



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest

**Report of the
Comptroller and Auditor General of India
on Compliance and Performance Audit of
State Public Sector Enterprises
for the period ended March 2023**



**Government of Odisha
Report No. 6 of the year 2025**

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Table of Contents

Description	Reference to	
	Paragraph Number	Page Number
Preface	-	v
Overview	-	vii-xvi
CHAPTER-I		
General Purpose Financial Report		
Summary of Financial Performance of State Public Sector Enterprises	-	1-17
Introduction	1.1	1-3
Investment in Government Companies and Corporations and Budgetary support	1.2	4-9
Returns from the Government Companies and Corporations	1.3	9-11
Debt Servicing and legal compliances	1.4	11-13
Operating efficiency of Government Companies	1.5	13-16
SPSEs incurring losses	1.6	16-17
Oversight Role of CAG	-	18-26
Audit of State Public Sector Enterprises (SPSEs)	1.7	18
Appointment of Statutory Auditors of State Public Sector Enterprises by CAG	1.8	18
Submission of Accounts by State Public Sector Enterprises	1.9	18-20
CAG's oversight - Audit of accounts and supplementary audit	1.10	20-21
Result of CAG's oversight role	1.11	21-25
Non-compliance with provisions of Accounting Standards/Ind AS	1.12	25-26
Management Letters	1.13	26
Corporate Governance	-	27-35
An introduction to Corporate Governance	1.14	27
Provisions as contained in the Companies Act, 2013	1.15	27
Review of Compliance by selected SPSEs of the Corporate Governance provisions	1.16	28
Composition of Board of Directors	1.17	28-29
Appointment and functioning of independent directors	1.18	29-30
Filling-up the posts of Directors-Functional, Non-Functional, Independent	1.19	30-31
Meeting of the Board of Directors and Board Committees (legal provisions for issue of notice, convening the meetings, etc.)	1.20	31-32
Audit Committee and Other Committees of the Board	1.21	32-33
Internal Audit Framework	1.22	34-35

Description	Reference to	
	Paragraph Number	Page Number
Corporate Social Responsibility	-	35-39
Definition and Legal Framework of CSR	1.23	35-36
Applicable regulations on CSR	1.24	36
Constitution of CSR Committee	1.25	36
Framing of CSR Policy	1.26	36-37
Annual CSR plan and budget	1.27	37
Range of CSR spend	1.28	37
Sector-wise CSR spend	1.29	37-38
Financial Component	1.30	38-39
Project Implementation	1.31	39
Monitoring Framework	1.32	39
Recommendations	-	39-40
CHAPTER-II		
Performance Audit on Activities of Odisha Mining Corporation Limited		
Executive Summary	-	41-43
Introduction	2.1	44
Organizational Setup	2.2	44-45
Scope of Audit	2.3	45
Audit Objectives	2.4	45
Audit Criteria and Methodology	2.5	46
Financial Position	2.6	46-48
Working results	2.7	48-49
Management of Mining Leases by OMC	2.8	49-57
Production Performance	2.9	57-72
Status of Capital Projects	2.10	72-78
Contract Management	2.11	78-84
Sales Performance	2.12	84-88
Financial Management	2.13	88-94
Monitoring and Internal Control	2.14	94-96
Other topics of interest	2.15	96-97
CHAPTER-III		
Compliance Audit Observations		
<i>Odisha Power Generation Corporation Limited</i>	-	
Avoidable expenditure	3.1	99-100
Avoidable interest burden	3.2	100-102
Loss of revenue	3.3	102-103
<i>Odisha Power Transmission Corporation Limited</i>	-	
Infructuous Expenditure	3.4	103-105
Undue benefit to a DISCOM	3.5	105-107
Undue benefit to a private beneficiary of shifting of EHT lines	3.6	107-108
Avoidable Expenditure	3.7	108-109
<i>Odisha Bridge and Construction Corporation Limited</i>	-	

