

Chapter III

Compliance Audit

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Chapter III
Compliance Audit**Planning and Co-ordination Department****3.1 Implementation of Member of Parliament Local Area Development Scheme****3.1.1 Introduction**

The Member of Parliament Local Area Development Scheme (MPLADS), a fully funded plan scheme, was launched in 1993-94 by Government of India (GoI) with the objective of enabling Members of the Parliament (MPs) to recommend works of developmental nature. Planning and Co-ordination Department of Government of Odisha (GoO) was designated as the Nodal Department and entrusted with the responsibility of supervision, monitoring and coordination of MPLADS implementation.

Audit covered the period 2010-13 and test checked records of five districts (Cuttack, Kalahandi, Khordha, Mayurbhanj and Sundargarh) between November 2013 and January 2014.

3.1.2 Audit findings***3.1.2.1 Recommendation of works under MPLADS***

MPLADS guidelines envisaged that each District Collector (DCs) would maintain and make available a “Shelf of Projects” by inviting suggestions from Panchayati Raj Institutions (PRI) and Urban Local Bodies so as to enable MPs to go through the list in order to meet the felt needs of the people.

Audit scrutiny of records in five test checked districts revealed that against receipt of 5,284 recommendations of ₹ 135.80 crore from 13 MPs, the DCs sanctioned 5,028 works with estimated cost of ₹ 126.48 crore during 2010-13. It was further observed that no ‘Shelf of Projects’ containing the list of eligible works was prepared by the DCs. There was no mechanism for active participation of residents, local bodies, NGOs, etc., in determining and recommending works. Further, documentary evidence as to recommendations of Grama Sabha or applications of local people to justify those local requirements were not available.

Department stated (December 2014) that all the DCs were impressed upon to maintain a shelf of projects as per guidelines.

3.1.2.2 Deficiencies in selection of works

MPLADS guidelines permit all works of developmental nature with emphasis on creation of durable community assets except those prohibited in the guidelines. Besides, funds allotted under MPLADS should be utilised only for the intended purpose after assessing local needs.

Audit noticed that:

- Joint physical inspection of assets conducted by the departmental officers in presence of audit and check of records revealed that during 2010-13, the DCs, sanctioned 806 inadmissible works/projects (16 per cent) with estimated cost of ₹ 11.01 crore.

Department stated (December 2014) that all the DCs had been advised not to sanction ineligible/ prohibited works.

- During 2008-13, three implementing agencies (IAs) diverted ₹ 80 lakh to MGNREGS funds, of which ₹ 10 lakh could not be recouped till 31 March 2014.

Collector, Sundargarh assured (December 2014) that they would recoup the diverted amount.

- During 2010-13, two DCs (Mayurbhanj and Kalahandi) incurred ₹ 1.85 lakh on procurement of Tablet PC, office furniture, water purifier, battery and meeting the cost of repair of air-conditioner from the administrative expenses, though the same was not permissible under MPLAD scheme.

Department stated (December 2014) that irregular expenses would be recovered from the responsible officers.

- During 2010-13, BDOs of Thakurmunda and Kuarmunda Blocks of Mayurbhanj District incurred expenditure of ₹ 26.96 lakh towards execution of nine computer projects under MPLAD without assessing their requirement. Joint physical inspection of assets with the departmental officers revealed (May 2014) that the computers were lying idle at JPN High School, Mituani of Thakurmunda Block and Harihar High School of Kuarmunda Block since the schools had computers prior to supply of computers from MPLADS funds.

3.1.3 Financial Management

3.1.3.1 Receipt and utilisation of fund

The MPLADS provides for direct release of non-lapsable funds to the district authorities (DAs) at the rate of ₹ 2 crore and ₹ 5 crore from 1998-99 and 2011-12 respectively in two equal instalments and interest accrued thereon is to be utilised for permissible works. The receipt and utilisation of funds by the test checked DCs during 2010-13, is detailed below:

Table 3.1.1: Receipt and utilisation of funds of test checked districts (₹ in lakh)

Year	Opening Balance	GIA with other Receipts	Interests	Total	Expenditure	Closing Balance	Percentage of utilisation
2010-11	1845.97	2730.04	75.29	4651.30	2401.59	2249.71	52
2011-12	2249.71	4900.53	113.37	7263.61	4095.64	3167.97	56
2012-13	3167.97	5481.17	152.57	8801.71	5895.90	2905.81	67

(Source: Records of the District Collectors)

Audit noticed the following irregularities in management of MPLADS funds:

- The utilisation of funds during 2010-13 ranged between 52 and 67 *per cent* on the balance available with the DCs in a year. Though the expenditure exhibited upward trend during the last three years, it was less than the Grants-in-aid (GIA) received during 2010-12.
- MPLADS stipulated that subsequent instalments of funds would be released to the DCs only if available balance falls short of ₹ 50 lakh up to 2010-11 and ₹ 1 crore thereafter. However, in respect of five MPLAD accounts of Khordha and Cuttack districts, though the minimum balances were in the range of ₹ 53.83 lakh to ₹ 3.94 crore in six months during 2011-13 as per their Monthly Progress Reports, the DCs requisitioned funds from GoI based on which ₹ 13 crore was released to them.

Thus, poor utilisation of funds coupled with requisition of funds despite availability, resulted in accumulation of ₹ 29.06 crore.

Department stated (December 2014) that all DCs were instructed to adhere to the observations of audit.

3.1.3.2 Exhibition of advances as final expenditure

Odisha Treasury Code (OTC) Vol. I stipulates that all amounts advanced to other offices are not final payments and should be treated as part of the cash balance of the Drawing Officer until proper accounts are received.

Audit noticed that against the release of ₹ 123.86 crore as advance to implementing agencies (IA) during 2010-13, the DCs received Utilisation Certificates (UCs) for ₹ 65.99 crore. However, the entire amount of advance was booked as final expenditure resulting in excess exhibition of expenditure of ₹ 57.87 crore. Moreover, the DCs did not maintain any 'Register of Advance' showing unit/agency wise advances sanctioned and subsequent adjustment effected.

Department stated (December 2014) that all the DCs had been instructed to note the observations of audit.

3.1.3.3 Non-refund of unutilised balances of ex-MPs

As per MPLADS guidelines, uncommitted funds of predecessor Members of Rajya Sabha (RS) should be refunded to the Nodal Department immediately after expiry of the term of the concerned MP for equal distribution among the successor elected MPs (RS). In case of MP of Lok Sabha, uncommitted funds are required to be passed on to the successor MP.

Audit found that though the tenure of 13 Rajya Sabha MPs expired by 31 March 2013, unutilised balance of ₹ 4.07 crore under MPLADS was lying with the four test checked DCs (Cuttack, Khordha, Mayurbhanj and Sundargarh) and BDO, Bhubaneswar. Similarly, since the dissolution (May 2009) of 14th Lok Sabha, unutilised balances of ₹ 52.03 lakh of four ex-MPs,

were lying with two DCs (Khordha and Mayurbhanj). Resultantly, ₹ 4.59 crore remained idle.

Department stated (December 2014) that all the DCs had been instructed to refund the unutilised MPLADS funds of ex-MPs early.

3.1.3.4 Non-accountal of interest and non-refund of savings

As per MPLADS guidelines, interest accrued on the funds released under the Scheme are to be considered while arriving at the savings for each work and refunded to the DC within 30 days of completion of work.

Audit scrutiny in 26 test checked IAs revealed that out of ₹ 1.18 crore earned as interest during 2010-13, only ₹ 0.51 crore was accounted for in the cash books and ₹ 0.67 crore was not entered in the cash book as of March 2013. Similarly, unutilised balance of ₹ 15.40 lakh in respect of 57 works was also parked in the bank accounts of eight IAs. As such, total savings of ₹ 1.33 crore, which required to be refunded to the DCs was lying blocked in the bank accounts.

Department stated (December 2014) that all the IAs would be instructed by the DCs concerned to refund the interest money accrued and the savings, if any, against completed projects.

3.1.4 Sanction and award of works

3.1.4.1 Identification of the Implementing Agency (IA)

As per MPLADS guidelines, the DC has to identify the agency for execution of work and the PRIs and ULBs are to be preferred as IAs in rural and urban areas respectively. Further, the DCs may choose either a Government agency or reputed NGO capable of implementing the works satisfactorily.

Scrutiny of records revealed that for execution of 15 works/projects costing ₹ 0.50 crore, DC, Cuttack selected six private agencies for implementation of MPLADS works although the agencies neither possessed the requisite expertise, nor had proven track of records in the field of execution.

Though the IAs utilised and submitted UCs of ₹ 39.78 lakh as of March 2014, the DCs did not verify the works.

Department accepted (December 2014) observations of Audit.

3.1.4.2 Splitting-up of works to avoid tender formalities

As per Works Department instructions (January 2006) splitting-up of works are permissible only under Non-plan scheme and under extraordinary situation subject to approval of the competent authority.

Audit found that in nine works estimated at ₹ 24.59 lakh, as detailed in *Appendix 3.1.1*, the Executive Engineers (EEs), Kalahandi R&B Division, Bhawanipatna and RWSS, Cuttack split the works limiting the cost of each phase to ₹ 0.50 lakh and awarded the works to the same contractor to avoid tendering.

Department stated (December 2014) that the instructions would be issued to the EEs to follow the provisions of OPWD Code.

3.1.4.3 Abnormal delay in sanction of works

As per MPLADS guidelines, all eligible works should be sanctioned by the DCs within 75 days (45 days up to 2010-11) from the date of receipt of the recommendations.

Audit noticed that out of 3428 works in respect of which information was available, 569 (17 *per cent*) works/ projects were sanctioned within the stipulated period and the balance 2859 works/ projects (83 *per cent*) were sanctioned with delays ranging between one and more than 500 days.

The reasons for delay in sanction of projects/works were mainly due to delay in receipt of plan and estimates from the IAs and lack of proper monitoring by DCs.

Department accepted (December 2014) the observation of Audit.

3.1.5 Execution of works

3.1.5.1 Delay in award of works

As per Para 1.3 of OPWD amendment 2005, the successful bidder is required to sign the agreement within 15 days following the notification of award along with letter of acceptance.

Test check of 641 case records with estimated cost of ₹ 16.05 crore in 26 IAs of sampled districts revealed the following:

- Details of issue of work orders (WOs) with estimated value of ₹ 1.63 crore were not available in respect of 100 works;
- 10 works with estimated cost of ₹ 37 lakh were awarded prior to sanction of works by the DCs;
- 274 works with estimated cost of ₹ 6.69 crore were awarded with delay ranging between 1 to 100 days and 83 works with estimated cost of ₹ 2.08 crore were awarded with delays ranging between 100 to 611 days.

In one¹ case, Audit noticed that an estimate was prepared (July 2010) for construction of 192 metre of CC road by the BDO, Khunta for ₹ 4 lakh on the

¹ Construction of cement concrete road from Kusagadia canal chhak to Purna Bindhani House under Laxmansahi GP of Khunta Block

basis of schedule of rate (SoR) 2011. However, the DC sanctioned (March 2013) the work after two and half years. Meanwhile, SoR was revised (June 2012) by the Works Department. As a result, only 173 metre of road could be constructed even after incurring additional expenditure of ₹ 0.50 lakh.

Department stated (December 2014) that all the IAs were requested to execute the works as per established procedure.

3.1.5.2 Non-levy of compensation for delayed execution

As per OPWD Code in the event of failure of the contractor to complete a work within a scheduled period, compensation at the rate of 1.5 *per cent* of the tendered value per month subject to a maximum of 10 *per cent* is required to be recovered.

Audit noticed that the above provisions were not incorporated in the work orders (WO) issued to the contractors. As a result, though out of 641 test checked cases, 469 works with estimated cost of ₹ 10.94 crore were completed with delays ranging between 2 and 877 days, the IAs failed to levy liquidated damages of ₹ 63.90 lakh due to absence of provisions in the WOs as detailed at ***Appendix 3.1.2***.

IAs stated (July 2014) that since no contractors' profit was charged, no penalty was imposed for delayed execution of work. However, penalty clause was not included in the WO in disregard to the codal provision.

3.1.5.3 Non-completion of works within one year

Para 3.13 of the MPLADS Guidelines stipulate that the time limit for completion of the works should generally not exceed one year. The sanction letter/order should also include a clause for suitable action against the IA in the event of their failure to complete the work within the stipulated time as per the State Government Procedure.

Out of 641 test checked works with estimated cost of ₹ 16.07 crore, in 26 sampled IAs, 445 works with estimated cost of ₹ 11.84 crore were completed during 2010-13 of which, 203 works (32 *per cent*) estimated at cost of ₹ 5.88 crore were completed within one year from the date of recommendation and the balance 242 works (38 *per cent*) at estimated cost of ₹ 5.96 crore, as detailed in ***Appendix 3.1.3***, were completed with delays ranging between 2 and 911 days. The delay in completion of works was attributed to delay in receipt of plan and estimates, delay in sanction and award of works. However, there was no penalty provision in the work order to secure completion of works in time.

Department stated (December 2014) that the IAs were instructed to complete the works within one year.

3.1.5.4 Wasteful expenditure on execution of works

As per Para 3.2.7 of OPWD Code Vol-I for every work proposed to be carried out, a properly detailed estimate known as technical sanction needs to be accorded by the competent authority which ensures that the proposal is structurally sound and based on adequate data.

Physical inspection of assets by audit in presence of departmental officials and scrutiny of case records in three districts (Khordha, Mayurbhanj and Sundargarh) as detailed in **Appendix 3.1.4** revealed that 11 works with estimated cost of ₹ 32.89 lakh were executed and expenditure of ₹ 25.96 lakh was incurred.

Audit noticed that during execution, the scope of works was changed due to which the works remained incomplete. Further, no proposal was submitted by the IAs to the DCs and the MP concerned for sanction of additional funds. As such, the assets were lying incomplete and could not be put to use leading to wasteful expenditure of ₹ 25.96 lakh.



Photo of incomplete Mahavir Community Hall at Tadaki Hill side, Khordha

Department stated (December 2014) that the IAs were instructed not to commit such type of mistake in future to avoid wasteful expenditure.

3.1.5.5 Irregular charging of contingency to work

MPLADS Guidelines (2005) prohibit charging of any administrative expenses by the IA for their services in respect of preparatory work, implementation and supervision of projects/works under the Scheme.

Test check of 641 out of 1,729 case records revealed that in 188 cases (29 per cent) work contingencies of ₹ 3.32 lakh were charged to work for undertaking supervision of works by the IAs. This resulted in increase in cost of work in violation of the guidelines.

Department stated (December 2014) that the IAs were intimated to verify case records and refund the contingent amount for use in these works.

3.1.5.6 Execution of works without feasibility study

Para 3.14 of the MPLADS Guidelines read with Para 3.2.3 of OPWD Code Vol. I entrust the responsibility on the District Authorities to ensure that all clearances for such works have been taken from the competent authorities before sanctioning the work.

Test check of 641 out of 1,729 case records in 26 IAs revealed that though the DCs verified land records only in 75 cases, Feasibility Study Report (FSR) was not prepared and clearances from different departments were not obtained

in any case before sanction of works/projects. One such case noticed in audit is discussed below:

- In the construction of cement concrete (CC) road from Anda to Dhaulimuhan near railway line, Audit found that the estimate was prepared (October 2012) by the BDO, Khordha for ₹ 10 lakh, without preparing FSR and obtaining clearance from other departments. After payment of ₹ 6.50 lakh in the first Running Account bill to the executant, the Railway authority informed (April 2013) BDO, Khordha to stop construction of road work, since the land on which the work was executed belonged to East Coast Railways. Resultantly, the work was abandoned rendering expenditure of ₹ 6.50 lakh wasteful.

BDOs assured (January 2014) that FSR would be prepared in future.

3.1.6 Creation of Community Assets

3.1.6.1 Commitment for maintenance and upkeep of assets

As per MPLADS guidelines, the DC should get a firm commitment about the operation, upkeep and maintenance of the proposed asset from the user agency (UA) concerned before work is sanctioned. On completion of a work, the IA is required to furnish a work completion report to the DC concerned and arrange to transfer the asset to the UA without any delay.



Photograph of Community Centre at Kamanda in Kulta GP of Koiria Block lying idle without being handed over

Audit noticed in five sampled districts that prior to sanction of works/ projects, the DAs did not obtain firm commitment from the UAs. Test check of 641 cases in 26 IAs revealed that during 2010-13 completion report was prepared only for 58 works (nine *per cent*) and formal handing over/ taking over of assets was on record only for 12 works (two *per cent*).

Department stated (December 2014) that the IAs were instructed to take utmost care in future.

3.1.7 Monitoring and supervision

Audit found the following deficiencies in effective monitoring and efficient supervision:

- ***Inadequate review by Monitoring Committee:*** A Committee under the Chairmanship of the Development Commissioner-cum-Additional Chief Secretary though constituted (July 2007) for review of MPLADS implementation in the State, did not meet even once during 2010-13. DC-cum-ACS reviewed the implementation of the scheme thrice independently without the involvement of other members of the committee.

Department stated (December 2014) that appropriate review and follow up action would be taken up in future.

- **Inadequate review by DCs:** As against requirement of 60² meetings for review of implementation of MPLADS by DCs during 2010-13, only nine meetings had been held. Similarly, with a view to sort out problems hindering implementation of projects, submission of UCs, furnishing of compliance to GoI and GoO, though District Level Monitoring Committees were constituted for each district, no meeting was conducted in the test checked districts except Sundargarh where only one review meeting was held as of March 2013. From this, it is evident that inaction of the DC conducting review of works weakened coordination and feedback between the DC and the IAs.

Department accepted (December 2014) the Audit observation.

- **Non-preparation of MPR:** During 2010-13, 29 out of 30 test checked IAs did not prepare any MPR showing the physical and financial progress of works. However, DCs submitted MPRs to GoI and MPs concerned which reflected mismatch in closing cash balances with annual accounts.
- **Non-inspection of works:** In contravention to the MPLADS guidelines, the nodal department and the test checked DCs neither inspected any work nor maintained any Inspection Register during 2010-13.
- **Non-conduct of third party inspection:** Despite provision in MPLADS Guidelines to conduct third party inspection, no such inspections had been conducted during 2010-13.

Department stated (December 2014) that orders had been issued for conduct of third party inspection of MPLADS by the department.

Health & Family Welfare, Fisheries & Animal Resources Development and Forest & Environment Departments

3.2 Bio-Medical Waste Management

3.2.1 Introduction

The Ministry of Environment and Forests, Government of India notified (July 1998) the Bio-Medical Waste (Management and Handling) (BMWMH) Rules to ensure proper management of bio-medical waste (BMW). As per Rule (4), every occupier of an institution generating BMW which includes a hospital, nursing home, clinic, dispensary, veterinary institution, animal house, pathological laboratory, blood bank by whatever name called is to take all steps to ensure that such waste is handled without any adverse effect to human health and the environment. As per Rule 7(4) the prescribed authority shall on receipt of application from the occupier and after making such enquiry as it deems fit and if it is satisfied that the applicant possesses the necessary capacity to handle bio-medical waste in accordance with these rules, grant or renew an authorisation, as the case may be, authorising the applicant to generate, receive, store, transport, treat, dispose and/or any other form of

² Annual four meetings for three years for five sample DCs

handling of BMW in accordance with these rules and any guidelines issued by the Central Government. Rule 5 laid down procedure and manner of treatment and disposal of different kinds of BMWs to be followed by the authorised persons/ institutions.

