Chapter 1: Overview

1.1 Introduction

This Report covers matters arising out of the audit of some State Government Departments and their Autonomous Bodies. The primary purpose of this Report is to bring to the notice of the Legislature the important results of Audit. The findings of Audit are expected to enable the Executive to take corrective action as also to frame policies and directives that will lead to improved financial management of the organisations, contributing to better governance.

The Report comprises the following two chapters:

- **Chapter 1** contains the profile of the Auditee Departments with a brief profile of the receipt/ expenditure for the last five years, the authority for audit, planning and conduct of audit, response of the Government to various Audit products, namely, Inspection Reports, Detailed Compliance Audit Paragraphs, follow up action on Audit Reports, *etc*.
- **Chapter 2** of this Report contains observations relating to Detailed Compliance Audits on ‘Revision of Market Value Guidelines for urban plots and buildings’, ‘Implementation of Mukhya Mantri Sadak Yojana, and ‘Implementation of the Post Matric Scholarship scheme for ST and SC students in Khurda District’ besides audit observations on five Departments.

1.1.1 Profile of the Auditee Departments and Audit Universe

As per the Budget documents of the State, the Government of Odisha releases 44 grants, related to various departments. The Audit universe, under the office of the Principal Accountant General (PAG) (Audit-I), Odisha, comprises 12,555 units, related to 28 Grants of 25 Departments. The audit purview of the Office also includes 114 bodies/ authorities which are either substantially financed from the Consolidated Fund of the State or audit of which has been entrusted by the Government under various sections of the Comptroller and Auditor General’s (CAG’s) DPC (Duties, Powers and Conditions of Service) Act, 1971. List of Departments and Autonomous Bodies/ Authorities/ Corporations under the audit jurisdiction of the Office of the PAG (Audit-I), Odisha, is shown in ***Appendix 1.1***.

Trend of expenditure in major Departments under the audit jurisdiction of the Office of the PAG (Audit-I), Odisha during financial years (FYs) 2017-18 to 2021-22, is shown in **Table 1.1**.

Table 1.1: Trend of expenditure in major Departments

(₹ in crore)

Sl. No.	Name of the Department	2017-18	2018-19	2019-20	2020-21	2021-22
1	School and Mass Education	12,058.59	14,161.88	15,292.46	15,123.72	16,460.99
2	Finance	10,520.15	12,351.26	16,438.34	16,260.98	18,994.58
3	Panchayati Raj and Drinking Water	9,302.11	15,426.37	16,856.22	15,595.04	16,238.48

Sl. No.	Name of the Department	2017-18	2018-19	2019-20	2020-21	2021-22
4	Water Resources	8,834.70	7,495.25	6,127.89	5,384.69	7,094.89
5	Rural Development	7,392.33	7,289.79	3,325.78	3,880.11	3,822.55
6	Health and Family Welfare	4,928.42	5,800.46	6,378.67	7,923.25	10,420.45
7	ST and SC Development, Minorities and Backward Classes Welfare	2,851.83	3,220.68	2,764.93	2,779.80	3,078.64
8	Women and Child Development & Mission Shakti	2,266.84	3,163.51	3,229.68	3,398.29	3,526.20
9	Revenue and Disaster Management	1,992.70	931.75	1,013.64	973.95	990.25
10	Higher Education	1,792.21	2,009.55	2,069.42	2,181.59	2,209.15
11	Planning and Convergence	992.12	987.37	707.84	991.76	1,127.37
12	Co-operation	887.00	1,435.06	1,572.39	1,690.49	1,850.98
13	Skill Development and Technical Education	618.45	592.08	704.47	681.50	597.22

(Source: Appropriation Accounts of Government of Odisha for FYs 2017-18 to 2021-22)

1.2 Mandate for Audit

Authority for audit by the CAG is derived from Articles 149 and 151 of the Constitution of India and the CAG's DPC Act, 1971. CAG conducts audit of expenditure of State Government Departments under Section 13 of the CAG's DPC Act. CAG also conducts audit of other Bodies, which are substantially financed by the Government under Section 14 of the DPC Act. Section 16 of the CAG's DPC Act, authorises the CAG to audit all receipts (both revenue and capital) of the Government of India and of Government of each State and of each Union Territory having a legislative Assembly. Besides, CAG conducts audit of bodies/ PSUs, audit of which is entrusted under Section 19(2), 19(3) and 20(1) of the DPC Act. Principles and methodologies for various audits are prescribed in the Regulations on Audit and Accounts, 2020 and Auditing Standards, issued by the Indian Audit and Accounts Department.