Description	Reference to	
	Paragraph Number	Page Number
Avoidable payment	3.8	109-111
<i>Odisha Coal and Power Limited</i>	-	
Undue favour	3.9	111-113

Appendices

Appendix Number	Description	Reference to	
		Paragraph number	Page number
1	List of 76 Government SPSEs and Government Controlled Other SPSEs	1.1.4.1 and 1.9.2	115-117
2	Details of accounts in arrears or companies under liquidation/defunct Government Companies and Corporations	1.1.4.1 and 1.9.2	118-119
3	Details of accounts in arrears Government Controlled Other Companies	1.1.4.1 and 1.9.2	120
4	SPSEs and their introduction including contribution of turnover to the GSDP of the State	1.1.4.2	121-127
5	Department-wise percentage of Turnover to GSDP of Odisha	1.1.4.2	128-129
6	Shortfall in dividend by Government Companies	1.3.2	130
7	Value of Production, Total Assets and Capital Employed of SPSEs	1.5.2	131
8	Return on Capital Employed of SPSEs	1.5.3	132-133
9	Rate of Real Return in respect of 29 SPSEs	1.5.4	134
10	Return on Equity of SPSEs	1.5.5	135-136
11	Loss incurred by 07 SPSEs during 2021-22 and 2022-23	1.6.1	137
12	List of SPSEs having negative Net Worth as on 31 March 2023	1.6.2	138
13	List of SPSEs where Comment by CAG issued	1.11.3	139
14	Details of Companies where there was non-compliance with Accounting Standards/Ind AS as reported by the Statutory Auditors	1.12	140
15	List of SPSEs where Management Letters issued by CAG	1.13	141

Appendix Number	Description	Reference to	
		Paragraph number	Page number
16	List of SPSEs qualifying for having independent directors, Audit Committee and Nomination and Remuneration Committee on their Board	1.17.1, 1.21.1 and 1.21.4	142-143
17	List of SPSEs qualifying for having woman directors on their Board	1.17.2	144
18	Statement showing applicability of CSR Criteria	1.25	145
19	Statement showing sector specific CSR expenditure	1.28 and 1.29	146
20	Allocation and actual CSR spend including carry forward	1.30.1 and 1.30.2	147
21	Quarter-wise CSR spend including carry forward during the financial year 2022-23	1.30.3	148
22A	Production target and achievement	2.9.1	149-150
22B	Approved quantities as per MP/MS, CTO, EC and actual production	2.9.1	151-152
23	Details of loss of revenue due to non-beneficiation of 5,83,434.87 MT of sub grade chrome ore during 2020-23	2.10.2	153
24	Sales Target and achievement	2.12.1	154
25	Details of interest free advances extended and their recoveries	3.2	155-157
	Glossary of Abbreviations	-	159-161

Preface

This Report deals with the results of Compliance and Performance Audit of State Public Sector Enterprises (SPSEs), namely, Government Companies and Statutory Corporations of the Government of Odisha for the year ended March 2023.

The Report on the SPSEs for the year ended March 2023 has been prepared for submission to the Government of Odisha for laying before the State Legislature under Article 151(2) of Constitution of India and Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, as amended from time to time.

Audit of the accounts of Government Companies is conducted by the Comptroller and Auditor General of India under the provisions of Section 139 and 143 of the Companies Act, 2013. The audit arrangements of Statutory Corporations are prescribed under the respective acts through which the corporations are established.

The instances mentioned in this Report are those which came to notice in the course of test audit for the period 2022-23, 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 2022-23 have also been included, wherever pertinent.

This Audit Report deals with the Summary of Financial Performance of SPSEs, Oversight role of Comptroller and Auditor General, Corporate Governance, Corporate Social Responsibility, Performance Audit on "Activities of Odisha Mining Corporation Limited" and nine Compliance Audit paragraphs.

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

Overview

This Report of the Comptroller and Auditor General of India (CAG) presents summary of financial performance of State Public Sector Enterprises (SPSEs), oversight role of Comptroller and Auditor General, corporate governance and corporate social responsibility for the period from April 2022 to March 2023. Besides this, observations included in this report relate to Performance Audit on “Activities of Odisha Mining Corporation Limited” and significant results of the compliance audit of Government companies and Statutory Corporations for the year ended 31 March 2023.

