



**Report of the
Comptroller and Auditor General of India
on
Local Bodies
for the year ended March 2016**



Government of Odisha
Report No.8 of the year 2016

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Preface

This Report for the year ended March 2016 has been prepared for submission to the Governor of Odisha under CAG's DPC Act, 1971.

The Report contains significant results of the audit of the Panchayati Raj Institutions and Urban Local Bodies in the State.

The issues observed in the course of test audit for the period 2015-16 as well as those issues, which came to notice in earlier years but could not be dealt within the previous Reports, have also been included, wherever necessary.

The audit has been conducted in conformity with auditing standards issued by the Comptroller and Auditor General of India.

OVERVIEW

Overview

An overview of the significant audit observations made on the functioning of Panchayati Raj Institutions and Urban Local Bodies in implementing various schemes/ programmes under Panchayati Raj Department and Housing and Urban Development Department respectively is given below.

Panchayati Raj Department

2.1 Implementation of Targeted Rural Initiatives for Poverty Termination and Infrastructure

- In the planning process of the mission, “Bottom-up” approach, as envisaged in the guidelines, was not followed which prevented participation of the Community Based Organisations at the lowest level.

(Paragraph 2.1.2)

- As the State could not spend the entire credit, it was liable to pay commitment charges of ₹ 4.35 crore to the International Development Association against un-withdrawn amount of ₹ 124.35 crore.

(Paragraph 2.1.3.1)

- Even after closure of the project in June 2015, funds remained unutilised at State Project Monitoring Unit and Gram Panchayat Level Federation levels.

(Paragraph 2.1.3.2)

- Adequate number of Gram Panchayat Level Federations were not created and minimum requirement of Community Investment Fund (₹ 15 lakh) was not provided to the Gram Panchayat Level Federations, thereby restricting micro-finance to rural poor. None of the Gram Panchayat Level Federations were registered under appropriate Acts, due to which loan amount of ₹ 92.43 lakh remained unrecovered from the Self Help Groups.

(Paragraph 2.1.4)

- Though 169 Self Help Groups submitted Micro Investment Plans of ₹ 3.57 crore, loans of only ₹ 82.19 lakh (23 per cent) were sanctioned and no attempts were made to leverage external funding.

(Paragraph 2.1.4)

- Achievements under different livelihood programmes were poor due to delayed release of funds and inadequate monitoring.

(Paragraph 2.1.6)

- Non-functioning of six mandatory committees in Gram Panchayat Level Federations enabled misappropriation of Community Investment Fund, Pro-Poor Inclusion Fund and Institution Building Fund.

(Paragraph 2.1.7)

2.2 Audit of Thirteenth Finance Commission Award (2010-11 to 2014-15)

- Due to absence of monitoring by District Rural Development Agencies/ Department, component-wise utilisation of funds was not available at blocks and Gram Panchayats.

(Paragraph 2.2.2.4)

- Contrary to guidelines, funds under the components like Drinking Water Supply, Rural Sanitation and Maintenance of Local Area Network were routed through the respective blocks, instead of being released directly to Gram Panchayats.

(Paragraph 2.2.3.3)

- Tube wells and Piped Water Supplies were not repaired in time and poor maintenance of records and registers led to shortage and doubtful utilisation of spare parts worth ₹ 88.33 lakh.

(Paragraph 2.2.3.5 to 2.2.3.8)

- Instead of promoting sewerage and Solid Waste Management services in villages, the funds allotted for Rural Sanitation were utilised for construction of Cement Concrete roads.

(Paragraph 2.2.4.2)

- Under Maintenance of Roads and Bridges, new constructions were made in violation of the guidelines. In nine test checked blocks, an amount of ₹ 5.66 crore was spent on new construction of roads and bridges.

(Paragraph 2.2.5)

- The roads constructed in Gram Panchayats and blocks did not meet the prescribed specifications as deficiencies in measurements were observed in 34 out of 77 roads inspected.

(Paragraph 2.2.8)

- In Brahmagiri Panchayat Samiti, the then Senior Clerk-cum-Cashier misappropriated Old Age Pension funds by tampering with an official cheque and not depositing undisbursed Old Age Pension money of ₹ 15.02 lakh.

(Paragraph 2.3)

- Government money of ₹ 14.01 lakh was misappropriated in Puri Sadar Panchayat Samiti through double payment and drawal of self-cheque without cash book entry.

(Paragraph 2.4)

- In eight Panchayat Samitis, ₹ 1.12 lakh was misappropriated in disbursement of Old Age Pension.

(Paragraph 2.5)

- Thirteen ineligible beneficiaries (non-widows) were paid widow pension of ₹ 0.77 lakh under Madhu Babu Pension Yojana in Lahunipara Panchayat Samiti.

(Paragraph 2.6)

- An amount of ₹ 0.30 lakh was misappropriated from the miscellaneous receipts of the Boipariguda Panchayat Samiti.

(Paragraph 2.7)

- In Babuchhipidihi Gram Panchayat of Laikera Panchayat Samiti, the Panchayat Executive Officer and Sarpanch misappropriated Gram Panchayat Fund of ₹ 0.23 lakh.

(Paragraph 2.8)

- Non-accounting of Hume Pipes in stock register of Gurundia Panchayat Samiti resulted in loss of stock of ₹ 12.71 lakh.

(Paragraph 2.9)

Housing and Urban Development Department

Generation of own revenue and its collection by Bhubaneswar Municipal Corporation

- Bhubaneswar Municipal Corporation (BMC) did not set up the required institutional arrangements for levy of property tax even after 13 years of enactment of the Orissa Municipal Corporation Act, 2003 and was only levying and collecting the holding tax.

(Paragraph 4.1.6.1)

- The annual value of holdings was not revised after 1977, resulting in loss of revenue.

(Paragraph 4.1.7.3)

- There was a loss of revenue of ₹ 19.94 crore due to under-assessment of advertisement tax and non-enforcement of agreement condition for display of advertisement and renewal of passenger shelters at a lower rate.

(Paragraph 4.1.8.1 to 4.1.8.6)

- Failure of BMC to levy penalty on trade licences, collect licence fees from traders and implement recommendation of Third State Finance Commission, led to loss of revenue of ₹ 12.40 crore.

(Paragraph 4.1.9.1 to 4.1.9.5)

- Bhubaneswar Municipal Corporation allotted 35 shop-rooms to rehabilitated shopkeepers in its new garment market without making any agreement, due to which it lost the rent revenue of ₹ 24.31 lakh.

(Paragraph 4.1.10.1)

- Bhubaneswar Municipal Corporation failed to implement user charges reform as per the Orissa Municipal Corporation Act and Government orders, as a result of which there was a loss of ₹ 6.62 crore towards non-imposition of user charges on shops and non-realisation of user fees from hospitals, nursing homes, apartments and hotels.

(Paragraph 4.1.11)

- Bhubaneswar Municipal Corporation could not collect revenue of ₹ 43.25 crore from the buildings, constructed without obtaining No Objection Certificates due to its failure to enforce the Orissa Municipal Corporation Act and maintain co-ordination with Bhubaneswar Development Authority. Further, it under-assessed the project cost of buildings due to which demands for development charges were short levied to the extent of ₹ 2.32 crore.

(Paragraph 4.1.12.1 and 4.1.12.2)

- In BMC-Keshari Mall, BMC could not sell out the shops and assets valued at ₹ 16.77 crore and they were lying idle, as it did not take possession of the shops in the last six years. Similarly, BMC failed to sell out or give on rent 95 per cent area of BMC-Bhavani Mall.

(Paragraph 4.1.13.1 and 4.1.13.2)

- Bhubaneswar Municipal Corporation's failure to execute the deeds of conveyance in favour of the shop owners of BMC-Keshari Mall prevented it from collecting holding tax of ₹ 39.84 lakh during the last five and half years.

(Paragraph 4.1.13.3)

- Bhubaneswar Municipal Corporation did not raise demand for authorisation premium of ₹ 55.13 lakh from the agency constructing Foot Over Bridge.

(Paragraph 4.1.13.4)

- Bhubaneswar Municipal Corporation did not take any follow-up action under the Orissa Municipal Corporation Act to realise the arrears of holding tax and market rent amounting to ₹ 84.96 crore.

(Paragraph 4.1.14.1)

Compliance Audit Paragraphs

- Holding Tax of ₹ 0.93 lakh received by the Tax Collector of Notified Area Council, Kotpad was misappropriated without depositing with the Cashier.

(Paragraph 5.1)

- In Basudevpur Municipality, there was doubtful procurement of electrical items worth ₹ 10.20 lakh, due to absence of stock-taking and non-availability of purchase records.

(Paragraph 5.2)

- In Sambalpur Municipal Corporation, rent of ₹ 1.74 crore was not collected from the retired officials at revised rates along with penalty.

(Paragraph 5.3)

- Six Urban Local Bodies did not remit Employees' Provident Fund dues to the Regional Provident Fund Commissioners which resulted in payment of penalty and interest of ₹ 1.47 crore in addition to a committed liability of ₹ 34.04 lakh.

(Paragraph 5.4)

Part-A

PANCHAYATI RAJ
INSTITUTIONS

CHAPTER I

Section A An overview of Panchayati Raj Institutions

1.1 Introduction

Panchayati Raj Institutions (PRIs) came into existence in Odisha from 1948 with the enactment of Orissa Gram Panchayat Act 1948. Subsequently, Orissa Panchayat Samiti Act and Zilla Parishad Act were enacted in 1959 and 1991, respectively, setting up three tier PRIs in the State. All these Acts were amended in 1993 and 1994¹ in conformity with the 73rd Constitutional Amendment Act 1992, empowering the PRIs to function as institutions of self-government to accelerate economic development and ensure social justice in rural areas.

Table 1.1: State profile

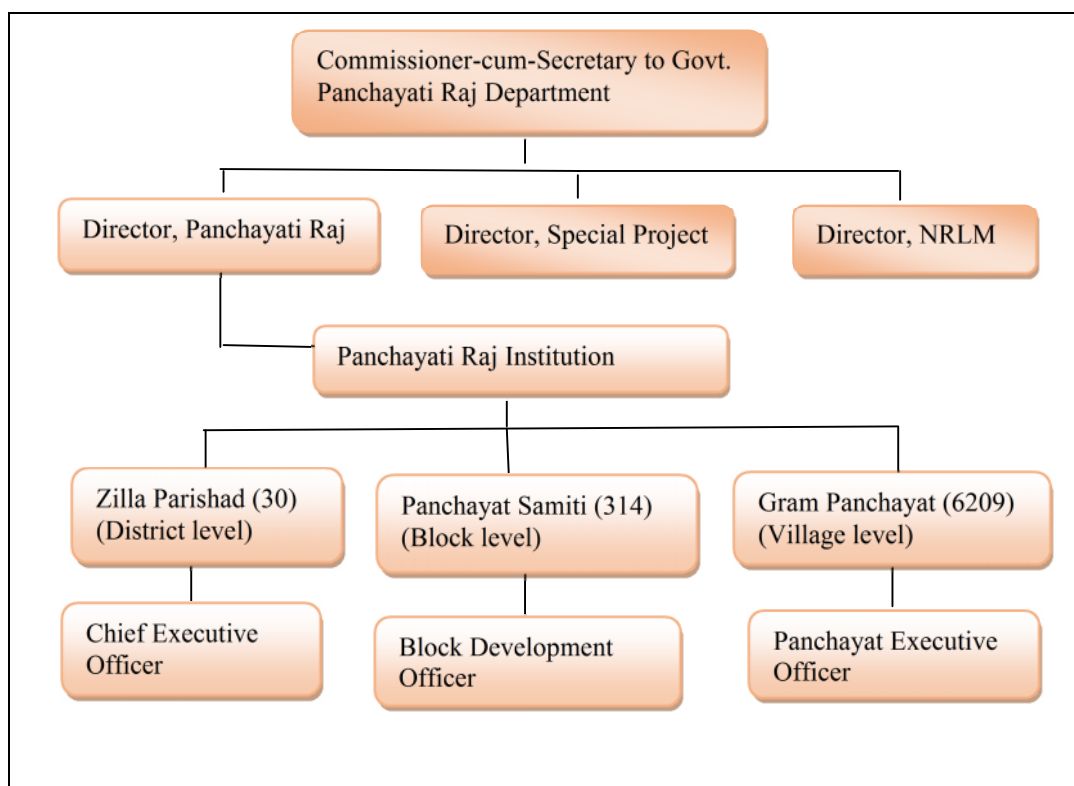
Indicator	State statistics	Unit
Area	155707	Square km.
No. of Tehsils	317	Number
No. of villages	51349	Number
Total population (Census 2011)	419.74	Lakh
Rural population	83	<i>Per cent</i>
Density	270	Persons/Square km.
Male Literacy	81.59	<i>Per cent</i>
Female Literacy	64.01	<i>Per cent</i>
Scheduled Caste population	17.13	<i>Per cent</i>
Scheduled Tribe population	22.85	<i>Per cent</i>

1.2 Organisational Setup of PRIs

Panchayati Raj Institutions are classified into three tiers, viz. Zilla Parishads, Panchayat Samitis and Gram Panchayats. There are 30 Zilla Parishads, 314 Panchayat Samitis and 6209 Gram Panchayats in Odisha.

¹ ZP Act 1991 of Orissa was amended in 1993. Orissa GP Act 1948 / 1964 and Orissa Panchayat Samiti Act 1959 were amended in 1994

The organisational setup of the PRIs is indicated below.



All the three tiers of PRIs function under the administrative control of the Panchayati Raj (PR) Department headed by the Commissioner-Cum-Secretary, who is assisted by the Director (PR), Director (Special Projects) and the Director, NRLM at the State level.

Panchayati Raj was introduced in January 1961 in the State, under which three tiers of the system namely Zilla Parishads, Panchayat Samitis and Gram Panchayats have to work in close coordination with each other.

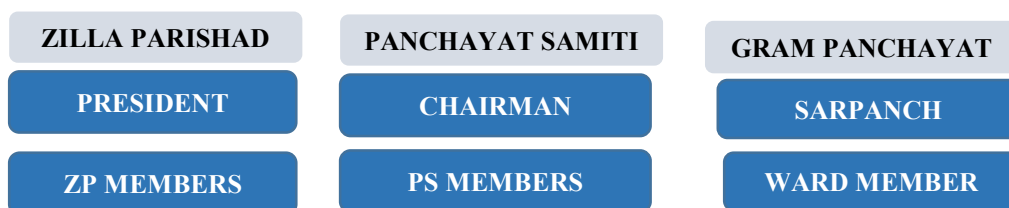
Each of the 30 districts of the State has a Zilla Parishad (ZP). The ZP is managed by an elected body headed by a President, who is elected amongst the elected representatives of the ZP. The District Collector acts as the ex-officio Chief Executive Officer (CEO) of the ZP, while the Project Director of District Rural Development Agency (DRDA) concerned acts as the ex-officio Executive Officer (EO) for discharging day-to-day administrative functions of the ZP.

The Panchayat Samiti (PS), functioning at the Block level, is managed by an elected body headed by a Chairman, duly elected amongst the elected representatives of the Block. The Block Development Officer (BDO) acts as the executive head.

At the Gram Panchayat (GP) level, the elected members headed by a Sarpanch constitute the GP. General superintendence and overall control of the GP is exercised by the Panchayat Executive Officer who discharges his duties under the supervision of the BDO.

Election to the PRIs at all tiers was last conducted in February 2012.

The setup of Elected Body of the PRIs is as follows: -



1.3 *Functioning of PRIs*

Article 243 of the Constitution prescribes devolution of powers, resources and responsibilities to elected local bodies from the State Government. It enjoins upon the State Legislatures to enact laws / amend existing laws devolving/ transferring 29 subjects listed in the Eleventh Schedule of the Constitution of India to PRIs. This would also lead to PRIs emerging as platforms for planning and implementation of programmes for economic development and social justice for rural people.

Out of 29 subjects of 19 Departments, State Government has transferred (October 2005) 21 subjects of 11 Departments to the PRIs (*Appendix 1.1*). The Chief Secretary instructed (July 2003) 11 Departments to implement decentralisation of the governance in letter and spirit. The State Government had given enough funds for the development of the village panchayats. Besides, the Fourteenth Finance Commission and Fourth State Finance Commission have recommended maximum grant for the village panchayats. As a result, the Odisha Government received the Incremental Devolution Index Award 2015-16 for providing maximum power to the panchayats.

1.4 *Staffing pattern of PRIs*

There is to be an Executive Officer for every Gram Panchayat who is to maintain the records of the proceedings of the meetings of GPs, remain a custodian of all such records and documents, cash and valuable securities of GP and exercise such other powers, discharge such other duties and perform such other functions as may be prescribed. The Village Level Workers (VLW) and Village Agriculture Workers (VAW) working in a district act as Executive Officers. Against the sanctioned strength of 6234 VLWs, men-in-position were 5476 with vacancy of 758, thereby hampering the functioning of the GPs. As observed in compliance audit of 31 GPs, the utilisation of funds was less than 50 *per cent* in six GPs and less than 70 *per cent* in 23 GPs.

For every block, there is to be a Block Development Officer (BDO) to be appointed by the Government and an Additional Block Development Officer (ABDO) may be appointed by the Government under the administrative control of the BDO. The Samiti, with the approval of the Government, is to determine the number and grade of the employees to be appointed to the services of the Samiti. Against sanctioned strength of 314 each for BDO and ABDO, men-in-position were 311 and 198, with vacancy of 3 and 116, respectively.

The Collector of the district is the Chief Executive Officer of the Parishad who exercises such powers and perform such functions as are prescribed. The Project Director, District Rural Development Agency is the *ex-officio* Secretary of the Parishad.

Similarly, under technical category at district and block level, against sanctioned strength of 1845 posts, men-in-position were 1767 with 78 vacancies, which resulted in low spending of the grants received for various socio-economic development programmes. As seen in compliance audit of 38 PSs, the percentage of utilisation of different scheme funds was less than 50 in 13 PSs.

1.5 Functioning of various Committees

To execute the functions of PRIs, Standing Committees have been constituted (seven each for ZPs and PSs and five for GPs) with the elected representative as the Chairperson and Secretary as the Chief Executive Officer. The role and responsibilities of Standing Committees are given at *Appendix 1.2*.

Overall monitoring and review of the development programmes at the State and District levels were conducted by the State Level Vigilance and Monitoring Committee (SLVMC) and District Vigilance and Monitoring Committees (DVMC) respectively. The SLVMC of Odisha has been constituted under the Chairmanship of the Minister, Rural Development, Government of Odisha with three Co-chairmen and 29 members. In case of DVMC, Member of Parliament (Lok Sabha) is the Chairman, with District Collector as Secretary and all district level officers as members. Both the Committees are required to meet at least once in every quarter, however, two meetings of SLVMC and 44 meetings of DVMC were held in 25 districts against 120 meetings during 2015-16. In five districts², no meetings were held during 2015-16.

1.6 Fund Flow arrangement at PRIs

The main sources of funds of PRIs in the State were from Government of India (GoI) under various Centrally Sponsored Schemes (CSS), *viz.* Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Backward Region Grant Fund (BRGF), Indira Awaas Yojana (IAY), Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA) etc. and grants received from State Government as per the recommendations of State Finance Commission and the Central Finance Commission. Funds are also received under State sponsored schemes like *Mo Kudia* (renamed as Biju Pucca Ghara), Cement Concrete (CC) Road, Biju KBK Yojana and Gopabandhu Grameen Yojana (GGY).

The position of funds received by the PRIs under various schemes of GoI and Government of Odisha (GoO) and also grants-in-aid from GoO and the expenditure incurred therefrom is given in *Table 1.1*.

Table 1.1: Total funds received by PRIs during 2011-16 (*₹ in crore*)

Scheme	2011-12	2012-13	2013-14	2014-15	2015-16
IAY (CSS-75:25)	833.17	1110.60	1257.44	1998.71	2866.26
Mo Kudia (renamed as Biju Pucca Ghara Yojana)	96.04	133.25	273.36	346.92	1219.66

² Gajapati, Ganjam, Koraput, Mayurbhanj and Nuapada

Scheme	2011-12	2012-13	2013-14	2014-15	2015-16
(SS-100 per cent)					
GGY (SS-100 per cent)	251.78	199.10	261.80	248.89	710.26
BRGF (100 per cent SCA)	327.22	396.04	428.56	326.23	72.05
SGSY/NRLM (CSS-75:25)	192.88	124.71	104.56	113.27	194.09
MGNREGS (CSS- 90:10)	1371.18	1321.64	1322.78	1077.38	2060.94
Thirteenth, Fourteenth CFC	570.92	713.10	731.93	804.40	1264.44
RGPSA	0	0	12.56	48.25	33.82
Grant-in-aid (SFC, Cluster House, CC Road)	589.69	729.03	1148.28	860.88	1122.87
Total	4232.88	4727.47	5541.27	5824.93	9544.39

(Source: Annual Report and MIS Reports furnished by PR Department)

Total fund available includes opening balance and interest

(CSS: Centrally Sponsored Scheme, SS: State Scheme, SCA: Special Central Assistance, CFC: Central Finance Commission, SFC: State Finance Commission, CC: Cement Concrete)

Table 1.2: Budget provision for plan and non-plan sectors for PRIs during the last five years

(₹ in crore)

Year	Plan		Non Plan	
	Budget Provision	Release (per cent)	Budget Provision	Release (per cent)
2011-12	1088.45	991.40(91)	1340.82	1222.45(91)
2012-13	1501.04	1320.63(88)	1438.21	1216.77(85)
2013-14	2245.45	2082.51(93)	1525.67	1296.12(85)
2014-15	4175.75	3441.58(82)	1703.30	1401.37(82)
2015-16	6217.69	5330.50(86)	2338.87	2334.83(99.8)

(Source: MIS Reports furnished by PR Department)

Table 1.3: Total expenditure by PRIs during the last five years

(₹ in crore)

Scheme	2011-12	2012-13	2013-14	2014-15	2015-16
IAY (CSS-75:25)	634.67	941.26	946.94	825.96	1981.65
Mo Kudia (renamed as Biju Pucca Ghara Yojana) (SS-100 per cent)	63.06	79.83	147.84	193.54	828.22
GGY (SS-100 per cent)	207.88	163.46	238.46	189.26	192.57
BRGF (100 per cent SCA)	224.98	273.09	271.13	266.93	47.60
SGSY/NRLM (CSS-75:25)	171.35	74.49	50.97	67.82	124.02
MGNREGS (CSS- 90:10)	1032.56	1177.47	1289.13	1073.07	2046.67
Thirteenth, Fourteenth CFC	288.72	440.32	500.49	536.49	364.44
RGPSA	0	0	0.85	14.42	15.39
Grant-in-aid (SFCs, Cluster House, CC Road)	279.23	472.19	1011.20	697.21	425.66
Total	2902.45	3622.11	4457.01	3864.7	6026.22

(Source: MIS Reports furnished by PR Department)

As seen from above tables, receipt as well as expenditure during 2015-16 has increased by 64 per cent and 56 per cent, respectively, as compared to that of 2014-15.

1.7 Recommendations of the State Finance Commissions (SFCs)

The Second SFC had recommended ₹ 2143.22 crore to the PRIs towards devolution, compensation and assignment, grant-in-aid and salary for the period 2005-10, against which ₹ 984.36 crore (45 per cent) only was released by the State Government from its own Tax Revenue. Similarly, Third SFC had recommended ₹ 6787.18 crore for PRIs for the period 2010-15, against which ₹ 3120.14 crore (56 per cent) was released by the State Government.

The Third SFC reiterated many of the recommendations made by the second SFC as those were either not implemented or partially implemented. Besides, it also has made other recommendations, most of which have not been implemented till date of audit.

The Fourth SFC, through its recommendation, had endeavored to assist and advise the State Government to develop the lowest tiers of democratic institution as responsible local government. Some of the recommendations related to the measures to strengthen resource base of the Local Bodies to help them evolve into responsible units of Local Self Governance. Recommendations have been grouped into four broad heads:

1. Institutional and structural strengthening;
2. Resource generation and legal hurdles thereof;
3. General issues; and
4. Fund transfer.

Total resource transfer (from State resources) to PRIs recommended by the Fourth SFC for the period 2015-20 is given in **Table 1.4**.

Table 1.4: Resource transfer recommended by the SFC

(₹ in crore)

Distribution mechanism	2015-16	2016-17	2017-18	2018-19	2019-20	2015-20
Devolution	493.77	493.77	493.77	493.77	493.77	2468.85
Assignment of Taxes	438.31	539.60	620.16	672.84	730.79	3001.70
Grant-in-aid	290.05	368.43	455.12	539.20	581.72	2234.52
Total	1222.13	1401.8	1569.05	1705.81	1806.28	7705.07

(Source: Report of the 4th SFC)

However, State Government has released ₹ 1235.46 crore towards SFC award during the year 2015-16.

1.8 Recommendations of the Central Finance Commission (CFC)

The devolution of funds to PRIs as per recommendations of the Thirteenth Finance Commission and allocations for PRIs for the award period are shown in **Table 1.5** below:

Table 1.5: Recommendations of Thirteenth FC and allocation for PRIs

(₹ in crore)

Sl. No.	Subject	2010-11	2011-12	2012-13	2013-14	2014-15	Total
1	General Area Basic Grant	241.29	279.78	326.99	387.43	458.71	1694.20
2	General Performance Grant	0.00	95.66	224.41	264.70	312.23	897.00
3	Special Area Grant	19.39	--	--	--	--	19.39
Total		260.68	375.44	551.40	652.13	770.94	2610.59

(Source: Panchayati Raj Department letter No. 22895 dated 6 August 2010)

However, out of ₹ 1694.20 crore, ₹ 1299.90 crore³ was released to the PRIs towards General Area Basic Grant, Special Area Basic Grant and share from Forfeited Performance Grant for the period from 2012-13 to 2014-15.

The Thirteenth Finance Commission had recommended allotment of Performance Grant of ₹ 897 crore for the period 2011-15. The State was eligible to draw its allocations, if it complied with nine conditions prescribed at paragraph 10.161 of Thirteenth Finance Commission Report.

Out of nine conditions, State Government has complied with four conditions and five conditions have not been complied with. Hence, the State Government could not avail of the Performance Grant of ₹ 897 crore as of March 2015. However, ₹ 68.83 crore has been received towards Forfeited Performance Grant as of March 2015.

Table 1.6: Recommendation of Fourteenth Finance Commission

(₹ in crore)

Sl. No.	Subject	2015-16	2016-17	2017-18	2018-19	2019-20	Total
1	Basic Grant	955.52	1323.09	1528.71	1768.44	2389.54	7965.28
2	Performance Grant	0	173.55	196.40	223.04	292.05	885.03
Total		955.52	1496.64	1725.11	1991.48	2681.59	8850.31

(Source: Fourteenth Finance Commission Report)

As per recommendation, ₹ 955.52 crore was received by the State Government towards Central Finance Commission award during the year 2015-16.

1.9 Audit mandate

1.9.1 Primary Auditor

As per Rule 149 of the Regulations on Audit and Accounts, the Director, Local Fund Audit (DLFA) is the primary Auditor of PRIs in the State. It is a directorate under the Finance Department of the State. The DLFA conducts audit of PRIs of all 30 districts of the State through 26 District Audit Offices. The position of audit of PRIs by DLFA as on March 2016 is given in Table below.

Table 1.7: The position of audit of PRIs by DLFA as on March 2016

Year	Total number of PRIs planned for audit			Total number of PRIs audited			Shortfall (Figures given in the bracket indicate percentage)		
	GP	PS	ZP	GP	PS	ZP	GP	PS	ZP
2013-14	6234	314	30	4384	294	30	1850 (30)	20 (6)	Nil
2014-15	6234	314	30	4647	314	29	1587 (25)	0	1
2015-16	5977	314	30	5427	311	30	550 (9)	3(1)	Nil

(Source: Information furnished by Director, Local Fund Audit, Odisha)

Government/ DLFA had engaged (September 2010) the Institute of Public Auditors of India (IPAI) for audit of the accounts of GPs in order to reduce the arrears in audit of GPs. The IPAI audited accounts of 2319 GPs during 2015-16 on behalf of DLFA.

³ General Area Basic Grant: ₹ 1172.90 crore + Special Area Basic Grant: ₹ 58.17 crore + Share from forfeited Performance grant: ₹ 68.83 crore

1.9.2 Audit by Comptroller and Auditor General of India

On the recommendation of the Thirteenth Finance Commission, the State Government had entrusted (April 2011) the Comptroller and Auditor General of India (CAG) with audit of all the three tiers of Panchayati Raj Institutions (PRIs) of the State under Section 20(1) of the CAG's (Duties, Powers and Conditions of Service) Act, 1971. Besides, the CAG was also requested to provide Technical Guidance and Support (TGS) to the State Audit Agency viz., Local Fund Audit (LFA) for audit of Local Bodies. The Government had notified (July 2011) the parameters of the TGS agreed to, in the Official Gazette. Under TGS arrangement, 310 LFA staff were imparted training during 2015-16 covering topics on audit of schemes implemented in PRIs and ULBs, Accounting system in ULBs and audit methodology.

1.10 Reporting arrangement

1.10.1 Audit Report of Primary Auditor

Director, Local Fund Audit is the Primary Auditor and authorised to conduct annual audit of financial accounts of the PRIs. As per recommendations of the Thirteenth Finance Commission and provisions of OLFA (Amendment) Rules, 2015, the DLFA shall prepare and submit to the State Government not later than 30th September of each year a consolidated report for the previous year, to be laid before the State Legislature. Annual Report for 2014-15 has been laid in the Odisha Legislative Assembly on 7 December 2015.

1.10.2 Annual Technical Inspection Report (ATIR) on PRIs

Annual Technical Inspection Report for the year ended March 2015 has been laid in Odisha Legislative Assembly on 27 September 2016.

1.11 Response to audit observations

As on 31 March 2016, 14,480 paragraphs relating to 3295 Inspection Reports (IRs) issued by the Office of the Accountant General (G&SSA), Odisha to different PRIs remained unsettled for want of required compliances. However, 703 paragraphs and 51 IRs were settled through Triangular Committee Meetings during 2014-15. The Office of the Accountant General (G&SSA), Odisha issued nine Annual Technical Inspection Reports (ATIRs) on PRIs relating to the years 2005-06 to 2014-15, wherein major audit findings on the transactions of PRIs of the State were reported. Even after convening meetings with the Commissioner-cum-Secretary of the Department and making number of correspondences with Chief Secretary to Government of Odisha, submission of compliance by the Government to the paragraphs of these nine ATIRs is poor.

Section B

Accountability Mechanism and Financial Reporting issues

1.12 *Vigilance Mechanism*

(i) *Social Audit*

It was observed during Compliance Audit that PS⁴s had not conducted Social Audit under different schemes.

(ii) *Lokayukta*

Even though President accorded his approval to the Odisha Lokayukta Bill in January 2015, the State Government is yet to appoint a Lokayukta. As per the rule, the State Government should have issued a gazette notification to execute the new Lokayukta Act. However, no action has yet been taken by the government to execute the law till date.

(iii) *Grievance redressal*

In respect of 38 PSs audited during 2015-16, it was observed that out of total 4997⁵ grievances received in 28 PSs, 4310 grievances were pending for redressal. As replied by the BDOs, the pendency was due to delay in receipt of inquiry report.

1.13 *Pending submission of Utilisation Certificates (UCs)*

It was observed that 26 PSs out of 38 PSs audited during 2015-16, had not submitted UCs amounting to ₹ 596.98 crore against expenditure of ₹ 1022.33 crore. Similarly, 25 Grama Panchayats had not submitted UCs for ₹ 3.08 crore against expenditure of ₹ 3.38 crore incurred during 2015-16.

1.14 *Outstanding advance*

It was observed from the trial balance and cash books in compliance audit that in 34 PSs, ₹ 43.31 crore was unadjusted. Due to non-maintenance of Advance Register by the PSs, details such as date of payment, purpose and person to whom paid, could not be ascertained in audit. Similarly, in 20 GPs, ₹19.79 lakh was lying unadjusted.

1.15 *Non-reconciliation of balances as per Cash Book and Bank Pass Book*

During Compliance Audit of 38 PSs during 2015-16, discrepancies between balances in Cash Book and Bank Pass Books were found in 36 PSs due to non-reconciliation.

1.16 *Maintenance of Accounts by PRIs*

- Accounts of PSs are prepared by the respective PS and Chartered Accountants are engaged for maintenance of GP Accounts. Accounts of

⁴ Baliana, Sanakhemundi, Suruda, Barkote, Lephripada, Hemgiri, Kantapada, Reamal and Subdega

⁵ Directly from beneficiaries- 3363, through District Collector- 1149 and from the Department- 485

PRIs are certified by the Director, Local Fund Audit as per Rule 20 (h) of the Orissa Local Fund Audit Rules, 1951.

- Out of 5987 Accounts of PRIs, 5197 Accounts were certified by the Director, Local Fund Audit during 2015-16.
- PSs had adopted (April 2014) PRIA Soft software developed by NIC on Model Accounting System for maintenance of their accounts.

CHAPTER II

COMPLIANCE AUDIT

CHAPTER II COMPLIANCE AUDIT

PANCHAYATI RAJ DEPARTMENT

2.1 Implementation of Targeted Rural Initiatives for Poverty Termination and Infrastructure

2.1.1 Introduction

Targeted Rural Initiatives for Poverty Termination and Infrastructure (TRIPTI) is a livelihood project implemented in Odisha with a loan of ₹ 514 crore from the World Bank. The project period was from March 2009 to March 2014 which was extended up to June 2015. The Financing Agreement was signed between Government of India (GoI) and International Development Association (IDA) and the Project Agreement was signed between Government of Odisha (GoO) and IDA in January 2009. As per Financing Agreement, 90 *per cent* of total expenditure was to be financed by World Bank and 10 *per cent* was to be borne by GoO.

The objective of the project was to enhance the socio-economic status of the poor, especially poor women and disadvantaged groups in selected districts. The project consisted of four components: (1) Institution Building and Strengthening, (2) Community Investment Fund (CIF), (3) Livelihood Fund (LF) and (4) Project Management, Knowledge Management and Replication. The project was implemented in 38 blocks of 10 coastal districts¹ of Odisha. Orissa Poverty Reduction Mission (OPRM), a society registered under Societies Registration Act 1860, was responsible for management of TRIPTI. OPRM was renamed as Odisha Livelihood Mission (OLM) with effect from 21 April 2012. The State Project Monitoring Unit (SPMU) was responsible for implementation of the project at state level with assistance of District Project Monitoring Unit (DPMU) at district level and Block Project Facilitation Team (BPFT) at block level.

Audit of TRIPTI was conducted between May and August 2016, covering the period 2009-10 to 2015-16 (up to June 2015)². Audit test checked records of SPMU at State Level and DPMUs of three districts³, 12 BPFTs⁴, 48 Gram Panchayat Level Federations (GPLFs) and 96 Self Help Groups (SHGs) there under. The names of the GPLFs and SHGs test checked are given in **Appendix-2.1**. The audit findings are discussed below.

¹ Angul, Balasore, Bhadrak, Cuttack, Kendrapara, Khurda, Jagatsinghpur, Jajpur, Nayagarh and Puri

² TRIPTI project was closed on 30 June 2015

³ Angul, Balasore and Kendrapara

⁴ Angul, Atthamalik, Chendipada, Pallahara, Balasore, Bhograi, Jaleswar, Khaira, Kendrapara, Rajnagar, Pattamunadai and Mahakalpara.

Audit findings

2.1.2 Non adherence to bottom up approach in the planning process

Paragraph 8.6 of Project Implementation Plan (PIP) of TRIPTI stipulates that the project's planning process will follow a "bottom-up" approach i.e. the Annual Work Plan (AWP) is to be prepared at Block level considering the GPLF/ village level plans and get consolidated at District/State level.

Scrutiny of records of SPMU, three DPMUs, 12 BPFTs and 48 GPLFs showed that except in Kendrapara Block for 2010-11, the AWP's were prepared at SPMU level. Instead of consolidation and approval at the DPMU/SPMU, these were communicated to the DPMUs and BPFTs for implementation. This indicated that the "bottom-up" approach was not followed in project planning process. Top down planning prevented participation of the Community Based Organisations (CBOs) at the lowest level.

2.1.3 Financial Management

The OPRM had received ₹ 439.52 crore under TRIPTI during 2006-07⁵ to 2015-16 from GoO and spent ₹ 432.94 crore (98 per cent). The year-wise receipt and utilisation of funds under TRIPTI during 2006-07 to 2015-16 (June 2015) are given below in *Table 1*.

Table No.1: Receipt and utilisation of fund under TRIPTI (₹ in crore)

Year	Fund received	Interest	Total fund	Expenditure	Reimbursed by World Bank
2006-07	1.00	0.00	1.00	0.00	0.00
2007-08	0.00	0.04	0.04	0.21	0.00
2008-09	40.00	0.02	40.02	0.27	0.55
2009-10	0.00	0.96	0.96	4.83	4.47
2010-11	0.00	1.04	1.04	8.10	7.03
2011-12	26.19	1.22	27.41	48.05	43.23
2012-13	120.00	0.92	120.92	115.81	103.97
2013-14	192.33	0.75	193.08	138.67	125.08
2014-15	60.00	2.15	62.15	121.35	109.61
2015-16	0.00	0.12	0.12	-4.35*	9.09
Total	439.52	7.22	446.74	432.94	403.03

Source: information received from SPMU

*Total expenditure during the year was ₹ 8.70 crore and unutilised amount of ₹ 13.05 crore was received back from CBOs

The expenditure figure of ₹ 432.94 crore shown by SPMU was not final as it included the unutilised amounts lying with different implementing agencies e.g. DPMUs, BPMUs and GPLFs. As the cash book of SPMU (TRIPTI) was not updated since November 2015, the exact unspent balance lying with the SPMU could not be ascertained in audit. The major findings on financial management of the project are discussed below.

2.1.3.1 Liability of commitment charges

As per the Financing Agreement, the maximum commitment charge payable by the recipient on the amount not withdrawn till the end of the project was 0.5 per cent per annum. Out of the total credit of ₹ 514 crore committed by the IDA for TRIPTI project, the mission utilised ₹ 389.65 crore during 2008-16. Since the

⁵ GoO provided fund from its own budget during 2006-07 and 2008-09 to OPRM before Financing Agreement was signed (January 2009) with IDA.