State Pollution Control Board (SPCB), under the administrative control of Forest and Environment Department of the State Government is the designated prescribed authority for granting authorisation, conducting inspection and enforcing proper implementation of BMWMH Rules and taking penal action in cases of non-compliance. Health and Family Welfare (HFW) Department and Fisheries and Animal Resources Development (FARD) Department are responsible for ensuring implementation of the provisions of the Rule by Government/ private hospitals and veterinary hospitals respectively.

Audit was conducted during December 2013 to January 2014 and May 2014 covering the period 2008-14 with the objective to assess the extent of compliance with the provisions of BMWMH Rules 1998 with regard to authorisation, segregation, labelling, storage, transportation, treatment and disposal of BMW as well as effectiveness of inspection, monitoring and enforcement mechanism. Audit test checked records of HFW Department, Director of Public Health (DPH), Director of Medical Education and Training (DMET), Director of Animal Husbandry and Veterinary Services (DAHVS), SPCB and 78 sampled units³ (*Appendix 3.2.1*) as well as concerned Chief District Medical Officers (CDMOs) and Chief District Veterinary Officers (CDVOs). Joint physical inspection of equipment/ facilities available in sample health/ veterinary institutions for handling of BMW were also conducted by the officials of SPCB/ Medical Officers of hospitals concerned in the presence of Audit and photographs were taken, wherever considered necessary.

Audit findings

3.2.2 Institutional arrangements

3.2.2.1 State level Task Force

With a view to plan and implement an improved system of BMW management in Government Medical Colleges and Hospitals (GMCH) and Government health Institutions, HFW Department constituted (July 2008) a State Level Task Force (SLTF) under the Chairmanship of DMET. The SLTF was responsible, *inter-alia*, for preparation of hospital-wise database on status of BMW management, guidelines for sharing of facilities at the GMCHs by private nursing homes/ clinics and Government hospitals, action plan and budget for development, maintenance and to monitor implementation of the plan and report progress to the Government in every quarter.

³ Sriram Chandra Bhanja Medical College and Hospital, Cuttack (SCBMCH), Veer Surendra Sai Medical College and Hospital, Burla (VSSMCH) and Maharaja Krishna Chandra Gajapati Medical College and Hospital, Berhampur (MKCGMCH), 18 Government hospitals, 36 private hospitals and 21 veterinary hospitals

Audit noticed that:

- SLTF had not prepared database either on Government hospitals which had applied for authorisation from SPCB for handling BMW or on number of authorised Government hospitals. Database of hospitals which violated BMWMH Rules and were served notices by SPCB too had not been prepared.
- SLTF had neither formulated any plan of action for management of BMW nor submitted any quarterly progress report to the Government undermining the objective of constitution of SLTF.

HFW Department stated (December 2014) that preparation of district-wise hospital database had started since July 2014.

3.2.3 Identification and Authorisation

Rule 8 stipulated that every hospital, providing treatment/ service to 1000 patients or more per month and generating, collecting, receiving, storing, transporting, treating and disposing BMW, has to apply to SPCB for obtaining authorisation for handling BMW. On receipt of application, SPCB would conduct inspection to ascertain adequacy of facilities for proper management of BMW and disposal off the same within 90 days of its receipt. Besides, application for renewal of authorisation was to be sent four months prior to the date of expiry of authorisation.

3.2.3.1 Low identification of healthcare units for authorisation

Audit noticed following deficiencies in identification of healthcare units by SPCB for enforcing provisions of BMWMH Rules:

- Against 3260 healthcare institutions (1,749⁴ Government and 1,511 private) in the State as of March 2013, SPCB identified and authorised only 1,488 Clinical Establishments (CE) for handling BMW. Out of these, SPCB authorised 1,488 (Government: 280 and private: 1,208) CEs. In respect of 57 test checked CEs, (Government: 21, private: 36), 43 received authorisation from SPCB. Thus, management of BMW generated by remaining 1,772 CEs (54.35 *per cent*) remained beyond the regulatory mechanism due to absence of initiative by SPCB to bring all such institutions under BMWMH Rules.

Member Secretary, SPCB attributed (November 2014) such low identification to its inadequate manpower and assured to gradually bring all BMW generating units under its authorisation administration.

⁴ GMCH: 3, Special Government Hospitals: 2, DHH:30, SDH:27, CHC:377 and PHC:1226, Others: 84

- Out of 3,511 veterinary institutions⁵ in the State, SPCB had neither identified any institution nor taken any steps to bring these units under its authorisation administration as of October 2014.

SPCB assured (November 2014) identification of all the veterinary institutions and DAHVS assured (June 2014) to follow the provisions of the BMWMH Rules meticulously in future.

3.2.3.2 Delay in disposal of applications seeking authorisation

As per Rule 7(7) of BMWMH Rules, SPCB was to dispose off application for authorisation within 90 days of receipt.

Audit noticed following deficiencies in disposal of applications for authorisation:

- No database was maintained by SPCB regarding date of receipt and date of disposal of applications for authorisation.
- Out of applications of 57 hospitals (Government: 21 and private: 36) test checked in Audit, there was delay of 17 to 414 days⁶ in disposal of 20 applications submitted by 15 hospitals.

SPCB attributed (May 2014) delay in disposal to late submission of application and non-compliance to observations by the concerned applicants.

3.2.4 Collection and Segregation of BMW

Rule 6 required that biomedical waste was not to be mixed with other waste and had to be segregated into containers/ bags at the point of generation itself. Schedule I of Rule 5 categorised BMWs to 10 categories and Schedule II prescribed various colour codes of the containers to keep specified categories of BMWs as well as process to be adopted for their disposal.

Audit examined collection and segregation of BMWs by the sampled hospitals and deficiencies noticed are discussed below.

3.2.4.1 Non-segregation of BMW and non-availability of coloured bins

On joint physical inspection of sampled hospitals conducted by Audit in presence of officials of HFW, Audit noticed that:

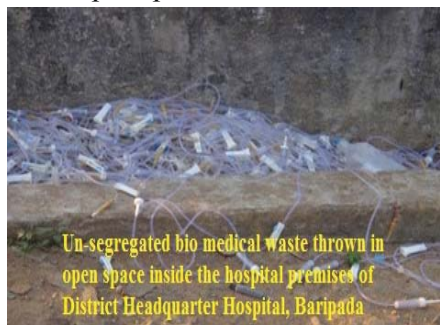


All types of biomedical wastes mixed together and put into the bin in SCBMCH, Cuttack

⁵ Veterinary hospitals and dispensaries (540), Live Stock Aid Centres (2,939) and other veterinary institutions (32)

⁶ 17 to 60 days: five cases, 61 to 180 days: 10 cases, 181 to 365 days: three cases and 366 to 414 days: two cases

- In two out of three GMCHs, (SCBMCH and MKCGMCH), BMWs were not segregated as per their category. Mixed wastes were shifted in polythene bags to the campus of the biomedical wastes treatment plant. Though SPCB had repeatedly directed these GMCHs to ensure proper segregation of BMW, no action was taken by them.
- Though coloured containers were available in all 18 test checked Government hospitals, in two hospitals (DHH, Baripada and SDH, Athagarh) needles, syringes, etc. were found lying in open space mixed with other wastes and dumped in the hospital premises.
- BMW was not segregated and kept in coloured containers in all 21 test checked veterinary institutions and three⁷ out of 36 test checked private hospitals.



SPCB stated (November 2014) that awareness programmes were conducted by the board at regular intervals for proper handling of BMWs.

3.2.5 Labelling, storage and transportation

According to Rule 6, during transportation of the containers containing BMWs, the containers should display symbolic labels with reference to category of BMW, as prescribed in Schedule III of the Rule, as well as date of generation, category, description of the waste, name and address of sender and receivers as prescribed in Schedule IV. Further, untreated bio-medical waste should not be kept beyond 48 hours.

The deficiencies noticed in the system of labelling, storage and transportation of BMW in sampled hospitals/ units on examination of records of SPCB and during joint physical inspection are discussed below.

3.2.5.1 Labelling

Audit noticed that:

- In all the three GMCHs, BMW containers kept at the hospitals and at the point of BMW treatment plant were not labelled. Though SPCB pointed this out (November 2012) in VSSMCH, Burla, the same was not complied with by the hospital authorities. Further, labelling of containers was not done in five⁸ out of 18 test checked Government hospitals.

⁷ Patra Hospital, Berhampur, Bansadhara Hospital, Berhampur and Mayurbhanj Ayurveda Mahavidyalaya, Baripada

⁸ DHH, Baripada; DHH, Khordha; City Hospital, Cuttack; SDH, Karanjia; and CHC, Thakurmunda

MKCGMCH stated (June 2014) that since containers were old, the labels had been damaged and assured to ensure proper labelling in future. No reply was received from other two MCHs.



Containers of BMW transported by agency with no labels

- The containers used by the outsourced agency⁹ did not indicate date of generation, category, class and description of the waste, name and address of sender and receiver. In absence of such vital data, adoption of prescribed methodology for disposal of BMW remained doubtful.

3.2.5.2 Storage and transportation

Audit noticed that:

- In case of SCBMCH, Cuttack, large quantity of untreated BMWs were found to have been



Biomedical wastes lying untreated in BMW treatment plant of SCBMCH, Cuttack

- stored in a shed near the treatment plant operated by the outsourced agency¹⁰. During joint physical inspection, the representatives of SPCB and the outsourced agency confirmed that the BMWs were more than 10 days old and unhygienic. Thus, storage of BMW for more than stipulated 48 hours increased risk of health hazards as well as air pollution.
- In case of four¹¹ out of nine sample Government hospitals where transportation of BMW was outsourced¹² and one test checked private hospital¹³, the operators lifted BMW after statutory time limit of 48 hours and also stored it beyond 48 hours¹⁴.

SPCB stated (May 2014) that since hospitals had not maintained records on generation and disposal of BMW on daily basis, it was not possible to assess periodicity of storage. SPCB, however, had not enforced maintenance of such records by the generators of BMWs.

⁹ Sani Clean Private Limited who was managing BMWs of 167 hospitals of Cuttack and 130 hospitals of Bhubaneswar

¹⁰ Mediaid Marketing Services

¹¹ DHH, Khordha, SDH, Athagarh, CHC, Niali, and CHC, Kanpur

¹² Sani Clean Private Limited, Mediaid Marketing Services, Lifeline Pharma and Bio-tech Solution

¹³ Kailash Health Centre, Cuttack

¹⁴ Up to six days in case of DHH Khordha

3.2.6 Disposal of BMW

3.2.6.1 Setting-up of handling and disposal facilities

According to Rule 5(2) (Schedule VI) of the BMWMH Rules, units generating BMW were required to install/ create required equipment/ facilities for management of BMW between December 1999 and December 2002. Out of 78 sampled units, management of BMW was outsourced in 43 hospitals (Government: 9 and private: 34). Out of these, while in 40 hospitals, the entire work of BMW management *i.e.*, collection, segregation, transportation and disposal of BMW was outsourced, in three GMCHs, only the operation of BMW equipment was outsourced. The availability and utilisation of equipment in remaining 35 sampled hospitals are indicated in the following table.

Table 3.2.1: Status of availability and functioning of equipment for BMW management

Name of equipment	No. of sampled units having			Total	Percentage
	No equipment	Malfunctioned equipment	Idle equipment		
Incinerators ¹⁵	11	4	3	18	51.43
Autoclave/ Microwave ¹⁶	28	3	0	31	88.57
Shredder ¹⁷	29	1	0	30	85.71

(Source: Data gathered from test checked units)

On examination of records of sampled units and joint physical inspection of equipment at sampled units, Audit noticed that:

- Incinerator at SCBMCH remained out of order and that of MKCGMCH was defunct since October 2013. In case of VSSMCH, proper functioning of incinerator was doubtful due to malfunctioning of temperature recording device.
- DAHVS purchased (April/ June 2011) 20 portable incinerators at a cost of ₹ 60.95 lakh which were issued to CDVOs of 20 districts including three out of 21 test checked veterinary institutions during 2011-12. The incinerators at three test checked veterinary institutions remained unused (March 2014). Status of utilisation of remaining 17 incinerators was not known to the DAHVS. Besides, in one test checked unit (Intensive Poultry Development Project, Laxmisagar), the incinerator received in December 2008 remained in unassembled condition (May 2014).
- Out of two incinerators of the outsourced agency, one was stand-by



**Unassembled incinerator at IPDP,
Laxmisagar**

¹⁵ Incineration is a process for converting human and animal waste, discarded medicines, cyto-toxic drugs and soiled waste to ash/ gas

¹⁶ A process for disinfecting and treating micro-biology and bio-technology waste, sharp waste, soiled and solid waste through steam sterilisation

¹⁷ Shredders are required for cutting/ mutilating the plastic waste

and the other one was in use, which had defects in its Air Pollution Control Device since October 2011 resulting in release of pollutants into atmosphere.

- Microwaves at three¹⁸ sampled units remained non-functional. In VSS MCH, Burla, inbuilt computer remained defunct for which data regarding date, time and temperature of the process were not recorded.
- Out of 21 test checked veterinary hospitals, autoclaves were available in only one such hospital (Khordha).
- Shredding was not regularly done by the outsourced agency though large quantity of plastic waste/ solid waste was dumped for shredding.
- Shredders were not available in all 21 sampled veterinary institutions and eight out of 18 test checked Government hospitals where BMW has not been outsourced, while the same remained defunct in DHH, Baripada.



Thus, the BMW generating units were not adequately equipped with the prescribed equipment for proper management of BMWs.

3.2.6.2 Disposal of BMW inside deep burial pits

Rule 5 (Schedule 1) of BMWMH Rule envisaged deep burial pits (DBP) as an option for disposal of human anatomical waste and animal waste for healthcare units in rural areas and towns with population less than five lakh.

On examination of records and joint physical inspection of deep burial pits, Audit noticed that:

- Out of sampled nine hospitals where management of BMW had been outsourced, in five¹⁹ hospitals BMW were found to be dumped inside hospital premises in uncontrolled manner. In case of three, out of remaining nine sampled hospitals, DBPs were found to be left uncovered during joint physical inspection.



The DBPs of outsourced agency, where the ash generated out of incineration of human anatomical waste, soiled waste and discarded medicines were deposited, was found to be left open.

¹⁸ SCBMCH since April 2013; MKCGMCH for over one year and DHH, Baripada since long
¹⁹ CHC Kanpur, CHC Niali, SDH Athagarh, City Hospital and SVPPGIP Cuttack

Thus, not only were provisions of BMWMH Rule violated but also in absence of DBPs, possibility of air pollution in these cases cannot be ruled out.

3.2.6.3 Treatment of liquid waste

Section 24 (1) of the Water (Prevention and Control of Pollution) Act 1974 restricted discharge of pollutants to water stream. Further, Rule 5 (Schedule I) of BMWMH Rules envisaged that liquid wastes were to be discharged after chemical treatment. However, SPCB, as late as March 2014, decided to ensure creation of Effluent Treatment Plant (ETP) for treatment of liquid waste in all hospitals with 100 beds or more.

Audit noticed that:

- ETPs were not available in SCBMCH, Cuttack and MKCGMCH,



Waste water of SCBMCH directly discharged to Taladanda canal and storm water drain

Berhampur. Though Government had released ₹ 1.41²⁰ crore during 2003-11 to these two hospitals for installation of ETPs, the work had not been started (September 2014). As a result, these hospitals continued to discharge waste water to irrigation canal and drain without treatment flouting the provisions of the aforesaid Act and Rule.

DMET stated (January 2014) that tender was under process for ETPs in these two medical college hospitals.

- Out of 18 sampled Government hospitals, seven hospitals had no ETP though these hospitals were having 100 or more beds. In one²¹ Government hospital, though ETP was constructed since November 2011, the same was not put to operation due to want of funds.
- Similarly, nine private hospitals, having bed strength of 100 or more had not installed ETPs for



Waste water directly discharged to drain of Berhampur City

²⁰ SCB Medical College and Hospital: ₹ 74.54 lakh and MKCG Medical College and Hospital: ₹ 66.38 lakh

²¹ Sardar Vallabhrai Patel Post Graduate Institute of Paediatrics, Cuttack

treatment of their liquid waste.

HFW Department stated (December 2014) that SPCB had given notice through print media to all healthcare establishments having 100 beds or more to install ETPs. Action in this regard is awaited (December 2014).

3.2.7 Inspection, monitoring and enforcement

3.2.7.1 Inadequate inspection and ineffective monitoring

Audit noticed that:

- No norms for inspection of Government/ private/ veterinary hospitals by the DMET/ DAHVO/ CDMO/ SPCB were prescribed to ensure compliance to BMWMH Rule.
- During 2008-13, BMW facilities and disposal of the same in any of the 18 test checked government hospitals were not inspected by CDMOs concerned. Similarly, SPCB had not inspected any of the sampled veterinary hospitals.
- The Advisory Committee, constituted by the HFW Department under Rule 9 of BMWMH Rule, decided (November 2005) to meet once in every quarter to monitor implementation of rules, but met only five times²² up to March 2014.
- Test check of records of 57 hospitals revealed that though SPCB had inspected all these hospitals one to four times during 2008-13 and issued show cause notices in these cases, in none of the cases, was prosecution initiated.

SPCB stated (May 2014) that periodical inspections had been done to verify management of BMW. However, outcomes of inspections were not enforced for remedial action, rendering the inspections unfruitful.

3.2.7.2 Poor enforcement

Hospitals with either more than 50 beds or treating 1000 or more patients per month were required to obtain authorisation from SPCB. Besides, as per authorisation orders of SPCB, application for renewal of authorisation were required to be submitted by the occupier²³ four months prior to the expected date of expiry of authorisation. In case of violation of BMWMH Rules, SPCB has to file a complaint under Section 15 of Environment Protection Act which provides for imprisonment which may extend up to five years with fine. The SPCB can issue directions for closure of any defaulting hospital/ clinic/

²² 8 November 2005, 3 August 2007, 5 November 2008, 14 September 2010 and 26 December 2012

²³ Rule 3 (8) defines "Occupier" as any institution generating bio-medical waste, which includes a hospital, nursing home, clinic dispensary, veterinary institution, animal house, pathological laboratory, blood bank by whatever name called, and the person who has control over that institution and/or its premises

institution under Section 5 of EP Act as per powers delegated by the Central Government.

Audit scrutiny revealed that:

- Despite repeated instructions of SPCB, three Government MCHs did not take appropriate measures to augment equipment, infrastructure and services for proper BMW management. While one MCH (SCBMCH, Cuttack) functioned without authorisation during 2006-14, another MCH (VSSMCH, Burla) functioned without any authorisation during 1 April 2009 to 16 May 2014. Similarly, MKCGMCH, Berhampur functioned without authorisation from 30 August 2009 to 10 February 2011 and then from 1st April 2012 onwards (September 2014). Besides, there were interruptions²⁴ in obtaining authorisation by the outsourced agencies.
- Though authorisation of 10 out of 18 sampled Government hospitals expired for period ranging from four to 12 years, these hospitals applied (May 2009 to November 2013) for renewal of authorisation after 10 to 95 months of expiry. Neither SPCB nor HFW Department took any action. Authorisation of two²⁵ private hospitals expired during December 2004 and March 2013. SPCB had not taken any further action.
- Though applications for renewal of authorisation of four²⁶ Government hospitals were rejected by SPCB, these continued to function. SPCB had not taken any penal action despite being empowered under Section 5 and 15 of Environment Protection Act 1986.
- SPCB detected violation and non-compliance to the provisions of BMWMH Rule by 465 hospitals in the State during 2008-13, out of which, it issued notices in 392 cases, initiated prosecution in 12 cases but the occupier was convicted in only one case. Low rate of filing cases (less than three *per cent*) indicated inefficient enforcement mechanism.

