

# **CHAPTER 4**

**SSCA on**

**Implementation of  
Gopabandhu Gramin Yojana**

## CHAPTER 4

### Implementation of the Gopabandhu Gramin Yojana

#### 4.1 Introduction

The Gopabandhu Gramin Yojana (GGY), a fully funded State Plan scheme, was launched in FY 2006-07, in 10 districts, by the Government of Odisha (GoO), for providing additional developmental assistance to the districts not covered under the Backward Region Grant Fund (BRGF)<sup>41</sup>. Following the discontinuance of BRGF from FY 2015-16, the scope of GGY was spread to all the 30 districts of the State, with the prime objective of bridging critical gaps in infrastructure, in the rural areas, by complementing and supplementing the existing resources, with special focus on three sectors, *viz.*, *Bijili* (electrification), *Sadak* (road infrastructure and bridge) and *Pani* (irrigation and water supply), in every village, in a need-based manner.

The PR&DW Department, being the Nodal Department, makes budgetary provisions, under the scheme, for each year. The Department releases 50 *per cent* of the total allocation to the districts, based on the share of rural population of a district, in comparison to the rural population of the State, while the balance 50 *per cent* is released on the basis of the share of the rural area of the district, to the total rural area of the State. The same principle of classification of funds, on the basis of rural population and rural areas, is adopted by the District Collector, for release of funds from the district to the block, through e-transfer.

#### 4.2 Audit scope and methodology

Audit test-checked (May 2022 - December 2022) the records of seven<sup>42</sup> ZPs and 21<sup>43</sup> PSs, covering the period from the FY 2017-18 to the FY 2021-22. The sampled ZPs and PSs were selected on the basis of utilisation of funds and last audit conducted. Certain deficiencies were noticed in the implementation of the scheme, as elaborated in the succeeding paragraphs.

#### 4.3 Planning

##### 4.3.1 Deficient Planning

Paragraphs 7.2 to 7.6 and 7.8 of the GGY Guidelines provide for the Palli Sabha<sup>44</sup> acting as a unit of planning under the GGY, to recommend a list of need-based projects to the GPs, for the next financial year. The GPs consolidate the projects and recommend them to the PSs, which, in turn, submit the lists to the District Collector, preferably by the first week of December each year, with their recommendations. The Districts are to place all such proposals, preferably

<sup>41</sup> The BRGF scheme was launched by the GoI (January 2007), to redress regional imbalances in development, by way of providing financial resources, for supplementing and converging existing developmental inflows into the identified backward districts.

<sup>42</sup> Balasore, Ganjam, Jajpur, Keonjhar, Koraput, Rayagada and Sundargarh

<sup>43</sup> Basta, Simulia, Jaleswar, Beguniapada, Bhanjanagar, Rangeilunda, Sukinda, Danagadi, Dharmasala, Keonjhar Sadar, Banspal, Champua, Pottangi, Laxmipur, Dasamantpur, Kashipur, Bissamcuttack, Muniguda, Koira, Hemgiri and Rajgangpur

<sup>44</sup> Palli Sabha comprises of all the electorates of a revenue village or a ward. It is the assembly of the people in the village, who are more than 18 years of age and have their names enrolled in the voter list of the Panchayat.

by the end of January, before the District Planning Committee (DPC), for its consideration and approval. The approved lists are to be communicated back to the PSs, by the end of February, for execution.

Audit noticed, in 18<sup>45</sup> out of 21 test-checked PSs, of seven of the test-checked ZPs, that, during the FYs 2017-19, though 2,940 projects, with an estimated cost of ₹ 57.72 crore, had been approved by the DPCs, no Palli Sabhas had been conducted, at the GP level, for identification of projects. Instead, proposals relating to the projects had been submitted by the PSs, in consultation with their elected representatives, for approval of the DPC.

Thus, the selection of projects, under the scheme, was, in practice, based upon a top-down approach, rather than a bottom-up approach, and was not need-based, as discussed in the subsequent paragraphs. This undermines the fundamental objective of the 73rd Constitutional Amendment Act, which aimed to empower PRIs as self-governing entities, enabling them to make decisions independently at the grassroot level.

Although these facts were confirmed (September 2022) by the BDOs, CDO-cum-EOs of the ZPs, had not furnished any replies (September 2024).

#### **4.3.2 Delays in submission of project proposals**

As per Paragraph No. 7 of the GGY Guidelines, the project proposals, for the next financial year, received from the Palli Sabhas, are required to be submitted, by the PSs, to the concerned District Collectors, by the first week of December. The District Collectors are required to place all such proposals, for consideration and approval of the DPC, by the end of January. The approved lists are to be communicated to the PSs by the end of February.

Audit noticed that the DPCs, of seven of the test-checked districts, had approved 11,895 Projects, with an estimated cost of ₹ 256.06 crore, for the FYs 2017-18 and 2018-19, with delays ranging from 201 to 344 days, as detailed in **Table 4.1**.

