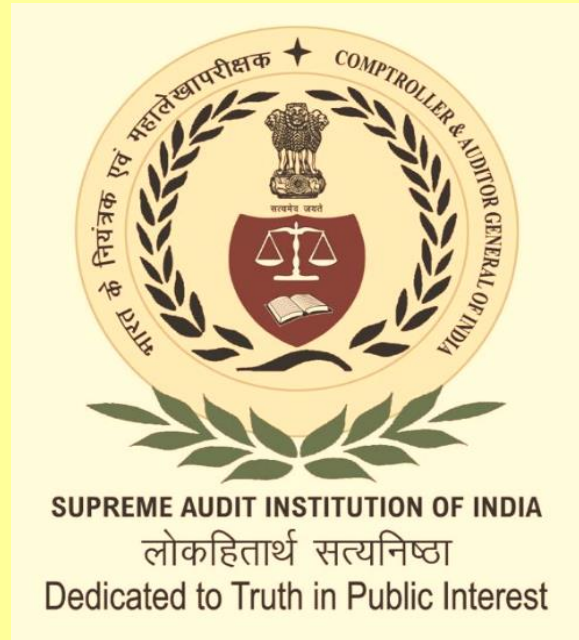




**Report of the
Comptroller and Auditor General of India
(Compliance Audit)
for the year ended March 2022**



**Government of Odisha
Report No. 2 of the year 2024**

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Preface

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2022 has been prepared for submission to the Governor of Odisha under Article 151 of the Constitution of India and under provisions of Section 13 and 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, as amended from time to time, for being laid before the Legislature of the State.

This Report contains significant results of the Compliance audit of the Department of Agriculture and Farmers' Empowerment, Commerce and Transport Department, Forest, Environment and Climate Change Department, Housing and Urban Development Department, Steel and Mines Department, Tourism Department and Works Department of Government of Odisha under the purview of Accountant General (Audit-II).

The instances mentioned in this Report are those, which came to notice in the course of test audit during the period 2020-22 as well as those which came to notice in earlier years but could not be reported in the previous Audit Reports. Matters relating to the period subsequent to 2020-22 have also been included, wherever pertinent.

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

OVERVIEW

Overview

This Report of the Comptroller and Auditor General of India (CAG) for the year ended 31 March 2022 contains five Detailed Compliance Audits on Package for Farmers' Welfare "Krushak Assistance for Livelihood and Income Augmentation", "Application of Environmental Laws by the State Pollution Control Board in Sundargarh District", "State Compensatory Afforestation Fund Management and Planning Authority", "Construction of North-South Corridor – Biju Expressway" and "Odisha State Road Project". This Report also contains 26 Compliance Audit paragraphs.

The primary purpose of the Report is to bring to the notice of the State Legislature significant results of Audit. The Audit findings are expected to enable the executive to take timely corrective action. This would help in framing policies and directives that will lead to improved management of the organisations, thus contributing to better governance.

I. Introduction

Chapter I provides the audited entity's profile, the planning and extent of audit and a synopsis of the significant audit observations. Chapter II, III, IV, V and VI deal with the findings of subject specific Detailed Compliance Audits and Chapter VII with findings arising out of Compliance Audit of various departments.

II. Significant Audit Observations of Detailed Compliance Audit on Package for Farmers' Welfare "Krushak Assistance for Livelihood and Income Augmentation"

Government scheme Krushak Assistance for Livelihood and Income Augmentation (KALIA) having six components aimed to accelerate agricultural prosperity and reduce poverty of cultivators. Compliance Audit on package for farmers under KALIA scheme revealed the following:

- Department did not provide complete databases of the KALIA portal and also other databases which were used in selection and identification of beneficiaries in spite of repeated requests. The Department also did not provide the payment acknowledgement data from bank which authenticate the payment. Out of total disbursement of ₹9,333.01 crore, an amount of ₹2,060.29 crore pertaining to the year 2021-22 disbursed by the Department could not be analysed in the absence of data and information.