SPCB stated (November 2014) that delay in authorisation was mainly due to receipt of incomplete applications, inadequate BMW management by applicants as well as limited manpower of SPCB. It also stated that three prosecution cases had been filed against three medical college hospitals. HFW Department stated (December 2014) that all the three MCHs had since applied for authorisation.

²⁴ 1 April 2011 to 16 September 2011 and 1 April 2013 to 26 July 2013 (Mediaid Marketing Services Limited for SCBMCH), April 2011 to 24 April 2013 (Life Line Pharma, Berhampur) and April 2014 onwards (Bio Tech Solution, Berhampur) for VSSMCH, Burla and during 1 April 2009 to 21 May 2009 and 1 April 2011 to 26 October 2011 (Life Line Pharma, Berhampur) for MKCGMCH, Berhampur

²⁵ Ananda Medical & Research Centre, Berhampur (31 March 2013) and Mayurbhanj Ayurvedic Mahavidyalaya, Baripada (31 December 2004)

²⁶ City Hospital, Cuttack: refused on 26 February 2008, SDH, Athagarh: refused on 16 November 2013, SDH, Karanjia: refused on 26 June 2008 and Area Hospital, Daspalla refused on 10 April 2014

3.2.8 Other irregularities

Audit noticed following deficiencies with regard to safety measures and maintenance of statutory records.

- **Safety measures:** Staff engaged by the sampled outsourced agency did not use goggles and eight staff members did not use safety boots and gloves as noticed during joint physical inspection.
- **Non-maintenance of records:** Six²⁷ out of 18 test checked Government hospitals, 21 test checked veterinary institutions and three²⁸ out of 36 test checked private hospitals did not maintain records on quantity and category of BMW generated, collected, stored, transported, disposed and treated, as required under Rule 11. Scrutiny of records of one hospital (CHC, Mahipur) on 24 December 2013 revealed that the hospital had recorded quantity of BMW generated up to a future date *i.e.*, 31 December 2013.
- **Non-submission of Annual return:** As against the provision of Rule 10 to submit an annual report to the prescribed authority by 31 January every year indicating categories and quantities of BMW handled during the preceding year, six test checked Government hospitals²⁹ and one medical college hospital (SCBMCH) submitted the same after delays ranging from six days to two years and nine months. Further, 11 test checked Government hospitals, four private hospitals³⁰ and 21 veterinary institutions, despite generating BMW did not submit Annual Report to SPCB.

3.2.9 Conclusion

Compliance with the provisions of Bio-Medical Waste Management (M&H) Rules 1998 in the State was poor mainly in Government health institutions and in veterinary institutions. hospitals/ clinics generating BMW were functioning without obtaining authorisation from SPCB. Health Care Establishments of Government violated the BMWMH Rules regarding segregation, mixing, collection, treatment, etc. Untreated water/ liquid waste were discharged to municipal drain, thus polluting water. Availability of waste disposal equipment/ infrastructure and facilities were poor. Inspection was inadequate, monitoring was lax and enforcement of the Rules left room for greater improvement.

²⁷ CHC: Badampahad, Balipatna, Bhapur, Kanpur, Niali and Area Hospital, Daspalla

²⁸ Patra Hospital, Berhampur, Bansadhara Hospital, Berhampur and Mayurbhanj Ayurveda Mahavidyalaya, Baripada

²⁹ DHH, Baripada: 45 to 496 days; SDH, Athagarh: 5 to 15 days; SDH, Karanjia: 25 to 175 days; CHC, Niali: 31 to 1006 days; and SVPPGIP: 114 to 344 days, Capital Hospital: 31 to 910 days

³⁰ Kailash Health Centre, Cuttack; Patra Hospital, Berhampur; Bansadhara Hospital, Berhampur and Mayurbhanj Ayurveda Mahavidyalaya, Baripada

Health and Family Welfare Department

3.3 Regulation of private hospitals in the State

3.3.1 Introduction

Government of Odisha enacted (December 1991) “The Orissa Clinical Establishment (Control and Regulation) Act, 1991” (OCE Act) and framed “The Orissa Clinical Establishment (Control and Regulation) Rules, 1994” (OCE Rules) in September 1994 for regulating establishment and functioning of clinical establishments (CEs) in the State.

The Health and Family Welfare (HFW) Department is responsible for administration of CEs in the State under the provisions of OCE Act and Rules. The Department is headed by Principal Secretary who is assisted by Director, Medical Education and Training (DMET) and Chief District Medical Officers (CDMO) in each district. As per Section 2 (n) of the Act read with Rule 3, DMET is vested with the authority to grant/ renew licences to CEs. Similarly, under Rule 4, CDMOs are authorised to inspect CEs to ensure compliance to requirements of the Rules in the matter of availability of facilities for providing better healthcare.

As of August 2014, 1511 CEs were registered in the State. Audit was conducted during September to December 2013 and June to July 2014, covering period 2009-14, with the objective to assess the adequacy and effectiveness of the regulatory and institutional framework as well as regulation of CEs through the process of registration, inspection and enforcement. Audit examined records of HFW Department, DMET and CDMOs of four sampled districts (Cuttack, Ganjam, Khordha and Sundargarh) covering 40 sampled CEs (*Appendix 3.3.1*). Besides, joint physical inspections of the sampled CEs were also conducted by the representatives of concerned CDMOs in presence of audit to assess existence of adequate infrastructure as well as human resources.

AUDIT FINDINGS

3.3.2 Regulatory framework and institutional arrangements

3.3.2.1 *Insufficient regulation for maintenance of minimum standard*

Section 10 of the OCE Act 1991 envisaged that every clinical establishment registered or deemed to be registered shall comply with such requirements in relation to location accommodation, equipment and instruments and personnel (medical and paramedical) as may be prescribed.

Audit noticed that:

- Department had not prescribed minimum standards for infrastructure, manpower, facilities, quality, etc., as OCE Rules 1994 was silent in this regard and indicated only the list of equipment for physiotherapy establishment, clinical laboratories and x-ray/ radiology clinics.

- Though various standards for hospitals were prescribed by Bureau of Indian Standards, no guidelines/ instructions were issued by Department for ensuring compliance to the above standards.
- Besides, Standard Treatment Guidelines were also not prescribed for private CEs for various diseases and diagnostic tests though Government of India had prescribed (2010) the same.
- Though the Central Act *viz.* the Clinical Establishments (Regulation and Registration) Act 2010 required decentralisation of process monitoring by the local bodies, publication of annual reports, submission of returns to the National Council, etc., the Department had not taken any action in this regard.

Department stated (November 2014) that issue of minimum standard protocol for CEs was under process and action for updating the State Act in convergence with the Central Act had been initiated.

3.3.3 Regulation through grant of License/ Registration

3.3.3.1 Deficiencies in renewal of registration

Section 3(1) of the OCE Act and Rules framed thereunder requires that persons desirous of establishing CE are to apply for registration to the supervising authority *i.e.*, DMET, who after making enquiry and being satisfied about availability of required facilities may issue a certificate of registration valid for two years. Application for renewal of registration is to be submitted before one month of due expiry date along with required fees and such renewal of registration is to be granted after adopting procedure similar to that of registration.

Audit examined grant/ renewal of 40 sampled CEs, out of which 34³¹ CEs were functional as of March 2014 and noticed following deficiencies:

- Out of 34 CEs, while 27 CEs were operating with valid licences, seven CEs were operating despite expiry of their licences between September 2008 and August 2013 as revealed during joint physical inspection (December 2013 and June 2014) with the representative of CDMOs. Out of seven CEs, three³² CEs, had not complied with the objections raised by DMET even after one to 18 months of issue, two³³ CEs had not applied for renewal even though their licenses expired in October 2010 and July 2012. In case of one CE (Bansadhara Hospital at Berhampur), the CE was functioning without licence since June 2010 although DMET had rejected its application for renewal. Further, in case of another CE (Pragati Nursing Home at Bhubaneswar), DMET had not processed application for renewal though licence expired in August 2013.

³¹ Excluding four closed, one sealed CE and one did not respond

³² Khetramohan Seva Sadan, Sukanya Nursing Home and Research Centre, all at Cuttack and Swarna Hospitals Private Limited at Bhubaneswar

³³ Health Line at Cuttack and Ananda Medical and Research Centre at Berhampur

- DMET renewed licences of nine CEs (*Appendix 3.3.2*) only on the basis of recommendation of CDMOs without conducting inspection. Further, in all these cases, Inspection Reports (IRs) of Clinical Establishment Manager (CEM) were silent on number of technical staff deployed and adequacy thereof. During joint physical inspection of these CEs, Audit noticed short deployment of staff as discussed at *Paragraph 3.3.3.2*.
 - In case of one CE³⁴, though IR report of CEM revealed that only three nurses had been engaged as against 30 mentioned in the application by the CE, DMET renewed (July 2012) the licence for the period from May 2011 to May 2013 ignoring findings of CEM as well as overlooking the fact that, the lease period of the building of the CE had expired since January 2012.
 - Similarly, in another case³⁵, though the CEM pointed out (August 2011) deficiencies like non-deployment of technicians for Laboratory and Radiology services, non-availability of anaesthesiologist, etc., DMET renewed licence for a period of two years from 23 December 2008 ignoring findings of CEM.
- Further, in 21 CEs, though 28 doctors, 233 staff nurses and 13 pharmacists did not furnish copies of their registration to the State council, DMET renewed their licences.
- In case of five CEs³⁶, though the CDMOs mentioned in the IRs that equipment were maintained by the hospital, details of equipment and their adequacy were not found commented upon in the IR.
- In none of the 40 test checked CEs, had concerned CDMOs commented about fire safety of hospital buildings though required under the OCE Rule in the IRs.

Thus, the process of grant/ renewal of licences was not as per OCE Rules.

Department assured (December 2014) that steps would be taken for improvement of system to avoid shortcomings within a timeframe.

3.3.3.2 Non-intimation of change of technical staff

As per Rule 3 of OCE Rules, CEs are to mention name, qualification and address of the medical and paramedical staff and enclose the consent letters of technical and paramedical staff to serve in such establishment for a period of five years at the time of seeking new/ renewed licences. Any change in technical staff by any registered hospital is to be intimated to DMET within one month of such change. Audit noticed that:

³⁴ Neelachal Hospital Private Limited, Bhubaneswar

³⁵ Prachi Hospital & Research Centre, Bhubaneswar

³⁶ Amit hospital, Arjun Memorial Hospital and Ananda Medical & Research Centre at Berhampur, Swarna Hospital Private Limited and Prachi Hospital & Research Centre at Bhubaneswar

- In three³⁷ CEs, there was overall shortage of 10 doctors and three nurses as compared to the declarations made in the applications (*Appendix 3.3.3*).
- In case of 27 CEs, the changes in medical and para-medical personnel were not intimated to the DMET/ CDMOs.

Department stated (December 2014) that notice would be issued to all CEs through print media and website to intimate changes.

3.3.3.3 Non-submission of registration certificates of medical staff

Section 5 of the OCE Act read with Rule 3 of OCE Rule requires submission of registration certificate of the medical practitioners and paramedical staff to DMET at the time of registration/ renewal.

Audit noticed that:

- The validity period of registration certificate submitted by 87 doctors, 19 staff nurses and 17 pharmacists deployed in 22 out of 34 test checked CEs expired and were not renewed as of July 2014 (*Appendix 3.3.4*) but they were found to be still engaged without such re-registration/ renewal.
- 31 doctors, 63 Staff nurses and 42 pharmacists deployed in five³⁸ test checked CEs had not furnished educational certificates in support of securing minimum qualification required for such posts.

Thus, due diligence was not exercised by DMET at the time of registration/ renewal of registration of CEs. As a result, CEs functioned without adequate medical and paramedical staff.

Department stated (December 2014) that all CDMOs were instructed to furnish valid registration certificates of doctors/ nurses/ pharmacists while sending proposal for renewal/ registration henceforth.

3.3.4 Inspection, monitoring and enforcement

Rule 4(1) of the OCE Rules 1994 required DMET to conduct enquiries by himself or by any other officer not below the rank of CDMO of the area and obtain a report covering all aspects such as, availability of required land, building, accommodation, equipment, instruments, qualification and experience of medical and paramedical staff employed.

Audit noticed that:

- Out of 1511 CEs registered in the State with the DMET, registration/

³⁷ Aswini Hospital, Cuttack; Sukanya Nursing Home & Research Centre, Cuttack; Sudha Nursing home, Rourkela

³⁸ Cuttack: Khetramohan Seba Sadan, Kailash Health Centre and Aswini Hospital; Bhubaneswar: Aditya Care and Apollo Hospital

license of 976 CEs expired between May 1996 and November 2013³⁹ and the same were not renewed as of August 2014. In four sampled districts, registration of 377 (54 *per cent*), out of 700 private CEs expired between September 1996 and November 2013. Out of 34 test checked functional private CEs, registration of nine CEs expired since 15 to 83 months.

- No drive was taken by DMET for detection of CEs operating without valid registration/ license.
- Against 490 inspections⁴⁰ due to be conducted for 34 test checked functional CEs, no inspection was conducted by the DMET/ CDMOs except at the time of processing for registration or renewal.
- In none of the 34 test checked CEs, did concerned CDMOs comment on disposal of waste water and other residues in the IRs. During joint physical inspection, Audit noticed (November 2013 and June 2014) that 16⁴¹ CEs discharged their liquid waste directly to the municipality drain without any treatment.

Department stated (December 2014) that inspection of CEs had been improved leading to issue of 143 show cause notices and filing of 21 prosecution cases in appropriate courts.

3.3.5 Absence of system for certification and accreditation

Accreditation is a parameter to assess the quality of service rendered by CEs. The National Accreditation Board for Hospitals and Healthcare Providers (NABH), a constituent Board of Quality Council of India had issued uniform standard for the hospitals throughout the country. Thus, accreditation of private CEs is essential for determining quality of service rendered.

Audit noticed that:

- Department had not created any statutory framework making certification and accreditation mandatory for the CEs. Though it appointed (2011) one CEM to initiate and develop appropriate systems and policies for accreditation of CEs, no guidelines had been issued.
- DMET had no information on accreditation status of CEs of the State. However, joint physical inspection of test checked CEs revealed that only two CEs⁴² had NABH accreditation.

³⁹ More than 17 years (204 months): 6, More than 15 years and less than 17 years: 8, more than 10 years and less than 15 years: 18, more than five years and less than 10 years: 342, eight months to less than five years: 602

⁴⁰ At a rate of two inspections per CE for seven years

⁴¹ SUN Hospital Private Limited, Health Line, Prime Hospital Limited, New Tarini Hospital, M.M Medicare Private Limited, Kailash Health Centre, Health Home Private Limited, Aswini Hospital, JPM Rotary Eye Hospital & Research Institute, Chanakya Hospital and Sukanya Nursing Home & Research Centre at Cuttack, Anuradha Ladies Clinic, Patra Hospital, Bansadhara Hospital, Berhampur Urology Centre (P) Limited at Berhampur, Health Care, Cuttack

⁴² Aditya Care Hospital, Bhubaneswar and Apollo Hospital, Bhubaneswar

Thus, quality of healthcare provided by the private hospitals remained un-assessed in the State.

Department assured (December 2014) to improve the system of certification and accreditation.

3.3.6 Fixation of fee of CEs

OCE Act and Rules framed thereunder are silent about the manner of fixing charges for various services in private hospitals and only required the CEs to display their fee structure inside their premises. However, there was lack of uniformity in rates approved by DMET as discussed below:

- DMET while instructing (July 2011) one CE⁴³ to charge rate less than that prescribed by the Government of India under Central Government Health Scheme (CGHS) for Bhubaneswar, approved (July 2012) rates proposed by two other CEs⁴⁴ higher than CGHS rate.
- Rates offered for 10 medical investigations by 22 CEs were more than or equal to five times the rates of CGHS.
- DMET approved rates proposed by CEs without any standard procedure due to which wide variation in rates approved for 34 test checked CEs for same services were noticed.
- Further, seven⁴⁵ CEs had not displayed rates of various medical investigations inside their premises.

Department assured (December 2014) to take appropriate action in the matter.

3.3.6.1 Provision for free treatment to Below Poverty Line (BPL) patients in private CEs

GoI directed (April 2013) the State Government to extend free treatment to patients belonging to Below Poverty Line (BPL) category in the private CEs to the extent of at least 25 *per cent* in Out-Patient Department and 10 *per cent* in In-Patient Department.

Audit noticed that:

- Though the Principal Secretary directed (July 2013) preparation of a guideline for the same within a month, it was issued only in July 2014.
- Out of 39 CEs in receipt of land from Government, 16 CEs did not respond to the instruction of the Department to provide free treatment to BPL category patients.
- Three⁴⁶ out of 34 test checked CEs received Government land at

⁴³ Swarna Hospital, Bhubaneswar

⁴⁴ Neelachal Hospital Private Limited at Bhubaneswar and Prime Hospital at Cuttack

⁴⁵ Swarna Hospital Private Limited, Pragati Nursing Home at Bhubaneswar, Khetrāmohan Seva Sadan at Cuttack, Anuradha Ladies Clinic, Patra Hospital, Bansadhara Hospital and Berhampur Urology Centre (Private) Limited at Berhampur

⁴⁶ Apollo Hospital, Aditya Care Hospital Limited and Swarna Hospital Private Limited at Bhubaneswar

concessional price of ₹ 3.28 crore against market value of ₹ 45.68 crore but did not provide free treatment to any BPL patients up to July 2014.

Department stated (December 2014) that the matter was being monitored through monthly reports after issue of Government guidelines in July 2014.

3.3.6.2 Misutilisation of Government land provided at concessional rate for setting up CEs

The Government had allotted 125.262 acre of land during 1981-2009 to 39 promoters at concessional rates for setting up of nursing homes/ private hospitals. The terms and conditions of lease provided for utilisation of land for intended purpose within five years from date of allotment failing which the same would be cancelled.

Audit noticed that out of these 39 promoters only 23 responded (July 2014) for providing free treatment to BPL patients. Audit urged for a joint physical inspection of land use by remaining 16 promoters which was conducted (August/ September 2014) by the officials of General Administration and HFW Departments in presence of Audit, which revealed that:

- Six promoters utilised the allotted land for residential/ commercial purposes though Bhubaneswar Development Authority had approved their building plan for nursing home/ maternity home. Though in two cases, the same were also used for residential purposes, in one of these cases, the promoter operated the hospital through another agency by renting out the building (*Appendix 3.3.5A*).
- Land allotted during 2005 to 2013 to four promoters (*Appendix 3.3.5B*) were found to be left vacant, while in another four cases though the land was allotted during 1985 to 2011, the buildings were left incomplete (*Appendix 3.3.5C*).