The primary purpose of the Report was 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.

Summary of Financial Performance of State Public Sector Enterprises

Audit of Government Companies and Government Controlled Other Companies is conducted by the CAG under the provisions of Section 143(5) to 143(7) of the Companies Act, 2013 read with Section 19 of the CAG’s (Duties, Powers and Conditions of Service) Act, 1971 and the Regulations made thereunder. Under the Companies Act, 2013 the CAG appoints the Chartered Accountants as Statutory Auditors for companies and gives directions on the manner in which the accounts are to be audited. In addition, CAG has the right to conduct a supplementary audit.

There were 76 SPSEs under the audit jurisdiction of the CAG in Odisha as on 31 March 2023. These 76 SPSEs consisted of 58 Government Companies, 03 Statutory Corporations and 15 Government Controlled Other Companies. This report deals with the analysis of financial performance of 42 SPSEs.

(Paragraphs 1.1.3 and 1.1.4)

The 42 SPSEs registered a turnover of ₹47,902.01 crore in 2022-23, reflecting a growth of 24.41 *per cent* over the previous year. The turnover relative to the Gross State Domestic Product (GSDP) of Odisha was 6.18 *per cent* in 2022-23, marginally higher than 6.03 *per cent* in the preceding year.

(Paragraph 1.1.4.2)

As on 31 March 2023, the investment (Equity and Long-term loans) in 29 Government Companies and Corporations was ₹23,080.10 crore. The equity investment in 13 Government Controlled Other Companies stood at ₹1,001.55 crore, with no long-term loans. Of the 29 Government Companies and Corporations, nine had outstanding long-term loans totaling ₹13,763.57 crore as on 31 March 2023. Audit observed that all these nine Government Companies and Corporations have positive coverage ratio, indicating adequate assets to meet their loan liabilities as on 31 March 2023.

During 2022-23, the Government of Odisha (GoO) extended budgetary assistance of ₹4,873.99 crore to SPSEs in the form of equity, loans, and grants/subsidies. The highest grants/subsidies were provided to Odisha State Civil Supplies Corporation Limited (₹1,169.27 crore) and Odisha Lift Irrigation Corporation Limited (₹1,176.09 crore). However, OSCSC had not submitted its annual accounts for 2021-22 and 2022-23, while OLIC had not furnished accounts for 2019-20 to 2022-23 as of 30 September 2023.

(Paragraphs 1.2, 1.2.2, 1.2.3, 1.2.4 and 1.2.6)

Out of the 29 Government Companies and Corporations, profit earned by 18 SPSEs increased to ₹7,073.21 crore in 2022-23 from ₹3,289.86 crore in case of profit earned by 21 SPSEs in 2021-22. Top five profit earning SPSEs were Odisha Mining Corporation Limited (OMC), Odisha Coal and Power Limited (OCPL), Odisha Hydro Power Corporation Limited (OHPC), Odisha State Police Housing and Welfare Corporation Limited (OSPHWC) and Odisha Forest Development Corporation Limited (OFDCL). The Return on Equity (ROE) of 18 SPSEs was 31.19 *per cent* in 2022-23 as compared to 22.37 *per cent* from 21 SPSEs in 2021-22. Seven Government Companies and Corporations incurred loss of ₹794.98 crore in 2022-23 as compared to loss of ₹453.11 crore incurred by these SPSEs during 2021-22. Out of total loss of ₹794.98 crore, loss of ₹788.73 crore was mainly contributed by two SPSEs (GRIDCO Limited ₹778.18 crore and OSRTC ₹10.55 crore).