(Paragraph 2.1.3)

- Due to lack of preparedness in planning, the Department did not ensure the feasibility of implementation of the Scheme owing to which out of six components under KALIA scheme approved by the Government, only two components *i.e.* 'Support to cultivators for cultivation' and 'Livelihood support for landless agricultural households', were implemented during 2018-21. Further, only three out of five instalments were released to beneficiaries under first component as of March 2021. The two components *i.e.* 'Financial assistance to vulnerable agricultural households' and 'Interest free crop loan' were dropped. The remaining two components *i.e.* 'Life insurance support to cultivators and landless agricultural

labourers' and 'KALIA Scholarship' are under planning stage even after more than two years from the commencement of the scheme. There was also delay in disbursement of assistance to farmers.

(Paragraph 2.2.1)

- The Department had provided KALIA benefit assistance to 65.64 lakh beneficiaries during 2019-21 and released instalments thrice to 41.64 lakh beneficiaries, twice to 8.09 lakh beneficiaries and only once to 15.91 lakh beneficiaries. This happened due to identification of 9.76 lakh ineligible beneficiaries while implementing the scheme. In addition to this, Audit also analysed the KALIA database, with reference to other databases like SECC, VAHAN, IFMS and HRMS and identified another 2.96 lakh ineligible beneficiaries, bringing the total number of identified ineligible beneficiaries to 12.72 lakh. Against these 12.72 lakh ineligible beneficiaries, the Department had transferred ₹782.26 crore, with remote chances of recovery.

(Paragraphs 2.2.2 and 2.2.2.4)

- Payment of ₹107.64 crore was released to 1.28 lakh account holders in which the names of account holders were different from names of the beneficiaries indicating payment to unauthorised persons.

(Paragraph 2.2.3)

- There was release of all the three instalments to 14.04 lakh Landless Agricultural Labourers without imparting necessary training and capacity building, which defeated the scheme objectives.

(Paragraph 2.2.5)

- Department had extended an undue favour by engaging M/s CSM Technology Private Limited informally for the work without inviting tender.

(Paragraph 2.2.6.1)

- There were critical inconsistencies in the database like changes in names of beneficiaries, bank account number and farmer category in master table to that of applications without logs and audit trails of transactions leading to lack of integrity of data.

(Paragraph 2.2.6.2)

- There was no input control or validation in the data entry form to prevent duplicities and junk entries. Audit noticed that after the transactions were completed and recorded, the vital data were again manually updated without any log or audit trail resulting inconsistent, unreliable and disintegrated database.

(Paragraphs 2.2.6.2 and 2.2.6.3)

III. Significant Audit Observations of Detailed Compliance Audit on “Application of Environmental Laws by the State Pollution Control Board in Sundargarh District”

Audit examined number of applicable environmental laws in Sundargarh district which is one of the most industrialised districts in Odisha. Audit observed the following major irregularities, which need immediate action by the Department.

- Audit noticed that for the 7,238 Ambient Air Quality (AAQ) samples analysed in six stations of the district, average PM₁₀ and PM_{2.5} values remained high during 2016-20. Due to high concentration of pollutants and silica dust in ambient air, 2,440 pulmonary cases and 61,698 cases of Silicosis were detected in the district.

(Paragraph 3.2)

- The operation of the conveyor belt by M/s Dalmia Cement (Bharat) Limited without Consent to Establish (CTE) and Consent to Operate (CTO) for over nine years was a major lapse on the part of Regional Officer, Odisha State Pollution Control Board (OSPCB) in enforcement of environmental laws.

(Paragraph 3.2.2.1)

- Two mines failed to maintain Ambient Air Quality standard components of Respiratory Particulate Matter and Suspended Particulate Matter of PM₁₀ level during 2016-21.

(Paragraph 3.2.2.2)

- There were 1,100 renal cases handled at Sub-Divisional Hospital (SDH), Bonai due to use of contaminated water of River Brahmani, which flows near Rourkela Municipal Corporation (RMC) and Rourkela Steel Plant (RSP).

(Paragraph 3.3)

- Due to non-implementation of Zero Liquid Discharge (ZLD) by RSP, there was high concentration of fluoride at five outlets/ outfalls ranging from 2.6 mg/l (130 *per cent*) to 17 mg/l (850 *per cent*) against the prescribed standard of 2.0 mg/l. Similarly, at Biological Oxygen Demand (BOD) outlet, concentration of cyanide was 3.6 mg/l (1,800 *per cent*) against prescribed standard 0.2 mg/l. These contaminated outfalls were connected to Guradhi Nullha ultimately polluting river Brahmani.

