filing of claims and submission of project completion reports. However, the tasks of monitoring the technical deficiencies, poor progress in the execution of the projects and lack of financial discipline and control were not entrusted to the cell.

Audit further observed that there were frequent delays in submission of detailed project reports. DPRs in respect of eight projects cleared between May 2006 and November 2006 were pending for submission for periods ranging between 3 to 8 months (as of February 2007). Delayed submission of DPRs could result in the State being deprived of NABARD assistance due to not getting adequate number of projects sanctioned by NABARD. Further, there were also delays in submission of project completion reports as well as quarterly expenditure statements. In March 2006 the Government decided to create a comprehensive database of RIDF projects, to be developed by June 2006. This, however, was still under implementation (August 2007).

3.3.14 Conclusion

Government could avail only Rs 234.30 crore (54 *per cent*) of the loan amount due to slow progress in execution of the works. The initial survey and investigation and proper planning for the execution of the projects were not done which resulted in non-completion of the projects and non-accrual of designed irrigation potential. There was also lack of planning in implementation of the projects, violation of norms in preparation of the project estimates and poor monitoring of the project. As a result, only one medium and 71 MIPs were completed (50 *per cent* of the target) and irrigation potential created was only 0.31 lakh ha. (45 *per cent* of the designed potential). Project wise information regarding payment of principal and interest was not maintained. There were instances of wasteful expenditure/extra expenditure, undue/excess payments to contractors and unauthorised expenditure. Overall monitoring of the implementation was ineffective. An exclusive cell for monitoring RIDF projects was set up only in April 2006, more than a decade after the Government started availing loan assistance from NABARD.

3.3.15 Recommendations

- The planning in implementation of the projects should focus on the basic requirements of survey, approvals, land acquisition, forest clearance, ayacut planning and study of feasibility to avoid delay in execution/abandonment/un-viability of projects.
- Project wise information regarding repayment of principal and interest should be maintained in Finance Department.
- The Department should focus on completing the on-going projects on priority basis.
- The monitoring and execution of the projects should be strengthened to ensure completion of all components of the work in a time bound manner.
- Joint verification of ayacuts by the Revenue and Project authorities may be completed to avoid loss of revenue.

The above points were reported to Government (June 2007); their reply had not been received (August 2007).

SCHOOL AND MASS EDUCATION DEPARTMENT

3.4 IT Systems of Orissa Primary Education Programme Authority

Highlights

Orissa Primary Education Programme Authority (OPEPA) functioning under the School and Mass Education Department (SMED) was the State Implementing Society (SIS) for overseeing the successful implementation of national programme of Sarva Siksha Abhiyan in the State. The IT system of E-Sishu Project consisting of Child Tracking Systems (CTS), Education Personal Information System (EPIS), and Geographical Information System (GIS) developed during 2005-06 failed to serve as basic database for ensuring universal elementary education with quality education as it contained a number of deficiencies.

❖ Expenditure of Rs 2.74 crore made on creation of children databases during the period of 2001-02 and 2003-04 became wasteful due to its defective design, non-updation and non-use.

{Paragraph 3.4.6.1(i)}

❖ Faulty planning, lack of supervision and monitoring led to non-implementation of EPIS and GIS software which remained incomplete overshooting the dates of implementation despite incurring expenditure of Rs 2.64 crore.

{Paragraphs 3.4.6.1(ii) and (iii)}

❖ Acceptance of OCAC's project proposal for developing child tracking system by adopting Intelligent Character Recognition (ICR) technology led to excess payment of Rs 37.44 lakh and created an erroneous database.

{Paragraph 3.4.6.1(iv)}

❖ Poor coverage in surveys during 2005-06 and 2006-07 without proper supervision led to creation of incomplete databases.

{Paragraph 3.4.7.1(i)}

❖ Deficient database design and software led to development of inconsistent databases. Besides, wrong reporting modules resulted in a misleading and unreliable management information system.

{Paragraphs 3.4.7.1(iii) and 3.4.7.2}

❖ Due to faulty planning, non-assessment of user requirements and inadequate design of databases, different IT systems like office automation software, District Inspectors of School Software remained unimplemented.

{Paragraphs 3.4.8.1 and 3.4.6.1(ii)}

3.4.1 Introduction

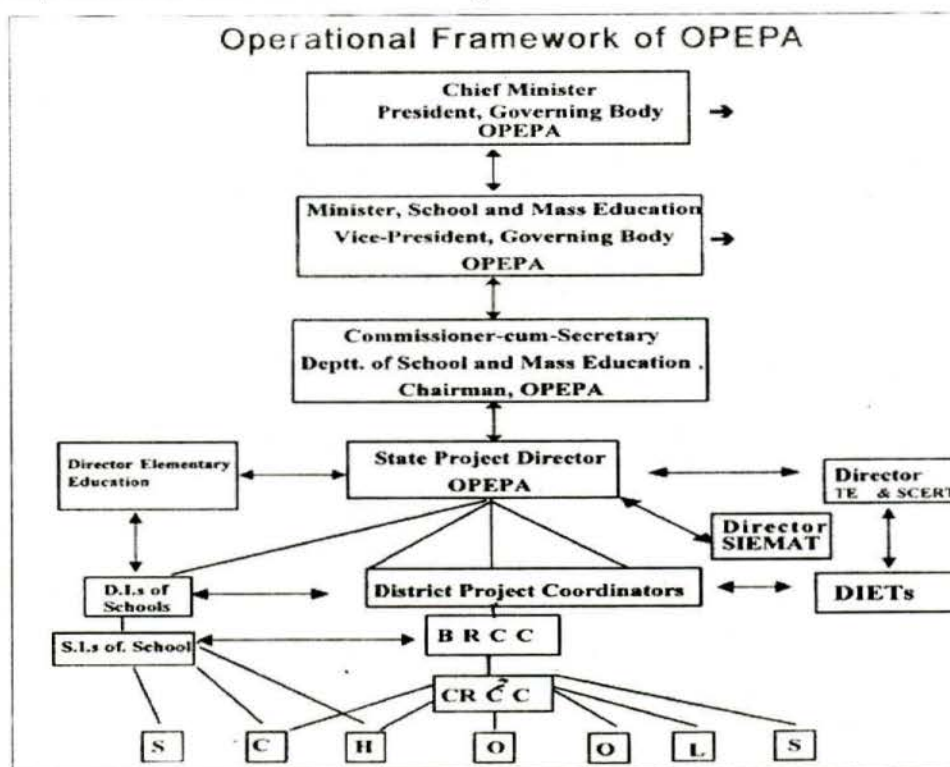
The national flagship programme of Sarva Sikshya Abhiyan (SSA) has been under implementation in the state since 2001-02 to achieve the goals of Universal Elementary Education (UEE). The programme envisaged tracking the children of 0-14 year age group for providing eight years of free and

* Abbreviations used in this performance review have been expanded in Glossary of abbreviations at pages 243-248.

compulsory elementary education to all the children of 6-14 years age group by 2010. The OPEPA functioning under the School and Mass Education Department (SMED) was the implementing authority of the programme in the state. There were about 6.7 million children (6-14 years) in about 70000 educational institutions (which included 18000 EGS centers & 6000 private schools) in the state as per the reports of OPEPA.

3.4.2 Organisational set up

Orissa Primary Education Programme Authority (OPEPA) had a Governing Body and an Executive Committee to regulate its activities. While the Chief Minister was the Ex-Officio President of the Governing Body, the Minister, School and Mass Education was the Vice President. The State Project Director (SPD) was the Member-Secretary of the Governing Body. At the district level, the State Implementing Society (SIS) was assisted by a District Project Coordinator (DPC) to oversee the implementation of SSA. At the block level, the scheme was executed by the Block Resource Centre Coordinators (BRCCs) while the Cluster Resource Centre Coordinators (CRCCs) are responsible for execution at the Panchayat level.



3.4.3 IT Systems of OPEPA

3.4.3.1 District Information System for Education (DISE)

As designed by the Government of India, the DISE had been the backbone of an integrated educational management information system operating at the district, state and national level since 1996-97. The DISE was to provide district level school data for planning, monitoring and review of various

project interventions. Under the system, data received from schools were being computerised at the district level and disseminated up to the school level in various ways which among others, comprised information on location of schools, management type, teachers, school buildings and equipment, enrolment by gender and age, incentives and number of disabled children in various grades. However, from 2005-06 onwards, the State Government developed the e-Shishu system from which the DISE data was compiled for formulation of Annual Work Plan and Budgets (AWPBs) and approval of various child related interventions in the state by the Government of India.

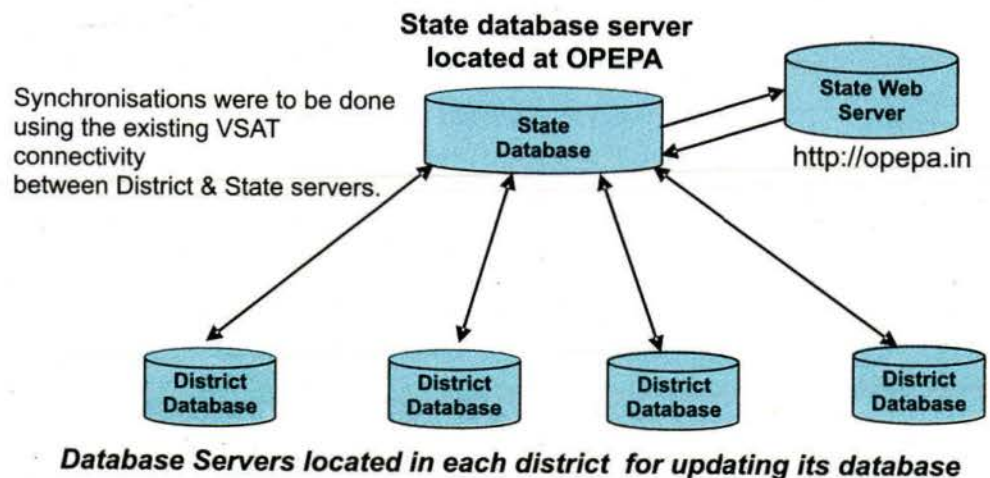
3.4.3.2 e-Shishu

Project e-Shishu was devised with the aim to track each child whether the child was attending the school or not along with their demographic attributes, education, financial status and many other details with the following objectives of facilitating:

- planning activities under various interventions to achieve the goals of SSA,
- specific action plan for out of school children based on the reason for being out of school,
- formulation of plans for future entrants to the education system with infrastructure,
- minimising/elimination of duplicate and fake enrolments altogether,
- development of each child based on his/ her achievements to ensure quality education and
- decision support system for planners and administrators.

The project e-Shishu had the following system architecture.

System Architecture



The sub-systems which were developed on *asp / asp.net* with SQL server-2000 under the e-Shishu were as below:

3.4.3.3 Child Tracking System

A database of all the children of 0-14 years with their name, age, sex, caste, educational status, the reasons for not attending school and other indicators was developed on the basis of data collected through household survey as Orissa Child census 2005 using intelligent character recognition (ICR) technology where specially designed formats filled in with handwritten data by the surveyors/enumerators were scanned and captured into a database. This database was loaded in the State database server and district servers. The objective was to develop an online child tracking system (CTS) wherein the current status of each child would be available in the web.

3.4.3.4 CTS validation and Updation system

CTS validation process was adopted to rectify the errors in entries like name of the child, guardian's name, date of birth, educational status etc. made in the child database after survey (school for the children who are attending school and household for drop outs and new born babies).

The child updation process was adopted to update changes of the class, education progress indicators (percentage of marks secured in the annual examination), school, drop outs of schools and new admissions of the children.

3.4.3.5 Geographical Information System

A Geographical Information System (GIS) based on geographical positioning system (GPS) was developed for maintaining data on infrastructure of all educational institutions of the state for speedy and accurate decision making to ensure quality education. In the GIS software, layers of information on educational institutions were put on a single map from which a problem¹ and its unique solution were to be found out. Root level information on various educational institutions of the state like school infrastructure, teacher position, student strength, distance from habitations, distance from nearest institutions etc. were located on GIS map for planning, emergency operation and tracking pupils.

3.4.3.6 Educational Personal Information System

The District Inspector of School Software (DISS) was developed (2001) with Visual Basic as front-end and SQL server as backend for automation of administrative works in respect of the District Inspector of Schools (DIs) with the objective to reduce the administrative workload of the DIs so that they could devote more time for providing quality education. This system had provision for computerisation of the personal information, pension and gratuity, payroll, treasury transactions and legal matters in respect of all the teachers working under district inspector of schools. Subsequently, DISS was modified (2006) as Education Personal Information System (EPIS) by

¹ Absence of infrastructure, distance between the education institutions.

expanding its scope to accommodate the requirements of all the 432 drawing and disbursing officers² (DDOs). The EPIS was designed to provide a database of all the DDOs of a district at the DPOs level and its synchronisation with the state server every month through existing VSAT connectivity for on-line centralised monitoring and reporting.

3.4.4 Audit objectives

- To assess whether the general controls ensured
 - development and implementation of various IT systems were in conformity with requirement and the time schedules
 - economy and effectiveness of the IT Systems developed.
 - procurement of IT assets conforming to the provisions of the general financial rules / guidelines from time to time,
- To evaluate whether various application controls ensured
 - integrity of the data maintained,
 - reports generated were reliable and as per requirement.

3.4.5 Audit scope and methodologies

Analysis of different IT systems developed by the OPEPA during 2001 to 2007 and their implementation were covered in Audit. The application and general controls were analysed in respect of (i) Child Tracking System (CTS), (ii) Employees Personal Information System (EPIS), (iii) Geographical Information System (GIS) and (iv) District Information System on Education.

The authenticity and reliability of the data for the years 2005 and 2006 was analysed using Structured Query Language (SQL) in SQL Query Analyser. Audit of OPEPA was conducted during December 2006 to May 2007 through test check of records of SIS i.e. OPEPA, 16 selected District Project Coordinators³ and 23 schools under five DPCs on random selection basis.

Audit Findings

3.4.6 General Controls

3.4.6.1 System development planning

In order to achieve universal elementary education under SSA, OPEPA executed the programmes through District Project offices and sub-ordinate offices under it. For this various data were to be collected, computerised and compiled in a systematic process for effective planning and progress monitoring. During 2001-06 various IT systems like Child database, District Inspectors of School Software, Child tracking system, EPIS and GIS were developed.

² District Project Offices : 30, District Inspector of Schools : 75, Block Development Officers : 314, Urban Local Bodies : 11, OPEPA and DEE)

³ Anugul, Balasore, Baragarh, Baripada, Bhadrak, Cuttack, Dhenkanal, Ganjam, Jagatsinghpur, Jajpur, Kandhamal, Kendrapara, Khurda, Nayagarh, Puri and Sambalpur

The various systems developed by OPEPA during 2001-2006 lacked planning resulting in a deficient management information system as discussed below.

(i) Design of database in 2001 and 2003

The SSA programme required development of computerised database and its maintenance at the district level with the provision for updating the information annually for tracking the educational progress of each child in the 0-14 years age group for micro planning at habitation level. Household surveys were conducted by the OPEPA in two phases in the state (14 districts: 2001-02 and 16 districts: 2003-04) and the data collected on the children through these house hold surveys were computerised incurring expenditure of Rs 2.74 crore without provision for updating, making it useless. The information generated, if any, was not used for planning purposes. The database, however, could not be produced to audit for analysis. Thus, Rs 2.74 crore spent for creation of the above database was wasteful.

(ii) Adhoc approach towards computerisation of District Inspectors of Schools

The OPEPA with the objective of utilising more of their time towards education than administrative works decided (January 2001) to develop District Inspector of Schools Software (DISS) system by computerisation of personal information, i.e., pay roll, court cases, scheme monitoring and finance management etc. Accordingly, the work was awarded (May 2001) to a private agency M/s. TQM consultancy at a cost of Rs 13.20 lakh for development of DISS software, its installation, training and maintenance of the software for one year in 20 out of the 75 DIs in the State (at the rate of Rs 0.66 lakh per DI) with the stipulation to complete the work by August 2001. As per the terms of reference (TOR), 90 per cent of the cost was to be paid after installation of the software and the remaining 10 per cent after three months of successful operation of the software. However, due to non-availability of hardware in the 20 targeted DIs the system was implemented (September 2001) only in six other DIs⁴ where hardware were available and the work was abandoned thereafter. The, data, if any, generated through the software could not be produced to audit for analysis stating that there was no scope to keep the database as the same was rejected and revised subsequently. Thus, defective planning for implementation of a system without provision for hardware resulted in non-implementation of the software.

Subsequently the OPEPA, procured the required hardware and supplied to all the 75 DIs in the State (March 2004-November 2005), at a cost of Rs 40.81 lakh and decided (March 2005) to implement the DISS in all the 75 DIs by May 2005 by outsourcing the work. The work was awarded to Industrial Development Corporation Software Limited (ISL) at the rate of Rs 6500 per location. However, due to delayed installation of the hardware in these offices the implementation of DISS was abandoned (February 2006) and it was decided to expand the scope to another 357⁵ offices besides the 75 DIs with a

⁴ Salepur, Cuttack, Puri, Athagarh, Nilgiri, and Bhubaneswar.

⁵ Blocks - 314, ULB - 11, DPO - 30, DEE-I and OPEPA - 1.

redesigned software 'Educational Personal Information System (EPIS)' to make it web enabled. The work of development of system software including comprehensive maintenance of the same for one year, training to staff etc was awarded (July 2006) to ISL at a cost of Rs 98.94 lakh with the stipulation to complete the work by November 2006 for which Rs 39.57 lakh (advance: Rs 9.89 lakh and implementation at six pilot sites: Rs 29.68 lakh) was paid as of December 2006. Although the work in the above six sites was stated to have been completed by December 2006 test check of records in two such sites at Khurda revealed that the system installed were non functional and the required generation of reports like pay bills, pay slips, acquittances etc. were being done either at the OPEPA headquarters office or by the vendor at Bhubaneswar. Besides, during test check of other 15 sites it was noticed that the installation of the system was in progress (June 2007). Thus, due to improper planning leading to delay in execution of the project by the vendor, the benefits under EPIS were yet to be derived (June 2007) despite incurring expenditure of Rs 87 lakh.

(iii) *Arbitrary approach in Development of Geographical Information System*

OPEPA planned for implementation of a GPS based GIS software for mapping of all educational institutions of the State and creation of infrastructure database to be used as a decision support system tool for the top management in speedy and accurate decision making related to quality education.

The project consisted of two parts: (i) development of GPS based GIS software for mapping all educational institutions (approximately 76850) of the State and creation of infrastructure database at State and the district levels and (ii) web hosting of GIS package at State and District Project offices. The work was entrusted (April 2006) to Orissa Construction Corporation limited (OCC) at a cost of Rs 2.09 crore (Part-I) and Rs 0.61 crore (Part-II) with the stipulation to complete the work by 31 July 2006, of which Rs 62.64 lakh (30 per cent of work value) for part - I and Rs 30.58 lakh (50 per cent of the work value) for the second part respectively were paid (May 2006) as advance.

As regards part-I of the work, the firm completed the survey and submitted the data in compact disk (CD) against which the firm was paid a further Rs 83.52 lakh in March 2007. The remaining work of data integration on digital map of the State and installation of the software at the State and district levels, training to the programmers was not completed (July 2007) despite the stipulated date of completion was over by July 2006.

One month after payment of advance of Rs 30.58 lakh, the second phase (part-II) of the work was cancelled (April 2007) on the ground that the technology was new and not proven one. However, the advance paid remained unrecovered (July 2007).

Thus, faulty planning and delay in completion of the work had affected decision making activities of the OPEPA for over a year in implementation of SSA programme in the State despite incurring expenditure of Rs 1.46 crore

and excess payment of Rs 30.58 lakh. A penalty @ 0.05 per cent on the delay of the execution of the project was further leviable.

(iv) Acceptance of unreasonable project proposal

As required under the SSA programme, the OPEPA decided to have a comprehensive database of children 0-14 years age group in the lines maintained by the Karnataka Government by conducting child census and developing a database using ICR technology under which scanning of handwritten data on paper gets converted into database directly bypassing the process of manual data entry. Accordingly, the OPEPA requested (August 2005) the Orissa Computer Application Centre (OCAC) a State Government agency to avail the services of M/s CSM Ltd. the channel partner of M/s Netspider who had done the above work for Karnataka Government and submit project proposal for the work. On this, the OCAC after contacting (August 2005) the CSM Ltd. prepared a project proposal for Rs 1.54 crore and submitted the same (August 2005) to the OPEPA. Accepting the project proposal, the OPEPA placed work order with OCAC (September 2005) basing on the projected advantages of economy by use of ICR technology over the direct manual data entry.

Scrutiny of the proposal however, revealed that the comparative study of costs projected under the ICR technology and traditional manual data entry were worked out in terms of US dollar (USD) justifying the adoption of ICR technology as economical as below:

Statement showing the recurring cost to be involved in manual data entry process with capacity to process 1000 forms a day

Sl. No.	Details	Expenditure per month in USD
(i)	Payments/ Remunerations to technical staff i.e. 5 DEOs at the rate of 1200 USD per month, one Controller at the rate of 1200 USD per month and one Manager at the rate of 2000 USD per month	9200
(ii)	Rent on office space 20 USD per square meter for 50 square meter	1000
(iii)	Electricity / telephone / other expenses	10200
	Total	20400
Recurring cost for 30000 forms per month would be 20400 USD excluding the fixed costs. Thus, per form data entry cost would be $20400 \div 30000 = 0.68$ USD which was equivalent to Rs 29.73 (0.68×43.73) at the exchange rate of Rs 43.73 per USD (26 August 2005) as per Reserve Bank of India portal.		

It could be seen from the table that the cost of manual data entry arrived at, excluding the fixed cost (furniture, computers and networking etc.) was Rs 29.73 per form against which cost through ICR technology per form was Rs 1.32 (including 10 per cent consultancy charges). However, during CTSVU-2006, the cost of manual data entry as estimated by the OPEPA per child record was 54 paise (detailed in the *Appendix-3.7*). Similarly, the monthly remuneration of Rs 52472 ($\text{Rs } 43.73 \times 1200 \text{ USD}$) projected for one data entry operator was unrealistic as during CTSVU-2006 data entry operators were appointed by OPEPA on payment of Rs 3600 per month (@ Rs 120 per day).

Further, the project proposal contained the cost of scanning at Rs 1.20 per form which included hire charges of Re 0.83 per form for two types of scanners (i) one with 240 ppm throughput @ Re 0.69 per ICR form and (ii) two scanners each with 90 ppm throughput (Re. 0.14 @ Re 0.07 per ICR form per scanner) aggregating to 420 ppm for the three scanners. Against this projection, the OCAC was paid Rs 64.74 lakh for scanning 78.38 lakh ICR forms. However, the cost of such scanning would have been Rs 27.30 lakh by using five 90 ppm scanners aggregating to 450 ppm at the rate of Re 0.35 per form. Thus, acceptance of such proposal led to extra expenditure of Rs 37.44 lakh. The OCAC (executing agency) stated that the throughput obtained using one 240 ppm scanner was almost four times the result obtained using two 90 ppm scanners considering the batch load capacity besides extra operators were required for handling the additional scanners which would have involved additional expenditure. The reply was not tenable as the cost involved in use of extra manpower for use of three 90 ppm scanners in place of one 240 ppm scanner would have been only Rs 3.79⁶ lakh which was very less in comparison to avoidable expenditure of Rs 37.44 lakh.

3.4.6.2 Defective design of the systems

In the development of CTS during 2005, the database on children of 0-14 years was developed from the data collected through household survey using intelligent character recognition technology. In this process, survey data were collected through non-ICR forms which were again filled in a specially designed ICR forms. The data on ICR forms were scanned and converted into database using ABBYY Form Reader software directly thereby bye-passing the process of manual data entry. During 2006 CTS validation system was developed to rectify the errors occurred in CTS database 2005.

(i) Defective input form design of 2005

During scanning process for capture of data from ICR form for building the child database in Orissa Child Census-2005, there was defective form design. In case of a guardian with more than five children additional form(s) were used to capture the child data against the same guardian. For this, static household information⁷ already available in the main form were not required to be filled up in the additional forms so that the children in the additional form(s) would be tagged to the same guardian in the main form instead of creating new guardian record(s) against the additional form(s). From the data analysis it was revealed that children information of additional form(s) were tagged against either blank guardians as separate records where other details were left blank or against duplicate guardians where the details were filled in by the enumerators. Thus, the defective input form design created duplicate as well as wrong guardians in the household list. The SPD admitted the fact and stated that steps would be taken for future improvement.

⁶ As per TOR cost of manpower and infrastructure including PCs for use of the three scanners is Rs 0.073 per ICR form i.e Rs 5.69 lakh. The proportionate cost for use of five scanners would be Rs 9.48 lakh. Thus the extra cost was only Rs 3.79 lakh (Rs 9.48 lakh – Rs 5.69 lakh).

⁷ 1. Name of Block, 2. Name of Gram Panchyat, 3. Name of Village, 4. Name of Habitation, 5. House No, 6. Enumerator Code, 7. Type of Family, 8. Constituency Assembly No., 9. Polling station No., 10. Electoral No., 11. Name of Father/Mother/Guardian/Head of family, 12. Total Number of members in the family, 13. No. of children (0-14 year age group)

(ii) Defective design of the Child Tracking System Validation and Updation-2006

For eliminating errors occurred in the Orissa Child Census-2005 database and updating the child status in 2006 OPEPA introduced (July 2006) Child Tracking System Validation and Updation-2006 (CTSVU-2006). A survey to collect the information for the updation was planned. Even though, only seven days were allotted for the same, the procedure for collection of information was changed twice during the period of survey for which the information already collected were required to be revised. This resulted in duplication of data and creation of an erroneous database, again.

(iii) Non-capture of guardian information due to defective software CTSVU-2006

The blank in-school format was supplied to the DPCs during CTSVU-2006 for validation of children who were in school but not listed in the in-school format of OCC-2005. Accordingly, data in respect of new additions of children in various schools were collected during CTSVU-2006 and entered into the database by the DPCs. Analysis of database revealed that in case of all the 1.48 lakh in-school children of the state who were newly added to the database, information about their guardian were not saved in the database due to defective software developed by the OCAC. The identity (guardian name, village name etc.) of those children was lost. Incomplete child records without guardian and village name led to persisting problem of generating village wise in-school children report and tracking the children village/guardian wise in the subsequent updations. To an audit query the SPD stated that the CTS validation and updation was conducted at school point for in-school children and at village point for out of school children. There was no scope to maintain the household details of newly identified children in the school record who were not in the earlier database. The reply was not acceptable, as for tracking a child, the village name and guardian name were important fields in the household list.

3.4.7 Application Controls

3.4.7.1 Input and validation controls

Input and validation controls over input are vital to the integrity of the system. These controls are important to check incorrect and fraudulent data being fed. Adequate input and validation controls ensure that the data received for processing are genuine, complete, correct, not duplicate and properly authorised.

(i) Inadequate survey during 2005 and 2006

During CTS-2005 a database of all the children of 0 to 14 years with their detailed information was created on the basis of the data collected through household survey. The above data were validated and updated through the CTSVU-2006 from another survey at school point for children attending schools and at households for drop-outs and new born children.

Analysis of database revealed that in 2006, 3396484 children (with date of birth between 01 April 1992 and 30 September 2005) were not covered during the survey of 2005. However, they were covered and entered as new entries during CTSVU-2006. This indicated the database created through Child census 2005 was incomplete one. The joint physical verification (June 2007) conducted by audit in presence of the CRCC concerned in the Jagannathpur village of Bipilingi Gram Panchayat (GP) of Chhatrapur Block (Ganjam district) disclosed that seven children were newly entered into the CTSVU-2006 database but not covered during OCC-2005 survey.

Similarly, 1447112 children (born between 01 April 1993 and 30 September 2005) covered in the Child Census 2005 database were not available in CTSVU 2006. Joint physical verification (June 2007) of Tangiapada village of Tangiapada GP of Khurda Block (Khurda district) by audit revealed that though 16 children of the above village reading in Tangiapada Sebashram who were covered in OCC-2005 survey, were not entered in the CTSVU-2006 data making the database incomplete.

A test check of attendance registers of 23 primary and upper primary schools of five districts (Khurda, Nayagarh, Kandhamal, Puri and Dhenkanal) selected at random for the month of September 2006 with the data in the CTSVU database 2006 disclosed that as per the database there were 4432 students in these schools. Out of these, 3000 were found covered in the attendance registers while 1222 were not found in the attendance registers and 210 were duplicated in the database.

Thus, due to non-monitoring and supervision, the surveys could not produce a complete and reliable database.

(ii) Adoption of unsuitable technology in data capture process

ICR technology was adopted to capture data from manually filled in ICR forms in respect of survey of 2005. The limitations of the ICR Technology like recognising the alphabet impressions / shapes from non-uniformly filled in ICR forms, data captured from 180-degree rotated/tilted images due to wrong placement of ICR forms in the scanner etc were not examined. As noticed, errors in the fields like name of the child, guardian's name, relation, date of birth (DOB), educational status, mother tongue, religion, category, disability types etc. were present in the database. OPEPA admitted that there were errors in village name up to 25 per cent in the database which was subsequently reduced to 5 per cent. Thus the data in the database lacked integrity and was not reliable.

(iii) Absence of validation in the software

(a) The date of birth of the child is one of the most important information in the entire Child Census exercise which determines the critical factor of age of the children of 0-14 year age group for carrying out various activities under the SSA. Analysis of database revealed that abnormal dates of birth were

present in the child list of 2005 and 2006 as detailed below:

<i>(in numbers)</i>			
Sl. No.	Nature of incorrect	2005 child list	2006 child list
1	Date of birth contained '01/01/1900'	100142	32099
2	Date of birth contained dates less than '01/04/1992' for 2005 and '01/04/1993' for 2006 as cut off dates	89756	714439
3.	Date of birth (DOB) contained future dates i.e. DOB greater than 10 October for 2005 (being the last date of survey 2005) and 5 August for 2006 (being the last date of survey 2006) (i.e. future dob collected during survey of 2005 and 2006)	108152	5434
Total		298050	751972

Thus, the age-specific information on children generated from the system for various plans like Annual Work Plan etc was unreliable.

(b) The tables relating to CTS-2005 and CTSVU-2006 which were transaction tables got data from several master tables with unique codes of different items like school, village, category, religion, education and so on. Analysis of the transaction tables of 2005 and 2006 revealed that the transaction table contained codes which either did not exist in master tables or the codes of master tables and transaction tables did not match as detailed below:

Fields	Number of cases in 2005	Number cases in 2006
Village	1629510	117506
Educational Institutes	675464	115480
Gender	171417	83978
Relation	200534	111519
Category	102929	51129
Religion	118553	61600
Education Status	108181	83085
Reason out of school	840184	7509389
Class drop out	982554	7530217
Mother tongue	258449	78330
Disability	838517	555554

Further 10436 duplicate children in 2005 and 13862 in 2006 were present in the database. (*Appendix -3.8*)

Thus absence of validation controls led to presence of unreliable data in the database. The SPD accepted the observation and noted for future improvement.

3.4.7.2 Output controls

(i) Misleading Management Information System

The Child Tracking Databases 2005 and 2006 (Extended Form of VER as a substitute of Manual VER) were stated to have been used to provide different statistical information on children. Analysis of the Child Tracking Databases 2005 and 2006 revealed that there were discrepancies between the figures derived from database and that exhibited in the different reports. In case of out of school children brought back to school shown in the AWPB 2007-08 was 65420 and the same also was exhibited in the CTS web report 2006 whereas

the actual figure as per database was 44492 indicating non integration of the web report with the database.

3.4.8 Other points of interest

3.4.8.1 Office Automation System

For the purpose of making the office paperless, the OPEPA awarded (May 2001) the work of developing an office automation system to Kalinga Software Pvt. Ltd., Bhubaneswar at a cost of Rs 9.58 lakh with the stipulation to complete the work by June 2001. Accordingly, the software was developed and training was imparted to staff of OPEPA. However, the office automation system could not be put to use (February 2007) due to non-availability of hardware and co-ordination. The State Project Director, OPEPA stated that the software was successfully designed and implemented during 2002-03 using the then hardware and software. Further, he added that they were ready to implement it with the present networking and hardware environment. The reply was not acceptable as neither the implementation of the software system could be shown to audit nor any documentary evidence on such implementation could be made available to audit.

3.4.8.2 Excess expenditure due to irregular payment

As per the terms of reference with the OCAC for developing database in respect of Orissa Child Census-2005, the OCAC was to be paid Rs 1.98 (Scanning: Rs 1.20 + Software: Rs 0.60 + Ten *per cent* consultancy charge: Rs 0.18) for data capture using ICR technology per form. Accordingly, after the survey, the 30 District Project Coordinators (DPCs) handed over data in 78.38 lakh ICR formats to the OCAC for creation of the database through scanning. Analysis of database also revealed that only 74.18 lakh records were created in the database for the entire state against 78.38 lakh ICR formats scanned. This led to excess payment of Rs 3.32 lakh to the OCAC as the SPD failed to verify the database before making payment. This also indicated that the database was incomplete.

3.4.8.3 Computerisation of household data without children

As required under the provisions of the SSA programme, the project proposal for Orissa Child Census-2005 contained creation of the database of children of 0-14 years age group capturing child data on name, age, sex, caste, educational status, the reasons for out of school and other indicators. However, the scanning of 78.38 lakh ICR formats for creation of the database included 24.48 lakh ICR formats relating to childless houses. The scanning of ICR formats on households without children was not necessary, as the database on those households containing only the household identification numbers and name of the guardians was of no use to OPEPA or any other department of the Government dealing with child related interventions. Besides, these household data having no children was also not used in the subsequent updation during CTSVU-2006 with the help of existing software rendering wasteful expenditure of Rs 62.13 lakh.

3.4.8.4 Diversion of SSA fund

As directed by the State Government (December 2004) the SPD diverted SSA funds of Rs 5.28 lakh for supply of 15 computers for computerisation of the

SMED department for strengthening monitoring the activities of the OPEPA as no funds were allocated in the AWPB approved by the Government of India.

3.4.9 Conclusion

Review of different IT systems developed by the OPEPA disclosed deficiencies in the System Development planning when adhoc and arbitrary approaches were adopted. There were various rounds for the collection and feeding of data in a computerised system but each was marred by the improper planning like incorrect sequencing of the acquisition of hardware and software, deficient system and database designs etc. These resulted in the incomplete capture of information. The systems developed also had deficient application controls leading to incorrect data in the database. Thus the reliability of information in the databases was questionable.

The system was developed with the view to capture information using the ICR technology. However, the controls on the input through the ICR could not be exercised leading to incorrect inputs into the database. Moreover, the use of the ICR technology itself was questionable as it was a costly alternative and was adopted through a justification which was on patently incorrect basis. Further, more than 24 lakh records pertaining to childless households were collected and input into the system leading to excess expenditure. Thus adoption of ICR technology led to development of an unreliable, inconsistent and erroneous database of children at a cost of Rs 5.05 crore during OCC-2005. The CTSVU-2006 system developed at a cost of Rs 2.76 crore to rebuild the database of OCC-2005 also failed due to defective software, absence of supervision and monitoring.

Due to faulty planning, implementation of EPIS and the GIS remained incomplete, as well, overshooting the scheduled dates of completion after incurring expenditure of Rs 2.64 crore.

3.4.10 Recommendations

- Appropriate source document and input document design should be ensured.
- The database design should meet the requirements of the system and map the input document and the source document.
- "Unique Child ID" should be allotted for each child for their identification.
- Responsibility and accountability of the BRCCs, CRCCs and school teachers in respect of collection of field level data should be ensured.
- Initiatives should be taken at the district level for prompt, periodic and regular updation of the databases.
- The input and validation controls should be built in to ensure completeness and correctness of the data.
- The adhoc approach in the planning of the computerisation efforts should be avoided.

The matter was reported to Government (August 2007); reply was not received (September 2007)

CHAPTER-IV

AUDIT OF TRANSACTIONS

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

WATER RESOURCES DEPARTMENT

4.1.1 Fraudulent issue of subsidised rice to contractors

Subsidised rice of 4185.57 MT was issued to contractors without sanctioned estimates, agreements and work orders resulting in misappropriation of Rs 4.94 crore.

As per the norms of the Food for Work (FFW) programme, rice supplied by Government of India (GoI) was to be distributed directly to the labourers at subsidised rates as part of wages and was not to be used for non-wage purposes. To ensure that the benefit of subsidy reached the beneficiaries, the rice was to be supplied to the labourers at the work site along with cash component on nominal muster rolls (NMR) in the presence of a local representative. Further, codal provisions for execution of works under Public Works Department (PWD) stipulated that no work should commence or liability incurred unless the estimates were sanctioned, agreements drawn and work orders issued to contractors for commencement of works.

During the year 2003-04, the Chief Engineer & Basin Manager (CE & BM), Lower Mahanadi Basin allotted 15,020 MT of rice to Puri district under FFW programme for taking up works in drought/flood affected areas of the district. The Executive Engineer (EE), Puri Irrigation Division was to monitor the progress of works and utilisation of the rice allotted and send a certificate of utilisation. The EE lifted the entire quantity of rice in three phases during 2003-04 and the utilisation certificate (UC) was submitted (April 2004) reporting utilisation of the full quantity of rice for the purpose for which it was allotted. He further certified that the UCs were issued after verification of the stock registers and being satisfied that the physical and financial performances were as per the parameters prescribed under the norms of the programme.

A test check of the records of Puri Irrigation Division showed (June 2004) that 4185.575 MT of rice was shown as issued to 165 contractors without a

* Abbreviations used in this Chapter have been expanded in the Glossary of abbreviations at pages 243-248.

sanctioned estimate, agreement or work order. The utilisation of the rice not being substantiated with such documentary proof, the issue of the UC could be fraudulent. The matter was reported to the Government and Engineer-in-Chief (EIC) in August 2004. The EE executed, post facto, 384 agreements during 2004-05 with 59 contractors towards utilisation of 1935.309 MT of rice leaving a quantity of 2250.266 MT valuing Rs 2.66 crore (Rs 1.27 crore at the subsidised rate) still unaccounted for (April 2007). Audit checks in respect of the quantity adjusted post facto, further revealed (December 2006) that neither NMR form was issued in support of engagement of labourers and distribution of rice to them nor was there any record of presence of any local representative as required under the norms of the programme. Moreover, out of 2.63 lakh cum of earth work reported to have been executed under these 384 agreements, 0.89 lakh cum was, in fact, measured as executed by mechanical means under 92 agreements without deployment of manual labourers in these works.

Thus, the issue of the UCs by the Superintending Engineer and EE in the absence of estimates, agreements and work orders and without verification of actual execution of work through deployment of daily labourers and distribution of the rice to them was potentially fraudulent and led to misappropriation of 4185.575 MT of rice valuing Rs 4.94 crore.

Government stated (July 2007) that departmental proceeding had been drawn up against the EE with regard to misutilisation of rice as well as non-execution of works and the case was still to be finalised.

4.1.2 Misappropriation of subsidy and excess payment

Misappropriation of subsidised rice for Rs 1.39 crore and excess payment of Rs 21.20 lakh due to non-deduction of settlement allowance from earthwork and non-recovery of cost of empty rice bags.

Construction of Gobkund cut double embankment from RD 7 to 11.66 km including excavation of pilot channel was awarded (June 2002) to three contractors under three reaches at a total cost of Rs 2.40 crore with stipulation for completion by July 2002. The contractors had completed the works and were paid Rs 2.15 crore as of March 2007.

The work was sanctioned under Food for Work (FFW) programme. As per the provisions of the scheme, rice supplied by Government of India (GoI) was to be distributed directly to labourers at subsidised rates as part of wages and not to be used for non-wage purposes. To ensure that the benefit of subsidy reached the labourers, the rice was to be supplied to the labourers at the work site along with cash component on nominal muster rolls (NMR) in presence of a local representative.

The contracts provided for execution of 7.44 lakh cum of earthwork by manual/mechanical means. Neither the estimates nor the agreements stipulated the quantity of rice required for execution of the work. The Executive Engineer (EE) reportedly got executed 3.40 lakh cum of earthwork by mechanical means and another 3.40 lakh cum by manual means working out to total 6.80 lakh cum

with payment of Rs 2.15 crore to the contractors. The method of execution either manual or mechanical was however, not separately specified in the measurement book. Against the requirement of 1426.99 MT of rice for the quantity reportedly executed by manual means, the EE issued 2256.70 MT of rice worth Rs 1.27 crore at the subsidised rate of Rs 5650 per MT to the contractors. The same amount was recovered from the bills of the contractors. Test check of the records of Puri Irrigation Division showed (October 2006) that no labourers were deployed in the work. Neither any NMR form was issued as evidence of distribution of rice to any labourer nor was there any record of presence of any local representative, though required under the norms of the programme. There was, therefore, no evidence of distribution of rice to any labourer. Thus, the issue of rice to contractors at a subsidised price led to misappropriation of Rs 1.39 crore towards subsidy inbuilt in 2256.70 MT of rice.

Further, as per the technical specifications, the quantity of earthwork payable to the contractors was to be measured after providing settlement allowance at the rate of 12 per cent if measured after one full monsoon and at 30 per cent for short duration works. Against 0.84 lakh cum deductible towards settlement allowance (at 12 per cent) from the overall measured quantity of earth fill for 7.02 lakh cum, only 0.22 lakh cum was deducted towards settlement allowance and 6.80 lakh cum was allowed for payment. This resulted in excess payment of Rs 19.49 lakh to the contractors towards non-recovery (0.62 lakh cum) of required quantity of settlement allowance.

