

CHAPTER-III
CIVIL DEPARTMENTS
SECTION-A

**FOREST AND ENVIRONMENT (ENVIRONMENT)
DEPARTMENT**

3.1 Audit of Environmental Act and Rules relating to air pollution and waste management in the State of Orissa.

Review of implementation of environmental acts and rules relating to air pollution and waste management in the State revealed that the enforcement of provisions of the relevant Acts was weak. Industrial solid waste generated from Rourkela Steel Plant, Talcher Thermal Power Station, Captive Power Plant (CPPs) of National Aluminium Company Limited and solid waste arising out of mining activities at the Sukinda Valley posed potential threat to environment in the State. Orissa Pollution Control Board (OPCB) the agency responsible for enforcement of relevant provisions of Acts did not take appropriate follow up action on the above. The system existing in major towns and cities of the State for disposal of Municipal Solid Waste (MSW) was unsatisfactory. No effective action was taken by OPCB to bring the Urban Local Bodies (ULBs) under its administration as required under the Act.

Highlights

❖ 12 air polluting industries continued their operations despite notification issued by government for establishment of facilities to control air pollution and continued discharge of air pollution load in excess of the prescribed standard.

(Paragraph 3.1.5.1)

❖ 91 stone crushing units were not brought under consent administration of OPCB under Air Act as of 31 March 2001.

(Paragraph 3.1.5.2)

❖ OPCB failed to tackle chromium VI pollution caused by mining activities in Sukinda valley area.

(Paragraph 3.1.5.4)

❖ OPCB failed to bring any of the 102 identified urban local bodies under its authorisation administration to control indiscriminate

disposal of Municipal Solid Waste as of March 2001.

(Paragraph 3.1.8)

❖ Exact pollution load discharged in the environment by hazardous waste generating industries was not worked out by OPCB and hazardous waste disposal site earmarked for the purpose at Rourkela was not used by industry, as site had not been developed although related study had been completed and design finalised (1999).

(Paragraph 3.1.9)

3.1.1 Introduction

Orissa Pollution Control Board (OPCB) was constituted with effect from 15 July 1983 after the Orissa Legislative Assembly adopted Water (Prevention & Control of Pollution) Act, 1974 and Air Act, 1981. The function of the Board is defined in the Water and Air Act and can broadly be classified into three main categories i.e. (i) Enforcement (ii) Advisory and (iii) Monitoring, Research, Creation of Public Awareness etc. Subsequently, Environment (Protection) Act, 1986 (EP Act) was enacted wherein OPCB has been delegated with wide variety of responsibilities. Mention was made in para 3.2 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2000 regarding implementation of Environmental Acts and Rules for water pollution in the State. The present review deals with air pollution and waste management.

State Government in consultation with OPCB notified between 1984 and 1993 Air Pollution Control Areas in terms of higher concentration of Suspended Particulate Matter (SPM) mainly owing to construction and mining activities.

3.1.2 Organisational Set-up

The Forest and Environment (Environment) Department, Government of Orissa is the nodal agency in the State for the protection of the environment. OPCB in co-ordination with the Environment Department is responsible for enforcement of various provisions of Environmental Acts and Rules for prevention and control of air and water pollution in the State.

3.1.3 Audit Coverage

Implementation of the Provisions of Environmental Acts and Rules relating to air pollution and waste management (Industrial, urban bio-medical and hazardous wastes) was test checked from the records of OPCB, various Government Departments like Environment, Housing and Urban Development, Industries, Health and Family Welfare and ULBs Puri, Cuttack and Bhubaneswar, Chief District Medical Officers -Puri, Cuttack and Sambalpur, SCB Medical College and Hospital, Cuttack V.S.S Medical College and Hospital, Burla, Ayurvedic College and Hospital, Puri and State Transport Authority, Cuttack for a period of five years 1996-97 to 2000-01.

3.1.4 Financial outlay and expenditure

Allotted amount remained unutilised

Financial resources of OPCB comprised grants from State Government, financial assistance from Central Pollution Control Board (CPCB), reimbursement of water cess from Central Government and consent fees and other receipts. Financial outlay and expenditure of the Board during the years 1996-97 to 2000-01 was as under:

(Rupees in lakh)

Year	Opening balance	Grants from State Govt.	Grants from GOI.	Water cess reimbursement	Consent fees and other receipts.	Total	Expenditure during the year	Closing balance	Percentage of available balance
1996-97	349.11	12.93	3.75	134.00	106.34	606.13	194.49	411.64	67.91
1997-98	411.64	8.00	26.45	114.25	120.70	681.04	225.47	455.57	66.89
1998-99	455.57	7.00	26.85	147.65	160.74	797.81	287.74	510.07	63.93
1999-2000	510.07	8.05	51.98	90.96	138.82	799.88	302.40	497.48	62.19
2000-01	497.48	8.40	27.36	87.20	177.12	797.56	301.78	495.78	62.16
Total		44.38	136.39	574.06	703.72	3682.42	1311.88		

It would be seen that the percentage of unspent funds ranged from 62.16 to 67.91 of total fund available during the respective years. However, included in unspent balances were amounts of Rs.26.09 lakh which comprised funds received from CPCB between 1993-94 and 2000-01 towards reimbursement assistance for operation of seven National Ambient Air quality monitoring stations in the State (Rs.19.42 lakh) and closing balances of 5¹ inoperative/closed schemes (Rs.6.67 lakh) which had neither been refunded nor utilised but incorrectly taken as 'income' in the books of accounts. Government, however, stated (September 2001) that out of unspent balance of Rs.6.67 lakh pertaining to inoperative/closed schemes, Rs.4.28 lakh had been spent after 31 March 2001 in respect of the schemes, 'Assessment of water and Soil quality in cyclone affected areas of Orissa' and that the OPCB agreed to refund closing balances in respect of two other closed schemes i.e. 'Zoning Atlas for siting industries' and 'Industrial Estate Planning' to CPCB.

3.1.5 Setting of standards and compliances thereto

12 industries continued their operation despite the fact that the air pollution load discharged by them exceeded prescribed standards

Pollutant agencies were required to control /treat their emission/waste upto standard as prescribed by OPCB/CPCB under the Air Act, 1981, EP Act, 1986 and Rules and provisions made thereunder and also as per Motor Vehicles Acts and Rules. Section 21 of Air Act, 1981 requires consent from Board for establishment or operation of an Industrial Plant in Air Pollution Control Areas and in respect of existing Industries operating in an air pollution control area immediately before commencement of Section 9 of the Air Amendment Act 1987 (47 of 1987) application for consent will have to made within 3 months. OPCB is the prescribed authority for enforcement of Bio-medical waste management Rules, Municipal Solid Waste (MSW) Management Rules and Hazardous waste management Rules under EP Act through issue of authorisation to occupiers (Industries/Institution) and local bodies for setting

¹ (i) Zoning Atlas for siting of industries (Rs.1.70 lakh) (ii) Industrial Estate Planning (Rs.0.41 lakh) (iii) Assessment of water and soil quality in cyclone affected areas of Orissa (Rs.4.29 lakh) (iv) Monitoring of noise level at Bhubaneswar (Rs.0.01 lakh) and (v) Regional register for potential toxic chemicals (Rs.0.26 lakh)

up of waste prevention system including disposal facilities after proper examination and stipulating compliance criteria and standards as specified in the rules.

3.1.5.1 Air Pollution by Industries where delay in compliances to standards exceeded 8 years

According to the GOI Notification (February 1992), any industry, operation or process which had commenced production on or before 16 March 1981 and had shown adequate proof of at least commencement of physical work for establishment of facilities was to meet the standards by 31 March 1993. Similarly, any industry, operation or process, which had commenced production after 16 May 1981 but before 31 December 1991 would comply with such standards latest by 31 December 1993. It was however, noticed that in violation of the Government Notification, 12 highly air polluting industries in the State vide Appendix-XVIII continued their operation or production till March 2001 even though pollution load discharged to the environment exceeded the prescribed standards since their inception/more than 8 years.

(i) In case of Talcher Thermal Power Station OPCB filed two cases under Water and Air Act, on 31 December 1991 in the Court of SDJM, Bhubaneswar for non-compliance to consent conditions which were still pending for hearing. No directions such as closure, prohibition etc. were issued under Section 33 -A and 31- A of the Water and Air Act respectively either by OPCB or by the Government so far.

(ii) In Rourkela Steel Plant (RSP), consent for operation of integrated steel plant was refused in 1998 by OPCB under Air Act. The industry was operating without consent under Air Act even though the discharge of emission of load was in excess of prescribed standard from its Fertiliser plant and captive power plant. No further action was taken by OPCB even though it could have issued closure notice under 31A of Air Act for RSP's fertiliser and captive power plant.

(iii) M/s Oswal Chemicals and Fertilisers Limited. was granted consent upto 31 March 2000 by OPCB. But the industry operated beyond 31 March 2001 without consent even though GOI issued direction to it for non-compliance U/S 5 of EP Act, 1986 on 27 July 2000. Government stated (September 2001) that OPCB filed a case against the industry on 17 March 2001 in the court of SDJM, Jagatsinghpur and issued directions for closure under 31(A) of Air Act in May 2001. However, the industry continued its operation discharging pollution load to the environment in violation of direction of OPCB.

The remaining nine industries continued discharging pollution load to the environment in excess of prescribed standards. OPCB failed to take any penal action against them even though they were under its administration.

3.1.5.2 Operation of stone crushers without complying with location criteria and consent condition

OPCB failed to enforce Anti Pollution Acts and Rules to take penal action against defaulting stone crushing units

514 stone crushing units were identified in the State by OPCB upto May 1999 as polluting industries. Labour and Welfare Department restricted (August 1995) their location within certain parameters. As most of the units did not follow the location criteria, nor adopt required pollution control devices, OPCB in May 1999 sent detailed inventorised list to the Government advising them to issue instructions to the stone crushers for re-locating their units etc. satisfying the pollution norms under the EP Act. OPCB stated in August 2001 that due to limited and inadequate fund position it was not possible for them to handle cases of inspection and monitoring. This was not acceptable, as there were substantial savings each year during 1996-2001 with reference to budget provisions.

Ninety one stone crushing units located in the Air pollution control zone (Bhubaneswar Development Area- 27, Angul -Talcher Development Area- 16, Rourkela Industrial Development Area-39, Greater Sambalpur Improvement Trust- 9) could not be brought under the consent administration of OPCB under Air Act, 1981 till the end of March 2001 and none of these followed the location criteria and possessed pollution control devices.

Ambient Air quality monitoring conducted for different stone crushers in Angul- Talcher Development Area showed SPM level between 900 to 8000 mg/nm³ against prescribed standard of 600 mg/nm³. Similarly, average concentration of SPM at 10m distance from a cluster of Stone Crushers in Bhubaneswar was 2091 mg/nm³ against prescribed standard of 600 mg/nm³.

Thus, both OPCB and Environment Department failed to enforce the Act and Rules and to take penal action against the defaulting Stone Crushers.

Government stated (September 2001) that Environment Department as well as OPCB had taken steps and were continuing to issue show cause notice and followed it up with closure notices along with disconnection of electric supply to stone crushing units violating the pollution norms. However no specific case has been cited in support of the reply and the Board failed to take effective measures of imposing penalty and imprisonment as envisaged in Section 39 of Air Act 1981.

3.1.5.3 Increase of Air Pollution at Talcher and Jharsuguda Coal Field Areas - Mahanadi Coal Fields Limited (MCL)

8 open cast mines were operating without consent

Audit scrutiny revealed that out of 11 open cast mines (Jharsuguda-5 and Talcher-6), 3 units at Jharsuguda area (Samaleswari, Belpahar and Lijkura) and 5 at Talcher area (Kalinga, Bharatpur, Ananta, Jagannath and Balada) were operating without complying with consent conditions and non-operation of air pollution control measures such as dust extraction system in their Coal Handling Plant. OPCB failed to take penal action under Section 31 A of the Air Act, 1981.

Air quality-monitoring results of industrial (Mining) and residential (village) areas adjacent to MCL Coal Fields, Talcher revealed high degree of SPM ranging between 408 and 575 in industrial areas and 311 to 468 in residential areas.

Monitoring results (one time monitoring) of OPCB at Talcher by pass Chowk in 1999-2000 showed that SPM concentrations in the morning and evening hours was as high as 1032 and 2554 mg/nm³ (24 hours average) which were attributed by OPCB to mining activities.

Government stated (September 2001) that most of the mines had adequate pollution control measures and violations observed were temporary in nature which could be redressed with better management and it was not considered necessary to invoke the provision of Section 31 A of Air Act. The reply was not tenable since the mines were allowed to continue without consent even though ambient air quality in respect of SPM did not meet the prescribed standard.

3.1.5.4 Failure of OPCB/Government to tackle chromium pollution at Sukinda Valley

OPCB/Government failed to tackle chromium pollution in Sukinda valley.

Sukinda valley of Jajpur district had been witnessing Chromium VI pollution in its air, land and water due to twelve operating chromite mines. About 7.6 million tonne of overburden (reject) containing 0.7% nickel was dumped in the valley releasing 11.73 T of Chromium VI² in the environment every year. By March 1999, about 97.08 MT Nickliferrous overburden was dumped at the dumping site of four operating mines which affected the water quality of river Damasella as well ground water. Besides, there were many abandoned quarries and rehabilitated dumps containing huge quantity of overburden (actual quantity not ascertained) posing constant threat to the environment. It was seen that water sprinkler methods used in most of the mines were inadequate to control dust emission. Despite impact on air quality, no norms had been suggested by OPCB to be complied with by the mines. Clean technologies required to be adopted by the miners for control of Chromium-VI pollution was not recommended either by OPCB or by the State Government, neither were methods of disposal of chromium waste suggested.

Although OPCB had identified the nature and magnitude of Chromium VI pollution generated at Sukinda valley and apprised Government in May 2000 for conducting an environmental study and preparation of action plan including formulation of overburden rehabilitation strategy for abatement of Chromium-VI pollution, nothing had been done so far. Government stated (April 2001) that the proposal was under examination for submission to financial institutions for funds. Thus, Sukinda valley continued witnessing Chromium-VI pollution in its environment with no respite.

² Chromium VI is chromium lodged in chromite which gets oxidised by various physio-chemical and biological processes which are harmful to most plants, animals and human population.

Government admitted (September 2001) that no standard was prescribed for Chromium-VI for ambient air quality and as such there was no evidence of hexavalent chromium pollution in air in Sukinda valley. They further stated that since the problem of hexavalent chromium was unique to Sukinda Valley and was gigantic, extremely complex and required multi disciplinary approach for its solution, it was not within the means and purview of the Board to solve it.

The reply was not tenable since the Government did not take up the matter with CPCB/ Ministry of Environment and Forest to prescribe the standard of chromium for monitoring the ambient air quality of Sukinda Valley.

3.1.6 Vehicular Pollution

(i) Inadequate Monitoring & Non-installation of Laboratories

State Transport Department (STA) was directly responsible for implementation of vehicular (MV) Acts and Rules. As per Rule 115 of MV Rules 1993, idling CO (Carbon Monoxide) emission limits prescribed by STA for 2-3 wheeled petrol driven vehicles and four wheeled petrol driven vehicles by volume were 4.5 *per cent* and 3 *per cent* respectively. OPCB was responsible for formulation of standards, assessment, monitoring and control of air pollution as per Air Act and EP Act.

In Orissa, a number of private service stations were authorised by STA during 1995-96 to 2000-2001 for routine check of vehicular emission and issuing certificate under MV Rules. The STA was also advised (December 1996 and June 1998) by OPCB for setting up vehicular pollution control laboratories to facilitate cross checking of calibration of testing instruments of authorised testing stations.

Besides, surprise checks of vehicles on roads by expert monitoring team attached to each laboratory were to be conducted. But no such laboratories were set up and no surprise checks conducted. Thus, monitoring and control of vehicle emission norms were non-existent.

(ii) High concentration of lead in Rourkela from vehicular sources

High concentration of lead found on the road side vegetation in Rourkela from vehicular sources.

High concentration of lead was found on the road side vegetation in 1997-98 (one time monitoring) at Panposh (53 to 512 mg/gm dry wt), Bisra Chowk (56 to 656 mg/gm dry wt) and traffic tower area (62 to 468 mg/gm dry wt) in and around Rourkela Industrial Town which indicated that live stock were at risk from lead pollution from automobile sources. In the same year lead concentration in the ambient air of Panposh, Ambagan and Uditnagar areas of Rourkela was 9.507, 5.283 and 5.570 mg/M³ respectively against permissible limit of 1.5 M³.

3.1.7 Waste Management

3.1.7.1 Indiscriminate disposal of solid waste by Rourkela Steel Plant (RSP)- No follow up action by OPCB

About 2.20 million tons of solid waste are generated in RSP every year while manufacturing steel and by products, 48 *per cent* of which are dumped in six dumping yards. Besides, a total of 0.58 million tons of dust and sludge are also generated from various sources of manufacturing.

OPCB directed (1998) RSP that all types of solid waste arising in the premises should be properly classified and disposed of to the satisfaction of OPCB by :

- (i) "Land fill" in case of inert materials like 'Blast furnace slag'
- (ii) "Controlled incineration" wherever possible in case of combustible organic materials and;
- (iii) "Composting " in case of degradable materials.

These directions were not followed by RSP and OPCB failed to take any follow up action during the last three years. Dumping yards of RSP were also not monitored by OPCB to assess the air quality, ground water quality and hazardous waste content dumped in them.

Government stated (September 2001) that in view of the amendment made to Hazardous Waste (Management and Handling) Rules inventorisation was to be made by the plant authorities afresh. After approval of their inventorisation report, they would again be directed to take up proper care for their category-wise disposal of waste.

3.1.8 MSW Management

OPCB failed to bring any of the 102 ULBs under its authorisation administration to control indiscriminate disposal of solid waste.

According to provisions laid down in MSW Management Rules, 2000 Municipal authorities (ULBs) were to apply to OPCB for grant of authorisation for setting up waste processing facilities and disposal facilities including land fills. However, none of the 102 ULBs identified had come under authorisation administration of OPCB as of March 2001.

Test check of records of OPCB relating to Bhubaneswar, Cuttack Municipal Corporations, Puri, Sambalpur and Talcher Municipalities and Angul Notified Area Council revealed that existing waste management and handling system including processing and disposal in terms of specified measures to prevent contamination was not according to prescribed method. MSW was often mixed routinely with untreated/infectious bio-medical waste, hazardous waste and bio-degradable waste and indiscriminately dumped in the intermediary dumping sites and then transported to dumping yards once or twice in a week. No arrangements existed for disposal of domestic refuse. Land fills/dumping yards also did not meet the specifications prescribed under the Rules. Municipal Authorities did not have incinerators and no action was taken to improve the condition of the existing land fills. As per MSW Management Rules 2000 identification of the land fills was to be completed by 31

December 2002. However, as of September 2001, none of the 102 ULBs identified any land fill site, as stated by Government in September 2001. It was thus evident that existing MSW disposal system in the State was haphazard and indiscriminate and not enough efforts had been made either by the Department or OPCB to improve them.

Government stated (September 2001) that the Board had conducted an interaction meeting with the authorities of ULBs, the response to which was very poor. Further, they added that implementation of rules could not be made due to financial constraint of the ULBs.

3.1.9 Hazardous Waste Management - Non-enforcement of Rules

OPCB failed to work out exact pollution load discharged by hazardous waste generating industries.

Hazardous Waste Management (Management & Handling) Rules 1989 specified 18 categories of Hazardous Waste. OPCB identified 163 (large 61, medium 28, small 74) hazardous waste generating industries in the State generating about 3.41 lakh tonnes of hazardous waste of various categories every year. Small and medium scale industries generating hazardous waste had no disposal sites of their own. The exact pollution load discharged in the environment by these industries per annum was not worked out by OPCB.

Scrutiny revealed that based on the inventory of hazardous waste generation, seven locations for common disposal sites of hazardous waste were identified by OPCB/ Environment Department at Rourkela, Jagatpur, Balasore, Bhubaneswar, Rayagada, Sambalpur and Chatrapur. Out of these seven tentative sites, identification, EIA study and design for disposal of hazardous waste site at only one site, Rourkela, was completed by the year 1999 at a total cost of Rs.6.00 lakh. Government notified and informed all industries situated at Rourkela to utilize the site. The Environment Department stated (September 2000) that no industries utilised the disposal site as the site was not developed although related study was completed and design finalised in 1999. There was thus failure on the part of OPCB to ensure development of the site for use by the industries.

Government stated (September 2001) that unless there was increase in trained manpower and infrastructure, it was difficult on the part of the Board to implement the Hazardous Waste (Management and Handling) Rules-1989.

3.1.9.1 Inadequate infrastructural facilities

OPCB had limited facilities for analysis of hazardous waste as categorised in Schedule of Rules 1989. Uniform procedure of analysis of hazardous waste (toxicity, corrosivity, reactivity, explosivity, inflammability) was not being followed in the absence of a laboratory for analysis of toxic infectious waste even though hazardous Waste Management Rules came into force in 1989.

3.1.9.2 Bio-medical Waste Management – Non Developing of Waste Management System-Non-availability of Infrastructural Facilities

The enforcement of Bio-medical Management Rules is done through authorisation administration of OPCB who has been declared as the prescribed

authority for enforcement of these Bio-Medical Waste Management and Handling Rules, 1989.

As of 31 March 2001, OPCB identified 346 Hospitals/Nursing Homes etc. generating Bio-medical Waste in the State of which 196 applied for authorisation. 170 institutions were granted provisional authorisation as on that date. Evidently, complete inventorisation of generation of bio-medical waste could not be done as 176 medical hospitals/nursing homes had not been authorised by OPCB and total generation of bio-medical waste from those Medical Institutions was not ascertained as on 31 March 2001. OPCB had not taken any action against the other identified medical institutes.

Scrutiny of records up to March 2001 conducted in 7 Hospitals³ including records of OPCB revealed very poor levels of preventive measures taken by the Medical Institutions. The system of handling and disposal of bio-medical waste was not developed in the above hospitals as they were lacking in facilities like incinerators/Auto claves, microwaves to ensure waste free from contamination. Segregation of toxic and non-toxic wastes and pre-treatment of wastes were also not done in any of the above hospitals.

SCB Medical College Hospital, Cuttack, VSS Medical College Hospital, Burla having 500 beds or more were to have complete infrastructural facilities like incinerators/auto clave by 30 June 2000. All district hospitals having more than 200 beds were also to have complete infrastructural facilities by 31 December 2000. However, not a single Hospital/Nursing Home in the State had so far completed infrastructural facilities. Municipal authorities did not identify any separate sites for exclusive disposal of bio-medical waste.

Despite this, OPCB did not prepare any action plan to implement/enforce Bio-medical Waste (Management & Handling) Rules in the State.

Government attributed (September 2001) non-completion of infrastructural facilities by the Hospitals and non-implementation of Bio-medical Waste (Management and Handling) Rules by the OPCB to financial constraints of the Hospitals in creating facilities and lack of manpower for implementation of Rules by OPCB. However, the reply of the Government was not tenable as there was a saving of Rs.80 crore under Revenue and Capital heads taken together in Health and Family Welfare Department as per Appropriation Accounts of the State Government for the year 2000-01. Further scrutiny revealed that funds of Rs.64.63 lakh sanctioned (March 2001) by Health and Family Welfare Department in favour of the Project Director (PD), Orissa Health System Development Project (OHSDP) for onward placement of funds with district Hospitals for hospital waste management were drawn by the PD and the amount retained by him in his PL account without utilisation as of September 2001.

³ (i) District Hospital, Puri (230 beds), (ii) District Hospital, Cuttack (130 beds), (iii) District Hospital, Sambalpur (127 beds), (iv) SCB Medical College Cuttack Hospital, (1208 beds) (v) Ayurvedic Hospital, Puri (80 beds), (vi) SVP Sishu Hospital, Cuttack (200 beds) and (vii) VSS Medical College Hospital, Burla, (772 beds)

3.1.10 Non-compliance with the directions of the State Government by OPCB

OPCB issued (January 2001) a show cause notice to NALCO for breach of ash pond at two points and flow of ash deposit into the river Nandira affecting adversely the water quality of the river and its adjacent areas.

Government directed (January 2001) the OPCB to take appropriate action against NALCO under Section 33A of Water Act for complete closure/prohibition of its activities. But OPCB did not do so on the plea that they had already taken action under 32 (I) (C) of Water Act wherein only remedial action was contemplated.

While OPCB and Government differed on the issue and the matter remained unresolved as of September 2001, NALCO Ash Pond continued to pollute water quality of river Nandira.

3.1.11 Delay in finalisation of legal cases

Only 11 out of 33 cases finalised under Air Act

Audit found that number of cases finalised under Air Act and EP Act during the period 1987-88 to 1999-2000 compared to number of cases instituted was very low i.e. 11 out of 33 under Air Act and nil under EP Act. The 22 cases pending under Air Act were still pending in the court. The follow up by OPCB was tardy and slow.

Government attributed (September 2001) the delay in finalisation of 22 legal cases to transfer of cases to appropriate courts consequent upon constitution of special courts in 1989 and 1998 by the State Government. However, 12 out of 22 cases were involved in appeal/revision in the appellate courts.

Conclusion

Due to lack of enforcement of provisions of the Environmental Acts and the Rules thereunder pertaining to Air Pollution and waste Management there was increase in air pollution in the vulnerable areas of the State. Further, failure of OPCB to bring ULBs under its authorisation administration under EP Act and rules made thereunder led to haphazard and indiscriminate disposal of MSW. There were instances noticed of delays in compliance to standards, failure to tackle chromium pollution and inadequate monitoring. OPCB had sufficient powers under various Sections particularly those of closure under 31 A and imposition of penalty and imprisonment under Section 39 but had not enforced them. Government reply on various aspects of non-implementation revolved around lack of infrastructure and funds. However, this is to be seen in the background of consistent savings in OPCB's budget year after year.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.2 Programme for prevention and control of diseases

Review of implementation of the 'programme for prevention and control of diseases' covering (i) National Aids Control Programme (ii) National Programme for Control of Blindness and (iii) National TB Control Programme (NTCP) for the period from 1996-97 to 2000-2001 revealed several shortcomings. Instances of unspent funds, irregular utilisation of funds, pendency in submission of utilisation certificates, shortfall in achievement of targets, irregularities in purchase and supply of medicines, were common in all the programmes covered. Systems for monitoring and evaluation of the programmes were not in place and the programme objectives remained unachieved. In the Aids Control Programme equipment supplied to blood banks was not utilised/non-functional for 1 to 4 years. The shortfall in coverage under the Programme rendered the State's achievement figures doubtful. State Government was not able to report prevalence rate for blindness. In NTCP there were shortfalls in achievement of the targets and inaccurate reporting of data.

Highlights

❖ **Central assistance of Rs.3.48 crore not utilised under National Aids Control Programme during 1996-2001.**

(Paragraph 3.2.3.1)

❖ **Non-utilisation/non-functioning of equipments supplied to 12 Blood Banks for periods ranging from 1 to 4 years affected the programme in those banks.**

{Paragraph 3.2.3.3(iii)}

❖ **There was 39 per cent shortfall in coverage of patients under sentinel surveillance for National Aids Control Programme between February 1998 and October 2000.**

(Paragraph 3.2.3.6)

❖ **None of the 13424 targeted para medical staff under AIDS programme were given any training in the 9 work shops conducted between March 1999 and March 2001.**

(Paragraph 3.2.3.7)

❖ **Government organisations were irregularly reimbursed Rs.13.61 lakh towards Grants in Aid between 1996-97 and 1999-2000 for conducting eye camps in disregard of Government of India guidelines.**

{Paragraph 3.2.4.3(ii)}

❖ **Avoidable expenditure due to reimbursement of Rs.35.04 lakh to Non-Governmental Organisation without adjusting the amount of Rs.18.00 lakh involved in respect of 3000 IOL operations to be conducted free of cost under Blindness programme.**

{Paragraph 3.2.4.4(ii)}

❖ There were persistent savings each year during 1997-2001 from 9 per cent to 50 per cent due to non-release and delayed release of matching grants by the State Government under TB Control Programme.

{Paragraph 3.2.5.2(i)}

❖ Although expenditure of Rs.4.71 crore was incurred out of Rs.5.41 crore of Central Assistance received, Utilisation Certificates for Rs.4.44 crore only were submitted to Government of India as of October 2001 under TB control programme.

{Paragraph 3.2.5.2(iii)}

❖ While the percentage of achievement in targeted identification of new TB cases declined from 77 in 1996-97 to 51 in 1998-99, the cure rate or number of cases completing treatment out of number of cases under treatment was less than 18 per cent for the State as a whole.

{Paragraph 3.2.5.3(i)}

❖ Procurement of anti-TB drugs in excess of requirement resulted in avoidable expenditure of Rs.21.67 lakh.

{Paragraph 3.2.5.4(i)}

❖ Deputy Director Medical Stores procured Short Course Chemotherapy drugs valuing Rs.1.02 crore between February 2000 and April 2001 out of the funds made available by Government of India during 1998-2001 in violation of Government of India's orders.

{Paragraph 3.2.5.4(iii)}

3.2.1 Introduction

National Aids Control Programme and National Programme for Control of Blindness were being implemented in the State with 100 per cent Central Assistance while National Tuberculosis (TB) Control Programme was implemented on 50:50 basis upto 1996-97 and with 100 per cent Central Assistance thereafter. The thrust of the programmes was to contain the spread of HIV/AIDS, reduce blindness and to check the transmission of TB infection in the community.

3.2.2 Audit Coverage

The audit review was conducted between February and May 2001 through test check of records of Health and Family Welfare Department (Department), Directorate of Health Services, Orissa (DHS), 3 State Programme Officers (SPO), 1 Project Director (PD), State AIDS Cell (SAC), Deputy Director, Medical Stores (DDMS), Managing Director, Orissa Industrial Infrastructure Development Corporation (IDCO), Orissa State Health and Family Welfare Society (OSHFWS), 6¹ Chief District Medical Officers (CDMO) including 17 Primary Health Centres (PHC)/Community Health Centres (CHC), Superintendent, Anti TB Demonstration and Training Center, Cuttack (ATDTC), 2² TB Sanatoriums and 6³ Voluntary Organisations for the period from 1996-97 to 2000-01.

The Executive Chiefs of the programmes were PD, SAC (AIDs), Joint Director of Health Services (Ophthalmology) and Deputy Director, Health

¹ Cuttack, Kalahandi, Koraput, Mayurbhanj, Puri and Sambalpur.

² TB Hospital, Uditnarayanpur (Kalahandi) and TB & ID Hospital, Puri

³ AIDs, Puri-1, Koraput-1 and Cuttack-2 **Blindness:**Dhenkanal-1 and Cuttack-1

Services (TB) (DDTB) and the monitoring of the programmes at the State level was also vested with them. The CDMOs concerned monitored the programmes at the district level. The programme-wise results of test check are given in the succeeding paragraphs.

3.2.3 National Aids Control Programme

3.2.3.1 Unutilised Central Assistance

The details of funds released by Government of India (GOI), and amounts spent during the period 1996-97 to 2000-2001 were as below :

(Rupees in lakh)

Year	Grants released by GOI	Grants released by State Government	Amount spent	Balance amount remained unutilised with reference to grants received from GOI
1996-97	50.00	25.00	23.08	26.92
1997-98	75.00	55.06	31.15	43.85
Sub-total	125.00	80.06	54.23	70.77
1998-99	100.00	--	5.04	94.96
1999-2000	200.00	--	152.97	47.03
2000-2001	238.50	--	103.93	134.57
Sub-total	538.50	--	261.94	276.56
Grand Total	663.50		316.17	347.33

Unutilised central assistance

It was noticed that State Government had unauthorisedly retained Rs.70.77 lakh up till 1997-98 when the funds were being routed through them. Out of a total release of Rs.1.25 crore by GOI during 1996-98, Rs.80.06 lakh (64 per cent) only were released of which Rs.54.23 lakh were spent under the programme leaving the balance amount of Rs. 25.83 lakh under Civil Deposit (Rs.23.73 lakh) and in Cash (Rs.2.10 lakh). Further, funds of Rs.5.39 crore were released to SAC by GOI through OSHFWS during 1998-2001, against which expenditure of Rs. 2.62 crore (46 per cent) only was incurred leaving an unspent balance of Rs.2.77 crore in the Bank. The non-utilisation was attributed by the PD to non-release of funds in time by State Government (1996-98), belated release of funds by GOI (1996-1999) and super cyclone (1999-2000). No reasons were however, stated for non-utilisation of funds during the year 2000-01. None of the reasons were acceptable since SAC could not fully utilise the amounts. The explanation that Super Cyclone led to non utilisation also seems like an after thought since maximum expenditure of Rs.152.97 lakh was reported during 1999-2000 the year of the cyclone. Even the available cash balance was not utilised.

3.2.3.2 Utilisation Certificates

Utilisation certificates for Rs.64.82 lakh not submitted to GOI.

Against the release of Rs 1.38 crore by SAC during 1999-2001 towards annual and one time grants, Utilisation Certificates (UC) for Rs.64.82 lakh were pending for submission to SAC by 23 Blood Banks, 7 Sexually Transmitted Diseases (STD) Clinics, 3 Voluntary Blood Testing Centres (VBTC) and 10 CDMOs as of 31 March 2001. Financial Advisor SAC stated (June 2001) that steps would be taken for incorporation of time limit for submission of utilisation certificate in the sanction order.

3.2.3.3 Programme implementation

(i) Targets and achievements: AIDS Control

The programme of Prevention of HIV infection in high risk population (Phase-II) was implemented in the State by SAC from 1999-2000 through 8⁴ Non-Governmental Organisations (NGO) for educating, counseling and treating commercial sex workers, truckers and migrant labourers. While no targets were fixed for 1999-2000, against the targeted intervention/contact of 36637 in respect of the above categories of high risk population, only 31259 contacts were achieved during 2000-01 by the 8 NGOs resulting in shortfall of 5378 contacts (15 *per cent*). Deputy Director (STD), SAC stated (September 2001) that since SAC worked with skeleton staff, it did not embark upon any targeted intervention for high risk population during 1999-2000. The reply was not acceptable as the scheme was to be implemented through NGOs and possibility of engaging more NGOs for achievement of the target during 2000-2001 could have been explored.

(ii) Functioning of Blood Banks

To ensure safe blood supply to the patients, the SAC made HIV testing mandatory in all the 44 Blood Banks of the State and annual grants at the rate of Rs.1.25 lakh each were paid to them for purchase of consumables etc. necessary for the purpose. The State Blood Transfusion Council (SBTC), Bhubaneswar, Orissa, on conducting periodical inspection (December 2000 and July 2000) of the 2 Blood Banks (SCB Medical College and Baripada) pointed out deficiencies of non-functioning of voluntary blood donors association and non-collection of 20 *per cent* of the blood units of the total units collected in a year by organising blood donation camps, non-adoption of bio-safety measures, non-observance of quality control of anti-sera, manning of blood banks with untrained officers and laboratory technicians (Puri, Cuttack and Koraput) and non-establishment of blood component separation unit in Central Red Cross Bank at Cuttack.