State Government had failed to draw the remaining loan amount of ₹ 124.35 crore, it was liable to pay commitment charges of ₹ 4.35 crore⁶ at the rate of 0.5 per cent per annum on the said amount with effect from 28 March 2009.

2.1.3.2 Non-refund of unutilised balance

Panchayati Raj Department, GoO had instructed (October 2015) the Districts to refund the unutilised balance to the State TRIPTI Account immediately after closure of the project, except Community Investment Fund lying with GPLFs as of June 2015.

Test check of records of 12 Blocks showed that an amount of ₹ 5.32 crore was still lying with 184 GPLFs as on the date of audit, deviating from the instructions of PR Department (**Appendix-2.2**). Similarly, the unutilised balance of ₹ 13.80 crore⁷ lying with the project account of OLM was not refunded to GoO, despite closure of the project in June 2015.

2.1.4 Implementation

Test check of records of 12 BPFTs, 48 GPLFs and 96 SHGs showed the following deficiencies in implementation of the project.

Management of Community Investment Fund (CIF)

As per paragraph 5.2 of Project Implementation Plan (PIP) of TRIPTI, the Community Investment Fund is a grant given to GPLFs for disbursement to SHGs as a loan for implementing micro plans. It is essentially designed to reach the poor only and acts as a medium to help poor households to get credit for small investments. Each GPLF is provided with CIF ranging from ₹ 5 lakh to ₹ 25 lakh for micro-finance services. Government had increased (December 2014) the minimum entitlement of CIF from ₹ 5 lakh to ₹15 lakh. Test check of records at different levels showed the following deficiencies.

Non-formation of additional GPLFs led to provision of less CIF to the SHGs:

Paragraph 5.1.2.1 of Project Implementation Plan (PIP) of TRIPTI stipulates that GPLF would comprise 25 to 40 SHGs functioning within a GP. In case, there were more than 40 SHGs in one GP, two federations within the GP would be promoted, based on geographical coverage and functional effectiveness of GPLFs. PR Department had instructed in December 2014 that a GPLF would get minimum CIF of ₹ 15 lakh.

Scrutiny of Monthly Progress Report and information furnished to Audit showed that 1010 GPLFs in the State and 325 GPLFs in the three test checked districts were formed during the TRIPTI period. The number of GPLFs in the State⁸ and in the test checked three districts⁹ was required to be 1855 and 649 respectively. However, neither the SPMU nor the DPMU had taken any steps to form prescribed number of GPLFs. Non-formation of 845 GPLFs in the state and 324 GPLFs in the three test checked districts resulted in less flow of CIF of

⁶ Half per cent of ₹ 124.35 crore per annum = ₹ 0.62 crore for seven years

⁷ Total fund ₹ 446.74 crore - total expenditure ₹ 432.94 crore = ₹ 13.80 crore

⁸ 74198 SHGs in the State/40 = 1855 GPLFs

⁹ 25945 SHGs in three test checked districts/40 = 649 GPLFs

₹ 85.52 crore to the SHGs in the State and ₹ 32.82 crore to the SHGs in the test checked districts.

Inadequate provision of CIF: Government had increased (December 2014) the minimum entitlement of CIF from ₹ 5 lakh to ₹15 lakh for self-sufficiency and survival of the GPLF. Subsequently, Government had instructed all PDs to disburse the balance CIF entitlement at their level, without sending the proposals to State Mission Management Unit (SPMU was renamed as SMMU under OLM).

Scrutiny of records of 12 BPFTs showed that 39 out of 325 GPLFs had received CIF ranging from ₹ 7.32 lakh to ₹ 14.84 lakh against their minimum entitlement of ₹ 15 lakh per GPLF (*Appendix-2.3*). The district authorities did not take any steps to enforce Government orders and revised guidelines. Non-provision of minimum amount of CIF restricted lending capability of GPLFs.

Misappropriation of CIF fund: On scrutiny of Executive Committee Resolution Book, Bank Pass Book, CIF Cash Book and Cheque Issue Register of Kalyani Panchayatstariya Nari Sangh GPLF, Putina GP of Bhogarai Block under Balasore District, Audit observed that the President/Secretary of the GPLF had misappropriated ₹ 4.73 lakh by withdrawing money from Saving Bank Account on different dates as detailed below.

Sl. No.	Amount of CIF (₹ in lakh)	Misappropriated by	Remarks
1.	1.85	President	Amount sanctioned in Resolution Register for six SHGs but paid in the name of President of the GPLF on different dates during August 2012 to September 2015
2.	0.35	-do-	Amount withdrawn (June/July 2013) from bank without any resolution and entry in the Cash Book
3.	0.05	Secretary	The Secretary withdrew (February 2016) the amount for purchase of gold ring and sweet packets for marriage of son of the president
4.	2.48	President/Secretary	An amount of ₹ 2.03 lakh was paid (August 2012 to June 2013) to nine outsiders without any resolution and ₹ 45,000 was transferred (January 2013) to two non-SHG accounts without knowledge of Executive Committee (EC) and without any resolution
Total	4.73		

The BDO stated (June 2016) that payment of CIF fund to outsiders in their personal capacity was irregular and their recovery with interest/penalty would be made from the President and Secretary of the GPLF.

Less coverage of SHGs in provision of CIF loan: As per Paragraph 5.2 of PIP, the CIF is essentially designed to reach the poor and Extremely Poor and Vulnerable Groups (EPVGs) only.

Scrutiny of records of 48 test checked GPLFs showed that there were 4906 SHGs, out of which 3623 SHGs were provided with CIF loan and 1283 SHGs were left out. Thus, poor and EPVG members belonging to those 1283 SHGs were deprived of CIF fund. It was further observed that 534 out of 3623 SHGs were provided with CIF loan more than once. Out of the remaining 1283 SHGs, 44 SHGs were not sanctioned any CIF loan, despite submission of Micro Investment Plan (MIP). This showed that there was no consistency and equity in sanction of loan among the member SHGs by the GPLFs (*Appendix-2.4*). Audit observed that for sanction of CIF loan, the repaying capacity of SHGs was considered, which was against the norms of the guidelines.

Repayment of CIF loan by SHGs: As per paragraph 3.6.3 of GPLF Operational Manual, the Finance and Fund Management Committee (FFMC) of the GPLF is required to monitor the performance of repayment by SHGs to the GPLFs and banks and recommend necessary action against the defaulters. Community Operational Manual of TRIPTI envisaged that GPLFs were to be registered under any of the most appropriate Acts viz. Societies Registration Act 1860, Odisha Self Help Cooperative Act 2001, Cooperative Act 1962 and Company Act 1956 etc. for accountability.

Audit observed that 228 SHGs had discontinued repayment of loan for the last 1 to 41 months as of March 2016, though CIF loans and interest amounting to ₹ 92.43 lakh were lying outstanding against them (*Appendix-2.5*). This resulted in non-rotation of CIF money among member SHGs and blocking of CIF fund. Loans were not recovered as FFMCs, who had to monitor repayment performance, did not function and the GPLFs were not registered under any of the above Acts. The BDOs assured (June/July/August 2016) that the amount would be recovered with interest.

Non-leveraging of external funds: As per paragraph 5.2.4 of PIP, the project was to facilitate the SHGs and GPLFs to leverage funds from banks and other external sources. The MIPs were to be funded both by project funds and funds from external sources. CIF was to be ideally used as a bridging finance by GPLFs. The FFMC of the GPLF was to ensure the leverage of external funds.

Scrutiny of MIPs of 169 SHGs in 37 GPLFs showed that MIPs totalling ₹3.57 crore were submitted by these SHGs to GPLF against which loans totalling ₹ 82.19 lakh (*Appendix-2.6*) were sanctioned out of CIF, without attempting to leverage external funds (linkage with banks) for the MIPs. Since the GPLFs paid a part of the MIP amount, the SHGs could not take up the intended activities.

Irregular sanction of CIF loan to GPLF: Every SHG was required to prepare and submit a MIP for mobilising CIF loan. All the loan proposals/MIPs of SHGs were required to be appraised by the FFMC of a GPLF before approval of its Executive Committee (EC). On scrutiny of records of 48 test-checked GPLFs, Audit observed that:

- **Sanction of loan without MIP-** In Mahakalpada Block, two SHGs (Parbati and Satyaban) and in Rajnagar block 10 SHGs¹⁰ were sanctioned CIF loan of ₹ 0.60 lakh and ₹ 10.42 lakh respectively, although these SHGs did not submit any MIP.
- **Sanction of loan without resolution:** In four Blocks¹¹ (11 GPLFs), 53 SHGs were given CIF loan of ₹ 19.80 lakh without approval of EC members, deviating from the provisions of GPLF Manual.
- **Unauthorised payment of CIF loan:** As per Paragraph 6.9.3 of GPLF operational manual, office bearers are not entitled to get any loan

¹⁰ Maa Kanasara, Maa Santoshi, Budhijagulai, Jay Hanuman, Omm Sairam, Siba baba, Basudev, Maa Tarini, Basudev and Tarini

¹¹ Mahakalpada, Bhogarai, Jaleswar, Athmallik

directly from GPLF. In Jaleswar block, 18 office bearers¹² in two GPLFs took loan of ₹ 6.95 lakh unauthorisedly.

2.1.4.1 Release of Pro Poor Inclusion Fund

Under the Pro Poor Inclusion Fund (PPIF), EPVGs were to be identified and their productive capacity enhanced through release of seed capital on periodic repayment basis. An amount of ₹ 15,000 per SHG was to be provided to SHGs graded 'A' or 'B'¹³. If one SHG received ₹5000 from any other government scheme, then that SHG was to get balance amount of ₹10,000. Audit of Pro poor Inclusion Fund showed the following deficiencies.

Non-provision of PPIF to eligible SHGs: Out of 50,846 'A' or 'B' graded SHGs in the State (as of June 2015), only 39,993 SHGs were sanctioned PPIF of ₹ 49.90 crore¹⁴, leaving out 10,853 SHGs during the period of intervention.

In three test checked districts, out of 15,052 'A' or 'B' graded SHGs, only 9897 SHGs were provided with PPIF, depriving 5155 SHGs of PPIF (MPR June 2015). Similarly, 10,853 SHGs were deprived of the PPIF in the State due to such increase of total share. Non-provision of PPIF to these SHGs was mainly due to non-preparation of the annual work plan at BPFT level during implementation of TRIPTI which led to BPFT's failure to place the demand for their requirement.

Director, OLM stated (September 2016) that the World Bank recommended to increase total share of PPIF to 20 *per cent* from 10 *per cent* due to huge demand of PPIF. As such, PPIF was released according to the funds available with the project.

Delay in release of PPIF Funds: Odisha Livelihood Mission had directed (April 2015) all District Project Monitoring Units (DPMU) not to transfer PPIF and CIF Funds to Community Institutions after 15 April 2015.

Scrutiny of records showed that DPMU Kendrapara released ₹ 67.50 lakh to Pattamundai Block in May 2015. The proposal for PPIF was sent to District Appraisal Committee (DAC) in December 2014 which approved it in April 2015. Due to further delay in release of funds by DPMU, PPIF was not utilised and was refunded to State Headquarters (October 2015) depriving 499 eligible SHGs of PPIF.

Fraudulent payment of PPIF: OPRM (TRIPTI) had instructed (July 2012) BPFT Jaleswar to transfer funds to SHGs through account payee cheques in the name of SHGs. State Bank of India (SBI), Jaleswar detected (July 2013) five cheques tampered with for diverting PPIF of five SHGs to BPFT leader's own account and subsequently stopped payment of PPIF, besides lodging FIR. During the course of audit, 184 cheques issued by BPFT, Jaleswar towards

¹² Two Presidents, two Master Book Keepers and 14 Community Resource Persons (CRPs) in Chamargaon and Sikharpur GPLFs

¹³ Grade A- Those who have secured marks above 80 *per cent* and Grade B- those who have secured marks between 60 and 80 *per cent*

¹⁴ PPIF received from other scheme is deducted from the total entitlement of ₹ 15,000

release of PPIF during 2011-14 were cross checked with the bank records and it was found that against 63 cheques for ₹ 7.65 lakh issued to the SHGs, payments were made to unauthorised persons (**Appendix-2.7**). Scrutiny of scanned copies of the cheques available with SBI, Jaleswar showed that all these cheques were self/bearer cheques issued with joint signatures of BPFT leader and Management Information System (MIS) Officer.

The BDO stated that the BPFT leader had manipulated the cheques secretly without the knowledge of the MIS Officer by using chemicals to erase the names of SHGs. The BDO did not take any action to recover the amount.

Misutilisation of PPIF: In three SHGs¹⁵ of Mahakalapada, Kendrapara and Jaleswar Blocks, the members had distributed the PPIF of ₹ 20,000 among themselves without using it as seed money loan to needy people of the SHGs on repayment basis, deviating from the provisions of PPIF guidelines. It was observed that the Secretary of Matrushakti SHG of Sultanpur GPLF of Bhogarai Block had invested ₹ 25,000 with a non-banking institution (out of PPIF fund ₹ 15,000 and own fund ₹ 10,000), as observed from the inquiry report of BPFT leader. The BDOs stated that the amount would be recovered from the persons concerned.

2.1.5 Institution Building and strengthening

As per Paragraph 5.1.1 of PIP, one of the objectives of TRIPTI is to build and strengthen client owned, managed and controlled sustainable community based institutions of SHGs, their federations and producer organisations. From scrutiny of records, Audit made the following observations:

2.1.5.1 Poor social inclusion

Situational Analysis (SA) was to be conducted to identify households especially 'left out poor', 'EPVG' in the society, those who were not a part of any SHG/ other Community Based Organisations (CBOs) and to ensure their participation in different community based organisations (SHGs, GPLFs).

Scrutiny of Monthly Progress Reports of the SPMU for June 2015 (end of project period) showed that out of 7.62 lakh poor and EPVGs households¹⁶ identified in the TRIPTI districts, 3.72 lakh households¹⁷ were already included in SHG-fold prior to commencement of TRIPTI. So, only 3.89 lakh households¹⁸ were to be included during TRIPTI period. However, the achievement was not satisfactory as only 2.28 lakh (66 per cent) poor and 25,618 (59 per cent) EPVG households could be included in SHG-fold as shown in **Table 2** below.

Table No.2 Achievement in inclusion of households in SHG-fold

Category	HH identified in SA process	Included in SHG fold before TRIPTI	Available HH for inclusion in SHG fold	HH included in SHG fold under TRIPTI	Left Out	Percentage of Achievement
Well off	141504	43112	98392	23914	74478	24
Manageable	380157	159345	220812	89586	131226	41

¹⁵ Maa Tarini- ₹ 10000, Maa Kali- ₹ 5000 and Om Shanti- ₹ 5000

¹⁶ Poor= 688742 and EPVG=72865

¹⁷ Poor= 342697 and EPVG=29657

¹⁸ Poor= 346045 and EPVG=43208

Category	HH identified in SA process	Included in SHG fold before TRIPTI	Available HH for inclusion in SHG fold	HH included in SHG fold under TRIPTI	Left Out	Percentage of Achievement
Poor	688742	342417	346325	227276	119049	66
EPVG	72865	29652	43213	25618	17595	59
Total HH	1283268	574526	708742	366394	342348	52

Source: TRIPTI MPR of the State for June 2016

In test-checked districts, social inclusion of poor households ranged between 58 (Kendrapara) and 76 per cent (Balasore). Similarly, percentage of inclusion of EPVG households ranged between 38 (Angul) and 74 (Balasore). While Balasore district registered the highest achievement in both poor and EPVG categories, Kendrapara district registered the lowest achievement in inclusion of poor households and Angul was the lowest in inclusion of EPVG households. Though the BPFT staff and Cluster Co-ordinators had conducted the Situational Analysis, they could not include 1,36,644 (49 per cent) poor and EPVG households into SHG-fold due to inadequate monitoring. This deprived the intended households from availing of the benefits extended under CIF and livelihood initiatives under the project.

2.1.5.2 Misappropriation of Institution Building (IB) fund

In Jagruti GPLF, Nayakhandi GP of Khaira Block, IB fund of ₹ 0.69 lakh was misappropriated by Cluster Coordinator concerned, as pointed out by the respective BPFTs to the BDO in June 2013. BDO, Khaira had lodged FIR against the Cluster Coordinator during February 2014. The misappropriation was attributed to ineffective monitoring by the BPFT leaders and non-functioning of FFMC of GPLFs. Audit observed that neither the amount was recovered from the Cluster Coordinator nor any action was initiated against him.

2.1.6 Livelihood Promotion

Under TRIPTI, livelihood promotional activities like formation of Non-farm Producer group, System of Rice Intensification (SRI), Mo-Badi, Seed Village, Backyard Poultry etc. were promoted. In this connection, Audit observed the following:

2.1.6.1 Delay in release of assistance to Non-farm Producer Group

Funds to Non-farm Producer Groups (Non-Farm PG) were provided under three heads i.e. Institution Building, Capacity Building and Working Capital. Funds of ₹ 2.54 crore were provided to District Mission Management Unit¹⁹ (DMMUs) of 10 districts for release to the GPLFs and onward transfer to the PGs. As per Standard Operating Protocol (SOP), the PGs are required to submit monthly physical and financial progress report to GPLF. Assistance of ₹ 68.88 lakh²⁰ was provided to the Non-farm Producer Groups in the three test checked districts.

Scrutiny of records of nine out of 24 Non-farm Producer Groups in three sampled districts showed that although the Detail Project Reports (DPRs) of the PGs were prepared for three years i.e. April 2012 to March 2015, the release of

¹⁹ DPMU was renamed as DMMU under OLM

²⁰ Angul ₹22.90 lakh, Balasore ₹14.92 lakh and Kendrapara ₹31.06 lakh

funds from SPMU to the districts started from 20 November 2013 i.e. after half of the project period was over. Neither the PGs submitted their monthly physical and financial progress reports as envisaged in the SOP nor did the GPLFs monitor the activities of PGs.

2.1.6.2 Implementation of System of Rice Intensification (SRI)

System of Rice Intensification (SRI) is a livelihood intervention for improvement of paddy productivity through engagement of small and marginal farmers under poor and EPVG category to enable the farmers to adopt new technology and improved package of practices and to replicate the farming practices and technology of SRI with other farmers which would be self-sustainable after withdrawal of the project.

The SRI intervention started from 2014-15 in which OLM released ₹ 8.62 crore, covering 74,637 households. From test check of records at SPMU, three DPMUs and 12 BPMUs, Audit observed the following.

- i. Funds of ₹ 2.16 crore ²¹ for Kharif 2014 season (June 2014 till October 2014) were released in September 2014 by SPMU to Angul and Kendrapara DPMUs, out of which DPMUs released ₹ 2.10 crore to the BPFs in February 2015 i.e., after the Kharif season. Thus, 16 out of 23 test checked GPLFs in these two districts in which SRI was implemented could not utilise ₹ 31.82 lakh (out of ₹ 95.57 lakh received) due to delay in release of funds.
- ii. Against requirement of ₹ 1.46 crore for 8446 beneficiaries under SRI, only ₹ 62.56 lakh was released to Balasore District.
- iii. Due to non-release of funds (2nd phase - 50 per cent) to Balasore and delay in release of funds to Angul, essential training programme to farmers' on Field Level Demonstration, Field Farmers' School and Demonstration Plots could not be organised.

2.1.7 Functioning of GPLF

A GPLF is a Community Based Organisation functioning at GP level, comprising representatives of all Cluster Level Forum (CLFs) at GP Level. The GPLF comprises 25-40 SHGs functional within a GP and can guide and monitor the functioning of SHGs in a CLF and train them on various operational areas for their sustainability. The day to day works of a GPLF were managed by the Executive Committee with the help of six mandatory sub-committees.

GPLF taking vital policy decisions without quorum: As per Paragraph 3.3.2 of the GPLF Manual, the Executive Committee (EC) of a GPLF is to take decisions with required quorum (2/3rd of Executive Members). Test check of GPLF resolutions showed that in all test checked GPLFs, the EC took vital financial decisions like sanction of loan, approval of expenditure of ₹1.08 crore in meetings, without required quorum.

²¹ Angul ₹1.30 crore and Kendrapara ₹0.86 crore

Non-functional sub-committees: Six mandatory committees²² formed in test checked GPLFs did not meet every month to ensure social inclusion, monitor repayment performance by SHGs and prepare annual procurement plan etc. as was seen from their resolutions. Due to non-functioning of the mandatory committees, the left out poor could not be included in SHGs, annual budget of the GPLFs were not prepared and repayment performance of the SHGs was not monitored.

Poor functioning of Self Help Groups: From scrutiny of records of 96 SHGs in three test checked districts, Audit made the following observations:

- **Non-rotation of leadership:** As per Paragraph 1.3.7 of SHG Operational Manual, SHGs were to practise rotation of leadership, on a regular basis, through election. Audit observed that leadership was not rotated on a regular basis after two years in respect of 18 out of 96 test checked SHGs as the President and/or Secretary continued to officiate for a period of three to 10 years. Non-rotation of leadership of SHGs failed to create leadership qualities among other members. As a result, in 18 SHGs, the Presidents/Secretaries of the SHGs availed of loan of ₹ 8.74 lakh sanctioned for other members (*Appendix-2.8*).
- **Disbursement of loan without proper record keeping:** All the decisions taken in the SHG meetings were required to be properly recorded in the Resolution Book and all financial transactions were required to be updated and recorded correctly in their respective transaction heads. Scrutiny of Resolution books and cash books showed that 59 financial transactions amounting to ₹ 19.21 lakh were not recorded in the Loan Register and Resolution Books against 31 SHGs as detailed in *Appendix-2.9*. Due to this, the members were not aware of financial position of the SHGs which may lead to improper disbursement and poor repayment of loans.
- **Doubtful transaction at SHG level:** As per Para 6.2.7 of SHG Operational Manual, withdrawal of money from SHG account requires approval of SHG members in meeting and noting thereof should be made in the Minutes Book. All such transactions should be entered in books of accounts of the SHG. In 12 out of 96 SHGs test checked, Audit cross checked the Cash Books, Bank Pass Books and Minutes Books and found that there was no account of ₹ 1.42 lakh. The amounts were withdrawn from SHG accounts either without approval of SHG members or without proper record keeping (*Appendix-2.10*). The Community Resource Persons who had to write the records, were responsible for such accounting lapses.

2.1.8 Non-functional Centre of Excellence (CoE)

Government had decided to develop 15 best performing GPLFs as Centres of Excellence under TRIPTI to act as demonstration models in social inclusion, financial inclusion, economic inclusion, an immersion (training) centre to

²² (a) Social Service Committee (b) Finance and Fund Management Committee (c) Procurement and Purchase Committee (d) Participatory Monitoring Committee (e) Utilisation Verification Committee and (f) Livelihoods Promotion Committee

provide training to Community Resource Persons, community staff and other community institutions. An amount of ₹ 1.70 crore (₹ 11.36 lakh X 15 CoEs) was released (March 2014) to 15 CoEs of 10 districts for establishment of CoEs.

On scrutiny of records of three CoEs, it was observed that none of the COEs was functional as on the date of audit. While Meerabai GPLF in Balasore Block refunded the entire amount, Kumursingha GPLF of Angul Block retained the amount without utilisation as on the date of audit. Teragaon GPLF of Mahakalpada Block was also lying defunct after incurring an expenditure of ₹ 7.82 lakh since June 2015.

BDO, Mahakalpada stated that since no instructions were issued for training, the CoE was lying idle. BDO, Angul stated that no instruction was received from the SMMU for formation of the CoE.

2.1.9 Conclusion

The objective of TRIPTI to enhance the socio-economic status of the poor and disadvantaged groups was not fully achieved. “Bottom-up” approach was not followed in project planning process. Top down planning prevented participation of the Community Based Organisations at the lowest level. As the State could not spend the entire credit, it was liable to pay commitment charges to the IDA. Even after closure of the project in June 2015, substantial amounts remained unutilised at SPMU and GPLF levels. Adequate number of GPLFs was not created and minimum requirement of CIF fund was not provided to the GPLFs, restricting micro-finance to rural poor. Due to non-functioning of six mandatory committees in GPLFs, misappropriation of CIF, PPIF and IB funds were observed. None of the GPLFs were registered under appropriate Acts, due to which loans remained unrecovered from the SHGs. Achievements under different livelihood programmes were poor due to delayed release of funds and inadequate monitoring.

2.2 Audit of Thirteenth Finance Commission Award (2010-11 to 2014-15)

2.2.1 Introduction

Government of India had constituted 13th Finance Commission (13th FC) in November 2007 and its recommendations were effective for the period 2010-15. Government of Odisha received a sum of ₹ 2107.16 crore under 13th Finance Commission for utilisation by Panchayati Raj Institutions (PRIs) on four components²³.

Audit of 13th Finance Commission Awards was conducted in nine Blocks²⁴ of three districts (Khurda, Ganjam and Sundergarh) selected through random sampling during April to August 2016. In each block, four Gram Panchayats

²³ Drinking Water Supply, Sewerage/Solid Waste Management (Rural Sanitation), Operational Expenses and Maintenance of Roads and Bridges

²⁴ Baliana, Begunia and Chilika; Ganjam, Sanakhemundi and Surada and Hemgiri, Lefripada and Subdega

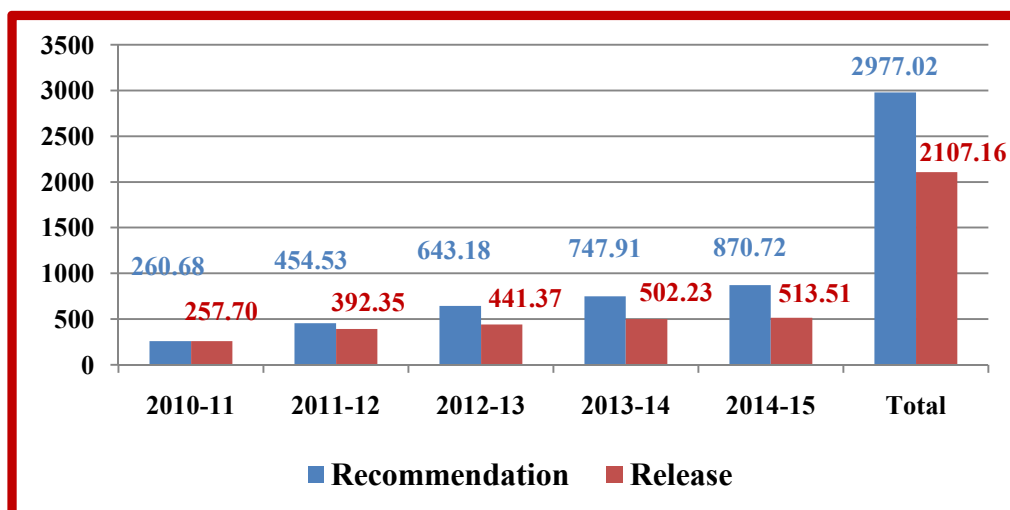
(Appendix-2.11) were selected for checking the execution of works at grass-root level and the audit findings are discussed below.

2.2.2 Financial Management

PRIs received funds under 13th FC as Basic Grant (BG), Performance Grant (PG) and Special Area Grant (SAG). While all States were given Basic Grant and Special Area Grant from 2010-11, Performance Grant was released to States from 2011-12 on fulfillment of nine conditions stipulated by 13th FC. The Special Area Grant (basic and performance) was given to meet some of the developmental works against needs of these areas.

During 2010-15, PRIs of the State received ₹ 2107.16 crore²⁵ against the recommendation of ₹ 2977.02 crore by 13th FC. The year-wise recommendations and receipts are exhibited in the following chart.

Chart-1: Year-wise recommendation and receipt of grants by PRIs (₹ in crore)



Audit observed the following deficiencies in availing of and utilising the 13th FC Grants.

2.2.2.3 Loss of Performance Grant of ₹ 892.15 crore

The Performance Grant was released to States from 2011-12. The Commission had recommended ₹ 964.87 crore for Government of Odisha. However, the State Government had fulfilled only six out of nine conditions, due to which the PG was not released. Instead, ₹ 72.72 crore was recouped as the share from Forfeited Performance Grant. The balance amount of ₹ 892.15 crore was not released to the State Government.

2.2.2.4 Inadequate utilisation of fund

In addition to ₹ 1886.17 crore received under the components General Area Basic Grant and Special Area Basic Grant of 13th FC, the PR Department also received ₹ 221 crore from the Rural Development Department of the State Government for 'Maintenance of roads and bridges'. The Department allotted the whole amount to 30 District Rural Development Agencies (DRDAs) for

²⁵ BG: ₹ 1716.50 crore, SAG: ₹ 96.95 crore, FPG: ₹ 72.72 crore and Maintenance of Road & Bridges: ₹ 221 crore

utilisation in core service activities like drinking water, sewerage, solid waste management (rural sanitation), operational expenses and maintenance of roads and bridges.

Audit observed that DRDAs of the three test-checked districts (Ganjam, Khurda and Sundergarh) had received ₹ 311.11 crore from 13th FC and released ₹ 308.53 crore (99.17 per cent) to blocks. However, DRDA, Sundergarh did not release the amount of ₹ 2.58 crore to blocks received under the component 'Maintenance of roads and bridges' for the year 2014-15.

Nine test-checked blocks had received ₹ 55.44 crore during the grant period and spent ₹ 38.50 crore (69 per cent). The percentage of utilisation ranged between 49 and 85 while ₹ 16.94 crore remained unspent as of March 2015. As the test-checked blocks did not maintain component-wise utilisation, Audit could not analyse the reasons for short-utilisation of funds at GP and block level.

2.2.2.5 Delayed release of Grants

As per sub-para 4.2 of 13th FC guidelines issued by the GoI, funds must be transferred to the concerned local body within five days of receipt from the GoI.

Audit observed that PR Department had released ₹ 310.77 crore within five days to the test checked DRDAs during the period 2010-15. However, these DRDAs released ₹ 237.01 crore to the blocks with delays of 3 to 145 days²⁶ in 40 cases as detailed at *Appendix-2.12*.

Delay in release of funds by DRDAs impacted further release of funds by test checked blocks to Gram Panchayats (GPs) for Rural Sanitation. In Chilika, Baliana, Surada and Hemgiri blocks, the actual amount released to GPs was not available. In the remaining five blocks, in 26 out of 33 cases, there was delay of more than 30 days (ranging between 28 and 1677 days) while in the remaining seven cases, the delay was within 30 days. The total amount involved in all these cases was ₹ 6.84 crore. In Lefripada, an amount of ₹ 80 lakh received in December 2012 was not transferred to GPs till the date of audit, due to which the GPs could not take up the projects.

While PD, DRDA, Ganjam stated (June 2016) that the delay was due to imposition of Model Code of Conduct during the elections, PD, DRDA, Sundergarh attributed (July 2016) the delay to late receipt of sanction orders and funds.

The reply is not acceptable as Model Code of Conduct was in operation only in early 2014. Further, the funds were released simultaneously to all DRDAs.

Planning and implementation

2.2.3 Drinking Water Supply

The Operation and Maintenance (O&M) of drinking water supply system including hand pumps and Village Piped Water Supply (PWS) projects was

²⁶ Khurda: 4 to 82 days in 12 cases, Ganjam: 3 to 91 days in 16 cases and Sundergarh: 30 to 145 days in 12 cases

being directly managed by the GPs. The O&M cost of these projects was to be met out of these funds provided to GPs. The expenditure by GPs included the payment on energy charges, procurement of spare parts, deployment of mobile vans for repair of PWS and salary of Rural Water Supply and Sanitation (RWS&S) employees deployed at GPs.

2.2.3.1 Non maintenance of updated data base

As per the operational guidelines issued by Government of Odisha on 'Operation and Maintenance System of Rural Drinking Water Supply Assets in Odisha', Junior Engineer (JE)-II, RWS&S is to keep record of all hand pump, tube wells, location of tube wells with an identification number, data of operational and non-operational tube wells etc.

Scrutiny of records of the JE-II, RWS&S of nine blocks showed that all the JEs maintained lists of tube wells without recording details like date of installation, location, identification number, operational status, etc. As proper database was not maintained, micro plan could not be prepared for undertaking proper maintenance.

2.2.3.2 Non-handing over of Drinking Water Projects to Gram Panchayats

The guidelines for repair of tube wells state that the list of Drinking Water Projects along with location and details of history sheets, completion plan and salient features shall be handed over to GP/Block by the JE-I, RWS&S. The GP is to take charge of the projects for repair/maintenance.

Audit found that 324 PWS and 10,815 tube wells operating in nine test checked blocks were not handed over to the GPs. As such, immediate repair/maintenance was not possible and registration of complaints by the villagers was not convenient.

Audit further found that due to non-handing over of assets, there was no scope for preparation of micro plan by the GPs for O&M of assets. So, grass-root level planning was missing.

While accepting the Audit observation, the BDO stated (May-August 2016) that handing over was done in 14th FC period.

2.2.3.3 Non-disbursement of grants to GPs

Sub-para 11 of the General Guidelines envisages that 92 *per cent* of 13th FC Grants were to be released directly to GPs for basic services under drinking water, rural sanitation etc., in order to strengthen the GPs. The O&M of Drinking Water Supply System, including hand pumps and village piped water projects, was being directly managed by the GPs out of the grants. The balance amount i.e. eight *per cent* was to be released to blocks for maintenance of accounts and database, regular audit of accounts, for meeting remuneration of Computer Programmers and Maintenance of Local Area Network.

Audit observed that funds under the above mentioned components were not directly released to GPs; rather they were routed through the respective blocks. Further, the blocks and GPs, after receiving the funds from DRDAs, had not

maintained the cash books component-wise, as a result of which it was not possible to ascertain the details of utilisation in blocks and GPs.

As per information received from DRDAs of Khurda and Ganjam, six test checked blocks²⁷ had received ₹ 15.99 crore, ₹ 14.75 crore and ₹ 1.71 crore under the components Drinking Water Supply, Rural Sanitation and Operational Expenses respectively, during 2010-11 to 2014-15. In Sundergarh, district, three blocks received funds of ₹ 17.51 crore (Hemgiri: ₹ 6.55 crore, Lefripada: ₹ 5.96 crore and Subdega: ₹ 5 crore) from the DRDA and these were to be disbursed to the GPs. However, DRDA had not released the funds component-wise due to which it was not possible to segregate the funds received under each component.

Audit could not ascertain the amount disbursed to 160 GPs of nine blocks due to improper maintenance of records from 2010-11 to 2014-15. The Gram Panchayat Extension Officer (GPEO) and JE-II, RWS&S of nine blocks informed Audit that the allotment for O&M of tube wells and PWSs was totally retained at block level. Procurement was done by Block Level Purchase Committee (BLPC) and the block directly handled O&M of Tube Wells and PWS. During joint physical inspection conducted with Block officials, it was found that 18 Tube Wells and PWS stand posts had been dysfunctional for the last four to five years. However, the JE-II, RWS&S had no record of the defunct stand posts.

The BDOs stated (August 2016) that due to non-receipt of specific instruction from PR Department, they had not transferred the grants to GPs.

2.2.3.4 Purchase of spare parts without assessment

As per operational guidelines, a GP level Purchase Committee headed by the BDO is to be formed with Assistant Engineer and Junior Engineer, RWS&S as other members for procurement of materials for repair/rejuvenation of Water Supply System (hand pump, tube wells and PWS). The requirement of spare parts for this purpose is to be assessed by the JE-II, RWS&S.

JE-II, RWS&S of three Blocks (Chilika, Hemgiri and Surada) had submitted requirement of spare parts for O&M of tube wells, hand pumps and PWS to the Block Level Purchase Committee (BLPC) which was approved by the AEs (RWS&S). On the basis of this assessment, BLPC purchased the required materials.

Audit observed that the assessment was improper as the stock registers showed 111 items remaining idle in block stores since April 2015. Since 13th FC closed in March 2015 and spare parts were purchased under 14th FC at GP level, there was no scope for use of this additional stock worth ₹ 38.05 lakh since April 2015. This indicated that the requirement was not properly assessed by JE-II, RWS&S.

²⁷ Chilika, Begunia, Baliana (Khurda) and Ganjam, Sanakhemundi, Surada (Ganjam)

In Begunia, spare parts worth ₹ 38.44 lakh were purchased during 2012-13 to 2014-15. However, there was no record regarding their utilisation. Further, no indent was received from the GPs.

BDO, Begunia stated (May 2016) that purchases were made as per annual requirement and BDO, Chilika stated (May 2016) that the materials were kept in store for emergency requirement. However, idling of stock even after closure of the scheme is indicative of procurement of stock without any assessment.

2.2.3.5 Purchase and utilisation of spare parts

(i) Doubtful payment of ₹5.41 lakh by RWS&S wing

As per Orissa General Financial Rules (OGFR) (Vol-I), a muster roll in C.P.W.A Form 21 should be prepared for works done by daily labour. When a work is executed departmentally, muster roll is to be maintained for the labourers on which their thumb impression or acknowledgment is to be taken in token of receipt of wages.

During test check of records of RWS&S at Chilika block, Audit observed that payment of ₹ 5.41 lakh was made on daily labour without muster roll, hire charges of vehicle, repair of tube wells and purchase of spares without bill. Though the JE-II showed the muster roll in support of the payment, the same was, however, just an attendance sheet where item of work, rate or amount of payment was not mentioned.

The BDO replied that a muster roll was maintained. The reply was not acceptable as the muster roll was only one attendance sheet. Further, the reply was silent on hire charges of vehicles.

(ii) Non maintenance of records and discrepancy in utilisation of spare parts (RWS&S)

As per operational guidelines, the JE-II, RWS&S of block is to look after maintenance of the assets created. Further, the spare parts procured are to be kept by JE-II, RWS&S in his custody who deploys a mobile team immediately for attending to the complaints with spare parts. On attending the complaints, the mobile team is to obtain signature of an adult member of the habitation as a token of repair work done and, after return to block, the team is to record the type of repair done for each tube well and spare parts used.

Scrutiny of records showed that account of the spare parts replaced had not been maintained. There was only Issue Register and Register of use of spare parts was not maintained. The spare parts issued to the mobile team were never returned, which meant that the spares issued were fully utilised. The exact quantity and type of materials issued was not recorded. Further, the mobile team never obtained signature of any member of the habitation and never recorded the type of repair done for each tube well and spare parts used.

The BDO stated that the spares were actually used and replaced spares were also in the store but due to improper stock-taking, these parts might not have been taken into account. The reply was not acceptable as valuable articles were not found in the stock during Joint Physical Inspection (JPI).