Besides, as against Rs 2.26 lakh recoverable towards the cost of 0.45 lakh empty rice bags at Rs 5.00 per bag, only Rs 0.54 lakh was realised for 0.11 lakh bags. This resulted in short recovery of Rs 1.71 lakh.

Thus, there was misappropriation of Rs 1.39 crore on account of subsidy on rice provided by Government. In addition, there had been excess payment and short recovery of Rs 21.20 lakh on account of non-deduction of settlement allowance and non-recovery of cost of empty rice bags.

Government stated (June 2007) that rice was distributed to labourers through the contractors. This was factually incorrect, since rice was to be supplied to the labourers at the work site along with cash component on NMRs in the presence of a local representative, but as admitted by the EE, no NMR forms were issued and the records available with him did not also indicate presence of any local representative during distribution of rice to the labourers. This evidently showed non-distribution of rice to the labourers. Government further stated that the settlement allowance would be deducted from the contractors.

PANCHAYATI RAJ DEPARTMENT

4.1.3 Misuse of Special IAY Funds

Deficiencies and lapses in implementation of Special IAY scheme by the BDO, Barachana resulted in misuse of funds and other irregularities to the tune of Rs 2.37 crore.

Government of India (GOI) sanctioned (2001-02) special grants for construction of four lakh houses under the Indira Awas Yojana (IAY) for the people of the 14 districts affected by the super cyclone (October 1999) in the State. Accordingly, the State Government issued (October 2001) guidelines, which envisaged that the Below Poverty Line (BPL) beneficiaries whose houses had fully collapsed (FC) and completely washed away (CW) would be covered under the scheme. Further BPL beneficiaries who were not covered earlier under IAY or any other scheme of Government were to be covered on a selective basis through drawal of lottery. The number of such allotment should be limited to the balance left out of four lakh houses after providing for fully collapsed and completely washed away houses. The Block Development Officer (BDO) was to ascertain the eligibility of the beneficiaries for the assistance through inquiry and physical verification. The assistance for such house would be of Rs 22000 per beneficiary (cash: Rs 18260 and 34 bags of cement) and the amount was to be paid through account payee cheques in four phases¹. BDO of Barchana Block in Jajpur district received Rs 22.68 crore during 2001-03 towards construction of houses for the 11702 selected beneficiaries of the block and work orders were issued to all of them during January 2002 to January 2003.

Check of records (March – July 2007) of the BDO revealed that in the special IAY main cash book of the Block, the closing balance as on 22 November 2002 was shown as Rs 1,97,09,915. Opening balance on 23 November 2002 was however taken as Rs 1,41,41,616 which was taken from the bank pass books and included interest of Rs 5,02,899 earned earlier but not accounted for in the cash book. Details of expenditure incurred were also not recorded in the cash book for the difference in amount. Thus there was non accountal of Rs 61² lakh of the special IAY funds in the block.

The records on implementation of the programme, physical verification of the sites of the houses along with personal interview of the beneficiaries made by audit in respect of 231 cases (out of 11702) showed several deficiencies and lapses as discussed below:

- Seventy five beneficiaries during interview by Audit stated that they had received only Rs 12.12 lakh (cash Rs 11.05 lakh and cement Rs 1.07 lakh). Rupees 14.77 lakh (cash Rs 12.31 lakh and cement Rs 2.46 lakh) was, however, exhibited in the records as payment to such beneficiaries. Short receipt of Rs 2.65 lakh by the beneficiaries requires detailed investigation.

¹ 1st stage upto plinth level: Rs 5000 and 10 bags of cement; 2nd stage upto lintel level: Rs 5000 and 10 bags of cement; 3rd stage upto roof level: Rs 5000 and 14 bags of cement; 4th stage after roof casting: Rs 3260.

² Rs 1,97,09,915 minus Rs 1,41,41,616 plus interest Rs 5,02,899.

Further payments were made through bearers' cheques instead of account payee cheques, in contravention of the scheme guidelines.

- In 98 cases, the BDO released Rs 7.84 lakh to the beneficiaries on the basis of false construction certificates furnished by Block officials.³ The certifying officials issued completion certificates showing different stages of completion. On physical verification of sites by audit in the presence of Block officials and beneficiaries, it was found that construction particulars given in the certificates were false. The beneficiaries thus availed undue benefit and became eligible for further assistance. Seventeen beneficiaries who had not started construction of their houses at all were found to have availed of 3.18 lakh on the basis of such certification.
- An amount of Rs 4.76 lakh was released by the BDO to 23 beneficiaries, who had buildings even up to two stories. This was confirmed during physical verification by audit in the presence of Block officials.
- Twenty-four beneficiaries reported that they had to sacrifice a portion of their assistance to different intermediaries for ensuring the receipt of assistance in cash.
- 454 selected beneficiaries to whom first stage assistance of Rs 30.71 lakh was paid (2001-03) failed to undertake further construction.
- The BDO did not conduct inquiry and physically verify the households and as a result, 1341 ineligible beneficiaries availed assistance of Rs 1.27 crore for construction of houses. Later, on enquiry by the Government, their allotted houses were cancelled and Rs 17.10 lakh were realised by instituting legal action against 223 beneficiaries. The BDO agreed (March 2007) to take action in respect of others.

Thus, there was misuse of assistance of Rs 1.76 crore and non accountal of Rs 61 lakh of special IAY funds and despite earmarking of huge funds, essential and durable benefit in the form of dwelling units to distressed cyclone hit poor people could not be ensured.

The Commissioner-cum-Secretary during discussion, assured (September 2007) to take appropriate follow up action on the audit observations after ascertaining facts from the concerned units/offices.

REVENUE AND DISASTER MANAGEMENT DEPARTMENT

4.1.4 Loss due to non-enforcement of contract conditions

Failure to enforce the conditions of the contracts led to loss of Rs 1.91 crore and non-realisation of penalty of Rs 77.74 lakh from the contractors.

Orissa State Disaster Mitigation Authority (OSDMA) was created in December 1999 with the objective of providing expeditious relief, restoration and reconstruction in respect of damages caused or likely to be caused by natural calamities/disasters in the

³ Village Level Worker / Junior Engineer / Village Agricultural Worker / Progress Assistant.

State. The EE, Jagatsinghpur, Roads and Buildings (R&B) Division, on behalf of OSDMA, awarded (November 2000) repair and reconstruction (under World Bank assistance) of the Purijena-Kothi-Ersama-Naubelari road damaged by the super cyclone of October 1999 to two contractors at a cost of Rs 2.78 crore under three agreements stipulating completion by August 2001. As per conditions 24 and 25 of the contracts, if a dispute arises between the parties, it would be referred to an adjudicator and either party may refer the decision of the adjudicator to an arbitrator within 28 days of the adjudicator's written decision, failing which, the adjudicator's decision would be final and binding.

Check of records of OSDMA and EE, Jagatsinghpur, R&B Division disclosed (October 2006) that although the contractors did not achieve proportionate progress as per the milestones, the EE did not take penal action against the contractors. The contractors after executing work worth Rs 1.07 crore abandoned the works (January-June 2001) and did not resume execution despite issue of notices by the EE. OSDMA rescinded (March 2002) the contracts after lapse of one year with penalty and instructed the Chief Engineer (Bridges) to initiate action to black list the defaulting contractors. Neither the OSDMA nor the EE initiated any action to realise the penalty of Rs 77.74⁴ lakh leviable on the defaulting contractors and no action was taken to black list them. The EE completed the left over works of Rs 1.71 crore departmentally at a cost of Rs 2.60 crore involving extra expenditure of Rs 89 lakh. The contractors, however, preferred claims towards non-payment of their dues and non-refund of performance securities before the adjudicator who after hearing both the parties awarded (June 2002) Rs 84.95 lakh in favour of the contractors with interest payable at the rate of 12 *per cent* per annum in case the payment was not made by July 2002.

The OSDMA or the EE neither referred the decision of the adjudicator to an arbitrator within the stipulated period nor made payment to the contractors. Due to non-payment of the awarded amount, the contractors filed execution cases before the District Court, Cuttack who upheld (March 2005) the award passed by the adjudicator on the ground that no arbitration petition had been filed. Thereafter the EE filed application under Section 34 of the Arbitration and Conciliation Act 1996 in the District Court challenging the decision of the adjudicator. The said petition was dismissed on consideration of the merit of the case. Then the Government and OSDMA filed petitions challenging the decision of the District Court before the Hon'ble High Court, Orissa who also upheld (November 2005) the decision of the District Court. Consequently the decretal dues of Rs 1.02 crore along with interest was paid to the contractors as per the Government order (September 2006). Thus, failure of EE in not initiating penal action against the defaulting contractors and not referring the dispute to an arbitrator led to loss of Rs 1.91⁵ crore and non-realisation of penalty of Rs 77.74 lakh from the contractors.

The EE stated (October 2006) that application for appointment of an arbitrator could not be filed in time due to protracted correspondences between the Government and OSDMA to decide who would file such application. The reply was not tenable. With

⁴ Rs 35.79 lakh (extra cost of balance work @ 20% of balance work) + Rs 20.95 lakh (liquidated damage) + Rs 21.00 lakh (repair of works during suspended period and rectification of works).

⁵ Decretal dues Rs 1.02 crore + Extra expenditure of Rs 89 lakh in completing the balance work.

better co-ordination and resolve, the situation leading to colossal loss could have been prevented.

The Commissioner-cum-Secretary stated (September 2007) that the award given by the adjudicator could not be referred to an arbitrator within the stipulated time due to non-cooperation of the contractor for appointment of the arbitrator and non-existence of a clear stipulation in the contract to address such a situation. However, during discussion, he stated that the implementing agencies were advised to revise the format of contracts for avoiding such misdeeds of the contractors in future.

AGRICULTURE DEPARTMENT

4.1.5 Loss due to unsold onion seeds rendered unfit for further use

Due to over assessment of requirement, high yielding variety of onion seeds procured for distribution among farmers, remained unsold and became unfit for use, causing a loss of Rs 32.49 lakh

The work plan under the Macro Management of Agriculture-supplementation of States, a Centrally Sponsored Scheme, targeted supply of 300 quintals of high yielding variety of (AFLR) onion seeds to the SC, ST and BPL farmers⁶ at subsidised rate. The Director of Horticulture, Orissa (DH) was the nodal agency for implementation of the programme through the Vegetable Specialist, Orissa (VS). The State Government sanctioned and released (March 2005), the subsidy of Rs 75 lakh (Rs 250 per kilogram) in favour of the DH for procurement of 300 quintals of onion seeds. The amount was placed (March 2005) with the Orissa State Seeds Corporation Ltd. (OSSC) for procurement of the seeds for sale during Rabi-2005.

Scrutiny of records (December 2006) of the VS showed that the OSSC procured (November 2005) 300 quintals of Truthful Labeled⁷ (TL) onion seeds at the rate of Rs 330.55 per kilogram and supplied to 19 Horticulturists for Rabi-2005 at a cost of Rs 385 per Kg including incidental charges. The Horticulturists were asked to charge the farmers at the subsidised rate of Rs 135 per kilogram after adjustment of subsidy of Rs 250 and remit the same to the OSSC⁸. However, six Horticulturists returned to the VS (March 2006) 105.53⁸ quintals of seeds, as they could not sell these to the farmers.

Further the DH's distribution programme sent (October 2005) to OSSC stipulated supply of seeds from freshly harvested stock qualifying seed certification standard having moisture content below six *per cent* and germination capacity of 80 *per cent* and above. Quality testing, however, was not conducted before sale of seeds to the farmers for Rabi-2005 on the plea that the supplier furnished certificate on purity and germination on each lot with viability period up to May 2006. It was, however, observed that 21.13 quintals of balance seeds were issued (June / October 2006) to Horticulturist, Bhawanipatna for sale during khariff and Rabi-2006 after the expiry of viability period. The germination capacity of 11.54 quintals of these seeds was below

⁶ SC (Scheduled Caste), ST (Scheduled Tribe) and BPL (below poverty line).

⁷ TL (Truthful labeled): Truthful labeled means that the quality of seed is guaranteed by the seller for the prescribed minimum standard; but the purity and quality of such seeds are not certified by any seed certification agency under the provisions of the Seed Act 1966.

⁸ (i) Horticulturists, Bhawanipatna: Q.25.13, (ii) Khariar: Q 51.84, (iii) Patmagarh: Q 9.00, (iv) Dhenkanal: Q 2.07, (v) Angul : Q15.00, (vi) Athamallik: Q 2.49.

80 per cent as per the tests conducted in June and September 2006 indicating sale of sub standard seeds to the farmers. Further, tests conducted in November 2006 showed that the germination capacity of the remaining 84.40 quintals of unsold seeds ranged from nil to 16 per cent rendering the seeds unfit for further use. This led to loss of Rs 32.49 lakh in the form of non-viable seeds remaining unsold (April 2007). The loss was attributable to unrealistic assessment of requirement by the DH as the same was made over telephonic discussion with the field formations instead of ascertaining through field survey despite availability of over six month time.

Besides, the SLPC's⁹ cost structure included excess interest of Rs 13.10¹⁰ per kilogram towards cost of investment of funds by the OSSC, as the OSSC was advanced Rs 75 lakh in March 2005. This resulted in an undue benefit of Rs 3.93 lakh to the OSSC and burdened the poor farmers to that extent.

The Government stated (July 2007) that the assessment was based on the consent of the farmers who later changed their intention not to cultivate onion in their fields and the high cost structure contributed to the seeds remaining unsold. The reply was not convincing as despite availability of sufficient time with the department, no field survey was conducted before and after finalisation of the work plan for assessing the actual requirement and the cost factor should have been taken into account before undertaking procurement and distribution.

4.2 Infertuous/ wasteful expenditure and overpayment

WORKS DEPARTMENT

4.2.1 Wasteful expenditure on a road

Non-completion of the restoration works of a road led to extra cost of Rs 12.51 crore and avoidable maintenance cost of Rs 53.55 lakh.

Government approved (January 2003) the repair and restoration of the Kandarpur Machhagaon road (51 km), a State Highway, damaged in the super cyclone of 1999 out of NABARD loan assistance at a cost of Rs 16.47 crore of which the value of work proper and the cross drainage works were Rs 13.92 crore. The Executive Engineer (EE) Jagatsinghpur (R&B) Division allotted (March 2003) the works to M/s Orissa Bridge & Construction Corporation (OBCC) on an interim Job contract (valid for four months) at estimated rates without specifying the date for completion of the works. The rates of the corporation were also not finalised. Although the interim job contract lapsed in July 2003, the corporation continued with the work without a regular agreement. The EE made running payments to the OBCC in the form of advances. However, after receiving Rs 14.41 crore, the corporation abandoned the work in May 2005. The work remained incomplete as of March 2007. OBCC was reported (August 2005) to have executed work worth Rs 17.46 crore which was, however, not supported by measurement of work by the Engineer-in-charge.

⁹ State Level Pricing Committee.

¹⁰ Interest of Rs 17.35 calculated at the rate of 10.5 per cent per annum for 6 months on investment of fund of Rs 330.55 per Kg. (Procurement price). The above per K.G rate included Rs 250.00 given as advance by Government against each K.G of procurement. The OSSC could therefore charge interest on Rs 80.55 on each K.G of onion instead of on Rs 330.55 per K.G. The excess interest thus charged by OSSC by taking the per K.G rate of Rs 330.55 per K.G comes to Rs 13.10 per K.G.

Test check of the records showed (June 2006) that due to abnormal delay in completion of the work, NABARD closed funding to the project in July 2005. The work remained at a standstill in the absence of a further loan agreement, with only 37.5 km out of the 51 km completed as per design specification; 5.5 km of road stretch was executed in a haphazard manner while no work was executed in the remaining 8 km. This led to maintenance and repairs of the road stretches through other agencies with expenditure of Rs 53.55 lakh during 2003-04 to 2005-06. Since there was no formal agreement with the corporation, the division could not make it liable for the maintenance works. The balance of work was approved (July 2007) for entrustment to another agency at a cost of Rs 8.97 crore. This involved extra cost of Rs 1.83 crore compared to the rates of OBCC which was recoverable from the corporation. The overall increase in cost of the work was Rs 12.51 crore compared to originally sanctioned value of the work. In the absence of execution of regular agreement, Government could not legally enforce completion of the work at cost and risk of the corporation.

Thus, allotment of the work to OBCC without execution of an agreement resulted in the highway remaining in damaged condition since 1999 causing hardship to the public. Further, this led to extra cost of Rs 12.51 crore in completion of the balance work and avoidable expenditure of Rs 53.55 lakh on maintenance of the road.

Government stated (May 2007) that the interim K2 agreement was drawn up with OBCC to facilitate payment and that to keep the road to minimum grade of trafficable state, maintenance expenditure was inevitable. The reply was not tenable since the interim agreement should have been replaced by a regular agreement within the four month period after commencement of work to ensure the legal enforceability of the contract conditions and to avoid extra expenditure on maintenance of the incomplete road portion.

WATER RESOURCES DEPARTMENT

4.2.2 Wasteful expenditure on a canal

Execution of agreements with a contractor on fake and forged registration licence and securities led to abandonment of works midway resulting in wasteful expenditure of Rs 1.53 crore.

Excavation of Gondia Branch Canal for 7.22 km (four reaches) was awarded (January/December 2004) to a contractor at a cost of Rs 6.16 crore stipulating completion by November 2004/October 2005. The contractors did not achieve the desired progress and abandoned the works from May 2005/May 2006/October 2006 after executing works worth Rs 1.53 crore.

Test check of the records of Right Canal Division No. II, Dhenkanal disclosed (December 2006) that the works executed were not in accordance with the specifications and lacking good workmanship. The contractor was directed to dismantle the structure which he did not do carry out. Further, as per the conditions of the notice inviting tender (NIT), the contractor was to deposit one *per cent* of the estimated amounts towards earnest money deposit (EMD) and in case the bid values were less by more than 10 *per cent* of the estimated amount, further additional performance securities for the differential cost of the bid amounts and 90 *per cent* of

the cost of the estimates were to be deposited duly pledging the securities in favour of the Executive Engineer (EE).

The contractor furnished such securities for Rs 98.58 lakh in eight, one year time deposit pass books issued by General Post Office (GPO) Bhubaneswar. The EE executed the agreements on 24 January/27 December 2004 with the contractor and thereafter referred to the GPO on 31 December 2004 for confirmation of the securities. Instead of waiting for the confirmation, the EE paid the contractor Rs 63.57 lakh on running bills for the value of work done till December 2005 when the Senior Superintendent of Post Offices, Bhubaneswar reported that the time deposit pass books were fake and forged. Even after receipt of information on forged securities, the EE continued to make the payments and released a further amount of Rs 75.77 lakh till the contractor abandoned the work in October 2006. No action was taken against the EE for such payments. It was also noticed that the contractor was not even registered under the Contract Licence Act and had secured the works on the basis of forged licence. The contracts were neither closed nor were the balance of the works executed as of July 2007. Thus, due to execution of agreements with an unregistered contractor on the basis of fake and forged securities, the department failed to penalise the contractor for substandard execution of work and default in execution. Besides, the work remained incomplete rendering the expenditure of Rs 1.53 crore unfruitful.

Government stated (July 2007) that after closure of the contracts and approval of balance work estimates, steps would be taken to process tenders to complete the left over works. It was further stated that the differential cost that would be incurred for completing the works would be recovered from the contractor as per the agreement. This was not tenable as recovering the amount from an unregistered contractor who had forged securities and forged licensed is doubtful.

4.3 Violation of contractual obligation/ undue favour to contractors

WORKS DEPARTMENT

4.3.1 Higher overheads in the estimates leading to undue benefit to contractors

Adoption of unwarranted higher overheads in estimates resulted in undue benefit of Rs 4.96 crore to contractors.

Works of improvement to three State highways and one link road in four districts¹¹ were awarded between January 2005 and February 2006 to six contractors at a cost of Rs 35.44 crore for completion between May 2005 and April 2008. The works were in progress with payment of Rs 11.52 crore to the contractors as of March 2007.

As per the Public Works Department Code, the works were to be estimated adopting the State Schedule of Rates (SoR). The SoR stipulated for providing 12.5 per cent on labour component towards overheads.

¹¹ 1. Bisoi-Rairangpur-Tiring Tata (35 KMs) in Mayurbhanj District under R&B division, Rairangpur (SH 50).
2. Chroda-Duburi (15 KMs) in Jajpur district under R&B division, Panikoli.
3. Umerkote-Raighar-Kundai-Likima (14 KMa) in Nowrangpur district under R&B division, Jeypore (SH 39).
4. Bolangir-Kantabanji-Bangomunda-Chandutura (23 KMs) in Bolangir district under NH division, Kantabanji.(SH 42).

Test check of the records of three Roads and Buildings (R&B) divisions and one National Highway (NH) division showed (November 2005 - November 2006) that the Executive Engineers (EE) had worked out the item rates for these works providing between 35 per cent and 20 per cent margin (10-25 per cent overheads and 10 per cent contractor's profit) over the prime cost consisting of cost of materials, labour and machinery, as against 12.5 per cent admissible only on the labour component on the ground that the data book of Ministry of Road Transport and Highways (MORT&H) provided such charges at 20 per cent. The adoption of excessive overheads was reported to Government in November 2005/November 2006. Government revised (February 2007) the SoR prescribing admissibility of only 10 per cent overheads on the value of the work. However, the unwarranted excessive overheads already adopted in the above works inflated the estimates by Rs 4.70 crore. The notices inviting tenders for these works were floated providing inflated estimated costs and the bids were approved on the basis of these estimated costs resulting in undue benefit of Rs 4.96 crore to the contractors taking into account the excess/less premia quoted by them over the estimates.

Government stated (July 2007) that the items of work were adopted from the data book of MORT & H. This was not tenable in view of the fact that the works related to improvement to the state highways and link roads, the estimates of which were to be prepared adopting overheads admissible as per the State SoR.

4.3.2 Undue benefit to a contractor

Water Bound Macadam (WBM) was executed with hand broken metal but payment was made to the contractor for crusher broken metal leading to undue benefit of Rs 1.17 crore.

The work of improvement to Khuntuni-Kamaladiha road via Narasinghpur was awarded (February 2004) to a contractor at a cost of Rs 19.29 crore with stipulation for completion by August 2006. The contractor had completed the work and was paid Rs 18.91 crore as of December 2006. The agreement, *inter-alia*, provided for execution of 7.07 lakh sqm of Water Bound Macadam (WBM) comprising of WBM Grade-II at Rs 106 per sqm and Grade-III at Rs 108 per sqm. The contractor executed the above quantity with payment of Rs 7.55 crore.

Test check of the records of Charbatia (R & B) Division, Choudwar showed (January 2006) that the WBM was to be executed using hand broken granite (HBG) metal. As per the approved quarry chart of the department, such HBG metal was available in the quarry (Kankadahad) located at a distance of 35 km from the work site. The unit rates for both WBM Grade-II and Grade-III items were, however, computed with crusher broken granite metal involving 70 km lead (Badalo quarry). In actual execution, however, the contractor completed the items with HBG metal obtained from Kankadahad quarry. Despite this, the item rates were not scaled down as per the actual lead involved and quality of metal used in the work.

This led to undue benefit of Rs 1.17 crore to the contractor for the quantity of WBM executed up to March 2007.

Government stated (May 2007) that the lead from Badalo was provided keeping in view the requirement of large quantity of metal conforming to the MORT&H specification. This was factually not correct since HBG metal was sufficiently available at Kankadahad quarry as evident from the subsequently sanctioned estimate (November 2004) for the work of improvement to Nidhipur road providing for HBG metal to be obtained from Kankadahad quarry.

4.3.3 Undue benefit to a contractor due to inclusion of unwarranted items in the cement concrete rates

Inclusion of unwarranted items in the cement concrete rates of a bridge led to undue benefit to a contractor for Rs 1.12 crore.

Construction of a High Level Bridge over river Chitrotpala at Nemalo near Cuttack was awarded (January 2005) to a contractor for Rs 10.54 crore at 13.98 *per cent* excess over the estimated cost for completion by January 2007. The contract provided for execution of different cement concrete (CC) items for 8096 cum at rates between Rs 3000 and Rs 9350 per cum with the stipulation that the contractor should supply all materials, plant, tools, appliances, ladders etc. at his own cost for proper execution of the work. The work was taken up and the contractor was paid Rs 9.83 crore for the works executed up to March 2007.

Test check of the records of Cuttack (R&B) Division in June 2006 disclosed that as per codal provisions, estimates for works should be prepared adopting State Schedule of Rates (SoR) providing a fixed percentage varying between two and five for all incidental and unforeseen contingencies. The rates for the CC items were computed as per the SoR providing for three *per cent* for form work and seven *per cent* towards sundries and Tools & Plants. The rates were further over loaded with cost of additional items such as islanding, foot bridge, derrick stand, winch stand, pillion base, service road and centering & shuttering (form work) which were not separately admissible as per the SoR and also not provided in execution of other bridge works in the State. The unwarranted inclusion of the inadmissible items led to undue benefit of Rs 1.12 crore to the contractor.

Government stated (November 2006) that the tender was invited on item rate basis and not on percentage basis so that the estimate could have direct impact on the tenders. This was not correct since the item rates in the estimate were inflated by overloading with the unwarranted items and the work was put to tender based on such inflated estimate cost which influenced acceptance of high bid value and led to undue benefit to the contractor.

4.3.4 Non-recovery of liquidated damage/extra cost

Non recovery of Rs 1.05 crore on account of extra expenditure/liquidated damage from defaulting contractors in respect of non completion of High Level Bridge.

The Government had rescinded (December 2001) the contract for construction of a High Level Bridge over river Rana at 35 km on Cuttack Govindpur Banki Simor Road (MDR-77), due to non-completion of the work by the contractor under clause

3(c) of the F₂ agreement which stipulated recovery of extra expenditure in completion of the left over works through another agency. The contractor had executed work valuing Rs 1.11 crore. The balance of the work with additional items of approach roads was awarded (December 2002) to M/s Orissa Bridge & Construction Corporation (OBCC) at a cost of Rs 1.22 crore for completion by November 2003. OBCC completed the superstructure of the bridge and was paid Rs 71.47 lakh as of March 2007. Despite default in execution, liquidated damages for Rs 12.20 lakh was not realised from OBCC due to lack of penal clause in the agreement. Recovery of extra cost of Rs 31.96 lakh from the original contractor towards the left over works was also not made as of May 2007.

Rules provided that the water way of a bridge must be adequate to allow free discharge of water under the bridge to avoid scouring of river bed. Check of records of Cuttack (R&B) Division, Cuttack, however, showed (June 2006) that the bridge was located 120 metres away from the Mahanadi in its tributary (River Rana) and the back water of the Mahanadi was continuously scouring both the sides. This aspect was not considered during the pre-construction survey and the bridge was designed for the existing river width. Thus, the water way provided at the site was insufficient for which the flood water of August 2003/July 2005 scoured both the side approaches of the bridge. The Engineer-in-Chief (EIC)-cum-Secretary to Government, while inspecting the site in August 2005, instructed to add one more span to the newly constructed bridge to accommodate the flood discharge at site. The additional span was under execution through another agency for completion by June 2007 at a cost of Rs 1.12 crore. The execution of the additional span at the belated stage through other agency involved extra cost of Rs 45.99 lakh to Government. The contractor had executed work worth Rs 19.55 lakh on the additional span as of July 2007. Neither any extension of time was granted nor were the liquidated damages of Rs 14.40 lakh recovered (July 2007).

Thus, commencement of the bridge works without providing adequate water way, caused abnormal delay in completion of the work and resulted in extra cost of Rs 77.95 lakh. Besides, liquidated damages of Rs 26.60 lakh recoverable from the defaulting contractor and OBCC were not recovered. The total non-recovery/extra cost amounted to Rs 1.05 crore.

Government stated (May 2007) that the behaviour of the river stood as a barrier in completion of the work. The reply was not tenable since as per rules, the design of the bridge was to be finalised after detailed study of the behaviour of the river and its discharge at site during the peak flood periods. Further, no reply was furnished as to non-recovery of the extra cost.

4.3.5 Undue benefit to contractors

Adoption of cost of packed bitumen instead of bulk bitumen of similar quality available at cheaper rate for execution of road works led to undue benefit of Rs 1.10 crore to the contractors.

Codal provision for bituminous items required for road works provide for use of bitumen without making any distinction as to use of packed or bulk bitumen. The price of bulk bitumen being cheaper and also because of its massive requirement in

the road work, financial prudence demands that provision of bulk bitumen is made in the estimates.

Test check of records of two R&B divisions disclosed (January 2006-May 2007) that instead of adopting the price of bulk bitumen, the Executive Engineers (EE) considered (August 2003-August 2005) the price of packed bitumen in the cost estimates of six¹² of the road improvement works. This inflated the cost of the works by Rs 1.10 crore involving consumption of 4018.81 MTs of bitumen. The works were, however, awarded (January 2004-September 2005) to six contractors at a total cost of Rs 33.13 crore with stipulation for completion between August 2004 and August 2006 on finished item rate basis providing no scope for checking the inflated rate. All the works were completed with payment of Rs 34.87 crore to the contractors at the agreed rates inclusive of cost of packed bitumen as of March 2007. This led to undue benefit of Rs 1.10 crore to the contractors.

The EEs stated (April – May 2007) that the price of packed bitumen was considered instead of that of bulk bitumen to avoid adulteration in quality of bitumen and that the quoted rates had nothing to do with the estimated rates. This was not correct since as per the conditions of the contracts, providing required quantity/quality of materials was the responsibility of the contractors and to observe economy, bulk bitumen of the similar grade which was available at cheaper cost should have been provided in the estimates. Further, the notice inviting tenders for these works were floated providing inflated estimated costs and the bids were approved on the basis of these inflated costs.

The matter was reported to Government (May 2007); their reply had not been received (August 2007).

4.3.6 Undue benefit to a contractor

Payment to a contractor for earth work by mechanical transportation of earth as against the provisions of contract for payment at manual carriage rate led to undue benefit of Rs one crore to contractors.

Improvement works of Puri-Brahmagiri-Satapada (two reaches) and Pipili-Nimapara-Gop-Konark-Puri (two reaches) roads were awarded (February 2004) to three contractors at a total cost of Rs 29.90 crore for completion by January 2005. The works were completed in March 2006 and the contractors were paid Rs 29.84 crore as of March 2007.

Test check of records of Puri (R&B) Division showed (August 2006) that as per the agreements, the contractors were to execute 2.10 lakh cum of earth work by manual carriage at rates between Rs 17.81 and Rs 28.75 per cum and 1.40 lakh cum of earth work by mechanical transportation at rates between Rs 87.34 and Rs 100 per cum. The tender documents had provided that the tenderers should inspect the sites of the works and satisfy themselves about availability of all materials before quoting the rates. They were further required to arrange land for burrowing earth at their cost and

¹² (i)Khuntuni-Kamaladiha (ii)NH 5A at Krushnadaspur to Udayagiri Ratnagiri (iii) Nidhipur road from NH 42 at Khuntuni to Ghantikhal (iv) Radhakishorepur to Gurudjhatia Chhagoan Balipur, (v) Athagard Megha Katakiasahi of Charbatia R&B Division and (vi) Fulnakhara-Niali-Madhab-Gop-Konark-Puri of Jagatsinghpur R&B Division.

risk. Complaint at a subsequent date about non-availability of required materials was not to be entertained and no extra payment was to be made. The contracts, thus, did not provide any scope for change in the method of execution of the work.

Despite these specific conditions, the Executive Engineer (EE) measured and paid for 2.82 lakh cum of earth work at the rates meant for mechanical transportation involving increase of 1.42 lakh cum in quantity of mechanically transported earth. He further measured and paid for execution of only 0.40 lakh cum of earth work by manual means (decrease in agreement provisions by 1.70 lakh cum).

Thus, 1.42 lakh cum of earth work stipulated for payment at lesser rates for manual carriage was paid at higher rates meant for mechanical carriage resulting in undue benefit of Rs 1.00 crore to the contractors.

Government stated (June 2007) that as required quality of earth was not available within manual lead, the contractors carried suitable earth by mechanical means. This was not tenable since the contractors inspected the site before tendering for the works and after being satisfied with the availability of suitable earth within manual lead had quoted their rates for the works.

HEALTH AND FAMILY WELFARE DEPARTMENT

4.3.7 Defective procurement of medicines

Ineffective drug management by the SDMU led to consumption of NSQ medicines worth Rs 20.47 lakh by the patients in the State, while there was loss of Rs 8.79 lakh as medicines became unfit for consumption due to expiry of their life.

According to Government's Drug Management Policy (November 2003) centralised procurement of medicines are made by the State Drug Management Unit (SDMU) for delivery of the same by the supplier direct to the medical institutions of the State. After obtaining samples of each batch of the medicines so supplied, the SDMU was to send the same to laboratories outside the State for quality testing. If the drugs were found to be Non-Standard Quality (NSQ), the supplier was to replace the entire quantity of the batch declared NSQ or the cost of the medicines deposited. If the supplier challenges the test report then it would be sent to the Central Drug Laboratory (CDL) whose report would be final.

Check of the records (June 2006) of the SDMU and information collected subsequently (February 2007) showed that the SDMU procured (September-October 2004) a life saving drug Cefadroxil tablets in two batches at a cost of Rs 20.47 lakh¹³ from a manufacturer and supplied (September-November 2004) them to eight¹⁴ consignees. As per the prescribed procedure, random samples of both the batches of the medicine were sent twice (3-31 December 2004 and 21 March-21 May 2005) to different Government approved laboratories outside the State and in both the

¹³ (i) Roxithromycin tablets 150 mg : 1039100 in two batches – TJ 034 (982100 tablets) and TJ 039 (57000 tablets) costing Rs 15.72 lakh, (ii) Cefadroxil 500 mg tablets : 714300 tablets in two batches – TJ 012 (505100 tablets and TJ 040 (209200 tablets) costing Rs 20.47 lakh.

¹⁴ CDMOs : Malkangiri, Koraput, Nowrangpur, Rayagada, Kalahandi (Bhawanipatna), Bolangir, Sonepur, and Central Drug Store at Bhubaneswar (for CDMO, Nuapara).

occasions the laboratory test results (9 December 2004-18 February 2005 and 13 June-12 September 2005) disclosed the medicine as NSQ. In the meanwhile, the Drug Controller's office also drew samples of all the batches of the medicine and sent (24 May-11 August 2005) the same to the CDL for testing. The CDL's test report stated that no opinion could be offered on the standard and quality of the drug as complete test could not be carried out due to certain technical difficulties. Despite this, the tablets were considered as standard quality. As stated by the SDMU, no stock of Cefadroxil tablets was left with the consignees as these were already issued for consumption by the patients by the time the first test report was received. The first test report, however, showed the tablets as NSQ.

Similarly, samples of Roxithromycin tablets, supplied by the same supplier along with above medicine, were drawn and sent to laboratories outside the State, the test results of which were NSQ. The sample of same batch of medicine was, however, found to be of standard quality by the CDL. But, 6.38 lakh Roxithromycin tablets costing Rs 8.79 lakh were lying unused with the consignees and became unfit for consumption due to expiry of their life by the time the CDL's test report was received. Thus, the ineffective drug management by the SDMU led to consumption of NSQ medicines worth Rs 20.47 lakh by the patients during 2004-05 in the State, besides wasteful expenditure on medicines worth Rs 8.79 lakh becoming unfit for use due to expiry of their life.

The Principal Secretary, during discussion stated (August 2007) that the Cefadroxil tablets were consumed during 2004-05 and as per the CDL's test report, the same were of standard quality. As regards the time expired Roxithromycin tablets, he stated that the amount was yet to be released to the supplier. The reply was not tenable since the CDL did not certify the standards of quality of Cefadroxil tablets, which were NSQ as per two other tests made by the SDMU. Further, as per the reply of the SDMU (June 2006 and July 2007), the cost of the Roxithromycin tablets was already paid to the firm between November 2004 and March 2005 and five demand drafts drawn (March - December 2006) in favour of the firm for Rs 8.79 lakh had been withheld from issuing to the firm indicating blockage of funds in the bank.

4.4 Avoidable/excess/unfruitful expenditure

COOPERATION DEPARTMENT

4.4.1 Favour to a cooperative bank

Due to continuation of Orissa State Cooperative Bank as an intermediate agency handling NABARD finance notwithstanding Parliament's amendment authorising such abolition, the farmers in the State had to bear avoidable interest burden of Rs 4.06 crore and the state had to provide subvention of Rs 2.85 crore to its apex co-operative bank with no value addition to the banking services.

The total short term agriculture credit requirement meant for the farmers in the State is being financed up to 40 *per cent* by the National Bank for Agriculture and Rural Development (NABARD) and the balance by the State's short term cooperative credit

structure (STCCS). However, the share of NABARD finance pass through three¹⁵ stages of the STCCS. Accordingly, NABARD finances OSCB, which transfers the funds to District Central Cooperative Banks (DCCBs). From DCCBs the funds flow to Primary Agricultural Cooperative Societies (PACS) for eventual lending to the farmers. In the process, at each of the above stages the financing cooperative banks/institutions add their margin of interest before making payment of loans to the farmers. In order to ease the interest burden of the farmers on such loans, the NABARD Act 1981 was amended (August 2003) by the Parliament, which enabled NABARD to finance direct to the DCCBs. Based on the above, the NABARD sent (November 2003) a proposal to the State Government for making arrangement of financing direct to the DCCBs against the guarantee given by the State Government in order to eliminate OSCB in the process of routing the funds. But the State Government has not taken action to comply with the amended provision of the Act by restructuring the stages and the NABARD continues to route the loans through the OSCB.

Check of the records of the Registrar of Cooperative Societies (July 2006) disclosed that during 2004-06 the NABARD released short term credit meant for the farmers amounting to Rs 811.75 crore at the rates of 5.25 to 5.5 *per cent* per annum. However, the interest rates shot up to 11 *per cent* per annum by the time the funds reached the farmers from the PACS due to retention of interest margins (OSCB: 0.5 *per cent*, DCCB: 2.25 *per cent*, PACS: three *per cent*) by the three-tier cooperative credit institutions.

As a result, the farmers of the State, who availed loans for agricultural purposes from the PACS had to bear additional 0.5 *per cent* interest burden of Rs 4.06 crore representing the margin of OSCB on a total amount of Rs 811.75 crore disbursed to them during 2004-06.

During 2006-07, in compliance to the GOI's instruction, the farmers were extended credit at seven *per cent* per annum due to which the NABARD financed the STCCS at 2.5 *per cent*. Keeping in view the total required disbursement of crop loan of about Rs 1500 crore (NABARD: 37 *per cent*, OSCB : 33 *per cent* and DCCBs : 30 *per cent*) in the State during 2006-07, the OSCB on behalf of the STCCS represented (July 2006) to the State Government that the break even interest rate works out to 9.2 *per cent* for lending the amount to the farmers at seven *per cent* and requested to provide them the differential 2.2 *per cent* as subvention to finance the cost of their operation. The State Government agreed to their requests and sanctioned (September 2006) interest subvention of Rs 33 crore. However, on eliminating the OSCB as an intermediary for handling NABARD financed loan, the break even interest rate works out to 9.01 *per cent* and the 2.2 *per cent* sanctioned subvention included 0.19 *per cent* as OSCB's margin on disbursement of NABARD financed loan during the year and amounted to Rs 2.85 crore. The break up of interest calculation indicating this amount is given in **appendix-4.1**.

Thus, while NABARD sought and achieved the objective of reducing interest burden on farmers in respect of its finances, the continuation of the OSCB as intermediary

¹⁵ (i) Orissa State Cooperative Bank Ltd (OSCB), (ii) District Cooperative Central Banks (DCCBs) and (iii) Primary Agriculture Cooperative Societies (PACS).

led to avoidable interest burden of Rs 4.06 crore on farmers of Orissa up to 2005-06 and on subsequent years the State Government had to bear the avoidable cost of supporting OSCB by releasing its finances amounting to Rs 2.85 crore till March 2007. Besides, the procedure added to clumsiness of operation by creating an additional layer and consequent avoidable administrative and procedural delay.

The Government stated (August 2007) that the NABARD's proposal was not implemented as the DCCBs were not complying with the required conditions under Banking Regulation Act 1949 for NABARD finance directly. The reply was not convincing as 13 out of the 17 DCCBs in the State complied with the required conditions basing on which the NABARD financed the STCCS during the period.

REVENUE AND DISASTER MANAGEMENT DEPARTMENT

4.4.2 Avoidable expenditure

Expenditure of Rs 2.30 crore towards printing cost and vendors' commission was incurred despite installation of Franking Machines.

Government of Orissa introduced (June 1998) use of franking machine in Registration offices for making impression of non-judicial stamps on all kinds of instruments on which stamp duty is payable under the provisions of Orissa Stamp Rules 1952. The objectives of introducing franking machine were to reduce expenditure on printing cost of non-judicial stamp papers and payment of commission to stamp vendors. It was also intended to check supply of fake stamp papers and prevent endemic scarcity and black marketing etc created by unscrupulous stamp vendors in sale of stamp papers. Accordingly, the Inspector General of Registration (IGR), Orissa issued (August 1999) instructions to Registration Offices authorising the District-Sub-Registrars (DSR) and Sub-Registrars (SR) to use franking machines supplied to them for franking impression of stamps on instruments. The DSRs and SRs were directed to encourage and familiarise the user public in the use of stamped papers processed through franking machines by means of wide publicity. Out of 176 registration offices in the State, 85 offices were supplied with franking machines worth Rs 74.30 lakh during 1998-2003.

