

CHAPTER-III PERFORMANCE AUDITS

SCHEDULED TRIBE AND SCHEDULED CASTE DEVELOPMENT DEPARTMENT

3.1 Integrated Tribal Development Agencies

Highlights

The Integrated Tribal Development Agencies (ITDAs) were involved in implementation of various Central Plan, Centrally Sponsored Plan and State Plan schemes in the Tribal Sub Plan areas of the State to improve the living condition of poor tribal population. Review of the performance of the ITDAs disclosed deficiencies such as non-conducting of survey on status of Scheduled Tribe (ST) families living below the poverty line (BPL), absence of long term perspective plans; diversion and misutilisation of funds; excess payment of subsidies; wasteful, unfruitful and avoidable expenditure in execution of works, undue benefit to contractors under various schemes. The systems of internal control, monitoring and evaluation mechanism were also found to be inadequate.

❖ **No survey was conducted by the ITDAs for identification and preparation of priority list of unassisted ST BPL families and number of such families brought above the poverty line.**

(Paragraph 3.1.6)

❖ **Out of Rs 652.25 crore available with the test checked ITDAs during 2002-07 under different schemes, Rs 601.45 crore were utilised and Rs 50.80 crore remained unspent as of March 2007.**

(Paragraph 3.1.7)

❖ **In the test checked ITDAs, due to irregular retention of scheme funds in Personal Ledger account (PL), scheme resources suffered by way of loss of interest of Rs 9.21 crore.**

(Paragraph 3.1.7)

❖ **Contrary to GOI instructions, SCA funds of Rs 14.11 crore were diverted for works not incidental to income generation and Rs 7.14 crore diverted for establishment expenditure and purchase of vehicles.**

(Paragraph 3.1.7.2)

❖ **Under income generation activities, inadmissible subsidy of Rs 2.32 crore was extended to beneficiaries on distribution of agriculture implements, milch cows, goats etc in excess of the norms prescribed under SCA guidelines. Excess expenditure of Rs 19.34 crore was also incurred under the scheme on land based projects which eroded the resources for income generating activities.**

(Paragraphs 3.1.8.1 and 3.1.8.2)

* Abbreviations used in this performance review have been expanded in Glossary of abbreviations at pages 243-248.

❖ In Rayagada and Koraput ITDAs expenditure of Rs 4.25 crore incurred out of Additional Central Assistance (RLTAP) on raising only shade trees (4765 hectares) without coffee plantations (phases I and II) was found unfruitful while Rs 62.33 lakh spent in coffee phase-I for raising shade trees (554 hectares) became wasteful due to low plant density.

(Paragraphs 3.1.8.5 and 3.1.8.6)

❖ All the 11 vocational training centres test checked were closed during 2004-05 for want of funds due to non-submission of utilisation certificates to GOI. Follow up for employment/ self-employment of 4679 tribal youths given training under SCA (IGS) at a cost of Rs 2.93 crore was not taken. Primary School Hostels lacked minimum amenities.

(Paragraphs 3.1.10.1, 3.1.10.2 and 3.1.10.3)

❖ Ekalavya Model Residential schools set up with a view to provide quality education along with better infrastructure ended up with schools having low paid teachers and weak infrastructure despite availability of funds.

(Paragraph 3.1.10.4)

❖ As the Accounts of the ITDAs were not prepared and audited since inception, Annual General Meetings (AGMs) were never held. Internal Audit was also not effective. While the District Level Monitoring Committees constituted in September 2006 did not meet, there were also shortfalls in holding Project Level Committee meetings by the ITDAs.

(Paragraph 3.1.11)

3.1.1 Introduction

Orissa has the third largest population of Scheduled Tribes (ST) in the country. The total tribal population was 8.15 million (22.13 per cent of the State population) as per Census 2001. Of these, 7.70 million ST population (95 per cent) lived in rural areas. The incidence of poverty among ST people living in rural areas of the State was 73 per cent as of 1999-2000¹. Under Fifth Schedule to the Constitution of India, an area covering 69403.11 square kilometers of the State comprising of 118 community development blocks (six districts fully and seven districts partially)² was declared (1977) as “Scheduled Areas” for taking up comprehensive development of the ST population. Accordingly, 21 ITDAs were set up in the State as registered (February 1979) societies under the Societies Registration Act, 1860 to implement various schemes approved in the Annual Action Plans (AAPs) for integrated socio-economic development of the tribal population based on comprehensive long term action plans.

3.1.2 Organisational set up

All the ITDAs were functioning under the administrative control of the Scheduled Tribe and Scheduled Caste Development Department (SSD)

¹ Source: Human Development Report 2004 of Government of Orissa.

² **Fully covered:** Koraput, Mayurbhanj, Sundargarh, Rayagada, Malkangiri and Nabarangpur;

Partially covered: Balasore, Gajapati, Kandhamal, Sambalpur, Keonjhar, Kalahandi and Ganjam.

Department) with a Commissioner-cum-Secretary heading the department and assisted by a Director-cum-Additional Secretary (ST and SC). Each ITDA was run by a Project Administrator (PA) reporting to a Project Level Committee (Governing Body). The District Collector functioned as the Chairperson of the Governing Body. Each PA was assisted by a Special Officer (SO), one Assistant Engineer (AE), Junior Engineers (JE) and other support staff for carrying out different activities of ITDA. ITDAs also released funds to other line departments of the Government who implemented various programmes for development of ST population.

3.1.3 Audit objectives

The objectives of the performance audit were to assess whether

- planning for implementation of various programmes was need based and area specific;
- funds from different sources were received and utilised timely in accordance with scheme objectives and action plans;
- income and employment generation for people under various schemes were commensurate with the used resources;
- the programmes / works were implemented efficiently, economically and effectively with due regard to quality / technical specifications and in accordance with the scheme objectives;
- economic and social infrastructure were created and maintained in pursuit of scheme objectives;
- Internal Control Mechanism, monitoring and evaluation of the programmes were effective.

3.1.4 Audit criteria

The Audit criteria for assessing the performance of the schemes implemented by the ITDAs were:

- Memorandum of Associations (MOA)/Bye-laws of ITDAs, scheme guidelines, proceeding of Project Level Committee (PLC) meetings for preparation of strategic and Annual Action Plans (AAP);
- Financial and physical targets set for the respective schemes and norms of allocation of funds set out in the respective scheme guidelines;
- Provisions relating to employment and income generation as well as vocational training programmes laid down in the respective scheme guidelines and Annual Action Plans;
- Time frame for completion of works, standards/ specifications prescribed for execution of works.
- Monitoring and Internal Control Mechanism instituted by the Government.

3.1.5 Scope and methodology of Audit

The performance Audit of the Integrated Tribal Development Agencies was conducted during March – June 2007 through sample check of records of the

SSD Department at the State level, 11 selected ITDAs³ (50 per cent selected on the basis of stratified random sampling without replacement method), 144 Primary School Hostels (PSH), 11 Vocational Training Centres (VTC), five⁴ Ekalavya Model Residential Schools (EMRS) managed by these ITDAs and 12 selected offices⁵ (executing agencies) of line departments pertaining to the period 2002-03 to 2006-07. In addition, information was also collected from three other ITDAs⁶ based on previous audit findings on these ITDAs and included in the performance audit. The audit objectives, criteria and methodologies were discussed with the Commissioner-cum-Secretary to the Government, SSD Department in an entry level conference held on 4 April 2007. Joint physical inspection of assets created under various schemes and facilities available in Primary School Hostels were conducted and interview of the beneficiaries were taken in the presence of authorised representatives from the concerned offices. Photographs were also taken as evidence depicting the ground realities. The findings of audit were also discussed with the Commissioner-cum-Secretary of the Department in the exit conference held on 30 July 2007. The outcome of the discussion has been suitably incorporated in this review.

Audit findings

3.1.6 Planning

The long term perspective plans were not prepared in any of the test checked ITDAs and the thrust areas were not identified though required under the schemes⁷. No survey was conducted to identify infrastructure gap in critical areas such as health, drinking water, electrification, rural marketing and tribal land development for consideration in the AAPs as required under the guidelines for governing grants under Article 275 (1) of the Constitution of India (grants). In 11 ITDAs⁸, there were delays in preparation and approval of AAPs up to 247 days from the commencement of the financial year. No survey was conducted by the ITDAs for identification and preparation of priority list of unassisted ST BPL families and number of such families brought above the poverty line. In absence of such basic information, the entire planning process lacked focus. Further, absence of any such data was fraught with risk of ineligible beneficiaries getting the benefits under the scheme.

3.1.7 Receipt and utilisation of funds

The ITDAs received funds from Government under various schemes viz. Special Central Assistance (SCA) to Tribal Sub Plan (TSP), grants under Article 275 (1) of the Constitution of India, Centrally Sponsored and State

³ Balliguda, Baripada, Gunupur, Keonjhar, Koraput, Malkangiri, Nabarangpur, Rairangpur, Rayagada, Sundargarh and Jeypore.

⁴ Bhabanipur (Sundargarh ITDA), Ranke (Keonjhar ITDA), Pungar (Koraput ITDA), Hirli (Nabarangpur ITDA) and Siriguda (Gunupur ITDA).

⁵ **Executive Engineers (R&B):** Sundargarh and Rairangpur, **Assistant Soil Conservation Officers:** Koraput, Gunupur and Rairangpur, **District Managers, Orissa Agro Industries Corporation:** Baripada, Sundargarh and Keonjhar, **Chief District Veterinary Officer:** Koraput, **Deputy Director (Coffee Development):** Koraput and **Assistant Soil Conservation Officer (Coffee Development):** Koraput and Rayagada.

⁶ Karanjia, Panposh and Thuamal Rampur (Bhawanipatna).

⁷ Special Central Assistance to Tribal Sub-Plan (SCA to TSP) and Grant under Article 275(1) of the Constitution of India.

⁸ Balliguda, Gunupur, Karanjia, Keonjhar, Koraput, Malkangiri, Nabarangpur, Rairangpur, Rayagada, Sundargarh and Th. Rampur.

Plan schemes for implementation of income generation activities and infrastructure development programmes. Besides, the ITDAs, as executing agencies, also received funds from other sources like the District Rural Development Agencies (DRDAs) for execution of works under different schemes such as Sampoorna Grameen Rozgar Yojana (SGRY), Food for Work Programme (FFW), National Food for Work Programme (NFFWP), Rastriya Sama Vikash Yojana (RSVY) etc.

As reported by the State Government, Rs 509.14 crore⁹ were released to all the 21 ITDAs during 2002-07 under SCA and grants. Funds available with these ITDAs during the period aggregated to Rs 590.17 crore including opening balance of Rs 81.03 crore as on 1 April 2002. Of this, the 21 ITDAs spent Rs 508.32 crore during 2002-07 leaving a balance of Rs 81.85 crore unspent as on 31 March 2007.

Major activity-wise receipt and utilisation of funds including funds received from other line departments in the 11 test checked ITDAs during 2002-07 were as below.

(Rupees in crore)

Activities	Opening Balance	2002-03		2003-04		2004-05		2005-06		2006-07		Total		Closing Balance
		Receipt	Expr	Receipt	Expr	Receipt	Expr	Receipt	Expr	Receipt	Expr	Receipt	Expr	
Income Generation	8.44	16.57	14.83	15.54	17.88	19.57	15.88	24.34	22.00	28.64	31.66	104.66	102.25	10.85
Infrastructure Development	46.05	42.86	34.45	35.67	42.81	31.12	44.38	64.68	52.80	55.55	75.42	229.88	249.86	26.07
Education development and Others	37.58	44.05	41.39	37.86	46.21	38.20	47.49	52.35	49.26	53.18	64.99	225.64	249.34	13.88
Total	92.07	103.48	90.67	89.07	106.90	88.89	107.75	141.37	124.06	137.37	172.07	560.18	601.45	50.80

Delayed release of funds resulted huge unspent balances in each year.

During 2002-07, the 11 ITDAs received Rs 560.18 crore which included Rs 246.93 crore released under SCA to TSP and grants during 2002-07. Of this, Rs 119.74 crore (48 per cent) were released during the last quarter of the financial years to the 11 ITDAs and Rs 63.54 crore (26 per cent) in the last month of the respective years. Belated release of funds by the Government besides affecting timely execution of the projects/ schemes resulted in carry over of huge unspent balances to the succeeding years. Further, the AAPs had become a routine document, as the annual release of funds by the Government during 2002-07 to the 11 test checked ITDAs ranged from 43.29 per cent less to 56.47 per cent excess of the AAP provisions.

Scheme funds were retained in non-interest bearing accounts leading to loss of Rs 9.21 crore towards interest

Despite instructions of GOI to keep the centrally sponsored and central plan scheme funds in separate Savings bank accounts and also instructions of the State Government (September 2006) to treat the interest earned as a part of the scheme funds, 12 ITDAs¹⁰ kept scheme funds ranging from Rs 16.18 lakh to Rs 24.30 crore in Personal Ledger (PL) and other non-interest bearing accounts during 2002-07. As a result, scheme resources suffered by way of loss of interest¹¹ of Rs 9.21 crore.

⁹ This did not include funds received from other departments/DRDAs as an executing agency.

¹⁰ Baripada, Balliguda, Gunupur, Keonjhar, Koraput, Malkangiri, Nabarangpur, Rairangpur, Rayagada, Sundargarh, Thuamul Rampur and Jeyapore.

¹¹ At the SBI savings bank interest rate of 4 per cent up to 1 April 2003 and 3.5 per cent thereafter.

Utilisation certificates for Rs 11.88 crore were pending for one year or more

As per the provisions in the Fiscal Responsibility and Budget Management (FRBM) Act 2005, the agencies implementing the schemes should utilise the grants sanctioned under the schemes and submit the utilisation certificates (UCs) within 12 months from the date of release. It was however seen that out of Rs 445.42 crore received by 12 ITDAs¹² during 2002-07, utilisation certificates for Rs 11.88 crore against the funds received up to 31 March 2006 had not been submitted by five ITDAs¹³ to the Government as of March 2007.

Besides, the following other irregularities were noticed in funds management.

3.1.7.1 Outstanding advances

Advances of Rs 24.26 crore were outstanding against executing agencies and staff for two to 17 years

Advances of Rs 24.26 crore paid to different executing agencies and officials for execution of works remained outstanding in 13 ITDAs¹⁴ as of 31 March 2007. The advances related to the period July 1985 to 2005. This included Rs 38.17 lakh which was outstanding in five ITDAs¹⁵ for periods ranging from six to 12 years against 11 transferred employees as of June 2007. Non-adjustment of advances over a long period was fraught with the risk of fraud and misappropriation of public funds.

3.1.7.2 Diversion of scheme funds and misutilisation of interest

SCA funds of Rs 14.11 crore were diverted for works not incidental to income generation

SCA funds up to a maximum of 30 *per cent* were to be spent on creation of infrastructure incidental to income generation. However, during 2002-07, 12 ITDAs¹⁶ diverted Rs 14.11 crore for special repair of primary school hostel buildings and other educational institutions run by SSD Department (Rs 7.72 crore), drinking water supply projects (Rs 1.04 crore), electrification of tribal bastis (Rs 2.52 crore) and repair of water harvesting structures / diversion weirs/ tanks etc (Rs 2.83 crore) as these were not incidental to income generation.

SCA to TSP of Rs 7.14 crore was diverted for expenditure on prohibited items

Contrary to the instructions (August 2003) of the State Government not to include one *per cent* of the cost of works executed out of grants in the estimates as works contingency, six ITDAs¹⁷ included Rs 10.93 lakh in the estimates of 216 works test checked out of 863 works executed and utilised the same on administrative contingencies after recovery from the works bills during 2002-07. This indicated non-adherence to the instructions of the Government. Besides, an amount of Rs 7.14 crore under SCA to TSP was diverted by the Government during 2003-05 for utilisation on prohibited items like purchase of vehicles for ITDAs (Rs 11.19 lakh) and establishment expenditure of ITDAs etc¹⁸ (Rs 7.03 crore) contrary to GOI guidelines (May

¹² Baripada, Balliguda, Keonjhar, Koraput, Malkangiri, Nabarangpur, Rairangpur, Rayagada, Sundargarh, Thuamul Rampur, Jeypore and Karanjia.

¹³ Jeypore: Rs 1.17 crore, Rayagada: Rs 0.55 crore, Koraput: Rs 4.10 crore, Keonjhar: Rs 1.71 crore and Karanjia: Rs 4.35 crore.

¹⁴ Baripada, Balliguda, Gunupur, Keonjhar, Koraput, Malkangiri, Nabarangpur, Rairangpur, Rayagada, Thuamul Rampur, Jeypore, Panposh and Karanjia.

¹⁵ Panposh: 2 (Rs 18.95 lakh), Rairangpur: 1 (Rs 0.50 lakh), Nabarangpur: 2 (Rs 14.50 lakh), Rayagada: 5 (Rs 4.05 lakh), Keonjhar: 1 (Rs 0.17 lakh).

¹⁶ Baripada, Balliguda, Gunupur, Rayagada, Keonjhar, Koraput, Karanjia, Sundargarh, Nabarangpur, Rairangpur, Jeypore, Th. Rampur.

¹⁷ Baripada: Rs 1.48 lakh (37 works), Gunupur: Rs 2.27 lakh (27 works), Malkangiri: Rs 1.45 lakh (38 works), Balliguda: Rs 2.45 lakh (87 works), Nabarangpur: Rs 1.11 lakh (7 works) and Rayagada: Rs 2.17 lakh (20 works).

¹⁸ Salary of ITDA staff including wages of bee-keeping fields men of KVIC: Rs 7.03 crore (2003-05).

2003). Two ITDAs spent Rs 19.87 lakh¹⁹ on contingent expenditure out of Rs 20.26 lakh recovered as sale proceeds of empty gunny/ cement bags during the period 2002-07 instead of utilising the same under the respective schemes.

Interest money of Rs 1.19 crore was spent for other purposes

In four ITDAs²⁰, interest money of Rs 18.21 lakh credited by different banks during the period 2002-07 to the savings bank accounts were not accounted for in the cash books for a period ranging from three to 18 months as of March 2007. Further, interest money amounting to Rs 1.19 crore was spent by 12 ITDAs²¹ on inadmissible activities such as repair/ improvement of ITDA offices/ staff quarters (Rs 67.94 lakh), Adivasi Exhibition (Rs 28.60 lakh) and other contingent expenditures (Rs 22.42 lakh) not permissible under GOI Guidelines. Similarly, interest of Rs 38.29 lakh earned on deposit of funds received from DRDAs under the schemes such as SGRY, NFFWP etc and sale proceeds of empty cement/gunny bags amounting to Rs 2.73 lakh recovered under these schemes were lying with four ITDAs²² as of June 2007 without refunding to the concerned DRDAs although the projects under those schemes had already been completed.

3.1.7.3 Low expenditure under women component

Women component of Rs 31.71 crore under grants and Rs 28.69 crore under SCA were diverted for other purposes

The scheme guidelines of grants envisaged utilisation of at least 30 per cent of the grants for exclusive benefit of women beneficiaries. Out of Rs 120.44 crore spent by 13 ITDAs (excepting Panposh) during 2002-07, the expenditure on women component was only Rs 4.42 crore (3.67 per cent). This led to diversion of women component of Rs 31.71 crore for other purposes. Similarly, under SCA to TSP, nine ITDAs²³ utilised only Rs 4.93 crore towards 'women component' during 2002-07 against the required provision of Rs 33.62 crore and Rs 28.69 crore²⁴ were diverted for other purposes.

Programme implementation

For all round development and welfare of scheduled tribe (ST) population living in TSP areas, ITDAs were implementing various schemes for increasing the income generation activities of ST population living below the poverty line, creation of social and economic infrastructure to bridge the critical gaps and educational development programmes for ST children through Primary School Hostels, Ekalavya Model Residential Schools and payment of pre-matric scholarship etc.

3.1.8 Income generation activities

Funds under SCA were received as an additive to TSP for supporting income-generating activities for ST BPL people and creation of infrastructure

¹⁹ ITDAs (i) Baripada (Rs 11.80 lakh) and (ii) Th. Rampur (Rs 8.07 lakh).

²⁰ ITDAs, Balliguda: Rs 4.61 lakh, Keonjhar: Rs 4.53 lakh, Koraput: Rs 7.12 lakh and Sundargarh: Rs 1.95 lakh.

²¹ ITDAs, Baripada: Rs 20.03 lakh, Balliguda: Rs 8.34 lakh, Keonjhar: Rs 14.62 lakh, Koraput: Rs 12.36 lakh, Malkangiri: Rs 15.52 lakh, Nabarangpur: Rs 3.78 lakh, Rairangpur: Rs 4.72 lakh, Rayagada: Rs 14.23 lakh, Sundargarh: Rs 9.16 lakh, Th. Rampur: Rs 4.24 lakh, Jeypore: Rs 4.67 lakh and Karanjia: Rs 7.29 lakh.

²² ITDAs, Keonjhar: Rs 19.07 lakh, Koraput: Rs 3.89 lakh, Rairangpur: Rs 5.69 lakh and Karanjia: Rs 12.37 lakh.

²³ Gunupur, Malkangiri, Thuamul Rampur, Balliguda, Keonjhar, Koraput, Nabarangpur, Sundargarh and Karanjia.

²⁴ Gunupur (Rs 2.53 crore), Malkangiri (Rs 2.90 crore), Th Rampur (Rs 1.09 crore), Balliguda (Rs 2.84 crore), Keonjhar (Rs 4.43 crore), Koraput (Rs 3.18 crore), Nabarangpur (Rs 4.06 crore), Sundargarh (Rs 5.12 crore) and Karanjia (Rs 2.54 crore).

incidental to income generation in accordance with the guidelines. The State Government had clarified (May 2003 and December 2006) that the expenditure incurred in contravention of the SCA guidelines were to be treated as misutilisation of SCA funds even if the same had been approved by the PLCs in their resolution. A review of the implementation of IGS and other wage employment programmes by the ITDAs revealed excess expenditure on subsidy, wasteful/ unfruitful/ avoidable expenditure etc as discussed in the succeeding paragraphs.

3.1.8.1 Inadmissible expenditure and misutilisation of funds under SCA

Contrary to the provisions of the SCA guidelines for payment of subsidy at the rate of 50 *per cent* of the unit cost or Rs 10000 per ST BPL household whichever was less, agricultural implements/ farm equipment, milch cows, goats etc worth Rs 5.01 crore were distributed by 11 ITDAs²⁵ during 2002-07 to 4867 individual beneficiaries, 58 Pani Panchayats and 183 SHGs under SCA (IGS). This included distribution at free of cost (Rs 3.03 crore) and with subsidy at the rate of 90 and 95 *per cent* (Rs 1.98 crore) resulting in misutilisation of Rs 2.32 crore as detailed in the **Appendix-3.1**. Of the above expenditure of Rs 5.01 crore, Rs 1.15 crore were spent during 2003-06 by the ITDAs, Koraput and Jeypore on free distribution of milch cows and goats to 2570 beneficiaries through the Chief District Veterinary Officer, Koraput. Investigation (February 2005) by the State Vigilance wing in one village under ITDA, Koraput based on press reports about irregularities in supply of cows in the district showed that 14 cows worth Rs 1.40 lakh were old and dry which the beneficiaries accepted as these were supplied free of cost. Similarly, in ITDA, Jeypore, the district administration detected that goats already in possession of the beneficiaries were shown as distributed to them. Though utilisation of the entire amount of Rs 1.15 crore was fraught with the risk of misutilisation, no further action was taken by the department for investigation in other cases.

Subsidy of Rs 2.32 crore was paid in excess of the cost norms under SCA (IGS)

Inadmissible expenditure of Rs 53.50 lakh was incurred on free distribution of seed and fertiliser minikits

Further, two ITDAs spent Rs 35.71 lakh under SCA (IGS) during 2002-03 on free distribution of seed / fertiliser minikits to 676 ST beneficiaries against Rs 3.38 lakh admissible towards subsidy as per the cost norm of Rs 500 per beneficiary family fixed by the Government (January 1992). This resulted in extra expenditure of Rs 32.33 lakh²⁶. Besides, the ITDA, Sundargarh irregularly spent Rs 21.17 lakh on free distribution of seeds and fertilisers to 1788 ST beneficiaries during 2003-04 for demonstration purpose contrary to the GOI's guidelines (May 2003).