(Paragraph 3.3.1.1)

- Due to non-establishment of Sewage Treatment Plant (STP), Rourkela Municipal Corporation discharged untreated sewage into rivers Brahmani and Koel causing pollution. No STP was constructed by Urban Local Bodies (ULBs) resulting in discharge of untreated waste water directly into water bodies and open land. Achievement of 100 *per cent* treatment of sewage by March 2020 remained unfulfilled.

(Paragraph 3.3.1.2)

- Due to want of manpower, 100 *per cent* Door to Door (D2D) collection of waste remained unachieved as of January 2021.

(Paragraph 3.4.2)

- Although eight Micro Composting Centres (MCCs) were constructed, they could not be operationalised due to want of electricity, water connection, non-installation of machineries *etc.* even after expenditure of ₹3.40 crore.

(Paragraph 3.4.3)

- The operator of Common Bio Medical Waste Treatment Facility (CBMWTF) had not collected, transported and disposed bio-medical waste

within the prescribed time limit of 48 hours and the delay ranged up to 30 days.

(Paragraph 3.5.4)

- Due to non-establishment of barcoding with Global Positioning System (GPS), Health Care Facilities (HCFs) failed to ensure tracking of transportation of Bio-medical Waste (BMW) and its timely disposal.

(Paragraph 3.5.5)

- None of the incinerators was operational as of March 2021 due to want of three-phase power connection rendering the expenditure of ₹97.34 lakh unfruitful. This resulted in burning of bio-waste in open spaces causing environmental hazard.

(Paragraph 3.5.7)

- Unsegregated plastic waste mixed with Municipal Solid Waste (MSW) were dumped and disposed in an unscientific manner creating environmental problems.

(Paragraph 3.6.3)

- Although hazardous waste generation was on increasing trend during the period 2016-20, no programme was devised and implemented to reduce or prevent the generation of hazardous waste.

(Paragraph 3.6.4.2)

IV. Significant Audit Observations of Detailed Compliance Audit on “State Compensatory Afforestation Fund Management and Planning Authority”

State CAMPA was constituted to accelerate the activities for compensatory afforestation, management and protection of forests and wildlife, development of infrastructure and other allied works.

- State CAMPA was constituted in the State with a delay of nine years from the date of notification of CAMPA guidelines by the Government of India (GoI).

(Paragraph 4.2.1)

- In nine cases of diversion of forest land for which Stage-II/ final approval was pending for more than five years, the Department did not realise Net Present Value (NPV) of ₹88.40 crore at revised rate.

(Paragraph 4.3.2)

- There was a shortfall in achievement of compensatory afforestation target by 6,995.97 ha for diversion of forest land since enactment of Forest Conservation Act, 1980 till date.

(Paragraph 4.4.1)

- The conditional works under forest clearance such as elephant underpasses/ overpasses, reptile underpasses were either under progress or not undertaken by user agencies even after two to four years after Stage-II approval.

(Paragraph 4.4.5)

- The number of forest fire incidents increased by 208 *per cent* and the extent of forest area damaged increased by 300 *per cent* in 2021 compared to 2019, despite expenditure of ₹58.84 crore for fire protection out of CAMPA funds.

(Paragraph 4.4.7)

- Out of total funds of ₹2,284.98 crore received from CAMPA, the State CAMPA could utilise the assistance of ₹2074.44 crore during 2019-22.

(Paragraph 4.5.1)

- The annual accounts of state CAMPA could not be finalized since inception, i.e., from 2009 to till 2022.

(Paragraph 4.5.3.1)

- An amount of ₹56.82 crore was irregularly utilised out of State CAMPA funds for construction works.

(Paragraph 4.5.4.1)

- An amount of ₹248.06 crore was diverted from CAMPA funds to Ama JangalaYojana.

(Paragraph 4.5.5.1)

- There were 51 elephant death cases recorded in Athagarh and Dhenkanal divisions from preventable causes due to deficiency in forest foot patrolling, improper utilization of trap cameras, and other protection measures.