Test check of stock registers in nine blocks showed that in Chilika, Subdega and Surada, there was a difference between quantity of items issued and old items returned. In Surada, there was no acknowledgement of Self Employed Mechanics (SEMs)/ khalasis to the stock received for replacement and no attestation of JE-II on the issue of stores. The value of differential items was ₹ 73.66 lakh which is detailed in *Appendix-2.13*.

2.2.3.6 Non-maintenance of Complaint Register

As per operational guidelines, JE-II, RWS&S is to keep and maintain properly a complaint register with him at block level to receive the complaint on repair of tube wells. The register was to be updated regularly.

Audit observed that out of nine blocks, Baliana had not maintained complaint register. In the remaining blocks, complaint registers were not updated after repair of tube wells and PWS. The JE-II, Chilika stated that the tube wells were repaired but date of repair was not noted in register. However, due to improper maintenance of register, Audit could not ascertain whether the repair of such tube wells and PWS were done in time.

2.2.3.7 Non-conduct of physical verification of spare parts purchased

As per operational guidelines, the AE, RWS&S is to verify the stock of spare parts every six months. As per Rule 111 of OGFR, physical verification of all stores is to be made at least once in every year by the Head of Office or any authorised officer. Scrutiny of stock records at nine test checked blocks showed that the stock of spares at blocks had not been verified by the AE, RWS&S or the head of the Office, which led to deficiency of stock materials as described below.

Shortage of RWS&S stock

Rule 100 of OGFR provides that all stores received are to be examined, counted, measured or weighed when delivery is taken. The store-in-charge is required to give a certificate that he has actually received the materials and recorded them in the stock register. Further, as per Rule 101, the store-in-charge should see that an indent in the prescribed form is made by an authorised person when materials are issued from the stock.

On scrutiny of the stock and issue registers (spare parts of tube well) in Chilika and Subdega blocks, Audit found that the stock registers were not in proper form, annual assessment was not made and there was no system of indenting. The spare parts of tube wells were issued to the mobile team who never returned unused materials. Test check of stock and issue register of spare parts of tube well materials from March to May 2014 and April 2015 and JPI of stock with reference to stock register showed that there were discrepancies in opening and closing balances of spare parts of tube wells and shortages of stock valued at ₹ 9.26 lakh in Chilika and Subdega blocks. This included discrepancy of ₹ 8.98 lakh observed during JPI of stock of spare parts for O&M of tube well and PWS conducted in presence of JEs-II (RWS&S) (*Appendix-2.14*).

Neither the AE, RWS&S had verified the stock register nor had the BDO conducted the physical verification of stock every year. However, neither the

shortages of stock of ₹ 9.26 lakh were made good nor any action was taken against the delinquent officials.

The BDOs stated (May-August 2016) that the stock and store registers were updated. However, Audit observed that the shortage/discrepancy still persisted (September 2016).

2.2.3.8 Joint Physical Inspection of Drinking Water Supply assets

As per the mechanism envisaged in operational guidelines for timely repair of assets, Self Employed Mechanics (SEMs) are deployed at GP level for minor repair and maintenance. SEMs report the major complaints to GP office that are beyond their reach. A maintenance crew consisting of four staff members headed by fitter *Mistry* was placed at block level to attend the major repairs.

The operational status of TWs/PWS observed in JPI by Audit team and Panchayat level officials and statement of 178 beneficiaries interviewed in 36 selected GPs (*Appendix-2.15*) showed the following:

- Out of 178 beneficiaries interviewed, 125 had been using tube well water and only 53 beneficiaries used PWS water.
- Twenty-four beneficiaries in Balianata, Surada and Lefripada blocks complained of iron content and 31 reported unclear tube well water.
- Six tube wells were defunct in four blocks and 12 stand posts were defunct in three blocks.

Audit observed that though the blocks purchased spare parts at their level, TWs/PWS were, however, not repaired timely. So, due to inadequate action of Designated Officer and Revisional Authority (BDO), the objective of mitigating scarcity of drinking water in rural areas could not be fully achieved.

2.2.4 Sewerage and Solid Waste Management (Rural Sanitation)

2.2.4.1 Non-preparation of Perspective Plan and Annual Action Plan

As per Clause 16 of General Guidelines of 13th FC issued (August 2010) by Government of Odisha, for successful implementation of projects under Rural Sanitation, there was to be a five year Action Plan based on the prescribed parameters from which the Annual Action Plan (AAP) was to be prepared. The Palli Sabhas and Gram Sabhas being at the bottom level were to recommend the projects to be undertaken. The consolidated Perspective Action Plan (PAP) was to be duly approved by the Palli Sabha/Gram Sabha.

Scrutiny of records in all test checked blocks showed that Five Year Action Plans were prepared for Rural Sanitation by the three test checked DRDAs. In Ganjam and Sundergarh, there was no recorded evidence that the projects were mooted by Palli Sabhas/Gram Sabhas before their inclusion in the PAP or the AAP. In Chilika, when compared with Gram Sabha proceedings of three GPs (Singeswar, Hatabaradiha and Biribadi) for the year 2014-15, Audit found that none of the projects matched with PAP.

2.2.4.2 Non-execution of sewerage and SWM activities and misrepresentation of guidelines

The core service sectors defined by the Government of India while allocating funds to PRIs under 13th FC were drinking water supply, sewerage and solid waste management. However, Government of Odisha, after receipt of funds, issued general guidelines wherein it termed the component as Sewerage/Solid Waste Management (Rural Sanitation) and instructed the Collectors to take up CC Roads with drains inside the villages/habitations of the GPs on priority. Further, GPs were allotted funds on the basis of their population.

Accordingly, CC roads with drains were planned in every GP and executed, wherever possible. However, no sewerage and SWM activity was planned or taken up in the rural areas under 13th FC. It may be mentioned here that CC roads had been executed in the rural areas under several flagship schemes²⁸ of both Central and State Government. So when the GPs were unable to spend the allotted funds (an amount of ₹ 1.90 crore lying unspent in 36 GPs of nine test checked blocks), a part of the allotted amount could have been spent towards sewerage and SWM activities like street sweeping, awareness campaign etc. During JPI, in two (Kalkaleswar in Chilika Block and Jhintisasan in Baliana Block) out of 36 GPs test-checked, Audit found construction of only drains. In the remaining GPs, there were either CC roads with drains or only CC roads. Such deviation from the guidelines deprived the rural people of the benefits of sewerage system, solid waste management and sanitation in their area.

2.2.4.3 Non-execution of drains alongwith CC roads

In four²⁹ out of nine test checked blocks, five year Action Plans were prepared for execution of Rural Sanitation (CC Road with drain or only drain) projects. Audit found that 1036 projects with drain component were planned, out of which drain was included in the estimate of 748 projects.

However, the actual execution of the Rural Sanitation component in field was different as found in JPI. Out of 107 roads inspected, in 24 projects, drain was included in the estimate. However, the drain was executed in five cases only. In 19 cases, there was no drain, the percentage of deviation being 79 *per cent*. Though the projects were approved by DRDAs with the nomenclature ‘road with drain’ and the project estimates had the provision for drains, in 21 *per cent* cases, only drains were constructed. DRDAs had never monitored this aspect. Thus, State Government’s decision to build CC roads excluding the SWM and sewerage facilities defeated the objective of the component.

Commissioner-cum-Secretary, PR Department accepted (September 2016) that misrepresentation had occurred in some places of Chilika and Baliana blocks of Khurda district. However, he assured of giving the factual report after due verification and collection of information from district authorities.

²⁸ PMGSY-Pradhan Mantri Gram Sadak Yojana, MPLAD-Member of Parliament Local Area Development, MLALAD-Member of Legislative Assembly Local Area Development, CC Road-Cement Concrete Road, GGY-Gopabandhu Grameen Yojana, IAP-Integrated Action Plan, BRGF-Backward Region Grant Fund, 3rd SFC-Third State Finance Commission

²⁹ Chilika, Baliana, Begunia and Surada

2.2.5 Taking up new construction in lieu of repair and maintenance works under the component 'Maintenance of Roads and Bridges'

The State Government had issued (June 2011) guidelines for another 13th FC component 'Maintenance of Roads and Bridges' wherein maintenance of existing roads and bridges was envisaged. However, the blocks carried out only new constructions and the DRDAs, while approving their plans, did not use the funds for repair/maintenance works. As a result, an amount of ₹ 5.66 crore allotted to nine blocks was spent on new construction of roads and bridges.

Audit observed that the component was only used for construction of internal CC roads in villages. During JPI, it was found that 15 out of 124 CC roads³⁰ were damaged and needed repair. However, instead of taking care of existing roads to enhance their design life, new assets were created. The prescribed priorities for selection of CC Road projects were also not observed as funds were distributed equally among the blocks.

Commissioner-cum-Secretary, PR Department stated (September 2016) that the guidelines were self-explanatory and, wherever necessary, clarifications were issued.

The reply was not acceptable as the Government had also the responsibility to enforce the guidelines through agencies like DRDA with suitable monitoring mechanism.

2.2.6 Execution of inadmissible works

Check of records and JPI of projects in nine blocks showed that 33 projects executed were inadmissible under the scheme on which ₹ 87.84 lakh was spent. The details are given in *Appendix-2.16*.

2.2.7 Execution of projects with estimated cost below ₹ 3 lakh

The guidelines issued by PR Department, which were relevant up to October 2014, stipulated that no project under Maintenance of Roads and Bridges should be executed with estimated cost below ₹ 3 lakh. However, it was found that 15 projects in four blocks with individual estimated cost below ₹ 3 lakh were executed between 2012 and 2014 as shown in *Appendix-2.17*. All the projects were new constructions.

2.2.8 Other points of interest

(i) Deficiencies in execution of roads constructed under the scheme

PR Department had specified³¹ in guidelines of schemes like CC Road and GGY the non-negotiable items which were to be adopted during execution of CC Roads. The items *inter alia* included provision of appropriate thickness, proportion of concrete mix, proper compaction, maintaining 3 to 3.5 metre

³⁰ In Chilika, Ganjam and Subdega blocks, six out of 17 roads constructed under different schemes were found damaged in JPI of compliance audit and in nine test checked blocks, nine out of 107 GP roads constructed under 13th FC were damaged as witnessed in JPI

³¹ CC Road guidelines-September 2010 and February 2013, GGY guidelines 2006, February 2013 and May 2013 supplemented by Ministry of Road Transport and Highways, Government of India (MORTH) specifications

breadth and provision of cut off etc. The JPI team verified 77 CC roads in six test checked blocks and found that 14 of these roads did not meet the prescribed thickness. In JPI, Audit found that length and breadth had been compromised in respect of 34 roads. JPI team further found that nine roads were cracked and damaged due to improper execution and inadequate provision in estimates, such as non-execution of cut off in ordinary and black cotton soil, short execution of thickness etc. and five roads had not achieved connectivity. One road in Damkuda GP of Subdega block led to only two houses of the Sarpanch and Vice-Chairman of the block and ended with the Sarpanch's house who had also constructed a portion of her house on the road. Seven out of 77 roads led to temples, monasteries, ponds or agricultural fields.

(ii) Avoidable expenditure due to excess deployment of khalasis

The operational guidelines envisaged that a maintenance crew consisting of four staff members headed by fitter *Mistry* was to be placed at block level to attend the major repairs of hand pump tube well. Payment of salary/wages of the RWS&S employees deployed at PSs/GPs including SEMs was to be met out of 13th FC Award. Government instructed (November 2010) that in those blocks, where there were more RWS&S employees than the requirement, proposals should be sent for rationalisation of these employees to some other blocks.

Audit observed that four Nominal Muster Roll (NMR) staffs of RWS&S had been engaged at Ganjam Block for repair and maintenance purpose and were paid ₹ 11.10 lakh (**Appendix-2.18**) for the period from April 2010 to September 2015 out of Drinking Water Supply component of 13th FC grants. However, besides engagement of NMR staff, eight regular *khalasis* were paid for the period from April 2010 to March 2012, seven *khalasis* from April to August 2012, six *khalasis* from September 2012 to March 2014 and five *khalasis* from April 2014 to September 2015 for repair and maintenance work. A sum of ₹ 58.65 lakh was paid to these staff members out of the same component (**Appendix-2.19**). This payment was also over and above the honorarium of 14 SEMs engaged in 14 GPs. As only one mobile van was engaged for repair and maintenance and there were four NMRs who were doing the job since long, the expenditure of ₹ 58.65 lakh on additional *khalasis* was avoidable.

The BDO stated (June 2016) that the *khalasis* were engaged as per the sanctioned strength, and they had already been repatriated to their parent departments.

2.2.9 Conclusion

Component-wise utilisation of funds was not available at blocks and GPs. The test checked blocks did not transfer funds meant for Drinking Water Supply to GPs and failed to manage the RWS&S stores at block level. Tube wells and PWS were not repaired in time. Instead of promoting sewerage and SWM services in villages, the funds allotted for Rural Sanitation were utilised for construction of CC roads. Under Maintenance of Roads and Bridges, new constructions were made in lieu of maintenance works, violating the guidelines. The roads constructed in GPs and blocks did not meet the prescribed

specifications as deficiencies in measurements were found in 34 out of 77 roads inspected.

2.3 Misappropriation of Old Age Pension Funds

Misappropriation of Old Age Pension funds by tampering with the official cheque and non-deposit of undisbursed OAP money- ₹ 15.02 lakh

As per Rule 10(1) of Orissa Panchayat Samiti Accounting Procedure (OPSAP) Rules 2002, funds shall not be diverted from one scheme to another scheme without approval of the Government. Sub-rule 3 of Rule 36 of OPSAP Rules stipulates that the BDO should personally satisfy himself that all cheques and bank drafts signed by him for drawal are presented into the Bank and amount received is correctly accounted for in the Personal Ledger Account/Panchayat Samiti/other relevant Cash Books. He should also see that the payments from the fund through cheques, bank drafts and cash are correctly noted in the Cash Book.

On scrutiny of Old Age Pension (OAP) files in Brahmagiri Panchayat Samiti in January 2016, Audit observed that a sum of ₹ 12.00 lakh was diverted from IAY account to OAP account, contravening the OPSAP rules to cater to the payment of OAP for the month of December 2011 due to insufficient balances in the OAP Account. On receipt of grants under OAP, to recoup the funds diverted from IAY Account, the Additional Block Development Officer-cum-Accounts Officer (ABDO) in-charge of BDO, issued a cheque for ₹ 12.00 lakh on 30 June 2012 and asked the then Senior Clerk-cum-Cashier to deposit the same to OAP account of the Block. The cheque carried the signature and seal of the ABDO. Instead of depositing the entire amount in the OAP Account of the Block, the then Senior Clerk-cum-Cashier mentioned deposit of ₹ 2 lakh in the OAP Account and balance of ₹ 10 lakh in his own account in the endorsement to the bank and managed to get the same signed by the ABDO. As a result, only ₹ 2 lakh was deposited in the OAP Account against ₹ 12 lakh and ₹ 10 lakh was misappropriated by him.

Further, the then Senior Clerk-cum-Cashier also received undisbursed OAP money of ₹ 5.02 lakh (₹ 4.79 lakh OAP fund and ₹ 0.23 lakh Miscellaneous Fund in 2011-12) from the staff and accounted it in the cash book without making any deposit in the concerned bank account. The ABDO officiating as BDO did not verify and reconcile the cash book with that of bank pass book to ensure the deposit of money in the OAP bank account. Thus, ₹ 15.02 lakh was misappropriated by the then Senior Clerk-cum-Cashier.

The misappropriation was detected in July 2012 and the official was arrested and placed under suspension in August 2012. The Collector, Puri initiated (May 2013) Departmental Inquiry with an order to complete the inquiry within three months. However, no steps were taken for recovery of the misappropriated amount from the then Senior Clerk-cum-Cashier and the Collector, Puri subsequently reinstated (January 2014) him while the inquiry was going on.

The Department accepted the fact and stated (April 2016) that departmental proceedings were initiated for misappropriation of ₹ 10 lakh and a vigilance case was initiated for misappropriation of ₹ 5.02 lakh. The department assured that due action would be taken in the matter on receipt of final reports.

The reply was not acceptable as the District Administration did not take proper follow up action to recover the misappropriated amount on priority and permitted a loss of ₹ 15.02 lakh to the Government.

2.4 Misappropriation of Government money of ₹ 14.01 lakh in Puri Sadar Panchayat Samiti

2.4.1 Double payment and drawal of self-cheque without cash book entry

As per provisions of Rule 18(4) of Orissa Panchayat Samiti Accounting Procedure Rules (OPSAPR) 2002, all work and supply orders are to be serially marked and a copy thereof is to be kept in a separate guard file. Reference to payments is to be noted on the orders as and when bills are passed for payment and duly attested by the Block Development Officer (BDO) to avoid double claims. Further, Rule 26 *ibid* provides that no cheque is to be signed unless required for immediate delivery to the person to whom the money is to be paid and until the bill, which it will discharge, has been presented in a complete form, examined and passed for payment and stamped as 'paid' by putting cheque number.

(i) Scrutiny (January 2016) of 12 works bills and related vouchers, Cash Books and Bank Pass Books at Puri Sadar Panchayat Samiti (PS) for the period 2010-12 showed that 12 bills amounting to ₹ 5.02 lakh³² were passed for payment by the BDO during May 2011 to March 2012 and the payments were made in cash. Further scrutiny of cheque issue register showed that the same amount of ₹ 5.02 lakh was paid to the said executants in the shape of cheques by diverting the funds from Old Age Pension (OAP)/Orissa Disability Pension (ODP) schemes during May 2011 to April 2012 without making any entry in Cash Book and being supported by vouchers. The BDO signed the cheques without checking the bills passed for payment and stamped with 'paid by cheque number --'. The payee had not signed the bills as a mark of acknowledgement. The cheque payment was not shown in the Cash Book. On subsequent dates, the same bills were shown as paid in cash by entering the voucher numbers in Miscellaneous Cash Book during November 2011 to May 2012 (four to nine months after passing of the bill) though the payments were not related to it. This led to double payment of ₹ 5.02 lakh (*Appendix-2.20*), which amounts to misappropriation of Government money in the name of payment to executants.

(ii) Scrutiny of Pass Books of three Bank Accounts and related Cash Books for the period 2011-12 showed that two self-cheques and one bearer cheque for ₹ 2.42 lakh were encashed and were not reflected in the respective Scheme Cash Books. The purpose for issue of the cheques was not recorded and

³²Net amount of ₹ 4.49 lakh (after deduction of VAT, Royalty and Cess) in nine bills and refund of security deposit of ₹ 0.53 lakh in three bills

vouchers/claims were not entered in the Cash Book which showed that the amount was misappropriated.

2.4.2 Double payment of Disabled Pension under Madhu Babu Pension Yojana (MBPY)

Sub-Collector, Puri had sanctioned (June 2008 and September 2008) pension in favour of 250 disabled beneficiaries of 26 Gram Panchayats of Puri Sadar PS under MBPY at the rate of ₹ 200 per month per beneficiary from January 2008 for life or until cessation of any of the eligibility criteria.

The BDO had opened a new acquittance register and paid (August 2009) ₹ 8.06 lakh³³ to 212 beneficiaries towards the first arrear payment for 19 months (January 2008 to July 2009). Payment to other 38 beneficiaries was not made, as they were absent.

Audit observed (January 2016) that instead of continuing the same acquittance register, the BDO had opened another acquittance register in 2011-12 for all the 250 beneficiaries and obtained signature/thumb impression of 216 beneficiaries as proof of payment of pension of ₹ 8.27 lakh for the same period (January 2008 to July 2009). Scrutiny of Cash Book along with the acquittance register showed that the BDO had shown payment of ₹ 6.57 lakh³⁴ to 173 beneficiaries towards 1st arrear payment for 19 months (January 2008 to July 2009), who were already paid arrears for the same period and had been receiving regular pension (*Appendix-2.21*). Thus, there was a double payment of ₹ 6.57 lakh.

In all the above cases, misappropriation was possible due to lack of supervisory controls, which were to be exercised by the Head Clerk and the BDO as per the OPSAP rules. Incidentally, the Cashier played a dual role as the Head Clerk during the period, which enabled him to misappropriate the Government money.

The Commissioner-cum-Secretary, Panchayati Raj Department accepted (April 2016) the fact of misappropriation by the ex-Head Clerk, Puri Sadar PS and stated that both departmental and criminal proceedings had been initiated against the said official and he had deposited an amount of ₹ 3,13,720 in June and August 2013. The ex-Head Clerk expired in February 2015.

The reply was not acceptable as the departmental and criminal proceedings are yet to be finalised and the Government money was not fully recovered from the ex-Head Clerk when he was alive. Further, the Government has not taken any action against those responsible for failure of the control measures and violation of prescribed rules of Accounting.

³³ 212 X 19 X ₹ 200 = ₹ 8.06 lakh

³⁴ 173 beneficiaries paid at ₹ 200 per month for 19 months

2.5 Disbursement of Old Age Pension against deceased beneficiaries

Misappropriation of ₹ 1.12 lakh (in disbursement of Old Age Pension) in eight Panchayat Samitis

As per provisions of Rule 19 of Madhu Babu Pension Yojana (MBPY) Rules 2008 and National Social Assistance Programme (NSAP) guidelines, the annual verification of beneficiaries is to be conducted by the competent authority during 1st week of April every year. Further, as per Rule 22 of MBPY Rules, the pension ceases to be payable from the date of disbursement following the death of the pensioner.

Scrutiny (February 2016) of disbursement registers and Cash Books for the years 2009-10 to 2014-15 in eight³⁵ Panchayat Samitis (PSs) showed that ₹ 1.12 lakh was paid as pension and arrears of pension to 113 beneficiaries of 24 Gram Panchayats who, as per 'Register of Death' of Community Health Centres (CHCs), were found to be dead one to 19 months back. The Disbursing Officers (DOs) did not verify the exact date of death from CHCs and continued to make the payments by noting the date of death wrongly in the disbursement register. The actual date of death was confirmed by Audit from the CHCs concerned. The DOs made disbursement of pension after death of the pensioner, using false thumb impressions in the Acquittance Roll. BDO, Gurundia recovered the amount in full (₹ 9300) immediately after audit objection. The PS-wise payment of pension to deceased beneficiaries are detailed in *Appendix-2.22*.

The misappropriations are attributable to non-conduct of annual verification and lack of monitoring and control over the DOs by the Block Development Officers (BDOs).

The Commissioner-cum-Secretary, Panchayati Raj Department stated (March 2016) that ₹ 21,000 had been realised from the persons concerned of four PSs (Bhatli, Bangiriposi, Lahunipara and Rajborasambar). However, ₹ 81,600 was yet to be recovered. The reply is silent about the penal action taken against the officials/BDOs for their failure to conduct annual verification.

2.6 Payment of widow pension to ineligible beneficiaries

Payment of widow pension to 13 ineligible beneficiaries (non-widows) amounting to ₹ 0.77 lakh under Madhu Babu Pension Yojana.

As per Rule 9 of Madhu Babu Pension Yojana (MBPY)³⁶ Rules 2008, on receipt of application with required documents, the Block Development Officer (BDO) is to make an enquiry through the Extension Officer (EO) of the Block to ensure the eligibility of the applicants. The EO shall scrutinise the documents thoroughly with personal contact with Certifying Officer and record his findings on the body of the applications and forward the same to the BDO within 15 days. Further, Rule 10 stipulates that the BDO is to recommend the

³⁵ Bhatli, Bangiriposi, Lahunipara, Rajborasambar, Balisankara, Gurundia, Dharmagarh and Joda

³⁶ MBPY is a State pension scheme which holds similarity to the National Old Age Pension scheme of Government of India

application within a period of 15 days to the Sub-Collector for sanction of pension.

In Lahunipara Panchayat Samiti (PS), there was a public complaint on payment of Widow Pension (WP) to 338 (109+229) beneficiaries under MBPY with effect from October 2011 and October 2012. The BDO conducted (December 2013) an enquiry through the Panchayat Executive Officer (PEO), Kudeikala Gram Panchayat, who had reported (January 2014) about payment of WP to 13 ineligible beneficiaries of different villages, who were not widows. During audit of accounts of the PS in February 2016, it was observed that the BDO had stopped further payment to these ineligible beneficiaries but had not taken any action to recover the amount already paid. Audit verified the Acquittance Register of the concerned GP and found that the said beneficiaries were paid WP amounting to ₹ 76,800 (*Appendix-2.23*) up to November 2013.

Audit observed that the BDO did not conduct inquiry through the EO to ensure the eligibility of the applicants and both the BDO and the EO did not make a thorough check of the documents as required under the Rules. Further, the BDO did not review the applications before making recommendation to the Sub-Collector. This led to irregular payment of pension.

When the matter was referred (March 2016) to the Government, it was stated (September 2016) that out of the payments of ₹ 76,800, an amount of ₹ 58,000 was recovered from the ineligible beneficiaries and recovery of the balance amount was in process.

2.7 Misappropriation of Government Money

Misappropriation of ₹ 0.30 lakh from the receipts of the Panchayat Samiti

As per Rule 35 of Orissa Panchayat Samiti Accounting Procedure (OPSAP) Rules 2002, all cash transactions shall be entered in the cash book. Further, Rule 36 *ibid* stipulates that (1) the Cashier shall make entries in the Cash Book with reference to supporting documents and registers; the Accountant/Auditor shall check the recording of opening balance, entries in the receipt and payment side, closing balance and analysis of closing balance on the basis of supporting documents and registers; and (2) the Block Development Officer shall attest each entry in the receipt side and payment side after being satisfied about correctness of the entry with reference to supporting documents and registers.

Scrutiny (February 2016) of cash book with reference to Miscellaneous Receipt books for the period 2012-14 in Boipariguda Panchayat Samiti (PS) showed that the daily receipt of ₹ 30,470 towards house rent, security deposit and stall rent collected by the ex-Cashier on various dates between April 2012 and April 2013 were not recorded in the cash book as per the details given in the following table. Besides, the amounts received were not credited into the Bank account of the PS.

Table 1: Details of receipts not taken into account

Date	Particulars of receipt	Amount (₹)
April 2012	House rent	2510
July 2012	House rent	600

Date	Particulars of receipt	Amount (₹)
August 2012	House rent	1160
January 2013	Stall rent	5000
March 2013	Security Deposit, House rent and Stall rent	20600
April 2013	House rent	600
Total		30470

(Source- Cash Book and Miscellaneous Receipt Books of Boipariguda PS)

It was observed that the Accountant as well as the BDO had not checked the cash book entries with reference to Miscellaneous Receipts and failed to adhere to the provisions of OPSAP Rules, which resulted in misappropriation of ₹ 30,470 by the cashier.

The BDO, Boipariguda PS accepted (February 2016) the audit observation. The matter was referred (May 2016) demi-officially to the Commissioner-cum-Secretary, Panchayati Raj Department; reply is awaited (November 2016).

2.8 Misappropriation of GP Fund

Misappropriation of ₹ 0.23 lakh in Babuchhipidihi GP of Laikera Panchayat Samiti

As per Rule 73 of Odisha Gram Panchayat Rules 2014, all moneys received by the Sarpanch or the Panchayat Executive Officer (PEO) of the Gram Panchayat (GP) shall be brought into account as soon as these are received and credited into the Grama Fund daily. Further, as per Rule 93(2) of the said Rules, the PEO/Sarpanch of the GP is to record all transactions in the cash book on the same day on which money is received or paid. At the closure of the day of transaction, an analysis of the closing balances is to be made and the cash book signed by the PEO and the Sarpanch. As per Rule 93(4), the Gram Panchayat Extension Officer (GPEO) is competent to verify the cash book and the cash in hand, at least once in a month.

Scrutiny (February 2016) of cash books and bank pass books of Babuchhidihi GP under Laikera Panchayat Samiti showed that an amount of ₹ 23,000 was withdrawn from the GP Fund Account at Utkal Grameen Bank bearing A/c No.12045077188 vide cheque No.0197013 dated 07.10.2013. The cash was shown transferred (October 2013) from GP Fund cash book to Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) cash book. However, analysis of closing balance showed that this diversion was not mentioned in the cash book. Similarly, cross verification of MGNREGA cash book with the concerned bank pass books showed that the amount was neither entered in MGNREGA cash book nor deposited in the concerned bank account. This indicated that the PEO and Sarpanch of the GP had misappropriated the said amount of ₹ 0.23 lakh.

The misappropriation was possible due to negligence of the GPEO in verifying the cash books and cash regularly. On being pointed out (March 2016) by Audit, the Block Development Officer, Laikera recovered (April 2016) ₹ 0.23 lakh from the Sarpanch and ex-PEO. However, no disciplinary action has been initiated (October 2016) on the erring officials by the BDO.

2.9 Loss of Stock

Non-accounting of Hume Pipes in stock register resulted in loss of stock of ₹ 12.71 lakh.

As per Rule 97 of the Orissa General Financial Rules (OGFR), purchases must be made in the most economical manner as per the definite requirements of public service and advance purchase of stores which is unprofitable to Government, should be avoided. Further, as per Rule 69 of Orissa Panchayat Samiti Accounting Procedure Rules 2002, physical verification of stores is to be carried out at least once in every six months by the Block Development Officer (BDO)/Additional BDO and a certificate stating the facts regarding excess, shortage and unusual depreciation of stores, etc. should be recorded by them.

Audit scrutiny (February 2016) of Stock Register of Gurundia Panchayat Samiti showed that the opening balance of hume pipes (HPs) was 222 units in the year 2009-10. Out of these, only 22 HPs were issued to two Panchayat Executive Officers (PEOs) on different dates during 2009-10 and 2010-11. However, the balance as on 11 March 2011, was shown as '08', instead of 200 units and, after issue of eight HPs on the same day, the balance was shown as 'Nil' in the stock register. Details of issue of HPs are given below:

Table No.1: Abstract of stock register

Date of issue	To whom issued	Size of HPs	No. of HPs issued	Closing Balance
OB as on 12.10.2009				222
13.10.2009	Pramod Patra, PEO, Tamda GP	900 mm dia	12	210
15.04.2010	Subash Chandra Behera, PEO, Jarada GP	900 mm dia	2	208
		1000 mm dia	2	206
		1200 mm dia	6	200
11.03.2011	Closing Balance shown as		22	08
11.03.2011	Sri Chaman Xaxa, PEO, Gurundia G.P	600 mm dia	4	04
		900 mm dia	4	00
Total issued			30	

(Source: Stock Register of the Panchayat Samiti)

Since a total of 30 HPs were issued from the stock during the period 2009-10 and 2010-11, the closing balance should have been 192 units (222-30). However, the Senior Clerk in-charge of the store handed over (11 March 2011) eight HPs in the stock to his successor and the stock was shown as issued to the PEO, Gurundia GP on the same day by showing the balance stock as "nil". As a result, there was a shortage of 192 HPs in the stock, the value of which was ₹ 12.71 lakh as shown below:

Table No.2 Statement showing cost of hume pipes

(in ₹)

Size of HP	350 mm	450 mm	600 mm	800 mm	900 mm	1200 mm	Total
Cost per HP at last purchase (₹)	2456	2722	3752	7015	7971	12395	
Number of HPs shortage	9	3	66	9	84	21	192
Cost of shortage HPs (₹)	22104	8166	247632	63135	669564	260295	1270896

(Source: Stock Register of the Panchayat Samiti)

The intention of making this unusual balancing entry in the stock register clearly indicated the embezzlement of HPs. It was observed from the stock register that HPs were purchased during the year 2004-05, despite not having immediate requirement for such a huge stock. Further, the BDO had never

carried out physical verification of stock as per the aforesaid provisions, which led to such embezzlement.

The Commissioner-cum-Secretary, Panchayati Raj Department stated (July 2016) that 111 HPs of different sizes had been utilised in different projects, 72 pipes were lying unutilised in different work sites and remaining nine pipes were not traceable.

The matter was re-examined (October 2016) through joint physical inspection and it was observed that the number of unutilised HPs reported was not correct and the BDO, Gurundia could not show any documentary evidence in support of utilisation of 111 HPs. Thus, there was possibility of embezzlement, leading to loss of stock of 192 HPs valuing ₹ 12.71 lakh.

Part-B
URBAN LOCAL BODIES

CHAPTER III

Section A An overview of Urban Local Bodies

3.1 Introduction

The Seventy-fourth Amendment to the Constitution of India mandated all State Governments to operationalise Urban Local Bodies (ULBs), as units of self-government. The Orissa Municipal Act, 1950 was amended (2007) for this purpose and the Orissa Municipal Corporation Act was enacted (2003) to ensure devolution of powers and responsibilities to ULBs, in relation to the subjects listed in the Twelfth Schedule of the Constitution.

Table 3.1: Statistics of urban population

Indicator	Urban	State
Population (in crore)	0.70	4.19
Male (in crore)	0.36	2.12
Female (in crore)	0.34	2.07
Sex Ratio per 1000 males	932	978
Literacy rate (<i>per cent</i>)	85.75	72.87
Literacy Male (<i>per cent</i>)	90.72	81.59
Literacy Female (<i>per cent</i>)	74.31	64.01

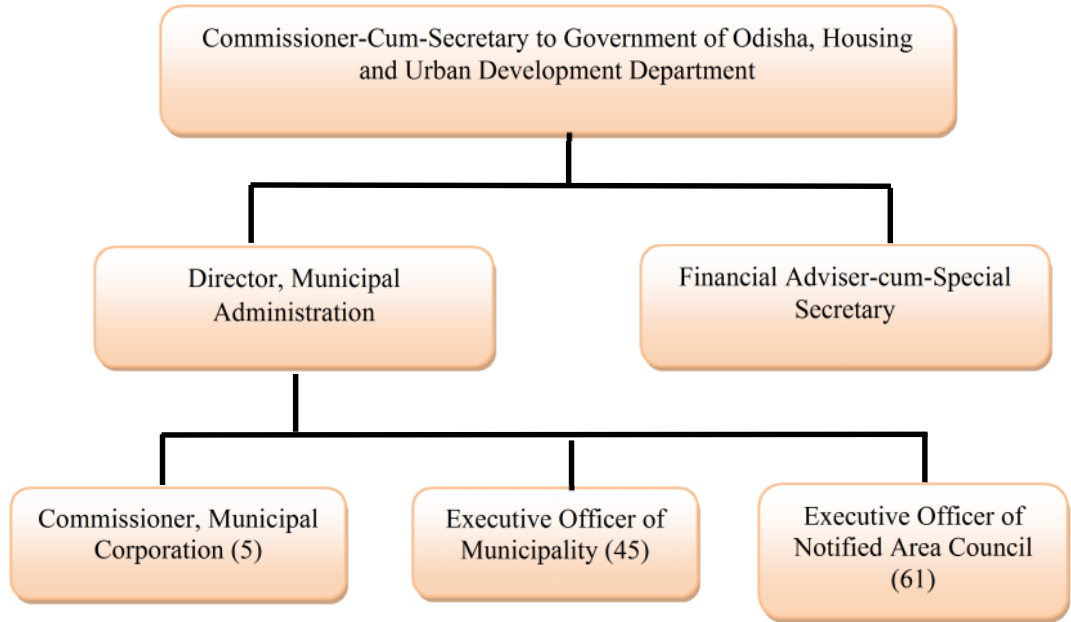
(Source: Census of India 2011)

To provide better amenities to citizens residing in the cities of the State and to make the cities/towns beautiful, clean, living worthy and developed, 111 ULBs were set up in the State under three categories i.e. Municipal Corporations- 5, Municipalities- 45 and Notified Area Councils (NACs) - 61 as of March 2015. The Municipalities and NACs are functioning under the provisions of the Orissa Municipal Act, 1950, while Municipal Corporations are functioning under the Orissa Municipal Corporation Act, 2003.

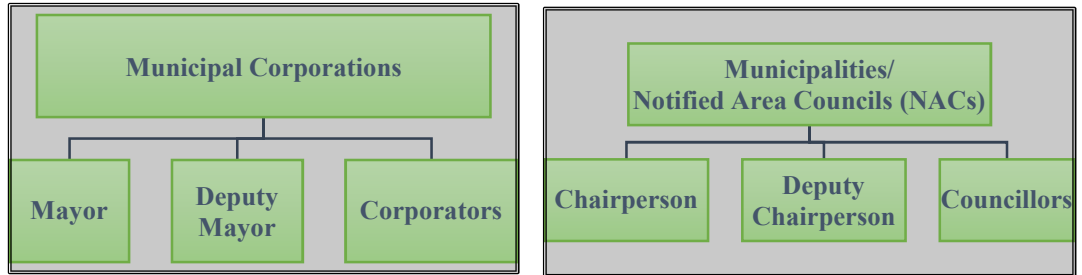
3.2 Organisational setup of ULBs

Each ULB is divided into a number of wards, each represented by a Ward Councillor. While a Municipal Commissioner is the executive head of a Municipal Corporation, an Executive Officer is the executive head of a Municipality or NAC. Municipal Commissioner of Municipal Corporation and Executive Officers of Municipality and Notified Area Council reports to Director of Municipal Administration in Housing and Urban Development (H&UD) Department. Director, Municipal Administration coordinates the various activities of all ULBs in the field of municipal tax administration, financial management, infrastructure development, town planning, urban health and sanitation, environment management and programmes for urban poor etc. The Directorate has the responsibility to supervise the function of the ULBs, work out suitable human resource policies, monitor the tax collection activities, lay down policies for transparency in expenditure, hear appeals against the decisions of ULBs, release Government funds to ULBs, as well as monitor implementation of schemes and programmes.

The organisational hierarchy of the ULBs is indicated below.



The structure of the elected bodies of the ULBs is as under:-



Each Municipal Corporation is headed by a Mayor and each Municipality/Notified Area Council by a Chairperson, who are elected amongst the Corporators/ Councillors of the respective ULBs.

3.3 Functioning of ULBs

The Twelfth Schedule (Article 243 W) of the Constitution of India envisages that the State Government may by law, empower the municipalities with such powers and authority as may be necessary to enable them to function as institutions of self-government. It listed 18 functions to be devolved upon the ULBs by the State Government. The State Government claimed to have already devolved 17 out of 18 functions as of March 2014 and the remaining one i.e., roads and bridges was not devolved. Effort is being made by the State Government to devolve the remaining function, i.e., roads and bridges, to the ULBs.

