CHAPTER-III

Performance Reviews

This chapter contains performance reviews on Functioning of Utkal University (3.1), Implementation of the Drugs and Cosmetics Act (3.2), Prevention and Control of Fire (3.3), Accelerated Irrigation Benefit Programme (3.4), Welfare of the Handicapped (3.5) and Orissa Bridge and Construction Corporation (OBCC) (3.6).

HIGHER EDUCATION DEPARTMENT

3.1 Functioning of Utkal University

3.1.1 Introduction

Utkal University, established in 1943, is a teaching-cum-affiliating University. There are at present 26 Post-Graduate Departments located in the University Campus for studies and research in various disciplines of Science, Humanities, Business Administration, Social Science, Law and Commerce. Besides 26 regular courses, 24 self-financing courses are now being offered by the different Departments of the University. In addition, the University has three Constituent Institutions i.e. the Directorate of Distance and Continuing Education, the University Law College at Vani Vihar and Madhusudan Law College at Cuttack.

According to the Orissa Universities Act, 1989, the accounts of the University shall be audited at least once every year and at intervals of not more than 15 months by the Local Fund Audit Department of Government of Orissa and the report placed before State Legislature.

The Comptroller of Finance is the pivot of all the financial transactions of the University. He is responsible for accounts of all receipts and for payment of all bills after scrutiny. He is also responsible for preparation of annual financial estimate and statement of Accounts in the form of Receipts and Expenditure Account, Income and Expenditure Account and the Balance Sheet for submission to Syndicate and Senate. He is assisted by a Budget-cum-Accounts Officer.

The audit of the accounts of the University covering the period from 1995-96 to 2002-03 was conducted under Section 14(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 between

March and July 2003. The audit findings regarding accounting and some aspects of financial management of the University are set out below.

3.1.2 Deficiencies in the system of accounts and audit

Large amounts received from different sources by different departments and unit offices was not routed through General Fund Account

All receipts except those specifically earmarked for the Foundation Fund are to be credited to General Fund of the University and all expenditure, barring those relating to the Foundation Fund is to be met out of the General Fund. It was, however, seen during audit that the main cash book was incomplete and large amounts of money from different sources was received directly by the various Departments and Directorates without being routed through the General Fund. The responsibility for spending such funds was thus assumed by the concerned heads of the Departments or Directorates. Thus, there was hardly any control over such expenditure by the Comptroller of Finance or the Vice-Chancellor or by the Syndicate of the University. The result was decentralisation of authority (though there is no formal delegation) and dilution of responsibility.

Cash Book not maintained up to 1999-2000 and Annual Statement of Accounts not prepared

Consolidated account of the University contained some broad statements of receipts and expenditure. However, since the main cash book had not been maintained up to 1999-2000, the authenticity of such statements could not be checked. The balance sheet for the year 2001-02 included in the budget document for 2003-04 was not a balance sheet but only a broad head wise statement of receipts and expenditure. The budget head wise figures/actual of receipts and expenditure were reflected in the budget of the second following year and even there, as pointed out to the authorities during audit, some of those figures were incorrect or incomplete. The accounts of the University was not as a rule certified by any statutory auditor. All the shortcomings indicate that the Comptroller of Finance had failed to discharge his duties as regards the maintenance of accounts of the University and ensuring that the financial affairs are conducted as per prescribed rules.

The audit of the University had been conducted by the Local Fund Audit of the State Government up to 1989-90. However, it was ascertained that they have conducted audit for the years 1990-91, 1991-92 and 2000-01, but the Audit Reports were not issued.

Some examples of money being received from outside authorities or being collected from the students directly by individual Departments and Directorates and not being accounted for properly are given below.

(Rupees in lakh)

Sl. No.	Year of receipt	Name of the Unit Office	Purpose of receipt	Amount received	Amount transferred/ deposited with University	Amount retained
1.	1999-2000 to 2001-02	PG Central Office	Course fee for sponsored course	462.12	171.82	290.30
2.	1995-1996 to 2000-2001	PG Central Office	Scholarships and Loan stipend received from Government of India/ State Government	76.55	--	76.55

Sl. No.	Year of receipt	Name of the Unit Office	Purpose of receipt	Amount received	Amount transferred/ deposited with University	Amount retained
3.	1995-1996 to 2001-2002	PG Central Office	Sale proceeds of admission forms i) Regular ii) Sponsored	 40.11 11.07	--	 40.11 11.07
4.	1995-1996 to 2002-2003	Director, Distance and Continuing Education (DDCE)	Fees from students including sponsored courses and development fees etc.	2443.80	252.80	2191.00
5.	1995-1996 to 2002-2003	Law College	1) Fees from students for PG Diploma course on Labour Law 2) 5 year integrated course	15.30 29.16	--	15.30 29.16
6.	1999-2000 to 2002-2003	Department of MBA (5 year course)	Sale of application forms	7.13	--	7.13

According to Section 26 and 27 of the Orissa Universities Act, 1987 read with Rule 12 of the Orissa University Accounts Manual 1987, all the above receipts were to be deposited to the General Fund of the University. This was not done. Moreover, the decision taken by the Syndicate to retain $2/3^{rd}$ course fee for sponsored course with the concerned Units and deposit only $1/3^{rd}$ with the University (General Fund) was contrary to the provisions of the Act and the Manual.

As per clause 13 of the Orissa Universities First Statute, 1990 all payments should be made under the authority and supervision of the Comptroller of Finance after scrutiny of the bills. This was not followed. The Unit offices incurred expenditure on their own without submitting the bills to the Comptroller of Finance. The normal purchase procedure such as calling of tenders, approval of Syndicate etc. was not followed. Allowing the Departments and Unit offices to retain the funds for utilisation at their level contributed to mismanagement and misutilisation of funds as evident in the following instances.

Violation of prescribed purchase procedure and diversion of course fee

The Course Coordinators of MBA five-year and MBA three-year courses incurred an expenditure of Rs.1.30 crore between 1999-2000 and 2002-03 without scrutiny by the Comptroller of Finance. Test check revealed irregular expenditure of Rs.23.24 lakh on purchase of computers, EPABX system, air conditioners, furniture and fixture etc. without following the prescribed purchase procedure and without obtaining approval of the Syndicate. It was also revealed that the Course Co-ordinator of five year MBA course utilised the course fee for development of hostel (Rs.2 lakh), contribution to the Cleaning and Greening fund (Rs.0.60 lakh) instituted by the Vice-Chancellor and preparation of brass letters for the main gate (Rs.1.13 lakh) without approval of the Syndicate. The course fee was meant to be utilised only for the specific purpose of running the course and not for any other purpose.

Unauthorised retention and misutilisation of sale proceeds of admission forms

Sale proceeds of admission forms being a revenue receipt of the University were to be deposited in the General Fund. Test check of the records of the Post Graduate Central Office revealed that Rs.27.78 lakh out of the sale proceeds (Rs.40.11 lakh) of admission forms during 1995-2002, were utilised on remuneration of the staff, wage payment to daily labour, payment to junior assistants and sweepers, improvement of garden, refreshment charges, vehicle repairing etc. This expenditure was incurred without scrutiny by Comptroller of Finance and also without obtaining approval of Syndicate wherever necessary.

Unauthorised collection of seminar fees

Check of the records of the Departments of Computer Science, Mathematics, five year MBA Course and Zoology revealed that between 1999-2000 and 2002-03, the Heads of Departments collected seminar fees amounting to Rs.25.73 lakh from the students of both regular courses and sponsored courses at the rate of Rs.2000 to Rs.5000 per annum and utilised the amount at their end. They did not have any authority to collect the amount. Apart from holding a few seminars, an expenditure of Rs.22.93 lakh was incurred on telephone connection, repair of type writers, cordless phone, vacuum cleaner, sanitary fittings, Ganesh Puja, Saraswati Puja, stationery etc. Out of this expenditure, vouchers for Rs.15.06 lakh were not produced to audit.

Misutilisation of fees collected from students

Check of records of Director, Distance and Continuing Education, Bhubaneswar revealed that Rs.10.81 lakh received from the private students appearing in the MA examination between 1995-96 and 2002-03 was retained in the Directorate instead of being deposited to the General Fund. Test check revealed an expenditure of Rs.6.24 lakh out of this amount for various purposes like entertainment of guests, payment of daily wages, repair and maintenance of equipment, furniture, buildings, treatment of staff and office contingencies etc. These expenditures were incurred according to the decisions taken in the Directorate only.

Similarly, an amount of Rs.14.54 lakh was spent out of the receipts collected from students on account of sale of application form, course fee, laboratory development fee, fees for admission test, magazine fee etc. The money was spent on procurement of vehicle, equipment, furniture, air conditioners, computers, television etc. for Vice-Chancellor’s Office, Syndicate rooms, Registrar’s Office during the period 1997-2002. This amount should have been deposited into the General Fund and any necessary expenditure met out of the University budget.

3.1.3 Printing of question paper and publication of results

The handling of expenditure relating to the work of Controller of Examinations has been an area without practically any system of internal control in place. The Controller of Examinations is solely responsible for printing of question papers, publication of results and other associated work and is answerable to the Vice-Chancellor. There was no evidence that the Vice-Chancellor had exercised any control or supervision over the work of the Controller of Examinations during the last five years. On the other hand, very large amounts of money had been advanced by the Vice-Chancellor to the Controller of Examinations and the latter had spent such amounts without any documentation. Besides, whatever documents had been produced to audit had also been kept in the personal custody of the Controller of Examinations rather than in his office or in the University office as they should have been. Several instances of irregular handling of funds by the Controller of Examinations are given below.

Lack of transparency in the system of incurring expenditure on examinations

Between 1997-2003, the Controller of Examinations received advances of Rs.1.93 crore from the University towards printing of question papers and computer charges for tabulation and publication of results. The money was transacted through a savings bank account and no cash book was maintained. No correlation could be established in audit between the dates of drawal of money from the bank and the dates of actual expenditure since the acknowledgements by the payees were not dated either by them or by the disbursing officer. It could not thus be verified that the withdrawals from the bank account had been made only when actually necessary. It was also noticed that the bills received from different printing and computer firms had not been checked for arithmetical accuracy. This led to inadmissible and excess payments as mentioned in succeeding paragraph.

Out of the advance of Rs.1.93 crore received by the Controller of Examinations, Rs.1.44 crore was budgeted for printing of question papers and Rs.49 lakh for computer charges. The following points were noticed in this regard during audit.

The total expenditure against the advance of Rs.1.93 crore was Rs.1.92 crore, Rs.1.07 crore being spent on printing and Rs.85.12 lakh on computer charges including tabulation work which was done through outside agencies. Since the Controller had refunded Rs.1.82 lakh out of the advance, the total expenditure exceeded the advance by Rs.0.60 lakh. This excess expenditure purportedly incurred by the Controller was not reimbursed by the University and the source of funds was also not clarified during audit.

The procedure followed for making payments to printers for printing question papers appeared to be contrary to all norms of financial propriety. In the name of secrecy, heavy amounts of lakhs of rupees were being paid in cash to the printers and even the paid vouchers did not indicate the names of the printers. Mere signatures on revenue stamps and that too against cash payment can not be accepted as genuine proof of payment. In fact, for better financial control and proper documentation, payment of any amount in excess of certain minimum limits should be made through account payee cheques or drafts. Such practice is followed in at least two other Universities in a neighbouring State, as verified by the audit team. In these cases, payment is made to the printers through drafts and cheques though in order to maintain secrecy, only code names are used for printers in the offices of the respective Controllers of Examinations.

As mentioned earlier, the actual expenditure for any particular year under any particular head of account is reported only in the "actual expenditure" column of the budget of the second following year. In the case of expenditure on printing of question papers and computer charges, even the "actual expenditure" columns of the budgets of the relevant years showed only the original budget provisions rather than the real actual expenditure. The latter was checked during audit with reference to the documents including the abstract of expenditure furnished by the Controller of Examinations. Under the circumstances, the excess expenditure of Rs.36.12 lakh over budget incurred by the Controller on computer charges was not reflected in any document. There was no record that such excess expenditure had been reported to or approved by any higher authority. Exercise of such unfettered financial authority by one particular official showed the weakness of the financial control system of the University. Moreover, there was no system of invitation of tenders for awarding the work of printing of question papers and other work relating to publication of results. The correctness and the reasonableness of the expenditure under these heads could not be verified since the entire system lacked transparency.

Unreasonable excess payment to printers

The payment for printing of question papers was based on a formula that had been proposed by an individual printer and approved by the University originally in 1985. The logic behind that formula was not explained to audit. Over a period of time, certain extra charges were allowed to the printers like block making charges, cost of envelopes, security charges etc. But the rationale behind such increases or their quanta was not explained nor were any relevant orders of the competent authority shown to audit. It was noticed that packing and forwarding charges were being paid to the printers at the rate of 20 *per cent* after the basic charge (as per the formula) had been loaded with the cost of envelopes and all other overheads. This did not appear to be reasonable and led to excess payment of Rs.5.13 lakh between 1997-98 and 2002-03. The rates of payment to the computer firms were also fixed arbitrarily without inviting any quotations nor was any Syndicate approval obtained.

Payment of advance to a former Controller of Examinations

On 29 November 2002, an advance of Rs.24 lakh was given to a former Controller of Examinations who had already relinquished his charge for making payment for printing of question papers and publication of results. The amount was kept in the personal bank account of the former Controller and cash was drawn in instalments. As mentioned above, the payees' acknowledgements were not dated and no correlation could be established between the dates of drawal of money and the dates of payment. Credit of official funds to a personal account should be considered a serious misdemeanor and amounted to temporary misappropriation of funds. The rationale behind the payment of advance to the former Controller rather than to the then incumbent was not clarified.

Non-maintenance of account of result booklets

The Controller of Examinations had incurred an expenditure of Rs.10.16 lakh on preparation of 49350 result booklets during 1997-2003. Since this was a priced publication, a proper account of such booklets should have been kept by the Controller of Examinations. No account in support of the sales and realisation of price was, however, shown to audit.

3.1.4 Irregular payments to staff

Check of the records relating to payments made to the staff revealed the following.

Irregular payment of medical allowance and medical advance

As per the Resolution (June 1994) of Government of Orissa, Department of Higher Education, medical allowance was to be paid to the University employees at the rate of Rs.1000 per annum per employee. It was further stipulated that since the University was paying medical allowance at a specific rate, sanction of special allowance was not permissible. Check of the relevant records showed that the University had paid medical allowance at a higher rate ranging from Rs.1800 to Rs.3000 per annum per employee during the years 1995-2003 contrary to the above resolution. In addition, medical advance was also paid to certain employees as a special case.

It was clarified during audit that medical allowance was being paid to the employees at a higher rate with the approval of the Syndicate (which was given in April 1999) and the Vice-Chancellor and with the knowledge of the Higher Education and Finance Departments of the Government. It was further stated that the extra expenditure of Rs.1.82 crore because of higher rate of payment was not met from the State Government's Block Grant but from the Examination Fund of the University. The reply was not acceptable as the decision taken by the Syndicate was in contravention of Government decision; in any case, the higher rate was allowed even before April 1999 when the Syndicate approved it.

Less realisation of electricity and water charges

Government of Orissa, instructed the University in June 1994 to separate the residential power connections from the official line so that electricity charges can be recovered from individual residents as per meter readings. Government fixed the liability for the University and the residents at 60:40 till the lines were separated and meters installed in the quarters for domestic consumption. But the University collected electricity charges from the residential quarters at flat rates depending on the type of quarter starting from Rs.46 to Rs.261 up to July 1998 and at the rate of Rs.92 to Rs.522 from August 1998 onwards. This recovery was far below the rate of 40 *per cent* prescribed by Government and led to short realisation of electricity charges amounting to Rs.3.24 crore during 1996-2002.

It was further noticed that against 20 *per cent* of total water charges amounting to Rs.27.11 lakh to be collected from the occupants of the University quarters, an amount of Rs.12.04 lakh was only collected resulting in less realisation of Rs.15.07 lakh.

Inadmissible payment of subsidy to casual workers

According to the instruction of Government, the Syndicate in its meeting held on 29 May 1991 decided to pay subsidy to the casual workers of PG Hostel at the enhanced rates of wages fixed by Government since the PG students had refused to bear the enhanced cost. As a matter of fact, the cost of wages to casual workers is a liability of the boarders.

Check of records revealed that an amount of Rs.21.94 lakh was irregularly spent by the University during the period from 1996-97 to 2001-2002 towards subsidy to casual workers in PG Hostel.

Irregular payment of honorarium or extra remuneration

It was noticed that during 1995-2001, extra remuneration/honorarium amounting to Rs.13.21 lakh was paid to the non-teaching staff other than those working in examination, budget and essential services. This was contrary to

Clause 265 of the Orissa University Statute 1990 and the orders passed by the Chancellor in July 1991. It was stated by the University during audit that the payments were made as per the orders of the Vice-Chancellor.

Position of advances outstanding against staff and others (Main office)

From the information submitted to audit and the position reflected in the main Cash Book, which has been maintained only since 2000-01, it was noticed that a huge amount of Rs.21.41 crore was outstanding against the University employees, colleges, firms etc. as on 31 March 2003. This related to the period from 1995-96 to 2002-03. Contrary to the normal rules and practice, additional advances continued to be paid to individuals before adjustment of earlier advances and no ledgers were maintained to watch their adjustment or recovery.

3.1.5 Construction activities

Check of the records relating to construction of buildings revealed the following.

Award of construction works to OSPHWC without calling for competitive bidding

All construction works, barring one or two, undertaken in the Utkal University during the period covered by audit, were entrusted to the Orissa State Police Housing and Welfare Corporation (OSPHWC) as a rule. This was not in accordance with the norms and general practices followed in award of Government construction works. In the case of UGC assisted projects, there was a clear requirement that construction works would be executed through the State PWD or CPWD. For such projects, the plans and estimates were prepared by the Chief Architect and the Chief Engineer of the State PWD and these were submitted to the UGC stating that the works would be executed through the PWD. However, all such works were given to OSPHWC on the ground that the workload on the State PWD was already too heavy. Works executed by Directorate of Distance and Continuing Education (DDCE) which were not assisted by UGC were also entrusted to OSPHWC; in such cases, however, OSPHWC should be treated as a contractor like OCC or IDCO and the normal procedure of competitive bidding should be followed. This was not done and the works were awarded to OSPHWC as deposit works.