**Table 4.1: Delays in approval of projects**

<b>FY</b>	<b>Due date of approval of projects by the DPCs</b>	<b>Date of approval of projects by DPCs</b>	<b>Delays in approval (in days)</b>	<b>Date of Release of funds to PSs</b>
2017-18	31-01-2017	22-09-2017 to 10-01-2018	234 to 344	07-11-2017 to 28-02-2018
2018-19	31-01-2018	20-08-2018 to 21-12-2018	201 to 324	13-08-2018 to 06-08-2019

**Source:** Records of concerned ZPs

The delayed approval of projects as shown in **Table 4.1**, had resulted in delayed release of funds to the PSs. Due to this, the related budgetary allocations remained underutilised at PSs level as shown in **Table 4.4**, resulting in a significant gap between fund allocation and actual utilisation.

Confirming the facts, the CDO-cum-EOs of the ZPs stated (June 2022) that, due to the busy time schedule of the Chairpersons of the DPCs, the projects could

<sup>45</sup> Beguniapada, Bhanjanagar, Rangeilunda, Sukinda, Danagadi, Dharmasala, Keonjhar Sadar, Banspal, Champua, Pottangi, Laxmipur, Dasamantpur, Kashipur, Bissamcuttack, Muniguda, Koira, Hemgiri and Rajgangpur

not be approved in time and assured that the shortcomings would be overcome in future.

### 4.3.3 Unauthorised sanction of projects without approval of the DPCs

As per Paragraphs 7.5 and 7.6 of the GGY guidelines, the District Collectors are required to place all proposals, received from the Palli Sabhas, through the Panchayat Samitis, before the concerned DPCs, for consideration and approval. Finalization of the list of projects, to be taken up under the GGY, vests with the DPC.

Audit, however noticed that, in three ZPs (Keonjhar, Jajpur and Ganjam), out of the seven test-checked districts, 1,002<sup>46</sup> projects, with an estimated cost of ₹ 19.64 crore, had been sanctioned by the Collectors, without approval of the DPCs and funds had been released to the PSs, for execution. Absence of approval of the competent body, i.e., the DPCs, resulted in unauthorised sanction of ₹ 19.64 crore. This defeats the purpose of the 73rd Constitutional Amendment Act, which aimed to empower PRIs as autonomous decision-making bodies at the grassroot level.

Confirming the facts, the CDO-cum-EOs of the concerned ZPs, stated (June 2022) that the projects approved by the Collectors could not be placed in the DPC meetings, inadvertently.

**Recommendation:**

**10. Participatory preparation of projects, including the preparation of project proposals from the Palli Sabha level, may be ensured.**

## 4.4 Fund Management

The receipt and release by PR&DW Department during the FYs 2017-22, is shown in the **Table 4.2**.

**Table 4.2: Receipt and Release of funds under GGY by PR&DW Department**

(₹ in crore)

FYs	Receipt	Release
2017-18	300.00	300.00
2018-19	500.00	500.00
2019-20	0	0
2020-21	0	0
2021-22	24.37	24.37
<b>Total</b>	<b>824.37</b>	<b>824.37</b>

**Source: Information from the PR&DW Department**

During the FYs 2017-22, the availability of funds and their utilisation in all the test-checked ZPs and PSs, is given in **Table 4.3 and 4.4**.

<sup>46</sup> **Jajpur:** 954 projects, with an estimated cost of ₹ 17.85 crore, for FY 2018-19; **Keonjhar:** 46 projects, with an estimated cost of ₹ 1.66 crore, for FY 2020-21 and **Ganjam:** 2 projects, with an estimated cost of ₹ 0.13 crore, for FYs 2018-20.

**Table 4.3: Receipt and utilisation of funds in the test-checked ZPs**

(₹ in crore)

FY	OB	Receipt of grants	Interest accrued	Other Receipts	Total funds available	Total expenditure (per cent)	CB
2017-18	20.13	119.97	1.43	0.17	141.70	128.46 (91)	13.24
2018-19	13.24	152.50	3.31	1.99	171.04	141.08 (82)	29.96
2019-20	29.96	17.36	2.34	5.54	55.20	31.68 (57)	23.52
2020-21	23.52	0	0.76	2.95	27.23	2.97 (11)	24.26
2021-22	24.26	0	0.31	2.49	27.06	18.95 (70)	8.11

Source: Cashbooks of the test-checked ZPs

**Table 4.4: Receipt and utilisation of funds in the test-checked PSs**

(₹ in crore)

FY	OB	Receipt of grants	Total funds available	Total Expenditure (per cent)	CB
2017-18	61.58	34.42	96.00	43.11 (45)	52.89
2018-19	52.89	34.27	87.16	38.00 (44)	49.16
2019-20	49.16	11.49	60.65	29.84 (49)	30.81
2020-21	30.81	5.65	36.46	15.38 (42)	21.08
2021-22	21.08	3.09	24.17	4.43 (18)	19.74

Source: Cashbooks of the test-checked PSs

As seen from the **Table-4.2 and 4.3**, though the State level expenditure is 100 percent during the FYs 2017-22, in the test checked ZPs and PSs, the expenditure was between 11 and 91 *per cent* & 18 and 45 *per cent*, respectively. This indicated that the State level expenditure was not based on the actual expenditure by the ZP level.

