

## ***Preface***

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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 2008.
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 2007-08 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 2007-08 have also been included wherever necessary.
6. The audits have been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

## OVERVIEW

This Report includes two Chapters containing observations on Finance and Appropriation Accounts of the Government of Orissa for the year 2007-08 and two others comprising six reviews and 31 paragraphs dealing with the results of performance audit of selected programmes as well as audit of the financial transactions of the Government.

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

A summary of the financial position of the State and the audit comments on the performance of the Government in implementation of certain programmes and schemes are given below:

### Financial position of the State Government

The fiscal position of the State viewed in terms of key fiscal parameters indicates a consistent improvement over the period 2002-08. The revenue surplus during the last two years and a consistent decline in fiscal deficit during 2002-08 and a situation of fiscal surplus during the current year are the pointers towards fiscal consolidation and the stability of the State. Moreover, actual values of various fiscal variables vis-a-vis the projections made by the State Government in its FRBM Act 2005 and in its Fiscal Correction Path as well as in its Medium Term Fiscal Plan also indicate that in case of most of these variables, the State has achieved the targets well ahead of the time lines indicated in documents. However, although the fiscal parameters indicate the improvement in the fiscal health of the State but the expenditure pattern depicts a grim position as revenue expenditure still accounted for 90 *per cent* leaving little room for enhancing the level of capital expenditure in the State. Despite significant improvement in fiscal position of the State and declining ratio of fiscal liabilities to the revenue receipts of the State, 23 *per cent* of the liabilities still had no asset backup as on 31<sup>st</sup> March 2008.

### Implementation of National programme of nutritional support to primary education (Mid-day meal scheme)

Review of implementation of National Programme of Nutritional Support to Primary Education i.e., Mid-Day Meal Scheme (MDM) during the period 2003-08 in the State revealed several deficiencies. Of the GOI assistance of Rs 660.01 crore received during 2003-08, the State Government spent only Rs 448.97 crore. However, the total expenditure of Rs 645 crore incurred on the scheme under Central and State Plans was less than the GOI assistance received during the period indicating that the State virtually did not contribute anything of its own in real monetary terms. In the districts and blocks test checked, Rs 49.18 crore of the Rs 237.60 crore provided under the programme during the period remained unspent. Cases of short account of rice (Rs 1.81 crore), excess payment of transportation charges (Rs 1.02 crore),

misappropriation of 33506 quintals of rice (Rs 3.68 crore) by transportation agents, and delayed delivery of 2.09 lakh quintals of rice were noticed. Infrastructure facilities were poor as kitchens were not available in 77 *per cent* of schools (35330) in the State while 92 *per cent* of the test checked schools did not have kitchen sheds as a result in 44 *per cent* schools food was cooked either in the verandah or in class rooms and 48 *per cent* of schools used open space as kitchen for cooking food. Construction of kitchen wherever taken up were not in conformity with the GOI's prescribed norms. Drinking water facilities were available in 86 *per cent* of schools. Many of the test checked blocks and schools lacked storage facilities for food grains. The scheme was marred by delayed implementation leading to non availment of GOI assistance of Rs 58.26 crore, disruption and non-provision of MDM in drought affected districts. Instances of non-provision of required quantity of dal and eggs, loss of teaching hours, absence of community participation were noticed. The MDM did not have any impact on sustaining the enrolment and attendance, check up of health status and hygienic conditions of cooking and serving were not ensured. Supervision and inspections at various levels were short of targets due to lack of man power. State, district and block level monitoring committees were not effective.

#### **Rengali Irrigation Project**

The Rengali Irrigation Project was taken up for execution in 1980-81 at an estimated cost of Rs 233.64 crore for providing irrigation to 2.36 lakh hectares of cultivable command area (CCA) by March 1991 through the Left Bank Canal (LBC :141 km) and Right Bank Canal (RBC :112 km). Due to delay in acquisition of land / non-acquisition of land, non-receipt of forest land clearance and poor contract management, the project remained incomplete at various stages with investment of Rs 1695.61 crore (March 2008) resulting in cost over run by Rs 1461.97 crore (626 *per cent*) and time over run by 17 years. The project was not planned in a coordinated manner integrating supports from different agencies for smooth and timely completion of the project. The works were executed in a piecemeal fashion without analysing and assessing their impact on the whole project. The techno-economic-viability of the project as a whole was not reassessed despite instructions of the CWC. Of the 56 packages costing Rs 951.18 crore involved for execution of LBC upto 71 km, 34 packages for Rs 501.60 crore were taken up and only 14 packages for Rs 146.26 crore were completed. The excavated canals were severely damaged due to non-provision of protective measures which remained unrectified. Trial irrigation was provided to only 0.09 lakh ha of CCA against the designed ayacut of 2.36 lakh ha (four *per cent*). There were significant lapses in planning and execution of the project rendering techno-economic viability of the project doubtful. Excavated canals were severely damaged due to non-provision of protective measures suggested by GSI rendering the expenditure of Rs 103.46 crore on canal excavation unfruitful apart from extra liability of Rs 79.93 crore due to poor planning. Time over run due to delay in acquisition of land, approval of drawings / designs and poor contract management resulted in cost over run of Rs 31.78 crore. A part of the RBC constructed between 1998 and 2006 at a cost of Rs 17.11 crore was severely damaged causing apprehension regarding stability of the canal due to critical configuration of the alignment. Excess payment of Rs 0.87

crore was made to two contractors by recording inflated measurements were also noticed. Overall monitoring of the implementation of the project was poor.

### **Management of wastes in the State**

The status of management of different types of waste generated in the State was reviewed in audit in the light of provisions contained in Environment Protection Act, 1986 and rules framed there under. The findings revealed that the implementation of these provisions was at preliminary stage and even sources, types and quantities of waste generated had not been assessed accurately. Perspective plan for collection, segregation, reuse and recycling was not available with the entities. Ninety-two out of 103 ULBs were yet to obtain SPCB's authorisation for setting up waste processing and disposal facilities. Types of machineries and equipments and mechanisms for reduction and recycling of waste remained largely undecided. Uniformity and adequacy of waste collection, segregation, storage at safer sites, reduction, reuse and recycling of bio-degradable material was absent in all the entities. Most of the ULBs and Government hospitals were running without any waste processing and disposal facilities and disposal in open space remained the most favoured solution to the management. Implementation of Plastic Waste Rules was restricted to issue of instructions without follow up action. Despite Apex Court's instructions for construction of secured engineering landfills for treatment, storage and disposal of hazardous waste, none of the industries in the State had set up the same. Funds provided by the Government of India / State Government for management of municipal and bio-medical waste remained unspent due to absence of planning for the same. Monitoring mechanism for management of different types of waste at the level of Government or SPCB was hardly visible.

### **Functioning of Chilika Development Authority**

Chilika lagoon situated along the east coast of Orissa is a unique brackish wetland in the country covering water-spread area upto 1165 square kilometer having an assemblage of marine, brackish and fresh water eco-system with amazing biodiversity. The lagoon had been facing multi dimensional ecological and anthropogenic pressure leading to area shrinkage, siltation, choking of the inlet channel, decrease in salinity and normal loss of biodiversity. To overcome the threat of siltation, change of salinity regime and depletion of the bio resources including fish etc, the State Government set up (November 1991) Chilika Development Authority (CDA) to undertake multi dimensional and developmental activities without formulating a perspective plan and providing resource support and regulatory powers. The artificial mouth connecting the lagoon to the sea opened in September 2000 widened ten fold for which no close monitoring and disaster management plan was put in place to address possible threat to villages in and around the lagoon. Action plan implemented with help of Central Finance Commission grants and GOI grants revealed deficient planning, doubtful execution of plantation work (Rs 91 lakh), infructuous (Rs 2.17 crore) and extra (Rs 25 lakh) expenditure on plantation under utilisation of assets created, inadmissible payment of escalation charges (Rs 93 lakh) and irregular

utilisation of interest money (Rs 1.80 lakh). With opening of artificial mouth to the sea, there was decline in fish production and disappearance of some fresh water species of fish. The restoration works for birds remained confined to the sanctuary area. Presence of gherries for illegal prawn culture led to disturbance in eco system. Unregulated tourism and fishing activity led to pollution of lagoon. Soil conservation and plantation works; a major source of arresting siltation taken up during 2003-08 were implemented in uncoordinated manner warranting heavy recurring spending in future. Monitoring Committees constituted by the Government remained non functional.

#### **Implementation of project elephant in Orissa**

The Centrally Sponsored Scheme “Project Elephant” aimed primarily at conservation and protection of viable populations of wild elephants in their natural habitat and restoration of natural habitats and traditional corridors used by the elephants thereby reducing the human elephant conflict (HEC). Orissa accounts for nearly 74 *per cent* of the elephants in Eastern India, 10 *per cent* of the tuskers in the country and also records a large number of elephant deaths and human deaths due to increased human-elephant conflict. Despite GOI's request (June 2002), the State Government did not prepare any perspective plan and the scheme was being implemented through ad hoc annual plans affecting systematic management of the elephant reserves. The corridors (forest links) were fragmented due to rapid industrialisation and population growth. No efforts were made to restore the corridor disrupted by the Rengali Irrigation Project. No special strike force was created to check poaching and destruction of habitat. Human-Elephant-Conflict could not be checked resulting in loss of lives with incidental and collateral damages. Although elephant population in the State increased from 1841 (Census-2002) to 1862 (Census-2007), 280 elephants died in the State due to various reasons during the period and the average death cases increased from 32 per year during 1990-2003 to 56 per year during 2003-08. The State Board for Wildlife constituted (September 2003) to meet at least twice a year for advising the State Government on formulation of policy for protection and conservation of wildlife met only once (November 2004) and a new body constituted (October 2007) for a two year term did not convene any meeting so far.

#### **Information Technology Audit on Computerization of Land Record Project (BHULEKH)**

Computerisation of land records (CLR) a hundred *per cent* assisted centrally sponsored project was commenced in the State since 1988-89 with the primary objective of ensuring systemic maintenance and retrieval of land records thereby ensuring security to the land holders, consolidation of holdings and updation of land records etc. The CLR with the development of a database of land records intended to provide quicker storing, processing and retrieval of information was only partially fulfilled. The software “BHULEKH” suffered from deficiencies like inadequate system design and inadequate input, validation and security controls. The presence of duplicate and blank records for tenants and case numbers rendered the data incomplete and unreliable.

Deficient system design necessitated manual interventions which in turn created scope for human errors and even manipulations. Even after 20 years of taking up pilot implementation and 10 years of project implementation, deficiencies persisted in the system. As a result, the intended objectives were not achieved to the extent envisaged and benefits were not commensurate with the expenditure of Rs 31.60 crore incurred as of July 2008.

### **Transaction Audit findings**

Audit of financial transactions, subjected to test-check in various departments of the Government and their field functionaries showed instances of misappropriations, losses, excess payment, unfruitful expenditure of about Rs 143 crore as mentioned below:

Misappropriation of Rs 1.41 crore was noticed in Water Resources (Rs 1.38 crore) and Panchayati Raj (Rupees three lakh) Departments. Besides, there were instances of misutilisation of Government funds and loss of Rs 2.11 crore in Panchayati Raj (Rs 1.90 crore), Agriculture (Rs 21 lakh) and Departments.

Avoidable extra cost, unfruitful expenditure and undue benefit to contractors amounting to Rs 124.23 crore was noticed in Rural Development (Rs 6.45 crore), Water Resources (Rs 85.47 crore), Works (Rs 26.76 crore), Panchayati Raj (Rs 3.88 crore), Forest and Environment (Rs 44 lakh) and School Mass Education (Rs 76 lakh) and Revenue and Disaster Management (Rs 47 lakh) Departments.

There were instances of blockage of funds, idle investments and irregular retention and payment of advances of Rs 15.24 crore in Health and Family Welfare (Rs 1.04 crore), Industries (Rs 5.12 crore), Home (Rs 2.52 crore) and Fisheries and Animal Resources Development (Rs 6.56 crore) Departments.

Some of the important audit observations are listed below.

Subsidised rice of 2250 MT was shown as issued to labourers through contractors without documentary evidence of distribution to the labourers resulting in misappropriation of subsidy of Rs 1.38 crore in Drainage Division, Chandikhol Division.

(Paragraph 4.1.1)

Lack of proper inquiry, physical verification of households, supervision and monitoring by the authorities resulted in misuse of special IAY assistance of Rs 1.90 crore while allotting special IAY houses in six blocks of Bhadrak and Jajpur districts.

(Paragraph 4.1.2)

Injudicious selection of site for construction of spillway of Telengiri Irrigation Project led to wasteful expenditure of Rs 0.99 crore. Besides, there was non recovery of works advance of Rs 9.07 crore in Telengiri Irrigation Division.

(Paragraph 4.2.1)

Commencement of works of an irrigation project without assessment of water potential and non-completion of rehabilitation measures of the project affected families resulted in suspension of the project works midway rendering Rs 65.82 crore spent on the project unfruitful in Titilagarh Irrigation Division.  
(Paragraph 4.4.1)

Failure to adhere to standard data provided in the MORT&H specifications while sanctioning the estimates resulted in excess payment of Rs 3.99 crore to the contractors in 10 Rural Works divisions under Pradhan Mantri Gram Sadak Yojna (PMGSY).  
(Paragraph 4.2.3)

Non-construction of approach roads to the high level bridge over river Kushabhadra resulted in unfruitful expenditure of Rs 5.57 crore and extra cost of Rs 75 lakh. Besides, there was non recovery of Rs 1.64 crore from a Corporation under Executive Engineer, R&B Division, Bhubaneswar.  
(Paragraph 4.3.1)

Abandonment of Umerkote-Raighar-Kundei-Likima road work by a contractor under Jeypore (R & B) Division resulted in dislocation in the movement of traffic, wasteful expenditure of Rs 61.79 lakh, extra liability/non recovery for Rs 3.22 crore and avoidable maintenance of the road for Rs 45.62 lakh.  
(Paragraph 4.3.2)

Upward revision of an offer for a High Level (HL) Bridge over river Subarnarekha at 13 km on Kamarda-Baliapal road during negotiation and non recovery of liquidated damage despite default in execution led to undue benefit of Rs 3.20 crore to the contractor under Balasore (R&B) Division.  
(Paragraph 4.3.3)

Due to inadequate action of the BDOs, 319 shopping units could not be completed under SGSY/ SGRY and 452 units even though completed were not allotted to the beneficiaries which resulted in an unfruitful expenditure of Rs 3.42 crore.  
(Paragraph 4.4.4)

Non-completion of additional godown building in the premises of the Director, Text Book Production and Marketing resulted in an avoidable expenditure of Rs 75.52 lakh on rent.  
(Paragraph 4.4.9)

The Principal Resident Commissioner, New Delhi purchased 56 residential quarters of which 49 quarters were lying unallotted even after two years of purchase leading to idle investment of Rs 2.52 crore.  
(Paragraph 4.5.1)

Due to non-registration of institutions under the PNDT Act and non-imparting of clinical training to user doctors by the Director ISMH, seven ultrasound machines purchased at a cost Rs 41.03 lakh for Ayurvedic and Homoeopathy colleges remained idle after two years of procurement.  
(Paragraph 4.5.3)

## CHAPTER-I

### Finances of the State Government

#### 1.1 Introduction

The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account (*Appendix 1.1- Part A*). The Finance Accounts of the Government of Orissa are laid out in nineteen statements, presenting receipts and expenditure, revenue as well as capital, in the Consolidated Fund, Contingency Fund and the Public Accounts of the State of Orissa. The layout of the Finance Accounts is depicted in *Appendix 1.1-Part B*.

##### 1.1.1 Summary of Receipts and Disbursements

**Table-1.1** summarises the finances of the Government of Orissa for the year 2007-08 covering revenue receipts and expenditure, capital receipts and expenditure and public accounts receipts/disbursements as emerging from Statement-1 of Finance Accounts and other detailed statements.

**Table-1.1: Summary of receipts and disbursements for the year 2007-08**

(Rupees in crore)

2006-07	Receipts	2007-08	2006-07	Disbursements	2007-08		
Section-A: Revenue					Non Plan	Plan	Total
18032.62	Revenue receipts	21967.19	15772.02	Revenue expenditure	13634.19	4089.08	17723.27
6065.06	Tax revenue	6856.09	7502.77	General services	7196.41	30.80	7227.21
2588.12	Non-tax revenue	2653.58	5220.55	Social services	4098.69	2317.82	6416.51
6220.42	Share of Union Taxes/ Duties	7846.50	2776.44	Economic services	1988.19	1740.46	3728.65
3159.02	Grants from Government of India	4611.02	272.26	Grants-in-aid and Contributions	350.90		350.90
Section-B: Capital							
--	Misc Capital Receipts		1451.46	Capital Outlay	187.22	2656.19	2843.41
285.82	Recoveries of Loans and Advances	355.30	271.77	Loans and Advances disbursed	132.07	300.61	432.68
2045.89	Public debt receipts*	506.90	1850.74	Repayment of Public Debt*			1844.97
--	Contingency Fund	165.01	137.67	Contingency Fund			51.34
9991.62	Public Account receipts	10297.41	7958.06	Public Account disbursements			8971.58
5047.00	Opening Cash Balance	7961.23	7961.23	Closing Cash Balance			9385.79
<b>35402.95</b>	<b>Total</b>	<b>41253.04</b>	<b>35402.95</b>	<b>Total</b>			<b>41253.04</b>

\* Excluding Ways and Means Advances and Overdraft.



Following are the significant changes during 2007-08 over previous year.

- Revenue Receipt increased by Rs 3934 crore (22 *per cent*) over previous year. The increase was mainly due to increase in Tax Revenue (Rs 791 crore), Non-Tax Revenue (Rs 66 crore), State Share of Union Taxes / Duties (Rs.1626 crore), Grants from Government of India (Rs 1452 crore). The non-cash receipt of Rs 381.90 crore towards interest relief and debt waiver by the Government of India (GOI) under DCRF<sup>1</sup> was also included in total Non-Tax revenue.
- Total expenditure increased by Rs 3504 crore during 2007-08 over the previous year of which increase in revenue expenditure was Rs 1951 crore and the capital expenditure including disbursement of loans and advances increased by Rs 1553 crore.
- Public Debt receipts recorded an increase of Rs 1539 crore over previous year while Public Debt repayments decreased marginally by Rs six crore only resulting in a net impact of Rs 1533 crore over the previous year.
- The Public Account Receipts was Rs 10297.41 crore during 2007-08, while the disbursements amounted to Rs 8971.58 crore resulting in a net increase of receipts by Rs 1325.62 crore during the year.
- Recoupment to the contingency fund was of the order of Rs 165.01 crore against the withdrawals of Rs 51.34 crore during the current year.
- Cash balance of the State increased by Rs 1425 crore from Rs 7961.23 crore in 2006-07 to Rs 9385.79 crore during the current year of which increase in cash balance investment was Rs 2071.17 crore, increase in Departmental cash balance was Rs 26.76 crore and Deposit with RBI decreased by Rs 673.37 crore.

### **1.1.2 Trends in Fiscal Aggregates**

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

**Table 1.2** (Rupees in crore)

2006-07	Sl. No	Major Aggregates	2007-08
<b>18033</b>	<b>1.</b>	<b>Revenue Receipts (2+3+4)</b>	<b>21967</b>
6065	<b>2.</b>	Tax Revenue (Net)	6856
2588	<b>3.</b>	Non-Tax Revenue	2654
9380	<b>4.</b>	Other Receipts	12457
<b>286</b>	<b>5.</b>	Non-Debt Capital Receipts	<b>355</b>
286	<b>6.</b>	<i>Of which</i> Recovery of Loans	355
<b>18319</b>	<b>7.</b>	<b>Total Receipts (1+5)</b>	<b>22322</b>
<b>13290</b>	<b>8.</b>	<b>Non-Plan Expenditure (9+11+12)</b>	<b>13953</b>
13045	<b>9.</b>	On Revenue Account	13634
3188	<b>10.</b>	<i>Of which</i> Interest Payments	3169
111	<b>11.</b>	On Capital Account	187
134	<b>12.</b>	On Loans disbursed	132
<b>4205</b>	<b>13.</b>	<b>Plan Expenditure (14+15+16)</b>	<b>7046</b>
2727	<b>14.</b>	On Revenue Account	4089

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

2006-07	Sl. No	Major Aggregates	2007-08
1340	15.	On Capital Account	2656
138	16.	On Loans disbursed	301
17495	17.	Total Expenditure (13+8)	20999
(+) 2261	18.	Revenue Deficit (9+14-1)/Surplus (+)	(+)4244
(+) 824	19.	Fiscal Deficit (17-1-5)/Surplus (+)	(+)1323
(+) 4012	20.	Primary Deficit (19-10)/Surplus (+)	(+)4492

**Table-1.2** shows that revenue receipts increased by Rs 3934 crore (22 *per cent*) during 2007-08 while revenue expenditure increased by Rs 1951 crore (12 *per cent*) over the previous year resulting in an increase of Rs 1983 crore in revenue surplus over the previous year. Given the increment of Rs 1983 crore in revenue surplus in 2007-08 along with the moderate increase of Rs 69 crore in non-debt capital receipt; an increase of Rs 1392 crore in capital expenditure and Rs 161 crore in disbursement of loans and advances led to an increase of Rs 499 crore in fiscal surplus during 2007-08 from the level of Rs 824 crore in the previous year. Given the marginal decline of Rs 19 crore in interest payments, primary surplus increased by Rs 480 crore due to increase in fiscal surplus of Rs 499 crore in 2007-08 over the previous year.

## 1.2 Methodology adopted for the assessment of Fiscal position

The trends in the major fiscal aggregates of receipts and expenditure as emerged from the Statements of Finance Accounts were analysed wherever necessary over the period of last five years and observations have been made on their behavior. In its Restructuring Plan of State finances, Twelfth Finance Commission (TFC) recommended the norms/ceiling for some fiscal aggregates and also made normative projections for others. In addition, TFC also recommended that all States are required to enact the Fiscal Responsibility Acts and draw their fiscal correction path accordingly for the five year period (2005-06 to 2009-10) so that fiscal position of State could be improved as committed in their respective FR Acts/Rules during medium to long run. The norms/ceilings prescribed by the TFC as well as its projections for fiscal aggregates along with the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other Statements required to be laid in the legislature under the Act have been used to make qualitative assessment of the trends and pattern of major fiscal aggregates during the current year. Assuming that GSDP is the good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the Gross State Domestic Product (GSDP) at current market prices. The buoyancy coefficients for tax revenues, non-tax revenues, revenue expenditure etc, with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilisation of resources, pattern of expenditure etc, are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP. The New GSDP series with 1999-2000 as base (Table 1.3), as published by the Directorate of Economics and Statistics of the State Government have been used in estimating these percentages and buoyancy ratios.

**Table –1.3: Trends in Growth and Composition of GSDP** *(Rupees in crore)*

Estimates	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Gross State Domestic Product (GSDP)	50223	61422	71428	78536 (P)	91151 (Q)	103304 (A)
Rates of Growth of GSDP ( <i>per cent</i> )	6.98	22.30	16.29	9.95	16.06	13.33

Source: Directorate of Economics and Statistics of the State Government

The key fiscal aggregates for the purpose are grouped under four major heads: (i) Resources by Volume and Sources, (ii) Application of Resources, (iii) Assets and Liabilities and (iv) Management of Deficits (**Appendix 1.2-B to 1.5**). The overall financial performance of the State Government as a body corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates. The definitions of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given in **Appendix 1.1 Part C**.

### **1.2.1 The Orissa Fiscal Responsibility and Budget Management Act 2005**

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

- a) Reduce Revenue deficit to 'NIL' within a period of five financial years ending on the 31<sup>st</sup> day of March 2009.
- b) Reduce fiscal deficit by 1.5 *per cent* of GSDP in each of the financial years beginning on the 1<sup>st</sup> April 2004 so as to bring it down to not more than three *per cent* of the estimated gross State domestic product within a period of five financial years ending on the 31<sup>st</sup> day of March 2009 in the manner consistent with the goal.
- c) Generate a primary surplus of over three *per cent* of GSDP by the year ending 31 March 2008.
- d) Other important monitorable targets would be :
  - the ratio of salary to State's own revenue is to be reduced to 80 *per cent* by the year ending 31 March 2008;
  - the ratio of non-interest committed revenue expenditure to State's own and Mandated revenue was to be reduced to 55 *per cent* by the year ending 31 March 2008; and
  - the ratio of revenue deficit to revenue receipt was to be reduced to zero *per cent* by the year ending 31 March 2009.
- e) In order to bring the debt stock to a sustainable level, interest payment as a percentage of revenue receipt to be limited from 18 to 25 *per cent*.

- f) Total Debt stock should be limited to 300 *per cent* of the total Revenue Receipt of the State by the year ending 2007-08.

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

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

The State Government had also developed its own Fiscal Correction Path (FCP) indicating the milestones of outcome indicators for the period 2004-05 to 2009-10 (*Appendix-1.2(A)*), FCP detailed the structural means required for mobilising additional resources and identified areas where expenditure could be compressed to achieve the targets set out in FRBM Act. In its FCP, State has envisaged *inter alia* to almost double the State's own revenue from Rs 4396.28 crore in the base year (2003-04) to Rs 8529.02 crore in 2009-10; reduce the share of committed expenditure in the form of salaries, pensions and interest payments from 84 *per cent* of total revenue receipts in base year to 60 *per cent* in 2009-10; consistently reduce the general subsidy from Rs 231 crore to Rs 60 crore and eliminate the power subsidy during the period; eliminate the revenue deficit and earn surplus and bring the fiscal deficit below three *per cent* by 2008-09.

#### **1.2.2.2 Fiscal Policy Statement(s) 2007-08**

As prescribed in the Act, the State Government has laid Fiscal Policy Strategy (FPS) statement relating to taxation, expenditure, borrowings, strategic priorities and measures for restructuring the State finances as recommended by the Twelfth Finance Commission (TFC) for the ensuing year and Medium Term Fiscal Plan (MTFP) based on current fiscal trends and policy initiatives undertaken by the Government and assumptions for achieving them along with the budget before the legislature during 2007-08.

#### **1.2.2.3 Mid-Term Review of Fiscal Situation**

In compliance with Sec 8 (2) of Orissa Fiscal Responsibility and Budget Management Act 2005, the Finance Minister convened review meetings in January 2008 and March 2008 wherein *inter alia* the trends in receipts and expenditure vis-à-vis the targets laid down in the Budget and other Fiscal Statements placed in the legislature were reviewed. Directions were issued to all the concerned departments to achieve 20 *per cent* growth in own revenue receipt over the collection level of 2006-07 and all the departments should take all possible measures for full utilisation of their budgetary provisions. However, the provisions were not utilised fully and there were savings of Rs 3083.51 crore and Rs 1523.76 crore under Revenue and Capital sections respectively. The achievement of above target was however, confined to 10 *per cent* only during the current year.

The table below depicts comparative position of selected fiscal variables vis-à-vis the targets set for them in FRBM/FCP/MTFP for the year 2007-08.

**Table: Position of Key indicators**

Fiscal forecasts	Targets laid in FRBM Act/Rules	Projection as per MTFP	Projection as per FCP	Actuals by 2007-08
Ratio of Revenue deficit (-)/surplus (+) to Revenue receipt	0.0 (31.3.2009)	0.078	(-)0.010	0.204
Ratio of Fiscal Deficit (-)/surplus (+) to GSDP	Annual Reduction by 1.5 <i>per cent</i> so as to achieve target of 3 <i>per cent</i> by 2008-09	(-) 1.08	(-) 1.09	(+) 1.28
Primary surplus	Over 3 <i>per cent</i> of GSDP by 31 March 2008	2.84	2.84	4.35
Ratio of Salary to State's own Revenue	80 <i>per cent</i> (By 31.3. 2008)	63	70	48
Ratio of non-interest committed revenue exp to State's Own and Mandated Revenue	55 <i>per cent</i> (By 31.3. 2008)	88	101	67
Ratio of total Debt Stock to total Revenue Receipt	300 <i>per cent</i> by the year ending 2007-08	179.44	276.80	175.38

The comparative position presented in the Table above reveals that the State has achieved the targets for revenue and fiscal deficits as well as with regard to other variables as laid down in State FRBM Act / Rules, MTFP, FCP and TFC for the year 2007-08, much before the timeline with the current year ending in revenue surplus of Rs 4244 crore and fiscal surplus of Rs 1323 crore which was 1.28 *per cent* of GSDP. As a result of consistence performance the State Government received a debt waiver of Rs 381.90 crore during 2007-08 linked to its fiscal performance from Government of India under Debt Consolidation and Relief Facility.

### **1.3 Trends and Composition of Aggregate Receipts**

Resources of the State Government consist of revenue receipts and capital receipts. Revenue receipts consist of tax revenues, non-tax revenues, State's share of union taxes and duties and grants-in-aid from the Government of India (GOI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GOI as well as accruals from Public Account. **Table-1.4** shows that the total receipts of the State Government for the year 2007-08 were Rs 33291 crore. Of these, the revenue receipts were Rs 21967 crore, constituting 66 *per cent* of the total receipts. The balance came from borrowings, recovery of loans and advances and Public Account.

## 1.4: Trends in Growth and Compositions of Aggregate Receipts

(Rupees in crore)

Sources of Receipt	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
<b>I Revenue Receipts</b>	<b>8439</b>	<b>9440</b>	<b>11850</b>	<b>14085</b>	<b>18033</b>	<b>21967</b>
<b>II Capital Receipts</b>	<b>4996</b>	<b>6152</b>	<b>4529</b>	<b>2443</b>	<b>2332</b>	<b>862</b>
Recovery of Loans and Advances	177	273	417	348	286	355
Public Debt Receipts	4819	5879	4112	2095	2046	507
Miscellaneous Capital Receipts	--	--	--	--	--	--
<b>III Contingency Fund</b>	<b>--</b>	<b>--</b>	<b>54</b>	<b>81</b>	<b>--</b>	<b>165</b>
<b>IV Public Account Receipts</b>	<b>7150</b>	<b>7657</b>	<b>7373</b>	<b>8506</b>	<b>9992</b>	<b>10297</b>
a. Small Savings, Provident Fund etc.	2020	1675	1938	2742	2077	2104
b. Reserve Fund	213	530	1123	1105	2004	1032
c. Deposits and Advances	3086	3733	2749	2397	2463	2567
d. Suspense and Miscellaneous	67	131	-428	-74	12	(-)19
e. Remittances	1764	1588	1991	2336	3436	4613
<b>Total Receipts</b>	<b>20585</b>	<b>23249</b>	<b>23806</b>	<b>25115</b>	<b>30357</b>	<b>33291</b>

## 1.3.1 Revenue Receipts

**Statement-11** of the Finance Accounts details the revenue receipts of the Government. Overall revenue receipts, its annual rate of growth, ratio of these receipts to the GSDP and its buoyancies are indicated in **Table-1.5**.

**Table-1.5 : Revenue Receipts - Basic Parameters** (Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
<b>Revenue Receipts (RR) (Rupees in crore)</b>	8439	9440	11850	14085	18033	21967
Own Taxes ( <i>per cent</i> )	2872 (34)	3302 (35)	4177 (35)	5002 (35)	6065 (34)	6856 (31)
Non-Tax Revenue ( <i>per cent</i> )	961 (12)	1094 (12)	1345 (11)	1532 (11)	2588 (14)	2654 (12)
Central Tax Transfer Rs in crore ( <i>per cent</i> )	2806 (33)	3328 (35)	3978 (34)	4877 (35)	6221 (34)	7846 (36)
Grants-in-aid ( <i>per cent</i> )	1800 (21)	1716 (18)	2350 (20)	2674 (19)	3159 (18)	4611 (21)
<b>Rate of growth of RR (<i>per cent</i>)</b>	19.73	11.86	25.53	18.86	28.02	21.82
<b>RR/GSDP (<i>per cent</i>)</b>	16.80	15.37	16.59	17.93	19.78	21.26
<b>Buoyancy Ratio<sup>2</sup></b>						
<b>Revenue Buoyancy Ratio</b>	2.83	0.532	1.567	1.895	1.745	1.636
<b>State's own taxes buoyancy Ratio</b>	2.35	0.67	1.63	1.98	1.32	0.98
<b>Revenue Buoyancy ratio with reference to State's own taxes</b>	1.20	0.79	0.96	0.95	1.32	1.67
<b>GSDP Growth (<i>per cent</i>)</b>	6.98	22.30	16.29	9.95	16.06	13.33

<sup>2</sup> Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance revenue buoyancy at 1.6 during 2007-08 implies that revenue receipts tend to increase by 1.6 percentage points if the GSDP increases by one *per cent*.

### **General Trends**

The revenue receipts have shown a progressive increase over the period 2002-08. Revenue receipts of the State consistently increased from Rs 8439 crore in 2002-03 to Rs 21967 crore in 2007-08. While on an average around 43 *per cent* of the revenue during 2007-08 came from State's own resources (tax and non-tax), central tax transfers and grants-in-aid together contributed nearly 57 *per cent* of total Revenue receipt. An increase of Rs 791 crore (13 *per cent*) in own tax revenue, Rs 66 crore (three *per cent*) in non-tax revenue, Rs 1625 crore (26 *per cent*) in central tax transfers and Rs 1452 crore (46 *per cent*) in grants-in-aid resulted in a steep increase of Rs 3934 crore in revenue receipts during 2007-08.

### **Tax Revenue**

The Tax Revenue has increased by 13 *per cent* from Rs 6065 crore in 2006-07 to Rs 6856 crore in 2007-08. The share of sales tax in total tax revenue which has been more than 55 *per cent* throughout the period 2002-08 was at 60 *per cent* in 2007-08 with marginal decline from 62 *per cent* in 2006-07. **Table-1.6** below presents the trends in growth and composition of tax revenue during 2002-08.

**Table - 1.6: Trends in Growth and Composition of Tax Revenue** *(Rupees in crore)*

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Sales Tax	1605	1864	2471	3012	3765	4118
State Excise	246	256	307	389	430	525
Taxes on vehicles	258	280	338	406	427	459
Stamps and Registration fees	136	153	198	236	260	405
Land Revenue	82	103	132	70	226	276
Taxes and duties on electricity	172	200	262	353	283	327
Other taxes	373	446	469	536	674	746
<b>Total</b>	<b>2872</b>	<b>3302</b>	<b>4177</b>	<b>5002</b>	<b>6065</b>	<b>6856</b>

It was observed that about 75 *per cent* of the incremental tax revenue (Rs 791 crore) of the State was contributed by increase in revenue from the sales tax (Rs 353 crore), Stamps and Registration (Rs 145 crore) and State excise duties (Rs 95 crore). The increase in sales tax revenue was mainly due to expansion of tax base under VAT, while under State Excise it was due to increase in fee and duty structure in certain types of liquor and that under Stamps and Registration, it was due to collection of registration fees in respect of transfer of land to Indian Federation of Farmers' Corporation and allotment of land to new industries.

### **Non-Tax Revenue**

The major contributors towards the non-tax revenue of the State which constituted 12.08 *per cent* of total revenue receipts included interest receipts including dividends (Rs 711.32 crore); credit entry on account of debt relief given by GOI under DCRF (Rs 381.90 crore); receipts from forestry and wild life (Rs 82.66 crore); Non-ferrous Mining and Metallurgical Industries (Rs 1126.06 crore) and Irrigation Major and Medium (Rs 43.73 crore).

Despite the credit entry of Rs 381.90 crore as an incentive in the form of debt relief under DCRF, the Non-Tax revenue of the State has shown a marginal increase of Rs 66 crore (three *per cent*) in 2007-08 over the previous year



indicating the decline in receipts under other sources of non-tax revenue during the year. Major sectors under which decline in receipts were observed include forestry and wild life (Rs 48 crore) from Rs 130.62 crore in 2006-07 to Rs 82.66 crore and medium irrigation (Rupees seven crore) from Rs 48 .24 crore in 2006-07 to Rs 41.97 crore in 2007-08.

The actual tax and non-tax revenue receipts vis-à-vis the assessments made by TFC and in FCP and MTFP during 2007-08 were as below (**Table 1.7**):

**Table - 1.7***(Rupees in crore)*

	Projection by TFC	Projection as per MTFP	Projection as per FCP	Actuals
Own Tax Revenue	5584.70	6792.87	5584.70	6856
Own Non-Tax Revenue	1541.20	1915.54	1245.04	2654

The Tax Revenue increased by 23 *per cent* and the Non-Tax Revenue by 72 *per cent* over the assessment made by the TFC. The actual realisation also exceeded the assessments made by the State Government in FCP and MTFP.

### **Central Tax Transfers**

Central Tax transfers increased by Rs 1626 crore from Rs 6221 crore in 2006-07 to Rs 7847 crore in 2007-08 as below (**Table 1.8**):

**Table -1.8 : Contribution of components under central tax transfers** *(Rupees in crore)*

Taxes	2006-07	2007-08	Increase in transfers
Corporation Tax	1941	2490	549
Taxes on income other than corporation Tax	1179	1671	492
Union Excise duties	1288	1416	128
Customs	1213	1483	270
Others (Wealth, Commodities and Services)	600	787	187
<b>Total</b>	<b>6221</b>	<b>7847</b>	<b>1626</b>

### **Grants-in-aid**

The Grants-in aid from Government of India (GOI) increased from Rs 3159 crore in 2006-07 to Rs 4611 crore in the current year. The increase was mainly under State plan scheme (Rs 947 crore) mainly due to increase in assistance under AIBP (Rs 490 crore) and backward district initiative (Rs 291 crore) and Centrally Sponsored Plan Schemes (Rs 385 crore) mainly due to increased assistance under Urban Development schemes (Rs 56.44 crore), mid-day meal programme (Rs 118.19 crore), water supply programme (Rs 156.43 crore) and Non-plan scheme (Rs 66 crore). As per the recommendations of Twelfth Finance Commission (TFC), the GOI released during the current year Rs 791.27 crore under non-plan grants for specific purposes viz. maintenance of roads (Rs 368.77 crore), maintenance of buildings (Rs 145.92 crore), maintenance of forests (Rs 15 crore), Primary Health (Rs 19.41 crore), Primary Education (Rs 64.13 crore) and grants-in-aid to local bodies (Rs.126.04 crore), maintenance of Heritage Conservation (Rs 12.50 crore). Rs 39.50 crore of TFC grants were also provided under upgradation of standards of Administration-Special problem. Details of Grants-in-aid received from GOI are given in **Table-1.9**.



**Table - 1.9: Grants-in-aid from Government of India** (Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Grants for State Plan schemes	1021.39	1048.65	1391.99	1078.80	1284.32	2231.59
Non-plan Grants	395.11	265.61	398.75	1066.60	1086.34	1152.47
Grants for Central Plan Schemes	31.91	61.64	38.35	45.69	62.29	115.62
Grants for Centrally Sponsored Plan Schemes	351.77	340.38	521.32	482.69	726.07	1111.34
<b>Total</b>	<b>1800.17</b>	<b>1716.28</b>	<b>2350.41</b>	<b>2673.78</b>	<b>3159.02</b>	<b>4611.02</b>
Percentage of increase over previous year	45	(-) 5	37	14	18	46

## 1.4 Application of resources

### 1.4.1 Growth of Expenditure

**Statement-12** of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. States raise resources to perform their sovereign functions, maintain their existing nature of delivery of social and economic services, to extend the network of these services through capital expenditure, investments and to discharge their debt service obligations. The total expenditure of the State increased from Rs 11432 crore in 2002-03 to Rs 20999 crore in 2007-08. Total expenditure, its annual growth rate and ratio of expenditure to the State GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts are indicated in **Table-1.10**.

**Table -1.10: Total Expenditure - Basic Parameters** (Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Total expenditure (TE)* (Rupees in crore)	11432	13286	13633	14709	17495	20999
Rate of Growth ( <i>per cent</i> )	2.55	16.22	2.61	7.89	18.94	20.03
TE/GSDP Ratio ( <i>per cent</i> )	22.76	21.63	19.09	18.73	19.19	20.33
RR /TE Ratio ( <i>per cent</i> )	73.82	71.05	86.92	95.76	103.07	104.61
GSDP Growth ( <i>per cent</i> )	6.98	22.30	16.29	9.95	16.06	13.33
<b>Buoyancy Ratio of Total Expenditure with reference to:</b>						
GSDP	0.358	0.727	0.160	0.793	1.179	1.502
Revenue Receipts	0.182	1.367	0.102	0.418	0.676	0.918

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

Total expenditure during 2007-08 stood at Rs 20999 crore, an increase by Rs.3504 crore (20 *per cent*) over the previous year. The revenue expenditure constituted 84 *per cent* (Rs.17723 crore), capital expenditure component 14 *per cent* (Rs.2843 crore) while disbursement of loans and advances constituted only two *per cent* (Rs.433 crore) in total expenditure (Rs 20999 crore) during the year. In terms of its plan and non-plan components, the share of plan expenditure constituted 34 *per cent* (Rs.7046 crore), the remaining 66 *per cent* was non-plan expenditure (Rs.13953 crore). The increase in capital expenditure of Rs 1392 crore was mainly due to increased expenditure on Irrigation and Flood control (Rs 712.94 crore), Transport and Communication (Rs.168.43 crore), Water Supply and Sanitation (Rs 378.28 crore) and Welfare of SC, ST and OBC (Rs.56.06 crore). The increase in loans and advances disbursed from Rs.272 crore in 2006-07 to Rs.433 crore in 2007-08 (59 *per*

cent) was mainly due to disbursement of loans to PSUs (Rs 71.31 crore), loan to cooperation (Rs 12.51 crore), loans and advance to Government servants (Rs 3.78 crore) etc.

The buoyancy of total expenditure with reference to GSDP indicated an increasing trend from 0.727 to 1.502 *per cent* during 2003-04 to 2007-08 with an exception of 2004-05 when the ratio dipped steeply to 0.160 mainly on account of a marginal increase of 2.6 *per cent* in total expenditure during the year. The trend indicates increasing propensity of the State to spend as GSDP increases. The ratio of revenue receipt to total expenditure in 2007-08 was 105 *per cent* which indicated that the State can meet its total expenditure out of its revenue receipts only, resulting fiscal surplus during the year.

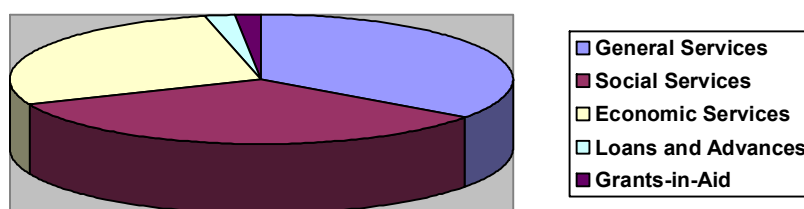
### ***Trends in Total Expenditure by Activities***

In terms of activities, total expenditure consisted of expenditure on general services including interest payments, social and economic services, grants-in-aid and loans and advances. Relative share of these components in total expenditure is indicated in **Table-1.11**.

**Table-1.11 : Components of Expenditure – Relative Share** (in per cent)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
<b>General Services</b>	<b>42.21</b>	<b>39.12</b>	<b>47.75</b>	<b>46.77</b>	<b>43.25</b>	<b>35.04</b>
Of which Interest payments	25.24	21.53	24.44	25.13	18.22	15.09
<b>Social Services</b>	<b>31.67</b>	<b>28.88</b>	<b>29.75</b>	<b>32.61</b>	<b>31.10</b>	<b>33.62</b>
<b>Economic Services</b>	<b>21.83</b>	<b>18.51</b>	<b>19.83</b>	<b>19.17</b>	<b>22.54</b>	<b>27.61</b>
<b>Grants-in-aid</b>	<b>1.29</b>	<b>1.66</b>	<b>1.16</b>	<b>1.00</b>	<b>1.55</b>	<b>1.67</b>
<b>Loans and Advances</b>	<b>3.00</b>	<b>11.83</b>	<b>1.50</b>	<b>0.46</b>	<b>1.55</b>	<b>2.06</b>

### **Component of Expenditure**



The movement of relative shares of these components of expenditure indicated that the share of General Services (including interest payment), considered as non-developmental, decreased from 43 *per cent* in 2006-07 to 35 *per cent* in 2007-08. Interest payment which is a part of general services declined from 18 *per cent* in 2006-07 to 15 *per cent* in 2007-08 mainly because of relief in interest rate on account of consolidation and re-scheduling of GOI loans under DCRF. The relative share of social services increased from 31 *per cent* in 2006-07 to 34 *per cent* in 2007-08. The relative share of economic services which hovered around 19 *per cent* during 2003-04 to 2005-06 has shown an increasing trend and increased from 23 *per cent* in 2006-07 to 28 in 2007-08. Grants-in-Aid has increased from 1.29 *per cent* in 2002-03 to 1.67 *per cent* in

2007-08 with slight variations while loans and advances revealed fluctuations during the period 2002-08.

#### **1.4.2 Incidence of Revenue expenditure**

Revenue expenditure is incurred to maintain the current level of services and payment for the past obligations and as such does not result in any addition to the State's infrastructure and service network. Revenue expenditure had the predominant share varying between 82 to 92 *per cent* in the total expenditure during the period 2002-08. The overall revenue expenditure, its rate of growth, ratio of revenue expenditure to GSDP and to revenue receipts and its buoyancy are indicated in **Table-1.12**.

**Table -1.12: Revenue Expenditure - Basic Parameters** (Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
<b>Revenue Expenditure (RE),</b>	<b>10015</b>	<b>10861</b>	<b>12372</b>	<b>13604</b>	<b>15772</b>	<b>17723</b>
<b>Of which</b>						
Non-Plan Revenue Expenditure (NPRE)	8444	9218	10416	11491	13045	13634
Plan Revenue Expenditure (PRE)	1571	1643	1956	2113	2727	4089
<b>Rates of Growth/ Ratios (per cent)</b>						
Revenue Expenditure	1.35	8.45	13.91	9.96	15.94	12.37
NPRE	4.69	9.17	13.00	10.32	13.52	4.52
PRE	(-)13.50	4.58	19.05	8.02	29.06	49.94
RE/TE (per cent)	87.60	81.75	90.75	92.49	90.15	84.40
NPRE/GSDP (per cent)	16.81	15.00	14.58	14.63	14.31	13.20
NPRE as per cent of TE	73.86	69.38	76.40	78.12	74.56	64.93
NPRE as per cent of RR	100.06	97.65	87.90	81.58	72.34	62.07
<b>Buoyancy Ratio of Revenue Expenditure with</b>						
GSDP	0.193	0.379	0.854	1.001	0.992	0.928
Revenue Receipts	0.068	0.712	0.545	0.528	0.569	0.567

Revenue expenditure accounted for 84 *per cent* of total expenditure during 2007-08 of the State and has increased by 12 *per cent* from Rs 15772 crore in 2006-07 to Rs 17723 crore in the current year. The NPRE has shown a consistent increasing trend over the period 2002-08 and continued to share the dominant proportion varying in the range of 65-78 *per cent* of the total expenditure. Of the total increase of Rs 1951 crore in Revenue Expenditure during current year, increase in NPRE contributed 30 *per cent* (Rs 589 crore) and remaining Rs.1362 crore (70 *per cent*) was the plan revenue expenditure. The increase in NPRE during the current year was mainly on account of Education, Sports and Culture (Rs 423.49 crore), Transport (Rs 191.09 crore) and Irrigation and Flood control (Rs.99.48 crore) set off by decrease in Social Welfare and Nutrition (Rs 137.21 crore). Increase of Rs 1362 crore in Plan Revenue Expenditure from Rs 2727 crore in 2006-07 to Rs 4089 crore in 2007-08 was mainly due to increase in Agriculture and Allied Services (Rs.146.28 crore), Rural Development (Rs 237.56 crore), Water Supply and Sanitation (Rs 302.47 crore), Irrigation and Flood Control (Rs 73.87 crore) and Housing and Urban Development (Rs 284.50 crore) and Energy (Rs 156.29 crore).

The actual non-plan revenue expenditure vis-à-vis assessment made by TFC reveals that NPRE during the current year exceeded the normative assessment made by TFC (Rs 13244 crore) by Rs 390 crore during the year.

### 1.4.3 Committed Expenditure

#### Expenditure on Salaries and Wages

Table-1.13 : Expenditure on Salaries (Rupees in crore)

Heads	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Expenditure on Salaries and Wages	3929.39	3725.75	3777.80	4002.44	4028.27	4582.41
Of which						
Non-Plan Head	3564.92	3512.24	3551.70	3774.01	3816.11	4333.01
Plan Head	364.47	213.51	226.10	228.43	212.16	249.39
As per cent of GSDP	7.82	6.07	5.29	5.10	4.42	4.44
As per cent of RR	46.56	39.47	31.88	28.42	22.34	20.86

The expenditure on salaries increased from Rs 4028.27 crore in 2006-07 to Rs 4582.41 crore in 2007-08 which was 21 *per cent* of revenue receipts of the State during the year. Expenditure on Salaries and Wages under non-plan head during 2007-08 increased by Rs 516.90 crore from Rs.3816.11 crore in 2006-07 to Rs 4333.01 crore in 2007-08 whereas expenditure on plan head has also increased by Rs 37.23 crore from Rs 212.16 crore in 2006-07 to Rs 249.40 crore in 2007-08 mainly due to payment of dearness allowance at increased rates during the year, payment of salary to contractual employees etc. Expenditure on Salaries and Wages as a percentage of revenue expenditure net of interest payment and pensions amounts to 35.93 *per cent* which was almost at par with the norm of 35 *per cent* as recommended by the TFC and lower than the projection of 41 *per cent* made in MTFP. Moreover, ratio of salary expenditure to State's own revenue at 48 *per cent* is significantly less than the projection of 63.17 *per cent* in MTFP and is very much within the target of 80 *per cent* to be achieved in the financial year 2007-08 as laid down in State's FRBM Act, 2005.

#### Pension Payments

The expenditure on pension showed an increasing trend during the five year period 2003-08 (Table 1.14).

Table - 1.14 Expenditure on Pensions (Rupees in crore)

Heads	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Expenditure on Pensions	1030	1158	1260	1339	1485	1801
Rate of Growth	2.70	12.43	8.81	6.27	10.90	21.28
As per cent of GSDP	2.05	1.89	1.76	1.70	1.63	1.74
As per cent of RR	12.21	11.21	10.63	9.51	8.23	8.20
As per cent of RE	10.28	10.66	10.18	9.84	9.42	10.16

The increase in pension payment during the year was mainly due to increase in number of retired employees and grant of dearness relief during the year. A comparative analysis of actual pension payments vis-à-vis the assessment/projection reveals actual pension payment of Rs.1801 crore during 2007-08 remained significantly lower than the projection of Rs 2127 crore made by TFC which was also adopted by the State in its FCP/MTFP for the year. The Government did not work out the pension liabilities on realistic basis as prescribed in FRBM Act 2005 to mitigate the impact of rising pension

liabilities in future, the Government however introduced a Contributory Pension Scheme for employees recruited on or after 1 January 2005.

### ***Interest payments***

Trends in Interest payment reveal decreasing trend from Rs 3697 crore in 2005-06 to Rs 3169 crore in 2007-08 (**Table-1.15**). The swapping of debt amounting to Rs 2543.62 crore during the three year period 2002-05 resulted into interest relief of Rs 144.47 crore to the Government and helped in reducing heavy burden of interest payments especially for the year earlier to 2005-06.

**Table-1.15 : Interest payments**

Year	Total Revenue Receipts	Interest Payments	Percentage of Interest payments with reference to	
			Total Revenue Receipts	Revenue Expenditure
	(Rupees in crore)			
2002-03	8439	2886	34	29
2003-04	9440	2860	30	26
2004-05	11850	3332	28	27
2005-06	14085	3697	26	27
2006-07	18033	3188	18	20
2007-08	21967	3169	14	18

A decline of Rs.19 crore in interest payments in 2007-08 was mainly on account of interest rate relief and consolidation and reschedulement of GOI loans under DCRF. Besides, the State Government also prepaid the high cost NSSF loan amounting to Rs 199.72 crore towards the close of the financial year 2007-08. The ratio of interest payment to total revenue receipt was 14 *per cent* which was well within the projection of 19 *per cent* made in MTFP, FCP and 15 *per cent* norm recommended by TFC.

### ***Subsidies***

The State Government has been giving subsidies to various Corporations/companies as well as to individuals in the form food subsidy etc. The trends in the subsidies given by the State Government are given in **Table 1.16**.

**Table-1.16 : Subsidies**

Year	Amount <i>(Rupees in crore)</i>	Percentage increase (+)/ decrease (-) over previous year	Percentage of subsidy in total expenditure
2003-04	230.89	--	1.73
2004-05	93.95	(-)59.30	0.69
2005-06	82.70	(-) 11.97	0.56
2006-07	170.20	(+) 105.80	0.97
2007-08	148.39	(-) 12.81	0.71

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

The State Government in its Fiscal Policy Strategy Statement stated to rationalise subsidy and reduce their overall volume. Both MTFP and FCP of the State have projected the reduction of subsidy gradually to a level of Rs 59.96 crore by the year 2009-10. The expenditure on subsidies although decreased from Rs 230.89 crore in 2003-04 to Rs 148.39 crore in 2007-08 with wide fluctuations but it seems unlikely to meet the projections of MTFP/FCP by 2009-10. In case of food subsidy, TFC recommended for an

amount of Rs 36.71 crore per annum which was also provided for during the current year.

## 1.5 Expenditure by Allocative Priorities

### 1.5.1 Quality of Expenditure

The availability of better social and physical infrastructure in the State reflects its quality of expenditure. Therefore ratio of capital expenditure to total expenditure as well as to GSDP and proportion of revenue expenditure being spent on running efficiently and effectively the existing social and economic services would determine the quality of expenditure. Higher the ratio of these components to total expenditure and GSDP, better is the quality of expenditure. **Table-1.17** gives these ratios during 2003-08.

**Table - 1.17: Indicators of Quality of Expenditure (Rupees in crore)**

	2003-04	2004-05	2005-06	2006-07	2007-08
<b>Capital Expenditure</b>	853	1056	1038	1451	2843
<b>Revenue Expenditure</b>	10861	12372	13604	15772	17723
<b>Total (A)</b>	<b>11714</b>	<b>13428</b>	<b>14642</b>	<b>17223</b>	<b>20566</b>
<i>Of which</i>					
Social and Economic Services with					
(i) Salary & Wage component	2936.29	2973.93	3161.35	3123.66	3508.01
(ii) Non-Salary & Wage component	3360.15	3786.06	4455.04	6260.74	9348.21
<b>Total (B)</b>	<b>6296.44</b>	<b>6759.99</b>	<b>7616.39</b>	<b>9384.40</b>	<b>12856.22</b>
<i>As per cent of A</i>					
Capital Expenditure	7.28	7.86	7.09	8.42	13.82
Revenue Expenditure	92.72	92.14	92.91	91.58	86.18
<i>As per cent of GSDP</i>					
Capital Expenditure	1.39	1.48	1.32	1.59	2.75
Revenue Expenditure	17.68	17.32	17.32	17.30	17.16

The trends reveal the increasing trends in capital expenditure with the relatively higher growth rates during 2006-07 and 2007-08. It is reflected both in terms of its increasing share in total expenditure as well as per centage of GSDP during the period 2003-08. The State Irrigation and Flood control (Rs 712.94 crore), Transport and Communication (Rs 168.43 crore), Water Supply and Sanitation (Rs 487.28 crore) were the major beneficiary sectors where capital expenditure were absorbed during the current year over the previous year. Revenue Expenditure however continued to contribute 86 *per cent* to 93 *per cent* of total expenditure (Revenue + Capital) during 2003-04 to 2007-08. However, its non-salary component on Social and Economic Services increased from Rs 3360 crore in 2003-04 to Rs 9348 crore in 2007-08 (178 *per cent*) whereas salary component increased by 19 *per cent* during that period. These trends in expenditure indicate towards an improvement in quality of expenditure over the period 2003-08.

### 1.5.2 Expenditure on Social Services

Given the fact that the human development indicators such as access to basic education, health services and drinking water and sanitation facilities etc. have



a strong linkage with eradication of poverty and economic progress, it would be prudent to make an assessment with regard to the expansion and efficient provision of these services in the State. **Table-1.18** summarises the expenditure incurred by the State Government in expanding and strengthening of social services in the State during 2002-08.

**Table- 1.18 : Expenditure on Social Services** *(Rupees in crore)*

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
<b>Education</b>						
Revenue Expenditure, <i>Of which</i>	1871.96	1856.65	1976.70	2288.28	2431.40	3215.65
(a) Salary & Wage component		1669.59	1683.87	1829.41	1783.25	1977.18
(b) Non-Salary & Wage component		187.06	292.83	458.87	648.15	1238.47
Capital Expenditure	19.65	17.69	2.01	2.28	4.25	5.79
<b>Health and Family Welfare</b>						
Revenue Expenditure, <i>Of which</i>	459.58	458.82	627.45	450.64	575.47	726.21
(a) Salary & Wage component		376.06	394.46	408.36	443.59	504.97
(b) Non-Salary & Wage component		82.76	232.99	42.28	131.88	221.24
Capital Expenditure	37.83	41.14	3.45	16.38	32.71	20.38
<b>Water Supply, Sanitation, Housing and Urban Development</b>						
Revenue Expenditure, <i>Of which</i>	289.51	300.02	321.84	450.07	416.22	718.69
(a) Salary & Wage component		46.73	64.85	65.05	34.04	38.51
(b) Non-Salary & Wage component		253.29	256.99	385.02	382.18	680.18
Capital Expenditure	94.55	64.63	69.13	89.07	150.19	528.47
<b>Other Social Services</b>						
Revenue Expenditure, <i>Of which</i>	838.50	1094.12	1054.41	1488.73	1797.45	1755.96
(a) Salary & Wage component		182.72	176.58	184.24	189.48	221.90
(b) Non-Salary & Wage component		911.40	877.83	1304.49	1607.97	1534.06
Capital Expenditure	8.86	3.14	1.48	11.37	33.00	88.64
<b>Total (Social Services)</b>	<b>3620.44</b>	<b>3836.21</b>	<b>4056.47</b>	<b>4796.82</b>	<b>5440.69</b>	<b>7059.79</b>
Revenue Expenditure, <i>Of which</i>	3459.55	3709.61	3980.40	4677.72	5220.54	6416.51
(a) Salary & Wage component	NA	2275.10	2319.76	2487.06	2450.36	2742.56
(b) Non-Salary & Wage component	NA	1434.51	1660.64	2190.66	2770.18	3673.95
Capital Expenditure	160.89	126.60	76.07	119.10	220.15	643.28

**N.B:** *Figures of salary and non-salary for the year 2002-03 are not available.*

Expenditure on social services during the current year (Rs 7060 crore) accounted for 34 *per cent* of total expenditure (Rs 20999 crore) and 55 *per cent* of developmental expenditure<sup>3</sup> (Rs 12856 crore). During the year 2007-08, three major social services, i.e. general education (Rs 3215.65 crore), health and family welfare (Rs 726.21 crore) and water supply and sanitation

<sup>3</sup> Development expenditure is defined as the total expenditure incurred on social and economic services.

(Rs 718.69 crore) accounted for 73 *per cent* of the total expenditure on Social Services.

Capital Expenditure on Social Services with wide fluctuations has increased from Rs 161 crore in 2002-03 to Rs.643 crore in 2007-08 (299 *per cent*). The major area of improvement was in Water supply, Sanitation etc (from Rs 94.55 crore in 2002-03 to Rs 528.47 crore in 2007-08). Out of revenue expenditure on Social Services, share of salary component increased from Rs 2275 crore in 2003-04 to Rs 2743 crore in 2007-08 (21 *per cent*) whereas non-salary component increased by 156 *per cent* from Rs.1435 crore to Rs 3674 crore during the period. Assuming that non-salary component of revenue expenditure is a proxy for the maintenance and efficient running of these services, the quality of these services seem to have improved over the period 2003-08.

Recognising the need to improve the quality of education and health services in the States, the TFC recommended that the non-plan salary expenditure under education, health and family welfare should increase only by five to six *per cent* while non-salary expenditure under non-plan heads should increase by 30 *per cent* per annum during the award period. The trends in expenditure (taking expenditure under both plan and non-plan heads) revealed that the salary and wage component of revenue expenditure under general education increased by 11 *per cent* in 2007-08 over previous year while non-salary and wage component increased by 91 *per cent* during that period. Under Health and Family Welfare, the salary and wage component increased by 14 *per cent* during 2007-08 while non-salary and wage component increased by 68 *per cent* during that period.

### ***1.5.3 Expenditure on Economic Services***

The expenditure on economic services includes all such expenditures as to promote directly or indirectly, productive capacity within the States' economy. The expenditure on economic services (Rs 5796 crore) accounted for 28 *per cent* of the total expenditure and 45 *per cent* of developmental expenditure (**Table-1.19**).



**Table-1.19 : Expenditure on Economic Sector**

*(Rupees in crore)*

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
<b>Agriculture, Allied Activities</b>						
Revenue Expenditure of which	499.51	638.37	533.99	560.58	652.33	890.33
(a) Salary & Wage component		326.72	315.90	328.87	349.42	400.46
(b) Non-Salary & Wage component		311.65	218.09	231.71	302.91	489.87
Capital Expenditure	59.19	60.96	56.04	54.90	60.78	49.31
<b>Rural Development</b>						
Revenue Expenditure of which	469.03	458.66	467.71	513.94	610.12	861.13
(a) Salary & Wage component		84.57	84.82	87.19	94.23	106.40
(b) Non-Salary & Wage component		374.09	382.89	426.75	515.89	754.73
Capital Expenditure	--	--	--	--	--	--
<b>Irrigation and Flood Control</b>						
Revenue Expenditure of which	184.55	178.08	207.71	235.34	280.66	454.01
(a) Salary & Wage component		85.46	91.02	96.78	76.01	83.08
(b) Non-Salary & Wage component		92.62	116.69	138.56	204.65	370.93
Capital Expenditure	513.57	401.28	486.43	484.02	699.69	1412.63
<b>Energy</b>						
Revenue Expenditure of which	47.80	27.42	43.91	40.86	32.77	189.98
(a) Salary & Wage component		2.18	3.58	3.47	1.62	1.84
(b) Non-Salary & Wage component		25.24	40.33	37.39	31.15	188.14
Capital Expenditure	--	20.64	36.44	--	--	--
<b>Industry and Minerals</b>						
Revenue Expenditure of which	46.86	53.11	49.91	80.91	113.15	131.87
(a) Salary & Wage component		37.45	37.08	38.39	41.28	47.74
(b) Non-Salary & Wage component		15.66	12.83	42.52	71.87	84.13
Capital Expenditure	0.49	(-)2.84	(-)3.47	(-)3.54	0.28	30.44
<b>Transport</b>						
Revenue Expenditure of which	145.28	131.30	143.51	204.93	563.24	754.33
(a) Salary & Wage component		10.78	11.26	11.67	2.27	2.22
(b) Non-Salary & Wage component		120.52	132.25	193.26	560.97	752.11
Capital Expenditure	308.84	201.00	360.92	318.90	395.20	563.63
<b>Science, Technology and Environment</b>						
Revenue Expenditure of which	20.74	11.49	8.08	12.78	17.18	18.44
(a) Salary & Wage component		0.33	0.37	0.35	0.35	0.24
(b) Non-Salary & Wage component		11.16	7.71	12.43	16.83	18.20
Capital Expenditure	--	--	--	--	--	--
<b>General Economic Services</b>						
Revenue Expenditure of which	189.01	272.92	298.30	303.94	506.99	428.56
(a) Salary & Wage component		41.64	41.78	48.37	45.74	53.37
(b) Non-Salary & Wage component		231.28	256.52	255.57	461.25	375.19
Capital Expenditure	11.30	6.84	14.15	11.93	11.72	11.76
<b>Total Economic Services</b>	<b>2496.17</b>	<b>2459.23</b>	<b>2703.63</b>	<b>2819.49</b>	<b>3944.11</b>	<b>5796.42</b>
Revenue Expenditure of which	1602.78	1771.35	1753.12	1953.28	2776.44	3728.65
(a) Salary & Wage component		589.13	585.81	615.09	610.92	695.35
(b) Non-Salary & Wage component		1182.22	1167.31	1338.19	2165.52	3033.30
Capital Expenditure	893.39	687.88	950.51	866.21	1167.67	2067.77

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

The trends presented in the table reveal that revenue expenditure shared about 64 per cent and the Capital expenditure remaining 36 per cent of the total expenditure incurred on economic services. With in the Revenue component, Agriculture and Allied activities (Rs 890.33 crore), Irrigation and Flood Control (Rs 454.01 crore), Transport and Communication (Rs 754.73 crore), Energy (Rs 189.98 crore) and Rural Development (Rs 861.13 crore) consumed Rs 3150.18 crore (84 per cent) while Irrigation and flood control and transport absorbed about 96 per cent of total capital expenditure during 2007-08.

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

The quantum of assistance provided by way of grants and loans to local bodies and others during the six year period 2002-08 is presented in **Table-1.20**.

**Table-1.20 : Financial Assistance** (Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	300.59	278.41	384.26	537.98	489.46	467.34
Municipal Corporations and Municipalities	46.44	65.72	44.47	94.61	47.82	483.15
Zilla Parishads and other Panchayati Raj Institutions	130.11	142.95	134.21	230.79	1509.92	1535.48
Development Agencies	396.80	219.32	302.63	409.31	400.39	255.66
Other Institutions <sup>4</sup>	148.19	258.42	197.97	510.29	971.91	1117.21
<b>Total</b>	<b>1022.13</b>	<b>964.82</b>	<b>1063.54</b>	<b>1782.98</b>	<b>3419.50</b>	<b>3858.84</b>
Assistance as percentage of Revenue Expenditure	10	9	9	13	22	22

The financial assistance extended to local bodies and other institutions increased by 13 *per cent* from Rs 3419.50 crore in 2006-07 to Rs 3858.84 crore in 2007-08 with inter year variations over the previous year mainly due to increase of grants etc Municipal Corporations and Municipalities (Rs 435 crore) and other institutions (Rs 145 crore). Increase of grants under Municipal Corporation and Municipalities over the previous year was mainly due to (i) grant for National Urban Renewal Mission (Rs 117.11 crore); (ii) grant and assistance for Water Supply and Sanitation (Rs 121.39 crore); (iii) one time Additional Central Assistance for Satellite City (Rs 10 crore) and compensation and assignment under second State Finance Commission (Rs 25.67 crore).

### 1.5.5 Delay in furnishing utilisation certificates

Utilisation Certificates (UCs) became due in respect of grants and loans aggregating to Rs 1168.36 crore paid up to 2007-08 in respect of 27 bodies under ten Departments audited during the year. Of the above amount, UCs for an aggregate amount of Rs.317.19 crore was in arrears. During the year 2007-08, Financial Assistance to Local Bodies was Rs 2018.63 crore out of which utilisation certificate for Rs 1102.24 crore was pending as of 31 March 2008. Details of Department-wise break up of outstanding UCs are given in **Appendix-1.6**.

### 1.5.6 Non-submission of accounts

In order to identify the institutions which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971, the Government/Heads of the Departments are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose of assistance granted and the total expenditure of the institutions. As of March 2008, no department of the Government has furnished such details for the year 2007-08.

<sup>4</sup> Other institutions include those institutions which received the *ad hoc* financial assistance from the Government during a year.

### 1.5.7 Misappropriations, losses, defalcations etc

State Government reported 1820 cases of misappropriation, defalcation etc involving Government money amounting to Rs 1722.36 lakh up to the period 31 March 2008 on which final action was pending. The department-wise break up of pending cases is given in *Appendix 1.7*.

(Rupees in lakh)

		Number of cases	Amount
i)	Cases reported up to the end of March 2008 but outstanding at the end of June 2008	1815	1708.01 *
ii)	Cases reported during April 2007 to March 2008	8	16.42
iii)	Cases disposed of till June 2008	3	2.07
iv)	Cases reported up to March 2008 but outstanding as of June 2008	1820	1722.36

- The outstanding balance at the end of June 2007 was Rs 1705.16 lakh. However, this was enhanced to Rs 1708.01 lakh after revaluation of some cases of six Departments.

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

(Rupees in lakh)

		Number of Cases	Amount
i)	Over five years (1948-49 to 2002-2003)	1752	1450.11
ii)	Exceeding three years but within five years (2003-2004 to 2004-2005)	28	132.72
iii)	Upto three years (2005-06 to 2007-08)	40	139.53
	<b>Total</b>	<b>1820</b>	<b>1722.36</b>

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

(Rupees in lakh)

		Number of Cases	Amount
i)	Awaiting departmental and criminal investigation	482	432.98
ii)	Departmental action initiated but not finalised	659	728.46
iii)	Criminal proceedings finalised but execution of certificate cases for the recovery of the amount pending	32	20.33
iv)	Awaiting orders for recovery or write off	494	198.17
v)	Pending in the courts of law	153	342.42
	<b>Total</b>	<b>1820</b>	<b>1722.36</b>

### 1.5.8 Write off of losses etc.

As reported to Audit, losses due to theft, fire and irrecoverable revenue etc. amounting to Rs 3.03 lakh in 22 cases were written-off during 2007-08 by competent authorities. The relevant details are given in *Appendix-1.8*.

## 1.6 Assets and Liabilities

In the Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Table-1.34** gives an abstract of such liabilities and the assets as on 31 March 2008, compared with the corresponding financial year. While the liabilities consist mainly of internal borrowings, loans and advances from the GOI, receipts from the Public Account and Reserve Funds; the assets comprised mainly the capital outlay and loans and advances given by the State Government and cash balances (*Appendix-1.2-B*).

The ratio of Assets and Liabilities of the State remained consistent at 0.52 *per cent* during 2002-04 and thereafter gradually reached the level of 0.77 *per cent* in 2007-08 as shown in **Table-1.34**. The low ratio of Assets to Liabilities during the period 2002-06 was mainly on account of increasing internal borrowing which constituted Market loan, Loans from GOI, Receipt from Public Account and Reserve Fund and deposits. During 2006-07 and thereafter Government has developed huge cash balances, liquidated the past liabilities especially GOI loans and also experienced significant improvement in their fiscal balances owing to increase in its own receipts and the central transfers which helped the State Government in improving the asset-liability ratio during these years.

### 1.6.1 Financial Results of Irrigation Works

The Financial results of 56 Irrigation projects (11 major and 45 medium projects) with a capital expenditure of Rs 3129.66 crore at the end of March 2008 showed that no revenue was realised from these projects during 2007-08 against the direct working expenses of Rs 81.96 crore. After meeting the working and maintenance expenditure (Rs 82.31 crore) and interest charges (Rs 178.96 crore), the schemes suffered a net loss of Rs 261.27 crore.

### 1.6.2 Incomplete projects

As per information made available by the Government, the department-wise incomplete projects as on 31 March 2008 is given in **Table 1.21**.

**Table - 1.21: Department-wise Profile of incomplete projects (Rupees in crore)**

Department	Number of incomplete projects	Initial Budgeted cost	Revised total cost of projects	Cumulative actual expenditure as on 31 March 2008
Water Resources (Minor Irrigation)	2	3.60	7.28	3.65
Housing and Urban Development	5	55.49	89.66	44.87
Rural Development	11	18.43	23.18	17.35
Industries	2	8.55	8.55	4.33
Tourism	10	64.27	64.27	26.40
Sports and Youth Services	4	10.86	10.86	5.58
<b>Total</b>	<b>34</b>	<b>161.20</b>	<b>203.80</b>	<b>102.18</b>

The 34 projects estimated to cost Rs 161.20 crore under six departments remained incomplete after incurring expenditure of Rs 102.18 crore as of 31 March 2008 due to which the project costs increased to Rs 203.80 crore (26 *per cent*). The reasons for non completion were attributed to non acquisition of land, slow progress in work.