1.2.1 Planning and conduct of Audit

Compliance Audits are conducted, as per the Annual Audit Plan. Units for Compliance Audit are selected on the basis of risk assessment of the Apex units, Audit units and Implementing agencies, involving matters of financial significance, social relevance, internal control systems, past instances of defalcation, misappropriation, embezzlement, *etc*., as well as findings of previous Audit Reports.

Inspection Reports are issued to the heads of units after completion of audit. Based on the replies received, audit observations are either settled or further action for compliance is advised. Important audit findings are processed further as Draft Paragraphs for inclusion in the Audit Report. Detailed Compliance Audit Paragraphs are prepared on the issues of significance and selection of issues is done following the analogy explained above.

Formal replies furnished by Departments are carefully considered while finalising the materials for inclusion in the Audit Report. Audit Reports are laid before the State Legislature under Article 151 of the Constitution of India.

1.2.2 Lack of response of Government to Audit

Response of the Government to Inspection Reports

PAG (Audit-I), Odisha, conducts audit of Government Departments to check for compliance to rules and regulations in transactions and to verify the regularity in maintenance of important accounting and other records as per the prescribed rules and procedures. After these audits, Inspection Reports (IRs) are issued to the Heads of the Offices inspected, with copies to the next higher authorities. Important irregularities and other points detected during inspection, which are not settled on the spot, find place in IRs. Serious irregularities are brought to the notice of the Government by the Office of the PAG (Audit I).

On intimation of any serious irregularity by Audit, the Government would undertake *prima facie* verification of facts and send a preliminary report to Audit, confirming or denying the facts, within three weeks of receipt of intimation. Where the fact of major irregularity is not denied by the Government in the preliminary report, the Government shall further send a detailed report to Audit, within two months of the preliminary report, indicating the remedial action taken to prevent recurrence and action taken against those, responsible for the lapse.

Besides the above, the Finance Department of Government of Odisha has also issued instructions from time to time, for prompt response by the executive to IRs issued by the PAG (Audit-I) to ensure timely corrective action in compliance with the prescribed rules and procedures and also to ensure accountability for the deficiencies, lapses, *etc*., observed during audits.

A six monthly report showing the pendency of IRs, is sent to the Principal Secretary/ Secretary of the concerned department, to facilitate monitoring and settlement of outstanding audit observations in the pending IRs.

The status of IRs issued up to March 2022, relating to 24 departments, showed that 43,430 paragraphs of 11,535 IRs, remained outstanding, as of June 2022. Department-wise and year-wise break-up of the outstanding IRs and Paragraphs is detailed in ***Appendix 1.2***.

The unsettled IRs contained 1,014 paragraphs involving serious irregularities, such as theft, defalcation, misappropriation, *etc*., of Government money, loss of revenue and shortages, losses not recovered/ written off, amounting to ₹ 2,305.29 crore. The Department-wise and nature-wise analysis of outstanding paragraphs of serious nature is shown in ***Appendix 1.3***.

Audit Committees, comprising representatives of the respective Administrative Departments, Finance Department and Audit, held 113 meetings in regard to 14 Departments[1], out of the 24 Departments, under the Office of the PAG (Audit-I), for expeditious settlement of outstanding IRs/ Paragraphs. Audit Committee meetings were not held for the remaining 10 Departments[2]. In regard to the 14 Departments, where Audit Committee meetings were held during April 2021 to March 2022, 2,131 Paragraphs and 342 IRs were settled.

It is recommended that Government should ensure that a procedure is put in place for (i) action against officials, failing to send replies to IRs/ Paragraphs as per the prescribed time schedule (ii) recovery of losses/ outstanding advances/ overpayments, *etc*., in a time-bound manner and (iii) holding at least one meeting of each Audit Committee, every quarter.

1.2.3 Response of the Departments to Detailed Compliance Audit Paragraphs

Regulations on Audit and Accounts, 2020, stipulate that responses to Draft Audit Paragraphs proposed for inclusion in the Report of the CAG should be submitted within the specified period.