Audit noticed the following irregularities in the management of funds:

#### 4.4.1 Non-refund of unspent funds, to the State Nodal Account

The PR&DW Department instructed (December 2019 and July 2021) the ZPs and PSs, to refund the unspent funds and the interest accrued under GGY, to the State Nodal Account.

Audit noticed that, in all the seven test-checked ZPs and 21 PSs, unutilised funds of ₹27.88 crore, had not been refunded to the State Nodal Account, as of March 2022. Due to non-refund of the unspent amount, the Department was unable to allocate the unutilised funds to other districts, which were in need of funds.

Confirming these facts, the concerned CDO-cum-EOs and BDOs assured (June 2022) that the unutilised balances would be refunded.

#### 4.4.2 Diversion of GGY funds to other schemes

As per Rule 10 (1) of the OPSAP, 2002, funds placed at the disposal of the Samiti, by the Government, by way of grant for schemes, under any head, cannot be diverted, from one scheme to another, without approval of the Government.

Audit noticed that, during the FYs 2017-22, five<sup>47</sup> of the test-checked PSs had diverted an amount of ₹ 2.82 crore, out of GGY funds, for meeting expenses

<sup>47</sup> Keonjhar Sadar, Basta, Pottangi, Simulia and Muniguda

under other schemes and activities, like the Madhubabu Pension Yojana, Ama Gaon Ama Bikash, SHG Free Kitchen, Biju Pucca Ghar Yojana etc., without the approval of the Government. As of March 2022, though ₹ 2.42 crore had been recouped, ₹ 0.40 crore was still pending for recoument.

Confirming these facts, the concerned BDOs stated (December 2022) that, since there was no other source to meet the exigencies, the amount had been diverted from the GGY. However, the reply was not acceptable, since diversion of schematic funds was likely to impact the execution of works and also result in loss of interest.

#### **4.4.3 Loss of interest, due to non-parking of funds under Flexi-accounts**

The Finance Department instructed (*vide* letter No. 35425 dated 12 October 2012) all the Drawing and Disbursing Officers, to keep different schematic funds, in Flexi-accounts, instead of Savings accounts, of the concerned banks, for obtaining higher returns. Further, as per Paragraph 5.5 of the GGY guidelines, the interest accrued was to be treated as part of the scheme funds and was to be utilised accordingly.

Audit observed that, during the FYs 2017-22, one of the test-checked ZPs (Keonjhar) and 11<sup>48</sup> PSs, had deposited GGY funds, in Savings Accounts, without opting for the Flexi-mode of deposits. Thus, against the accruable interest of ₹ 5.21 crore (as per the rate of interest for flexi deposits, issued by the State Bank of India, from time to time) on schematic deposits, only ₹ 2.87 crore had accrued (actual interest earned from the savings accounts), leading to a loss of ₹ 2.34 crore, as detailed in **Appendix-4.1**. This resulted in loss of additional funds under the scheme, to that extent.

Confirming the facts, the concerned BDOs assured (December 2022) that schematic funds would be kept under the flexi mode.

#### **Recommendation:**

**11. Funds in the bank may be kept in Flexi A/Cs instead of Saving A/Cs to avoid loss of interest.**

### **4.5 Execution of works**

#### **4.5.1 Expenditure on other scheme works**

As per Paragraph No.1.1 of the GGY Guidelines, funds under the scheme are to be used for filling critical gaps in infrastructure in rural areas, subject to recommendation of projects by the Palli Sabhas and finalisation by the concerned DPCs.

Audit, however, noticed, in three<sup>49</sup> of the test-checked PSs, of two districts, that, during the FYs 2017-22, ₹ 84.44 lakh had been paid from GGY scheme funds, for execution of works related to schemes like AGAB, MGNREGS, etc. Payment for other scheme works, without the approval of the competent body, had resulted in irregular expenditure, out of GGY funds.

<sup>48</sup> Keonjhar Sadar, Banspal, Champua, Kashipur, Bissamcuttack, Muniguda, Danagadi, Simulia, Koira, Pottangi and Laxmipur

<sup>49</sup> Keonjhar Sadar, Kashipur and Bissamcuttack

Confirming these facts, the concerned BDOs stated (November 2022) that these works had been taken up under the scheme because of urgency. However, the reply was not acceptable, since it violated the guidelines.

#### **4.5.2 Non- deposit of Government revenue with the appropriate authorities**

As per Paragraph No. 5.6 of the GGY guidelines, deductions from works, such as tax, royalty, labour cess *etc.*, are required to be remitted to the appropriate authority.

Audit, noticed, in eight<sup>50</sup> of the test-checked PSs, of three districts (Ganjam, Keonjhar and Koraput), that deductions from works, amounting to ₹ 80.29 lakh, had been lying, in the bank accounts, as of December 2022, without being deposited with the appropriate authorities, since FY 2017-18. This included royalty of ₹ 50.54 lakh, labour welfare cess of ₹ 18.60 lakh, and VAT of ₹ 11.15 lakh. This had resulted in undue retention of Government revenue.

Confirming these facts, the concerned BDOs assured (November 2022) that the revenue would be deposited with the appropriate authority.