(Paragraph 4.7.3)

- Monitoring and Evaluation wing of the State Forest Department (SFD) did not plan or undertake any monitoring or evaluation activities during 2019-22.

(Paragraph 4.7.4)

V. Significant Audit Observations of Detailed Compliance Audit on “Construction of North-South Corridor – Biju Expressway”

This Compliance Audit on Construction of North- South Corridor–Biju Expressway (BEW) project was conducted to assess whether the intended objective of the road project was achieved. The Compliance Audit of the project revealed the following:

- The project with four lanes was not visualised in a comprehensive manner. Works were executed in piecemeal under different schemes. Due to this, issues on alignment of roads and bridges, change in pavement specifications, land acquisition *etc.*, were observed.
- Non-consideration of the recommendation of the Consultant taking into account the prevailing equity IRR as 21.66 *per cent* rendered the State Government to award the road project from Rourkela-Sambalpur on PPP mode with Viability Gap Fund (VGF) instead of Engineering, Procurement and Construction Contracts (EPC) mode.

(Paragraph 5.2.1)

- Preparation of faulty Detailed Project Report (DPR) of the Rourkela-Sambalpur PPP project and non-reduction of cost of utility shifting and forest clearance led to excess provision of ₹134.67 crore towards VGF to the concessionaire.

(Paragraph 5.2.1.1)

- Based on the cost reduction of ₹918.41 crore on Rourkela-Sambalpur PPP project, the concession period should have been reduced proportionately to 16 years. Due to inflated estimate and consequent enhancement of the concession period by six years, the concessionaire would collect additional revenue of ₹4,876.38 crore from the general public including a net profit of ₹2,322.19 crore as per concessionaire assessment.

(Paragraph 5.2.1.2)

- Had the Department carried out proper survey and investigation, the change of scope for 24 works under Rourkela-Sambalpur PPP project costing ₹137.57 crore could have been included in the original scope. By this means, the liability towards VGF would have been only ₹49.53 crore (36 per cent) and Government could have saved ₹88.04 crore.

(Paragraph 5.2.1.4)

- The work of widening and strengthening of Sinapalli - Dharamgarh road to two lane (3.75 m to 7 m) from RD 0.0 to 2.00 km and from RD 16 to 24 km was not planned properly. Thereby, this road could not be aligned while converting the road to four-lane BEW as envisaged, resulting in wasteful expenditure of ₹21.91 crore.

(Paragraph 5.3.1.2)

- Inadequate survey and investigation led to execution of a bridge over river Mudra through a separate contract resulting in extra cost of ₹2.12 crore including Goods and Services Tax (GST).

(Paragraph 5.3.1.3)

- Erroneous demarcation of land with structures for construction of a service road at Saradhapali village led to irregular payment of ₹1.13 crore for non-existing structures by the then SE, Bargarh (R & B) Division.

(Paragraph 5.3.1.4)

- Execution of works in deviation to Indian Road Congress specifications, and Schedule of Rate/ Analysis of Rate led to extra expenditure of ₹89.78 crore and ₹52.52 crore, respectively.

(Paragraphs 5.3.1.5 and 5.3.1.6)

- Due to increase in median width during construction of Sohela – Nuapada road, the quantity of borrow earth was increased from 9.16 lakh to 20.30 lakh cum leading to unwarranted extra expenditure of ₹15.13 crore.

(Paragraph 5.3.2.1)

- Increase in height of Cross Drainage in 11 road work construction from Ghatipada to Ampani led to provisioning of excess quantity of earth for

19.85 lakh cum. This was in deviation to the DPR quantity which was unwarranted and thereby resulted in avoidable extra expenditure of ₹25.99 crore.

(Paragraph 5.3.2.2)

- Failure of the Executive Engineer (R&B) Division, Bargarh to check authenticity of the securities submitted by the bidder before award of work led to recession of contract causing avoidable extra expenditure of ₹14.28 crore. Besides, the value of leftover work of ₹16.07 crore due to rescinding the contract was not recovered from the contractor.