Excess expenditure on construction of UGC assisted buildings

Scrutiny of records of five UGC assisted buildings executed through OSPHWC revealed that the Corporation incurred an expenditure of Rs.2.32 crore against the estimated cost of Rs.1.12 crore resulting in excess expenditure of Rs.1.20 crore. The reasons for such excess were frequent revision of estimates by the executant on the ground of escalation of labour rate and material cost and revision of drawing and design. The absence of agreements stipulating dates of commencement and completion contributed to the delay ranging from three to ten years with ultimate revision of estimates. The details are given below:

(Rupees in lakh)

Sl. No.	Name of the building	Estimated cost approved by the UGC with date	Expenditure incurred	Excess expenditure	Date of Work order Date of completion
1.	120 Seated Boys Hostel	33.60 (February 1990)	104.40	70.80	March 1990 March 2000
2.	Construction of 12 nos. of Teaching Staff Quarters	20.51 (January 1990)	45.50	24.99	March 1990 March 1996

Sl. No.	Name of the building	Estimated cost approved by the UGC with date	Expenditure incurred	Excess expenditure	Date of Work order / Date of completion
3.	Construction of MBA Teaching Block	37.25 (June 1989)	50.95	13.70	December 1989 / April 1993
4.	Construction of 1st floor of Geography block	14.46 (December 1994)	20.17	5.71	September 1996 / December 1998
5.	Construction of Library Hall, Philosophy Department	6.37 (March 1995) (Work awarded for Rs.5.69 lakh only)	10.51	4.82	April 1995 / May 1998

The plans and estimates initially prepared by the Chief Architect and the PWD were substantially modified by OSPHWC in the above cases. These revised plans and estimates were not checked by PWD authorities and the Chief Architect from technical point of view and correctness of the rate. The revised estimates were not submitted to UGC for approval. No analysis of rates was given with the estimates and it could not be verified in audit if rates were in conformity with schedule of rates of PWD.

Non-construction of UGC/State Government assisted projects and diversion of funds to other works

During 1996-97, the University Grants Commission released Rs.5.75 lakh and the State Government released Rs.4.48 lakh towards their shares of funds for construction of Symposium/Seminar Complex. The work order for construction was placed with OSPHWC in September 1996 and the entire grant of Rs.10.23 lakh was released to the Corporation between January 1997 and March 1997. The construction of the building was not taken up till July 2003 due to non-selection of site. Thus, undue favour was extended to the Corporation by giving an advance of Rs.10.23 lakh.

Irregular expenditure on construction of Post-Graduate Central Office

The construction of PG Central Office estimated to cost Rs.13.26 lakh was entrusted to OSPHWC in September 1992. No agreement was executed. The work was not commenced for want of selection of site up to June 1995. A revised estimate was submitted for Rs.31.79 lakh by OSPHWC in August 1996 which was not approved by the Vice-Chancellor/Syndicate as of July 2003, Rs.45 lakh advanced to OSPHWC between May 1995 and January 1997 remained to be adjusted due to non-receipt of final bill.

Execution of works valuing Rs.2.32 crore by Director, Distance and Continuing Education (DDCE) without tender

DDCE instead of inviting tenders, entrusted construction of six buildings estimated to cost Rs.2.32 crore to OSPHWC on deposit work basis. This was irregular since only Government Departments can be given deposit works without tender. Besides this, these works were executed without making any provision in the budget of the University as required under Rule 57 of the Orissa Universities Manual, 1987. Interestingly, it was also noticed that Rs.27 lakh was paid to the Corporation without finalisation of any work.

3.1.6 Other points of interest

Irregular payment of advance to the Warden of PG Hostel for sundry works and purchases

Scrutiny of Cheque Issue Register revealed that Rs.1.08 crore was paid to the Warden of PG Hostel on 29 August 2002 and 30 September 2002 for construction of different buildings, repair of hostels damaged due to super cyclone, campus development and purchase of scientific equipment. While the University had a Development Branch with a Development Officer and an Engineering Branch with an Assistant Engineer and a Junior Engineer to execute all the civil works of the University, the payment of advance to the Warden was highly irregular. Moreover, the payment was not made on the basis of any requirement. No estimate or any tender processing was done for procurement of equipment or construction of buildings. The payments were made with the approval of Vice-Chancellor. The relevant cash book, vouchers and all other connected documents, though called for from the Warden, were not shown to audit.

Inadmissible expenditure under Campus Development

According to the guidelines issued by the University Grants Commission, the Development Grant sanctioned by them shall be utilised for development of land, construction of fencing/boundary wall, electricity, sewerage lines and their augmentation, construction and augmentation of water works, electricity sub-stations/transformers, construction of roads, plantation and landscaping etc. The UGC in their letter of February 2002 stated that any expenditure for Campus Development without obtaining the approval of UGC would be treated as unauthorised expenditure.

It was observed during audit that the entire grant of Rs.1.35 crore received from UGC during the Ninth Plan period had been spent during 1998-99 to 2002-03 on repair and renovation of different buildings damaged due to super cyclone. Such repair and renovation works do not qualify for expenditure under the Development Grant. The entire expenditure of Rs.1.35 crore was irregular and unauthorised, in fact, Rs.44.50 lakh out of this expenditure reported as utilised had actually been disallowed by the UGC.

Avoidable expenditure on engagement of private security

The University deployed 93 security staff and officers on regular basis under the security cell with effect from 1996-97. However, despite this, the University spent Rs.34.39 lakh on private security between 1996-97 and 2001-02 which was unnecessary.

Non-realisation of sale proceeds of application forms

During check of files/records in respect of sale of application forms for admission to different faculties, it was noticed that the Director, Distance and Continuing Education, Bhubaneswar had sold the application forms through Syndicate Bank, APTECH, Edutech Informatics, Institute of Hotel Management, Centre for Management and Computer Education etc. The cost of each form was Rs.100 for the years 1999-2003. During the years 1999-2003, 41038 forms were sold through these organisations. But the cost of 20311 forms was only deposited by them. The cost of the remaining 20727 forms being Rs.20.73 lakh was not realised as of 31 May 2003 and meant a loss to the DDCE.

The Stock Register as regards the number of forms printed was not maintained and so the actual position of the total number of forms printed and number sold could not be ascertained.

The University Grants Commission released Rs.63 lakh during 1998-2001 in favour of the Utkal University for procurement of equipment other than furniture and fixture.

Inadmissible expenditure of Rs.21.40 lakh

Test check of records revealed that Rs.21.40 lakh were spent on procurement of furniture, airconditioners, air coolers etc. for the administrative office in contravention of UGC's guidelines. It was also noticed that though the Development Officer was responsible for the procurement of equipment, a Professor of Commerce was appointed as Executive Officer by the Vice-Chancellor and made responsible for this procurement. A short tender notice was issued and wide publicity was not given to the procurement of these equipment. The Professor of Commerce placed the purchase order for equipment worth Rs.21.40 lakh for the Administrative office on a single day (30 March 2002) after which he was reverted from the charge of the Executive Officer. In reply to audit, it was stated that as per the provision 50(1) of the OUAM 1987, the Syndicate has power to appoint any officer as Stores Officer for procurement of store. The reply was not acceptable as there was already an officer called Development Officer for such purchases. Moreover, the decision of the Syndicate for such appointment was not shown to audit.

Unauthorised creation of Cleaning and Greening Fund

A fund titled as "Cleaning and Greening Fund" was created by the Vice-Chancellor without the approval of the Syndicate. The fund was operated by the Vice-Chancellor himself by opening an account in the State Bank of India and the receipts and expenditure relating to the Fund were kept outside the budget and the accounts of the University. The contribution to the Fund, ranging from Rs.2000 to Rs.60000, was made by the Departments as per the direction of the Vice-Chancellor. Out of Rs.1.79 lakh received in the Fund during 2001-2003 (including interest), an expenditure of Rs.1.23 lakh was incurred of which Rs.0.22 lakh were spent on cleaning and watering of plants in Vice-Chancellor's residential campus, mathematics olympiad prize, help for a student suffering from cancer and help for the family of a demised student. Of the remaining expenditure, vouchers for Rs.0.38 lakh were not shown to audit. Rs.0.43 lakh had been paid on nominal muster roll without details of work and Rs.0.20 lakh on plain paper receipt.

3.1.7 Internal Audit

The primary function of Internal Audit is to assist in ensuring the accuracy of the account, to ensure that all revenues collected are brought to account under proper heads, that all expenditure and disbursements are authorised and that the final account represents a complete statement of financial transactions.

It was seen during audit that the Internal Audit Cell was formed in 1998 with two auditors and one Audit Superintendent on deputation from the Local Fund Audit wing of the Finance Department of the State Government. The services of the Internal Audit Cell were utilised to pre-audit the bills relating to purchase, work bills, research fellowship transactions etc. and to give guidance in the maintenance of the main cash book and its reconciliation. However, non-maintenance of proper accounts by the University and other irregularities as pointed out in the foregoing paragraphs did not provide any evidence of proper functioning of the Internal Audit Cell. There was also no evidence of the Internal Audit Cell conducting audit of any of the departments of the University during 1998-2003.

3.1.8 Conclusions

There were major lapses in the maintenance of the accounts of the University. Failure on the part of the Vice-Chancellor and the Comptroller of Finance in exercising their powers in respect of management of finances led to financial indiscipline and resulted in misutilisation of the funds. There was unauthorised exercise of financial authority by the Heads of Departments and other functionaries without formal delegation of powers putting the entire system in disarray.

There was lack of transparency in the manner of incurring expenditure on printing of question papers and tabulation and publication of results. No account was maintained for these expenditures. University funds were parked in personal bank accounts of officials. Huge payments were made in cash instead of cheques.

Recommendations

- The system of accounting needs strict direction and control to ensure adherence to the financial rules of the University.
- There should be centralised accounting as per the provisions of the University Act.
- The authorities concerned should see that payments to all but petty suppliers are made in cheques or bank drafts.
- The Internal Audit wing should be activated to avoid financial indiscipline.
- Audit by the Local Fund Audit wing must be carried out every year. The action taken on the objections and findings must be closely monitored and followed up by the State Government.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.2 Implementation of the Drugs and Cosmetics Act

Highlights

A review of the implementation of the Drugs and Cosmetics Act, 1940 in the State during the period 1998-2003 revealed vital lapses in enforcement of major provisions of the Act by the State Drug Control Authorities (SDCAs). There were shortfalls in inspection of premises of the units licensed for manufacture and sale of drugs. Medicine shops, blood bank and manufacturing units of Large Volume Parenterals (LVP) were allowed to continue without valid licence. While the State Drug Testing and Research Laboratory lacked infrastructure to test all types of allopathic drugs, there was absence of a State level laboratory for testing of ayurvedic and homoeopathic drugs. Besides, the State machinery was not effective in recalling from the market drugs declared not of standard quality, to check their further use.

- **Five manufacturers of drugs were granted conditional licences although the Act and Rules do not permit issue of such licences.**

  (Paragraph 3.2.9)

- **Medicine shops, manufacturing units for Large Volume Parenterals (LVP) and Blood Bank were allowed to continue without valid licence.**

  (Paragraph 3.2.9)

- **Licences were granted for manufacture of a cosmetics paste i.e. 'Dantaghasa Gudakhu' which contained harmful tobacco despite prohibition to do so in public interest by Government of India.**

  (Paragraph 3.2.9)

- **Inspection of licensees' premises and sale units was negligible. The shortfall ranged between 73 and 84 *per cent* in allopathic sector, 97 and cent *per cent* in homoeopathic sector and 63 and 79 *per cent* in ayurvedic sector during the period 1998-99 to 2002-03.**

  (Paragraph 3.2.7)

- **State Drug Testing Laboratory (ISM) for Ayurvedic sector could not function despite release of Central grant of Rs.54 lakh in 2000-2001.**

  (Paragraph 3.2.8)

- **Lack of infrastructure facilities in the State Drug Testing and Research Laboratory resulted in arriving at no opinion on the standards of 69 samples and diversion of 149 samples to Central laboratories.**

  (Paragraph 3.2.8)

- **419 batches of drugs were declared Not of Standard Quality (NSQ) during 1998-99 to 2002-2003 as per laboratory test reports, but no**

effective steps were taken to recall them from the market to check further use of such drugs and prosecute the offenders.

(Paragraph 3.2.9)

- ❖ **No action taken against supply of NSQ drugs i.e. Ethambutol Hydrochloride IP (400 mg) in Government hospitals/dispensaries because of faulty sampling of drugs sent for testing.**

(Paragraph 3.2.9)

- ❖ **Non-prosecution of the units manufacturing NSQ drugs and selling to Government for ultimate use by patients of the State.**

(Paragraph 3.2.9)

3.2.1 Introduction

Background

At the beginning of the twentieth century, the Drug Industry was practically non-existent in India and pharmaceuticals were being imported from abroad. The First World War changed the scene and not only were the cheaper drugs imported in increasing volume, the demand for indigenous products also started growing. With the call for Swadeshi, manufacturing concerns, both Indian and Foreign, sprang up to produce pharmaceuticals at cheaper rates to compete with imported products. Some of these were of inferior quality and harmful. The Government was, therefore, called upon to take note of the situation and consider the matter of introducing legislation to control the manufacture, distribution and sale of drugs and medicines. A Select Committee appointed by the Central Legislative Assembly in 1937 recommended various measures, providing for the uniform control of manufacture and distribution of drugs as well as of import. The outbreak of the Second World War in 1939 delayed the introduction of legislation and finally the Drugs Act[1] was passed on 10 April 1940.

At present, the following Acts and Rules made thereunder apart from the Drugs and Cosmetics Act, 1940 govern the manufacture, sale, import, export and clinical research of drugs and cosmetics in India: The Pharmacy Act, 1948; The Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954; The Narcotics Drugs and Psychotropic Substances Act, 1985; The Medicinal and Toilet Preparations (Excise Duties) Act, 1956; The Drugs (Prices Control) Order 1995 (Under the Essentials Commodities Act). But the main Act continues to be the “The Drugs and Cosmetics Act, 1940”.

Main features of the Drugs and Cosmetics Act, 1940

- ➢ Regulatory measures to ensure standards of Drugs and Cosmetics, Diagnostics and Devices
- ➢ Monitoring of quality of drugs and medicines imported, manufactured, distributed and sold to public

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[1] Drugs Act, 1940 was amended to provide for regulation of the manufacture of cosmetics and prohibition of import and sale of sub-standard and misbranded cosmetics vide Government of India Gazette notification dated 4 December 1961

- Punitive measures for dereliction of provisions of the Act and
- Regulate clinical research and publication of Indian Pharmacopoeia.

Scope of Statutory Functions

This is a Central Act and is applicable to the whole of India. The main functions of Central Government are (a) laying down standards of drugs, cosmetics, diagnostics and devices (b) laying down regulatory measures, amendments to Acts and Rules (c) to regulate market authorisation of new drugs, clinical research in India and standards of imported drugs (d) to approve licences to manufacture certain categories of drugs as Central Licence Approving Authority i.e. for Blood Banks, Large Volume Parenterals and Vaccines and Sera (e) work relating to the Drugs Technical Advisory Board (DTAB) and Drugs Consultative Committee (DCC) (f) testing of drugs by Central Drugs Laboratories (g) publication of Indian Pharmacopoeia, etc.

The main functions of the State Government are (a) licensing of all drugs and cosmetics manufacturing units and sales establishments under allopathic and homoeopathic sectors (b) licensing of drug testing laboratories (c) approval of drug formulations for manufacture (d) monitoring of quality of Drugs and Cosmetics, manufactured by respective State units and those marketed in the State (e) investigation and prosecution in respect of contravention of legal provisions (f) administrative actions to regulate the standards of imported drugs (g) pre- and post- licensing inspection and (h) recall of non-standard drugs.

3.2.2 Scope of Audit

It would be seen from the scope of responsibility that while parameters of control are devised by the Central Government, these are required to be actually implemented by the State Government, excepting areas of standard setting for imported drugs, regulations of clinical research and market authorisation of new drugs. It is in the implementation of the regulatory parameters that dereliction occur particularly in the areas of licensing, approval, monitoring, prosecution, inspection and recall of non-standard/spurious drugs.

Audit examination of the implementation of the Drugs and Cosmetics Act, 1940 adopts these areas of possible dereliction as critical indicators for the level of implementation.

The implementation of Act for the period 1998-2003 was reviewed during November 2002 to May 2003 based on the test check of records of the Drug Controller (DC), Orissa, Bhubaneswar and his subordinate officers[2], the Director, Indian Medicines and Homoeopathy, Orissa (DIMH) and Deputy Director (DD), State Drug Management Unit (SDMU), Bhubaneswar

[2] Three Deputy Drug Controllers (DDCs) of South Zone, Berhampur, West Zone, Sambalpur and Research Programme (RPT) in charge of the State Drug Testing and Research Laboratory, Bhubaneswar (SDTRL), Six Drug Inspectors (DIs) (Cuttack-III, Puri, Berhampur, Jeypore, Sambalpur and Keonjhar)

functioning under the administrative control of the Director, Medical Education and Training (DMET), Orissa.

3.2.3 Implementing Agencies/arrangement

The DC as the Licensing Authority (LA) as declared by the State Government was responsible for implementation of various provisions of the Act and Rules for all the systems of medicine from October 1982. In respect of homoeopathic and ayurvedic including Sidha and Unani medicines, the DIMH was vested (July 1997) with the powers of LA. The Act provided specific technical qualification for appointment of LA in respect of homoeopathic discipline. As the DIMH did not have the requisite qualification, his appointment as the LA in respect of homoeopathic discipline was withdrawn (October 2002) from him and the DC was again vested with the said power with effect from November 2002. In respect of the ayurvedic, siddha and unani sectors, the DIMH continued to be the LA as the Act was silent about any specific qualification.

The DC assisted by 4 DDCs, 3 Assistant Drug Controllers (ADCs) and 17 DIs issued original and renewal licences of all the cosmetic manufacturers and the allopathic drug manufacturers except the renewal licence of allopathic drug selling units of west and south zones which were delegated to the respective zonal DDCs. The DIMH issued the original and renewal licences of ayurvedic drug manufacturing units. However, licences under the homoeopathic drug manufacturing/selling units were issued by the DIMH up to October 2002 and by the DC thereafter. The inspection of firms, sampling of drugs and launching of prosecution cases under the Act and Rules were assigned to the ADC-cum-DIs, DIs under the DC and the DIs under the DIMH. The testing of sampled drugs and reporting thereon was assigned to the State Drug Testing and Research Laboratory (SDTRL) and in some cases the help of Central Drug Laboratories (CDL) outside the State was being taken.

3.2.4 Statistics of prosecution vis-a-vis cases filed

Infirmities in the Act/Rules for prosecutions

In Orissa, as per the Act, a DI can order an offender not to dispose of stock suspected to be of spurious/non-standard quality etc. for a maximum period of 20 days. However, the DIs have no power to close and seal the manufacturing/selling units under lock pending orders of the Court of Law.

Tardy progress in prosecution

Review of records of DC revealed that in respect of the allopathic sector, 179 prosecution cases were pending as on 1 April 1998 to which 81 cases were added during 1998-2003 taking the total to 260 cases. But only 2 cases were disposed during the said period leaving the pendency at 258 cases including 2 cases on spurious drugs as on 31 March 2003. No separate legal cell was created under the DC/DIMH to monitor and effectively follow up the court cases.