#### **4.5.3 Irregularities in the installation of streetlights**

Audit noticed, in eight<sup>51</sup> out of the 21 test-checked PSs, of four<sup>52</sup> out of the seven test-checked districts, that, during the FYs 2017-19, 245 projects, had been executed, by utilising an amount of ₹ 4.14 crore, as of May 2022. Out of these projects, Audit test-checked 100 electric streetlight projects, which had been completed by utilising an amount of ₹ 1.65 crore and 11 solar streetlight projects, which had been completed by utilising an amount of ₹ 34.79 lakh. The following irregularities were noticed, in regard to these streetlight projects.

##### **4.5.3.1 Irregular preparation of estimates for streetlight projects**

As per Paragraph No. 6.1 of the GGY guidelines, the BDO is required to facilitate the DISCOM, in conducting field surveys, in regard to electrical project proposals, plans and estimates. The eligible proposals are required to be examined by a Block level committee<sup>53</sup> and then submitted to the District, for the approval of the DPC. Further, registered electrical contractors, empaneled by the EEs of the DISCOM, are to be engaged by the BDOs, by inviting tenders. However, before taking up such works, the concerned GP or the Government Institution is required to give a written undertaking that the assets so created, shall be maintained by them and recurring expenses, such as energy charges, repair and maintenance *etc.*, shall be borne by them. Without such undertaking, no electrification work is to be taken up.

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<sup>50</sup> Keonjhar Sadar, Banspal, Champua, Pottangi, Laxmipur, Dasamantpur, Beguniapada and Bhanjanagar

<sup>51</sup> Sukinda, Danagadi, Dharmasala, Simulia, Keonjhar Sadar, Banspal, Champua and Bissamcuttack

<sup>52</sup> Balasore, Jajpur, Keonjhar and Rayagada

<sup>53</sup> Under the chairmanship of the BDO, with the Industrial Promotion Officer, AEE of the Block and JE of the Power Distribution Company, as members

Audit noticed, in this regard, that neither had any Block level committee been constituted, nor had the DISCOM been requested by the BDOs of the eight test-checked PSs mentioned in Para 4.5.3 above, for assessing the feasibility of streetlight projects. Instead, the plans and estimates of the projects, though required to be prepared by the DISCOM, had been prepared by the Junior Engineers (JEs)/ Gram Panchayat Technical Assistants (GPTAs) of the four<sup>54</sup> Blocks and technically sanctioned by the Assistant Executive Engineers (AEEs) of the concerned Blocks. Further, neither had electric metres been installed to assess the energy charges, nor had the projects been handed over to any authority, for undertaking their future maintenance and upkeep.



Audit conducted JPI of 18 light projects, having 137 light points, in six<sup>55</sup> of the test-checked PSs and noticed that power supply, to the streetlight points had been made, without obtaining requisite permission from the DISCOM. No arrangements had been made for the installation of electric metres and no provision had been made for earthing, to safeguard these assets from high current inflow. Due to unlawful provision of power to these streetlight projects, the Sub-Divisional Officer, No. II, Electrical Sub-Division, Keonjhar, had disconnected power supply to 48 of these light posts since 2018-19, in all the 17 GPs, under the Banspal Block and had also imposed penalty of ₹ 6.51 lakh, against the concerned GPs.

Similarly, in the Jhigidi GP of Bissamcuttack PS, 19 electric streetlights had been installed, during 2018-19, in the existing light poles, without permission of the DISCOM. Out of these, cable connections, for power supply, had been made to nine points only. The local public, present at the time of inspection, informed Audit that none of the LED light points had been functioning, due to non-supply of power, from the dates of their installation.



Further, it was also noticed in the JPI that 58 light points (42 per cent) were functional; 48 light points (35 per cent) were non-functional; power supply to 23 light points (17 per cent) had been disconnected, due to unauthorised connections; and eight light points (6 per cent) were missing.

Confirming these facts, the concerned BDOs stated (November 2022) that the plans and estimates had been prepared by the JEs and technically sanctioned by the AEEs of the Blocks, to avoid delays. However, these replies were not

<sup>54</sup> Keonjhar Sadar, Banspal, Champua and Bissamcuttack

<sup>55</sup> Banspal, Bissamcuttack, Champua, Dharmasala, Keonjhar Sadar and Simulia



acceptable, since these officers were not authorised to prepare the plans and estimate as mentioned in Paragraph 6.1 of GGY Guidelines.

#### ***4.5.3.2 Doubtful payment on production of fake vouchers/ non-production of vouchers, in the departmental execution of work***

The PR&DW Department instructed (July 2018) that the departmental officers, in charge of execution of works, are required to furnish vouchers/ bills, in support of procurement of materials from the authorised supplier(s) having valid GST Registration Numbers. Further, payments due to the supplier(s) of material, as well as wages to labourers, are required to be paid by the executants, on proper bills/vouchers and muster rolls (MRs).

Audit noticed that, in 56 of the test-checked streetlight projects, taken up during 2017-19, in four<sup>56</sup> out of the 21 test-checked PSs, the related works had been completed with payment of ₹ 94.96 lakh. However, vouchers for ₹ 9.00 lakh were only furnished to Audit and the remaining vouchers of ₹ 85.96 lakh were not produced.