(Paragraph 5.5.1)

- Due to delay in land acquisition (LA) process and not effecting timely payment to the beneficiaries necessitated revaluation of the land in Panchupada village of Rourkela-Sambalpur Road as per amended LA Act, 2013 resulting in extra cost of ₹30.28 crore.

(Paragraph 5.6.1)

- A number of patches of rutting, cracks and potholes were found on the Rourkela-Sambalpur road within three years of its completion which exhibits poor workmanship. The Department, however, had not taken any action against the concessionaire for non-maintenance of the road.

(Paragraph 5.8.1.2)

VI. Significant Audit Observations of Detailed Compliance Audit on “Odisha State Road Project”

This Compliance Audit on Odisha State Road Project (OSRP) was conducted to assess whether the intended objective of the road project was achieved. The Compliance Audit of the project revealed the following:

- Laxity in survey and investigation, the scope of many works was changed. Out of 1,103 items of works in four roads, department could estimate the correct quantities only in 43 items. The increase in quantities varied up to 80.68 times of the original value.

(Paragraph 6.2.2.1)

- Unwarranted provision of 11.21 lakh cum capping layer of sand using 500 mm sand in addition adoption of GSB at the rates ranging between ₹286 and ₹700 per cum in the estimates of the eight roads was in contravention to the IRC specification, resulted in an extra expenditure of ₹43.51 crore.

(Paragraph 6.2.3.3)

- Due to lack of adequate planning, contracts had to be terminated and the project had suffered cost overrun of ₹238.36 crore (32.86 per cent) and time overrun ranged between 38 and 116 months pertaining to 14 packages.

(Paragraph 6.2.4)

- The expenditure towards Land Acquisition, Resettlement and Rehabilitation and utility shifting was enhanced from ₹88.22 crore to ₹198.44 crore due to delay in acquisition process and deviation in Project Appraisal Document.

(Paragraph 6.3.2)

- Improper reduced provision of defect liability period in four road works, had resulted in avoidable extra expenditure of ₹9.10 crore by the department.

(Paragraph 6.4.1)

- In two road works, the Department did not recover differential cost of ₹132.08 crore arising out of retender of balance work as per the provision of Clause 15.4 of GCC, resulting loss to the State exchequer.

(Paragraph 6.4.2)

- Incorrect provision of lead charges from 10 to 68 km instead of five km, resulted in inflated estimates and undue benefit to the contractors to a tune of ₹13.91 crore.

(Paragraph 6.5.1)

- In 13 road works, adoption of MoRT&H data book instead of State SoR resulted in inflation of the project costs and undue benefit of ₹69.54 crore to the contractors.

(Paragraphs 6.5.2)

VII. Significant Audit Observations on Compliance Audit

Non-realisation of motor vehicles tax and additional tax from Goods Carriages

Regional Transport Officers failed to realise Motor Vehicles tax of ₹4.64 crore and penalty up to ₹9.28 crore from 3,081 defaulting vehicle owners.

(Paragraph 7.1)

Short levy of Motor Vehicles Tax

Motor Vehicles tax including additional tax of ₹1.16 crore and penalty of ₹23.26 lakh was short realised from the owners of 4,373 vehicles due to adoption of old rate of taxes.

(Paragraph 7.2)

Non-disposal of Red Sanders wood

Blockage of Government revenue due to non-disposal of Red Sanders wood of ₹349.70 crore.

(Paragraph 7.3)

Non-levy of interest on belated payment of Net Present Value

Interest of ₹95.69 lakh was not levied, as the User Agency had paid the Net Present Value belatedly.

(Paragraph 7.4)

Non-disposal of Timber and Poles

Divisional Forest Officers failed to take timely action for disposal of timber, poles and firewood, which resulted in blocking of revenue of ₹88.37 lakh.

(Paragraph 7.5)

Idle expenditure on construction of modern meat shops

Non-allotment of 29 meat shops led to idle expenditure of ₹1.78 crore and consequent loss of revenue of ₹55.02 lakh.

(Paragraph 7.6)

Undue benefit to the contractors

Excess provision for rates of Ductile Iron pipes in laying of water supply distribution systems in seven municipalities led to undue benefit to contractors for ₹1.05 crore.