3.1.8.2 Excess expenditure towards subsidy on land based projects

For land based projects including development of beneficiaries' land, 50 *per cent* of the cost was to be met from SCA (IGS) and remaining 50 *per cent* was to be borne by the beneficiaries through arrangement of bank loan to ensure people's participation. However the State Government, in January 1993, clarified that projects under the scheme could be undertaken without insisting

Excess expenditure of Rs 19.34 crore due to non-realisation of 50 per cent of project cost from the beneficiaries

²⁵ Gunupur, Jeypore, Karanjia, Keonjhar, Koraput, Malkangiri, Nabarangpur, Rairangpur, Rayagada, Sundargarh and Th. Rampur.

²⁶ Sundargarh: Rs 28.60 lakh (572 numbers during 2002-03) and Gunupur: Rs 3.73 lakh (104 numbers during 2002-03).

upon bank loan if more than 20 beneficiaries in a group agreed to contribute 50 per cent of the cost of the project by way of labour. 1068 land based projects²⁷ including land development²⁸ in private land of beneficiaries were executed during 2002-07 under SCA (IGS) by 12 ITDAs²⁹ at a cost of Rs 38.68 crore without any beneficiary contribution. This resulted in an excess expenditure of Rs 19.34 crore. Further, except ITDA, Keonjhar, no individual/family oriented income generation activities were implemented through bank loan linkage by these ITDAs during 2004-07.

3.1.8.3 Irregular management of subsidy under IGS on bank loan linkage

Subsidy of Rs 6.57 crore under SCA (IGS) was irregularly adjusted within seven days to one year of release of loan by banks

According to the instructions of the GOI and State Government, subsidies under SCA (IGS) were to be managed as per the Swarnajayanti Gram Swarozgar Yojana (SGSY) guidelines. As per the above guidelines, subsidies paid against bank loan linkage were to be treated as back ended i.e. the subsidy was to be adjusted / utilised towards repayment of last installments of loan. All loans were to be treated as medium term loans with a minimum repayment period of five years and no subsidy was to be allowed for repayment of loans before the lock-in period of three years. In nine ITDAs³⁰, subsidy of Rs 6.57 crore allowed to 7324 ST beneficiaries through bank loan linkage were treated as front ended and was released to the beneficiaries along with loan component and adjusted by the banks within seven days to one year of release of loans by the banks. Thus, the objective of the scheme for improving the economic activities of the beneficiaries by way of assured income out of loan linked subsidy remained unfulfilled.

Further, test check of loan ledgers of 86 beneficiaries relating to seven ITDAs³¹ maintained in eight banks showed that in four cases (4.65 per cent), the loans had been fully repaid within the lock-in period and in 41 cases³² the tenures of loan were less than five years for which no subsidy was admissible. In remaining 41 cases, all the beneficiaries defaulted in re-paying the loans. In all cases, subsidy was released by the banks along with loan component and in one case (ITDA, Sundargarh), subsidy of Rs 10000 was released without disbursement of any loan.

Irregular payment of subsidy of Rs 8.97 lakh against loans taken for seasonal crops

Though the State Government clarified (10 May 1993) that no subsidy was to be allowed for annual cropping, seasonal crops and short duration schemes, yet subsidy for Rs 8.97 lakh³³ was paid by three ITDAs to 155 ST beneficiaries and four SHGs during the year 2002-04 for short duration crops like seasonal vegetable cultivation.

²⁷ Diversion weirs, water harvesting structures (WHS), Field channels and other irrigation works etc.

²⁸ ITDA, Rairangpur through ASCO, Rairangpur

²⁹ Baripada, Balliguda, Gunupur, Jeypore, Karanjia, Keonjhar, Koraput, Malkangiri, Nabarangpur, Rairangpur, Rayagada and Sundargarh.

³⁰ Balliguda (Rs 0.65 crore), Gunupur (Rs 0.15 crore), Koraput (Rs 0.89 crore), Malkangiri (Rs 0.96 crore), Nabarangpur (Rs 1.22 crore) Sundargarh (Rs 1.24 crore), Keonjhar (Rs 0.82 crore), Rairangpur (Rs 0.41 crore) and Karanjia (Rs 0.23 crore).

³¹ Gunupur, Keonjhar, Koraput, Malkangiri, Rairangpur, Sundargarh, Nabarangpur.

³² Raigangpur: 10 and Sundargarh: 31.

³³ Sundargarh: Rs 4.76 lakh (68), Balliguda: Rs 1.39 lakh (42) and Nabarangpur: Rs 2.82 lakh (45 beneficiaries and 4 SHGs).

Non-submission of UC / non-refund of unutilised subsidy by banks

Advance subsidy of Rs 37.77 lakh released by three ITDAs³⁴ to 27 banks during the October 1989 to March 2004 were neither utilised nor refunded to the concerned ITDAs as of March 2007. In ITDA, Keonjhar, though the balance in subsidy pass books opened with various banks as on 31 March 2007 disclosed balance of Rs 5.09 lakh, yet in the advance ledger and cash book of the ITDA, the same was shown as Rs 67.69 lakh and the discrepancy of Rs 62.60 lakh had not been reconciled.

3.1.8.4 Plantation programmes under SCA

Horticulture plantations such as cashew, banana, mulberry, rubber etc under SCA (IGS) in the land of ST BPL beneficiaries were to be carried out with subsidy of 50 per cent of the project cost or Rs 10000 per beneficiary whichever was less. The remaining cost was to be borne by the beneficiary through bank loan linkage or labour contribution. However, Government decided (June 2004) to provide the entire input cost at prescribed norms by the Government for each such plantation and the labour charges were to be borne by the beneficiary. Test check of the records relating to plantations under SCA (IGS) however showed excess/ inadmissible/ wasteful expenditure of Rs 1.18 crore on plantation programmes as given in the table below:

(Rupees in lakh)

Sl. No	Observation in brief	Amount involved
(i)	Expenditure on subsidy in excess of permissible limit	
	Three ITDAs utilised Rs 43.79 lakh on 104.37 hectares of rubber plantation for 256 beneficiaries against the maximum permissible subsidy of Rs 25.60 lakh resulting in excess expenditure of Rs 18.19 lakh ³⁵ .	18.19
	As against subsidy of Rs 43.50 lakh admissible under SCA (IGS) at the rate of 50 per cent of the project cost, the ITDA, Koraput spent Rs 69.55 lakh towards subsidy (80 per cent) on 1000 acres of grafted cashew plantation during 2003-04 through the Assistant Soil Conservation Officer (ASCO). This resulted in excess expenditure of Rs 26.05 lakh. Joint physical verification of 150 (Badaanaikguda) acres of plantation raised at a cost of Rs 10.44 lakh disclosed survival only up to 30 per cent. Ten out of 150 beneficiaries interviewed by audit confirmed nil / low survival and stated that they could not provide proper watch and ward as the plantations were raised on hill slope and hill top far away from their habitations.	26.05
(ii).	Inadmissible expenditure beyond the prescribed cost norm	
	The ITDA, Koraput spent Rs 50.97 lakh on 960 acres of grafted cashew plantation during 2004-05 through the ASCOs, Koraput (725 acres) and Machkund (235 acres) erroneously taking the cost norm of Rs 8101 per acre for banana plantation instead of Rs 19.14 lakh ³⁶ at the rate of Rs 3598 per acre ³⁷ for grafted cashew. This resulted in inadmissible expenditure of Rs 31.83 lakh. The ITDA asked (September 2006) the concerned executing agencies to refund this amount. The SCO, Koraput expressed his inability as the amount had already been spent as per the estimate administratively approved (August 2004) by the ITDA.	31.83

³⁴ Sundargarh (Rs 6.08 lakh), Keonjhar (Rs 17.91 lakh) and Malkangiri (Rs 13.78 lakh).

³⁵ (i) Baripada: Rs 9.69 lakh, (ii) Rairangpur: Rs 5.40 lakh and (iii) Karanja: Rs 3.10 lakh.

³⁶ At the rate of Rs 1994 per acre (Rs 3598 minus Rs 1604 towards cost of 80 grafts supplied by the ITDA/ Government) for 960 acres.

³⁷ Cost norm for grafted cashew plantation prescribed by Government: Rs 3598 per acre (Cost of 80 grafts: Rs 1604, Fertilisers and pesticides: 1st year- Rs 453, 2nd year- Rs 341 and input cost for fencing: Rs 1200).

Sl. No	Observation in brief	Amount involved
(iii)	<i>Wasteful expenditure on failed plantation</i>	
	Based on audit observations (April 2006) on irregular implementation of cashew plantation programme by the ITDA, Koraput, a joint committee ³⁸ inspected (November 2006) some of the plantations and noticed only nil to 10 per cent survival of grafted cashew plantations raised at a cost of Rs 26.14 lakh through a Junior Soil Conservation Officer (JSCO) attached to the ITDA. Thus, the entire expenditure of Rs 26.14 lakh incurred on cashew plantation turned out wasteful.	26.14
(iv)	<i>Wasteful expenditure due to abandonment of tea plantation</i>	
	The State Government released (March 2002) Rs 40 lakh in favour of ITDA, Keonjhar for tea plantation programme through the Tribal Co-operative Marketing Development Federation of India Limited (TRIFED). The ITDA released (May 2002) Rs 20 lakh to the Industrial Promotion and Investment Corporation Limited (IPICOL) for procurement of tea seedlings and Rs 10 lakh to TRIFED for implementation of the programme. However, as no premium free land was allotted by the Government in favour of TRIFED, it undertook plantation programme in two acres of land of tribal beneficiaries taken on lease, as a pilot project incurring expenditure of Rs 6.10 lakh. Ultimately, the TRIFED abandoned (November 2005) the pilot project on the ground of non-allotment of the identified land (54 hectare) on premium free basis and refunded (November 2005) the balance amount of Rs 3.90 lakh to the ITDA. Out of Rs 20 lakh received (May 2002), the IPICOL spent Rs 9.99 lakh for procurement of 3.30 lakh tea seedlings and refunded (June 2002) Rs 10.01 lakh to the ITDA. However, the said seedlings were not utilised in the plantation. Thus, the plantation activity undertaken by the ITDA without arranging the required land led to wasteful expenditure of Rs 16.09 lakh besides blockage of funds of Rs 23.91 lakh.	16.09
	Total	118.30

Besides, the following other irregularities were also noticed under SCA (IGS).

- In ITDA, Koraput, 83 acres³⁹ of grafted cashew plantation raised at a cost of Rs 6.10 lakh were distributed to two to four members of the same ST BPL household though not permissible. Similarly, two non-tribal and four non-BPL beneficiaries were irregularly covered at Beheraguda and Lunguri plantations. Besides, 10 beneficiaries of Sorispadar village already provided with coffee plantation at the rate of two acres each were again provided (July 2006) with one acre of grafted cashew plantation each instead of covering other unassisted ST BPL households.
- In respect of 80 acres of mango plantation and 1541 acres of grafted cashew plantation raised by ITDA, Gunupur during 2005-06 at a cost of Rs 50.60 lakh, neither the required doses of inputs (fertiliser and pesticides) were supplied during the second year of plantation (2006-07) nor the survival position was verified. Non-supply of inputs during second year despite availability of funds indicated poor commitment by field staff engaged in plantation programme.

³⁸ Consisting of the PA, ITDA, Koraput, Project Director, DRDA, Koraput and Soil Conservation Officer, Koraput.

³⁹ Dekapadu, Kakirguda and Lunguri-Kadamguda of Semiliguda block and Badanaikguda of Koraput block.

3.1.8.5 Small growers Coffee plantation programme (Tribal Coffee project)

With the objective of improving the socio-economic condition of ST BPL households through gainful employment⁴⁰ in coffee cultivation, the Agriculture Department decided to take up coffee plantations in non-forest Government land as well as private land over 1000 hectares each in Koraput and Rayagada districts under phase-I out of Additional Central Assistance (ACA) received under the Revised Long Term Action Plan (RLTAP) in the KBK districts for distribution to 2500 beneficiaries. The project outlay of Rs 12 crore approved by the Planning Commission consisted of beneficiary contribution of Rs 1.20 crore in shape of labour or cash, Rs 1.50 crore as Coffee Board subsidy for 1000 hectares at the rate of Rs 15000 per hectare and balance Rs 9.30 crore from the ACA (RLTAP). During 2002-06, the Agriculture Department released Rs 4.95 crore out of ACA (RLTAP) in favour of the ITDAs, Koraput and Rayagada for taking up coffee plantation under existing shade trees (438 hectares) and raising shade plantation and coffee nursery in 1800 hectares (Koraput: 950 hectares and Rayagada: 850 hectares) under phase-I. The two ITDAs raised shade plantations in 1800 hectares through the Divisional Forest Officer (Afforestation), Koraput and Rayagada (DFO) and Deputy Director, Social Forestry Project, Rayagada. However, coffee plantation was undertaken in only 919.10 hectares⁴¹ through the Assistant Soil Conservation Officers (ASCOs), Koraput and Rayagada and distributed to 1318 beneficiaries. The total expenditure incurred was Rs 3.96 crore⁴² as of March 2007. Review of implementation of the programme under Phase-I disclosed the following deficiencies.

Unfruitful expenditure of Rs 1.28 crore on shade plantation rendered due to low plant density/insufficient growth and not taking up coffee plantation

➤ Out of 950 hectares shade plantation handed over by the DFO, Koraput to the ASCO (Coffee Development), Koraput, 554 hectares was unsuitable for coffee plantation due to rocky patch, insufficient growth and low plant density. Joint physical verification of 16 hectares of shade plantation (Lankaput) conducted (May 2007) by audit with the ASCO also confirmed low survival (20-30 *per cent*). Thus, expenditure of Rs 62.33 lakh incurred on 554 hectares of shade plantation rendered wasteful. Further, in Rayagada district, coffee plantation was not undertaken in 765 out of the 850 hectares of shade plantation raised at a cost of Rs 65.57 lakh rendering the expenditure unfruitful.

Avoidable extra expenditure of Rs 61.67 lakh due to non-adjustment of Coffee Board subsidy as a part of the project cost

➤ The project proposal approved (2002-03) by the Planning Commission provided for adjustment of Coffee Board Subsidy at the rate of Rs 15000 per hectare for 1000 hectares of plantation. However, the entire expenditure on coffee plantation was met out of ACA (RLTAP) without adjusting the Coffee Board subsidy of Rs 61.67 lakh which was disbursed directly to the beneficiaries in the presence of ITDA/ASCO staff as of March 2007. The PA, ITDA, Koraput stated that this was due to delay in issue of guidelines by the Agriculture Department (February 2005) and

⁴⁰ Employment for about six months in a year with net income of Rs 17533 per annum per beneficiary on sustainable basis for nine years from 6th to 15th year.

⁴¹ (i) Plantation in 438.10 hectares under existing Shade trees :(ITDA, Koraput: 288.10 ha and ITDA, Rayagada: 150 ha) and (ii) Plantation of 481 hectares in newly raised shade trees (ITDA, Koraput: 396 ha and ITDA, Rayagada: 85 hectares out of 1800 ha newly raised shade trees).

⁴² (i) Expenditure on shade plantation of 1800 hectares: Rs 174.84 lakh and (ii) expenditure on 919.10 hectares of coffee plantation: Rs 221.60 lakh.

that further fund was released to the executing agency from April 2006 deducting the Coffee Board subsidy. The reply was not tenable as despite such release, entire plantation cost was met by the executing agencies out of funds available with them.

Non-realisation of beneficiary contribution of Rs 22.16 lakh

- Beneficiary contribution of Rs 22.16 lakh (10 *per cent* of Rs 2.22 crore spent on 919.10 hectares of coffee plantation) from 1318 beneficiaries, to whom the plantations were distributed, had not been recovered as of June 2007. The PA, ITDAs stated that the recovery was not made, due to absence of such a provision in the above guidelines (February 2005). The reply was not acceptable as the project proposal submitted by the ITDA, Koraput through the Agriculture Department and approved by the Planning Commission contained such a provision.

3.1.8.6 Unfruitful expenditure under Coffee plantation phase-II

Rs 3.59 crore spent on shade plantation under Coffee phase-II became unfruitful as no coffee plantation was made

Before successful implementation of the Phase-I programme, Government expanded the programme to another 4000 ha (2000 ha each in Koraput and Rayagada districts) at a total outlay of Rs 26.40 crore to be met from RLTA funds (Rs 23.76 crore / 90 *per cent*) and beneficiaries contribution of 10 *per cent* (Rs 2.64 crore). The Planning Commission did not approve the phase-II coffee plantation programme as it had a subsidy component of 90 *per cent* not conforming to the subsidy pattern followed under the Central Schemes. The Planning and Co-ordination Department advised (December 2004) the Agriculture Department to modify the programme accordingly limiting the subsidy component to a maximum of 50 *per cent* and also informed that support extended under Phase-II of the programme would be limited to only shade plantation up to 31 March 2006. It also advised the Agriculture Department to explore the feasibility of funds for coffee plantation Phase-II from sources other than ACA to RLTA.

It was noticed that without finalising the source of required funds for the coffee plantation, the Agriculture Department released (2004-06) Rs 3.60 crore (project cost rupees four crore minus 10 *per cent* beneficiary contribution) to ITDAs, Koraput and Rayagada for taking up shade plantation in 4000 hectares. The ITDAs spent Rs 3.59 crore up to March 2007 on shade plantation. However, coffee plantation could not be taken up for want of funds. As the maintenance period was over by March 2006, the shade plantations were handed over to the Village Committees in Rayagada district (2000 ha) and the process of handing over to beneficiaries was in progress in Koraput district (March 2007). Thus, handing over shade plantation without raising coffee plantation rendered the expenditure of Rs 3.59 crore unfruitful.

3.1.9 Infrastructure development

Guidelines of SCA to TSP provided for utilisation of up to 30 *per cent* of total allocation by each ITDA on infrastructure development, which are incidental to income generation. Grants were also received for creation of infrastructure to bridge the gap in critical areas such as health, education, drinking water, communication etc which were not specifically taken up under any other schemes. Besides, the ITDAs were executing other works relating to

infrastructure development like rural roads, cross drainage (CD), educational infrastructure etc under various State Plan / Centrally Sponsored Plan schemes viz. MPLAD, MLALAD, RSVY, NFFWP, FFW, SGRY etc funds for which were provided by the DRDAs / District Administrations. Review of the implementation of these schemes disclosed several irregularities as discussed in succeeding paragraphs.

3.1.9.1 Undue benefit to two contractors

Undue benefit of Rs 76.26 lakh was extended to a contractor due to excess provision for consumption of cement in the estimate than the agreed quantity

Indian Standard (IS 456:2000) prescribed minimum cement content for different types of concrete mix⁴³ of RCC M-20, M-25, M-30, M-35 and M-40 grades from 300 kg to 360 kg per cubic meter to achieve the prescribed compressive strength. The agreement with the contractor for the work “construction of High level bridge over river Ib (53rd km) on Lefripara-Balisankara road”⁴⁴ executed by the ITDA, Sundargarh through the R&B Division, Sundargarh, provided consumption of cement conforming to the above specifications. However, in the estimate (August 2001), cement consumption was provided in excess of the above prescribed limit for RCC-M15 to M30 grades⁴⁵ from 323 to 645 kg per cum. This led to extension of undue benefit and excess payment of Rs 76.26 lakh to the contractor on 21322 quintals of extra cement on the value of work executed and paid up to March 2007. The work also remained incomplete over shooting the scheduled date of completion (March 2006) due to paucity of fund as the original estimate (Rs 9.81 crore) not being site-specific was revised (Rs 11.51 crore). The EE stated that utilisation of more cement would enhance the strength and durability of the bridge. The reply was not tenable as the agreement provided for consumption of minimum quantity of cement as prescribed in IS 456.

With a view to establish inter-state connectivity with Chhatisgarh, the work “Development of Karamdihi-Subdega-Tulsera-Balisankara road (36km)” was administratively approved (October 2001) for Rs 11.09 crore without any cost escalation. The cost of the work was to be met out of grants received under Article 275(1) of the Constitution of India. The work was awarded (August 2002) to a contractor by Executive Engineer (R&B) Division, Sundargarh stipulating completion by February 2005.

The Chief Engineer (Roads) observed (March 2003) that the work executed was substandard as was being alleged by the public. A technical committee set up by the ITDA also confirmed (November 2003) the sub-standard execution. Despite this, final bill including the withheld amount of Rs 7.42 lakh for quality control was released (February 2007) to the contractor even though the test reports confirmed utilisation of substandard metal and bitumen in the work. No deduction was made for utilisation of substandard materials, thereby extending undue benefit to the contractor. In addition, contrary to the contractual provisions, the EE allowed escalation of Rs 8.06 lakh for the works executed during first year of the contract. Rupees 1.53 lakh was also paid in excess to the contractor due to erroneous consideration of October to

⁴³Cement requirement for different types of cement concrete mix as per IS 456:2000 (Code of Practice for PCC and RCC): M 20 (300 kg), M 25 (300 kg), M 30 (320 kg), M 35 (340 kg) and M 40 (360 kg) per cubic meter of concrete mix with 20 mm downgraded crusher broken coarse aggregates.

⁴⁴ Implementing agency: ITDA, Sundargarh, Executing agency: Executive Engineer, R&B Division, Sundargarh), Scheme: Article 275(1), Estimated cost: Rs 9.81 crore and amount spent: Rs 7.67 crore (March 2007)

⁴⁵ M-15 (323 kg), M-20 (411 kg), M-25 (571 kg) and M-30 (645 kg) per cum.

December 2001 as the base quarter for computation of escalation instead of January to March 2002 even though the tender was opened during February 2002. Thus, undue favour of Rs 9.59 lakh was extended to the said contractor.

The EE stated that the final bill was paid after final measurement on 16 October 2006 after rectification of defects by the contractor including repair of pot holes. The reply was not tenable since as per the report of CE (Roads) in the high level meeting (10 August 2006), the rectification required total replacement of substandard materials over the length of the road. The matter therefore calls for investigation.

Further, the original estimate being not site-specific was revised (May 2003) from Rs 11.09 crore to Rs 14.95 crore. No additional fund was, however, available under the above grants and therefore the construction cost was to be restricted to the amount administratively approved by reducing the road length under construction from 36 to 29.5 kilometers. As a result, the remaining portion of the road (6.5 km) continued to remain unfit for vehicular traffic. Thus, the objective of establishing inter-State-connectivity could not be achieved despite spending Rs 10.04 crore up to March 2007.

3.1.9.2 Avoidable expenditure due to execution of works with higher specifications

The IS specification (IS 12739:1988 reaffirmed in 2005) prescribed lining of field channels with 75 mm thick cement concrete (1:3:6) or with 150 mm thick stone / brick masonry. However, contrary to the above specifications, in 10 such works executed by four ITDAs⁴⁶, the thickness of cement concrete lining on the bed and side walls of field channels exceeded the above specification ranging from 170 mm to 450 mm and in four cases with random rubble stone masonry (300 to 450mm) in walls. This led to avoidable expenditure of Rs 16.89 lakh. Further, avoidable expenditure of Rs 12.38 lakh⁴⁷ was also incurred by these ITDAs on construction of eight cement concrete roads out of the funds provided by the DRDAs with specification higher than that prescribed by Panchyati Raj Department⁴⁸ (Rs 6.72 lakh) and allowing higher rate of cement than that prescribed by DRDA, Phulbani for RSVY works (Rs 5.66 lakh).

Avoidable expenditure of Rs 29.27 lakh on construction of field channels and road works with higher specifications

3.1.9.3 Unfruitful expenditure

An amount of Rs 3.81 crore spent out of SCA and other schemes were rendered unfruitful as under:

		(Rupees in crore)
Sl. No.	Brief subject	Amount
(i)	Fifty-three works as detailed in <i>Appendix-3.2</i> with estimated cost of Rs 4.43 crore remained incomplete in eight ITDAs for one to four years over-shooting the scheduled dates of completion after incurring expenditure of Rs 2.60 crore due to non-following up with the contractors and departmental execution of more number of works.	2.60

⁴⁶ Koraput, Keonjhar, Rairangpur and Balliguda.

⁴⁷ ITDAs, Keonjhar and Rairangpur: Construction of eight cement concrete roads (Rs 6.72 lakh), ITDA, Balliguda: Allowing higher rate of cement than that prescribed by DRDA, Phulbani for RSVY works (Rs 5.66 lakh).

⁴⁸ Carriage width 3 meter, 225 mm sand filling as filter layer followed by 100mm thick Cement Concrete (1:4:8) and 75mm thick Cement Concrete (1:2:4) prescribed by PR Department.

