





ଓଡ଼ିଶା ବିଧାନ ସଭା ଠାରେ
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Legislative Assembly
on.....

01 AUG 2001

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

REPORT (PAC)

FOR THE YEAR ENDED 31 MARCH 2000

(CIVIL)

GOVERNMENT OF ORISSA

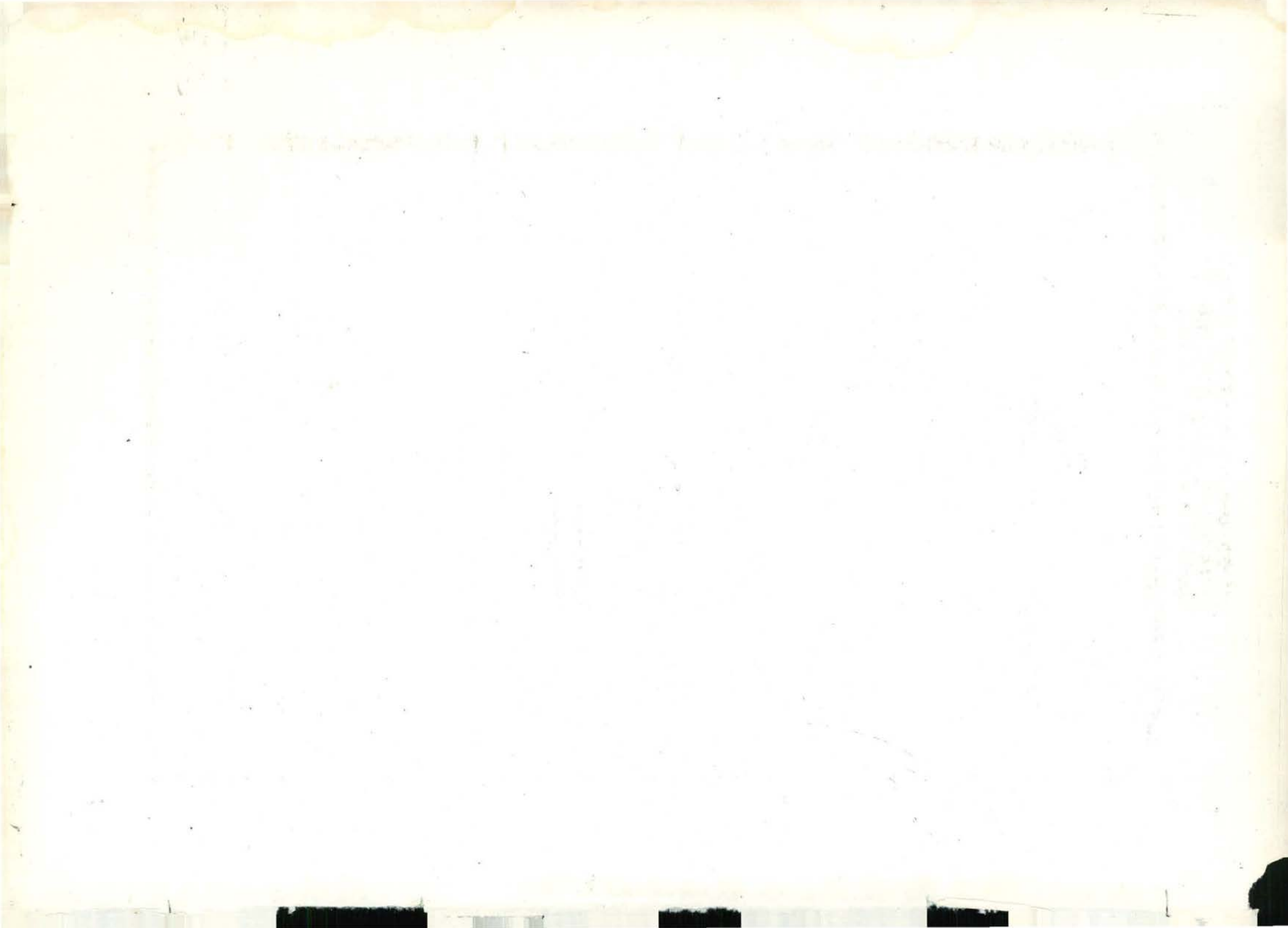


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Preface

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapters I and II of this Report respectively contain audit observations on matters arising from examination of the Finance Accounts and the Appropriation Accounts of the State Government for the year ended 31 March 2000.
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 1999-2000 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 1999-2000 have also been included wherever necessary.



OVERVIEW

This Report includes two Chapters on the Finance and Appropriation Accounts of the Government of Orissa for the year 1999-2000 and five other chapters comprising 6 reviews and 52 paragraphs based on the audit of certain selected programmes and activities and of the financial transactions of the Government. A synopsis of the important findings contained in the Report is presented in this overview.

1. An overview of the Finances of State Government

Revenue deficit increased persistently and stood at Rs.2,574 crore in 1999-2000 up by 13.74 *per cent* over 1998-99 (Rs.2,263 crore). Fiscal deficit registered an all time high of Rs.3746 crore, an increase of 28.55 *per cent* from 1998-99. The ratio of assets to liabilities declined sharply from 0.78 in 1995-96 to 0.58 in 1999-2000.

Revenue receipts of the State Government increased from Rs.4,554 crore in 1998-99 to Rs.5,885 crore in 1999-2000. The increase in revenue receipts (29.23 *per cent*) during 1999-2000 in comparison to 1998-99 was mainly due to higher receipts from Government of India (GOI) on account of National Calamity Relief – Adhoc Grants for super cyclone.

Revenue expenditure increased from Rs.4,698 crore in 1995-96 to Rs.8,459 crore in 1999-2000, an increase of 80 *per cent*. The non-plan revenue expenditure grew by 28 *per cent* from Rs.5,171 crore in 1998-99 to Rs.6,631 crore in 1999-2000. The increase was mainly attributable to increase in expenditure under Relief on account of Natural Calamities (Rs.782 crore) on drinking water supply, gratuitous relief, assistance for repairs/reconstruction of houses and on General Education Rs.456 crore.

Interest payments (Rs.1237.77 crore) formed 15 *per cent* of revenue expenditure during 1999-2000 which consumed most of the State Tax revenue of Rs.1,704 crore.

Capital expenditure decreased from 15 *per cent* of total expenditure in 1996-97 to 9 *per cent* in 1999-2000.

The total liabilities of the Government had grown from Rs.10,323 crore in 1995-96 to Rs.20,282 crore in 1999-2000, an increase of 96 *per cent*. This was on account of 93 *per cent* increase in internal debt, 86 *per cent* increase in loans and advances from Government of India and 114 *per cent* increase in other liabilities.

Most of the receipts from market borrowings were appropriated towards servicing the debt and interest thereon each year during 1995-2000.

At the end of 1999-2000, the total investment in statutory corporations, Government Companies, etc. worked out to Rs.1379 crore. Return on this investment was negligible. Amount guaranteed by the State Government on behalf of Government companies etc. during 1999-2000 was Rs.1144 crore (19 *per cent* of revenue receipts).

As on 31 March 2000, Rs.24.13 crore of loans including interest was overdue for recovery. None of the 25 Government departments indicated the amount of outstanding dues in respect of loans, accounts of which were maintained by them.

Revenue deficit increased by 14 *per cent* in 1999-2000 mainly due to uncontrolled increase in revenue expenditure and relatively poor growth in tax and non-tax revenues. Consequently, most of the borrowings was spent on revenue expenditure. Resultantly, State's finances continued to be heavily dependent and therefore vulnerable to sources of funding outside its control. Further, a stagnant State tax to GSDP ratio shows that the State Government did not improve tax compliance for financing its rapidly rising revenue expenditure. The decline in capital investments out of net borrowings indicated failure to create productive assets.

(Paragraph 1.1 to 1.12)

2. Appropriation and Control over Expenditure

Against the total budget provision of Rs.14,654 crore including supplementary provision, expenditure of Rs.14,751 crore was incurred during 1999-2000. The overall excess of Rs.97 crore was the net result of excess of Rs.2,658 crore in 11 grants and 1 appropriation offset by savings of Rs.2561 crore in 37 grants and 1 appropriation. The excess relating to 11 grants and 1 appropriation requires regularisation under Article 205 of the Constitution.

Supplementary provision of Rs.2,598 crore obtained during the year constituted 22 *per cent* of the original provision as against 24 *per cent* in the previous year and indicated poor budgetting.

In 27 grants, the expenditure continued to be more than the budget provision, ranging from 7 *per cent* to 117 *per cent* during 1997-98 to 1999-2000.

Persistent savings ranging from 11 *per cent* to 100 *per cent* occurred in 21 grants over a period of three years.

Advances from Contingency Fund aggregating Rs.28.30 crore remained unrecouped for periods ranging from 1 year to over 15 years.

(Paragraph 2.1 to 2.13)

3. Working of Animal Husbandry Farms

Animal Husbandry (AH) farms established in the State with the primary objective of upgradation of indigenous live stock, small animals and birds and of enhancing the productivity of milk and eggs by adopting scientific methods of breeding and management failed to fulfil the same despite expenditure of Rs.24.29 crore incurred on their maintenance during 1994-99. Disproportionate staffing and high mortality due to inadequate health care at various levels defeated the objectives of the farms. Further, due to financial mismanagement, there was unproductive expenditure and sub-standard feeds. The farms intended to be model farms were instead a drain on the resources of the Government.

Average milk yield per animal per day was only 4.8 litre during 1994-99 as against the standard of 8 litres.

Targets for production of bull calves in the Livestock Breeding and Dairy (LBD) farms during 1994-99 was not achieved to the extent of 42 *per cent*. Results of artificial insemination performed during the period in 4 LBD farms were very low.

Rs.31.64 lakh were spent unjustifiably due to retention of bull calves beyond the suckling period and non-disposal of old bulls.

In 5 small animal farms 15 to 58 *per cent* of the animal population died during 1994-99 due to improper maintenance and inadequate health care.

Central Assistance of Rs.71.46 lakh for fodder development remained unutilised for more than 4 years due to improper selection of site and delay in procurement of equipment.

Though sufficient infrastructure was available for maintenance of animals and birds, the number of animals and birds maintained by farms fell short of 11 to 32 *per cent* of target resulting in under-utilisation of infrastructure.

Department failed to deploy the idle staff for useful work resulting in nugatory expenditure of Rs.2.63 crore towards their salaries.

Buffalo farm and a pig farm were mismanaged resulting in avoidable loss of Rs.38.40 lakh.

Revenue generated by 4 Fodder Seed farms (Rs.29.24 lakh) was grossly inadequate even to recover the amount spent on establishment and wages (Rs.74.84 lakh) during 1994-99.

(Paragraph 3.1)

4. Audit of Environmental Acts and Rules relating to Water Pollution in Orissa

Review of implementation of the environmental acts and rules relating to water pollution in the State revealed that the State Government did not monitor the enforcement of provisions of the Water Act effectively. Further due to lack of proper enforcement and water management by OPCB, there was

deterioration of water quality of major rivers in Orissa from 'C' category to below 'C' category. Water pollution of Nandira Jhor and Sukinda valley caused by industrial effluents and mine drainage water posed a threat to environment. No action was taken by OPCB to control the pollution of Chilika lake.

15 highly polluting industries discharged effluents and untreated sewage in the Mahanadi and Brahmani river basins till March 1999 whereafter 3 units were closed down. The extent of pollution discharged by 12 remaining polluting units was not assessed by OPCB.

OPCB failed to take legal action against 102 Urban Local Bodies (ULBs) for their failure to apply for consent as of August 2000.

Lack of sewerage system in urban settlements in the State resulted in discharge of untreated sewage into river Mahanadi, Chilika lake causing contamination of river and ground water.

Although presence of high value of copper (0.42 to 10.5 mg./L) was detected during 1996-97 from the samples of ground water, no follow up action was taken by OPCB to reduce copper pollution in ground water at Rourkela.

OPCB conducted inspection of 1370 industries during 1998-99 against required inspection of 2376 highly polluting industries resulting in shortfall in inspection of 1006 (42 per cent) industries.

OPCB did not prepare a Regional Environmental Management Plan (REMP) for Mahanadi basin though 10 polluting coal mines were discharging 33065 KL/D of contaminated water in the river. The pollution category of the river was downgraded due to unabated release of industrial and domestic sewage.

OPCB failed to take any meaningful action to bring municipal bodies under consent administration despite directions of Supreme Court that State Pollution Control Boards must ensure compliance of all bodies to environment protection laws. Consequently, 34 urban settlements in Mahanadi basin continued to discharge 2,66,332 KL/D of waste water without any treatment and water quality of Mahanadi basin declined.

OPCB failed to enforce provisions of Water Act vis-à-vis 12 chromite mines in Sukinda valley which resulted in deterioration of quality of water in Damsalla stream with high chromite content.

Though Rs.19.31 crore were spent to preserve the unique wetland of Chilika lake, there was no conclusive evidence of improvement in the environmental conditions of the lake.

OPCB failed to encourage the industries to instal Combined Facilities for Effluent Treatment Plants (CETP) and industries were operating without pollution control measures thereby adding to the pollution load of the water sources of the State.

(Paragraph 3.2)

5. Integrated audit of Primary Education

Integrated review of primary education in the State revealed large scale shortcomings both at the State level and at the implementation level. Due to defective budgeting, there were persistent savings in the last five years. The teacher-pupil ratio was not as per norms prescribed by Government. Adequate numbers of schools were not established, teachers were not available to meet the need of increased enrolment of eligible children. While teachers were lacking in some areas there was evidence of excess posting of teachers in other areas. Training of teachers was affected due to shortage of trainers and unqualified teachers etc. Prescribed visits and inspections by the concerned authorities were inadequate but there was no monitoring of the same. The dropout ratio hovered around almost at 50 *per cent* in the past five years.

Expenditure control mechanism was non-existent in the Directorate. During 1995-2000, Rs.135.74 crore (8.43 *per cent*) out of budget provision on elementary education could not be spent. Besides, Rs.45.84 crore drawn for implementation of Operation Black Board between 1989-90 and 1999-2000 were used to shore up the cash balance of State Government by retaining them under Civil Deposits.

Though the number of eligible students increased from 38.87 lakh to 46.46 lakh during 1995-96 to 1999-2000, the total number of schools remained static at 42000 which adversely affected the quality of education and access of students to schools.

Free textbooks and reading and writing materials worth Rs.22.49 lakh meant for distribution between 1997-98 and 1999-2000 among SC/ST and girl students had not been distributed as of 31 March 2000 while there was no acknowledgement in support of receipt of reading and writing materials worth Rs.1.07 crore during 1997-2000.

3575 numbers of Radio-cum-Cassette Player (RCCP) sets worth Rs.47.12 lakh supplied to different schools remained idle from the date of supply.

There was delay of 8 to 71 days in supply of text books during 1995-2000 due to delay in printing as the printing machinery was outdated.

Minimum Level Learning training was not imparted to 10,804 teachers (60 *per cent*) against 18,023 teachers and such training was not imparted to Non-formal Education instructors.

Though enrolment of students in primary schools increased to 20 *per cent* from 1995-2000, the teacher's vacancy position was increased from 9.3 to 11.4 *per cent* during 1998-2000.

Although 9th Five year Plan envisaged an outlay of Rs.2 crore for construction of primary school buildings, the number of schools per 1000 students decreased from 11 in 1995-96 to 9 in 1999-2000, not a single school was added during 1995-2000.

While 17.58 *per cent* of the eligible habitations in the State were reportedly not provided with primary schools during 1998-2000, the percentage was much higher at 39 to 40 in test-checked districts.

The ratio of enrolment of girls showed decline from 1:0.89 in 1995-96 to 1:0.84 in 1999-2000.

Against the enrolment of 10.79 lakh pupils in Class-I during 1995-96, only 6.15 lakh pupils reached Class-V in 1999-2000, dropout rate being 43 *per cent*. Further, there was shortfall in achievement (38 *per cent*) in the installation of targeted tube wells in the schools to check the above dropout rate.

The teacher-pupil ratio for the State as a whole during 1995-2000 was 1:48 against the prescribed ratio of 1:40. In the 16 test-checked districts, it ranged between 1:51 and 1:55.

(Paragraph 3.3)

6. Audit of Super Cyclone Funds

The relief measures undertaken by the State Government in the aftermath of super cyclone which hit Orissa in October 1999 were inadequate and large part of funds intended for relief measures remained unutilised even one year after the cyclone. The preparedness of the Government to meet the effects of a calamity of high magnitude was insufficient. There were several shortcomings in distribution of shelter material, grant of House Building Assistance, undertaking repair and restoration works and selection of executing agencies. Administration of relief suffered from lack of co-ordination and proper management at various levels. This increased the scope for misutilisation and pilferage of relief materials and led to inadequate relief to the affected persons though funds were not a constraint.

While Rs.697.60 crore were released to various spending departments and implementing agencies for relief measures during 1999-2001, Rs.162.62 crore only were accounted for as of November 2000.

In Jagatsinghpur and Cuttack Collectorates 39.6 thousand beneficiaries were awaiting the receipt of House Building assistance as of August 2000 although unspent amounts lying with the Collectors (Rs.2.47 crore) could cover 12.3 thousand beneficiaries.

Out of Rs.2.62 crore drawn between November 1999 and March 2000 by 3 Collectors and 1 Sub-collector for emergent relief, Rs.1.96 crore were lying unspent as of August 2000.

In Jagatsinghpur Collectorate, out of Rs.39.40 crore, Rs.23.06 crore of ex-gratia was utilised for payment to identified beneficiaries as of August 2000 although the unspent amount lying with the Collector and Tahasildars was sufficient to cover the remaining beneficiaries.

Rs.35 lakh drawn by Collectors Cuttack and Jagatsinghpur for repair/restoration of Rural Health Institutions (Rs.20 lakh) and construction of orphanage (Rs.15 lakh) remained unspent as of August 2000.

Polythene sheets worth Rs.20.24 crore were procured by SRC from 22 firms at the fixed rate of Rs.70 per kg. though Chief Minister directed to procure the same through open tenders. Polythene sheets worth Rs.14.57 crore were procured and distributed among the cyclone victims without quality test.

While Resident Commissioner, New Delhi, despatched 883 MT of polythene sheets, SRC acknowledged receipt of only 742 MT (84 *per cent*) of polythene sheets resulting in short account of 141 MT of polythene sheets valuing Rs.84.18 lakh.

Clothing material worth Rs.1.54 crore for distribution among cyclone victims remained undistributed as of October 2000.

96 *per cent* of Rs.15 crore meant for subsidy for agricultural inputs remained unutilised with the executing agencies as of October 2000.

As the Chief Engineer delayed release of Letter of Credit (LoC) for cyclone damaged works, funds were not utilised causing avoidable rush of expenditure at the end of the year.

Executive Engineers of 13 divisions irregularly diverted and misutilised cyclone damaged repair funds of Rs.2.48 crore for clearance of past liabilities of other works, execution of new works in the blocks not affected by cyclone.

Though 2350 projects were to be completed under Food for Work Programme in the 4 districts with Rs.17.53 crore, only 804 projects (34 *per cent*) had been completed as of September 2000 while Rs.12.61 crore (72 *per cent*) of the funds were spent.

While 1274 school buildings under Operation Black Board Scheme were to be completed in 4 DRDAs with Rs.11.37 crore provided for the purpose, only 255 buildings (20 *per cent*) were completed as of October 2000 after utilisation of Rs.7.43 crore (65 *per cent*).

Against targeted completion of 13519 houses under Special Indira Awas Yojana Scheme, only 3831 houses (28 *per cent*) were reportedly complete in 3 districts as of August 2000.

(Paragraph 3.4)

7. Rengali Irrigation Project

The project taken up during 1980-81 at an estimated cost of Rs.164 crore for providing irrigation to 2.36 lakh hectares of cultivable command area by 1990-91 remained incomplete and could provide irrigation to only 650 hectares (*viz.* 0.28 *per cent*) despite expenditure of Rs.657.63 crore as of February 2000. There was widespread mismanagement and shortcomings in

execution of the project with total financial involvement of Rs.203.24 crore. The Benefit Cost Ratio of the project dropped from 3.58 to 0.46 rendering the project economically unviable. There were significant excess payment and undue payments to contractors. Expenditure on establishment far exceeded the prescribed norm and the surplus staff were not re-deployed.

There was idle expenditure of Rs.41.65 crore on establishment due to non-deployment of surplus work-charged/NMR staff and creation of divisions without workload.

Construction of the Barrage in stages led to extra expenditure of Rs.3.55 crore while OCC was favoured with undue payment of Rs.12.20 crore in construction of the Barrage and gate.

Unjustified rejection of lowest bids led to extra liability of Rs.16.50 crore.

Incorrect classification of rock strata led to inadmissible payments of Rs.12.86 crore.

Rs.3.28 crore were lost due to fictitious measurement of work while incorrect recording of levels during execution led to excess payment of Rs.9.88 crore.

Unwarranted provisions in the contracts for refund of sales tax involved extra contractual liability of Rs.4.71 crore.

Procurement of machinery and spares in excess of actual requirement led to blockage of funds of Rs.12.53 crore.

Rs.14.65 crore was paid to contractors without approval of deviations.

(Paragraph 4.1)

8. Urban Employment Generation Programme

Government of India (GOI) designed various urban employment generation schemes to alleviate urban poverty and to bring about a shift in sectoral distribution of work force through training and self-employment. These programmes also aimed at creating basic infrastructure and providing civic amenities to urban poor. Urban population Below Poverty Line (BPL) in the State was 16.05 lakh as per 1991 census. However, the BPL population increased to 20.85 lakh in 1998 according to the survey conducted by the State Government as per the norms of the Planning Commission. Under-utilisation of funds for the earmarked schemes by the implementing agencies affected adversely the implementation of the various schemes. In disregard of the guidelines, the unspent money was kept in PL account and Current account of Banks. Works were undertaken through contractors affecting the generation of mandays.

Parking of funds in PL Account and Current Account to the tune of Rs.1.47 crore noticed in 18 ULBs resulted in loss of interest to the tune of

Rs.31 lakh besides depriving the urban poor of intended benefits.

Despite availability of funds, physical achievements under NRY, PMIUPEP and SJSRY schemes ranged between 9 and 71 *per cent*.

The works under wage employment programme were executed through contractors in violation of guidelines resulting in loss of generation of 3.17 lakh mandays in 19 ULBs during 1995-2000.

Rs.1.18 crore reportedly paid on wage component to beneficiaries without any supporting Muster Rolls, was doubtful.

Rs. 3.06 crore was irregularly spent by Urban Local Bodies (ULBs) on works and other items beyond the scope of the programme.

Advance payment of Rs.1.37 crore to various agencies was shown as final expenditure in accounts of 15 ULBs.

(Paragraph 6.2)

9. Member of Parliament Local Area Development Scheme

Review of implementation of the scheme in the State for the period 1997-2000 revealed several shortcomings indicating absence of proper monitoring.

Against Rs.30.47 crore available for implementation of the scheme in 5 test checked constituencies, only Rs.8.11 crore (27 *per cent*) were spent.

Out of 5,119 works recommended by the Members of Parliament in the test checked constituencies, 3,671 works were sanctioned for execution as of March 2000. Of these only 1,106 works (30 *per cent*) were completed.

Rs.70.85 lakh were spent on 124 inadmissible works in 3 constituencies.

(Paragraph 3.15)

10. Utilisation of Special Grants under Tenth Finance Commission

Government of India funds of Rs.13.94 crore released on the recommendation of the Tenth Finance Commission for upgradation and special problem grants remained unutilised with seven departments of the State government.

There was shortfall in achievement of targets in respect of construction of 30 seated hostels by 76 *per cent* and in providing drinking water facilities in primary schools 34 *per cent* under School and Mass Education department.

(vii) Inadequate survey and deficient design led to increase in length of bridges during execution. Lack of proper assessment and incorrect application of contractual terms led to further extra cost of Rs.1.86 crore.

(Paragraph 4.21)

14. Undue benefit to private parties/contractors

(i) Delay in finalisation of purchase formalities under World Bank assisted ICDS programme by the Women and Child Development Department led to delay in supply of medicine kits and non-reimbursement of Rs.1 crore by the Government of India.

(Paragraph 3.17)

(ii) Rs.74.91 lakh was paid by Fisheries and Animal Resources Development Department to a contractor towards carriage of excavated earth by mechanical means even though it was actually carried manually.

(Paragraph 4.4)

(iii) A contractor was paid at different rate for similar nature of work by manipulation of tender schedule which resulted in excess payment of Rs.1.12 crore in Water Resources Department.

(Paragraph 4.7)

(iv) Contractors were paid Rs.64.80 lakh by the Orissa Water Supply and Sewerage Board (OWSSB) beyond the scope of the contract.

(Paragraph 6.3.1)

(v) Escalation charges of Rs.99 lakh on labour component were paid by OWSSB to the contractors though there was no revision of minimum wage.

(Paragraph 6.3.3)

15. Mismanagement of Scheme funds

(i) Interest of Rs.20.69 lakh earned on IRDP funds was misutilised by 2 DRDAs for construction of buildings in violation of scheme guidelines.

(Paragraph 6.4)

(ii) Scheme for construction of houses under Indira Awas Yojana was mismanaged and 1,079 houses remained incomplete in 8 blocks despite payment of Rs.1.43 crore to the beneficiaries. In the case of Rs.70.15 lakh paid during 1990-96 for 605 houses, possibility of completion was remote.

(Paragraph 6.5)

(iii) Central assistance of Rs.29.77 crore under JRY, MWS, IAY, IRDP and TRYSEM schemes was lost due to failure of the State Government to comply with the prescribed conditions.

(Paragraph 6.8)

(iv) JRY funds of Rs.57.58 lakh under Panchayati Raj Department were misutilised in 3 districts on repair and maintenance works not covered under scheme guidelines.

(Paragraph 6.9)

(v) Special Central Assistance of Rs.43.11 lakh was misutilised by 2 Integrated Tribal Development Agencies under the Scheduled Tribe and Scheduled Caste Development Department for repair works contrary to the scheme guidelines.

(Paragraph 6.10)

16. Misappropriation of cash/stores

(i) Rs.11.84 lakh was misappropriated as the Regional Transport Officer, Sambalpur, did not adhere to Treasury Financial Rules despite previous audit comments.

(Paragraph 3.5)

(ii) Shortage of cash of Rs.3.34 lakh noticed during local audit representing amount misappropriated by 4 DDOs under Home Department (1 DDO Rs.1.82 lakh), Health and Family Welfare Department (2 DDOs Rs.1.23 lakh) and Revenue Department (1 DDO : Rs.0.29 lakh) awaited recovery.

(Paragraph 3.8)

(iii) Two Junior Engineers of one Roads and Buildings Division under Works Department unauthorisedly received and misappropriated bitumen valued Rs.15.90 lakhs.

(Paragraph 5.3)

17. Other Points of Interest

(i) 46 DDOs in 12 Departments retained huge cash balance of Rs.28.72 crore in disregard of codal provisions.

(Paragraph 3.8)

(ii) Rs.8.35 crore drawn in AC bills during 1995-2000 were pending adjustment against Superintendents of Jails and Sub-jails. Risk of misappropriation of Government money due to long pendency in adjustment was high.

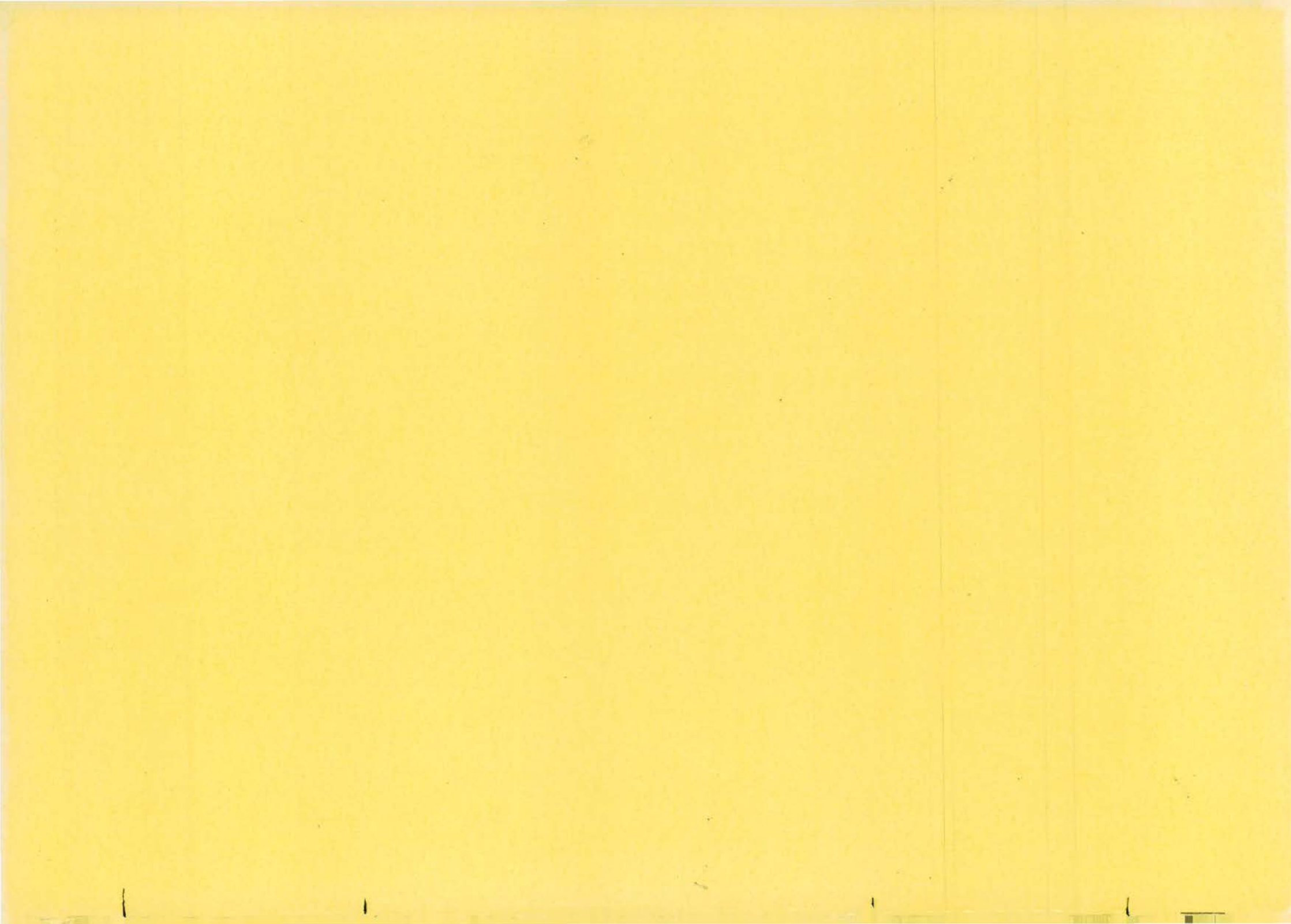
(Paragraph 3.11)

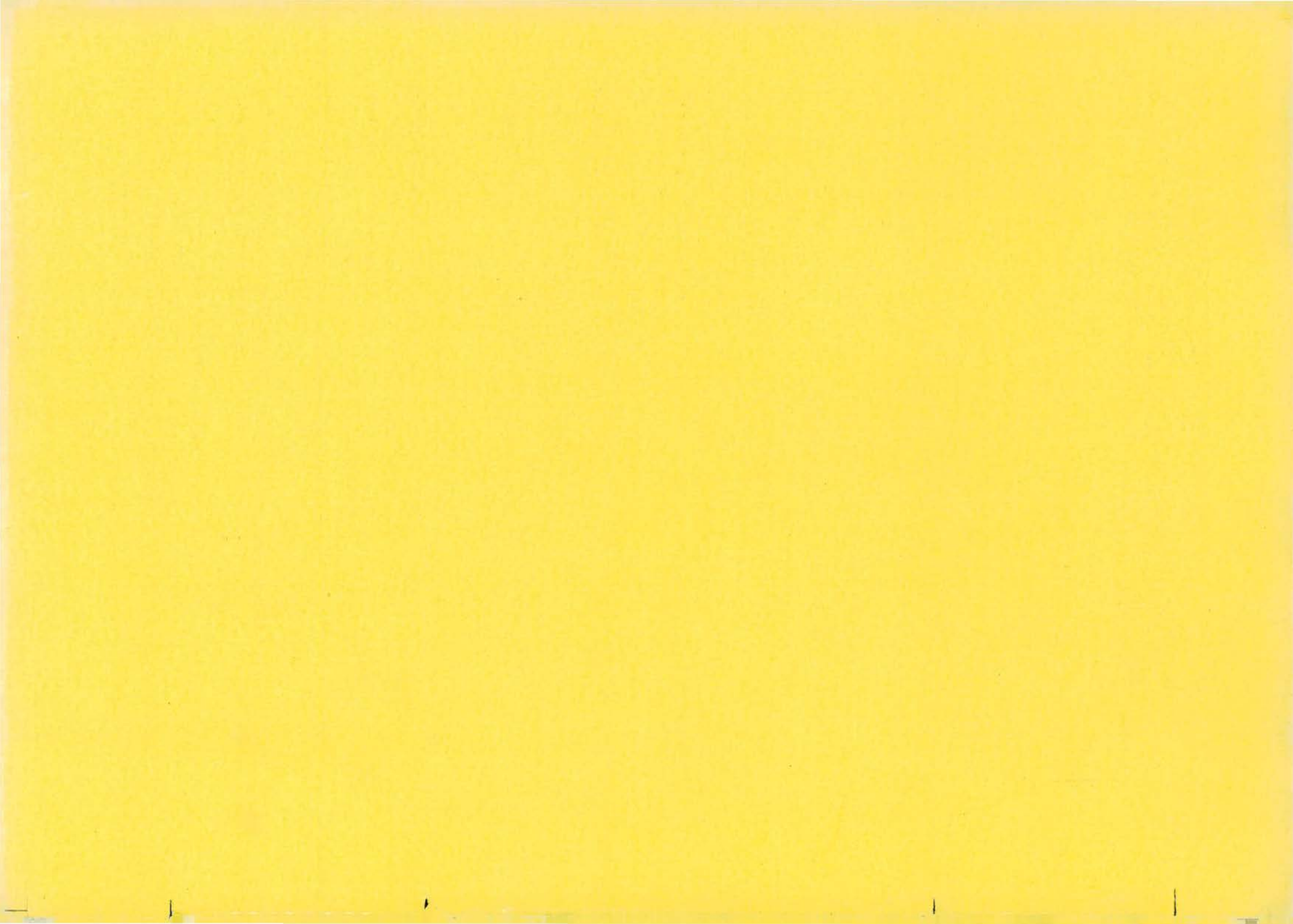
(iii) There was irregular payment of Rs.86.96 lakh to IDCO towards sales tax and service charges on such tax in respect of construction works of Industries Department under World Bank assisted "Technician Education" project.

(Paragraph 3.13)

(iv) Rs.1.20 crore towards extra cost on re-tender and cost of departmental materials was not recovered by the OWSSB from the contractors who abandoned the works or left them incomplete.

(Paragraph 6.3.4)





CHAPTER I

AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

This chapter discusses the financial position of the State Government based on an analysis of the information contained in the Finance Accounts. The analysis is based on the trends in the receipts and expenditure, the quality of expenditure and the financial management of the State Government. In addition, the chapter also contains a section on the analysis of indicators of financial performance of the government, based on certain ratios and indices developed on the basis of the information contained in the Finance Accounts and other information furnished by the State Government. Some of the terms used in this chapter are described in the Appendix-I.

1.2 Financial position of the State

In the Government accounting system, comprehensive accounting of fixed assets like land and buildings etc. 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 by the Government. Exhibit I is an abstract of such liabilities and the assets as on 31 March 2000 compared with the corresponding position on 31 March 1999. While the liabilities in this statement consist mainly of external and internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay, loans and advances given by the State Government and the cash balances. It would be seen from Exhibit I that while the liabilities grew by 21.78 *per cent*, the assets grew by only 10.14 *per cent* during 1999-2000 mainly as a result of a very high (42.65 *per cent*) increase in the deficit on the Government account. This shows an overall deterioration in the financial condition of the Government.

1.3 Sources and application of fund

1.3.1 Exhibit III gives the position of sources and application of funds during the current and the preceding year. The main sources of funds include the revenue receipts of the Government, recoveries of the loans and advances, public debt, and the receipts in the Public Account. These are applied mainly on revenue and capital expenditure and the lending for developmental purposes. It would be seen that the revenue receipts constitute the most significant source of funds for the State Government and their relative share in the total receipts increased marginally from 56.28 *per cent* in 1998-99 to 58.51 *per cent* during 1999-2000. The share of net receipts from the Public Account increased from 10.89 *per cent* in 1998-99 to 16.23 *per cent* in 1999-2000. This was mainly due to a steep increase in GPF and Reserve Funds. The receipts from the public debt went up from 20.72 *per cent* in 1998-99 to 23.29 *per cent* during 1999-2000 due to increase in market loan and loans from HUDCO.

EXHIBIT-I

SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF
ORISSA AS ON 31 MARCH 2000

(Rupees in crore)

As on 31.03.1999	Liabilities	As on 31.03.2000
4367.42	Internal Debt -	5257.88
3632.13	Market Loans bearing interest	4246.84
42.39	Market Loans not bearing interest	42.58
48.77	Loans from LIC	45.07
339.80	Loans from other Institutions	717.36
160.20	Ways and Means Advances	206.03
144.13	Overdrafts from Reserve Bank of India	Nil
227.67	Shortfall in Deposits with Reserve Bank	133.81
6767.99	Loans and Advances from Central Government	8075.87
664.73	Pre 1984-85 Loans	626.94
1968.21	Non-Plan Loans	2330.78
3986.66	Loans for State Plan Schemes	4766.66
53.71	Loans for Central Plan Schemes	51.85
94.68	Loans for Centrally Sponsored Plan Schemes	-99.64
Nil	Ways and Means Advance	200.00
25.89	Contingency Fund	121.70
3921.30	Small Savings, Provident Funds, etc.	4974.70
1373.77	Deposits	1595.42
62.76	Reserve Funds Advances	386.58
0.76	Suspense and Miscellaneous	1.47
698.12	Miscellaneous Capital Receipts	698.12
17445.68		21245.55
	Assets	
9780.21	Gross Capital Outlay on Fixed Assets	10579.21
1346.46	Investments in shares of Companies, Corporations etc.	1379.19
8433.75	Other Capital Outlay	9200.02
1186.47	Loans and Advances	1559.70
395.58	Loans for Power Projects	452.42
511.48	Other Development Loans	518.99
279.41	Loans to Government servants and Miscellaneous loans	588.29
6.98	Advances	7.33
146.99	Suspense and Miscellaneous Balances	130.80
36.50	Remittance Balances	19.80
42.55	Cash	38.54
5.68	Cash in Treasuries and Local Remittances	1.84
	Deposits with Reserve Bank	--
10.33	Departmental Cash Balance including Permanent Advances	10.97
0.37	Security Deposits	0.38
1.13	Investment of earmarked funds	1.13
25.04	Cash Balance Investment	24.22
6245.98	Deficit on Government Accounts	8910.17
	Appropriation to Contingencies Fund	90.00
2262.50	Revenue Deficit of the Current Year	2574.19
3983.48	Accumulated deficit	6245.98
17445.68		21245.55

Includes an unreconciled amount of Rs.74.68 crore wrongly deposited by Energy Department.

EXHIBIT-II

ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 1999-2000

1998-99	Receipts		1999-2000	1998-99	(Rupees in crore)			
	Section-A: Revenue							
4554.40	I Revenue Receipts	5884.64	2756.47	I Revenue Expenditure	2872.64	15.47	2888.11	
1487.13	-Tax Revenue	1704.08	2720.44	General Services	2804.57	1197.54	4002.11	
557.49	-Non-tax revenue	716.48	1470.69	-Education, Sports, Art and Culture	1296.57	633.80	1930.37	
1012.83	-State's share of Union Taxes	1008.11	401.21	-Health and Family Welfare	277.13	148.54	425.67	
681.69	State's share of net proceeds of Taxes on income other than Corporate Tax	740.34	284.59	-Water supply & sanitation, Housing and Urban Development	177.32	134.59	311.91	
67.87	-Non-Plan grants	881.49	10.89	-Information and Broad-casting	5.49	4.64	10.13	
456.24	-Grants for State Plan Scheme	554.52	225.66	-Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	77.31	153.00	230.31	
39.72	Central Plan Schemes	65.41						
251.43	-Centrally Sponsored Plan Schemes	214.21	24.03	-Labour and Labour Welfare	18.90	3.56	22.46	
2262.50	II Revenue deficit carried over to Section B	2574.19	269.52	-Social Welfare and Nutrition	927.55	118.11	1045.66	
			24.85	-Others	24.30	1.30	25.60	
			1316.22	Economic Services	937.67	610.35	1548.02	
			504.84	-Agriculture and Allied Activities	397.12	142.73	539.85	
			342.31	-Rural Development -Special Areas Programmes	196.37	314.80	511.17	
			169.88	-Irrigation and Flood Control	120.75	51.08	171.83	
			13.75	-Energy	1.46	3.26	4.72	
			89.47	-Industry and Minerals	37.30	37.96	75.26	
			107.40	-Transport and Communications	142.96	0.67	143.63	
			23.90	-Science, Technology and Environment	0.70	12.36	13.06	
			64.67	-General Economic Services	41.01	47.49	88.50	
			23.77	-Grants-in-aid and Contributions	16.37	4.22	20.59	20.59
	Section-B							
39.80	III Opening Cash balance including Permanent Advances and Cash Balance Investment	(-185.12)		III Opening Overdraft from RBI			144.13	
504.88	IV Miscellaneous Capital Receipts	Nil	913.52	IV Capital Outlay			799.00	
			17.51	General Services	3.18	12.10	15.28	
			60.71	Social Services	0.83	46.70	47.53	
			3.71	-Education, Sports, Art and Culture	0.01	8.69	8.70	
			5.60	-Health and Family Welfare	Nil	5.85	5.85	
			48.13	-Water Supply, Sanitation, Housing and Urban Development	0.82	29.45	30.27	
			3.00	-Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	Nil	2.71	2.71	
			0.27	-Social Welfare and Nutrition	Nil	Nil	Nil	

Audit Report(Civil) for the year ended 31 March 2000

		(Rupees in crore)					
1998-99	Receipts	1999-2000	1998-99	Disbursements	Non-Plan	Plan	1999-2000
			835.30	Economic Services	19.50	716.69	736.19
			25.46	-Agriculture and Allied Activities	20.55	36.71	57.26
				-Rural Development			
				-Special Areas Programmes			
			610.21	-Irrigation and Flood Control	Nil	533.79	533.79
			63.94	-Energy	Nil	11.20	11.20
			(-) 5.28	-Industry and Minerals	(-) 3.55	2.77	(-) 0.78
			131.59	-Transport and Communications	2.24	129.54	131.78
			9.38	-General Economic Services	0.26	2.68	2.94
106.23	V Recoveries of Loans and Advances	102.81	348.33	V. Loans and Advances disbursed			476.04
79.43	-From Power Projects	Nil	172.09	-For Power Projects			56.83
12.85	-From Government Servants	74.85	24.77	-To Government Servants			296.54
13.95	-From others	27.96	151.47	-To Others			122.67
	VI Revenue surplus brought down		2262.50	VI. Revenue deficit brought down			2574.19
2238.04	VII Public debt receipts	2728.58	561.31	VII. Repayment of Public Debt			386.11
622.57	-Internal debt other than Ways and Means Advances and Overdraft	1129.67	121.44	-Internal debt other than Ways and Means Advances and Overdraft			140.91
144.69	-Net transaction under Ways and Means Advances	45.85		-Net transaction under Ways and Means Advances			
1470.78	-Loans and Advances from Central Government	1553.08	439.87	-Repayment of Loans and Advances to Central Government			245.20
	VIII Appropriation to Contingency Fund			VIII. Appropriation to Contingency Fund			90.00
2.54	IX Amount transferred to Contingency Fund	106.46	16.50	IX. Expenditure from Contingency Fund			10.65
4907.08	X Public Account receipts	6557.05	4025.66	X. Public Account disbursements			4924.93
1453.51	-Small Savings and Provident Funds	1682.12	620.11	-Small Savings and Provident funds			628.72
47.22	-Reserve Funds	828.51	71.31	-Reserve funds			504.69
52.48	-Suspense and Miscellaneous	119.52	149.58	-Suspense and Miscellaneous			102.63
1552.30	-Remittance	1735.32	1549.47	-Remittance			1718.62
1801.57	-Deposits and Advances	2191.58	1635.19	-Deposits and Advances			1970.27
144.13	XI Closing Overdraft from Reserve Bank of India	Nil	(-)185.12	XI Cash Balance at end			(-)95.27
			5.68	-Cash in Treasuries and Local Remittances			1.84
			(-) 227.67	-Deposits with Reserve Bank			(-) 133.81
			10.33	-Departmental Cash Balance including permanent advances			10.97
			26.54	-Cash Balance Investment			25.73
7942.70		9309.78	7942.70				9309.78

Represents Receipts : Rs.1867.40 crore and Disbursements : Rs.1821.57 crore.

EXHIBIT - III
SOURCES AND APPLICATION OF FUNDS

(Rupees in crore)

1998-99	Sources	1999-2000
4554.40	1. a) Revenue receipts	5884.64
504.88	b) Miscellaneous Capital receipts(Non-debt)	Nil
106.23	2. Recoveries of Loans and Advances	102.81
1676.73	3. Increase in Public debt other than overdraft	2342.47
881.42	4. Net receipts from Public Account	1632.12
833.40	Increase in Small Savings	1053.40
166.38	Increase in Deposits and Advances	221.31
(-)24.09	Increase in Reserve funds	323.82
(-)97.10	Net effect of suspense and Miscellaneous transactions	16.89
2.83	Net effect of Remittance transactions	16.70
144.13	5. Increase in Overdraft	
224.92	6. Decrease in closing cash balance	
	7. Net effect of Contingency Fund transaction	95.81
8092.71	Total	10057.85
	Application	
1998-99		1999-2000
6816.90	1. Revenue expenditure	8458.83
348.33	2. Lending for development and other purposes	476.04
913.52	3. Capital expenditure	799.00
13.96	4. Net effect of Contingency Fund transactions	--
NIL	5. Decrease in Overdraft	144.13
	6. Increase in closing Cash Balance	89.85
	7. Appropriation to Contingency Fund	90.00
8092.71	Total	10057.85

Explanatory Notes for Exhibit I, II and III:

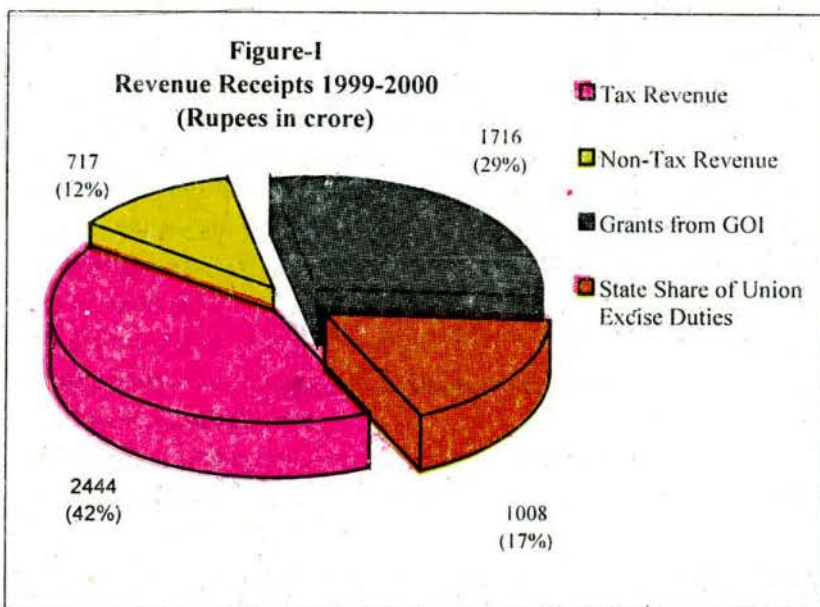
- The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.
- Government accounts being mainly on cash basis, the deficit on Government account as shown in Exhibit I indicates the position on cash basis as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc. do not figure in the accounts.
- Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlement, etc.
- There was a difference of Rs.825.30 lakh (net debit) between the figures reflected in the accounts (Rs.13,380.68 lakh) and that intimated by the RBI (Rs.12,555.38 lakh) under "Deposit with Reserve Bank". After reconciliation and adjustment, the difference to the extent of Rs.87.89 lakh Debit (Net) remains to be reconciled (July 2000).

disbursement of loans and advances and Rs.2207.68 crore on repayment of public debt. The receipts in the Public Account amounted to Rs.6557.05 crore against which the disbursement was Rs.4924.93 crore. The net effect of the transactions in the Consolidated Fund, Contingency Fund and Public Account was an increase in the cash balance by Rs.89.85 crore at the end of the year.

1.4.3 The financial operations of the State Government pertaining to its receipts and expenditure are discussed in the following paragraphs with reference to the information contained in Exhibit II and the time series data for the five year's period from 1995-96 to 1999-2000 presented in Exhibit IV.

1.5 Revenue receipts

1.5.1 The revenue receipts consist mainly of tax and non-tax revenue and receipts from Government of India (GOI). Their relative shares are shown in Figure 1. The Revenue receipts grew at an average annual rate of 6.35 per cent during 1995-96 to 1997-98 but declined by 1.68 per cent during 1998-99 compared to 1997-98. However, there was a steep increase by 29.23 per cent during 1999-2000 in comparison to 1998-99 due to more receipts of non-plan grants (Rs.828.15 crore) from GOI on account of National Calamity Relief-Adhoc Grants for super cyclone.



1.5.2 Tax revenue

Tax revenue constituted the major share of the revenue receipts. It however, declined to 42 per cent compared to 48 per cent in 1998-99. This was due to higher receipts of grants-in-aid from GOI (Rs.901 crore) on account of relief on Natural Calamity. In absolute term, the tax revenue increased from Rs.2169 crore in 1998-99 to Rs.2444 crore in 1999-2000 due to more receipts under Sale tax (Rs.137 crore), increased share of Union taxes and duties (Rs.58 crore), more receipts under Goods and Passengers (Rs.33 crore) and more duties on electricity (Rs.17 crore).

1.5.3 Non-tax revenue

The non-tax revenue constituted 12 per cent of the revenue receipts of the Government and their share in the revenue receipts declined from 16 per cent in 1995-96. In absolute terms, the amount of non-tax revenue increased from Rs.628 crore to Rs.717 crore during 1995-2000. During 1999-2000 the non-tax revenue increased by Rs.158.99 crore mainly due to more receipts under Dividend and profits from PSUs (Rs.110.86 crore).

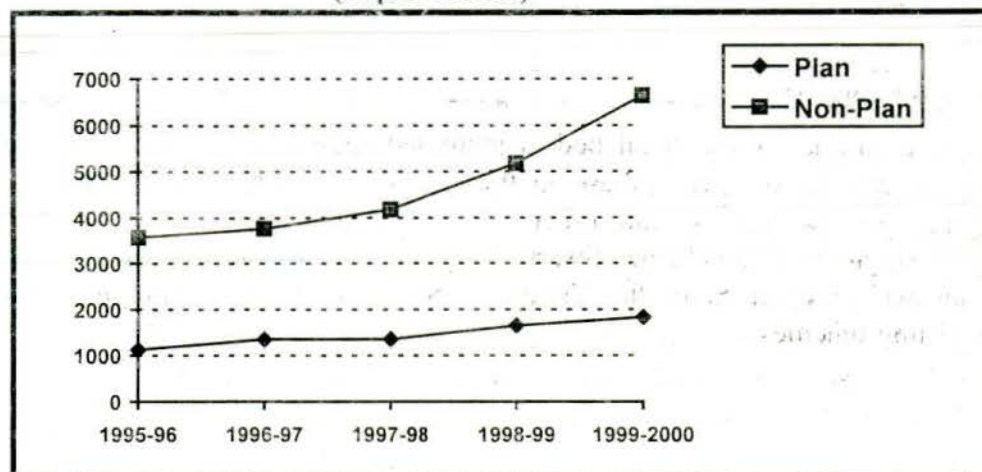
1.5.4. State's share of Union taxes and duties and grants-in-aid from the Central Government

The State's share of net proceeds of Taxes on Income other than Corporation Tax increased by 9 per cent during the year while State's share in Union Excise Duties decreased by Rs.5 crore (0.5 per cent). The grants-in-aid from Central Government increased by 111 per cent. As a percentage of revenue receipts, they (three of them taken together) increased from 55 per cent in 1998-99 to 59 per cent during 1999-2000 mainly due to steep increase in the receipt of non-plan grants-in-aid from Rs.40.27 crore to Rs.870.65 crore from GOI on account of calamity relief.

1.6 Revenue Expenditure

1.6.1 The revenue expenditure accounted for most (91 per cent) of the expenditure of the State Government and increased by 24 per cent during 1999-2000. During the five year period (1995-96 to 1999-2000), while the Non-Plan expenditure increased by Rs.3059 crore, Plan expenditure increased only by Rs.702 crore. During the period from 1995-96 to 1998-99 the average annual increase in Non-plan expenditure was 11.19 per cent while during 1999-2000 it increased by 28.23 per cent over that of the previous year. During 1999-2000, there was an increase of Rs.1642 crore in the revenue expenditure as compared to previous year mainly due to increase in expenditure under Relief (Rs.782 crore) on account of natural calamities (drinking water supply, gratuitous relief, assistance for repairs/reconstruction of houses), Rs.456 crore on General Education (Government Primary Schools, Non-formal Education, Government Secondary Schools, Government Colleges and institutes and Assistance to Non-Government Colleges).

Figure-2
Growth of Plan and Non-Plan revenue expenditure
(Rupees in crore)



expenditure are usually associated with asset creation, the Non-Plan and Revenue expenditure are identified with expenditure on establishment, maintenance and services. By definition therefore, in general, the Plan and Capital expenditure can be viewed as contributing to the quality of expenditure.

1.8.2 Wastage in public expenditure, diversions of funds and funds blocked on incomplete works would also impinge negatively on the quality of expenditure. Similarly, funds transferred to Deposit heads in the Public Account, after booking them as expenditure, can also be considered as a negative factor in judging the quality of expenditure. As the expenditure was not actually incurred in the concerned year, it should be excluded from the figures of expenditure for that year. Another possible indicator is the increase in the expenditure on General Services to the detriment of Economic Services.

1.8.3 The following table lists out the trend in these indicators:

	1995-96		1996-97		1997-98		1998-99		1999-2000	
	Plan	Non plan	Plan	Non plan	Plan	Non Plan	Plan	Non Plan	Plan	Non plan
(R u p e e s i n c r o r e)										
1. Expenditure as a percentage of										
-Revenue expenditure	72	100	61	100	62	100	65	100	70	100
- Capital expenditure	28	Nil	39	Nil	38	Nil	35	Nil	30	Nil
2 Capital expenditure (per cent) of total expenditure	9		15		13		12		9	
3 Expenditure on General Services (per cent)										
-Revenue	34		38		40		40		34	
-Capital	3		1		1		2		2	
4. Amount of wastage and diversion of funds detected during test audit	90		304		512		319		552	
5 Non-remunerative expenditure on incomplete projects (Rs. in crore)	NA		2090		2496		2974		3340	
6. Unspent balances at the end of the year under deposit heads, booked as expenditure at the time of their transfer to the deposit head	960		294		505		624		805	

It would be seen that the share of Plan expenditure on the revenue side has declined from 24 per cent in 1998-99 to 22 per cent in 1999-2000. The share of capital expenditure has also gone down continuously from 15 per cent in 1996-97 to 9 per cent in 1999-2000. The expenditure on General Services during the five years ranged between 34 per cent and 40 per cent on the revenue side and 01 per cent and 03 per cent on the capital side.

1.9 Financial Management

The issue of financial management in the Government should relate to efficiency, economy and effectiveness of its revenue and expenditure operations. Subsequent chapters of this report deal extensively with these issues especially as they relate to the expenditure management in the Government based on the findings of test audit. Some other parameters which can be segregated from the accounts and other related financial information of the Government are discussed in this section.

1.9.1 Investments and returns

Investments are made out of the capital outlay by the Government to promote developmental, manufacturing, marketing and social activities. The sector-wise details of investments made and the number of concerns involved were as under:

Sector	Number of concerns	Amount invested	
		(Rupees in crore)	
		As on 31.3.2000	During 1999-2000
(1) Statutory Corporations	4	166.82	6.93
(2) Government Companies	83	970.29	15.01
(3) Joint Stock Companies	23	1.25	Nil
(4) Co-operative institutions	32	240.83	10.69
Total	142	1379.19	32.63

The details of investments and the returns realised during the last five years by way of dividend and interest were as follows:

Year	Investment at the end of the year	Return	Percentage of return	Rate of interest on Government borrowing (%)
(Rupees in crore)				
1995-96	1187.00	2.16	0.18	14.00
1996-97	1213.54	0.36	0.03	13.85 and 13.75
1997-98	1268.41	3.20	0.25	13.05 and 12.30
1998-99	1346.56	0.28	0.02	12.15 and 12.50
1999-2000	1379.19	111.15	8.06	11.11, 8.85 and 12.25

Thus, while the Government was raising high cost borrowings from the market, its investments in Government companies fetched very low returns.

1.9.2 Financial results of irrigation works

The financial results of 48 irrigation projects with a capital outlay of Rs.633.41 crore at the end of March 2000 showed that revenue realised from these during 1999-2000 (Rs.0.36 crore) was only 0.06 per cent of the capital outlay and these were not sufficient to cover even the direct working expenses (Rs.42.95 crore). After reckoning the working and maintenance expenditure

(Rs.43.28 crore) and interest charges (Rs.36.03 crore), the schemes suffered a net loss of Rs.78.95 crore.

1.9.3 Incomplete projects

As on 31 March 2000, there were 29 (Major: 12 and Medium: 17) incomplete projects in which Rs.3,339.83 crore were blocked. The position had deteriorated due to additional expenditure of Rs.366 crore in incomplete projects as compared to the position on 31 March 1999. This showed that the Government was spreading its resources thinly which failed to yield any return.

1.9.4 Arrears of revenue

The arrears of revenue pending collection increased consistently from Rs.923 crore in 1995-96 to Rs.1237 crore in 1997-98 with a marginal decline of 6.87 and 6.77 *per cent* during 1998-99 and 1999-2000 respectively. The arrears of revenue upto 31 March 2000 (Rs.1074.47 crore) consisted 18 *per cent* of the revenue raised during 1999-2000. Of the arrears, Rs.219.77 crore (20 *per cent*) were pending for more than five years and pertained to Sales Tax (Rs.218.02 crore) and Mines and Minerals (Rs.1.75 crore).

1.9.5 Ways and Means advances and overdraft

Under an agreement with the Reserve Bank of India (RBI), the State Government had to maintain with the Bank a minimum daily cash balance of Rs.1.28 crore. If the balance fell below the agreed minimum on any day, the deficiency had to be made good by taking Ways and Means Advances (WMA) (maximum limit of Rs.141 crore was temporarily enhanced to Rs.242 crore from 11.1.2000 to 31.3.2000) and Overdraft (OD) from the RBI. In addition, special WMA (maximum limit Rs.19.20 crore and Rs.20.10 crore from 26.6.1999) are also made by the RBI whenever necessary. Recourse to WMA/OD means a mismatch between the receipts and expenditure of the Government and hence reflects poorly on the financial management in Government. During the year 1999-2000, the Government resorted to WMA of Rs.1867.40 crore for which Rs.6.54 crore had been paid towards interest. Further, the Government availed OD of Rs.1867.66 crore and paid Rs.3.07 crore as interest. At the end of the year, outstanding WMA amounted to Rs.206.03 crore.

1.9.6 Deficit

1.9.6.1 Deficit in Government account represents gaps between receipts and expenditure. The nature of deficit is an important indicator of prudence of financial management in the Government. Further, the ways of financing the deficit and the application of the funds raised in this manner are important pointers of the fiscal prudence of the Government. The discussion in this section relates to three concepts of deficit viz., Revenue Deficit, Fiscal Deficit and Primary Deficit.

1.9.6.2 Revenue Deficit is the excess of revenue expenditure over revenue receipts. The Fiscal Deficit may be defined as the excess of revenue and capital expenditure (including net loans given) over the revenue receipts (including grants-in-aid received and miscellaneous capital receipts). Primary Deficit is fiscal deficit less interest payments. The following exhibit gives a break-up of the deficit in Government account.

(Rupees in crore)

CONSOLIDATED FUND (CF)				
Receipt	Amount		Disbursement	Amount
Revenue	5885	Revenue deficit:2574	Revenue	8459
Miscellaneous capital receipts	Nil		Capital	799
Recovery of loans & advances	103		Loans & advances disbursement	476
Sub Total	5988	Gross fiscal deficit:3746	Sub Total	9734
Public debt receipts	2683		Public debt repayment	485
			Appropriation to Contingency Fund	90
Total	8671	A: Deficit in CF:1638		10309
CONTINGENCY FUND				
Amount transferred to Contingency Fund	106	B.: Surplus in Contingency Fund: 96	Expenditure from Contingency Fund	10
PUBLIC ACCOUNT				
Small savings, PF etc.	1682		Small savings, PF, etc	629
Deposits & advances	2192		Deposits & advances	1970
Reserve Funds	828		Reserve Funds	505
Suspense & Miscellaneous	120		Suspense & Misc	102
Remittances	1735		Remittances	1719
Total Public Account	6557	C: Deficit in CF financed by Public Account:1632	Total Public Account	4925
Increase in cash balance (C)-(A-B)= 90- Exhibit III				

The table shows that the revenue deficit of Rs.2574 crore was met by borrowings. The fiscal deficit of Rs.3746 crore was financed by net proceeds of the public debt (Rs.2198 crore) and partly by the surplus from Public Account. Exhibit IV shows that the revenue deficit in 1999-2000 increased by 13.74 per cent over that of 1998-99 and fiscal deficit also increased sharply during 1999-2000 (28.55 per cent) due to increase in expenditure on general education and relief on account of natural calamities.

1.9.6.3 Application of the borrowed funds (Fiscal Deficit)

The Fiscal deficit represents total net borrowings of the Government. These borrowings are applied for meeting the revenue deficit, for incurring capital expenditure and for giving loans to various bodies for developmental and other purposes. The relative proportions of these applications would indicate the financial prudence of the State government and also the sustainability of its operations because continued borrowing for revenue expenditure would not be

sustainable in the long run. The following table shows the position in respect of the Government of Orissa for the last five years:

Ratio	1995-96	1996-97	1997-98	1998-99	1999-2000
Revenue Deficit/Fiscal Deficit	0.58	0.52	0.50	0.78	0.69
Capital Expenditure/ Fiscal Deficit	0.32	0.43	0.48	0.14	0.21
Net loans/Fiscal Deficit	0.10	0.05	0.02	0.08	0.10
Total	1.00	1.00	1.00	1.00	1.00

It would be seen that more and more borrowed funds were applied for revenue expenditure in the last five years and during 1999-2000 the ratio of Revenue Deficit/Fiscal Deficit stood at 0.69 indicating that 69 per cent of borrowing was utilised to meet the revenue deficit leaving little for capital investment. The increase in revenue expenditure occurred at the cost of capital expenditure for asset formation. The share of capital expenditure to total expenditure declined from 15 per cent to 9 per cent during 1996-2000. Therefore, if the revenue expenditure is not controlled, capital formation is bound to suffer.

1.9.7 Guarantees given by the State Government

Guarantees are given by the State Government for due discharge of certain liabilities like repayment of loans, share capital, etc. raised by the statutory corporations, Government companies and co-operative institutions etc. and payment of interest and dividend by them. They constitute contingent liability of the State. No law under Article 293 of the Constitution had been passed by the State Legislature laying down the maximum limits within which Government may give guarantees on the security of the Consolidated Fund of the State. Exhibit-IV lists the amounts of guarantees given by the Government and the amounts outstanding at the end of each year during 1996-2000. Outstanding guarantees have shown an increasing trend during 1995-96 to 1998-99 except in 1997-98. Guarantees given during 1998-99 shot up to Rs.1744 crore (1094 per cent) from Rs.104 crore in 1997-98 with marginal decline to Rs.1144 crore during 1999-2000. Scrutiny revealed that the main beneficiaries of guarantees during 1999-2000 were OHRDC (Rs.339.75 crore), Orissa Small Industries Corporation Ltd. (Rs.20.00 crore), Industries Development Corporation (Rs.31.27 crore), IDCOL (Rs.130.00 crore), Orissa Forest Development Corporation (Rs.15.00 crore), and OSEDC (Rs.20 crore).

According to information furnished (October 2000) by 13 out of 37 Departments, Rs.9.88 crore were received as guarantee commission (March 2000) and Rs.10.54 crore of guarantee commission were outstanding for recovery from Government companies and co-operative banks and societies as on 31 March 2000.

1.10 Public debt

1.10.1 The Constitution of India provides that a State may borrow within the territory of India upon the security of Consolidated Fund of the State within such limits, if any, as may from time to time, be fixed by an Act of Legislature of the State. No law had been passed by the Legislature laying down any such limit. The details of the total liabilities of the State Government as at the end of the last five years are given in the following table. During the five-year

period, the total liabilities of the State Government had grown by 96 per cent. This was on account of 93 per cent growth in internal debt, 86 per cent growth in loans and advances from Government of India and 114 per cent growth in other liabilities. During 1999-2000, State Government borrowed Rs.1129.67 crore in the open market at interest rates of 11.00, 11.85 and 12.25 per cent per annum. The loan amount included an amount of Rs.701.40 crore of Orissa Government loan raised during 1999-2000 and special loan of Rs.248.75 crore from HUDCO.

Year	Internal debt	Loans and advances from Central Government	Total public debt	Other liabilities	Total liabilities	Ratio of debt to GSDP
(R u p e e s i n c r o r e s)						
1995-96	2727	4351	7078	3245	10323	0.38
1996-97	3439	4866	8305	3661	11966	0.44
1997-98	3577	5737	9314	4374	13688	0.42
1998-99	4367	6768	11135	5350	16485	0.46
1999-2000	5258	8076	13334	6948	20282	0.53

1.10.2 Of the amount of funds raised through public debt, the amount of repayment and net funds available are given in the following table:

	1995-96	1996-97	1997-98	1998-99	1999-2000
Internal Debt including ways and means advances					
-Receipt	1093	2735	2746	3274	4865
-Repayment (principal + interest)	779	2368	3023	2937	4508
-Net funds available (per cent)	314(29)	367(13)	(-1277)	337(10)	357(7)
Loans & Advances from GOI					
-Receipt during the year	664	704	1150	1471	1553
-Repayment (Principal + Interest)	565	667	835	1137	653
-Net funds available (per cent)	99(15)	34(5)	315(27)	334(23)	900(58)
Other liabilities					
-Receipt during the year	2070	2108	2647	3302	4702
-Repayment including interest	1917	1946	2255	2661	3400
-Net funds available (per cent)	153(7)	162(8)	392(15)	641(19)	1302(28)

It would be seen that as against total receipt of Rs.11120 crore (Rs.4865 crore + Rs.1553 crore + Rs.4702 crore) only an amount of Rs.2559 (23 per cent) crore was available for investment and other expenditure after meeting the debt obligations. Considering that the outstanding debt has been increasing year after year, the net availability of funds through public borrowings is going to reduce further.

In regard to loans and advances from GOI, State Government was allowed deferment of outstanding liabilities on account of debt service for the months of November 1999 to March 2000 and phasing of recovery in the next two years with a moratorium of six months. This is the reason for the relatively low repayment (Rs.653 crore) compared to that of previous year (Rs.1137 crore).

Other liabilities include small savings, provident funds, reserve funds and deposits etc.

1.11 Huge cash balances with the Drawing and Disbursing Officers (DDOs)

Scrutiny of cash books of 228 DDOs in 19 Departments disclosed that they held cash balances aggregating to Rs.77.72 crore at the end of March 2000. Holding of large cash was fraught with risk of misappropriation and misuse of Government cash.

Had the unspent balances been refunded to Government accounts, Government could have reduced its borrowing to the extent of idle holding of cash.

1.12 Indicators of the Financial Performance

1.12.1 A Government may either wish to maintain its existing level of activity or increase its level of activity. For maintaining its current level of activity, it would be necessary to know how far the means of financing are sustainable. Similarly, if Government wishes to increase its level of activity it would be pertinent to examine the flexibility of the means of financing and finally Government's increased vulnerability in this process. All the State Governments continue to increase the level of their activity principally through Five Year Plans which translate into annual Development Plans and are provided for in the State Budget. Broadly, it can be stated that non-plan expenditure represents Government maintaining the existing level of activity while plan expenditure entails expansion of activity. Both these activities require resource mobilisation increasing Government's vulnerability. In short, financial health of a Government can be described in terms of sustainability, flexibility and vulnerability.

These terms are defined as follows:

(i) Sustainability

Sustainability is the degree to which a Government can maintain existing programme and meet existing creditor requirements without increasing the debt burden of Government.

(ii) Flexibility

Flexibility is the degree to which a Government can increase its financial resources to respond to rising commitments by either expanding its revenues or increasing its debt burden.

(iii) Vulnerability

Vulnerability is the degree to which a Government becomes dependent on and therefore vulnerable to sources of funding outside its control or influence, both domestic and international.

(iv) Transparency

There is also the issue of financial information provided by the Government. This consists of the Annual Financial Statement (Budget) and the Accounts. As regards the budget, the important parameters are timely presentation

indicating the efficiency of budgetary process and the accuracy of the estimates. As regards accounts, timeliness in submission for which milestones exist and completeness of accounts would be the principal criteria.

1.12.2 Information available in Finance Accounts can be used to flesh out sustainability, flexibility and vulnerability that can be expressed in terms of certain indices/ratios worked out from the Finance Accounts. The list of such indices/ratios is given in the Appendix. Exhibit 5 indicates the behaviour of these indices/ratios over the period from 1995-96 to 1999-2000. The implications of these indices/ratios for the state of the financial health of the State Government are discussed in the following paragraphs.

1.12.3 The behaviour of the indices/ratios is discussed below.

EXHIBIT - V
FINANCIAL INDICATORS FOR GOVERNMENT OF ORISSA

	1995-96	1996-97	1997-98	1998-99	1999-2000
(1)	(2)	(3)	(4)	(5)	(6)
Sustainability					
BCR (Rs. in crore)	(-1223)	(-1132)	(-1229)	(-11364)	(-11581)
Primary Deficit (PD) (Rs. in crore)	467	523	509	1429	2598
Interest Ratio	0.21	0.25	0.28	0.32	0.21
Capital outlay/Capital receipts	0.33	0.56	0.41	0.30	0.26
Total tax receipts/GSDP	0.09	0.11	0.11	0.09	0.09
State Tax Receipts/GSDP	0.04	0.05	0.04	0.04	0.04
Return on investment ratio	0.018	0.0003	0.0025	0.0002	0.08
Flexibility					
BCR (Rs. in crore)	(-1223)	(-1132)	(-1229)	(-11364)	(-11581)
Capital repayments/ Capital borrowings	0.20	0.17	0.17	0.27	0.12
State Tax Receipts/ GSDP	0.04	0.05	0.05	0.04	0.04
Debt/GSDP	0.38	0.44	0.51	0.46	0.53
Vulnerability					
Revenue Deficit (RD) (Rs. in crore)	807	830	903	2263	2574
Fiscal Deficit (FD) (Rs. in crore)	1396	1602	1801	2914	3746
Primary Deficit (PD) (Rs. in crore)	467	523	509	1429	2508
PD/FD	0.33	0.33	0.28	0.49	0.67
RD/FD	0.58	0.52	0.50	0.78	0.69
Outstanding Guarantees/ Revenue Receipts	0.48	0.45	0.40	0.77	0.63
Assets (Rs. in crore)	8129	9156	9946	11200	12335
Liabilities (Rs. in crore)	10379	12236	13930	17446	21246
Assets/Liabilities	0.78	0.75	0.71	0.64	0.58

- Note 1. Fiscal deficit has been calculated as Revenue expenditure + Capital expenditure + Net loans and advances – Revenue receipts – Non-loan capital receipts.
2. In the ratio Capital outlay vs. Capital receipts, the denominator has been taken as Internal Loans + Loans and Advances from Government of India excluding Ways and Means Advances + Net receipts from Small savings, PF etc. + Repayments received from loans advanced by the State Government - Loans advanced by State Government + Miscellaneous Capital receipts.
3. While the assets had grown by 52 per cent during the last five years from 1995-96 to 1999-2000, the liabilities had grown by 105 per cent.

(i) Balance from Current Revenues (BCR)

BCR is defined as revenue receipts minus plan assistance grants minus non-plan revenue expenditure. A positive BCR shows that the State Government has surplus from its revenues for meeting plan expenditure. The table shows that the State Government has had negative BCR in all the five years 1999-2000 and the negative BCR increased steeply to Rs.1581 crore mainly due to the huge increase in Non-plan revenue expenditure and stagnant tax GDP ratio. Thus, the Government was not able to contribute to Plan expenditure from its own resources and even the non-Plan expenditure (which was 78 per cent of total revenue expenditure) was financed significantly from borrowings.

(ii) Interest ratio

Interest ratio is defined as

$$\frac{\text{Interest Payment} - \text{Interest Received}}{\text{Total Revenue Receipts} - \text{Interest Receipts}}$$

The higher the ratio the lesser the ability of the Government to service any fresh debt and meet its revenue expenditure from its revenue receipts. In case of Orissa, the ratio has moved up rapidly from 0.21 to 0.32 during the period 1995-96 to 1998-99. However, this declined to 0.21 during 1999-2000 due to less interest payment in 1999-2000 by Rs.247 crore because of deferment of debt servicing by GOI.

(iii) Capital outlay/Capital receipts

This ratio would indicate to what extent the capital receipts are applied for capital formation. A ratio of less than one would not be sustainable in the long term inasmuch as it indicates that a part of the capital receipt is being diverted to unproductive revenue expenditure. On the contrary, a ratio of more than one would indicate that capital investments are being made from revenue surplus as well. The trend analysis of this ratio would throw light on the fiscal performance of the State Government. A rising trend would mean an improvement in the performance. In the case of Orissa, the ratio has all along been less than one and mostly well below 0.6 indicating that a substantial part of the capital receipts are not available for investment. The ratio steeply declined from 0.56 in 1996-97 to 0.26 in 1999-2000 indicating a rapidly worsening situation of application of most of the capital receipts for purposes other than asset formation. Considering that the revenue deficit increased more than 3 times since 1996-97, there was little scope for capital receipts being applied for capital outlay in coming years unless the revenue deficit is controlled.

(iv) Tax receipts vs. Gross State Domestic Product (GSDP)

Tax receipts consist of State taxes and State's share of Central taxes. The latter can also be viewed as Central taxes paid by people living in the State. Tax receipts suggest sustainability. But the ratio of tax receipts to GSDP would have implications for the flexibility as well. While a low ratio would imply

that the Government can tax more and hence its flexibility, a high ratio may not only point to the limits of this source of finance but also its inflexibility. Time series analysis shows that in case of Orissa, the ratio of State tax to GSDP was stagnant at 0.04 (except for 1996-97 when it was 0.05). The ratio suggests that despite steep increase in revenue and fiscal deficits Government did not improve its tax compliance relative to the growth in GSDP. The high level of arrears in tax collection (vide discussion in para 1.9.4) indicated poor tax compliance. Government has to improve tax compliance to improve its financial condition.

(v) Return on Investment (ROI)

The ROI is the ratio of the earnings to the capital employed. A high ROI suggests sustainability. The table at para 1.91 *ibid* presents the return on Government's investments in statutory corporations, Government companies, joint stock companies and co-operative institutions. It shows that the ROI in case of Government of Orissa was negligible all through.

(vi) Capital repayments vs. Capital borrowings

This ratio would indicate the extent to which the capital borrowings are available for investment after repayment of capital. The lower the ratio, the higher would be the availability of capital for investment. In case of Orissa, this ratio steadily increased from 0.17 in 1996-97 to 0.27 in 1998-99 due to increased borrowings in the recent years. However, the ratio declined to 0.12 during 1999-2000 due to deferment in repayment of GOI loans. This is however a temporary phenomenon. Due to the liability of repayments falling due in near future, the ratio is bound to go up and pressure on the State revenue to meet high level of repayments will increase. As the borrowings were applied mostly to meet revenue expenditure and for investment in loss making public sector undertakings (vide discussion in para 1.9.1) and projects which continued for long period and generated no revenue, (vide discussion in para 1.9.3.), the State's capacity to repay will be under strain.

(vii) Debt vs Gross State Domestic Product (GSDP)

The GSDP is the total internal resource base of the State government which can be used to service debt. An increasing ratio of Debt/GSDP would signify a reduction in the Government's ability to meet its debt obligations and therefore increasing risk for the lender. In the case of Orissa, this ratio has increased significantly from 0.38 in 1995-96 to 0.53 in 1999-2000. There is thus an urgent necessity to control the borrowings.

(viii) Revenue deficit/Fiscal deficit

The revenue deficit is the excess of revenue expenditure over revenue receipts and represents the revenue expenditure financed by borrowings etc. Evidently, the higher the revenue deficit, the more vulnerable is the State. Since fiscal deficit represents the aggregate of all the borrowings, the revenue deficit as a percentage of fiscal deficit would indicate the extent to which the borrowings of the Government are being used to finance non-productive revenue

expenditure. Thus, the higher the ratio, the worse off the State because that would indicate that the debt burden is increasing without adding to the repayment capacity of the State. During 1999-2000, 69 per cent of the borrowings were applied to revenue expenditure as compared to 78 per cent in 1998-99 due to increase of Rs.832 crore in the fiscal deficit over the previous year. Thus, most of the borrowed funds were spent on revenue expenditure due to huge increase in revenue deficit. Due to reduced capital expenditure the ability of the State to increase generation of revenue is limited.