(Paragraph 7.7)

Avoidable extra expenditure

Shifting of underground reservoir from Balugaon to INS Chilika for water supply project led to laying of excess pipelines resulted in avoidable extra expenditure of ₹5.16 crore.

(Paragraph 7.8)

Wasteful Expenditure

Construction of pedestals for a water supply project, without obtaining permission from the Department of Water Resources (DoWR) led to change in the scope of work, rendering expenditure of ₹91 lakh wasteful.

(Paragraph 7.9)

Non-realization of dead rent and consequential interest

Failure to raise demand for levy of dead rent and consequential interest from non-working mines, resulted in non-realization of revenue of ₹2.06 crore.

(Paragraph 7.10)

Non-realisation of additional amount and short realisation of royalty on sale of coal

Failure to realise additional amount from OCPL and incorrect assessment of royalty on the sale of coal, resulted in non/ short realisation of Government dues of ₹19.88 crore.

(Paragraph 7.11)

Irregular excess payment to foreign company

Non-deduction of Tax at Source, on payment made to foreign company, resulted in irregular excess payment of ₹23.50 lakh to the Odisha Tourism Development Corporation.

(Paragraph 7.12)

Undue benefit to contractors

Excess payment to contractors in deviation from Schedule – H of Engineering, Procurement and Construction Contracts led to undue benefit of ₹11.29 crore to contractors.

(Paragraph 7.13)

Excess payment to contractor

Excess payment to contractor in deviation to Article 13 of Engineering, Procurement and Construction Contract led to undue benefit of ₹1.43 crore to contractor.

(Paragraph 7.14)

Avoidable extra cost due to laxity in survey and investigation

Laxity in conducting survey and investigation led to avoidable extra cost of ₹9.54 crore.

(Paragraph 7.15)

Avoidable extra expenditure due to crust failure

Provision of inadequate crust thickness of a heavy traffic/ axle load road, led to crust failure within 16 months and required further overlaying at an avoidable extra expenditure of ₹3.14 crore.

(Paragraph 7.16)

Non-deduction of voids led to excess payment

Non deduction of voids in gabion box walls led to excess payment of ₹81 lakh to the contractor.

(Paragraph 7.17)

Avoidable extra cost for excess provision of bituminous surfacing and granular sub base

Adoption of excess thickness for bituminous surfacing and granular sub base in deviation to IRC provision led to avoidable extra cost of ₹4.35 crore.

(Paragraph 7.18)

Undue benefit to contractor

Adoption of faulty analysis for calculation of item rates of excavation of foundation in laterite rock inflated the estimated cost by ₹5.83 crore, leading to undue benefit of ₹4.64 crore to the contractor, out of which ₹ 1.23 crore was recovered from the contractor at the instance of Audit.

(Paragraph 7.19)

Wasteful expenditure

Laxity of departmental officers in preparation of estimates for an existing road led to wasteful expenditure of ₹3.54 crore.

(Paragraph 7.20)

Excess payment to contractor

Non-reduction of cost of work under negative change of scope of contract led to excess payment of ₹3.71 crore.

(Paragraph 7.21)

Idle expenditure due to abandonment of work in midway

Improper survey and investigation before commencement of work and adoption of faulty design for a bridge, led to abandonment of road and bridge work, resulting in idle expenditure of ₹1.41 crore.

(Paragraph 7.22)

Inflated estimates led to undue benefit to contractors

Incorrect adoption of transportation cost of GSB, on conveyance of material inflated the estimates of road works and resulted in undue benefit of ₹6.26 crore to the contractors.

(Paragraph 7.23)

Avoidable extra expenditure due to provision of excess width of road

Construction of two-lane road with paved shoulders, in deviation from IRC provisions, led to avoidable expenditure of ₹7.30 crore.

(Paragraph 7.24)

Avoidable expenditure

Utilisation of high cost sub-base material, despite availability of low cost slag, in the construction of road pavement, led to avoidable expenditure of ₹2.76 crore.

(Paragraph 7.25)

Undue benefit to the contractor due to invitation of tender at inflated rate

Invitation of tender, at inflated estimated cost, led to undue benefit to the contractor of ₹18.94 crore.

(Paragraph 7.26)