Sl. No.	Brief subject	Amount
(ii)	Five Community Lift Irrigation Points (CLIPs ⁴⁹) constructed under SCA (IGS) by ITDA, Panposh during February 2002 to March 2005 through the Orissa Agro Industries Corporation Limited (OAIC) at a cost of Rs 27.17 lakh and four bore wells ⁵⁰ constructed at Rs 7.79 lakh out of grants during 2003-05 were lying idle due to want of power supply (six cases), disconnection of power supply by the electricity authorities for non-payment of electricity dues by the Pani Panchayats concerned (two cases) and non-energisation due to damaged water source (one case) thereby defeating the objective of providing assured irrigation to 345 acres involving 512 beneficiaries.	0.35
(iii)	Construction of 13 Water harvesting structures/ irrigation projects by four ITDAs (Balliguda, Baripada, Keonjhar and Koraput) was completed during 2002-07 at a cost of Rs 85.73 lakh without construction of field channels.	0.86
Total		3.81

It was further noticed that though Rs 34.37 lakh were spent on construction of nine irrigation projects like diversion weir and water harvesting structure by ITDAs, Keonjhar (2) and Rairangpur (7), yet ayacut area and list of beneficiaries were not available with them.

3.1.9.4 Wasteful expenditure on abandoned projects

Wasteful expenditure of Rs 32.20 lakh on projects abandoned

In five ITDAs⁵¹, 17 works with estimated cost of Rs 2.83 crore were abandoned after incurring expenditure of Rs 32.20 lakh due to local problems (five), funds constraint (10), change of site (one), abandonment of project after soil exploration (one). Thus, the entire expenditure of Rs 32.20 lakh incurred on these projects turned out to be wasteful.

3.1.9.5 Execution of SGRY / NFFWP / FFW works relating to other agencies

Contractors were engaged directly and in the guise of VLLs for execution of works under SGRY/NFFWP

The Guidelines of SGRY and NFFWP prohibited engagement of contractors for execution of works and stipulated that the works were to be executed departmentally. The guidelines, however, permitted utilisation of services of one person from amongst the labourers working in the project as labour leader for preparation of muster rolls, payment of wages and ensuring quality of work on behalf of the villagers. The leader was entitled to wages at the skilled labour rate. The Panchayati Raj Department also repeatedly reiterated (January 1999 to September 2004) these provisions. It was however noticed that contractors were engaged directly in three cases by ITDA, Sundargarh (amount paid Rs 9.89 lakh) and in the guise of Village Labour Leaders (VLL) in four ITDAs (Keonjhar, Koraput, Jeypore and Rairangpur) for execution of 68 works at Rs 2.14 crore (including cost of food grains) during 2002-06.

⁴⁹ (i) Baghalata-I: Rs 5.21 lakh, (ii) Baghalata-II: Rs 5.14 lakh, (iii) Dharuakhaman: Rs 4.13 lakh, (iv) Purunapani: Rs 5.61 lakh, and (v) Khairabandha: Rs 7.08 lakh.

⁵⁰ Panposh ITDA: (i) Sisudihi: Rs 2.93 lakh, Sundargarh ITDA: (i) Chamunda: Rs 1.67 lakh, (ii) K Kalo: Rs 1.98 lakh and (iii) B Singh: Rs 1.21 lakh.

⁵¹ ITDAs: Rairangpur (1), Sundargarh (1), Malkangiri (4), Balliguda (10) and Gunupur (1 EMRS).

Doubtful muster rolls for Rs 5.82 lakh showing engagement of same labourers in same work on same day twice and thrice

In three cases⁵² involving muster rolls for Rs 5.82 lakh (including cost of 123.88 quintals of rice), 69 labourers were engaged twice and thrice on the same day in same work for 420 man days in ITDA, Koraput indicating doubtful engagement of labourers on muster rolls. The PA, ITDA stated that due care would be taken to scrutinise the muster rolls in future.

Misutilisation of BPL rice for non-wage purpose and non-recovery of differential cost of Rs 18.93 lakh

There was short recovery of cost of 804 quintals of rice issued after 1 April 2005 at Rs 5.65 per kg instead of at Rs 6.30 per kg from the executants of the SGRY and FFW works under the ITDAs, Koraput and Rairangpur. This resulted in extension of undue benefit of Rs 1.32 lakh to the executants. Besides, in four ITDAs⁵³, though 8155 quintals of subsidised BPL rice issued to the executants of SGRY and FFW works were not utilised by them for payment of wages, yet recovery was made from them at the rate applicable to BPL rice instead of procurement rate. This led to short recovery of Rs 18.93 lakh being the difference in procurement rate paid by GOI to the Food Corporation of India and the subsidised BPL rice.

Unutilised 97.243 MT of BPL rice valued Rs 6.13 lakh were found missing from stock of ITDA, Rairangpur

With effect from February 2006, the unutilised funds and food grains under NFFWP were required to be transferred to the National Rural Employment Guarantee Scheme (NREGS) for utilisation as per NREGA Guidelines. However, 97.243 MT of unutilised rice valued at Rs 6.13 lakh under NFFWP remained in stock for over 2 years since May 2005 as per the Register of the ITDA, Rairangpur (June 2007) and the same were not returned to DRDA for utilisation under NREGA. The PA could not arrange physical verification though requested (June 2007) in audit and stated that the food grains were kept with the storage agent to avoid deterioration of quality. However, no acknowledgement in support of receipt of rice by the storage agent could be shown to Audit. The matter needs investigation.

Contrary to the Guidelines of SGRY and NFFWP, Rs 12.71 lakh were spent by three ITDAs (Koraput, Keonjhar and Rairangpur) on creation of non-durable assets like kutchra road with only earth filling and moorum spreading in 12 cases during 2002-07.

3.1.9.6 Non-recovery of penalty for delayed completion of works

Rs 21.88 lakh towards penalty for delayed completion of works was not recovered

Time is the essence of the contract and the agreements executed with contractors provided for recovery of penalty at 0.5 *per cent* of the value of the works remaining unexecuted for every day of delay beyond the stipulated dates of completion subject to a maximum of 10 *per cent* of the contract value. In 26 cases, three ITDAs (Baripada, Rairangpur and Karanjia) did not recover penalty from the contractors to the extent of Rs 21.88 lakh for delay beyond the stipulated dates of completion from 30 to 1005 days.

⁵² Construction of road from Dumarpur to Malichalar (Voucher 8 dated 22 July 2005), Construction of road from Chandiguda to Parjhar (Voucher 3 dated 24 May 2005) and Improvement of road from RD road to Renga Ashram School (Voucher 6 dated 4 July 2005).

⁵³ Keonjhar (470 Q), Koraput (1457.87 Q), Baripada (3243.38 Q) and Rairangpur (2983.78 Q).

Adjustment of excess prorata charges of Rs 2.22 crore on works executed under Article 275(1) which affected the completion of the projects for want of further funds

3.1.9.7 Irregular payment of prorata supervision charges

As per GOI's guidelines (July 2002), a maximum of two *per cent* of the grants was admissible for project management, administrative expenses etc. The execution of two projects⁵⁴ as approved by the GOI in TSP areas out of above grant was entrusted by the ITDA, Sundargarh to the EE, R&B Division, Sundargarh. During 2002-07 and an amount of Rs 20.91 crore was placed with the EE for the purpose. The EE spent Rs 17.71 crore on both the works up to March 2007 which included adjustment of Rs 2.57 crore towards prorata supervision charges treating the works as deposit works, against the admissible Rs 35.43 lakh (2 *per cent* of expenditure incurred) which resulted in excess charge of Rs 2.22 crore. Both these works were lying incomplete for want of further fund of Rs 5.56 crore.



High level bridge over river IB (ITDA, Sundargarh) lying incomplete due to paucity of funds

3.1.9.8 Inadmissible expenditure

Contrary to SCA guidelines, the ITDA, Keonjhar released (June and August 2002) grant in aid of Rs seven lakh under SCA to an NGO for construction of hostel building for deaf and dumb, which was not incidental to income generation of ST population living below the poverty line. Similarly ITDA, Rairangpur irregularly spent Rs 22.26 lakh out of tender savings under SCA on repair and maintenance of 22 completed projects though not admissible as per the SCA guidelines.

3.1.9.9 Irregular payments

In 21 cases under two ITDAs (Koraput and Rairangpur), Rs 26.22 lakh was irregularly paid to contractors for execution of 92092 cum of earth work on the basis of pit / string measurement instead of level section measurement as required under the provisions of the Orissa Public Works Department (OPWD) code. Besides, Rs 4.53 lakh was also paid in excess to the contractors in these works due to less deduction of void (deduction was made at 12.5 *per cent* against the required 33.33 *per cent*) from the gross volume for un-compacted hand rammed fills.

3.1.9.10 Irregularities in departmentally executed works

In two ITDAs (Koraput and Rairangpur), 783 works estimated to cost of Rs 20.18 crore were executed departmentally during 2002-07. Neither vouchers in support of purchase of materials such as cement, steel, road metal, stone products, sand etc from registered dealers were submitted by the executants nor stock accounts in support of procurement and issue of materials to works and material at site accounts were maintained. No advance was availed by the departmental officers for payment of wages to

⁵⁴ (i) "Development of Karamdihi-Subdega-Tulsera-Balisankara road (State High way- 24 Km and Main district road for 13 Km)";Rs 11.09 crore and (ii) "Construction of High level bridge over river Ib (53rd km) on Lefripara-Balisankara road"(Rs 9.81 crore).

the labourers and muster rolls were not submitted in many cases. Muster rolls wherever submitted were also not treated as cash/adjustment vouchers and were kept in the case record file being susceptible to manipulation. However, payments were released to these Engineers on works bills on item rate based on the measurement recorded by them. As a result, the genuineness of expenditure could not be verified in audit.

3.1.10 Education and other activities

3.1.10.1 Unfruitful expenditure on idle assets of Vocational Training Centres

With the objective of providing training to tribal youth in multi-disciplinary trades to develop their potential for obtaining jobs, the GOI introduced (1995-96) the Central Plan scheme with hundred *per cent* central assistance for establishing 17 'Vocational Training Centres (VTC)' in tribal belts in nine⁵⁵ districts. The ITDAs being the implementing agencies besides providing vocational training to the tribal youths in these VTCs were also required to maintain a database of passed out trainees and arrange their employment / self employment. During 2000-03, Rs 1.29 crore was released by the GOI for construction of VTC buildings, purchase of necessary equipment and administrative and maintenance cost of these VTCs. Of the above amount, Government spent Rs 98.32 lakh and the remaining Rs 30.44 lakh remained unutilised as of June 2007. Due to non-submission of UCs for Rs 30.44 lakh, the GOI stopped further funding.

Test check of records of 11 VTCs⁵⁶ revealed that as of March 2007, Rs 26.76 lakh was lying unspent with eight ITDAs. All the 11 VTCs were closed during 2004-05 due to non-receipt of funds from GOI and the staff had already been disengaged. However, Rs 6.96 lakh⁵⁷ was spent in three ITDAs towards pay and allowances of the idle staff of four VTCs without any work after disengagement. Besides, buildings and other infrastructure created at a cost of Rs 13.95 lakh⁵⁸ including two new buildings remained idle. It was also noticed that out of 291 youths who completed training in these VTCs during 2002-05, only 47 were employed in the private sector and information on remaining trained youths were not available with the ITDAs.



Newly constructed Vocational Training Centre at Naranpur (Keonjhar ITDA) lying unused

Information on 244 youths imparted training on vocational trades was not available with the ITDAs

⁵⁵ Rayagada, Kandhamal, Koraput,, Nabarangpur, Mayurbhanj, Sundargarh, Kalahandi, Keonjhar and Malkangiri.

⁵⁶ ITDAs, Baripada (1), Balliguda (2), Jeypore (1), Nabarangpur (1), Sundargarh (1), Th. Rampur (1), Malkangiri (1), Koraput (1), Keonjhar (1) and Rayagada (1).

⁵⁷ (i) ITDA, Koraput: Sunabeda (Rs 3.75 lakh), (ii) ITDA, Balliguda: Daringbadi (Rs 0.60 lakh), Kotagarh (Rs 0.60 lakh) and (iii) ITDA, Rayagada: Kailashpur (Rs 2.01 lakh).

⁵⁸ Newly constructed buildings without any use at Naranpur (Rs 8 lakh) under ITDA, Keonjhar and Nalagaja (Rs 5.95 lakh) under ITDA, Baripada.

3.1.10.2 Skill development for tribal youth

During 2002-07, vocational training in different trades was provided to 4679 tribal youths under SCA (IGS) through different Industrial Training Centres / Industrial Training Institutes and recognised Computer Training Institutes incurring expenditure of Rs 2.93 crore. However, no follow up action was taken for their engagement / self employment after completion of training and none of them were given any financial support under IGS bankable scheme for their engagement in income generating activities.

3.1.10.3 Primary school hostels lacked minimum amenities for boarders

The ITDAs had been managing the Primary School Hostels (PSHs) in TSP areas having capacity of 40 seats and were responsible for construction of Hostel buildings and providing minimum amenities to those PSHs out of funds provided under various schemes. However, amenities provided to the PSHs were far from satisfactory as under:



PSH attached to Batibeda Sevashram (ITDA, Nabarangpur) housing 40 boarders in dilapidated condition

Shortage of beds for boarders and inadequate facilities of sanitation and safe drinking water

In the 217 PSHs, against the requirement of 8680 cots for the boarders, only 3374 cots were available. In 68 PSHs, no sanitary latrines were provided and in the remaining 149 PSHs, one to two such latrines were available for 40 boarders against the norm of one latrine for 10 boarders. In 19 PSHs, no tube well / sanitary well was available thereby depriving the boarders of safe drinking water facilities.

Pre-matric scholarship of Rs 9.14 lakh lying undisbursed with the superintendents of the PSHs for one to five years

In the test checked ITDAs (except Sundargarh), Pre-matric Scholarship (PMS) advanced to Superintendents of PSH were shown as final expenditure in the cash books, as a result of which their actual utilisation could not be ascertained in audit. In four ITDAs⁵⁹, the superintendents of 23 PSHs retained undisbursed PMS of Rs 9.14 lakh for periods ranging from one to five years without refunding the same to the ITDAs as of June 2007.

3.1.10.4 Ekalavya Model Residential Schools

During Ninth Plan, the GOI sanctioned 10 Ekalavya Model Residential Schools (EMRS) out of grants under Article 275(1) on the pattern of Navodaya Vidyalayas and released Rs 38.60 crore towards non-recurring (Rs 25 crore) and recurring (Rs 13.60 crore) grants during 2002-07. Accordingly, 10 such model schools were set up in the State to provide education to 300-420 tribal students from Class-VI to Class X / XII in each such school (30 boys and 30 girls in each class). These schools were initially managed by the ITDAs up to 2005-06 and thereafter by a registered society 'Orissa Model Tribal Education Society (OMTES)' functioning under the SSD

⁵⁹ (i) Nabarangpur (10 PSHs), (ii) Balliguda (2 PSHs), (iii) Koraput (2 PSHs) and (iv) Sundargarh (9 PSHs).

Department. An amount of Rs 31.18 crore was spent on these model schools up to March 2007. The remaining Rs 7.42 crore was lying unspent with the OMTES as on 31 March 2007.

Ekalavya Model Residential schools meant to provide quality education ended up with schools having low paid teachers and weak infrastructure

The EMRS guidelines among others envisaged maintenance of teacher pupil ratio at 1:30, providing vocational as well as practical training in agriculture, animal husbandry and related areas and free meals in the pattern of Jawahar Navodaya Vidyalayas to the students, higher pay scales to the Principal and teaching staff than those of their counterparts in Government Schools, quarters for all teaching staff, fixing time table allocating sufficient time for teaching, vocational training, sports, cultural and extra curricular activities were the other facilities to be extended. However, it was noticed that the teachers were appointed on payment of consolidated salary, which was much below the scale of pay allowed to the teachers of Government schools. In one EMRS, Bhabanipur (Sundargarh district), students were either sleeping on the floor or on masonry berths. Five untrained teachers were also engaged for teaching in the EMRS. In another EMRS, Pungar (Koraput district), the students were using the class rooms as hostel rooms also. Construction of school and hostel building at Siriguda (Rayagada district) remained incomplete for the last seven years (June 2007).



Students sleeping on the floor in the EMRS hostel, Bhabanipur (ITDA, Sundargarh)

However, it was noticed that the teachers were appointed on payment of consolidated salary, which was much below the scale of pay allowed to the teachers of Government schools. In one EMRS, Bhabanipur (Sundargarh district), students were either sleeping on the floor or on masonry berths. Five untrained teachers were also engaged for teaching in the EMRS. In another EMRS, Pungar (Koraput district), the students were using the class rooms as hostel rooms also. Construction of school and hostel building at Siriguda (Rayagada district) remained incomplete for the last seven years (June 2007).

3.1.11 Monitoring, evaluation and internal audit

Review of Internal Controls and systems of monitoring and evaluating the development programmes implemented by the ITDAs showed the following deficiencies:

Annual accounts not prepared since inception and not placed before AGM

- Despite requirement under the Memorandum of Associations (MOA), Annual Accounts were not prepared and placed before Annual General Meeting (AGM) since inception of the ITDAs. Thus, the provisions of MOA remained uncomplied.

Against the required 20 meetings during 2002-07, PLCs of the test checked ITDAs met only six to nine times

- As per the MOAs, the Project Level Committees (PLCs) should meet once in every quarter to discuss and deliberate upon the activities of respective ITDA. The AGMs of the society should be held at least once every year and not more than 15 months should elapse between two successive AGMs. However, it was noticed that during 2002-07, while the PLCs of 11 test checked ITDAs met only six to nine times against required twenty times for each ITDA and the AGMs were never held during the period.

Non-conducting of District Level Monitoring Committee (DLMC) meetings

- After formation (September 2006), the District Level Monitoring Committees (DLMC) in eight test checked TSP districts⁶⁰ did not meet even once against two meetings due up to March 2007.

⁶⁰ Kalahandi, Koraput, Keonjhar, Mayurbhanj, Malkangiri, Nabarangpur, Rayagada and Sundargarh.

Evaluation studies not conducted though Rs 80.94 lakh earmarked for the purpose is lying unspent

- Out of Rs 1.16 crore released by Government during 1995-96 to 2006-07 to ITDA, Balliguda for conducting evaluation studies, Rs 80.94 lakh remained unutilised as of March 2007. During 2002-07, Rs 9.33 lakh were spent on conducting evaluation studies of different tribal development programmes through four institutions. However, none of the evaluation reports could be produced to Audit, as the same were not received from the institutions concerned. Similarly, report on evaluation study on implementation of SCA in the State conducted by Sri Venkateswar University, Tirupati at the instance of the Planning Commission was yet to be received (June 2007).

Internal Audit was not effective

- Internal Audit of ITDAs was being conducted by the Common Cadre Auditors of the SSD Department from time to time. Audit of ITDAs were not conducted on annual basis and there were arrears in audit of all the 21 ITDAs for periods ranging from one to four years as of March 2007.
- There were also delays ranging from 156 to 389 days in issue of the Internal Audit Reports after completion of audit. Response to Internal audit by the ITDAs was poor as 9182 paragraphs of 84 Internal Audit Reports (IARs) were not complied by the ITDAs for periods ranging from one to 12 years (March 2007). Internal Audit Reports were not issued in respect of 10 ITDAs as of June 2007 even after lapse of three to 15 months from the dates of completion of audit. In five out of 25 test checked IARs, it was seen that although fraud and misappropriation cases involving Rs 1.35 crore as detailed in the *Appendix-3.3* were pointed out by the internal audit during 2001-05, yet the cases were not finalised as of August 2007.

3.1.12 Conclusion

No survey was conducted for identifying the unassisted ST BPL families. While long-term area specific plans were not prepared at all, the Annual Action Plans also did not focus on thrust areas of income generation activities and creation of infrastructure incidental to income generation. Release of funds by Government was also made in an unplanned manner without any linkage with the AAPs. Instances of expenditure on inadmissible works, payment of subsidy beyond prescribed norms, diversion and misutilisation of funds, avoidable, wasteful and unfruitful expenditures in execution of works and plantations were common in all the test checked ITDAs. Expenditure for exclusive benefit of women under SCA and grants was meager. Under education sector, the amenities provided in primary school hostels were inadequate. Vocational training centers established to impart training to unemployed tribal youths for their employment/self-employment were totally defunct. No data regarding the employment of youths given training in different trades under SCA (IGS) were available. Annual Accounts were not prepared and placed in the Annual General Meetings as required under the Memorandum of Associations of the ITDAs. The systems of monitoring, evaluation and internal audit were ineffective.

3.1.13 Recommendations

- Proper survey may be conducted for identification of thrust areas and Annual Action Plans prepared before the beginning of the financial year;
- Funds should be released to the ITDAs in accordance with the AAPs for timely completion of projects;
- Management of subsidies under SCA (IGS) should be made effectively with due regard to the scheme guidelines so that more number of beneficiaries are covered under income generating activities;
- Steps should be taken to revive vocational training centres and employment/self-employment opportunities to trained youths may be created through coordinated approach to bring them into the mainstream;
- Minimum amenities in primary school hostels and Ekalavya Model Residential Schools should be ensured;
- Annual Accounts of the ITDAs may be prepared and placed before the Annual General Meetings and got audited by Chartered Accountants as required under the MOAs.
- Holding of quarterly PLC and DLMC meetings may be ensured for effective monitoring of the performance of the ITDAs.

The above points were reported (July 2007) to the Commissioner-cum-Secretary of the Department; reply had not been received (August 2007).

HOME DEPARTMENT

3.2 Administration of Jails

Highlights

The Administration of jails mainly consists of admission, safe custody of prisoners and welfare and rehabilitation measures for the prisoners. Review of the Administration of jails in the State showed that the provisions of Model Prison Manual prescribed by Government of India in December 2003 had not been brought into operation so far. Overcrowding of jails continued to remain an area of concern as several new jail buildings constructed were not made functional due to deficiencies in structural designs and for want of guarding staff. Incidences of jail escapes, non-return of the prisoners released on parole and furloughs were the other areas of serious concern. Extension of welfare measures like sanitation in the jails and health care of the prisoners did not receive priority. Minimum wages were not paid to prisoners at work. No control mechanism existed for technical supervision of the execution of civil works by the executing agency leading to slow pace of construction and avoidable excess payments. Prescribed inspections by departmental officers were not regularly carried out indicating weak supervisory controls.

- ❖ **Central share of Rs 32.20 crore under “Modernisation of Prison administration” was kept in civil deposits by the Government for periods ranging from 10 to 17 months.**

(Paragraph 3.2.6.1)

- ❖ **Despite acute overcrowding in jails, seven new sub-jails and 15 additional wards in existing jails constructed at a cost of Rs 19.74 crore for accommodating 3440 prisoners were not put to use for periods ranging from two to 13 years due to non-posting of required staff and lack of security.**

(Paragraph 3.2.7.2)

- ❖ **The incidence of prison escapes increased from six in 2002-03 to 15 in 2006-07 due to absence of proper watch and ward arrangements and 47 out of 77 prisoners escaped were still at large for periods ranging from two to five years.**

(Paragraph 3.2.8)

- ❖ **During 2002-07, under trial prisoners (UTPs) constituted 68 to 75 per cent of total prisoners, as prescribed steps for expeditious disposal of their cases were not taken. In 14 jails 469 UTPs were detained for periods ranging from two to five years contrary to the recommendations of NHRC.**

(Paragraph 3.2.11.2)

- ❖ **Prisoners were paid only incentives upto Rs 12 per day for work done in prisons despite recommendation of the Jail Reforms Committee and directives of the apex court to ensure payment of equitable wages at par with the wages paid to a labourer outside the jails under the Minimum Wages Act. Even incentives were not paid in time.**

(Paragraph 3.2.12.1)

* Abbreviations used in this performance review have been expanded in Glossary of abbreviations at pages 243-248.

❖ Staff quarters numbering 122 constructed at a cost of Rs 4.24 crore under “Modernisation of Prison Administration” scheme were lying idle for one to two years due to non-provision of water supply. All the seven completed new sub-jails and 16 under construction at a cost of Rs 49.30 crore did not conform to the specifications prescribed in Jail Manuals.

(Paragraphs 3.2.13.1 and 3.2.13.2)

❖ There was excess payment of Rs 77.74 lakh to OSPHWC due to non-refund of saving arising from modifications in the scope of works. Besides, there was excess payment of Rs 2.16 crore due to inclusion of work contract tax in addition to sales tax in the estimates.