3.2.5 Implementation of the Act

Survey and licensing procedure

No regular surveys were carried out by the SDCAs through their technical staff posted at Ranges to identify drug or cosmetic units engaged in illegal manufacturing/selling activities without valid licences. However, on receipt of applications from interested applicants alongwith requisite challan in support of deposit of licence/inspection fees etc. for grant or renewal of manufacturing/selling licences of drugs or cosmetics, the ADC-cum-DIs and the DIs inspect the premises of the applicants to verify the correctness of documents furnished by them and study the feasibility or otherwise of the proposed units with respect to the provision of Acts / Rules and then forward the same to the LAs alongwith their views/recommendations etc. The LAs issue the licences in the prescribed forms for specified periods after examination of the therapeutic rationale, stability studies of formulation, compositions and ingredients etc., testing method employed, facility available, process of manufacture adopted by the firms and compliance of the conditions attached to the Act / Rules.

Absence of database on pendency of application for grant/renewal of licences

The pendency of applications as on 31 March 2003 could not be furnished by the DC. Test check of records of DDC (WZ) and 6 DIs revealed that 1113[3] numbers of application for fresh/renewal of licences for sale of drugs were pending for one to five years as of 31 March 2003 as the reports/returns submitted by field units were not compiled in his office due to shortage of staff.

Non - renewal/non-deposit of licence fee

Scrutiny of records of DC and DIMH for the period 1998-03 revealed that fee of Rs.61.19 lakh towards renewal of licence was not collected at the prescribed rates from 1448 firms after expiry of the term of their licences as detailed below.

Name of the authority	Number of firms not renewed		Amount of non-deposit of licence renewal fee at prescribed rate (Rupees in lakh)
	Sector	Number of units	
DC	**Allopathic drug manufacturers**	**164**	**60.67**
	Cosmetics manufacturers	**15**	
	Sales units of drugs	**1130**	
DIMH	**Homoeopathic manufacturers**	**6**	**0.38**
	Homoeopathic sales units	**85**	
	Ayurvedic drug manufacturers	**48**	**0.14**
	Total	1448	61.19

The DC stated (August 2003) that the licences were deemed to have been cancelled since the licensees failed to apply for renewal as per the DC Rules. He further added that these firms closed down their business and there was no need to cancel the already expired licence. The fact, however, was that the licences were not cancelled in the licence register and there were no records available supporting the actual closure of the units.

[3] DIs : Berhampur : 205, Cuttack-III : 285, Jeypore : 155, Keonjhar : 194, Puri : 100, Sambalpur : 174

3.2.6 Sampling

Inadequacy of Sampling

The samples drawn under the allopathic sector were as shown below as per the DI-wise targets fixed by DC every year:-

Year	Number of running units			Number of samples drawn			
	Manu-facturing Units	**Selling Units**	**Total Units**	**Manu-facturing Units**	**Selling Units**	**Govern-ment Hospitals**	**Total samples drawn**
1998-99	319	13542	13861	135	1322	747	2204
1999-2000	327	14068	14395	57	1163	735	1955
2000-2001	340	14713	15053	48	1105	645	1797
2001-2002	343	15336	15679	39	1113	721	1872
2002-2003	348	16224	16572	95	1302	628	2025

Considering that each unit manufactured/sold varieties of drugs, the average number of samples (1971) drawn annually would seem to be inadequate against the average 5052 inspections carried out annually during 1998-2003. The Department attributed the inadequate sampling to shortage of staff, paucity of funds to meet the cost of samples drawn, travelling allowances of the staff etc.

In the homoeopathic sector, only 32 samples were drawn during 1998-2000 out of 1083 manufacturing and selling units licensed up to October 2002. Thereafter, no samples were drawn. No reasons for non-drawal could be adduced by DIMH. As regards ayurvedic medicines, no samples were drawn during 1998-2003, due to non-existence of testing facilities/laboratory in the State and refusal (September 1999) by Central Indian Pharmaceutical Laboratory (CIPL), Ghaziabad to receive samples for testing. Hence the LA could not ensure the standard/quality of homoeopathic drugs manufactured and sold in 1083 units and ayurvedic drugs manufactured in 171 units in the State during 1998-2003.

Cosmetics samples were not drawn at all as there were no facilities for testing them in the SDTRL. It was also stated by the DC that the cosmetic samples were also not accepted by any of the laboratories situated outside the State for testing. As such, the LA could not discharge its duty of ensuring the quality of cosmetics manufactured in the State.

3.2.7 Adequacy of Inspection

As per DC Rules, 1945 an Inspector was to inspect the premises of licensed selling and manufacturing units under allopathic, homoeopathic and cosmetics sectors at least twice in a year up to September 2001 and thereafter once in a year. Review of records revealed that the extent of shortfall in inspection varied from 73 to 84 *per cent* in respect of allopathic sector and 97 to 100 *per cent* in respect of homoeopathic sector during 1998-2003. In ayurvedic sector, the annual shortfall in inspection with reference to prescribed norm varied from 63 to 79 *per cent* during 1998-2003. Thus, the mandatory inspection conducted covered an insignificant number of units.

The DC/DIMH stated (November 2002) that due to lack of manpower and scarcity of funds under travelling allowance head, the prescribed number of inspections could not be achieved in respect of allopathic and ayurvedic sectors. No reason for shortfall was given in respect of homoeopathic sector.

The DC stated (August 2003) that as per the recommendation of Hathi Committee approved by the Central Government, the State required 200 Drug Inspectors. But the sanctioned strength of DIs in the State was 24 and 17 posts only were operating during 1998-2003. This was inadequate for implementation of the provisions of the Act and Rules in allopathic sector. No posts of DI were also sanctioned to look after 1000 sales and manufacturing units under homoeopathic sector.

3.2.8 State Drug Testing and Research Laboratory

State Drug Testing and Research Laboratory for ayurvedic sector could not function although funds were not a constraint

The State Drug Testing and Research Laboratory was set up at Bhubaneswar on 2 October 1975 for testing the drug/cosmetic samples. It has been functioning with 17 drug testing personnel (Government Analyst: 8, Junior Scientific Officer: 2 and Senior Laboratory Assistant: 7) against the sanctioned strength of 25 during the period covered in review under the overall supervision of DDC (RPT), Orissa. There was no separate Drug Testing Laboratory at State level in the homoeopathic sector and ayurvedic sector. However, for strengthening of the Drug Testing Laboratories of Indian System of Medicine (ISM), Government of India sanctioned Rs.70 lakh towards purchase of instruments and equipment (Rs.60 lakh) and manpower (Rs.10 lakh) during 2000-2001 and released Rs.54 lakh in the first instalment during 2000-2001. The amount was kept unutilised in a bank as of March 2003 because of non-completion of construction of building in the premises of the Government Ayurvedic Hospital, Bhubaneswar.

Diversion of drug samples to Central laboratories due to lack of infrastructure facility in SDTRL

The SDTRL was not adequately equipped with modern apparatus and testing methodology, despite receipt of Central grant of Rs.39.50 lakh (1996-97: Rs.31 lakh, 2000-01: Rs.8.50 lakh) of which expenditure of only Rs.27.23 lakh were incurred during 1999-2001. The remaining amounts were parked in bank (Rs.3.77 lakh) and in Civil Deposit (Rs.8.50 lakh). Hence no opinion on the quality of drugs could be made by the Laboratory in respect of 218 samples. Of this, 69 samples and 149 samples were referred to CDL, Kolkata and Central Indian Pharmaceutical Laboratory, Ghaziabad respectively for testing during 1998-2003. Moreover, 25 important drugs widely used in the State for treatment of common ailments were debarred from testing in the SDTRL with effect from 27 July 2002 for want of reference standards, intermediate compounds, testing facilities, non-repair of idle machinery and non-procurement of vital equipment etc.

Delay in testing of samples by 3 to 12 months by the SDTRL involved consequential hazards to the patients

No time limit was either prescribed by the Act/Rules or fixed by the Central/State Government for testing of drugs samples and sending the test results. In the absence of this, the correctness of working norms prescribed for the testing personnel by the DDC (RPT) could not be examined. Thus, drugs were tested at the convenience of the SDTRL/CDLs and considerable delays of over 3 to 12 months were noticed in declaration of results in 120 out of 372 NSQ drugs.

The belated declaration of the drugs as NSQ left little scope for the DIs to recall the same from the market as the same would have been already consumed by the patients causing serious health hazards.

Non-testing the standards of Ayurvedic drugs

Non-availability of testing facility of ayurvedic drugs samples in the State had adverse impact upon the general health of patients. It was seen that 115 bottles of 'Mritusanjivani Sura' which was being used as alcoholic intoxicant rather than a medicine were seized (August 1999) by a joint raid of police, excise and drug control officers in Boudh-Kandhamal district. Although five manufacturers in Orissa and four outside the State were involved in preparation of such stock, no action could be taken against them due to non-testing of statutory samples.

3.2.9 Irregular grant of Licences

Conditional licences were issued in contravention of the Act

Test check of records of DC revealed that five drug manufacturing licences were renewed with stipulation to rectify certain defects/deficiencies within a period of one month from the issue of licence (Appendix-XXI) although the Act and the Rules do not permit issue of conditional licence. The defects included major deficiencies like non-cleaning of drainage system, non-testing of raw materials, non-mentioning batch number in the labels etc. which violated the minimum requirements of schedules M and S of the DC Rules and no monitoring was done by the DC to see that the conditions were complied with by the firms.

The DC licensed 15 units for manufacture of Dantaghasa Gudakhu /tooth paste having tobacco as the main ingredient despite prohibition by Central Government

Government of India, Ministry of Health and Family Welfare Department in their notification dated 30 April 1992 prohibited the manufacture and sale of all cosmetics licensed as tooth paste/tooth powder containing tobacco having risk for human being in terms of Section 26 A of the Act in public interest.

"Dantaghasa Gudakhu" was a cosmetics paste intended to be rubbed against human teeth and it contained tobacco as the main ingredient. However, it was noticed that 15 units all over the State were licensed by DC to manufacture "Dantaghasa Gudakhu" during May 1993 to September 2002 in addition to 100 units licensed between October 1972 and February 1991.

On this being pointed out, the DC stated (August 2003) that Dantaghasa Gudakhu was not licensed as tooth paste/tooth powder category containing tobacco under the Act and the licences were issued as per clarification received from the Law Department of Government. The reply was not tenable since granting of licence for manufacture of "Dantaghasa gudakhu" under the camouflage of cosmetics having harmful tobacco as main ingredient was not in consonance with the spirit of the prohibitory orders of Government of India made in April 1992 in the interest of public.

Four medicine stores were running without valid licence

Scrutiny of records of DDC (WZ), Sambalpur revealed that four medicine shops (namely Mahabir Medical Hall, Sai Medical Store, Life Medical Store and Solace Medicare) were operating in Sambalpur town without valid licence in contravention of the provisions of the Act / Rules. The DDC (WZ) in July 2002 ordered the DI concerned to conduct surprise raids of the said firms with the help of police. This was followed by similar orders of DC in

August 2002 and reminder in August 2003. However, no such raid was carried out by DI, Sambalpur range (August 2003).

Running of Blood Bank without valid licence in the district headquarters hospital at Sonepur

Records of DC revealed that the Orissa Red Cross Blood Bank (ORCBB) was licensed (26 February 2002) to operate a blood bank for processing of whole human blood IP at the district headquarters hospital, Sonepur subject to fulfilment of 25 conditions. The ORCBB started functioning from 22 March 2002. However, it was noticed that the licence was meant for the period 11 August 2000 to 31 December 2001. Thus, the ORCBB had been functioning at the above place without a valid licence since its inception. The DC stated (August 2003) that the application for issue of certificate of renewal for prospective period was sent (May 2003) to the Deputy Drug Controller General (India), Kolkata and licence would be renewed after observing all formalities.

Production and sale of LVP fluids without renewal of licences

Scrutiny of the records of DDC (WZ), Sambalpur revealed that a firm named M/s Bindlish Chemical and Pharmaceuticals Works, Sambalpur whose licence expired on 31 December 1999, manufactured 21742 bottles of LVP fluids during January to June 2000 despite the instruction of DC (January 2000) to stop production/sale of drugs. The firm distributed 19082 bottles between January and July 2000 and the Range DI seized the balance of 2660 bottles. The Superintendent of VSS Medical College Hospital, Burla procured 8600 bottles (March 2000) and issued 4670 bottles to patients; the balance of 3930 bottles were seized by the Range DI. Drug recall in respect of the distribution of the balance of 10482 bottles was not effected (May 2003) and no action was taken to prosecute the offender. The DC stated (August 2003) that the DI, Sambalpur failed to issue the drug recall letter as well as to submit the prosecution case and was asked to explain. Similarly, six[4] other firms of the State continued the production and sale of such LVP fluids without valid licence beyond 31 December 1999 upto the dates of their cancellation (February 2001). But the details were not available with DC. The concerned DIs were, however, instructed in March and July 2002 to report the activities of the firms. Further development in the matter was awaited (August 2003).

Manufacture and sale of unauthorised ayurvedic preparations

Scrutiny of records of the DIMH revealed that show cause notices were issued in June 2000 by the Directorate against four offenders, who were manufacturing and selling 13 Ayurvedic medicines in contravention of Section 33EEB of the Act and also advertising them through media agents as magic remedies for all types of ailments/health hazards warranting punishment under Act and also under the Drugs Magic Remedies (Objectionable Advertisement) Act, 1954 and the Rules made thereunder. But none of the notices have been responded to by the offenders and no further action was taken to prosecute the offenders under the Act.

[4] M/s Orissa Drugs and Chemicals Limited, Bhubaneswar, Kelvin Pharmaceuticals and Om Pharmaceuticals, Cuttack, Jaybee Pharmaceuticals, Unipharma Laboratory and Tarisha Pharmaceuticals, Berhampur

Substandard drugs were allowed for circulation causing threat to the health of the patients

As per the provisions of the Act / Rules, on receipt of a drug testing report from a GA regarding NSQ drug, action was to be taken by the LAs through the DIs posted in the Ranges to recall the unused NSQ drugs by screening the market and check further use of the same in case of own State manufacturers of the said drugs. In case of NSQ products manufactured in other States, the concerned DCs were to be asked to initiate action under the Act/Rules.

It was stated by the DC that against 9853 samples drawn by DIs of the State during 1998-2003, 9151 samples were tested in SDTRL and CDLs outside the State and 419 samples were declared NSQ by the GAs concerned.

The details of drugs recalled in respect of each NSQ case, prosecution cases lodged against manufacturer/seller of these drugs, penalty imposed etc. were, however, not available with the DC due to non-maintenance of relevant registers to monitor follow up action. Test check of records of six DIs revealed that in 114 cases[5], no concrete/expeditious steps were taken by the concerned DIs or the DC to recall the NSQ drugs well before the expiry dates from circulation both inside/outside the State except issue of formal letters to drug supplier/manufacturers and LAs of other States concerned. In most of the cases, there was no response. As such, the major quantity of NSQ drugs were allowed to be marketed causing threat to health of the patients. The DC stated (August 2003) that in most of the cases, by the time the reports are received by the DI, stocks of the particular batch of the NSQ drugs are found sold in the market.

Further, scrutiny of NSQ files of DI, Cuttack-III and Puri ranges revealed that six drugs (DI, Cuttack-5 and DI, Puri-1) were declared NSQ by SDTRL, through test reports which were challenged by the firms on different grounds. But no details as to action taken to meet such challenges were available in the files. The samples were also not sent to CDL/CIPL for authoritative test of standards. Some more interesting cases of inaction by DC are detailed at Appendix-XXII to this report.

Failure to take action in case of anti-TB NSQ drug consumed by the patients

M/s Panacea Pharmaceuticals of Berhampur, Orissa supplied 143 lakh tablets of Ethambutol Hydrochloride IP (400 mg), an anti-TB drug to SDMU, during 2000-01 which were distributed throughout the State. The drug was reportedly declared as of Standard Quality (SQ) by the authorised testing laboratories to whom the samples were sent by DD, SDMU, Bhubaneswar as per terms of the supply agreement with the manufacturer. However, tests on certain samples drawn from Khurda and Phulbani districts were found to be sub-standard. Hence Government decided that the DC would draw samples from all batches in all the districts and test them both at SDTRL and CDL, Kolkata. The test results were confusing. Some samples found by SDTRL to be SQ were found to be NSQ by CDL, Kolkata and vice versa. When DC ordered the manufacturer to stop production of the drug, the latter appealed to the State Government and some interesting arguments were put forward by the manufacturer. One of the arguments was that Ethambutol is highly hygroscopic and therefore even if it is SQ initially, it could become NSQ later.

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[5] (i) DI, Cuttack : 30 cases, (ii) DI, Puri : 15 cases, (iii) DI, Berhampur : 16 cases, (iv) DI, Jeypore : 14 cases, (v) DI, Sambalpur : 19 cases and (vi) DI, Keonjhar : 20 cases.

It is, however unlikely that the reverse would happen i.e. a sample which is NSQ becomes SQ later. Test results showed that some samples, which had been found to be NSQ earlier, were found to be SQ in a subsequent test. In view of such conflicting results, the Government set aside the orders of the DC allowing benefit of doubt to the manufacturer except for 3 batches of the drug whose samples were found NSQ by both SDTRL and CDL, Kolkata. These three batches were ordered to be replaced by the manufacturer immediately which was done. This showed that necessary precautions had not been taken during sampling and despatching the same to testing laboratories. In fact during hearing before the Principal Secretary, Health and Family Welfare Department, the Drug Control Organisation could not even refute the argument of the manufacturer that samples could have been damaged during transit to the testing laboratories.

Non-prosecution of manufacturers supplying NSQ drugs to Government Hospitals/ Dispensaries

Under the Central Purchase System of allopathic drugs for consumption in Government Hospitals and Dispensaries, the Deputy Director, State Drug Management Unit (SDMU), Bhubaneswar procured huge stock of medicines during 1998-2003, of these 365 batches of different drugs were declared as NSQ by the reputed private testing laboratories outside the State where such batches were sent for testing after sampling by the staff of DD,SDMU as per decision of Government. The supplying firm replaced 146 batches and the replacement details of 47 batches could not be made available to audit by DD,SDMU. Fifty-four NSQ drugs were declared as SQ on challenge by the firms in second and subsequent tests. The patients of the State were administered with 118 NSQ drugs. But no legal action under the Act could be initiated against the suppliers of these NSQ drugs including 37 blacklisted suppliers because the samples were not statutorily drawn by the concerned DIs and NSQ reports were not obtained from the CDL/SDTRL. It was observed that no clause was included in the contract agreement made with the suppliers of such drugs by the DD, SDMU to punish them under the Act in case of supply of NSQ drugs.

Absence of intelligence-cum-legal cell/Searches and Seizures

Section 22(c)(iii) of the Act empowers the DIs to search any manufacturing/selling premises and seize suspected drugs to be of NSQ/ clandestine stock for sale and take action for suspension and cancellation of licences and disposal of stocks in the manner prescribed under the DC Rules. However, no intelligence-cum-legal cells were established by the LAs so far to gather information on clandestine activities of drugs/cosmetics manufacturers/ traders and movement of NSQ/spurious items of drugs and cosmetics inside the State. No search and seizure case was noticed during the period under review. This was obviously due to non-functioning of intelligence cells and shortage of manpower under the LAs. The DC stated (August 2003) that Government had been requested to provide more staff and create the cell.