Audit verified these vouchers of ₹ 9.00 lakh and noticed that electric goods, costing ₹ 7.11 lakh, had been purchased from one supplier, who did not deal in electrical goods, as verified from the GST web portal. Further, though the works had been executed departmentally, installation charges @₹ 0.94 lakh had also been paid to the concerned departmental officers. As such, payment of ₹ 8.05 lakh was doubtful.

Confirming these facts, the concerned BDOs stated (June 2022) that steps would be taken for submission of all vouchers, in future.

#### ***4.5.3.3 Unrealistic cost of material charged to work***

During test-check of records, in three out of the 21 test-checked PSs (Keonjhar Sadar, Banspal and Simulia), Audit found that 45 light posts had been installed departmentally, during 2017-19, by utilising an amount of ₹ 80.66 lakh, in which the cost of material, of the same size and make, had been charged to work differently, as detailed in ***Appendix-4.2***. For instance, in the procurement of 18 eight-metre length galvanized octagonal MS poles, tapped with single pipe three mm thick, with base plate of 150 mm X 150 mm X 16 mm thickness, the rates had varied from ₹ 11,000 to ₹ 17,700. Keeping the minimum cost as the base, it was noticed that excess expenditure of ₹ 4.68 lakh had been incurred (which was only illustrative and not exhaustive).

Confirming these facts, the concerned BDOs assured (November 2022) that uniform rates would be charged, to works, in future.

#### ***4.5.3.4 Doubtful payment in installation of streetlights***

One project, viz. “Installation of streetlight at Dimirimunda-Dimbo Chhaka”, of Dimbo GP, under Keonjhar Sadar PS, was taken up during the FY 2017-18, with an estimated cost of ₹ 1.45 lakh. The scope of work included installation of three streetlights (each containing a one eight-metre octagonal GI pole, fitted at the top with a three-armed power structure, with three LED lights of 45 watts). The work was awarded (November 2018) to a GPTA<sup>57</sup>. After

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<sup>56</sup> Keonjhar Sadar, Banspal, Champua and Bissamcuttack

<sup>57</sup> Gram Panchayat Technical Assistant

completion, the work was check-measured (December 2018) by the AEE and payment of ₹ 1.45 lakh was made to the executant, through his personal account.

JPI was conducted (June 2022) in the presence of the executant (GPTA) and it was noticed that, in two places, viz. at Dimbo Chhak (Bansi chhak) and at Dimirimunda school chhak of the Dimbo GP, only two light posts had been installed. The third unit was not found to be installed. The people of the locality present at the time of inspection and the PEO, Dimbo, confirmed that only two streetlights had been installed in the Dimbo GP. Thus, it was evident that the third light post had not been installed, even though full payment had been made to the executant. This had resulted in doubtful payment of the cost of the project, i.e., ₹ 0.48 lakh.

Similarly, 12 octagonal poles, each having 60-watt LED streetlight, had been installed (June 2019) in the Chahata GP, of Dharmasala PS, of the Jajpur district, by utilising an amount of ₹ 7.00 lakh. JPI of the project revealed (September 2022) that only 11 poles, with LED lights, had been installed and one pole, with streetlight fittings, was missing. As such, expenditure of ₹ 0.58 lakh was doubtful.

The BDO, Keonjhar Sadar PS, noted the facts, without any comment. However, the BDO, Dharmasala PS, stated (October 2022) that action would be taken, after investigation of the facts.

#### ***4.5.4 Doubtful expenditure on payment of wages of labourers engaged in the execution of construction work, through muster rolls***

For execution of works departmentally and for payment of wages through MRs, Appendix XIV of the OPWD Code Vol. II, required issue of machine numbered MRs, for specific works, for specific periods, under the signature of the concerned Divisional Officers, indicating the father's names and addresses of the labourers, in the MR and attestation of left thumb impression (LTI) for payment of wages. Wages were to be paid through the bank accounts of labourers, as was being done under the MGNREGS.

Audit noticed, in nine<sup>58</sup> of the test-checked PSs, that, in 175 test-checked cases, pertaining to the FY 2017-19, 662 MRs had been issued for disbursement of wages of ₹ 1.08 crore. The following defects were noticed in the maintenance of MRs:

- In all these test-checked cases, the MRs had neither been machine numbered, nor had they been initialed by the issuing authorities. Moreover, no prescribed format had been used for recording the attendance of the labourers.
- In all these test-checked cases, though 662 MRs had been used for wage payments of ₹ 1.08 crore, the periods of engagement of the concerned labourers had not been mentioned.
- In all these test-checked cases, though 662 MRs had been used for payment of ₹ 1.08 crore, identification numbers, like voter ID Cards/ Job Cards/ Aadhar Cards *etc.*, of the labourers, had not been mentioned.

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<sup>58</sup> Danagadi, Basta, Simulia, Keonjhar Sadar, Banspal, Champua, Kashipur, Bissamcuttack and Rangeilunda

Further, no certificates had been recorded to the effect that the labourers and wages, as mentioned in the MRs, had been paid on proper identification by the officers-in-charge for disbursement of wages. Attestation of LTI payment of wages had also not been done in any case.