3.4 Staffing pattern of ULBs

Every Municipality/NAC is to have an Executive Officer, an Engineer and a Health Officer who are State Government employees, appointed to the

Municipality and their work is subject to the general powers of supervision of the Chairperson. A Corporation may have the officers, namely Commissioner, City Engineer, City Health Officer, Chief Finance Officer, Chief Auditor, Law Officer, Secretary, Deputy Secretary, Recovery Officer, Environment Officer and such other officers as may be prescribed. However, every Corporation may, with the previous sanction of the Government and as per provisions of the Act, determine its establishment.

3.5 Functioning of various Committees

As per Orissa Municipal Corporation Act, 2003 standing committees are to be set up for dealing respectively with-

- i) Taxation, Finance and Accounts;
- ii) Public Health, Electricity Supply, Water Supply, Drainage and Environment;
- iii) Public Works;
- iv) Planning and Development;
- v) Education, Recreation and Culture;
- vi) Licenses and appeals;
- vii) Contracts;
- viii) Corporation Establishment;
- ix) Grievances and Social Justices; and
- x) Settlement of mutual disputes between two adjoining corporations.

The Corporation may, with previous sanction of the Government, constitute additional standing committees for such purposes, as the Corporation thinks fit. Similarly the Municipalities may appoint Committees to assist them in the discharge of their duties.

There is to be constituted at the level of every district a District Planning Committee (DPC) to consolidate the plans prepared by the Municipalities in the district and to prepare a draft development plan for the district as a whole.

A DPC is to consist of 20 members, 16 members from amongst the elected members of the Zilla Parishad and elected Councillors of the Municipalities in the district; and four members to be nominated by the State Government as follows:

- i) A Minister in the Council of Ministers of the State, who shall be the Chairperson;
- ii) The Collector of the district, who shall be the Vice-Chairperson;
- iii) The Chairperson of the Zilla Parishad of the district; and
- iv) The Chairperson of a Municipality in the district.

3.6 Fund flow arrangement at ULBs

For execution of various developmental works, the ULBs mainly receive funds from the Government as State Plan, Non-Plan and Central Plan. Besides, all collections such as taxes on holdings, trades, rent on shops and buildings and other fees and charges etc., constitute the revenue receipts of the ULBs. The budget provision under each category for the last three years is indicated in the table below:

Table 3.2: Budget provision of funds by H&UD Department

(₹ in crore)

Grant type	2013-14	2014-15	2015-16
Non-Plan	1174.29	1253.05	1546.48
State Plan	1318.81	1528.42	1366.02
Central plan	0.09	12.79	12.79
Total	2493.19	2794.26	2925.29

(Source: Information as available in Activity Report of H&UD Department.)

3.7 Recommendations of State Finance Commission (SFC)

The Third State Finance Commission had requested to devolve ₹ 1120.21 crore for the period 2010-15 in favour of ULBs for providing public services and undertaking local development. The Commission recommended empowering of ULBs to augment their own income through levy of new taxes/fees such as Property tax, Fines on unauthorised use of land under the municipal jurisdiction, Share in cess on conversion of agricultural land for non-agricultural uses, Capital/property transactions fee and Trade license fees. However, Property Tax has not been levied by any of the ULBs in the State.

The 4th SFC, therefore, had requested to the 14th Finance Commission to augment the State's Consolidated Fund to supplement the resources of the local bodies over and above the fund recommended for transfer from the State's resources. Total resource transfer (from State resources) to ULBs recommended by the 4th SFC for the period 2015-20 was as under:

Table 3.3: Resource transfer recommended by the SFC

(₹ in crore)

Distribution mechanism	2015-16	2016-17	2017-18	2018-19	2019-20	2015-20 Total
Devolution	164.60	164.60	164.60	164.60	164.60	823.00
Assignment of Taxes	540.00	644.00	708.40	779.24	857.16	3528.80
Grants in aid	59.61	80.48	178.10	180.94	184.08	683.21
Total	764.21	889.08	1051.1	1124.78	1205.84	5035.01

(Source: Report of the 4th SFC)

However, budget provision was made for ₹ 865.23 crore¹ by the State Government for the year 2015-16.

3.8 Recommendations of the Central Finance Commission (CFC)

As per request of the 3rd SFC, 13th Finance Commission had recommended provision of ₹ 514.88 crore to the ULBs. In addition, the State Government recommended ₹ 302.50 crore to the ULBs as a part of devolution of its own

¹ Devolution ₹ 164.60 crore, Compensation and Assignment ₹ 641.02 and Grants and Assistance ₹ 59.61 crore.

resources. However, a sum of ₹ 362.89 crore² has been released to the ULBs towards 13th Finance Commission Awards during the period 2010-11 to 2014-15.

Recommendations of the 14th Finance Commission are given in the table below.

Table 3.4: Recommendation by 14th Finance Commission (₹ in crore)

Grant type	2015-16	2016-17	2017-18	2018-19	2019-20
Basic Grant	170.10	235.54	272.14	314.82	425.39
Performance Grant	00	69.52	78.67	89.34	116.98
Total	170.10	305.06	350.81	404.16	542.37

(Source: Information as furnished by Finance Department)

GoI released ₹ 162.44 crore towards Basic Grant during the year 2015-16 on pro rata basis to 106 ULBs, where election had been completed.

Further, the following recommendations were also made by the Commission.

- Basic and Performance Grants to the ULBs may be distributed in the ratio 80:20;
- State Government should apply the distribution formula of the SFC for distributing the grants among the three categories of the ULBs;
- Review of existing rules to facilitate levy of property tax;
- Empower local bodies to impose advertisement tax and improve own revenues from its source;
- Review the structure of entertainment tax and take action to increase its scope to cover more and newer forms of entertainment; and
- ULBs to rationalise service charges to recover operation and maintenance costs;

3.9 Audit mandate

3.9.1 Primary Auditor

Director, Local Fund Audit (DLFA) is the primary Auditor of ULBs in the State. The DLFA conducts audit of ULBs of all 30 districts of the State through 26 District Audit Offices. The position of audit of ULBs by DLFA as of March 2016 is given in Table 3.5.

Table 3.5: The position of audit of PRIs by DLFA as of March 2015

Year	Total number of ULBs planned for audit	Total number of ULBs audited	Shortfall	Reasons for shortfall
2013-14	103	55	48	Shortage of staff, Phailin, natural calamity and bandh in Western Odisha
2014-15	103	103	Nil	--
2015-16	102	102	Nil	--

(Source: Information furnished by Director, Local Fund Audit, Odisha)

² General Area Basic Grant ₹ 329.41 crore, Special Area Basic Grant ₹ 11.05 crore, share from Forfeited Performance Grant (General area) ₹ 21.41 crore and share from Forfeited Performance Grant (Special area) ₹ 1.02 crore

3.9.2 Audit by Comptroller and Auditor General of India

On the recommendation of the 13th Finance Commission, the State Government had entrusted (April 2011) the Comptroller and Auditor General of India (CAG) with audit of accounts of all the categories of the ULBs of the State under Section 20(1) of the CAG's (Duties, Powers and Conditions of Service) Act, 1971. Accordingly, accounts of five Municipal Corporations, 14 Municipalities and 10 NACs for the year 2014-15 have been covered under Performance Audit, Theme Based Audit and Compliance Audit during 2015-16. CAG was also requested to provide Technical Guidance and Support (TGS) to the State Audit Agency viz., Local Fund Audit (LFA) for audit of Local Bodies. The Government had notified (July 2011) the parameters of the TGS agreed to in the Official Gazette. Under TGS arrangement, 310 LFA staffs were imparted training during 2015-16, covering topics on audit methodology, writing of model POM, audit of schemes implemented in ULBs and accounting system in ULBs.

3.10 Reporting arrangement

3.10.1 Audit Report of Primary Auditor

As per recommendations of the 13th Finance Commission and provisions of OLFA (Amendment) Rules, 2015, the DLFA is to prepare and submit to the State Government not later than 30th September of each year, a consolidated report for the previous year, to be laid before the State Legislature. However, Annual Report for 2015-16 was not laid in the Odisha Legislative Assembly as of September 2016.

3.10.2 Annual Technical Inspection Report on ULBs

Annual Technical Inspection Report on PRIs and ULBs for the year ended March 2015 has been laid in the Odisha Legislative Assembly on 27 September 2016.

3.11 Response to audit observations

As on 31 March 2016, 3513 paragraphs relating to 231 Inspection Reports (IRs) issued by the Office of the Accountant General (G&SSA), Odisha to different ULBs remained unsettled for want of required compliances.

The Office of the Accountant General (G&SSA), Odisha issued eight Annual Technical Inspection Reports (ATIRs) on Urban Local Bodies relating to the years 2005-06 to 2012-14 and laid the report for 2014-15 in Assembly, wherein major audit findings on the transactions of ULBs of the State were reported. Even after convening meetings with the Commissioner-cum-Secretary of the Department and making a number of correspondences demi-officially with Chief Secretary to Government of Odisha, no information on remedial action taken by the Government on any of the paragraphs of these nine ATIRs was received as of September 2016.

Section B

Accountability framework and Financial Reporting issues

3.12 Accountability framework

(i) Property Tax Board

The State Government had decided to rationalise property tax through legislation by way of introducing the Unit Area based taxation system in all the ULBs. Unit Area based taxation system is an alternative to rental value, which is based on the principle of classification of properties and tends to remove the disparity in assessment of similar properties. The 13th Finance Commission had also recommended (September 2010) levy of property tax and removal of any hindrance in this regard. Accordingly, Property Tax Rules being developed by the H&UD Department had provisions for periodic revision of property tax. Currently, the draft Property Tax rules stand referred to Law Department for vetting.

(ii) Service Level Benchmark

In compliance with the recommendation of the 13th Finance Commission, the State Government had notified (December 2013) standards of service deliveries in four essential services, namely; Water Supply, Sewerage Management, Storm Water Drainage and Solid Waste Management provided by the local bodies.

After due evaluation of the achievements of such targets for the year 2013-14, the Government of Odisha notified (September 2015) the service level targets for the year 2015-16 in the four service sectors for 50 ULBs, covering all Municipal Corporations and Municipalities of the State after due consultation with them, as per indicators in the Handbook on Service Level Benchmarking published by the Ministry of Urban Development, Government of India.

As per the information furnished (December 2015) by the Berhampur Municipal Corporation, performance indicators for the year 2014-15 are given below.

Water supply

Sl. No.	Service level benchmark indicators	As per central target	Achievement
1	Coverage of water supply connections (in per cent)	100	39
2	Per capita supply of water	135 lpcd	134
3	Extent of metering of water connections (in per cent)	100	0
4	Extent of Non-Revenue Water (in per cent)	20	38
5	Continuity of water supply	24 hours per day	100
6	Efficiency in redressal of customer complaints (in per cent)	80	100
7	Quality of water supplied (in per cent)	100	78
8	Cost recovery in water supply services (in per cent)	100	56
9	Efficiency in collection of water supply related charges (in per cent)	90	46

Sewerage system

Sl. No.	Service level benchmark indicators (in per cent)	National benchmarks	Achievement
1	Coverage of toilets	100	86
2	Coverage of waste water network services	100	0

Sl. No.	Service level benchmark indicators (in per cent)	National benchmarks	Achievement
3	Collection efficiency of waste water network	100	0
4	Adequacy of waste water treatment capacity	100	0
5	Quality of waste water treatment	100	0
6	Extent of reuse and recycling of waste water	20	0
7	Extent of cost recovery in waste water management	100	0
8	Efficiency in Redressal of customer complaints	80	0
9	Efficiency in collection of sewerage charges	90	0

Storm Water Drainage

Sl. No.	Service level benchmark indicators	National benchmarks	Achievement
1	Coverage of storm water drainage network (per cent)	100	60.28
2	Incidence of water logging / flooding (Number)	0	0

Solid Waste Management

Sl. No.	Service level benchmark indicators (in per cent)	National benchmarks	Achievement
1	Household level coverage of SWM services	100	60
2	Efficiency of collection of municipal solid waste	100	95
3	Extent of segregation of municipal solid waste	100	0
4	Extent of municipal solid waste recovered	100	60
5	Extent of scientific disposal of municipal solid waste	100	0
6	Extent of cost recovery in SWM services	80	80
7	Efficiency in Redressal of customer complaints	80	20
8	Efficiency in collection of SWM related charges	90	29

As seen from above, achievements under coverage of water supply connections, cost recovery in water supply services, components under sewerage system except coverage of toilets and coverage of storm water drainage network were far below the target. Under solid waste management, components like segregation and scientific disposal of municipal solid waste were not taken up by the Corporation.

(iii) Grievance redressal

Out of the total 19231 grievances received, 12558 were resolved during 2015-16 (65 per cent).

3.13 Pending submission of Utilisation Certificate (UC)

It was observed that seven out of 17 ULBs audited during 2015-16 had not submitted UCs amounting to ₹ 25.46 crore.

3.14 Outstanding advance

In Compliance audit, it was observed from the cash books and advance registers of 14 ULBs³ that advance of ₹ 39.16 crore was unadjusted against the employees of ULBs, contractors, firms and advocates. Out of the total advance, ₹ 7.96 crore was treated as unclassified since details such as date of payment, purpose and person to whom paid were not available in the records of two ULBs⁴.

³ Bhanjanagar NAC, Soro Municipality, Sambalpur Municipal Corporation, Angul Municipality, Kotpad NAC, Pattamundai Municipality, Aska NAC, Barapalli NAC, Basudevpur Municipality, Bhubaneswar Municipal Corporation, Chatrapur NAC, Cuttack Municipal Corporation, Berhampur Municipal Corporation and Kantabanji NAC

⁴ Sambalpur Municipal Corporation ₹ 7.34 crore and Aska NAC ₹ 0.33 crore

3.15 Maintenance of Accounts by ULBs

- Accounts of ULBs are prepared by the respective ULBs. Accounts of ULBs are certified by the Director, Local Fund Audit as per Rule 20(h) of the Orissa Local Fund Audit Rules, 1951.
- All the 102 Accounts of ULBs as per Audit Plan were certified by the DLFA, during 2015-16.
- Adoption of modern accrual based double entry system of accounting was mandatory for ULB level reform set by the GoI. However, migration to double entry accounting system has been accomplished only in the mission cities⁵ since financial year 2012-13. In other ULBs, cash based manual accounting system was prevailing (March 2016).

⁵ Bhubaneswar Municipal Corporation, Cuttack Municipal Corporation, Berhampur Municipal Corporation, Rourkela Municipal Corporation, Sambalpur Municipal Corporation, Puri Municipality, Balasore Municipality, Bhadrak Municipality and Baripada Municipality

CHAPTER IV

PERFORMANCE AUDIT

CHAPTER IV PERFORMANCE AUDIT

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

4.1 Generation of own revenue and its collection by Bhubaneswar Municipal Corporation

Executive Summary

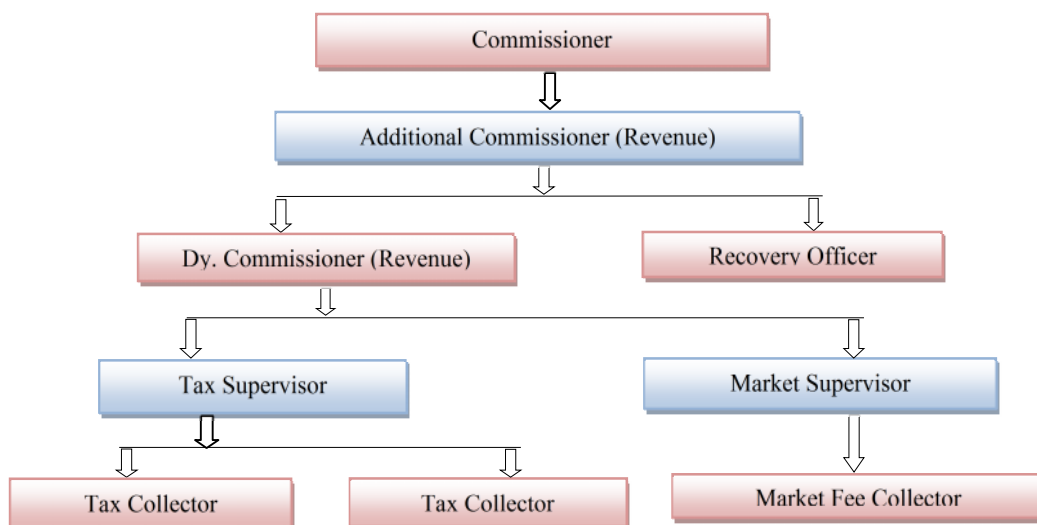
Performance Audit on Generation of own Revenue and its collection by Bhubaneswar Municipal Corporation (BMC) showed that BMC lacked institutional arrangement for levy of property tax. The annual value of holdings was not revised after 1977 resulting in loss of revenue of ₹ 64.05 crore. Revenue collection was 3 to 34 per cent less than the budgeted revenue in four years during 2011-16. There was a loss of revenue of ₹ 19.94 crore due to under-assessment of advertisement tax and non-enforcement of agreement condition for display of advertisement and renewal of passenger shelters at a lower rate. Failure of BMC to collect licence fee from traders, levy penalty on defaulters and implement recommendation of 3rd SFC led to loss of revenue of ₹ 12.40 crore. Non-realisation of Market rent by BMC resulted in loss of revenue of ₹ 0.24 crore. The arrear tax dues (holding tax and market rent) of ₹ 84.96 crore were not realised due to lack of follow up action. User charges were not levied on shops, hospitals/nursing homes, apartments and hotels resulting in loss of revenue of ₹ 6.15 crore. In the sector 'Development charges', BMC suffered loss of ₹ 2.32 crore due to incorrect assessment and demands of ₹ 43.25 crore remained unrealised against owners of 103 multi-storey buildings. The agreed share of assets of two commercial complexes constructed by Joint Venture Partners was not utilised. BMC did not raise demand for authorisation premium of ₹ 55.13 lakh from the agency constructing Foot Over Bridge.

4.1.1 Introduction

The Municipal Corporations of Odisha are governed by the Orissa Municipal Corporation (OMC) Act, 2003 which empowered the Bhubaneswar Municipal Corporation (BMC) to make rules, regulations and bye-laws for generation of revenue with autonomy to function as an institution of self-Government.

The major sources of revenue generated by BMC are from tax revenue such as holding tax, advertisement tax and non-tax revenue such as trade license fee, user charges, development charges etc. Apart from these, the Corporation also gets compensation from the Government of Odisha in lieu of Octroi duty.

4.1.2 Organisational set up



4.1.3 Audit Objectives

The Performance Audit aimed to assess whether:

- proper plan was in place to tap all sources of revenue;
- collection of revenue was adequate; and
- remedial action for realisation of uncollected or enhanced revenue was efficient.

4.1.4 Audit criteria

The criteria for the Performance Audit were derived from the following:-

- Orissa Municipal Act, 1950 and Orissa Municipal Rules, 1953
- Orissa Municipal Corporation Act, 2003 and Odisha Municipal Corporation Rules, 2004
- Orissa Municipal Accounting Rules, 2012
- Orissa Public Works Department Code
- Regulations and Bye-laws passed by BMC
- Recommendations of State Finance Commissions and
- Executive orders, instruction, notifications issued by the Housing and Urban Development Department

4.1.5 Scope and Methodology of Audit

Audit test checked records of BMC during April to August 2016, covering the period 2011-16. The Audit objectives, criteria, scope and methodology were shared with the Chief Finance Officer of BMC and the officials of Housing and Urban Development Department (HUDD) in an Entry Conference held on 11 April 2016. Joint Physical Inspection was conducted to ascertain whether

apartments were constructed after getting No Objection Certificate (NOC) from BMC and to assess that traders had obtained trade licence for conducting business. Beneficiary survey was also conducted through questionnaire on collection of Holding Tax and issue of trade licence. The audit findings were discussed in an Exit Conference held on 27 October 2016.

Audit findings

4.1.6 Planning

Audit observed certain deficiencies in planning which led to short collection of revenues in BMC. These are discussed in the succeeding paragraphs.

4.1.6.1 Lack of institutional arrangements for levy of Property Tax

Section 192 of the OMC Act, 2003 empowers the Corporation to levy property tax. Section 198 defines the property tax as a tax to be levied on the Annual Value of any land and building in the corporation area, including any land or building belonging to the State Government or the Corporation or any undertaking or public sector corporation under the control of the State Government or the Corporation. Section 657 of the Act requires framing of detailed rules and bye-laws for administration of taxes etc., while Section 215 and 218 requires constitution of “Corporation Valuation Committee” and “Assessment Tribunal”, respectively.

Audit observed that BMC did not set up the required institutional arrangements for levy of property tax even after 13 years of enactment of the Act and was only levying and collecting the holding tax¹. Thus, BMC could not generate significant amount of revenue due to non-imposition of property tax.

4.1.6.2 Absence of database and tracking of holdings

As per Section 146 of Orissa Municipal (OM) Act, 1950 (which the BMC has been following for collection of holding tax), unless otherwise directed by the State Government, new valuation and assessment list should be prepared once in every five years. Under Section 143-A, the Executive Officer can exercise the power and perform the duties of Valuation Officer (VO) in respect of that Municipality.

Besides, ULB level reforms on property tax under Jawaharlal Nehru National Urban Renewal Mission (JnNURM) emphasised (December 2005) the need for proper mapping of properties using a Geographical Information System (GIS) so that the ULBs would have a full record of properties in the city and can bring them under the tax net. The annual value of holdings was generally assessed on the basis of self-assessment returns furnished by the owners of holdings. Audit observed the following:

- BMC had realised the holding tax only from 81,129 out of 2.60 lakh holdings as of March 2011, which showed that more than 69 per cent of the holdings were out of the tax net. The latest position of holdings in the corporation area was not maintained by BMC.

¹ Taxes levied on built up area only with vacant land excluded from the tax.

- Although the number of holdings was increasing year after year, BMC had not maintained the information on number of actual holdings after 2011 and it collected holding tax only from 94,871 holdings as of March 2016.
- To ascertain actual number of holdings, BMC had not taken any initiative for mapping of properties through use of GIS system even after lapse of 10 years.

Besides, joint physical inspection conducted by BMC officials in 220 holdings in different wards in the presence of Audit showed that 98 (45 *per cent*) holdings were out of the tax net. Thus, substantial revenue was lost annually due to absence of mechanism for tracking the households.

The Additional Commissioner, BMC stated (October 2016) that after completion of GIS Survey and mapping, the total eligible households coming under the tax net would be taken into consideration.

4.1.6.3 Non-adherence to the regulation of tax on advertisement

As per clause 10 (f) of the Bhubaneswar Municipal Corporation Tax on Advertisement Regulations, 2006, the Commissioner is required to maintain a register showing the licenses issued under the Act and the Regulations. However, no such register was maintained and therefore, the exact number of agencies working in BMC area could not be ascertained.

As per clause 10 (a) of the Regulation, the Commissioner may grant/refuse/renew or cancel the permission, as the case may be, in accordance with the provisions of the Act and the Regulations made thereunder.

Test check of files relating to 15 out of 57 advertising agencies² showed that BMC received applications for granting permission in favour of these agencies for display of advertisement. However, without granting permission to these agencies, they were directed to produce the list of hoardings displayed in BMC area every year. Based on the list submitted, the License Inspectors (LIs) were directed to verify the hoardings to raise the demand in all the cases. Thus, without granting permission, demand was being raised by the Municipal Commissioner, which was irregular.

The Additional Commissioner, BMC assured (October 2016) of implementing the provisions of Advertisement Regulations.

4.1.7 Adequacy of collection of revenue

4.1.7.1 Revenue budget of BMC

The BMC could realise revenue of ₹ 1139.84 crore against budgeted revenue of ₹ 2156.95 crore during 2011-16 as shown in ***Table-4.1***:

² As per the demand issued during 2015-16

Table 4.1: Annual budgeted revenue and its collection by BMC during 2011-16

Budget	2011-12		2012-13		2013-14		2014-15		2015-16	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
(₹ in crore)										
Tax Revenue										
Holding tax	40.00	18.45	30.00	29.35	35.00	20.28	30.50	23.70	40.00	20.23
Advertisement tax	8.00	8.55	10.00	9.80	10.00	11.20	10.92	12.12	13.52	11.95
Others	0.01	0	0.01	0	0	0	0.01	0.01	0	0
Total	48.01	27.00	40.01	39.15	45.00	31.48	41.43	35.83	53.52	32.18
Non-tax revenue										
Rental income from Municipal properties	2.07	1.47	2.10	1.88	2.40	1.67	1.75	1.65	0.68	1.57
Fees and User charges	39.97	15.74	37.94	16.58	18.63	13.01	12.51	10.05	9.38	22.09
Sale and Hire charges	0.72	0.79	0.84	0.82	0.84	0.78	0.83	0.7	0.86	1.02
Others	36.73	12.03	36.61	12.28	122.39	15.28	111.93	14.97	23.34	1.25
Total	79.49	30.03	77.49	31.56	144.26	30.74	127.02	27.37	34.26	25.93
Assigned Revenue and Compensation	50.01	48.71	55.01	50.19	55.02	80.91	75.05	79.3	78.05	54.56
Revenue Grants Contribution and Subsidy	206.36	55.05	255.76	136.96	200.46	93.34	187.97	72.9	302.78	156.65
Grand Total	383.87	160.79	428.27	257.86	444.74	236.47	431.47	215.4	468.61	269.32

(Source: Records of BMC)

Analysis of budget estimate and actual realisation of major sources of revenue showed that there was no coherence between the estimates and actual receipts during 2011-16. The gap between budget and revenue collected was as high as ₹ 21.01 crore in the year 2010-11 in tax revenue and ₹ 113.52 crore in non-tax revenue during 2013-14. The budgeted revenue in non-tax category was inflated in 2013-14 due to provision of sale of BMC properties.

In the year 2013-14 and 2014-15, the actual receipt was more than the budget in respect of Assigned Revenue and Compensation due to excess release by HUDD. However, in respect of Fees and User charges, the actual receipt was less by 61 per cent (₹ 24.23 crore in 2010-11) and 56 per cent (₹ 21.36 crore in 2014-15).

The inconsistencies in the projected revenue and actual collection both in tax and non-tax revenue showed that the budgeting process was flawed due to preparation of estimate without reliable and comprehensive data on the tax structure. Besides, no efforts were made to collect the revenues based on the actual number of holdings, traders, households, service users etc. as pointed out in the subsequent paragraphs.

4.1.7.2 Short receipt of compensation in lieu of Octroi duty

Octroi duty was the main source of internal income for all the ULBs which was abolished in December 1999. The 1st State Finance Commission (SFC) (2000-01) recommended release of compensation to the ULBs in lieu of Octroi (assigned revenue) through budgetary provision in the annual budget of HUDD. As per para 3.2(ii) (a) of Action Taken Report of HUDD on 3rd SFC (2010-15), the Government decided to make the annual assignment in favour of the ULBs in lieu of Octroi as long as it would levy and collect Entry Tax. The amount provided in the Revised Estimate (RE) of 2010-11 was taken as the base which was increased by 10 per cent in the subsequent years. Requirement of salary and pension of the employees of the ULBs was to be met out of this provision and supplemented, wherever necessary, by ULBs' own resources.

Scrutiny of data furnished by BMC showed that a sum of ₹ 47.39 crore was released by HUDD during 2010-11 towards Entry Tax. Taking this as the base amount and with annual increase of 10 *per cent*, the amount due from 2011-12 to 2015-16 was ₹ 318.24 crore against which HUDD had released ₹ 309.26 crore resulting in short receipt of ₹ 8.98 crore to BMC as per **Table-4.2** below:

Table 4.2: Details regarding release of compensation in lieu of Octroi by HUDD

Year	Due for the year			Amount released	Short released
	Base amount	Hike of 10% over previous year	Total due during the year		
2011-12	47.39	4.74	52.13	48.68	3.45
2012-13	52.13	5.21	57.34	50.14	7.20
2013-14	57.34	5.73	63.07	80.43	(-)17.36
2014-15	63.07	6.31	69.38	75.45	(-)6.07
2015-16	69.38	6.94	76.32	54.56	21.76
Total	289.31	28.93	318.24	309.26	8.98

(Source: Data furnished by BMC and compiled by Audit)

From the information furnished by BMC, it was observed that there was a liability of ₹ 4.25 crore towards pension of 335 employees as of August 2016. The short release of fund was one of the reasons for non-discharging of the above liabilities.

The Additional Commissioner, BMC while accepting (October 2016) the audit observation stated that payment of pension was being met from the Special Fund received from the department. However, the fact remained that delay in taking up the issue with Government eventually delayed the payment of pension to the pensioners.

4.1.7.3 Loss of revenue due to non-revision of annual value

As per Section 146 of the OM Act, unless otherwise directed by the State Government, new valuation and assessment list should be prepared once in every five years. As per provision of Section 693(3) of OMC Act, all rules, bye-laws, orders, directions, powers made, issued or conferred under the OM Act and in force before the commencement of this Act shall, so far as they are not inconsistent with the provision of this Act, continue to be in force in the cities until they are replaced under this Act. As per Section 694(3) of OMC Act, all taxes, fees, duties, which immediately before the commencement of this Act, were being imposed by the municipal corporation shall be deemed to have been imposed by the respective corporation under the provision of this Act and shall continue to be in force accordingly until such taxes, fees and duties are revised, cancelled or suspended by anything done or any action taken under this Act.

Scrutiny of records relating to holding tax showed that the last revision of annual value of holdings was made in April 1977 by Bhubaneswar Municipality (now BMC) and no further revision has been made till date (August 2016). Though the OMC Act, 2003 was in force since 2003, the annual value of all holdings in BMC area was not revised even after 13 years of implementation of the Act. However, BMC has been levying and collecting holding tax at the maximum rate of 10 *per cent* of the annual value of holdings along with five *per cent* for light tax and 2.5 *per cent* for latrine tax every year. While the Valuation Organisation had revised the assessment of annual value of holdings in 11 other ULBs during 2010-11, no steps were taken for revision of annual

value in BMC. In the revised assessment list of 11 ULBs, the annual value of holdings was enhanced from 1.57 times (Khurda Municipality) to 29.28 times (Banki NAC) of the last valuation.

The Commissioner stated (July 2016) that as per direction of Hon'ble High Court (August 2011), the BMC would continue collection, assessment and revision of tax as per the old rate.

However, the Hon'ble High Court (August 2011) had made it clear that it was open for the Municipal Corporation to impose property tax under Section 694(3) and other relevant provisions of Chapter-XIII of OMC Act. In this regard, HUDD had also clarified (December 2012) that revising the tax as per the direction of the High Court under the OMC Act would not lead to any violation of the order of the Hon'ble High Court. Despite this, BMC did not revise the tax.

Even after lapse of five years from the order of the Hon'ble High Court and direction of HUDD, BMC had not taken any action either to vacate the order or to impose tax under Section 694(3) and Chapter-XIII of OMC Act till March 2016. Rather, BMC resorted to collection of holding tax only at the old rate, resulting in short collection of ₹ 64.05 crore.

The Additional Commissioner, BMC assured (October 2016) that the matter would be taken up with the Government for necessary orders.

4.1.7.4 Non-assessment of holding tax on industrial units

As per Section 131(1) (a) of OM Act, the municipalities shall impose tax on holdings situated within the municipality on their annual value. Clause 18.6 of the Industrial Policy Resolution (IPR) 2001 and 16.5 of IPR 2007 stipulated that industrial estates would be excluded from the tax regime of municipalities and other local authorities for management by the local industries' associations, provided that the latter undertook to maintain the infrastructure of the industrial estates either directly or through other agencies by taking consent of HUDD to amend the concerned Act. HUDD passed (April 2012) an order wherein payment of holding tax by industries situated in industrial estates were deferred for 10 years from the date of allotment of land to them.

Audit observed from the records of BMC that 926 industrial units operated in two industrial estates (Chandaka Industrial Estate: 382 and Mancheswar Industrial Estate: 544) under the BMC area as of March 2016. In respect of Mancheswar Industrial Estate, 441³ out of 544 units were to be assessed for payment of holding tax after expiry of the moratorium of 10 years. BMC did not take any steps for assessment of these 441 industrial units, resulting in loss of revenue of ₹ 1.03 crore⁴ as of March 2016. However, in case of Chandaka Industrial Estate, date of transfer of land to industrial units by IDCO was not available to calculate the period of moratorium and date from which the holding tax would be levied.

³ Industrial Infrastructure Development Corporation (IDCO) had allotted land to them during 1980 to 2005

⁴ Calculated on the bench mark value of the land only in absence of cost of the building

The Additional Commissioner, BMC stated (October 2016) that BMC had been following up the matter with IDCO for increasing the revenue. However, the reply is silent regarding the reason for non-levy of holding tax in respect of 441 industrial units, even after lapse of moratorium period of 10 years.

4.1.7.5 Loss of revenue due to under-assessment of holding tax

As per Section 131(1)(a) of the OM Act, municipalities shall impose tax on holdings situated within the municipality on their annual value. BMC determined the annual value of holdings on the basis of GA Department notification (May 1998) as given in the table below:

Table 4.3: Statement showing procedure followed for calculation of annual value

Category of holding	Step-1	Step-2	Step-3
Residential	Plinth area of the holding in sqm. X ₹ 13.65	Deduct 15 per cent towards repair and maintenance	Add 0.5 per cent of the land cost
Commercial	Civil cost of the building + cost of PH & Electrical fitting	Take 7.5 per cent of the value arrived in step-1	Add 0.5 per cent of the land cost
Residential on rent	Monthly rent of the building X12	Deduct 15 per cent towards repair and maintenance	Add 0.5 per cent of the land cost

(Source: Records of BMC)

From test check of 182 assessment files of holdings in BMC, Audit observed that while assessing the annual value in respect of 175 holdings, BMC did not adopt the revised benchmark value of land and also failed to include the cost of electrical installation charges and PH fittings. This resulted in under-assessment of annual value and consequential loss of revenue of ₹ 28.36 lakh towards holding tax.

The Additional Commissioner, BMC assured (October 2016) that the holding tax would be assessed as per the new benchmark value.

4.1.8 Advertising Rights

4.1.8.1 Loss of revenue due to incorrect calculation of advertisement tax

As per Rule 242(1) and 242(2) of the OMC Act, the Corporation shall levy tax on advertisements at rates specified in the Regulations notified by BMC.

BMC had levied and collected advertisement tax for display of hoardings at private places since 2011-12 from M/s Torrent without having given written permission. For the year 2015-16, BMC issued demand notice of ₹ 69.03 lakh in February 2016, based on the number and size of hoardings displayed during the previous year. In response to the demand, the agency deposited advertisement tax of ₹ 26 lakh in March 2016. Audit observed that as per calculation sheet, the total assessment should have been ₹ 80.54 lakh against which the total was taken as ₹ 69.03 lakh. Thus, BMC committed totalling error of ₹ 11.51 lakh which resulted in short-realisation to that extent.

Further, M/s Team Admark was selected on competitive bidding for display of hoardings in public places within BMC area from October 2010 to September 2016 at the rates ranging from ₹ 600 to ₹ 1068 per sft. per year.

On scrutiny of records, Audit observed that four other advertising agencies had displayed their advertisement boards on public places like traffic signals, traffic

squares, unipoles⁵ on roads, railway land, government educational institution etc. even though formal permission was not given by BMC to these agencies. BMC levied and collected the advertisement tax from such agencies at the rate meant for private hoardings which ranged from ₹ 15 to ₹ 140 per sft. per year during 2010 to 2016.

BMC neither allotted aforesaid public places to the agencies by inviting tender nor demanded advertisement tax at par with the tendered rate. Had the BMC levied the advertisement tax at the rate awarded to M/s Team Admark, it could have earned revenue of ₹ 12.13 crore from 2011-12 to 2015-16.

The Additional Commissioner, BMC accepted (October 2016) the audit observation.

4.1.8.2 Undue favour to advertising agencies led to loss of revenue

As per clause 2.2.3 of the Public Private Partnership (PPP) guidelines for Social Sector, issued (November 2004) by Planning Commission, Government of India (GoI), a provision should be made to effect the reversion of assets created in the PPP back to Government, after the expiry of the contract.

BMC had permitted different advertising agencies to construct and maintain 64 bus sheds with advertising rights on payment of licence fee for a period of five years from 2008-09 to 2013-14. Twenty-two bus sheds were demolished for road expansion work. Out of the remaining 42 bus sheds, the license period of four bus sheds of M/s Team Admark was valid up to March 2014 and for the balance 38 sheds allotted to other advertising agencies, the licence period was valid upto March 2013.

Audit observed that after expiry of the period of permission, BMC without inviting tender, renewed the advertising permission of bus shelters based on the application received from the agencies to display the hoardings at the rate of ₹ 60 per sft. (rate applicable for hoardings erected on private buildings) for the years 2013-14 (38 nos.) and 2014-15 (42 nos.). From the year 2015-16, the rates were revised to ₹ 250 per sft. and the demands were raised accordingly.

It was seen that the tendered rates of licence fee for public places ranged from ₹ 600 to ₹ 1068 per sft. per year during the period from 2013-14 to 2015-16. Thus, due to renewal of bus shelters adopting the rate for private hoardings instead of tendered rate, BMC suffered a loss of revenue to the tune of ₹ 2.23 crore (*Appendix 4.1*) for the period from 2013-14 to 2015-16.

The Additional Commissioner, BMC stated (October 2016) that as per the decision of the Standing Committee on Contracts, the bus shelters were let out on tender basis and the highest quoted bids were approved.

The reply is not acceptable as the advertising permissions were renewed without calling for fresh tender in subsequent years.

⁵ Unipole is a large-format advertisement sign placed atop a very high pole

4.1.8.3 Deviation in procedure leading to short-realisation

As per clause 10(d) of Regulation of 2006, if any tax on advertisement is not paid within the stipulated time after the demand notice, the same shall be recovered as arrears of tax and the permission granted shall be deemed to have been terminated. As per clause 41 (3) of the Advertisement Regulations 2015 read with Section 242 (3) of the OMC Act, such tax shall be payable in advance on annual basis or in such instalments as may be fixed by the Corporation from time to time.

Scrutiny of records relating to demands raised on displaying advertisements on private places showed that BMC issued (March 2016) demand notice for ₹ 4.45 crore to 57 advertising agencies for the hoardings erected by them. Audit observed that 10 agencies had deposited the full amount, 15 agencies made part payments and 32 agencies did not pay the dues at all. In this regard, Audit observed that out of the demand of ₹ 4.45 crore for 2015-16, only ₹ 1.18 crore was realised by BMC resulting in blockage of revenue of ₹ 3.27 crore (*Appendix 4.2*). Despite this, BMC had not initiated any action for recovery of balance amount till the date of audit (August 2016).