3.2.10 Training

To impart training and update the knowledge of the DIs, the Central Government had been conducting training programmes at Mumbai, Kasauli, Kolkata and Ghaziabad to which officers were deputed depending upon feasibility and suitability. It was noticed that 4 out of the 17 DIs in position have not undergone any training and no training facilities exist in the State for developing/upgrading the skills of DIs.

3.2.11 Monitoring

The only State level activity to monitor and gear up performance of the Drug Controller's Organisation was holding of periodical meetings of all Drug Control Officers under the aegis of the Principal Secretary, Health and Family Welfare Department. Creation of a computerised database of manufacturers and sales licensees did not materialise, reportedly owing to financial constraints. The computerised management information system and monitoring system modules also did not start for the same reason. The State level Drug Advisory Committee which was set up by the Government in December 1999 to suggest measures for better implementation of the Act and Rules as well as other allied Acts/Rules did not meet until the Committee was re-constituted in December 2002. Even the minutes of the first meeting of the Committee held in February 2003 were not made available to audit since the Government as of May 2003 did not clear the same.

Lack of interface with the pharmaceutical industry/trade, consumers and medical profession

Generally, conferences/symposia are organised jointly with the Industry/Trade Association/Medical Practitioners etc. to enable the State authorities to get speedy and timely information on the regulatory issues involved and the problems, if any, in the implementation of the Act. During the period from April 1998 to March 2003, no such symposia/conferences were organised. The DC stated (August 2003) that meetings and discussions were being held with the trade associations as and when possible. His reply, however, was silent about the outcome of such meetings/discussions and the impact on drug control activities.

In the ayurvedic sector, however, two meetings were held in November 2001 and August 2002 with the licensed drug manufacturers of the State to discuss basic issues of implementation of the Act and Rules, setting up of a State level Advisory Board and other vital points including the Good Manufacturing Practice (GMP) which was made mandatory for the firms with effect from June 2002.

In the homoeopathic sector, no interface was created during the period covered under the review due to non-existence of any recognised association of manufacturers/traders.

Lack of follow up action on press reports

The Press plays an important role in unearthing the deficiencies of administration and at times it focuses on the plight of people through its reports. It was noticed that as many as 25 press clippings were brought to the notice of DC during 1998-2003 regarding circulation of fake drugs with/without valid drug licence. However, the response and follow up action to examine the correctness behind such allegation were very poor as the DC simply endorsed the same to the DIs concerned without pursuing any further action. In the homoeopathic and ayurvedic sectors, no watch was at all kept on Press report/clipping on the circulation of fake/NSQ drugs.

Inaction against NAQ report of survey samples

The Act/ Rules did not provide for drawal of any non-statutory survey samples by the DIs of the State. It was revealed from the records of DC's office that 20 Non Acceptable Quality (NAQ) reports were received by the DC during 1998-2003 from CDL/SDTRL due to drawal of non-statutory drug samples by nine[6] DIs of the State as detailed at Appendix-XXIII to this report.

The details of subsequent statutory sampling of such drugs for getting NSQ reports and initiation of legal action against the manufacturers could not be made available to audit by DC.

Thus, the whole exercise of survey sampling was futile and the patients of the State had to be administered with NAQ drugs manufactured by the above firms.

3.2.12 Conclusions

Enforcement of the D&C Act, 1940 was deficient in many major areas. There were shortfalls in the required inspection of the premises of licensed selling and manufacturing units. Expeditious steps were not taken by the Drug Inspectors to recall the Not of Standard Quality drugs well before the expiry dates. Licences were granted for manufacture of cosmetics prohibited by Government of India. Legal cells were not established in the State Drug Control Authorities to monitor the search and seizure and prosecution cases, nor were intelligence wings functioning to gather information on non-standard and spurious drugs and cosmetics. Testing facilities in the State Drug Testing and Research Laboratory were not adequate. Above all, due to lack of administrative arrangements, scanty release of funds, absence of sufficient staff and proper monitoring, an important piece of legislation ensuring proper standards of drugs and cosmetics could not become effective.

Recommendations

- Adequate funds, manpower etc. should be provided to the Drug Controller/Director, Indian Medicines and Homoeopathy for effective implementation of the Act.

- Vigilance and legal cells may be opened at appropriate places in the State to gather information on the offenders and prosecute them under the Act.

- Early steps should be taken for starting a drug testing laboratory in the Ayurvedic sector.

- Proposals should be sent to Drug Controller General (India) for fixing (a) the norms for sampling drugs and cosmetics by the DIs and (b) specific time limit for testing of each type of drugs in the testing laboratories for early reporting of the quality thereof.

[6] Cuttack-III(5), Dhenkanal (1), Ganjam-II(3), Keonjhar(1), Phulbani (1), Mayurbhanj(2), Puri (2), Rayagada (1) and Sundargarh (4)

- Arrangement should be made for statutory sampling of drugs purchased by the Deputy Director, State Drug Management Unit under central purchase system before they are despatched to Government hospitals and dispensaries of the State.
- Above all, the State level advisory committee should be convened regularly (a) to aid and advise the SDCAs to monitor the various lapses as discussed in this report and (b) to recommend to the appropriate authorities the necessary amendments to the Act in the interest of effective enforcement.

The matter was demi-officially referred (June 2003) to Government followed by a reminder in August 2003. Reply was not received (December 2003). HOME DEPARTMENT

3.3 Prevention and Control of Fire

Highlights

Fire prevention and related safety measures are an integral part of town planning and building construction. Besides, to combat any situation arising out of calamities including fire incidents, fire services are organised as first responder to save life and property. Orissa Fire Services Act, 1993 was enacted in December 1993 to provide fire prevention and safety measures in the State. No rules or notifications under the Act were, however, issued by the Government as of March 2003. In the absence of these, the builders violating the fire safety norms remained unpunished. Incidence of fire accidents and loss of human lives and property were on the rise.

- **Non-framing of Rules by the Government under the Orissa Fire Services Act, 1993 stood in the way of the Fire Service taking precautionary measures and levying penalty on the owners of the buildings who violated the building code provisions.**

(Paragraph 3.3.5)

- **Parking of GIC loan of Rs.5.78 crore meant for construction of buildings and procurement of equipment in Civil Deposit led to interest burden of Rs.42.66 lakh.**

(Paragraph 3.3.4)

- **Due to inadequate staff, the Fire Service in the State failed to inspect the LPG bottling plants and storage houses. The shortfall in inspection of explosive/fire cracker manufacturing units, factories, cinema halls, high rise buildings etc. was 50 *per cent*.**

(Paragraph 3.3.5)

- **The Department had fire fighting vehicles in excess of requirement ranging from 81 to 111 vehicles during 1998-2003 due to unnecessary purchase of 91 vehicles at a cost of Rs.7.74 crore during the same period.**

(Paragraph 3.3.8)

- **Against the requirement of 636 drivers to operate 339 vehicles, only 290 drivers were in position resulting in shortfall of 346 drivers which led to keeping the procured vehicles idle, raising doubts about the possibility of use of the fire fighting vehicles in times of need.**

(Paragraph 3.3.8)

- **The department could not go for the upgraded VHF sets for equipping the fire stations with effective communication system costing Rs.23.60 lakh reportedly due to funds constraint although there was purchase of vehicles in excess of requirement at a cost of Rs.7.74 crore.**

(Paragraph 3.3.8)

- **There was underutilisation of capacity of the training institute ranging between 17 and 97 *per cent* during 1998-2003 due to nomination of less trainees by the Fire Officer and DG (Fire Service).**

(Paragraph 3.3.9)

3.3.1 Introduction

The Orissa Fire Service has its origin in the Armed Police Reserve when it was first established in Cuttack in March 1942. The Orissa Fire Service is governed under the provisions of the Orissa Police Manual. The State Fire Service has been established under the Orissa Fire Services Act, 1993, which came into force with effect from 29 December 1993. Necessary rules for carrying out the provisions of this Act have not been published yet (March 2003).

3.3.2 Organisational set-up

This is a wing of the Home Department (Civil Defence) under the direct control of the Director General, Fire Services (DGFS), Orissa, Cuttack assisted by the State Fire Officer (FO). Four Deputy Fire Officers (DFO) are in charge of the Central Range, Cuttack, the Southern Range, Berhampur, the Northern Range, Sambalpur and the Fire Prevention Wing, Bhubaneswar. There are 153 Fire Stations in the State.

3.3.3 Audit coverage

Test check of records of the Home Department (Civil Defence) and the Offices of the DGFS, the FO, four Range Officers, one Training Institute at Bhubaneswar and 16 Fire Stations[1] had been conducted during 2001-02 and from March to May 2003 covering the period 1998-2003.

3.3.4 Financial Outlay and Expenditure

Budget allotment and expenditure for the fire service in the State for the period from 1998-2003 were as below:

(Rupees in crore)

Year	Budget allotment			Expenditure			Savings(+)/Excess(-)		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
1998-1999	1.81	17.13	18.94	1.69	16.70	18.39	(+) 0.12	(+) 0.43	(+) 0.55
1999-2000	0.83	18.42	19.25	2.61	21.24	23.85	(-) 1.78	(-) 2.83	(-) 4.61
2000-2001	3.41	18.41	21.82	4.10	19.42	23.52	(-) 0.69	(-) 1.01	(-) 1.70
2001-2002	3.58	22.81	26.39	3.58	22.80	26.38	Nil	(+) 0.01	(+) 0.01
2002-2003	2.47	21.56	24.03	2.47	20.10	22.57	Nil	(+) 1.47	(+) 1.47
Total	**12.10**	**98.33**	**110.43**	**14.45**	**100.26**	**114.71**	**(-) 2.35**	**(-) 1.93**	**(-) 4.28**

[1] Khurda, Jatni, Nimapara, Puri, Cuttack-I, Cuttack-II, Salepur, Kendrapara, Jajpur Road, Bhubaneswar-I, Rourkela, Sambalpur, Berhampur, Bhadrak, Dhenkanal and Bhuban

The above allocation included special problem grants of Rs.10.70 crore[2] and loan of Rs.12.50 crore taken from the General Insurance Corporation (GIC) between March 1998 and March 2000. Scrutiny of records revealed the following points.

Parking of GIC loan of Rs.3.25 crore in Civil Deposit leading to creation of interest burden of Rs.42.66 lakh

Test check of records of the DGFS and the FO, Orissa, revealed that Rs.17.74 crore were drawn in Abstract Contingent (AC) Bills (DGFS: Rs.16.79 crore and FO: Rs.0.95 crore) during 1993-2003. Of this, Rs.5.78 crore including GIC loan of Rs.3.25 crore received during 1999-2000 remained parked in Civil Deposit as of 31 March 2003 under orders of Government. Retention of GIC loan (bearing 13.27 to 13 *per cent* interest) in Civil Deposit for one to two years resulted in interest burden of Rs.42.66 lakh without deriving any benefit. As of November 2003, Rs.1.25 crore continued to remain in Civil Deposit. Abstract contingent bills for Rs.10.97 crore were pending settlement for over a decade in the offices of the Fire Officer/DG (Fire Service) due to non-submission of detailed contingent bills to the Accountant General (A&E).

Failure to submit DC bills meant retention of heavy amounts in the hands of departmental officers which is contrary to the codal procedures. The possibility of misappropriation of Government money due to such long delay in adjustment could not be ruled out. Besides, once amounts drawn on AC Bills are deposited into the Civil Deposit head of account, the submission of DC bills becomes unlikely.

3.3.5 Fire prevention

Penalty not imposed on defaulters who violated the fire safety measures as rules were not framed

The Orissa Fire Services Act enables the Government to issue notification requiring the owners/occupiers of different premises used for activities which could have risk of fire, to take precautionary measures as may be specified in the notification. After the occurrence of a major fire accident at Baripada in February 1997 where 149 people were charred to death in a temporary pandal, the Government issued (September 1997) a notification requiring precautionary measures to be taken by all concerned. However, no rules have been framed as of March 2003 under the Act for imposition of penalty on defaulters and for enforcement of other sections of the Act. As a result, no penalty could be imposed or prosecution initiated against defaulting persons.

Inadequate inspection of fire risk premises including LPG bottling plants and explosive manufacturing units, fire cracker units

The National Building Code of India 1983 envisages fire protection arrangements in high rise buildings and apartments. The DGFS in his circular (July 1997) instructed the FO and other field officers to carry out inspections of the high rise buildings on completion of construction to verify that proper fire protection and prevention measures were in place as per approved plan. The circular further required that annual inspection of such buildings was to be made by the officer-in-charge of the concerned Fire Station and the Fire Prevention Wing and a report was to be sent to the FO and the respective District Administration. There were, however, no records to show that such inspections had ever been undertaken. The Fire Prevention Officer,

[2] Tenth Finance Commission (TFC): Rs.2.20 crore and Eleventh Finance Commission (EFC): Rs.8.50 crore.

Bhubaneswar stated (March 2003) that he was not consulted by the Bhubaneswar Development Authority (BDA) and Cuttack Development Authority (CDA) while issuing permission for construction of high rise buildings. He further stated that there were no executive orders to implement the Fire Services Act and no penalty could be imposed on defaulters.

As per Government's notification (September 1997), fire prevention and safety measures in high risk buildings and premises should have been taken by the owners/occupiers of the buildings and the safety measures should have been inspected by the officer-in-charge of the concerned Fire Station and the Fire Prevention Wing. It was noticed that out of 1079 high risk premises in the State which included high rise buildings, cinema halls, factories, explosive manufacturing units and temporary structures, only 542 premises were inspected during 1998-2003, the shortfall being 50 *per cent*. The Liquified Petroleum Gas bottling plants and storage houses were not at all inspected by the Fire Prevention Wing during the period.

The FO stated that due to shortage of staff, all the high risk buildings and other premises could not be inspected and in the absence of rules under the Act, no penalty could be imposed on defaulters.

Absence of fire drill in high rise buildings

The DGFS, Orissa instructed (February 2002) the Fire Prevention Officer, Bhubaneswar to organise mock fire alarm drill in high rise buildings to ensure adoption of safety measures by the people during a fire accident. The Assistant Fire Officer, Bhubaneswar was also directed to spare the Hydraulic Platform-cum-Turn Table Aerial ladder (Bronto skylift) for the purpose. No fire drill in high rise buildings had been organised till March 2003.

3.3.6 Opening of new Fire Stations

Irregular opening of two fire stations; absence of fire station in district head quarters

As per the norms fixed (December 1998) by Government, new fire stations were to be opened where the incidence of outbreak was between 10 and 15 per year on an average and no fire station was available within 30 km. As approved by the Government, 39 new fire stations were opened (2001-02: 34 and 2002-03:5) by re-deployment of existing manpower and equipment. However, scrutiny of records of the DGFS revealed that in the following two places, new fire stations were opened during 2001-02 though neither of the above conditions fixed by Government were fulfilled.

Sl. No.	Name of the Fire Station	Date of opening	Fire incidence				Distance from Fire Station
			1997	1998	1999	Average	
1	Raghunathpur	15 December 2001	9	7	Nil	5	15
2.	Borigumma	15 October 2001	5	14	8	9	22

Though the EFC recommendation envisaged (August 2000) opening of Fire Stations at all district headquarters, there was no Fire Station at Nuapada as of March 2003.

The following table shows the services rendered to the community during 1998-2003 as ascertained from the Fire Officer, Orissa.

Year	Fire Incidence		Value of properties lost	Value of properties saved	No. of lives lost	No. of lives saved
	Reported	Attended				
			(Rupees in lakh)			
1998-99	8026	8026	1007.86	3382.54	20	430
1999-2000	8925	8925	2328.96	10588.96	35	953
2000-01	8379	8379	1720.98	8271.24	41	506
2001-02	9208	9208	2349.50	5815.08	36	844
2002-03	10134	10134	2289.73	8078.68	50	621

*** The valuation of properties shown above is based on reports of victims as well as eye estimation**

Incidents of fire and loss of human lives on the rise despite opening of 39 new fire stations

It can be seen from the above that the number of fire incidents had increased from year to year so also the incidence of loss of human life; opening of 39 new Fire Stations was clearly not enough to reverse or arrest this trend.

3.3.7 Non-provision of facilities

Non-provision of residential accommodation to staff

The Standing Fire Advisory Committee (SFAC) of the Ministry of Home Affairs, Government of India in its 23rd meeting suggested that considering the nature of duties to be performed by members of the fire services, it was essential to provide rent free accommodation to all members of the service at the Fire Station premises. But against sanctioned strength of 2068 posts of operational staff, only 269 quarters (13 *per cent*) were made available at 14 out of 153 Fire Stations. It was stated that Government quarters would be provided after construction.

The SFAC in its second meeting recommended that the fire stations should be equipped with 50-60 feet fire escape and hook ladders in places where buildings with more than two upper floors were in existence.

50-60 feet fire escape and hook ladder not supplied to Fire Stations

Though there were high rise buildings (14.5 mtrs. and above) at Bhubaneswar, Cuttack, Puri, Rourkela, Sambalpur and Berhampur etc., 50-60 feet fire escape and hook ladder had not been provided to any of the Fire Stations. The DGFS stated (April 2003) that these were not supplied owing to non-receipt of requisition from the FO.

14 new fire stations opened during 2001-02 not provided with telephones

For rendering quick and effective service, the provision of adequate communication system is essential for the Fire Brigade. Telephone had been the only mode of communication in the Fire Stations as street fire alarm system, radio telephone or wireless facilities were not in vogue in Orissa. However, 14[3] Fire Stations (all opened during 2001-02) out of 153 in the State were not provided with telephones as on 31 March 2003. This rendered the fire stations ineffective, as it would not be possible to reach the fire stations in times of need.

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[3] Adaspur, Astaranga, Bamur, Bhapur, Bari, Barkote, Ghatgaon, Joda, Kasinagar, Kankadahada, Kalimela, Khariar, Raikia and Rengali.

3.3.8 Purchase of fire fighting vehicles

Purchase of Bronto Skylift at a cost of Rs.2.72 crore was injudicious as it was never put to use and its utility was doubtful

For fire fighting and rescue operation in high rise buildings at Bhubaneswar, one Hydraulic Platform-cum-Turn Table Aerial Ladder (Bronto Skylift) of 42 meters working height was purchased (April 1999) at a cost of Rs.2.72 crore from a foreign firm out of GIC loan. The purchase had been approved by the State Government in May 1997. The Skylift went out of order in September 2001 and was repaired in January 2002. It again went out of order in February 2002 and was repaired in July 2002. The service engineer opined (July 2002) that biennial service of the ladder had not been carried out earlier. The Department did not supply 100 litres of hydraulic fluid (April 2003) though requisitioned for maintenance in February 2002. The ability of the vehicle to negotiate the narrow bylanes to reach the high rise residential buildings which have come up in the city was not assessed at the time of purchase. Further, the Assistant Fire Officer stated (April 2003) that the ladder might not be of use in such areas due to lack of adequate movement space and low overhead electric line.