Government had not taken any steps for cancellation of these allotments despite the terms of allotment of approved building plan being violated. The objective of allotment was, thus, defeated.

Department stated (December 2014) that the matter was under examination at Government level.

3.3.7 Grievance redressal

3.3.7.1 Absence of Grievance redressal mechanism

Grievances redressal is an important component of any healthcare delivery system. The Department authorised Joint DMET and CEM to inspect CEs on receipt of any complaint.

Audit noticed that mechanism for grievances redressal of patients treated in private hospitals remained almost absent. No helpline was established and no

complaint register was maintained at DMET/ CDMO level. None of the 34 test checked CEs jointly inspected, also maintained any such register.

Department assured (December 2014) to look into the matter.

3.3.8 Conclusion

Minimum standards for infrastructure, services and quality were not prescribed by the State Government. Registration/ license of 976 hospitals (65 *per cent* of total) expired for 1 to 17 years and were not renewed. The Department did not maintain any database about functioning/ closure of private CEs. Inspections to ensure compliance with the registration conditions by hospitals were largely absent. There were wide variations in rates charged by different CEs for same services in absence of any prescribed standard. Land allotted at concessional rates for construction of private hospitals/ nursing homes was misutilised in some cases. System of accreditation of private hospitals left room for great improvement. Enforcement mechanism needed to be strengthened.

Scheduled Tribes & Scheduled Caste Development, Minorities & Backward Classes Welfare Department

3.4 Implementation of Odisha Tribal Empowerment and Livelihood programme

3.4.1 Introduction

Odisha Tribal Empowerment and Livelihood Programme (OTELP) was introduced in the State in 2004-05 to ensure improvement in livelihood and food security of poor tribal households through off-farm/ non-farm enterprise development in 30 most backward blocks with tribal concentrations in seven districts⁴⁷. The programme is implemented by Programme Support Unit (PSU) under Scheduled Tribes & Scheduled Caste Development, Minorities and Backward Classes Welfare (SSD) Department at State level, Integrated Tribal Development Agencies (ITDAs) at district level and Self Help Groups (SHGs) and Village Development Committees (VDCs) at field level. Facilitating Non-Government Organisations (FNGOs) were engaged by PSU to act as intermittent agent between ITDAs and VDCs for facilitating implementation of the programme and to impart continuous and need based capacity building training at grass root level.

Audit was conducted during September-November 2014 to assess whether the programme was implemented effectively and efficiently to achieve its intended objectives. Audit test checked records of PSU, two ITDAs⁴⁸ and eight VDCs⁴⁹ relating to the period 2011-14. Joint physical inspection of

⁴⁷ Gajapati, Kalahandi, Kandhamal, Koraput, Malkangiri, Nabarangpur and Rayagada

⁴⁸ Gunupur and Nabarangpur

⁴⁹ (1) Brahmanidei and (2) Bansadhara under Gudari Block; (3) Gadagada and (4) Devagiri under Bissam Cuttack Block; (5) Baisnababudha under Muniguda Block; (6) Sonumajhi under Papadahandi Block, (7) Kalibaudi and (8) Gumudadangari under Kosamguda Block

assets created under the programme was also conducted along with representatives of auditee, wherever required. During Audit, various deficiencies in planning, implementation and monitoring were noticed as discussed below:

3.4.2 Inadequate planning

OTELP guidelines and Programme Implementation Manual (PIM) issued thereunder stipulate that Village Development and Livelihood Plans (VDLP) prepared by VDCs are required to be screened at ITDA level by a selection committee initially to prioritise community requests for infrastructure projects resulting from micro-planning exercises. On the basis of screening, annual work plan and budget (AWP&B) of ITDA is prepared, scrutinised and approved by District Programme and Management Committee (DPMC) constituted in ITDA and forwarded to state level PSU for final approval.

Audit noticed that Selection Committees were not established in two test checked ITDAs due to which prioritisation of projects could not be achieved. In case of ITDA, Gunupur, DPMC met only once during 2011-14 as against requirement of at least once in a quarter and AWP&B was not approved by them for 2011-12 and 2013-14. So also in case of ITDA, Nabarangpur, DPMC met only once during 2011-14 and AWP&B was not approved by them for 2012-13 and 2013-14. Thus, AWP&B proposals of ₹ 31.39 crore⁵⁰ for the period 2011-14 were submitted to PSU for final approval without approval of DPMC. In absence of scrutiny by the DPMC, there were cases of works not taken up (nine), projects not completed (79) as discussed in *Paragraphs 3.4.3.1 and 3.4.3.3*.

Further, 40 projects relating to drinking water supply, water harvesting structures (WHS), check dams, etc. taken up during 2011-14 by two VDCs at an estimated cost of ₹ 61.20 lakh were completed at an expenditure of ₹ 32.87 lakh *i.e.*, 54 *per cent* of estimated cost indicating unrealistic preparation of estimates and non-scrutiny of estimates by DPMC.

Department stated (December 2014) that screening and prioritising project proposals lie with DPMC and that DPMC meetings were not held due to busy schedule of district Collectors.

3.4.3 Programme implementation

Objective of OTELP was to enhance the access of poor tribal people to land, water and forests and increase the productivity of these resources and facilitate off-farm enterprise development focussed on the needs of their households. Audit noticed that projects taken up by the ITDAs for the tribals failed to increase productivity of resources and income of people as discussed in succeeding paragraphs.

⁵⁰ ITDA, Gunupur: ₹ 2112.85 lakh for 2011-12 & 2013-14 and ITDA, Nabarangpur: ₹ 1026.46 lakh for 2012-13 & 2013-14

3.4.3.1 Incomplete water supply/check dam projects

As per OTELP guidelines, funds are released under Community Infrastructure Fund (CIF) to take up projects like drinking water supply, construction of check dams, etc. for the community. ITDAs/ VDCs were to ensure timely completion of drinking water supply projects taken up under Community Infrastructure Fund (CIF) component.

Audit, however, noticed that 79 bore wells, drinking water supply, dug well projects, etc. taken up by two test checked ITDAs during 2011-14 remained incomplete after incurring an expenditure of ₹ 1.17 crore. The projects could not be completed due to electrical problems/ non-availability of funds/ skilled labour, etc. due to which drinking water facilities could not be provided to 1906 households. Though ITDA, Nabarangpur took up (February and June 2014) the matter with Executive Engineer, SOUTHCO for installation of new electricity connections, the same was not done as of October 2014.



Incomplete bore well at Bariguda, Gadagada VDC, Bissam Cuttack Block

Joint physical inspection (November 2014) of seven water supply projects under four VDCs⁵¹ revealed that the said projects taken up during August 2012-November 2013 at estimated cost of ₹ 58.20 lakh remained incomplete as of November 2014. Due to non-completion of the projects, expenditure of ₹ 28.02 lakh incurred on these projects remained unfruitful resulting in non-extension of benefit to 516 households. In work orders issued, scheduled dates of completion were not specified due to which works continued without completion.

Department stated (December 2014) that steps would be taken to complete the projects by March 2015.

3.4.3.2 Gravity based drip irrigation

To enhance livelihood opportunity of tribal families, SSD Department released ₹ 5.13 crore to OTELP under SCA to TSP, National Horticulture Mission (NHM)/ National Mission for Micro Irrigation (NMMI) for creation of water resources, installation of poly nursery and drip kit, facilitating marketing, etc. in convergence mode. Under this programme, 2,523 drip kits and 60 poly houses were required to be laid/ erected through different agencies by July 2013 and December 2013 respectively. But, only 1,160 drip kits and 25 poly houses were erected as of November 2013⁵² resulting in shortfall of 1363 drip kits and 35 poly houses which denied the intended benefit to poor families. No assessment was also done to ensure that incremental income of ₹ 15,000-₹ 18,000 per year was generated for them as envisaged in the agreements. In

⁵¹ VDCs: Gadagada, Devagiri, Baisnababudha and Kalibaudi

⁵² Revealed from proceedings of workshop on Agriculture and Horticulture Development (Commercial vegetable cultivation with drip irrigation) for 2013-14 held on 13 November 2013

test checked ITDAs, against targeted 500 drip kits, only 378 drip kits were laid incurring an expenditure of ₹ 1.04 crore and against 20 poly houses to be erected, 14 were erected incurring an expenditure of ₹ 10.00 lakh, resulting in shortfall of 122 drip kits and six poly houses despite availability of funds of ₹ 33.74 lakh which denied the intended benefit to 122 poor families. The shortfall was attributable to operational difficulties and lack of coordination with line Departments.

Department stated (December 2014) that 1,455 drip kits and 39 poly houses have been operationalised and that steps were being taken to erect the remaining drip kits and poly houses.

3.4.3.3 Incomplete projects under convergence mode

As per OTELP guidelines, ITDAs were to identify and create community infrastructural facilities in convergence with different line departments working in similar areas. Test check of records revealed that ITDA, Gunupur took up projects⁵³ under convergence mode with different line Departments during 2011-14 to bring improvement in livelihood of the tribals. Audit, however, noticed that:

- Out of 137 acre of land planned for inter cropping, border cropping and irrigation development in WADI plantation during 2013-14 at an estimated cost of ₹ 48.25 lakh, only 89 acre of land was utilised. Thus, there was a shortfall in cultivation of 49 acre of land (35 per cent).
- Though nine community based micro and picco electricity projects were planned at an estimate of ₹ 13.63 lakh during 2013-14, none of the projects was taken up as of November 2014.

Thus, ITDA authorities failed to coordinate with other departments due to which projects either remained incomplete or not taken up at all resulting in deprival of benefits that could have accrued to the community.

Department stated (December 2014) that due to depletion of moisture in Rabi season, intercropping and border cropping, etc. could not be achieved and shortfall would be fulfilled in subsequent Kharif season after resumption of soil moisture. As regards micro and picco projects, it was stated that the project got delayed as technical support was provided in phased manner.

3.4.3.4 Low productivity under agriculture and horticulture

As per OTELP guidelines, activities taken up under agriculture and horticulture were to increase productivity through practicing traditional varieties of seeds and crop husbandry to ensure food security of tribals. Similarly, vegetable cultivation, fruit plantation, kitchen gardens were to be

⁵³ Farm mechanisation, WADI cultivation, vegetable cooperative, livelihood improvement and implementation of community based micro, and picco hydro-electricity projects

promoted for increasing productivity. Records of two test checked ITDAs, however, revealed that:

- Though 773.45 hectares of land was targeted to be achieved through convergence mode for different cultivation activities such as production of wheat, black gram, maize, maize-mustard, etc. during 2011-13, ITDA, Nabarangapur could achieve cultivation only in 619.18 hectares of land, with a shortfall of 154.27 hectares (20 *per cent*). The shortfall was due to failure to supply seeds and mobilisation of farmers to take up activities.
- Under ITDA, Gunupur different activities like seed replacement with certified seeds of paddy, green manuring with SRI cultivation, tuber crop (sweet potato), black gram, etc. were taken up during 2011-14 under both convergence mode and OTELP. It was noticed that against the targeted farming of 1000.19 hectares of land, farming was done only in 485.06 hectares. No farming was done in remaining 515.13 hectares (51.5 *per cent*) of land. The shortfall was attributable to non-availability of seeds. Thus, ITDAs failed to implement activities under agriculture and horticulture effectively due to which sustainability in food security and income could not be provided to 1215 households.

Department stated (December 2014) that although there was shortfall in the field crop achievement, care had been taken by ITDAs for promotion of tuber crops like yam, elephant foot yam, sweet potato, etc.

3.4.3.5 Unfruitful expenditure on vermi-compost

Scrutiny of records of two VDCs⁵⁴ of Kosagumuda Block under ITDA, Nabarangpur revealed that 20 vermi-composts under Development Incentive Fund (DIF) scheme were taken up during January 2013 at an estimated cost of ₹ 3 lakh. Though expenditure of ₹ 1.91 lakh was incurred on these projects, these could not be put to use due to non-availability of vermi rendering the expenditure unfruitful. It was thus evident that the project was taken up without assessing availability of vermis due to which vermi-compost could not be generated.

Department stated (December 2014) that vermi-compost was not made functional as there was delay in procuring vermi culture from Government farms. The reply is not tenable as the projects were taken up without assessing availability of vermi.

3.4.3.6 Shortfall in training programmes

As per OTELP guidelines, a comprehensive time bound action plan for capacity building of different categories of personnel⁵⁵ was to be prepared keeping in view the activities of OTELP by organising training programmes

⁵⁴ Gumudadangari and Kalibaudi

⁵⁵ Administrators and managers, implementers and trainers

on community mobilisation, land and water management and training for SHGs/ VDCs, etc.

Records of two test checked ITDAs revealed that out of 1988 training programmes planned under different components like Community Empowerment and Management (CEM), skill development and training to support staff through different agencies⁵⁶, only 1,444 programmes were conducted during 2011-14. Thus, there was a shortfall of 544 training programmes (29 per cent) despite availability of ₹ 67.70 lakh with ITDAs/ VDCs. ITDAs also did not prepare any time bound action plan for conducting training programmes. There was no mechanism to ensure whether intended benefits of training programmes *i.e.*, orientation of community about strategy and approach, skill enhancement on organisation of community into SHGs, preparation of action plan, supervision of quality of works, etc., accrued to beneficiaries.

Department stated (December 2014) that shortfall in training programmes was due to disengagement of Facilitating Non-Government Organisation (FNGO) and vacancy of Social and Micro Enterprises experts. The fact, however, remains that ITDAs failed to engage FNGOs as and when vacancy arose for continuance of training programmes aimed for capacity building of the people.

3.4.4 Irregularities in financial management

Financial management was not adequate as cases of low utilisation of OTELP fund, inappropriate action on misappropriation of fund, funds utilised without technical sanction, revolving fund and community contribution remaining unrecovered, etc. were noticed in Audit as detailed below:

3.4.4.1 Low utilisation of OTELP fund

Under OTELP, ST & SC Development Department released funds to PSU which released funds to ITDAs for taking up different activities. ITDAs released funds to VDCs for development works to be implemented by the Communities.

Audit noticed that SSD department allotted ₹ 161.08 crore during 2011-14 out of which ₹ 126.99 crore (79 per cent) was utilised and the balance amount of ₹ 34.09 crore remained unutilised with the ITDAs/ VDCs as of March 2014. Despite availability of funds with ITDAs/ VDCs, there was shortfall in achieving targets for treatment of catchment area, holding of training events, etc. as discussed below:

Against the target for treatment of 6,480 hectares of catchment area during 2011-14, only 5,142 hectares were treated. In respect of conducting capacity empowerment and management training, 4,270 events were organised against 4,902 planned. Though 1,800 quintals of informal seed was targeted for

⁵⁶ Institute of Rural Development & Management Studies (IRDMS), Papadahandi; Regional Centre for Development Cooperation (RCDC), Kosagumuda and Institute for Youth & Social Action in Rural Areas (IYSARA), Jharigaon

production under agriculture and horticulture development, only 1368 quintals were produced.

It was also seen that 46 VDCs misappropriated ₹ 2.16 crore out of which only ₹ 0.56 crore was recovered from 35 VDCs, leaving ₹ 1.60 crore unrecovered. Though FIRs were lodged against 22 VDCs, no action was initiated in remaining 24 cases.

Department stated (December 2014) that implementation of the programme dependent on people's participation and that various activities of the programme get delayed due to various unavoidable reasons. As regards misappropriation, it was stated that instructions were issued to ITDA, Gunupur to initiate certificate cases.

3.4.4.2 Extra financial burden

PIM stipulates that 10 *per cent* of project cost was to be borne by groups and community by way of savings, labour or funds for maintenance of civil works. In case of community oriented works, at least 10 *per cent* contribution must be ensured from SC/ST households and persons identified below poverty line.

Audit noticed that works worth ₹ 2.80 crore were executed during 2011-14 under five VDCs⁵⁷ of ITDA, Gunupur without community contribution of ₹ 28.01 lakh. The community contribution was met from OTELP funds. Similarly, community contribution of ₹ 3.35 lakh was realised short by three VDCs⁵⁸ under ITDA, Nabarangpur. Due to lack of mobilisation of community resources towards implementation of developmental works under the programme, OTELP had to bear extra financial burden of ₹ 31.36 lakh.

Department did not give any specific reply. However, PA, ITDA, Gunupur stated that in some cases the same could not be realised and PA, ITDA, Nabarangpur stated (October 2014) that beneficiary contribution is collected at the rate of 10 *per cent* of project cost. The replies are not tenable as contributions were not collected as indicated above.

3.4.4.3 Release of payments without check measurement

As per Manual on Land and Water Management, payment for work done is to be made on basis of check measurement and the material tested for quality.

Scrutiny of case records of test checked VDCs revealed that payment of ₹ 4.54 crore was made under Land & Water Management during 2011-14 without check measurement and quality testing of materials used in CCW/RCC work. Three VDCs under Chandrapur block of ITDA, Gunupur paid ₹ 3.31 lakh to one agency for supply of drinking water without any work order, authorisation, knowledge of village committee. The concerned FNGO recommended release of payment without any resolution. Though the quality of materials and check measurement was to be ensured by watershed

⁵⁷ Brahmanidei, Bansadhara, Gadagada, Devagiri and Baisanbabudha under ITDA, Gunupur
⁵⁸ Sonumajhi, Gumudadangari and Kalibaudi of ITDA, Nabarangpur

development officer and other district level officers, the same was not done. Thus, ITDA/VDC functionaries failed to exercise proper scrutiny while releasing payment.

Department stated (December 2014) that measurement of work was done by expert engineer before release of payment. The reply is not tenable as Audit noticed that no such check measurement was made in test checked VDCs.

3.4.4.4 Utilisation of revolving fund

As per OTELP guidelines, a revolving fund was to be operated with Village Level Sub Committee (VLSC) and was to be utilised as micro finance to matured SHGs on refundable basis for strengthening micro-enterprises and up scaling of successful experiences under agriculture, horticulture, livestock, aquaculture, etc.

Audit, however, noticed that out of ₹ 11.31 lakh received for disbursement of revolving fund to SHGs in test checked VDCs during 2011-14, only ₹ 7.03 lakh was disbursed to 34 SHGs. Of the above disbursed amount, ₹ 4.43 lakh was recovered from SHGs and ₹ 2.60 lakh remained unrecovered though OTELP guidelines provided for recovery of such assistance within six months of disbursement.

Department stated (December 2014) that steps were being taken to recover the amount.

3.4.4.5 Projects taken up without technical sanction

As per OTELP guidelines, works/ projects to be undertaken by VDC should be technically sanctioned by Watershed Development Team⁵⁹ (WDT) Engineer up to ₹ 0.50 lakh per unit and above ₹ 0.50 lakh per unit by Subject Matter Specialist (SMS) at ITDA level.

Audit noticed that out of 268 works test checked, WDT Engineers of test checked ITDAs, irregularly accorded technical sanction for 92 works⁶⁰ taken up at a cost of ₹ 59.31 lakh under four test checked VDCs⁶¹, though estimated cost of works were above ₹ 0.50 lakh per unit. The works were completed at an expenditure of ₹ 43.42 lakh which was irregular.

Department stated (December 2014) that monetary limit of WDT or experts at FNGO for according technical sanction has been increased from ₹ 0.50 lakh to ₹ 2.00 lakh. Reply is not tenable as works executed related to period prior to November 2013 date from which enhancement of power of sanction was effective.

