

**CHAPTER-2**

**PLANNING AND  
SANCTION OF  
PROJECTS**



## 2

# Planning and Sanction of Projects

*This chapter provides an introduction to the planning process and sanction of projects in OMBADC. Due to non-approval of a perspective plan, containing the shelf of proposals for the next ten years; lack of priority in taking up suitable year-wise interventions; and non-submission of Detailed Project Reports (DPRs), the intended projects for tribal welfare had not been implemented in a timely manner. It further describes: (1) short collection of compensation (2) delay in release of funds (3) non-preparation of annual budgets and (4) loss of revenue, due to untimely deposit of the interest earned on Auction Treasury Bills.*

### 2.1 Prelude

The BoD, in its 2<sup>nd</sup> meeting (March 2015), approved that the OMBADC should mainly design, co-ordinate, facilitate, monitor and supervise projects, as also assess the impact of the projects undertaken by it, and not become a direct implementing organization, at the field level. The line departments (15 departments) were to submit the shelf of proposals to the company and execute the approved projects through their respective district and field level officials. The OMBADC, also engaged (20 April 2018) a Project Management Unit (PMU), namely M/s PricewaterhouseCoopers (PWC), for three years (up to April 2021), for increasing the efficiency and effectiveness of the activities of the OMBADC. This arrangement was, subsequently, extended up to June 2023.

### 2.2 Planning of projects

Scrutiny of the records of OMBADC, revealed that, in the fourth meeting of the BoD, it had been approved (February 2016) that interventions would be undertaken in the Housing, Drinking Water and Sanitation, Farm Forestry and Social Forestry sectors, for implementation in the mining affected areas of eight districts<sup>23</sup>. The above activities were to be executed through the Panchayati Raj and Drinking Water (PR&DW) Department, Rural Development (RD) Department and Forest, Environment and Climate Change (FE&CC) Department. Further, the BoD had approved the release of funds, amounting to ₹150 crore, ₹50 crore and ₹20 crore, to the PR&DW, RD and FE&CC Departments, respectively, to start these activities and authorised the CEO to release the said funds, out of the funds received from *ad hoc* CAMPA, in phase-I.

In addition to the above, the BoD, in its 5<sup>th</sup> meeting, approved (June 2016) release of funds, amounting to ₹2.04 crore, to the ST & SC Development Department, for skill development training of SC/ST trainees. The trainees were to be selected from the identified villages of the mineral bearing areas of the State.

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<sup>23</sup> Angul, Dhenkanal, Jajpur, Jharsuguda, Keonjhar, Koraput, Mayurbhanj and Sundargarh

Further, in phase-II, out of the compensation fund, the BoD, in its 9<sup>th</sup> meeting, approved (January 2018) undertaking of works/projects related to: (i) livelihood intervention (ii) health (iii) water supply and sanitation (iv) education (v) special programmes for development of women and children (vi) entrepreneurial development of local people (vii) communication and infrastructure projects and (viii) agri-silvicultural based livelihood projects *etc.*, in the mining affected areas. Another sector, *i.e.*, sports, was approved (September 2021) by the BoD, for undertaking construction of 11 multi-purpose indoor stadiums, across different ULBs, of the mining affected districts. The Oversight Authority sanctioned (December 2018/ February 2019) ₹10,014.33 crore, for implementation of above projects under seven sectors<sup>24</sup>.

### 2.2.1 Non-approval of perspective and annual implementation plan

The Hon'ble Supreme Court of India, in its judgement (Para 215), directed (02 August 2017) that the SPV would undertake specific tribal welfare and area development works, so as to ensure inclusive growth of the mineral bearing areas. While taking up such projects/works, a bottom-up planning and participatory approach was to be followed.