(ix) Primary deficit vs. Fiscal deficit

Primary deficit is the fiscal deficit minus interest payments. This means that the less the value of ratio, the less the availability of funds for capital investment. In case of Government of Orissa, this ratio has been rather small and below 0.7. This suggests that interest payment accounted for more than 30 per cent of the net borrowings which are therefore not available for capital investment to large extent.. The ratio had steadily increased from 0.33 in 1995-96 to 0.67 in 1999-2000. It, however, needs to be considered that the heightened borrowings in recent years have increased the liability of interest payments in future years. Consequently, less and less funds would be available for spending on programmes in future years.

(x) Guarantees vs. Revenue receipts

Outstanding guarantees including the letters of comfort issued by the government indicate the risk exposure of a State government and should therefore be compared with the ability of the government to pay viz. its revenue receipts. Thus, the ratio of the total outstanding guarantees to total revenue receipts of the government would indicate the degree of vulnerability of the State government. In case of Orissa, this ratio went up steeply from 0.48 in 1995-96 to 0.63 in 1999-2000 indicating a very significant increase in the risk exposure of the revenues of the State government.

(xi) Assets vs. Liabilities

This ratio indicates the solvency of the government. A ratio of more than 1 would indicate that the State government is solvent (assets are more than the liabilities) while a ratio of less than 1 would be a contra indicator. This ratio was all along less than 1 and steadily declined from 0.78 in 1995-96 to 0.58 in 1999-2000 which was indicative of the worsening financial position of the government.

(xii) Budget

There was no delay in submission of the budget and their approval. The details are given in the following table

Preparation	Month of submission	Month of approval
Vote on account	March 1999	March 1999
Budget	July 1999	July 1999
Supplementary I	December 1999	December 1999
Supplementary II	--	--

Chapter II of this Report includes a detailed analysis of variations in the budget estimates and the actual expenditure as also of the quality of budgetary procedure and control over expenditure. The State Government made huge supplementary provision which was 23 *per cent* of the original budget. There was persistent resumptptions (i.e. surrenders of amounts every year *vis-a-vis* the final modified grant). Further, Rs.97.01 crore spent in excess of budgeted funds during the year indicated defective budgeting and inadequate control over expenditure.

1.12.4 Conclusion

Revenue deficit increased by over Rs.300 crore (14 *per cent*) in 1999-2000 mainly due to uncontrolled increase in revenue expenditure and poor growth in tax and non-tax revenues. Consequently, most of the borrowings was spent on revenue expenditure (RD/FD has risen from 0.58 in 1995-96 to 0.67 in 1999-2000) and the State's finances were heavily dependent on and vulnerable to sources of funding outside its control. Further, a static tax to GSDP ratio shows that the State government did not improve tax compliance for financing its rapidly rising revenue expenditure. The decline in capital investments out of net borrowings (23 *per cent* of net borrowings were invested in 1999-2000 compared to 48 *per cent* in 1997-98) indicated failure to create productive assets. Poor quality of expenditure further worsened the financial position of the Government.

CHAPTER - II
APPROPRIATION AUDIT AND CONTROL OVER
EXPENDITURE

SUMMARY OF APPROPRIATION ACCOUNTS-1999-2000

Total No. of grants : 37
Total No. of appropriations: 4
Total provision and actual expenditure

Provision	Amount (Rs. in crore)	Expenditure	Amount (Rs. in crore)
Original	12055.64		
Supplementary	2598.54		
Total gross provision	14654.18	Total gross expenditure	14751.19
Deduct – Estimated recoveries in reduction of expenditure	1052.68	Deduct – Actual recoveries in reduction of expenditure	707.85
Total net provision :	13601.50	Total net expenditure	14043.34

Voted and Charged Provision and Expenditure

	Provision		Expenditure	
	(R u p e e s i n c r o r e)			
	Voted	Charged	Voted	Charged
Revenue	7806.08	2652.40	7006.19	2080.90
Capital	2248.95	1946.75	1442.99	4221.11
Total Gross	10055.03	4599.15	8449.18	6302.01
Deduct – recoveries in reduction of expenditure	1052.68	NIL	707.85	NIL
Total : Net	9002.35	4599.15	7741.33	6302.01

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Introduction

In accordance with the provisions of Article 204 of the Constitution of India, soon after the grants under Article 203 are made by the State Legislature, an Appropriation Bill is introduced to provide for appropriation out of the Consolidated Fund of the State. The Appropriation Bill passed by the State Legislature contains authority to appropriate certain sums from the Consolidated Fund of the State for the specified services. Subsequently, supplementary or additional grants can also be sanctioned by subsequent Appropriation Acts in terms of Article 205 of the Constitution of India.

The Appropriation Accounts include the expenditure which has been voted by the Legislature on various grants in terms of Articles 204 and 205 of the Constitution of India and also the expenditure which is required to be charged on the Consolidated Fund of the State. The Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by Government vis-à-vis those authorised by the Appropriation Act.

The objective of appropriation audit is to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 1999-2000 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	6424.37	1381.71	7806.08	7006.19	(-) 799.89
	II. Capital	1185.86	37.83	1223.69	966.73*	(-) 256.96
	III. Loans and Advances	711.66	313.60	1025.26	476.26*	(-) 549.00
Total Voted		8321.89	1733.14	10055.03	8449.18	(-) 1605.85
Charged	IV. Revenue	1787.71	864.69	2652.40	2080.90	(-) 571.50
	V. Capital	1.71	0.71	2.42	1.64	(-) 0.78
	VI. Public Debt	1944.33	--	1944.33	4219.47	(+) 2275.14
Total Charged		3733.75	865.40	4599.15	6302.01	(+) 1702.86
Grand Total		12055.64	2598.54	14654.18	14751.19	(+) 97.01

2.3 Results of Appropriation Audit

2.3.1 Overall savings/excess

The overall excess of Rs.97.01 crore was the result of excess of Rs.2658.52 crore in 11 grants and 1 appropriation offset by savings of Rs.2561.51 crore in 37 grants and 1 appropriation. The overall excess constituted 0.66 per cent of the total budgeted funds including supplementaries.

* These were gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under revenue heads Rs.628.25 crore and capital heads Rs.79.59 crore.

(a) **The total expenditure stands inflated at least to the extent of the following :**

- (i) Rs.182.72 crore (Deposits:Rs.553.45 crore, Disbursements:Rs.370.73 crore) added to balance in 8443-Civil Deposits-106-Personal Deposits during 1999-2000.
- (ii) Rs.10.38 crore drawn on Abstract Contingent Bill during 1999-2000 for which Detailed Contingent Bills were not received as of March 2000.
- (iii) Rs.3.25 crore being drawal made by several Drawing and Disbursing Officers (DDOs) on 31 March 2000 were not spent before the close of the year.

(b) **The total expenditure was understated atleast to the extent of:**

- (i) Un-recouped amount of Rs.10.65 crore drawn from Orissa Contingency Fund during 1999-2000.
- (ii) Vouchers not received from Treasuries for expenditure of Rs.10.04 crore incurred by various departments.

2.3.2 Supplementary provision

Supplementary provision of Rs.2598.54 crore made during the year constituted 22 per cent of the original provision as against 24 per cent in the previous year.

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 a State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs.1223.63 crore for the years 1996-97 to 1998-99 was yet to be regularised.

Year	No. of grants/appropriations	Grant/Appropriation Number	Amount of excess	Amount for which explanations not furnished to PAC
(Rupees in crore)				
1996-97	6	3 Revenue, 6 Commerce, 7 Works, 22 Forest & Environment, 28 Rural Development, 29 Parliamentary Affairs	107.40	107.40
1997-98	8	3 Revenue, 5 Finance, 7 Works, 13 Housing and Urban Development, 15 Sports & Youth Services, 22 Forest & Environment, 6003 & 6004 Loans etc	989.97	989.97
1998-99	9	5 Finance, 6 Commerce, 7 Works, 8 Legislative Assembly, 12 Health and Family Welfare, 13 Housing & Urban Development, 24 Steel and Mines, 32 Tourism & Culture, 35 Public Enterprises	126.26	126.26
Total			1223.63	1223.63

2.3.3(ii) Excess over provisions relating to 1999-2000.

The excess expenditure of Rs.2658.51.83.312 in 11 grants and 1 appropriation (Voted Rs.328.98.80.588 and Charged Rs.2329.53.02.724) require regularisation. Details are given in Appendix-IA.

2.3.4 Unnecessary/Excessive/Inadequate Supplementary Provision

(a) Unnecessary supplementary provision

Supplementary provision of Rs.226.46 crore in 28 cases was wholly unnecessary as the expenditure in each case did not come upto the level of the original provision the saving being more than Rs.0.50 crore in each case as indicated in Appendix-II.

2.3.4(b) Excessive supplementary provision

Against the additional requirement of Rs.1357.12 crore in 12 cases, supplementary provision of Rs.1781.21 crore was obtained resulting in savings of Rs.25.00 lakh or more in each case and Rs.424.09 crore in aggregate out of which in one grant (Grant No.3 Revenue Department) the saving was Rs.359.53 crore which comprised 84.78 *per cent* of the overall savings. Details are given in Appendix-III.

2.3.4(c) Inadequate supplementary provision

Supplementary provision of Rs.558.85 crore obtained in 5 cases, as detailed in Appendix-IV, proved inadequate by more than Rs.2.00 crore in each case leaving an aggregate uncovered excess expenditure of Rs.326.42 crore.

2.3.5 Significant cases of savings in plan expenditure

Significant savings exceeding Rs.1.00 crore in each case aggregating to Rs.173.83 crore (25 *per cent*) against the provision of Rs.686.11 crore either due to non-implementation or slow implementation of Plan schemes were noticed in 33 cases in 10 grants details of which are given in Appendix-V.

In three cases (SL.7, 24 & 29 of Appendix-V), the entire provision of Rs.9.50 crore remained unutilised.

2.3.6 Persistent savings

In 1999-2000, savings of more than 10 *per cent* were noticed in 31 out of 41 grants/appropriations whereas such savings were persisting during the years 1997-98, 1998-99 and 1999-2000 in 21 out of 41 grants/appropriations details of which are given in Appendix-VI-A&B.

2.3.7 Persistent excesses

In 1999-2000, excess was noticed in 11 Grants and 1 Appropriation whereas persistent excesses were noticed in two grants which requires investigation by the Government for remedial action.

Grant No.	Name of the Grant	Percentage of Excess		
		1997-98	1998-99	1999-2000
5	Finance (Capital Voted)	77	117	16
7	Works (Revenue Voted)	12	7	21

2.3.8 Significant cases of excess expenditure

Significant excesses amounting to Rs.2957.88 crore exceeding Rs.1.00 crore in each case were noticed in 77 cases involving 15 Grants/Appropriations details of which are given in Appendix-VII.

2.3.9 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 1999-2000, although actual savings of Rs.2561.51 crore were available, Rs.2320.57 crore were surrendered that too only in March 2000 resulting in overall less surrender of Rs.240.94 crore.

(a) Injudicious surrenders

In 8 grants as detailed in Appendix-VIII, amounts surrendered were less than the savings available by more than Rs.2.00 crore in each case. In respect of grant 3, Revenue Department surrendered only Rs.21.80 crore (6 per cent) as against total savings of Rs.359.53 crore.

(b) Excessive surrender

In 12 cases, the amount surrendered was in excess of actual savings indicating inadequate budgetary control. As against the total amount of actual savings of Rs.1082.90 crore, the amount surrendered was Rs.1234.24 crore resulting in excess surrender of Rs.151.34 crore in aggregate and Rs.50.00 lakh or more in each case. Details are given in Appendix-IX.

(c) Unrealistic surrender

Although expenditure exceeded the total provision and no savings were available, amounts exceeding Rs.50 lakh in each case were surrendered. Details are given in Appendix-X.

2.3.10(a) Surrender of entire provision

In 57 cases relating to 18 grants, the entire provision of Rs.83.30 crore exceeding Rs.10.00 lakh in each case was re-appropriated/surrendered. The details are in Appendix-XI.

2.3.10(b) Anticipated savings not surrendered

In 4 cases relating to 4 grants, the amount of available savings of Rs.1 crore or more in each case was not surrendered aggregating to Rs.16.96 crore. Details are given in Appendix-XII.

2.3.11 Unutilised provision

In 23 cases involving 21 grants/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 as detailed in Appendix-XIII.

2.3.12 Expenditure on New Service

Under Article 205 of the Constitution, when a need arises during a financial year for expenditure upon some new service not contemplated in the Budget

for that year, funds have to be got authorised by the Legislature before incurring that expenditure from the Consolidated Fund. In case of urgency, expenditure on new service can be met by obtaining advances from the Contingency Fund pending authorisation of the expenditure by the Legislature.

During 1999-2000, expenditure of Rs.4.24 crore was incurred in 9 cases as detailed in Appendix-XIV without following the prescribed procedure for New Service/New Instrument of Service.

2.4 Deficient Budgetary Procedure and Control

Scrutiny of budget proposals and actual expenditure in respect of two Departments viz (i) Scheduled Tribes and Scheduled Castes Development Department and Minority and Backward Classes Development Department, and (ii) Women and Child Development Department revealed the following.

2.4.1 Provisions for vacant posts

Rule 61(b) of Orissa Budget Manual provided that provision should be made in the budget for men on duty (excluding posts remaining vacant). But in the case of the Women and Child Development Department, provision of Rs.27.66 crore for vacant posts was irregularly made in the budget for 1999-2000 and the entire amount was surrendered.

2.4.2 Belated surrenders

Rule 146 of the Orissa Budget Manual read with Rule 144(2) *ibid* provided that all anticipated savings would be surrendered to Government immediately after these are foreseen and latest by 10 of March of the financial year without waiting till the end of the year. It was noticed in audit that two departments surrendered a total amount of Rs.87.97 crore on 31 March 2000:

2.4.3 Surrender due to non-implementation of Central Plan – Integrated Child Development Service Scheme (ICDS)

The Department of Women and Child Development made provision of Rs.81.74 crore (Rs.0.80 crore under normal plan - State Sector for Headquarter Cell, Rs.49.86 crore under normal plan – District Sector, Rs.30.23 crore under 796-Tribal Area Sub-Plan and Rs.0.85 crore under training programme (TASP)) below the Head “36-2235 Social Security and Welfare–Central Plan-02-Social Welfare-102-Child Welfare”, for continuance of ICDS Project during 1999-2000. Scrutiny of records of the Department (July 2000) revealed that the Department had surrendered Rs.31.crore (normal plan – State Sector,

ST& SC and Minority and Backward Classes Development Department-	Rs.34.32 crore
Women and Child Development Department	Rs.53.65 crore

Rs.0.34 crore, normal plan–District Sector Rs.23.07 crore, TASP Rs.7.37 crore, Training Programme Rs.0.22 crore) mainly due to non-filling up of vacant posts and non-implementation of the projects. While the budget provision for vacant posts was irregular, non-implementation of the projects funded by the Central Government denied the intended benefit to the targeted sectors.

2.4.4 Test check of records in Scheduled Tribe & Scheduled Castes Development and Minorities & Backward Classes Development Department revealed the following:

(a) A provision of Rs.32.20 crore was made under Central Plan Scheme for implementation of income generating schemes for Scheduled Castes & Scheduled Tribes in the State budget in 1999-2000. Government of India released (between June 1999 and March 2000) Rs.18.61 crore against the scheme. The State government sanctioned (February/March 2000) and placed Rs.18.49 crore at the disposal of the Orissa Scheduled Caste & Scheduled Tribe Financial Development Corporation for implementation of the scheme but the Corporation utilised only Rs.1 crore and the balance unutilised amount of Rs.17.49 crore was kept in Bank Account due to late sanction of the fund by the State government.

The drawal of Fund without assessing the actual requirement and depositing the same in the Bank outside the Government Account was irregular.

(b) Government of India released (December 1999) Rs.6.65 crore under Central Plan, at the request of the State Government, for payment of scholarship to SC and ST students. However, provision of only Rs.3.50 crore was made in the State budget of 1999-2000 for which balance amount of Rs.3.15 crore could not be sanctioned thereby resulting in denial of the benefit to the beneficiaries.

(c) A budget provision of Rs.330.67 lakh was made for on-going construction of Girls Hostels in Kanyashrams under Tenth Finance Commission. The State government sanctioned Rs.330.67 lakh during 1999-2000 in favour of DRDA and ITDA for construction work. But the agencies could not utilise the fund which was kept in PL Account. This resulted in time overrun of the project and denial of the benefit to the tribal girls.

(d) Under State Plan Scheme, a provision of Rs.17 crore was made for "Residential facilities in primary school for ST girls in KBK Districts" in the 1999-2000 Budget. Funds were released by State Government to DRDA and ITDA for construction works but only Rs.0.42 crore was utilised as on 31.3.2000 leaving an unutilised balance of Rs.16.58 crore which was kept in the PL Accounts.

2.5 Advances from the Contingency Fund

The corpus of the State Contingency Fund fixed (June 1990) at Rs.60 crore was enhanced to Rs.150 crore (January 2000) to enable the Government to

meet unforeseen expenditure not provided for in the budget and of such emergent nature which could not be postponed till the vote of Legislature was taken.

During the year 1999-2000, 25 sanctions of advance from Contingency Fund for an aggregate sum of Rs.69.10 crore were issued.

Advances from the Fund aggregating Rs.28.30 crore including Rs.10.65 crore pertaining to 1999-2000 remained un-recouped as of 31 March 2000 as illustrated below:

Period	Amount (Rupees in crore)
15 years above (since 1999-2000)	1.43
More than 10 years	1.67
More than 5 years	6.34
More than 3 years	1.03
More than 1 year	7.18
Below 1 year	10.65
Total	28.30

2.6 Recoveries and Credits

Under the system of gross budgeting by Government, the demands for grants presented to the Legislature are for the gross expenditure and exclude all credits and recoveries which are adjusted in the accounts as reduction of expenditure. The anticipated recoveries and credits are shown separately in the budget estimates. In 1999-2000, against the anticipated recovery of Rs.1052.68 crore, the actual recovery was Rs.707.85 crore. Thus, there was shortfall in recoveries of Rs.344.83 crore (33 per cent).

Details of Major variations of more than 22 per cent from Original Estimates and more than Rs.1.00 crore are given in Appendix-XV.

2.7 Non-receipt of explanations for Savings/Excesses

After the closure of accounts of each financial year, the detailed Appropriation Accounts showing the Final Grant/Appropriation, the actual expenditure and the resultant variations are sent to the Controlling Officers (CO) who are required to explain the variations in general and those under important sub-heads in particular. The State Budget Manual also requires the Controlling Officers to furnish promptly all such information to the Principal Accountant General (A&E) for preparation of the Appropriation Accounts.

For the Appropriation Accounts 1999-2000, the reasons for savings/excesses were called for by the Principal Accountant General (A&E) in respect of 5059 cases (savings 3043 cases for Rs.591.17 crore, excesses 2016 cases for Rs.784.46 crore). The reasons were not received as of October 2000.

2.8 Non-reconciliation of departmental figures of expenditure

Standing instructions of the Government require that departmental expenditure figures should be reconciled periodically by the Controlling Officer (CO) with those of the records maintained by the Principal Accountant General (A& E). Such reconciliation enables the departmental officers to monitor the progress of expenditure and ensure timely detection of misclassification, wrong bookings, fraud and defalcation, etc. During 1999-2000, out of 290 CO's involving an expenditure of Rs.10145.17 crore, an expenditure of Rs.643.68 crore (6.34 per cent) remained unreconciled in respect of 48 CO's.

2.9 Diversion of Funds through "Nil" payment vouchers

Financial Rules provide that no money shall be drawn from treasury unless it is required for immediate disbursement. Mention was made in para 2.13 of the Audit Report (Civil) for the year ended 31 March 1998 regarding diversion of funds through 'Nil' payment vouchers. But in the following cases, the Drawing and Disbursing Officers (DDOs) had drawn Rs.151.34 crore through "Nil" Bills by transfer credit to the Major Head 8443-Civil Deposits during 1999-2000.

Sl. No.	Head of Account debited	Head of Account credited	Amount (Rs. in crore)
1.	2210-Medical and Public Health	8443-Civil Deposit-106- Personal Deposit	16.04
2.	2501-Special Programme for Rural Development	-do-	24.47
3.	2505-Rural Employment	-do-	106.75
4.	4210-Capital Outlay on Medical and Public Health	-do-	4.08
	Total		151.34

The above draws inflated the expenditure booked in the respective Heads of Account though no expenditure was actually incurred in these cases. Government did not take steps to stop this unauthorised transfer of funds.

2.10 Rush of expenditure

Controlling Officers are responsible for ensuring that the control over expenditure is effective and to guard against rush of expenditure in the month of March. Test check by audit disclosed that in 20 cases, 50.72 per cent to 100 per cent of the total expenditure for the year 1999-2000 was incurred during the month of March 2000 as detailed in Appendix-XVI inspite of repeated comments in Audit Reports of previous years.

2.11 Civil Deposits

The position of the balances in 8443-Civil Deposit-800-Other Deposits during 1995-96 to 1999-2000 is given in Appendix-XVII.

Huge amount of balances were kept in Civil Deposit in contravention of Financial Rules. During the year ending 1999-2000, an amount of Rs.461.16 crore was kept in Civil Deposit (increase of 134 per cent over 1995-96).

Eight out of 35 Treasuries intimated that Rs.41.11 crore was drawn by different DDOs to avoid lapse of budget provision and was credited into Civil Deposit during 1999-2000.

2.12 Excess payment of pension and gratuity

Test check of records by Treasury Inspection Parties of Principal Accountant General (A&E) office revealed excess payment to the tune of Rs.6.38 lakh during 1999-2000 due to erroneous determination of admissibility/calculation error in respect of pensionary claims/medical allowance of 209 pensioners without proper check by treasuries.

2.13 Parking of Centrally Sponsored Scheme funds in Personal Ledger Accounts

Government of India (GOI) releases funds (Central Grant) for different poverty alleviation programmes under Centrally sponsored schemes direct to District Rural Development Agencies (DRDAs). These funds are not routed through the State government budget. The State government also release their matching share (State Grant) to DRDAs in respect of these schemes. GOI directed (July 1994) that the State government should not ask the DRDAs to deposit DRDA funds, which comprise both GOI and State Government share in the treasuries but deposit them in the authorised banks.

Check of records (July/September 2000) in 8* out of 30 DRDAs in the State revealed that out of Rs.1193.31 crore (GOI share Rs.906.35 crore and State share Rs.286.96 crore) received during 1995-2000 towards Scheme Funds, Rs.276.24 crore was deposited in the Personal Ledger Account (PLA) of these DRDAs. Balance in the PLAs of the test checked DRDAs was Rs.34.14 crore as of 31 March 2000. Since separate account for Central and State Grant in regard to release/utilisation and unspent balance was not being maintained by the DRDAs and the executing agencies, the break up of the balance into Central and State figures could not be ascertained.

Cuttack, Balasore, Mayurbhanj, Sundergarh, Puri, Bolangir, Ganjam and Khurda.

Similarly, in 16** blocks under 8 DRDAs test-checked, Rs.29.06 crore, out of scheme funds of Rs.78.76 crore received during 1995-2000 from DRDAs for implementation of poverty alleviation programme was deposited in the PL Accounts. Unspent scheme funds in the PL Accounts of the test-checked Blocks as of March 2000 was Rs.5.28 crore.

It was further observed that 43 Public Works and 16 Forest Divisions received (1995-2000) Rs.39.88 crore from the test-checked DRDAs and deposited the entire scheme funds into treasuries for execution of different programmes on receipt of letters of credit from the State Government. The unutilised balance on this account as of 31 March 2000 was Rs.19.70 crore.

Thus, the scheme funds were parked in the Government treasury instead of in authorised banks in violation of GOI instructions both at DRDA and block levels which resulted in boosting the cash balance of the State Government with the Reserve Bank of India instead of being spent for the purpose for which these were provided.

** Cuttack Sadar, Tangi Choudwar, Nilgiri, Remuna, Baripada, Betnati, Sundergarh Sadar, Tangarpalli, Puri Sadar, Satyabadi, Puintala, Bolangir Sadar, Chatrapur, Ganjam, Khurda and Tangi.

CHAPTER-III
CIVIL DEPARTMENTS
SECTION-A

**FISHERIES AND ANIMAL RESOURCES DEVELOPMENT
DEPARTMENT**

3.1 Working of Animal Husbandry Farms

Highlights

Animal Husbandry (AH) farms were established in the State with the main objective of upgradation of indigenous live stock, small animals and birds and of enhancing the production of milk and eggs by adopting scientific methods of breeding and management. The programme failed to fulfil the expectation though Rs.24.29 crore was spent on the farms during 1994-99. Various Centrally sponsored programmes were implemented poorly. The farms were unprofessionally managed as evident from disproportionate staffing, under-utilisation of infrastructure, high mortality, inadequate health care, unproductive expenditure, sub-standard feeds and total lack of monitoring by the Director and Government of the performance of the farms. The AH farms, intended to be model farms, were instead a drain on the Government. Their management needs streamlining and close monitoring to avoid wastage of public funds and improve value for money.

- ❑ **Reported expenditure did not represent actual expenditure to the extent of Rs.1.12 crore due to retention of money in Civil Deposits, Bank Drafts, etc.**

(Paragraph 3.1.3)

- ❑ **Revenue generated by 4 Fodder Seed farms (Rs.29.24 lakh) was grossly inadequate even to recover the amount spent on establishment and wages (Rs.74.84 lakh) during 1994-99.**

{Paragraph 3.1.4.1(iii)}

- ❑ **The per animal per day average milk yield was 4.8 litre during 1994-99 as against the standard of 8 litres.**

{Paragraph 3.1.4.1(iv)}

- ❑ **Target for production of bull calves in the LBD farms during 1994-99 was not achieved to the extent of 42 per cent.**

{Paragraph 3.1.4.1(v)}

- ❑ **Results of artificial insemination performed during 1994-99 in 4 LBD farms were very low.**

{Paragraph 3.1.4.1(vi)}

- ❑ **Rs.31.64 lakh was spent unjustifiably due to retention of bull calves beyond the suckling period and non-disposal of old bulls.**

{Paragraph 3.1.4.1(vii)}

- ❑ **In 5 small animal farms 15 to 58 per cent of the animal population died during 1994-99 due to improper maintenance and inadequate health care.**

{Paragraph 3.1.4.2(i)}

- ❑ **Non-utilisation of Central Assistance of Rs.71.46 lakh for fodder development for more than 4 years due to improper selection of site and delay in procurement of equipment.**

{Paragraph 3.1.5(b)}

- ❑ **Though sufficient infrastructure was available for maintenance of animals and birds, the number of animals and birds maintained by farms fell short of 11 to 32 per cent of target resulting in under-utilisation of infrastructure.**

(Paragraph 3.1.6)

- ❑ **Department failed to deploy the idle staff for useful work resulting in nugatory expenditure of Rs.2.63 crore towards their salaries.**

{Paragraph 3.1.6(i)(a)(b)(c)}

- ❑ **Rs.11.84 lakh was lost due to procurement of sub-standard animal feed.**

{Paragraph 3.1.7 (i)}

- ❑ **Buffalo farm and a pig farm were mismanaged resulting in avoidable loss of Rs.38.40 lakh.**

(Paragraph 3.1.8)

- ❑ **The functioning of the animal farms was not monitored at any level leading to huge loss and infructuous expenditure.**

(Paragraph 3.1.9)

3.1.1 Introduction

Government of Orissa established 35 Animal Husbandry (AH) Farms in the State viz. (i) 12 Live Stock Breeding and Dairy (LBD) Farms, (ii) 8 Poultry Farms and 2 Duck Breeding Farms, and (iii) 4 Sheep, 4 Goat, 3 Piggery and 2 Rabbit Farms with the main objective of upgradation of the indigenous live stock, small animals and birds of the State by adopting scientific methods of breeding and the latest feeding and management practices. A Progeny Testing Unit (PTU) was also established (1987-88) by the State Government at Cuttack to identify bulls of high genetic merit to make available proven bulls/semen for genetic improvement of cattle stock. The farms are managed by Managers/Superintendents who report to the Director of Animal Husbandry & Veterinary Services, Orissa, who is the Head of the Department.

3.1.2 Audit Coverage

Working of 19* Farms and the PTU was reviewed by test check of records for the years 1994-99. Records of 3** Feed Mixing Centres (FMCs) out of 5 FMCs as well as records of the Directorate were also test checked.

3.1.3 Working results of the AH Farms

The working results of the test checked AH farms revealed financial loss to the extent of Rs.12.69 crore during 1994-99 as detailed below:

Number type of farm	Salary	Feeds	Wages	Office / Contingencies	Total expenditure	Revenue realised	Loss
(R u p e e s i n c r o r e)							
8 LBD Farms	4.11	2.98	0.81	0.66	8.56	1.62	6.94
5 Sheep Goat, Pig	0.79	0.72	0.08	0.38	1.97	0.16	1.81
6 Poultry farm	3.04	1.67	0.05	0.20	4.96	1.02	3.94
Total	7.94	5.37	0.94	1.24	15.49	2.80	12.69

Against the total expenditure of Rs.15.49 crore, revenue was Rs.2.80 crore covering only 18 per cent of working cost. Loss was mainly attributable to lack of monitoring and supervision of the farms by the Government and the Director, disproportionate staff strength, non-replacement of parent stock, non-maintenance of high yielding animals, irregular and insufficient feed and improper health care as discussed in subsequent paragraphs.

Unutilised cash balance of Rs.1.12 crore

Reported expenditure overstated.

The total expenditure of Rs.24.29 crore reported to have been incurred on the management of AH farms during 1994-99 included Rs.89 lakh pertaining to Central schemes retained under "8443-Civil Deposits" by 3 DDOs as of March 1999 and Rs.23 lakh retained as closing cash balance in shape of cash (Rs.5 lakh with 18 DDOs), Bank Drafts/Cheque (Rs.5 lakh with 9 DDOs), DCR/TDR (Rs.5 lakh with 9 DDOs), Advances (Rs.2 lakh with 3 DDOs), paid vouchers (Rs.2 lakh with 5 DDOs), Bank Pass Book (Rs.3 lakh with 6 DDOs) and Hand Receipts (Rs.1 lakh with 3 DDOs) as at the end of March 1999. Thus, the expenditure reported was overstated.

3.1.4 Performance of the Animal Husbandry Farms

The performance of the AH Farms during 1994-99 in terms of achievement of physical targets fixed for different components, realisation of targeted revenue, utilisation of infrastructure and human resource available etc. left much to be desired as discussed below:

* 7 LBD farms at Bhanjanagar, Bolangir, Kathapal, Khapuria, Kuarmunda, Remuna, Sundergarh and one Exotic Cattle Breeding Farm at Chiplima
 Sheep and Goat Breeding Farms-3 at Chiplima, Deogan and Sundergarh
 Pig Breeding Farms-2 at Bhanjanagar and Chiplima
 Poultry-5 Nos. at Angul, Bhanjanagar, Bolangir, Chiplima and Sundergarh and
 1 Duck Breeding Farm at Khapuria
 ** 3 FMCs, Sundergarh, Remuna and Chiplima.

3.1.4.1 Live stock Breeding and Dairy Farms

Government Live Stock Breeding and Dairy Farms were set up as model farms to be managed economically with optimum production of milk and fodder and also for production of genetically superior bull calves for utilisation of their semen in Artificial Insemination Programme. The performance of 8 out of 12 LBD farms during 1994-99 was as under.

(i) *Adverse milch to dry cows ratio*

Excess maintenance of dry cows involved additional expenditure of Rs.15.31 lakh.

As per the norm fixed by the Director, ratio of milch cows to dry cows should be 2:1. It was, however, seen that the ratio of milch cows (882) to dry cows (682) in 8 LBD farms was 2:1.5. Excess maintenance of 241 dry cows involved additional expenditure of Rs.15.31 lakh during 1994-99. The farm Superintendents attributed the excess maintenance of dry cows to non-disposal of culled animals and non-replacement of old cows by new ones due to paucity of funds. The reply was not tenable since disposal of culled animals had no relation with paucity of funds.

(ii) *Shortages in cultivated area and in fodder production*

Shortfall in the production of Fodder was noticed in 6 out of 8 LBD farms test checked.

Against a target of cultivating 776 acres per annum in 8 farms for fodder, only 708 acres per annum were cultivated during 1994-99, leaving 68 acres uncovered though the entire funds of Rs.85.24 lakh meant for the full targeted coverage were spent. The shortfall in coverage was mainly in 6 out of the 8 farms. The shortfall in cultivation resulted in shortfall in fodder production. Against the targeted production of 4 lakh quintals of fodder for 5 years (1994-99), only 3.33 lakh quintals was produced.

The Farm Superintendents attributed (April 2000) the low coverage of cultivable land for fodder production as well as shortfall in production of fodder to inadequate funds, water scarcity, lack of fencing around the farms and lack of supervision. This was not tenable since the targets were fixed by the Director after taking into account the available water supply and the amount of available funds.

(iii) *Shortfall in production of fodder seeds.*

Failure to procure foundation seeds led to shortfall in production of fodder seeds.

Scrutiny revealed that against the targeted coverage of 882.30 acres during 1994-99 in 4 fodder seed farms, the reported coverage was only 758.65 acres (86 per cent). In these farms, only 1271.19 quintals (52% of target of 2422.91 quintals) of seeds worth Rs.29.24 lakh was produced against Rs.74.84 lakh spent on establishment and wages. Jt. Director, Animal and Veterinary Services, attributed (April 2000) the shortfall to non-supply of foundation seeds for sowing. This was not tenable since procurement of foundation seeds was the responsibility of the officer-in-charge of the farm.

(iv) Shortfall in milk production

The per animal per day average milk yield was only 50 per cent standard of it

As against the targeted milk yield of 8 litres per cow per day (wet average), the average yield of milk obtained per cow per day during 1994-99 in the 8 LBD farms test checked was only 4.8 litres. Shortfall in production was attributed (April 2000) by Farm Superintendents concerned to decrease in number of high yielding milch cows and supply of inferior quality feed by the Feed Mixing Centres. The reply was not tenable as these constraints were to be taken care of by the Farm Superintendents themselves.

(v) Shortfall in production of bull calves

Heavy shortfall in achievement of targets fixed for production of bull calves in the LBD farms

Against the target fixed by the Director for production of 713 genetically superior bull calves for breeding purposes during 1994-99, the actual production was only 417. Of these, 5 were made available to PTU for progeny test the results of which are still awaited.

(vi) Unsuccessful implementation of Artificial Insemination Programme

Percentage of conception and Progeny born to AIs performed in the LBD farms was abnormally low

The Artificial Insemination (AI) programme could be termed successful if the percentage of conception and progeny born to AIs performed was 50 to 60 and 40 to 45 respectively. Test check of records of LBD farms at Bolangir, Sundergarh, Chiplima and Khapuria, revealed that the percentage of conception and progeny born to AIs performed by the farms during 1994-99 ranged from 21 to 41 and 20 to 22 per cent respectively. The low achievement was attributed to non-availability of expert/trained Live Stock Inspectors, malnutrition and gynecological disorders. This was not tenable since all the test checked LBD farms were having trained Live Stock Inspectors.

(vii) Unnecessary retention of bull-calves beyond the suckling period

Avoidable expenditure due to retention of bull calves, bulls beyond the prescribed period

Bull calves produced in the farms were retained in 6 farms for period upto 18 months beyond their suckling period of 6 months without shifting the same either to Frozen Semen Bull Stations/Utkal Gomangal Samitee for semen collection/natural service resulting in unproductive expenditure of Rs.31.64 lakh on maintenance of 503 bull calves during 1994-99.

3.1.4.2 Small animal farms

(Sheep/Goat/Pig Breeding Farms)

(i) Abnormal mortality rate

Animal death ranged between 15 and 58 per cent due to inadequate health care.

Animal death in 5 farms during 1994-99 ranged between 15 and 58 per cent of the animal population due to improper maintenance and inadequate health care.

In the Chiplima farm, 226 sheep and 213 goats died between June 1996 and May 1997 representing 40 per cent of total population of sheep and goats due to outbreak of contagious disease. Had the Farm Manager taken timely preventive measures, loss of Rs.2.63 lakh could have been minimised.

(ii) *Transfer of diseased animals of the Chiplima Farm to Kuarmunda farm*

At the instance of the Director, a batch of 5 diseased goats and 5 diseased Rams was transferred from Chiplima to Kuarmunda in June 1994 to avoid casualties in the Chiplima farm due to contagion. Subsequently in July 1994, 219 sheep and goats were again transferred to Kuarmunda. While 10 animals died in transit, the existing healthy sheep and goats in the Kuarmunda farm were also infected with "mange" carried by the transferred animals. 244 goats and 53 sheep had succumbed to the disease. In addition, 161 goats and 139 sheep had to be disposed of by the Kuarmunda farm at half their value which resulted in loss of Rs.2.74 lakh. In addition, the objective of upgrading the local stock with improved Bucks, Rams and Boars was not achieved as there was no sale of improved Buck, Ram and Boars for breeding purpose.

3.1.4.3 Bird Farms (Poultry Farms and Duck Breeding Farms)

The main objective of setting up of Bird Farms was to make available improved variety of chicks/ducklings. Review of performance of 5 out of 8 Poultry Breeding and one of the 2 Duck Breeding Farms disclosed the following:

(i) *Shortfall in Hatching*

Only 7.94 lakh of chicks/ducklings were hatched during the years 1994-99 against the target of 29.65 lakh resulting in huge shortfall of 21.71 lakh (73 per cent) of the target involving loss of revenue of Rs.1.52 crore (cost per duck Rs.7). The shortfall was attributed by Farm Superintendent to production of infertile eggs by diseased birds, poor quality feed and high temperature during summer. This was not tenable since health care and quality feeding were to be ensured by the farm superintendents.

(ii) *Shortfalls in Egg Production*

As per the norm, one poultry layer had to produce at least 248 eggs and one duck layer at least 300 eggs annually under ideal conditions. Scrutiny revealed poor egg production in the farms during 1994-99 with the shortfall ranging from 21 per cent to 83 per cent as detailed below.

Name of the farm	No. of layers maintained 1994-99	Required No. of eggs to be produced (in lakh)	Actual production (In lakh)	Shortfall in production (In lakh)	Percentage of shortfall	Per bird per year production
Poultry, Angul	11150	27.65	21.87	5.78	21	196
Poultry, Bolangir	5426	13.46	2.28	11.18	83	42
Poultry, Bhanjanagar	2314	5.74	3.67	2.07	36	159
Poultry, Sundergarh	3921	9.72	5.75	3.97	41	147
Poultry, Chiplima	1926	4.78	3.46	1.32	28	180
Duck, Khapuria	2364	7.09	3.07	4.02	57	130
Total		68.44	40.10	28.34	41	

Shortfall in egg production ranged from 21 to 83 per cent.

Shortfall in production involving a revenue loss of Rs.35.42 lakh was attributed by Farm Superintendent to imbalanced feed, fluctuation in power supply and high temperature in summer. This was not tenable since production per bird per year in respect of Bolangir (42), Khapuria (132), Sundargarh (147) and Bhanjanagar (149) was far below the norm without adequate explanation, suggesting the possibility of pilferage and mismanagement.

(iii) Abnormal death of chicks/ducklings

Due to improper maintenance and supervision, the death of chicks and birds was between 15 per cent and 35 per cent against the permissible mortality of 10 per cent. The Farm Superintendent, Bolangir, attributed the deaths to lack of fencing and boundary walls and exposure of poultry birds to outside contamination along with lack of proper supervision due to non-availability of staff quarters within the campus. Further, the Chiplima Farm was running without a regular Farm Superintendent from April 1996 onwards. However, no steps were taken to overcome the above shortcomings.

(iv) Excess maintenance of cocks

As per norm, one cock/drake is required for every 10 hens/ducks for breeding programme. However, as against 2238 cocks/drakes required for servicing 22,379 hens/ducks, the farm maintained 3195 cocks/drakes during 1994-99 resulting in avoidable expenditure of Rs.2.72 lakh on maintenance of excess 957 cocks/drakes.

3.1.5 Non-implementation of Central Schemes

Review of implementation of Central Schemes revealed the following shortcomings.

(a) National Bull Production Scheme (CP)

GOI released Rs.1.33 crore for the scheme during 1994-96 of which a sum of Rs.0.60 crore only was spent as of March 2000 and the balance of Rs.0.73 crore was retained by 3 DDOs in shape of Civil Deposits (Rs.0.60 crore) and Bank Drafts (Rs.0.13 crore). However, the Utilisation Certificate for the entire amount of Rs.1.33 crore was sent to GOI.

Scrutiny of records of Farm Superintendent Kathapal farm and Director revealed that Rs.60 lakh was spent during 1995-96 to 1998-99 on procurement of dairy equipments (Rs.0.9 lakh), construction of cattle sheds (Rs.22 lakh) and purchase of cows and castrators (Rs.36.7 lakh). The equipments and sheds so procured were not put to use at all as the cows purchased were kept in some other farm. The non-feasibility of implementation of the scheme due to non-existence of registered organised farms/voluntary organisations and non-availability of bulls of the breed gir, shiral, kavkrej etc. in the State was duly reported to the Director by the PTO. Thus, improper planning by the Director resulted in infructuous expenditure of Rs.60 lakh on peripherals.

Infructuous expenditure of Rs.60 lakh due to improper planning.

(b) Non-implementation of Fodder Development Programme

Non-utilisation of Central Assistance of Rs.71.46 lakh for fodder development programme for more than 4 years.

Under the Centrally Sponsored Scheme "Assistance to the States for Feed and Fodder Development" during VIII Five Year Plan period, GOI sanctioned and released (October 1995) Rs.71.45 lakh as central assistance for (i) strengthening of Fodder Seed Production farm at Kuarmunda (Rs.12.15 lakh), (ii) establishment of Fodder Bank at Cuttack (Rs.40.50 lakh), (iii) sample survey of Fodder Area (Rs.2.00 lakh) and (iv) development of 6 units of grasslands each of 10 hectares (Rs.16.80 lakh). While the expenditure on the scheme in respect of the components (i) and (ii) was to be shared in the ratio of 75:25 between GOI and the State Government, the expenditure in respect of the components (iii) and (iv) was to be borne in full by GOI.

Government of Orissa released the central assistance of Rs.71.45 lakh together with the State's share of Rs.17.55 lakh in favour of the Director, Animal Husbandry and Veterinary Services, Orissa (Director) in March 1996 for implementation of the scheme during 1995-96.

Scrutiny of the records of the Director (July 1999) revealed that the entire amount of Rs.89.00 lakh drawn for implementation of the scheme plus an additional amount of Rs.0.63 lakh representing central assistance drawn (December 1995) for strengthening of seed production farm at Kathpal totalling Rs.89.63 lakh was deposited by the Director under "8443-Civil Deposits" in March 1996 as per instructions of the State government in the relevant sanction order. As of March 2000, only a paltry sum of Rs.62 thousand was redrawn (March 1997) and spent towards sample survey of Fodder Area leaving the balance amount unutilised.

The Director attributed (August 1999) the non-utilisation of the funds to (i) non-completion of purchase formalities for procurement of agricultural and irrigation equipment (strengthening of Fodder Seed Production farms) and (ii) non-approval of the revised Action Plan (May 1999) by the GOI (Grass-land Development and establishment of Fodder Bank) consequent upon change of sites. Government in their reply (June 2000) furnished no reasons for the delay in completing the purchase formalities.

Thus, formulation of Action Plan for different components of the scheme without proper selection of the sites and inordinate delay in completion of purchase formalities for procurement of different equipment resulted in non-utilisation of Central assistance of Rs.71.46 lakh and State's share of Rs.17.55 lakh for four years.

(c) A scheme for Special Live Stock Development Programme not implemented

Irregular retention of Central Fund under Civil Deposit.

To provide assistance to educated unemployed youth for running self sustaining commercial enterprises consisting of livestock units and thereby providing them with employment opportunities, GOI sanctioned and released (March 1996) Rs.20.20 lakh (subsidy) for implementation of the Central Plan Scheme "Special Live Stock Development Programme" (Kid-fattening 100 units and Cow Dairy-50 units) in Ganjam district during 1995-96.

Under the scheme, the beneficiaries were to be provided with financial support in the form of subsidy to the extent of 25 per cent of the capital cost of the enterprise, organisational support through Government infrastructure and the services of reputed Non-Government Organizations (NGO). The rest of the funds were to be raised by the beneficiaries as loan from financial institutions and from their own resources.

Records of the Chief District Veterinary Officer (CDVO), Ganjam, disclosed (April 1999) that following the sanction of the amount by State Government, he drew the amount in March 1998 and kept it in Civil Deposit as per State government orders of May 2000. As the programme was not implemented, no employment opportunity for the educated unemployed youth was created.

Government stated (May 2000) that the CDVO, Ganjam, was unable to implement the scheme particularly under kidfattening units due to non-availability of unemployed graduates and financial support from the Nationalised Banks.

(d) National Ram and Buck production programme (CSP)

The Director released Rs.18.95 lakh between 1991-92 and 1995-96 to 3 sheep breeding farms (Deogan, Kuarmunda and Chiplima) for implementation of the programme aimed at supplying upgraded Ram and Bucks to different identified flocks for breeding purposes. Following deficiencies in implementation were noticed.

(i) Sheep Breeding Farm, Deogan

A sum of Rs.3.24 lakh was released (1993-94), for purchase of animals (Rs.3 lakh) and minor works, etc. (Rs.0.24 lakh). The farm, however, spent only Rs.2.12 lakh on purchase of animals and diverted Rs.0.88 lakh to minor works in addition to Rs.0.17 lakh already sanctioned for minor works.

No target was fixed for supply of Rams and Bucks. However, the achievement of the farm was supply of only 14 Rams and 5 Bucks to the identified flocks during 1995-96 to 1998-99 which was very poor. The Farm Manager attributed (May 2000) the poor performance to unfavourable climatic conditions, heavy mortality of kid lambs and genetical non-viability of the contemplated upgradation. It was evident that proper survey of genetic viability and suitability of climatic conditions was not conducted prior to opening of the farm.

(ii) Sheep and Goat Farm, Kuarmunda

The farm received Rs.5.86 lakh during 1995-96 out of which Rs.5.68 lakh was to be spent on purchase of animals. The Manager however diverted Rs.3.35 lakh for construction of staff quarters and retained Rs.1.69 lakh in shape of DCR refunding Rs.0.02 lakh into treasury.

The intended purpose of supplying upgraded rams and bucks to the identified flocks under the scheme was therefore unfulfilled as Manager of the farm has spent only Rs.0.62 lakh on purchase of Deshi goats instead of rams and bucks.

(e) *Establishment of Progeny Testing Unit (PTU)*

A PTU was established at Cuttack during 1987-88 under Central Plan with the main objective of identifying, procuring and rearing of 20 High Pedigree bull calves for final selection of 10 bulls for test-mating in each year and carrying out at least 10,000 AI per year with test bull frozen semen. Although Rs.72.38 lakh was spent during 1987-1999, only 40 bulls out of 93 bulls reared were test-mated during 1989-90, 1990-91, 1995-96 and 1997-98.

Cost of one proven bull Rs.12.06 lakh.

While the results of test-mating conducted during 1995-96 and 1997-98 were still awaited, only 6 bulls (30 per cent) were identified as proven ones out of 20 bulls testmated during 1989-91. No test-mating of bulls was conducted during the remaining years as no bull calves were procured though Rs.34.07 lakh was spent on salary, contingencies etc. during the period. Hence, the expenditure of Rs.34.07 lakh was unproductive. The cost per proven bull worked out to Rs.12.06 lakh.

Results of field AI performed during 1994-1999 by use of frozen semen of bulls subjected to test-mating revealed that the percentage of conception and progeny born to AIs was 36 and 35 against 50 to 40 respectively needed for success of the programme. The implementation of the scheme during 1987-99 had virtually no impact on genetic improvement of cattle in the State.

3.1.6 *Under-utilisation of available infrastructure*

The average animal/bird maintenance in different farms was very low in comparison with targets as below:

Type of farm	Infrastructure available for maintenance of	Target (No.) of animals fixed for maintenance	Actual average maintenance achieved	Shortfall in achievement of target (column 1-4)	Under-utilisation during 1994-99
LBD farms	1704 animals	675	595	80 (12%)	1109 (65%)
Sheep, Goat and Pig farm	2950 animals	2613	1776	837 (32%)	1174 (40%)
Poultry farm	19400 layers	6100	5420	680 (11%)	13980 (72%)

Capacity for hatching chicks underutilised by 67 to 94 per cent

Farms failed to maintain the targeted number of animals/layers even though infrastructure was available. Similarly, the incubators available in 6 poultry farms for hatching of chicks were also under-utilised to the extent of 67 to 94 per cent during 1994-99.

Under-utilisation of infrastructure was attributed by the Dy. Director, Poultry Breeding Research, Angul, to (i) inadequate target for maintenance of animals against the capacity, (ii) lack of funds, and (iii) non-receipt of permission to procure fertile eggs from outside for hatching purposes which was indicative of lack of proper management of funds.

(i) Huge expenditure on idle staff

Scrutiny revealed that no uniform staffing pattern was adopted for the farms as the ratio of person to animal population ranged between 1:2.92 and 1:6.15 (LBD farms); 1:43.5 and 1:83.3 (small animal farms); 1:36 and 1:67 (Bird farm).

(a) ECB-Chiplima

40 staff in ECB farm in Chiplima had little work.

In Exotic Cattle Breeding (ECB) farm, Chiplima, it was noticed that the staff strength had not changed since February 1984 even though the animal population was reduced by 39 per cent and milk production had decreased by 71 per cent. Thus, large number of staff (approx. 40) had little work for 16 years while Rs.1.74 crore was spent on their salaries.

(b) Special Live Stock Breeding Programme

The erstwhile Centrally Sponsored Plan Scheme "Special Live Stock Breeding Programme" closed in February 1993, was covered under State Plan from 1993-94. Though the scheme was not implemented since then, 12 staff including one Deputy Director and one Project Officer continued to draw their pay and allowances for a total amount of Rs.59.31 lakh under the State Plan without any specific work from 1993 onwards. Department thus failed to deploy the staff for useful work.

Director stated (August 1999) that the staff were engaged on pending works of the erstwhile Central Plan Scheme. The reply was not tenable as continuing pending works for closed scheme for 6 years was doubtful.

(c) LBD farm- Bhawanipatna

Infructuous expenditure of Rs.29.94 lakh on staff of a defunct LBD farm.

The LBD Farm, Bhawanipatna, was closed in December 1991. However, the regular staff numbering 6 to 8 and casual workers numbering 8 to 13 were allowed to continue as additional staff in the office of the Dy. Director, Frozen Semen Bank, Bhawanipatna, without any specific work. Rs.29.94 lakh spent on their pay and allowances during 1992-99 was infructuous.

Deputy Director, FSB, Bhawanipatna, admitted (May 2000) that the services of the staff were not gainfully utilised barring one Field Demonstrator and Driver and 6 Casual Labourers engaged in the fodder cultivation of FSB.

3.1.7 Irregularities in feed mixing centres

(i) Procurement of sub-standard feed

The officers in charge of FMC Chiplima (270 qtls-Rs.1.88 lakh) and FMC Sundergarh (2014.60qtls-Rs.9.96 lakh) paid Rs.11.84 lakh towards procurement of 2,284.60 qtls of sub-standard feed ingredients beyond the permissible limit during 1994-99. FMC stated (April 2000) that procurement of ingredients below the tolerance limit was made to avoid starvation of animals of different farms.

(ii) Supply of sub-standard feed by Feed Mixing Centre (FMC), Sundergarh and death of animals

Heavy casualty of small animals due to procurement of sub-standard feed.

Scrutiny of records in Duck Breeding Farm (DBF), Khapuria, revealed that 2759.00 qtls. of duck feed worth Rs.18.14 lakh supplied by FMC, Sundergarh during 1994-99 were sub-standard as the samples of the said feed sent to the State Feed Analytical Laboratory (Central), Bhubaneswar, indicated presence of aflatoxin, a crude protein, less than the prescribed limit of 18 per cent and absence of fish meal, shell grit, soyabean meal in all the lots. The fact of supply of sub-standard feed by the FMC Sundergarh was confirmed by the Director during his visit to the Farm in August 1996 who attributed the heavy casualty of ducks and ducklings (37%) and steep fall in the egg production and hatching activity in the DBF, Khapuria, to sub-standard feed supplies by the FMC, Sundergarh. However, no action was taken against the officer-in charge of FMC Sundergarh.

3.1.8 Other points of interest

(i) Avoidable loss on establishment of Buffalo Farm: Rs.31.80 lakh

Without approval of Government, the Director approved (April 1991) establishment of a buffalo farm at Chiplima on experimental basis so as to study the adaptability of Chilika Breed to northern Orissa climate along with their upgradation with Surati or Murrah buffaloes in order to provide pedigree bulls to coastal districts. While the Director allowed rearing of only 10 Chilika buffaloes on experimental basis, the Joint Director, Chiplima, procured 23 Chilika buffaloes during July-August 1991 and 24 Paralakhemundi buffaloes between November 1991 and April 1992. Scrutiny of records revealed that till March 1999, 176 buffaloes were born during the last 8 years. Of these, 93 died, 56 were sold in auction and the 74 were sold on negotiation during 1999. The farm was closed in June 1999. The loss due to death of 93 animals occurred despite the fact that a veterinary hospital was attached to the farm and a State level Research Centre with three specialists was functioning in the campus.

Thus, establishment of the buffalo farm failed to serve the purpose and resulted in loss of Rs.31.80 lakh (total expenditure Rs.37.43 lakh-revenue realised Rs 5.63 lakh) during the entire period.

(ii) Unfruitful expenditure on establishment of the pig farm

Under the Central Plan scheme "Strengthening of Pig Breeding Farm in the State", Director released Rs.6.60 lakh during March 1996 (Rs.6.50 lakh) and March 1999 (Rs.0.10 lakh) in favour of Farm Manager, Pig Breeding Farm, Kuarmunda, for purchase of exotic pigs (Rs.1.50 lakh); re-modeling and renovation of pig sheds (Rs.2.00 lakh); land development/ financing (Rs.1.00 lakh); and for equipment/feeding utensils (Rs.1.00 lakh) for establishment of a new Exotic Pig farm.

Scrutiny of records revealed that while Rs.5.38 lakh was spent during September 1996 to March 1999 for repair of pig shed, construction of godown and a shed for the watchman, the remaining amount of Rs.1.22 lakh was

advanced to FMC, Sundergarh towards cost of pig feed (awaiting adjustment as of February 2000). No money was however spent on procurement of exotic pigs for which Rs.1.50 lakh was available. Thus, the expenditure of Rs.6.60 lakh on the pig breeding farm without any population of pigs was unfruitful.

(iii) Misappropriation of Rs.0.30 lakh in the LBD farm at Bolangir

Scrutiny of Milk Production Register maintained in the LBD Farm, Bolangir, revealed that Rs.0.30 lakh representing sale proceeds of milk realised between July 1999 and December 1999 were neither accounted for in the cash book of the farm nor were remitted into treasury as of December 1999. Evidently the amount was misappropriated. The Manager took no action for fixation of responsibility for the loss or to effect recovery of the amount misappropriated.

3.1.9 Monitoring and evaluation

Details of monitoring of the performance of the farms by the district authorities or by the Director were not on record. Although the Director reportedly inspected the LBD Farm Kuarmunda (May 1996) and Poultry Breeding Farm Bolangir (May 1997, October 1997), no report on the inspection/evaluation of the farms was made available to audit. Despite poor functioning of the farms, the Government did not assess the reasons for the persistent losses sustained by the farms. Evidently, the operation of the farms at huge cost was not monitored at any level.

These points were referred to Government in July 2000; their reply had not been received (February 2001).

FOREST AND ENVIRONMENT (ENVIRONMENT) DEPARTMENT

3.2 Audit of Environmental Acts and Rules relating to water pollution in the State of Orissa

Highlights

Review of implementation of the environmental acts and rules relating to water pollution in the State revealed that the State Government did not monitor the enforcement of provisions of the Water Act effectively. Further due to lack of proper enforcement and water management by OPCB, there was deterioration of water quality of major rivers in Orissa from 'C' category to below 'C' category. Water pollution of Nandira Jhor and Sukinda valley caused by industrial effluents and mine drainage water posed a threat to environment. No action was taken by OPCB to control the pollution of Chilika lake.

- ❑ There was unspent balance of Rs.5.10 crore as of March 1999 with OPCB due to non-utilisation of amounts for allotted works.

(Paragraph 3.2.3)

- ❑ 15 highly polluting industries discharged effluents and untreated sewage in the Mahanadi and Brahmani river basins till March 1999 whereafter 3 units were closed down. The extent of pollution discharged by 12 remaining polluting units was not assessed by OPCB.

(Paragraph 3.2.4.1)

- ❑ OPCB failed to take legal action against 102 Urban Local Bodies (ULBs) for their failure to apply for consent as of August 2000.

(Paragraph 3.2.4.2)

- ❑ Lack of sewerage system in urban settlements in the State resulted in discharge of untreated sewage into river Mahanadi, Chilika lake causing contamination of river and ground water.

(Paragraph 3.2.4.3)

- ❑ Although presence of high value of copper (0.42 to 10.5 mg/L) was detected during 1996-97 from the samples of ground water, no follow up action was taken by OPCB to reduce copper pollution in ground water at Rourkela.

(Paragraph 3.2.4.4)

❑ OPCB conducted inspection of 1370 industries during 1998-99 against required inspection of 2376 highly polluting industries resulting in shortfall in inspection of 1006 (42 per cent) industries.

{Paragraph 3.2.4.5(i)}

❑ OPCB did not prepare a Regional Environmental Management Plan (REMP) for Mahanadi basin though 10 polluting coal mines were discharging 33065 KL/D of contaminated water in the river. The pollution category of the river was downgraded due to unabated release of industrial and domestic sewage.

{Paragraph 3.2.5.1 (i)}

❑ OPCB failed to take any meaningful action to bring municipal bodies under consent administration despite directions of Supreme Court that State Pollution Control Boards must ensure compliance of all bodies to environment protection laws. Consequently, 34 urban settlements in Mahanadi basin continued to discharge 2,66,332 KL/D of waste water without any treatment and water quality of Mahanadi basin declined.

{Paragraph 3.2.5.1(ii)}

❑ OPCB failed to enforce provisions of Water Act vis-à-vis 12 chromite mines in Sukinda valley which resulted in deterioration of quality of water in Damsalla stream with high chromite content.

{Paragraph 3.2.5.2(i)}

❑ Though Rs.19.31 crore was spent to preserve the unique wetland of Chilika lake, there was no conclusive evidence of improvement in the environmental conditions of the lake. OPCB did not have any action plan to protect Chilika from pollution.

(Paragraph 3.2.6)

❑ OPCB failed to encourage the industries to instal Combined Facilities for Effluent Treatment Plants (CETP) and industries were operating without pollution control measures thereby adding to the pollution load to the water sources of the State.

(Paragraph 3.2.8.1)

❑ Rs.3.43 crore was outstanding towards cess from ULBs from 1995-99.

(Paragraph 3.2.10)

3.2.1 Introduction

Water (prevention and control of pollution) Act, 1974 was enacted by Parliament with a view to preventing and controlling water pollution and protecting natural water resources (viz. rivers, lakes, ponds and under ground water) from unnatural pollutants (like industrial effluents, sewages, any other liquid, gaseous or solid substance) to maintain their physical, chemical and biological properties. State Government was to monitor compliance of this Act through State Pollution Control Board established under the Act. State Government established (1983) Orissa Pollution Control Board under the Act.

The Forest and Environment (Environment) Department, Government of Orissa, is the nodal agency in the State for the protection of the environment in Orissa. The Orissa Pollution Control Board (OPCB) in co-ordination with the Environment Department is responsible for the enforcement of various provisions of Environmental Acts and Rules for prevention and control of water pollution in the State.

Water Pollution

In Orissa, there are two principal sources of water pollution of i.e. (i) point source in industrial and mining locations and (ii) diffuse source which extends to large areas of urban and rural settlements. Effluents from industries along with mine drainage water, untreated sewage from urban settlements, agricultural waste water and run off from open defecation on the bank of water sources pollute the surface water causing health hazards.

Except in a couple of industrial townships, there is no complete sewage system in any of the urban settlements. Pollution from urban domestic sources has not been seriously addressed till date. As a result, the water quality of the river Brahmani and Mahanadi had by and large deteriorated to below 'C' class category (critical parameter Bio-Chemical Oxygen Demand) during 1994 to 1999 rendering it unfit for potable use. The ecology of unique wetland Chilika was also affected due to drainage of untreated waste water from domestic and agricultural sources.

3.2.2 Audit coverage

Implementation of the provisions of Environmental Acts and Rules relating to water pollution was reviewed through test check of records of OPCB, Government Departments (Forest and Environment and Housing and Urban Development), Local Bodies (Puri, Bhubaneswar, Cuttack and Rourkela Municipal Bodies) and water quality management in three cities (Bhubaneswar, Cuttack and Rourkela), a town (Angul) and an important wetland (Chilika) for the years from 1994-99. Records pertaining to Chilika Development Authority (CDA) and Chief Engineer, Public Health (Urban) were also test checked.

3.2.3 Financial outlay and expenditure

Financial resources of OPCB comprised grants from State Government, financial assistance from Central Pollution Control Board (CPCB), reimbursement of water cess from Central Government, consent fees and other receipts. Budget and expenditure of Government of Orissa in Environment Department in respect of prevention and control of pollution for the period 1994-99 was as under:

Year	Budget provision		Grants to OPCB		Actual Expenditure		Grants to OPCB	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
	(R u p e e s i n l a k h)							
1994-95	340.00	18.92	5.22	7.76	188.73	18.92	5.22	7.76
1995-96	437.00	24.06	6.00	7.76	287.00	24.06	3.60	7.76

Year	Budget provision		Grants to OPCB		Actual Expenditure		Grants to OPCB	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
	(R u p e e s i n l a k h)							
1996-97	934.00	25.38	3.00	7.76	934.00	22.86	1.50	7.76
1997-98	846.00	18.45	3.00	5.00	846.00	18.45	3.00	5.00
1998-99	1317.50	25.09	1.00	5.00	1317.50	24.81	1.00	5.00

Allotted amount remained unutilised.

Every year, huge unspent balances (62 per cent to 80 per cent of the total funds) were available with the Board. As of March 1999, Board had an unspent balance of Rs.5.10 crore. Government attributed (October 2000) the unspent balance to economy measures taken by the Board and reduction of overhead expenses on different schemes with the objective of building a corpus to meet expenditure on those items for which grants are not expected to be forthcoming. The reply was not tenable since Board was required to spend the funds for the works allotted to them. Sanction of further grant to Board by Government need be regulated keeping in view the unspent funds.

3.2.4. Consent to industries

Grant of consent and renewal of consent for discharge of the effluent/sewage into a stream or well or sewer or on land is granted by OPCB under the Water Act, 1974. The industries, mines and other local bodies were required to obtain No Objection Certificates (NOC) and comply with consent conditions. As at the end of March 1999, OPCB had a total of 1,438 industries and mines under consent administration including large industries (92), medium industries (104), mines (106) and SSI units (1,136). Of the 1,438, industries under consent administration, information as to compliance of standards set in respect of 302 industries (excluding 1,136 SSI units) was made available to audit by OPCB. Of these 302 industries, 210 complied with standards set by OPCB as of March 1999. Of the balance 52 industries, 43 were refused consent and action was initiated against 28 units. Twenty one industries did not apply for consent.

3.2.4.1 Excessive delay in compliance

As of March 1999, 15 highly polluting industries in the State discharged effluent/sewages in excess of the prescribed standards even after lapse of more than 6 years since their inception (vide Appendix-XVIII). These industries had been polluting the Mahanadi and Brahmani river basins. The extent of pollution load discharged by 12 units to the water bodies was not assessed by the OPCB. The pollution load discharged by the remaining 3 units during 1967-2000 in the form of silt load through Ash pond and industrial effluent including oxidation outlet was 58.17 lakh tonnes and 0.26 lakh tonnes respectively. In 11 cases, pollution control measures were inadequate, 3 units were closed down with effect from 1998-99 and in one case the compliance to standards was achieved only as late as in 1998-99.

3.2.4.2 Non-compliance by Local Bodies

Failure to take legal action against ULBs for non-compliance of provisions of Water Act, 1974.

As on 31 March 1999, there were 102 Urban Local Bodies (ULBs) in Orissa. But none of these was brought under consent administration of OPCB under Water Act, 1974 although the Supreme Court of India had in July 1997 directed that the CPCB and all SPCBs should ensure compliance to the provisions of the Water Act, 1974 by every one including the local bodies. The OPCB failed to take legal action against the ULBs for their failure to apply for consent as of August 2000.

3.2.4.3 Increase in pollution of urban settlements

Contamination of ground and river water due to lack of sewerage system.

There was practically no complete sewerage system in any of the urban settlements in the State barring a few industrial townships as of March 1999. As a result, raw sewerage from these ULBs being discharged into the five valleys, four of which join Daya river through Gangua Nala which in turn joins "Chilika" Lake. The untreated sewerage discharged from Bhubaneswar city and other ULBs apart from agricultural waste water significantly contributed to the pollution load of the large unique wetland of Chilika.

In Rourkela town, the untreated sewerage flows in open drain leading to contamination of ground water. In Cuttack City, the sewerage and drainage system installed long back to cover a part of the city was not properly functioning due to high water table and old septic tanks. In major parts of the city, sewage flows in open drains and is finally discharged into the Mahanadi river without any treatment. In Choudwar, there was no sewerage system except some local disposal sites. Ultimately, the untreated sewerage from the ULB is discharged into the river Mahanadi.

The Environment status reports of OPCB relating to Bhubaneswar and Rourkela confirmed that the untreated sewerage along with domestic waste water drained directly to the river system from urban settlements resulting in deterioration of the quality of surface water. However, no effective action was taken by OPCB to enforce provisions of Water Act 1974 to control such pollution. Government stated (October 2000) that a full-fledged sewerage treatment system had been approved for Cuttack under National River Conservation Plan. However, other urban settlements in the State except Rourkela steel city and Sunabeda do not have any treatment system.

3.2.4.4 Copper pollution in ground Water at Rourkela.

The total generation of solid waste by Rourkela Steel Plant (RSP) was around 2.20 million tons per annum majority of which was slag generated from iron and steel making. Water samples from the test wells (ground water) in the dump yard area collected and analysed by the OPCB during 1996 and 1997 revealed that presence of value of copper in ground water was too high i.e. 0.42 to 10.5 mg/L as against the acceptable level of 1.5 mg/L. OPCB directed (1998) RSP that the slag should be properly classified and disposed of in the landfill inside their premises. Despite the direction of OPCB, RSP continued

Starting from Ekamra Kanan, Chandrasekharpur, Nayapalli, Kharavelanagar and Siripur area.

to dump the slag outside the factory premises. Although consent to RSP had been refused by OPCB for non-compliance to the standards in respect of waste water discharge and emission, OPCB did not pursue the matter further to enforce compliance of its orders.

3.2.4.5 Inspections and Consent Administration under Water Act

(i) Shortfall in Inspection

Shortfall in frequency of inspection.

Table below indicates the position of inspection of industries by OPCB for enforcement of the provisions of anti-pollution Act and Rules, Grant of Consent and NOC as on 31 March 1999:

Year	Inspection of Industries (No)	No. of consent granted	No. of NOC granted
1994-95	649	136	36
1995-96	1241	194	116
1996-97	1159	306	172
1997-98	1303	233	83
1998-99	1370	401	97

According to the information made available to audit by OPCB, 1,438 industries were required to be inspected during 1998-99 against which 1,370 were inspected resulting in shortfall of 68 industries. It was further noticed that a lower target of inspection of 1359 industries was fixed for 7 regional offices entrusted with inspection of the industries during 1998-99.

An evaluation report by NORCONSULT International A.S. regarding the progress of the project on "Strengthening of Orissa State Pollution Control Board" in 1994 recommended that the frequency of inspections be increased in respect of highly polluting industries to at least 12 times a year. As on March 1999, there were 92 large industries and 106 highly polluted mines in the State. As per these recommendations, OPCB should have conducted at least 2,376 inspections against which only 1,370 inspections (58 per cent) were conducted during 1998-99 resulting in shortfall in frequency of inspection to the extent of 1006 (42 per cent) during 1998-99.

(ii) Pendency in finalisation of court cases

As at the end of March 1999, 55 legal cases were outstanding. Of them, 27 pertained to the period upto 1993-94. Due to abnormal delay in finalisation of the court cases pending since 1984-85 and onwards, the polluting industries (71 excluding SSI units), mines and local bodies were continuing to pollute the water bodies. Government stated (October 2000) that all SDJM Courts had now been designated as environment courts.

3.2.5 Feasibility studies of river basins

Under the National River Action Plan, (1991-92) Project Feasibility Study Report for identifying polluted stretches of major rivers in Orissa was entrusted to OPCB. The project was to assess the current status of river water

quality and formulate ameliorative action to upgrade the river stretches to designated water use in conformity with the prescribed quality standards. OPCB studied four major river basins of Orissa i.e. (i) Mahanadi, (ii) Brahmani, (iii) Rushikullya and (iv) Baitarani.

Draft Project Report (DPR) in respect of identified stretches of river Mahanadi (Cuttack-Choudwar stretch) and Brahmani (Talcher-Kamalang stretch) submitted so far for inclusion in the National River Action Plan had not been approved by the National River Conservation Directorate under Ministry of Environment and Forest, Government of India as of June 2000. OPCB, however, has been monitoring the 4 major rivers in Orissa under Monitoring of Indian National Aquatic Resources (MINAR) Project sponsored by CPCB with the objective of restoring the wholesomeness of the river waters.

Water quality data of Mahanadi and Brahmani have been reviewed in audit covering the towns/cities of Bhubaneswar, Cuttack, Sambalpur (Mahanadi Basin), Rourkela and Talcher (Brahmani).

3.2.5.1 Mahanadi River

Mahanadi is one of the major inter-state rivers. The principal activities that generate waste water are industries, mining, domestic and agriculture.

(i) Industrial and mining activities

In the Mahanadi Basin, industrial pockets like Brajarajnagar, Sambalpur, Hirakud, Choudwar pose environmental threats. A comprehensive account of major polluting industries, their water consumption and waste water generation on Mahanadi Basin is given at Appendix-XIX.

Failure to control deterioration of the quality of Mahanadi river water.

Mahanadi Basin has 10 coal mines which discharge about 33,065 KL/D of waste water during monsoon and pose a serious environmental threat due to heavy metals and sulphur compounds. Details of coal and lead ore mines and their discharge of waste water are given in the Appendix-XX. OPCB was required to prepare a Regional Environmental Management Plan (REMP) based on the carrying capacity of surface water and supporting capacity of the area to arrest such pollution.

OPCB took no concrete action for preparation of REMP since 1995 as of June 2000. In absence of REMP, action to control deterioration of the quality of Mahanadi river water was also not taken. Government stated (October 2000) that preparation of REMP could not be carried out for want of financial assistance. This is not tenable as Board had huge unspent funds which should have been utilised for this.

(ii) Domestic sewage

Discharge of domestic waste water to Mahanadi river converted the water to below 'C' category.

There were about 34 urban settlements in the Mahanadi basin discharging about 2,66,332 KL/D of waste water without any treatment. As there was practically no sewerage system in any urban settlement in Mahanadi Basin, domestic waste water carrying BOD load of around 46.119 T was being

drained into the river basin everyday violating the stipulated condition of the Water Act, 1974 (total population 18,44,755 x 25 g. BOD per day per capita). OPCB did not make any tangible efforts to bring the municipal bodies under consent administration till date.

The water quality status of river Mahanadi which had been designated as class-C river by CPCB based on designated best use classification had been converted to below Class -C category due to discharge of waste water above tolerance limit of 3 mg/L from industrial, mining and domestic sources.

3.2.5.2 Brahmani River

Brahmani is another major inter-state river in Orissa. Major industrial pockets in this river basin are located at Rourkela, Angul-Talcher area, Sukinda Valley and Duburi which pose threats to environmental pollution.

(i) Industrial and mining activities

Brahmani basin is rich in mining potential mainly of coal and chromite. The mine drainage water from coal mines are rich in heavy metals and compound of sulphur. Talcher Thermal Power Station (TTPS) at Talcher, Fertiliser Corporation of India (FCI), Talcher, and National Aluminum Company Ltd. (NALCO) at Angul posed environmental threats to the Brahmani river basin.

Although the above industries were under the consent administration of OPCB, they failed to enforce the provisions of the Water Act for containing the pollution caused by the units in the river basin through effluent discharge beyond tolerance limits. As a result, Nandira stream (tributary of Brahmani river) had been converted into an industrial drain carrying massive pollution load to Brahmani river. Government's contention (October 2000) that there has been improvement in the last 3 to 4 years was not supported by facts.

There are 12 chromite mines located at Sukinda valley in the district of Jajpur where discharged water from mines (mostly untreated) estimated to be over 10 million litres per day has been polluting Damsalla Stream (a tributary of Brahmani river), the only surface water source of the area. Water quality of the stream as analysed by OPCB at different sample points revealed presence of chromium higher than the prescribed standard of 0.1 Mg/L to 2.0 Mg/L. Similarly, quality of ground water as analysed by OPCB revealed high presence of chromium at different sampling points. Thus, entire Sukinda valley area was witnessing acute chromium pollution leading to environmental health hazards. OPCB has not formulated any strategy in this regard since its inception in 1983. No ground water quality use maps based on zoning of water quality parameters were prepared. Feasibility of Common Effluent Treatment Plant for operating mines has not so far been studied by OPCB.

Thus, OPCB failed to enforce the provisions of the Act despite continuous pollution of surface and ground water due to industrial and mining operations. Cases were filed against only 5 mines for non-compliance in February 1999.

Massive pollution load of industries drained into Brahmani river.

(ii) Domestic sewage

There were about 15 urban settlements on the basin of Brahmani discharging approximately 74460.4 KL of waste water without any treatment. As there was practically no sewerage system barring the one at Rourkela steel city, domestic waste water carrying BOD load around 15.908 ton were drained into the river basin everyday in violation of the Water Act (total population 636355 X 25 gm BOD per day per capita).

3.2.6 Wetland of Chilika

Chilika is a large unique wetland in the State spread over an area of 900 to 1080 sq. kms. It is administratively controlled by the Chilika Development Authority (CDA), an autonomous body registered under the Societies Act.

No Action Plan to protect Chilika lake from pollution.

The water quality of Chilika on an average is brackish i.e. more saline than sweet water and less saline than sea water. The principal activities that pollute the waters of Chilika are (i) silt from degraded catchment and (ii) waste water generated from domestic and agricultural sources. OPCB had not so far prepared any action plan to protect this unique wetland from pollution.

Under special problem scheme for preservation of Chilika lake, an amount of Rs.27 crore was released between 1996-97 and 1999-2000 by the State government in favour of CDA to protect the Lake from area shrinkage, siltation, pollution and weed infestation which threatened to choke the lagoon. The programme was spread over 4 years from 1996-97 to 1999-2000.

However, out of the Rs.27 crore released by State Government, only Rs.19.31 crore was spent as of 31 December 1999 and the balance amount of Rs.7.69 crore was retained by CDA in fixed deposits (Rs.7.43 crore) and Savings Bank Account (Rs.0.26 crore).

To an audit query as to whether after completion of the development programme and after spending of the funds, it would be able to restore the normal quality of water, the Chief Executive CDA replied (May 2000) that there was no component of pollution control as such and the dissolved oxygen level of Chilika was quite healthy. No mention was however made of the primary problem of siltation.

OPCB is a statutory body responsible for enforcement of Water Act in the entire State. As the Water Act is applicable to entire State and Government have not restricted its application, this unique wetland was required to be monitored by OPCB. Government's contention (October 2000) that there was significant improvement in the lake with improved salinity is not supported by findings of any independent agency. On the contrary, data collected by Chief Executive CDA from Fishery Department did not reveal any significant improvement in fish migration either.

3.2.7 Potable water

In Orissa, supply of potable water to urban areas is monitored by the Public Health Engineering Division (PHED). The sources of potable water in the selected cities/town are (i) surface water (Mahanadi, Kuakhai, Daya, Brahmani and Koel rivers) and (ii) ground water from production wells. While surface water is subjected to treatment in the conventional and package treatment plants before supply of the same as potable water, ground water is only disinfected before such supply.

3.2.7.1 Monitoring

The samples of treated water are collected daily by PHED and tested at the PH Laboratory, Bhubaneswar, and through potable equipment at various places. Scrutiny revealed that the quality of surface water and ground water (monitored by OPCB) used as sources of potable water in the selected cities/town was not upto the standard raising doubts about the potability of the water supplied by the PHED as discussed below.

(a) Poor quality of surface water

According to CPCB guidelines, river water sources classified under 'A' category and 'C' category alone should be tapped for potable purposes. Since Mahanadi, Kuakhai and Daya rivers had been categorised as below 'C', supply of potable water from them affected the potability of the water. Environment Status Report published (June 1998) by OPCB confirmed that the quality of treated water (tap water) in 4 out of 8 localities was not good.

(b) Ground Water

Survey of quality of ground water of dugwells and tubewells used as a source of drinking was conducted (1997-98) by OPCB in Cuttack and Rourkela. It was revealed that there was lower value of potential hydrogen and heavy iron content in the water obtained from the tubewells of Bhubaneswar. In Rourkela, presence of lead and copper was found to be in excess of the permissible limit. This rendered questionable the potability of the water obtained from the tubewells of the above cities. Chief Engineer, PH (Urban) stated (August 2000) that this was to be cross-checked through fresh examination of water for confirmation of the position. Thus, despite unfavourable findings on the quality of potable water, there was no coordination among the concerned wings and public health continued to be exposed to avoidable risk.

Potable water supplied from polluted rivers.

Ground water used for drinking purpose contains iron, lead and copper.

3.2.8 Formulation and updation of strategy

3.2.8.1 Absence of Combined facilities for Effluent Treatment Plants

Non-enforcement of Water Act to tackle the pollution caused by small scale industries.