Test check of records of 4 blood banks (Cuttack:2, Baripada:1 and Sambalpur:1) for 3 years (1998-2001) disclosed that of the total 107023 blood units collected only 5819 units were from voluntary donation which constituted 5.43 *per cent* against the 20 *per cent* limit prescribed by SBTC under voluntary donation.

(iii) Non-utilisation/non-functioning of equipments

Test check of records of 12 Blood Banks revealed that of 126 number of equipments like deep freezers, refrigerators, Generators etc. centrally procured and supplied by NACO between 1992 and 2000, 11 were yet to be installed (May 2001), 13 were not functioning (May 2001) for periods ranging from 1 to 4 years which affected the functioning of these Banks.

⁴ Berhampur-1, Koraput-1, Cuttack-2, Puri-1, Bhubaneswar-2, Paradeep-1.

3.2.3.4 Control of Sexually Transmitted Diseases (STD)

(i) Performance of STD Clinics

Test check of records of 4 out of 15 STD clinics in the State (CDMOs Kalahandi, Koraput, Puri and Medical College Hospital, Cuttack) revealed that while the clinics at Puri and Kalahandi were managed by untrained staff nurses and Laboratory technicians, the clinics at CDMO Koraput and SCB Medical College, Cuttack were functioning without Venereal disease Investigator, Laboratory technician, staff nurses, Assistant Surgeons, sweeper etc. In the case of STD clinic at Cuttack collections of blood samples and screening of the same were not done at the clinic. Instead the same were reportedly undertaken by the Micro Biology department of the Medical College Hospital. Thus, expenditure of Rs.6.92 lakh incurred on those clinics was rendered unfruitful.

(ii) Condom Programming

Condom Programming including social marketing of condom is one of the strategic interventions for prevention and control of STD/HIV among high risk population. Against targeted distribution of 7.60 lakh condoms among NGOs and STD clinics during 2000-01 under the scheme 'Social Marketing of condom' the SAC as per NACO's instruction (March 1999) indented 7.60 lakh condoms as late as September 2000 and was able to procure them only in February 2001 at the fag end of the year. Consequently, against targeted distribution of 7.60 lakh condoms among the NGOs, STD clinics during 2000-2001 the SAC could distribute only 3.19 lakh as of May 2001 accounting for only 42 *per cent* of the target. SAC stated (May 2001) that remaining stock would be shortly distributed among 5 short listed NGOs. The fact, however, remains that belated procurement of condoms resulted in under achievement in distribution of condoms under the programme.

3.2.3.5 Information, Education and communication (IEC) activities

To increase awareness on HIV/AIDS, IEC activities like propaganda through audio cassettes, film shows, display hoardings, glow sign boards at strategic points and conducting of orientation workshops for high and low risk population and Family Health Awareness Campaign (FHAC) was envisaged in the programme.

(i) Non-procurement of glow sign board/Hoardings

Scrutiny of records of the Director State Institute of Health and Family Welfare revealed that although funds of Rs.7.70 lakh were provided for procurement of 43 glow sign boards, 149 hoardings under IEC activities, the same had not been purchased as of May 2001. Director while confirming (June, September 2001) the factual position stated that the supplier did not supply the material although work order was issued to him as far back as in November 1997 and that the same was cancelled in June 2001 and Director refunded (Rs.6.01 lakh) to SAC retaining Rs.1.69 lakh with him. Thus, the family Awareness Campaign Programme through sign board/hoardings suffered.

Extent of awareness created in the community was unascertainable in view of non-submission of accounts by PHCs.

(ii) *Non-submission of accounts on Family Health Awareness Campaign*

Rupees 56.56 lakh were provided by SAC to 30 CDMOs for conducting FHAC during 2000-2001 of which only 20 CDMOs rendered accounts for Rs.37.42 lakh which had been communicated to GOI by Project Director (June 2001). Test check of records of 2 out of 10 defaulting CDMOs revealed that under CDMO, Kalahandi. 3 PHCs (Borda, Chapuria and Koksara) and one Post Partum Centre (Bhawanipatna) did not render accounts for Rs.0.55 lakh and PHC, Kalampur failed to indicate the number of participants in the accounts on FHAC. Further, 14 PHCs/CHCs under CDMO, Cuttack did not render accounts to the CDMO as of May 2001 for an amount of Rs.2.65 lakh placed with them in May 2000.

As a result, the extent of awareness created in the community and the correctness of the expenditure incurred on the campaign could not be ascertained in audit.

3.2.3.6 *Short-coverage of patients under sentinel surveillance*

Against the targeted coverage of 7200 patients in 4 rounds of survey between February 1998 and October 2000, 4406 patients (Ante Natal Cases (ANC): 2370, and STD cases : 2036) were covered resulting in shortfall in coverage of 2794 patients (39 per cent).

Shortage of 39 per cent in coverage under sentinel surveillance.

Of the 4406 covered under surveillance, 56 cases (ANC-3, STD-53) were found to be HIV positive representing incidence rate of 1.27 per cent (0.13 per cent in ANC and 2.60 per cent in STD patients). However, no follow up action was initiated in these cases as of May 2001.

3.2.3.7 *Training*

Only 24 per cent of MOs and PP trained. No training imparted to para medical staff.

Against the targeted completion of training of 6505 Medical Officers (MO) including private practitioners (PP), 365 NGOs and 13424 para medical staff by 31 March 2001 through organising 17 workshops between March 1999 and March 2001; only 1574 MO and PP (24 per cent) were trained in 9 work shops conducted during the period. Noticeably none of the 13424 targeted para medical staff was given any training.

3.2.3.8 *Monitoring and evaluation*

Monitoring of the programme was inadequate due to failure on the part of SAC to ensure timely submission of reports and returns from the field units. No Monitoring and Evaluation Officer had been appointed by SAC for monitoring purposes. Although various reports/returns on examination of blood samples are consolidated in the SAC and reported to NACO, these were not evaluated either by NACO or SAC. In absence of any proper evaluation, figures of incidence of HIV in the State remained doubtful.

3.2.4 National Programme for Control of Blindness.

3.2.4.1 Programme objectives

The National Programme for Control of Blindness (NPCB) was launched in 1976 with the objective of reducing blindness from 1.4 to 0.03 *per cent* by 2000 AD through establishment of regional institutes of ophthalmology, upgradation of Medical College and district hospitals, development of mobile eye units, recruitment of required ophthalmic man power and provision of various ophthalmic services. The programme was implemented at the district level through the district Blindness Control Societies (DBCS) under the Chairmanship of District Magistrate and OSHFWS being the State society was entrusted with receipt and distribution of funds to various DBCS for the purpose.

3.2.4.2 Financial outlay

The position of Central Assistance released, Budget provision and expenditure during the year 1996-97 to 2000-2001 under cash grants and kind are given below.

Year	GOI cash Grants		Budget Estimates of State Government	Expenditure incurred by State Government	Excess (+) Savings (-)
	Allocation	Released to State Government			
(R u p e e s i n l a k h)					
1996-97	88.18	67.18	163.89	59.23	(-)7.95
1997-98	67.51	61.44	108.54	59.26	(-)2.18
1998-99	55.00	131.08	115.66	104.32	(-)26.76
1999-2000	NA	NA	208.83	147.24	NA
2000-2001	80.00	NA	177.70	145.34	NA

In addition, funds (cash grants) of Rs. 9.37 crore were directly released by Government of India to the 30 DBCS and also through OSHFWS to meet expenses towards remuneration, secretarial assistance, purchase of drugs, medicines, consumables, spectacles, maintenance of vehicles, IEC activities, grants-in-aid to NGOs and training of staff. The position of cash grants to DBCS and OSHFWS during 1996-97 to 2000-2001 was as indicated below:

Year	Direct to DBCS	OSHFWS	Total
R u p e e s i n l a k h			
1996-97	111.00	--	111.00
1997-98	204.00	--	204.00
1998-99	220.00	--	220.00
1999-2000	141.00	150.00	291.00
2000-2001	--	111.00	111.00
Total	676.00	261.00	937.00

While total expenditure incurred by the DBCS was not available with OSHFWS, test check of 6 DBCS revealed that against Rs 2.50 crore received by them during 1996-2001 expenditure had been Rs.2.32 crore with unspent balance of Rs 0.18 crore lying with them as of March 2001. Also audit found that Rs.67.32 lakh including interest earned (Rs.4.97 lakh) meant for

distribution to the DBCS remained undistributed with the OSHFWS as of March 2001. Besides, Rs.9.46 lakh relating to the year 1994-95 was also locked up in civil deposits made by the Director as of March 2001 to avoid lapse of budget provision.

(i) Pendency in submission of Utilisation Certificates (UC s)

The position in 4 test checked DBCS revealed that against receipt of Central grant of Rs.1.47 crore UCs for Rs.15.63 lakh were pending for submission to GOI as of 31 March 2001. The position of pendency in submission of UCs for the State as a whole was however, not furnished by the State Programme Officer though called for (March 2001).

3.2.4.3 Programme implementation

NPCB was being implemented in the State through DBCS in each district with active participation of the NGOs. Further, funds were provided to the State Government for infrastructural development, renovation, upgradation of Operation Theatres and wards.

(i) Infrastructure development

Delay in execution of works under infrastructure development

GOI released Rs.17.52crore for civil works during 1995-2001 which included Rs.1.00 crore (2000-2001) for furnishing and renovation. While Rs.13.30 crore of the above funds were received by the State Government, the balance of Rs.4.22 crore was received by OSHFWS during 2000-2001.

Scrutiny of records of SPO and Managing Director, IDCO revealed that against the estimated cost of Rs.15.91 crore, Rs.15.52 crore were placed between March 1997 and December 2000 with the executing agency i.e. IDCO by the Department as deposit work for construction of 20 bedded eye wards (28) at District Headquarters Hospitals, 10 bedded Eye wards (25) at Sub-Divisional headquarters, 176 Dark rooms at PHCs/CHCs and 91 bedded referral Eye Hospital at SCB Medical College, Cuttack. Expenditure of Rs.15.63 crore was incurred upto March 2001 on the works. As of October 2001, construction of 4 twenty bedded Eye wards, 3 ten bedded Eye wards though completed were yet to be handed over to CDMOs, SDMOs concerned and 1 Referral Eye Hospital was yet to be completed. The remaining amount of Rs.2 crore which included amount meant for furnishing and renovation was drawn in March 2001 and the same was retained by the Director under Civil Deposits without utilisation. Scrutiny further revealed that in respect of works completed and handed over, power connection was yet to be given to 2 twenty bedded Hospitals and 3 ten bedded Hospitals as of October 2001. Reasons for delay in completion of the works were still awaited from the Department (October 2001).

(ii) Irregular payment of grants-in-aid (GIA)

Irregular payment of grants in aid of Rs.13.61 lakh to Government organisations

As per GOI guidelines for DBCs and clarifications thereto, voluntary organisations registered under Societies Registrations Act alone were permitted to conduct eye camps and to claim reimbursement of GIA. The Government Employees Associations registered under the Act however were

not under the purview of this scheme. Scrutiny revealed that Government organisations like Zilla Swasthya Seva Samiti, Koraput, Medical Officers of PHCs and Officer's Club (a Government employees organisation), Jeypore were reimbursed Rs.13.61 lakh towards GIA between 1996-97 and 1999-2000 for conducting eye camps in disregard of GOI guidelines. Additional CDMO, Koraput while admitting the objection stated (April 2001) that the camps were organised through such organisations to achieve the targets fixed by GOI.

(iii) Non-supply of Intra Ocular Lenses (IOL) and Sutures to NGOs

As per the scheme for participation of voluntary organisation under NPCB, the DBCS was expected to provide IOL and sutures supplied by GOI to the NGOs. If due to any reason the same were not provided in kind, the NGO would be reimbursed the cost of IOL (at the rate of Rs.200 per case) and sutures (at the rate of Rs.50 per case). Scrutiny of records of one NGO at Cuttack revealed that IOL for 7146 surgery cases conducted during 1999-2000 to 2000-2001 and sutures for 10276 cases conducted during 1997-2001 were not supplied to it by the DBCS, Cuttack although sufficient stock of IOL and sutures was available with DDMS. As a result, Rs.19.43 lakh payable to the NGO was avoidable. On this being pointed out, the State Programme Officer stated (July 2001) that compliance would be furnished on receipt of reply from DBCS, Cuttack. Final reply was awaited (November 2001).

(iv) Targets and achievements of cataract operation

The State level target and achievement in respect of Cataract operations during 1996-2001 was as under:

Year	Targeted no of operations	Achievement	Shortfall	Percentage of Shortfall
(In numbers)				
1996-97	1,00,000	60,517	39,483	39
1997-98	1,12,000	74,713	37,287	33
1998-99	1,23,200	79,271	43,929	36
1999-2000	1,25,200	63,399	61,801	49
2000-2001	1,30,000	84,231	45,769	35

Percentage of shortfall in achievement of targets in respect of cataract operation ranged between 33 and 49 during 1996-2001.

It would be seen from the above that the shortfall in achievement of targets ranged between 33 and 49 *per cent* during 1996-2001. No reasons for the shortfall could be advanced by SPO though called for.

In 3⁴ out of 4 test checked DBCS, however, the shortfall in achievement of targets in respect of Cataract operations during 1996-2001 ranged between 31 and 78 *per cent*. The DBCS concerned attributed (March and April 2001) the shortfall to non-involvement of large number of NGOs and lack of patients. The contention of the DBCs concerned was not tenable since there was no evidence on record to show that they had made efforts to involve voluntary agencies to motivate the patients to come forward to ensure success of the programme.

⁴ Kalahandi, Koraput and Puri

Functioning of dark room affected due to non-supply of essential equipments.

(v) *Functioning of Dark Rooms*

Scrutiny of records of 9⁵ PHC/CHCs revealed that due to non-provision of mirrors required to check refractive error, and non-supply of medicines, consumables, furniture and non-functioning/non-supply of Ophthalmoscope, the functioning of the Dark rooms in the PHCs/CHCs concerned had been adversely affected defeating the very purpose for which the same were constructed.

3.2.4.4 *Implementation of the Scheme through Non-Government organisations (NGO)*

The World Bank assisted cataract Blindness Control Programme was also being implemented in the State since 1994-95 through involvement of voluntary organisations. For this purpose non-recurring grants are provided by GOI direct to NGOs for establishment of independent facility eye care centres viz. construction/renovation of Hospital buildings, purchase of vehicles and equipments in rural and tribal areas. According to GOI instructions, permanent assets thus acquired out of non-recurring grants should not be disposed of by the NGOs without prior sanction of GOI. In case, the same were disposed of with due sanction of GOI, the sale proceeds received on such disposal should be credited to GOI. Conditions for sanction of non-recurring grant to NGOs by the GOI *inter alia* stipulate (1999) that the NGOs perform 3000 IOL or 4000 cataract surgery cases free of cost over a period of 3 years for which no reimbursement was to be claimed by them from the DBCs.

Test check of records of 2 NGOs out of 5 who received non-recurring grant of Rs.65.50 lakh (Cuttack-Rs.47.75 lakh, Dhenkanal:Rs.17.75 lakh) during 1996-2000 revealed the following:

(i) *Irregular disposal of vehicle by one NGO*

It was noticed in audit that JPM Rotary Eye Hospital & Research Institute an NGO at Cuttack procured (August 1997) one Jeep at a cost of Rs.3.32 lakh out of non-recurring grant received by it from GOI in 1997-98. The vehicle was subsequently disposed of (November 2000) for Rs.1.50 lakh by the NGO but without sanction of GOI as required and the sale proceeds were not credited to the GOI as of May 2001. The NGO stated (May 2001) that the competent authority had been moved and informed about the decision to dispose of the vehicle. The reply was not tenable since no prior permission of the GOI was obtained and sale proceeds were not credited to GOI.

(ii) *Avoidable excess expenditure*

Scrutiny of records of NGO and DBCS at Cuttack revealed that the NGO received non-recurring grant of Rs.47.75 lakh (prior to August 1996-Rs.20 lakh; 1997-98-Rs.17.75 lakh, 1999-2000-Rs.10.00 lakh) and conducted 10276 (IOL) and 3618 cataract operations during 1997-2001 and claimed reimbursement of Rs.73.34 lakh (@Rs.600 per IOL and Rs.400 per cataract operation) of which Rs.35.04 lakh was reimbursed as of March 2001. The

⁵ Kalahandi-4 (Pastikudi, Narla, Madanpur Rampur, Jaipatna), Puri-2 (Algum & Gop), Koraput -2 (Baipariguda and Nandapur), Cuttack-1 (Salipur)

above reimbursement was made by the DBCS Cuttack without adjusting Rs.18.00 lakh involved on 1st 3000 IOL operations which the NGO was required to conduct free. Thus, there was an excess reimbursement of Rs.18.00 lakh to the NGO of which Rs.4.25 lakh was adjusted by the DBCS Cuttack against the pending claims of the NGO as of May 2001. Reply from the SPO in this regard was still awaited (June 2001). It was, however, seen that the GOI did not impose condition of conducting first 3000 IOL/cataract operations free of cost while making payment of non-recurring grant to the NGO at Cuttack, the same was imposed at the time of payment of non-recurring grant to another NGO at Dhenkanal. Thus non-imposing of condition of conducting first 3000 IOL/cataract operations free of cost while making payment of non-recurring grant to NGO at Cuttack resulted in the above excess payment.

3.2.4.5 Monitoring and Evaluation

Check of records revealed that in Cuttack and Kalahandi, no evaluation reports were available. DBCS, Puri stated that monitoring had not been done. State level position was not found consolidated. In effect, therefore, both monitoring and evaluation of the programme were weak. Besides, no survey was conducted to ascertain the prevalence rate of blindness in the State as of July 2001. In absence of effective monitoring and survey the extent of control of blindness in the State against the targeted 0.03 *per cent* remained unascertainable.

3.2.5 National Tuberculosis Control Programme (NTCP)

3.2.5.1 Objectives of the programme

The objective of NTCP was to control Tuberculosis in the community by detecting TB patients out of the chest symptomatics attending the peripheral Health Institutions and providing them domiciliary treatment to check transmission of TB infection by following two types of drug regimens viz., Standard Resima (SR) and short course chemotherapy (SCC). The treatment facility was provided to TB patients in the State through 13 District TB centres (undivided). From December 1996 with the assistance of DANIDA 14 out of 30 districts of the State were selected for implementation of Revised National Tuberculosis Control Programme (RNTCP) in a phased manner with emphasis on cure of infection cases through administration of directly observed shortcourse chemotherapy to achieve cure rate of over 85 *per cent* and 6 districts (Mayurbhanj, Keonjhar, Sundergarh, Sambalpur, Deogarh and Jharsuguda) were brought under operation. The implementation of the programme scheduled to start in Koraput, Rayagada, Malkanagiri and Nowrangpur from 15 August 2000 and in Kalahandi, Nuapada, Gajapati and Phulbani during 2001 were yet to be operationalised. The executive Chief was the Deputy Director of Health Services, TB (DDTB) who was also responsible for monitoring at the State level. At the District level, the programme was to be monitored by the District Tuberculosis Centers headed by the District Tuberculosis Officers.

3.2.5.2 Financial Outlay

(i) The provision of funds both cash grants and commodity assistance for the programme in Orissa during the period from 1996-97 to 2000-2001 was as below: The State received cash grants under Central Plan for purchase of medicines during the period.

(Rupees in lakh)

Year	Grants received from GOI	Budget provision				Expenditure				Savings(-) Excess(+)
		Central plan	Centrally sponsored plan	State share under centrally sponsored plan	Total	Central plan	Centrally sponsored plan	State share under centrally sponsored plan	Total	
1996-97	--	--	40.00	40.00	80.00	--	0.08	NIL ⁵	0.08	(-)79.92 (99.99%)
1997-98	73.69	73.69	40.00	45.00	158.69	73.68	NIL	10.30	83.98	(-)74.71 (47%)
1998-99	NIL	NIL	40.00	40.00	80.00	NIL	NIL	40.00	40.00	(-)40.00 (50%)
1999-2000	85.09	85.09	10.00 ⁶	10.00	105.09	84.59	NIL	NIL	84.59	(-)20.50 (20%)
2000-01	214.85	214.85	10.00 ⁶	10.00	234.85	214.84	NIL	NIL	214.84	(-)20.01 (9%)
Total	373.63	373.63	140.00	145.00	658.63	373.11	0.08	50.30	423.49	235.14

Analysis revealed that there were savings in each year during 1997-2001 ranging from 9 per cent to 50 per cent due to non-release of matching grants and delayed release of funds by the State Government. State Government made provisions in a haphazard manner and showed defective budgeting.

(ii) In addition, Government of Denmark (DANIDA) provided assistance of Rs.1.67 crore between 1998-99 and 2000-2001 for implementation of the RNTCP^{***} in the districts. The expenditure of Rs.4.23 crore during 1996-2001 on the programme did not represent the actual expenditure as funds of Rs.62.74 lakh were lying unutilised with different agencies/DDOs as discussed below.

It was noticed during test check that Rs.0.93 lakh (State Plan:Rs.0.32 lakh and Central Plan : Rs.0.61 lakh) was lying under Civil Deposit from 1997-98 to 1999-2000 with the Deputy Director (TB). Besides, Rs.50.82⁷ lakh remained unutilised as of March 2001 and there were outstanding advances of Rs.10.99 lakh with 4⁸ agencies as of March 2001 meant for purchase of consumables and conducting training programme.

* GOI released 100 per cent assistance under Central Plan from the year 1997-98. No funds were released under CSP by GOI though budgeted by the State Government.

⁶ Relates to previous year.

^{***} 14 out of 30 districts of the State had been selected for implementation of Revised National Tuberculosis Control Programme.

⁷ (1) OSHFWS:Rs.27.58 lakh, (2) DTC, Baripada: Rs. 1.01 lakh, (3) CDMO, Koraput

:

Rs. 18.02 lakh, (4) CDMO, Sambalpur: Rs.4.21 lakh.

⁸ (1) Advisor DANTB: Rs.7.52 lakh, (2) PHC, Kuntara: Rs.0.04 lakh, (3) DTO, Baripada: Rs. 1.00 lakh, (4) CDMO, Koraput: Rs.2.43 lakh

(iii) Pending Utilisation Certificates

Non-submission of utilisation certificates to Government of India

Even though expenditure of Rs 4.71 crore out of Rs.5.41 crore of Central Assistance received by State Government and OSHFWS during 1997-98 to 2000-2001 was incurred (March 2001), Utilisation Certificates only for Rs.4.44 crore were submitted to GOI as of October 2001. UCs for the balance amount were yet to be sent to GOI (October 2001).

3.2.5.3 Programme Implementation**(i) Implementation of the programme in NTCP districts**

The information on identification of cases, treatment and cases discharged during the years 1996-97 to 2000-2001 in respect of the State under NTCP as furnished by DDHS was as under:

Year	Number of Cases identified			Total	Number of cases brought under treatment	Number of cases discharged		Percentage of discharge after treatment
	Old cases registered	New cases				After completion of treatment	Other reasons	
		Target	Detected					
1996-97	54,350	44,100	33,866	88,216	88,216	NA	NA	NA
1997-98	55,551	44,100	29,793	85,344	85,344	8165	138	9.56
1998-99	55,488	47,507	24,390	79,878	79,878	6930	176	8.67
1999-2000	46,246	-	24,881	71127	71127	12,195	152	17.14
2000-01	44,497	-	20262	64759	64759	8511	71	13.14

The percentage of cure out of number of cases under treatment was less than 18 for the State as a whole.

The above data revealed that the percentage of identification of new cases as against the target set declined from 77 in 1996-97 to 51 in 1998-99. The cure rate or number of cases completing treatment out of number of cases under treatment was less than 18 *per cent* for the State as a whole.

(ii) Implementation of the programme in RNTCP districts**(a) Creation of TB units and microscopy centres**

As per programme guidelines a TB unit (TU) was to be created for about 5 lakh population. The diagnostic component (Microscopy centre) was to be located in the PHC/CHC based on the work load in the district subject to a maximum of one per 1 lakh population.

Scrutiny of records of SPO revealed (August 2001) that there was shortfall in creation of 2 TUs i.e. one each in 2 RNTCP districts (Mayurbhanj and Koraput) and 18 in 3 NTCP districts (Cuttack-6, Kalahandi-3 and Puri-9), while there were 97 microscopy centres created in excess of the population norm. The details are given in the Appendix-XIX.

(b) Identification of new and retreatment cases

The position of identification of new and retreatment cases of RNTCP districts registered for the years 1997-98 to 2000-2001 indicated that the prevalence rate of sputum positive patients varied between 0.02 *per cent* and 0.06 *per cent*:

Year	Population covered (In lakh)	Sputum positive cases (In number)	Prevalence rate (Percentage)
			RNTCP districts (Orissa)
1997-98	10.16	221	0.02
1998-99	48.45	2346	0.05
1999-2000	58.93	3795	0.06
2000-2001	103.56	5064	0.05

(c) Increasing trend in registration of re-treatment cases

The number of re-treatment cases registered which stood at 68 in 1997-98 increased to 1215 in 2000-2001 (Relapse cases:17 to 290, failure cases:2 to 61, default cases 45 to 476, Others : 4 to 478). This was mainly due to wrong declaration of TB patients as cured by physicians in relapsed cases and non-administration of anti TB drugs consecutively for 2 months or more in defaulted cases. In view of large number of relapsed and default cases, the reasons for increase in registration of retreatment cases need investigation by Government.

(d) Treatment of new and re-treatment cases

The position of results of treatment of new and re-treatment cases (after 12 to 15 months of their registration) during 1998-2001 was as under:

Year	Number of retreat- ment cases regist-ered	Number of new cases registered	Total number of cases	Number of cases cured	Number of cases whose treatment completed	Numbe r of death cases	Number of defaulted cases	Trans- ferred to other districts	Number of failure cases
1998-99	69	368	437	224 (51%)	142 (32%)	20	43	5	2
1999-2000	777	4758	5535	2360 (43%)	2388 (43%)	376	357	8	43
2000-2001	958	7412	8370	3747 (44%)	3566 (42%)	440	414	9	52
Total	1804	12538	14342	6331	6096	836	814	22	97

It would be seen from the above that the percentage of achievement in cured cases declined from 51 in 1998-99 to 44 in 2000-2001 indicating department's failure to motivate the patients, their relatives for regular intake of drugs by the patients which was essential for cure. On the otherhand, the number of death, default and failure cases were on the increase between 1998-2001. This indicated the failure of the department to ensure proper treatment of patients through home visits by health workers/visitors.

(e) Sputum conversion of new, relapse and failure case

Under RNTCP, the index for successful implementation of programme was that the cure rate exceeded 85 per cent in respect of new smear positive cases. The sputum conversion of new, relapse and failure cases during 1997-2001 are given in the Appendix-XX.

It could be seen from the Appendix that while the conversion rate of 85 per cent was achieved in case of new sputum positive cases, the intended conversion rate could not be achieved in the case of relapse and failure cases

which required greater attention of the department for motivation and follow up of defaulters since cases where patients were not completing the treatment and untraceable under all the three categories were on the increase.

(f) Shortfall in deployment of staff

Audit scrutiny revealed that 13 categories of posts were lying vacant (varied between 4.5 per cent and 100 per cent) as of 31 March 2001 as detailed in the Appendix-XXI. Further, the post of Medical Officer, State headquarters and full time Director, State Tuberculosis Demonstration Centre (STDC) were lying vacant. The post of Medical Officer STDC was held by an officer not trained in RNTCP.

The percentage of shortfall in 2 (Sambalpur and Mayurbhanj) out of 3 test checked RNTCP districts ranged between 8 and 9 respectively. As a result of large number of vacancies in different categories of field staff⁹, the affected community was deprived of the intended services.

3.2.5.4 Procurement/distribution/Utilisation of drugs

(i) Procurement of Anti-TB drugs in excess of requirement

Procurement of anti-TB drugs worth Rs. 21.67 lakhs in excess of requirements.

Scrutiny of records of Deputy Director of Health Services Medical Stores (DDMS) revealed that 6 types of anti TB drugs worth Rs.21.67 lakh were procured by him (March 2001) in excess of the indented quantity of DDTB under annual purchase programme approved in February 2001. The DDMS stated (June 2001) that the excess purchases were made for utilisation of surplus funds as per the decision of a Sub-committee held under the Chairmanship of Director of Medical Education and Training (DMET), Orissa. The reply was not acceptable since the same was not included in the annual purchase programme and expiry of shelf life of the drugs purchased in excess could not be ruled out.

(ii) Purchase of Sub-standard drugs

DDMS procured (March 2001) 3.00 lakh Ethambutol Hydrochloride tablets - IP-400 mg (batch No.-TF-054) at a cost of Rs.1.96 lakh which were found to be sub-standard and declared (May 2001) unfit for use by Drugs Inspector, Khurda. It was noticed that although the payment to the supplier was to be made after receipt of the test reports from Government Analyst and Drugs Inspector, Orissa, the same was effected even before the receipt of the test reports (May 2001). No further action was taken by the Department to recover the cost paid for the sub-standard tablets from the supplier as of June 2001.

⁹ (1) Designated Medical Officer, TB/TB Unit : 1, (2) Medical Officer (Sub-District/CHC/PHC/Others): 17, (3) Pharmacists: 8, (4) Health Assistants : 2, (5) MPHS:44, (6) MPH:100, (7) Anganwadi worker:270, (8) Laboratory Technician/Microscopist : 1, (9) LHV:1, (10) Staff Nurse:2 and (11) TB Health Visitors : 2.

(iii) Irregular purchase of short course Chemotherapy Drugs and X-Ray materials

Procurement of inadmissible medicines.

As per stipulation in the orders of Director General of Health Services (TB Division), GOI (January 1999) anti-TB drugs such as tablets - INH, Ethambutol 800 mg, and combination tablets of INH-150 mg plus Thiacitazone 75 mg were to be purchased for sputum negative cases of Non-RNTCP districts and not short course chemotherapy (SCC) drugs such as Refampicine and Pyrazinamide out of the cash assistance received from GOI.

Scrutiny of records of DDMS (February/May 2001) however, revealed that the inadmissible SCC medicines (Refampicine and Pyrazinamide) were procured between February 2000 and April 2001 at a cost of Rs.1.02 crore out of the GOI funds during 1998-2001 without obtaining its approval.

Similarly DDMS procured (March/April 2001) X-Ray photo films, X-Ray fixtures, Developer reagents worth Rs.9.31 lakh out of the above cash assistance despite GOI's directions not to do so and to purchase the same from the funds of State Share. DDMS stated (June 2001) that the SCC drugs were procured as per the recommendations of purchase sub-committee and after receipt of approval of the State Government.

Government stated (September 2001) that they felt a need for some leeway in the matter of spending the funds and had approached GOI to allow the afore mentioned purchases out of Central cash assistance. The reply was not tenable since the State Government's request for the same in February 2001 had already been turned down by GOI.

(iv) Short supply of Anti-TB drugs to Peripheral Health Institutions

Audit scrutiny of the records of the DDTB Orissa (February 2001) and test checked districts revealed that full supply of medicines/anti-TB drugs indented were not made to the districts from the central store of GOI ranging from 100 to 22.6 per cent. The details of anti-TB drugs indented, supplied and short supply made during the period from 1997-98 to 2000-2001 to the 7¹⁰ districts are given in the Appendix-XXII.

The short supply had adversely affected the identification, treatment and follow-up of patients during the period from 1997-98 to 2000-2001 in the 7 districts as reported by the DDTB.

(v) Huge Stock of time barred anti-TB drugs

The Superintendent, ATDTC, Cuttack reported (September 1998) to the DDTB that he had a stock of 12.84 lakh INH 100 mg tablets with expiry as November 1998 as against the requirement of 1.20 lakh tablets. The excess store of 11.64 lakh tablets were however, not lifted by the DDTB for distribution elsewhere before their expiry.

¹⁰ 1.Balasore, 2.Cuttack, 3.Ganjam, 4.Kalahandi, 5.Phulbani, 6.Puri, 7.Sambalpur

Similarly, the Medical Officer, UGPHC, M.Rampur was supplied (February 2001) by the Central Store, Bhawanipatna 80 pouches of Combipack with expiry date of June 2001 against his requirement of 2 pouches per month. The ADMO, Kalahandi stated (March 2001) that the MO would be directed to return the excess quantity for distribution elsewhere. However, the same were not returned by the Medical Officer to Central store, Bhawanipatna as of August 2001.

Scrutiny of records of Additional District Medical Officers (ADMO) revealed rolling stock of anti-TB drugs such as Thiacetazone-50 mg (28644 tablets), Thiacetazone-100 mg (2000 tablets), INH-300 mg (315225 tablets), INH-100 mg (575000 tablets) whose expiry dates were long over between April 1996 and November 1998 were lying with ADMO, Puri as detailed in the Appendix-XXIII.

(vi) Distribution of Microscopes in RNTCP district

Irregular distribution of Microscopes in RNTCP districts

Out of a consignment of 59 microscopes allocated by the Director, LRS Institute of TB and Allied Diseases, New Delhi in July 1998 for use in the RNTCP districts, although 29 had been distributed (May 2001) in Cuttack district alone which was a non-RNTCP district, the remaining 30 microscopes were lying in stock of ATDC, Cuttack undistributed.

The superintendent, ATDC, Cuttack stated (May 2001) that action was being taken to distribute the remaining Microscopes after identifying the PHIs. Non-distribution of 30 microscopes in Cuttack was particularly objectionable in view of the high death rates prevailing in the district.

(vii) Non-functioning of X-Ray units under District TB Centres

Scrutiny of records of 4 test checked districts and DDTB between February and April 2001 revealed that 3 X-Ray machines out of 7 were out of order for periods ranging from 3 to 5 years with DTC, Puri (August 1996), TB and Infectious Diseases (ID) hospital, Puri (August 1998), TB hospital Uditnarayanpur, Kalahandi (July 1996).

Reasons advanced by DTCS, Dhenkanal, Koraput and TB&ID Hospital, Puri for non-functioning of these machines were non-supply of essential materials like X-Ray fixer and developer, refrigerator, dark room timer, pressure glass plates and MMR roll films.

3.2.5.5 Death cases

3.2.5.5.(i) In NTCP districts

The year wise position of death cases are as below :

Year	Number of cases for the State as a whole	Number of cases in the test checked districts.			
		Cuttack/ (Percentage to State)	Puri/ (Percentage to State)	Kalahandi/ (Percentage to State)	Koraput/ (Percentage to State)
1996-97	NA	NA	58	NA	NA
1997-98	138	49(35.5)	1(0.7)	15(11)	11(8)
1998-99	176	67(38)	10(6)	19(11)	18(10)
1999-2000	152	49(32)	3(2)	22(14)	26(17)
2000-01	71	36(51)	NIL(-)	16(23)	3(4)

It may be seen from the above that the proportion of death cases ranged from 32 per cent to 51 per cent in comparison with State figures for undivided Cuttack district alone. The Deputy Director (TB) stated (November 2001) that the incidence of high death cases was due to coverage of a large population of 63.22 lakh.

However, figures for death cases in the State as a whole under RNTCP had increased from 20 in 1998-99 to 440 in 2000-2001 indicating failure of the programme in arresting mortality from this disease.