As on 31 March 2023, out of 29, there were eight Government Companies and Corporations with accumulated losses of ₹9,449.38 crore. Net worth of four out of eight SPSEs had been completely eroded by accumulated loss and their net worth was negative. The net worth of these four SPSEs was ₹(-)5,735.80 crore against total equity investment of ₹3,428.80 crore as on 31 March 2023. Overall, net worth of all the 29 Government Companies and Corporations was ₹17,311.65 crore against their total paid up capital of ₹9,316.53 crore.

Out of the 29 Government Companies and Corporations, 10 SPSEs declared dividend of ₹622.16 crore against equity investment of ₹1,451.55 crore by GoO for the year 2022-23. However, seven SPSEs had not declared dividend prescribed by the Government, leading to a shortfall of ₹1,419.30 crore during 2022-23. The dividend declared as a percentage of net profits decreased to 10.89 *per cent* in 2022-23 from 18.59 *per cent* in 2021-22. Of the 13 Government Controlled Other Companies, seven companies earned profit of ₹4.08 crore during the year ended 31 March 2023.

(Paragraphs 1.3.1, 1.3.2, 1.6.1 and 1.6.2)

Return on Equity (ROE), a measure of financial performance of companies calculated by dividing net income by shareholders' equity, of 29 Government Companies and Corporations had increased from 6.83 *per cent* in 2021-22 to 36.27 *per cent* in 2022-23. Sector wise analysis of ROE of Government Companies and Corporations where total equity is more than ₹50 crore during 2020-21 to 2022-23 indicates that the increase in ROE during 2022-23 was primarily driven by the Industries and Energy sectors.

(Paragraph 1.5.5)

Oversight role of CAG

Audit of State Public Sector Enterprises

CAG appoints statutory auditors for a Government Company and Government Controlled Other Company under Section 139 (5) and (7) of the Companies Act, 2013. The CAG has a right to conduct supplementary audits and issue comments upon or supplement the Audit Report of the statutory auditor. Statutes governing the three Statutory Corporations require that their accounts be audited by the CAG and a report be submitted to the State Legislature.

The CAG plays an oversight role by monitoring the performance of the statutory auditors in audit of public sector undertakings with the overall objective that the statutory auditors discharge the functions assigned to them properly and effectively. This function is discharged by exercising the power:

- to issue directions to the statutory auditors under Section 143 (5) of the Companies Act, 2013; and
- to supplement or comment upon the statutory auditor's report under Section 143 (6) of the Companies Act, 2013.

(Paragraphs 1.7 and 1.10.2)

Accounts for the year 2022-23 were due from all 61 Government SPSEs and 15 Government Controlled Other SPSEs. A total of 11 Government SPSEs and five Government Controlled Other SPSEs submitted their accounts for audit by CAG by 30 September 2023. Accounts for 50 Government SPSEs and 10 Government Controlled Other SPSEs were in arrears.

Accounts of one Statutory Corporation *i.e.*, Odisha State Warehousing Corporation for the years 2020-21, 2021-22 and 2022-23, the accounts of Odisha State Road Transport Corporation for the years 2021-22 and 2022-23 and accounts of Odisha State Financial Corporation for the year 2022-23 were awaited as on 30 September 2023.

Delay in finalisation of accounts carries the risk of fraud and leakage of public money apart from violation of the provisions of the relevant statutes. The Government may look into the constraints in preparing the accounts of the SPSEs and take necessary steps to clear the arrears in accounts.

(Paragraph 1.9.2)

Subsequent to the audit of the financial statements by statutory auditors which were received during the period from 01 October 2022 to 30 September 2023, the CAG conducted supplementary audit of the financial statements of the selected Government Companies and Government Controlled Other Companies. Impact of significant comments of the CAG issued as supplement to the statutory auditors' reports on SPSEs was ₹166.61 crore on profitability and ₹480.08 crore on assets and liabilities.

Besides, the statutory auditor's report of Odisha Coal and Power Limited for the year 2022-23 was revised before laying of the financial statements of the Company in its Annual General Meeting.

(Paragraphs 1.11.1 and 1.11.2)

Corporate Governance

Out of the 27 SPSEs required to appoint independent directors, five did not have the mandatory minimum of two independent directors on their Boards during the financial year 2022-23.