State government was to implement scheme for providing assistance for promoting Combined Facilities for Effluent Treatment Plants (CETP) and solid waste disposal of small scale industries. As on 31 March 1999, there were 106 mines and 1136 SSI units in Orissa under Consent Administration of OPCB. But no such industries were encouraged either by Government or by OPCB to install CETP. As a result, those industries were allowed to operate without adopting any pollution control measures thereby adding to the pollution load to the water sources of the State.

Government stated (May and October 2000) that since the State did not have any functional industrial estate (industrial estate with a particular category of industry) and waste water generated from almost all the industrial estates were too scanty and/or unfavourable topography of the industrial estate, CETP had not been found viable. It was added that CETP is not the only means by which provisions of Water Act could be enforced.

The reply was not tenable as there was no evidence of enforcement of Water Act through any means to tackle the pollution caused by the SSI units.

3.2.9 Failure of OPCB to implement the provisions of Water Act, 1974

OPCB did not undertake any action in the following areas under Water (Prevention & Control) Act, 1974:

Independent study to evolve economical and reliable measures of treatment of sewerage was not done.

- (i) evolving economical and reliable methods of treatment of sewage and trade effluents having regard to the peculiar conditions of soil, climate and water resources of different regions and more especially the prevailing water flow characteristics in streams and wells which rendered it impossible to attain even the minimum degree of dilution (Section 17(1)(h));
- (ii) evolving methods of utilisation of sewage and suitable trade effluents in agriculture (Section 17(I) (i); and
- (iii) evolving efficient methods of disposal of sewage and trade effluents on land as are necessary on account of the predominant conditions of scant stream flows that do not provide for major part of the year the minimum degree of dilution (Section 17(i)(J).

OPCB stated (September 2000) that it was not in a position to carry out independent studies to evolve economical and reliable measures of treatment of sewage and trade effluents due to scarce manpower and financial constraints. This is not tenable as the unspent funds of OPCB could be utilised for this purpose.

3.2.10 Shortfall in collection of Cess

Table below indicates assessments, collection and outstanding balance of cess from Urban Local Bodies during the year 1995-96 to 1998-99:

Year	Estimate/Projection of Cess	Collection of Cess	Balance
	(I n R u p e e s)		
1995-96	52,63,169	93,726	51,69,443
1996-97	27,09,473	17,675	26,91,798
1997-98	2,54,27,541	14,94,610	2,39,32,931
1998-99	29,77,301	4,28,047	25,49,254

Outstanding cess against ULB.

It could be seen that collection fell short of estimates by huge amounts. The cases need to be pursued vigorously and outstanding dues together with interest and penalty collected as per provisions of Water Cess Act, 1977 and Cess Rule's 1978.

SCHOOL AND MASS EDUCATION DEPARTMENT

3.3 Integrated Audit of Primary Education

Highlights

Integrated review of primary education in the State revealed large scale shortcomings both at the State level and at the implementation level. Due to defective budgeting, there was persistent savings in the last five years. The teacher-pupil ratio was not as per norms prescribed by Government. Adequate number of schools were not established, teachers were not available to meet the need of increased enrolment of eligible children. While teachers were lacking in some areas there was evidence of excess posting of teachers in other areas. Training of teachers was affected due to shortage of trainers and unqualified teachers etc. Prescribed visits and inspections by the concerned authorities were inadequate but there was no monitoring of the same. The dropout ratio hovered around almost at 50 *per cent* in the past five years.

❑ **Though the number of eligible students increased from 38.87 lakh to 46.46 lakh during 1995-96 to 1999-2000, the total number of schools remained static at 42000 which adversely affected the quality of education and access of students to schools.**

(Paragraph 3.3.1)

❑ **During 1995-2000, Rs.135.74 crore (8.43 *per cent*) out of budget provision on elementary education could not be spent.**

(Paragraph 3.3.4)

❑ **Expenditure control mechanism in the office of the Director, Elementary Education failed as there was shortfall of receipt of 15496 monthly statements of expenditure from DDOs during 1995-2000.**

{Paragraph 3.3.5(i)}

❑ **Rs.45.84 crore drawn for implementation of Operation Black Board between 1989-90 and 1999-2000 were used to shore up the cash balance of State Government by retaining them under Civil Deposits.**

{Paragraph 3.3.5(iii)}

❑ **DPC Bolangir unauthorisedly purchased maps with clocks and desks valued at Rs.37.04 lakh out of School Improvement Grant.**

(Paragraph 3.3.6(iii))

- ❑ Free textbooks and reading and writing materials worth Rs.22.49 lakh meant for distribution between 1997-98 and 1999-2000 among SC/ST and girl students had not been distributed as of 31 March 2000.

{Paragraph 3.3.6(iv)}

- ❑ The acknowledgement in support of receipt of reading and writing materials worth Rs.1.07 crore during 1997-2000 was not furnished by 192 Block Research Centre Co-ordinators to DPCs.

{Paragraph 3.3.6(iv)}

- ❑ 3575 numbers of Radio-cum-Cassette Player (RCCP) sets worth Rs.47.12 lakh supplied to different schools remained idle from the date of supply.

{Paragraph 3.3.7}

- ❑ There was delay of 8 to 71 days in supply of text books during 1995-2000 due to delay in printing as the printing machinery was outdated.

(Paragraph 3.3.8)

- ❑ Minimum Level Learning training was not imparted to 10,804 teachers (60 per cent) against 18,023 teachers and such training was not imparted to Non-formal Education instructors.

(Paragraph 3.3.9)

- ❑ Though enrolment of students in primary schools increased to 20 per cent from 1995-2000, the teacher's vacancy position was increased from 9.3 to 11.4 per cent during 1998-2000.

{Paragraph 3.3.11(i)}

- ❑ Although 9th Five year Plan envisaged an outlay of Rs.2 crore for construction of primary school buildings, the number of schools per 1000 students decreased from 11 in 1995-96 to 9 in 1999-2000, not a single school was added during 1995-2000.

{Paragraph 3.3.12(i)}

- ❑ While 18 per cent of the eligible habitations in the State were reportedly not provided with primary schools during 1998-2000, the percentage was much higher at 39 in test-checked districts.

{Paragraph 3.3.12(ii)}

- ❑ The ratio of enrolment of girls showed decline from 1:0.89 in 1995-96 to 1:0.84 in 1999-2000.

{Paragraph 3.3.12(iv)}

- ❑ Against the enrolment of 10.79 lakh pupils in Class-I during 1995-96, only 6.15 lakh pupils reached Class-V in 1999-2000, dropout rate

being 43 per cent. Further, there was also shortfall in achievement (38 per cent) in the installation of targeted tube wells in the schools to check the above dropout rate.

{Paragraph 3.3.12(v)}

□ The teacher-pupil ratio for the State as a whole during 1995-2000 was 1:48 against the prescribed ratio of 1:40. In the 16 test-checked districts, it ranged between 1:51 and 1:55.

{Paragraph 3.3.12(vii)}

3.3.1. Introduction

Number of school remained same inspite of availability of fund and increase of students.

Free and compulsory education to children is one of the Directive Principles of State Policy of the Constitution of India. The National Policy of Education (NPE) 1986 as revised in 1992 lays stress on universalisation of primary education by 2000 AD. The policy emphasises (i) universal access and enrolment, (ii) universal retention of all children up to 11 years of age and (iii) substantial improvement in the quality of education to enable all children to achieve Minimum Level of Learning (MLL). While the total number of schools in the State during period from 1995-96 to 1999-2000 remained static at 42 thousand, the number of eligible students increased from 38.87 lakh to 46.46 lakh which adversely affected the quality of education and access of students to schools.

3.3.2 Organisational set up

Commissioner-cum-Secretary to Government of Orissa, School and Mass Education Department (Department) was the overall incharge of Elementary Education which included Primary Education. The Director, Elementary Education (Director), was the Head of the Department and the Director was responsible for overall monitoring and evaluation. The Inspectors of Schools and District Inspector of Schools were in charge of monitoring and supervision of schools in their circles and districts respectively. Block Development Officers (BDOs) acted as Drawing and Disbursing Officers (DDOs) for primary schools at block level. The Director, State Council of Educational Research and Training (SCERT) was to provide academic support and training to the Department.

3.3.3 Audit coverage

Working of the Department was reviewed through test check of records for 1995-2000 of the Department, Director, Elementary Education, SCERT and Manager, Text Book Press at the State Level and 16 DIS out of 64 and 71 BDOs out of 314 plus 5 District Institutes of Education and Training (DIETs) at the district and block level. Records of two Executive Officers of Balasore and Jajpur Municipalities were also test checked. Implementation of District Primary Education Programme (DPEP) under Centrally Sponsored Scheme funded by the World Bank in 8 test checked revenue districts was also reviewed and results included in the review.

3.3.4 Budgetary allocation and expenditure

Budget and expenditure for the Elementary Education Directorate in the State for the period 1995-96 to 1999-2000 was as shown below:

Year	Budget provision					Expenditure					Savings(-) Excess(+)
	Non-plan	State Plan	Central Plan	Centrally Sponsored Plan	Total	Non-plan	State Plan	Central Plan	Centrally Sponsored Plan	Total	
	(R u p e e s i n c r o r e)										
1995-96	484.41	26.88	57.75	9.82	578.86	460.78	22.91	18.66	7.08	509.43	(-169.43 (12%)
1996-97	544.40	34.37	52.58	13.25	644.60	520.27	27.87	25.74	7.62	581.50	(-163.10 (9.79%)
1997-98	580.14	38.93	56.06	12.47	687.60	586.21	34.58	53.16	9.10	683.05	(-4.55 (0.66%)
1998-99	821.76	55.43	10.35	15.35	902.89	710.22	81.36	4.16	8.64	804.38	(-98.51 (10.91%)
1999-2000	990.62	46.92	89.63	12.69	1139.86	1008.52	147.91	67.59	15.69	1239.71	(-199.85 (8.76%)
Total	3421.33	202.53	266.37	63.58	3953.81	3286.00	314.63	169.31	48.13	3818.07	(-135.74 (8.43%)

Poor budgeting and expenditure control.

In addition, a sum of Rs.45.38 crore had been received from Government of India between 1995-96 and 1999-2000 for universalisation of Primary Education through implementation of DPEP of which a sum of Rs.2.26 crore was lying unutilised with the State Project office as of March 2000.

There were persistent savings of budgetted funds averaging 8.43 per cent during 1995-2000 with savings being more than 50 per cent under Central Plan during 3 out of 5 years. Under State Plan, there were savings in 3 out of 5 years ranging from 11.17 per cent to 18.91 per cent. Under Non-Plan savings in 3 out of 5 years ranged from 4.43 per cent to 13.57 per cent. These indicated poor budgeting and expenditure control.

The reasons for savings under Non-Plan were attributed by the Government (November 2000) to the vacancies in the post of teachers due to retirement, death, etc. and during 1998-99 due to non-drawal of pay and allowances in the pre-revised scales due to non-acceptance of revised scales of pay effective from 1 January 1996 by the teachers for which provision was made in the budget. According to the Budget Manual, the estimates should be framed on the basis of expenditure likely to be incurred in the coming year for officers and staff likely to be on duty irrespective of the actual sanctioned strength. Budget scrutiny revealed that budget proposals were irregularly made on the basis of sanctioned post instead of actual strength in contravention of the provisions of the budget manual and involved risk of fictitious payments to non-existent teachers. Principal Secretary to Government of Orissa, School and Mass Education Department failed to ensure submission of Budget Proposals by the Director as per provisions of the Budget Manual. He also

failed to effectively monitor the budget and timely re-appropriate savings for utilisation of unspent provision under salaries.

3.3.5 Financial Management

(i) Failure in expenditure control

Expenditure control mechanism failed.

Director, being the Controlling Officer, was to obtain monthly statements of expenditure from the DDOs by first week of succeeding month and submit the compiled expenditure figures to Government by 15th of next month.

Scrutiny of records of the Director revealed that against 23,244 monthly statements of expenditure due from 400 DDOs*, 15,496 monthly statements (67 per cent) were not received during 1995-2000, thus the expenditure control mechanism was non-operational. Government explained this as being due to different agencies being under administrative control of different departments.

(ii) Unutilised cash balance

Treasury Rules provide that no amount shall be drawn from Government treasuries unless it is required for immediate disbursement. Scrutiny revealed that cash book of 58 DDOs and the Director had a cash balance of Rs.4.44 crore as on 31 March 2000. The unutilised balance was retained in cash (Rs.2.13 crore), Bank Draft and Deposit at Call Receipt (Rs.1.11 crore), advances (Rs.0.12 crore), paid vouchers (Rs.0.03 crore), and current account in banks (Rs.1.04 crore). An amount of Rs.1 lakh was lost due to theft.

(iii) Retention of funds pertaining to Operation Black Board (OBB) Scheme in Civil Deposits

Retention of Central Fund in Civil Deposit.

Scrutiny of records in 5 DDOs¹ revealed that out of Central assistance of Rs.53.37 crore received during 1989-2000 under OBB scheme, Rs.45.84 crore were retained under Civil Deposits under directions of Government. Thus, 86 per cent of the funds of OBB were utilised to shore up the cash balance of the State Government.

3.3.6 Programme implementation

(i) Non-provision of minimum essential teaching equipments, materials and furniture

Schools were housed in Community Hall of villages.

As per information furnished by 15 DIS, minimum essential facilities were not provided to the schools as per the norm fixed by the National Institute of

* The DDOs included 314 BDOs under Panchayati Raj Department, 11 Executive Officers under Urban Development Department.

Director, Elementary Education, Orissa-	Rs.51.31 crore,
District Inspector of Schools, Dharmagarh-	Rs.0.03 crore,
District Inspector of Schools, Koraput-	Rs.0.0035 crore,
Block Development Officer, Bolangir-	Rs.0.0020 crore
District Inspector of Schools, Bolangir-	Rs.0.0005 crore.

Educational Planning and Administration as detailed below:

No. of schools under 15 DIS	No. of schools not provided with								
	Teaching equipments	Play materials and toys	Science kits	Library facilities	Musical instruments	Furniture	Drinking water	Toilets	All weather buildings
7345	2428	3161	3819	4686	3771	1778	4696	6444	617

Test check also revealed that 36 primary schools (Bhadrak 30 + Phulbani 6) who had no buildings of their own were housed in Kothagarh (Community Hall) of villages. No action plan was prepared by Government for construction of school buildings for these schools.

(ii) Irregular and unauthorised expenditure towards payment of School Improvement Grant and Teaching Learning Material Grant

In violation of the instructions of the State Project Office, School Improvement Grant and Teaching Learning Material Grant amounting to Rs.18.60 lakh was paid to schools run by Tribal Welfare Department and private aided Schools and as well as teachers working in those schools by 5 District Project Co-ordinators (DPCs) during 1997-98 to 1999-2000 out of DPEP funds even though the annual Teaching Learning Material Grant of Rs.500.00 for each teacher and School Improvement Grant of Rs.2000 for a school and Village Education Committee (VEC) was admissible to schools run by School and Mass Education Department and its teachers only. Government justified (November 2000) such payment citing proposed convergence of Ashram and Sevashram schools run in each district by Tribal Welfare Department and DPEP. The reply was not tenable in the absence of specific orders for such payment from GOI.

(iii) Irregular and unauthorised purchase of desks and maps with clocks out of School Improvement Grant

The School Improvement Grant of Rs.2000 paid jointly to each school and VEC for improving school facilities was intended for procurement of books and Journals (other than text books), providing health check-up, bettering school environment, etc.

Though there was no provision for purchase of furniture and any other materials out of school improvement grant, the DPC Bolangir procured 11,340 desks costing Rs.33.45 lakh out of school improvement grant under DPEP for distribution to 1,890 schools without the approval of the State Project Director. Between January and March 2000, 6,420 desks valued at Rs.18.94 lakh were supplied to 1,070 schools. However, the amount had not been paid as of March 2000 due to non-receipt of funds from the State Project Office. In addition, maps fitted with clocks worth Rs.3.59 lakh were also purchased by DPC, Bolangir. Government stated (November 2000) that the expenditure was under the scrutiny of the State Project Director.

(iv) Non-distribution of reading/writing materials worth Rs.22.49 lakh

Reading and writing materials were not distributed to students.

According to DPEP guidelines, free textbooks and free reading and writing materials would be provided free of cost to SC/ST and girl students of the Project Districts (if not already financed by the State Government).

Test check of records revealed that reading and writing materials worth Rs.22.49 lakh* meant for distribution between 1997-2000 among target group in 6 districts was not distributed as of March 2000. Delays of 6 to 8 months was noticed in distribution of text books in 11,529 schools in 8 districts during 1998-99 and 11,579 schools in 8 Districts during 1999-2000. There was no scope for distribution of text books worth Rs.2.35 lakh procured in 1998-99 in the subsequent years due to change of syllabus.

The DPCs stated (January 2000 and April 2000) that the non-distribution was mainly due to late receipt as well as receipt of books in excess of requirement. DPCs Gajapati and Kalahandi, however, attributed the non-distribution to language problem and completion of distribution of the books by the Welfare Department of the State Government respectively.

However, in respect of free books and reading and writing materials worth Rs.1.07 crore reportedly distributed by the DPCs during 1997-98 to 1999-2000, distribution lists/acknowledgements from the students showing the distribution of the materials had not been furnished by 192 Block Research Centre Coordinators (BRCs) to DPCs concerned. In their absence, it could not be confirmed whether they had been distributed at all.

3.3.7 Educational Technology Programme

Failure to extend benefit for learning through audio system.

To make learning more effective and interesting, multi-media facilities like supply of Radio-Cum-Cassette Player (RCCP) sets to primary schools were provided under Centrally Sponsored Schemes from the year 1987-88.

Test check of records of 16 DIS** revealed that 7,122 RCCP sets costing Rs.70.88 lakh were supplied during 1992-96 for distribution among the primary schools out of which 6,829 sets had been distributed leaving a balance of 293 sets (cost Rs.3.77 lakh) in the respective DIS offices. Of these 3,282 sets (Rs.43.35 lakh) were lying idle in schools without any practical use. Thus, a total of 3575 sets were lying idle as of March 2000. It was also noted that no transmission of educational programme for primary school children had been included in the classroom routine as required and that the facility was not extended to non-formal learners. Non-utilisation of RCCP was attributed by the DIS concerned (April and July 2000) to non-receipt of funds for maintenance and for want of infrastructural facilities. Thus, the programme in

* Bolangir (Rs.1.98 lakh), Dhenkanal (Rs.3.75 lakh), Gajapati (Rs.2.33 lakh), Kalahandi (Rs.12.31 lakh), Rayagada (Rs.0.39 lakh) and Sambalpur (Rs.1.73 lakh).
** Angul, Baisore, Baripada, Bhadrak, Bolangir, Cuttack, Dharmagarh, Dhenkanal, Jajpur-I, Keonjhar, Khurda, Koraput, Navagarh, Phulbani, Puri and Rourkela.

the above districts was a non-starter and it failed to extend the benefits to the learners. Government attributed (November 2000) non-use to lack of electricity and arrangements for safekeeping.

3.3.8 Delay in supply of textbooks

Non-printing of text book in time resulting in delay in supply.

As per the programme, the printing of textbooks** and distribution to sale centres should be completed before 30th June every year i.e. before beginning of the academic year (July). However, in none of the years under review were supplies completed before the prescribed date and the delay ranged between 8 and 71 days during 1995-2000. The Manager Text Book Press attributed (June 2000) the delay to non-receipt of manuscripts and delay in printing. The reasons attributed do not hold good for all the years (1995-2000) as they occurred only during 1997-98 due to revision of nationalised textbooks. Government attributed (November 2000) the delay to outdated printing machinery. However, no effective measures were taken by the Secretary and Director to remedy the position for delay in printing.

3.3.9 Minimum Level of Learning (MLL)

Minimum Level of Learning training was not imparted to 60 per cent teachers.

NPE 1986 emphasised inter alia the need for laying down MLL for each stage of school education as a pre-requisite for setting performance goals for teachers and achieving well defined standard of learning by students.

Test check of records of 11 DIS revealed several shortcomings in the implementation of the programme as discussed below.

Text books up to Standard-III only had so far been modified and adopted to suit the requirements. In primary level, 10,804 teachers (60 per cent) as against 18,023 teachers had not been imparted the required MLL training. Such training had not been extended to Non-Formal Education (NFE) instructors. The activities and achievements under the programme had not been evaluated except in case of one DIET (Khurda) and the teacher's handbook indicating all explanatory notes and illustrative materials relating to MLL and their effective use had not been prepared so far.

3.3.10 Inspection of schools

Shortfall in visits and inspections by SIS

The table below indicates huge shortfall in inspections and visits conducted by Sub-Inspector of Schools (SIS) ranging from 30 to 56 per cent (inspection) and 56 to 59 per cent (visits) though there was no shortage of SIS, which

** Manager, Text Book Press was responsible for timely printing of text books of elementary schools and for their distribution to Sale Centres and Sub-Inspectors of Schools for sale.

indicated ineffective monitoring and control by the Director:

Year	No. of Schools in 14 DIS	Requirement		Achievement		Shortfall	
		Inspection	Visits	Inspection	Visits	Inspection	Visits
1995-96	8182	16364	49092	7137	20362	9227 (56%)	28730 (59%)
1996-97	8190	16380	49140	11013	20640	5367 (33%)	28500 (59%)
1997-98	8200	16400	49200	11474	20923	4926 (30%)	28277 (57%)
1998-99	8065	16130	48390	11045	21455	5085 (32%)	26935 (56%)
1999-2000	7920	15840	47520	10735	20320	5105 (32%)	27200 (57%)

Inspection of schools was not monitored.

DIS concerned stated (April and July 2000) that the shortfall was due to non-provision of vehicles and pre-occupation with court cases and engagement of SIS on other works assigned by the BDOs. Further, records relating to statistics of village/ward wise population, child population, enrolment and dropouts were not being maintained by SIS. Moreover, no records were made available pertaining to inspection of schools, meetings with guardians, etc. Evidently, the Director was not monitoring the inspection of schools and lack of infrastructure and other shortcomings in the schools were not followed up for remedial action.

3.3.11 Man Power Management

(i) Sanctioned strength and men in position

Non-monitoring of deployment of teachers.

A review of sanctioned posts and actual number of teachers in the primary schools during 1998-99 to 1999-2000 revealed shortage of 9 to 11 per cent:

Year	Sanctioned strength	Post filled up	Vacancy position	Percentage of vacancy
1998-99	109448	99232	10216	9.33
1999-2000	109448	96992	12456	11.38

The enrolment of students in primary schools increased from 38.87 lakh in 1995-96 to 46.46 lakh in 1999-2000 but there was no corresponding increase in the strength of teachers and even the existing vacancies were not filled up.

Test check of records in 16 DIS revealed that though the Directorate's records showed shortfalls of 9.3 and 11.4 per cent respectively during 1998-99 and 1999-2000 for the State as a whole, vacancies ranged between 20.4 and 23.4 per cent respectively in 4 out of 16 test checked districts as detailed below:

Name of the district	Period	Sanctioned strength of teachers	Men in position	Vacancy position	Percentage of vacancy
Baripada	1995-2000	1823	1451	372	20.4
Dhenkanal	1995-2000	1772	1357	415	23.4
Khurda	1995-2000	2066	1588	478	23.1
Phulbani	1995-2000	1035	802	233	22.5

Government stated (November 2000) that instructions had been issued to all DIS to transfer the surplus teachers and post them in schools where there was vacancy following the teacher-pupil ratio (1:40). Evidently, Director was not monitoring the deployment of teachers.

(ii) Non-achievement of teacher-pupil ratio of 1:40

It would be further seen that the teacher-pupil ratio in the test checked districts fell short of the permitted 1:40 teacher-pupil ratio and ranged between 1:51 and 1:55 as detailed below:

Year	No. of Schools	No. of enrolment	Teachers available	Teacher- pupil ratio
1995-96	9063	1295046	25547	1:51
1996-97	9071	1341597	25971	1:52
1997-98	9086	1426054	26807	1:53
1998-99	8958	1408520	25493	1:55
1999-2000	8813	1342079	26153	1:51

(iii) Running of schools with one teacher

Running of schools with one teacher due to lack of monitoring.

As per norms fixed by the Director, there should be at least two teachers in a primary school irrespective of the roll strength in the school.

Test check of 15 DIS revealed that 973 schools out of total of 24,620 schools (Class I to V) were running with one teacher as of March 2000. Director or the Government did not have the number of such single teacher schools in the State. Evidently, there was no monitoring of this aspect by the Government.

(iv) Continuance of excess teachers

Posting of excess teachers without following norms.

Test check of records of 7 DIS (Angul, Baripada, Bolangir, Koraput, Keonjhar, Nayagarh, Phulbani) revealed that the number of teachers was disproportionately high in 662 primary schools during 1999-2000 as detailed below:

Category	Total no. of schools	Total enrolment of students	Total no. of teachers required as per norms	Total no. of teachers in position	Surplus (+) Shortage (-)	Teacher-pupil ratio
Urban	71	9584	242	459	(+)217	1:21
Rural	591	48630	1303	1961	(+)658	1:25
Total	662	58214	1545	2420	875	

The engagement of 875 excess teachers resulted in additional expenditure of Rs.5.18 crore at the rate of Rs.4,932 per month (calculated at the rate of minimum salary payable to a certified teacher) besides under-utilisation of the existing teacher resources at the cost of other needy schools. Evidently, the Director and the Government failed to review the staff strength of schools based on the enrolment/average attendance. The significant excess were attributable to failure to post teachers as per the norm and actual requirements.

(v) Training of teachers

The NPE emphasised re-vitalising elementary teacher education programme. Accordingly, 13 DIETs were established in the State during 1987-89 under the Minimum Needs Programme for imparting pre-service and in-service training. Test check of records of five DIETs* revealed the following:

(a) Posts lying vacant

In 5 DIETs test checked, 13 posts of Teacher Educators were lying vacant as against sanction of 216 since 1995-96 thus affecting the quality of training of teachers.

Government stated (November 2000) that attempts had been made to maintain the quality of teaching despite the existing vacancies by adopting different methods and techniques. However, such efforts made by the Government were not in evidence in the 5 DIETs test checked.

(b) Posting of underqualified Teachers

The minimum educational qualification of a Teacher Educator in DIET as prescribed by Government (November 1990) was M.Ed. with desirable qualification being Masters Degree in school subjects with M.Ed.

Test check of records in the office of SCERT revealed that 34 under-qualified Teacher Educators had been posted by the Director SCERT in eleven DIETs in the State. Due to posting of under-qualified Teacher Educators, the quality of training was affected.

Director SCERT stated (June 2000) that necessary steps were being taken for posting of qualified Teacher Educators from the current education session (2000-2001).

3.3.12 Impact evaluation of Primary Education Programme**(i) Access to schools- No new schools constructed in 5 years**

The 9th Five Year Plan envisaged an outlay of Rs.2 crore for construction of primary school buildings during the Plan period. However, not a single school was added during the period under review either in government or private sector. The number of primary schools in existence during 1995-2000 in the State was as under:

Year	No of schools in urban areas			No of schools in rural areas		Total no of schools	Total enrolment in lakh	No. of schools per 1000 students.
	Government	Private	Enrolment (in lakh)	Government	Enrolment			
1995-96	2085	497	6.09	39522	32.78	42104	38.87	11

Stagnation in number of schools for 5 years.

Cuttack(Dolipur), Keonjhar, Koraput (Jeypore), Mayurbhanj (Baripada) and Puri (Khurda)

Year	No of schools in urban areas			No of schools in rural areas		Total no of schools	Total enrolment in lakh	No. of schools per 1000 students.
	Government	Private	Enrolment (in lakh)	Government	Enrolment			
1996-97	2085	497	6.56	39522	32.89	42104	39.45	11
1997-98	2085	497	6.56	39522	33.49	42104	40.05	11
1998-99	2085	497	7.62	39522	38.16	42104	45.78	9
1999-2000	2085	497	7.73	39522	38.73	42104	46.46	9

Thus, despite increase in the enrolment of students during 1997-2000 by 20 per cent, there was no proportionate increase in the number of schools. Further, the number of schools per 1000 students decreased from 11 in 1995-96 to 9 in 1999-2000.

Stagnation in the number of schools during 5 years was attributed (July 2000) by the Director to paucity of funds. The reply was not tenable in view of funds remaining unspent each year. Government stated (November 2000) that steps were being taken to provide primary schools to the unserved habitations not covered with primary schools as per norm. However, it did not spell out any concrete action plan for the purpose.

(ii) Average distance travelled for reaching a school

According to the State norm, primary schools should be provided within a walking distance of 1 km. to all habitations having a minimum population of 300 in plain area and 200 in hilly area. Scrutiny revealed that against 73,148 habitations needing primary schools, only 60,289 habitations (82 per cent) were provided with primary schools in the State as a whole as of March 2000. Thus, 12,859 habitations (17.58 per cent) were not having any primary schools within a walking distance of 1 km. However, this information was not reliable as audit scrutiny revealed that on an average, 39 per cent of the required habitations in 12 DIS* were not provided with primary schools within 1 km as of March 2000 although the position for the entire State was reportedly less than 18 per cent. The remaining 4 DIS (Bhadrak, Cuttack, Jajpur-I, Khurda) did not furnish necessary information and hence the position could not be verified.

(iii) Attendance Registers not properly maintained

Test check of Attendance Registers of selected Primary Schools under DIS Dharmagarh and District Project Coordinator (DPC), Dhenkanal revealed that the daily attendance, monthly progressive attendance and average attendance of students in the said schools were not recorded in the relevant attendance registers. In the case of Primary School at Gadabhanja, names of 5 students (Class-I 4 and Class-III 1) who were on the rolls of the school concurrently appeared in the attendance registers/admission registers of the non-formal centre of the village also indicating duplication of enrolments.

* Angul (21 %), Balasore (43%), Baripada (40%), Bolangir (30%), Dharmagarh (Nil), Dhenkanal (15%), Keonjhar(34%), Koraput(20%), Nayagarh (48%), Puri (22%), Phulbani (60%), Rourkela (54%).

39 per cent of habitations are not provided with primary schools within distance of 1 km.

Duplication of enrolment of students in different schools.

Thus, the enrolment figures furnished by the DIS Dharmagarh to the Directorate and to audit did not represent the correct position. The DIS attributed (July 2000) the duplication to non-deletion of the names of the students who had left the school and took admission in the NFE centre. Similarly, test check of all the 8 primary schools under the DPC Dhenkanal spread over 3 blocks of the District revealed that although attendance of the children was recorded class-wise and date-wise during 1998-99 and 1999-2000 in the relevant pupils attendance registers, the relevant entries were not authenticated daily by the Instructors raising doubts about actual enrolment and attendance of the students in the test checked schools.

(iv) *Participation by students*

Enrolment of girl students declined.

The quality of education would be significantly influenced by the depth and extent of participation in the education process by the students. As per the information furnished by the Director, Elementary Education, the ratio of actual enrolment to eligible students during last five years in the State as a whole was as under:

Year	No. of children actually enrolled			Total number of eligible children in the age group of 6 to 11 years			Ratio of enrolment to number of eligible students		
	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
(Figures in lakh)									
1995-96	22.79	16.08	38.87	22.45	21.72	44.17	1:1.02	1:0.74	1:0.88
1996-97	23.13	16.32	39.45	22.14	21.44	43.58	1:1.04	1:0.76	1:0.91
1997-98	23.48	16.57	40.05	21.84	21.16	43.00	1:1.08	1:0.78	1:0.93
1998-99	26.91	18.87	45.78	21.50	20.91	42.41	1:1.25	1:0.90	1:1.08
1999-2000	27.30	19.16	46.46	21.21	20.62	41.83	1:1.28	1:0.93	1:1.11

It was evident that the number of boys actually enrolled exceeded the number of eligible boys consistently every year while the converse was true for girls. The excess ratio of actual enrolment against the eligible students in most of the years was due to retention of over-aged students and admission of under-aged students in primary classes as stated (June 2000) by the Director.

However, test check of 7 DIS (Baripada, Balasore, Bhadrak, Dharmagarh, Keonjhar, Khurda and Nayagarh) indicated a different picture as below:

Year	Total no. of eligible students			No. of actual enrolment			Ratio of enrolment		
	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
(Figures in lakh)									
1995-96	2.78	2.25	5.03	2.45	2.01	4.46	1:0.88	1:0.89	1:0.89
1996-97	3.59	2.63	6.22	3.18	2.29	5.47	1:0.87	1:0.87	1:0.89
1997-98	3.61	2.78	6.39	3.31	2.44	5.75	1:0.92	1:0.88	1:0.90
1998-99	3.76	2.84	6.60	3.52	2.43	5.95	1:0.94	1:0.86	1:0.90
1999-2000	3.98	2.94	6.92	3.79	2.47	6.26	1:0.95	1:0.84	1:0.90

The actual enrolment of boys was not reported as more than the number of eligible boys in any year. The ratio of enrolment of girls showed a decline from 1:0.89 in 1995-96 to 1:0.84 in 1999-2000. No reasons for the slump in enrolment of girl students were on record.

(v) Dropouts

The position of dropouts in the primary education in each stage from Class-I to Class-V at the State level during the period 1995-2000 was as under:

Year	Class	Enrolments			Dropout			Percentage of dropouts		
		Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
(Figures in lakh)										
1995-96	I*	6.34	4.45	10.79	0.36	0.54	0.90	5.68	12.13	--
1996-97	II	5.98	3.91	9.89	0.44	0.56	1.00	6.94	12.58	--
1997-98	III	5.54	3.35	8.89	1.43	0.40	1.83	22.55	8.99	--
1998-99	IV	4.11	2.95	7.06	0.53	0.38	0.91	8.36	8.54	--
1999-2000	V	3.58	2.57	6.15	--	--	--	--	--	--
Total					2.76	1.88	4.64	43.53	42.24	43

While the percentage of dropout noticed through the stages of Class-I to Class-V was more in boys, it was greater in Class I and II in the case of girls. Against the enrolment of 10.79 lakh pupils in Class-I during the year 1995-96, only 6.15 lakh pupils (57 per cent) reached Class-V in 1999-2000 indicating an overall dropout of 43 per cent. Test check of admission registers and attendance registers of 184 primary schools under 12 DIS indicated the percentage of dropouts in the test-checked districts to be more than 50.

Year	Class	Enrolments		No. of dropouts		Percentage of dropouts	
		Boys	Girls	Boys	Girls	Boys	Girls
1995-96	I	3706	3297	1065	949	28.73	28.78
1996-97	II	2641	2348	404	363	10.90	11.01
1997-98	III	2237	1985	224	144	6.04	4.36
1998-99	IV	2013	1841	267	297	7.20	9.00
1999-2000	V	1746	1544	-	-	-	-
Total						52.87	53.15

38 per cent of targeted schools were not provided with drinking water facility through tube wells.

In order to stop discontinuance of education by girl students of primary schools where the female literacy rate was between 20 and 40 per cent, a grant of Rs.24.44 crore was released by GOI for providing drinking water facilities in primary schools during the years 1997-98 and 1998-99 as per the recommendation of Tenth Finance Commission. Accordingly, 12,930 primary schools situated in 30 districts which included 8 districts* where female literacy rate was below 20 per cent were targeted for provision of drinking water facilities by installation of tube wells at a total cost of Rs.42.56 crore. Against this target, only 8,343 out of 11,822 primary schools identified for the purpose were provided with such facilities at an expenditure of Rs.30.03 crore and the remaining 4,587 schools** (38 per cent) were awaiting provision of drinking water facilities through installation of tube wells as of March 2000. The shortfall was attributed by the Chief Engineer, Rural Water supply and Sanitation, to late receipt of funds/LoC and natural calamities.

Gajapati, Kandhamal, Kalahandi, Koraput, Malkangiri, Nawarangpur, Nuapada and Rayagada.
Identified:3479. Unidentified: 1108

Midday Meal Programme could not reduce the dropout rate.

Midday Meal Programme was introduced in the State since August 1995 to provide one meal at midday for 210 days in a year to school going children from Class-I to V in both rural and urban areas for reducing the dropouts and an expenditure of Rs.167.36 crore was incurred on the scheme upto 1998-99. Even these welfare programmes aimed at reducing the dropout rate failed to make any impact on the dropouts.

(vi) Average attendance of students

The average attendance of students in 184 schools test checked in 12 out of 16 DIS during the years 1995-96 to 1999-2000 was as under:

Year	No. of pupil enrolled	No. of school days in a year	Total no. of school days of all students	Total no. of school days attended	Average school days attended (percentage)
1995-96	24003	230	5520690	3661980	66.33
1996-97	24430	230	5618900	3787533	67.39
1997-98	24848	230	5715040	3760042	65.79
1998-99	25020	230	5754600	3839481	66.72
1999-2000	25105	230	5774150	3767350	65.24

It would be seen from the above that the average attendance of students declined from 66.33 per cent in 1995-96 to 65.24 per cent in 1999-2000.

(vii) Participation by teachers

Non-maintenance of teacher pupil ratio.

Conducive teacher pupil ratio was one of the most important factors determining the participation of students. Against the teacher-pupil ratio of 1:40 fixed by the Government of Orissa, the position furnished by Director of Elementary Education disclosed that the teacher-pupil ratio was 1:48 and number of teachers per thousand students during 1999-2000 was 21.

However, test check of records in 16 DIS revealed a different position:

Year	Total no. of Teachers	No. of schools	Total no. of enrolment (in lakh)	Teacher pupil ratio	Teachers per thousand students	No. of teachers per school
1995-96	25547	9063	12.95	1:51	20	3
1996-97	25971	9071	13.42	1:52	19	3
1997-98	26807	9086	14.26	1:53	19	3
1998-99	25490	8958	14.09	1:55	18	3
1999-2000	26153	8813	13.42	1:51	18	3

Due to increased enrolment, number of teachers per thousand students declined during 1995-96 to 1999-2000. The actual teacher-pupil ratio ranged between 1:51 and 1:55 instead of 1:40 which was the norm during the years. Thus, the information furnished by the department was evidently an over-statement. Government attributed (November 2000) non-maintenance of ideal teacher-pupil ratio and decreasing trend of teachers per thousand students to paucity of funds and administrative difficulties.

(viii) Achievement evaluation

The outcome of the primary education programme and the extent to which the objective of universalisation of primary education has been achieved in the State were not assessed by the Director except for the year 1997-98 when it

had been computed that the male literacy percentage was 63.09 and female was 34.68.

Test check of records of three DIS (Balasore, Dharmagarh & Keonjhar) where survey on child literacy was conducted (1999-2000) revealed that the child literacy rate was between 6.60 *per cent* and 7.90 *per cent* in Dharmagarh DIS during 1996-97 to 1999-2000. While the child literacy rate was more than 20 *per cent* in respect of DIS Keonjhar, the child literacy in respect of DIS Balasore during the years 1995-2000 ranged from 15.44 to 20.32 *per cent*.

3.3.13. Conclusion

The universalisation of access to primary education targeted for achievement by 2000 AD could not make any headway in the State as there was no addition to the number of schools (42,104) for the last five years and 12,859 habitations needing primary schools within walking distance of 1 kilometre were yet to be provided with the same. Although overall dropout rate for the State was reported to be 43 *per cent*; the actual dropout rate in the test-checked districts was more than 50. The teacher-pupil ratio was 1:51, instead of 1:40 due to increased enrolment.

REVENUE DEPARTMENT

3.4 Audit of Super Cyclone Funds

Highlights

The relief measures undertaken by the State Government in the aftermath of super cyclone which hit Orissa in October 1999 were inadequate and large part of funds intended for relief measures remained unutilised even one year after the cyclone. The preparedness of the Government to meet the effects of a calamity of high magnitude was insufficient. There were several shortcomings in distribution of shelter material, grant of House Building Assistance, undertaking repair and restoration works and selection of executing agencies. Administration of relief suffered from lack of co-ordination and proper management at various levels. This increased the scope for misutilisation and pilferage of relief materials and led to inadequate relief to the affected persons though funds were not a constraint.

❑ **Against release of Rs.697.60 crore to various spending departments and implementing agencies by the Special Relief Commissioner (SRC) for relief measures in the districts affected by Super Cyclone during 1999-2001, Rs.162.62 crore only were accounted for as of November 2000.**

(Paragraph 3.4.6.1)

❑ **In Jagatsinghpur and Cuttack Collectorates 39.6 thousand out of 573 thousand eligible beneficiaries were awaiting the receipt of House Building assistance for construction of houses as of August 2000 although the unspent amount lying with the Collectors (Rs.2.47 crore) was sufficient to cover at least 12.3 thousand beneficiaries.**

{Paragraph 3.4.6.2(i)}

❑ **Out of Rs.2.62 crore drawn by 3 Collectors and 1 Sub-collector for emergent relief, Rs.1.96 crore were lying unspent as of August 2000.**

{3.4.6.2(ii)}

❑ **In Jagatsinghpur Collectorate, out of Rs.39.40 crore, Rs.23.06 crore of ex-gratia was utilised for payment to 3074 out of 3316 identified beneficiaries as of August 2000 although the unspent amount lying with the Collector (Rs.0.50 crore) and Tahasildars (Rs.15.84 crore) was sufficient to cover the remaining 242 beneficiaries.**

{Paragraph 3.4.6.2(iii)}

❑ **Funds of Rs.20 lakh drawn by Collectors Cuttack (Rs.5 lakh) and Jagatsinghpur (Rs.15 lakh) under National Fund for Calamity Relief**

for repair/restoration of Rural Health Institutions remained unspent as of August 2000.

{Paragraph 3.4.6.2(iv)}

❑ Funds of Rs.15 lakh received by Collector, Jagatsinghpur as grants-in-aid from the State Government for construction of orphanage remained unutilised as of August 2000.

{Paragraph 3.4.6.2(v)}

❑ There was irregular procurement of polythene sheets worth Rs.20.24 crore by SRC from 22 firms at the fixed rate of Rs.70 per kg. Director, Export Promotion and Marketing decided this rate in disregard of directions of the Chief Minister to procure the same through open advertisement calling for tenders in sealed cover from the intending firms.

{Paragraph 3.4.6.4(ii)(a)}

❑ Polythene sheets worth Rs.14.57 crore were procured and distributed among the cyclone victims without quality test.

{Paragraph 3.4.6.4(ii)(b)}

❑ Against despatch of 883 MT of polythene sheets as claimed by Principal Resident Commissioner, New Delhi, SRC acknowledged receipt of only 742 MT (84 per cent) of polythene sheets resulting in short account of 141 MT of polythene sheets valuing Rs.84.18 lakh.

{Paragraph 3.4.6.4(ii)(c)}

❑ As clothing material for distribution among cyclone victims were procured by SRC without requirement, stock of materials worth Rs.1.54 crore remained undistributed as of October 2000.

(Paragraph 3.4.6.5)

❑ Out of Rs.15 crore released by the SRC towards subsidy for agricultural inputs to be utilised during October to March 2000, Rs.14.16 crore (96 per cent) remained unutilised with the executing agencies as of October 2000.

(Paragraph 3.4.7.1)

❑ Delay in release of Letter of Credit (LoC) for cyclone damaged works by the Chief Engineer resulted in non-utilisation of funds and avoidable rush of expenditure at the end of the year.

{Paragraph 3.4.8.1(i)}

❑ Executive Engineers of 13 test checked divisions irregularly diverted and misutilised cyclone damaged repair funds of Rs.2.48 crore for clearance of past liabilities of other works, execution of new works in the blocks not affected by cyclone.

{Paragraph 3.4.8.1(iv)}

❑ As the funds for implementation of Food for Work Programme under Employment Assurance Scheme was released late by 4 DRDAs to the executing agencies, there was delay in identification of projects and shortfall in generation of work for 18 lakh mandays.

{Paragraph 3.4.9.1(ii)}

❑ Though 2350 projects were to be completed under Food for Work Programme in the 4 districts with Rs.17.53 crore, only 804 projects (34 per cent) had been completed as of September 2000 but Rs.12.61 crore (72 per cent) of the funds were spent.

{Paragraph 3.4.9.1(iii)}

❑ While 1274 school buildings under Operation Black Board Scheme were to be completed in 4 DRDAs with Rs.11.37 crore provided for the purpose, only 255 buildings (20 per cent) were completed as of October 2000 after utilisation of Rs.7.43 crore (65 per cent).

(Paragraph 3.4.9.2)

❑ Against targeted completion of 13519 houses under Special Indira Awas Yojana Scheme, only 3831 houses (28 per cent) were reportedly complete in 3 districts as of August 2000.

{Paragraph 3.4.9.3(iii) }

3.4.1 Introduction

A super cyclone of unprecedented magnitude struck Orissa in October 1999 causing extensive damage and loss to life and property in 14 coastal districts of the State affecting 128 blocks, 17,993 villages with an estimated crop loss of 21 lakh hectares valued at Rs.1,800 crore and damaging, 20.66 lakh houses. Loss of human life due to cyclone was estimated at 8,479 by the Revenue authorities of which 6,505 were in Jagatsinghpur district alone. The State Government received advance warning on 26 and 28 October 1999 as to the approach of the severe cyclonic storm. The State relief authorities as well as the district administration in the 14 affected districts were instructed to adopt contingency plans to meet the situation which had been prepared as per the provisions of the Orissa Relief Code. However, audit review of the relief operations disclosed delay in extending relief to the affected families although funds were not a constraint.

3.4.2 Financial outlay

Funds available with the Government to meet the exigencies of the super cyclone were as under:

Sl. No	Source of funding	Amount (Rs in crores)	Nodal Department/	Released to
1.	National Fund for Calamity Relief (NFCR) from GOI	828.15	State Relief Commissioner (SRC)	Collectors and spending departments
2.	Calamity Relief Fund (CRF) constituted as per recommendation of 10 th Finance Commission	28.63	SRC	
3.	Prime Ministers Relief Fund (PMRF)	38.10	General Administration Department (GA)	
4.	Grant-in-aid from State Government	0.58	Finance Department	
5.	Ministry of Rural development, Government of India	270.46	Panchayati Raj Department (the funds were placed with the DRDAs)	14 District Rural Development Agencies (DRDAs)
6.	Panchayati Raj Department, Government of Orisaa	36.00	-do-	

Sl. No	Source of funding	Amount (Rs in crores)	Nodal Department/	Released to
7	Government of Orissa	2.96	Scheduled Tribe and Scheduled Caste Department.	10 DRDAs and 5 Integrated Tribal Development Agencies (ITDAs)
Total		1204.88		

The funds of Rs.270.46 crore and Rs.36.00 crore at serial 5 and 6 above were released by GOI and the State Government during 1999-2000 and 2000-2001 respectively in favour of 14 DRDAs for works under Employment Assurance Scheme – “Food for Work (FFW) Programme”, “Operation Black Board Scheme”, and “Special Indira Awas Yojana (SIAY)”. The amount of Rs.2.96 crore at serial 7 ibid under Additional Special Central Assistance to 10 DRDAs and 5 ITDAs was released (March 2000) by the State Government for repair/rebuilding of schools/hostels managed by the Scheduled Tribe and Scheduled Caste Development Department (ST/SC).

3.4.3 Administration of relief and release of funds for relief measures

The administration of relief is vested with the Revenue department and the Board of Revenue who were to co-ordinate the work of all the departments of government and Heads of Department in regard to relief operations in the areas declared as affected by cyclone. The Special Relief Commissioner (SRC) at the State level was directly responsible for the relief measures. The District Collectors were to coordinate the relief activities of the district level officers of different departments and ensure that relief measures were undertaken expeditiously and according to the instructions of Government and SRC. For this purpose, monies were sanctioned by State Level Committee (SLC) comprising of the Chief Secretary as ex-officio Chairman and officials of the Revenue Department and Board of Revenue connected with the relief operations.

While funds of Rs.500 crore of Central Assistance under NFCR was received by the State Government by mid-November 1999, remaining funds of Rs.328.15 crore were received in March 2000.

3.4.4 Audit Coverage

Release and utilisation of funds for relief measures were reviewed in audit through test check of records of 4 of the 14 affected Collectorates namely Cuttack, Jagatsinghpur, and Kendrapara and Khurda, records of 3 Directorates i.e. Agriculture, Soil Conservation and Horticulture and records of the office of SRC. Further, records of 15 Irrigation, 10 R&B, 6 RW divisions and Gopalpur Port division under Departments of Water Resources, Works, Rural

Development and Commerce and 5 DRDAs (Cuttack, Dhenkanal, Keonjhar, Khurda and Puri) were test checked.

3.4.5 Action Plan for relief operations

The Orissa Relief Code prescribes the steps to be taken and procedures to be followed for emergent relief, restoration/ reconstruction of infrastructure. The review reveals that though Collectors in the 4 test checked districts affected by cyclone had drawn up (May/June 1999) contingency plans for cyclone preparedness, there was delay in rendering relief as huge funds intended for relief measures remained unutilised with different implementing agencies and relief materials remained undistributed to the victims.

3.4.6 REVENUE DEPARTMENT

3.4.6.1 Receipt and utilisation of funds

Huge unspent balances with the Collectors and spending departments in the districts affected by Super cyclone.

(a) State government received a total amount of Rs.856.78 crore from GOI during 1999-2001 under NFCR and CRF. Of this, SRC released Rs.697.60 crore (81 percent) to various spending departments and implementing agencies up to November 2000. According to SRC's records, only Rs.162.62 crore (23 per cent of funds released) were spent as of November 2000. Thus, even after a year after the super cyclone, 77 percent of available funds remained unspent. Department wise break up of utilisation of funds is given below:

Name of Department	Amount released by SRC	Amount spent as per records available with SRC	Amount for which accounts not rendered /Utilisation certificates not submitted as of November 2000 (Column 2 - 3)	Name of work/scheme
(Rupees in crore)				
(1)	(2)	(3)	(4)	(5)
Agriculture	24.18		24.18 (100)	Rabi seed subsidy, coconut seedling, tilling of land through O.L.C., repair /restoration of soil conservation farm at Bisinabikani.
Works	65.00	15.65	49.35 (76)	Repair/restoration of buildings, roads
Rural Development	57.24	5.95	51.29 (90)	Repair/restoration of roads, school buildings etc.
Water Resources	55.72	37.53	18.19 (33)	Repair and restoration of Water embankments, MI and Ei projects, exemption of water rates in LI points, repair and restoration of departmental buildings.
Commerce and Transport	3.00	0.75	2.25 (75)	Repair/restoration of Gopal pur and Dhamra ports, boats of IWT-Astaranga fishing harbour/minor ports.
District collectors	323.94	62.80	261.14 (81)	House building grant, exgratia payment, emergent relief, transportation charges and contingencies, immediate repair restoration of rural health institutions, betelvine subsidy and sand cast subsidy

Name of Department	Amount released by SRC	Amount spent as per records available with SRC	Amount for which accounts not rendered /Utilisation certificates not submitted as of November 2000 (Column 2 - 3)	Name of work/scheme
(Rupees in crore)				
(1)	(2)	(3)	(4)	(5)
AFA (Spl Relief)	50.72	6.58	44.14 (87)	Procurement of material for temporary shelter, dhoti, saree, blankets, utensils, procurement of polythene through PRC, New Delhi/ M.V. telephones, advertisement, contingency, boat repairs, procurement of blankets through OSIC, transportation, POL and handling charges/purchase and repair of boats of SR organisation, cost of air dropping materials
Spending Department	117.80	33.36	84.44 (72)	
Total	697.60	162.62	534.98	

Note: Figures in the brackets are percentage over the amount released at col:2 above.

(b) Further, of the amount of Rs.309.96 crore (CRF Rs 18.60 crore and NFCR Rs.291.36 crore) released by SRC to the 14 Collectorates during 1999-2000, details regarding their utilisation by executing agencies could not be furnished to audit by the SRC. The executing agencies were required to furnish Utilisation Certificates (UCs) to Collectors concerned for the amounts placed with them for relief purposes for onward transmission to SRC/Government. Scrutiny showed extensive failure in submission of UCs. Against receipt of Rs.99.99 crore during 1999-2000, 13 executing agencies furnished UCs for only Rs.3.45 crore to the concerned Collectors upto August 2000.

Thus, expenditure incurred by the Collectors/Spending departments could not be accurately assessed by SRC due to failure to ensure or monitor regular submission of monthly expenditure statements by the Collectors and spending departments. SRC's own orders of February 1999 addressed to Departmental Secretaries for submission of UCs and quarterly review of expenditure on relief operations were blatantly violated by the Departments.

SRC could not furnish any information regarding receipt of UCs from the Collectorates/spending departments for the reported expenditure of Rs.72.97 crore (CRF Rs.5.84 crore and NFCR Rs.67.13 crore) for the financial year 1999-2000. In the 4 test-checked Collectorates, out of the Rs.217.79 crore given to them, Rs.9.61 crore remained unspent. The slow pace of payment of House Building Assistance (Para 3.15.6.2(i)), non-utilisation of entire amount of Emergent Relief by a Collector (Para 3.15.6.2(ii)), excess drawal of ex-gratia amount as well as slowness in its disbursement (Para 3.15.6.2(iii)), idling of funds due to non-identification of relief works (Para 3.15.6.2(vi)), retention of heavy unspent balances by the executing agencies (Para 3.15.6.3(i)) indicated that the relief operations were not coordinated and monitored either at the district level or at the State level by the SRC and the SLC.

Consequently, the distressed victims did not receive timely and adequate relief though funds were not a constraint.

3.4.6.2 Deficiencies in working of Collectorates

Test check revealed that though funds were available, the affected people were not adequately supplied different items of relief as discussed below.

(i) House Building Assistance

In Jagatsinghpur and Cuttack Collectorates, 39.6 thousand eligible beneficiaries were awaiting receipt of house building assistance.

In Jagatsinghpur and Cuttack Collectorates, 39.6 thousand out of 573 thousand eligible beneficiaries were awaiting the receipt of House Building assistance for construction of houses even as of August 2000 although an amount of Rs.2.47 crore was lying unspent with the Collectors as on 31 August 2000 under the component which was sufficient to cover at least 12.3 thousand beneficiaries. In Kendrapara Collectorate, against Rs.44.83 crore required for disbursement to 2.98 lakh assessed beneficiaries, Rs.44.71 crore was received by the Collector of which Rs.43.76 crore was disbursed to the beneficiaries (November 2000). The unspent amount of Rs.0.95 crore was enough to cover a minimum of 4412 beneficiaries.

The Collector, Cuttack, attributed the reason for not spending the amount to meeting requirements of additional beneficiaries as per orders of Government (July 2000). The Collector, Jagatsinghpur, stated (September 2000) that disbursement was in progress. The replies indicated that timely action was not taken to organise relief and hence funds were lying unspent.

(ii) Emergent Relief

Out of Rs.2.62 crore drawn towards Emergent Relief, Rs.1.96 crore (75 per cent) remained unspent.

As per the Orissa Relief Code, Emergent Relief in the form of cooked food or dry food like wheat, rice chuda, etc. at 500 grams per adult and 250 grams per child per day is provided in case of acute distress arising from severe flood/cyclone as soon as it occurs to all affected persons upto 3-15 days after the event according to the gravity of situation and in no case after the abatement of natural calamity.

Scrutiny revealed that out of Rs.72 lakh drawn (November 1999/March 2000) by the Collector, Cuttack (Rs.42 lakh) and Sub-Collector, Cuttack (Rs.30 lakh) for the purpose, Rs.7 lakh was lying unutilised as of August 2000 in the shape of advance and bank drafts drawn in favour of 5 BDOs and 1 Urban Local body respectively thus defeating the purpose of the drawal.

In Kendrapara Collectorate, the entire amount of Rs.1.39 crore drawn (1999-2000) under the component was lying unspent as of August 2000 without being refunded into treasury/government. The Collector stated (September 2000) that the amount was retained with the Collectorate for payment of Bills presented by the BDOs which were under scrutiny.

In Jagatsinghpur Collectorate, only Rs.0.01 crore was spent of the Rs.0.51 crore received for the purpose. The Collector stated (September 2000) that the balance amount of Rs.0.50 crore was advanced to BDOs/Tahasildars from whom detailed accounts were awaited.

(iii) Ex-gratia payment for loss of life

According to State Government's (General Administration/Revenue Department) orders of November 1999, ex-gratia assistance is to be provided to families of the deceased at the rate of Rs.75000 per deceased (PMRF-Rs.50000, CRF Rs.25000).

Collectors in 4 test-checked districts received Rs.45.71 crore of which Rs.44.56 crore were disbursed to the executing agencies leaving a balance of Rs.1.15 crore with them.

In Jagatsinghpur Collectorate, out of Rs.39.40 crore, Rs.23.06 crore of ex-gratia was utilised for 3,074 out of 3,316 identified beneficiaries while Rs.16.34 crore was lying unspent with the Collectorate (Rs.0.50 crore) and Tahalsildars (Rs.15.84 crore) in shape of cash and bank account as of August 2000. The unspent amount could easily cover remaining 242 beneficiaries. Scrutiny revealed that the Collector drew Rs.14.52 crore in excess of requirement.

Collector stated (September 2000) that the disbursement was in progress and the balance amount would be refunded into Treasury. Thus, funds were drawn unnecessarily and as a result, these available funds could not be utilised for relief operations in other places. The Secretary GA Department/SRC failed to monitor the drawal of funds as per actual requirement.

In 3 Tahasils, Rs.74 lakh (104 cases) were disbursed towards ex-gratia with out production of legal heir certificates. The matter calls for investigation as possibility of malpractice in these cases cannot be ruled out.

(iv) Repair and restoration of Rural Health Institutions

An amount of Rs.20 lakh drawn by Collectors Cuttack (Rs.5 lakh) and Jagatsinghpur (Rs.15 lakh) during March 2000 under NFCR for repair and restoration of rural health institutions were retained by them upto July 2000. Subsequently, Rs.5 lakh were advanced to executing agencies by the Collector Cuttack in August 2000 whereas Collector Jagatsinghpur had not done so for want of selection of executing agencies as the list of projects to be taken up was awaited as of September 2000 from the Chief District Medical Officer.

(v) Construction of orphanage not undertaken

Collector, Jagatsinghpur received Rs.15 lakh during 1999-2000 from the Finance Department as grants-in-aid for construction of orphanage with the stipulation that the amount be utilised by June 2000. The amount was lying with the Collector unutilised as of August 2000.

The Collector stated that action was being taken for the construction of the orphanage.

Despite availability of funds, 242 identified beneficiaries were not paid ex-gratia payment as of August 2000.

Rs. 14.52 / 1.32

Funds of Rs.20 lakh meant for repair and restoration of Rural Health Institutions remained unspent with two Collectors.

Funds of Rs.15 lakh meant for construction of orphanage lying unutilised with Collector, Jagatsinghpur.

(vi) Non-identification of relief works even after 9 months of disaster

Out of Rs.1.50 crore received by the Collector Jagatsinghpur during 1999-2000 under CMRF for relief works, only Rs.21 lakh had been spent as of August 2000 due to non-identification of works to be taken up.

3.4.6.3. Lapses at the level of executing agencies**(i) Unspent balances**

Huge funds meant for cyclone relief remained unspent with the executing agencies.

Consolidated data on funds advanced to the executing agencies (Tahasildars BDOs, ULBs, etc) by the 14 Collectors during 1999-2000 for relief operations and expenditure incurred thereagainst by them upto March 2000 could not be furnished to audit by the SRC. Test check revealed that 13 executing agencies (2 Sub-Collectors and 11 Tahasildars) received Rs.99.99 crore from 4 Collectorates towards House Building grant (Rs.92.91 crore), ex-gratia (Rs.6.53 crore), relief works (Rs.0.55 crore) etc. In these 4 Collectorates however the expenditure figures upto 31 March 2000 had not been compiled. As at end of August 2000, Rs.24.33 crore (24 per cent) was lying unutilised (HB grant Rs.22.77 crore, ex-gratia Rs.1.44 crore, others Rs.0.12 crore) with the test checked executing agencies while 39,691 beneficiaries were still awaiting release of ex-gratia and house building grants in these units. Possibility of non-utilisation of large part of available grants in other units is high as the SRC was evidently not monitoring the progress of expenditure.

(ii) Irregularities in disbursements

Irregular disbursement of House Building grant.

According to Orissa Relief Code, house building grant for repair or reconstruction of houses may be sanctioned with the approval of the Collector in respect of people whose houses were damaged due to flood, cyclone, heavy rainfall in the following scale:

Particulars	Amount (in Rupees)
For completely washed away houses per family	3500
For completely collapsed houses per family	2000
For partially collapsed houses per family	1000

The Collectors of the 4 test checked districts received Rs.158.34 crore for payment of house building assistance to the affected people of which Rs.154.94 crore were disbursed to the executing agencies as of August 2000.

In 4 Tahasils in 3 Collectorates (Jagatsinghpur, Kendrapara, Khurda), disbursement of Rs.9.46 lakh (852 cases) was made towards House building grant without approval of Collector/proper acquittance which requires a thorough investigation.

3.4.6.4 Purchases

(i) Procurement of relief material by SRC

With a view to providing emergent relief like improvised shelter with tarpauline, clothing and other necessities of life (utensils etc.) for people in distress, SRC spent Rs.26.51 crore up to October 2000 for procurement of materials for temporary shelters (Polythene Rs 20.24 crore), clothing (Rs.6.21 crore) and utensils (Rs.0.06 crore) from out of the allotment of Rs.45.49 crore available with him under NFCR grant during 1999-2000.

(ii) Polythene purchase

(a) Sealed tenders not invited

According to Financial Rules, except for the articles obtainable from firms on rate contract approved by the Director General of Supplies and Disposals, GOI or Director of Export Promotion and Marketing (EPM), State Government and from co-operative agencies duly registered under Orissa Co-operative Societies Registration Act, sealed tenders were to be invited by giving wide publicity for purchase of articles the value of which exceeds Rs. 10,000. However, special purchases in case of emergency can be made foregoing the above rules. Scrutiny revealed that the SRC placed orders on 5 firms between 22 October 1999 and 1 November 1999 for supply of 1.33 lakh rolls (each weighing 40 kg) of polythene at the EPM rate contract of Rs.74 per kg superior quality with a delivery period of 5 to 7 days to cater to 2 districts affected by cyclone on 17 and 18 October 1999 without inviting tenders. Against these orders, only 28.3 thousand rolls (21.32 per cent of requirement) of polythene were supplied within the stipulated time. Chief Minister, Government of Orissa, directed (19 November 1999) that purchase of polythene be done through open advertisement in two national and two local dailies as per specification finalised by SRC requiring the intending firm to quote rates in sealed cover. In disregard of the above directions, SRC procured a quantity of 20.95 lakh kg of polythene between October 1999 and February 2000 from 22 firms including the above five firms and 10.62 lakh kgs of silpauline at the fixed rate decided by a committee headed by Director EPM of Rs.70 per kg. instead of through sealed tenders. Payment to the firms on this score for Rs.20.24 crore was made as of March 2000. It was seen that the entire quantity of silpauline valued Rs 7.43 crore supplied by one of the firms was without any purchase order from SRC.

(b) Distribution of polythene worth Rs.14.57 crore without quality control test.

A "Quality control checking" squad was constituted (November 1999) by SRC with the approval of State Government to test the quality of polythene procured. However even before the squad started functioning from 26 November 1999, polythene and silpauline worth Rs.14.57 crore (72 per cent) had already been distributed. Thus, no quality checking was applied on 72 per cent of the supplies.

Irregular procurement of polythene sheets worth Rs.20.24 crore by SRC in disregard of directions of the Chief Minister.

Distribution of polythene worth Rs.14.57 crore without conducting quality test.

(c) Lack of co-ordination with Principal Resident Commissioner (PRC)**(i) No account of advance given to PRC**

SRC advanced a sum of Rs.10 crore to Principal Resident Commissioner, New Delhi (PRC), in November 1999 for purchase of polythene by taking a loan from CMRF. The amount was subsequently recouped by SRC to CMRF (March 2000) by drawing from NFCR. Scrutiny of records revealed that PRC did not render account to SRC in respect of the advance given to him as of October 2000.

(ii) Short accountal of polythene worth Rs.84.18 lakh

Short accountal of
polythene worth
Rs.84.18 lakh by SRC

SRC in his letter addressed to PRC (dated 6 January 2000) acknowledged the receipt and accountal of only 741.92 MT of polythene in his stock account which were sent through special relief train in November 1999 by PRC. As against this, PRC vide his letter addressed to SRC (dated 13 January 2000) claimed despatch of 882.823 MT of polythene (procured from 16 manufacturers 763.16 MT, IPCL 119.663). There was thus short accountal of 140.903 MT of polythene valuing Rs.84.18 lakh. It was not clear from the records of SRC whether the despatch of polythene was made in a sealed wagon or the material was weighed by Railways. SRC's records did not indicate whether any claim had been lodged with Railways for short receipt. No action was taken to reconcile the discrepancy (October 2000). SRC stated (October 2000) that action was being taken to reconcile the matter. The matter calls for investigation by Government.

(d) Possibility of pilferage of polythene sheets

It was reported by the Officer on Special Duty (Relief) to SRC (November 1999) that 9,600 and 11,664 pieces of polythene/silpauline sheets worth Rs.87.31 lakh had been despatched to Puri Collectorate which had been received by BDOs Astarang and Kakatpur on 20 November 1999. However, Collector Puri in his letter (24 November 1999) addressed to SRC disowned receipt of the said material. There was no evidence in the file that the matter was further looked into by SRC to locate the whereabouts of the material. Possibility of pilferage of the material cannot be ruled out.

3.4.6.5 Non-distribution of cloths and blankets etc.

Procurement of
clothing material by
SRC without
requirement.

According to Orissa General Financial Rules, purchases must be made in the most economical manner with definite requirement of the public service. Further, care should be taken not to purchase stores much in advance of actual requirements.

Scrutiny of records of SRC revealed that dhotis, sarees, blankets and garments were purchased by SRC from co-operative firms located in Cuttack and Bhubaneswar between January 2000 and March 2000 at a cost of Rs.6.20 crore for free distribution among cyclone affected people. However as of October 2000, materials worth Rs.1.54 crore in (dhoti-12800, sarees-6600 and garments-6,27,625) remained undistributed with SRC. This was evidently

due to procurement of materials without proper assessment of actual requirement which resulted in accumulation of stock.

SRC stated (November 2000) that the materials could not be issued due to non-receipt of requisition from the Collectors. Moreover, the present position of the stock issued to the beneficiaries through Collectors is not available in the SRC's office. As a result, it is not clear how the SRC had satisfied himself regarding the delivery of the stock to the intended victims.

3.4.6.6 Non-furnishing of account of advance by OSIC

Rupees 5 crore were paid as advance to OSIC from CMRF in December 1999 for procurement of blankets which was recouped to CMRF (March 2000). No account in respect of purchase and supply of blankets was rendered by OSIC to SRC as of October 2000. Hence it was not clear how SRC had ensured that OSIC had indeed purchased the material and distributed the blankets.

3.4.7 AGRICULTURE DEPARTMENT

3.4.7.1 Subsidy on Agricultural inputs -Incorrect depiction of expenditure

Out of Rs.20.00 crore released (November and December 1999) by SRC under NFCR towards subsidy for agricultural inputs to be utilised during Rabi 1999-2000 (October 1999 to March 2000), the Principal Secretary to Government of Orissa, Agriculture Department, allotted Rs.13 crore in favour of the Director of Agriculture and Food Production (DA&FP) between November 1999 and February 2000 towards 50 per cent seeds subsidy (Rs.12 crore) and subsidised tilling of land (Rs.1 crore). Further, he allotted Rs.2 crore in favour of Director of Horticulture Orissa (DHO) in November 1999 and January 2000 towards seed subsidy (Rs.1 crore) and preparation of coconut seedling in Government Horticultural farms (Rs.1.00 crore) through agro service centres during 1999-2000 in the cyclone affected districts. The balance amount of Rs.5 crore was surrendered by Government during March 2000 as the executing agency (DA&FP) did not assess the requirement before the closure of the financial year 1999-2000.

As of July 2000, DA&FP furnished utilisation certificate for Rs.8.49 crore by him to State Government. Scrutiny of records, however, revealed that out of Rs.13 crore allotted, Rs.0.65 crore was refunded to Government in July 2000 and the balance amount of Rs.12.35 crore were outstanding as advance against different executing agencies as of December 2000. Thus, the submission of utilisation certificates were not based on the actual expenditure of funds.

Similarly, out of Rs.1 crore drawn by the DHO for raising of coconut seedlings, Rs.98 lakh was advanced to 29 executing agencies (Horticulturists/Asst. Horticulturists) for necessary implementation. However, the advances were exhibited in the Cash Book as final payment. The balance amount of Rs.2 lakh remained with the DHO (October 2000).

Non-utilisation of funds of Rs.14.16 crore (96 per cent) released towards subsidy on agricultural inputs.

As regards seed subsidy of Rs.1 crore, the DHO utilised only Rs.57 lakh for the purpose as of October 2000 and refunded Rs.19 lakh to Government. The remaining Rs.24 lakh was lying with him in shape of Bank Draft/Deposit at Call Receipts.

Thus, there was no clear information that the farmers of the cyclone affected districts actually received the subsidy on agricultural inputs for the amounts reportedly spent for that purpose. Of the total funds, Rs.14.16 crore (96 per cent) was not utilised at all.

3.4.8 Departments of Water Resources, Works, Rural Development and Commerce

3.4.8.1 Repairs/restorations of cyclone damaged roads and structures

SRC released (1999-2000) Rs.48.50 crore (NFCR Rs.42.75 crore and CRF Rs.5.75 crore), to the Works, Water Resources (WR), Rural Development (RD) and Commerce Departments for repair/restoration of roads, buildings, irrigation structures, canals, embankments and minor ports, damaged by the super cyclone. Against this, Rs.44.16 crore was spent as of March 2000.

Audit scrutiny (November 2000) of utilisation of the allocated/released funds in 32 divisions. (Appendix-XXI) revealed the following:

(i) Delayed release of Letter of Credit (LoC)

Rush of expenditure at the end of the year due to delay in release of LoC

Though the SRC released the funds by first week of January 2000 (except Rs.1 crore to RD department in February 2000), the Finance Department issued Letters of Credits (LoC) only in March 2000 after a delay of 45 days to the concerned Engineers-in-Chief (EIC)/Chief Engineers (CE) who in turn authorised the LoC to the divisions with a time gap of 3 to 15 days. Thus, funds were not utilised for 2 months and even after these were released there was further avoidable delay. Due to delayed release, there was rush of expenditure at the end of the year, irregular drawal of funds before execution of works and non-utilisation of LoC for cyclone damage repairs during the year. The releases during the last week of March 2000 was Rs.8.09 crore (RD Rs.4.79 crore, WR Rs.2.11 crore and Works Rs.1.19 crore) which constituted 28.72 per cent of the total LoCs.

(ii) Irregular drawal of funds before completion of works

Irregular drawal of funds through self-cheques before execution of works to avoid lapse of budget grant/LoC.

In disregard of the departmental rules and the provisions of the Orissa Relief Code prohibiting drawal of funds without immediate requirement, Executive Engineers (EE) of four Rural Works (RW) divisions (Puri, Jajpur, Balasore and Cuttack) and one Roads and Buildings (R&B) division (Jagatsinghpur) drew Rs.3.82 crore on 31 March 2000 through self cheque before execution/completion of works to avoid lapse of budget grant/LoC and purchased demand drafts/Bankers cheques in favour of the Executants/Contractors and 'Deposit at Call Receipt' (DCR) in favour of self for disbursement at a later date. Out of DCR for Rs.1.08 crore purchased in

RW division, Puri, Rs.58.32 lakh were disbursed to executants between May and July 2000 and balance Rs.49.68 lakh (46 per cent) was refunded (July/August 2000) into the treasury. In RW division, Cuttack, demand drafts purchased for Rs.1.64 crore against proforma bills were subsequently cancelled and cash disbursements were made to other executants between May and August 2000. EEs RW divisions, Puri/Cuttack/Balasore accepted (November 2000) the factual position while EEs RW division, Jajpur and R&B division Jagatsinghpur stated (November 2000) that LoCs having been received at the fag end of the year payments were made to the executants on 31 March 2000 through Bankers Cheques purchased on the same day against lump sum self cheque. The reply was not tenable since dated signatures of payees were not obtained on the demand draft/Bankers Cheque Register and payments were to be made to the contractors through cheques as per the codal provisions.

Government accepted the audit objection in respect of RW Divisions, Puri/Cuttack and stated (January 2001) that disciplinary action was under contemplation against the defaulting EEs. However, no reply was furnished about other divisions.

(iii) Mismatch of LoC with allotments

**Mismatch of LoC
authorisation with
allotments.**

Against allotment of Rs.15.17 crore to 15 test-checked Irrigation/Minor Irrigation Divisions, the EIC WR authorised LoC of only Rs.10.31 crore (68 per cent) resulting in short release of Rs.4.86 crore to 13 divisions thereby affecting the cyclone damaged repair/restoration operations. Similarly, 6 R&B divisions were authorised LoC (Rs.607.25 lakh) more by Rs.81.60 lakh of the allotment (Rs.525.65 lakh) whereas in 3 R&B divisions, it was less by Rs.90.34 lakh (LoC of Rs.190.77 lakh against allotment of Rs.281.11 lakh). This resulted in under-utilisation of allotments and indicated poor financial management adversely affecting repair/restoration works. The EIC/CEs did not assign any reason for such mis-match of LoC vis-à-vis allotments.

(iv) Diversion of funds

**Diversion of funds
meant for cyclone
damage of works for
other works.**

Out of expenditure of Rs.29.23 crore test checked in audit, EEs of 13 divisions² diverted and mis-utilised Rs.2.48 crore from cyclone damage repair funds for clearance of past liabilities of other works (Rs.12.50 lakh), execution of new works of original nature (Rs.12.18 lakh), normal annual maintenance and repair/special repairs works/flood damage and other works (Rs.202.77 lakh), building repairs in non-cyclone affected blocks (Rs.5.45 lakh), contingent expenditure on World Bank package works (Rs.13.65 lakh) and purchase of tools and plant materials (Rs.1.47 lakh) unconnected with cyclone damage.

Irrigation divisions, Jajpur/Behampur/Balasore/Baitarani/Saline Embankment division, Cuttack; R&B divisions, Cuttack./Puri/Khurda/Balasore/ Jagatsinghpur. Capital Maintenance division-II, Bhubaneswar, RW division, Cuttack/Puri.

(v) Fictitious expenditure

Fictitious adjustment to avoid lapse of allotment.

Allotment of Rs.64.32 lakh received by RW division, Cuttack, for repair of buildings damaged by the cyclone was fictitiously booked in accounts (March 2000 supplementary) as expenditure by contra credit to "Public Works Miscellaneous Deposit" through adjustment though no work was actually executed. EE stated (November, 2000) that this was done to avoid lapse of allotment. This was irregular as the unutilised funds should have been surrendered for re-allocation for other needy works by SRC during the financial year or for re-allocation in subsequent years.

3.4.9 PANCHAYATI RAJ DEPARTMENT**3.4.9.1 Food for Work Programme (FFW) under Employment Assurance Scheme****(i) Loss of Central Assistance and delay in release of State share**

With a view to providing employment opportunities in affected districts, the GOI approved FFW programme under 'Employment Assurance Scheme (EAS)'. The programme envisaged payment of minimum wage at Rs.40 per day in the shape of cash (Rs.27) and rice (Rs.13). The first instalment of Central share of Rs.39.37 crore was released by the GOI in March 2000. However, the final instalment of another Rs.39.37 crore was not released by the GOI as of September 2000 due to non-receipt of expenditure statement and utilisation certificate in respect of the first instalment. The State therefore lost this Central assistance due to non-compliance of prescribed condition. The DRDAs were also in receipt of Rs.31.17 crore from the GOI in April 2000 being the third instalment of Central assistance under normal EAS which was decided by State Government to be utilised for FFW programme. It was seen that the State share on this account amounting to Rs.10.39 crore was released by the State Government only as late as in September 2000 thus defeating the purpose of emergent relief to the victims of cyclone.

(ii) Delay in release of funds to executing agencies and poor achievement of targets

Shortfall in achievement of targeted mandays under Food for Work Programme.

Though the cyclone struck in October 1999, the FFW programme was taken up only after March 2000. The entire receipt of Rs.9.78 crore by 4 test-checked DRDAs (Cuttack, Puri, Dhenkanal and Keonjhar) remained unutilised at the end of March 2000 and was released to executing agencies only between April and June 2000. Further, amount of Rs.14.89 crore received by them between April and September 2000 was also not fully released and the balance of Rs.4.38 crore lying with them as of September 2000. The delay in release of funds to executing agencies ranged between 8 and 98 days which were attributed by the concerned DRDAs to delay in identification of projects and their technical sanction/administrative approval. Against the targeted generation of 37 lakh mandays, only 19 lakh mandays were generated.

Huge unspent balances under Food for Work Programme.

(iii) Huge unspent balance

Out of 2,350 projects programmed in 4 test checked districts (Cuttack, Puri, Dhenkanal and Keonjhar) with cash component of Rs.13.03 crore and food grain component of Rs.4.50 crore, (total Rs.17.53 crore), only 804 projects representing 34 per cent had been completed as of September 2000 whereas about 72 per cent of the fund had been utilised. The unspent balance included 3362.08 MT of rice valuing Rs.2.11 crore and cash component of Rs.2.81 crore lying unutilised with Gram Panchayats/Block Development officers as of September 2000. Thus, large part of this programme did not take off even as late as 11 months after the cyclone.

(iv) OSCSC did not supply food grains

DRDA, Puri, had deposited Rs.1.90 crore with the District Manager Orissa State Civil Supplies Corporation for supply of 2994 MT of rice to Gram Panchayat headquarters towards food grain component of wages of the workers. But the Corporation supplied only 2338.091 MT of rice as of September 2000. Neither was the balance quantity of 655.909 MT of rice supplied nor was the cost thereof amounting to Rs.41.65 lakh refunded by the Corporation.

3.4.9.2 Operation Black Board

Shortfall in completion of targeted school buildings under Operation Black Board Scheme.

GOI sanctioned additional Central assistance of Rs.34.92 crore being 45 per cent of the total cost of Rs.77.60 crore (at Rs.2 lakh per school) in March 2000 for construction of 3880 school buildings in 12 cyclone affected districts under Operation Black Board (OBB) Jawahar Gram Samridhi Yojana (JGSY). The balance 55 per cent of the cost was to be shared by the Rural Development and School and Mass Education Departments in ratio of 15 per cent and 40 per cent respectively. The State Government had however not released their share of funds as of October 2000 though it was to be released within one week of GOI release.