- In five PSs, for six works (Keonjhar Sadar: 1; Banspal: 1; Champua: 2; Kashipur: 1 and Rangeilunda: 1), 13 MRs had been used, for payment of wages of an amount of ₹ 2.73 lakh to 123 labourers. Out of these, acknowledgments of the concerned payees had not been obtained for an amount of ₹ 1.63 lakh, as token of payment of wages, and, in no case, had payments been made through bank accounts.
- In six works, of three PS (Keonjhar Sadar, Banspal and Champua), though acknowledgments of the concerned labourers had been obtained in regard to payment of ₹ 3.06 lakh, in 22 MRs, relevant payment details had not been mentioned in the related MRs.
- In one case, LTIs of four labourers had been obtained in one MR without indicating the names of the labourers, the days of engagement, the details of payment made *etc.* This indicated that the acknowledgments of the labourers had been obtained in advance by the executants and the details of the MRs had been filled in subsequently.

The above irregularities indicated a lack of transparency and fairness in the maintenance of MRs.

Confirming these facts, the concerned BDOs assured (November 2022) that the MRs would be prepared in a proper manner, in future.

#### **4.5.5 Short payment of wages**

The Government of Odisha in Labour and ESI Department adopted (July 2015) a system of revision of wages based on the Consumer Price Index. Accordingly, the Labour Commissioner, Odisha had revised the minimum rate of wages, for different categories of labourers, from time to time<sup>59</sup>.

Test-check of records, in eight<sup>60</sup> of the test checked PSs, revealed that, in 155 works, short payment of wages of ₹ 6.66 lakh, had been made for 31,308 man days, which was less than the minimum rate of wages prescribed, as detailed in **Appendix-4.3**.

Confirming these facts, the concerned BDOs assured (November 2022) that due care would be taken, in future, in the payment of wages.

#### **4.5.6 Procurement of construction material without following transparent procedure**

As per Finance Department's OM No. 4939/F dated 13<sup>th</sup> February 2012, when the estimated value of goods to be procured is less than ₹ 5 lakh, copies of the bidding documents are required to be sent directly, to more than three registered firms. Further, as per PR&DW Department instructions (September 2017 and July 2018), the departmental officer in charge of execution of work, is required

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<sup>59</sup> Notifications of Labour Commissioner of Odisha, on 30 April 2018, 7 November 2019, 21 October 2020 and 2 November 2021.

<sup>60</sup> Basta, Simulia, Jaleswar, Keonjhar Sadar, Banspal, Champua, Kashipur and Bissamcuttack

to furnish voucher/ bill in support of procurement of material, from authorised supplier(s) having valid GST registration numbers. The material and labour costs of the project are required to be transmitted to the bank accounts of the suppliers having TIN registration/ GST clearance certificates and the labourers concerned, respectively. In no case, are the work bill amounts to be credited to the personal accounts of the Government servants, in charge of the work.

Test-check of 230 works, in 12<sup>61</sup> of the test-checked PSs, with an estimated cost of ₹ 6.24 crore, revealed the following irregularities:

- **Procurement of construction material from non-existent GSTIN registered firms/ non-existent firms:** In 91 works (44 per cent), stone products, costing ₹ 62.04 lakh, had been procured from non-existent suppliers.
- In 230 works, with an estimated cost of ₹ 6.24 crore, 23,091 quintals of cement, had been procured for an amount of ₹ 1.58 crore. Out of this, 10,369 quintals of cement, costing ₹ 67.67 lakh, had been procured from vendors who were not registered under GST, as verified from the GST web portal, indicating that the bills submitted were not genuine.
- **Payment of cost of material on hand receipts:** In 81 works, construction materials, costing ₹ 56.84 lakh, had been procured on hand receipts, from local suppliers.
- **Transportation of construction material on motor bikes, cars etc.:** In 190 works, a sum of ₹ 82.16 lakh had been shown as having been paid on hand receipts. Out of these, in 42 works, heavy weight material such as sand, chips, metals etc., had been shown as having been transported through motor bikes/cars/ buses/fitness expired vehicles, on payment of ₹ 8.64 lakh. The concerned BDOs had failed to ensure the genuineness of these payments, in the absence of printed money receipts, from registered dealers.

The above instances indicated a lack of transparency in the procurement of material and pointed to payments having been made without exercise of due diligence.

Confirming these facts, the concerned BDOs stated (November 2022) that, since the works had been executed departmentally, final payments had been made to the departmental officers in charge of these works. However, the reply was not tenable since this was a violation of the instructions of the Department. Hence, in all these cases of doubtful procurement, detailed investigation may be conducted and responsibility may be fixed against the officials responsible for the above irregularities.

#### **4.5.7 Avoidable expenditure due to extra width of CC (Cement Concrete) roads**

As per Paragraph 6.2.3 of the Guidelines for GGY, the width of the CC roads is to be 3 to 3.5 metres, with expansion joints on each five-metre interval. Further, Paragraphs 6.2.8 to 6.2.9 of the Guidelines, also make it mandatory for the

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<sup>61</sup> Basta, Danagadi, Simulia, Jaleswar, Koira, Hemgir, Keonjhar Sadar, Banspal, Champua, Kashipur, Bissamcuttack and Muniguda

concerned JE/AE/GPTA, to visit the site personally, prepare the drawing of the CC road, as per the approved plan and remain present at the work site, during casting of concrete.