Towards increasing efficiency and effectiveness of the activities of SPV, the OMBADC engaged (20 April 2018) M/s PricewaterhouseCoopers (PwC), as the Project Management Unit (PMU), for three years (2018-2021), for providing eight experts for various fields. As per the contract, the PMU was to facilitate the functioning of the BoD and function as OMBADC's resource hub. It was *inter alia* responsible for working with relevant stakeholders to identify critical needs and gaps and then make a perspective plan for the next ten years. The plan was to clearly map the addressed needs, nature and type of intervention, likely outputs and possible risks. From the perspective plan, rolling annual implementation plans were need to be prepared at the beginning of the financial year, containing detailed actions, timelines and cost estimates. The contract period was extended (July 2021) for another two years (June 2023).

As per the information furnished to Audit, though the PMU had submitted (02 June 2020) a perspective plan for ten years, the said plan had not been approved by OMBADC (as of April 2023), for implementation of various projects in mining affected districts. Furthermore, in the absence of approved perspective plan, annual implementation plans were also not prepared and submitted by the PMU for BoD's approval.

Due to non-approval of the perspective plan containing the shelf of proposals for the next ten years and annual implementation plan on priorities for taking up suitable year-wise interventions, the expenditure of ₹ 7.81 crore incurred on the services of PMU upto 2022-23 is wasteful and the intended projects for tribal welfare could not be implemented in a systematic manner as discussed in **Para 6.1.3 and 6.1.4 of Chapter 6** in this report.

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<sup>24</sup> Water supply, Education, Health, Livelihood promotion, Infrastructure and Connectivity, Environment Protection and Water Conservation and Soil Moisture Conservation (SMC)

In reply, the CEO, OMBADC stated (June 2023) that since the scheme document of OMBADC has already been approved by the Hon'ble Supreme Court of India and the perspective plan is in line with the scheme document, its approval by the Board of Directors is not required. The reply was not acceptable, as non-approval of the perspective plan resulted in non-preparation of annual implementation plan depriving the systematic implementation of the projects.

### 2.2.2 Non-submission of Project Proposals

In its 13<sup>th</sup> meeting (September 2018), the BoD approved the “Guidelines for OMBADC Project Financing, Implementation and Monitoring”, which *inter alia* provided for submission of the shelf of proposals. In the Guidelines, all line departments were instructed that the various projects, so submitted, would be converged into a proper plan by the PMU, which was to come up with a DPR within 3 - 4 months after signing of the contract. While preparing the DPRs, there was to be Participatory Rural Appraisal<sup>25</sup> (PRA) in each village, to prepare micro-plans, that was to be converged into the district plan. DPRs were to be approved by the Board and then funding was to be done.

On scrutiny of records of the OMBADC, it was noticed that 47 projects had been sanctioned, as of 31 March 2022, out of the compensation funds (phase-II), against which four line departments<sup>26</sup> had not submitted 14 project proposals.

As per Clause - xix of the Guidelines, (implementation of) all projects would become operative from the respective dates of release of the first instalments of the funds. Scrutiny of records revealed that, in relation to health sector projects, the BoD had approved (27 December 2019) ₹66.64 crore, for “Construction of 150-bedded Mother Child Hospital (MCH)” at Jajpur and released (5 October 2020) ₹19.60 crore, being 30 *per cent* of the project cost, in favour of the Odisha State Health & Family Welfare Society (OSH&FWS), for implementation of the project, through the Superintending Engineer (SE), (Roads & Building), Panikoili, under Jajpur district. However, the project had not started (as of September 2022), *i.e.*, even after a lapse of more than 33 months from the date of approval and 23 months from the date of release of funds due to non-preparation of design and estimates for construction of MCH by the SE.

In reply, the CEO, OMBADC stated (June 2023) that except Electronics and Information Technology Department, all departments have submitted the DPRs. The project construction of 150 bedded MCH had been started late due to Corona pandemic. The project has now picked up and is likely to be completed in the current financial year. However, the fact remains that the project had been sanctioned without estimates which indicates unrealistic sanction of projects.