Check of records revealed that 4 DRDAs namely Cuttack, Puri, Dhenkanal and Keonjhar released Rs.11.37 crore to 35 BDOs during May to July 2000 who in turn utilised only Rs.7.43 crore leaving balance of Rs.3.94 crore with them as of September 2000 (Dhenkanal upto October 2000). Consequently, against 1274 school buildings targeted, only 1176 were taken up of which only 255 buildings (20 per cent) were completed in 3 districts even one year after the cyclone i.e. October 2000. Evidently, monitoring of such priority areas by either the Collector or the Project Director, DRDAs was not effective.

3.4.9.3 Special Indira Awas Yojana

With a view to providing shelter within the shortest possible time to the BPL families of cyclone affected districts whose houses were fully collapsed or washed away, GOI sanctioned 50,000 SIAY houses in the first phase (March 2000) and another 1,50,000 houses (including 26,932 houses under normal allocation during 2000-2001) in the second phase in August 2000 at an unit

cost of Rs.22,000 each to be shared by the GOI and the State Government on 75:25 basis respectively. The scheme was to be implemented in accordance with GOI's IAY guidelines. State Government decided in April 2000 to complete the first phase of 50,000 houses by second week of June 2000.

(i) Delay in release of funds by State Government

GOI released the first instalment of additional Central assistance of Rs.41.25 crore in March 2000 in order to enable the State Government to take up 50,000 SIAY houses with stipulation that release of the State share should be within a month of its release. Of the State share of Rs.13.75 crore, the State government released Rs.4.72 crore in March 2000. The balance amount of Rs.9.03 crore was released in June 2000 (Rs.7.77 crore) and October 2000 (Rs.1.26 crore) after a gap of 65 and 191 days respectively. Government stated that the delays were due to the taking over of new State Government in March 2000 and the amount could be released after the Vote on Account (June 2000) and the balance after the passing of the full fledged Budget (August 2000). Similarly, GOI share for 50 *per cent* of second phase (1,50,000 houses) requirement was released in May 2000 (Rs.25.25 crore) and August 2000 (Rs.98.50 crore) but the State share of Rs.41.25 crore was not released as of August 2000. Thus, the release of matching share of the State was not commensurate with the target dates (June 2000) set by government. Against available total fund of Rs.177.49 crore (both Central and State share), expenditure during 2000-01 (upto August 2000) was reported to be only Rs.84.44 crore constituting 47 *per cent* while no expenditure was made during 1999-2000.

Check of records (September/October 2000) in Panchayati Raj Department, of Project Directors (PD) of 3 DRDAs (Cuttack, Khurda and Puri) and BDOs of 4 Panchayat Samities (PS) (Cuttack Sadar/Niali in Cuttack district and Baliana/Balipatna in Khurda district) revealed major shortcomings in the administration of the scheme as discussed below.

(ii) Delays in release to Executing Agencies

Though the Central assistance of Rs.11.15 crore was received by DRDAs on 31 March 2000, funds were placed by them with the executing agencies only during May, June and August 2000 after a delay of 1-4 months. DRDA Cuttack in fact had not released the State share of Rs.1.02 crore (received in May/June 2000) to executing agencies even as of August 2000. State share of Rs.1.43 crore received by DRDAs, Khurda and Puri between March and June 2000 were also released late. PD, DRDA, Khurda attributed the delay to lack of timely selection of beneficiaries while PD, DRDA, Cuttack stated that funds released earlier had not been fully utilised and were lying with DDOs while PD, DRDA, Puri furnished no information.

Shortfall in construction of houses under Special Indira Awas Yojana Scheme.

(iii) Inadequate construction of houses

While the State Government targeted completion of 50,000 SIAY houses by June 2000, it reported completion of 18,261 houses (36.52 per cent) as of August 2000. However, in the 3 DRDAs test checked, only 3831 houses (28 per cent) were reported complete as of August 2000 against a target of 13,519 houses. PD, DRDA, Cuttack attributed the low performance to delays in issue of work orders consequent upon stay order of High Court of Orissa, while PD, DRDA, Khurda attributed them to sudden rise in cost of building materials. PD, DRDA, Puri furnished no particular comment. The total number of beneficiaries assessed by the State Government in these 3 districts were 20,074 whereas only 16,970 were given the benefit so far.

(iv) Release of instalments without measurement

As per the instructions issued (March 2000) by the State Government, payments were to be made to the beneficiaries in 4 instalments depending on various stages of work. Test-check revealed that advance payments were being made to the beneficiaries based on the certificates of the Sarpanch/Secretaries of G.Ps/Village Level Worker (VLW)/Extension Officer of the Panchayat Samitis without any measurement of the work in the Measurement Book (MB). Further, these advance payments were reported in the Progress Reports as expenditure pending finalisation of accounts/preparation of bills after measurement.

Test check revealed that though 748 houses were reported complete as of August 2000 in 4 Panchayat Samitis, completion certificate was not furnished in any of the cases nor were the measurements recorded in the Measurement Books. Further, records showed that the beneficiaries were paid advances ranging from Rs.12,000 to Rs.21,000 instead of the full amount of Rs.22,000. BDOs concerned stated that balance amounts would be paid and completion certificate furnished after measurement and check-measurement. In the absence of measurement of the houses and preparation/payment of final bills, actual completion of these houses was not ascertainable.

(v) Lack of supervision

IAY guidelines stipulated a schedule of inspection prescribing minimum field visits for each supervisory officer from State to Block level be drawn up but no such schedule was drawn up nor could any inspection report be shown to audit. Such lack of monitoring was violative of State Government's orders of April 2000 wherein the need for close monitoring was emphasised.

3.4.10 Scheduled Tribe and Scheduled Caste Development Department

3.4.10.1 Additional Special Central Assistance for repair and re-building of Schools

Against target of repair of 30 school buildings, only 8 completed.

The State Government released (March 2000) Rs.2.96 crore under Additional Special Central Assistance to 10 DRDAs and 5 Integrated Tribal Development Agencies (ITDAs) in the 14 super cyclone affected districts for repair/re-

building of schools/hostels managed by the Scheduled Tribe and Scheduled Caste Development Department.

Check of records (October/November 2000) revealed that in 2 DRDAs (Cuttack and Puri), only 8 schools were completed out of target of 30, the balance work being in progress as of September 2000 whereas expenditure of Rs.30.94 lakh out of Rs.65.83 lakh comprising 47 *per cent* had already been incurred. Information in respect of Dhenkanal district was not available with the DRDA.

3.4.11 Conclusion

In the wake of the super cyclone of October 1999, necessary funds were placed by the Central Government at the disposal of the State Government. These funds were out of CRF/NFCR and allocated to different departments to take up necessary relief measures for mitigating the distressed conditions of the affected people. The funds were required to be utilised properly, promptly and effectively. Review of the relief expenditure indicated inadequate monitoring of the financial and physical progress of expenditure of these funds and consequently a large part of the funds remained unutilised even as late as one year after the cyclone. In many cases, undue delays and poor delivery of relief defeated the purpose of providing prompt and adequate relief to the affected persons. In critical relief areas such as emergent relief, distribution of shelter material, clothes and grant of house building assistance, large amounts were spent without adequate coordination, prioritisation or urgency. In respect of ex-gratia, funds drawn much in excess of requirement prevented utilisation of scarce resources elsewhere. Repair and restoration work were mostly not undertaken promptly or completed timely due to failure to select executing agencies and non-identification of works. In the purchase of relief material, proper procedures were not followed and quality checks ignored. Such material remained undistributed with SRC as there was little coordination with the Collectors. Though nearly an year has passed, accountal of such material was incomplete leading to discrepancies of large amounts raising doubt about pilferage of material. As funds were released late, there was rush of expenditure at the end of the year, irregular drawal of funds before execution of works and non-utilisation of LoC. Cyclone damaged repair funds were diverted and misused for clearance of past liabilities of other works. The FFW programme funded by GOI failed to provide adequate and timely relief due to delays in release of funds and low physical progress of the projects. On the whole, administration of cyclone relief suffered from lack of coordination, proper management and supervision at all levels and indicated absence of adequate planning and preparedness to meet the urgency of the situation. Consequently, though funds were not a constraint, the relief measures were tardy and inadequate and provided scope for misutilisation and pilferage of relief materials and funds.

The matter was reported to Government in November/December 2000; their reply was awaited (February 2001).

SECTION – B

COMMERCE AND TRANSPORT DEPARTMENT

3.5 Misappropriation of Government Money

Misappropriation of funds (Rs.11.84 lakh) was rendered possible due to non-adherence of Treasury Financial Rules despite previous audit comments.

Non-adherence to financial rules by RTO, Sambalpur, was brought to the notice of the Department through Inspection Reports for the years 1994-95 and 1995-96 and possible misappropriation of funds as a consequence cautioned. Comptroller and Auditor General of India's Report (Civil) for the Government of Orissa for the years ended 31 March 1993 and 1998 commented on unauthorised use of departmental receipts by RTOs to meet departmental expenditure in violation of the provisions of the Orissa Financial Rules. The departmental officers/Government did not respond to these objections. A case of misappropriation of Rs.11.84 lakh actually occurred during 1997 as a result of these failures.

Financial Rules prescribe that (a) cash book should be closed regularly and checked and that the head of the office should verify the cash balance in cash book at the end of each month and record a signed and dated certificate to that effect, (b) physical verification of cash balance should be conducted at least once in every month and the result of such verification recorded in the cash book and (c) the cash book should be closed on the date of transfer and note recorded in it over the signature of both the relieved and relieving officers showing the cash balance made over and received by them respectively.

Check of cash book of the RTO Sambalpur revealed (February 1999 and January 2000) that a new cash book was brought to use with effect from 1 September 1997 with an opening balance of only Rs.37,910 instead of actual closing balance of Rs.12,21,724 as shown on previous working day (30 August 1997). The shortage of cash amounting to Rs.11,83,814 was attributable to non-handing over of cash of Rs.10,62,452 (cash and paid vouchers) by the cashier who retired on superannuation on 30 April 1997 to his successor who took over charge on 2 June 1997. The retiring cashier thus misappropriated Rs.1,21,362. The fact of shortages of cash was not recorded in the Cash Book at the time of handing over/taking over of charges and RTO Sambalpur being the DDO did not record the fact on his transfer in August 1997 though required under the provisions of the Orissa Financial Rules. The fact of such misappropriation was also not brought to the notice of the higher officers till October 1998.

The entire misappropriated amount of Rs.11,83,814 relates to Motor Vehicle Tax/fees (Rs.10,59,449), pay and allowances (Rs.93,070), office contingencies (Rs.30,984) and Bank Draft for Rs.311. Year-wise analysis was not made for the misappropriated money. The reasons for non-remittance of departmental receipts to Treasury and utilisation of such receipts for departmental expenditure purpose without any provision could not be explained by RTO Sambalpur.

RTO stated (January 2000) that FIR was lodged in local police station (April 1998), against the ex-cashier and his pension and gratuity payment stopped. It was added that Rs.1,13,357 in cash and Rs.5,92,689 in shape of paid vouchers had been recovered. On verification (January 2000) however it was seen that only Rs.1,13,397 was recovered from the ex-cashier and accounted for between March 1998 and July 1999 and no vouchers had been accounted for till the date of audit. The RTO accepted the facts to be correct. The matter therefore needs a thorough investigation.

Government stated (October 2000) that the RTO concerned had been advised to take immediate steps to recover the balance amount as well as the vouchers.

FISHERIES AND ANIMAL RESOURCES DEVELOPMENT DEPARTMENT

3.6 Unauthorised drawal of pay and allowances of Government servants on deputation

Pay of 21 officers and staff of Veterinary Department were unauthorisedly drawn from Government account even when they were deployed with District Milk Unions since June 1992.

As per provisions of Orissa Service Code, a Government servant transferred to foreign service or under another government shall draw pay from the foreign employer or borrowing government, as the case may be, from the date on which he relinquishes charge of his post under the Government of Orissa.

Scrutiny of records of Chief District Veterinary Officers (CDVOs, Phulbani, Mayurbhanj, Balasore and Bolangir) between June 1998 and November 1999 revealed that 21 number of staff of CDVO's establishment {Asst. Dairy Development Officer(3), Dairy Extension Officer(13), Dairy Overseer(2), Live Stock Inspector(3)} were posted on deputation to the respective District Milk Unions (DMU- an autonomous body under the Orissa Co-operative Societies Act, 1962) between June 1992 and September 1999 without finalisation of the terms and conditions of such deputation. The ADDOs were deputed to DMU as Secretary-cum-General Manager under orders of the Government while the remaining staff were deputed under orders of the Director of AH&VS, Orissa to work as Dairy Overseers.

Scrutiny revealed that though the services of the Government servants were placed at the disposal of the DMUs, the concerned CDVOs continued to draw and disburse pay and allowances for these staff. Thus, Government incurred an unjustified expenditure of Rs.40.13 lakh (CDVO, Phulbani Rs.6.26 lakh, Mayurbhanj at Baripada Rs.6.90 lakh, Balasore Rs.15.25 lakh and Bolangir Rs.11.72 lakh) during the period from July 1992 to September 1999 on staff who were not engaged on Government work.

Government stated (July 2000) that these persons were being used for implementation of the Integrated Dairy Development Project under Central Plan in addition to their normal duties. The contention of the Government was not borne out by further check of records of Phulbani and Baripada which showed that they were fully deployed for DMU purposes.

FINANCE DEPARTMENT

3.7 Utilisation of special grants recommended by Tenth Finance Commission (TFC)

3.7.1 Introduction

On the recommendation of the Tenth Finance Commission (TFC), Government of India (GOI) released grants to State Governments for (i) upgradation of District Administration (under the Departments of Home, Revenue, Finance and SC and ST Development) (ii) special problem grants for preservation of Chilika Lake and conservation of plant genetic resources (under Forest and Environment Department), protection of ancient monuments (under Culture Department) and flood control measures (under Revenue and Rural Development Department) and (iii) promotion of girls education and drinking facilities in Primary Schools (under the School and Mass Education Department). A State Level Empowered Committee (SLEC) headed by the Chief Secretary was to monitor programme implementation.

Test check of records of implementing agencies/departments for the period from 1996-97 to 1999-2000 (upto December 1999) revealed under-utilisation of programme funds, huge shortfall in achievement of targeted programmes, diversion of funds for unintended purposes, parking of funds in Civil Deposits and delay in taking up of works. The programme was marred by poor monitoring of utilisation of funds.

3.7.2 Details of funds released, actual expenditure incurred and summary of audit findings are included in the following table.

Name of the Scheme/Grant	Amount released by GOI	Amount released by State Government	Amount Spent	Audit findings
(Rupees in Crore)				
A. UPGRADATION GRANTS				
(a) Police Department				
(i) Police Station Buildings (PSB)	1.08	1.08	0.72	Against the targeted completion of 20 PSBs 5 PSBs were reported as completed. Of these, one each in two districts (Jajpur and Ganjam) were not put to use as of December 1999 for want of sanitary fittings and external electrical installations not provided for in the estimates.
(ii) Police Training Buildings Upgrading the Training facilities of the Police Training College	1.50	1.24	0.62	Against 20 Projects targeted for completion during 1996-2000. 4 projects were completed (December 1999). The delay in completion of the rest was attributed by the OSPHWC (executing Agency) to non-release of funds by the Chief Engineer Buildings. (7 of 11 cases) abandonment (3 cases) and non-commencement (2 cases)
Total	2.58	2.32	1.34	
(b) Strengthening of Fire Services.	3.60	3.08	3.04	Against 13 Fire Service Buildings and 6 project works at Orissa State Fire Service Training Institute (OSFSTI), Bhubaneswar, targeted for completion during 1997-2000. 5 belonging to Fire Service Authority were reported as completed, of which 2 works were handed over to them. Non-completion of all the works at the OSFSTI evidently affected training programmes.
(c) Jails Department				
(i) Renovation of Jail Buildings	1.64	1.76	1.27	Against target of renovation of 56 Jail buildings during 1996-99, only 49 buildings were reported as renovated. Delay in renovation of jail buildings was attributed to delay in inviting tenders, and in receipt of administrative approval.
(ii) Medical Equipment & Sanitary Facilities	0.98	1.06	0.82	Sanitary works at an estimated cost of Rs.7.59 lakh were not taken up by PH Division I, Cuttack (executing agency) due to non-allotment of land by the Department. Out of Rs.4.00 lakh released for purchase of medical equipment during 1996-98, Rs.2.41 lakh (60 per cent) were utilised belatedly (1998-99) due to delay in finalisation of tenders.
Total	2.62	2.82	2.09	
(d) Revenue and Finance Department				
(i) Record Rooms	2.63	2.94	1.61	Against expenditure of Rs.1.61 crore under "Record Rooms" during 1997-2000 (December 1999), utilisation certificates were furnished to GOI for only Rs.0.87 crore by the State government. Against 87 works targeted for

Name of the Scheme/Grant	Amount released by GOI	Amount released by State Government	Amount Spent	Audit findings
(Rupees in Crore)				
				completion during 1997-2000, only 12 were reported as completed. Delay in completion/non-starting of remaining works was attributed to late approval of Action Plan by GOI.
(ii) Computerisation of Treasuries	0.95	1.65	0.63	Of the total funds of Rs.95.48 lakh received during 1996-2000 by the Director of Training & Inspection, Orissa (implementing agency) for purchase of hardware/software materials, a sum of Rs.28.50 lakh was surrendered (1996-97) and the balance Rs.66.98 lakh was retained under "Civil Deposit" in 1997-98 (Rs.33 lakh) and 1998-99 (Rs.33.98 lakh). So far a sum of only Rs.13.22 lakh was re-drawn (January 2000) and advanced to a firm for supply of hardware/software materials. Against 18 civil works targeted for completion during 1996-2000, only 3 works were reported as completed as of January 2000 although Rs.49.97 lakh representing more than 71 per cent of the funds released (Rs.69.97 lakh) for the purpose were spent. Slow progress of work deprived the department of the intended benefits.
Total	3.58	4.59	2.24	
B. Special Problem Grants				
(a) Forest and Environment Department				
(i) Preservation of Chilika Lake	24.30	27.00	19.31	Of Rs.27 crore released to Chilika Development Authority (implementing agency), Rs.7.69 crore remained unspent with the agency (December 1999). An unspent amount of Rs.1.87 crore remaining with other executing agencies was reported as final expenditure. A sum of Rs.47.50 lakh was diverted for unintended purposes like other departmental plantations and purchase of boat. There was an extra expenditure of Rs.1.43 crore due to non-acceptance of the lowest tender for procurement of a dredger (Rs.0.98 crore) and for awarding the dredging work (Rs.0.45 crore). Further, avoidable extra expenditure of Rs.0.74 crore was also incurred by way of purchasing a second dredger in November 1999 from the same manufacturer at a higher cost due to price hike although the tender committee recommended purchase of 2 dredgers in March 1997 itself.
(b) Culture Department				
(i) Preservation and protection of ancient monuments	7.50	6.00	3.00	Department could draw only Rs.3 crore (50 per cent) though Rs.6 crore were released by the State Government. While Rs.5.49 lakh were spent on irregular retention of excess staff, Rs.3.90 lakh was irregularly diverted by Khurda R&B Division for their departmental works.

Name of the Scheme/Grant	Amount released by GOI	Amount released by State Government	Amount Spent	Audit findings
(Rupees in Crore)				
(c) Forest & Environment Department				
(ii) Conservation of Plant Genetic Resources	4.50	4.50	4.26	Expenditure of Rs.4.26 crore included a sum of Rs.3.01 crore (71 per cent) lying as letter of credit and Bank Negotiable Instruments with the Regional Plant Resource Centre Bhubaneswar which did not represent actual expenditure.
(d) Revenue & Rural Development Departments				
(iii) Flood control measures	3.45	3.67	3.67	A sum of Rs.1.33 crore advanced to one executing agency was shown as final expenditure. Against the target of 1000 tube wells during 1996-2000 which was reduced to 800 tube wells by the State Government without the approval of SLIEC and IMEC, only 323 Tube wells were completed as of December 1999 (40 per cent of target). Against the above achievement, completion certificates duly countersigned by the BDO and Collector concerned were not shown to audit in respect of 198 tube wells and the required potability and water discharge certificates were not produced to audit for the remaining 125 tube wells. The matter calls for investigation.
Total	15.45	14.17	10.93	
C. Primary and Upper Primary Education				
(i) Construction of 30 seated Hostel	4.49	5.99	1.42	Against the target of construction of 75 Hostel Buildings (30 seated) during 1998-2000, 39 buildings were taken up of which only 2 buildings were reported as completed. The shortfall in financial target was 76 per cent. Although the utilisation certificates submitted by the executing agencies to the State Government upto November 1999 was for Rs.0.68 crore, the State Government submitted UCs for Rs.1.86 crore to GOI by September 1999 resulting in excess reporting of expenditure figures to the tune of Rs.1.18 crore.
(ii) Drinking water facilities	27.81	48.50	33.92	Against 14710 tube wells targeted during 1996-2000, the achievement was 9423 tube wells (66.50 per cent) as of December 1999. Against the targeted coverage of 2677 Schools, the achievement was only 57 per cent in respect of KBK Districts under "drinking water facilities".
(iii) Construction of toilets	6.31	3.65	2.51	Against the targeted coverage of 8411 Upper Primary Schools for construction of one Toilet in each school, only 7207 schools were identified and the executing agency completed construction of 2515 toilets during 1997-2000 at an expenditure of Rs.2.51 crore (69 per cent) out of Rs.3.63 crore released for the purpose. Thus, the scheme remained largely unimplemented despite the availability of funds.
Total	38.61	58.12	37.85	

3.7.3 Monitoring and Evaluation

State Government ordered (1995) that the SLEC should meet at least once in two months. As of February 2000, the SLEC had had only 11 meetings as against 24 due. They were also required to inspect the works in progress and the administrative department was also to inspect the works for the purpose of evaluation. No information regarding inspection of works or any evaluation reports were available with the administrative departments. Thus, monitoring was ineffective.

3.7.4 Conclusion

In respect of upgradation grants, available funds were underutilised and targets were short achieved on account of delay in finalisation of tenders and other procedural formalities. Special problem grants were diverted without the approval of GOI, avoidable extra expenditure was incurred on purchase of equipment. Further, funds advanced to executive agencies were reported as final expenditure and there were large scale time over-runs. The implementation of the programmes were not effectively monitored by the State Government. Thus, even though there was no constraint of funds, the State failed to derive the intended benefits from the grants recommended by the TFC. Thus, the main objective of these grants viz. upgrading the standards of administration and provision of services were not adequately met.

Government attributed (December 2000) delays in implementation of some schemes to late selection of sites and observance of required formalities alongwith cost escalation of purchased materials. They added that all works taken up under TFC would be completed by the stipulated date of 31 March 2001 which had been approved by Government of India.

3.8 Mismanagement of cash by DDOs

Treasury and Financial Rules of the State Government enjoin that no money is to be drawn from the Treasury unless it was required for immediate disbursement. All monetary transactions were to be entered in the cash book under proper attestation as soon as these occurred and the Cash book closed daily. The Head of the Office was to physically verify at the end of each month the cash balance in hand as per the cash book and record a certificate to that effect. Bill-wise analysis with dates of drawal in respect of closing cash balance was also required to be made at the end of each month. Controlling Officers are also required to inspect the accounts and the records of the DDOs every month.

Scrutiny of cash books of 46 DDOs of 12 departments* in 17 districts during April 1999 to December 1999 disclosed that financial rules/instructions were

* Agriculture (10 DDOs), Commerce and Transport (1 DDO), Health and Family Welfare (4 DDOs), Higher Education (1 DDO), Industry (3 DDOs), Information and Public Relations (1 DDO), Revenue (12 DDOs), SC&ST Welfare Development (5 DDOs), Sports and Culture (2 DDOs), Steel and Mines (1 DDO) and School and Mass Education (6 DDOs).

not being adhered to and as a result huge cash balances ranging from Rs.14900 to Rs.7.71 crore aggregating to Rs.28.72 crore were lying with the DDOs on the dates of audit. These balances comprised unaccounted paid vouchers, outstanding advances, Bank Drafts/DCR/SB Acctunt/Current Account etc. and liquid cash upto Rs.66.85 lakh in cash chest of 44 DDOs. Details are in Appendix-XXII.

In addition, bill-wise/year-wise analysis of cash balances was not done and physical verification was not conducted in 11 offices which indicated gross negligence of rules prescribed for cash management.

(a) Misutilisation of undisbursed cash

A total amount of Rs.79.23 lakh was shown as paid vouchers by 12 DDOs (Appendix-XXIII). These amounts pertained to periods from 1963 to 2000. The paid vouchers represented unauthorised utilisation of funds from available cash and such expenditure was not included in the accounts. Therefore, possibility of misuse/misappropriation of Government money covered through the vouchers could not be ruled out.

(b) Unadjusted advances

Advances given to officials under financial rules for various purposes viz. making local purchases, meeting contingent expenditures etc. were to form part of the cash balance until detailed accounts were rendered and incorporated in the cash book. As per extant provisions, Advance Register was to be reviewed frequently to see that the advances were cleared by adjustment within the month in which they were disbursed. But records of 20 DDOs showed that an amount Rs.4.50 crore (Appendix-XXIII) given as advances to officials/parties between 1960-61 and 1999-2000 were not adjusted as on the date of audit. Out of the outstanding advances, a sum of Rs.48.86 lakh was advanced during the last five years (1995-2000).

Seven DDOs* did not furnish the details of amount for which advances were given.

The DDOs stated (April and December 1999) that steps would be taken to adjust the outstanding advances. The reply suggests that these were not pursued for a long time rendering the possibility of their recovery remote.

(c) Retention of money outside Government account

Records of 11 DDOs showed that Rs.4.52 crore (Appendix-XXIII) were retained by them as Deposit at Call Receipt (Rs.1.90 crore), in Savings Bank accounts (Rs.67.62 lakh), Current accounts (Rs.90.44 lakh) and Bank Drafts (Rs.1.04 crore) from 1985-86 onwards. Six DDOs did not furnish the year-wise break-up. Evidently, the moneys were drawn without immediate requirement in violation of financial rules. In all these cases, such large

* (i) Collectors, Kendrapara and Jajpur, (ii) AE, Soil Conservation, Titlagarh, (iii) Director-cum-Additional Secretary to Government, P&PR Department, (iv) ASCOs, Chatrapur and Rairangpur (v) Director, Mining and Geology, Bhubaneswar.

amount of unutilised Government money helped the banks while the schemes suffered. In absence of any Government Policy to keep Government funds in Banks, the possibility of malpractice with moneys in banks needs investigation.

(d) Misappropriation of cash

Rupees 3.34 lakh were misappropriated by 4 DDOs who could not explain the shortages of cash detected during the local audit. The details were as under:

Sl.No.	Name of the DDO.	Date of Audit	Amount misappropriated (In Rupees)	Remarks.
1.	District Election Officer, Nuapada	31.10.1999	1,82,633	Drawn from treasury between 8.10.1999 and 4.11.1999 not accounted in the cash book.
2.	Medical Officer, PHC, Bhagamunda, Keonjhar.	31.5.1999	5,153	Closing balance of 31.3.1994 was not taken as opening balance on the next day.
3.	Collector, Nayagarh	31.12.1999	28,866	BD encashed on 19.8.1996 but not accounted in the cash book.
4.	T B Hospital, Puri.	20.02.1999	1,17,841	Amount drawn between November 1993 and March 1994 not handed over by the predecessor.

Although mention was made in the Inspection Report of 1995-96 regarding the case mentioned at serial number 4 of the table given above, no effective steps were taken by the department to recover the amount.

The DDOs stated (February and December 1999) that final compliance would be furnished after thorough investigation but no reply was received as of May 2000. Immediate action is necessary to recover the amounts and fix accountability for such misappropriation.

(e) Physical verification of cash

Of the 46 DDOs, only 35 DDOs regularly conducted cash verification. At the instance of audit, physical verification of cash was conducted by 3 DDOs and following irregularities were noticed:

Sl.No.	Name of the DDO.	Date of verification	Amount of discrepancy (In Rs.)	Remark
1	CDPO, Kuhlana, Mayurbhanj	8.10.99	16,758	Paid vouchers could not be produced to audit.
2	DSWO, Bolangir.	7.7.99	2,631	-do-
3	Inspector, Ayurvedic, Cuttack Circle, Cuttack.	28.5.99	21,978	Shortage of cash.

The DDOs concerned stated that action would be taken to investigate and intimate the correct position.

The findings indicate that the existing instructions and codal provisions are being flouted by the DDOs who are freely misusing undisbursed cash balance. Departmental inspection and internal check to be exercised by the DDOs and the controlling officers on proper handling of cash and their proper accounting was non-functional. These lapses facilitated the scope of misuse of public funds and increased the risk of misappropriation.

The fact of non-adherence of financial procedures by the DDOs in maintenance of cash books was brought to the notice of Government by audit in February 2000.

Government stated (August 2000) that all the Secretaries to Government, Heads of Departments and Collectors had been requested (March 2000) to issue instructions to their DDOs for maintenance of Cash books and management of cash according to the codal provisions and added that similar instructions were also being issued by the Finance Department to the DDOs from time to time to adhere to the financial rules and procedures.

3.9 Non-implementation/Delay in implementation of fiscal reform measures under Memorandum of Understanding

While recognising the fact that Ways and Means difficulties faced by most of the States were due to neglect of financial prudence, the National Development Council (NDC) Committee decided (March 1999) that a medium term fiscal strategy would be drawn up by each State to deal with its recurrent financial difficulties. It recommended that GOI should provide immediate assistance to the needy States and would link up assistance to specific fiscal reform measures aimed at strengthening financial position of the State. Accordingly, a discussion was held in April 1999 between the representatives of State Government and the Union Ministry of Finance and a Memorandum of Understanding (MOU) was signed. The MOU aimed at specific time bound fiscal reform measures like reduction in non-plan revenue expenditure, implementation of resources mobilisation measures, abolition and withdrawal of concessions, disinvestment in Public Sector Undertakings and community participation etc.

Scrutiny of the relevant records and information furnished to audit on the compliance of the specific time bound fiscal reform measures by the State Government revealed the following position.

3.9.1 Reduction in Non-Plan Revenue Expenditure (NPRE)

In a bid to reduce the number of Government employees by 10 per cent over the next 3 to 4 years for containing non-plan revenue expenditure, the State Government was to abolish half the existing vacant positions as on 1 April 1999 by 31 May 1999. Scrutiny, however, revealed that against required abolition of 21,909 (50 per cent of 43,818 existing vacant position as on 1 April 1999) posts by 31 May 1999, the State Government could abolish only 8230 posts (38 per cent). Further, medium term implementation plan to carry out the programme was prepared by the State Government as late as in August 1999 instead of in May 1999. According to the office memorandum issued by Finance Department in this context, all Departments of the State Government were to prepare an action plan by 30 September 1999 for reduction of existing posts as on 1 July 1999 by 10 per cent within a period of 36 months from 1 July 1999. No such action plan was prepared by the

Government departments as of May 2000. Further, the State Government was to freeze the grants-in-aid to private institutions with effect from 1 July 1999 and orders to that effect were to be issued by 15 June 1999. It was, however, noticed that the matter was still under examination and orders to that effect by Government were awaited as of May 2000.

3.9.2. Resource mobilisation measures

Scrutiny revealed that while there was delay in taking action in respect of taxation measures relating to rationalisation of current six rates of Sales Tax to three, introduction of Entry Tax in lieu of Octroi and improving excise administration and enforcement by 9 months, 5 months and 14 months respectively, action was either not initiated at all or was incomplete in respect of other resource mobilisation measures viz. introduction of Value Added Tax, re-structuring of Kendu leaf trade, rationalising stamp duty and introduction of Professional tax as of May 2000 as detailed below:

Sl.No.	Taxation measure	Action to be taken	Date by which action to be taken	Actual date by which action was taken
1.	Rationalising the current six rates of Sales Tax to three	Notification to be issued	May 1999	February 2000
2.	Introduction of VAT	(i) Computerisation of procedures (ii) Training of officers	March 2000 March 2000	Government stated (September 2000) that preliminary steps like computerisation, training of officers on VAT by National Institute of Public Finance and Policy have been taken up.
3.	Kendu leaf trade to be restructured	Preparation of the strategy paper and action plan	July 1999	Action not initiated as of September 2000.
4.	Improve excise administration and enforcement	Upward revision and rationalisation of license and minimum guarantee fees	June 1999	While upward revision of rates in respect of consideration money, minimum guaranteed quantity and licence fee of different items was effected from 1 April 2000, the Bihar Orissa Excise Bill for State Monopoly of Warehousing of Liquor has been passed in the State Assembly on 2 August 2000 with a view to improving Excise Administration and enforcement
5.	Rationalising Stamp Duty	Amendment bill to the Stamp Act to be introduced in the Assembly	June 1999	Amendment not introduced as of September 2000

Sl.No.	Taxation measure	Action to be taken	Date by which action to be taken	Actual date by which action was taken
6	Introduction of Professional Tax	Notification to be issued.	June 1999	Notification not yet issued (September 2000) although the relevant bill has been passed in the Assembly on 31 July 2000.
7	Introduction of Entry Tax in lieu of Octroi.	Notification to be issued	June 1999	November 1999.

3.9.3 Tax concession-deferrals and exemptions

As per the MOU, the State Government was to bring out a paper outlining the strategy of phasing out tax concessions to industry by 30 April 1999. The paper would also contain a detailed action plan for doing away with tax deferral to industries and for reducing tax concession. The Government order to do away with deferrals and reduce tax incentives at least by 50 per cent would be issued before end of May 1999.

It was however noticed that no such paper was brought out by Government as of May 2000. The Government order to do away with deferrals and for reducing tax incentives at least by 50 per cent was also not issued before end of May 1999 as required. However, tax concession on deferment and tax exemptions to industries were withdrawn with effect from August 1999 and February 2000 respectively.

3.9.4 User charges

According to the MOU, the State Government was to issue orders for determining user charges for schools, college and university fees, water charges, health care and veterinary services and irrigation rates. It was also to raise the user charges for secondary and college education by July 1999 and to introduce user charges for veterinary services from July 1999. It was, however noticed that no action was initiated by the State Government to ensure the same as of May 2000.

3.9.5 Disinvestment and restructuring programme

Although the State Government had agreed on the following programme in furthering its disinvestment and re-structuring agenda during 1999-2000, yet none of the milestones has been achieved as of May 2000 as could be seen from the table given below:

Sl. No.	Name of enterprise	Action to be taken	Date by which action to be completed	Present position
1.	Re-rolling Mill	Assets of the Company would be divested through a lease/rent arrangement to a joint venture company whose 51 per cent shares would be held by the private company, Orissa Sponge	October 1999	The proposal of taking over of IDCOL Rolling Mills by Orissa Sponge Iron Ltd could not materialise as the latter backed out. (January 2001).

Sl. No.	Name of enterprise	Action to be taken	Date by which action to be completed	Present position
		Iron Company Ltd. (OSIL) and 49 per cent by IDCOL.		
2.	IDCOL Piping and Engineering Works	Privatise or close	October 1999	Action awaited as of January 2001.
3.	IDCOL Cement	Revival/Closure	31 March 2000	Action for revival was still on (January 2001).
4.	Ferro Chrome/Kalinga Iron Works	Partial privatisation	October 1999	Negotiation for partial privatisation were in progress (January 2001).
5.	Orissa State Textile Corporation	Closure	March 2000	Not closed as of January 2001.

3.9.6 Community participation

According to the MOU, the Government of Orissa would prepare a strategy paper and an action plan to introduce community participation in funding and management of programmes like primary education, primary health care, irrigation, water management and kendu leaf collection and trade at grass roots level in a phased manner by July 1999.

Scrutiny however revealed that the State Government did not initiate any action to bring out any strategy paper formulating the action plan to introduce such measures in Orissa as of May 2000.

3.9.7 Conclusion

The State Government thus largely failed to take specific time bound reform measures contemplated in the MOU defeating the very purpose of signing the same in April 1999.

3.10 Unnecessary and unauthorised drawal of Government money

In disregard of the provisions of the Treasury Rules, money was unauthorisedly drawn and kept as Bank Drafts for over 20 years.

As per provisions of the Orissa Treasury Rules, no money shall be drawn from the treasury unless it is required for immediate disbursement. The money so drawn shall not be kept unutilised in shape of cash, Bank Drafts (BD), DCRs, etc. as it affects adversely the ways-and means position of Government.

Test check of records of 5 Heads of Departments at Bhubaneswar {Director of Technical Education and Training (DTET), Director of Mining and Geology (DMG), Director of Higher Education (DHE), Director of Handicrafts and Cottage Industries (DHC&CI) and Director of Culture} revealed that Rs.2.40 crore drawn from the treasury (DTET Rs.0.34 crore, DMG Rs.0.10 crore, DHE Rs.1.00 crore, DHC&CI Rs.0.79 crore, Director of Culture

Rs:0.17 crore) between the period 1977-78 and 1998-99 in shape of BDs payable to different parties/suppliers under various schemes/programme was lying unutilised/undisbursed as on the date(s) of audit. These BDs had lost their validity. Thus, moneys drawn from the Consolidated Fund of the State were retained with different banks for periods upto 23 years.

Evidently the State Government failed to enforce its own rules which resulted in unauthorised financial benefit to the banks while suffering loss of interest of Rs.66.48 lakh (calculated at the average market rate of interest at 12 per cent on borrowing by Government). Besides, Government money lying outside its accounts also affected its ways and means position.

Similar objections were raised in earlier Inspection Reports of 5 DDOs who held Rs.7.45 crore in the shape of BDs with banks for 23 years. But the irregularity was continuing as no action was taken on the audit observations by the DDOs or the Controlling Officers of the concerned departments.

Government stated (August 2000) that DDOs had been addressed not to draw money from Treasury without immediate requirement and had been instructed to deposit money held by them into Treasury. Similarly, Collectors had been asked to review accounts of their DDOs. The Finance Department was to review the position from time to time.

HOME DEPARTMENT

3.11 Non-adjustment of advances drawn on Abstract Contingent Bills

Failure to submit detailed bills against contingent bills by Departmental Officers helped the recipients to retain unspent balances for long periods.

According to Orissa Treasury Code (OTC), contingent charges falling under countersigned contingencies may be drawn from Treasury by presentation of Abstract Contingent (AC) bills subject to the presentation of Detailed Contingent (DC) bills to the controlling officers for counter-signature and transmission to the Accountant General within a period of 30 days. OTC also stipulates furnishing of a certificate to the effect that DC bills in respect of AC bills drawn more than a month earlier had been submitted before subsequent AC bill is presented at the treasury.

A test check of records of the Inspector of General (IG) of Prisons conducted in June 2000 revealed that funds drawn in AC bills during 1995-2000

(1) Director Technical Education and Training, Cuttack (1997-99) (2) Director, Mining and Geology (1996-99) (3) Directorate of Culture (1997-99) (4) Directorate of Handicraft and Cottage Industries (1997-99) and (5) Directorate of Higher Education (1997-98).

amounting to Rs.8.35 crore were pending adjustment as on 31 March 2000 against Superintendents of jails and sub-jails. The year-wise position of pendency was as under:

Year	Amount for which AC bills were drawn	Amount for which DC bills submitted	Amount for which DC bills outstanding
	(I n R u p e e s)		
1995-96	5,84,01,237	5,48,38,094	35,63,143
1996-97	6,07,09,437	5,52,34,993	54,74,444
1997-98	6,60,75,405	5,53,16,675	1,07,58,730
1998-99	8,31,19,930	6,94,80,926	1,36,39,004
1999-2000	7,83,64,848	2,82,96,240	5,00,68,608
Total	34,66,70,857	26,31,66,928	8,35,03,929

It would be seen from the above that the pendency increased from Rs.35.63 lakh in 1995-96 to Rs.8.35 crore in 1999-2000.

Further scrutiny revealed that though the presentation of detailed bills was to be watched by the Directorate through a Register of Contingent Charges, the exact number of AC bills against which DC bills were received was not recorded in all cases. This indicated that the Directorate had no control over AC bills drawn in jails and sub-jails and their ultimate adjustment through DC bills. The outstanding amount of AC bills as on 31 March 2000 included Rs.6.37 lakh (six cases) kept in Civil Deposit during 1998-99 (Rs.5.25 lakh) and 1999-2000 (Rs.1.12 lakh). Further in 44 cases, the amount of DC bills submitted exceeded the amount drawn in AC bills by Rs.2.23 crore which remained unreconciled.

Failure to submit detailed bills by Departmental Officers helped them to retain the unspent balances for long periods. Further, the possibility of misappropriation of Government money due to such long delay in adjustment could not be ruled out.

On this being pointed out, the Home Department stated (July 2000) that the amounts were drawn in AC bills as per Rule 1208 of Orissa Jail Manual (OJM) and action was being taken to delete the same Rule to curb such drawal. The reply was not tenable since OJM envisaged drawal of fund required for immediate disbursement which were not to be kept in hand for more than 48 hours.

Government stated (August 2000) that against the outstanding amount of Rs.8.35 crore, Rs.6.35 crore has already been adjusted. However, dates of adjustment and relevant records were not made available to audit for verification. The matter calls for immediate investigation to prevent such violation of rules and possible misuse of public funds.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.12 Implementation of Prevention of Food Adulteration Act and Rules

With a view to ensuring availability of unadulterated food and drink (other than drugs) to consumers, protecting them from fraudulent trade practices and providing guidance/norms to the manufacturers/dealers of food articles, GOI enacted the Prevention of Food Adulteration Act, (PFA) 1954. In 1976, the responsibility of implementation of the PFA Act was transferred to the State Government.

The implementation of the various provisions of the PFA 1954 and Rules (1955) made thereunder devolved on the Director of Health Services in his capacity as State Health Authority under the direction and guidance by the Secretary to Government of Orissa, Health and Family Welfare Department. The Director is assisted by one Joint Director at State level and 30 Chief District Medical Officers (CDMO) along with other sub-ordinate officials at District level.

Records of 6 CDMOs out of 30 (Angul, Bolangir, Cuttack, Ganjam, Keonjhar and Puri), 5 Municipal Health Officers out of 7 (Berhampur, Bhubaneswar, Cuttack, Puri and Rourkela), State Public Health Laboratory, Bhubaneswar, Director Health Services, Bhubaneswar and the Department of Health and Family Welfare were test checked during February to April 2000 covering the period 1995 to March 2000*. Results of test check are discussed below.

3.12.1 Provision of funds

State Government provided Rs.3.30 crore towards establishment expenditure on prevention of food adulteration (Rs.1.61 crore) and Public Health Laboratory (Rs.1.69 crore) during 1995-96 to 1998-99. While the expenditure against the former exceeded by Rs.10 lakh, Rs.14 lakh under the latter could not be spent. No separate budget provisions were made for 1999-2000 but it was included in the overall Public Health Budget of the CDMOs concerned. Hence, expenditure under the Head could not be ascertained due to above amalgamation of funds.

Rupees 25 lakh sanctioned by GOI during 1990-97 for the purchase of laboratory equipments for strengthening the Food Laboratory was drawn and credited to "Civil Deposits" during this period but reported as spent. Of this, only Rs.5.65 lakh was spent as of April 2000. Though this was commented upon in Comptroller and Auditor General's Report (Civil) 1996-97, there was no improvement in this regard. A further amount of Rs.9 lakh sanctioned by

* Financial Year is upto March 2000 even though targets etc. were set for calendar year.

GOI in October 1999 for the same purpose also remained unspent due to non-release of the same by the State Government (May 2000).

3.12.2 Programme implementation

(a) Defects in food licencing procedure

Under Rule 50 of PFA Rules 1955, "no person shall manufacture, sell, stock or exhibit for sale any article of food, including prepared food or ready to serve food except under a licence". Such licence was required to be issued by the licensing authority (ADMO,PH) at the district level and Health Officer at Municipal/Corporation level) appointed by the State Government after obtaining the reports of inspection of food item by the respective Food Inspectors. Such licence is valid for 1 year unless renewed.

Test check of records of 9 Food Licensing Authorities revealed that 2,118 food licences of different categories issued to food vendors were not renewed by issue of fresh licences which entailed the risk of allowing manufacture, sale or storage of adulterated food articles by the food vendors. In addition, there was loss of revenue of Rs.0.93 lakh to the State as a result of such non-renewal. It was further noticed that ADMO(PH), Keonjhar entrusted the job relating to issue of food licence to a junior clerk of his office in July 1999. Consequently, food licences issued to 281 vendors/dealers during July 1999 to December 1999 were not based on proper and competent inspection.

(b) Non-issue of food licence to vendors who obtained trading licence from Municipalities

As per Rule 50 of PFA Rules 1955, "No person shall manufacture, sell, stock, distribute or exhibit for sale any article of food including prepared food or ready to serve food except under a licence". Consequently, the food vendors are required to obtain food licence from the Local Health Authorities besides trading licences issued by Municipal Authorities.

Scrutiny of records relating to 5 out of 11 units test checked revealed that while information relating to issue of trade licences to food vendors during 1995-99 in respect of 4 units was not available with the Health Officer/ADMO(PH) concerned, the position in the remaining unit in Cuttack Municipality disclosed that as many as 60 food vendors in possession of trading licences issued by the municipality did not have food licences issued by the Health Officer, Cuttack.

(c) Detection/surveillance

Sanctioned number of Food Inspectors post was 33 for the State as a whole. However, vacancies increased from 3 in 1995 to 9 in 1998-99. The periodicity of visits per month had also not been prescribed. According to Joint Director (PH), no training programme to upgrade the skills of Food Inspectors had been organised so far. Only two inspectors were trained by GOI with the assistance of World Health Organisation in 1998-99. As a result of continuation of vacancies and absence of proper training programme, detection/surveillance could not be considered to have been achieved to the desired extent.

(d) Inspection of licensed establishments by the Food Inspectors

Food Inspectors were required to inspect as frequently as may be prescribed by the Food (Health) Authority all establishments, licensed for the manufacture, storage or sale of food articles. Test check revealed that the State Food (Health) Authority did not prescribe the frequency of inspections and no inspection was carried out by the Food Inspectors. However, number of visits made by them only for the purpose of collection of food samples in the 11 test checked units during 1995-99 was 2,724 against the target of 3,530 the shortfall being 23 per cent. Failure on the part of the State Food (Health) Authority to prescribe frequency of inspection affected the implementation of PFA Rules as adequate surveillance of sellers and agents for delivery of food items was not ensured.

(e) Preservation and analysis of samples

(i) Non-preservation of samples

The samples collected by the Food Inspectors for testing purposes are required to be sent to the State PH Laboratory after retaining two parts of such samples in the office concerned under the seal and signature of local health authority.

Test check revealed that in Keonjhar district while one part of 24 food samples collected between January and May 1998 were sent to the State PH Laboratory on the succeeding working day of such collection as required under the PFA Act, the two parts of the 24 samples retained by the local health authority (CDMO, Keonjhar) were eaten away by white ants. Of the 24 food samples, 9 were found adulterated in the chemical Analysis Reports of the PH Laboratory, Bhubaneswar received by the CDMO Keonjhar between March 1998 and June 1998 but no follow up action could be initiated as the CDMO ordered not to launch prosecution against the food adulterating parties to avoid legal complications in view of the destruction of the samples.

(ii) Analysis of samples in the Public Health Laboratory

Food Inspectors were required to send samples collected on a day to the State Public Health Laboratory on the next working day. The Public Analyst in charge of the Laboratory was required to examine the samples and send the results to the Local Health Authority concerned within 40 days as prescribed under PFA Rules, 1955.

Test check of records of the Laboratory revealed that out of 5825 samples received for examination during years 1995 to 1999, results were communicated within the prescribed period in only 4,689 cases. In the case of remaining 1,136 samples received during 1996(401), 1998(283) and 1999 (452) no test was conducted till date (May 2000). The untested 1136 samples included 423 out of 2,729 samples sent by the 11 test checked offices. The non-examination of samples was attributed (February 2000) by the Deputy Director of the Laboratory to the non-appointment of Public Analyst during the period of testing.

Against 4,689 samples examined by the Public Analyst, 1,093 samples were found adulterated and forwarded to concerned units for necessary action. The 1,093 samples found adulterated during 1995 to 1999 included 451 samples sent by 11 test-checked units. Of these, prosecution was filed by the Local Health Authorities in respect of 383 cases. Of this, 37 cases were filed after a delay of 2 months to 1 year. All these cases were pending in the Court as of April 2000. However, no action was taken to prevent the sale of adulterated foodstuff in the interest of Public Health as required under the Act.

3.12.3 Follow up action on sub-standard samples

(a) Prosecution for adulteration

In respect of 46 samples (Bolangir(2), Ganjam(11), Berhampur(13) and Keonjhar(20)) reported as sub-standard/misbranded by the Public Analyst, the Local Health Authorities concerned did not initiate prosecution cases against the vendors except issuing warning letters in a few cases. No proper justification for not initiating prosecution cases was furnished to audit and the vendors were continuing their business. While 3 local health authorities did not furnish any reason, CDMO Ganjam stated (April 2000) that the cases required clarification from the State Health Authority before launching of prosecution cases. However, the CDMO was himself the competent authority for launching prosecution cases.

(b) Abnormal pendency of prosecution cases

Of the 972 cases filed between 1985 and 1999, 964 cases were pending in the courts of law as of April 2000. No steps were taken by local health authorities concerned to expedite disposal of cases by seeking summary trials as envisaged in PFA Act. Eight cases decided during 1995 and 1999 by the courts related to the period prior to 1995 and resulted in conviction in one case and acquittal in remaining cases.

(c) Appeals against acquittal cases

Scrutiny of prosecution files disclosed that 40 cases (33 cases decided prior to 1995 plus 7 decided between 1995 and 1999) in 5 test checked units were acquitted in the courts of law. The Local Health Authority concerned did not prefer appeal in the higher courts due to non-receipt of judgement copies from the Government pleaders as stated by CDMO Ganjam (April 2000). As more than 5 years had elapsed in most of the cases, adequate steps had evidently not been taken to obtain copies of judgements.

3.12.4 Monitoring and Evaluation

The Department was required to establish procedures to monitor the impact of the working of the programme under PFA Act/Rules. But no such procedure was evolved. Though meetings to monitor the working of the programme were stated to have been held with Food Inspectors by the DHS, no minutes/results of the meeting were on record. Thus, there was no effective review mechanism.

The above points were referred to Government (June 2000); their reply had not been received (February 2001).

INDUSTRIES DEPARTMENT

3.13 Irregular payment of Sales Tax and service charges on such tax

Rs.86.96 lakh was irregularly paid to IDCO towards sales tax and service charges on such tax in respect of construction works of World Bank Assisted "Technician Education" Project.

Government of Orissa (Industries Department) entrusted (September 1990) the construction works of World Bank assisted "Technician Education" project to Industrial Infrastructure Development Corporation (IDCO), a State owned Corporation, Government of India. Department of Education clarified (August 1996) that State Government is eligible only to reimburse service charges at 12.5 *per cent* for civil works executed. Government of Orissa directed (January 1998) Director of Technical Education and Training (DTET) to reimburse the statutory sales tax levied on IDCO in the shape of contract tax at 3 percent on the actual works expenditure in addition to 12.5 *per cent* service charges.

Test check of records (November 1999) of IDCO and DTET, Cuttack, revealed that the cost of construction works executed by IDCO for the project upto December 1999 was Rs.25.77 crore. In addition to the service charges (Rs.3.22 crore) at the rate of 12.5 *per cent* on the above work, IDCO claimed contract tax of Rs.77.30 lakh at 3 percent on the value of work done (Rs.25.77 crore) and Rs.9.66 lakh towards service charges at the rate of 12.5 *per cent* on such tax. Accordingly, Rs.86.96 lakh was paid to IDCO during the years 1990 to 1999.

Records revealed that IDCO executed the works through sub-contractors and contract tax at stipulated rate of 2 *per cent*/4 *per cent* of gross value of work done was deducted at source from the work bills of the sub-contractors for payment towards statutory tax. The reimbursement of contract tax and service charges on such contract tax to IDCO was, therefore, irregular and constituted unintended benefit to IDCO.

On this being pointed out in audit, DTET stated (December 1999) that the contract tax had been paid to IDCO as approved by State Government in January 1998. Evidently, Government order was not tenable since IDCO realised the statutory contract tax from the sub-contractors engaged by them and paid to the concerned department. Thus, contract tax received by them from Government was not actually payable to Sales tax authorities. Further, service charges are applicable only on the value of works actually executed and not on any other tax.

The matter was referred to Government (April 2000); reply has not been received (February 2001).

3.14 Blockage of funds with Orissa Instrument Company Limited (OIC)

Rs.16.02 lakh remained blocked with OIC due to non-supply of tools and equipments from July 1995 while the Company was liquidated in January 1998.

World Bank assisted "Vocational Training" project was implemented in the State from 1989-90 to December 1998 with the objective of supporting the implementation of Ministry of Labour's long term programme to modernize and restructure the National Vocational Training System (NVTs). GOI suggested (December 1991/November 1992) adoption of prudent shopping mode for early procurement of equipments under the project. While adopting such method, Government of Orissa (Industries Department) directed (June 1992) that tools and equipment be procured by inviting tender from Public Undertakings only.

Test check of records (June 1998) of Director, Technical Education and Training (DTET), Orissa, and further audit scrutiny revealed that purchase order was placed with the lowest tenderer Orissa Instrument Company (OIC), Cuttack, for supply of small tools and equipments and an amount of Rs.49.12 lakh was advanced to OIC by the DTET during the years 1993-94 to 1995-96 despite stipulation in the purchase order that 90 *per cent* of the value be released within 7 days of receipt of materials as per specification and the balance 10 *per cent* after successful test/demonstration. There was no provision for payment of the advance before delivery of order therein. The firm supplied tools and equipments worth Rs.33.10 lakh by July 1997 and thereafter no supply was made against the balance advance of Rs.16.02 lakh. No action was taken by the DTET either to obtain the supplies or to get a refund of the balance amount till it was pointed out by audit (June 1998). In the meantime, Government of Orissa decided in January 1998 to close the company and started liquidation proceedings.

Thus, due to non-adherence to provisions in the purchase order and inaction on the part of DTET, Government funds of Rs.16.02 lakh remained unadjusted/unrecovered for over five years which resulted in loss of interest of Rs.9.28 lakh (calculated at 12 *per cent* from July 1995 to June 1999 and at 10 *per cent* from July 1999 onwards interest per annum). Besides the implementation of the project was also defeated to that extent.

Government stated (July 2000) that the company was liquidated (January 1998) and the balance amount outstanding against it was only Rs.5.35 lakh. The reply of the Government was not tenable since on further verification of

records of DTET (September 2000), revealed that a balance amount of Rs.13.77 lakh was still lying unadjusted.

PLANNING AND CO-ORDINATION DEPARTMENT

3.15 Member of Parliament Local Area Development Scheme

3.15.1 Introduction

A review of the Member of Parliament Local Area Development Scheme (Scheme) was included in the Report of the Comptroller and Auditor General of India for the year ended 31 March 1997. The scheme was reviewed again in audit during May to July 2000 in 5 constituencies covering the period from 1997-98 to 1999-2000. Total amount of funds available for implementation of the scheme during the period covered in audit in 5 constituencies was Rs.30.47 crore of which Rs.8.11 crore (26.61 *per cent*) were spent as of 31 March 2000 leaving an unspent balance of Rs.22.36 crore (73.38 *per cent*) representing closing balance of Rs.7.52 crore in Saving Bank accounts of 5 District Collectors and Rs.14.84 crore with concerned executing agencies.

3.15.2 Audit findings

Previous review covering the period from 1993-94 to 1996-97 revealed the following main deficiencies and irregularities in the implementation of the scheme:

- (i) Funds not spent in full resulting in denial of full benefits intended under the scheme;
- (ii) Works recommended by Members of Parliament (MP) either not taken up or left incomplete;
- (iii) Scheme funds spent on inadmissible works/items by the implementing agencies;
- (iv) District Collectors sanctioned execution of works for the scheme funds without recommendation of MPs;
- (v) Works wherever completed not handed over to the concerned agencies/beneficiaries;
- (vi) Asset Register was not maintained by the implementing agencies;
- (vii) Utilisation Certificates were not furnished by the executing agencies; and

(viii) Non-inspection of works by the District Collectors and other concerned officers.

The present review indicated that these shortcomings were not fully addressed and the irregularities/deficiencies continued as mentioned below:

Sl. No.	Nature of irregularity	Particulars
1.	Funds released remaining unutilised resulting in denial of desired benefits.	Scrutiny revealed that against Rs.30.47 crore available during 1997-2000 in 5 test checked constituencies, only Rs.8.11 crore (26.61 per cent) was spent resulting in denial of full benefits envisaged under the scheme which was attributed to late receipt of project proposals and estimates from executing agencies and consequential delay in execution of works.
2.	Works recommended by the MP not sanctioned/ completed.	Out of 5119 works recommended by the MPs pertaining to test checked constituencies during 1997-2000, 3671 works were sanctioned for execution as of March 2000. Of these, only 1106 works (30.13 per cent) were completed. The shortfall in completion of works was attributable to ban on execution of works due to imposition of model code of conduct by the Election Commission, rigidity of established procedure, delay in site selection, large number of small projects and delay in preparation of their estimates.
3.	Execution of inadmissible works.	In contravention of the scheme guidelines which forbids repair works, 3 repair works pertaining to roads, school buildings, etc. were executed in Bhubaneswar constituency at an expenditure of Rs.0.40 lakh. Similarly, 89 works for private and co-operative institutions were executed at a cost of Rs.52.19 lakh. In Koraput constituency, 6 Government buildings were constructed at a cost of Rs.7.08 lakh. In two constituencies {Bhubaneswar (3) and Cuttack (22)}, 25 works were undertaken for religious purposes costing Rs.9.98 lakh. In two constituencies (Cuttack and Koraput), inventory** costing Rs.1.20 lakh was purchased.
4.	Works executed without written recommendation.	Works permissible under the scheme are to be taken up for execution by DCs concerned only on basis of recommendation of MP. In Koraput constituency 2 works costing Rs.9.61 lakh were sanctioned and executed by the DCs without obtaining the written recommendation of the MP.

* Bhubaneswar, Cuttack, Jajpur, Keonjhar and Koraput
 ** Cuttack – Furniture Rs.0.40 lakh
 Koraput – Air-Conditioning Machine Rs.0.80 lakh.

Sl. No.	Nature of irregularity	Particulars
5.	Works completed but not handed over to the beneficiaries.	Though 1106 works were fully executed by the executing agencies between 1997-98 and 1999-2000 at a total cost of Rs.8.11 crore, these were not handed over to the agencies/beneficiaries as of December 2000. The reasons for the same could not be furnished by the District Planning Officers concerned though called for.
6.	Non-maintenance of Asset Register.	As per guidelines, the DCs/Chairman, DRDAs, were required to maintain Register of Assets created under the scheme. However, no such registers were maintained by the DRDAs in any of the test checked constituencies.
7.	Non-furnishing of Utilisation Certificate.	According to the provision of the scheme, executing agencies were required to send utilisation certificates for funds received from GOI. It was noticed that utilisation certificates for Rs.4.89 crore as on 31 March 2000 were not sent for which no reasons were on record.
8.	Works entrusted to the contractors recommended by MP.	The works under the scheme can be executed through engagement of contractors by the implementing agencies after following the established procedure but not on the recommendation of Collector/ MP. In Keonjhar constituency, 15 works for Rs.12.25 lakh were awarded during 1997-99 to the nominees/contractors on the recommendation of the MP of which a sum of Rs.11.39 lakh were spent as of June 2000.
9.	Retention of MPLAD funds in PL Account resulting in loss of interest.	Due to retention of Rs.66.12 lakh of MPLAD funds in PL Account by 3 Block Development Officers in Cuttack constituency for period ranging from 1 to 3 years, there was loss of interest of Rs.4.97 lakh.
10.	Monitoring.	Heads of the Districts were to visit and inspect at least 10 per cent of works every year. The senior officers of the implementing agencies were required to inspect these works through regular visit to the work spots to ensure that the works are progressing satisfactorily. No records of inspection was maintained by any of the Collectors of the test checked constituencies. It is not verifiable whether any inspection was carried out at all.

3.15.3 Conclusion

In the absence of proper monitoring, the scheme failed to register significant progress. Huge funds remained unspent and execution suffered from several shortcomings ranging from delays to inadmissible works and lack of inspection.

**SCHEDULED TRIBE & SCHEDULED CASTE
DEVELOPMENT DEPARTMENT**

**3.16 Unproductive expenditure on inoperative Industrial Training
Centre for Scheduled Caste and Scheduled Tribe students**

**Infrastructure created at a cost of Rs.1.97 crore for establishing an ITC
for the unemployed SC/ST students remained unutilised over the years.**

Government accorded administrative approval (February 1993) for construction of a building for an Industrial Training Centre (ITC) at Khariar Road in Kalahandi district for SC/ST at an estimated cost of Rs.1.64 crore under a Central Plan Scheme during 1992-93 for completion of work in all respects without escalation. The building (cost of Rs.1.69 crore) was handed over by the Chief Engineer (Building) to District Welfare Officer, Nuapada, only in May 1997 without power supply. Though the transformer was installed (Rs.3.21 lakh) during December 1998, internal electric connection was not available as staff was not posted.

Out of Rs.47 lakh received from GOI and released by State Government (February 1996) for purchase of tools, equipment and furniture etc. for the ITC, Rs.22 lakh was refunded by DTET during April 1999 to the Department. The furniture and equipment purchased at a cost of Rs.25 lakh were lying unutilised in ITI Bhawanipatna as of June 2000. No instructors were posted at the ITC as of June 2000 and only a clerk was posted from August 1997.

Thus, infrastructure created at a cost of Rs.1.97 crore for an ITC for the unemployed SC and ST youths remained unutilised for more than 3 years. Purchase of furniture and equipment of Rs.25 lakh and expenditure of Rs.1.18 lakh towards pay of a clerk also proved unfruitful. DTET stated (July 1999) that the matter would be decided by Welfare Department. The Additional Secretary, ST&SC Development Department stated (February 2000) that steps had been taken for creation of necessary posts. The Commissioner-cum-Secretary added (June 2000) that efforts are being made to run the ITC with effect from the ensuing academic session.

Evidently, the project was mismanaged by the Government to the detriment of the welfare of the SC/ST youth of the backward districts of Kalahandi though funds were not a constraint.

WOMEN AND CHILD DEVELOPMENT DEPARTMENT

3.17 Loss of World Bank assistance due to delay in finalisation of purchase formalities

Delay in finalisation of purchase formalities by the department led to consequent delay in supply of medicine kits and non-reimbursement of Rs.1 crore by the Government of India. There was also undue benefit of Rs 4.26 lakh to the supplier firm.

Under World Bank assisted ICDS Programme, Director, Social Welfare and Additional Secretary, Women and Child Development Department invited tenders (19 July 1997) from eligible bidders for supply of Anganwadi medicine kits to identified ICDS Project Delivery Centres by 16 August 1997 later extended to 8 September 1997. The State level Purchase Committee recommended (7 October 1997) the lowest price of Rs.734.66 per kit (excluding tax) quoted by a firm "A" and forwarded the same to Ministry of Human Resource Development, Government of India (MHRD) on 25 November 1997 for approval after a delay of 78 days.

MHRD while approving the rate of the bidder stipulated (5 December 1997) that the contract should be signed with the successful bidder with the stipulation that supplies be completed by 31 December 1997 (closing date of the World Bank Project) as any expenditure incurred after 31 December 1997 would not be reimbursible under the project.

Scrutiny of records (July 1999) revealed that purchase orders were placed on the firm on 10 December 1997 for supply of 12,875 Anganwadi Medicine Kits by 31 December 1997 stipulating that the supplier shall be liable to pay penalty to Government for any delay in supply. The supplier delivered the indented number of medicine kits to ICDS Projects between 2 March 1998 and 16 March 1998 with delays ranging from 61 days to 75 days for which an amount of Rs.1 crore (cost of kits Rs.94.59 lakh and tax Rs.5.67 lakh) was paid between January 1998 and May 1998. However, scope of availing the World Bank (WB) assistance of Rs.1 crore was lost as the supplies were effected after the closing date of the WB project

Had the delay of 78 days not taken place at the Government level for the finalisation of the purchase formalities, the delay in supply could have been avoided. Further, penalty of Rs. 4.26 lakh leviable for delayed supply from the supplier was not levied as per terms of the contract.

Government stated (July 2000) that in view of the impending closure of the World Bank assisted ICDS Project on 31 December 1997, the supplier was given only 8 to 14 days time in the agreement executed (December 1997) for supply of medicine and that the State would have lost the valuable medicines

had the supplier been asked to supply the medicine kits within 90 days or had not been placed with any order at all.

The reply was not tenable as the opportunity of availing the WB assistance was lost due to delay in finalising purchase formalities at the government level.

GENERAL

3.18 Misappropriation, losses etc.

Cases of misappropriation, losses etc. of Government money reported to audit upto end of March 2000 and on which final action was pending at the end of June 2000 were as follows:

		Number of cases	Amount (Rs. in lakh)
(i)	Cases reported upto the end of March 1999 but outstanding at the end of June 1999.	1944	1167.61
(ii)	Cases reported during April 1999 to March 2000.	103	97.59*
(iii)	Cases disposed of till June 2000.	Nil	Nil
(iv)	Cases reported upto March 2000 but outstanding at the end of June 2000.	2047	1265.20

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

		Number of cases	Amount (Rs. in lakh)
(i)	Over five years (1948-49 to 1994-95)	1750	1038.66
(ii)	Exceeding three years but within five years. (1995-96 to 1996-97)	135	93.34
(iii)	Upto three years (1997-98 to 1999-2000)	162	133.20
		2047	1265.20

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

		Number of cases	Amount (Rs. in lakh)
(i)	Awaiting departmental and criminal investigation.	614	517.81
(ii)	Departmental action initiated but not finalised.	878	560.77
(iii)	Criminal proceedings finalised but execution of certificate cases for the recovery of the amount pending.	40	10.27
(iv)	Awaiting orders for recovery or write off	415	128.97
(v)	Pending in the Courts of Law.	100	47.38
		2047	1265.20

3.19 Lack of response to audit

Accountant General (Audit), Orissa, arranges to conduct periodical inspection of Government departments to test check the transactions and verify the

Out of Rs.97.59 lakh, an amount of Rs.1.76 lakh related to revalued amount of 14 cases.

maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IR). When important irregularities etc. detected during inspection are not settled on the spot, these IRs are issued to the Heads of offices inspected with a copy to the next higher authorities. The rules and orders of Government provide for prompt response by the executive to the IRs issued by the Accountant General (AG) to ensure rectificatory action in compliance with the prescribed rules and procedures and to ensure accountability for the deficiencies, lapses etc. noticed during his inspection. The Heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the AG. Serious irregularities are also brought to the notice of the Head of Department by the AG (Audit). A half yearly report of pending IRs is sent to the Secretary of each Department to facilitate monitoring of the audit observations in the pending IRs.

IRs issued upto June 2000 pertaining to 5329 offices of 34 departments disclosed that 68,167 paragraphs relating to 17,510 IRs remained outstanding at the end of September 2000. Of these 1571 IRs containing 4442 paragraphs had not been settled for more than 10 years (Appendix-XXV). Yearwise position of the outstanding IRs and paragraphs are detailed in Appendix-XXVI. Even the initial replies which were required to be received from the Heads of offices within six weeks from the date of issue were not received in respect of 4240 IRs (Appendix-XXV) issued between 1980-81 and 1999-2000 (June 2000). As a result, several serious irregularities commented upon in these IRs had not been settled as of September 2000 the details of which are given in Appendix-XXVII.

A review of the IRs which were pending due to non-receipt of replies as detailed in Appendix-XXV revealed that the Heads of offices whose records were inspected by AG, and the Head of the Departments failed to discharge due responsibility as they did not send any reply to a large number of IRs/Paragraphs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out in the IRs of the AG. The Secretary of the respective Departments who were informed of the position through half yearly reports also failed to ensure that the concerned officers of the Department take prompt and timely action. The above also indicated inaction against the defaulting officers thereby facilitating the continuation of serious financial irregularities and loss to the Government though these were pointed out in audit.

It is recommended that Government should look into this matter and ensure that procedure exists for (a) action against the officials who failed to send replies to IRs/Paras as per the prescribed time schedule, (b) action to recover loss/outstanding advances/over payments in time bound manner and (c) revamping the system of proper response to the audit observations in the Department.

The matter was referred to Government in December 2000; reply had not been received (February 2001)

3.20 Follow up on Audit Reports

The Comptroller and Auditor General of India's Audit Reports represent culmination of the process of scrutiny starting with initial inspection of the accounts and records maintained in the various offices and Departments of Government. It is therefore necessary that they elicit appropriate and timely response from the executive.

Finance Department, Government of Orissa, had issued instructions (December 1993) to all administrative departments to submit explanatory notes on paragraphs and reviews to the Public Accounts Committee included in Audit Reports within 3 months of their presentation to the Legislature without waiting for any notice or call from PAC, duly indicating the action taken or proposed to be taken thereon. Mention was made in para 3.25 of the Report of the Comptroller and Auditor General of India, Government of Orissa, for the year ended 31 March 1999 (No.3-Civil) of explanatory notes pending with Departments. It was, however, noticed that 24 out of 37 departments who were reported upon did not submit explanatory notes on 340 paragraphs/reviews out of 622 as of July 2000 as indicated below :

Year of Audit Report	Total Paras/reviews in Audit Report	No. of paras/reviews for which explanatory notes were not received
1988-89	54	6
1990-91	62	9
1991-92	70	20
1992-93	53	6
1993-94	60	23
1994-95	57	40
1995-96	61	34
1996-97	77	74
1997-98	64	64
1998-99	64	64
Total	622	340

Departmentwise analysis is given in the Appendix-XXVIII. The break up revealed that the departments largely responsible for non-submission of explanatory notes were Water Resources, Works, Agriculture, Panchayati Raj, Rural Development. Audit also found that not only did around 55 *per cent* of audit observations remain unresponded to, comments on topics such as Command Area Development Programme, Role of District Industries Centre in development of Small Scale Industries, Contract Management etc. had also failed to elicit any response from the Government.

3.21 Review on Personal Ledger (PL) Accounts

3.21.1 Introduction

Mention was made in Audit Report (Civil) for the year ended March 1998 regarding deficiencies in maintenance of Personal Ledger (PL) Accounts. Further audit review revealed that these deficiencies continued to persist owing to inaction of the departmental authorities. PL Accounts were maintained in

Public Account of Orissa (8443-Civil Deposits-106-Personal Deposits) as well as within the Consolidated Fund of Orissa. The scheme-wise position of balance at the end of March 2000 and their maintenance of accounts have been exhibited in the Appropriation Accounts for the year 1999-2000 under the respective grants.

Finance Accounts for the year 1999-2000 showed a balance of Rs.343.58 crore under major head "8443-Civil Deposits-106-Personal Deposits". A test check of records relating to PL Accounts revealed the following serious irregularities.

3.21.2 Transfer of funds to PL Accounts to avoid lapse of budget

Financial Rules of the Government prescribe that money should not be drawn from the treasury unless it is required for immediate disbursement and it should not be drawn for depositing under the Civil Deposit-Personal Ledger Accounts to avoid lapse of budget grant. However, during 1995-96 to 1999-2000, various departments of Government had in violation of codal provisions drawn and deposited huge amounts in the personal deposit accounts in the treasuries as detailed below:

Year	Opening Balance	Deposits	Withdrawals	Closing Balance
(R u p e e s i n l a k h)				
1995-96	6563.96	19693.88	18632.19	7625.65
1996-97	7625.65	26117.57	22767.99	10975.23
1997-98	10975.23	21306.90	19890.17	12391.96
1998-99	12391.96	30332.08	26638.97	16085.07
1999-2000	16085.07	55345.40	37072.54	34357.93

Results of test check of records of DRDA, Balasore, Bolangir, Cuttack, Ganjam, Khurda, Mayurbhanj, Puri and Sundargarh conducted during July to September 2000 are summarised in the succeeding paragraphs.

(i) False certification of reconciliation

According to SR 461 of Orissa Treasury Code Vol.I, balances in the PL Account as per the books of the Departmental officers should be verified with the balances in Treasury accounts every month. Scrutiny of records of test checked DRDAs revealed that in respect of the following DRDAs though no such reconciliation was carried out, the Project Directors falsely certified agreement of the balances as on 31st March 2000 in their pass book with those in the Treasury Pass Book despite discrepancies.

Name of the DRDA	Balance as per Pass Book	Balance as per Treasury Pass Book	Difference
(i n R u p e e s)			
Bolangir	2,29,10,861.32	4,07,36,637.32	1,78,25,776.00
Puri	3,37,16,470.12	4,77,60,640.12	1,40,44,170.00
Total	5,66,27,331.44	8,84,97,277.44	3,18,69,946.00

The huge unreconciled balances need immediate investigation and reconciliation in absence of which serious irregularities including misuse and misappropriation of Government funds cannot be ruled out.

(ii) Irregular Deposit of Scheme Funds in PL Accounts

Contrary to the instructions of GOI (July 1994) to keep all scheme funds in Savings Bank Account of nationalised banks, all the 8 DRDAs test checked deposited scheme funds of Rs.276.24 crore in their PL Accounts during 1995-96 to 1999-2000. Most of those funds was State share. Details are given below:

Name of the DRDAs	Amount of grants received		Manner of accountal		PL balance as on 31.3.2000	Total schematic unutilised balance as on 31.3.2000
	Central share	State share	In Banks	In PL A/c		
(R u p e e s i n l a k h)						
Balasore	10557.14	3113.81	10486.14	3184.81	(-222.66	3126.67
Bolangir	9642.24	3809.24	9642.24	3809.24	(-82.29	490.18
Cuttack	11039.75	2745.71	11359.52	2425.94	474.01	3235.83
Ganjam	13917.60	4299.06	13917.60	4299.06	832.44	1411.85
Khurda	5899.25	3432.08	5874.97	3456.36	2220.26	2838.39
Mayurbhanj	19214.67	5666.87	19964.19	4917.35	187.32	2033.35
Puri	6159.96	1804.83	6009.84	1954.95	2.70	815.02
Sundargarh	14203.91	3824.85	14452.38	3576.38	2.26	1734.72
Total	90634.52	28696.45	91706.88	27624.09	3414.04	15686.01

(a) Year-wise analysis of balance in PL Accounts was not available in any of the above DRDAs. Funds were retained in PL Account without being released to the executing agencies for implementation of the schemes for which funds were received. Eight DRDAs deposited Rs.276.24 crore in their PL Accounts out of Rs.1193.31 crore received for Centrally sponsored Schemes viz. MPLAD, EAS, IAY, JRY, IRDP, SGSY etc. (Central share Rs.906.35 crore and State share Rs.286.96 crore) during 1995-96 to 1999-2000 of which Rs.34.14 crore were lying in PL Account as on 31 March 2000.

(b) During 1999-2000, out of a total sum of Rs.158.07 crore available, only Rs.104.66 crore was released by the DRDAs (Balasore, Bolangir, Cuttack, Ganjam, Khurda, Mayurbhanj, Puri and Sundargarh) leaving a balance of Rs.53.41 crore. The percentage of withholdings in PL Account ranged between 8 and 68. The details are given below:

Name of the DRDAs	Opening Balance as on 1.4.1999	Deposit during 1999-2000	Total	Withdrawal during 1999-2000	Balance as on 31.3.2000	Percentage of withdrawal
(R u p e e s i n l a k h)						
Balasore	7.18	620.28	627.46	576.77	50.69	91.92
Bolangir	204.76	772.90	977.66	570.29	407.37	58.30
Cuttack	268.84	779.28	1048.12	445.60	602.52	57.48

Name of the DRDAs	Opening Balance as on 1.4.1999	Deposit during 1999-2000	Total	Withdrawal during 1999-2000	Balance as on 31.3.2000	Percentage of withdrawal
(R u p e e s i n l a k h)						
Ganjam	138.63	1610.27	1748.90	659.44	1089.46	38.30
Khurda	6197.07	2430.50	8627.57	6190.57	2437.00	71.70
Mayurbhanj	405.00	980.90	1385.90	1178.07	207.83	85.02
Puri	128.24	577.24	705.48	227.88	477.60	32.30
Sundargarh	272.35	413.44	685.78	617.16	68.63	90.00
Total	7622.07	8184.81	15806.87	10465.78	5341.1	24.26

(iii) Transfer of Central share to PL accounts from Savings Bank Account

In DRDA Bolangir, Central share of grants-in-aid of Rs.1.65 crore and in DRDA Puri Rs.0.20 crore though initially credited to Savings Bank Account of different Banks were transferred subsequently from Savings Bank Accounts and credited to PL Account in March 1998 and July 1999 respectively for various periods ranging from 2 to 9 months.

(iv) Retention of scheme funds in PL Accounts at Block level

Central share of grants of Rs.14.56 crore released by DRDA Balasore, Bolangir, Cuttack, Khurda, Puri and Sundargarh for implementation of JRY, MPLAD, Jawahar Gramya Samrudhi Yojana (JGSY), IAY and EAS during 1995-96 to 1999-2000 were deposited by 10 BDOs in their PL Accounts instead of in Bank Accounts.

Scheme funds of Rs.5.73 crore including grant of Rs.0.45 crore pertaining to MPLAD scheme received from DRDAs remained unutilised as of March 2000. Details are given below:

Sl. No.	Name of the DRDA	Name of the Block	Scheme funds kept in PL Account as on 31.3.2000	Year in which funds were released	MPLAD funds kept in PL Account as on 31.3.2000
			(Rupees in lakh)		(Rupees in lakh)
1.	Balasore	Nilgiri, Remuna	2.77	NA	0.12
			106.58		0.10
2.	Bolangir	Bolangir Sadar	66.46	1998-99 & 1999-2000 1998-99 & 1999-2000	7.11
		Pumtala	76.62		2.54
3.	Cuttack	Cuttack Sadar	51.04	NA	18.17
		Tangi-Choudwar	74.52		8.35

* Bolangir Sadar:Rs.0.63 crore, Cuttack Sadar:Rs.0.50 crore, Khurda Sadar:Rs.0.03 crore, Nilgiri:Rs.3.82 crore, Puri Sadar:Rs.1.99 crore, Remuna:Rs.3.68 crore, Satyabadi:Rs.0.83 crore, Sundargarh Sadar:Rs.0.72 crore, Tangi -Choudwar:Rs.1.39 crore, Tangi:Rs.0.97 crore.