(Paragraphs 3.2.13.4 and 3.2.13.7)

❖ There was shortfall in sanctioned posts of 383 guarding staff and 36 supervisory staff with reference to recommendations of the Dave Committee.

(Paragraph 3.2.14)

❖ There was huge shortfall in prescribed inspections of jails by the Inspector General (IG), Prisons, which had an obvious impact on accountability.

(Paragraph 3.2.15.1)

3.2.1 Introduction

Prison is an integral component in the criminal justice system of our country. The jails in the State are being administered under the provisions of Orissa Jail Manual 1942 (OJM) incorporating the provisions of the Central Prisons Act 1894 and the Prisoners Act 1900.

The Government of India (GOI) is providing funds to the State Government under the scheme ‘Modernisation of Prison Administration’ on cost sharing basis (GOI: 75 per cent and State Government: 25 per cent) since 2002-03. The GOI has framed a Model Prison Manual (MPM) in consultation with the National Human Rights Commission (NHRC) and Bureau of Police Research and Development (BPRD) with a view to converting jails to correctional homes. The said Manual was issued by the GOI (December 2003) to all the State Governments for adoption and incorporation of the related provisions in the State Jail Manuals, as prison is a State subject. The MPM has not yet been adopted by the Government (August 2007).

3.2.2 Organisational set up

The overall administration of the Jails rests with the Principal Secretary, Home Department. The Additional Director General of Police-cum-Inspector General, Prisons and Correctional Services (IG) is the functional head of jails with headquarters at Bhubaneswar. The Department is having four circle jails, ten District jails, two special jails, six special subsidiary jails, 46 subsidiary jails, one open jail (Biju Patnaik Open Air Ashram), one female Prison (Nari Bandi Niketan) and one Jail Training School. The Circle jails are managed by the Senior Superintendents while district and other jails are managed by the Superintendents / Jailors/ Assistant Jailors drawn from Orissa Jail Service cadre. Besides, three Regional Probation Offices, 13 District Probation Offices, 17 Sub-Divisional Probation offices, one Probation hostel, one

Central Home for men, 19 Prison Welfare Offices and one 'After care shelter' are also functioning in the State for implementation of reforms, rehabilitation and correctional measures for prisoners.

3.2.3 Audit objectives

The audit objectives were to assess whether:

- financial resources were adequate and economically and effectively utilised,
- human resources management including training to staff were effective;
- safe custody of prisoners, reformative and rehabilitation support to convert prisoners as good and useful citizens of the society were ensured;
- adequate steps taken for reducing overcrowding of jails and directions of National Human Rights Commission /Apex court were complied with ;
- the system of accommodation, sanitation, health cover, transportation and other facilities for prisoners (including female prisoners and their accompanied children) were adequate; and
- monitoring and evaluation system was in place and effective.

3.2.4 Audit criteria

The Audit criteria used for assessing the performance were as under:

- Allocation and utilisation of financial resources as per the annual action plans and prescribed norms,
- Norms for essential/guarding staff as per Jail Manuals and recommendations of Mulla Committee and Dave Committee on Jail Reforms;
- Security system as provided in the OJM, MPM and instructions of the GOI (MHA);
- Standards of accommodation, sanitation and other facilities as prescribed in the OJM, MPM, UN Standard Minimum Rule for treatment of Prisoners;
- Facilities, privileges and rights of prisoners as envisaged in the UN Standard Minimum Rules for the Treatment of Prisoners 1955 and MPM; and
- Monitoring mechanism envisaged in the Jail Manuals.

3.2.5 Audit coverage and methodology

The performance audit was conducted during January to May 2007 covering the period 2002-07 by examination of records of the Home (Jails) Department, IG (Prisons), 18 jails / sub-jails¹ (selected on the basis of stratified random sampling without replacement method) along with the concerned Probation offices, Prison Welfare offices located in the same station. Orissa State Police Housing and Welfare Corporation Limited (OSPHWC), the agency looking after civil, electrical, sanitation and Public Health works of jails and Jail Training School, Berhampur were also covered in audit.

¹ Berhampur, Choudwar, Sambalpur,, Baripada, Bhubaneswar, Rourkela, Balasore, Koraput, Puri, Keonjhar, Sundargarh, Bhawanipatna, Rairangpur, Bhadrak, Rayagada, Angul, Nari Bandi Niketan (Sambalpur) and Open Jail (Jamujhori).

Physical inspection of assets was conducted in the presence of Engineering staff of OSPHC and interview of prisoners by way of questionnaires on the quality of ration / diet, accommodation, sanitation facilities and health cover etc was arranged in the presence of Jail officials. Photographs of assets created/ facilities available were also taken in few cases. The audit objectives and the criteria were discussed with the Principal Secretary in an Entry level Conference (April 2007) and the audit findings were discussed (August 2007) in an exit conference. The reply of the Government received in August 2007 was incorporated in appropriate places in this Report.

AUDIT FINDINGS

3.2.6 Financial management

Budget provision vis-à-vis the expenditure during 2002-07 for administration of jails and correctional services in the State were as under:

(Rupees in crore)

Year	Budget provision				Expenditure			
	State Plan	Non-plan	Centrally sponsored scheme	Total	State Plan	Non-plan	Centrally sponsored scheme	Total
2002-03	0.48	28.73	21.47	50.68	0.48	28.57	21.47	50.52
2003-04	1.39	28.60	21.69	51.68	1.39	28.60	21.69	51.68
2004-05	0.07	29.33	21.47	50.87	0.07	29.33	21.47	50.87
2005-06	0.01	31.00	21.47	52.48	0.01	31.00	21.47	52.48
2006-07	2.02	38.90	21.56	62.48	2.02	38.90	21.56	62.48
Total	3.97	156.56	107.66	268.19	3.97	156.40	107.66	268.03

Out of Rs 107.66 crore received under the centrally sponsored schemes, Rs 107.40 crore were under “Modernisation of Prison Administration” (Modernisation scheme) on 75:25 cost sharing basis between the Centre and the State. The said amount was advanced (2004-07) to two executants OSPHC (Rs 105.60 crore including Rs 32.24 crore directly released by the GOI) and Orissa Industrial Infrastructure Corporation (IDCO) (Rs 1.80 crore) for execution of works. The entire amount given to OSPHC (Rs 73.36 crore) was treated as final expenditure though Rs 36.81 crore was lying unspent (March 2007).

Advance to OSPHC was treated as final expenditure despite Rs 36.81 crore lying unspent

3.2.6.1 Delay in release of funds

Central share of Rs 32.20 crore received from GOI during 2002-04 under the modernisation scheme were kept (March 2003: Rs 16.10 crore, March 2004:Rs 16.10 crore) in Civil deposits and were released to the executing agency after delays ranging from 10 to 17 months. Similarly, GOI share of Rs 9.20 crore received during August 2004 was released by the State Government after delay of five to eight months. Also, State share (Rs 26.85 crore) was released by the Government with delays ranging from nine to 24 months during 2003-07. The Government attributed the delay to release of funds by the GOI at the fag end of the financial year 2002-03 and 2003-04 and time required for preparation of plan and estimates. The reply was not tenable as the advance planning was to be made to ensure timely allocation of fund despite requirement as per the GOI instructions (November 2002).

Retention of central share in Civil deposits and beleted release of State share

Interest of Rs 35.40 lakh earned on unspent scheme fund was appropriated by OSPHWC

3.2.6.2 Interest earned on scheme funds misutilised

In absence of instructions from the State Government, the OSPHWC used up the interest earned on deposit of the above advances like it's own fund without ploughing it back to augment the scheme resources. Total interest earned by OSPHWC and appropriated up to March 2007 were neither intimated by the Corporation nor related records produced to Audit. However, interest earned on Rs 5.80 crore released during 2004-05 for works not commenced up to 31 March 2007 worked out to Rs 35.40 lakh at the State Bank of India savings rate.

3.2.7 Accommodation of prisoners

Accommodation capacity of all the jails in the State as of 31 March 2002 was 7532 prisoners according to the prescribed norm. In view of overcrowding of jails, the GOI introduced (November 2002) the scheme of "Modernisation of Jail Administration" and sanctioned Rs 107.40 crore (GOI share: Rs 80.55 crore and State share: Rs 26.85 crore) during 2002-07 for construction of additional jails to reduce overcrowding (Rs 66.62 crore), repair and renovation of existing jails (Rs 13.92 crore), improvement of sanitation and water supply in jails (Rs 2.45 crore) and construction of quarters for prison staff (Rs 24.41 crore). Besides, the Eleventh Finance Commission (EFC) awarded Rs 3.00 crore for provision of sleeping accommodation (Rs 1.65 crore), upgradation of jail hospitals, improvement of sanitation and vocational training of convicts (Rs 1.35 crore). Following deficiencies were noticed in implementation of schemes:

3.2.7.1 Deficient planning

Daily average prisoners population during 2001-02 was 12049 in all the jails of the State against the available capacity for 7532 prisoners. However, additional space for 10205 prisoners (135 *per cent*) by construction of 23 new sub-jails and 58 additional wards in existing jails were planned during 2002-07 by the Government at a projected outlay of Rs 62.77 crore under the modernisation scheme (Rs 61.57 crore for 9605 prisoners) and EFC grants (Rs 1.20 crore for 600 prisoners).

Planning for construction of additional space was not based on field requirements and average number of offenders sent to nearby prison by the concerned Courts. While the existing circle and district jails were overcrowded, 17 sub-jails were not upgraded to district jails and minimum facilities were absent in most of the jails, construction of 23 new sub-jails, each having capacity of accommodating 250 under trial prisoners (UTP) at a cost of Rs 2.14 crore each along with 15 staff quarters (Rs 52 lakh) were planned. Test check revealed that one 250 capacity sub-jail was constructed at Digapahandi where as only 30-35 prisoners sent by the Court of that area were continuing in Chhatrapur and Berhampur jails (2002-07) on daily average. Had the sub-jails with lesser capacity been constructed considering the actual need and prisoner's statistics, the amount saved could have been utilised in construction of additional wards, jail hospital, isolation wards in the existing jails housing convict prisoners.

Manpower planning for the new sub-jails was also not planned in time. The Government stated that planning was made considering the rising trend of prisoners in old jails and sub-jails. The reply was not convincing as 44 *per cent* of the scheduled capacities of 17 existing sub-jails (1278) were lying unutilised during 2002-07 and 23 new sub-jails with 5750 proposed capacity was intended only for UTPs.

3.2.7.2 Additional space created but not put to use

Additional accommodation for 3440 prisoners constructed at a cost of Rs 19.74 crore were not put to use for periods ranging from two to 13 years

Out of additional space for 10205 prisoners targeted during 2002-07, additional space for 3750 prisoners was only created by completing construction of 26 works (seven new sub-jails: 1750 prisoners and 19 additional wards: 2000 prisoners) up to March 2007 at a cost of Rs 20.49 crore. Of the remaining 55 works, 50 were under various stages of construction and five works (estimated cost Rs 4.88 crore) had not yet been started (June 2007) mainly due to non-selection of site, delay in obtaining forest clearance etc. However, all the seven new sub-jails² and 12³ out of 19 completed additional wards constructed at a cost of Rs 18.99 crore for accommodating 3220 prisoners were not made operational (July 2007) for periods ranging from 12 to 36 months due to non-sanction of required staff



Additional ward at Anugul Jail constructed outside the perimeter wall lying idle since July 2004



New sub-jail and staff quarters at Jajpur Road lying unutilised

by the Government (seven new sub-jails), construction of wards being outside the perimeter walls (Angul and Champua), without inner boundary walls and cracks in the wall (Berhampur) and functioning of juvenile home in the same premises (Rourkela). The IG Prison's proposal (January 2005) for sanction of 980 guarding staff was pending with the Government (June 2007). Besides, three additional wards constructed at a cost of Rs 74.80 lakh during 1993 (one) and 2001 (two) out of Ninth and Tenth Finance Commission grants in two overcrowded jails (Koraput and Choudwar) for accommodating 220 prisoners were also not put use as of July 2007 due to low height of perimeter wall (Koraput) and non-provision of water supply/ sewerage connection (Choudwar). The Government stated (August 2007) that the proposal for creation of posts to make the new sub-jails functional was under active consideration and action had been initiated for construction of extended perimeter wall and to remove other bottlenecks.

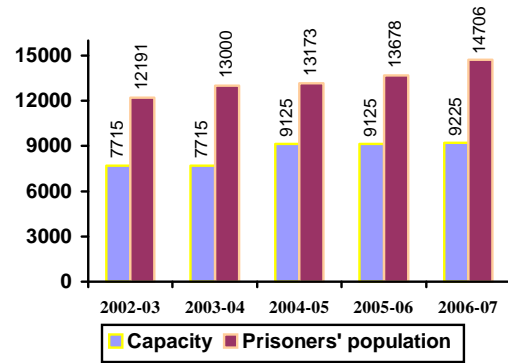
3.2.7.3 Overcrowding of jails

Against the total capacity for accommodating 7715 (2002-03) to 9225 (2006-07) prisoners in the jails in the State, the daily average prisoners population

² Banapur, Bissam Katak, Digapahandi, Jajpur Road, Narasingpur, Sohela and Salipur.

³ **Modernisation grant:** Khurda (1), Malkangiri (2), Keonjhar (1), Rourkela (1), Baliguda (1), Choudwar (1) and Kamakhyanagar (1), **EFC grant:** Berhampur (1), Rourkela (1), Angul (1) and Champua (1).

ranged from 12191 (2002-03) to 14706 (2006-07). The actual prisoners population in the existing 70 jails of the State as on 31 March 2007 was 13783 of which 13066 prisoners were lodged in 53 jails having the capacity for 7947 prisoners while the remaining 717 prisoners were kept in 17 jails having the capacity to



accommodate 1278 prisoners indicating overcrowding in some jails and under-utilisation of capacity in others. In the District jail, Puri, 30 women prisoners (including 10 convicted prisoners) with six children were lodged as of 31 March 2007 against the capacity of 10 (with 10 masonry berth) while in Nari Bandi Niketan (NBN), Samabalpur, 38 seats were lying vacant as on that date. Rule 764 of Orissa Jail Manual empowers the IG, Prison to transfer any class/classes of prisoners to any jail/class of jails irrespective of the sentence. As such, relocation of the above women prisoners required review. In five test checked jails⁴, though 34 children were staying with their imprisoned mothers; no crèche was available, required as per the observations of the Apex court.

3.2.8 Security lapses

Escape from prison was on the increasing trend and 47 prisoners escaped from jails were not recaptured

During 2002-07, seventy seven prisoners escaped from jail custody in 43 incidents by making hole in perimeter wall, cutting iron bars, scaling the perimeter wall at night, over-powering the jail staff during treatment in medical colleges/ hospitals etc. The incidents of escape from prison increased from six in 2002-03 to 15 in 2006-07 in the State. Only 30 prisoners out of 77 could be recaptured as of June 2007 and the remaining 47 prisoners were still at large (June 2007). Recurring escapes were noticed in three Circle Jails (Baripada, Choudwar and Sambalpur) and two district jails (Balasore, Sundargarh) during 2002-07. Though IG /DIG inspected the jails after escape of prisoners, yet effective steps were not taken for preventing recurrence of such escapes. The recurring feature of prisoners escaping from jails also indicated poor security arrangements, lack of internal controls and preventive measures as discussed below:

3.2.8.1 Absence of proper watch and ward arrangement

Annual firing target practice has not been conducted by the guarding staff

Test check revealed that 39 hand metal detectors in 11 jails⁵ and 22 walkie talkies in eight jails⁶ were in unserviceable condition and annual firing target practice had not been undertaken by the guarding staff in 18 jails during last ten years (June 2007). Dummy exercises were also not conducted in any of the jails test checked. Modern security equipment like cell phone jammer / cell phone detector, live wire fencing, door metal detectors were not available in

⁴ Keonjhar (3), Bhadrak (15), Baripada (13), Koraput (1) and Puri (2).

⁵ Baripada, Sambalpur, Balasore, Sundargarh, Bhabanipatna, Koraput, Keonjhar, Bhubaneswar, Rourkela, Bhadrak, Rairangpur.

⁶ Sambalpur, Puri, Sundargarh, Bhabanipatna, Koraput, Keonjhar, Bhubaneswar and Rourkela.

any of the 18 jails test checked where convicts were locked up. Besides, proper lighting arrangement was not made in these jails despite instructions of Government (February 2004). Close Circuit Television (CCTV) cameras, though installed in Circle jail, Choudwar housing hardcore terrorists, were operated only during office time by the Senior Superintendent as no other officer was trained to use the equipment. Four power generators supplied by the IG for jail security were lying out of order in four jails for periods ranging from five to seven years. These were not replaced with new ones (June 2007). In District Jail, Puri, 30 lanterns were being used as the defective generator was not repaired / replaced (March 2007). No arms and ammunition were provided in five jails⁷. Except Choudwar Circle jail, Berhampur Circle jail and Rourkela special jail, none of the remaining 15 jails test checked was having watch towers.

Contrary to the provisions of UN Standard Minimum Rules, OJM and MPM, separate enclosures were not available for convicts, UTPs, young offenders, civil prisoners in 17 test checked jails (excepting Berhampur). All prisoners were free to move in the same premises during day time and were taking meals together in the same dining place thereby increasing the risk of young and civil prisoners getting mixed up with criminal convicts.

3.2.8.2 Prevention of entry of prohibited articles

Rule 605 of OJM listed the article declared as prohibited for entry to jails. Rule 620 and administrative instructions provided for thorough search of the prisoners before and after the interview and also while their admission to jails. However, prohibited articles like ganja, cash, mobile phones etc were seized from the prisoners in five test checked jails on various occasions. 22 mobile phones were also seized from prisoners in four jails (Balasore, Choudwar, Bhubaneswar, Puri) during 2002-07 along with other contraband articles (Berhampur) which indicated failure to observe prescribed controls. In one case (Jagatsingpur) involvement of the Jailor-cum-Superintendent in helping a hardcore criminal in using mobile phone and bringing that out of jail after use as alleged by the press was also enquired by police and the concerned Superintendent was put to jail and was under suspension (August 2007). The matter was under investigation (August 2007).

3.2.8.3 Non-return of prisoners released on parole and furlough

Under the “Provisions of Orissa release of Prisoners on Parole Rules 1983”, prisoners were temporarily released on parole for a period not exceeding 30 days to attend serious illness or death or marriage of any member of the prisoner’s family or to repair his dwelling house. Similarly, under “The Prisoners (Release on furlough) Rules 1963”, a prisoner can be released on furlough for a period not exceeding two weeks to attend to his relatives subject to certain prescribed conditions. However, it was noticed that in three⁸ test checked jails, five prisoners released on parole (2002-07) did not return to jail for period ranging from two to five years after expiry of the parole period of

Twenty five mobile phones and other prohibited articles were found with prisoners

Five prisoners sent on parole and 25 prisoners released on furlough did not return to jail for period two to five years

⁷ Angul, Bhadrak, Rairangpur, Rayagada and NBN(Sambalpur).

⁸ Choudwar (3), Baripada (1) and Koraput (1).

30 days. Similarly, in six test checked jails⁹, 25 prisoners released on furlough (2002-07) did not return to jail for periods ranging from two to five years after completion of the furlough period of two weeks. Effective steps were not taken by the Jail authorities to bring them back to jails so far (July 2007). The Government stated that the jail authorities and district administration were instructed to take appropriate action in the matter and to forfeit the security deposits.

3.2.9 Welfare of prisoners

Besides providing accommodation to prisoners, the jails were also to carry out certain welfare activities such as provision of diet according to norms, safe drinking water, sanitary latrines, maintenance of hygiene in the jail premises, free legal aid, correspondence and interview with family members and relatives. A review of the welfare activities in the 18 test checked jails disclosed deficiencies in diet, non-availability of sanitation facilities, inadequate health care facilities etc as detailed in succeeding paragraphs.

3.2.9.1 Sanitation facilities in jails

In the test checked 18 jails, there was shortage of 463 latrine seats (35 per cent) against the total requirement of 1317 seats according to the Orissa Jail Manual norm of one toilet for every six prisoners. Even at the MPM norm of one toilet for every 10 prisoners, the shortage worked out to 87 against the requirement of 213 seats. There was no night latrine in the female ward (first floor) of the Balasore jail where female prisoners are locked at night. Poor unhygienic and sanitary conditions in five jails (Athamalik, Jamujhori, Hindol, Chhatrapur and Chowduar) were also reported by the National Human Rights Commission (NHRC) in its Annual Report 2002-03, after inspection of these jails.

3.2.9.2 Diet Provision

The Government while prescribing the scale of diet fixed (September 1986) 630 grams of rice for non-labouring prisoners and 730 grams for labouring prisoners. It was noticed that in 11 jails¹⁰, out of 11207 convicts undergoing rigorous imprisonment during 2002-07, only 4032 (36 per cent) convicts were assigned with works during 2002-07 and the remaining 7175 prisoners, were not engaged in any work in jail garden/manufacturing industries. However, 730 grams of rice per prisoner days was shown as consumed by the 7175 non-labouring prisoners for 26.19 lakh¹¹ prisoner days. Thus, utilisation of 2619 quintals of rice (cost Rs 23.57 lakh) at 100 grams per prisoner day appeared doubtful and was against the prescribed norm. The Government's reply was silent on the doubtful consumption.

Doubtful consumption of 2619 quintals of rice worth Rs 23.57 lakh for non-labouring prisoners at the scale prescribed for labouring prisoners

⁹ Choudwar (4), Baripada (3), Balasore (2), Keonjhar (2), Angul (12) and Bhadrak (2).

¹⁰ Baripada, Bhawanipatna, Koraput, Choudwar, Sundargarh, Sambalpur, Bhubaneswar, Balasore, Keonjhar, Rourkela and Bhadrak.

¹¹ 7175 non-labouring prisoners X 365 days.

In 10 test checked jails¹², there was no dining hall and food was being served in the wards. Besides, the asbestos / tiled roof of kitchen in four Jails¹³ were in leaking / damaged condition.

3.2.9.3 Health care facilities

No regular doctor was available in 52 jails to cater to the health care needs of the prisoners

Section 6 of Prisons Act 1894 provided one Medical Officer for each prison. Only, 19 Jail Medical Officers were available in 16 jails on regular basis and in two jails (Ranapur and Jamujhori) on contractual basis. In remaining 52 jails, no regular doctor was provided and the Medical Officer of nearby Government hospitals visited the jails once in a week / fortnight on a token honorarium of Rs 200 per month. However, it was noticed that pharmacists were mainly attending the sick prisoners. The Government stated that creation of 51 posts of Medical Officers for these jails was under consideration.

In four test checked jails¹⁴, there were no indoor / isolation wards for TB / Leprosy / HIV positive and mentally ill patients though required as per the provisions of OJM. These patients ranging from one to 18 were kept in the general wards along with other prisoners with the risk of spreading the infectious disease. Regular blood tests were also not conducted in these jails. Medical instruments like glucometer, microscope etc purchased at a cost of Rs 2.84 lakh during 2001-02 were lying idle in 17 jails due to non-availability of technicians.

In 16 test checked Jails¹⁵, no vehicle was available for transportation of sick prisoners to the nearby hospitals for specialised treatments.

3.2.9.4 Victim Compensation Fund

Victim Compensation Fund had not been set up despite directives from the Supreme Court of India

The Honourable Supreme Court of India directed (September 1998) all the States for formulating law for setting up a Victim Compensation Fund by setting apart a portion of wages earned by the prisoners (convicts undergoing rigorous imprisonment). Though the State Government instructed (February 2000) the IG, Prison to deduct 10 *per cent* of the wage earned by the labouring convicts and deposit under a specific head of account for this purpose yet the said instruction had not been complied and no such fund was set up (June 2007). The Government stated (August 2007) that the proposal to set up the fund was under consideration.

3.2.9.5 Non-availability of amenities despite provision in OJM and MPM

Though Rule 613 OJM provided for arranging interview of prisoners with his / her relatives in a special part of the jail yet interview rooms were not available in 14 test checked jails¹⁶.

¹² Balasore, Sundargarh, Keonjhar, Rourkela, Angul, Bhadrak, Rairangpur, Rayagada, Sambalpur Nari Bandi Niketan and Jamujhori open jail in Bhubaneswar.

¹³ Sambalpur, Bhawanipatna, Angul, Keonjhar.