Test-check of 40 works, with an estimated cost of ₹ 76.11 lakh, in two of the test-checked PSs (Bissamcuttack and Muniguda), revealed that these works had been executed at a cost of ₹ 76.08 lakh. However, the width of the roads had been taken as 3.6 metres to 9 metres. This extra width had led to excess expenditure of ₹ 15.79 lakh, as detailed in **Appendix-4.4**, which could have been avoided.

Confirming these facts, the concerned BDOs stated (November 2022) that, due to local demand, CC roads with greater widths, had been executed. The reply was not tenable, since it violated the guidelines and with the extra expenditure so incurred, roads, with more length, could have been covered.

#### **4.5.8 Avoidable extra expenditure due to extra thickness of beds and side walls of line canals**

Indian Standard 12379 (Code of practice for Lining of water courses and field channels) prescribes that the standard lining of field channels/ canals with cement concrete (50 mm thick), should be laid in the bed, over a 100 micron low density poly ethylene (LDPE) film. The vertical side walls are required to be constructed with 75 mm thick cement concrete (1:3:6)<sup>62</sup>, or with stone/ brick (150 mm thick), in cases when LDPE film is not being used.

Test-check of 21 line canal works, executed with an expenditure of ₹ 53.58 lakh, in three of the test-checked PSs, revealed that the beds and vertical side walls had been provided with cement concrete (1:3:6) for the entire portion. However, the beds had been constructed with thickness ranging between 700 mm to 2,100 mm, instead of 50 mm and walls had been constructed with thickness ranging between 100 mm to 1,650 mm, instead of 75 mm.

Thus, due to provision of extra thickness in the beds and walls, 739 cum of CC (1:3:6) had been consumed, in excess, resulting in avoidable expenditure of ₹ 27.89 lakh, as detailed in **Appendix- 4.5**.

Confirming these facts, the concerned BDOs stated (November 2022) that the extra thickness of beds and walls of the canals had been provided as per local demands and assured that care would be taken, in future, in the construction of canals. The replies were not acceptable, since the provision of extra thickness violated the prescribed standard.

#### **4.5.9 Wasteful expenditure in the execution of works**

As per GGY Guidelines, the Palli Sabhas are to recommend need-based projects for inclusion in the AAP of the GP. Further, guidelines for construction of check dams<sup>63</sup> issued (August 2010) by the Department of Water Resources, GoO, states that check dams are required to be constructed in areas where farmers are using traditional irrigation, by constructing temporary cross bunds on streams,

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<sup>62</sup> Mixture of cement, chips and sand in proportion of 1:3:6 respectively.

<sup>63</sup> Check Dams' are small dams constructed across small rivers/ streams and primarily used for the purpose of irrigation through lift, re-charging of ground water and providing drinking water facility to nearby villages.

and local people are to be consulted, prior to taking up action for their implementation.

Audit noticed that, in the Laxmipur PS, of Koraput district, for providing irrigation facilities to the local farmers, two<sup>64</sup> check dams with field channels<sup>65</sup> and two<sup>66</sup> field channels, had been constructed (between January and December 2018), by utilising an amount of ₹ 18.00 lakh.

JPI of the above assets (December 2022) revealed that these check dams did not have any space for storage of water, as also that no cultivable land was available around them. Further, the field channels had been constructed on barren land, without any scope for cultivation. Thus, due to improper selection of sites, these projects had failed to provide irrigation, by storing water, leading to wasteful expenditure of ₹ 18 lakh.

Similarly, a Box Cell Bridge<sup>67</sup>, at Sunki GP in Pottangi PS, of Koraput district, with an estimated cost of ₹ 50.00 lakh had been completed (May 2019), by utilising an amount of ₹ 49.25 lakh. Audit conducted (December 2022) JPI of the asset, which showed that the bridge was in a damaged condition, disrupting the communication facilities to the localities around it. Reasons for the damage and the exact period of damage were not found indicated in the records available with the BDO. However, Audit noticed that, before execution of this work, no hydraulic study had been conducted, to assess the high flood level and discharge of water in the catchment area. Besides, the safe bearing capacity of soil had also not been investigated, as a part of the feasibility study. Further, it was found that these projects were not recommended by the Palli Sabhas, which meant that the actual requirements of the local people and the projects' feasibility were not taken into account. Consequently, this led to wasteful expenditure of ₹49.25 lakh.

Confirming these facts, BDO, Laxmipur, stated (January 2023) that, due to lack of maintenance by the villagers the check dams and field channels had become defunct. BDO, Pottangi, stated (December 2022) that the bridge had collapsed

**Photograph No.-4.3**



**Check dam at Khajuriput of the Goudaguda GP of Laxmipur PS, without any space for storage of water**

**Photograph No.- 4.4**



**Collapsed Box Cell Bridge at Sunki GP of Pottangi PS**

<sup>64</sup> Construction of Check Dams with field channels, at Khajuriput and Goudaalchi of the Goudapada GP; Estimated cost of ₹ 5.00 lakh for each project

<sup>65</sup> 'Field Channels' are small channels excavated by cultivators in their fields.