Sl. No.	Name of the DRDA	Name of the Block	Scheme funds kept in PL Account as on 31.3.2000	Year in which funds were released	MPLAD funds kept in PL Account as on 31.3.2000
			(Rupees in lakh)		(Rupees in lakh)
4.	Khurda	Tangi	2.49	NA	--
		Khurda Sadar	4.28	NA	--
5.	Puri	Satyabadi	36.08	1997-98, 1998-99 & 1999-2000	2.48
		Puri Sadar	57.93	1997-98, 1998-99 & 1999-2000	6.59
6.	Sundargarh	Sundargarh Sadar	26.19	NA	--
		Tangarpalli	2.36	NA	--
7.	Ganjam	Ganjam Sadar	2.65	1997-98 & 1999-2000	--
		Chhatrapur	4.80	1997-98 & 1999-2000	--
8.	Mayurbhanj	Betanoti	6.35	NA	--
		Baripada	7.08	NA	--
Total			528.20		45.46

Thus, funds for programme expenditure were utilised to boost the cash balance of the State Government.

(v) *Irregular diversion of funds*

Contrary to the instructions issued by GOI and State Government prohibiting diversion of funds from one scheme to another, 4 DRDAs and 3 Blocks diverted scheme funds of Rs.1.62 crore during 1995-96 to 1999-2000 as detailed below:

Sl. No.	District	Year	Scheme to which funds transferred	Scheme from which funds transferred	Amount (Rs. in lakh)
1.	Balasore	1999-2000	MPLAD	Not Available	3.08
			OBB	-do-	42.72
			IAY	Not Available	17.16
2.	Sundargarh	1995-96	EAS	JRY	15.00
3.	Puri	1999-2000	Payment of transfer charges	JRY	21.12
			-do-	JGSY	6.16
4.	Bolangir	1998-99	MPLAD	EAS	28.75
5.	BDO, Khurda	1998-99	OAP	EAS	2.00
		1999-2000	OAP	IAY	7.00
6.	BDO, Tangi	1999-2000	OAP	EAS	7.00
7.	BDO, Puntala	1999-2000	ODP, etc.	EAS	11.97
Total					161.96 or 1.62 crore

The matter was referred to Government in December 2000; their reply had not been received (February 2001).

CHAPTER-IV
WORKS EXPENDITURE
SECTION - A
WATER RESOURCES DEPARTMENT

4.1 RENGALI IRRIGATION PROJECT

Rengali Irrigation Project was taken up for execution in 1980-81 at an estimated cost of Rs.164 crore for providing irrigation to 2.36 lakh hectares of cultivable command area. Audit review of the project revealed significant excess payments and undue payments to contractors, extra expenditure and unproductive expenditure of Rs.203.24 crore which constituted 31 *per cent* of the total expenditure of Rs.657.63 crore incurred on the project. Expenditure on establishment far exceeded the prescribed norms and most of such expenditure was unfruitful as the department could not re-deploy surplus staff. There was cost overrun of 543 *per cent* as compared to the initial estimate and the Benefit Cost Ratio of the project declined from 3.58 to 0.46 rendering the project unviable. Selection of large number of tenderers and acceptance of bids for various works lacked justification and indicated undue deviations from terms of contract. There was a clear trend of favouring OCC in execution of works at the cost of efficiency and timely completion of works. The undue consideration to OCC only added to the cost of the project and delays without any benefit to Government. The project could irrigate only an insignificant 650 ha (less than 1 *per cent*) as against the target for 2.36 lakh ha despite expenditure of Rs.657.63 crore. No action had been taken to fix responsibility for the irregularities.

Highlights

19 The project scheduled for completion by March 1991 at Rs.164 crore remained incomplete (February 2000) despite investment of Rs.657.63 crore. Irrigation was provided to only 650 ha by 1999 against designed ayacut of 2.36 lakh ha viz 0.23 *per cent*. The Benefit Cost Ratio (BCR) dropped from 3.58 to 0.46 rendering the project economically not viable.

(Paragraph 4.1.1, 4.1.6 & 4.1.7)

20 Establishment expenditure on the project was 23 *per cent* during the years 1994-95 to 1999-2000 against 10.5 *per cent* admissible. The idle establishment expenditure amounted to Rs.41.65 crore.

(Paragraph 4.1.4)

❑ Irregular execution of works through contractors in violation of express Government directions and despite availability of staff to carry out the same departmentally, resulted in avoidable expenditure of Rs.1.64 crore.

{Paragraph 4.1.4, 4.1.8.(i) & 4.1.12(xvii)}

❑ Construction of the Barrage in stages led to extra expenditure of Rs.3.55 crore.

{Paragraph 4.1.8 (i)}

❑ OCC was favoured with undue payments of Rs.12.20 crore in construction of the Barrage and gate.

{Paragraph 4.1.4, 4.1.8 (ii) & 4.1.9}

❖ Acceptance of bids at high percentage of excess over estimate led to extra liability of Rs.17.51 crore.

{Paragraph 4.1.11 (i)}

❖ Unjustified rejection of lowest bids led to extra expenditure of Rs.16.50 crore.

{Paragraph 4.1.11 (iii)}

❑ Incorrect classification of rock strata led to inadmissible payments of Rs.12.86 crore.

{Paragraph 4.1.12.(iv) }

❑ There was loss of Rs.3.28 crore due to fictitious measurement of work.

{Paragraph 4.1.12 (v)}

❑ Incorrect recording of levels during execution led to excess payment of Rs.9.88 crore.

{Paragraph 4.1.12(vii)}

❑ Unwarranted provisions in the contracts for refund of sales tax involved extra contractual liability of Rs. 4.71 crore.

{Paragraph 4.1.12.(xi)}

❑ Procurement of machinery and spares in excess of actual requirements led to blockage of funds of Rs.12.53 crore.

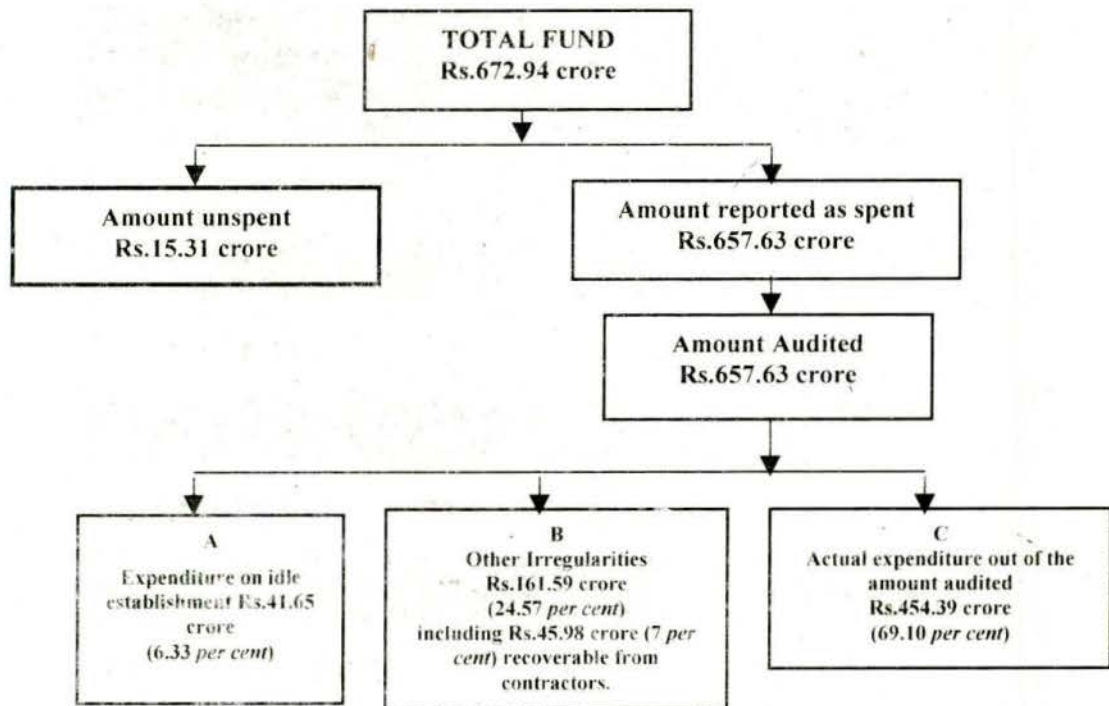
{Paragraph 4.1.13}

❑ Rs.14.65 crore was paid to contractors without approval of deviations in value and quantity of work.

{Paragraph 4.1.15 (iii)}

❑ The massive cost and time overrun indicated lack of monitoring and no evaluation of the project was ever made.

{Paragraph 4.1.16}



4.1.1 Introduction

Government accorded administrative approval (July 1979) for execution of the Rengali Irrigation Project (RIP), Samal, on river Bramhani at Rs.164 crore for providing irrigation to 2.36 lakh ha. of cultivable command area (CCA) by 1990-91 with accrual of full benefits from 1993-94. The project remained incomplete as of March 2000 despite investment of Rs.657.63 crore. The estimate revised (December 1985) to Rs.707.38 crore was not sanctioned (March 2000).

The project was implemented by 3 Chief Engineers (CEs) separately for Head Works/Left Bank Canal (LBC), Right Bank Canal (RBC) and Designs who were responsible to the Engineer-in-Chief (EIC) and Government. The CEs were assisted by 14 Executive Engineers (EE) under the supervision of 4 Superintending Engineers (SE). The project followed the centralized system of payments and accounting.

4.1.2 Audit coverage

Implementation of the project was reviewed during November 1999 to March 2000 by test check of the records of the project from 1995-96 to 1999-2000 in the offices of the EEs, CEs and Financial Adviser and Chief Accounts Officer (FA&CAO). Records relating to the prior periods were also checked where considered necessary.

4.1.3 Funding of the project

There was time over run of over nine years in completion of the project.

Construction of the project continued till 1995-96 under the State Plan. From 1996-97, the LBC of 30 kms was executed through external loan assistance under the Water Resources Consolidation Project (WRCP) and another 41 kms from the Overseas Economic Co-operation Fund (OECF). The 79 kms of RBC was financed by Government of India (GOI) under the Accelerated Irrigation Benefit Programme (AIBP).

The budget provisions vis-à-vis actual expenditure on the project was as follows:

Year (s)	Budget Provision		Expenditure
	Rupees in crore		
1980-81 to 1984-85	41.80		43.60
1985-86 to 1989-90	59.46		57.58
1990-91 to 1994-95	102.33		95.69
1995-96 to 1999-2000	469.35		460.76
Total	672.94		657.63

Reasons for cost over run of Rs.890.76 crore not analysed by Department

The department revised (December 1985) the estimate for the project to Rs.707.38 crore which was yet to be sanctioned (March 2000) by the State Government. The total cost of the project stood at Rs.1054.76 crore as per the price level of 1994 Schedule of Rate against the original sanctioned cost of Rs.164 crore with cost over run of Rs.890.76 crore (543 per cent). Government did not analyse reasons for cost overrun as of March 2000.

The targets and achievements of the project was as under:

Component	Percentage of progress			Revised date for completion
	March 1991 (Original scheduled date for completion)	March 1997	February 2000	
	(Progressive)			
(i) Head Works	52	85	100	-
(ii) Left Bank Canal (LBC) (71 Km.)	09	15	33	March 2003
(iii) Right Bank Canal (RBC) (79 Km.)	03	03	55	June 2003

The time over-run was mainly attributed to poor performances by the agencies executing the works, delays in land acquisition, clearance of forest land and providing rehabilitation assistance.

4.1.4. Unjustified expenditure on idle establishment

Expenditure of Rs.41.65 crore on idle establishment.

Of the total expenditure of Rs.303.63 crore during 1994-95 to 1999-2000 (November 1999), expenditure on establishment was Rs.70.64 crore (23 per cent) on average against 10.5 per cent admissible under rules. Four divisions (Godibandha Canal, Field Machinery, Salapada Canal and Sukinda Canal) were created and continued between 1982-83 and 1999-2000 for execution of LBC with a strength of 1120 number of staff despite lack of work due to constraint of funds. The divisions executed works for only Rs.0.50 crore

whereas expenditure on their establishment was Rs.25.59 crore. Further, the project had 2,389 NMR/Work-charged staff of which 2,049 (86 per cent) were surplus since different components of the project were executed as per finished item rate contracts. The expenditure on the surplus staff (other than those enrolled under the 4 idle divisions) during 1996-97 to 1999-2000 (November 1999) was Rs.16.06 crore with annual liability of Rs.5.96 crore at the current rate. Out of total expenditure of Rs.657.63 crore on the project, Rs.179.56 crore (27 per cent) incurred up to November 1999 represented administrative expenditure of which Rs.41.65 crore (6 per cent of the total expenditure) was on idle establishment.

Avoidable liability of Rs.37.85 lakh.

Although the project had two Mechanical divisions with 44 technical officers and 2049 surplus NMR/work-charged staff, the EE and Asst.EE in charge of the gate works entrusted (June 1993-March 1998) the task of opening of the gates to OCC who claimed (April 1998-February 1999) Rs.37.85 lakh for the work. The SE expressed his displeasure (September 1999) at such unauthorized entrustment when so many Mechanical Officers and staff were available with the project. No action was however taken to fix responsibility for this avoidable liability of Rs.37.85 lakh.

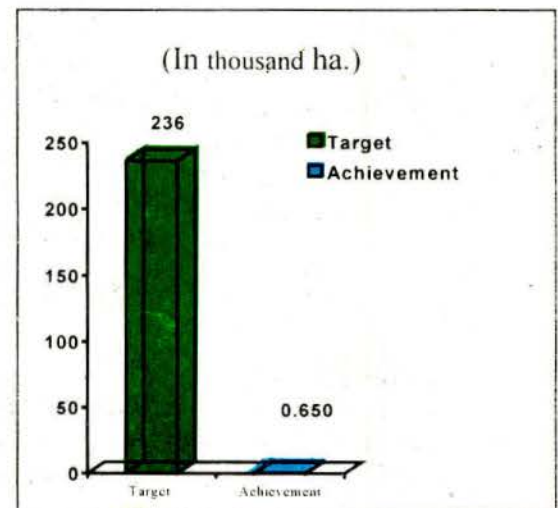
4.1.5 Deviation from financial control of FA&CAO

Drawal of funds without pre check by FA&CAO

Mention was made in sub-para (xiv) of Para 4.1 of C&AG's Report (Civil) for the year ended 31 March 1998 about authorizing selected EEs with direct cheque drawing powers. Though Government restored (January 1999) the centralized system of accounting from January 1999, EE in charge of executing RBC from RD 67.90 to 79.00 km was allowed to continue with direct cheque drawing facility. He disbursed Rs.4.80 crore to agencies during 1998-99 and 1999-2000 (February 2000) without pre-payment check by FA&CAO. Further, the DDOs of RBC, in disregard of Government instructions continued to draw money amounting to Rs.1.52 crore from the treasury till September 1999 bypassing the pre check by the FA&CAO. Possibility of major irregularities in such cases could not be ruled out.

4.1.6 Insignificant use of irrigation potential

Though water was impounded since 1996 for irrigation of 2.36 lakh ha on completion of barrage and gates, trial irrigation was provided for only 650 ha in LBC by 1999 (0.28 per cent). Although the RBC was completed to the extent of 55 per cent, no irrigation could be provided as of March 2000 due to execution of work in stretches. As a result, the impounded water was released to the river without any of benefits to the farmers despite investment of Rs.657.63 crore.



4.1.7 Benefit Cost Ratio (BCR)

BCR dropped from 3.58 to 0.46 rendering the project not viable

The original (1979) project report worked out the BCR as 3.58 which declined to 1.51 (against the minimum norm of 1.50) in the recast estimate (1985). The BCR had not been re-assessed thereafter by the Department. As assessed in Audit, the BCR had declined to 0.46 as per the revised cost of the project (1994) which rendered the project economically unviable.

4.1.8 Construction of Barrage

Construction of the civil works of the Barrage commenced in June 1980 and was completed in October 1994 at an expenditure of Rs.19.50 crore (February 2000). Audit scrutiny revealed the following:

(i) *Improper planning and non-imposition of penalty on the contractor despite default in execution*

Execution in stages resulted in extra expenditure of Rs.3.55 crore

A negotiated offer (July 1979) of Orissa Construction Corporation (OCC) at Rs.15.95 crore for construction of civil works of the barrage was cancelled (May 1980) by Government on the ground that the project would be projected for loan assistance from the International Development Authority (IDA). However in June 1980, the work of three bays of the barrage was allotted to OCC at their offered rate of Rs.3.01 crore (first contract) for completion by June 1982. Subsequently, remaining works of the construction of the barrage were also awarded (February 1982) to them at a negotiated offer of Rs.7.32 crore (second contract) exclusive of bridge, coffer dam, de-watering the foundation area and cost of cement and steel for completion by October 1983.

After executing work worth Rs.1.77 crore in respect of the first contract, OCC abandoned (June 1983) further execution. However, no penalty was imposed (February 2000) for default in completion of the work; instead the left over works of Rs.1.24 crore were got executed through OCC at Rs.2.61 crore under the second contract (February 1982) resulting in extra expenditure of Rs.1.37 crore to the department. OCC was paid Rs.9.42 crore under the second contract (February 2000) apart from departmental supply of cement and steel valued at Rs.7.87 crore. Had the entire work been awarded at the initial stage the extra expenditure of Rs.3.55 crore (Rs.19.50 crore - Rs.15.95 crore) could have been avoided.

Further, in violation of express Government direction for execution of the coffer dam with departmental materials, staff and machinery to reduce the financial burden, the EE got the work done during 1980-81 and 1993-94 through OCC and other agencies at an expenditure of Rs.0.44 crore.

(ii) *Undue benefit to Orissa Construction Corporation*

Undue benefit of Rs.4.54 crore to OCC in violation of the terms of the contract.

OCC was extended undue benefit of Rs.4.54 crore (February 2000) in respect of barrage works in violation of the terms of the contract as tabulated below:

Sl. No.	Observation in Brief	Undue benefit (Rs. in lakh)
(a)	Escalation is not admissible where period of contract was one year or less. Government modified (19 June 1980) the stipulated period of completion from 1 year to 2 years (June 1982) without assigning any reason and subsequently approved (September 1985/July 1991) inclusion of escalation clause in the contract and thereby payment of escalation charges (Rs.15.81 lakh) of which Rs.8.98 lakh was paid as of 1992-93 and balance was to be paid in the final bill. Similarly stipulated date of completion (October 1983) in respect of second contract was extended to December 1987 on the ground of restricted working area, delay in construction of silt excluder and late approval of designs. Though delay in approval of design was due to delay in model study of the barrage by OCC, escalation charges of Rs.111.06 lakh were paid (February 1991) to them.	126.87
(b)	Against overhead charges at 15 per cent over the prime cost, OCC was allowed (November 1982) overhead charges at 30 per cent for the second contract to ensure completion of the works by October 1983. But the work was delayed upto December 1987 for the reasons attributed to OCC. The undue benefit of 15 per cent beyond the prescribed norms amounted to Rs.1.40 crore.	140.00
(c)	OCC was paid (November 1980) mobilization advance of Rs.100 lakh carrying interest at 12 per cent against the first contract and accordingly interest of Rs.49.80 lakh was recovered from them as of June 1987. Government ordered (April 1998) charging of interest upto original stipulated date of completion of work if the completion was delayed by circumstances beyond control of the OCC. Though the work was delayed due to the failure of OCC in de-watering the working area which was their cost and risk, the CE refunded (June 1999) Rs.32.44 lakh being interest beyond the stipulated period of completion.	32.44
(d)	'Z' type sheet piles issued to OCC were to be returned to the department failing which penal cost (5 times) was recoverable. 103.978 tons of 'Z' type sheet piles issued (June 1980-June 1983) to OCC were neither returned by them nor was the penal cost thereof (Rs.31.40 lakh) recovered (February 2000).	31.40
(e)	Technical specifications of the contracts (June 1980/February 1982) provided that silt, debris, sand and other materials accumulated in the working areas during floods or the monsoon were to be removed at the cost and risk of OCC. Separate payment of Rs.53.51 lakh was however made to OCC as extra items for removal of 2.96 lakh cum. of silt/slush as per orders (February 1985) of the Government.	53.51
(f)	According to the agreement (February 1982), running payments were to be made on the basis of the actual work done and measured by the department. Material issued by the department remaining surplus was to be returned failing which penal cost (5 times) was recoverable. However, OCC was paid an excess amount of Rs.6.53 lakh in the running account bills due to erroneous measurements. Besides, 0.11 lakh bags of surplus cement were not returned by OCC nor was the penal cost thereof of Rs.40.60 lakh recovered from them.	47.13
(g)	The contract (February 1982) provided for collection of stone products and moorum from the approved Sansad quarry. But extra lead charges amounting to Rs.16.56 lakh was allowed to OCC of which Rs.9.98 lakh was paid (February 2000) on their claim for collection of above materials from quarries other than the approved one without approval of the department.	16.56
(h)	Conditions of the contract (July 1992) for construction of pre-stressed concrete bridge provided that the rate quoted for the reinforcement item included all charges for welding of joints and no separate payment was admissible. But Rs.6.18 lakh were paid (September 1995) under extra item towards welding charges.	6.18
Total		454.09

4.1.9 Radial Gates

Undue benefit of Rs.7.28 crore to OCC in construction of radial gates.

(i) Design, fabrication, supply and erection of radial gates of barrage and vertical lift gates for right and left head regulators were allotted (August 1986) to OCC at their offered rate of Rs.12.01 crore for completion by March 1991. OCC completed the work (June 1996) and was paid Rs.20.94 crore (February 2000). The works of stop logs, 50 ton gantry crane to operate the lift gates and emergency gates, though part of the gate works, were awarded between October 1989 and January 1993 to OCC under 4 separate agreements at a total cost of Rs.3.69 crore for completion by January 1994. The works were in progress (February 2000). Audit scrutiny revealed extension of undue benefit to the tune of Rs.7.28 crore to OCC as summarised below:

Sl. No.	Observations in Brief	Undue benefits (Rs. in crore)
(a)	Extension of time up to December 1995 with price escalation benefit was granted (December 1998) by Government on the grounds of (i) delay in approval of designs, (ii) non-supply of structural steel, (iii) lack of approaches to the site and (iv) non-availability of sufficient funds in time. Even though all drawings were approved by the department as per the terms of the contract within 3 months from the dates of their submission by the OCC and all structural steel was supplied in time, OCC was paid Rs.8.22 crore including escalation (Rs.0.17 crore), advance (Rs.0.60 crore) and reimbursement of excise duty (Rs.0.65 crore) as of May 1991 against their executed work value of Rs.6.80 crore by the stipulated date of completion (March 1991). The EE/SE had recommended (January/June/October 1994) non-payment of escalation during the extended period of execution attributing the delay to OCC. In fact, OCC was liable to pay compensation amounting to Rs.1.20 crore (10 per cent of the contract value) under the terms of the contract on account of the delay in completion. Government however over ruled (December 1995) the recommendations of the EE/SE and ordered for payment of escalation charges. Accordingly, Rs.3.12 crore were paid (June 1997) to OCC towards escalation charges for the extended period of execution.	3.12
(b)	Government approved (March 1996), on request of OCC, non-recovery of cost towards unaccountable wastage of steel at 5 per cent of quantity in violation of contractual terms which led to undue benefit of Rs.13.50 lakh to OCC towards 225.05 tons of unaccountable wastage as of March 1996. Further, cost of 303.437 tons of scrap steel not returned by OCC was recovered by the EE at Rs.4000 per ton instead of at Rs.6000 per ton stipulated in the contract resulting in short recovery of Rs.6.07 lakh. Moreover, cost of balance 428.466 tons of unutilised steel valuing Rs.128.54 lakh (penal cost) remained unrecovered (February 2000). Further, though Department had procured steel from different agencies based on actual weight, it was calculated on theoretical basis on the shape (linear measurement) with reference to average standard co-efficient of the sizes for issue to OCC which led to loss of 126.282 tons of steel valuing Rs.12.23 lakh at procurement cost and undue benefit to the OCC.	1.60
(c)	The contract stipulated that the cost of materials other than structural steel procured (bought out materials) by OCC were to be reimbursed in the first instance on production of valid vouchers. The amount was to be realized from the running bills towards cost of materials as per quotation. During the course of execution of the work, Government decided (March 1996) <i>inter-alia</i> that certificate regarding expenditure on bought out materials as furnished by OCC would be accepted by the project authority without insisting on production of vouchers for reimbursement. Accordingly, OCC furnished (March 1996) a certificate that they had incurred Rs.68.29 lakh towards acquisition, storing, assembling, testing of machinery and other incidental charges for	0.68

Sl. No.	Observations in Brief	Undue benefits (Rs. in crore)
	materials other than steel and claimed reimbursement of the amount. The claim was admitted (March 1996) without any bill or voucher as proof of payment in violation of the terms of the contract.	
(d)	Agreement provided that if the prices of materials supplied by OCC increased during the progress of work and the contractor thereupon paid such increased price, then he was to be reimbursed for the increased value as per a formula prescribed at 30 per cent for such material components. Consequent upon audit highlighting (Audit Report [Civil] for year ended 31 March 1994) excess payment of escalation charges to OCC on bought out materials. Government ordered (February 1998) re-fixation of the percentage components for reimbursement of escalation charges on actual basis and for recovery of excess payments if any. Such re-fixation and recovery was however not done (February 2000). Further checks disclosed that OCC was paid escalation charges on material component at 30 per cent though they had supplied only 2 per cent material for the work. Thus, against Rs.13.44 lakh admissible as escalation charges on material component at 2 per cent, Rs.2.02 crore was paid at 30 per cent including Rs.50.58 lakh on expenditure (Rs.68.29 lakh) discussed at sub para (c) above resulting in excess payment of Rs.1.88 crore.	1.88
	Total	7.28

4.1.10 Afflux and Guide Bundhs

Construction of afflux bundh, guide bundh and slope protection works of the Barrage were awarded between July 1996 and November 1997 to 4 contractors under WRCP packages at a total cost of Rs.10.42 crore for completion by July 2000. The works were under execution as of February 2000. Audit scrutiny revealed the following:

(i) Excess payment due to wrong measurement

Technical specifications of the contracts stipulated that the measurements for Random Rubble (RR) works were to be taken on finished level sections with deduction of minimum 1/6 towards void from the overall measurement. The prescribed quantum of voids (6,124 cum) were not deducted from the overall measured quantity of 0.37 lakh cum (November 1999) resulting in excess payment of Rs.23.63 lakh to 4 contractors. At the instance of audit, Rs.11.03 lakh was recovered as of December 2000.

(ii) Extra expenditure due to re-tender of balance works

Construction of left afflux bundh from RD 2810 to 3750 m was awarded (February 1994) to a contractor at a cost of Rs.68.20 lakh for completion by May 1995. The contractor executed work worth Rs.39.92 lakh (July 1994) and abandoned the remaining works. The contract was however not closed (February 2000). The left over works of Rs.28.28 lakh along with additional quantities were awarded (March 1997) to another contractor on fresh tender and completed in March 1999 at a cost of Rs.90 lakh. The left over works involved extra expenditure of Rs.48.97 lakh computed with the rates of the defaulting contractors. Further, earth work of 1,781 cum was to be executed at Rs.1.92 lakh for filling of rain cut formed during the abandoned period of

Excess payment of Rs.12.60 lakh due to non-deduction for voids.

Extra expenditure of Rs.48.97 lakh on re-tender was not recovered from original contractor.

work. The extra expenditure (Rs.48.97 lakh) had not been recovered from the first contractor as of February 2000.

Inadmissible payment of Rs.12.44 lakh.

Conditions of the balance work contract (March 1997) stipulated that the slopes of the bundh were to be built by providing extra earth in the slopes. Such extra earth was to be trimmed to the design section within Rs.108 per cum quoted for the earth work item and no separate payment was admissible for it. Further, erosion of earth during execution had to be made good by the contractor at his cost and risk. Audit scrutiny revealed that extra earth work of 11,514 cum, valuing Rs.12.44 lakh was unauthorisedly allowed to be executed by the EE over the estimated quantity on account of slope cutting and erosion filling which was inadmissible and was to be recovered from the contractor.

(iii) Loss due to non recovery of dues from contractor and abandonment of work

Failure to take action against contractor who had submitted forged Bank guarantees and abandonment of work led to loss of Rs.49.05 lakh.

A contractor furnished (October 1997) a bank guarantee for Rs.33.43 lakh towards performance security and for mobilization and equipment advances for construction of guide bundh and slope protection works. Without getting the guarantees confirmed by the Bank, the EE paid (November 1997) the mobilization, equipment and secured advances of Rs.58.29 lakh. The contractor, after executing work worth Rs.98.44 lakh (44 per cent), abandoned further execution (June 1998) and clandestinely removed the machinery from the site. In October 1998 the Bank informed the EE that the guarantees (Rs.33.43 lakh) were fraudulent. The contractor did not turn up to execute the balance works but submitted (October 1999) fresh bank guarantee for Rs.10.10 lakh. The CE proposed (November 1999) to Government the closure of the contract with penalty and taking up the balance works on fresh re-tender which was not approved (February 2000). Of the advances of Rs.58.29 lakh paid to the contractor, balance of Rs.38.73 lakh was yet to be recovered against which the dues of the defaulting contractor available with the department was only Rs.18.73 lakh. No legal action was initiated (February 2000) to realize the balance dues of Rs.20 lakh. Further, due to abandonment of the work for two seasons (1998-1999), the executed works were eroded resulting in loss of Rs.29.05 lakh. No action had been taken to fix responsibility for the lapse.

4.1.11 Distribution System

The LBC and RBC (Left:30 kms and Right:12.20 kms) were under execution from 1980-81 under State Plan till 1995-96. Thereafter, the canals were being financed from WRCP (Left 30 Kms), OECF (Left 41 Kms) and AIBP (Right 79 Kms) from 1996-97 for completion by March/June 2003. Only 33 per cent and 55 per cent of the LBC and RBC respectively had been completed till date (March 2000).

(i) Acceptance of tenders with high percentage of excess over estimates

Acceptance of tender without negotiation of rates.

As per codal provisions, the authority was to take into consideration the appropriateness of the tendered value and examine closely the rates offered for different items while accepting tender. The provisions further stipulated that

negotiations should be carried out from the level of EE to Government with a view to reducing the rates quoted. It was observed in audit that offers of four/six (AIBP/OECF) packages were accepted for Rs.96.93 crore during 1997-98 and 1998-99 at 17 to 29 per cent excess over estimated cost of Rs.79.42 crore without any negotiations to arrive at a reasonable rate. As the estimated cost included 15 per cent overhead charges over prime cost, they were evidently workable. Thus, failure to carry out negotiations to arrive at a reasonable rate led to extra liability of Rs.17.51 crore over the estimated cost.

(ii) Bypassing pre-qualification bid and receipt of non-competitive bids

Pre-bid
conference
dispensed with

Codal requirement of pre-bid conference was dispensed with by CE RBC in case of work of excavation of distributary, minors and sub-minors from RD 00 to 22.10 Km of RBC estimated to cost Rs.3.34 crore on the ground of urgency. This was not tenable as the tender was finalized after 6 months from the date of receipt while 3 months are admissible under rules and there was sufficient time for holding pre-bid conference. The lowest bid of Rs.4.87 crore was accepted which was Rs.1.53 crore excess over the estimated cost (45.64 per cent excess over the estimate) at the award stage.

(iii) Unjustified rejection of lowest tenders leading to extra liability

Extra liability
of Rs.16.50
crore due to
unjustified
rejection of
lowest bids

Rules prescribe that the financial status of the tenderers, their experience, capability, classification and the security offered by them are to be taken into consideration while finalizing the tenders. Normally, the lowest valid bid is to be selected. An analysis of the tender cases revealed that unwarranted rejection of the lowest bids by the Government based on the recommendations of the CEs of the project endorsed by the tender committee during 1997-98 and 1998-99 resulted in extra liability of Rs.16.50 crore as follows:

Sl. No.	Observations in Brief	Extra cost (Rs. in crore)
(a)	The conditions of the NIT for excavation of RBC prescribed that the bidder should have executed similar works of a certain value in the past and be in possession of specified machinery to qualify for selection. However, the selection of agencies for the works by the Government was not based on these prescribed bid criteria. In 4 works (RD.26.51 to 29.40 km, RD 29.40 to 30.36 km, RD 42.50 to 43.56 km and RD 53.93 to 58.42 km), the bids were accepted which did not fulfil the above bid criteria whereas in 12 other works for RBC (Appendix-XXIX) the lowest bids were rejected on the ground that the bidders did not fulfill the required bid criteria. Thus, there was no uniformity in consideration of criteria in acceptance/rejection of the bids. As a result of rejection of lowest bids, Government incurred extra liability of Rs.3.33 crore.	3.33
(b)	In respect of RD 55.50 to 60.50 km of LBC, the lowest responsive bid (Rs.9.85 crore) was rejected on the ground that the bidder did not achieve a minimum financial turn over of Rs.1.038 lakh at 1997-98 price level in any 1 year during the last 5 years though it was Rs.1.572 lakh during 1997-98 as per the profit and loss account submitted along with the bid document. Acceptance of higher bid of Rs.12.13 crore was not justified and led to extra liability of Rs. 2.28 crore.	2.28
(c)	The lowest responsive bids for RD 44.50 to 47.50 km, 50.50 to 55.50 km and Bhairipur distributary for LBC were rejected by the EEs on the grounds that the solvency certificates were not in order/the bidder did not satisfy criteria of having satisfactorily completed one similar work/the annual financial turnover was not certified by the Auditor/Chartered Accountant. However, the same solvency certificate was accepted for another bid (RD 38.50 to 41.36 km) in one case and the solvency	6.62

SL No.	Observations in Brief	Extra cost (Rs. in crore)
	certificate was actually furnished from the State Bank of India in another case. Similarly, the documentary evidence furnished with the bid documents indicated that the bidders had executed similar nature of works and the annual financial turnover was certified by the Chartered Accountant. Acceptance of higher bids in above cases led to extra liability of Rs.6.62 crore.	
(d)	Against the requirement for execution of similar works worth Rs.768 lakh and (CC) 14030 cum to qualify for award of work of LBC from RD 60.5 to 65.5 km, the fifth lowest bidder who had executed one bridge with approach road which was not of similar nature of work was awarded (August 1998) with the work at Rs.17.95 crore. But the lowest bidder quoting Rs.13.68 crore though had experience in similar nature of work was rejected on the ground that the value of work executed was below the required margin. Acceptance of a non-responsive bid in preference to lowest bid led to extra liability of Rs. 4.27 crore.	4.27
Total		16.50

(iv) Other decisions on tenders

(a) Extra cost due to non-acceptance of lowest tender.

The lowest bid of Rs.4.07 crore received (October 1996) for the work of LBC from RD 26 to 29.395 km was considered (November 1996) responsive by the CE and the Empowered Committee and recommended for acceptance. The World Bank suggested (January 1997) to verify whether this bidder had defaulted in execution of a project in Uttar Pradesh (UP). Though the concerned CE in UP clarified that the contractor was not a defaulter, the CE re-evaluated his bid as non-responsive on the ground of non-completion of the project in UP and awarded (June 1997) the work to the second lowest bidder at Rs.4.35 crore. It was revealed in audit that this lowest bidder who was considered non-responsive for this work was rated responsive for another package (No.14 estimated to cost Rs.3.82 crore). Thus, the lowest bidder was not given the tender on incorrect ground leading to extra liability of Rs. 27.75 lakh at the tender stage. The matter calls for investigation.

(b) Undue favour to a contractor

The CE technically sanctioned (December 1998) an estimate at Rs.34 crore for execution of tunnel (including total 800 metres of excavation to serve as up stream and down stream work faces) and the work was awarded (March 1999) to a contractor at a cost of Rs.30.54 crore for completion by March 2001. Immediately after execution of the agreement, a further 500 metres of excavation of canal on either side costing Rs.13.01 crore (43 per cent of the original contract) was entrusted (September 1999) to the contractor at the agreement rates on the grounds of insufficiency in working space to accommodate materials and machinery. This was not justified as the contractor quoted the rates after visiting the sites and ensuring the requisite working space. Subsequent to the entrustment of the additional works, the designs were modified to cut and cover conduit instead of tunnel which was approved (January 2000) by Government. The relative position of tenders due to the modification was however not worked out (February 2000). Further, the same contractor was favored by Government with additional works of canal excavation of 500 metres from RD 16.90 to 17.40 km and NH crossing of RBC without tender under the item rates of his existing contract for the

Suppression of material information and discrimination in evaluation of bids led to extra liability of Rs.27.75 lakh.

Unauthorised entrustment of additional work resulted in undue benefit of Rs.9.51 crore

portion from 17.40 to 21.79 km (Rs. 23.14 crore being 41 *per cent* excess over estimates) on the ground that the works were adjacent to his reach. This involved extra contractual expenditure of Rs.9.51 crore over the prevailing schedule of rate for the extra works. The cost of the extra canal works were more by Rs.1.79 crore computed with the rates of another contractor executing the adjacent reach from RD 12.20 to 16.90 km.

(c) Avoidable payment due to unwarranted increase in completion period

Escalation payment of Rs.27.05 lakh due to uncalled for increase of completion period of work.

NIT floated by the CE in September 1997 for excavation of LBC from RD 35.50 to 47.50 km (4 packages) worth Rs.42.95 crore stipulated completion in 18 months including monsoon. However, the CE issued a corrigendum (October 1997) to the NIT increasing the completion period of 3 packages to 24 months without assigning any reason. The works were awarded (December 1997) to the contractors at Rs.34.93 crore stipulating completion by December 1999. The works were under execution (February 2000). The standard conditions of such agreements prescribed that no price escalation was payable within the period of 18 months or less. As the above packages were unjustifiably extended to 24 months, the department paid Rs.27.05 lakh (February 2000) towards escalation charges in respect of the 2 packages. The matter requires investigation.

4.1.12 Execution of works

(i) Irregular excess payments

Excess payment of Rs.20.92 lakh due to price adjustment on profit element.

Contracts drawn for execution of LBC and RBC stipulated that the contract prices were to be adjusted for increase or decrease in rates of labour, materials and POL in accordance with the formula prescribed in the contract. The profit element was not to be subjected to price adjustment. However, except the agreements 3 and 4 NCB of 1997-98 profit elements was not excluded from other contracts. In respect of 11 packages, 100 *per cent* adjustments including profit margin quoted by the contractors were irregularly allowed by the EEs though their rates were in excess over the estimates between 24 and 60 *per cent*. Computed with the minimum 7 *per cent* disallowed in respect of agreement No.3NCB of 1997-98, the irregular excess payment to the contractors amounted to Rs.20.92 lakh (February 2000).

(ii) Undue payment of escalation charges for labour component

Inadmissible payment of Rs.50.12 lakh on escalation on labour component.

Mention was made in Audit Report (Civil) for the period ended 31 March 1998 regarding undue payment on labour component in respect of the work of RBC from RD. 16.90 to 21.79 km. As the minimum wages as per State Government rules were not observed, undue payment of Rs.50.88 lakh was made by the EE. Further, undue escalation payment of Rs.50.12 lakh was made (February 2000) on labour component to the contractor executing RBC from RD 26.10 to 26.51 km and 10 packages of LBC (received after 15 August 1996) although there was no enhancement of minimum wage during 15 August 1996 to April 1999.

(iii) Excess payment due to incorrect computation of escalation charges

Incorrect computation of escalation charges led to excess payment of Rs.11.07 lakh.

In respect of excavation of LBC from RD 35.50 to 41.36 km entrusted to 2 contractors in December 1997 at a total cost of Rs.18.83 crore, escalation charges were provided in the contract for computation from the third quarter of 1997 although the tenders were received and opened in the fourth quarter of 1997. As per existing orders, such calculation was to be made from the date of opening of the bids. This incorrect provision in the contract led to inadmissible payment of Rs.6.65 lakh to the contractors. Similarly, escalation charges of Rs.4.42 lakh were paid to 2 contractors on extra items of work executed by them in respect of works of RBC and LBC. Such benefits were not admissible since the price for the extra items were arrived at on the negotiated rate.

(iv) Inadmissible benefits

Wrong classification of rock strata led to inadmissible payment of Rs.12.86 crore.

Contracts executed during 1997-98 and 1998-99 for LBC and RBC provided that the excavation involved 3 types of strata i.e. all kinds of soil (AKS), hard rock and disintegrated rock (DI). Audit scrutiny of 9 contracts revealed that incorrect classification of rock strata was endemic and resulted in inadmissible payment of Rs.7.54 crore. Further, unwarranted provisions in the contracts and fixation of rates of extra item led to inadmissible payment of Rs.5.32 crore. Details are as follows:

Sl. No.	Observation	Amount (Rs. in crore)
(a)	During execution of the works from RD 10 to 23 km, 26 to 29.39 km and 55.5 to 60.5 km. of LBC, 3.09 lakh cum of excavations classifiable under DI rock were classified by the EE as medium-hard-rock (MHR) for payment at Rs.118.80/Rs.170 per cum as extra items as against the rate of Rs.32 to Rs.130 per cum. for DI rock. Proposal (September 1998) of the CE for sanction of the deviation including the above extra item for the reach from RD 26 to 29.39 km. was rejected (October 1998) by Government as it violated the World Bank procurement norms and codal provisions. CE thereafter irregularly re-worked the deviation to 9.95 per cent by excluding the balance works of syphon located in the reach but including MHR and approved it at his level. The deviations in other reaches were also approved by the CE. Against the total liability of Rs 191.26 lakh for 3.09 lakh cum on the above reaches, the contractors were paid Rs.86.79 lakh extra over the DI item rate for 1.91 lakh cum as of November 1999. The matter calls for investigation.	1.91
(b)	In the agreements (1998-99) for excavation of RBC from RD 63.15 to 79 km, separate item was provided for excavation of MHR for 0.80 lakh cum at rates between Rs.110 and Rs.180 per cum even though the item prescribed for excavation of DI rock at the rate between Rs.40 and Rs.50 per cum included any rock other than hard-rock as per the terms of the contract. Inclusion of separate item for excavation of MHR at higher rates was unwarranted and amounted to undue benefit of Rs.76.87 lakh to the contractors.	0.77
(c)	According to the conditions of the contracts for the RBC from RD 00 to 58 km. and construction of aqueducts over Lingara, Bangurisinghia at RD 40.58 km., extra items involved were to be executed at Schedule of Rates (SR) prevailing during the period of execution. While no rate for excavation of MHR was provided in the SR for 1994, the SR 1998 (effected from 01 January 1998) provided a rate of Rs.93.80 per cum for such excavation. The CE however approved beyond his competence (31 December 1997) higher rates between Rs.108.50 and Rs.170 per cum based on an independent analysis of items for the works from RD 48.68 to 58.42 km. In respect of other works, the rates were fixed beyond 01 January 1998 by allowing excess tender premia over the SR. Fixation of	4.55

Sl. No.	Observation	Amount (Rs. in crore)
	the extra item rate at higher level led to undue benefit of Rs.4.55 crore to the contractors for 13.69 lakh cum of MHR (February 2000) computed with reference to SR 1998. The matter calls for investigation.	
(d)	Estimates sanctioned (October 1997) for LBC from RD 31.50 to 47.50 km and RD 50.50 to 55.50 km (6 packages) provided for excavation of AKS: 22.88 lakh cum, DI (excavation by pickaxe and crow bar):13.74 lakh cum and MHR (blasting): 6.86 lakh cum. Description of items in the Bill of Quantities (BOQ) however included 2 items i.e. AKS with DI and MHR. Technical specification of the works provided that the DI rock was to be excavated by pickaxe and crowbars and if the contractors resort to blasting operations, no extra payment was to be made. Audit scrutiny revealed that while computing the overall quantity for the two items, the quantity of DI rock was included under MHR increasing the same to 20.60 lakh cum providing for blasting operation. Due to inclusion of the DI quantity under MHR, the contractors became eligible for payment at higher rates prescribed for excavation of MHR. This resulted in undue benefit of Rs. 5.63 crore as per agreement quantities.	5.63
Total		12.86

(v) *Fictitious measurement of work*

Doubtful payment of Rs.3.28 crore.

Excavations of LBC from RD 10 to 17.60 km., 17.60 to 23 km, 38.50 to 44.50 km and 47.50 to 55.50 km were awarded between 1997-98 and 1998-99 to contractors under 5 packages stipulating that the planning for execution was to be made in such manner that all the useful materials obtained from the cutting portions were to be utilised in the embankment formation before borrowing earth from outside. The impervious materials were to be utilised towards the waterside. Accordingly, the rates quoted by the contractors for excavation of AKS in cutting zones included charges for its transportation to the filling reaches.

Of the 15.33 lakh cum of AKS obtained out of the excavation works, only 2.46 lakh cum were utilized in the filling sections and formation of dowels/roads. On the other hand, 9.34 lakh cum of earth work was executed in filling reaches by obtaining from borrow areas at an extra cost of Rs.3.28 crore paid to the contractors (February 2000). In view of availability of 12.87 lakh cum of surplus earth in cutting section, execution of earth work in filling reaches by obtaining from borrow areas with extra cost of Rs.3.28 crore was doubtful and needs investigation. The SE had observed (March 1999) that the surplus earth could have been utilized in the non-core portions of the embankment formations to avoid obtaining earth from borrow areas. The matter calls for investigation.

(vi) *Loss due to delay in acquisition of land*

Extra expenditure of Rs.52.40 lakh due to award of work without land acquisition

No work is to be taken up without ensuring availability of land. Technical as well as item specification in the contracts for the works from RD 30.36 to 39.71 km and RD 74 to 79 km of RBC stipulated that excavated earth of cutting sections should be utilised in the filling reaches. However, the above works were awarded (December 1997/February 2000) to contractors without acquisition of the required land. Consequently, filling works could not be synchronized with cutting works and the excavation/filling continued in

stretches as per availability of land and 0.89 lakh cum of earth expected to be available from cutting portion for filling reaches had to be borrowed from outside resulting in extra expenditure of Rs.52.40 lakh.

(vii) Extra payment due to wrong levels recorded during execution

Extra payment of Rs.9.88 crore due to wrong recording of ground levels.

Excavation of LBC (RD 55.50 to 60.50 km) and RBC (from RD 21.79 to 26 km, 29.49 to 30.84km, 39.71 to 42.50 km, 48.68 to 53.39 km, 58.68 to 60.08 km, 69 to 79 km and 86 to 89 km) were awarded to contractors between March 1997 and January 1999 at a cost of Rs.76.21 crore under 9 packages for completion by March 2001. The quantities of works under different items were based on sanctioned estimated provisions computed from the ground levels (natural soil levels) recorded during pre-construction survey and investigation. These ground levels recordings were appended to the contracts and formed part of the contracts. Accordingly, the contracts provided excavations of 21.22 lakh cum and earth work in embankment formation for 3.19 lakh cum. Against the above, the actual execution involved 31.86 lakh cum of excavation and earthwork for 5.58 lakh cum. The increase in the quantity of execution was due to difference between the ground levels recorded at the time of handing over of the alignments to the contractors and that recorded during pre-construction survey and appended to the contracts. This incorrect recording of ground levels by the Engineers in charge at the time of handing over of alignments resulted in extra payment of Rs.9.88 crore to the contractors. No responsibility was fixed on the errant officials (February 2000).

(viii) Extra contractual payments due to unwarranted modification of specifications

Unwarranted modification of specification led to extra expenditure of Rs.61.70 lakh.

Excavation of LBC (from RD 10 to 29.39 km) alongwith construction of village road bridges and crossed drainage (CD) were awarded (May/June 1997) to 4 contractors at a total cost of Rs.23.32 crore for completion by December 1999. The abutments of the bridges and the return/wing walls of the CDs were designed for execution with RR stone masonry involving 10,594 cum. During the course of execution, the masonry works were substituted by the EEs with CC M-10 without approval of competent authority on the ground of failure of the contractors to arrange specified stones and skilled masons to carry out the masonry works. This was not justified as the arrangements of specified stones and masons of appropriate skill were the responsibility of the contractors as per the terms of the agreements and thus unauthorised and irregular change involved extra expenditure of Rs.61.70 lakh. The matter merits investigation.

(ix) Unjustified payment to a contractor

Undue benefit to contractor led to extra liability of Rs.42.46 lakh.

Balance canal excavations of LBC from RD 23 to 26 km., 26 to 29.39 km. and construction of CD at RD 20.888 km including structures between RD 23 to 26 km were awarded (December/June 1997/June 1996) to 2 contractors at a cost of Rs.16.48 crore for completion by December 1999. The contracts stipulated that de-silting and making good the damages due to rain or flood would be at cost and risk of the contractors. Accumulated silt in the canal and structures for the works partly done by the contractors in current and previous

seasons was to be removed without extra payment. The unit rate of excavation was inclusive of the cost for removal of such silt. However, the contractors were unjustifiably paid Rs.42.46 lakh by the EE in violation of contract conditions towards the clearance of slush and muck for 0.41 lakh cum (December 1999) under agreement item/extra item.

(x) Manipulation in the bill of quantities led to extra expenditure

Extra expenditure of Rs.26.23 lakh due to unwarranted provision in the contract.

Technical specifications of the contracts executed during 1997-98 and 1999-2000 for the works of LBC and RBC provided that the cost of back fill of structures was included in the applicable price bid for excavation of foundation of the structures. Despite that, a separate item was included in each agreement for such payment involving 1.03 lakh cum at varying rates between Rs.14 and Rs. 110 per cum which amounted to undue benefit of Rs.26.23 lakh to the contractors for thirteen works, of which Rs.0.63 lakh had been paid in respect of 3 works (February 2000). The matter merits investigation.

(xi) Unauthorised refund of sales tax

Unwarranted clause in the NIT led to extra liability of Rs.4.71 crore.

As per extant orders, deductions of 4 per cent towards sales tax were to be effected from works contracts. Accordingly, the item specifications in the BOQ and conditions of the agreements stipulated that the contractors were to bear the sales tax payable to Government. However, another clause was included in the NIT by the CE providing that the sales tax on completed works was to be reimbursed by the employer to the contractors on proof of payment which was unwarranted. At the instance (June 1998) of Audit, the latter clause was modified in the agreement executed subsequently in March 1999 for execution of RBC from RD 66.25 to 67.90 km. However, this unwarranted clause which stood included in 8 earlier contracts of RBC, involved extra liability of Rs.4.71 crore to the department. As of February 2000, Rs.24.70 lakh was already refunded to a contractor.

(xii) Excess payment due to irregular measurement

Irregular measurement resulted in excess payment of Rs.43.93 lakh.

Contracts for execution of LBC and RBC provided that payments for the earth fill were to be made on level section measurement deducting 2 per cent and 12 per cent from the measurements of compacted and non-compacted zone respectively towards settlement allowance. However, during 1998-2000, the EEs made payments to contractors in respect of 17 works in 3 (Head works, Parjang canal and Rengali Right Canal –IV) divisions without such deductions resulting in excess payment of Rs.43.93 lakh. These amounts were to be recovered from the contractors.

(xiii) Extra expenditure due to unjustified modification in designs

Uncalled for and unauthorised change of design resulted in extra cost of Rs.3.38 crore.

Without approval from the Design Directorate, the CE modified (September 1997) the approved designs (full section) of the RBC to truncated sections. The Chief Construction Engineer/CE, having noticed the design deficiency which would result in inadequate discharge, approved (January/May 1999) excavation of the canal to full designed sections. Accordingly, extra excavations of RBC from RD 00 to 16.90 km and 26.00 to 29.40 km was

under execution from January/December 1999 through 4 contracts finalized on re-tender for completion by December 1999/April 2000 at a total cost of Rs.8.88 crore. The tender for the reach from RD 21.79 to 26.00 km was under acceptance (February 2000). Due to uncalled for and unauthorised change of design to truncated section, execution of works in full section on re-tender resulted in extra cost of Rs.1.59 crore to the department. Due to execution of the canal in truncated section, the excavated areas were deposited with sediments eroded from the side slopes/spoil banks besides perennial flow of water creating pondings. De-watering and removal of silt/slush from the working area involved further extra expenditure of Rs.1.79 crore. No responsibility had been fixed for the extra expenditure.

(xiv) Inadmissible payment towards base stripping

Undue benefit of Rs.89.46 lakh to the contractor.

Technical specifications of the contracts of LBC from RD 35.50 to 55.50 km stipulated for base stripping¹ for the areas for construction of the embankments. The contract rates for earthwork were inclusive of all base stripping works and no extra payment was admissible. Despite the clear contractual provisions, EEs unauthorisedly and irregularly paid Rs.89.46 lakh (June-December 1999) to 6 contractors for execution of base stripping for 1.62 lakh cum and clearing/grubbing of heavy jungles for 8.16 lakh sqm. as of December 1999.

(xv) Avoidable extra expenditure due to execution beyond approved design

Execution of work beyond approved design led to extra expenditure of Rs.15.47 lakh.

Work of excavation of LBC from RD 41.36 to 44.5 km with all structures other than HR & CR was entrusted (December 1997) to a contractor at a cost of Rs.6.11 crore for completion by December 1999. As per the approved designs, the service bank and other bank was to be of 8 metres and 5 metres wide respectively including dowels. But the embankments left and right were unauthorisedly executed by the EE with width 10.25 metres and 7.25 metres respectively without any reason on record. This unauthorised and unwarranted work resulted in additional earthwork of 0.20 lakh cum involving extra expenditure of Rs.15.47 lakh.

(xvi) Unjustified expenditure on consultancy

Infructuous expenditure of Rs.29.25 lakh due to ignoring of geo-technical evaluation.

Although the geo-technical evaluation by the Geological Survey of India indicated (August 1989) that the reach from RD 30 to 31.5 km of LBC was not a good medium for tunneling work, Government decided (May 1997) on the recommendation of the CE for construction of the tunnel. The design, estimate, technical specifications and construction planning for the tunnel were completed (November 1998) through a consulting firm at Rs.15.25 lakh and further expenditure of Rs.14 lakh was incurred by the department for preliminary works of the tunnel. Thereafter, the designs were revised (May 1999) to open excavation on the ground that the reach was not a good medium for tunneling work which rendered the above expenditure of Rs.29.25 lakh infructuous.

¹ Base stripping is the preparation of surface under embankment

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(xvii) Avoidable expenditure due to bypassing the Design Directorate on Survey and Investigation.

Avoidable expenditure/liability of Rs.82.48 lakh due to non-utilisation of available infrastructure.

Department had adequate infrastructure for survey, investigation, drawing and design, monitoring and planning of irrigation projects. Under the RIP, one Design Division with one EE and other technical/survey staff were functioning under the Director of Designs for the purpose. However, 8 agreements worth Rs.82.48 lakh were executed (March 1998 to May 1998) with consultants for compilation of macro planning, survey, investigation, monitoring and planning of irrigation works, preparation of land schedule for acquisition of land, etc. by July 1998. As of November 1999, Rs.26.34 lakh was paid to the consultants for such purposes. The work was incomplete (January 2000). Non-utilization of the available departmental expertise and infrastructure resulted in avoidable expenditure/liability of Rs.82.48 lakh.

(xviii) Extra liability due to entrustment of work to same contractor on re-tender

Extra liability of Rs.35.66 lakh due to entrustment of work on retender.

The excavation works of RBC from RD.00 to 12.25 km was awarded (February 1997) to a contractor for completion by February 1999. The contractor completed the works except from RD 4.40 to 5.02 km by February 1999 at Rs.3.98 crore. The left out portion was not executed on the ground that the villagers in above reach obstructed execution due to delay in disbursement of rehabilitation assistance to them. It was however observed in audit that the left over works were again allotted (May 1999) to the same contractor on re-tender involving extra liability of Rs.35.66 lakh even though the rehabilitation assistance had not been disbursed till then and work could commence without any hindrance. The works were under execution (February 2000).

4.1.13 Mismanagement of stores and costly machinery

Injudicious procurement of machinery /stores.

Without assessing the actual requirement, the department procured/got transferred from Balimela Project different earth moving machinery between 1978 and 1989 at a cost of Rs.5.75 crore. The machinery were utilised only for 4 to 11 percent of their normal working hours (8 hours a day). Moreover, 140 machinery in working condition (value Rs.3.61 crore), 60 others in repairable condition (value Rs.0.51 crore) and 43 machinery in unserviceable condition (value Rs.0.37 crore) were declared (October 1995) surplus by the CE. The machinery were however lying undisposed (February 2000) resulting in blockage of Government money of Rs.4.49 crore. This included pull dumpers and one dozer procured in 1978/1981 at a cost of Rs.34.20 lakh with spares worth Rs.38.44 lakh remaining idle since procurement and finally declared (September 1994) obsolete.

Of the above machinery, ten dozers and two cranes were utilized for 24,722 hours between 1978 and 1998 for the works. Against Rs.2.42 crore recoverable towards hire-charges from the contractors, only Rs.1.42 crore was recovered (February 2000).

Similarly, due to unnecessary procurement, steel, building materials, public health fittings, miscellaneous stores, electrical fittings valued at Rs.2.64 crore

purchased prior to April 1995 and spares of different machinery worth Rs.2.68 crore purchased between February 1981 and March 1996 remained unutilized (February 2000). Physical verification of the items was not conducted since 1985-86. Long storage of the stores and spares led to deterioration rendering them unserviceable and causing loss of Rs.5.32 crore.

The Stores Verification Party of Government verified (August 1984 to May 1985) the ground balances of stores with book balances pertaining to the transactions made during the period from 1978 to 1985 and pointed out (January 1988) shortages, losses and excesses to the tune of Rs.1.72 crore. The Stores and Mechanical division in their compliance note (November 1995) stated that of the discrepancies of Rs.1.72 crore, Rs.19.34 lakh was found short due to negligence attributable to JEs/AEs. No recovery was however effected (March 2000), from any of these negligent officials.

4.1.14 Rehabilitation and Land Acquisition

570 out of 999 families affected by the project yet to be rehabilitated

Two Special Land Acquisition Officer (LAO) and Rehabilitation Officer (RO) with supporting staff were engaged by the Government for the project. But acquisition of land for the project and the resettlement of the displaced persons remained considerably in arrears. 999 families in 39 villages were affected by the project. Government sponsored 6 rehabilitation colonies where only 315 families were resettled. 114 other families re-settled of their own. The remaining 570 families were yet to be settled (February 2000). Similarly, against 7,733 ha of land required for the project, 5,379 ha was to be acquired as of February 2000.

Accounts of advances for Rs.8.25 crore not rendered.

The FA & CAO issued advance of Rs.18.83 crore to the Special LAO & RO (April 1995 to January 2000) for payment of land acquisition charges and rehabilitation assistance. Instead of accounting the advance under "Land Acquisition Suspense" for watching actual receipt of accounts and vouchers, the FA&CAO debited the advance as final expenditure to the Project. Of the same, the Special LAO & RO submitted accounts for only Rs.10.58 crore. No action was taken (February 2000) either for receipt of the vouchers or to get back the advance of Rs.8.25 crore.

4.1.15 Other topics of interest

(i) Avoidable payment due to non-revision of contract demand of energy charges

Non revision of contract demand on actual basis led to avoidable payment of Rs.3.15 crore.

An agreement was entered (January 1983) into by the Project authorities with the erstwhile Orissa State Electricity Board (OSEB) for bulk supply of 900 KW/1000 KVA of power at Rs.1.36 crore per annum for construction of Samal Barrage which provided that the demand was to be in force for a period of 5 years from January 1983 and thereafter could be revised as per actual requirement. The head and appurtenant works of the project was completed in 1994 after which requirement of power for the project was reduced warranting revision of the demand as per actual requirement. However, no action was taken until Government directed (July 1999) to review the contract demand according to actual requirement by de-centralizing the residential and non-

residential portions. Even then the revision was not carried out (December 1999).

Against the original contract provisions for 1000 KVA (900 KW), the actual requirement was 916 KVA (800 K/W) (non-residential consumption 300 KW and residential consumption 500 KW). This reduced demand required payment of Rs.0.73 crore per annum against Rs.1.36 crore being paid resulting in avoidable payment of Rs.0.63 crore per annum. The total avoidable payment since 1995 as of December 1999 amounted to Rs.3.15 crore.

(ii) Sub-standard execution of work

Improper supervision led to sub-standard execution of work valued Rs.88.94 lakh.

Construction of administrative building was completed (December 1998) through a contractor at a cost of Rs.88.94 lakh. The EE noticed (August 1999) execution of sub-standard work resulting in development of cracks in superstructure and on floors. As per the terms of the contract, adherence to the specifications of the contract was the responsibility of the contractor. The Engineers-in-Charge were to ensure such adherence through regular supervision and quality control. The sub-standard execution of work valued Rs.88.94 lakh including departures from the prescribed specification were never pointed out during execution which indicated lack of proper supervision and quality control. Rectification of the defects was yet to be carried out (March 2000).

(iii) Unauthorized execution of work at post tender stage

Unauthorised execution beyond contract quantities.

As per codal provisions, any increase/decrease over/below the schedule of quantities of a contract during execution should be investigated by the department with a view to determining the financial implication of such variations on relative position of tender. Deviations from the nature, specifications and quantity in the agreement required approval prior to payment.

It was observed in audit that excess execution between 9 and 718 percent over contract quantities was got done by EEs in 11 works. The increase was due to (i) inadequate pre-construction survey and investigation, (ii) unauthorized entrustment of additional work, and (iii) change in specification of work during execution. No approval of competent authorities to the deviation in quantity/value/specification was obtained. The result was unauthorized execution of work involving payment of Rs.14.65 crore (Appendix-XXX).

4.1.16 Monitoring and Evaluation

A monitoring cell was functioning since the inception of the project under the charge of Assistant to CE to monitor the progress of execution of the project. Despite massive cost and time overrun in the project, no attempt was made to ensure effective functioning of the cell and reports on monitoring and evaluation were not submitted to the project authorities or to Government.

4.1.17 Conclusions

The review revealed widespread mismanagement and violation of norms in evaluation/acceptance of bids involving the project executives as well as the decision-making levels in Government resulting in huge losses, excess/undue payments, and avoidable/unauthorised expenditure to the State exchequer. There was a clear trend of favouring OCC in execution of works at the cost of efficiency, economy and effectiveness in project execution. Though water was impounded for irrigation, only 650 ha could be covered in irrigation by 1999 against the targeted 2.36 lakh ha despite investment of Rs.657.63 crore. The viability and effectiveness of the project was never monitored although the project had established specific monitoring cell for the purpose and the Benefit Cost Ratio (BCR) dropped from 3.58 (1979) to 0.46 (1994) rendering the project unviable.

It was evident that immediate steps were required by Government to fix responsibility for the lapses and irregularities pointed out in audit as well as to review and ensure the economic viability of the project. Administrative expenditure had also to be curtailed and brought down to the prescribed norm and the system of survey and investigation strengthened.

Though the audit review was issued to Government in May 2000, followed by reminders in June 2000 and September 2000, Government failed to respond and indicate any corrective action (January 2001).



SECTION - B

FINANCE DEPARTMENT

4.2 Misuse of LOC system

In April 1968, Government introduced the system of provision of funds through Letter of Credit (LoC) for Public Works Departments (PWD), (Water Resources, Rural Development, Works and Housing & Urban Development) to regulate flow of expenditure for works and to guard against excess expenditure over budget allotment as well as creation of unnecessary liabilities. Under this system, the budget provision is intimated to the PWD after passing of the Budget by the State Legislature. The department thereafter indicates to the Finance Department the month-wise requirement of funds for which LoC should be authorised in favour of each Chief Engineer (CE). Based on such advice, the Finance Department authorises monthly limits of LoC to the CEs concerned and endorses copies of the LoC allotment orders to the Secretary of the administrative departments to enable the latter to monitor

progress of expenditure against the budget provisions. Public Works Rules stipulate that no work should be taken up unless administrative approval and technical sanction to the estimates is obtained and provision of funds made in the departmental budget.

A review of the provision of funds and expenditure for the period 1996-99 relating to 54 Divisions in 5 departments¹ revealed that Divisional officers in fifty divisions created unnecessary liabilities on account of works expenditure including commitment for purchases aggregating to Rs.37.81 crore upto March 1999 due to inflated requirements, non-adherence to financial rules as well as the Orissa Public Works Department Code, execution of unauthorised works and abuse of the LoC system by mismanagement of available resources. Despite introduction of LoC system, there was no effective control as excess expenditure could be made beyond budget provision through the manipulation of Miscellaneous Public Works Advance.

The period of pendency of these liabilities ranged from 1 to 21 years in 50 divisions as of March 2000. The magnitude of these liabilities could be appreciated from the fact that liability of Rs.23.56 crore created during 1996-99 constituted nearly 10 per cent of the total expenditure of the concerned departments as shown below:

Department (No of divisions in bracket)	Liabilities as on 31 March 1999	Works expenditure (1996-99)	Liabilities created 1996-1999	Percentage of liabilities to the works expenditure
(R u p e e s i n c r o r e)				
Water Resources (29)	23.29	175.84	13.37	8
Works (8)	6.67	60.60	4.77	8
Rural Development (9)	7.24	40.51	4.81	12
Housing & Urban Development (4)	0.61	Not available	0.61	
Total	37.81		23.56	

Vide details in Appendix-XXXI

The causes and impact of these undischarged liabilities are discussed in the following paragraphs.

4.2.1 Lapse of funds due to delay in closing the account of contractors

Rules require that the accounts of a contractor should be closed as soon as his contract is completed. Scrutiny disclosed that liabilities of Rs.1.23 crore accumulated in Jonk Canal Division during 1998-99 on account of non-recording/non-finalisation of measurements in respect of 13 works for periods ranging from 1 to 10 months. The delay was due to non-finalisation of connected graph sheets by Junior Engineer/Sub-divisional Officer and the EE and rectification of defects in execution by the contractors. Consequently, Rs.1.23 crore would have to be provided for in subsequent years thus adversely affecting the funds position for ongoing projects. The divisional

Liabilities of Rs.2.19 crore remained undischarged due to delay in completion of procedural formalities.

¹ Water Resources (30), Rural Development (10), Works (8), Housing and Urban Development (4), Fisheries and Animal Resources (2) and one Engineer-in-Chief (EIC), Water Resources, and five Chief Engineers (CE), Roads, Buildings, Rural Works, Rural Water Supply and Sanitation and Public Health

officer did not utilise its total allotment of Rs.3.89 crore for 1998-99 and surrendered Rs.0.29 crore which could have been utilised to reduce the pending liabilities.

Similarly, as the EEs and the CE failed to pursue and obtain/sanction to deviations/extension of time, liabilities aggregating to Rs.0.96 crore against 35 works in 11 divisions² remained undischarged for 1 to 17 years (Appendix-XXXII). Had timely action been taken, those liabilities could have been avoided.

4.2.2 Non-utilisation of available funds

Liabilities of Rs.1.13 crore remained undischarged despite savings of Rs.10.49 crore in 6 Divisions.

(a) Thirteen divisions of Water Resources (11) and Works (2) Departments spent excess amounts of Rs.2.63 crore in execution of 851 works. Since there was no specific allotment of funds, such excess expenditure created unnecessary liability for those works to that extent. Scrutiny revealed that Divisional Officers of 6 divisions which had created liabilities of Rs.1.13 crore in execution of 178 works during the period 1996-99 surrendered Rs.10.49 crore of budgeted funds allotted to them during the same period (vide Appendix-XXXIII). Had the savings been utilised to discharge the pending liabilities through re-appropriation, those liabilities could have been avoided.

(b) Four EEs surrendered allotments totalling Rs.1.78 crore without seeking re-appropriations of funds though payments made through Miscellaneous Works Advance (MWA) were lying unadjusted for want of allotment as shown below:

Name of the Division	Year	Total allotment	Amount surrendered	Liabilities for want of allotment	Payments charged to MWA for want of allotment
(Rupees in crores)					
1 Raygada(R&B)	1998-99	2.49	1.45	-	0.01
2 Bhadrak(R&B)	1998-99	3.07	0.24	0.07	1.32
3 Bolangir(R&B)	1998-99	3.64	0.04	0.04	0.22
4 Jajpur Irrigation	1997-98	3.60	0.05	-	0.20

The EEs justified the surrenders on the ground of receipt of allotment at the fag end of the year. This was not tenable since such late allotments could have been re-appropriated to the heads where it was necessary to avoid/adjust liabilities under MWA. Neither the EEs who created these liabilities proposed re-appropriation nor the Superintending Engineer (SE)/CE who recommended/accepted surrenders initiated any action in this regard.

² Departments of Water Resources (9), Rural Development (1) and Works (1)

4.2.3 Mismatch between Budget Estimates and LoC

Non-issue of LoC amounting to Rs.24.15 crore despite adequate Budget Provision.

In 44 Divisions³, though necessary budget provisions existed during 1976-77 to 1998-99, payment of Rs.24.15 crore could not be made in respect of 5,872 works for want of LoC for which the administrative department had approached the Finance Department.

There was mismatch between budget provision and LoC as depicted below:

	Water Resources Department			Rural Development Department			Works Department			Housing and Urban Development Department		
	1996-97	1997-98	1998-99	1996-97	1997-98	1998-99	1996-97	1997-98	1998-99	1996-97	1997-98	1998-99
	(R u p e e s i n c r o r e)											
Net Allotment (Allotment minus percentage charges)	104.37	146.74	134.84	34.28	40.56	35.46	49.27	50.56	45.53	21.67	18.03	54.34
LoC received	91.64	127.05	114.25	31.16	36.84	34.33	47.00	42.36	43.10	17.37	9.83	51.62
LoC short received	12.73	19.69	20.59	3.12	3.72	1.13	2.27	8.20	2.43	4.30	8.20	2.72
Percentage of the shortfall	12	13	15	09	09	03	05	16	05	20	45	05

Shortfall of LoC to allotments ranged from 3 per cent to 45 per cent leading to accumulation of liabilities of Rs.22.95 crore.

The percentage of shortfall of LoC to the allotments against approved original/repair works ranged from 3 per cent to 45 per cent resulting in accumulation of liabilities of Rs.22.95 crore in 28 divisions. In case, actual availability of funds was falling short of the budgetary allotment for which LoC could not be authorised. Finance Department should have made suitable budget cuts well in advance thereby avoiding liabilities due to expenditure as per the allotments. However, lack of any action on the part of either the administrative department or the Finance Department led to the mismatch between allotments and issue of LoC and creation of the undischarged liabilities.

4.2.4 Release of LoC in excess of allotment/without allotment

Release of LoC amounting to Rs.1.91 crore in excess of or without allotment.

During 1998-99, CE, Minor Irrigation released LoC for Rs.2.51 crore in favour of the EE, Minor Irrigation Division, Keonjhar against an allotment of Rs.0.60 crore for the work "Construction of Kukudiamba Minor Irrigation Project". CE.MI stated (July 2000) that LoC had been released in excess of the allotment in order to maintain the progress of work under NABARD assistance and to avoid escalation claims by the contractor anticipating additional funds at supplementary stage which did not ultimately materialise. But CE did not furnish any reply regarding the source from which the excess LoC was diverted. It was further noticed that out of Rs.2.51 crore, LoC of Rs.1.18 crore was released by CE for payment to specified contractors which was unusual since LoCs are normally not to contractor-specific. Thus funds were diverted to favour specific contractors.

³ Departments of Water Resources-26, Rural Development-9, Works-8, and Housing and Urban Development-1

Similarly, CE, Roads released LoC of Rs.8.10 crore in favour of Khurda R&B Division for construction of five Bridge works under State plan whereas budget provision (Rs.6.50 crore during 1998-99) existed for only one work viz; construction of high level bridge over river Mahanadi at Sidhamula in Nayagarh District. The EE also incurred an expenditure of Rs.11.51 crore for all five bridges by charging expenditure in excess (Rs.5.01 crore) of allotment to MWA. The CE stated (July 2000) that his proposals seeking allotment in 1998-99 to clear outstanding under MWA were not approved by the Government. During 1999-2000, liabilities for Rs.1.75 crore accumulated for want of LoC.

4.2.5 Misuse of the provision of Miscellaneous Public Works Advances

According to the Public Works Accounts, no charges should be debited to the suspense head "Miscellaneous Works Advances" on the ground of absence or insufficiency of sanction or appropriation. Scrutiny revealed that 24 EEs resorted to executing works and making payments to the executing agencies by charging expenditure of Rs.17.47 crore to "Miscellaneous Works Advances" though sufficient funds were not available. This expenditure remained unregularised as of February 2000 (Appendix-XXXIV). Of this, liabilities of Rs.9.31 crore (viz. 53 per cent) were created in 1998-99 by 5 divisions alone⁴. This was rendered possible due to issue of LoC by the CEs concerned in excess of allotment to 4 divisions during 1998-99 and diversion of LoC earmarked for other works.

4.2.6 Release of LoC for unapproved works

During 1995-96 to 1998-99, LoC for Rs.23.15 crore was released by Engineer in Chief (EIC), Water Resources Department for 22 works executed by 4 EEs of Water Resources Department without administrative approval (Appendix-XXXV) while LoC was not made available to the EE, Minor Irrigation Division, Rayagada for execution of the work "Renovation to Sitarampur MIP" which had been administratively approved (December 1994) for Rs.49.38 lakh and awarded to the contractor in 1995-96 at Rs.30.05 lakh for completion by 3 February 1997. Consequently, the contractor stopped the work on 30 June 1997 primarily because of inadequate release of funds and delay in payments. During the years 1995-96 to 1998-99, allotment of Rs.13.21 lakh was provided for the work and the contractor was paid Rs.5.59 lakh (May 1997) as against the work executed valuing Rs.7.46 lakh. The total expenditure on the work as of March 1999 was Rs.14.31 lakh. Closure of his contract was pending at CE's level as of December 1999. Thus, non-release of sufficient funds resulted in not only the expenditure of Rs.14.37 lakh (August 1999) being rendered idle but also non-achievement of the targeted ayacut of 123.29 ha.

⁴ Khurda (R&B):Rs. 5.01 crore Public Health Maintenance Division No.1, Bhubaneswar:Rs.2.05 crore RWSS (Mech), Bhubaneswar:Rs.0.60 crore, Public Health Division No.1, Cuttack:Rs.1.31 crore and General Electrical Division No. 1, Bhubaneswar:Rs.0.34 crore.

Irregular debits of Rs.17.47 crore to suspense head "Miscellaneous Works Advances".

LoC for Rs.23.15 crore released for unapproved works to the detriment of work on approved projects.

4.2.7 Unauthorised diversion of LoC by CE/EIC

Unauthorised diversion of LoCs amounting to Rs.4.57 crore.

A major weakness which afflicted the functioning of the LoC system was that the CEs would divert LoC meant for one head/scheme/work to another without regard to the LoC authorised by the Finance Department. A few instances are given below:

Controlling Officer	Year	Head/Scheme for which LoC authorised by Finance Department	Head/Scheme to which diverted		
			(Rupees in crore)	(Rs. in crore)	
CE, Lower Mahanadi Basin	1996-97	4711-COL on Flood Control and Drainage-State Plan-State Sector			(i) 2711- Flood Control and drainage-01-Flood control 0.60
		01. Flood Control	0.60	1.10	(ii) Anti-Sea Erosion 0.30
		02. Anti-sea Erosion Project	0.30		(iii) 2711-Major and Medium Irrigation-01-Major Irrigation (Commercial) 1.10
		03. Drainage	0.20		(a) 105-Delta Irrigation 0.10 (b) 106-Delta Irrigation-Stage-II 0.10
	1997-98	4711-COL on Flood Control and Drainage-State Plan-State Sector			4701-M&M Irrigation- State Plan- State Sector
		01. Flood Control	0.70	1.00	01-Major Irrigation (Commercial) 1.00
		02. Anti-sea Erosion Project	0.30		339 Other pipeline projects Pipeline Project (NABARD Assistance) Rural Infrastructure Development Fund..
	1998-99	4711-COL on Flood Control and Drainage-State Plan-State Sector			4701-M&M Irrigation- State Plan-State Sector- 01-Major Irrigation (Commercial)-800 other execution of creek irrigation project 0.21
		01. Flood Control	0.11	0.21	
		02. Anti-sea Erosion Project	0.10		
EIC, Water Resources	1998-99	2701-M&M Irrigation-Non-Plan-80-General, 052 Machinery and Equipment	0.10		(i) 4701-COL M&M Irrigation-State Plan- State Sector-03- Medium Irrigation (Commercial)-393- Water Resources Consolidation Project 1.96
		(ii) 4701 M&M Irrigation- State Plan-State Sector-80-General-004-Research-Irrigation Research Institute	0.06	2.26	(ii) 4701 COL on M&M Irrigation-State Plan- State Sector-03-Medium Irrigation (Commercial)-392 Hydrology Project 0.30
		(iii) 4701 M&M Irrigation- State Plan-State Sector-80-General-004-Research-Dam Safety Assurance and Rehabilitation Project (DSARP).	2.10		
		Total		4.57	

EIC stated (December 1999) that Government authorised inadequate LoC and hence they resorted to diversions to meet the actual requirements. The reply of EIC was not tenable as he was not authorised to divert LoC issued for a particular work without referring to the Finance Department. Further, the Administrative Department did not review the utilisation of LoC against each scheme as was required under the guidelines of the Finance Department.

4.2.8 Fictitious adjustment of allotments

Fictitious adjustment of allotments of Rs.10.95 crore.

Instead of surrendering unutilised allotments for Rs.2.11 crore received for expenditure on works during 1998-99, the EEs of Berhampur P.H.Division (Rs.1.44 crore) and Balasore R&B Division (Rs.0.67 crore) booked Rs.2.11 crore in divisional accounts by debiting the works concerned and crediting "Public Works Deposit - Miscellaneous Deposits" and exhibited the allotment as expended. Such fictitious adjustment imposed a burden on the Government to release funds subsequently to utilise the blocked allotments. Further, no work was actually executed though expenditure was booked against the work.