Check of records (May 2007) of IGR, Orissa and information collected from Director of Treasuries and Inspection, Bhubaneswar and DSR and SR offices disclosed that out of the total stamp duty of Rs 93.65 crore collected in 42 Registration offices during 2004-07, Rs 79.28 crore was realised from sale of stamp papers through vendors and only Rs 14.37 crore (15 per cent) through franking machine. Due to such under utilisation of franking machines, the government had to incur an avoidable expenditure of Rs 2.30 crore towards printing cost (Rs 0.92 crore) and vendors commission (Rs 1.38 crore) in preparation of stamp papers.

The Government stated (August 2007) that the DSRs and SRs were trying their best to create general awareness of registrant public for purchase of stamps through franking machine. The reply was not convincing, as there was nothing on record to show that adequate steps had been taken for creating general awareness among the registrant public.

4.4.3 Unfruitful expenditure

Rupees 1.02 crore incurred on construction of flood protection embankment with sluice on river Baitarani near Nuagarh was rendered wasteful as the objective of providing communication facilities and assured irrigation were not achieved due to abandonment of work.

With a view to creating an all weather communication and providing an assured source of irrigation, the work 'cyclone damage repair to the embankment from Tukuna to Nuagarh (RD 0/0 to 3/73 kilometre) with sluice at Nuagarh' was administratively approved (January 2003) by the Orissa State Disaster Mitigation Authority (OSDMA) for Rs 1.29 crore under the World Bank funded Water Resources Consolidation Project. The work included completion of the incomplete sluice and strengthening of the flood protection embankment by repair and partial construction of 0.22 kilometre on the right side and 2.29 kilometres on the left side of the sluice.

Scrutiny of records of the OSDMA (December 2006) showed that the work was awarded to a contractor (September 2003) for execution at a cost of Rs 1.40 crore under the supervision of the Executive Engineer, Baitarani Irrigation Division, (EE), Salapada stipulating completion by June 2004. The contractor after executing only earth work stopped further execution and was paid (September 2004) Rs 1.02 crore for the value of work done. Despite repeated persuasion, the contractor did not take up the balance work i.e., completion of the sluice and stone packing in the embankment as provided in the agreement. The Superintending Engineer, Northern Irrigation Circle submitted (January 2006) a proposal for closure of the contract which was pending with the Chief Engineer (December 2006). It was noticed that although there was no response from the contractor for further execution, security deposit of Rs 6.10 lakh realised from him was released (November 2005) after obtaining a bank guarantee, the validity of which expired in March 2006. Besides, as per the agreed construction programme, liquidated damages¹⁶ up to a maximum of 20 per cent of the value of work not executed, was leviable on the contractor. However, no such liquidated damages were levied on the contractor for his non-adherence to the work programme. Thus, non-completion of balance work defeated the objectives of creating an all weather communication and providing assured source of irrigation, thus rendering the expenditure of Rs 1.02 crore unfruitful.

The Commissioner-cum-Secretary, during discussion stated (September 2007) that the OSDMA was advised to realise the security money from the dues of the contractor and compliance on the matter would be furnished in due course.

¹⁶ Mile stone 1 : Rs 1536 per day, Mile stone 2 : Rs 3054 per day, Mile stone 3 : Rs 6392 upto a maximum of 20 per cent of value of work not done.

4.4.4 Unfruitful expenditure on incomplete works due to non-acquisition of required land

Commencement of work without acquiring the required land by the OSDMA for construction of embankments of Gangua nalla led to unfruitful expenditure of Rs 1.32 crore.

As per provision in the Orissa Public Works Department code, before commencement of works, acquisition of required land for the purpose should be ensured. Orissa State Disaster Mitigation Authority (OSDMA) accorded (April 2003) administrative approval for construction of flood embankments on both sides of the Gangua nalla in two packages estimated to cost Rs 2.30 crore. The estimate was technically sanctioned (May 2003) by the Chief Engineer (CE), Drainage, Cuttack and the OSDMA entrusted the execution of the work to the Executive Engineer (EE), Drainage Division, Bhubaneswar.

Scrutiny of records of the OSDMA and the EE (November 2006) however, showed that ignoring the codal provision, the above works were awarded (October/ December 2003) to two Contractors for Rs 2.22 crore stipulating completion by March 2004 without acquisition of the required land. The proposal for acquisition of the required land was submitted in March 2004 after one year of administrative approval and technical sanction and 3-4 months after award of the work. The contractors, after executing works valuing Rs 1.47 crore, stopped further construction (June 2004) as the landowners did not allow the contractors to construct the embankments on 37.45 acres and the contracts were closed (September 2004).

Thus, expenditure of Rs 1.32 crore incurred on the embankment formation was rendered unfruitful, as the objective of checking the inflow of water did not materialise due to non-acquisition of land at construction site.

The Government, in their reply held (June 2007) the view of the OSDMA that the provision would be made in budget of Water Resources Department after receipt of cost estimate for acquisition of land from the Revenue Department. The reply was not acceptable since the work had commenced without acquisition of the required land, which actually delayed the completion of the work.

RURAL DEVELOPMENT DEPARTMENT

4.4.5 Roads constructed did not provide connectivity to the targeted habitations

Roads constructed at a cost of Rs 42.47 crore under Pradhan Mantri Gram Sadak Yojana did not provide all weather connectivity to the targeted habitations due to non-construction of bridges.

Government of India (GoI) launched the Pradhan Mantri Gram Sadak Yojana (PMGSY) in December 2000 with the objective of providing all weather connectivity to the unconnected habitations with population of 1000 and above by the year 2003 and 500 and above by the end of Tenth Plan period (2007) so that the educational, health and marketing facilities are available to the residents of such habitations. As

per guidelines of the programme, minor bridges were to be constructed and in case, a bridge span exceeded 15 metre, a separate Detailed Project Report (DPR) was to be prepared after site inspection jointly by the Superintending Engineer (SE) and the State Technical Agency (STA) for execution with the PMGSY funds. The bridges exceeding 25 metre span length were to be executed separately by the Government of Orissa (GoO). The *pro rata* cost beyond 25 metre and agency charges if any, were to be borne by the GoO. Accordingly, the Executive Engineers (EE) were to plan, design and prioritise the selection of the roads from the District Rural Roads Plan (DRRP) for execution in such a manner that, on completion, the roads provided all weather connectivity to the targeted habitations.

Test check conducted in 15 Rural Works¹⁷ divisions during April-May 2007 disclosed that out of 967 roads constructed by these divisions at a cost of Rs 545.91 crore, 39 roads completed with expenditure of Rs 42.47 crore did not provide all weather connectivity to the targeted habitations due to un-bridged crossings exceeding 25 metre span length, one each on these roads. As per the DRRPs, the roads required construction of bridges to establish the connectivity. The DPRs were, however, sanctioned without providing such requirement. Even preliminary survey for construction of these bridges was not done (May 2007). The Chief Engineer (CE), Rural Works had also not finalised (May 2007) any action plan to complete the unbridged portions to establish the connectivity in these roads.

Thus, the execution of these 39 roads for which Rs 42.47 crore were spent under PMGSY was not fruitful as the objective of all weather connectivity to the targeted habitations remained unfulfilled.

Government stated (August 2007) that all such bridges would be taken up in phases.

WATER RESOURCES DEPARTMENT

4.4.6 Non-recovery of works advance and excess payment

Unauthorised issue and non-recovery of works advance and payment at higher rates for cement concrete items led to advance/excess payment of Rs 10.46 crore to OCC.

Construction of Cross Drainage structure across river Tel was allotted (December 2001) to M/s Orissa Construction Corporation (OCC) Limited at their offer of Rs 12.44 crore for completion by December 2003. The Corporation was paid Rs 7.27 crore for the value of work executed within the extension period up to December 2005. Further extension of time sought up to March 2007 was not granted.

Test check of the records showed the following:

- The agreement provided for payment of interest free works advance up to a maximum of 10 *per cent* of the agreement value (Rs 1.24 crore). The Executive Engineer (EE) had, however, paid (March 2002 - March 2006) works advance of Rs 14.15 crore resulting in unauthorised payment of Rs 12.91 crore to the

¹⁷ 1. Koraput, 2. Sundergarh, 3. Dhenkanal, 4. Ganjam No.I, 5. Bhubaneswar, 6. Rayagada, 7. Bhawanipatna, 8. Baripada, 9. Puri, 10. Nowrangpur, 11. Bolangir, 12. Baragarh, 13. Ganjam No II, 14. Jaleswar, and 15. Cuttack.

Corporation. Interest of Rs 1.64 crore on the excess works advance was not levied. Out of Rs 14.15 crore, Rs 6.24 crore was adjusted from the Running Account bills leaving Rs 7.91 crore still to be recovered (April 2007).

- During execution, the design was changed from siphon to aqueduct due to difficulties in construction of the siphon at the site. Consequently, the agreement item rates for cement concrete (CC) M-15 (Rs 2000/- per cum), M-20 (Rs 2300/- per cum) and M-25 (Rs 3250/- per cum) and labour for steel reinforcement (Rs 2050 per quintal) were revised and paid at the rates of Rs 2866/-, Rs 4063/-, Rs 8348/- and Rs 2993/- respectively. According to the contract, the modified quantities were to be executed at the same rates, terms and conditions. Payment at revised rates, thus, involved excess payment of Rs 2.79 crore to OCC. The EE stated (November 2006) that the original item rates did not include the extra lift charges necessary as per the modified design. Even after taking into account the extra lift charges of Rs 100 per cum claimed by OCC, the excess payment would work out to Rs 2.55 crore of which Rs 81.05 lakh was already paid to the Corporation as of March 2007.

Thus, apart from unauthorised excess payment and non-recovery of works advance of Rs 7.91 crore, payment at higher rates for CC works led to further excess payment of Rs 2.55 crore to OCC.

Government stated (July 2007) that advances were released keeping in view the value of work executed by OCC. Due to change in design, drawing and methodology of construction, the rates of CC items were substituted. The reply was not tenable since works advance was to be limited to 10 *per cent* of value of contract and items of concrete necessitated due to change in design and drawing already existed in the agreement. Further, change in methodology of execution warranted extra lift charges of Rs 100 per cum which could have been allowed to OCC instead of revising the item rates.

4.4.7 Inadmissible payment of overheads

Inadmissible payment of Rs 8.69 crore towards 15 percent overhead charges though OCC did not execute works directly
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As per the accounting procedure prescribed (June 2002) by Water Resources (WR) Department, 15 *per cent* overhead charges were payable to M/s Orissa Construction Corporation (OCC) on the value of the allotted works executed by them directly. The Corporation was not to sub contract the works except for piece works.

The work of construction of Right Bank Canal of Rengali Irrigation Project and Earth Dam, Spillway and Dyke of Lower Indra Irrigation Project were allotted to OCC between November 2001 and January 2006 at a cost of Rs 99.18 crore including 15 *per cent* over head charges for completion between January 2004 and December 2006. The corporation had executed works worth Rs 57.95 crore as of March 2007 and was paid overhead charges of Rs 8.69 crore.

Test check of the records of five Irrigation Divisions¹⁸ disclosed (November 2006-January 2007) that OCC had not executed the works directly, but engaged special class contractors/other contractors for execution of these allotted works on job basis. Since the corporation did not execute the works directly, 15 *per cent* overhead charges were not admissible to them. Thus, the payment of Rs 8.69 crore towards the overhead charges constituted an inadmissible payment to OCC.

Government stated (July 2007) that materials required for the works were procured by OCC and supply of labour for the works was done on piece work basis. The fact, however, remained that the works were sub contracted by OCC to different agencies on regular contracts and stock materials were supplied to them from their stores.

4.4.8 *Excess payment to contractors on earth work*

Non-deduction of quantity of cutting earth utilised in filling reaches, settlement allowance from the overall earth fill and adoption of excess lead led to excess payment of Rs 3.33 crore to the contractors.

Construction of Golamunda distributary (15.87 km) of Upper Indravati Irrigation Project was awarded (May 2004-June 2006) to 11 contractors under 17 agreements at a total cost of Rs 26.37 crore for completion between March 2005 and November 2007. The works were under execution (March 2007) with payment of Rs 15.90 crore to the contractors.

The contracts provided for excavation of earth in cutting reaches and transportation of the excavated earth to filling reaches mechanically/manually for formation of canal bank at rates varying between Rs 27 and Rs 55 per cum. The contracts also provided for obtaining earth from the burrow area at rates varying between Rs 38 and Rs 90 per cum for the canal bank formation in filling reaches in case of excess requirement after utilisation of the excavated earth from the cutting reaches. The differential quantity of total earth filled (excluding 16 *per cent* settlement allowance) and the quantity utilised from the cutting reaches was payable to the contractors for the burrowed earth.

Test check of the records of Left Canal Division No. III, Dharmagarh disclosed (November 2006) that in 10¹⁹ reaches, total quantity of earth fill after 16 *per cent* settlement allowance was 7.63 lakh cum and the quantity excavated from cutting reaches was 1.21 lakh cum. The differential quantity payable to the contractor for burrowing of earth was thus 6.42 lakh cum. The contractors, however, were paid for 7.18 lakh cum resulting in excess payment of Rs 42.14 lakh for 0.76 lakh cum. In reaches from RD 4 to 10 km and Village Road Bridge/Cross Drainage at RD 3.86/3.76 km, as against deductible settlement allowance of 0.26 lakh cum, only 0.05 lakh cum was deducted which led to excess payment of Rs 14.35 lakh to the contractors.

Besides, the EE worked out the rates for the earth fill from RD 00 to 6.95 km providing five km lead for obtaining earth from burrow areas whereas he allowed such lead for two km in the remaining reaches from RD 6.95 to 15.87 km. The EE

¹⁸ Rengali Right Canal Division No. I, II, III, IV and Lower Indra Dam Division.

¹⁹ RD 00 to 2.33 km and RD 6.95 to 15.17 km.

had not made a realistic assessment of lead involved for allowing different distances for different reaches of work. In the absence of recorded reasons, excess lead of three km allowed in case of former reaches was unwarranted and unjustified resulting in excess payment of Rs 2.77 crore for 10.29 lakh cum of earth work.

Thus, the total excess payment worked out to Rs 3.33 crore.

Government stated (June 2007) that the earth made available from cutting reaches was unsuitable for construction of embankment. This was not acceptable since no quality control report in support of unsuitability of earth was made available. Government further stated that the five km lead for burrowing earth was provided considering the high filling portions of the canal. This was factually not correct since the EE was neither aware of the source for obtaining the earth and lead involved nor made any recorded measurement of the distance before allowing the excess lead. Further, in other reaches having high filling portions, the lead allowed was two km.

4.4.9 Avoidable expenditure

Construction of irrigation embankment in deviation from approved design led to avoidable expenditure of Rs 2.44 crore.

To protect 68,000 acres of agricultural land in 100 revenue villages from flood inundation of river Bhargavi, Executive Engineer (EE), Puri Irrigation Division constructed (between 2000 and 2003) guide banks on both sides of the river and excavated a central pilot channel with an expenditure of Rs 1.61 crore. This, however, did not mitigate the flood problem. The constructed embankments got eroded each year and ultimately breached in 2005. Thereafter, re-excavation of the pilot channel was taken up (May 2006) at a cost of Rs 2.24 crore. The work was under execution with payment of Rs 1.03 crore to the contractors as of March 2007.

Test-check of the records disclosed (October 2006) that as per the design, the guide banks were to be constructed with clear width of 290 metres and a central pilot channel in the middle. However, the guide banks were completed (2002-03) leaving gaps for sluices and the pilot channel was excavated from RD 7 km up to the sea. No work was done in the head reach from RD 00 to 7 km. The executed works were also not protected with turfing. As a result, the guide banks were subjected to erosion each year. This resulted in avoidable expenditure of Rs 2.44 crore on the maintenance of the guide banks between 2002 and 2006. Ultimately, the guide banks were breached in 2005. Despite that, full flood protection as per design requirement was not completed with only excavation of pilot channel from RD 3.88 to 7.00 km being taken up (June 2006) at a cost of Rs 2.24 crore. No work was done from RD 00 to 3.88 km leaving the embankments still in a vulnerable condition.

Thus, non-observance of the approved design of the irrigation embankment led to avoidable expenditure of Rs 2.44 crore.

Government stated (June 2007) that during 2002-03 the pilot channel was excavated up to 7 km and guide banks were constructed with intervening gaps for sluices due to scanty provision of funds. Further since the works had gaps and incomplete portions, they required maintenance.

4.4.10 Excess payment

Adoption of a lead of 28 km as against actual lead of 9 km involved in obtaining stone products to work site resulted in excess payment of Rs 1.91 crore to OCC.

Government allotted (November 2001) the work of construction of spillway of Lower Indra Irrigation Project to M/s Orissa Construction Corporation Ltd. (OCC) at their offered rates for Rs 53.25 crore for completion by November 2004. The work was in progress (June 2007) with extension of time applied up to November 2007. The corporation received payment of Rs 35.91 crore as of March 2007.

Audit scrutiny of the records of Executive Engineer (EE), Lower Indra Dam Division, Tikhali revealed (January 2007) that the estimate for the work was sanctioned (April 2001) by the Chief Engineer & Basin Manager, Rushikulya, Vansadhara, Nagabali Basin, Berhampur providing lead for stone products from Rishigaon quarry, situated at a distance of 28 km from the work site though there was another stone quarry available at Haripur at a distance of 9 km. The offered rates of OCC for the cement concrete items included transportation charges of Rs 166.95 per cum of stone products from Rishigaon quarry. OCC, however, executed the works obtaining 1.77 lakh cum of stone products from Haripur quarry, the transportation charges from where worked out to Rs 58.61 per cum.

Thus, adoption of 28 km lead for the stone products in the offered rates of OCC against the actual lead of 9 km led to excess payment of Rs 1.91 crore to the corporation.

Government stated (August 2007) that the stone products of Rishigaon quarry were used for construction of the spillway. This was factually not correct since as per records, OCC executed the spillway works obtaining stone products from Haripur quarry.

4.4.11 Unfruitful expenditure

Non-completion of a bridge resulted in unfruitful expenditure and extra liability of Rs 1.44 crore.

Due to construction of Upper Indravati Irrigation Project (UIIP), the road from Dhansuli village was submerged in water of river Hati and the villagers on the left side were deprived of health, education and medical facilities available on the other side.

In order to provide all weather communication to the villagers, the Executive Engineer (EE), Upper Indravati Left Canal Division No.I, Kusumkhunti awarded (October 2001) the work of construction of a high level bridge across the river to a contractor at a cost of Rs 1.24 crore with stipulation for completion by October 2003. The Chief Engineer (CE) allowed him extension of time upto June 2005. After executing work worth Rs 92.88 lakh and receiving payment for Rs 95.31 lakh (including cost escalation of Rs 2.43 lakh), the contractor stopped further execution from May 2005. The contract was, however, neither closed nor even the balance of works executed as of July 2007. This resulted in unfruitful expenditure of Rs 95.31

lakh already incurred on the work. Besides, the contractor was paid excess amount of Rs 1.72 lakh which was not recovered as of July 2007. Further, computed with the rates of the defaulting contractor, the execution of the left over works as estimated (January 2007) by the Superintending Engineer would involve extra liability of Rs 48.30 lakh to the department.

Thus, failure of the department to close the contract with penalty for default in execution and non-initiation of any action for the last two years for completion of the balance of works resulted in unfruitful expenditure of Rs 95.31 lakh and extra liability/payment of Rs 50.02 lakh.

Government stated (July 2007) that the balance of the work was not tendered due to non-closure of the original contract and that the excess payment would be recovered from the security deposits (SD) of the contractor. However, the SD of Rs 0.48 lakh available with the division was not forfeited and no action taken to realise the balance amount.

4.4.12 Extra expenditure on unwarranted closure of a contract

Extra expenditure of Rs 1.20 crore due to unwarranted closure of a contract and award of the left over works to the same agency at higher rates.

Construction of spillway of Manjore Irrigation Project up to RL 108.50 metre was awarded (August 2001) to M/s. Orissa Construction Corporation (OCC) at a cost of Rs 7.24 crore for completion by July 2002. The scope of the work was increased to Rs 9.88 crore in January 2002 extending the gallery portion. The Corporation was granted extension of time up to June 2003 for completion of the modified work. The Corporation, however, left the work from June 2004 after executing work worth Rs 8.01 crore on the ground of non clearance of site in the working season of 2002-03, during which period the prices of steel and cement went up and the lead of stone products increased due to submergence of the stone quarry inside the impounded reservoir. In the meanwhile, the department decided (October 2004) to raise the spillway height further up to RL 124 metre. Government closed (February 2006) the contract of OCC without levy of penalty and reallocated the balance of the works of the first phase and further works necessary up to RL 124 metre (2nd phase) to OCC at their revised negotiated offer of Rs 5.55 crore inclusive of 15 *per cent* over head charges for completion by September 2007. The work was under execution with payment of Rs 1.27 crore to OCC (July 2007).

Test check of the records of Manjore Irrigation Division showed (March 2007) that as per the conditions of the agreement, the contractor was bound to carry out the modified works on the same conditions on which he had agreed to execute the main work. Further, if during any stage of construction, quarries became unapproachable or unsuitable, the materials were to be obtained by the corporation from other suitable quarries at their cost and risk. Instead of invoking the above conditions for getting the work completed at the agreed rates, the Government unwarrantedly closed the contract and re-allotted the balance of the works at higher rates resulting in extra expenditure of Rs 1.20 crore (including over head charges of Rs 16 lakh payable to OCC) which was avoidable.

Government stated (July 2007) that heavy rain, closure of river gap, involvement of additional works and agitation by displaced persons did not allow OCC to go ahead with the work. This was not tenable since the completion period was fixed considering the cyclical change in weather and programme for closure of the river gap. As per the terms of the contract, OCC was to carry out the additional works on the same conditions on which they had agreed to execute the original work. As regards agitation by displaced persons, OCC required only three months extension of time on this account which was not granted and instead the work was closed.

4.4.13 Extra avoidable payment

Inclusion of element of income tax in the offered rate of OCC led to extra avoidable payment of Rs 1.20 crore.

The work of construction of spillway of Lower Indra Irrigation Project was allotted (November 2001) to M/s Orissa Construction Corporation (OCC) for Rs 53.25 crore for completion by November 2004. The work could not be completed in time and the OCC applied for extension of time up to November 2007 on the grounds of non-availability of land and untimely rain etc., which was pending for sanction (June 2007). The agency executed work worth Rs 35.91 crore as of June 2007.

Audit scrutiny of the records of the Executive Engineer (EE) of Lower Indra Dam Division, Tikhali, however, revealed (January 2007) that extra provision of 2.3 *per cent* was included in the offered rates of OCC for the above work to compensate for the income tax payment. This unwarranted inclusion of the element of the income tax resulted in extra avoidable payment of Rs 1.20 crore to the corporation.

Government stated (July 2007) that since the corporation had to show the tax component in the offer separately, there was no unfairness involved in finalising its rates with the income tax component shown in the estimates. The reply was not acceptable since the income tax was to be paid out of profit earned on the turnover of works executed by OCC and not to be included in the work estimates.

WORKS DEPARTMENT

4.4.14 Extra expenditure on improvement of a road

Improper planning in improvement of a road led to re-tendering of works and additional cost of Rs 1.85 crore to Government.

To meet the transportation needs of the growing number of tourists to Chilika lake, Government administratively approved during (2003-04) improvement of Puri-Brahmagiri-Satapada road (48 km) at an estimated cost of Rs 16.17 crore in two reaches *viz*: RD 00 to 20/100 km and 20/100 to 48 km. The works were awarded (February 2004) to two contractors at a cost of Rs 12.32 crore with stipulation for completion by January 2005. The improvement works pertaining to the second reach were under execution with payment of Rs 9.46 crore to the contractor as of March 2007. The works in the first reach were, however, executed up to 12/700 km and the portion from RD 12/700 to 20/100 km was subsequently awarded (March 2005) to another contractor on retender at a cost of Rs 3.13 crore for completion by February 2006. The work was under execution with payment of Rs 2.48 crore to the contractor.

Test check of the records of Puri (R&B) Division disclosed (July 2006) that the Executive Engineer (EE) designed the second reach from RD 20/100 to 48 Km for double lane with carriage way width of 7 metres while he designed the head reach for a carriage way width of 5.5 metres. This inconsistency was noticed by the Engineer-in-Chief, cum- Secretary to Government during inspection of the site in June 2004 when he instructed to increase the width of the carriage way of the first reach also to 7 metres to have uniform design for the entire road. As the work was financed under the NABARD assistance and there was no scope at that stage to increase the loan amount, the department had to limit the execution of the head reach up to 12/700 km providing a carriage way width of 7 metres with the available funds under the scope of the existing agreement and subsequently retender the balance portion. Thus the improper planning of the EE in the improvement works of the road led to additional cost of Rs 1.85 crore when the rates on re-tender of balance portion of the road were compared with the item rates of the original agreement.

Government stated (August 2007) that the execution was limited to 12/700 km at the first stage keeping in view the fund position of NABARD. The extra expenditure was avoidable had the work been planned by the EE providing uniform width of the road.

4.4.15 Unfruitful expenditure on a road

Due to non-completion of nine crossed drainage work and a bridge, all weather road communication could not be provided to 94 villages in three blocks resulting in unfruitful expenditure of Rs 1.69 crore.

Government administratively approved (March 2000) improvement to Belpara – Baijalsagar – Bhanpur – Pithapathar road (40 km) at a cost of Rs 3.24 crore for providing all weather road communication to 94 villages in three blocks in Bolangir district. The improvement of the road was targeted for completion by March 2003 with NABARD loan assistance carrying interest at the rate of nine *per cent* per annum. The Executive Engineer (EE) National Highway Division, Kantabanji commenced the works in an unplanned manner completing 35 km (out of 40 km) in reaches with gaps through 255 split up agreements during 2001-2003 at a cost of Rs 1.54 crore which included a bridge over Dandamunda Nullah at 29th km at a cost of Rs 41.75 lakh. The road, however, could not be made motorable due to non-completion of cross drainages (CDs) at nine locations and another bridge at 32nd km over Putulamahal.

The works on nine CD²⁰s and the bridge over Putulamahal were awarded (August 2003) to a contractor at a cost of Rs 1.36 crore with stipulation for completion by February 2005. Despite issue of notices, the contractor did not execute the work as per the programme and could only execute work worth Rs 15.37 lakh as of June 2004. The Chief Engineer (CE) closed (May 2005) the contract stipulating recovery of extra cost to be involved in completion of the balance of the works from the defaulting contractor. The EE did not, however, initiate any action for completion of the balance of the works as of April 2007 with the result that the road remained incomplete for 5 km with gaps for the CDs and the bridge. The all weather road communication for the 94 villages had, thus, not been established (July 2007)

²⁰ At RD 7km, 12km, 13 km, 15 km, 16 km and 17 km.

rendering the expenditure of Rs 1.69 crore unfruitful. Besides, there was an interest liability of Rs 1.07 crore on the capital expenditure.

Government stated (May 2007) that the CE was instructed to take up the balance work on fresh tender and that the extra expenditure for the balance work would be recovered from the defaulting contractor.

4.4.16 Unfruitful expenditure on a bridge

Non-construction of approach roads to a bridge resulted unfruitful expenditure of Rs 1.10 crore.

The Executive Engineer (EE) Rairangpur (R&B) Division awarded (October 2001) the work of construction of a submersible bridge to a contractor at a cost of Rs 75.45 lakh with stipulation for completion by April 2003 to replace the old and weak vented causeway over river Bankabal at 1st km on Banki-Badamitalia road in the district of Mayurbhanj. The contractor completed the bridge proper in June 2006 with payment of Rs 75.95 lakh and the overall expenditure for the work was Rs 1.10 crore as of March 2007. The bridge, however, could not be opened to traffic due to non-construction of the approach roads.

Test check of the records disclosed (January 2007) that Government approved the work in January 2000 with instructions to complete it within the stipulated time. The survey conducted prior to commencement of the work indicated the necessity for acquisition of land for the right approach road. The EE, however, allotted the work of construction of the bridge proper to the contractor but did not initiate any action until September 2005 i.e. more than two years after the stipulated date of completion of the work for acquisition of 0.30 acres of private land required for the right approach road.



Bridge over river Bankal at 1st km on Banki-Badamitalia road completed without construction of approach road

Verification of the site by Audit on 17 April 2007 along with the Assistant Engineer in charge of the work disclosed that the left approach road was still under execution and work on the right had not been taken up due to non-acquisition of the land, as a result of which the bridge could not be opened to traffic. This rendered the expenditure of Rs 1.10 crore spent on the work unfruitful.

Government stated (July 2007) that the land was not acquired for construction of the right approach road but traffic was being allowed through short approaches on PWD land.

WORKS / WATER RESOURCE / INDUSTRIES DEPARTMENTS

4.4.17 Excess payment to contractors

Failure to adhere to the Indian Road Congress Code/mix design in execution of cement concrete items resulted in excess payment of Rs 1.67 crore to the contractors.

Cement Concrete (CC) items of different specifications were to be executed using minimum quantity of cement prescribed in the Indian Road Congress (IRC) Code subject to mix-design proportion worked out in conformity with the gradation and proportion of materials. According to the IRC Code, 250 kg, 310 kg, 360 kg and 380 kg of cement per cum was required for execution of CC items of strength M-15, M-20, M-25 and M-30 respectively. The item rates were to be adjusted as per actual consumption of cement based on the design mix.

Test check of records of the following works disclosed (August/ November/ December 2006) that during execution the provisions of the IRC code/design mix were not followed resulting in excess payment of Rs 1.67 crore to the contractors as discussed below:

WORKS DEPARTMENT

The Executive Engineers (EEs) of five²¹ R&B Divisions awarded construction of seven high level bridges to seven contractors at a cost of Rs 52.63 crore for completion between October 1997 and January 2007. The works were under execution and Rs 48.18 crore were paid to the contractors as of March 2007.

The estimated rates were, however, computed providing requirement of cement as 323 kg for M-15, between 410 kg and 430 kg for M-20, 571 kg for M-25 and between 530 kg and 631 kg for M-30 per cum of the above CC items. The provision of higher quantity of cement in the estimates compared to the IRC provisions led to extra cost of Rs 1.84 crore. The Notice Inviting Tender (NIT), however, stipulated that the CC items were to be executed as per mix design proportions assessed during execution, but did not stipulate any condition for adjustment of the item rates in case the material proportions varied. Although the mix design tests conducted during execution confirmed that actual cement consumed in the works was substantially less viz between 289 kg and 292 kg for M-15, between 347 kg and 400 kg for M-20, between 392 kg and 442 kg for M-25 and between 435 kg and 503 kg for M-30, the item rates in the agreements were not correspondingly scaled down based on the actual cement consumed in the work. This led to excess payment of Rs 1.04 crore to the contractors for the works executed as of March 2007.

The matter was reported to Government (May 2007); the reply has not been received (August 2007).

²¹ 1. Jagatsinghpur, 2. Kantabanji, 3. Panikoli, 4. Cuttack and 5. Bhadrak.

WATER RESOURCES DEPARTMENT

Construction of Cross Drainage structure across river Tel was allotted (December 2001) to M/s Orissa Construction Corporation (OCC) Limited at their offer of Rs 12.44 crore for completion by December 2003. The Corporation was paid Rs 7.27 crore for the value of work executed up to March 2007. The rates for CC items M-15, M-20 and M-25 in the agreement were inbuilt considering cost of cement between 288 kg and 571 kg per cum subject to adoption of quantities as per design mix to achieve the designed strength. The design mix was, however, not followed during execution. The strength and composition of concrete were also not tested and the achievement of design strength was, thus, not ensured. Computed with the requirement as per IRC code, the execution of the items with volume mix would result in excess payment of Rs 32.99 lakh to the Corporation of which Rs 10.81 lakh was already passed on to the Corporation as of March 2007.

Government stated (July 2007) that due to difficulty in installing weigh batching plant, concrete was executed adopting volumetric proportions.

INDUSTRIES DEPARTMENT

The Managing Director, Orissa Industrial Infrastructure Development Corporation (IDCO), Bhubaneswar awarded (July 1999/November 2004) the works (i) Construction of Software Complex at Chandrasekharapur, Bhubaneswar (ii) Construction of Banijyakar Bhawan at Cuttack to two contractors at a cost of Rs 29.22 crore for completion by January 2001/May 2006. The software complex was completed during September 2002 with payment (September 2004) of Rs 24.84 crore to the contractor. The work of Banijyakar Bhawan was under execution and the contractor was paid Rs 3.34 crore as of June 2006. The works, *inter alia*, provided for execution of RCC M20 in foundation, column/beam and superstructure using between 400 kg and 430 kg of cement per cum subject to mix design proportion assessed during execution. The mix design test conducted during execution of the works confirmed that cement between 357.70 kg and 360 kg was used per cum of RCC M20. Despite less consumption, the item rates were not scaled down on the actual cement utilised in the works. This led to undue benefit of Rs 30.30 lakh.

The Government stated (August 2007) that scaling down the rates as per the actual consumption would be against the provision of the contracts and there was no such provision in the approved tender formats of contracts executed in Government departments. The reply was not tenable since provision of scaling down the rates as per actual consumption was not incorporated in the contracts and such variation clauses existed in the contracts executed by the Rural Development and Water Resources departments of the Government.

HEALTH AND FAMILY WELFARE DEPARTMENT

4.4.18 Tardy implementation of the National Mental Health Programme

Poor implementation of National Mental Health Programme led to short receipt of Rs 3.81 crore in GOI grants and consequent neglect of mental patients in the State during the period from 2004 to 2007.

The Government of India (GOI) launched National Mental Health Programme (NMHP) during Tenth Plan covering eight districts²² of the State as well as the Mental Health Institute (MHI) of SCB Medical College, Cuttack. The objectives of the programme *inter alia* were to provide sustainable basic mental health services and early detection and treatment of patients, strengthening and modernisation of mental hospitals; upgradation of psychiatric wings in the general hospitals/medical colleges; Information, Education and Communication (IEC) activities as well as research and training. According to the programme, grants-in-aid of Rs 89.40 lakh²³ was to be released to each district in four instalments spread over four years²⁴ for utilisation in five specific areas. The GOI released first instalment of Rs 2.10 crore (Rs 52.40 lakh in 2003-04 for Puri and Mayurbhanj and Rs 1.57 crore in 2004-05 for other six districts) to the Principals of the three Medical Colleges²⁵ of the State who were designated as nodal officers for implementation of NMHP. The GOI also released (October 2005) one time grant of Rs 1.51 crore to the Medical Superintendent of MHI Cuttack for upgradation of MHI building and other infrastructure within September 2006 with the condition that in the event of non-utilisation of the grant within stipulated period, the amount should be refunded to GOI.

Test check of records of the Chief District Medical Officers (CDMO) of the above eight districts and Medical Superintendent, MHI Cuttack revealed (October 2006 and May 2007) that the Principals of the three Medical Colleges released the grants-in-aid of Rs 2.10 crore to the concerned CDMOs under their jurisdiction during July 2005 and February 2007 i.e. after 1-2 years of receipt of the first instalment from the GOI. Of the above, the CDMOs utilised only Rs 16.16 lakh and the remaining Rs 1.93 crore was kept in the bank accounts without utilisation as of May 2007. The Superintendent, MHI, Cuttack also did not utilise any money out of the grant of Rs 1.51 crore. Due to non-utilisation of funds, the State failed to submit utilisation certificates in respect of the grants already released. As a result, the GOI after observing that the NMHP did not get the required impetus from the implementing agencies of the State, decided (December 2006) not to release further grants amounting to Rs 3.81 crore during 2004-07.

Thus, due to failure of the eight CDMOs and the Superintendent, MHI, Cuttack to utilise the GOI grant of Rs 3.44 crore in time keeping in view the objectives of the

²² Bolangir, Dhenkanal, Kandhamal, Keonjhar, Khurda, Koraput, Mayurbhanj and Puri.

²³ (i) Establishment: Rs 39.40 lakh, (ii) Medicine and contingencies: Rs 24 lakh, (iii) Equipment: Rs 6 lakh, (iv) Training: Rs 12 lakh and (v) IEC: Rs 8 lakh.

²⁴ First year: Rs 26.20 lakh, Second Year: Rs 21.80 lakh, Third year: Rs 20.70 lakh and Fourth year: Rs 20.70 lakh.

²⁵ (i) SCB Medical College, Cuttack, (ii) MKCG Medical College, Berhampur and (ii) VSS Medical College, Burla.

programme, the State was deprived of further grants of Rs 3.81 crore²⁶ during 2004-07. Besides, the mental patients of the State were deprived of the benefits intended under the programme.

The CDMOs stated that grants were not utilised due to late receipt of grants and non-availability of the required psychiatric staff while the Medical Superintendent, MHI Cuttack attributed the reasons to non-receipt of administrative approval from the State Government for works to be undertaken. The replies were however, not convincing since the Principals of the medical colleges delayed the release of funds and no sincere efforts were also made by the CDMOs to utilise the funds in time to avail further central assistance. With better inter-departmental coordination the MHI building could have been handed over to CPWD in time and a mere fact of non-handing over of a building can hardly be construed as sufficient and valid reason in forestalling progress in an important area such as health care to mental patients.

The Principal Secretary, during discussion stated (August 2007) that steps were being taken to spend the entire grant-in-aid amount received from the GOI.

4.4.19 Unfruitful expenditure

Expenditure of Rs 1.15 crore incurred in construction of 33 health sub centres and other buildings under RCH programme in Kalahandi district became unfruitful as the buildings remained unused for over three years due to lack of coordination between CDMO, Kalahandi and the IDCO.

Reproductive and Child Health (RCH) programme, funded by the World Bank was taken up for implementation in 1997-98 in Kalahandi district to bring down prevailing high infant mortality and maternal mortality rates as well as to control the fertility while achieving overall health care for women and children. The programme was designed for a five-year period but extended up to 31 July 2004. The scheme envisaged construction of new health sub center (SC) buildings, training halls, operation theatres, labour rooms and repair of existing SC buildings. The construction works were entrusted to the Industrial Infrastructure Development Corporation (IDCO), Orissa. As per the instruction of the Director of Family Welfare (Director), the sites for the new SC buildings should be within the village habitation to provide people need based, client centered, demand driven, high quality and integrated RCH services.

Check of records of Chief District Medical Officer (CDMO), Kalahandi (March-May 2007) showed that the IDCO had undertaken construction of 103 buildings (71 SCs, 12 training centres, 10 operation theatres, 10 labour rooms) and repair of 72 existing SCs in the district for which Rs 4.50 crore was paid to it during 2000-04. The IDCO completed the work at Rs 4.43 crore and handed over all the buildings to the medical

²⁶

	2004-05	2005-06	2006-07	Total
Puri and Mayurbhanj	43.60	41.40	41.40	126.40
Other districts	--	130.80	124.20	255.00
Total	43.60	172.20	165.60	381.40

officers (MOs) concerned except 17 buildings²⁷. The buildings, which were taken over included 16 sub centres built at a cost of Rs 59.16 lakh remained unused due to damaged condition (four), built at village outskirts (seven) and refusal by the health workers to take occupation (five). The CDMO reported the damaged condition of the buildings to the IDCO and the Director for remedial action. The IDCO authorities claimed that the buildings were handed over only after completion. However, the medical officers concerned were not using the buildings on the ground that the buildings were unsafe for habitation due to damages.

Further, the 17 buildings completed at a cost of Rs 56.39 lakh during 2002-04 were not taken over by the MOs concerned (July 2007) as the newly constructed buildings were not provided with external electrical and water supply connections etc and many of them were in damaged condition.

Thus, there was lack of coordination between the departmental authorities and the IDCO in bringing the buildings to habitable condition. As a result, expenditure of Rs 1.15 crore incurred in the construction of 33 buildings proved unfruitful.

The CDMO stated (July 2007), that the IDCO had been moved to hand over the completed buildings and the status of all the damaged buildings was being reviewed by a consultant to assess requirement of funds for necessary repairs. The reply was not acceptable, as the defects could have been pointed out before taking over possession of the buildings and necessary repair could have been done to make them habitable.

The Principal Secretary, during discussion stated (September 2007) that necessary measures were already taken for occupation of the taken over buildings and it was decided to have a joint verification by the CDMO, representatives of IDCO etc of other buildings for taking necessary remedial measures in the matter.

4.5 Idle investment/idle establishment/blockage of funds

HEALTH AND FAMILY WELFARE DEPARTMENT

4.5.1 Blockage of funds

Machines and equipment worth Rs 5.02 crore procured by the Director of Health Services remained idle due to non-enforcement of purchase conditions and absence of appropriate manpower and accessories.

The Eleventh Finance Commission awarded Rs 24 crore for establishment of eight Regional Diagnostic Centres (RDCs) in the State with the objective of providing medical diagnostic facilities to the people. Accordingly, the State Government selected three²⁸ medical college hospitals and five²⁹ district headquarters hospitals for establishment of RDCs and released (March 2001-March-2004) Rs 24 crore in favour

²⁷ ANM sub centres : 11, Training centres:3; labour room : 1; Operation theatre: 2.