3.2.5.5(ii) Wrong reporting of data (NTCP) districts

The information on identification of new cases, new sputum examination cases, total TB patients treated and new sputum positive cases reported by the four districts (Cuttack, Kalahandi, Koraput and Puri) test checked and consolidated and reported by the DDTB (in respect of four selected districts) to the GOI for the year 1997-98 to 2000-2001 were as indicated below:

Sl.No.	Types of cases reported	Figures reported by 4 Districts to Deputy Director (TB)	Figures reported by Dy. Director (TB) to GOI
1.	Identification of new cases	25,837	37,502
2.	New sputum examination	1,82,786	1,57,800
3.	Total TB patients treated	54,757	1,15,767
4.	New sputum positive cases	26,928	11,939

It was, therefore, evident that wrong figures were reported to GOI.

3.2.5.6 Training Programme

Under RNTCP, 4 training programmes were required to be arranged at the district level for DOTs providers, re-orientation training of LIs, training of other MOs, initial training of MOs and DOTs providers and at the State level training of MO/STs/STLS/LT (path and non-path). Besides, a workshop for training of trainers was also to be organised.

Test check of records of DDTB and 4 districts between January and May 2001 revealed that Rs.47.28 lakh was provided to the 10 RNTCP districts (Rs.25.28 lakh) and State Society (Rs.22 lakh) between 1999-2001 for conducting the 4 programmes at district level and 1 work shop and 1 programme at the State level. Test check, however, revealed that expenditure on the training programme and 1 workshop incurred was Rs.17.96 lakh during 1999-2001 leaving an unspent amount of Rs.13.30 lakh with State Society (Rs.9.23 lakh), CDMO, Koraput (Rs.2.46 lakh) and CDMO, Sambalpur (Rs.1.61 lakh).

The SPO(TB) did not fix any target of training programme. Hence, no training programme was conducted under NTCP activities during the period

1996-2001. However, under RNTCP, only 11 training programmes were conducted during 2000-01.


Further, the SPO did not have any information on DOTS provider Training, Re-orientation Training of LTs and Training of other MOs by 9 RNTCP districts.

3.2.5.7 Monitoring and Evaluation

Test check of the monthly and quarterly reports and returns at State Headquarters revealed that there was delay in submission of monthly reports ranging between 1 month and 4 months in case of NTCP and that of quarterly report under RNTCP ranging between 1 month and 10 months. State TB Officer attributed (June 2001) the delay to late receipt of reports from District TB center under NTCP and initial teething problems of RNTCP implemented districts. Even the reports submitted, lack reliability in view of wrong reporting of data as pointed out in paragraph 3.2.5.5(ii). Further, no annual review meetings were conducted by the SPO and attended by the district programme officer as reported by the 4 test checked districts. It was, thus, evident that the programme was poorly monitored both at district and State level.

On the whole, there were deficiencies in the implementation of the programme in the form of shortfall in achievement of targets, wrong reporting of data, increasing trend in re-treatment and death cases, irregular procurement and rolling stock of time expired drugs.

The above matter was referred demi-officially to the Commissioner-cum-Principal Secretary to Government, Health and Family Welfare Department in July 2001. No reply was received (November 2001).



REVENUE DEPARTMENT

3.3 AUDIT OF SUPER CYCLONE FUNDS

Mention was made in Para 3.4 of the Report of Comptroller and Auditor General of India (Civil) for the year ended 31 March 2000 regarding utilisation of funds received in the wake of the Super Cyclone which hit Orissa in October 1999 affecting 14¹¹ districts of the State. Inadequacies and lack of preparedness of the Government to meet the effects of a calamity of high magnitude were highlighted. In a continuing effort to examine the use of such funds and the quality of expenditure involved, further audit was done in the departments receiving grants, materials for immediate assistance and for repair and restoration. Several shortcomings in the form of undistributed material, unutilised funds, slow progress of relief and restoration work, non-submission of utilisation certificates persisted. The scope for misutilisation of funds was greatly enhanced in view of retention of large amounts of unutilised funds, apart from inadequate relief reaching the affected persons though funds were not a constraint.

Highlights

❖ **Out of Rs.1149.21 crore reportedly spent by the State as of March 2001 on relief measures, utilisation certificates for Rs.49.83 crore only were received by nodal departments.**

{Paragraph 3.3.1(iii)}

❖ **Excess expenditure of Rs.25.75 lakh was incurred by SRC and Director of Elementary Education due to non-availment of discount on procurement of Black Polythene Rolls / tables from EPM rate contract holding firms.**

{Paragraphs.3.3.2.1(b) and 3.3.10(a)}

❖ **SRC incurred avoidable expenditure of Rs.22.12 lakh towards hire charges of vehicles due to detention of trucks for 3687 truck days without any work.**

{Paragraph 3.3.2.1(a)}

❖ **In 18 Tahasils, ex-gratia relief of Rs.2.45 crore was irregularly disbursed to 383 beneficiaries without any preliminary verification.**

{Paragraph 3.3.2.2(i)}

- ❖ In 22 Tahasils disbursement of House Building Grant to each member of the family instead of limiting the grant per family resulted in excess payment of Rs.49.19 lakh towards House Building Grant.
{Paragraph 3.3.2.3(i)}
- ❖ Despite availability of funds, 10290 affected families in 9 Tahasils were awaiting disbursement of House Building Grant as of March 2001.
{Paragraph 3.3.2.3(ii)}
- ❖ Relief materials worth Rs.1.05 crore remained undistributed with 18 Tahasildars and one Sub-Collector as of March 2001.
{Paragraph 3.3.2.5(ii)}
- ❖ Director of Agriculture & Food Production Orissa failed to avail GOI subsidy of Rs.41.56 lakh admissible on procurement of 0.17 lakh quintals of groundnut seed through the Orissa State Seed Corporation.
{Paragraph 3.3.4.4(ii)}
- ❖ Four forest divisions incurred inadmissible expenditure of Rs.38.43 lakh on watch and ward of the nurseries.
{Paragraph 3.3.5.1(ii)}
- ❖ Two firms were irregularly paid Rs.25.62 lakh by the Director of Animal Husbandry & Veterinary Services, Orissa for supply of cattle feed without any specification/not conforming to the specifications contained in the supply order.
(Paragraph 3.3.6.3)
- ❖ 712 identified fishermen of Puri district were deprived of cash assistance of Rs.14.62 lakh for repair of boats and nets damaged due to cyclone although adequate funds were available with the Assistant Director of Fisheries (Marine), Puri.
{Paragraph 3.3.6.4 (ii)}
- ❖ 59 repair and restoration works worth Rs.21.94 lakhs were irregularly undertaken by Jagatsinghpur NAC and Kendrapara Municipality without obtaining Administrative approval for the same from the Collectors concerned.
(Paragraph 3.3.8.2)
- ❖ Against 2 lakh SIAY houses targeted for completion by March 2001, only 78167 houses were reportedly complete as of March 2001.
{Paragraph 3.3.9.1(b)}
- ❖ Against targeted completion of 3880 school buildings under Operation Black Board Scheme, only 1206 school buildings (31 per cent) were completed as of March 2001.
(Paragraph 3.3.9.2)

¹¹ Balasore, Bhadrak, Cuttack, Dhenkanal, Gajapati, Ganjam, Jagatsinghpur, Jajpur, Kendrapara, Keonjhar, Khurda, Mayurbhanj, Nayagarh and Puri.

3.3.1(i) Introduction

The Super Cyclone which struck Orissa in October 1999 caused extensive devastation and loss to life and property. Funds were not a constraint since several agencies contributed necessary help for relief purposes. Funds available with the Government during 1999-2001 to meet the exigencies of the super cyclone were as under:

Sl.No.	Source of funding	Amount (Rupees in crore)	Nodal Department	Released to
.	National Fund for Calamity Relief (NFCL) from Government of India (GOI)	828.15	Special Relief Commissioner (SRC)	Collectors and spending departments for relief and restoration operations
.	Calamity Relief Fund (CRF) constituted as per recommendation of 10 th Finance Commission	28.63	SRC	Collectors and spending departments for relief and restoration works
.	Prime Minister's Relief Fund (PMRF)	38.10	GA	Collectors for payment of ex-gratia to family members of deceased etc.
.	Chief Minister's Relief Fund (CRF)	81.75	General Administration Department (GA)	Collectors , Care for American Relief Everywhere (CARE) India, Orissa Milk Federation (OMFED), Orissa State Disaster Mitigation Authority (OSDMA) etc.
.	Grant-in-aid from State Government (Revenue Department)	43.68	OSDMA	Indian Red Cross Society for relief and restoration works.
(i)	GOI, Ministry of Rural Development	443.66	Panchayati Raj Department	14 District Rural Development Agencies (DRDAs) for Special IAY (Rs. 421.14 crore), Operation Black Board (OBB) scheme (Rs.49.92 crore) and Food for Work Programme (FFW) (Rs.104.92 crore)
ii)	Government of Orissa	132.32		
.	GOI, Ministry of Tribal Affairs	3.60	Scheduled Tribes and Scheduled Castes Development Department	10 DRDAs and 5 Integrated Tribal Development Agencies (ITDAs) for repair /re-building of schools run by the Department and providing reading /writing materials to ST/SC students.
.	GOI, Ministry of Food and Consumer Affairs	15.40	Food, Supplies and Consumer Welfare Department	CMD, OSCSC Limited for construction of Godowns on 50 per cent loan and 50 per cent subsidy basis.
.	GOI, Ministry of Human Resources Development Department	34.23	School and Mass Education	Board of Secondary Education (Rs.12.63) and retained under Civil Deposit (Rs.21.60 crore)
0.	GOI, Ministry of Textiles	3.40	Textiles and Handloom Development	Director of Textiles, Orissa for workshop and project package for handloom weavers.
1.(i)	GOI, Ministry of Human Resources Development Department	3.02	Women and Child Development	District Collectors for National Family Benefit Scheme (NFBS) and National Old Age Pension Scheme (NOAP).
ii)	State Government contribution	0.30	Women and Child Development	District Collectors for NFBS and NOAP
2.(i)	GOI, Ministry of Environment and Forest	9.63	Forest and Environment	For Integrated Afforestation and Economic Development Project, coastal shelter belt plantation control of forest fire, nature conservation , restoration of green cover lost due to cyclone etc..
ii)	Contribution from State Government	0.08		
	Total	1665.95		

Out of the total outlay of Rs.1665.95 crore, Government of India's contribution was Rs.1379.19 crore and Government of Orissa's contribution was Rs.286.76 crore.

3.3.1(ii) Audit Coverage

Release and utilisation of funds for relief measures were reviewed in audit through test check of 16 Blocks, 5 DRDAs, 30 Tahsildars, 2 Sub-Collectors, 7 Collectors, 5 ULBs, Departments of School and Mass Education and Higher Education, ST and SC Development Department, 30 PWD Divisions, Orissa State Disaster Mitigation Authority (OSDMA), Director of Animal Husbandry and Veterinary Services, Director of Agriculture and Food Production (DAFP), Orissa, 4 District Agriculture Officers (DAOs), Banki, Gajapati, Dhenkanal and Nayagarh, Director of Horticulture, Director of Fisheries, 8 Executing Divisions of Territorial and Afforestation wing of Forest Department and Special Relief Commissioner (SRC).

3.3.1(iii) Pending Utilisation Certificates(UCs)

As per provisions contained in Orissa Relief Code, the Collectors were required to submit monthly statements of expenditure to the SRC. Besides, the SRC was required to undertake monthly review on the progress of work in the affected areas and furnish report on such reviews to Government alongwith his comments and suggestions.

Check of the records of the SRC (December 2000) and information furnished to audit by different departments (September 2001) revealed that of the Rs.1665.95 crore received by the departments over the period 1999-2001, Rs.1149.21 crore only were reportedly spent by March 2001 against which utilisation certificate to the extent of only Rs.49.83 crore were received by the nodal departments. The unspent balance of Rs.516.74 crore was lying with them as of March 2001 as per details below :

(Rupees in Crore)

	Name of the department/institution which received funds	Amount received	Amount reported spent as of March 2001	Balance lying unspent	Amount for which UCs received.
	SRC (from NFCR /CRF)	(i) 828.15 (ii) 28.63	700.96	155.82	--
	General Administrative Department (from CMRF)	81.75	25.47	56.28	--
	- do - (from PMRF)	38.10	35.52	2.58	--
	OSDMA	43.68	--	43.68	--
	Panchayati Raj Department	575.98	366.97	209.01	47.28
	ST and SC Development Department	3.60	2.20	1.40	0.46
	Food Supplies and Consumer Welfare Department	15.40	--	15.40	--

	Name of the department/institution which received funds	Amount received	Amount reported spent as of March 2001	Balance lying unspent	Amount for which UCs received.
	School and Mass Education Department	34.23	9.96	24.27	--
	Textile and Handloom Department	3.40	3.40	--	2.09
	Forest and Environment Department	9.71	4.73	4.98	--
	Women and Child Development Department	3.32	--	3.32	--
	Total	1665.95	1149.21	516.74	49.83

It was, however, seen from the information furnished to audit by different departments/institutions that the position of funds received and utilised as of September 2001 as well as amount of excess/infructuous/irregular expenditure incurred was as below. The reported expenditure of Rs.830.01 crore included excess/infructuous/irregular expenditure of Rs.109.02 crore as noticed in the test checked units.

(Rupees in crore)

Sl. No	Name of the Department/institution which received the funds	From whom received	Amount received	Amount reportedly spent as of March 2001	Amount for which UCs furnished as of March 2001	Amount of Excess/infructuous/irregular expenditure in units test checked	Remarks/Purpose for which funds were received.
1.	Agriculture Department	SRC	20.43	17.78	17.78	4.02	For meeting expenditure under seed subsidy from NFCR. Rs.1.14 crore reportedly refunded to SRC in June 2001 and surrendered Rs.0.16 crore in April 2001 retaining Rs.1.35 crore with DAFP and other agencies (OSSC etc).
2.	Revenue Department	SRC/GA Department	292.07	284.31	-	6.07	Receipt of funds include NFCR/CRF and PMRF in respect of 6 out of 7 test checked collectorates.
3.	Fisheries and Animal Resources Development Department (Director of Animal Husbandry and Veterinary Services)	SRC	4.25	4.19	Nil	0.26	Of the Rs.4.25 crore allotted , Rs.4.19 crore was drawn for removal of carcasses, procurement of medicines and cattle feed. An amount of Rs.0.65 crore reportedly refunded to SRC in July 2000. The UCs were not furnished to SRC as vouchers against advance given to different CDVOs were not received and accounts of cattle feed not settled (August 2001).
4.	Forest and Environment Department	GOI and State Government	9.71	4.73	Nil	0.87	UC for Rs.4.73 crore spent as of 31 March 2001 was reportedly sent to GOI although no UCs were received from field functionaries.

Sl. No	Name of the Department/ institution which received the funds	From whom received	Amount received	Amount reportedly spent as of March 2001	Amount for which UCs furnished as of March 2001	Amount of Excess/ infructuous/ irregular expenditure in units test checked	Remarks/Purpose for which funds were received.
5.	Berhampur University	SRC and UGC	2.50	0.76		177	Grants received for damage repair works between March and June 2000.
6.	Sri Jagannath University, Puri	-do-	0.75	0.43	Nil		Grants received for damage repair works between March and April 2000.
7.	Utkal University, Bhubaneswar	-do-	3.20	1.51	0.63		Grants received for damage repair works between April and June 2000 UCs for Rs.34.35 lakh were furnished to Director of Higher Education against grant of Rs.170.00 lakh and for Rs.28.69 lakh to UGC (January 2001) against of Rs150.00 lakh.
8.	Housing and Urban Development Department	SRC	7.10	2.49	Nil	0.34	Rs. 7.10 crore were released to 45 Urban Local Bodies in 11 districts for repair/restoration of public properties viz., school buildings, roads, drains and street lights in urban areas damaged/destroyed by the cyclone.
9.	Panchayati Raj Department	GOI and State Government	575.98	366.97	Nil	0.41	The department received UCs for Rs 47.27 crore only from the executing agencies as of March 2001.
10.	District Collectors of Jagatsinghpur, Ganjam, Kendrapara, Cuttack and Puri	Finance department	0.58	NA	Nil	-	The amount was to be utilised for construction of "Mamata gruhas" for the destitutes and orphans through the NGOs in the Blocks of Erasama, Polosora, Rajnagar, Salipur and Astarang.
11.	School and Mass Education Department	GOI and SRC	37.23	5.54	Nil	0.11	Out of the Rs. 37.23 crore, funds received from GOI were Rs. 34.23 crore and from SRC Rs.3.00 crore.
12.	Works, Rural Development, Water Resources and Commerce Departments	SRC	136.75	141.30	Nil	95.17	The funds were placed with these departments for repair/restoration of damaged roads, buildings, canals and embankments and other infrastructure.
	Total		1090.55	830.01	17.78	109.02	

The non-receipt of UCs from the Collectors and the spending departments indicated failure of SRC to ensure or monitor regular submission of monthly expenditure statements and tardy implementation of relief measures. Tahasildars were required to furnish UCs to the Collectors concerned in respect of the funds placed with them. Scrutiny of records of 19 Tahasildars revealed that UCs to the tune of Rs.47.81 lakh were not submitted as on 31 March 2001. Collector, Jagatsinghpur stated that steps would be taken to obtain the UCs from the Tahasildars for onward submission to Government. Others have not furnished any reply.

3.3.2 REVENUE DEPARTMENT

3.3.2.1 Special Relief Commissioner

Avoidable expenditure of Rs.22.12 lakh towards hire charges of vehicles.

(a) Avoidable expenditure on hire charges of trucks

Scrutiny of records of SRC revealed that expenditure of Rs.36.74 lakh was incurred towards hire charges at the rate of Rs.600 per day (excluding cost of POL) per truck for transportation of relief materials by engaging 139 trucks between November 1999 and July 2000. Reportedly, the trucks had been engaged for 6,122 truck days whereas check of log books revealed that the trucks were actually engaged for 2,435 truck days only. This resulted in avoidable payment of Rs.22.12 lakh towards hire charges for 3,687 truck days without any work. It was further revealed that the payments towards hire charges entered in the cash book were made against the truck numbers without indicating bill and sub-voucher numbers. Further, the relevant stock registers in support of transportation of relief materials were not made available to audit, in the absence of which the authenticity of the payment for transportation could not be vouchsafed.

Non-availment of cash discount of Rs.14.81 lakh on procurement of black polythene rolls.

(b) Loss of Rs.14.81 lakh due to non-availing of cash discount

As per the terms and conditions of EPM Rate Contract, the supplier shall give 3 per cent cash discount on the basic price, if full payment is assured within two weeks of delivery.

Scrutiny of records of SRC (November 2000) revealed that 6.86 lakh kgs of black polythene rolls valuing Rs.4.94 crore were purchased (June 1999 to November 2000) from EPM Rate Contract holders. But cash discount of Rs.14.81 lakh was not availed of by making prompt payment.

In reply, shortage of funds and staff were advanced as reasons (November 2000) by the SRC. The reply was not tenable as sufficient funds were available.

(c) Non-receipt of Utilisation Certificates for relief materials supplied

Scrutiny of records revealed (December 2000) that the SRC had not received UCs for Rs.41.79 crore till December 2000. The wanting UCs included heavy amount advanced to Indian Red Cross Society (Rs.1.03 crore) for construction and maintenance of multipurpose cyclone shelters and relief materials (worth Rs.40.76 crore) supplied to Collectors of the affected districts for onward distribution. Even acknowledgements in support of receipt of relief materials were not obtained from the Collectors.

SRC stated (December 2000) that Government (Revenue Department) had not insisted on submission of Utilisation Certificate in their sanction orders in favour of Indian Red Cross Society. The reply was not acceptable since Government in one of their sanction order (March 1999) for the same purpose directed the SRC to obtain Utilisation Certificates along with Half Yearly Progress Reports, Annual Audited Accounts and details of expenditure from

Indian Red Cross Society. Regarding acknowledgements, SRC stated (December 2000) that steps were being taken to obtain them. It was not clear how SRC satisfied itself of the authenticity of supply of relief materials in the absence of receipt of acknowledgements from Collectors.

3.3.2.2 Collectorate/Tahasil/Block Offices

Test check of utilisation of relief funds in 6 Collectorates¹² including 30 offices of Tahasildars¹³ and 2 Sub-Collectors¹⁴ under the Revenue Department revealed gross mismanagement of resources, irregularities in disbursement of relief, gross delay in extending of emergent relief and unaccounted relief materials worth Rs.16.63 crore which defeated the purpose of extending emergent relief to people in distress.

Release of funds for Cyclone Relief

Funds released by the SRC to the 6 Collectors test checked in audit during 1999-2000 and 2000-2001 were as under:

(Rupees in lakh)

Sl.No.	Name of the District	Allotment of funds under				Total allotment
		NFCR		CRF	PMRF	
		1999-2000	2000-2001	1999-2000	1999-2000	
1.	Cuttack	4490.04	68.78	76.00	196.50	4,831.32
2.	Jagatsinghpur	6866.60	825.15	151.00	3034.50	10,877.25
3.	Jajpur	3139.82	33.63	57.00	79.00	3,309.45
4.	Kendrapara	4509.06	539.25	151.00	121.00	5,320.31
5.	Khurda	1830.35	285.32	56.75	44.00	2,216.42
6.	Puri	2094.74	356.04	49.76	151.50	2,652.04
	Total	22930.61	2108.17	541.51	3626.50	29,206.79

Irregularities in disbursement of ex-gratia relief

Ex-gratia relief of Rs.2.45 crore was irregularly disbursed in 383 cases without any preliminary verification.

(i) According to State Government's instructions, an ex-gratia amount of Rs.75,000 (PMRF-Rs.50,000+CMRF-Rs.25,000) was to be paid per deceased to the father or mother in the case of deceased son or daughter, widow in case of deceased husband, husband in case of deceased wife and natural children in case of deceased parents.

Test check of the records of 18¹⁵ Tahasildars revealed that out of Rs.27.95 crore disbursed as ex-gratia relief, Rs.2.45 crore were disbursed in 326 cases without verification of death certificates/post-mortem reports, certificates of legal heir, etc. In 2 cases, assistance was disbursed though the date of death was before the cyclone. In other 55 cases, the dates of death were well after the date of the cyclone and there was no medical report or other documentation furnished to audit to establish that the deaths were attributable

¹² **Collectors** :Cuttack, Jagatsinghpur, Puri, Kendrapara, Khurda and Jajpur.

¹³ **Tahasil Offices**: Cuttack, Tangi Choudwar, Balikuda, Tirtol, Kujang, Kendrapara, Pipili, Nimapara, Marshaghai, Rajnagar, Jajpur, Sukinda, Khurda, Kakatpur, Pattamundai, Bhubaneswar, Krushnaprasad, Begunia, Bolgarh, Puri, Satyabadi, Brahmagiri, Berhampur, Bhadrak, Bonth, Hatadihi, Kodala, Chikiti, Jagatsinghpur and Niali

¹⁴ **Sub-Collectors**: Cuttack, Khurda

¹⁵ Jagatsinghpur, Balikuda, Tirtol, Kujang, Kendrapara, Marshaghai, Pattamundai, Rajnagar, Jajpur, Sukinda, Cuttack, Bhubaneswar, Niali, Khurda, Kakatpur, Bhadrak, Berhampur and Nimapara.

to the cyclone. In the absence of such preliminary verification, disbursement of assistance to genuine beneficiaries could not be assured.

(ii) Test check of records of 6¹⁶ Tahasils revealed that out of 4,720 eligible beneficiaries, 1,003 beneficiaries (21 *per cent*) had not been disbursed PMRF/CMRF ex-gratia till May 2001. The delay in distribution was attributed by the Tahasildars, Rajnagar, Balikuda, Tirtol and Cuttack to non-availability of legal heir/family, want of legal heir and death certificates. The Tahasildar, Bhubaneswar attributed the delay to shortage of funds.

It was noticed that unutilised funds of Rs.10.98 crore available in 6 Tahasils¹⁷ could have covered the 1,003 beneficiaries (funds requirement of Rs.7.52 crore). It was evident that administrative delay coupled with lack of effective monitoring of distribution of funds deprived 1,003 beneficiaries of timely relief though funds were not a constraint. In fact, ex-gratia assistance was not fully disbursed even in case of 9 eligible beneficiaries in Bhubaneswar Tahasil whose eligibility was undisputed.

(iii) Test check of records of Tahasildar, Kujanga, revealed that while Rs.7.84 crores was required from CMRF for payment of ex-gratia to 3,135 beneficiaries, only Rs.6.38 crores was available with them. The Tahasildar, without approval of competent authority, diverted the balance amount of Rs.1.46 crore out of PMRF and paid to the beneficiaries. The diverted amount was not recouped to PMRF till May 2001.

Payment of house building grant to each member of the family instead of limiting the grant per family resulted in excess payment of Rs.49.19 lakh.

3.3.2.3 Irregularities in disbursement of house building grant

(i) Assistance of Rs.3500, Rs.2000 and Rs.1000 were to be paid to each family whose house was washed away, fully collapsed or partially collapsed respectively. While “family” was not defined in the Orissa Relief Code, the State Level Committee adopted (March 2000) the definition of “family” incorporated in the Orissa Land Reforms Act, 1970, for disbursement of such assistance according to which “family” in relation to an individual meant the husband or wife as the case may be of such individual and their children whether major or minor but does not include a major married son who as such had been separated by partition or otherwise before September 1970. Further, as per the Orissa Relief Code, the holding number, house number and plot number on which the house of the beneficiary family stood were required to be recorded in the beneficiary list.

Test check of the records of 22¹⁸ Tahasils revealed that house building grant was paid to each member of 2,065 families instead of limiting the grant per family resulting in excess payment to 3,347 individuals. The holding number, Khata and Plot number etc. were also not recorded in the beneficiary list to justify that each of the family member possessed a separate house.

¹⁶ Bhubaneswar, Rajnagar, Kujang, Balikuda, Tirtol and Cuttack

¹⁷ Ballikuda, Cuttack, Jagatsinghpur, Kujang, Rajnagar and Tirtol.

¹⁸ Pattamundai, Balikuda, Tirtol, Rajnagar, Jagatsinghpur, Jajpur, Sukinda, Kendrapara, Kujang, Marshaghai, Pipili, Bonth, Niali, Bhadrak, Berhampur, Kakatpur, Banki, Nimapara, Satyabadi, Brahmagiri, Puri and Kodala.

In response to audit query, Tahasildar, Kujanga replied that the enumerating officer did not furnish the required information while Tahasildar, Jagatsinghpur stated that the matter would be investigated. The other Tahasildars generally stated that the grants had been released as per sanction orders of the Collector. Thus, non-adherence to prescribed norms in paying the house building grant to several members of same family resulted in excess disbursement of house building grant of Rs.49.19 lakh.

Despite availability of funds, 10,290 affected families under 9 Tahasils were awaiting disbursement of house building grants as of March 2001.

(ii) Test check of records of 9¹⁹ Tahasils revealed that 10,290 affected families were yet to be disbursed house building grant as of March 2001. In response to audit query, the Tahasildars Balikuda, Rajnagar, Tirtol and Kujang stated that the beneficiaries did not turn up to collect the assistance. The reply was untenable as in the emergent circumstances of the natural calamity, it was incumbent upon the administration to ensure that the assistance reached the targeted beneficiaries. The remaining Tahasildars did not furnish any specific reply. Audit scrutiny also revealed that Rs.6.95 crore were lying unutilised in the Tahasils under house building grant in current account of Bank (Rs.4.35 crore) and in cash (Rs.2.60 crore) against requirement of Rs.1.73 crore. Thus, Rs.5.21 crore was retained in excess without refunding to Government (March 2001). Thus, sheer administrative delays and lackadaisical approach of the concerned officials resulted in denying relief to the eligible beneficiaries despite availability of funds.

3.3.2.4 Delay in adjustment of Advances

Verification of the Advance Register of Collector, Jagatsinghpur and Cuttack Collectorate revealed that advance of Rs.86.14 lakh (Rs.79.96 lakh Jagatsinghpur + Rs.6.18 lakh Cuttack) paid out of NCFR funds to 66 officials of Jagatsinghpur Collectorate between October 1999 and March 2001 and 85 officials of Cuttack Collectorate between October 1999 and December 2000 for various purposes was outstanding (March 2001). As per Government instructions, advances paid are to be adjusted within 3 months of their payment. If vouchers/cash were not submitted/refunded within 3 months, the same was to be recovered from the pay of the concerned official. The outstanding advance of Rs.79.96 lakh in respect of Jagatsinghpur included Rs.75.67 lakh outstanding against government officials. The balance Rs.4.29 lakh was paid to private parties. No steps had been taken for either recovery or adjustment of the advances. In response to audit, the Collector stated that vouchers were awaited from the BDOs, Tahsildars, etc.

The Collector, Cuttack stated (April 2001) that steps were being taken to adjust the outstanding advance on receipt of vouchers. In absence of any vouchers or adjustment, utilisation of these advances could not be verified in audit. Further, prolonged delay in adjustment of the advances carried the risk of misappropriation and fraud.

¹⁹ Tangi, Choudwar, Bhubaneswar, Pipili, Jagatsinghpur, Balikuda, Tirtol, Kujang, Rajnagar and Khurda

It was further observed that in Jagatsinghpur Collectorate, Rs.1.52 lakh was given as advance for purposes like V.I.P. treatment, purchase of spare parts and photographs, etc. not related to cyclone relief out of NFCR funds which was grossly irregular.

3.3.2.5 Mismanagement of Relief Material

(i) To provide temporary shelter and clothing to affected persons, the SRC sent polythene sheets, dhotis, sarees and blankets to Collectors for distribution through the Tahasildars. Test check of 4²⁰ Tahasils revealed that out of materials valued at Rs.23.17 lakh sent to the Tahasils for distribution, material valued at Rs.4.97 lakh were not taken to stock. In response to audit, the concerned Tahsildars stated that all items received had been entered into the stock registers and shortages where found had been indicated in the waybills or had actually not been received. However, no action was initiated to investigate the shortages.

(ii) According to para 102 read with para 165 (1) of the Orissa Relief Code, Government is to provide dry or cooked food, clothing, shelter and other necessities of life to persons affected by such natural disasters. Test check of records of 18²¹ Tahasils and one Sub-Collector²² revealed that relief material of Rs.1.05 crore were lying in store (March 2001).

Audit scrutiny revealed that while 5.32 lakh families lost their homes in the 18 Tahasils, only 2.43 lakh pieces of polythene and 1.97 lakh pieces of blankets were distributed while 16,214 pieces of polythene and 1.08 lakh pieces of blankets remained undistributed in store. Further, scrutiny revealed that blankets valuing Rs.23.52 lakh sent by Collector, Ganjam and Puri to 3 Tahasils viz. Kodala, Kakatpur and Pipili for distribution after 8 to 9 months of the cyclone were lying in store till May 2001. In response to audit, Tahasildar, Kodala stated that excess stock had been received while the remaining Tahsildars could not furnish any specific reason for non-utilisation of existing stocks. This was another instance of gross mismanagement in distribution of relief material that resulted in denial of relief to the affected persons.

(iii) The SRC had sent the following relief material valued at Rs.2.14 crore to Collectors, Jagatsinghpur, Kendrapara and Tahasildar, Kendrapara which were not taken to their stock:

Sl No.	Name of the Collector/Tahasil	Item	Quantity	Value (Rs.)
1.	Collector, Jagatsinghpur.	Polythene	1,18,290 Kgs.	82,80,300
		Sarees	9,000 Pcs.	5,17,500
		Blankets	12,659 Pcs.	6,58,268
2.	Collector, Kendrapara	Polythene	1,27,400 Kgs.	89,18,000
		Blankets	22,303 Pcs.	11,59,756
3.	Tahasildar, Kendrapara	Polythene	27,280 Kgs.	19,09,600
Total				2,14,43,424

Relief materials worth Rs.1.05 crore remained undistributed with 18 Tahasildars and one Sub-Collector as of March 2001.

²⁰ Tangi-Choudwar, Puri, Kodala and Jajpur.

²¹ Cuttack, Niali, Mahanga, Tangi Choudwar, Kissan Nagar, Pipili, Nimapara, Khurda, Berhampur, Bhadrak, Bonth, Kakatpur, Jajpur, Sukinda, Puri, Satyabadi, Brahmagiri and Kodala.

²² Sub-Collector, Khurda.

Collector, Jagatsinghpur, stated that the matter would be verified while the Collector and Tahsildar, Kendrapara stated that the figures would be reconciled/updated. The matter calls for investigation.

3.3.2.6 Delay in execution of restoration works

Rs.40.50 lakh was placed with Collectors Jagatsinghpur (Rs.15 lakh) and Kendrapara (Rs.25.50 lakh) during 1999-2000 for taking up repair works of 37 school buildings (Rs.10.50 lakh) and 41 Rural Health Institutions (Rs.30 lakh) affected by the cyclone during 1999-2000. However, not a single work had been taken up so far (May 2001). Additional District Magistrate, Kendrapara Collectorate and Jagatsinghpur Collectorate stated that administrative approval for 37 school buildings and the 32 health institutions were awaited from Collector, Kendrapara and Collector, Jagatsinghpur respectively while estimates for repair of 9 health institutions had not been submitted by the concerned BDOs of Kendrapara District. It was evident that lackadaisical attitude of the authorities resulted in non-commencement of restoration works despite availability of funds.

3.3.2.7 Irregular retention of unspent amounts at district level

(i) Retention of heavy cash in hand is prohibited under General Financial Rules since they affect the Ways and Means position. Contrary to these Rules, it was observed from the accounts of 5 Collectors that Rs.7.76 crore relating to super cyclone was lying unspent and was retained in the shape of cash, D.C.R. and advances as follows:

Sl. No.	Name of the Collectorate	Balance amount kept unspent as on 31.3.2001 (Rs. in Lakh)	Remarks
1.	Jagatsinghpur.	167.22	Cash Rs.87.25 lakh Advance Rs.79.97 lakh
2.	Kendrapara	503.65	Cash Rs.347.84 lakh Cash/DCR Rs.155.81 lakh
3.	Jajpur	90.83	Cash Rs.90.83 lakh
4.	Puri	3.50	Cash Rs.3.50 lakh
5.	Cuttack	11.15	Cash Rs.11.15 lakh
	Total	776.35	

Collectors of Jagatsinghpur and Kendrapara stated that vouchers were awaited from the BDOs and Tahsildars. The reply was not tenable as Collectors were to ensure timely submission of requisite vouchers from their subordinate formations.

(ii) Similarly, in Erasama block, funds of Rs.4.98 lakh received by BDO for disposal of carcasses (Rs.0.98 lakh-November 1999) and for construction of cement blocks in the super cyclone affected areas (Rs.4.00 lakh: December 1999) were neither utilised nor refunded as of March 2001. The BDO did not furnish reasons for non-utilisation though called for.

3.3.2.8 Non-adjustment of Rs.49.98 lakh in Keonjhar Collectorate

As per provisions of Orissa Relief Code and Orissa Treasury Code, the Collector is authorised to draw money from the treasury in exceptional circumstances without complying with its provisions when the expenditure on account of any grave natural calamity cannot be deferred. However, the allotments were to be obtained as quickly as possible for necessary adjustment. Scrutiny of records (February 2001) of Collector, Keonjhar revealed that Rs.49.98 lakh were drawn by him in November 1999 on fully vouched contingent bills for meeting emergent expenditure for relief and rescue operations in the wake of the super cyclone under the above provisions. Although he received allotments of Rs.93.90 lakh from SRC, subsequently (November 1999 and March 2000) the same were used for gratuitous relief without adjusting the earlier amount drawn. Collector while admitting the fact stated (February 2001) that the emergent drawal would be adjusted against future allotment.