Of the 21 SPSEs required to have a woman director on their Boards, nine did not comply with this requirement during the year.

(Paragraph 1.17)

Section 173 (1) of Companies Act, 2013 stipulates that every company shall hold a minimum number of four meetings of its Board of Directors every year in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board. Out of the 51 working SPSEs, 20 SPSEs did not conduct the mandatory four meetings of the Board of Directors during 2022-23.

(Paragraph 1.20)

As per the provisions of the Companies Act, 2013, 35 SPSEs were required to constitute the Audit Committee out of which 32 SPSEs constituted the Audit Committee. However, three SPSEs (Odisha Tourism Development Corporation Limited, Odisha Rural Housing and Development Corporation and Odisha Sports Development and Promotion Company) did not constitute the Audit Committee. Out of 32 SPSEs, the Audit Committee of three SPSEs did not evaluate the internal financial control systems and that of one SPSE *i.e.*, Odisha State Seeds Corporation Limited did not review and monitor the statutory auditors' performance and effectiveness of the audit process.

Out of 27 SPSEs required to constitute Nomination and Remuneration Committee, 13 companies did not constitute the Committee during 2022-23.

(Paragraphs 1.21.1 to 1.21.4)

Corporate Social Responsibility

As per the provisions of section 135 (1) of the Companies Act, 2013, 16 SPSEs were required to establish CSR committee. All the 16 SPSEs have constituted the CSR Committee. Out of 16 SPSEs, three SPSEs did not have a CSR policy in place, six SPSEs did not formulate CSR plans and five SPSEs did not prepare CSR budgets for the year 2022-23. Regarding CSR spending, against a required spending of ₹58.67 crore by 12 SPSEs, actual spending was ₹61.24 crore. However, out of 12 SPSEs, five SPSEs, which required spending of ₹9.50 crore towards CSR activities, had actually spent ₹2.97 crore leaving unspent amount of ₹6.53 crore.

(Paragraphs 1.25, 1.26, 1.27, 1.30.1 and 1.30.2)

Performance Audit on Activities of Odisha Mining Corporation Limited

- Odisha is considered a mineral rich State with 53 per cent of iron ore reserve, 73 per cent of bauxite ore and 100 per cent of chromite ore reserve in the country. The mining sector contributes 10.8 per cent of Gross State Value Added (GSVA) in 2022-23. Odisha Mining Corporation Limited (OMC), being the only state public sector undertaking in the sector, its contribution to the State revenue in terms of royalty, dividend *etc.*, assumes critical importance. It obtains mining leases from the GoO and carries out mining operations like excavation of ore, processing the same to make them saleable and selling them. In each of these activities, it has to comply with the provisions of statutes like Forest Conservation Act, 1980 Mines and Minerals (Development and Regulation) (MMDR) Act, 1957, Mineral Concession Rules, 1960, the Ancient Monuments and Archaeological Sites and Remains (AM&SAR) Act, Prevention of pollution Act, 1986 *etc.*

(Paragraph 2.1)

- Performance Audit on activities of OMC was conducted to assess whether planning for mining was carried out efficiently and effectively; production and sale of minerals were carried out in an economical, efficient and effective manner; financial management was effective; and monitoring and internal control system was adequate and effective.

(Paragraph 2.4)

- OMC has 36 mining leases as on date out of which 18 are operative. The remaining 18 have been inoperative for the last six to more than 35 years, including five mines that have remained non-operational since OMC's inception. Regarding inoperative leases, it was observed that the main reasons for non-operation of mines was mostly delay in submission of Forest Diversion Proposal (FDP) to get Forest Clearance (FC) for starting mining activities. The delay was mainly because of non-compliance with required formalities *viz.*, finalisation of joint verification of forest land, delay in finalising the land use plan, lack of assessment of ore reserves and delays in complying with the directions of the Forest Department. In the process, OMC had to pay ₹9.09 crore towards surface rent/water rent and ₹154.27 crore towards manpower cost including watch and ward *etc.*, of these inoperative mines during 2018-23. It is pertinent to mention that similar issue regarding inoperative mines was highlighted in CAG's Audit Report No. 5 of the year 2017 which pointed out the payment of dead rent and watch and ward expenditure during 2012-17. Despite this, OMC did not take corrective measures and continued to incur avoidable expenditure amounting to ₹163.36 crore during the period 2018-23.