In view of frequent breakdown, improper maintenance, low overhead electric lines and want of movement space around the high rise buildings, the utility of the skylift in times of need was doubtful and expenditure of Rs.2.72 crore out of the GIC loan appeared to be injudicious.

Rescue tenders purchased for disaster management could not be put to use for more than ten years after their procurement

Three Rescue Tenders were procured at a cost of Rs.24.34 lakh during the year 1986-1989 out of GIC loan to rescue the trapped/accident victims. One such tender was provided to the training institute at Bhubaneswar to impart training. The other two vehicles were provided to Bhubaneswar and Rourkela Fire Stations. Logbooks of these vehicles revealed that the vehicles were never put to use for the purpose for which these were intended as of May 2003. Further, the two vehicles consumed diesel worth Rs.2.36 lakh towards garage starting and road trial. The FO stated that no major occasion for rescue operation arose and the vehicles were kept ready for disaster management. But the vehicles could not even be used during the Super Cyclone of October 1999. The Assistant Fire Officer, Bhubaneswar stated (June 2003) that although the rescue tenders were not used during the Super Cyclone 1999, its equipment and appliances like wood cutters, iron cutters etc. were taken out and used for clearance of roads in the aftermath of the Super Cyclone. The reply showed that Fire Service was not able to use these tenders during the disaster even a decade after the procurement of the vehicles and after receiving training in their operation.

Each pumping unit of Fire Station requires one pumping unit vehicle i.e. either a Motor Fire Engine (MFE) or a Towing Tender (TT). Accordingly, 219 vehicles were required during the period from 1998-2001 in respect of 114 Fire Stations as detailed below:

Category of Fire Station	Number of stations in the State	Number of vehicles required
One Pumping Unit Fire Station	60	60
Two Pumping Unit Fire Stations	05	10

Category of Fire Station	Number of stations in the State	Number of vehicles required
Three Pumping Unit Fire Stations	47	141
Four Pumping Unit Fire Stations	02	08
Total	**114**	**219**

With the opening of 39 new Fire Stations in 2001-2003, the requirement of vehicles increased to 258. As against the above requirement, Orissa Fire Services had the following operational vehicles (MFE and TT) during 1998-2003 as detailed below:

Year	Number of operational vehicles available	Number of off-road / unserviceable vehicles auctioned	Total number of operational vehicles available (Col.2-3)	Number of vehicles actually required	Number of excess vehicles available (Col.4-5)	Number of operational vehicles purchased	Total number of excess vehicles available (Col.6+7)	Total number of vehicles available during the year (Col.5+8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(10)
1998-1999	309	-	309	219	90		90	309
1999-2000	309	-	309	219	90	21	111	330
2000-2001	330	33	297	219	78	12	90	309
2001-2002	309	-	309	253	56	31	87	340
2002-2003	340	28	312	258	54	27	81	339

91 fire fighting vehicles purchased in excess of requirement at a cost of Rs.7.74 crore

It could be seen from the above table that the department had fire fighting vehicles in excess of the requirement ranging from 54 to 90 vehicles during the above period. Despite excess availability, the Department procured 91 new vehicles during 1999-2003. The excess vehicles were purchased at a cost of Rs.7.74 crore out of vehicle replacement grant, TFC and EFC grants and GIC loan as detailed below:

(Rupees in lakh)

Source of funds	Number of vehicles purchased	Amount
Motor Vehicle replacement grant sanctioned out of normal budget procedure	12	58.38
TFC award	03	25.06
EFC award	35	315.22
GIC loan	41	375.81
Total	**91**	**774.47**

In 37 fire stations, only 67 drivers were provided against the availability of 111 vehicles

As per SFAC norms, 1.5 drivers plus 25 *per cent* leave reserve are required to operate each fire fighting vehicle. Hence, 636 drivers were required to operate 339 available vehicles against which only 290 (46 *per cent*) drivers were in position resulting in shortage of 346 drivers. It was noticed that in 37 Fire Stations, 67 drivers were deployed against 111 vehicles as detailed in

Appendix-XXIV**.** The requirement of vehicles worked out by the FO did not warrant purchase of the vehicles. Thus, instead of creation of new posts of drivers, the department had gone for purchase of new vehicles in addition to the existing vehicles which were already in excess of requirement, only because funds were available. This led to idling of vehicles. As a matter of fact, in a fire accident in Balasore (April 2002) the fire fighting vehicles, though available, could not be engaged due to non-availability of drivers. During discussion, the Principal Secretary of the Department stated that efforts were on to utilise all the vehicles by rationalising the strength of staff and fire fighting vehicles attached to the Fire Stations and by redeployment of existing staff and recruitment of drivers to the extent necessary.

VHF walkie-talkies though procured were not installed in the fire stations as the required GP antennae were not procured along with them

To modernise and upgrade the communication system, initially eight sets of Very High Frequency (VHF) walkie-talkies with four sets of Ground Pole (GP) antennae were purchased during 1998-2000 at a cost of Rs.2.53 lakh against the TFC award of Rs.2.40 lakh for the purpose. DGFS directed (July 2000) installation of the sets in eight Fire Stations; the FO, however, issued one each to four Fire Stations (Cuttack, Cuttack-II, Bhubaneswar and Puri) due to shortage of required GP antennae. However, the VHF sets installed at Cuttack, Cuttack-II and Bhubaneswar went out of order due to technical problems. The Fire Officer, Orissa stated that the upgradation and purchase of VHF sets for all the Fire Stations required large funds and separate wireless channel. But no initiative was taken to have a separate wireless channel and to get the VHF at Cuttack, Cuttack-II and Bhubaneswar repaired.

The department had an urgent need for better Communication System. But the request made (November 2001) to the DGFS by the FO for purchase of VHF communication equipment at a cost of Rs.23.60 lakh for 35 Fire Stations and headquarters was not accepted by the Government. It appears from the records produced in audit that constraint of funds was the reason for not considering the requirement. The consequence was that the communication system had not been upgraded in the State.

Fire stations were not equipped with the much needed upgraded communication system although crores of rupees were spent on purchase of vehicles in excess of requirement

The VHF communication equipment would have been more useful than purchasing vehicles in excess of requirement and equipment which could not be used, for some reason or other as stated in the preceding paragraphs. In fact with only a fraction of the expenditure incurred on unnecessary purchase of vehicles, all Fire Stations of the State could perhaps be equipped with the upgraded communication facilities. Thus, the Fire Service failed to prioritise the necessities vis-à-vis availability of funds. In reply, it was stated that more vehicles were purchased to attend to VIP duty, fair, festival, law and order situation etc. The reply was not tenable since vehicles alone without drivers could not serve any purpose. Moreover, no norms showing the requirement of vehicles for VIP, festival and fair duties etc. were shown to audit to justify the purchase of such a large number of extra vehicles.

3.3.9 Training and awareness programme

All the technical staff should be trained in fire fighting in the Orissa Fire Service Training Institute (OFSTI) at Bhubaneswar. The Institute is headed by a Fire Officer (Principal) and imparts training to Fireman, Driver Havildar, Leading Fireman, Assistant Sub-Officer and Station Officer etc. with intake capacity of 120 trainees. There is also provision for refresher course for in-service personnel.

The following training courses were undertaken by the Institute during 1998-2003.

Year	Intake capacity of Institute	Number of trainees participated	Rank	Duration (Months)	Trainee months available	Trainee months utilised	Perce-ntage of utilisa-tion	Expendi-ture (Rupees in lakh)
1998-1999	120	125 123	Fireman Station Officer	9 6	1440	1197	83	16.21`
1999-2000	120	Nil	Nil	Nil	1440	Nil	Nil	19.37
2000-2001	120	17 13	Station Officer Fire man	9 9	1440	270	19	19.08
2001-2002	120	32 14	Leading Fireman Driver Havildar	6 6	1440	276	19	19.64
2002-2003	120	01 06	Driver Havildar Station Officer	6 6	1440	42	3	19.84

Underutilisation of capacity of OFSTI in imparting training to fire service personnel due to nomination of fewer number of trainees

While the capacity utilisation of the Institute was 83 *per cent* in 1998-99 and nil in 1999-2000, it ranged between 3 and 19 *per cent* during the other years. The shortfall was attributed to fewer number of trainees nominated by the FO/DGFS. Thus, the expenditure incurred on the establishment of the institute was largely unfruitful. Besides, the refresher course training for in-service personnel was not taken up by the Institute since 1996-1997 due to shortage of trainees.

There was no provision to impart training to groups which have heavy fire risk such as residents of congested localities/multistoried buildings/offices/ commercial areas etc. The Institute did not take up programmes of popularisation of fire resistant building materials.

3.3.10 Non-realisation of dues from OPGC

Claim of Rs.1.02 crore towards establishment of fire station not preferred against OPGC

Government of Orissa, Home Department agreed (1991) to open one-unit Fire Station within the campus of Ib Thermal Power Station of Orissa Power Generation Corporation (OPGC). Although no formal agreement was executed, OPGC agreed (November 1991) to provide funds for the purpose. However, it was noticed that after opening (November 1992) of the fire station that the claim amounting to Rs.1.02 crore in respect of salary and allowances calculated by the Deputy Fire Officer, Sambalpur up to March 2002 was not preferred against OPGC towards the cost of establishment.

Avoidable expenditure of Rs.40.98 lakh towards house rent of hired buildings due to delay in construction of buildings

3.3.11 Avoidable expenditure towards house rent

Non-completion of the buildings planned for construction under TFC award and GIC loan within the stipulated period of one year due to non-release of funds by Government and delay in acquisition of land and execution resulted in avoidable expenditure of Rs.40.98 lakh towards house rent of private buildings as detailed in Appendix-XXV. The FO accepted the facts.

3.3.12 Conclusions

No rules have been framed for ensuring adherence to fire safety norms by builders and occupiers of high rise buildings and fire prone premises or for imposition of penalty on defaulters of fire safety norms. Despite opening of new fire stations, the incidence of fire and loss of human life was on the rise in the State. There was inadequate inspection of premises including LPG bottling plants and explosive manufacturing units. Fire stations were not equipped with the much needed upgraded communication system although crores of rupees were spent on purchase of vehicles in excess of requirement, as also specialised vehicles which could not be used.

Recommendations

The department should frame the necessary rules under the Act to enable Orissa Fire Service to deal effectively with errant builders.

Provision of modern upgraded communication system for the fire stations should receive the highest priority for the department.

There should be mandatory pre-scrutiny of plans of high rise buildings before sanction thereof.

Statutory inspection of establishments with high fire risks should be ensured.

WATER RESOURCES DEPARTMENT

3.4 Accelerated Irrigation Benefit Programme

Highlights

The Accelerated Irrigation Benefit Programme (AIBP) launched in 1996-97 at a cost of Rs.1018.25 crore included 33 Major, Medium and Minor Irrigation Projects with the aim for creation of additional irrigation potential of 1.83 lakh ha. Despite adequate fundings, all the projects except one minor irrigation project with irrigation potential of 2000 hectares were incomplete. The cost of the projects (Rs.1018.25 crore) was revised to Rs.1462.66 crore resulting in cost overrun by Rs.444.41 crore. Against the target for creation of irrigation potential of 1.83 lakh ha. under AIBP, potential of only 0.48 lakh ha. (26 *per cent*) was created as of March 2003. Subarnarekha Irrigation (Inter State) Project was abandoned due to non-commencement of any work by the neighbouring State. The Rengali Irrigation Project remained incomplete due to lack of forest clearance for the Right Bank Canal (RBC), non-acquisition of land, default in execution by contractors and lack of co-ordination with Railways. These projects did not create any additional irrigation capacity rendering the expenditure of Rs.478.03 crore wasteful.

- **Short release of funds of Rs.129.67 crore by Finance Department, non-availability of detailed accounts for Rs.78.74 crore and non-recovery of advance payment of Rs.1.95 crore by Divisional Officers were indicative of poor financial management and ineffective control over expenditure**.

(Paragraph 3.4.6)

- **Expenditure of Rs.181.02 crore was incurred on ineligible projects. In violation to the prescribed norms, establishment expenditure of Rs.124.24 crore was met out of AIBP funds and Rs.3.94 crore were diverted for activities beyond the scope of AIBP.**

(Paragraphs 3.4.2 and 3.4.6)

- **Rs.2.28 crore were spent on construction of unwarranted costly roads on the canal embankment of Potteru Irrigation Project. The contractors were benefited to the tune of Rs.1.62 crore.**

(Paragraph 3.4.6)

- **Excess payment, undue benefits to contractors and extra expenditure aggregated to Rs.14.90 crore in execution of canal works of Upper Indravati Irrigation Project.**

(Paragraphs 3.4.5 and 3.4.9)

- **Non-acceptance of lowest valid tender and extension of undue benefits to contractors led to wasteful expenditure of Rs.6.93 crore in the gate works of Naraj Barrage Irrigation Project.**

(Paragraph 3.4.8)

- **In execution of the canal works of Upper Kolab Irrigation Project, extension of undue benefits and incurring of extra expenditure led to wasteful expenditure of Rs.3.30 crore.**

(Paragraphs 3.4.5 and 3.4.9)

- **Non-adherence to the design specification led to extra expenditure of Rs.65.37 lakh in two Minor Irrigation Projects.**

(Paragraph 3.4.9)

3.4.1 Background

AIBP was launched during 1996-97 with the main objective of accelerating the completion of six ongoing Irrigation projects on which substantial investment had already been made and completion of which was beyond the resource capability of the State Government. The programme was later modified to include an additional four Major Projects as well as one Medium Project which were in initial stages of construction and 22 Minor Surface Irrigation Schemes (new and ongoing) in KBK districts of Orissa.

3.4.2 Scope of the Programme

The following Projects were taken up under AIBP in Orissa:

(Rupees in crore)

Sl. No.	Name of the Project	Estimated cost		Expenditure up to 31 March 1996	Outlay under AIBP	Expenditure during 1996-2003
		Original	Revised			
1.	Right Bank Canal of Rengali Irrigation Project (April 1979)	233.64	2438.61	242.73	451.07	290.38
2.	Anandapur Barrage 8th Plan	7.17	36.07	20.07	25.07	15.35
3.	Subarnarekha Irrigation Project (1982) 6th Plan	95.02	2303.72	248.49	285	187.65
4.	Right Main Canal of Upper Indravati Irrigation Project (July 1979)	208.14	480.96	467.96	198.84	215.24
5.	Canal system of Upper Kolab Irrigation Project (April 1967) 5th Plan	24.05	285.00	375.31	65	93.03
6.	Titilagarh (May 1991)	21.13	44.19	1.71	26.70	19.56
7.	Lower Indra Irrigation Project (9th Plan)	211.70	211.70	--	120	97.45
8.	Lower Suktel Irrigation Project (9th Plan)	217.30	217.13	0.48	115	26.53
9.	Upper Jonk Irrigation Project (August 1977) (Extension)	18.00	18.00	58.92	18	11.52
10.	Potteru Irrigation Project (4th Plan) (February 1972)	14.81	191.21	107.45	31.12	20.20
11.	Naraj Barrage I (8th Plan)	125.75	203.77	2.50	39.91	21.49
12.	22 Minor Irrigation Projects	72.27	--	--	86.97	41.85

As per the guidelines (October 1996), only a project costing more than Rs.1000 crore (reduced to Rs.500 crore from March 1997) with the targeted potential of 1 lakh ha. where substantial progress had been created was to be included under the programme. The Central Loan Assistance (CLA) was to be available in the form of reimbursement after the expenditure was actually incurred on the approved projects. Although five Major Irrigation Projects viz. Anandpur Barrage, Lower Indra, Lower Suktel, Potteru Irrigation and Naraj Barrage did not fulfil the above criteria, these projects were approved by GOI for financial assistance under the programme. As against the actual expenditure of Rs.181.02 crore on these projects as of March 2003, CLA of Rs.186.11 crore was released resulting in excess reimbursement of Rs.5.09 crore over the actual expenditure.

3.4.3 Implementation arrangements

AIBP Projects were executed and overseen by the normal working arrangements of Water Resources Department. Monitoring and Evaluation of the various Irrigation Programmes including AIBP were done by the Engineer-in-Chief (EIC) (Irrigation) assisted by a monitoring cell.

3.4.4 Scope of Audit

Appraisal of the performance/impact of the programme in delivering the desired irrigation benefit as well as adequacy of the mechanism adopted for project selection and project management ensuring accrual of maximum benefit within a specified time frame was made in Audit between January and May 2003 through test check of records of the Water Resources Department, 2 Engineers-in-Chief, 3 Chief Engineers and 17 Executive Engineers for the period 1996-2003 covering 8 Major, 1 Medium and 22 Minor Irrigation Projects.

3.4.5 Addition to Irrigation Potential

Shortfall in achievement of targeted irrigation potential ranged between 64 and 100 *per cent* led to loss of revenue of Rs.3.37 crore annually

Project-wise additional irrigation potential targeted under the programme and achievement thereagainst during 1996-2003 were as mentioned below.

Sl. No.	Name of the Project	Additional Irrigation Potential (in Hectares)		Shortfall (in Hectares)	Percentage of shortfall
		Target	Created		
1.	Right Bank Canal (79 km) of Rengali Irrigation Project	20600	1450	19150	93
2.	Anandapur Barrage	5870	5500	370	06
3.	Subarnarekha Irrigation Project	36900	1000	35900	97
4.	Upper Indravati Irrigation Project (Right Main Canal)	27192	26350	842	03
5.	Upper Kolab Irrigation Project (Canal system)	10750	10000	750	06
6.	Titilagarh (Stage II) Irrigation Project	2000	Nil	2000	100
7.	Lower Indra Irrigation Project	29900	Nil	29900	100

Sl. No.	Name of the Project	Additional Irrigation Potential (in Hectares)		Shortfall (in Hectares)	Percentage of shortfall
		Target	**Created**		
8.	Lower Suktel Irrigation	31830	Nil	31830	100
9.	Potteru Irrigation Project	4034	332	3702	91
10	Naraj Barrage Project	(Stabilisation of 1.67 lakh ha. not achieved)			
11	Upper Jonk Medium Irrigation Project	1950	700	1250	64
12	22 Minor Irrigation Projects	11893	2253	9640	81
	Total	**182919**	**47585**	**135334**	**74**

Projects remained incomplete due to delay in land acquisition, forest clearance, default in execution of works by contractors

The shortfall in achievement of the irrigation potential in nine of the twelve projects above ranged between 64 and 100 *per cent*. The non-achievement of targeted irrigation potential (1.35 lakh ha.) despite investment of Rs.1040.25 crore, resulted in loss of revenue (water rate) of Rs.3.37 crore annually at the rate of Rs.250 per ha. apart from depriving farmers of much needed irrigation.