Finance Department, Government of Odisha, in its order dated August 2021, directed all the Departments to submit their responses to proposed Draft Audit Paragraphs, within four weeks.

Draft Paragraphs and Detailed Compliance Audit Paragraphs are forwarded to the Principal Secretaries/ Secretaries of the concerned Departments, as well as to the Finance Department, drawing attention to the audit findings and requesting them to send response within the prescribed time frame. It is also brought to their personal attention that, in view of the likely inclusion of such paragraphs in the Audit Reports of the CAG, which are to be placed before the Legislature, it would be desirable to include their comments on these audit findings.

Between April 2022 and May 2023, three Detailed Compliance Audit Reports and 16 Draft Paragraphs, proposed for inclusion in this Report, were forwarded to the Principal Secretaries/ Secretaries of the concerned Departments and to the Finance Department, through Official/ Demi-official letters, addressed to them by name. The concerned Departments did not sent replies to one Detailed Compliance Audit Paragraph and 11 Draft Paragraphs, featuring in the present Audit Report.

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1 Departments of Excise; Panchayati Raj and Drinking Water; Rural Development; Water Resources; School & Mass Education; Fisheries and Animal Resources Development; Co-operation; Food Supplies & Consumer Welfare; Revenue and Disaster Management; Women and Child Development; Finance; Higher Education; Agriculture and Farmers Empowerment and Labour & Employees' State Insurance

2 Health and Family Welfare; Electronics & Information Technology; ST&SC Development; Social Security and Empowerment of Persons with Disabilities; Planning & Convergence; Skill Development and Technical Education; Sports & Youth Services; General Administration and Public Grievance; Information & Public Relations and Parliamentary Affairs

Responses of the Departments, as well as the replies to initial audit memos, wherever received, have been suitably incorporated in the Report.

1.2.4 Follow up on Audit Reports

After tabling of the Reports of the CAG in the State Legislature, Departments of the State Government are required to submit *suo motu* replies to the audit observations within three months. Review of outstanding replies on Paragraphs included in the CAG's Audit Reports on the General and Social Sector and Local Bodies on the Government of Odisha, up to FY 2019-20 showed that replies relating to 17 Paragraphs, involving five Departments, remained outstanding, as of September 2022 ***(Appendix 1.4)***. Out of 620 Paragraphs pertaining to FYs 2007-08 to 2018-19, 190 Paragraphs were selected for discussion by the Public Accounts Committee (PAC)/ Committee on Public Undertakings (COPU).

As stipulated in the Rules of Procedure of the PAC and COPU, Administrative Departments were required to take suitable action on recommendations made by these Committees in the Reports presented by them to the State Legislature. Comments on the action taken or proposed to be taken on those recommendations were to be submitted within a period of four months.

Action Taken Notes on 15 Paragraphs, contained in Reports of the PAC, presented to the Legislature between FY 2018-19 and FY 2020-21, had not been submitted by two Departments to the Legislative Assembly, as of September 2022. These Reports of the PAC had recommended action related to recovery, disciplinary action, *etc*. A few significant cases are elaborated in ***Appendix 1.5***.

1.2.5 Recovery at the instance of Audit

During FY 2021-22, Audit pointed out recovery of ₹ 376.30 crore, out of which, ₹ 284.86 crore was accepted by the audited entities. Out of the accepted amount, ₹ 81.22 crore was recovered, as of March 2023.

1.3 Significant Audit Observations in this Report

The present Report contains three Detailed Compliance Audit Paragraphs and 16 Paragraphs. The significant observations therein, are presented in brief, in the following paragraphs:

1.3.1 Revision of Market Value Guidelines for urban plots and buildings

Revenue and Disaster Management (RDM) Department, Government of Odisha introduced Market Value Guidelines (MVG) through the Odisha Stamp (Amendment) Rules, 2001, for immovable properties (land and buildings) in the State, to initially fix and periodically revise the minimum values of properties, for the purpose of registration at the time of sale. Audit reviewed the status of compliance with the Rules, related to the process of revision of MVG for urban plots and buildings in Odisha, located in the jurisdiction of 14 Sub-Registrar/ District Sub-Registrar Offices, covering the period from FYs 2018-19 to 2021-22, and noticed the following:

- The Rules provided that preferably an Expert Valuer may be nominated as a member of Valuation Committee. However, unlike the provisions in the Rules of other States, eligibility criteria, in terms of technical qualification, for the Expert member had not been prescribed. As a result, the Valuation Committees were constituted, without an Expert member with formal credentials and recognition.
- The Valuation Committees had not ensured collection and compilation of relevant data like, average value of sales of properties, auction value of Government land, list of 'commercial' category plots, *etc.*, though prescribed in the Rules. Instead, the Valuation Committees relied on the proposed MVG received from Revenue Inspectors, which were based on the documented land records only, but not on the actual manner of use. Resultantly, plots having functional restaurants and branded stores were found to have been categorised as 'agricultural', 'irrigated', 'orchard' plots, having less value for the purpose of revising MVG.
- The Rules and executive instructions for valuation of buildings did not have provisions to take into account amenities, such as modern interiors, modular kitchens, wall fittings and fixtures, *etc.*, which would have a significant impact on the market value of the individual apartments/ dwelling units in the buildings.
- None of the District Collectors in the State had ordered Special Revision of MVG, by invoking the enabling provisions of the Rules, even in cases, such as establishment of a new greenfield airport at Puri, which had resulted in sudden and significant land appreciation around the proposed site.
- None of the Valuation Committees had summoned any Officer of the State or Union Government or called for any official records or recorded the statement of any Officer, whose inputs may have been relevant for the purpose of revision of MVG, by invoking the enabling provisions of the Rules.
- The Inspection General of Registration, Odisha had not invoked the enabling provisions of the Rules to issue administrative instructions, for effective implementation of the Rules.

The provisions in the Rules were intended to serve as crucial internal controls, to prevent leakage of Government revenue, but had not been invoked for the purpose.

(Paragraph 2.1)

1.3.2 Implementation of Mukhya Mantri Sadak Yojana

Rural Development Department in Government of Odisha launched the "Mukhya Mantri Sadak Yojana" (MMSY) in the State, in FY 2015-16, with the objective of providing all-weather road connectivity to those habitations in rural areas, which had not been covered under Pradhan Mantri Gram Sadak Yojana, or other similar schemes. A detailed Compliance Audit of Implementation of Mukhya Mantri Sadak Yojana was conducted, covering a five-year period from FYs 2017-18 to 2021-22 and the significant audit findings are as follows:

- For the financial years from 2017-18 to 2021-22, against budgetary provision of ₹ 1,888.74 crore for MMSY, the utilisation was ₹ 1,573.03 crore (83 *per cent*), indicating sub-optimal utilisation of funds. During the same period, while 808 road projects were approved, 359 road projects could only be completed.

- The District Level Committees of all the districts of the State had identified 3,295 unconnected rural habitations, for providing road connectivity, against which only 1,238 habitations were covered up to FYs 2018-19. The Rural Development Department had neither prepared any action plan, nor taken up any new road project, during four financial years (2017-18, 2019-20, 2020-21 and 2021-22). As such, the remaining 2,057 habitations (62.43 *per cent*) had not been covered with all-weather connectivity under the Scheme.

- Selection of road projects was not fully transparent, as was evident from the fact that, in five sampled divisions, out of 103 road projects taken up during FYs 2017-18 to 2021-22, 16 road projects (16 *per cent*) had neither been identified, nor recommended, by the concerned DLCs. Similarly, in three sampled Divisions, seven road projects had been taken up for seven habitations, even though these habitations already had connectivity to existing road networks.

- Deficiencies in survey and investigation, resulting in preparation of faulty DPRs, were noticed. Availability of Government land or requirement of private land, had not been spelled out at the DPR stage, in case of 14 road projects. Of these, five road projects could not be completed, due to requirement of private land and nine road projects were dropped midway, after incurring expenditure of ₹6.40 crore, due to land disputes and non-availability of forest clearances. Besides, the estimation of required length was not proper. In 43 road projects, 237.20 km of road was constructed for giving connectivity to 53 habitations, against requirement of 157.02 km. Thus, construction of 80.18 km, towards which a sum of ₹ 28.89 crore had been expended, was avoidable.