3.3.3 WATER RESOURCES, WORKS, RURAL DEVELOPMENT AND COMMERCE DEPARTMENT

3.3.3.1 Cyclone Damage Repair/Restoration

Mention was made in Para 3.4.8 of Audit Report (Civil) for the year ended 31 March 2000 about utilisation of funds received during 1999-2000 by different Public Works (PW) Departments from the National Fund for Calamity Relief (NFCR) and the Calamity Relief Fund (CRF) for repair and re-construction of structures damaged during the super cyclone of October 1999. SRC further released Rs.136.75 crore during 2000-2001 to Water Resources (WR), Works, Rural Development (RW Wing) and Commerce Departments for repair/restoration of damaged roads, buildings, canals and embankments and other infrastructure. Against this, an expenditure of Rs.141.30 crore was incurred by the various departments upto March 2001 as indicated below.

Name of Department	Amount released by SRC as of February 2001	LoC released as of March 2001	Final allotment by SRC ending March 2001	Expenditure ending March 2001
(R u p e e s i n c r o r e)				
Works	56.19	56.19	55.87	56.97
Rural Development ²³	54.50	35.78	35.63	36.14
Water Resources ²⁴	48.35	41.55	41.55	44.49
Commerce.	3.70	3.70	3.70	3.70
TOTAL	162.74	137.22	136.75	141.30

The reasons of reduction in the final allotment was due to issue of less Letters of Credit (LOC) and surrender of funds by the departments due to their inability to finalise specific proposals or expedite execution of works.

3.3.3.2 Physical Target and Achievement

The physical target and achievement of Cyclone Damage Repair (CDR) works taken up by the three PW departments ending March 2001 were as follows:

²³ Excluding sinking of tube wells and repair of piped water supply scheme.
²⁴ Excluding Lift Irrigation.

Name of the Department	Number of Structures Damaged	No. of projects/ works taken up	No. of projects/ works completed	Percentage of physical progress
1	2	3	4	5
Rural Development Department				
R.W.Wing				
Roads	2152	2077	1666	80.21
Buildings	7690	3950	2593	65.64
Works Department				
Roads	444	435	250	57.47
Buildings	18059	17917	16236	90.61
Water Resources Department				
Irrigation.	8.10 lakh ha Irrigated area	5160	4047	78.43
Minor Irrigation.	NA	916	411	44.86

Test check of records (April/June 2001) of 33 PW Divisions (Appendix-XXIV) and the OSDMA which had been set up to take up re-construction activities revealed widespread mismanagement of funds under CDR involving irregular parking of funds outside Government account (Rs.5.49 crore), excess/unfruitful expenditure (Rs.12.37 crore), excess/doubtful payments, undue benefits and non-recovery (Rs.0.77 crore), irregular purchase/award of work (Rs.1.49 crore) and irregular diversion of funds and extra committed liabilities (Rs.75.05 crore) totalling Rs.95.17 crore as discussed below:

3.3.3.3 Delayed release of Letter of Credit (LoC)

Against allotment of Rs.40.31 crore in respect of 15 test checked PW Divisions, Finance Department issued LoC for only Rs.9.87 crore (24.48 per cent) in March 2001 of which LoC for Rs.6.28 crore was issued during the last week of the financial year. This resulted in rush of expenditure at the fag end of the financial year and also encouraged irregular drawal of funds before execution of works and non-utilisation of LoC for CDR works.

It was noticed in audit that Executive Engineers (EE) of 8 Irrigation Divisions, 4 Roads & Buildings (R&B) Divisions and 2 Rural Works (RW) Divisions had drawn Rs.5.49 crore through self cheques on 31 March 2001 and purchased Bankers Cheques (BC)/Bank Drafts (BD) in favour of contractors which were disbursed on later dates in April 2001. On this being pointed out, the EEs replied that due to late receipt of LoC especially on 31 March 2001, payments were made through BC/BD to contractors to avoid lapse of allotment/LoC. The reply was not tenable since dated signature of payees was not obtained in the register of BC/BD. Moreover, as per codal provisions, payments were to be made only through cheques.

3.3.3.4 Excess expenditure and fictitious booking of expenditure

Excess expenditure of Rs.9.15 crore over allotment not regularised.

Excess expenditure over allotment and fictitious booking of expenditure are prohibited under the rules. It was however, observed in audit that EEs of 8 Irrigation Divisions, 7 R&B Divisions and 4 R.W. Divisions incurred excess expenditure of Rs.2.46 crore, Rs.4.90 crore and Rs.1.79 crore respectively over allotment (Appendix-XXIV) by diverting LoCs in respect of non-CDR

works to CDR works. The excess expenditure was yet to be regularised (June 2001).

Expenditure on non-CDR Works debited to NFCR grant.

It was further noticed in audit that EE, Khurda (R&B) Division booked an expenditure of Rs.78.00 lakh under NFCR grant for repair of buildings though the Work Bills of CDR works indicated a total expenditure of only Rs.31.94 lakh. There was thus fictitious booking of expenditure of Rs.46.06 lakh on non-CDR works against NFCR grants.

Excess expenditure of Rs.2.13 crore debited to MWA and other heads of accounts.

EE, Kendrapara (R&B) Division incurred excess expenditure of Rs.1.63 crore in 1999-2000 and Rs.0.50 crore in 2000-2001 over allotment on CDR works by debit to suspense head, Miscellaneous Works Advance (Rs.1.30 crore) and to other head of Accounts (Rs.0.83 crore). The excess expenditure was not regularised as of June 2001.

CDR Works valued at Rs.14.10 crore executed without approval of damage list by SRC.

3.3.3.5 Unauthorised diversion of funds

SRC instructed (April 2000) all line departments to ensure that funds released out of CRF/NFCR were properly utilised for repair/restoration of critically damaged public properties so as to bring them to pre-cyclone condition. The list of such works were to be prepared in consultation with the District Collectors and sent to SRC for approval before release of funds. It was, however, noticed that CDR works valued at Rs.14.10 crore were executed during 2000-2001 by 10 EEs without approval of SRC.

NFCR grant of Rs.1.48 crore diverted for non-CDR Works/payments.

It was further noticed that EEs of 4 PW Divisions utilised NFCR grants towards clearance of liabilities on non-CDR works (Rs.1.30 crore), for payment of wages to NMR staff (Rs.2.24 lakh) and for payment of telephone, electricity and other miscellaneous charges (Rs.4.62 lakh) in violation of sanction orders. Similarly, the EE, R&B Division Balasore spent Rs.0.11 crore for repair works in Jaleswar block not affected by cyclone.

CDR funds of Rs.10.91 crore diverted for original works.

Further, new works consisting of construction of new buildings, widening of roads, renovation of canals and raising and strengthening of embankments valuing Rs.10.91 crore (Appendix-XXIV) which were not covered under CDR works and not in the damage list were executed by 14 EEs. Government had categorically instructed (August 2000) that widening of the existing pavement of roads should not be undertaken with NFCR funds.

Thus, funds totaling Rs.26.49 crore meant for specific identified repair and restoration works were unauthorisedly diverted for other purposes which limited the availability of funds meant for the repair and restoration of cyclone damages.

Unauthorised liabilities of Rs.48.10 crore.

3.3.3.6 Committed liabilities

As per rules, no liabilities should be created without allotment of funds. However, the EEs of 23 test checked Divisions executed (April 2000 to March 2001) agreements with contractors valuing Rs.117.58 crore against allotment of Rs.69.48 crore provided for CDR works thereby creating liabilities of Rs.48.10 crore. On this being pointed out, the EEs stated (May/June 2001) that

agreements were executed in anticipation of further allocations in 2001-2002. The reply was not tenable since the liabilities were created unauthorisedly in absence of any commitment of additional funds.

3.3.3.7 Excess payment to contractors

Agreements executed during April 2000 to January 2001 with 6 contractors for repair of nine saline embankments under the Saline Embankment Division, Cuttack, provided for deduction of 30 *per cent* settlement allowance from the earth work to take care of natural settlement by rains. Test check in audit revealed that only 12.5 *per cent* settlement allowance was deducted which resulted in excess payment of Rs.20.30 lakh to the contractors.

Excess payment of Rs.13.38 lakh not recovered.

EE stated (September 2001) that settlement allowance at 30 *per cent* had since been deducted in respect of 5 works and recovery of Rs.13.38 lakh in respect of other 4 works would be made from the final bills of contractors. However, the final bills were not prepared as of August 2001.

Unfruitful expenditure of Rs.31.32 lakh.

3.3.3.8 Unfruitful expenditure

(a) The saline embankment from Muguranullah to Balabhadrapur on the left side of Devi river was breached (October 1999) near village Sribantapur and Podaruan causing displacement of protection works earlier executed in the embankment. Emergent closing of the breaches was awarded (May 2000) by the EE, Jagatsinghpur Irrigation Division to a contractor for Rs.1.47 crore for completion by July 2000. The contractor executed earthwork for only 63,597 cum. valuing Rs.31.32 lakh and stopped (June 2000) further execution without doing stone packing and dry stone masonry works in revertments, slopes and toe walls of the embankment as stipulated in the agreement. As a result, the earthwork executed remained unprotected and vulnerable to flood action rendering the expenditure of Rs.31.32 lakh unfruitful. No action was however taken to close the contract and execute the balance work at the cost and risk of the contractor.

Infructuous expenditure of Rs.32.03 lakh.

(b) Government decided (March 2000) to take up emergent restoration works in embankments out of World Bank Loan. The EEs of 9 Irrigation Divisions accordingly prepared bid documents as per the requirements of the World Bank and invited tenders issuing notices in local and national newspapers. However, in April 2000, Government issued orders to execute these works out of NFCR grant and to cancel the tenders already invited by the EEs. The expenditure on printing of bid documents and publication of notices in newspapers amounting to Rs.32.03 lakh which was charged to CDR fund thus became infructuous.

3.3.3.9 Doubtful payments to contractors

(a) Contracts (April-July 2000) for flood protection embankments executed under Baitarani Division provided for watering and compaction of earth fill in embankments with Power road roller/dozers under Optimum Moisture Content (OMC) condition. Accordingly, the CE and Basin Manager,

Lower Mahanadi Basin, issued (April 2000) instructions for conducting quality control tests of the compacted earth to ensure proper compaction.

Doubtful payment of Rs.12.28 lakh for compaction of earth.

The EE, Baitarani Division, Salapada, however paid Rs.12.28 lakh (June 2000 to February 2001) to seven contractors for compaction of 1.08 lakh cum of earth in embankments without any quality control test nor was any certificate recorded in the Measurement Book by the Engineer-in-Charge of the works regarding deployment of Power Road Rollers/dozers for compaction work. There were also no log book entries supporting deployment of Road rollers/dozers. In the absence of any supporting documents, the execution of the earth compaction could not be verified in audit and the payments made were therefore doubtful. The matter calls for investigation.

Doubtful payment of Rs.10.35 lakh for excess quantities.

(b) Repair to Flood Protection Embankment from Uchhabali to Karadapal on right side of Kusei river was awarded (May 2000) by the EE, Baitarani Division to a contractor for Rs.55.15 lakh. The contractor was paid for execution of 0.85 lakh cum of earth fill in the embankment and 0.22 lakh cum. towards excavation of silt and sand from the alignment of the embankment as against 0.71 lakh cum and 0.11 lakh cum stipulated in the agreement. The execution of excess quantities was attributed by the EE in the approved deviation to removal of more silt and sand upto depth of 2 to 3 metres as per instructions of higher authorities against 0.3 to 0.6 metre provided in the estimate. But no such instructions were available either in the site order book or inspection note of the SE/CE. Payment of Rs.10.35 lakh for execution of excess quantities was thus doubtful.

EE stated (April 2001) that the excess sand and silt was removed as per orders (July 2000) of the CE but no supporting record was available.

Works valued at Rs.1.07 crore entrusted before execution of agreements.

3.3.3.10 Award of Works before execution of agreements

According to para 3.5.1 of the OPWD Code, no work should be executed through contractors before execution of formal agreements. However, in emergent cases to be recorded in writing, call of tender may be dispensed with under Appendix-VII *ibid*. It was noticed in audit that EEs of Jajpur Irrigation Division, Mahanadi South Division and Khurda R&B Division entrusted (May 2000-March 2001) 240 cyclone restoration works valued at Rs.1.07 crore to 80 contractors before execution of agreements.

On being pointed out, the EEs stated that the works were taken up before drawal of the agreements as they were urgent in nature. The reply was not tenable since the works were executed 6 months after the cyclone and the established procedure could then have been adhered to. Further, codal rules do not contemplate execution of work without execution of agreements. Moreover, non-execution of agreements before award of work leaves open the possibility of manipulation in specification of quantity and quality of the work during execution.

Undue financial aid of Rs.18.82 lakh to contractors and non-recovery of royalty charges.

3.3.3.11 Undue financial aid to contractor

Re-construction of the Capital Embankment No.78 (A) on Mahanadi right from Chaumuhani to Musadiha was awarded (April 2000) to a contractor for completion by July 2000. The contractor was allowed Rs.3.11 lakh for re-handling of stones carried to site as an extra item though the item rate of stone included cost of handling and re-handling charges. The contractor was also paid Rs.15.71 lakh for repair of the road leading to work site for carriage of stone boulders despite clear provision in the contract that construction of approaches and haul roads and their maintenance was the responsibility of the contractor. The above two payments (March 2001) totalling Rs.18.82 lakh thus constituted undue financial aid to the contractor. Further, royalty charges of Rs.2.54 lakh was also not recovered from the firm.

EE stated (May 2001) that re-handling charges were allowed due to double handling of stones by loading and unloading from trucks and carriage to work site and the road was repaired on the request of villagers. The reply was untenable since the item rate in the contract included re-handling charges and the road was repaired for carriage of stone by the contractor.

Irregular purchase of Aluminium sheets of Rs.42.36 lakh.

3.3.3.12 Irregular purchases

Aluminium sheets valued at Rs.42.36 lakh for roofing of Jawahar Indoor Stadium at Cuttack were purchased between March and June 2000 by the EE, Cuttack R&B Division from a private firm at Bhubaneswar by splitting up the purchases to 85 purchase orders and without any sanctioned estimate. Purchase from a particular firm in piecemeal without sanctioned estimate and open tender was irregular and calls for investigation.

Extra liability of Rs.46.45 lakh due to short notice for tender.

3.3.3.13 Extra liability in acceptance of tenders

Tenders for repair and re-construction of six rural roads with identical specifications and site conditions were invited (March 2000) by the EE, Jagatsinghpur R.W. Division under one notice allowing only 15 days bidding period on the ground of urgency as against 30 days admissible. This restricted the scope of competition. As a result, 1 to 4 tenderers submitted their bids at 12.15 to 47.97 *per cent* excess over the estimated cost. The tenders were accepted (October 2000) by the CE, RW for Rs.5.22 crore against estimated value of Rs.4.20 crore without examining the reasonableness of the variation in the rates and without negotiation. This resulted in extra liability for Rs.46.45 lakh calculated on the basis of lowest rate (12.15 *per cent* excess) approved for one of the roads under identical condition and items of works. Further, the ground of urgency was not sustainable since the tenders were accepted after six - seven months.

Liquidated damage of Rs.19.70 lakh not recovered.

3.3.3.14 Non-recovery of liquidated damages from contractors

Restoration works of nine saline embankments vulnerable to sea tide was awarded by the EE, Saline Embankment Division, Cuttack, to nine contractors between April 2000 and January 2001 at a cost of Rs.1.97 crore stipulating completion within three months. The contract provided for levy of liquidated

damages at the rate of Rs.1310 per day of the delay in completion of work subject to a maximum of 10 *per cent* of final contract price. The contractors executed work valued at Rs.1.19 crore as of May 2001. Though none of the works were completed, liquidated damages of Rs.19.70 lakh leviable under the terms of the contract were not recovered from the defaulting contractors. Due to non-completion of the works within the stipulated period, the paddy fields were exposed to ingress of saline water. The EE stated (May 2001) that the contractors were being instructed to complete the works.

3.3.3.15 Working of Orissa State Disaster Mitigation Authority (OSDMA)

Unsatisfactory working of OSDMA.

The OSDMA was created (December 1999) with the specific objective of expediting restoration and re-construction works in a systematic fashion and for preparation of an Emergency Action Plan and Disaster Management Plan. The works were to be got executed by PW Departments, PSUs, etc. and their progress monitored through monthly progress reports and review meetings. But the agency failed to fulfill its objectives as of March 2001. No Emergency Action Plan and Disaster Management Plan had been prepared and the utilisation of funds placed at its disposal as well as the progress of works was extremely slow.

OSDMA received a commitment from the World Bank of assistance of Rs.211 crore in the immediate phase ending June 2001 to be followed by further loan of Rs.900 crore during two years commencing from July 2001 for repair and reconstruction works in the cyclone affected areas. There was also a commitment from the DFID for assistance of Rs. 345.70 crore under health, education and marine sector. The funds would be available on identification and approval of specific works/projects.

Of the total funds committed, OSDMA could receive only Rs.75.87 crore from the State Government (Rs.68.53 crore), DFID (Rs.3.58 crore) and other sources (Rs.3.76 crore) for different works and activities in cyclone affected areas till March 2001 of which only Rs.15.64 crore could be spent (March 2001). Though World Bank cleared 632 packages valued at Rs.213.52 crore, work was executed in respect of only 67 packages valued at Rs.14.47 crore due to delay in finalisation of tender and award of work by the implementing agencies and OSDMA. The expenditure incurred so far was only Rs.7.82 crore (March 2001). It was evident that the fundamental objective of OSDMA of expediting restoration and re-construction activities in the cyclone affected areas remained unfulfilled.

3.3.4 AGRICULTURE DEPARTMENT

GOI in the Ministry of Agriculture, Department of Agriculture and Co-operation launched Special Minikit Programme for 1999-2000. As per the programme, pulses of different crops/varieties and oil seeds (minikits in standard packing) were to be supplied to the farmers of the Cyclone affected districts free of cost through DAOs. In addition, the State Government undertook the programmes of Rabi subsidy-1999-2000, horticulture seedlings

and raising and distribution of coconut seedlings out of funds received from NFCR, CRF grants. Following irregularities were noticed.

Distribution of minikits worth Rs.24.34 lakh without conducting germination test.

3.3.4.1 Distribution without germination tests

DAFP, Orissa instructed (November 1999) the DAOs of Cyclone affected districts to conduct germination tests at their level before distribution of minikits. Out of 4 DAOs test checked, DAOs, Dhenkanal and Banki distributed (December 1999 to January 2000) minikits worth Rs.24.34 lakh to the affected farmers without conducting germination test disregarding the instructions of the DAFP. The DAOs, concerned stated (February 2001) that to avoid delay, the minikits were distributed at the block level with instruction to Assistant Agriculture Officers/Junior Agriculture Officers (JAOs) to conduct germination tests. The reply was not tenable as the DAOs were responsible for conducting tests at their level before distribution of minikits. Also, there were no certificates that the JAOs and others conducted the germination tests. Further, it was seen that though all the minikits were meant for distribution during Rabi season (October 1999 to March 2000), the DAO, Nayagarh distributed the minikits valuing Rs.8.44 lakh after the expiry of the Rabi season. The delay was due to non-assessment of actual damages/demand for the seed minikits for post cyclone Rabi season by DAO.

3.3.4.2 Shortfall in distribution of oil seed minikits

Non-submission of utilisation certificates in respect of the distribution of Oil Seeds valued Rs.1.07 crore.

Shortfall in distribution of 826.07 quintals of Oil Seed minikits.

The Department was to distribute 2940 quintals of oil seed minikits to the farmers of the cyclone affected districts free of cost during Rabi-1999-2000 after procuring the same from GOI through National Seed Corporation. Scrutiny of records of Assistant Project Officer (APO), Oil seeds, Bhubaneswar, however, revealed (March 2001) that only 2113.93 quintals valuing Rs.1.07 crore were procured and distributed (March 2000) resulting in shortfall in distribution of 826.07 quintals (28 *per cent*). Though more than 1 year had passed, the list of beneficiaries and utilisation certificates were not furnished by the concerned DAOs as of March 2001. Director stated (August 2001) that minikits were distributed to the farmers based on the finalised programme for distribution and supply from GOI from time to time. The reply was not tenable since the State Government failed to ensure procurement of the targeted quantity from GOI for distribution.

3.3.4.3 Irregular payment/non-availment of seed subsidy

Agriculture Department decided (November 1999) to supply agricultural seeds (groundnut etc.) at subsidised rates to the cyclone affected farmers out of National Fund for Calamity Relief during Rabi-1999-2000 at half the fixed rate subject to the procurement of seeds from Government agencies/reputed private firms without compromising the seed quality. The Orissa State Seed Corporation Ltd. (OSSC) and Oil Orissa Ltd. were entrusted with the work of procurement of Truthfully Labelled (TL) groundnut seeds. Seeds could be

certified as TL only if these were obtained from registered seed growers or produced under the supervision of known agencies²⁵.

(i) Irregular payment of seed subsidy

Irregular payment of subsidy of Rs.3.32 crore on groundnut seed procured from private traders.

Test check of records of (April to June 2001) DAFP revealed that Oil Orissa (supplier) procured 28,266.45 quintals of groundnut seeds from open market, mandis of other States (Andhra Pradesh and Karnataka) through private firms/traders and sold them to the farmers. Subsidy of Rs.3.32 crore (50 per cent) was irregularly paid (February 2000) by DAFP to Oil Orissa treating the groundnut seeds procured from open market/mandis by the supplier as TL seeds. DAFP, defended the action stating (June 2001) that no complaint had been received regarding the quality of seed. The reply was not tenable since subsidy was available only on TL seeds procured from registered seed growers or Government agencies and not from private traders.

Non-availment of GOI subsidy of Rs.41.56 lakh by the Director on procurement of groundnut seeds.

(ii) Loss due to non-availing of GOI subsidy amounting to Rs.41.56 lakh

OSSC, procured 0.17 lakh quintal groundnut seed from NSC and Registered Marketing Societies outside the State for supply to farmers of cyclone affected areas during Rabi 1999-2000 for which GOI subsidy at Rs.250 per quintal was available. The Director, however, did not avail admissible GOI subsidy of Rs.41.56 lakh against such procurement of OSSC. This resulted in overburdening of the allotment under NFCR by an equivalent amount which could have otherwise been utilised for the cyclone affected people. DAFP stated (June 2001) that OSSC could not furnish requisite information regarding source of procurement of seeds from outside the State to the Pricing Committee, as a result GOI subsidy was not availed. The reply was not tenable as the details of source of purchase were available with the Director as furnished by OSSC, based on which payments were made to OSSC.

3.3.5 FOREST AND ENVIRONMENT DEPARTMENT

3.3.5.1 Irregular expenditure in restoration of green cover lost due to the Cyclone.

Rupees 11.25 crore were provided by the Panchayati Raj Department from Employment Assurance Scheme (EAS) funds for raising and distribution of 5 crore saplings of different fast growing species free of cost amongst individuals, families and institutions during 2000-2001 under the “Decentralised Peoples Nursery Programme” as part of the efforts to restore the green cover lost during the cyclone. The scheme aimed at covering 14,400 villages in 10 forest divisions of eleven districts. Against the above targeted coverage, 11,686 villages were covered at an expenditure of Rs.6.84 crore. The physical target was reduced to 3.27 crore saplings as against 5 crore approved by Government. Test check of the utilisation of the funds revealed irregularities amounting to Rs.74.54 lakh as detailed below.

²⁵ Breeders of the ICAR and other Research Institutions/SAUs/OILSEEDS/OAIC/Co-operative agencies in the States/NSC/SFCI

(i) Wasteful expenditure on distribution of saplings after the planting season

Commissioner-cum-Secretary to Government of Orissa, Panchayati Raj Department, issued (August 2000) directives to all Collectors that any saplings remaining undistributed would amount to loss to Government and the concerned officials would be held accountable for this. The Collectors were requested to ensure that saplings were distributed by the third week of August 2000 positively. Audit scrutiny revealed that out of 63 lakh saplings, 13.24 lakh saplings costing Rs.29.80 lakh remained undistributed in CSB Afforestation Division, Cuttack, upto third week of August 2000. Since the schedule of plantation of the saplings was the beginning of the rainy season i.e. between 15th June and 15th July, survival of saplings planted beyond the third week of August was doubtful. The Division had neither conducted any survey till the date of audit (February 2001) nor submitted any enumeration report to the monitoring officer, the Director of Social Forestry Projects, Orissa, till the end of April 2001.

Inadmissible expenditure of Rs.38.43 lakh on watch and ward of the nurseries.

(ii) Inadmissible expenditure due to watering and watch and ward

The scheme provided for watering of saplings for 170 mandays per nursery of 10,000 capacity. Accordingly, the nurseries in 4 divisions test checked required 1,37,399 mandays leaving out the monsoon season when no watering was required. Against this, the divisions incurred expenditure in watering for 2,33,484 mandays which resulted in excess expenditure of Rs.38.43 lakh²⁶. Audit scrutiny further revealed that the above extra expenditure was towards watch and ward of the nurseries. However, under the scheme guidelines, no expenditure was admissible for this purpose. The D.F.Os stated that expenditure had to be incurred due to delay in distribution of saplings. The reply was not tenable as the Department should have taken steps well in time to identify beneficiaries.

(iii) Infertuous expenditure for raising unlisted saplings

The scheme provided for raising of fast growing species to regenerate the lost green cover and to provide ecologically suitable trees. Test check of records of six divisions²⁷ revealed that an expenditure of Rs.5.21 lakh was incurred on raising 2.31 lakh saplings of Sal, Sajana, Papaya and Dalimba which were not the approved species. Further, no supporting documents in collection of sal seeds and their sowing in poly pots could be shown to audit.

Excess expenditure of Rs.12.17 lakh on salvage operation.

3.3.5.2 Excess expenditure on salvage of fallen trees

Principal Chief Conservator of Forests (PCCF), Orissa issued instructions (December 1999) to the Divisional Forest Officers (DFOs) for constitution of

²⁶ Forest Divisions - CSB Afforestation, Puri : (Rs.9.35 lakh), CSB Afforestation, Cuttack : (Rs.18.78 lakh), Social Forestry, Berhampur : (Rs.7.79 lakh), Social Project, Rairangpur : (Rs.2.51 lakh)

²⁷ Social Forestry Division, Keonjhar (Rs.0.09 lakh), Balasore : (Rs.3.14 lakh), Cuttack : (Rs.0.51 lakh), Puri : (Rs.0.95 lakh) and Rairangpur : (Rs.0.04) and CSB Afforestation Division, Balasore : (Rs.0.48 lakh)

a task force to closely monitor and review the salvage of fallen trees and directed that the salvage operations should be continuously monitored by the DFOs and the Divisional Managers of Orissa Forest Development Corporation Limited (OFDC Ltd.) as Nodal Officers for different districts. Scrutiny of records of DFO, Mangrove Forest Division, Wild Life, Rajnagar revealed (November 2000) that Rs.28.50 lakh was received (December 1999 to September 2000) by him from the Divisional Manager, OFDC Ltd, Jajpur Road towards advance. As of October 2000, 42.156 cum of timber, 1,38,150 poles and 261 MT of firewood were salvaged by the DFO, for which an expenditure of Rs.26.99 lakh was incurred but as per the cost norm fixed (March 2000) by the PCCF, the total expenditure should have been Rs.14.82 lakh. This resulted in excess expenditure of Rs.12.17 lakh. The DFO stated (November 2000) that the matter would be reviewed.

3.3.6 FISHERIES AND ANIMAL RESOURCES DEVELOPMENT DEPARTMENT

DIRECTOR OF ANIMAL HUSBANDRY AND VETERINARY SERVICES

3.3.6.1 Rupees 25.00 lakh were disbursed by SRC between November 1999 and March 2000 to the Director of Animal Husbandry and Veterinary Services, Orissa, Cuttack for disposal of carcasses. Of this, Rs.15.12 lakh were advanced (November 1999 and January 2000) to 8²⁸ Chief District Veterinary Officers (CDVOs) and 17 Government officials of the Directorate for the purpose. The entire advance (Rs.15.12 lakh) was outstanding as of July 2000. Director stated (August 2001) that details of expenditure incurred were under scrutiny and pending adjustment.

Scrutiny of records revealed that out of funds meant for disposal of carcasses, the Director spent (December 1999 to March 2000) Rs.4.99 lakh towards procurement of cattle feed, bleaching powder, nylon syringe for which separate funds were available. Besides, Rs.4.88 lakh was retained by the Directorate for purchase of disinfectants and materials for veterinary aid and appliances for disposal of carcasses. No details of expenditure incurred were produced to audit (August 2000).

Shortfall in receipt and distribution of cattle feed by the field functionaries.

3.3.6.2 Cattle feed

(i) Rs.3.50 crore were placed by the SRC in November 1999 (Rs.1.20 crore) and December 1999 (Rs.2.30 crore) at the disposal of the Director for procurement of medicines, vaccines and cattle feed respectively for animal health care in the cyclone affected areas. It was seen that Purchase Committee decided (November 1999) to purchase 2795 MTs. of cattle feed from Government agencies at a total cost of Rs.1.68 crore for supply of feed in each of the 8 districts against which the Director stated (August 2001) that he had procured 3210 MT of cattle feed at a cost of Rs.1.63 crore and refunded Rs.0.65 lakh to SRC. However, Director's report (May 2000) to Government

²⁸ Cuttack, Puri, Khurda, Jagatsinghpur, Kendrapara, Jajpur, Bhadrak and Balasore

disclosed that 9 field functionaries received 2331²⁹ MT of which 2233 MT only were distributed to the beneficiaries. The CDVO, Balasore and SDVO, Bhubaneswar did not furnish account for 35 MT and 63 MT of cattle feed respectively. Thus, according to the Director's report referred to above there was shortfall in receipt and distribution at the field functionaries level raising doubts about coverage of the affected cattle in the cyclone.

(ii) Further, as per prescribed procedure, cattle feed was required to be utilised after conducting random sample test at the Feed Analytical Laboratory, Bhubaneswar and payment made after verifying that the pre-mixed cattle feed was in strict conformity with the purchase order. Scrutiny of records revealed that Rs.99.91 lakh were paid to 8 suppliers without conducting any sample test. The Director, AHVS's contention that the quality was as per supply order, was unacceptable. It was, however, noticed that from the subsequent procurement of cattle feed (Rs.32.95 lakh), bills amounting to Rs.19.27 lakh, based on laboratory reports, were held back. The Director accepted (August 2000) the facts and stated that Government issued instructions (July 2000) for disallowing payment if cattle feed supplied was found substandard.

Two firms were irregularly paid Rs.25.62 lakh for supply of cattle feed without any specification/not conforming to specification contained in supply order.

3.3.6.3 Irregular payment towards purchase of cattle feed

The Director placed orders (November 1999) for supply of 500 MT of cattle feed with 2 firms at Rourkela (300 MT) and Cuttack (200 MT). The supply orders specified that the feed to be supplied should have percentage of CP, fibre and fat content ranging from 16 to 18, 8 to 10 and 2 to 3 respectively with salt mineral mixture and molasses. Against the above orders, while the firm at Rourkela supplied 299 MT of cattle feed valuing Rs.17.96 lakh without any specification, the firm at Cuttack supplied 218.64 MT (Rs.13.12 lakh) of feed not conforming to the specifications. It was, however, seen that full payment of Rs.17.96 lakh was paid to the supplier at Rourkela without cross checking the specifications and Rs.7.66 lakh out of Rs.13.12 lakh was paid to the firm at Cuttack who supplied feed not conforming to the specifications. The Director stated (August 2001) that action had been initiated against departmental officers for these lapses.

3.3.6.4 DIRECTOR OF FISHERIES

(i) Non-utilisation of assistance for the cyclone affected fishermen

Scrutiny of records of the Director of Fisheries, Cuttack revealed (June 2001) that out of Rs.15.54 crore disbursed by SRC to 12 Collectors towards payment of cash assistance to 76970 fishermen (Boats:26612, Nets:50358) whose boats and nets had been damaged (Rs.3000 per boat and Rs.1500 per net), Rs.7.02 crore remained unutilised with Collectors of 12 districts as of March 2001 even after 16 months depriving 35182 fishermen (Boats:11620, Nets:23562) of the assistance.

²⁹ 7 CDVOs-Jajpur :242.520 MT, Bhadrak:251.100 MT, Balasore:150 MT, Jagatsinghpur: 67.370 MT, Cuttack: 568.105 MT, Kendrapara: 296.296 MT and Puri: 180 MT.2 SDVOs-Bhubaneswar:225.88 MT and Anandapur :50 MT

The Director of Fisheries stated (August 2001) that the exact figure of unutilised/utilised fund was not known as reports from most of the offices had not been received. There was, thus, a complete failure of Director, Fisheries to follow up the assistance.

Funds of Rs.14.62 lakh remained undisbursed with the Assistant Director of Fisheries (Marine) depriving 712 fishermen of the cash assistance.

(ii) Check of records of Assistant Director of Fisheries (Marine), Puri (April 2001) and information collected subsequently (September 2001) revealed that the total marine fishermen population of Puri district was 67161 of which 20285 were active fishermen. The Assistant Director (ADF) received (November 2000) Rs.1.68 crore for disbursement of cash assistance to 7868 fishermen (Boats: 3335, Nets: 4533) identified by the Joint Verification Committee set up for the purpose. Of the above, Rs.1.48 crore only was disbursed to 6928 beneficiaries (Boats: 2954, nets: 3974) and the undisbursed amount of Rs.19.81 lakh was retained by ADF in current account of a bank which included Rs.5.19 lakh meant for coverage of 228 beneficiaries (Boats: 118, nets: 110) locked up in legal disputes. The ADF stated (April and September 2001) that the amounts could not be disbursed due to non-availability of beneficiaries of a particular area on the date of disbursement and legal dispute. The reply was not acceptable as it was the responsibility of the administration to ensure that the funds which were available in adequate amount, reached the beneficiaries. Thus, funds of Rs.14.62 lakh which remained undisbursed deprived 712 fishermen (Boats:263 and nets:449) of the assistance even after 22 months of the cyclone.

(iii) Collector, Kendrapara released (November 2000) Rs.43.21 lakh to BDO, Rajnagar for disbursement of cash assistance to 1225 fishermen (Boats:621, Nets:604) by December 2000 as per the list enclosed in the release order. Of this, the BDO disbursed only Rs.21.46 lakh to 840 fishermen (Boats:450, Nets:189 and both boats and nets:201) as of May 2001 leaving Rs.21.75 lakh undisbursed. From the undisbursed amount, the BDO irregularly diverted Rs.13.59 lakh for expenditure under other Cash Books (Panchayat Samiti Cash Book:Rs.5.00 lakh, Government Cash Book:Rs.8.59 lakh). Further, scrutiny revealed that names of 201 out of 840 beneficiaries covered under the scheme did not appear in the list of beneficiaries forwarded by the Collector which rendered payment of Rs.9.04 lakh made to them inadmissible. Thus, 385 beneficiaries were deprived of cash assistance. BDO, Rajnagar did not furnish reason for non-disbursement though called for.