¹⁴ Angul (18) Bhadrak (1), Bhawanipatna (17) and Puri.(18)

¹⁵ Excepting Berhampur and Choudwar, In Sambalpur there is no driver and vehicle is out of order

¹⁶ Sambalpur, Bhubaneswar, Berhampur, Puri, Balasore, Sundargarh, Bhawanipatna, Koraput, Keonjhar, Rourkela, Angul, Bhadrak, Rairangpur, Rayagada, NBN (Sambalpur).

Similarly, despite observations of the Apex court and GOI instructions (November 2002), creche for children accompanying women prisoners were not provided in five jails¹⁷ keeping 34 children with their prisoner mothers. It was further noticed that in three new sub-jails (Sohela, Bisam Katak and Khariar) constructed during 2004-07, separate juvenile wards (plinth area 1257.96 sft each) within the female wards were constructed at Rs 19.14 lakh though not required as per Rule¹⁸. The Government however agreed (April 2007) that these juvenile wards would be utilised as crèche for accompanying children of female prisoners. Action in this regard is awaited (August 2007).

3.2.10. Reforms and rehabilitation activities

The MPM provides that reformation and social rehabilitation of prisoners should be the ultimate objective of prison administration for ensuring self-employment to the prisoners after their release from jail and preventing prisoners relapsing to crime after release. For the purpose, activities such as literacy drive and education, yoga and physical education, recreation facilities, health awareness (prohibition and AIDS awareness etc), rehabilitation of prisoners after release through vocational training were required to be undertaken by the prison administration. However, it was noticed that no teacher for imparting education was available in 49 jails having capacity for 2977 prisoners. Also despite provision in MPM for one community hall in each prison, the same was not available and regular physical drills were not conducted in any of the 18 jails test checked. It was also noticed that though two rehabilitation centres¹⁹ for the prisoners were functioning in the State, only 63 (0.1 per cent) out of 60893 prisoners released from jail were rehabilitated during 2002-07. The Government stated that proposal to revamp the existing two rehabilitation centres was under consideration.

3.2.11 Human Rights issues

3.2.11.1 Retention of mentally ill prisoners in Jails

Mental Health Act 1987 did not permit detention of mentally ill persons in the prison. National Human Rights Commission (NHRC) advised (September 1996) the Chief Ministers of all States to ensure that no mentally ill person should be made to stay in jail after 31 October 1998. The NHRC also stated that in case of non-compliance, the Commission might award compensation to the mentally ill persons or their family members and the amount of award would be recovered from delinquent public officers. The State Government also issued (June 2000) instructions to the IG Prisons to take appropriate action on the matter.

323 mentally ill patients were detained in 16 test-checked jails for periods ranging from 12 to 60 months despite the above instructions. The IG did not take any action for shifting these prisoners for their treatment even though the Jail Medical Officers were regularly submitting monthly returns on such patients. Government stated that these prisoners had been shifted to Circle jails for treatment under Psychiatric Specialist. However, transfer of mentally ill

¹⁷ Keonjhar (3), Bhadrak (15), Baripada (13), Koraput (1), Puri (2).

¹⁸ Juvenile Justice (Care and Protection of children) Act, 2000.

¹⁹ (i) Central Home for men at Baripada and (ii) After-care Centre at Cuttack.

prisoners to any Psychiatric Hospital or Psychiatric Nursing Home was yet to take place (August 2007).

3.2.11.2 *Detention of UTPs in jails beyond two years*

The Constitution of India (Article 21) envisages right to speedy trial. The Chairperson of NHRC informed (22 December 1999) all the Chief Justices of High Courts about the decision of the Apex Court to complete the trial of prisoners for offences punishable up to seven years within two years and for offences punishable beyond seven years within three years. During the period 2002-07, under trial prisoners constituted 68.50 to 75.44 *per cent* of total prisoners held in custody in the Jails. 469 UTPs were remaining in 14 Jails of the State for more than two years, 83 of them were continuing for three to five years and 21 for more than five years as of March 2007 due to non-finalisation of their cases. Though the District Committee of two jails (Puri and Berhampur) and IG on various occasions (6 December 2005, 14 June 2006) expressed their concern for speedy trial of prisoners, yet the matter was not brought to the notice of the appropriate Court (June 2007) for remedial action. Government stated that necessary instructions were issued to the Jail authorities to move to the notice of appropriate Court for release of such UTPs on bail.

3.2.12 *Working of manufacturing / production units inside jails*

To inculcate healthy work habits among prisoners, various training modules in trades and industries like phenyl preparation, Dari making, tailoring etc were introduced in prisons. Test check of 11 manufacturing / production units of jails disclosed non-payment of minimum wages, blockage of funds on idle workshop and equipments, non-availability of facilities, unsold finished goods etc as under.

3.2.12.1 *Non-payment of minimum wages*

The Supreme Court of India *inter alia* directed (1998) all the State Governments to ensure that equitable wages are paid to every convict for the work done by him or her at the same rate at which a worker is paid outside the jail under the Minimum Wages Act and the State Governments have to set up a wage fixation body to determine the equitable wage payable to the prisoners. But no such 'Wage fixation body' was set up by the State Government so far (June 2007) and the prisoners were being paid incentives at Rs 10 per day for unskilled and Rs 12 per day for skilled work (revised in April 2000 from Re 1 and Rs 1.50 per day) when the minimum wage was Rs 40 per day for labourers outside the jail. The prisoners were thus deprived of equitable wages despite Apex Court's orders. Even this paltry incentives to 3089 prisoners (including 1184 already released) in 11 jails²⁰ amounting to Rs 32.87 lakh for utilisation of their services up to 31 March 2007 were not paid on the ground of paucity of funds and inadequate allotment of funds.

Incentive of Rs 32.87 lakh were not paid to 3089 prisoners due to non-receipt of allocation

²⁰ Bhawanipatna, Balasore, Puri, Sambalpur, Sundargarh, Keonjhar, Baripada, Angul, Bhadrak, Berhampur and NBN Sambalpur.

3.2.12.2 *Idle workshop, machinery and staff*

In District Jail, Keonjhar, one workshop building though constructed (April 2004) at a cost of Rs 3.50 lakh out of EFC grant for paddy, wheat and oil processing, was lying idle (June 2007) as the same was constructed outside the perimeter wall and no machinery were procured. Similarly, the coal briquettes workshop building and machinery purchased and installed at a cost of Rs 6.45 lakh (April 1998 - November 2000) were not put to use in the Choudwar jail as it was in defunct condition since it's installation. Forty six handloom machines and other equipment costing Rs 2.54 lakh were laying in unserviceable condition for two to five years in the six²¹ test checked jails.

In two jails (Berhampur and Jamujhori), the services of three instructors were not gainfully utilised during 2002-07 and Rs 10.14 lakh²² spent on the pay and allowances of these staff proved nugatory. At the same time, tin and smithy unit of Angul jail was left idle due to want of instructor who was at Jamujhori without any such unit. Further, at the NBN, Sambalpur, the tailoring and craft unit were lying idle despite availability of two instructors during 2002-07. Special Sub-jail, Bhadrak did not have manufacturing unit despite holding 85 convicts. Government stated that the weaving unit of Balasore would be shifted to Bhadrak soon. Finished goods costing Rs 17.98 lakh were lying unsold in the manufacturing units of 11 test checked jails.

3.2.13 *Civil Works*

As per the GOI instructions (April 2001), the civil works relating to Modernisation of police force and the like were entrusted by the Government to the OSPHWC and Rs 105.60 crore was released by the GOI and State Government during 2002-07 to the Corporation for execution of works under modernisation scheme. The physical as well as financial targets and achievement during 2002-07 were as under:

(Rupees in crore)

Year	Administratively approved estimated cost	Amount released during the year	Number of works allotted for the year	Financial and physical achievements up to 31 March 2007 by OSPHWC	
				Amount spent	Number of works completed
2002-03	19.67	0	63	18.05	44
2003-04	21.47	0	82	21.40	67
2004-05	21.47	52.95	91	18.78	52
2005-06	21.47	30.13	110	7.40	38
2006-07	21.50	22.52	141	3.16	3
Total	105.58	105.60	487	68.79	204

145 works reported as completed by the Corporation were still under construction

It could be seen from the table above that against the expenditure of Rs 68.79 crore only 204 works out of the 487 targeted works were completed up to March 2007. The Corporation had submitted utilisation certificates for Rs 73.36 crore up to March 2007 reporting completion of 346 works which were entrusted to it up to 2005-06. However, it was noticed that only 145 out of the 346 were actually in progress (June 2007). The scheme funds were also merged with the corporation's funds and the interest earned on the unspent

²¹ Rourkela, Keonjhar, Sambalpur, Bhawanipatna, Choudwar and Puri.

²² Jamujhori (Tin and Smithy instructor-Rs 1.49 lakh during July 2004 to December 2006), Berhampur (Rs 8.65 lakh during 2002-07-for two instructors (Binder grade I) in addition to two existing instructors were engaged for imparting training to only six to seven prisoners).

funds was appropriated and the accounts of the Corporation were in arrears from 2004-05.

It was further noticed that the estimates were prepared by the Corporation and were administratively approved by the Government without further verification by any technical authority. Supervision charges at 15 *per cent* of the estimated cost were allowed and there was no written agreement between the Government and the Corporation regarding the basis of preparation of estimates, time schedule for completion of works, reports and returns / accounts to be submitted to the Government etc. Such arrangement has shortcomings like reasonableness of estimates, time and cost over-run, excess payments, undue enrichment, absence of contractual terms, inadequate monitoring system as detailed in following paragraphs.

3.2.13.1 *Unfruitful expenditure on idle assets*

122 staff quarters constructed at Rs 4.24 crore were lying idle

It was noticed that 105 staff quarters for seven new sub-jails²³ constructed during 2004-06 at Rs 3.64 crore were not taken over and put to use by the jail authorities as of July 2007 for periods ranging from 12 to 27 months. Further, 17 new staff quarters (three at Champua and 14 at Choudwar) constructed at a cost of Rs 60 lakh were lying idle and not taken over by jail authorities due to non-provision of external water supply in the estimate and lack of coordination between the Corporation and Jail authorities. Thus, Rs 4.24 crore spent on these completed buildings remained unfruitful (July 2007).

3.2.13.2 *Construction of new sub-jails not conforming to the prescribed specifications*

New sub-jails constructed/ under construction did not conform to the specifications prescribed in MPM and OJM

All new sub-jails constructed / under-construction by the OSPHWC at a cost of Rs 49.30 crore, did not conform to specifications prescribed in the OJM and MPM. Masonry berths to be used by prisoners for sleeping were not provided; jail buildings were constructed within 50 meters of the perimeter walls; grated windows were provided with shutter arrangements in many cases and mild steel bars of size 15 to 20 mm were used against 25mm prescribed; expansion joints were provided in perimeter walls; no grill was provided in first floor verandah, buildings for crèche were not constructed despite stipulation of GOI in the Scheme Guidelines and orders of the Apex court; male and female dining space were not segregated; night latrine not provided in female isolation wards, floor area of wards, hospital and number of toilets / latrine seats were less than the norm prescribed and in two cases the land within prison premises was found to be highly undulated. List of such cases are indicated at *Appendix-3.4*. Thus, provisions of OJM and MPM were not complied for ensuring effective security and custody of prisoners.

In 15 sub-jails (excepting Narasingpur and Jajpur Road), no quality control tests were conducted despite payment of Rs 19.37 lakh²⁴ to the OSPHWC for such tests. Thus, the requirement of MPM that all prison works must conform to IS standard was not ensured. However, after being pointed out in Audit

²³ Banapur, Bisam Katak, Sohela, Jajpur road, Narasingpur, Digapahandi and Salipur.

²⁴ For 15 jails at the rate of Rs 1,29,126 each (one *per cent* of the cost of civil works: Rs 1,29,12,578) provided for quality control tests.

(January 20007), the Corporation stopped claiming charges for quality control separately in the estimates of Jail works. The amount claimed and received for quality control in the past cases by the Corporation was not recovered.

3.2.13.3 *Incomplete works and slow pace of construction*

Seven new sub-jails²⁵ sanctioned during 2002-05 at Rs 18.65 crore and taken up by OSPHWC during 2004-06 were not completed (June 2007) due to slow pace in execution and the delay beyond the stipulated dates of completion ranged from three to 30 months. The Government stated that these seven sub-jails would be completed within next few months.

3.2.13.4 *Excess payment to OSPHWC*

In four new sub-jails²⁶, despite provision of Rs 17.30 lakh in the administratively approved estimates, the juvenile wards and corridors to female dining hall were not constructed, as the same were not required in view of the stipulation in the Juvenile Justice Act 2000 not to keep any juvenile offender inside the general prison. However, the said amount already paid to the OSPHWC was not refunded to the Government.

Similarly, in five other new sub-jails²⁷, though Rs 1.17 crore was provided (2004-05) for construction of single storey hospital buildings of plinth area 4293 sft (each with estimated cost ranging between Rs 22.56 lakh and Rs 24.33 lakh) but double storey hospital buildings with total plinth area of 2290 sft (estimated cost Rs 11.14 lakh to Rs 11.55 lakh) were constructed (2004-07) at a cost of Rs 56.96 lakh.

Thus, a sum of Rs 77.74 lakh was refundable to the State/Central Government by OSPHWC. Government stated that the amounts were utilised in other works in same project as per need and site requirement. The reply was not tenable as the concerned Deputy Project Managers of OSPHWC stated that no extra work was executed in lieu of above items deleted and that detailed estimates for such extra works were not prepared.

3.2.13.5 *Non-recovery of royalty on minor minerals*

The suppliers were required to furnish receipts/transit pass in support of payment of royalty failing which the royalty at prescribed rate was to be recovered from the supplier bills for depositing with the Revenue authorities. In 33 jail works executed by the OSPHWC, royalty for Rs 16.37 lakh was not recovered from the suppliers bills even though the suppliers failed to furnish documentary proof in support of pre-payment of royalties. This resulted in excess payment of Rs 16.37 lakh to the suppliers besides loss of revenue to the State Government.

3.2.13.6 *Avoidable expenditure due to construction of hospital buildings with large plinth area*

In 19 sub-jails constructed/under construction, though provision for single storey hospital buildings with 4293 sft plinth area (at Rs 22.56 lakh to

There was excess payment of Rs 77.74 lakh to OSPHWC due to non-refund of cost of structures subsequently deleted from the scope of work and construction of hospital buildings with lower plinth area

Excess payment of Rs 16.37 lakh was made to the suppliers of the building materials due to non-recovery of royalty

²⁵ Biramaharajpur, Jaleswar, Soro, Nimapara, MV 79, Kotpad and Madanpur-Rampur.

²⁶ Birmaharajpur, Banapur, Barbil and Rajgangpur.

²⁷ Banapur, Nimapara, Kotpad, Jaleswar and Badabil.

Rs 24.33 lakh each) were made in six jails²⁸, yet in remaining 13 cases double storied hospital with total plinth area of 2290 sft (at Rs 11.14 lakh to Rs 11.55 lakh each) were constructed/ provided in the estimates even though the capacity of all new sub-jails was same (200 male and 50 female under trial prisoners) and no regular doctor was posted in any sub-jail. Thus, uniformity in providing the plinth area for the hospital buildings in these new sub jails was not maintained and Rs 74.19 lakh was incurred extra on construction of hospital building of higher plinth area and the same could have been utilised in augmenting the facilities of other jail hospitals, special and circle jails, which were overcrowded and regular doctors were available.

3.2.13.7 *Undue enrichment of OSPHWC*

Preparation of inflated estimates by inclusion of contract tax in addition to sales tax and supervision charges resulted in excess payment of Rs 2.16 crore to OSPHWC and unjust enrichment

The analysis of rates in respect of all the civil works included the element of Orissa Sales Tax (OST). In addition, six *per cent* of the estimated cost of civil works was added to the estimates as 'Works Contract tax' and the same was approved and released by the Government. Test check revealed that in case of 16 new sub-jails and 305 other jail buildings constructed by the OSPHWC, Rs 2.16 crore was irregularly claimed and adjusted towards works contract tax and supervision charges thereon although no such tax was payable for executing the works departmentally through labour contractors and the elements of OST had already been included in the detailed estimate. This resulted in excess payment of Rs 2.16 crore to OSPHWC. On this being pointed out in audit (January 2007), the Corporation stopped charging such tax in its estimates thereafter. However, the above excess payment had not been recovered from the Corporation. Government stated that since the estimates were prepared on the basis of old schedule of rates, it was difficult to discharge the tax liabilities and confirmed that the Corporation was not charging any such tax from 2006-07. The reply was not tenable as the detailed estimates were prepared in all cases as per the Schedule of Rates 2003 and 2006 applicable during the period loaded with the element of sales tax. It was also ascertained (August 2007) from the Sales Tax authorities that no contract tax was paid by the Corporation. This resulted in unjust enrichment of the Corporation as contract tax claimed and collected by the Corporation was not paid to the Sales Tax authorities.

3.2.13.8 *Extra expenditure due to preparation of estimates in excess of Schedule of Rates*

Extra amount of Rs 32.85 lakh was allowed to OSPHWC in excess of that admissible under SR 2003

Contrary to the provisions of OPWD Code and Guidelines (December 2001) of the Engineer-in-Chief, Orissa²⁹, the estimates of three sub-jails (Biramaharajpur, Khariar and Bisamkatak) were prepared (November 2003) at market rates instead of on Current Schedule of Rates (CSR) and were administratively approved (March 2004) for Rs 6.43 crore against Rs 6.10 crore at SR 2003. This resulted in undue favour to the Corporation to the extent of Rs 32.85 lakh. Government stated that the estimates were prepared at market rates as per the then prevailing procedures. The reply was not tenable as the codal provision and Guidelines of Works Department (December 2001)

²⁸ Salepur, Narasingpur, Digapahandi, Jajpur road, Rajgangpur and Soro

²⁹ Para 3.4.2 of Orissa Public Works Department Code Volume I and Circular No.61538 dated 3 December 2001 of Engineer-in-Chief, Orissa.

provided for preparation of estimates at Current Schedule of Rates and prevailing minimum labour rates.

3.2.14 Human Resource management

The men-in-position in the Jail Department in the State as a whole and average prisoners population during the period covered under audit were as under:

Year	Sanctioned strength	Men-in-position	Shortage	Average prisoners population
2002-03	2366	2268	98	12191
2003-04	2364	2234	130	13000
2004-05	2346	2191	155	13173
2005-06	2329	2120	209	13678
2006-07	2356	2107	249	14706

Thus, there was a trend of shortage of staff going up with increase in prisoners population during the period 2002-03 to 2006-07.

As per the recommendations (September 1976) of Dave Committee set up by the State Government, the norm of guarding staff should be one for 25 prisoners. Against the requirement of 1767 numbers of guarding staff for 70 jails of Orissa as per the recommendations of the Committee, only 1384 guarding staff were sanctioned by the Government resulting in shortfall of 383 essential guarding staff. In regard to supervisory staff, posts sanctioned fell short by 36 (18 Assistant Jailor and 18 Sub-Assistant Jailors). Cumulative requirement of staff might go up further when 21 new sub-jails would be made operational. Government stated that Finance Department had been moved for creation of 567 posts for newly constructed sub-jails.

Besides, following deficiencies were observed in deployment of various categories of staff in jails:

- For qualitative improvement of jail administration, the National Human Rights Commission (NHRC) recommended (September 1996) that selection of officers to head the Jail administration should be done carefully with minimum tenure of three years, with a view to imparting continuity, dynamism and help in improving jail administration in the State. It was however seen that IG, Prison's post was held by Indian Police Service officers for periods from two to 14 months on five occasions during 2002-07.
- Though as per the provisions of OJM and Prisons Act, 1894 only regular employees were to be engaged inside the jail to ensure safety and security, yet 122 numbers of Home Guards were deployed in Jails for security and custody of jails as of March 2007. It was further noticed that in four jails where there were incidents of prison escape, 27 home guards (Sambalpur: 9, Baripada: 11, Choudwar: 4 and Bhadrak: 3) were deployed.
- There was no technical staff in the Directorate of Prison to check the estimates, design, location and to supervise the construction work. The cumulative effect was felt in poor management of construction activities as discussed earlier at paragraph 3.2.13.

Government stated that posting of IG, prisons were done as per administrative convenience, home guards were deployed purely on temporary basis and posting of a Junior Engineer in the Directorate was under consideration.

3.2.14.1 Inadequate staff training facilities

The total sanctioned strength of the Jail Training School, Berhampur was 20, of which, one post of instructor was lying vacant since 2002-03 and two were working in the office of the IG of Prisons even though their pay and allowances were being drawn from the Training school. The school on the other hand was engaging outside faculty on payment of honorarium. However, the training school having the capacity to train 46 jail staff (30 guarding staff and 16 officers at a time) imparted training to only six to 39 trainees annually during 2002-07 and remained virtually idle for 10 months (September 2002 to June 2003) without conducting any training programme. Training materials were not provided to the trainees in the Jail Training Institute, Berhampur. This shows that human resource development / capacity building among the jail staff lacked focus. There was no Jail Academy in the State and the proposal of the IG for setting up one such unit at Bhubaneswar was pending with the Government for the last one year.

3.2.14.2 Pending disciplinary cases

The departmental enquiries were pending against 71 non-gazetted officers for charges like bribery, abetment of prisoner's escape, misbehavior with seniors and prisoners etc initiated during the period 2002-07. The oldest case pending for disciplinary action was for more than three years.

3.2.15 Inspection, monitoring and internal audit

3.2.15.1 Inspections

As per Rule 28 of the OJM, the IG, Prison was required to inspect every jail and sub-jail at least once a year. It was noticed that seven test checked jails³⁰ were never inspected by the IG during 2002-07 and only ten inspections (3 per cent) were conducted by the IG against 350 inspections required to be conducted during this period for all the jails of the State. Besides, the District Committee was to inspect the jails under their jurisdiction at least once in a quarter for determining the pendency of UTPs and to review the sanitary and other conditions of the prisoners and to hear their grievances, if any. It was noticed that Open Air Jail, Jamujhori was not inspected even once by the District Committee during 2002-07.

Government had not prescribed the frequency of mandatory inspection of sub-jails by the Senior Superintendents of Circle jails.

Government stated that around 60 per cent of jails were inspected / visited by the IG, Additional IG etc during the period. The reply was not tenable as most of such inspections were prison visits which were not followed by issue of inspection notes for follow up action by the jail authorities.

3.2.15.2 Evaluation study

Evaluation of the performance of jails of the State was not conducted by any internal or external agency up to March 2007.

³⁰ Berhampur, Bhawanipatna, Koraput, Bhubaneswar, Rairangpur, Rayagada and NBN(Sambalpur).

3.2.15.3 Internal audit

A separate Audit cell with ten Auditors and two Audit Superintendents was functioning under the administrative and technical control of IG, Prisons for conducting audit of Jails and other offices. As on 31 March 2007, 294 internal audit reports with 3885 paragraphs remained unsettled for periods ranging from one to seven years due to non-receipt of proper compliance. Government stated that a monitoring committee was set up (July 2007) to review the pending paragraphs.

3.2.16 Conclusion

Utilisation of Central funds under modernisation of prison administration had remained poor. Substantial funds remained unspent with the executing agency i.e. OSPHWC. Overcrowding of jails continued to remain a serious area of concern as new sub-jails and additional wards in the existing jails were not made functional for periods upto 13 years due to deficiencies in structural designs and for want of required guarding staff. Prison security was inadequate, as incidences of prison escape continue to occur. Prisoners released on parole and furloughs were not brought back to jail for periods upto five years. Welfare measures like maintenance of sanitation in jails and health care of sick prisoners were not given priority. Incentives were not paid in time and equitable wages for prisoners were not fixed. Victim Compensation Fund was not set up despite Apex Court's orders. No mechanism existed for technical supervision of the civil works undertaken by the executing agency. There were vacancies in various cadres of posts in jails and human resource development and training for capacity building was inadequate. Prescribed inspections of jails by departmental officers were not regularly carried out indicating weak supervisory control in jail administration. Compliance to internal audit findings was poor.

3.2.17 Recommendations

- The new sub-jails and additional wards completed under 'Modernisation of Jail administration' and EFC grant may be made functional early to reduce overcrowding of existing jails. Model Prison Manual should be considered for adoption by the State.
- Security arrangements in jails may be strengthened by providing required manpower as per the norms recommended by the Dave Committee and infrastructure like watch towers, power generators etc.
- As recommended by the Committee on Jail Reforms, the required wage fixation body may be set up for determining payment of equitable wages to prisoners for work done inside the prison.
- Victim Compensation Fund may be set up and rehabilitation of prisoners after release may be given priority.
- Mentally ill prisoners may be identified and steps taken for their treatment in mental hospitals/asylum.
- The existing arrangement with OSPHWC should be reviewed to ensure reasonableness of estimates, speedy execution and effective financial control (regular reconciliation of accounts).