### 1.6.3 Departmental Commercial Undertakings

Activities of *quasi*-commercial nature are performed by departmental undertakings of certain Government departments. These undertakings are required to prepare annually proforma accounts in prescribed format showing the results of financial operations so that Government can assess the results of their working. The department-wise position of arrears in preparation of proforma accounts and the investment made by the Government are given in **Appendix-1.9**. As of March 2008, four schemes/undertakings out of fifteen remained inoperative/closed. The assets and liabilities were not fully disposed

off or liquidated by Government. The details about non-operation or closure were not available. In respect of two schemes viz. (i) purchase and distribution of quality seeds to cultivators, (ii) Poultry Development, Government had not prescribed the preparation of proforma accounts; only Personal Ledger Accounts were opened during 1977-78 and 1979-80 respectively. The closing balances of these Accounts were stated in **Table-1.22**.

**Table: 1.22**

*(Rupees in lakh)*

Name of the Undertaking/ Unit/ Scheme	Year in which the Personal Ledger accounts were opened	Accounts for 2007-08			
		Opening Balance	Credit	Debit	Closing Balance
Purchase and distribution of quality seeds to cultivators	1977-78 (Revenue Accounts)	3249.85	--	1110.94	2138.91
Poultry Development	1979-80 (Revenue Accounts)	3.02	--	--	3.02

The Comptroller and Auditor General of India had commented in his Audit Reports (Civil) 2005-06 (Para-1.10.5) about the failure of the State machineries in preparing the Proforma Accounts. Also, the PAC in their 14<sup>th</sup> report (10<sup>th</sup> Assembly) had expressed (November 1992) concern at the state of affairs in preparation of Proforma Accounts. Despite all that, no Proforma Accounts in respect of above schemes could be prepared as of 31<sup>st</sup> March 2008.

#### **1.6.4 Investments and returns**

As of 31 March 2008, Government had invested Rs 1681.95 crore in Government Companies, Statutory Corporations, Joint Stock Companies and Co-operatives (**Table-1.23**). The average rate of return on this investment was 6.99 *per cent* for the last six years while the Government paid interest at the average rate of 8.13 to 9.92 *per cent* on its borrowings during the corresponding period of 2002-08. The actual return earned on the Government investments reflects wide fluctuations during 2002-03 to 2007-08. This indicated injudicious investment of borrowed funds in unviable institutions / organisations.

**Table-1.23: Return on investment**

Year	Investment at the end of the year	Return	Percentage of return	Average rate of interest on Government borrowing	Difference between interest rate and return
	<i>(Rupees in crore)</i>		<i>(In percentage)</i>		
2002-03	1519.39	152.22	10.02	9.85	(-) 0.17
2003-04	1556.63	138.06	8.87	8.83	(-) 0.04
2004-05	1610.41	69.15	4.29	9.51	5.22
2005-06	1637.09	120.59	7.39	9.92	2.53
2006-07	1652.14	49.39	2.99	8.18	5.19
2007-08	1681.95	140.93	8.38	8.13	(-)0.25

The investment of State Government as at the end of 2007-08, included Rs 1332.96 crore in 82 public sector undertakings comprising Government Companies (79 : Rs 1134.69 crore) and statutory corporations (three : Rs 198.27 crore). However, dividend of Rs 140.42 crore was declared by one company (Orissa Mining Corporation: Rs 140 crore) and two statutory corporations (Orissa State Ware Housing Corporation : Rs 10.80 lakh and Orissa State Cashew Development Corporation Ltd : Rs 31.01 lakh) during

2007-08. Major investments during 2007-08 were made in Orissa State Road Transport Corporation (Rs 9.95 crore), cooperative institutions (Rs 7.33 crore) and Integrated Child Development Project (Rs 1.28 crore). The Grid Corporation with accumulated loss of Rs 1028.14 crore as of 2004-05, Orissa State Financial Corporation (Rs 383.80 crore as of 2004-05), Orissa State Road Transport Corporation (Rs 233.92 crore as of 2003-04) were among the major loss making PSUs in the State which constituted about 81 *per cent* of the total accumulated commercial losses (Rs 2034.80 crore) by the Government Companies and Corporations.

### 1.6.5 Loans and advances by State Government

In addition to investments in Co-operative societies, Corporations and Companies, Government has also been providing loans and advances to many of these institutions / organisations. The Loans and Advances by the State Government increased from Rs 2532 crore in 2002-03 to Rs 3403 crore in 2007-08. Major portion of the loans advanced during 2007-08 was to Orissa Rural Housing Development (Rs 179 crore), Orissa State Financial Corporation (Rs 94 crore) and cooperative institutions (Rs 12 crore). Interest on loans and advances received during 2002-08 showed wide fluctuation as the same increased from Rs 68 crore in 2002-03 to Rs 191 crore in 2004-05 and then decreased to Rs 114 crore in 2007-08. The interest received as *per cent* to outstanding Loans and Advances decreased from 5.28 in 2004-05 to 3.35 in 2007-08 though Government borrowed funds in current year at an average rate of 8.13 *per cent*.

**Table-1.24 : Average Interest Received on Loans Advanced by the State Government**

	(Rupees in crore)					
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Opening Balance	2366	2532	3831	3619	3339	3325
Amount advanced during the year	343	1572	205	67	272	433
Amount repaid during the year	177	273	417	347	286	355
Closing Balance	2532	3831	3619	3339	3325	3403
Net addition	166	1299	(-)212	(-)280	(-) 14	+ 77
Interest Received	68	161	191	167	103	114
Interest received as <i>per cent</i> to outstanding Loans and advances	2.69	4.20	5.28	5.00	3.10	3.35
Average interest rate <sup>5</sup> (in <i>per cent</i> ) paid on borrowings by State Government	9.85	8.83	9.51	9.92	8.18	8.13
Difference between average interest paid and received ( <i>per cent</i> )	(-) 7.08	(-) 3.77	(-) 4.38	(-) 5.12	(-) 5.09	(-) 4.78

The major part of the interest received on loans and advances related to receipts from the Public Sector Undertakings (Rs 102.64 crore) during the year. The TFC has recommended that interest receipts on Loans and Advances of the Government should gradually increase to seven *per cent* by the end of award period (2005-10) but interest receipts stand at only 3.35 *per cent* needing appropriate corrective measures.

### 1.6.6 Management of cash balances

It is generally desirable that the State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and expenditure obligations, a mechanism of Ways

<sup>5</sup> Average interest rate is defined as the ratio of interest payments to average outstanding fiscal liabilities of the State during the year.



and Means Advances (WMA) – ordinary and special – from Reserve Bank of India has been put in place. The operative limit for Normal Ways and Means Advances is reckoned on the three year average of revenue receipts and the operative limit for Special Ways and Means Advances is fixed by Reserve Bank of India from time to time depending on the holding of Government securities.

Ways and Means Advances and Overdrafts availed, the number of occasions it was availed and interest paid by the State is detailed in **Table-1.25**. The Government have not availed any Wage and Means Advances and Overdraft facility during 2007-08.

**Table-1.25: Ways and Means and Overdrafts of the State** (Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
<b>Ways and Means Advances</b>						
Availed in the Year	2000	3204	1450.46	NIL	NIL	NIL
Number of Occasions	--	--	--	NIL	NIL	NIL
Outstanding WMAs, if any	239	NIL	--	NIL	NIL	NIL
Interest Paid	10.88	12.19	1.85	NIL	NIL	NIL
Number of Days	--	--	99	NIL	NIL	NIL
<b>Overdraft</b>						
Availed in the year	4723	3809	--	NIL	NIL	NIL
Number of Occasions	--	--	--	NIL	NIL	NIL
Number of Days	188	171	--	NIL	NIL	NIL
Interest Paid	8.75	8.42	--	NIL	NIL	NIL

The State Government's cash balances at the end of 2007-08 amounted to Rs 9385.79 crore. Major portion of which (Rs 5824.62 crore) invested in GOI stock and in GOI Treasury Bills of 14 and 91 days and earned an interest of Rs 110.57 crore on 14 days treasury bill during the year. Further, an amount of Rs 4352.29 crore is invested in earmarked funds i.e. Guarantee Redemption fund (Rs 480 crore) and Consolidated Sinking Fund (Rs 3833 crore) and other funds.

## **1.7 Undischarged Liabilities**

### **1.7.1. Fiscal Liabilities – Public Debt and Guarantees**

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

**Table-1.26** gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP, to revenue receipts and to own resources as also the buoyancy of fiscal liabilities with respect to these parameters.

**Table-1.26 : Fiscal Liabilities – Basic Parameters**

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Fiscal Liabilities <sup>6</sup> (Rupees in crore)	30735	34014	36093	38468	39466	38525
Rate of Growth ( <i>per cent</i> )	10.35	10.67	6.11	6.58	2.59	(-)2.38
<b>Ratio of Fiscal Liabilities to</b>						
GSDP ( <i>per cent</i> )	61.20	55.38	50.53	48.98	43.30	37.29
Revenue Receipts ( <i>per cent</i> )	364.20	360.32	304.58	273.11	218.85	175.38
Own Resources ( <i>per cent</i> )	801.85	773.75	653.62	588.74	456.10	405.10
<b>Buoyancy of Fiscal Liabilities to</b>						
GSDP (ratio)	1.480	0.478	0.375	0.661	0.162	(-)0.179
Revenue Receipts (ratio)	0.524	0.899	0.239	0.349	0.093	(-) 0.109
Own Resources (ratio)	0.485	0.726	0.239	0.359	0.080	(-) 0.241

Overall fiscal liabilities of the State increased from Rs.30735 crore in 2002-03 to Rs 38525 crore in 2007-08 at an average growth rate of 5.65 *per cent*. The fiscal liabilities marginally declined by (-) 2.38 *per cent* during 2007-08 over previous year. The fiscal liabilities at the end of the year 2007-08 was Rs 38525 crore comprising of internal debt (Rs.17185 crore), loans and advances from Government of India (Rs.8402 crore), Small Saving Provident Fund etc. (Rs.10726 crore) and other obligation (Rs.2212 crore). The internal debt (Rs.17185 crore) constituted market loan of Rs.8024 crore, Special Securities issued to NSS Fund of Central Government (Rs.6756 crore), Compensation and other Bonds (Rs.883 crore) and loans from other institutions (Rs.1522 crore). The ratio of fiscal liabilities to GSDP decreased from 61.20 *per cent* in 2002-03 to 37.29 *per cent* in 2007-08. These liabilities stood at 1.75 times of the revenue receipts (as against the projection of three times in FRBM Act by the year ending 2007-08) and 4.05 times of the State's own resources at the end of 2007-08.

In line with the recommendation of the TFC, the State Government set up the Sinking Fund with effect from January 2003 for amortisation of market borrowings as well as other loans and debt obligations. The MTFP has made a projection for a provision of investment in the Sinking Fund at the rate of two *per cent* of the total outstanding debt at the end of each year. As on 31<sup>st</sup> March 2008, the outstanding balance in Sinking Fund was Rs 3833 crore. During 2007-08, Rs.700 crore has been invested in the Sinking Fund which is marginally less than the projection made in MTFP (Rs 770.50 crore, i.e. two *per cent* of outstanding debt liabilities).

### **1.7.2 Status of Guarantees – Contingent liabilities**

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

As per the **Statement-6** of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees at the end of year since 2002-03 is given in **Table-1.27**.

<sup>6</sup> Includes internal debt (market borrowings, loans from financial institutions and NSSF loans) , loans and advances from GOI and other obligations ( liabilities arising from the Public Account of the State) at the end of the year.



Table-1.27: Guarantees given by the Government of Orissa

(Rupees in crore)

Year	Maximum amount guaranteed	Outstanding amount of guarantees	Revenue receipt net of Grant-in-Aid for the second preceding year	Guarantee outstanding as percentage of Revenue Receipt net of grant in aid of second preceding year.
2002-03	8487.42	5230.92	5473.47	95.57
2003-04	9342.67	5094.09	5807.35	87.71
2004-05	9296.86	3823.26	6638.60	57.59
2005-06	9251.76	3496.19	7723.95	45.26
2006-07	8588.90	2647.55	9499.78	27.87
2007-08	8586.90	2168.43	11411	19.00

Though, no law has been enacted under Article 293 of the constitution laying down the limit of such guarantee but an administrative limit has been imposed in 2002 so that the total outstanding guarantee as on 1<sup>st</sup> day of April every year shall not exceed hundred *per cent* of the state revenue receipt of the 2<sup>nd</sup> preceding year (as per the books of account maintained by Accountant General (A & E), Orissa). The State Government in its MTFP placed along with the budget 2007-08 has slightly revised the limit by defining the State's revenue receipts net of grants-in-aids for the second preceding year. The position of the guarantees with regard to the revised limit is presented in **Table-1.27** which reveals that level of guarantees are well within the prescribed limits during 2007-08.

The Government has set up a Guarantee Redemption Fund during 2002-03 to meet the contingent liabilities arising out of the total outstanding liabilities. As on 31 March 2008, Rs.480 crore is invested in the Fund which comprises guarantee fee, special contribution and return earned on the funds invested.

Guarantees were given in respect of four statutory corporations, twenty-six Government companies, forty-six cooperative Banks and societies and eighty-six Notified Area Councils, Municipality and Improvement Trusts. Maximum amount guaranteed and the amount outstanding against these bodies shows a reducing trend since 2003-04 as can be seen from the **Table-1.27** above. Government in their resolution dated 19 March 2004 have issued instruction to the Public Sector Undertakings/Urban Local Bodies/Co-operative Societies etc., who have borrowed or intended to borrow against Government guarantees to open an Escrow Account in a Nationalised Bank. So far five numbers of Escrow Accounts have been opened by 31 March 2008 out of 163 institutions.

Further, in consideration of the guarantee given by the Government, the institutions in some cases are required to pay guarantee commission at rates varying from 0.01 *per cent* to 1 *per cent*. Out of 25 department only 12 departments have furnished the information till July 2008.

The guarantee commission was in arrear as on 31<sup>st</sup> March 2008 as given below:

Category of companies / corporations	Number	Amount (Rupees in lakh)
Statutory companies	6	122.57
Statutory corporation	1	334.31
<b>Total</b>	<b>7</b>	<b>456.88</b>
Guarantee commission realised during 2007-08 (statutory corporation)	1	20.28

The State Government has also taken a number of steps to enhance the credibility of the State finances in the financial market. One such measure is discharging the State Government guarantees through one time settlement (OTS). So far, the State Government and various public sector undertakings, cooperatives have paid Rs 517.64 crore under OTS schemes to discharge guarantee liabilities arising out of the default of loanee organisations.

### 1.7.3 Off-Budget Borrowings

The borrowings of a State are governed under Article 293 of the Constitution of India. In addition to the liabilities shown in **Table-1.26**, the State guaranteed loans availed of by Government companies/corporations. These companies/ corporations borrowed funds from the market/financial institutions for implementation of various State plan programmes projected outside the State budget. Although the estimates of the plan programmes of the State Government project that funds for these programmes would be met out of the resources of the companies/corporations outside the State budget, in reality however borrowings turned out to be the liabilities of the State Government termed as 'off-budget borrowings'. Though off-budget borrowings are not permissible under Article 293 (3), the State continued to undertake such off-budget borrowings as per the data furnished by the Finance Department. **Table 1.28** captures the trends in the off-budget borrowings by the State during 2003-08.

**Table-1.28: Off-Budget Borrowings** (Rupees in crore)

Year	2003-04	2004-05	2005-06	2006-07	2007-08 (as on 1.01.08)
Outstanding	66.15	64.52	64.43	64.43	61.93
Borrowing Added	--	-	--	-	-
Repayment made (Principal)	1.63	0.09	--	2.50	34.31
Balance Principal	64.52	64.43	64.43	61.93	27.62

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

Off-Budget borrowings were resorted by the State Government through Special Purpose Vehicles (SPV). Since 1991-92, an amount of Rs 250.41 crore had been raised through off-budget borrowings out of which an amount of Rs.27.62 crore (as on 01.01.08) was outstanding for payment through budget provisions of the State Government. The Table reveals that Government has not resorted to off budget borrowings through SPVs since 2003-04.

## 1.8 Debt Sustainability

The debt sustainability is defined as the ability to maintain a constant debt-GDP ratio over a period of time. In simple terms, Public debt is considered sustainable as long as the rate of growth of income exceeds the interest rate or cost of public borrowings subject to the condition that the primary balance is either positive or zero. Given the rate spread (GSDP growth rate–interest rate) and quantum spread (Debt\*rate spread), debt sustainability condition states that if quantum spread (QS) together with primary deficit (PD) is zero, debt-GDP ratio would be constant or sustainable. On the other hand, if  $PD > QS$ , debt-GDP ratio would be rising and if  $PD < QS$ , it would be falling.

### 1.8.1 Debt Stabilisation

A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt\*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would stabilise eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling. Trends in fiscal variables indicating the progress towards the debt stabilisation are indicated in **Table-1.29**.

**Table-1.29: Debt Sustainability–Interest Rate and GSDP Growth (in per cent)**

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Average Interest Rate	9.85	8.83	9.51	9.92	8.18	8.13
GSDP Growth	6.98	22.30	16.29	9.95	16.06	13.33
Interest spread	(-)2.87	13.46	6.79	0.03	7.88	5.21
Total Debt (Rs in crore)	30735	34014	36093	38468	39466	38525
Debt/GSDP ( <i>per cent</i> )	61.20	55.38	50.53	48.98	43.30	37.29
Quantum Spread <sup>7</sup> (Rs in crore)	(-)799	4136	2309	1082	3031	2056
Primary Deficit (Rs in crore)	(+)70	(-)713	(+)1966	(+)3421	(+) 4012	(+) 4492

Table reveals during the last five year period 2003-08, quantum spread together with primary deficit consistently remained positive resulting in a continuous decline in debt/GSDP ratio from 55.38 in 2003-04 to 37.29 *per cent* in 2007-08. These trends indicate that the State is moving towards the debt stabilisation which would eventually enhance the debt sustainability of the State in medium to long term.

### 1.8.2 Sufficiency of Non-debt Receipts

Another indicator for debt stability and its sustainability is the adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure. **Table-1.30** indicates the resource gap as defined for the period 2002-08.

**Table-1.30: Incremental Revenue Receipts and Revenue Expenditure (Rupees in crore)**

Period	Incremental				Resource Gap
	Non-Debt Receipts	Primary Expenditure	Interest Payments	Total Expenditure	
2002-03	1436	233	51	284	+1152
2003-04	1097	1880	-26	1854	-757
2004-05	2554	-125	472	347	+2207
2005-06	2166	711	365	1076	+1090
2006-07	3886	3296	-509	2787	+1099
2007-08	4003	3523	(-)19	3504	+499

<sup>7</sup> Quantum spread= Interest spread x opening fiscal liabilities/100.

The trends in **Table 1.30** reveal that the incremental non-debt receipts of the State had been able to meet the incremental interest liabilities and incremental primary expenditure during the period 2002-08 with an exception of the year 2003-04. Moreover, the persistent positive resource gap during the last four years (2004-08) is a pointer towards the fiscal and debt sustainability of the State.

### 1.8.3 Net Availability of Borrowed Funds

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

**Table-1.31** gives the position of the receipt and repayment of internal debt and other fiscal liabilities of the State as well as the net availability of the borrowed funds over the last six years.

**Table-1.31: Net Availability of Borrowed Funds**

(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
<b>Internal Debt</b>						
Receipt	2296	4338	2689	2105	1305	417
Repayment (Principal + Interest)	1298	1834	2344	2043	2768	3067
Net Fund Available	998	2504	345	62	(-) 1463	(-)2650
Net Fund Available ( <i>per cent</i> )	43.47	57.72	12.83	2.95	(-) 112.11	(-)635.49
<b>Loans and Advances from GOI</b>						
Receipt (A)	1769	1141	1423	(-) 10	741	90
Repayment (Principal + Interest) (B)	2062	2509	2426	1280	1480	1089
Net Fund Available (A-B)	(-) 293	(-) 1368	(-) 1003	(-) 1290	(-) 739	(-)999
Net Fund Available ( <i>per cent</i> )	(-) 16.56	(-) 119.89	(-) 70.48	(-) 12900	(-) 99.73	(-)1110
<b>Other obligations</b>						
Receipt	2020	1675	1938	2742	2077	2104
Repayment (Principal + Interest)	1843	1793	2092	2753	2270	2564
Net Fund Available	177	(-) 188	(-) 154	(-) 11	(-) 193	(-)460
Net Fund Available ( <i>per cent</i> )	8.76	(-) 7.04	(-) 7.95	(-) 0.40	(-) 9.29	(-)21.86
<b>Total liabilities</b>						
Receipt	6085	7154	6050	4837	4123	2611
Repayment (Principal + Interest)	5203	6136	6862	6076	6518	6720
Net Fund Available	882	1018	(-)812	(-) 1239	(-) 2395	(-)4109
Net Fund Available ( <i>per cent</i> )	14.49	14.22	(-)13.42	(-)25.61	(-)58.08	(-)157.57

Debt redemption ratio being greater than one during the period 2004-08 indicates that the repayment of past debt liabilities were far in excess of fresh debt receipts during these years. During the current year, the Government repaid principal plus interest on account of internal debt of Rs 3067 crore; Government of India loans of Rs.1089 crore and also discharged other obligation of Rs 2564 crore as a result of which payments exceeded the

receipts during the year. During the recent years, in view of the huge cash balances, the focus of the Government seems to be on discharging the past debt obligations both on account of principal and interest payments on loans raised from the market as well as from the Government of India.

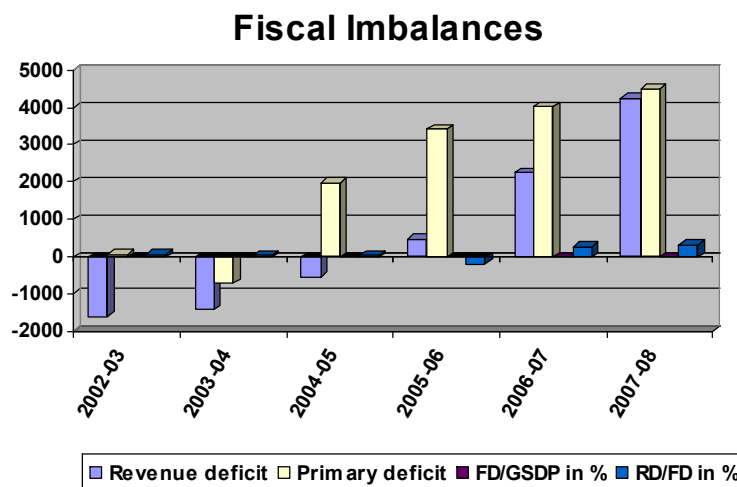
## 1.9 Management of deficits

### 1.9.1 Trends in Deficits

The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are applied are important pointers to its fiscal health. The trends in fiscal parameters depicting the position of fiscal equilibrium in the State are presented in **Table-1.32**.

**Table-1.32: Fiscal Imbalances - Basic Parameters**

Parameters	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Revenue deficit (Rupees in crore)	(-)1576	(-)1421	(-)522	(+)481	(+) 2261	(+) 4244
Fiscal deficit (Rupees in crore)	(-)2816	(-)3573	(-)1366	(-)276	(+) 824	(+) 1323
Primary deficit (Rupees in crore)	(+)70	(-)713	(+) 1966	(+) 3421	(+) 4012	(+) 4492
RD/GSDP (per cent)	(-) 3.14	(-) 2.31	(-) 0.73	(+) 0.61	(+) 2.48	(+) 4.11
FD/GSDP (per cent)	(-) 5.61	(-) 5.82	(-) 1.91	(-)0.35	(+) 0.90	(+) 1.28
PD/GSDP (per cent)	(+) 0.14	(-) 1.16	(+) 2.75	(+) 4.35	(+) 4.40	(+) 4.35
RD/FD (per cent)	55.97	39.77	38.21	(-) 174.28	274.39	320.78



**Table-1.32** reveals that the revenue account experienced a situation of huge deficit of Rs.1576 crore during 2002-03 which consistently declined to Rs 522 crore in 2004-05 and turned into surplus amounting to Rs.481 crore in 2005-06 which has steeply increased to Rs 4244 crore during the current year. The significant improvement in revenue account during the current year was mainly on account of increase in revenue receipts by Rs 3934 crore (22 per cent) during 2007-08 against an increase of Rs 1951 crore (12 per cent) in

revenue expenditure over the previous year. The sharp increase in revenue receipts was however mainly on account of increase in mandatory transfer comprising State share in Central taxes and grant in aid from GOI. Of the incremental revenue receipts of Rs 3935 crore during 2007-08, these two sources contributed 78 *per cent* indicating central transfers being the key in improving the revenue surplus during the year.

The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, consistently decreased from Rs 2816 crore in 2002-03 to Rs 276 crore in 2005-06 and turned into a situation of fiscal surplus in 2006-07 and 2007-08 mainly due to the support of huge surplus available in revenue account during these years.

The primary deficit<sup>8</sup> which persisted in the State budget till 2003-04 also took a turnaround and resulted into a primary surplus during the last four years 2004-08. The emergence of fiscal surplus together with a moderate increase in interest payments led to a situation of huge primary surplus during 2006-07 and 2007-08. As against the target of generating a primary surplus of over three *per cent* of GSDP by the year ending March 2008 as laid down in Orissa FRBM Act, the State has achieved the target in 2004-05, much before the date line fixed in the Act.

### ***Quality of Deficit / Surplus***

The ratio of RD to FD and the decomposition of Primary deficit into primary revenue deficit<sup>9</sup> and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. The ratio of RD to FD consistently declined during 2002-05 and thereafter revenue account has shown surplus during the succeeding two years. This trajectory shows a consistent improvement in the quality of the deficit and during the current year, the State has experienced a fiscal surplus indicating non-debt receipts even exceeded the total expenditure leaving cash balances to meet the past debt obligations.

The bifurcation of the factors resulting into primary deficit or surplus of the State during the period 2002-08 reveals (**Table-1.33**) that primary deficit was experienced only in 2003-04 mainly on account of steep increase in loans and advances disbursed by the State. In other words, non-debt receipts of the State for the remaining years were enough to meet the primary expenditure<sup>10</sup> requirements in the revenue account, rather left some receipts to meet the expenditure under the capital account. During 2006-07 and 2007-08 non debt receipt were not only sufficient to meet the total expenditure of the State but left with surplus reflected in terms of fiscal surplus during these years.

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<sup>8</sup> Primary deficit defined as the fiscal deficit net of interest payments indicates the extent of deficit which is an outcome of the fiscal transactions of the States during the course of the year.

<sup>9</sup> Primary revenue deficit defined as gap between non interest revenue expenditure of the State and its non-debt receipts indicates the extent to which the non-debt receipts of the State are able to meet the primary expenditure incurred under revenue account.

<sup>10</sup> Primary expenditure of the State defined as the total expenditure net of the interest payments indicates the expenditure incurred on the transactions undertaken during the year.

Table 1.33

(Rupees in crore)

Year	Non-debt receipt	Primary Revenue Expenditure	Capital Expenditure	Loans and Advance	Primary Expenditure	Primary Deficit/ Surplus with reference to Revenue Expenditure	Primary Deficit/ Surplus with reference to Capital Expenditure
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2002-03	8616	7129	1074	343	8546	+1487	+70
2003-04	9713	8001	853	1572	10426	+1712	-713
2004-05	12267	9040	1056	205	10301	+3227	+1966
2005-06	14433	9907	1038	67	11012	+4526	+3421
2006-07	18319	12584	1451	272	14307	+5735	+4012
2007-08	22322	14554	2843	433	17830	+7768	+4492

## 1.10 Fiscal Ratios

The finances of a State should be sustainable, flexible and non-vulnerable. **Table-1.34** below presents a summarised position of Government finances over 2002-08, with reference to certain key indicators that help to assess the adequacy and effectiveness of available resources and their applications, highlights areas of concern and captures its important facts.

Table-1.34: Indicators of Fiscal Health

(Rupees in crore and per cent)

Fiscal Indicators	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
1	2	3	4	5	6	7
<b>I. Resource Mobilisation</b>						
Revenue Receipt/GSDP	16.80	15.37	16.59	17.93	19.78	21.26
Revenue Buoyancy	0	0.532	1.567	1.895	1.745	1.636
Own Tax/GSDP	5.718	5.376	5.848	6.369	6.654	6.637
<b>II. Expenditure Management</b>						
Total Expenditure/GSDP	22.76	21.63	19.09	18.73	19.19	20.33
Total Expenditure/Revenue Receipts	135.47	140.74	115.04	104.43	97.01	95.59
Revenue Expenditure/Total Expenditure	87.60	81.75	90.75	92.49	90.15	84.40
Salary & Wage expenditure on Social and Economic Services / Revenue Expenditure	NA	26.37	23.49	0.63	192.41	19.40
Non-Salary & Wage expenditure on Social and Economic Services / Revenue Expenditure	NA	24.10	21.15	28.12	31.30	37.84
Capital Expenditure/Total Expenditure	9.69	7.28	7.86	7.09	8.42	13.82
Capital Expenditure on Social and Economic Services/Total Expenditure	55.16	53.75	50.34	52.01	54.49	62.51
Buoyancy of TE with RR	0.13	1.37	0.10	0.42	0.68	0.918
Buoyancy of RE with RR	0.068	0.712	0.545	0.528	0.569	0.567
<b>III. Management of Fiscal Imbalances</b>						
Revenue deficit (Rs.in crore)	(-)1576	(-)1421	(-)522	481	2261	4244
Fiscal deficit (Rs.in crore)	(-)2816	(-)3573	(-)1366	(-)276	824	1323
Primary Deficit (Rs.in crore)	(+)70	(-)713	1966	3421	4012	4492
Revenue Deficit/Fiscal Deficit	55.97	39.77	38.21	(-) 174.28	274.39	320.79
<b>IV. Management of Fiscal Liabilities</b>						
Fiscal Liabilities/GSDP	61.20	55.38	50.53	48.98	43.30	37.29
Fiscal Liabilities/RR	364.20	360.37	304.58	273.11	218.85	175.38
Buoyancy of FL with RR	0.524	0.899	0.239	0.349	0.093	(-)0.109
Buoyancy of FL with Own Receipt	0.485	0.726	0.239	0.359	0.080	(-)0.241
Sum of Primary deficit and quantum spread (Rupees in crore)	(-)681	3423	4275	4503	7043	6548
Net Funds Available	1.54	17.34	20.73	(-) 16	(-) 58.62	-107.62
<b>V. Other Fiscal Health Indicators</b>						
Return on Investment	152.22	138.06	69	121	49	141
Balance from Current Revenue (Rs.in crore)	(-) 1410	(-) 1228	(-) 1517	(-) 5342	4403	5574
Financial Assets/Liabilities	0.52	0.52	0.55	0.59	0.67	0.77

The ratios of revenue receipts and State's own taxes to GSDP indicate the adequacy of the resources as well as the accessibility of the State to these resources. Revenue receipts are comprised not only of the tax and non-tax resources of the State but also the transfer of tax from Union Government. The ratio of revenue receipts to GSDP during the current year is 21 *per cent*, an increase of one percentage point over previous year. During 2003-07, the ratio of own taxes to GSDP showed continued improvement and increased from 5.4 *per cent* in 2003-04 to 6.7 *per cent* in 2006-07 which marginally decreased to 6.6 *per cent* in 2007-08. These ratios show a continuous improvement in mobilisation of resources and State's accessibility to them.

Various ratios concerning the expenditure management of the State indicate quality of its expenditure and sustainability of these in relation to its resource mobilisation efforts. The revenue expenditure as a percentage to total expenditure remained little over 90 *per cent* during the period 2004-07 and thereafter decreased to 84 *per cent* in 2007-08 indicating the improvement in the share of expenditure under capital account during the year. The ratio of revenue receipt to total expenditure in 2007-08 was 104.61 *per cent* which indicated that the State could meet its total expenditure out of its revenue receipts only resulting fiscal surplus during the year which is also reflected in terms of declining ratio of fiscal liabilities to revenue receipts.

The emergence of revenue surplus and fiscal surplus during 2006-07 and 2007-08 along with positive BCR indicates towards significant improvement in the fiscal position of the State which was also reflected in the sharp increase assets to liabilities ratio during the last two years.

### **1.11 Conclusion**

The fiscal position of the State viewed in terms of the key fiscal parameters – revenue, fiscal and primary deficit – indicated significant improvement in 2007-08 relative to the previous year. The State has achieved the targets for revenue and fiscal deficits as well as with regard to other variables as laid down in State FRBM Act/Rules, TFC as well as in MTFP and FCP for the year 2007-08. Moreover, the State has achieved these fiscal targets much before the timeline indicated in them with the current year ending in revenue surplus of Rs 4244 crore and fiscal surplus of Rs 1323 crore. The improvement in fiscal position of the State was observed to be mainly on account of increase in revenue receipts by Rs 3934 crore (22 *per cent*) during 2007-08 against an increase of Rs 1951 crore (12 *per cent*) in revenue expenditure over the previous year. The sharp increase in revenue receipts was however mainly on account of increase in mandatory transfers comprising State share in Central taxes and grant in aid from GOI. Of the incremental revenue receipts of Rs 3935 crore during 2007-08, these two sources contributed 78 *per cent* indicating central transfers being the key in improving the revenue surplus during the year. The expenditure pattern of the State reveals that the Revenue expenditure as a percentage to total expenditure although indicated declining trends but it still constitutes 84 *per cent* of the total expenditure during 2007-08. The Non plan Revenue expenditure component at Rs 13634 crore during 2007-08 exceeded marginally the



normative projection of TFC by Rs 390 crore for the year. Moreover, within the Non-Plan Revenue expenditure four components-Salary expenditure, Pension payments, Interest payment and Subsidies constituted 71 *per cent* during 2007-08. These trends in expenditure indicate the need for changing allocative priorities. The Government investments including disbursement of loans and advances accompanied with negligible rate of return on government investments and inadequate interest cost recovery on loans and advances continues to be a cause of concern and suitable measures need to be initiated to arrest these trends.

## CHAPTER II

### ALLOCATIVE PRIORITIES AND APPROPRIATION

#### 2.1 Introduction

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

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

#### 2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2007-08 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	14309.15	1854.89	16164.04	14064.34	(-)2099.70
	II. Capital	2078.87	1287.91	3366.78	2942.54	(-) 424.24
	III. Loans and Advances	404.91	177.73	582.64	432.68	(-) 149.96
<b>Total Voted</b>		<b>16792.93</b>	<b>3320.53</b>	<b>20113.46</b>	<b>17439.56</b>	<b>(-) 2673.90</b>
Charged	IV. Revenue	4562.87	404.41	4967.28	3983.47	(-) 983.81
	V. Capital	5.21	12.78	17.99	11.17	(-) 6.82
	VI. Public Debt	2772.68	-	2772.68	1844.97	(-) 927.71
<b>Total Charged</b>		<b>7340.76</b>	<b>417.19</b>	<b>7757.95</b>	<b>5839.61</b>	<b>(-) 1918.34</b>
<b>Grand Total</b>		<b>24133.69</b>	<b>3737.72</b>	<b>27871.41</b>	<b>23279.17</b>	<b>(-) 4592.24</b>

The overall savings of Rs 4577.20 crore is the result of savings of Rs 4592.24 crore and excess of Rs 15.04 crore. The excess expenditure of Rs 15.04 crore was in one grant under Capital Account. The expenditure figures were gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Revenue heads (Rs 324.54 crore) and Capital heads (Rs 110.30 crore). However, all the 38 Grants and three Appropriations showed savings indicating lack of accuracy in budget preparation including provisions under supplementaries. The Departments stated that the surrender of savings was due to non-filling of vacant posts, less requirement by the

executing agencies, delay in finalization of tenders and non-receipt of Central Assistance etc.

**2.2.1 During 2007-08 the total expenditure under Consolidated Fund stands inflated to the following extent for the reasons mentioned there against**

Rupees 165.01 crore drawn from Orissa Contingency Fund earlier were recouped during the year. The recoupment exceeded the corpus amount of Rs 150 crore.

**2.2.2 During 2007-08 total expenditure was understated to the following extent for the reasons mentioned there against**

- (i) The balance in 8443 Civil Deposits-800-Other Deposits was decreased by Rs 29.40 crore. (Disbursements: Rs 64.75 crore, less Deposits: Rs 35.35 crore).
- (ii) Rupees 51.34 crore drawn from Orissa Contingency Fund during the year remained unrecouped at the year-end.

**2.3 Fulfillment of Allocative Priorities**

**2.3.1 Appropriation by Allocative Priorities**

Savings in a Grant or Appropriation indicate that the expenditure could not be incurred as estimated or planned. It points to poor budgeting or shortfall in performance depending upon the circumstances under which and the purpose for which the Grant or Appropriation was provided. Out of the overall savings of Rs 4577.20 crore during the year, major savings of Rs 3310.13 crore (72 per cent) occurred in six grants (Rs 1504.66 crore) and two appropriations (Rs 1805.47 crore) as mentioned below:

*(Rupees in crore)*

Grant / Appropriation	Original Provision	Supplementary Provision	Total grant	Actual Expenditure	Saving
Grant No. 3 – Revenue (Voted)	937.52	313.84	1251.36	809.52	441.84
Grant No. 5 – Finance Revenue (Voted)	2218.64	negligible	2218.64	1895.22	323.42
Grant No. 12 – Health and Family Welfare Revenue (Voted)	799.86	31.43	831.29	703.56	127.73
Grant No.17 – Panchayati Raj Revenue (Voted)	1144.69	21.98	1166.67	972.32	194.35
Grant No. 23 – Agriculture	479.86	73.53	553.39	374.20	179.19
Grant No 36-Women and Child Development	1109.17	232.52	1341.69	1103.56	238.13
2049-Interest Payment	4049.11	-	4049.11	3169.48	879.63
Appropriation-6003 Internal Debt of the State Government Capital (Charged)	2337.65	-	2337.65	1411.81	925.84
<b>Total</b>	<b>13076.50</b>	<b>673.30</b>	<b>13749.80</b>	<b>10439.67</b>	<b>3310.13</b>

The areas in which major savings occurred in these grants and appropriations are given in *Appendix 2.1*. In some cases, the reasons for savings were intimated by the department(s).

### 2.3.2 Persistent savings

Savings of more than 10 *per cent* were noticed in 22 out of 42 grants/appropriations. Such savings persisted during the period 2005-2008 in 12 out of the above 42 grants/appropriations (*Appendix-2.2 and 2.3*).

### 2.3.3 Excess over provision requiring regularisation

#### 2.3.3 (i) Excess over provisions relating to previous years

As per Article 205 of the Constitution of India, it is mandatory for the State Government to get the excess over a grant/appropriation regularised by the State Legislature. The excess expenditure amounting to Rs 8093.82 crore for the years 1998-99 to 2006-07 as detailed below has not been regularized. This was breach of legislative control over appropriation.

Year	No. of grants / appropriations	Grant/Appropriation Number	Amount of excess
			(Rupees in crore)
1998-99	9	5-Finance, 6-Commerce, 7-Works, 8-Legislative Assembly, 12-Health and Family Welfare, 13-Housing and Urban Development, 24-Steel and Mines, 32-Tourism and Culture, 35-Public Enterprises	126.26
1999-2000	12	1-Home, 5-Finance, 6-Commerce, 7-Works, 8-Orissa Legislative Assembly, 10-School and Mass Education, 17-Panchayati Raj, 20-Water Resources, 26-Excise, 28-Rural Development, 29-Parliamentary Affairs and 6003-Internal debt of the State Government	2658.52
2000-2001	8	6-Commerce, 7-Works, 8-Orissa Legislative Assembly, 10-School and Mass Education, 20-Water Resources, 22-Forest and Environment, 6003 Internal Debt of the State Government, 6004-Loans and Advances from Central Government	2474.48
2001-2002	4	15-Sports and Youth Services, 20-Water Resources, 28-Rural Development and 6004-Loans and Advances from Central Government	393.58
2002-2003	5	8-Orissa Legislative Assembly, 15-Sports and Youth services, 20-Water Resources, 6003-Internal Debt of State Government and 6004-Loans and Advances from Central Government	2068.93
2004-2005	3	7-Works, 34-Co-operation and 38-Higher Education	9.94
2005-2006	2	7-Works, 31-Textile and Handloom	0.06
2006-2007	2	22-Forest and Environment 6004-Loans and Advances from GOI	362.05
<b>Total</b>			<b>8093.82</b>

#### 2.3.3 (ii) Excess over provisions relating to 2007-08

Excess expenditure of Rs 15.04 crore in one Grant (Forest and Environment Department) during the year required regularisation under Article 205 of the Constitution of India (*Appendix-2.4*).

#### **2.3.4 Supplementary provision**

Supplementary provision of Rs 3737.72 crore made during the year constituted 15.49 *per cent* of the original provision of Rs 24133.69 crore.

#### **2.3.5 Unnecessary/Excessive/Inadequate Supplementary Provision**

##### **(i) Unnecessary supplementary provision**

Supplementary provision of Rs 960.32 crore in 19 cases under 17 grants was wholly unnecessary as the expenditure in each case was even less than the original provision, the savings being more than Rupees one crore in each case (*Appendix-2.5*).

##### **(ii) Excessive supplementary provision**

Against the additional requirement of Rs 1656.39 crore in 23 cases under 19 grants, supplementary provision of Rs 2160.61 crore was obtained resulting in savings of Rs 50 lakh or more in each case and Rs 504.22 crore in aggregate out of which in one grant (20-Water Resources, Capital Section), the saving was Rs 98.02 crore which was 19 *per cent* of the savings of Rs 504.22 crore during the year (*Appendix-2.6*).

#### **2.3.6 Significant cases of savings in plan expenditure**

Significant savings exceeding Rupees one crore in each case aggregating to Rs 167.19 crore (17 *per cent*) against the provision of Rs 970.06 crore either due to non-implementation or slow implementation of Plan schemes were noticed in 36 cases in 10 grants. In three cases (Sl.No.20, 24, 27) of *Appendix-2.7*, the entire provision of Rs 51.81 crore remained unutilised.

#### **2.3.7 Significant cases of excess expenditure**

Significant excess expenditure amounting to Rs 105.08 crore exceeding Rupees one crore in each case was noticed in 27 cases involving six Grants/Appropriations (*Appendix-2.8*).

##### **2.3.8(i) Delayed surrender of saving**

According to Orissa Budget Manual (Rule 146), 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 2007-08, although actual savings of Rs 2041.89 crore were available, only Rs 1592.35 crore was surrendered mainly in March 2008 (*Appendix-2.9*).

##### **(ii) Injudicious surrender**

In 11 grants, amounts surrendered were less than the savings available. The amounts not surrendered were more than Rupees one crore in each case totalled to Rs 232.65 crore out of total savings of Rs 721.48 crore during 2007-08. This indicated lack of monitoring and control over expenditure (*Appendix-2.10*).

**(iii) Excessive surrender**

In 14 cases in 12 grants, the amounts surrendered were in excess of actual savings indicating lack of proper expenditure control. Against the actual savings of Rs 369.52 crore, amount surrendered was Rs 406.39 crore resulting in excess surrender of Rs 36.87 crore (*Appendix-2.11*). This indicated absence of timely booking and watch over progress of expenditure.

**(iv) Surrender of entire provision**

In 30 cases relating to 8 grants, the entire provision of Rs 132.74 crore (exceeding Rs 10 lakh in each case) was reappropriated/surrendered (*Appendix-2.12*).

**(v) Anticipated savings not surrendered**

In 13 cases relating to 7 grants/appropriations the entire available provision of Rs 69.12 crore remained unutilised and was not surrendered. This included provision for capital section for Rs 31.22 crore. As such activities planned were not taken up. (*Appendix-2.13*).

**2.3.9 Unutilised provision**

In 14 cases involving 12 grants and one appropriation, the expenditure fell short of provision by more than Rupees one crore and more than 20 *per cent* of the provision in each case (*Appendix-2.14*). All these indicated lack of budgetary and expenditure control.

**2.3.10 Excessive/unnecessary reappropriation of funds**

Reappropriation is transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. Cases where the reappropriation of funds proved injudicious in view of final savings/excess over grant are as follows. In 11 cases savings of Rs 8089.57 lakh was made proving augmentation of provision of Rs 3017.87 lakh by way of reappropriation excessive. In 25 cases there was excess expenditure of Rs 8221.87 lakh proving withdrawal of provision of Rs 10519.01 lakh by way of reappropriation unnecessary. Such cases are detailed in *Appendix-2.15 and 2.16* respectively.

**2.4 Inadequate Budgetary Control**

Scrutiny of budget proposals and actual expenditure in respect of two Departments viz. (i) Science and Technology and (ii) School and Mass Education revealed the following:

### **2.4.1 Provision for vacant posts**

Rule 61(b) of Orissa Budget Manual (OBM) provides that provisions should be made in the budget for men on duty (excluding vacant posts). But a provision of Rs 9.85 crore (School and Mass Education Department) was made for vacant posts and the entire amount was ultimately surrendered.

### **2.4.2 Belated surrenders**

Orissa Budget Manual (OBM) provides that all anticipated savings should be surrendered immediately after these are foreseen and latest by 10<sup>th</sup> March of the financial year. Further, as per Finance Department's instruction (January 2008) surrender of savings was to be made by 29 February 2008 at the latest. In violation of above instruction, Rs 71.59 crore was surrendered by two departments (School and Mass Education: Rs 51.84 crore and Science and Technology: Rs 19.75 crore) on the last day of the financial year.

### **2.4.3 Non-utilisation of Central Assistance**

Under the Centrally Sponsored Plan scheme "Information and Communication Technology (ICT)" programme, the Ministry of Human Resource Development, Department of School Education and Literacy, Government of India (GOI) sanctioned (January 2006) a project of Rs 10 crore on cost sharing basis between the Governments (GOI: 75, State Government: 25) for implementation of computer education in 1500 primary and secondary schools over a period of five years starting from 2005-06. The GOI while conveying the sanction indicated to utilize Rupees five crore out of unspent balances of GOI grants of Rs 9.09 crore under two earlier schemes (ET scheme: Rs 5.88 crore and CLASS project: Rs 3.21 crore) paid to the State Government between 1988-2001 as first installment towards central share. The State Government made provision for the scheme in successive budgets during 2006-08 but did not utilise the funds for the project and deprived students of intended computer education (March 2008).

## **2.5 Advances from the Contingency Fund**

The corpus of the State Contingency Fund was enhanced (January 2000) from Rs 60 crore to Rs 150 crore to enable the Government to meet unforeseen and emergency expenditure not provided for in the budget and which cannot be postponed till the vote of Legislature is taken. The advance from the fund is to be recouped by obtaining Supplementary grant at the first session of the Assembly immediately after the advance is sanctioned. During 2007-08, while advances of Rs 51.34 crore was sanctioned and withdrawn from the fund, Rs 165.01 crore was recouped. However, Rs 64.42 crore had still remained un-recouped till the end of 2007-08 as detailed below.

*(Rupees in crore)*

Period	Less than 10 years and more than 5 years	Less than 5 years and more than 3 years	Below one year	Total
Arrears remained unrecouped	13.08	-	51.34	64.42

## **2.6 Rush of expenditure towards the end of the financial year**

Controlling Officers are responsible for ensuring effective control over expenditure and guard against rush of expenditure in the month of March as envisaged under Rule 147 of OBM. Even flow of expenditure during the year is a primary requirement of Budgetary Control. The drawal and release of fund at the fag end of the financial year is indicative of deficient financial management to utilise the provision at the close of the year. Check of monthly account revealed that during 2007-08 under 12 Major Heads of Accounts, 72 to 100 *per cent* of the total expenditure was incurred in March 2008 (*Appendix-2.17*).

## **2.7 Parking of funds in Civil Deposits**

Balance under 8443-Civil Deposit-800-Other Deposits at the end of March 2008 was Rs 466.19 crore. The position during 2002-2003 to 2007-2008 is given in *Appendix-2.18*. During the six years 2002-08, the deposit decreased by Rs 277.25 crore from the opening balance of Rs 743.44 crore in 2002-2003 to a closing balance of Rs 466.19 crore in 2007-08. These funds largely consist of amounts transferred from functional Major Heads to avoid lapse of Budget provision(s) during relevant years. Such accumulation of funds showed that Government left the funds, meant for many schemes, parked in the Civil Deposit without incurring actual expenditure and overstating the expenditure at the same time.

## **2.8 Excess payment of Pension and Gratuity**

Test check of records in the treasuries and other auditee organisations revealed excess payment of pension and gratuity to the tune of Rs 12.68 lakh during 2007-08 due to erroneous determination of admissibility and calculation error in respect of pensionary claims of 183 pensioners.

## **2.9 Defective Reappropriations**

During 2007-08 financial year, 956 reappropriation orders for Rs 1750.72 crore were issued out of which 49 orders aggregating Rs 1083.53 crore were issued on 31 March 2008 i.e. on the last day of the year.

## **2.10 Huge cash balance with DDOs**

Test check of records of 24 DDOs revealed that huge cash balances of Rs 27.26 crore was lying with them as on 31 March 2008 without disbursement. The amounts were drawn to avoid lapse of budget in contravention of Supplementary Rule 242 of Orissa Treasury Code (Volume-I). (*Appendix-2.19*).



## **2.11 Parking of Funds in Personal Deposit Account**

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. But as per Finance Accounts of the Government, the unspent balance under 8443-Civil Deposit-106-personal deposit as at the end of the year 2007-08 was Rs 300.38 crore. During the six years from 2002-08, the deposit decreased by Rs 307.39 crore from an opening balance of Rs 607.76 crore in 2002-03 to the closing balance of Rs 300.38 crore in 2007-08 (*Appendix-2.20*).

Test check of records of DRDA, Khurda and Cuttack, it was revealed that a sum of Rs 112.73 crore relating to scheme funds was kept under the Personal Deposit Account of the DRDAs without utilisation as on 31 March 2008. Funds of major schemes remaining unutilized with them were MLA LAD<sup>1</sup> (Rs 10.65 crore), Special Problem Fund (Rs 2.96 crore) and Twelfth Finance Commission grant (Rs 43.48 crore).

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<sup>1</sup> MLA LAD : Member of Legislative Assembly Local Area Development

## CHAPTER-III PERFORMANCE AUDITS

### WOMEN AND CHILD DEVELOPMENT DEPARTMENT

#### 3.1 Implementation of National programme of nutritional support to primary education (mid-day meal scheme)

##### *Highlights*

*Review of implementation of National Programme of Nutritional Support to Primary Education i.e., Mid-Day Meal Scheme (MDM) during the period 2003-08 in the State revealed accumulation of unspent balance with implementing agencies, disinterest of school children in MDM due to single menu, absence of community participation and suffered from non prioritisation of health related programmes and inadequate infrastructure. Instances of theft of food grains, pilferage and misappropriation were noticed in audit. Flawed payments of transportation and supervision charges were also detected. Absence of appropriate internal controls at various stages including monitoring and supervision affected the implementation of the programme. Required impact evaluation was not done.*

❖ During 2003-08, actual expenditure of Rs 448.97 crore was less than the assistance of Rs 660.01 crore received from Government of India. In the districts and blocks test checked, of Rs 237.60 crore provided under the programme during the period Rs 49.18 crore remained unspent.

(Paragraph 3.1 2.2)

❖ Cases of short account of rice worth Rs 1.81 crore, excess payment of transportation of Rs 1.02 crore, misappropriation of 33506 quintals of rice worth Rs. 3.68 crore and delayed delivery of 2.09 lakh quintals of rice were noticed.

(Paragraph 3.1.3)

❖ Kitchen facilities were not available in 35330 schools, constructions of kitchen wherever taken up did not confirm to the GOI prescribed norms.

(Paragraph 3.1.4 and 3.1.4.1)

❖ The implementation of scheme was marred by delayed implementation, disruption, non-provision in drought affected districts, non-provision of required quantity of dal and eggs, loss of teaching hours, absence of community participation.

(Paragraph 3.1.5.1, 3.1.5.2, 3.1.5.3, 3.1.5.5, 3.1.5.7 and 3.1.5.8)

❖ The MDM could not increase and sustain the enrolment and attendance, check up of health status and hygienic conditions of cooking and serving were not observed.

(Paragraph 3.1.6.1, 3.1.6.2, 3.1.6.3 and 3.1.6.4)

\* Abbreviations used in this performance review have been expanded in Glossary of abbreviations at pages 234 to 238

❖ External evaluation of implementation was not carried out. No action was taken on deficiencies on implementation of the scheme observed through internal assessment. Supervision and inspections at various levels were short of targets due to lack of man power. State, district and Block level monitoring committees were not effective in absence of regular meetings. Progress reports on implementation were not received regularly and analysed.

(Paragraph 3.1.7.1 to 3.1.7.5)

### 3.1.1.1 Introduction

The National Programme of Nutritional Support to Primary Education known as Mid-day Meal (MDM) scheme, a centrally sponsored scheme, was under implementation in the State since August 1995 to provide cooked noon meal to primary school students of class I to V of all Government and Government aided schools all over the State for at least 210 days in a year. The scheme intended at increasing (a) enrolment, (b) retention and (c) attendance while improving the nutritional status of the children with special attention to be given to children belonging to disadvantaged sections. The coverage of the scheme in the State for various types of schools over a period of time is as detailed in the table below:

Period of implementation	Coverage of schools	Mode of distribution of rice/quantum of rice used in cooked food
August 1995 to August 2004	Government and Government Aided Primary Schools	Three kilograms of rice per child per month to be distributed. Cooked food was served from July 2001 onwards in schools of all 80 blocks of the eight KBK <sup>1</sup> districts and 74 ITDA <sup>2</sup> blocks of Non-KBK districts at the rate of 100 grams of rice per child per school day for which the State Government provided cooking cost of 58 paise per child / day. Extended (April 2002) this facility to schools in three blocks of Boudh district.
September 2004 onwards	Extended to all Government and Government Aided Primary Schools and EGS Centres of the State	Serving of cooked food at the rate of 100 grams of rice per child per school day with provision of cooking cost of Rs 1.58 per child / day (GOI : Rupee one and State Government : 58 paise increased to 64 paise from (October 2005) which increased (September 2006) to Rs 2.14 (GOI : Rs 1.50 and State Government : Rs 0.64 paise).
October 2007 onwards	Extended to Upper primary schools of 172 Educationally backward Blocks in 22 districts	Serving cooked food at the rate of 150 grams of rice per child per school day with provision of cooking cost of Rs 2.64 (GOI : Rs 2.00, State Government 64 paise).

### 3.1.1.2 Organisational set up

In the State, the scheme was implemented by the Women and Child Development (WCD) Department headed by a Director, Social Welfare under overall supervision of the Commissioner-cum-Secretary of the Department. At the district level the scheme was implemented by the District Social Welfare Officers (DSWOs), Additional District Social Welfare Officers (ADSWOs), at

<sup>1</sup> Kalahandi, Nuapada, Bolangir, Sonepur, Gajapati, Nawarangpur, Rayagada and Koraput

<sup>2</sup> ITDA : Integrated Tribal Development Agency

the sub-division level by the Sub-divisional Social Welfare Officers (SSWOs) and at the Block level by the Block Development Officers (BDOs) respectively assisted by the Social Education Organisers (SEOs) of the Department.

The responsibility for cooking in 50 *per cent* of the primary schools is assigned to women self help groups (WSHG) as of March 2008.

#### **3.1.1.3      *Audit Objectives***

The objectives of the performance audit were to verify that:

- the financial management was efficient and effective;
- requisition, allocation, receipt and utilisation of food grains were made timely and efficiently;
- infrastructure facilities such as kitchen-cum-stores and kitchen devices were adequate;
- the programme management was effective to ensure serving of cooked meals of quality and of the prescribed calorific value;
- impact of the scheme on improving enrolment, attendance and retention of the students in primary schools / EGS centres besides improving the nutritional and health status and
- the system of management, monitoring and evaluation (MME) was effective

#### **3.1.1.4      *Audit Criteria***

Following were the audit criteria used for the performance audit:

- Annual work plans, Budget release orders of State Government, sanction orders of GOI;
- Norms prescribed for utilisation of rice and guidelines issued by GOI;
- Norms prescribed by GOI to get the reimbursement of the cost of transportation of food grains;
- Norms prescribed for infrastructural development of the scheme;
- Quality assurance norms of food for serving mid-day meal;
- Statistics maintained by the Orissa Primary Education Programme Authority (OPEPA) on enrolment, retention and attendance in schools and performance indicators/programme parameters for assurance of nutritional status; and
- Prescribed monitoring mechanism.

#### **3.1.1.5      *Scope of audit and methodology***

The performance audit on implementation of the Scheme covering the period 2003-08 was conducted during January to May 2008 through test check of records of the WCD department and seven out of the 30 DSWOs of the State

selected by adopting circular systematic sampling and 140<sup>3</sup> schools in the seven selected districts. Besides, four education guarantee scheme (EGS) centres and ten primary schools in rural areas and two EGS centres and four primary schools in urban areas from each selected district were selected with random sampling without replacement. Thus, in all 20 primary schools/EGS centres were selected in each district. In addition, records of three DSWOs<sup>4</sup> were also test checked.

Interviews to elicit information at school level were also conducted by interviewing 652<sup>5</sup> beneficiaries and 543 parents in 132 schools to ascertain the impact of the programme implementation.

The audit objectives were discussed (8 April 2008) in an entry conference and results of audit in exit conference (24 September 2008) with Commissioner-cum-Secretary, WCD department. The outcome of the discussion has been suitably incorporated.

### **Audit Findings**

The components of the scheme are cooking cost, food grains like rice and dal, infrastructure viz. kitchen-cum-stores and kitchen devices for cooking, preparation and distribution of cooked meal and management, monitoring and evaluation. The cooking cost included cost of dal and its transportation cost, vegetables, eggs, oil, condiments, fuel and supervision charges of the WSHGs. The results of the Performance Audit on the above components are presented in the succeeding paragraphs.

#### **3.1.2 Funds management**

##### **3.1.2.1 Funding pattern**

Government of India (GOI) support was provided by way of supply of free food grains through Food Corporation of India (FCI). The GOI provided transportation charges for transportation of rice from the FCI depot to the school point up to Rs 50 per quintal till September, 2004 and Rs 75 per quintal thereafter and assistance of Rs 60000 per school for construction of kitchen-cum-stores. The GOI also provided one time assistance of Rs 5000 to each school during 2006-08 for purchase of utensils and cooking devices. While the cooking cost was shared by both the GOI and the State Governments, expenses on infrastructure and MME were met by the GOI.

##### **3.1.2.2 Budget provision and expenditure**

Budget provision made by the State Government for the GOI assistance as well as the State funds meant for cooking cost, construction of kitchen sheds, kitchen devices and provision for MME etc. were allotted to the DSWOs who in turn, transferred the funds to the BDOs concerned for utilisation by the

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<sup>3</sup> Out of 140 schools selected in audit, 132 schools were actually audited since eight EGS Centres were closed by orders of the Government from May 2007.

<sup>4</sup> Mayurbhanj, Balasore and Sambalpur

<sup>5</sup> Boys-345; Girls-307

schools / WSHGs as per their requirement for implementation of the programme in the schools.

During 2003-08, the State Government received GOI assistance of Rs 660.01 crore towards cooking cost (Rs 378.06 crore), kitchen sheds (Rs 248.46 crore), kitchen devices (Rs 26.36 crore) and MME (Rs 7.13 crore). The release and utilisation of funds under the programme during 2003-08 were as below:

(Rupees in crore)

Year	GOI assistance received	Budget Provision			Funds released			Expenditure			Savings Total (Percentage)
		Central Plan	State Plan	Total	Central Plan	State Plan	Total	Central Plan	State Plan	Total	
2003-04	Nil	Nil	16.00	16.00	Nil	9.49	9.49	Nil	9.34	9.34	6.66(42)
2004-05	73.56	33.41*	19.30	52.71	13.01*	19.87	32.88	12.23*	19.25	31.48	21.23(40)
2005-06	20.12	121.30*	80.90	202.20	66.51	80.90	147.41	67.63	67.04	134.67	67.53(33)
2006-07	226.52	137.67	67.19	204.86	137.67	52.71	190.38	126.17	47.79	173.96	30.90(15)
2007-08	339.81	246.36	67.19	313.55	246.36	54.05	300.41	242.94	52.16	295.55	18.00(6)
<b>Total</b>	<b>660.01</b>	<b>538.74</b>	<b>250.58</b>	<b>789.32</b>	<b>463.55</b>	<b>217.02</b>	<b>680.57</b>	<b>448.97</b>	<b>195.58</b>	<b>645.00</b>	<b>144.32(18)</b>

\*Includes Additional Central Assistance and Prime Minister's Gramodaya Yojana funds

The total expenditure incurred on the scheme under Central and State plan was less than the GOI assistance received

It would thus be seen that against the GOI assistance of Rs 660.01 crore received during 2003-08, the budget provisions under Central Plan during the period were only Rs 538.74 crore and the amount released by the State Government was still less at Rs 463.55 crore. However, the total expenditure incurred on the scheme under Central and State Plans amounted to Rs 645 crore, which was even less than the GOI assistance received during the period indicating that the State virtually did not contribute anything of its own in real monetary terms. Following deficiencies and irregularities were noticed in utilisation of funds in audit:

Nature of irregularity	Audit findings
<b>Huge unspent funds lying in bank accounts</b>	In the ten districts and nineteen Block level offices <sup>6</sup> test checked, out of Rs 237.60 crore drawn during 2003-08, Rs 49.18 crore remained unspent with them at the end of February/March 2008. These amounts were parked in the Current/Savings Bank accounts in contravention to Financial Rules and reported as utilised to GOI.
<b>Unrealistic provision for transportation cost of dal</b>	The State Government earmarked 10 paise per beneficiary from the cooking cost for transportation charges of dal for delivery at school point. Accordingly transportation cost for one quintal of dal works out to Rs 500 which was higher by Rs 425 - Rs 450 in comparison to transportation cost of rice being borne by the GOI at the rate of Rs 50 to Rs 75 per quintal. On being pointed out, the State Government reduced allocation for transportation cost of dal in the cooking cost to two paise with effect from September 2007. The higher allocation resulted in accumulation of unspent balances with the implementing agencies. These funds could have been used for other components of the cooking cost for providing better meals to the beneficiaries.

<sup>6</sup> Districts: Khurda, Cuttack, Ganjam, Sundargarh, Baragarh, Bolangir, Sonapur, Mayurbhanj, Balasore and Sambalpur.

Blocks : Agalpur, Bolangir, Belapada, Gudvella, Khaprakhole, Patnagarh, Puintal, Saintala, Titlagarh, Bahanaga, Baliapala, Basta, Bhogarai, Jaleswar, Nilagiri, Oupada, Remuna, Soro and Balasore Sadar.

<b>Excess reimbursement of transportation charges</b>	As per the scheme guidelines, the GOI was to reimburse the actual cost of transportation of food grains from the nearest FCI godown to the primary schools subject to a prescribed ceiling of Rs 75 per quintal. The DSWOs, Ganjam and Mayurbhanj claimed transportation charges at maximum ceiling instead of amount actually required leading to an excess claim of Rs 41.80 lakh and Rs 68.42 lakh respectively during 2003-08 which remained unspent. The WCD Department did not ascertain the unspent balances before allocation of funds and no accountability had been fixed for such wrong claims.
<b>Avoidable liability of Value Added Tax (VAT)</b>	Under the MDM scheme, the FCI provides food grains to the State Government, the cost of which is reimbursed by the GOI to FCI at subsidised BPL rate of Rs 565 per quintal. The State Government had exempted the food grains supplied by the FCI under the MDM scheme from levy of sales tax. However, with the introduction (2004-05) of value added tax (VAT) in the State, the Government had not exempted MDM rice from levy of VAT at four <i>per cent</i> . As a result, the FCI had also been charging VAT on differential price, i.e. purchase price of Rs 1100 per quintal reduced by subsidised central issue price of Rs 565 per quintal from the DSWOs since January 2007. This had attracted liability of Rs 2.37 crore towards VAT on differential cost of rice at the rate of Rs 535 per quintal on 11.07 lakh quintals of rice lifted during January 2007 to March 2008. The State Government stated that the decision to exempt levy of VAT was pending with the Finance Department (May 2008).
<b>Excess payment of supervision charges to WSHGs</b>	The State Government handed over the cooking activities to Women Self Help Groups (WSHGs) in primary schools with a view to easing the burden on teachers. The WSHGs were to be paid 30 to 40 paise per beneficiary per school day for cooking and serving. Thereafter, the Government issued revised orders (December 2005) for making monthly payment at the rate of Rs 500 per month to WSHGs in schools having enrolment up to 50 students and up to a ceiling of Rs 1100 for schools having enrolment of more than 50 students. The above rates included remuneration of Rs 200 to a cook and Rs 100 payable to a helper engaged for cooking. It was however, noticed that the BDOs under the jurisdiction of DSWOs, Bolangir and Sonapur paid honorarium of Rs 300 per month to cooks and helpers over and above the supervision charges to the WSHGs in the schools having enrolment of more than 50 students resulting in excess payment of Rs 36.52 lakh during October 2005 to March 2008. The DSWO, Baragarh also made payment at the flat rate of Rs 1100 to WSHGs running schools with enrolment of more than 50 students resulting in excess payment of Rs 62.14 lakh.

### **3.1.3 Management of food grains**

The WCD department indented their requirement of food grains to GOI for the next session as per actual enrolment of students as of 30<sup>th</sup> September of the academic year by 31 January each year. The GOI conveyed the district wise allocation to the WCD department and the Food Corporation of India (FCI) by 28<sup>th</sup> February of the year. In turn, the WCD department released district-wise allocation in favour of DSWOs for onward distribution to schools through respective blocks month-wise with intimation to Food Corporation of India (FCI). Allocated food grains lifted by the transport agencies engaged by the

DSWOs from FCI godowns were delivered to Block godowns from where the food grains were transported to school points.

Audit observed the following irregularities in management of foodgrains:

Nature of irregularity	Audit findings
<b>Discrepancy in the quantity of rice lifted from the FCI godowns</b>	Scrutiny of records of the WCD Department and information furnished by FCI revealed that the lifting of rice as per department records was 21.80 lakh quintals as against the FCI booking of 21.96 lakh quintals during 2003-05 leading to short account of 0.16 lakh quintals of rice worth Rs 1.81 crore. Discrepancy was not reconciled (May 2008).
<b>Excess payment to transport agents</b>	The DSWOs engaged Transport Agents (TAs) for lifting rice from FCI and delivery at Block points for schemes of Supplementary Nutritional Programme (SNP) under the Integrated Child Development Scheme and MDM. It was seen that in Khurda <sup>7</sup> , Balasore <sup>8</sup> , Mayurbhanj <sup>9</sup> and Sambalpur <sup>10</sup> districts, the contracts were awarded at higher rates for transportation of MDM rice as against the lower rate at which SNP rice was transported from FCI depots and delivery at Block points despite goods to be lifted and distance to be covered were same. This led to excess payment of Rs 1.02 crore in respect of MDM rice transported in these districts during 2003-08 as detailed in <i>Appendix-3.1</i> .
<b>Misappropriation of rice by the storage and transport agents</b>  The Transport agents misappropriated rice worth Rs.23.20 lakh	<ul style="list-style-type: none"> <li>❖ The Storage and Transport Agents (STAs) appointed by the Collectors lifted the allocated rice from the FCI and transported the same to different blocks and to school points. When rice was lifted from the FCI, the total quantity delivered was weighed in a lot irrespective of the number of bags and recorded in the release order of rice (ROR). But during delivery at the school point, rice was delivered not under weighment system, but treating each bag as containing 50 kg of rice. In the process, the STAs during 2004-08 lifted 34.84 lakh quintals in 70.32 lakh bags but actually delivered 69.69 lakh bags containing 34.53 lakh quintals. Acknowledgment were, however, obtained from the school points for 34.84 lakh quintals resulting in misappropriation of 31,397 quintals worth Rs 3.45 crore vide <i>Appendix - 3.2</i>. MDM in-charge of two schools<sup>11</sup> admitted (July 2007) that they received less quantity of food grains as compared to standardised weight of the bags. The Government stated that steps were being taken to have weighing machine by the transport agents while distributing rice.</li> <li>❖ The DSWO, Bargargh issued way bills (in triplicate) against the rice to be lifted by a transport agent from FCI depots for delivery at different blocks. However, the agent delivered less rice at the blocks than the quantity actually lifted from the FCI. This became possible by following a method of recording less quantity of rice in the copies of way bill available in the Block office than the actual quantity recorded in the same copy of way bills available in the DSWO's Office. This facilitated misappropriation of 1952 quintals of rice worth Rs. 21.47 lakh as detailed at <i>Appendix - 3.3</i>.</li> </ul>

<sup>7</sup> During the period from June 2002 to March 2006 (Rs 17.65 lakh)

<sup>8</sup> During the period from September 2003 to March 2008 (Rs 49.58 lakh).

<sup>9</sup> During the period from October 2003 to September 2006 (Rs 27.40 lakh).

<sup>10</sup> During the period from October 2003 to September 2006 (Rs 7.64 lakh).

<sup>11</sup> Nidhipur PS and Kantabada UGUP School of Khurda.



	❖ In Bolangir district the STA had lifted 157 quintals of rice worth Rs 1.73 lakh from FCI during 2003-08 on different occasions but did not deliver the same at block point. The DSWOs stated that matter would be investigated.
<b>Delayed delivery of rice by the STAs</b>	As per instructions (October 2001) of WCD department, the STAs were to deliver rice lifted from the FCI depots to all the Blocks on the same day of lifting. Review of stock registers along with way bills of DSWOs of Balasore and Bolangir and gate passes issued by the FCI depot showed that the STAs engaged for lifting rice from FCI to block points delivered 2.09 lakh quintals of rice worth Rs 22.96 crore at different blocks with delays up to 220 days <sup>12</sup> during 2003-08. The gate passes issued by FCI during delivery of rice to the transport agent were not obtained by DSWO, Balasore for record and reconciled with way bills issued and the DSWOs failed to monitor timely delivery of rice in Blocks.

### **3.1.3.1 Quality assurance**

The programme guidelines provided that the district collectors will ensure issue of foodgrains of fair average quality (FAQ) by FCI after joint inspection by a team consisting of FCI and a nominee of the Collector. The State Government issued instructions from time to time in this regard. The quality of rice supplied by the FCI and delivered at school points was ascertained by collection of samples thereof on joint surprise visit by audit and a state level departmental officer of 12 schools of seven test checked districts and sent to the Public Analyst, State Public Health laboratory for certification of quality who reported that seven<sup>13</sup> out of 12 samples were found to be adulterated by way of high moisture content, presence of foreign particles and damaged grains beyond allowable limit. This became possible as proper system of inspection for quality test was not functioning in the district. The Government stated that quality of materials supplied could not be ensured as the daily ration cost in the rising trend of market price was very low.