- Estimates were found to not have been prepared to secure optimum level of economy, in execution of works. In case of 34 road works, in four sampled Divisions, the estimates of works provided for sourcing of steel from places that were farther away from the work sites, instead of nearby locations, resulting in extra expenditure of ₹ 0.24 crore.

- The specifications of the roads were found not to be in conformity with the specifications provided in the IRC Code, in case of 25 road projects. In these cases, the thickness of the cement concrete ranged from 180 to 190 mm, against the requirement of 150 mm, which had resulted in extra expenditure of ₹ 1.82 crore.

- Excavated earth of 2.16 lakh cum. was not utilised in the same works; instead, earth was transported from distant places, resulting in additional expenditure of ₹1.92 crore. Similarly, 0.97 lakh cum. of stone, costing ₹1.83 crore, excavated from the work sites, were not utilised in the same work and the requirement of stones was met by procuring from outside.

- In case of four road works, despite recession of the agreements with the contractors, due to submission of fraudulent term deposit receipts or slow progress of works by them, penalty amounting to ₹1.75 crore, had not been recovered from the defaulting contractors.
- In regard to maintenance of completed roads, Audit found that 110 out of 253 completed roads, had not been maintained on an annual basis, although this was mandatory, in terms of the contracts. Joint Physical Inspection of the roads revealed these roads in damaged conditions.
- Against the mandatory 294 inspections by Third Party Quality Monitors, only 184 inspections (63 *per cent*) had been done and no inspection had been done against seven works. The Superintending Engineers or Chief Construction Engineers, had been designated as State Quality Monitors, who had conducted only four inspections against the 405 inspections due.

(Paragraph 2.13)

1.3.3 Implementation of the Post Matric Scholarship scheme for ST and SC students in Khurda District

The Post Matric Scholarship (PMS) scheme for Scheduled Tribes (ST)/ Scheduled Castes (SC) students intends to provide financial assistance to pursue +2 (11^{th} and 12^{th} standard equivalent) courses, vocational courses in Industrial Training Institutes, +3 (B.Sc, B.Com, B.A, *etc*.) courses and professional and technical (MBA, BE, *etc*.) courses. The objective of Audit was to examine whether scholarships being disbursed annually, to the students who were pursuing Diploma and Engineering courses in the Khurda district, were in compliance with eligibility norms and disbursed to the genuine beneficiaries, during the period from FY 2017-18 to FY 2020-21. The significant audit observations are:

- The authenticity of the Caste Certificates and Income Certificates furnished by the applicants, had neither been verified by the educational institutions, nor by the District Welfare Officer (DWO). In the absence of such oversights, PMS amounting to ₹ 97.32 lakh had been disbursed to 256 applications of 119 students, pertaining to 11 institutions, on the basis of fabricated Caste Certificates. Similarly, PMS amounting to ₹ 40.51 lakh was disbursed against 85 applications of 48 students, on the basis of fabricated Income Certificates.
- Apart from lapses in verifying authenticity of documents attached to the applications, availability of required documents with the applications, had also not been ensured, either by the educational institutions, or by the DWO. In case of 1,823 scholarship applications, pertaining to 25 institutions, either Caste Certificate or Income Certificate or Educational Certificate had not been attached or the concerned applicants had not signed the application forms or absence of bank account particulars. Despite these deficiencies, PMS

amounting to ₹ 7.40 crore, had been disbursed against these applications.