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<sup>25</sup> *Participatory Rural Appraisal aims to incorporate the knowledge and opinions of rural people in the planning and management of development projects and programmes*

<sup>26</sup> *Agriculture and Farmers Empowerment Department; Electronics and Information Technology Department; Forest, Environment and Climate Change Department; and Handloom, Textiles & Handicraft Department*

## 2.3 Management of Financial Resources

### 2.3.1 Non-receipt of balance of additional Net Present Value

As per the directions of the Hon'ble Supreme Court, 50 per cent of the additional NPV collected by *ad hoc* CAMPA was to be devolved to the SPV. Scrutiny of records revealed that in March 2017, CEO, *ad hoc* CAMPA had intimated OMBADC that 220 mining lessees had deposited ₹1,858.72 crore towards Additional NPV. Out of which, the CEO, *ad hoc* CAMPA, had released (January 2015) only ₹869.42 crore. The balance funds of ₹59.94 crore (50 per cent of ₹1,858.72 crore = ₹929.36 crore - ₹869.42 crore = ₹59.94 crore) had not been released to SPV, for implementation of its activities (as of October 2022).

In reply, the CEO, OMBADC stated (June 2023) that the CEO, National Authority, CAMPA, New Delhi has been requested, to release the balance amount. However, Audit observed that the National Authority, CAMPA, was approached only in May 2023 *i.e.*, after the matter was flagged by Audit.

### 2.3.2 Receipt and utilisation of funds from *ad hoc* CAMPA

Out of the 1<sup>st</sup> phase of funding, *i.e.*, funds from *ad hoc* CAMPA, the OMBADC sanctioned projects in four sectors<sup>27</sup>, to be executed by three departments<sup>28</sup>. The receipt and utilization of funds, as of 31 March 2022, was as detailed in **Table – 2.1** below:

**Table - 2.1: Receipt and release of funds to implementing agencies (₹in crore)**

Financial Year	OB	Receipt	Interest	Total	Administrative expenses	Funds released to line departments	Total	Balance
2014-15		869.42	8.88	878.32	0	0	0	878.32
2015-16	878.32	0.00	82.09	960.41	0.04	180.00	180.04	780.36
2016-17	780.36	0.00	45.61	825.97	0.06	132.04	132.11	693.87
2017-18	693.87	0.00	42.33	736.20	0.11	292.03	292.14	444.05
2018-19	444.05	0.00	24.88	468.93	2.68	156.06	158.74	310.19
2019-20	310.19	0.00	16.02	326.21	3.36	225.00	228.36	97.85
2020-21	97.85	0.00	34.73	132.59	3.85	77.20	81.05	51.54
2021-22	51.54	0.00	11.00	62.54	5.59	0.00	5.59	56.95
<b>Total</b>		<b>869.42</b>	<b>265.54</b>	<b>1,134.97</b>	<b>15.69</b>	<b>1,062.33</b>	<b>1,078.03</b>	<b>56.95</b>

(Source: - Information furnished to Audit by OMBADC)

As may be seen from **Table-2.1**, the OMBADC had released ₹1,062.33 crore, in a phased manner, during 2015-22, out of the additional NPV and interest accrued thereon (amounting to ₹1,134.97 crore), retaining the balance of ₹56.95 crore. Observations in this regard, are discussed in the subsequent paragraphs.

#### 2.3.2.1 Delay in release of funds

Scrutiny of records of CEO, OMBADC, revealed that, as per the orders of Hon'ble Supreme Court, a bank account was to be opened, within one month of

<sup>27</sup> Drinking water; Housing; Farm forestry and social forestry; and Skill development

<sup>28</sup> PR&DW Department; Forest, Environment and Climate Change Department; and ST&SC Development, Minorities & Backward Classes Welfare Department

the order, *i.e.*, during June 2014, for undertaking tribal welfare development works. However, the bank account was opened during December 2014 and funds, amounting to ₹869.42 crore, were released (10 January 2015) by the *Adhoc* CAMPA, with a delay of 181 days *say* six months. This resulted in loss of interest of ₹15.09 crore<sup>29</sup>, from 01 June 2014 to 10 January 2015, at the rate of 3.5 *per cent*<sup>30</sup> per annum.