²⁸ SCB Medical College Hospital (MCH), Cuttack, MKCG MCH, Berhampur, VSS MCH, Burla,

²⁹ Capital Hospital, Bhubaneswar, District Headquarters Hospitals Baripada, Bhawanipatna, Koraput, and Sundergarh.

of the Director of Health Services (DHS), Orissa for construction of RDC buildings and procurement of required equipment.

Check of records (October 2006-January 2007) of three RDCs (Koraput, Sundergarh and Cuttack), DHS, Orissa and subsequent information collected from other RDCs disclosed that all the RDC buildings were completed and handed over to the respective centres during August 2005 to January 2006. The State Drug Management Unit (SDMU) of the DHS, Bhubaneswar procured and supplied (March-July 2005) 1377 diagnostic equipment worth Rs 18.85 crore to the RDCs. However, 209 of these equipment valued Rs 5.02 crore were not put to use (May 2007). Of the above, equipment worth Rs 1.49 crore were not installed on the ground of non availability of technical manpower/expertise, required infrastructure and failure on the part of the supplying firms to install the equipment. The non-installed equipment included ten Haemodialysis machines valued Rs 83.54 lakh supplied to RDCs without parallel provision of Reverse Osmosis Water Treatment Plants essential for making them operational. The warranty /guarantee period of the above equipment having expired there is very little scope for free replacement or repair if defects are noticed during installation. Besides, equipment worth Rs 2.28 crore though installed remained non-functional for want of trained manpower/accessories. Equipment worth Rs 1.35 crore stopped functioning during the guarantee period due to mechanical failure. Steps were not taken by the RDCs to get them operational at the supplying firms' expense despite provisions in the agreements that the equipment would be repaired within the guarantee period by the supplier free of cost. Thus, deficiency in procurement planning and maintenance of the equipment led to blockage of funds of Rs 5.02 crore.

The Deputy Director, SDMU stated (May 2007) that the authorities of the RDCs had been instructed to contact the firms directly for any defect, repair / maintenance as per the agreements. The reply is not acceptable, as due to delayed action, the conditions in the purchase agreement cannot be enforced.

The Principal Secretary, during discussion stated (August 2007) the status of the machines and equipment and indicated that steps were being taken for ensuring their installation and use.

SCHOOL AND MASS EDUCATION DEPARTMENT

4.5.2 Blockage of funds due to tardy progress in execution of building works

The Director, TESCERT failed to coordinate the construction of building works of 10 DIETs leading to blockage of Rs 3.64 crore from GOI assistance on incomplete works and idle structures for over five to 12 years.

The State Government was to set up the District Institute of Education and Training (DIET) wholly assisted by the GOI either by upgrading an existing elementary teacher education institution in a district or establish a new project if a district did not have such institution. Based on the State Government's proposal (January, August 1992 and April 2001), the GOI sanctioned non-recurring civil work assistance for up-

gradation of six³⁰ existing institutes and establishment of four³¹ new projects in the State comprising 66 buildings (institution: 10, hostel: 15 and staff quarters: 41) at the estimated cost of Rs 8.63 crore. According to GOI's stipulation, the assistance would be provided in two equal instalments; the release of second instalment would be only after submission of utilisation certificates (UCs) in respect of 75 per cent of the first instalment released for a project. The execution of the works was entrusted to the Chief Engineer (Buildings).

Test check (May 2006 and August 2007) of records of the Director, Teacher Education and State Council of Education, Research and Training (TESCERT) indicated that the GOI released Rs 4.83 crore (January 1993-April 2001) which included first instalment for eight projects³² and both the instalments in respect of two projects³³ with the stipulation that the balance amount (Rs 3.80 crore) would be released on receipt of utilisation certificates for the amount released in the first instalment. As per the records of the EEs, only Rs 4.43 crore out of Rs 4.83 crore received was spent and 20 out of 66 building works were completed (July 2007). Of the completed buildings, eight buildings could not be put to use due to non-functioning of DIET at Rayagada (five buildings), unwillingness of staffs to stay in quarters at Bhanjanagar (two buildings) and non-completion of the institution building at Balasore. From the remaining 46 works, 18 works remained incomplete for want of further funds and 28 works were yet to commence (July 2007) due to non approval of revised estimate, want of further funds / administrative approval and non availability of sites etc.

The first instalment of funds for the six up-gradation projects were received by the State Government in January 1993, yet the administrative approval for construction of the projects were accorded by the department between September 1997 and February 1999 with delays ranging from 57 to 74 months. The works were commenced between February 1996 and November 2001. As against the receipt of Rs 1.83 crore from the GOI, the expenditure incurred on such projects was Rs 1.63 crore as of July 2007. The utilisation certificates for these projects were sent to GOI in April 2001 and the State Government's request (October 2004) for release of further funds was yet to be acceded to by the GOI (January 2007). Similarly, in respect of the four new projects as against the receipt of Rs 3.30 crore (GOI: Rs 3 crore in April 2001 and State: Rs 30 lakh in 2006-07), the expenditure incurred was only Rs 2.80 crore (July 2007) and the remaining Rs 50 lakh was yet to be utilised (July 2007). In these cases also the administrative approval were accorded in February and March 2002 with delay of about nine months. The works were commenced in respect of some of these buildings between May 2002 and March 2007 with delays ranging from three to 58 months.

³⁰ January 1993 (upgradation projects):- (i) Balasore: Rs 64 lakh (Buildings:- Institution: 1, hostels:2, staff quarters :9) (ii) Bhanjanagar: Rs 38 lakh (Buildings:- Institution: 1, hostels:2, staff quarters :5) (iii) Bhubaneswar: Rs 38 lakh (Buildings:- Institution: 1, hostels 1, staff quarters :2), (iv) Berhampur: Rs 45 lakh (Buildings for:- Institution: 1, hostels :1, staff quarters :2), (v) Khallikote: Rs 40 lakh (Buildings for:- Institution: 1, hostel :1, staff quarters:2), and (vi) Koraput: Rs 38 lakh (Buildings for:- Institution: 1, hostels :1, staff quarters: 6).

³¹ April 2001 (New Projects):- Bargarh (Institution: 1, hostel: 2, quarters: 3), Paralakhemundi (Institution: 1, hostel: 1, quarters: 4), Puri (Institution 1, hostel: 2, quarters: 5) and Rayagada (Institution: 1, hostel: 2, quarter: 3) at the estimated cost of Rs 150 lakh each.

³² Upgradation (January 1993): (i) Koraput: 19 lakh, Bhanjanagar: Rs 19 lakh, Bhubaneswar: Rs 19 lakh, Berhampur: Rs 22.50 lakh, (ii) New Projects (April 2001): Paralakhemundi, Bargarh, Rayagada and Puri at the rate of Rs 75 lakh each.

³³ Upgradation projects (January 1993 and March 1998): (i) Balasore: Rs 64 lakh and Khallikote: Rs 40 lakh.

Thus, due to lack of detailed planning, preparatory work and monitoring by the departmental authorities, the progress of work got delayed. As a result, there was blockage of Rs 3.64 crore³⁴ spent on the above works for over five to 12 years. This apart, due to tardy progress of the works, further flow of committed funds of Rs 3.80 crore from the GOI had become extremely doubtful. Besides, Rs 50.60 lakh received (1992-93) from the GOI for purchase of equipment for the up-graded projects was lying in the Civil Deposit as of July 2007.

The Commissioner-cum-Secretary, during discussion admitted the fact and stated (August 2007) that all efforts were being made for completion of the building works and put to use as soon as possible. The reply was not convincing since the proposal for commencement of a project should have been considered based on ready availability of adequate land and the projects executed in a time bound manner.

AGRICULTE DEPARTMENT

4.5.3 Excess procurement of stores leading to idling of inventory

Procurement of agricultural implements by the DAFP without assessing actual requirement led to idle inventory worth Rs 1.81 crore of which implements costing Rs 54 lakh became unserviceable and stores of Rs 19.11 lakh were lost.

The Director of Agriculture and Food Production (DAFP), Bhubaneswar procures manually operated / bullock drawn agricultural implements for sale at subsidised rate to the farmers under different centrally sponsored schemes to reduce their work load as well as cost in agricultural operations, while improving the productivity.

Check of records (April 2007) in the office of the DAFP revealed that 20753 items of manually operated / bullock drawn agricultural implements procured during 1994-2007 at a cost of Rs 1.81 crore were lying unsold with the AAEs as of March 2007. Up to 2000-01, the implements were procured utilising the total fund allotted for the purpose with out making any assessment of requirement and supplied to the AAEs. From 2001-02, the procurement of stores were made as per the annual action plans prepared based on the requirement furnished by the AAEs. However, the trend of sale during past years, the balance stores lying in the stock etc. were not taken into consideration while projecting the requirement. As a result, the unsold stocks continued to pile up. Analysis of the unsold stock showed that of the 12259 items worth Rs 2.80 crore procured during 2004-07, 9289 items (76 per cent) could be sold and 2970 items worth Rs 57.81 lakh remained unsold as of March 2007. But of the total unsold stock of 24549 items relating to previous years accumulated as of 31 March 2004, only 6766 items (28 per cent) could be sold during 2004-07 leaving a balance of 17783 items worth Rs 1.23 crore unsold as of March 2007. Of the above, 5840 items worth Rs 54 lakh became unserviceable and 4200 items worth Rs 19.11 lakh were found short. Unnecessary purchase thus led to avoidable depletion of resources amounting Rs 1.81 crore in idling stores and further loss of Rs 73 lakh³⁵.

³⁴: Balasore: Rs 56.80 lakh, Koraput: Rs 19 lakh, Bhubaneswar: Rs 18.89 lakh, Paralakhemundi: Rs 29.80 lakh, Bargarh: Rs 105.03 lakh, Rayagada: Rs 111.36 lakh, Puri: Rs 0.79 lakh, Berhampur: Rs 16.25 lakh, Bhanjanagar: Rs 6.44 lakh.

³⁵ Rs 54 lakh + Rs 19.11 lakh = Rs 73.11 lakh or Rs 73 lakh.

The Government stated (July 2007) that unserviceable implements worth Rs 8.75 lakh had been sold after repair and Rs 0.39 lakh was recovered against the shortage items. The Government had also instructed the field functionaries to reduce the stock and imposed restrictions on procurement of implements for which stock was available.

GENERAL

FINANCE DEPARTMENT

4.6.1 Lack of response to audit

Principal Accountant General (Civil Audit) and Accountant General (Commercial, Works and Receipt Audit), 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 by Inspection Reports (IRs) sent to the heads of offices and the next higher authorities. The defects and omissions are expected to be attended promptly and compliance reported to the Principal Accountant General. A 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 March 2007 pertaining to 4776 offices of 34 departments showed that 51527 paragraphs relating to 15777 IRs were outstanding at the end of June 2007. Of these, 5113 IRs containing 13502 paragraphs had not been settled for more than 10 years (*Appendix-4.2*). Year-wise position of the outstanding IRs and paragraphs are detailed in *Appendix-4.3*. Even the initial replies which were required to be received from the Heads of Offices within six weeks were not received in respect of 2131 IRs (*Appendix-4.2*) issued up to March 2007. As a result, many serious irregularities commented upon in these IRs had not been settled as of June 2007 (*Appendix-4.4*). Failure to comply with the issues raised by Audit facilitated the continuance 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.

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) that are presented to the State Legislature. According to the 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 within three months of their presentation to the legislature.

It was noticed that in respect of Audit Reports from the years 1997-98 to 2005-06 as indicated below, 20 departments out of 37 departments, which were commented upon, did not submit explanatory notes on 68 paragraphs and 20 reviews as of July 2007.

Year of Report	Total Paragraphs	Total individual paragraphs/reviews /others			Number of individual paragraphs/reviews for which explanatory notes were not submitted	
		Individual paragraphs	Reviews	Others	Individual paragraphs	Reviews
1997-98	97	58	06	33	05	02
1998-99	92	58	06	28	07	--
1999-00	83	48	06	29	10	--
2000-01	83	47	07	29	12	03
2001-02	61	29	04	28	07	02
2002-03	59	33	06	20	04	05
2003-04	60	31	06	23	10	03
2004-05	49	21	06	22	03	01
2005-06	61	29	07	25	10	04
Total	645	354	54	237	68	20

The department wise analysis is given in the **Appendix-4.5**, which shows that the departments largely responsible for non-submission of explanatory notes were Finance, Agriculture, Health & Family Welfare, Revenue, Water Resources, Fisheries and ARD, Women & Child Development and School & Mass Education Department.

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 Public Accounts Committee (PAC) for their consideration within six months after presentation of 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. However, the time limit for submission of ATNs had been revised to four months in place of six months in OLA Notification No.5940-LA dated the 6th April 2005, Orissa Gazette Extraordinary No.573 dated the 6th April 2005. 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, out of 2154 recommendations of PAC (**Appendix-4.6**) relating to 1st Report of 9th Assembly (1985-90) to 19th Report of 13th Assembly (2004-06) pending for settlement as of July 2007, the decrease and increase in number of recommendations for the years 2005-06 and 2006-07 respectively with reference to the year 2004-05 has been explained in **Appendix-4.7**. Of the total recommendations, the Departments largely responsible for non-submission of ATNs (**Appendix-4.8**) were Water Resources, Works, Agriculture, Housing and Urban Development, Panchayati Raj, Health and Family Welfare, Finance, School & Mass Education, Fisheries & Animal Resources Development Department.

Monitoring

The following Committees have been formed at the Government level to monitor the follow up action on Audit Reports and PAC recommendations.

Departmental Monitoring Committee

Departmental Monitoring Committees (DMC) have been formed (between May 2000 and February 2002) by all departments of the Government under the Chairmanship of the Departmental Secretary to monitor the follow up action on Audit Reports and PAC recommendations. The Departments are required to hold the meetings in each quarter. The departments submit the proceedings of the meetings to audit. Out of 37 departments of the State Government, no proceedings have been received from 24, 26 and 12 departments for the years 2004-05, 2005-06 and 2006-07 respectively. Department-wise details are indicated in *Appendix-4.9*.

Apex Committee

An Apex Committee has been formed (December 2000) at the State level under the Chairmanship of the Chief Secretary to review the action taken by the DMCs. Till July 2007, Apex Committee met only twice in February 2002 and March 2007.

Review Committee

A Review Committee has been formed (December 1992) comprising Principal Secretary, Finance Department, Principal Accountant General (Civil Audit) / Accountant General (Commercial, Works and Receipt Audit) and Secretary to Government of concerned departments to review the progress as well as adequacy of action taken on the Audit Reports and PAC recommendations in order to facilitate the examination of such Reports / recommendations by the Public Accounts Committee.

The Review Committee met on six occasions between June 2003 and December 2003 and on first August 2007.

CHAPTER-V

INTERNAL CONTROL SYSTEM IN GOVERNMENT DEPARTMENTS

CHAPTER-V INTERNAL CONTROL SYSTEM IN GOVERNMENT DEPARTMENTS

REVENUE AND DISASTER MANAGEMENT DEPARTMENT

5.1 Internal Control System in Revenue and Disaster Management Department

Highlights

Internal Control is an integral component of management processes which are established in order to provide reasonable assurance that the operations are carried out effectively and efficiently; financial reports and operational data are reliable and applicable; laws and regulations are complied with so as to achieve organisational objectives. A review of internal control on selected areas of the Department showed that budgetary and expenditure controls were weak leading to persistent savings, rush of expenditure in the last quarter and serious irregularities in cash management. Ineffective monitoring of land distribution, delayed disposal of mutation cases, non-fixation of benchmark valuation were some of the outcomes of poor compliance to manual provisions. Supervisory controls in terms of inspection of sub-ordinate offices were deficient. Internal audit also remained ineffective.

- Persistent savings were noticed during the period 2004-06 indicating laxity in budgetary control. Budget estimates, prepared without inputs from field offices, rush of expenditure in the last quarter of the year, are some of the instances of budgetary indiscipline.

(Paragraph 5.1.5.1)

- Drawing and disbursing officers did not conduct physical verification of cash at the end of the month. In five offices, available cash of Rs 1.39 crore was irregularly spent for purposes for which no allotment of fund was received and the paid vouchers were kept without adjustment in the cash books for decades.

(Paragraph 5.1.7)

- Non-adherence to the provisions of the Mutation Manual by the test checked tehsils led to delay in finalisation and correction of records of rights. Besides, absence of supervisory control by the district collectors over the functioning of the tehsildars affected the disposal of pending mutation cases.

(Paragraph 5.1.8.2)

- Despite installation of computerised system in 14 registration offices in 2003-04, the Inspector General of Registration (IGR) did not issue instruction to the field formations on the internal control parameters to be followed by them as of August 2007 leading to several deficiencies in functioning of the system.

(Paragraph 5.1.8.3)

* Abbreviations used in this Chapter have been expanded in the Glossary of abbreviations at pages 243-248.

- There was delay in finalisation of benchmark valuation guidelines of 27 districts for assigning market value to immovable properties in the registered documents for over three years as no system was evolved to monitor the functioning of the tehsil and district level committee for ensuring speedy finalisation of the processes. Such delay had a bearing on the tax revenue of the Government.

(Paragraph 5.1.8.7)

- There was shortfall in conducting inspection by the two Revenue Divisional Commissioners ranging from 56 to 97 *per cent* and that of the Member, Board of Revenue from 46 to 54 *per cent* during 2004-07. Disposal of vigilance cases by the department was very slow, as only eight out of 53 cases were finalised during 2004-07.

(Paragraphs 5.1.9.1 and 5.1.9.2)

- Internal audit was ineffective as there was short coverage of units by the CCA of the department ranging from 24 to 27 *per cent* and the same was 62 to 66 *per cent* by the Internal Audit Organisation of the Board of Revenue during 2004-07.

(Paragraph 5.1.9.3)

5.1.1 Introduction

The department apart from disaster management is entrusted with the job of protecting government land, providing land to the land less, distribution of Government waste land and ceiling surplus land for agricultural / homestead purposes, enforcement of prohibition of alienation of tribal land etc. Updating of land records, computerisation of registration and tehsil offices, preparation and distribution of land pass books are the other tasks carried out by the department for making the land administration more effective and responsive to the people. In the matter of transfer of property, particularly the transfer of immovable property, the Registration Offices play a key role in serving people and contributing to the resources of the State.

5.1.2 Organisational set-up

The Revenue and Disaster Management Department is headed by a Commissioner-cum-Secretary who is responsible for administration of land revenue in the State through the 30 Collectors, 58 Sub-Collectors, 171 Tehsildars at the district, sub-divisional and tehsil levels respectively. The department also functions through the Board of Revenue (BOR) headed by a member functioning as the head of the department with seven directorates i.e., Director of Land Records and Survey, Director of Consolidation, Commissioner of Land Records and Settlement, Secretary, Board of Revenue, Land Reforms Commissioner, Special Relief Commissioner and Inspector General of Registration (assisted by 176 District Sub Registrars and Sub-Registrars). Besides, in the matters of revenue administration they are assisted by three Revenue Divisional Commissioners (RDCs) at the division level viz., RDC (Northern Division) Sambalpur, RDC (Central Division) Cuttack and RDC (Southern Division) Berhampur.

5.1.3 Audit objectives

The review of internal control has been conducted to assess the extent of:

- working of internal controls contained in the Orissa Budget Manual and related accounting instructions of Finance Department;
- achievement of objectives in matters of land administration, mutation and correction of land records, distribution of land passbooks and benchmark valuation of immovable properties and related matters;
- internal control structure designed and put into operation for enforcing the management directions; and
- adequacy for information, communication, monitoring and evaluation including Internal Audit and Vigilance.

5.1.4 Audit Coverage

The records of the offices of the Commissioner-cum-Secretary of the department, Member, Board of Revenue (BOR), Director of Survey and Map Publication (DSMP), Director Land Records and Survey (DLRS), Land Reforms Commissioner (LRC), Inspector General of Registration (IGR), two Revenue Divisional Commissioners (RDCs), Cuttack and Sambalpur, four Collectors¹ along with offices of the Sub-Collectors, Tehsildars, District Sub-Registrars (DSR) located at Angul, Bhubaneswar, Cuttack, Puri and Sambalpur were test checked in audit during April to June 2007 covering the period 2004-2007.

Audit findings

5.1.5 Compliance with instructions in the Budget Manual

Internationally the best practices in internal control have been given in the COSO² framework, which is widely accepted model for internal controls. The Government of India has prescribed comprehensive instructions on maintenance of internal control in Government departments through Rule 64 of General Financial Rules 2005 enlisting the duties and responsibilities of the chief accounting authority i.e., the Secretary of a Ministry / Department. However, no such framework has been made in the Orissa General Financial Rules (August 2007).

The Orissa Budget Manual (OBM) requires the administrative departments to prepare budget estimates based on inputs from lower formations, incur expenditure within the budgeted provisions, avoid rush of expenditure towards the end of financial year and surrender anticipated savings in time. Review of Budgetary and Expenditure Control of the Department disclosed the following:

¹ Angul, Cuttack, Puri and Sambalpur.

² Committee of sponsoring organisations of the National Commission on Fraudulent Financial Reporting or the Treadway Commission.

5.1.5.1 Budgetary control

Budget provision, expenditure incurred and savings / surrenders made by the department during 2004-07 were as under:

(Rupees in crore)							
Year	Original provision	Supplementary provision	Total	Expenditure	Savings and percentage of savings over total provision	Amount surrendered	Excess/less surrender
2004-05	950.66	1.83	952.49	786.41	166.08 (17)	220.84	54.76
2005-06	978.73	8.69	987.42	858.04	129.38 (13)	109.15	20.23
2006-07	707.36	469.55	1176.91	743.66	433.25 (37)	433.25	0

Figures in brackets indicate percentage of savings.

It could be seen from the table above that there were savings ranging from 17 to 37 *per cent* during 2004-07 indicating unrealistic preparation of budget estimates. The reason for such savings was not available with the Financial Advisor of the Department.

Budget estimates were prepared without inputs from field units

According to the information furnished by the BOR, the district offices did not submit their estimates in time and the BOR as a matter of routine prepared the budget estimates taking into account the previous years' provision in the budget of the concerned establishments. Rule 61 (b) of OBM provides that provision should be made in the budget for men on duty excluding posts remaining vacant. But it was seen that the department made provision for vacant post for Rs 6.74 crore, Rs 13.16 lakh and Rs 7.95 crore during 2004-05, 2005-06 and 2006-07 respectively contrary to the provisions of the OBM. Thus, the provisions of the OBM were not adhered to either by the district offices or at the BOR.

Rush of expenditure in the last quarter of the year persisted

According to the provisions of the OBM rush of expenditure in the closing months was regarded as irregular. It was seen that the Department incurred 59 to 66 *per cent* of the annual plan expenditure during the last quarter of the year (January to March) during 2004-005 (Rs 3.18 crore out of total expenditure of Rs 4.80 crore) and 2005-06 (Rs 5.20 crore out of total expenditure of Rs 8.77 crore) respectively. Such hasty spending during the last quarter was likely to be imprudent besides being a breach of financial regularity.

Savings were surrendered on the last working day of the respective years

The OBM provided that all anticipated savings should be surrendered immediately after they are foreseen and latest by 10th March of the financial year. During 2004-07, the department surrendered the savings on the last working day of the respective financial years. However, even after taking more time, the surrenders did not conform to the savings, as there were excess surrenders (Rs 54.76 crore) in 2004-05 and less surrender (Rs 20.23 crore) in 2005-06. Thus, the financial discipline required in accordance with the provisions of the OBM was not exercised by the Controlling Officers of the department.

5.1.5.2 Non-adherence to rules governing advances to Government Servants**House Building Advances**

The employees availing House Building Advances (HBA) are required to submit sale deeds failing which they are liable to refund the entire amount with penal interest within two months of receiving advances. Scrutiny of register of sanctions of HBA in the Department (March 2007) showed that a sum of Rs 59.46 lakh was sanctioned and paid to 35 officials towards first instalment of HBA during November 2004 to March 2007. Although 4 to 28 months elapsed since payment of the first instalment, neither the Government servants submitted sale deeds in support of acquisition of land etc. nor the department insisted for the same (March 2007) and took action as required under the rules.

Motor cycle / moped advance

Personal advances to Government employees remained unsecured in absence of proper documentation

Similarly, the employees availing advances for purchase of motorcycle / moped were required to submit mortgage bond and money receipt for purchases to the department within one month from the date on which the advance is drawn and must insure within one month from the date of purchase of the conveyance. In the event of failure to do so, the amount was to be recovered with penal interest. Advance of Rs 8.74 lakh was paid to 43 employees during 2004-07. Neither the Government servant submitted the required documents nor the department insisted for submission (March 2007) of the same.

Thus, in absence of purchase deeds and other documents, the advances remained unsecured. This became possible due to absence of defined controls for periodical submission of registers of advances to the higher authorities of the department.

5.1.6 Controls in Stores Management

The Orissa General Financial Rules (OGFR) prescribed the procedures for procurement, storage and disposal of stores. During the review of 25 test-checked offices, the following instances indicated non-compliance of various internal controls and safeguards in stores management.

General disregard in observance of rules and procedures governing stores management

- Fifteen³ offices did not carry out the annual physical verification of stores during 2004-07 (Rule 111).
- Storekeepers in 16 offices⁴ did not furnish any security deposit or bond as required under rule 269, in the absence of which, safeguard against losses due to pilferage etc. noticed, if any, by means of recovery was not ensured.

³ Revenue Department, BOR, IGR Cuttack, RDCs: CD Cuttack, ND Sambalpur, Collectors: Anugul and Puri, Sub-Collectors: Anugul, Cuttack and Puri, Tehsildars: Anugul, Bhubaneswar, Cuttack, Puri and Sambalpur.

⁴ Revenue Department, BOR, DDS&MP, IGR Cuttack, RDCs: CD Cuttack, ND Sambalpur, Collectors: Anugul, Cuttack, Puri and Sambalpur, Sub-Collectors: Anugul, Cuttack and Puri, Tehsildars: Anugul, Cuttack and Puri.

- As required (Rule 101), while issuing the stores and stock in 10 offices⁵ proper acknowledgements in several cases were not obtained from the officers to whom the stores were issued. Three offices⁶ did not maintain store account in prescribed form (OGFR 6) as required under Rules 106 and 107.

5.1.7 Failure in Compliance with State Treasury Rules

The Orissa Treasury Code (OTC) and the Orissa General Financial Rules (OGFR) provide certain controls in cash management which were not observed by the Drawing and Disbursing Officers (DDOs) of the 25 offices test checked as detailed below:

- 11 DDOs⁷ did not attest each entry in the cashbook in token of check.
- 16 DDOs⁸ did not conduct physical verification of cash required to be done at the end of each month. Besides, surprise verification of cash was not conducted in 16 test checked offices⁹ as required to be conducted by an authority other than the authority responsible for maintenance of cash book
- In 13 offices¹⁰ the totaling in the cash book were not verified by a person other than the writer of the cashbook.
- Analysis of the closing balance in the cashbook was not made in 13 offices¹¹. Of these, in eight offices, the required undisbursed pay and allowance register was also not maintained. Thus, the age-wise analysis of the unspent amounts and the reasons thereof were not ascertainable from the cash books at any given time.
- The DDOs of 16 offices¹² did not review the bill register during the period covered under review to prevent fraudulent drawal of funds.
- Requisite security deposit / bond was not furnished by the cashiers in 18 offices¹³.
- In five offices¹⁴ the cash balance amounting to Rs 1.39 crore was kept in shape of paid vouchers relating to 1948-2007 indicating that money had

Cash balance of Rs 1.39 crore relating to 1948-2007 kept in shape of paid vouchers without adjustment in the cash books

⁵ BOR, IGR Cuttack, RDC: ND Sambalpur, Collectors: Anugul and Puri, Sub-Collectors: Anugul and Cuttack, Tehsildars: Anugul, Bhubaneswar and Sambalpur.

⁶ DDS&MP: Cuttack, Sub-Collector: Cuttack and Tehsildar: Anugul.

⁷ BOR: Cuttack, RDC: ND Sambalpur, Collectors: Puri and Sambalpur, Sub-Collectors: Bhubaneswar, Cuttack, Puri and Sambalpur, Tehsildars: Bhubaneswar, Cuttack and Sambalpur.

⁸ Revenue Department, BOR Cuttack, RDCs: CD Cuttack and ND Sambalpur, Collectors: Anugul, Cuttack, Puri and Sambalpur, Sub-Collectors: Anugul, Cuttack and Sambalpur, Tehsildars: Anugul, Bhubaneswar, Cuttack, Puri and Sambalpur.

⁹ Revenue Department, BOR Cuttack, RDCs: CD Cuttack, ND Sambalpur, Collectors: Anugul and Cuttack, Sub-Collectors: Anugul, Bhubaneswar, Cuttack, Puri and Sambalpur, Tehsildars: Anugul, Bhubaneswar, Cuttack, Puri and Sambalpur.

¹⁰ Revenue Department, BOR Cuttack, RDC: ND Sambalpur, Collectors: Anugul, Puri and Sambalpur, Sub-Collectors: Anugul, Bhubaneswar, Cuttack and Sambalpur, Tehsildars: Anugul, Bhubaneswar and Cuttack.

¹¹ BOR Cuttack, RDCs: CD Cuttack, ND Sambalpur, Collectors: Anugul and Cuttack, Sub-Collectors: Bhubaneswar, Cuttack, Puri and Sambalpur, Tehsildars: Bhubaneswar, Cuttack, Puri and Sambalpur.

¹² Revenue Department, BOR Cuttack, RDCs: CD Cuttack, ND Sambalpur, Collectors: Anugul, Puri and Sambalpur, Sub-Collectors: Anugul, Bhubaneswar, Cuttack, Puri and Sambalpur, Tehsildars: Anugul, Bhubaneswar, Cuttack and Puri.

¹³ Revenue Department, BOR Cuttack, RDCs: CD Cuttack, ND Sambalpur, Collectors: Anugul, Cuttack, Puri and Sambalpur, Sub-Collectors: Anugul, Bhubaneswar, Cuttack, Puri and Sambalpur, Tehsildars: Anugul, Bhubaneswar, Cuttack, Puri and Sambalpur.

¹⁴ RDCs: CD Cuttack, ND Sambalpur, Collector: Cuttack, Tehsildars: Cuttack and Sambalpur.

been spent without sanction and allotment of fund. Belated adjustments of such vouchers could lead to fraudulent expenditure escaping detection.

- In 3 offices¹⁵ reconciliation between the bank balance shown in the cash book and the balance in the bank account was not carried out. In respect of Collectors, Sambalpur and Puri the difference was Rs 9.50 lakh and Rs 0.06 lakh as of March 2007 respectively.
- As per SR 509 of OTC volume I, advances given to government servants for various official purposes should be adjusted within the month of its payment. In 14 offices¹⁶ Rs 2.88 crore was kept in shape of advance as of March, 2007. The year-wise advance was not made available to audit. However, such advances amounting to Rs 22.56 lakh in the office of the Sub-Collector, Bhubaneswar was lying unadjusted since 1965.
- As per rule, liquid cash exceeding Rs 5000/- should not be kept in the cash chest as a measure of safety against theft, misappropriation or misutilisation of Government money. Heavy cash balance ranging from Rs 1.89 lakh to Rs 49.86 lakh was retained in five offices¹⁷ as of February/March 2007.

Thus, there were lapses in observance of rules and regulations prescribed by the Government, which, if not taken care of, might lead to embezzlement and fraud.

5.1.7.1 Irregular retention of money in shape of bank draft

The Orissa Treasury code and the instructions of the Finance Department (April and June 2001) stipulated that money should not be drawn from the treasury unless it is required for immediate disbursement and under no circumstances money should be drawn and kept in shape of bank drafts. The State Government sanctioned (December 2005) Rs 10 crore in favour of the Deputy Director, Survey and Map Publication, Cuttack (SMP) towards printing charges of one crore each of application forms and land pass books. Of the above, Rs 7.80 crore were drawn (January and March 2006) from the treasury and rupees three crore were spent by him for procurement of printing materials and the balance Rs 4.80 crore was kept (March and April 2006) in shape of bank drafts drawn in favour of different suppliers. The Joint Director, SMP, requested (October 2006/ February and April 2007) the Government to allow him to refund the unspent amount. The Government was yet to take decision on the matter (July 2007). Due to irregular drawal of Government funds without assessing requirement and keeping the same in shape of bank drafts by the DDO in violations of the treasury rules led to loss of interest¹⁸ amounting to Rs 37.29 lakh.

Irregular drawal from treasury and keeping of Government money of Rs 4.80 crore in shape of bank drafts for over one year leading to loss of interest of Rs 37.29 lakh

¹⁵ Collector: Puri, Sub-Collector: Sambalpur and Tehsildar: Sambalpur.

¹⁶ BOR, Cuttack; RDC: ND Sambalpur; Collectors: Anugul, Puri and Sambalpur; Sub-Collectors: Anugul, Bhubaneswar, Cuttack, Puri and Sambalpur.

¹⁷ Collector, Puri; Sub-Collector, Puri; Tehsildars: Bhubaneswar, Puri and Sambalpur.

¹⁸ Calculated at the Government's Market borrowing rate of 7.77 per cent -Government of Orissa State Development loan, 2015 raised in 2005-06.

5.1.8 Administration of land

5.1.8.1 Ineffective monitoring of distribution of land

The Orissa Government Land Settlement (OGLS) Act 1962 and rules made there under envisaged allotment and settlement of Government land in favour of the homesteadless families in the State. Government launched (May 2005) a crash programme 'Vasundhara' and set district and year wise targets for the period 2005-08 for distribution of 1.23 lakh acres of land to 2.49 lakh homesteadless families enumerated during 2003-04 for construction of houses.

As per the records of the administrative department, the overall achievement against the targets set for the district collectors during 2005-06 and 2006-07 was 87 and 92 *per cent* respectively. Records of the Collectors, Cuttack and Angul showed that a total number of 6063 and 22923 persons respectively were reported to have been distributed government land upto March 2007. A detail scrutiny, however, disclosed that 22333 persons in Angul district and 3633 persons in Cuttack district were actually distributed government land upto March 2007. Check of the records of the Tehsil office further showed that 260 beneficiaries, were neither given possession of such land nor issued with the 'pattas' (May 2007). Similarly, in the cases of the reported distribution of land to 37 scheduled tribe beneficiaries under the jurisdiction of tehsil office, Cuttack, a proposal for distribution of land to the above beneficiaries was pending for approval with the Sub-Collector concerned.

A monitoring cell, "Cell for land for homesteadless" created to review and monitor the achievement was confined to review of the MPRs received from the district Collectors only. This indicated that controls were not working and the tardy progress continued despite creation of a monitoring cell.

5.1.8.2 Deficiencies in handling of mutation cases

The Orissa Mutation Manual, 1962 required that the mutation was necessary for keeping the land records upto date and the Revenue authorities were responsible for the same. To ensure expeditious disposal of mutation cases, the Government (February 2004) authorised the Revenue Inspectors (RIs) to dispose of uncontested mutation cases subject to approval of the Tehsildars concerned. As per the records of the Government the disposal of mutation cases and correction of ROR in the State during 2004-07 were as under:

Year	Mutation cases				(In numbers)			
	Opening balance	Cases instituted	Total	Cases disposed (percentage of disposal)	Opening balance awaiting disposal	Cases received after expiry of 45 days	Total	Cases disposed of by correction ROR (percentage of disposal)
2004-05	65611	330453	396064	304477 (77)	64046	57003	121049	54703 (45)
2005-06	91587	391004	482591	337407 (70)	66346	63808	130154	63012 (48)
2006-07	145184	402675	547859	395954 (72)	67142	203381	270523	231786 (86)

As would be seen from the above, the disposal of mutation cases during 2004-07 was less than cases instituted each of the years.

Due to ineffective monitoring, there were shortfall in implementation of 'Vasundhara' programme in the State

In the five test checked tehsil offices¹⁹ it was noticed that the percentage of pendency of mutation cases ranged from 12 to 56 *per cent*. In respect of correction of ROR the pendency was even up to 48 *per cent* during 2004-06. Besides, random check of records disclosed that the prescribed provisions of the manual and instructions of Government in regard to disposal of mutation cases and correction of ROR were not adhered to as discussed below:

- Contrary to the instructions (September 2004) of the Government, three DSRs²⁰ sent intimation to the tehsildars concerned in respect of 1325 registered (January 2006) documents after 15 to 115 days instead of sending the same within eight days of registration. Further, the DSR, Cuttack was yet to send the intimation in respect of 52 documents registered in January 2006 to the Tehsildar as of April 2007.
- In three tehsil offices²¹, after receipt of intimation in form-3 for 1236 cases from the registering officers, the cases were not entered in the mutation registers as required under the instructions (February 2004) of the Government for initiation of mutation proceedings within one week from the date of receipt of intimation vide para 17 (1) of mutation manual and instruction of Government (September 2004). In the Sambalpur tehsil, mutation proceedings of 149 cases were not initiated (May 2007) after receipt of the same in March 2006. Non-adherence to instructions were attributed by the Tehsildars to vacancy in the posts of staff and heavy workload of the existing staff. The contention of the tehsildars was not justified since the instruction of the Government was not followed for registering the cases which involved mere mentioning of case in the appropriate register.
- Para 23 of the manual stipulated that mutation proceedings shall be initiated by the Tehsildar on receipt of intimation in form 3 from the Registration offices. However, in the Angul Tehsil, mutation proceedings in respect of four cases were initiated during 2005-06 after a gap of more than 11 years, only after receiving application from the interested persons.
- As per para 63 of the manual, when no objection was received after 30 days of initiation of mutation proceedings, the Tehsildar was to pass final order. However, in seven cases of uncontested mutation cases relating to 2005-06, there was delayed submission of proceedings from 27 days to about five months by the RIs concerned to the Tehsildars²², due to which there was corresponding delay in issue of final orders by the Tehsildars.
- As per provision of para 75 of the manual, correction of ROR shall be made after expiry of 45 days from the date of final orders. In four offices²³ the correction of ROR in 18 cases was delayed for 27 days to 14 months.

Prescribed provisions of the mutation manual in regard to disposal of mutation cases and correction of ROR were not adhered to by the tehsil offices

Delay in correction of RoR up to 14 months in the test checked tehsils

¹⁹ Tehsils-Angul, Bhubaneswar, Cuttack, Puri and Sambalpur.

²⁰ DSRs: Angul (534 cases), Cuttack (238 cases) and Khurda (553 cases).

²¹ Tehsildars: Anugul (534 cases), Bhubaneswar (553 cases) and Sambalpur (149 cases).

²² Tehsildars: Anugul (4 cases) and Bhubaneswar (2 cases).

²³ Tehsildars: Anugul, Bhubaneswar, Puri and Sambalpur.

Submission of mutation applications to the Tehsildars delayed up to four months

- In two offices²⁴ the correction of ROR averaged three to five cases per day per Amin. The slow progress was attributed by the Tehsildars to heavy work load of these staff. However, no proposal for additional staff was submitted by the Tehsildars as required under the provisions of para 29 and 83 of the manual. The Department replied (June 2007) that the process of re-organisation of revenue field administration was in the active consideration of the Government.
- Para 29 of the manual stipulates that on receipt of mutation application, the record keeper shall verify the statement made in the application within three working days from the date of receipt of the application and submit the case to the Tehsildar for initiation of proceedings. In two offices²⁵, the record keeper / bench clerk submitted the application to the Tehsildar after a gap of one to four months from the date of receipt of application for initiation of mutation proceedings. No action was taken by the Tehsildar for such delayed submission indicating non-adherence to the prescribed control mechanism in the manual.

Delay up to 12 months in submission of MPRs on mutation cases by the Collectors to the Department

The Collectors were required (para 122 of the manual) to submit a consolidated monthly return of mutation cases of the district to the Government by 15th of every month. Sixteen collectors²⁶ submitted monthly progress reports (MPRs) relating to February to November 2006 (32 cases) with delays ranging from two to 12 months. The date of receipt of MPRs was not recorded in the register at the department level to watch their timely submission by the Collectors. However, reminders were issued to the defaulting collectors basing on the reports of the BOR.

In the Angul Tehsil, in 1095 cases relating to 2004, the columns meant for the name of the RI circle, name and address of the applicant, abstract of the case, and date of institution of case and date of order and abstract of order in the mutation register were left blank. In the Bhubaneswar tehsil, the column meant for the abstract of orders was left blank for the cases registered in the mutation register during the period of audit. This indicated failure of supervision in maintenance of the mutation registers by the concerned tehsildars.

As per the instructions (September 2004 and September 2005) of the Government, the district collectors were to fix targets for the tehsildars for holding camp courts for settlement of land disputes on the spot after assessing the pendency of such cases. However, from the MPR register of 2006 of the department it was noticed that 114 out of 171 Tehsils did not hold such camp courts during the year.

Non-exercise of various controls and absence of requisite monitoring at the level of Competent Authority thus led to pendency in disposal of mutation cases.

²⁴ Tehsildars: Anugul and Cuttack.

²⁵ Tehsildars: Anugul (3 cases) and Bhubaneswar (4 cases).

²⁶ Collectors: Balasore, Baragarh, Bhadrak, Deogarh, Ganjam, Gajapati, Kalahandi, Kendrapara, Koraput, Keonjhar, Khurda, Nuapada, Nabarangapur, Rayagada, Sambalpur and Subarnapur.