The status of the projects under the programme as of March 2003 was as follows:

(Rupees in crore)

Sl. No.	Name of the project	Original approved cost	Revised cost	Expend-iture (March 2003)	Percentage of progress (March 2003)	Schedule date of completion	Reasons for delay
1	Right Bank Canal of Rengali Irrigation project (RBC 79 kms)	208.16	451.07	290.38	64	March 1999	Lack of forest clearance, delay in land acquisition, default in execution of canal works by contractors and lack of co-ordination with Railways
2.	Anandapur Barrage (Canalisation Scheme and Extension)	7.17	25.07	15.35	61	March 1999	The project was rescheduled for completion by March 2005
3.	Subarnarekha Irrigation Project (Main and Branch Canal)	192	285	187.65	66	March 1999	Project remained incomplete due to non-commencement of the works by Government of Jharkhand on joint component of the project
4.	Right main Canal of Upper Indravati Irrigation Project (UIIP)	152.74	198.85	215.24	100 (expenditure exceeded the estimate)	March 1999	Delay in receipt of forest clearance
5.	Upper Kolab Irrigation Project (Canal system)	40	65	93.03	100 (expenditure exceeded the estimate)	March 2000	Delay in land acquisition

Sl No.	Name of the project	Original approved cost	Revised cost	Expend-iture (March 2003)	Percentage of progress (March 2003)	Schedule date of completion	Reasons for delay
6.	Titilagarh Irrigation Project Stage-II	26.70	26.70	19.56	73	March 2001	Problem in rehabilitation and resettlement of displaced persons
7.	Lower Indra Irrigation Project	120	120	97.45	81	March 2002	Land acquisition problem, transfer of non-forest land to Forest Department for taking up compensatory afforestation work and problem in rehabilitation and resettlement of displaced persons
8.	Lower Suktel Irrigation Project	115.00	115.00	26.53	23	March 2002	Land acquisition problem, transfer of non-forest land to Forest Department for taking up compensatory afforestation work and problem in rehabilitation and resettlement of displaced persons
9.	Upper jonk (Extension) Irrigation Project	18	18	11.52	64	March 2002	Land Acquisition problem
Fast Track Projects[1]							
10.	Potteru Irrigation (KBK)	26.30	31.12	20.20	65	March 2003	Interruption of works by anti - social elements and non-availability of stones in the area
11.	Naraj Barrage Project (Gate works)	39.91	39.91	21.49	54	March 2003	Delay in finalisation of tender
12.	22 Minor Irrigation Projects	72.27	86.94	41.85	48	March 2001 March 2003	One MIP completed. Other projects rescheduled for completion by June 2004/ June 2006

The above position indicated that all projects except one Minor Irrigation Project with irrigation potential of two thousand hectares remained incomplete at varying stages of completion ranging between 23 and 81 *per cent* despite investment of Rs.1040.25 crore up to March 2003. The cost of the Projects (Rs.1018.25 crore) was revised to Rs.1462.66 crore resulting in cost overrun by Rs.444.41 crore. The non-completion was mainly due to lack of forest clearance, non-acquisition of land, problems in rehabilitation and resettlement

1 For completion in one year with 100 *per cent* Central funding.

of displaced persons, delay in finalisation of tender and lack of co-ordination with neighbouring States as discussed below: -

Non-acquisition of land and non-clearance of forest land resulted in non-completion of project rendering the expenditure of Rs.290.38 crore unfruitful

RBC of RIP from RD 00 to 95 Km was approved by the Central Water Commission (CWC) at a cost of Rs.738.27 crore in 1997 with the target to command an ayacut of 1.02 lakh ha. gravity irrigation and 0.20 lakh ha by lift. GOI approved CLA of Rs.208.16 crore for implementation of phase-I of the RBC from RD 00 to 79 Km under AIBP in February 1997 to irrigate a CCA of 0.21 lakh ha. This work was included under AIBP for early completion of the incomplete project to achieve maximum potential within less time. The cost was revised (1998) to Rs.451.07 crore but the same was not sanctioned as of March 2003. While 80 *per cent* of the works of Main Canal was completed between RD 00 and 59 Km except three railway crossings at RD 23, 28 and 34 Km, only 30 *per cent* of the works had been executed between RD 59 and 79 Km as of March 2003 due to lack of forest clearance and non-acquisition of land.

Excavation of canal stopped due to non-clearance of forest land

No additional irrigation potential was created rendering the expenditure of Rs.290.38 crore incurred on the project unfruitful. The department had not specified the revised date for completion of the project and so the completion of the project was uncertain (March 2003).

Lack of co-ordination with neighbouring State led to abandonment of the Project resulting in unfruitful expenditure of Rs.187.65 crore

Subarnarekha Irrigation Project, an Inter-State Project, involving Orissa, Jharkhand and West Bengal aimed at utilising Orissa's share of Subarnarekha water allotted under tripartite agreement in 1978 to irrigate 1.10 lakh ha through 46.50 Km of Subarnarekha Main Canal within Orissa at an estimated cost of Rs.223.36 crore during 8th five year plan. A part of the project was taken up at a cost of Rs.192 crore under AIBP to create irrigation potential of 0.37 lakh ha in 1996. Total expenditure of Rs.187.65 crore had been incurred as of March 2003 including Rs.12 crore paid to Jharkhand towards Orissa's share of joint component works. The creation of irrigation potential by the project was, however, linked with the completion of joint component of works in Jharkhand. Since the Government of Jharkhand did not commence any work on the joint component, the project was abandoned during 2002-03 resulting in unfruitful expenditure of Rs.187.65 crore.

Loss of Rs.26.34 lakh on mobilisation advance due to delay in land acquisition

Excavation of minors and sub-minors in 12 reaches of RMC of UIIP were taken up between February 1997 and August 1998 through 12 contractors at a cost of Rs.26.77 crore. Advances of Rs.1.34 crore were paid to the contractors towards plant and machinery during 1997 carrying 18 *per cent* simple interest for recovery on or before payment of 80 *per cent* of the agreement value.

Unrecovered advances were not to bear any interest beyond the stipulated period of execution, if the delay was not attributable to the contractor. None of the 12 works was completed within the stipulated period due to non-acquisition of land and extension of time ranging between 24 and 30 months was granted in favour of the contractors. Of the advance, Rs.46.70 lakh with interest was recovered within the stipulated period and Rs.84.95 lakh during the extended period of execution, leaving Rs.2.11 lakh still to be recovered (March 2003). Interest of Rs.26.34 lakh accrued as of March 2003 on the principal during the extended period was not realised on the ground that the delay was not attributable to contractors. Thus, commencement of the work without acquisition of land led to loss of Rs.26.34 lakh towards interest on mobilisation advance.

Non-Construction of Distributaries

Wasteful expenditure of Rs.9.66 crore due to extension of undue benefit, unauthorised payment and extra expenditure

Construction of distributary, minors, sub-minors and service roads including structures taking off from RD 53.70 to 63 Km of RMC of UIIP was awarded (January 1997) to a contractor at a cost of Rs.7.88 crore (43.61 *per cent* excess) for completion by January 1999. The work could not be completed during the stipulated time due to massive variations in quantities of different items, for which the contractor was granted extension of time up to January 2001. The contractor however, abandoned the work (January 2001) after executing works worth Rs.15.65 crore (109.96 *per cent* excess). Without sanction of deviation by Government, the contractor was paid Rs.15.47 crore. As stipulated in the code, the massive deviations were neither carefully investigated nor the instruction of CE to stop execution beyond the agreement quantities was carried out. Consequent upon abandonment of the work by the contractor, the balance works were awarded in February 2002 to another contractor on retender at a cost of Rs.2.26 crore (13.54 *per cent* excess) for completion by August 2002. The rates as per this tender were more economical even in February 2002 compared to the rates approved in original tender five years ago. Computed with the rates received for the balance works, the unauthorised excess execution beyond the agreement quantities led to extra expenditure of Rs.2.07 crore. The contractor executing the balance works failed to complete the works within the stipulated period. Though the delay in execution was attributed to the contractor, compensation of Rs.22.55 lakh leviable under the terms of the contract was not recovered (March 2003).

Extra expenditure of Rs.1.48 crore due to payment of escalation during extended period

According to codal provisions, no work was to be executed before acquisition of land. However, the works of excavation of RBC of RIP from RD 17.40 to 21.79 Km and RD 60.58 to 63.15 Km were entrusted (March 1997/October 1998) to two contractors before acquisition of land. Thereafter, the completion period was extended upto September 2002/March 2002. Government also allowed payment of escalation charges to the contractors during the extended periods. The award of the works to the contractors without acquisition of land, thus, not only delayed completion by three years but also resulted in extra expenditure/liability of Rs.1.48 crore towards escalation as of March 2003.

Undue benefit of Rs.1.03 crore due to unauthorised payment of escalation during extended period

Excavation and construction of Kotpad distributary from RD 11.67 to 23.13 Km alongwith its structures and lining of Upper Kolab Irrigation Project (UKIP) was awarded (February 1998) to a contractor at a cost of Rs.6.85 crore for completion by August 1999. The contractor could not complete the work within the given time on the grounds of delay in acquisition of land, rainy season, delay in execution of lining works and absence of approach road to the site. The Chief Engineer and Basin Manager (CE&BM) granted extension of time up to February 2001. Since the required land was acquired during the currency of the original contract and the original completion period had been fixed taking into account the rainy season and also the execution of lining work and construction of service roads being the contractor's responsibility, the extension of time with benefit of price escalation was not admissible. Instead of recovering compensation of Rs.68.51 lakh from the contractor for the delay in execution as per terms of contract, payment of escalation of Rs.34.36 lakh was made to the contractor for the extended period of execution (up to December 2001) without sanction of extension of time. This led to extension of undue benefit of Rs.1.03 crore to the contractor.

Extra expenditure of Rs.34.57 lakh due to poor planning in execution

The Kotpad distributary from RD 00 to 11.67 Km of UKIP was completed in March 1996 with bed width of 11.81 metres and discharge capacity of 8.495 cusec at a cost of Rs.1.24 crore. Thereafter, the second reach of the canal from RD 11.67 to 23.13 Km was approved in November 1997 for construction with reduced bed width and discharge capacity to 9.06 metres and 6.70 cusecs of water respectively due to its location on the flood zone of river Indravati. Concrete lining to the first reach (RD 00 to 11.67 Km) and canal excavation with lining of the second reach (RD 11.67 to 23.13 Km) were awarded (January/February 1998) to two contractors at a cost of Rs.66.21 lakh/Rs.6.85 crore for completion by March 1999/August 1999. The contractors had executed work worth Rs.7.82 crore (March 2003). As a result of the reduced bed width and discharge capacity of the second reach of the canal, the work in first reach already excavated with higher scope without proper assessment of the hydrological condition of the second reach had to be rebuilt by filling in earth of 1.27 lakh cum. The poor planning in execution of the canal led to extra expenditure of Rs.34.57 lakh.

3.4.6 Financial management and control

Funds for Rs.84.19 crore remained unutilised and unauthorised expenditure of Rs.44.42 crore on two projects

Despite adequate funding, the projects remained incomplete due to serious failure in management of funds involving irregular advance payments, diversion of funds and unauthorised expenditure as discussed below:

The financial status of the programme during 1996-2003 as mentioned in Appendix-XXVI indicated that Rs.1124.44 crore was released against the provision of Rs.1254.11 crore resulting in short release of Rs.129.67 crore. Unutilised balances at the end of each year were on the increase from Rs.4.30 crore in 1996-97 to Rs.84.19 crore in 2002-03 indicating serious failure in management of funds. Utilisation Certificate (UC) for Rs.87.86 crore was pending for submission to GOI. In the absence of UC, the utilisation of CLA for the specific purpose could not be ascertained. As against the approved cost of Rs.263.85 crore, the expenditure on UIIP and UKIP was Rs.308.27 crore resulting in unauthorised expenditure of Rs.44.42 crore (March 2003).

Irregular advance payments and non-recovery of Rs.78.74 crore from LAOs

Payment of interest free works advance to OCC led to loss of Rs.4.63 crore

Advance payments of Rs.78.07 crore were made to Land Acquisition Officers (LAO) between March 1997 and February 2003 by five Drawing and Disbursing Officers (DDOs) for payment of land compensation in respect of Lower Indra, Jonk, Anandapur Barrage, Lower Suktel and eight Minor Irrigation Projects. The DDOs unauthorisedly debited the advances as final expenditure. The LAOs did not render the accounts with paid vouchers. No action was taken as of March 2003 for recovery of the advances. Against the estimated cost of Rs.1.42 crore for compensation for land acquisition of four Minor Irrigation Projects, the EE MI Division, Kalahandi made advance payment of Rs.2.36 crore resulting in excess advance payment of Rs.94 lakh to LAO. Only Rs.27.15 lakh was returned leaving Rs.66.85 lakh unrecovered as of March 2003. Similarly, out of works advance of Rs.2.84 crore paid to three contractors during 1996-2003 and finally debited by the EEs to works, Rs.1.95 crore was still outstanding for recovery with interest of Rs.40 lakh as of March 2003. Though the CLA provided under the programme carried interest between 11.5 and 13 *per cent* per annum, interest free works advances of Rs.22.35 crore were paid between February 1998 and March 2003 to OCC in respect of works pertaining to Naraj Barrage, Lower Indra and UIIP, leading to undue benefit of Rs.4.63[2] crore.

As per the guidelines of the programme, debit of establishment expenditure was not permissible till February 2002. In disregard to this, Government of Orissa (GOO) debited establishment expenditure of Rs.118.60 crore in respect of eight Major Irrigation Projects during 1996-2002.

Unauthorised expenditure of Rs.124.24 crore on establishment in violation to the prescribed norms

Further, though GOI approved 15 *per cent* establishment cost from the State's share in the projects, where 100 *per cent* financing was not made from GOI, Rs.5.64 crore over and above the normal entitlement of 15 *per cent* was also debited to four projects. The total unauthorised expenditure on establishment charged to these projects was as much as Rs.124.24 crore. This included diversion of CLA of Rs.4.95 crore during 2000-03 received for Lower Indra and Potteru Irrigation Projects.

Funds of Rs.3.94 crore were diverted for activities other than the programme

Funds of Rs.3.94 crore in eight projects were diverted between 1997-2003 in disregard of the guidelines and spent on activities not related to the programme. This had not only adversely affected the completion of the projects but had also resulted in irregular expenditure by the DDOs.

Adoption of higher rate of overhead charges in the schedule of rate led to extra payment of Rs.2.53 crore

Mention was made in para 4.2.6.5 of the Audit Report (Civil) for the year ended 31 March 2001 regarding adoption of higher overhead charges in SR of Water Resources Department. Further checks disclosed that the estimates in respect of 10 works technically sanctioned for Rs.7.74 crore by the CEs during 2002-03 still adopted 15 *per cent* overhead charges against two *per cent* admissible. The excess allowance of 13 *per cent* facilitated syphoning of Rs.1.01 crore in favour of the contractors. Similarly, the estimate for gate works of Naraj Barrage allotted to OCC, included overhead charges of 20 *per cent* against 12.5 *per cent* admissible under the SR of Works Department in addition to 15 *per cent* agency charges over and above the offered rate leading to extra financial benefit of Rs.1.52 crore.

[2] At the rate of 18 *per cent* per annum.

Construction of roads on canal embankment with unwarranted higher specification resulted in wasteful expenditure/ liability of Rs.1.45 crore

As per the suggestion of CWC (January 1998), construction of Water Bound Macadam (WBM) roads on service banks of Gompakunda Main Canal (GMC), Tamsa Main Canal and Tatiguda distributary of Potteru Irrigation Project (PIP) was technically sanctioned (October/December 2001) by the Chief Construction Engineer (CCE), at a cost of Rs.6.94 crore. The works were awarded in February/March 2002 to 22 contractors at a cost of Rs.8.75 crore for completion by August 2002. As of February 2003, works worth Rs.4.22 crore (48 *per cent*) only had been completed.

Neither any extension of time was granted nor was the compensation of Rs.87.52 lakh for delay in completion recovered. The works provided for execution of one layer of Grade-I metalling of 115 mm thickness and another layer of Grade-III metalling with 100 mm thickness consolidated with 20 *per cent* moorum equivalent to the specifications for heavy traffic roads. However, construction of roads on these canal banks was to facilitate inspection of the canals and required construction with two layers of 75 mm thick metalling each. The work, with approval of CCE, was executed with higher specification involving utilisation of 0.79 lakh cum of metal worth Rs.4.91 crore against the necessity of 0.55 lakh cum worth Rs.3.46 crore computed with the recommended specification. Thus, the execution of the canal bank service road with unwarranted higher specification in deviation to the Civil Engineering Specification led to extra expenditure of Rs.1.45 crore.

Extra expenditure of Rs.63.52 lakh due to adoption of higher rates towards the cost of stones

The above road works provided for execution of grade-I and grade-III metalling involving a quantity of 0.37 lakh cum and 0.42 lakh cum respectively. The sanctioned estimates provided for execution of the works with hand broken granite stone metals instead of crusher broken hard granite stones. However, the rates (Rs.280 and Rs.350 per cum) applicable for crusher broken hard granite metals as provided in the SR under the nomenclature "IRC grade-I /grade-III" were adopted in the estimates. Computed with the rates provided in the SR (Rs.225 per cum for grade-I and Rs.265 per cum for grade-III) for hand broken metal of the specified sizes, adoption of the higher rates towards the basic cost of the stones in the estimates/agreements, despite use of hand broken stones of lower specification in the work led to extra expenditure of Rs.63.52 lakh. No quality control testing had been done to ensure execution of work using specified quality/quantity of materials.

Undue benefit of Rs.37.96 lakh due to wrong fixation of basic rate of metal

The sanctioned estimates and notice inviting tenders (NIT) for construction of the roads on service banks of GMC from RD 00 to 20 Km of PIP stipulated that metals of both grade-I and III available in the departmental dumping yard were to be obtained and utilised in the roads. The works were awarded (February/March 2002) to two contractors at a cost of Rs.94.25 lakh for completion by August 2002. Since the departmental stones were already blasted and broken/stacked, the contractors were not required to incur any expenditure on its basic cost except transporting to the work site. However, the basic costs of Rs.280 per cum of Grade-I and Rs.350 per cum of Grade-III were adopted in the estimates and no provision was made in the agreements for recovery of the basic cost, which led to undue benefit of Rs.37.96 lakh.

Extra expenditure of Rs.19.26 lakh due to extra provision for pothole fillings

As per the technical specification followed under UKIP, the existing potholes and undulations were to be filled with grade-III metal at 10 *per cent* of the quantity involved under the top layer of grade-III metalling. However, the above road in addition to original construction provided for potholes, depressions and wheel track fillings with grade-I metal for 4109 cum (at 53 *per cent*) before laying the top layer with grade-III metal. The total quantity of grade-III metal involved in the top layer was 7770 cum. The quantity for filling the undulations was neither worked out on the basis of level sections nor was supported by field evidence. Computed at 10 *per cent*, the extra provision for depression/pothole fillings, allowed on ad hoc basis, was 3332 cum involving extra expenditure of Rs.19.26 lakh (3332 cum X Rs.578/cum).

Excess payment of Rs.36.39 lakh to contractor due to less deduction of voids

As per the specification of the above road, each layer of metalling contained 20 *per cent* moorum as filler material. Instead of recovering 20 *per cent* towards voids from the metal quantity, only 12.5 *per cent* was deducted which resulted in excess payment of Rs.36.39 lakh to contractor.