⁵⁹ Watershed Development Team is constituted at VDC level for handling of livelihood component, micro finance, accounting, etc.

⁶⁰ Check dam, water harvesting structures and masonry, etc.

⁶¹ VDCs: Brahmanidei, Gadagada, Gumudadangiri, Kalibaudi

3.4.4.6 Non-furnishing of Statement of Expenditure

As per PIM, VDCs and NGOs should submit Statement of Expenditure (SOE) to the concerned ITDAs who would compile them together with its expenditure for submission to PSU. Check of records of four VDCs⁶² and two FNGOs revealed that they did not furnish SOEs to ITDA during 2011-14, for compilation and onward submission to PSU.

PA, ITDA, Gunupur stated (October 2014) that MPR was being submitted by VDCs to ITDA every month and that MPR was same as SOE or Utilisation Certificate which contained component-wise expenditure. The reply is not acceptable as VDCs were required to submit both MPRs and SOEs.

3.4.5 Monitoring and evaluation

Monitoring was weak due to inadequate DPMC meetings, shortfall in social audit and non-evaluation of projects.

3.4.5.1 Shortfall in DPMC meetings

As per PIM, DPMC was to meet once in a quarter to scrutinise and approve AWPB of ITDA. It was to monitor works under the programme, equipments and services were procured in time in a proper manner for smooth implementation of programme. Besides, review of progress of programme implementation was to be done regularly.

Records of test checked ITDAs revealed that only two DPMC meetings were held during 2011-12 to 2013-14 against the requirement of 24 meetings and there was a shortfall of 22 meetings (92 percent). Due to non-conduct of DPMC meetings regularly, monitoring of works undertaken, requirement and timely procurement of equipments and services was not ensured.

Department stated (December 2014) that due to busy schedule of Collectors-cum-Chairperson of DPMC, meetings could not be held. The reply was not tenable as required number of meetings were not made to monitor implementation of the programme even though cases of shortfall in achievement of targets, misappropriation of government money, fraudulent drawals, etc. were noticed in VDCs.

3.4.5.2 Shortfall in Social Audit

The VLSC was to be constituted under VDC for carrying out social and financial audit of records and accounts at village level on a regular basis. Release of development fund to VDC was to be made only after sub-committee submits its quarterly report to PMU through VDC/FNGO. Release of subsequent funds should be made based upon report by VLSC.

⁶² VDCs: Brahmanidei, Bansadhara, Devagiri and Gadagada and FNGOs: Bharat Integrated Social Welfare Agency (BISWA) and Adivasi Krushi Swasthya Siksha Unnayana Samiti (AKSSUS)

Audit, however, noticed that though expenditure of ₹ 14.91 lakh was incurred towards implementation of different components of OTELP during 2011-14 by four VDCs⁶³, social and financial audit was not conducted by the said committee and report was not submitted to PMU. This indicated that funds were released to VDCs without ensuring that physical and financial transactions were carried out in a proper manner.

Records of two Village Level Social & Financial Sub-committees (VLS&FSC)⁶⁴ under ITDA, Nabarangpur, however, revealed that Khaliguda and Bhatadhansuli VLSCs conducted 24 and 27 social and financial audit meetings respectively against the requirement of 36 meetings during 2011-14. Thus, social and financial auditing was not done by VLSC regularly and follow up measures were not taken up.

Department stated (December 2014) that VLS&FSC made social and financial audit at VDC level of all the ongoing and completed works. The reply was not tenable as funds were released without ensuring that social and financial audit was not conducted.

3.4.5.3 Evaluation of projects

OTELP guidelines prescribe that internal as well as external agencies were to be appointed to carry out concurrent as well as post-project evaluations of watershed programme. At the same time, independent consultants may be asked to undertake action research projects to document the actual process of project implementation in a representative sample of watersheds. The results of these evaluations and process documentations shall be submitted to the State and Central Level Implementation and Review Committees with suggestions on policy issues as well as improvement of working procedures.

Audit, however, noticed that:

- External agencies for conduct of concurrent as well as post-project evaluations of the watershed programme were not engaged in two test checked ITDAs during 2012-14. Consequently, no evaluation of watershed programme was done to ascertain the impact of implementation of OTELP.
- Independent consultants were not asked to undertake action research projects to document the actual process of project implementation.
- In eight test checked VDCs, documents in support of monitoring and evaluation of programme by ITDA/ VDC functionaries as required under Process Guidelines were not made available to Audit.

Department stated (December 2014) that the programme was evaluated on yearly basis by engaging external consultants. However, no external agency was engaged during 2012-14.

⁶³ (i) Kalibaudi VDC: ₹ 1.97 lakh, (ii) Gumudadangiri VDC: ₹ 7.37 lakh, (iii) Brahmanidei VDC: ₹ 4.39 lakh, (iv) Baishnababudha VDC: ₹ 1.18 lakh

⁶⁴ Bhatadhansuli VLSC under Sonumajhi VDC & Khaliguda VLSC under Sonumajhi VDC

Women & Child Development, Panchayati Raj and Housing & Urban Development Departments

3.5 Functioning of Self Help Groups (SHGs)

3.5.1 Introduction

Government facilitates formation of Self Help Groups (SHG) as well as provides financial assistance through implementation of different schemes/ programmes like Swarnjayanti Gram Swarozgar Yojana (SGSY), Odisha Livelihoods Mission (OLM), Targeted Rural Initiatives for Poverty Termination and Infrastructure (TRIPTI), Mission Shakti and Swarna Jayanti Sahari Rozagar Yojana (SJSRY).

Audit was conducted covering period from 2009-14 to assess fairness and transparency in selection of SHGs for giving financial assistance and whether funds were utilised economically, effectively and efficiently by SHGs. Audit test checked records of District Rural Development Agencies (DRDAs) and District Social Welfare Officers (DSWOs) of six districts⁶⁵, six Urban Local Bodies (ULBs)⁶⁶ and 12 Block Development Officers (BDO)/ Child Development Project Officers (CDPO)⁶⁷. Besides, case records of SHGs were test checked and beneficiary interviews conducted wherever considered necessary.

Audit Findings

3.5.2 Identification of beneficiaries

As per the guidelines of TRIPTI, left out households are identified through situational analysis⁶⁸ under three categories *i.e.*, Poor, Extremely Poor and Vulnerable Groups (EPVG) and Manageable. The extent of identification and inclusion of SHG under TRIPTI in 12 sampled blocks as of March 2014 were as follows:

Table 3.5.1: Households identified, covered under SHG fold as of March 2014

Category of households	Households identified	Households covered	Households left uncovered	Percentage of coverage
Poor households	118566	73764	44802	62.21
EPVG households	10808	7199	3609	66.60
Manageable households	87637	34069	53568	38.87
Total	217011	115032	101979	53.00

(Source: Compiled by Audit from the data furnished by OLM, State Mission Management Unit)

Audit noticed that:

⁶⁵ Balangir, Balasore, Bhadrak, Deogarh, Kendrapara and Subarnapur

⁶⁶ (1) Balangir Municipality, (2) Balasore Municipality, (3) Bhadrak Municipality, (4) Deogarh Municipality, (5) Kendrapara Municipality and (6) Sonapur Municipality

⁶⁷ Bhograi, Chandbali, Deogarh, Dhamnagar, Mahakalapada, Patnagarh, Rajkanika, Reamal, Remuna, Sonapur, Tarava and Teleibani

⁶⁸ A community based participatory approach where field staff visit each village and interact with village population to identify left out poor

- The non-coverage of remaining 1.02 lakh (47 per cent) households was mainly due to lack of adequate planning to motivate these households to organise themselves into SHGs.
- In 39 Blocks not covered under TRIPTI, no identification of poorest or more vulnerable among BPL families was made to prioritise beneficiaries. No data of left-out BPL families was available with District and Block level authorities. Further, there was no plan and annual target to identify and include the families under SHG fold for providing assistance.

Government stated (January 2015) that steps were being taken through restructuring of existing and new SHGs to make them TRIPTI compliant under NRLM which replaced SGSY since 2012-13.

3.5.2.1 Non-achievement of social inclusion mechanism

As per SGSY and TRIPTI scheme guidelines, social inclusion of poor and marginalised with rest of the society was to be ensured to enable them to participate as equals in the community based organisations.

Audit noticed that though left out poor were identified in the blocks covered under TRIPTI, it was not done in other blocks/ districts. The beneficiary interview conducted by Audit with members of 154 SHGs⁶⁹ in the presence of officials of concerned departments revealed that only in 36 SHGs (24 per cent) were poorest members in the Group functioning as organisers. In remaining SHGs, they were not actively involved in decision making of the Groups.

Government assured (January 2015) to examine the matter so that poorest members would get an opportunity for decision making within the Group.

3.5.3 Financial Assistance to SHGs

For socio-economic development of poor, Government assistance of ₹ 137.96 crore⁷⁰ in form of Seed Capital, Revolving Fund (RF), Micro-credit, Pro-Poor Inclusion Fund (PPIF), Community Investment Fund (CIF), etc. was provided to 73307 SHGs of six test checked districts during 2009-14. Deficiencies in selection of SHGs for financial assistance and utilisation thereof are discussed below.

3.5.3.1 Selection of SHGs for financial assistance

In test checked districts, Audit noticed that no priority list/ complete list of all eligible SHGs or database were maintained at BDO/CDPO/ Municipality level. The e-NRLM database maintained under OLM also did not serve any purpose as it did not include any information on financial assistance given to SHGs. The Committees selected beneficiaries by preparing a list of SHGs to match the target and basis of their selection was not on record. Out of six test checked ULBs, UPACs were not formed in four ULBs for selection of SHGs. In

⁶⁹ 24 SHGs under TRIPTI, 74 SHGs under SGSY, 31 SHGs under OLM and 25 SHGs under SJSRY

⁷⁰ Panchayati Raj: ₹ 112.67 crore; W&CD: ₹ 24 crore; H&UD: ₹ 1.29 crore

one ULB (Bhadrak) though UPAC was formed, the same was not functioning to support the process of selection.

Government stated (January 2015) that the matter would be taken up with GoI for including details of financial assistance extended to SHGs in the database maintained under e-NRLM format developed by the Ministry of Rural Development.

3.5.3.2 Validation/ grading of SHGs

As required under SGSY/ NRLM guidelines, each SHG is to be verified to ascertain their status of existence and functioning through a process termed as validation and based on their performance, they are graded. Grading of groups enables focusing attention on weak groups to help them to overcome weaknesses. After six months of formation of SHGs, they are eligible for inclusion under Grade-I, subject to fulfillment of prescribed criteria, for release of RF/ bank loan or PPIF. After six months of release of RF/ PPIF, SHGs are further assessed for inclusion under Grade-II, where they are eligible to receive seed capital/ repeat bank loan/ CIF.

Audit noticed that:

- Out of 58,685 SHGs working in rural areas of six test checked districts, 45,461 were validated to test their eligibility for micro-credit support. Non-validation of remaining 13,224 (22.53 *per cent*) SHGs did not enable identification of weak/ better functioning SHGs for intensive monitoring and support.
- Out of 45,461 validated SHGs, 22,675 and 13,937 passed Grade I and Grade II assessment respectively. However, the Government did not analyse the reasons for failure of remaining 8,849 SHGs to take remedial measures to enable them to overcome their weaknesses.
- In test checked ULBs, though 1,031 SHGs were in existence, no such grading exercise was done to identify weaker SHGs for intensive monitoring of their performance.

Government stated (January 2015) that validation/ grading exercise had been started.

3.5.3.3 Extension of financial assistance to ineligible SHGs

As per instructions issued (August 2012/ January 2013) by PR Department, SHGs formed under SGSY which passed grade-II assessment and did not avail financial assistance under SGSY were to be provided with seed capital of ₹ 50,000 each on the basis of recommendation of Block Level Appraisal Committee (BLAC).

Audit noticed that in Sonapur Block, 14 out of 16 SHGs recommended (March 2013) by BLAC for disbursement of seed capital had not passed Grade II

assessment. Similarly, 21 SHGs under four Blocks⁷¹ were provided micro credit assistance of ₹ 5000 each under Mission Shakti scheme even though they did not complete one year of formation as required under the scheme guidelines.

Thus, selection of SHGs for financial assistance was made arbitrarily owing to non-preparation of list of eligible SHGs by CDPOs/Blocks.

Government stated (January 2015) that they would examine the matter.

3.5.3.4 Non-extension of financial assistance to eligible SHGs

SGSY Scheme envisaged extension of financial assistance to SHGs in existence for more than six months having potential of being a viable Group and who had not availed financial assistance earlier. Mission Shakti scheme envisaged extension of financial assistance of ₹ 10,000 towards drudgery reduction assistance and priority should be given to women self help groups (WSHGs) having more representation from Particularly Vulnerable Tribal Groups (PVTG), ST and SC categories.

Audit noticed the following deficiencies in extension of financial assistance:

- Though CDPO, Deogaon enlisted 150 SHGs, who had not received any financial assistance, there was no recommendation of block level committee (BLC) as of July 2014 depriving them of financial assistance.

Government stated (January 2015) that the matter would be examined.

- DSWOs received ₹ 15.42 crore during 2013-14 for disbursement towards drudgery reduction assistance, out of which ₹ 4.87 crore was released to the CDPOs for disbursement. The balance amount of ₹ 10.55 crore was lying with the DSWOs as of March 2014. In three Districts⁷², the entire drudgery reduction assistance of ₹ 9.99 crore received during 2013-14 remained unspent as of March 2014 due to delay in selection of eligible WSHGs. Further, after release of funds to CDPOs, there was no monitoring at DSWO level to ensure disbursement of assistance to the eligible SHGs.
- In none of the test checked districts, were priority list of WSHGs having more representation from PVTG, ST and SC categories prepared. Test check revealed that in Subarnapur district, out of 151 WSHGs recommended by Tarava BLC, DLC approved 45 WSHGs without preparing priority list.

Department stated (January 2015) that steps were being taken to expedite disbursement by way of issue of instructions to all districts. As regards selection of beneficiaries, it was stated that WSHGs were selected at Block level and then their names were sent to the district level committee for

⁷¹ Deogaon Block (5), Patnagarh Block(1) Sonepur Block (7), Tarava Block (8)

⁷² Balasore, Bhadrak and Kendrapara

approval, and after obtaining approval funds were disbursed. But, priority list of WSHGs was not made as per scheme guidelines.

3.5.4 Performance of SHGs

3.5.4.1 No improvement of SHGs availing financial assistance

Under SGSY Scheme loan-cum-subsidy is provided to SHGs where all members want to take up a Group activity. The lock-in-period of loan was three years during which loan account cannot be pre-closed and the benefit of back-end subsidy can be availed only when repayments extend beyond the lock-in-period.

Audit test checked records of 154 SHGs⁷³ of selected districts and noticed following deficiencies.

- Under SGSY, 69⁷⁴ SHGs availed bank loan amounting to ₹ 2.20 crore during 2009-12. Utilisation of full amount could be ensured in respect of only two SHGs. However, utilisation of loan amount towards approved activities as well as profit earned therefrom could not be ascertained as none of the SHGs had maintained records.
- Nine⁷⁵ SHGs closed their loan accounts within the lock-in-period without pursuing any economic activity and the subsidy amount was adjusted against the outstanding loan amount. However, neither, PR Department nor banks enforced the provisions of the scheme resulting in extension of unintended financial benefit to non-performing SHGs.
- In Chandabali Block, test check of records of four SHGs⁷⁶ in two GPs (Gopinathpur and Totapada) revealed that an amount of ₹ 11.65 lakh was released towards loan and subsidy during 2009-14 under SGSY for pisciculture activities. However, two SHGs reportedly had abandoned pisciculture activities after one year of availing Government assistance while other two SHGs had not taken up any such activities and availed only a portion of Government subsidy which was distributed among the members.

Government stated (January 2015) that the matter would be examined.

- Proper maintenance of accounts records was not done in 111 out of 154 SHGs (72 *per cent*). Even in TRIPTI covered Blocks, despite availability of dedicated staff, only 12 out of 24 SHGs (50 *per cent*) maintained proper accounts records.
- There was no regularity in meetings and recording of resolutions in 56 out of 154 SHGs (36 *per cent*). However, in TRIPTI covered blocks

⁷³ 24 SHGs under TRIPTI, 74 SHGs under SGSY, 31 SHGs under OLM and 25 SHGs under SJSRY

⁷⁴ 37 SHGs availed full loan (₹ 1.42 crore) and 32 SHGs availed partially (₹ 78.46 lakh)

⁷⁵ Balasore (6), Deogarh (2), and Kendrapada (1)

⁷⁶ Maa Tarini SHG and Tara Tarini SHG (Gopinathpur GP); Bighneswar SHG and Sibani SHG (Totapada GP)

with dedicated staff to assist in writing of resolution book, the position was better as almost all SHGs maintained the same.

- Out of 154 SHGs, there was no internal savings in 46 SHGs (30 per cent), while in 83 SHGs (54 per cent) internal lending among members was absent. In 25 SHGs (16 per cent), there was both internal savings and lending among the members.

Government stated (January 2015) that steps would be taken to strengthen the functioning of SHGs in the State.

- Under SJSRY, during 2009-14, Government provided ₹ 1.29 crore⁷⁷ to 344 SHGs under six ULBs towards revolving fund and subsidy. Out of 25 test checked SHGs, 23 SHGs received subsidy-cum-loan under SJSRY scheme. However, none of the Groups maintained any record of their activities nor could they produce any evidence of investment of the loan amount in the intended activities.

Government stated (January 2015) that Audit observation had been noted for future guidance.

3.5.5 Monitoring and Evaluation

Audit noticed following deficiencies in monitoring and evaluation of outcome of different schemes:

- There was no documentary evidence in support of visits of block level authorities to different SHGs. Also, there was no liaisoning with banks to ensure disbursement of loans and subsidy to SHGs. Also, details of discussion held in Block level Monitoring Committee meetings were not documented.
- IT based monitoring, evaluation and learning system as per annual action plan of OLM was not in place to facilitate learning and continuous improvement and support to SHGs.
- In TRIPTI covered blocks, although six Functional Committees were formed, the designated Committees did not monitor utilisation of funds by SHGs nor evaluated the enhancement of the sustainable income by SHG members.
- There was no database of defunct SHGs. Absence of database with details of members of the Group/ households compounds risk as members of defunct SHGs or breakaway members may form new SHG to avail of Government assistance.
- No effective grievance redressal mechanism was followed in test checked Districts/ Blocks.

Government stated (January 2015) that the matter would be examined.

⁷⁷ Revolving fund: ₹ 32.20 lakh and Subsidy: ₹ 97.14 lakh

Information Technology Department

3.6 Execution of projects by OCAC on behalf of various departments

3.6.1 Introduction

Odisha Computer Application Centre (OCAC), a State-owned Information technology services and product-engineering organisation, was established in 1985 as Technical Directorate of Information Technology (IT) Department, Government of Odisha. The objective of OCAC is to formulate computer policy for the State Government and provide IT solutions, trainings, awareness and hardware facility, etc. to Government Departments, Public Undertakings and other users. With a view to undertake a comprehensive programme for IT infrastructure and e-Governance development in the State, it entered (April 2007) into a memorandum of agreement (MoA) with Infrastructure Leasing and Financial Services Limited, for setting up a Special Purpose Vehicle (SPV) under the name of “Odisha e-Governance Services Company Limited (OeSL)” with 50:50 equity participation. OCAC takes up implementation and procurement of various IT projects directly or implements them through OeSL.