In reply, the CEO, OMBADC stated that OMBADC did not have a bank account for receiving *adhoc* CAMPA fund due to absence of authorised signatory. After incorporation of SPV as Company, the bank account was opened to receive the money. The reply was not acceptable as delay in finalisation of authorised signatory to open the Bank account was attributable to OMBADC itself.

### 2.3.3 Demand and collection of compensation

The Hon'ble Supreme Court of India directed<sup>31</sup> (August 2017) Government of Odisha that mineral iron ore and manganese, extracted either without an Environment Clearance (EC) or without Forest Clearance or without both, would attract the provisions of Section 21(5) of the MMDR Act, 1957 and 100 *per cent* of the price of the illegally or unlawfully mined mineral, was to be compensated by the mining lessees. The amounts determined as due, from all the mining lessees, were to be deposited by them, on or before 31 December 2017. This amount was also to be kept with the OMBADC.

Accordingly, the Central Empowered Committee in its report dated 17 January 2018 recommended collection of compensation, amounting to ₹19,174.38 crore, from 131 mining lease holders, who had violated FC Act and/ or EC.

Scrutiny of records of the Director, Mines and Geology, revealed that, as of December 2017, 82 out of 131 mining lease holders, had paid ₹8,289.87 crore, against the total demand of ₹19,174.38 crore, leaving the balance of ₹10,884.51 crore unrecovered. Following further directions of the Hon'ble Supreme Court, to take coercive action to recover the unpaid dues from the defaulting mining lease holders, the Director of Steel and Mines, Odisha, intimated (February 2018) the Collectors (Sundargarh, Keonjhar and Mayurbhanj) to initiate the process for institution of certificate cases, under the Odisha Public Demand Recovery (OPDR) Act, 1962<sup>32</sup>. After initiation of the certificate cases, ₹7,371.12 crore had been recovered, along with interest, for delayed payment (as of January 2023). However, the Department had not taken any effective steps like attachment of the whole or any part of the immovable properties belonging to the certificate-debtor, to recover the balance amount of ₹3,966.34 crore (with interest), from the defaulting mining lessees, although six years had been lapsed.

<sup>29</sup>  $(869,42,00,000 \times 3.5 / 100) / 365 \text{ days} \times 181 \text{ days} = ₹15,08,97,964$

<sup>30</sup> The rate of interest is taken from the official website of State Bank of India

<sup>31</sup> Writ Petitions (Civil) No. 114 of 2014 and 194 of 2014

<sup>32</sup> Certificate action under Odisha Public Demand Recovery Act, 1962 is an action taken for recovery of government dues, conclusion of which may result in arrest, attachment/sale of property or both of the certificate debtor.



In reply, the CEO, OMBADC stated (June 2023) that the Steel and Mines Department has been requested to recover the balance amount from the defaulting mining lessees. The reply was not acceptable as the Department failed to recover the balance amount from the defaulting lessees after a lapse of six years.

### 2.3.3.1 Receipt and utilisation of compensation money

As per information furnished by OMBADC, ₹19,726.89 crore (including interest)<sup>33</sup> had been received towards compensation, out of which ₹6,226.79 crore had been released by the SPV, to 15 line Departments, for execution of projects as of 31 March 2022. However, from these funds, the Departments had been able to utilise only ₹4,401.77 crore, with the utilisation in each of these departments ranging from 1.54 to 90.42 per cent, leaving an unspent balance of ₹1,825.02 crore, as detailed in *Appendix – I*.

### 2.3.3.2 Non-preparation of annual budget

As per para 215 of the judgement (August 2017) of the Hon'ble Supreme Court, the BoD was responsible for receiving grants/ funds, maintaining their custody; approving Annual Budget Estimates; and sanctioning expenditure, within the limits of the Budget.