(Paragraph 2.8.1)

- As per the MMDR Rules, 2015, mining leases granted to Government companies prior to 12 January 2015 were deemed to be extended to 50 years, and the 2021 Amendment mandated payment of an additional

amount equivalent to 150 *per cent* of the royalty payable. Accordingly, the GoO extended the lease period of the Unchabali iron ore mines from 20 to 50 years (2008-2058), subject to the OMC executing a supplementary lease deed for the extended period from June 2028 to June 2058, which was done by OMC in February 2022. Audit analysis revealed that based on a mineable reserve of 10.56 MMT as of 2018-19 and a production capacity of 01 MTPA (as per Environment Clearance), the reserves would be exhausted by 2028, making the extension unnecessary. The execution of the supplementary lease deed resulted in avoidable expenditure of ₹85.21 crore in 2022-23 towards additional royalty, stamp duty and registration, and a further estimated liability of ₹232 crore in royalty payments up to 2028.

(Paragraph 2.8.2)

- Mining is skilled work involving removing the overburden, then excavating the ore, crushing/beneficiating them to make them saleable. All these activities are again subject to compliance with Mining Plans approved by the Indian Bureau of Mines (IBM), conditions stipulated in Environmental Clearances (EC) granted by the Ministry of Forest and Environment and Climate Change (MoEF&CC), consent to operate (CTO) issued by the State Pollution Control Board (SPCB).
- During 2018-23, there were significant shortfalls in mineral production against the approved Mining Plan. Iron ore production fell short of BE targets by 15 to 88 *per cent*, chrome ore by 28 to 75 *per cent*, and bauxite by 39 *per cent*.
- In the case of Daitari iron ore mines, MoEF&CC enhanced the Environmental Clearance limit from three MTPA to six MTPA in July 2021 for one year, but OMC delayed submission of the Consent to Operate (CTO) application by 39 days and did not actively pursue the matter with SPCB, resulting in CTO being granted only in November 2021. Consequently, OMC could utilise only two MTPA out of the additional three MTPA during the remaining eight months (November 2021-July 2022), leading to a shortfall of one MTPA and a potential revenue loss of ₹606.43 crore.

(Paragraphs 2.9.1 and 2.9.2)

- In case of 14 mines, 29.47 MMT of minerals were produced either in excess of the quantity permitted as per the EC or were extracted without obtaining FC. Due to this, a penalty of ₹3,761.88 crore was paid by OMC during the period 2017-22 to the Department of Steel and Mines, GoO. It was also noticed that OMC paid ₹602.27 crore during 2018-23 for production of 5.56 Million MT (MMT) of minerals from eight mines in excess of the quantities permitted under CTO and the Mining Plan.

(Paragraph 2.9.3.1)

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- Audit observed that during the period 2018-23, seven out of 12 sampled mines did not comply with conditions specified in the statutory clearances issued by MoEF&CC/SPCB, related to air pollution. The non-compliances included shortfall in the prescribed frequency of air quality monitoring, non-installation of required equipment, and other deficiencies. Further, in nine out of 12 test-checked mines, instances of non-compliance with statutory provisions relating to water and noise pollution were also noticed.

(Paragraph 2.9.3.4)

- The approved Mine Closure Plans stipulated land reclamation to restore the quality of land in 2,01,447 m² of the Jilling-Langlota iron ore mine and 1,42,000 cubic meter (CBM) for the Bangur chromite mine during 2020-23. However, OMC could back fill/reclaim only 51,000 m² (25 *per cent*) and 24,957 CBM (18 *per cent*) of land respectively, against the target specified in the Mine Closure Plan. This shortfall not only violated the stipulated Mining Plans but also prevented restoration of land quality for productive use such as afforestation and plantation.