### **3.1.4 Infrastructure facilities**

Provision of essential infrastructure is one of the components of MDM programme. It includes kitchen-cum-store, kitchen devices and adequate water supply for cooking / drinking etc. for qualitative and hygienic preparation of MDM. During 2003-08 GOI provided assistance of Rs 248.46 crore for construction of kitchen-cum-stores at the cost of Rs 60000 per school and Rs 26.36 crore for procurement of kitchen devices at Rs 5000 per school. According to the statistics prepared by the OPEPA, of the 45773 primary schools in the State kitchen sheds were available only in 10443 schools (23 per cent), while drinking water facilities were available in 39463 schools (86 per cent).

<sup>12</sup> (i) **Balasore:** 22179.03 quintals of rice delivered with delays ranging from 1 to 10 days, 3869.92 quintals delivered with delays ranging from 11 to 20 days, 857.86 quintals delivered with delays ranging from 21 to 30 days, 2273.78 quintals delivered with delays ranging from 31 to 60 days, 9221.05 quintals delivered with delays of more than 60 days.

(ii) **Bolangir:** 89711.19 quintals of rice delivered with delays of one to 10 days, 51725.71 quintals with delays of 10 to 20 days, 10127.79 quintals with delays of 21 to 30 days, 4597.10 quintals with delays of 31 to 60 days and 10581.06 quintals with delays of more than 60 days.

<sup>13</sup> Majhimunda PS and Manhari PS of Sonepur, Rugupada GUPS of Bolangir, Tangarpali Project PS and Bhoipali PS of Baragarh, Ujjalpur PS of Sundargarh and Jhanjirmangala PS of Cuttack.

### 3.1.4.1 Construction of kitchen-cum-store room

Construction of kitchen cum store in 3380 schools was left incomplete.

The GOI provided (November 2006) Rs 52.58 crore for construction of kitchen-cum-store rooms of 269 square feet plinth area per school at unit cost of Rs 60,000 in 8764 schools with the stipulation that additional expenditure, if required, may be sourced from programmes like Sampoorna Grameen Rozgar Yojna (SGRY) and Sarva Shiksha Abhiyan (SSA) programmes. The State Government, however, made a provision of only Rs 20.28 crore in its budget (2006-07) for construction of 3380 kitchen-cum-stores and released the same to DSWOs in March 2007, which was transferred to the respective District Project Coordinators (DPCs) / Village Education Committees (VECs) for construction during October 2007 to March 2008.

As against the GOI's stipulation of 269 sft plinth area for construction of kitchen cum store at Rs 60000, the State Government limited the plinth area to 165 sft at the Works Department schedule of rates (2001) of Rs 364 to keep the cost within the ceiling of Rs 60000. Neither GOI's concurrence for limiting of the plinth area was sought nor was convergence of other scheme funds to keep the plinth area intact considered. Thus, construction of such kitchen cum store was not in conformity with the instructions of the GOI. However, the costs of construction had gone up from Rs 364 to Rs 550 per sft according to the schedule of rates (February 2007), which required additional fund of Rs 10.37 crore at the rate of Rs 30690 per unit. Construction of kitchen sheds in the test checked schools wherever taken up revealed that they were left half way. Thus, unrealistic provision affected the construction programme.

Scrutiny of records of the test checked schools showed that 92 *per cent* of the schools did not have kitchen sheds. In 44 *per cent* schools food was cooked either in the verandah or in class rooms and 48 *per cent* of schools used open space as kitchen for cooking food. As reported by the WCD department, 84 *per cent* of the schools (including EGS centres) had no kitchen sheds.

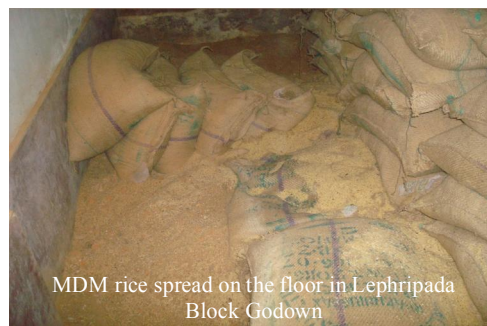


### 3.1.4.2 Absence of infrastructure facilities

Audit also observed deficiencies / shortcomings with regard to provision of infrastructure facilities to implement the scheme in the test checked schools as detailed below:

- The block level godowns for storing MDM rice lacked suitable facilities in Tangarpali and Lephripada blocks of Sundargarh district. In Tangarpali block rice bags were soaked with water due to leaking roof and also were rodent infested.
- In Lephripada block there were many rat holes in the godown and seventy to eighty *per cent* rice bags were found to be torn and damaged by rats.

Four to five quintals of rice spread on the ground was not fit for human consumption since this was mixed up with rat droppings. The BDO stated that steps were being taken to transfer the stock to other godowns and repair the godown.



- In Balasore district there was no godown in test checked blocks<sup>14</sup>. As a result, the block level STAs were keeping the rice for months together under their control contrary to Government instructions (October 2001) for delivery of rice within three days of lifting.
- In the test checked schools it was seen that there was no specific place for storing of food stuff. These were stored in kitchen, office room, class room and WSHGs residence.
- In one school<sup>15</sup> there was an instance of theft of two quintals of rice due to unsecured storage. Similar instance of theft of 2.54 quintals of rice and 20 kilograms of dal in October 2003 was noticed in Kureivana primary school, Bolangir.

#### 3.1.4.3 Non provision of smokeless chullahs

Despite receipt of GOI assistance LPG facilities were not available.

As per the guidelines smokeless chullahs were to be used to the extent possible in the interest of environmental protection. As per information furnished by the State Government all the schools in the State were using firewood for cooking MDM despite receipt of GOI grants of Rs 26.36 crore of which only Rs 17.20 crore was released to DSWOs at the rate of Rs 5000 per school for procurement of cooking utensils and LPG facilities for 34400 schools during 2006-08. However, in the Attabira block, 25 gas chullahs supplied (July 2007) to the block by the DSWO, Baragarh were lying idle as no provision of gas cylinders was made (April 2008).



#### 3.1.5 Implementation of the scheme

On introduction (1 September 2004) of cooked meal under the scheme, the State Government decided each beneficiary was to be served a cooked meal comprising 300 calories and 8-12 grams protein which was enhanced (July 2006) to 450 calories and 12 grams protein prepared out of 100 grams of rice, dal (25 grams), vegetables and condiments, egg (s) and a varied menu was to

<sup>14</sup> Balasore Sadar, Bhogarai, Bahanaga and Oupada

<sup>15</sup> Badanugaon UGUP School in Khurda district.

be decided by a district level committee based on the children's preferences and local availability of vegetables.

The following deficiencies were noticed in implementation of the scheme.

### **3.1.5.1 Disruption in implementation of MDM programme**

During 2004-08, targeted feeding days fell short by five to 16 per cent in the State

As against the required 840 days for providing MDM during 2003-07, the State Government extended the programme for 789 days<sup>16</sup> and the students were deprived of MDM at an average of 13 school days in a year during 2003-07. However, during 2007-08 the students were deprived of MDM for 37 school days against required provision of 230 days.

The State Government stated that in the years 2005-06 and 2006-07 there were severe floods in Orissa which disrupted MDM services. However, the reply was silent on the shortfall in achievement for the remaining period.

### **3.1.5.2 Non provision of MDM in drought affected districts**

Belated/non-issue of notifications by Government affected implementation of MDM in schools of drought affected areas during summer vacations

The Supreme Court had directed (April 2004) that MDM was to be provided to the students during summer vacations as well in drought affected areas based on which the Government of India provided assistance at the prevailing parameters in areas declared as drought affected by the State Government. During 2004-08, 1615 villages in 2004-05, 1706 villages in 2005-06 and 1212 villages in 2007-08 having crop loss of 50 per cent and above were declared drought affected by Government. The WCD department however issued instructions only on 18 June 2005 to the DSWOs to provide cooked meal during the summer vacations of 2005 failing which they were to supply dry ration at the rate of three kilogram per child per month by which time the summer vacation for the year was over. No such instructions were issued for the summers of 2006 and 2008. Thus, due to belated/non-issue of instructions by the department, the students in the drought affected villages could not be served MDM during summer vacation of 2005, 2006 and 2008.

### **3.1.5.3 Delay in implementation of cooked meal**

GOI extended (1 September 2004) the coverage of MDM programme to all the primary school students with a provision for cooking cost at the rate of rupee one per day per beneficiary in addition to supply of rice free of cost, but the State Government failed to provide cooked meals to 51 lakh primary school students during September 2004 to January 2005 and provided the same at the rate of 50 paise per day per beneficiary thereafter up to March 2005.

Further, GOI decided (October 2007) to extend the mid-day meal scheme to upper primary classes (VI to VIII) in Educationally Backward Blocks (EBBs) commencing from 1 October 2007 with provision of cooking cost at the rate of Rs 2.64 (GOI share: Rs 2.00 and State share: Re 0.64) per day and 150 grams of rice per day per beneficiary free of cost. However, due to delay in issue of notification (January 2008), the scheme was implemented from February 2008

<sup>16</sup> 197 days in 2003-04, 201 days in 2004-05, 190 days in 2005-06 and 201 days in 2006-07.

covering 5.26 lakh students in 8401 upper primary schools of 172 EBBs in 22 districts of the State.

Thus, delay in implementation of the cooked meal under the scheme in both above cases denied the extended benefits of the scheme to over 56 lakh students leading to non availment of GOI assistance of Rs 58.26 crore during the above periods.

#### **3.1.5.4 Provision for condiment, vegetable and fuel**

Expenditure of Rs 14.37 crore incurred for procurement and utilisation of condiments at the school points was not verifiable in absence of records

In all the test checked schools it was seen that the school heads incurred initial expenditure towards provision of condiments, vegetables and fuel from their own sources and got reimbursed from the respective blocks after submission of monthly progress reports with delay ranging from two to 46 months in Bolangir district and 11 Blocks in Bargargh, Mayurbhanj, Sonepur and Sundargarh districts. In absence of required imprest money, 52 test checked schools did not provide MDM on an average of seven days in a year. None of the 132 schools test checked in audit maintained cash book, supporting vouchers and other related records in proof of purchase of condiment, vegetables etc. to provide wholesome meals to the beneficiaries, in absence of which actual utilisation of Rs 14.37 crore paid during 2003-08 was not verifiable.

Interview of 652 students in the audited schools revealed that weekly two eggs were given to only 36 *per cent* students and 45 *per cent* of students complained about the poor taste and single menu; 16 *per cent* of students stated that the quantity of MDM was insufficient. Children in urban schools of Ganjam district belonging to affluent parents expressed their unwillingness in writing to take MDM. Joint surprise visit by audit and departmental officers to two schools in Baragarh district showed that only 93 students out of 321 present on that day took the meal. The Heads of the schools stated that most of the students were reluctant to take food due to the same monotonous menu being served on all days. Eighty two *per cent* of the parents interviewed, stated that quality of the MDM should be improved with varied menu to attract students. Surprise visit to eight schools<sup>17</sup> in three districts showed that the students were taking only rice and dal. No vegetable were served to them.

#### **3.1.5.5 Provision of eggs in the menu**

Under the scheme, cooking cost per beneficiary per school day was fixed at Rs 1.58 (July 2005), Rs 1.64 (October 2005) and Rs 2.14 (September 2006) for meeting expenses on dal, vegetables, oil, condiments, fuel and supervision charges etc. For maintaining uniformity in expenditure on different items with in the cooking cost across the State, the State Government fixed sums to be spent on these items per day / beneficiary from time to time.

It was observed that cooked meal was served daily with same items like rice and a preparation of dal often mixed with vegetables. From October 2005, one

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<sup>17</sup> Baragarh district - 1. Khajuritikira UPS, 2.Kushanpuri GPS, 3.Nuapali GPS 4.Hindi Boys school Sundargarh district - 1. Telendihi MPS, 2. Giringkela UPS Bolangir district: 1. Project Schools, College Chhak and 2. Bijakhamand PS, Bolangir

egg was added to weekly menu by allocating 35 paise per day / beneficiary for procurement of one egg at rupees two. This was enhanced to two eggs from November 2006 with allocation of 76 paise per day / beneficiary by which time the cooking cost was raised by only 56 paise. As the suppliers in many places were not willing to supply eggs at the above cost, the same was revised (December 2007) to Rs 2.28 per egg. To accommodate the cost of egg within the cooking cost, allocation on other items like vegetables, condiments and dal were curtailed by 10 to 50 *per cent* per beneficiary / day. However, the State Government did not consider providing any additional financial input to keep allocations against other essential items intact.

**Huge savings on egg component denied the desired nutritional value to the beneficiaries**

It was seen that in 16 districts, out of the total provision of Rs 65.60 crore made for supply of eggs during 2005-08, only Rs 20.03 crore was spent (31 *per cent*) and Rs 45.57 crore remained unspent with the DSWOs concerned as of March 2008. In the eight<sup>18</sup> schools visited by audit during MDM hours, it was seen that children were taking only cooked rice as adequate dal was not made available.



Students taking MDM without dal in Telendihi Misson School

Thus, the unrealistic fixation of procurement price of eggs hindered the supply of eggs between October 2005 and December 2007 and the Government failed to ensure provision of intended calories and protein in MDM during the period.

In Kalahandi district, the suppliers did not come forward even after increase in the cost of egg to Rs 2.28 due to non-availability of required quantity in the district and hike in cost price of egg. Consequently, the Government ordered (March 2008) to utilise the unspent balance of the egg component by supplying soya chunk to students to overcome the nutritional deficiencies. This order was yet to be implemented (April 2008).

The DSWOs of 10 districts stated that due to low price of eggs fixed by Government and unwillingness of suppliers to supply at such rate, eggs could not be provided as per the above norm. The department stated (June 2008) that the sources of egg supply in the State were insufficient to cater to the total requirement.

**No primary school student in the State was given micro nutrient and de-worming tablets**

### 3.1.5.6 *Micronutrient supplementation and de-worming administration*

The MDM programme also envisaged for appropriate health interventions such as administration of micronutrients of iron and folic acid supplementation

<sup>18</sup> Baragarh district - 1. Khajuritikira UPS, 2. Kushanpuri GPS, 3. Nuapali GPS and 4. Hindi Boys school Sundargarh district – 1. Telendihi MPS, and 2. Giringkela UPS, Bolangir district: 1. Project Schools, College Chhak and 2. Bijakhamand PS, Bolangir.



weekly and six monthly doses of medicines for de-worming. However, nowhere in the State had the micronutrients and de-worming medicines been given to school children during the period covered in audit.

### **3.1.5.7      *Loss of teaching hours***

Teachers in the test checked schools were spending 40 per cent of teaching hours in a week in MDM activities

The scheme stipulated that the MDM activities should not adversely affect either the duration or quality of teaching and learning schedule in schools and should be so organised that the entire process of serving and consumption of the meal would not take more than the scheduled lunch break of 30 minutes. It was seen in the test checked schools with one or two teachers that out of 29 hours of teaching hours prescribed for a week, the teachers were engaged in MDM activities on an average of 12 hours (40 per cent) i.e. (i) six hours for receipt, weighing and maintenance of records, (ii) three hours for procurement of vegetables and condiments etc. and (iii) three hours for supervision of cooking and serving of meals. The State Government stated that the MDM activities in 32553 schools (50 per cent) out of total 65528 schools had been handed over to women self help groups (WSHGs) by the end of 2007-08.

### **3.1.5.8      *Community participation***

Mother teacher associations were not actively participating in MDM activities in schools

It was obligatory for the parents to know about the MDM which was being served to their children. At the school level, mother teacher association (MTA) was to be assigned responsibility for implementation and supervision of the programme. Interview in audit revealed that only 12 per cent of mothers had visited the school during MDM hour and tasted the food. This showed poor efforts of the school administration to associate mothers in MTA.

### **3.1.5.9      *Non-adherence to Right to Information Act***

In compliance with the Right to Information Act, the WCD department directed (October 2006) all the DSWOs to ensure that the schools and EGS centres were to display information on monthly basis on quantity of food grains received with date of receipt, quantity of food grains utilised, other ingredients purchased, utilised; number of children given MDM, daily menu, member of MTA, names of the president and secretary of WSHGs etc. The DSWOs in turn directed all BDOs to ensure compliance. But in none of the audited schools such display was noticed.

### **3.1.6      *Impact of the scheme***

One of the primary objectives of the scheme was to improve enrolment, attendance of children as well as reducing the drop-out rate in school besides improving the nutritional and health status of students. The State Government did not evolve any mechanism to assess and evaluate the overall impact of the scheme on the above objectives. Analysis of the enrolment and attendance figures for the five year period ending March 2008 indicated the following:

### 3.1.6.1 Enrolment

It was seen in the audited schools in the test checked districts of Baragarh, Cuttack, Khurda and Sonepur that the enrolment of students gradually decreased over the period covered in audit in contrast to the remaining three districts, namely Bolangir, Ganjam and Sundargarh where it varied all along vide *Appendix - 3.4*. Considering increase in reporting of enrolment by the State to GOI (2004-07), the declining trend of enrolment in test checked districts showed that the scheme did not contribute to increase in enrolment of children.

### 3.1.6.2 Attendance

Considering the utilisation of cooking cost provided by the GOI at the rate of 50 paise per student per day from January to June 2005, rupee one from July 2005 and Rs 1.50 from July 2006 onwards, on a daily average 37.34 lakh beneficiaries availed of MDM during January 2005 to March 2008. The attendance rate of students thus worked out to an average of 77 *per cent* of the enrolment during 2005-08, while the average attendance rates of students reported to GOI for the year 2005-06 and 2006-07 were 87.81 and 79.91 *per cent* respectively.

### 3.1.6.3 Health status of students

In none of the schools periodical health check up including measurement of the height and weight of students was taken up to assess their health status. It was noticed in the test checked districts that the schools were not even supplied with weighing machines except Mayurbhanj district. No mechanism was in place to measure improvement in health status of the children after introduction of MDM.

### 3.1.6.4 Observance of hygiene during cooking and serving

Instances of children taken ill after consuming MDM were reported. As per records, 85 children<sup>19</sup> in three instances became sick after consuming MDM during January 2005 and February 2006. The DSWO, Mayurbhanj stated that 14 students complained of abdominal discomfort and were hospitalised after consuming rotten eggs in Batapandugandi primary school under Jashipur Block (August 2007). Eight



Children  
falling sick  
after  
consuming  
MDM

*per cent* of the beneficiaries interviewed by audit, stated that they developed

<sup>19</sup> (i) 39 students of Laxmannath Primary School, Jaleswar in Baleswar district on 27 January 2005 as the cook added ammonia sulphate to the dal with the impression that it was salt, (ii) 27 students of Kendupalli Raut Bhuin Primary School of Narasinghpur Block in Cuttack district on 11 January 2005 due to food poisoning and (iii) 19 students of Madhupur UGME School, Baranga, Cuttack on 14 February 2006 as they were served staled soaked rice (pakhala) that caused food poisoning.



complaints like nausea and vomiting, loose motion etc. after consuming MDM. The WCD department in their circular (March 2008) advised Collectors to take remedial measures to avoid serving of stale / contaminated food and soaked rice. These instances were indicative of the fact that hygienic aspect of MDM was not being given proper attention.

### **3.1.7                    *Management, Monitoring and Evaluation***

#### **3.1.7.1                *Poor spending under management, monitoring and evaluation***

The scheme provided for grant of central assistance at a rate of 0.9 *per cent* of the total assistance under food grains, transportation cost and cooking cost towards expenditure on Management, Monitoring and Evaluation (MME) for the year 2004-05. This was increased to 1.8 *per cent* of such assistance from 2005-06. The assistance was to be utilised for (a) school level expenses, (b) Management, supervision, training and internal monitoring and evaluation and (c) external monitoring and evaluation. GOI assistance of Rs 7.13 crore was received during 2004-08 under MME including Rs 93.06 lakh for external evaluation, of which only Rs 16.52 lakh was given (March 2006) to the State Council for Educational Research and Training (SCERT) for an internal assessment of the scheme. However, no funds were utilised towards independent external evaluation of the scheme (May 2008) to assess the outcome of the programme.

#### **3.1.7.2                *Evaluation study not followed up***

SCERT conducted (2006-07) an evaluation study of the scheme. The interim report revealed the following deficiencies / shortcomings:

- Dal and eggs were made available to students in about half of the schools,
- Children expressed dissatisfaction with quality and poor taste of MDM,
- Student strength in schools reduce noticeably after the MDM is over,
- Monthly supervision by doctors / health workers is weak,
- Lack of participation of community members for preparation and distribution of MDM,
- Lack of Block / District level monitoring and supervision in about 40 *per cent* of the schools.

The above findings of the SCERT were yet to be addressed by Government (July 2008).

#### **3.1.7.3                *Shortfall in supervision and inspections***

The GOI also required the State to draw up inspection programme which would cover 25 *per cent* of the primary schools on an average in a quarter. As

Monitoring of programme implementation through supervision and inspection were ignored at different levels

per State Government instructions (July 2005), two, five and 10 *per cent* of the schools were to be supervised by the District level, Sub-division level and Block level officials respectively in each month and all the blocks covered within a period of two months and all the schools in each quarter. Besides, the BDOs were to arrange inspection of at least two schools every month and all ICDS supervisors and statistical assistants were to inspect at least five schools every month by drawing a calendar of inspection ensuring even coverage of inspection. However, no such supervision and inspection were conducted by concerned officials in all the test checked districts. While the DSWOs, Sonepur, Bolangir, Khurda and Sundargarh stated that due to lack of man power and vehicle, the percentage of inspection could not be achieved, the DSWOs, Bargarh, Cuttack and Ganjam stated that action was being taken in the annual action plans for providing supervision of MDM Schools.

#### 3.1.7.4 *Non formation of steering committee*

Steering cum monitoring committees were either not formed or were not holding meetings wherever these were formed

The programme provided (September 2004) formation of Steering-cum-Monitoring Committee (SMC) at State, District and Block levels for effective monitoring of the scheme. The WCD Department stated that only two meetings of the State Monitoring Committee (SMC) were held during 2004-08 against prescribed two half yearly meetings. In the seven test checked districts, it was seen that district level steering-cum-monitoring committees were formed in six districts except Sonepur district. However, in two districts (Sundergarh and Bolangir), the committee had not even sat for its debut meeting. Block level steering-cum-monitoring committees were formed only in Ganjam district. Four quarterly meetings of the steering cum monitoring committee at the district and Block levels were to be held in a year. The nodal department did not have any information on any such meeting being held during 2004-08. The DSWOs of other districts stated to be initiating action in this regard.

#### 3.1.7.5 *Non preparation of progress reports*

Lower functionaries like DSWOs and BDOs were not furnishing monthly and quarterly progress reports regularly to the department. These reports, wherever received, were never analysed at the State level for assurance and remedial measures, if required. Thus, absence of monitoring had led to many failures in implementation of the programme as commented in this report.

#### 3.1.7.6 *Vacancies in field formations*

It was seen that there were vacancies of programme implementing staff ranged from 37 to 62 *per cent* of sanctioned strength of SEOs, SSWOs and ADSWOs in the block, sub-division and district levels in the State as below affecting monitoring and supervision of the implementation of the scheme.

Category of post	2006-07				2007-08			
	Sanctioned strength	In position	Vacancy position	Percentage of vacancy	Sanctioned strength	In position	Vacancy position	Percentage of vacancy
SEO/LSEO	346	218	128	37	346	211	135	39
SSWO	57	36	21	37	57	36	21	37
ADSWO	13	5	8	62	13	5	8	62

### **3.1.7.7      *Management Information system***

**MIS was not  
in existence  
in the test  
checked  
districts**

The scheme provided for development of a computerised management information system (MIS) for proper monitoring of the performance by the department implementing the scheme in consultation with the National Informatics Centre (NIC). It was noticed that the system was not in operation/existence in any of the test checked districts. Thus, adequate attention has not been given by the State Government to effectively monitor the programme through the MIS.

### **3.1.8      *Conclusion***

Performance audit of implementation of the MDM programme in the State revealed several deficiencies. Absence of mechanism to cross verify enrolment data received from schools led to over-reporting of data during 2004-07 and excess indenting of food grains and funds. The transportation and delivery of food grains at school points was not monitored by the various functionaries at district and block levels leading to delayed, short delivery and misappropriation of rice besides admitting excess claims of transportation charges. The construction of kitchen-cum-stores remained incomplete for over two years due to less provision of funds and implementation of smokeless chullahs was absent affecting the appropriate storage and safety of food grains and maintenance of hygienic condition of cooking and serving of MDM. In spite of availability of material and monetary resources MDM served could not reach the targeted school days. Provision of monotonous menu dissuaded the students on taking MDM. Involvement of teachers executing the programme reduced teaching hours and the implementation lacked the intended community participation. The important objectives of periodical health checkups, nutritional supplementation and supply of tablets for de-worming were neglected. The internal control mechanism was slack as required supervision through inspections by the officials at the State, district and block levels was not done which resulted in excess and avoidable extra expenditure in number of cases. Evaluation of the scheme as a whole was not done and as such the impact of the scheme remained unassessed.

### **3.1.9      *Recommendations***

- Loopholes in the transportation contracts may be plugged.
- Steps for strengthening of infrastructure with adequate provision of kitchen-cum-store, supply of LPG for cooking and placement of inspection staff in coordination with the officials of School and Mass Education Department may be considered.
- The provision of periodical de-worming, micronutrient supplementation like iron and folic acid tablets, health services and nutritional education may be converged with school health programme under the National Rural Health Mission.
- The implementation of MDM may be fully off loaded from the teachers so that the teachers would get full time for teaching activities.

- Imprest may be provided to implementing agencies for advance planning of procurement of condiments, vegetables and diversified menu etc.
- A moderate amount of additional input may be considered to enhance the quality of MDM.
- Functioning of monitoring system may be made effective. Convening of the SMCs be made regular and decisions taken in the SMCs be implemented at the field level.

## WATER RESOURCES DEPARTMENT

### 3.2 Rengali Irrigation Project

#### *Highlights*

*The Rengali Irrigation Project was taken up for execution in 1980-81 at an estimated cost of Rs.233.64 crore for providing irrigation to 2.36 lakh ha of cultivable command area (CCA) by March 1991 through the Left Bank Canal (LBC-141 km) and Right Bank Canal (RBC-112 km). As of May 2008, excavation of the LBC and RBC was restricted to 71 km and 79 km respectively with irrigation potential of only 0.58 lakh ha. The project remained incomplete in haphazard shape despite investment of Rs 1695.61 crore as of March 2008. There were significant lapses in planning and execution of the project rendering techno economic viability of the project doubtful.*

- ❖ The project scheduled for completion by March 1991 at Rs 233.64 crore remained incomplete (March 2008) despite investment of Rs 1695.61 crore. Trial irrigation was provided to only 0.09 lakh ha of CCA against the designed ayacut of 2.36 lakh ha (four per cent). Techno-economic viability of the project was not reassessed.

(Paragraph 3.2.6 and 3.2.11)

- ❖ Excavated canals were severely damaged due to non-provision of protective measures suggested by GSI rendering the expenditure of Rs 103.46 crore on canal excavation unfruitful apart from extra liability of Rs 79.93 crore due to poor planning.

(Paragraph 3.2.7.2 and 3.2.7.3)

- ❖ Time over-run due to delay in acquisition of land, approval of drawings/designs and poor contract management resulted in cost over run of Rs 31.78 crore.

(Paragraph 3.2.9.1 and 3.2.9.2)

- ❖ RBC from 58.68 to 60.08 km constructed between 1998 and 2006 at a cost of Rs 17.11 crore was severely damaged. TAC expressed apprehension regarding stability of the canal due to critical configuration of the alignment.

(Paragraph 3.2.9.3)

- ❖ Excess payment of Rs 0.87 crore was made to two contractors by recording inflated measurements.

(Paragraph 3.2.9.9)

#### 3.2.1 Introduction

The Planning Commission (PC) conveyed (March 1978) acceptance to the proposal for construction of Rengali Irrigation Project (RIP) at Samal on river Brahmani at an estimated cost of Rs 233.64 crore to provide irrigation to 2.36 lakh ha CCA in the drought-prone areas of Dhenkanal and Keonjhar districts.

\* Abbreviations used in this performance review have been expanded in Glossary of abbreviations at pages 234 to 238

The project envisaged construction of head works (Barrage), LBC for 141 km and RBC for 112 km and was stipulated for completion by 1991. The map of the project is given in the *Appendix - 3.5*.

### **3.2.2 Organisational set up**

The project was being implemented by three Chief Engineers (CEs) separately for the Head Works/LBC, RBC and Designs who were responsible to the Engineer-in-Chief (EIC) and the Government. The CEs were assisted by 20 Executive Engineers (EEs) under the supervision of four Superintending Engineers (SEs).

### **3.2.3 Audit objectives**

A performance audit of the project was conducted with the following objectives whether:

- Project planning and policy formulation was effectively and efficiently done;
- Financial controls were in place and effective;
- Project implementation (component-wise) was efficient to avoid cost and time over-run;
- Contract management was effective and quality control measures ensured at all stages of execution;
- Monitoring and evaluation system was in place and adequate.

### **3.2.4 Audit criteria**

The audit criteria considered for the performance audit were as follows:

- Acceptance/clearance accorded by the Central Water Commission and Planning Commission.
- Project report, sanctioned estimates/revised estimates.
- Project Appraisal Reports submitted to Government / funding agencies,
- Inspection Reports of higher authorities/consultants, proceedings of review meetings, proceedings of tender committees, quality control reports and GSI inspection reports.

### **3.2.5 Audit coverage and methodology**

Mention was made in para 4.1 of the Comptroller and Auditor General of India's Report for the year ended 31 March 2000 regarding non-completion of the Rengali Irrigation Project, non-accrual of intended benefits and widespread mismanagement in payment to contractors particularly with reference to construction of the project up to the head works (barrage). The Report had not been discussed in the Public Accounts Committee (PAC) as of August 2008.

As the project remained incomplete for 28 years a performance audit on its implementation was carried out between December 2007 and May 2008 covering the construction activities of the LBC and RBC during the period from 2003-08 through test check of records in the Department of Water Resources, Offices of the EIC, CE, Financial Advisor and Chief Accounts Officer (FA&CAO) and 10<sup>1</sup> out of 20 EEs selected on the basis of volume of works executed vis-à-vis expenditure incurred. Records relating to earlier periods were also checked wherever considered necessary. Joint physical inspection of some work sites by audit along with departmental officers was done. The entry conference was held with the Principal Secretary, Department of Water Resources in April 2008 and the exit conference was held in September 2008.

### Audit findings

#### 3.2.6 Project planning

Revised estimate of the project was not prepared and the techno-economic viability of the project was not assessed

The Department was required to conduct comprehensive pre-construction survey and investigation and plan the execution of the project systematically so that basic requirements such as land acquisition, forest and environmental clearance, ayacut planning etc. were fulfilled and coordination with other agencies achieved to ensure smooth and timely completion of the project. This was however not done as discussed in Para 3.2.7.

The PC, while conveying acceptance (March 1978) to the original project report, observed that the cost of the project for Rs 233.64 crore was very high and suggested constitution of a committee under the chairmanship of the Member (Planning & Projects) of Central Water Commission (CWC) to examine the various aspects of the project. This was not done. The CE submitted a revised estimate (July 1986) for Rs 707.39 crore to the Government after detailed investigation, which was not also sanctioned (May 2008).

There was time over-run of 18 years in completion of the project which contributed to cost over-run of Rs 1461.97 crore (626 per cent)

The original project report (1979) had projected the Benefit Cost Ratio (BCR) as 3.58 which declined to 1.51 (against the minimum norm of 1.50) as per the revised estimate of July 1986. The revised estimate for the project as a whole was not prepared as a result of which the techno-economic viability of the project could not be assessed despite instructions from the CWC way back in October 1996. The works were thus executed in a piecemeal manner without analysing and assessing their impact on the whole project. In the process, there was time over run of over 17 years and the cost over-run (Rs 1461.97 crore) was as high as 6.26 times of the original estimate.

Government stated (September 2008) that in the past estimates were prepared for the sections taken up in stages. The revised estimate for the RBC had been approved (February 2008) by the Technical Advisory Committee (TAC) of CWC and that of the LBC was under preparation.

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<sup>1</sup> OECF Division No. I, II, III, IV, Head Works Division, Rengali Right Canal Divisions No. I, II, III, IV and Sapua Badjore Irrigation Division.

### 3.2.7 Project implementation

#### 3.2.7.1 Physical targets and achievements

The targets and achievements in execution of different components of the project as of March 2008 were as under:

Component	Original target/date of completion	Revised target date for completion	Date of completion	Expenditure (Rs. in crore)	Designed potential (in lakh hectares)	Physical progress (in per cent)	Potential created as of March 2008 (in lakh hectares)	Irrigation provided as of March 2008
Head works	March 1991	-	1995	474.10	-	100	-	-
LBC-I (00 to 29.17 km)	March 1991	-	2004		0.08	100	0.08	Only trial irrigation provided. Joint ayacut verification with revenue authorities not done.
LBC-II Phase-I (29.17 to 71 km)	March 1991	March 2001	Incomplete	752.24	0.29	77	Nil	Nil
LBC-II (Phase-II) (71.00 to 141 km)	March 1991	March 2005	Not taken up	Nil	0.78	0	Nil	Nil
RBC-Phase-I (00 to 79 km)	March 1991	March 2001	Incomplete	467.32	0.21	37	0.01	Only trial irrigation provided in 2007.
RBC-II Phase-II (79 to 112 km)	March 1991	March 2005	Not taken up	Nil	1.00	0	Nil	Nil

Source: Progress Report of LBC/RBC and records of CE

The Government administratively approved (1979/1981) construction of head works (barrage) and the LBC for 141 km at a cost of Rs 164 crore and the RBC for 112 km at a cost of Rs 69.64 crore. The construction activities were, however, restricted to 71 km of the LBC and 79 km of the RBC with a total designed ayacut of 0.58 lakh ha.

**Left Bank Canal** - The barrage and the LBC-I for 29 km were completed in March 2005 with expenditure of Rs 474.10 crore under State Plan (Rs 223.14 crore) and loan from World Bank Water Resources Consolidation Project (WRCP-Rs 250.96 crore) with creation of irrigation potential of 0.08 lakh ha. PC conveyed acceptance (July 1997) to the revised estimate of the LBC-II (29 to 141 km) for Rs 705.15 crore stipulating completion by March 2005. Work from 29 to 71 km was taken up (December 1997) with loan assistance (Tranche-I) of Rs 227 crore from Japan Bank of International Cooperation (JBIC) for completion by March 2001 to provide irrigation to CCA of 0.29 lakh ha. This portion, however, remained incomplete despite expenditure of Rs 752.24 crore as of March 2008.

**Right Bank Canal** - No tangible work had been executed for the RBC till 1995-96. With a view to providing irrigation to 0.21 lakh ha of CCA within four years, Government of India (GOI) approved (February 1997) execution of RBC for 79 km under Accelerated Irrigation Benefit Programme (AIBP) with loan assistance of Rs 208.16 crore stipulating completion by February 2001. Excavation of the main canal of RBC in this reach was nearing completion



except for the gaps for railway/road crossings at three sections. (23.01 km, 28.51 km and 34.61 km). Excavation of the branch canals, minors and sub-minors was only 23 per cent as of March 2008.

### **3.2.7.2 Excavation work on Left Bank Canal (LBC)**

Out of 56 packages costing Rs 951.18 crore approved for execution in LBC upto 71 km, 14 packages costing Rs 146.26 crore were completed, 34 packages were under progress while eight packages had not been taken up as of March 2008.

In the original project proposal the LBC was proposed to be a fully lined canal to avoid damage and slope failure. The barrage and excavation of the head reach of LBC for 29 km which commenced in 1980-81 was reported as completed in 2005 at a cost of Rs 474.10 crore. The canal was, however, neither excavated to the designed section nor were the slopes protected with CC lining leading to severe damages in several reaches.



(Damaged canal embankment at RD 8.00 km to 8.04 km due to absence of CC lining)

**Excavated canals were severely damaged due to non-provision of protective measures suggested by GSI rendering expenditure of Rs 103.46 crore on canal excavation unfruitful**

The CC lining along with construction of service roads on the canal embankments from 00 to 23 km was awarded (July 2001) to a contractor by the CE under two agreements at a cost of Rs 13.06 crore for completion by January 2003. The service roads were executed for Rs 1.72 crore but the CC lining works could not be executed due to non-execution of the canal to the designed section. As a result, the contracts were closed in January 2005. In none of the packages, the CC lining was provided and the canal excavated in haphazard manner was exposed to weather conditions. Geological Survey of India (GSI) suggested (March 2003/June 2004) immediate slope protection measures for arresting further deterioration of the canal slopes.

The CE submitted (December 2007) an estimate amounting to Rs 101.15 crore for lining of the LBC from 00 to 29 km, which was not sanctioned as of April 2008. Computed at the estimated cost (December 2007), non-execution of CC lining as per agreement resulted in an extra



(Bank sliding at RD 34.10 to 34.20 km of LBC)



(Bank sliding at RD 33.57 to 33.67km)

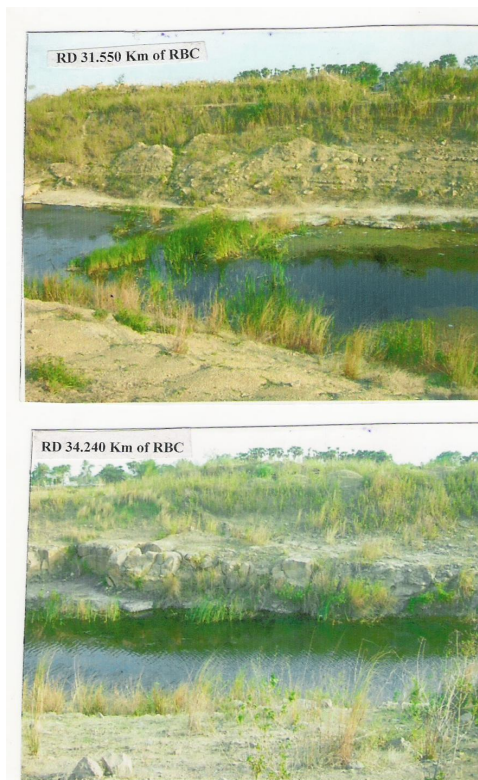
liability of Rs 79.93 crore.

Audit observed during visit (January 2008 to March 2008) to the sites along with the Engineers in charge that no slope protection measures were undertaken and the slopes and berms of the canal embankments from 33 to 35.50 km and 55.50 to 71.31 km were badly damaged. There was land sliding with depressions upto seven metres which was not reported to the higher authorities.

Due to non-rectification of the damages and non-completion of the work, the expenditure of Rs 86.91 crore incurred on the LBC in these stretches remained unfruitful. Government stated (September 2008) that the canals could not be excavated to the designed section as per agreement due to public hindrances and suitable measures to protect the canal would be taken in consultation with TAC. It was further stated that the expenditure was not unfruitful since the project had successfully supplied water to 0.12 lakh ha of CCA. The reply was not factually correct as no water had been supplied in the LBC beyond 29 km.

### 3.2.7.3 *Excavation work on Right Bank Canal (RBC)*

Excavation of the RBC from 30.36 to 39.71 km in truncated section was awarded (December 1997) to a contractor for Rs 12.07 crore. The contractor completed the work in November 2003 with payment of Rs 11.93 crore. The balance work in full designed section was allotted (December 2003) to Orissa Construction Corporation (OCC) for Rs 5 crore (including overhead charges) for completion by October 2004 which was extended up to June 2006. The work remained incomplete as of May 2008 with payment of Rs 4.62 crore to OCC. The canal slopes and banks, however, slipped and failed at various locations. The problem was discussed in the TAC meeting (April 2007) wherein it was recommended that lining should be provided in patches wherever required from 26 to 34 km. It was however, suggested that one or two patches should be taken up on a trial basis before the rainy season and if these functioned properly the balance of the reaches should be done. No such trial patch had been executed as of May 2008.



(Failure of slope and slippage of embankments at RD 31.55 to 34.24 km of RBC)

Thus, the RBC from 30.36 to 39.71 km taken up in December 1997 remained incomplete and in damaged condition with slope failures rendering the

expenditure of Rs 16.55 crore unfruitful. The Government while accepting the factual position stated (September 2008) that an agreement had been drawn up for doing gabion lining on trial basis.

### 3.2.7.4 Delay in acquisition of land

Despite posting of two Special Land Acquisition and Rehabilitation Officers with supporting staff for the project, acquisition of land was considerably delayed which resulted in time and cost over run. Against 2928.67 ha of private land required for Phase-I of LBC and RBC of the project, 128.23 ha was not acquired as of March 2008. Out of 2107 ha of forest land involved in execution of work for Phase-I of LBC, stage-II forest clearance was obtained for only 812 ha as of March 2008. As a result of delay in obtaining forest land clearance, works in LBC in six packages<sup>2</sup> involving 68 ha of forest land were delayed for periods ranging upto eight years.

### 3.2.8 Financial Management

The budget provisions vis-à-vis actual expenditure on the project were as follows:

*(Rupees in crore)*

Year	Budget provision			Expenditure			Savings (percentage)
	Headworks & LBC	RBC	Total	Headworks & LBC	RBC	Total	
Upto 2002-03	1114.25	307.98	1422.23	802.04	290.38	1092.42	329.81 (23.18)
2003-04	64.65	31.73	96.38	59.71	26.59	86.30	10.08 (9.72)
2004-05	72.99	39.18	112.17	61.82	34.33	96.15	16.02 (17.97)
2005-06	64.42	36.00	100.42	60.55	33.37	93.92	6.50 (6.53)
2006-07	70.69	38.80	109.49	65.75	27.07	92.82	16.67 (18.25)
2007-08	187.57	58.68	246.25	178.42	55.58	234.00	12.25 (30.17)
Total 2003-08	460.32	204.39	664.71	426.25	176.94	603.19	61.52 (9.26)
<b>Grand total</b>	<b>1574.57</b>	<b>512.37</b>	<b>2086.94</b>	<b>1228.29</b>	<b>467.32</b>	<b>1695.61</b>	<b>391.33 (18.75)</b>

#### 3.2.8.1 Surrender of funds

Funds for Rs 28.67 crore were surrendered due to non-utilisation

It was noticed that due to non-finalisation/delay in finalisation of tenders and land acquisition cases, out of the total provision of Rs 242.55 crore during 2003-08 for the major works and land acquisition of the LBC, an amount of Rs 28.67 crore could not be utilised and was surrendered.

#### 3.2.8.2 Payment of unauthorised advance to LAO

Without sanction of estimate, LAO was paid advance of Rs 2.07 crore at the fag end of financial year to avoid lapse of allotment. CC vouchers for Rs 15.18 crore were not furnished by the LAOs

As per Rule 3.6.4 of Orissa Public Works Department Code, payment of advance to the Special Land Acquisition Officer (LAO) for disbursement of compensation to the land owners was to be made only after sanction of the estimate by the Government. It was however noticed that an amount of Rs 2.07 crore was advanced (March 2008) to the LAO, Talcher without sanction of any estimate to avoid lapse of allotment and letter of credit. The CE instructed (May 2008) the LAO to regularise the payment by obtaining

2 Package No. 17- 4 ha for the reach of RD 55.18-55.48 km, Package No. 18-6 ha for the reach of RD 55.50-56.54 km, Package No. 11(A)- 21 ha for the reach of RD 0-0.75 and 2.49-5.91 km, Package No. 11(B)- 24 ha for the reach of RD 11.83-18.00 km , Package No. 11(C) -6 ha for the reach of RD 18.80-19.79 km, Package No. 11(D)- 7 ha for the reach of RD 30.73-31.96 km

sanction to the estimate from the Government. This was not regularised as of May 2008.

Out of the total advance of Rs 61.19 crore paid to the LAOs, Dhenkanal and Talcher between 1998 and 2008 for payment of land acquisition charges and rehabilitation assistance, the LAOs did not furnish accounts for Rs 15.18 crore as of March 2008. Government stated (September 2008) that necessary steps were being taken to render the accounts during 2008-09.

### 3.2.8.3 *Excess establishment expenditure*

Of the total expenditure of Rs 603.19 crore incurred during 2003-08, the expenditure on establishment was Rs 77.13 crore which worked out to 14.66 *per cent* of the works expenditure (Rs 526.06 crore) as against 10.5 *per cent* admissible. This resulted in excess expenditure of Rs 21.89 crore on establishment beyond the norms. For survey and investigation of the RBC from 79 to 95 km, two divisions<sup>3</sup> were functioning since August 2001. The establishment expenditure of these two divisions was Rs 5.41 crore against works expenditure of Rs 0.65 crore. Thus, continuance of these divisions without workload resulted in nugatory expenditure of Rs 5.41 crore.

### 3.2.9 *Execution of works*

Test check of records relating to execution of the project works disclosed several instances of undue benefit to contractors and extra avoidable expenditure as discussed in the succeeding paragraphs.

#### 3.2.9.1 *Extra cost due to delay in acquisition of land*

Failure to provide obstruction free land and approved drawings/designs to the contractors in time led to cost over-run of Rs 18.83 crore

Excavation of distributaries/branch canals in four reaches<sup>4</sup> was awarded (October 1998-February 2000) to four contractors at a total cost of Rs 19.58 crore for completion between August 1999 and July 2001. The contractors after executing works for Rs 8.11 crore stopped further execution (March/June 2004) due to non-handing over of obstruction free land/non-receipt of forest land clearance/non-supply of drawings/designs. The contracts were closed (March 2003-May 2007) by Government. The balance of the works for Rs 11.47 crore with additional items of works were awarded (March 2003-January 2008) on retender to other contractors/OCC at a total cost of Rs 26.87 crore which involved extra cost of Rs 9.53 crore relating to items of works as per original agreements. The works were under execution (May 2008). Government stated (September 2008) that in most of the cases although possession of land was given, the dues of the land owners had been retained under revenue deposit. Due to non-payment of their dues the land owners created hindrances during execution.

<sup>3</sup> RRC Division No V & VI

<sup>4</sup> (i) Distributaries, minors and subminors including head regulator and structures from RD 00 to 22.10 km of RBC, (ii) Bhairpur branch canal with all structures from RD 00 to 9 km of LBC, (iii) Kharprasad branch canal of RBC and (iv) Padiabanga, Balipadpur and Lingarkata distributaries of RBC.



Similarly, there was avoidable payment of escalation charges of Rs 9.30 crore for the extension of time granted for the construction of RBC from 63.15 to 66.25 km and LBC from 47.50 to 50.50 km. The extension of time was granted due to delay in acquisition of land and finalisation of designs. Government accepted (September 2008) the factual position.

### 3.2.9.2 *Non-recovery of penalty from defaulting contractor*

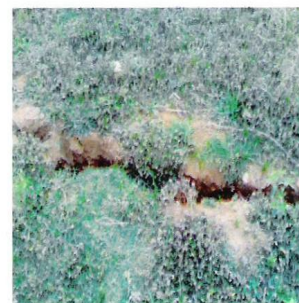
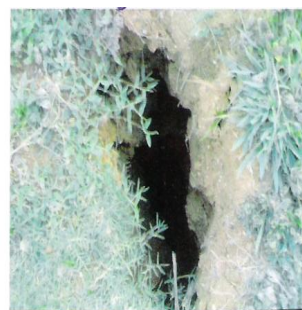
Extra cost of Rs 12.95 crore involved on execution of the balance works not recovered from the defaulting contractor

A contractor of two works viz: LBC from 33 to 35.5 km and 35.5 to 38.5 km with aggregate contract value of Rs 33.27 crore (increased to Rs 38.60 crore as per actual work involved) defaulted in execution and stopped (May 2007) the works after receiving payment for Rs 33.75 crore. Government closed (September 2007) the contracts with levy of penalty. The balance of the works for Rs 4.85 crore were allotted (January 2008) to OCC at a total cost of Rs 17.80 crore involving extra cost of Rs 12.95 crore with stipulation for completion by November 2008/September 2009. The works were under execution with payment of Rs 11 crore to OCC as of May 2008. The extra cost was not realised from the defaulting contractor as of May 2008. During the suspended period of the work of the reach from 35.50 to 38.50 km, the excavated area was filled in with water, slush and muck, the removal of which was entrusted to OCC involving an extra liability of Rs 0.21 crore. Government stated (September 2008) that action would be taken to recover the penalty from the contractor.

### 3.2.9.3 *Sub-standard execution of works*

Substandard execution of works in canal siphon resulted in unfruitful expenditure of Rs 17.11 crore

The work of RBC from 58.68 to 60.08 km with structures was awarded (October 1998) to a contractor for Rs 10.82 crore for completion by October 1999. The value of the work was increased (January 2002) to Rs 14.01 crore and the contractor after executing the work valuing Rs 10.54 crore stopped the work. To ensure completion of the work and provide irrigation by June 2003, Government closed (April 2002) the agreement and allotted (March 2003) the balance of the work to OCC for Rs 5.86 crore for completion by January 2004. The work remained incomplete with payment of Rs 6.57 crore to OCC as of May 2008.



(Damaged canal embankments at RD 59.79 to 59.81 km of RBC)

The canal siphon located at 59.73 km, the design/drawing of which was approved (May 1999) by the EIC (Civil), was constructed between 1998 and 2006. The canal crosses National Highway No. 42 (NH) in this reach. Although water supply was not commenced in the canal, rain water accumulated (September 2007)

in the canal siphon and was spurting out at two locations. The CE inspecting (September 2007) the site observed that water under pressure in the siphon barrel had found a route through holes in the slab and could endanger the slab structure during supply of canal water at full supply level. Though the problem was discussed thrice (May 2003, April 2007 and November 2007) in the TAC, no remedial action was taken as of May 2008.

Thus, non-completion of the canal in the above reach and substandard execution of the siphon not only resulted in huge damages but also rendered the expenditure of Rs 17.11 crore unfruitful posing uncertainty in supply of water beyond the 58<sup>th</sup> km of the RBC. Government stated (September 2008) that remedial measures were under consideration by a Technical Committee formed in July 2008.

#### ***3.2.9.4 Non-levy of liquidated damages on OCC and blockage of fund***

18 works awarded to OCC during 2003-2008 for completion between January 2004 and March 2008 remained incomplete and work advance of Rs 40.76 crore remained unadjusted

Government allotted 18 works of the project between March 2003 and March 2008 to OCC at a cost of Rs 87.37 crore stipulating completion between January 2004 and March 2008. All these works remained incomplete as of May 2008 due to default in execution by OCC and no further extension was granted to them. Despite that liquidated damage of Rs 8.74 crore was not levied on the Corporation. Further, four more works were allotted during 2007-08 at a cost of Rs 27.67 crore. Out of the total interest free advance of Rs 70.14 crore paid to the Corporation between 2003 and 2008, Rs 29.38 crore was adjusted in the on account bills leaving Rs 40.76 crore unrecovered as of May 2008.

#### ***3.2.9.5 Non-completion of excavation despite full execution***

Joint physical inspection of site disclosed that a substantial portion of the rock strata from 12.28 to 15.96 km of LBC remained unexcavated

Excavation of LBC from 10.00 to 17.60 km (balance of work) was awarded (June 1997) to a contractor for Rs 4.10 crore for completion by December 1999, which was subsequently extended upto March 2003. The contractor left the work incomplete (June 2003) and was paid Rs 5.22 crore. The balance of the work was executed between September 2004 through another contractor at a cost of Rs 0.90 crore. Against 8.08 lakh cum of excavation provided in the sanctioned estimate and the original agreement, the work was not completed as per the design level, but the two contractors together were paid for 8.36 lakh cum and the CE sanctioned (December 2004) the excess deviation indicating that the excavation of the canal in the reach was completed.

The CE proposed (December 2007) for further excavation of 1.15 lakh cum of MHR in the same reach involving Rs 2.54 crore. Government stated (September 2008) that in order to limit the expenditure to the package value, the canal on the reach was not excavated to the design level. The reply was not acceptable in view of the fact that against the total volume of 8.08 lakh cum of excavation provided in the original agreement to achieve the design section, excavation was made for an additional 0.28 lakh cum. Thus, there was no justification for further excavation of 1.15 lakh cum involving additional cost of Rs 2.54 crore.

### **3.2.9.6 Wasteful expenditure on lift irrigation points and blockage of fund**

**Lift irrigation projects could not be made functional due to non-supply of water in the canal resulting in blockage of Rs 5.92 crore**

The approved design statement of LBC of RIP from 29.17 to 71.31 km provided for lift irrigation to 2230 ha of CCA in the high lying areas where flow irrigation was not feasible. Accordingly, as per the estimate received from the Orissa Lift Irrigation Corporation Limited (OLIC), an amount of Rs 5.92 crore was deposited by the EE, OECF Division No-I, Badajhara with the Lift Irrigation (LI) Division, Dhenkanal in March and December 2004 for installation of 11 lift points (LIPs) at sites located by the project authorities for providing lift irrigation to 1440 ha of CCA by August 2005. Civil works were completed for three of these LIPs out of which two were energised in October 2005 with expenditure of Rs 1.06 crore. The third LIP was not energised as there was no supply of water in the canal.

The Development Commissioner expressed (February 2006) doubt about the feasibility of the LIPs since the ayacut earmarked for irrigation was located more than two km away with elevation of three to four metres above the canal bank. This aspect was however not examined as of May 2008. The two LIPs energised in October 2005 also failed to provide irrigation since water supply in the main canal had not reached the installation points. These LI points remained idle and huge quantities of materials were reported (January 2006) stolen from the sites. The loss on this account had not been evaluated as of February 2008.

Thus placement of funds with OLIC for installation of LI Points without ensuring flow of water in the main canal and feasibility of water supply to the ayacut resulted in wasteful expenditure of Rs 1.06 crore and blockage of Rs 4.86 crore. Government stated (September 2008) that all the LI points were expected to be completed by November 2008. However, the views of the Development Commissioner regarding non-feasibility of the LIPs had not been examined.

### **3.2.9.7 Extra payment due to wrong levels recorded during execution**

**Incorrect recording of ground levels by the Engineers in-charge resulted in an excess payment of Rs 1.59 crore**

Excavation of LBC from 33.00 to 35.50 km was awarded (February 2002) to a contractor for Rs 21.14 crore for completion by February 2005. Based on the sanctioned estimate framed on the basis of data collected during preconstruction survey and investigation, the contract provided for 25.93 lakh cum of excavation. Without any change in the drawing, design and alignment in this reach, the quantity of excavation was increased to 27.78 lakh cum in the deviation statement submitted (December 2007) to the CE. The increase of 1.85 lakh cum in the quantity of excavation was due to incorrect recording of ground levels by the engineers in charge before commencement of the work which resulted in extra payment of Rs. 1.59 crore to the contractor. Besides, the agreement provided for 12.75 lakh cum of excavation in all kinds of soil (AKS) at the rate of Rs 47 per cum and 12.74 lakh cum of excavation in Medium Hard Rock (MHR) at the rate of Rs 85.50 per cum. During execution, however, the quantity of excavation in MHR was increased to 20.53 lakh cum and that of AKS was reduced to 6.81 lakh cum. The unwarranted reclassification of 5.94 lakh cum of AKS as MHR involved excess payment of Rs 2.29 crore to the contractor.

Government stated (September 2008) that the estimate was framed based on levels taken at 30 meters interval whereas during execution the levels were taken at 15 meters interval leading to deviation in total quantity of excavation. The reply was not convincing as the engineers while recording levels for preparing the estimates were required to take into account the site condition and work out the quantities accurately. Regarding reclassification of AKS as MHR, Government stated that compact rock surface was found after excavation of AKS which led to increase in the quantity of MHR. The reply was not acceptable since the estimate was sanctioned after conducting trial bores and ascertaining the underground strata at different locations.

### **3.2.9.8 Undue benefit to a contractor**

**Failure to levy liquidated damages and unwarranted award of balance works at higher rates to the same contractor led to undue benefit of Rs 1.43 crore to a contractor**

Construction of Bhairpur Branch Canal from 18.00 to 27.00 km with associated structures was awarded (January 2000) to a contractor for Rs 6.22 crore for completion by July 2001. In course of execution, the alignment of the canal was changed (March 2002) to avoid reserve forest area, which necessitated execution of 11 additional structures. The agency did not achieve proportionate progress as per the approved work programme even after handing over of the forest land in February 2004 despite extension of time given upto November 2006. The structures provided in the agreement involved 0.13 lakh cum of concrete work and the additional structures involved 0.03 lakh cum of concrete work. As per conditions of the contract, any increase/decrease in quantities of items would not vitiate the contract and the contractor would be required to execute the same at the agreement rate. The agency after receiving payment of Rs 5.95 crore for the works executed expressed (June 2005) unwillingness to execute the additional structures at the agreement rate. Without closing the contract the balance of the work was awarded (February 2007) to the same contractor on retender at higher rates for Rs 2.55 crore stipulating completion by May 2008. The award of the balance of the work to the same contractor at higher rates involved extra cost of Rs 0.81 crore besides non-levy of liquidated damages of Rs 0.62 crore.

Government stated (September 2008) that since the contractor expressed inability to execute the additional quantity of the work, it was decided to execute the additional structures through fresh tenders. The reply was not tenable since the contractor had applied for extension of time which was granted upto November 2006 and the revised alignment involving the additional structures was finalised in March 2002.

### **3.2.9.9 Excess payment to contractors by recording inflated measurements**

**Excess payment of Rs. 0.87 crore made to two contractors by recording inflated measurements remained unrecovered**

EE, RRC Division No. IV awarded excavation of the RBC from 48.68 to 58.43 and 48.68 to 53.93 km (balance of work) to two contractors between April 1997 and March 2003 for Rs 7.93 crore stipulating completion by April 1999/January 2004. Extension of time was granted to the agencies up to December 2000/May 2005. After receiving Rs 5.21 crore the agencies stopped (July 2000/December 2004) further execution. Final measurements recorded in June 2003/July 2007 disclosed that the contractors were paid Rs 2.84 crore



against execution of works for Rs 2.28 crore resulting in excess payment of Rs 0.56 crore, which remained unrecovered.

Government stated (September 2008) that since recovery of the excess payment made to one contractor prior to 2003 was not possible due to his demise, disciplinary proceedings had been initiated (May 2008) against the erring officers. The fact of the excess payment was pointed out by audit as far back as in September 2003. Government also stated that the final bill of the other agency was under scrutiny and action would be taken for recovery of the excess payment.

The EE, Sapua Badajore Irrigation Division awarded three works between February 1999 and February 2004 to two agencies for Rs 14.96 crore stipulating completion between February 2000 and December 2004. Extension of time was granted upto July 2005 and June 2006 in two cases. The agencies left the works between June 2006 and March 2007 after receiving payment of Rs 17.45 crore on running account bills. Final measurement of the works recorded in February and June 2007, however, disclosed that the quantities of works executed by the agencies were less than the quantities already paid for. The excess payment of Rs 0.31 crore made to the agencies by recording inflated measurements remained unrecovered as of June 2008.

#### **3.2.9.10 Inadmissible payment to contractors**

Five EEs<sup>5</sup> awarded excavation of RBC and its distribution systems to 20 contractors between March 1997 and January 2008 at a cost of Rs 108.57 crore for completion between March 1998 and March 2009. The agreements stipulated excavation of canal in MHR with drilling and blasting operations at rates varying between Rs 70 and Rs 180 per cum. The agreements further stipulated that the explosives to be used in the blasting operation would be approved by the Engineer-in-charge of execution prior to utilisation.

Payment of Rs 2.95 crore was made to contractors towards blasting operation in excavation of MHR, without conducting any blasting

Test check of the records (March to June 2008) disclosed that the Engineer-in-charge did not approve any blasting material for use in the excavation and the contractors excavated the canal manually/mechanically without blasting operations. Since no blasting operation was conducted by the contractors, the cost of such operation inbuilt in the item rates was not admissible to them. The contractors were, however, paid for the excavation work at the agreement rates which resulted in inadmissible payment of Rs 2.95 crore.

#### **3.2.10 Monitoring and evaluation**

Monitoring and evaluation of project implementation was poor

For assessment, monitoring, evaluating and coordinating among the field units with the EIC (WR)/Government, two monitoring cells were created under the charge of the Assistants to the CE's with the overall supervision resting with the EIC (WR). While monthly progress reports indicating the financial and physical progress of the works were submitted to the CE's, these did not

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<sup>5</sup> Sapua Badajore Irrigation Division, Rengali Right Canal Divisions No.1, Rengali Right Canal Divisions No.2, Rengali Right Canal Divisions No.3 and Rengali Right Canal Divisions No.4

contain information on reasons for non-completion of works, extent of works remaining unexecuted and bottlenecks in execution. No feedback was provided for addressing the bottlenecks leading to slippage/completion of the project. There were no records with the monitoring cell containing the details of supervision and inspection of the works by the EE, SE and CE.

No specific review meetings were held at the level of Government to review the implementation of the project, except for routine discussions on the physical status of the works in the monthly review meetings of the plan expenditure. There was no system of monitoring the complaints received from the public and other agencies on the implementation of the project and execution of various works.

No studies were made to assess the impact of non-completion of the project vis-à-vis investment so far made. Thus, the monitoring and evaluation of the project implementation were poor leading to time and cost overrun in completion of the project and delay in accrual of the irrigation benefits. Government stated (September 2008) that the implementation of the project was monitored frequently at the project level by the CE & SE. The reply was not acceptable as no feedback was provided by the monitoring cell for addressing the bottlenecks leading to slippage/completion of the project.

### 3.2.11 Impact analysis

Failure to provide irrigation as per targets led to non-accrual of net intended benefit of Rs 3256 crore

Though water was impounded in the barrage since 1996 for providing irrigation to 2.36 lakh ha of CCA on completion of the barrage and gates, trial irrigation was provided for 0.09 lakh ha (LBC 0.08 lakh ha, and RBC 0.01 lakh ha) which worked out to only four *per cent*. Although the LBC for 71 km and RBC for 79 km were executed, no further irrigation could be provided due to execution of works in non-continuous/isolated stretches and the canals remaining in damaged condition. As a result, the impounded water had to be released into the river without any benefit accruing to the farmers even after expenditure of Rs 1695.61 crore on the project. Government stated (September 2008) that trial irrigation had been provided to total 0.16 lakh ha (seven *per cent*). Details of CCA to which additional trial irrigation was provided were, however, not furnished.

The Economic analysis of the revised estimate prepared in 1997-98 for Rs 705.15 crore envisaged an annual benefit of Rs 414.96 crore by providing irrigation to 0.94 lakh ha of CCA. According to this analysis failure to provide irrigation from 2003-04 to 2007-08 resulted in non-accrual of net intended benefit of Rs 638.60 crore. The total non-accrual of benefit was Rs 3256.48 crore.

### 3.2.12 Conclusion

The project was not planned in a coordinated manner integrating supports from different agencies for smooth and timely completion of the project. The works were executed in a piecemeal fashion without analysing and assessing their impact on the whole project. The BCR projected as 3.58 in the original project report declined to 1.51 as of July 1986. The techno-economic-viability

of the project as a whole was not reassessed despite instructions of the CWC. Of the 56 packages costing Rs 951.18 crore involved for execution of LBC upto 71 km, 34 packages for Rs 501.60 crore were taken up and only 14 packages for Rs 146.26 crore were completed. Out of the 112 km of RBC, works were under execution for 79 km involving Rs 467.32 crore with the loan assistance from AIBP. The excavated canals were severely damaged due to non-provision of protective measures which remained unrectified. Trial irrigation was provided to only 0.09 lakh ha of CCA against the designed ayacut of 2.36 lakh ha (four *per cent*). Overall monitoring of the implementation of the project was poor. Due to delay in acquisition of land/non-acquisition of land, non-receipt of forest land clearance and poor contract management, the project taken up in 1980-81 at an estimated cost of Rs 233.64 crore for completion by 1990-91 remained incomplete at various stages with investment of Rs 1695.61 crore (March 2008) resulting in cost over run by Rs 1461.97 crore (626 *per cent*) and time over run by 17 years. With the delay in implementation of the project the ayacut area was being acquired by the industries posing further threat to the availability of the targeted ayacut for irrigation.

### ***3.2.13 Lessons learnt and sensitivity to error signals***

Observations were made in Para 4.1 of the Audit Report (Civil) for the year ended 31 March 2000 regarding (i) time and cost over-run (ii) non- assessment of economic viability of the project (iii) improper planning (iv) execution of works without adequate pre-construction survey and investigation (v) undue benefits to contractors (vi) extra expenditure due to delay in acquisition/non-acquisition of land and (vii) sub-standard execution of works. No corrective action had, however, been taken following the audit observations and the problems were allowed to persist.

### ***3.2.14 Recommendations***

- Revised estimate of the project as a whole should be prepared and the techno-economic viability of the project reassessed.
- Protective measures should be finalised considering the geological formations for the severely damaged portions of the canals.
- Contracts with the defaulting contractors should be closed and arrangements made to get the incomplete works executed through other agencies.
- The system of project monitoring should be strengthened to identify the bottlenecks in completion of the project and suggest effective remedial measures.

## FOREST AND ENVIRONMENT, HEALTH AND FAMILY WELFARE AND HOUSING AND URBAN DEVELOPMENT DEPARTMENTS

### 3.3 Management of wastes

#### *Highlights*

*The status of management of different types of waste generated in the State was reviewed in audit in the light of provisions contained in Environment Protection Act, 1986 and rules framed there under. The findings revealed that the implementation of these provisions was at preliminary stage and even sources, types and quantities of waste generated had not been assessed accurately. Perspective plan for collection, segregation, reuse and recycling was not available with the authorised/unauthorised entities. Types of machineries and equipments and mechanisms for reduction and recycling of waste remained largely undecided. Disposal in open space remained the most favoured solution to the management. Most of the Urban Local Bodies (ULBs) and Government hospitals were running without any waste processing and disposal facilities. Implementation of Plastic Waste Rules was restricted to issue of instructions without follow up action. Despite Apex Court's instructions, none of the industries in the State had set up engineering landfill for disposal of land disposable hazardous waste. Monitoring of implementation remained totally inadequate.*

❖ **Funds provided by the GOI / State Government for management of municipal and bio-medical waste remained unspent due to absence of planning for the same.**

**(Paragraph 3.3.2)**

❖ **Assessment of waste generated according to sources/types of waste had not been made by the State Government.**

**(Paragraph 3.3.3)**

❖ **Ninety-two out of 103 ULBs were yet to obtain SPCB's authorisation for setting up waste processing and disposal facilities.**

**(Paragraph 3.3.4.1)**

❖ **Uniformity and adequacy of waste collection, segregation, storage at safer sites, reduction, reuse and recycling of bio-degradable material was absent in all the entities. Dumping of municipal solid waste at open sites remained the most favoured solution to the management of waste.**

**(Paragraph 3.3.4.2, 3.3.4.3 and 3.3.4.4)**

❖ **Enforcement mechanism in plastic waste management was virtually non-existent as the implementation remained restricted to issue of instructions without following them up.**

**(Paragraph 3.3.6)**

❖ **Even after lapse of deadline date by Apex Court's secured engineering landfills for treatment, storage and disposal of hazardous waste, these**

\* Abbreviations used in this performance review have been expanded in Glossary of abbreviations at pages 234 to 238

**were not constructed by the industrial units. The hazardous waste was not carried and stored in covered vehicles/places.**

**(Paragraph 3.3.7.3)**

**❖ About 74 per cent of total ash generated (12.382 million tons) by eight major industries remained unutilised despite Government of India's instructions to ensure use of fly ash in brick manufacturing units.**

**(Paragraph 3.3.8)**

**❖ Monitoring mechanism for management of different types of waste at the level of Government or SPCB was hardly visible.**

**(Paragraph 3.3.9)**

### **3.3.1.1 Introduction**

Mention was made in Para 3.1 of the Report of the Comptroller and Auditor General of India (Civil) for the year ended 31 March 2001 regarding implementation of Environment Act and Rules relating to waste management in the State which included municipal solid waste, bio-medical waste and hazardous waste management. Non-existence of waste processing and disposal facilities in the urban local bodies and inadequate handling and disposal facilities in the Government hospitals were highlighted. Besides failure on the part of the State Government for development of common disposal sites for disposal of hazardous waste generated by the industries of the State, was commented upon.

The management and handling of waste is regulated by the Environment (Protection) Act, 1986 and rules made thereunder viz. the Municipal Solid Waste (Management and Handling) Rules (MSW Rules), 2000 and Bio-medical Waste (Management and Handling) Rules (BMW Rules) 1998. MSW rules required every municipal authority within their area be responsible for collection, segregation, transportation, processing and disposal of waste under various provisions of the rules. With an amendment to BMW rules in 2003, the institutions generating bio-medical waste were made responsible for ensuring segregation, transportation, processing and disposal without any adverse effect to human health and the environment.

The Industrial Waste Management is governed by the Air (Prevention and Control of Pollution) Act, 1981, the Water (Prevention and Control of Pollution) Act, 1974 and the Hazardous Waste (Management and Handling) Rules, 1989 as amended (January 2000, May 2003).

### **3.3.1.2 Organisational set up**

Housing and Urban Development Department (HUDD) of the State Government was responsible for overall enforcement of the provisions of laws and rules on the subject. HUDD was assisted by Health & Family Welfare Department (HFWD), Forest & Environment Department (F&ED) and by District Collectors within their territorial jurisdiction. The State Pollution Control Board (SPCB) has been entrusted with the responsibility of monitoring the compliance of standards prescribed under relevant rules and also to submit annual implementation report to Central Pollution Control Board (CPCB). SPCB was also responsible for planning, comprehensive

programme for prevention, control and abatement of pollution and also to monitor the good practices followed by the individual industries/units/bodies. As regards plastic waste, the Recycled Plastic Manufacture Usage Rules (RPMU), 1999 as amended in 2003 provided the District Collectors exclusive responsibility for enforcement of rules relating to use, collection, segregation, transportation and disposal of plastics.

### **3.3.1.3 Scope of Audit**

The Performance Audit on Management of Waste in the State conducted during March to June 2008 covering the period from 2003-04 to 2007-08 included test check of records of F and ED, HUDD and HFWD, SPCB, nine<sup>1</sup> ULBs for municipal solid waste management, 27 Health Care units (HCUs) including Government hospitals in nine districts for bio-medical waste management, nine District Collectorates<sup>2</sup> for plastic waste management and six industries (under six major sectors) for industrial and hazardous waste management.

### **3.3.1.4 Audit Objectives**

The audit objectives were to assess whether:

- (i) mechanism existed to assess the quantum of waste being generated and identification of risks to environment and health posed by different wastes.
- (ii) policies and strategies for the management of waste gave priority to waste reduction, recycling and reuse as against waste disposal.
- (iii) extent of delegation of responsibilities and accountability for waste management in respect of implementing authority was adequate.
- (iv) compliance to provisions of Acts and Rules regulating various types of wastes was effective and that the implementing authorities/ units monitored, supervised and non-compliance was effectively dealt with.
- (v) funds and infrastructure provided were adequate and were used economically, efficiently and effectively.

### **3.3.1.5 Audit Criteria**

The audit criteria used for conducting the performance audit were:

- Acts and Rules relating to management of municipal solid waste, bio-medical waste, plastic waste, industrial waste (hazardous and non-hazardous)
- Policies, directives and good practices for management of waste.
- Instructions/orders issued by the nodal and administrative departments and SPCB from time to time and compliance reports

<sup>1</sup> Baripada, Berhampur, Bhubaneswar, Bolangir, Burla, Cuttack, Dhenkanal, Jagatsinghpur and Rourkela

<sup>2</sup> Bolangir, Cuttack, Dhenkanal, Ganjam, Jagatsinghpur, Khurda, Mayurbhanj, Sambalpur and Sundergarh

- Periodical monitoring reports of the administrative departments and SPCB on management of waste.