As per the information furnished by the OMBADC, annual budgets had not been prepared upto FY 2019-20, due to which, large unspent balances had accumulated at the end of each year. The Board had approved in its (14<sup>th</sup> to 22<sup>nd</sup> meetings, i.e., during April 2019 to September 2021), projects amounting to ₹16,269.65 crore, against project proposals received from 15 line departments, out of the available funds of ₹19,726.89 crore and released ₹6,226.79 crore thereagainst. As the SPV had not prepared its annual budgets every year, for implementation of welfare projects across all sectors, there was large unspent balance of ₹13,500.10 crore, as of March 2022.

In reply, the CEO, OMBADC stated (June 2023) that slow pace of expenditure was due to pandemic during 2020-21 and 2021-22 for which most of the projects could not be implemented. But necessary instructions have been issued to expedite the expenditure. However, the fact remains that, the annual budget was not prepared prior to the pandemic i.e., 2017-18 to 2019-20, which led to the huge unspent balance and slow pace of implementation of mandated area development and tribal welfare programmes of OMBADC.

### 2.3.3.3 Loss of ₹16.51 crore, due to untimely deposit of interest, earned on Auction Treasury Bills

As per clauses 8 and 9 of the Notification issued (August 2017) by the Finance Department (FD), OMBADC was to determine the investible surplus funds<sup>34</sup>, in a Personal Deposit Account, keeping in view the requirement of funds for execution of works and for administrative expenses. The CEO, OMBADC, was to advise the

<sup>33</sup> Difference between the figures intimated by the Department of Steel and Mines and figures intimated by OMBADC could not be reconciled.

<sup>34</sup> Investible surplus funds are the sum of money remaining after meeting all required expenses



Finance Department, for investment of the surplus funds, in Auction Treasury Bills (ATB) (91 days /182 days/ 364 days, as conducted by the Reserve Bank of India), to provide assured return on the surplus balance. The interest so earned was to be transferred to the banking deposit account of the OMBADC, on back-to-back basis, by the Finance Department.

Scrutiny of records of the OMBADC revealed that ₹26,680.66 crore had been invested in eleven ATBs, during the period from 01 February 2018 to 24 April 2019, with a maturity value of ₹28,395 crore, as on 23 April 2020. It was further noticed that, after maturity of ATBs, the Finance Department had credited the interest of ₹1,714.34 crore, with delays ranging from five days to 189 days. The OMBADC had also failed to take timely action, in communicating with the Finance Department, to either refund the accrued interest, or to reinvest the same in ATBs, immediately after maturity. Non-credit of the interest on maturity, led to loss of interest of ₹16.51 crore, to OMBADC.

In reply, the CEO, OMBADC stated (June 2023) that OMBADC has approached the Finance Department.

#### 2.3.3.4 Approval of projects by OMBADC under the Compensation Fund

As per the information furnished by the OMBADC, the district-wise and sector-wise projects, in nine sectors approved (14<sup>th</sup> to 22<sup>nd</sup> Board meetings) during April 2019 to September 2021 for implementation, out of the compensation fund, as of 31 March 2022, was as detailed in **Table 2.2**.

**Table – 2.2: District-wise and sector-wise projects approved**

(₹ in crore)

Sl. No.	District	Drinking Water	Education	Health	Livelihood	Infrastructure and Connectivity
1	2	3	4	5	6	7
1	Koraput	0.00	0.00	0.00	0.00	0.00
2	Raygada	0.00	0.00	0.00	0.00	0.00
3	Mayurbhanj	3,069.60	527.55	859.75	51.95	43.81
4	Keonjhar	2,556.83	723.48	812.79	95.44	334.68
5	Deogarh	0.00	52.20	0.00	10.13	0.00
6	Dhenkenal	0.00	16.20	0.00	0.00	0.00
7	Balangir	0.00	0.00	0.00	0.00	0.00
8	Sundargarh	2,557.30	850.06	937.00	100.40	360.59
9	Angul	0.00	15.60	0.00	0.00	0.00
10	Jajpur	434.53	267.89	288.70	58.14	3.46
11	Jharsuguda	0.00	62.40	0.00	0.00	0.00
12	Others#	0.00	165.27	45.69	127.21	0.00
	<b>Total</b>	<b>8,618.26</b>	<b>2,680.65</b>	<b>2,943.93</b>	<b>443.27</b>	<b>742.54</b>
<b>Percentage of allocation sector-wise</b>		<b>52.97</b>	<b>16.48</b>	<b>18.09</b>	<b>2.72</b>	<b>4.56</b>