During Exit Conference (November 2016), the Additional Commissioner, BMC accepted the fact of short realisation.

4.1.8.4 Loss of revenue due to short realisation of tax on advertisement

For display of advertisements within five zones of BMC area, an agreement was signed with M/s Team Admark on 1 October 2014 for three years effective till 30 September 2017 with a contract amount of ₹ 1.09 crore per month. As per clause 28 of Conditions of Contract, if for carrying out repairs, maintenance, widening of roads or for any other purpose, the advertisement zone has to be removed in public interest or for any other reason, alternate nearby site may be allotted to the M/s Team Admark in lieu of the site, with the approval of competent authority within a reasonable time having approximately the same potential. However, Audit observed the following:

- As per the agreement, the total advertisement area in the east zone was 16,320 sft. For widening of the road stretch from Rasulgarh to Samantarapur in east zone, the hoardings in 9056 sft. were dismantled in February 2015. In lieu of the dismantled area, no potential alternative site was allotted to the agency. BMC had directed (April 2015) the agency to pay the license fee on existing hoardings/bulletins/kiosks in the said zone with effect from 21 February 2015. So the agency was liable to pay the licence fee for the remaining area of 7264 sft. However, the agency did not clear its dues of ₹ 1.06 crore from January 2015 to March 2016 and continued to display hoardings. BMC did not take any action to collect the dues from the agency.
- Similarly in south and central zones, BMC had directed (December 2015) the agency to shift the hoardings from the road stretch from Master Canteen to Shishu Bhawan for construction of underpass. The agency shifted the hoardings in January 2016. BMC did not provide alternate site to the agency to shift the hoardings. The agency paid licence fee of ₹ 79.46 lakh after deducting ₹ 37.28 lakh from the dues of December

2015 and January 2016 for the hoardings removed, despite displaying all the hoardings in the said reach upto January 2016, which resulted in short realisation of licence fee to that extent.

The Additional Commissioner, BMC stated (October 2016) that due to non-availability of suitable alternate sites, the advertising agency had paid proportionate amount deducting the area dismantled for road expansion. However, Audit observed from the correspondence made between the agency and BMC that the hoardings were dismantled in January 2016. As such, the hoardings were in place upto January 2016 and therefore, the agency should have paid for the same.

4.1.8.5 Loss of revenue due to termination of agreement before notice period

As per clause 43 of the agreement, M/s Admark may surrender the allotment of a zone by giving 90 days' notice in writing, provided that no surrender notice is permissible during the first nine months of the contract period and the surrender notice shall not be valid unless all the dues including the amount for notice period are paid on the date of receipt of such surrender notice.

Scrutiny of records showed that M/s Team Admark had requested (March 2015) BMC to exempt licence fee from January 2015 for west zone and applied for withdrawal due to loss in business. BMC did not accept its withdrawal as the agency had not completed the first nine months. Subsequently, BMC terminated the agreement with effect from 1 June 2015 for the zone instructing the agency to deposit the arrears upto May 2015 amounting to ₹ 81 lakh. The agency deposited ₹ 36.20 lakh in two phases. The balance arrear amount of ₹ 44.80 lakh was neither deposited by the agency nor any action was initiated by BMC for recovery of the same. Further, as per agreement, the allotment could not be surrendered prior to 12 months. However, termination of the agreement by BMC after expiry of eight months was irregular and resulted in loss of ₹ 64.80 lakh⁶ towards advertisement tax.

In the Exit Conference (October 2016), the Additional Commissioner, BMC stated that the termination was done on the request of the agency on the ground of loss in business. The reply was not acceptable as the premature termination of agreement was contrary to the conditions of contract.

4.1.8.6 Loss of revenue due to unauthorised advertisements on BPTSL buses

As per clause 3 of the Advertisement Regulation of 2006, no vehicle shall display any advertisement without approval of the Commissioner and as per clause 10(a), every person desiring to display advertisement shall apply to him for permission against payment of fees of ₹ 100. As per clause 11, the tax on advertisement on vehicles shall be paid at the rate of ₹ 30 per sft per year which was revised (February 2015) to ₹ 10,000 per bus per month. As per clause 12, such interested person has to be enrolled as licensed advertiser and pay the license fee of ₹ 15,000 per year.

⁶ ₹ 64.80 lakh = ₹ 16.20 per month for four months (June to September 2015)

Bhubaneswar Puri Transport Service Ltd. (BPTSL) is a company incorporated under Companies Act, 1956. The company executed (August 2010) an agreement with M/s Dream Team Services (Operator) for public bus transport in the city of Bhubaneswar and Puri. As per Clause 5.1(xii) of the agreement, BPTSL has the right to advertise on buses as per the applicable advertisement rules and regulations which will be managed by the operator.

From the information furnished by the General Manager, BPTSL, Audit observed that the operator displayed advertisements on 111 buses during the period 2011-12 to 2014-15. However, BPTSL had not obtained any permission or license from BMC to display advertisements on its buses and had not paid the tax on advertisement i.e. ₹ 10.59 lakh for the period 2011-15.

The Additional Commissioner, BMC assured (October 2016) that steps would be taken for post facto approval of the Commissioner and ₹ 10.59 lakh would be recovered from BPTSL.

4.1.9 Trade License

Section 24 (viii) of OMC Act provides that it is the obligatory duty of Municipal Corporation to make provision for regulation on offensive and dangerous trades. Accordingly, BMC had notified 'The BMC Offensive & Dangerous Trades Regulation, 2006'. Part-IV of the Regulation contained the trades/ processes/ operations connected with trades which were not to be carried on or allowed to be carried on in or upon any premises without a licence.

The following observations are made on trade licenses in BMC.

4.1.9.1 Loss of revenue due to non-renewal/non-imposition of penalty on trade licence

As per clause 5(1) of the Regulation, after receipt of the application, the Commissioner may, after such inquiry as he may deem fit, issue the licence. As per clause 6, every licence shall cease to be valid on 31 March of the year in which it was issued and may be renewed within one month of its expiry. If the licensee fails to renew his licence within the stipulated period of one month, he would be charged a surcharge of five *per cent* of the licence fee for every subsequent month of delay. For non-compliance to the above conditions, the Commissioner would revoke or suspend the license, after giving the licensee an opportunity to be heard.

Scrutiny of the database on issue of trade licences by BMC showed that out of 21,644 traders existing as of March 2016, 16,719 traders were registered during 2011-16. Audit test checked 502 records selected through Stratified Random Sampling and observed that 58 traders paid licence fee regularly, while 444 renewed their licences during 2011-16 with a delay upto 60 months. Despite this, surcharge for delay in renewal of licence was not levied and BMC could not realise ₹ 2.02 crore towards renewal fee (₹ 0.77 crore) and surcharge (₹ 1.25 crore) as of March 2016.

The Additional Commissioner, BMC noted (October 2016) the audit observation and assured to ensure trade licensing and its renewal vigorously.

4.1.9.2 Loss of revenue due to non-collection of trade licence fee

Scrutiny of the database of trade licence showed that 144 OMFED⁷, OPOLFED⁸ and PCO⁹ traders, having valid licence, were running their business in BMC area as of March 2016. However, as per data collected by BMC from these agencies, Audit found that 746 traders were doing business in BMC area. This implied that 602 traders did not have trade licences and had been running their business unauthorisedly in BMC area during the last five years. However, BMC had not taken any action to issue trade licence to these traders resulting in non-realisation of revenue of ₹ 20.76 lakh as shown below:

Table 4.4: Statement showing non-collection of licence fee (₹ in lakh)

Sl. No.	Particulars of traders	Availability as per BMC	Fee collected as per outsourced database	Difference	Licence fee per year	Licence fee due from 2011-16
1	OMFED	587	86	501	600	15.03
2	OPOLFED	66	6	60	1500	4.50
3	PCO	93	52	41	600	1.23
	Total	746	144	602		20.76

(Source: Records of BMC)

The Additional Commissioner, BMC assured (October 2016) that steps would be taken to identify all such PCO, OMFED and OPOLOFED and licences would be issued to them.

4.1.9.3 Loss of revenue due to non-collection of licence fee at enhanced rate

For utilising street light poles for routing cables by cable TV operators, BMC had been charging licence fee at the rate of ₹ 120 per year per pole during 2011-15, which was enhanced to ₹ 250 during 2015-16. There were three cable TV service providers¹⁰ within BMC area who were using 4974 street light poles of BMC.

Audit observed that BMC demanded and collected ₹ 5.97 lakh at the rate ₹ 120 per pole instead of ₹ 12.43 lakh, at the rate of ₹ 250 per pole from the above three service providers for the year 2015-16. Thus, there was short realisation of ₹ 6.46 lakh for the year 2015-16.

Further, one service provider had not paid its licence fee of ₹ 9.86 lakh, demanded by BMC from 2013-14 to 2015-16. The Commissioner, BMC had not taken any action to realise licence fee from the service provider till date (August 2016) and the poles were being used continuously.

The Additional Commissioner, BMC stated (October 2016) that steps would be taken to regularise the matter and collect the licence fee.

4.1.9.4 Non-imposition of penalty on telecom service providers

Pursuant to Gazette Notification of Commerce and Transport Department, Government of Odisha published in August 2007, HUDD had notified (December 2013) a regulation for installation of Telecom Towers (TT) in urban

⁷ Orissa State Cooperative Milk Producers' Federation Limited

⁸ Orissa State Poultry Products Co-operative Marketing Federation Limited

⁹ Public Call Office

¹⁰ (1) M/s Ortel Communications Ltd. (1000 poles), (2) M/s Variety Entertainment ltd. (1234 poles) and (3) M/s Manthan Broadband Services Pvt. Ltd. (2738 poles)

areas of Odisha. As per the said regulation, the telecom service provider (TSP) would install the TT in the urban area after obtaining permission from the ULB. As per para 13 of the resolution, the permission for renewal would be issued on submission of prescribed application before three months of expiry of the permission with all required documents and renewal fee. In case the service provider failed to renew its licence in time, penalty of ₹ 100 per month (upto December 2013) and ₹ 10,000 per month (from January 2014) were to be levied, in addition to the renewal fees.

Test check of records of seven out of 15 TSPs showed that all the TSPs had applied for renewal with delays upto 12 months. Though they deposited renewal fee, BMC did not charge penalty. The loss of penalty was ₹ 3.22 crore for the period from 2011-12 to 2015-16.

Thus, due to non-enforcement of the government regulation, BMC suffered a loss of ₹ 3.22 crore.

The Additional Commissioner, BMC assured (October 2016) to verify the audit observation and take action to collect the revenue in future.

4.1.9.5 Non-implementation of recommendation of SFC leading to non-collection of trade licence fee

The 2nd SFC had recommended that it would be mandatory for all commercial units operating within the municipal area to obtain licence from the municipal authority. The ULBs were advised to impose and collect annual licence fee of an amount not less than 0.25 *per cent* of the turnover as per Orissa Sales Tax (OST) Registration. The 3rd SFC had also recommended that the rate of licence fee would be decided by the concerned local body, keeping in view the volume of transactions.

Audit observed that BMC had been imposing and collecting licence fee as per the Schedule of Licence Fee under 'The BMC Offensive & Dangerous Trades Regulations, 2006'. However, it did not fix the rate of licence fee, on the basis of the turnover of the trades as recommended by 2nd and 3rd SFC.

Test check of 31 registered traders (cases¹¹ taken from Joint Commissioner of Commercial Taxes, Bhubaneswar Range) showed that licence fees of ₹ 3.29 lakh were assessed and realised by BMC. However, if calculated on annual turnover of the establishment, BMC would have earned licence fee of ₹ 6.82 crore from these 31 traders. For example, in one commercial unit, the current demand was ₹ 7000 per year but the demand should have been ₹ 51.18 lakh per year, based on the annual turnover of ₹ 204.73 crore. Thus, due to non-implementation of the recommendations of 2nd and 3rd SFC, BMC lost revenue of ₹ 6.79 crore (*Appendix 4.3*).

The Additional Commissioner, BMC assured (October 2016) to take up the matter with the Government for necessary action.

¹¹ The traders who were under BMC jurisdiction

4.1.10 Market Rent

The Corporation has been operating 13 markets including the four big markets in Unit-I, Unit IV, Siripur and BJB Nagar of the city. These four markets were transferred (October 1984) by General Administration Department, Government of Odisha with the direction that the Municipality would manage the aforesaid markets and collect tolls (fees) and dues etc. The following observations are made on levy and realisation of market rent:

4.1.10.1 Irregular possession of shops and non-realisation of market rent

The Corporation had constructed (August 2012) a garment market (G+2) comprising 54 shops in Unit-II area with a cost of ₹ 47.01 lakh. Prior to construction of the market, 36 shopkeepers doing business on the said piece of land were evicted (September 2002) to take possession of the land from GA Department. To rehabilitate these 36 shopkeepers, BMC had provisionally allotted (August 2003) 36 shop rooms to them in the new garment market. However, BMC did not take any decision for allotment of the remaining 18 shops.

Scrutiny of records showed that two writ petitions were filed relating to the allotment of shops due to which the process for allotment of 36 shops was delayed till December 2013. BMC got the first one in November 2013 and made the allotment with the condition that formal agreement would be executed with the allottees on disposal of the second writ petition. Then 35 allottees took possession of their shops without execution of any agreement with BMC.

Though the legal retainer of BMC had opined (December 2013) that BMC could enter into agreement for allotment of shop, yet no agreements were executed with the allottees and BMC allotted 35 shops. Due to this, BMC could not levy any rent on the shop owners from the date of allotment. It was further observed that the Corporation took a decision in January 2016 to charge each owner a rent of ₹ 35 per sft per month with effect from 5 December 2013 (date of allotment). However, the Commissioner had not issued formal order in this regard due to which rents valuing ₹ 24.31 lakh at the above rate could not be realised from 35 shop owners as of March 2016.

The Additional Commissioner, BMC stated (October 2016) that the matter was being taken up with the legal retainer for vacation of the writ petition.

4.1.11 User charges

4.1.11.1 Non-imposition of user fees; extra financial burden on BMC

As per provisions of Section 193 of OMC Act, the Corporation is to levy user charges for provision of water supply, drainage, sewerage, solid waste management (SWM), parking of vehicles, stacking of materials of rubbish on public streets and for other specific services. Government may also direct the Corporation to levy any of the user charges as stated above, if not levied or postponed by the Corporation.

Government had notified (June 2012) the Advisory for the ULB for levy of appropriate user charges towards recovery of operation and maintenance cost

for various services provided by them to the citizens, as required under the Reforms mandate under the Constitution (Seventy-fourth Amendment) Act, recommendation of the 13th Finance Commission and JnNURM guidelines which are mandatory for implementation by the ULBs. In this regard, Audit observed the following:

- ***Deficiency in implementing user charges reform***

As per clause 11 of the Advisory, it is mandatory for all ULBs to commit to user charges reform with immediate effect and ensure full recovery of Operation & Management (O&M) costs as well as recurring cost of the service as per inflation. A decision was also taken by the Corporation to collect 100 *per cent* user fees for management of solid waste.

Audit observed that the expenditure incurred by BMC towards solid waste management (SWM) during 2011-15 was ₹ 181.68 crore while the user charges collected were only ₹ 15.40 crore (***Appendix 4.4***). The overall revenue earned constituted only eight *per cent* of the expenditure incurred during 2011-16.

- ***Non-imposition of user charges on shops***

The BMC User Charges Regulations of 2015 also stipulated collection of user charges from shops ranging from ₹ 100 to ₹ 500 per month,¹² depending on the area of the shop. Audit observed that 21,644 business establishments were functioning in BMC area as of March 2016 as per the database, but user charges were not imposed on these shops, which resulted in loss of revenue of ₹ 2.60 crore for 2015-16 (calculated at minimum ₹ 100 per month).

- ***Non-realisation of user charges from hospitals and nursing homes***

The Regulations of 2006 had stipulated collection of user charges at the rate of ₹ 4000 per month from nursing homes while Regulations of 2015 envisaged levy of user charges at the rate of ₹ 1000 per month on health care units without beds and at the rate ₹ 5 per sqm per month on health care units with beds. As per the reports of Directorate of Medical Education and Training (DMET), Odisha (June 2016), 208 clinical establishments were registered in BMC area, out of which 162 were functioning.

Audit found that BMC had enrolled only 57 out of 162 nursing homes as of March 2016 and these were entitled to pay user charges. However, BMC had collected user charges from 19 nursing homes only till September 2012 and the remaining 38 nursing homes refused to pay on the ground that the number of beds was not taken into consideration while fixing rates for all categories of clinical establishments. Even these 19 nursing homes had not paid their dues after September 2012 and as such, ₹ 9.28 lakh was pending for realisation for the period from October 2012 to March 2016 (***Appendix 4.5***). BMC did not take any steps to enrol the remaining 105 units. This resulted in loss of revenue

¹² For any extra area beyond 100 sft, ₹ 5 per sft will be charged

of ₹ 2.92 crore¹³ for the period 2011-16 due to non-collection of user fees from 143 establishments.

- ***Non-realisation of user charges from apartment complexes***

The Regulations of 2006 stipulated the rate for collection of user fees on apartment complexes as shown below:

- Apartment complexes (less than 50 dwelling units) ₹ 500 per month
- Apartment complexes (51 to 100 dwelling units) ₹ 1000 per month
- Apartment complexes (101 to 200 units) ₹ 1500 per month
- Apartment complexes (more than 200 units) ₹ 2000 per month

It was found that BMC had invited (February 2013) tenders for collection and transportation of solid waste from 429 apartments. Against this, BMC had been levying and collecting user charges from 100 apartments. Out of the 100 units, ₹ 12.22 lakh (*Appendix 4.6*) was outstanding from 76 apartments as of March 2015.

BMC had not taken any action to include 329 apartments for collection of user charges by BMC. This showed that services were rendered without collection of user fees from 329 apartments. Due to this, there was a loss of revenue of ₹ 59.22 lakh (calculated at a minimum ₹ 500 per month per apartment for 2012-15).

- ***Non-realisation of user charges from hotels***

As per Regulations of 2006, collection of user charges from hotels for special cleaning¹⁴ was as follows:

- Star Hotel and above ₹ 6000 per month
- B class Hotel ₹ 4000 per month
- C class hotel ₹ 2000 per month
- Ordinary hotel ₹ 200 per month

Further, Regulations of 2015 stipulated the following rates:

- Hotels without accommodation ₹ 10 per sqm. per month
- Hotels with accommodation ₹ 5 per sqm. per month
- Other places of public congregation ₹ 8 per sqm. per month

Audit observed that 67 hotels of different categories were enrolled by BMC for collection of user charges. As per the Regulations of 2006, the user charge realisable from these 67 hotels was ₹ 81 lakh out of which BMC could realise only ₹ 42.70 lakh during 2011-16. No action was taken to realise the balance amount of ₹ 38.30 lakh till the date of audit (August 2016).

¹³ Calculated at the rate of ₹ 4000 per month from 2011-12 to 2014-15 and at the rate of ₹ 1000 per month for 2015-16

¹⁴ It is the cleaning facility provided to hotels at their door step to dispose the garbage generated by them.

It was further observed from SWM records that BMC had made contract (March 2013) for collection and transportation of solid waste from 107 hotels in 53 wards. Thus, 40 hotels were excluded from levy of user charges due to which BMC was deprived of revenue of ₹ 3.84 lakh (calculated at a minimum of ₹ 200 per month per hotel for the period 2012-16).

The Additional Commissioner, BMC stated (October 2016) that BMC had taken steps for collection of user charges in compliance with the provisions made under Section 193 of OMC Act. However, even after lapse of 10 years of introduction of the Regulation on User Charges, the shops, hospitals, nursing homes, apartments and hotels were not charged user fees.

4.1.12 Development Charges

4.1.12.1 Non-issue of NOC prior to approval of building plans from BDA

Under Section 196 of the OMC Act, the Corporation may levy such development charges as may be determined by regulations from time to time, on any residential building with a height of more than 14 meters or any non-residential building having regard to its location along a particular street, its characteristics and sanctioned built up area.

In a meeting held (October 2009) among different organisations viz. BDA¹⁵, BMC, PHED¹⁶, State Pollution Control Board, Fire Prevention Officer, it was decided that the builders would obtain conditional approval from BDA for construction of multi-storey building (S+3 and above) in BMC area. After getting such approval, the builders had to obtain NOC from BMC before commencing construction of building. Further, BMC had decided (June 2011) that in case of builders, who did not obtain NOC from the Corporation, Government should be moved to stop water and electricity connection to the apartments and cancel the registration.

Scrutiny of NOC registers showed that BMC received 348 applications during 2011-12 to 2015-16 for issue of NOC and issued NOCs for 170 cases. In 80 cases, BMC did not raise demand and in 98 cases, BMC's demand for ₹ 43.25 crore was not honoured by the builders.

A joint physical inspection (August 2016) of 12 apartments who had not obtained NOC from BMC, was conducted by BMC officials in presence of Audit and it was observed that construction had not started in one case, was in progress in four cases and completed in remaining seven cases.

Further, Audit observed that:

- There was no coordination between BDA and BMC due to which the latter failed to take penal action against the owners of buildings, who had not applied for NOC but got their building plan approved by BDA.
- BMC did not intimate the registration numbers of defaulters to HUDD for cancellation of registration.

¹⁵ Bhubaneswar Development Authority

¹⁶ Public Health Engineering Department

- BMC did not take up the issue with Government for instructing CESU and PHED for disconnection of electricity and water supply, respectively, to the buildings, which did not take NOC from BMC.

Thus, BMC failed to enforce the OMC Act 2003 and implement its decision and a revenue of ₹ 43.25 crore could not be collected from the buildings, constructed without obtaining NOC.

The Additional Commissioner, BMC assured (October 2016) to assess the demand and collect revenue in co-ordination with BDA. However, the reply is silent on construction of buildings without obtaining NOC from BMC.

4.1.12.2 Loss of revenue due to incorrect assessment of development charges

As per the Corporation Resolution (June 2010) of BMC, development charges at the rate two *per cent* of the total project cost were being levied and realised from the builders before issue of NOC, which was revised (July 2014) to one *per cent* with a ceiling of ₹ one crore. The project cost included the civil cost¹⁷ of the building as well as the value of land.

To determine the Civil Cost of the buildings, these were categorised as 'ordinary', 'premium' and 'high premium'. The rates were fixed on average plinth area from ground floor to third floor for building upto 15 metres height and from ground floor to seventh floor for building with height of above 15 metres based on floor-wise rate fixed by Chief Engineer (Buildings). The land value was assessed, based on Bench Mark Value (BMV) of land issued by GA Department from time to time.

Check of 73 records of BMC on assessment of development charges during the period 2011-16 showed that the project cost of the buildings in 61 cases was under-assessed, as value of land adopted was below the benchmark value issued by GA Department. Similarly, the plinth area rate of stilt and basement were also taken below the rate stipulated by BMC. Due to under-assessment of project cost of buildings, demands for development charges were short levied which resulted in loss of revenue of ₹ 2.32 crore.

The Additional Commissioner, BMC stated (October 2016) that the BMC calculated the development charges on the basis of benchmark value of land determined by GA department. However, the reply was silent on the plinth area rate taken to determine the development charges.

4.1.13 Joint Venture and Public Private Partnership Projects

4.1.13.1 Idling of shops in BMC-Keshari Mall

A Joint Venture Agreement (JVA) had been signed (February 1999) between BMC and M/s Keshari Estates (P) Limited (builder) for construction of an office-cum-commercial market complex. As per the second Schedule of the JVA, the owner's (BMC) allocation was to be equal to 35 *per cent* of the saleable built-up area of the total built-up area, equally in all floors in finished conditions as mutually decided between BMC and the builder.

¹⁷ Civil cost means the estimation of construction of civil works

From scrutiny of records, Audit observed that the market complex had started functioning from September 2010. Though the builder had requested BMC several times (September 2009 to April 2015) to take possession of the completed shops, BMC did not take over the shops on the plea that the builder had not obtained occupancy certificate from BDA. As per clause 12 (ii) of the agreement, BMC had to render all assistance to the builder to obtain all necessary permission/approval/sanction from BDA. However, BMC neither helped the builder to obtain occupancy certificate from BDA nor took possession of the shops towards its allocated area as per JVA.

The Auction Committee of BMC had fixed (November 2011) the auction price of shops as ₹ 16.77 crore. Since BMC did not take possession of the shops in the last six years, it could not sell out the shops and as such, lost the opportunity of earning that revenue. Further, the assets valued at ₹ 16.77 crore are also lying idle.

The Additional Commissioner, BMC stated (October 2016) that Housing and Urban Development Corporation Ltd. (HUDCO) had already submitted the benchmark value for Keshari Mall to BMC and the e-Auction of shops would be conducted shortly for sale of shops.

4.1.13.2 Loss of revenue due to non-selling of property

BMC had signed (November 1996) a JVA¹⁸ with M/s Bhawani Constructions Pvt. Ltd. (builder) for construction of commercial-cum-residential complex at Saheed Nagar. As per the agreement, the share of BMC on account of commercial portion was 1,27,224 sft. out of which 76,796 sft.¹⁹ was saleable area in the commercial complex. The remaining space was meant for pindis (concrete platforms) and stalls.

Audit observed that BMC took possession of the entire complex in April 2012. To sell the available space, BMC contacted HUDCO which assessed the value of super built-up area at ₹ 8550 per sft. and the car parking at ₹ 2.40 lakh per car. Accordingly, the valuation of the property was determined at ₹ 66.86 crore²⁰. Thereafter, BMC invited (April 2013 and June 2013) bid twice to put the property to auction; however it could not be sold due to non-response by the bidders. BMC consulted HUDCO which advised reduction of the rate by 10 per cent and, subsequently, the proposal of reduction was conveyed (August 2013) to HUDD, which was not approved till the date of audit. Meanwhile, BMC decided to rent the space to government agencies, Public Sector Undertakings (PSU), industrial houses, banking sectors *etc.* Without the proposal for reducing the rate being finalised, BMC let out 3510 sft. of the commercial complex to Oil and Natural Gas Corporation Limited. The remaining area of 73,286 sft has neither been sold nor rented out as of August 2016.

¹⁸ The additional agreements were signed on 22 June 2005 and 7 March 2008

¹⁹ Ground floor consisted of open space with a total area of 50,428 sft meant for shops/ pindis to be allotted separately to vendors. Thus, the available space in the commercial area was 12,7224 – 50,428 = 76,796 sft.

²⁰ (i) Commercial space (76796 sft): ₹ 8550 x 76796 = ₹ 65,66,05,800, (ii) 50 Car parking slots: ₹ 2,40,000 x 50 = ₹ 1,20,00,000, Total: ₹ 65,66,05,800 + ₹ 1,20,00,000 = ₹ 66,86,05,800

Further, Government of Odisha in Handlooms, Textiles & Handicrafts Department requested (August 2013) BMC to allot one shop of 1000-1500 sft area in Bhawani Mall Complex in favour of Sambalpuri Bastralaya Handloom Cooperative Society, Bargarh on payment, which was not considered without assigning any reason.

Thus, the remaining area of 73,286 sft with car parking space was not rented or sold out, resulting in loss of revenue of ₹ 63.86 crore²¹. Had the space been allotted on rent, BMC could have earned revenue of ₹ 7.95 crore²² for 31 months.

The Additional Commissioner, BMC stated (October 2016) that already some space had been given on lease rent and steps were being taken to rent out the remaining vacant spaces.

4.1.13.3 Loss of revenue due to non-assessment of holding tax

As per clause 18 of JVA with Keshari Estates (builder), BMC was to, as may be required by the builder, execute the deeds of conveyance of the builder's allocation in favour of such persons as may be nominated by the builder from time to time. The builder was to submit the deeds of conveyance in favour of the allottees to the authorised person of BMC in respect of 65 per cent of builder's allocation as well as saleable area as and when required. The authorised person of BMC was to conduct necessary formalities and verification and clear it expeditiously within a period not exceeding 15 days from the date of submission of the proposals. Under Section 131 of OM Act 1950, a tax is levied on holding situated within the Municipality assessed on their annual value.

Audit observed that the builder requested (December 2010) BMC for registration of conveyance in favour of the owners, who had purchased shops from the share of the builder. The builder intimated that 52 shop owners had taken possession of 154 shops in different floors of the market complex. However, BMC did not take any action to execute the deeds of conveyance in favour of the shop owners and eventually, failed to collect holding tax of ₹ 39.84 lakh (*Table 4.5*) during last five and half years.

Table 4.5: Statement showing loss of holding tax on shops (₹ in lakh)

Sl. No.	Particulars	No. of shops	Holding Tax due per year	Holding tax due for 5.5 years
1	Basement	47	1.66	9.14
2	Ground Floor	42	1.68	9.21
3	First Floor	50	1.68	9.27
4	Second Floor	15	2.22	12.22
Total		154	7.24	39.84

(Source: Statement of allotment of shops made by M/s Keshari Estates (P) Limited)

The Additional Commissioner, BMC assured (October 2016) that immediate steps would be taken for recovery of holding tax.

²¹ 73286 X ₹ 8550 = ₹ 62,65,95,300 plus ₹ 1.20 crore for car parking

²² At fair rent, for the area of 73,286 sft at the rate ₹ 35 per sft per month, for the period September 2013 to March 2016 (31 months)

4.1.13.4 Loss of revenue of ₹55.13 lakh in construction of FOB

As per para 4.1.3 of Request for Proposal (RFP) (July 1998), Pre-bid/proposal meetings and/or site visits may be required to ensure fairness in the process through receipt of the same information at one time. The meetings may be voluntary or mandatory. If addenda to the RFP are needed after the meeting, the addenda are developed and posted on the Procurement Bulletin in a separate document which becomes part of the final RFP response.

BMC had decided to construct three foot over bridges (FOBs) and, accordingly, invited (November 2011) RFP comprising technical and financial proposals from Advertising Agencies, Media Houses and Developers for developing modern FOBs at three different locations²³ in Public Private Partnership (PPP) mode. On the basis of decision taken in Pre-bid meeting held (December 2011) with nine bidders, Addendum-II was issued. In Addendum-II, the authorisation period was extended from 15 to 20 years from the date of signing the agreement and the Authorisee was required to make payments/ fees/ premiums as per the RFP document.

BMC further issued (6 January 2012) Addendum-III to comply with the query of the vendor. As per the Addendum, the period of concession (20 years) excluded the period of construction and the authorisation period was revised to commence from the compliance date²⁴, instead of commencing from the date of agreement. Though, nine bidders had participated in the pre-bid meeting, only one bidder had submitted the bid documents. BMC, with the approval of HUDD, accepted the single bid with “Authorisation Premium” of ₹ 5,00,031 for the base year and annual increment of five *per cent*. BMC had issued (April 2012) Letters of Intent (LOI) to the vendor who executed three separate agreements for three FOBs on 20 October 2012. As per the agreement, Authorisation Premium is the fee (₹ 5,00,031) quoted by the Authorisee in the commercial proposal, which was to be paid by the authorisee to BMC every year during the period of authorisation.

Further, Audit observed that BMC did not demand authorisation premium from the date of agreement *i.e.* 20 October 2012 to 31 March 2016 and the agency also did not pay anything which attributed to loss of revenue of ₹ 55.13 lakh as given in **Table-4.6** below.

Table 4.6: Statement showing loss of authorisation premium on three FOBs

Period	Authorisation premium			
	Period	Rate per FOB per annum	Amount per FOB	Amount for three FOBs
20 October 2012 to 19 October 2013	One year	500031	500031	1500093
20 October 2013 to 19 October 2014	One year	525033	525033	1575099
20 October 2014 to 19 October 2015	One year	551285	551285	1653855
19 October 2015 to 31 March 2016	5 months and 13 days	578849	261413	784239
Total			1837762	5513286

Source: Records of BMC

The Additional Commissioner, BMC assured (October 2016) that the matter would be taken up with the agency.

²³ (1) Master Canteen, (2) In front of Ramedevi Women’s College and (3) near Jaydev Vihar

²⁴ Within a period three months from the date of agreement

4.1.14 Collection of tax

4.1.14.1 Inadequate measures for collection of tax

As per Section 123 of OMC Act, the Recovery Officer shall be responsible for recovery of all the Corporation dues on account of taxation, penalty and other dues from persons/ institutions. Section 261 and 262 of the Act authorises ULB to issue notice or warrant for distress sale of any movable property belonging to the defaulter, if the tax dues are not paid within the stipulated period. Under Section 169 and 170 of OM Act, the ULB may also move the District Collector for recovery or may sue the person liable to pay the same in any court of competent jurisdiction.

Scrutiny of records of Demand Collection and Balance (DCB) position of BMC as of March 2016 in respect of two tax components showed that out of total demand of ₹ 163.55 crore, ₹ 78.59 crore was collected, leaving a balance of ₹ 84.96 crore as given in **Table 4.7**:

Table 4.7: Details of Demand, Collection and Balance as on 31 March 2016

(₹ in crore)

Sl. No.	Particulars of Tax	Demand during 2015-16	Collection during 2015-16	Balance as of March 2016	%age of deficit in collection
1	Holding Tax	47.69	23.90	23.79	50
2	Market rent	115.86	54.69	61.17	53
Total		163.55	78.59	84.96	52

(Source: DCB position as of March 2016 of BMC)

However, for realisation of arrears, though BMC issued demand notices to the defaulters on routine basis, it neither issued any distress warrant to the defaulters nor instituted any civil suits against them for recovery of arrear taxes/ dues during the period 2011-16. Thus, the arrears of tax revenue to the tune of ₹ 84.96 crore were not realised as no follow up action under the Act was taken by BMC.

The Additional Commissioner, BMC stated (October 2016) that BMC was taking steps for appointment of a Special Certificate Officer for effecting the collection of arrear dues.

4.1.14.2 Non-collection of dues in lieu of bounced cheques

As per Rule 23 of Odisha Municipal (Accounts) Rule, 2012, in the event of a cheque being dishonoured by the bank, the Municipality should cancel the office copy of the receipt and intimate the tenderer the fact of cancellation urging him to make payment of such amount in cash or demand draft only. The dishonoured cheque is to be retained by the Accountant and it should not be handed over to anyone till the amount is remitted by the party. The municipality should proceed under relevant laws in case of dishonoured cheques (such as under Section 138 of the Negotiable Instruments Act, 1881).

Scrutiny of Bounced Cheque Return Register of BMC showed that the Accountant had returned 520 bounced cheques (dishonoured by the Bank) to concerned Tax/ Miscellaneous Collectors during the period 2011-16. Out of the above, BMC received cash and fresh cheques in lieu of 244 bounced cheques from the concerned parties, whereas 276 bounced cheques worth ₹ 2.27 crore were not realised as of August 2016. It was further observed that the

Accountant had not retained the dishonoured cheques and BMC had not proceeded under relevant laws in contravention of the Act. Thus, due to absence of follow up action for collection of cash in lieu of dishonoured cheques, BMC failed to realise revenue of ₹ 2.27 crore.

The Additional Commissioner, BMC requested (October 2016) to give extra time for further verification of all the bounced cheques.

4.1.15 Conclusion

Bhubaneswar Municipal Corporation did not have any institutional arrangement for implementation of property tax. No general revision of annual value of holdings was made after 1977, resulting in loss of revenue. There was no mechanism in place for tracking all the holdings. There was a loss of revenue due to under-assessment of advertisement tax, non-enforcement of agreement condition for display of advertisement and renewal of passenger shelters at a lower rate. Failure of BMC to levy penalty on trade licences, collect licence fees from traders and implement recommendation of 3rd SFC led to loss of revenue. The arrear tax dues (holding tax and market rent) were not realised due to inadequate follow up action. Demands of development charges remained unrealised against owners of 103 multi-storey buildings.

4.1.16 Recommendations

To augment revenue resources, Bhubaneswar Municipal Corporation may consider the following recommendations:

- levy property tax and strengthen monitoring mechanism to introduce GIS mapping system for effective tracking of the holdings;
- collect advertisement tax at a fair rate;
- ensure issue of trade licence to all the traders and revise market rent from time to time;
- collect user charges for Solid Waste Management; and
- take effective measures for realisation of outstanding revenues.

CHAPTER V
COMPLIANCE AUDIT

CHAPTER V COMPLIANCE AUDIT

5.1 Misappropriation of Holding Tax

Holding Tax of ₹ 0.93 lakh received by the Tax Collector was misappropriated without depositing with the Cashier.

As per Rule 194 of Orissa Municipal Rules 1953, each case of collection or remission is to be posted daily in the demand and collection register and Executive Officer (EO) is responsible for ensuring that postings of collection or remission of taxes in that register do not fall into arrears.

As per Rule 193 *ibid*, the tax collector is to deliver to the cashier at the end of the day during office hours all the money collected together with the daily collection register and the receipt book in his possession and all collections made on behalf of Municipality are to be entered in the Cash Book on the same day of the collection.

Scrutiny of the Demand Collection and Balance (DCB) Register of Kotpad Notified Area Council (NAC) in January 2016 showed that the holding tax collected by the Tax Collector was not deposited regularly with the Cashier. It was seen that the Bull Watcher (in-charge Tax Collector) of the NAC had collected holding tax of ₹ 93,047 as per details given in the table below:

Table 5.1: Details of collection of holding tax by the In-charge Tax Collector

Collected by	Date of Collection	Money Receipt Number	No. of money receipts	Amount (in ₹)
Bull Watcher (in-charge Tax Collector)	7.11.14 to 4.1.15	5055 to 5100	45	23546
	27.1.15 to 18.2.15	5126 to 5170	45	12264
	18.2.15 to 30.3.15	5171 to 5484	49	17554
	30.3.15 to 30.6.15	5485 to 5852	45	25003
	2.7.15 to 4.7.15	5853 to 5890	31	14680
Total				93047

(Source:-Demand and Collection Register, Receipt Book and Cash Book of NAC)

The amount collected by the Tax Collector against the above mentioned money receipts were not deposited with the cashier and the EO also did not check the Cash Book periodically, which resulted in misappropriation of revenue of ₹ 93,047. This indicated that the EO had not checked the DCB register to ascertain the postings of daily collection of tax by the Tax Collector. Audit further observed that the Tax Collector was issued nine Money Receipt (MR) books and the Cashier had never examined the exhaustion/non-submission of MR books before issue of new MR books, which facilitated the Tax Collector to misappropriate the amount.