5.1.8.3 Computerisation of Registration Offices

As required (March 2003) by the Government, the IGR submitted a proposal for computerisation of registration offices adopting the Orissa Registration Information System (ORIS) developed by a State Government agency for approval. The proposed system, among others, contained protection of all master data in respect of registration, scanning of transacted documents and preservation of the same, issue of encumbrance certificates and certified copies, valuation of property etc with automated back office functions like indexing, accounting and preparation of reports through programmes all of which could be accomplished in a short time to provide quick service to the public. Besides, details of transaction of property of the registered documents could be transmitted to the tehsil office on line for ensuring quicker mutation of the same.

Guidelines for application controls and safeguards along with roles and responsibilities of the computerised registration offices were not issued by the IGR

Computerisation of 14-registration offices²⁷ with installation of the above system was meanwhile completed during 2003-04 though the Government was yet to approve the proposal (August 2007). On completion of the computerisation, the IGR instructed (November 2003) all the above 14 offices for switching over to the new system. However, it was noticed that no detailed instructions/ guidelines were issued by the IGR in respect of authorisation, application controls and safeguards along with roles and responsibilities entrusted to the field formations as of August 2007. It was observed that the DSR, Cuttack and Bhubaneswar, although switched over to the above system in November 2003, was not carrying out the scanning of the transactions for storage in the system. The on line connectivity with tehsil office computers were also not established for verification of record of rights before admitting the transactions for registration and transmission of data to tehsil offices for ensuring quicker mutation. Thus, absence of internal control parameters led to weakening of the system causing delay in delivery of services and likely errors in mutation cases.

5.1.8.4 Tardy disposal of Bhoodan land pending for confirmation

Despite instructions of Government, working committee at tehsil level were not constituted affecting monitoring the distribution of 4.40 lakh acres of Bhoodan land

Collection of donated land and distribution of the same to landless poor are regulated under the provisions of Orissa Bhoodan and Gramdan Act 1970 and rules made there under through the Orissa Bhoodan Yagna Samiti (OBYS), a registered society functioning under the department. As per the quarterly progress report (December 2000) sent by the State Government to the Ministry of Rural Development, Government of India, 6.39 lakh acres of land were received as donation by the Samiti out of which 5.80 lakh acres were shown distributed to 1.53 lakh beneficiaries and the balance 0.59 lakh acres were remaining undistributed. However, as per the monthly progress report (September 2005) submitted by the OBYS to the State Government, out of the above receipt of land, possession of land of only 1.99 lakh acres were handed over to the beneficiaries and the pendency was due to absence of confirmation of the status of land from different tehsildars. Subsequently, a high power committee constituted for the purpose decided (January and March 2006) to

²⁷ **DSRs:** Bhadrak, Balasore, Bolangir, Cuttack, Ganjam, Jajpur, Jagatsinghpur, Khurda, Kalahandi, Keonjhar, Puri, Sambalpur and Sundargarh, **SR:** Bhubaneswar.

form working committees at tehsil level consisting of Settlement and Consolidation officers to verify the status of both distributed and undistributed Bhoodan land, ascertain the cases relating to confirmation, mutation, correction of ROR and to complete the verification of land records within a period of three months. As there was no progress in the matter, the Government fixed (May 2006) monthly targets for the collectors to complete the work by January 2007. However, as per the progress report for March 2007 furnished by the OBYS to the Government, the position remained unchanged. The collectors ascribed the failure to non-constitution of working committees in the Tehsil. The said committee could have contributed to progress in Bhoodan movement through effective monitoring. However, due to non-submission of review report by the tehsil level working committee and monthly progress report of the collectors to the department, no review meeting of the high power committee was held since March 2006. Thus, even after specific instructions of the Government, the position of distribution and possession of Bhoodan land remained neglected (May 2007).

5.1.8.5 Short assessment of compensation money

According to the Land Acquisition Act, 1894 (Act) whenever land in any locality was to be acquired by the Government for any public purpose, the requisitioning authority would be asked to deposit the compensation money with the Government and the Collector under the Act shall make an award of the compensation money to the persons whose land was acquired. Section 23 (1) of the Act stipulated that in determining the compensation to be awarded, the prevailing market value of the land on the date of publication of notification under Section 4 (1) shall be taken into consideration. As per guidelines (September 1993) issued by the IGR the highest sale value of a particular class of land in the same village for the last three years will be taken into account for calculation of market value of the land subject to sale.

Under assessment of market value of land of Rs 53.09 lakh as the guidelines issued by the IGR were not adhered

Scrutiny of Land Acquisition case records of the Collectorate at Angul in favour of two private companies 'X' and 'Y' disclosed that in both the cases the notifications under Section 4 (1) were issued in January 2005 for acquisition of land in the Rajharon village. The Collectorate, in the proposal for assessment of market value of land in both the cases referred the same sale instances of earlier sale of land and submitted the proposal to the RDC (ND) for approval. The RDC, approved the case of the 'X', and returned (September 2005) the proposal for the "Y" on the ground that the basis applied were not reasonable. The Collectorate re-submitted the assessment report stating other sale instances with lower market value and did not refer the acceptance of proposal by RDC in case of the 'X'. This led to reassessment of value ignoring the sale instances with higher value as referred in the original assessment proposal and accepted in respect of "X". This had resulted in underassessment of market value of Rs 53.09 lakh. Thus, the administration had taken different approaches for determining the market value at the cost of the land owners by not adhering to the guidelines issued by the IGR for determination of the market value of land.

Absence of equity in decision making was serious erosion in internal control mechanism tarnishing the credibility of the system and the organisation.

5.1.8.6 Distribution of ceiling surplus land

As per the provisions of the Orissa Land Reforms Act, 1960 as amended from time to time, 70 *per cent* of ceiling surplus land taken possession by the Revenue Officers was to be distributed to the persons belonging to the Scheduled tribes or castes (ST / SC) in proportion to their respective population in the villages in which the lands are situated and the remaining land to others. The performance of the State Government under this activity was also being monitored by the Government of India as a part of the implementation of 20-point programme. Keeping this in view, the State Government fixed a target of 1800 acres of such land for distribution by the district collectors during 2004-07. The Land Reforms Commissioner (LRC) in the office of the Board of Revenue was to monitor the implementation of the instructions through monthly progress reports. The details of target and achievement during the period were as below:

Year	Target (in acre)	Achievement		Shortfall (in acre)	Percentage of achievement
		Number of beneficiaries	Area (in acre)		
2004-05	1000	438	360.74	639.26	36
2005-06	600	347	204.94	395.06	34
2006-07	200	108	124.03	75.97	62

It could be seen from the table above that the achievement ranged from 34 to 62 *per cent* of the targets set by the Government. It was, however, seen that neither the district collectors furnished the reasons for such shortfall nor the LRC enquired about the constraints faced by the Collectors for remedial action. As a result, 4207 acres of ceiling surplus land was remaining undistributed with the collectors as of March 2007.

Scrutiny of records of BOR revealed that Collector Angul did not submit the MPR since July 2006 and the Collector Bhubaneswar discontinued submission of MPR since 2004-05. The LRC stated (January 2007) that the deficiencies were due to non-submission of monthly progress reports timely by the Collectors in spite of several correspondences made to them. They also furnished different figures on different occasions for the same report. He also stated that the reasons for shortfall in achievement of targets would be called for. This indicated the operational control mechanism in place was not effective.

5.1.8.7 Benchmark valuation

The Orissa Stamp Rules 1952 was amended (January 2002) to determine the market value of immovable properties separately for each district so that the

benchmark value can be assigned with relatively greater assurance while registering an instrument.

The amended provision of the rules provided constitution of District and Sub-district (Tehsil) level valuation committee, headed by Collector and Sub-Collector respectively as the Chairman of the Committee. The committee were to collect information on different class of land, analyse the same and propose market value of the land for approval by the Government. In the tehsildars conference (July 2006) it was also decided that the district collectors, whose benchmark valuation had been approved by the Government, were to notify the rates in the websites of the districts and the State Government, so that the common men would not be harassed and would easily know the valuation of different classes of land for registering instruments. Besides, the market value guidelines so issued were to be revised biennially.

The Government targeted completion of the benchmark valuation of all the districts by December 2003. However, out of 30 districts, the valuation guidelines of 23 districts²⁸ were approved (3 districts: November 2004 and 20 districts: January 2006 to May 2007) by the Government and the same in respect of the remaining seven districts was pending for submission by the respective district committee as of July 2007. Besides, it was noticed that the districts (Bolangir, Ganjam and Malkangiri), the benchmark valuation guidelines of which were approved by the Government in November 2004 became due for biennial revision were not revised as of July 2007. No steps had been taken at the Government level to obtain the same from the districts concerned. The Financial Advisor-cum-Additional Secretary to Government stated that steps were being taken to finalise the benchmark valuation of the remaining seven districts²⁹ very soon. In one (Khurda) out of four test checked districts, the district level and tehsil level valuation committee although constituted in September 2002, took nearly five years to finalise the benchmark valuation (June 2007) yet the same was not submitted to the Government for approval (July 2007). Collector, Cuttack attributed the delay to late receipt of funds for making both the committees functional. Besides, Government had no information (July 2007) about displaying the approved benchmark value of immovable properties in the web sites of the 23 districts.

Collectors, Khurda and Cuttack failed to finalise the benchmark valuation of land for over three years

No system was evolved to monitor the functioning of the committee for ensuring speedy finalisation of the processes as the same had a bearing on the tax revenue of the Government. Thus, the desired correct reflection of market value of land in the instruments registered for sale could not be achieved for over three years in 27 districts. **As a result, evasion of registration fee and stamp duty due to under valuation, if any, remained unnoticed of the district authorities.** This also showed that the control structure as provided did not work and the system need to be monitored at the highest level in Government for implementation.

²⁸ Anugul, Balasore, Bolangir, Boudh, Bhadrak, Deogarh, Dhenkanal, Ganjam, Gajapati, Jagatsinghpur, Jharsuguda, Jajpur, Kendrapara, Kalahandi, Keonjhar, Koraput, Malkangiri, Nabarangpur, Nayagarh, Phulbani, Puri, Sambalpur and Sundargarh.

²⁹ Bargarh, Cuttack, Khurda, Mayurbhanj, Nuapada, Rayagada and Sonepur.

5.1.8.8 Non-recovery of leave salary and pension contribution in respect of staff sent on foreign service

According to the provision of Orissa Service Code, leave salary and pension contribution in respect of the Government servants sent on foreign service, was recoverable from the borrowing organisation. The lending department was to issue sanction orders regulating the terms and conditions of foreign service before the official were relieved for joining the foreign body.

Officers of the Orissa Administrative Service cadre numbering 192 were on foreign service to 27 different autonomous bodies / corporations of the Government. Test check of the records revealed that in 10 cases the sanction orders containing terms and conditions of foreign service were issued after three to 49 months of sending the officers on foreign service. This included three cases, where the sanction orders were issued after one to nine months from the dates of their reversion to parent department. The details of leave salary and pension contribution received and outstanding against the borrowing officers were not available with the department due to non-maintenance of register indicating the detailed particulars of officials sent on foreign service. This indicated absence of monitoring controls.

5.1.9 Monitoring, Vigilance arrangements and Internal Audit

5.1.9.1 Statutory inspection of sub-ordinate offices

The pattern and periodicity of inspection decided by the Government (June 1997) stipulated the number of offices to be inspected by the RDC, Member, BOR, Collector, Sub-Collector, Tehsildar are given in the *Appendix 5.1*.

There was shortfall in conducting annual inspection of subordinate offices by the RDCs and the Member, Board of Revenue during 2004-06 as indicated below:

Inspecting authority	Number of offices to be inspected	Number of offices inspected			Shortfall		
		2004	2005	2006	2004	2005	2006
RDC, Central Division	33	10	9	10	23	24	23
RDC, Northern Division	36	1	16	5	35	20	31
Member, Board of Revenue	13	7	7	6	6	6	7

Shortfall in inspection of subordinate offices by the RDCs and the BOR ranged from 46 to 97 per cent

It could be seen from the table above that the shortfall in inspection by the two RDCs ranged from 56 to 97 per cent and that of the Member, Board of Revenue was from 46 to 54 per cent during 2004-07. Further, it was noticed that no inspection of Sub-Collector and Tehsil offices was undertaken by the RDCs during 2004 and 2006. The RDC (CD), Cuttack took three to 11 months for issuing inspection notes of 18 out of the 29 offices inspected during 2004-06. The Member, BOR although inspected more number of units as per the norms fixed by the Government during 2004-06, but did not cover the offices of all the three Revenue Divisions resulting in shortfall in inspections. The inspection notes of the BOR required that the offices inspected were to furnish compliance within one month. Although compliance to 11 out of 29

inspection notes issued between January 2005 and February 2007 was not received in the BOR from the concerned offices, no follow up action was taken for non-compliance (April 2007).

Shortfall in inspection of subordinate offices by Collectors / Sub-Collectors indicating weak supervisory controls

In the other 12 test checked Collectors / Sub-Collectors / Tehsil offices the shortfall in conducting inspection by the concerned officers ranging between 32 to 100 *per cent* during 2004-06. While the Sub-Collector, Puri, Tehsildar Bhubaneswar did not inspect a single subordinate office during 2004, the Tehsildar, Cuttack did not conduct any inspection during 2004 and 2005. There were instances of delay in issuing of 23 inspection notes by three offices³⁰ to the offices inspected ranging from three to nine months. However, three offices³¹ failed to issue 29 inspection notes at all to the inspecting offices the inspection of which conducted during 2004-06. However, compliance to 91 inspection notes issued during the period was pending for receipt in five offices³² for which no follow up action was taken by them. The shortfall in the statutory inspections indicated that the top executives of the department could not keep themselves informed of the strengths and weaknesses of their field offices.

5.1.9.2 Vigilance Control

The Revenue Department did not have any vigilance cell for disposal of cases like misappropriation of Government money, fraud, theft, embezzlement etc. The vigilance wing of General Administration Department conducted vigilance raids and forwarded the findings to the Revenue and Disaster Management Department for further action. 27 cases were pending at the beginning of 2004-05, with the addition of 26 fresh cases during 2004-07, the number of such cases aggregated to 53 during the period. Of the above, only eight cases were finalised and the remaining 45 cases were pending for finalisation since 1993-94 to 2006-07. The status of the pending cases were as follows:

Sl No.	Status of the cases	Number of cases	Period of pendency
(i)	Enquiry officer not appointed	12	2004-05 to 2006-07
(ii)	Enquiry officer appointed but not furnished enquiry report	15	2001-02 to 2006-07
(iii)	Enquiry officers furnished enquiry reports but disciplinary proceedings not finalised	11	2003-04 to 2006-07
(iv)	Sub-judice in vigilance courts	1	2000-01
(v)	Others	6	
	Total	45	

Delay in settlement of these cases facilitates the delinquent to escape unscathed.

5.1.9.3 Internal Audit

The functions relating to internal audit of field offices of the department were distributed among the following functionaries of the department:

³⁰ (1) **Collectors**: Cuttack: 14 out of 47 offices, Angul: 4 out of 35 offices, (2) **Sub-Collector**, Cuttack: 5 out of 14.

³¹ **Sub-Collectors**: (i) Angul: 14 (inspection conducted in 2004-06), (ii) Cuttack: 5 (inspection conducted in 2004-06) and **Tehsildar**: Cuttack: 10 (inspection conducted in 2006).

³² (1) **Collectors**: Angul: 18, Cuttack: 16, (2) **Sub-Collectors**: Cuttack: 9, Angul: 31, (3) **Tehsildar**, Angul: 17.

(i) Revenue and Disaster Management Department, (ii) Board of Revenue, (iii) Land Reform Commissioner, (iv) Special Relief Commissioner and (v) Revenue Divisional Commissioners. The internal audit formations after completion of their audits, report the same to the respective functionaries and watch the compliance.

Review of the functioning of the internal audit organisations viz., the common cadre audit (CCA) under the direct disposal of the department and the Board of Revenue showed inadequate coverage of units as there were arrears in coverage of 24 to 66 *per cent* of units during 2004-06. In the review meeting taken (April 2004) by the Additional Secretary to Government, the Board of Revenue was asked to reduce the number of audit days by 50 *per cent* per each auditee office to cover all the offices in audit, which was not done. It was also observed that out of 107 posts of Auditors sanctioned, 23 posts were vacant at the department level (5) and BOR (18). Besides, one post of Audit Officer and two posts of Audit Superintendent were also lying vacant in the BOR. No training programme for the audit personnel of the department was conducted since 2004-05 although four existing auditors were yet to receive training (March 2007).

In the Board of Revenue, 174 audit reports for the years 2005-07 were not issued (July 2007) due to shortage of typists

Besides, in the Board of Revenue, 174 audit reports for the years 2005-07 were not issued (July 2007) due to shortage of typists.

The RDCs were assigned with the audit of the position of Abstract Contingent and Detailed Contingent bills of all the offices under their jurisdiction. However, the audit organisation of the RDC (CD), Cuttack became defunct from November 2002 due to non-posting of auditors in place of retired auditors.

991 out of 1013 audit reports relating to 1991-2005 in respect of 176 DSRs / SRs involving under valuation cases of Rs 23.49 crore were pending for settlement

It was seen that 4453 paragraphs of 1631 internal audit reports relating to the period from 1991-92 to 2006-07 were outstanding for settlement with the internal audit organisation of the Department. It was noticed that in 991 out of 1013 audit reports relating to 1991-2005 in respect of 176 DSRs / SRs involving under valuation cases of Rs 23.49 crore (Stamp duty: Rs 20.11 crore and Registration fee: Rs 3.38 crore) were pending for settlement as of October 2006. The pendency of audit paragraphs was attributed by the department to non-receipt of compliance from the auditee offices concerned. Besides, during test check, it was noticed that the first compliance to the audit report was submitted to the Board of Revenue by 10 offices after a gap of one to 18 years from the date of receipt of audit reports.

5.1.9.4 Response to CAG's audit

The Principal Accountant General (Civil Audit), Orissa conducts statutory audit of the Departments, Directorates and its subordinate offices. The major irregularities are reported through Inspection Reports (IRs). A half-yearly report on the pending inspection reports was also sent to the Commissioner-cum-Secretary of the department to facilitate monitoring and compliance of audit observations. As of June 2007, 4328 numbers of paragraphs of 1456 IRs issued up to March 2007 were pending for settlement. During test check it was

also noticed that 13 offices submitted first compliance to the Inspection Reports after a delay ranging from two months to 25 years. This showed the department's apathy towards responding to audit observations by taking remedial action.

5.1.10 Conclusion

Budgetary and expenditure controls as envisaged in the OBM were not adhered to. There was ineffective monitoring of distribution of land. There were delay in disposal of mutation cases due to non-adherence to the provisions of the mutation manual by the tehsildars. Several deficiencies in functioning of the computerised system of registration offices were noticed as internal control parameters to be followed by them were not issued by the IGR. Due to lukewarm approach of the tehsildars and non-constitution of working committees at tehsil level, 3.81 lakh acres of Bhoodan land could not be distributed to the beneficiaries for a long time. Lack of effective monitoring by the LRC led to ceiling surplus land of over 4000 acres remaining undistributed to the weaker sections. There was considerable delay in finalisation of benchmark valuation guidelines of the districts due to funds constraint and non-functioning of the committee at tehsil and district levels. Shortfall in inspection of subordinate offices was likely to affect sense of accountability among the field formations. Internal audit was ineffective and large number of under-valuation cases detected by the internal audit of the department was yet to be settled.

5.1.11 Recommendations

- To strengthen internal control mechanism a provision may be made in the Orissa General Financial Rules on the lines prescribed under Rule 64 of the General Financial Rules, 2005 of the Government of India.
- Strict adherence to the provisions of the Orissa Budget Manual and financial rules and procedures should be ensured
- Monitoring of land distribution to the landless poor should be strengthened.
- Mutation manual provisions should be strictly followed to avoid undue delay in disposal of mutation cases and correction of record of rights.
- Necessary instructions should be issued by the Inspector General of Registration to the field formations in respect of safeguards required for maintenance of information in the computerised environment.
- Benchmark valuation may be completed within a timeframe and monitored at the highest level as the delay would lead to loss of revenue on account of evasion of duty.
- Internal Audit wing should be strengthened, audit planning should be made on the basis of risk indicators and prompt response to internal audit observations should be ensured.

The Commissioner-cum-Secretary, during discussion (September 2007) assured that the observations and recommendations of audit would be taken care of by taking appropriate remedial action wherever necessary.



Bhubaneswar

The 15 NOV 2007

(Sanat Kumar Mishra)
Principal Accountant General (Civil Audit)
Orissa

Countersigned



New Delhi

The 20 NOV 2007

(Vijayendra N. Kaul)
Comptroller and Auditor General of India

APPENDICES

APPENDIX-1.1 (PART-A)**Part A: Structure and Form of Government Accounts
(Reference: Paragraph 1.1 Page 1)**

Structure of Government Accounts: 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 revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

Part II: Contingency Fund

Contingency Fund of State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

Part III: Public Account

Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State legislature.

APPENDIX-1.1 (PART B)
LAYOUT OF FINANCE ACCOUNTS
(Reference: Paragraph 1.1 Page 1)

Statement	Lay Out
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 2006-07
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 borrowing from intern 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 2007.
Statement No.9	Shows the revenue and expenditure under different heads for the year 2006-07 as a percentage of total revenue/expenditure.
Statement No.10	Indicates the distribution between the charged 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 and plan separately and capital expenditure by major head wise.
Statement No.13	depicts the detailed capital expenditure incurred during and to the end of 2006-07.
Statement No.14	Shows the details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies etc up to the end of 2006-07.
Statement No.15	Depicts the capital and other expenditure to the end of 2006-07 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 Maharashtra, the amount of loan repaid during the year, the balance as on 31 March 2007.
Statement No.19	Gives the details of earmarked balances of reserve funds.

APPENDIX-1.1 (Part C)
(Refer Paragraph 1.2 at page 3)

List of Terms Used in the Chapter I and basis of their Calculation

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/ GSDP Growth
Buoyancy of a parameter (X) With respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] * 100$
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	Interest payment / $[(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities}) / 2] * 100$
Weighted Interest Rate (I_w)	$I_w = \sum_i^n I_i W_i$, where I_i is the rate of interest on the i^{th} stock of debt and W_i is the share of i^{th} stock in the total debt stock of the State.
Interest spread	GSDP growth – Weighted Interest Rate
Quantum spread	Debt stock * Interest spread
Interest received as per cent to Loans Outstanding	Interest Received $[(\text{Opening balance} + \text{Closing balance of Loans and Advances}) / 2] * 100$
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest payments
Balance from Current Revenue (BCR)	Revenue Receipts <u>minus</u> all Plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction of Avoidance of debt

APPENDIX-1.2 (A)

(Refer paragraph 1.2.2.1 at page 5)

Outcome Indicators of the States' Own Fiscal Correction Path

(Rupees in crore)

Description	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
	Base Year	Actual	Proj	Proj	Proj	Proj	Proj
I	2	3	4	5	6	7	8
A. STATE REVENUE ACCOUNT:							
1. Own Tax Revenue	3301.74	4176.70	4358.20	4933.48	5584.70	6321.88	7156.37
2. Own Non-tax Revenue	1094.54	1345.52	1161.26	1185.75	1245.04	1307.29	1372.65
3. Own Tax + Non-tax Revenue(1+2)	4396.28	5522.22	5519.46	6119.23	6829.74	7629.17	8529.02
4. Share in Central Taxes & Duties	3327.68	3977.56	4904.00	5089.45	5649.29	6270.71	6960.49
5. Plan Grants	1450.67	2350.41	1810.32	2100.82	2300.97	2457.53	2631.86
6. Non-Plan Grants	265.61		997.56	1045.76	1062.17	1079.94	1099.12
7. Total Central Transfer (4 to 5)	5043.96	6327.97	7711.88	8236.03	9012.43	9808.18	10691.47
8. Total Revenue Receipts (3+7)	9440.24	11850.19	13231.34	14355.26	15842.17	17437.35	19220.49
9. Plan Expenditure	1643.58	1956.04	2165.99	1828.09	2280.38	2415.19	2643.69
10. Non-Plan Expenditure	9217.58	10416.45	11736.45	13025.22	13720.37	14969.37	16417.43
11. Salary Expenditure	3902.68	4189.03	4461.48	4639.03	4802.34	4967.26	5133.79
12. Pension	1158.37	1259.80	1757.73	1933.51	2126.86	2339.54	2573.50
13. Interest Payments	2860.28	3332.02	3360.79	3507.65	3643.55	3577.76	3773.33
14. Subsidies - General	230.89	93.35	91.39	82.25	74.02	66.62	59.96
15. Subsidies - Power	0.00	0.00	0.00	0.00	0.00	0.00	0.00
16. Total Revenue Expenditure (9+10)	10861.16	12372.49	13902.44	14853.31	16000.75	17384.56	19061.12
17. Salary + Interest + Pensions (11+12+13)	7921.33	8780.85	9580.00	10080.19	10572.75	10884.56	11480.62
18. As % of Revenue Receipts (17/8)	83.9%	74.1%	72.4%	70.2%	66.7%	62.4%	59.7%
19. Revenue Surplus/Deficit (8-16)	-1420.92	-522.30	-671.10	-498.05	-158.58	52.79	159.37
B. CONSOLIDATED REVENUE ACCOUNT:							
1. Power Sector loss/profit net of actual subsidy transfer		221.94	-259.70	-162.53	-115.77	-41.31	4.09
2. Increase in debtors during the year in power utility accounts (Increase(-))		244.01	136.76	83.61	69.86	47.20	29.98
3. Interest payment on off budget borrowings and SPV borrowings made by PSU/SPUs outside budget.	12.27	13.37	14.07	12.82	7.22	6.68	6.68
4. Total (1 to 3)	12.27	479.32	-108.87	-66.10	-38.69	12.57	40.75
5. Consolidated Revenue Deficit (A.19 + B4)	-1408.65	-42.98	-779.97	-564.15	-197.27	65.36	200.12
C. CONSOLIDATED DEBT:							
1. Outstanding debt and liability	31633.96	34051.18	37171.98	40406.23	43849.92	47450.23	51324.70
2. Total Outstanding guarantee of which (a) guarantee on account off budgeted borrowing and SPV borrowing	5264.87	3916.20	3857.33	3796.75	3743.55	3686.69	3636.69
D. CAPITAL ACCOUNT:	86.96	92.95	84.08	73.50	70.30	63.44	63.44
1. Capital Outlay	852.94	1055.55	1400.00	1827.43	1980.34	2455.00	2725.00
2. Disbursement of Loans and Advances	1572.01	205.09	95.00	90.00	86.00	80.00	75.00
3. Recovery of Loans and Advances	273.07	416.95	220.00	121.26	121.26	121.26	121.26
4. Other Capital Receipts	0.00	0.00	0.00	0.00	0.00	0.00	0.00
E. GROSS FISCAL DEFICIT (GFD)	-3572.80	-1366.00	-1946.10	-2294.22	-2103.67	-2360.95	-2519.37
GSDP at current prices	53830	57638	63402	69742	76716	84388	92827
Actual/Assumed Nominal Growth Rate (%)	21%	7%	10%	10%	10%	10%	10%

APPENDIX-1.2 (B)

(Refer paragraph 1.2 at page 3 and paragraph 1.6 at page 21)

SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF
ORISSA

(Rupees in crore)

As on 31.03.2006	Liabilities		As on 31.03.2007
17946.37	Internal Debt		18180.04
9686.29	Market Loans bearing interest	8898.25	
13.84	Market Loans not bearing interest	12.48	
24.75	Loans from LIC	21.60	
8221.49	Loans from other Institutions	9247.71	
Nil	Ways and Means Advances		Nil
Nil	Overdrafts from Reserve Bank of India		Nil
8783.75	Loans and Advances from Central Government		8745.23
190.46	Pre 1984-85 Loans	56.17	
657.81	Non-Plan Loans	40.83	
7826.53	Loans for State Plan Schemes	8542.47	
34.18	Loans for Central Plan Schemes	30.81	
74.77	Loans for Centrally Sponsored Plan Schemes	74.95	
Nil	Ways and Means Advance	Nil	
109.57	Contingency Fund		(-)28.09
9728.94	Small Savings, Provident Funds, etc.		10326.69
2120.94	Deposits		2054.68
2134.53	Reserve Funds Advances		3682.36
Nil	Suspense and Miscellaneous		Nil
698.12	Miscellaneous Capital Receipts		698.12
41522.22			43659.03
As on 31.03.2006	Assets		As on 31.03.2007
16320.72	Gross Capital Outlay on Fixed Assets		17772.19
1637.09	Investments in shares of Companies, Corporations etc.	1652.14	
14683.63	Other Capital Outlay	16120.05	
3339.13	Loans and Advances		3325.08
2218.80	Loans for Power Projects	2163.65	
474.70	Other Development Loans	602.13	
645.63	Loans to Government servants and Miscellaneous loans	559.30	
8.55	Advances		8.62
59.95	Suspense and Miscellaneous Balances		31.78
33.06	Remittance Balances		106.92
5047.00	Cash		7961.23
2.75	Cash in Treasuries and Local Remittances	Nil	
50.00	Deposits with Reserve Bank	(-)165.84	
19.06	Departmental Cash Balance including Permanent Advances	19.54	
0.48	Security Deposits	1.74	
2246.54	Investment of earmarked funds	3523.00	
2728.17	Cash Balance Investment	4582.79	
16713.81	Deficit on Government Accounts		14453.21
Nil	Appropriation to Contingency Fund	Nil	
(-) 481.20	Revenue deficit of the Current Year	(-)2260.60	
17195.01	Accumulated deficit brought forward	16713.80	
41522.22			43659.03

Contd.

APPENDIX-1.3
(Refer paragraph 1.2 at page 3)
ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2006-2007
(Rupees in crore)

2005-2006	Receipts	2006-07	2005-2006	Disbursements	Non-Plan	Plan	2006-07
	Section-A: Revenue						
14084.72	I. Revenue Receipts	18032.62	13603.52	I. Revenue Expenditure	13045.44	2726.58	15772.02
5002.28	-Tax Revenue	6065.06	6825.66	General Services	7491.03	11.74	7502.77
1531.90	-Non-tax revenue	2588.12	4677.72	Social Services	3707.46	1513.09	5220.55
3927.58	-State's share of Union Taxes and Duties	6220.42	2311.58	-Education, Sports, Art and Culture	2155.00	319.35	2474.35
949.17	-State's share of net proceeds of Taxes on income other than Corporate Tax		450.64	-Health and Family Welfare	484.39	91.08	575.47
1066.60	-Non-Plan grants	1086.34	450.07	-Water Supply and Sanitation, Housing and Urban Development	246.05	170.17	416.22
1078.80	-Grants for State Plan Scheme	1284.32	12.36	-Information and Broadcasting	10.51	3.57	14.08
45.70	-Central Plan Schemes	62.29	359.49	-Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	137.99	274.02	412.01
482.69	-Centrally Sponsored Plan Schemes	726.07	38.37	-Labour and Labour Welfare	24.17	22.23	46.40
Nil	II. Revenue deficit carried over to Section B	Nil					
			1027.70	-Social Welfare and Nutrition	625.49	624.08	1249.57
			27.51	-Others	23.86	8.59	32.45
			1953.28	Economic Services	1574.70	1201.74	2776.44
			560.58	Agriculture and Allied activities	414.05	238.28	652.33
			513.94	Rural Development	280.78	329.33	610.11
			--	-Special Areas Programmes	--	--	--
			235.34	-Irrigation and Flood Control	215.44	65.22	280.66
			40.86	-Energy	3.63	29.15	32.78
			80.91	-Industry and Minerals	46.02	67.13	113.15
			204.93	-Transport and Communications	563.23	0.01	563.24
			12.78	-Science, Technology and Environment	2.99	14.19	17.18
			303.94	-General Economic Services	48.57	458.42	506.99
			146.86	-Grants-in-aid and Contributions	272.26	---	272.26
			481.20	II. Revenue surplus			2260.60

Contd.

2005-2006	Receipts	2006-07	2005-2006	Disbursements	Non-Plan	Plan	2006-07
	Section-B						
1681.82	III. Opening Cash balance including Permanent Advances and Cash Balance Investment	5047.00	Nil	III. Opening Overdraft from RBI			Nil
Nil	IV. Miscellaneous Capital Receipts	--	1038.06	IV. Capital Outlay	111.59	1339.87	1451.46
			52.67	General Services	36.91	27.14	64.05
			119.10	Social Services	11.78	207.94	219.72
			2.28	-Education, Sports, Art and Culture	--	4.25	4.25
			16.38	-Health and Family Welfare	--	32.71	32.71
			89.07	-Water Supply, Sanitation, Housing and Urban Development	11.78	138.41	150.19
			11.37	-Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes		32.57	32.57
			--	-Social Welfare and Nutrition	--	--	--
			866.29	Economic Services	62.90	1104.80	1167.70
			54.90	-Agriculture and Allied Activities	19.90	40.88	60.78
			--	-Rural Development	--	--	--
			--	-Special Areas Programmes	--	--	--
			484.02	-Irrigation and Flood Control	--	699.69	699.69
				-Energy	--	--	--
			(-) 3.46	-Industry and Minerals	--	0.28	0.28
			318.90	-Transport and Communications	42.84	352.36	395.20
			11.93	-General Economic Services	0.17	11.58	11.75
347.60	V. Recoveries of Loans and Advances	285.82	67.20	V. Loans and Advances disbursed			271.77
148.33	-From Power Projects	55.14	9.84	-For Power Projects			--
139.03	-From Government Servants	85.38	18.93	-To Government Servants			18.72
60.24	-From others	145.30	38.43	-To Others			253.05
481.20	VI. Revenue surplus brought down	2260.60	Nil	VI. Revenue deficit brought down			Nil
2094.96	VII. Public Debt Receipts (Other than Ways and Means Advances)	2045.89	1037.58	VII. Repayment of Public Debt			1850.74
2105.27	-Internal debt other than Ways and Means Advances and Overdraft	1305.12	505.03	-Internal debt other than Ways and Means Advances and Overdraft			1071.45

Concl'd

2005-2006	Receipts	2006-07	2005-2006	Disbursements	Non-Plan	Plan	2006-07
Nil	-Net transaction under Ways and Means Advances	--	Nil	-Net transaction under Ways and Means Advances			Nil
*(-) 10.31	-Loans and Advances from Central Government	740.77	532.55	-Repayment of Loans and Advances to Central Government			779.29
Nil	VIII. Appropriation to Contingency Fund	--	Nil	VIII. Appropriation to Contingency Fund			--
80.80	IX. Amount transferred to Contingency Fund		Nil	IX. Expenditure from Contingency Fund			137.67
8506.47	X. Public Account receipts	9991.62	6003.01	X. Public Account disbursements			7958.06
2742.18	-Small Savings and Provident Funds	2076.84	1394.03	-Small Savings and Provident funds			1479.09
1104.82	-Reserve Funds	2004.05	232.93	-Reserve funds			456.22
(-)73.78	-Suspense and Miscellaneous	12.38	(-) 204.13	-Suspense and Miscellaneous			(-)15.79
2335.92	-Remittance	3435.60	2331.71	-Remittance			3509.46
2397.33	-Deposits and Advances	2462.75	2248.47	-Deposits and Advances			2529.08
Nil	XI. Closing Overdraft from Reserve Bank of India		5047.00	XI. Cash Balance at end			7961.23
			2.75	-Cash in Treasuries and Local Remittances			--
			50.00	Deposits with Reserve Bank			(-)165.84
			19.06	-Departmental Cash Balance including permanent advances			19.54
			4975.19	-Cash Balance Investment			8107.53
13192.85		37663.55	13192.85				37663.55

APPENDIX – 1.4

(Refer paragraph 1.2 at page 3)

SOURCES AND APPLICATION OF FUNDS

(Rupees in crore)

2005-2006		Sources	2006-2007	
	14034.72	1. a) Revenue receipts		18032.62
	Nil	b) Miscellaneous Capital receipts(Non-debt)		--
	347.60	2. Recoveries of Loans and Advances		285.82
	1057.38	3. Increase in Public debt other than overdraft		195.15
	2503.46	4. Net receipts from Public Account		2033.56
1348.15		Increase in Small Savings	597.75	
148.86		Increase in Deposits and Advances	(-)66.33	
871.89		Increase in Reserve funds	1547.83	
130.35		Net effect of suspense and Miscellaneous transactions	28.17	
4.21		Net effect of Remittance transactions	(-)73.86	
	Nil	5. Increase in Overdraft	--	
		6. Decrease in closing cash balance	--	
	80.80	7. Net effect of Contingency Fund transaction		
	18073.96	Total		20547.15
		Application		
	13603.52	1. Revenue expenditure		15772.02
	67.20	2. Lending for development and other purposes		271.77
	1038.06	3. Capital expenditure		1451.46
	Nil	4. Net effect of Contingency Fund transactions		137.67
	Nil	5. Decrease in Overdraft		--
	3365.18	6. Increase in closing Cash Balance		2914.23
	Nil	7. Appropriation to Contingency Fund		--
	18073.96	Total		20547.15

Contd.

APPENDIX – 1.5
(Refer paragraph 1.2 at page 3)

TIME SERIES DATA ON STATE GOVERNMENT FINANCE

	2001-02	2002-03	2003-2004	2004-05	2005-06	2006-07
	(Rupees in crore)					
1. Revenue Receipts	7048	8439	9440	11850	14085	18033
(i) Tax Revenue	2467 (35)	2872(34)	3302 (35)	4177 (35)	5002 (35)	6065 (34)
Taxes on Agricultural Income	NIL	NIL	Nil	Nil	Nil	NIL
Taxes on Sales, Trade, etc.	1402 (57)	1605(56)	1864 (56)	2471 (59)	3012 (60)	3765 (62)
State Excise	197 (8)	246(8)	256 (8)	307 (8)	389 (8)	430 (7)
Taxes on vehicles	216 (9)	258(9)	280 (9)	338 (8)	406 (8)	427 (7)
Stamps and Registration fees	110 (4)	136(5)	153 (5)	198 (5)	236 (5)	260 (4)
Land Revenue	84 (3)	82(3)	103 (3)	132 (3)	70 (1)	226 (4)
Taxes and Duties on Electricity	137 (6)	172(6)	200 (6)	262 (6)	353 (7)	283 (5)
Other Taxes	321 (13)	373(13)	446 (13)	469 (11)	536 (11)	674 (11)
State's share of net proceeds of Taxes and duties	2647 (37)	2806(33)	3328 (35)	3978 (34)	4877 (35)	6221 (34)
(ii) Non-Tax Revenue	692 (10)	961(12)	1094 (12)	1345 (11)	1532 (11)	2588 (14)
(iii) Grants-in-aid from GOI	1240 (18)	1800(21)	1716 (18)	2350 (20)	2674 (19)	3159 (18)
2. Miscellaneous Capital Receipts	NIL	NIL	Nil	Nil	Nil	--
3. Total Revenue and Non-debt Capital Receipts (1+2)	7048	8439	9440	11850	14085	18033
4. Recoveries of Loans and Advances	132	177	273	417	348	286
5. Public Debt Receipts	3273	4819	5879	4112	2095	2046
Internal Debt (excluding Ways and Means Advances and Overdrafts)	1687	2296	4338	2689	2105	1305
Net transaction under Ways and Means Advances and Overdrafts (WMA-2002-03)	231	59	--	--	--	--
Loans and advances from Government of India	1355	2464	1541	1423	(-) 10	741
6. Total Receipts in the Consolidated Fund (3+4+5)	10453	13435	15592	16379	16528	20365
7 Contingency Fund Receipts	NIL	NIL	--	54	81	--
8. Public Account Receipt	6813	7150	7657	7373	8506	9992
9. Total Receipts of the State (6+7+8)	17266	20585	23249	23806	25115	30357
10. Revenue Expenditure	9882 (88)	10015(88)	10861(82)	12372 (91)	13604 (92)	15772 (90)
Plan	1816 (18)	1571(16)	1643 (15)	1956 (16)	2113 (16)	2727 (17)
Non-Plan	8066 (82)	8444(84)	9218 (85)	10416 (84)	11491 (84)	13045 (83)
General Services including interest payment	4933 (50)	4805(48)	5159 (48)	6481 (53)	6826 (50)	7503 (47)
Social Services	3260 (33)	3460(35)	3710 (34)	3980 (32)	4678 (35)	5221 (33)
Economic Services	1539 (16)	1603(16)	1771 (16)	1753 (14)	1953 (14)	2776 (18)
Grants-in-aid and contributions	150 (1)	147(1)	221 (2)	158 (1)	147 (1)	272 (2)
11. Capital Expenditure	887 (9)	1074 (9)	853 (6)	1056 (8)	1038 (7)	1451 (8)
Plan	813 (92)	993(92)	805 (94)	1002 (95)	963 (93)	1340 (92)
Non-Plan	74 (8)	81(8)	48 (6)	54 (5)	75 (7)	111 (8)
General Services	75 (8)	20(2)	38 (4)	29 (3)	53 (5)	64 (4)
Social Services	147 (17)	161(15)	127 (15)	76 (7)	119 (12)	220 (15)
Economic Services	665 (75)	893(83)	688 (81)	951 (90)	866 (83)	1168 (81)
12. Disbursement of loans and advances	379 (3)	343 (3)	1572 (12)	205 (1)	67 (1)	272 (2)
Plan		226	250	49	18	138

Concl'd

	2001-02	2002-03	2003-2004	2004-05	2005-06	2006-07
	(Rupees in crore)					
Non-Plan		117	1322	156	49	134
13. Total Expenditure (10+11+12)	11148	11432	13286	13633	14709	17495
14. Repayments of Public Debt	921	2688	2518	2253	1038	1851
Internal Debt (excluding Ways and Means Advances and Overdrafts)	84	208	534	808	505	1072
Net transactions under Ways and Means Advances and Overdraft (Over draft 2002-03)	NIL	NIL	239	Nil	Nil	Nil
Loans and Advances from Government of India*	837	1626	1745	1445	533	779
15. Appropriation to Contingency Fund	NIL	NIL	--	Nil	Nil	Nil
16. Total disbursement out of Consolidated Fund (13+14+15)	12069	14120	15804	15886	15747	19346
17. Contingency Fund disbursements	67	NIL	7	74	Nil	138
18. Public Account disbursement	5329	6638	7083	6207	6003	7958
19. Total disbursement by the State (16+17+18)	17465	20758	22894	22167	21750	27442
20. Revenue Deficit (-)/ Surplus (+)(1-10)	(-)2834	(-) 1576	(-) 1421	(-) 522	(+) 481	+2261
21. Fiscal Deficit (3+4-13)	(-)3968	(-) 2816	(-) 3573	(-) 1366	(-) 276	(+) 824
22. Primary Deficit (21-24)	(-)1133	(+) 70	(-) 713	(+) 1966	(+) 3421	(+) 4012
23. Own Tax buoyancy		8.77	0.62	2.91	2.89	2.20
24. Interest Payments (Percentage of Revenue Expenditure)	2835 (29)	2886(29)	2860 (26)	3332 (27)	3697 (27)	3188 (20)
25. Arrears of Revenue (per cent of Tax and Non-Tax Revenue Receipt) (Under principal heads of revenue as reported by the Department)	1195 (21)	1410(21)	1928 (25)	2259(24)		
26. Financial Assistance to local bodies etc	994	1022	965	1064	1783	3420
27. Ways and Means Advances/ Overdrafts availed (days)	1355 (112 days)	2000 (169 days)	3204 (150 days)	1450 (99 days)	Nil	Nil
	5393 (252 days)	4723 (188 days)	3809 (171 days)	Nil	Nil	Nil
28. Interest on WMA/Over-draft	11.59/8.32	10.88/8.75	12.19/8.42	1.85/Nil	Nil/Nil	Nil/Nil
29. Gross State Domestic Product (GSDP)	47270 (P)	50149 (P)	61071 (P)	69037 (P)	75706 (Q)	83016 (A)
30. Outstanding Public Debt (year end)	18531	20662	23814	25673	26730	26925
31. Outstanding guarantees (year end) (Principal + Interest)	5251 +*	5231 +*	5094 +*	3823 +*	3496 +*	2648+*
32. Maximum amount guaranteed (year end)	8423	8487	9343	9297	9252	8589
33. Number of incomplete projects	31	31	31	31	31	65
34. Capital blocked in incomplete projects	4031	4446	4742	5108	5458	6437
35. Outstanding Debt (year end)	27853	30735	34014	36093	38468	39466

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

APPENDIX-1.6

(Refer paragraph 1.5.5 at page 20)

Statement showing details of department-wise breakup of outstanding utilisation certificates as of March 2007

Sl. No.	Name of the Department	Name of the Bodies	Number of Bodies	Amount (Rupees in crore)
1.	Panchayati Raj Department	District Rural Development Agency	11	127.64
2.	Scheduled Tribe/Scheduled Caste Development Department	Integrated Tribal Development Agency	7	38.44
3.	School and Mass Education Department	Zilla Saksharata Samiti	4	0.51
		Orissa Primary Education Programme Authority	1	809.75
4.	Agriculture Department	Command Area Development Authority	1	0.66
5.	Labour and Employment Department	National Child Labour Project	1	0.03
6.	Forest and Environment Department	Chilika Development Authority	1	1.26
7.	Rural Development Department	Orissa State Water Supply & Sanitary Mission	1	104.12
8.	Housing and Urban Development Department	Orissa Water Supply & Sewerage Board	1	4.52
		Berhampur Development Authority	1	0.73
9.	Revenue & Disaster Management Department	Orissa State Disaster Mitigation Authority	1	15.86
TOTAL			30	1103.52

APPENDIX-1.7

(Refer paragraph 1.5.7 at page 20)

Contd.