3.3.7 HIGHER EDUCATION DEPARTMENT

SRC allotted Rs.10.79 crore during 1999-2001 to the Department of Higher Education for prompt, effective and proper utilisation for different calamity measures. Besides, University Grants Commission (UGC) released Rs.3 crore during March-April 2000 for damage repair work. Accordingly, Department of Higher Education sanctioned/released Rs.5.81 crore³⁰ to 3 universities

³⁰ 1.Utkal University, Vani Vihar, Bhubaneswar Rs.251.76 lakh (1999-2000 :Rs.150.50 lakh, 2000-2001 :Rs.211.26 lakh), 2. Berhampur University, Berhampur : Rs.193.39 lakh (1999-2000 :Rs.26.00 lakh, 2000-2001 :Rs.167.39 lakh), 3. Shree Jagannath Sanskrit Viswavidyalaya (SJSV), Shree Vihar, Puri Rs.26.00 lakh (1999-2000 :Rs.6.00 lakh, 2000-2001 :Rs.20.00 lakh)

towards cyclone damage/repair restoration works (Rs.3.45 crore) and waiver of examination fee (Rs.2.36 crore) to the students of affected districts.

Test check (May–June 2001) of records of above 3 universities, revealed the following irregularities.

3.3.7.1 Poor utilisation of relief grants

Utilisation of relief grants by the 3 universities towards repair/restoration of their damaged properties as of 31 March 2001 was as under:

Name of the University	Grants received from			Amount utilised including advances shown as final expenditure			Balance as of 31.3.2001			Percentage of utilisation	
	Govt.	UGC	Total	Govt.	UGC	Total	Govt.	UGC	Total	Govt.	UGC
(R u p e e s i n l a k h)											
1.Utkal University (UU)	170.00 (March/ April 2000)	150.00 (April 2000)	320.00	88.01	62.70	150.71	81.99	87.30	169.29	51.77	41.80
2.Berhampur University(BU)	150.00 (March- June 2000)	100.00 (April 2000)	250.00	71.05	4.50	75.55	78.95	95.50	174.45	47.37	4.50
3.Sri Jagannath Sanskrit Viswavidyalaya (SJSV)	25.00 (April- June 2000)	50.00 (April 2000)	75.00	15.10	27.10	42.20	9.90	22.90	32.80	60.40	54.20
Total	345.00	300.00	645.00	174.16	94.30	268.46	170.84	205.70	376.54	50.48	31.43

The utilisation of funds shown above includes Rs.2 crore advanced by the Universities to executing agencies.

Check of records of SJSV revealed (May-June 2001) that the University assessed the damages and requested Government (November 1999) for Rs.50 lakh for reconstruction and restoration damages. Against above, Government released Rs.25 lakh and UGC Rs.50 lakh. But Rs.25 lakh received by the University in excess of requirement was not refunded to the Government/UGC.

3.3.7.2 Inadmissible/unauthorised expenditure

Scrutiny revealed that 18 new/original works (UU–5, BU-8, SJSV–5) were executed or were in the process of execution at a cost of Rs.1.41 crore though the funds were provided by SRC/UGC for repair and restoration works only. BU had in addition spent Rs.4.30 lakh (March 2001) for new steel furniture though damage report did not include any such damage. Further, it was seen that the executing agencies charged contingency ranging from 1 to 3 *per cent* and Departmental/Supervision Charges ranging from 12 to 15 *per cent* aggregating to Rs 31.86 lakh in violation of provisions of Orissa Relief Code.

3.3.8 HOUSING AND URBAN DEVELOPMENT DEPARTMENT

SRC released Rs.7.10 crore³¹ to Housing and Urban Development (H&UD) Department during 1999-2001 for repair/restoration of public properties viz.

³¹ Does not include Rs.3.20 crore for Urban Water Supply Schemes and Rs.0.06 crore for disposal of carcasses

school buildings (419), roads, drains and street lights in urban areas damaged/destroyed by the cyclone (October 1999) which were placed with 45 Urban Local Bodies in 11 districts for execution of works. The expenditure incurred was only Rs.2.49 crore (35 per cent). Test check of records of 5³² of 45 Urban Local Bodies revealed that against receipt of grants of Rs.1.84 crore, only Rs.1.33 crore (72 per cent) were utilised of which Rs.15 lakh were diverted (July 2000) for 3 private schools by 3 ULBs³³ who were not entitled for such grant. Irregularities noticed in the execution of works by the ULBs test checked were as under:

3.3.8.1 Execution of works/projects without or before approval

According to the sanction orders, the Urban Local Bodies (ULBs) were required to obtain prior approval of the Collector for execution of works out of the Relief Fund. Scrutiny revealed that 59 repair and restoration works were taken up by Jagatsinghpur NAC (5 works:Rs.4.94 lakh) and Kendrapara Municipality (54 works:Rs.17 lakh) without approval of the respective Collectors.

3.3.9 PANCHAYATI RAJ DEPARTMENT

Mention was made in para 3.4.9.1 to 3.4.9.3 of Audit Report (Civil) for the year ended 31 March 2000 regarding the shortcomings noticed in the execution of the programmes of Food for Work Programme, Operation Black Board and Special Indira Awas Yojana. Further, scrutiny revealed the following.

3.3.9.1 Special Indira Awas Yojana

Scrutiny (May/June 2001) of records of 5³⁴ of 14 District Rural Development Agencies (DRDAs) including 14 blocks affected by super cyclone in respect of construction of 2 lakh houses under SIAY revealed the following irregularities:

(a) Delay in release of funds

GOI released (March 2000 – February 2001) their full share of Central Assistance of Rs. 330 crore for 2,00,000 houses with stipulation that State share be released within one month. But, the State Government released (March 2000/2001) only Rs. 90.87 crore as of March 2001 with delay upto 6 months against its share of Rs. 110 crore. Further, against Rs. 265.91 crore received (1999-2001) by 5 test checked DRDAs, Rs.198.35 crore were released to 14 BDOs for execution of the programme.

³² **Grants received/utilised** - (1) Cuttack Municipal Corporation: (Rs.107.00 lakh/Rs.79.31 lakh), (2) Puri Municipality: (Rs.15.40 lakh/Rs.11.95 lakh), (3) Kendrapara Municipality:(Rs.22.00 lakh/Rs.15.40 lakh), (4) Khurda Municipality :(Rs.17.70/Rs.17.70 lakh) .and (5) Jagatsinghpur N.A.C:(Rs.22 lakh/Rs.15.40 lakh).

³³ Cuttack Municipal Corporation, Kendrapara Municipality and Jagatsinghpur NAC.

³⁴ Cuttack, Jajpur, Jagatsinghpur, Kendrapara and Khurda

Against 2 lakh SIAY houses targeted for completion by March 2001, only 78167 houses were completed.

(b) *Physical performance*

Against the target of 2 lakh SIAY houses for completion by March 2001, 1.59 lakh houses were taken up of which 78,167 houses were reported complete as of March 2001. In 5 test-checked districts, only 38,437 houses were completed by this period against allotment for 1.31 lakh houses and work orders were issued in 1.19 lakh cases. The achievements against allotment ranged between 22 per cent in Jagatsinghpur district (severely affected district) to 60 per cent in Khurda district. In Cuttack and Kendrapara districts, 2,664 houses out of 50,663 sanctioned had not started as of March 2001 despite issue of work orders and the department did not pursue the matter.

(c) *Execution of the programme*

(i) In case of 305 SIAY beneficiaries in 4 blocks³⁵ the documents in support of ownership of land by the beneficiaries were not available on record to verify the genuineness of the beneficiaries.

(ii) Though 318 SIAY houses were stated to have been completed in 8 GPs under 5 Blocks (Kendrapara, Derabis, Jajpur, Dasarathpur and Rasulpur), completion certificates were not available in the absence of which actual completion of the houses could not be ascertained. Similarly, BDO Barchana³⁶ could not make available completion reports for 1574 completed houses.

(iii) In Erasama block of Jagatsinghpur district, 32 beneficiaries selected through lotteries for SIAY houses were again selected (May 2001) by an NGO as reported by the BDO. The BDO had already paid advance/final payment of Rs. 3.78 lakh to these beneficiaries. BDO stated (June/July 2001) that selection by NGO was done after departmental selection without consultation with him. Thus, it appears that there was no co-ordination between the department and the NGO. No action was also taken to withdraw the double benefits from the beneficiaries.

(iv) In Dasarathpur Gram Panchayat (GP) of Dasarathpur block and Panasa GP of Jajpur block, 6 persons were issued work orders for SIAY houses and advanced Rs. 1.10 lakh, though their names were not in the lottery draw. Thus, allotment of SIAY houses was not fair and free from doubt. The BDOs agreed to verify the irregular selection of beneficiaries.

(v) The ratio of selection of beneficiaries among the SC/ST and others was required to be on 60 : 40 basis at block level as a whole. Test check revealed that the ratio of selection was 71: 29 in Jagatsinghpur block and 50: 50 in Erasama block. No specific reply was furnished by the BDOs regarding above discrepancies.

(vi) Audit noticed that in Barchana block, U.Cs for Rs.3.88 crore had not been submitted for which no particular reasons could be advanced by BDOs.

³⁵ Marshaghai-182, Niali-79, Jagatsinghpur-4 and Erasama-40

³⁶ Barchana Block also test checked.

3.3.9.2 Operation Black Board

Scrutiny of records of 5³⁷ DRDAs revealed the following:-

State Government released (February/March 2001) with delay upto one year Rs. 15.76 crore only against its matching share of Rs. 42.68 crore (55 *per cent* of total cost) resulting in short release of Rs. 26.92 crore.

DRDAs, Cuttack and Jagatsinghpur who had received (both Central and State share) Rs. 10.52 crore and Rs. 9.26 crore respectively released only Rs. 10.09 crore and Rs. 6.38 crore respectively to the Blocks as of March 2001 retaining Rs.3.31 crore (Rs. 0.43 + 2.88 crore) with them for periods ranging from 3 to 14 months.

State share of Rs.20.98 lakh for DRDA, Jagatsinghpur was released (March 2001) by the Government for drawal by the DRDA, Khurda and disbursement to the DRDA, Jagatsinghpur. The said amount though drawn (March 2001) was not remitted to the DRDA, Jagatsinghpur as of May 2001.

Against targeted completion of 3880 school buildings, only 1206 school buildings (31 *per cent*) were completed as of March 2001.

Against the target of 3880 school buildings, 3832 numbers were taken up of which only 1206 numbers (31 *per cent* of target) were completed as of March 2001. In 5 test checked DRDAs, only 748 school buildings were completed against target of 2394 numbers of which 2345 were taken up. The percentage of achievement to the target ranged between 18 in Jagatsinghpur district which was severely affected and 65 in Jajpur district. No specific reason was furnished by the DRDAs for poor achievement.

As per the scheme guidelines, school buildings under OBB were to be taken up in rural areas. Test-check revealed that the BDO, Jagatsinghpur had irregularly taken up execution of 10 school buildings under OBB in Urban areas during 2000-01 at a cost of Rs. 19.50 lakh which amounted to diversion of OBB funds.

In Kendrapara and Derabis blocks (Kendrapara district), muster rolls in support of payment of Rs. 16.39 lakh were not produced by BDOs. On this being pointed out in Audit, specific reply was not furnished by BDO, Derabis whereas BDO, Kendrapara stated that JEs were instructed to ensure submission of muster rolls in all such cases in future.

3.3.10 SCHOOL AND MASS EDUCATION DEPARTMENT

Extra expenditure of Rs.10.94 lakh due to non-availment of discount on purchase of tables.

(a) *Extra expenditure of Rs.10.94 lakh due to non-availment of discount*

As per stipulations made in the rate contract issued by the Directorate of Export Promotion and Marketing, Orissa (May 2000), the supplier was to give 3 *per cent* discount, if full payment is made within two weeks of delivery. Though funds were available with the Directorate since March 2000, the discount amounting to Rs.10.94 lakh (3 *per cent* of Rs.3,64,54,886) (basic cost) on purchase of 38414 tables could not be availed of due to non-

³⁷ Cuttack, Jajpur, Jagatsinghpur, Kendrapara and Khurda.

settlement of bills resulting in extra expenditure of Rs.10.94 lakh. Director stated (January 2001) that discount could not be availed of as the entire amount drawn by the Directorate was deposited (March 2000) with OSDMA and that he had to approach Government to release the amount from OSDMA, for payment to the firms which was not possible within two weeks. Hence, there was apparent lack of co-ordination between the two agencies which led to the loss.

(b) *Incomplete works in Barchana Block under assistance scheme*

The BDO, Barachana received Rs.49.10 lakh under Madhya Pradesh Government Assistance Scheme for construction of 18 schools buildings of the block damaged during cyclone. Of the 18 works taken up, 6 were completed by March 2001 and the remaining 12 were in incomplete stage as of October 2001 after expenditure of Rs.27.70 lakh although the works were to be completed between April 2000 and October 2001. Scrutiny revealed that (April 2001) though the works were to be taken up departmentally as instructed by Government, the same were executed through contractors. Purchase of materials used in the work were made without calling for quotations. The reasons for non-completion of balance work and deviation from purchase system were not furnished to audit.

**3.3.11 SCHEDULED TRIBE AND SCHEDULED CASTE
DEVELOPMENT DEPARTMENT**

**3.3.11.1 *Supply of text books, reading and writing materials
and garments***

Rupees 63.83 lakh were placed with 14 District Welfare Officers (DWOs) towards supply of text books, reading and writing materials and garments to students of schools under the Department in the cyclone affected districts. Check of records of 3 DWOs (Gajapati, Mayurbhanj and Ganjam) revealed (December 2000 & January 2001) the following irregularities in supply of such material.

(i) Rupees 9.19 lakh drawn (March 2000) by the DWO, Paralakhemundi was paid to the Project Administrator, ITDA, Paralakhemundi (May 2000) on orders of the Collector. Though more than eight months had passed, no report on utilisation of funds was received from the ITDA, Paralakhemundi by DWO till January 2001.

(ii) DWO, Baripada received Rs.18.21 lakh in March 2000 towards supply of garments (Rs.15.42 lakh), textbooks, reading and writing materials (Rs.2.79 lakh) for distribution in Mayurbhanj District. As of January 2001, only Rs.13.69 lakh were spent towards purchase of garments and there was a balance of Rs.4.49 lakh lying unutilised. DWO stated (January 2001) that action would be taken to purchase and supply materials during the academic session 2000-2001.

(iii) Check of records of the DWO, Chatrapur revealed (December 2000) that Rs.3.21 lakh was drawn (March 2000) by him for supply of garments

(Rs.2.72 lakh) and reading and writing materials (Rs.0.49 lakh). Cloth valuing Rs.2.71 lakh was procured (March 2000) of which cloth worth Rs.1.04 lakh remained in stock without utilisation (December 2000) for 8 months. Of the stitched garments received (3505 pants and 3975 shirts) from the tailoring teachers, 1776 pairs were distributed and 1729 pants and 2199 shirts were lying in stock (December 2000). Of the garments distributed, account for distribution of 1190 pairs was awaited from Assistant District Welfare Officers, Chatrapur (240 pairs), Bhanjanagar (950 pairs). DWO stated (December 2000) that the cloth was being issued to the tailoring teachers in piecemeal. Some cloth was being retained in the office store so as to take up follow up action subsequently to avoid loss of cloth in the exchange of clothes by the tailors. The reply was not tenable as the funds were placed for immediate relief to the students affected by the cyclone and should not have been allowed to be so tardily used.

3.3.11.2 *Repair and reconstruction of school and hostel buildings*

State Government released (1999-2000) Rs.54.20 lakh through the Project Director, DRDA, Jajpur to 8 BDOs of Jajpur District for repair and rebuilding of 25 school and hostel buildings damaged in the cyclone. The works were to be executed under the supervision of DWO, Jajpur. Of this, only Rs.28.06 lakh were utilised by the end of March 2001 and only 9 works were completed at an expenditure of Rs.4.30 lakh, leaving 16 works incomplete. DWO stated (May 2001) that action would be taken to utilise the balance funds of Rs.26.14 lakh by June 2001 and the work was in progress. However, no specific reasons were advanced for poor progress.

The matter was demi-officially forwarded (July 2001) to the Principal Secretary to Government, Revenue Department for reply within six weeks and followed up with reminders. However, inspite of such efforts no reply had been received (November 2001).

SCHOOL AND MASS EDUCATION DEPARTMENT

3.4 Non-Formal Education in Orissa

Non-Formal Education (NFE), a Centrally Sponsored Scheme aimed at providing elementary education comparable in quality with formal education to the children of 6-14 age group and to bring them in mainstream of formal education. Its focus was on children in the habitations without schools and who remain outside the formal system due to engagement in domestic and other works. Implementation of NFE scheme in Orissa suffered from several deficiencies like large amounts of grants remaining unutilised at various levels, large shortfall in opening of girls NFE centres, inadequate supply of learning and writing materials, shortfall in training of instructors and absence of monitoring. Only 12 *per cent* of the learners in the test checked projects qualified to join the formal education stream.

Highlights

- ❖ **Central share of Rs. 20.01 crore received by Government of Orissa during 1995-2000 was not released for implementation of the scheme.**
(Paragraph 3.4.4.1)
- ❖ **Expenditure of Rs.62.82 crore during 1995-2000 did not represent the correct picture since test check of 12 DDOs alone revealed retention of Rs.2.50 crore in the shape of cash balance (Rs.1.61 crore) and Civil Deposit (Rs.89.65 lakh) as on 31 March 2000.**
(Paragraph 3.4.4.3)
- ❖ **There was shortfall in opening of 707 centres under 8000 Girls' Primary NFE centres programme as of March 2000 as disclosed in 8 test checked educational districts.**
(Paragraph 3.4.5.2.1)
- ❖ **In 7 DIS, 299 centres were found to be inoperative thereby depriving approximately 7475 children of Non-Formal Education during 1997-2000.**
(Paragraph 3.4.5.2.3)
- ❖ **In 7 DIS, about 0.55 lakh children in the age group of 10-12 years were deprived of Non-Formal Education due to opening of 2195 primary centres only upto class III and not upto class V.**
{Paragraph 3.4.5.2.5(ii)}
- ❖ **In disregard of guidelines stipulating coverage of syllabus for class I to V in 2 years through condensed course followed by 3 years for class VI to VIII, the pattern of NFE instruction in the State was for coverage of syllabus for class I to V in full 5 years and 2 more years for class VI and VII with no coverage of class VIII.**
(Paragraph 3.4.5.2.6)
- ❖ **Despite availability of funds, 10 DIS failed to procure reading and writing materials for supply to 1.27 lakh learners in 3 years during**

1995-96, 1998-99 and 1999-2000. 11 DIS supplied their learning books with delays ranging from 2 to 28 months during 1995-2000 due to delayed placement of indents.

{Paragraph 3.4.5.2.12(i) and 3.4.5.2.12(v)}

❖ According to Director's report, 29 per cent of the learners in the State passed the qualifying examination to enter into the formal education, while in 33 projects out of 158 test checked only 12 per cent learners were found qualified.

{Paragraph 3.4.5.8}

3.4.1 Introduction

Non-formal Education, a Centrally Sponsored Scheme was launched in the State during VI Five Year Plan period (1980-85). The expenditure on the scheme is shared by Government of India (GOI) and the State Government in the ratio of 60:40 in respect of the components of Co-educational centres and administrative costs and 90:10 in respect of NFE centres for girls. Under the Scheme, Instructors were to teach 20-25 learners in a centre and supervisors were to supervise the work of 10-12 Instructors in a cluster. A Junior Co-ordinator being the official incharge of the project comprising at least 100 centres was to supervise and co-ordinate work of Supervisors/Instructors and furnish all reports and returns through District Inspector of School (DIS) concerned.

3.4.2 Organisational set-up

The School and Mass Education Department (Department) was responsible for planning, releasing funds, overall monitoring and evaluation of the programme. Implementation was the responsibility of the Director of Elementary Education (DEE) assisted by a Joint Director, 13 District Co-ordinators and 158 Junior Coordinators. NFE wing of the Director of Teaching Education and State Council of Educational Research and Training (TE & SCERT) provided resource support and academic inputs for development of curriculum and training. District Institute of Educational Training (DIET) and Secondary Training Schools conducted training programmes for Instructors. Responsibility of printing and supply of books rested with Director, Text Book Production and Marketing, Orissa.

3.4.3 Audit Coverage

Records relating to implementation of the NFE scheme from 1995-96 to 1999-2000 were test checked during November 2000 to May 2001 covering the Department, DEE and offices of 11³⁸ DIS covering 33 Projects and 2458 NFE centres. The results of test check conducted in audit are discussed in succeeding paragraphs.

³⁸ Baripada, Betnoti, Bhawanipatna, Dharmagarh, Jeypore, Karanjia, Koraput, Nimapara, Puri, Rairangpur and Udala

3.4.4 Financial outlay and expenditure

Details of Budget provision, grants received from GOI, amount released by the State Government and expenditure incurred during the period 1995-96 to 1999-2000 were as under:

(Rupees in crore)

Year	Budget provision		Grants in aid received from GOI	Central Share released by State Government	State share released by State Government	Total amount released by State Government	Expenditure	Savings(-) Excess (+) as compared to budget
	State Plan	Central Plan						
1995-96	4.07	9.80	13.44	7.69	3.40	11.09	10.19	(-)3.68
1996-97	4.27	13.24	18.06	7.76	3.16	10.92	11.70	(-)5.81
1997-98	4.46	11.04	12.65	9.46	3.84	13.30	13.16	(-)2.34
1998-99	4.95	15.33	8.09	7.77	2.65	10.42	11.83	(-)8.45
1999-2000	4.08	12.67	12.99	12.54	4.12	16.66	15.94	(-)0.81
Total	21.83	62.08	65.23	45.22	17.17	62.39	62.82	(-) 21.09

3.4.4.1 Short release of funds

Central share to the extent of Rs.20.01 crore received by the State Government was not released for implementation of the scheme.

Against the receipt of Rs.65.23 crore from GOI as grant-in-aid during 1995-2000, the State Government released funds of Rs.45.22 crore only, the short release being Rs.20.01 crore. Similarly, against required release of Rs.27.83 crore towards its share, the State Government released only Rs.17.17 crore during 1995-2000. Despite this, every year there were savings ranging from 5 to 42 per cent. The saving was attributed by the Director in November 2000 to non-opening of 8000 Girl's centres in time and non-filling of vacancies in 299 NFE centres.

3.4.4.2 Unspent balances

Treasury Rules provide that no money should be drawn unless required for immediate disbursement. Scrutiny revealed that there were huge unspent NFE funds of Rs.1.61 crore lying with the 11 DDOs as of March 2000 in shape of cash (Rs.1.41 crore); Civil Deposit (Rs.0.04 crore); Bank Account (Rs.0.11 crore) and advance (Rs.0.05 crore). None of them could furnish year-wise analysis of unspent balances and the purpose for which these funds were drawn since separate subsidiary cash books for NFE had not been maintained despite instructions issued by Director in January 2000. Scrutiny of Cash Book and other connected records by audit in 2 offices (DIS Karanjia and Koraput) and physical verification of cash got done by the DDO at instance of audit in one office (DIS, Udala) disclosed misappropriation of cash of Rs.15.07 lakh (DIS Koraput Rs.5.16 lakh; DIS Karanjia Rs.9.91 lakh) which included temporary misappropriation of Rs.9.22 lakh for 2 months from 18 August 1999 to 22 October 1999 and shortage of cash of Rs.4.39 lakh (DIS Udala Rs.1.33 lakh, DIS Karanjia Rs.3.06 lakh). This occurred due to retention of heavy cash balances and non-conducting of regular physical verification of cash by the DDOs at the end of each month. While DIS Udala stated that the cashier responsible for the shortage had furnished an undertaking to refund the cash found short (Rs.1.33 lakh), DIS Karanjia and DIS Koraput stated that action against the erring officials was being taken for recovery of the amount found short/misappropriated. As per the instructions of GOI (January 2001), the scheme ceased to operate beyond 31 March 2001 as

GOI (January 2001), the scheme ceased to operate beyond 31 March 2001 as it was revised as Education Guarantee Scheme and Alternative and innovative Education. There was an unspent balance of Rs.2.39 crore under the scheme as on 31 March 2001 in the 12 test checked units (11 DIS and Directorate) retained in shape of cash (Rs.0.59 crore), Bank Account (Rs.0.39 crore), Advances (Rs.0.27 crore), Paid Vouchers (Rs.0.06 crore) and Civil Deposits (Rs.1.08 crore). The figures of unspent balances for the State as a whole, however, were under compilation in the Directorate.

3.4.4.3 Parking of funds in Civil Deposit

Reported expenditure overstated.

Funds of Rs.89.65 lakh drawn for implementation of NFE Scheme were retained under Civil Deposit by 7 DDOs as of March 2000 to avoid lapse of budget grant.

Thus, the expenditure of Rs.62.82 crore for the years 1995-96 to 1999-2000 did not represent the correct picture since test check of 12 DDO's out of 77 alone revealed retention of Rs.2.50 crore, in the shape of cash book balance of Rs.1.61 crore and Rs.89.65 lakh under Civil Deposit as on 31 March 2000.

3.4.4.4 Excess expenditure of Rs.0.61 crore towards Project Management

Engagement of regular staff for project management resulted in excess expenditure of Rs.61 lakh.

For economical management of the project, the NFE guidelines stipulated engagement of one Project Officer, one Accounts Clerk, one LDC and one peon in the consolidated pay of Rs.42,000, Rs.30,000, Rs.24,000 and Rs.14,400 per annum respectively. Apart from it, fixed T.A of Rs.7,200 and contingent expenditure for Rs.5,000 per annum were also provided for each project.

As against the above pattern of Project cost, the Director engaged regular staff viz. one Jr.Co-ordinator and a Jr.Accountant drawing pay on time scales of Rs.5000-8000 and Rs.4000-6000 respectively and one peon in consolidated pay of Rs.750 per month though there was no stipulation in the guidelines for engagement of regular staff for project management. Drawal of pay and allowances of the above staff in each of the 33 projects test checked at a higher rate, during 1995 to 2000 resulted in excess expenditure of Rs.0.61 crore. This involved excess claims of Central share of Rs.36.60 lakh. Deputy Secretary of the Department stated (June 2001) that GOI was releasing funds as per requirement of the State Government. The reply was not tenable since no specific approval of Ministry of Human Resources Development (HRD) had been obtained for engagement of regular staff.

3.4.4.5 NFE Fund credited to Revenue Receipts of the State Government

Scheme funds of Rs.8.06 lakh irregularly credited to State Revenue.

Test check of records in DIS, Nimapara and Jeypore revealed that unspent balance of scheme funds amounting to Rs.8.06 lakh was irregularly credited to treasury during January 1997 to July 1998 as State Government revenue.

3.4.4.6 Diversion of NFE staff for other works

Diversion of NFE staff for other works resulted in unnecessary burdening of scheme funds to the tune of Rs.9.55 lakh.

DIS, Jeypore had deployed two Jr.Accountants and a peon meant for NFE scheme for his office work resulting in diversion of NFE funds towards Pay and allowances of Rs.6.58 lakh. DIS stated (March 2001) that such diversion was necessitated due to shortage of his regular staff. The reply was unacceptable since the staff appointed under NFE scheme were not to be engaged for his office.

Similarly, the services of one Jr.Co-ordinator of Rajgangpur project of Sundargarh, DIS were placed at the services of Directorate with effect from December 1996 hampering the respective project work and expenditure of Rs.2.97 lakh incurred during December 1996 to March 2000.

3.4.5 Scheme Management

3.4.5.1 Targets and Achievements of opening of Centres and enrolment of learners

Mismatch between shortfall in opening of NFE centres and enrolment of learners.

The year-wise targets were fixed by GOI for opening of NFE centres/projects and enrolment of learners. Achievements made there against as reported by the Directorate to GOI were as detailed below:

	Particulars	1995-96		1996-97		1997-98		1998-99		1999-2000	
		Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
(A)	Opening of Centres										
	Boys (PC) ³⁹	8168	8168	8168	8168	8168	8168	8168	8168	8168	8168
	Girls (PC)	14384	6384	14384	6384	14384	6384	14384	14384	14384	14384
	Boys (MC) ⁴⁰	662	662	662	662	662	662	662	662	662	662
	Girls (MC)	234	234	234	234	234	234	234	234	234	234
	Total	23448	15448	23448	15448	23448	15448	23448	23448	23448	23448
(B)	Enrolment of learners (In lakh)	7.60	3.31	10.36	3.85	NA	3.87	NA	5.18	5.50	4.51
(C)	Opening of Projects	158	138	158	138	158	158	158	158	158	158
(D)	Engagement of Supervisors	2344	1544	2344	1544	2344	1544	2344	2344	2344	2344
(E)	Engagement of instructors	24344	16344	24344	16344	24344	16344	24344	24344	24344	20825

Shortfalls	1995-96	1996-97	1997-98	1998-99	1999-2000
NF Centres	8000	8000	8000	--	--
Enrolment (In lakh)	4.29	6.51	NA	NA	0.99
Projects	20	20	--	--	--
Supervisors	800	800	800	--	--
Instructors	8000	8000	8000	--	3519

³⁹ PC : Prathamika Centres

⁴⁰ MC : Madhyamika Centres

It would be seen from the above table that 18,648 NFE centres were functioning annually on an average during the years 1995 to 2000 against the target of 23,448 resulting in shortfall of 4,800 centres (20 *per cent* of target).

Further, only 11.67 lakh of learners were enrolled in NFE centres in the State against targeted enrolment of 23.46 lakh learners resulting in shortfall of 11.79 lakh (50 *per cent*) during 1995-97 and 1999-2000. Although no shortfall in respect of opening of centres during 1999-2000 was reported, the shortfall in enrolment during the year 1999-2000 was 18 *per cent* leading to a mismatch.

3.4.5.2 Unsatisfactory rate of enrolment

Unsatisfactory rate of enrolment could be attributable to the following :

3.4.5.2.1 Abnormal delay in opening of Girls' centres

Abnormal delay in opening of Girl's centres and inaccurate information in this regard.

Though GOI had sanctioned and released funds for opening of 8,000 girls' centres during 1995-96, no centre was opened till March 1998. The Centres were, however, stated by the Joint Director (October 2000) to have been opened during 1998-99 and 1999-2000.

However, test check revealed that out of 1744 girls centres to be opened in 8 districts, only 1037 centres were opened during May 1998 to March 2000 resulting in shortfall in opening of 707⁴¹ centres (41 *per cent*). Hence, Joint Director's contention that all the centres had been opened was not based on facts.

3.4.5.2.2 Non-opening of centres due to legal complications

Non-opening of centres due to legal complication.

The procedure for selection of instructors under the scheme prescribed by the State Government (July 1989) provided that instructors should be selected with full involvement of local community particularly of women and persons belonging to the weaker sections and such selection should be made by a Committee comprising *inter alia* ward member of the place/village where the centre was located, a nominee of the village Education Committee, head pundit of the nearest primary school etc.

Test check of records of 3 DIS revealed that 113 centres (Baripada:90, Puri:22, Nimapara: 1) were not opened due to legal dispute arising out of non-inclusion of ward members of Gram Panchayat and head masters of local Upper Primary (UP) schools and shifting of interview premises and dates etc. without notifying to all concerned.

3.4.5.2.3 Centres lying inoperative

299 centres were inoperative due to lack of instructors.

Scrutiny revealed that 299 out of 2458 test checked centres (12 *per cent*), were found inoperative under 7⁴² DIS since June 1997 due to non-filling up of vacancies of instructors who were recruited as primary teachers or had resigned. Hence, approximately 7475 children on the basis of norm of 20-25

⁴¹ Bhawanipatna:154, Puri:113, Nimapara:253, Koraput:19, Baripada: 36, Rairangpur :12, Betnoti :61, Karanjia : 59.

⁴² DIS Dharmagarh:46,Puri:14, Koraput:37, Baripada:12, Rairangpur:71, Betnoti:23, Karanjia:96

as provided per centre would have been deprived of NFE, during these periods. Audit also noticed that reports of non-functioning of these centres were not being furnished by respective DIS to Directorate.

3.4.5.2.4 *Overlapping of NFE Centres*

Overlapping of NFE centres resulted in avoidable expenditure of Rs.16.92 lakh.

As per NFE guidelines the application of voluntary agencies for taking up of NFE projects should be recommended by the State Government within 3 months from the date of application to the Ministry of HRD, GOI. The guidelines further stipulated that there should not be overlapping between the programmes of voluntary agencies and the State Government. The State Government, while opening their centres in a locality, was to ensure that such overlapping did not occur. Test check of NFE centre records, however, revealed that in 62⁴³ cases (hamlets/villages) NFE centres were located both under Government and NGO Sector. Such overlapping of centres resulted in avoidable expenditure of Rs.16.92 lakh. No review as per guidelines for location of centres was conducted and hence the centres were not shifted elsewhere.

The DEE stated (June 2001) that appropriate action would be taken after getting explanation from the DIS concerned.

3.4.5.2.5 *Other problem areas*

(i) *NFE centres having no learners*

Excess expenditure of Rs.1.13 lakh due to engagement of an instructor for an NFE centre without learners.

As per the guidelines, each Primary and UP centre was to be opened for class-I to V and for class-VI to VIII respectively. One instructor was to be engaged for Primary and two instructors for UP centres located at different places. Test check revealed that in DIS, Nimapara 8 UP centres were in operation having classes I to V only with 2 instructors each. As these centres did not have any learners for Class-VI and VII during 1995 to 2000, they justified engagement of one instructor for each such centre only. But the second instructor for each such UP centre, however, continued to be engaged during the entire period leading to unfruitful expenditure of Rs.1.13 lakh on their honorarium. Moreover, one NFE centre at Khairat Sahi under Nimapara DIS had no learners at all during the period 1991-92 to 1996-97 although expenditure of Rs.0.84 lakh was incurred on running the centre.

(ii) *Non-coverage of the age group 10-12 years*

Non-coverage of the children in the age group of 10-12 years under the scheme.

The main aim of the NFE was to provide elementary education to the children in the age group of 6-14 years and to bring them to the mainstream of formal education. But test check of records of 7 DIS revealed that they had opened 2195 (Udala:276, Bhawanipatna:505, Dharmagarh:158, Baripada:430, Betnoti:256, Rairangpur:385 and Karanjia:185) primary centres only upto Class-III although the primary classes were to be opened upto Class-V as required under NFE guidelines. Due to non-opening of Class-IV and V about 0.55 lakh children in the age group of 10-12 years were deprived of

⁴³ DIS Karanjia:5, Betnoti:6, Baripada:5, Koraput:33, Nimapara:8, Jeypore:5

elementary education in those areas. While admitting the objection the DIS concerned attributed the non-opening of class IV and V to

- (a) Joining of NFE learners in the formal schools after primary class III (Baripada, Karanjia and Rairangpur)
- (b) Opening of centres upto class III only as per the orders of the Director (Dharmagarh)
- (c) Impossibility of teaching class I to V at a time (Betnoti)

The DIS, Udala and Bhawanipatna, however, stated that the matter would be investigated/taken up with the appropriate authority.