### **3.3.1.6      *Audit Methodology***

An entry conference held on 5 April 2008 with the Commissioner-cum-Secretary to the Government of Orissa in H&UD Department and officials from SPCB, in which audit methodology, scope, objective and criteria were explained. The audit methodology consisted of response to questionnaire, document analysis, examination of various reports and records at different levels, physical verification supported by photographs wherever necessary and testing of air quality, ground water quality etc.

## **Audit Observations**

### **3.3.2      *Funds management***

In order to effectively implement law/rules and to support the cost of collection, segregation and transportation of solid waste, Twelfth Finance Commission (TFC) had recommended grants to ULBs for Solid Waste Management through public-private partnership. The concerned ULBs were required to prepare comprehensive scheme of solid waste management including composting and waste to energy programme. During 2005-07 the State Government received TFC grants of Rs 29.64 crore and released the same to 103 ULBs out of which Rs 15.68 crore was utilised by the ULBs and Rs 13.96 crore remained un-utilised (June 2008). Besides Rupees one crore was released to the Government hospitals under State Plan for bio-medical waste management in urban hospitals of the State during the period. Out of this, Rs 95.09 lakh was disbursed to 88 hospitals/ DHH for maintenance of equipments and instruments procured for bio-medical waste management and authorisation fees. Utilisation certificates thereof were awaited for from the concerned hospitals. Out of Rs 13.72 crore TFC grants received by nine test checked ULBs, Rs 4.28 crore was utilised by them as of June 2008 and balance of Rs 9.44<sup>3</sup> crore remained unutilised. Similarly, out of Rs 20.28 lakh received by nine Government hospitals for bio-medical waste management, five hospitals utilised Rs 13.87 lakh and balance of Rs 6.41<sup>4</sup> lakh remained unutilised. Although funds were released during 2005-07, no action was taken by the ULBs/hospitals for want related tender procedure and detail instruction from the administrative department as to the objects for which the funds were to be utilised.

A mention was made in Paragraph 3.2.18 of Audit Report (Civil) for the year ended 31 March 2005 on 'Ineffective Waste Management', wherein it was observed (July 2005) that Rs 1.28 crore was spent towards purchase of 25 each of autoclaves and shredders under Orissa Health Systems Development

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<sup>3</sup> Bhubaneswar Rs.3.16 crore, Cuttack Rs.2.04 crore, Berhampur Rs.1.56 crore, Baripada Rs.0.07 crore, Burla Rs.0.12 crore, Jagatsinghpur Rs.0.05 crore, Bolangir Rs.0.13 crore, Dhenkanal Rs. 0.10 crore and Rourkela Rs. 2.21 crore

<sup>4</sup> City hospital, Cuttack Rs.2.49 lakh, DHH, Dhenkanal Rs. 0.83 lakh, DHH, Sambalpur Rs.0.83 lakh, DHH, Jagatsinghpur Rs. 0.81 lakh and Hirakud hospital Rs.1.45 lakh.

Project and supplied to DHHs which were kept idle by them due to non-availability of required infrastructure. Further, position reviewed in audit indicated that the autoclave and shredders installed had remained idle due to lack of skilled manpower and non-provision of electricity in Capital hospital, Bhubaneswar and DHHs of Sambalpur, Jagatsinghpur, Baripada and Dhenkanal. The unsegregated bio-medical waste was dumped in the premises of hospitals outside the containment area.

### 3.3.3. *Status of waste management in the State*

The State Government was required to assess the quantity of different categories of waste generated and ensure their safe disposal including recycling, reuse and reduction, composting, energy recovery and pelletisation. However, audit observed that assessment of the total waste generated according to source / types of waste was not made by the State Government and suitable facilities created for disposal were inadequate as discussed below.

### 3.3.4. *Management of Municipal Solid Wastes (MSW)*

According to the MSW Rules, the municipal authority or an operator of a facility shall make an application to the State Pollution Control Board (SPCB) for grant of authorisation for setting up of waste processing and disposal facilities including landfills and the latter shall grant the authorisation stipulating compliance criteria, standards and additional conditions if any, and the ULBs were to set up these facilities by 31 December 2003.

#### 3.3.4.1 *Setting up disposal facilities*

Of 103 ULBs only 55 applied for obtaining authorisation of which 11 were issued

As of June 2008, only two waste processing plants were available in the State

Out of 103 ULBs, only 55 ULBs applied for authorisation as of March 2008 of which only 11<sup>5</sup> ULBs were granted authorization and remaining applications were pending either for want of alienation order of identified land or the applications were incomplete. Even, out of the 11 ULBs granted authorisation, none except Notified Area Council (NAC), Paradeep and a private operator at Puri had set up any waste processing plant. Scrutiny revealed that 86 out of 103 ULBs did not take any action for setting up waste processing and disposal facilities. In 15 ULBs, proposals were either under formulation stage or awaiting approval of the Government. Thus, even after more than ten years had elapsed since the MSW rules were framed, 101 out of 103 ULBs in the State could not set up waste processing and disposal facilities (June 2008).

As per the implementation schedule, existing landfills were to be improved by December 2001. In none of the test checked units landfills were found available; the waste was being dumped in open dump sites. Further, the ULBs were required to identify landfills for future use and making sites ready for operation by 31 December 2002, only two ULBs (Bhubaneswar and Burla) identified sites for setting up of sanitary landfills.

<sup>5</sup> Soro NAC, Paradeep NAC, Berhampur Municipality, Bhubaneswar Municipal Corporation, Brajaraj Nagar Municipality, Belpahar NAC, Baripada Municipality, Barbil Municipality, Keonjharh Municipality, Kendrapara Municipality and Sonapur Municipal Council



### 3.3.4.2 Collection

MSW Rules (Schedule II) strictly prohibit littering and prescribed collection methods such as placing of community bins and collection as per schedule timings; to be carried by small hand driven vehicles and devising specific methods of collection in slums, hotels, business places and also for segregating bio-medical and bio-degradable wastes with a view to ensure that uncollected waste would not pose risks to health and contaminate the environment. The wastes were not to be burnt as they emit gaseous pollutants detrimental to environment.

Suitable mechanism and collection schedule of waste did not exist in test checked ULBs.

The details of waste generation and the types of waste collected were not available with the State Government/SPCB/ULBs. It was observed that two of the nine test checked ULBs (Burla and Bhubaneswar) organised house-to-house collection of municipal solid waste. As regards construction debris in three ULBs (Burla, Bhubaneswar and Cuttack), the same was collected by the waste generator or by the municipality on payment by the waste generator, while in six<sup>6</sup> ULBs, there was no such mechanism for collection of construction debris. None of the ULBs except Burla had ensured that municipal solid waste was segregated from bio-medical waste. In Berhampur, though there was a private operator for collection of bio-medical waste from the private hospitals till 2007, but such wastes were found unauthorisedly dumped in the municipal dump yard. None of the ULBs had taken any action to notify waste collection schedule and the likely method to be adopted by public in their respective area.



Garbages being burnt by municipal staff at the dumpsite of Baripada dated 21 July 2008

Six<sup>7</sup> ULBs failed to ensure that municipal wastes (other waste including garbage, dry leaves etc.) were not burnt. Rather, it was noticed in Bhubaneswar and Baripada that these were burnt in presence of municipal staff. The other three ULBs (Burla, Dhenkanal and Cuttack) however, ensured that such waste was not burnt.

### 3.3.4.3 Segregation of MSW

The Rules (Schedule II) specified activities by the municipality / operator through community participation, awareness campaigns to ensure segregation of municipal solid waste and disposal of non-organic waste in landfills besides use of different coloured bins such as green for bio-degradable, white for recyclable waste and black for other waste.

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<sup>6</sup> Berhampur, Rourkela, Baripada, Bolangir, Jagatsinghpur and Dhenkanal  
<sup>7</sup> Rourkela, Berhampur, Bhubaneswar, Bolangir, Jagatsinghpur and Baripada

Near total  
absence of public  
awareness  
campaigns was  
noticed

None of the test checked ULBs had taken any action to segregate waste into different coloured bins. Seven<sup>8</sup> out of nine test checked ULBs did not organise any awareness programme on segregation of waste during 2003-08. The other two ULBs (Bhubaneswar and Cuttack) claim of organising awareness programmes was not supported by any evidence.

#### 3.3.4.4 Storage of waste

Closed storage  
points were not  
provided and waste  
was being dumped  
in open sites

The Schedule II of the Rules specified that the storage facilities should be so designed that wastes stored were not exposed to open conditions and the facilities should be aesthetically acceptable, user friendly and easy to operate. Manual handling, wherever necessary, should take care of the safety of the workers. No closed storage facilities were available in the test-checked municipalities. In two ULBs (Burla and Baripada) there were uncovered temporary storage points with permanent concrete structures for its final disposal at the dumpsites. In seven out of nine test checked ULBs, the storage points were cleaned daily while in Baripada and Jagatsinghpur municipality due to shortage of manpower and vehicles, the storage points were not attended regularly. In Berhampur Municipality, there were 41 open storage points situated on the road side creating unhygienic and unsanitary conditions all around.



A storage point Berhampur exposed to stray animals and passer bys dated 17 August 2007

In all test checked ULBs, manual handling of waste was in practice but Baripada, Berhampur and Burla ULBs had not taken any precautionary measures for the safety of the manual handlers by providing them gum boots, hand gloves, facemasks etc. The other six municipalities (Cuttack, Bhubaneswar, Rourkela, Bolangir, Jagatsinghpur and Dhenkanal) stated that they were providing gum boots and hand gloves to the manual handlers.

#### 3.3.4.5 Transportation of waste

Waste being  
transported in  
uncovered  
vehicles

Schedule II of the Rules required vehicles for transportation of waste to be necessarily covered with facilities for multiple handling and deployed daily for cleaning to ensure that transportation of municipal solid waste for processing / disposal was carried in a hygienic manner and did not cause littering of waste. In nine test checked ULBs, out of 161 vehicles engaged for transportation of municipal solid waste during 2003-08, only one in Berhampur Municipality was a covered vehicle, 32 vehicles were being covered with tarpaulins, polythene and nets and remaining 128 vehicles were open.

<sup>8</sup> Rourkela, Berhampur, Baripada, Bolangir, Jagatsinghpur, Dhenkanal and Burla NAC

### 3.3.4.6 Processing of MSW

Schedule II of the Rules required minimising burden on landfills by adopting suitable technology or combination of such technologies for segregating and processing through composting, vermi-composting, anaerobic digestion or any other appropriate biological processing for bio-degradable waste. Incineration with or without energy recovery including pelletisation could also be used for processing waste in specific cases.

Near total absence of processing facilities in ULBs

Test check revealed that eight out of nine ULBs did not have waste processing facilities. In Cuttack, though two composting facilities were available, the first plant of one ton per day (TPD) capacity was defunct and the second plant with five TPD capacity was partially operating for processing garbage collected from vegetable markets. However, the SPCB had not issued authorisation for installation of above processing plants.

### 3.3.4.7 Disposal of MSW

The Rules specified that land filling should be restricted to non-bio-degradable, inert waste and other waste not suitable either for recycling or biological processing. Land filling of mixed waste was to be avoided unless the same was found unsuitable for waste processing or till alternate facilities were made available. The landfill site should be large enough to last for 25 years and away from habitation, places of cultural, historical and religious interests. The wastes in landfills were to be covered with soil and compacted everyday.

Unsegregated waste being dumped in open sites

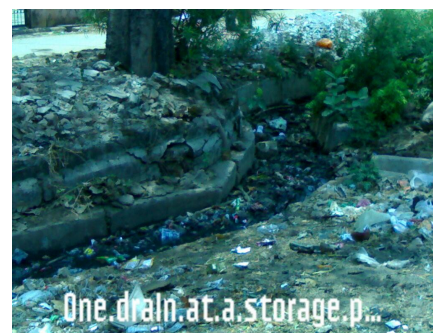
None of the ULBs had established such disposal facilities. All the ULBs were dumping unsegregated waste in open and unsanitary dumpsites posing immense health risks and environment hazard. The waste was dumped in heaps and not levelled / compacted anywhere. Three ULBs (Rourkela, Bhubaneswar and Baripada) out of nine test checked ULBs had open dump sites close to habitations. The Bhubaneswar Municipal Corporation (BMC) had four open sites for dumping of which three were surrounded by residential zones.

Waste sites found close to habitations

Rourkela municipality had an open dumping yard of 9.95 acre at Balughat on the banks of Brahmani River, a place regularly used by local residents. The dumpyard had no approach road and no systematic dumping was in practice. The unsegregated waste consisting bio-medical, industrial, plastic and horticultural waste were found lying



Municipal waste dumped in heaps in Rourkela Municipality



One drain at a storage point in Rourkela Municipality blocked due to plastic waste

scattered in and outside the dump yard emanating foul smell all around. The waste was freely burnt by rag pickers causing air pollution in the environment.

The municipality had no arrangements for door-to-door collection and temporary storage points constructed almost in every lane were surrounded by filth exposed to stray animals.

Baripada municipality possessed authorisation of SPCB for setting up and operation of a disposal facility on a land of 42.03 acres at Raghunathpur. Despite this, an open dump site existed close to a public school and a technical institute. No monitoring had been done by the SPCB to ascertain the reasons for the non-existence of a sanitary landfill for which authorisation was issued in March 2004.

The open dumpsites were to be monitored at regular intervals to make sure that the open dumpsites of waste did not cause contamination of the environment. Test check revealed that no monitoring of open dumpsites had been done by any of the ULBs, the State Government or the SPCB.

### 3.3.5. *Management of bio-medical waste*

Bio medical waste (BMW) consist of human anatomical, animal, biotech waste, waste sharps, discarded medicines and cytotoxic drugs, solid, liquid and chemical waste and incineration ash. Its management is governed by the Bio-Medical Waste (Management & Handling) Rule 1998. According to Rule 7(1), the State Government appointed the SPCB as the competent authority to enforce provisions of the rules.

In pursuance to Rule 9, the State Government also constituted (June 1999), an Advisory Committee (reconstituted in July 2005) with the Director, Environment of F&ED as Chairman and Member of SPCB as Member Secretary to advice on matters relating to implementation of BMW rules.

#### 3.3.5.1 *Authorisation for BMW treatment facilities*

According to Rule 8, every institution generating, collecting, receiving, storing, transporting, treating, disposing and / or handling BMW and every operator of a BMW treatment facility should seek authorisation from the prescribed authority of the State for handling and disposal of bio-medical waste. Records of SPCB revealed that out of 774 health care units, 437 had applied for authorisation. Of this 297 were granted authorisation and others were operating without authorisation. Of the 27 test checked units, eight<sup>9</sup> Government run hospitals and five<sup>10</sup> private nursing homes were operating without any authorisation from SPCB. As the authorisation by the prescribed authority specified compliance criteria subject to verification by SPCB,

HCU's disposing  
BMW without  
authorisation  
included  
Government  
hospitals

<sup>9</sup> DHHS of Dhenkanal, Bolangir, Jagatsinghpur, Baripada, Cuttack, Rourkela, Sambalpur and Hirakud Hospital, Hirakud

<sup>10</sup> Samleshwari Nursing Home, Burla; Mayurbhanj Ayurvedic Mahavidyalaya, Baripada; Suraksha Nursing Home, Cuttack; Shakti Nursing Home, Jagatsinghpur and Harihar Diagnostic Centre and Nursing Home, Bolangir

running of waste treatment facilities without authorisation had resulted in violation of provisions of rules.

### 3.3.5.2 Segregation, storage and transportation of BMW

According to Rule 6, bio-medical waste was not be mixed with other waste but segregated into different containers/bags at the point of generation, labeled and transported in specifically authorised vehicles. No untreated BMW was to be stored beyond 48 hours.

BMW was not being segregated

It was noticed that out of 27 test checked hospitals/nursing homes, in ten hospitals/nursing homes (seven<sup>11</sup> Government hospitals and three<sup>12</sup> private nursing homes), no segregation of waste was done at the point of generation. In five<sup>13</sup> test checked hospitals/nursing homes, untreated BMW was being transported in uncovered vehicles to deep burial pits outside the hospital premises. One nursing home (Sanjeevani Nursing Home, Dhenkanal) had been keeping untreated bio-medical waste beyond 48 hours.

### 3.3.5.3 Treatment and disposal of BMW

493 HCUs were not equipped with waste treatment facilities

Rule 5(2) required that every hospital and nursing home was to set up requisite bio-medical waste treatment facilities like incinerator, autoclave, microwave system for the treatment of waste, or ensure such treatment of waste at a common waste treatment facility or any other waste treatment facility. Records of the SPCB showed that out of 774 Health Care Units (HCUs), 138 HCUs were utilising common bio-medical waste treatment facilities operated by a private operator and 143 were having their own facilities. The remaining 493 units did not have any facilities. The SPCB stated (March 2008) that show cause notices were issued to the defaulting units and that the Government hospitals were the major defaulters.



Autoclave lying idle at Capital Hospital, Bhubaneswar dated 12 September 2007

Test check revealed that out of 27 units, three units (Samaleswari Nursing Home, Sambalpur; Durga Nursing Home, Baripada and Hirakud Hospital, Hirakud) did not set up any waste treatment facility except deep burial pits. In five Government hospitals<sup>14</sup> although each of them were provided (2004-05) with one autoclave and one shredder, the same were not functional in absence of skilled manpower/non-provision of power supply

<sup>11</sup> DHHs of Baripada, Dhenkanal, Jagatsinghpur, Sambalpur and Cuttack and MKCG Medical College and Hospital and Hirakud Hospital, Hirakud

<sup>12</sup> Kalyani Poly Clinic, Dhenkanal; Suraksha Nursing Home, Cuttack and Mayurbhanj Ayurvedic Mahavidyalaya, Baripada

<sup>13</sup> Harihar Diagnostic Centre and Nursing Home, Bolangir; Sidharth Arogyanidhi Nursing Home, Berhampur; Durga Nursing Home, Baripada; DHH, Baripada and MKCG Medical College and Hospital, Berhampur

<sup>14</sup> Capital Hospital, Bhubaneswar; DHH of Dhenkanal, Sambalpur, Baripada and Jagatsinghpur



or due to damaged condition of the equipments since inception.

In DHH, Dhenkanal and Jagtsinghpur, the untreated bio-medical waste was found dumped outside the earmarked containment area<sup>15</sup> within the hospital premises. In DHHs, Sambalpur and Baripada the bio-medical waste was being dumped both in and outside the containment area instead of disposing the same in the deep burial pits.



Bio-medical waste dumped outside the containment area in DHH, Dhenkanal dated 20 July 2007

**Records of BMW collected by private operator were not maintained**

A private operator, (Sani Clean Private Ltd.) was granted (February 2000) authorisation for setting up common bio-medical waste treatment facility with a capacity of handling waste generated by 10000 beds per day. Checking of records and physical verification of the unit revealed that the unit did not maintain any register / record for the quantity of BMW collected from the HCUs as required (Rule 11). The unit however submitted annual report to SPCB in Form-II (Rule 10) containing the category and quantity wise of BMW handled as stipulated in the Authorisation order. According to the information furnished to audit, the operator had collected 281.28 kg of BMW from 199 HCUs during 2007-08, which worked out to 0.0039 gram per HCU per day which clearly seemed fictitious. Despite such non-compliance, the SPCB did not take any legal action for failure to comply with the provisions under Rule 7 except issuing simple instructions (August 2007) to the private operator to quantify the BMW generated by it.

### 3.3.6 Management of Plastic Wastes

According to the Recycled Plastics Manufacture and Usage Rules, 1999 as amended in 2003, SPCB was made the prescribed authority for enforcement of the provisions of these rules relating to manufacture and recycling and the District Collector / Deputy Commissioner of the concerned district was the prescribed authority for enforcement of rules relating to use, collection, segregation, transportation and disposal.

**Enforcement by Collectors remained limited to paper instructions and follow-up action found missing**

In five<sup>16</sup> of the of nine test checked districts, District Collectors issued (2003-04) instructions for enforcement of rules relating to use, collection, segregation, transportation and disposal of plastics by issuing orders/circulars to sub-ordinate offices and the ULBs of the districts. However, there was no evidence of taking any follow up action in the collectorates. The Collector, Cuttack failed to provide any supporting documents in favour of steps taken by him for enforcement of above rules. No instructions were issued by the Collector, Jagatsinghpur to the subordinate staff in this regard. The Collectors, Bolangir and Dhenkanal did not furnish any compliance.

<sup>15</sup> The containment area is an earmarked place built inside the premises of the hospital where the segregated bio-medical waste are to be dumped in the deep burial pits constructed for the purpose after giving disinfection treatment

<sup>16</sup> Ganjam, Khurda, Mayurabhanja, Sambalpur, Sundergarh

Further, according to Rule 4, no vendor shall use carry bags or containers made of recycled plastic for storing, carrying, dispensing or packaging of foodstuffs. Sambalpur and Ganjam Collectors did not have information as to whether vendors were using carry bags or containers made of recycled plastics for storing, carrying, dispensing or packaging of foodstuff in violation of Rule 4. District Collectors of Sundergarh and Khurda stated that vendors were using carry bags or containers made of recycled plastics and instructions were issued to the ULBs to conduct awareness programmes and to stop use of such material. Information on action taken by the ULB, Khurda was not available with them. As regards Sundergarh district, two ULBs conducted awareness programmes in urban areas. The District Collector, Cuttack stated that no vendor was using carry bags or containers made of recycled plastics. However, the same could not be verified due to lack of supporting documents. No action was taken by the Collector, Jagatsinghpur in this regard. Collectors, Bolangir and Dhenkanal did not furnish any information.

Rule 10 stipulated that no person should manufacture carry bags or containers irrespective of its size or weight unless the occupier of the unit had registered with SPCB and the minimum thickness of carry bags of virgin plastic or recycled plastic should not be less than 20 microns. As authorised (March 2006/September 2006) by the State Government, the SPCB (F&E Department) entrusted the Divisional Forest Officers (DFOs) and Assistant Conservator of Forests (ACFs) with the responsibility of implementation of rules relating to prevention and control of the menace of polythene bags within their respective jurisdiction with the assistance from the concerned district magistrates/collectors. The Collector, Mayurbhanj stated to have issued instructions to DFOs/ACFs to implement prohibition of plastic carry bags less than 20 microns, but no supporting documents were produced. The SPCB, however, had no information on number of raids, inspections conducted by DFOs and ACFs and action taken by them. There was one reported (September 2006) case of seizure of 130 packets of polythene in Sambalpur district.

### **3.3.7      *Management of Hazardous Waste***

Hazardous waste (HW) management is governed under the Hazardous Waste (Management and Handling) Rules, 1989 framed by the GOI. Rule 3 ibid defines hazardous waste means waste which by reason of any of its physical, chemical, reactive, toxic, flammable, explosive and corrosive characteristics causes danger or is likely to cause danger to health or environment, whether alone or when in contact with other waste of substances.

#### **3.3.7.1      *Assessment of waste***

The SPCB was the implementing agency for industrial waste management in the State under the Hazardous Waste (Management & Handling) Rules 1989, the Water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention & Control of Pollution) Act, 1981.

In the light of the decision of Hon'ble Supreme Court of India in October 2003, the MOEF/CPCB requested (May 2004) all the SPCBs to prepare an inventory of hazardous waste generated in the State and also to provide

information on the identification of dumpsites including rehabilitation plans. The SPCB entrusted (March 2007) the job to Administrative Staff College of India (ASCI), Hyderabad. As per the report submitted (October 2007) to CPCB, out of 2754 industries, 335 industries located in 21 districts (in 29 sectors) generated 96828 tons per annum (TPA) of hazardous waste which were classified into recyclable (18427 TPA), incinerable (4052 TPA) and land disposable (74349 TPA) categories.

As per the report, the industries generated 4052 TPA of incinerable waste of which Collieries sectors generated 2251 TPA of hazardous waste. As there was no incinerator in the State, this waste was being stored with land disposable waste in the dump yards/pits made for the purpose. In respect of recyclable waste, there was little demand for recyclers of waste; as a result, the recyclable waste was also being stored in a similar manner. As regards land disposable waste of 74349 TPA generated, SPCB issued directions to most industries time and again for developing secured landfills for disposal of hazardous waste. Most of the industries made low assessment of waste which distinctly varied from the ASCI Report. SPCB stated (June 2008) that it was monitoring the variations in assessment and disposal of waste every year and instructing the industries to furnish correct figures through annual reports.

### **3.3.7.2 Treatment, Storage and Disposal facilities (TSDF) for HW**

According to Rule 8, the State Government, the occupier or operator of a facility was responsible for identifying sites for establishing the treatment, storage and disposal facilities (TSDF) which included secured landfill, intractable waste stores, incinerator, reuse/recycling facilities, a laboratory capable of comprehensive analysis and arrangement of transportation and handling of waste including supporting infrastructure. The Supreme Court of India directed (October 2003) all the State Governments to construct and operate landfill for disposal of hazardous waste by 31 December 2006.

Check of records of SPCB revealed that Government (Industry Department) declared (October 2003) Orissa Industrial Infrastructure Development Corporation (IDCO) as the nodal agency for development of TSDF near Rourkela. However due to non-availability of sufficient space for landfill, the complex was proposed for shifting to Kalinga Nagar (Jajpur district) as per the decision taken in a meeting chaired by the Chief Secretary (July 2007). As per MOEF, GOI came forward (June 2006) to provide a grant of Rs 2 crore for the purpose provided that a matching grant was made by the State Government. SPCB sanctioned (March 2007) Rs 50 lakh in favour of IDCO towards matching grant from the State Government on the condition that the firm would apply for the matching grant to GOI to avail central assistance through SPCB. However, the construction was yet to take off (August 2008).

### **3.3.7.3 Non-construction of engineering landfill**

Hon'ble Supreme Court of India in their order of October 2003 directed inter alia that units that were operating without authorisation/ or in violation of the conditions of authorisation issued under the Hazardous Waste (Management and Handling) Rules, 1989 were to be closed forthwith and that the



construction of hazardous waste landfill site should be completed and made operational by 31 December 2006.

**Landfills for disposal of HW were not constructed by industries inspite of Apex Court's order**

Test check of records at SPCB revealed that, 12 large scale industries generating hazardous waste were directed under Section 5 of the EPA, 1986 to strictly comply with HW Rules and Apex Court's directions and submit monthly progress reports on construction of engineering landfills. But it was found that none of the industries could complete the construction of engineering landfills by the deadline December 2006. SPCB stated (June 2008) that four<sup>17</sup> industries had developed engineering landfills as of March 2008 and that the designs were approved for remaining eight<sup>18</sup> industries.

**No closure notice issued to any industry for failure to construct engineering landfills**

Test check of units revealed that four units viz. RSP, Rourkela (RSP); NALCO, Angul (NALCO); J.K. Paper Mill, Rayagada (J.K) and TRL, Belpahar (TRL) were not issued authorisation by SPCB because they had not constructed engineering landfill. While TRL was operating without an authorization since August 2005, NALCO was operating without an authorisation since November 2005 and RSP and J.K. since December 2006. NALCO and RSP replied that the construction of engineering landfills were in the tendering stage whereas in J.K., only land identification and design approval had been made. Thus, SPCB failed to enforce the order of Honourable Apex Court despite a lapse of four and half years.

As per SPCB inventory, RSP generated 23,894.50 MT and NALCO generated 18414 MT of HW per annum contrary to which RSP and NALCO stated to have generated 2646.25 MT and 3268 MT HW per annum, the variation being 89 and 82 *per cent* respectively. No action had been taken by SPCB to reconcile the discrepancies mentioned in the annual reports of these units submitted to SPCB.

**TRL** had constructed an engineering landfill in March 2008, but it had not been inspected and monitored by SPCB (June 2008). Further, as verified during joint inspection of audit and SPCB officials, the HW dumped in the impervious pits prior to operation of the landfill was not disposed in the newly constructed landfill as directed by SPCB.



**Hazardous waste pit 1 partly filled with water at RSP dated 7 May 2008**

Three HW pits maintained by **RSP** were in open area and were surrounded by non-hazardous waste dump yards and were not distinctly separated. Two of the pits visited were exhausted and found to be filled with

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<sup>17</sup> 1) M/S Jayashree Chemicals, Ganjam, 2) Indian Farmers Fertiliser Corporation (IFFCO), Paradeep, 3) Paradeep Phosphate Ltd. (PPL), Paradeep and 4) Tata Refractories Ltd. Belpahar

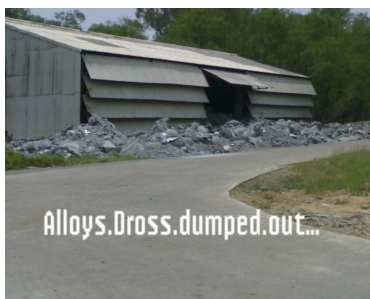
<sup>18</sup> 1) Rourkela Steel Plant, 2) HINDALCO, Hirakud, 3) J.K. Paper Mill, Rayagada, 4) Ferro Manganese Plant, Joda, 5) Ferro Alloys Plant, Bamnipal, 6) NALCO Smelter, Angul, 7) OCL India Limited, Rajgangpur and (8) Balarpur Industries, Jeypore

water. The major pit of 1500 MT capacity was suffocating due to dumping of sulphur muck and the Suspended Particulate Matter (SPM) level was 687 micro gram/m<sup>3</sup> against prescribed standard of 500. The test results of samples of waste water/effluents discharged by RSP at two points revealed that the wastewater contained total suspended solids (540 mg/ltr and 658 mg/ltr) against the prescribed of 100 mg/ltr.

Though **NALCO** stated that it had no incinerable waste, yet it had an incinerator with capacity of 75 kg per hour operating since May 2006. NALCO generated 3265 MT of Spent Pot Lining (SPL), one of the high potential HW containing cyanide and fluoride. This was required to be stored in secured conditions till their final disposal in the engineering landfill. Instead, they were stored in three storehouses of concrete



Used filter bags stacked outside NALCO godowns dated 28 May 2008



Alloys dross dumped outside the godowns at NALCO dated 28 May 2008

structures with tin roof and bounded from three sides. Similarly, used filter bags were found lying dispersed by plant road side and another HW i.e. Alloys Dross were found stacked outside the store house. It was further observed that HW like spent pot lining, butts and green anodes containing cyanide and fluoride were sold by the plant to unauthorised parties.

**J.K** was selling its effluent treatment plant sludge (primary and secondary), a hazardous waste to unauthorised parties for use in cardboard manufacturing units and agricultural farms. No survey had been made regarding safe use of such waste as manures and paper boards. No assessment of HW at source was also being made by the unit.

**The Adhunik Metaliks**, an integrated Iron and Steel industry had not quantified HW. The plant has no covered vehicles for transportation of HW from collection points to the landfill site as required under HW Rules. The Adhunik Metaliks had authorisation for three types of HW mainly used oil, oily sludge and spent resin. While used oil stored in barrels was being sold to SPCB authorised parties; in respect of other two HW the unit could not furnish any reply.

### 3.3.8 Management of Non-hazardous waste

According to SPCB, about 25 million tons of industrial solid waste was generated in the State annually out of which 24 million tons were non-hazardous solid waste which included nine million ton ash from thermal power plants and six million ton char kiln dust from 103 sponge iron plants. SPCB estimated that every year 100 hectares of land was required for solid

waste disposal. At present, the char kiln dusts and blast furnace (BF) / SMS slags and flue dusts from iron and steel industries were being dumped in open fields and low lands. There was no systematic disposal of other waste in TRL, J.K and RSP. The waste was being dumped in open sites without levelling and soiling. The plants had no sprinkling facility inside the plant area for settling dust. The Adhunik Metaliks, J.K and NALCO Smelter had not maintained records relating to generation and collection of non-hazardous waste.

### ***Utilisation of ash generated from Power Plants in Orissa***

As per Government of India (GOI) notification (September 1999 and August 2003) issued under Section 3 of EP Act required that manufacturers of clay bricks / tiles / blocks operating within a radius of 100 km from coal or lignite based Thermal Power Plants (TPP) were required to mix at least 25 *per cent* (the percentage should reach 100 by August 2005) of ash with soil on weight to weight basis. SPCB and the State Government were made the enforcing and monitoring authorities respectively for ensuring compliance. Further, MOEF directed (April 2004) SPCBs not to allow brick kilns operating within 50 km radius from the TPPs without mixing at least 25 *per cent* of fly ash in the manufacturing of clay bricks.

Heavy accumulation of power plant ash for want of sufficient space for disposal

There were eight major TPP and many other small captive power plants generating over 12.382 million tons ash per annum out of which only 3.21 million tons (26 *per cent*) could be utilised. This ash was disposed by the TPPs in ash ponds constructed for the purpose. Most of the ash was utilised on land filling and dyke raising of ash ponds. SPCB records revealed that very little percentage (2.18) of ash was used for brick making. Only 0.3 million tons of ash had been supplied to cement, asbestos and other industries which was 9.48 *per cent* of total ash utilised during 2007-08. Neither the State Government nor the SPCB had taken any effective steps to enforce or monitor the provisions of GOI notifications.

Two test checked units i.e. NALCO, Captive Power Plant (CPP) (capacity : 960 MW) and CPP of RSP (capacity : 220 MW) generated 24,97,653 MT of ash in 2007-08, out of which 2,58,777 MT was utilised for land reclamation and embankment/dyke raising and 10,109 MT of ash was supplied to eight brick units by CPP, NALCO. The RSP stated that though a good number of cement industries existed within 100 km radius of RSP, the cement manufacturers and brick kilns were not interested in utilisation of ash even at free supply. Thus, non-enforcement and monitoring by SPCB and the State Government led to huge accumulation of ash in the ash ponds of the industries/TPPs defeating the purpose of conservation of topsoil.



**Ash pond of RSP dated 7 May 2008**

### **3.3.9. Monitoring**

The Advisory Committee set up to monitor the implementation of BMW Rules decided (November 2005) to meet every quarter. As of August 2007, only one meeting was held in which a decision was taken to raise the authorisation fees and encourage health care units in private and government sector to avail the services of common waste treatment and disposal facility. No follow-up action, however, was taken.

The SPCB or the Government (HUDD/ HFWD) did not ensure submission of annual reports and returns by the ULBs to the SPCB or obtaining authorisation from SPCB. Further, scheduled inspections of HCU's was also not ensured by the SPCB. The industrial units as well as ULBs did not conduct laboratory tests at periodical intervals and send the reports to the SPCB.

As such, monitoring of the MSW and BMW rules was inadequate.

### **3.3.10 Conclusion**

The waste management under provisions of various rules was found at very nascent stage. No comprehensive plan and resource identification to meet the requirement of individual entities has been done. All the units failed to comply with provisions of relevant rules even after lapse of five to seven years of period after prescribed date(s). The funds under TFC grants for MSW and State grants for BMW remained unutilised in absence of specific plans for creation of infrastructure.

### **3.3.11 Recommendation**

- The State Government / SPCB should assess on priority the quantity of all types of waste generated and the projections for the coming years. The identification of space for organised landfills and alienation of land should be done.
- The State Government should identify the requirement of machinery and infrastructure for processing, recycling, reuse and handling of waste with support of funds.
- Duties of prescribed and implementing authorities should be clearly demarcated and prescribed authorities empowered with penal provisions.
- The usage of huge quantities of fly ash generated by power plants in the State should be explored and concrete steps be taken to fill up mine voids and land reclamation of sea as provided in GOI instructions.
- The monitoring mechanism should be strengthened with introductions of regular reports, returns and schedule of inspections, conducting laboratory tests.

## FOREST AND ENVIRONMENT DEPARTMENT

### 3.4 Functioning of Chilika Development Authority, Bhubaneswar

#### 3.4.1 Introduction

Chilika lagoon situated along the east coast of Orissa is a unique brackish wetland in the country with water-spread area varying between 906 and 1165 square kilometer. It is an assemblage of marine, brackish and fresh water ecosystem with amazing biodiversity. The lagoon had been facing multi dimensional ecological and anthropogenic pressure leading to area shrinkage, siltation, choking of the inlet channel, decrease in salinity and normal loss of biodiversity. To overcome the threat of siltation, change of salinity regime and depletion of the bio resources including fish etc, the Government of Orissa set up (November 1991) the Chilika Development Authority (CDA), a registered society. The Chief Executive (CE) is the head of the Authority functioning under the direction and control of the Governing Body (GB) with the Chief Minister of Orissa as the Chairman and the Forest and Environment Department (F&ED) of the State Government is the administrative department of the Authority.



#### 3.4.2 Audit coverage

The functioning of the Authority during the period 2003-2008 was reviewed in audit (January-May 2008) under Section 14 (1) of the C&AGs DPCs Act, 1971 through test-check of records at CDA, Director of Fisheries, Cuttack, Director of Inland Water Transport, Bhubaneswar, Board of Revenue, Cuttack, four<sup>1</sup> other departments, and sixteen<sup>2</sup> units working for Chilika lagoon.

#### 3.4.3 Funds allocation and expenditure

Grants received by the CDA from the Government of India (GOI) based on recommendations of various Finance Commission and other plan grants from GOI as well as from State Government and the expenditure incurred there against during 2003-08 were as below:

\* Abbreviations used in this performance review have been expanded in Glossary of abbreviations at pages 234 to 238

<sup>1</sup> Forest and Environment, Fisheries and ARD, Revenue, Tourism

<sup>2</sup> DFO, Khurda, DFO (WL) Chilika, Balugaon, Collectors (Puri, Khurda, Ganjam), Tahasildars Brhamagiri, Krushnaprasad, Tangi, Banapur, Khallikote), ADF(B&T)Balugaon, ADF(Marine)Puri, Dist. Fishery Officer, Khurda, Managing Director, FISHFED, Bhubaneswar, Dist. Toustist Office, Puri, Asst. Engineer, IWT, Balugaon,



**Table-1 : Fund position***(Rupees in crore)*

Year	Opening balance (a)	Receipt						Total funds available (a + d)	Expe- nditure	Unspent balance
		Plan (b)				Non plan (c)	Total (d) = b + c			
		EFC / TFC	MOEF	State Plan	Others	Task force				
2003-04	3.27 <sup>3</sup>	17.93	0.52	0.10	0.07	0.05	18.67	21.94	19.38	2.56
2004-05	2.56	0	1.30	0.10	0.41	0.05	1.86	4.42	2.98	1.44
2005-06	1.44	0	1.40	0.10	0.57	0.15	2.22	3.66	2.97	0.69
2006-07	0.69	7.50	0.55	0.45	0.25	0.15	8.90	9.59	7.41	2.18
2007-08	2.18	7.50	0.90	0.45	0.24	0.05	9.14	11.32	8.55	2.77
Total		32.93	4.67	1.20	1.54	0.45	40.79		41.29	

EFC: Eleventh Finance Commission, TFC: Twelfth Finance Commission, MOEF: Ministry of Environment and Forests, GOI

Thus, out of total available funds of Rs 44.06 crore (Receipts : Rs 40.79 crore and opening balance of Rs 3.27 crore), the expenditure incurred was Rs 41.29 crore during 2003-08 and Rs 2.77 crore remained unspent as of March 2008. However, the CE submitted utilisation certificates to the State Government for Rs 37.32 crore which included unutilised advance of Rs 47 lakh paid during the period to different executing agencies showing the same as final expenditure in the accounts.

#### **3.4.3.1 Delay in release of GOI grants**

Receipt of Rs 1.95 crore (March 2005) from the MOEF, GOI under “Conservation and Management of Chilika lagoon” was released by the State Government to CDA between July 2005 to July 2006. The delay in release of funds deprived CDA interest of Rs 11 lakh.

#### **3.4.3.2 Irregular diversion of funds towards establishment expenditure**

The CDA by keeping funds, received under Tenth and Eleventh FC grants in saving bank and term deposit accounts earned interest of Rs.1.80 crore during the year 1996-97 to 2005-06 as additional resources to the scheme funds. These funds were not to be used for establishment expenditure. But the CDA used Rs.1.09 crore towards establishment cost like payment of wages, electricity bills, POL etc during 2004-06. Further, out of the funds received from the GOI (MOEF) under conservation, management and development of Chilika lagoon, Rs 6 lakh was irregularly diverted between April and June 2006 for payment of salary and wages of the CDA staff. The CE stated (February 2008) that as no money was available for the said purposes the funds were diverted. The reply was not acceptable as there was budget provision for the purpose during 2002-06 under the state plan.

#### **3.4.3.3 Non utilisation of money collected out of ferry services**

As per the Memorandum of Association (MOA) and Rules and Regulation of CDA, income of the authority shall be applied towards the promotion of

<sup>3</sup> EFC: Rs 92.59 lakh, MOEF : Rs 109.06 lakh, State Plan : Rs 47.20 lakh, Others : Rs 77.73 lakh.

objectives and functioning of CDA subject to approval by Government in F&ED. It was noticed that Rs 56 lakh collected on account of ferry service charges during 2003-08 were retained in bank account of CDA and the cost of operation and maintenance was charged to FC grants. No action plan had been chalked out for its utilisation (March 2008).

#### **3.4.4 Programme implementation**

Successive Central Finance Commissions as well as Ministry of Forest and Environment provided funds for multidisciplinary and multidimensional activities for preservation and restoration of ecosystem and overall development of lagoon. The CDA, however, carried out various activities like desiltation, catchment area treatment, conservation of biodiversity, fisheries resources development etc as a standalone process as there was no perspective plan and annual action plans were prepared based on fund received from GOI from year to year.

##### **3.4.4.1 Desiltation activities**

No perspective plan devised for want of committed financial support

The threat to biodiversity of the lagoon is attributed to siltation, change in salinity regime of the lake water due to closure of the outer channel adversely affecting the exchange of sea water into the lagoon. As per the action plans under the various FC grants, de-siltation activity was to be carried out periodically. In the process, CDA incurred expenditure of Rs 24.04 crore for de-siltation of 51.22 lakh cum through dredging during December 1997 to January 2008. Though there was de-siltation of 14.54 lakh cum at chainage 10000-25000 during 2002-04, the pre and post monsoon survey report of IIT (2004), Madras revealed subsequent siltation of 8.30 lakh cum at same site of dredging which would cost Rs 5.98 crore at the rate of Rs 72 per cum. This silt deposition after dredging were attributed to modification of river system through intervention such as dams and weirs, structure for agriculture etc which affected seasonality of flow of water and frequency of floods. The DFO, (Wild Life) Chilika also attributed heavy siltation of approximately 13 million MT annually to indiscriminate deforestation in the catchment area of the tributaries of the lake. Neither the CDA nor the State Government prepared any perspective plan to address the problem of silt deposits.

##### **3.4.4.2 Irregular payment of escalation on dredging - Rs 93 lakh**

Payment of escalation charges of Rs. 93 lakh against standard condition of contract

As per instructions issued by Government of Orissa, (April 1986) a clause on escalation of rates on labour, material and POL can be incorporated in an agreement if the minimum contractual period is one year or more. It was noticed that CDA entered into an agreement (July 1999) with a Chennai based private firm for dredging of 10 lakh cum within 11 months at the rate of Rs. 35/- per cum with the CDA's dredger Kalijai-II incorporating an escalation clause in the agreement. The contractor dredged only 2.27 lakh cum between August 1999 and September 2000 and was irregularly paid escalation charges of Rs 11 lakh due to provision of such clause in the agreement. The same contractor dredged further quantity of eight lakh cum between April 2002 to March 2003 and was paid escalation charges on the same terms and condition without executing fresh agreement. This led to further irregular payment of

Rs 0.82 crore towards escalation charges due to inclusion of escalation clause in the contract.

#### **3.4.4.3      *No action plan for economical disposal of the dredged material***

Commercial exploitation of minor minerals not done

No action plan was formulated to economically exploit the minerals (shell lime, silt, sand, ordinary earth) available in the dredged materials as contemplated in Orissa Minor Mineral Concession Rules 2004 resulting in illegal lifting and trading by the local traders. No charges were levied for use of island space for purpose of storage and stacking of the materials so segregated by the traders.

#### **3.4.4.4      *No action plan to address the adverse impact of new mouth***

No disaster management plan exist to tackle possible adverse effects of artificial opening of mouth

It was originally envisaged in the action plan under the Tenth Finance Commission grants that the 32 kilometer natural outer channel was to be dredged for de-siltation. The Central Water and Power Research Station, (CWPRS), Pune, recommended to dredge the existing channel and in case this channel remained stable, it would be preferable to concentrate on improving the channel and examine its impact on salinity in the lagoon before opening a new mouth. But, without dredging the original channel, CDA undertook dredging operation over eight kilometres of the channel and opened (September 2000) a “new mouth” at a cost of Rs 98 lakh. However, the observation report of CDA ( April 2003) indicated increase of width of the mouth as much as 10 times the original width (Chilika side 640m, middle 480m, seaside 1040m) with a northward shift and sea water inlet stretch of 295 meters as per the latest survey (29 November 2007). The GB expressed (June 2003) concern over the adverse effects in the adjacent villages due to widening of the new mouth. As per press reports (July/August 2008) in the local news papers another natural mouth got opened at a distance of one kilometer from this artificial mouth due to erosion of sea shore attributed mainly to the opening of artificial mouth which might lead to a major disaster in the peripheral villages in case of typhoon, cyclone, high tides etc. After opening of new mouth although fish breeding increased, steep decline in fish landing was noticed from 10286 MT in 2003-04 to 6610 MT in 2007-08 and the prawn and crab production from 3767 MT in 2003-04 to 3441 MT in 2007-08. During the same period the genetic diversity after exchange of saline water also led to gradual disappearance of fresh water species like Murrels and Featherbacks. No action plan was formulated by the CDA (July 2008) to address the adverse impact for such change of biodiversity in and around the lagoon. The Central Inland Fisheries Research Institute (CIFRI),





Barrackpore - consultant of CDA attributed the decline in fish landing to existence of gheries<sup>4</sup> in the lagoon.

### 3.4.5 *Treatment of catchment area*

Catchment treatment measures assumes significance in bringing down the silt flow into the ecosystem of the lagoon and CDA undertook plantation on its own as also through various DFOs.

#### 3.4.5.1 *Plantation without adequate field staff*

Wasteful expenditure of Rs 2.17 crore due to failure of plantation

The CDA carried out block plantation during 1999-2003 without approval of DFO, Khurda over 1161 ha in the forest area coming under his jurisdiction at a cost of Rs 2.17<sup>5</sup> crore out of EFC and GOI funds. The work was executed departmentally. No watch and ward was provided thereafter to maintain the plantation. It was decided (May 2006) to hand over these plantations to the DFO, Khurda for future management and protection, which however, is yet to be handed over as of April 2008. Joint physical verification by audit, officials of CDA and F&ED of four sites<sup>6</sup> covering plantation carried out (2002-03) in 106 hectares revealed no survival of all the cashew (8300) and bamboo (10000) plantations and scanty survival of 'babul' (5600) plantation. Execution of such work by the CDA without coordinated action plan involving the jurisdictional forest division relieved the officials of the concerned forest division of their responsibility for the plantation. Thus, the expenditure of Rs.2.17 crore on plantation became largely infructuous.

#### 3.4.5.2 *Improper maintenance of Plantation Journal / Muster roll*

Complete details of plantation and labour charges not maintained

CDA had taken up departmental execution of plantation work in another 961 ha of land incurring expenditure of Rs 91 lakh during 2005-07. Scrutiny of plantation records revealed that the plantation journal did not indicate survival of the plants, their average height, taking up weeding out operations, materials used for plantation for the second and third year of plantation. Further, Muster rolls in support of payment of Rs 82 lakh to labourers engaged in plantation work were not maintained. Thus, due to improper maintenance of plantation journal and non maintenance of muster roll, the authenticity of expenditure could not be ensured.

Forest department norm was not followed for plantation which led to extra expenditure of Rs 25 lakh

#### 3.4.5.3 *Extra expenditure on excess provision for plantation*

The CDA carried out plantation activities in catchment areas through the DFO, Khurda. During 2005-06, DFO, Khurda executed the plantation work with the norm of 62.5 mandays per ha during first year of plantation for natural regeneration (NR) plantations and 174 mandays for management intervention (MI) plantations for three years. During 2003-04, the DFO also executed 600 ha of plantation work with 122 mandays per ha for NR and 300 hectare for MI

<sup>4</sup> Large enclosed area by mud dikes and synthetic filament net wall for prawn culture.

<sup>5</sup> 1999-2000-(Rs.5.47 lakh) -40 ha. .2000-01-(Rs.29.14 lakh)-213 ha, 2001-02 -(Rs 35.71 lakh)-178 ha, 2002-03- (Rs. 80.64 lakh)-402 ha, 2003-04-(Rs.65.80 lakh)-328 ha.

<sup>6</sup> (i) Ankula padar : 50 hectare, Halanda : 25 hectare, Deogan : 11 hectare, Kolathadiha : 20 hectare

plantations at 260 mandays per ha. This resulted in extra expenditure of Rs 25 lakh due to excess provision of 59.5 mandays for NR and 86 mandays for MI plantations in 2003-04. The DFO, Khurda stated that plantation norm of Forest Department was adhered to for the work of 2005-06 where as during 2003-04 the work was executed as per norms provided by the CDA. The reply is not acceptable as the standard cost norm of the F&ED should have been adopted to avoid extra expenditure.

### 3.4.6 Conservation of biodiversity and genetic resources

The restoration programme of the lagoon's ecology broadly covered conservation of biodiversity and genetic resources through removal of un authorised encroachments termed locally as 'gherries' and fisheries resources development etc, control of siltation load through plantation in catchment area, improvement of communication network through ferry service, improvement of water exchange and salinity gradient through dredging etc

#### 3.4.6.1 Eviction of encroachment

Total indifference of district administration to evict gherries in the lagoon.

An extensive area of the lagoon under illegal prawn culture through gherries of synthetic filament net enclosures and mud bunds constructed in shallow water in the lagoon was considered detrimental to its ecosystem. These gherries prevented migration of fish, prawn and crab juveniles during recruitment from sea to inner Chilika so also seaward breeding migration of mullets, sea bass etc. Most of the gherries were along the productive shoreline reducing traditional capture fishery area; the net and barriers also prevented free flow of sediments and its circulation which contained natural feed to the fish species. The earthen gherries in the fringe area lead to water logging in peripheral area. The CDA received Rs 45 lakh (2003-08) from the state government under the task force expenses for demolition of gherries of which Rs 21 lakh was irregularly diverted towards payment of salary and allowances of its staff and the remaining Rs 24 lakh was given to District Collectors (Ganjam, Khurda and Puri) for the purpose. One excavator procured (February 2002) at a cost of Rs 16 lakh for eviction of gherries went out of order from April 2006.

During 1999-2008 demolition of gherries were undertaken by the above Collectors 24 times averaging twice in a year as detailed below:

**Table-2 : Yearwise eviction of gherries by different Collectors**

(Area in acre)

Year	Collector, Puri		Collector, Ganjam		Collector, Khurda	
	No. of operation	Area evicted	Number of operations	Area evicted	Number of operation	Area evicted
1999-2000	Twice	31132	-	-	-	-
2000-01	Twice	4075	-	-	-	-
2001-02	Once	8865	-	-	once	5.25
2002-03	Twice	9185	-	-	-	-
2003-04	4 times	7113	Once	4800	-	-
2004-05	Twice	34710	Twice	19800.380	Twice	440
2005-06	Once	5490	Once	12484 (12350 earthen dam)	-	-
2006-07	Twice	13421 (2100 earthen dam)	-	-	-	-
2007-08	-	--	-	-	once	1300
<b>Total</b>		<b>113991</b>		<b>37084.380</b>		<b>1745.25</b>

The Government instructed (March 2007) the district administration to ensure that the removal of gherries be consistent and frequent so that the expenditure made by the unscrupulous elements in making the gherries is rendered unfruitful. But it was seen that the Collectors (Khurda and Ganjam) had not demolished gherries even once in a year. Due to continued existence of gherries and absence of frequent and timely demolition of gherries well before harvesting season, the ecosystem suffered. The District administration attributed non removal of gherries to paucity of funds and non availability of excavators with the CDA.

#### **3.4.6.2            *Restoration of bird sanctuary***

Restoration  
work was  
limited to  
sanctuary area

The Nalabana island covering 15.53 sq km within the lagoon had been notified (December 1987) as a bird sanctuary under the Wild Life Protection Act, 1972, and being managed by the Divisional Forest Officer (Wild Life), Balugaon. As per the information furnished to audit by the DFO, grants amounting Rs 3.68 crore received by him were spent during 2003-08 for undertaking various restoration measures of the sanctuary like providing watch and ward, holding of bird protection camp, providing perching facility, construction of mounds and ponds, renovation of creeks, maintenance of boats, buildings, payment of salary to staff etc. The data on census (April 2003 and March 2008) of the birds furnished revealed increasing trend in hosting the migratory birds in the Nalabana sanctuary. The total bird population within the Chilika lagoon which was 22 lakh in 1998 had declined to 4.54 lakh in 2003. It rose to 8.92 lakh in 2008 but was still 60 *per cent* less than population of 1998. The restoration measures should have been spread over entire lagoon instead of only to sanctuary area to arrest declining trend of bird population.

#### **3.4.6.3            *Conservation of dolphins***

Illegal fishing  
and boating  
action in  
dolphin  
habitation  
area

The lagoon had been a habitat of small endangered riverine Irrawadys dolphins that inhabit coastal and estuarine waters of Asia, Philippines and Australia. The population of dolphins in the lagoon as reported (May 2008) was 138. However, there was threat to their life from illegal plying of tourist and fishing boats and accidental catch in fish and gill nets. As per State Environment Report (SER), 2006, a total 16 dolphin carcasses were recovered, which far exceeded natural mortality rate. The CDA/Government had not made any coordinated effort to curb illegal boating and fishing activities for conservation of dolphin population.

#### **3.4.7                *Under utilisation of assets***

The assets created out of various Finance Commission grants for infrastructural development were under utilised or kept idle as discussed below:

##### **3.4.7.1            *Under utilisation of Ferry craft***

A ferry craft was procured (July 2001) at a cost of Rs 1.21 crore to facilitate transport of vehicular traffic as well as passengers between Satapada and Janhikuda and was made operational (June 2002) which also acted as a bridge

to reduce the road length between Berhampur and Puri. The life of the craft was 20 years with a minimum of 300 working days per year. After running for two years up to 2004-05, it remained almost idle during 2005-08 as it ran for 104 days in 2005-07 and only one day in 2007-08. Thus during last three years (April 2005 to March 2008) its utilisation was only 12 *per cent* as it ran 105 days instead of minimum 900 days. An amount of Rs 7 lakh was spent on maintenance of the craft and its crew members during 2005-08 (craft: Rs 1.04 lakh, wages: Rs 5.90 lakh). The CE admitting the fact stated (February 2008) that the ferry service was continued with the two barges purchased out of Eleventh FC grants meant for eviction of unauthorised gheries since fuel and lubricant consumption of the barges was less compared to the ferry craft. Thus, the ferry craft procured at a cost of Rs 1.21 crore was kept idle and rendering the entire expenditure unfruitful.



#### **3.4.7.2 Non utilisation of survey and patrolling boats after construction**

The CDA paid (May 1999) Rs 23 lakh to the Director of Fisheries (Director) under the action plan component of fisheries resource development for construction of a FRP boat (Rs 15 lakh) and a Sona boat (Rs.8 lakh) for use in survey, patrolling and task force work in Chilika. The Director got two boats<sup>7</sup> constructed at a cost of Rs 34 lakh, but did not hand over the same to CDA for use in Chilika. While the FRP boat remained idle since construction (June 2001) due to its high running costs, the sona boat was being utilised by the fisheries department outside Chilika lake. The Director asked (March 2002) CDA to take over the FRP boat constructed at a cost of Rs 25 lakh after reimbursing the differential cost of Rs 10 lakh incurred by him on it. However, in absence of budget provision under subsequent Finance Commission grants the payment could not be made and the boat remained inoperative with the Director as of June 2008. Thus, the objective of using the boats for patrolling and survey etc remained unachieved for over seven years even after incurring an expenditure of Rs. 34 lakh.

#### **3.4.8 Regulatory Issues**

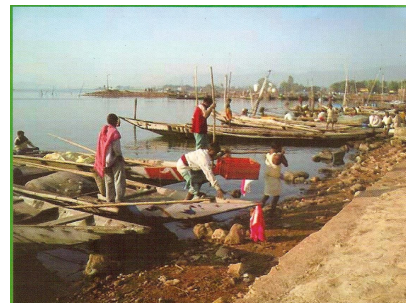
##### **3.4.8.1 Illegal fishing**

**Illegal fishing remained unabated.**

The Orissa Marine Fishing Regulation Act, 1982 envisaged prohibition of fishing using vessels which were not licensed by the Fisheries Department. It was noticed that the enforcement of the fishing activities through vessels vests with the Assistant Director of Fisheries (Marine), Puri for the area covered

<sup>7</sup> One fibre reinforced plastic (FRP) boat of Rs. 24.64 lakh for survey, one Sona boat of Rs 9 lakh.

under outer channel and Assistant Director of Fisheries, Balugaon, Khurda District for the remaining area of the lagoon. As stated by the latter, of 7190 boats (country and mechanised) engaged in fishing activities in the lagoon, only 4664 were licensed and the remaining 2526 were unauthorisedly engaged in fishing activity. However, these were not impounded nor any action taken against such persons violating the provisions of the Act. Besides, as per the notification issued (January 1988) under the Act, fishing in Chilika had been completely prohibited during the months of December and January and catching of prawns during the months of February and March in the outer channel of the lagoon when they remain in juvenile stage. However, the jurisdictional Assistant Director of Fisheries (Marine), Puri stated that the provisions of the Act were not being implemented in the lagoon due to lack of manpower and other infrastructure. Thus, slack enforcement of the provisions of the Act had been affecting the fish production as the recruitment of juvenile fish into the lagoon takes place during the above months.



#### **3.4.8.2            *Unauthorised plying of tourist boat***

Unregulated traffic of tourists disturbed ecosystem.

According to the provisions of Orissa Boat Rules 2004, no person can ply a boat to carry goods or passengers whether for hire or otherwise in the lake without registration of the boat with Registration Officer i.e. Assistant Director, Inland Water Transport of the area. Indiscriminate plying of boats around the outer channel was noticed which posed serious threat to the biodiversity for they churn the lake bottom continuously leading to increasing turbidity. Joint physical verification (April 2008) of mechanical passenger boats by the CDA officials and audit at Satapada and Balugaon revealed that about 890 passenger boats were plying inside the lagoon carrying passengers out of which only 20 boats were registered with the 'Registration Officer'. Further, minimum revenue of about Rs 14 lakh towards registration fee chargeable for plying class II boats was not recovered. No coordinated efforts have been formulated by the CDA with the help of Tourism Department and Commerce & Transport Department to enforce restrictive tourism and also plying of unauthorised boats.

#### **3.4.8.3            *Absence of legal framework***

CDA was without powers and resources

As envisaged in the Memorandum of Association, the CDA was to protect the lake ecosystem with all its genetic diversity and co-operate and collaborate with other institutions of the State for all round development of the lake. The activities and authorities enforcing the provisions of different Acts and Rules which are applicable to Chilika lagoon were as follows:

**Table-3: Departments in charge of enforcement of different Acts**

Activity	Acts and rules applicable	Department in charge of enforcement of the provisions Acts and rules
Regulation and registration of boats plying inside the chilika Lagoon for tourism	Orissa boat rules 2004	Inland Water Transport Department
Regulation and Registration of boats plying inside the Chilika lagoon for fishing purposes	Orissa Marine Fishing Regulation Act, 1982	Fisheries and Animal Resources Development (FARD) Department
Protecting, propagating and developing wild life including birds, fish, dolphins and its environment - Nalabana Bird Sanctuary	Wild Life (Protection) Act, 1972	Forest and Environment Department through the DFO (WL) Division, Balugaon
Eviction of encroachment, leasing of water bodies for fishing activities etc.	Orissa Prevention of Land Enchroachment Act, 1972	Revenue Department through District Collectors
Extraction of minor minerals such as lime shells, silt etc.	Orisa Minor Mineral Concession Rules 2004	Revenue Department

These Acts together with rules framed by the State Government for different activities were being enforced by State Government Departments and the CDA although made responsible for restoration and protection of the lake eco system with all its genetic diversity has not been empowered to exercise any power or functions under any provisions of the above Acts and Rules to enforce the different regulating activities inside the lagoon.

### **3.4.9 Absence of tourism infrastructure development**

The Chilika lagoon offers a plethora of tourist resources such as virgin beaches across sand bars, the immense biodiversity, scenic islands etc. However, it was not fully supported by adequate island and beach tourism facilities such as aquarium, museum, observatory and tourist resorts. During the 2003-08, the Tourism Department and CDA spent Rs 4.29 crore and Rs 98 lakh respectively for development of tourist activities in and around Chilika. These activities mainly included accommodation, conveyance and construction of Interpretation Centre. Government had not yet contemplated (April 2008) any perspective plan to develop the lagoon as a major coastal and eco tourist resort.

### **3.4.10 Man power management**

The State Government in Forest & Environment Department sanctioned 11 posts (February 1992 and May 1996) of different cadres in favour of CDA and provided grants in aid under state plan for establishment expenses. It was however noticed that, the GB of CDA approved (1997-2003) the increase of staff strength to 40 as detailed in the **Appendix - 3.6**. Senior level posts like Additional Chief Executive, Executive Engineer, Senior Scientist, DFO was created without the approval of Government. Of the approved 40 posts, only 18 posts were under operation as on 31 March 2008. Thus, vacancy position constituted more than 50 per cent. With an area of 1165 sqm and activities like protection of environment ecosystem biodiversity, plantation and weed management, civil works, encroachments, regulation of fishing and tourist activities, survey and patrolling etc the size of the establishment was totally insufficient.

Vacancy  
positions  
more than  
50 per cent

Indifference of various committees to hold meetings

### **3.4.11            *Monitoring***

The State Government constituted three committees viz. Chilika Environment Impact Assessment Committee, Executive Planning Body and Permanent Expert Committee to monitor the different activities undertaken in Chilika lagoon and their impact on eco-system, environment and prawn culture. While the first two committees were to meet once a quarter, the third committee was to visit the lake twice in a year. During 2003-08 no meeting / visit was conducted by these committees. Besides, the GB of the CDA, which was to sit once in every quarter to discuss and deliberate upon the activities of the CDA, met only twice during the above period. Thus monitoring mechanism though in place remained non functional.

### **3.4.12            *Conclusion***

The State Government established CDA to undertake multi dimensional and developmental activities without formulating a perspective plan and providing resource support and regulatory powers. The artificial mouth connecting sea opened in September 2000 widened ten fold for which no close monitoring and disaster management plan was put in place to address possible threat to villages in and around the lagoon. Action plan implemented with help of Central Finance Commission grants and GOI grants revealed deficient planning, doubtful execution of plantation work, under utilisation of assets created, inadmissible payment of escalation charges. With opening of artificial mouth to the sea, there was decline in fish production and disappearance of some fresh water species of fish. The restoration works for birds remained confined to the sanctuary area. Presence of gherries led to disturbance in eco system due to illegal prawn culture. Unregulated tourism and fishing activity led to pollution of environment. Soil conservation and plantation works; a major source of arresting siltation taken up during the year 2003-08 were implemented in uncoordinated manner warranting heavy recurring spending in future. Monitoring Committees constituted by the Government remained non functional.

### **3.4.13            *Recommendations***

- The State Government should devolve financial resources and regulatory powers on CDA and provide a long term perspective plan to restore and protect the eco system as well as develop the lagoon as a major coastal eco tourism resort.
- A legislative frame work should be in place authorising the CDA to regulate and enforce various activities in and around the lagoon and to establish it as a self sufficient autonomous body.
- Museum, observatory and aquarium as well as tourist infrastructure may be developed in and around the lagoon in Public Private Partnership mode if necessary.
- Monitoring Committees should be made functional.
- An Act on Fishing in Chilika should be in place to regulate the fishing activity.

## FOREST & ENVIRONMENT DEPARTMENT

### 3.5 Implementation of project elephant in Orissa

#### 3.5.1 Introduction

The introduction of the Wildlife (Protection) Act, 1972, provided a structure and mechanism for protection of wildlife in India. The elephant was declared as an endangered animal under the Act and a complete ban on ivory trade was imposed in 1991. Concerned at the primary need to restore the elephant habitats and reduce the suffering of both the elephant as well as the human population, the Government of India (GOI) launched a Centrally Sponsored Scheme called “Project Elephant” in February 1992. The scheme commenced in Orissa in September 2001.

Orissa accounts for nearly 74 *per cent* of the elephants in Eastern India, 10 *per cent* of the tusked elephants in the country and also records a large number of elephant deaths and human deaths due to increased Human-Elephant Conflict (HEC). The scheme aimed primarily at conservation and protection of viable populations of wild elephants in their natural habitat and restoration of natural habitats and traditional corridors used by the elephants thereby reducing the HEC.

“Project Elephant” was also concerned about management of smaller identified groups of wild elephants that became problematic to human life and property besides strengthening the anti-poaching infrastructure, research and monitoring.

The scheme was being implemented in Orissa by the Principal Chief Conservator of Forest-cum-Chief Wildlife Warden (Orissa), Bhubaneswar who was assisted by the Conservators of Forest, Baripada, Angul and Sambalpur as Nodal Officers at the circle level.

#### 3.5.2 Project Area

Three Elephant Reserves (ERs) were notified in Orissa in the years 2001 and 2002 to define the prime elephant habitats and to launch various management interventions for conservation of elephants. The three reserves spread over 8509 sq. km. of geographical area, were Mayurbhanj ER (7043.74 sq. km.), Sambalpur ER (426.91 sq. km.) and Mahanadi ER (1038.30 sq. km.) with a habitat area of 4679 sq. km. The project area covers around 20<sup>1</sup> forest divisions.

According to the 2007 census, there were 1862 elephants in the State as follows:

\* Abbreviations used in this performance review have been expanded in Glossary of abbreviations at pages 234 to 238

<sup>1</sup> Angul, Athagarh, Athamallik, Bonai, Bamra (WL), Boudh, Baripada, Balasore (WL), Cuttack, Dhenkanal, Karanjia, Keonjhar (WL), Mahanadi (WL) Nayagarh, Rairakhol, Rairangpur, Sambalpur (N), Sambalpur (S), Satkosia (WL) and Similipal TR.



<i>Sl.No.</i>	<i>Name of the ER</i>	<i>No. of elephants</i>
i.	Mayurbhanj ER	528
ii.	Sambalpur ER	194
iii.	Mahanadi ER	595
iv.	Outside the ERs	545
	<b>Total</b>	<b>1862</b>

### 3.5.3 *Audit coverage*

Audit was conducted between February and June 2008, covering the five year period 2003-08 through test check of records in the Forest and Environment Department, Government of Orissa (GOO), Office of the Principal Chief Conservator of Forest (Wildlife)-cum-Chief Wildlife Warden, Orissa, Bhubaneswar, three<sup>2</sup> circles each headed by a Conservator of Forest and nine<sup>3</sup> selected Forest Divisions located within the Elephant Reserves, to assess whether the Elephant Reserves were duly notified and had proper management plans and adequate funds were made available to undertake the conservation and protection of elephants.

## Audit findings

### 3.5.4 *Planning*

#### 3.5.4.1 *Management plan*

In order to have proper management intervention for conservation of elephants, a long-term management plan was necessary. In June 2002, GOI requested GOO to finalise a perspective plan for the elephant reserves by March 2003. Although “Project Elephant” was formally launched in Orissa in September 2001, GOO was yet to prepare a perspective plan (March 2008) and the scheme was being implemented through *ad hoc* Annual Plans of Operation.

#### 3.5.4.2 *Annual Plan of Operation*

The Annual Plans of Operation were being submitted to the Central Government each year without any long-term plan in place as required under the scheme. Absence of a long-term plan adversely affected the intended systematic management based on prioritised and specific items of work in the ERs.

An Elephant Management Plan for Rs 53.60 crore was prepared by the Chief Wildlife Warden and submitted to the State Government in December 2006 but no action was taken on this proposal.

<sup>2</sup> Angul, Baripada and Sambalpur

<sup>3</sup> Angul, Athagarh, Baripada, Bamra, Dhenkanal, Keonjhar, Sambalpur, Satkosia Wildlife Division at Angul and Similipal Tiger Reserve at Baripada

### 3.5.4.3 Notification of Elephant Reserves

Formal notification for creating an ER was required in order to receive funds from the Central Government for undertaking different measures for conservation and protection of elephants. GOO had notified three ERs<sup>4</sup> in 2001 & 2002 covering 932 elephants. With a view to conserving the remaining elephants and to obtain more central funds, the PCCF (WL) submitted a proposal (March 2004) for creating two new ERs<sup>5</sup> and rationalisation of boundaries of two existing ERs<sup>6</sup>. This was recommended and submitted by the State Government (April 2004) to the Central Government, which approved the proposal (February/November 2005) and requested the GOO to formally notify the boundaries of the proposed ERs. However, the State Government withdrew the proposal (July 2007) without citing any reasons. On being requested by the Central Government (August 2007) to reconsider this, the State Government intimated (May 2008) that if the proposal was accepted 25 *per cent* of the total geographical area of the State would be covered under the ERs, thereby affecting the socio-economic development of the state.

Audit scrutiny revealed that:

- The area proposed for ERs was already covered under existing forest laws and additional curbs over utilisation of land would not have been imposed since the ER was merely a management unit.
- The views of the PCCF (WL), Orissa that poaching of elephants would be controlled on such rationalisation was not considered. Audit observed that 56 elephants were killed due to poaching during the period under review, of which 39 incidents (67.8 *per cent*) had occurred outside the ERs.
- As per the 2007 census, only 1317 (70 *per cent*) of the elephants were within the ERs against the 90 *per cent* envisaged in the “Vision for the Future” document of the F&E Department.
- The South Orissa ER was proposed over an area of 4,216 sq km in Rayagada, Kandhamal and Kalahandi districts, while the Baitarani ER was to be spread over 10,516 sq km. covering four districts viz :- Keonjhar, Dhenkanal, Angul and Sundargarh.

Notification of the ERs would have focussed attention on conservation of elephants and enabled restoration of the habitats and corridors by obtaining more funds from Government of India under “Project Elephant”. Besides many of the new mines and industries are either operational or coming up in these areas and the likely increase in HEC need to be controlled.