WATER RESOURCES DEPARTMENT

3.3 NABARD assisted medium and minor irrigation projects

Highlights

National Bank for Agriculture and Rural Development (NABARD) sanctioned loan assistance of Rs 747.40 crore between 1995-96 and 2004-05 under RIDF for taking up 48 Medium (Rs 496.01 crore) including 10 new projects and 215 Minor Irrigation (MI) (Rs 251.39 crore) projects including 121 new projects under RIDF I to X. The objective behind availing NABARD assistance remained unfulfilled due to inadequate pre-construction survey and investigation, improper planning, ineffective execution, lack of financial discipline and inadequate monitoring in implementation.

❖ **Against the target of completing five Medium and 143 MI Projects between March 2002 and March 2007, only one Medium and 19 Minor Irrigation Projects were completed within the stipulated period. The achievement was 14 per cent.**

(Paragraph 3.3.9)

❖ **Against sanctioned cost of Rs 434.03 crore, Government availed loan assistance of Rs 234.30 crore which was only 54 per cent. The Government also released Rs 16.80 crore against Rs 28.76 crore in respect of MIPs which was 58 per cent of the State share due. The project wise information regarding repayment of principal and interest was not maintained either in the Finance Department or NABARD.**

(Paragraph 3.3.8)

❖ **The Head works of 16 MIPs completed with an expenditure of Rs 43.28 crore could not be made operational due to non-completion of distribution systems. The head works of seven MIPs and Rajua Diversion Weir Project were partly completed due to non-acquisition of land resulting unproductive expenditure of Rs 21.26 crore.**

(Paragraph 3.3.7.2)

❖ **There was cost escalation of Rs 58.31 crore in four Medium and 10 MI projects due to time-overrun caused by faulty project estimates, improper planning in execution, execution of projects without acquisition of private/ forest land and inadequate monitoring.**

(Paragraph 3.3.9.1)

❖ **Seventeen MIPs did not commence and 18 MIPs were abandoned during construction due to involvement of forest land, overlapping/non-availability of ayacut and decline in the Benefit Cost Ratio (BCR) resulting in wasteful expenditure of Rs 1.96 crore.**

(Paragraph 3.3.7.1)

❖ **Extra expenditure of Rs 33.63 crore was incurred due to computation of item rates due to irregular adoption of Schedule of Rates (SoR) of Water Resources Department, improper planning in execution, award of works to the OCC without tender in excess over estimated cost, execution of work in deviation from approved design and left over works through other agencies.**

(Paragraph 3.3.10)

❖ **There were instances of excess/undue payments and extension of undue financial benefits to contractors aggregating Rs 6.23 crore.**

(Paragraph 3.3.12)

* Abbreviations used in this performance review have been expanded in Glossary of abbreviations at pages 243-248.

3.3.1 Introduction

In the budget of 1995-96, the Government of India announced a scheme for setting up of Rural Infrastructure Development Fund (RIDF) to be operationalised by NABARD for financing of the ongoing as well as new infrastructure projects. RIDF was being utilised for providing financial assistance to the State Government for completing/ taking up of new infrastructure projects in rural areas which would be completed within three years. In the irrigation sector the projects which can be sanctioned under RIDF include Major, Medium and Minor Irrigation projects.

To obviate the resource crunch of the Government and also for creation of additional irrigation potential of 1.40 lakh ha in Kharif and 0.24 lakh ha in Rabi in the non-KBK¹ districts NABARD sanctioned loan assistance of Rs 747.40 crore between 1995-96 and 2004-05 under RIDF for taking up 48 Medium (Rs 496.01 crore) including 10 new projects and 215 Minor Irrigation (MI) (Rs 251.39 crore) projects including 121 new projects under RIDF I to X².

3.3.2 Procedure for sanction of projects

The Water Resources Department formulates the project proposals. The Project Screening Committee, subsequently renamed as the High Power Committee (HPC), headed by the Development Commissioner, examines the proposals along with the estimates and feasibility report and thereafter recommends the same to the regional office of NABARD at Bhubaneswar for sanction. The consultant, after field visit, submits the appraisal report indicating whether the project is recommended or not. After receipt of the appraisal report of the consultant and his recommendation, the project proposals are sent to the head office of NABARD. The project sanctioning committee then sanctions the project and the head office issues the sanction letter.

3.3.3 Organisational set up

Finance Department of the Government is designated as the nodal department for drawal and disbursement of the loans sanctioned by NABARD and arranging for repayment of the loan with interest. Deputy Secretary, Finance Department is the nodal officer for coordination between the Department and NABARD. Water Resources Department under the administrative control of Principal Secretary to the Government is responsible for implementation of the projects. Execution of the projects is administered by one Engineer-in-Chief (EIC), Water Resources and four Chief Engineers (CEs) who are assisted by six Superintending Engineers (SEs) and 18 Executive Engineers (EEs).

3.3.4 Audit objectives

The performance audit of NABARD assisted Medium and MI projects was conducted with a view to assess whether:

- The planning process including survey and investigations ensured proper identification and prioritisation of works.

¹ Other than undivided Kalahandi, Bolangir and Koraput districts.

² RIDF-I – 1995-98, RIDF-II – 1996-99, RIDF-III – 1997-2000, RIDF-IV – 1998-2001, RIDF-V – 1999-2002, RIDF-VI – 2000-2003, RIDF-VII – 2001-2004, RIDF-VIII – 2002-2005, RIDF-IX – 2003-06, RIDF-X – 2004-07.

- Prudent financial management system existed for management of NABARD loans and interest payments.
- The objectives of completion of incomplete/new projects with NABARD's assistance and creation of irrigation potential were achieved.
- There was efficiency and economy in execution of the projects in compliance with the conditions laid down by NABARD.
- The monitoring system for implementation of projects was adequate.

3.3.5 Audit criteria

The audit criteria considered for assessing the extent of achievement were as follows:

- Norms for selection and implementation of projects.
- Rules and procedures governing the financial management.
- Budget and Accounts documents, financial targets vis-à-vis achievement.
- Physical targets and achievement in implementation of irrigation projects.
- Codal rules and provision in implementation of the projects and management of contracts.
- Report relating to joint verification of ayacuts³ by the revenue and project authorities; and
- Monitoring mechanism instituted by the Government.

3.3.6 Audit coverage and methodology

Performance Audit on implementation of medium and minor irrigation projects under the programme in non-KBK districts was carried out between November 2006 and May 2007 covering the period from 2002 to 2007 through test check of records of two Controlling Offices, five Irrigation and eight MI Divisions. The sample consisted of five Medium Irrigation Projects and 161 MIPs including 71 new projects (four Medium and 67 MIPs).

The audit methodology adopted included collection of data/information available with the Finance Department, with NABARD as well as with the Executive Engineers' offices. The entry conference was held (March 2007) with the Principal Secretary to Government, Water Resources Department to present the audit plan, objectives, criteria and coverage. The exit conference was held with the EEs and the Controlling Officers to present the audit findings.

Audit findings

3.3.7 Planning

The projects taken up under NABARD loan assistance were to be completed within a stipulated time frame of three years. The department was, therefore, required to conduct the initial survey and investigation and plan for the execution of the projects properly so that basic requirements such as administrative approval, land acquisition/forest clearance, ayacut planning etc. were obtained before commencement of the work to ensure their smooth and timely completion. Due to improper planning in 61 test checked projects, the

³ Culturable Command Area.

works were held up leading to cost overrun, decline in BC ratio and abandonment of projects resulting in wasteful/unproductive expenditure as discussed in the succeeding paragraphs:

3.3.7.1 Projects either not started or abandoned

The works in respect of 17 MIPs⁴ were approved to be taken up between March 2003 and March 2005 at a cost of Rs 15.59 crore for completion between March 2005 and March 2007. The projects were not commenced as of March 2007 due to non-acquisition of land, non-obtaining of forest clearance, non-accordance of administrative approval and non-completion of ayacut survey despite expenditure of Rs 90.50 lakh incurred on those projects towards survey and investigation charges and initial cost of land acquisition.



Kadaligadia MIP abandoned due to seepage in the dam

Besides, construction/renovation of 18 MIPs⁵ taken up between April 1999 and March 2005 at a cost of Rs 28.04 crore were abandoned during execution due to involvement of forest land, overlapping/non-availability of ayacut, seepage of water from the dam and decline in the benefit-cost ratio. Consequently, expenditure of Rs 1.05 crore incurred on these projects was rendered wasteful. Further, out of these 18 projects Government availed loan assistance of Rs 2.85 crore in the form of advances for 11 projects which posed avoidable interest liability of Rs 18.53 lakh as of March 2007.



Incomplete Left Main Canal of Ghensali MIP

3.3.7.2 Unproductive expenditure due to non completion of projects

Though the acquisition of land was a pre-requisite for taking up the project works, the EEs of eight MI divisions did not address this aspect adequately and commenced the works. As a result, distribution systems of 16 MIPs⁶ could not be completed due to non-acquisition of land even after



Incomplete River Gap of Kendua MIP

Despite expenditure of Rs 90.50 lakh on Survey & Investigation charges and initial cost of land acquisition 17 MIPs were not commenced as of March 2007

Expenditure of Rs 1.05 crore incurred on abandonment of 18 MIPs rendered wasteful apart from interest liability of Rs 18.53 lakh

Non completion of 23 MIPs due to non acquisition of private/ forest land led to unproductive expenditure of Rs 64.54 crore

⁴ Bhalukatoli, Katarapal, Patilo, Jamujharan, Darh, Kharabella, Kushkella, Similisahi, Badpur, Murmuria, Laxmipur, Agulaghai, Hajabandha Raipada, Badabandha Boirani, Beniagula, Talabandha Gunthapada and Khajuribandha Gunthapada

⁵ Kadaligadia, Bartunda, Dadarkata, Khandahata, Kolibandha, Kulabira, Kiralaga, Debadhi, Ekama, Jermal, Dhabad, Chal, Safeinullah, Jaunlibandha, Jenaghai Kuriagum, Kharibandha, Krushna Chandrapur and Udaysinghnullah.

⁶ Ghensali, Sandhabali, Laxmiprasad, Madhabinullah, Sankaramara, Benga, Kuanria, Badeswarinullah, Sikulpadar, Uttalijore, Uma, Janalabadia, Bhitirisagar, Kengtinullah, Bhogra and Hetabandha Santasipur

completion of head works over two to four years with expenditure of Rs 43.28 crore remaining unproductive.

In respect of seven other MIPs⁷, the head works were partly completed with expenditure of Rs 20.17 crore without closing the river gap due to non-acquisition of private and forest land. The distribution systems were also not taken up due to similar constraints. Further, the head works of Rajua Diversion Weir Project stipulated for completion by September 2003 at a cost of Rs 3.57 crore was abandoned by the contractor after executing work valuing Rs 1.09 crore on the ground of non-acquisition of land. The above led to unproductive expenditure of Rs 21.26 crore.



Incomplete head works of Rajua D/W

3.3.7.3 Non-achievement of Benefit-Cost ratio

To provide irrigation to 240 ha in Kharif and 90 ha in Rabi, the project cost of Balita MIP was revised (July 2002) from Rs 1.80 crore to Rs 3.24 crore. The project remained incomplete after spending Rs 3.08 crore due to non-acquisition of land. With revision in the capital cost, the BCR declined to 1.23 against the minimum norm of 1.5 rendering the project economically unviable. Further, the ayacut was reduced to only 40 ha against the designed potential of 240 ha.

Similarly, BCR value of Patharaganda MIP taken up (July 2001) at a cost of Rs 2.29 crore to provide irrigation to 304 ha in Kharif and 61 ha in Rabi, declined to 1.01 against 1.66 originally projected due to revision of project cost for construction of a reservoir project in place of Diversion Weir. This rendered the project unviable. The work was in progress with an expenditure of Rs 1.24 crore as of May 2007.

3.3.8 Financial Management

NABARD was to provide loan assistance to cover about 95 per cent of estimated costs of the projects and the remaining was to be shared by the State Government. The loan agreement stipulated quarterly (RIDF-I to VIII)/monthly (RIDF-IX & X) release of loan assistance by NABARD as reimbursement of expenditure incurred by the State Government on the submission of expenditure statements. Each drawal of fund was to be deemed as a separate loan for the purpose of repayment schedule and was to be repaid in full in equal annual instalments within seven years including the grace period of two years.

Approved project cost, loan assistance sanctioned by NABARD and loan disbursed against the claim of Government in respect of 5 Medium and 161 Minor Irrigation Projects is depicted in **Appendix-3.5**. In this context, audit observed the following:

Expenditure of Rs 4.32 crore incurred on execution of Balita and Patharaganda MIPs was not economically viable owing to decline in BCR

⁷ Nuadihi Moorunkata, Bhangamunda, Jhadabandha, Paranga, Kendua, Kukudiamba and Badkarjang

Due to slow progress in execution of work of the projects the department was able to avail only 54 per cent of the funds under RIDF. Government also released only 58 per cent of the State share due

- Against the approved project cost of Rs 494.24 crore for five Medium and 161 MI Projects, NABARD sanctioned Rs 434.03 crore. Out of the total sanctioned amount of Rs 434.03 crore, loans disbursed were Rs 234.30 crore. The details are given in **Appendix-3.6**. The Department was thus able to avail only 54 per cent of the available funds under RIDF due to slow progress in execution of works. The Government also failed to release its entire share of Rs 28.76 crore due in respect of the 161 MIPs. A sum of Rs 16.80 crore was released which was only 58 per cent of the State share due. Against the budget provision of Rs 348.27 crore, the Department spent Rs 316.92 crore (91 per cent) on these projects and the balance was surrendered. Despite adequate budget provision, the implementation of the projects was far behind the schedule mainly due to non-acquisition of land, forest clearance and delay in finalisation of ayacut planning for distribution systems.
- The project-wise information regarding repayment of principal and interest was not maintained either in the Finance Department or in NABARD. Only tranche-wise information was available with NABARD covering all types of projects including roads and bridges, as a result of which the status of repayment of principal and interest paid on medium and minor irrigation projects, could not be ascertained in audit.
- Against expenditure of Rs 316.92 crore on these projects, Government filed claim for reimbursement of Rs 269.59 crore of which NABARD reimbursed Rs 234.30 crore as of March 2007. The balance amount of Rs 35.29 crore (14 per cent) was not reimbursed as the expenditure was not eligible for reimbursement. However, details of such expenditure were not forthcoming from the departmental records.
- Four MIPs⁸ estimated to cost Rs 5.90 crore were taken up by the department without obtaining administrative approval and an expenditure of Rs 30.65 lakh was unauthorisedly incurred as of March 2007. Also, in respect of Bagh Barrage Project and 14 other MIPs⁹ the expenditure exceeded the administrative approval by Rs 27.29 crore. The unauthorised expenditure of Rs 27.60 crore was, however, not regularised as of March 2007.
- In construction of three Medium and 54 MIPs, Rs 19.43 crore were paid to the LAOs towards land compensation to land owners. The EEs had not obtained the land compensation vouchers in support of the payments as of March 2007.

Unauthorised expenditure of Rs 27.60 crore in excess over/ without administrative approval was not regularised as of March 2007

3.3.9 Physical target and achievement

The status of medium and minor irrigation projects test checked in audit was as shown in the table below:

(Rupees in crore)/(Ayacut in ha)									
<i>RIDF Tranches</i>	<i>Year of commence -ment</i>	<i>Stipulated year of completion</i>	<i>Name/ No. of projects</i>	<i>Approved cost</i>	<i>Expenditure as of March 2007</i>	<i>Projects completed</i>	<i>Expenditure on completed projects</i>	<i>Design potential (in ha)</i>	<i>Potential created as of March 2007</i>
Medium Irrigation Project									
II & IX	1996-97	March 2006	Baghalati	79.61	95.82	Not completed	Not completed	5488	3410
III & X	1997-98	March 2007	Deo	121.83	48.42	-do-	-do-	5900	0

⁸ Chilanti, Saraswatinullah, Jamujharan and Kharabela.

⁹ Malkennallah, Ghensali (D/W Stage-II), Singarmunda, Katanganallah, Bargoanmal, Paranga, Kukudiamba, Balita, Gobora, Sankaramara, Hatianullah, Nuapadakata, Sandhabali and Victoriasagar.

RIDF Tranches	Year of commencement	Stipulated year of completion	Name/ No. of projects	Approved cost	Expenditure as of March 2007	Projects completed	Expenditure on completed projects	Design potential (in ha)	Potential created as of March 2007
III, VIII & X	1997-98	March 2007	Bagh Barrage	73.57	53.89	-do-	-do-	9660	5957
V	1999-2000	March 2002	Rajua D/W	14.31	4.37	-do-	-do-	2695	0
VIII	2002-03	March 2005	Baladiha	2.10	2.32	Completed	2.32	NA	NA
Total				291.42	204.82			23743	9367
Minor Irrigation Project									
V	1999-2000	March 2002	8	25.73	28.33	5	15.71	3786	2923
VI	2000-01	March 2003	5	22.54	17.45	1	2.07	3868	948
VII	2001-02	March 2004	7	13.78	11.97	2	1.46	2714	1669
VII (PD/CD)	2001-02	March 2004	54	26.06	23.04	44	20.15	16214	14538
VIII	2002-03	March 2005	21	48.22	23.37	5	3.52	7258	1601
IX	2003-04	March 2006	8	15.84	1.88	-	--	3108	40
X	2004-05	March 2007	18	38.17	3.42	-	--	7055	86
X (BKVY)	2004-05	March 2007	40	12.48	2.64	14	1.57	2649	624
Total			161	202.82	112.10	71	44.48	46652	22429

PD/CD – Partly derelict / completely derelict, BKVY: Biju Krushak Vikas Yojana
NA - Not available

It would thus be seen that five Medium Irrigation Projects, covered in audit, were approved at a cost of Rs 291.42 crore to provide irrigation to 0.24 lakh ha of land during Kharif. An expenditure of Rs 204.82 crore was incurred on these projects as of March 2007. Of the five projects, only one project was completed and four projects remained incomplete as of May 2007 due to slow progress of work.

As regards Minor Irrigation Projects, during 2002-2007 (RIDF-V to X) 161 MIPs were under execution at an approved cost of Rs 202.82 crore to provide irrigation to 0.47 lakh ha of land of which 18 MIPs were abandoned. Out of the remaining 143 MIPs, only 19 MIPs (2002-03: one, 2003-04: four and 2006-07: 14) were completed within the stipulated period and the other 52 MIPs were completed beyond the stipulated period with expenditure of Rs 44.48 crore as of March 2007. The delay in completion of projects ranged between two and five years.

3.3.9.1 Time and cost overrun

Due to time over run ranging between two and five years in execution of the projects on account of faulty project estimates, improper planning in execution, execution of projects without obtaining forest clearance/acquisition of land and inadequate monitoring of projects, the project costs of four¹⁰ Medium and 10 MI projects¹¹ escalated from Rs 297.98 crore to Rs 356.29 crore leading to cost overrun of Rs 58.31 crore.

3.3.10 Execution of works

Test check of records on execution of project works disclosed several instances of undue benefit and extra expenditure as discussed in the succeeding paragraphs:

The project cost of four Medium and 10 MIPs escalated by Rs 58.31 crore

¹⁰ Bagh Barrage, Baghalati, Deo and Rajua.

¹¹ Ghensali, Malkenullah, Patharaganda, Badkarajang, Khandahata, Nuaghai, Gopalighai Totabali, Nuadehi Moorunkata, Jamujharan and Rangamatia.

3.3.10.1 Irregular adoption of Schedule of Rate

Adoption of SoR of WR Department inflated the estimated cost by Rs 15.14 crore with consequential benefit to the contractors

Till 31 March 1994, Government of Orissa approved one SoR under Works Department (WD) by providing item rates fixed by the Rate Board for adherence by all Engineering Departments. This SoR contained a separate chapter for execution of irrigation works. Water Resources (WR) Department, however, adopted their own SoR from 1 April 1994 (revised in 1998) providing 10 *per cent* towards hidden cost on labour and 15 *per cent* overhead charges on labour, materials and machinery as against 12.5 *per cent* on labour and 2 *per cent* towards tools and plant charges in the SoR of Works Department. Mention was made in paragraph 4.2.6.5 of the Audit Report (Civil) for the year ended 31 March 2001 regarding unjust inclusion of overhead charges leading to undue benefit to contractors.

Further, check of the sanctioned estimates of Baghalati Irrigation Project and head works and head reach of the canal of Bagh Barrage Project showed that these estimates were prepared for Rs 131.65 crore adopting SoR of Water Resources department. This resulted in inflation of the estimates by Rs 15.14 crore due to excess provision of 11.5 *per cent* over and above the actual estimated cost with consequential benefit to the contractors.

3.3.10.2 Extra expenditure due to improper planning in execution

Avoidable expenditure of Rs 7.81 crore due to improper planning in execution of the Earth dam and Spillway of Bhagalati Irrigation Project

The Central Water Commission (CWC) cleared (July 1994) the proposal for execution of Baghalati Irrigation Project to provide irrigation to 4300 ha. in kharif and 1750 ha. in rabi. The project proposal envisaged construction of earth dam upto RL 109 metre. The CE, however, planned (October 1996) for construction of the earth dam in two phases at a cost of Rs 45.44 crore. Phase-I contemplated execution of the earth dam up to RL 94 metre and spillway up to 80 metre and the earth dam upto designed RL of 109 m and spillway up to 250 metres in Phase-II. The works of Phase-I awarded in two reaches (May 1996/May 1997) to two contractors for Rs 11.18 crore were completed by May 2000 with expenditure of Rs 15.70 crore.

Phase-II of the works of the Earth Dam and Spillway was awarded (May 2004/February 2005) to OCC at a cost of Rs 21.69 crore for completion by November 2005/February 2007. The work was executed with payment of Rs 11.33 crore as of April 2007. Computed with the item rates of Phase-I, the execution of the Phase-II works through OCC involved extra expenditure of Rs 7.56 crore. Had the earth dam and spillway been constructed at a time as cleared by CWC, the extra expenditure could have been avoided. Besides, due to part execution of the Earth Dam, 16,985 cum of compacted earth, had to be stripped and refilled with compaction involving further extra expenditure of Rs 24.55 lakh.

3.3.10.3 Extra cost due to abandonment of work by the contractor

Work of construction of head works and distribution system (two reaches) of Paranga MIP was awarded (March 1999/ September 2002) to a contractor at a cost of Rs 2.93 crore for completion between September 2000 and March 2003. The contractor, after executing head works valuing Rs 1.27 crore and

receiving Rs 1.31 crore abandoned the work. This resulted in excess payment of Rs 3.81 lakh. The contract was closed (June 2004) by Government with forfeiture of earnest money and security deposit and execution of balance of the works at the cost and risk of the contractor. The deposits were, however, not forfeited as of April 2007. The contractor did not execute the work of left/right main canal and the proposal of the CE (September 2004) to close the contract with penalty was not approved as of April 2007.

Extra cost of Rs 1.09 crore involved on re-tender of balance of the works of Paranga MIP together with excess payment of Rs 3.81 lakh were not recovered from the original contractor.

The balance of the works valuing Rs 1.66 crore were awarded (February 2004) to another contractor at a cost of Rs 2.75 crore for completion by February 2005. The award of balance of the works involved extra cost of Rs 1.09 crore on re-tender. The extra cost along with the excess payment of Rs 3.81 lakh was not recovered as of July 2007. Against recoverable dues of Rs 1.13 crore, the dues of the contractor in the shape of security deposit for Rs 6.38 lakh were only available with the department.

Further, the head works of Malkennullah and Bargoanmal MIPs were awarded (August 1998/January 2000) to two contractors at a cost of Rs 5.18 crore for completion by April 2001/January 2002. Due to non-availability of forest clearance even during execution, the contractors stopped the work from February 2002 by which time they executed work worth Rs 4.48 crore. The execution of the balance works subsequently between February 2004 and January 2006 through other agencies on re-tender involved extra expenditure of Rs 30.63 lakh.

3.3.10.4 Extra expenditure due to construction of spillway in deviation from approved design

Extra expenditure of Rs 1.20 crore was involved on rectification works due to construction of Spillway of Bhagalati Irrigation Project in deviation from approved design

Mention was made in paragraph 4.11 of the Report of the Comptroller and Auditor General for the year ended 31 March 2002 regarding extra expenditure of Rs 46.60 lakh on stone dumping to protect the chute carrier of spillway of Bhagalati Irrigation project constructed in deviation from the approved design.