Environment Protection	Water Conservation and Soil Moisture Conservation	Research Project	Sports	Total	Percentage of allocation (district-wise)
8	9	10	11	12	13
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
3.70	169.61	0.00	6.40	4,732.37	29.09

Environment Protection	Water Conservation and Soil Moisture Conservation	Research Project	Sports	Total	Percentage of allocation (district-wise)
8	9	10	11	12	13
9.25	215.79	0.00	36.85	4,785.11	29.41
0.00	0.00	0.00	0.00	62.33	0.38
0.00	0.00	0.00	0.00	16.20	0.10
0.00	0.00	0.00	0.00	0.00	0.00
3.70	221.81	0.00	30.45	5,061.31	31.11
0.00	0.00	0.00	0.00	15.60	0.10
5.00	99.39	0.00	10.15	1,167.26	7.17
0.00	0.00	0.00	20.30	82.70	0.51
3.10	0.00	5.50	0.00	346.77	2.13
<b>24.75</b>	<b>706.60</b>	<b>5.50</b>	<b>104.15</b>	<b>16,269.65</b>	<b>100.00</b>
<b>0.15</b>	<b>4.34</b>	<b>0.03</b>	<b>0.64</b>	<b>100.00</b>	

(Source: Information collected from OMBADC BoD Minutes)

(# The projects, which had been sanctioned without any mention of the districts to be covered, have been indicated as 'Others')

Audit observed that, although phase-II compensation funds had been received by the OMBADC from December 2017 onwards, the district-wise and sector-wise projects had been approved from April 2019 onwards, and funds had been released to line departments, from July 2019 onwards. The district-wise compensation funds had been received and projects approved by the BoD, as detailed in Table 2.3.

**Table 2.3: Compensation assessed by the CEC and levied on defaulting mining lease holders**

(₹ in crore)

Sl. No.	District	Major mineral mines in the district	Compensation assessed by the CEC			Projects approved by BoD	
			No. of defaulting Mining lessees	District-wise compensation money, assessed by the CEC	Percentage to total compensation Money	Approved projects' cost	Percentage to the total cost of the approved projects
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1	Koraput	6	2	3.54	0.0185	0	0
2	Rayagada	10	1	0.04	0.0002	0	0
3	Mayurbhanj	10	10	219.25	1.1435	4,732.37	29.09
4	Keonjhar	79	70	14,829.45	77.3399	4,785.11	29.41
5	Deogarh	0	0	00	0.0000	62.33	0.38
6	Dhenkanal	3	0	00	0.0000	16.20	0.10
7	Balangir	62	1	19.08	0.0995	0	0
8	Sundargarh	81	46	3,348.61	17.4640	5,061.31	31.11
9	Anugul	19	0	00	0.0000	15.60	0.10
10	Jajpur	19	1	754.41	3.9345	1,167.26	7.17
11	Jharsuguda	16	0	00	0.0000	82.70	0.51
12	Others	0	0	00	0.0000	346.77	2.13
<b>Total</b>		<b>305</b>	<b>131</b>	<b>19,174.38</b>	<b>100.0000</b>	<b>16,269.65</b>	<b>100</b>

(Source: Compiled by Audit from the information furnished by the OMBADC)