- Significant non-compliance with the guidelines for the first and second levels of verification of applications, could be indicative of wilful intent to make payments to ineligible beneficiaries, by the Institutions concerned and the officials at the Office of the DWO, Khurda. In view of the lack of assurance on the identity of bank account holders, to whom the scholarship amounts had been transferred on the DBT mode and the lack of eligibility of beneficiaries, there was a material risk that the applications had been aggregated by Institutions and irregularly accepted by the DWO, with the intention of misappropriating scheme funds.
- Audit also came across instances of availing PMS by suspected fraudulent means by the institutions and with suspected connivance of the DWO, in the names of the bogus students.
    - In M/s Techno School, Bhubaneswar, names of the eight students, who had been paid ₹ 4.44 lakh as PMS, during FY 2020-21, did not appear in the Admission Register.
    - In Subash Academy of Management and Technology, 940 students enrolled during FYs 2017-18 to 2020-21, had been paid ₹ 3.38 crore towards PMS. The Institution ceased to function from FY 2022-23. The Admission Register, as well other related documents relevant to establish genuineness of enrollment of such students, were not shared with Audit. Audit, however, ascertained from the Utkal University, *i.e.* the affiliating University that the Institution had not been granted affiliation to any of the courses for any of the academic sessions. Audit concluded that there was a material risk that this Institution had deliberately ceased to function from 2022-23 onwards, in order to evade detection and fixing of responsibility for the suspected fraudulent payment of ₹ 3.38 crore to ineligible beneficiaries, reported to be its students.
- Instances of disbursements of PMS to ineligible students were noticed in audit, which are:
    - As many as 5,660 students, pertaining to 38 institutions, had been irregularly paid PMS of ₹ 18.03 crore, for the period from FYs 2016-17 to 2020-21, even though their names had not been included in the results of the semester examination, conducted during the said period.
    - Another 115 students, pertaining to 10 institutions, had been paid PMS of ₹ 1.06 crore, for the complete course duration of three years, even though they had appeared for only one semester examination, during the period from FYs 2016-17 to 2020-21.
    - In four test-checked Institutions, 3,328 students had been paid PMS of ₹ 26.58 crore, for the period from FYs 2017-18 to

2020-21, without having been registered to appear for the semester examinations.

- 262 recipients of PMS, who had been paid ₹ 3.15 crore towards scholarships, had been enrolled in Diploma courses from different Institutions, simultaneously, during FYs 2016-17 to 2020-21. Out of these 262 recipients, 230 recipients had failed to clear their examinations but had been paid PMS.
- 167 students, pertaining to 65 institutions had been irregularly paid PMS twice in the same academic year. Such irregular double payments amounted to ₹ 74.66 lakh.

- There was major control failure, due to non-maintenance of proper records by Institutions, coupled with inadequate/ absence of inspection by the Departmental officials.
  - Four sampled institutions had not maintained their Admission Registers in proper form. Primary details, such as dates of admission, caste, names of guardians, occupations of guardians, telephone/ mobile numbers, permanent addresses, *etc.*, were not available in the Admission Registers.
  - The Admission Registers had also not been verified at periodic intervals by the Welfare Extension Officer, the Assistant DWO or by the DWO.
  - The DWO was not able to furnish evidence of constitution of the District Level Committee, meant for inspection of the Institutions. None of the 13 sampled institutions had been inspected, during the period from FYs 2018-19 to 2020-21.

(Paragraph 2.14)

1.3.4 Other Compliance Audit observations

- The Scheduled Tribe and Scheduled Caste Development, Minorities and Backward Classes Welfare (SSD) Department, had sanctioned ₹ 17.61 crore, during FYs 2017-18 to 2021-22, in favour of the Integrated Tribal Development Agency (ITDA), Phulbani, for construction of 30 water supply projects. The irregularities committed by the ITDA in execution of the works, were as follows:
  - In violation of the provisions in the Odisha Public Works Department Code and conditions of the sanction orders, the PA, ITDA split 29 works into 336 parts. Of the 336 parts, 273 parts (aggregate cost: ₹ 11.03 crore) were split into parts, costing ₹ 5 lakh or less. The absence of any specific reason for splitting up works, indicated that the splitting of works, to values less than ₹ 5 lakh, had been resorted to, for the purpose of avoiding the tender process. For award of all these split-up works, no notice or advertisement, *etc.*, had been published and in all the cases, quotations had been received from the same three individuals.

- The ITDA, without conducting any survey and without preparing cost estimates, in regard to materials like GI pipes, fittings, cement, steel, *etc*., relied on the quotations received from the same three individuals for preparing cost estimates of the projects. As such, determination of the project cost was not with reference to the project-requirement based on the site survey and economical price, rather the quotations of the selected individuals.

- Regarding actual usage of materials, against usage claimed by the contractors, for which payments had been made, on joint physical inspection of 18 out of 31 works, it was found that materials worth ₹ 17.17 lakh, had actually not been utilised.
- Two works had purportedly been executed at a cost of ₹ 19.90 lakh and photographic evidences in support of the works done, were kept on record. However, the photographs for both the works were found to be the same, which raised doubt on veracity of claim of execution of works.