Chute Spillway of Bhagalati Irrigation Project

Further check of records disclosed that the Dam Safety Panel and a High level Technical Committee inspecting the site between December 2003 and October 2004 attributed the damages in the chute carrier to restricting execution of the spillway to four bays by the Chief Engineer & Basin Manager (CE & BM), Rusikulya Vansadhara and Nagabali (RVN) Basin, Berhampur against five bays designed for execution. The committee suggested (October 2004) for straightening the chute carrier providing lean concrete of M-10. The rectification works of the chute were awarded (May 2004) to OCC which involved extra expenditure of Rs 1.20 crore.

3.3.10.5 Award of work to OCC without tender

Award of work to OCC without tender led to extra burden of Rs 4.20 crore to the exchequer. Besides, outstanding advance of Rs 13.76 crore was not recovered

During the period between February 2002 and February 2006, the Government awarded the balance work of Earth Dam and Spillway of Baghalati Irrigation Project and works of other eight¹² MIPs to OCC at a cost of Rs 38.36 crore at 8-13 *per cent* excess over the estimated cost for completion by February 2007. Audit checks disclosed that tenders received on wide publication for identical works during the same period were upto 20 *per cent* less. Thus, award of work to OCC without inviting tender resulted in an extra burden of Rs 4.20 crore to the State exchequer since the works were executed on loan assistance from NABARD involving payment of interest.

Despite financial support by way of payment (March 2004/March 2007) of interest free advance of Rs 31.26 crore, the corporation did not execute the work as per the programme and defaulted in execution. The EEs, however, did not realise the liquidated damages for Rs 3.84 crore to ensure completion of the works.

Further, for the work of construction of Patharganda MIP awarded (December 2006) to the Corporation at a tendered value of Rs 1.98 crore, the EE unauthorisedly paid between February and March 2007 an interest free advance of Rs 1.05 crore without any specific condition in the contract for such payment.

Out of the total advance of Rs 32.31 crore paid to OCC, Rs 18.85 crore were adjusted between March 2004 and March 2007. The balance advance of Rs 13.76 crore was pending for recovery (June 2007).

3.3.10.6 Execution of works at post tender stage

In four works the contractors were paid Rs 93.82 lakh unauthorisedly towards execution of variation in quantities without approval

In case of variation during execution, the deviations in quantities were to be got approved by the competent authority before allowing payments. In four works¹³ the contractors were, however, paid Rs 93.82 lakh towards execution of variation in quantities in excess of agreement value without obtaining approval of the CE. This resulted in unauthorised payments to the contractors at the post tender stage.

3.3.11 Creation of Irrigation Potential

The objective of availing loan assistance from NABARD was to complete the incomplete/new projects and to create irrigation potential of 0.71 lakh ha. The irrigation potential created was 0.31 lakh ha. which was only 45 *per cent*. Thus, the objective remained unachieved as discussed in the instances given below:

3.3.11.1 Non achievement of objective under BKVY

Government launched Biju Krushak Vikash Yojana (BKVY) in 2001 with the loan assistance from NABARD under RIDF-X and 20 *per cent* contribution from the beneficiaries to create additional irrigation potential of 2649 ha.

¹² Kukudiamba, Rangamatia, Bandeswarinullah, Kengtinullah, Sriganga, Janlabadia, Kuskela and Paranga.

¹³ Construction of Balita, Sagadianullah, Bandeswari nullah, Nuadihi Morrum Kata MIP, Excavation of LMC from 3750 m to 5300 m and Construction of balance work of spill way of Baghalati Irrigation Project.

Out of 40 MIPs under BKVY, only 14 projects could be completed. The achievement in creation of irrigation potential was 24 per cent

Under the programme, the department undertook improvement of 40 MIPs commencing from 2004-05 at a total cost of Rs 12.48 crore for completion by March 2007. Fourteen projects out of the 40 MIPs were completed with an expenditure of Rs 1.57 crore. Of the remaining 26 projects, nine projects did not commence for want of contribution from the beneficiaries and local problems, six projects were dropped by the department for lack of feasibility, two were at the initial stage of execution and nine projects were in progress. The achievement in terms of irrigation potential created was only 624 ha (24 per cent).

3.3.11.2 Non-achievement of designed irrigation potential

An expenditure of Rs 2.32 crore was rendered unfruitful as no irrigation potential in respect of Baldiha Irrigation Project was created

Improvement to the existing diversion weir of Baldiha Irrigation Project estimated to cost Rs 2.10 crore was sanctioned by NABARD in February 2003 for a loan assistance of Rs 1.87 crore with the balance cost of Rs 23 lakh to be met out of State funds. The improvement works were to provide irrigation to an ayacut of 200 ha. during Rabi. The works were completed in March 2006 with expenditure of Rs 2.32 crore. The status report of NABARD assisted Irrigation projects for March 2007, however, showed that no irrigation potential was created. Thus, the expenditure of Rs 2.32 crore was rendered unfruitful. Further, no administrative approval was accorded either prior to sanction of the project by NABARD or even after completion of the works.

3.3.11.3 Non-verification of ayacuts

Against 14,561 ha of irrigation potential certified by EEs, 4,670 ha was actually assessed by the revenue authorities for collection of revenue

On completion of irrigation projects, joint verification of ayacuts was required to be done by the project authorities with revenue authorities for certification of ayacuts.

During 2002-06 only one Medium and 42 MIPs were completed and 14,561 ha of irrigation potential was certified by the Executive Engineers to have been created. Of the above, 4,670 ha was actually assessed by the Revenue Authorities for collection of revenue (Compulsory Basic Water rate) leaving a shortfall of 9,891 ha.

3.3.12 Management of contracts

Poor management of contracts resulted in undue benefits and excess payments of Rs 6.23 crore to contractors

Audit check disclosed poor management of contracts resulting in undue benefits and excess payments of Rs 6.23 crore to contractors as summarised below:

(Rupees in crore)

Sl. No.	Observation	Amount
1	The rate for earth fill for construction of earth dam was inclusive of stripping of the burrow area free from vegetation growth. The contractors were, however, paid (March 2000 – March 2007) Rs 51.40 lakh towards stripping burrow area for 1.35 lakh cum in three works resulting in undue benefit to the contractors. EE Bhaghalati Irrigation Division stated (April 2007) that the item of burrow area stripping was not included in the item of main dam earth fill as the quantity involved was very high. The reply was not acceptable since the stripping of burrow area was at the cost and responsibility of the contractor.	0.51
2	In the item rate analysis of sanctioned estimates the basic cost of crusher broken stones was adopted though the items specification in the agreements did not provide use of	0.55

Sl. No.	Observation	Amount
	crusher broken stones. Similarly, in excavation of canal and distributaries of Bagh Barrage Project and Rajua diversion weir project, the tender schedule specified use of both hand and crusher broken but the EEs of Boudh Irrigation and Khurda Irrigation Division computed the item rate adopting the rate of crusher broken only which was higher. Such erroneous computation inflated the estimated cost in the six works resulting in unwarranted benefit of Rs 54.57 lakh to the contractors.	
3	<p>In construction of left Main Canal from RD 00 to 11.355 km of Bagh Barrage project and excavation of Right Main canal from RD 00 to 14.460 km of Bandeswarinullah MIP, the EEs of MI Division, Padampur and Boudh Irrigation Division however, did not utilise 1.55 lakh cum of earth available from cutting reaches in embankment formation, even in absence of any adverse quality control report resulting in undue benefit of Rs 54.18 lakh. The EEs also released payments to the contractors without deduction of settlement allowance (2 per cent / 12 per cent / 16 per cent) of 0.31 lakh cum from the over all measured quantity of 5.02 lakh cum of earth fill resulting excess payment of Rs 10.34 lakh.</p> <p>In excavation of Right Main canal from RD 00 to 14.460 km of Bandeswari nullah MIP, as against the earth work quantity to be executed manually as per the agreement, the agency was allowed mechanical transportation for 0.57 lakh cum of earth with an extra expenditure of Rs 22.83 lakh though the arrangement of the earth for construction of the embankment was the responsibility of the contractor. The total undue benefit/excess payment to the contractors amounted to Rs 87.35 lakh.</p>	0.87
4	In excavation of main canal, distributaries, minors and sub-minors (24 works) of Bagh Barrage project, Nuadihi Moorumkata MIP and left and right canals of Uma MIP, although the contractors delayed the execution, the EEs did not realise liquidated compensation of Rs 88.73 lakh from the defaulting contractors.	0.89
5	The contract conditions provided that the unit rates of earth work were inclusive of royalty payable on the earth utilised in the work. In construction of 21 works of distribution systems of Bagh Barrage Project, excavation of Right Main canal (Package No.IV and VII) of Deo Medium Irrigation Project and seven MIPs ¹⁴ , the EEs had not realised such royalty for 10.94 lakh cum of earth from the contractors resulting in loss of revenue of Rs 85.63 lakh.	0.86
6	As per Indian Road Congress (IRC) code, the requirement of cement for execution of one cum of controlled concrete of M-15 and M-20 grade was 250 kg and 310 kg respectively. In Rajua Diversion Weir and Baghalati Medium Irrigation Projects and four other MIPs ¹⁵ the item rates were, however, computed adopting requirement of 259 kg/ 323 kg per cum of M-15 and 366 kg per cum for M-20 grade concrete works leading to excess payment of Rs 59.22 lakh. Similarly, in the work of construction of Patharganda MIP, against the actual requirement of 207 kg and 288 kg of cement per cum of M-10 and M-15 grade concrete works, the provision made in the estimate was 229 kg and 323 kg respectively. Excess provision of cement led to excess payment of Rs 5.10 lakh. Thus, the total excess payment to the contractors worked out to Rs 64.32 lakh.	0.64
7	The contractor awarded with the construction of head works of Bagh Barrage Project excavated 0.36 lakh cum of compacted sheet rock. Against 0.25 lakh cum of retrievable stone (70 per cent), 0.15 lakh cum only was retrieved and issued. The shortfall of 0.10 lakh cum resulted in loss of Rs 6.72 lakh. Further, the finished item rates inclusive of carriage charges for obtaining stone from quarry were not proportionately scaled down by deducting the carriage charges though the stones were issued at the site. This resulted in excess payment of Rs 20.24 lakh.	0.27
8	The SoR stipulated that the basic cost of material (stone products) included the cost of stacking charges and minimum 1/6 th towards voids were to be deducted from the overall measured quantity of stone packing. In Uttalijore and Malkennullah MIPs and two canal works of Bagh Barrage project neither the collected stones were stacked nor	0.44

¹⁴ Uttalijore, Bandeswarinullah, Khallipali, Bandupalli, Malkennullah, Bargoanmal and Basanti Sagar MIPs.

¹⁵ Ghensali, Malkennullah, Bandeswarinullah and Uttalijare.

Sl. No.	Observation	Amount
	were the voids deducted. This resulted in over payment of Rs 43.94 lakh to the contractors.	
9	General specification of the detailed tender call notice provided that the cost for construction of forms was inbuilt in the item rate of concrete work and no separate payment was admissible. In construction of distribution system under Phase – II of Bagh Barrage Project, Baldiha diversion weir, Baghalati Irrigation Project and Rajua diversion weir, separate items were, however, provided in the agreements (bill of quantities) for formwork. Inclusion of separate item for formwork in the agreements resulted in extra cost of Rs 88.74 lakh.	0.89
10	The department's approved quarry (Uttalijore) for obtaining sand was located at a distance of 5 km from the Uttalijore MIP. Distance of 50 km was, however, provided in the sanctioned estimate for carriage of sand. Irregular adoption of lead charges from a longer distance for carriage of sand resulted in extra cost of Rs 31.19 lakh.	0.31
	Total	6.23

3.3.13 Monitoring and supervision

Monitoring and supervision of projects were poor resulting in massive cost and time overrun

Though periodical monitoring and evaluation of projects were essential to ensure timely completion of the projects for accrual of targeted benefits, the department did not create a specific cell to monitor the implementation of RIDF projects until 2006, although NABARD assistance was being availed since 1995-96.

A Project Screening Committee was constituted in August 2000 for scrutinising project proposals for funding under RIDF. Subsequently, a High Power Committee was constituted in December 2003 with the Development Commissioner-cum-Additional Chief Secretary as Chairman. Audit observed that though the Committee met regularly to review the projects taken up under RIDF, the discussions focused mainly on financial arrangements, submission of detailed project reports for the recommended projects, completion reports of completed projects and consideration of new proposals for funding under RIDF. The Committee did not look into technical deficiencies or the reasons for poor progress in the execution of projects although under the terms of reference it was required to monitor the progress and problems in project implementation. A monitoring cell was constituted only in April 2006 for ensuring submission of Detailed Project Reports, filing of claims and submission of project completion reports. However, the tasks of monitoring the technical deficiencies, poor progress in the execution of the projects and lack of financial discipline and control were not entrusted to the cell.

Audit further observed that there were frequent delays in submission of detailed project reports. DPRs in respect of eight projects cleared between May 2006 and November 2006 were pending for submission for periods ranging between 3 to 8 months (as of February 2007). Delayed submission of DPRs could result in the State being deprived of NABARD assistance due to not getting adequate number of projects sanctioned by NABARD. Further, there were also delays in submission of project completion reports as well as quarterly expenditure statements. In March 2006 the Government decided to create a comprehensive database of RIDF projects, to be developed by June 2006. This, however, was still under implementation (August 2007).

3.3.14 Conclusion

Government could avail only Rs 234.30 crore (54 per cent) of the loan amount due to slow progress in execution of the works. The initial survey and investigation and proper planning for the execution of the projects were not done which resulted in non-completion of the projects and non-accrual of designed irrigation potential. There was also lack of planning in implementation of the projects, violation of norms in preparation of the project estimates and poor monitoring of the project. As a result, only one medium and 71 MIPs were completed (50 per cent of the target) and irrigation potential created was only 0.31 lakh ha. (45 per cent of the designed potential). Project wise information regarding payment of principal and interest was not maintained. There were instances of wasteful expenditure/extra expenditure, undue/excess payments to contractors and unauthorised expenditure. Overall monitoring of the implementation was ineffective. An exclusive cell for monitoring RIDF projects was set up only in April 2006, more than a decade after the Government started availing loan assistance from NABARD.

3.3.15 Recommendations

- The planning in implementation of the projects should focus on the basic requirements of survey, approvals, land acquisition, forest clearance, ayacut planning and study of feasibility to avoid delay in execution/abandonment/un-viability of projects.
- Project wise information regarding repayment of principal and interest should be maintained in Finance Department.
- The Department should focus on completing the on-going projects on priority basis.
- The monitoring and execution of the projects should be strengthened to ensure completion of all components of the work in a time bound manner.
- Joint verification of ayacuts by the Revenue and Project authorities may be completed to avoid loss of revenue.

The above points were reported to Government (June 2007); their reply had not been received (August 2007).

SCHOOL AND MASS EDUCATION DEPARTMENT
3.4 IT Systems of Orissa Primary Education Programme Authority
Highlights

Orissa Primary Education Programme Authority (OPEPA) functioning under the School and Mass Education Department (SMED) was the State Implementing Society (SIS) for overseeing the successful implementation of national programme of Sarva Siksha Abhiyan in the State. The IT system of E-Sishu Project consisting of Child Tracking Systems (CTS), Education Personal Information System (EPIS), and Geographical Information System (GIS) developed during 2005-06 failed to serve as basic database for ensuring universal elementary education with quality education as it contained a number of deficiencies.

❖ **Expenditure of Rs 2.74 crore made on creation of children databases during the period of 2001-02 and 2003-04 became wasteful due to its defective design, non-updation and non-use.**

{Paragraph 3.4.6.1(i)}

❖ **Faulty planning, lack of supervision and monitoring led to non-implementation of EPIS and GIS software which remained incomplete overshooting the dates of implementation despite incurring expenditure of Rs 2.64 crore .**

{Paragraphs 3.4.6.1(ii) and (iii)}

❖ **Acceptance of OCAC's project proposal for developing child tracking system by adopting Intelligent Character Recognition (ICR) technology led to excess payment of Rs 37.44 lakh and created an erroneous database.**

{Paragraph 3.4.6.1(iv)}

❖ **Poor coverage in surveys during 2005-06 and 2006-07 without proper supervision led to creation of incomplete databases.**

{Paragraph 3.4.7.1(i)}

❖ **Deficient database design and software led to development of inconsistent databases. Besides, wrong reporting modules resulted in a misleading and unreliable management information system.**

{Paragraphs 3.4.7.1(iii) and 3.4.7.2}

❖ **Due to faulty planning, non-assessment of user requirements and inadequate design of databases, different IT systems like office automation software, District Inspectors of School Software remained unimplemented.**

{Paragraphs 3.4.8.1 and 3.4.6.1(ii)}

3.4.1 Introduction

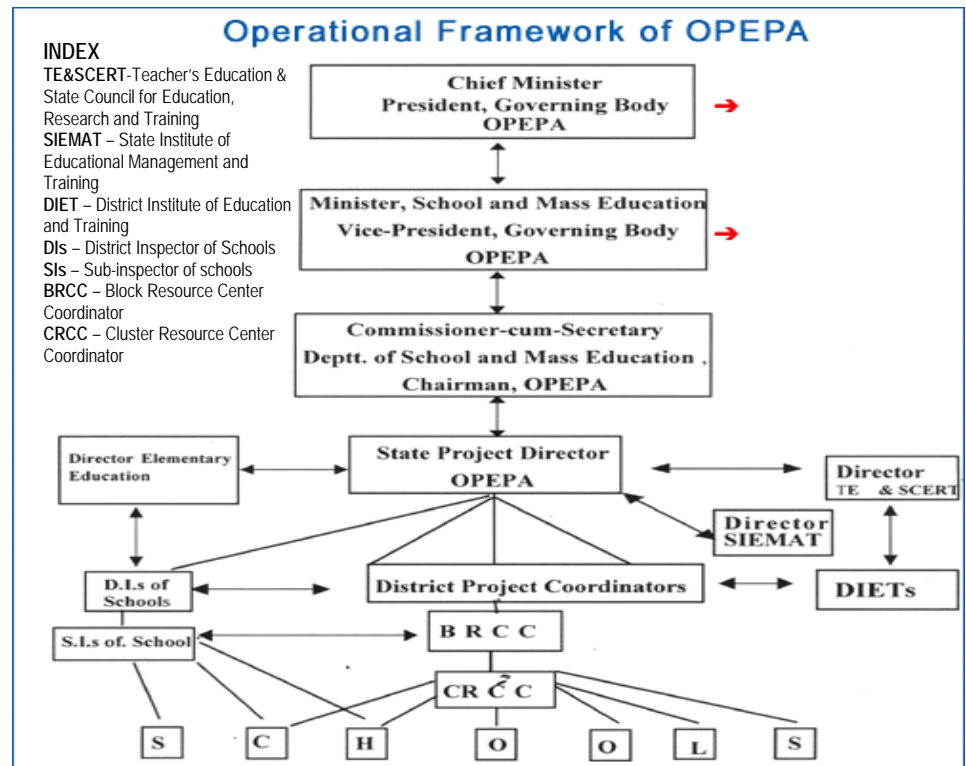
The national flagship programme of Sarva Sikshya Abhiyan (SSA) has been under implementation in the state since 2001-02 to achieve the goals of Universal Elementary Education (UEE). The programme envisaged tracking the children of 0-14 year age group for providing eight years of free and

* Abbreviations used in this performance review have been expanded in Glossary of abbreviations at pages 243-248.

compulsory elementary education to all the children of 6-14 years age group by 2010. The OPEPA functioning under the School and Mass Education Department (SMED) was the implementing authority of the programme in the state. There were about 6.7 million children (6-14 years) in about 70000 educational institutions (which included 18000 EGS centers & 6000 private schools) in the state as per the reports of OPEPA.

3.4.2 Organisational set up

Orissa Primary Education Programme Authority (OPEPA) had a Governing Body and an Executive Committee to regulate its activities. While the Chief Minister was the Ex-Officio President of the Governing Body, the Minister, School and Mass Education was the Vice President. The State Project Director (SPD) was the Member-Secretary of the Governing Body. At the district level, the State Implementing Society (SIS) was assisted by a District Project Coordinator (DPC) to oversee the implementation of SSA. At the block level, the scheme was executed by the Block Resource Centre Coordinators (BRCCs) while the Cluster Resource Centre Coordinators (CRCCs) are responsible for execution at the Panchayat level.



3.4.3 IT Systems of OPEPA

3.4.3.1 District Information System for Education (DISE)

As designed by the Government of India, the DISE had been the backbone of an integrated educational management information system operating at the district, state and national level since 1996-97. The DISE was to provide district level school data for planning, monitoring and review of various

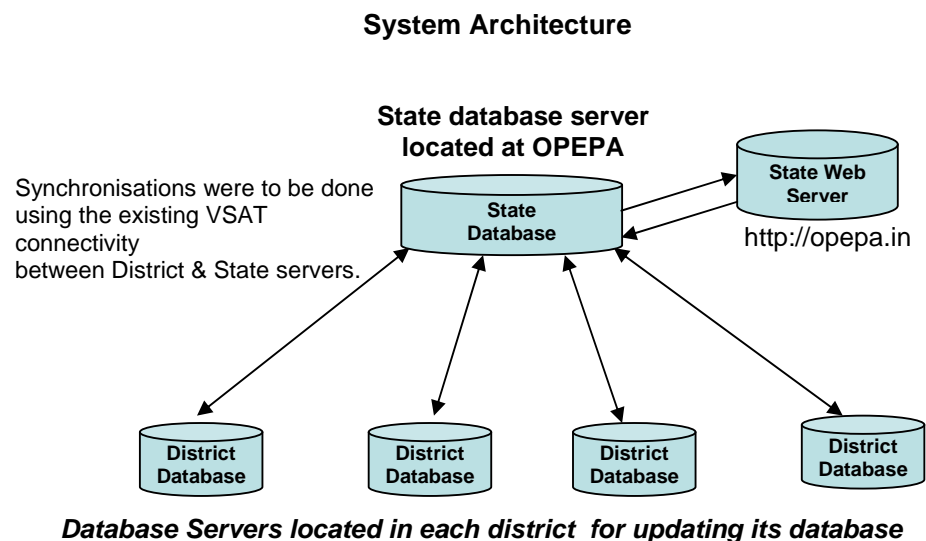
project interventions. Under the system, data received from schools were being computerised at the district level and disseminated up to the school level in various ways which among others, comprised information on location of schools, management type, teachers, school buildings and equipment, enrolment by gender and age, incentives and number of disabled children in various grades. However, from 2005-06 onwards, the State Government developed the e-Shishu system from which the DISE data was compiled for formulation of Annual Work Plan and Budgets (AWPBs) and approval of various child related interventions in the state by the Government of India.

3.4.3.2 e-Shishu

Project e-Shishu was devised with the aim to track each child whether the child was attending the school or not along with their demographic attributes, education, financial status and many other details with the following objectives of facilitating:

- planning activities under various interventions to achieve the goals of SSA,
- specific action plan for out of school children based on the reason for being out of school,
- formulation of plans for future entrants to the education system with infrastructure,
- minimising/elimination of duplicate and fake enrolments altogether,
- development of each child based on his/ her achievements to ensure quality education and
- decision support system for planners and administrators.

The project e-Shishu had the following system architecture.



The sub-systems which were developed on *asp / asp.net* with **SQL server-2000** under the e-Shishu were as below:

3.4.3.3 Child Tracking System

A database of all the children of 0-14 years with their name, age, sex, caste, educational status, the reasons for not attending school and other indicators was developed on the basis of data collected through household survey as Orissa Child census 2005 using intelligent character recognition (ICR) technology where specially designed formats filled in with handwritten data by the surveyors/enumerators were scanned and captured into a database. This database was loaded in the State database server and district servers. The objective was to develop an online child tracking system (CTS) wherein the current status of each child would be available in the web.

3.4.3.4 CTS validation and Updation system

CTS validation process was adopted to rectify the errors in entries like name of the child, guardian's name, date of birth, educational status etc. made in the child database after survey (school for the children who are attending school and household for drop outs and new born babies).

The child updation process was adopted to update changes of the class, education progress indicators (percentage of marks secured in the annual examination), school, drop outs of schools and new admissions of the children.