(Paragraph 2.9.3.5)

- There were deficiencies in stacking of ore according to statutory parameters. For example, in case of Gandhamardan B, Kurmitar, Jhilling and Tiring Pahar mines, OMC had not segregated ores according to their grades for stacking purpose. Hence, it had to pay royalty at the rate which was payable for the highest grade of ore. Consequently, OMC had to incur an additional expenditure of ₹938.52 crore during 2018-23 for stacking without segregation.

(Paragraph 2.9.5.2)

- For improvement in production level in terms of quantity and quality, OMC was executing six capital projects with an investment of ₹5,495.90 crore. Out of these, only two (Balance work of New COBP and tailing pond for COBP South Kaliapani mines) were completed and others were in progress. However, due to lack of proper planning, even the completed projects could not be made operational. For example, chrome ore beneficiation plant completed in April 2023, could not be commissioned due to non-execution of Operation and Maintenance contract with a service provider. As a result, OMC could not produce quality ore from the sub-grade ore and lost the opportunity to earn revenue of ₹61.16 crore during 2020-23.

(Paragraphs 2.10.1 and 2.10.2)

- In 2009, OMC approved an Ore Handling Project at Daitari iron ore mines to establish a fully mechanized system for crushing, screening, conveying, and wagon loading of ore. In December 2019, OMC discovered that the plant site overlapped with the Ultimate Pit Limit

(UPL), risking blockage of 6.37 MMT of ore. Consequently, OMC surrendered 98.7 hectares of forest land (October 2022). Notably, the site had been suggested by Independent Directors in January 2009 before engaging the consultant, with the study already flagging that the Crusher House fell within the UPL. Despite this, no assessment of blocked ore was undertaken, leading to poor planning and avoidable expenditure of ₹15.97 crore on forest clearance, consultancy, design, and related charges.

(Paragraph 2.10.4)

- It was observed that undue favour was being extended to contractors because the clauses in the contract were unfavorable to OMC. For instance, in Daitari mines OMC paid ₹25.79 crore extra towards escalation charges for electricity which was over and above the actual cost of electricity. OMC paid ₹32.64 crore extra towards raising cost by treating sub-grade ore as saleable ore.
- During the period December 2018-December 2019, the overburden was dumped within the unmined area itself, without being taken to the dump site. Despite this, OMC continued to pay the contractor without deducting the transportation cost, resulting in an excess payment of ₹6.18 crore for the period December 2017-March 2023.
- OMC issued a NIT in June 2015 for raising work at Mahaparbat mine before obtaining environmental clearance, which was only granted in November 2020, 62 months after the work order was issued in September 2015. Meanwhile, OMC introduced e-reverse auction in March 2019, securing 17-31 *per cent* discounts on raising contracts. Audit observed that though OMC had the contractual right to terminate the contract, it did not cancel the Mahaparbat work order to re-tender under the e-reverse auction, resulting in a loss of ₹10.66 crore.

(Paragraphs 2.11.2, 2.11.5, 2.11.6 and 2.11.7)

- There was under realization of revenue of ₹16.51 crore because of errors in calculation and fixation of floor price for auction of 3.01 lakh MT of un-beneficiated sub-grade chrome ore.

(Paragraph 2.12.3)

- OMC did not timely adjust royalty paid to GoO in advance towards unlifted stock against the subsequent lifting of stock against fresh orders. In the process, it lost interest revenue of ₹41.22 crore on the amount remaining blocked.

(Paragraph 2.13.1)

- OMC extended inter-corporate loans of ₹3,211.71 crore to four different entities without any policy for taking over such financial risks. Out of such amount, ₹947.80 crore has already been defaulted by IDCOL whom OMC assisted via loans for payment of penalty for

statutory violations. Out of these four entities, two defaulting SPSEs *i.e.*, Industrial Development Corporation of Odisha Limited (IDCOL) and Orissa Mineral Exploration Corporation Limited (OMECL), were merged with OMC during 2022-23.