<sup>4</sup> Mayurbhanj, Sambalpur and Mahanadi

<sup>5</sup> South Orissa and Baitarani

<sup>6</sup> Mahanadi and Sambalpur

### 3.5.5 Financial Management

“Project Elephant” is a fully funded Centrally Sponsored Scheme. The funds received from the GOI and expenditure incurred by the implementing units under various components of the project during 2003-08 is detailed below:

(Rupees in lakh)

Year	Demand placed in APO	Funds received from GOI	Components of expenditure				Total Expenditure	Unspent balance
			Protection of Elephants	Protection of Habitat & corridors	Eliciting public co-operation	Support services		
2003-04	185.00	116.10	26.02	12.80	37.35	Nil	76.17	39.93
2004-05	250.00	137.96	19.08	19.60	91.15	20.63	150.46	27.43
2005-06	250.00	114.00	20.22	13.24	55.51	9.65	98.62	42.81
2006-07	258.00	153.94	16.00	27.97	114.30	28.45	186.72	10.03
2007-08	291.00	148.50	22.00	29.53	80.95	23.85	156.33	2.20
<b>Total</b>	<b>1234.00</b>	<b>670.50</b>	<b>103.32</b>	<b>103.14</b>	<b>379.26</b>	<b>82.58</b>	<b>668.30</b>	<b>2.20</b>

Scrutiny of expenditure shows that the State Government could not utilise the funds received in any of the financial years. As such, revalidation of unspent funds in subsequent years was sought as a matter of routine. Release of funds by the GOI at the close of the year was stated to be a major constraint in utilisation of the funds, alongwith acute shortage of field level staff to execute the work. Out of the total expenditure of Rs 6.68 crore, a major portion of Rs 3.12 crore (46 per cent) was utilised towards ex-gratia and compassionate payments in cases of loss of life and property owing to HEC.

#### 3.5.5.1 Non achievement of financial targets

As per the project guidelines and conditions stipulated in sanction orders of the allotments made by GOI, the APOs should indicate the targets (physical and financial) for each ER. However, it was observed that the financial targets were projected in excess of the actual requirements in the APOs seeking more funds by projecting unachievable targets.

#### 3.5.5.2 Irregular retention of funds

As per the project guidelines, the items of work in the APO were to be prioritised and executed and funds should not be retained without sufficient reason. Contrary to the instructions, it was observed that an amount of Rs 23.43 lakh was held in Forest Deposit during the year 2002-03, but utilisation certificate was submitted to GOI for the full amount.

Subsequently, an amount of Rs 13.32 lakh was utilised in 2003-04 leaving an amount of Rs 10.11 lakh still held under Forest Deposit.

#### 3.5.5.3 Unfruitful expenditure

An amount of Rs 1.51 lakh was allocated by PCCF (WL) in 2002-03 in favour of DFO, Karanjia to raise plantations of browsable species in over 20 hectares of compact patch to improve the elephant habitat.

An amount of Rs 30,000 was spent in preparation of the nursery bed in 2001-02. The forest ranger of Badampahar forest range however reported planting of 32,000 seedlings of teak, sisoo and amla, which were not the intended plantation. At the end of the first year, only 15,000 (47 *per cent*) seedlings survived. The second year maintenance of Rs 60,000 was withdrawn and an enquiry was ordered to look into the reasons for the failed plantation. The enquiry report (April 2004) revealed that there was no trace of any plantation and the site was also not suitable for plantation.

Thus, due to raising of unspecified species not suitable for elephant grazing the expenditure of Rs 1.81 lakh was rendered wasteful.

### **3.5.6 Programme management**

The large home range requirements of elephants necessitate conservation of vast forest areas and efficient management of the ecology of the habitat and migration routes.

#### **3.5.6.1 Identification of corridors**

The elephant is a long range animal and travels vast distances in search of food and water. With rapid industrialisation and population growth, the forested links between reserves and sanctuaries, called corridors, had come under increasing pressure. Elephant habitats in Orissa were being affected due to mining activities, particularly in the Keonjhar and Sundergarh areas and several inter and intra state migration corridors used by elephants had been destroyed. The forced restraint on their movement and the consequent confinement to small groups changed the elephants' behaviour and human-elephant conflict was on the rise.

The Planning Commission had identified acquisition and development of corridors as one of the thrust activities under "Project Elephant" for the 11<sup>th</sup> Five Year Plan. Audit scrutiny revealed that out of allotment of funds of Rs 1.26 crore made under "Project Elephant" towards protection of elephant habitat and corridors only Rs 1.03 crore was utilised and the expenditure under this component accounted for only 15 *per cent* of the total expenditure.

It was further seen that the Wildlife Trust of India had identified (2007-08) nine critical elephant corridors (six within the State and three inter state) in Orissa having interface in terms of mining, railway lines, roads, expansion of townships and irrigation canals etc. In January 2008, the PCCF (WL), Orissa instructed the Divisional Forest Officers to send proposals for acquisition of corridor. Further developments were awaited (March 2008).

#### **3.5.6.2 Corridor links within Rengali Irrigation Project impact area**

Rengali Irrigation Project posed a serious threat to a critical elephant corridor<sup>7</sup> in the State. GOI, while according environmental clearance to the project had stipulated (September 1987) that a wildlife management plan to

<sup>7</sup> Kanhei –Jena –Anantpur

protect the wildlife within the project area should be drawn up and implemented. The scheme was to be funded by the Water Resources Department while the Forest Department would execute it. Accordingly a scheme was formulated in 1996 with a financial outlay of Rs 25.15 crore by the Forest Department. Although the Water Resources Department deposited Rs 4.31 crore during 1998-99 and 2001-02 with PCCF (WL), the same remained unutilised and was kept in Forest Deposit (March 2008). The Forest Department attributed non-utilisation of the funds to the following:-

- A revised plan for Rs 26.85 crore was submitted by the PCCF (WL) in January 2008 on the instruction of the Forest Department which was awaiting approval of the State Government.
- Non-declaration of Kapilas Wildlife Sanctuary by the State Government against a proposal submitted by the department in July 2001.

The Government further informed (May 2008) that the plan was forwarded to the Water Resources Department for release of fund.

Thus, due to non-approval of the management plan and non-declaration of Kapilas sanctuary since July 2001, the intended purpose of restoring the elephant habitat and corridors stood frustrated and funds amounting to Rs.4.31 crore remained unutilised.

#### **3.5.6.3            *Non relocation of villagers from Satkosia Gorge sanctuary***

Satkosia Gorge Sanctuary, situated in Mahanadi ER, has 99 revenue and three forest villages within its boundaries. A proposal was initiated (September 2004) to rehabilitate the inhabitants of one forest village (Raigada) involving 38 families so that the core area remained free from human interference. A joint verification by the Forest and Revenue department was undertaken in January 2007 for a piece of land measuring 87.44 acres for resettlement of 20 families. Although the land was found suitable, the Tahasildar, Angul subsequently did not agree to spare the land due to non-availability of village map. Thereafter, another piece of land measuring 22 acres was jointly verified in January 2008 and found suitable. However, the land had not been allotted as yet (May 2008) due to incomplete legal formalities.

Thus, due to lack of co-ordination between the departments in finalisation of land suitable for relocation, the villagers inside the sanctuary who were willing to shift could not be relocated since September 2004. The stress on wildlife habitat continued posing problems to animal as well as human life. Two persons were killed (2002-05) and 61.15 acres of crop was damaged (2002-06) resulting in ex-gratia payment of Rs 1.78 lakh (2002-06). Four elephants were also killed (2006-07) by the villagers in retaliation.

#### **3.5.6.4            *Disposition of forest staff for wildlife protection***

“Project Elephant” did not provide for establishment of any officers and related infrastructure for administering the project in the State and wildlife

protection/conservation activities were required to be managed with the existing staff.

Out of a sanctioned strength of 803 forest guards in 13 wildlife divisions, there was shortage of 442 guards (55 *per cent*). Test check of 10 forest divisions revealed that nearly 41 *per cent* of the frontline posts for staff like forest guards were lying vacant since October 2003 as detailed in **Appendix- 3.7**. It would be seen that there was disproportionate age-mix in the existing staff. Of the existing forest guards, 42 *per cent* were above 50 years of age while the average age recommended by the Wildlife Institute of India for frontline forest staff was 18-35 years. Hence, deployment of aged forest guards could undermine conservation and protection efforts. Besides, there was no infrastructure to impart training to frontline staff in wildlife protection.

#### **3.5.6.5      *Increase in number of forest offences***

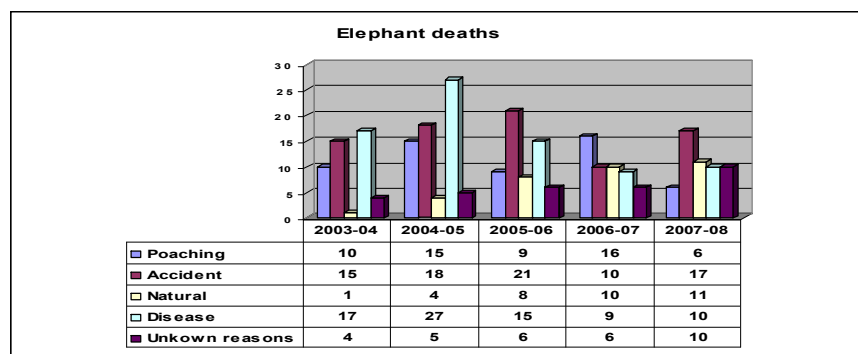
One of the major reasons for increasing HEC was the straying of elephants into human habitations due to loss of habitat caused by illegal felling of trees, coupled with other factors like rampant collection of sal leaves from the forests for leaf-plate making in prime elephant habitats like Dhenkanal, Narsinghpur, Satkosia, Athmalik, Sambalpur and Rairakhol and illegal collection and trade in non-timber forest produce such as Siali leaves, Bel fruits and various creepers which deprived the elephants of food.

In the test checked forest divisions it was observed that as many as 66,963 forest offences were registered between 2003-04 and 2007-08 resulting in seizure of 3.20 lakh cft of timber valuing Rs 9.04 crore. Besides, there were 40 cases of elephant poaching and 155 cases of poaching of other wild animals during the above period.

No special strike force had been created under the scheme on a permanent basis to combat forest offences. Patrolling was carried out occasionally when the situation demanded. Though 784 persons were arrested, none was convicted till date (June 2008).

#### **3.5.6.6      *Death of elephants***

Elephant population in Orissa increased from 1841 (Census-2002) to 1862 (Census-2007). While this was encouraging, audit scrutiny revealed that there was a decline in elephant population in the Mayurbhanj ER (from 670 in 1979 to 528 in 2007) and in areas outside the ER (from 804 in 1979 to 545 in 2007). The decrease in the elephant population outside the ERs underlined the need for notification of the two proposed ERs and restoring the elephant corridors. During the period under review, 280 elephants died in the State due to various reasons as depicted in the following chart:



Audit scrutiny revealed that the number of elephant deaths recorded each year during the period of review was higher than the number of cases recorded annually since 1990-91 (*Appendix-3.8*). The average death cases increased from 32 per year during 1990-2003 to 56 per year during 2003-08.

Of the total number of 280 elephants' deaths during 2003-08, 56 were due to poaching (17 inside the ER and 39 outside) comprising of 39 tuskers, nine cows and eight calves. 81 elephants were killed in accidents due to factors such as electrocution (22), fall in trenches and ponds (18), infighting (17), wild animal attack (eight), lightning (seven), train accidents (two), flash floods (four), sunstroke (one) while reasons could not be established in two cases. Death of elephants due to disease was as high as 78 while there were 34 natural deaths. Reasons for the death of 31 elephants could not be assigned even after conducting post-mortem.

The main reasons for increasing elephant mortality were failure to combat poaching, destruction of habitat and corridors due to increasing mining activity, construction of roadways/ railways, lack of maintenance of high tension electric lines leading to death by electrocution and other factors like biotic interference and scarcity of food and water.

F&E Department, GOO requested (December 2006) the Director General of Police, Orissa to investigate the poaching cases since it was felt that organised poachers from inside and outside the State were involved. The Department could not furnish (May 2008) any information on the results of such investigation to audit.

### 3.5.6.7 *Depredation of elephants leading to loss of human life / property*

During the period under review, it was observed that there was frequent elephant depredation into human habitats in search for food and water. Due to such depredation, human beings were subjected to irreparable loss and misery. As many as 235 people were killed, 46 injured and 25 domesticated cattle killed, besides house and crop damage as detailed in *Appendix - 3.9*.

It would be seen that the number of human casualties and injuries had increased drastically in 2006-07 and 2007-08 indicating failure in protection and conservation of natural habitats and traditional corridors used by the elephants.

### **3.5.6.8      *Prevention and control of forest fires***

Depredation of elephants into nearby human settlements was also caused by frequent forest fires. Loss of vegetation was bound to occur in such fires. To avert such fires and extinguish them on time, a trained team equipped with fire fighting equipment was necessary.

An amount of Rs 16.80 lakh only was spent (2003-08) in clearance of fire-lines and firewatchers. Due to inadequacy of funds, no planning was made to train the staff in fire fighting or for procurement of any fire fighting equipment. Though there were reports of forest fires in the test checked divisions, no assessment was made as to how many trees and animals perished.

### **3.5.7      *Monitoring and evaluation***

Proper management intervention was required to ensure achievement of the objectives of the project. The deficiencies and shortcomings were to be identified at different levels through effective monitoring and the outcomes evaluated for successful implementation of the project.

#### **3.5.7.1      *State Board for Wildlife***

As per Section 7 of the Wildlife (Protection) Act, 1972 the State Board for Wildlife shall meet at least twice a year and advise the State Government in formulation of policy for protection of wildlife and specify the plans and measures to be taken up for harmonising the needs of the tribals and other dwellers of the forest for protection and conservation of wildlife.

Check of records in the office of the PCCF (WL) revealed that the State Board for Wildlife headed by the Chief Minister, Orissa was constituted for a period of two years vide Government resolution of September 2003. It met only once in November 2004 and became inoperative thereafter. A new body was constituted only in October 2007 for a two year term. The new Board has not convened any meeting till date (June 2008).

#### **3.5.7.2      *Inter-state Coordination Boards***

The elephant requires a much larger home range than any other terrestrial animal and its migration stretches beyond the State boundaries. In order to mitigate any disputes in such migration, inter-state coordination of nodal officers was essential.

It was noticed that while such coordination meetings were frequently held by the Forest Department with their counterparts in Jharkhand and West Bengal, adjacent to the Mayurbhanj ER, these were held with departmental officials in Andhra Pradesh and Chhatisgarh only occasionally.

The migration of 11 elephants of Orissa (July 2007) into Andhra Pradesh (via Rayagada Division) posed a threat to their lives, as attempts were made to forcibly drive them back into Orissa, which was opposed by the Government



of Orissa. Subsequently three elephants died, two returned to Orissa and six elephants were still in Andhra Pradesh. A high-level committee had to be appointed by the Central Government to intervene in the dispute between the two Governments.

Out of 545 elephants lying outside the ERs, 99 were in the bordering districts of Andhra Pradesh and 93 were closer to Chhatisgarh. Therefore, there was a need to have coordination with all neighbouring States on a regular basis.

### **3.5.8 Conclusion**

“Project Elephant” was mooted to conserve and protect viable population of wild elephants in their natural habitat in the country. Elephant Reserves were established for this purpose. The department had not made any long-term management/ perspective plan for the protection and conservation of elephants and thereby failed to receive adequate funds from GOI under the project. The corridors (forest links) were fragmented due to rapid industrialisation and population growth. No efforts were made to restore the corridor disrupted by the Rengali Irrigation Project. No special strike force was created to check poaching and destruction of habitat. Human-Elephant-Conflict could not be checked resulting in loss of lives with incidental and collateral damages.

### **3.5.9 Recommendations**

- A long-term perspective plan should be in place to set out a roadmap for elephant conservation with due importance to protecting elephant habitats and restoring traditional corridors.
- Expansion of the existing Elephants Reserves and creation of new ERs should be considered to enable a focussed and systematic management of elephants and access to more funds under the project.
- Relocation of families from the core areas should be expedited to assure safety of both elephants and human beings.

The matter was reported to the Government of Orissa (August 2008); their reply had not been received (September 2008).

## Revenue and Disaster Management Department

### 3.6 Information Technology Audit on Computerisation of Land Record Project (Bhulekh)

#### *Highlights*

*The primary objective of Computerisation of Land Record Project to ensure systematic maintenance and retrieval of land records, thereby providing prompt service to the general public was only partially fulfilled. The software “BHULEKH” suffered from deficiencies like inadequate system design and inadequate input, validation and security controls. The presence of duplicate and blank records for tenants and case numbers rendered the data incomplete and unreliable and the inconsistent dates made the audit trail deficient. Deficient system design necessitated manual interventions which in turn created scope for human errors and even manipulations.*

*Even after 20 years of taking up pilot implementation and 10 years of project implementation, deficiencies still exist in the system. As a result, the intended objectives have not been achieved to the extent envisaged and benefits were not commensurate with the expenditure of Rs 31.60 crore incurred as of July 2008.*

**❖ *The Project BHULEKH, suffered from inordinate delays in the implementation and non-completion of digitisation of cadastral map and up linking project.***

*(Paragraph 3.6.6.2)*

**❖ *Deficient system design led to manual interventions leading to presence of incorrect rent and cess, deficient utilisation of the system planned and incorrect and irregular correction of land records.***

*(Paragraphs 3.6.8.)*

**❖ *Absence of input and validation controls led to presence of inconsistent and unreliable data like presence of records without tenant names, duplicate plots, inconsistent dates and even negative land area.***

*(Paragraphs 3.6.9)*

**❖ *Lack of security controls made BHULEKH unreliable.***

*(Paragraph 3.6.10)*

**❖ *To sum up not only the utility of BHULEKH was limited, its reliability to generate authentic ROR or other certificates was also low.***

#### **3.6.1 Introductory**

Computerisation of Land Records (CLR), a centrally sponsored project with cent percent assistance from Ministry of Rural Development, Government of India (GOI), was implemented in the State since 1988-89 with the objectives

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\* Abbreviations used in this performance review have been expanded in Glossary of abbreviations at pages 234 to 238

of overcoming the systemic problem of inadequate and weak maintenance of land records, better implementation of rural development programmes, revenue administration by conferring legal status to the land record related documents, implementation of land reform policies, ensuring security to the land holders, redistribution of ceiling/surplus land, consolidation of holdings and updation of land records and issue of different certificates to the public through tehsils. The CLR with the development of a database of land records was intended to provide quicker storing, processing and retrieval of information. The Board of Revenue, Orissa (BOR) was the State implementing authority. As envisaged in the GOI's guidelines a State Level Steering Committee (SLSC) headed by the Member, BOR was formed for monitoring the progress of the project regularly during the period of implementation of the project. The CLR project consists of three major components (i) computerisation of record of rights (RORs), (ii) digitisation of cadastral maps and (iii) up-linking. The GOI released Rs 36.54 crore during 1988-2007 out of which Rs 31.60 crore was spent as of July 2008.

### **3.6.2 Organisational set up**

Revenue and Disaster Management Department has a three tier system with the Department at the State Secretariat level as the hub, the Board of Revenue (BOR) headed by the Member assisted by the Director, Land Records and Survey (DLRS) and three Revenue Divisional Commissioners controlling almost all the matters relating to collection of revenue and disposal of revenue cases. The District Collectors and Tehsildars being the custodians of the record-of-rights (ROR) and cadastral maps were responsible for updation, preservation and maintenance of the same and were vested with the powers to initiate and dispose of mutation proceedings on land related matters.

### **3.6.3 Scope of audit**

The scope of review included test check of records of the BOR, Cuttack, 22<sup>1</sup> out of 30 district collectors and 51<sup>2</sup> out of 171 tehsils from 2007 to May 2008 on implementation of the CLR project in the State (1988-2008).

### **3.6.4 Audit Methodology**

Audit methodology included examination of different modules of Land Record Application Software (BHULEKH) designed by NIC with the help of MS-SQL Query Analyser. Records relating to the implementation of the project were also examined. The audit objectives and methodology adopted were discussed in an entry conference held (October 2007) with the BOR.

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<sup>1</sup> Angul, Cuttack, Sambalpur, Jharsuguda, Jajpur, Mayurbhanj, Gajapati, Nuapada, Bolangir, Sundargarh, Keonjhar, Puri, Sonepur, Khurda, Dhenkanal, Ganjam, Nayagarh, Koraput, Kalahandi, Nawarangpur, Rayagada and Boudh

<sup>2</sup> Cuttack, Narasinghpur, Salipur, Kishorenagar, Angul, Talcher, Sambalpur, Rairakhol, Jharsuguda, Lakhanpur, Jajpur, Sukinda, Baripada, Betnati, Gajapati, Nuapada, Bolangir, Sundargarh, Keonjhar, Kendrapara, Rajnagar, Daringibadi, Bhanjanagar, Buguda, Puri, Satyabadi, Sonepur, Binika, Khurda, Jatni, Bhubaneswar, Begunia, Bolagarh, Tangi, Dhenkanal, Kamakhyanagar, Chhatrapur, Khallikote, Aska, Nayagarh, Daspalla, Koraput, Kalahandi, Kesinga, Dharmgarh, Jaipatna, Nawarangpur, Rayagada, Boudh, Soro and Simulia.

### 3.6.5 *Audit objectives*

Audit objectives were to examine:

- (i) planning before taking up the project;
- (ii) economic and effective utilisation of funds received from the GOI and conformity of the same with the GOI guidelines and financial rules;
- (iii) application controls built into the application system;
- (iv) completeness, correctness and reliability of the data captured in the system;
- (v) security of the application and data;
- (vi) system of monitoring and evaluation of the implementation of the project and
- (vii) whether benefits predicted from the project have been achieved.

### ***Audit findings***

#### 3.6.6 *Project Management*

##### 3.6.6.1 *Project Proposal*

As per the GOI's CLR guidelines, a project proposal was to be formulated for approval of GOI before implementation of the project. No such approved proposal was available with the State implementing agency. Only a budget plan for the project was available with the DLRS.

##### 3.6.6.2 *Implementation of the project*

It was seen that though the pilot on the entire project was started in March 1989 by the DLRS, there was a delay in not only the completion of the pilot project but also the CLR project itself. The pilot project in the district of Mayurbhanj, where the implementing authority was the Orissa Computer Application Center (OCAC), could only be completed in February 2007 (over 17 years of delay) involving an additional expenditure to the tune of Rs 49.67 lakh, negating the possibility of any benefit accruing from the pilot project to the CLR, which itself was rolled out by 2004 in four phases.

Similarly, Computerisation of Record of Rights (RORs) at tehsil level included, procurement of hardware/software for tehsils, site preparation, imparting training to the tehsil staff, development of application software and computerisation/ entry of initial ROR data. The GOI's guidelines stipulated completion of the project within three years of release of first installment by the GOI and the project was to be made operational within one year of release of funds by State Government.

Test check of records of 51 tehsils revealed

- (a) delay in release of funds of Rs 12.95 crore ranging from nine to 48 months for site preparation, procurement of software and hardwares,

- (b) delay in completion of initial data entry by private firms from 10 to 72 months which was to be completed within 90 days from the date of work orders and
- (c) development of 'BHULEKH' application software by the NIC by July 2003 instead of August 2000 resulting in postponing of actual operationalisation of BHULEKH in tehsils to July 2003.

Further, it was seen that the absence/ non-posting and frequent transfer of Assistant Settlement Officer and trained manpower attributed to accumulation of backlog of mutation cases in the tehsils for data entry. Thus, in 25 out of 51 test checked tehsils, ROR record correction and issue of ROR certified copies (CC) through the application were made possible only from 2005-06, even though, an additional sum of Rs 1.79 crore was released by the GOI to clear the backlog of data entry and start work online.

- (i) The GOI's guideline required the Land Record Application Software (BHULEKH / e-BHULEKH) system to be developed with process reengineering and to achieve automation of entire process of land record transactions.

**Incomplete automation resulting in continued dependency on manual system**

In seven Tehsils<sup>3</sup>, where the online-BHULEKH version was in operation, the case numbers were generated through computers only for mutation cases. In one tehsil (Dhenkanal) traditional manual procedure was still being followed even after online module was installed. Other cases (ROR and ROR certified copies) were being numbered manually.

In BHULEKH, the role of mutation module is in the form of correction of land records and issue of ROR (Patta) after the case was finalised manually on paper in the traditional manner. The information was fed into the computer when the case records were received by the Additional Settlement Officer/Additional Tehsildar in charge of computer cell along with the final order for record correction. This led to parallel operation of the land management system at tehsil level with the manual system in 39 out of 46 test checked tehsils where the online BHULEKH was not implemented.

- (ii) The miscellaneous certificate module had the provisions to generate only caste certificates and residential certificates and did not have provision for generating other certificates like the ones for socially and educationally backward class (SEBC), legal heir, income, insolvency and certificate cases as provided in the Orissa Miscellaneous Certificate Rules, 1984 since Modules for the same were not developed.

- (iii) Even though provision of issue of caste and residential certificate existed in BHULEKH, the same were issued manually typed through MS Word application in 39 tehsils because the module did not have link with the land record database.

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<sup>3</sup> Angul, Chhatrapur, Cuttack, Dhenkanal, Kamakhyanagar, Keonjhar and Talcher

The DLRS while admitting above deficiencies in the miscellaneous certificate module stated (June 2008) that suitable software was being developed and supplied to the tehsils.

(iv) Uplinking was intended to build an extensive land information network by linking tehsils with Sub-divisions, district and State headquarter for proper monitoring of the CLR project.

**Insufficient  
release of funds  
prevented  
completion of  
uplinking**

On a test check of 22 districts, it was noticed that the work remained incomplete in six<sup>4</sup> districts and the same was yet to commence (July 2008) in three other districts (Puri, Jajpur and Nuapada). Further, hardware and software for the purpose was not procured and installed in district/sub-division data centres (July 2008) even though fund to the tune of Rs 4.19 crore released from the GOI were available.

(v) The digitization of cadastral maps involved the processes of digitization of map sheets through specific software developed for the purpose and its integration with the land record data base (BHULEKH data base) to generate digitized sketch maps as and when ROR transaction incorporated in the land record database. GOI sanctioned Rs.1.21 crore (1998-2000) to take up digitization of cadastral map in four tehsils (Koraput, Rayagada, Salepur and Narsinghpur) on pilot basis and as per the GOI guidelines, the work was to be completed by the end of 2000. The project of the computerisation of cadastral map was commenced between August 1999 and March 2002.

It was seen that in all the four tehsils digitization of cadastral maps remained incomplete as of July 2008 due to delay in entrusting the work to the firms by DLRS, non-capturing of updated maps as the maps supplied to firms were not updated at tehsils, failure in establishing link of digitized maps supplied by the firms with the database (BHULEKH database), lack of supervision and monitoring by the departmental officials.

### **3.6.6.3 Initial data entry**

(i) It was noticed that in 7<sup>5</sup> test checked tehsils even initial data entry for 755 villages was not completed (July 2008) due to reasons like non-entrustment of work to the firm, over sight, damaged khatiyans, non-entry of data by the firms even though khatiyans were provided to them and lack of supervision by the concerned Tehsildars. As of now, the RORs relating to the above villages were being issued to the tenants manually.

(ii) On verification of RORs in Bhubaneswar Tehsil, it was noticed that the tenant names in 71 RORs were not readable and the data entry operator had entered junk entries for the tenant names during initial data entry from June 1999 to August 2001. However, no effort was made to correct/validate such data either at the initial stage itself or even over the years.

<sup>4</sup> Sambalpur, Bolangir, Kalahandi, Rayagada, Nawarangpur and Koraput

<sup>5</sup> Gajapati(570 villages), Sukinda(40 villages), Buguda(1), Khurda(46), Rayagada(64), Sonepur(31), and Soro (3)

(iii) Test check of records of 51 tehsils showed that initial data entry was made in respect of 539 villages during the time of the settlement/consolidation operation as against the instructions of Government of Orissa. This necessitated re-data entry after final publication of RORs after the settlement resulting in wasteful expenditure of Rs.16.84 lakh.

#### **3.6.6.4 Working environment**

The GOI sanctioned Rs.1.50 lakh per tehsil for creation of tehsil computer cell (civil construction: Rs 70,000; air condition: Rs 30,000; electrical fittings: Rs 20,000; furniture and fittings: Rs 30,000). Visits to computer cells of 51 test checked tehsils revealed that 14 tehsil computer cells were functioning in poor working environment such as dilapidated buildings with cracks in the walls, water seepage from the roof, non-supply of three-phased electricity connection, absence of fire extinguisher and inadequate furniture. Due to these reasons, the systems often remained non-functional and in three Tehsils<sup>6</sup> there were accumulation of backlog of 62332 cases as of July 2008. Further, the existing systems in all the tehsils were not equipped with anti-virus software necessary to ensure security of land record data.

#### **3.6.7 Manpower management**

**Mismatch in  
deployment of  
staff**

As a measure to maintain continuity of the CLR project without any disruption, the State Government instructed (September 2000) all the district collectors that the trained staff in the tehsils engaged in the CLR project were not to be transferred or if transferred it was to be inter-tehsil. Further, as per the decision (December 2003) of the State Government, one Additional Tehsildar / Assistant Settlement Officer (ASO) was to be posted in each tehsil for holding overall charge of the computer cell and oversee the CLR project in respective tehsils.

In the test checked tehsils, there were instances of the computer trained senior clerks / junior clerks having been transferred to offices other than the tehsils. In 13 out of 51 test checked tehsils, the computer cells were functioning without computer trained staff, in four tehsils no ASO/Additional Tehsildar were posted. As a result, in ten tehsils there was accumulation of backlog and non-achievement of the objective of making CLR database online (July 2008). Further, it was seen that an amount of Rs 14 lakh was diverted from training cost for data entry and construction of training centre which could have been utilised towards imparting training to more tehsil staff so as to avoid the deficiency of trained personnel in computer cell of the tehsils.

#### **3.6.8 System design**

The GOI guideline stipulated development of land record application system with four important modules - (i) ROR certified copy module for generating certified copies of ROR, (ii) mutation module for correction of ROR and generation of ROR, (iii) miscellaneous certificate module for generating

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<sup>6</sup> Soro (25142), Nayagarh(34875) and Daringibadi (2315)

miscellaneous certificates like residential certificate, caste certificate etc. and (iv) query module for retrieving various information as per requirement.

A test check was carried out in 51 tehsils. In 46 tehsils the database was made available to audit and in the remaining five the data could not be obtained due to power failure or absence of concerned staff at the time of audit. The results of the test check are as follows:

#### **3.6.8.1            *Rent and Cess calculations***

BHULEKH did not have provision for calculation of rent and cess.

(i)     The calculation of rent is dependent on area of land and rate of tax. Analysis of database revealed that there was no master data relating to region-wise rate of tax. So while finalising mutation cases on sale or purchase of a plot, such rent calculation was done manually and then keyed in to the system from the case records prepared by the clerk for mutation.

(a)     It was seen that in 28 tehsils that there were mistakes in the total rent due to the incorrect initial data entry for total rent in 28385 number of cases. Further, in the absence of proper validation during data migration from dbase to SQL server the errors still existed in the database.

(b)     It was also seen that during subsequent transaction of these lands, when a portion of plot was transferred to a new khatiyar, rent was to be input manually in both old and new khatiyars. Due to inadequate system design for rent distribution between the old khatiyar and new khatiyars(s) 48178 errors crept in to the database as the DEO did not rectify the rent of the old khatiyar by oversight.

(c)     In respect of cess calculation, the system calculated it at the rate of 50 per cent instead of 75 per cent.

The above led to non reliance on the system for calculation of the rent and cess which was, therefore, being calculated and collected based on the manually maintained RORs. The wrong calculation and wrong cess as per the system, though, was exhibited to the public through the internet <http://ori.nic.in/bhulekh>.

#### **3.6.8.2            *Utilisation of system***

As provided in the Mutation Manual, the history of the transactions was preserved by correcting the RORs using red ink. However, in the computerised environment, though the history of ownership of any land is available in the log files, no facility had been provided in the software to retrieve the history of land transactions. Further, it was observed that the software did not have any provision to view the details of 'Chhut Khata' as well. Thus, the Tehsildars could not use the computerised data in issuing the final order on mutation and had to refer to the manual records even though the data was available in the system.



### **3.6.8.3 Land Record Corrections**

For making minor correction of the already updated records, record corrections were made using dummy case numbers/ blank case numbers/ existing case numbers etc. However, any correction to the vital land record data was to follow the process defined in the Mutation Manual by instituting a fresh regular case. This was not provided in the application.

### **3.6.9 Input control and Validation control**

Input control ensures that the data received for processing are genuine, complete, not previously processed, accurate and properly authorised and data are entered accurately and without duplication.

IT applications may have further in-built controls which automatically check that data input is valid. Validation may also be achieved by manual procedures such as double checking input documents or review by a supervisor.

#### **3.6.9.1 RORs without tenant names**

Analysis of database of the 46 tehsils revealed that in 10 tehsils<sup>7</sup> there were 328 cases where tenant name did not appear in the ROR data containing plots of 269.633 acres of land. In the initial data these types of errors were in only 43 cases. As the BHULEKH software accepted blank tenant names due to absence of input control, these errors subsequently crept into the database.

#### **3.6.9.2 Allotment of duplicate plots**

Duplicate  
entries  
noticed due  
to data  
entry errors

Check of database of the 46 test checked tehsils revealed that there were 92662 duplicate plots in the same village. These included 2313 duplicate plots in the same Khatiyani (ROR). As per SRS, the plot No. was to be unique for each village. To an audit query the Tehsildars stated that some duplication was present in the source khatiyans from which data was initially entered and some due to double updation of the same transaction. The first type of error was made by the writer of the Khatiyans i.e. Amins and the second was a data entry and data updation error.

Further, during subsequent mutations after the settlement of land, the Tehsildars were to allot new plot numbers serially from the previous plot number of the series to the tenants. Analysis revealed that there were 23715 duplicate entries of such plots. On verification it was found that the software did not have any input control to check this kind of error. The duplicate entries of plots done manually by bench clerk were simply entered in BHULEKH and the wrong ROR was generated.

Thus, the deficient input control led to presence of duplicate plot numbers.

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7 Angul, Aska, Bolangir, Buguda, Cuttack, Koraput, Nawarangpur, Narsinghpur (255 - 246.6200), Salepur, Satyabadi

### 3.6.9.3 *Incorrect and inconsistent dates*

Analysis of the downloaded data of the test checked 46 tehsils revealed the following inconsistencies in dates like date of institution of cases and order dates. Due to lack of input control the vital date fields like case institution dates and dates when orders for correction were passed were blank in the database in 276270 and 366479 records respectively. Further, due to lack of validation incongruent dates like date of passing order before institution of cases were also allowed into the system in 2566 cases and case institution date were same as the date of passing order in 5408 cases. This led to presence of unreliable data in the system.

### 3.6.9.4 *Existence of negative land area*

Appropriate processing control with correct input ensures output accuracy. Check of database revealed that the land area after transaction had been stored with negative values in respect of 29 cases in nine tehsils<sup>8</sup> out of 51 test checked tehsils. On this the Tehsildars replied that these were initial data entry errors. The reply was not acceptable as the transactions happened during subsequent updations after computerisation. It was further seen that this happened where the plot was divided and the various transactions on the plot were carried out for an area aggregating to more than the total plot size. The system generated a negative plot to compensate for the excess area transacted for. The system should have, instead, had a validation to prevent entry for transaction in excess of the total plot area, which was absent.

### 3.6.9.5 *Duplicate and irrelevant case numbers*

As per the system requirement specification prepared by NIC and approved by BOR, the case number would be numeric and unique for a year. Analysis of database of the 46 out of 51 test checked tehsils showed that there were 27302 junk case numbers (Non-numeric) and 26641 duplicate case numbers in the database which indicated absence of input controls.

### 3.6.10 *Security*

Maintaining effective security in an IS environment is a continuous process. Maintenance of logs and audit trails coupled with the physical and logical access controls support a robust IS security system.

#### 3.6.10.1 *Record correction*

It was seen in BHULEKH that there was no control over the input of the dates for record correction/ updation and it was totally dependent on the system date of the client machines and their regional setting where the data was entered. When there was computer battery (CMOS) failure of the server or any client, the system date changed to default date of the computer system and the data entered / record correction made in that system during that period had illogical

8 Bhawanipatna(14), Bhubaneswar(2), Cuttack(2), Kamakhyanager(1), Nayagarh(4), Nuapada(1), Rayagada(1), Sambalpur(3), Talcher(1)

dates. There was also no system of date synchronisation between the server and client.

As per SRS, record correction/updation by the Assistant Settlement Officer (ASO) was authenticated by the date and time stamp of the record correction field. There was no other log available in the system to identify the ASO who made the correction. An analysis of database revealed that in 116069 cases no dates were stored in the system even after corrections were made. Further, incongruent dates were also found in the system like dates prior to 1 June 1998 (before even initial data entry) in 15206 cases, dates before institution of mutation cases in 168 cases and dates before final order for corrections in 506 cases.

In the above situations, in case of transfer of ASOs, accountability of the actual record correction authority could not be ensured.

### ***3.6.10.2 Inadequate logical access***

Corrections to vital land record data was ensured by providing finger print scanners at tehsil level and the tehsils were provided with two such scanners each. Every updation to the database would require the finger print /password of the ASO of the Tehsil. As per system requirement specification (SRS), User ID in the database was to be saved as '3' after successful ROR correction by ASO. But analysis of database of 46 tehsils revealed that there were blank entries for the User ID in 44775 cases. On this, the Tehsildars stated that User ID was not saved in the cases where corrections were made through the client using password where there was no finger print scanner. Such use of password for record correction without using bio-metric device compromised access control, as bio-metric device ensured access to authorised individual only, especially, when two scanners were provided to ensure business continuity.

### ***3.6.11 Deficient web page***

As per GOI guideline, a web portal was developed for monitoring and supervision of the BHULEKH which provided ROR information to general public.

(i) The web site used drop down lists to enable navigation through the site. The drop down list contained options in Oriya. It was seen that the website was only compatible to Microsoft Internet Explorer where the Oriya font was readable but could not be read in any other browser i.e. Netscape Navigator, Mozilla etc or other latest operating system like Window Vista.

(ii) In addition to the above, the tenant name wise ROR search facility contained a drop down list where all the tenant names were populated without any order (ascending/descending). Selecting a particular tenant's name from the list for viewing his/her ROR was difficult. An alphabetical order in the drop down list could have made the internet experience easier for the user.

(iii) It could also not be found as to how many users had made use of the website in downloading of the RORs which was free of cost.

(iv) The number of tenants shown on the website was 2,60,09,447 whereas the number of households in Orissa as per the figures of the Census of India 2001 was only 77,38,065. Thus there was a risk that the system recognised one person as more than one tenant in the land record system. This called for unique identification of the land record holders, a system for which has not been planned.

(v) The navigation to the map was not possible after having selected district, sub-division, tehsil, police station and village, although the hyperlink was available. This made the experience on the website as much less satisfactory.

### 3.6.12 Other points of interest

#### *Non-accountal of certificates*

For the purpose of making the computer cells of tehsils self sufficient, Government of India suggested for collection of user fee from the beneficiaries to generate adequate resources to meet the running expenditure of the system and sustain the computer system in the Tehsil. Accordingly, the State Government formulated (September 2005) the policy for collection of user fee from the beneficiaries for issuing computerised ROR, miscellaneous certificates and RORs etc. The tehsildars collected the user fee as per the instructions. But the BHULEKH did not have the provision to generate the account of the amount collected against the issue of ROR and the other miscellaneous certificates. Scrutiny of records of 51 test checked tehsils revealed that there was discrepancy among the figures recorded in the copy registers maintained to register the number of applications received per day, cash book and the monthly progress report submitted to district collector for onward transmission to the BOR indicating possibility of revenue leakage in collection of user fee. In Angul tehsil where online BHULEKH was operational, it was noticed that number of ROR issued and accounted for in the cash book was lesser than the number reflected as issued in the BHULEKH database. Similar was the case in Jharsuguda tehsil for issue of miscellaneous certificates. The details are below:

Sl. No.	Name of the Tehsil	Type of case	Period	Number of cases recorded in database	Number of cases against which user fee was collected as per cash book/MPR
1	Angul	ROR Certified Copies	April 2007 to December 2007	4827	4296
2.	Jharsuguda	Miscellaneous Certificates	July 2006 to August 2007	2334	1135

While the Tehsildar, Angul stated that due to power failures, printer problems etc manual copies were issued even though data had been fed to the computer and no user fee were collected. The Tehsildar, Jharsuguda stated that the matter would be investigated and action would be taken accordingly. The reply of the Tehsildar, Angul was not acceptable since data entry was to be made only after collection of user fee which should find place in the cash book

figure. Further, in case of issue of manual ROR, the data was not required to be fed into the system.

### **3.6.13 Conclusion**

The primary objective of CLR project to ensure systematic maintenance and retrieval of land records, thereby providing prompt service to the general public was only partially fulfilled. The software “BHULEKH” suffered from deficiencies like inadequate system design and inadequate input, validation and security controls. The presence of duplicate and blank records for tenants and case numbers rendered the data incomplete and unreliable and the inconsistent dates made the audit trail deficient. Deficient system design necessitated manual interventions which in turn created scope for human errors and even manipulations.

Even after 20 years of taking up pilot implementation and 10 years of project implementation, deficiencies still exist in the system. As a result, the intended objectives have not been achieved to the extent envisaged and benefits were not commensurate with the expenditure of Rs 31.60 crore incurred as of July 2008.

### **3.6.14 Recommendation**

- The process of the land record management should be automated to minimise manual interventions.
- Incomplete works like the linking of databases, cadastral maps and the unlinking from individual tehsils should be completed in a time bound manner.
- The input and validation controls should be reviewed and built in to the system to ensure data integrity and reliability.
- Extensive training should be imparted to more operators as well as staff dealing with mutation who are to use the system.
- Adequate access control along with logs and audit trail should be planned for the varied users. Up-to-date antivirus packages may be provided to all centers.
- A provision to uniquely identify the tenants with their respective holdings may be evolved and built into the system.
- Wide publicity should be given so that common man is able to make use of the facility, especially through internet where no fee is charged for downloading ROR and the same could be used for the varied purposes of the users.

## CHAPTER-IV

### AUDIT OF TRANSACTIONS

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

#### **4.1 Fraudulent drawal / misappropriation/embezzlement/losses**

##### ***WATER RESOURCES DEPARTMENT***

##### ***4.1.1 Misappropriation of subsidy on rice***

**Subsidised rice of 2250 MT was shown as issued to labourers through contractors without documentary evidence of distribution to the labourers resulting in misappropriation of subsidy of Rs 1.38 crore.**

As per the norms of the Food for Work (FFW) programme, rice supplied by Government of India (GoI) was to be distributed directly to the labourers at subsidised rates as part of wages and was not to be used for non-wage purposes. To ensure that the benefit of subsidy reached the beneficiaries, the rice was to be supplied to the labourers at the work site along with cash component on nominal muster rolls (NMR) in the presence of local Gram Panchayat representatives. For the works executed under the Public Works Department, the Executive Engineer (EE) was to monitor the progress of works ensuring proper utilisation of the rice allotted and furnish a utilisation certificate (UC).

A test check of the records of the Drainage Division, Chandikhol showed (June 2006) that the EE reportedly commenced and completed in June 2005 renovation of 18 drainages in Jajpur, Kendrapara and Cuttack districts involving execution of 6.90 lakh cum of earth work for Rs 2.20 crore under 412 split up agreements through 35 contractors, limiting each within Rs 50,000 finalised locally at his level without obtaining competitive bids. The Chief Engineer, Drainage, Gandarpur, Cuttack subsequently allotted (August 2005) 2250 MT of rice under FFW programme for taking up the drainage works in the above flood affected areas. The EE lifted 2250 MT of rice in eight phases between August and September 2005 and showed (August/September 2005) this as issued to the contractors engaged for the renovation of drainages reportedly completed in June 2005. Neither was any NMR form issued in evidence of engagement of daily labourers nor was there any record of presence of any local representative at the time of distribution of rice as required under the norms of the programme. There was, therefore, no evidence of distribution of rice to any labourer. The EE, however, submitted (October 2005) UC reporting utilisation of the full quantity of rice in distributing to the labourers deployed for 3.76 lakh mandays in 21 days

\* Abbreviations used in this Chapter have been expanded in the Glossary of abbreviations at pages 234-238.

during June 2005. He further certified that the UCs were issued after verification of the stock registers and being satisfied that the physical and financial performances were as per the parameters prescribed under the norms of the programme.

Thus, the rice issued to the contractors being not supported by documentary proof of issue to any labourer could be fraudulent and led to misappropriation of the Government subsidy of Rs 1.38 crore on 2250 MT of rice.

The EE stated (May 2008) that the contractors had maintained the NMRs which were ensured by the engineers. This was not tenable in view of the fact that the works were completed prior to receipt of the rice and such large numbers of labourers were not supposed to be available at site for distribution of the rice two to three months after completion of the works. Further, neither was any NMR form issued by the EE in support of engagement of labourers nor was there any record of presence of any local representative at the time of distribution of rice as required under the norms of the programme.

The matter was reported to the Government in June 2008; their reply had not been received (July 2008).

#### **PANCHAYATI RAJ DEPARTMENT**

##### **4.1.2 Misuse of special IAY assistance**

**Lack of proper inquiry, physical verification of households, supervision and monitoring by the authorities resulted in misuse of special IAY assistance while allotting special IAY houses in six blocks of Bhadrak and Jajpur districts.**

Government of India (GOI) allotted (2001-02) four lakh special Indira Awaas Yojana (IAY) houses for allotment to the below poverty line (BPL) families of 14 super cyclone (October 1999) affected districts of the State. The guidelines issued (October 2001) by the State Government envisaged that before issue of the work order, the BDOs or any other authorised officers had to conduct inquiry and physical verification to ascertain the eligibility of the beneficiaries. The beneficiaries were to start construction of their houses within 15 days from receipt of the work order failing which the allotment of their houses would be cancelled. Apart from regular visit by the officers of the state headquarters dealing with IAY, officers of district, sub-division and block level were to closely monitor all aspects of IAY through visit to work sites. The assistance for such house was Rs 22,000 (cash Rs 18,260 and 34 bags of cement) payable in four<sup>1</sup> stages for construction of houses. Scrutiny of records (March-July 2007) of six Block Development Officers (BDOs)<sup>2</sup> of Bhadrak and Jajpur districts showed several irregularities in allotment of IAY houses as discussed below.

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<sup>1</sup> 1st stage (after plinth level)-Rs 5000 and 10 bags of cement, 2<sup>nd</sup> stage ( after lintel level)-Rs 5000 and 10 bags of cement, 3<sup>rd</sup> stage (works completed up to roof level) Rs 5000 and 14 bags of cement and 4<sup>th</sup> stage (after roofing) Rs 3260.

<sup>2</sup> Dasarathpur, Basudevpur, Bonth, Chandbali, Tihidi and Bhandaripokhari

Scrutiny of records of 24576 beneficiaries in four blocks<sup>3</sup>, the BDOs extended benefit to 401 ineligible beneficiaries involving assistance of Rs 86.49 lakh for construction of their houses. Of these, 382 beneficiaries managed to avail assistance of Rs 83.22 lakh by quoting false BPL numbers, 12 availed assistance of Rs 1.86 lakh without having BPL numbers and seven government employees received assistance of Rs 1.41 lakh. Thus, the selection through enquiry and physical verification adopted by the authorities became doubtful and the benefit of the scheme was passed on to the ineligible beneficiaries leading to mis-utilisation of scheme funds amounting to Rs 86.49 lakh. The BDOs stated that action would be taken against such ineligible beneficiaries after inquiry and certificate cases would be instituted against them for recovery.

Further scrutiny showed that in six Blocks, the BDOs disregarding IAY guidelines paid assistance of Rs 7.49 lakh to 106 beneficiaries who had not even started initial construction up to plinth level. In case of 1404 beneficiaries who had constructed their houses up to plinth level and were paid Rs 82.91 lakh did not turn up for further assistance and 188 beneficiaries availing assistance of Rs 13.89 lakh left their houses incomplete. In all the above 1698 cases the construction of IAY houses remained incomplete. Though it was required to prepare schedules of inspection to work sites prescribing minimum number of field visits by the supervisory officers, no such schedules were drawn up and field visits conducted. Thus, due to lack of monitoring and supervision on progress of works, neither the buildings were constructed nor the work orders of the defaulting beneficiaries cancelled even after a lapse of four years. As a result, the expenditure on payment of Rs 1.04 crore to the beneficiaries proved wasteful. The BDO, Bhandaripokhari stated that work orders of 62 beneficiaries had been cancelled and certificate cases were instituted against the defaulting beneficiaries for recovery of the amount. Other BDOs stated that action would be taken against such ineligible beneficiaries after inquiry and recovery would be effected by initiating certificate cases.

The matter was reported to the Government (May 2008); their reply had not been received (August 2008).

#### *4.1.3 Misappropriation of government money*

**Exhibition of Rupees three lakh as advance by tampering with closing balance figures in cash book of BDO, Nuapada from 14 to 30 September 2005 against the employee who expired subsequently resulted in suspected misappropriation of government money.**

Orissa Treasury Rules provided that the cash book should be closed regularly and checked completely. The head of the office should verify the totaling of the cash book or get it done by some responsible subordinate other than the writer of the cash book and initial it as correct. At the end of the month, the head of the office should verify the cash book and record a signed and dated certificate to that effect. Erasing or overwriting of any

<sup>3</sup> Basudevpur, Bonth, Chandbali and Tihidi



entry once made in the cash book is strictly prohibited. If a mistake is discovered, it should be corrected by drawing the pen through the incorrect entry and inserting the correct one in red ink between the lines. The head of the office should initial every such correction and invariably date his initials.

Scrutiny of records (November 2007) of the Block Development Officer (BDO), Nuapada and subsequent information collected (June 2008) revealed that the BDO on 10 September 2005 sanctioned advance of Rupees three lakh in favour of late Sri A. C Majhi, cashier for disbursement of Old Age Pension (OAP)/Orissa Disability Pension (ODP)/ National Old Age Pension (NOAP) and booked in the cash book meant for OAP/ODP/ NODP transactions on 14 September 2005 as a lateral entry though the cash book had already been closed up to 30 September 2005. Consequently the advance positions from 14 to 30 September were increased by Rupees three lakh and correspondingly cash balances were reduced keeping the total closing balances intact. These entries were tampered by erasing, cuttings and over writings in the cash book without any attestation by the BDO. The genuineness of this transaction on advance payment was doubtful for the following reasons:

- The BDO sanctioned the advance amount for payment of arrear dues of OAP/ODP/NAOP, but as of 10 September 2005, the date on which the advance was sanctioned, no dues were outstanding for payment to the pensioners.
- The field staff (VLW/VAW) were generally paid advance every month with OAP/ ODP/NOAP amounts for disbursement to the pensioners. Accordingly, the BDO, on 12 September 2005 sanctioned advances of Rs 8.36 lakh in favour of 28 field staffs for payment of pensions to the beneficiaries for the month of September 2005. But the payment of Rupees three lakh was made on 14 September 2005 to the ex-cashier at Block headquarters.
- Though advance was stated to have been paid to Sri Majhi, he was found absent from duties from 20 August 2005 and expired on 3rd October 2005. The payment of advance was not exhibited in the Advance ledger.
- The signature of Sri Majhi on the voucher in support of advance payment appeared different from those made on other three occasions in the cash book between 30 August and 15 September 2005 and the attendance registers.

Thus, the advance payment entry in the cash book was a fraudulent one leading to suspected misappropriation of government money for an amount of Rupees three lakh which needed investigation. On being pointed out, the present BDO stated that the position would be ascertained from the concerned BDO and audit would be intimated accordingly.

The Government stated (October 2008) that the amount would be recovered from the concerned BDO (advance sanctioning authority) through surcharge proceedings.

**AGRICULTURE DEPARTMENT****4.1.4 Loss due to non-sale of vegetable minikits**

**The Director of Horticulture, Orissa supplied vegetable minikits in excess of actual requirement which left 27989 minikits unsold with the Horticulturists/AHOs of Puri district resulting in a loss of Rs 20.99 lakh to Government.**

The Directorate of Horticulture, Orissa carries out various activities for promoting crops like fruits, vegetables, spices and flowers in the State under different plans and programmes. The Director of Horticulture (DH) decided (September 2006) to supply four lakh vegetable minikits through Orissa State Seeds Corporation (OSSC) to the small and marginal farmers of the State affected by the flood of July-August 2006 for taking up vegetable cultivation over 25600 hectares of land during Rabi-2006. Each minikits was to cover 0.064 hectares of area. The minikits costing Rs 75 each was supplied to the farmers at Rs 10. The input subsidy of Rs 65 per kit was to be met out of the Calamity Relief Fund (CRF). Similar variety of vegetable minikits was also supplied to the farmers during the same Rabi season under National Horticulture Mission (NHM) programme.

Scrutiny (May 2007) of records of the Director of Horticulture (DH), Orissa revealed that the OSSC supplied (November-December 2006) 46000 minikits to four Horticulturists/ AHOs of Puri district who could sell only 18011 minikits leaving 27989<sup>4</sup> kits unsold. The Horticulturists of Puri and Sakhigopal advised (December 2006) the DH to divert the seeds received under CRF since they had earlier received and sold the same variety of seeds supplied under NHM. But no action was taken thereon and these unsold minikits became unusable and unfit for sale resulting in a loss of Rs 20.99 lakh<sup>5</sup> to the Government. This included 4145 minikits unusable for sale, sold to the farmers after one year of Rabi-2006 by AHO, Brahmagiri. It was further noticed that the sale proceeds of the minikits for Rs 1.93 lakh<sup>6</sup> was lying with the Horticulturists /AHOs without being deposited to government account (May 2008).

On it being pointed out, the Horticulturists and AHOs replied that the farmers were not interested in purchase the kits received under CRF as they had already received the same variety of seeds under the NHM programme. They further stated that the minikits were supplied to them without indents. Thus, excess supply of vegetable minikits without assessing the actual requirement and inaction by the DH to divert these seeds to needy areas resulted in a loss of Rs 20.99 lakh to Government.

The matter was referred to the government (May 2008); the reply had not been received (August 2008).

<sup>4</sup> Horticulturists: Puri - 14850 minikits; Sakhigopal - 4500 minikits, Brahmagiri-4145 minikits and Konark-4494 minikits

<sup>5</sup> Rs 20.99 lakh = 27989 minikits X Rs 75

<sup>6</sup> Horticulturist, Puri : Rs 0.62 lakh *plus* Brahmagiri: Rs 0.71 lakh *plus* Sakhigopal: Rs 0.05 lakh *plus* Konark : Rs 0.55 lakh

## **4.2 Infertuous / wasteful expenditure and overpayment**

### ***WATER RESOURCES DEPARTMENT***

#### ***4.2.1 Wasteful expenditure and non-recovery of works advance***

**Injudicious selection of site for construction of spillway of Telengiri Irrigation Project led to wasteful expenditure of Rs 0.99 crore. Besides, there was non recovery of works advance of Rs 9.07 crore.**

Construction of spillway of Telengiri Irrigation Project was awarded (February 2004) to M/s Orissa Construction Corporation (OCC) Ltd. at a cost of Rs 55.26 crore plus 15 *per cent* over head charges for completion by February 2006.

Test check of the records of Telengiri Irrigation Division disclosed (April 2008) that the spillway was the major hydraulic structure of the project intended to discharge the surplus water of the reservoir. Based on the exposed outcrop of hard rock in the river bed, the Chief Engineer (CE), suggested (1997) for construction of the spillway on the river bed (centre of the dam) without investigating the underground strata. The CE (Designs & Research) while inspecting the site in July 2003 suggested that left dyke saddle would be ideal and economical for construction of the spillway. The CE, Upper Indravati Irrigation Project, however, did not agree (November 2003) to the proposal on the ground that it would delay the implementation of the project at that stage and allotted (February 2004) the work of construction of the spillway in the centre of the dam to OCC.

After excavation of the foundation, it was noticed that the exposed hard rock on the river bed, based on which the location of the spillway had been decided, was dipping down all the sides and the graded rock required for foundation of the spillway was available at a much lower level. The work valuing Rs 99.20 lakh was, therefore, abandoned in September 2005.



Abandoned site of the spillway of Telengiri Irrigation Project

The expert panel headed by the Engineer-in-Chief (EiC) visiting the site in March 2008 ordered (April 2008) shifting of the spillway to the left dyke for construction of a saddle spillway as suggested by the CE (Design and Research). The finalisation of drawings and designs for construction of the saddle spillway was in progress (June 2008). No responsibility was fixed for the injudicious decision to locate the spillway on the river bed (August 2008).

Further, the contract provided for payment of interest free works advance to the corporation based on a payment schedule to be drawn up considering the period of completion of work. OCC was, however, paid (March 2004) interest free works advance of Rs 9.92 crore without drawing up a payment schedule. Of this, Rs

84.69 lakh was recovered till abandonment (September 2005) of the work leaving Rs 9.07 crore still to be recovered (June 2008). No action was taken for realisation of the un-utilised advance from the OCC in the last four years. This led to loss of interest of Rs 4.08 crore on the unutilised advance as of March 2008.

Thus, the injudicious decision of the CE to locate the spillway on the river bed without ascertaining the strength of the underground rock strata led to abandonment of the site rendering the expenditure of Rs 99.20 lakh incurred wasteful. Besides, the work advance of Rs 9.07 crore remained unrecovered from the Corporation.

The Executive Engineer stated (May 2008) that the work was allotted and taken up after preliminary survey and geological investigation. The matter was reported to Government in June 2008, their reply had not been received (July 2008).

#### 4.2.2 Wasteful expenditure on a Minor Irrigation Project

**Commencement of head works of a Minor Irrigation Project on an alignment finalised on wrong data before technical sanction to the estimate and delay in acquisition of land resulted in abandonment of the project with expenditure of Rs. 1.02 crore besides interest liability of Rs 60.28 lakh.**

The head works of Kankubadi Minor Irrigation Project comprising earth dam, head regulator and spillway were awarded (October 2003) to a contractor at a cost of Rs 1.68 crore for completion by July 2005. The project was to be executed with loan assistance of NABARD under Rural Infrastructure Development Fund carrying interest at the rate of 12 *per cent* per annum.

Test check of the records of the Executive Engineer (EE), Rayagada Minor Irrigation Division disclosed (October 2007) that Government approved (February 2002) the construction of Kankubadi Minor Irrigation Project at a cost of Rs 3.88 crore for providing irrigation to 445 ha of cultivable land in the drought prone villages of Rayagada district. Government specifically ordered (February 2002/ October 2002) that works on the project should not be taken up unless technical sanction to the estimate was accorded and land acquisition completed. The EE, however, entrusted (October 2003) the work without obtaining technical sanction to the estimate and acquisition of the 40 hectare land required for the project. The EE had reported at the estimate stage that the proposed dam base along the alignment approved contained gravel, stony earth and kankars. During actual excavation, however, the dam base was found to be sandy and not suitable for dam construction. Thereafter the construction of the head works was abandoned by the contractor in April 2005 due to unsuitability of the approved alignment for the earth dam and delay in acquisition of land. The



Abandoned Kankubadi Minor Irrigation Project

expenditure on the project as of March 2008 was Rs 1.02 crore<sup>7</sup>. Besides, the interest liability as of September 2008 on the loan amount was about Rs 60.28 lakh. Government approved (August 2006) the closure of the works with orders to fix responsibility for compiling wrong data which led to wasteful expenditure. No action was, however, taken against the officers held responsible (March 2008).

Physical inspection of the site by Audit in February 2008 along with the EE disclosed that the portions excavated were refilled with silt and boulders and bushes had grown over the executed earth work with erosion of the embankment at some points.

Thus, commencement of the works without technical sanction on an alignment finalised on the incomplete and wrong data and non acquisition of required land led to abandonment of the project mid way rendering the expenditure of Rs 1.02 crore on the project wasteful. Besides, there was an interest liability Rs 60.28 lakh thereon. Further, the objective of providing irrigation to the drought prone villages remained unfulfilled.

The EE stated that works on the project were commenced in anticipation of technical sanction and acquisition of land. Expenditure on the project was also incurred as per financial authorisation, but Government closed the work considering all aspects to avoid complications. No reply was, however, furnished for non initiation of action against the erring officers for the wasteful expenditure. The reply was not tenable in view of irregular commencement of project works on a wrong alignment and without land acquisition.

The matter was reported to Government (March 2008), their reply was not received (July 2008).

## ***RURAL DEVELOPMENT DEPARTMENT***

### ***4.2.3 Excess payment to contractors***

**Failure to adhere to standard data provided in the MORT&H specifications while sanctioning the estimates resulted in excess payment of Rs 3.99 crore to the contractors.**

Under the Pradhan Mantri Gram Sadak Yojana (PMGSY), improvement to 2127 road and cross drainage (CD) works were awarded (2001-2005) to various contractors under 761 packages (Phase I to IV) for Rs 1347.64 crore for completion between 2002 and 2006. The agreements, inter-alia, provided for execution of cement concrete (CC) items of strength M-10, M-15, M-20 and M-25 stipulating execution of the items as per the specifications contained in the Indian Road Congress (IRC) code/ Ministry of Road Transport & Highways (Previously known as MoST).

According to the MoRT&H specifications, 275 kg, 344 kg and 399 kg of cement per cum was required for execution of CC items of strength M-15, M-20 and M-25 respectively. Further, labour of different categories for 1.49 man days and

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<sup>7</sup>

Expenditure on Survey and Investigation : Rs 1.08 lakh, Land cost : Rs 48.61 lakh, Work proper : Rs 40.02 lakh and Miscellaneous expenditure : Rs 11.83 lakh

machinery for 0.80 hour were required for execution of one cum of CC of all the above categories.

Test check of records of 355 roads (161 packages) executed under 10 Rural Works divisions<sup>8</sup> at a cost of Rs 327.19 crore disclosed (January 2008) that the estimated rates for execution of the CC works were computed providing requirement of cement as 323 kg for M-15, 429 kg for M-20 and 571 kg for M-25 grade with labour for 4.88 mandays and machinery as one hour for one cum of CC items. The works were floated to tender inbuilt with the above higher proportions of cement, labour and machinery components and the works were awarded to the contractors stipulating execution as per the IRC/MoRT&H specifications. The agreements did not provide any clause for adjustment of the rates as per the actual consumption. The items were measured and payments made to the contractors recording execution of CC works as per IRC/MoRT&H specifications. Despite execution of the items as per the IRC specifications, with lower rates of cement, labour and machinery hour, the item rates in the agreements were not correspondingly scaled down based on the actual cement, labour and machinery hour used for the works. The provisions of higher quantity of cement, labour and machinery in the estimates compared to the MoRT&H stipulations led to excess payment of Rs 3.99 crore to the contractors for the cement concrete works (M-10: 0.46 lakh cum, M-15: 0.28 lakh cum, M-20: 0.60 lakh cum and M-25: 0.03 lakh cum) executed under the 10 divisions.

The Executive Engineers (EEs) stated that the estimates were checked by the State Technical Agency (STA) and approved by the Chief Engineer (CE). This was not tenable in view of the fact that the materials, labour and machinery components were provided in excess of the requirement for the works which inflated the estimates involving excess payment to the contractors.

The matter was reported to Government (May 2008); their reply had not been received (July 2008).

## **WORKS DEPARTMENT**

### **4.2.4 Wasteful expenditure on a road**

**Execution of a road improvement work with lower specification resulted in failure of the road rendering expenditure of Rs 1.18 crore wasteful. Besides, there was an extra/avoidable expenditure of Rs 46.05 lakh on maintenance.**

Work of Improvement of the Riding Quality Programme (IRQP) from RD 178 km to 200 km point of National Highway (NH) 215 was awarded (November 2006) by the Executive Engineer (EE), NH Division, Keonjhar to two contractors under two agreements at a total cost of Rs 1.90 crore with stipulation for completion by March/May 2007. This was extended up to May/June 2007. The contractors could not complete the works by the stipulated dates but executed works worth Rs 1.18 crore as of September 2007. The Ministry of Road Transport and Highways

<sup>8</sup> RW Division, Jajpur, Kendrapara, Rayagada, Karanjia, Keonjhar, Malkangiri, Baragarh, Jaleswar, Sambalpur and Koraput

(MoRT&H) foreclosed (January/March 2008) the contracts to get the work redone with higher specification.

Test check of the records disclosed (January 2008) that NH 215 being the life line for transportation of iron ore and coal, there was immense density of traffic of mining trucks which led to failure of the road portion from RD 178 km to 200 km with no trace of crust and sub-grade. MoRT&H accorded (March 2005) technical approval and financial sanction for improvement of the road stretch under IRQP at Rs 1.83 crore with Wet Mix Macadam (WMM) and 20 mm thick Premix carpeting (PC) followed by seal coat (SC). Tenders received on two occasions were cancelled as the premia quoted (between 15.90 *per cent* and 18.20 *per cent* excess over the estimated cost of Rs 1.85 crore) were considered high.

The Chief Engineer (CE), NH, proposed (April 2006) lowering the specifications with provision of Water Bound Macadam (WBM) and two coat surface dressing for execution by manual means in place of WMM and 20 mm thick PC with SC on the ground of non-availability of machinery for execution of WMM/PC/SC. He also proposed to get the works executed through local contractors by splitting up the work on the justification that suitable contractors with adequate resources were not available for undertaking the works. The MoRT&H approved (June 2006) execution of the works with lower specification at Rs 2.13 crore without, however, studying the sustainability of these specifications vis-à-vis the traffic density and load on the road. The work commenced from November 2006 by the above two contractors.

Inspecting the road during execution, the CE, NH observed (September 2007) that the work completed in nine km stretch was severely damaged and the adopted specification was not suitable for the road. He, therefore, suggested foreclosure of the works. By this time, the contractors had received payment of Rs 1.18 crore towards the works executed. On the advice of CE, the SE, MoRT&H modified (January 2008) specifications for improvement and strengthening the road providing Granular Sub Base (GSB), WMM and other higher class bituminous items at an estimated cost of Rs 21.49 crore. The existing contracts were thus closed in March 2008 and the road remained in a damaged condition without any further execution of works with the modified specifications as of April 2008. This led to wasteful expenditure of Rs 1.18 crore. The EE had, in the meanwhile, incurred Rs 46.05 lakh on maintenance of the road (between 2006 and 2008) to ensure traffic movement.

Thus, execution of IRQP works with lower specification without study of traffic density on the road, led to wasteful expenditure of Rs 1.18 crore. Besides, there was extra expenditure of Rs 46.05 lakh on maintenance of the damaged road.

The EE stated (April 2008) that the scope of the work was changed with a view to maintaining the road in a usable condition for two to three years before commencement of four lane works. Since four lane works were delayed, MoRT&H approved execution of the works with higher specification to withstand the overloaded traffic. This was not tenable in view of the fact that the specifications were lowered without requisite study of traffic density on the road to facilitate execution of works through the local contractors, which led to damage of the road.

The matter was reported (May 2008) to Government; their reply had not been received (July 2008).

## **FOREST AND ENVIRONMENT DEPARTMENT**

### **4.2.5 Loss due to non-investment of compensatory afforestation fund**

**Non-investment of compensatory afforestation fund as per orders of Government of India led to loss of interest of Rs 44.09 lakh. Besides, 971.659 hectares of land was left uncovered under compensatory afforestation despite receipt of funds from user agencies.**

Forest (conservation) Act 1980 prohibited utilisation of forestland for non-forest purposes unless approved by the Government of India (GOI). If it is essential to transfer forest land for non-forest use, compensatory afforestation shall be done over equivalent area of non-forest land or twice over the degraded forest land nearby the site of diversion so as to minimise the adverse impact on the micro-ecology of the area. As per provisions of the Act, the diversion of forest land could be effected after receipt of monies as approved by the GOI from the user agencies. In compliance with the orders (October 2002) of the Supreme Court, the GOI constituted (April 2004) an authority called Compensatory Afforestation fund Management and Planning Authority (CAMPA) for the management of compensatory afforestation funds. The CAMPA would receive funds from the State with the proposal for diversion of forest land and shall release monies to the concerned State in installments fixed as per the Annual Plan of Operation finalised by the concerned State. The GOI issued guidelines (March 2004) to the State Government for receipt of funds from the user agencies and to keep them in fixed deposit in the name of the concerned Divisional Forest Officer (DFO) or the nodal officer (Forest Conservation) of the State in a nationalised bank till the CAMPA is constituted.

Scrutiny of records (December 2007) of the Principal Chief Conservator of Forests, Orissa showed that an amount of Rs 4.30 crore was collected from 26 non-government user agencies during March 2004 to June 2006 for compensatory afforestation over 2010.212 hectares of land. Of the above, Rs 1.61 crore was utilised (March 2004 - December 2007) for afforestation purposes and the balance amount of Rs 2.69 crore was kept in government account as revenue receipts instead of investing the amount in fixed deposit with the nationalised banks leading to loss of interest of Rs 44.09 lakh for the period from April 2004 to December 2007 calculated at the rate of 5.25 *per cent* per annum.

Besides, compensatory afforestation could be made only over 1038.553 hectares of land against the approved area of 2010.212 hectares and 971.659 hectares was left uncovered. Despite availability of funds for two to three years with the Government, the projects under compensatory afforestation could not be completed.

On being pointed out, the Government stated (April 2008) that it was not possible to transfer the receipts since no special fund under CAMPA was created and the receipts were credited to Government account as per the instructions of the



Government. It further added that efforts were being made to achieve the balance compensatory afforestation. The reply is not tenable since the government did not invest the fund in fixed deposits inspite of specific orders of the GOI and transferring funds to State receipt head without approval of Legislature was irregular. Moreover, compensatory afforestation over the approved area is yet to be completed (April 2008).

#### **4.3 Violation of contractual obligation/ undue favour to contractors**

##### ***WORKS DEPARTMENT***

##### ***4.3.1 Non recovery of penalty and works advance from a Corporation***

**Non-construction of approach roads to a bridge resulted in unfruitful expenditure of Rs 5.57 crore and extra cost of Rs 75 lakh. Besides, there was non recovery of Rs 1.64 crore from a Corporation.**

The Executive Engineer (EE) R&B Division-I, Bhubaneswar allotted (December 2002) the work of construction of a High Level (HL) bridge over river Kusabhadra and Prachi Drainage at Phirphira Ghat on Prataprudrapur-Kakarudrapur alongwith the approach roads and two minor bridges to M/s Orissa Bridge & Construction Corporation Limited (Corporation) at a cost of Rs 8.34 crore<sup>9</sup> with stipulation for completion by December 2005. The work was financed by NABARD under Rural Infrastructure Development Fund carrying interest at the rate of 12 *per cent* per annum.

Test check of the records disclosed (June 2007) that the work comprised construction of the HL bridge with 30 metres short approach roads on either side of the bridge for allowing traffic over the bridge immediately after its completion and 600 metres long approach roads with two minor bridges. The Corporation could complete only the HL bridge by March 2006 with payment of Rs 5.57 crore which included reimbursement of taxes of Rs 22.32 lakh and corporation charges of Rs 69.75 lakh.

The EE did not issue any notice for the slow progress by the Corporation nor initiated any action for realisation of the liquidated damages of Rs 1.43 crore for the delay in completion of the work, but instead proposed (April 2007) for withdrawal of the balance of the works of minor bridges and short/long approach roads for completion through other agency.



HL Bridge without approach road

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<sup>9</sup> HL bridge: Rs 5.09 crore, short approach roads: Rs 0.18 crore, long approach road: Rs.70 lakh, two minor bridges: Rs 0.60 crore, ancillary works : Rs 0.28 crore and contingency/quality control/sales tax/corporation charges: Rs 1.49 crore

Government withdrew the balance of the works of construction of the short/long approach roads from the Corporation in May 2007 and awarded (December 2007) this for Rs 88.18 lakh as per the rates of the Corporation to a contractor at a cost of Rs 1.63 crore involving extra cost of Rs 75 lakh. Construction of the two minor bridges on the long approach roads still remained with the Corporation.