OCAC is headed by Chairman, who is also the Principal Secretary, IT Department and assisted by one Chief Executive Officer, who is responsible for day to day activities of the entity.

This audit was conducted with the objective to evaluate whether acquisition and supply of IT solutions provided by OCAC to various departments were preceded by adequate planning and assessment of user requirements; procurements and implementation were made in economical and efficient manner; and monitoring and evaluation were effective. Audit examined records of six out of 22 projects undertaken by OCAC during 2007-2014. The details of sample projects i.e. user department, objective of the project, executing agency and status of implementation as of March 2014 are detailed at *Appendix 3.6.1*.

Audit findings

3.6.2 Planning

In implementation of IT projects for various departments of Government, OCAC did not devise any systematic plan based on actual assessment of the operational and user requirements of each project to ensure timely completion. The deficiencies noticed in this regard are discussed below:

3.6.2.1 Non-finalisation of User Requirement Specification of project OSWAS

OCAC awarded (September 2008) the implementation of application software to Tata Consultancy Services (TCS) at ₹ 9.74 crore. The Service Level Agreement (SLA) entered (September 2008) into with TCS envisaged that TCS would submit User Requirement Specifications (URS)/ Software Requirement Specifications (SRS) within 60 days, which would be approved

by OCAC within 20 days. The project was to be completed by January 2013 and penalty at a rate of 0.5 *per cent* of work order would be imposed for every week of delay subject to maximum of five *per cent* for delay in each phase.

Audit noticed that TCS presented (November 2009) SRS with a delay of 11 months and also without adequate URS. As a result, the requirements of user departments continued to be added during the period and continue even now (January 2015). OCAC failed to ensure approval/ freezing of URS/ SRS which has resulted in project running into cost overrun of ₹ 3.44 crore and time overrun of five years (January 2015).

Government stated (January 2015) that TCS was asked to revise the URS to be treated as the baseline for final acceptance by all departments. However, the fact remains that the baseline was not yet finalised.

3.6.2.2 Faulty planning and lack of coordination in Punarbas project

In pursuance of the decision (March 2008) of the Government, the project proposal of OCAC *i.e.*, *Punarbas*⁷⁸ was approved (December 2008) at an estimated cost of ₹ 1.50 crore for implementation in three⁷⁹ Land Acquisition Offices of Revenue and Disaster Management (RDM) Department as pilot projects. OCAC entrusted (28 February 2009) the work to OeSL.

Audit noticed that though RDM Department entered into agreement with OCAC on 28 February 2009 outlining the requirements to be met through the software, prior to that OeSL floated Request for Proposal (RFP) and opened (26 February 2009) bids for selection of vendor. OeSL awarded (28 February 2009) the project to Cybertech Software and Multimedia Limited (CSM) with such terms as stipulated in RFP. As a result, there were gaps between the agreement and RFP at all levels resulting in ambiguity over the actual requirements of RDM Department, some instances of which are given at **Appendix 3.6.2.**

Audit noticed that CSM submitted SRS without adequate⁸⁰ URS though required to be prepared after consultation workshops with RDM Department. This resulted in SRS remaining unfrozen and therefore the software developed by CSM did not meet requirement of RDM Department who refused (July 2013) to own the software and the expenditure of ₹ 1.29 crore incurred on the project was not only rendered wasteful but the envisaged objectives of the project remained unfulfilled as of December 2014.

IT Department stated (January 2015) that the software had been vetted by RDM and RDM Department accepted (February 2015) the observation of

⁷⁸ A software intended to make the process of determination of compensation amount against land acquisition participatory and to improve the level of satisfaction of land looser

⁷⁹ Land Acquisition Offices at Angul, Balangir and Sambalpur

⁸⁰ The deficiencies in provision in software were pointed out after the SRS was conditionally approved (September 2009) by the department on 8 December 2009 (16 modifications), 11 January 2010 (11 modifications), 18 February 2010 (10 modifications), and 7 September 2010 (Incomplete processes on updation/validation of R&R Data), etc.

Audit. The fact remained that OCAC attempted to roll out the *Punarbas* in entire State without ensuring its success and ownership of the project by user department in pilot phase.

3.6.3 Lack of Awareness Campaign and training

For successful implementation of the project '*Punarbas*' awareness campaigns were required to be organised for the targeted users before and after the implementation of the projects as stipulated at paragraph 4 of terms of agreement between OCAC and RDM Department. In addition, regular trainings to the operating staff were to be organised for maintenance and continuity of the projects.

Audit noticed following:

- In respect of project *Punarbas*, though terms of agreement between RDM Department and OCAC stipulated arranging workshops for awareness of officials of LAOs and public, the same was not arranged by CSM. Further, as against requirement of holding training programmes in 20 locations, CSM conducted seven training programmes in four locations.
- Neither TCS nor CSM had prepared training manuals and operational guidelines with Odia translation for OSWAS and *Punarbas* software respectively, for easy understanding of users though required as per respective agreements.

Government stated (January 2015) that since the end users of the application software were Government officials, it was not felt necessary to translate the guidelines and training manuals into Odia.

3.6.4 Implementation of Projects

3.6.4.1 Delay in Implementation of OSWAS project

As per terms of SLA between OCAC and TCS, though OSWAS project was to be completed by January 2010 in four phases, the same remained incomplete as of December 2014. The stipulated date of completion of each phase *vis-à-vis* actual date of completion is detailed at **Appendix 3.6.3**. After implementation of Phase-IV, maintenance and handholding support phase would start and TCS would be paid quarterly at rates specified in the SLA.

Audit noticed that there was delay in completion of Phase-I and Phase-II of project by 15 and 58 months respectively. As of December 2014, Phase-III was still under implementation and Phase-IV had not been started. Further, despite decision (October 2008) of High Power Committee to set up a Project Management Unit (PMU) by November 2008 comprising of some Secretariat Officers and technical consultants by OCAC for implementation of handholding of the project, the same was not constituted which impeded freezing of URS/ SRS leading to delay. Besides, though hardware was procured in time, its timely installation could not be done due to non-readiness

of installation sites. Due to delay in completion of project, OCAC skipped implementation of Phase-III and IV and moved the project to maintenance phase from April 2013 for allowing quarterly payments to TCS.

As against estimated cost of ₹ 21.99 crore, expenditure of ₹ 25.43 crore was incurred as of December 2014 resulting in cost overrun of ₹ 3.44 crore due to non-completion of project even after five years of scheduled date of completion.

IT Department stated (January 2015) that PMU comprising of technical consultants had been constituted for monitoring of implementation of projects. It further admitted that the ground reality of such a huge project was understood only after launching of the project.

3.6.4.2 Inadequate requirement analysis delayed implementation of e-Municipality project

Audit noticed that though Project e-Municipality was launched in August 2011, six out of 12 modules (50 per cent) were not made functional. Besides, the six modules were also not implemented in all the 44 ULBs despite lapse of more than one year of the scheduled date (July 2010) of implementation of the project. Delay was due to non-preparation and non-freezing of URS by TCS, with issues associated with modules like water connection and charges, building plan, property/ holding Tax, audit and accounts which were not properly and elaborately identified before preparation of SRS. From the proceedings of review meeting held (May 2013) under the Chairmanship of Chief Secretary, it was noticed that several facilities like collection of online holding tax, opening of Common Service Centers (CSCs), full-fledged roll out of modules like birth and death registration, grievance, holding tax, trade license and water connection charges, etc. were not available in the modules prepared by TCS.

The Government stated (January 2015) that the implementing agency had designed and developed the software application for all the 12 modules in all the 44 ULBs. But, user had to resort to manual process for water connection and charges module, grievance module and holding tax module, trade license module as on September 2014. OCAC failed to identify the issues relating to requirements before finalising the SRS.

3.6.5 Procurement of software

As per Rule 96 of Volume I of Odisha Government Financial Rules read with Paragraph 17 of Finance Department Office Memorandum (February 2012), in case of procurement through single tender, Proprietary Article Certificate (PAC) should be obtained from the departmental head. Rule 97 required observance of economy in public procurement. Deficiencies noticed in procurement of software and hardware by OCAC are discussed below.

3.6.5.1 Floating RFP with restricted software platform

OCAC floated (March 2008) RFP for OSWAS stipulating that the solution should be in Java 2 Platform Enterprise Edition (J2EE) *i.e.*, Oracle, instead of

specifying a generic requirement⁸¹. This limited scope of the tender to a few who had Oracle based solution and other prospective bidders having similar solutions viz. .NET, IBM, etc. could not participate in the tender. Thus, only two bidders out of three were qualified technically. TCS, being L₁, was awarded (September 2008) the work at a cost of ₹ 9.74 crore. This resulted in inadequate discovery of the most efficient market price.

3.6.5.2 Procurement of system software without PAC

Audit noticed that OCAC procured MS Office and Oracle system software for OSWAS and GP Computerisation projects from eSquare on single tender basis as proprietary items without obtaining PAC as detailed below:

Table 3.6.1: Statement of system software procured without PAC

Sl. No.	Name of the Project	Date of supply order	Name of the Software	Rate	Number of licenses	Amount paid (₹ in crore)
1	OSWAS	April 2009	Oracle Software	Oracle Software (Database server: 10, Application server: 18 and Real Application Cluster: 6)		3.29
2	OSWAS	September 2009	MS Office-2007	9213	300	0.28
3	OSWAS	January 2010	MS Office-2007	9200	300	0.28
4	GP Computerisation	February 2010	MS Office-2007	16850	6862	11.57
5	OSWAS	March 2012	MS Office 2010	9256	1961	1.82
6	OSWAS	March 2014	Web Logic Oracle Software	-	-	0.97
Total						18.21

(Source: Records of OCAC)

Thus, procurement of articles on single tender basis with the plea of proprietary items but without obtaining PAC eliminated competition.

3.6.5.3 Extra expenditure in procurement of MS Office

OCAC procured (February 2010) 6,862 copies of MS Office 2007 Professional at ₹ 16,850 per license along with Media Kit for GP Computerisation project. However, it had purchased (January 2010) MS Office 2007 Standard, an economical version at ₹ 9,200 per license without media kit for OSWAS project. Since the standard version was sufficient to meet the requirement at GPs level for web based applications like PAMIS, PriaSoft, NAREGASOFT, RuralSoft, etc. along with regular works of GPs in MS Word/ Excel or PowerPoint, procurement of Professional edition along with media kit was unjustified. This led to extra expenditure of ₹ 5.25⁸² crore.

⁸¹ The specific J2EE clause in the RFP was decided (March 2008) by a committee headed by Director, International Institute of Information Technology, Bhubaneswar without any recorded reason

⁸² (₹ 16,850-₹ 9,200) x 6,862

3.6.5.4 Avoidable expenditure due to non-adoption of OpenOffice

In the RFP floated by OCAC for OSWAS, it was mentioned that the solution should have interface with MS Office and OpenOffice. However, the SLA did not have such provision. During server procurement, TCS intimated (February 2009) that the application developed by them (DigiGov) used OpenOffice software which was available free of cost. But later, it informed (July 2009) that its software would require MS Office.

Audit noticed that GoO had commenced training for its staff in OpenOffice in the first phase of supply of hardware. However, OCAC did not insist upon TCS to develop OSWAS with compatibility to OpenOffice and instead procured MS Office at ₹ 2.38 crore. So, during the second phase of supply of hardware, training was imparted in MS Office.

Thus, failure of OCAC in getting the application software modified by TCS to enable it run on the OpenOffice and subsequent procurement of MS Office resulted in avoidable expenditure of ₹ 2.38 crore.

3.6.5.5 Avoidable expenditure in procurement of Oracle Web Logic

OCAC procured (April 2009) Internet Application Server (IAS) for OSWAS at a cost of ₹ 1.72 crore on the suggestion of TCS which was compatible with Digital Signature Certificate (DSC). Government decided (January 2013) to incorporate DSC and intimated TCS to provide DSC support as per SLA. TCS citing incompatibility, insisted that OCAC would procure another Oracle software *i.e.*, Web Logic, which OCAC procured (December 2013) at a cost of ₹ 97.18 lakh despite availability of IAS.

Thus, as a technical directorate, OCAC failed to provide appropriate technical advice which led to avoidable expenditure of ₹ 97.18 lakh.

3.6.6 Procurement of Hardware

3.6.6.1 Floating vendor specific RFP for hardware for the OSWAS project

For implementation of OSWAS, OCAC was to procure hardware as per the list furnished by TCS. OCAC floated RFP (April 2009) for procurement of servers with specification⁸³ which restricted the requirement only to IBM brand servers. Though Sun Microsystems, Intel, HP, *etc.*, objected to this specific clause which vitiated the essence of open competitive bidding, OCAC did not consider them as TCS argued that their application would only run on Reduced Instruction Set Computing (RISC) technology. But as informed by HP Secretariat Workflow Automation System developed by TCS for Bihar Government was running on explicitly parallel instruction computing (EPIC) based servers successfully.

Thus, only two vendors *i.e.*, eSquare and Spanco quoted for IBM servers in which eSquare became the L₁ vendor at a cost of ₹ 2.68 crore. Besides, procurement of RISC based IBM servers resulted in extra expenditure of ₹ 0.97 crore as discussed in following paragraph.

⁸³ Reduced Instruction Set Computing (RISC) based processor (with 2 Ghz minimum)

3.6.6.2 Excess expenditure on procurement of Oracle licenses

Procurement of Oracle processor based licenses is to be based on server specifications. Oracle Enterprise Edition per-core licensing policy stipulated that number of licenses depended upon the number of cores in the processors purchased and also make of the processors.

Table 3.6.2: Details showing Oracle licenses on core factors of processors

A multi-core processor is priced as (number of cores)*(multi-core factor) rounded to next unit			
Sl. No.	Make of processor	Multi Core factor	Requirement of licenses of Oracle products for a server having two dual core processors
1	SUN's UltraSPARC T1 processors(1.0 GHz or 1.2 GHz)	0.25	2
2	SUN and Fujitsu UltraSPARC T1 processors (1.4 GHz)	0.50	2
3	Intel and AMD processors	0.50	2
4	Intel Itanium Series 93XX or earlier Multicore chips	0.50	2
5	IBM's POWER6, POWER7 and POWER8 processors	1.00	4
6	All other multi-core processors	0.75	4

(Source: Oracle website)

Audit noticed that had SUN or AMD or Intel processor based servers been considered, the amount required would have been ₹ 2.33 crore as detailed in **Appendix 3.6.4**. However, OCAC procured (April 2009) Oracle licenses for ₹ 3.29 crore for which avoidable expenditure of ₹ 0.96 crore was incurred.

3.6.6.3 Procurement through negotiation

As per Rule 96 of OGFR, procurement of computer systems valuing ₹ 50,000 and above should be done through open tender process. Instructions of Central Vigilance Commission (CVC) (May 2003) specified that tender process should not be vitiated by specifying brand names. Besides, instruction of CVC (March 2007) also specified that the supply order cannot be distributed among other bidders unless quantity of order is far more than what L₁ alone is capable of supplying. Audit noticed following deviations.

- For GP Computerisation, without going for open tender, OCAC convened (7 December 2009) negotiation meet inviting three Original Equipment Manufacturers (OEMs) HP, Lenovo and Dell for Desktop, Laptop and Laser printer etc. Subsequently another three OEMs HCL, Wipro and Acer offered their prices even though they were not invited and OCAC considered (9 December 2009) their price offers and prepared the comparative statement based on the offer prices of the six OEMs.

OCAC procured 4,972 desktops from HP, Lenovo and Dell at ₹ 30,880 and 1,890 laptops were procured from Lenovo and Dell at ₹ 43,264 without considering the L₁ offer price of Acer (Desktop: ₹ 28,970 and Laptop: ₹ 41,000) on the ground that it had not executed any project on behalf of OCAC and its performance on post-delivery maintenance support had not been tested earlier. Thus, OCAC incurred ₹ 1.38 crore extra on account of rejection of lowest offer in the procurement of laptops and desktops.

In reply, Government stated that Acer was not invited and hence its offer was not considered. The reply is not acceptable as Acer was allowed to participate and accordingly was included in comparative statement.

- Similarly, for the project OSWAS, OCAC procured 1990 computers for ₹ 6.21 crore from four OEMs [Lenovo (1000)/ Dell (330)/ HP (330)/ Acer (330)] through limited tender enquiry on the ground of procurement from multi-national companies (MNCs). Lenovo offered its rate as ₹ 31,200 per computer and was selected as L₁. OCAC awarded 50 *per cent* (1,000 desktops) of the supply order to the L₁ and distributed the rest 50 *per cent* among the three vendors equally (*viz.* 330 desktops each) at the L₁ rate and supply order for 1000 desktops for ₹ 3.12 crore was given (July 2012) to Lenovo and 330 for ₹ 1.03 crore each to HP, Dell and Acer, though Lenovo had not refused to supply full quantity. Besides, for GP computerisation, Lenovo had successfully supplied 1,974 desktops.

3.6.6.4 “Sanjog helpline” became non-functional for GP computerisation

As per SLA ‘Sanjog Helpline’⁸⁴ was to be used in order to monitor the complaints on registration, monitoring and redressal of complaints relating to maintenance of computer hardware within the warranty period. The problems would be resolved within nine working days. If not, penalty as per SLA was to be charged and deducted from Bank Guarantee.

OCAC decided to develop a hardware monitoring system through Sanjog Helpline and had pasted adhesive stickers citing the Sanjog helpline toll free numbers to be used for complaint registering on the outer and inner cover of all equipment. But, it implemented (August 2011) the hardware monitoring system one year and four months after installation (March 2010) of computer hardware at blocks/GPs. During the period (March 2010 to August 2011), users could not address their hardware complaints through Sanjog Helpline and lost confidence on the reliability of the helpline. Audit found that only 76 complaints were registered (January 2015) against 6,862 computers/ laptops and equal number of printers and 4,972 uninterrupted power supply (UPS) systems. Out of these, 32 complaints could not be resolved even in 13 to 246 days. Despite this, no penalty was levied on the vendors.

OCAC stated (August 2014) that all the complaints were resolved. Escalation of complaints from lower to higher levels was not done because the resolution process was continuing.

⁸⁴ Sanjog Helpline (www.sanjoghelpline.in) is the Orissa State Call Center for the citizens accessed through a Toll Free Number 155335 / 18003456770 for any complaint related to Orissa Government operated Schemes in respect of Food Supplies & Consumer Welfare, Rural Water Supply and Sanitation, Pradhan Mantri Grama Sadak Yojana, Bhubaneswar Municipality Corporation, ST & SC Development, Minorities & Backward Classes Welfare, MGNREGA, Targeted Rural Initiatives for Poverty Terminations & Infrastructure, Information and Public Relation, etc.

3.6.6.5 Engagement of Third Party Auditors

According to SLAs of various projects such as e-Municipality, OSWAS and GP computerisation TPAs were to be engaged. In Project 'e-Municipality' the TPA were to verify/monitor the usage of the application by the ULBs, examine the payment already released to TCS in different Quarterly Guaranteed Revenues (QGRs) and recommend the payment of subsequent QGRs. Similarly, in project 'GP computerisation', third party auditors were to ensure delivery and hardware installations in GPs. In project 'OSWAS', the third party auditor was to evaluate the software regularly for regular release of funds to TCS.