3.4.7 Wasteful expenditure due to unsatisfactory rehabilitation measures for the Project affected persons

Expenditure of Rs.26.53 crore was rendered wasteful due to abandonment of works

Lower Suktel Irrigation Project envisaged construction of a reservoir scheme across the river Suktel in Bolangir district to provide irrigation to an ayacut of 0.32 lakh ha in Bolangir and Sonepur districts. First phase of the project was started during 1999 under AIBP at an estimated cost of Rs.115 crore to provide irrigation to 0.13 lakh ha and was scheduled for completion by end of 1999. Rupees 9.30 crore were paid to the Special LAO, Bolangir up to 2003 for acquisition of land. No LA case was however, initiated and the preliminary works like enumeration of displaced persons and property survey of the villages coming under the area of submergence were also not completed as of April 2003. The soil sample of the earth dam site could not also be tested due to agitation by the people of the affected villages, which led to non-finalisation of the design of the earth dam (March 2003). Government decided (February 2003) not to go for further infrastructure works of the project. Thus, the expenditure of Rs.26.53 crore incurred during 1999-2003 on survey and investigation, creation of infrastructure, pay and allowances of staff and advance to the Special LAO (March 2003) was rendered wasteful and the objective of creation of additional irrigation potential remained unachieved.

3.4.8 Contract Management

Extra liability of Rs.6.76 crore due to non-acceptance of valid lowest tender and delay in awarding of contract

In response to the notice inviting bids for design, manufacture, supply, erection and commissioning of Naraj Barrage gates at a cost of Rs.20.33 crore, four bids were received (August 1998) of which the lowest bid was Rs.20.09 crore. Government, however, decided in May 2001 to allot the work to OCC at their negotiated rate. OCC offered (June 2001) Rs.21.83 crore for the work which was 7.41 *per cent* excess over the estimated cost. The Law Department did not agree for award of the work to OCC at their offered rate with additional provision of reimbursement of sales tax. Water Resources Department, however, opined that the OCC would be able to complete the work within 18 calendar months i.e. by January 2003 and that, had the work been awarded to the lowest tenderer, the contractor would have been entitled for payment of Rs.21.84 crore with escalation. The above contention was factually not correct since against the completion period of 18 calendar months, the period finally allowed was 32 calendar months and the OCC had executed works for Rs.9.30 crore (43 *per cent*) as of March 2003.

Further, the contract executed (May 2001) with OCC provided for payment of escalation charges during the period of execution of the work. They were also entitled to reimbursement of 15 *per cent* overhead charges on the value of the work, besides reimbursement of sales tax. Computed with the above, the offer of OCC was Rs.27.65 crore against the lowest tender value of Rs.20.89 crore. The award of work to OCC ignoring the valid open tender not only led to extra liability of Rs.6.76 crore but also considerably delayed the award of the work.

Besides, Octroi charges though were not payable on the cost of materials, were already built into the item rates and resulted in undue benefit of Rs.17.20 lakh.

Extra liability of Rs.1.75 crore due to default in execution of work by contractors

Excavation of RBC of RIP from RD 17.40 to 21.79 Km, RD 39.71 to 53.80 Km and RD 58.63 to 63.15 Km was awarded (March 1997- October 1998) to six contractors at a cost of Rs.55.03 crore stipulating completion between March and October 1999. Despite extension of time up to March/September 2002 and issue of repeated notices, the contractors did not complete the works. Government, however, closed the contracts without penalty and awarded the balance works valuing Rs.14.44 crore to OCC at their negotiated offers for Rs.16.19 crore. Thus, entrustment of the works to OCC at higher rates led to extra liability of Rs.1.75 crore at tender stage.

Extra expenditure due to unwarranted substitution of agreement item

The work of extension of canal system of Rampas Distributary between river Baitarani and Salania Branch Canal of Anandpur Barrage Project was awarded by the EE, Baitarani Division, Salapada in May 2000 to a contractor at a cost of Rs.99.27 lakh for completion by March 2001. The contractor had quoted an abnormally low rate of Rs.50 per running metre for providing RCC hume pipes, which was 97 *per cent* below the estimated rate. Eventually, during execution, the EE with the approval of CE, substituted the abnormally low rated item of hume pipes by RCC work of higher extra item rate, which resulted in extra expenditure of Rs.20.73 lakh.

3.4.9 Other points of interest

Excess payment of Rs.1.84 crore to a contractor over his normal dues

Excavation of RBC of RIP from RD 17.40 to 21.79 Km was awarded (March 1997) to a contractor at a cost of Rs.23.14 crore for completion by September 1999. Due to change/revision of design, there was gross deviation in quantities which was approved (August 1999) by Government for Rs.9.11 crore. Government directed (October 2002) to close the contract and complete the balance work through OCC. This had not been implemented (March 2003). The contractor was paid Rs.29.22 crore in 52 running account bills against the actual value of work of Rs.27.38 crore executed as per the final measurement resulting in excess payment of Rs.1.84 crore. Against this, contractor's dues of Rs.4.88 lakh towards security deposit only were available with the division for possible adjustment. Interest bearing security of Rs.1.03 crore in shape of Bank Guarantee furnished by the contractor had since expired and was not got revalidated as of September 2003. Neither the amount paid in excess was recovered nor was any responsibility fixed on the errant officers (September 2003).

As per the conditions of contracts, the rates for extra items were to be paid at the prevailing SR. However, this contract provided that the rates for the extra items were to be based on mutually settled rates. The rate for the extra item 'providing and laying of RCC M-35' was accordingly fixed at Rs.3551.70 per cum on negotiation as against Rs.2595.60 per cum provided in the SR resulting in extra liability of Rs.10.64 lakh for 1112.43 cum of such works executed as of March 2003.

Extra expenditure of Rs.4.28 crore due to unwarranted shifting of alignment of the canal and substitution of specification

The contract "Construction of distributary, minors, sub-minors and service road including structures taking off from RD 53.70 to 63 Km of RMC of UIIP" provided for execution of 1.24 lakh cum of earthwork by mechanical means in filling reaches at the rate of Rs.74 per cum. The contractor was paid (March 2003) Rs.5.87 crore towards execution of 7.94 lakh cum of earthwork resulting in excess execution of 6.70 lakh cum involving payment of Rs.4.96 crore. Of this, 3.68 lakh cum was due to shifting of the alignment of the canal for safety of human life and property of a village located close to the canal, since the reach involved blasting for excavation of hard rock for 10434 cum at Rs.15.65 lakh. As per the contract, blasting operations were to be carried out by the contractor adhering to the Explosive Act and Regulations to ensure safety of human life and property. Instead of enforcing the above condition, the alignment was shifted without approval of the Government, which involved heavy filling in earthwork ranging from 5 to 12 metre for a length of 200 metre. This led to additional earthwork of 3.68 lakh cum at Rs.3.25 crore involving extra expenditure of Rs.3.09 crore (Rs.3.25 crore less Rs.0.16 crore).

Further, the agreements of the works from RD 53.70 to 63 km and RD 45 to 49 km provided that the structures were to be executed with Random Rubble (RR) Stone masonry (1:4). During execution, the RR stone masonry works were substituted with cement concrete (CC) M-10 on the ground of failure of the contractor to arrange specified stones. As the contractor quoted his rates for finished item, adherence to specifications was his responsibility. This unwarranted substitution involved extra expenditure of Rs.1.19 crore.

Excess payment of Rs.96.12 lakh to a contractor due to change in classification of strata

Balance works of RMC from RD 73 to 84 Km of UIIP awarded (January 1995) to a contractor at a cost of Rs.5.27 crore provided for 1.72 lakh cum of excavation of canal in all kinds of soil (AKS) at the rate of Rs.27 per cum and 0.06 lakh cum in Disintegrated (DI) rock at the rate of Rs.81 per cum. Against the above, the actual measurement for AKS was 0.27 lakh cum and for DI, 1.84 lakh cum. The increase in quantity of DI rock with decrease in AKS was reportedly due to meeting of DI strata at higher level. Since the quantities of different items of excavation were based on results of trial bores done prior to preparation of the estimate, the unauthorised change in classification of AKS to DI during execution by the EE led to excess payment of Rs.96.12 lakh.

Extra expenditure of Rs.60.50 lakh due to non-utilisation of excavated earth

The agreement for construction of Belgaon distributary of UKIP *inter alia*, provided for excavation of 0.44 lakh cum of AKS and filling of 1.02 lakh cum of earth in the embankment. The useful excavated earth was to be utilised in filling sections. The contractor excavated 0.55 lakh cum of earth both from foundation and cut off trenches and was paid Rs.15.76 lakh. The useful earth was not utilised in bank filling and the entire earth of 1.60 lakh cum was measured as obtained from burrow area at a cost of Rs.1.65 crore. Thus, non-utilisation of the available cutting earth of 0.55 lakh cum in the filling section led to undue benefit of Rs.60.50 lakh to the contractor.

Excess payment of Rs.49.09 lakh to a contractor on escalation

Although the contract for the Kotpad distributary of UKIP did not provide for any condition for payment of escalation on labour, the EE executed (October 2000) supplementary agreement for such payment, creating liability of Rs.25.33 lakh. Similarly, payment of price escalation on material component at 65 *per cent* as against the stipulated 20 *per cent* led to excess payment of Rs.23.76 lakh to the contractor. No approval of Government for such extra payments/liability of Rs.49.09 lakh was obtained (March 2003).

Extra expenditure of Rs.55.81 lakh on flood protection works

For protection of the earthen embankment of Kotpad Distributary from RD 11.67 to 23.13 km and Sankarda distributary from RD 7.80 to 15.76 Km of UKIP, which were running in the flood zone of river Indravati, agreements were drawn (February 1998) for providing Random Rubble (RR) stone masonry. Considering the changed hydrological condition of the area after construction of the Indravati Dam, CE&BM and EIC (P&D) suggested (August 1998) to dispense with the bank protection works in the submergence area. Despite this, the EEs executed the flood protection works involving extra expenditure/liability of Rs.55.81 lakh.

Inadmissible liability of Rs.42.02 lakh as escalation charges

Work of excavation of Minors and Sub-minors in six reaches of RMC of UIIP was awarded (February 1997) to six contractors at a cost of Rs.7.58 crore for completion by August 1998. All the works were completed by the contractors between February 2000 and July 2002 with grant of extension of time ranging between 18 and 48 months on the ground of non-acquisition of land. Out of the total escalation charges of Rs.42.02 lakh, Rs.41.97 lakh was already paid to five contractors upto March 2003. As the works were awarded without acquiring land, Government had to incur extra expenditure/liability of Rs.42.02 lakh towards escalation. In respect of two contracts drawn in February 1997 for RD 53.70 to 63.00 Km and RD 45.00 to 49.00 Km, though a specific condition was provided to the effect that no price escalation was payable till the land was made available, such condition was however, not provided in other contracts.

Avoidable extra expenditure of Rs.42.29 lakh due to execution of work in deviation to prescribed specifications

Construction of a diversion weir at 75 metres down stream of the existing dilapidated weir on Boden nullah Minor Irrigation Project (MIP) was entrusted (December 1999) to a contractor for Rs.5.42 crore by the EE MI Division, Khariar, for completion by December 2000. The contractor executed (October 2001) work for Rs.4.53 crore. Works valuing Rs.19.65 lakh comprising 140 metres of afflux bundh, head regulator, left upstream abutment and wing wall were washed away in June 2001 in the flood water. The EIC, WR and the Commissioner-cum-Secretary to the Government attributed (August/October 2001) this to non-fixation of shutter to the head regulator and non-removal of old diversion weir before commencement of the work. Instead of initiating departmental action for the lapses in execution, the CE sanctioned FDR estimate for Rs.41.55 lakh and the work was entrusted (December 2001) to the same agency under a supplementary agreement. The contractor executed work valuing Rs.42.29 lakh as of March 2003.

Out of executed earthwork of 0.31 lakh cum in the afflux bundh, compaction was done only for 0.02 lakh cum although the afflux bundh was laid perpendicular to the flow of water. Due to inadequate compaction, the same failed to withstand the water thrust during the floods and consequently breached. Further, the department had also not conducted permeability test of soil before execution of work to determine the foundation depth of the structure. These factors resulted in washout of the afflux bundh and the allied items. While accepting the factual position, the EE stated (December 2002) that the water harvesting structure was not transferred to the department. This was not tenable since the structure was transferred (December 1995) to the department before commencement of the project. Thus, execution of work without adhering to the prescribed specifications resulted in avoidable extra expenditure of Rs.42.29 lakh.

Wasteful and extra expenditure of Rs.23.08 lakh due to non-adherence to approved design

Construction of head works of Chahaka MIP was completed (April 2001) at a cost of Rs.1.45 crore. During execution, the spill channel was excavated for a width of 24 metres as against the designed width of 69 metres. During the rains of June 2001, a portion of the dam between RD 295 and 355 metre was washed away within two months of gap closing.

SE attributed (June 2001) the collapse to the substantial reduction in width of spill channel. The repair and restoration of the breached portion was entrusted (January 2003) to a contractor at a cost of Rs.20.94 lakh. Further, widening of the surplus channel was executed through another contractor at a cost of Rs.10.56 lakh with involvement of extra expenditure of Rs.2.08 lakh. The works were not completed as of April 2003. Thus, the project scheduled for completion by April 2001 at a cost of Rs.2.73 crore remained incomplete (April 2003) even after incurring expenditure of Rs.4 crore. Besides, there involved wasteful expenditure of Rs.21 lakh and extra expenditure of Rs.2.08 lakh due to non-adherence to approved designs. On being pointed out, CE stated (February 2003) that charges had been framed against SE and submitted to the Government for approval. No action had, however, been taken (March 2003).

Extra expenditure of Rs.3.14 crore due to wrong measurement

Non-deduction of settlement allowance from earthwork, non-deduction of voids from excavated rocks and wrong recording of levels led to extra expenditure of Rs.3.14 crore as detailed in Appendix-XXVII.

Separate payment of Rs.46.49 lakh to contractors towards inadmissible items

Though the agreement rates for cement concrete and earth works included centering, shuttering, clearance of jungle and filling foundation, separate payments were made to the contractors on such accounts resulting in inadmissible payment of Rs.46.49 lakh as detailed in Appendix-XXVIII.

Unauthorised payment of Rs.3.17 crore to contractors at post tender stage

Without sanction of deviation by competent authority, Rs.3.17 crore were paid to contractors at the post tender stage which resulted in unauthorised payment. The details are given in Appendix-XXIX.

During approval to the estimate for embankment formation of Kotpad distributary from RD 00 to 11.67 Km under UKIP, the CE & BM inflated the quantity by 10 *per cent* towards filling of undulations. Such requirement was not supported by any field evidence and data. The inflated quantity was allowed by the EE to the contractor. Since the estimated quantity was arrived at on level section of the site, the unwarranted addition of quantity for filling of undulations led to excess payment of Rs.16 lakh.

Avoidable liability of Rs.26.25 lakh due to unauthorised drawal of supplementary agreement

Agreements for construction of Dhamnahandi and Belgaon distributaries of UKIP awarded (March/April 1998) to two contractors at a cost of Rs.1.68 crore did not provide for payment of price escalation on labour. Despite this, the EE executed supplementary agreements without approval of the Government for such payment. Out of the escalation bills for Rs.26.25 lakh, the FA & CAO paid Rs.3.59 lakh but returned the bills for obtaining approval of the Government. The Government, however, refused (June 2001) for such payment. In a counter reply to the case filed in the High Court for non-payment of escalation charges, the EE confirmed passing the bills for payment. Thus, unauthorised drawal of supplementary agreement by the EE for inadmissible payment of escalation on labour led to avoidable liability of Rs.26.25 lakh.

3.4.10 Conclusions

AIBP could not succeed in accelerating completion of the ongoing irrigation Projects and creation of targeted irrigation potential despite investment of Rs.1040.25 crore. This was mainly due to improper planning, inadequate monitoring and supervision coupled with mismanagement of funds. The Department also failed to utilise the irrigation potential created.

3.4.11 Recommendations

The Government should ensure availability of required land and forest clearance for timely completion of the projects.

Accountability in the resource management process needs to be strengthened to check expenditure in violation of the norms of the programme and misutilisation/diversion of funds.

Monitoring and supervision of works need to be improved to check inefficiencies/irregularities in execution leading to extension of undue benefits to the agencies.

The matter was referred to Government in June 2003; no reply has been received (December 2003).

WOMEN AND CHILD DEVELOPMENT DEPARTMENT

3.5 Welfare of the Handicapped

Highlights

Implementation of various schemes on "Welfare of the Handicapped" under the provisions of the Persons with Disabilities (PWD) Act, 1995 remained ineffective mainly due to non-functioning of State Co-ordination Committee and State Executive Committee, non-framing of rules under the PWD Act, poor attendance of the trainees in the in-service training programme etc.

- **The State Co-ordination Committee (SCC) entrusted with the review and co-ordination of the activities of all Government departments relating to welfare of persons with disabilities under the PWD Act, 1995 was constituted in 1997. The Committee never met and remained non-functional till date. The State Executive Committee responsible for carrying out the decisions of SCC could not discharge its responsibilities due to non-functioning of SCC.**

(Paragraph 3.5.4)

- **The State Government failed to frame the rules for the effective implementation of the provisions of the PWD Act, 1995 as of May 2003 despite receipt of draft model rules for the purpose in July 1996 from Government of India.**

(Paragraph 3.5.6)

- **There was 88 *per cent* shortfall in the training of medical officers of PHCs on disability management due to poor attendance of the trainees.**

(Paragraph 3.5.7)

- **The implementation of Integrated Education for the Disabled Children Scheme suffered for want of timely release of funds from GOI due to delay in submission of utilisation certificates and budget proposals.**

(Paragraph 3.5.8)

- **The school for blind run by the State Government (SME Department) was without the services of any headmaster and 3 teachers, out of the sanctioned strength of 14 teachers. In the school for the deaf, also run by the SME Department, there was no group hearing aid and there were only 40 individual hearing aids for 130 students.**

(Paragraph 3.5.9)

- **Due to non-identification of jobs and posts by the Government, persons with disabilities were deprived of the employment opportunity as envisaged in the PWD Act, 1995.**

(Paragraph 3.5.11)

- **Budget provision of Rs.23.27 lakh was allowed to lapse which was enough to provide aids and appliances to 1919 PWDs as programmed.**

(Paragraph 3.5.12)

❖ **Funds of Rs.1.45 crore meant for advancing loans to 243 disabled beneficiaries were irregularly invested by Mahila Vikas Samabaya Nigam in banks.**

(Paragraph 3.5.17)

3.5.1 Introduction

As a group, the disabled need special facilities to enable them to utilise usual services and facilities available to the general public. The disabled have been subjected to neglect, deprivation and at times pity as well. To address the above issues, the “Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995” (PWD Act) enacted by the Parliament came into force in 1996. The categories of disabilities given statutory safeguard are (i) Blindness, (ii) Low vision, (iii) Locomotor Disability, (iv) Leprosy cured, (v) Hearing impairment, (vi) Mental retardation and (vii) Mental illness.