The EE had issued (March 2007) interest free work advance of Rs 38.85 lakh to the Corporation of which Rs 17.33 lakh was recovered from the on account bills leaving the balance of Rs 21.12 lakh unrecovered. No action was taken to recover the outstanding works advance as of March 2008.

Thus, non-construction of the approach roads to the HL bridge and non-completion of the minor bridges resulted in the bridge remaining unused rendering the expenditure of Rs 5.57 crore incurred on its construction unfruitful. The idle investment led to creation of interest liability of Rs 74.45 lakh per year. Besides, the re-tender of the approach roads resulted in extra cost of Rs 75 lakh. There was also non-recovery of liquidated damage and outstanding work advance of Rs 1.64 crore from the Corporation.

The Government stated (May 2008) that the works were withdrawn from the Corporation with a view to completing the works as soon as possible for opening the bridge for public use. The liquidated damages were not recovered from OBCC since the delay in completion was not attributable to them. The outstanding works advance would be recovered. This was not tenable since the completion of the work was delayed due to slow progress of work by OBCC for which the work was withdrawn from them. No action was also taken for recovery of work advance outstanding since March 2007.

#### ***4.3.2 Non recovery of penalty from a defaulting contractor***

<b>Abandonment of road works by a contractor resulted in dislocation in the movement of traffic, wasteful expenditure of Rs 61.79 lakh, extra liability/non recovery for Rs 3.22 crore and avoidable maintenance of the road for Rs 45.62 lakh.</b>
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Two improvement works of Umerkote-Raighar-Kundei-Likima road from RD 41.085 to 54.700 km (State Highway) and Rayagada-Kerada road from RD 2.200 to 25.200 km (Major District Road) financed from NABARD (Rural Infrastructure Development Fund-RIDF-X) were awarded (August 2005/February 2006) on tender to a contractor at a total cost of Rs.12.06 crore with stipulation for completion by July 2006/January 2007.

Test check of records of the Jeypore (R & B) Division disclosed (April 2007) that first the Umerkote-Likima road (contract value Rs 4.91 crore) was awarded to the contractor in August 2005 and after excavation and back filling of the trench for a width of 2.5 metres on both sides of the road valuing Rs 19.14 lakh by February 2006, the contractor abandoned the work. Despite default in execution, the same contractor was awarded (February 2006) the other work on tender basis in Rayagada (R & B) Division (under the same Circle - contract value Rs 7.15 crore) for completion by January 2007. In this case also, after executing works worth Rs 42.65 lakh comprising construction of five culverts without approaches,

excavation, filling of trench and collection of materials for sub-base for 11 km out of the requirement of 23 km, the contractor abandoned the work in June 2006. The contracts were closed (November 2006/January 2007) with penalty stipulating recovery of 20 *per cent* of the value of the balance of the works. The incomplete works were not taken up on either road as of May 2008. The balance of work in Umerkote-Likima road was estimated (March 2008) to involve extra liability of Rs 1.48 crore at the tender stage.

Due to leaving the roads incomplete, it created dislocation in the movement of traffic and the Executive Engineer (EE) spent Rs 45.62 lakh (Rayagada-Kerada road : Rs 33.01 lakh and Umerkote-Likima road: Rs 12.61 lakh) on repairs and maintenance of the roads for traffic movement which was avoidable.

Out of the penalty amount of Rs 2.29 crore recoverable from the defaulting contractor for both the works, the EEs had forfeited security deposits of Rs 55.20 lakh available with them. No action, legal or otherwise, was initiated to realise the balance outstanding Government dues of Rs 1.74 crore (May 2008).



Incomplete Umerkote-Likima road

Physical inspection of Umerkote-Likima road by Audit along with the Engineer- in-charge further disclosed (February 2008) that the works executed by the contractor were sub-standard. As per specifications, the trench was to be filled in with crusher dust and six mm chips. The contractor filled the trench with sand and moorum which were washed out in the rains and the trench was subsequently filled with silt. This created dislocation in the movement of traffic. The substandard works for Rs 19.14 lakh were not rejected by the Engineers-in-charge during execution indicating poor supervision of the works. No responsibility was fixed for the sub-standard execution of works (March 2008).

Thus, sub-standard execution and subsequent abandonment of the works by the contractor resulted in the roads remaining incomplete causing dislocation in movement of traffic apart from wasteful expenditure of Rs 61.79 lakh already spent on the roads with avoidable expenditure on maintenance of the roads for Rs 45.62 lakh and additional liability of Rs 1.48 crore for completion of the balance of work of one road. No attempt was also made for realising the outstanding Government dues of Rs 1.74 crore from the defaulting contractor.

The Government stated (May 2008) that the EEs had been instructed to file a money suit against the contractor for realisation of the penalty. No action was, however, taken on this (July 2008).

### 4.3.3 Undue benefit to a contractor

**Upward revision of an offer for a bridge work during negotiation and non recovery of liquidated damage despite default in execution led to undue benefit of Rs 3.20 crore to the contractor.**

Construction of a High Level (HL) Bridge over river Subarnarekha at 13 km on Kamarda-Baliapal road was awarded (November 2001) to a contractor at a cost of Rs 12.70 crore for completion by November 2004, which was extended up to June 2006. The work was in progress with expenditure of Rs 11.86 crore as of March 2008.

Test check of the records of Balasore (R&B) Division in June 2007 disclosed that although the Notice Inviting Tender (NIT) did not permit release of the Security Deposit before expiry of defects liability period of 180 days from the date of completion of the work and further stipulated that the cost of electricity and fair weather wooden bridge were to be borne by the contractor, the original offer of the contractor for Rs 10.88 crore included three special conditions viz. (i) the Security Deposit (SD) recovered from the different on account bills would be released on furnishing Bank Guarantee (BG), (ii) electricity would be supplied to the work site free of cost and (iii) expenditure on construction of fair weather wooden bridge for one season would be reimbursed by the department. The cost of the service bridge was already included in the offer of the contractor.

The State Public Works Department Code provides that the officer inviting the tender can negotiate with the tenderer with a view to reducing the rates quoted or to withdraw special conditions imposed by the contractor. Conditions of unusual character were not to be accepted without the prior consent of the Finance Department.

On negotiations with the Engineer-in-Chief (EIC), the contractor withdrew (July 2001) all the special conditions, but added Rs 1.82 crore to his offer without furnishing details for the increase. Although the special conditions not tenable as per the NIT were withdrawn by the contractor and the cost of wooden bridge had already been included in the contractor's item rates, the EIC accepted (October 2001) the unusual demand of the contractor at the post tender stage for increasing the value of the offer to Rs 12.70 crore by distributing the extra amount proportionately among all the items except the item for steel work. The contractor was paid Rs 1.98 crore on this account as of March 2008. The consent of the Finance Department was, however, not obtained for accommodating such unusual request.

The contract provided that in case of delay in completion of the work, liquidated damages up to 10 *per cent* of the estimated value of the work were recoverable from the defaulting contractor. However, neither was any extension of time granted beyond June 2006 to the contractor nor was the liquidated compensation of Rs 1.22 crore (10 *per cent* of Rs 12.22 crore) realised from the contractor although the work remained incomplete (March 2008).

Thus, upward revision of the contractor's offer by accommodating his request at the post tender stage and non-recovery of liquidated damages despite default in execution led to undue benefit of Rs 3.20 crore to the contractor.

The Government stated (May 2008) that the tender was approved after due examination and recommendation of the Tender Committee. The completion of the work was delayed due to heavy flood in the river, delayed finalisation of designs and land acquisition and addition to the work for which liquidated damage was not recovered. This was not tenable since a fixed amount claimed at post tender stage should not have been added to the offer in absence of supporting data and that too, without obtaining the consent of the Finance Department. The completion period for the work was fixed taking into account the cyclic change in weather including floods and the designs were finalised between August 2002 and October 2004 i.e. within the original currency period of the agreement. The delay in land acquisition was involved only for approach roads. As such, slippage in progress of completion of the bridge for more than four years was not justified and so liquidated damages were leviable.

#### ***4.3.4 Higher overheads in the estimates leading to undue benefit to contractors***

<b>Adoption of unwarranted higher overheads in estimates resulted in undue benefit of Rs 1.95 crore to contractors</b>
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Works of Improvement to a State Highway (SH) and two Major District Roads (MDR) in two districts<sup>10</sup> were awarded (October/November 2006) to three contractors at a cost of Rs 21.43 crore for completion by October 2007 / October 2008. The works were in progress with payment of Rs 6.62 crore to the contractors as of March 2008.

As per the Public Works Department Code, the works were to be estimated adopting the State Schedule of Rates (SoR). The SoR stipulated for providing 12.5 per cent on labour component towards overheads. This was revised to 10 per cent over the prime cost from 1 June 2006.

Test check of the records of two Roads and Buildings (R&B) divisions in charge of the execution showed (August/October 2007) that the Executive Engineers (EE) had worked out the item rates for these works providing 20 per cent margin (10 per cent overheads and 10 per cent contractor's profit) over the prime cost consisting of cost of materials, labour and machinery, as against 10 per cent admissible. The unwarranted excessive overheads adopted in the above works inflated the estimates by Rs 1.89 crore. The notices inviting tenders for these works were floated (2006-07) providing inflated estimated costs for Rs 20.78 crore and the bids for Rs 21.43 crore were approved on the basis of these estimated costs. The adoption of higher overheads in the estimates resulted in

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<sup>10</sup> (1) Cuttack (R&B) Division:- Cuttack- Govindapur- Banki- Siman road (MDR 77) 0/3 to 5/0 km, 10/0 to 15/0 km and 17/5 to 20/0 km  
(2) Baragarh (R&B) Division:- Baragarh- Bhai- Ambabhana road MDR 33, Sohela- Nuapada (SH 3) 5/20 to 7 km, 7.5 to 15 km and 71 to 78 km

undue benefit of Rs 1.95 crore to the contractors taking into account the excess/less premia quoted by them over the estimates.

The EEs stated (October 2007/May 2008) that the items of work were adopted from the data book of MoRT&H which provided for 20 *per cent* margin. This was not tenable in view of the fact that the works related to improvement to the SH and MDRs and as per State Public Works Department Code, the estimates of these works were to be prepared adopting overheads admissible as per the State SoR.

The matter was referred to Government in June 2008; their reply had not been received (July 2008).

#### 4.4 Avoidable/excess/unfruitful expenditure

##### ***WATER RESOURCES DEPARTMENT***

##### ***4.4.1 Unfruitful expenditure on an Irrigation Project***

**Commencement of works of an irrigation project without assessment of water potential and non-completion of rehabilitation measures of the project affected families resulted in suspension of the project works midway rendering Rs 65.82 crore spent on the project unfruitful.**

The Planning Commission and the State Government had cleared the construction of Titilagarh Irrigation Project as far back as in October 1993 / May 1995 as an integrated scheme planned for utilising the water resources of Kankadajore and Jamunajore nullahs, the tributaries of river Tel. The project was, however, taken up for execution in two stages. Construction of a barrage over Jamunajore nullah (Stage-I) stipulated for irrigating 600 ha of Culturable Command Area (CCA) out of the water resources of its own catchments and to cater to the drinking water needs of Titilagarh town. Construction of dam over Kankadajore nullah (Stage-II) stipulated for irrigating 2000 ha of CCA out of its water resources.

Test check of the records of Titilagarh Irrigation Division disclosed (September 2007) that the construction of the barrage over Jamunajore nullah and its distribution system were taken up (May 1995) with NABARD loan assistance at an estimated cost of Rs 4.60 crore. The works were completed in March 2000 at a cost of Rs 6.92 crore. The



Completed Barrage (Stage-I)

objective of providing irrigation and supply of drinking water to Titilagarh town, however, could not be fulfilled due to non availability of water at the barrage site. Even during the peak demand period of September and October each year, there was no flow of water in the Jamunajore nullah across which the barrage was



constructed, indicating that the water potential of Stage I was not assessed correctly (1995). This resulted in the project remaining idle without any utility rendering Rs 6.92 crore spent on the project wasteful (July 2008).

Stage II of the project comprising construction of earth dam, spillway, head regulator and distribution system over Kankadajore nullah in the up-stream of stage I was targeted for completion by 2001-02 at a cost of Rs 26.70 crore for providing further irrigation to 2000 ha of land. This also included construction of Satighat distributary for feeding water to the barrage for augmenting water for stage I. All these works were, however, suspended mid-way from December 2005 with river gap of earth dam, spillway and approach channel to head regulator remaining unexecuted due to agitation of the Project Affected Families (PAF) for non-settlement of their rehabilitation assistance. Out of 657 families affected/displaced, none of the families was rehabilitated as of March 2008. The expenditure on stage II of the project as of January 2008 was Rs 58.90 crore without accrual of the intended benefit from the project (March 2008).

The Benefit Cost Ratio (BCR) of the project was projected to the Planning Commission as 1.51 in 1995 and accordingly the project was considered viable. As assessed in audit, due to delay in execution and cost overrun, the BCR (calculated as per the expenditure on the project as of January 2008) declined to 0.48 rendering the project unviable. This would further decline with the delay in completion of the works and the consequent increase in the cost of the project.



**Incomplete Stage II works**

Physical inspection of the site on 25 March 2008 by Audit along with the Assistant Engineer in charge of the work disclosed that though Stage I of the project was completed, there was no water in the reservoir. Out of the components under Stage II the earth dam was completed without river gap closing and the spillway remained partly executed without further work being executed (May 2008).

Thus, execution of the Stage I of the project without correct assessment of the water potential at the site and the commencement of the works of Stage II of the project without settlement of the rehabilitation assistance for the PAF resulted in the expenditure of Rs 65.82 crore incurred on the project unfruitful.

The Executive Engineer (EE) stated (August 2007/January 2008) that after the new rehabilitation policy was framed, the works were started from December 2007 and the outcome of the project would be available after its completion. This was not tenable since the physical inspection of the site in March 2008 showed that no further works were being executed. Stage I works were completed without correct assessment of the water potential resulting in non availability of water at site while the stage II works were commenced without rehabilitating the PAF.

The matter was referred to Government in April 2008; their reply had not been received (July 2008).

#### 4.4.2 Unfruitful expenditure on an Irrigation Project

**Commencement of works of extension of a Medium Irrigation Project without acquisition of land led to abandonment of the scheme midway rendering the expenditure of Rs 3.85 crore unfruitful, besides interest burden of Rs 1.34 crore on the loan amount.**

Government approved (February 2002) extension of Dumurbahal Medium Irrigation Project (Stage II) at a cost of Rs 3.79 crore with NABARD loan assistance<sup>11</sup> for providing additional ayacut to 770 ha of land in kharif and 245 ha in rabi in Bargarh district. As per codal provisions, work should not be commenced before land acquisition and technical sanction.

Test check of the records of Nuapara Irrigation Division disclosed (August 2007) that the extension scheme envisaged fixing of five central gates in the spillway of the project to provide additional storage of 1420 ham of water in the reservoir and improvement/remodeling of the existing distribution system along with construction of new distribution system. This required 162.84 ac of additional private land in the submergence area of the reservoir for storing the additional water. Work on the extension scheme was, however, commenced without land acquisition and technical sanction to the estimate.

The gates were installed in the spillway by December 2002, but could not be closed to store the extra water due to non acquisition of the additional land for the reservoir. Further, the works of the distribution system were abandoned midway in March 2005 leaving 100 metres stretches each in three sub minors unexecuted. The scheme was abandoned midway in March 2005 after incurring expenditure of Rs 3.85 crore due to non availability of land to store the water in the reservoir. Estimate for execution of the balance of the works for the incomplete portions of the distribution system was not prepared as of March 2008, nor funds provided for acquisition of the land. Even the preliminary establishment cost of 20 per cent of land acquisition cost was not deposited with the Land Acquisition Officer (LAO) as of March 2008 to enable processing of the land acquisition proposal.

Thus, commencement of the works of extension of the project without land acquisition and technical sanction to the estimate led to abandonment of the scheme midway for the last three years rendering the expenditure of Rs 3.85 crore on the scheme unfruitful, besides involving interest liability of Rs 1.34 crore on the loan amount.

The Executive Engineer stated (March 2008) that after acquisition of the land the additional storage would be available for irrigation. This was not tenable in view of the fact that contemplated additional irrigation could not be derived for non-acquisition of the land essential for storing the extra water and the distribution system also remains incomplete.

<sup>11</sup> at 12 per cent rate of interest per annum



The matter was reported to Government in March 2008; their reply had not been received (July 2008).

#### **4.4.3 Unfruitful expenditure and non recovery of Government dues**

**Non completion of a Minor Irrigation Project resulted in unfruitful expenditure of Rs 2.24 crore besides non recovery of works advance of Rs 54 lakh from the Corporation.**

Doraguda Minor Irrigation Project was accorded administrative approval in May 2000 at a cost of Rs 2.06 crore for providing irrigation to Kudumulugumma block of Malkangiri district. The head works of the project were completed in February 2005 at a cost of Rs 1.47 crore. The main canal and the branch canals, however, remained incomplete as of March 2008. As per rules, no work should commence without acquisition of land required for the work.

Scrutiny of the records of Minor Irrigation Division, Jeypore disclosed (May 2007) that the main canal was designed for 6630 metres, out of which the head reach for 1920 metres was of idle length<sup>12</sup>. While the land was yet to be acquired, the work of the main canal was allotted (February 2004) to M/s Orissa Construction Corporation (OCC) for completion by June 2005 at a cost of Rs 86.46 lakh. The contract stipulated that land for the project would be acquired in due course. In the event of non-availability of land no claim was to be entertained and extension of time if considered necessary was to be granted. The Corporation executed the works up to the first berm level valuing Rs 21.33 lakh for 1250 metres in the idle length and abandoned the work in July 2006. No work was executed in the portion covering the cultivable area due to non-acquisition of land. Out of 18.013 ha of land required for the project, only 3.650 ha (20 per cent) was acquired as of June 2008. Similarly, out of 12 structures involved, six were completed leaving the remaining six unexecuted. The branch canals awarded (December 2006) to another contractor at a cost of Rs 55.35 lakh was under execution with payment of Rs 11.19 lakh as of March 2008. The expenditure on the project as of August 2008 was Rs 2.24 crore<sup>13</sup>.



Head reach canal from RD 00 metre to 1250 metres upto 1<sup>st</sup> berm

The Corporation was issued interest free works advance of Rs 69 lakh between March 2004 and March 2006, of which Rs 15 lakh was adjusted leaving a balance of Rs 54 lakh with the Corporation. No action was taken to complete the balance of the work abandoned for nearly two years due to the failure of the departmental

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<sup>12</sup> Idle length – The portion of the canal constructed in non-cultivable area.

<sup>13</sup> Work proper : Rs 1.79 crore, Land cost : Rs 0.10 crore and Miscellaneous: Rs 0.35 crore.

officers to acquire and hand over the land to the Corporation for completion of the main canal.

Thus, non-completion of the canal works for two years resulted in non accrual of the benefits of the project rendering the expenditure of Rs 2.24 crore spent on it unfruitful. Further, the works advance of Rs 54 lakh was lying blocked with the Corporation for two years and three months as of June 2008.

The matter was reported to Government in March 2008; their reply was awaited (July 2008).

## **PANCHAYATI RAJ DEPARTMENT**

### **4.4.4 Unfruitful expenditure due to non completion/use of market complex**

**Due to inadequate action of the BDOs, 319 shopping units could not be completed under SGSY/ SGRY and 452 units even though completed were not allotted to the beneficiaries which resulted in an unfruitful expenditure of Rs 3.42 crore.**

The Government of India (GOI) encouraged construction of market complexes (shopping units) through Swarnajayanti Gram Swarozgar Yojana (SGSY) and Sampoorna Grameen Rozgar Yojana (SGRY) by earmarking funds for creation of infrastructural assets which would also be a source of income for Gram Panchayats (GPs) in the form of rental income. The Government of Orissa instructed (April 2005) Collectors and Project Directors of District Rural Development Agencies (DRDAs) not to keep the shopping units unallotted. For effective implementation of the schemes, officers from the level of State headquarters to Panchayat Samitis (PS) were to closely monitor the programmes and visit work sites to ensure timely completion of the projects.

Scrutiny (April 2008) of records of 13 Blocks<sup>14</sup> under three DRDAs showed that an amount of Rs.4.27 crore was sanctioned from SGSY (Rs 1.21 crore) and SGRY (Rs 3.06 crore) funds for construction of 857 shopping units during 2002-05 as approved by the selection committee(s) comprising members from DRDA level to GP level. It was noticed that 538 (63 *per cent*) units were completed at a cost of Rs 2.96 crore and 319 (37 *per cent*) remained incomplete after an expenditure of Rs 1.31 crore thereon for over a period of two to five years. Of the 538 units<sup>15</sup> completed, 86 (16 *per cent*) were allotted to the beneficiaries and 452 units involving an expenditure of Rs 2.11 crore had remained (May 2008) without allotment for over a period of one to five years. The shopping units could not be allotted due to non-finalisation of allotment process (331), dispute in selection of beneficiaries (10), non-convening of selection committee for identification of beneficiaries (61) and non-availability of eligible beneficiaries (10) and lack of interest among beneficiaries (40). This indicated that the PS had undertaken construction of market complexes without assessing demand for the shopping units at selected sites.

<sup>14</sup> DRDA Jajpur (Jajpur, Dasarathpur, Sukinda, Dharmasala, Bari) DRDA Jagatsingpur ( Balikuda, Jagatsinghpur, Tirtol, Naugaon, Raghunathpur, Kujanga) and DRDA Nayagarh (Dasapalla, Ranpur )

<sup>15</sup> Completed units:- 45 (2003-04), 106 (2004-05), 165 (2005-06), 202 (2006-07) and 20 (2007-08)

Besides, lack of monitoring and supervision in execution of programmes resulted in an unfruitful expenditure of Rs.3.42<sup>16</sup> crore due to non-completion and non-allotment of shopping units.

On being pointed out, three BDOs attributed the reasons for non-completion of market complexes to non-availability of funds. The replies were not tenable, as funds were provided as per the estimated value. Besides, the BDOs being the convener of the selection committee were apathetic in allotting the units even after lapse of three to five years of their completion.

The matter was reported to Government (May 2008); the reply had not been received (August 2008.).

#### **4.4.5 Unfruitful expenditure on construction of check-dams**

**The expenditure of Rs 46.09 lakh incurred by BDO, Chandahandi for construction of ten check dams without installing sluice gates proved unfruitful since the beneficiaries could not avail irrigation facilities due to non-conservation of water.**

National Food For Work Programme (NFFWP), a centrally sponsored scheme launched in November 2004 for providing additional resources apart from that available under the Sampoorna Gramin Rojagar Yojana (SGRY) scheme for generation of wage employment and providing food security for the rural poor through taking up works relating to water conservation, drought proofing, flood control/ protection in addition to other specified works.

Scrutiny of records (January 2007) of Chandahandi Block and information collected subsequently (April 2008) showed that the Block Development Officer (BDO) on approval (2004-06) of the Collector, Nabarangapur had taken up construction of ten check dams<sup>17</sup> over available water sources (nalla) at an estimated value of Rs 49 lakh out of NFFWP and SGRY funds. As per the estimates and designs of the individual work, one to three MS sluice gates were required to be installed in the dams for storage of rain water to provide irrigation facilities to the beneficiaries. The BDO did not conduct basic feasibility studies like the capacity of the reservoir, ayacut area for irrigation, number of beneficiaries to be benefited before constructions of the dams were undertaken. The dams were completed (May-June 2006) with an expenditure of Rs 46.09 lakh without installing sluice gates. As a result the check dams were unable to store water needed for irrigation.



Check dam of Banamouli without sluice gate

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<sup>16</sup> Rs 1.31 crore (incomplete units) + Rs 2.11 crore (unallotted units) = Rs 3.42 crore

<sup>17</sup> Check dams under NFFW at Kukaranadi, Khadakhali, Dalabeda, Luhabahali, Malpada, Koilimunda, Ghantaguda, Banamouli, Dhupkote and Check dam at Koradengri under SGRY

The BDO stated (April 2008) that the MS sluice gates were not installed since the beneficiaries did not take the responsibility for the security and maintenance of the sluice gates and they were utilising the available water through conventional method. The reply is not tenable since water was not conserved in absence of sluice gates as found in joint physical verification with designated officials of the block.

The matter was reported (February 2008) to Government through the Annual Technical Inspection Report (ATIR) for the year ended March 2006 and was proposed (May 2008) for inclusion in the Audit Report (Civil) for the year ended 31 March 2008; their reply had not been received (August 2008).

## **WORKS DEPARTMENT**

### **4.4.6 Extra cost due to delay in finalising a contract**

**Repeated failure of the departmental officers to finalise lump sum bid of a contractor within validity period for construction of a high level bridge resulted in extra cost of Rs 7.72 crore.**

The Chief Engineer (CE) invited (April 2005) lump sum bids for construction of a two lane high level bridge over river Gurupriya near Janbai on Chitrakonda-Papermatia road in Malkangiri district on a turnkey basis involving survey, investigation, design and execution at an estimated cost of Rs 40 crore. Out of the two bids received, value of the lower bid was Rs 39.70 crore with validity up to 16 November 2005. The Engineer-in-Chief (EIC) recommended (28 November 2005) the bid to Government for acceptance after expiry of its validity. As the contractor expressed (December 2005) inability to extend the validity of the offer, the Government cancelled (January 2006) the bids with instruction to re-tender the work. In response to the re-tender notice (February 2006) single tender of the same contractor with increased value of Rs.46.95 crore (17.37 *per cent* excess over the estimated cost of Rs 40 crore) was received (21 April 2006) with validity up to 19 August 2006. The EIC, however, took 78 days for evaluation and submission of the bid in July 2006 to the Government for approval. The Tender Committee which discussed the bid in July 2006 recommended for acceptance of the same. The Government, however, returned the case on 19 August 2006 to recalculate the estimate as per Schedule of Rates 2006. On the CE's request (August 2006) to extend the validity of the tender for two more months, the contractor extended the validity from 19 August 2006 to 19 October 2006 increasing the offer value by one *per cent* which worked out to Rs 47.42 crore. This was approved by the Government in August 2006. The work was awarded (October 2006) to the contractor at a cost of Rs 47.42 crore with stipulation for completion by February 2009.

Thus, repeated failure of the departmental officers in finalising the bids within the validity period resulted in extra cost of Rs 7.72 crore to the Government at the tender stage.

The matter was reported to Government in April 2008; their reply had not been received (July 2008).

## **RURAL DEVELOPMENT DEPARTMENT**

### **4.4.7 Unfruitful expenditure on roads**

<b>Non completion of three road works taken up under Pradhan Mantri Gram Sadak Yojana led to unfruitful expenditure of Rs. 1.13 crore</b>
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Government of India (GoI) launched the Pradhan Mantri Gram Sadak Yojana (PMGSY) in December 2000 with the objective of providing all weather connectivity to the unconnected habitations with population of 1000 and above by the year 2003 and 500 and above by the end of Tenth Plan period (2007) so that the educational, health and marketing facilities were available to the residents of such habitations. The guidelines issued for the implementation of the programme stipulated that the works were to be completed within nine months of their commencement.

Test check of the records of Rural Works Division, Jajpur disclosed (December 2007) the following aberrations in execution of three road works under PMGSY rendering the expenditure of Rs 1.13 crore incurred on these roads unfruitful.

- On the demise (January 2003) of a contractor executing (May 2002) improvement to Areikana-Banamalipur road targeted for providing all weather connectivity to the habitants of three villages, the balance of the work was awarded (February 2004) to another contractor for Rs 1.55 crore for completion by November 2004. The deceased contractor had executed the work for Rs 19.59 lakh. The contractor entrusted with the balance of the work abandoned the work site in January 2007 after executing work valuing Rs 81.10 lakh and did not resume work despite issue of notices. On the orders (June 2007) of the Government, the contract was closed (August 2007) with penalty for realisation of the extra cost in execution of the balance of the work through other agency. Despite lapse of six years from the date of commencement of the work it remained incomplete with an expenditure of Rs 1.01 crore as of May 2008. Of the 6.80 km of road involved for execution, earth work was executed for three km with formation of the sub base only for 500 metres. No black topping work was executed and the road was exposed to deterioration due to seasonal wear and tear. Thus, the objective of providing all weather connectivity to the habitants of the three villages was not achieved rendering the expenditure of Rs 1.01 crore on the road unfruitful.
- Improvement of two other roads viz. (i) Narasinghpur-Pipalidiha and (ii) RD road-Padmanavapur was awarded (December 2005) to a contractor for Rs 85.37 lakh under package No. OR-13-32-PMGSY for completion by September 2006. The roads were targeted for providing all weather connectivity to the habitants of three villages. Of the road length of 3.217 km with eight Cross Drainages (CD) in between, after executing earth work for 3.1 km and base formation for 800 metres with payment of Rs 12.49 lakh, the contractor abandoned the work (April 2006). Neither was any black topping work executed nor were any of the CDs completed and the incomplete work remained exposed to normal wear and tear. The Government terminated (July

2007) the contract with imposition of penalty for realisation of extra cost in completion of the balance of the work through other agency. The Executive Engineer (EE), however, did not initiate any action till date for completion of the balance of the work and realisation of the extra cost. This led to unfruitful expenditure of Rs 12.49 lakh.

Thus, non-completion of three roads taken up under PMGSY deprived the six targeted villages of all weather connectivity even after spending Rs 1.13 crore.

The Executive Engineer stated (January 2008) that the balance of the works would be completed. This was not tenable since no action was taken to complete the works and the roads were left incomplete without black topping exposing them to deterioration.

The matter was reported to the Government in May 2008, their reply had not been received (July 2008).

#### **4.4.8 Extra expenditure due to departmental lapse**

**Non acceptance of tender for a bridge work within the validity period of the tender led to extra expenditure of Rs 1.31 crore. Besides, wrong assessment of the flood discharge at the site of the bridge involved wasteful/ extra expenditure of Rs 2.33 lakh.**

The Executive Engineer (EE), Rural Works (RW) Division, Koraput invited tenders in March 2003 for construction of a high level bridge over river Kolab at 9th km point on Jeypore-Balia-Boipariguda road at an estimated cost of Rs 2.35 crore. The lowest valid tender received from M/s Orissa Construction Corporation (OCC) was Rs 2.51 crore.

As per rules, the validity of a tender was for 90 days from the date of receipt unless extended. The processing and finalisation of the tender was to be completed by the EE, Superintending Engineer (SE), Chief Engineer (CE) and Government within the allotted 20, 15, 20 and 20 days respectively. The remaining 15 days were to be utilised by the EE for execution of the agreement.

The tender of OCC, received on 8 April 2003, was valid up to 7 July 2003. The EE recommended the tender on 30 April 2003 taking 23 days while the SE recommended it on 5 July 2003, just two days prior to the expiry of the validity of the tender. No action was taken by the CE for acceptance of the tender before its expiry. However, OCC extended (December 2003) the validity up to 1 April 2004. The Government approved the tender as late as on 27 February 2004. The CE retained the approved tender for a further 19 days and forwarded the same to the SE on 16 March 2004 for execution of the agreement by which time the model code of conduct for the General Election had come into force. After expiry of the validity of the tender and completion of enforcement period of the code of conduct on 13 May 2004, the EE notified OCC for execution of the agreement. OCC expressed their inability to execute the work at the quoted rate in view of expiry of the validity of their tender and rise in the cost of steel and rock products. The Government thereafter, cancelled (August 2004) the tender and the work was

awarded (September 2005) to another contractor on re-tender for completion by April 2007 at a cost of Rs 3.23 crore. The work was under execution with payment of Rs 3.13 crore to the contractor as of March 2008. Computed with the item rates, the cancellation of the original tender and award of the work to another contractor on re-tender involved extra expenditure of Rs 1.31 crore.

Test check of the records further revealed that based on the information provided (April 2002) by the EE, the CE, RW had approved (December 2002) the designs for construction of the bridge with the provision for discharge of 1140 cusecs of water on bridge site in peak flood conditions. However during execution of the work, the discharge was found (August 2006) to be 3290 cusecs. The design was modified in January 2007 increasing the height of the abutment and the piers by 4.65 metres to facilitate the required discharge. The estimate was thereafter revised (September 2007) to Rs 3.99 crore. As a result of the revision of the designs, cement concrete works of 37.26 cum already constructed with an expenditure of Rs 2.25 lakh on the top portion of one abutment and two piers, required dismantling with payment of labour charges for Rs 0.08 lakh for overlap and anchorage of the reinforcement.

Thus, failure of the EE to execute the agreement with the Corporation within the validity period of the tender led to re-tender of the case involving extra expenditure of Rs 1.31 crore. Besides, wrong assessment of the flood discharge at the site of the bridge involved wasteful/extra expenditure of Rs 2.33 lakh.

The EE stated (February 2008) that as there was no budgetary provision during the year 2004-05 for the work, the tender of OCC was cancelled by the Government. The designs necessitated revision due to high flood level noticed during execution. This was not tenable in view of the fact that the work was administratively approved by the Government and the budget provisions were to be periodically augmented keeping in view the progress of the work. In fact, Rs 40 lakh each was provided during 2002-03 and 2003-04 for the work but no work was executed due to cancellation of the tender. Further, the discharge of flood water at the site was not assessed on a realistic basis.

The matter was referred to the Government; their reply had not been received (July 2008).

#### ***SCHOOL AND MASS EDUCATION DEPARTMENT***

##### ***4.4.9 Avoidable expenditure on hiring of storage space***

<b>Non completion of additional godown building in the premises of the Director, Text Book Production and Marketing resulted in an avoidable expenditure of Rs 75.52 lakh on rent.</b>
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The Director, Text Book Production and Marketing, Orissa (TBPM) arranges printing of National Text Books for the students of Class-I to Class -VII for the entire State and ensures supplies to the students through the Block Authorities. For this purpose, the TBPM needed godowns for storage of printing materials and finished stock.

Scrutiny (May 2007) of records of the Director, TBPM and information collected later revealed that based on the proposal (July 1995) of the Director for construction of the second godown building inside the premises of the Directorate, the Chief Engineer (Building), Orissa (CE) allotted (June 2000) Rupees six lakh out of Calamity Relief Fund to the Executive Engineer (EE), R & B Division No IV, Bhubaneswar against the original estimate of Rs 21.87 lakh. The EE, after constructing the building up to roof level with an expenditure of Rs 3.72 lakh stopped the work and requested (November 2001) the Director for additional fund of Rs 13.86 lakh who in turn requested the Government several times (November 2001 to May 2007) for sanction of Rs 12.48 lakh (excluding cost of electrical installations) for completion of the building. The Director stated (May 2005), the building on completion would cater 90 *per cent* of the storage space needed by the TBPM. But no funds were received from the Government and the building remained incomplete (January 2008), as a result the Director, TBPM was required to hire storage space from Orissa State Ware Housing Corporation and Orissa State Marketing Federation Ltd. for godown purposes and an expenditure of Rs 75.52 lakh had to be incurred towards godown rent for the period from April 2001 to January 2008. Thereafter, the EE received (February 2008) Rs 15 lakh from the CE against the revised estimate (January 2008) of Rs 23.16 lakh and spent Rs 11.29 lakh for construction of building up to roof slab. The building is yet to be completed (June 2008).

The Government's failure to provide the required funds of Rs 12.48 lakh in 2001-02 for completion of the building resulted in an avoidable expenditure of Rs 75.52 lakhs on godown rent.

The matter was reported to Government in March 2008; the reply had not been received (August 2008).

#### **REVENUE AND DISASTER MANAGEMENT DEPARTMENT**

##### ***4.4.10 Unfruitful expenditure on resectioning Nalla slopes at outfall***

**Resectioning of Khaira nalla by the OSDMA without construction of gated sluice at its outfall in the river Rushikulya led to unfruitful expenditure of Rs 47.45 lakh as the objective of preventing saline intrusion and improving drainage congestion remained unfulfilled.**

To improve the drainage facility and arresting salination of command area, the Orissa State Disaster Mitigation Authority (OSDMA) administratively approved (February 2003) the work "Renovation and resectioning of Khaira nalla from 00 to 5.5 KM and construction of a sluice at its outfall into river Rushikulya" at an estimated cost of Rs 90 lakh. The Executive Engineer (EE), Drainage Division, Berhampur was to execute the work out of World Bank aided funds.

Scrutiny of records of EE (November 2006) and information collected subsequently (March 2008) revealed that the work was awarded (June 2003) to a contractor for Rs 81.94 lakh for completion by April 2004. The contractor, after execution of resectioning work worth Rs 47.45 lakh stopped (August 2004) construction of sluice as there was protest from the residents of nearby village



because commissioning of sluice gate would deprive them of their earning which they would get by constructing the cross bundhs across the nalla every year. The EE reported the matter to the Police and the District Collector (January-March 2004) and on the orders of Chief Engineer (July 2004) abandoned the work. Due to non-construction of the gated sluice, flow of saline back water into the nalla remained unabated and the objective of utilising the nalla water along with the surplus water of Jayamangal Irrigation Project, for irrigation, remained unfulfilled. Besides, the Executive Engineer stated (August 2008) that the villagers continued to construct cross bundhs across the nalla during summer every year in order to catch fish or to create a pool to lift the same for irrigation purposes. Thus, the expenditure of Rs 47.45 lakh incurred on resectioning without sluice gate did not serve the intended purpose.

The Government stated (August 2007) that although the purpose of checking the saline intrusion was not achieved, the objective of resectioning of drain to increase the water way and relieve drainage congestion had been achieved. The reply is not tenable as the villagers continue to construct bundhs, as such the drain water congestion was not eliminated totally defeating the very purpose of investment of Rs 47.45 lakh.

#### **4.5 Idle investment/idle establishment/blockage of funds**

##### ***HOME DEPARTMENT***

##### ***4.5.1 Injudicious decision for purchase of staff quarters***

**The Principal Resident Commissioner, New Delhi purchased 56 residential quarters of which 49 quarters were lying unallotted even after two years of purchase leading to idle investment of Rs 2.52 crore.**

Principal Resident Commissioner (PRC), New Delhi proposed (August 2003) to purchase 100 single-room flats from Delhi Development Authority (DDA) for providing residential accommodation to the employees of Orissa Bhawan/ Niwas and other offices under his jurisdiction in New Delhi. The Government provided (February 2004) Rs 2.25 crore and the PRC paid (March 2004) the amount to the DDA for purchase of 104 flats converted into 52 dwelling units at sector 16B and 18B, Dwaraka, New Delhi. The PRC took possession of the units in February 2006. The PRC also purchased (December 2006) four middle income group (MIG) quarters from the DDA at a cost Rs 0.70 crore to house senior/middle level officers. Of the above 56 quarters/dwelling units, only six units and one MIG quarter were allotted and the remaining quarters have been lying unallotted.

Scrutiny (February 2008) of records of the PRC, showed that, although PRC projected the demand for 200 employees before going for purchase of these quarters at Dwaraka, these employees were not interested in occupying these quarters and the flats had been lying un-occupied even after two years of purchase.

Thus injudicious decision of the PRC to purchase the quarters without assessing actual demand of the employees led to idle investment of Rs 2.52 crore<sup>18</sup>.

The Government stated (July 2008) that less demand for the quarters at Dwaraka was due to lack of infrastructure which are gradually coming up. It further added that steps were being taken to start staff bus services for convenience of the employees and the quarters would be occupied by the staff in future and hence should be treated as futuristic step. The reply is not tenable since the Government, before investing a huge fund did not consider the immediate demand and convenience of the employees for stay at Dwaraka. Besides, Dwaraka has the basic infrastructure and is well populated.

## **INDUSTRIES DEPARTMENT**

### **4.5.2 Blockage of funds due to delay in establishment of ITI, Malkangiri**

**Despite availability of funds, the department had failed to provide infrastructural facilities for establishment of the new ITI at Malkangiri and the objective of providing vocational training to the tribal youths remained unfulfilled.**

With a view to establishing a new Industrial Training Institute (ITI) at Malkangiri in KBK (Koraput, Bolangir, Kalahandi) region under RLTA<sup>19</sup> during 2006-07, Government of Orissa in Industries Department released (January 2006) Rs 5.12 crore<sup>20</sup> to the Director of Technical Education and Training (DTET), Orissa, Cuttack. The DTET placed (March 2006) Rs 3.37 crore with the Executive Engineer (EE), R&B Division, Malkangiri for construction of civil works<sup>21</sup> to be completed by April 2007 and Rs 1.75 crore with the Managing Director, Orissa Small Industries Corporation (OSIC) Ltd, Cuttack for supply of tools and equipment by March 2006. Pending completion of the civil works and supply of tools and equipment, the DTET admitted (October 2006) 37 students in two trades (Fitter and Wiremen) only for the academic session 2006-07 and who were temporarily attached to the ITI, Ambaguda in Koraput district.

Scrutiny of records (March 2007 and February 2008) of the DTET, Cuttack revealed that as of April 2008, construction of only staff quarters was completed at a cost of Rs 20.43 lakh and the other components of civil works including the administrative and workshop buildings remained incomplete even after incurring expenditure of Rs 1.52 crore (87 per cent) though funds for entire project were provided by March 2006. Further, out of Rs 1.75 crore paid to the OSIC for supply of 868 items of tools and equipment, 264 items worth Rs 34.80 lakh were supplied (February-August 2007) and were lying unused with the Principal, ITI, Ambaguda. The balance amount of Rs 1.40 crore remained blocked with the corporation for over two years.

<sup>18</sup> Cost of 46 DUs: Rs1.99 crore [Rs2.25 crore x (46/52)] *plus* Cost of 3 MIG quarters: Rs 0.53 crore [Rs0.70 crore x (3/4)].

<sup>19</sup> RLTA: Revised Long Term Action Plan for KBK districts

<sup>20</sup> (i) Civil construction: Rs 3.37 crore and (ii) Tools, equipment, furniture, library books: Rs 1.75 crore

<sup>21</sup> Administrative building, Workshop building, two hostels, 5 staff quarters and compound wall

Thus, due to delay in completion of the construction work and non supply of tools and equipment, the objective of providing vocational training to the youths for their wage and self employment remained unfulfilled and the admission of students from the session 2007-08 remained suspended.

DTET stated (February 2008) that steps had been taken for completion of the work in consultation with the Chief Engineer (buildings) and procurement of materials was deferred due to high price, non matching of specification of certain items which would be procured soon.

The matter was reported to the Government in June 2008; their reply had not been received (August 2008).

## **HEALTH AND FAMILY WELFARE DEPARTMENT**

### **4.5.3 Idle investment on procurement of ultrasound machines**

**Due to non-registration of institutions under the PNDT Act and non-imparting of clinical training to user doctors by the Director ISMH, seven ultrasound machines purchased at a cost Rs 41.03 lakh for Ayurvedic and Homoeopathy colleges remained idle after two years of procurement.**

In order to facilitate detection and diagnosis of various diseases the Director, Indian System of Medicine and Homoeopathy (ISMH) procured (April 2006) seven ultrasound (Sonalisa 32) machines at a cost of Rs 41.03 lakh and supplied them to Government owned four Ayurvedic<sup>22</sup> and three Homoeopathy<sup>23</sup> colleges. As per Pre-Natal Diagnostic Techniques (Regulation and Prevention of Misuse) Amendment (PNDT) Act, 2002 the institutions/centers/hospitals having ultrasound machines capable of determination of sex of foetus and sex selection are required to be duly registered and the person authorised to use ultrasound machines should be a gynecologist or a pediatrician having six months experience or four weeks training in genetic counseling.

Scrutiny of records (June 2007) of the Directorate, ISMH and information collected later showed that the institution supplied with the ultrasound machines were not registered as required under the PNDT Act and no action had been taken by the institutions/Directorate, ISMH for such registration. The institutions also did not have qualified operators and doctors for use of the machines as of May 2008. The Director, ISMH requested (September 2007 and January 2008) to the Director, Medical Education and Training (DMET) for instructions to Chief District Medical Officers/ Chief Medical Officers/Superintendents/Principals of Medical Colleges concerned for arranging training at different medical colleges and hospitals for operation of ultrasound machines. The machines as such were not put to use since their procurement and the two years warranty period allowed by the supplier had already expired leaving little room for free repair/ replacement of the machines/spares resulting in idle investment of Rs 41.03 lakh and denial of facility to patients at large.

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<sup>22</sup> (i) GAM Puri, (ii) KATS Ayurvedic College, Berhampur, (iii).GAC, Bolangir, (iv) GAH, Bhubaneswar  
<sup>23</sup> (i).BPHMC&H, Berhampur (ii).OMCH&R, Sambalpur (iii).UHMC&H, Rourkela

The Government stated (May 2008) that qualified doctors available for teaching would be deputed for training in genetic counseling and after completion of training, the concerned colleges and hospitals would obtain registration under the PNDT Act. The reply was not acceptable since clinical training for the user doctors and registration of institutions was a pre requisite for making the facility available which was not arranged by Director, ISMH even after lapse of two years of procurement of machines. As such existing doctors could not make use of the machine in detection and diagnosis of the diseases.

#### 4.5.4 Inaction in implementation of CSP scheme

**Failure to provide required infrastructure for creating post graduation facilities in Government Ayurvedic College, Bolangir led to non-utilisation of central assistance of Rs 62.99 lakh**

The Government Ayurvedic College, Bolangir (GAC) offers Bachelor of Medicine and Surgery (BAMS) courses of five and half years duration with intake capacity of 30 students. As per standards prescribed by the Central Council of Indian Medicine, an Ayurvedic college should have 150-bedded hospital. The GAC had a hospital with 50 beds as of April 2007.

Check of the records (June 2007) of Director, Indian System of Medicine and Homoeopathy (ISMH), Orissa and further information collected (February-March 2008) from the Health and Family Welfare Department and the Principal, GAC showed that the GOI provided (December 2003) grants in aid of Rs 62.99 lakh under the Centrally Sponsored Scheme (CSP) "Assistance to P.G Medical Education" for introduction of PG Courses in four Ayurvedic Subjects<sup>24</sup>. The Government did not take immediate steps to fulfill the requirement of having 150 bedded hospitals and conveyed sanction for enhanced capacity of 100 beds only in April 2007. The Department of Ayurveda Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH), however, refused (May 2007) to grant permission to run PG courses as the GAC had only 100 bedded hospital against the minimum requirement of 150 beds. The State Government sanctioned (November 2007) additional 50 beds and again requested (December 2007) AYUSH for necessary permission, which had not been received as of August 2008.

Failure on the part of the Government to create required infrastructure for opening PG courses in GAC inspite of availability of central assistance of Rs 62.99 lakh since December 2003 denied 64 students<sup>25</sup> in availing post graduate education in Ayurveda in the college located in KBK (Kalahandi, Bolangir, Koraput) area. The Government stated (August 2008) that after necessary approval of the AYUSH, the P.G courses in GAC, Bolangir would be started.

<sup>24</sup> Rasasastra, Dravyaguna, Rog Nidan and Samhita & Sidhanta.

<sup>25</sup> Four courses with four students in each year for four years from 2003-04 to 2007-08 (4x4x4=64).

**FISHERIES AND ANIMAL RESOURCES DEVELOPMENT  
DEPARTMENT**

**4.5.5 Idle investment on construction of Livestock Aid Centers**

**Lack of monitoring by the authorities resulted in non-completion of 15 LAC buildings and non-use of seven completed buildings after construction in the KBK region led to an idle investment of Rs 71.50 lakh.**

The Fisheries and Animal Resources Development Department (F&ARD) of the State provides health care services of livestock through veterinary institutions like dispensaries and Livestock Aid Centers (LACs). There are 130 veterinary dispensaries and 621 LACs functioning in KBK (Kalahandi, Bolangir and Koraput districts) region of which 76 units (LACs: 66 and dispensaries: 10) were running in hired accommodation. To strengthen the veterinary service infrastructure for better livestock treatment and growth of livestock resources for securing higher returns of livestock products to the farmers, the Planning Commission provided (November 2004) Rs 1.10 crore as special central assistance (SCA) under Revised Long Term Action Plan (RLTAP) for construction of 34 LACs in eight districts of KBK region. The programmes being monitored by the F&ARD were to be implemented by the Directorate of Animal Husbandry and Veterinary Services (AH&VS), Orissa, and the Chief District Veterinary Officers (CDVOs) of the eight districts concerned.

Scrutiny of records (July 2007) of the Directorate, AH&VS, Orissa, Cuttack and subsequent information collected from the concerned CDVOs showed that the Government sanctioned (March 2005) Rs 1.10 crore in favour of the Director, AH&VS for construction of 34 LACs (unit cost Rs 3.25 lakh each) and the Director placed (March 2005) the said funds to the executing agencies<sup>26</sup> through the Collectors of KBK districts. Out of above, 15 buildings<sup>27</sup> were not yet (January 2008) completed despite availability of funds and seven buildings<sup>28</sup> though completed between March and December 2007 were not handed over to the Department. Due to non completion of the buildings, the Department incurred Rs 0.56<sup>29</sup> lakh towards rent on hiring accommodation for LACs during 2002-05. The Directorate and the concerned CDVOs had no information regarding physical and financial status of work and the reasons of non completion/use of the LACs. This indicated that monitoring was not provided at any level of the Department. In absence of close monitoring and timely action by the concerned authorities, 15 LACs could not be completed and seven complete units not put to use resulting in idle investment of Rs 71.50 lakh.

On being pointed out, the Director, AH&VS stated (May 2008) that the construction was delayed due to delay in alienation and allotment of land and the work would be completed soon. Thus, inspite of availability of funds, the

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<sup>26</sup> Project Directors, District Rural Development Agencies (DRDAs), Integrated Tribal Development Agencies (ITDAs) and Block Development Officers (BDOs)

<sup>27</sup> Koraput (4), Malkangiri (3), Nawarangpur (1), Bolangir (7)

<sup>28</sup> Rayagada (3), Kalahandi (3), Nuapada (1)

<sup>29</sup> Rs 0.56 lakh= 65 LACs on hire @ Rs 1542 pm x 36 months (2002-05)

provision for qualitative health care facilities to the livestock owners of the KBK region through veterinary institutions could not be ensured.

The matter was reported to Government (February 2008); their reply had not been received (August 2008).

#### **4.6 Regularity issues and other points**

##### ***FISHERIES AND ANIMAL RESOURCES DEVELOPMENT DEPARTMENT***

##### ***4.6.1 Retention of funds outside Government Account***

**Non-observance of codal provisions in management of government money by the Directorate, AH&VS, resulted in unadjusted advances of Rs 72.39 lakh and parking of government money of Rs 5.13 crore outside government account.**

As per Orissa Treasury Rules, advances granted to government officers/ officials for departmental and allied purposes are required to be adjusted within the month of drawal of advance by submitting detailed accounts with supporting documents and refunding balance, if any. Sanction of subsequent advance is permitted only after adjustment of earlier advance. The DDOs were required to review the Advance Register frequently to ensure timely adjustment of advances. The rules also provide that no money shall be drawn from the treasury unless it is required for immediate disbursement. The Government in Finance Department has also issued instructions from time to time prohibiting retention of government money outside government account in shape of Deposits at Call Receipts ((DCR)/ Bankers Cheque / Bank Draft/ Bank Account etc.

Scrutiny of records (July 2007) of the Director of Animal Husbandry and Veterinary Services (AH&VS) Orissa, Cuttack and information collected subsequently disclosed that as of 30 June 2008, an amount Rs 72.39 lakh was lying as advance which included Rs 12.07 lakh outstanding for more than five years. The advances were paid to 100 government officials (Rs 41.36 lakh) and 19 other offices (Rs 31.03 lakh) between November 1999 and June 2008 for purposes like repair of vehicle, transportation charges, purchase of stationeries and service postage stamps etc was lying unadjusted as of June 2008. In 12 cases, subsequent advances were paid without adjusting earlier ones. An amount of Rs 0.27 lakh was outstanding against six officials who retired from service and Rs 0.17 lakh against one official transferred. The chances of recovery / adjustment of these amounts were remote as no specific steps were taken by the DDO at the time of their retirement/transfer.

Further, 47 number of Bank Drafts (BDs) valued Rs 18.18 lakh purchased between March 1997 and December 2007 in favour of suppliers, establishment officers of the Directorate, CDVOs, Utkal Gomangal Samitee etc. were found lying undisbursed. Of these, 46 BDs worth Rs 18.14 lakh pertaining to the period 1997-2006 became time barred providing undue benefits to the bank. Besides, the

Director, AH&VS also kept (June 2008) Rs 5.13 crore in banks in current account.

The Director, AH&VS stated that letters were issued to persons concerned and steps were being taken to recover outstanding advances. The reply is not tenable as the scheme and contingent funds were to be necessarily paid through the account payee cheques.

The matter was reported to the Government in April 2008; the reply had not been received (August 2008).

## **GENERAL**

### ***FINANCE DEPARTMENT***

#### ***4.7.1 Lack of response to audit***

Principal Accountant General (Civil Audit) and Accountant General (Commercial, Works and Receipt Audit), Orissa arrange to conduct periodical inspection of Government departments to test check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed by Inspection Reports (IRs) sent to the heads of offices and the next higher authorities. The defects and omissions are expected to be attended promptly and compliance reported to the Principal Accountant General (Civil Audit). A half-yearly Report of pending IRs is sent to the Secretary of each department to facilitate monitoring of the audit observations and their compliance by the departments.

A review of the IRs issued up to March 2008 pertaining to 4970 offices of 34 departments showed that 48803 paragraphs relating to 15212 IRs were outstanding at the end of June 2008. Of these, 5241 IRs containing 13759 paragraphs had not been settled for more than 10 years (*Appendix-4.1*). Year-wise position of the outstanding IRs and paragraphs are detailed in *Appendix-4.2*. Even the initial replies which were required to be received from the Heads of Offices within six weeks were not received in respect of 1265 IRs (*Appendix-4.1*) issued up to March 2008. As a result, many serious irregularities commented upon in these IRs had not been settled as of June 2008 (*Appendix-4.3*) facilitating continuance of serious financial irregularities and loss to the Government.

It is recommended that Government should look into this matter and ensure that procedure exists for (a) action against the officials who fail to send replies to IRs / Paragraphs within the prescribed time schedule, (b) revamping the system of proper response to the audit observations in the Departments and (c) action to recover loss/outstanding advances/overpayments pointed out in audit in a time bound manner.

The matter was reported to Government (September 2008); reply was not received.

#### 4.7.2 Follow up action on earlier Audit Reports

Serious irregularities noticed in audit are included in the Reports of the Comptroller and Auditor General (Audit Reports) that are presented to the State Legislature. According to the instructions issued by the Finance Department, Government of Orissa in December 1993, the Administrative Departments are required to furnish explanatory notes on the paragraphs/reviews included in the Audit Reports within three months of their presentation to the legislature.

It was noticed that in respect of Audit Reports from the years 1997-98 to 2006-07 as indicated below, 19 out of 38 departments which were commented upon, did not submit explanatory notes on 60 paragraphs and 20 reviews as of July 2008.

Year of Report	Individual paragraphs / reviews in Audit Reports				Number of individual paragraphs / reviews for which explanatory notes were not submitted	
	Individual paragraphs	Reviews	Others	Total paragraphs	Individual paragraphs	Reviews
1997-98	58	06	33	97	01	02
1998-99	58	06	28	92	03	Nil
1999-00	48	06	29	83	03	01
2000-01	47	07	29	83	04	01
2001-02	29	04	28	61	06	02
2002-03	33	06	20	59	03	03
2003-04	31	06	23	60	08	02
2004-05	21	06	22	49	00	01
2005-06	29	07	25	61	04	03
2006-07	36	06	23	65	28	05
<b>Total</b>	<b>390</b>	<b>60</b>	<b>260</b>	<b>710</b>	<b>60</b>	<b>20</b>

The department-wise analysis as in *Appendix-4.7* shows that the departments largely responsible for non-submission of explanatory notes were Water Resources, Works, Health and Family Welfare, Finance, Women and Child Development, Fisheries and Animal Resources Development and School and Mass Education departments.

#### *Response of the departments to the recommendations of the Public Accounts Committee*

The Orissa Legislative Assembly (OLA) Secretariat issued (May 1966) instructions to all departments of the State Government to submit Action Taken Notes (ATN) on various suggestions, observations and recommendations made by Public Accounts Committee (PAC) for their consideration within six months after



presentation of PAC Reports to the Legislature. The above instructions were reiterated by Government in Finance Department in December 1993 and by OLA Secretariat in January 1998. However, the time limit for submission of ATNs had been revised to four months in place of six months in OLA Notification No.5940-LA dated the 6th April 2005, Orissa Gazette Extraordinary No.573 dated the 6th April 2005. The PAC Reports / Recommendations are the principal medium by which the Legislature enforces financial accountability of the Executive to the legislature and it is appropriate that they elicit timely response from the departments in the form of Action Taken Notes (ATNs).

However, it was noticed that final action on compliance of 1322 recommendations made by PAC in 1st Report of 10th Assembly (1990-95) to 27th Report of 13th Assembly (2004-08) was awaited as of July 2008. Department-wise details are indicated in **Appendix-4.4**. The Public Accounts Committee in their meeting held on 15 May 2008 decided not to take up the recommendations of 9th Assembly for discussion. The departments largely responsible for non-submission of ATNs were Water Resources, Works, Housing and Urban Development, Health and Family Welfare and Rural Development departments as indicated in **Appendix-4.5**.

### ***Monitoring***

The following Committees have been formed at the Government level to monitor the follow up action on Audit Reports and PAC recommendations.

#### ***Departmental Monitoring Committee***

Departmental Monitoring Committees have been formed (between May 2000 and February 2002) by all departments of the Government under the Chairmanship of Departmental Secretary to monitor the follow up action on Audit Reports and PAC recommendations. The Departments are required to hold the meetings in each quarter and submit the proceedings of such meetings to audit. Out of 38 departments of the State Government, no proceedings have been received from 26 departments for the year 2007-08. Department-wise details are indicated in **Appendix-4.6**.

#### ***Apex Committee***

An Apex Committee has been formed (December 2000) at the State level under the Chairmanship of the Chief Secretary to review the action taken by the Departmental Monitoring Committees. The meetings of the Apex Committee were held in February 2002, March 2007 and May 2008.

#### ***Review Committee***

A Review Committee has been formed (December 1992) comprising Principal Secretary, Finance Department, Principal Accountant General (Civil Audit) / Accountant General (Commercial, Works and Receipt Audit) and Secretary to Government of concerned departments to review the progress as well as adequacy

of action taken on the Audit Reports and PAC recommendations in order to facilitate the examination of such Reports/recommendations by the Public Accounts Committee. The last meeting of the Review Committee was held on 1 August 2007.

The matter was reported to Government (September 2008); reply was not received.

Bhubaneswar  
The

**(B R Khairnar)**  
**Principal Accountant General (Civil Audit)**  
**Orissa**

Countersigned

New Delhi  
The

**(Vinod Rai)**  
**Comptroller and Auditor General of India**





**APPENDIX-1.1 (PART-A)****Part A: Structure and Form of Government Accounts  
(Reference: Paragraph 1.1 at Page 1)**

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

**Part I: Consolidated Fund**

All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

**Part II: Contingency Fund**

Contingency Fund of State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

**Part III: Public Account**

Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State legislature.

**APPENDIX-1.1 (PART B)**  
**LAYOUT OF FINANCE ACCOUNTS**  
**(Reference: Paragraph 1.1 Page 1)**

<b>Statement</b>	<b>Lay Out</b>
Statement No.1	Presents the summary of transactions of the State Government-receipts and expenditure, revenue and capital, public debt receipts and disbursements etc in the Consolidated Fund, Contingency Fund and Public Account of the State.
Statement No.2	Contains the summarised statement of capital outlay showing progressive expenditure to the end of 2007-08.
Statement No.3	Gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss etc.
Statement No.4	Indicates the summary of debt position of the State which includes borrowing from internal debt, Government of India, other obligations and servicing of debt.
Statement No. 5	Gives the summary of loans and advances given by the State Government during the year, repayments made, recoveries in arrears etc.
Statement No.6	Gives the summary of guarantees given by the Government for repayment of loans etc. raised by the statutory corporations, local bodies and other institutions.
Statement No.7	Gives the summary of cash balances and investments made out of such balances.
Statement No.8	Depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2008.
Statement No.9	Shows the revenue and expenditure under different heads for the year 2007-08 as a percentage of total revenue/expenditure.
Statement No.10	Indicates the distribution between the charged and voted expenditure incurred during the year.
Statement No.11	Indicates the detailed account of revenue receipts by minor heads.
Statement No.12	Provides accounts of revenue expenditure by minor heads under non-plan and plan separately and capital expenditure by major head wise.
Statement No.13	Depicts the detailed capital expenditure incurred during and to the end of 2007-08.
Statement No.14	Shows the details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies etc up to the end of 2007-08.
Statement No.15	Depicts the capital and other expenditure to the end of 2007-08 and the principal sources from which the funds were provided for that expenditure.
Statement No.16	Gives the detailed account of receipts, disbursements and balances under heads of account relating to Debt, Contingency Fund and Public Account.
Statement No.17	Presents detailed account of debt and other interest bearing obligations of the Government of Orissa.
Statement No.18	Provides the detailed account of loans and advances given by the Government of Orissa, the amount of loan repaid during the year, the balance as on 31 March 2008.
Statement No.19	Gives the details of earmarked balances of reserve funds.

**APPENDIX-1.1 (Part C)**  
**(Refer Paragraph 1.2 at page -4)**

**List of Terms Used in the Chapter I and basis of their Calculation**

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/ GSDP Growth
Buoyancy of a parameter (X) With respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] * 100$
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	Interest payment / [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)2]*100
Weighted Interest Rate ( $I_w$ )	$I_w = \sum^n I_i W_i$ where $I_i$ is the rate of interest on the $i^{\text{th}}$ stock of debt and $W_i$ is the share of $i^{\text{th}}$ stock in the total debt stock of the State.
Interest spread	GSDP growth – Weighted Interest Rate
Quantum spread	Debt stock *Interest spread
Interest received as <i>per cent</i> to Loans Outstanding	Interest Received [(Opening balance + Closing balance of Loans and Advances)2]*100
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest payments
Balance from Current Revenue (BCR)	Revenue Receipts <i>minus</i> all Plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction of Avoidance of debt

**APPENDIX-1.2 (A)**  
**(Refer paragraph 1.2.2.1 at page-5)**  
**Outcome Indicators of the States' Own Fiscal Correction Path**  
**(Rupees in crore)**

Description	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
	Base Year	Actual	Proj	Proj	Proj	Proj	Proj
1	2	3	4	5	6	7	8
<b>A. STATE REVENUE ACCOUNT:</b>							
1. Own Tax Revenue	3301.74	4176.70	4358.20	4933.48	5584.70	6321.88	7156.37
2. Own Non-tax Revenue	1094.54	1345.52	1161.26	1185.75	1245.04	1307.29	1372.65
3. Own Tax + Non-tax Revenue (1+2)	4396.28	5522.22	5519.46	6119.23	6829.74	7629.17	8529.02
4. Share in Central Taxes & Duties	3327.68	3977.56	4904.00	5089.45	5649.29	6270.71	6960.49
5. Plan Grants	1450.67	2350.41	1810.32	2100.82	2300.97	2457.53	2631.86
6. Non-Plan Grants	265.61		997.56	1045.76	1062.17	1079.94	1099.12
7. Total Central Transfer (4 to 6)	5043.96	6327.97	7711.88	8236.03	9012.43	9808.18	10691.47
8. Total Revenue Receipts (3+7)	9440.24	11850.19	13231.34	14355.26	15842.17	17437.35	19220.49
9. Plan Expenditure	1643.58	1956.04	2165.99	1828.09	2280.38	2415.19	2643.69
10. Non-Plan Expenditure	9217.58	10416.45	11736.45	13025.22	13720.37	14969.37	16417.43
11. Salary Expenditure	3902.68	4189.03	4461.48	4639.03	4802.34	4967.26	5133.79
12. Pension	1158.37	1259.80	1757.73	1933.51	2126.86	2339.54	2573.50
13. Interest Payments	2860.28	3332.02	3360.79	3507.65	3643.55	3577.76	3773.33
14. Subsidies - General	230.89	93.35	91.39	82.25	74.02	66.62	59.96
15. Subsidies - Power	0.00	0.00	0.00	0.00	0.00	0.00	0.00
16. Total Revenue Expenditure (9+10)	10861.16	12372.49	13902.44	14853.31	16000.75	17384.56	19061.12
17. Salary + Interest + Pensions (11+12+13)	7921.33	8780.85	9580.00	10080.19	10572.75	10884.56	11480.62
18. As % of Revenue Receipts (17/8)	83.9%	74.1%	72.4%	70.2%	66.7%	62.4%	59.7%
19. Revenue Surplus/Deficit (8-16)	-1420.92	-522.30	-671.10	-498.05	-158.58	52.79	159.37
<b>B. CONSOLIDATED REVENUE ACCOUNT:</b>							
1. Power Sector loss/profit net of actual subsidy transfer		221.94	-259.70	-162.53	-115.77	-41.31	4.09
2. Increase in debtors during the year in power utility accounts (Increase(-))		244.01	136.76	83.61	69.86	47.20	29.98
3. Interest payment on off budget borrowings and SPV borrowings made by PSU/SPUs outside budget	12.27	13.37	14.07	12.82	7.22	6.68	6.68
4. Total (1 to 3)	12.27	479.32	-108.87	-66.10	-38.69	12.57	40.75
<b>5. Consolidated Revenue Deficit (A.19 + B 4)</b>	-1408.65	-42.98	-779.97	-564.15	-197.27	65.36	200.12
<b>C. CONSOLIDATED DEBT:</b>							
1. Outstanding debt and liability	31633.96	34051.18	37171.98	40406.23	43849.92	47450.23	51324.70
2.Total Outstanding guarantee of which (a) guarantee on account off budgeted borrowing and SPV borrowing	5264.87	3916.20	3857.33	3796.75	3743.55	3686.69	3636.69
<b>D. CAPITAL ACCOUNT:</b>	86.96	92.95	84.08	73.50	70.30	63.44	63.44
1. Capital Outlay	852.94	1055.55	1400.00	1827.43	1980.34	2455.00	2725.00
2. Disbursement of Loans and Advances	1572.01	205.09	95.00	90.00	86.00	80.00	75.00
3. Recovery of Loans and Advances	273.07	416.95	220.00	121.26	121.26	121.26	121.26
4. Other Capital Receipts	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>E. GROSS FISCAL DEFICIT (GFD)</b>	-3572.80	-1366.00	-1946.10	-2294.22	-2103.67	-2360.95	-2519.37
GSDP at current prices	53830	57638	63402	69742	76716	84388	92827
Actual/Assumed Nominal Growth Rate (%)	21%	7%	10%	10%	10%	10%	10%



**APPENDIX-1.2 (B)**  
**(Refer paragraph 1.2 at page -4 and paragraph 1.6 at page-20)**  
**SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF**  
**ORISSA**

(Rupees in crore)

As on 31.03.2007	Liabilities		As on 31.03.2008
<b>18180.04</b>	<b>Internal Debt</b>		<b>17185.28</b>
8898.25	Market Loans bearing interest	8024.09	
12.48	Market Loans not bearing interest	0.19	
21.60	Loans from LIC	18.56	
9247.71	Loans from other Institutions	9142.44	
Nil	Ways and Means Advances	--	
Nil	Overdrafts from Reserve Bank of India	--	
<b>8745.23</b>	<b>Loans and Advances from Central Government</b>		<b>8401.92</b>
56.17	Pre 1984-85 Loans	54.55	
40.83	Non-Plan Loans	37.70	
8542.47	Loans for State Plan Schemes	8206.53	
30.81	Loans for Central Plan Schemes	27.39	
74.95	Loans for Centrally Sponsored Plan Schemes	75.75	
Nil	Ways and Means Advance	--	
<b>(-)28.09</b>	<b>Contingency Fund</b>		<b>85.58</b>
<b>10326.69</b>	<b>Small Savings, Provident Funds, etc.</b>		<b>10726.56</b>
<b>2054.68</b>	<b>Deposits</b>		<b>2138.03</b>
<b>3682.36</b>	<b>Reserve Funds Advances</b>		<b>4425.94</b>
Nil	Suspense and Miscellaneous		17.69
698.12	Miscellaneous Capital Receipts		698.12
<b>43659.03</b>	<b>Total</b>		<b>43679.12</b>
As on 31.03.2007	Assets		As on 31.03.2008
<b>17772.19</b>	<b>Gross Capital Outlay on Fixed Assets</b>		<b>20615.60</b>
1652.14	Investments in shares of Companies, Corporations etc.	1681.95	
16120.05	Other Capital Outlay	18933.65	
<b>3325.08</b>	<b>Loans and Advances</b>		<b>3402.47</b>
2163.65	Loans for Power Projects	2053.37	
602.13	Other Development Loans	895.95	
559.30	Loans to Government servants and Miscellaneous loans	453.15	
<b>8.62</b>	<b>Advances</b>		<b>9.06</b>
<b>31.78</b>	<b>Suspense and Miscellaneous Balances</b>		<b>--</b>
<b>106.92</b>	<b>Remittance Balances</b>		<b>56.91</b>
<b>7961.23</b>	<b>Cash</b>		<b>9385.79</b>
Nil	Cash in Treasuries and Local Remittances	--	
<b>(-)165.84</b>	<b>Deposits with Reserve Bank</b>	<b>(-) 839.21</b>	
19.54	Departmental Cash Balance including Permanent Advances	46.30	
1.74	Security Deposits	1.79	
3523.00	Investment of earmarked funds	4352.29	
4582.79	Cash Balance Investment	5824.62	
<b>14453.21</b>	<b>Deficit on Government Accounts</b>		<b>10209.29</b>
Nil	Appropriation to Contingency Fund	--	
<b>(-)2260.60</b>	<b>Revenue deficit of the Current Year</b>	<b>4243.92</b>	
16713.80	Accumulated deficit brought forward	14453.21	
<b>43659.03</b>	<b>Total</b>		<b>43679.12</b>

contd.