<sup>66</sup> Construction of Field channel at Kutnipadar, of the Kusumguda GP (Estimated cost of ₹ 5.00 lakh); and Construction of field channel at the Aquaduct Nala, at Sutiguda, of Pipalpadar GP (Estimated cost ₹ 3.00 lakh).

<sup>67</sup> A 'box cell bridge' is a kind of concrete structure commonly used to channel water, primarily as part of a drainage system.

due to cyclonic storm ‘Gulab-21<sup>68</sup>’ and restoration proposals had been submitted to higher authorities. The replies were not acceptable, since the villagers were not responsible for the upkeep and maintenance of the check dams and field channels. Further, in the construction of box cell bridge, no feasibility study had been conducted before execution.

#### **4.5.10 Delays in completion of works**

As per Paragraph No. 6.2.11 of the GGY guidelines, projects are normally required to be completed within six months from the date of issue of the work orders.

Audit noticed, in 20 out of 21 test-checked PSs, that 219 works out of 362 test-checked cases, could not be completed within the permissible period, despite utilisation of an amount of ₹ 7.90 crore. Delays in the completion of these works had ranged from 30 to 1,438 days.

Despite adequate funds being available, these projects had not been completed, due to lack of monitoring by supervisory level functionaries<sup>69</sup>, as discussed in subsequent paragraph. Due to this, these projects had not been put to use, in a timely manner, despite expenditure of ₹ 7.90 crore.

Confirming the facts, the concerned BDOs assured (November 2022) that due care would be taken, in future, for timely completion of works.

#### **Recommendations:**

- 12. Detailed investigation may be conducted into instances of fraudulent vouchers, excessive material costs, and under-execution of work despite full payment. Appropriate action may be taken against officials found responsible for these irregularities.**
- 13. The feasibility of the projects being undertaken, may be ensured, by using inputs from prior field studies, to avoid unfruitful expenditure.**

## **4.6 Monitoring and supervision**

### **4.6.1 Non-Conduct of Social Audit**

As per Paragraph 11 of the GGY Guidelines, social audit of works, executed under GGY, as followed under MGNREGS, was required to be commenced from the Palli Sabhas. The consolidated report of the Palli Sabha was required to be placed in the social audit forum, at the GP level and submitted to the State Government each year.

Audit, however, noticed that, no social audits had been conducted during the FYs 2017-22, at the GP level, in any of the test-checked PSs, due to which transparency, accountability and efficiency, in the execution of projects under GGY, had not been ensured, as envisaged. Further, reasons of non-conduct of social audits, were also not found available on records. Non-conduct of social audits was indicative of poor monitoring and supervision, at the supervisory levels. No reply had been received from the Department (September 2024).

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<sup>68</sup> ‘Cyclone’ is a storm or system of winds that rotates about a centre of low atmospheric pressure, Cyclonic storm ‘Gulab-21’ hit Odisha on 26 September 2021.

<sup>69</sup> The BDOs of PSs, the CDO-cum-EOs of ZPs and the Collectors of the concerned districts

**4.6.2 Inadequate supervision and physical verification of projects**

Paragraph 9.2 of the GGY guidelines stipulates that the District Collector is required to prepare schedules of inspection, which prescribe the minimum number of field visits for each supervisory level of functionary and also ensure that these inspection schedules are scrupulously followed. Further, as per Paragraphs 6.2.13 and 6.3.5 of the guidelines, the BDO, the CDO-cum-EO and the Collector, are required to conduct supervision and physical verification of 25 per cent, five per cent and one per cent of the projects, respectively.

Audit found that, during the FYs 2017-19, 3,357 projects, had been sanctioned by the DPCs, for the test-checked PSs. However, the concerned District Collectors had not prescribed the quantum of field visits, for each supervisory level of functionary, in any of the test-checked Districts and PSs. Though, the BDOs, the CDO-cum-EOs, ZP and the Collectors, were required to inspect 839, 168 and 34 projects, respectively, in the test-checked PSs, no documentary evidence was found available on records, in support of such visits. Registers had not been maintained, to record the sites inspected and the quantum of visits undertaken. Moreover, no inspection reports had been prepared, in support of any inspections conducted. In the absence of such information, the number of sites physically inspected could not be ascertained and quantified.

Thus, due to improper monitoring and supervision of works by the supervisory authorities, 219 out of 362 test-checked works could not be completed in a timely manner, despite utilisation of an amount of ₹ 7.90 crore.

Confirming these facts, the concerned BDOs assured (December 2022) that Tour Registers, for recording the number of inspections undertaken, would be maintained, in future.

**Recommendation:**

**14. Adequate monitoring and supervision may be ensured, to avoid instances of payments being made without actual execution of works, payments being made on false documents, etc.**

Bhubaneswar

**(RAJ KUMAR)**

The

**Principal Accountant General (Audit-I)**

**Odisha**

Countersigned

New Delhi

**(GIRISH CHANDRA MURMU)**

The

**Comptroller and Auditor General of India**