Statement showing Misappropriation, losses etc. reported up to 31 March 2007 pending finalisation at the end of June 2007

(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	0	0.00	0	0.00	0	0.00	0	0.00	7	10.12	7	10.12
2	Revenue & DM	6	1.99	13	6.60	20	4.85	16	5.24	10	128.06	65	146.74
3	Excise	0	0.00	1	0.21	0	0.00	0	0.00	0	0.00	1	0.21
4	Law	1	2.21	5	4.00	1	0.15	3	1.24	5	5.65	15	13.25
5	Water Resources	146	165.33	243	79.85	4	0.26	21	12.28	15	1.52	429	259.24
6	Rural Development	52	27.56	41	18.92	1	0.03	1	0.04	4	49.48	99	96.03
7	Energy	2	16.03	6	226.57	1	1.17	0	0.00	1	0.34	10	244.11
8	Industry	1	4.25	1	0.08	0	0.00	2	0.19	4	5.03	8	9.55
9	ST & SC Development	4	2.27	12	3.83	0	0.00	11	1.49	4	0.38	31	7.97
10	Health & Family Welfare	3	4.39	6	7.16	0	0.00	9	8.80	13	35.97	31	56.32
11	General Administration	0	0.00	1	0.95	0	0.00	0	0.00	3	1.94	4	2.89
12	Works	45	39.81	139	165.84	1	0.41	2	0.34	6	3.59	193	209.99
13	Commerce & Transport	5	6.54	3	1.06	0	0.00	2	0.94	2	1.66	12	10.20
14(A)	Education	15	12.64	16	19.51	0	0.00	5	1.09	8	22.29	44	55.53
14(B)	Text Book	0	0.00	1	0.31	0	0.00	7	3.27	4	4.58	12	8.16
15	Fisheries & ARD	0	0.00	18	55.36	0	0.00	6	4.72	7	16.65	31	76.73

Concl'd

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	Agriculture	5	1.04	47	64.83	0	0.00	32	4.77	31	22.76	115	93.40
17	Co-operation	0	0.00	1	0.94	0	0.00	0	0.00	2	3.25	3	4.19
18	Panchayati Raj	27	23.41	14	11.98	2	0.34	10	2.21	8	1.27	61	39.21
19	Home	0	0.00	0	0.00	2	13.12	1	0.18	3	3.79	6	17.09
20	Food Supplies & Consumer Welfare	0	0.00	0	0.00	0	0.00	1	0.10	2	2.94	3	3.04
21	Housing & Urban Development	30	39.67	43	27.84	0	0.00	0	0.00	2	3.28	75	70.79
22	Labour & Employment	0	0.00	0	0.00	0	0.00	0	0.00	1	1.94	1	1.94
23	Information & Public Relation	106	9.66	9	0.66	0	0.00	3	0.20	0	0.00	118	10.52
24	Women & Child Development	0	0.00	5	3.44	0	0.00	0	0.00	0	0.00	5	3.44
25	Forest & Environment	32	61.37	49	43.65	0	0.00	347	146.94	8	2.54	436	254.50
	Total	480	418.17	674	743.59	32	20.33	479	194.04	150	329.03	1815	1705.16

APPENDIX-1.8
(Refer paragraph 1.5.8 at page 20)
Statement showing the Written off of losses

Sl No	Department	Case No./Year	Brief subject	Amount involved (Rupees in lakh)	Write off order number
1	2	3	4	5	6
1	Finance	1579/78-79	Theft of Government money in the office of the Commercial Tax Officer, Cuttack-I East Circle, Cuttack	0.17	11002 dated 13-3-2007
2	-do-	2452/94-95	Theft of Battery from Trekker No. OSX-1752 of Madhusudan Institute of Accounts and Finance, Chandrasekharpur, Bhubaneswar-16	0.03	9995 dated 8-3-2007
3	Revenue and Disaster Management	1988/83-84	Misappropriation of Government money by Sri S.K.Misal, Ex-R.I. Aska Tahasil in Ganjam District	0.03	21052 dated 3-6-2006
Total				0.23	

APPENDIX-1.9

(Refer paragraph 1.6.3 at page 22)

Statement showing the department-wise positions of arrears in preparation of proforma accounts and investments

Sl. No.	Department	No. of Undertakings/ Schemes under the Departments	Name of the Undertakings/ Schemes	Years from which accounts are due	Investments as per last accounts (Rupees in lakh)	Remarks
1.	Forest and Environment	1	Nationalisation of Kendu Leaves operated by Chief Conservator of Forest (Kendu Leaves), Orissa	2002-03	70.09	Arrear of accounts for five years
2.	Agriculture and Co-operation	7	(i) Cold Storage Plant, Kumarmunda	1972	11.97	Arrear of accounts for 35 years
			(ii) Cold Storage Plant, Similiguda	1977	16.15	Arrear of accounts for 30 years
			(iii) Cold Storage Plant, Paralakhemundi	1984	6.36	Arrear of accounts for 23 years
			(iv) Cold Storage Plant, Bolangir	1994	7.92	Arrear for 13 years
			(v) Cold Storage Plant, Bhubaneswar	1975	17.89	Transferred (March 1979) to Orissa State Seeds Corporation Limited. Arrear of accounts for five years
			(vi) Cold Storage Plant, Sambalpur	1971	(Not Available) NA	Transferred (March 1979) to Orissa State Seeds Corporation Limited. Arrear of accounts for nine years.
			(vii) Purchase and distribution of quality seeds to cultivators			Proforma accounts not prescribed by Government
3.	Food supply and Consumer Welfare	1	Grain purchase scheme	1977-78	NA	Transferred (September 1980) to Orissa State Seeds Corporation Limited. Arrear of accounts for four years.
4.	Commerce and Transport	1	State Transport service	1972-73	NA	Transferred (May 1974) to Orissa State Road Transport Corporation. Arrear of accounts for three years.
5.	Fisheries and Animal Resources Development	1	Poultry Development	--	NA	Proforma accounts not prescribed by Government.
In operative/Closed Undertakings/Schemes						(Year from which remained closed or Inoperative)
6.	--	1	Grain supply scheme	--	--	1958-59
7.	--	1	Scheme for trading in Iron Ore through Paradeep Port	--	--	1966-67
8.	--	1	Cloth and Yarn Scheme	--	--	1954-55
9.	--	1	Scheme for exploitation and marketing of fish	--	--	1982-83

APPENDIX-2.1

(Refer paragraph 2.3.1 at page 36)

Statement showing analysis of major savings with reference to allocative priorities

Grant No 3	Savings occurred mainly under the Major Head 2029-102-1167-Records of rights and Settlement operation (Rs 8.45 crore), 102-0021 advance Survey and Map publication (Rs 2.22 crore), 102-1516 Up linking of Tahasil with sub Divisions district and state Headquarters (Rs 5.87 crore) ,Major Head 2245-01-800-1018- Other Items (Rs 24.28 crore).and 80-general-800-0836 Lump provision for Other Works (Rs 491.39 crore).
Grant No 5	Savings occurred mainly under the Major Head 2040-001-Sub head-1158 Range administration (Rs 2.22 crore,) Major Head 2052-090-0448-Finance Department (Rs 1.07 crore), Major Head 2071-01-101-1038- Pension and Pensionary Benefits (Rs 113.23 crore),104- sub head- 0600 Gratuity (Rs 95.00 crore).
Grant No 12	Savings occurred mainly under the Major Head-2210-01-001-1719 Top up Grants recommended by 12 th Finance Commission (Headquarters organisation) (Rs 9.52 crore), 06-PH-001-0308 District Establishment (Rs 2.10 crore), 0687 Malaria (Rs 2.17 crore) and 01-Urban Health Services-Allopathy-001-1800 DFID Assisted Health Sector Development (Rs 19.66 crore).
Grant No 17	Savings occurred mainly under the Major Head-2505-01-701-0685-IAY- (Rs 20.70 crore), 1250-SGRY (Rs 53.85 crore),789-Special component plan for Scheduled Castes-1250-SGRY (Rs 25.82 crore) and 796-TASP-1250 SGRY (Rs 44.77 crore).
Grant No 36	Savings occurred mainly under the Major Head 2235-02-102-sub head 0731- ICDS Scheme (Rs 2.48 crore), sub head 1794-National Programme for Adolescent Girls (Rs 0.49 crore), 796-TASP- sub head 0731-ICDS Scheme (Rs 1.76 crore) and Major Head 2236-02-102-MDM- sub Head 0900 MDM (Rs 3.04 crore).
6003- Internal Debt of the State Government	Savings occurred mainly under the Major Head 6003-110-sub head-1565-Ways and Means advance from RBI (Rs 500 crore)

APPENDIX-2.2

(Refer paragraph 2.3.2 at page 37)

Statement showing savings of more than 10 per cent during 2006-2007

Sl. No.	Grant No.	Name of the Grant/Appropriation	Amount of Grant	Savings	Percentage of savings
(Rupees in crore)					
REVENUE SECTION					
1.	1	Home (Charged)	12.66	1.39	11
2.	3	Revenue (Voted)	1714.53	570.56	33
3.	5	Finance (Voted)	2020.52	455.92	23
4.	5	Finance (Charged)	190.01	100.01	53
5.	7	Works (Voted)	457.39	65.31	14
6.	9	Food Supplies and Consumer Welfare (Voted)	67.39	7.83	12
7.	11	Scheduled Tribes, Scheduled Caste Development and Minorities and Backward Classes Development (Voted)	510.47	76.29	15
8.	12	Health and Family Welfare (Voted)	682.46	114.94	17
9.	12	Health and Family Welfare (Charged)	0.11	0.08	73
10.	13	Housing and Urban Development (Voted)	490.12	66.17	14
11.	17	Panchayati Raj (Voted)	852.60	119.42	14
12.	20	Water Resources (Charged)	1.37	1.37	100
13.	21	Transport (Charged)	0.025	0.025	100
14.	22	Forest and Environment (Voted)	170.93	27.94	16
15.	22	Forest and Environment (Charged)	0.045	0.040	89
16.	23	Agriculture (Voted)	312.07	42.81	14
17.	23	Agriculture (Charged)	0.012	0.012	100
18.	27	Science and Technology (Voted)	115.20	108.43	94
19.	28	Rural Development (Voted)	482.75	65.63	14
20.	28	Rural Development (Charged)	0.1	0.05	50
21.	29	Parliamentary Affairs (Voted)	9.92	1.02	10
22.	30	Energy (Voted)	76.30	42.76	56
23.	31	Textile and Handloom (Voted)	54.20	5.63	10
24.	36	Women and Child Development (Voted)	858.22	130.42	15
25.	2049	Interest payment (Charged)	3801.98	613.55	16
CAPITAL SECTION					
1.	1	Home (Voted)	84.78	33.32	39
2.	7	Works (Voted)	622.86	296.82	48
3.	7	Works (Charged)	0.5	0.4	80
4.	10	School and Mass Education (Voted)	0.62	0.62	100
5.	13	Housing and Urban Development (Voted)	120.58	29.29	24
6.	20	Water Resources (Charged)	8.26	1.46	18
7.	28	Rural Development (Voted)	317.05	164.80	52
8.	28	Rural Development (Charged)	0.50	0.36	72
9.	30	Energy (Voted)	40.00	40.00	100
10.	33	Fisheries and Animal Resources (Voted)	5.36	3.36	63
11.	38	Higher Education (Voted)	1.20	1.20	100
12.	6003	Internal Debt of the State Government (Charged)	1795.50	724.05	40

APPENDIX-2.3

(Refer paragraph 2.3.2 at page 37)

Statement showing persistent savings of more than 10 per cent

Sl. No.	Grant No.	Name of the Grant	Percentage of Savings		
			2004-05	2005-06	2006-07
REVENUE SECTION					
1.	3	Revenue (Voted)	17	13	33
2.	5	Finance (Voted)	23	25	23
3.	7	Works (Voted)	23	19	14
4.	11	Scheduled Tribes, Scheduled Caste Development and Minorities and Backward Classes Development (Voted)	28	16	15
5.	13	Housing and Urban Development (Voted)	14	11	14
6.	22	Forest and Environment (Voted)	32	17	16
7.	23	Agriculture (Voted)	12	29	14
8.	28	Rural Development (Voted)	25	14	14
9.	30	Energy (Voted)	55	24	56
10.	31	Textile and Handloom (Voted)	69	40	10
11.	36	Women and Child Development (Voted)	17	32	15
CAPITAL SECTION					
1.	1	Home (Voted)	70	44	39
2.	7	Works (Voted)	16	27	48
3.	10	School and Mass Education (Voted)	100	100	100
4.	13	Housing and Urban Development (Voted)	47	33	24
5.	20	Water Resources (Charged)	47	43	18
6.	28	Rural Development (Voted)	22	27	52
7.	33	Fisheries and Animal Resources (Voted)	92	94	63

APPENDIX-2.4

(Refer paragraph 2.3.3 (ii) at page 38)

Statement showing Excess Expenditure over provisions in a Grant/ Appropriation during 2006-07

Sl. No.	Number and Name of Grant/Appropriations.	Total Grants/ Appropriation	Expenditure in Rupees	Excess over Grants/ Appropriation
		(Rupees in Crore)		
1	2	3	4	5
	Capital Section			
1.	22-Forest and Environment (Voted)	132.23	148.14	15.91
2.	6004-Loans and Advances from Central Government (Charged)	433.15	779.29	346.14
	Total	565.38	927.43	362.05

APPENDIX-2.5

{Refer paragraph 2.3.5 (i) at page 38}

Statement showing cases where supplementary provision was unnecessary

Sl. No.	No. and Name of the Grant/Appropriation		Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Expenditure	Savings
(1)	(2)		(3)	(4)	(5)	(6)
			(Rupees in crore)			
REVENUE SECTION						
1.	2	General Administration (Voted)	38.27	2.64	37.43	3.48
2.	7	Works (Voted)	430.13	27.25	392.08	65.30
3.	9	Food Supplies and Consumer Welfare (Voted)	58.06	9.33	59.56	7.83
4.	12	Health and Family Welfare (Voted)	680.75	1.71	567.52	114.94
5.	13	Housing and Urban Development (Voted)	485.22	4.90	423.96	66.16
6.	22	Forest and Environment (Voted)	162.70	8.23	142.98	27.95
7.	27	Science and Technology (Voted)	114.56	0.64	6.77	108.43
8.	28	Rural Development (Voted)	466.99	15.76	417.12	65.63
9.	30	Energy (Voted)	75.88	0.41	33.53	42.76
10.	33	Fisheries and Animal Resources (Voted)	134.13	13.57	133.20	14.50
11.	2049	Interest Payment (Charged)	3801.98	Negligible	3188.43	613.55
	Total		6448.67	84.44	5402.58	1130.53
CAPITAL SECTION						
1.	1	Home (Voted)	83.17	1.61	51.46	33.32
2.	6	Commerce (Voted)	2.78	0.65	2.25	1.18
3.	7	Works (Voted)	415.10	207.76	326.05	296.81
4.	13	Housing and Urban Development (Voted)	112.66	7.92	91.30	29.28
5.	28	Rural Development (Voted)	174.44	142.61	152.25	164.80
6.	33	Fisheries and Animal Resources (Voted)	4.86	0.50	2.00	3.36
7.	6003	Internal Debt of State Government (Charged)	1795.50	Negligible	1071.45	724.05
	Total		2588.51	361.05	1696.76	1252.80
	Grand Total		9037.18	445.49	7099.34	2383.33

APPENDIX-2.6

{Refer paragraph 2.3.5(ii) at page 38}

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

Sl. No.		Number and Name of the Grant/ Appropriation	Original Grant/ Appropriation	Expenditure	Additional requirement	Supplementary provision	Final savings
			(Rupees in crore)				
REVENUE SECTION							
1.	1	Home (Voted)	565.62	629.38	63.76	95.57	31.81
2.	1	Home (Charged)	10.71	11.27	0.56	1.95	1.39
3.	3	Revenue (Voted)	1017.40	1143.97	126.57	697.13	570.56
4.	4	Law (Voted)	49.22	50.23	1.01	2.58	1.57
5.	9	Food Supplies and Consumer Welfare (Voted)	58.06	59.56	1.50	9.33	7.83
6.	11	Scheduled Tribes, Scheduled Caste Development and Minorities and Backward Classes Development (Voted)	396.58	434.18	37.60	113.89	76.29
7.	16	Planning and Co-ordination (Voted)	416.21	481.80	65.59	95.66	30.07
8.	19	Industries (Voted)	92.02	94.35	2.33	11.65	9.32
9.	20	Water Resources (Voted)	269.48	309.21	39.73	48.96	9.23
10.	23	Agriculture (Voted)	266.62	269.27	2.65	45.45	42.80
11.	24	Steel and Mines (Voted)	14.35	15.34	0.99	1.59	0.60
12.	26	Excise (Voted)	14.75	16.02	1.27	1.87	0.60
13.	29	Parliamentary Affairs (Voted)	6.91	8.90	1.99	3.01	1.02
14.	32	Tourism and Culture (Voted)	32.59	35.44	2.85	3.37	0.52
15.	34	Co-operation (Voted)	34.44	71.64	37.20	38.42	1.22
16.	36	Women and Child Development (Voted)	609.92	727.80	117.88	248.30	130.42
17.	38	Higher Education (Voted)	373.61	440.03	66.42	69.94	3.52
Total			4228.49	4798.39	569.90	1488.67	918.77
CAPITAL SECTION							
1.	5	Finance (Voted)	77.37	133.42	56.05	70.22	14.17
2.	32	Tourism and Culture (Voted)	8.53	11.58	3.05	4.19	1.14
Total			85.90	145.00	59.10	74.41	15.31
Grand Total			4314.39	4943.39	629.00	1563.08	934.08

APPENDIX-2.7

Contd.

(Refer paragraph 2.3.6 at page 38)

Statement showing significant cases of savings in plan expenditure exceeding Rupees one 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.	7-Works	3054-Roads and Bridges, State Plan, State Sector, 80-General, 797-Transport to/from Reserve Fund/"Deposit Account, 0001361-State Road Fund	55.00	0	55.00
2.	7-Works	5054-Capital outlay on Roads and Bridges, State Plan, State Sector, 03-State Highways, 101-Bridges, 1581-Works executed from Central Road Fund.	22.70	18.44	4.26
3.	7-Works	5054-Capital outlay on Roads and Bridges, State Plan, State Sector, 04-District and Other Roads, 800-Other Expenditure, 0001219-Road work under Rural Development Programme	113.59	106.49	7.10
4.	9-Food Supplies and Consumer Welfare	2408-Food Storage and Warehousing, State Plan, 01-Food, 796-Tribal Area Sub-plan, 0000571-Grant and Subsidies.	1.10	0	1.10
5.	10-School and Mass Education	2202-General Education, State Plan, State Sector, 80-General, 003-Training, 0000977-Non-Government upper primary schools	11.10	7.26	3.84
6.	10-School and Mass Education	2202-General Education, State Plan, State Sector, 02-Secondary education, 109-Government secondary school, 0001449-Taken over municipal high schools	16.00	9.00	7.00
7.	10-School and Mass Education	2202-General Education, State Plan, State Sector, 02-Secondary education, 789-Special Component Plan for SC, 0000984-Non-Govt. high school	12.68	3.76	8.92
8.	10-School and Mass Education	2202-General Education, State Plan, State Sector, 02-Secondary education, 796-Tribal Area Sub-plan, 0000984-Non-Govt. high schools	19.42	13.09	6.33
9.	11-Scheduled Tribes, Scheduled Caste Development and Minorities and Backward Classes Development	2225-Welfare of ST, SC and OBC, State Plan, District Sector, 02-Welfare of ST, 277-Education, 0001009-Other Educational facilities	42.54	14.78	27.76
10.	12-Health and Family Welfare	2211-Family Welfare, Central Plan, District Sector, 101-Rural Family Welfare Services, 1227-, Rural Family Welfare Sub-Centre	43.58	42.05	1.53
11.	12-Health and Family Welfare	2211-Family Welfare, Central Plan, District Sector, 102-Urban Family Welfare Services, 0001228-Rural Family Welfare Sub-Centre under Rural Family Welfare Service	25.60	23.03	2.57

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)		
12.	17-Panchayati Raj	2505-Rural Employment, State Plan, District Sector, 60-Other Programme, 106-National Rural Employment Guarantee Act.0001872, NREGS	14.41	4.32	10.09
13.	17-Panchayati Raj	2505-Rural Employment, State Plan, District Sector, 60-Other Programme, 789-Special Component Plan for Schedule Caste, 0000685-IAY,	16.29	9.07	7.22
14.	17-Panchayati Raj	2505-Rural Employment, State Plan, District Sector, 60-Other Programme, 789-Special Component Plan for Schedule Caste, 0001872-NREGS,	7.19	2.43	4.76
15.	20-Water Resources	2702-Minor Irrigation, State Plan, State Sector, 03-Maintenance, 796-Tribal Area Sub-Plan, 0001022-Other Schemes	13.68	9.68	4.00
16.	20-Water Resources	4700-Capital Outlay on Major Irrigation, State Plan, State Sector, 15-Lower Indravati Irrigation Project (Commercial), 800-Other Expenditure, 0001151-Project Expenses	72.41	71.25	1.16
17.	20-Water Resources	4700-Capital Outlay on Major Irrigation, State Plan, State Sector, 16-Lower Sukktel Irrigation Project (Commercial), 800-Other Expenditure, 0001151-Project Expenses	34.15	32.45	1.70
18.	20-Water Resources	4700-Capital Outlay on Major Irrigation Project, State Plan, State Sector, 19-Rengali Irrigation Project (Commercial), 800-Other expenditure, 0001148-Project expenses funded under OECF	59.45	58.02	1.43
19.	20-Water Resources	4700-Capital Outlay on Major Irrigation Project, State Plan, State Sector, 19-Rengali Irrigation Project (Commercial), 800-Other expenditure, 0001150-Project expenses funded under AIBP	32.18	20.66	11.52
20.	20-Water Resources	4700-Capital Outlay on Major Irrigation Project, State Plan, State Sector, 20-Subarnarekha Irrigation Project (Commercial), 800-Other expenditure, 0001151-Project expenses	135.56	132.78	2.78
21.	20-Water Resources	4701-Capital Outlay on Medium Irrigation Project, State Plan, State Sector, 97-Other Pipe Line Project (Commercial), 800-Other Expenditure, 0001630-Other Projects, NABARD assisted	33.02	22.79	10.23
22.	20-Water Resources	4711-Capital Outlay on Flood Control Projects, State Plan, State Sector, 02-Anti-sea Erosion Projects, 103-Civil Works, 0001628-Improvement and production to saline embankments.	1.43	0.13	1.30
23.	20-Water Resources	4711-Capital Outlay on flood control projects, State Plan, State Sector, 02-Anti-sea Erosion projects, 103-Civil Works, 0001610-Construction and renovation of drainage sluice	3.09	1.84	1.25

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)		
24.	22-Forest and Environment	2406-Forestry and Wild Life, State Plan, 01-Forestry, 102-Social and Farm Forestry, 0001004-Orissa Forest Development Project, JBIC Japan Assisted	7.20	0	7.20
25.	22-Forest and Environment	2406-Forestry and Wild Life, State Plan, State Sector, 01-Forestry, 789-Special Component for SCs, 0001004-OFSD, EAP-JBIC	1.98	0	1.98
26.	22-Forest and Environment	3435-Ecology and Environment, Central Plan, State Sector, 03-Environmental Research and Ecological Regeneration, 102-Environmental Planning and Co-ordination, 0000176-Conservation and Management of wet land.	2.35	0.54	1.81
27.	28-Rural Development	2215-Water Supply and Sanitation, State plan, State Sector, 01-Water Supply, 799- Suspense-, 0001431-Suspense	2.00	0	2.00
28.	28-Rural Development	2215-Water Supply and Sanitation, Centrally Sponsored Plan, District Sector, 01-Water Supply, 102-Rural Water Supply Programme.	37.07	35.80	1.27
29.	28-Rural Development	2215-Water Supply and Sanitation, Centrally Sponsored Plan, District Sector, 01-Water Supply,, 789-Special Component Plan for SCs, 0000007-Accelerated Rural Water Supply Programme.	8.27	7.24	1.03
30.	28-Rural Development	4215-Capital Outlay on Water Supply and Sanitation, State Plan, District Sector, 01-Water Supply, 102-Rural Water Supply, 0001760- Pipe Water Supply Continuing Project	4.40	1.63	2.77
31.	28-Rural Development	4215-Capital Outlay on Water Supply and Sanitation, State Plan, District Sector, 01-Water Supply, 789-Special Component Plan for SCs, 0001760- Pipe Water Supply Continuing Project	1.77	0.31	1.46
32.	28-Rural Development	4215-Capital Outlay on Water Supply and Sanitation, Centrally Sponsored Plan, District Sector, 01-Water Supply, 102-Rural Water Supply, 0000914-Minimum Needs Programme-Submission Activities	10.99	6.55	4.44
33.	28-Rural Development	4215-Capital Outlay on Water Supply and Sanitation, Centrally Sponsored Plan, District Sector, 01-Water Supply, 789- Special Component Plan for SCs, 0000914-Minimum Needs Programme Submission Activities.	2.93	1.18	1.75
34.	28-Rural Development	5054-Capital Outlay on Roads and Bridges, State Plan, District Sector, 04-District and Other Roads, 789-Special Component Plan for SCs, 0000906-Minimum Needs Programme Constituency-wise Allocation.	2.34	0.69	1.65
35.	30-Energy	2801-Power, SP, SS, 01-Hydel General, 800-Other Expenses, 0000571-Grant & Subsidies	30.13	27.85	2.28

Concl'd

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)		
36.	34-Co-operation	4425-Capital Outlay on Co-operative, State Plan, State Sector, 00, 796-Tribal Area Sub-plan, 0001276- Share Capital Investment.	3.21	2.02	1.19
37.	36-Women and Child Development	2235-Social Security and Welfare, Central Plan, District Sector, 02-Social Welfare, 102-Child Welfare, 0000731- Integrated Child Development Scheme	77.43	74.95	2.48
38.	36-Women and Child Development	2235- Social Security and Welfare , Central Plan, District Sector, 02-Social Welfare, 796-Tribal Areas Sub-Plan, 0000731-Integrated Child Development Scheme	46.18	44.42	1.76
39.	36-Women and Child Development	2236-Nutrition, State Plan, State Sector, 02-Distribution of Nutritious Food and Beverage, 102-Mid day Meal, 0900-Mid-day Meals	28.67	25.63	3.04
40.	38-Higher Education	6202-Capital Outlay on Education, Sports, Arts and Culture, Non Plan, , 01-General Education, 203-University and Higher Education, 0000824-Loan stipend fund	1.20	0	1.20
Total			1054.29	832.13	222.16

APPENDIX-2.8

Contd.

(Refer paragraph 2.3.7 at page 38)

Statement showing significant cases of excess expenditure (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.	1-Home	2014-Administration and Justice, Non-plan, 102-High Court, 0000632- Establishment	9.73	11.09	1.36
2.	7-Works	2059-Public Works, Non-Plan, 80-General, 053-Maintenance and Repair, 0001645- Maintenance of Non-Residential Building under Chief Engineer (Roads and Buildings)	96.83	98.59	1.76
3.	7-Works	2216-Housing, Non plan, 05-General Pool Accommodation, 053-Maintenance and Repair, 0000848-Maintenance and Repair of Govt. Residential Buildings	44.08	45.78	1.70
4.	7-Works	3054-Roads and Bridges, Non-plan, 03-State Highways, 0000850-Maintenance and Repair of roads under Chief Engineer (R & B)	25.60	28.01	2.41
5.	7-Works	3054-Roads and Bridges, Non-plan, 04-Districts and Other Roads, 337-Road Work, 0000865- Maintenance and Repair of Major district roads and other roads under Chief Engineer (R&B)	69.50	76.97	7.47
6.	7-Works	5054-Capital Outlay on Roads and Bridges, State Plan, State Sector, 04-Districts and Other Roads, 800-Other Expenditure, 0001217-Road Works out of Central Road Fund.	0.70	3.04	2.34
7.	9-Food Supplies and Consumer Welfare	2408-Food storage and Warehousing, State Plan, State Sector, 01-Food, 102-Food Subsidies, 0000571-Grant and Subsidies.	3.03	4.96	1.93
8.	10-School and Mass Education	2202-General Education, Non-plan, 01-Elementary Education, 105-Non-formal Education, 0001731-, 12 th Finance Commission Award	58.57	113.62	55.05
9.	11-Scheduled Tribes, Scheduled Caste Development and Minorities and Backward Classes Development	2225-Welfare of SC, ST and OBC, Non plan, 02-Welfare of STs, 277-Education, 0001009- Other Educational Facilities	22.85	44.07	21.22
10.	17-Panchayati Raj	2505-Rural Employment, State Plan, 60- Other programmes, 101-Sampurna Gramina Rojgar Yojana, 0001250-SGRY	33.96	44.33	10.37
11.	17-Panchayati Raj	2505-Rural Employment, State Plan, 60- Other programmes, 789-Special Component plan for Scheduled Caste, 0001250-SGRY	16.97	30.74	13.77
12.	20-Water Resources	2711-Flood Control and Drainage, Non-plan, 01-Flood Control, 800-Other Expenditure, 0001214-River Embankment Project	36.67	40.62	3.95
13.	20-Water Resources	2711-Flood Control and Drainage, Non-plan, 02-Anti-sea Erosion, 800-Other Expenditure, 0000851-Maintenance and repair	3.64	5.73	2.09

Concl'd

Sl. No.	No. and Name of the grant	Head of Account	Total/ Final Grant	Expendi- ture	Excess
(Rupees in crore)					
14.	20-Water Resources	4700-Capital outlay on Major Irrigation, State Plan, State Sector, 11-Upper Indravati Irrigation Project (Commercial), 796-Tribal area sub-plan, 0001150-Project expenses-bundled under AIBP	46.11	47.38	1.27
15.	20-Water Resources	4701-Capital outlay on Medium Irrigation Project, State Plan, State Sector, 96-Pipeline project under AIBP, 800-other expenditure, 0001022-Other schemes	1.42	7.21	5.79
16.	20-Water Resources	4711-Capital outlay on flood control projects, Centrally Sponsored Plan, 02-Anti-sea erosion project, 103-Civil Works, 0001628-Improvement and Production to saline embankment	0.87	1.89	1.02
17.	22-Forest and Environment	2406-Forestry and Wild Life, State Plan, State Sector, 01-Forestry, 796-Tribal Area Sub-plan, 1004-Orissa Forest Sector Development Project	2.82	12.00	9.18
18.	22-Forest and Environment	4406-Capital Outlay on Forestry and Wild Life, Non plan, 01-Forestry, 201-Government Trading of Kendu Leaves, 0001431-Suspense	78.50	97.53	19.03
19.	28-Rural Development	2216-Housing, Non-plan, 04-District and Other Raods, 337-Road Works, 0001230-Rural Roads	81.72	90.00	8.28
20.	28-Rural Development	2216-Housing, Non-plan, 04-District and Other Roads, 337-Road Works, 1790-A.D., 28-Maintenance of Roads and Bridges under 12 th Finance Commission Awards	115.00	117.84	2.84
21.	33-Fisheries and Animal Resources	2405-Fisheries, Central Plan, District Sector, 103-Marine Fisheries, 0001182-Reimbursement of Central Excise duty on HSD oil used by fishing vessels below 20 m length	0.6	2.2	1.6
22.	34-Co-operation	4425-Capital Outlay on Co-operation, State Plan, State Sector, 00-, 107-, Investment in Credit Co-operatives, 0001276-Share Capital Investment.	7.85	9.73	1.88
23.	36-Women and Child Development	2236-Nutrition, Centrally Sponsored Plan, State Sector, 02-Distribution of Nutritious Food ;and Beverages, 102-Mid-Day Meal, 0000900-Mid-day meal	75.71	76.90	1.19
Total			832.73	1010.23	177.50

APPENDIX-2.9

{Refer paragraph 2.3.8 (i) at page 38}

Statement showing significant cases of delayed surrendered of saving

Sl. No.	Number and Name of the Grant	Actual Savings	Amount surrendered on 31 March 2007
		(Rupees in crore)	
1.	1-Home, Revenue (Voted)	31.80	29.89
2.	2-General Administration, Revenue (Voted)	3.47	3.36
3.	3-Revenue, Revenue (Voted)	570.56	433.11
4.	4-Law, Revenue (Voted)	1.56	1.21
5.	6-Commerce, Revenue (Voted)	0.67	0.66
6.	7-Works, Revenue (Voted)	65.30	0.75
7.	9-Food Supplies and Consumer Welfare, Revenue (Voted)	7.83	7.73
8.	10-School and Mass Education, Revenue (Voted)	106.94	60.82
9.	11-Scheduled Tribes, Scheduled Caste Development and Minorities and Backward Classes Development, Revenue (Voted)	76.29	62.39
10.	12-Health and Family Welfare, Revenue (Voted)	114.94	82.60
11.	14-Labour and Employment, Revenue (Voted)	0.94	0.70
12.	15-Sports and Youth Services, Revenue (Voted)	0.50	0.24
13.	17-Panchayati Raj, Revenue (Voted)	119.42	106.85
14.	21-Transport, Revenue (Voted)	0.56	0.47
15.	23-Agriculture, Revenue (Voted)	42.81	17.62
16.	25-Information and Public Relations, Revenue (Voted)	0.18	0.13
17.	27-Science and Technology, Revenue (Voted)	108.42	108.42
18.	28-Rural Development, Revenue (Voted)	65.62	59.84
19.	30-Energy, Revenue (Voted)	42.76	40.59
20.	32-Tourism and Culture, Revenue (Voted)	0.52	0.31
21.	34-Co-operation, Revenue (Voted)	1.22	0.13
22.	35-Public Enterprises, Revenue (Voted)	0.38	0.37
23.	36-Women and Child Development, Revenue (Voted)	130.42	115.40
24.	38-Higher Education, Revenue (Voted)	3.52	2.53
25.	1-Home, Capital (Voted)	33.32	33.31
26.	5-Finance, Capital (Voted)	14.16	13.56
27.	7-Works, Capital (Voted)	296.81	282.14
28.	10-School and Mass Education, Capital (Voted)	0.62	0.62
29.	28-Rural Development, Capital (Voted)	164.80	153.40
30.	32-Tourism and Culture, Capital (Voted)	1.14	1.14
TOTAL		2007.48	1620.29

APPENDIX-2.10

{Refer paragraph 2.3.8(ii) at page 39}

Statement showing significant cases of injudicious surrenders (exceeding Rs 1 crore)

Sl. No.	Number and Name of the Grant	Total savings	Amount surrendered	Amount not surrendered
(Rupees in crore)				
REVENUE SECTION (VOTED)				
1.	7-Works	65.30	0.75	64.55
2.	11-Scheduled Tribes, Scheduled Caste Development and Minorities and Backward Classes Development	76.29	62.38	13.91
3.	12-Health and Family Welfare	114.94	82.61	32.33
4.	22-Forest and Environment	27.94	18.62	9.32
5.	23-Agriculture	42.81	17.62	25.19
6.	28-Rural Development	65.62	59.85	5.77
7.	36-Women and Child Development	130.42	115.40	15.02
REVENUE SECTION (CHARGED)				
1.	20-Water Resources	1.36	Nil	1.36
2.	30-Energy	42.76	40.59	2.17
CAPITAL SECTION (VOTED)				
1.	7-Works	296.81	282.14	14.67
2.	20-Water Resources	48.73	21.07	27.66
3.	28-Rural Development	164.80	153.40	11.40
4.	30-Energy	40.00	Nil	40.00
5.	33-Fisheries and Animal Resources Development	3.36	1.16	2.20
TOTAL		1121.14	855.59	265.55

APPENDIX-2.11

{Refer paragraph 2.3.8 (iii) at page 39}

Statement showing significant cases of excessive surrenders

Sl. No.	Number and Name of the Grant	Total Savings	Amount surrendered	Amount surrendered in excess
(Rupees in crore)				
REVENUE SECTION (VOTED)				
1.	8-Orissa Legislative Assembly	0.73	0.83	0.10
2.	13-Housing and Urban Development	66.17	69.97	3.80
3.	16-Planing and Co-ordination	30.06	30.10	0.04
4.	26-Excise	0.60	0.63	0.03
5.	33-Fisheries and Animal Resources Development	14.49	17.38	2.89
REVENUE SECTION (CHARGED)				
1.	1-Home	1.38	2.75	1.37
2.	2049-Interest payments	613.54	641.32	27.78
CAPITAL SECTION (VOTED)				
1.	6-Commerce	1.18	1.44	0.26
2.	11-Scheduled Tribes, Scheduled Caste Development and Minorities and Backward Classes Development	2.97	3.09	0.12
3.	6003-Internal debt of State Government	724.04	725.37	1.33
Total		1455.16	1492.88	37.72

APPENDIX-2.12

Contd.