However, Audit noticed that no third party auditor was engaged for the two projects viz. 'e-Municipality' and 'OSWAS'. OCAC released the payments to TCS without ensuring quality of deliverables though third party audit was a requirement under e-Municipality project. In case of GP computerisation, though TPA was engaged, the reports were not available in respect of 5083 out of 6324 GPs.

Thus, payments were released by OCAC without an assurance that the assigned solution (hardware/ software) had actually been delivered.

Government stated (January 2015) that RFP for engagement of TPA under e-Municipality is being floated.

3.6.6.6 Non-levy of liquidated damage

In the project "Digitisation of cadastral maps", the work order was placed (December 2009) with four vendors⁸⁵ with stipulation to complete the digitisation work within six months from the date of work order. In case of delay on the part of vendors, penalty at 0.25 per cent per week of delay subject to a maximum of five per cent of the contract price, was leviable on the defaulting vendors.

Audit scrutiny revealed that the digitisation work of the vendors was not up to the standard due to which the digitised sheets were rejected repeatedly by Deputy Director, Survey and Map Publication during validation⁸⁶. These were to be done again. In seven out of eight districts vendors could not complete digitisation work even after delay ranging from 18 (Ganjam, Keonjhar, Bhadrak, Mayurbhanj and Jajpur) to 24 months (Khordha and Cuttack) as indicated in *Appendix 3.6.5*.

However, penalty was not recovered from the four defaulting vendors for the delayed completion of work.

Government stated (January 2015) that liquidated damage would be levied on the defaulting vendors.

⁸⁵ Aabsys, RMSI Private Limited, Micro Documents and Genesis

⁸⁶ The validation of vectorised maps (digitisation work by vendors) was the responsibility of the office of the Deputy Director, Survey and Map Publication, Odisha, Cuttack

3.6.6.7 Irregular advance payment to contractor and delay in installation of computers

RDM Department decided (February 2009) to modernise⁸⁷ Record Rooms under National Land Record Modernisation Programme through OCAC at an estimated cost of ₹ 25 lakh per Tahasil. OCAC awarded (February 2010) the work after tendering process to eSquare System and Technologies Private Limited (eSquare) at their quoted price of ₹ 7.78 crore for 33 Tahasils in four⁸⁸ districts. As per terms of award, eSquare was to supply hardware, equipment and prepare site for installation within six weeks. Further, eSquare would be paid 20 *per cent* of the equipment cost after delivery, 70 *per cent* after installation, successful running and remaining 10 *per cent* after three months of successful running.

Audit noticed that:

- Before installation of computers, OCAC released (March 2011) payment of ₹ 6.19 crore being 90 *per cent* against delivery of equipment as against 20 *per cent* permissible which resulted in undue favour of ₹ 4.77 crore to the vendors.
- Though eSquare completed supply of equipment by July 2010, record rooms were constructed between August 2011 and January 2012. As a result, installations got delayed by 16 to 24 months leading to lapse of warranty period besides losing useful life of equipment.

IT Department stated (January 2015) that due to delay in handing over of site by RDM Department, constraints in electricity supply, etc. there was delay in construction of record rooms. The fact however remains that OCAC failed to synchronise procurement of equipment and construction of site to avoid expiry of warranty and idling of computers.

3.6.7 Monitoring and Evaluation

For successful implementation of projects, effective monitoring and evaluation has important role. Audit noticed inadequate monitoring as discussed below:

3.6.7.1 Punarbas

- **State Level Project Monitoring Committee meeting:** Though High Power Committee as Steering Committee (State Level Project Monitoring Committee) under the Chairmanship of the Commissioner-cum-Secretary, R&DM Department was constituted to supervise the overall functioning of the project, the committee did not meet since inception of the project.
- **Non-Submission of monthly evaluation report:** Agreement and ToR entered into between R&DM Department and OCAC requires monitoring

⁸⁷ A document management system for online storage and retrieval of the records, indexing of data, images, etc.

⁸⁸ Cuttack, Ganjam, Khordha and Keonjhar districts

and submission of monthly evaluation report of the project to R&DM Department by latter. However, no evaluation reports were submitted. OCAC released funds to the vendor, without any evaluation and assessment of the work done by that company. User department also expressed dissatisfaction over the work of vendor as department's website remained inactive and inaccessible often.

OCAC accepted (August 2014) that evaluation of project *Punarbhas* was not done and the website remained inactive due to paucity of funds.

3.6.7.2 OSWAS

- ***Project Review Committee not formed:*** As per SLA, OCAC with the help of IT Department, GoO was required to constitute a Project Review Committee within one month of signing of Agreement for effective roll out of the Project "OSWAS", but no such Committee was constituted as of March 2014, which resulted in delayed and partial implementation of the project.
- ***Secretariat Level Implementation Committee meeting not held:*** As per the decision of a high level committee, Secretariat Level Implementation Committee is required to meet on 15th of every month to look after the specified functions under the Project, including capacity building. However, only four meetings were held during the period from December 2008 to March 2014, as against the required 64 meetings.

3.6.7.3 e-Municipality

- ***Lack of follow up action and fixing of accountability***

As per Service Level Agreement (SLA), the Project Review Committee would meet every week to monitor effective implementation and roll out of the project. Project Steering Committee would meet monthly to resolve the issues on escalation and implementation of the project.

From scrutiny of records, audit observed that since the commencement of e-Municipality project, 39 Review meetings and one Steering Committee meeting were conducted as of May 2013 as against required minimum 52 review meetings and 12 steering committee meetings before roll out within targeted one year (July 2010). Besides, implementation of the project got delayed by one year.

- ***Inadequate supervision on provision of handholding support***

As per the scope of work in the SLA, TCS should provide post implementation handholding support for a period of five years from the date of last phase of implementation by way of 48 Handholding Support Officers (HSO), responsible for helping the individual ULB user for smooth

functioning of the system. In nine⁸⁹ ULBs, the HSOs were withdrawn without any prior notice because of non-payment of quarterly guaranteed revenue to TCS by OCAC. HSOs posted by TCS did not report to three⁹⁰ ULBs.

3.6.8 Conclusion

OCAC proceeded with the Information Technology projects without ensuring preparation of detailed project reports and freezing of user requirement specifications, which resulted in delayed implementation of the projects and cost overrun of ₹ 3.44 crore and time overrun of five years, noticed in case of OSWAS. R&DM Department refused to own *Punarbhas* due to development of the solution which deviated from the agreement and an expenditure of ₹ 1.29 crore on the project was rendered wasteful. OCAC did not levy liquidated damages from defaulting vendors for delayed completion of work in the Information Technology projects of Digitisation of cadastral maps. As a technical directorate, it failed to assess the requirements under different projects and thus economy was not observed in procurement of MS Office resulting in extra expenditure of ₹ 5.25 crore under GP computerisation project, avoidable expenditure of ₹ 2.38 crore on non-adoption of OpenOffice software and avoidable expenditure of ₹ 97.18 lakh on oracle product for OSWAS. Open tender process was not adopted for procurement of hardware of ₹ 6.21 crore for OSWAS.

Law Department

3.7 Management of land and other assets by the Commissioner of Endowment

3.7.1 Introduction

For proper administration and governance of religious institutions, State Government appointed the Commissioner of Endowment (CoE) under Law Department in pursuance to provisions of Orissa Hindu Religious Endowment (OHRE) Act 1951 and OHRE Rules 1959. The management of the religious institutions, under the control of CoE, is entrusted to the Hereditary Trustees⁹¹/ Non-Hereditary Trust Board, who manage the properties like land and assets of these institutions and take steps for smooth management of daily *Niti* and festivals of religious institutions as per prevailing custom, tradition and usages. As of March 2014, 17,244⁹² Hindu religious institutions were under the control of CoE in the State. During 2009-14, the State Government provided ₹ 2.02 crore as subsidy grant.

⁸⁹ Bhawanipatna, Berhampur, Jharsuguda, Khordha, Nayagarh, Phulbani, Puri, Sambalpur and Sonepur

⁹⁰ Balasore, Brajrajnagar and Sonepur

⁹¹ The trustee of a religious institution succession to whose office develops by hereditary right since the time of the founder or is regulated by custom

⁹² Temples (16,785) and *maths* (459)

The CoE discharges his functions, assisted by one Deputy Commissioner of Endowment, one Assistant Commissioner for Puri zone and three Additional Assistant Commissioners for other three zones like Cuttack, Berhampur and Sambalpur. Each Zonal Authority is being assisted by Divisional Inspectors of Endowment and other supporting staff.

The objective of Audit was to examine whether the provisions of the concerned Acts and Rules were complied with for proper management of land and other assets including proper monitoring, supervision and financial management. Records of CoE and thirteen⁹³ sampled temples/ *maths* were checked during September 2013 and February to May 2014 covering the period 2009-14.

Audit findings

3.7.2 Management of Land

As per Section 25 (1) of OHRE Act 1951, in case of any alienation in contravention of Section 19 of this Act or Section 51 of the Orissa Hindu Religious Endowments Act 1939 or in case of unauthorised occupation of any immovable property belonging to or given or endowed for the purpose of any religious institution, the Commissioner may, after summary enquiry as may be prescribed, send requisition to the Collector of the district to deliver possession of the same to the trustee of the institution or a person discharging the function of the said trustee.

Audit noticed that:

- As of December 2014, 82 encroachment cases relating to encroachment of 21.336 acre land of one religious body⁹⁴ were pending with the CoE for four to 18 years.
- In respect of Lord Kapileswar Dev temple, out of 24.037 acre of land given to servitors, matter regarding Record of Rights in respect of 15.546 acre of land remained unsettled. For correction of Record of Rights, though 24 mutation petitions were filed during December 1990 and February 2004, neither the temple administration nor CoE monitored these cases even after lapse of 10 to 24 years. Besides, out of 30.339 acre land⁹⁵, the trust board did not apply for mutation for 22.899 acre of land.

⁹³ (1) Sri Mangu Math, Puri, (2) Sri Lingaraj Temple, Bhubaneswar, (3) Sri Rebas Math, Puri, (4) Sri Kapileswar Dev Bije Kapileswar, Bhubaneswar, (5) Sri Gopal Jew @ Balakdas Math, Cuttack, (6) Sri Radhakanta Deb, at Sauria of Puri district, (7) Sri Nrusignhanath Jew @ Panikorada Math, Cuttack, (8) Sri Sunderdas Math, Puri, (9) Sri Nrusinghaswamy *alias* Falahari Math, Athagarhpatna of Ganjam district, (10) Sri Lachhman Balaji Mahaprabhu, Sahapur of Ganjam district, (11) Sri Raghunath Jew, Kulia Math, Salepur, (12) Sri Uttareswar Mahadev, Gosani Nuagaon, Berhampur and (13) Sri Radhakanta Mahaprabhu at Ramachandarpur of Ganjam district

⁹⁴ Lord Lingaraj Temple

⁹⁵ Resumed from the Marfatdars

CoE stated (December 2014) that instructions were issued to the concerned trustees to take expeditious steps for correction of records.

- In respect of 12 religious institutions, land measuring 287.718 acre was under occupation of servitors/ *rayats* since 1990 for rendering specified services to deities. However, they did not render any service nor shared income from the land with concerned religious institutions. But, CoE neither reviewed the matter nor took any action to ensure that the tenants and servitors paid their share of income to those institutions.

CoE stated (December 2014) that instructions would be issued to trustees to take legal action against servitors not rendering service.

- Despite stipulation in Section 19 of OHRE Act not to lease any immovable property of religious institution for more than five years, Managing trustee of Sri Radhakanta Dev, Ghoradia rented (February 2009) land of that body for a period of 10 years for setting up a mobile tower without the sanction of CoE.

CoE stated (December 2014) that steps would be taken to fix responsibility.

3.7.2.1 Non-finalisation of cases by Land Committee

To review the actual position of land belonging to Lord Lingaraj under occupation of different persons and to suggest measures against the illegal occupants and unauthorised lease holders, a Land Committee (LC) was formed (August 2003) under the Chairmanship of the Secretary to Government, Law Department with the CoE Odisha, Executive Officer (EO) Lingaraj Trust Board and Tahasildar Bhubaneswar as its members. The LC entrusted (November 2003) the responsibility of locating encroached land to the Tahasildar and the EO. Also, it authorised (January 2004) EO to receive applications from the complainants for settlement of land disputes.

Audit found that 103 applications involving 12.543 acre were received, of which 37 applications involving 1.929 acre land were found feasible for settlement. Audit noticed that the LC met only five times during a span of 11 years up to March 2014. Though it conducted three⁹⁶ meetings after receipt of applications, no cases were finalised resulting in non-resumption of 1.929 acre of land from the encroachers.

⁹⁶ June 2011, November 2011 and December 2012

CoE stated (December 2014) that the functioning of the LC would be reviewed by Government for settlement of land disputes.

3.7.3 Asset Management

3.7.3.1 Unauthorised expenditure of ₹ 51.24 lakh towards construction

As per Rule 65 of OHRE Act (a) the trustee of a religious institution is required to submit to the CoE annually, six months before the end of the year, a report on the building works which is desirable or necessary to carry out during the succeeding year. No construction, alteration shall be undertaken without obtaining the previous sanction of the Commissioner.

Audit found that eight religious institutions spent ₹ 51.24 lakh during 2009-13 towards construction, repair and renovation of their institutions without obtaining sanction of the CoE.

In response to the audit observation, five institutions indicated that they were not aware of any such provision under the Act; one institution (Sri Lachhman Balaji Math) stated that such sanction was not necessary and another institution (Sri Radhakanta Mahaprabhu) mentioned that they could not go for prior approval because of urgency. It indicated inadequate effort of CoE in making religious institutions acquainted with the statutory provisions.

CoE stated (December 2014) that steps were being taken to fix responsibilities upon the trustees for such unauthorised construction.

3.7.3.2 Inadequate safety arrangement for keeping other valuable assets

As per Section 88 (b) of OTC Volume I, the valuables of the religious institution are to be placed in Government treasury in sealed packets for safe custody.

Scrutiny of records of 13 test checked religious institutions revealed that gold and silver articles approximately of 1589.893 Kg and 13.248 Kg respectively were kept in a single lock room under the security of the Trustees without depositing the same in Government Treasury or retaining them with any special security arrangement.

CoE stated (December 2014) that instructions had been issued to keep the valuable ornaments and jewellery of the deity in Government Treasury in sealed cover, if those were not being used regularly and to retain the rest under double lock and keys with adequate security measures.

3.7.3.3 Non-realisation of house rent

On scrutiny of records relating to house rent, Audit found that only four religious institutions let out their houses and shops on rent from 2009-10 to 2012-13 and an amount of ₹ 14.39 lakh was outstanding as of March 2013.

The trustees did not take any action either for collection of arrears or for the eviction of the defaulters as the tenants were given the shops and houses without any agreement entered into with them by the trustees. The issue of short realisation was never communicated to CoE.

CoE stated (December 2014) that steps had already been taken for realisation of outstanding house rent from the tenants concerned, if required by taking legal recourse.

3.7.3.4 Unrealised agricultural products of ₹ 29.12 lakh

Audit observed registers exhibiting Demand, Collection and Balance of agricultural products in four out of 13 religious institutions revealed that 3,15,313 Kg of agricultural produce valuing approximately ₹ 29.12 lakh remained unrecovered as detailed at *Appendix 3.7.1*. In Sri Lingaraj Temple, Bhubaneswar, the Crop Register was maintained only from 2007-08 and therefore arrears outstanding against tenants prior to that year could not be ascertained in audit.

CoE stated (December 2014) that it was the duty of the trusty/ EO to collect the paddy from the tenants as per the demand every year. However, instructions had been issued to them to take effective steps for realisation of outstanding dues from the defaulting tenants if required by initiating appropriate legal action.

3.7.4 Monitoring and supervision

Audit noticed following deficiencies in monitoring and supervision of religious institutions by CoE.

- **Failure of CoE to ensure maintenance of inventory register:** As per Section 15 (1) of OHRE Act 1951 every religious institution is to maintain a Property Register showing particulars of all properties, jewels, gold, silver, precious stones, etc. Under Section 16 (1) of the Act, the trustee or authorised agent is required to scrutinise the entries in the Property Register every year. CoE is empowered to exercise control by inspecting all the religious institutions under Section 18 of OHRE Act. Audit scrutiny revealed that though six⁹⁷ out of 13 test checked religious institutions maintained Property Registers, the same were not updated as of March 2014. The remaining religious institutions did not maintain Property Registers. The deficiencies in maintenance of registers were due to non-inspection as neither CoE nor its authorised officer had inspected the sample religious institutions during 2009-14.

⁹⁷ Sri Kapileswar Bije, Kapilaprasad, Bhubaneswar; Sri Nrusinghaswami alias Falahari Math, Athagarh Patna, Ganjam; Sri Nrusingha Nath Jew, Panikorada, PO-Pondalum, Banki; Sri Gopala Jew, Balakadas Math, Choudhury Bazar, Cuttack; Sri Raghunath Jew, Kulia Math, Salipur, Cuttack; Sri Raghunath Jew, Rebsa Math, Laxmi Bazar, Puri

- **Non-conduct of physical verification of stores:** As per Rule 111 of OGFR, physical verification of all stores is required to be carried out at least once every year by the Head of Office or by its authorised representative. However, no annual physical verification of the stores was conducted in any of 13 test checked religious institutions. Joint physical inspection conducted in five out of 13 test checked units by the CoE in presence of Audit revealed that in three units, there was shortage of 162.50 grams of gold and 740 grams of silver. Besides, in two test checked institutions⁹⁸, 43 grams of gold and 24.72 kg of silver were found to be in excess of the quantity recorded in the property register.

CoE stated (December 2014) that instructions had already been issued to all field officers to insist upon the trustees for preparation of Property Registers and submit the same for approval of the CoE.

- **Inadequate inspection of religious institutions:** Under Section 18 of OHRE Act, the CoE, the Deputy Commissioner or Assistant CoE are required to inspect all religious institutions. However, out of 3,668 non-hereditary and 340 hereditary religious institutions of Puri Zone, only seven (0.19 per cent) and four (1.18 per cent) institutions respectively were inspected during 2009-13. The CoE stated (June 2014) that due to shortage of staff, inspections of all the religious institutions could not be carried out regularly. However, there was no shortfall in the cadre of Deputy/ Assistant CoE, who were responsible for inspection.
- **Inadequate Trust Board meetings conducted:** As per Section 42 of OHRE Act 1951, the Board of Trustees is to meet at least once in a month. Scrutiny of the trust board meeting registers of the seven test checked religious institutions having trust boards, revealed that during 2009-13, only 84 meetings were conducted against requirement of 336 meetings and the percentage of shortfall ranged between 33 and 100. Due to inadequate Trust Board Meetings, the management of land as well as other important matters relating to religious institutions was left unattended.

CoE stated (June 2014) that the religious institutions would be intimated to conduct meeting of the trust board regularly.