(Paragraphs 2.13.3 and 2.13.3.1)

- OMC having such a huge network of eight regional offices spread over remote areas, needs effective internal control mechanisms for proper monitoring to ensure sustainable operation. Many deficiencies were noticed in the internal control mechanism. For example, important areas like timely surrender of inoperative leases, compliance with different statutes were not included in the scope of work of the agencies hired for its internal audit.

(Paragraphs 2.14 and 2.14.1)

Compliance Audit Observations

Compliance audit observations included in this chapter highlight deficiencies in management of PSUs with financial implications. The irregularities pointed out are as briefed below:

- Procurement of coal from Odisha Coal and Power Limited through Road-cum-Rail mode using private railway siding and short lifting of 4.69 lakh MT of coal from Mahanadi Coalfield Limited under the agreed bridge linkage scheme resulted in avoidable expenditure of ₹24.72 crore by Odisha Power Generation Corporation Limited.

(Paragraph 3.1)

- Extension of interest-free mobilisation advance by Odisha Power Generation Corporation Limited (OPGC) to contractors, led to avoidable interest burden of ₹13.60 crore.

(Paragraph 3.2)

- In thermal power plants, a by-product known as cenosphere is generated during the process of power generation. However, no evidence of action taken by OPGC for the collection and sale of cenosphere was found on record, despite the fact that other thermal power PSUs have been successfully marketing and selling it. Based on the latest available market price and the quantity of cenosphere generated during 2017-18 to 2021-22, OPGC incurred a potential revenue loss of ₹1.09 crore.

(Paragraph 3.3)

- Odisha Power Transmission Corporation Limited awarded (February 2014) a turnkey contract for implementing an Advanced Metering Infrastructure (AMI) system, scheduled for completion by August 2015 and later extended to July 2016. Despite payments of ₹5.37 crore made between 2014-15 and 2018-19, the project remained incomplete

as the mandatory User Acceptance Testing was not conducted within the stipulated timeframe, resulting in repeated extensions up to March 2020. In June 2022, OPTCL finally decided to discontinue the project, citing a critical flaw - the AMI system generated editable meter data instead of the required raw, un-editable data essential for secure billing, thereby making it prone to tampering. Notably, OPTCL, despite having an enabling clause in the contract's technical specifications, did not enforce the contractor's obligation to provide the requisite data, which led to the scrapping of the project and rendered the expenditure of ₹5.37 crore infructuous.

(Paragraph 3.4)

- Payment of pay and allowances to three executives of Central Electricity Supply Utility of Odisha (CESU) by deviating from the directions of the Board of Directors of the Odisha Power Transmission Corporation Limited resulted in extension of undue benefit to CESU and loss of ₹2.16 crore.

(Paragraph 3.5)

- Wrongful issuance of completion certificate and inaction towards claiming the loss of revenue due to shut down of extra high-tension lines by the Odisha Power Transmission Corporation Limited, resulted in non-realisation of revenue loss of ₹1.49 crore from the beneficiary.

(Paragraph 3.6)

- Construction of 220 KV transmission line in the forest land by violation of provisions of the Forest Conservation Act, 1980 by Odisha Power Transmission Corporation Limited resulted in avoidable payment of penal Net Present Value of ₹0.69 crore.

(Paragraph 3.7)

- Delayed payment of Goods and Services Tax by Odisha Bridge and Construction Corporation Limited on the supervision/overhead charges resulted in avoidable payment of interest of ₹2.56 crore.

(Paragraph 3.8)

- Odisha Coal and Power Limited, instead of enforcing the terms of the Mines Service Agreement against the Mines Operator, executed the work relating to shifting of villagers at its own cost by engaging another agency. This resulted in avoidable expenditure of ₹2.39 crore and undue favour of the same amount to the Mines Operator.

(Paragraph 3.9)