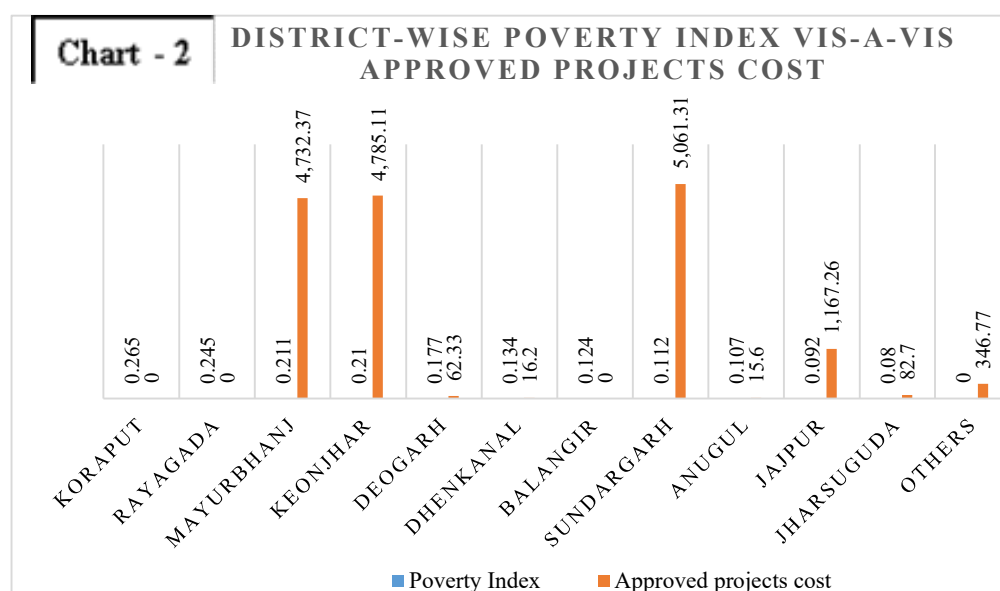
Similarly, the district-wise poverty index, assessed by the National Institution for Transforming India (NITI) Aayog, and the cost of projects approved by the BoD, for execution, was as detailed in Table 2.4.

Table 2.4: District-wise poverty index report and approved projects cost

Sl. No.	Name of the District	Multidimensional Poverty Index (MPI)	Rank of the District in poverty index in the State	Total Population of the District	Approved projects' cost	Percentage to the total cost of the approved projects
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)
1	Koraput	0.265	3	15,48,102	0	0
2	Rayagada	0.245	4	10,86,093	0	0
3	Mayurbhanj	0.211	6	28,27,398	4,732.37	29.09
4	Keonjhar	0.21	8	20,21,725	4,785.11	29.41
5	Deogarh	0.177	10	3,50,679	62.33	0.38
6	Dhenkanal	0.134	13	13,38,453	16.20	0.10
7	Balangir	0.124	14	18,50,340	0	0
8	Sundargarh	0.112	17	23,49,046	5,061.31	31.11
9	Anugul	0.107	19	14,29,355	15.60	0.10
10	Jajpur	0.092	23	20,50,292	1,167.26	7.17
11	Jharsuguda	0.08	26	6,50,263	82.70	0.51
12	Others	-	-	-	346.77	2.13
<b>Total</b>					<b>16,269.65</b>	<b>100</b>

(Source: Compiled by Audit from NITI Aayog Report and information furnished by OMBADC)

From Table 2.4, it may be seen that OMBADC had approved projects in respect of eight districts and did not approve any project in respect of three<sup>35</sup> districts though compensation fund was also levied and collected from these districts. These three districts were also not included in the various development programme although the respective poverty index of these districts ranged from 0.124 to 0.265 which ranks third, fourth and fourteenth among the other districts. Details of the district-wise poverty index, assessed *vis-à-vis* the projects approved, are given in Chart 2.



<sup>35</sup> Koraput (0.265 per cent), Rayagada (0.245 per cent) and Balangir (0.124 per cent)

From **Chart 2**, it may be seen that, although the Koraput, Rayagada and Balangir districts were high in the poverty index, *i.e.*, having poverty index of 51.14, 48.14 and 27.49 *per cent*, respectively (3<sup>rd</sup>, 4<sup>th</sup> and 14<sup>th</sup> rank in the State) and the compensation fund was being collected from the defaulting mining lessees, these districts were not included arbitrarily under various developmental activities undertaken by the OMBADC.