(Paragraph 2.15)

- The Executive Engineer, Drainage Division, Bhadrak, under the Department of Water Resources had acquired 71.81 acres of private land without following the legal procedures nor making payments towards compensation amounting to ₹ 4.82 crore. Such acquisition of private land amounted to disregard to the property rights of the concerned land owners as well as violation of provisions of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.

(Paragraph 2.2)

- In the acquisition of 799.91 acres of private land for two projects, the land valuing authorities in Government had neither fixed market value of land fairly, nor computed the additional market value and solatium correctly. Resultantly, there was excess payment of compensation of ₹ 76.51 crore.

(Paragraph 2.3)

- Government land, intended for industrial purposes, was leased out to Odisha Industrial and Infrastructure Development Corporation, at concessional rates, without identifying and verifying the end user details, for eventual transfer, for establishment of a stand-alone educational institution, which was not eligible for availing of such a concession. As a result, Government sustained revenue loss of ₹ 8.47 crore.

(Paragraph 2.4)

- Three Special Land Acquisition Offices, *viz.*, Special Land Acquisition Office (SLAO), NALCO, Angul; SLAO, NTPC, Angul and SLAO, MCL, Angul had been established exclusively for the purpose of acquiring land for three Central Public Sector Undertakings. During the last 12 years (*i.e.* FY 2009-10 to FY 2020-21), only five LA cases had been initiated by SLAO, NTPC, Angul and no case had been initiated by the other two SLAOs. Thus, there was no requirement for keeping these establishments operational. Despite this, continuance of SLAOs, without any substantial work, resulted in idle expenditure of ₹ 17.58 crore, during FYs 2009-10 to 2020-21. The idle expenditure would continue to be incurred till the SLAO establishments are rationalised, by engaging the staff therein, in gainful purposes.

(Paragraph 2.5)

- In three stone quarries *viz.*, Mundhabani Stone Quarry, Mundhabani Stone Quarry-II and Kumbharmundhakata Stone Quarry-II under Bangiriposi Tahasil of Mayurbhanj district, Government dues, amounting to ₹ 10.35 crore towards royalty and other dues, had not been realised from the leaseholders, even after expiry of the lease period. On this being pointed out in audit, a sum of ₹ 3.47 crore had been recovered from the leaseholder of Mundhabani Stone Quarry.

(Paragraph 2.6)

- During auction of two stone quarries *viz*., Kharabhuin Jungle - 1 and Kharabhuin Jungle - 3 by the Office of the Tahasildar, Harbhanga, Boudh district, a bidder had submitted bids in the capacity of Managing Partner of a partnership firm, as well as in his individual capacity. For both the quarries, the bid values in the capacity of Managing Partner were highest and that in the individual capacity, were second highest. The lease offers made to the Managing Partner, being the highest bidder, were not accepted by him and consequently, offers were made to the second highest bidder, who happened to be the same individual, which were accepted. As a result, the bidder could get the leases at a lesser value of ₹ 1.49 crore. The bidding conditions were deficient, since there was no prohibition against submission of multiple bids on the ground of conflict of interest, which was exploited by the bidder.

(Paragraph 2.7)

- For auction of two quarries, *viz*. Kharabhuin-I Stone Quarry and Dianghat Sand Quarry, the Tahasildar, Harbhanga, rejected lease applications of an applicant offering the highest prices, on the ground that the bank draft towards EMD, had been issued in the trade name of the applicant, whereas the lease application had been submitted in her own name. However, in the GST registration certificate, furnished by the applicant along with the lease application, the name of the applicant, as well as the trade name, had been mentioned. As such, the trade name and the name of the applicant were proved to be of the same entity and rejection of the highest bid was, therefore not justified. Such injudicious act of the Tahasildar, led to award of lease to bidders offering lesser price, resulting in loss of revenue of ₹ 3.15 crore to Government.

(Paragraph 2.8)

- Erroneous computation of dues to be paid by lessees of Tutursinga Sand Quarry and the Udbilika Stone Quarry, resulted in short realisation of public revenue of ₹ 1.28 crore, on which interest, amounting to ₹ 42.68 lakh, was recoverable from the lessees.