**APPENDIX-1.3**  
(Refer paragraph 1.2 at page -4)  
**ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2007-08**  
(Rupees in crore)

2006-2007	Receipts	2007-08	2006-07	Disbursements	Non-Plan	Plan	2007-08
	<b>Section-A: Revenue</b>						
<b>18032.62</b>	<b>I. Revenue Receipts</b>	<b>21967.19</b>	<b>15772.02</b>	<b>I. Revenue Expenditure</b>	<b>13634.19</b>	<b>4089.08</b>	<b>17723.27</b>
6065.06	-Tax Revenue	6856.09	<b>7502.77</b>	<b>General Services</b>	<b>7196.41</b>	<b>30.80</b>	<b>7227.21</b>
2588.12	-Non-tax revenue	2653.58	<b>5220.55</b>	<b>Social Services</b>	<b>4098.69</b>	<b>2317.82</b>	<b>6416.51</b>
6220.42	-State's share of Union Taxes and Duties	7846.50	2474.35	-Education, Sports, Art and Culture	2578.49	681.73	<b>3260.22</b>
	-State's share of net proceeds of Taxes on income other than Corporate Tax		575.47	-Health and Family Welfare	526.73	199.48	726.21
1086.34	-Non-Plan grants	1152.47	416.22	-Water Supply and Sanitation, Housing and Urban Development	264.02	454.67	718.69
1284.32	-Grants for State Plan Scheme	2231.59	14.08	-Information and Broadcasting	12.81	2.52	15.33
62.29	-Central Plan Schemes	115.62	412.01	-Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	172.95	313.81	486.76
726.07	-Centrally Sponsored Plan Schemes	1111.34	46.40	-Labour and Labour Welfare	27.86	26.31	54.17
<b>Nil</b>	<b>II. Revenue deficit carried over to Section B</b>						
			1249.57	-Social Welfare and Nutrition	488.29	629.16	1117.45
			32.45	-Others	27.54	10.14	37.68
			<b>2776.44</b>	<b>Economic Services</b>	<b>1988.19</b>	<b>1740.46</b>	<b>3728.65</b>
			652.33	Agriculture and Allied activities	505.77	384.56	890.33
			610.11	Rural Development	294.25	566.88	861.13
			--	-Special Areas Programmes			
			280.66	-Irrigation and Flood Control	314.92	139.09	454.01
			32.78	-Energy	4.54	185.44	189.98
			113.15	-Industry and Minerals	54.23	77.64	131.87
			563.24	-Transport and Communications	754.31	0.02	754.33
			17.18	-Science, Technology and Environment	3.28	15.16	18.44
			506.99	-General Economic Services	56.89	371.67	428.56
			<b>272.26</b>	<b>-Grants-in-aid and Contributions</b>	<b>350.90</b>	<b>--</b>	<b>350.90</b>
			<b>2260.60</b>	<b>II. Revenue surplus</b>			<b>4243.92</b>

contd.

2006-2007	Receipts		2007-08	2006-07	Disbursements	Non-Plan	Plan		2007-08
	<b>Section-B</b>								
5047.00	III. Opening Cash balance including Permanent Advances and Cash Balance Investment		7961.23	Nil	III. Opening Overdraft from RBI				Nil
Nil	IV. Miscellaneous Capital Receipts			1451.46	IV. Capital Outlay	187.23	2656.18		2843.41
				64.05	General Services	36.61	95.75	132.36	
				219.72	Social Services	21.23	622.04	643.27	
				4.25	-Education, Sports, Art and Culture	--	5.79	5.79	
				32.71	-Health and Family Welfare	--	20.38	20.38	
				150.19	-Water Supply, Sanitation, Housing and Urban Development	21.23	507.24	528.47	
				32.57	-Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	--	88.63	88.63	
				--	-Social Welfare and Nutrition	--	--	--	
				1167.70	Economic Services	129.39	1938.39	2067.78	
				60.78	-Agriculture and Allied Activities	27.65	21.66	49.31	
				--	-Rural Development	--	--	--	
				--	-Special Areas Programmes	--	--	--	
				699.69	-Irrigation and Flood Control	--	1412.63	1412.63	
				--	-Energy	--	--	--	
				0.28	-Industry and Minerals	30.45	--	30.45	
				395.20	-Transport and Communications	101.62	462.01	563.63	
				11.75	-General Economic Services	0.12	11.65	11.77	
285.82	V. Recoveries of Loans and Advances		355.30	271.77	V. Loans and Advances disbursed	132.07	300.61		432.68
55.14	-From Power Projects	110.29		--	-For Power Projects	--	--	--	
85.38	-From Government Servants	53.21		18.72	-To Government Servants			22.39	
145.30	-From others	191.80		253.05	-To Others			410.29	
2260.60	VI. Revenue surplus brought down		4243.92	Nil	VI. Revenue deficit brought down				
2045.89	VII. Public Debt Receipts (Other than Ways and Means Advances)		506.90	1850.74	VII. Repayment of Public Debt				1844.97
1305.12	-Internal debt other than Ways and Means Advances and Overdraft	417.05		1071.45	-Internal debt other than Ways and Means Advances and Overdraft			1411.81	

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2006-2007	Receipts		2007-08	2006-07	Disbursements	Non-Plan	Plan		2007-08
Nil	-Net transaction under Ways and Means Advances		Nil	Nil	-Net transaction under Ways and Means Advances				--
740.77	-Loans and Advances from Central Government	89.85		779.29	-Repayment of Loans and Advances to Central Government			433.16	
Nil	<b>VIII. Appropriation to Contingency Fund</b>	--	--	Nil	<b>VIII. Appropriation to Contingency Fund</b>			--	--
--	<b>IX. Amount transferred to Contingency Fund</b>		165.01	137.67	<b>IX. Expenditure from Contingency Fund</b>				51.34
9991.62	<b>X. Public Account receipts</b>		10297.41		<b>X. Public Account disbursements</b>				8971.58
2076.84	-Small Savings and Provident Funds	2104.40		1479.09	-Small Savings and Provident funds			1704.54	
2004.05	-Reserve Funds	1031.99		456.22	-Reserve funds			288.42	
12.38	-Suspense and Miscellaneous	(-) 18.73		(-)15.79	-Suspense and Miscellaneous			68.20	
3435.60	-Remittance	4612.82		3509.46	-Remittance			4562.80	
2462.75	-Deposits and Advances	2566.93		2529.08	-Deposits and Advances			2484.02	
Nil	<b>XI. Closing Overdraft from Reserve Bank of India</b>	Nil		7961.23	<b>XI. Cash Balance at end</b>				9385.79
					-Cash in Treasuries and Local Remittances			--	--
				(-)165.84	Deposits with Reserve Bank			(-) 839.21	
				19.54	-Departmental Cash Balance including permanent advances			46.30	
				8107.53	-Cash Balance Investment			10178.70	
<b>37663.55</b>			<b>45496.96</b>	<b>37663.55</b>					<b>45496.96</b>

**APPENDIX – 1.4**  
**(Refer paragraph 1.2 at page 4)**  
**SOURCES AND APPLICATION OF FUNDS**

(Rupees in crore)

2006-2007		Sources	2007-2008	
	18032.62	1. a) Revenue receipts		21967.19
	--	b) Miscellaneous Capital receipts (Non-debt)		--
	285.82	2. Recoveries of Loans and Advances		355.30
	195.15	3. Increase in Public debt other than overdraft		(-) 1338.07
	2033.56	4. Net receipts from Public Account		1325.83
597.75		Increase in Small Savings	399.87	
(-)66.33		Increase in Deposits and Advances	82.91	
1547.83		Increase in Reserve funds	743.57	
28.17		Net effect of suspense and Miscellaneous transactions	49.47	
(-)73.86		Net effect of Remittance transactions	50.01	
--		5. Increase in Overdraft		
--		6. Decrease in closing cash balance		
		7. Net effect of Contingency Fund transaction		113.67
	<b>20547.15</b>	<b>Total</b>		<b>22423.92</b>
		<b>Application</b>		
	15772.02	1. Revenue expenditure		17723.27
	271.77	2. Lending for development and other purposes		432.68
	1451.46	3. Capital expenditure		2843.41
	137.67	4. Net effect of Contingency Fund transactions		
	--	5. Decrease in Overdraft		
	2914.23	6. Increase in closing Cash Balance		1424.56
	--	7. Appropriation to Contingency Fund		
	<b>20547.15</b>	<b>Total</b>		<b>22423.92</b>

contd.

**APPENDIX – 1.5**  
**(Refer paragraph 1.2 at page 4)**

**TIME SERIES DATA ON STATE GOVERNMENT FINANCE**

	2002-03	2003-2004	2004-05	2005-06	2006-07	2007-08
	<b>(Rupees in crore)</b>					
<b>1. Revenue Receipts</b>	<b>8439</b>	<b>9440</b>	<b>11850</b>	<b>14085</b>	<b>18033</b>	<b>21967</b>
<b>(i) Tax Revenue</b>	<b>2872(34)</b>	<b>3302 (35)</b>	<b>4177 (35)</b>	<b>5002 (35)</b>	<b>6065 (34)</b>	<b>6856 (31)</b>
Taxes on Agricultural Income	NIL	Nil	Nil	Nil	NIL	NIL
Taxes on Sales, Trade, etc.	1605(56)	1864 (56)	2471 (59)	3012 (60)	3765 (62)	4118 (60)
State Excise	246(8)	256 (8)	307 (8)	389 (8)	430 (7)	525 (7)
Taxes on vehicles	258(9)	280 (9)	338 (8)	406 (8)	427 (7)	459 (7)
Stamps and Registration fees	136(5)	153 (5)	198 (5)	236 (5)	260 (4)	405 (6)
Land Revenue	82(3)	103 (3)	132 (3)	70 (1)	226 (4)	276 (4)
Taxes and Duties on Electricity	172(6)	200 (6)	262 (6)	353 (7)	283 (5)	327 (5)
Other Taxes	373(13)	446 (13)	469 (11)	536 (11)	674 (11)	746 (11)
<b>State's share of net proceeds of Taxes and duties</b>	<b>2806(33)</b>	<b>3328 (35)</b>	<b>3978 (34)</b>	<b>4877 (35)</b>	<b>6221 (34)</b>	<b>7847 (36)</b>
<b>(ii) Non-Tax Revenue</b>	<b>961(12)</b>	<b>1094 (12)</b>	<b>1345 (11)</b>	<b>1532 (11)</b>	<b>2588 (14)</b>	<b>2654 (12)</b>
<b>(iii) Grants-in-aid from GOI</b>	<b>1800(21)</b>	<b>1716 (18)</b>	<b>2350 (20)</b>	<b>2674 (19)</b>	<b>3159 (18)</b>	<b>4611 (21)</b>
<b>2. Miscellaneous Capital Receipts</b>	<b>NIL</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>3. Total Revenue and Non-debt Capital Receipts (1+2)</b>	<b>8439</b>	<b>9440</b>	<b>11850</b>	<b>14085</b>	<b>18033</b>	<b>21967</b>
<b>4. Recoveries of Loans and Advances</b>	<b>177</b>	<b>273</b>	<b>417</b>	<b>348</b>	<b>286</b>	<b>355</b>
<b>5. Public Debt Receipts</b>	<b>4819</b>	<b>5879</b>	<b>4112</b>	<b>2095</b>	<b>2046</b>	<b>507</b>
Internal Debt (excluding Ways and Means Advances and Overdrafts)	2296	4338	2689	2105	1305	417
Net transaction under Ways and Means Advances and Overdrafts (WMA-2002-03)	59	Nil	Nil	Nil	Nil	Nil
Loans and advances from Government of India	2464	1541	1423	(-) 10	741	90
<b>6. Total Receipts in the Consolidated Fund (3+4+5)</b>	<b>13435</b>	<b>15592</b>	<b>16379</b>	<b>16528</b>	<b>20365</b>	<b>22829</b>
<b>7. Contingency Fund Receipts</b>	<b>NIL</b>	<b>--</b>	<b>54</b>	<b>81</b>	<b>--</b>	<b>165</b>
<b>8. Public Account Receipt</b>	<b>7150</b>	<b>7657</b>	<b>7373</b>	<b>8506</b>	<b>9992</b>	<b>10297</b>
<b>9. Total Receipts of the State (6+7+8)</b>	<b>20585</b>	<b>23249</b>	<b>23806</b>	<b>25115</b>	<b>30357</b>	<b>33291</b>
<b>10. Revenue Expenditure</b>	<b>10015(88)</b>	<b>10861(82)</b>	<b>12372 (91)</b>	<b>13604 (92)</b>	<b>15772 (90)</b>	<b>17723 (84)</b>
Plan	1571(16)	1643 (15)	1956 (16)	2113 (16)	2727 (17)	4089 (23)
Non-Plan	8444(84)	9218 (85)	10416 (84)	11491 (84)	13045 (83)	13634 (77)
General Services including interest payment	4805(48)	5159 (48)	6481 (53)	6826 (50)	7503 (47)	7227 (41)
Social Services	3460(35)	3710 (34)	3980 (32)	4678 (35)	5221 (33)	6416 (36)
Economic Services	1603(16)	1771 (16)	1753 (14)	1953 (14)	2776 (18)	3729 (21)
Grants-in-aid and contributions	147(1)	221 (2)	158 (1)	147 (1)	272 (2)	351 (2)
<b>11. Capital Expenditure</b>	<b>1074 (9)</b>	<b>853 (6)</b>	<b>1056 (8)</b>	<b>1038 (7)</b>	<b>1451 (8)</b>	<b>2843 (14)</b>
Plan	993(92)	805 (94)	1002 (95)	963 (93)	1340 (92)	2656 (93)
Non-Plan	81(8)	48 (6)	54 (5)	75 (7)	111 (8)	187 (7)
General Services	20(2)	38 (4)	29 (3)	53 (5)	64 (4)	132 (5)
Social Services	161(15)	127 (15)	76 (7)	119 (12)	220 (15)	643 (22)
Economic Services	893(83)	688 (81)	951 (90)	866 (83)	1168 (81)	2068 (73)
<b>12. Disbursement of loans and advances</b>	<b>343 (3)</b>	<b>1572 (12)</b>	<b>205 (1)</b>	<b>67 (1)</b>	<b>272 (2)</b>	<b>433 (2)</b>
Plan	226	250	49	18	138	301

	2002-03	2003-2004	2004-05	2005-06	2006-07	2007-08
	(Rupees in crore)					
Non-Plan	117	1322	156	49	134	132
<b>13. Total Expenditure (10+11+12)</b>	<b>11432</b>	<b>13286</b>	<b>13633</b>	<b>14709</b>	<b>17495</b>	<b>20999</b>
<b>14. Repayments of Public Debt</b>	<b>2688</b>	<b>2518</b>	<b>2253</b>	<b>1038</b>	<b>1851</b>	<b>1845</b>
Internal Debt (excluding Ways and Means Advances and Overdrafts)	208	534	808	505	1072	1412
Net transactions under Ways and Means Advances and Overdraft (Over draft 2002-03)	Nil	239	Nil	Nil	Nil	Nil
Loans and Advances from Government of India*	1626	1745	1445	533	779	433
<b>15. Appropriation to Contingency Fund</b>	<b>Nil</b>	<b>--</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>16. Total disbursement out of Consolidated Fund (13+14+15)</b>	<b>14120</b>	<b>15804</b>	<b>15886</b>	<b>15747</b>	<b>19346</b>	<b>22844</b>
<b>17. Contingency Fund disbursements</b>	<b>Nil</b>	<b>7</b>	<b>74</b>	<b>Nil</b>	<b>138</b>	<b>51</b>
<b>18. Public Account disbursement</b>	<b>6638</b>	<b>7083</b>	<b>6207</b>	<b>6003</b>	<b>7958</b>	<b>8971</b>
<b>19. Total disbursement by the State (16+17+18)</b>	<b>20758</b>	<b>22894</b>	<b>22167</b>	<b>21750</b>	<b>27442</b>	<b>31866</b>
<b>20. Revenue Deficit (-)/ Surplus (+)(1-10)</b>	<b>(-) 1576</b>	<b>(-) 1421</b>	<b>(-) 522</b>	<b>(+) 481</b>	<b>+2261</b>	<b>(+) 4244</b>
<b>21. Fiscal Deficit (3+4-13)</b>	<b>(-) 2816</b>	<b>(-) 3573</b>	<b>(-) 1366</b>	<b>(-) 276</b>	<b>(+) 824</b>	<b>(+) 1323</b>
<b>22. Primary Deficit (21-24)</b>	<b>(+) 70</b>	<b>(-) 713</b>	<b>(+) 1966</b>	<b>(+) 3421</b>	<b>(+) 4012</b>	<b>(+) 4492</b>
<b>23. Own Tax buoyancy</b>	<b>2.35</b>	<b>0.67</b>	<b>1.63</b>	<b>1.98</b>	<b>1.32</b>	<b>0.98</b>
<b>24. Interest Payments (Percentage of Revenue Expenditure)</b>	<b>2886 (29)</b>	<b>2860 (26)</b>	<b>3332 (27)</b>	<b>3697 (27)</b>	<b>3188 (20)</b>	<b>3169 (18)</b>
<b>25. Arrears of Revenue (per cent of Tax and Non-Tax Revenue Receipt) (Under principal heads of revenue as reported by the Department)</b>	<b>1410(21)</b>	<b>1928 (25)</b>	<b>2259(24)</b>	<b>2434 (37)</b>	<b>4509(52)</b>	
<b>26. Financial Assistance to local bodies etc</b>	<b>1022</b>	<b>965</b>	<b>1064</b>	<b>1783</b>	<b>3420</b>	<b>3859</b>
<b>27. Ways and Means Advances/ Overdrafts availed (days)</b>	<b>2000 (169 days)</b>	<b>3204 (150 days)</b>	<b>1450 (99 days)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
	<b>4723 (188 days)</b>	<b>3809 (171 days)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>28. Interest on WMA/Over-draft</b>	<b>10.88/8.75</b>	<b>12.19/8.42</b>	<b>1.85/Nil</b>	<b>Nil/Nil</b>	<b>Nil/Nil</b>	<b>Nil/Nil</b>
<b>29. Gross State Domestic Product (GSDP)</b>	<b>50223</b>	<b>61422</b>	<b>71428</b>	<b>78536 (P)</b>	<b>91151 (Q)</b>	<b>103304 (A)</b>
<b>30. Outstanding Public Debt (year end)</b>	<b>20662</b>	<b>23814</b>	<b>25673</b>	<b>26730</b>	<b>26925</b>	<b>25587</b>
<b>31. Outstanding guarantees (year end) (Principal + Interest)</b>	<b>5231 +*</b>	<b>5094 +*</b>	<b>3823 +*</b>	<b>3496 +*</b>	<b>2648+*</b>	<b>2168+*</b>
<b>32. Maximum amount guaranteed (year end)</b>	<b>8487</b>	<b>9343</b>	<b>9297</b>	<b>9252</b>	<b>8589</b>	<b>8586</b>
<b>33. Number of incomplete projects</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>65</b>	<b>34</b>
<b>34. Capital blocked in incomplete projects</b>	<b>4446</b>	<b>4742</b>	<b>5108</b>	<b>5458</b>	<b>6437</b>	<b>102</b>
<b>35. Outstanding Debt (year end)</b>	<b>30735</b>	<b>34014</b>	<b>36093</b>	<b>38468</b>	<b>39466</b>	<b>38525</b>

Note: Figures in brackets represent percentages (rounded) to total of each sub heading

P : Provisional Estimates, Q: Quick Estimates, A :Advance Estimates

\*Figures not furnished by Government

**APPENDIX-1.6**  
**(Refer paragraph 1.5.5 at page 19)**

**Statement showing details of department-wise breakup of outstanding utilisation certificates as of March 2008**

<b>Sl. No.</b>	<b>Name of the Department</b>	<b>Name of the Bodies</b>	<b>Number of Bodies</b>	<b>Amount (Rupees in crore)</b>
1.	Panchayati Raj Department	District Rural Development Agency	6	219.65
2.	Scheduled Tribes and Scheduled Caste Development Department	Integrated Tribal Development Agency	6	23.51
3.	Agriculture Department	Command Area Development Authority	2	6.35
4.	School and Mass Education Department	Zilla Saksharata Samiti	4	0.13
5.	Fisheries & Animal Resources Development Department.	Orissa Live Stock Development Society	1	1.05
6.	Housing and Urban Development Department	Orissa Water Supply & Sewerage Board	1	46.79
7.	Forest and Environment Department	Chilika Development Authority	1	1.44
8.	Housing and Urban Development Department	Bhubaneswar Development Authority	1	13.45
9.	Rural Development Department	District Water & Sanitation Mission, Koraput	1	3.79
10.	Rural Development Department	District Water and Sanitation Mission, Ganjam	1	--
11.	Industries Department	IIDCO	1	--
12.	Agriculture Department	Institute of Management of Agricultural Extension	1	--
13.	Women & Child Development Department	State Social Welfare Board	1	1.03
<b>TOTAL</b>			<b>27</b>	<b>317.19</b>



Contd.....

# APPENDIX-1.7

(Refer paragraph 1.5.7 at page 20)

Statement showing Misappropriation, losses etc. reported up to 31 March 2008 pending finalisation at the end of June 2008

(Rupees in lakh)

Sl. No.	Name of the Department	Awaiting Departmental/ Criminal investigation		Departmental action started, but not finalised		Criminal proceedings finalised but execution of certificate cases for recovery of the amount pending		Awaiting orders for recovery or write off		Pending in the court of law		Total	
		A		B		C		D		E		F	
		Number of Items	Amount	Number of Items	Amount	Number of Items	Amount	Number of Items	Amount	Number of Items	Amount	Number of Items	Amount
1	Finance	0	0.00	0	0.00	0	0.00	0	0.00	7	10.12	7	10.12
2	Revenue & Disaster Management	6	1.99	13	6.68	20	4.85	16	5.15	10	128.07	65	146.74
3	Excise	0	0.00	1	0.21	0	0.00	0	0.00	0	0.00	1	0.21
4	Law	1	2.21	4	2.31	1	0.15	3	1.24	5	5.65	14	11.56
5	Water Resources	147	165.40	243	80.39	4	0.26	21	12.28	15	1.52	430	259.85
6	Rural Development	52	27.56	41	20.39	1	0.03	1	0.04	4	49.48	99	97.50
7	Energy	2	16.03	6	226.57	1	1.17	0	0.00	1	0.34	10	244.11
8	Industry	2	15.84	2	1.33	0	0.00	2	0.19	4	5.03	10	22.39
9	ST & SC Development	1	2.01	4	3.20	0	0.00	22	2.42	4	0.53	31	8.16
10	Health & Family Welfare	3	4.39	5	6.95	0	0.00	9	8.80	14	36.18	31	56.32
11	General Administration	0	0.00	0	0.00	0	0.00	1	1.26	3	1.66	4	2.92
12	Works	45	39.81	137	166.08	1	0.41	2	0.34	6	3.59	191	210.23
13	Commerce & Transport	5	6.54	3	1.06	0	0.00	2	0.94	2	1.66	12	10.20
14(A)	Education	17	15.92	14	5.46	0	0.00	5	1.09	10	36.35	46	58.82
14(B)	Text Book	0	0.00	1	0.31	0	0.00	7	3.27	4	4.58	12	8.16
15	Fisheries & ARD	0	0.00	18	55.36	0	0.00	6	4.72	7	16.65	31	76.73

(Rupees in lakh)

Sl. No.	Name of the Department	Awaiting Departmental/ Criminal investigation		Departmental action started, but not finalised		Criminal proceedings finalised but execution of certificate cases for recovery of the amount pending		Awaiting orders for recovery or write off		Pending in the court of law		Total	
		A		B		(Charged)		D		E		F	
		Number of Items	Amount	Number of Items	Amount	Number of Items	Amount	Number of Items	Amount	Number of Items	Amount	Number of Items	Amount
16	Agriculture	5	1.15	46	63.65	0	0.00	34	4.86	32	23.94	117	93.60
17	Co-operation	0	0.00	1	0.94	0	0.00	0	0.00	2	3.25	3	4.19
18	Panchayati Raj	27	23.41	14	11.98	2	0.34	10	2.21	8	1.27	61	39.21
19	Home	0	0.00	0	0.00	2	13.12	1	0.18	3	3.79	6	17.09
20	Food Supplies & Consumer Welfare	0	0.00	0	0.00	0	0.00	1	0.10	2	2.94	3	3.04
21	Housing & Urban Development	30	39.67	43	27.84	0	0.00	0	0.00	2	3.28	75	70.79
22	Labour & Employment	0	0.00	0	0.00	0	0.00	1	1.94	0	0.00	1	1.94
23	Information & Public Relation	106	9.66	9	0.66	0	0.00	3	0.20	0	0.00	118	10.52
24	Women & Child Development	0	0.00	5	3.44	0	0.00	0	0.00	0	0.00	5	3.44
25	Forest & Environment	33	61.39	49	43.65	0	0.00	347	146.94	8	2.54	437	254.52
	<b>Total</b>	<b>482</b>	<b>432.98</b>	<b>659</b>	<b>728.46</b>	<b>32</b>	<b>20.33</b>	<b>494</b>	<b>198.17</b>	<b>153</b>	<b>342.42</b>	<b>1820</b>	<b>1722.36</b>

**APPENDIX-1.8**  
**(Refer paragraph 1.5.8 at page 20)**  
**Statement showing the Written off of losses**

(Rupees in lakh)

Sl No	Case No./ Year	Department	Amount involved	Write off order No.
1	2	3	4	5
1	791/70-71	Revenue & Disaster Management	0.25	20051 dt. 2-5-08 of RDM Deptt
2	948/71-72	Law	1.69	12274 dt.1-11-07 of Law Deptt
3	418/56-57	ST & SC Development	0.04	30739 dt.14-8-07 of SSD Deptt
4	664/66-67	-do-	0.01	L.No.28491 dt. 7-8-07 of SSD Deptt. Loss was Rs.4255.57. Rs.3318.46 recovered balance Rs.939.19 written off.
5	711/68-69	-do-	0.03	27423 dt.1-8-07 of SSD Deptt. Combined written off with Case No.799/70-71).
6	729/68-69	-do-	0.14	30727 dt. 14-8-07 of SSD Deptt.
7	799/70-71	-do-	0.07	27423 dt.1-8-07 of SSD Deptt. Combined written off with Case No.711/68-69).
8	807/70-71	-do-	0.05	30731 dt.14-8-07 of SSD Deptt.
9	1014/72-73	-do-	0.01	30733 dt.14-8-07 of SSD Deptt
10	1158/74-75	-do-	0.01	L.No.30728 dt. 14-8-07 of SSD Deptt. Loss was Rs.4703.53. Rs.3653.83 recovered balance Rs.1049.70 written off.
11	1631/78-79	-do-	0.13	30734 dt.14-8-07 of SSD Deptt
12	1644/79-80	-do-	0.11	30724 dt.14-8-07 of SSD Deptt
13	1657/79-80	-do-	0.01	Rs. 2857.00 recovered & Rs. 776.08 written off vide L.No. 27950 dt. 4-8-07 of SSD Deptt
14	1738/80-81	-do-	0.01	30745 dt.14-8-07 of SSD Deptt
15	1799/81-82	-do-	0.07	28257 dt.14-8-07of SSD Deptt
16	1975/84-85	-do-	0.01	30747 dt.14-8-07 of SSD Deptt
17	1986/84-85	-do-	0.15	28075 dt. 6-8-07 of SSD Deptt
18	2096/87-88	-do-	0.04	28260 dt.7-8-07 of SSD Deptt
19	2259/90-91	-do-	0.10	30737 dt.14-8-07 of SSD Deptt
20	2488/95-96	Soil Conservation wing of Agriculture Department	0.04	2643 st.19-3-08 of Director of Soil Conservation, Orissa
21	1455/76-77	Horticulture wing of Agriculture Department	0.02	433 dt.13-4-2007 Director. of Horticulture, Orissa
22	1588/78-79	-do-	0.04	429 dt. 13-4-2007 of Dir of Horticulture, Orissa
		<b>Total</b>	<b>3.03</b>	

## APPENDIX-1.9

(Refer paragraph 1.6.3 at page 21)

Statement showing the department-wise positions of arrears in preparation of proforma accounts and investments

Sl. No.	Department	No. of Undertakings/ Schemes under the Departments	Name of the Undertakings/ Schemes	Years from which accounts are due	Investments as per last accounts (Rupees in lakh)	Remarks
1.	Forest and Environment	1	Nationalisation of Kendu Leaves operated by Chief Conservator of Forest (Kendu Leaves), Orissa	2002-03	70.09	Arrear of accounts for five years
2.	Agriculture and Co-operation	7	(i) Cold Storage Plant, Kumarmunda	1972	11.97	Arrear of accounts for 35 years
			(ii) Cold Storage Plant, Similiguda	1977	16.15	Arrear of accounts for 30 years
			(iii) Cold Storage Plant, Paralakhemundi	1984	6.36	Arrear of accounts for 23 years
			(iv) Cold Storage Plant, Bolangir	1994	7.92	Arrear for 13 years
			(v) Cold Storage Plant, Bhubaneswar	1975	17.89	Transferred (March 1979) to Orissa State Seeds Corporation Limited. Arrear of accounts for five years
			(vi) Cold Storage Plant, Sambalpur	1971	NA (Not Available)	Transferred (March 1979) to Orissa State Seeds Corporation Limited. Arrear of accounts for nine years.
			(vii) Purchase and distribution of quality seeds to cultivators			Proforma accounts not prescribed by Government
3.	Food supply and Consumer Welfare	1	Grain purchase scheme	1977-78	NA	Transferred (September 1980) to Orissa State Seeds Corporation Limited. Arrear of accounts for four years.
4.	Commerce and Transport	1	State Transport service	1972-73	NA	Transferred (May 1974) to Orissa State Road Transport Corporation. Arrear of accounts for three years.
5.	Fisheries and Animal Resources Development	1	Poultry Development	--	NA	Proforma accounts not prescribed by Government.
<b>Inoperative/Closed Undertakings/Schemes</b>						<b>Year from which remained closed or inoperative</b>
6.	--	1	Grain supply scheme	--	--	1958-59
7.	--	1	Scheme for trading in Iron Ore through Paradeep Port	--	--	1966-67
8.	--	1	Cloth and Yarn Scheme	--	--	1954-55
9.	--	1	Scheme for exploitation and marketing of fish	--	--	1982-83

## APPENDIX-2.1

(Refer paragraph 2.3.1 at page 36)

## Statement showing analysis of major savings with reference to allocative priorities

Grant No 3	Savings occurred mainly under the Major Head 2029-102-1167-Records of rights and settlement operation (Rs 0.35 crore), 2052-090-1208 Revenue and Disaster Management (Rs 0.24 crore), 2053-093-0617 Head Quarter Establishment (Rs 4.89 crore), 2245-05-101-0570 Grants and contributions (Rs 150.07 crore), 2245-02-193-0603 German(KFW) Aid (Rs 1.24crore).
Grant No 5	Savings occurred mainly under the Major Heads - 2030-02-102-1906-Expenses on sale of stamps Non judicial (Rs 3.37 crore), 2071-01-101-1549-Voluntary retirement of Government employee (Rs 79.97 crore), 2071-01-101-1551-Voluntary Separation Scheme for NMR / DLR (Rs 21.30 crore), 2071-01-102-1038-Pension and Pensionary Benefits (Rs 78.40 crore) 2071-01-104-Gratuity (Rs 92.49 crore).
Grant No 12	Savings occurred mainly under the Major Heads - 2210-03-103-1092-Primary Health (Rs 13.68 crore), 2210-06-101-0867-Malaria (Rs 3.63 crore), 2210-06-101-0957-National Malaria Eradication Programme (Rs 15.83 crore), 2211-CP-SS-200-1131-Purchase of contraceptive (Rs 4.01 crore), 2211-101-1227-Rural Family welfare sub Centre (Rs 6.96 crore), 2211-796-1228-Rural Family Welfare Sub Centre under Rural Family Welfare Scheme (Rs 6.19 crore).
Grant No 17	Savings occurred mainly under the Major Heads - 2505-789-0685-IAY (Rs 2.14 crore), 2505-789-1250-SGRY (Rs 2.33 crore), 2505-796-0685-IAY (Rs 1.12 crore), 2505-796-1250-SGRY (Rs 1.92 crore), 2505-796-1872-NREGS (Rs 2.00 crore), 2515-001-1707-District Establishment (Rs 1.20 crore), 2515-102-1709-Stregnthening of Block Staff (Rs 1.06 crore).
Grant No 23	Savings occurred mainly under the Major Head 2401-119-1642-National Horticulture Mission (Rs 3.60 crore), 2401-119-1642-Horticulture and vegetable crop (Rs 57.75 crore), 2401-789-1642-National Horticulture Mission (Rs 15.66 crore), 2401-796-1642-National Horticulture Mission (Rs 20.34 crore).
Grant No 36	Savings occurred mainly under the Major Heads - 2202-01-112-0900-MDM (Rs 13.84 crore), 2202-01-789-0900-MDM (Rs 3.15 crore), 2202-01-796-0900-MDM(Rs5.43 crore), 2235-102-0959-National Old age Pension (Rs 4.49 crore) 2235-796-0959 National Old age Pension to Destitute (Rs 5.48 crore), 2235-02-102-0731-ICDS Scheme (Rs 9.03 crore), 2235-02-796-0731-ICDS Scheme (Rs 5.47 crore), 2236-02-796-1423-Supplimentary Nutrition Programme (Rs 3.66 crore).
2049-Interest payment	2049-01-101-0754-Interest payment on market loan (Rs 97.12 crore), 2049-123-0755 (Rs 271.40 crore), 2049-04-101-0086-Block loan for State plan (Rs 379.77 crore).
6003-Internal Debt	6003-101-Market loan-1233-Repayment of loan bearing interest (Rs 543.63 crore), 6003-111-1195-Repayment of loan (Rs 398.95 crore).

**APPENDIX-2.2**

**(Refer paragraph 2.3.2 at page 37)**

**Statement showing savings of more than 10 per cent during 2007-08**

Sl. No.	Grant No.	Name of the Grant/Appropriation	Amount of Grant	Savings	Percentage of savings
(Rupees in crore)					
<b>REVENUE SECTION</b>					
1	1	Home (Charged)	17.12	2.63	15
2	3	Revenue (Voted)	1251.36	441.84	35
3	5	Finance (Voted)	2218.64	323.42	15
4	5	Finance (Charged)	190.06	100.01	53
5	22	Forest and Environment (Voted)	272.03	38.18	14
6	23	Agriculture (Voted)	553.39	179.18	32
7	27	Science and Technology (Voted)	32.33	19.75	61
8	29	Parliamentary Affairs (Voted)	10.97	2.25	20
9	30	Energy (Voted)	249.99	64.55	26
10	31	Textile and Handloom (Voted)	77.91	36.01	46
11	35	Public Enterprises (Voted)	60.69	10.42	17
12	36	Women and Child Development (Charged)	0.12	0.12	100
13	36	Women and Child Development(voted)	1341.69	238.13	18
14	2049	Interest payment (Charged)	4049.11	879.63	22
<b>CAPITAL SECTION</b>					
1	1	Home (Voted)	100.14	24.80	25
2	5	Finance (Voted)	246.52	114.44	46
3	6	Commerce (Voted)	3.86	1.51	39
4	7	Works (Voted)	700.40	210.31	30
5	7	Works (Charged)	2.51	2.06	82
6	13	Housing and Urban Development (voted)	368.65	85.28	23
7	20	Water Resources (Charged)	14.98	4.56	30
8	24	Steel and Mines (Voted)	0.31	0.11	35
9	28	Rural Development (Charged)	0.50	0.21	42
10	30	Energy (Voted)	33.60	33.60	100
11	33	Fisheries and Animal Resources (Voted)	9.74	9.29	95
12	34	Cooperation (Voted)	22.51	4.47	20
13	38	Higher Education (Voted)	1.20	1.20	100
14	6003	Internal Debt of the State Government (Charged)	2337.65	925.84	40

## APPENDIX-2.3

(Refer paragraph 2.3.2 at page 37)

Statement showing persistent savings of more than 10 *per cent*

Sl. No.	Grant No.	Name of the Grant	Percentage of Savings		
			2005-06	2006-07	2007-08
REVENUE SECTION					
1	3	Revenue (Voted)	13	33	35
2	5	Finance (Voted)	25	23	15
3	22	Forest and Environment (Voted)	17	16	14
4	23	Agriculture (Voted)	29	14	32
5	30	Energy (Voted)	24	56	26
6	31	Textile and Handloom (Voted)	40	10	46
7	36	Women and Child Development (Voted)	32	15	18
CAPITAL SECTION					
1	1	Home (Voted)	44	39	25
2	7	Works (Voted)	27	48	30
3	13	Housing and Urban Development (Voted)	33	24	23
4	20	Water Resources (Charged)	43	18	30
5	33	Fisheries and Animal Resources (Voted)	94	63	95

**APPENDIX-2.4**

**(Refer paragraph 2.3.3 (ii) at page 37)**

**Statement showing Excess Expenditure over provisions in a Grant/  
Appropriation during 2007-08**

*(Rupees in Crore)*

<b>Sl. No.</b>	<b>Number and Name of Grant/Appropriations.</b>	<b>Total Grants/ Appropriation</b>	<b>Expenditure</b>	<b>Excess over Grants/ Appropriation</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
	<b>Capital Section</b>			
1	22-Forest and Environment (Voted)	123.90	138.94	15.04
	<b>Total</b>	<b>123.90</b>	<b>138.94</b>	<b>15.04</b>



## APPENDIX-2.5

{Refer paragraph 2.3.5 (i) at page 38}

## Statement showing cases where supplementary provision was unnecessary

(Rupees in crore)

Sl. No.	No. and Name of the Grant/Appropriation	Original Grant/Appropriation	Supplementary Grant/Appropriation	Expenditure	Savings
(1)	(2)	(3)	(4)	(5)	(6)
<b>REVENUE SECTION</b>					
1.	3	Revenue (Voted)	937.52	313.84	441.84
2.	7	Works (Voted)	578.46	5.47	44.20
3.	11	Scheduled Tribes and Scheduled Castes Development (Voted)	533.54	39.09	55.93
4.	12	Health and Family Welfare (Voted)	799.86	31.42	127.72
5.	14	Labour and Employment (Voted)	39.99	1.24	2.11
6.	16	Planning and Co-ordination (Voted)	417.10	3.20	19.94
7.	17	Panchayati Raj (Voted)	1144.69	21.98	194.35
8.	22	Forest and Environment (Voted)	264.70	7.32	38.17
9.	23	Agriculture (Voted)	479.86	73.53	179.19
10.	24	Steel and Mines (Voted)	26.73	0.82	6.25
11.	26	Excise (Voted)	18.65	2.90	3.16
12.	27	Science and Technology (Voted)	28.44	3.89	19.76
13.	28	Rural Development (Voted)	478.15	29.09	34.10
14.	33	Fisheries and Animal Resources (Voted)	162.21	17.38	35.83
15.	36	Women and Child Development (Voted)	1109.17	232.52	238.13
	<b>Total</b>	<b>7019.07</b>	<b>783.69</b>	<b>6362.08</b>	<b>1440.68</b>
<b>CAPITAL SECTION</b>					
1.	5	Finance (Voted)	240.52	6.00	114.45
2.	6	Commerce (Voted)	2.76	1.10	1.51
3.	7	Works (Voted)	536.87	163.53	210.31
4.	33	Fisheries and Animal Resources (Voted)	3.74	6.00	9.29
	<b>Total</b>	<b>783.89</b>	<b>176.63</b>	<b>624.96</b>	<b>335.56</b>
	<b>Grand Total:</b>	<b>7802.96</b>	<b>960.32</b>	<b>6987.04</b>	<b>1776.24</b>

**APPENDIX-2.6**

**{Refer paragraph 2.3.5(ii) at page 38}**

**Statement showing cases where supplementary provision was made in excess of actual requirement**

Sl. No.	Number and Name of the Grant/ Appropriation		Original Grant/ Appropriation	Expenditure	Additional requirement	Supplementary provision	Final savings
			(Rupees in crore)				
REVENUE SECTION							
1.	1	Home (Voted)	796.75	797.87	1.12	42.00	40.88
2.	2	General Administration (Voted)	36.07	38.81	2.74	3.98	1.24
3.	4	Law (Voted)	55.54	57.21	1.67	5.00	3.33
4.	6	Commerce (Voted)	26.96	28.61	1.65	2.37	0.72
5.	8	Orissa Legislative Assembly (Voted)	11.57	11.81	0.24	1.29	1.05
6.	9	Food Supplies and Consumer Welfare (Voted)	59.04	70.82	11.78	14.65	2.87
7.	10	School and Mass Education (Voted)	2196.96	2379.06	182.10	276.38	94.28
8.	13	Housing and Urban Development	528.41	795.52	267.11	293.19	26.08
9.	15	Sports and Youth Services	9.23	11.09	1.86	2.63	0.77
10.	19	Industries (Voted)	116.48	124.93	8.45	21.46	13.01
11.	20	Water Resources (Voted)	400.99	482.13	81.14	100.23	19.09
12.	21	Transport	17.46	18.03	0.57	2.19	1.62
13.	25	Information and Public Relations	19.37	20.83	1.46	2.30	0.84
14.	30	Energy	92.29	185.44	93.15	157.70	64.55
15.	32	Tourism and Culture (Voted)	32.97	38.82	5.85	6.54	0.69
16.	34	Co-operation (Voted)	56.90	91.29	34.39	35.84	1.45
17.	38	Higher Education (Voted)	454.42	524.92	70.50	84.60	14.10
	Total		4911.41	5677.19	765.78	1052.35	286.57
CAPITAL SECTION							
1.	1	Home (Voted)	74.16	75.34	1.18	25.98	24.80
2.	11	Scheduled Tribes, Scheduled Tribes and Other Backward Classes	66.18	88.63	22.45	24.45	2.00
3.	13	Housing and Urban Development	281.54	283.37	1.83	87.10	85.27
4.	20	Water Resources	736.63	1415.78	679.15	777.17	98.02
5.	28	Rural Development	305.31	483.28	177.97	181.06	3.09
6.	34	Cooperation (Voted)	10.01	18.04	8.03	12.50	4.47
	Total		1473.83	2364.44	890.61	1108.26	217.65
	Grand Total		6385.24	8041.63	1656.39	2160.61	504.22

## APPENDIX-2.7

Contd.

(Refer paragraph 2.3.6 at page 38)

## Statement showing significant cases of savings in plan expenditure exceeding Rupees one crore

Sl. No.	Number and Name of the Grant/Appropriation	Major Head/Minor Head/Sub-Head	Total Grant	Actual expenditure	Savings(-)
1	2	3	4	5	6
			(Rupees in crore)		
1.	3-Revenue and Disaster Management	2245- Relief on account of Natural calamities-State Plan, 02-Floods, Cyclone etc., 193-Assistance to Nagar Panchayats/NACs or equivalent thereof, 0603-German (KFW) Aid Scheme	2.68	1.44	1.24
2.	3-Revenue and Disaster Management	2053-District Administration, State Plan, State Sector 093—District Establishments, 0617-Headquarters Establishment	7.03	2.14	4.89
3.	7-Works	5054-Capital outlay on Roads and Bridges, State plan ,State sector,796 -TASP,1219-Road Works under Road Development Programme.	36.63	33.25	3.38
4.	7-Works	5054-Capital outlay on Roads and Bridges, State plan ,State sector,05-Roads of Inter State or Economic Importance, 337-Road Works, 0197-Construction of Roads.	2.33	1.07	1.26
5.	7-Works	5054-Capital Outlay on Roads & Bridges, State Plan, State sector 04-District & Other Roads, 800-Other Expenditure, 1219-Road Works under Road Development Programme.	93.58	88.75	4.83
6.	10-School and Mass Education	2202-General Education, State Plan, District sector 02-Secondary Education, 789-Special Component Plan for Scheduled Caste, 0984-Non-Government High School.	20.14	18.88	1.26
7.	10-School and Mass Education	2202-General Education, State Plan, District sector 02-Secondary Education, 796-Tribal Area Sub plan, 0984-Non-Government high school.	23.43	19.41	4.02
8.	10-School and Mass Education	2202-General Education, Central Plan, State sector 80-General, 796-Tribal Area Sub-plan, 0318-District Institutions of Education & Training.	3.86	2.29	1.57
9.	11-Scheduled Tribes, Scheduled Castes Development and Minorities and Backward Classes Development	2225-Welfare of Scheduled castes, Scheduled Tribes and other backward classes, State Plan, State sector 02-Welfare of Scheduled Tribes, 794-Special Central Assistance for Tribal Area Sub-plan.	6.66	4.74	1.92
10.	17-Panchayati Raj	2505-Rural Employment, State Plan, District Sector 60-Other Programmes, 102-Indira Awas Yojana, 0685-Indira Awas Yojana	30.66	27.78	2.88
11.	17-Panchayati Raj	2505-Rural Employment, State Plan, Dist Sector	19.04	16.90	2.14

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)		
		60-Other Programmes, 789- Special Component Plan for Scheduled Caste, 0685-Indira Awas Yojana			
12.	17-Panchayati Raj	2505-Rural Employment, State Plan, Dist Sector 60-Other Programmes, 789-Special Component Plan for Scheduled Caste.	8.32	5.99	2.33
13.	17-Panchayati Raj	2505-Rural Employment, State Plan, Dist Sector 60-Other Programmes, 796-Tribal Areas Sub-plan, 0685-Indira Awas Yojana	18.08	16.96	1.12
14.	17-Panchayati Raj	2505-Rural Employment, State Plan, Dist Sector 60-Other Programmes, 796-TASP, 1250-Sampurna Gramina Rojagar Yojana	2.96	1.04	1.92
15.	17-Panchayati Raj	2505-Rural Employment, State Plan, Dist Sector 60-Other Programmes, 796-Tribal Area Sub plan, 1872-National Rural Employment Guarantee scheme	23.48	21.48	2.00
16.	17-Panchayati Raj	2515-Other Rural Development Programmes, State Plan, Dist Sector 796-Tribal Area Sub plan, 1877-Backward Region Grant Fund.	70.17	69.06	1.11
17.	17-Panchayati Raj	2515-Other Rural Development Programme, State Plan, District Sector 800-Other Expenditure	157.06	155.92	1.14
18.	20-Water Resources	2702-Minor Irrigation, State plan State sector 03-Maintenance, 789-Special Component Plan for Scheduled Caste, 1022-other schemes	9.50	8.17	1.33
19.	20-Water Resources	4700-Capital Outlay on Major Irrigation, State Plan, State Sector 11-Upper Indravati Irrigation Project-Commercial, 800-Other Expenditure, 1151-Project Expenses	40.88	25.57	15.31
20.	20-Water Resources	4700-Capital Outlay on Major Irrigation, State Plan, State sector 15-Lower Indravati Irrigation Project-Commercial, 789-Special Component Plan for Scheduled Caste, 1151-Project Expenses	31.03	Nil	31.03
21.	20-Water Resources	4700-Capital Outlay on Major Irrigation, State Plan, State Sector 16-Lower Suktal Irrigation Project-Commercial, 800-Other expenditure, 1151-Project Expenses	93.73	91.54	2.19

Contd.

22.	20-Water Resources	4701- Capital Outlay on Medium Irrigation, State Plan, State sector -Chheligada Irrigation Project-Commercial (AIBP), 789-Special Component Plan for Scheduled Caste, 1151-Project Expenses	2.20	0.18	2.02
23.	20-Water Resources	4701-Capital Outlay on Medium Irrigation, State Plan State Sector 97-Other Pipeline Projects-Commercial, 789-Special Component Plan for Scheduled Caste, 1630-Other Projects (NABARD Assisted)	9.35	7.31	2.04
24.	20-Water Resources	4701-Capital Outlay on Medium Irrigation, State Plan State Sector 97-Other Pipeline Projects-Commercial, 796-Tribal Area Sub-plan, 1630-Other Projects (NABARD Assisted)	3.43	Nil	3.43
25.	20-Water Resources	4701-Capital Outlay on Medium Irrigation, State Plan, State Sector 97-Other Pipeline Projects-Commercial, 800-Other Expenditure, 1630-other Project (NABARD Assisted)	37.85	27.90	9.95
26.	20-Water Resources	4702-Capital Outlay on Minor Irrigation, State Plan, Dist Sector 800-Other Expenditure, 0147-Clearance of Liabilities	35.18	33.28	1.90
27.	22-Forest and Environment	3435-Ecology and Environment, State Plan,state sector 03-Environmental Research and Ecological Regeneration, 003-Environmental Education/ Training/Extension, 102-Environment planning and coordination,1970-Treatable Waste land and Arable land in the Catchment Area.	17.35	Nil	17.35
28.	28-Rural Development	4215-Capital Outlay on Water Supply & Sanitation, State Plan, Dist Sector 01-Water Supply, 789-Special Component Plan for Scheduled Caste, 1760-Piped Water Supply-Continuing Projects.	19.42	15.35	4.07
29.	28-Rural Development	4215-Capital Outlay on Water Supply & Sanitation, State Plan, Dist Sector 01-Water Supply, 796-Tribal Area Sub-plan, 1760-Piped Water Supply continuing project	16.84	12.05	4.79
30.	28-Rural Development	4215-Capital Outlay on Water Supply & Sanitation, State Plan, Dist Sector 01-Water Supply, 789-Special Component Plan for Scheduled Caste, 0910-Minimum needs Programme-Piped Water Supply continuing projects	37.31	35.43	1.88
31.	28-Rural Development	4215-Capital Outlay on Water Supply & Sanitation, Centrally Sponsored Plan, Dist Sector 01-Water Supply, 789-Special Component Plan for Scheduled Caste, 0914-Minimum needs programme-submission activities	30.93	26.42	4.51
32.	28-Rural Development	4215-Capital Outlay on Water Supply & Sanitation, centrally sponsored Plan, Dist Sector 01-Water Supply, 796-Tribal Area Sub-plan, 0914-Minimum needs programme submission activities	26.55	12.78	13.77
33.	28-Rural	5054-Capital outlay on Roads & Bridges, State	18.00	11.92	6.08

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	Development	Plan, State Sector 04-Districts & other roads, 789-Special component plan for Scheduled Caste, 0907-Minimum needs Programme classified village roads.			
34.	31-Textile and Handloom	2851-Village and small Industries State plan District Sector 103-Handloom Industries, 1641-Promotion of Handloom Industries	4.40	2.33	2.07
35.	34-Co-operation	4425-Capital Outlay on Co-operation, Plan, State Plan, 00, 107-Investments in Credit Co-operatives, 1276-Share Capital Investment	6.64	4.26	2.38
36.	34-Co-operation	4425-Capital Outlay on Co-operation, Plan, State Plan, 00, 796-Tribal Area Sub-plan, 1276-Share Capital Investment	3.36	1.28	2.08
<b>Total</b>			<b>970.06</b>	<b>802.87</b>	<b>167.19</b>

## APPENDIX-2.8

Contd.

(Refer paragraph 2.3.7 at page 38)

Statement showing significant cases of excess expenditure (exceeding Rs 1 crore)

Sl. No.	No. and Name of the grant	Head of Account	Total/ Final Grant	Expenditure	Excess
			(Rupees in crore)		
1.	1-Home	2056-Jails, Non-plan, 101-Jails 0304-District and Special Jails	22.42	26.85	4.43
2.	3-Revenue and Disaster Management	2052-Secretariat General Services, Non-plan-093-District Establishment-0617-Head Quarter Establishment	33.35	38.18	4.83
3.	3-Revenue and Disaster Management	2245-Relief on account of Natural Calamities, Plan-State plan-State Sector-02-Floods, Cyclone etc.-796- Tribal Area Sub-plan-0603- German(KFW) Aid Scheme	1.08	3.48	2.40
4.	17-Panchayati Raj	2515-Other Rural Development Programmes State plan-District Sector-789-Special Component Plan for SC-1877-Backward Region Grant Fund	56.38	58.64	2.26
5.	20-Water Resources	2700-Major Irrigation, Non-plan-02- Delta Irrigation Scheme Stage-I Project Commercial-101- Maintenance and Repair-0851- Maintenance and Repair	7.08	9.03	1.95
6.	20-Water Resources	2702-Minor Irrigation, State Plan- State Sector-03-Maintenance-102- Lift Irrigation Schemes-1022-Other Schemes	31.26	35.87	4.61
7.	20-Water Resources	2705-Command Area Development- Plan-Centrally Sponsored Plan-State Sector-001-Ayacut Development- 2033-GIA to Command Area Development Authority for connection of system deficiencies	0	2.55	2.55
8.	20-Water Resources	4700-Capital outlay on Major Irrigation, State Plan, State Sector- 01-Anandpur Barrage (Commercial)- 789-Special Component Plan for SC- 1151-Project Expenses	9.49	10.56	1.07
9.	20-Water Resources	4700-Capital outlay on Major Irrigation, State Plan, State Sector- 11-Upper Indravati Irrigation Project-Commercial-789-Special Component Plan for SC-1151- Project Expenses	16.03	31.55	15.52
10.	20-Water Resources	4700-Capital outlay on Major Irrigation, State Plan, State Sector- 15-Lower Indravati Irrigation Project-Commercial-800-Other Expenditure-1151-Project Expenses	129.49	139.96	10.47

Contd.

Sl. No.	No. and Name of the grant	Head of Account	Total/ Final Grant	Expenditure	Excess
			<b>( Rupees in crore )</b>		
11.	20-Water Resources	4700-Capital outlay on Major Irrigation, Plan, State Plan, State Sector-16-Lower Suktel Irrigation Project-Commercial-789-Special Component Plan for SC-1151-Project Expenses	23.31	24.73	1.42
12.	20-Water Resources	4701-Capital Outlay on Medium Irrigation, Plan, State Plan, State Sector, 46-Chheligada Irrigation Project (Commercial) (AIBP), 800-other expenditure, 1151-project expenses	19.95	21.93	1.98
13.	20-Water Resources	4701-Capital Outlay on Medium Irrigation, Plan, State Plan, State Sector, 96-Pipeline Project under AIBP (Commercial), 800-Other Expenditure, 1022-Other Scheme	1.35	13.90	12.55
14.	20-Water Resources	4701-Capital Outlay on Medium Irrigation, State Plan, State Sector, 96-Pipeline Project under AIBP (Commercial), 800-Other Expenditure, 1426-Survey & Investigation	1.03	2.61	1.58
15.	20-Water Resources	4701-Capital Outlay on Medium Irrigation, Plan, State Plan, State Sector, 98-Upkeeping of existing Irrigation System (Commercial), 800-Other Expenditure, 0147-Clearance of liability.	9.69	12.23	2.54
16.	20-Water Resources	4702-Capital Outlay on Minor Irrigation, Plan, State Plan, District Sector, 00, 796-Tribal Area Sub-plan, 1805-ACA for KBK district.	0.12	2.24	2.12
17.	20-Water Resources	4702-Capital Outlay on Minor Irrigation, Plan, State Plan, District Sector, 00, 800-Other Expenditure, 0100-Biju Krushak Vikash Yojana for MIPs under RIDF	0.56	1.64	1.08
18.	20-Water Resources	4711-Capital Outlay on Flood Control Projects, Plan, Centrally Sponsored Plan, State Sector, 03-Drainage, 103-Civil Works, 1610-Construction & Renovation of Drainage Sluice	4.66	5.89	1.23
19.	23-Agriculture	2401-Crop Husbandry, Non-plan, 103-Seeds, 1047-Personal Ledger Account for purchase & distribution of seeds, fertilisers etc	4.00	11.11	7.11
20.	23-Agriculture	2401-Crop Husbandry, State Plan, District Sector, 800-Other expenditure	-	1.37	1.37



Concl'd.

Sl. No.	No. and Name of the grant	Head of Account	Total/ Final Grant	Expenditure	Excess
			(Rupees in crore)		
21.	36-Women & Child Development	2202-General Education, Centrally Sponsored Plan, State Sector, 01-Elementary Education, 112-National Programme of Nutritional Support to Primary Education, 0900-Mid-day Meals	145.76	150.98	5.22
22.	36-Women & Child Development	2202-General Education, Plan, Centrally Sponsored Plan, State Sector, 01-Elementary Education, 789-Special Component Plan for Scheduled Caste, 0900-Mid-day Meals	41.30	44.10	2.80
23.	36-Women & Child Development	2202-General Education, Plan, Centrally Sponsored Plan, State Sector, 01-Elementary Education, 796-Tribal Area Sub-plan, 0900-Mid-day Meals.	55.87	61.81	5.94
24.	36-Women & Child Development	2235-Social Security & Welfare, Non-plan, 60-Other Social Security & Welfare Programme, 102-Pension under Social Security Scheme, 0302-Disabled Pension	35.23	36.49	1.26
25.	36-Women & Child Development	2235-Social Security & Welfare, State Plan, District Sector, 60-Other Social Security & Welfare Programmes, 789-Special Component Plan for Scheduled Caste, 0959-National Old age Pension to destitute	28.22	32.00	3.78
26.	36-Women & Child Development	2236-Nutrition, Plan, State State Sector, 02-Distribution of Nutritious food & Beverage, 101-Special Nutrition Programme, 1918-Special Programme for KBK District for Emergency Feeding Programme	9.30	10.46	1.16
27.	36-Women & Child Development	2236-Nutrition, Centrally Sponsored Plan, State Sector, 02-Distribution of Nutritious food & Beverage, 101-Special Nutrition Programme.	57.03	58.88	1.85
<b>Total</b>			<b>743.96</b>	<b>849.04</b>	<b>105.08</b>

**APPENDIX-2.9**

**{Refer paragraph 2.3.8 (i) at page 38}**

**Statement showing significant cases of delayed surrender of saving**

Sl. No.	Number and Name of the Grant	Actual Savings	Amount surrendered on 31 March 2008
		<b>(Rupees in crore)</b>	
1	1-Home (Revenue,voted)	40.88	43.82
2	1-Home (Revenue,charged)	2.63	2.76
3	1-Home (Capital,voted)	24.80	24.80
4	3-Revenue & Disaster Management (Revenue,voted)	441.84	287.48
5	4-Law ( Revenue Voted)	3.33	3.39
6	5-Finance (Revenue,voted)	323.42	320.91
7	5-Finance (Revenue,charged)	100.01	100.01
8	5-Finance (Capital,voted)	114.44	114.46
9	7-Works, (Revenue, Voted)	44.20	8.21
10	9-Food Supplies and Consumer Welfare (Revenue, Voted)	2.87	2.45
11	10-School & Mass Education (Revenue,voted)	94.28	51.84
12	12-Health and Family Welfare (Revenue,voted)	127.73	54.71
13	13-Housing and Urban Development (Revenue,voted)	26.08	32.94
14	13-Housing and Urban Development (Capital,voted)	85.28	85.27
15	14-Labour and Employment (Revenue, Voted)	2.11	0.89
16	15-Sports and Youth Services (Revenue, Voted)	0.77	0.34
17	16-Planning and Co-ordination	19.94	28.49
18	18-Public Grievances and Pension Administration	0.70	0.80
19	19-Industries (Revenue,voted)	13.01	14.45
20	22-Forest and Environment (Revenue,voted)	38.18	12.79
21	23-Agriculture (Revenue,voted)	179.18	88.20
22	24-Steel and Mines	6.25	6.26
23	25-Information and Public Relation	0.84	0.99
24	26-Excise	3.15	3.10
25	27-Science and Technology (Revenue,voted)	19.75	19.75
26	31-Textile and Handloom (Revenue,voted)	36.01	34.08
27	32-Tourism and Culture, (Revenue Voted)	0.69	0.70
28	33-Fisheries and Animal Resources Development	35.84	33.93
29	34-Co-operation (Revenue,Voted)	1.45	1.34
30	36-Women and Child Welfare(Revenue,voted)	238.13	201.67
31	38-Higher Education(Revenue,voted)	14.10	11.52
<b>Total</b>		<b>2041.89</b>	<b>1592.35</b>

## APPENDIX-2.10

{Refer paragraph 2.3.8 (ii) at page 38}

Statement showing significant cases of injudicious surrenders  
(exceeding Rupees one crore)

Sl. No.	Number and Name of the Grant	Total savings	Amount surrendered	Amount not surren-dered
		( R u p e e s   i n   c r o r e )		
REVENUE SECTION (VOTED)				
1	7-Works	44.20	8.21	35.99
2	11-Scheduled Tribes, Scheduled Caste Development and Minorities and Backward Classes Development	55.94	39.42	16.52
3	14-Labour and Employment	2.11	0.89	1.22
4	17-Panchayat Raj Department	194.34	172.53	21.81
5	20-Water Resources	19.09	14.82	4.27
6	22-Forest and Environment	38.18	12.79	25.39
7	23-Agriculture	179.18	88.20	90.98
8	31-Textile and Handloom	36.01	34.08	1.93
9	33-Fisheries and ARD	35.84	33.93	1.91
10	38-Higher Education	14.10	11.52	2.58
CAPITAL SECTION (VOTED)				
1	20-Water Resources	98.02	72.44	25.58
2	34-Cooperation	4.47	-	4.47
	Total	721.48	488.83	232.65

APPENDIX-2.11

{Refer paragraph 2.3.8 (iii) at page 39}

Statement showing significant cases of excessive surrenders

Sl. No.	Number and Name of the Grant	Total Savings	Amount surrendered	Amount surrendered in excess
(Rupees in crore)				
<b>REVENUE SECTION (VOTED)</b>				
1	1-Home	40.88	43.82	2.94
2	2-General Administration	1.24	1.75	0.51
3	4-Law	3.33	3.39	0.06
4	16-Planing and Co-ordination	19.94	28.49	8.55
5	18-Public Grievances and Pension Administration	0.70	0.80	0.10
6	19-Industries	13.01	14.45	1.44
7	24-Steel and Mines	6.25	6.26	0.01
8	25- Information and Public Relations	0.84	0.99	0.15
9	30-Energy	64.55	74.59	10.04
10	32-Tourism and Culture	0.69	0.70	0.01
<b>REVENUE SECTION (CHARGED)</b>				
1	1-Home	2.63	2.76	0.13
<b>CAPITAL SECTION</b>				
1	7-Works (Voted)	210.31	213.16	2.85
2	7-Works (Charged)	2.06	2.10	0.04
3	28-Rural Development	3.09	13.13	10.04
<b>Total</b>		<b>369.52</b>	<b>406.39</b>	<b>36.87</b>

## APPENDIX-2.12

Contd.

{Refer paragraph 2.3.8 (iv) at page 39}

Statement showing significant cases of entire provision surrendered / re-appropriated

Sl. No.	Grant Number and Name of the Department	Head of Account	Total Provision	Totally surrendered/ re-appropriated
1	2	3	4	5
			(Rupees in Crore)	
1	1-Home	4055-Capital Outlay on Police-Non-plan,00-211-Police Housing-0925-Modernisation of Police Forces	11.00	11.00
2	3-Revenue	2029-Land Revenue-Central Plan-District sector-102-Survey & settlement operation-1516-uplinking of Tahasils with Sub-divisions, District and State Head quarters	1.17	1.17
3	3-Revenue	2245- Relief on account of Natural Calamities, Non plan, 01-Drought, 104-Supply of fodder, 0481-Feeding Programme	0.50	0.50
4	3-Revenue	2245- Relief on account of Natural Calamities, Non plan, 01-Drought, 280-Public Health, 0887-Medical and Public Health	0.50	0.50
5	3-Revenue	2245- Relief on account of Natural Calamities, Non plan, 01-Drought, 800-Other Expenditure, 1018-Other Items	2.98	2.98
6	3-Revenue	2245- Relief on account of Natural Calamities, Non plan, 01-Drought, 800-Other Expenditure, 1021-Other Relief Measures	1.21	1.21
7	3-Revenue	2245- Relief on account of Natural Calamities, Non plan, 02-Floods, Cyclone etc., 114-Assistance to Farmers for purchase of agricultural inputs, 0571-Grants and Subsidies	1.00	1.00
8	3-Revenue	2245- Relief on account of Natural Calamities, Non plan, 02-Floods, Cyclone etc.,282-public health, 0887-Medical and Public Health	0.51	0.51
9	3-Revenue	2245- Relief on account of Natural Calamities, State Plan-State Sector -02-Floods and Cyclone etc.193-Assistance to Nagar Panchayats / NACs or equivalent thereof, 0604-Grants for Reconstruction / Restoration works through OSDMA	1.53	1.53

Sl. No.	Grant Number and Name of the Department	Head of Account	Total Provision	Totally surrendered/ re-appropriated
1	2	3	4	5
			(Rupees in Crore)	
10	3-Revenue	2245- Relief on account of Natural Calamities,-State Plan, State Sector 02-Floods and Cyclone etc.796-Tribal Area Sub-plan, 0604-Grants for Reconstruction/Restoration works through OSDMA	0.61	0.61
11	11-Scheduled Tribes, Scheduled Caste Development and Minorities and Backward Classes Development	2225-Welfare of ST, SC and OBC, State Plan, State sector 02-Welfare of ST, 794-Special Central Assistance for Tribal Area Sub-plan. 0216-Co-operation ITDP	0.56	0.56
12	11-Scheduled Tribes, Scheduled Caste Development and Minorities and Backward Classes Development	2225-Welfare of ST, SC and OBC, Central Plan, State sector-01-Welfare of SC, 800-Other Expenditure, 0818-Liberation and rehabilitation of Scavengers and their dependants	3.53	3.53
13	11-Scheduled Tribes, Scheduled Caste Development and Minorities and Backward Classes Development	2225-Welfare of ST, SC and OBC, Central Plan, District sector-02-Welfare of SC, 277-Education, 1546-Vocational Training Institutions	1.15	1.15
14	12-Health and Family Welfare	2210- Medical and Public Health, State Plan, State Sector, 01-Urban Health Service Allopathy, 001-Dir & Admn -1800-DFID assisted Health Sector Development	11.20	11.20
15	19-Industries	2851-Village and Small Industries, State Plan, State Sector, 102-Small scale Industries-0269-Development of Growth center in the State	2.23	2.23
16	19-Industries	2851-Village and Small Industries, State Plan, State Sector, 104-Handicraft Industry, 1870-Market Access Initiatives (MAI)	0.64	0.64
17	19-Industries	2851-Village and Small Industries, State Plan, State Sector, 796-Tribal Area Sub plan-0738-Integrated Infrastructure Development centers	0.75	0.75
18	20-Water Resources Development	4702-Capital outlay on Minor Irrigation,-State Plan- District sector-789-Special component plan for SC-1886-Orissa Community Tanks Management Project(EAP)	7.70	7.70

Contd.

Sl. No.	Grant Number and Name of the Department	Head of Account	Total Provision	Totally surrendered/ re-appropriated
1	2	3	4	5
			(Rupees in Crore)	
19	20-Water Resources Development	4702-Plan-State Plan-District Sector-796-Tribal Area Sub Plan-1886-Orissa Community Tanks Management Project(EAP)	5.60	5.60
			60	
20	23-Agriculture	2401-Crop Husbandry, Central Plan, Dist Sector, 103-Seeds, 1864-Development and strengthening of infrastructure development facility for production & distribution of quality seeds	6.88	6.88
21	23-Agriculture	2401-Crop Husbandry, Central Plan, District Sector, 119-horticulture & vegetable crops-1756-Technology mission	0.90	0.90
22	23-Agriculture	2401-Crop Husbandry, Central Plan, District Sector, 789-Special.component plan for SC-1863-National project on promotion of organic Farming	1.50	1.50
23	23-Agriculture	2401-Crop Husbandry, Central Plan, Dist Sector, 796-Tribal Area sub-plan-1863- National project on promotion of Organic Farming	2.00	2.00
24	23-Agriculture	2401-Crop Husbandry, Plan, Central Plan, Dist Sector, 796-Tribal Area Sub-plan-1864-Development & strengthening of infrastructure development facility for production and distribution of quality seeds	2.51	2.51
25	23-Agriculture	2401-Crop Husbandry, Centrally Sponsored Plan, District Sector, 800-Other expenditure-1971-Support to State extension programme for extension	44.80	44.80
26	27-Science and Technology	2810-Non-conventional sources of energy-State Plan, State Sector-60-others-800-other expenditure-0741-Integrated Rural Energy programme	0.59	0.59
27	27-Science and Technology	2810-Non-conventional sources of energy-CSP-SS -60-others-789- special component Plan for SC -1826-Remote Village Electrification through Non-conventional sources of energy	3.16	3.16
28	27-Science and Technology	2810-Non-conventional sources of energy-centrally sponsored plan, State Sector,60-others-796-Tribal Area sub plan-1826-Remote village Electrification through Non-conventional	4.09	4.09

Concld

Sl. No.	Grant Number and Name of the Department	Head of Account	Total Provision	Totally surrendered/ re-appropriated
1	2	3	4	5
			<b>(Rupees in Crore)</b>	
		sources of energy		
29	27-Science and Technology	2810-Non-conventional sources of energy-Centrally Sponsored Plan-60-others-800-other expenditure-0741-Integrated Rural Energy programme	0.59	0.59
30	27-Science and Technology	2810-Non-conventional Sources of Energy, Centrally Sponsored plan, 60-others, 800-Other Expenditure, 1826-Remote Village Electrification through non-conventional sources of Energy	11.35	11.35
<b>Total:</b>			<b>132.74</b>	<b>132.74</b>



Contd.

## APPENDIX-2.13

(Refer paragraph 2.3.8 (v) at page 39)

Statement showing significant cases of anticipated savings not surrendered

Sl. No.	Grant Number and Name	Head of Account	Total Grant	Actual expenditure	Savings
			(Rupees in lakh)		
REVENUE SECTION					
1.	1-Home	2052-Secretariate General Services, Non-plan, 090-Secretariat, 0640-Home Department (Charged)	8.00	0	8.00
2.	1-Home	2055-Police, State plan, state sector 003-Training & Education, 1795-Training of Police Personnel	98.32	0	98.32
3.	1-Home	2070-Other Administrative services, Non-plan, 105-Special Commission of Enquiry, 0382-Enquiry into the Drug mafia Operation in and around the Balasore District	0.46	0	0.46
4.	7-Works	4216-Capital Outlay on Housing, State Plan, state Sector, 789-Special Component Plan for Scheduled Caste, 0182-Construction & Building	4.87	0	4.87
5.	7-Works	4216-Capital Outlay on Housing, State Plan, State sector, 01-Government Residential Building, 796-Tribal Area Sub-plan, 0537-General pool Accommodation	14.09	0	14.09
6.	9-Family and Child Welfare	3456-Civil Supply, Non-plan, 104-Consumer Welfare Fund, 0569-Grants and Assistance.	20.00	0	20.00
7.	11-Scheduled Tribe & Scheduled Caste Development and Other Backward & Minority Development	2225-Welfare of Scheduled Caste, Scheduled Tribe and Other Backward classes, State Plan, State Sector 01-Welfare of Scheduled Caste, 277-Education, 0088-Book Banks in Medical & Engineering college.	3.00	0	3.00
8.	20-Water Resource	4700-Capital outlay on Major Irrigation. State plan, State sector, 15-lower Indra irrigation Project (comm.),789-Special component plan for SC.1151-Project Expenses.	3103.28	--	3103.28
9.	23-Agriculture	2401-Crop Husbandry-State plan, Dist sector.108-Commercial crop, 1867-Integrated scheme on oil seed, pulses, oil palm and maize(oil palm)	15.73	--	15.73
10.	23-Agriculture	2401-Crop Husbandry-CSP, District sector.789-Special Central Plan For SCs, 1642-National Horticulture Mission.	1566.43	--	1566.43
11.	23-Agriculture	2401-Crop Husbandry-CSP, District sector.796-TASP,1642-National Horticulture Mission.	2033.89	--	2033.89

Concl'd.

Sl. No.	Grant Number and Name	Head of Account	Total Grant	Actual expenditure	Savings
			<b>( Rupees in lakh )</b>		
12.	36-Women and Child Welfare	2235-Social Security and Welfare, Non-plan, 02-Social Welfare, 001-Direction and Administration, 0617-Headquarter Establishment	8.79	0	8.79
13.	36-Women and Child Welfare	2235-Social Security and Welfare, Central Plan, State sector 02-Social welfare, 103-Women Welfare, 1436-Swayam Sidha Yojana	35.00	0	35.00
		<b>Total:</b>	<b>6911.86</b>		<b>6911.86</b>

## APPENDIX-2.14

(Refer paragraph 2.3.9 at page 39)

Statement showing cases where expenditure fell short by more than  
Rs 1 crore and over 20 per cent of provision

Sl. No.	No. of the Grant/ Appropriation	Name of the Grant/Appropriation.	Total Grant	Amount of savings	Savings as a percentage of total grant
1	2	3	4	5	6
			( R u p e e s   i n   c r o r e )		
REVENUE SECTION					
1.	3	Revenue (Voted)	1251.36	441.84	35
2.	5	Finance (Charged)	190.06	100.01	53
3.	23	Agriculture (Voted)	553.39	179.18	32
4.	24	Steel and Mines (Voted)	27.55	6.25	23
5.	27	Science and Technology (Voted)	32.33	19.75	61
6.	29	Parliamentary Affairs (Voted)	10.97	2.25	21
7.	30	Energy (Voted)	249.99	64.55	26
8.	31	Textile and Handloom (Voted)	77.91	36.01	46
9.	2049	Interest Payments (Charged)	4049.11	879.63	22
CAPITAL SECTION					
1.	1	Home (Voted)	100.14	24.80	25
2.	5	Finance (Voted)	246.52	114.44	46
3.	7	Works (Voted)	700.40	210.31	30
4.	13	Housing and Urban Development (Voted)	368.65	85.28	23
5.	20	Water Resources (Charged)	14.98	4.56	30

**APPENDIX-2.15**

Contd.