3.4.3.5 Geographical Information System

A Geographical Information System (GIS) based on geographical positioning system (GPS) was developed for maintaining data on infrastructure of all educational institutions of the state for speedy and accurate decision making to ensure quality education. In the GIS software, layers of information on educational institutions were put on a single map from which a problem¹ and its unique solution were to be found out. Root level information on various educational institutions of the state like school infrastructure, teacher position, student strength, distance from habitations, distance from nearest institutions etc. were located on GIS map for planning, emergency operation and tracking pupils.

3.4.3.6 Educational Personal Information System

The District Inspector of School Software (DISS) was developed (2001) with Visual Basic as front-end and SQL server as backend for automation of administrative works in respect of the District Inspector of Schools (DIs) with the objective to reduce the administrative workload of the DIs so that they could devote more time for providing quality education. This system had provision for computerisation of the personal information, pension and gratuity, payroll, treasury transactions and legal matters in respect of all the teachers working under district inspector of schools. Subsequently, DISS was modified (2006) as Education Personal Information System (EPIS) by

¹ Absence of infrastructure, distance between the education institutions.

expanding its scope to accommodate the requirements of all the 432 drawing and disbursing officers² (DDOs). The EPIS was designed to provide a database of all the DDOs of a district at the DPOs level and its synchronisation with the state server every month through existing VSAT connectivity for on-line centralised monitoring and reporting.

3.4.4 Audit objectives

- To assess whether the general controls ensured
 - development and implementation of various IT systems were in conformity with requirement and the time schedules
 - economy and effectiveness of the IT Systems developed.
 - procurement of IT assets conforming to the provisions of the general financial rules / guidelines from time to time,
- To evaluate whether various application controls ensured
 - integrity of the data maintained,
 - reports generated were reliable and as per requirement.

3.4.5 Audit scope and methodologies

Analysis of different IT systems developed by the OPEPA during 2001 to 2007 and their implementation were covered in Audit. The application and general controls were analysed in respect of (i) Child Tracking System (CTS), (ii) Employees Personal Information System (EPIS), (iii) Geographical Information System (GIS) and (iv) District Information System on Education.

The authenticity and reliability of the data for the years 2005 and 2006 was analysed using Structured Query Language (SQL) in SQL Query Analyser. Audit of OPEPA was conducted during December 2006 to May 2007 through test check of records of SIS i.e. OPEPA, 16 selected District Project Coordinators³ and 23 schools under five DPCs on random selection basis.

Audit Findings

3.4.6 General Controls

3.4.6.1 System development planning

In order to achieve universal elementary education under SSA, OPEPA executed the programmes through District Project offices and sub-ordinate offices under it. For this various data were to be collected, computerised and compiled in a systematic process for effective planning and progress monitoring. During 2001-06 various IT systems like Child database, District Inspectors of School Software, Child tracking system, EPIS and GIS were developed.

² District Project Offices : 30, District Inspector of Schools : 75, Block Development Officers : 314, Urban Local Bodies : 11, OPEPA and DEE)

³ Anugul, Balasore, Baragarh, Baripada, Bhadrak, Cuttack, Dhenkanal, Ganjam, Jagatsinghpur, Jajpur, Kandhamal, Kendrapara, Khurda, Nayagarh,, Puri and Sambalpur

The various systems developed by OPEPA during 2001-2006 lacked planning resulting in a deficient management information system as discussed below.

(i) Design of database in 2001 and 2003

The SSA programme required development of computerised database and its maintenance at the district level with the provision for updating the information annually for tracking the educational progress of each child in the 0-14 years age group for micro planning at habitation level. Household surveys were conducted by the OPEPA in two phases in the state (14 districts: 2001-02 and 16 districts: 2003-04) and the data collected on the children through these house hold surveys were computerised incurring expenditure of Rs 2.74 crore without provision for updating, making it unuseful. The information generated, if any, was not used for planning purposes. The database, however, could not be produced to audit for analysis. Thus, Rs 2.74 crore spent for creation of the above database was wasteful.

(ii) Adhoc approach towards computerisation of District Inspectors of Schools

The OPEPA with the objective of utilising more of their time towards education than administrative works decided (January 2001) to develop District Inspector of Schools Software (DISS) system by computerisation of personal information, i.e., pay roll, court cases, scheme monitoring and finance management etc. Accordingly, the work was awarded (May 2001) to a private agency M/s. TQM consultancy at a cost of Rs 13.20 lakh for development of DISS software, its installation, training and maintenance of the software for one year in 20 out of the 75 DIs in the State (at the rate of Rs 0.66 lakh per DI) with the stipulation to complete the work by August 2001. As per the terms of reference (TOR), 90 *per cent* of the cost was to be paid after installation of the software and the remaining 10 *per cent* after three months of successful operation of the software. However, due to non-availability of hardware in the 20 targeted DIs the system was implemented (September 2001) only in six other DIs⁴ where hardware were available and the work was abandoned thereafter. The, data, if any, generated through the software could not be produced to audit for analysis stating that there was no scope to keep the database as the same was rejected and revised subsequently. Thus, defective planning for implementation of a system without provision for hardware resulted in non-implementation of the software.

Subsequently the OPEPA, procured the required hardware and supplied to all the 75 DIs in the State (March 2004-November 2005), at a cost of Rs 40.81 lakh and decided (March 2005) to implement the DISS in all the 75 DIs by May 2005 by outsourcing the work. The work was awarded to Industrial Development Corporation Software Limited (ISL) at the rate of Rs 6500 per location. However, due to delayed installation of the hardware in these offices the implementation of DISS was abandoned (February 2006) and it was decided to expand the scope to another 357⁵ offices besides the 75 DIs with a

⁴ Salepur, Cuttack, Puri, Athagarh, Nilgiri, and Bhubaneswar.

⁵ Blocks – 314, ULB – 11, DPO - 30, DEE-1 and OPEPA – 1.

redesigned software 'Educational Personal Information System (EPIS)' to make it web enabled. The work of development of system software including comprehensive maintenance of the same for one year, training to staff etc was awarded (July 2006) to ISL at a cost of Rs 98.94 lakh with the stipulation to complete the work by November 2006 for which Rs 39.57 lakh (advance: Rs 9.89 lakh and implementation at six pilot sites: Rs 29.68 lakh) was paid as of December 2006. Although the work in the above six sites was stated to have been completed by December 2006 test check of records in two such sites at Khurda revealed that the system installed were non functional and the required generation of reports like pay bills, pay slips, acquittances etc. were being done either at the OPEPA headquarters office or by the vendor at Bhubaneswar. Besides, during test check of other 15 sites it was noticed that the installation of the system was in progress (June 2007). Thus, due to improper planning leading to delay in execution of the project by the vendor, the benefits under EPIS were yet to be derived (June 2007) despite incurring expenditure of Rs 87 lakh.

(iii) *Arbitrary approach in Development of Geographical Information System*

OPEPA planned for implementation of a GPS based GIS software for mapping of all educational institutions of the State and creation of infrastructure database to be used as a decision support system tool for the top management in speedy and accurate decision making related to quality education.

The project consisted of two parts: (i) development of GPS based GIS software for mapping all educational institutions (approximately 76850) of the State and creation of infrastructure database at State and the district levels and (ii) web hosting of GIS package at State and District Project offices. The work was entrusted (April 2006) to Orissa Construction Corporation limited (OCC) at a cost of Rs 2.09 crore (Part-I) and Rs 0.61 crore (Part-II) with the stipulation to complete the work by 31 July 2006, of which Rs 62.64 lakh (30 *per cent* of work value) for part - I and Rs 30.58 lakh (50 *per cent* of the work value) for the second part respectively were paid (May 2006) as advance.

As regards part-I of the work, the firm completed the survey and submitted the data in compact disk (CD) against which the firm was paid a further Rs 83.52 lakh in March 2007. The remaining work of data integration on digital map of the State and installation of the software at the State and district levels, training to the programmers was not completed (July 2007) despite the stipulated date of completion was over by July 2006.

One month after payment of advance of Rs 30.58 lakh, the second phase (part-II) of the work was cancelled (April 2007) on the ground that the technology was new and not proven one. However, the advance paid remained unrecovered (July 2007).

Thus, faulty planning and delay in completion of the work had affected decision making activities of the OPEPA for over a year in implementation of SSA programme in the State despite incurring expenditure of Rs 1.46 crore

and excess payment of Rs 30.58 lakh. A penalty @ 0.05 per cent on the delay of the execution of the project was further leviable.

(iv) Acceptance of unreasonable project proposal

As required under the SSA programme, the OPEPA decided to have a comprehensive database of children 0-14 years age group in the lines maintained by the Karnataka Government by conducting child census and developing a database using ICR technology under which scanning of handwritten data on paper gets converted into database directly bypassing the process of manual data entry. Accordingly, the OPEPA requested (August 2005) the Orissa Computer Application Centre (OCAC) a State Government agency to avail the services of M/s CSM Ltd. the channel partner of M/s Netspider who had done the above work for Karnataka Government and submit project proposal for the work. On this, the OCAC after contacting (August 2005) the CSM Ltd. prepared a project proposal for Rs 1.54 crore and submitted the same (August 2005) to the OPEPA. Accepting the project proposal, the OPEPA placed work order with OCAC (September 2005) basing on the projected advantages of economy by use of ICR technology over the direct manual data entry.

Scrutiny of the proposal however, revealed that the comparative study of costs projected under the ICR technology and traditional manual data entry were worked out in terms of US dollar (USD) justifying the adoption of ICR technology as economical as below:

Statement showing the recurring cost to be involved in manual data entry process with capacity to process 1000 forms a day

Sl. No.	Details	Expenditure per month in USD
(i)	Payments/ Remunerations to technical staff i.e. 5 DEOs at the rate of 1200 USD per month, one Controller at the rate of 1200 USD per month and one Manager at the rate of 2000 USD per month	9200
(ii)	Rent on office space 20 USD per square meter for 50 square meter	1000
(iii)	Electricity / telephone / other expenses	10200
	Total	20400

Recurring cost for 30000 forms per month would be 20400 USD excluding the fixed costs. Thus, per form data entry cost would be $20400 \div 30000 = 0.68$ USD which was equivalent to Rs 29.73 (0.68×43.73) at the exchange rate of Rs 43.73 per USD (26 August 2005) as per Reserve Bank of India portal.

It could be seen from the table that the cost of manual data entry arrived at, excluding the fixed cost (furniture, computers and networking etc.) was Rs 29.73 per form against which cost through ICR technology per form was Rs 1.32 (including 10 per cent consultancy charges). However, during CTSVU-2006, the cost of manual data entry as estimated by the OPEPA per child record was 54 paise (detailed in the **Appendix-3.7**). Similarly, the monthly remuneration of Rs 52472 (Rs 43.73 x 1200 USD) projected for one data entry operator was unrealistic as during CTSVU-2006 data entry operators were appointed by OPEPA on payment of Rs 3600 per month (@ Rs 120 per day).

Further, the project proposal contained the cost of scanning at Rs 1.20 per form which included hire charges of Re 0.83 per form for two types of scanners (i) one with 240 ppm throughput @ Re 0.69 per ICR form and (ii) two scanners each with 90 ppm throughput (Re. 0.14 @ Re 0.07 per ICR form per scanner) aggregating to 420 ppm for the three scanners. Against this projection, the OCAC was paid Rs 64.74 lakh for scanning 78.38 lakh ICR forms. However, the cost of such scanning would have been Rs 27.30 lakh by using five 90 ppm scanners aggregating to 450 ppm at the rate of Re 0.35 per form. Thus, acceptance of such proposal led to extra expenditure of Rs 37.44 lakh. The OCAC (executing agency) stated that the throughput obtained using one 240 ppm scanner was almost four times the result obtained using two 90 ppm scanners considering the batch load capacity besides extra operators were required for handling the additional scanners which would have involved additional expenditure. The reply was not tenable as the cost involved in use of extra manpower for use of three 90 ppm scanners in place of one 240 ppm scanner would have been only Rs 3.79⁶ lakh which was very less in comparison to avoidable expenditure of Rs 37.44 lakh.

3.4.6.2 Defective design of the systems

In the development of CTS during 2005, the database on children of 0-14 years was developed from the data collected through household survey using intelligent character recognition technology. In this process, survey data were collected through non-ICR forms which were again filled in a specially designed ICR forms. The data on ICR forms were scanned and converted into database using ABBYY Form Reader software directly thereby bye-passing the process of manual data entry. During 2006 CTS validation system was developed to rectify the errors occurred in CTS database 2005.

(i) Defective input form design of 2005

During scanning process for capture of data from ICR form for building the child database in Orissa Child Census-2005, there was defective form design. In case of a guardian with more than five children additional form(s) were used to capture the child data against the same guardian. For this, static household information⁷ already available in the main form were not required to be filled up in the additional forms so that the children in the additional form(s) would be tagged to the same guardian in the main form instead of creating new guardian record(s) against the additional form(s). From the data analysis it was revealed that children information of additional form(s) were tagged against either blank guardians as separate records where other details were left blank or against duplicate guardians where the details were filled in by the enumerators. Thus, the defective input form design created duplicate as well as wrong guardians in the household list. The SPD admitted the fact and stated that steps would be taken for future improvement.

⁶ As per TOR cost of manpower and infrastructure including PCs for use of the three scanners is Rs 0.073 per ICR form i.e Rs 5.69 lakh. The proportionate cost for use of five scanners would be Rs 9.48 lakh. Thus the extra cost was only Rs 3.79 lakh (Rs 9.48 lakh – Rs 5.69 lakh).

⁷ 1. Name of Block, 2. Name of Gram Panchyat, 3. Name of Village, 4. Name of Habitation, 5. House No, 6. Enumerator Code, 7. Type of Family, 8. Constituency Assembly No., 9. Polling station No., 10. Electoral No., 11. Name of Father/Mother/Guardian/Head of family, 12. Total Number of members in the family, 13. No. of children (0-14 year age group)

(ii) Defective design of the Child Tracking System Validation and Updation-2006

For eliminating errors occurred in the Orissa Child Census-2005 database and updating the child status in 2006 OPEPA introduced (July 2006) Child Tracking System Validation and Updation-2006 (CTSVU-2006). A survey to collect the information for the updation was planned. Even though, only seven days were allotted for the same, the procedure for collection of information was changed twice during the period of survey for which the information already collected were required to be revised. This resulted in duplication of data and creation of an erroneous database, again.

(iii) Non-capture of guardian information due to defective software CTSVU-2006

The blank in-school format was supplied to the DPCs during CTSVU-2006 for validation of children who were in school but not listed in the in-school format of OCC-2005. Accordingly, data in respect of new additions of children in various schools were collected during CTSVU-2006 and entered into the database by the DPCs. Analysis of database revealed that in case of all the 1.48 lakh in-school children of the state who were newly added to the database, information about their guardian were not saved in the database due to defective software developed by the OCAC. The identity (guardian name, village name etc.) of those children was lost. Incomplete child records without guardian and village name led to persisting problem of generating village wise in-school children report and tracking the children village/guardian wise in the subsequent updations. To an audit query the SPD stated that the CTS validation and updation was conducted at school point for in-school children and at village point for out of school children. There was no scope to maintain the household details of newly identified children in the school record who were not in the earlier database. The reply was not acceptable, as for tracking a child, the village name and guardian name were important fields in the household list.

3.4.7 Application Controls

3.4.7.1 Input and validation controls

Input and validation controls over input are vital to the integrity of the system. These controls are important to check incorrect and fraudulent data being fed. Adequate input and validation controls ensure that the data received for processing are genuine, complete, correct, not duplicate and properly authorised.

(i) Inadequate survey during 2005 and 2006

During CTS-2005 a database of all the children of 0 to 14 years with their detailed information was created on the basis of the data collected through household survey. The above data were validated and updated through the CTSVU-2006 from another survey at school point for children attending schools and at households for drop-outs and new born children.

Analysis of database revealed that in 2006, 3396484 children (with date of birth between 01 April 1992 and 30 September 2005) were not covered during the survey of 2005. However, they were covered and entered as new entries during CTSVU-2006. This indicated the database created through Child census 2005 was incomplete one. The joint physical verification (June 2007) conducted by audit in presence of the CRCC concerned in the Jagannathpur village of Bipilingi Gram Panchayat (GP) of Chhatrapur Block (Ganjam district) disclosed that seven children were newly entered into the CTSVU-2006 database but not covered during OCC-2005 survey.

Similarly, 1447112 children (born between 01 April 1993 and 30 September 2005) covered in the Child Census 2005 database were not available in CTSVU 2006. Joint physical verification (June 2007) of Tangiapada village of Tangiapada GP of Khurda Block (Khurda district) by audit revealed that though 16 children of the above village reading in Tangiapada Sebashram who were covered in OCC-2005 survey, were not entered in the CTSVU-2006 data making the database incomplete.

A test check of attendance registers of 23 primary and upper primary schools of five districts (Khurda, Nayagarh, Kandhamal, Puri and Dhenkanal) selected at random for the month of September 2006 with the data in the CTSVU database 2006 disclosed that as per the database there were 4432 students in these schools. Out of these, 3000 were found covered in the attendance registers while 1222 were not found in the attendance registers and 210 were duplicated in the database.

Thus, due to non-monitoring and supervision, the surveys could not produce a complete and reliable database.

(ii) Adoption of unsuitable technology in data capture process

ICR technology was adopted to capture data from manually filled in ICR forms in respect of survey of 2005. The limitations of the ICR Technology like recognising the alphabet impressions / shapes from non-uniformly filled in ICR forms, data captured from 180-degree rotated/tilted images due to wrong placement of ICR forms in the scanner etc were not examined. As noticed, errors in the fields like name of the child, guardian's name, relation, date of birth (DOB), educational status, mother tongue, religion, category, disability types etc. were present in the database. OPEPA admitted that there were errors in village name up to 25 per cent in the database which was subsequently reduced to 5 per cent. Thus the data in the database lacked integrity and was not reliable.

(iii) Absence of validation in the software

(a) The date of birth of the child is one of the most important information in the entire Child Census exercise which determines the critical factor of age of the children of 0-14 year age group for carrying out various activities under the SSA. Analysis of database revealed that abnormal dates of birth were

present in the child list of 2005 and 2006 as detailed below:

(in numbers)

Sl. No.	Nature of incorrect	2005 child list	2006 child list
1	Date of birth contained '01/01/1900'	100142	32099
2	Date of birth contained dates less than '01/04/1992' for 2005 and '01/04/1993' for 2006 as cut off dates	89756	714439
3.	Date of birth (DOB) contained future dates i.e. DOB greater than 10 October for 2005 (being the last date of survey 2005) and 5 August for 2006 (being the last date of survey 2006) (i.e. future dob collected during survey of 2005 and 2006)	108152	5434
Total		298050	751972

Thus, the age-specific information on children generated from the system for various plans like Annual Work Plan etc was unreliable.

(b) The tables relating to CTS-2005 and CTSVU-2006 which were transaction tables got data from several master tables with unique codes of different items like school, village, category, religion, education and so on. Analysis of the transaction tables of 2005 and 2006 revealed that the transaction table contained codes which either did not exist in master tables or the codes of master tables and transaction tables did not match as detailed below:

Fields	Number of cases in 2005	Number cases in 2006
Village	1629510	117506
Educational Institutes	675464	115480
Gender	171417	83978
Relation	200534	111519
Category	102929	51129
Religion	118553	61600
Education Status	108181	83085
Reason out of school	840184	7509389
Class drop out	982554	7530217
Mother tongue	258449	78330
Disability	838517	555554

Further 10436 duplicate children in 2005 and 13862 in 2006 were present in the database. (*Appendix -3.8*)

Thus absence of validation controls led to presence of unreliable data in the database. The SPD accepted the observation and noted for future improvement.

3.4.7.2 Output controls

(i) Misleading Management Information System

The Child Tracking Databases 2005 and 2006 (Extended Form of VER as a substitute of Manual VER) were stated to have been used to provide different statistical information on children. Analysis of the Child Tracking Databases 2005 and 2006 revealed that there were discrepancies between the figures derived from database and that exhibited in the different reports. In case of out of school children brought back to school shown in the AWPB 2007-08 was 65420 and the same was exhibited in the CTS web report 2006 whereas

the actual figure as per database was 44492 indicating non integration of the web report with the database.

3.4.8 Other points of interest

3.4.8.1 Office Automation System

For the purpose of making the office paperless, the OPEPA awarded (May 2001) the work of developing an office automation system to Kalinga Software Pvt. Ltd., Bhubaneswar at a cost of Rs 9.58 lakh with the stipulation to complete the work by June 2001. Accordingly, the software was developed and training was imparted to staff of OPEPA. However, the office automation system could not be put to use (February 2007) due to non-availability of hardware and co-ordination. The State Project Director, OPEPA stated that the software was successfully designed and implemented during 2002-03 using the then hardware and software. Further, he added that they were ready to implement it with the present networking and hardware environment. The reply was not acceptable as neither the implementation of the software system could be shown to audit nor any documentary evidence on such implementation could be made available to audit.

3.4.8.2 Excess expenditure due to irregular payment

As per the terms of reference with the OCAC for developing database in respect of Orissa Child Census-2005, the OCAC was to be paid Rs 1.98 (Scanning: Rs 1.20 + Software: Rs 0.60 + Ten *per cent* consultancy charge: Rs 0.18) for data capture using ICR technology per form. Accordingly, after the survey, the 30 District Project Coordinators (DPCs) handed over data in 78.38 lakh ICR formats to the OCAC for creation of the database through scanning. Analysis of database also revealed that only 74.18 lakh records were created in the database for the entire state against 78.38 lakh ICR formats scanned. This led to excess payment of Rs 3.32 lakh to the OCAC as the SPD failed to verify the database before making payment. This also indicated that the database was incomplete.

3.4.8.3 Computerisation of household data without children

As required under the provisions of the SSA programme, the project proposal for Orissa Child Census-2005 contained creation of the database of children of 0-14 years age group capturing child data on name, age, sex, caste, educational status, the reasons for out of school and other indicators. However, the scanning of 78.38 lakh ICR formats for creation of the database included 24.48 lakh ICR formats relating to childless houses. The scanning of ICR formats on households without children was not necessary, as the database on those households containing only the household identification numbers and name of the guardians was of no use to OPEPA or any other department of the Government dealing with child related interventions. Besides, these household data having no children was also not used in the subsequent updation during CTSVU-2006 with the help of existing software rendering wasteful expenditure of Rs 62.13 lakh.

3.4.8.4 Diversion of SSA fund

As directed by the State Government (December 2004) the SPD diverted SSA funds of Rs 5.28 lakh for supply of 15 computers for computerisation of the

SMED department for strengthening monitoring the activities of the OPEPA as no funds were allocated in the AWPB approved by the Government of India.

3.4.9 Conclusion

Review of different IT systems developed by the OPEPA disclosed deficiencies in the System Development planning when adhoc and arbitrary approaches were adopted. There were various rounds for the collection and feeding of data in a computerised system but each was marred by the improper planning like incorrect sequencing of the acquisition of hardware and software, deficient system and database designs etc. These resulted in the incomplete capture of information. The systems developed also had deficient application controls leading to incorrect data in the database. Thus the reliability of information in the databases was questionable.

The system was developed with the view to capture information using the ICR technology. However, the controls on the input through the ICR could not be exercised leading to incorrect inputs into the database. Moreover, the use of the ICR technology itself was questionable as it was a costly alternative and was adopted through a justification which was on patently incorrect basis. Further, more than 24 lakh records pertaining to childless households were collected and input into the system leading to excess expenditure. Thus adoption of ICR technology led to development of an unreliable, inconsistent and erroneous database of children at a cost of Rs 5.05 crore during OCC-2005. The CTSVU-2006 system developed at a cost of Rs 2.76 crore to rebuild the database of OCC-2005 also failed due to defective software, absence of supervision and monitoring.

Due to faulty planning, implementation of EPIS and the GIS remained incomplete, as well, overshooting the scheduled dates of completion after incurring expenditure of Rs 2.64 crore.

3.4.10 Recommendations

- Appropriate source document and input document design should be ensured.
- The database design should meet the requirements of the system and map the input document and the source document.
- “Unique Child ID” should be allotted for each child for their identification.
- Responsibility and accountability of the BRCCs, CRCCs and school teachers in respect of collection of field level data should be ensured.
- Initiatives should be taken at the district level for prompt, periodic and regular updation of the databases.
- The input and validation controls should be built in to ensure completeness and correctness of the data.
- The adhoc approach in the planning of the computerisation efforts should be avoided.

The matter was reported to Government (August 2007); reply was not received (September 2007)