## **2.4 Monitoring and supervision**

### **2.4.1 Non-review of unspent balances of PIAs**

As per Finance Department guidelines (June 2020) regarding the revised accounting procedure for the Bank Account of SPV, the OMBADC was to watch the expenditure made by the Project Implementing Agencies (PIAs) and ensure that the money was not parked in the bank account of the agencies. The PIA was to submit Utilisation Certificates (UCs), to the OMBADC, through the Department concerned, against the amounts released. At the end of each financial year, OMBADC was to conduct a review of the money remaining unspent with each PIA and the review report was to be forwarded to the Planning & Convergence (P&C) Department.

Scrutiny of records of OMBADC revealed that no such review had been conducted by OMBADC due to which the actual unspent money, parked by the PIAs, as well as the interest earned thereon and refunded by them, to the OMBADC, could not be ascertained by Audit. Further, no such review reports had been forwarded to the P&C department, every year.

In reply, the CEO, OMBADC, stated (June 2023) that the line departments had been instructed to expedite the expenditure and submit the Utilisation Certificates in time. However, the reply did not address the observation in regard to non-review of the funds lying unspent with the PIAs.

### **2.4.2 Non-appointment of full-time CEO for OMBADC**

As per the order (December 2014) of the FE&CC department, the PCCF & HOFF had been appointed as the CEO of OMBADC, until the appointment of a full-time CEO for OMBADC. However, no full-time CEO had been appointed, as of the date of audit (November 2023), though six CEOs of OMBADC, had been appointed as an additional charge basis, since its inception.

In reply, the CEO, OMBADC stated (June 2023) that the observation of Audit would be communicated to the Government to do the needful.

### **2.4.3 Non-constitution of sub-committees**

As per para 6 of the scheme for setting up of SPV for undertaking tribal welfare and area development works, in mining affected areas, the BoD had to constitute one or more sub-committees, to oversee the implementation of the projects under OMBADC.

Scrutiny of records of the OMBADC revealed that the CEO had informed the BoD regarding the difficulties being faced in regard to reviewing and monitoring the progress of all projects, in detail. Accordingly, one sub-committee had been constituted, in June 2021, after a lapse of more than six years from the inception of OMBADC. Audit noticed that, during the period from 2014-15 to 2020-21, OMBADC had spent ₹ 4,616.23 crore on 43 projects, but no sub-committee had been constituted to oversee the implementation and progress of these projects.

Further, against the required 20 meetings of the BoD during the period 2017-18 to 2021-22, 17 BoD meetings were held, which means the progress in implementation could not be reviewed for one quarter each during the years 2018-19, 2019-20 and 2021-22.

In reply, the CEO, OMBADC stated (June 2023) that when the Board felt that due to the increase in the number of projects as well as of funds, it is expedient to constitute the sub-committee. Therefore, a sub-committee was constituted in June 2021 and five meetings have been organised. The reply was not acceptable as the sub-committee was not formed to review the projects implemented since 2015-16 onwards although funds were released to line departments.

***Recommendations:***

***Government may consider:***

- 1. Approving the perspective plan, containing the shelf of proposal of projects, in a timely manner, for implementation in the mining affected areas.***
- 2. Pursuing with the defaulting line departments to submit the pending DPRs, for the projects to be undertaken by them, for the development of mining affected areas.***
- 3. To take effective steps, to recover the balance amount of compensation money from the mining lessees.***
- 4. Conducting reviews of the unspent balances, at the end of each financial year, with all PIAs and forwarding the consolidated review report in this regard, to the Planning & Convergence (P&C) Department.***
- 5. Appointing a full-time CEO and constituting sub-committees, to oversee the implementation of the projects.***