(Refer paragraph 2.3.10 at page 39)

**Statement showing significant cases of injudicious re-appropriation**

Sl. No.	Grant	Head of Account	Grants				Actual Expenditure	Savings(-)
			Original	Supplementary	Augmentation	Total		
			(Rupees in lakh)					
1	7-Works	2059-Public Works, Non-plan, 80-General, 052-Machinery and Equipment, 1221-Roads and Building organization	838.54	27.01	65.29	930.84	843.21	87.63
2	7-Works	5054-Capital Outlay on Roads and Bridges, State Plan, State Sector, 04-District and Other Roads, 800-Other Expenditure, 1219-Road Works under Road Development Programme	5586.58	3578.55	193.35	9358.48	8875.56	482.92
3	10-School and Mass Education	2202-General Education, Non-plan, 01-Elementary Education, 101-Govt. Primary Schools, 0538-General Primary School	95475.24	3132.66	1768.29	100376.19	97601.51	2774.68
4	20-Water Resources	2700-Major Irrigation, Non-plan, 07—Potteru Irrigation Project(comm.) 101-maintenance and repair, 0851- maintenance and repair	228.39	0.01	53.87	282.27	237.77	44.50
5	20-Water Resources	4700-Capital Outlay on Major Irrigation, State Plan, State Sector, 15-Lower Indra Irrigation Project (Commercial), 789-Special Component for Scheduled Caste, 1151-Project expenses.	3080.00	----	23.28	3103.28	--	3103.28
6	20-Water Resources	4700-Capital Outlay on Major Irrigation, State Plan, State Sector, 16-Lower Suktel Irrigation Project,(comm.) 800-Other Expenditure, 1151-Project expenses	2090.75	7256.02	26.43	9373.20	9153.89	219.31
7	20-Water Resources	4700-Capital Outlay on Major Irrigation, State plan, State sector, 800-Other Expenditure, 1148-Project expenditure funded under OECF	4375.92	7866.73	741.89	12984.54	12919.69	64.85
8	20-Water Resources	4701-Capital Outlay on Medium Irrigation, State Plan, State Sector, 52-Rajun Irrigation Project (comm.). (NABARD), 800-Other Expenditure, 1151-Project expenditure	32.00	50.00	36.50	118.50	0.76	117.74

Concl.d.

SL No.	Grant	Head of Account	Grants				Actual Expenditure	Savings(-)
			Original	Supplementary	Augmentation	Total		
			(Rupees in lakh)					
9	20-Water Resources	4701-Capital Outlay on Medium Irrigation, State Plan, State Sector, 97-Other pipeline project(comm). 800-Other expenditure, 1630- Other Projects (NABARD Assisted)	2000.50	1772.83	12.33	3785.66	2790.48	995.18
10	20-Water Resources	4702-Capital Outlay on Minor Irrigation, State Plan, State Sector, 00, 796-Tribal Area Sub-plan, 0995-Ongoing scheme under AIBP	600.00	90.41	78.92	769.33	621.23	148.10
11	20-Water Resources	4711-Capital Outlay on flood control project, State Plan, State Sector, 01-Flood Control, 789-Special Component plan for Scheduled Caste, 0101-Bank Protection Works on River embankment.	45.00	--	18.00	63.00	11.62	51.38
Total			114353.20	23774.22	3017.87	141145.29	133055.72	8089.57

**APPENDIX-2.16**

Contd.

(Refer paragraph 2.3.10 at page 39)

**Statement showing significant cases of Injudicious Reappropriation**

**(Rupees in lakh)**

Sl. No.	Grant	Head of Account	Grants				Actual Expenditure	Excess
			Original	Supplementary	Augmentation	Total		
1.	7-Works	3054-Roads & Bridges Non-plan, 03-State Highways, 337-Road Works, 0850-Maintenance and Repair of Roads under Chief Engineer (Roads and Building)	3045.00	2.01	(-) 67.29	2979.72	3252.42	272.70
2.	7-Works	5054-Capital Outlay on Roads and Bridges, Non plan 04-District and other Roads, 800-Other Expenditure, 0197-Construction of Road	4255.00	--	(-) 2326.00	1929.00	2247.99	318.99
3.	7-Works	5054-Capital Outlay on Roads and Bridges, State Plan- State Sector, 03-State Highways, 101-Bridges, 0186-Construction of Bridges	79.03	--	(-) 1.00	78.03	246.02	167.99
4.	10-School and Mass Education	2202-General Education, State Plan, District Sector, 02-Secondary Education, 109-Government, Secondary Schools, 1449-Taken over Municipal High Schools	1053.69	--	(-) 148.28	905.41	1241.78	336.37
5.	10-School and Mass Education	2202-General Education, State Plan, District Sector, 02-Secondary Education, 110-Assistance to Non-Govt. Secondary School, 0984-Non-Govt. High Schools	4858.40	700.00	(-) 173.40	5385.00	5726.41	341.41
6.	20-Water Resources	2700-Minor Irrigation, Non-plan, 02-Delta Irrigation scheme, Stage –I project (comm.), 101-Maintenance and Repair, 0851-maintenance and repair	701.06	16.80	(-) 9.99	707.87	903.38	195.51
7.	20-Water Resources	2700-Major Irrigation, Non-plan, 03- Delta Irrigation scheme, Stage –II project (comm.), 101-maintenance and repair, 0851- maintenance and repair	597.95	35.39	(-) 7.99	625.35	647.08	21.73

Contd.

Sl. No.	Grant	Head of Account	Grants				Actual Expenditure	Excess
			Original	Supplementary	Augmentation	Total		
8.	20-Water Resources	2700-Major Irrigation, Non-plan, 04-Hirakud Stage-I Project (Commercial), 101-M & R, 0239-Dam and Appurtent work-Maintenance	759.58	10.70	(-)14.12	756.16	825.31	69.15
9.	20-Water Resources	2700-Major Irrigation, Non-plan, 04-Hirakud Stage-I Project (Commercial), 101-maintenance and repair 0946-Maintenance of Canals Branches and Distributaries under irrigation Scheme.	577.19	7.73	(-) 7.14	577.78	625.51	47.73
10.	20-Water Resources	4700-Capital Outlay on Major Irrigation, State Plan, state sector 11-upper Indravati Irrigation Project commercial 789-Special Component for Scheduled Caste-1151-Project Expenses	2178.00	--	(-) 574.42	1603.58	3155.25	1551.67
11.	20-Water Resources	4701-Capital Outlay on Medium Irrigation, State Plan, State Sector, 58-Telengiri Irrigation Project (comm), 796-Tribal Area Sub-plan, 1151-Project expenses.	1754.34	1498.27	(-)1547.21	1705.40	1752.70	47.30
12.	20-Water Resources	4701-Capital Outlay on Medium Irrigation, State Plan, State sector 96-pipeline project under AIBP - Commercial, 800-Other Expenditure, 1426-Survey & Investigation.	117.15	60.27	(-)74.50	102.92	260.54	157.62
13.	20-Water Resources	4701-Capital Outlay on Medium Irrigation, State Plan, State Sector, 97-Other Pipeline Projects-(Commercial), 800-Other Expenditure, 1618-Survey & Investigation Works under RIDF	107.00	20.48	(-) 85.89	41.59	81.54	39.95
14.	20-Water Resources	4701-Capital Outlay on Medium Irrigation, State Plan, State Sector, 98-Upkeeping of existing Irrigation System-Commercial, 800-Other Expenditure, 0147-Clearance of liabilities	191.95	1208.02	(-)430.44	969.53	1223.24	253.71

Contd.

Sl. No.	Grant	Head of Account	Grants				Actual Expenditure	Excess
			Original	Supplementary	Augmentation	Total		
15.	20-Water Resources	4702-Capital Outlay on Minor Irrigation, State Plan, District Sector, 00, 789-Special Component for Scheduled Caste, 0995-Ongoing scheme under AIBP	38.57	28.33	(-)58.52	8.38	53.46	45.08
16.	20-Water Resources	4702-Capital Outlay on Minor Irrigation, State Plan, District Sector, 00, 796-TASP, 0994-Ongoing medium irrigation project	725.00	96.81	(-)22.42	799.39	823.52	24.13
17.	20-Water Resources	4702-Capital Outlay on Minor Irrigation, State Plan, District Sector, 00, 796-Tribal Area Sub-plan, 1805-ACA for KBK District	173.90	--	(-) 161.24	12.66	224.32	211.66
18.	20-Water Resources	4702-Capital Outlay on Minor Irrigation, Plan, State Plan, District Sector, 00, 800-Other Expenditure, 0100-BKVY for Medium Irrigation Project under RIDF	128.86	0.01	(-)73.26	55.61	163.56	107.95
19.	20-Water Resources	4711-Capital Outlay on flood control project, State Plan, State Sector, 01-Flood Control, 103-Civil Works, 0101-Bank Protection Works on River Embankments	155.00	2164.73	(-)48.00	2271.73	2296.09	24.36
20.	28-Rural Development	2059-Public Works, Non-plan, 01-Office Building, 053-Maintenance and Repair, 0853-Maintenance of Building under Chief Engineer	7240.97	0.01	(-)50.00	7190.98	7507.08	316.10
21.	28-Rural Development	2059-Public Works, Non-plan, 053-Maintenance and Repair, 0863-Maintenance of Water Supply and Sanitary installation under Chief Engineer, Rural Water Supply and Sanitation	300.00	--	(-)0.01	299.99	318.46	18.47
22.	28-Rural Development	4215-Capital Outlay on Water Supply and Sanitation, Centrally Sponsored Plan, District Sector, 01-Water Supply, 796-Tribal Area Sub-plan, 0910-Minimum needs programme, piped water supply continuing project	1548.08	93.29	(-)359.23	1282.14	2962.18	1680.04



Concl'd.

Sl. No.	Grant	Head of Account	Grants				Actual Expenditure	Excess
			Original	Supplementary	Augmentation	Total		
23.	28-Rural Development	5054-Capital Outlay on Roads and Bridges, State Plan, District Sector, 04-District and Other Roads, 800-Other Expenditure, 0907-Minimum Needs programme-classified village roads	2556.98	2501.92	(-)803.28	4255.62	5122.95	867.33
24.	36-Women and Child Development	2236-Nutrition, Centrally Sponsored Plan, State Sector, 02-Distribution of Nutritious Food & Beverages, 101-Special Nutrition Programme1423-Special Nutrition Programme	4538.15	3634.37	(-) 2469.07	5703.45	5888.37	184.92
25.	38-Higher Education	2202-General Education, State Plan, State Sector, 03-University and Higher Education, 104-Assistance to Non-Government colleges and Institutes,0973-Non-Government colleges.	6192.50	--	(-)1006.31	5186.19	6106.19	920.00
<b>Total</b>			<b>43873.35</b>	<b>12079.14</b>	<b>(-)10519.01</b>	<b>45433.48</b>	<b>53655.35</b>	<b>8221.87</b>

**APPENDIX-2.17**

(Refer paragraph 2.6 at page 41)

**Particulars of Major Head under which expenditure during March 2008 was substantial and also exceeded 70 per cent of the total expenditure during the year 2007-08**

Sl. No.	Major Head of Account.	Total Expenditure up to the month of March 2008	Expenditure for the month of March 2008	Percentage of expenditure during March 2008 to total expenditure.
		(Rupees in lakh)		
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Revenue Section</b>				
1.	2204-Sports and Youth Services (CSP)	116.16	116.16	100%
2.	2205-Art and Culture (SP)	1822.59	1412.33	77%
3.	2435-Other Agricultural Programme (SP)	97.04	96.04	99%
4.	2875-Other Industries (SP)	35.00	25.05	72%
<b>Capital Section</b>				
1.	4055-Capital Outlay on Police (NP).	25.79	19.73	77%
2.	4202-Capital Outlay on Education, Sports, Arts and Culture (CP)	272.58	196.92	72%
3.	4210-Capital Outlay on Medical and Public Health (NP)	1115.22	1115.22	100%
4.	4425-Capital Outlay on Cooperation (SP)	553.04	553.04	100%
5.	5452-Capital Outlay on Tourism (CP)	8.66	8.66	100%
<b>Loans and Advances</b>				
1.	6405-Loans for Fisheries	12.26	12.26	100%
2.	6851-Loans for Village and Small Industries	1.00	1.00	100%
3.	6885-Other loans to Industries And Minerals	9370.00	9370.00	100%

**APPENDIX-2.18**

**(Refer paragraph 2.7 at page 41)**

**Statement showing details of amount kept under 8443-Civil  
Deposits-800-Other Deposits**

Year	Opening Balance	Deposit	Withdrawal	Closing Balance
	( R u p e e s i n c r o r e )			
2002-2003	743.44	227.31	173.46	797.29
2003-2004	797.29	171.85	206.42	762.72
2004-2005	762.72	98.10	220.84	639.98
2005-2006	639.98	54.09	147.71	546.36
2006-2007	546.36	30.32	81.09	495.59
2007-2008	495.59	35.35	64.75	466.19

**APPENDIX-2.19**

**(Refer paragraph 2.10 at page 41)**

**Statement showing cash balances with DDOs as on 31 March.2008.  
(Rupees in lakh)**

<b>Name of the Department</b>	<b>Serial number</b>	<b>Name of the DDOs</b>	<b>Amount</b>
Revenue	1	Collector, Bhawanipatna	785.84
	2	Collector, Bolangir	139.13
	3	Sub- Collector, Patnagarh	40.49
	4	Collector, Nuapada	23.78
	5	DSWO, Sundergarh	1391.42
	6	Tahasildar, Baripada	79.54
	7	Principal,SKDAV College Polytechnic, Rourkela	65.05
	8	Principal, ITI Bhawanipatna	17.77
	9	General Manager, DIC ,Kalahandi, Bhawanipatna	9.94
	10	Principal ,ITI,Phulbani	16.14
	11	Head Master, SSD High School, Darlipada, Nuapada	2.08
	12	Head Master, SSD High School, Podia, Malkanagiri	1.50
	13	Head Master, SSD High School Kudumulugumma, Malkanagiri	1.52
	14	Head Master, SSD ,Girls High School Satiguda Malkanagiri	17.03
KBK Project	15	Chief Administrator KBK Project Koraput	0.86
Health & Family Welfare	16	Principal, MKCG Medical College Berhampur	61.53
	17	Medical officer, CHC, Agalpur Bolangir	14.39
	18	Medical officer, CHC Manamunda,Boudh	3.05
	19	Medical officer, CHC, Hatabharandhi, Nabarangpur	1.20
Agriculture	20	Horticulturist, Sundargarh	14.23
Education	21	Principal, DAV College of Teachers Education, Koraput	34.86
	22	District Mass Education Officer, Koraput,	3.65
	23	Principal, College of Teachers Education, Bolangir	0.97
	24	Government High School, Kudumulugumma, Malkangiri	0.07
		<b>Total</b>	<b>2726.04</b>

**APPENDIX-2.20**

(Refer paragraph 2.11 at page 42)

**Statement showing details of amount kept under 8443-Civil  
Deposits-106-Personal Deposits**

Year	Opening Balance	Receipt	Disbursement	Closing Balance
	( R u p e e s i n c r o r e )			
2002-2003	607.77	726.24	770.31	563.70
2003-2004	563.70	722.75	846.85	439.60
2004-2005	439.60	684.12	796.59	327.13
2005-2006	327.13	793.82	797.40	323.55
2006-2007	323.55	1071.56	1112.59	282.52
2007-2008	282.52	1011.78	993.92	300.38

**Appendix -3.I**  
**(Refer paragraph 3.1.3 at page 48)**

Statement showing Excess payment of transportation charges towards transportation of rice from FCI points to block points under MDM than the rates fixed under SNP due to defective tender agreements									
Mayurbhanj district									
Period			4/2003 to 9/2003						
Name of the block	Name of FCI depot from where rice was transported	Distance from FCI points to Block (km)	Quantity transported from 4/03-9/03 (In quintal)	Rate per quintal as per SNP	Rate per quintal as per MDM	Amount payable as per SNP rate (4x5)	Amount paid as per MDM rate (4x6)	Differential excess amount paid	Quantity transported from 10/03 to 9/06 (In quintals)
1	2	3	4	5	6	7	8	9	10
Samakhunta	Balator/Rupsa	66	858.36	10.71	12.69	9193.04	10892.59	1699.55	4858.22
Baripada MPL	Balator/Rupsa	58	973.17	9.54	11.30	9284.04	10996.82	1712.78	4691.05
Sulipada	Balator/Rupsa	100	1003.11	15.69	18.59	15738.80	18647.81	2909.02	7860.79
Udala NAC	Balator/Rupsa	57	186.54	9.39	11.13	1751.61	2076.19	324.58	1093.02
Udala	Balator/Rupsa	57	555.80	9.39	11.13	5218.96	6186.05	967.09	5213.72
Rairangapur	Badampahar	30	580.16	5.43	6.44	3150.27	3736.23	585.96	4053.24
Khunta	Balator/Rupsa	74	718.99	11.88	14.08	8541.60	10123.38	1581.78	4518.48
Bisoi	Badampahar	60	667.66	9.83	11.65	6563.10	7778.24	1215.14	4312.14
Barsahi	Balator/Rupsa	93	1426.94	14.67	17.38	20933.21	24800.22	3867.01	9856.54
Bangiriposhi	Badampahar	74	764.40	11.88	14.08	9081.07	10762.75	1681.68	5533.41
Kuliana	Balator/Rupsa	90	882.72	14.23	16.85	12561.11	14873.83	2312.73	5458.02
Betanoti	Balator/Rupsa	32	910.18	5.73	6.79	5215.33	6180.12	964.79	6089.79
Thakurmunda	Badampahar	82	828.74	13.06	15.47	10823.34	12820.61	1997.26	10435.76
Saraskana	Balator/Rupsa	108	957.89	16.87	19.98	16159.60	19138.64	2979.04	9299.17
Kaptipada	Balator/Rupsa	48	988.33	8.07	9.56	7975.82	9448.43	1472.61	10422.41
G B Nagar	Balator/Rupsa	74	659.22	11.88	14.08	7831.53	9281.82	1450.28	4320.89
Karanjia	Badampahar	44	728.81	7.48	8.87	5451.50	6464.54	1013.05	4443.41
Jashipur	Badampahar	21	708.04	4.11	4.88	2910.04	3455.24	545.19	4981.05
Moroda	Balator/Rupsa	57	940.52	9.39	11.13	8831.48	10467.99	1636.50	7367.35
Baripada	Balator/Rupsa	58	591.00	9.54	11.30	5638.14	6678.30	1040.16	4291.04
Bijatola	Badampahar	48	582.35	8.07	9.56	4699.56	5567.27	867.70	4373.06
Raruan	Badampahar	47	542.07	7.92	9.39	4293.19	5090.04	796.84	4125.87
Jamda	Badampahar	49	613.77	8.22	9.74	5045.19	5978.12	932.93	5925.98
Rasgobindapur	Balator/Rupsa	70	808.02	11.30	13.38	9130.63	10811.31	1680.68	7002.37
Bahalda	Badampahar	47	819.52	7.92	9.39	6490.60	7695.29	1204.69	4721.94
Karanjia NAC	Badampahar	44	223.80	7.48	8.87	1674.02	1985.11	311.08	1342.70
Sukruli	Badampahar	53	421.00	8.80	10.43	3704.80	4391.03	686.23	3353.96
Kusumi	Badampahar	1	802.34	2.50	2.97	2005.85	2382.95	377.10	6513.24
Rairangapur	Badampahar	30	259.77	5.43	6.44	1410.55	1672.92	262.37	1421.75
Tiring	Badampahar	65	430.30	10.56	12.51	4543.97	5383.05	839.08	4167.86
<b>TOTAL</b>			<b>21433.52</b>			<b>215851.97</b>	<b>255766.89</b>	<b>39914.92</b>	<b>162048.23</b>

10/03 to 9/06					10/06 to 11/07						Total excess amount paid on TC of rice under MDM than the SNP rate (9+15+21)
Rate per quinta l as per SNP	Rate per quinta l as per MDM	Amount payable as per SNP rate (10x11)	Amount paid as per MDM rate (10x12)	Differentia l excess amount paid (14 - 13)	Quantity transport ed from 10/06 to 11/07 (In quintals)	Rate per quint al as per SNP	Rate per quint al as per MD M	Amount payable as per SNP rate (16x17)	Amount paid as per MDM rate (16x18)	Differenti al excess amount paid (20 - 19)	
11	12	13	14	15	16	17	18	19	20	21	22
18.57	31.66	90217.15	153811.25	63594.10	1259.83	16.19	27.00	20396.65	34015.41	13618.76	78912.41
16.41	31.66	76980.13	148518.64	71538.51	695.82	14.27	27.00	9929.35	18787.14	8857.79	82109.08
27.75	31.66	218136.92	248872.61	30735.69	1369.27	24.35	27.00	33341.72	36970.29	3628.57	37273.28
16.14	31.66	17641.34	34605.01	16963.67	354.56	14.03	27.00	4974.48	9573.12	4598.64	21886.89
16.14	31.66	84149.47	165066.44	80916.97	1416.31	14.03	27.00	19870.83	38240.37	18369.54	100253.60
8.85	31.66	35871.17	128325.58	92454.41	993.65	7.55	27.00	7502.06	26828.55	19326.49	112366.86
20.73	31.66	93668.09	143055.08	49386.99	994.50	18.11	27.00	18010.40	26851.50	8841.10	59809.87
16.95	31.66	73090.77	136522.35	63431.58	792.90	14.75	27.00	11695.28	21408.30	9713.02	74359.74
25.86	31.66	254890.12	312058.06	57167.94	2233.55	22.67	27.00	50634.58	60305.85	9671.27	70706.22
20.73	31.66	114707.59	175187.76	60480.17	1288.90	18.11	27.00	23341.98	34800.30	11458.32	73620.17
25.05	31.66	136723.40	172800.91	36077.51	1072.17	21.95	27.00	23534.13	28948.59	5414.46	43804.70
9.39	31.66	57183.13	192802.75	135619.62	1987.36	8.03	27.00	15958.50	53658.72	37700.22	174284.63
22.89	31.66	238874.55	330396.16	91521.61	1720.21	20.03	27.00	34455.81	46445.67	11989.86	105508.73
29.91	31.66	278138.17	294411.72	16273.55	1472.98	26.27	27.00	38695.18	39770.46	1075.28	20327.87
13.71	31.66	142891.24	329973.50	187082.26	2129.25	11.87	27.00	25274.20	57489.75	32215.55	220770.42
20.73	31.66	89572.05	136799.38	47227.33	1023.96	18.11	27.00	18543.92	27646.92	9103.00	57780.61
12.63	31.66	56120.27	140678.36	84558.09	1154.39	10.91	27.00	12594.39	31168.53	18574.14	104145.28
6.42	31.66	31978.34	157700.04	125721.70	1363.43	5.39	27.00	7348.89	36812.61	29463.72	155730.61
16.14	31.66	118909.03	233250.30	114341.27	1732.83	14.03	27.00	24311.60	46786.41	22474.81	138452.58
16.41	31.66	70415.97	135854.33	65438.36	1066.12	14.27	27.00	15213.53	28785.24	13571.71	80050.23
13.71	31.66	59954.65	138451.08	78496.43	740.13	11.87	27.00	8785.34	19983.51	11198.17	90562.30
13.44	31.66	55451.69	130625.04	75173.35	896.72	11.63	27.00	10428.85	24211.44	13782.59	89752.78
13.98	31.66	82845.20	187616.53	104771.33	1181.64	12.11	27.00	14309.66	31904.28	17594.62	123298.88
19.65	31.66	137596.57	221695.03	84098.46	1408.02	17.15	27.00	24147.54	38016.54	13869.00	99648.14
13.44	31.66	63462.87	149496.62	86033.75	1182.98	11.63	27.00	13758.06	31940.46	18182.40	105420.84
12.63	31.66	16958.30	42509.88	25551.58	249.21	10.91	27.00	2718.88	6728.67	4009.79	29872.45
15.06	31.66	50510.64	106186.37	55675.73	755.92	13.07	27.00	9879.87	20409.84	10529.97	66891.93
3.45	31.66	22470.68	206209.18	183738.50	1523.07	2.75	27.00	4188.44	41122.89	36934.45	221050.05
8.85	31.66	12582.49	45012.61	32430.12	280.14	7.55	27.00	2115.06	7563.78	5448.72	38141.21
18.30	31.66	76271.84	131954.45	55682.61	640.75	15.95	27.00	10219.96	17300.25	7080.29	63601.99
		2858263.83	5130447.02	2272183.19	34980.57			516179.14	944475.39	428296.25	2740394.36

**Balasure district**

Name of the Block	Name of the FCI point	Distance from FCI points (km)	9/03 to 7/04						8/04 to 4/05						7/05 to 4/06					
			Rate as per SNP	Rate as per MDM	Quantity transported	Amount payable as per SNP rate (4x6)	Amount paid as per MDM rate (5x6)	Differential excess amount paid (8 - 7)	Rate as per SNP	Rate as per MDM	Quantity transported	Amount payable as per SNP rate (10x12)	Amount paid as per MDM rate (11x12)	Differential excess amount paid (14 - 13)	Rate as per SNP	Rate as per MDM	Quantity transported	Amount payable as per SNP rate (16x18)	Amount paid as per MDM rate (17x18)	Differential excess amount paid (20 - 19)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Sadar	Balasar/Rupsa	1	3.05	13.30	9500.98	28977.99	126363.03	97385.04	3.05	18.00	7110.85	21688.09	127995.30	106307.21	3.05	27.00	4278.32	13048.88	115514.64	102465.76
Balasure MPL	Balasar/Rupsa	8	3.05	13.30	431.93	1317.39	5744.67	4427.28	3.05	18.00	0.00	0.00	0.00	0.00	3.05	27.00	0.00	0.00	0.00	0.00
Bahanaga	Balasar/Rupsa	26	5.61	13.30	6226.46	34930.44	82811.92	47881.48	5.61	18.00	4286.00	24044.46	77148.00	53103.54	5.61	27.00	3607.49	20238.02	97402.23	77164.21
Baliapal	Jaleswar	45	8.65	13.30	9298.78	80434.45	123673.77	43239.32	8.65	18.00	6865.00	59382.25	123570.00	64187.75	8.65	27.00	5921.90	51224.44	159891.30	108666.86
Basta	Jaleswar	25	5.45	13.30	8847.63	48219.58	117673.48	69453.90	5.45	18.00	6040.00	32918.00	108720.00	75802.00	5.45	27.00	5347.36	29143.11	144378.72	115235.61
Bhogarai	Jaleswar	40	7.85	13.30	11882.75	93279.59	158040.58	64760.99	7.85	18.00	7203.21	56545.20	129657.78	73112.58	7.85	27.00	6685.00	52477.25	180495.00	128017.75
Jaleswar	Jaleswar	8	3.05	13.30	9270.5	28275.03	123297.65	95022.62	3.05	18.00	6637.00	20242.85	119466.00	99223.15	3.05	27.00	5485.60	16731.08	148111.20	131380.12
Khaira	Ranital	25	5.45	13.30	8790.27	47906.97	116910.59	69003.62	5.45	18.00	6449.00	35147.05	116082.00	80934.95	5.45	27.00	5337.45	29089.10	144111.15	115022.05
Nilagiri	Balasar/Rupsa	21	4.81	13.30	3097.77	14900.27	41200.34	26300.07	4.81	18.00	3398.00	16344.38	61164.00	44819.62	4.81	27.00	4067.42	19564.29	109820.34	90256.05
Nilagiri NAC	Balasar/Rupsa	21	4.81	13.30	232	1115.92	3085.60	1969.68	4.81	18.00	0.00	0.00	0.00	0.00	4.81	27.00	0.00	0.00	0.00	0.00
Oupada	Balasar/Rupsa	61	11.21	13.30	3740.29	41928.65	49745.86	7817.21	11.21	18.00	2591.00	29045.11	46638.00	17592.89	11.21	27.00	2380.10	26680.92	64262.70	37581.78
Remuna	Balasar/Rupsa	10	3.05	13.30	7772.89	23707.31	103379.44	79672.13	3.05	18.00	5284.00	16116.20	95112.00	78995.80	3.05	27.00	3001.96	9155.98	81052.92	71896.94
Simulia	Ranital	10	3.05	13.30	5499.03	16772.04	73137.10	56365.06	3.05	18.00	3793.21	11569.29	68277.78	56708.49	3.05	27.00	3121.01	9519.08	84267.27	74748.19
Soro	Ranital	25	5.45	13.30	7647.78	41680.4	101715.47	60035.07	5.45	18.00	5444.79	29674.11	98006.22	68332.11	5.45	27.00	5012.06	27315.73	135325.62	108009.89
<b>Total</b>					92239.06	503446.03	1226779.50	723333.47			65102.06	352716.99	1171837.08	819120.09			54245.7	304187.88	1464633.09	1160445.21

7/06 to 3/08									
Name of the Block	Name of the FCI point	Distance from FCI points (KM)	Rate as per SNP	Rate as per MDM	Quantity transported	Amount payable as per SNP rate (25x27)	Amount paid as per MDM rate (26x27)	Differential excess amount paid (29 - 28)	Total excess of TC paid under MDM (9+15+21+30)
22	23	24	25	26	27	28	29	30	31
Sadar	Balasar/Rupsa	1	8.00	37.30	9580.93	76647.44	357368.69	280721.25	586879.26
Bahanaga	Balasar/Rupsa	26	12.64	37.30	5379.03	67990.94	200637.82	132646.88	310796.11
Baliapal	Jaleswar	45	18.15	37.30	10700.31	194210.63	399121.56	204910.93	421004.86
Basta	Jaleswar	25	12.35	37.30	8081.00	99800.35	301421.30	201620.95	462112.46
Bhogarai	Jaleswar	40	16.70	37.30	8469.00	141432.30	315893.70	174461.40	440352.72
Jaleswar	Jaleswar	8	8.00	37.30	8767.00	70136.00	327009.10	256873.10	582498.99
Khaira	Ranital	25	12.35	37.30	8882.65	109700.73	331322.85	221622.12	486582.74
Nilagiri	Balasar/Rupsa	21	11.19	37.30	7120.55	79678.95	265596.52	185917.57	347293.31
Oupada	Balasar/Rupsa	61	22.79	37.30	4367.00	99523.93	162889.10	63365.17	126357.05
Remuna	Balasar/Rupsa	10	8.00	37.30	6831.72	54653.76	254823.16	200169.40	430734.23
Simulia	Ranital	10	8.00	37.30	4303.00	34424.00	160501.90	126077.90	313899.64
Soro	Ranital	25	12.35	37.30	8272.20	102161.67	308553.06	206391.39	442768.46
<b>Total</b>					90754.39	1130360.70	3385138.76	2254778.06	4957676.83



Sambalpur district		10/2003 to 08/2005							9/2005 to 9/2006						Excess amount paid under MDM than the SNP rate
Name of the block	Name of the FCI point	Distance from FCI points (km)	Quantity of rice transported 10/03-8/05	Rate of TC under SNP	Amount payable as per SNP rate (4x5)	Rate of TC under MDM	Amount of TC paid as per MDM rate (4x7)	Differential excess amount paid(8-6)	Quantity of rice transported 9/05 - 9/06	Rate of TC under SNP	Amount of TC payable as per SNP rate (10x11)	Rate of TC under MDM	Amount of TC paid as per MDM rate (10x13)	Differential excess amount paid(MDM-SNP)	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Dhankauda	Sambalpur	8	4838.57	4.50	21773.57	25.00	120964.25	99190.68	2263.26	3.85	8713.55	17.80	40286.03	31572.48	130763.16
Rairekhol	Sambalpur	67	3579.59	17.04	60996.21	25.00	89489.75	28493.54	1758.78	10.69	18801.36	17.80	31306.28	12504.92	40998.46
Rengali	Sambalpur	25	4479.27	7.80	34938.31	25.00	111981.75	77043.44	2249.97	5.65	12712.33	17.80	40049.47	27337.14	104380.58
Maneswar	Sambalpur	18	7507.63	6.26	46997.76	25.00	187690.75	140692.99	1786.56	4.81	8593.35	17.80	31800.77	23207.42	163900.41
Naktideul	Sambalpur	99	3348.52	24.08	80632.36	25.00	83713.00	3080.64	1614.51	14.53	23458.83	17.80	28738.28	5279.45	8360.09
Bamra	Sambalpur	134	4902.68	31.78	155807.17	25.00	122567.00	-33240.17	2593.42	18.73	48574.76	17.80	46162.88	-2411.88	-35652.05
Kuchinda	Sambalpur	85	3112.33	21.00	65358.93	25.00	77808.25	12449.32	1331.52	12.85	17110.03	17.80	23701.06	6591.03	19040.35
Jujomara	Sambalpur	33	4315.96	9.56	41260.58	25.00	107899.00	66638.42	1620.56	6.61	10711.90	17.80	28845.97	18134.07	84772.49
Jamankira	Sambalpur	56	5368.60	14.62	78488.93	25.00	134215.00	55726.07	2461.05	9.37	23060.04	17.80	43806.69	20746.65	76472.72
EO, Sambalpur	Sambalpur	3	3993.99	4.50	17972.96	25.00	99849.75	81876.79	1897.2	3.85	7304.22	17.80	33770.16	26465.94	108342.73
EO,Hirakud	Sambalpur	4	1100.85	4.50	4953.83	25.00	27521.25	22567.42	476	3.85	1832.60	17.80	8472.80	6640.20	29207.62
EO, Burla	Sambalpur	4	1227.08	4.50	5521.86	25.00	30677.00	25155.14	602.01	3.85	2317.74	17.80	10715.78	8398.04	33553.18
Total			47775.07		614702.47		1194376.75	579674.28	20654.84		183190.71		367656.17	184465.46	764139.74

Abstract		
District Name	Period	Amount
Mayurbhanj	4/2003 to 9/2003	39914.92
	10/20/03 to 9/2006	2272183.19
	10/2006 to 11/2007	428296.25
	Total	2740394.36
Balasore	9/2003 to 7/2004	723333.47
	8/2004 to 4/2005	819120.09
	7/2005 to 4/2006	1160445.21
	7/2006 to 3/2008	2254778.06
	Total	4957676.83
Sambalpur	10/2003 to 8/2005	579674.28
	9/2005 to 9/2006	184465.46
	Total	764139.74
Khurda	2002-06	1764938.90
Grand Total		10227149.83

**Appendix – 3.2**

(Refer paragraph 3.1.3 at page 48)

**STATEMENT SHOWING SHORT DELIVERY OF RICE AT SCHOOL POINTS WITH REFERENCE TO QUANTITY ALONGWITH BAGS/PACKETS  
LIFTED FROM FCI POINTS DURING 2004-08**

*(In quintal)*

SI No	Name of the FCI district	Year	Allocation of rice made by the GOI under MDM	Quantity of rice lifted under MDM	Rice lifted in bags	No. of bags delivered at school point @ 50 kg (Col.5 x 2)	No. of bags lifted but not delivered (6-7)	Average quantity of rice lifted in each bag (5 / 6)	Quantity of rice not delivered (8 x 9)
1	2	3	4	5	6	7	8	9	10
1	Balasore	2004-05	272628.57	207114.67	418923	414229	4694	0.4944	2320.71
2	Berhampur	2004-05	186049.26	141301.23	285314	282602	2712	0.4952	1342.98
3	Bhubaneswar	2004-05	148470.00	101859.76	203815	203720	95	0.4998	47.48
4	Cuttack	2004-05	296524.20	264385.42	543712	528771	14941	0.4863	7265.81
5	Jeypore	2004-05	33877.22	102309.14	208069	204618	3451	0.4917	1696.86
6	Sambalpur	2004-05	139858.70	130784.36	262883	261569	1314	0.4975	653.72
7	Titlagarh	2004-05	121477.30	102907.09	206658	205814	844	0.4980	420.31
	<b>Total</b>	<b>2004-05</b>	<b>1198885.25</b>	<b>1050661.67</b>	<b>2129374</b>	<b>2101323</b>	<b>28051</b>		<b>13747.87</b>
1	Balasore	2005-06	214952.53	187470.33	377016	374941	2075	0.4972	1031.69
2	Berhampur	2005-06	149485.49	110705.65	223074	221411	1663	0.4963	825.35
3	Bhubaneswar	2005-06	101650.00	86195.00	172406	172390	16	0.5000	8.00
4	Cuttack	2005-06	222731.50	173503.16	350514	347006	3508	0.4950	1736.46
5	Jeypore	2005-06	11293.52	98662.68	199465	197325	2140	0.4946	1058.44
6	Sambalpur	2005-06	132298.00	103343.88	207726	206688	1038	0.4975	516.41
7	Titlagarh	2005-06	107025.80	98020.41	198043	196041	2002	0.4949	990.79
	<b>Total</b>	<b>2005-06</b>	<b>939436.84</b>	<b>857901.11</b>	<b>1728244</b>	<b>1715802</b>	<b>12442</b>		<b>6167.14</b>
1	Balasore	2006-07	195177.69	178020.03	358535	356040	2495	0.4965	1238.77
2	Berhampur	2006-07	129595.38	110361.00	221732	220722	1010	0.4977	502.68
3	Bhubaneswar	2006-07	84410.00	71301.28	142610	142603	7	0.5000	3.50
4	Cuttack	2006-07	195552.56	156456.73	317025	312913	4112	0.4935	2029.27
5	Jeypore	2006-07	21843.36	100406.78	202624	200814	1810	0.4955	896.86
6	Sambalpur	2006-07	106787.65	92737.46	186407	185475	932	0.4975	463.67
7	Titlagarh	2006-07	0.00	0.00	0	0	0		0.00
	<b>Total</b>	<b>2006-07</b>	<b>733366.64</b>	<b>709283.28</b>	<b>1428933</b>	<b>1418567</b>	<b>10366</b>		<b>5134.75</b>
1	Balasore	2007-08	259577.60	183562.95	370321	367126	3195	0.4957	1583.76
2	Berhampur	2007-08	178807.40	125055.80	251772	250112	1660	0.4967	824.52
3	Bhubaneswar	2007-08	101062.90	75800.00	151616	151600	16	0.4999	8.00
4	Cuttack	2007-08	236257.10	149863.88	303535	299728	3807	0.4937	1879.52
5	Jeypore	2007-08	146348.00	108662.55	218877	217325	1552	0.4965	770.57
6	Sambalpur	2007-08	138489.40	107539.80	216494	215080	1414	0.4967	702.33
7	Titlagarh	2007-08	143348.20	116001.23	233165	232002	1163	0.4975	578.59
	<b>Total</b>	<b>2007-08</b>	<b>1203890.60</b>	<b>866486.21</b>	<b>1745780</b>	<b>1732972</b>	<b>12808</b>		<b>6347.29</b>
	<b>Grand Total</b>			<b>3484332.27</b>	<b>7032331</b>	<b>6968664</b>	<b>63667</b>	<b>0.00</b>	<b>31397.05</b>

### Appendix – 3.3

(Refer paragraph 3.1.3 at page 48)

Statement showing misappropriation of MDM rice in Baragarh district during 2003-08

(In quintal)

Sl. No	Challan No. and date in which food grains issued by the DSWO	Quantity of food grains shown as issued against blocks in DSWO stock	Name of the Block against whom the stock shown as issued	Quantity of food grains taken to block stock	Quantity of food grains shortage/misappropriated	Name of the supplier or S&TA who was entrusted the supply or transporting	Reasons for not taking the stock in block stock account
		Rice		Rice	Rice		
1	550/ 18.07.05	74.74	Sohella Block	0.00	74.74	Biswambhar Bohidar, S&TA	The signature obtained on the challan in support of delivery of rice at sohella block was not similar as in other challans produced at district level and as stated by the SIS in charge of the MDM stock, Sohella Block that the stock was not delivered at block point by the S&TA. Thus, the challan in support of delivery of rice to the block submitted by the S&TA to DSWO was fake.
2	578/ 11.08.05	124.13.500	Sohella Block	79.43.500	44.70	-do-	The original challan produced by the SIS in charge of the MDM showed that 79.43.500 qntls were delivered in 160 bags at block and acknowledgement obtained but the duplicate copy submitted by the S&TA to the DSWO showed that 124.13.500 qntls in 250 bags delivered at block and accordingly the district stock was maintained.
3	587/ 6.9.05	149.31	Baragarh Block	0.00	149.31	-do-	The stock was not taken into the stock account by the then SIS incharge of the MDM.
4	634/ 20.10.05	169.22	-do-	0	169.22	-do-	The stock was not taken into the stock account by the then SIS incharge of the MDM.
5	672/ 20.12.05	120.15.400	Baragarh Block	0.00	120.15.400	-do-	The stock was not taken into block stock account by the concerned SIS and on this matter the DSWO made correspondence vide L. No. 1153 dt.17.7.2006 but no reply was received from the BDO, Baragarh.
6	581/ 11.8.05	101.86	Barapali block	31.95	69.91	-do-	The way bills/challans furnished by the S&TA at DSWO were forged as the signature of SIS was not tallied with signature made in the challan available at block level.
7	588/ 6.9.05	149.45.500	-do-	80.18.500	69.27	-do-	
8	637/ 20.10.05	189.97	-do-	80.28	109.69	-do-	
9	654/ 21.11.05	99.64	-do-	30.64	69.00	-do-	
10.	516/ 18.3.05	154.10	-do-	0	154.10	-do-	The way bill/challan was not available at block.
11	458/ 30.1.05	103.27	Gaisilet block	58.26	45.01	-do-	The way bills/challans furnished by the S&TA at DSWO were forged as the signature of SIS was not tallied with signature made in the challan available at block level.
12	512/ 18.3.05	90.18	-do-	19	71.18	-do-	
13.	551/ 18.7.05	81.23	-do-	46.98	34.25	-do-	
14.	579/ 11.8.05	82.62	-do-	27.77	54.85	-do-	
15.	610/ 13.9.05	82.02	-do-	32	50.02	-do-	
16	638/ 20.10.05	130.82	-do-	30.82	100.00	-do-	
17.	660/ 23.11.05	118.30	-do-	30.3	88.00	-do-	
18.	341/ 27.10.04	56.00	Bheden Block	0.00	56.00	-do-	
19	363/ 28.10.04	52.22	-do-	0	52.22	-do-	The way bills/challans furnished by the S&TA at DSWO were forged as the signature of SIS was not tallied with signature made in the challan available at block level.
20.	387/ 27.11.04	105.90.500	-do-	0	105.90.500	-do-	Though the then SIS had received the stock but not taken to stock account
21	402/ 29.11.04	82.15	-do-	0	82.15	-do-	
22	614/ 13.9.05	79.24.950	Ambabhona block	35.24.950	44.00	-do-	
23	2006-07	1145.89	-do-	1007.53	138.36	-do-	
	<b>Total</b>	<b>3542.43.850</b>		<b>1590.39.950</b>	<b>1952.03.900</b>		

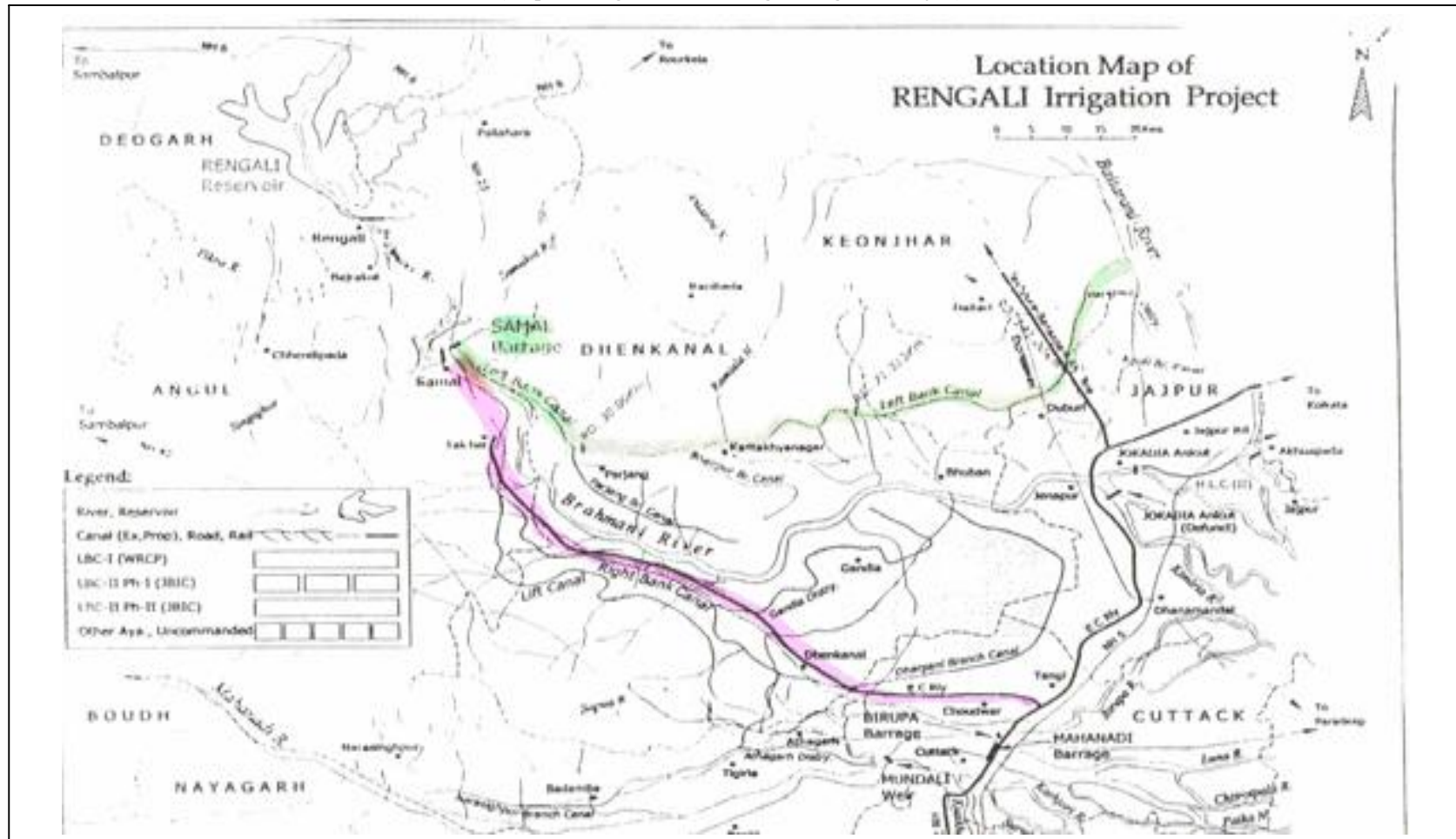
**Appendix– 3.4**

**(Refer paragraph 3.1.6.1 at page 57)**

**Statement showing details of average number of students enrolled per school during 2003-08 in the test checked schools**

<b>Name of the district</b>	<b>No. of schools test checked</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>
BARGARH	19	96.32	91.68	83.84	65.79	65.74
BOLANGIR	19	69.11	64.32	63.74	67.16	60.05
CUTTACK	20	130.55	130.70	124.85	122.65	76.30
GANJAM	19	102.74	106.53	116.63	114.37	107.05
KHURDA	19	96.89	99.84	96.26	89.79	72.68
SONEPUR	19	67.21	69.37	62.32	58.63	53.47
SUNDERGARH	17	69.56	76.72	69.78	65.83	64.00

**Appendix: 3.5**  
 (Refer paragraph 3.2.1 at page 63)  
 (Map showing location of Rengali Irrigation Project)



**Appendix 3.6**

{Refer Paragraph 3.4. 10 at page 103}

**Sanction strength and men in position of Chilika Development Authority**

Sl No	Name of the post sanctioned	No of post	Sanction order no and date	Men in position	Vacant as on 31 March 2008
1	Chief Executive	1	-	1	0
2	Addl. Chief Executive	1	GB meeting dated 10.6.2003	1	0
3	DFO	1	GB meeting dated 30.12.1997	0	1
4	Executive Engineer	1	GB meeting dated 30.12.1997	1	0
5	Senior Scientist	1	GB meeting dated 25.1.1999	0	1
6	Scientific Officer	1	11676/F&E dated 24.5.1996	1	0
7	Scientific Officer	1	11676/F&E dated 24.5.1996	1	0
8	Account Officer	1	GB meeting dated 10.06.2003	0	1
9	Range Officer	1	GB meeting dated 30.12.1997	1	0
10	Junior Engineer	2	GB meeting dated 30.12.1997	1	1
11	Junior Engineer	2	GB meeting dated 25.1.1999	0	2
12	Senior Accountant	1	3662/F&E dated 17.2.1992	1	0
13	Senior Stenographer	1	3662/F&E dated 17.2.1992	0	1
14	Senior Clerk	1	GB meeting dated 30.12.1997	0	1
15	Junior Clerk	1	GB meeting dated 30.12.1997	1	0
16	Computer Assistant	1	GB meeting dated 25.1.1999	0	1
17	Drafts man	1	GB meeting dated 25.1.1999	0	1
18	Technical Assistant	3	GB meeting dated 25.1.1999	0	3
19	Dredger Operator	2	GB meeting dated 25.1.1999	0	2
20	Typist	1	GB meeting dated 25.1.1999	0	1
21	Sample Collector	2	GB meeting dated 25.1.1999	0	2
22	Lab. Assistant	1	GB meeting dated 25.1.1999	0	1
23	Helper	2	GB meeting dated 25.1.1999	0	2
24	Driver(Vehicle)	1	3662/F&E dated 17.2.1992	1	0
25	Driver(Vehicle)	1	3662/F&E dated 17.2.1992	1	0
26	Boat Driver	1	3662/F&E dated 17.2.1992	1	0
27	Data Entry Operator	1	3662/F&E dated 17.2.1992	0	1
28	Khalisi	2	3662/F&E dated 17.2.1992	2	0
29	Peon	2	3662/F&E dated 17.2.1992	2	0
30	peon	2	GB meeting dated 30.13.1997	2	0
	<b>Total</b>	<b>40</b>		<b>18</b>	<b>22</b>

**Appendix- 3.7**

**(Refer paragraph 3.5.6.4 at page 110)**  
**(Statement showing details of sanctioned strength and vacancy position)**

Sl. No.	Name of the division	Sanctioned posts of forest guards/Beat guards	Vacancy	Men in position (as on March 08)	Age group of Forest Guards in position			
					Below 30 yrs.	Between 31-40 yrs.	Between 41-50 yrs.	Above 50 yrs.
1.	Athagarh	78	20	58	5	10	23	20
2.	Angul	49	15	34	-	2	9	23
3.	Baripada	120	44	76	12	21	24	19
4.	Bamra (WL)	106	42	64	-	8	18	38
5.	Chandaka-WL-Division	44	24	20	-	3	13	4
6.	Dhenkanal	130	51	79	2	14	26	37
7.	Keonjhar	105	29	76	5	13	36	22
8.	Satkosia WL Division, Angul	58	37	21	-	1	10	10
9.	STR, Baripada	110	68	42	1	7	7	27
10.	Sambalpur (South)	69	26	43	6	9	13	15
<b>Total</b>		<b>869</b>	<b>356</b>	<b>513</b>	<b>31</b>	<b>88</b>	<b>179</b>	<b>215</b>

### **Appendix- 3.8**

(Refer paragraph 3.5.6. 6 at page 111)

(Table showing death of elephants during 1990-2008)

Year	Nature of death					
	Poaching	Accident	Natural	Disease	Reason not known	Total
1990-91	11	6	12			29
1991-92	11	2	6			19
1992-93	15	5	16			36
1993-94	13	7	18			38
1994-95	23	5	15			43
1995-96	19	7	17			43
1996-97	14	10	10			34
1997-98	13	5	19			37
1998-99	13	11	4	1	1	30
1999-2000	10	6	5	2	1	24
2000-01	11	3	3	1	2	20
2001-02	10	7	2	4	1	24
2002-03	16	11	0	10	3	40
Total	179	85	127	18	8	417

<b>2003-04</b>	<b>10</b>	<b>15</b>	<b>1</b>	<b>17</b>	<b>4</b>	<b>47</b>
<b>2004-05</b>	<b>15</b>	<b>18</b>	<b>4</b>	<b>27</b>	<b>5</b>	<b>69</b>
<b>2005-06</b>	<b>9</b>	<b>21</b>	<b>8</b>	<b>15</b>	<b>6</b>	<b>59</b>
<b>2006-07</b>	<b>16</b>	<b>10</b>	<b>10</b>	<b>9</b>	<b>6</b>	<b>51</b>
<b>2007-08</b>	<b>6</b>	<b>17</b>	<b>11</b>	<b>10</b>	<b>10</b>	<b>54</b>
<b>TOTAL</b>	<b>56</b>	<b>81</b>	<b>34</b>	<b>78</b>	<b>31</b>	<b>280</b>



**Appendix- 3.9**  
**(Refer paragraph 3.5.6.7 at page 112)**

**(Statement showing depredation of elephants leading to loss of human life property)**

<b>Year</b>	<b>Humans killed</b>	<b>Human injury</b>	<b>Cattle killed</b>	<b>Houses damaged</b>	<b>Crop damaged (in acres)</b>	<b>Compensation paid (Rupees. in lakh)</b>
2003-04	32	10	4	464	50.010	43.35
2004-05	30	3	11	499	1726.003	52.03
2005-06	40	1	-	-	432.847	39.39
2006-07	71	16	4	592	4835.600	135.44
2007-08	62	16	6	850	9713.449	41.95
<b>Total</b>	<b>235</b>	<b>46</b>	<b>25</b>	<b>2405</b>	<b>16757.909</b>	<b>312.16</b>

**APPENDIX – 4.1**

{Refer Paragraph 4.7.1 at page 160 }

**Statement showing the position of Outstanding Inspection Reports/Paragraphs**

Sl. No.	Name of the Department	Report awaiting settlement ( up to June 2008)		Reports awaiting settlement for more than 10 years		Reports to which even first reply has not been received
		No. of Reports	No. of Paragraphs	No. of Reports	No. of Paragraphs	No. of Reports
1	Industries	350	1083	88	215	51
2	Textile & Handloom	84	209	22	35	11
3.	Fisheries & ARD	646	1853	165	263	72
4.	Excise	76	110	33	58	13
5.	SC & ST Development	365	1139	98	281	35
6.	Commerce & Transport	182	357	38	83	98
7.	Revenue	1393	4107	417	1032	107
8.	Forest & Environment	546	1967	123	339	10
9.	Women & Child Development	697	2568	355	1101	52
10.	Panchayati Raj	1553	7902	550	2327	305
11.	Works	781	2129	340	713	53
12.	Home	393	1131	63	111	30
13.	Law	106	326	18	50	8
14.	Food Supplies & Consumer Welfare	11	31	3	4	2
15.	General Administration	41	119	5	9	--
16.	Finance	196	355	120	209	8
17.	Information & Public Relation	82	330	15	51	25
18.	Energy	16	33	--	--	--
19.	Science & Technology	4	7	2	2	--
20.	Water Resources	1249	3831	532	1319	58
21.	Agriculture	1593	5021	415	1063	43
22.	Health & Family Welfare	1651	5535	767	2433	63
23.	Labour & Employment	99	195	33	53	4
24.	Planning & Co-ordination	63	193	18	47	7
25.	Co-operation	107	270	28	51	45
26.	Tourism & Culture	91	263	28	76	24
27.	Sports & Youth Services	29	89	8	16	--
28.	Steel & Mines	29	43	9	9	15
29.	Housing & Urban Development	139	341	47	94	16
30.	School & Mass Education	1180	3635	332	794	29
31.	Higher Education	392	1139	76	145	5
32.	Miscellaneous	476	711	285	428	27
33.	Parliamentary Affairs	14	36	5	14	--
34.	Rural Development	578	1745	203	334	49
<b>Total</b>		<b>15212</b>	<b>48803</b>	<b>5241</b>	<b>13759</b>	<b>1265</b>

**APPENDIX – 4.2**  
(Refer paragraph 4.7.1 at page 160)

**Statement showing the year-wise break-up of outstanding IRs / Paragraphs  
issued up to March 2008 but not cleared by June 2008**

<b>Year</b>	<b>Inspection Reports</b>	<b>Paragraphs</b>
1965-66	03	22
1966-67	02	08
1967-68	02	05
1968-69	05	15
1969-70	05	31
1970-71	04	18
1971-72	01	01
1972-73	00	--
1973-74	01	01
1974-75	02	04
1975-76	02	06
1976-77	02	04
1977-78	04	13
1978-79	04	14
1979-80	08	11
1980-81	29	68
1981-82	22	59
1982-83	27	48
1983-84	37	57
1984-85	52	101
1985-86	83	158
1986-87	137	258
1987-88	144	303
1988-89	145	312
1989-90	214	469
1990-91	255	604
1991-92	352	799
1992-93	448	1064
1993-94	495	1257
1994-95	605	1590
1995-96	742	2225
1996-97	739	2114
1997-98	673	2079
1998-99	817	2518
1999-2000	957	2952
2000-01	925	2941
2001-02	1000	3298
2002-03	1053	3574
2003-04	1048	3383
2004-05	919	2890
2005-06	860	2681
2006-07	1125	4591
2007-08	1264	6257
<b>Total</b>	<b>15212</b>	<b>48803</b>

**APPENDIX – 4.3**  
**(Refer paragraph 4.7.1 at page 160)**  
**Statement showing serious irregularities**

<b>Sl. No.</b>	<b>Name of the Irregularities</b>	<b>No. of Paragraphs</b>	<b>Amount (Rupees in crore)</b>
1.	Infructuous /unfruitful/avoidable/irregular expenditure/extra liability/excess expenditure	1863	693.81
2.	Excess payment to Firms/Contractors	594	21.32
3.	Idle store/Surplus/Unserviceable store/blockage of Government money	1287	99.90
4.	Irregular purchase/Non-accountal of stock/Non-adjustment of cost of material	426	40.87
5.	Non-recovery of dues from firms/contractors and others	433	184.29
6.	Non-submission of UCs	890	140.08
7.	Amount kept in Civil Deposits	950	232.65
8.	Loss, Misappropriation and shortage of stores	1342	41.73
9.	Unauthorised expenditure	845	106.53
10.	Retention of undisbursed amount	545	135.41
11.	Inadmissible/irregular payment	897	45.51
12.	Advance payment/Less recovery of advance/interest/royalty and Income Tax	460	123.15
13.	Under-utilisation of departmental machinery	129	64.21
14.	Demurrage/Penalty	83	28.66
15.	Undue financial aid to contractors/firms	182	100.87
16.	Miscellaneous/doubtful expenditure/non-submission of vouchers/overdrawal etc.	2574	738.23
17.	Stamped Receipt/Acknowledgement wanting	850	36.80
18.	Loans/Advances not recovered	1690	172.36
19.	Short/Non-realisation of Government dues	1520	88.50

## APPENDIX -4.4

(Refer paragraph 4.7.2 at page 161)

Statement showing PAC recommendations pending for discussion as on 31 July 2008

Sl.No.	Name of the Department	Name of the Assembly				Total
		10 <sup>th</sup>	11 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	
1	Agriculture	25	15	15	05	60
2	Co-operation	07	00	21	00	28
3	Commerce	14	01	00	00	15
4	Transport	15	00	02	00	17
5	School and Mass Education	25	04	16	00	45
6	Higher Education	17	05	11	00	33
7	Finance	00	06	00	00	06
8	Forest and Environment	27	05	02	03	37
9	Food, Civil Supplies and Consumer Welfare	00	00	23	00	23
10	Fisheries and ARD	15	16	03	06	40
11	General Administration	13	05	00	07	25
12	S.T. and S.C. Development	00	08	00	00	08
13	Health and Family Welfare	23	35	11	17	86
14	Home	07	16	11	00	34
15	Industries	62	01	12	00	75
16	Information and Public Relation	02	07	00	00	09
17	Labour and Employment	00	00	15	01	16
18	Planning and Coordination	09	00	00	00	09
19	Panchayati Raj	04	01	02	02	09
20	Revenue	10	05	00	01	16
21	Steel and Mines	00	01	08	00	09
22	Tourism	00	05	00	00	05
23	Law	05	05	00	13	23
24	Science and Technology	00	07	00	00	07
25	Women and Child development	33	01	00	00	34
26	Textile and Handloom	00	00	15	00	15
27	Public Enterprises	00	00	03	00	03
28	Energy	11	16	09	00	36
29	Housing and Urban Development	32	29	05	18	84
30	Rural Development	56	20	00	09	85
31	Water Resources	208	10	65	10	293
32	Works	72	25	13	27	137
<b>Total</b>		<b>692</b>	<b>249</b>	<b>262</b>	<b>119</b>	<b>1322</b>

**ANNEXURE -4.5**  
**(Refer paragraph 4.7.2 at page 161)**

**Statement showing status of PAC recommendations on which Action Taken**  
**Notes not received as on 31 July 2008**

Sl. No.	Name of the Department	Name of the Assembly				Total
		10 <sup>th</sup>	11 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	
1	Agriculture	03	01	03	00	07
2	Cooperation	03	00	01	00	04
3	Commerce	00	01	00	00	01
4	Forest and Environment	04	00	00	03	07
5	Food, Civil Supplies and Consumer Welfare	00	00	01	00	01
6	Fisheries and Animal Resources Development	01	00	00	00	01
7	General Administration	06	00	00	00	06
8	Health and Family Welfare	05	20	00	05	30
9	Information and Public Relation	00	07	00	00	07
10	Panchayati Raj	00	00	00	02	02
11	Revenue and Excise	00	01	00	01	02
12	Steel and Mines	00	01	00	00	01
13	Law	00	00	00	02	02
14	Women and Child Development	01	00	00	00	01
15	Energy	00	01	00	00	01
16	Housing and Urban Development	11	00	00	00	11
17	Rural Development	07	05	00	01	13
18	Water Resources	122	01	11	10	144
19	Works	46	10	02	02	60
<b>Total</b>		<b>209</b>	<b>48</b>	<b>18</b>	<b>26</b>	<b>301</b>

**APPENDIX – 4.6**

**(Refer paragraph 4.7.2 at page 161)**

Statement showing the list of the departments, which have not furnished the proceedings of the meeting of the Departmental Monitoring Committee for the year 2007-08

Sl. No.	Name of the Department
1	Water Resources
2	Fisheries and Animal Resources Development
3	Industries
4	Excise
5	General Administration
6	Commerce
7	Women and Child Development
8	Works
9	Law
10	Forest and Environment
11	Energy
12	ST and SC Development
13	Sport and Youth Services
14	Public Enterprises
15	Rural Development
16	Information and PR
17	Food, Civil Supplies and Consumer Welfare
18	Transport
19	Panchayati Raj
20	Planning and Coordination
21	Co-operation
22	Housing and Urban Development
23	Textile and Handloom
24	Labour and Employment
25	Parliamentary Affairs
26	Information Technology

contd.

**APPENDIX- 4.7**

(Refer paragraph 4.7.2 at page 161)

**Statement of compliance notes on reviews/audit paragraphs (Civil) not received from Government as on 31 July 2008**

Sl. No	Name of Department	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Total
1	Agriculture	3.1(1)	3.5								4.1.5 4.5.3	04(1)
2	Revenue										4.4.2 5.1(1) 4.4.3 4.4.4	04 (1)
3	Finance	7.1	6.1	7.1	3.9, 5.1, 4.4	5.3						07
4	Food Supplies and Consumer Welfare								3.1(1)			01 (1)
5	School and Mass Education.					3.1(1) 3.7, 3.8, 3.9					3.4(1) 4.5.2	06 (2)
6	S.T. and S.C. Development										3.1(1)	01(1)
7	Health and Family Welfare					3.3	3.2(1)	4.3.4 4.5.4			4.3.7 4.4.18 4.4.19 4.5.1	08(1)
8	Planning and Co-ordination										1-37(1)	01 (1)
9	Panchayati Raj							3.3(1)			4.1.3	02(1)
10	Industry							3.4(1)			4.4.17	02(1)
11	Water Resources	4.1(1)	4.16	4.1(1)	4.2 (1)	-	3.4(1) 5.2	4.3.1			3.3(1) 4.2.4 4.4.7 4.4.8 4.4.10	14(5))



concl.

[illegible]

## **APPENDIX – 4.8**

### **Glossary of Abbreviations**

#### **A**

ADSWO	Additional District Social Welfare
ASO	Assistant Settlement Officer.
AICTE	All India Council of Technical Education
ADF	Assistant Director of Fisheries.
ADF(B&T)	Assistant Director of Fisheries.
AYUSH	Ayurveda Yoga & Naturopathy, Unani, Siddha & Homoeopathy.
ASCI	Administrative Staff college of India.
ACF	Assistant Conservator of Forest.
AHO	Assistant Horticulture Officer.
ATIR	Annual Technical Inspection report.
AH&VS	Animal Husbandry & Veterinary Services.

#### **B**

BOG	Board of Governors.
BET	Basic Electric training.
BDOS	Block Development Officers.
BMW	Bio-medical waste.
BMC	Bhubaneswar Municipal Corporation
BOR	Board of Revenue.
BF	Blast Furnace.
BDO	Block Development Officer.
BPL	Below Poverty Line.
BGB	Biju Gramin Bazar.
BD	Bank Draft.
BAMS	Bachelor of Medicine & Surgery.

#### **C**

CMC	Cuttack Municipal Corporation
CWPRS	Central Water and Power Research Station.
CDA	Chilika Development Authority.
CE	Chief Executive.
CDVO	Chief District Veterinary Officers.
CSP	Centrally Sponsored Plan
CAMPA	Compensatory afforestation fund management and planning authority.
CE	Chief Engineer.
CRF	Calamity Relief Fund.
CPP	Captive Power Plants.

D

DSWO	District Social Welfare Officers
DPCs	District Project Coordinators.
DLRS	Director, Land Records and Survey.
DFO	Divisional Forest Office.
DFO(WL)	Divisional Forest Office.(wild life)
DPO	District Project Offices.
DDA	Delhi Development authority
DMET	Director Medical Education & Training
DHH	District Headquarters Hospital
DH	Director of Horticulture.
DIC	District Industries centre
DCR	Deposit at call receipt.
DDO	Drawing and Disbursement officer.
DTET	Director of Technical Education & Training
DRDA	District Rural Development Agency.

E

EGS	Education Guarantee Scheme.
EE	Executive Engineer.

F

FCI	Food Corporation of India.
FAQ	Fair average quality.
F&ED	Forest & Environment Department.
FRP	Fibre Reinforced Plastic.
F&ARD	Fisheries & Animal resources development department.

G

GAC	Government Ayurvedic College.
GB	Governing Body.
GP	Gram Panchayat.
GOI	Government of India.
GB	General body.

H

HUDD	Housing and Urban Development Department.
HFWD	Health & family welfare department.
HCU	Health care units.
HW	Hazardous waste.

I

ITT	Institute of Textile Technology.
ITI	Industrial training institute.
IDCO	Industrial Infrastructure Development corporation.
IAY	Indira Aawas yojna
ISMH	Indian system of medicine. & Homoeopathy

ITDA Integrated Tribal Development agency.  
ICDS Integrated Child Development Scheme.

**K**

KVIC Khadi and Village Industries Commission.

KBK Kalahandi , Bolangir and Koraput.

**L**

LIG Lower income group.  
LACs Livestock Aid Centres.

**M**

MME Management, Monitoring and Evaluation.  
MTA Mother Teacher Association.  
MOEF Ministry of Environment & Forest  
MOA Memorandum of Association  
MIS Management Information System.  
MW Mega watt.  
MT Metric tonne.  
MI- Management Intervention.  
MDM Mid day Meal Scheme.  
MIG Middle income group  
MSW Municipal solid waste  
MLD Million litre daily.

**N**

NIC National Informatics Centre.  
NR Natural Regeneration.  
NHM National Horticulture mission.  
NFFWP National food for work Programme.  
NOAP National Old Age Pension.  
NZN Nandankanan Zoological Park  
NHARSS National Highway Accident Relief Service Scheme  
NALCO National Aluminium Company

**O**

OPEPA Orissa Primary Education Programme Authority  
OSSC Orissa State seeds Corporation  
OCAC Orissa Computer Application Centres.  
OTR Orissa Treasury Rules.  
OPHWC Orissa Police Housing & Welfare Corporation  
ODP Orissa Disable Pension  
OST Orissa Sales Tax.  
OKVIB Orisa khadi and Village Industries Board.  
OSDMA Orissa State Disaster Mitigation Authority  
OBCC Orissa Bridge Construction Corporation.

P

PPP	Public Private Partnership.
PS	Panchayat Samitis
POL	Petrol Oil & Lubricants
PD	Project Director.
PRC	Principal Resident commissioner.
PMIS	Project Monitoring and Information System.
PNDT	Pre-natal Diagnostic Techniques.
Pr AG	Principal Accountant General.

O

QD	Quality Dimensions.
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R




RORs	Records of Rights.
ROR	Release order of rice.
RPMU	Recycled Plastic Manufacture usage Rules.
RLTAP	Revised long Term Action Plan.
RSP	Rourkela Steel Plant.
REGP	Rural Employment Generation Programme.

S

SPCB	State Pollution Control Board.
SSWOs	Sub Divisional Social welfare Officers
SEOs	Social Education Organisers.
SNP	Special Nutritional Programme.
STA	Storage and Transport Agents.
SGRY	Sampoorna Grameen rozgar yojna.
SSA	Sarva Shiksha Abhiyan.
SC/ST	Scheduled caste/ Scheduled tribe.
SHG	Self Help Group.
SLSC	State level Steering Committee.
SRS	System Requirement Specification.
SQL	Structured Query Language.
SEBC	Socially and Educationally Backward class.
SGSY	Swarnajayanti Gram Swarozgar Yojana.
SPs	Superintendent of Police.
STP	Sewage Treatment Plant.
STA	Special Tourism Area.
SMC	Steering cum Monitoring committee.
SER	State Environment Report.
SPL	Spent pot linings.
SPM	Suspended particulate matter.
SCA	Special Central Assistance

T

TFC	Twelfth Finance Commission.
TPD-	Ton per day. TDR-Term deposit receipts.
TPA	Ton per Annum.
TSDF	Treatment, Storage & Disposal Facilities,

TPP	Thermal Power Plants.
TBPM	Text Book Production & Marketing.
TA	Transport Agents.
	
ULB	Urban Local Bodies.
	
VAT	Value Added Tax.
VECs	Village Education Committees
VER	Village Education Registers.
	
WCD	Women and Child Development Department.
WSHGS	Women self help groups.