Further, Divisional Officers in 42 divisions⁵ incurred expenditure of Rs.8.84 crore by inflating the value of works done and measured and booked them to the works concerned by credit to "Public Works Deposits-Miscellaneous Deposits". Thus the allotments were shown to be utilised though payments were not made for want of LoC.

4.2.9 Rush of award of works at fag end of the year without provision of funds

Creation of liabilities of Rs.1.75 crore due to indiscriminate launching of works at fag end of year.

As per the codal provisions, no work should be commenced or liability incurred without provision of funds. During the years 1996-97 to 1998-99, seven Divisional Officers concluded 5,057 contracts mostly for repair and maintenance works valuing Rs.43.22 crore during the last quarter (January to March) without regard to availability of funds. Due to such indiscriminate launching of works, liability of Rs.1.75 crore was created for works done and measured which could not be paid for want of funds (December 1999).

The value of contracts concluded at the fag end of the three years formed 48 *per cent* of the aggregate value of contracts concluded during the entire period while the resultant undischarged liabilities of Rs.1.75 crore formed 4 *per cent* of the value of last quarter contracts (Appendix-XXXVI). No action was initiated by the CE/Government for arresting such irregular practice (February 2000).

⁵ Water Resources (25), Rural Development (7), Works (8), and Housing and Urban Development (2).

Government revenues/dues amounting to Rs.1.65 crore remained blocked due to non-payment of contractors' bills.

4.2.10 Deferred recoveries

A direct consequence of non-payment of bills of contractors was accumulation of deferred deductions. Government dues of Rs.1.65 crore towards Income Tax (Rs.0.35 crore), Sales Tax (Rs.0.29 crore), royalty on minor minerals (Rs.0.13 crore), cost of Government materials supplied to contractors for use in work (Rs.0.73 crore) and hire charges of machinery (Rs.0.15 crore) remained blocked due to non payment of unpaid bills totalling Rs.26.58 lakh in 38 divisions.

Conclusion

The LoC system proved vulnerable to manipulation. Budgetary control was subverted by CEs and other officers for patronising selected divisions and contractors leaving scope for malpractice. Despite the controlled release of funds through LoC, liabilities were incurred by the Divisional offices in blatant disregard of actual budget allotments. Savings were not re-appropriated in a timely fashion to ensure optimum utilisation of available resources. Further, LoCs released often bore little relation to the actual allotments, and the funds released through LoCs were diverted to other works. As a result, liabilities of the departments increased from Rs.12.30 crore in 1996-97 to Rs.37.81 crore in 1998-99 in the 50 divisions test checked in audit.

No systematic review was conducted of the pending bills and liabilities nor were proposals framed by the Public Works Department for provision of funds for their progressive elimination.

Recommendations

- Issue of LoC should be linked with progress of expenditure as per earlier release of LoCs.
- The Finance Department/Administrative Department should develop adequate systems and controls to monitor utilisation of LoCs against the specific works. There should be a suitable mechanism to watch that expenditure conformed to LoC issued.
- There should be a systematic review of pending bills and liabilities by the department and this should be linked to the demand and release of funds. The opportunity for incurring unauthorised liabilities by the divisional officers need be curbed through strengthening of existing controls and ensuring compliance of codal provisions.

The matter was reported to the CE/Government in January 2000; their reply had not been received (January 2001).

FISHERIES AND ANIMAL RESOURCES DEVELOPMENT DEPARTMENT

4.3 Infrastructure for fishing idling for years

Inordinate delay in finalisation of modalities for transfer of fishing harbours, Fish Landing Centres and Jettys to FISHFED resulted in Rs.19.97 crore spent on these constructions lying idle for 2 to 6 years.

With a view to providing infrastructure required by fishermen to increase fish production and simultaneously augment revenue to the State, the EE Fishery Engineering Division, Bhubaneswar, constructed 2 fishing harbours, 9 Fish Landing Centres and 2 Jettys in 6 districts² of the State between 1993-94 and 1997-98 at a cost of Rs.19.77 crore under the Centrally sponsored scheme of Small Landing and Berthing Facility. These fishing structures were expected to achieve an estimated annual fish production of 20,723.80 tonnes and fetch an annual revenue of Rs.5.18 lakh to the State. Though these structures were required to be handed over by the EE to the Director of Fisheries immediately after completion for use by the fishermen, this was not done. The EE also spent Rs.20.20 lakh on repair and maintenance of structures between 1995-96 and 1998-99. Government directed (July 1998) Director of Fisheries to formulate the terms and conditions of transfer so as to hand over the structures which were ready in all respects, to an apex co-operative body of fishermen (FISHFED). However, the same has not been done as of February 2000. In the meanwhile, the Super Cyclone of October 1999 caused extensive damages to these structures and an estimated amount of Rs.1.92 crore was reportedly (December 1999) required for the restoration works which were yet to be sanctioned by the Government (March 2000).

Thus, inordinate delay of over 2 to 6 years in transfer of the structures rendered the expenditure of Rs.19.97 crore unfruitful and deprived the fishermen of the facilities besides causing loss of revenue to the State.

The matter was referred to Government in May 1999; their reply had not been received (July 2000).

² Puri, Ganjam, Kendrapara, Balasore, Jagatsinghpur and khurda.

4.4 Extra contractual benefits to a contractor

Rupees 74.91 lakh was paid towards carriage of 1.82 lakh cum of excavated earth by mechanical means though this was actually executed manually.

Construction of civil and electro-mechanical works of the Jagatjore-Banapada Shrimp Culture Project was awarded by EE Fishing Engineering Division, Bhubaneswar, to a firm in January 1995 for Rs.18.10 crore for completion by November 1996. According to the technical specification and bill of quantities of the contract, the item "construction of Periphery Bund/embankments" was required to be executed by carrying the excavated earth manually from canals, ponds etc. The item rate included excavation, hauling, laying and compacting of embankment materials etc. and no extra payment other than the item rate was payable for hauling of earth in any part of the work. The agreement envisaged execution of earthwork for 5.74 lakh cum. for construction of periphery bund/embankment at the finished item rate of Rs.40.00 per cum. After commencement of the work, the Supreme Court imposed (March 1995) restrictions on the construction work in Coastal Regulation Zone (CRZ) which limited the area of operation of the project necessitating change of drawing/design and the revision of the estimate (October 1998).

Check of records of the EE Fishery Engineering Division, Bhubaneswar, revealed (November 1998/February 2000) that the contractor executed earth work of 4.19 lakh cum. with manual carriage as per measurements recorded in the Measurement Book (MB), check-measured and billing made. The contractor also received payments of Rs.1.68 crore as of September 1998 at his agreement rates without any reservation. Subsequently, the estimate was revised (October 1998) envisaging, inter alia, mechanical transportation of excavated earth for 2.87 lakh cum. It was observed that the contractor was paid (February/March 2000) further amount of Rs.84.70 lakh as extra item towards mechanical carriage of 2.12 lakh cum. under separate entries in the MB made between November 1998 and February 2000 that too without any supplementary agreement even though he had executed earth work of only 0.30 lakh cum. between September 1998 and March 2000 for construction of periphery bund/embankment. Thus, he was paid of Rs.74.91 lakh towards mechanical carriage of 1.82 lakh cum. from out of 4.19 lakh cum though no mechanical carriage was involved as these quantities of work were already measured and paid (September 1998) as manual carriage.

Government stated (July 2000) that limitation of the area of operation involved mechanical transportation of the excavated soil. The reply was not tenable since the payment was made at mechanical rates for the work already executed by manual means. The amount is liable to be recovered from the contractor.

RURAL DEVELOPMENT DEPARTMENT

4.5 Non-completion of a bridge for want of funds

Department failed to pay the contractor for a relatively small amount even while they surrendered large amount of budgeted funds.

With a view to providing an all-weather communication link to the people of eleven panchayats of Marshaghai Block in Kendrapara district, work of "Construction of a high level bridge over river Luna on Gopa-Kalapada road" was awarded to Orissa Bridge and Construction Corporation (OBCC) in May 1989 at a cost of Rs.7.75 crore for completion by June 1996.

After executing work valued Rs.1.48 crore upto June 1994, OBCC abandoned the work due to inadequate payment and requested (September 1997) that the contract should be withdrawn from them as they were incurring expenditure on idle staff and machinery without sufficient work. They were paid Rs.1.42 crore as of June 1994 including cost of departmental materials supplied (Rs.11.12 lakh).

Check of records of EE Rural Works Division Kendrapara (March 1999/2000) revealed that allotment of only Rs.1.46 crore was provided during 1990-91 to 1995-96 against value of work of Rs.7.75 crore. However, during these years, budgetary provisions of Rs.22.23 crore in the Rural Development Department lapsed and Rs.97.10 crore was surrendered during 1990-91 to 1995-96 under Capital Account of the Grant administered by the department. Evidently, department failed to utilise the savings within the grant by re-appropriation for funding the ongoing project(s).

Pending closure of the contract of OBCC, the balance work was estimated at Rs.8.82 crore and awarded (January 2000) to another firm at a cost of Rs.9.19 crore under financial assistance by NABARD stipulating completion by 2003 and involving an extra liability of Rs.2.92 crore at tender stage.

Government stated (June 2000) that OBCC left the work in incomplete shape due to inadequate flow of funds and abnormal hike in the rates of material and labour. The reply, however, fails to explain why the department could not provide for funds for the project even while they were surrendering large amount of funds.

4.6 Bridge work lying incomplete since 1995

Unfruitful expenditure of Rs.74.73 lakh due to lack of proper planning in execution of the work.

To provide all-weather communication facility between the thickly populated areas of Allailo and Rajagarh Panchayats and the Block headquarters at Mahakalpada in Kendrapara District, work of construction of a high level bridge over river Dead Luna on Allailo-Mahakalpada road was awarded (December 1988) to a contractor for Rs.24.04 lakh by EE Kendrapara Express Way Division against estimated cost of Rs.34.18 lakh for completion by June 1990. Based on the site conditions execution of additional quantities and extra items of work were necessitated and a supplementary agreement was executed (February 1991) with the contractor revising the contract value to Rs.61.65 lakh re-scheduling the completion to April 1993. The work was transferred to the EE, Rural Works (RW) Division, Kendrapara who submitted (July 1993) a revised estimate for Rs.1.55 crore due to revised Agreement value and hike in cost of materials and labour which was pending sanction (January 2001).

The contractor, after executing work valuing Rs.42.54 lakh, stopped work (June 1994) as the bridge site was not accessible on account of non-acquisition of land and irregular and insufficient supply of departmental materials. Thereafter Government, on the recommendation (November 1994) of the Chief Engineer, Rural Works (CE, RW), closed (February 1995) his contract without penalty. The contractor was paid (December 1995) Rs.58.71 lakh including escalation.

Since no further funds were provided thereafter, the bridge remained abandoned from June 1994. Thus, lack of funds, poor pre-construction survey and investigation and failure to acquire land not only led to estimated cost overrun of Rs.1.21 crore (Rs.1.55 crore-0.34 crore) but also rendered the expenditure of Rs.74.73 lakh unfruitful.

Government stated (January 2001) that steps have been taken to allocate funds for the purpose and tender for the balance work, have been invited. However, the dates on which the tenders had been invited was not informed.

WATER RESOURCES DEPARTMENT

4.7 Undue benefit to a contractor

Payment at different rates for similar nature of work made possible due to manipulation of contract condition resulting in avoidable excess payment of Rs.1.12 crore to contractor

An agreement executed in February 1996 for the work "Treatment to crest including surface drainage arrangement of Sorada Dam" provided, inter alia,

for "supplying and spreading semi-permeable material of approved specification on compacted surface of the earth dam and dyke for filter blankets including dressing the surface, watering and ramming and transportation by mechanical means" for 1.78 lakh cum at the rate of Rs.101 per cum (item 2). The work was completed in August 1998 and the contractor was paid (March 1999) Rs.2.14 crore towards 2.11 lakh cum executed in respect of above item of work.

Scrutiny of records of the EE Dam Safety Assurance and Rehabilitation Project (DSARP) Division No.II, Sorada (October 1999) revealed that item 2 in the estimate sanctioned (September 1995) by the CE Medium Irrigation II was "supplying and spreading gravel, semi-permeable material of approved specification on compacted surface etc. and transportation by mechanical means etc." at the estimated rate of Rs.91 per cum, taking into account the cost of royalty of Rs.5 applicable for gravel which was a minor mineral. The words "semi permeable materials" were incorporated in hand, after the word 'gravel' in the estimate. However, in the tender schedule prepared by EE, Bhanjanagar Irrigation Division and approved by CE, Medium Irrigation-II and subsequently in the agreement, the word 'gravel' was omitted and only supplying and spreading of semi-permeable materials etc. was mentioned.

The material actually used by the contractor in the execution of item 2 was only ordinary earth as classified (August 1998) by the CE and Basin Manager, Rushikulya, Vansadhara Nagabali Basin and the Superintending Engineer, DSARP, Bhanjanagar and the royalty (Rs.11.11 lakh) withheld from the running bills of the contractor was released to the contractor by the EE in March 1999. Evidently, the contractor had supplied and spread ordinary soil brought from the borrow area belonging to the Department. The agreement had provided rate of Rs.48 for similar item of work, viz. excavation in approved type of soil from approved borrow area etc. transportation by mechanical/manual means etc. laying in layers etc.

However, the EE allowed payment to the contractor at the agreement rate of Rs.101 per cum for item No. 2 instead of at Rs.48 per cum admissible for item 6 though the nature and manner of execution of both items 2 and 6 were the same. Due to this action of the EE, the contractor was allowed extra benefit of Rs.1.12 crore.

Thus, due to unauthorised exclusion of the word "gravel" from the tender schedule and agreement by the EE/CE and payment at different rates for similar nature of work, the Government made an avoidable excess payment of Rs.1.12 crore to the contractor. In view of the peculiar circumstances of the case, possibility of malpractice cannot be ruled out.

Government stated (September 2000) that the semi-permeable material was used on pervious foundation of earth dam as filter material and was different from the earth used in rest of the portion of the dam. The reply was not tenable since during actual execution, ordinary soil from departmental borrow area was supplied and used by the contractor. The matter calls for investigation.

4.8 Avoidable extra liability due to award of work before physical possession of land

Extra liability of Rs.27.60 lakh was incurred on re-tender due to award of work before physical possession of land and misinterpretation of escalation provision.

The Orissa Public Works Department Code prohibits a Divisional Officer from starting any work unless physical possession of the land has been received from the Land Acquisition Officer (LAO).

Scrutiny of the records of EE, Baghua Irrigation Division No.I disclosed that the work of "Excavation of Right Main Canal of Baghua Medium Irrigation Project from RD 2550 to RD 3700 metre" was awarded to a contractor in April 1994 at a cost of Rs.56.96 lakh for completion by April 1995. However, the contractor could not proceed with execution of work due to obstructions created by the landowners on the ground of non-receipt of compensation towards standing trees. The work could be resumed only in January 1995 after the LAO disbursed compensation for trees. After executing work worth Rs.34.82 lakh, the contractor stopped (April 1996) further execution pending sanction of extension of time and incorporation of price escalation clause in the agreement. He also requested (September 1996) for enhancement of his rates for the balance work by at least 70 *per cent* on the ground of the delay in making available trouble-free land. Instead of considering grant of escalation benefits in accordance with extant terms of contract, the EE asked the contractor to execute the work with only extension of time. As the contractor failed to respond, CE Rushikulya-Vamsadhara-Nagavalli (RVN) Basin, closed the contract in February 1997 without penalty holding the contractor not responsible for delay.

On re-tender, the left over work valuing Rs.22.08 lakh was awarded (January 1998) to another contractor at Rs.49.68 lakh for completion by December 1999 with extra liability of Rs.27.60 lakh. The work was in progress as of December 1999.

Government stated (October 2000) that there was no price escalation clause under the agreement and the request of the contractor for insertion of such a clause was not agreed to in the absence of any such stipulation under the agreement. The reply was not tenable since the contractor was entitled to escalation payments in terms of clause 121(e) of the Detailed Tender Call Notice (DTCN) which formed part of the contract read with Works department order No.22874 dated 24 October 1992.

4.9 Extra expenditure due to irregular rejection of lowest tender

Unjustified rejection of lowest tender resulted in extra expenditure of Rs.61.82 lakh in execution of a Minor Irrigation Project.

Nine valid tenders were received (January 1996) from special class contractors for the work of "Construction of Kusumijore Minor Irrigation Project (M.I.P) in Nawarangpur district" for amounts ranging between Rs.1.04 crore and Rs.1.90 crore. While 4 tenders were lower than the estimated cost (Rs.1.24 crore) by 15.49 to 1.14 *per cent*, the other 5 were above the estimated cost ranging from 4.38 to 53.70 *per cent*

Based on the recommendation (February 1996) of the SE and taking into consideration the financial and technical capability and past performance of the firms, the CE Minor Irrigation (MI) recommended to the Government the lowest tender for Rs.104.38 lakh (15.49 *per cent* below the estimated cost) for approval. The Tender Committee (TC) while concurring (May 1996) with the recommendation of the CE, suggested, as a precaution, withholding of 15 *per cent* of the value of work executed from each running account bill to ensure satisfactory completion of work. Government, however, returned (June 1996) the tenders to the CE and directed him to re-examine the proposal and select a suitable agency with good record of performance offering workable rates since bidders quoting such low rates might not be able to complete the work in time as it was located in a remote locality.

In pursuance to Government instructions, the CE asked (June 1996) the 5 tenderers whose rates were above the estimated rates to extend their validity period and negotiate the rates through their earnest money deposits (EMD) had been refunded after expiry of the validity period of tenders. In response, only the first and the second highest tenderers extended the validity of their tenders and furnished fresh EMD and negotiated (September/August 1996) the rates to Rs.182.76 lakh and Rs.183.15 lakh against original offer of Rs.189.84 lakh and Rs.184.44 lakh respectively. The CE recommended afresh the rate of Rs.182.76 lakh of the highest tenderer (Suryanani Construction Private Ltd.) for consideration by TC/Government. The TC viewed (October 1996) the negotiated tender at Rs.182.76 lakh to be on higher side as it was 20.48 *per cent* excess over the prevailing market rate (Rs.151.69 lakh) and recommended (October 1996) award of the work to the highest tenderer at Rs.159.28 lakh being 5 *per cent* excess over prevailing market rate, which was approved (November 1996) by the Government and the work was awarded (February 1997). The work was completed in June 1998 at a cost of Rs.167.97 lakh. Had the work been awarded to the first lowest valid tenderer, the work with the quantities actually executed would have been completed at a cost of Rs.106.15 lakh.

Rejection of the lowest valid offer who fulfilled all the bid criteria lacked justification since the lowest contractor had executed ten MIPs worth Rs.351 lakh in the past in the State and had also completed (August 1995) another work worth Rs.125 lakh in Upper Kolab Project which was near to the

project site under the same department. Further, ignoring the other lowest tender also was unjustified. This unjustified rejection of the lowest valid tender and other tenderers who offered lower bids than the estimate resulted in extra expenditure of Rs.61.82 lakh at the award stage.

The matter was referred to Government in December 1999; their reply had not been received (January 2001).

4.10 Avoidable extra expenditure due to unauthorised deviation in approved design

Unauthorised deviation in the approved design of the dam height by CE led to extra liability of Rs.1.63 crore.

Mention was made in para 4.15 of Audit Report (Civil) for the year ended 31 March 1999 of avoidable extra expenditure of Rs.73.68 lakh due to allowing higher rates to the contractor through supplementary agreement for extra quantities involved in execution of the entire length of the dam of Manjore Irrigation Project in truncated section. Further scrutiny in audit revealed the following:

While the work was in progress, the Engineer-in-Chief (EIC), Planning & Design (P&D) observed (May 1999) that the truncated section of the dam was constructed adopting Top Bank Level (TBL) at RL 116.50 metre as decided by the CE of the Project against the approved designed section of RL 119.10 metre. He observed that unless the dam was built up upto RL 119.10 metre, the designed irrigation could not be provided. Consequently, the CCE proposed (August 1999) to entrust the additional work of earth dam raising TBL to 119.10 M to the same agency for Rs.10.01 crore raising the contract value to Rs.20.47 crore, which was approved (September 1999) by the Government.

Check of records (November 1999) revealed that higher rates demanded by the contractor were allowed (September 1999) by the Government in respect of 3 items of the additional works although as per the undertaking furnished (23 August 1996) by the contractor he was to execute the truncated section for entire length of the earth dam without claiming any extra rate. Computed with reference to the supplementary agreement, the execution of increased quantities resulted in an extra liability of Rs.1.63 crore to the department due to unauthorised deviation by the CE of the project from the approved designed section of the dam with TBL at 119.10 metre. No responsibility for deviating from the approved design of the truncated section of dam height was fixed though recommended by the Tender Committee.

The EE Manjore Irrigation Division stated (November 1999) that the designed TBL was reduced by the CE due to constraints of funds which was not tenable since NABARD had sanctioned (December 1996) Rs.20.90 crore (NABARD share) for the project to create irrigation potential of 2300 ha during Kharif 1999.

The matter was referred to Government in April 2000; their reply had not been received (January 2001).

4.11 Unauthorised execution of work beyond the scope of the contract

Rupees 49.16 lakh paid to a contractor without approval of deviation in quantities.

The work "Construction of Earth dam, chute spillway and Head regulator of Kakudiamba Minor Irrigation Project (MIP)" in Keonjhar district was awarded (May 1998) to a contractor at Rs.4.88 crore for completion by May 2000. The contract, provided, inter alia, for execution of excavation of stoney earth, disintegrated (DI) rock and hard compacted sheet rock for which the quoted rates were more than 25 per cent of the estimated rates.

Scrutiny (April 2000) revealed that during execution of work, the EE MI Division, Keonjhar allowed the contractor to execute the additional work "excavation of leading channel of spillway (220.20 metre)" involving excavation of stoney earth, DI rock and blasting hard/compactd sheet rock which were 23, 56 and 1,272 per cent respectively in excess over the agreement quantities, without approval of Government and paid Rs.49.16 lakh to the contractor as of October 1999 though the deviation submitted (June 1999) by him was not approved by the Government (May 2000).

Government stated (January 2001) that there was sufficient reason to believe that pecuniary benefits had been extended to the contractor by manipulating blasting of sheet rocks and steps had been taken to close the contract and initiate legal steps to recover excess payment made to the contractor. Government also stated that departmental action was being initiated against the delinquent officer.

4.12 Unproductive expenditure on surplus work charged staff

Surplus work charged staff retained for decades without any productive work at a cost of Rs.21.74 crore.

Extant rules provide for engagement of Work Charged (WC) establishment in the State Public Works Department for (a) general supervision of a specific work or sub-works of a specific project, (b) sub-ordinate supervision of departmental labour, stores and machinery and (c) actual execution of work, i.e in doing certain specified items of work as distinct from general supervision of work. Rules also provide, inter alia, that employment of a person appointed under WC establishment for a particular work would cease

on completion of the work. In the absence of any prescribed yardstick for sanction of numbers of work charged posts, the EE/SE/CE of concerned projects exercised their powers under the Orissa Public Works Department Code (OPWD Code) and engaged WC establishment according to their own assessment of need.

Check of records (June-July 2000) in audit revealed that out of 6,148 WC Staff and 807 Nominal Muster Roll (NMR) staff recruited during execution of 6 major irrigation projects¹, 2,845 WC staff along with all the NMR Staff were continuing after completion of the projects. In October 1978, Government prescribed norms for utilising work charged staff on maintenance of canal system and dam etc. on the basis of ayacut of each project. Audit scrutiny disclosed that 1,562 WC staff and 785 NMR staff were surplus in the above 6 major irrigation projects completed between 1960 and 1986 with reference to the prescribed yard stick. The expenditure incurred on these surplus WC/NMR staff retained in disregard of rules during 1996-2000 was Rs.21.74 crore (WC staff Rs.18.94 crore and NMR Rs.2.80 crore). No serious efforts were made by the department to utilise these surplus staff by re-deployment elsewhere. It was further noticed that 119 WC staff were recruited in other projects after 1976 even while large number of surplus staff were available.

The Engineer-in Chief, Water Resources stated (July 2000) that surplus staff in Kolab, Potteru and, Balimela Projects would be re-deployed in newly created Projects. No reply was furnished in respect of other three projects. However, there was no explanation as to how surplus WC/NMR staff were retained for decades without any productive work with an annual outgo of Rs.5.82 crore despite Government order of October 1978.

The matter was referred to Government in August 2000; their reply had not been received (November 2000).

4.13 Extra expenditure due to change of specification

Extra expenditure of Rs.31.97 lakh due to unjustified change in specifications after award of work.

The approved designs/drawings and estimates for the works, "Balance excavation of Right Main Canal (RMC) (RD 63 Km to RD 73 Km) including construction of cross drainage (at RD 66.676 km)" and "construction of balance 14 Nos. structures and service road from RD 45 Km to RD 53 Km and RD 63 Km to 73 Km. of Upper Indravati Irrigation Project (UIIP)" contemplated execution of abutments and wing walls with Random Rubble Stone Masonry (RRSM). The works were awarded (January 1995/January 1997) to a contractor for Rs.13 crore for completion by January 1998/January 1999 under Agreement No.1 LCB/1994-95 and No.2 LCB/

¹ Hirakud Dam Project, Balimela Dam Project, Rengali Dam Project, Salandi, Potteru and Upper Kolab Project.

1996-97 which provided for 1,042 cum. and 3,148 cum. of RRSM at the rate of Rs.800 and Rs.850 per cum respectively. Under the contractual conditions, the contractor was to make his own arrangement for obtaining suitable construction materials conforming to design requirements.

Check of records of EE RMC Division No.II Junagarh (August 1999) revealed that after commencement of works of Agreement No.1 LCB /1994-95, the CE UIIP unjustifiably approved (August 1996) substitution of RRSM by Cement Concrete (CC) M.10 on the plea of non-availability of blasted stones of required sizes and skilled masons and for completion of work by the scheduled time. As regards Agreement No.2 LCB/ 1996-97, against the approved drawing for RRSM in abutments and wing walls in respect of 7 cross drainage (CD) works, the SE Designs, Development and Quality Control circle ordered (July 1997) change of the design specification from RRSM to CC M.10 without approval of the CE.

The CE UIIP, however, instructed (October 1997) execution of all structures with RRSM irrespective of specifications provided in the approved drawings which indicated that substitution of RRSM by CCM. 10 at higher cost, was not a technical necessity. Thus, substitution of RRSM by CCM. 10 was uncalled for and resulted in avoidable extra expenditure of Rs.31.97 lakh.

Government stated (September 2000) that the specification in respect of Agreement No.1 LCB/94-95 was changed from RRSM to CCM 10 due to non availability of quality stone and workmanship, ease in construction and durability of the structure while change in specification in Agreement No.2 LCB/96-97 was as per field condition to ensure better quality and safety of the structure. The reply of the Government was not tenable since the rate in first agreement was for finished item and it was the responsibility of the contractor to ensure the requisite quality of stones required. Further, the contractor had never represented for change in the specifications due to difficulties in execution of the work. In so far as second agreement was concerned, the approved detailed drawing based on field data was deviated from by the SE for no clear technical reasons.

4.14 Avoidable extra liability due to rejection of valid tender

Rejection of tender on non-existent ground and subsequent retender resulted in extra cost of Rs.64.56 lakh.

Two bids were received (February 1996) in response to Invitation for Bids (IFB) notice (January 1996) of EE Bhanjanagar Irrigation Division, for the work of "Improvement to Rushikulya Main Canal from RD 00 to RD 13.69 Km. (Package No.1-A)". The Chief Engineer and Basin Manager (CE&BM), Rushikulya, Vansadhara and Nagavali Basin as well as the Empowered Committee recommended (May 1996) the lowest tender for Rs.3.01 crore

(39.78 per cent excess over estimated cost) for approval. This was however rejected (November 1996) by the Government on the ground that the World Bank had rejected the bid of the same agency in another package (No.3) as he did not possess the required experience. Government asked the CE&BM to submit details in the prescribed proforma for obtaining no objection from World Bank for rejection of the bids. The World Bank subsequently approved (January 1997) the rejection proposal for four packages including packages 1-A and 3, observing that the IFB had not been published in the National Press having a wide circulation and there had been considerable delay in bid evaluation. Fresh tenders were invited in February 1997 in response to which two bids were received. Government approved (July 1997) the lowest tender for Rs.3.65 crore (69.81 per cent excess over estimated cost) and the work was awarded (September 1997) for completion by May 2000.

Check of records of SE Southern Circle, Berhampur, EE, Bhanjanagar Irrigation Division and at Government level revealed (March/May/December 2000) that the earlier IFB (January 1996) had been published both in National newspapers and local dailies as required under rules, but mention was made only about local dailies and the 'date of publication' column in respect of National newspaper was left blank in the evaluation report as well as in the proceedings of the Empowered Committee. Moreover, processing of the bids, though cleared by the Empowered Committee in May 1996, was delayed at the level of Government. Further, CE&BM, who had earlier considered the bid responsive having satisfied all the post qualification criteria and adequate bid capacity, subsequently held it non-responsive at the instance of Government and proposed (December 1996) rejection on the ground that the work mentioned by bidder could not be considered as similar to what proposed in bidding documents. This was endorsed (January 1997) by the Government to the World Bank. However, the World Bank had not raised any objection about past experience of the bidder of similar work either in respect of package 1A or package 3. Thus, cancellation of the lowest valid tender on the plea that the World Bank did not consider the bid of the original agency in another package, was not justified. Evidently, the tender was unjustifiably rejected on a non-existent ground and subsequent retender of the work resulted in an extra liability of Rs.0.64 crore at tender stage.

The SE stated (March 2000) that the tender was rejected by the Government on the ground of inadequate publicity. This was not tenable since the tender call notice (January 1996) was published both in National and local dailies.

Government stated (October 2000) that the World Bank rejected (January 1997) the tender of the bidder for another work of similar nature (package 3), and hence the present tender (package 1A) was also rejected (November 1996) and no objection certificate of World Bank obtained (January 1997). The reply was not tenable since Government rejected the tender for package 1-A prior to rejection of tender for package 3 by the World Bank.

WORKS DEPARTMENT

4.15 Bridges remaining unutilised for three years for want of approach roads.

As land for execution of approach roads was not acquired, two high level bridges constructed at a cost of Rs.3.63 crore remained idle for more than 3 years.

In order to provide a communication facility to the people of Nayagarh district, two bridges viz "high level submersible bridge over river Kusumi at 13th Km of Nayagarh-Patulisahi road" and "high level bridge over river Brutanga at 111/2-4 Km of Khurda-Nayagarh-Daspalla road (SH.1)" were completed in May 1997 and June 1998 respectively at a total cost of Rs.3.63 crore. The bridges, could not, however, be opened to traffic as the approach roads were not constructed (August 2000).

Check of records of the EE Khurda (Roads & Buildings) Division revealed (November 1999) that though the contracts of the two bridge works included construction of approach roads, the contractors did not execute the same due to non-acquisition of private lands by the EE as of December 1999. The EE initiated (October 1996/March 1997) land acquisition proceedings after 8 months of award (February 1996) of work in the former case and just before award (March 1997) of work in the latter case. Only 20 per cent compensation cost was deposited with the Land Acquisition Officer (LAO) in December 1996 (Rs.0.80 lakh) and February 1998 (Rs.0.30 lakh) respectively. As obtaining the possession of lands was uncertain and the period of contracts (May 1997/June 1998) expired, EE took final measurements at the request of the contractors to close their contracts.

Thus, as a result of awarding the works without acquiring land, people of the area could not utilise the bridges as of August 2000 though Rs.3.63 crore was spent on their construction.

Government stated (August 2000) that execution of the bridge proper was taken up in advance in the hope that by the time the bridge was completed, land acquisition would be over for construction of the approach road, which did not materialise and that the department saved escalation cost on the bridge proper due to its early construction

The reply was not tenable since the work was to be taken up only after acquisition of the land as per the codal provisions and without that the investment was unfruitful for more than 3 to 4 years.

4.16 Extra liability due to unjustified non-acceptance of tenders

Insufficient allocation of funds and unjustified rejection of tender resulted in extra expenditure of Rs.0.66 crore.

The work "Construction of a submersible bridge over river Ong at 14th Km of Diptipur-Gaiselet road" in Bargarh district was administratively approved (March 1995) by the Government for Rs.2.13 crore with the stipulation that the work should not be commenced unless adequate funds were made available. Subsequently, the lowest tender for Rs.2.03 crore (June 1995) was not approved (March 1997) by the Government on the ground of insufficient budgetary provision and the Chief Engineer, Roads (CE) was instructed to go in for re-tender after allocation of adequate funds. The work was re-tendered in May 1997 and tender for Rs.2.69 crore was approved by Government (March 1998) and accepted (April 1998) by the CE. However, due to delay in extending the validity of his tender by the contractor, the agreement was executed only in April 1999 for completion by April 2001.

Scrutiny of records of the EE Burla (Roads & Buildings) Division revealed that Rs.45 lakh out of Rs.50 lakh allotted in July 1997 was surrendered by the EE on the ground that the tender could not be finalised before the close of the financial year and Rs.6.23 lakh allotted for the work during 1987-88 to 1991-92 was retained in the shape of materials booked. The EE stated (January 2000) that proposal for provision of funds for the work during 1995-96 to 1997-98 was not made as the bridge-work was not executed during those periods. No budgetary support could be provided till 1999-2000 when Rs.45 lakh was allocated against requirement of Rs.65 lakh proposed for the work during 1999-2000. Thus, cancellation of tenders in March 1997 on the ground of non-availability of funds was not justified as fresh tender with an extra liability of Rs.0.66 crore was also accepted even though sufficient fund was not available. Had the original tender been accepted, an extra expenditure of Rs.0.66 crore could have been avoided.

Government stated (August 2000) that the tender was not approved in March 1997 due to insufficient budget provision of only Rs.5 lakh during 1996-97 and the work was delayed due to paucity of funds. The reply was not tenable since tender for the work with extra liability of Rs.0.66 crore was ultimately approved (March 1998) by the Government when funds position remained unchanged and no fund was allocated during 1998-99.

4.17 Undue favour to OBCC

Due to unsatisfactory progress of work and abandoning work by OBCC, work had to be retendered causing extra liability of Rs.7.34 crore to the Government and delay of 3 years in construction of a bridge.

Government entrusted (April 1993) construction of high level bridge over river Mahanadi near Sonepur on Sambalpur-Sonepur road (Phase-I upto top plug level) to the Orissa Bridge and Construction Corporation (OBCC) for Rs.6.34 crore (63.05 per cent excess over the estimated cost) stipulating completion by June 1998. The contract further stipulated payment of liquidated damage of 1/3 per cent of estimated cost of work per day of delay attributable to OBCC. The OBCC, after executing work valuing Rs.98.19 lakh, (May 1996), stopped further execution on the ground of the rates being unworkable. Thereafter, the Chief Engineer (CE), Roads, under orders of Government withdrew the work (April 1997) from OBCC without invoking the above penal provisions of the contract and awarded (February 1999) the balance work together with remaining bridge portions to another contractor on tender for Rs.25 crore which included Rs.13.50 crore for balance work leftover by OBCC. The work was in progress as of December 1999 and was stipulated for completion by February 2002.

Check of records of the EE Bolangir (Roads & Buildings) Division revealed (November 1999) that the OBCC was paid Rs.1.80 crore as running advance between May 1993 and September 1995 despite Government instructions (March 1990) that no fresh advance should be paid unless previous advances were fully adjusted from running bills for works done and that advances paid in a financial year should not be carried over to the next year. The only running bill for Rs.98.19 lakh received in May 1996 was not check-measured and passed to adjust the outstanding advance (April 1997). In addition to the balance advance of Rs.66.58 lakh {Rs.179.50 lakh - (Rs.98.19 lakh + Rs.14.73 lakh overhead charges)}, OBCC was required to pay Rs.3.07 lakh towards cost of departmental materials issued to them. No steps were initiated to realise the dues as of December 1999.

OBCC could execute in over 3 years work valued at only Rs.98.19 lakh against Rs.378.35 lakh planned for. But the department failed to invoke the liquidated damage clause of the contract despite unsatisfactory progress followed by abandonment of work by OBCC which ultimately necessitated re-tendering entailing extra liability of Rs.7.34 crore. Further, dues of Rs.69.65 lakh remained unrealised from OBCC. Thus, undue favour was shown to OBCC.

The EE Bolangir (R & B) Division stated (November 1999) that the matter of realisation of dues had been reported to higher authorities.

The matter was reported to Government in December 1999; their reply had not been received (January 2001).

4.18 Non-completion of a high level bridge due to delay in Government decision

Rs.1.94 crore spent on a bridge-work remained idle due to delay in decision-making by the department and no action was initiated for recovery of departmental materials worth Rs.32.41 lakh.

Construction of high level bridge over river Devi at Sikharghat on Balibhaunri-Sikharghat road with 30 metre approaches on either side was awarded to a construction-firm in December 1994 at a cost of Rs.7.98 crore for completion by December 1997. The contractor, after executing the work worth Rs.1.94 crore, abandoned the work (July 1997) mainly on the plea of rise in the price of labour and materials and removed his machinery and unutilised departmental materials from the work site. Government ordered (July 1998) CE to rescind the contract at the cost and risk of the contractor and to execute the balance work by inviting fresh tenders. In August 1998, the contractor approached the department for revocation of the rescission order and for allowing him to continue with the work. The appeal was rejected (May 2000) by the Government which insisted on execution of the balance work through fresh tender. As of August 2000, fresh bid was not invited.

Scrutiny of records of EE Jagatsinghpur (R&B) Division further revealed (June/December 1998) that due to delay in plugging the pier wells there was excess tilt and shift in well sinking beyond permissible limit in respect of most of the wells and deposit of silt in incomplete wells which were to be rectified/removed at the cost of the contractor. Further, the contractor did not return unutilised departmental materials valuing Rs.31.70 lakh while miscellaneous recoveries for Rs.0.71 lakh was also due from him. Against departmental dues of Rs.32.41 lakh, apart from the extra cost involved on re-tender, only Rs.19.04 lakh was available with the department.

Thus, due to delay of about 2 years to decide on the appeal of the contractor for revocation of rescission order, Rs.1.94 crore spent on the work remained idle for over 3 years as of November 2000. Apart from possible cost over-run, there was avoidable delay in the completion of the work.

Government stated (August 2000) that the extra cost involved in completion of balance work including cost of rectification of defects in tilt and shift/removal of silt would be realised from the original contractor after completion of the balance work and outstanding departmental materials would be recovered from him at penal rate as per the terms of the contract.

4.19 Extra liability and non-recovery of outstanding dues on rescission of contract

Due to poor progress of the work by the OCC, the contract had to be rescinded and UPSBC was entrusted the work on re-tender resulting in extra liability of Rs.9.14 crore. Departmental dues of Rs.32.31 lakh was outstanding against OCC for recovery.

Construction of high level bridge over river Mahanadi near Boudh-Kiakata-Rairakhol road was awarded (December 1994) to Orissa Construction Corporation Ltd. (OCC) for Rs.17.16 crore stipulating completion by December 1998. The OCC executed work worth Rs.66.34 lakh as of September 1996. The SE Southern R&B Circle, Berhampur, appraised (October 1996) the CE Roads about the poor progress of work. On the recommendation (November 1996) of the CE, Roads, Government rescinded (February 1997) the contract at the cost and risk of the OCC.

The balance work, on re-tender, was entrusted (April 1998) to Uttar Pradesh State Bridge Corporation (UPSBC) at a lumpsum contract for Rs.25.64 crore for completion by April 2001 which resulted in extra liability of Rs.9.14 crore at tender stage.

Scrutiny of records of the CE (September 1998) revealed that OCC was advanced (March 1995) Rs.23 lakh beyond the scope of the contract out of which an amount of Rs.16.21 lakh together with interest of Rs.10.46 lakh as of June 2000 remained outstanding with the OCC. Further, unused departmental steel of 7.467 Mt. valuing Rs.5.64 lakh at penal rate was also to be realised from OCC. Against Rs.9.46 crore recoverable from OCC, no dues of the OCC was available with the department.

On this being pointed out, the CE, Roads stated (September 1998) that the EE, Phulbani R&B Division would be informed to recover penalty imposed under clause 3(c) of the contract from OCC.

Government accepted (August 2000) the audit objection and stated that demand has been raised against OCC for Rs.26.67 lakh towards the outstanding loan with interest thereon up to June 2000. However, no demand has been raised for Rs.9.20 crore being extra cost on re-tender and cost of departmental materials.

4.20 Undue favour extended to OBCC despite poor progress

Undue favour extended to OBCC by unjustified upward revision of rates beyond the scope of the contract despite their poor performance resulted in extra cost of Rs.89.66 lakh.

The work of "Construction of High level bridge over river Baghua near Hatitota on Aska-Karachuli-Odogaon road" was awarded in November 1991

to Orissa Bridge and Construction Corporation (OBCC) for Rs.1.30 crore stipulating completion by March 1994.

OBCC executed work valuing only Rs.13.83 lakh by March 1994. Despite poor progress, Government approved (May 1998) an upward revision of the agreement rates and a fresh agreement was executed for Rs.2.20 crore stipulating completion by March 1999. The value of work as revised, stood at 64.52 per cent over the revised estimated cost of Rs.1.68 crore. However, OBCC could execute work valuing only Rs.1.32 crore as of August 2000. Thus, the bridge-work which commenced in March 1992 remained incomplete even after nearly 8 years.

It was observed in audit that revision of rates despite poor progress, failure to levy penalty despite delay in execution and release of advances despite the fact that value of work done was less than the unadjusted advance given earlier in contravention of extant Government instruction constituted undue benefit to OBCC without any corresponding benefit to Government.

Government stated (June 2000) that the contract of OBCC was not rescinded in order to afford a fresh opportunity to a Public Sector Undertaking and revision of rate was justified since fresh bids, if invited, would have been at similar or enhanced rate. The reply of the Government is not tenable since there was no prospect of completion of the work even much after the revised date of June 2000 and revision of rates and extra time granted to OBCC was manifestly not in the interest of the State.

4.21 Extra cost in construction of bridges

Inadequate preliminary survey and deficient design led to increased length of the bridges. Lack of proper assessment and incorrect application of contractual terms led to avoidable extra cost of Rs.1.86 crore.

Audit scrutiny of work of construction of three bridges revealed extra cost of Rs.1.86 crore arising out of inadequate survey and deficient designs as discussed below:

(i) High level bridge over river Mahanadi near Sidhamula

The work was awarded (March 1997) to the contractor at Rs.25.10 crore on lumpsum basis for a length of 1451.72 metre for completion by March 2000. On inspection of the site (December 1998), the CE Roads found that the bridge alignment with the existing designed length would fall short by 117 metre as the actual required length was 1591 metre. He suggested provision of 3 additional spans of 45.54 metre length each and deletion of one shore span of 19.67 metre increasing the total bridge length to 1568.67 metre. Government entrusted (December 1999) the additional work to the original

contractor at Rs.3.11 crore based on variation clause of his lump sum contract. The work was under progress as of March 2000.

Scrutiny of the records of the EE Khurda (R&B) Division revealed (November 1999) that while the tenderer quoted a lumpsum rate of Rs.25.10 crore for the 31 main spans and two shore spans, he quoted a rate of Rs.1.10 crore for each additional span which was disproportionate to the total cost. Even at the average per metre cost of the approved tender, the additional work involving the additional length of 117 metres should have cost only Rs.2.02 crore ($\text{Rs.25.10,00,000} \div 1451.72 \times 117$). Had the implication of rates for additional spans been properly assessed at the tender stage, department would have avoided an extra liability of Rs.1.09 crore on the work.

Government stated (August 2000) that increase in the length of the bridge was necessitated due to change of the river course during 1998 and that the extra cost calculated by Audit on unit rate of metre length of the bridge was not based on tender or agreement clause.

The reply of the Government was not tenable since there was no documentary record of change of river course during 1998; instead, the inspection note (December 1998) of the CE, the estimate (August 1999) for the increased length of bridge and the correspondence (September 1999) of the Engineer-in-Chief (EIC), clearly indicated that the increase in the length of the bridge was necessary as the existing bridge alignment did not connect both the embankments of the river. Further, the variation clause for extra length of the bridge was irrationally high with reference to the lump sum offer, as this was not properly evaluated at the tender stage leading to extra cost.

(ii) *High level bridge over river Bada Genguti on 23rd Km on Salipur-Chhatia Road*

Government awarded the work with 30 metre approach on either side to a contractor in January 1997 for Rs.2.49 crore at 21.72 *per cent* excess over estimated cost as per Schedule of Rates 1994, for completion by January 1999. The CE Roads observed during inspection of the work-site in November 1998 that the length of the bridge would not suffice and suggested extension of length of the bridge by 70 metre with two spans of 35 metre each and provision of long approaches. Accordingly, Government approved the award of the additional work to the original contractor at his lowest negotiated tender of Rs.165.47 lakh in July 1999. The work was under progress as of March 2000.

Records of the EE Kendrapara (R&B) Division revealed that the design for the bridge did not provide for the natural flow of water and extension of the bridge length was necessary due to scouring of the riverbed. Moreover, the special condition of the original contract stipulated that the tendered rate would hold good in case of any modifications of drawing during the time of execution and no extra monetary compensation would be admissible. The contract further stipulated that the contractor shall have no claim what so ever for the extra quantity of work to be executed in view of any possible changes and payment was to be made at the same rates as specified in the tender for the main work.

As such, there was no justification of inviting fresh tender which resulted in extra cost of Rs.46.69 lakh.

The matter was referred to Government in May 2000; their reply had not been received (January 2001).

(iii) **High level bridge over river Devi**

Construction of a high level bridge of 407 metre length in nine spans over river 'Devi' near Alipingal in Jagatsinghpur district was awarded (December 1992) to a contractor at a lumpsum contract for Rs.3.05 crore for completion by December 1995.

Subsequent to the award of the tender, Department found that the length of the bridge had to be increased by one more span since the natural water way of the river was narrowed by earthen embankments causing considerable pressure on the upstream of the bridge during high flood period endangering the safety of the embankments. Consequently, the design of the bridge was revised (February 1994) with addition of another span. The additional work was entrusted to the same contractor at a cost of Rs.66.98 lakh along with extension of time for one year. Audit scrutiny revealed that the contractor was entitled to payment of Rs.36.64 lakh for the additional work at his offered rate of Rs.71,850 per metre of increase in length of the bridge, under variation clause of the contract. As against this Rs.66.98 lakh was sanctioned and paid to him resulting in undue financial benefit for Rs.30.34 lakh to him. The work was completed in December 1996.

Government stated (August 2000) that due to change in the scope of work, the cost of additional span was approved for Rs.66.98 lakh based on Schedule of Rate (SR) 1991 alongwith tender premium (26.5 per cent). The reply was not tenable since (i) the increase in bridge length was well within the purview of the variation clause of the existing contract; (ii) the additional cost was not based on the SR 1991 but on the cost analysis furnished by the contractor added with the tender premium; and (iii) addition of tender premium to the cost analysed by the contractor was not covered under the terms of the contract. Further, the Government failed to explain the change in the scope of the work immediately after the award of the work which indicated poor survey and design in the face of a clearly foreseeable position. Government could not also explain the reason for change in the scope of work warranting extra payment and avoidable delay.

CHAPTER-V

STORES AND STOCK

RURAL DEVELOPMENT DEPARTMENT

5.1 Procurement of Stores without assessing actual requirement

Unnecessary procurement of C.I. Pipes in excess of actual requirement resulted in blockage of Government money of Rs.37.62 lakh.

Check of records (March 1999) of the EE Rural Water Supply and Sanitation (RWSS) Division, Bargarh, revealed that though 16,340 metre of Cast Iron (CI) Spun Pressure Pipes were available in stock as on April 1993, the CE/Engineer-in-Chief, (RWSS) Orissa purchased a further 29,768 metres of CI pipes between June 1993 and December 1997 from Kalinga Iron Works (a Government of Orissa Undertaking) for 10 piped water supply schemes. Out of the total 46,108 metres of pipes, only 14,771 metres (32 *per cent*) were utilised for the 10 piped water supply schemes which were completed by May 2000. A further 16,711 metres was utilised for other water supply schemes and 1332 metres transferred to other divisions. There was also an unreconciled discrepancy of 587 metres. The balance quantity of 12,707 metres of C.I. pipes valued at Rs.37.62 lakh was lying idle as of June 2000.

Scrutiny revealed that the material was not utilised as EE based his requirement on rough estimate without finalisation of the definite sources of water and PVC pipes were to be used due to technical requirements.

Thus, procurement of huge quantity of CI pipes without actual requirement resulted in accumulation of unused materials and blockage of public funds amounting to Rs.37.62 lakh. The materials were likely to deteriorate with passage of time.

Government stated (October 2000) that the EE had been directed to utilise the stock in future works.

The reply is without any merit as they failed to investigate the reasons of huge unnecessary purchase or fix responsibility for the same.

WORKS DEPARTMENT

5.2 Shortage of stock materials

Disregard of PAC recommendations and earlier audit observations facilitated shortage of stock materials worth Rs.26.93 lakh.

Mention was made in para 5.3 of Audit Report (Civil) 1990-91, para 5.3 of Audit Report (Civil) 1993-94 and para 5.1.9 of Audit Report (Civil) 1997-98 about misappropriation/shortage of stores arising from lack of physical verification of stores and the dangers attendant on continuous retention of an employee in charge of stores for long duration.

The Public Accounts Committee in their 50th Report of Eleventh Assembly (1997-98) deplored the casual approach of the department in verifying stores in violation of codal provisions and recommended stern and prompt action against government officials found to be callous and negligent in performance of their duties.

Scrutiny of records (June 1999) of GED-III Sambalpur revealed that an Assistant Storekeeper remained continuously in charge of stores in the division for nearly 34 years from 1960 till his retirement on superannuation (April 1994) despite the orders (November 1992) of the SE Electrical Circle, (R&B) Bhubaneswar insisting on his handing over the charges of the Central Store to the Junior Storekeeper. The Assistant Storekeeper on his retirement did not hand over to his successor charge of the electrical materials valuing Rs.26.93 lakh as per the book balance. The SE, Electrical Circle (R&B), Bhubaneswar framed (May 1995) charges against the retired official for gross negligence of duties and misappropriation of Government materials. The EE Sambalpur (R&B) division was appointed (April 1996) inquiry officer by the Engineer-in- Chief (Civil) and was to submit his report within 4 months. The report was, however, still awaited (August 2000) though more than 4 years have elapsed. The retired official was paid provisional pension pending finalisation of disciplinary proceedings and recovery of cost of short materials.

Scrutiny revealed that despite similar lapses highlighted earlier in the Audit Reports as well as the subsequent recommendations of the PAC, no effort was made to remedy the lapses or strengthen the system of maintenance of stores. Physical verification of store materials was not done in as much that the Physical Verification Reports for the years ended March 1991 to March 1994 could not be produced to Audit (June 1999) and the same store keeper was retained for nearly 34 years in same charge which facilitated shortage of stores valued Rs.26.93 lakh.

Even after audit objection, Department displayed a non-serious approach and there was no meaningful action aimed at effecting quick recovery. As the officer has retired over 6 years ago, such callous delay rendered the possibility of recovery of the shortages increasingly remote.

Government accepted/confirmed shortage of stores of Rs.26.93 lakh and stated (August 2000) that the inquiry officer had not furnished his report.

5.3 Alleged misappropriation of bitumen by Junior Engineers

Two Junior Engineers unauthorisedly received 208.11 MT of bitumen and kept it out of Government account which led to alleged misappropriation of Government material worth Rs.15.90 lakh.

In order to ensure safe and timely delivery of bitumen, Government directed (August 1995) that a responsible representative should accompany the carrier carrying bitumen from source till it is delivered in the stores of the Indenting Officer.

Check of DGS&D vouchers pending in Bolangir R&B division for adjustment revealed (August 1999) that 159.66 MT of bulk bitumen was unauthorisedly received (November/December 1996) by two Junior Engineers (JEs) of the division from the carriage contractor against supply order (November 1995/January 1996) of the SE Northern (R&B) circle, Sambalpur, whereas Assistant Engineer, Bolangir R&B sub-division was the consignee. These bulk bitumen worth Rs.12.29 lakh were not taken into Government account and misappropriated. In another case, the Division was to receive 200 MT of bitumen from Sambalpur R&B Division. One of the above JEs unauthorisedly received (June/August 1997) 300 drums (48.450 MT) of material valuing Rs.3.61 lakh from the carriage contractor which was also kept out of Government Account.

Government confirmed (August 2000) misappropriation of 159.66 MT of Bitumen valuing Rs.12.29 lakh and stated that investigation was in progress in respect of the other case involving Rs.3.61 lakh.

CHAPTER - VI
FINANCIAL ASSISTANCE TO LOCAL BODIES
AND OTHERS

FINANCE DEPARTMENT

6.1 General

6.1.1 Financial Assistance

(i) In 1999-2000, Government provided financial assistance of Rs.964.87 crore by way of grants and loans to various non-government bodies/institutions. Category-wise details are given below:

Sl No	Category of bodies/institutions	Amount of assistance paid (Rupees in Crore)
1.	Educational Institutions (Aided Schools, Private Colleges, Universities etc.)	197.60
2.	District Rural Development Agencies (DRDAs)	393.87
3.	Municipalities, Corporations, District Council, Development Authorities etc.	54.68
4.	Panchayati Raj Institutions viz. Panchayat Samities, Zilla Parishads and Gram Panchayats	35.81
5.	Command Area Development Authorities	3.43
6.	Co-operative Societies and Institutions	1.63
7.	Integrated Tribal Development Agencies	60.62
8.	Non-Government Organisations	4.86
9.	Others	212.37
	Total	964.87

The financial assistance of Rs.964.87 crore provided during the year 1999-2000 constituted 11.41 per cent of total revenue expenditure (Rs.8458.83 crore) of Government. The corresponding figures of previous four years (1995-99) are indicated in Chapter-I.

(ii) Outstanding Utilisation Certificates

Under the Financial Rules, in all cases in which conditions are attached to grants, Utilisation Certificates (UCs) showing that the grants have been utilised for the purpose for which they are given are required to be furnished by the departmental officers to the Accountant General within a reasonable time as prescribed in the orders of sanction to grants-in-aid.

UCs for an amount of Rs.571.74 crore relating to 102 units (80 PS Rs.350.56 crore, 8 DRDAs Rs.202.83 crore, 8 ITDAs Rs.16.21 crore and 6 others Rs.2.14 crore) were outstanding vide Appendix XXXVII. This included Rs.293.76 crore for which year-wise details were not available.

The huge pendency was mainly on account of absence of a suitable mechanism for watching timely receipt of UCs by the departmental officers and further release of grants as a matter of routine without insisting on furnishing of UCs for earlier grants as per stipulation in the sanction orders.

(iii) Delay in submission of accounts

Mention was made in Para 5.1.1(iii) of the Report (Civil) of the C&AG of India for 1998-99 about non-receipt of information from departments regarding grants and loans given to various bodies/authorities so that the applicability of Section 14 of the Comptroller & Auditor General's (Duties, Powers & Conditions of service) Act, 1971 could be decided. Even though the Finance Department agreed (May 1988) to furnish such details by end of June each year, accounts for 1999-2000 were received only in case of 66 bodies as of October 2000.

6.1.2 Audit of Autonomous Bodies

During the year ended 31 March 2000, audit of accounts of 102 autonomous bodies of the Departments of Panchayati Raj (88), School & Mass Education (3), Scheduled Tribe & Scheduled Caste Development Department (8), Fisheries (1), Housing & Urban Development Department (1) and Health and Family Welfare Department (1) was conducted under Section 14 of the Comptroller & Auditor General's (DPC) Act, 1971. During the periods covered by audit, the bodies received financial assistance of Rs.817.50 crore. Important points noticed during audit are brought out in the following paragraphs.

(i) Unspent balance of grants

Financial rules of Government require that the grants should be utilised within the financial year during which they were sanctioned or within 1 year from the date of sanction. Unspent balances were to be refunded to Government immediately thereafter unless permitted by Government for utilisation in subsequent years. These provisions were not followed by the bodies and the unspent balances were being carried over to subsequent years as a matter of routine. The unspent balances of Rs.119.17 crore in respect of 102 bodies at the end of the year for which audit was conducted were as follows:

Sl No.	Name of the Body	No. of bodies	Year upto which audited	Unspent balance as on 31 March of the year covered in audit (Rupees in Lakh)
1	Panchayat Samities	1	(1991-92)	-
		7	(1992-93)	376.08
		21	(1993-94)	967.46
		34	(1994-95)	3,179.64
		15	(1995-96)	825.84
		2	(1996-97)	170.17
2	DRDAs	5	(1997-98)	2,193.10
		3	(1998-99)	2,274.17
3	ITDAs	1	(1996-97)	48.82
		4	(1997-98)	285.18
		3	(1998-99)	401.92

Sl No.	Name of the Body	No. of bodies	Year upto which audited	Unspent balance as on 31 March of the year covered in audit (Rupees in Lakh)
4.	Other Bodies			
	i. ZSS	1	(1997-98)	114.52
		1	(1998-99)	3.73
	ii. BFDA	1	(1998-99)	-
	iii. OPEPA	1	(1997-98)	1,076.74
	iv. Orissa Water Supply and Sewerage Board	1	(1995-96)	-
	v. Acharya Harihara Cancer Centre	1	(1998-99)	-
	Total	102		11,917.37 or 119.17 crore

It was noticed that the above institutions were also not maintaining the prescribed Register of Grants-in-aid to record expenditure incurred sanction-wise and scheme-wise for each year against the funds received. As a result, the periods to which the unspent balances related and reasons for non-utilisation were not available with the bodies/authorities.

(ii) Outstanding Advances

According to Orissa Zilla Parishad and Panchayat Samiti Accounting Procedure Rules, 1961, payment of advances was generally prohibited except in case of works expenditure and amounts so advanced were to be regularly and promptly adjusted.

However, advances aggregating to Rs.71.17 crore were outstanding in the accounts audited (80 Panchayat Samities Rs.25.20¹ crore and 22 other bodies/authorities Rs.45.97 crore). Stringent measures were called for either to adjust or recover these amounts in order to avert possible loss with lapse of time.

Upto 1991-92(1), 1992-93 (7), 1993-94 (21), 1994-95 (34), 1995-96 (15), and 1996-97 (2) were Rs.57.99 lakh, Rs.182.98 lakh, Rs.682.73 lakh, Rs.1066.13 lakh, Rs.476.60 lakh and Rs.53.16 lakh respectively.

SECTION - A
HOUSING AND URBAN DEVELOPMENT DEPARTMENT

6.2 Urban Employment Generation Programme

Highlights

Government of India (GOI) designed various urban employment generation schemes to alleviate urban poverty and to bring about a shift in sectoral distribution of work force through training and self-employment. These programmes also aimed at creating basic infrastructure and providing civic amenities to urban poor. Urban population Below Poverty Line (BPL) in the State was 16.05 lakh as per 1991 census. However, the BPL population increased to 20.85 lakh in 1998 according to the survey conducted by the State Government as per the norms of the Planning Commission. Under-utilisation of funds for the earmarked programmes by the implementing agencies affected adversely the programme. In disregard of the guidelines, the unspent money was kept in PL account and Current account of Banks. Works were undertaken through contractors affecting the generation of mandays. Important findings are as under.

❑ **Poor utilisation of funds resulted in depriving the urban poor of intended benefits.**

{Paragraph 6.2.4 (i)}

❑ **Parking of funds in PL Account and Current Account to the tune of Rs.1.47 crore noticed in 18 ULBs resulted in loss of interest to the tune of Rs.31 lakh.**

{Paragraph 6.2.4 (iii)}

❑ **Despite availability of funds, physical achievements under NRY, PMIUPEP and SJSRY schemes ranged between 9 and 71 per cent.**

(Paragraph 6.2.5)

❑ **The works under wage employment programme were executed through contractors in violation of guidelines resulting in loss of generation of 3.17 lakh mandays in 19 ULBs during 1995-2000.**

(Paragraph 6.2.7)

❑ **Rs.1.18 crore reportedly paid on wage component to beneficiaries without any supporting Muster Rolls, was doubtful.**

(Paragraph 6.2.8)

❑ **Rs. 3.06 crore was irregularly spent by Urban Local Bodies (ULBs) on works and other items beyond the scope of the programme.**

(Paragraph 6.2.12&6.2.13)

□ Advance payment of Rs.1.37 crore to various agencies was shown as final expenditure in accounts of 15 ULBs.

{Paragraph 6.2.14(i)}

6.2.1 Introduction

The "Urban Employment Generation Programme" (UEGP) was implemented in the State under 4 different schemes, viz (a) Nehru Rojgar Yojana (NRY), (b) Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP), (c) Swarna Jayanti Sahari Rojgar Yojana (SJSRY) launched in December, 1997 in replacement of NRY, PMIUPEP and Urban Basic Service for the Poor (UBSP) and (d) Prime Minister's Rojgar Yojana (PMRY) launched in 1993-94 for urban areas extended to rural areas in 1994-95. The above schemes were aimed at alleviating poverty in urban areas with the objective of providing self/gainful employment for the unemployed and underemployed urban poor Below Poverty Line (BPL), arranging bank loans with subsidy component for setting up micro enterprises and creating useful public assets through urban wage employment and shelter upgradation. It also aimed at providing suitable assistance for development of urban poor women and children.

6.2.2. Organisational set up

The schemes other than PMRY were being implemented in the State through 33 Municipal Bodies and 69 Notified Area Councils (both Urban Local Bodies). A State Urban Development Agency (SUDA) under the administrative control of the Housing and Urban Development (H&UD) Department was to co-ordinate and monitor the schemes. There were 30 District Urban Development Agencies (DUDAs) at the district level. PMRY was implemented through 17 District Industries Centres (DICs) under the Director of Industries in the Industries Department.

6.2.3. Scope of Audit

Implementation of the programme during 1995-2000 was reviewed through test check (November 1999 to May 2000) of records in the H&UD and Industries Departments. Records of SUDA and 8 DUDAs¹, 26 ULBs², the Directorate of Industries and 6 DICs³ were also subject to scrutiny.

6.2.4. Resource Management

(i) A total expenditure of Rs.26.35 crore was incurred during 1995-2000 out of funds of Rs.36.87 crore available under different schemes. Details of receipt and expenditure during the above period were as below.

Baripada, Bolangir, Jharsuguda, Sambalpur, Khurda, Dhenkanal, Keonjhar and Sundergarh.

Bargarajpur, Rourkela, Sundergarh, Bhubaneswar, Bhawanipatna, Nayagarh, Berhampur, Aska, Angul, Cuttack, Balasore, Balugaon, Baragarh, Khurda, Jeypore, Keonjhar, Puri, Sambalpur, Bhadrak, Jharsuguda, Bolangir, Sunabeda, Baripada, Jatni, Jajpur Road, Dhenkanal, Bolangir, Bhawanipatna, Dhenkanal, Keonjhar, Puri and Sambalpur.

(A) NRY						
Year	Opening Balance	Receipt	Total	Expenditure	Unspent balance	Percentage of utilisation
(Rupees in lakh)						
1995-96	827.47	109.60	937.07	174.59	762.48	18.63
1996-97	762.48	81.89	844.37	267.44	576.93	31.67
1997-98	576.93	187.51	764.44	Nil	764.44	Nil
(B) PMIUEP						
1995-96	Nil	323.32	323.32	Nil	323.32	Nil
1996-97	323.32	203.64	526.96	392.40	134.56	74.46
1997-98	134.56	Nil	134.56	Nil	134.56	Nil
(C) SJSRY						
1997-98	1116.34	389.11	1505.45	143.16	1362.29	9.51
1998-99	1362.29	520.44	1882.73	757.28	1125.45	40.22
1999-2000	1125.45	502.81	1628.26	704.79	923.47	43.28
(D) PMRY						
1995-96	0.66	70.43	71.09	76.11	Nil	100
1996-97	Nil	58.55	58.55	58.76	Nil	100
1997-98	Nil	67.02	67.02	60.73	6.29	91
1998-99	6.29	62.12	68.41	Not yet finalised		
1999-2000		65.62	Not yet finalised			

It was evident that the utilisation of funds was very poor under NRY, PMIUEP and SJSRY thus depriving the urban poor of the intended benefits.

Government stated (October 2000) that the under-utilisation was mostly due to non-co-operation of Banks in sanctioning loans and non-availability of suitable training institutes. The Banks attributed fewer sanction of loans to poor repaying capacity of beneficiaries, non-compliance of bank formalities, viability of the projects, etc. There was apparently no co-ordinated efforts at all levels for identification of projects, selection of beneficiaries, sanction and disbursement of loans and creation of training facilities.

Expenditure during 1998-99 and 1999-2000 under PMRY was not finalised even as of December 2000.

(ii) Short release of State share

State share of Rs.15.07 lakh under PMIUEP (1996-97) and Rs.111.63 lakh under SJSRY (1999-2000) was not released as of December 2000. While no particular reason was assigned for non-release of PMIUEP's funds, Government stated (October 2000) that delay of release of SJSRY portion was due to late receipt of GOI sanctions and matching State share would be released during 2000-2001. The reply was not tenable since GOI sanctions were issued in September/October 1999 and March 2000 and the above State share was not released as of December 2000.

Opening Balance under SJSRY during 1997-98 represented unutilised funds transferred from other schemes.

(iii) Parking of funds in PL Account and Current Account with loss of Interest

Funds received under different schemes towards payment of subsidy, training and wage components were required to be kept in Savings Bank accounts in scheduled banks for subsequent utilisation and the interest earned thereon was to form part of the scheme as additional resources. Check of records revealed that scheme funds in 18 ULBs were kept between 1995-96 and 1999-2000 in PL account (Rs.1.08 crore) and in Current accounts (Rs.0.39 crore) with consequential loss of interest of Rs.0.31 crore thereby denying additional resources for the programme.

Government stated (October 2000) that restriction was imposed (March 1999) by the Finance Department for keeping Government fund outside PL Account. The reply was not tenable since the Finance Department's order (March 1999) was not applicable to these scheme funds.

(iv) Diversion of funds

As stipulated in the guidelines, scheme funds should not be diverted for any other purpose. Scrutiny of the records revealed that an amount of Rs.1.57 crore was irregularly diverted in 14 ULBs during 1995-2000 from different schemes for municipal works and other municipal expenditure not connected with relevant schemes for which funds were available. Diverted amounts were not recouped as of March 2000.

Government stated (October 2000) that action for such irregular diversion of scheme funds had been initiated.

6.2.5. Physical targets and achievement

Physical achievement against targets under different schemes during 1995-2000 are detailed in Appendix-XXXVIII. The following points were noticed in audit:

(a) Achievements in training programme under NRY against targets during 1995-96 and 1996-97 were as follows:

Year	Target	Achievement	Percentage of achievement
	(N u m b e r s)		
1995-96	852	608	71
1996-97	3778	2121	56

No target for training was fixed under NRY/SJSRY during 1997-98 and under SJSRY during 1999-2000.

Government attributed the shortfall to non-availability of a suitable training institute and non-requirement of training for small business. The reply was not tenable since appropriate infrastructure should have been provided/created for imparting training as might be necessary.

(b) Shortfall in release of loan and subsidy

Position of achievement in release of loans and subsidy to the beneficiaries against targets under NRY and SJSRY for urban micro enterprises/urban self-employment programme were as follows :

Year	Scheme	Target	Achievement	Percentage of achievement
(N u m b e r s)				
1996-97	NRY	10,002	4,590	46
1997-98		No target fixed		--
1998-99	SJSRY	14,900	3530	24
1999-2000	SJSRY	9,660	1,281	13

Government stated (October 2000) that the low achievements were due to non-cooperation of banks in sanctioning loans whereas the Bank authorities attributed poor sanction of loans to poor repaying capacity of beneficiaries, non-compliance with bank formalities, viability of the projects, etc. The reply was not tenable since successful implementation of the scheme needed co-ordinated efforts at all levels for identification of projects, selection of beneficiaries, etc.

(c) Wage employment

Shortfall in achievements of wage employment programme under different schemes were noticed as follows:

Year	Scheme	Target	Achievement	Percentage of achievement
(M a n d a y s)				
1995-96	PMIUPEP	6,45,557	83,780	12
1996-97	PMIUPEP	10,48,684	1,48,600	14
1996-97	NRY	3,79,880	1,53,764	40

No target was fixed under the programme during 1997-98. The shortfall was mainly due to lack of advance planning for wage employment of identified urban poor, higher ratio of material component in works and execution of works through contractors as commented subsequently.

(d) Housing and shelter upgradation

Against the target of upgrading 4072 dwelling units and generating 2,42,520 mandays thereagainst during 1995-96 under NRY, the achievements were only 363 units with generation of 21,780 mandays (9 per cent). There was neither any target nor any achievement under the scheme after 1995-96.

Government accepted (October 2000) the poor achievement and attributed it to unwillingness of the ULBs to avail HUDCO loan on which depended the implementation of the scheme.

(e) Development of Women and Children in Urban Areas

The scheme was implemented from 1997-98 under SJSRY. While no target was fixed during 1997-98, it was 314 and 382 beneficiaries during 1998-99 and 1999-2000 against which achievements were only 102 and 261 constituting only 32 and 68 per cent respectively. No reason for low achievement was furnished by the Government.

6.2.6. Unfruitful expenditure

As per the scheme's guidelines, works undertaken by the implementing agencies (ULBs) were to be brought to a safe stage and no work was to be left incomplete. Scrutiny of records revealed that 72 road/ building works taken up for execution between 1995-96 and 1999-2000 in 12 ULBs were left half way after incurring expenditure of Rs.20.96 lakh and were left incomplete as of March 2000. This proved unfruitful apart from defeating the objective of creating useful public assets.

Government stated that the matter would be investigated.

6.2.7. Irregular execution of works through contractors

As per the guidelines, the works under wage employment programme were to be executed departmentally or through the Community Development Societies (CDS) by engaging identified urban BPL beneficiaries with the 40 per cent wage component. But 547 works in 19 ULBs were executed during 1995-96 to 1999-2000 through contractors at an expenditure of Rs.2.38 crore. Thus, the scope for creation of 3.17 lakh mandays for the intended urban BPL beneficiaries was lost.

Government stated that execution of work by contractors in no way restricted generation of employment.

This was not tenable since engagement of contractors was in violation of scheme guidelines and there was no scope to ascertain the actual employment of identified urban BPL beneficiaries by the contractor and mandays generated.

6.2.8. Doubtful payment of wage

Payment of wage component of the works was to be made to the identified urban BPL beneficiaries through Muster Rolls. Scrutiny of records revealed that wage component of Rs.1.18 crore pertaining to 731 works were reportedly paid to the contractors/departmental officers in 20 ULBs during 1995-2000 without any supporting muster rolls. In the absence of muster rolls, genuineness of such payments and their utilisation for the intended beneficiaries was doubtful. Government agreed to investigate into the matter.

6.2.9. Doubtful employment of identified beneficiaries

The scheme envisaged generation of employment through wage employment to the BPL urban poor identified by regular door to door survey. In 11 ULBs,

payment of Rs.23.01 lakh was made between 1995-96 and 1999-2000 through Muster rolls without indicating registration number or BPL Card number of the persons. Hence, extension of benefit to eligible beneficiaries was doubtful.

Government suggested that a broader view be taken. This was not tenable since the scheme aimed at providing employment only to BPL urban beneficiaries.

6.2.10. Ratio between wages and material components

As per the guidelines, all works taken up under the wage employment programme should constitute wage component of 40 *per cent*. Scrutiny of works records executed during 1995-2000 in 11 ULBs revealed that the labour component ranged from only 17 to 26 *per cent*. The shortfall of labour component worked out to loss of 70,700 mandays in employment generation for the needy poor beneficiaries.

6.2.11. Irregular utilisation of interest money

Interest earned from the Savings Bank account representing funds received under different schemes formed part of the scheme as additional resources. It was noticed that Rs.23.83 lakh of scheme funds was spent irregularly as of March 2000 by SUDA Bhubaneswar for payment of staff salary and on office expenses. Government stated that the matter was being examined.

6.2.12 Misutilisation of scheme funds

Scrutiny of records of 4 ULBs (Bhawanipatna, Baripada, Jharsuguda and Brajarajnagar) revealed that scheme funds of Rs.16.16 lakh intended for UEGP for BPL beneficiaries was misutilised and spent between March 1997 and February 2000 for municipal works like extension of office buildings, soil testing and structural design of the Kalyan Mandap, purchase of electrical goods and motor vehicles including tractor and motor cycles.

6.2.13 Irregular and unauthorised expenditure on repair and maintenance and unapproved works

(i) The schemes envisaged creation of durable, productive, community assets in urban areas. But in 22 ULBs, Rs.1.90 crore was irregularly spent for repair and maintenance of existing roads, culverts and drains which were outside the scope of the programme.

Government stated that repair works had generated wage employment and contributed substantially to the usefulness of public assets. The reply was not tenable since scheme guidelines envisaged such expenditure for creation of useful public assets and not for repair and maintenance works.

(ii) As per the scheme provisions, all works were to be executed as per the annual action plan approved by the concerned DUDAs. Check of records revealed that in 9 ULBs, Rs.99.93 lakh was irregularly and unauthorisedly spent during 1995-2000 on works beyond the approved action plan.

Government stated that the works beyond action plan were executed with due approval of Municipal Council and DUDA considering the exigencies of work and the prevailing situation. The reply was not tenable since 4 (Sunabeda, Brajaraj Nagar, Bhubaneswar and Balasore) of 9 ULBs confirmed execution of works beyond action plan while no specific reply was received from 4 other ULBs. Berhampur Municipality stated that 40 unapproved works had been executed as per Government orders and Council resolutions but could not produce any supporting records.

6.2.14 Advance payments

(i) Irregular treatment of advance as final expenditure

Advance given to the executing agencies and other officials during 1995-2000 for execution of works etc. under various programmes for Rs.1.37 crore were shown as final expenditure in the accounts of 15 ULBs test checked thereby indicating inflation of the expenditure reported to the higher authorities.

(ii) Non-adjustment of outstanding advance

Advance amounting to Rs.83.36 lakh relating to 1995-2000 was outstanding for adjustment in 11 ULBs against various departmental officials and contractors etc. who were paid for execution of various programmes. The year-wise and party-wise analysis of outstanding advances were not worked out by the ULBs which showed that adjustment of the funds was not monitored. Possibility of misuse of these funds cannot be ruled out.

Government stated that in both the above categories of cases, the ULBs would be asked to reconcile the accounts.

6.2.15 Non-maintenance of inventory of assets created

The various schemes under the programme envisaged, inter-alia, construction of durable and socially and economically useful public assets which were to be taken to the "Register of Assets" by respective ULBs. But no such Register was maintained by ULBs test checked. Thus, there was no consolidated record of assets created under each scheme and it could not be verified in audit whether there was any overlapping. Government stated (October 2000) that instructions had been issued (August 2000) to ULBs for preparing the list of assets.

6.2.16 Pending Utilisation Certificate

Against release of Rs.33.79 crore by the GOI under different schemes (NRY, PMIUPEP, SJSRY and PMRY) during 1989-90 to 1999-2000, Utilisation Certificate for Rs.16.30 crore (48 per cent) was not furnished by the State Government as of June 2000.

Government stated that non-cooperation of bankers was the cause of delay in submitting UCs. The reply was not tenable since the unspent balances should have been refunded to the respective authorities.

6.2.17 Monitoring and evaluation

Though implementation of the programme was to be monitored and reviewed by the Monitoring Committee at the State level under the Chairmanship of Chief Secretary and also by the Project Director (PD), DUDA at the district level, no report or minutes of the meeting of the Committee or of the PD could be available to ascertain the extent of monitoring of the programme. As regards evaluation, performance under PMRY in 3 districts (Dhenkanal, Cuttack, Mayurbhanj) for the years 1993-95 was evaluated (1996-98) by an agency which pointed out lapses regarding non-cooperation of banks in sanction of loans and non-fulfillment of bank formalities by the beneficiaries.

Government stated (October 2000) that implementation of the schemes was periodically monitored, reviewed and evaluated by GOI, the State Government and the DUDAs. However, no report of such monitoring and review except one review proceedings (3 May 1999) at ULB level was made available to audit.

SECTION-B

6.3 Orissa Water Supply and Sewerage Board

The Orissa Water Supply and Sewerage Board (Board), Bhubaneswar, was established in August 1991 for rapid development of water supply and sewerage services in the State. Test check of its records for 1992-93 to 1995-96 (up to which accounts finalised) updated to March 2000 indicated several shortcomings in execution of water supply schemes.

6.3.1 Extra contractual payment/benefit of Rs.64.80 lakh

(i) Design and construction of Master Balancing Reservoir (MBR) and Elevated Service Reservoir (ESR) at Ghatikia (Bhubaneswar) was awarded to a contractor-firm for Rs.1.50 crore in April 1992 under lumpsum contract for completion by October 1993. The work was completed in April 1997 and the firm was paid (February 1997) Rs.2.54 crore including escalation. Final bill was not paid as of March 2000.

Scrutiny of records revealed that the technical specification appended to the Detailed Tender Call Notice (DTCN) forming part of the agreement stipulated that structural drawings of the MBR with provision of construction/expansion joints etc. conforming to IS specifications were to be furnished by the firm for approval by the Board who also had the right to modify any drawing supplied and the firm was to execute the work as per the latest revised drawings without any extra cost. The firm had, however, appended some special conditions alongwith the tender according to which the MBR was to be of strapped box type without provision of expansion joints. The tender though *ab initio* invalid as not being in conformity with DTCN was accepted (January 1992) by the Government. The firm submitted the designs in April 1992 which was not

accepted by the Board since they did not conform to the IS specification. On the firm submitting (August 1993) the modified design with the provision of expansion joints as stipulated in the DTCN (approved by the Board in February 1994), Government allowed (November 1994) additional payment of Rs.48 lakh as claimed by the firm on the grounds of extra quantity of works involved in the modified design and variations in topographical and strata conditions envisaged in the DTCN and the amount was paid between December 1994 and February 1997.