The EO stated (January 2016) that the amount would be recovered from the defaulter under intimation to Audit. Thus, failure of internal monitoring mechanism resulted in misappropriation of ₹ 0.93 lakh.

The matter was referred (June 2016) demi-officially to the Commissioner-cum-Secretary, Housing and Urban Development Department; reply is awaited (November 2016).

5.2 Doubtful procurement

Doubtful procurement of electrical items worth ₹ 10.20 lakh due to absence of stock taking and non-availability of purchase records.

Rule 100 of OGFR provides that all stores received should be examined, counted, measured, or weighed as the case may be, when delivery is taken, and these should be taken into stock by a responsible Government Officer who should see that requisite quality and quantities are correct. The officer receiving the stores should also be required to give a certificate that he has actually received the materials and recorded them in the appropriate stock register.

On scrutiny of the Cash Books, purchase files and stock records of Basudevpur Municipality for the period 2008-09 to 2014-15, Audit observed (January 2016) that the municipality had purchased electrical items worth ₹ 7.20 lakh from the L1 bidder in March 2007. The then Executive Officer (EO) recorded the certificate of receipt of materials on the body of the challan. However, after transfer of the then EO, the in-charge EO delayed the payment to the supplier. Based on a suit filed by the supplier, Hon'ble High Court of Odisha had directed (November 2008) the EO to release payment to the petitioner within two months. Accordingly, the EO paid (April 2009) ₹ 7.20 lakh to M/s Sanskruti Enterprises.

Audit observed that:

- Though the procurement was made at the fag end of the financial year 2006-07 (10 March 2007 and 19 March 2007), the balances of 2006-07 were not carried over to the next year's (2007-08) stock register and also the stock register of 2006-07 was not produced to Audit.
- The storekeeper stated (07 March 2011) to the EO that he was ignorant of the absence of necessary entry of materials received in the stock register, stating that he was not in-charge of the stores during the period of procurement.
- Scrutiny of supply order and delivery challan showed that out of 21 items, eight were not in the supply order and were shown as delivered. Out of the remaining 13 items, the agency did not supply two items¹, while 10 items did not meet the specification (*Appendix-5.1*). Proper entry was not made in the stock register, except for certification by the then EO on the body of the challan.

The stock entry of the items received was not made in the stock register and full payment was made to the supplier. Thus, due to absence of stock-taking and details of utilisation, procurement of these items was doubtful.

¹ Though 240 number of 36 watt CFL lamp was requisitioned, only 120 lamps were supplied whereas against requisition of 220 number of 36 watt CFL chokes, no choke was supplied. Similarly, 60 numbers of 250 watts Flood Light fittings without lamp were not supplied.

Further, an amount of ₹ 3 lakh was paid (July 2009) to the same agency towards supply of street lights. However, no voucher in support of the said payment was produced to Audit. Scrutiny of the purchase file and stock register further showed that the indent for purchase of materials, approval of the Executive Officer, Quotation/Tender for purchase were not kept in the concerned file and stock entry was not made after receipt of the material. In the absence of any material evidence in support of supply, payment of ₹ 3 lakh to the agency could not be vouchsafed.

5.3 Loss of revenue

Non-collection of rent ₹ 1.74 crore from the retired officials at revised rate along with penalty

As per Gazette Notifications made by Finance Department in January 1999 and January 2011, if the officer allotted with a government residential building died, retired, resigned or dismissed, discharged or removed from service, then the provisions of Rules 107 and 107(A) of the Orissa Service Code should be followed which stipulate that:

- (a) When a Government employee on retirement is allowed to retain the quarters occupied by him for a maximum period of four months, he is to pay in advance the Flat Licence Fee for the said period.
- (b) The Licence Fee at the rate of five times of Standard License Fee is to be charged for the period of occupation of the quarters beyond the permissible period, followed with eviction proceedings as per rules in force.

Scrutiny (December 2015) of records in Sambalpur Municipal Corporation (SMC) and information furnished (December 2015) to Audit showed that there were 63 residential quarters at different locations of SMC, out of which 23 quarters were occupied by employees in service, 39 quarters were under unauthorised occupation by retired employees and one was used as office store. These 39 officials retired from service on different dates and they retained the government quarters beyond the permissible period (four months from the month of retirement) ranging from 5 to 49 years without depositing the penal rent. In case of seven occupants, the date of retirement was not available due to which rent due to them could not be calculated. In the remaining 32 cases, the rent due was ₹ 1.74 crore and the dues per individual varied from ₹ 0.20 lakh to ₹ 18.38 lakh.

Though the Orissa Civil Services (Pension) Rules, 1992 envisage adjustment of outstanding license fee from the Death-cum-Retirement Gratuity (DCRG) of the retired employee, the rent due from the retired employees was not adjusted from their DCRG by the Commissioner, SMC.

The incumbent Municipal Commissioners had not taken any action against the unauthorised occupants to collect penal rent at the rates prescribed under the rules or to evict them. Further, the occupants were not paying the rent at the revised rate prescribed by the Government from time to time. Out of 32 occupants, two have not paid any licence fee for their occupation and the remaining 30 occupants paid licence fee at old rates, while they were in service. Since the penal rent at the rate of five times the standard licence fee with arrears was not collected, the Corporation incurred a loss of ₹ 1.74 crore, calculated at the rates revised from time to time during 1998-2010, as detailed in *Appendix-5.2*.

The matter was referred (March 2016) demi-officially to the Commissioner-cum-Secretary, Housing and Urban Development Department; reply is awaited (November 2016).

5.4 Avoidable expenditure

Non-remittance of EPF dues with the Regional Provident Fund Commissioners (RPFs) resulted in payment of penalty and interest of ₹ 1.47 crore in addition to committed liability of ₹ 34.04 lakh.

The provisions of Employees' Provident Fund and Miscellaneous Provisions Act, 1951 (EPF & MP Act) apply to industrial and other establishments employing 20 or more employees or class of such establishments. As per Rule 30 of EPF Scheme 1952, the employer shall, in the first instance, remit both his contribution and employees' share without any delay. For every period of delay, penal interest at 12 *per cent* per annum u/s 7Q of EPF & MP Act is to be charged and penal damages are also leviable u/s 14B of the said Act. The employer's contribution shall be credited to the subscriber's account each month at the rate of 13.61 *per cent* (including administrative cost of 1.61 *per cent*) against employees' share of 12 *per cent*.

Audit observed (December 2015 to March 2016) from the records relating to recovery and remittance of Employees' Provident Fund (EPF) of six² ULBs for the period 2009-15 that the respective RPFs had levied interest, penal interest and penal damage of ₹ 1.81 crore (*Appendix-5.3*) on these ULBs due to non-recovery of employees' share and non-payment of EPF dues alongwith their contribution. While the RPFs realised ₹ 1.47 crore from the ULBs, Berhampur Municipal Corporation (BeMC) and Angul Municipality had committed a liability of ₹ 34.04 lakh as on the date of audit. Timely payment of EPF dues could have saved the expenditure of ₹ 1.81 crore on penal charges.

Chief Finance Officer, BeMC, Executive Officer (EO), Jharsuguda Municipality and EO, Barpali accepted the audit observation while the Commissioner, Sambalpur Municipal Corporation stated that steps would be taken to recover the employees' share. Similarly EO, Angul Municipality replied that the payment would be made in installments. However, the fact remains that the ULBs did not follow the EPF Act and Rules, as a result of

² Two Municipal Corporations (Sambalpur and Berhampur), Two Municipalities (Jharsuguda and Angul) and two NACs (Barapali and Aska)

which there was avoidable payment of ₹ 1.47 crore apart from committed liability of ₹ 34.04 lakh.

The matter was referred (June 2016) demi-officially to the Commissioner-cum-Secretary, Housing and Urban Development Department; reply is awaited (November 2016).

Bhubaneswar

The 23 JAN 2017



(R. Ambalavanan)
Accountant General (G&SSA),
Odisha

Countersigned

New Delhi

The 25 JAN 2017



(Shashi Kant Sharma)
Comptroller and Auditor General of India

APPENDICES

Appendix 1.1
(Refer paragraph No. 1.3)

Statement showing devolution of 29 functions of the State Government to PRIs

Sl. No.	Function to be devolved	Date of transfer
1	Agriculture, including Agricultural extension	25.10.2005
2	Land improvement, implementation of land reforms, land consolidation and soil conservation	25.10.2005
3	Minor irrigation, water management and watershed development	25.10.2005
4	Animal husbandry, dairying and poultry	25.10.2005
5	Fisheries	25.10.2005
6	Social forestry and Farm forestry	Not yet transferred
7	Minor Forest Produce	25.10.2005
8	Small scale industries, including food processing industries	Not yet transferred
9	Khadi, village and cottage industry	Not yet transferred
10	Rural Housing	25.10.2005
11	Drinking Water	25.10.2005
12	Fuel and fodder	Not yet transferred
13	Roads, culverts, bridges, ferries, waterways and other means of communication	25.10.2005
14	Rural electrification, including distribution of electricity	Not yet transferred
15	Non-conventional energy sources	25.10.2005
16	Poverty alleviation programme	25.10.2005
17	Primary education	25.10.2005
18	Technical training and vocational education	Not yet transferred
19	Adult and non-formal education	25.10.2005
20	Libraries	Not yet transferred
21	Cultural activities	Not yet transferred
22	Markets and fairs	25.10.2005
23	Health and sanitation, including hospitals, primary health centres and dispensaries	25.10.2005
24	Family welfare	25.10.2005
25	Women and Child Development	25.10.2005
26	Social Welfare, including welfare of the handicapped and mentally retarded	25.10.2005
27	Welfare of weaker sections and in particular of the SC and ST	25.10.2005
28	Public Distribution System	25.10.2005
29	Maintenance of community assets	25.10.2005

(Source: Information collected from PR Department)

Appendix 1.2
(Refer paragraph No. 1.5)

Statement showing functions of Standing Committees

Tier	Sl. No.	Subjects under each committee
Zilla Parishad	1	Planning, Finance, Anti-Poverty Programme and Co-ordination
	2	Agriculture, Animal Husbandry, Soil Conservation, Horticulture, Watershed Development and Fisheries
	3	Works, Irrigation, Electricity, Drinking Water Supply and Rural Sanitation
	4	Health, Social Welfare including Women and Child Development
	5	Public Distribution System, Welfare of Weaker Section, Forest, Fuel and Fodder
	6	Handicrafts, Cottage Industry, Khadi and Village Industries and Rural Housing
	7	Education, Sports and Culture
Panchayat Samiti	1	Planning, Finance, Anti-poverty Programme and Coordination
	2	Agriculture, Animal Husbandry, Soil Conservation, Horticulture, Watershed Development and Fisheries
	3	Works, Irrigation, Electricity, Drinking Water Supply and Rural Sanitation
	4	Health, Social Welfare including Women and Child Development
	5	Public Distribution System, Welfare of Weaker Section, Forest, Fuel and Fodder
	6	Handicrafts, Cottage Industry, Khadi and Village Industries and Rural Housing
	7	Education, Sports and Culture
Gram Panchayat	1	Planning, Finance and Budget
	2	Agriculture, Minor Irrigation, Co-operation, Industries and other allied Schemes
	3	Education, Health and Sanitation including Rural Water Supply
	4	Welfare of Weaker Sections of Society
	5	Communication

(Source: Information collected from the PRI Manual)

Appendix 2.1
(Refer Paragraph No. 2.1.1)

List of DPMUs, BPFTs, GPLFs and SHGs test checked

Name of the DPMU	Name of the BPFT	Name of the GPLF	Name of SHG		
Angul	Angul	Nandapur	Baba Nilakantheswar Maa Basundhari		
		Kumursingha	Maa Parbati Bhubaneswari		
		Bantala	Maa Durgadevi Maa Bhabani		
		Basala	Shivshakti	Laxminarayan	
			Athamallik	Sanahulla	Kumbheswar SARC Maa Narayani
		Thakurgarh		Maa Bhabani Maa Mahalaxmi-A	
	Kurumtap	Sri Mahalaxmi Laxmi Narayan			
	Kandhapada	Jagabalia Haragouri			
	Chhendipada	Kosala	Similisahi 1	Bajrangbali	
			Balipata	Maa Hingula Maa Gojabayani	
		Natada	Mahalaxmi	Maa Tarani	
			Chendipada	Gayatri Bimala	
		Pallahara	Khamar	Maa Mangala Maa Santoshi	
	Dimiria		Radhakrishna Maa Sibani		
	Khemla		Maa Kanakeswari	Maa Tulsi	
			Chasagurjang	Rambhadevi Maa Tarini(B)	
	Balasore	Bhogarai	Laxmibai Federation, Baunsadiha GP	Baba Madan Mohan (B) Maa Kalika	
			Akhandalamani Mahila Panchayat Stariya Sangh, Nahara	Mukteswari Maa Tarini	
			Kalyani Panchayat Stariya Nari Sangh	Sri Gopal Mahalaxmi	
			Baba Budheswari Mahila Sangh, Mohagab	Saibaba	Jay Santoshi
				Jaleswar	Subarnarekha Mahila Mahasangh, Sikharpur GP
			Panchayat Stariya Mahila Sangh, Chamargaon GP		Maa Manasa Haraparbati
		Nabajyoti Anchalika Sangh, Makidia GP	Omm Shanti	Omm Gayatri	
			Mahashakti Nari Sangh, Bartana GP	Gajiani Chandimata	Mahashakti Nari Sangh

Name of the DPMU	Name of the BPFT	Name of the GPLF	Name of SHG
	Khaira	Maa Santoshi	Radhakrushna
			Budhi Jagulai
		Kalyani Federation	Kuralachakra
			Kas Durgadevi
		Sri Jagannath	Raghunathjew
			Beketai
		Jagruti	Baba Mukteswar
			Maa Muktesuni
	Balasore Sadar	Meerabai	Narishakti
			Sree Ganesh
		Mahashakti	Jai Maa Durga
		Mahasangha, Genguti	Baba Lokanatheswar
		Nimakalai	Jayashree Abhiram Shakti Group
			Bhagabatjew Shakti group
Kendrapara	Rajnagar	Jay Hanuman	Jagannath
			Maa Sidheswari
		Kasturba	Maa Durgabati
			Nimanahakani
		Harpabati	Baba Khetrabasi
			Nandalaljew
	Kendrapara	Mission Shakti	Jay Baba Sanidev
			Baba Kapileswar
		Ostapur	Jay Maa Sarala
			Maa Mangala
		Ayeba	Lokanath
			Gopabandhu
		Kapaleswar	Maa Kali
		Maa Budhi Mangala	
Mahakalapara	Gulnagar	Gorekhnath	
		Maa Bhagabati	
	Sai Sangrami Mahila Mahasangh, Deulapara	Swagatika	
		Maa Tarini	
	Jagannath Mahasangh, Alailo	Navajyoti	
		Annapurna	
Pattamundai	Siridi Sai Mahila Mahasangh	Samanteswar	
		Jay Hanuman	
	Baulakani GPLF	Pragati	
		Bikash	
	Raghunathjew	Subhadra, Gopalpur	
		Satyasai	
	Penthapal	Dadhibamanjew	
		Baba Abhiram	
Pattamundai	Nitaichaitanya	Nabajyoti	
		Maa Mangala	
	Baldevjew	Maa Tarinini	
		Siridi Sai	

Appendix 2.2
(Refer paragraph No. 2.1.3.2)

Statement showing unutilised fund lying with GPLFs

Sl. No.	Name of the Block	Number of the GPLF	Amount (in ₹)
1.	Angul	30	9572806
2.	Athamallik	9	1798165
3.	Balasore	6	976190
4.	Bhogarai	15	2749546
5.	Chendipada	27	4391417
6.	Jaleswar	22	2471843
7.	Kendrapara	23	5847972
8.	Khaira	3	818346
9.	Mahakalpara	2	410804
10.	Pattamundai	29	14026494
11.	Rajnagar	18	10139661
Total		184	53203244

(Source: Records of BPFTs)

Appendix 2.3
(Refer paragraph No. 2.1.4)

Statement showing sanction of less CIF to GPLFs than minimum entitlement

(in ₹)

Sl. No.	District	Block	Name of the GPLF	Minimum entitlement	Amount of CIF received	Less payment
1.	Angul	Athamallik	Kudagaon	1500000	849056	650944
2.	Angul	Athamallik	Tapodal	1500000	1348445	151555
3.	Angul	Angul	Purunakote	1500000	1277373	222627
4.	Angul	Chhendipada	Kuskila	1500000	1233215	266785
5.	Angul	Pallahara	Nagira	1500000	1000000	500000
6.	Balasore	Bhogarai	Kanthibhuri	1500000	932660	567340
7.	Balasore	Bhogarai	Gopinathpur	1500000	1361720	138280
8.	Balasore	Bhogarai	Dehurda	1500000	1000000	500000
9.	Balasore	Jaleswar	Sugo	1500000	1484286	15714
10.	Balasore	Jaleswar	D.P.Pur	1500000	1378128	121872
11.	Balasore	Jaleswar	Raibania	1500000	1424886	75114
12.	Balasore	Jaleswar	Gopimohanpur	1500000	1034342	465658
13.	Balasore	Jaleswar	Arhua	1500000	1284343	215657
14.	Balasore	Jaleswar	Bartana	1500000	860560	639440
15.	Balasore	Jaleswar	Nachhimpur	1500000	1154765	345235
16.	Balasore	Jaleswar	Khalina	1500000	1279863	220137
17.	Balasore	Jaleswar	Netua	1500000	816467	683533
18.	Balasore	Jaleswar	Makidia	1500000	871670	628330
19.	Balasore	Jaleswar	Srirampur	1500000	1299222	200778
20.	Balasore	Khaira	Achutipur	1500000	1187249	312751
21.	Balasore	Khaira	Nandoor	1500000	1026368	473632
22.	Balasore	Balasore	Bahabalpur	1500000	1000000	500000
23.	Balasore	Balasore	Gudu	1500000	1000000	500000
24.	Balasore	Balasore	Haldipada	1500000	1000000	500000
25.	Balasore	Balasore	Hidigaon	1500000	1000000	500000
26.	Balasore	Balasore	Kasafal	1500000	1000000	500000
27.	Balasore	Balasore	Parikhi	1500000	1000000	500000
28.	Balasore	Balasore	Nagram	1500000	1481976	18024
29.	Balasore	Balasore	Srirampur	1500000	1000000	500000
30.	Balasore	Balasore	Sindhia	1500000	1000000	500000
31.	Kendrapara	Kendrapara	Chakroda	1500000	780170	719830
32.	Kendrapara	Kendrapara	Kalapada	1500000	732279	767721
33.	Kendrapara	Kendrapara	Keshpur	1500000	1475515	24485
34.	Kendrapara	Pattamundai	Dihudipur	1500000	975715	524285
35.	Kendrapara	Pattamundai	Badamohanpur	1500000	1409209	90791
36.	Kendrapara	Pattamundai	Bachhara	1500000	985269	514731
37.	Kendrapara	Pattamundai	Dosia	1500000	1269327	230673
38.	Kendrapara	Pattamundai	Singhagaon	1500000	1401768	98232
39.	Kendrapara	Pattamundai	Khanata	1500000	1423750	76250
Total				58500000	44039596	14460404

(Source: Records of GPLFs)

Appendix 2.4
(Refer paragraph No. 2.1.4)

Statement showing irrational sanction of CIF loan by the GPLF

Sl. No.	Name of the Block	Name of the GPLF	Total No. of SHGs under GPLF	No. of SHGs availed loan as per loan register of GPLF	No. of SHGs availed no loan	No. of SHGs availed repeated loan
1.	Angul	Nandapur	118	86	32	18
2.	Angul	Bantala	86	69	17	11
3.	Angul	Kumursingha	88	75	13	8
4.	Angul	Basala	45	40	5	2
5.	Athamallik	Sanahulla	105	86	19	20
6.	Athamallik	Thakurgarh	127	89	38	20
7.	Athamallik	Kurumtap	51	33	18	16
8.	Athamallik	Kandhapada	79	52	27	14
9.	Balasore	Meerabai	254	130	124	0
10.	Balasore	Mahashakti Mahasangh	142	93	49	20
11.	Balasore	Nimakali	112	91	21	55
12.	Balasore	Bijoyini	81	59	22	0
13.	Bhogarai	Laxmibai Federation, Baunsadiha	127	107	20	10
14.	Bhogarai	Akhandalamani Mahila Panchayat Stariya Sangh, Nahara	87	71	16	3
15.	Bhogarai	Kalyani Panchayat Stariya Nari Sangh, Putina	103	88	15	0
16.	Bhogarai	Baba Budheswar GPLF, Mohagab	165	127	38	3
17.	Chhendipada	Kosala	184	129	55	0
18.	Chhendipada	Balipata	158	88	70	0
19.	Chhendipada	Natada	70	48	22	0
20.	Chhendipada	Chhendipada	141	81	60	0
21.	Jaleswar	Subarnarekha Mahila Mahasangh, Sikharpur GP	129	93	36	2
22.	Jaleswar	Panchayat Stariya Mahila Sangh, Chamargaon GP	85	67	18	0
23.	Jaleswar	Nabajyoti Anchalika Sangh, Makidia GP	42	29	13	2
24.	Jaleswar	Mahashakti Nari Sangh, Bartana GP	116	77	39	1
25.	Kendrapara	Gulnagar	43	34	9	3
26.	Kendrapara	Ostapur	75	66	9	0
27.	Kendrapara	Kapaleswar	86	68	18	0
28.	Kendrapara	Ayeba	53	38	15	0
29.	Khaira	Maa Santoshi	100	62	38	10
30.	Khaira	Kalyani Federation	160	129	31	78
31.	Khaira	Sri Jagannath	112	93	19	49
32.	Khaira	Jagruti SHG Federation	125	82	43	26
33.	Mahakalapara	Sai Sangrami Mahila Mahasangh, Deulapara	89	81	8	26
34.	Mahakalapara	Jagannath Mahasangh, Alailo	66	65	1	14
35.	Mahakalapara	Baulakani GPLF, Baulakani	93	86	7	0
36.	Mahakalapara	Siridi Sai Mahila Mahasangh, Teragaon	153	136	17	0
37.	Pallahara	Khamar	132	58	74	23
38.	Pallahara	Dimiria	91	61	30	28
39.	Pallahara	Khemla	115	54	61	14
40.	Pallahara	Chasagurjang	72	50	22	0
41.	Pattamundai	Raghunathjew	55	50	5	0
42.	Pattamundai	Penthapal	73	65	8	0
43.	Pattamundai	Nitaichainaya	100	70	30	0
44.	Pattamundai	Baldevjew	89	71	18	0
45.	Rajnagar	Jay Hanuman	83	78	5	17
46.	Rajnagar	Kasturba	105	100	5	22
47.	Rajnagar	Haraparbati	76	61	15	11
48.	Rajnagar	Mission Shakti	65	57	8	8
Total			4906	3623	1283	534

(Source: Records of GPLFs)

Appendix 2.5
(Refer paragraph No. 2.1.4)

Statement showing non-repayment of loan by SHGs

Sl. No.	District	Block	Number of the SHG	Amount outstanding (including interest at 1% per month) as of March 2016	<i>(in ₹)</i>
					Period outstanding (range)
1	Angul	Angul	19	481294	4 to 26 months
2	Angul	Athamalik	46	1733195	2 to 21 months
3	Angul	Chhendipada	22	1098987	1 to 19 months
4	Angul	Pallahara	9	417842	7 to 31 months
5	Balasore	Balasore sadar	5	348000	3 to 33 months
6	Balasore	Bhogarai	54	2059772	6 to 41 months
7	Balasore	Jaleswar	35	1476370	6 to 30 months
8	Balasore	Khaira	2	61506	7 to 9 months
9	Kendrapara	Mahakalapada	12	556542	2 to 11 months
10	Kendrapara	Kendrapara	7	297469	1 to 16 months
11	Kendrapara	Pattamundai	13	573478	4 to 19 months
12	Kendrapara	Rajnagar	4	138498	4 to 21 months
Total			228	9242953	

(Source: Records of GPLFs)

Appendix 2.6
(Refer paragraph No. 2.1.4)

Statement showing non-leveraging of funds by the GPLFs

(in ₹)

Sl. No.	Name of the Block	Name of the GPLF	Name of the SHG	Date of submission of MIP	Amount of MIP	Amount of loan paid	Balance amount
1.	Angul	Nandpur	Mahaswari	05.02.2013	94000	50000	44000
2.	Angul	Nandpur	Mahaswari	06.01.2015	188000	50000	138000
3.	Angul	Nandpur	Baba Nilakantheswar	12.07.2015	100000	50000	50000
4.	Angul	Nandpur	Maa Santoshi	15.02.2015	130000	50000	80000
5.	Angul	Nandpur	Om Sri Sri Binapani	10.11.2014	120000	50000	70000
6.	Angul	Nandpur	Maa Gayatri	25.04.2015	185000	100000	85000
7.	Angul	Bantala	Maa Binkeyi	04.07.2013	200000	50000	150000
8.	Angul	Bantala	Maa Binkeyi	10.03.2014	300000	100000	200000
9.	Angul	Bantala	Bhabani Shankar	08.12.2014	200000	50000	150000
10.	Angul	Bantala	Bhabani Shankar	26.01.2015	200000	50000	150000
11.	Angul	Bantala	Om Shanti	06.06.2013	220000	50000	170000
12.	Angul	Bantala	Om Shanti	12.12.2015	300000	50000	250000
13.	Angul	Bantala	Maa Santoshi	20.08.2014	350000	50000	300000
14.	Angul	Bantala	Mahalaxmi Bikash	09.03.2014	350000	100000	250000
15.	Angul	Basala	Laxmi Narayan	25.04.2014	300000	50000	250000
16.	Angul	Basala	Maa Tarini	20.11.2013	340000	50000	290000
17.	Angul	Basala	Subha Laxmi	19.12.2013	310000	50000	260000
18.	Angul	Basala	Maa Bhairabi	19.12.2013	310000	50000	260000
19.	Angul	Basala	Shiba Shakti	22.04.2013	375100	50000	325100
20.	Angul	Basala	Maa Tarini (B)	08.09.2013	335000	50000	285000
21.	Angul	Basala	Trishakti	24.04.2013	400000	47000	353000
22.	Angul	Basala	Gayatree	04.12.2013	200000	50000	150000
23.	Angul	Basala	Birajai	01.04.2014	200000	50000	150000
24.	Angul	Basala	Birajai	10.09.2013	400000	100000	300000
25.	Angul	Kumarsingha	Brahmanidei	18.01.2013	140000	50000	90000
26.	Angul	Kumarsingha	Maa Parbati	12.03.2012	482000	28000	454000
27.	Angul	Kumarsingha	Maa Parbati	12.03.2012	482000	50000	432000
28.	Angul	Kumarsingha	Maa Parbati	12.03.2012	482000	95000	387000
29.	Angul	Kumarsingha	Maa Tarini	15.03.2013	250000	90000	160000
30.	Angul	Kumarsingha	Bhubaneswari	04.03.2012	460000	50000	410000
31.	Angul	Kumarsingha	Bhubaneswari	04.03.2012	460000	50000	410000
32.	Angul	Kumarsingha	Bhubaneswari	04.03.2012	460000	95000	365000
33.	Angul	Kumarsingha	Santoshi Maa	11.04.2012	250000	50000	200000
34.	Angul	Kumarsingha	Maa Budhi	12.03.2013	300000	50000	250000
35.	Angul	Kumarsingha	Maa Budhi	12.03.2013	300000	90000	210000
36.	Athamallik	Thakurgarh	Gayatri	20.06.2012	250000	30000	220000
37.	Athamallik	Thakurgarh	Maa Tarini	20.06.2012	195000	30000	165000
38.	Athamallik	Thakurgarh	Hari Om	05.07.2012	155000	30000	125000
39.	Athamallik	Thakurgarh	Mother Teresa	15.06.2013	230000	50000	180000
40.	Athamallik	Thakurgarh	Maa Mangala	12.07.2013	180000	50000	130000
41.	Athamallik	Thakurgarh	Rameswari	15.07.2013	250000	50000	200000
42.	Athamallik	Kurumtap	Maa Maheswari	22.04.2013	155000	50000	105000
43.	Athamallik	Kurumtap	Maa Maheswari	22.04.2013	155000	70000	85000
44.	Athamallik	Kurumtap	Maa Santoshi	22.09.2013	320000	50000	270000
45.	Athamallik	Kurumtap	Maa Santoshi	22.09.2013	320000	50000	270000
46.	Athamallik	Kurumtap	Sri Mahalaxmi	22.04.2013	152000	50000	102000
47.	Athamallik	Sanahulla	Maa Maheswari	20.03.2012	310000	30000	280000
48.	Athamallik	Sanahulla	Jay Jagannath	20.03.2012	184000	30000	154000
49.	Athamallik	Sanahulla	Radha Swami	20.03.2012	250000	30000	220000
50.	Athamallik	Sanahulla	Maa Mangala	20.03.2012	165000	30000	135000
51.	Athamallik	Sanahulla	Dipayani	20.03.2012	220000	30000	190000
52.	Athamallik	Kandhapda	Laxmipriya	12.08.2013	120000	50000	70000
53.	Athamallik	Kandhapda	Maa Tarini	26.06.2013	110000	10000	100000
54.	Athamallik	Kandhapda	Maa Naraghanta	08.08.2014	120000	50000	70000
55.	Athamallik	Kandhapda	Maa Gouri	08.08.2014	120000	50000	70000
56.	Chhendipada	Kosala	Similisahil	12.06.2013	78000	50000	28000
57.	Chhendipada	Kosala	Similisahil	03.02.2015	75000	60000	15000
58.	Chhendipada	Kosala	Similisahil	03.05.2016	100000	80000	20000
59.	Chhendipada	Kosala	Bajrangbali	07.01.2013	173000	50000	123000
60.	Chhendipada	Kosala	Bajrangbali	05.01.2016	200000	100000	100000
61.	Chhendipada	Balipata	Maa Hingula	15.06.2013	100000	50000	50000
62.	Chhendipada	Balipata	Maa Gojabayani	16.06.2013	110000	50000	60000

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Sl. No.	Name of the Block	Name of the GPLF	Name of the SHG	Date of submission of MIP	Amount of MIP	Amount of loan paid	Balance amount
63.	Chhendipada	Natada	Maa Tarini	15.02.2013	100000	50000	50000
64.	Chhendipada	Natada	Maa Tarini	05.11.2015	150000	100000	50000
65.	Chhendipada	Natada	Mahalaxmi	17.02.2014	100000	50000	50000
66.	Chhendipada	Natada	Mahalaxmi	17.02.2016	124000	100000	24000
67.	Chhendipada	Chhendipada	Gayatri	18.06.2013	113000	50000	63000
68.	Chhendipada	Chhendipada	Gayatri	19.08.2015	120000	80000	40000
69.	Chhendipada	Chhendipada	Maa Bimala	17.02.2013	97000	50000	47000
70.	Chhendipada	Chhendipada	Maa Bimala	17.02.2016	100000	80000	20000
71.	Pallalahara	Khamar	Maa Santoshi	25.02.2013	164000	100000	64000
72.	Pallalahara	Dimiria	Radhakrishna	19.08.2013	150000	50000	100000
73.	Pallalahara	Dimiria	Radhakrishna	03.03.2015	100000	89000	11000
74.	Pallalahara	Khemla	Maa kanakeswari	07.05.2015	150000	50000	100000
75.	Pallalahara	Chasagurjang	Maa Binapani	17.02.2013	130000	30000	100000
76.	Balasore Sadar	Genguty	Jai Maa Sarala	20.06.2014	100000	50000	50000
77.	Balasore Sadar	Genguty	Kanakadurga	17.10.2014	180000	50000	130000
78.	Balasore Sadar	Genguty	Maa Tarini	08.01.2013	140000	50000	90000
79.	Bhogarai	Baunsadiha	Santoshi Mata	13.03.2012	120000	29000	91000
80.	Bhogarai	Baunsadiha	Santoshi Mata	01.03.2015	200000	100000	100000
81.	Bhogarai	Baunsadiha	Chandimata	13.03.2012	124000	29000	95000
82.	Bhogarai	Baunsadiha	Baba Baneswar	13.02.2012	143000	29000	114000
83.	Bhogarai	Baunsadiha	Maa Kalika-B	13.03.2012	140000	29000	111000
84.	Bhogarai	Baunsadiha	Kalimata	19.03.2012	575000	29000	546000
85.	Bhogarai	Baunsadiha	Mahamaya	12.03.2012	644000	29000	615000
86.	Bhogarai	Baunsadiha	Maa Durga	16.03.2012	460000	29000	431000
87.	Bhogarai	Nahara	Jai Jagannath-A	29.03.2012	265000	30000	235000
88.	Bhogarai	Nahara	Kalimata	25.03.2012	170000	30000	140000
89.	Bhogarai	Nahara	Baishanabi Devi	25.03.2012	190000	30000	160000
90.	Bhogarai	Nahara	Mukteswari	25.03.2012	115000	3000	112000
91.	Bhogarai	Nahara	Sri Chaitanya	15.01.2013	133000	30000	103000
92.	Bhogarai	Nahara	Maa Tarini	09.09.2012	315000	30000	285000
93.	Bhogarai	Nahara	Mahalaxmi	14.01.2013	275000	20000	255000
94.	Bhogarai	Nahara	Ramanath Jew	14.01.2013	370000	25000	345000
95.	Bhogarai	Nahara	Chandimata	13.01.2013	257000	30000	227000
96.	Bhogarai	Nahara	Om Kaleswar	23.03.2012	170000	30000	140000
97.	Bhogarai	Nahara	Sai Baba	10.11.2012	150000	40000	110000
98.	Bhogarai	Mahagob	Laxminarayan	25.12.2012	146000	32000	114000
99.	Bhogarai	Mahagob	Laxminarayan	22.08.2014	145000	50000	95000
100.	Bhogarai	Mahagob	Tulasi	27.12.2012	194000	30000	164000
101.	Bhogarai	Mahagob	Janani	23.12.2012	185000	35000	150000
102.	Bhogarai	Mahagob	Shri Gopal Jew	31.01.2016	146000	50000	96000
103.	Jaleswar	Sikharpur	Maa Kalijai	15.02.2016	200000	50000	150000
104.	Jaleswar	Sikharpur	Shivashakti	15.08.2013	120000	25000	95000
105.	Jaleswar	Sikharpur	Shivashakti	15.07.2014	150000	50000	100000
106.	Jaleswar	Sikharpur	Vinakhyam	19.04.2016	140000	50000	90000
107.	Jaleswar	Sikharpur	Jay Hanuman	04.10.2013	155000	50000	105000
108.	Jaleswar	Sikharpur	Shree Ganesh	24.07.2014	140000	50000	90000
109.	Jaleswar	Sikharpur	Shree Ganesh	25.08.2013	140000	25000	115000
110.	Jaleswar	Sikharpur	Jay Jagannath	20.07.2015	170000	50000	120000
111.	Jaleswar	Sikharpur	Sirdi Sai	26.01.2014	190000	50000	140000
112.	Jaleswar	Chamargaon	Shibashakti	23.10.2014	200000	100000	100000
113.	Jaleswar	Chamargaon	Maa Mangala	10.05.2015	200000	60000	140000
114.	Jaleswar	Chamargaon	Jagadhaatri	18.03.2012	300000	30000	270000
115.	Jaleswar	Chamargaon	Jagadhaatri	05.10.2013	340000	50000	290000
116.	Jaleswar	Chamargaon	Maa Durga	25.03.2013	390000	40000	350000
117.	Jaleswar	Chamargaon	Sri Jagannath	18.03.2012	510000	50000	460000
118.	Jaleswar	Chamargaon	Sri Jagannath	01.02.2016	520000	70000	450000
119.	Jaleswar	Chamargaon	Sharala	18.03.2012	340000	50000	290000
120.	Jaleswar	Chamargaon	Sharala	21.01.2015	350000	60000	290000
121.	Jaleswar	Makadia	Kali Mata	27.03.2012	390000	30000	360000
122.	Jaleswar	Makadia	Makidia	27.03.2012	365000	30000	335000
123.	Jaleswar	Makadia	Maa Manasa	26.03.2012	315000	28000	287000
124.	Jaleswar	Makadia	Maa Kali	11.01.2013	235000	20000	215000
125.	Jaleswar	Bartana	Bhagabati	05.09.2013	65000	30000	35000
126.	Jaleswar	Bartana	Kasturaba	05.11.2014	70000	50000	20000
127.	Jaleswar	Bartana	Trahi Jagannath	04.09.2011	50000	35000	15000
128.	Jaleswar	Bartana	Maa Manasa	02.02.2010	50000	30000	20000