(Paragraph 2.9)

- Due to non-compliance of the provisions of the Odisha Minor Mineral Concession Rules, 2016, which provide, *inter alia*, for imposition of fine up to five lakh rupees on any person, found extracting or transporting any minor mineral or on whose behalf, such extraction or transportation is being made, there was short levy of penalty, amounting to ₹15.63 crore. In five Tahasil offices, Audit found that, in 322 test-checked cases of illegal extraction/ transporting/ stacking of sand, *etc.,* maximum fine of ₹ 5 lakh had not been imposed. The rate of fine imposed, ranged between ₹300 and ₹99,880 per case only.

(Paragraph 2.10)

- In test-checked six District Sub-Registrar and Sub-Registrar offices, it was found that in 25 registered lease agreements, the Goods and Service Tax and amount of securities deposits, had not been taken into account for computing Stamp Duty and Registration Fees. Thus, due to erroneous assessment of Stamp Duty and Registration fees by the Registering authorities, there was short realisation of government revenue, amounting to ₹ 74.43 lakh.

(Paragraph 2.11)

- A tender floated for procurement of 1,625 MT of polythene rolls through GeM, for maintaining State Level buffer stock of polythene rolls, was cancelled on unreasonable grounds and the polythene rolls were procured later through a separate tender at higher price, which resulted in extra expenditure of ₹ 3.90 crore.

(Paragraph 2.12)

- Integrated Tribal Development Agency, Rairangpur, had undertaken rubber plantations in an area of 401.47 acres, through community participation, between FY 2013-14 and FY 2017-18, incurring expenditure of ₹ 3.20 crore. As of July 2020, the percentages of survival of saplings were between 0 and 58 *per cent*. The reasons for poor survival of saplings were improper maintenance, which was due to non-payment of wages to beneficiaries in time, as well as non-extension of handholding support to the growers. As a result, the expenditure of ₹3.20 crore, incurred for the purpose, turned out to be infructuous.

(Paragraph 2.16)

- The Co-operation Department in Government of Odisha, launched 'Bank on Wheels' through the Odisha State Co-operative Bank (OSCB) Limited in FY 2013-14. OSCB incurred expenditure of ₹ 8.69

crore on procurement of 20 mobile Automated Teller Machine (ATM) vans and allied items, as well as annual maintenance cost for the period from April 2016 to March 2020. All the 20 ATM vans were found to be non-functional, as of March 2021. While two ATM vans had not functioned for a day, 17 ATM vans did function only for 18 to 60 days and the operational period of one ATM van, could not be ascertained in audit. The reasons for non-functioning of the mobile ATM vans, were absence of proper maintenance, non-engagement of operating staff and lack of internet connectivity. As a result, a sum of ₹ 8.69 crore, spent on launching 'Bank on Wheels', turned out to be a wasteful expenditure.

(Paragraph 2.17)

- Government of Odisha imposed Consent Fee, on transfer of leasehold plots, in the Bhubaneswar Municipal area, by way of sale or gift. Audit noticed that, ownership of a plot measuring 3,520 sq.ft., in the Kalpana Cinema area, Bhubaneswar, had been transferred thrice, *i.e*. in November 1976, February 1977 and May 2021, since the grant of lease in August 1960. However, in none of the instances, Consent Fee had been imposed. On this being pointed out in Audit (August 2021), the Department had raised a demand of ₹ 1.03 crore, which had not been realised, as of June 2023.

(Paragraph 2.18)

- The Odisha State Co-operative Milk Producers' Federation Limited (OMFED) had floated a tender for procurement of three-layer polythene film, with a thickness of 48-52 microns, for the period from 1 August 2015 to 31 July 2016. However, the tender was cancelled on the proposal of its Marketing Division to purchase black and white polythene film instead, on the ground that black and white polythene film preserves milk products for a longer time. The Purchase Committee of OMFED recommended for constitution of a technical committee, to decide upon the technical specifications. However, no technical committee was constituted and quotations were called from the two existing suppliers, *viz*. M/s Indu Packaging and M/s IDMC Ltd. Though the price offered by M/s Indu Packaging was cheaper, OMFED procured 571.88 MT (89 *per cent*), out of total procurement of 640.79 MT, during October 2015 to March 2016 from M/s IDMC. Thus, the decision of OMFED, to procure polythene rolls from a costly source, was not in its financial interest, which resulted in extra expenditure of ₹ 3.38 crore.

(Paragraph 2.19)