The additional payment was not admissible since the firm was supposed to have quoted the rate after taking into account the nature and quantity of work involved as per the technical specifications in the DTCN and no extra cost was payable to it for revised drawings. There was also no evidence of change in topographical and strata conditions.

(ii) Construction of 27 million litres per day (MLD) Water Treatment Plant at Kendrapara was awarded to a firm at Rs.1.54 crore in March 1995 under lumpsum agreement for completion by March 1997.

As per the technical specifications in the DTCN, the Safe Bearing Capacity (SBC) of the soil was 7.5 MT/M². It was further stipulated that the actual SBC of the soil or 7.5 MT/M² whichever was more, would be the base for the design of the structure but the accepted value of the tender would remain unaltered irrespective of any variation between the actual SBC and that indicated in the DTCN. The contractor, if not satisfied, may get the soil investigations done by himself through any agency at his own cost with due intimation to the Engineer-in-Charge. The Board subsequently intimated (November 1995) the firm that the SBC of the soil at Treatment Plant site may be adopted as 7 tonnes/M² (Gross) at a depth of 1.5m below original ground level for structural design purposes.

Check of records revealed that the soil was found to be slushy with Soil Penetration Test (SPT) value in some places being zero which was indicative of very poor strength of resistance. The firm's proposal (November 1996) of design and drawings for pile foundation was approved (December 1996) by the College of Engineering and Technology. The firm stopped the work in July 1997 and claimed (December 1997) extra payments on the plea that the pile foundation was not within the scope of the work. On negotiation, the firm offered (April 1999) to execute the work of construction of filter house, chlorine house and office building complete in all respects at an additional cost of Rs.16.80 lakh which was approved by the Government in August 1999. The firm resumed (July 1999) the work for completion by July 2000. The work was in progress.

In view of the contractual conditions, the firm was not entitled to any extra payment for pile foundation. Further, the communication (November 1995) of the Board to the firm for adopting the SBC as 7 tonne/m² (gross) for structural design purpose was uncalled for. The payment of the additional cost of Rs.16.80 lakh to the firm amounted to extra contractual benefit.

Government accepted (September 2000) that extra payment to the contractor had in fact been made to avoid delay on re-tendering. The reply was not tenable since the claim of the contractor should have been regulated as per the terms of the contract.

6.3.2 Undue financial benefit/aid of Rs.41.78 lakh to contractor-firms

(i) The work "design, construction, testing and commissioning of 32 MLD water treatment plant at Jeypore" was entrusted to a firm in September 1995 for Rs.2.16 crore for completion by September 1997 extended upto September 1998 without any claim for escalation. The work had not been completed as of March 2000.

The minutes (September 1994) of the pre-bid discussion on tender which formed part of the agreement deleted the escalation clauses in the DTCN/agreement and incorporated a clause that "the price quoted shall be firm till completion of the work". The firm had, while applying for extension of time beyond September 1997 also furnished an undertaking not to claim any compensation on any account for delay in completion of the work. The firm was, however, paid Rs.10.90 lakh towards escalation charges during February to June 1998, which amounted to undue financial benefit.

Government accepted (September 2000) the factual position but no recovery was made as of September 2000.

(ii) Clauses 5 and 6 of pre-bid discussions (March 1996) forming part of the agreement for the work "Detailed Engineering Design and construction of wet well type intake well, pump houses etc. at Panposh for 55 MLD Water Treatment Plant at Rourkela," stipulated payment of mobilisation advance to the contractor amounting to 5 per cent of the contract value (Rs.1.44 crore) carrying interest at 18 per cent per annum against the Bank guarantee for an equivalent amount.

Scrutiny of records revealed that against Rs.7.20 lakh admissible towards mobilisation advance, the contractor was paid (January 1997) Rs.27.20 lakh after obtaining bank guarantee for the equal amount. Payment of mobilisation advance beyond the contractual provisions was irregular and though covered by bank guarantee constituted an undue financial aid of Rs.20 lakh to the contractor.

(iii) According to departmental rules, Security Deposit (SD) of contractor could be refunded six months after completion of the work provided final bill has been paid and defects, if any, rectified.

The work of water treatment plant at Jeypore awarded (September 1995) to a firm was not completed as of March 2000. But the SDs and EMD amounting to Rs.10.88 lakh was released (December 1997) to the firm under orders of the Member Secretary, against insurance guarantee furnished by the firm, which was against the codal provisions and amounted to undue financial benefit to

the firm. Further, the validity of the insurance guarantee which expired on 18 August 1999 was not extended thereafter as of September 2000.

6.3.3. Inadmissible payment of escalation charges

Mention was made in the Reports (Civil) of the C&AG of India for years ended 31 March 1996, 1997 and 1998 regarding inadmissible payment of escalation on wages. The practice, however, persisted as discussed below:

The Project Management Units (Cuttack/Bhubaneswar/Sambalpur/Kendrapara) paid between March 1994 and January 1999, Rs.99.03 lakh towards escalation on labour charges for the period from May 1992 to August 1996 computed on Consumers' Price Index for industrial workers. These payments were made in respect of fifteen contracts received and finalised after 1 July 1990 though there was no revision of minimum wage as prescribed under the Government's revised formula until August 1996.

Government stated (September 2000) that recovery notice had been issued against which some of the contractors obtained stay orders from the Orissa High Court and that dues of the contractors with the Board where available had been withheld.

6.3.4. Non-recovery of dues amounting to Rs.1.20 crore

(i) Scrutiny (April/May 1999) of records in Project Management Unit, Sambalpur, revealed that the works "construction of water reservoir of different capacities at 3 different locations in Sambalpur" and "laying of pipe line from Bareipalli to Budharaja" were entrusted (between April 1993 and October 1994) to 3 contractors at their tendered value of Rs.2.97 crore for completion by October 1995. The contractors, after executing works valued at Rs.2.38 crore, stopped further execution. Against left over work of Rs.59.36 lakh, work valued Rs.40.92 lakh were awarded (March/April 2000) to another two contractors at Rs.78.84 lakh for completion by August/September 2000. Balance items of work (Rs.18.44 lakh) in respect of the last work above was not considered necessary as per the site condition. The extra cost of Rs.37.92 lakh involved in execution of balance works through other agencies were not recovered from the defaulting contractors as per the terms of the contract. Further, the Board had also not realised Rs.20.07 lakh being penal cost of unused departmental materials not returned by the defaulting contractor.

Government stated (September 2000) that EMD, ISD and Security Deposit (SD) of the defaulting contractors amounting to Rs.10.35 lakh were forfeited and money suit would be filed for recovery of balance dues. However, no action was initiated for fixation of responsibility on the departmental officials responsible for the lapses.

(ii) The work "design and construction of MBR and ESR behind Kalinga Studio", Bhubaneswar, was completed in April 1997 (final bill not paid) but the contractor did not return the unused departmental materials valued at Rs.67.76 lakh (penal cost) nor had paid other miscellaneous dues of Rs.6.67 lakh. Against the recoverable dues of Rs.74.43 lakh, only Rs.12.51 lakh was realised (May 1998) by the Board revoking the Bank guarantee.

Government stated (September 2000) that money suit would be instituted for recovery of balance amount after reconciling the material consumption. However, no action was initiated for fixation of responsibility on the departmental officials responsible for the lapses.

PANCHAYATI RAJ DEPARTMENT

6.4 Misutilisation of interest money of IRDP funds

Misutilisation of interest money of Rs.20.69 lakh on construction of residential quarter and garage etc. by Project Directors, DRDA.

According to the guidelines issued (April 1991) by GOI under Integrated Rural Development Programme (IRDP), the interest earnings from Bank deposits of District Rural Development Agencies (DRDA) should normally be utilised for augmenting programme resources. GOI further clarified in December 1992 that such funds should not be spent on construction activities including residential quarters which did not relate to poverty alleviation programmes. GOI taking strong exception to such violations, revised in May 1995, the IRDP manual to further restrict the use of interest funds only to (i) meeting balance material cost of construction of multipurpose centre for Development for Women and Children in Rural Areas (DWCRA) groups under Jawahar Rojgar Yojana (JRY) (ii) replacement of condemned vehicle given by UNICEF for DWCRA scheme (iii) innovative schemes for implementation in the field and (iv) interest bearing consumption credit for marriages, births and deaths, religious ceremony etc. to IRDP beneficiaries.

Check of records (March 1999/January 2000) revealed that the Project Director (PD), DRDA, Angul misutilised (1994-97) the interest money of Rs.11.02 lakh on construction of residential quarters for himself (Rs.8.62 lakh), garage and petty repairs (Rs.2.40 lakh). Similarly, the PD, DRDA, Sonepur misutilised (1996-99) the interest money of Rs.9.67 lakh on construction of DRDA office building (Rs.1.49 lakh), DRDA conference hall (Rs.2.70 lakh) and residential quarter for the PD (Rs.5.48 lakh) charging the cost to DWCRA scheme. Both amounts need be ploughed back to the IRDP funds of the district.

Government stated (May 2000) that the construction of residential quarter at Angul had started prior to imposition of restrictions by GOI in 1995 and could not be discontinued. The reply was not tenable since GOI had prohibited such constructions as early as in December 1992 and the work at Angul had commenced in December 1994. As regards DRDA, Sonepur, the reply of Government is awaited (February: 2001).

6.5 Mismanagement of scheme-construction of IAY houses

Money and material advanced for construction of houses was wasted as the houses were not completed and the work was not monitored by Block Development Officers and the District Rural Development Agencies.

Indira Awas Yojana (IAY) aimed at providing houses free of cost to members of Scheduled Castes/Tribes (SC/ST), freed bonded labourers in rural areas and non-SC/ST rural poor below the poverty line. The scheme provided that houses were to be constructed by the beneficiaries themselves with technical assistance and supply of building materials from block level officers and payments should be released to the beneficiaries in instalments depending on the progress of work. The scheme also envisaged formation of committee of the beneficiaries to co-ordinate the construction.

During 1990-91 to 1997-98, 8 BDOs¹ received Rs.8.76 crore from DRDA, Sundergarh, Jharsuguda and Sambalpur/Bargarh towards construction of 5,278 IAY houses. Scrutiny of records (December 1999-February 2000) revealed mismanagement of the scheme as follows:

(i) 1,079 houses remained incomplete as of February 2000 as verified from the case records at BDO's office for which Rs.1.43 crore were paid to the beneficiaries in the shape of cash and materials against the sanctioned cost of Rs.1.80 crore during 1990-91 to 1997-98 (Appendix-XXXIX). Reasons for non-completion of houses was not inquired by the officers of DRDA nor was the matter reported to higher authorities.

(ii) No action was initiated against the defaulting beneficiaries by the BDO or DRDAs. None of the houses were allotted in the name of the female member of the beneficiary household or in the name of both wife and husband as required under the scheme. The evaluation and monitoring envisaged in the scheme was also not done.

(iii) The value of works executed in these incomplete houses was not assessed to ensure that the moneys advanced were actually utilised on the construction. Though Beneficiary Committees were formed in all these blocks except in Subdega, they did not function to co-ordinate and monitor construction of the houses.

(iv) From the information furnished by the BDO, Lathikata, it was noticed that out of 116 incomplete houses (1995-96), 11 houses were not in existence, 4 houses collapsed and 2 houses were in dilapidated condition (total 17 numbers). The expenditure incurred on these houses was Rs.1.92 lakh.

(v) Of the total 1079 incomplete houses as of February 2000, construction of 605 houses had commenced during 1990-91 to 1995-96. Due to their remaining incomplete for many years, the possibility of their completion was remote.

¹ Sundergarh, Subdega, Bisra, Lathikata, Laikera, Bijepur, Barpalli and Sohella

Thus, Rs.70.15 lakh spent on those 605 houses upto 1995-96 became unfruitful. Further, in Ullunda block, 162 cases of fraudulent and unauthorised payments and payments to ineligible persons involving Rs.8.10 lakh were noticed during departmental enquiry (August-September 1997) and the concerned BDO was under suspension. The matter was sub judice.

Non-monitoring of the construction of houses for which advances were paid, large number of incomplete houses and non-assessment of their value, collapsed/dilapidated condition of houses and non-functioning of the beneficiary committees are indicative of gross mismanagement of the scheme. Besides, possible misutilisation of money by beneficiaries in connivance with government officials also contributed to defeating the intended purpose of the scheme.

Government while accepting (September 2000) the factual position attributed the non-completion of houses to lack of field personnel. They also stated that 440 houses in 4 blocks had since been completed.

6.6 Unauthorised expenditure

Funds of Rs.38.76 lakh provided for the scheme "Assistance to Farmers for exploitation of Ground Water" were not utilised for the intended purpose.

With a view to encouraging individual initiative and improving agricultural productivity, Government of Orissa launched (June 1994) a scheme called Krushak Kalyan Karyakrama envisaging installation of tube wells/bore wells in the lands of beneficiaries. The scheme also provided for Community Lift Irrigation Projects (LIPs).

Government sanctioned (March 1995) Rs.45 lakh in favour of DRDA, Phulbani (Kandhamal) for implementation of the scheme although the DRDA, Phulbani intimated (October/November 1994) the Government that drilling of bore well/tube well was not feasible as per the hydrological data.

Scrutiny of records (November 1999) of PD DRDA, Phulbani revealed that out of the above funds, Rs.38.76 lakh were spent (1995-97) for construction of 21 Micro Irrigation Structures (diversion weirs) reportedly as per decisions taken in the Collectors' Conference (October 1995). However, scrutiny of the minutes of the said conference revealed that there had been no mention of diversion weirs and only LI Projects were decided upon. Contrary to the scheme guidelines, decision to utilise the scheme funds for diversion weirs was taken in the DRDA Governing Body meeting (June 1996). Number of farmers who benefited from the above projects was not available. Government instructed (November 1996) the Collector, Kandhamal to utilise the funds strictly as per scheme guidelines and unspent funds, if any, should be diverted to other tribal districts.

Thus, release of funds by the Government without referring to hydrological reports and execution of the diversion weirs by the DRDA Phulbani contrary to scheme provisions resulted in unauthorised expenditure of Rs.38.76 lakh which defeated the purpose for which the funds were sanctioned.

Government stated (August 2000) that the funds should not have been released at all to Kandhamal district where detailed sub-soil water status mapping was not available and where shallow irrigation tube well was actually not feasible. Government added that inquiry report had been sought from RDC seeking fixing of responsibility.

6.7 Wasteful expenditure on Plantation

Wasteful expenditure on plantation due to non-monitoring and inadequate maintenance of plantation.

According to GOI guidelines (May 1983), 75 per cent survival would be essential for a plantation to be termed as successful.

Check of records (February 1999/January 2000) of Horticulturists, Khariar/Lahunipara revealed that Mango, Litchi and mixed fruit plantations were raised over 208 hectares in 9 locations between 1994-95 and 1996-97 at a cost of Rs.41.44 lakh released by DRDAs (Nuapada Rs.29.50 lakh and Sundergarh Rs.11.94 lakh) under Special Central Assistance (SCA), Employment Assurance Scheme (EAS) and Jawahar Rozgar Yojana (JRY). The survival percentage of these plantations ranged between nil (6 locations) and 27 per cent as per the joint verification conducted by the Additional Project Director, DRDA, Nuapada, Horticulturists, Khariar and Lahunipara and Asstt.Soil Conservation Officer, Lahunipara. The low/nil survival was attributed by the officers to lack of maintenance and watch and ward. Thus, the survival percentage was far below the norms of the GOI rendering the expenditure of Rs.41.44 lakh wasteful.

Government stated (October 2000) that survival rates had been low due to fire, elephant havoc and cattle trespass.

The reply was not tenable as the reasons for low/nil according to the joint verification report were lack of maintenance and watch and ward.

6.8 Loss of Central Assistance

Loss of Central Assistance of Rs.29.77 crore due to failure to comply with the conditions in the scheme guidelines.

With a view to implementing various poverty alleviation programmes, viz. Integrated Rural Development Programme (IRDP), Jawahar Rojgar Yojana

(JRY), Indira Awas Yojana (IAY), Training of Rural Youth for Self Employment (TRYSEM), Million Well Scheme (MWS), grants-in-aid are released by GOI as Central Assistance to State Government. In the event of non-observance of prescribed conditions, viz. (i) retention of excess balance at the commencement of the financial year, (ii) non-achievement of target, (iii) late submission of project proposals; (iv) excess administrative expenditure and (v) short release of State share, proportionate Central Assistance is deducted by the GOI at the time of release of next instalment.

Scrutiny of fifteen sanction orders issued by GOI on different schemes during the years 1996-97 to 1998-99 disclosed that the State Government had lost Central assistance of Rs.29.77 crore due to (i) short utilisation of funds (Rs.15.69 crore); (ii) short release of State share (Rs.1.19 crore), (iii) excess administrative expenditure (Rs.4.92 crore) and (iv) late receipt of proposals etc. (Rs.7.97 crore) which deprived the rural poor of the intended benefits. The scheme-wise break up of loss was as follows:

Scheme	Rupees in Crore
TRYSEM	0.04
JRY	15.30
IRDP	3.33
MWS	6.82
IAY	4.28

Government stated (October 2000) that they had requested GOI to restore the deducted Central assistance. However, the deducted amount was not restored as of November 2000.

6.9 Misutilisation of IJRY funds

Rupees 57.58 lakh were misutilised on repair and maintenance works disregarding IJRY guidelines.

Intensified Jawahar Rozgar Yojana (IJRY), an extension of Jawahar Rozgar Yojana (JRY) was introduced (1993-94) in selected backward districts in the country where there was concentration of unemployed and under-employed rural poor. The scheme guidelines provided that employment works be taken up which would result in creation of durable productive assets providing employment on a sustained basis and preference be given to such works having potential of direct and continuing benefits to the intended beneficiaries. Since creation of productive assets was the objective of employment works under the programme, repair and renovation/maintenance of the existing assets/ infrastructure was not covered under the guidelines.

Scrutiny of records (January 1999 to March 1999) of (i) PD DRDA Jagatsinghpur, (ii) Asstt.Engineer Soil Conservation, Khariar, (iii) Asstt.Soil Conservation Officer, Nuapada, and (iv) Executive Engineer, Lift Irrigation Division, Cuttack, revealed that Rs.57.58 lakh was spent towards (i) repair

of 94 irrigation projects in 8 blocks under Jagatsinghpur district (Rs.11.21 lakh); (ii) repair/maintenance of 45 diversion weirs and water harvesting structures in Nuapada district (Rs.36.86 lakh) and (iii) revival/improvement/repair of field channel of 4 projects in Cuttack district (Rs.9.51 lakh) during 1994-95 and 1995-96 out of funds under IJRY in violation of the objectives of the scheme which amounted to misutilisation of IJRY funds.

Government stated (August 2000) that the IJRY funds were utilised for repair/maintenance of existing projects for the benefit of the beneficiaries. This was not tenable as repair/maintenance works were not permissible under the scheme.

SCHEDULED TRIBE AND SCHEDULED CASTE DEVELOPMENT DEPARTMENT

6.10 Misutilisation of Special Central Assistance.

Special Central Assistance Funds of Rs.43.11 lakh was misutilised on undertaking repairs to quarters of teachers/peons, school/hostel buildings, ITDA office building and temples.

Special Central Assistance (SCA) provides for the implementation of beneficiary-oriented income generating schemes and infrastructural development incidental to such schemes in order to deliver direct benefits to the rural poor in tribal areas. Government of Orissa in Tribal Welfare Department reiterated (May 1993) that deviations could not be justified on the basis of resolutions passed or approvals accorded by Project Level Committee(PLC)/Governing Bodies of Integrated Tribal Development Agency (ITDA). Two cases of misutilisation of SCA funds in violation of the Government orders came to notice as discussed below:

- (i) Project Administrator (PA), Integrated Tribal Development Agency (ITDA), Malkangiri spent SCA funds of Rs.18 lakh (Rs.14.12 lakh during 1996-97 and Rs.3.87 lakh during 1997-98) on repairs of existing schools/hostel buildings, teachers/peons quarters etc. PA, ITDA stated that the repair works were unavoidable and taken up with the approval of PLC.
- (ii) PA, ITDA, Panposh spent SCA funds of Rs.25.11 lakh (1996-97: Rs.17.90 lakh and 1997-98: Rs.7.21 lakh) on 40 repair and special repair works to school and hostel buildings, staff quarters, ITDA office building and temple (Rs.0.37 lakh) on the pretext that buildings needed urgent repairs for which adequate funds were not provided by Government.

Government justified (June 2000) the misutilisation of SCA funds on the ground that the educational complex and the buildings would be unusable without repairs. They however did not offer any comments on repair of ITDA office building at Panposh (Rs.1 lakh).

The reply was not tenable since SCA funds were not to be used for any repair work which was to be met out of regular budget of the department.

In view of violation of orders of the GOI and the Government of Orissa, the amounts diverted should be ploughed back to the SCA fund.

6.11 Blockage of Special Central Assistance funds

Special Central Assistance funds of Rs.30.55 lakh remained unutilised and kept in different Bank accounts contrary to Government instructions.

With a view to ensuring socio-economic development of Scheduled Caste families in drought affected districts, Government of Orissa in the erstwhile Harijan Welfare Department sanctioned (April 1993) Rs.1 crore out of 100 *per cent* Special Central Assistance (SCA) for Sonepur block, then under the PD DRDA, Bolangir, for implementation of different income generating schemes including self-employment schemes. The amount was to be kept in the PL account of the DRDA and utilised by 30 June 1994.

Scrutiny of the records (December 1999) of the PD, Sonepur (newly created in 1993-94) revealed that the PD Sonepur had received (16 June 1994) Rs.89 lakh from the PD DRDA, Bolangir (out of above Rs.1 crore sanctioned for Sonepur block). Of the said amount, a sum of Rs.30.55 lakh was lying unutilised as of December 2000. The unutilised balance was kept in term deposits (Rs.15 lakh) and Savings Bank accounts (Rs.15.55 lakh) contrary to government instructions to keep the funds in PL accounts of the DRDA.

PD Sonepur stated (February 2000) that the balance amount could not be utilised owing to non-receipt of the approval of the action plan from the Government for execution of different works under income generating scheme and was kept in Bank accounts as per Government instructions. The reply was not tenable since Government did not accord approval as PD DRDA's submission was incomplete. Even though the PD was asked by the Government in May 1999 to indicate a specific action plan with detailed factual report on utilisation of funds and physical achievement, such a report had not been sent to Government as of December 2000. Further, the amount was to be kept in the PL account of DRDA as per the Government orders (April 1993) sanctioning the funds.

The matter was referred to Government in April 2000. No reply was received (February 2001).

SCHOOL AND MASS EDUCATION DEPARTMENT

6.12 Irregular and excess expenditure

Infructuous expenditure of Rs.26 lakh on purchase of books and almirah and irregular expenditure of Rs.2.96 lakh on hiring of vehicle during non-programme period.

(a) The National Literacy Mission Authority (NLMA) approved (September 1995) a proposal for the Post Literacy Campaign (PLC) in Dhenkanal district for one year at a project cost of Rs.96.80 lakh involving Central Assistance of Rs.64.53 lakh. The project envisaged coverage of 2.20 lakh learners within the age group of 9 to 45 years during project period which commenced from April 1997 and was extended (May 1999) upto September 1999.

Scrutiny of records (February 2000) of Zilla Saksharata Samiti (ZSS), Dhenkanal revealed that the project could cover only 1.04 lakh learners by the extended date as against the target of 2.20 lakh. It was further noticed that against the project provision of one set of 200 books of different titles and one book-shelf for each of 1,200 libraries of neo-literates at total cost of Rs.24 lakh, the ZSS, Dhenkanal supplied two sets of 150 books of different titles and one steel almirah to each library at a cost of Rs.38.85 lakh involving extra expenditure of Rs.14.85 lakh beyond the prescribed limit of the project. The expenditure was unauthorisedly met from unspent balance of Total Literacy Campaign (TLC) without GOI approval. Further, expenditure of Rs.2.96 lakh was incurred by the ZSS on hiring of 2 vehicles prior to commencement of the programme during January 1995 to March 1997. The ZSS also spent (1995-98) Rs.13.36 lakh on PLC from the unspent balance available under TLC which was completed in the district in December 1994 without approval of GOI.

(b) TLC in the district of Ganjam was launched during 1991-92 followed by PLC from May 1993 to May 1996. Similarly, TLC in the district of Sambalpur was launched from 1994-95 to July 1996.

Scrutiny of records (January and May 1999) of Bhanja Saksharata Parishad (BSP), Ganjam and ZSS, Sambalpur revealed that excess learning materials valued at Rs.11.16 lakh (Ganjam: Rs.8.90 lakh and Sambalpur: Rs.2.26 lakh) were purchased for implementation of the TLC/PLC in the district without assessing the actual requirements. The books were lying unused in the Central stores of the BSP, Ganjam and the ZSS, Sambalpur for 3 to 6 years after completion of the programme. This rendered the expenditure of Rs.11.16 lakh infructuous.

Government stated (September 2000) that NLMA had been requested to regularise the excess expenditure in respect of (a) above. In respect of (b), they stated that excess materials would be utilised in other areas.

CHAPTER-VII
COMMERCIAL ACTIVITIES
FINANCE DEPARTMENT

7.1 Lack of accountability for the use of public funds in departmental commercial undertakings

Activities of quasi-commercial nature are performed by departmental undertakings of certain Government departments. These departments are to prepare proforma accounts in the prescribed format annually showing the results of financial operations so that Government can assess the results of their workings. The Heads of departments are to ensure that the undertakings which are funded by the budgetary release prepare the accounts on timely basis and submit the same to Accountant General for audit.

As of March 2000, there are 15 such undertakings in the Government of Orissa out of which 4 were merged with other companies/corporation, 4 remained inoperative or were closed and in respect of 2, Government has not prescribed the preparation of proforma account. Of the 5 remaining undertakings, 2 undertakings for more than 25 years, one for more than 15 years and 2 undertakings for 5 years have not submitted accounts. In respect of 4 undertakings merged with other companies/corporation, 2 undertakings for 5 years or more and 2 undertakings for more than one year but less than 5 years did not submit their accounts till the date of their merger.

In respect of the 4 undertakings which remained inoperative or were 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. The State Government has invested a sum of Rs.101.86 lakh in respect of 4 undertakings at the end of financial year upto which their accounts were completed.

In respect of 2 undertakings for which Government had not prescribed the preparation of proforma accounts, only personal ledger accounts were opened and maintained by the concerned departments of Government. The position of

these personal ledger accounts at the end of 1999-2000 was as follows:

Name of the Undertaking	Year in which the Personal Ledger accounts were opened	Accounts for 1999-2000			
		OB	Credit	Debit	CB
		(Rupees in lakh)			
1. Purchase and distribution of quality seeds to cultivators	1977-78 (Revenue accounts)	815.95	1862.81	2433.01	245.75
2. Poultry Development (operative)	1979-80 (Revenue accounts)	1.69	--	--	1.69

Comptroller and Auditor General has repeatedly commented in the Audit Reports of the State about the failure of the Heads of Departments and the management of the undertakings in timely preparation of the proforma accounts. Accountant General (Audit) reminded Principal Secretary (Finance) and the Secretary of the concerned departments in this matter. But there was little improvement in the situation and most of these undertakings have not finalised their accounts for period of 5 years or more. Government neither initiated action against the defaulting management for their failure to prepare the accounts nor took any effective initiative to set right the position. As a result, accountability of the Management and Government in respect of the public funds spent by these undertakings was not ensured.

The department wise positions of arrears in preparation of proforma accounts is as follows:

Sl. No	Department	No. of Undertakings under the Department.	Accounts not finalised (Name of the Undertakings)	Year from which accounts are due	Investment as per last accounts (Rupees in lakh)	Remarks
1.	Forest and Environment	1	Nationalisation of Kendu Leaves (maintained by Chief Conservator of Forests, Kendu Leaves, Orissa)	1994-95	70.09	Government had stated (August 2000) that compilation of proforma accounts for 1994-95 and 1995-96 had been taken up and would be submitted for certification by September 2000. But the accounts were not yet submitted (November 2000).
2.	Agriculture and Co-operation	7	i) Cold Storage Plant, Kuarmunda ii) Cold Storage Plant, Similiguda iii) Cold Storage Plant, Paralakhemundi iv) Cold Storage Plant, Bolangir v) Cold Storage Plant, Bhubaneswar vi) Cold Storage plant, Sambalpur vii) Purchase and distribution of quality seeds to cultivators	1972 1973 1981 1994 1975 1971	NA NA 5.96 7.92 17.89 NA	Transferred to Orissa State Seeds Corporation Limited (March 1979) Transferred to Orissa State Seeds Corporation Limited (March 1979) Proforma accounts not prescribed by the Government

Sl. No	Department	No. of Undertakings under the Department.	Accounts not finalised (Name of the Undertakings)	Year from which accounts are due	Investment as per last accounts (Rupees in lakh)	Remarks
3	Food Supplies and Consumer Welfare	1	Gram purchase scheme	1977-78	NA	Transferred to Orissa State Civil Supplies Corporation Limited since September 1980. Government stated (August 2000) that the concerned collectors have been directed to fix responsibility for non-finalisation of proforma accounts and take expeditious steps for their preparation.
4	Commerce and Transport	1	State Transport Service	1972-73	NA	Transferred to Orissa State Road Transport Corporation since May 1974.
5	Fisheries and Animal Resources Development	1	Poultry Development	--	--	Proforma accounts not prescribed by Government.
In-operative / Closed undertakings (Year from which remained closed or inoperative)						
6	--	1	Scheme for trading in Iron Ore through Paradeep Port	--	--	1958-59
7	--	1	Cloth and Yam Scheme	--	--	1966-67
8	--	1	Scheme for exploitation and marketing of fish	--	--	1954-55
9						

No action was taken against the management of these undertakings for such gross failure and disregard of public interest.

During the year, accounts of only one undertaking (Nationalisation of Kendu Leaves) for 4 years (1990-91 to 1993-94) were received and audited. The following major irregularities were observed in audit:

1. Rupees 218.57 lakh towards marketing commission payable was not taken into account resulting in over-statement of profit to that extent.
2. An amount of Rs.32.34 lakh being the value of disallowed vouchers are lying unadjusted with various District Officers for years together.

The lack of accountability displayed by the failure to prepare the accounts by the Management of these undertakings is a matter of concern as large amount of public funds are involved in these cases. Government needs to initiate strong measures against the defaulting management for their failures so as to reduce the possibility of serious financial irregularities remaining undetected

for long periods. Government should also take a re-look at the internal system and arrangements for finalising the accounts and take-up the preparation of the accounts on war footing so that the Managements are held accountable for the proper use of public funds. Government should also re-examine the justification for release of budgetary funds to the undertakings without assessing the financial performance and without finalised accounts.

Minakshi Ghose

BHUBANESWAR
THE
18 MAY 2001

(MINAKSHI GHOSE)
ACCOUNTANT GENERAL (AUDIT) I
ORISSA

COUNTERSIGNED

V. K. Shunglu

NEW DELHI,
THE
29 MAY 2001

(V.K.SHUNGLU)
COMPTROLLER AND AUDITOR GENERAL OF INDIA

APPENDICES

APPENDIX -I**(Refer paragraph 1.1 at page 1)****Part A. Government Accounts**

I. Structure: The accounts of the State Government are kept in three parts (i) Consolidated Fund (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund

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

Part II: Contingency Fund

The Contingency Fund created under Article 267(2) of the Constitution of India is in the nature of an imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund. The corpus of this Fund authorised by the Legislature during the year was Rs.60 crore.

Part III: Public Account

Receipts and disbursements in respect of small savings, provident funds, deposits, reserve funds, suspense, remittances, etc., which do not form part of the Consolidated Fund, are accounted for in Public Account and are not subject to vote by the State Legislature.

II. Form of Annual Accounts

The accounts of the State Government are prepared in two volumes viz., the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation Accounts, present the details of expenditure by the State Government vis-a-vis the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

Part B. List of Indices/Ratios and basis for their calculation

(Refer paragraph 1.12.2 at page 19)

Indices/Ratios	Basis for calculation	
Sustainability	BCR	Revenue receipts minus all Plan grants (under Major Head 1601- 02, 03, 04) and Non-Plan revenue expenditure
Balance from the current revenue		
Primary Deficit		
Interest Ratio		
Capital Outlay Vs. Capital Receipts	Capital Outlay	Capital expenditure as per Statement No.13 of the Finance Accounts
	Capital Receipts	Internal Loans (net of ways and means advances) + Loans and advances from Government of India + Net receipts from small savings, PF etc + Miscellaneous Capital Receipts
Total tax receipts Vs. GSDP		
State tax receipts Vs. GSDP		
Flexibility		As above
-Balance from current revenue	Capital Repayments	Disbursements under Major head 6003 and 6004 minus repayments on account of Ways and Means Advances/Overdraft under both the major heads
-Capital repayments Vs. Capital Borrowings	Capital Borrowings	Addition under Major Heads 6003 & 6004 minus addition on account of Ways & Means Advances/Overdraft under both the major heads
	State Tax Receipts	A-Tax Revenue of Statement II of Finance Accounts – Taxes on Income other than Corporation Tax
	Total Tax Receipts	State Tax receipts plus State's share of Union Taxes
Incomplete Projects		
-Total Tax Receipts Vs. GSDP		
-Debt Vs GSDP		
Vulnerability		
-Revenue Deficit		Paragraph No. 1.9.6 of the Audit Report
-Fiscal Deficit		Paragraph No. 1.9.6 of the Audit Report
-Primary Deficit Vs Fiscal Deficit	Primary Deficit	Fiscal Deficit minus interest payments
Total outstanding guarantees including letters of comfort Vs. Total revenue receipts of the Government	Outstanding guarantees	Exhibit IV
	Revenue Receipts	Exhibit II
Assets Vs Liabilities	Assets and Liabilities	Exhibit I
	Debt	Borrowings and other obligations at the end of the year (Statement No. 4 of the Finance Accounts)

APPENDIX-IA

{ Refer paragraph 2.3.3(ii) at page 27 }

Statement showing the excess expenditure over provisions

Sl. No.	Number and Name of Grant/Appropriation	Total Grant/Appropriation (Rs.)	Expenditure (Rs.)	Excess over Grant/Appropriation (Rs.)
I	Voted			
A.	Revenue Section			
1	1 Home	490,31,49,000	530,31,79,508	40,00,30,508
2	7 Works	145,74,82,000	176,75,70,555	31,00,88,555
3	10 School and Mass Education	1542,34,46,000	1683,89,32,020	141,54,86,020
4	20 Water Resources	180,19,07,000	181,23,65,413	104,58,413
5	26 Excise	10,71,54,000	11,34,14,368	62,60,368
6.	28 Rural Development	221,55,42,000	266,10,03,139	44,54,61,139
	TOTAL	2590,86,80,000	2849,64,65,003	258,77,85,003
B	Capital Section			
1	5 Finance	428,91,10,000	498,21,82,795	69,30,72,795
2	6 Commerce	6,12,89,000	6,77,51,790	64,62,790
3	17 Panchayati Raj	5,19,08,000	5,44,68,000	25,60,000
	TOTAL	440,23,07,000	510,44,02,585	70,20,95,585
II	Charged			
A	Revenue Section			
1.	1 Home	7,62,78,000	8,30,45,162	67,67,162
2.	8 Orissa Legislative Assembly	12,12,000	12,99,618	.87,618
3.	20 Water Resources	1,29,000	1,87,037	58,037
4.	29 Parliamentary Affairs	1,79,77,000	1,83,18,749	3,41,749
	TOTAL	9,55,96,000	10,28,50,566	72,54,566
B	CAPITAL SECTION			
1.	6003 Internal Debt of the State Government	1645,47,26,000	3974,27,74,158	2328,80,48,158
	TOTAL	1645,47,26,000	3974,27,74,158	2328,80,48,158
	GRAND TOTAL	4686,13,09,000	7344,64,92,312	2658,51,83,312

Contd.

APPENDIX-II

{ Refer paragraph 2.3.4(a) at page 27 }

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)	
(R u p e e s i n c r o r e)						
REVENUE SECTION						
1.	4	Law (Voted)	35.01	3.84	34.83	4.02
2.	5	Finance (Voted)	1003.92	0.52	741.28	263.16
3.	6	Commerce (Voted)	28.20	4.74	26.86	6.08
4.	8	Orissa Legislative Assembly (Voted)	6.40	0.41	6.26	0.55
5.	11	Scheduled Tribes and Scheduled Castes Development Department and Minorities and Backward Classes Development Department (Voted)	237.86	27.20	233.04	32.02
6.	12	Health and Family Welfare (Voted)	485.07	23.39	425.15	83.31
7.	14	Labour and Employment (Voted)	32.69	1.29	25.20	8.78
8.	16	Planning and Co-ordination (Voted)	60.91	4.42	60.33	5.00
9.	19	Industries (Voted)	87.07	11.56	74.80	23.83
10.	21	Transport (Voted)	12.12	0.77	11.06	1.83
11.	23	Agriculture (Voted)	277.90	20.68	231.01	67.57
12.	24	Steel and Mines (Voted)	13.63	0.85	13.54	0.94
13.	25	Information and Public Relation (Voted)	13.37	0.01	11.78	1.60
14.	27	Science and Technology (Voted)	6.39	0.02	3.90	2.51
15.	30	Energy (Voted)	50.58	0.19	3.86	46.91
16.	31	Textiles and Handloom (Voted)	30.28	7.96	26.81	11.43
17.	33	Fisheries and Animal Resources (Voted)	106.75	15.12	99.75	22.12
18.	34	Co-operation (Voted)	39.67	3.24	36.59	6.32
19.	35	Public Enterprises (Voted)	20.61	0.04	6.34	14.31
20.	36	Women and Child Development (Voted)	261.07	7.61	207.30	61.38
21.	2049	Interest Payment (Charged)	1716.57	63.13	1237.70	542.00
Total		4526.07	196.99	3517.39	1205.67	

Concl.

Sl. No.	No. and Name of the Grant/Appropriation	Original Grant/Appropriation	Supplementary Grant/Appropriation	Expenditure	Savings
(1)	(2)	(3)	(4)	(5)	(6)
(R u p e e s i n c r o r e)					
CAPITAL SECTION					
1.	1 Home (Voted)	3.03	3.95	2.73	4.25
2.	7 Works (Voted)	229.78	2.21	93.02	138.97
3.	13 Housing and Urban Development (Voted)	48.46	0.76	18.51	30.71
4.	20 Water Resources (Voted)	609.58	15.40	537.97	87.01
5.	28 Rural Development (Voted)	75.19	1.85	58.84	18.20
6.	33 Fisheries and Animal Resources (Voted)	14.71	2.91	8.92	8.70
7.	34 Co-operation (Voted)	17.71	2.39	9.81	10.29
	Total	998.46	29.47	729.8	298.13
	GRAND TOTAL	5524.53	226.46	4247.19	1503.80

APPENDIX-III

{ Refer Paragraph 2.3.4 (b) at page 28 }

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	Expend-iture	Additional require-ment	Supple-mentary provision	Final savings	
(R u p e e s i n c r o r e)							
REVENUE SECTION							
1	2	General Administration (Voted)	21.33	21.72	0.39	1.39	1.00
2	3	Revenue (Voted)	284.03	730.56	446.53	806.06	359.53
3	3	Revenue (Charged)	57.41	828.57	771.16	800.00	28.84
4	9	Food Supplies and Consumer Welfare (Voted)	84.09	113.41	29.32	31.44	2.12
5	13	Housing and Urban Development (Voted)	126.97	178.61	51.64	58.23	6.59
6	17	Panchayati Raj (Voted)	446.32	490.61	44.29	55.74	11.45
7	22	Forest and Environment (Voted)	89.57	92.58	3.01	7.04	4.03
8	29	Parliamentary Affairs (Voted)	6.88	7.44	0.56	1.00	0.44
9	32	Tourism and Culture (Voted)	17.86	20.24	2.38	4.52	2.14
10	38	Higher Education (Voted)	215.61	216.64	1.03	7.52	6.49
Total			1350.07	2700.38	1350.31	1772.94	422.63
CAPITAL SECTION							
1	20	Water Resources (Charged)	0.85	0.90	0.05	0.71	0.66
2	22	Forest and Environment (Voted)	110.16	116.92	6.76	7.56	0.80
Total			111.01	117.82	6.81	8.27	1.46
Grand Total			1461.08	2818.20	1357.12	1781.21	424.09

APPENDIX-IV

{ Refer Paragraph 2.3.4 (c) at page 28 }

Statement showing cases where supplementary provision was inadequate

Sl. No.	Number and Name of the Grant/Appropriation	Original provision	Supplementary provision	Total provision	Expenditure	Excess of Expenditure over total provision
(R u p e e s i n c r o r e)						
Revenue Section						
1	1 Home (Voted)	464.46	25.86	490.32	530.32	40.00
2	7 Works (Voted)	138.06	7.69	145.75	176.76	31.01
3	10 School and Mass Education (Voted)	1328.20	214.14	1542.34	1683.89	141.55
4	28 Rural Development (Voted)	219.39	2.16	221.55	266.10	44.55
Capital Section						
1	5 Finance (Voted)	119.91	309.00	428.91	498.22	69.31
	Total	2270.02	558.85	2828.87	3155.29	326.42

Contd.

APPENDIX-V

(Refer Paragraph 2.3.5 at page 28)

Statement showing significant cases of savings in plan expenditure exceeding Rs.1 crore

Sl. No.	Number and Name of the Grant/Appropriation	Major Head/Minor Head/Sub Head	Total Grant	Actual expenditure	Savings	
1	2	3	4	5	6	
(Rupees in crore)						
1.	7	Works	4059-Capital Outlay on Public Works-Centrally Sponsored Plan—State Sector-60-Other Buildings-DD-051-Construction	1.55	0.35	1.20
2	7	Works	5054-Capital Outlay on Roads and Buildings-State Plan-State Sector-04-District and other roads-JJJ-800-Other Expenditure	42.62	35.18	7.44
3	10	School and Mass Education	2202-General Education-State Plan-District Sector-01-Elementary Education-MM-104-Inspection	4.20	1.96	2.24
4	10	School and Mass Education	2202-General Education-State Plan-District Sector-01-Elementary Education—NN-105-Non-Formal Education	2.55	0.69	1.86
5.	10	School and Mass Education	2202-General Education-Centrally Sponsored Plan-District Sector-01-Elementary Education-000-796 Tribal Area Sub-Plan	4.79	3.73	1.06
6	12	Health and Family Welfare	2211-Family Welfare-Central Plan-District Sector-ZZZ-796-Tribal Area Sub-plan	27.36	22.46	4.90
7	13	Housing and Urban Development	2217-Urban Development-State Plan-State Sector-05-Other Urban Development Schemes-KK-800-Other Expenditure	7.16	--	7.16
8	20	Water Resources	2702 Minor Irrigation State Plan State-Sector-01-Surface Water I.I.1- 102-Lift Irrigation Scheme.	38.76	27.95	10.81
9.	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-01-Major Irrigation-IIIIII-202-Rengali Irrigation Project	159.31	132.03	27.28
10	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-01-Major Irrigation IIII-212 Subarnarekha Irrigation Project.	29.98	25.48	4.50

Contd.

Sl. No.	Number and Name of the Grant/Appropriation	Major Head/Minor Head/Sub Head	Total Grant	Actual expenditure	Savings	
1	2	3	4	5	6	
(Rupees in crore)						
11	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-01-Major Irrigation-NNNN-222-Lower Indira Irrigation Project	8.31	6.97	1.34
12	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-01-Major Irrigation-OOOO-223-Lower Suktel Irrigation Project	6.10	4.88	1.22
13	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation-SSSS-309-Baghua Irrigation Project	7.62	5.63	1.99
14	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation-UUUU-315-Upper Jonk Irrigation Project	10.42	6.31	4.11
15	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation-AAAAA-339-Other Pipeline Projects	22.43	17.09	5.34
16	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation-BBBBBB-392-Hydrology Project-EAP	5.00	3.48	1.52
17	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation-CCCCC-393-Water Resources Consolidation Project-EAP	70.50	60.28	10.22
18	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation-GGGGG-796-Tribal Area Sub-Plan	17.08	15.13	1.95
19	20	Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-03-Medium Irrigation-80-General-HHHHHH-004-Researches	26.10	20.32	5.78

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)						
20	20	Water Resources	4702-Capital Outlay on Minor Irrigation-State Plan-District Sector-JJJJ-796-Tribal Area Sub-Plan	23.40	15.70	7.70
21	20	Water Resources	4702-Capital Outlay on Minor Irrigation-State Plan-District Sector-KKKKK-800-Other Expenditure	46.64	39.33	7.31
22	20	Water Resources	4711-Capital Outlay on Flood Control Projects-State Plan-State Sector-01-Flood Control-L.L.L.L.L-103-Civil Works	8.51	7.01	1.50
23	22	Forest and Environment	2406-Forestry and Wildlife-Central Plan-District Sector-01-Forestry-X-102-Social and Farm Forestry	4.00	0.06	3.94
24	22	Forest and Environment	2406-Forestry and Wildlife-Central Plan-District Sector-01-Forestry-Y-796-Tribal Area Sub-Plan	1.13	--	1.13
25	23	Agriculture	2401-Crop Husbandry-Central Plan-District Sector-GG-113-Agricultural Engineering	2.83	0.09	2.74
26	28	Rural Development	2059-Public Works-State Plan-State Sector-80-General-F-001-Direction and Administration	4.61	3.45	1.16
27	28	Rural Development	2215-Water Supply and Sanitation-State Plan- State Sector-01-Water Supply-Q-102-Rural Water Supply Programmes	23.09	20.50	2.59
28	28	Rural Development	2215-Water Supply and Sanitation-State Plan- State Sector-01-Water Supply-S-799-Suspense	2.00	0.11	1.89
29	28	Rural Development	2215-Water Supply and Sanitation-State Plan-District Sector-02-Sewerage and Sanitation-X-105- Sanitation Services	1.21	--	1.21
30	28	Rural Development	2215-Water Supply and Sanitation-Centrally Sponsored Plan- State Plan-State Sector-02-Sewerage and Sanitation-L.L-105-Sanitation Services	3.91	1.99	1.92
31	28	Rural Development	4059-Capital Outlay on Public Works-State Plan-State Sector-60-Other Buildings-XX-800-Other Expenditure	2.96	1.50	1.46

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)						
32	30	Energy	4801-Capital Outlay on Power Projects-State Plan-State Sector-05-Transmission and Distribution-11-190-Investments in Public Sector and other undertakings.	46.27	10.96	35.31
33	36	Women and Child Development	2236-Nutrition-State Plan-State Sector-02-Distribution of Nutritious Food and Beverages -CC-102-Midday Meals Programmes	23.71	21.66	2.05
Total				686.11	512.28	173.83

Contd.

APPENDIX-VI-A

(Refer paragraph 2.3.6 at page 28)

Statement showing savings of more than 10 per cent during 1999-2000

Sl. No.	Grant No.	Name of the Grant	Amount of Grant	Savings	Percentage of savings
(Rupees in crore)					
REVENUE SECTION					
1.	2	General Administration (Charged)	2.74	0.64	23
2.	3	Revenue (Voted)	1090.10	359.53	33
3.	5	Finance (Voted)	1004.44	263.16	26
4.	5	Finance (Charged)	0.08	0.08	100
5.	6	Commerce (Voted)	32.94	6.07	18
6.	7	Works (Charged)	1.05	0.49	47
7.	10	School and Mass Education (Charged)	0.03	0.02	67
8.	11	Scheduled Tribes and Scheduled Castes (Voted)	265.06	32.02	12
9.	12	Health and Family Welfare (Voted)	508.46	83.31	16
10.	14	Labour and Employment (Voted)	33.98	8.78	26
11.	15	Sports and Youth Services (Voted)	5.56	1.08	19
12.	18	Public Grievances and Pension Administration (Voted)	0.66	0.11	17
13.	19	Industries (Voted)	98.63	23.83	24
14.	21	Transport (Voted)	12.89	1.83	14
15.	23	Agriculture (Voted)	298.59	67.57	23
16.	25	Information and Public Relation (Voted)	13.38	1.60	12
17.	27	Science and Technology (Voted)	6.41	2.51	39
18.	28	Rural Development (Charged)	0.03	0.02	67
19.	30	Energy (Voted)	50.77	46.91	92
20.	31	Textile and Handloom (Voted)	38.24	11.43	30
21.	33	Fisheries and Animal Resources Development (Voted)	121.88	22.12	18
22.	34	Co-operation (Voted)	42.91	6.32	15
23.	35	Public Enterprises (Voted)	20.65	14.32	69

Concl.

Sl. No.	Grant No.	Name of the Grant	Amount of Grant	Savings	Percentage of savings
(Rupees in crore)					
24.	36	Women and Child Development (Voted)	268.68	61.38	23
25.	38	Higher Education (Charged)	0.01	0.01	100
26.	2049	Interest Payments (Charged)	1779.70	542.00	30
CAPITAL SECTION					
27.	1	Home (Voted)	6.98	4.25	61
28.	3	Revenue (Voted)	0.32	0.05	16
29.	7	Works (Voted)	231.99	138.97	60
30.	10	School and Mass Education (Voted)	0.50	0.50	100
31.	11	Scheduled Tribes and Scheduled Castes Development (Voted)	3.57	0.89	25
32.	12	Health and Family Welfare (Voted)	28.68	22.82	80
33.	13	Housing and Urban Development (Voted)	49.22	30.71	62
34.	19	Industries (Voted)	7.86	6.77	86
35.	20	Water Resources (Voted)	624.98	87.01	14
36.	20	Water Resources (Charged)	1.56	0.66	42
37.	23	Agriculture (Voted)	0.67	0.38	57
38.	24	Steel and Mines (Voted)	0.21	3.03	1443
39.	28	Rural Development (Voted)	77.04	18.20	24
40.	28	Rural Development (Charged)	0.10	0.05	50
41.	30	Energy (Voted)	605.11	537.07	89
42.	32	Tourism and Culture (Voted)	2.04	1.24	61
43.	33	Fisheries and Animal Resources Development (Voted)	17.62	8.70	49
44.	34	Co-operation (Voted)	20.10	10.29	51
45.	36	Women and Child Development (Voted)	0.15	0.15	100
46.	38	Higher Education (Voted)	2.40	2.18	91
47.	6004	Loans and Advances from Central Government (Charged)	298.85	53.66	18

APPENDIX-VI-B

(Refer paragraph 2.3.6 at page 28)

Statement showing persistent savings of more than 10 per cent

Sl. No.	Grant No.	Name of the Grant	Percentage of Savings		
			1997-98	1998-99	1999-2000
REVENUE SECTION					
1.	3	Revenue (Voted)	14	13	33
2.	5	Finance (Voted)	52	61	26
3.	5	Finance (Charged)	100	100	100
4.	10	School and Mass Education (Charged)	100	100	67
5.	11	Scheduled Tribes and Scheduled Castes Development and Minorities and Backward Classes Development (Voted)	11	15	12
6.	18	Public Grievances and Pension Administration (Voted)	25	20	17
7.	19	Industries (Voted)	15	15	24
8.	23	Agriculture (Voted)	14	16	23
9.	30	Energy (Voted)	36	75	92
10.	31	Textile and Handloom (Voted)	18	34	30
11.	33	Fisheries and Animal Resources Development (Voted)	15	12	18
12.	36	Women and Child Development (Voted)	31	21	23
13.	38	Higher Education (Charged)	100	100	100
CAPITAL SECTION					
14.	3	Revenue (Voted)	24	40	16
15.	10	School and Mass Education (Voted)	100	100	100
16.	11	Scheduled Tribes and Scheduled Castes Development and Minorities and Backward Classes Development (Voted)	50	13	25
17.	12	Health and Family Welfare (Voted)	24	74	80
18.	13	Housing and Urban Development (Voted)	45	36	62
19.	14	Labour and Employment (Voted)	87	93	100
20.	20	Water Resources (Voted)	19	12	14
21.	20	Water Resources (Charged)	62	70	42
22.	23	Agriculture (Voted)	17	42	57

Sl. No.	Grant No.	Name of the Grant	Percentage of Savings		
			1997-98	1998-99	1999-2000
23.	24	Steel and Mines (Voted)	636	1201	1443
24.	25	Information and Public Relation (Voted)	100	100	100
25.	26	Excise (Voted)	100	100	100
26.	28	Rural Development (Voted)	22	17	24
27.	28	Rural Development (Charged)	74	38	50
28.	30	Energy (Voted)	93	50	89
29.	33	Fisheries and Animal Resources Development (Voted)	68	52	49
30.	34	Co-operation (Voted)	22	67	51
31.	36	Women and Child Development (Voted)	100	100	100
32.	38	Higher Education (Voted)	79	93	91

APPENDIX VII

Contd.

(Refer Paragraph 2.3.8 at page 28)

Significant cases of Excess (Exceeding Rs.1 crore)

Sl. No.	No. and Name of the grant	Head of Account	Total/Final Grant	Expenditure	Excess
(Rupees in crore)					
1.	01 Home	2055-Police-M-003-Training	5.74	7.25	1.51
2..	01 Home	2055-Police Training-O-104-Special Police	68.02	77.26	9.24
3..	01 Home	2055-Police Training-P-109-District Police	209.77	241.59	31.82
4.	01 Home	2055-Police Training-T-114-Wireless and components	12.71	13.76	1.05
5..	01 Home	2056-Jails-AA-101-Jails	15.96	17.48	1.52
6.	01 Home	2070-Other Administrative Services-OO-108-Fire Protection and Control	18.60	21.13	2.53
7.	3 Revenue	2029-Land Revenue-A-102-Survey and Settlement Operations	29.46	32.17	2.71
8.	3 Revenue	2029-Land Revenue-B-104-Management of Government Estates	68.87	75.36	6.49
9..	3 Revenue	2030-Stamps and Registration-02-Stamps Non-Judicial-K-101-Cost of Stamps	2.50	4.00	1.50
10..	3 Revenue	2053-District Administration-P-093-District Establishment	25.31	27.63	2.32
11.	3 Revenue	2245-Relief on Account of Natural Calamities-01-Drought-CC-800-Other Expenditure	0.40	5.56	5.16
12.	3 Revenue	2245-Relief on Account of Natural Calamities-02-Floods, Cyclones, etc.-DD-101-Gratuitious Relief	3.20	8.48	5.28
13.	3 Revenue	2245-Relief on Account of Natural Calamities-02-Floods, Cyclones, etc.-HH-105-Veterinary Care	Negligible	1.59	1.59
14.	3 Revenue	2245-Relief on Account of Natural Calamities-02-Floods, Cyclones, etc.-II-106-Repairs and Restoration of Damaged Roads and Bridges	0.95	3.91	2.96
15.	3 Revenue	2245-Relief on Account of Natural Calamities-02-Floods, Cyclones, etc.-MM-111-Exgratia Payment to bereaved families	0.35	1.93	1.58

Contd.

Sl. No.	No. and Name of the grant	Head of Account	Total/Final Grant	Expenditure	Excess
(Rupees in crore)					
16.	3 Revenue	2245-Relief on Account of Natural Calamities-02-Floods, Cyclones, etc.-00-113-Assistance for Repairs/Reconstruction of houses	3.10	12.12	9.02
17.	3 Revenue	2245-Relief on Account of Natural Calamities-02-Floods, Cyclones, etc.-WW-122-Repair/Reconstruction of Damaged Irrigation and Flood Control Works	0.57	2.50	1.93
18.	3 Revenue	2245-Relief on Account of Natural Calamities-02-Floods, Cyclones, etc.-XX-193-Assistance to Local Bodies and other Non-Government Bodies and Institutions	0.21	3.16	2.95
19.	3 Revenue	2245-Relief on Account of Natural Calamities-02-Floods, Cyclones, etc.-ZZ-800-Other Expenditure	2.58	5.10	2.52
20.	3 Revenue	2506-Land Reforms-State Plan-State Sector-LLL-102-Consolidation of Holdings	18.60	20.20	1.60
21.	5 Finance	2071-Pensions and Retirement Benefits-01-Civil-L-101-Superannuation and Retirement Allowance-L-1-Pension to Government Servants	359.92	362.74	2.82
22.	5 Finance	7610-Loans to Government Servants etc-Z-201-House Building Advances	212.32	213.83	1.51
23.	5 Finance	7610-Loans to Government Servants etc-CC-800-Other Advances-CC-2-Group Insurance	65.72	67.42	1.70
24.	7 Works	2052-Secretariate General Services-80-General-C-001-Direction and Administration	20.65	32.47	11.82
25.	7 Works	2052-Secretariate General Services-80-General-D-052-Machinery and Equipment	(-)6.68	8.37	15.05
26.	7 Works	2052-Secretariate General Services-80-General-F-799-Suspense	5.00	22.98	17.98
27.	7 Works	2216-Housing-01-Government Residential Buildings-I-106-General Pool accommodation	11.33	13.88	2.55

Contd.

Sl. No.	No. and Name of the grant	Head of Account	Total/ Final Grant	Expendi- ture	Excess
(Rupees in crore)					
28.	7 Works	5054-Capital Outlay on Roads and Bridges-State Plan-State Sector-03-State Highways-HHH-796-Tribal Area Sub-Plan	5.23	7.51	2.28
29.	10 School and Mass Education	2202-General Education-01-Elementary Education-B-101-Government Primary Schools	955.50	974.05	18.55
30.	10 School and Mass Education	2202-General Education-02-Secondary Education-M-109-Government Secondary Schools-	86.39	88.26	1.87
31.	10 School and Mass Education	2202-General Education-State Plan-District Sector-01-Elementary Education-KK-101-Government Primary Schools	16.77	116.56	99.79
32.	10 School and Mass Education	2202-General Education-State Plan-District Sector-01-Elementary Education-00-796-Tribal Area Sub-Plan	12.77	19.43	6.66
33.	10 School and Mass Education	2202-General Education-02-Secondary Education-QQ-109-Government Secondary Schools	194.44	242.17	47.73
34.	10 School and Mass Education	2202-General Education-State Plan-District Sector-02-Secondary Education-State Sector-796-Tribal Area Sub-Plan	45.77	50.79	5.02
35.	10 School and Mass Education	2202-General Education-Central Plan-District Sector-01-Elementary Education-DDD-101-Government Primary Schools	46.57	47.93	1.36
36.	10 School and Mass Education	2202-General Education-Central Plan-District Sector-01-Elementary Education-EEE-796-Tribal Area Sub-Plan	11.19	19.66	8.47
37.	10 School and Mass Education	2202-General Education-Centrally Sponsored Plan-District Sector-01-Elementary Education-NNN-105-Non-formal Education	7.92	11.43	3.51
38.	11 Welfare	2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes-State Plan-State Sector-02-Welfare of Scheduled Tribes-0-794-Special Central Assistance from Tribal Area Sub-plan	42.13	45.21	3.08
39.	12 Health and Family Welfare	2210-Medical and Public Health-01-Urban Health Services-Allopathy-B-110-Hospital and Dispensary	82.76	85.57	2.81

Contd.

Sl. No.	No. and Name of the grant	Head of Account	Total/ Final Grant	Expendi- ture	Excess
(Rupees in crores)					
40.	12 Health and Family Welfare	2211-Family Welfare-Central Plan-District Sector-WWW-101-Rural Family Welfare Services	37.95	39.52	1.57
41.	12 Health and Family Welfare	3606-Aid materials and equipment-Central Scheme Plan-State Sector-JJJ-104-National Malaria Eradication Programme	2.40	6.62	4.22
42.	13 Housing and Urban Development	2215-Water Supply and Sanitation-01-Water Supply-E-001 Direction and Administration	7.17	9.22	2.05
43.	13 Housing and Urban Development	2215-Water Supply and Sanitation-01-Water Supply-G-101-Urban Water Supply Programmes	48.56	57.05	8.49
44.	13 Housing and Urban Development	2215-Water Supply and Sanitation-State Plan-State Sector-01-Water Supply-N-796-Tribal Area Sub-plan	3.14	5.47	2.33
45.	13 Housing and Urban Development	2216-Housing-01-Government Residential Buildings-S106-General Pool accommodation	4.00	5.22	1.22
46.	17 Panchayati Raj	2501-Special Programmes for Rural Development-State Plan-District Sector-01-Integrated Rural Development Programme-F-001-Direction and Administration	9.11	13.37	4.26
47.	17 Panchayati Raj	2501-Special Programmes for Rural Development-State Plan-District Sector-01-Integrated Rural Development Programme-G-796-Tribal Area Sub-Plan	11.50	13.06	1.56
48.	20 Water Resources	2701-Major and Medium Irrigation-01-Major Irrigation-80-General-ZZ-001-Direction and Administration	11.88	19.84	7.96
49.	20 Water Resources	2701-Major and Medium Irrigation-01-Major Irrigation-80-General-BBB-799-Suspense	1.00	2.63	1.63
50.	20 Water Resources	2702-Minor Irrigation-01-Surface Water-GGG-800-Other expenditure	10.06	11.13	1.07
51.	20 Water Resources	2702-02-Ground Water-80-General-OOO-001-Direction and Administration	3.32	4.89	1.57

Contd.

Sl. No.	No. and Name of the grant	Head of Account	Total/ Final Grant	Expendi- ture	Excess
(Rupees in crore)					
52.	20 Water Resources	2705-Command Area Development-State Plan-State Sector-VVV-001-Ayacut Development	3.36	4.64	1.28
53.	20 Water Resources	2705-Command Area Development-Central Scheme Plan-State Sector-YYY-001-Ayacut Development	3.36	4.64	1.28
54.	20 Water Resources	2711-Flood Control and Drainage-01-Flood Control-BBBB-800-Other Expenditure	17.09	19.83	2.74
55.	20 Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-01-Major Irrigation-KKKK-219-Naraja Barrage	31.40	33.00	1.60
56.	20 Water Resources	4701-Capital Outlay on Major and Medium Irrigation-State Plan-State Sector-01-Major Irrigation-TTTT-311-Hariharjore Irrigation Project	5.60	6.75	1.15
57.	22 Forest & Environment	2406-Forestry & Wild Life-01-Forestry-A-001-Direction and Administration-Non Plan	39.73	47.41	7.68
58.	22 Forest and Environ- ment	2406-Forestry & Wild Life-State Plan-State Sector-01-Forestry-M-102-Social and Farm Forestry	4.35	7.74	3.39
59.	22 Forest and Environment	2406-Forestry and Wild Life-State Plan-State Sector-01-Forestry-O-796-Tribal Area Sub-Plan	2.13	4.20	2.07
60.	22 Forest and Environment	2406-Forestry and Wild Life-Central Plan-State Sector-01-Forestry-U-101-Forest Conservation Development & Regeneration	1.00	3.45	2.45
61.	22 Forest and Environment	2406-Forestry & Wildlife-Centrally Sponsored Plan-State Sector-02-Environmental-Forest & Wild Life-X(A)-110-Wildlife Preservation	--	2.35	2.35
62.	23 Agriculture	2401-Crop Husbandry-D-103-SEEDS	8.67	29.01	20.34
63.	23 Agriculture	2401-Crop Husbandry-State Plan-State Sector-M-001-Direction and Administration	5.60	6.87	1.27
64.	23 Agriculture	2401-Crop Husbandry-State Plan-State Sector-R-796-Tribal Area Sub-Plan	4.41	5.54	1.13

Concl.

Sl. No.	No. and Name of the grant	Head of Account	Total/Final Grant	Expenditure	Excess
(Rupees in crore)					
65.	23 Agriculture	2401-Crop Husbandry-State Plan-State Sector-S-800-Other Expenditure	8.88	10.35	1.47
66.	23 Agriculture	2401-Crop Husbandry-State Plan-State Sector-UU-796-Tribal Area Sub-Plan	1.86	3.38	1.52
67.	23 Agriculture	2401-Crop Husbandry-Central Plan-District Sector-AAA-102-Soil Conservation	4.00	7.70	3.70
68.	28 Rural Development	2059-Public Works-80-General-C-001-Direction and Administration	(-10.28)	1.86	2.14
69.	28 Rural Development	2059-Public Works-80-General-E-799-Suspense	5.00	9.15	4.15
70.	28 Rural Development	2059-Public Works-80-General-J-102-Rural Water Supply	9.80	15.83	6.03
71.	28 Rural Development	2059-Public Works-80-General-K-799-Suspense	3.00	61.55	58.55
72.	28 Rural Development	2059-Public Works-80-General-R-796-Tribal Area Sub-Plan	12.93	14.25	1.32
73.	28 Rural Development	2059-Public Works-80-General-GG-105-Sanitation Services	0.01	2.44	2.43
74.	28 Rural Development	2059-Public Works-80-General-KK-796-Tribal Area Sub-Plan	5.50	6.94	1.44
75.	28 Rural Development	3054-Roads and Bridges-04-District and Other Roads-PP-337-Road Works	59.38	64.65	5.27
76.	6003 Internal Debt of the State Government	G-110-Ways and Means Advances from the Reserve Bank of India	1500.00	3833.36	2333.36
77.	6004 Appropriation- Loans and Advances from the Central Government	6004-Loans from Central Government-06-Ways and Means Advances-F(A)-800-Other Ways and Means Advance	--	100.00	100.00
Grand Total			4549.47	7507.35	2957.88

APPENDIX-VIII

{ Refer paragraph 2.3.9(a) at page 29 }

Injudicious Surrenders

Sl. No.	Number and Name of the Grant	Total savings	Amount surrendered	Amount not surrendered
(Rupees in crore)				
REVENUE SECTION (VOTED)				
1.	3 Revenue	359.53	21.80	337.73
2.	17 Panchayati Raj	11.45	8.74	2.71
3.	19 Industries	23.83	21.39	2.44
4.	30 Energy	46.91	6.58	40.33
5.	36 Women and Child Development	61.38	53.50	7.88
CAPITAL SECTION (VOTED)				
1.	7 Works	138.97	129.91	9.06
2.	20 Water Resources	87.01	8.42	78.59
3.	28 Rural Development	18.20	14.85	3.35
4.	30 Energy	537.07	501.77	35.30
Total		1284.35	766.96	517.39

APPENDIX-IX

{Refer paragraph 2.3.9(b) at page 29}

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.	5 Finance	263.16	265.34	2.18
2.	11 Scheduled Tribes and Scheduled Caste Development and Backward Classes Development	32.02	33.97	1.95
3.	12 Health and Family Welfare	83.31	88.85	5.54
4.	13 Housing and Urban Development	6.59	12.78	6.19
5.	14 Labour and Employment	8.78	9.41	0.63
6.	16 Planning and Co-ordination	5.00	14.00	9.00
7.	22 Forest and Environment	4.03	4.80	0.77
8.	23 Agriculture	67.57	89.04	21.47
9.	38 Higher Education	6.49	7.88	1.39
REVENUE SECTION (CHARGED)				
1.	2049-Interest payment	542.00	542.79	0.79
CAPITAL SECTION (VOTED)				
1.	34 Co-operation	10.29	11.72	1.43
CAPITAL SECTION (CHARGED)				
1.	6004 Loans and Advances from Central Government	53.66	153.66	100.00
Total		1082.90	1234.24	151.34

APPENDIX-X

{ Refer paragraph 2.3.9(c) at page 29}

Unrealistic Surrender

Sl. No.	Number and name of the Grant	Expenditure exceeded Grants by	Amount surrendered though there was no savings
(Rupees in crore)			
REVENUE SECTION (Voted)			
1.	1 Home	40.00	8.25
2.	7 Works	31.01	5.88
3.	10 School and Mass Education	141.55	42.51
4.	20 Water Resources	1.05	8.47
5.	26 Excise	0.63	0.75
6.	28 Rural Development	44.55	20.12
CAPITAL SECTION (Voted)			
1.	5 Finance	69.31	2.28
CAPITAL SECTION (Charged)			
1.	6003 Internal Debt of the State Government	2328.80	4.56
Total		2656.90	92.82

APPENDIX-XI

{ Refer Paragraph 2.3.10(a) at page 29}

Significant cases of entire provision surrendered/re-appropriated

Sl. No.	Grant Number and Name of the Department	Head of Account	Total Provision	Totally surrendered/re-appropriated
1	2	3	4	5
(Rupees in lakh)				
1.	01 Home	2055-Police-State Plan-District Sector-Y-114-Wireless and Computers	99.91	99.91
2.	01 Home	4055-Capital Outlay on Police-State Plan-State Sector-ZZ-208-Special Police	32.66	32.66
3.	01 Home	4059-Capital Outlay on Public Works-60-Other Buildings-AAA-051-Construction	162.70	162.70
4.	02 General Administration	6216-Loans for housing-State Plan-State Sector-02-Urban Housing-S-190-Loans to Public Sector and other undertakings	200.00	200.00
5.	04 Law	2052-Secretariate-General-Services-State Plan-State Sector-G-090-Secretariate	100.00	100.00
6.	5 Finance	2052-Secretariate-General Services-G-Salaries Lump for Dearness Allowances	500.00	500.00
7.	5 Finance	3604-Compensation and Assignment to Local Bodies and Panchayati Raj Institutions-X-103-Entertainment Tax	163.87	163.87
8.	07 Works	4202-Capital Outlay on Education, Sports, Art and Culture-State Plan-State Sector-01-General Education-FF-202-Secondary Education	25.00	25.00
9.	07 Works	4202-Capital Outlay on Education, Sports, Art and Culture-Centrally Sponsored Plan-State Sector-03-Sports and Youth Services-RR-102-Sports Stadia	83.00	83.00
10.	10 School and Mass Education	2202-General Education-80-General-Central Plan-District Sector-02-Secondary Education-GGG-109-Government Secondary Schools	284.34	284.34
11.	10 School and Mass Education	2202-General Education-80-General-Central Plan-District Sector-02-Secondary Education-III-796-Tribal Area Sub-Plan	108.11	108.11

Contd.

		Head of Account	Total Provision	Totally incurred/Approved/Supplemented
			4	5
(Rupees in lakh)				
12.	11 Welfare	2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes-State Plan-State Sector-03-Welfare of Backward Classes-R-800-Other Expenditure	40.00	40.00
13.	11 Welfare	2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes-Central Plan-State Sector-01-Welfare of Scheduled Castes-Y-800-Other expenditure	352.87	352.87
14.	11 Welfare	4225-Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes-State Plan-State Sector-01-Welfare of Scheduled Castes-LL 796-Tribal Area Sub-Plan	35.00	35.00
15.	12 Health and Family Welfare	2210-Medical and Public Health-Central Plan-State Sector-05-Medical Education Training and Research-ZZ-101-Ayurveda	18.40	18.40
16.	12 Health and Family Welfare	2210-Medical and Public Health-Central Plan-State Sector-05-Medical Education Training and Research-AAA-102-Homoeopathy	12.11	12.11
17.	12 Health and Family Welfare	3606-Aid Material and Equipments-Central Plan-State Sector-EEEE-401-Family Welfare Programme	1688.95	1688.95
18.	12 Health and Family Welfare	3606-Aid Material and Equipments-Central Plan-State Sector-FFFF-102-Leprosy Control Programme	64.00	64.00
19.	12 Health and Family Welfare	3606-Aid Material and Equipments-Central Plan-State Sector-GGGG-103-Tracoma and Blindness Control	53.70	53.70
20.	12 Health and Family Welfare	3606-Aid Material and Equipments-Central Plan-State Sector-HHHH-107-National Aids Control Programme	40.00	40.00
21.	12 Health and Family Welfare	3606-Aid Material and Equipments-Central Plan-State Sector-IIII-796-Tribal Area Sub-Plan	56.50	56.50
22.	12 Health and Family Welfare	3606-Aid Material and Equipments-Central Plan-State Sector-KKKK-105-National Filaria Control Programme	20.00	20.00

Contd.

Sl. No.	Grand Number and Name of the Department	Head of Account	Total	
1	2	3	4	5
23.	12 Health and Family Welfare	3606-Aid Material and Equipments-Central Plan-State Sector-LLLL-106-National T.B. Control Programme	20.00	20.00
24.	13 Housing and Urban Development	2215-Water Supply and Sanitation-State Plan-District Sector-02-Sewerage and Sanitation-Q-105-Sanitation Services	11.50	11.50
25.	13 Housing and Urban Development	2216-housing-02-Urban Housing-T-103-Assistance to Housing Board	200.00	200.00
26.	13 Housing and Urban Development	2217-Urban Development-State Plan-District Sector-04-Slum Area improvement-NN-191-Assistance to Local Bodies, Corporations, Urban Development Authorities, Town Improvement Trusts, etc	360.00	360.00
27.	13 Housing and Urban Development	2235-Social Security and Welfare-State Plan-District Sector-02-Social Welfare-RR-200-Other Programmes	277.00	277.00
28.	13 Housing and Urban Development	2235-Social Security and Welfare-State Plan-District Sector-02-Social Welfare-SS-796-Tribal Area Sub-Plan	83.00	83.00
29.	13 Housing and Urban Development	6217-Loans from Urban Development-State Plan-District Sector-04-Slum Area Development-VVV-191-Loans to Local Bodies, Corporations, etc.	840.00	840.00
30.	17 Panchayati Raj	2235-Social Security and Welfare-02-Social Welfare-C-200-Other Programmes	200.00	200.00
31.	17 Panchayati Raj	2501-Special Programmes for Rural Development-State Plan-State Sector-E-003-Training	28.00	28.00
32.	17 Panchayati Raj	2501-Special Programme for Rural Development-Centrally Sponsored Plan-State Sector-01-Integrated Rural Development Programmes-I-003-Training	28.00	28.00
33.	19 Industries	2851-Village and Small Industries-State Plan-State Sector-BB-796-Tribal Area Sub-Plan	60.00	60.00

Contd.

Sl. No.	Grant Number and Name of the Department	Head of Account	Total Provision	Totally surrendered/reappropriated
1	2	3	4	5
(Rupees in lakh)				
34.	19 Industries	2851-Village and Small Industries-Centrally Sponsored Plan-State Sector-III-102-Small Scale Industries	440.00	440.00
35.	19 Industries	4859-Capital Outlay on Telecommunication and Electronic Industries-State Plan-State Sector-02-Electronics-EEE-190-Investment in Public Sector and other undertakings	26.00	26.00
36.	19 Industries	6885-Other Loans to Industries and Minerals-State Plan-State Sector-01-Loans to Industrial Financial Institutions-III-190-Loan to Public Sector and other undertakings	100.00	100.00
37.	21 Transport	4235-Capital Outlay and Social Security and Welfare-State Plan-State Sector-60-Other Social Security and Welfare Programmes-M-800-Other Expenditure	13.00	13.00
38.	27 Science and Technology	3435-Ecology and Environment-03-Environmental Research and Ecological Regeneration-R-102-Environmental Planning and Co-ordination	26.00	26.00
39.	27 Science and Technology	3435-Ecology and Environment-State Plan-State Sector-03-Environmental Research and Ecological Regeneration-S-102-Environmental Planning and Co-ordination	190.00	190.00
40.	28 Rural Development	2215-Water Supply and Sanitation-Centrally Sponsored Plan-District Sector-01-Water Supply-II-003-Training	11.50	11.50
41.	30 Energy	2801-Power State Plan State Sector-05-Transmission and Distribution-E-800-Other expenditure	561.81	561.81
42.	32 Tourism and Culture	5452-Capital Outlay on Tourism-State Plan-State Sector-80-General-FF-190-Investments in Public Sector and other undertakings	25.00	25.00

Contd.

Sl. No.	Grant Number and Name of the Department	Head of Account	Total Provision	Totally surrendered/reappropriated
1	2	3	4	5
			(Rupees in lakh)	
43.	34 Co-operation	2425-Co-operation- Central Plan-State Sector-K-109-Agriculture Credit Stabilisation Fund	75.00	75.00
44.	34 Co-operation	2425-Co-operation -Centrally Sponsored Plan-State Sector-K(A)-796-Tribal Area Sub-Plan	19.00	19.00
45.	34 Co-operation	4425-Capital Outlay on Co-operation-State Plan-State Sector-T(A)-195-Investment in Co-operatives	47.50	47.50
46.	34 Co-operation	4425-Capital Outlay on Co-operation-State Plan-State Sector-T(B)-796-Tribal Area Sub-Plan	28.50	28.50
47.	34 Co-operation	6425-Loans for Co-operation-State Plan-State Sector-U-107-Loans to Credit co-operatives	55.76	55.76
48.	34 Co-operation	6425-Loans for Co-operation-State Plan-State Sector-V-796-Tribal Area Sub-Plan	27.45	27.45
49.	34 Co-operation	6425-Loans for Co-operation-Central Plan-State Sector-W-107-Loans to Credit Co-operatives	25.00	25.00
50.	34 Co-operation	6425-Loans for Co-operation-Centrally Sponsored Plan-State Sector-X-107-Loans to Credit Co-operatives	83.20	83.20
51.	36 Women and Child Development	4235-Capital Outlay on Social Security and Welfare-State Plan-State Sector-02-Social Welfare-HH-191-Investment in Co-operatives	15.00	15.00
52.	38 Higher Education	2202-General Education-Central Plan-State Sector-03-University and Higher Education-Q-103-Government Colleges and Institutes	30.40	30.40
53.	38 Higher Education	2202-General Education-Central Plan-State Sector-03-University and Higher Education-R-104-Assistance to Non-Government Colleges and institutions	46.40	46.40
54.	38-Higher Education	2202-General Education-Central Plan-State Sector-03-University and Higher Education-S-107-Scholarship	11.76	11.76
55.	38 Higher Education	2202-General Education-Central Plan-State Sector-03-University and Higher EducationT-796-Tribal Area Sub-Plan	23.20	23.20
56.	38 Higher Education	4202-Capital Outlay on Education, Sports, Art and Culture-State Plan-District Sector-01-General Education-CC-203-University and Higher Education	160.00	160.00

Concl.