The replies were not tenable since primary centres should have had facility for teaching class I to V as per the guidelines and no order of the Director of opening of the centres upto class III only was available with the DIS, Dharmagarh.

(iii) NFE centres running with poor strength of learners

NFE centres running with poor strength of learners.

As per NFE guidelines, establishment of NFE centre would be justified where the learners population was 20-25 children within the age group of 6-14 years. Test check of records in 9⁴⁴ DIS revealed that 77 primary centres and 87 UP centres were in operation with strength ranging between 2 and 19 during the years 1995-96 to 1999-2000. It was further noticed that in 44 centres the strength of learners had been less than 10 during the entire period of review. While DIS, Baripada stated that the learners did not have interest in education and the centres were opened to make the tribals interested in education, the remaining DIS did not attribute any reason for running the centres with inadequate number of learners. The fact, however, remains that the Director did not take enough measures to motivate the people of the areas concerned although the matter was brought to his notice through the periodical returns of the DIS concerned.

3.4.5.2.6 Non-conformity to prescribed NFE pattern of teaching

Prescribed pattern of NFE instruction not followed in the State.

Test check of records of 2458 centres revealed that in all the centres there had been violation of the prescribed pattern of NFE instructions. As per guidelines, syllabus for Class-I to V should have been covered through condensed course in two years followed by three years for Class-VI to VIII. As against this, it was seen that in all the centres full five years were being taken for covering Class-I to V and two years for Classes VI and VII. There was no coverage of Class-VIII at all. Thus, the prescribed pattern of NFE instructions was not followed in the State.

3.4.5.2.7 Specially designed learning materials

For covering condensed course within the prescribed period, specially designed learning material was to be provided to NFE learners. Test check of

⁴⁴ Bhawanipatna:(PC-9,MC-3) Rs.4.63 lakh, Dharmagarh :(PC:6, MC:1) Rs.2.31 lakh, Koraput: (PC:37, MC:5) Rs.5.49 lakh, Jeypore (PC:3, MC:2) Rs.1.94 lakh, Udala : (PC-22, MC:8) Rs.16.45 lakh, Baripada (MC:17) Rs.9.55 lakh, Rairangpur: (MC:23) Rs.14.05 lakh, Betnoti: (MC:9) Rs.6.32 lakh, Karanjia : (MC:19) Rs.13.35 lakh.

records revealed that no specially designed material was made available to learners. The SCERT had prescribed and published some books (Class I-2, II-3, III-4, IV-4 and V-5) but did not provide condensed course. Further, SCERT had not prescribed any books for Class-VI and VII, the books published for formal school only were used in UP centres.

3.4.5.2.8 *Testing and Certification*

To enable entry of the learners into formal education system, qualifying examinations were being conducted at 2 stages i.e. V class and VII class. Reports prepared by Director indicated that 29 *per cent* of the learners enrolled passed (5.96 lakh out of 20.72 lakh) in qualifying examination to enter into the formal education during 1995-2000 for the State as a whole.

Test check of records in 33 out of 158 projects revealed, however, that only 12 *per cent* learners (0.49 lakh out of 4.04 lakh) passed in qualifying examination.

Thus, the information on success of learners in passing the qualifying examination for entry into formal education as reported by the Director was doubtful.

3.4.5.2.9 *Staffing*

As per status reports for the year 1999-2000, there was no vacancy of field staff as on 31 March 2000. Test check of 33 project records, however, revealed that out of 5169 field posts sanctioned, 801 posts (15.5 *per cent*) were lying vacant. Vacancies in instructor cadre were to the extent of 14 *per cent* and 36 *per cent* in supervisor cadre. The contents of status reports were also at variance with Director's explanation, for savings as non-filling of vacancies.

3.4.5.2.10 *Inservice Training*

NFE guidelines stipulated provision of 30 days in-service training during first year and 20 days in second and subsequent years to the instructors. Despite availability of funds, training programme was not fully achieved.

As per the status reports furnished by the DEE all instructors were provided 20 days training in each year during 1995-2000. However, test check revealed that in 28 projects only 1,32,600 days of training was provided to 15,418 instructors against the requirement of 308,360 days of training resulting in shortfall of 175,760 days (57 *per cent*). This occurred despite availability of funds of Rs.22.09⁴⁵ lakh provided for the purpose as of March 2000 with 5 DIS. Similarly, 608 supervisors were provided with orientation training against the requirement of 1267 supervisors in 33 projects during 1995-2000 resulting in shortfall of 52 *per cent* of training requirement.

Vacancies in instructors and supervisor cadres affected quality of teaching and supervision.

Shortfall in inservice training to the instructors.

⁴⁵ DIS, Rairangpur:Rs.4.76 lakh, Bhawanipatna:Rs.7.64 lakh, Dharmagarh:Rs.3.11 lakh, Nimapara:Rs.3.43 lakh and Jeypore:Rs.3.15 lakh.

Funds of Rs.48.92 lakh meant for learning and writing materials were not utilised during 1995-2000.

3.4.5.2.11 Learning and Writing material

Since the NFE programme was meant for children having various socio-economic constraints and teaching aids were the pivotal inputs for such education, free distribution of learning and writing materials was emphasised. Test check of records in 11 DIS revealed that only Rs.1.71 crore could be utilised by them against the allotment of Rs.2.19 crore for learning and writing materials resulting in non-utilisation of funds of Rs.48.92 lakh (22 per cent) during the year 1995-2000. Such non-utilisation of funds affected 3105 NFE centres in 9 DIS.

While 10 DIS failed to purchase and supply reading and writing materials to 1.27 lakh learners, 9 DIS did not provide books to 1.24 lakh learners and 6 DIS did not supply writing materials.

3.4.5.2.12 Non-purchase and distribution

(i) Non-purchase and non supply of reading and writing materials

Scrutiny of records revealed that in 10 DIS though funds were available for purchase of books and writing materials, the DIS failed to procure the same for supply to 1.27 lakh learners during 1995-96, 1998-99 and 1999-2000. The non-procurement ranged from 2 to 3 years in respect of 5 DIS⁴⁶ resulting in wasteful expenditure of Rs.2.20 crore towards payments of honorarium, supervision and contingencies as the NFE centres under these DISs jurisdiction did not function properly in the absence of learning and writing material. Nine DIS did not provide books to 1.24 lakh learners during 1995-2000 from 1 to 3 years whereas 6 DIS did not supply writing materials. The reasons advanced by DIS such as non-sitting of purchase committee (Karanjia), delayed formation of purchase committee (Baripada), delayed receipt of funds from DEE and Zilla Parishad (Bhawanipatna) for non-provision were not tenable. Lack of co-ordination between the different executing agencies led to the learners being deprived of reading and writing materials which affected the programme.

Writing materials worth Rs.7.37 lakh procured by 2 DIS without assessing the actual requirement remained idle.

(ii) Idle stock of writing materials

Two DIS⁴⁷, procured during 1998-2000 writing material worth Rs.18.60 lakh of which material valued at Rs.7.37 lakh were in excess of their requirements (Bhawanipatna: Rs.5.77 lakh and Baripada Rs.1.60 lakh) and remained undistributed. This was due to non-reporting of the exact number of inoperative centres to the respective purchase committees by the DIS concerned. Both the DIS confirmed the facts and figures and sought (December 2000, April 2001) orders from the DEE for disposal. The matter is still pending with DEE (September 2001).

(iii) Shortage of stock

Due to non-handing over of stocks by Ex-junior Co-ordinators, handing over of damaged stock and making fictitious issue entries in stock register in the office of DIS, Puri, stock materials worth Rs.0.70 lakh (Books:Rs.0.08 lakh and writing materials:Rs.0.62 lakh) were found short during the test check of records. The Deputy Inspector of Schools while confirming the facts stated

⁴⁶ Baripada:1995-96 and 1998-99, Jagatsinghpur :1998-2000, Jeypore :1995-96 and 1999-2000, Koraput 1995-96 and 1999-2000, Rairangpur:1995-96 and 1998-2000

⁴⁷ Baripada:1997-98 and 1999-2000, Bhawanipatna :1999-2000

(January 2001) that the person responsible for the shortage was asked to deposit the amount. The recovery was yet to be effected as of August 2001.

(iv) Irregular expenditure

In 4 DIS (Bhawanipatna, Dharmagarh, Paralakhemundi and Deogarh), there was irregular expenditure of Rs. 1.81 lakh in purchase of learning and writing materials due to purchase of materials at rates higher than those prescribed by the Director. The DIS confirmed (November 2000-January 2001) the facts.

(v) Delayed distribution due to delayed indents

Timely distribution of teaching materials at the beginning of the educational year (July) was the key for successful implementation of NF Education. Scrutiny revealed that the learning books were supplied to learners in 11 DIS with delays ranging from 2 to 28 months during 1995 to 2000 due to delayed (1 to 10 months) placement of indents by concerned DIS.

Learners in 11 DIS were supplied with learning materials with delays ranging from 2 to 28 months during 1995-2000.

3.4.6 Monitoring, supervision and control

3.4.6.1 Monitoring

The programme of NFE was to be monitored through quarterly progress reports, periodical evaluations by both State and Central Government and field visits by Central and State officials.

Monitoring of the scheme was not in place. Evaluation of the scheme was also not done during 1995-2000.

The State Government also constituted a Joint Evaluation Team (October 1998) for evaluating the work of the voluntary agencies. The team was to oversee the running of NFE centres. There was no evidence on record to show that the team had visited any of the NFE centres or submitted any evaluation report to the Director TE & SCERT for onward submission to Government.

3.4.6.2 Supervision and control

Despite instructions of DEE (September 1992), the District Level Educational Officers and Junior Co-ordinators did not visit NFE centres operated by the NGOs under their jurisdiction. The DIS Udala, Nimapara, Jeypore, Betnoti and Dharmagarh never inspected any NFE centre under Government sector also during 1999-2000 although DEE specifically instructed (June 1999) them to visit at least 2 centres every month. Other 5 DIS inspected only 324 centres during 1995-2000 against the requirement of 600 centres, resulting in shortfall of 276 (46 per cent).

Shortfall in inspection of centres by District Educational Officers and Junior Co-ordinators.

Due to non-visit of centres operated by the NGOs and non-ensuring submission of quarterly and annual progress reports at the level of DIS, the very objective of establishing a partnership between the Government and the voluntary agencies in the implementation of NFE programme was defeated.

The matter was demi-officially referred to the Commissioner-cum-Secretary to Government (July 2001) for reply within 6 weeks and followed with a reminder (August 2001). No reply was received (November 2001).

**SCHEDULED TRIBES & SCHEDULED CASTES
DEVELOPMENT DEPARTMENT**

3.5 Working of Residential High Schools

Review of working of Residential High Schools (RHS) functioning under the Scheduled Tribes and Scheduled Castes Development Department (ST & SC Department) of the State Government disclosed increase in the number of schools with sub-standard results, increase in the already high dropout rate, shortfall in inspection of schools and non-disbursement of scholarships to students. The running of Residential High Schools by the ST & SC Department with a view to promoting primary and secondary education in tribal areas of the State was thus hardly achieved.

Highlights

- ❖ **The dropout rate in the Residential High Schools in the State rose from 42 per cent in 1996-97 to 48 per cent in 2000-2001.**
(Paragraph 3.5.7)
- ❖ **In 2 test checked zones out of 4 zones in the State, the percentage of shortfall in inspection of High Schools during 1996-97 to 2000-2001 ranged from 29 to 49 and 11 to 74 respectively.**
(Paragraph 3.5.8)
- ❖ **The number of test checked schools with 'nil' result in High School Certificate examination rose from 3 in 1996-97 to 18 in 1999-2000. Similarly, the number of schools with below 30 per cent result rose from 12 in 1996-97 to 60 in 1999-2000.**
{Paragraph 3.5.9(ii)}
- ❖ **Idle retention of 55 carpentry and 12 weaving teachers in 65 Residential High Schools resulted in infructuous expenditure of Rs.1.72 crore.**
(Paragraph 3.5.10)
- ❖ **Rupees 28.05 lakh representing Pre-Matric scholarships (1994-95 to 2000-2001) remained undisbursed up to May 2001 depriving students.**
(Paragraph 3.5.12)

3.5.1 Introduction

With a view to promote primary and secondary education in the tribal areas, the State Government established 218 RHS (Class-I to X) in the State comprising 163 Boys High Schools and 55 Girls High Schools under ST & SC Department.

3.5.2 Organisational set-up

The ST&SC Department being the nodal Department for the welfare of ST & SC communities is assisted by the Director-cum-Additional Secretary in policy formulation, overall supervision. The Director is assisted by 4 Inspector of Schools (IS) in four zones located in Cuttack, Sambalpur, Berhampur and Koraput with the District Welfare Officers (DWO) at the district level.

3.5.3 Objectives

Education being an important factor in the socio-economic development of STs and SCs, special care is being taken by the State Government to promote their educational and economic interests by providing the pupils of these communities with scholarships, boarding facilities, text books, reading and writing materials, uniforms free of cost.

3.5.4 Audit coverage

The review was conducted for the period 1996-2001 through test check of records of 42 out of 218 schools under 2 IS, 6 offices of DWO, 2 District Inspector of Schools (DIS), one Project Director, District Rural Development Agency (DRDA) and 4 Integrated Tribal Development Agency (ITDA). The offices of Director, ST&SC Department and Commissioner-cum-Secretary, ST&SC Department, Orissa, Bhubaneswar were also covered.

3.5.5 Financial Outlay

The details of sanction of funds and expenditure incurred in respect of the RHS in the State during the years 1996-2001 were as under:

(Rupees in crore)

Year	Budget provision				Expenditure				
	Non-Plan	State Plan	Centrally Sponsored Plan	Total	Non-Plan	State Plan	Centrally Sponsored Plan	Total	Balance
1996-97	10.29	3.11	4.60	18.00	10.84	3.61	3.00	17.45	0.55
1997-98	10.98	2.92	3.80	17.70	11.33	2.40	0.60	14.33	3.37
1998-99	23.10	3.15	3.36	29.61	20.78	2.29	3.36	26.43	3.18
1999-2000	19.41	3.47	3.71	26.59	19.41	2.86	1.05	23.32	3.27
2000-2001	20.07	3.80	3.47	27.34	20.07	3.79	0.76	24.62	2.72
Total	83.85	16.45	18.94	119.24	82.43	14.95	8.77	106.15	13.09

It would be seen from the above that there were persistent savings.

Staff position was not reviewed to adjust excess teachers in some schools against existing vacancies.

3.5.6 Irrational deployment of teachers

A review of the position of teachers in the RHS as on 30 June 2000 for the State as a whole revealed that while 184 teachers were in excess of sanctioned strength in 33 schools, 399 vacancies in the cadre existed in 112 schools.

In the case of test checked schools, while 5 teachers were in excess of sanctioned strength in 3 schools, 56 vacancies existed in the cadre in the remaining 39 schools as on 30 June 2000. The Director stated (May 2001) that the vacancies could not be filled up due to election ban on transfer and restriction of Finance Department. The reply was not tenable since election ban on transfer was only for a limited period on different occasions and the ST

& SC Department should have reviewed the position and deployed excess staff against existing vacancies.

Percentage of dropout of students rose from 42 in 1997 to 48 in 2001 in the State.

3.5.7 Dropout of students

The position regarding the number of students who dropped out at High School Level (Class VIII to X) for the State as a whole during the period 1994-2001 was as under:

Period	Number of students on roll in Class VIII	Number of students on roll in class X	Number of students dropped out	Percentage of dropouts
1994-97	8546	4959	3587	42
1995-98	10314	5309	5005	49
1996-99	10807	6188	4619	43
1997-2000	10388	5636	4752	46
1998-2001	11554	5990	5564	48

It would be seen from the above that the percentage of dropout which was 42 in the year 1997 rose to 48 in the year 2001. The maximum percentage dropout was 49 in the year 1998. No reasons for dropout were furnished by the Department though called for.

However, test check of 42 schools indicated that the percentage of dropouts in the years as shown below was higher than the State figure.

Period	Number of students on roll in Class VIII	Number of students on roll in class X	Number of students dropped out	Percentage of drop out
1996-99	1313	683	630	48
1997-2000	1435	765	670	47

3.5.8 Shortfall in inspection of schools

Shortfall in inspection of schools

IS being the zonal inspecting and supervising authority was to inspect and supervise each school under his jurisdiction at least once in every educational session commencing from July each year. Test check in 2* out of 4 zones disclosed the position of inspection/supervision of RHS during 1996-97 to 2000-2001 as under:

Year	Name of the Zone	Number of schools in the zone	Target (Number of visits)	Achievement	Shortfall	Percentage of shortfall in visits
1996-97	Sambalpur	62	62	44	18	29
	Koraput	68	68	24	44	65
1997-98	Sambalpur	65	65	40	25	38
	Koraput	68	68	18	50	74
1998-99	Sambalpur	67	67	37	30	45
	Koraput	70	70	28	42	60
1999-2000	Sambalpur	69	69	35	34	49
	Koraput	70	70	46	24	34
2000-01	Sambalpur	70	70	38 (upto January 2001)	32	46
	Koraput	70	70	62	8	11

* Northern Zone: Sambalpur and Southern Zone: Koraput

It would be seen from the above that the percentage of shortfall in the inspection was high and ranged between 29 and 74 during 1996-2001. Further it was seen that shortfall in the backward zone of Koraput was much higher than in Sambalpur during 1996-99. Even in Sambalpur, there was constant increase in shortfall between 1996-97 and 1999-2000. The underachievement in inspection and supervision adversely affected the quality of education imparted and the achievement rate of success in the High School Certificate (HSC) results as discussed in paragraph 3.5.9 below.

3.5.9 Performance of Residential High Schools

(i) Low success rate

The percentage of pass in HSC Examination decreased from 63 in 1996-97 to 44 in 2000-2001.

The State position of percentage of passing the annual HSC Examination in respect of RHS for the last 5 academic years, was as under:

Academic year	No. of RHS	No. of students		No. of students passed	Percentage of passing
		In Roll	Appeared		
1996-97	213	4991	4652	2923	63.00
1997-98	218	5068	5068	2870	56.63
1998-99	218	5315	5233	3117	59.56
1999-2000	218	5477	5094	2290	44.95
2000-2001	218	5246	5007	2231	44.09

From the above table, it can be seen that the percentage of pass which was 63 in 1996-97 has come down to 44 in 2000-2001.

(ii) Nil result

The number of schools with nil percentage and less than 30 per cent success for the academic years 1996-97 to 1999-2000 are given below :

	1996-97	1997-98	1998-99	1999-2000
Number of schools with nil pass per cent	03 (1 per cent)	10 (5 per cent)	09 (4 per cent)	18 (9 per cent)
Number of School with below 30 pass per cent	12 (6 per cent)	NA	28 (14 per cent)	60 (28 per cent)

It would also be seen from the above that the percentage of schools with 'nil' result rose from 1 in 1996-97 to 9 in 1999-2000. Similarly, the percentage of schools with below 30 per cent result rose from 6 in 1996-97 to 28 in 1999-2000. During 1996-2000, while there was consistently "nil" result for 4 years in one school (Gopalpur Girls High School, Kalahandi), 'Nil result' prevailed from 3 years to 1 year in respect of 27* high schools.

There was thus a five to six fold increase in the number of RHS with totally sub-standard results. 'Nil' results in the test checked schools were attributed by the Head Masters concerned to inadequate staff. The reply was not tenable

* Koraput District :8; Malkangiri :2; Kalahandi :4; Sundergarh :1; Rayagada :8; Phulbani:1; Nowrangpur :2; Gajapati :1.

since the Teacher Pupil ratio in 9 out of 11 test checked schools having 'nil' results ranged between 1:10 and 1:39 against the norm of 1:40.

3.5.10 Non-utilisation of services of carpentry and weaving teachers

Idle retention of carpentry and weaving teachers in RHS led to unproductive expenditure of Rs.1.72 crore.

As per the instructions of Government of Orissa (August 1994) to the District Collectors, the services of the Carpentry and Weaving teachers of RHS were to be utilised for teaching in the primary schools of the department provided they had minimum qualification of Matric Certified Teacher (C.T) as the carpentry and weaving sections in the RHS had become non-functional with effect from 2 August 1994. The instructions were however, silent on the utilisation of services of those teachers having no requisite qualification. Test check of the records of Director revealed (May 2001) that 55 carpentry teachers and 12 weaving teachers continued to remain as such in 65 RHS without being entrusted with duties of teaching in primary schools as instructed by Government. In reply to an audit query, Deputy Secretary to Government, ST&SC Department stated (September 2001) that the carpentry and weaving teachers having Matric and above qualification were undergoing CT training in a phased manner in the Departmental Training Schools. As regards non-matric teachers it was stated that their services had been utilised suitably in lower classes. The reply was not tenable since the staff position, as on 30 June 2000 furnished by the department, however, did not disclose such utilisation.

This had rendered expenditure of Rs.1.72 crore on the pay and allowances of idle staff during August 1994 to March 2001 unproductive.

Construction of 8 hostel/school buildings remained incomplete since 1996-97.

3.5.11 Incomplete works under infrastructure development

During 1996-2000, Department placed funds of Rs.2.21 crore under Centrally Sponsored Plan Scheme(CSP) with 6 ITDA (Rs.1.93 crore), 1 DRDA (Rs.0.09 crore) and Chief Engineer, Rural Works Bhubaneswar (Rs.0.19 crore) for construction of 13 buildings (School buildings-6 and Hostel building-7) as detailed in the Appendix-XXV. Similarly, Rs.0.26 crore were placed with different executing agencies during the same period under State Plan for 31 construction/repair works in respect of 24 schools as detailed in Appendix-XXVI.

It would be seen from the Appendices that although the time limit fixed for completion of the above works was one year from the date of placement of funds, 5 works under CSP and 9 works under State Plan (SP) only were completed as of August 2001 at a cost of Rs.1.20 crore and Rs.0.07 crore respectively. Of the completed works UCs for Rs.55.44 lakh (CSP Rs.52.79 lakh and SP Rs.2.65 lakh) were pending for submission as of August 2001. It would be further seen that a sum of Rs.1.20 crore (CSP Rs.1.01 crore and SP Rs.0.19 crore) was retained by the executing agencies for over 2 years without execution of the works.

3.5.12 Unspent balances

(i) Pre-Matric Scholarships

Test check of records of 31 RHS and 6 DWOs revealed that Rs.28.05 lakh representing Pre-Matric Scholarships (PMS) for the period 1994-2001 remained undisbursed with them as of May 2001 without being remitted into treasury. It was also noticed that RHS, Girishchandrapur and DWO, Sundergarh remitted undisbursed PMS amount of Rs.2.97 lakh relating to the years 1996-97 to August 2000 in June 2000 and January 2001 with delays ranging from 3 to 2 years.

(ii) Non-procurement of materials

Scrutiny of records of 5 offices revealed that funds of Rs.38.60 lakh meant for purchase of cots, beds, text books and utensils for supply to RHS remained unspent with the Drawing and Disbursing Officers (DDOs) for periods ranging from 1 year to 9 years as detailed below

(Rupees in lakh)

Sl. No.	Name of the DDO	Funds retained unutilised	Period of retention	Mode of retention of unutilised funds				
				Cash	Advance	Civil Deposit	PL Account	Earnest Deposit
1.	DWO, Koraput	2.31	1year (2000-2001)	1.26	1.05	--	--	--
2.	DWO, Rayagada	28.82	4 years (1997-2001)	1.44	--	--	--	27.38
3.	DWO, Sundergarh	1.88	9 years (1991-2001)	--	--	1.88	--	--
4.	PA, ITDA, Rayagada	1.81	2 years (1999-2001)	1.81	--	--	--	--
5.	PA, ITDA, Keonjhar	3.78	2 years (1999-2001)	--	--	--	3.78	--
	Total	38.60	--	4.51	1.05	1.88	3.78	27.38

The above retention of funds without utilisation for years together deprived the students of RHS of the intended benefits under the scheme. No reasons either for non-utilisation or non-remittance of unutilised funds into treasury were advanced by the DDOs concerned except PA, ITDA, Keonjhar who stated (June 2001) that action had already been taken to purchase school materials on the recommendation of the purchase committee and that necessary orders had been placed for supply of the materials after which the unspent amount would be spent.

The matter was demi-officially referred (July 2001) to the Commissioner-cum-Secretary to Government for reply within 6 weeks followed with a reminder in August 2001. However, inspite of such efforts no reply had been received (November 2001).

SECTION-B

AGRICULTURE DEPARTMENT

3.6 Loss of revenue of Rs.2.47 crore due to low yield of Sisal fibre

Government was put to loss of revenue of Rs.2.47 crore due to shortfall in extraction of sisal fibre in 4 districts.

Government of Orissa had developed sisal plantations in different Soil Conservation (SC) sub-divisions over the years. According to the norms fixed by Government, the expected yield of sisal fibre was at the rate of 0.450, 0.560 and 0.675 tonne per hectare per year from 4th, 5th and succeeding years of plantations respectively.

Test check of records of Assistant Soil Conservation Officers (ASCOs) of Boudh, Machhkund-I, Sundergarh and Panposh (Rourkela) conducted between April 1999 and October 2000 revealed that against expected extraction of 1133.710 tonne of sisal fibre during 1994-99 as per norm, actual extraction of sisal fibre was only 120.916 tonne resulting in shortfall of 1012.794 tonne. Calculated at the varied selling price of sisal fibre fixed by the Director against each ASCO from time to time which ranged from Rs.18510 to Rs.25943 per tonne, there was loss of revenue of Rs.2.47 crore on the shortfall during the period as detailed in Appendix - XXVII.

Regarding the reasons for shortfall in extraction, the ASCO, Boudh stated (April 1999) that no gap-filling was taken up since inception and the site contained more clay and silt which was detrimental to the growth of sisal. ASCO, Panposh, Sundergarh and Machhkund-I however stated (August 1999, September 1999 and November 1999 respectively) that due to paucity of funds, the entire area of sisal extraction could not be taken up.

The replies of the above ASCOs were not tenable since the Government had fixed the norms for extraction, provided funds accordingly and in fact ASCO, Sundergarh could not utilise the funds allotted to him during the year 1996-97 fully. Moreover, ASCO Machkund-I spent Rs.0.96 lakh during 1998-99 against the admissible expenditure of Rs.0.39 lakh (at the rate of Rs.224 per hectare of area extracted). Thus, despite availability of adequate funds, loss was sustained as the above ASCOs did not take measures to optimise the yield as per norms fixed by the Government through proper maintenance of plantation.

The above matter was referred demi-officially to the Commissioner-cum-Secretary in May 2001 for reply within six weeks and was followed up with a reminder in June 2001. However, no reply was received from the Commissioner-cum-Secretary (November 2001).

3.7 Blockage of scheme funds of Rs.50 lakh due to non-completion of Bio-control laboratory

Non-adherence to cost norm fixed by Government of India for construction of Bio-control laboratory under Central Plan Scheme as well as non-utilisation of funds meant for purchase of laboratory equipment led to non-completion of the building and blockage of scheme funds.

Government of India (GOI) released Rs.50 lakh during 1995-99 as grants-in-aid for setting up of Bio-control laboratory for total crop management to contain pest population below Economic Threshold Levels. While Rs.30 lakh released by GOI to State Government in May 1995 and April 1996 was earmarked for construction of building for housing the laboratory, Rs.20 lakh were released in May 1998 for purchase of a vehicle and laboratory equipment. According to GOI's stipulation the construction of the building was to be strictly within Rs.30 lakh limit sanctioned for the purpose.

Scrutiny of records of Deputy Director of Agriculture, Plant Protection, Orissa, Bhubaneswar (DDA) revealed (May 1999) that Rs.20 lakh meant for construction of building although received from GOI in May 1995 was released by the State Government (Government) only in August 1995 after a gap of 3 months. Similarly, Rs.10 lakh received from GOI in April 1996 was released by State Government in February 1997. However, the administrative approval on the preliminary estimate of June 1996 was accorded by Government only in December 1996. The amounts were drawn by DDA and placed with the Executive Engineer (EE), Capital Construction Division II, Bhubaneswar (January 1997 : Rs.20 lakh and May 1997 : Rs.10 lakh) for completion of work by August 1998. There had therefore been delay of 19 months at the outset itself in release of funds at Government as well as DDA's level. The entire amount of Rs.20 lakh meant for purchase of vehicle and laboratory equipment was drawn by the DDA in March 1999 and unauthorisedly retained in 'Civil Deposit'.

Further, scrutiny revealed that although the expenditure on the construction of the laboratory building, taken up in September 1997, was to be limited to the sanctioned amount of Rs.30 lakh as per GOI's stipulation, the Chief Engineer (CE) submitted (July 1998) a revised estimate to the Director of Agriculture and Food Production, Orissa (Director) for Rs.58.88 lakh. The revision of estimate was necessitated due to high tender rates and deviation in execution of quantities under certain items. Thereupon GO approached (December 1998) GOI for sanction and release of additional funds of Rs.28.88 lakh for completion of the work. The latter refused to sanction the additional amount and advised the Director to modify the building plan and complete the work within the sanctioned amount of Rs.30 lakh. Since the structural work of the building was completed up to first floor by then, there was little scope for any modification in the plan.

However, as verified from the initial records of the EE (July 2001) the work was completed at a cost of Rs.49.98 lakh as of March 2001 excluding the cost of electrical installation and the building was awaiting handing over to DDA. Further, after handing over, the DDA was to incur additional expenditure on

external connections (electrical, water supply, sanitation etc.) to make it functional.

Thus, delay in release of funds to executing agencies by State Government, non-adherence to the cost norm of GOI for construction of the building and non-utilisation of funds for procurement of vehicle and laboratory equipment under the scheme led to blockage of funds of Rs.49.98 lakh besides affecting the implementation of the scheme to contain pest population in the State.

The DDA stated (May 1999) that the delay in receipt of estimate, administrative approval and sanction from GO was the reason for delay in execution of the project. The reply was not tenable since the work commenced on a preliminary estimate of Rs.39.75 lakh for which administrative approval was accorded and the cost norm stipulated by GOI was ignored.

The above matter was demi-officially forwarded (May 2001) to the Commissioner-cum-Secretary to Government for reply within 6 weeks followed with a reminder in June 2001. However, in spite of such efforts, no reply was received from the Commissioner-cum-Secretary (November 2001).

3.8 Irregular disbursement of subsidy on private lift irrigation points under State Agriculture Policy

Subsidy of Rs.42.75 lakh on PLIPs was paid irregularly to fake beneficiaries and non-existent PLIPs etc. under State Agriculture Policy.

The Subsidy on Private Lift Irrigation Point Rules - 1996 (SPLIP Rules) under Agriculture Policy envisaged setting up of 'Krishi Sahayak Kendras' (KSK) in every Block which would function under the District Agriculture Officer (DAO) who would act as Krishi Sahayak. The KSKs sanction subsidy on Private Lift Irrigation Points (PLIPs) at 50 *per cent* cost of a project subject to a ceiling of Rs.50,000 per project. According to SPLIP Rules 1996 the project, after execution, was to be inspected by a Designated Inspector opted by the beneficiary from among officers of 4¹ different departments/organisations of Government. Based on Inspector's certificate to the effect that the items on which subsidy was claimed have actually been executed, the KSKs were to recommend the cases to the Agricultural Promotion and Investment Corporation of Orissa Ltd. (APICOL), the nodal agency with whom funds were placed for disbursement of subsidy. In case an asset created under the scheme was transferred by the beneficiary within 5 years of release of such subsidy, the amount of subsidy was to be recovered from the beneficiary as arrears of land revenue.

Scrutiny of records of the APICOL and Director of Agriculture and Food Production Orissa (DAFP) in August 2000 and June 2001 respectively

¹ (i) Orissa Lift Irrigation Corporation/Orissa Agro Industries Corporation, (ii) Engineer of Ground Water Directorate, (iii) Rural Water Supply and Sanitation and (iv) Junior Engineer of Agriculture department in the area.

revealed that physical verification of 12,221 PLIPs was got done by the Deputy Directors of Agriculture between May and September 2000 which disclosed irregular payment of subsidy made between March 1997 and May 2000 in 281 cases. This was due to lapses on the part of the Designated Inspectors to conduct inspection at the time of certification which resulted in payment of subsidy to fake beneficiaries (44 cases: Rs.7.23 lakh), non-existent PLIPs (222 cases: Rs. 33.07 lakh). The physical verification also disclosed cases of beneficiaries who sold the PLIPs (15 cases: Rs.2.45 lakh). No action was taken for recovery of the amounts from the beneficiaries concerned.

DAFP while admitting the facts stated (June, July 2001) that the concerned KSKs had been directed to initiate legal action to recover the subsidy in respect of the 15 cases where the PLIPs were sold, and that action would be taken against defaulting executant/beneficiary/departmental officer in respect of remaining cases after detailed scrutiny.

Government in their reply endorsed (September 2001) the views of DAFP.

However, the reply is untenable since inadequate check and inspection of 266 PLIPs by the designated inspectors and non-initiation of action for recovery of subsidy from the beneficiaries who sold the PLIPs led to irregular sanction and payment of subsidy of Rs.42.75 lakh on PLIPs.

FINANCE DEPARTMENT

3.9 Guarantees given by the Government of Orissa

3.9.1 Introduction

Under Article 293 of the Constitution, the State Government gives guarantee to the loans raised by Local Bodies, Cooperative Institutions, Companies, Corporations etc. in the State from various Financial Institutions and other sources upon the security of the Consolidated Fund of the State within the limits fixed by the Legislature. The guarantees given by the Government constitute contingent liability on the revenues of the State. No law prescribing the maximum limit upto which the Government could give guarantee was enacted so far by the State Government. It was stated (September 2001) by the Finance Department that the matter was under consideration. In consideration of the guarantees given, the loanee institutions were to pay guarantee fee at the prescribed rates.

Sanctions to Government standing guarantee were accorded by the Administrative Departments concerned on the recommendation of the Heads of the Departments, with the concurrence of the Finance Department and with due approval of the Cabinet.

The year-wise position of maximum amount for which guarantee was given by the Government for the period from 1996-97 to 2000-2001 was as shown below:

Year	Maximum amount upto which guarantee was given (Cumulative)
	(Rupees in crore)
Upto 1996-97	3474
1997-98	3577
1998-99	5321
1999-2000	6465
2000-2001	6748

Out of this, a sum of Rs.3448 crore (51 *per cent*) towards Principal was outstanding at the end of 31 March 2001.

3.9.2 Audit coverage

Records of the Finance Department and 4⁴⁸ Administrative Departments (out of 15 Departments) which stood guarantee for a sum of Rs.2255 crore as at the end of 31 March 2001 were test checked in audit during September/October 2001. The observations of audit are discussed in the succeeding paragraphs.

3.9.3 Failure to follow procedures

Scrutiny of records in the 4 Administrative Departments test checked revealed that, guidelines issued (April 1980) by the Finance Department with regard to criteria and procedure were not adhered to in as much as (i) the Administrative Departments concerned did not conduct any periodical review (atleast annually) of each case of guarantee to safeguard Government interest, (ii) the Administrative Departments were not in possession of the consolidated information about the guarantees given, amount of loan outstanding and guarantees fee outstanding at any given point of time, (iii) but for executing agreements, the Administrative Departments did not insist upon furnishing of any security by loanee institutions to secure Government interest in respect of financial obligations undertaken by the deed of guarantee executed by the Government in favour of the lender. It was therefore seen that there was practically no monitoring of the guarantees by the Administrative Departments.