Sl. No.	Name of the Block	Name of the GPLF	Name of the SHG	Date of submission of MIP	Amount of MIP	Amount of loan paid	Balance amount
129.	Khaira	Kalyani	Radhamadhaba	02.05.2013	139000	30000	100000
130.	Khaira	Kalyani	Baba Akhandaleswar	22.12.2014	365000	70000	295000
131.	Khaira	Sri Jagannath	Banadurga	21.03.2012	156000	30000	126000
132.	Khaira	Jagruti	Baba Mukteswar	20.09.2014	120000	50000	70000
133.	Khaira	Jagruti	Baba Rameswar	19.02.2016	150000	80000	70000
134.	Kendrapara	Ostapur	Gojabayani	28.03.2012	335000	50000	285000
135.	Kendrapara	Ostapur	Chandrasekhar	24.03.2012	140000	50000	90000
136.	Kendrapara	Ostapur	Maa Mangala	26.12.2012	120000	50000	70000
137.	Kendrapara	Ostapur	Maa Sarala	24.03.2012	135000	50000	85000
138.	Kendrapara	Ostapur	Saraswati	23.03.2012	160000	50000	110000
139.	Kendrapara	Ayeba	Srimad Sarathi	10.02.2013	110000	30000	80000
140.	Kendrapara	Ayeba	Kalidevi	20.02.2013	130000	50000	80000
141.	Kendrapara	Ayeba	Gopabandhu	20.02.2013	130000	30000	100000
142.	Kendrapara	Kapaleswar	Binapani	15.02.2013	85000	50000	35000
143.	Kendrapara	Kapaleswar	Maa Mangala	28.01.2013	80000	50000	30000
144.	Kendrapara	Kapaleswar	Maa Kali	28.01.2013	60000	50000	10000
145.	Kendrapara	Kapaleswar	Manibaba	30.01.2013	80000	35000	45000
146.	Mahakalpada	Alailo	Maa Basulei	26.11.2015	195000	70000	125000
147.	Mahakalpada	Alailo	Maa Basulei	30.11.2015	195000	65000	130000
148.	Mahakalpada	Alailo	Om Shanti	24.03.2012	130000	30000	100000
149.	Mahakalpada	Alailo	Maa Kharakhai	26.04.2013	185000	50000	135000
150.	Mahakalpada	Alailo	Maa Kharakhai	27.11.2013	168000	30000	138000
151.	Mahakalpada	Alailo	Mayuri	26.07.2013	135000	30000	105000
152.	Mahakalpada	Alailo	Mayuri	26.03.2014	140000	40000	100000
153.	Mahakalpada	Alailo	Mayuri	26.10.2015	183000	55000	128000
154.	Mahakalpada	Alailo	Basudev	26.03.2015	305000	65000	240000
155.	Mahakalpada	Alailo	Jagruti	26.10.2015	171000	50000	121000
156.	Mahakalpada	Alailo	Laxmi	24.03.2012	360000	30000	330000
157.	Mahakalpada	Alailo	Manibaba	24.03.2012	139000	30000	109000
158.	Mahakalpada	Alailo	Om Batababa	26.04.2014	180000	70000	110000
159.	Pattamundai	Raghunathjew	Baba Mani, Gopalpur	22.12.2012	125000	30000	95000
160.	Pattamundai	Raghunathjew	Sidha Mahapurusha	20.03.2012	245000	30000	215000
161.	Pattamundai	Nitaichaitanya	Laxmi Narayan	30.11.2013	320000	50000	270000
162.	Pattamundai	Nitaichaitanya	Ma Budhijagulai(9)	08.07.2015	200000	50000	150000
163.	Rajnagar	Jay Hanuman	Maa Sarala	20.09.2013	178000	60000	118000
164.	Rajnagar	Jay Hanuman	Maa Mangala	23.09.2013	100000	30000	70000
165.	Rajnagar	Jay Hanuman	Sadhubaba	08.07.2014	230000	50000	180000
166.	Rajnagar	Mission shakti federation	Basudev	10.04.2013	200000	64272	135728
167.	Rajnagar	Mission Shakti federation	Maa Tarini	22.12.2015	150000	30000	120000
168.	Rajnagar	Hara Parbati	Jhansirani	28.11.2011	150000	30000	120000
169.	Rajnagar	Kasturba	Jay Hanuman	10.12.2012	124000	30000	94000
Total					3,57,18,100	82,19,272	27489828

(Source: Records of GPLFs)

**Appendix 2.7
(Refer paragraph No. 2.1.4.1)**

Statement showing fraudulent payment of PPIF through self/bearer cheque to the person instead of account payee cheque in the name of the SHGs

Sl. No.	Cheque No./Date	Name of the SHG to whom issued as per Cash book/ Cheque Register	Amount (in ₹)	Date of Encashment	Name of the payee as per Bank statement	Cash Book page No.
1	024223/ 05.12.2011	Jagannath	10000	08.12.2011	Jaganath Sha	p/90
2	024225/ 05.12.2011	Radhamadhab	10000	05.12.2011	R.Sha	p/90
3	024224/ 05.12.2011	Mangala	10000	05.12.2011	Mangala Sha	p/90
4	054571/ 24.03.2012	Laxmi Narayan	10000	26.03.2012	L.Sahu	p/112
5	054572/ 24.03.2012	Mangala	10000	24.03.2012	Self	p/112
6	054574/ 24.03.2012	Bhagabat	10000	27.03.2012	B.Sha	p/112
7	054570/ 24.03.2012	Jagannath	10000	27.03.2012	J.Sha	p/112
8	054573/ 24.03.2012	Sidheswar	10000	30.03.2012	S. Sha	p/112
9	093317/ 02.08.2012	Jay Jagannath	10000	03.08.2012	Jaganath	p/15
10	093316/ 02.08.2012	Baba Kapileswar	10000	07.08.2012	B.Pradhan	p/15
11	093315/ 02.08.2012	Mani Nageswari	10000	07.08.2012	M.Sahu	p/15
12	093318/ 02.08.2012	Siridi Sai	10000	13.08.2012	S.Sahu	p/15
13	093314/ 02.08.2012	Mahima Alekh	10000	13.08.2012	Alekh Sha	p/15
14	093345/ 11.09.2012	Jagannath	10000	13.09.2012	J.Sha	p/21
15	093346/ 11.09.2012	Radhagobind	10000	13.09.2012	Radhagobinda	p/21
16	093347/ 11.09.2012	Radhakrushna	10000	12.09.2012	Radhakrushna	p/21
17	093348/ 11.09.2012	Radhamadhab	10000	11.09.2012	R.Jena	p/21
18	093344/ 11.09.2012	Mangala	10000	21.09.2012	M.Sahu	p/21
19	165154/ 22.02.2013	Maa Maria	15000	22.02.2013	M.Maria	p/41
20	165155/ 22.02.2013	Jagatmani	15000	23.02.2013	J.J.Sha	p/41
21	165156/ 22.02.2013	Khetrabasi	15000	22.02.2013	K.Sha	p/41
22	165158/ 22.02.2013	Gopal	10000	07.03.2013	G.Sha	p/41
23	165258/ 02.03.2013	Balabhadra	15000	13.03.2013	Self	p/48
24	165256/ 02.03.2013	Chandimata	15000	14.03.2013	C.P.Kar	p/48
25	165159/ 22.02.2013	Bhajeswar	10000	19.03.2013	B.Sha	p/41
26	165209/ 02.03.2013	Radhamadhab	10000	21.03.2013	R.Sha	p/46
27	165221/ 02.03.2013	Maa Tarini	10000	25.03.2013	T.Sha	p/47
28	165210/ 02.03.2013	Nila Madhab	10000	25.03.2013	Nila	p/46
29	165229/ 02.03.2013	Padmeswar	10000	26.03.2013	P. Shi	p/47
30	165231/ 02.03.2013	Tarini	10000	26.03.2013	T.Sha	p/47
31	165198/ 02.03.2013	Jhadeswar	10000	26.03.2013	J.Sha	p/46
32	165249/ 02.03.2013	Jagadhatri	15000	02.04.2013	Jagadamba Sha	p/48
33	165251/ 02.03.2013	Sri Ganesh	15000	02.04.2013	G. Sha	p/48
34	165247/ 02.03.2013	Bhagabat	15000	03.04.2013	B.Sha	p/48
35	165252/ 02.03.2013	Saraswati	15000	03.04.2013	S.Sha	p/48
36	165202/ 02.03.2013	Tarini	10000	05.04.2013	T.Sha	p/46
37	165289/ 30.03.2013	Maa Tarini	15000	05.04.2013	T.Sha	p/53
38	165275/ 30.03.2013	Maa Tarini	15000	05.04.2013	T.Sha	p/52
39	165212/ 02.03.2013	Tarini	10000	05.04.2013	T.Sha	p/47
40	165259/ 02.03.2013	Sitala Mata	15000	05.04.2013	Sitala	p/48
41	165282/ 30.03.2013	Maa Sitala	15000	05.04.2013	Sitala	p/52
42	165290/ 30.03.2013	Jagannath	15000	09.04.2013	J.Sha	p/53
43	165204/ 02.03.2013	Jagannath	10000	08.04.2013	J.Sha	p/46
44	165257/ 02.03.2013	Gayatri	15000	08.04.2013	G.Sha	p/48
45	165239/ 02.03.2013	Maa Manasa	10000	08.04.2013	Manasha Sha	p/48
46	165276/ 30.03.2013	Manasa Mata	15000	08.04.2013	Manasha Sha	p/52
47	165292/ 30.03.2013	Maa Bhagabati	15000	09.04.2013	B.Sha	p/53
48	165287/ 30.03.2013	Baba Sidheswar	15000	09.04.2013	Sidheswar Sha	p/53
49	165281/ 30.03.2013	Laxmi Narayan	15000	09.04.2013	L.N.Sha	p/52
50	165293/ 30.03.2013	Satya Narayan	15000	15.04.2013	S.N.Sha	p/53
51	165283/ 30.03.2013	Santoshi Mata	15000	22.04.2013	S.K.Sha	p/52
52	165278/ 30.03.2013	Maa Mangala	15000	24.04.2013	M.Jena	p/52
53	165291/ 30.03.2013	Laxmi Mata	15000	01.05.2013	L.M.Mohanty	p/53

Sl. No.	Cheque No./Date	Name of the SHG to whom issued as per Cash book/ Cheque Register	Amount (in ₹)	Date of Encashment	Name of the payee as per Bank statement	Cash Book page No.
54	165206/ 02.03.2013	Radhakrushna	10000	01.05.2013	R.K.Sha	p/46
55	165285/ 30.03.2013	Sriram	15000	01.05.2013	Sriram jena	p/53
56	165277/ 20.03.2013	Adyasha	15000	15.05.2013	A.Das	p/52
57	165216/ 02.03.2013	Gayatri	10000	15.05.2013	G.P.Das	p/47
58	165274/ 30.03.2013	Maa Chandi	10000	15.05.2013	C.P.Kar	p/52
59	165240/ 02.03.2013	Mukteswar	10000	17.05.2013	Mukteswar	p/48
60	165286/ 30.03.2013	Baliraja	15000	17.05.2013	B.Nag	p/53
61	165214/ 02.03.2013	Anukul	10000	27.05.2013	A.Ch. Samal	p/47
62	165284/ 30.03.2013	Maa Kalimata	15000	01.06.2013	K.P.Das	p/53
63	165236/ 02.03.2013	Dharitri	10000	01.06.2013	D.Sing	p/47
Total			765000			

(Source: Records of GPLFs)

Appendix 2.8
(Refer paragraph No. 2.1.7)

Undue benefit to the president/ secretary of the SHGs due to non-rotation of leadership

Sl. No.	District	Name of the Block	Number of GPLF	Number of SHG	Number of cases	Undue financial advantage (₹)
1.	Angul	Angul	3	3	3	145000
2.	Angul	Athamallik	2	2	3	23000
3.	Angul	Chendipada	1	1	1	140000
4.	Balasore	Bhogarai	1	1	1	30000
5.	Balasore	Jaleswar	1	1	1	30000
6.	Balasore	Khaira	1	1	1	47000
7.	Kendrapara	Kendrapara	2	2	2	80000
8.	Kendrapara	Mahakalpara	1	2	3	67000
9.	Kendrapara	Pattamundai	2	2	4	182000
10.	Kendrapara	Rajnagar	3	3	3	130000
Total			17	18	22	874000

(Source: Records of SHG/GPLFs)

Appendix 2.9
(Refer paragraph No. 2.1.7)

Payment of loan without proper record keeping

Sl. No.	Name of the District	Name of the Block	Number of SHG	Number of cases	Amount (₹)
1.	Angul	Chhendipada	1	3	200000
2.	Angul	Pallahara	4	5	495000
3.	Balasore	Balasore Sadar	1	1	80000
4.	Balasore	Bhogarai	2	2	185000
5.	Balasore	Jaleswar	2	4	65000
6.	Kendrapara	Kendrapara	7	14	127978
7.	Kendrapara	Mahakalapada	5	14	214000
8.	Kendrapara	Pattamundai	5	8	222000
9.	Kendrapara	Rajnagar	3	8	332026
Total			31	59	1921004

(Source: Records of SHGs)

**Appendix 2.10
(Refer Paragraph No. 2.1.7)**

Statement showing doubtful transaction at SHG level

Sl. No.	Name of the Block	Name of the GPLF	Name of the SHG	Amount (in ₹)	Nature of misappropriation
1.	Rajnagar	Jai Hanuman	Jagannath	30000	CIF loan of ₹ 30,000 was withdrawn on 24.12.2015 from bank as per resolution No.128 dated 12.12.2015. The President told at the time of checking of records that the amount was taken by her without accounting in the loan register.
2.	Rajnagar	Jai Hanuman	Maa Sidheswari	30000	An amount of ₹ 30,000 withdrawn from SB account out of CIF loan on 2.9.2014 was not supported by resolution. The withdrawn amount was not accounted for in the loan register and was suspected to be misutilised by the Secretary and President.
3.	Rajnagar	Jai Hanuman	Maa Sidheswari	10000	On 28.10.2014, an amount of ₹ 10,000 was deposited in SB account No.34134694889 in SBO, Rajnagar and was withdrawn on the same day without any resolution which indicated suspected misappropriation of ₹10,000.
4.	Kendrapara	Ayeba	Lokanath	8900	Proposal for withdrawal of ₹ 5000 and ₹ 3900 from SB A/c No.372602010093114, Union Bank of India, Kendrapara was passed vide Resolution No.77/28.11.2013 and 79/13.12.2013 respectively and the amount was also withdrawn. But the same was neither disbursed to any member as loan nor shown as receipt and expenditure in Cash Book which indicated that the amount was misappropriated by the President/Secretary of the SHG.
5.	Kendrapara	Ayeba	Gopabandhu	100	Proposal for payment of loan amounting ₹1500 to Manjulata Das, Secretary was passed vide Resolution No.44/20.04.2013. As per cash book the same amount was also paid to Manjulata Das, Secy but as per Loan Register the amount was entered as ₹1400 against her which indicated that the amount of ₹ 100/- (₹ 1500 – ₹ 1400) was misappropriated by the President/Secretary of the SHG.
6.	Kendrapara	Ostapur	Maa Sarala	5000	An amount of ₹ 5000 was withdrawn as per Resolution No.151/10.05.2015 from SB A/c No.4983000100023817, PNB, Kendrapara. But the same was neither disbursed to any member as loan nor shown as receipt and expenditure in Cash Book which indicated that the amount was misappropriated by the President/Secretary of the SHG.
7.	Kendrapara	Kapaleswar	Maa Budhimangala	6500	An amount of ₹ 6500/- was withdrawn as per Resolution No.45/14.05.2014 from SB A/c No.32129891539, SBI, Bazar Branch, Kendrapara for payment of loan to Mamata Barik, President. But the same was not entered in Loan Register as loan against Mamata Barik which indicated that the amount was misappropriated by the President/Secretary of the SHG.
8.	Bhogarai	Putina	Maha Laxmi	7000	The CIF amount of ₹ 50,000 was withdrawn by the SHG on different dates i.e on 12.01.2015 (₹ 20,000), 14.01.2015 (₹ 20,000) and 16.01.2015 (₹ 10,000) vide resolution No.164/11.01.2015, 165/13.01.2015 and 166/15.01.2015 respectively. But scrutiny of cash book and members individual pass book revealed that an amount of ₹ 43,000 was paid as loan to 10 members and the balance ₹ 7000 had been misappropriated by the secretary of the SHG
9.	Bhogarai	Baunsadiha	Baba Madan	5000	As per resolution, Arati Rama had been paid ₹ 10,000 as loan but as per individual pass book, the loan amount

Sl. No.	Name of the Block	Name of the GPLF	Name of the SHG	Amount (in ₹)	Nature of misappropriation
10.	Bhogarai	Mahagab	Mohan (B) Jay Santoshi	10000	was entered as ₹ 5000 which indicated suspected misappropriation of ₹ 5000 An amount of ₹ 10,000 was withdrawn on 04.12.2013, but the name to whom the amount paid as loan was neither found in Cash book nor in loan register which indicated suspected misappropriation of SHG's fund.
11.	Jaleswar	Sikharpur	Baba Braja Mohan	10000	As per resolution No.161/28.01.2016 an amount of loan ₹ 10,000 was withdrawn from SB Account and as per resolution No.163/11.02.2016 the withdrawn amount was paid to Jyotsnarani Behera, Secretary. But the same was not entered in Cash book and loan register to watch the recovery which indicated that the amount of ₹10,000 was misappropriated by the President/Secretary.
12.	Jaleswar	Sikharpur	Baba Braja Mohan	5000	CIF loan amounting ₹ 50,000 was withdrawn on 28.05.13 out of which, an amount of ₹ 45,000 was paid as loan to five members vide resolution 74/08.06.13 and balance ₹ 5000 was suspected as misappropriated by the President/Secretary.
13.	Jaleswar	Chamargaon	Hara Parvati	4000	An amount of ₹4000 was withdrawn on 23.12.2014 from SB A/c No.9870 without any resolution. The withdrawn amount was neither entered in Cash Book nor shown as paid as loan to any members of the SHG. This indicated the suspected misappropriation of ₹ 4000 by the President/Secretary.
14.	Athamallik	Kurumtap	Sri Mahalaxmi	10000	No resolution was passed for withdrawal ₹ 10,000 from SB A/c. Further there was no entry in Cash Book and Loan Register to whom the amount was paid. As such withdrawal of Rs.10000/- from SB account without any resolution and without entry in Cash Book and Loan Register was suspected as misappropriation by the President/Secretary of the SHG.
Total				141500	

(Source: Records of SHGs)

Appendix 2.11
(Refer paragraph No. 2.2.1)

Name of the Gram Panchayats selected for Audit

Sl. No.	Name of the District	Name of the Blocks	Name of the Gram Panchayats
1	Khurda	Balianta	Balianta
2			Bentapur
3			Jhintisasana
4			Satyabhamapur
5		Begunia	Badaberana
6			Begunia
7			Gobindpur
8			Podadiha
9		Chilika	Badakula
10			Kalakaleswara
11			Sananairi
12			Soran
13	Ganjam	Ganjam	Palanga
14			Pallibandha
15			Ramagada
16			UDS Pur
17		Sanakhemundi	Jura
18			Maulabhanja
19			Singipur
20			T. Gobindpur
21		Surada	Asurabandha
22			Badagochha
23			Genja
24			Gopalpursasan
25	Sundergarh	Hemgiri	Garjonjore
26			Laikera
27			Sanghamunda
28			Toporia
29		Lefripada	Chhatenpali
30			Girinkela
31			Gundiadiha
32			Rajabahal
33		Subdega	Damkuda
34			Deogaon
35			Jaisar
36			Karamdihi

Appendix 2.12
(Refer paragraph No. 2.2.2.5)

Delay in transfer of funds by the Zilla Parishads to the Blocks

Sl. No.	Name of the Zilla Parishad	PR Department Sanction No.		Zilla Parishad		Amount (₹ in lakh)	No. of days of delay after prescribed date of 5 days
		Sanction No.	Date	Sanction No.	Date		
1	Khurda	25175	27.08.2010	4929	25.10.2010	311.58	54
2		7245	22.03.2011	1580	31.03.2011	311.58	4
3		14174	12.07.2011	3580	03.08.2011	397.74	17
4		4342	03.03.2012	1012	28.03.2012	405.75	20
5		6498	04.04.2012	2251	30.06.2012	42.22	82
6		12549	17.07.2012	3014	14.08.2012	431.91	23
7		7436	12.03.2013	1452	26.03.2013	478.77	9
8		26187	26.10.2013	5082	05.11.2013	541.81	5
9		3753	25.02.2014	1434	10.03.2014	518.23	8
10		6030	05.04.2014	1994	26.04.2014	138.23	16
11		11402	15.07.2014	3401	01.08.2014	531.31	12
12		3896	03.03.2015	1428	16.03.2015	635.88	8
Total						4745.01	
1	Ganjam	25175	27.08.2010		01.12.2010	853.61	91
2		7245	22.03.2011		16.05.2011	853.61	50
3		14174	12.07.2011		22.08.2011	1090.44	36
4		4342	03.03.2012		30.03.2012	1112.13	22
5		6498	04.04.2012		07.07.2012	115.75	89
6		12549	17.07.2012		16.08.2012	1184.19	25
7		7436	12.03.2013		20.03.2013	1312.62	3
8		26187	26.10.2013		17.12.2013	1484.91	47
9		3753	25.02.2014		12.03.2014	1419.61	10
10		6030	05.04.2014		30.04.2014	376.44	20
11		11402	15.07.2014		11.08.2014	1453.54	22
12		3896	03.03.2015		21.03.2015	1743.04	13
13		18532	15.07.2013		19.08.2013	399.36	30
14			11.11.2014		12.12.2014	468.06	26
15			11.11.2014		12.12.2014	465.46	26
16			02.02.2015		13.03.2015	107.44	34
Total						14440.21	
1	Sundergarh	25175	27.08.2010	873	09.11.2010	461.00	69
2		25167	27.08.2010	871	09.11.2010	145.74	69
3		12549	17.07.2012	756	01.09.2012	639.82	41
4		7436	12.03.2013	143	16.04.2013	709.22	30
5		6498	04.04.2012	752	01.09.2012	62.53	145
6		12553	17.07.2012	760	01.09.2012	154.72	41
7		7404	12.03.2013	145	16.04.2013	154.72	30
8		26187	26.10.2013	635	06.12.2013	802.39	36
9		3753	25.02.2014	147	21.04.2014	766.64	50
10		18532	15.07.2013	459	04.09.2013	308.61	46
11		3758	25.02.2014	145	21.04.2014	155.54	50
12				380 &			
		12182	28.07.2014	382	02.09.2014	155.54	31
Total						4516.47	

(Source: Records of concerned Zilla Parishads)

Appendix 2.13
(Refer paragraph No. 2.2.3.5)

Doubtful utilisation of spare parts (RWS&S) worth ₹ 19.28 lakh

Sl. No.	Name of the Block	Name of the item issued	Quantity issued	No. of old items returned	Difference	Rate (in ₹)	Total Amount (in ₹)
1	2	3	4	5	6 (4-5)	7	8
1	Chilika	32mm riser pipe	251	181	70	582.00	40740.00
2		Connecting Rod	220	156	64	190.00	12160.00
3		Cylinder Body	2	1	1	637.50	637.50
4		Cylinder complete set	14	8	6	1285.00	7710.00
5		Front cover	5	3	2	171.00	342.00
6		Head Assembly	17	9	8	1070.00	8560.00
			509	358	151		70149.50
1	Surada	M12 x 40 Bolt	6223	0	6223	6.31	39267.13
2		M12 Nut	6313	0	6313	2.65	16729.45
3		M10 x 40 Bolt	2047	0	2047	6.90	14124.30
4		M10	1771	0	1771	3.19	5649.49
5		Bearing 6204	675	0	675	111.00	74925.00
6		Cylinder Complase	186	0	186	1285.00	239010.00
7		Follower-II	147	0	147	148.50	21829.50
8		Plunger Yoke Body	155	0	155	133.00	20615.00
9		G M Spacer	162	0	162	123.00	19926.00
10		Rubber Seat retainer	131	0	131	53.00	6943.00
11		Upper Valve Guide	132	0	132	53.00	6996.00
12		Check valve Guide-II	146	0	146	59.00	8614.00
13		Check valve Seat-II	146	0	146	91.00	13286.00
14		Chain with couplinnng welder	782	0	782	114.00	89148.00
15		Front Cover	201	0	201	171.00	34371.00
16		Third Plate	105	0	105	206.00	21630.00
17		Handle Assembly	224	0	224	750.00	168000.00
18		Head Assembly	237	0	237	1070.00	253590.00
19		Water Chamber Assembly-II	96	0	96	783.00	75168.00
20		Stand assembly	31	0	31	1650.00	51150.00
21		12mm BS Connecting Rod	1547	0	1547	190.00	293930.00
22		32mm GI Socket	295	0	295	42.50	12537.50
23		Handle Axle (SS)	474	0	474	90.00	42660.00

Sl. No.	Name of the Block	Name of the item issued	Quantity issued	No. of old items returned	Difference	Rate (in ₹)	Total Amount (in ₹)
1	2	3	4	5	6 (4-5)	7	8
24		Plunger Rod-II	247	0	247	110.00	27170.00
25		32mm Q GI Riser Pipe	517	0	517	523.00	270391.00
26		Nitrile Rubber Bucket	1928	0	1928	15.62	30115.36
			24918	0	24918		1857775.73
1	Subdega	Not available*	Not available	Not available	--	--	5438520.00
Grand Total							7366445.23

(Source: Stock and purchase records of JE, RWS&S of three Blocks)

* In Subdega, there was no purchase document showing number of spares purchased and number of items issued. However, the amount was derived from cash book only

Appendix 2.14
(Refer paragraph No. 2.2.3.7)

Statement showing discrepancy in RWS&S stock in two blocks

Name of the items	Balance as per Stock Register	Stock in Store	Difference	Rate (in ₹)	Value of goods (in ₹)
Chilika					
32 mm Riser Pipe	446	0	446	582.00	259572.00
12 mm BS Connecting Rod	376	130	246	190.00	46740.00
Head Assembly	33	25	8	1070.00	8560.00
Handle Assembly	23	15	8	750.00	6000.00
Water Chamber Assembly MK-II	43	32	11	783.00	8613.00
Complete Set Cylinder MK-II	76	15	61	1285.00	78385.00
Padestral	23	7	16	1750.00	28000.00
Cylinder Body with Bliner MK-II	48	30	18	637.50	11475.00
Front Cover	02	10	(-) 8	.	0.00
Third Plate	32	10	22	206.00	4532.00
Subdega					
Connecting Rod	596	170	426	190.00	80940.00
Head Assembly	14	32		1070.00	0.00
Water chamber	48	35	13	783.00	10179.00
Chain with coupling welded	937	450	487	114.00	55518.00
Bearing 6204z	1545	100	1445	111.00	160395.00
Axle for Handle	533	150	383	90.00	34470.00
Hex coupling welded	920	Nil	920	12.00	11040.00
Hex bolt M10x40	1790	Nil	1790	6.90	12351.00
Plunger Rod	58	Nil	58	110.00	6380.00
Plunger yoke Body	62	Nil	62	133.00	8246.00
Flower For I MII	67	Nil	67	148.50	9949.00
GM spacer for cylinder	82	Nil	82	122.00	10004.00
Stand Assembly	06	Nil	06	1650.00	9900.00
N-R Bucket	2380	Nil	2380	15.60	37128.00
Total					898377.00

(Source: Stock records of JE, RWS&S of two Blocks)

Appendix 2.15
(Refer paragraph No. 2.2.3.8)

Status of Tube well/PWS during beneficiary interview

Sl. No.	Name of the Block	No of beneficiaries interviewed	Tube well	PWS	Unclear water	Water with iron content	Defunct tube well	Defunct PWS	Saline water	Without platform
1	Begunia	10	10	0	0	0	0	0	0	0
2	Sanakhemundi	10	10	0	0	0	0	0	0	0
3	Balianta	26	13	13	0	18	4	0	0	0
4	Surada	23	19	4	17	5	0	0	0	0
5	Ganjam	18	9	9	0	0	0	3	0	0
6	Chilika	19	5	14	2	0	0	7	1	1
7	Lefripada	40	40	0	0	1	0	0	0	0
8	Subdega	14	7	7	2	0	2	2	0	0
9	Hemagiri	18	12	6	10	0	0	0	0	0
Total		178	125	53	31	24	6	12	1	1

(Source: Beneficiary interview)

Appendix 2.16
(Refer paragraph No. 2.2.6)

Statement showing execution of inadmissible works in test checked blocks

Sl. No.	Name of the Block	No. of inadmissible projects	Name of component	Project cost (₹ in lakh)	Remarks
1	Balianta	2	Rural Sanitation	2.41	Concrete lane inside the GP office
2	Begunia	2	-do-	1.30	Digging of two ponds
3	Chilika	3	Maintenance of Roads & Bridges	23.00	Construction of BDO & AE quarters and temple lanes
4	Ganjam	2	Rural Sanitation	3.20	Construction of road to bathing ghat
5	Sanakhemundi	3	Maintenance of Roads & Bridges	6.14	Construction of Training Centre, Grama Nyayalaya building and a temple
6	Surada	9	-do-	31.85	Construction of metal moorum roads
7	Hemagiri	8	Rural Sanitation	2.93	Construction of Toilet at GP Office and Bazar Pindis
8	Lefripada	3	Maintenance of Roads & Bridges	6.10	Construction of 3 rd SFC Road with 13 th FC grant, PAMIS training and observation of Panchayati Raj Diwas
9	Subdega	1	Rural Sanitation Maintenance of Roads & Bridges	10.50 0.41	Payment for supplying drinking water through vehicles and renovating an old well
Total		33		87.84	

(Source: Works register of concerned blocks)

Appendix 2.17
(Refer paragraph No. 2.2.7)

Statement showing execution of projects with individual estimated cost of less than ₹ 3 lakh

Sl. No.	CR No.	Name of the GP	Name of the Project	Estimated cost (in ₹)
Chilika				
1	21/2013-14	Badakul	Construction of Culvert near Kharibandha smasan via Velery Nala	200000
2	72/2013-14	Badakul	Construction of Culvert from Jagatisar to Subudhipatana Bauri Tank	100000
3	153/2013-14	Chandeswar	Construction of Culvert on Maa Mangala Mandir Road to Bisuli Pokhari	100000
4	157/2013-14	Nimikheta	Construction of Jai Pokhari CC Road	150000
5	168/2013-14	Hatabaradi	Construction of CC Road from Hatabaradi Behera Sahi Smasan to Kalijai sahi Mandir	200000
6	342/2013-14	Ankula	Construction of culvert and approach road at Bauri sahi	200000
Balianta				
7	80/2013-14	Bainchua	Jenasahi internal drain with CC Road	200000
8	130/2013-14	Bhingarpur	UP School to Nalabandha Road	200000
9	86/2013-14	Jayadev	GBC to Jenasahi CC Road	200000
10	115/2013-14	Satyabhamapur	Gopinath to Rambei Ghara Road	200000
11	144/2013-14	Umadeipur	Basudeipur Smasan Road concrete Road	200000
12	79/2013-14	Pratapsashan	Ajaneswar Temple CC Road to PWD Road	200000
Ganjam				
13	1/2013-14	Ramagarh	Construction of CC Road from Harijansahi to Padampur	200000
14	-/13-14	Rajapur	Construction of CC Road from Harijansahi to Kachra	200000
Subdega				
15	1/2012-13	Tangargaon	Repairing of sanitary well at Sagijore Gountiapada	41000

(Source: Work register of Blocks)

Appendix 2.18
(Refer paragraph No. 2.2.8)

Payment to NMR/RWS&S staff for repair and maintenance purpose

(In ₹)

Month	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
April	9880	12740	12250	20800	20540	20540
May	9880	12740	13230	21602	21330	20540
June	12740	12740	12740	20002	19750	20540
July	13230	12740	12740	21602	21330	21330
August	12740	13230	13230	21602	20540	20540
September	12740	12740	12250	20002	20540	20540
October	12740	12740	13230	21602	21330	0
November	12740	12740	12740	20800	19750	0
December	13230	13230	12740	20800	21330	0
January	12740	12740	43922	21602	21330	0
February	11760	0	19200	19200	18990	0
March	13230	13230	20800	20800	20540	0
TOTAL	147650	141610	199072	250414	247300	124030
G.TOTAL ₹ 1110076						

(Source: RWS&S records of Blocks)

Appendix 2.19
(Refer paragraph No. 2.2.8)
Payment to RWS&S Khalasis out of 13th FCA at Ganjam PS

Month	2010-11		2011-12		2012-13		2013-14		2014-15		2015-16	
	Salary	DA/ arrear	Salary	DA/ arrear	Salary	DA/arrear	Salary	DA/ arrear	Salary	DA/ arrear	Salary	DA/ arrear
April	72413		91243		87162		78130		78127		88642	7326
May	80082		91243		87162		81660	14120	78127		88642	
June	80418	67424	91243		87162		81660	8712	78516		88642	
July	80418		91243		87162		82382		78127		88642	
August	80418		92929		87774		82382	9574	78127		88642	
September	80418		92929		70382		82863		78127		88642	
October	86162	17232	97099	12510	73279		87342		73870	8004		
November	86162		97099		73953	8691	87342	13437	83657	41774		
December	86162		97915		73953	5288	87342		83657			
January	86162		97915		74874		87342		83657			
February	87736		97915		78130		87342		83657			
March	87736		97915	8622	78130	16772	87342	13437	86200	12715		
TOTAL	994287	84656	1136688	21132	959123	30751	1013129	59280	963849	62493	531852	7326
G.TOTAL ₹ 5864566												

From April 2010 to March 2012, 8 no. of staffs, from April 2012 to August 2012, 7 no. of staffs, from September 2012 to March 2014, 6 no. of staffs and from April 2014 to September 2015, 5 no. of staffs were engaged in the Block.

(Source: Records of JE, RWS&S of Ganjam Block)

**Appendix 2.20
(Refer paragraph No. 2.4.1)**

Statement showing double payment ₹ 5.02 lakh in cash after payment of same amount in cheque

CR No.	Name of the work	Name of the executant to whom paid	Net amount of bill passed for payment (₹)	Cheque No./date of issue to executant	Name of the Bank issuing cheque/ Account No.	Date of encashment	Voucher No./ date of 2nd time payment	Mode and details of payment	Amount shown as paid (₹)	Remarks
420/ 2010	Construction of AWC Building	Pradip Kumar Sahoo	123230 (12.5.2011)	255175/ 19.5.2011	Punjab National Bank/ 0133326	19.5.2011	736/ 28.2.2012	Cash	123230	Heavy Cash ₹231454/- received from OAP Cash Book
1297/2010	Repair of Wooden Bridge over Ratnachira at Khandighar, Goudakara	Kanduri Charan Mohanty	19000 (12.5.2011)	73871/ 19.5.2011	State Bank of India/ 10202296765	19.5.2011	616/ 30.12.2011	Cash	19000	Heavy cash in hand ₹100666.63
74/ 2009	Construction of GP. Ghar, Talaganj	Prasanta Kumar Rout	47472 (27.5.2011)	255178/ 30.5.2011	Punjab National Bank / 0133326	30.5.2011	631/ 31.3.2012	Cash	47472	Heavy Cash ₹1113046/- received from OAP A/c
762/2008 FDR	Refund of SD	Maheswar Behera	10750 (14.7.2011)	57852/ 28.7.2011	Industrial Development Bank of India/ 403104000004329	28.7.2011	361-62/ 8.11.2011	Cash (3750+7000)	10750	Heavy Cash ₹250000/- received from OAP A/c
761/2008 FDR	Refund of SD	Maheswar Behera	15250 (14.7.2011)	57853/ 28.7.2011	Industrial Development Bank of India / 403104000004329	28.7.2011	363-65/ 8.11.2011	Cash (2000+ 2000+ 11250)	15250	do
756/2008 FDR	Refund of SD	Hemanta Kumar Mishra	27000 (14.7.2011)	813719/ 8.8.2011	Dena Bank/ 119810024136	8.8.2011	366-372/ 8.11.2011	Cash (1500+ 3000+ 6000+ 7500+ 3000+ 1500+ 4500)	27000	do
1294/ 2010	Construction of Mahavir Community Centre, Rebatraman Bhoi Sahi	Prakash Bhoi	23435 (4.8.2011)	57857/ 9.8.2011	Industrial Development Bank of India / 403104000004329	9.8.2011	615/ 30.12.2011	Cash	23435	Heavy cash in hand ₹100666.63
1290/ 2010	Repair of Wooden Bridge, Gokulpur, Basudevpur	Narottam Samal	28800 (4.8.2011)	57856/ 9.8.2011	Industrial Development Bank of India / 403104000004329	9.8.2011	628/ 10.2.2012	Cash	28800	Heavy Cash ₹75000/- received from OAP A/c

CR No.	Name of the work	Name of the executant to whom paid	Net amount of bill passed for payment (₹)	Cheque No./date of issue to executant	Name of the Bank issuing cheque/ Account No.	Date of encashment	Voucher No./ date of 2nd time payment	Mode and details of payment	Amount shown as paid (₹)	Remarks
650/2011	Construction of kitchen cum store room, Bagha Primary School	Narayan Behera	37501	646566/ 18.8.2011	State Bank of India / 10202296765	18.8.2011	630/ 28.2.2012	Cash	37501	Heavy Cash ₹231454/- received from OAP A/c
80/2009	Construction of Kitchen cum store room	Debendra Kumar Pradhan	56231 (22.7.2011)	254028/ 24.8.2011	Dena Bank/ 119810024136	24.8.2011	752/ 31.3.2012	Cash	56231	Heavy Cash ₹1113046/- received from OAP A/c
010/2008	Construction of Rest Shed	Sankar Pradhan	79050 (22.7.2011)	373577/ 29.9.2011	Indian Bank/ 491762504	29.9.2011	751/ 31.3.2012	Cash	79050	do
1581/2011	Electrification of ground floor of market complex near DSWO Office, Puri	Binod Bihari Puhana	34500 (31.3.2012)	529247/ 4.4.2012	Indian Bank/ 491762504	4.4.2012	154/ 18.5.2012	Cash	34500	Heavy Cash ₹57600/- received from OAP A/c
Total									502219	502219

(Source: Cash Book of Puri sadar Block)

Appendix 2.21
(Refer paragraph No. 2.4.2)

Statement of GP wise MBPY payments

(in ₹)

Sl. No.	Name of the GP	No. of beneficiaries	Voucher No./Date as per first Acquittance Register	Amount for January 2008 to July 2009	Voucher No./Date as per second Acquittance Register	Amount for January 2008 to July 2009
1	Balabhadrapur	02	617/19-08-2009	7600	539/15-11-2011	7600
2	Baliguali	16	604/19-08-2009	60800	903/05-12-2011	60800
3	Baliparda	13	620/19-08-2009	49400	536/15-11-2011	49400
4	Baliput	13	613/19-08-2009	49400	900/09-11-2011	49400
5	Bira Harekrushnapur	13	619/19-08-2009	49400	535/15-11-2011	49400
6	Bira Narasinghapur	03	621/19-08-2009	11400	685/18-12-2011	11400
7	Chalisbatia	16	618/19-08-2009	60800	902/09-11-2011	60800
8	Chandanpur	08	610/19-08-2009	30400	683/18-12-2011	30400
9	Gadamugasira	12	626/19-08-2009	45600	540/15-11-2011	45600
10	Gopinathpur	09	625/19-08-2009	34200	545/15-11-2011	34200
11	Hantuka	10	624/19-08-2009	38000	539/15-11-2011	38000
12	Jamarsuan	05	612/19-08-2009	19000	684/18-12-2011	19000
13	K. B. Pur	02	623/19-08-2009	7600	538/15-11-2011	7600
14	Kerandipur	05	616/19-08-2009	19000	901/09-11-2011	19000
15	Malatipatapur	17	608/19-08-2009	64600	905/05-12-2011	64600
16	P.P Pur	03	609/19-08-2009	11400	906/05-12-2011	11400
17	P.R.C. Pur	07	605/19-08-2009	26600	904/05-12-2011	26600
18	Samanga	06	611/19-08-2009	22800	907/05-12-2011	22800
19	S.D. Pur	06	622/19-08-2009	22800	537/15-11-2011	22800
20	Talajanga	07	627/19-08-2009	26600	686/18-12-2011	26600
Total		173		657400		657400