		Fund Account	Total Provision	Totally surrendered/reappropriated
			(Rupees in lakh)	
57.	38 Higher Education	4202-Capital Outlay on Education, Sports, Art and Culture-State Plan-District Sector-01-General Education-DD-796-Tribal Area Sub-Plan	40.00	40.00
Total			40.00	40.00

APPENDIX-XII

{ Refer paragraph 2.3.10 (b) at page 29 }

Anticipated savings not surrendered

Sl. No	No. & Name of the Grant	Head of Account	Total Grant	Actual expenditure	Savings (Rs. one crore and more)
(Rupees in crore)					
REVENUE-SECTION					
1.	3 Revenue	2030-Stamps and Registration-01-Stamps-Judicial-H-101-Cost of Stamps	1.50	--	1.50
2.	19 Industries	2885-Other Outlay on Industries and Mineral-State Plan-State Sector-01-Industrial Financial Institution-60-Others-RR-800-Other Expenditure	2.77	--	2.77
3.	20 Water Resources	2702-Minor Irrigation-01-Surface Water-80-General-KKK-Lump Provision for Critical Intervention Fund for Renovation of Minor Irrigation Projects	5.00	--	5.00
4.	23 Agriculture	2401-Crop Husbandry-A-001-Direction and Administration	80.68	72.99	7.69
Total			89.95	72.99	16.96

APPENDIX-XIII

(Refer paragraph 2.3.11 at page 29)

Statement showing cases where expenditure fell short by
Rs.1 crore and over 20 per cent of provision

Sl. No.	No. of the Grant	Name of the Grant/Appropriation.	Total Grant	Amount of savings	Savings as a percentage of total grant.
1	2	3	4	5	6
(Rupees in crore)					
REVENUE SECTION					
1	3	Revenue (Voted)	1090.10	359.53	33
2	5	Finance (Voted)	1004.44	263.16	26
3	14	Labour and Employment (Voted)	33.98	8.78	26
4	19	Industries (Voted)	98.63	23.83	24
5	23	Agriculture (Voted)	298.59	67.57	23
6	27	Science & Technology (Voted)	6.41	2.51	39
7	30	Energy (Voted)	50.77	46.91	92
8	31	Textile & Handloom Development (Voted)	38.24	11.43	30
9.	35	Public Enterprises (Voted)	20.65	14.32	69
10.	36	Women and Child Development (Voted)	268.68	61.38	23
11.	2049	Interest Payment (Charged)	1779.70	542.00	30
CAPITAL SECTION					
12.	1	Home (Voted)	6.98	4.25	61
13.	7	Works (Voted)	231.99	138.97	60
14.	12	Health & Family Welfare (Voted)	28.68	22.82	80
15.	13	Housing & Urban Development (Voted)	49.22	30.71	62
16.	19	Industries (Voted)	7.86	6.77	86
17	24	Steel & Mines (Voted)	0.21	3.03	1443
18	28	Rural Development (Voted)	77.04	18.20	24
19	30	Energy (Voted)	605.11	537.07	89
20	32	Tourism and Culture (Voted)	2.04	1.24	61
21.	33	Fisheries & Animal Resources Development (Voted)	17.62	8.70	49
22.	34	Co-operation (Voted)	20.10	10.29	51
23	38	Higher Education (Voted)	2.40	2.18	91

APPENDIX-XIV

(Refer paragraph No. 2.3.12 at page 30)

Statement of New Service/New Instrument of Service

Sl. No.	Grant No.	Name of the grant	Head of Account	Amount (Rupees in crore)
1.	7	Works	4202-Capital Outlay on Education, Sports, Art and Culture-Central Plan-State Sector-01-General Education-OO(A)-203-University and Higher Education	0.13
2.	7	Works	4202-Capital Outlay on Education, Sports, Art and Culture-Central Plan-District Sector-01-General Education-PP(A)-202-Secondary Education	0.03
3.	7	Works	4202-Capital Outlay on Education, Sports, Art and Culture-Centrally Sponsored Plan-State Sector-03-Sports and Youth Services-RR(A)-800-Other expenditure	0.08
4.	7	Works	4225-Capital Outlay on Welfare of Scheduled Caste/Scheduled Tribe/Orissa Backward Classes-State Plan-District Sector-01-Welfare of Scheduled Caste-BBB(A)-277-Education	0.02
5.	13	Housing and Urban Development	2215-Water Supply and Sanitation-02-Sewerage and Sanitation-I(A)-107-Sewerage Services	0.86
6.	22	Forest and Environment	2406-Forestry and Wildlife-Centrally Sponsored Plan-State Sector-02-Environmental Forestry and Wildlife-X(A)-110-Wildlife Preservation	2.35
7.	22	Forest and Environment	3604-Compensation and Assignments to Local Bodies and Panchayati Raj Institution-LL(A)-200-Other Miscellaneous Compensation and Assignment	0.02
8.	23	Agriculture	2402-Soil and Water Conservation -Central Plan-State Sector-ZZ(A)-102-Soil Conservation	0.03
9.	23	Agriculture	2501-Special Programme for Rural Development -Centrally Sponsored Plan-District Sector-02-Drought Prone Area Development Programme-PPP(A)-800-Other expenditure	0.72
Total				4.24

APPENDIX-XV

(Refer Paragraph 2.6 at page 32)

Statement showing recoveries and credits

Sl. No.	Number and name of the Grant	Budget Estimate	Actual recoveries	Variation	
				Amount	Percentage
(Rupees in crore)					
1	2	3	4	5	6
REVENUE SECTION					
(A) Excess recoveries against the Budget Estimate					
1.	7 Works	11.80	25.45	13.65	116
2.	23 Agriculture	2.00	19.88	17.88	894
3.	28 Rural Development	10.20	52.65	42.45	416
(B) Short recoveries against Budget Estimate					
1.	1 Home	5.65	3.07	2.58	46
2.	3 Revenue	860.52	507.58	352.94	41
3.	5 Finance	7.41	0.46	6.95	94
4.	12 Health & Family Welfare	24.63	4.23	20.40	83
5.	13 Housing and Urban Development	10.10	3.30	6.80	67
CAPITAL SECTION					
(A) Excess recoveries against the Budget Estimate					
NIL					
(B) Short recoveries against Budget Estimate					
1.	7 Works	1.68	Nil	1.68	100
2.	20 Water Resources	8.19	5.36	2.83	35
3.	22 Forest and Environment	95.74	73.98	21.76	23

APPENDIX-XVI

(Refer paragraph 2.10 at page 33)

Particulars of Major Head under which expenditure during March 2000 was substantial and also exceeded 50 per cent of the total expenditure during the year 1999-2000

Sl. No	Major Head of Account	Sector	Total expenditure during 1999-2000	Expenditure during March 2000	Percentage of expenditure during March 2000 to total expenditure
(Rupees in crore)					
1	2	3	4	5	6
1.	2054-Treasury & Accounts Administration	State Plan	31.47.975	31.47.975	100
2.	2202-General Education	Central Plan	72.93.24.797	52.74.02.208	72.31
3.	2202-General Education	Centrally sponsored Plan	15.82.02.820	11.10.43.400	70.19
4.	2204-Sports & Youth Services	State Plan	2.21.56.465	1.17.45.520	53.01
5.	2217-Urban Development	State Plan	13.60.26.356	8.48.82.335	62.40
6.	2225-Welfare of Scheduled Caste, Scheduled Tribe and OBC'S	State Plan	130.81.25.772	79.40.73.474	60.70
7.	2225-Welfare of Scheduled Caste, Scheduled Tribe and OBC'S	Central Plan	21.86.05.499	18.97.39.817	86.80
8.	2236-Nutrition	Non-plan	14.93.09.101	10.94.65.682	73.31
9.	2250-Other Social Services	Non-plan	10.14.25.299	6.67.73.846	65.84
10.	2401-Crop Husbandry	Central Plan	10.63.24.384	9.87.40.562	92.87
11.	2401-Crop Husbandry	Centrally sponsored Plan	15.77.59.315	13.33.29.813	84.51
12.	2402-Soil & Water Conservation	Central Plan	13.86.46.212	737.44.100	53.19
13.	2403-Animal Husbandry	Central Plan	2.51.54.828	2.18.90.318	87.02
14.	2408-Food Storage	Non-plan	105.63.62.697	53.57.71.942	50.72
15.	2515-Other Rural Development	State Plan	132.46.96.607	84.68.66.106	63.93
16.	2705-Command Area Development	Centrally sponsored Plan	5.23.56.761	2.96.31.329	56.60
17.	2851-Village and Small Industries	Central Plan	3.57.64.734	3.39.14.820	94.83
18.	2851-Village and Small Industries	Centrally sponsored Plan	4.26.02.248	4.16.09.637	97.67
19.	3604-Compensation and Assignment to Local Bodies & Panchayati Raj Institutions	Non-plan	16.36.69.678	14.63.45.907	89.42
20.	5055-Capital Outlay on Roads and Transport	State Plan	6.98.32.000	4.48.32.000	64.20

APPENDIX-XVII

(Refer to paragraph 2.11 at page 34)

Statement showing 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)				
1995-96	285.18	64.86	152.63	197.41
1996-97	197.41	69.69	83.24	183.86
1997-98	183.86	247.34	49.86	381.34
1998-99	381.34	251.95	170.15	463.14
1999-2000	463.14	215.01	216.99	461.16

APPENDIX- XVIII
(Refer paragraph No.3.2.4.1 at page 52)
Statement showing cases where delay in compliance
to standards exceeded 6 years

Sl.No.	Name of the Industries	Product	Status of pollution control relating to water upto March 1999
1.	NALCO	Aluminium	Inadequate
2.	Indian Aluminium Company. Hirakud	Aluminium	Inadequate
3.	Talcher Thermal Power Station	Electricity	Inadequate
4.	Hirakud Power Limited. Hirakud	Electricity	Inadequate
5.	Rourkela Steel Plant, CPP-I&II	Electricity	Inadequate
6.	Orient Paper Mills. Brajrajnagar. Sambalpur	Paper	Inadequate upto 1997-98. Closed in 1998-99
7.	Ballarpur Industries Limited. Choudwar	Paper	Inadequate upto 1996-97
8.	FCI, Talcher, Fertilizer, Angul	Urea	Inadequate upto 1998-99
9.	Paradeep Phosphate Ltd., DAP Plant, Paradeep	DAP	Inadequate
10.	Rourkela Steel Plant, Fertilizer Unit	CAN	Inadequate
11.	Paradeep Phosphate Ltd., Cuttack	Phosphoric Acid	Inadequate
12.	Rourkela Steel Plant	Integrated steel	Inadequate
13.	Aska Co-operative Sugar (Distillery), Ganjam	Rectified spirit	Inadequate
14.	East Coast Fertilizers and Chemicals, Kalma	SSP	Inadequate upto 1997-98
15.	Krebs and Cie Ltd., Kalma	Basic Chrome Sulphate	Inadequate upto 1997-98. Closed during 1998-99

APPENDIX - XIX
{Refer paragraph 3.2.5.1(i) at page 55}
Water consumption and waste water discharge from
major industries in Mahanadi Basin

Sl.No.	Name of the Industry	Location	Product	Capacity	Water Consumption (KLD)	Waste water generation (KLD)
1.	Orient Paper Mill	Brajaraj nagar	Paper	76000 MT/Y	28464	18273
2.	INDAL	Hirakud	Aluminium	20000 TPA	1911	
3.	INDAL CPP	Hirakud	Power	67.5 MW	4968	961
4.	OPGC	Brajaraj nagar	Power	2X250 MW	88450	26932
5.	TATA refractories	Brajaraj nagar	Refractory	12750 MT/M	2852	1188
6.	IDCOL	Bargarh	Cement	960000 MT/Y	3900	2120
7.	ICCL	Choudwar	Charge Chrome	4170 MT/M	1634	15
8.	BILT	Choudwar	Paper	1800 MT/M	15800	14000
9.	OTM	Choudwar	Textile	70000 MT/D	52875	900
10.	PPL	Paradeep	DAP	60000 MT/M	2044	No discharge
			SAP	60000 MT/M	815	2
			PAP	22500 MT/M	5964	--
11.	ECBDL	Paradeep	Beer	50000 HL/Y	186	150
12.	Shakti Sugar	Badamba	Sugar	2700 MT/M	231	400
13.	ICCL CPP	Choudwar	Power	60 Million KWH	11556	1776
14.	L&T	Jharsuguda	Cement	2000 TPD	0.567	No discharge
	Total				221651	66717

APPENDIX-XX
{Refer paragraph 3.2.5.1(i) at page 55}
Coal Mines in Mahanadi Basin

Sl. No.	Name of the Mines	Location	Total Area (ha.)	Type of Mines	Coal Reserve (MT)	Mines water discharge (KLD)	
						Summer and other	Monsoon
1.	Lajkura	IB Valley	668.10	OCP	14.08	25	1085
2.	Belpahar	IB Valley	1301.37	OCP	48.63	65	5746
3.	Samaleswari	IB Valley	906.41	OCP	55.98	55	2976
4.	Lilari	IB Valley	216	OCP	13.58	50	950
5.	Lakhanpuri	IB Valley	1260	OCP	200	150	4770
6.	Hirakhand Bundia	IB Valley	1095.69	UG	--	672	862
7.	Hingiri Rampur	IB Valley	1095.69	UG	14.80	4800	6500
8.	Orient Colliery I & II	IB Valley	1150.37	UG	--	3432	4576
9.	Orient Colliery-III	IB Valley	1377.42	UG	64.24	3000	3600
10.	Orient Colliery-IV	IB Valley	519.47	UG	19.60	1730	2000
Total						13979	33065

Other mines in the Basin

Sl. No.	Name of the Mines	Location	Total Area (ha.)	Type of Mines	Lead Concentrate	Mines water discharge (KLD)	
						Summer and other	Monsoon
1.	Sargipali	Sundergarh IB Valley	499.59	Lead Ore	500 T/day	Nil	750

APPENDIX-XXI

(Refer paragraph 3.4.8.1 at page 89)

Statement showing the details of allotments and expenditure in test checked divisions.

Contd.

IRRIGATION WING

Sl. No	Name of the Division	Amount of loss report	Amount of allotment received 1999-2000	Amount of LOC received 1999-2000	LOC received excess/less against allotment	Expenditure ending March 2000	Expenditure in excess/less over allotment	Amount of surrender/lapse of allotment if any.	Diversion of CDR grants	Booking if any	Amount of DCR/BD/BC	Amount credited to deposit
1	2	3	4	5	6	7	8	9	10	11	12	13
1	Kendrapara Irrigation Division	3065 19	NFCR 70.00 CRF 20.00	39	(-) 51 00	21 09	(-) 68 91	(-) 68 91	Nil	Nil	Nil	Nil
2	Chikiti Irrigation Division, Berhampur	103 67	CRF 10.00 NCRF 7.00	17 00	Nil	18 27	(+) 1 27	Nil	Nil	Nil	Nil	Nil
3	Prachi Irrigation Division, Bhubaneswar	800 00	CRF 10.00 NFCR 90.00	75 75	(-) 24 25	66 75 9 00	(-) 24 25	(-) 24 25	Nil	Nil	Nil	Nil
4	Saline Embankment, Cuttack	3608 68	NFCR 92.00 CRF 25.00	80 50	(-) 36 50	80 50	(-) 36 50	(-) 36 50	24 46	Nil	Nil	Nil
5	Bhanjanagar Irrigation Division	738 19	CRF 20.00 NFCR 93.00	87 00	(-) 26 00	82 98	(-) 30 02	(-) 30 02	Nil	Nil	Nil	Nil
6	Jagatsinghpur Irrigation Division	2080 00	NFCR 120.00 CRF 20.00	59 00	(-) 81 00	49 20	(-) 90 80	(-) 90 80	Nil	Nil	Nil	Nil
7	Jajpur Irrigation Division	3099 30	CRF 20.00 NFCR 100.00	58 00	(-) 62 00	46 68	(-) 73 32	(-) 73 32	11 88	Nil	Nil	Nil
8	Balasore Irrigation Division	2462 10	NFCR 45.00 CRF 50.00	88 00	(-) 7 00	114 34	(+) 19 34	Nil	5 49	Nil	Nil	Nil

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Audit Report (Civil) for the year ended 31 March 2000

Contd.

Sl. No	Name of the Division	Amount of loss report	Amount of allotment received 1999-2000	Amount of LOC received 1999-2000	LOC received excess/less against allotment	Expenditure ending March 2000	Expenditure in excess/less over allotment	Amount of surrender/lapse of allotment if any.	Diversion of CDR grants	Booking if any	Amount of DCR/BD/BC	Amount credited to deposit
1	2	(R u p e e s)	4	5	6	7	8	9	10	11	12	13
9.	Mahandi South Division	2545.00	NFCR 97.00 CRF 35.00	86.00	(-) 46.00	93.77	(-) 38.23	(-) 38.23	Nil	-	-	-
10.	Puri Irrigation Division	799.80	NFCR 69.00	52.50	(-) 16.50	56.06	(-) 12.94	(-) 12.94		-	-	-
11.	Berhmapur Irrigation Division	966.35	CRF 20.00 NFCR 118.00	128.00	(-) 10.00	96.52	(-) 41.48	(-) 41.48	31.48	-	-	-
12.	Salandi Canal Division, Bhadrak	2000.00	NFCR 130.00 CRF 20.00	122.50	(-) 27.95	126.18	(-) 23.82	(-) 23.82		Nil	-	Nil
13.	Baitarani Irrigation Division	1521.15	CRF 10.00 NFCR 85.00	50.00	(-) 45.00	56.98	(-) 38.02	(-) 38.02	9.63	-	-	-
14.	Nimapara Irrigation Division	1000.00	NFCR 95.00	41.75	(-) 53.25	45.27	(-) 49.73	(-) 49.73	Nil	-	-	-
15.	Minor Irrigation Division, Cuttack	773.71	NFCR 45.90	45.90	Nil	45.54	(-) 0.46	(-) 0.46		-	-	-
Total		25563.14	1516.90	1030.90	(-) 486.00	1009.13	(-) 507.77	(-) 528.48	82.94			

Roads & Buildings Wing

Sl. No	Name of the Division	Amount of loss report	Amount of allotment received 1999-2000	Amount of LOC received 1999-2000	LOC received excess/loss against allotment	Expenditure ending March 2000	Expenditure in excess/less over allotment	Amount of surrender/lapse of allotment if any.	Diversion of CDR grants	Booking if any	Amount of DCR/BD/BC	Amount credited to deposit
1	2	3	4	5	6	7	8	9	10	11	12	13
1	Puri (R & B) Division	1303.70	87.45	29.10	(-) 58.35	80.45	(-) 7.00	-	0.62	-	-	-
2	Bhadrak (R & B) Division	1124.65	38.75	38.75	-	38.75	-	-	-	-	-	-
3	Khurda (R & B) Division	493.10	23.53	32.40	(+) 8.87	23.53	-	-	15.10	-	-	-
4	Balasore (R & B) Division	1082.15	33.00	33.35	(+) 0.35	33.00	-	-	19.53	-	-	-
5	Jagatsinghpur (R & B) Division	2416.50	71.85	79.00	(+) 7.15	88.34	(+) 16.49	-	4.50	-	15.31 (B C)	-
6	Cuttack (R & B) Division	14662.94	251.50	302.00	(+) 50.50	282.55	(+) 31.05	-	4.93	-	-	-
7	CM Division No. I, Bhubaneswar	2847.91	70.91	70.72	(-) 0.19	72.76	(+) 1.85	-	-	-	-	-
8	C M Division No. II, Bhubaneswar	1377.59	102.42	115.80	(+) 13.38	116.98	(+) 14.56	-	41.93	-	-	-
9	Panikoli (R & B) Division	1435.50	122.75	90.95	(-) 31.80	105.42	(-) 17.33 (L)	-	-	-	-	-
10	Kendrapara (R & B) Division	1466.40	43.35	44.70	(+) 1.35	43.35	-	-	-	-	-	-
	Total	28210.44	845.51	836.77	(+) 81.60 (-) 90.34	885.13	(-) 24.33 (+) 63.95		86.61		15.31	

Total Allotment :- 845.51 lakh

Total LOC :- 836.77 lakh

(-) 8.74 lakh

Concl.

Rural Works Wing

Sl. No	Name of the Division	Amount of loss report	Amount of allotment received 1999-2000	Amount of LOC received 1999-2000	LOC received excess/loss against allotment	Expenditure ending March 2000	Expenditure in excess/less over allotment	Amount of surrender/lapse of allotment if any.	Diversion of CDR grants	Booking if any	Amount of DCR/BD/BC	Amount credited to deposit
(R u r a l W o r k s W i n g)												
1	2	3	4	5	6	7	8	9	10	11	12	13
1	Rural Works Division, Puri	2655.15	123.00	123.00	-	123.00		-	13.31	-	108.00 (DCR)	-
2	Rural Works Division, Jajpur	2156.65	25.00	25.00	-	25.00		-		-	11.07 (Bankers Cheque)	-
3	Rural Works Division, Balasore	7582.18	132.50	132.50	-	132.50		-		-	84.34 (BC)	-
4	Rural Works Division, Kendrapara	4152.00	97.00	97.00	-	112.60	(+) 15.60			-		-
5	Rural Works Division, Cuttack	5325.32	444.00	444.00	-	458.10	(+) 14.10		65.16	-	163.70 (BD)	64.32
6	Rural Works Division, Bhubaneswar	2121.50	128.00	128.00	-	128.00						
Total		23,992.80	949.50	949.50		979.20	(+)29.70		78.47		367.11	64.32
Commerce & Transport Department												
1	Gopalpur Port Division	568.23	50.00	34.92 15.08	-	50.00						
Total									78.47			

APPENDIX-XXII

Contd.

(Refer paragraph 3.8 at page 103)

statement showing the position of closing balance of cash as on date of audit.

(In Rupees)

Sl. No.	Name of office	IR No.	Position of cash balance as on			Cash balance in hand (hard cash)
			As on 31.03.1999	As on date of audit	Amount	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Collector, Kendrapara	627/ 1999-2000	1,66,75,311	30.06.99	1,55,67,435	12,61,534
2	Collector, Ganjam	711/ 1999-2000	24,39,147	30.06.99	15,33,383	13,13,192
3	Collector, Phulbani	654/ 1999-2000	6,64,250	30.06.99	15,40,499	6,65,650
4	Collector, Jajpur	911/ 1999-2000	8,40,001	31.07.99	77,19,097	4,06,357
5	Collector, Puri	724/ 1999-2000	4,11,72,430	31.07.99	3,66,63,547	66,84,958
6	Collector, Sundergarh	1203/ 1999-2000	62,66,804	31.07.99	26,68,160	2,46,783
7	Collector, Sambalpur	1256/ 1999-2000	56,29,462	31.07.99	57,86,873	13,68,829
8	Sub-Collector, Dhenkanal	995/ 1999-2000	6,92,816	31.08.99	7,28,773	2,95,957
9	Sub-Collector, Bonangarh	1266/ 1999-2000	15,96,601	31.10.99	14,05,448	3,36,349
10	Settlement Officer, Cuttack	1060/ 1999-2000	25,22,146	30.09.99	15,54,333	13,21,631
11	Collector, Nayagarh	1255/ 1999-2000	23,04,960	30.09.99	66,252	66,252
12	DWO, Sundergarh	1140/ 1999-2000	43,04,668	30.09.99	41,54,885	78,908
13	DWO, Ganjam	1397/ 1999-2000	54,14,197	30.11.99	37,25,625	1,600
14	DWO, Bhawanipatna	538/ 1999-2000				6,27,517
15	DWO, Bolangir	1230/ 1999-2000	20,06,317	31.10.99	15,39,202	1,00,870
16	DDA, Dhenkanal	446/ 1999-2000	20,48,741	30.04.99	20,99,729	2,05,364
17	Horticulturist, Saptasajya, Dhenkanal	1333/ 1999-2000	16,24,480	31.12.99	16,46,016	14,808
18	AE, Soil Conservation Titilagarh	38/ 1999-2000				
19	ASCO, Chatrapur	1375/ 1999-2000	41,95,438	30.11.99	19,19,365	24,292
20	ASCO, Rairangpur	1357/ 1999-2000	32,08,622	30.11.99	60,02,515	2,338
21	ADMO(FW), Dhenkanal	655/ 1999-2000	2,82,815	30.06.99	1,68,315	40,833
22	ADMO(FW), Cuttack	893/ 1999-2000		31.07.99	22,28,006	1,57,000
23	M.O., P.I.C., Bhagamundi, Keonjhar	476/ 1999-2000	2,43,877	31.05.99	1,07,550	21,016
24	Director of Sports, Orissa	637/ 1999-2000	2,46,20,085		2,07,53,676	1,37,657
25	Director of Culture, Orissa	1351/ 1999-2000	4,80,26,196	30.11.1999	1,69,96,252	23,403
26	Director of Handicrafts & Cottage industries, Orissa, Bhubaneswar	976/ 1999-2000	1,67,66,720	31.07.1999	1,36,12,817	88,075
27	Director of Technical Training, Orissa, Cuttack	690/ 1999-2000	4,29,99,586	30.06.1999	77,82,037	2,53,712

Concid.

Sl. No.	Name of office	IR No.	Position of cash balance as on			Cash balance in hand (hard cash)
			As on 31.03.1999	As on date of audit	Amount	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
28.	Director of Mining and Geology, Orissa, Bhubaneswar	874/ 1999-2000	51.62.226	31.07.1999	30,18,175	3,73,500
29	Director of Higher Education, Orissa, Bhubaneswar.	715/ 1999-2000	2,37,914	31.05.1999	2,28,015	133
30.	Inspector of Ayurvedic, Cuttack Circle, Cuttack	425/ 1999-2000	2,34,163	30.04.1999	14,900	2133
31.	State Transport Authority, Cuttack	1171/ 1999-2000	60,31,730	31.05.1999	32,11,089	3,17,750
32.	PA, ITDA, Karanjia	1098/ 1999-2000	7,98,790	31.07.1999	7,84,187	89,495
33	Director-cum-Addl. Secy. to Government I&PR Department, Bhubaneswar	358/ 1999-2000	1,70,94,084	31.10.1999	1,41,22,134	1,51,072
34.	DDA, Cuttack	1389/ 1999-2000	66,97,174	31.07.1999	63,93,107	5,00,209
35.	District Mass Education Officer, Koraput	889/ 1999-2000	11,03,336	31.07.1999	10,99,637	3612
36.	Inspector of Schools, Keonjhar	910/ 1999-2000	38,67,893	31.07.1999	21,74,251	94,792
37	District Inspector of Schools, Paralakhemundi	1284/ 1999-2000	--	--	--	7031
38.	District Election Officer, Nuapada	332/ 1999-2000	4,05,858	31.10.1999	24,10,463	1,75,396
39.	Princip. ITI, Rourkela	1157/ 1999-2000	20,17,537	30.09.1999	12,51,054	2,23,621
40.	CDPO, Kuliana	300/ 1999-2000	--	30.09.1999	2,17,686	16,336
41.	DSWO, Bolangir	638/ 1999-2000	8,40,00,268	30.06.1999	7,70,53,231	--
42.	DSWO, Keonjhar	1000/ 1999-2000	11,13,105	31.08.1999	1,49,59,317	28,190
43.	DDH, Sambalpur	1497/ 1999-2000	1,01,118	30.11.1999	1,03,541	1371
44.	DAO, Koraput	1294/ 1999-2000	49,308	31.10.1999	96,893	87,102
45.	DDH, Cuttack	1537/ 1999-2000	3,70,175	30.11.1999	8,71,256	6204
46.	ASCO, Cuttack	1317/ 1999-2000	25,04,919	30.11.1999	12,37,679	19,753
Total					2872.17 lakh	66.85 lakh

APPENDIX - XXIII

(Refer paragraph 3.8 (a) (b) (c) at page 103)
Statement showing the un-accounted paid vouchers,
outstanding advances account

Contd.

Sl. No.	Name of the Drawing and Disbursing Officer	Amount of paid vouchers		Amount of outstanding advances		Amount of Money kept outside the Government Account	
		Rs. in lakh	Year(s) to which relate	Rs. in lakh	Year to which relate	Rs. in lakh	Period
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Collector, Kendrapara,	20.83	1963-99	20.84	Paid vouchers. Converted to advances	9.81 (BD), 20.01 SB A/c	NA
2.	Collector, Ganjam	11.31	1980-99	--	--	--	--
3.	Collector, Phulbani	7.89	1979-99	--	--	--	--
4.	Collector, Jajpur.	1.39	1994-96	53.37	NA	17.50 DCR	NA
5.	DWO, Sundergarh	7.33	Details for Rs. 7.02 lakh not available	--	--	--	--
6.	DWO Ganjam.	5.48	1978-2000	19.67	1989-2000	--	--
7.	Deputy Director of Agriculture, Dhenkanal	2.64	NA	--	--	--	--
8.	Addl. Dist. Medical Officer (FW) Dhenkanal.	1.09	1988-99	--	--	--	--
9.	Addl. District Medical Officer, Cuttack.	9.53	1987-2000	--	--	--	--
10.	State Transport Authority, Cuttack.	6.53	NA	--	--	--	--
11.	Principal ITI, Rourkela.	1.11	1991-99	--	--	--	--
12.	Horticulturist, Saptasajya.	4.10	1997-99	--	--	--	--
13.	DWO, Bhawanipatna.	--	--	11.51	1961 onwards	--	--
14.	DWO, Bolangir.	--	--	10.54	1967-2000	--	--
15.	AE, Soil Conservation, Titlagarh.	--	--	58.15	NA	--	--
16.	Collector, Sundergarh	--	--	17.58	1971-2000	--	--
17.	Director of Sports, Bhubaneswar.	--	--	54.00	1986-87 onwards	17.66 (DCR)	1991-99
18.	PA, ITDA, Karanjia	--	--	4.92	1979-99	--	--
19.	Settlement Officer, Cuttack.	--	--	1.38	1980-2000	--	--
20.	Sub-Collector, Dhenkanal.	--	--	3.59	1983-97	--	--

Sl. No.	Name of the Drawing and Disbursing Officer	Amount of paid vouchers		Amount of outstanding advances		Amount of Money kept outside the Government Account	
		Rs. in lakh	Year(s) to which relate	Rs. in lakh	Year to which relate	Rs. in lakh	Period
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
21.	Collector, Puri	--	--	41.00	1964-65 onwards	93.77 (BD). 44.76 (DCR)	1998-2000 April 1998 onwards
22.	Director-cum-Addl. Secretary to Government I&PR Department	--	--	49.60	NA	83.29 (Current A/c.)	NA
23.	Sub-Collector, Bonairgarh	--	--	2.47	1960-2000	--	--
24.	Director of Handicrafts, Orissa, Bhubaneswar	--	--	17.78	1987-2000	--	--
25.	ASCO, Chatrapur	--	--	14.52	NA	--	--
26.	ASCO, Rairangpur	--	--	22.88	NA	--	--
27.	Deputy Director of Agriculture, Cuttack	--	--	11.29	1980-2000	--	--
28.	Director of Mining and Geology Bhubaneswar	--	--	14.15	NA	--	--
29.	DWO, Phulbani	--	--	20.26	1979-90	--	--
30.	Collector, Sambalpur	--	--	--	--	8.05 (SB A/c.)	1985-99 (SB A/c.)
31.	District Mass Education Officer, Koraput	--	--	--	--	7.15 (Current A/c)	1995 onwards
32.	Inspector of Schools, Keonjhar	--	--	--	--	8.30 (DCR)	1976-2000
33.	Collector, Nuapada	--	--	--	--	39.56 (SB A/c.)	NA
34.	District Inspector of Schools, Paralakhemundi	--	--	--	--	24.16 (DCR)	1997-2000
35.	Director of Culture	--	--	--	--	78.29 (DCR)	NA
36.	Registrar, Co-operative Societies, Orissa	--	--	--	--	--	--
37.	Deputy Director, Horticulture, Cuttack	--	--	--	--	--	--

Concid

Sl. No.	Name of the Drawing and Disbursing Officer	Amount of paid vouchers		Amount of outstanding advances		Amount of Money kept outside the Government Account	
		Rs. in lakh	Year(s) to which relate	Rs. in lakh	Year to which relate	Rs. in lakh	Period
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
38.	Deputy Director, Horticulture, Sambalpur	--	--	--	--	--	--
39.	DAO, Koraput	--	--	--	--	--	--
40.	Principal, VSS Medical College, Burla	--	--	--	--	--	--
41.	Director of Technical Education and Training, Cuttack	--	--	--	--	--	--
42.	ASCO, Cuttack	--	--	--	--	--	--
43.	Director of Textiles, Bhubaneswar	--	--	--	--	--	--
Total		79.23		450		452	

Cases involving substantial amounts in each case only were taken here and this does not contain the whole of the cash balance shown in Appendix-XXII

Contd.

APPENDIX- XXIV

(Refer paragraph 3.18 at page 122)

Statement showing misappropriation, losses etc. reported up to 31 March 2000 pending finalisation at the end of June 2000

Sl. No.	Name of the Department	Awaiting Departmental/ Criminal Investigation		Departmental action started, but not finalised		Criminal proceedings finalised but execution of certificate cases for recovery of the amount pending		Awaiting orders for recovery or write off		Pending in the Courts of law		Total	
		A	B	C	D	E	F	Number of Items	Amount (Rupees in lakh)	Number of Items	Amount (Rupees in lakh)	Number of Items	Amount (Rupees in lakh)
1	Finance	5	0.19	4	1.32	--	--	11	12.65	3	0.50	23	14.66
2	Revenue	20	7.02	35	25.06	29	6.33	41	5.35	7	0.71	132	44.47
3	Excise	--	--	1	0.21	--	--	--	--	1	0.10	2	0.31
4	Law	11	4.22	2	0.02	--	--	5	2.07	5	2.50	23	8.81
5	Department of Water Resources	116	37.44	237	68.63	2	0.01	17	12.16	2	0.06	374	118.30
6	Rural Development	39	6.39	43	28.58	1	0.03	--	--	1	0.03	84	35.03
7	Energy	3	241.25	5	1.35	1	1.17	--	--	1	0.35	10	244.12
8	Industries	7	8.79	2	2.59	--	--	12	2.90	1	0.02	22	14.30
9	Textile and Handloom	--	--	--	--	--	--	1	0.15	--	--	1	0.15
10	Harijan and Tribal Welfare	4	0.90	15	3.36	1	0.01	14	1.68	6	2.45	40	8.40

Contd.

Sl. No.	Name of the Department	Awaiting Departmental/ Criminal Investigation		Departmental action started, but not finalised		Criminal proceedings finalised but execution of certificate cases for recovery of the amount pending		Awaiting orders for recovery or write off		Pending in the Courts of law		Total	
		A	B	C	D	E	F	Number of Items	Amount (Rupees in lakh)	Number of Items	Amount (Rupees in lakh)	Number of Items	Amount (Rupees in lakh)
11	Health and Family Welfare	16	34.08	11	6.59	--	--	14	7.47	10	7.34	51	55.48
12	Planning and Co-ordination	--	--	--	--	--	--	1	0.08	--	--	1	0.08
13	General Administration	3	1.94	1	0.95	--	--	--	--	--	--	4	2.89
14	Works	24	19.95	154	190.14	1	0.41	4	3.10	2	0.20	185	213.80
15	Steel and Mines	2	1.29	--	--	--	--	5	0.66	--	--	7	1.95
16	Commerce and Transport	3	0.94	2	0.48	--	--	4	2.40	1	0.35	10	4.17
17	Education	23	21.04	24	22.05	--	--	17	6.22	9	3.42	73	52.73
18	Fisheries and ARD	23	3.04	10	53.65	--	--	23	8.43	8	16.73	64	81.85
19	Agriculture	62	28.90	55	26.23	--	--	58	4.93	12	0.74	187	60.80
20	Co-operation	1	0.71	1	0.94	--	--	--	--	--	--	2	1.65
21	Panchayati Raj	33	42.04	15	10.31	2	0.34	11	1.78	8	1.27	69	55.74
22	Home	10	15.36	2	0.67	--	--	12	2.69	8	4.51	32	23.23
23	Food Supply and Consumer Welfare	1	--	2	2.94	--	--	--	--	1	0.09	4	3.03

Concl.

Sl. No.	Name of the Department	Awaiting Departmental/ Criminal Investigation		Departmental action started, but not finalised		Criminal proceedings finalised but execution of certificate cases for recovery of the amount pending		Awaiting orders for recovery or write off		Pending in the Courts of law		Total	
		A		B		C		D		E		F	
		Number of Items	Amount (Rupees in lakh)	Number of Items	Amount (Rupees in lakh)	Number of items	Amount (Rupees in lakh)	Number of Items	Amount (Rupees in lakh)	Number of Items	Amount (Rupees in lakh)	Number of Items	Amount (Rupees in lakh)
24	Housing and Urban Development	6	10.60	55	25.21	--	--	2	0.19	2	1.38	65	37.38
25	Labour and Employment	1	0.10	--	--	--	--	2	0.86	3	2.52	6	3.48
26	Information and Public Relations	132	11.58	8	0.60	--	--	8	0.45	--	--	148	12.63
27	Forest and Environment	68	19.75	194	88.89	3	1.97	153	52.75	9	2.11	427	165.47
28	Women and Child Development	1	0.29	--	--	--	--	--	--	--	--	1	0.29
Total		614	517.81	878	560.77	40	10.27	415	128.97	100	47.38	2047	1265.20

APPENDIX-XXV

Contd.

(Refer Paragraph 3.19 at Page 123)

Statement showing the position of Outstanding Inspection Reports/Paragraphs

Sl. No.	Name of the Department	Reports awaiting settlement (up to 6/2000)		Reports awaiting settlement for more than 10 years		Reports to which even first reply not received
		No. of Reports	No. of Paragraphs	No. of reports	No. of Paragraphs	(1980-81 to 2000-2001 up to 6/2000)
1.	Home	819	3267	4	28	183
2.	General Administration	60	231	1	12	17
3.	Revenue	1106	4591	9	48	221
4.	Law	180	545	4	21	71
5.	Finance	229	518	16	85	45
6.	Food Supply and Consumer Welfare	46	123	--	--	9
7.	Works	866	3243	282	601	32
8.	School and Mass Education	2307	8388	85	399	617
9.	Welfare	637	2597	19	125	218
10.	Labour and Employment	265	630	26	43	147
11.	Tourism, Culture and Sports	106	435	4	16	33
12.	Planning and Co-ordination	39	173	--	--	19
13.	Women and Child Development	892	3126	8	29	265
14.	Panchayati Raj	1331	7156	74	445	531
15.	Health and Family Welfare	1049	4424	13	78	226
16.	Agriculture	1979	9245	--	--	315
17.	Transport	182	492	13	40	108
18.	Steel and Mines	47	108	1	5	8
19.	Information and Public Relations	107	523	--	--	25
20.	Excise	166	261	23	47	96
21.	Fisheries and Animal Resources Development	319	1065	--	--	50
22.	Co-operation	175	497	5	18	40

Concl.

Sl. No.	Name of the Department	Reports awaiting settlement (up to 6/2000)		Reports awaiting settlement for more than 10 years		Reports to which even first reply not received
		No. of Reports	No. of Paragraphs	No. of reports	No. of Paragraphs	(1980-81 to 2000-2001 up to 6/2000)
23.	Water Resources	1749	6936	605	1600	57
24.	Housing and Urban Development	220	756	79	186	14
25.	Energy	41	99	7	10	5
26.	Science and Technology	12	43	--	--	1
27.	Forest	475	1643	1	7	95
28.	Industries	391	1819	6	24	93
29.	Textiles and Handloom	109	459	2	8	37
30.	Parliamentary Affairs	13	61	2	10	4
31.	Animal Husbandry and Veterinary Services	707	2441	23	122	229
32.	Miscellaneous (Banks involving State Transactions of Pension payment and Subsidy adjustment)	411	633	148	240	402
33.	Rural Development	455	1557	109	191	27
34.	Commerce	20	82	2	4	--
	Total	17510	68167	1571	4442	4240

APPENDIX-XXVI

{Refer paragraph 3.19 at page 123}

Statement showing the yearwise break-up of outstanding IRs/Paragraphs

Year	IRs	Paragraphs
1964-65	2	3
1965-66	6	28
1966-67	7	25
1967-68	9	30
1968-69	12	33
1969-70	12	57
1970-71	12	27
1971-72	9	21
1972-73	9	17
1973-74	5	8
1974-75	6	14
1975-76	9	28
1976-77	15	39
1977-78	17	53
1978-79	22	58
1979-80	25	56
1980-81	134	317
1981-82	150	359
1982-83	143	308
1983-84	208	519
1984-85	220	481
1985-86	341	631
1986-87	575	1313
1987-88	611	1555
1988-89	670	1824
1989-90	850	2294
1990-91	988	2718
1991-92	1179	3542
1992-93	1226	4216
1993-94	1339	4656
1994-95	1435	5101
1995-96	1555	6232
1996-97	1440	6350
1997-98	1224	6480
1998-99	1307	7231
1999-2000 (Upto June 2000)	1738	11543
Total	17510	68167

Handwritten calculations:

$$\begin{array}{r}
 19 \\
 38 \\
 260 \\
 176 \\
 \hline
 493 \\
 180 \\
 110 \\
 \hline
 290
 \end{array}$$

APPENDIX-XXVII
(Refer paragraph 3.19 at page 123)
Statement showing serious irregularities

Sl.No.	Nature of irregularities	No. of paragraph	Amount (Rupees in lakh)
1.	Infructuous/Unfruitful avoidable/Irregular Expenditure	1925	2524.89
2.	Extra liability/Excess expenditure/Excess payment to firms/contractors	1408	88.08
3.	Idle store/Surplus/Unserviceable store/ Blockage of Government money	1374	713.92
4.	Irregular purchase, non accountal of stock/ non-adjustment of cost of material	1345	264.86
5.	Non-recovery of dues from firms/contractor etc.	965	43.68
6.	Non-submission of utilisation certificates	979	9145.54
7.	Amount kept in Civil Deposit	1324	4566.27
8.	Loss, Misappropriation and shortage of stores	1372	1656.99
9.	Unauthorised expenditure	1142	933.00
10.	Retention of undischursed amount	1004	961.40
11.	Inadmissible/Irregular Payments	1192	2554.27
12.	Advance payment/Less recovery of advances/Interest/Royalty and Income tax	713	1088.32
13.	Underutilisation of departmental machineries	29	0.01
14.	Demurrage/Penalty	27	0.02
15.	Undue financial aid to contractors/firms	172	0.04
16.	Miscellaneous/doubtful expenditure/ Non-submission of vouchers/over drawal etc.	3120	3225.25
17.	Stamped receipts/Acknowledgement wanting	1077	695.91
18.	Loans/Advances not recovered	1696	2583.29
19.	Short/non-realisation of Government dues	1453	4571.21

APPENDIX-XXVIII
(Refer paragraph 3.20 at page 124)

Statement showing paragraphs/reviews for which explanatory notes were not received from Government Departments

Sl. No.	Name of the Department	A U D I T R E P O R T S										Total
		1988-89	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	
1	Agriculture	4	4	--	3	7	8	5	8	7	2	48
2.	Commerce	--	--	--	--	--	--	1	--	--	--	1
3.	Energy	--	--	3	--	2	2	--	1	--	--	8
4.	Finance	--	--	1	--	1	--	2	2	2	2	10
5.	Food Supplies and Consumers Welfare	--	--	--	--	--	--	1	--	--	1	2
6.	Forest and Environment	--	--	--	--	--	--	--	2	1	--	3
7.	Fisheries and Animal Resources	--	--	2	1	2	--	1	3	3	1	13
8.	Health and Family Welfare	--	--	--	--	--	--	1	3	4	4	12
9.	Home	--	--	--	--	--	--	--	3	1	2	6
10.	Housing and Urban Development	--	--	--	--	1	1	3	--	1	1	7
11.	Higher Education	--	--	--	--	--	1	--	--	--	--	1
12.	Industries	--	--	4	2	2	1	3	1	3	2	18
13.	Labour and Employment	--	--	1	--	--	--	--	--	--	--	1
14.	Panchayati Raj	--	--	--	--	1	1	--	7	6	8	23
15.	Planning and Co-ordination	--	--	--	--	--	1	--	--	--	--	1
16.	Revenue and Excise	--	--	2	--	--	--	--	2	3	2	9
17.	Rural Development	--	1	--	--	1	8	1	6	4	3	24
18.	Science and Technology	--	--	3	--	--	--	--	--	--	--	3
19.	School and Mass Education	--	1	--	--	--	1	--	3	4	7	16
20.	Transport	--	--	1	--	--	--	1	--	1	1	4

Concid.

A U D I T R E P O R T S												
Sl. No.	Name of the Department	1988-89	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	Total
21	Water Resources	2	3	--	--	--	7	1	19	12	20	64
22	Welfare	--	--	2	--	6	1	1	5	3	1	19
23	Women and Child Development	--	--	--	--	--	--	--	--	1	1	2
24	Works	--	--	1	--	--	8	13	9	8	6	45
	Total	6	9	20	6	23	40	34	74	64	64	340

APPENDIX-XXIX

{Refer paragraph 4.1.11 (iii) (a) at page 139}

Statement showing the acceptance of tenders other than lowest.

Name of the work	Estimated cost	Value of lowest tender/ percentage of excess /less over estimate	Accepted tender value	Percentage of excess over estimate	Extra liability
1	2	3	4	5	6
		(R u p e e s i n l a k h)			
(i) Excavation of RBC from RD 58.68 to 60.08 Km (1998-99)	942.43	979.25 (+)3.91	1082.63	15	103.38
(ii) Excavation of RBC from RD 60.08 to 63.15 Km (1998-99)	688.45	710.25 (+)3.17	783.34	14	73.09
(iii) Excavation of RBC from RD 63.15 to 66.25 Km (1998-99)	492.76	509.16 (+)3.33	535.49	13	26.33
(iv) Construction of Mahara Crossing at RD 27240 M and Construction of foot bridge at RD27630 of RBC(1997-98)	33.10	36.24 (+)9.47	38.03	15	1.75
(v) Construction of foot bridge at RD 22361 M Construction of Mahama crossing at RD 22483 M. RD 22950 M. RD 24010 M of RBC (1998-99)	115.30	128.06 (+)11.06	149.04	29	20.98
(vi) Excavation of Kharag prasad branch canal of RBC (1998-99)	376.20	526.57 (+) 40	546.78	45	20.21
(vii) Construction of Super passage at RD 24663 of RBC (1998-99)	48.29	55.22 (+)14.35	61.90	28	6.68
(viii) Construction of VRB at RD 23063 M of RBC (1998-99)	38.53	33.19 (+)13.86	48.49	26	15.30
(ix) Excavation of RBC from RD 66.25 to 67.90 Km (1998-99)	197.54	206.30 (+)4.43	215.52	9	9.22
(x).Excavation of RBC from RD 67.90 to 69.95 Km (1998-99)	342.83	340.30 (-)0.74	373.47	9	33.17
(xi).Excavation of RBC from RD 69.95 to 74.00 Km (1998-99)	496.69	554.16 (+)11.57	558.04	12	3.88
(xii)Excavation of RBC from RD 74.00 to 79.00 Km (1998-99)	548.43	581.62 (+)6.05	600.66	10	19.04
Total					333.03

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{Refer paragraph 4.1.15(iii) at page 149}

Unauthorised execution of work at post tender stage.

Sl. No	Name of the Work	Contract value/Item quantities	Value of Work executed	Percentage of Excess	Excess Expenditure
(R u p e e s i n L a k h)					
1	2	3	4	5	6
1.	Balance and New Works of LBC from RD 10 to 17.60 km. CCM 10, from work, RCCM-15, MHR, earth work	11.20	91.60	718	80.40
2.	Balance and New works from RD 17.60 to 23 km.(4 items)	44.22	121.45	32	29.68
3.	Excavation of LBC from 00 to 10 km. (Eleven items)	44.22	95.72	116	51.50
4.	Balance works of Parjang Branch Canal from RD 00 to 19.85 km.	94.57	104.96	11	10.39
5.	Excavation of RBC of RIP from RD 48.68 to 53.93 Km. (Ten items)	245.50	285.18	16	39.68
6.	Excavation of RBC from RD 21.79 to 26 km. MHR and additional Works	351.47	381.38	9	29.91
7.	Excavation of LBC from RD 60.50 to 65.50 Km. (DI with blasting)	218.62	263.09	20	44.47
8.	Excavation of LBC from RD 55.5 to 60.50 km. (Excavation in MHR)	148.74	221.06	49	72.32
9.	Construction of Barrage	732.15	934.59	28	202.44
10.	Design, Fabrication, supply & Erection of gates	1201.37	2094.60	74	893.23
11.	Left Afflux bundh from RD 2810 to 3750 metre	75.16	90.00	14	10.84
Total					1464.86

APPENDIX-XXXI

Contd.

(Refer paragraph 4.2 at page 151)

Statement showing Department / Division-wise outstanding liabilities.

Name of the Department/ Division	Works executed not measured but not paid	Works executed, measured but not paid								Liabilities held over under P.W Deposit for want of LOC	Bills withheld for want of sanction to deviation statements		
		For want of allotment				For want of Letter of Credit					Amount	No. of works	Amount
		Amount	No. of Original works	Amount	No. of repair works	Amount	No. of Original works	Amount	No. of repair works				
1	2	3	4	5	6	7	8	9	10	11	12	13	
(R u p e e s i n l a k s)													
WATER RESOURCES													
(1).Sundargarh Irrigation	-	-	-	-	-	14	146.34	-	-	-	1	21.81	
(2).Nimapara Irrigation	-	-	-	1	0.13	237	54.26	362	92.27	22.17	11	17.34	
(3).Balasore Irrigation	-	-	-	63	17.59	-	-	22	129.67	40.56	-	-	
(4). Jonk canal	123.13	-	-	-	-	-	-	-	-	27.72	-	-	
(5).Kendrapara Irrigation	-	257	35.53	218	21.00	-	-	156	39.05	21.56	-	-	
(6).Jagatsinghpur Irrigation	-	-	-	-	-	209	49.24	366	49.90	18.06	-	-	
(7).Mahanadi North	-	28	23.87	100	60.01	-	-	7	1.87	4.82	3	3.76	
(8).Khurda Irrigation	-	-	-	-	-	45	32.24	197	36.17	7.69	5	19.45	
(9).Puri Irrigation	-	-	-	-	-	28	25.75	60	43.50	17.45	-	-	
(10).Mahanadi south	-	-	-	-	-	-	-	273	57.12	3.32	3	2.12	
(11).Baitarini	-	-	-	-	-	-	-	302	54.24	6.35	-	-	
(12).Mayur bhanj Irrigation	-	-	-	-	-	6	32.68	55	12.69	19.16	-	-	
(13).Berhampur Irrigation	-	87	68.14	-	-	-	-	184	137.48	10.36	-	-	
(14).Main Dam	-	-	-	-	-	10	30.48	-	-	60.33	-	-	
(15).Prachi Irrigation	-	-	-	-	-	14	18.14	1	0.18	6.56	3	5.89	
(16).Bhanjanagar Irrigation	-	-	-	-	-	14	11.93	-	-	0.97	-	-	
(17).Salandi Canal	-	-	-	-	-	6	1.91	72	9.91	3.85	-	-	

Contd.

Name of the Department/ Division	Works executed not measured but not paid	Works executed, measured but not paid								Liabilities held over under P.W Deposit for want of LOC	Bills withheld for want of sanction to deviation statements		
		For want of allotment				For want of Letter of Credit					Amount	No. of works	Amount
		Amount	No. of Original works	Amount	No. of repair works	Amount	No. of Original works	Amount	No. of repair works				
1	2	3	4	5	6	7	8	9	10	11	12	13	
(R u p e e s i n l a k h)													
(18) Nawapara Irrigation	-	-	-	-	-	3	5.15	-	-	2.39	-	-	
(19) Badanala canal	-	-	-	-	-	5	1.10	-	-	-	3	1.39	
(20) Angul Irrigation	-	-	-	7	0.51	-	-	4	0.04	0.81	-	-	
(21) Chikiti Irrigation	-	-	-	-	-	-	-	-	-	43.97	-	-	
(22) Jajpur Irrigation	-	-	-	-	-	-	-	-	240.25	26.11	-	-	
MINOR IRRIGATION													
(23) M.I. Khurda	-	-	-	-	-	4	31.27	77	12.85	5.26	-	-	
(24) M.I. Dhankanal	-	-	-	-	-	6	39.87	5	2.70	44.96	-	-	
(25) M.I. No II, Berhampur	-	1	1.07	-	-	-	-	17	2.46	-	1	18.40	
(26) MM I No I, Berhampru	-	36	16.25	-	-	6	2.85	-	-	2.73	-	-	
(27) M.I. Rayagada	-	12	6.38	-	-	7	4.78	-	-	40.64	3	3.46	
(28) M.I. Cuttack	-	1	0.97	-	-	9	5.65	2	0.03	1.86	-	-	
(29) M.I. Bolangir	-	-	-	3	0.45	6	4.24	-	-	-	-	-	
TOTAL	123.13	422	152.21	392	99.69	679	497.88	2509	922.38	439.66	33	93.62	
RURAL DEVELOPMENT													
(1) RW, Balasore	-	-	-	-	-	305	127.06	73	8.91	37.45	1	1.48	
(2) RW, Koraput	-	-	-	-	-	6	1.67	91	65.20	-	-	-	
(3) RW No. I, Barhampur	-	-	-	-	-	8	2.09	111	27.30	10.32	-	-	
(4) RW Rayagada	-	-	-	-	-	27	11.00	34	8.75	174.60	-	-	
(5) RW Jajpur	-	-	-	-	-	35	16.35	12	2.46	14.30	-	-	
(6) RWSS, No I, Cuttack	-	-	-	-	-	32	67.29	32	17.38	5.20	-	-	
(7) RWSS, Koraput	-	-	-	-	-	42	43.23	-	-	1.73	-	-	
(8) RWSS, Keonjhar	-	-	-	-	-	3	1.28	-	-	-	-	-	

Name of the Department/ Division	Works executed not measured but not paid	Works executed, measured but not paid								Liabilities held over under P.W Deposit for want of LOC	Bills withheld for want of sanction to deviation statements		
		For want of allotment				For want of Letter of Credit					Amount	No. of works	Amount
		Amount	No. of Original works	Amount	No. of repair works	Amount	No. of Original works	Amount	No. of repair works				
1	2	3	4	5	6	7	8	9	10	11	12	13	
(R u p e e s i n l a k h)													
(9) RWSS(Mech) BBSR	-	-	-	-	-	-	-	228	70.18	8.50	-	-	
TOTAL	-	-	-	-	-	458	269.97	581	200.18	252.10	1	1.48	
WORKS DEPARTMENT													
(1) Khurda R&B	-	-	-	-	-	2	175.00	-	-	3.93	-	-	
(2) Balasore R&B	-	-	-	-	-	14	23.57	98	125.97	55.62	-	-	
(3) GED-I.BBSR	-	-	-	-	-	-	-	590	66.83	21.96	-	-	
(4) CM NO.I. BBSR	-	-	-	-	-	-	-	480	73.96	9.74	-	-	
(5) Cuttack R&B	-	-	-	-	-	22	11.33	-	-	33.32	-	-	
(6) Rayagada R&B	-	-	-	-	-	23	10.08	5	0.19	11.94	-	-	
(7) Bhadrak R&B	-	32	5.48	3	1.66	-	-	19	1.24	7.67	1	0.78	
(8) Bolangir R&B	-	2	4.19	-	-	2	1.11	-	-	21.93	-	-	
TOTAL	-	34	9.67	3	1.66	63	221.09	1192	268.19	166.11	1	0.78	
HOUSING AND URBAN DEVELOPMENT DEPARTMENT													
(1) P.H. (Mamt)-I.BBSR	-	-	-	-	-	390	35.32	-	-	16.56	-	-	
(2) P.H.(Const) BBSR	-	-	-	-	-	-	-	-	-	9.05	-	-	
TOTAL	-	-	-	-	-	390	35.32	-	-	25.16	-	-	
Grand Total	123.13	456	161.88	395	101.35	1590	1024.26	4282	1390.75	883.48	35	95.88	

APPENDIX-XXXII

Contd.

(Refer paragraph 4.2.1 at page 152)

Statement showing the value of work executed and measured but not paid for want of sanctions to deviation statement.

	Name of the Division	Name of the work	Agreement Number	Value of work executed and measured but not paid. (Rupees in lakh)
WATER RESOURCES DEPARTMENT.				
1	MI Division, Rayagada.	1. Construction of Left Main Canal of Dasamanthapur MIP	17 F-2/82-83	0.63
		2. Construction of Kanijodi MIP	41 F-2/82-83	1.18
		3. Construction of Bhagirijhola MIP with Head Regulator in Kasipur Block.	28 F-2/83-84	1.65
2.	MI Division No.II, Berhampur.	1 Construction of all at RD 348 & 696 of Alikuan MIP.	2-NCB/95-96	18.40
3.	Badanala Canal	1. Construction of C.R.-cum-H.R. of Laba sub-minor	130 F-2/92-93	0.38
		2. Construction of DUT at RD-4440 M of Sanyasipur branch canal of BIP.	146 F-2/92-93	0.53
		3. Construction of C.R. combined with escape RD 12348 M of BMC of BIP	245 F-2/93-94	0.48
4.	Mahandi North	1. Construction of V.R. Bridge over Baghuni nallah near village Dhahalpur.	1991-92	1.47
		2. Construction of Drainage sluice on Chhotagenguti right on Udayanagon Pata.	1994-95	1.17
		3. Construction of Bridge over Baghuni drainage channel at Gahagapat.	1997-98	1.12
5.	Sundargarh Irrigation.	1. Construction of earth dam of KIP	6 F-2/81-82	21.81
6.	Prachi Division.	1. Protection of kandal left embankment at RD-12 to 13.5 Km at Tainsal.	177 F-2/96-97	2.36
		2. Drainage system in Bhubaneswar for clearance of storm water providing communication facilities in Right Bank of DWBC from 20.30 to 21.10 Km.	193 F-2/96-97	1.40
		3. do- from 16.70 to 17.80 Km	156 F-2/97-98	2.13
7.	Khurda Irrigation.	1. Construction of Link channel from Nandihore distributory to Goudput minor of Budha budhiani Irrigation Project.	112 F-2/92-93	2.89
		2. Improvement to vallery distributory at RD 7.65 to 11.53 of SIP	1 LCB/94-95	1.59
		3. Improvement to Banpur Main Canal from RD 15.662 to 17.355 Km of SIP	4 LCB/94-95	0.40
		4. Improvement to Banpur Main Canal from 5 to 10 Km of SIP	6 NCB/95-96	4.77
		5. Improvement to vallery distributory from 2.75 to 7.65 Km of SIP	9 LCB/95-96	9.80

	Name of the Division	Name of the work	Agreement Number	Value of work executed and measured but not paid. (Rupees in lakh)
8.	Mahanadi South	1. Construction of H.L. Bridge over T. Canal at RD 28.00 Km at Gadma.	201 F-2/91-92	0.62
		2. S/R to distributory No. 6 & 6 C of T. Canal including service road & structure near Maliancha (Reach-IV)	189 F-2/94-95	0.45
		3. S/R to SE. E.C. Office for 96-97	192 F-2/96-97	1.05
9.	Nimapara Irrigation.	1. Construction of 5 Nos of low level spurs on Nagar island near village Balipantal and Dakhinapantal.	54 F-2/91-92	0.40
		2. Construction of 3 Nos. of low level Spur on Devi Rt embankment near Asan.	50 F-2/91-92	0.38
		3. Construction of 3 Nos. of low level spurs near village Baganpada.	36 F-2/91-92	0.31
		4. FDR to KSD Rt. Embankment 66.285 to 66.380 Km of branch canal	404 F-2/92-93	0.33
		5. -do-	440 F-2/92-93	0.26
		6. Construction of D/S over Baranganalla on S/E Kuhudi to Pocihandia	206 F-2/92-93	0.77
		7. Protection to scoured bank on KSD Rt. Embankment at Sathiabati 80.280 Km to 80.690 Km.	400 F-2/93-94	1.07
		8. -do-	401 F-2/93-94	0.79
		9. Construction of pile VRB over river prachi on Kakatpur College Road.	544 F-2/93-94	1.54
		10. Construction of VRB at RD 10.38 Km over Dhanna drain near Sisito.	200 F-2/94-95	3.86
		11 Improvement to Bhargani Left embankment from RD 2.00 to 8.450 Km	152 F-2/96-97	7.63
WORKS DEPARTMENT				
10.	Bhadrak R & B Division.	1. Construction of Forest Lodge at Chandbali	80 F-2/92-93	0.78
RURAL DEVELOPMENT DEPARTMENT				
11.	R.W., Balasore.	1. Construction of S.B. over Gohirkhal at 11 Km of Rajkot.	1 F-2/92-93	1.48
Total				95.88

APPENDIX-XXXIII
(Refer paragraph 4.2.2(a) at page 152)
Non-utilisation of available resources.

Sl. No	Name of the Division	No. of works	Amount of the liabilities Savings during the year		
			(R u p e e s i n l a k h)		
			1996-97	1997-98	1998-99
1.	Mahanadi North	1997-98: 20 1998-99:100	--	20.31 158.70	60.01 144.27
2.	Minor Irrigation No.1. Berhampur	1996-97: 6 1997-98: 9 1998-99: 9	4.12 144.29	2.08 102.59	3.08 316.60
3.	Berhampur Irrigation	1997-98: 6	--	11.07 138.30	--
4.	Minor Irrigation. Rayagada	1998-99: 9	--	--	4.72 41.47
5.	Bhadrak (R&B)	1996-97: 5 1997-98: 12	0.71 1.88	3.03 0.30	--
6.	Bolangir (R&B)	1998-99: 2	--	--	4.19 0.35
		178			

APPENDIX -XXXIV

(Refer paragraph 4.2.5 at page 154)

Statement showing Department/ Division/ Year wise position of outstanding balance under the suspense head "Miscellaneous Works Advance" on account of bills paid in excess/absence of allotment.

Name of the Department/ Division	Upto March 1996	1996-97	1997-98	1998-99	Total
(Rupees in Lakh)					
WATER RESOURCES DEPARTMENT					
1 Bhanjanagar Irrigation	-	-	0.44	0.39	0.83
2 Jajpur Irrigation	-	6.53	1.58	12.36	20.47
3 Mahanadi South	-	-	-	25.60	25.60
4 Khurda Irrigation	-	-	12.00	-	12.00
5 Prachi	0.74	-	-	0.51	1.25
6 Angul Irrigation	8.74	3.00	-	1.07	12.81
7 Kendrapara Irrigation	-	-	-	62.62	62.62
8 M.L. Rayagada.	9.87	-	-	-	9.87
9 M.L. Cuttack.	4.90	-	-	-	4.90
10 M.L. Dhenkanal.	14.66	-	-	-	14.66
11 M.L. Bolangir.	11.67	-	-	2.75	14.42
Total:-	50.58	9.53	14.02	105.30	179.43
RURAL DEVELOPMENT					
1 R.W. Rayagada	1.41	-	-	-	1.41
2 RWSS. Koraput.	-	19.02	56.18	4.83	80.03
3 RWSS. Cuttack	2.36	-	-	-	2.36
4 RWSS (Mech). BBSR	205.24	-	100.42	59.58	365.24
Total:-	209.01	19.02	156.60	64.41	449.04
WORKS					
1 Balasore R & B	3.78	-	0.12	0.86	4.76
2 Khurda R & B	-	-	-	501.01	501.01
3 Bolangir R & B	6.85	-	15.08	-	21.93
4 Bhadrak R & B	123.23	2.48	1.13	5.05	131.89
5 GED No.1. BBSR	-	19.80	40.68	34.14	94.62
6 Rayagada R & B	-	-	-	0.58	0.58
Total:-	133.86	22.28	57.01	541.64	754.79
HOUSING & URBAN DEVELOPMENT					
1 PH Dvn.I. Cuttack.	-	-	-	131.22	131.22
2 PH Construction. BBSR	8.94	0.18	-	11.88	21.01
3 PH. Maintenance No.I	3.25	-	-	204.51	211.05
Total:-	12.19	0.18	3.30	347.61	363.28
GRAND TOTAL	405.64	51.01	230.93	1058.96	1746.54

APPENDIX-XXXV

(Refer paragraph 4.2.6 at page 154)

Statement showing execution of works without administrative approval

Name of the Divisions.	Name of the Works	Reference to Agreement	Expenditure incurred (Rupees in lakh)
Chikiti Irrigation Division.	(1) Improvement to Right Main Canal (RMC) from RD 11.20 Km. to Tail.	2 NCB/95-96	112.25
	(2) Across road to Godahadadam Black topping	1 NCB/96-97	21.59
	(3) Improvement to Left main Canal of Godahada Irrigation Project.	3 NCB/95-96	134.07
	(4) Construction of spillway of Godahada Irrigation Project.	5 NCB/95-96	414.86
	(5) Treatment to crest of dam including surface drainage of G.I. Project	2 NCB/96-97	88.81
	(6) Drainage arrangements including crest treatment of earth dam from RD 00 to 11.20Km of G.I. Project.	1 NCB/97-98	215.37
	(7) Improvement to R.M.C. from RD 00 to 11.20Km.	3 NCB/97-98	160.61
	(8) Improvement to 10 Nos. of tanks of 3 nos. nallahs of 10 th Distributray.	3 NCB/98-99	42.44
	(9) Epoxy grouting to Acquiduct at RD 2.317 Km. Of RMC of G.I. Project.	27 F-2/98-99	10.65
	(10) Design, drawing, fabrication, testing, manufacturing work, erection, commissioning & testing of 6 nos. of radial gates for spillway of G.I.P.	1 NCB/98-99	210.40
Minor Irrigation Division No.II. Berhampur.	Jaranaighai Allike Pattakhala M.I.Project		4.01
Puri Irrigation Division.	Construction of Gobardhanpur Barrage	96-97	670.85
Balasore Irrigation Division.	(1) Protection to right scoured bank of river Subarnarekha near Bodhapal	96-97	16.60
	(2) Protection to right scoured bank of river Subarnarekha near Rasaipur	96-97	15.85
	(3) Protection to right scoured bank of river Subarnarekha near Kuanarpur	96-97	18.19
	(4) Protection to right scoured bank of river Subarnarekha near Rajnagarpatna.	96-97	12.42
	(5) Protection of left bank of Subarnarekha near Ulluda.	96-97	15.65
	(6) Protection of left bank of Subarnarekha near Maunagar.	96-97	7.25
	(7) Protection of left bank of Subarnarekha near Aruabouti.	97-98	101.95
	(8) Protection of right bank of Subarnarekha near Mankidia	96-97	16.29
	(9) Protection of right bank of Subarnarekha near Kadapal	96-97	12.04
	(10) Protection of right bank of Subarnarekha near Kadranjan	96-97	12.40
			2314.55

APPENDIX-XXXVI
(Refer paragraph 4.2.9 at page 156)

Statement showing Division/Year-wise agreements executed during the last quarter (January to March) as compared to total agreements executed during year.

Name of the Division	Year	No. of Agts. executed during the year	Value	No. of Agts. Executed during last quarters.	Value	Works executed measured but not paid out of Col. 5			Percentage of Col. 6 to 4	Percentage of Col. 9 to 6
		In Nos.	(Rs.in lakh)	In Nos.	(Rs.in lakh)	No. of works	Value of Agts.	Amount of pending liability		
1	2	3	4	5	6	7	8	9	10	11
WATER RESOURCES										
1 Salandr Canal	1996-97	394	80.33	225	57.23	3	0.26	0.26	71	1
	97-98	441	478.47	135	34.51	6	1.26	0.41	7	1
	98-99	292	100.01	126	44.93	15	3.75	3.60	45	11
2 Balasore Irrigation	1996-97	691	283.21	154	204.01	6	3.01	1.67	72	1
	97-98	798	249.05	212	82.61	15	5.16	2.69	33	3
	98-99	411	202.74	49	29.61	3	0.59	0.44	15	1
3 Puri Irrigation	1996-97	633	818.27	248	739.30	5	1.90	0.66	90	1
	97-98	897	189.66	262	49.65	7	2.49	0.71	26	1
	98-99	1413	459.34	232	59.84	34	16.59	14.59	13	24
4 Minor Irrigation, Khurda	1996-97	364	153.59	155	95.97	22	7.75	4.24	62	4
	97-98	73	19.40	4	10.75	1	0.10	0.10	55	1
	98-99	142	103.38	59	20.38	8	8.33	6.01	20	29
5 Khurda Irrigation	1996-97	342	499.48	170	207.73	6	12.52	2.07	42	1
	97-98	1115	2001.55	147	1436.74	5	61.83	6.88	72	0.5
	98-99	730	559.07	257	212.23	36	48.97	23.17	38	11
6 Rural Works, Balasore	1996-97	1536	478.99	1042	347.01	4	1.54	0.78	72	0.02
	97-98	2340	968.39	235	145.69	6	5.81	4.20	15	3
	98-99	2298	1161.87	1194	442.67	163	82.50	67.65	38	15
7 Bantaram	1998-99	394	252.00	151	100.89	140	35.16	35.16	40	35
TOTAL:		15304	9058.80	5057	4321.75	485	299.52	175.09	48	4

Percentage of value of agreements (Col. 6 to 4) 48 per cent.
Percentage of liabilities (Col. 9 to 6) 4 per cent.

APPENDIX-XXXVII

{Refer Paragraph 6.1.1(ii) at page 181}

Statement showing the year-wise position of wanting Utilisation Certificates

(Rupees in lakh)

Name of the Bodies audited during 1999-2000 period upto which audited and Number of such bodies audited	Upto 1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	No. of Bodies where yearwise details not available with amount	Total
Panchayat Samities												
1991-92 (1)	277.03	43.58	35.59	30.90	38.34	40.28	39.55	67.05	114.00	--	--	686.32
1992-93 (7)	839.93	141.46	170.31	107.60	180.35	212.30	263.04	439.70	190.24	--	683.14(2)	3228.07
1993-94 (21)	1629.67	300.35	450.69	812.74	281.06	712.36	693.17	1229.33	689.50	168.16	2192.92(7)	9159.95
1994-95 (34)	3025.79	620.47	583.54	672.51	574.16	1031.59	1351.72	2071.66	1054.60	--	2910.73(9)	13896.77
1995-96 (15)	1425.42	339.50	168.73	171.66	255.08	568.18	632.42	888.56	712.42	--	1470.81(3)	6632.78
1996-97 (2)	553.07	118.63	54.04	89.42	55.19	157.67	119.71	139.68	164.59	--	--	1452.00
DRDAs (8)	--	--	--	--	--	--	--	--	--	--	20282.52(8)	20282.52
ITDAs (8)	--	--	--	--	--	--	--	--	--	--	1621.23(8)	1621.23
ZSS(2)	--	--	--	--	--	--	--	--	--	--	214.18(2)	214.18
BFDA (1)	--	--	--	--	--	--	--	--	--	--	-- (1)	--
OPEPA (1)	--	--	--	--	--	--	--	--	--	--	-- (1)	--
OWS&SB (1)	--	--	--	--	--	--	--	--	--	--	-- (1)	--
AHRCRTS (1)	--	--	--	--	--	--	--	--	--	--	-- (1)	--
Total 102 units	7750.91	1563.99	1462.90	1884.83	1384.18	2722.38	3099.61	4835.98	2925.35	168.16	29375.53(43)	57173.82 or 571.74 crore

APPENDIX-XXXVIII

(Refer Paragraph 6.2.5 at page 187)
Physical targets and achievements

	Name of the scheme/Component	1995-96			1996-97			1997-98		
		Targets	Achievement	Percentage of achievement	Target	Achievement	Percentage of achievement	Target	Achievement	Percentage of achievement
(A)	NRY									
(i)	Scheme for Urban Micro Enterprises (SUME)- Training	852	608	71.36	3778	2,121	56.14	NA	NA	NA
(ii)	Scheme for Urban Micro Enterprises (SUME)- (Loan and Subsidy)	2800	3408	121.74	10002	4590	45.89	NA	NA	NA
(iii)	Scheme for Urban Wage Employment (SUWE) Mandays to be generated	108000	149826	138.72	379880	153764	40.47	NA	NA	NA
(iv)	Scheme for Housing and Shelter Upgradation (SHASU)(a) No. of dwelling units to be upgraded	4072	363	8.91	Nil	Nil	Nil	NA	NA	NA
(v)	Scheme for Housing and Shelter Upgradation (SHASU)(b) Mandays generated	242520	21780	8.98	Nil	Nil	Nil	NA	NA	NA
(B)	PMU PEP									
	Mandays	645557	83786	12.97	1048684	148600	14.17	No targets	93134	--

	Name of the Scheme/Component	1997-98			1998-99			1999-2000		
		Target	Achievement	Percentage of achievement	Target	Achievement	Percentage of achievement	Target	Achievement	Percentage of achievement
C	SJSRY									
(i)	Urban Self Employment Programme (USEP)- Subsidy	No target	82	--	14900	3530	23.69	9660	1281	13.26
(ii)	Urban Self Employment Programme (USEP)- Training	No target	125	--	1703	3975	--	No target	2219	--

Concl'd

	Name of the scheme Component	Targets	1995-96		1996-97			1997-98		
			Achievement	Percentage of achievement	Target	Achievement	Percentage of achievement	Target	Achievement	Percentage of achievement
(iii)	Development of Women and Children in Urban Areas (DWCUA) (Subsidy)	No targets	17	--	314	102	32.48	382	261	58.32
(iv)	Development of Women and Children in Urban Areas (DWCUA) (T&Cs)	No target	54	--	108	38	35.18	No target	175	--
(v)	Urban Wage Employment Programme (Mandays)	No targets	122100	--	169727	344756	203.12	No target	108814	--

	1995-96	1996-97	1997-98	1998-99	1999-2000
(D) PMRY (Training) (Urban and Rural)					
Target	8250	8250	9250	10100	12150
Achievement	7925	7482	7816	8410	7240 (Provisional)
Percentage of achievement	96.06	90.49	84.49	83.26	59.58

APPENDIX-XXXIX

(Refer Paragraph 6.5 at page 197)

Statement showing incomplete IAY houses as on February 2000 taken up during 1990-91 to 1997-98 and expenditure incurred thereon

Sl No.	Name of the Block & year of expenditure	No. of IAY houses taken up	Amount sanctioned (in lakh) & released by DRDA to BDOs	No. of houses remained incomplete		Amount released in lakh therefor to BDOs	Amount (in lakh) advanced/spent on incomplete houses by beneficiaries	
				Up to 1997-98	Up to 1995-96		Up to 1997-98	Up to 1995-96
1.	2.	3.	4.	5(a)	5(b)	6.	7(a)	7(b)
1.	Sundargarh (upto 1997-98)	681	115.26	35	21	5.74	4.80	2.73
2.	Subdega (upto 1997-98)	611	99.53	28	25	4.21	3.34	2.89
3.	Bisra (upto 1997-98)	797	133.82	165	86	28.12	22.64	9.99
4.	Lathikata (upto 1997-98)	928	152.82	204	136	33.32	27.57	16.11
5.	Laikera (upto 1997-98)	525	90.55	275	148	45.94	37.52	17.86
6.	Bijepur (upto 1997-98)	631	108.42	112	51	19.20	13.96	5.03
7.	Sohella (upto 1995-96)	351	48.10	66	72	9.05	7.74	7.80
8.	Barpalli (upto 1997-98)	754	127.49	194	66	34.31	25.60	7.74
Total		5278	278.99	1079	603	173.89	143.17	70.46

E R R A T A

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Report of the Comptroller and Auditor General of India for the year
ended 31 March 2000(Civil)-Government of Orissa

Reference to page	Line reference	For	Read
6 Column 1	20 th row	Recoveries of Loans and Advances	4. Recoveries of Loans and Advances
	21 st row	Public Debt Receipts	5.Public Debt Receipts
	25 th row	Total Receipts in the Consolidated Fund (3+4+5)	6.Total Receipts in the Consolidated Fund (3+4+5)
	26 th row	Contingency Fund Receipts	7.Contingency Fund Receipts
	27 th row	Public Account Receipts	8.Public Account Receipts
	28 th row	Total Receipts of the State (6+7+8)	9.Total Receipts of the State (6+7+8)
30 th row	Column 2	(91)	(88)
	Column 3	(85)	(84)
	Column 4	(87)	(84)
	Column 5	(88)	(84)
	Column 6	(91)	(87)
37 th row	Column 2	(9)	(8)
	Column 3	(15)	(14)
	Column 5	(12)	(11)
	Column 6	(9)	(8)
43 rd row	Column 2	193	193(4)
	Column 3	114	114(2)
	Column 4	166	166(3)
	Column 5	348	348(4)
	Column 6	476	476(5)
Page 7 Table	5 th row Column 1	(3+4-13-15)	(3+4-13)
Page 9	Para 1.6.1 1 st line	(91 per cent)	(87 per cent)
Page 11	Para 1.7.1 4 th line	1996-97	1996-2000.
	5 th line	15 per cent to 9 per cent	14 per cent to 8 per cent
Page 12 Table	6 th row column 2	9	8
	6 th row column 3	15	14
	6 th row column 5	12	11
	6 th row column 6	9	8
Page 12	3 rd and 4 th line from bottom	15 per cent in 1996-97 to 9 per cent in 1999-2000	14 per cent in 1996-97 to 8 per cent in 1999-2000
Page 19 Table	5 th row last column	2598	2508



$$\begin{array}{r} 23 \\ 13 \\ \hline 19 \\ 14 \\ \hline 33 \\ \hline 23 \\ 17 \\ \hline 34 + 236 \end{array}$$

Original = 2340352
 0674

outside Length

South = 39'
 North = 36'
 East = 33'
 West = 36'

$$\begin{array}{r} 39 \\ 36 \\ 33 \\ 36 \\ \hline 144 \end{array}$$

inside Length

$$\begin{array}{r} 14 \\ 13 \\ 10 \\ 13 \\ 15 \\ 23 \\ 18 \\ 15 \\ 20 \\ 10 \\ \hline 151 \\ 144 \\ \hline 295 \end{array}$$

$295 \times 4 = 1180'$ = 16mm = 30 pieces @ 793 = 23790
 $39.5' \times 12mm = 4$ pieces @ 445 = 1780
34 pieces

Ring 8mm @ 23×40 8120
~~27920~~
33,690

For liner

Total length 300' or = 3600"
 Total ring required = $3600 \div 10 = 360$ nos
 Total length ring = $360 \times 50'' = 18000''$ or = 1500 feet
 Nos required = $\frac{1500}{39.5 \text{ feet}} = 38$ nos.