{Refer paragraph 2.3.8 (iv) at page 39}

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 crore)	
1.	1-Home	2014-Administration and Justice, Central Plan-Dist-Sector-108-Issue of Photo Identity Card to voters, 0001048- Photo Identity card	2.00	2.00
2.	3-Revenue	2029-Land Revenue-Plan-State Plan-Dist sector-102-Survey & settlement operation-1508-updating of land records and strengthening of Revenue Administration	0.07	0.07
3.	3-Revenue	2029-Land Revenue-Plan-State Plan-Dist sector-102-Survey & settlement operation-0170-Computerisation of cadastral survey maps	2.35	2.35
4.	3-Revenue	2029-Land Revenue-Plan-State Plan-Dist sector-102-Survey & settlement operation-1516—Uplinking of tehsils with sub-divisions, districts and State Headquarters	5.87	5.87
5.	3-Revenue	2245-Relief on account of Natural Calamities, Non plan, 01-Drought, 103-Special Nutrition-0000481-Feeding Programme	0.10	0.10
6.	3-Revenue	2245- Relief on account of Natural Calamities, Non plan, 01-Drought, 104-Supply of fodder, 0000481-Feeding Programme	0.50	0.50
7.	3-Revenue	2245- Relief on account of Natural Calamities, Non plan, 02-Flood and Cyclone, 102-DWS, 0000043-Arrangement for drinking water supply	0.06	0.06
8.	3-Revenue	2245-Relief on accounts of Natural calamities, Non plan, 02-Flood and Cyclone, 108-Repairs and Restoration of damaged Govt residential buildings, 0001192-Repair, Renovation and Restoration	0.50	0.50
9.	5-Finance	2071-Pension & other retirement benefits-Non-plan-01-101-1551-Voluntary separation schemes for NMR, DLR	30.00	30.00
10.	5-Finance	2071- Pension & other retirement benefits, Non plan, 01-, 117-, 1766-Contribution Pension Scheme	12.50	12.50
11.	6-Commerce	3056-Inland Water transport-Centrally Sponsored plan-001-Direction & Administration-0618-Hdqs organisation	0.07	0.07
12.	6-Commerce	5056-Capital outlay on inland water, Centrally Sponsored Plan-101-Landing facilities, 0000274-Develoment of Inland Water transport sector in the State	1.43	1.43
13.	7-Works	2059-Public Works, State Plan, State sector-01-106-0507	1.13	1.13

Contd.

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 crore)	
14.	7-Works	2059-Public Works, State Plan, State sector, 01-, 106-0000847	0.95	0.95
15.	7-Works	2059-Public Works, State Plan, State Sector, 01-, 106-, 0000848	35.78	35.78
16.	7-Works	2059-Public Works, State Plan, State Sector, 01-, 106-, 0000920	1.50	1.50
17.	7-Works	2059-Public Works, State Plan, State Sector, 01-, 106-, 0000940-	0.65	0.65
18.	7-Works	2216-Housing-Non-Plan-01-106-	8.00	8.00
19.	7-Works	5054-Capital Outlay on Roads and Bridges, State Plan, State Sector, 03-State Highway, 789-, 0000197-Construction of Roads	5.20	5.20
20.	7-Works	5054- Capital Outlay on Roads and Bridges, State Plan, State Sector, 04-District and Other Roads, 789- 0000197-Construction of Roads	8.25	8.25
21.	7-Works	5054- Capital Outlay on Roads and Bridges, State Plan, State Sector, 03-, 789-, 0000866-Major works	9.73	9.73
22.	10-School and Mass Education	2235-Social security & welfare-central Plan-02-Social welfare-101-Welfare of handicapped-0974-Non-Govt primary schools	1.50	1.50
23.	11-Scheduled Tribes, Scheduled Caste Development and Minorities and Backward Classes Development	2225-Plan-Central Plan-State sector-01-Welfare of SC, 800-Other Expenditure, 0000818-Libn & Rehabilitation of scavenger and their dependants	3.53	3.53
24.	11-Scheduled Tribes, Scheduled Caste Development and Minorities and Backward Classes Development	2225-Welfare of ST, SC and OBC, Central Plan, State Sector, 03-, 277- 0001009-Other Educational facilities	1.00	1.00
25.	11-Scheduled Tribes, Scheduled Caste Development and Minorities and Backward Classes Development	2225-Welfare of ST, SC and OBC, Central Plan, Dist Sector, 02-Welfare of ST, 277-Education, 0001546-Vocational Training Institute	1.15	1.15
26.	11-Scheduled Tribes, Scheduled Caste Development and Minorities and Backward Classes Development	4225-Capital Outlay on Welfare of ST, SC and OBC, State Plan, Dist Sector, 01-Welfare of SC, 277-Education, 0001763-Upgradation of Tribal Secondary School to Higher Secondary School (Science. & Commerce)	9.00	9.00
27.	11-Scheduled Tribes, Scheduled Caste Development and Minorities and Backward Classes Development	4225- Capital Outlay on Welfare of ST, SC and OBC, State Plan, 02-, 277-, 1763-Upgradation of TSS to HSS (Sc. & Comm)	12.00	12.00

Contd.

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 crore)	
28.	11-Scheduled Tribes, Scheduled Caste Development and Minorities and Backward Classes Development	4225- Capital Outlay on Welfare of ST, SC and OBC, Centrally Sponsored Plan, Dist Sector, 02-, 277-, 0000649-Hostels	0.46	0.46
29.	12-Health and Family Welfare	2210-Med & Public Health, Central Plan, State Sector, 01-Urban Health Service Allopathy, 200-Other Health Scheme, 0001447 TB Control Programme.	2.00	2.00
30.	12-Health and Family Welfare	2210-Med & Public Health-Central Plan-State sector-05-Medical Education Training Research, 101-Ayurveda, 0000348-Education	0.92	0.92
31.	12-Health and Family Welfare	2210-Medical and Public Health, Central Plan, Dist Sector, 04-Rural Health Service-Other Systems of Medicine, 101-Ayurveda, 0000646-Hospitals & Dispensaries	1.01	1.01
32.	12-Health and Family Welfare	2210- Medical and Public Health,-Central Plan-Dist Sector, 04-, 102-Homeopathy, 0000646-Hospitals and Dispensaries	0.91	0.91
33.	12-Health and Family Welfare	2210-Medical and Public Health,-Central Plan-Dist Sector, 04-, 796-, 0000062-Ayurvedic Hospitals and Dispensaries.	0.50	0.50
34.	12-Health and Family Welfare	2210- Medical and Public Health, Central Plan, Dist Sector, 06-Public Health, 101-Prevention and Control of diseases, 0000957-National Malaria Eradication Programme.	30.00	30.00
35.	12-Health and Family Welfare	2210- Medical and Public Health, Central Plan, Dist Sector, 06-, 104-Transport, 0001347-State Health Transport Organisation	0.87	0.87
36.	12-Health and Family Welfare	2210- Medical and Public Health, Central Plan, Dist Sector, 06-, 105-Compensation, 0000164-Compensation and Assignment.	4.02	4.02
37.	12-Health and Family Welfare	2210- Medical and Public Health, State Plan, State Sector, 01-Urban Health Service Allopathy, 001-, 0001800-DFID assisted HSD	19.67	19.67
38.	13-Housing and Urban Development	2059-Public Works, Non Plan, 01-, 053-Maintenance and Repairs, 0001802-Maintenance of Non-residential Building under 12 th Finance Commission	2.50	2.50
39.	13-Housing and Urban Development	2216-Housing, Non-Plan. 01-Govt. Residential Buildings, 106-General Pool Accommodation.	13.07	13.07
40.	13-Housing and Urban Development	2216-Housing, State Plan, Dist Sector, 80-General, 789-Special Component Plan for SCs, 0000575-Grants to HBDA, IT/SPA towards infrastructural development of Housing scheme of LIG and EWS categories.	1.36	1.36
41.	13-Housing and Urban Development	2217-Urban Development, State Plan, Dist Sector, 04-Slum Area Improvement, 192-Assistance to Municipalities/Municipal Councils, 0001840-NURM	1.35	1.35

Contd.

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 crore)				
42.	13-Housing and Urban Development	2217-Urban Development, State Plan, Dist Sector, 04-Slum Area Improvement, 193-Assistance to Nagar Panchayats/NACs or Equivalent thereof, 0001840-National Urban Renewal Mission	1.46	1.46
43.	13-Housing and Urban Development	2217-Urban Development, State Plan, Dist Sector, 04-Slum Area Improvement, 796-Tribal Area Sub-plan, 0001840-NURM	1.29	1.29
44.	13-Housing and Urban Development	2217-Urban Development, State Plan, Dist Sector, 05-Other Urban Development Schemes, 191-Assistance to Municipal Corporations, 0001840-NURM	29.25	29.25
45.	13-Housing and Urban Development	2217-Urban Development, State Plan, Dist Sector, 05-Other Urban Development Schemes, 192-Assistance to Municipalities/Municipal Councils, 0001840-NURM	21.38	21.38
46.	13-Housing and Urban Development	4216-Capital Outlay on Housing, State Plan, State Sector, 03-Rural Housing, 190-Investment in Public Sector and other undertakings, 0001277-Share Capital Investment in PSUs/Corporations/Co-operatives.	2.00	2.00
47.	16-Planing and Co-ordination	3451-Secretariat Economic services, SP, SS, 102- District Planning Machinery, 0001880-Capacity Building Preparation at Dist/Block/Village under BRGF	19.00	19.00
48.	16-Planing and Co-ordination	3451-Secretariat Economic services, SP, State Sector, 092-Other Offices, 0001029-One time ACA for improving capacity for project formulation and monitoring	0.30	0.30
49.	17-Panchayati Raj	2505-Rural Employment-State Plan-01-National Programmes-701-Jawahar Rozgar Yojana-0685-Indira Awas Yojana	20.7	20.7
50.	17-Panchayati Raj	2505-Rural Employment-State Plan-01-National Programmes-701-Jawahar Rozgar Yojana-1250-Sampurna Gramina Rojgar Yojana	53.84	53.84
51.	17-Panchayati Raj	2505-Rural Employment-State Plan-01-National Programmes-701-Jawahar Rozgar Yojana-1746-National Food for Work Programme	1.78	1.78
52.	17-Panchayati Raj	2505-Rural Employment, State Plan, 01-, 789-Special Component Plan for SC, 0000685-Indira Awas Yojana	11.30	11.30
53.	17-Panchayati Raj	2505-Rural Employment, State Plan, 01-, 789-Special Component Plan for SC, 0001250-Sampurna Gramina Rojagar Yojana	25.91	25.91
54.	17-Panchayati Raj	2505-Rural Employment, State Plan, 01-National Programmes-796-Tribal Area Sub Plan-0685-Indira Awas Yojana	19.00	19.00

Contd.

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 crore)	
55.	17-Panchayati Raj	2505-Rural Employment-State Plan-01-National Programmes, 796-Tribal Area Sub Plan, 0001250-Sampurna Gramin Rojgar Yojana	44.76	44.76
56.	17-Panchayati Raj	2505-Rural Employment, State Plan, 01-National Programmes, 796-Tribal Area Sub Plan, 0001746-National Food for work programme	3.62	3.62
57.	17-Panchayati Raj	2515-Other Rural Development programme, State Plan, 800-Other expenditure, 0001877-Backward Region Grant Fund	90.00	90.00
58.	19-Industries	2851-Village and Small Industries, State Plan, State Sector, 104- Handicapped Industry, 0001819-Development of Handicrafts Enterprises	1.09	1.09
59.	19-Industries	2851-Village and Small Industries, State Plan, State Sector, 104-Handicapped Industry, 1818-Integrated Support to Handicraft Societies through NID	1.50	1.50
60.	19-Industries	2851-Village and Small Industries, Centrally Sponsored Plan, State Sector, 102-, 0000738-IDC	1.00	1.00
61.	19-Industries	2851-2851-Village and Small Industries, Centrally Sponsored Plan, State Sector, 104-, 0001819-Development of handicrafts Enterprises	3.27	3.27
62.	19-Industries	2852-Industries, State Plan, State Sector, 08-Consumer Industries, 101-Edible Oil	1.16	1.16
63.	22-Forest and Environment	2406-Forestry and Wildlife-plan-Centrally sponsored Plan-State sector-02-Environment Forestry and Wild Life, 111-Geological Park, 0000966-Nature conservation	0.82	0.82
64.	23-Agriculture	2401-Crop Husbandry, Centrally Sponsored Plan, Dist Sector, 119-Horticulture and Vegetable Crops.	4.22	4.22
65.	23-Agriculture	2401-Crop Husbandry, Centrally Sponsored Plan, Dist Sector, 789-, 0001862-Macro Irrigation	1.11	1.11
66.	23-Agriculture	2401-Crop Husbandry, Centrally Sponsored Plan, Dist Sector, 796-Tribal Area Sub-plan, 0001862-Macro Irrigation	1.53	1.53
67.	27-Science and Technology	2810-Non-conventional sources of energy-state plan-60-others-800-other expenditure-0741-Integrated Rural Energy programme	1.10	1.10
68.	27-Science and Technology	2810-Non-conventional sources of energy-state plan-60-others-800-other expenditure-1826-Remote village Electrification through Non-conventional sources of energy	10.00	10.00

Contd.

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 crore)	
69.	27-Science and Technology	2810-Non-conventional sources of energy-Centrally Sponsored plan-60-others-800-other expenditure-0741-Integrated Rural Energy programme	1.10	1.10
70.	27-Science and Technology	2810-Non-conventional Sources of Energy, CSP, 60-others, 800-Other Expenditure, 0001826-Remote Village Electrification through non-conventional sources of Energy	95.09	95.09
71.	27-Science and Technology	3425-Other Scientific Research, State Plan, District Sector, 200-Assistance to other scientific bodies-1828-GRAMSAT including EDUSAT prog under RLTA in KBK Dist	0.68	0.68
72.	28-Rural Development	4210-Capital Outlay on Medical and Public Health, State Plan, Dist Sector, 02-, 796-, 0000646-Hospital & Dispensaries	0.45	0.45
73.	30-Energy	2801-Power-State plan-05-Transmission & Distribution-800-Other expenditure-0569-Grants and assistance	40.00	40.00
74.	30-Energy	6801-Loans for power projects-State plan-state sector-205-Transmission & Distribution-1378-Strengthening & Improvement of Distribution System under accelerated Power Development Reform programme.	40.00	40.00
75.	32-Tourism and Culture	5452-Capital Outlay on Tourism, Centrally Sponsored Plan, State Sector, 01-Tourist Infrastructure, 102-Tourist Accommodation, 0001468-Tourist Accommodation	0.72	0.72
76.	33-Fisheries and Animal Resources Development	2403-Animal Husbandry, Central Plan, State Sector, 113-Administration Investigation and Statistics	1.11	1.11
77.	33-Fisheries and Animal Resources Development	2405-Fisheries-Plan-State Plan-State sector-109-Extension & training-0506-Fisheries Training & extension	0.20	0.20
78.	33-Fisheries and Animal Resources Development	2405-Fisheries-Plan-State Plan-District Sector-101-Inland Fisheries-0283-development of water logged areas through FFDA	0.30	0.30
79.	33-Fisheries and Animal Resources Development	2405-Fisheries-Plan-Central Plan-State sector-101-Inland fish-0404-Establishment of Fish seed Hatchery	0.30	0.30
80.	33-Fisheries and Animal Resources Development	2405-Fisheries-Plan-Central Plan-State sector-1382-Strengthening of database and Information-networking	0.10	0.10
81.	33-Fisheries and Animal Resources Development	2405-Fisheries-Plan-Central Plan-State sector, 0756-Introduction of intermediary craft improved design	0.16	0.16
82.	33-Fisheries and Animal Resources Development	2405-Fisheries, Central Plan, District Sector, 101-Inland Fisheries, 0000407-Establishment of laboratories at state level for water quality and fish health investigation	0.30	0.30

Concl'd

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 crore)	
83.	33-Fisheries and Animal Resources Development	2405-Fisheries-Plan-Centrally Sponsored Plan-State sector-109-Extension & training-0506-fishing training and extension	0.60	0.60
84.	33-Fisheries and Animal Resources Development	2405-Fisheries, Centrally Sponsored Plan, Dist Sector-101-Inland Fisheries, 0000262-development of Brackish water Acquaculture through FFDA	1.50	1.50
85.	33-Fisheries and Animal Resources Development	2405-Fisheries, Centrally Sponsored Plan, District Sector, 0000283-Development of Water-logged areas through FFDA	0.90	0.90
86.	33-Fisheries and Animal Resources Development	2405-Fisheries, Centrally Sponsored Plan, Dist Sector, 0000091-Brackish Water Fish Development Agency	0.60	0.60
87.	33-Fisheries and Animal Resources Development	4405-Capital outlay on Fisheries-Plan-State Plan-Dist Sector-789-Special component plan for SCS-0405-Establishment of fishing harbour and fish landing centre	0.95	0.95
88.	36-Women and Child Development	2235-Social Security and Welfare, Cental Plan-02-103-0001436-Swayam Sidha Yojana	0.58	0.58
89.	36-Women and Child Development	2235- Social Security and Welfare, Cental Plan, Dist sector-02-102-1585-World Bank assisted ICDS-III project	5.48	5.48
90.	36-Women and Child Development	2235- Social Security and Welfare, Cental Plan, Dist Sector-02-103-0074-Balika Samridhi Yojana	6.50	6.50
91.	36-Women and Child Development	2235- Social Security and Welfare, Cental Plan, Dist sector-02-103-1436-Swayam Sidha Yojana	0.95	0.95
92.	36-Women and Child Development	2236-Nutrition, State Plan-Dist sector-02-101-0980-Nutrition for adolescent girls	2.93	2.93
93.	36-Women and Child Development	2236-Nutrition, State Plan-Dist sector-02-796-0980-	1.12	1.12
		Total	808.47	808.47

APPENDIX-2.13

Contd.

(Refer paragraph 2.3.8 (v) at page 39)

Statement showing significant cases of anticipated savings not surrendered

Sl. No.	Grant Number and Name	Head of Account	Total Grant	Actual expenditure	Savings
(Rupees in lakh)					
REVENUE SECTION					
1.	4-Law	2250-Other Social Service, Non-plan, 103-Upkeep of Shrines, Temples, 0122A-Charitable Allowances for upkeep of temples	22.00	0	22.00
2.	5-Finance	2235-Social Security and Welfare, Non-plan, 60-, 102-, 0001044-Pension to unprisoned freedom fighters	50.50	0	50.50
3.	7-Works	3054-Roads and Bridges, State Plan, State Sector, 80-, 797-Transfer to Reserve Fund/Deposit Account, 0001361-State Road Fund	5500.00	0	5500.00
4.	7-Works	4210-Capital Outlay on Medical and Public Health, Central Plan, State Sector, 02-, 102-, 0000182-	11.00	0	11.00
5.	7-Works	4217-Capital Outlay on Urban Development, State Plan, State Sector, 01-, 050-, 190-	4.09	0	4.09
6.	9-Food Supplies and Consumer Welfare	2408-Fund Storage and Ware housing, State Plan, State Sector, 01-Food, 796-Tribal Area Sub-plan, 0000571-Grant and Subsidies.	110.00	0	110.00
7.	11-Scheduled Tribes, Scheduled Caste Development and Minorities and Backward Classes Development	2225-Welfare of SC, ST and OBC, State Plan, State Sector, 80-General, 001-Direction and Administration, 0000308-District Establishment	3.00	0	3.00
8.	17-Panchayati Raj	2515-Other Rural Development Programme, Central Plan, 003-Training, 0001350-State Institute of Rural Development	1.18	0	1.18
9.	20-Water Resources	2700-Major Irrigation, Non-plan, 03-Delta Irrigation Scheme, Stage-II Project (Commercial), 101-Maintenance and Repair, 0000851-Maintenance and Repair.	66.78	0	66.78
10.	20-Water Resources	2700-Major Irrigation, Non-plan, 05-Mahanadi-Birupa Barrage Project (Commercial), 101-Maintenance and Repair, 0000851-Maintenance and Repair (Charged)	20.00	0	20.00
11.	20-Water Resources	2705-Command Area Development, Centrally Sponsored Plan, District Sector, 01-Flood Control, 800-Other Expenditure, 0001214-River Embankment maintenance (Charged)	30.01	0	30.01
12.	20-Water Resources	2705-Command Area Development, Centrally Sponsored Plan, District Sector, 02-Anti sea erosion project, 800-Other expenditure, 0000851-Maintenance and Repair (Charged)	18.53	0	18.53

Concl'd

Sl. No.	Grant Number and Name	Head of Account	Total Grant	Actual expenditure	Savings
(Rupees in lakh)					
13.	20-Water Resources	4701-Capital Outlay on Medium Irrigation Project, State Plan, 53- Irrigation Project (Commercial) (AIBP), 800-Other Expenditure, 0001808-Wages Establishment	15.51	0	15.51
14.	22-Forest and Environment	2406-Forestry and Environment, Non-plan, 01-Forestry, 800-Other Expenditure, 0000167-Compensatory afforestation in the project area	569.42	0	569.42
15.	22-Forest and Environment	2406-Forestry and Environment, State Plan, State Sector, 01-Forestry, 102-, 0001004-OFSDP (EAP, JBIC) Japan assisted	720.00	0	720.00
16.	22-Forest and Environment	2406-Forestry and Environment, State Plan, State Sector, 01-Forestry, 102-, 0001780-Orissa fund for development initiatives	50.00	0	50.00
17.	28-Rural Development	2215-Water Supply and Sanitation, State Plan, State Sector, 01-Water Supply, 799-Suspense, 0001431-Suspense	200.00	0	200.00
18.	28-Rural Development	2215-Water Supply and Sanitation, State Plan, State Sector, 02-Sewrate and Sanitation, 789-Special Component Plan for SCs, 0001232-, Rural Sanitation	60.00	0	60.00
19.	33-Fisheries and Animal Resources Development	2403-Animal Husbandry, Central Plan, State Sector, 789-Special Component Plan for SCs, 0001249-Sample Survey in estimation of production of milk egg, wool and meat	3.74	0	3.74
20.	33-Fisheries and Animal Resources Development	4405-Capital Outlay on Fisheries, State Plan, District Sector, 103-Marine Fisheries, 0000337-Development of Road Infrastructure for fisheries	59.94	0	59.94
21.	33-Fisheries and Animal Resources Development	4405-Capital Outlay on Fisheries, State Plan, District Sector, 103-Marine Fisheries, 0000405-Esatablishment of Fishing harbour and fish landing center	65.00	0	65.00
22.	33-Fisheries and Animal Resources Development	4405-Capital Outlay on Fisheries, 789-Special Component plan for SCs, 0000405-Establishment of fishing harbour and fish landing center	95.00	0	95.00
23.	34-Co-operation	2425-Co-operation, Central Plan, State Sector, 107-Assistant to Credit Co-operatives (Charged)	100.00	0	100.00
24.	38-Higher Education	6202-Loans for Education, Sports, Arts and Culture, Non-plan, 01-General Education 203-University and Higher Education, 0000824-Loan Stipend Fund	120.00	0	120.00
Total			7895.70	0	7895.70

APPENDIX-2.14

(Refer paragraph 2.3.9 at page 39)

Statement showing cases where expenditure fell short by Rs 1 crore and over 20 per cent of provision

Sl. No.	No. of the Grant/Appropriation	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)	1714.53	570.56	33
2.	5	Finance (Voted)	2020.51	455.92	23
3.	5	Finance (Charged)	190.00	100.00	53
4.	20	Water Resources (Charged)	1.36	1.36	100
5.	27	Science and Technology (Voted)	115.20	108.43	94
6.	30	Energy (Voted)	76.29	42.76	56
CAPITAL SECTION					
1.	1	Home (Voted)	84.77	33.32	39
2.	6	Commerce (Voted)	3.43	1.18	34
3.	7	Works (Voted)	622.86	296.81	48
4.	13	Housing and Urban Development (Voted)	120.58	29.29	24
5.	28	Rural Development (Voted)	317.04	164.80	52
6.	33	Fisheries and Animal Resources Development (Voted)	5.36	2.00	37
7.	38	Higher Education (Voted)	1.20	1.20	100
8.	6003	Internal Debt of State Government (Charged)	1795.49	724.04	40

APPENDIX-2.15

(Refer paragraph 2.3.10 at page 39)

Statement of New Service/New Instrument of Service

Sl. No.	Grant Number and Name	Head of Account	Amount (Rupees in lakh)
1.	28- Rural Development	5054-Capital Outlay on Roads and Bridges, State Plan, District Sector, 04-District and Other Roads, 800-Other Expenditure, 0000836-Lump Provision for other works	90.04
2.	30-Energy	2801-Power, Non-plan, 01-Hydel Generation, 106-Machhkund Hydro electric project	9.26
Total			99.30

APPENDIX-2.16

Contd.

(Refer paragraph 2.3.11 at page 39)

Statement showing significant cases of injudicious re-appropriation

Sl. No.	Grant	Head of Account	Grants				Actual Expenditure	Savings
			Original	Supplementary	Augmentation	Total		
			(Rupees in crore)					
1.	7-Works	2216-Housing, Non-plan, 05-, 053-, 0001331-Special repair to River Bank at New Capital	--	4.5	8.23	12.73	11.35	1.38
2.	9-Food Supplies and Consumer Welfare	2408-Food storage and warehousing, State Plan, State Sector, 01-Food, 796-Tribal Area Sub-plan, 000571-Grant and subsidies	Nil	Negligible	1.10	1.10	0	1.10
3.	10-School and Mass Education	2202-General Education, Non-plan, 01-, 101-, 0000538-General Primary Schools	831.10	10.69	32.93	874.72	862.49	12.23
4.	10-School and Mass Education	2202-General Education, State Plan, District Sector, State Plan, 01-, 789-, 0000984-Non-Govt. High Schools	--	10.63	2.05	12.68	3.76	8.92
5.	12-Health and Family Welfare	2210-Medical and Public Health, Non-plan, 03-Rural Health Service Allopathy, 103-Primary Health Center, 0001092-P.H.C.	130.75	--	15.75	146.50	Not given	9.25
6.	12-Health and Family Welfare	2211-Family Welfare, Central Plan, District Sector, 101-Rural Family Welfare Service, 0001227-Rural Family Welfare Sub-centre	41.01	--	2.58	43.59	42.05	1.54
7.	17-Panchayati Raj	2501-Special Programme for Rural Development, Non-plan, 01-IRDP, 001-Direction and Administration, 0001706-Strengthening of block organisation (Under the Award of 2 nd State Financial Corporation	32.59	Negligible	5.08	37.67	32.75	4.92
8.	17-Panchayati Raj	2505-Rural Employment, State Plan, 60-Other programmes, 106-NREGA, 0001872-NREGS	--	--	14.42	14.42	4.32	10.10
9.	17-Panchayati Raj	2505-Rural Employment, State Plan, 60-Other programmes, 789-Special component plan for Scheduled Castes, 0000685-Indira Awas Yojana	--	3.93	12.35	16.28	9.06	7.22
10.	17-Panchayati Raj	2505-Rural Employment, State Plan, 60-Other programmes, 789-Special component plan for Scheduled Castes, 0001872-NREGS	--	--	7.20	7.20	2.44	4.76
11.	20-Water Resources	4700-Capital Outlay on Major Irrigation, State Plan, State Sector, 19-Rengali Irrigation Project (Commercial), 800-Other Expenditure, 0001148-Project expenses funded under OECF	49.88	Negligible	9.57	59.45	58.01	1.44

Concl'd

Sl. No.	Grant	Head of Account	Grants				Actual Expenditure	Savings
			Original	Supplementary	Augmentation	Total		
			(Rupees in crore)					
12.	20-Water Resources	4700-Capital Outlay on Major Irrigation, State Plan, State Sector, 20-Subamarekha Irrigation, 800-Other expenditure, 1151-Project expenses	43.02	69.51	23.02	135.55	132.78	2.77
13.	20-Water Resources	4711-Capital Outlay on flood control project, State Plan, State Sector, 02-Anti-sea erosion project, 103-Civil Works, 0001628-Improvement and Production to Saline Water embankment	0.62	0.45	0.36	1.43	0.13	1.30
14.	28-Rural Development	2216-, Housing, Non-plan, 05-General Pool Accommodation, 053-Maintenance and Repair, 0001789-Maintenance and Renovation of Quarters of doctors and para medical staff.,	--	0.83	3.75	4.58	2.30	2.28
15.	38-Higher Education	2202-General Education, Non-plan, 03-University and Higher Education, 104-Assistance to Non-Govt. colleges and institutes, 0000973-Non-Govt. colleges	69.73	Negligible	7.00	76.73	76.56	0.17

APPENDIX-2.17

(Refer paragraph 2.3.11 at page 39)

Statement showing significant cases of Injudicious Reappropriation

(Rupees in crore)

Sl. No.	Grant	Head of Account	Grants				Actual Expenditure	Excess
			Original	Supplementary	Augmentation	Total		
1.	20-Water Resources	2700-Major Irrigation, Non-Plan, 02-Delta Irrigation Scheme Stage-I Project (Commercial), 101-Maintenance and Repair, 0000851-Maintenance and Repair	7.80	0.22	(-) 0.10	7.92	9.49	1.57
2.	20-Water Resources	2700-Major Irrigation, Non-plan, 03-Delta Irrigation Scheme Stage-III Project (Commercial), 101-Maintenance and Repair, 0000851-Maintenance and Repair	7.06	Negligible	(-) 0.66	6.40	7.47	1.07
3.	20-Water Resources	2700-Major Irrigation, Non-plan, 08-Regali Dam Project (Commercial), 101-Maintenance and Repair	2.52	0.31	(-) 0.01	2.82	4.29	1.47
4.	22-Forest and Environment	2406-Forestry and Wile Life, State Plan, State Sector, 01-Forestry, 789-Special Component Plan for SCs, 0001004-OFSD Project (EAP) JBIC Japan assisted	5.18	--	(-) 2.36	2.82	12.00	9.18
5.	11-Scheduled Tribes, Scheduled Caste Development and Minorities and Backward Classes Development	2225-Welfare of ST, SC and OBC, Non-plan, 02-Welfare of ST, 277-Education, 0001009-Other Educational facilities	23.17	--	(-) 0.32	22.85	44.07	21.22
6.	28-Rural Development	3054-Roads and Bridges, Non-plan, 04-District other roads, 337-Road Works, 0001230-Rural Roads	86.38	0.17	(-) 4.83	81.72	90.00	8.28
7.	7-Works	2059-Public Works, Non-plan, 80-General, 001-Direction and Administration, 053-Maintenance and Repair, 0001645-Maintenance of Non-residential buildings under Chief Engineer (R&B)	94.62	3.21	(-) 1.00	96.83	98.59	1.76
8.	7-Works	3054-Roads and Bridges, Non-plan, 03-State Highways, 337-Road works, 0000850-Maintenance and Repair of Roads under Chief Engineer (R&B)	26.50	Negligible	(-) 0.9	25.60	28.01	2.41
9.	7-Works	5054-Capital Outlay on Roads and Bridges, State Plan, State Sector, 04-District and Other Roads, 800-Other Expenditure, 0001217-Road Works out of Central Road fund	0.80	Negligible	(-) 0.1	0.7	3.04	2.34
Total			254.03	3.91	(-) 10.28	247.66	296.96	49.30

APPENDIX-2.18

(Refer paragraph 2.4.4 at page40)

Statement showing the cases of Surrender of entire provision on 31st March

(Rupees in lakh)

Sl. No.	Name of the Department	Head of Account	Amount of provision			Amount surrendered
			Original	Supplementary	Total	
1.	28-Rural Development	4210-COL on Medical and Public Health, State Plan, District Sector, 02-Rural Health Services, 789-Special Component for Scheduled Castes, 0001095-Primary Health Centre KBK district under RLTA	12.19	Nil	12.19	12.19
2.	28-Rural Development	4210-Capital Outlay on Medical and Public Health, State Plan, Dist. Sector, 02-Rural Health Services, 796-Tribal Area Sub-plan, 0001095-Public Health Centre, KBK District under RLTA	28.81	Nil	28.81	28.81
3.	28-Rural Development	4210-Capital Outlay on Medical and Public Health, District Sector, 02-Rural Health Services, 110-Hospitals and Dispensary, 0646-Hospital and Dispensaries.	Nil	45.00	45.00	45.00
4.	11-Scheduled Tribes, Scheduled Caste Development and Minorities and Backward Classes Development	2225-Welfare of SC, ST & OBC, CP, SS, 03-Welfare of Backward classes, 277-Education, 0001009-Other Educational facilities	100.00	Nil	100.00	100.00
5.	11-Scheduled Tribes, Scheduled Caste Development and Minorities and Backward Classes Development	2225-Welfare of SC, ST & OBC, CP, DS, 02-Welfare of ST, 277-Education, 0001546-Vocational Training Institute	115.00	Nil	115.00	115.00
6.	11-Scheduled Tribes, Scheduled Caste Development and Minorities and Backward Classes Development	4225-Capital Outlay on SC, ST & OBC, SP, DS, 01-Welfare of SC, 277-Education, 0001763-Upgradation of Tribal Secondary School to Higher Secondary Schools (Science & Commerce)	900.00	Nil	900.00	900.00
7.	11-Scheduled Tribes, Scheduled Caste Development and Minorities and Backward Classes Development	4225-Capital Outlay on SC, ST & OBC, SP, DS, 02-Welfare of ST, 277-Education, 0001763-Upgradation of Tribal Secondary School to Higher Secondary Schools (Science & Commerce)	1200.00	Nil	1200.00	1200.00
7.	19-Industries	2851-Village and Small Industries, CSP, Director of Industry, Cuttack, 102-Small Scale Industries, 0003738-Integrated Infrastructure Development	100.00	--	100.00	100.00
8.	19-Industries	2852-Industries, State Plan, State Sector, 08-Consumers Industries, 101-Edible Oil, 0000569-Grants ;in Assistance, 91076-Refund of Sales Tax to Mega Project under Special Industrial Promotion Assistance (SEPA)	116.00	--	116.00	116.00
Total			2572.00	45.00	2617.00	2617.00

APPENDIX-2.19

(Refer paragraph 2.6 at page 42)

Particulars of Major Head under which expenditure during March 2007 was substantial and also exceeded 70 per cent of the total expenditure during the year 2006-2007

Sl. No.	Major Head of Account.	Total Expenditure up to the month of March 2007	Expenditure for the month of March 2007	Percentage of Expenditure during March 2007 to total Expenditure
(Rupees in lakh)				
1	2	3	4	5
Revenue Section				
1.	2203-Technical Education(CSP).	16.52	13.73	83
2.	2403-Animal Husbandry(CP).	19.52	13.85	71
3.	2405-Fisheries(NP).	50.60	50.00	99
4.	3454-Census Survey and Statistics(SP).	9.53	8.73	92
5.	3475-Other General Economics Services(SP).	14.27	14.12	99
Capital Section				
1.	4055-Capital Outlay on Police (NP).	1303.44	1216.24	93
2.	4210-Medical and Public Health (NP).	1900.00	1900.00	100
3.	4225-Welfare of SC&ST and OBC (CP).	240.00	240.00	100
Loans and Advances				
1.	6851-Loans on Villages and small industries.	76.50	76.50	100
2.	6859- Loans to Telecommunication and Electronics Industries.	911.09	911.09	100
3.	6885-Other loans to Industries And Minerals.	118.40	118.40	100

APPENDIX-2.20

(Refer paragraph 2.7 at page 42)

**Statement showing details of amount kept under 8443-Civil Deposits-
800-Other Deposits**

Year	Opening Balance	Deposit	Withdrawal	Closing Balance
	(R u p e e s i n c r o r e)			
2001-2002	616.72	307.59	180.87	743.44
2002-2003	743.44	227.31	173.46	797.29
2003-2004	797.29	171.85	206.42	762.72
2004-2005	762.72	98.10	220.84	639.98
2005-2006	639.98	54.09	147.71	546.36
2006-2007	546.36	30.32	81.09	495.59

APPENDIX-3.1

(Refer paragraph 3.1.8.1 at page 50)

Statement showing the details of excess payment towards subsidy on agriculture implements/farm equipment, sprinklers, diesel pump sets, sprayers, milch cows, goats etc under SCA (IGS) during 2006-07

(Rupees in lakh)

Sl. No.	Items on which subsidy was paid	Number of ITDAs involved	Number of beneficiaries	Total cost	Rate of subsidy allowed (in per cent)	Amount of subsidy paid	Subsidy admissible	Amount of excess subsidy paid
1.	Agriculture implements, sprinklers, diesel pump sets, sprayers	9 ¹	1857 (individual) 33 Pani Panchayats (PP), 41 SHGs	188.46	100	188.46	94.23	94.23
2.	Milch cows and goats	2 ²	2570 (individual)	114.54	100	114.54	57.27	57.27
3.	Agriculture implements/farm equipment	6 ³	440 (individual) 25 PPs, 142 SHGs	197.77	90 to 95	179.89	98.86	81.03
	Total	11 ITDAs	4867 (individual) 58 PPs, 183 SHGs	500.77		482.89	250.36	232.53

¹ ITDAs—(i) Gunupur: Rs 4.80 lakh, (ii) Koraput: Rs 9.90 lakh, (iii) Malkangiri: Rs 28.52 lakh, (iv) Nabarangpur: Rs 7.30 lakh, (v) Rairangpur: Rs 12.17 lakh, (vi) Sundargarh: Rs 5.40 lakh, (vii) Th. Rampur: Rs 70.75 lakh, (viii) Jeypore: Rs 14.26 lakh and (ix) Karanjia: Rs 35.36 lakh.

² ITDAs—(i) Koraput: Rs 42 lakh and (ii) Jeypore: Rs 72.54 lakh.

³ ITDAs—(i) Keonjhar: Rs 6.61 lakh, (ii) Nabarangpur: Rs 26.82 lakh, (iii) Rairangpur: Rs 18.02 lakh, (iv) Rayagada: Rs 6.73 lakh, (v) Sundargarh: Rs 20.40 lakh and (vi) Karanjia: Rs 2.70 lakh.

Name of the ITDAs	Sl. No	Name of the projects	Estimated cost	Expenditure up to 31 March 2007	Schedule date of completion	Period lapsed after scheduled completion date
			(Rupees in lakh)			
	35	Improvement of Road from PWD road to Khajakhai	3.24	2.81	3 October 03	42 months
	36	Construction of SM bridge at K.Pali	18.35	11.04	5 January 2004	38 months
	37	Construction of road from Pedakonda to Bailopasi	12.67	10.26	5 December 2003	39 months
	38	Construction of road from Bhaur to Khairapali	9.07	6.05	1 February 2004	38 months
	39	Improvement of road from Bhaur to Balimela	5.60	3.10	17 January 2004	38 months
	40	Improvement of road from MV 8 to Baliapani	16.98	10.58	17 August 2005	19 months
Koraput	41	Construction of cluster quarters at Lamtaput	38.20	17.73	20 August 2004	31 months
Balliguda	42	Construction of D/W at Mada in Balliguda Block (RSVY)	3.00	1.46	15 March 2005	24 months
Rayagada	43	Construction of CD work on PWD road to Meenapai on Meenapai Nullah	16.98	7.91	31 December 2003	30 months
Nabarangpur	44	Construction of Check dam at Mohurpur, Khoj	20.00	4.87	27 December 2004	27 months
	45	SEI, Antasore	4.00	2.77	18 September 2005	18 months
Rairangpur	46	Construction of RCC Rig well at Kaliaput	0.47	0.24	22 June 2001	21 months
	47	Construction of RCC Rig well at Pandupani High School	0.44	0.28	9 June 2005	19 months
	48	Construction of Jambani MIP	2.50	2.26	19 August 2004	28 months
	49	Construction of Kudresahi MIP	2.50	1.82	20 August 2004	28 months
	50	Construction of PCB at Bahalda	1.50	0.88	3 April 2005	23 months
	51	Construction of HR & bank connection to Tapatola MIP	2.69	2.54	24 November 2004	28 months
	52	Construction of PCB at Singadadhip	4.50	3.91	14 August 2005	19 months
	53	Construction of RCC Rig well at Delki	0.40	0.33	23 September 2005	18 months
		Total	446.71	260.03		

Contd.