While the Departments of ST/SC Development, Textile and Handloom, Industries stated (September/October 2001) that the instructions of audit were noted and action would be taken to maintain the Consolidated Registers exhibiting the full details of the guarantees of the department as a whole, the Co-operation department stated (October 2001) that reconciliation of the State Government guarantees and the fees thereof was in progress and that compliance would be submitted soon after the reconciliation work was over.

⁴⁸ ST/SC Development, Textile and Handloom, Co-operation and Industries

3.9.4 Outstanding Guarantee fee of Rs.19.66 crore

The outstanding fee in the 4 Administrative Departments test checked stood at Rs. 19.66 crore⁴⁹ as on 31 March 2001.

Scrutiny of records in Textile and Handloom Department revealed that the prospect of realisation/receipt of the Guarantee fee (Rs.1.87 crore) from the 11 units was remote as all these units were defunct due to continuous losses. The Department stated (September 2001) that action was being taken for liquidation of those units. As such the Government would have to discharge the guarantee liability of Rs.134.76 crore besides bearing loss of the revenue viz the guarantee fee.

Scrutiny of other 3 Departments (ST/SC Development Department, Cooperation Department and Industries Department) also revealed that adequate follow up action was not taken to realise the guarantee fees. Department concerned stated (September/October 2001) that action would be taken to realise the outstanding guarantee fee.

3.9.5 Discharging of guarantee liabilities to the extent of Rs.85.80 crore

Government of Orissa paid (between November 1970 and September 1999) an amount of Rs. 85.80 crore to various financial institutions as of March 2001 towards discharging of the guarantee liabilities on behalf of 62 Cooperative/Industrial Institutions and others which defaulted in clearing the dues of which Rs.0.29 crore only could be recovered from the units as of March 2001. The details of the guarantees discharged towards repayment of loans raised by various institutions were as under:

Name of the Department	Names /Number of units	Amount paid (Rupees in crore)
ST/SC Development	Tribal Development Cooperative Corporation (TDCC)	10.22
Textile & Handloom	Orissa State Handloom Development Corporation (OHDC)	6.00
Co-operation	Orissa State Co-operative Agricultural and Rural Development Bank (OSCARD)	30.00
	Orissa State Marketing Federation Limited (OSMF)	34.45
Housing and Urban Development	Municipalities and Notified Area Councils (NACs)	1.00
Industries	56 units	1.22
Fisheries and Animal Resources Development	Fish seed Development Corporation (FSDC)	2.91
TOTAL		85.80

⁴⁹ ST&SC Development Department Rs.0.04 crore
Textile & Handloom Department Rs.1.87 crore
Co-operation Department: Rs.1.48 crore
Industries Department: Rs.16.27 crore

3.9.6 Guarantees for unviable units

(i) Tribal Development Co-operative Corporation (TDCC)

Government of Orissa in ST & SC Development Department stood guarantee to the TDCC for a loan of Rs.8.11 crore availed from State Bank of India (SBI) during 1990-91 and 1991-92, initially for a period upto 31 October 1995 and subsequently extended upto 31 March 1998 or till the repayment of the loan whichever was earlier. The Corporation incurred huge loss of around Rs.10 crore during 1991-92 and could not repay the loan availed from the State Bank of India. The Corporation repayed a sum of Rs. 3.73 crore till 30 November 1993 against the total due of Rs.13.35 crore (Principal Rs.8.11 crore + Interest Rs.5.24 crore) leaving a balance of Rs.9.62 crore out of which the Bank waived Rs 0.44 crore (penal interest). The Corporation approached Government to provide funds for clearing the dues due to their financial constraints. To this, Government after negotiations with the Bank authorities (March 1998) settled the total dues of Rs.10.22 crore (Rs.9.18 crore outstanding as on 30 November 1993 and Rs.1.04 crore towards interest thereon) as onetime payment. The said amount was paid (March 1999) to SBI for clearing the dues on behalf of the TDCC.

Scrutiny of records of ST&SC Development Department further revealed that TDCC was liable to pay guarantee fee of Rs.17 lakh to the Government. Since the TDCC failed to pay the guarantee fees, Government in ST&SC Development Department sanctioned grants-in-aid of Rs.17 lakh in favour of TDCC for formation of new cooperatives and strengthening of existing ones (Rs.4.09 lakh) and for establishment of minor forest produce unit during 1999-2000 (Rs.12.91 lakh) towards adjustment of outstanding guarantee fees against TDCC. Thus Government had to discharge the liability of Rs.10.22 crore towards the guaranteed amount including interest and besides payment of Rs.17 lakh by way of Grants-in-aid to adjust the guarantee fee.

(ii) Orissa State Co-operative Agricultural and Rural Development Bank Limited (OSCARD Bank)

A sum of Rs.30 crore was paid (September 1999) by the Government (Co-operation Department) to OSCARD Bank as Ways and Means advance enabling the Bank to clear the dues of Orissa State Co-operative Bank loan amount obtained for repayment of outstanding loan of NABARD, taken earlier by the OSCARD Bank.

It was seen that a further sum of Rs.1.43 crore was sanctioned by the Government as loan to OSCARD in March 2000 by way of transfer credit to Civil Deposits. This amount was released in March 2001 to OSCARD Bank for payment to Orissa State Co-operative Bank for settlement of residual amount of principal and interest thereon.

As to the reasons for further release of Rs. 1.43 crore, Co-operation Department stated (October 2001) that the information would be furnished after receipt of the same from the Registrar of Cooperative Societies, Orissa and Managing Director of the OSCARD Bank.

3.9.7 Overall assessment

Sanctions for guarantees for loans availed by various institutions were accorded as a matter of course without follow up action by the Administrative Departments. Due to non-observance of procedures and absence of proper monitoring, Government discharged liability on account of guarantees given to the tune of Rs.85.80 crore on behalf of 62 institutions as on 31 March 2001 in addition to the adjustment of Rs.0.17 crore for clearance of outstanding fee.

The above matter was referred to the Principal Secretary to Government of Orissa, Finance Department through a draft note in October 2001. No response was received (November 2001).

FISHERIES AND ANIMAL RESOURCES DEVELOPMENT DEPARTMENT

3.10 Delay in recovery of Fish sub-loans and non-deposit of repayments in Government Accounts-Rs.83.42 lakh.

Failure of OSCB to ensure prompt recovery of Fish sub-loans from Primary Fishermen Co-operative Society and timely credit of the same into the treasury led to blockage of Government money amounting to Rs.83.42 lakh.

The State Plan Scheme "Site Development under World Bank assisted Reservoir Fisheries Project" aimed at developing shrimp and fish culture by way of disbursement of fish sub-loans to Primary Fishermen Co-operative Societies (PFCS) was launched in the State in 1992-93. The implementation of the scheme was vested with the State Project Unit (SPU) headed by the Joint Director of Fisheries with the participation of Orissa State Co-operative Bank (OSCB) Limited to act as an agent of the State Government for disbursement.

As per the agreement with OSCB the SPU was to open a "Special Current Account" with the Bank for crediting sufficient funds for disbursement of loans to the eligible PFCS. OSCB in turn was to disburse the fish sub-loans to eligible PFCS identified by the State Government after obtaining securities from the borrowers and to effect recovery of such loans from them. In case of default in repayment of loans by the PFCS, the bank was to initiate legal or any other appropriate action as deemed necessary to safeguard Government money. Besides, the bank was to furnish to the State Government reports and returns for proper monitoring of the project. The fish sub-loan disbursed to PFCS is recoverable in 10 equal half-yearly instalments (15 September and 15 March) within 5 years with one year moratorium so as to ensure final credit to "Special Current Account" of SPU by 30 September and 31 March of each year and subsequent credit into the treasury. The project agreement executed with the World Bank envisages that the total amount of loan accrued in favour of the State would be repaid in 25 years.

Scrutiny of records of SPU revealed (February 1999) that Rs.82.85 lakh was sanctioned by Government between 1992-93 and 1996-97 for disbursement of fish sub-loan to PFCS under the scheme and the same was duly credited to the "Special Current Account" maintained for the purpose with the participating Bank. Against the above, Rs.81.56 lakh was disbursed to 52 eligible PFCS by the participating bank between 1992-93 and 1998-99. As against these disbursements, Rs.92.00 lakh (Principal: Rs.58.00 lakh, interest: Rs.34.00 lakh) was due for repayment by the PFCS concerned as at the end of March 2000. But only Rs.21.55 lakh (Principal: Rs.7.98 lakh, interest: Rs.13.57 lakh) was realised by the participating bank. Further, out of Rs.21.55 lakh realised by OSCB from the PFCS only Rs.8.58 lakh was credited to "Special Current Account" of the SPU. The balance amount of Rs.12.97 lakh (Repayment of instalments for 1996-97, 1998-99 and 1999-2000) was yet to be credited to SPU's current account by the base branches of the District Central Co-operative Banks. Although the borrowers defaulted in repayment of loans, initiation of legal action was not available on record indicating ineffective monitoring of the project by the Government.

Thus, failure of SPU in not monitoring the prompt recovery of fish sub-loans and crediting the realised amounts regularly to the 'Special Current Account' by OSCB for eventual deposit of the same into the treasury affected the State finances as the World Bank loan is to be repaid with interest in 25 years in half yearly instalments commencing from 1 June 2001.

SPU admitted (August 2001) that taking of legal action by the bank against the defaulting PFCS was not insisted upon apprehending that the borrowers may stop the repayment and added that active drive would be initiated for inducing repayment of the sub-loans and action so far had not been taken.

The reply was not tenable as Rs.70.45 lakh was outstanding for recovery and crediting into Government Account as of March 2000.

The above matter was referred to the Commissioner-cum-Secretary to Government (May 2001) for reply within six weeks followed up with a reminder in June 2001. However, inspite of such efforts no reply was received from the Commissioner-cum-Secretary (November 2001).

3.11 Blockage of funds and denial of housing facilities to fishermen

Due to improper planning and slow pace in execution, there was blockage of scheme funds of Rs.44.82 lakh and denial of housing facilities to fishermen even after 13 years of launching of NWFF scheme in the State.

The centrally sponsored scheme "National Welfare Fund for Fishermen" (NWFF) aimed at providing amenities to the fishermen such as housing, drinking water, community hall and seed money to credit societies was

launched in the State during 1987-88. The expenditure under the scheme was to be equally shared by Government of India (GOI) and the State Government.

Mention was made in paras No.3.3.9 (f) and 3.18 of the Reports of the Comptroller and Auditor General of India (Civil) for the years ended 31 March 1992 and 31 March 1997 respectively regarding wasteful expenditure, blockage of funds of Rs.17.12 lakh and tardy implementation of the scheme in Talapara and Motto villages in Balasore and Puri districts respectively taken up under the scheme since 1987-88.

Further, scrutiny of records in the office of Director of Fisheries, Cuttack regarding the implementation of the scheme in 8 districts revealed that against release of Rs.98.82 lakh between 1989-90 and 1998-99 for construction of 664 houses, 34 tube wells, a community hall and provision of seed money to 1 credit society in 31 villages, only Rs.53.99 lakh was utilised as of March 2000 for construction of 262 houses, 3 tube wells and a community hall. The unspent amount of Rs.44.83 lakh as at the end of March 2001 included Rs.40 lakh retained under "Civil Deposits" of which Rs. 20 lakh represented unutilised Central share. The credit society had also not been provided any seed money as of March 2000. Further, the completed houses numbering 262 were not handed over to the fishermen as of May 2001.

On this being pointed out, the Director of Fisheries attributed (January and August 2001) low achievement to delay in execution of works by field functionaries and retention of funds under "Civil Deposit" and stated that action was being taken to complete the houses and tube wells. As regards the handing over of the completed houses the Director stated (January 2001) that they were handed over to the beneficiaries soon after their completion during 1998-2000. However, test check of the records of Assistant Director of Fisheries, Dhenkanal under whose jurisdiction 122 houses were stated to have been completed revealed (May 2001) that no records evidencing such handing over of houses to the beneficiaries were available with him.

Thus, due to improper planning, slow pace of execution of work and retention of funds in "Civil Deposit", there was blockage of funds of Rs.44.83 lakh and the fishermen were denied housing facilities even after 13 years of launching of NWFF scheme (1987-88) in the State.

The above matter was referred demi-officially to the Commissioner-cum-Secretary (June 2001) for reply within six weeks followed with a reminder (August 2001). No reply was received (November 2001).

FOREST DEPARTMENT

3.12 Unadjusted forest advances

Due to non-adherence to the codal provisions Forest advances of Rs. 28.94 lakh were outstanding for recovery from disbursers in 20 Forest Divisions for years together. The earliest outstanding amount related to the year 1976-77.

According to the provisions of the Orissa Forest Department Code, the Disbursing Officers in charge of Forest Ranges receive advances direct from the Drawing Officers (DO) for meeting petty office expenditure were required to render accounts for the same to the DOs concerned through submission of vouchers. Rule 346 (2) *ibid* provides that the decision in respect of withheld¹ vouchers should be taken by Divisional Forest Officer (DFO)/DO within 3 months failing which they should be incorporated in the accounts. The amount involved in respect of disallowed² vouchers was, however, to be recovered from the disburser concerned. Appeals, if any, against decision of DO need to be preferred within 30 days to the Conservator of Forest (CF) whose decision in the matter would be final.

Test check of records in 20 Forest Divisions and one Conservator of Forest office conducted between March 2000 and January 2001 revealed that disallowed vouchers involving Rs.13.72 lakh pertaining to advances granted to disbursing officers between 1978-79 and 2000-2001 were outstanding for recovery from them. The above amounts included Rs.5.12 lakh in respect of which appeals were pending with the CF for periods ranging from 5 to 12 years. Besides, in 15 Divisions, advances of Rs.15.22 lakh were outstanding in the form of withheld vouchers from 1976-77 to 2000-2001 (upto December 2000) without being incorporated in the accounts, although the decision on such vouchers should have been taken by the DO within 3 months. The details are given in the Appendix- XXVIII.

While 10 DOs did not furnish any reply, 8 DOs stated that action would be taken for early adjustment/recovery, CF, Sambalpur stated (October 2000) that the matter would be reviewed and action taken accordingly. DFO, Athagarh stated (January 2001) that Rs.0.16 lakh outstanding against 5 officers who had either expired or retired would be written off. The replies were not acceptable since nothing prevented the DOs from recovering the amounts .

Thus, due to non-adherence to codal provisions and inaction on the part of DOs advances of Rs. 28.94 lakh were outstanding for years together raising

¹ Vouchers having inaccuracies/defective documentation/totalling mistake, expenditure without allotment of funds, wanting stock entries etc.

² Vouchers inadmissible for incorporation in accounts owing to inaccuracies and/or suspicious fraud etc. pending decision of DFO and/or Conservator of Forest as the case may be.

doubts about their recovery and correct adjustment in accounts. The matter calls for investigation by higher authorities.

The above matter was referred demi-officially (June 2001) to the Commissioner-cum-Secretary for reply within 6 weeks followed up with a reminder (July 2001). However, in spite of such efforts, no reply was received from the Commissioner-cum-Secretary (November 2001).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.13 Loss due to purchase of medicines from SSI units under rate contract procedure

Purchase of medicines by DDMS from SSI units under EPM rate contract led to loss of Rs.1.07 crore compared to procurement through the open tender system for OHSDP for the same medicines.

As per the centralised purchase system introduced (August 1997) by Government read with the provisions of Orissa General Financial Rules, procurement of 44 items of medicines and other stores for use in the government hospitals, in Orissa was to be made from the Small Scale Industrial (SSI) Units under rate contract with the Director, Export Promotion and Marketing, Orissa (EPM) and such purchase should be consistent with economy and efficiency. However, as per Rules for Rate Contract with Small, Medium and Large Scale Industries of the Industries Department, price preference could be given by EPM to these industries up to 15 *per cent* of the prevalent market price of the product.

Test check of records of the Deputy Director, Medical Stores (DDMS) the authority responsible for such purchase (May 2001) revealed that 5 medicines were procured for government hospitals under the centralised purchase system between 1999-2000 and 2000-2001. The same medicines were also procured for Orissa Health Systems Development Project (OHSDP) on open tender basis by DDMS. While examining the tenders submitted for supply of medicines by the SSI units and other firms under open tender system as well as purchase files in respect of procurement made under Centralised System it was noticed by audit that the cost at which purchase of the above medicines from the SSI units was made under EPM cost was higher than the cost paid for purchase under OHSDP on open tender system. The rate contract price (unit cost per 100 tablets/capsules) fixed by EPM exceeded the unit cost of these medicines in each of the cases leading to loss of Rs.86.02 lakh on the purchase from the SSI units during 1999-2001. Audit further noticed that the price preference limit of 15 *per cent* for EPM purchase had been exceeded in violation of Industries Department Rules for rate contract by Rs.59.98 lakh. In fact, the duality in the system allowed the SSI units to quote different prices for the same medicines for purchase under EPM and under the OHSDP, to the disadvantage of EPM leading to the loss. The Health and Family Welfare Department which made the procurement of the same medicines under EPM

rate contract price and under Open Tender System through the DDMS also did not take up the matter with the Industries Department under which EPM functions for revision of the rate contract prices. Besides, the DDMS incurred further expenditure of Rs.21.09 lakh towards quality tests and transportation of the above 5 medicines which was already included in the cost paid for the same 5 medicines under the Open Tender System.

Thus, procurement of medicines by DDMS from SSI units under rate contract procedure led to loss of Rs.1.07 crore during 1999-2001.

Government while admitting the facts stated (September 2001) that the department had taken up the matter with EPM as a consequence of which the prices of the 5 drugs had been reduced to the prices fixed for the same under the OHSDP system with effect from June 2001 and added that the Industries Department had also been moved to remove all the drugs from the EPM rate contract to put them in the "exclusive list" (list of store items reserved for exclusive purchase from industries located in the State on tender basis) in the proposed Industrial Policy Resolution 2001. The fact, however, remains that Government was put to loss of Rs.1.07 crore due to belated remedial action.

3.14 Unfruitful expenditure on continuance of Government Ayurvedic Hospital at a remote location

Despite a sharp decline in the registration of patients over the years and increasing establishment expenditure no tangible steps were taken to shift the government ayurvedic hospital from Paikamal where a larger private Ayurvedic hospital started functioning since 1997-98.

The Director, Indian Medicines and Homoeopathy, Orissa (Director) proposed (April 1986) to the State Government for establishment of an Ayurvedic Hospital at Berhampur in Ganjam district. He subsequently revised his proposal (August 1986) requesting Government to establish the hospital at Paikamal in district Sambalpur (presently Bargarh district) in place of Berhampur as the former had locational advantages like availability of raw materials in the nearby hills, scope to provide services to the large number of pilgrims who visit a local temple and which could also facilitate bed side teaching to the students of a private Ayurvedic Medical College at Paikamal. Government finally established (November 1986) a 25 bedded Ayurvedic hospital at Paikamal.

Scrutiny of records of Government Ayurvedic Hospital, Paikamal (August 1998) and information collected subsequently (April/May 2001) revealed that the hospital started functioning since December 1986 with a sanctioned strength of 28,[♦] against which men in position was 25 as on 31 March.2001. The hospital has been housed in 4 rooms of private Ayurvedic Medical College building where subsequently a 70 bedded private Ayurvedic Medical College Hospital started functioning since 1997-98. It was noticed that the

[♦] Deputy Superintendent-1, Medical Officers-6, Pharmacist - 3, Staff Nurse - 4 (3 from April 1998), Senior Clerk-1, Laboratory Technician-1, Peon-1, Ward Attendant - 6 (5 from March 2000), Sweeper -1, Chowkidar -1, Cook -1 and Kitchen Servant-1.

yearly registration of outdoor/indoor patients of the Government Hospital came down from 17259/426 in 1990 to 6388/104 in 1998 and 3562/63 in 1999. The highest average inflow of outdoor patients per day was 47 in the year 1990 and the lowest average was 10 per day in the year 1999, while the indoor patients registered the highest average of 3 per day in the year 1994, the lowest average of 1 in the year 1999. This downward trend of registration of patients was attributed (September 1998) by the Deputy Superintendent, Government Ayurvedic Hospital, Paikamal to the locational disadvantage of the hospital being situated at a distance of 4 Km. away from the Paikamal town, which the patients found difficult to attend. He further stated that there was no improvement in the position despite opening of an outdoor patient department at Paikamal town (July 1998). Although there was decline in the inflow of the patients, the deployment of the sanctioned staff continued and the establishment expenditure increased towards pay and allowances. Further, it was noticed that the Director visited the hospital in February 1998 and February 1999 at the instance of Government and recommended shifting of the hospital to Bargarh on the grounds of less patients and existence of a 70 bedded private Ayurvedic Medical College Hospital at the same place under one roof.

Thus, the continuance of a Government Ayurvedic hospital at Paikamal was not worthwhile particularly after the private hospital started functioning and expenditure of Rs.64.93 lakh incurred on pay and allowances of the staff of the hospital from 1997-98 to March 2001 was rendered unfruitful due to underutilisation of the capacity of the hospital.

The Director while admitting the facts stated (April 2001) that efforts were being made to shift the hospital to Bargarh as early as possible. The fact however remains that despite low registration of patients from 1997-98 onwards, no concrete steps have been taken to shift the hospital to a place where the optimum use of services of such a hospital could be made.

The above matter was referred (June 2001) to the Principal Secretary to Government for reply within 6 weeks followed up with a reminder in July 2001. No reply was received from the Principal Secretary (November 2001).

3.15 Loss of Rs.28.50 lakh due to non-availing of discount

Non-availment of discount of Rs.28.50 lakh was to non-completion of stock taking formalities and failure to ensure payment to the suppliers within the prescribed time by the DDMS.

As per the centralised system of purchase of medicines and surgical dressing materials introduced (August 1997) by the Health and Family Welfare Department, specified items of medicines and consumables were to be procured from the Small Scale Industry (SSI) units who were under rate contracts with the Director of Export Promotion and Marketing, Orissa (EPM). The EPM rate contracts with the SSI units from time to time stipulated that the supplier firms were to allow 3 *per cent* discount on the basic price to

the indenting officers if full payment was made within 2 weeks from the date of delivery of the articles.

Test check of records of Deputy Director, Medical Stores (DDMS), Bhubaneswar (May 2001) revealed that discount of Rs 28.50 lakh in respect of entire procurement of medicines and surgical materials worth Rs.9.50 crore centrally made by DDMS from the SSI units between October 1997 and March 2001 for supply and delivery at the Central Drug Store, Bhubaneswar was not availed although funds were not a constraint.

DDMS stated (May/August 2001) that the discount could not be availed of as the payments to the SSI units were not made within 2 weeks from the date of receipt of materials due to non-receipt of stock entry bills in time from the indenting officers. The reply was not tenable since the entire supply and delivery was made at a single point i.e, Central Drug Store, Bhubaneswar and no effective steps were taken to ensure the completion of stock taking formalities by the Store within the prescribed time to avail the discount.

Government stated (September 2001) that it was practically impossible to complete the stock taking formalities within the stipulated period of two weeks and added that the matter had been taken up with EPM to extend the period of payment to 30 days to avail the discount.

HIGHER EDUCATION DEPARTMENT

3.16 Undisbursed scholarships-Rs.53.64 lakh

Undisbursed scholarships of Rs.53.64 lakh accumulated during the period 1975-76 to 2000-2001 due to ineffective watch by the Department and inaction by the Principals of the Colleges.

Government of India, State Government and other organisations award scholarships in cash to meritorious college students during each year of their course study as financial assistance for prosecuting higher studies. Scholarships of all types are to be sanctioned and disbursed to the eligible students in the respective years.

Scrutiny of records in respect of 10* Government colleges revealed (April 1999 to February 2001) that scholarships of a particular year were being sanctioned by the Government or other organisations in the succeeding year and funds were provided in the subsequent years resulting in non-payment of scholarship to the scholars during their course-study. This was due to delay in finalisation of merit lists/award lists by the examining bodies within prescribed 8 weeks of publication of results necessary for ensuring award of

* 1. B.J.B College, Bhubaneswar (Rs.8.01 lakh), 2. Bhadrak College, Bhadrak (Rs.4.84 lakh), 3. D.D.College, Keonjhar (Rs.3.71 lakh), 4. F.M.College, Balasore (Rs.3.81 lakh), 5. G.M.College, Sambalpur (Rs.7.77 lakh), 6. Government College, Angul (Rs.3.07 lakh), 7. Khallikote College, Berhampur (Rs.2.36 lakh), 8. N.C.College, Jajpur (Rs.1.49 lakh), 9. Ravenshaw College, Cuttack (Rs.15.62 lakh) and 10. Rajendra College, Bolangir (Rs.2.96 lakh).

scholarships on time, due to lack of monitoring and co-ordination between the Principals of colleges, Board/Universities and the Government. In many cases scholarships were drawn and kept in "Civil Deposit" and released only when students were out of the academic stream. Thus, scholarship money amounting to Rs.53.64 lakh received by the Principals of the colleges remained undisbursed as of February 2001. The oldest pendency pertained to the year 1975-76.

Government admitted (February 2001/August 2001) that there were delays due to cumbersome procedures involved and that instructions had been issued to the concerned Principals/Institutions to expedite the disbursement of scholarship. They also stated that the matter would be taken up with Government of India to simplify the procedure and indicated that the undisbursed amount stood at Rs.37.18 lakh at the end of July 2001.

Home Department

3.17 Excess deployment of police personnel in South Eastern Railway

Excess deployment of 33 GRP personnel by the State Government with SER during 1993-2000 resulted in excess expenditure of Rs.60.50 lakh on them representing State share which was not reimbursed by the Railways.

(a) As per arrangement with Railways, Government of Orissa (Government) was to provide Government Railway Police (GRP) to the South Eastern Railway (SER) to deal with the problems of law and order arising in the railways. As per the provisions of the Indian Railway Financial Code the deployment of GRP was to be on 50:50 cost sharing basis between Government and Railways provided the strength of GRP was determined with the approval of Railways. Orissa Police Manual 1940 provides that Government was to raise yearly claim based on the annual budget estimate of the year for reimbursement by Railways within that year followed by statement of actual expenditure for adjustment, if any, in the next financial year.

Scrutiny of records (May 2000) of the Inspector General of Police (Finance), Orissa Police, State Headquarters, Cuttack (IGP) revealed that Inspector General of Police (Railways) deployed 880 number of GRP personnel of different cadres with SER during 1993-94 to 1999-2000 and claimed the 50 *per cent* cost of Rs.16.13 crore between February 1999 and November 2000. However, SER admitted the claims of Government of Rs.15.53 crore for 847 GRP personnel only and deducted Rs.60.50 lakh from the claims being 50 *per cent* proportionate cost of 33 personnel on the grounds that they were deployed in excess. It was also noticed that the IGP did not have the details of staff strength of GRP sanctioned by the Railway authorities against the continued deployment of 880 GRP personnel. Thus, the deployment of GRP personnel without the confirmation of sanctioned strength of SER resulted in

unnecessary burden of Rs.1.21 crore being the hundred *per cent* expenditure for deployment of such excess personnel. In addition, the preference of claims by IG/DIG (Finance) with delays ranging from 1 year to 4 years in disregard of codal provisions affected the finances of Government in the form of loss of interest of Rs.2.62 crore calculated at Government's borrowing rate of 12 *per cent* per annum during the period.

The IGP stated (May 2000) that steps had been taken to obtain the sanctioned strength of GRP from the SER.

(b) Scrutiny of records of IGP (May 2001) further revealed that the Chief Security Commissioner, Railways sanctioned the reimbursement cost of Rs.6.65 crore pertaining to the year 1993-94 to 1996-97 in February 2000. Accordingly, FA&CAO issued (June 2000) a demand draft for the amount in favour of Deputy Inspector General (Finance), Orissa Police (DIGP) as requested in the claims. It was, however, noticed that in the mean time Government upgraded the post of DIGP to IGP in May 2000. However, such upgradation was not promptly intimated to SE Railway. Consequently, the draft was sent back with the request to issue fresh draft in favour of IGP (Finance). The FA&CAO thereupon issued a fresh draft in August 2000 and the same was credited into the treasury in September 2000. Thus, due to procedural lapses there was delay of 7 months in crediting the amount into government account involving further loss of interest of Rs.46.53 lakh calculated at 12 *per cent* per annum.

Government accepted (September 2001) that GRP personnel had been deployed in excess of strength approved by SE, Railway. To the point of delay in crediting Rs.6.65 crore into treasury, they stated that it was for a month or so only. However, the reply was untenable since the amount was ultimately credited to Government account only in September 2000 after a delay of seven months.

3.18 Open Air Jail constructed at a cost of Rs.37 lakh lying unused for five years

Buildings constructed for Open Air Jail at a cost of Rs.37.23 lakh were rendered wasteful due to non-availability of underground water.

Government of Orissa (Home Department) decided (1986-87) to construct an Open Air Jail (OAJ) at Jamujhari in Khurda district to rehabilitate some selected prisoners on the basis of their good conduct by providing work through agriculture and small scale industry. Government directed (August 1986) the Inspector General of Prisons, Orissa (IGP) to requisition the Revenue Department for alienation of 110.435 acres of land in favour of Home (Jails) Department. Thereupon, a Committee was formed (November 1987) represented by the officials of Home (Jails), Revenue, Public Health and Public Works Departments for site selection.

Scrutiny of the records of Inspector General of Prisons (IGP) revealed (November 1999) that the Committee in its meeting (November 1987) selected the site of Jamujhari. Pending alienation, Home Department took advance possession of land (107.199 acre) from Revenue Department in March 1989.

The construction of buildings for OAJ was completed in December 1995 by the Public Works Department at a total cost of Rs.33.20 lakh. After completion of construction, the Engineer in Charge in May/August 1996 and Chief Engineer (August 1999) requested the IG, Prisons to take over the possession of the buildings. This was not done, instead IG, Prisons proposed (August 1994) to Government (Home Department) that OAJ be converted into Central Jail as there was no source of underground water for agricultural operation. IG, Prisons also intimated in July 1996 that the site at Jamujhari was neither suitable for Open Air Jail nor for Central Jail due to dry land and locational disadvantages. Government of Orissa (Home Department) in March 1998 sought for specific views of IG, prisons for alternative use of the buildings constructed at a cost of Rs.33.20 lakh. Further, expenditure of Rs.4.03 lakh was also incurred between April 1993 and December 2000 by the Department towards watch and ward of the property. Further, scrutiny revealed that the Committee while selecting the land did not address the problem of the availability of water source which was one of the main requirements for providing work to the prisoners through agriculture. Thus, the expenditure of Rs. 37.23 lakh incurred on construction and maintenance of the building was rendered wasteful.

The above matter was referred to the Controlling Officer i.e. Commissioner-cum-Secretary to Government through a draft note (February 2001). No response was received from him. However, in August 2001, Deputy Secretary of the Department replied that in 1998, a decision to set up a Central Jail in lieu of an Open Air Jail was contemplated for which additional funds of Rs.8.92 crore were required.

INDUSTRIES DEPARTMENT

3.19 Blockage of capital due to delay in completion of Rubberised Coir Unit

Rubberised Coir Unit targeted for completion by 31 March 1997 at Rs.2.53 crore remained incomplete although expenditure of Rs.2.80 crore was incurred on it as of March 2001.

National Co-operative Development Corporation (NCDC) approved (March 1995) a project for setting up of a Rubberised Coir Unit of 660 tonne capacity per annum at Bhubaneswar under the Centrally Sponsored Scheme for development of coir co-operatives. The project was to be executed by Orissa Co-operative Coir Corporation (OCCC) at an estimated cost of Rs.2.53 crore and be completed by March 1997.

NCDC was to provide loan assistance of Rs. 240.35 lakh including subsidy of Rs.0.60 lakh being 95 *per cent* of the project cost and the balance Rs.12.65 lakh being 5 *per cent* was to be equity contribution from OCCC. As per the funding pattern, the State Government was to initially release the funds to OCCC in the form of loan of Rs.151.56 lakh (59.9 *per cent*), State Government's Share Capital Rs.87.71 lakh (34.67 *per cent*) and subsidy of Rs.1.08 lakh (0.43 *per cent*) and claim reimbursement from NCDC subsequently.

Test check of the records of the Director, Handicrafts and Cottage Industries, Orissa (H&CI) (September 2000) revealed that State Government released their share capital amount of Rs.71.96 lakh (February and May 1996) and loan of Rs. 151.56 lakh (November 1998) against which the reimbursement from NCDC were also received by the State Government in March 1996 and January /March 1998 respectively for completion of the project by 30 June 1999. The project, which was originally scheduled for completion by March 1997, could not be completed though expenditure of Rs.2.80 crore was incurred on it as of March 2001.

OCCC proposed in December 1998 revised estimates having price escalation of Rs. 3.48 crore *inter alia* to meet the requirement of the Pollution Control Board for the treatment of effluents and in May 2000 for Rs.4.17 crore to accommodate cost and time overrun due to inclusion of items of work involving latest technology which were not contemplated in the original project. The revised estimate of May 2000 was approved by the State Government in March 2001 but the funds of Rs. 1.56 crore sanctioned (March 2001) were retained under "Civil deposit" without releasing the same to the executing agency (OCCC) as of July 2001.

Government admitted (July 2001) that as the project was a joint venture of National Co-operative Development Corporation, Orissa Co-operative Coir Corporation and Government of Orissa, flexibility was lacking in decision making process and that the revision of estimate during its implementation was to make additions in the nature of capital investment to strengthen the project with the prospect of sustainability.

The reply was not tenable, as the original formulation of the project itself was defective since vital aspects of pollution control and provision of latest technology for sustainability were ignored. Besides, retention of sanctioned funds in "Civil Deposit" without releasing them to the executing agency added to the delay in completion of the project.

Thus, defective formulation and delay in funding of the project by Government resulted in blockage of capital of Rs.2.80 crore as the project remained incomplete even after extension of time.

SCHOOL AND MASS EDUCATION DEPARTMENT

3.20 Working of Secondary Education System

Working of Secondary Education System in the State for the period 1994-95 to 2000-2001 was reviewed during December 1999 to February 2000 and May 2001 to June 2001. School and Mass Education Department, Director of Secondary Education, Orissa and 14 offices of Circle Inspector of Schools (CIS) covering 24 Government High Schools, 90 Government (New) High Schools and 80 aided High Schools were subjected to audit check. Main shortcomings noticed were as under:

3.20.1 Poor performance of schools in terms of declining success rates at annual HSC examinations

It was seen that while expenditure on Secondary Education in the State which was Rs.270.73 crore in 1996-97 steeply increased to Rs.440.80 crore in 2000-2001 (an increase of 61.41 per cent), the success rate of students who appeared in High School Certificate (HSC) examination during the period 1996-2001 declined for the State as a whole. The success rate which stood at 63 per cent in the academic year 1996-97 came down perceptibly to only 38 per cent in the year 2000-2001.