Housing & Urban Development and Water Resources Departments

3.8 Augmentation of drinking water supply system at Puri: Unfruitful expenditure of ₹ 158.16 crore

The Odisha Public Works Department (OPWD) Code requires settling the site of works before preparation of detailed design and estimate and execution of the same in most economical manner. Government of India (GoI)

⁹⁸ Lord Lingaraj and Kapileswar Dev

guidelines⁹⁹, *inter-alia*, required establishment of selected dependable and reliable raw-water source(s) by the concerned State Department to ensure long term sustainability of water supply project for the prescribed design period.

Government of India approved (July 2008) a project ‘Augmentation of drinking water supply system at Puri’ with project cost of ₹ 166.90 crore¹⁰⁰, under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) with objective to ensure supply of adequate quantity of piped, treated and quality water round the clock. The State Government was to bear cost of acquisition of land amounting to ₹ 17.75 crore involving acquisition of 409.09 acre private land and alienation of 143.31 acre Government land.

The State Government tagged water supply to a State funded project Samuka beach at an estimated cost of ₹ 59.33 crore to this project and accorded (July 2009) administrative approval for total project cost of ₹ 243.98 crore. The execution of work involved three Departments *viz.* Housing and Urban Development Department for execution of water supply works (₹ 83.83 crore), Revenue and Disaster Management Department for land acquisition and alienation (₹ 86.19 crore) and Water Resources Department for development of water source (₹ 142.40 crore).

Audit noticed that though ₹ 158.16 crore¹⁰¹ had been expended up to September 2014, yet the project scheduled for completion by December 2011 was not completed as of December 2014 and vital components of the project *viz.* development of water source, construction of intake well, water treatment plant, raw water rising main, etc. had not been started due to following deficiencies in execution of the project.

- **Delay in acquisition of private land resulting in cost overrun:** Despite approval of project by GoI in July 2008 and release (February 2009) of fund, the State Government initiated process of land acquisition and alienation only in February 2010. As a result, private land measuring 409.09 acre were belatedly acquired during November 2012 to December 2013 leading to increase in land acquisition cost from ₹ 17.75 crore to ₹ 86.19 crore, which resulted in extra expenditure of ₹ 68.44 crore.
- **Non-alienation of Government land leading to time overrun:** Despite acquisition of private land, Government had not alienated Government land measuring 143.31 acre lying in patches within/ near the acquired




WTP site left vacant

⁹⁹ Procedure/ Guidelines for preparation and submission of Detailed Project Reports (DPRs) for water supply projects

¹⁰⁰ With 80:10:10 cost sharing basis between the GoI, State Government and Urban Local Body concerned

¹⁰¹ On PH works by PH Division, Puri: ₹ 27.80 crore, Land acquisition cost: ₹ 86.19 crore and source development work by Irrigation Division, Puri: ₹ 44.17 crore

private land (September 2014) because alienation of said land was not permissible as the land included *gochar*, *rakshit* land, etc. and was under encroachment. This indicated that identification of land for development of water source was not properly made at the time of preparation of detailed project report, which had not been settled after more than six years of sanction of the project by GoI.

- **Revision of drawing and design:** The DPR prepared (March 2009) by Administrative Staff College of India estimated cost of in-take well at WTP at ₹ 16.52 crore. Due to tagging of State funded Samuka Beach water supply project to the JNNURM project, the same was revised through Tata Consulting Engineers Limited, Mumbai (TCEL) at ₹ 26.54 crore. As against completion of DPR by TCEL by June 2010, the same was completed in June 2011 due to non-availability of land. Revision of the DPR not only delayed the project execution but also resulted in designing of structures of higher capacity far ahead of requirement with extra cost of ₹ 10.02 crore¹⁰² while deleting other items to keep the total project cost within the administratively approved cost¹⁰³.
- **Avoidable expenditure:** Due to such time over-run, avoidable extra expenditure of ₹ 7.59 crore was incurred on sinking of 15 new tube wells¹⁰⁴ and extension of distribution lines etc. to meet the existing water demand and for further expansion/ strengthening of existing water supply network during 2012-14.
- **Idling of completed service reservoirs and procured pipes:** Without development of water source, intake well and WTP, ₹ 27.80 crore was utilised by PH Division, Puri up to June 2014 on construction of 11 elevated service reservoir (ESR) (₹ 10.39 crore), laying of clear water rising main (₹ 10.70 crore), procurement of cast iron pipes during January 2012 to May 2013 (₹ 5.50 crore), construction of pump house chamber (₹ 0.28 crore), etc. and the completed assets and pipes procured were left idle due to want of water for one to three years (October 2014).

- **Works not taken up:** Though to enable speedy execution, the project was split up into 39 packages¹⁰⁵, with the approval (May 2011) of H&UD/ WR Department, yet work in 21 packages had not commenced (October 2014) as clear site was not available for development of water source by WR Department. As a result, remaining central

¹⁰² Intake well: 78 MLD against 40 MLD: ₹ 1.47 crore, Water Treatment Plant: 44 MLD against 28 MLD : ₹ 8.55 crore

¹⁰³ Excluding for land acquisition entirely borne by the State Government

¹⁰⁴ 2012-13: 15

¹⁰⁵ PH Wing: 23 packages: ₹ 90.50 crore; Irrigation wing: 16 packages: ₹ 139.78 crore

assistance of ₹ 61.73 crore for this project could not be availed of by the State, though the extended scheme period would expire on 31 March 2015.

- **Award of work without inviting tender and allowing overhead charges twice:** The estimated cost of ‘Construction of pond embankment and other structures at Samanga area for sourcing of 75 MLD drinking water to Puri township’ was ₹ 76.79 crore. However, WR Department, in deviation from the provisions of OPWD Code, awarded (August 2013) the work to the Odisha Construction Corporation Limited (OCC) a State Government undertaking, on nomination basis at ₹ 91.60¹⁰⁶ crore i.e., ₹ 14.81 crore in excess of the estimated cost. Out of ₹ 14.81 crore, ₹8.33 crore was towards overhead charges. Since the estimated cost had already included overhead charges amounting to ₹ 6.88 crore, further provision of overhead charges (₹ 8.33 crore) resulted in extra liability to the Government as well as extension of undue favour to agency.
- **Price escalation due to award of work without site being available:** The contract awarded (August 2013) to OCC provided payment of escalation charges on material, labour and POL for any increase beyond the base quarter (April to June 2013). Since no site was handed over to OCC due to non-alienation of Government land lying within acquired private land, OCC is entitled for price escalation as per the contract even without execution of any work, though as per the work programme, OCC had to complete work valued ₹ 43.40 crore by August 2014. Award of work with escalation clause without having clear site was imprudent.

Thus, due to improper planning, tagging a state funded project and lack of coordination between three departments of Government and entire expenditure of ₹ 158.16 crore remained unfruitful.

H&UD Department and WR Department stated (August 2014) that the work was awarded to OCC anticipating handing over of permissive possession of land and delay in alienation of Government land was due to unauthorised occupation by local people. Both the departments assured to take steps for completion of the project by March 2015.

Housing and Urban Development Department

3.9 Irregular approval of building plans for high rise buildings by Bhubaneswar Development Authority

Section 15 of Orissa Development Authorities (ODA) Act 1982 prohibits construction of any building or development over any land in Bhubaneswar city without obtaining necessary written permission from Bhubaneswar

¹⁰⁶ Negotiated cost: ₹ 83.27 crore (i.e., 9.97 per cent excess over the estimated cost) and Overhead charges: ₹ 8.33 crore (10 per cent of the negotiated cost)

Development Authority (BDA). BDA, as regulator of Bhubaneswar Development Plan Area (BDPA), formulated (2001 and 2008) Planning and Building Standards Regulations (PBSR), prescribing norms and standards for construction of buildings in Bhubaneswar city. These permissions are granted by BDA to ensure compliance with provisions of prevailing PBSR by the developers / land owners concerned.

Audit examined nine out of 15 high rise or multi-storey buildings¹⁰⁷ plan approval files during December 2013 and April 2014 and remaining six¹⁰⁸ files could not be produced by BDA. On examination of these nine files, Audit observed the following:

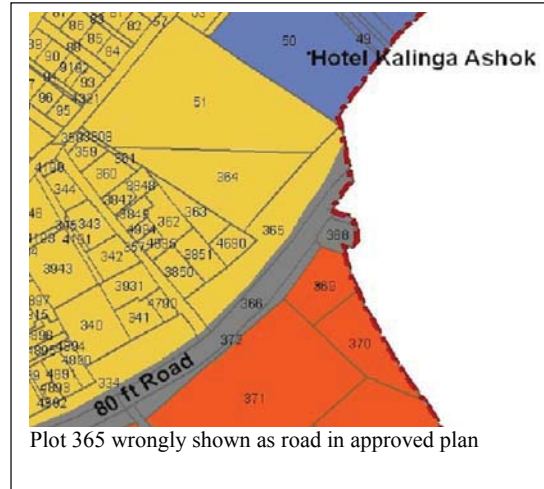
3.9.1 Irregularities in the plan approval

As per Regulation 58(4) (A) of PBSR 2008, no multi-storey building shall be allowed to be constructed with approach road less than 18 metre (59 feet) width.

BDA accorded (April 2009) permission in favour of a builder for construction of multi-storey buildings¹⁰⁹ over plot 51 and 364 of Goutamanagar Mouza with built up area of 6,70,532 square feet (sft). As per approved lay out plan, two plots were adjacent to 30 feet wide road towards rear side (west side) and 150 feet road towards front side (east side) of the building. Plan was approved on the basis of accessible means of 150 feet wide road.

Audit noticed that there were multiple irregularities in approval of the building plan of this builder as indicated below:

- **Irregular approval of high rise building plan without required approach road:** Audit noticed from Comprehensive Development Plan (CDP) map of BDA with reference to *Bhulekh* website of State Government, that a Government (GA Department) plot 365 (Category: *Nayanjori*) lies in between the plots (51 and 364) of the builder and 80 feet width road connecting National Highway (NH).



¹⁰⁷ Buildings whose height is 15 metre or more

¹⁰⁸ (1) BP2B-1496/07, Chandrasekharpur; (2) BP2B-662/05, Govindaprasad (3); BP2B-869/05, Chandrasekharpur; (4) BP2B-1230/06, Patia; (5) BP2B-390/04, Nayapalli and (6) BPBA-1920/06, Jayadev Vihar

¹⁰⁹ Lower Basement + Upper basement + 4 storey commercial (Floor Area Ratio (FAR):21689.04 sqm), Basement + Ground + 11 storey residential (FAR:40150.13 sqm) and double storey bungalow (FAR:453.32 sqm)

This indicates that the plot of the builder did not adjoin 150 feet wide road and had no approach road of required width, as indicated in the approved plan. But, plan was approved by showing Government plot 365 (*Nayanjori* category) as road in layout plan.

Thus, the builder was not eligible to construct high rise building as approach road of 59 feet or more width was not available to his plot and approval of such building plan was irregular.

- **Approval of the plan without assessing the distance from National Highway:** Regulation 58 (4) stipulates that no multi-storey building can be constructed within 100 metre from the centre of the National Highway on either side.

Though the location plan submitted by the builder and lay out plan approved by BDA indicated that the site of this builder for constructing multi-storied building was adjacent to NH 203, yet the same was not assessed by BDA before approving the building plan. Joint physical inspection (24 September 2014) of the site by BDA officials in presence of Audit revealed that construction of multi-storied building of builder including commercial building was within 100 metre distance from the centre of National Highway. Thus, such plan approval was irregular and BDA extended undue favour to the builder to construct such building in prime location with potential sale value.

Vice Chairman (VC) while confirming the fact stated (September 2014) that the developer was constructing the commercial block despite issue of stop construction notice by BDA and assured to take appropriate action in the matter.

- **Construction under heritage zone:** As per Comprehensive Development Plan (CDP) of Bhubaneswar (1994), 18 villages including Goutam Nagar village were included under Heritage Zone as these villages had heritage temples and monuments. Accordingly, PBSR 2001, prohibited construction of multi-storied building in Heritage Zone. Thereafter, CDP, 2010 also included these villages under Heritage Zone.

Audit noticed that BDA allowed (December 2008) the builders for construction of multi-storey building in these villages by amending PBSR 2008 and again imposed restriction in October 2013.

Audit observed that despite existence of heritage monuments and temples in these villages, permission to construct multi-storey buildings for an intermittent period from December 2008 to October 2013 only favoured the builders to construct multi-storey buildings jeopardising the objective of systematic development of Bhubaneswar city through CDP.

Vice-Chairman (VC), BDA stated (September 2014) that considering the demand of stakeholders, the restriction had been lifted through amendment of PBSR with approval of the Department. The reply indicated that PBSR

had been amended to suit the stakeholders overlooking systematic development of the area as envisaged in the CDP.

- **Approval of plan in favour of General Power of Attorney (GPA) holder:** As per condition of GPAs, GPA holders were authorised to apply for approval of building plans on behalf of land owners. Audit noticed that in case of approval of building plan of a multi-storey building, though different patches of land were owned jointly by two firms and one private person and one of the Directors of said builder was the GPA holder of other two land owners, yet building plan for 6,70,532 sft multi-storey building was approved in favour of the said Director-cum-GPA holder only, though the said builder was not the sole owner of entire land. Thus, approval of building plan by BDA in favour of the GPA holder instead of the owners of the plots was not in order and therefore, was irregular.

On this being pointed out, BDA assured (August 2014) that they would issue show cause notice to the builder for incorporation of names of all land owners in the approval letter and take action as per Rule. This indicated that the authorised officer/ Planning Member of BDA did not exercise due diligence while giving approval to building plans.

3.9.2 Other violations and constructions deviating from the building plans

Other irregularities in building plan approval and constructions deviating from approved building plans are discussed as under:

- **Unauthorised construction of building despite refusal of plan approval:** Section 15 of ODA Act prohibits development activity in any building or over any land unless written permission is granted by BDA.

Audit, noticed that though BDA refused (May 2008) plan approval for construction of a Ground (G) +2 storey building¹¹⁰ due to unauthorised construction of ground floor encroaching 350 square foot of Government land which was detected during onsite verification (May 2008) by its staff, it did not take any action for demolition of the building or to stop further unauthorised construction. However, on physical inspection by BDA officials in the presence of audit (March 2014), it was noticed that the owner constructed G+2 building with built up area of 7,270 sft without obtaining any permission.

In reply, VC, BDA stated (August 2014) that unauthorised proceeding (UAP) cases had been filed for such violation and assured to take appropriate action in the matter.

¹¹⁰ Plot No. N.3/ 313 at Jaydev Vihar

- **Construction of main building without obtaining approval to commence the work:** As per Regulation 9 (7) of PBSR 2008, in case of stilt+3 and above multi-storey buildings, conditional permission shall be accorded directing the builder to develop the onsite and offsite infrastructure like connectivity of sewerage, drainage, water supply, road, etc. as per the specification laid down by the local authority. Only after receipt of the No Objection Certificate (NoC) from the local authority, order for commencing construction of main building shall be given by BDA. The purpose was to ensure that required infrastructure like road, drain, etc. were completed prior to construction of main building.

Audit noticed that four out of six builders completed the construction of buildings without obtaining any such order from BDA to commence construction of main building while remaining two builders were found on joint physical inspection to have completed the buildings though BDA permitted construction up to plinth level only. Mechanism to watch compliance to the conditions imposed in building plan approval letters was poor which led the concerned builders to go ahead beyond permissible limit. No action was taken by the BDA for such violations (June 2014).

VC, BDA while confirming the fact stated (September 2014) that in all the six cases, UAP cases have been filed (2006-2014) and appropriate action as per law would be taken.

- **Construction of extra floor deviating from approved plan:** Section 91 of ODA Act 1982 empowers the authority to demolish the structure constructed in violation of the approved building plan and as per regulation 65(1) of PBSR, BDA reserves the right to debar/ blacklist the builder/ technical person for construction of any building deviating to the approved plan.

Audit noticed that two builders¹¹¹ without adherence to the approved plan, constructed one extra floor each in excess of approved plan and another builder constructed Stilt +3 building¹¹² though plan was approved for Basement+3. BDA had not taken any remedial action.

- **Misuse of parking area:** Regulation 35 (8) of PBSR 2008 stipulates that in case of misuse of the area specified for parking, the same shall be removed/ demolished by the Authority.

However, two builders¹¹³ misused the parking spaces by utilising them for commercial/ educational purpose as noticed during joint physical inspection (March 2014) of the building by BDA officials in the

¹¹¹ Plot No. A-411 at Saheed Nagar Village and Plot No. 170 in Chandrasekharpur Village

¹¹² Plot No. 225/ 2304 and others in Govinda Prasad Village

¹¹³ Plot No. 2723/ 3280 in Andharua Village and Plot No. A-411 at Saheed Nagar

presence of Audit. But, BDA did not initiate action for demolition of unauthorised construction in the parking space.

- **Occupation of buildings without obtaining occupancy certificates from BDA:** Regulation 66 of PBSR 2008 stipulates that no multi-storey/ apartment building can be occupied without occupancy certificate from BDA. As per Regulation 15 of PBSR of BDA, a team of officials of the Authority were to visit the site and ensure that all public utilities were provided and building plan was adhered to before issue of Occupancy Certificates by the Authority.

Audit noticed that in all the five test checked cases, where constructions were completed, the buildings were occupied without obtaining occupancy certificates and BDA was unable to take any effective action to ensure compliance to the above regulation and impose penalty under Regulation 16 (5A) of PBSR 2008 as amended in 2013.

In reply, VC stated (September 2014) that show cause notices were already served on the developers concerned and assured to impose penalty as per Rule.

- **Non-forfeiture of security deposits:** Regulation 7 of PBSR 2008 stipulates that security deposits collected from builders are to be retained till obtaining completion certificate and the same will be forfeited if constructions would not be made as per approved building plan.

Audit noticed on joint physical inspection (March 2014) that two buildings¹¹⁴ were constructed in contravention to the approved plan requiring forfeiture of security deposits. However, security deposit in the form of bank guarantees (BGs) of ₹ 2.76 lakh was allowed to expire (August 2011 and July 2012) without renewal though completion certificates were not issued. Since the BGs were lapsed, BDA could not forfeit the amount despite violation of approved plan.

VC while confirming the fact stated (September 2014) that show cause notices were already been served on the two developers for extending the validity period of BG by three years failing which the approved plan would be cancelled. The position, however, remained the same (November 2014).

- **Multi-storey building occupied without firefighting system**

As per PBSR 2008, multi-storey buildings are to be equipped with firefighting system and Sewerage Treatment Plant (STP) as per Fire and Life Safety provision of the National Building Code of India 2005. Further, BDA has to issue occupancy certificate before buildings are put for inhabitation.

¹¹⁴ Plot No. 225/ 2304 and others in Govinda Prasad Village (₹ 1.09 lakh) and Plot No. 2723/ 3280 in Andharua Village (₹ 1.67 lakh)

Audit noticed that there was no firefighting system and Sewerage Treatment Plants (STP) in any of the five occupied multi-storey buildings nor had BDA issued occupancy certificate.

VC, BDA stated (September 2014) that show-cause notices for such deficiencies have already been issued in 126 cases including the above ones. Further action is awaited (November 2014).

Bhubaneswar
The

(Amar Patnaik)
Accountant General (G&SSA)
Odisha

Countersigned

New Delhi
The

(Shashi Kant Sharma)
Comptroller and Auditor General of India