(Source: MBPY records of the Block)

Appendix 2.22
(Refer paragraph No. 2.5)

Details of payment of pension to Ghost Beneficiaries (GBs) in the PSs

(in ₹)

Sl. No.	Name of PS	Period	No. of GPs/wards involved	No. of villages involved	Type of pension	Rate (₹)	No. of beneficiaries involved	Period of payment	Total payment made (₹)
1	Bhatli	2011-13	1	3	NOAP/MBPY	200	6	1 to 13 months	6700
2	Bangiriposi	2014-15	2	2	MBPY	300	2	1 month	1800
3	Lahunipara	2013-14	6	17	IGNOAP/IGNWP/MBPY/OAP/ODP	300	22	1 to 13 months	9000
4	Rajborasambar	2013-14	1	3	NOAP/SOAP/WP/ODP	300 + 100	05	1 to 5 months	3500
5	Balisankara	2012-15	04	21	IGNOP/IGNDP / MBPY	300	31	1 to 5 months	21000
6	Gurundia	2013-14	06	12	IGNOP/IGNDP/MBPY	300	13	1 to 5 months	9300
7	Dharmagarh	2014-15	03	12	IGNOP/MBPY	300	31	1 to 19 months	56400
8	Joda	2014-15	01	04	IGNOP/MBPY	300	03	1 to 5 months	4200
Total			24	74			113		111900

(Source: Disbursement Registers of concerned PSs)

**Appendix 2.23
(Refer paragraph No. 2.6)**

**Statement showing payment of Widow Pension to ineligible beneficiaries at
Lahunipara PS**

Sl. No.	Name of the beneficiary	Village	Age	BPL No.	A/c No.	SO No./Date	Last payment		Amount (₹)
1	Fula Kumari Oram, W/o-Johan	Dalamkucha	43	38	101/12	WEF 1.10.11 vide SO No.2118/09.05.12	Last payment made on 15.12.13 vide AR page No.39	10/11 to 3/12 (6 months) @ ₹ 200/- pm and 4/12 to 11/13 (20 months) @ ₹ 300/- pm	7200
2	Phulamani Munda, W/o-Gobinda	Ganighasa	53	76	103/12		AR-page 40		7200
3	Kadamba Mahanta, W/o-Makru	Ulasurei	57		139/12		AR-page 40		7200
4	Phulamani Munda, W/o-Suleman	Deodevour	56	2	145/12		AR-page 41		7200
5	Jaitri Munda, W/o-Bidesi	Deodevour	54	13	146/12		AR-page 41		7200
6	Bhabani Mahanta, W/o-Dhabaleswar	Kudheikala	45	33	147/12		AR-page 42		7200
7	Raibani Munda, W/o-Patel	Guhaldihi	38	7	159/12		AR-page 42		7200
8	Pan Mahanta, W/o-Tikeswar	Kudheikala	42	37	150/12	AR-page 44 (last Payment on 15/6/2013)	10/2011 to 3/2012 (6 months) @ ₹ 200/- pm and 4/12 to 5/13 (14 months) @ ₹ 300/- pm	5400	
9	Sukarmani Munda, W/o Karmu	Haladikanchi	52	5	153/13	WEF 01.10.2012 vide SO No.2612/18.07.13	Last payment made on 15.12.13 vide AR page No.45	10/2012 to 11/2013 (14 months) @ ₹ 300/-	4200
10	Mangari Munda, W/o-Pagha	Guhaldihi	42	15	154/13		AR-page 45	4200	
11	Dayamanti Mahanta, W/o-Kushadhar	Guhaldihi	49	20	155/13		AR-page 45	4200	

Sl. No.	Name of the beneficiary	Village	Age	BPL No.	A/c No.	SO No./Date	Last payment	Amount (₹)
12	Rebika Munda, W/o- Mansuk	Sanghatilal	57	59	156/13		AR-page 45	4200
13	Rayamasw a Munda, W/o- Mangra	Kudheikala	41	20	157/13		AR Page No.46	4200
Total								76800

(Source: OAP records of Lahunipara Block)

Appendix 4.1
(Refer paragraph No. 4.1.8.2)

Statement showing short realisation of Tax on Advertisement due to allotment of Bus Shelters at lower rate

Name of the agencies	No. of bus shelters permitted	Area of each shelter (sq.ft.)	Total area (sq.ft.)	2013-14					2014-15					2015-16					Total Short realisation
				1.4.2013 to 30.9.2013	1.10.2013 to 31.3.2014	Total	Demand raised	Short realisation	1.4.2014 to 30.9.2014	1.10.2014 to 31.3.2015	Total	Demand raised	Short realisation	1.4.2015 to 30.9.2015	1.10.2015 to 31.3.2016	Total	Demand raised	Short realisation	
				(in ₹)	(in ₹)	(in ₹)	(in ₹)	(in ₹)	(in ₹)	(in ₹)	(in ₹)	(in ₹)	(in ₹)	(in ₹)	(in ₹)	(in ₹)	(in ₹)	(in ₹)	
Selvel	15	240	3600	1072800	1308600	2381400	216000	2165400	1308600	1749600	3058200	201600	2856600	1749600	1924200	3673800	840000	2833800	7855800
Enkon Pvt. Ltd	2	240	480	143040	174480	317520	28900	288620	174480	233280	407760	28900	378860	233280	256560	489840	120000	369840	1037320
Ad Vision	2	240	480	143040	174480	317520	28900	288620	174480	233280	407760	28800	378960	233280	256560	489840	120000	369840	1037420
Torrent Advertiser	7	240	1680	500640	610680	1111320	100900	1010420	610680	816480	1427160	100800	1326360	816480	897960	1714440	420000	1294440	3631220
Alfa Communication	1	240	240	71520	87240	158760	14500	144260	87240	116640	203880	14500	189380	116640	128280	244920	60000	184920	518560
Ajanta Advertisers	1	240	240	71520	87240	158760	14500	144260	87240	116640	203880	14400	189480	116640	128280	244920	60000	184920	518660
Ryasa Construction	2	240	480	143040	174480	317520	28900	288620	174480	233280	407760	28800	378960	233280	256560	489840	120000	369840	1037420
Suntony	8	240	1920	572160	697920	1270080	129700	1140380	697920	933120	1631040	129600	1501440	933120	1026240	1959360	540000	1419360	4061180
Team Admark	4		1173.5	349703	426567	776270	0	776270	426567	570321	996888	70410	926478	570321	627236	1197557	293375	904181.8	2606930
Total	42			3067463	3741687	6809150	562300	6246850	3741687	5002641	8744328	617810	8126518	5002641	5501876	10504517	2573375	7931142	22304510

(Source: Records of BMC)

Appendix 4.2
(Refer paragraph No. 4.1.8.3)

Statement showing outstanding Tax on Advertisement for the year 2015-16

(in ₹)

Sl. No.	Name of the Agency	Number of hoarding assessed	Amount assessed	Applica-tion fee	Total	Arrear	Grand Total	Amount paid	Balance
1.	Media Space Private Limited	13	1558000	100	1558100	833083	2391183	0	2391183
2.	Hindustan Cocacola Ltd	2	860490	100	860590	0	860590	0	860590
3.	Color Plus	3	296000	100	296100	0	296100	0	296100
4.	Graphitech	3	717500	100	717600	0	717600	0	717600
5.	Prince Advertiser	16	1992750	100	1992850	0	1992850	1000000	992850
6.	Dishnet	205	695700	100	695800	0	695800	0	695800
7.	Torrent	148	6903140	100	6903240	0	6903240	2600000	4303240
8.	Torrent (Jain Graphics)	4	408800	100	408900	0	408900	0	408900
9.	Rajadhani Advertisement	1	88000	100	88100	0	88100	0	88100
10.	Apex	11	804000	100	804100	0	804100	300000	504100
11.	Papu Advertiser	4	279000	100	279100	101100	380200	0	380200
12.	Bharat Advertiser	2	308000	100	308100	0	308100	84000	224100
13.	Smart Admark	4	447000	100	447100	0	447100	0	447100
14.	Unique Outdoor	2	190000	100	190100	64000	254100	0	254100
15.	Model Adds	3	448000	100	448100	204200	652300	0	652300
16.	Sun space Marketing Pvt Ltd Advertising	6	192500	100	192600	1075868	1268468	0	1268468
17.	Metro Sign	8	507500	100	507600	353683	861283	100000	761283
18.	Pawansut Publicity	6	192560	100	192660	20000	212660	100000	112660
19.	Suravi Production	14	280000	100	280100	45483	325583	0	325583
20.	Z publicity	46	2835400	100	2835500	0	2835500	400000	2435500
21.	Future Communication	7	582500	100	582600	86516	669116	0	669116
22.	Kalinga Marketing	3	336000	100	336100	110270	446370	0	446370
23.	Hindustan advertising	27	1625000	100	1625100	67604	1692704	300000	1392704
24.	Enkon	22	285100	100	285200	0	285200	0	285200
25.	AD Vision	6	462800	100	462900	48700	511600	100000	411600
26.	Jagran Engagae	3	329000	100	329100	0	329100	211500	117600
27.	Fortune Media	1	22100	100	22200	20338	42538	0	42538
28.	White Connection	3	296000	100	296100	0	296100	150000	146100
29.	Media Minds	4	444500	100	444600	0	444600	95000	349600
30.	Selvel Advertising	18	3125000	100	3125100	898264	4023364	0	4023364
31.	Blue Dreamz	1	126100	100	126200	207167	333367	0	333367
32.	Saroj Ads	2	196000	100	196100	56310	252410	0	252410
33.	Chitralok	3	88000	100	88100	0	88100	30000	58100
34.	Deflyer Transmission	1	45100	100	45200	0	45200	0	45200
35.	Alfa Communication	4	252000	100	252100	93100	345200	0	345200
36.	Appolo Advertsing	24	1448000	100	1448100	0	1448100	200000	1248100
37.	Art Expo	1	120000	100	120100	0	120100	0	120100
38.	Idea Cellular	159	397000	100	397100	350000	747100	0	747100
39.	Airtel	144	503208	100	503308	0	503308	0	503308
40.	Marcom Quiver	1	252000	100	252100	0	252100	0	252100
41.	Kalyani Advertisement	2	632000	100	632100	0	632100	0	632100
42.	AD-4-You	2	110000	100	110100	20600	130700	0	130700

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Sl. No.	Name of the Agency	Number of hoarding assessed	Amount assessed	Applica-tion fee	Total	Arrear	Grand Total	Amount paid	Balance
43.	Ramayan advertiser	2	88000	100	88100	0	88100	0	88100
44.	Brand Factory	2	97300	100	97400	0	97400	0	97400
45.	Pantaloons	6	399740	100	399840	0	399840	0	399840
46.	Vodafone Spacetel Ltd.	3	1124646	100	1124746	0	1124746	0	1124746
47.	Spl Outdoor	14	878600	0	878600	0	878600	578600	300000
Total			34270034	4600	34274634	4656286	38930920	6249100	32681820

(Source: Records of BMC)

Appendix 4.3
(Refer paragraph No. 4.1.9.5)

Statement showing loss of licence fee due to non-adherence to the recommendations of SFC

Sl. No.	Name of Trader	Address of trade	Trade Licence No.	Yearly Licence Fee as per BMC	TIN / SRIN No.	Turn Over 2015-16 as per CTO	Yearly Licence Fee due @0.25%	Difference
1	Jyote Motors	Plot No. 462, Goutam Nagar, Lewis Road, BBSR	4427/2010	7000	21281100940	2047331385	5118328	5111328
2	M/s Kurion Enterprise Ltd	Plot No.88 Chandaka Indl Estate Patia Bhubaneswar	2198/2010	29600	21712602506	1835551977	4588880	4559280
3	M/s Bright Steel	Cuttack Road, near fly over Bhubaneswar	3409/2010	5000	21481101218	1776467616	4441169	4436169
4	M/s.Jagannath Rice Mills	Cuttack Road, Bhubaneswar	8500/2011	27600	21221100003	957142853	2392857	2365257
5	Tractors India Pvt Ltd	Plot No. 2132/5140, BJB Nagar, Bhubaneswar	8133/2011	10000	21292600409	786623043	1966558	1956558
6	M/s Prism Cement Ltd	Plot No.229/5332 Goutam Nagar, Bhubaneswar	809/2010	4000	21782600382	717333344	1793333	1789333
7	M/s Eureka Forbes Ltd.	Plot 01, Ground floor, Bharati Tower Forest Park, Bhubaneswar	237/2012	2500	21431102070	713569406	1783924	1781424
8	Manappuram Finance Ltd	258,1st floor, Laxmi Sagar Cuttack Road Bhubaneswar	8660/2011	2300	21422601744	700674754	1751687	1749387
9	Kalamandir Royale	Plot No.364 Sahid Nagar Bhubaneswar	8729/2011	7000	21722700519	313261686	783154	776154
10	Kalamandir Fashion	Hall No. 2 Western Market, Unit 2 Bhubaneswar	6214/2011	2500	21411104797	140224088	350560	348060
11	Kalamandir Saree	Hall No. 3 Western Market, Unit 2 Bhubaneswar	6376/2011	2500	21321104798	129475908	323690	321190
12	Kalamandir	Hall No. 3 Western Market, Unit 2 Bhubaneswar	6419/2011	5000	21401104560	60976423	152441	147441
13	Lalchand Jewellers	Plot No.108C Janapath Master Canteen, Bhubaneswar	1837/2014 & 1838/2014	5400	21761103489	122648769	306622	301222
14	Mayfair Lagoon Hotel and Resorts Ltd	8 B, Jayadev Vihar, Bhubaneswar	9995/2011	39750	21621104633	602416973	1506042	1466292
15	Laxmi Jewellers	35C Ashok Nagar, Unit 2 Bhubaneswar-9	11111/2011	1000	21502701998	7254273	18136	17136
16	J B S Jewellers	Plot No. 150-d Rajmahal Square, Ashok Nagar, Bhubaneswar-9	298/2012	2000	21261103473	340000	850	-1150
17	M/s Geeta Saree House	Shop 0 6 Kalinga Market Unit -1 Rajpath, Bhubaneswar	1498/2012	3000	21125601925	5512870	13782	10782
18	Maa Tarini Bastralaya	Plot No.78 Budha Nagar, Bhubaneswar	1362/2010	5000	21791118847	305981274	764953	759953
19	M/s Santoshi Bastralaya	Plot No.C-45,Ruchika Market Baramunda Housing Board, Bhubaneswar	7094/2011	1000	21525603839	15625	39	-961
20	Meena Bastralaya	Og/125 Unit 1 Market, Bhubaneswar	9020/2011	1000	21205601590	153425	384	-616
21	M/s Reeta Jewellery	Plot No.165 Bapuji Nagar, Bhubaneswar	5272/2010	3000	21061104068	262737400	656844	653844
22	M/s Malika Jewellers	Janapath,Subham Market, Bhubaneswar	10237/2011	2000	21382700803	18376379	45941	43941
23	Bhatia & Sons Cloth House	Janpath, Kharavel Nagar, Bhubaneswar	1650/2010	2000	21641120724	6816363	17041	15041

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Sl. No.	Name of Trader	Address of trade	Trade Licence No.	Yearly Licence Fee as per BMC	TIN / SRIN No.	Turn Over 2015-16 as per CTO	Yearly Licence Fee due @0.25%	Difference
24	Bindoo	Shop No.C-18 Rps Market Complex, Ashok Nagar, Unit-2 Bhubaneswar-9	1303/2010	4000	21832702447	7902339	19756	15756
25	Rabindra Health Care	Plot No.4 Kharavel Nagar, Bhubaneswar	9688/2011	2700	21261116471	106132657	265332	262632
26	Bapuji Medical Store	Plot No-91/92 Bapuji Nagar Bhubaneswar	4204/2010	1000	21141104218	57953829	144885	143885
27	Plant Manager, Bhubaneswar Diary (Omfed)	Gadakana, Chandrasekharpur, Bhubaneswar	1960/2012	40100	21881106527	6289985428	15724964	15684864
28	M/s Samsung India Electronics Pvt.Ltd.	Plot No.88(P), 96/97,99,682 &683, NH 5, Rudrapur, Baliaanta, Pahal (Presently at Bomkhal)	1131/2013	21500	21211104713	7869339608	19673349	19651849
29	Sandy Resort (P) Ltd (Sandy Tower)	Plot No. P1 and P1-A, Jayadev Vihar, Bhubaneswar	11538/2011	35700	21941110568	19901996	49755	14055
30	Ms. Jagannath Rice Mills	894 / 895, Cuttack Road, BBSR	8500 / 2011	20000	21221100003	957142853	2392857	2372857
31	M/s The World Retail Pvt. Ltd	Plot No. 883,8,90,891 near Kalinga Stadium, Madhusudan Nagar, Bhubaneswar Bhubaneswar	356 / 2012	34000	21942700786	475904432	1189761	1155761
Total				329150			68237874	67908724

(Source: Records of BMC)

Appendix 4.4
(Refer paragraph No. 4.1.11.1)

**Statement showing realisation of user charges and expenditure incurred during
2011-16**

Year	Expenditure towards operation and maintenance cost (₹ in crore)			Collection of user charges (₹ in crore)	Percentage of receipt to expenditure
	Privatisation of street sweeping	Collection, transfer and transportation of solid waste	Total	Conservancy/Latrine Tax	
2011-12	16.17	7.85	24.02	2.65	11
2012-13	33.47	0.25	33.72	3.57	11
2013-14	27.81	1.71	29.52	2.90	10
2014-15	35.83	9.40	45.23	3.39	7
2015-16	40.06	9.13	49.19	2.89	6
Total	153.34	28.34	181.68	15.40	8

(Source: Budgets of BMC)

Appendix 4.5
(Refer paragraph No. 4.1.11.1)

Statement showing non-realisation of user charges from 19 Nursing Homes

Sl. No.	Name of hospital	Period from which user charges not realised	No. of months upto March 2015	Amount @ ₹ 4000 per month	No. of months in 2015-16	Amount for 2015-16 @ ₹ 1000 per month	Total (in ₹)
1	Ayush Hospital	July 2014	9	36000	12	12000	48000
2	Kar Clinic	April 2015	0	0	12	12000	12000
3	Hi-tech Medical College and Hospital	April 2015	0	0	12	12000	12000
4	L V Prasad Eye Hospital	September 2014	7	28000	12	12000	40000
5	Maa Shakti Hospital	June 2014	10	40000	12	12000	52000
6	Annapurna Memorial Hospital	September 2014	7	28000	12	12000	40000
7	Kalinga Hospital	October 2013	18	72000	12	12000	84000
8	Sum Hospital	October 2013	18	72000	12	12000	84000
9	Neelachal Hospital	June 2014	10	40000	12	12000	52000
10	KIMS Hospital	October 2013	18	72000	12	12000	84000
11	Sparsh Hospital	May 2015	0	0	11	11000	11000
12	Aditya Care	September 2014	7	28000	12	12000	40000
13	Jagannath Seva Sadan	September 2014	7	28000	12	12000	40000
14	Maternity Care	September 2014	7	28000	12	12000	40000
15	Capital Hospital	October 2013	18	72000	12	12000	84000
16	Usthi Hospital	June 2014	10	40000	12	12000	52000
17	Vivekananda Hospital	October 2012	30	120000	12	12000	132000
18	Sara Gastro Hospital	July 2015	0	0	10	10000	10000
19	Shree Hospital	May 2015	0	0	11	11000	11000
Total							928000

(Source: Records of BMC)

Appendix 4.6
(Refer paragraph No.4.1.11.1)

Statement showing outstanding user charges on apartments

Sl. No.	Name of Apartment	No. of flats	User fee per month(₹)	User charges paid upto	No. of months outstanding as on 31.03.2015	Amount due (₹)
1	Girinar Palace	30	500	March 2012	36	18000
2	Harihar Enclave	40	500	November 2011	40	20000
3	Metro Cottage	32	500	June 2013	21	10500
4	Vinay Deep	60	1000	March 2011	48	48000
5	Damayanti	64	500	December 2014	3	1500
6	Sunya	30	500	May 2013	22	11000
7	Prabodha	20	500	June 2013	21	10500
8	Mayapuri	48	500	September 2013	18	9000
9	Vivekananda Vihar	50	500	November 2012	28	14000
10	Vandana	50	500	September 2013	18	9000
11	Akashdeep	40	500	March 2014	12	6000
12	Madhava Vihar	35	500	March 2014	12	6000
13	Srestha Complex	40	500	March 2013	24	12000
14	Geetanjali	20	500	March 2013	24	12000
15	Snigdha	22	500	November 20-11	40	20000
16	Kesharivilla	31	500	March 20-11	48	24000
17	Monalika	16	500	March 2011	48	24000
18	Kalpataru	28	500	March 2012	36	18000
19	Gunjan Palace	63	1000	November 2013	16	16000
20	Geetanjali Palace	22	500	March 2013	24	12000
21	Prava	20	500	July 2013	20	10000
22	Susila	40	500	December 2014	3	1500
23	Sarada Bhawan	26	500	October 2013	17	8500
24	Krushnakunja	48	500	November 2014	4	2000
25	Sidhartha	20	500	March 2011	48	24000
26	Moti Toshali Block III	20	500	July 2013	20	10000
27	Madhukunj Enclave	90	1000	September 2013	18	18000
28	Srirambihar	165	1500	December 2012	27	40500
29	Madhava Nilayam	34	500	March 2011	48	24000
30	Parbati Villah	21	500	March 2013	24	12000
31	Dibyaprava	48	500	September 2012	30	15000
32	Swastik	28	500	December 2013	15	7500
33	Seilla Mansion	36	500	September 2011	42	21000
34	Ghanashyam Enclave	20	500	September-12	30	15000
35	Harmony Villa	16	500	March 2013	24	12000
36	Khemalata Palace	44	500	September 2013	18	9000
37	Biswanath Villa	20	500	September 2012	30	15000
38	Gauri Garden	80	1000	June 2011	45	45000
39	Surya Enclave	12	500	May 2013	22	11000
40	Metro City	120	1500	April 2013	23	34500
41	Dhirendranath Villa	39	500	November 2012	28	14000
42	Ram Bhamar Palace	80	1000	March 2013	24	24000
43	Sri Sudarsan Tower	48	500	December 2014	3	1500
44	Satyam Tower	75	1000	November 2013	16	16000
45	Banaza	129	1500	April 2014	11	16500
46	Jyotsna Garden	46	500	March 2012	36	18000
47	Bhabani Ashok Enclave	25	500	June 2014	9	4500
48	Shanti Niwas	27	500	March 2011	48	24000
49	Maharatha	21	500	October 2014	5	2500
50	Rajendra Vihar	203	2000	January 2015	2	4000
51	Phool Vatika	10	500	March 2012	36	18000
52	W I C A R	17	500	March 2012	36	18000
53	Ridhi Sidhi	50	500	March 2014	12	6000
54	Harapriya	34	500	January 2014	14	7000
55	Royal Residency	20	500	July 2011	44	22000
56	Rashmi Tower	94	1000	January 2014	14	14000
57	Ratna Castle	15	500	May 2014	10	5000
58	Royal Homes	35	500	March 2014	12	6000
59	Satyam Homes	32	500	February 2013	25	12500
60	Lake View	76	1000	January 2014	14	14000
61	Baishnab Vihar E Block	48	500	December 2011	39	19500
62	Purna Chandra Enclave	12	500	May 2012	34	17000
63	Aryalaya Apartment	96	1000	December 2013	15	15000

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Sl. No.	Name of Apartment	No. of flats	User fee per month(₹)	User charges paid upto	No. of months outstanding as on 31.03.2015	Amount due (₹)
64	Toshali Block I	98	500	March 2013	24	12000
65	Swarnalata Apartment	40	500	May 2013	22	11000
66	Sekhar Paradise	20	500	July 2013	20	10000
67	Balaji Complex	232	2000	September 2013	18	36000
68	Rashmi Vihar	35	500	June 2013	21	10500
69	Radhakrishna Enclave	35	500	December 2013	15	7500
70	Regional Institute of Education Block A, B, C, D	200 above each block	8000	September 2013	18	144000
71	Metro Residency	64	1000	February 2015	1	1000
72	Nirupama Apartment	100	1000	February 2015	1	1000
73	Udyan Apartment	24	500	November 2014	4	2000
74	R M R C Campus	200 above	2000	December 2014	3	6000
75	Bright Residency	138	1500	December 2014	3	4500
76	Doordarsan Residential Colony	200 above	2000	July 2013	20	40000
Total						1221500

(Source: Records of BMC)

Appendix 5.1
(Refer Paragraph No. 5.2)

Statement showing details of material demanded vis-à-vis material supplied

Supply order for electrical items	Quantity (No.)	Materials supplied	Quantity (No.)
36 watts CFL street light fittings with cover of Havells	200	36 watts CFL street light fittings with cover of Havells	100
Clamps both for Iron & cement poles	200	For Iron pole+ cement pole	50+50
G.I.Bend pipe	200	G.I.Bend pipe	100
2.5mm coil	16	2.5mm coil	08
5Amp Switch and Board	200	Switch+4 'x4"Board	100+100
36 watts CFL Lamp	240	36 watts CFL Lamp	120
36 watts CFL Choke	220	36 watts CFL Choke	nil
250 watts Flood Light fittings without lamp	60	250 watts Flood Light fittings without lamp	nil
Supply and Erection of 9mtr long G.I.Tubular pole size 5" on bottom and 4" at top with arm	50	Supply and Erection of 9 mtr long G.I.Tubular pole size 5" on bottom and 4" at top with arm	05
Repairing of Flood Light Fittings	5 places	Repairing of Flood Light Fittings	03 places
4 mm coil	10	4 mm coil	05 coils
2 kw Automatic Stabilizer (50 volt to 220 volt)	10	2 kw Automatic Stabilizer(50 volt to 220 volt)	03
250 watt M.H.Lamp	60	250 watt M.H.Lamp	24
MATERIALS SUPPLIED WITHOUT SUPPLY ORDER			
		40 watt Electronics Choke	20
		250 w HPSV/HPMH choke	12
		250 w HPMH lamp	12
		250 w Lamp Holder	12
		Igniters (90 w -400w)	12
		30mld capacitor	12
		Jcta-6-250 w HPSV/HPMH fitting with 250 w choke of Havells	24
		2.0kw stabiliser	05

(Source: Purchase and Stock records of Basudevpur Municipality)

Appendix 5.2
(Refer Paragraph No. 5.3)

Statement showing non-realisation of House Rent from retired persons of Sambalpur Municipal Corporation

Sl. No.	Name of the official/ person in occupation	Qr. No. with address	Date of retirement	Total period	Normal Flat rate	Period in months	Amount (₹)	Over stayal period	Amount (₹)	Total amount due (₹)	House Rent realised (₹)	Net amount due for recovery (₹)
1	Surendra Panigrahi	1-Modipara	2/1996	237	300	4	1200	233	954000	955200	66900	888300
2	Jibesh Dash	5-Modipara	10/2010	61	300	4	1200	57	342000	343200	00	343200
3	Iswar Sahu	7-Modipara	10/2010	61	300	4	1200	57	342000	343200	15000	328200
4	Chandra Kumar Pattanaik	12-Modipara	10/2013	25	300	4	1200	21	126000	127200	300	126900
5	Birabatsa Panda	13-Modipara	12/1966	587	300	4	1200	583	2004000	2005200	166800	1838400
6	Bansidhar Dash	14-Modipara	03/2006	116	300	4	1200	112	591000	592200	12900	579300
7	Abanikanta Nayak	15-Modipara	04/2006	115	300	4	1200	111	588000	589200	00	589200
8	Sitaran Sahu	16-Modipara	03/1998	212	300	4	1200	208	879000	880200	45900	834300
9	Jaganath Sahu	18-Modipara	08/2004	135	300	4	1200	130	648000	649200	33900	615300
10	Sarala Prasad Mishra	22-Modipara	04/2000	187	300	4	1200	183	804000	805200	51300	753900
11	Haripriya Panda	26-Modipara	07/2002	160	300	4	1200	156	723000	724200	44400	679800
12	Somanath Panigrahi	28-Modipara	01/1999	202	300	4	1200	198	849000	850200	57000	793200
13	Jagadish Ray	29-Modipara	02/2012	45	300	4	1200	41	246000	247200	6300	240900
14	Rabindra Kumar Behera	31-Modipara	11/2011	48	300	4	1200	44	264000	265200	5100	260100
15	Purusottam Mohapatra	32-Modipara	07/2011	52	300	4	1200	48	288000	289200	6600	282600
16	Prafulla Kumar Mahapatra	2-Office Quarter	02/2005	129	350	4	1400	125	735000	736400	44450	691950
17	Sudhakar Mohapatra	4-Office Quarter	12/2002	167	350	4	1400	163	868000	869400	19600	849800
18	Digambar Pati	1-Kanji house back side	01/1998	214	200	4	800	210	590000	590800	25000	565800
19	Lalita Devi	1-Swimming pool back side	11/2001	168	200	4	800	165	498000	498800	31400	467400
20	K.C. Bishi	1-Municipality complex	1/1999	202	200	4	800	198	566000	566800	35000	531800
21	K.C. Bhuiyan	2-Croft school	01/1999	202	200	4	800	198	566000	566800	35000	531800
22	Mahendra Kumar Chaini	1-Hindi school	05/2007	102	200	4	800	98	366000	366800	17000	349800
23	Sahebram Sahu	1-Kamali Bazar	04/2004	139	200	4	800	135	440000	440800	25000	415800
24	Prabhabati Bala	3-Kamali Bazar	04/2006	115	200	4	800	111	392000	392800	19600	373200
25	Nityananda Taria	4-Kamali Bazar	02/2015	09	200	4	800	5	20000	20800	1200	19600
26	Chameswar Panda	5-Kamali Bazar	06/2004	137	200	4	800	133	436000	436800	4000	432800
27	R. K. Nanda	10-Kamali Bazar	01/1993	274	200	4	800	270	710000	710800	37000	673800
28	K.C. Pattnaik	11-Kamali Bazar	09/1999	194	200	4	800	190	550000	550800	36000	514800
29	Rajkishor Dash	12-Kamali Bazar	02/1999	201	200	4	800	197	564000	564800	35800	529000
30	Jogesh Ch. Pradhan	14-Kamali Bazar	09/2005	122	200	4	800	118	406000	406800	21600	385200
31	P.C. Mohapatra	15-Kamali Bazar	01/2000	190	200	4	800	186	542000	542800	35800	507000
32	K.P.Mishra	16-Kamali Bazar	09/2004	134	200	4	800	130	430000	430800	23400	407400
							Total		18327000	18359800	959250	17400550

(Source: Records of Sambalpur Municipal Corporation)

Appendix-5.3
(Refer paragraph No. 5.4)

Statement showing payment made by six ULBs to RPFC towards penalty and interest

(₹ in lakh)

Sl. No.	Name of the ULB	No. of employees	Employees' contribution	Period	Levied by RPF Commissioner		Total avoidable expenditure	Remarks
					Interest	Penal damage		
1	SMC	130	13.53	July 2005 to December 2012	12.28	29.96	56.84	The Corporation did not pay EPF dues due to which RPFC, Rourkela attached its bank accounts and realised ₹ 41.16 lakh and ₹ 31.04 lakh in January 2010 and December 2015.
2	BeMC	324	0.00	April 2001 to June 2009	87.09	0.00	87.09	As per orders of the Hon'ble High Court, BeMC was to pay both employee's share and employer's contribution of ₹ 2.35 crore to RPFC, Berhampur which consists of interest amount of ₹ 87.09 lakh. BeMC had paid ₹ 66.77 lakh till date of audit.
3	JhM	65	0.00	January 2011 to February 2012	0.00	2.42	3.59	The municipality did not pay EPF dues in time due to which RPFC, Rourkela levied damage and penal interest of ₹ 3.59 lakh.
4	Angul	78	0.00	April 2001 to January 2011	0.00	0.00	29.40	The ULB defaulted in payment of EPF contribution from April 2001 to May 2006 (pre-discovery period) and June 2006 to January 2011 due to which RPFC, Bhubaneswar under Section 7Q charged interests of ₹ 11.11 lakh and ₹ 18.29 lakh. The ULB owed a liability of ₹ 27.59 lakh to RPFC which included apportioned interest of ₹ 13.72 lakh as of March 2016.
5	Barpali	30	0.00	January 2011 to February 2012	0.00	0.00	0.92	The ULBs defaulted in payment of EPF dues due to which RPFC, Rourkela levied ₹ 5.48 lakh on it which was inclusive of interest of ₹ 0.92 lakh.
6	Aska	29	0.00	January 2011 to November 2012	0.00	2.52	3.53	The ULB's non-deposit and belated deposit of EPF dues attracted interest U/S 7Q and damages which the RPFC realised.
Total					99.37	34.90	181.37	

(Source: EPF records of six ULBs)

Glossary of Abbreviations

AAP	Annual Action Plan
ABDO	Additional Block Development Officer
AE	Assistant Engineer
ATIR	Annual Technical Inspection Report
AWP	Annual Work Plan
BDO	Block Development Officer
BeMC	Berhampur Municipal Corporation
BG	Basic Grant
BLPC	Block Level Purchase Committee
BMC	Bhubaneswar Municipal Corporation
BMV	Bench Mark Value
BPFT	Block Project Facilitation Team
BPTSL	Bhubaneswar Puri Transport Services Limited
BRGF	Backward Region Grant Fund
CBO	Community Based Organisation
CC	Cement Concrete
CEO	Chief Executive Officer
CESU	Central Electricity Supply Utility
CFC	Central Finance Commission
CHC	Community Health Centre
CIF	Community Investment Fund
CRP	Community Resource Person
CSS	Centrally Sponsored Scheme
DAC	District Appraisal Committee
DCB	Demand Collection and Balance
DCRG	Death-cum-Retirement Gratuity
DLFA	Director, Local Fund Audit
DMET	Directorate of Medical Education and Training
DMMU	District Mission Management Unit
DO	Disbursing Officer
DPC	District Planning Committee
DPMU	District Project Monitoring Unit
DRDA	District Rural Development Agency
DVMC	District Level Vigilance and Monitoring Committee
EC	Executive Committee
ELA	Examiner of Local Accounts
EO	Executive Officer
EPF & MP	Employees' Provident Fund and Miscellaneous Provisions
EPVG	Extremely Poor and Vulnerable Group
FC	Finance Commission
FFMC	Finance and Fund Management Committee
FOB	Foot Over Bridge
FPG	Forfeited Performance Grant
GA Department	General Administration Department
GB	General Body
GGY	Gopabandhu Grameen Yojana
GIS	Geographical Information System
GP	Gram Panchayat

GPEO	Gram Panchayat Extension Officer
GPLF	Gram Panchayat level Federation
H&UD	Housing and Urban Development Department
HUDCO	Housing and Urban Development Corporation
IAP	Integrated Action Plan
IAY	Indira Awaas Yojana
IB Fund	Institution Building Fund
IDA	International Development Association
IDCO	Industrial Infrastructure Development Corporation
IPAI	Institute of Public Auditors of India
IPR	Industrial Policy Resolution
JCCT	Joint Commissioner of Commercial Taxes
JE	Junior Engineer
JnNURM	Jawaharlal Nehru National Urban Renewal Mission
JPI	Joint Physical Inspection
JVA	Joint Venture Agreement
LF	Livelihood Fund
LFA	Local Fund Audit
LOI	Letters of Intent
MBPY	Madhu Babu Pension Yojana
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MIS	Micro Investment Plan
MLALAD	Member of Legislative Assembly Local Area Development
MPLAD	Member of Parliament Local Area Development
MR	Money Receipt
NAC	Notified Area Council
NMR	Nominal Muster Roll
NOC	No Objection Certificate
NSAP	National Social Assistance Programme
O&M	Operation and Maintenance
OAP	Old Age Pension
ODP	Orissa Disability Pension
OGFR	Orissa General Financial Rules
OLFA	Orissa Local Fund Audit
OLM	Odisha Livelihood Mission
OMC	Orissa Municipal Corporation
OMFED	Orissa State Cooperative Milk Producers' Federation Limited
OPOLFED	Orissa State Poultry Products Co-operative Marketing Federation Limited
OPRM	Orissa Poverty Reduction Mission
OPSAPR	Orissa Panchayat Samiti Accounting Procedure Rules
OST	Orissa Sales Tax
PAP	Perspective Action Plan
PCO	Public Call Office
PD	Project Director
PEO	Panchayat Executive Officer
PG	Performance Grant
PHED	Public Health Engineering Department

PIP	Project Implementation Plan
PMGSY	Pradhan Mantri Gram Sadak Yojana
PPIF	Pro-Poor Inclusion Fund
PPP	Public Private Partnership
PRI	Panchayati Raj Institution
PS	Panchayat Samiti
PSU	Public Sector Undertaking
PT	Property Tax
PWS	Piped Water Supply
RE	Revised Estimate
RFP	Request for Proposal
RGPSA	Rajiv Gandhi Panchayat Sashaktikaran Abhiyan
RWS&S	Rural Water Supply and Sanitation
SA	Situational Analysis
SAG	Special Area Grant
SCA	Special Central Assistance
SEM	Self Employed Mechanic
SFC	State Finance Commission
SHG	Self Help Group
SLB	Service Level Benchmark
SLVMC	State Level Vigilance and Monitoring Committee
SMC	Sambalpur Municipal Corporation
SOP	Standard Operating Protocol
SPMU	State Project Monitoring Unit
SRI	System of Rice Intensification
SS	State Scheme
SWM	Solid Waste Management
TGS	Technical Guidance and Support
TRIPTI	Targeted Rural Initiatives for Poverty Termination and Infrastructure
TSP	Telecom Service Provider
TT	Telecom Towers
TW	Tube Well
UC	Utilisation Certificate
ULB	Urban Local Body
VAW	Village Agriculture Workers
VLW	Village Level Workers
VO	Valuation Officer
WP	Widow Pension
ZP	Zilla Parishad

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