Name of the ITDAs	Sl. No	Name of the projects	Estimated cost	Expenditure up to 31 March 2007	Schedule date of completion	Period lapsed after scheduled completion date
			(Rupees in lakh)			
	13	Construction of CD at Kularg	3.00	2.22	18 December 03	39 months
	14	Improvement of D/W at Hadahari	2.50	2.30	8 August 2005	19 months
	15	Improvement of D/W at Thakuni	2.00	1.58	8 August 2005	19 months
	16	MIP at Harekrushnapur	3.00	1.98	8 August 2005	19 months
	17	MIP at Jhikeijhuli	3.00	1.84	8 August 2005	19 months
	18	D/W at Malipada	2.50	1.41	8 August 2005	19 months
	19	D/W at Katarbadi	3.00	0.49	8 August 2005	19 months
	20	Approach road to CD	3.00	2.28	18 August 2005	19 months
	21	Water supply to Gopalpur	1.25	1.01	18 August 2005	19 months
	22	Construction of bath Room and Toilet Kanganoriya Ashram School	1.25	0.78	18 August 2005	19 months
	23	Construction of D/W at Damapadar	4.83	4.15	18 August 2005	19 months
	24	Construction of D/W at badabandha	2.17	1.81	21 October 2005	17 months
	25	Construction of D/W at Tangurir	2.00	1.97	25 October 2005	17 months
	26	Construction of D/W at Sorishapadar	5.00	4.13	28 November 2005	16 months
	27	Construction of D/W at Bhatulutbaya Amtikota	5.00	4.65	27 October 2005	17 months
Malkangiri	28	Construction of SM Bridge at Tatiguda Nullah	25.19	0.00	7 May 2003	46 months
	29	Construction of Minor Bridge on Badabada	3.95	1.26	24 April 2003	47 months
	30	Construction of Bridge at Kumar Nullah	8.16	6.55	24 July 2003	44 months
	31	Construction of 3 nos. of RCC culverts at Gorakhpali	3.97	2.76	25 April 2003	47 months
	32	Construction of D/W at Laxmiguda	4.20	3.92	20 August 2003	43 months
	33	Improvement of road from Baheer to Balimela	5.60	4.26	30 September 2003	42 months
	34	Construction of Minibandh at Baheer to balimela	5.60	4.80	30 September 2003	42 months

Name of the ITDAs	Sl. No	Name of the projects	Estimated cost	Expenditure up to 31 March 2007	Schedule date of completion	Period lapsed after scheduled completion date
			(Rupees in lakh)			
	35	Improvement of Road from PWD road to Khajakhai	3.24	2.81	3 October 03	42 months
	36	Construction of SM bridge at K.Pali	18.35	11.04	5 January 2004	38 months
	37	Construction of road from Pedakonda to Bailopasi	12.67	10.26	5 December 2003	39 months
	38	Construction of road from Bhaur to Khairapali	9.07	6.05	1 February 2004	38 months
	39	Improvement of road from Bhaur to Balimela	5.60	3.10	17 January 2004	38 months
	40	Improvement of road from MV 8 to Baliapani	16.98	10.58	17 August 2005	19 months
Koraput	41	Construction of cluster quarters at Lamtaput	38.20	17.73	20 August 2004	31 months
Balliguda	42	Construction of D/W at Mada in Balliguda Block (RSVY)	3.00	1.46	15 March 2005	24 months
Rayagada	43	Construction of CD work on PWD road to Meenapai on Meenapai Nullah	16.98	7.91	31 December 2003	30 months
Nabarangpur	44	Construction of Check dam at Mohurpur, Khoj	20.00	4.87	27 December 2004	27 months
	45	SEI, Antasore	4.00	2.77	18 September 2005	18 months
Rairangpur	46	Construction of RCC Rig well at Kaliaput	0.47	0.24	22 June 2001	21 months
	47	Construction of RCC Rig well at Pandupani High School	0.44	0.28	9 June 2005	19 months
	48	Construction of Jambani MIP	2.50	2.26	19 August 2004	28 months
	49	Construction of Kudresahi MIP	2.50	1.82	20 August 2004	28 months
	50	Construction of PCB at Bahalda	1.50	0.88	3 April 2005	23 months
	51	Construction of HR & bank connection to Tapatola MIP	2.69	2.54	24 November 2004	28 months
	52	Construction of PCB at Singadadhip	4.50	3.91	14 August 2005	19 months
	53	Construction of RCC Rig well at Delki	0.40	0.33	23 September 2005	18 months
		Total	446.71	260.03		

APPENDIX-3.3

(Refer paragraph 3.1.11 at page 64)

Statement showing the cases of misappropriation, fraud and embezzlement of cash detected by Internal Audit Wing of SSD Department

Sl. No	Audit Report Number	Year of Account audited	Paragraph Number	Nature of irregularities and subject in brief	Name of the auditee units	Amount involved (Rupees in lakh)	Present position as per the Department
1	3/2005	1999-2004	9 (a)	Embezzlement of cash	ITDA Panposh	6.84	No action has been taken so far
2	39/2002	1999-2002	5 (i)	Misappropriated due to less exhibition of cement bags	ITDA, Kuchinda	0.57	Action taken not available with the Government.
3	79/2001	1998-2001	5-15	Misappropriated by forgery of records on payment of subsidy and loan under IGS	MPCS Ltd. Sakharkhol	15.90	Collector, Sambalpur was reminded and reply awaited.
4	9/2002	1997-2001	5-19	Misappropriated by forgery of records on payment of subsidy and loan under IGS	MPCS Ltd. Sundargarh	63.78	Collector, Sambalpur was reminded and reply awaited.
5	30/2004	2001-2003	10-21,23,24,26 & 27	Misappropriation of subsidy.	DM, OSFDC, Jharsuguda	47.77	Matter under investigation by State Vigilance.
Total						134.86	

APPENDIX-3.4

Contd.

(Refer paragraph 3.2.13.2 at page 79)

Statement of construction of new sub-jails under "Modernisation of Prison Administration" not conforming to the specifications prescribed in Orissa Jail Manual and Model Prison Manual

- In 12 new sub-jails⁴ jointly inspected, masonry berths to be used by prisoners for sleeping as required under para 2.11.8 of MPM and Rule 1071 of OJM were not constructed. In remaining 11 new sub-jails, no provision was made in the estimates for any such berth.
- In all the 23 new sub-jails constructed/ under-construction under the scheme (21 new sub-jails and 2 under up gradation of sub-jail to district jail-Kendrapara and Nayagarh), the male / female barracks, hospital, dinning, toilet blocks were constructed with in 50 meters of the Perimeter walls contrary to the provisions (Para 2.05-ix) of MPM. In 5 new sub-jails⁵, dinning block, male ward, toilets were constructed with in 14' 4" to 31'6" (4.39 to 9.54 meter) of the perimeter wall (Salipur-Dinning:14'4", Jajpur Road-double storey male ward: 19', Sohela-toilet : 18', Rajgangpur-double storey male ward:31'6", Digapahandi : male ward-19'8"). Also in case of Sub-jail, Narasingpur, a private building was situated just outside the perimeter wall.
- There was no uniformity in window size and approved design provided for wooden paneled windows. Out of above 12 new sub-jails physically inspected, in 5 sub-jails⁶, windows of male and female wards were provided with MS shutters with outside locking arrangement and in Digapahandi sub-jail with inside locking arrangements. In windows of outer walls of female wards of four sub-jails⁷, MS shutters were provided with outside locking arrangements and grated windows were provided in the inner walls. In Bisam Katak, all the grated windows (4'6"X4'6" in male and 3' X 4'6" in female ward) were kept permanently open. Top half of grated windows were not kept open permanently as required under OJM and MPM (Para 2.11.4). Also, grated windows were made with 15 to 20 mm diameter MS bars against the prescribed diameter of 25 mm.
- Expansion joints were found to have been provided in the perimeter walls of two jails (Salipur and Bisam katak) and the same were neither approved by CE (Civil) of the Corporation nor by the Directorate of Prison and there is remote possibility of taking over of these two jails unless corrective measures are taken with extra cost.

⁴ Banapur, Soro, Narasingpur, Jajpur road, Salipur, Bisamcuttack, Kotpad, Khariar, Badbil, Sohela, Rajgangpur, Digapahandi.

⁵ Salepur, Jajpur, Sohela, Rajgangpur and Digapahandi.

⁶ Banapur, Salipur, Khariar, Sohela, Rajgangpur.

⁷ Badabil, Kotpad, Narasingpur and Jajpur road.

Concl'd

- In double storey male wards of eight new sub-jails⁸, no grill was provided in the 1st floor varanda / corridor and this may help prisoners to make untoward incident and may be an area of concern for jail authorities.
- 6' width varanda was provided in female wards against the prescription of 2 meter width (Para 2.11.3 of MPM and Rule 1071 of OJM).
- In none of the new-sub jails constructed, buildings for crèche were constructed despite stipulation of GOI in the Scheme Guidelines and orders of the Apex court.
- In five new sub-jails⁹, male and female kitchen/dinning were interlinked through open door (Narsingpur, Sohela), grated door (Digapahandi), wooden door (Salipur, Badabil).
- In Badabil, one window of male kitchen is confronting female ward and in Rajgangpur, all the windows of one side of female ward is visible through the windows of male kitchen.
- In all the 12 jails inspected, no night latrine provided in one room (of size 22'X15' approx) of female ward out of total three rooms.
- The floor space of male and female wards of these 12 jails of 250 capacity is sufficient only for 170 prisoners at the MPM norm of 3.71 sqm per prisoner and the cubic space in these wards are hardly sufficient for 131 prisoners at the norm prescribed in the MPM / OJM.
- Against 500 numbers of day latrines required for these 12 jails only 300 numbers provided resulting in short fall of 200 day toilets at the norm of OJM and MPM. Similarly, against 300 numbers of night latrines required at the MPM norm, only 120 numbers were provided resulting in shortfall of 180 night toilets.
- Against 300 numbers of bathing cubicles/bath rooms required as per the norm prescribed in MPM, only 27 bathing cubicles were provided.
- In six new sub-jails¹⁰ though hospitals were constructed in single storey over 4293 square feet plinth area, but 1386 sft were utilised in each such hospital on corridor. Space available in 2 wards were 220 sft each sufficient only for 4 prisoners (8 in total) and in 6 cabins were only 45 sft each (against 96 sft required) not even sufficient for one sick prisoner.
- Land at Badabil and Rajgangpur were highly undulated.

⁸ Banapur, Badabil, Salipur, Jajpur Road, Narasingpur, Sohela, Rajgangpur, Digapahandi.

⁹ Salepur, Badbil, Narasingpur, Sohela and Digapahandi.

¹⁰ Salepur, Narasingpur, Digapahandi, Jajpur road, Rajgangpur and Soro.

APPENDIX-3.5
(Refer paragraph 3.3.8 at page 89)
Statement showing reimbursement claimed and disbursement by
NABARD

(Rupees in crore)

RIDF	Year of sanction	No. of Projects sanctioned	Approved Project cost	NABARD Loan	Expenditure as of March 2007	Reimbursement Claimed	Loan disbursed
Medium							
II & IX	1996-97 2003-04	01	79.61	67.07	95.82	80.96	67.07
III & X	1997-98 2004-05	01	121.83	117.83	48.42	37.52	31.08
III, VIII & X	1997-98 2002-03 2004-05	01	73.57	68.29	53.89	49.46	42.75
V	1999-2000	01	14.31	12.84	4.37	3.45	5.53
VIII	2002-03	01	2.10	1.87	2.32	1.88	1.62
TOTAL		05	291.42	267.90	204.82	173.27	148.05
Minor							
V	1999-2000	08	25.73	22.63	28.33	24.28	19.99
VI	2000-2001	05	22.54	19.59	17.45	16.83	15.00
VII	2001-02	07	13.78	10.33	11.97	11.09	9.39
VII (PD/CD)	2001-02	54	26.06	21.81	23.04	21.09	17.32
VIII	2002-03	21	48.22	39.35	23.37	18.63	21.43
IX	2003-04	08	15.84	14.78	1.88	1.00	0.70
X	2004-05	18	38.17	32.67	3.42	2.06	1.47
X (BKVY)	2004-05	40	12.48	4.97	2.64	1.34	0.95
TOTAL		161	202.82	166.13	112.10	96.32	86.25

APPENDIX-3.6

(Refer paragraph 3.3.8 at page 90)

Project wise/Tranche wise budget provision, expenditure, NABARD loan and loan disbursed

(Rupees in crore)

Tranche Number	Name/ Number of projects	Budget Provision	Expenditure	Excess(+) Less (-)	NA BARD loan	Loan Disbursed
Medium						
II & IX	Baghalati	99.23	95.82	(-)3.41	67.07	67.07
III, VIII & X	Bagh	57.98	53.89	(-)4.09	68.29	42.75
III & X	Deo	53.36	48.42	(-)4.94	117.83	31.08
V	Rajua	11.71	4.37	(-)7.34	12.84	5.53
VIII	Baldiha	3.75	2.32	(-)1.43	1.87	1.62
Total:		226.03	204.82	(-)21.21	267.90	148.05
Minor						
V	8	28.30	28.33	(+)0.03	22.63	19.99
VI	5	21.15	17.45	(-)3.70	19.59	15.00
VII	7	13.28	11.97	(-)1.31	10.33	9.39
VII(PD/CD)	54	30.72	23.04	(-)7.68	21.81	17.32
VIII	21	17.54	23.37	(+)5.83	39.35	21.43
IX	8	4.60	1.88	(-)2.72	14.78	0.70
X	18	3.98	3.42	(-)0.56	32.67	1.47
X(BKVY)	40	2.67	2.64	(-)0.03	4.97	0.95
Total	161	122.24	112.10	(-)10.14	166.13	86.25
GRAND TOTAL		348.27	316.92	(-)31.35	434.03	234.30

APPENDIX-3.7

{Refer paragraph 3.4.6.1(iv) at page 106}

Statement showing details of time and expenditure required for completion of the Data Entry job had data capture of OCC-2005 been done through Direct

Data Entry Process

SL NO.	District Name	Total child records	Number of DEO days required*	Number of computers required	Number of DEOs in two shifts	Total days required for completion of job	Number of months	Amount required for DEOs/ @Rs.3600/ per month/ DEO	Amount required for computers
1	ANGUL	261032	622	5	10	62	3	108000	45000
2	BALASORE	580986	1383	11	22	63	3	237600	99000
3	BARAGARH	323857	771	5	10	77	3	108000	45000
4	BHADRAK	402197	958	7	14	68	3	151200	63000
5	BOLANGIR	341781	814	6	12	68	3	129600	54000
6	BOUDH	118497	282	4	8	35	2	57600	24000
7	CUTTACK	520988	1240	8	16	78	3	172800	72000
8	DEOGARH	76802	183	2	4	46	2	28800	12000
9	DHENKANAL	276047	657	5	10	66	3	108000	45000
10	GAJAPATI	165235	393	4	8	49	2	57600	24000
11	GANJAM	850282	2024	12	24	84	3	259200	108000
12	JAGATSINGHPUR	252905	602	4	8	75	3	86400	36000
13	JAJPUR	446313	1063	8	16	66	3	172800	72000
14	JHARSUGUDA	124318	296	4	8	37	2	57600	24000
15	KALAHANDI	413862	985	6	12	82	3	129600	54000
16	KANDHAMAL	185049	441	4	8	55	2	57600	24000
17	KENDRAPARA	343481	818	6	12	68	3	129600	54000
18	KEONJHAR	450795	1073	7	14	77	3	151200	63000
19	KHURDHA	437092	1041	5	10	104	4	144000	60000
20	KORAPUT	349744	833	6	12	69	3	129600	54000
21	MALKANGIRI	173409	413	4	8	52	2	57600	24000
22	MAYURBHANJ	535585	1275	12	24	53	2	172800	72000
23	NAWARANGPUR	340313	810	6	12	68	3	129600	54000
24	NAYAGARH	222431	530	4	8	66	3	86400	36000
25	NUAPADA	181277	432	4	8	54	2	57600	24000
26	PURI	373971	890	7	14	64	3	151200	63000
27	RAYAGADA	280076	667	5	10	67	3	108000	45000
28	SAMBALPUR	233700	556	5	10	56	2	72000	30000
29	SONEPUR	149095	355	4	8	44	2	57600	24000
30	SUNDERGARH	478819	1140	8	16	71	3	172800	72000
Total		9889939	23547	178	356	67	3	3844800	1476000

*Basing on validation parameter as fixed during CTSVU-2006 for DEOs that they can input 60 records per hour. Assumption was taken that a DEO can work consistently for 7 hours @ 60 records/hour

Total expenditure = Rs 3844800 + Rs 1476000 = Rs 5320800 for adding 9889939 new child records.

Thus cost per record addition = 5320800 / 9889939 = Re 0.54

APPENDIX-3.8

{Refer paragraph 3.4.7.1 (iii) (b) at page 110}

Statement showing the instances of duplicate children of same guardian found in both the databases of 2005 and 2006

Name of the district	Child list of 2005			Child list of 2006		
	Total Number of records of duplicate children	Number of children against whom duplicates created	Number of duplicate entries	Total Number of records of duplicate children	Number of children against whom duplicates created	Number of duplicate entries
D01 ANGUL	3215	1342	1873	1180	569	611
D02 BALASORE	1852	919	933	1664	830	834
D03 BARAGARH	186	92	94	1264	530	734
D04 BHADRAK	335	167	168	906	453	453
D05 BOLANGIR	319	158	161	1487	741	746
D06 BOUDH	114	56	58	532	265	267
D07 CUTTACK	378	185	193	848	421	427
D08 DEOGARH	400	160	240	324	157	167
D09 DHENKANAL	97	48	49	658	329	329
D10 GAJAPATI	1791	700	1091	951	446	505
D11 GANJAM	1361	648	713	1826	906	920
D12 JAGATSINGHPUR	303	151	152	524	261	263
D13 JAJPUR	354	177	177	1209	596	613
D14 JHARSUGUDA	106	52	54	357	177	180
D15 KALAHANDI	201	100	101	1171	582	589
D16 KANDHAMAL	1594	796	798	1022	509	513
D17 KENDRAPARA	239	119	120	744	372	372
D18 KEONJHAR	342	171	171	768	383	385
D19 KHURDHA	756	378	378	923	461	462
D20 KORAPUT	529	253	276	1134	553	581
D21 MALKANGIRI	335	164	171	463	230	233
D22 MAYURBHANJ	2866	1426	1440	1813	901	912
D23 NAWARANGPUR	374	186	188	562	279	283
D24 NAYAGARH	93	46	47	449	223	226
D25 NUAPADA	66	33	33	422	211	211
D26 PURI	303	149	154	723	360	363
D27 RAYAGADA	416	198	218	671	333	338
D28 SAMBALPUR	211	104	107	536	261	275
D29 SONEPUR	100	50	50	706	352	354
D30 SUNDERGARH	439	211	228	1424	708	716
Total	19675	9239	10436	27261	13399	13862

APPENDIX-4.1
(Refer paragraph 4.4.1 at page 129)

(A) Interest calculation in detail proposed by the OSCB while retaining its status as intermediary, handling NABARD funds to be effective from 2006-07

Sl No	Details of the funds financed by different agencies	Percentage of total finance and cost of operation	Break even interest rate (in per cent)
1	NABARD's funding to OSCB	37 per cent of total finance @ 2.50 per cent	0.92
2	OSCB's own funds	33 per cent of total finance @ 6 per cent	1.98
3	Total effective cost	2.90* X 100 /70**	4.14
4	Margin of OSCB		0.50
5	Lending rate of OSCB (pooled rate) (3+4)		4.64
6	OSCB provides to DCCBs	70 per cent of total finance as above @ 4.64 per cent	3.25
7	DCCB's own funds	30 per cent of the total finance @ 6.5 per cent	1.95
8	Margin of DCCBs		1.50
9	Lending rate of DCCBs (pooled rate) (6+7+8)		6.70
10	Margin of PACS		2.50
11	PACS to farmers (9+10)		9.20

* NABARD : 0.92 per cent plus OSCB's own funds : 1.98 per cent = 2.90

**NABARD funds : 37 per cent plus OSCB own funds : 33 per cent = 70 per cent

(B) Break up of interest calculation by eliminating the OSCB as intermediary handling NABARD funds and allowing 0.5 per cent margin above 6 per cent interest rate to OSCB on its funds only

1	NABARD provides to DCCB	37 per cent finance @ 2.50 per cent	0.92
2	OSCB's own funds	33 per cent @ 6.5 per cent (cost of fund @ 6 per cent + margin 0.5 per cent) on own funds only	2.14
3	DCCB's own funds	30 per cent @ 6.5 per cent	1.95
4	Total effective cost (1+2+3)		5.01
5	Margin of DCCBs		1.50
6	Lending rate of DCCBs (4+5)		6.51
7	Margin of PACS		2.50
8	PACs to farmers (6+7)		9.01

The differential break up of interest as at 'A' and 'B' above comes to 9.20 - 9.01=0.19 per cent. The amount of subvention thus availed by OSCB from the State Government is Rs 33 crore X 0.19/2.2 = Rs 2.85 crore

Contd.

APPENDIX-4.2

(Refer Paragraph 4.6.1 at page 150)

Statement showing the position of Outstanding Inspection Reports/Paragraphs

Sl. No.	Name of the department	Report awaiting settlement (up to June 2007)		Reports awaiting settlement for more than 10 years		Reports to which even first reply has not been received
		No. of Reports	No. of Paragraphs	No. of Reports	No. of Paragraphs	No. of Reports
1	General Administration	47	133	6	13	-
2	Law	103	283	14	36	51
3	Food Supply and Consumer Welfare	10	25	04	06	4
4	Energy	32	73	18	42	9
5	Works	802	2306	333	731	36
6	Science and Technology	2	5			--
7	Higher Education	350	915	81	166	2
8	Co-operation	102	239	26	48	50
9	Housing and Urban Development	185	491	75	148	20
10	Steel and Mines	26	49	8	10	11
11	Tourism, Culture and Sports	83	266	25	65	23
12	Home	429	1199	47	90	68
13	Forest	500	1820	103	290	95
14	Panchayati Raj	1438	7637	435	1977	315
15	Finance	194	370	113	202	-
16	Health and Family Welfare	1684	5999	667	2306	165
17	Agriculture	1685	5489	391	1013	160
18	Labour and Employment	124	238	70	129	3
19	Planning and Co-ordination	55	154	15	40	5
20	Miscellaneous (Banks involving State transactions of pension payments and subsidy adjustment)	433	647	271	411	24

Concl'd

Sl. No.	Name of the department	Report awaiting settlement (up to June 2007)		Reports awaiting settlement for more than 10 years		Reports to which even first reply has not been received
		No. of Reports	No. of Paragraphs	No. of Reports	No. of Paragraphs	No. of Reports
21.	Revenue	1456	4328	406	985	435
22.	Excise	57	89	23	42	23
23.	Fisheries and Animal Resources Development	677	1990	166	268	168
24.	ST and SC and Minority and Backward Classes Development	406	1276	106	301	112
25.	Commerce and Transport	170	356	28	71	71
26.	Textiles and Handlooms	83	213	24	46	10
27.	Industries	363	1112	91	218	39
28.	School & Mass Education	1429	4519	446	1237	-
29.	Parliamentary Affairs	14	38	4	13	-
30.	Information and Public Relation	76	331	12	38	27
31.	Women and Child Development	699	2510	303	875	63
32.	Sports and Youth Services	27	99	7	17	11
33.	Water Resources	1419	4409	578	1331	80
34.	Rural Development	617	1919	217	337	51
Total		15777	51527	5113	13502	2131

APPENDIX-4.3

(Refer paragraph 4.6.1 at page 150)

Statement showing the year-wise break-up of outstanding IRs/Paragraphs

Year	Inspection Reports	Paragraphs
1964-65	01	1
1965-66	04	24
1966-67	4	10
1967-68	3	6
1968-69	5	16
1969-70	8	43
1970-71	6	10
1971-72	4	5
1972-73	1	2
1973-74	1	1
1974-75	3	4
1975-76	3	7
1976-77	3	7
1977-78	6	18
1978-79	5	20
1979-80	9	14
1980-81	30	61
1981-82	26	62
1982-83	32	51
1983-84	48	64
1984-85	59	111
1985-86	101	191
1986-87	157	289
1987-88	156	312
1988-89	176	355
1989-90	239	523
1990-91	277	652
1991-92	372	874
1992-93	470	1236
1993-94	558	1470
1994-95	663	1896
1995-96	860	2577
1996-97	828	2590
1997-98	769	2435
1998-99	914	2923
1999-2000	1087	3628
2000-01	1031	3400
2001-02	1149	4028
2002-03	1193	4244
2003-04	1239	4273
2004-05	1155	3811
2005-06	1043	3889
2006-07	1079	5394
Total	15777	51527

APPENDIX-4.4

(Refer paragraph 4.6.1 at page 150)

Statement showing serious irregularities

Sl. No.	Name of the Irregularities	No. of Paragraphs	Amount (Rupees in lakh)
1.	Infructuous/unfruitful/avoidable/irregular expenditure/extra liability/excess expenditure	1913	69161.02
2.	Excess payment to Firms/Contractors	601	1952.14
3.	Idle store/Surplus/Unserviceable store/blockage of Government money	1317	22743.69
4.	Irregular purchase/Non-accountal of stock/Non-adjustment of cost of material	417	3863.75
5.	Non-recovery of dues from firms/contractors and others	461	14712.02
6.	Non-submission of UCs	893	140225.30
7.	Amount kept in Civil Deposits	953	24166.04
8.	Loss, Misappropriation and shortage of stores	1335	4187.80
9.	Unauthorised expenditure	835	10473.45
10.	Retention of undisbursed amount	550	14543.53
11.	Inadmissible/irregular payment	887	4235.88
12.	Advance payment/Less recovery of advance/interest/royalty and Income Tax	429	12672.93
13.	Under-utilisation of departmental machinery	108	6329.68
14.	Demurrage/Penalty	75	3007.30
15.	Undue financial aid to contractors/firms	197	9595.48
16.	Miscellaneous/doubtful expenditure/non-submission of vouchers/overdrawal etc.	2548	72109.82
17.	Stamped Receipt/Acknowledgement wanting	849	3674.34
18.	Loans/Advances not recovered	1684	17826.26
19.	Short/Non-realisation of Government dues	1525	8965.23

APPENDIX-4.5

(Refer paragraph 4.6.2 at page 151)

Statement of compliance notes on reviews/audit paragraphs (Civil) not received from Government as on 31 July 2007

Sl.No	Name of Deptt.	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	Total
1	Agriculture	2	1					1	2	1	7
2	Home						1				1
3	Revenue	2	2	1	1						6
4	Finance	2	2	5	4	1					14
5	School & Mass Education.					4	1				5
6	S.T & S.C.		1	2	2	1					6
7	Health & F.W.				4	1	1	2	1		9
8	H & U.D									1	1
9	Panchayati Raj							1		3	4
10	Industry							1		1	2
11	Water Resources	1	1		2		2	1			7
12	Transport							1			1
13	Forest & Environment.									2	2
14	Fisheries & A.R.D			1	1		2	2			6
15	Labour and Employment							1			1
16	Co-operation							1		3	4
17	Women & C.D			1		1	1	1		2	6
18	Higher Education.				1				1		2
19	Information and Public Relation									1	1
20	Works					1	1	1			3
	Total	7	7	10	15	9	9	13	4	14	88

APPENDIX-4.6

(Refer paragraph 4.6.2 at page 151)

Statement showing status of PAC recommendations pending settlement
as on 31 July 2007

Sl.No	Name of the Department	Name of the Assembly					Total
		9 th	10 th	11 th	12 th	13 th	
1	Agriculture	88	24	15	15	05	147
2	Cooperation	21	07	00	21	00	49
3	Commerce	04	14	01	00	00	19
4	Transport	12	15	00	02	00	29
5	School & Mass	55	25	04	16	00	100
6	Higher Education	00	17	05	11	00	33
7	Finance	57	00	06	00	00	63
8	Forest & Environment	29	25	05	02	00	61
9	Food, Civil Supplies & Consumer Welfare	42	00	00	23	00	65
10	Fisheries & ARD	35	15	16	03	06	75
11	General Admn.	15	13	05	00	06	39
12	S.C. & S.T.	47	00	08	00	00	55
13	Health & F.W.	03	23	35	11	17	89
14	Home	16	07	16	11	00	50
15	Industries	39	62	01	12	00	114
16	Information & P.R.	13	02	07	00	00	22
17	Labour & Employment	23	00	00	15	00	38
18	Planning & Coordination	07	09	00	00	00	16
19	Panchayati Raj	68	08	01	02	00	79
20	Revenue	13	10	05	00	00	28
21	Steel & Mines	08	00	01	07	00	16
22	Tourism	09	00	05	00	00	14
23	Law	10	05	05	00	11	31
24	Science & Tech.	03	00	07	00	00	10
25	Women & Child development	00	33	01	00	00	34
26	Textile & Handloom	00	00	00	15	00	15
27	Public Enterprises	00	00	00	03	00	03
28	Energy	03	11	16	09	00	39
29	H& UD	41	32	29	05	18	125
30	Rural Development	00	57	20	00	09	86
31	Water Resources	126	208	10	64	10	418
32	Works	55	72	25	13	27	192
Total		842	694	249	260	109	2154

APPENDIX-4.7

(Refer paragraph 4.6.2 at page 151)

Statement showing the position of PAC Recommendations as on 31 March 2007

Year of the Audit Report	9 th Assembly (1985-90)	10 th Assembly (1990-95)	11 th Assembly (1995-2000)	12 th Assembly (2000-04)	13 th Assembly (2004-06)	Total
2004-05	842	694	249	260	53	2098
2005-06	-	-	108	260	73	441
2006-07	842	694	249	260	109	2154

There was deletion of 1677 recommendations (9th to 11th Assembly) during 2005-06 as per Minutes of the Public Accounts Committee dated 18 May 2006.

The same has been added during 2006-07 as per Proceedings of Public Accounts Committee of May 2007

In the Report of 2005-06, 261 Recommendations were shown under 12th Assembly instead of 260 Recommendations. The Recommendation relates to 11th Assembly. The correction has been incorporated now.

APPENDIX-4.8

(Refer paragraph 4.6.2 at page 151)

Statement showing the status of PAC recommendations on which Action Taken Notes not received as on 31 July 2007

Sl.No.	Name of the Department	Name of the Assembly					Total
		9 th	10 th	11 th	12 th	13 th	
1	Agriculture	87	05	04	11	00	107
2	Cooperation	21	03	00	01	00	25
3	Commerce	04	04	01	00	00	09
4	Transport	12	00	00	00	00	12
5	School & Mass	55	00	00	00	00	55
6	Higher Education	00	01	00	00	00	01
7	Finance	57	00	03	00	00	60
8	Forest & Environment	29	04	02	00	00	35
9	Food, Civil Supplies & Consumer Welfare	42	00	00	01	00	43
10	Fisheries & ARD	35	15	03	00	00	53
11	General Admn.	15	06	00	00	00	21
12	S.C. & S.T.	47	00	00	00	00	47
13	Health & F.W.	03	13	28	00	17	61
14	Home	16	00	00	00	00	16
15	Industries	39	00	01	00	00	40
16	Information & P.R.	13	00	07	00	00	20
17	Labour & Employment	23	00	00	00	00	23
18	Planning & Coordination	07	00	00	00	00	07
19	Panchayati Raj	68	00	01	00	00	69
20	Revenue	13	00	02	00	00	15
21	Steel & Mines	08	00	01	00	00	09
22	Tourism	04	00	00	00	00	04
23	Law	10	00	00	00	00	10
24	Science & Tech.	03	00	05	00	00	08
25	Women & Child development	00	23	00	00	00	23
26	Textile & Handloom	00	00	00	07	00	07
27	Energy	03	00	00	06	00	09
28	H& UD	43	26	05	00	10	84
29	Rural Development	00	09	06	00	09	24
30	Water Resources	126	169	01	42	10	348
31	Works	55	52	13	05	26	151
Total		838	330	83	73	72	1396

APPENDIX-4.9

(Refer paragraph 4.6.2 at page 152)

Statement showing the list of the departments, which have not conducted the meetings of the Departmental Monitoring Committee during 2004-05, 2005-06 and 2006-07

Year	Name of the Departments
2004-05	1. Steel & Mines 2. Science & Technology 3. Fisheries & ARD 4. Industries 5. General Administration 6. Women & Child Development 7. Works 8. Law 9. Tourism & Culture 10. Agriculture 11. Home 12. ST & SC Development, Minority & Backward Classes Welfare 13. Public Grievances and Pension 14. Health & Family Welfare 15. Sport & Youth Services 16. Public Enterprises 17. Rural Development 18. Information & Public Relations 19. Food, Civil Supplies & Consumer Welfare 20. Revenue 21. Planning & Coordination 22. School & Mass Education 23. Finance 24. Information Technology
2005-06	1. Water Resources 2. Steel & Mines 3. Science & Technology 4. Fisheries & ARD 5. General Administration 6. Women & Child Development 7. Law 8. Forest & Environment 9. Tourism & Culture 10. Energy 11. Agriculture 12. Home 13. ST & SC Development, Minority & Backward Classes Welfare 14. Public Grievances and Pension 15. Health & Family Welfare 16. Sport & Youth Services 17. Public Enterprises 18. Rural Development 19. Information & Public Relation 20. Panchayati Raj 21. Planning & Coordination 22. School & Mass Education 23. Cooperation 24. Finance 25. Parliamentary Affairs 26. Information Technology
2006-07	1. Fisheries & ARD 2. Industries 3. Law 4. Tourism & Culture 5. Energy 6. ST & SC Development, Minority & Backward Classes Welfare 7. Public Grievances and Pension 8. Sport & Youth Services 9. Public Enterprises 10. Food Civil Supplies & Consumer Welfare 11. Cooperation 12. Information Technology

APPENDIX-5.1

(Refer paragraph 5.1.9.1 at page 167)

Statement showing the number of offices to be inspected by different authorities

Inspection authority	Name of the office	Number of offices to be inspected per year
Member, Board of Revenue (BOR)	Own office	One
	RDCs	All the three offices
	One Collector in each Division	Three
	One Sub-Collector in each Division	Three
	One Tehsil in each Division	Three
Revenue Divisional Commissioner (RDC)	RDC office	One
	Collector	All collectors excluding one inspected by Member BOR
	Sub-Division	Five Sub-divisions excluding one inspected by Member BOR
	Tehsildar	Five Tehsils excluding one inspected by Member BOR
	Block offices	Any five selected offices
	Municipality, Notified Area Council (NAC)	Any five selected offices
	DSRs	Any three selected offices
Collector/ Additional District Magistrate (ADM)	Own office	Once a year
	Sub-Division Offices	All offices under his control
	Tehsil	All tehsils excluding one inspected by BOR and RDC
	RI offices	One from each sub-division
	Block offices	All Blocks except inspected by RDC
	Police station	One police station in each sub-division
	Municipality, NAC	One office from each sub-division excluding inspected by RDC
Sub-Collector	Own office	Twice
	Tehsils	All tehsils
	RI offices	One from each tehsil excluding inspected by Collector/ADM
	Block offices	All offices within his jurisdiction
	Police station	All police station within his jurisdiction
Tehsildar/ Additional Tehsildar/ Revenue Supervisor	Own office	Twice
	RI offices	All (twice a year)

Contd.

Glossary of abbreviations**A**

AAEs	Assistant Agriculture Engineers
AAPs	Annual Action Plans
ACA	Additional Central Assistance
AE	Assistant Engineer
AGM	Annual General Meeting
ASCOS	Assistant Soil Conservation Officers
AWPBs	Annual Work Plans and Budgets

B

BKVY	Biju Krushak Vikash Yojana
BOR	Board of Revenue
BPL	Below Poverty Line
BPRD	Bureau of Police Research and Development
BRCCs	Block Resource Centre Co-ordinators

C

CC	Cement Concrete
CCA	Culturable Command Area
CCA	Common Cadre Audit
CCTV	Close Circuit Television
CD	Cross Drainage
CD	Compact Disk
CDL	Central Drug Testing Laboratory
CDMO	Chief District Medical Officer
CEs	Chief Engineers
CE&BM	Chief Engineer and Basin Manager
CLIPs	Community Lift Irrigation Points
CRCCs	Cluster Resource Centre Co-ordinators
CSR	Current Schedule of Rates
CTS	Child Tracking Systems
CTSVU	Child Tracking System Validation and Updation
CW	Completely Washed away

D

DAFP	Director of Agriculture and Food Production
DCCBs	District Central Cooperative Banks
DDOs	Drawing and Disbursing Officers
DIs	District Inspector of Schools
DISE	District Information System for Education

Contd.

DISS	District Inspector of School Software
DLMC	District Level Monitoring Committee
DLRS	Director Land Records And Survey
DOB	Date of Birth
DPR	Detailed Project Report
DPCs	District Project Coordinators
DRDAs	District Rural Development Agencies
DRRP	District Rural Roads Plan
DSMP	Director of Survey and Map Publication
DSR	District Sub Registers
DSWO	District Social Welfare Officer
DTCN	Detailed tender call Noticed
DW	Diversion Weir
DWCRA	Development of Women and Children in Rural Areas

E

EE	Executive Engineer
EFC	Eleventh Finance Commission
EIC	Engineer-in-Chief
EMD	Earnest Money Deposit
EMRS	Ekalavya Model Residential School
EPIS	Education Personnel Information System

F

FC	Fully Collapsed
FCP	Fiscal Correction Path
FED	Forest and Environment Department
FFW	Food for Work
FFWP	Food For Works Programme
FPS	Fiscal Policy Strategy Statement
FRBM	Fiscal Responsibility and Budget Management

G

GIS	Geographical Information System
GOI	Government of India
GoO	Government of Orissa
GP	Gram Panchayat
GPO	General Post Office
GPS	Geographical positioning System
GSDP	Gross State Domestic Product

H

Contd.

HBA	House Building Advances
HPC	High Power committee
HBG	Hand Broken Granite

I

IARs	Internal Audit Reports
IAY	Indira Awas Yojna
ICR	Intelligent Character Recognition
IDCO	Orissa Industrial Infrastructure Development Corporation
IEC	Information, Education and Communication
IG	Inspector General
IGR	Inspector General of Registration
IGS	Income Generating Scheme
IPICOL	Industrial Promotion and Investment Corporation Limited
IRC	Indian Road Congress
ISL	Industrial Development Corporation Software Limited
ITDAs	Integrated Tribal Development Agencies
IT	Information Technology

J

JE	Junior Engineer
JSCO	Junior Soil Conservation Officer

K

KBK	Kalahandi Bolangir and Koraput
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L

LAO	Land Acquisition Officer
LRC	Land Reforms Commissioner

M

MCH	Medical College Hospital
MD	Managing Director
MHI	Mental Health Institute
MI	Minor Irrigation
MIPs	Minor Irrigation Projects
MOA	Memorandum of Association
MOs	Medical Officers
MPM	Model Prison Manual
MPR	Monthly Progress Report
MTFP	Medium Term Fiscal Plan

Contd.

N

NABARD	National Bank of Agriculture and Rural Development
NBN	Nari Bandi Niketen
NFFW	National Food for Work Programme
NH	National Highway
NHMP	National Mental Health Programme
NHRC	National Human Right Commission
NIT	Notice Inviting Tender
NMR	Nominal Muster Roll
NPRE	Non-Plan Revenue Expenditure
NREGS	National Rural Employment Guarantee Scheme
NSQ	Not of Standard Quality

O

OAIC	Orissa Agro Industries Corporation Limited
OBCC	Orissa Bridge and Construction Corporation
OBIS	Orissa Bhoodan Yagna Samiti
OBM	Orissa Budget Manual
OCAC	Orissa Computer Application Centre
OCC	Orissa Construction Corporation
OGFR	Orissa General Financial Rules
OHSB	Observation Home and Special Home
OJM	Orissa Jail Manual
OMTES	Orissa Model Tribal Education Society
OPDR	Orissa Public Demand and Recovery
OPEPA	Orissa Primary Education Programme Authority
OPWD	Orissa Public Works Department
ORIS	Orissa Registration Information System
OSAP	Orissa State Armed Police
OSCB	Orissa State Cooperative Bank
OSDMA	Orissa State Disaster Mitigation Authority
OSPHWC	Orissa State Police Housing and Welfare Corporation Limited
OSSC	Orissa State Seeds Corporation Ltd.
OST	Orissa Sales Tax
OTC	Orissa Treasury Code

Contd.

P

PA	Project Administrator
PACS	Primary Agricultural Cooperative Societies
PL	Personal Ledger
PLC	Project Level Committee
PMGSY	Pradhan Mantri Gram Sadak Yojana
PRE	Plan Revenue Expenditure
PSH	Primary School Hostel
PWD	Public Works Department

R

RCC	Reinforced Cement Concrete
RCH	Reproductive and Child Health
RDCs	Regional Diagnostic Centres
RDCs	Revenue Divisional Commissioners
R & B	Roads and Buildings
RHB	Remand Home Building
RI	Revenue Inspector
RIDF	Rural Infrastructure Development Fund
RLTAP	Revised Long Term Action Plan
ROR	Record of Right
RSVY	Rastriya Sama Vikash Yojana
RVN	Rusikulya Vansadhara and Nagabali

S

SC	Scheduled Caste
SCA	Special Central Assistance
SEs	Superintending Engineers
SD	Security Deposit
SDMU	State Drug Management Unit
SGH	State Guest House
SGRY	Sampoorna Grameen Rozgar Yojana
SGSY	Swarnajayanti Gram Swarozgar Yojana
SHGs	Self Help Groups
SIS	State Implementing Society
SLPC	State Level Pricing Committee
SMED	School and Mass Education Department
SO	Special Officer
SPD	State Project Director
SQL	Structured Query Language
SR	Sub Register

Concl'd

SSA	Sarva Shiksha Abhiyan
ST	Scheduled Tribe
STA	State Technical Agency
STCCS	State's Short term Cooperative Credit Structure

T

TE	Total Expenditure
TFC	Twelfth Finance Commission
TL	Truthful Lebeled
TRIFED	Tribal Co-operative Marketing Development Federation of India Limited
TSP	Tribal sub Plan
TT	Telegraphic Transfer

U

UCs	Utilisation Certificates
UEE	Universal Elementary Education
UIIP	Upper Indravati Irrigation Project
USD	US dollar
UTPs	Under trial Prisoners

V

VAT	Value Added Tax
VER	Village Education Register
VLL	Village Labour Leader
VTC	Vocational Training Centre
VS	Vegetable Specialist

W

WBM	Water Bound Macadam
WHS	Water Harvesting Structure
WMA	Wage and Means Advance
WR	Water Resources
WRCP	Water Resources Consolidation Projects