3.20.2 Drawal of money in excess of requirement

As per the Orissa Treasury Rules, money should not be drawn from the treasury unless it was required for immediate disbursement. Scrutiny of cash books revealed that closing cash balance as at the end of March 2001 in respect of 7 Drawing and Disbursement Officers (DDOs) comprised unutilised funds of Rs.3.73 crore held as cash (Rs.24.69 lakh), in BD/DCR (Rs.275.71 lakh), paid vouchers (Rs.5.02 lakh) and unadjusted advances (Rs.1.47 lakh) vide Appendix -XXIX. Out of the above unutilised funds, Rs.72.80* lakh related to the period 1989-90 to 1999-2000 drawn by them to avoid lapse of budget grant.

Analysis of the closing cash balances as at the end of March 2001 in respect of the above 7 DDOs revealed unauthorised expenditure of Rs.5.02 lakh from available cash without sanction and allotment of funds during the period 1989-90 to 2000-2001. Besides, Rs.30.71 crore drawn under various schemes between 1985-86 and 2000-2001 by debiting the service head was retained as per instruction of Government in Civil Deposits as of March 2001 by the Director of Secondary Education.

Such retention of funds in Civil Deposits for periods ranging from 4 months to 12 years affected implementation of Centrally Sponsored Plan Schemes like "Vocationalisation of Education at Higher Secondary stage", "Improvement of Science Education in schools" as detailed below :

Sl. No.	Name of the scheme	Year of drawal	Amount drawn (Rupees in lakh)	Purpose	Period of retention in Civil Deposit
1.	Vocationalisation of	1988-89	22.78	Purchase of equipment	1988-89 to

* Bhawanipatna :Rs.17.82 lakh, Bolangir: Rs.6.37 lakh, Dhenkanal: Rs 13.81 lakh, Ganjam: Rs.3.20 lakh, Jeypore Rs.16.19 lakh, Sundargarh Rs.11.62 lakh, Director of Secondary Education, Orissa: Rs.3.80 lakh

	Education at Higher Secondary Stage			for vocational education	2000-2001 (12 years)
	-do-	1990-91	450.00	-do-	1990-91 to 2000-2001 (10 years)
2.	Improvement of Science Education in Schools	1997-98	78.32	Purchase of science equipment	1997-98 to 2000-2001
	-do-	2000-2001	2160.00	Purchase of science equipment & library books to High Schools of Super Cyclone Affected districts	March 2001 to July 2001 (4 months)

Government stated (September 2000) that instructions were issued in June 2000 to the Director of Secondary Education to deposit all unspent balance into treasury immediately and to take special drive to disburse the amount upto the year 1999-2000 latest by July 2000. Despite Government instructions, there was no improvement in the testchecked units as of March 2001.

3.20.3 Inadmissible payment of grants-in-aid

The Orissa Education (payment of grants-in-aid to High Schools and U.P. Schools) Order 1994 read with Government of Orissa resolution of March 1979, inter-alia, stipulated that no GIA shall be payable to an institution which has not achieved minimum enrolment prescribed by Government for different courses and for different areas and where results in the Board examinations are 20 per cent below the State average in respect of educationally backward districts and not below the State average in other districts.

Thirty schools under the 6 CIS whose results were below 20 per cent of the State average or fell short of the required roll strength or both in three consecutive years prior to June 1994 were allowed (May 1995) minimum GIA from June 1994 by the Government of Orissa .

Thus, payment of GIA of Rs.5.66^{##} crore made to these schools for the period from June 1994 to March 2001 in contravention of the above provision was irregular.

Government stated (September 2000) that steps were taken to withhold grants-in-aid to such High Schools after giving reasonable opportunity by issue of show cause notice to the schools having poor performance.

3.20.4 Unproductive expenditure due to poor strength and poor result

As per the stipulations contained in the Orissa Education Act, 1969, the minimum strength of pupils for each standard/class shall be 40, which shall be 25 if such schools are located in scheduled areas and educationally backward areas.

^{##} C IS Bolangir: 3 schools - Rs.45.03 lakh, CIS Ganjam: 1 school - Rs. 15.64 lakh (upto December 1998), CIS Jeypore; 3 schools - Rs.60.78 lakh (upto March 1999), CIS Dhenkanal: 4 schools - Rs.86.89 lakh (upto April 1999), CIS Bhawanipatna: 16 schools - Rs.295.84 lakh, CIS Sundargarh: 3 schools - Rs.61.56 lakh.

A High School in Ganjam Circle, situated in scheduled area was taken over by Government in June 1994. The strength of the school having 5 classes put together at the end of March 1999 was only 71. The results in the annual High School Certification Examinations (6 to 33 *per cent*) were much below the State average (52 to 63 percentage) during 1994-98 period. In view of the above, the establishment cost of Rs.18.79 lakh incurred for maintenance of the school without the required strength of pupils and with poor results lacked justification. Similarly, it was noticed in three offices of CIS (Baripada, Jajpur and Khurda) test checked during local audit that the roll strength in 18 new High Schools in the areas other than the scheduled areas and educationally backward areas during March 1999 ranged from 12 to 84 against the required strength of 120, rendering establishment cost of Rs.2.47¹ crore incurred for their maintenance unjustified.

CIS, Ganjam stated in November 1999 that the student strength came down due to collapse of the major portion of the school building. CIS, Jajpur however, attributed the poor strength to opening of 2 schools in the same Gram Panchayat. CIS, Khurda and Baripada did not furnish any specific reply.

Government stated (September 2000) that a decision had been taken for merger of unviable educational institutions with the nearby institutions. However, no tangible action in that direction was taken as of August 2001.

3.20.5 Promoted Headmasters remaining idle

Director of Secondary Education Orissa in November and December 1997 promoted 124 Assistant Teachers of the taken over High Schools to the post of Headmaster in the scale of Rs. 1700-3200 against the vacancy position submitted by the respective Inspector of Schools.

Out of the above, 43 teachers coming under 7 CIS could not join their new places of posting due to stay order granted by the Hon'ble High Court in favour of the existing head masters in those places. Of these 43 teachers, 2 had retired (January 1998 and August 1998) on superannuation without working as head master in the respective inspectorates. Although the Director had been intimated by the CIS concerned between November 1997 and December 1998 about the fresh vacancy positions at places other than those in which existing head masters were granted stay by the Hon'ble High Court, the Director did not take prompt action to redeploy the remaining 41 teachers sitting idle in the respective inspectorate to join as head master in those places. They were, however, adjusted between May 1998 and May 2000 with delays ranging from 5 to 28 months. Thus lack of prompt action by the Director in adjustment of the teachers promoted as head masters against the existing vacancies resulted in unproductive expenditure of Rs.58.05² lakh on their pay and allowances.

¹ Ganjam: 1 school - Rs. 18.79 lakh during 1994-98, Baripada: 2 schools - Rs.8.33 lakh during 1996-97, Jajpur: 4 schools -Rs.21.61 lakh during 1994-99, Khurda: 12 schools - Rs.2.17 crore during 1996-97.

² IS Bolangir: 7 teachers (5 to 18 months)-Rs.10.36 lakh, IS Dhenkanal: 16 teachers (5 to 23 months) - Rs.20.27 lakh, IS Ganjam:4 teachers (8 to 28 months) - Rs.3.99 lakh, IS

3.20.6 Excess posting of staff

Test check of records in 19 Government High Schools under 10 CIS revealed that teaching and non-teaching staff posted in excess of the requirement as per the norms fixed by Government in December 1990 were allowed to continue from the year 1993-94 to 2000-2001. Due to this Government incurred an additional expenditure of Rs.2.13 crore during the period from 1993-94 to 2000-2001 as detailed in the Appendix - XXX.

Government stated (September 2000) that due to irrational transfer and posting and deployment of staff in some schools excess staff continued in some schools and steps were taken for rationalisation of staff in High Schools in the State. Test check of units (CIS) in May-June 2001 revealed that excess staff were still continuing

3.20.7 Non-adjustment of Hindi teachers.

Government instructed (October 1996) the Director, Secondary Education, Orissa to withdraw the Hindi teachers continuing against sanctioned posts in Government Middle English (ME)/Takenover ME/U.G.M.E schools and to adjust them against available vacancies in the High Schools in a phased manner, since Hindi was not an examinable subject in upper Primary (ME) Classes. It was further instructed in the same letter that vacancies of Hindi teacher posts available in High School (Government and takeover) shall not be filled by direct recruitment till adjustment of Hindi teachers of M.E. Schools is complete.

Scrutiny of records in the office of the Director, Secondary Education and information furnished by the Director (June 2001) revealed that there were 439 Hindi teachers to be adjusted against vacancies in high schools while 60 posts of Hindi teachers were lying vacant in different High Schools. On the other hand, 12 Hindi teachers were directly recruited by 7 Inspector of Schools (Puri-2, Cuttack-3, Bhadrak-2, Kalahandi-1, Mayurbhanj-1, Kendrapara-1, Bolangir-2) during the period March 1998 to December 1999 in violation of the government orders. Even the Director of Secondary Education was not aware of such recruitment.

Thus, 439 Hindi teachers were continuing in different M.E. Schools without teaching any subject from October 1996 onwards despite instruction of the Government to adjust them in High Schools and Government did not take any action to deploy them in other streams resulting in idle expenditure of Rs.12.65 crore from October 1996 to March 2001.

3.20.8 Non-disbursement of scholarships

Test check of accounts records in 6 CIS revealed that against receipt of Rs.37.92 lakh towards disbursement of scholarships to students for the period 1993-2001, only Rs.7.51 lakh was disbursed leaving an undisbursed amount of

Jeypore: 2 teachers (8 to 15 months)-Rs.1.82 lakh, IS Sundargarh: 2 teachers (6 to 8 months) - Rs.1.14 lakh, IS Cuttack: 12 teachers (17 to 28 months) - Rs.20.47 lakh.

Rs.30.41 lakh (80 per cent) as of March 2001. Delay in non-disbursement of scholarships was attributed by the D.D.Os. between 1999 and May 2001 to delay in receipt of funds from the Directorate and non-communication of awardee list.

Government stated (September 2000) that instructions were issued to the Director of Secondary Education in June 2000 for prompt disbursement of scholarship amounts or to deposit the undisbursed amount into the Treasury. However, no improvement was noticed in test checked units which were visited again in May 2001 and undisbursed amount continued to remain with them.

3.20.9 Irregular retention of Government money outside Government account.

Government took over (December 1994) the management of 750 fully aided private High Schools in 6 circles with their assets in June 1994. The Managing Committee of the above schools handed over the fixed deposit amounts, duly pledged, in favour of the respective Inspectors of Schools to the Headmasters of the concerned High Schools. Out of 750 schools, test check of 326 schools revealed that Rs.46.10³ lakh was continued in the Banks without being deposited in Government Account. Thus, Government funds were locked up in fixed deposits in banks till March 2001.

Government stated (September 2000) that steps were being taken to deposit the pledged amount in the government account for which instructions were issued to the CIS and to the Director of Secondary Education in June 2000.

The above points were demi-officially referred (July 2001) to the Commissioner-cum-Secretary to the Government, School and Mass Education Department for reply within 6 weeks followed with a reminder in August 2001. No reply was received (November 2001)

³ IS Bolangir: 139 schools-Rs.13.90 lakh, IS Ganjam:89 schools -Rs. 19.50 lakh, IS Jeypore:21 schools -Rs.2.12 lakh, IS Dhenkanal: 10 schools - Rs. 1.92 lakh, IS Bhawanipatna: 43 schools - Rs.4.15 lakh and IS Sundargarh: 24 schools - Rs. 4.51 lakh.

STEEL AND MINES DEPARTMENT

3.21 Short realisation of loan and sale consideration of the Charge Chrome Plant

Failure of Government to raise periodical demand led to non-realisation of loan and interest amount of Rs.21.91 crore from OMC on acquisition of charge chrome division. Unilateral deduction of claims by TISCO from the dues of Government on its sale remained unverified for over 8 years and led to short realisation of Rs.0.95 crore.

The Charge Chrome Division of Orissa Mining Corporation Limited (OMC) with its plant at Baminipal was acquired by Government of Orissa. As per the provisions of the Orissa Ordinance No.8 (24 September 1991), Government acquired the right of transfer, title and interest of the unit after having been satisfied that the unit suffered substantial loss and OMC was not in a position to run it. The Ordinance provided that Government was to take over the book value of the assets and the liabilities including the foreign and domestic loans on the date of transfer subject to settlement of net difference between the assets and the liabilities by actual payment. Accordingly, Government valued the assets and the liabilities at Rs.78.70 crore and Rs.102.88 crore respectively and the difference of Rs.24.18 crore was treated as loan to OMC by issue of a sanction order (March 1995) after working out the modalities of recording the accounting transactions in July 1994. The loan carrying 15 per cent of interest per annum was to be recovered from OMC in 20 half yearly instalments commencing from March 1994. However, soon after acquisition, Government transferred (27 September 1991) the ownership of the unit in favour of Tata Iron and Steel Company (TISCO) under an agreement which stipulated that the latter was to pay Rs.53.35 crore being the excess of assets (Rs.156.23 crore) over liabilities (Rs.102.88 crore). The amount was to be paid in 15 equal yearly instalments of Rs.3.56 crore at the end of each financial year commencing from the year 1991-92.

(i) Short realisation of loan from OMC

Scrutiny of records of the Commissioner-cum-Secretary, Steel and Mines Department (February 2000) and information collected subsequently (April 2001) revealed that as against Rs.49.19 crore due for recovery from OMC by the end of September 2000 towards principal (Rs.15.72 crore) and interest (Rs.33.47 crore), Rs.27.28 crore (45 per cent) only was recovered upto 1999-2000 from OMC. The balance amount of Rs.21.91 crore remained unrealised as the demands for loans were not regularly followed up. Scrutiny also revealed that proposal of OMC in September 2000 for waiver of balance loan and interest was rejected by Government (April 2001) on the ground that the net difference in valuation of assets and liabilities was to be settled by actual payment as provided in the Ordinance.

Thus, failure of Government to raise periodical demand led to non-realisation of loan amount of Rs.21.91 crore including interest from OMC as of 1999-2000.


(ii) Short realisation of sale consideration dues from TISCO

Scrutiny of records of office of Commissioner-cum-Secretary revealed (February 2001 and April 2001) that between 1991-92 and 1999-2000 against sale consideration dues (on payment of 9 instalments) of Rs.32.01 crore TISCO paid 9 instalments at reduced amounts aggregating Rs.31.06 crore in violation of the agreed terms resulting in short payment of Rs.0.95 crore. This was due to unilateral deduction of certain expenses incurred from time to time in excess of agreed liability as claimed by TISCO. However, after deduction of Rs.0.68 crore from the second instalment, it was decided (October 1993) that TISCO would not deduct any claim unilaterally. It was to submit the claims to OMC for examination and only after receipt of confirmation from OMC, Government would take a decision on the manner of the discharge of such liability. Without such examination and confirmation of claims by OMC to enable government decision, TISCO paid (1993-2000) the subsequent instalments after unilateral deduction of Rs.0.27 crore in each instalment. It was also noticed that Government advised (February 2001) OMC again to verify and confirm the claims of TISCO expeditiously. Thus, unilateral deduction of claims by TISCO from the instalments remained unverified for over 8 years due to lack of follow up action by Government.

Financial Advisor-cum-Joint Secretary to Government in response to draft note stated (July 2001) that the OMC was requested (May, July 2001) to pay the balance amount of loan as pointed out by audit. As regards unilateral deduction of claims by TISCO, he stated that a detailed report had been called for from OMC about the matter.

The fact however, remains that lack of prompt follow up action by Government led to non realisation of balance amount of loan and interest thereon as well as sale consideration dues for long.

The above matter was demi-officially referred (May 2001) to the Commissioner-cum -Secretary Steel and Mines Department for reply within 6 weeks followed up with a reminder (June 2001). However, inspite of such efforts, no reply was received from the Commissioner-cum-Secretary (November 2001).



Women and Child Development Department

3.22 Avoidable expenditure in lifting of SNP wheat stock

Lifting of SNP wheat allocated for 1996-97 during the extended period in 1997-98 resulted in avoidable expenditure of Rs.2.34 crore as the price of wheat was paid at the enhanced economic cost price of FCI applicable for the year of lifting.

Government of India, Ministry of Human Resources Development Department (MHRD) allotted 26238 MT of wheat in favour of Government of Orissa (Government) for implementation of wheat based Special Nutrition Programme (SNP) under the State Plan Scheme during 1996-97. The wheat was to be lifted in a phased manner on pre-payment basis from the Food Corporation of India (FCI) at the central issue price of Rs.450 (India) and Rs.402 and Rs.450 (Imported) per quintal applicable for the year. This was a subsidised price and did not cover the economic cost of FCI. As against the above allocated quantity, only 17842 MT of wheat could be lifted during the year. However, while sending the annual requirement of wheat of 28590 MT for the year 1997-98 Government requested (March 1997) MHRD to allow extension of time for lifting the balance quantity of 8396 MT of 1996-97 upto 30 June 1997 and to adjust the same against the annual allocation for 1997-98. Scrutiny of records of District Social Welfare Officer (DSWO), Cuttack (March 1999) and information collected subsequently revealed that MHRD permitted (April 1997) extension of time upto 30 June 1997 to lift the balance quantity. However, in August 1997 MHRD, while conveying the approval of 17150 MT of wheat for the year 1997-98 stated that on the basis of intimation received from the Department of Food and Civil Supplies, the Ministry of Finance had withdrawn the subsidy on the wheat allotted to the States under SNP for the year 1997-98 and as such Government was to pay for the same at the economic cost price of Rs.752.83 per quintal fixed by FCI for the year. Further, scrutiny revealed that FCI preferred the differential cost of Rs.2.35 crore for lifting the 6262.69 MT of wheat allotted for the year 1996-97 during the extended validity period from April to June 1997. As per orders of Government (March 1998) to the DSWOs for the payment of the differential cost, FCI recovered Rs.2.34 crore from them as of August 2000. As per MHRD's intimation of August 1997, the enhanced economic cost price of FCI was applicable only to the 17150 MT of wheat allotted for the year 1997-98. Subsidy being available on the wheat allotted for the year 1996-97 and MHRD's permission (April 1997) to lift the balance quantity allotted for that year during the extended period (June 1997) did not also stipulate charging at the economic cost price. Thus, the payment of differential cost of Rs.2.34 crore to FCI for lifting the same was irregular. No action was taken by Government to move MHRD for the waiver of differential cost price of Rs.2.34 crore since subsidy was available for lifting the stock of 1996-97.

The reasons advanced (May 2001) by Government for non-lifting of 1996-97 stock were delayed release of funds by Government of India (GOI) and truck owners' strike for a day none of which seem acceptable.

The matter was demi-officially referred to the Commissioner-cum-Secretary to Government (May 2001), Women and Child Development Department and followed up with a reminder (June 2001). However, no reply was received (November 2001).

GENERAL

3.23 Misappropriation, losses etc.

Cases of misappropriation, losses etc. of Government money reported to audit upto end of March 2001 and on which final action was pending at the end of June 2001 were as follows:

		Number of cases	Amount (Rupees in lakh)
(i)	Cases reported upto the end of March 2000 but outstanding at the end of June 2000	2047	1245.53
(ii)	Cases reported during April 2000 to March 2001	26	97.90
(iii)	Cases disposed of till June 2001	2	0.08
(iv)	Cases reported upto March 2001 but outstanding at the end of June 2001	2071	1343.35

Department-wise analysis of the outstanding cases is given in the Appendix-XXXI. The period for which these were pending are given below :-

		Number of cases	Amount (Rupees in lakh)
(i)	Over five years (1948-49 to 1995-96)	1785	1055.92
(ii)	Exceeding three years but within five years(1996-97 to 1997-98)	146	83.24
(iii)	Upto three years (1998-99 to 2000-2001)	140	204.19
		2071	1343.35

The reasons for which the cases were outstanding are as follows :-

		Number of cases	Amount (Rupees in lakh)
(i)	Awaiting departmental and criminal investigation	649	608.15
(ii)	Departmental action initiated but not finalised	838	534.00
(iii)	Criminal proceedings finalised but execution of certificate cases for the recovery of the amount pending	40	10.28
(iv)	Awaiting orders for recovery or write off	421	131.41
(v)	Pending in the courts of law	123	59.51
		2071	1343.35

3.24 Lack of response to audit

Accountant General (Audit), Orissa, arranges to conduct periodical inspection of Government departments to test check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IR). When important irregularities etc. detected during inspection are not settled on the spot, these IRs are issued to the Heads of offices inspected with a copy to the next higher authorities. The rules and orders of Government provide for prompt response by the executive to the IRs issued by the Accountant General (AG) to ensure rectificatory action in compliance with the prescribed rules and procedures and to ensure accountability for the deficiencies, lapses etc. noticed during his inspection. The Heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the Accountant General (Audit). Serious irregularities are also brought to the notice of the Head of Department by the Accountant General (Audit). A half yearly report of pending IRs is sent to the Secretary of each Department to facilitate monitoring of the audit observations in the pending IRs.

IRs issued upto June 2001 pertaining to 5331 offices of 34 departments disclosed that 66,236 paragraphs relating to 16,911 IRs remained outstanding at the end of September 2001. Of these 3944 IRs containing 9745 paragraphs had not been settled for more than 10 years (Appendix-XXXII). Year-wise position of the outstanding IRs and paragraphs are detailed in Appendix-XXXIII. Even the initial replies which were required to be received from the Heads of offices within six weeks from the date of issue were not received in respect of 4952 IRs (Appendix-XXXII) issued between 1980-81 and 2000-2001 (June 2001). As a result, several serious irregularities commented upon in these IRs had not been settled as of September 2001 the details of which are given in Appendix-XXXIV.

A review of the IRs which were pending due to non-receipt of replies as detailed in Appendix-XXXII revealed that the Heads of offices whose records were inspected by AG and the Head of the Departments failed to discharge due responsibility as they did not send any reply to a large number of IRs/Paragraphs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out in the IRs of the AG. The Secretary of the respective Departments who were informed of the position through half yearly reports also failed to ensure that the concerned officers of the Department take prompt and timely action. The above also indicated inaction against the defaulting officers thereby facilitating the continuation of serious financial irregularities and loss to the Government though these were pointed out in audit.

It is recommended that Government should look into this matter and ensure that procedure exists for (a) action against the officials who failed to send replies to IRs/Paras as per the prescribed time schedule, (b) action to recover loss/outstanding advances/overpayments in time bound manner and (c)

revamping the system of proper response to the audit observations in the Department.

The matter was referred to Government in October 2001; reply had not been received (November 2001)

3.25 Follow-up action on earlier Audit Reports

The Comptroller and Auditor General's (CAG) Audit Reports represent culmination of the process of scrutiny starting with initial inspection of accounts and records maintained in the various offices and Departments of Government. It is therefore, necessary that they elicit appropriate and timely response from the executives.

Finance Department, Government of Orissa had issued instruction (December 1993) to all Administrative Departments to submit explanatory notes on paragraphs/reviews included in the Audit Reports and Action taken notes (ATNs) on the recommendations of Public Accounts Committee (PAC) reports within 3 months and 6 months respectively of their presentation to the Legislature without waiting for any notice or call from the PAC duly indicating the action taken or proposed to be taken thereon. Mention was made in para 3.20 of the Audit Report (Civil) for the year ended 31 March 2000, of the explanatory notes pending with Departments.

(i) Outstanding Explanatory notes

It was, however noticed that 23 out of 37 departments who were commented upon, did not submit explanatory notes on 297 paras/reviews as of July 2001 in respect of Audit Reports from the year 1991-92 to 1999-2000 as indicated below:

Year of Audit Report	Total paras/reviews in Audit Report	Number of paras/reviews for which explanatory notes were not received
1991-92	70	10
1993-94	60	20
1994-95	57	14
1995-96	61	16
1996-97	77	70
1997-98	64	51
1998-99	64	62
1999-2000	54	54
Total	507	297

The department-wise analysis is given in the Appendix-XXXV. The break-up revealed that the Departments largely responsible for non-submission of explanatory notes were Water Resources, Agriculture, Panchayati Raj, Works and Scheduled Tribes and Scheduled Castes Development Departments. Audit also found that not only around 59 per cent audit observations remain unresponded to, comments on topics such as Contract Management, Public Distribution System and Employment Assurance Scheme etc. had also failed to elicit any response from the Government.

(ii) Action taken by Government on important system deficiency

Mention was made in paras 3.15.6.2.1, 3.15.6.3, and 3.15.6.4(i) of Audit Report (Civil) for the year 1984-85 about the system deficiency under Public Distribution System leading to (1) shortfall in providing fair price shops in hilly and tribal areas, (2) circulation of excess ration cards, and (3) issue of sub-standard quality of food grains to consumers.

PAC in their 75th Report (Ninth Assembly) 1988-89 had asked the department to furnish a comprehensive note indicating the reasons for less coverage in respect of (1) above and to take adequate steps to avoid such situation in future in respect of (3). Action taken notes on the recommendations of the PAC have not been furnished by the Department as of August 2001.

It was, however, observed in audit during subsequent scrutiny that the position has not improved even after 14 years as commented in paras 3.2.6(i) 3.2.7, 3.2.13.1 and 3.2.16(i) of Audit Report (Civil) for the year ended 31 March 1999.

3.26 Review on Personal Ledger (PL) Accounts

3.26.1 Introduction

Mention was made in Audit Reports (Civil) for the years ended March 1998, 1999 and 2000 regarding deficiencies in maintenance of Personal Ledger (PL) Accounts. Further, audit review revealed that these deficiencies continued to persist owing to inaction of the departmental authorities. PL Accounts were maintained in Public Account of Orissa (8443-Civil Deposits-106-Personal Deposits) as well as within the Consolidated Fund of Orissa. The scheme-wise position of balance at the end of March 2001 and their maintenance of accounts have been exhibited in the Appropriation Accounts for the year 2000-2001 under the respective grants.

Finance Accounts for the year 2000-2001 showed a balance of Rs.281.09 crore under major head “8443-Civil Deposits-106-Personal Deposits”. A test check of records relating to PL Accounts revealed the following serious irregularities.

3.26.2 Transfer of funds to PL Accounts to avoid lapse of budget

Financial Rules of the Government prescribe that money should not be drawn from the treasury unless it is required for immediate disbursement and it should not be drawn for depositing under the Civil Deposit-Personal Ledger Accounts to avoid lapse of budget grant. However, during 1996-97 to 2000-2001, various departments of Government had in violation of codal provisions drawn and deposited huge amounts in the personal deposit accounts in the treasuries as detailed below:

Year	Opening Balance	Deposits	Withdrawals	Closing Balance
(R u p e e s i n l a k h)				
1996-97	7625.65	26117.57	22767.99	10975.23
1997-98	10975.23	21306.90	19890.17	12391.96
1998-99	12391.96	30332.08	26638.97	16085.07
1999-2000	16085.07	55345.40	37072.54	34357.93
2000-2001	34357.93	55936.74	62186.16	28108.51

Results of test check of records of DRDA, Balasore, Baripada, Cuttack, Jagatsinghpur, Khurda and Puri conducted during August to September 2001 are summarised in the succeeding paragraphs.

(i) *Irregular Deposit of Scheme Funds in PL Accounts*

Contrary to the instructions of GOI (July 1994) to keep all scheme funds in Savings Bank Account of nationalised banks, all the 6 DRDAs test checked deposited scheme funds of Rs.244.64 crore in their PL Accounts during 1996-97 to 2000-2001. Most of those funds was State share. Details are given below:

Name of the DRDAs	Amount of grants received		Manner of accountal		PL balance as on 31.3.2001
	Central share	State share	In Banks	In PL A/c	
(R u p e e s i n l a k h)					
Balasore	12487.87	4571.90	12281.43	4778.34	3.84
Baripada	18818.62	5463.83	19449.31	4833.14	38.84
Cuttack	11353.49	3824.39	11353.49	3824.39	15.87
Jagatsinghpur	15524.23	5353.26	15059.01	5818.48	1333.56
Khurda	7576.75	2082.15	7576.75	2082.15	1393.06
Puri	10887.49	3374.02	11134.04	3127.47	17.74
Total	76648.45	24669.55	76854.03	24463.97	2802.91

(a) Year-wise analysis of balance in PL Accounts was not available in the DRDAs, Balasore, Baripada, Jagatsinghpur, Khurda and Puri. Funds were retained in PL Account without being released to the executing agencies for implementation of the schemes for which funds were received. The six DRDAs deposited Rs.244.64 crore in their PL Accounts out of total scheme funds of Rs.1013.17 crore (Central Share-Rs.766.48 crore and State Share-Rs.246.69 crore) received for Centrally sponsored Schemes viz. MPLAD, EAS, IAY, JRY, IRDP, SGSY etc. during 1996-97 to 2000-2001 of which Rs.28.03 crore were lying in PL Account as on 31 March 2001.

(b) During 2000-2001, out of a total sum of Rs.231.25 crore available, only Rs.111.21 crore was released by the test checked DRDAs (Balasore, Baripada, Cuttack, Jagatsinghpur, Khurda and Puri) leaving a balance of Rs.120.04 crore. The percentage of withholdings in PL Account ranged between 3.23 and 77.26. The details are given below:

Name of the DRDAs	Opening Balance as on 1.4.2000	Deposit during 2000-2001	Total	Withdrawal during 2000-2001	Balance as on 31.3.2001	Percentage of withdrawal
(R u p e e s i n c r o r e)						
Balasore	0.51	13.09	13.60	13.16	0.44	3.23

Name of the DRDAs	Opening Balance as on 1.4.2000	Deposit during 2000-2001	Total	Withdrawal during 2000-2001	Balance as on 31.3.2001	Percentage of withdrawal
(R u p e e s i n c r o r e)						
Balasore	0.51	13.09	13.60	13.16	0.44	3.23
Baripada	2.08	12.24	14.32	13.05	1.27	8.87
Cuttack	6.02	18.18	24.20	22.91	1.29	5.33
Jagatsinghpur	1.44	34.35	35.79	20.72	15.07	42.11
Khurda	24.37	96.77	121.14	27.54	93.60	77.26
Puri	4.78	17.42	22.20	13.83	8.37	37.70
Total	39.20	192.05	231.25	111.21	120.04	

(ii) Retention of scheme funds in PL Accounts at Block level

Central share of grants of Rs.8.84 crore released by DRDAs Balasore, Baripada, Cuttack, Jagatsinghpur and Puri for implementation of JRY, MPLAD, Jawahar Gramya Samrudhi Yojana (JGSY), IAY and EAS during 1996-97 to 2000-2001 were deposited by 8 BDOs* in their PL Accounts instead of in Bank Accounts.

(iii) Scheme funds of Rs.2.45 crore including grant of Rs.0.03 crore pertaining to MPLAD scheme received from DRDAs remained unutilised as of March 2001. Details are given below:

Sl. No.	Name of the DRDA	Name of the Block	Scheme funds kept in PL Account as on 31.3.2001	Year in which funds were released	MPLAD funds kept in PL Account as on 31.3.2001
			(Rupees in lakh)		(Rupees in lakh)
1.	Balasore	Sadar Bahanaga	8.96 80.51	1996-97 to 2000-2001 1996-97 to 2000-2001	-- 1.91
2.	Baripada	Sadar	12.38	1996-97 to 2000-2001	--
3.	Cuttack	Cuttack Sadar Baranga	70.90 3.53	1999-2000 1996-97	-- --
4.	Khurda	Begunia	0.05	1996-2001	--
5.	Puri	Sadar Satyabadi	63.27 5.63	1996-97 to 2000-2001 1996-97 to 2000-2001	1.46 --
			245.23		3.37

Thus, funds for programme expenditure were utilised to boost the cash balance of the State Government.

* Balasore Sadar:Rs.3.59 crore, Bahanaga : Rs.2.88 crore, Baripada Sadar :Rs.0.12 crore, Cuttack Sadar :Rs.1.37 crore, Baranga : Rs.0.52 crore, Jagatsinghpur Sadar :Rs.0.02 crore, Ragahunathpur : Rs.0.28 crore and Puri-Satyabadi: Rs.0.06 crore

(iv) Irregular diversion of funds

Contrary to the instructions issued by GOI and State Government prohibiting diversion of funds from one scheme to another, 1 DRDA and 2 BDOs diverted scheme funds of Rs.1.91 crore during 1996-97 to 2000-2001 as detailed below:

Sl. No.	Name of the DRDA/Block	Year	Scheme to which funds transferred	Scheme from which funds transferred	Amount (Rs. in lakh)
1.	DRDA, Cuttack	1999-2000	SGSY FFW	IRDP EAS	72.40 98.57
2.	BDO, Bariapada	Prior to 1996-97	RLEGP Other State Schemes	NA NA	1.07 4.94
3.	BDO, Begunia	Prior to 1996-97	OAP/ODP Other purposes	NA NA	4.83 9.53
	Total				191.34 or Rs.1.91 crore

(v) Delay in Sanction of State share of scheme funds till the fag end of the year

For the proper implementation of schemes by stipulated dates, matching share of State Grant was required to be sanctioned expeditiously so that the funds sanctioned by Government could be released by the DRDAs in a phased manner to ensure timely utilisation of grants and completion of schemes.

Test check of records, however, disclosed that there were delays in sanction of State share by Government, release by DRDAs and utilisation by the executing agencies. Percentage of amount sanctioned by Government in March 2001 to the total grant sanctioned during the year ranged between 3 and 100 as detailed below:

Sl. No.	Name of the DRDA	Name of the scheme	Amount sanctioned during 2000-2001	Amount sanctioned in March 2001	Percentage
			(R s . i n l a k h)		
1.	Balasore	IAY EAS SGSY OBB	613.98 268.98 102.61 61.86	344.44 47.92 17.63 61.86	56.09 17.81 17.18 100
2.	Baripada	SGSY EAS IAY	112.79 474.04 160.66	26.32 14.05 28.81	23.34 2.96 17.94
3.	Cuttack	SGSY	58.16	0.12	0.20
4.	Jagatsinghpur	SGSY IAY OBB	61.75 2536.88 278.35	10.09 1323.47 278.35	16.34 52.16 100
5.	Khurda	SGSY IAY EAS	79.43 184.31 238.55	17.12 20.31 18.94	21.55 11.02 7.94

Sl. No.	Name of the DRDA	Name of the scheme	Amount sanctioned during 2000-2001	Amount sanctioned in March 2001	Percentage
6.	Puri	IAY SGSY	1003.39 88.47	499.82 22.21	49.81 25.01
	Total		6324.21	2731.46	

(vi) Non-reconciliation of PL Account Balance with Treasury

According to SR 461 of Orissa Treasury Code Vol.I, balances in the PL Account as per the books of the Departmental Officers should be verified with the balances in Treasury accounts every month. Scrutiny of records of test checked DRDAs revealed that no such reconciliation was done and no separate PL account Cash Book was maintained by the DRDA, Puri. The PL Account Pass Book of DRDA, Puri was last closed on 31 March 2000 and the annual balance certificate was not furnished to the Accountant General (A&E). The closing balance of PL accounts in respect of DRDA, Puri as on 31 March 2001 as per Bank Books⁶⁹ was Rs.2.64 crore as against Rs.8.36 crore shown in the Treasury Pass Book resulting in discrepancy of Rs.5.72 crore which needs immediate reconciliation to avoid possible misuse and misappropriation of Government Funds.

The matter was referred to Government (October 2001); reply had not been received (November 2001).

⁶⁹ Schemewise Cash Books maintained by DRDAs for the purpose of Bank transactions