The State Government had been implementing certain welfare activities/schemes for persons with disabilities even before the PWD Act came into force in 1996. These included payment of disability pension, maintenance of special schools, payment of scholarship and stipend to disabled students.

The PWD Act, 1995 provided a focus and a direction for the formulation of schemes by the States in discharging their responsibilities under the Act.

Information regarding the number of disabled in the State indicating category-wise, district-wise, male/female and rural/urban distribution was not available with the Government. A survey conducted by the State Handicapped Welfare Council for its estimation of disabilities in the State during 1993-95, identified 1.58 lakh persons as disabled. Of the above, orthopaedically handicapped formed 40 *per cent*, visually impaired 30 *per cent*, hearing impaired 23 *per cent* and mentally handicapped and others 7 *per cent*.

3.5.2 Organisational set up

The Women and Child Development Department (WCD) was the nodal department in the State responsible for co-ordination among different departments of Government for implementation of the provisions of the PWD Act. The School and Mass Education Department (SME) was to monitor the training and educational programme of the disabled children.

3.5.3 Audit coverage

Implementation of the provisions of the PWD Act was test checked between December 2002 and February 2003 from the records of the Women and Child Development Department, three[1] Training Centres for teachers of visually impaired, hearing impaired and mentally retarded, two[2] Directorates,

[1] Training Centre for the Teachers of Visually Handicapped (TCTVH), Training Centre for the Teachers of Deaf (TCTD) and Training Centre for the Teachers of Mentally Handicapped (TCTMH).

[2] Director of Employment and Director for Teachers Education and State Council of Educational Research and Training.

three[3] Departmental Offices, one Special Employment Exchange for P.H. persons and three[4] associations receiving funds from State Government for maintenance of vocational training centres. The irregularities noticed during the course of review are discussed in the succeeding paragraphs.

3.5.4 Non-functioning of State Co-ordination Committee

The State Co-ordination Committee and the State Executive Committee remained non-functional

PWD Act, 1995 envisaged constitution of the State Co-ordination Committee (SCC) to *inter alia* review and co-ordinate the activities of all the Departments of Government and other Governmental and Non-Governmental Organisations implementing various programmes under the Act.

Scrutiny of records in the WCD Department revealed that the SCC was constituted in November 1997 under the Act with the Hon'ble Chief Minister as ex-officio Chairperson. No meetings of the SCC were however convened since its inception and none of the functions assigned to it under the provisions of the Act was carried out.

Similarly, the State Executive Committee (SEC) constituted in November 1997 for carrying out the decisions of the State Co-ordination Committee met only thrice (January 2001, April 2001 and August 2001). The shortfall was attributable to non-functioning of the SCC from its date of creation.

3.5.5 Commissioner for PWDs

The Act provided for appointment of a person having special knowledge and practical experience in rehabilitation activities as Commissioner for the PWDs. The Commissioner was to co-ordinate with the departments of the State Governments for the programmes and schemes for the benefit of the PWDs, monitor the utilisation of funds received, take steps to safeguard the rights, facilities made available to them and look into complaints of aggrieved PWDs. It was however, noticed that the Commissioner, WCD Department was appointed (February 1999) Commissioner for PWDs in addition to his/her own duties. Information on complaints received from PWDs in respect of deprivation of their rights, monitoring and utilisation of funds by Non-Government Organisations (NGOs) were not available with the Commissioner. Thus, the office of the Commissioner for PWD was non-functional.

3.5.6 Framing of Rules

Rules for the implementation of the PWD Act not framed despite receipt of draft model rules from GOI

Section 73(1) of the PWD Act, 1995 provided that the appropriate Government may by notification make rules for carrying out the provisions of the Act. Although the copy of the draft model Rules sent by the Ministry of Welfare, Government of India was received by the WCD in July 1996, the State Government did not frame rules for carrying out the provisions of the

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[3] Mahila Vikash Samabaya Nigama, District Rehabilitation Center, Bhubaneswar and District Social Welfare Officer, Cuttack.

[4] Orissa Association for Blind, Orissa Association of Deaf and All Orissa Orthopaedically Handicapped Welfare Association, Bhubaneswar.

PWD Act, 1995 so far (May 2003) but was implementing the programmes under Government of India PWD Rules, 1996.

3.5.7 Training programmes

88 *per cent* shortfall in training of PHC Medical Officers on Disability Management

Rehabilitation Council of India (RCI) through three implementing agencies; the National Institute of Rehabilitation, Training and Research and two NGOs viz., Jewels International and Shanta Memorial Rehabilitation Centre implemented the training programme. Against the target of 2636 Medical Officers (MOs) of the Primary Health Centres (PHCs) to be trained by March 2003 in 132 batches, only 321 MOs (12 *per cent*) were trained in 26 batches by three implementing agencies between October 1999 and February 2003. The shortfall (88 *per cent*) was due to inadequate sponsoring of MOs by the State Government and poor attendance of sponsored trainees. The purpose of the training programme for disability management and better care of disabled persons through PHCs could not thus be fulfilled.

3.5.8 Integrated Education for the Disabled Children

To provide educational opportunities for the disabled children in common schools to facilitate their retention in the school system, the "Integrated Education for the Disabled Children (IEDC)", a Centrally Sponsored Scheme was introduced (1992) with 100 *per cent* Central Assistance by the Ministry of Human Resources Development, Government of India (MHRD). According to the scheme, the education of the disabled children would continue upto the senior secondary school level including vocational courses equivalent to the senior secondary stage. The Central Assistance comprised salary of teachers and helpers and allowances for the disabled children for books, stationery, uniform and conveyance.

Delay in submission of UCs and Budget proposals by Government led to non-release and delayed release of funds by GOI

Test check of records of the Director of Teachers Education and State Council of Educational Research and Training (TESCERT) revealed that against the committed allocation of funds of Rs.3.46 crore by the Government of India (GOI), the MHRD released Rs.2.76 crore due to delay in submission of Utilisation Certificates and budget proposals to GOI. This had resulted in short release of Rs.70.44 lakh after adjustment of unspent balance of Rs.4.74 lakh of 1997-98 in 1998-99 and the State Government released Rs.2.72 crore to the Director of TESCERT during the period 1998-2003 as detailed in Appendix-XXX.

Out of Rs.2.76 crore received from MHRD, Rs.2.72 crore were released by the Finance Department to SME. Of this amount, Rs.10.48 lakh were parked in Civil Deposit (as of March 2003) by the Director, TESCERT as per orders of SME. Thus, short release and delayed release of funds and retention of funds in Civil Deposit during 2000-03 deprived the teachers of their salary and disabled children of the benefits like books, stationery, etc.

Non-establishment of Administrative Cell in TESCERT

For effective implementation of the programmes for the disabled children under the IEDC scheme, one Administrative Cell comprising one Deputy Director, Co-ordinator, Special Educator, Stenographer and lower division clerk was to be set up in the Directorate of TESCERT. The establishment expenditure of the cell was to be borne by the Government of India in full. However, it was noticed that the cell was not created by the SME as of April 2003 and the activities under the scheme were being looked after by a Deputy Director with the help of an assistant of the Directorate in addition to their normal duties. Thus, in the absence of the cell, implementation of the scheme suffered.

No concurrent evaluation of IEDC activities undertaken

As per para 23.1 of the IEDC guidelines, the State Government was to identify institutions/agencies to take up concurrent evaluation of the programme in selected areas/schools. The cost of such evaluation studies would be reimbursable to the State Government under the scheme. The MHRD may also undertake evaluation of implementation of the scheme through National Council of Educational Research and Training (or other institutions) at the end of the plan period. Though Rs.2.72 crore were released for implementation of the scheme, no evaluation was made by any agency/institution as of March 2003.

Inspection of the activities of the NGOs receiving assistance from GOI suffered due to non-establishment of Administrative Cell

Director, TESCERT recommended 33 voluntary organisations to the Ministry for sanction of financial assistance of Rs.5.16 crore for implementation of various schemes during the period from 1998-99 to 2002-03. Out of the above, 11 organisations received financial assistance of Rs.1.37 crore directly from MHRD and in respect of the rest, no information was available either with the department or with the Director, TESCERT. As per para 22 (ii) of the IEDC guidelines, an agency receiving assistance from GOI was to be inspected by the SME. However, due to non-formation of the Administrative Cell in the Directorate, the Deputy Director in charge of establishment, curriculum development, population education etc. in addition to his own duties looked after the inspection of the NGOs receiving funds from GOI. Thus, at the State level, the monitoring of the IEDC scheme was not given adequate importance.

Training of District Primary Education Programme (DPEP) Teachers

In order to improve the quality of education imparted to children with special needs in DPEP Primary Schools, MHRD approved RCI's proposal to impart foundation course of training for a duration of 45 days for IEDC teachers. The State Project Director of DPEP would make all funding.

Accordingly, the Orissa Primary Education Programme Authority (OPEPA) decided (January 2001) to train three teachers per block for a period of 45 days in batches of 25 at four[5] RCI recognised training institutions. Funds of Rs.1.99 lakh were released to each of the above four institutions in January 2001 to conduct the training. Against the target of 261 teachers to be trained in 87 Blocks (three teachers per block), in all 82 teachers were trained with these institutions in one batch.

Further, the Training Centre for Teachers of Deaf (TCTD) did not furnish details of expenditure of Rs.1.77 lakh to OPEPA even after lapse of two years.

[5] Training Centre for Teachers of the Deaf (TCTD), Training Centre for Teachers of the Visually Handicapped (TCTVH), Training Centre for Teachers of the Mentally Handicapped (TCTMH) and Open learning system.

Project Director, OPEPA attributed (March 2003 / October 2003) the shortfall to non-sponsoring of teachers due to long duration of training and consequential absence of teachers from school affecting the normal teaching.

3.5.9 Running of schools for disabled children

Three[6] schools for the blind, the deaf and the dumb were running under the control of SME Department. Check of records of two schools revealed (December 2003) the following:

In the School for the Blind, Bhubaneswar against sanctioned strength of 14 teaching staff, teaching was imparted through 10 teachers and the school was running without a Headmaster, a trained Science Graduate Teacher (from December 2001), a trained Arts Graduate Teacher (April 2000) and one Classical Teacher (August 2000).

In the school for the deaf at Bhubaneswar, it was observed that the "group hearing aids" required for development of speech by the deaf students at preparatory stage before their entry into class-I, were damaged in 1992. As a result, the students were deprived of the opportunity to hear and develop speech and vocabulary as well.

Out of 130 deaf students, individual hearing aids provided to only 40

Each and every hearing impaired child has a certain amount of residual hearing which they can use for their speech and language development for oral and written communication only with the help of individual hearing aids. It was, however, found that out of 130 deaf students, only 40 were provided with individual hearing aids by voluntary organisations as of September 2003.

3.5.10 Functioning of Training Institutes

Three[7] training institutions in Orissa were in operation with assistance from the State Government and National Institutes since 1987-88.

Despite availability of funds, acoustic booth required for testing the hearing impaired was not constructed

Check of records of TCTD revealed that the Government sanctioned (March 1988) Rs.1.04 lakh for sound proofing of the audiometric room. Although permission was accorded by the State Institute of Rural Development in May 2000 and the Director of the National Institute of Hearing Handicapped provided the design for the acoustic booth by November 2001, the work was not started even by March 2003. Besides, the centre, which assisted 2362 disabled persons during 1998-2003 for hearing aids (1846 persons) and therapeutic sessions (516 persons) was functioning without resource room, own play ground, disabled friendly toilets.

[6] Bhima Bhoi School for blind and Bipin Bihari Choudhury School for Deaf, Bhubaneswar and Government High School for Blind, Deaf and Dumb, Burla.

[7] (i) Training Centre for Teachers of the Visually Handicapped (TCTVH), (ii) Training Centre for the Teachers of the Deaf (TCTD) and (iii) Training Centre for the Teachers of Mentally Handicapped (TCTMH).

TCTVH failed to appoint permanent teaching faculty despite repeated insistence by RCI

Check of records of the TCTVH revealed that against two full time lecturers, the training was imparted through one lecturer from April 1998 to May 2000 on a consolidated salary and from June 2000 only guest lecturers were being used. Thus, the lack of full time qualified lecturer as pointed out by RCI in August 2002 could not be redressed by the institution (January 2003).

3.5.11 Reservation of posts for persons with disabilities

No posts for the persons with disabilities had been identified by Government for employment

Section 32 of the PWD Act provided for identification of posts in the establishments, suitable for disabled persons and Section 33 provided for reservation of vacancies not less than three *per cent* for persons suffering from blindness or low vision, hearing impairment and locomotor disability.

No specific points reserved for persons with disabilities in the 80 point roster annexed to the GA Department resolution of June 1996

Check of records revealed that the State Government had not identified the jobs for persons with disabilities. Though the General Administration Department of the State Government in a resolution (June 1996) made 3 *per cent* reservation for the PWDs in the matter of recruitment, but no specific point in the 80 point roster annexed to the resolution was earmarked for any of the categories of disabled persons. In the absence of specific points of reservation in the 80 point roster, the provisions of Section 33 of the Act could not be enforced.

Administrative Reports of the Special Employment Exchange (SEE), Bhubaneswar for the year 2002, revealed that 85 vacancies were outstanding on the live register of SEE at the end of 2002 due to non-receipt of results of selection from the employers. The vacancies related to 22 employers; Central Government: 39, Central Government (Quasi): 26, State Government: 12, State Government (Quasi): 4, Local Bodies: 2 and Private sector: 2. The fewer vacancies in the State Government including quasi Government was due to inaction on the part of the State Government to identify jobs for the Physically Handicapped (PH). Another reason for the overall poor number of notified and filled-in vacancies was that the State Government did not issue necessary notification under the PWD Act.

Employment Officer (EO), SEE stated (February 2003) that the vacancies were rolling down in her register for want of information from the employers about the final placement of the PH persons.

Provision of Special Employment Exchange

There was one SEE for persons with disabilities, which was set up in Bhubaneswar in 1976. Number of disabled persons registered with SEE, number of establishments reported vacancies, etc. during 1998-2003 were as given below:

Year	No of persons with disabilities registered with the SEE	No of establi-shment who have reported vacancies to SEE	No. of persons with disabilities who have been sponsored and provided with employment	No. of persons with disabilities who have been registered for more than two years with SEE	No. of persons with disabilities who have been paid unemployment allowance, if any, as per Rules
1998-1999	294	4	6	1446	Nil
1999-2000	302	3	4	1493	Nil
2000-2001	292	5	2	1423	Nil

Year	No of persons with disabilities registered with the SEE	No of establi-shment who have reported vacancies to SEE	No. of persons with disabilities who have been sponsored and provided with employment	No. of persons with disabilities who have been registered for more than two years with SEE	No. of persons with disabilities who have been paid unemployment allowance, if any, as per Rules
2001-2002	180	1	1	1438	Nil
2002-2003	190	3	9	1529	NIl

It would be seen from the above that out of 1529 PH persons registered up to March 2003, only 22 could get employment. Further, provision of unemployment allowance under Section 68 of the Act was not made to the PH persons registered with SEE for more than two years but not getting any gainful employment.

Section 34 of the PWD Act enabled the State Government to issue a notification requiring every employer to furnish information on vacancies for the PWDs that had occurred or were about to occur in that establishment. The information was to be furnished to the SEE. It was seen that during the period under review, a total number of 16 employers notified the vacancies to the SEE.

Employment Officer, SEE stated (February 2003) that in the absence of Government notification under Section 34 of the PWD Act, it was not possible to persue the employers for submission of prescribed returns.

As per PWD Act and Rules, an employer shall maintain the record of employees with disabilities and any person authorised by the SEE in writing, shall have access to any relevant record or document in the possession of any establishment. The EO, SEE stated that the aforementioned provision could not be acted upon until the State Government issued necessary notification. However, as per the instruction of the Director of Employment (December 1992) the EO, SEE verified the establishment records of 86 employers during 1998-2003 under the provisions of the Orissa Reservation of Vacancies Act, 1975 to look into the placement of PH persons. The findings of the EO *inter alia* included observation that the major employers recruited candidates other than PH persons against the vacancies earmarked for PH persons.

3.5.12 Aids and appliances to persons with disabilities

As per Section 42 of the PWD Act, the appropriate Government shall, by notification make schemes to provide aids and appliances to persons with disabilities.

Rs.23.27 lakh was allowed to lapse denying aids and appliances to 1919 disabled persons

On the basis of information received from the districts, 2680 and 3033 disabled persons were to be provided with different special appliances during 1998-99 and 1999-2000 respectively. As against the above requirement, the WCD allocated Rs.23.51 lakh (Plan and Non-plan) in each of the years 1998-99 and 1999-2000 for procurement of the same. However, the department could procure appliances worth Rs.23.75 lakh during the period which covered only 2505 disabled persons. The remaining provision of Rs.23.27 lakh was allowed to lapse (1998-99: Rs.12.51 lakh and 1999-2000: Rs.10.76 lakh) and would have been adequate to provide appliances to 1919[8] more disabled persons.

In pursuance of WCD instructions (September 2002), the District Social Welfare Officer (DSWO), Cuttack intimated the department about non-distribution of aids and appliances worth Rs.0.98 lakh which were damaged due to long storage. DSWO requested the department for repair of those defective appliances available at district level. These equipment procured in February 1999 were lying in the district store as of May 2003. Information on damaged appliances lying with other districts was not available with WCD (October 2003).

3.5.13 Barrier free environment for Disabled Persons

The State Access Committee was constituted (March 2001) for ensuring barrier free environment for the disabled as envisaged in the PWD Act. After visiting 52 Government offices, the committee observed (August 2001) absence of such facilities i.e. toilets for wheelchair users, parking space signs and indicators, slopes etc. in these premises.

Ministry of Social Justice and Empowerment (MSJE) provided (March 2001) Rs.2.50 lakh to the District Rehabilitation Centre, Bhubaneswar (DRC) under National Programme for Rehabilitation of Persons with Disabilities (NPRPD) for creating barrier free environment in the DRC. The offices of specialists such as physiotherapists, audiologist, occupation therapist were located in the first floor of the centre. However, no action had been taken by the State Government to make the first floor accessible for the PWDs by providing ramps, slopes etc.

3.5.14 Recognition of institutions for persons with disabilities

PWD Act envisaged that all the Welfare Institutions working for the disabled were to be registered with the Director of Social Welfare. There were 35 such institutions in the State none of which was registered. The Department stated (May 2003) that the process would start after formulation of the Rules under the PWD Act.

3.5.15 Regional Rehabilitation Centre

To provide basic facilities to persons with spinal injury and orthopaedic disability, the Regional Rehabilitation Centre for persons with spinal injuries and other orthopaedic disabilities was set up in February 2001 at Cuttack. The centre commenced functioning in a temporary accommodation provided by the State Government in the campus of SCB Medical College Hospital. As per the guidelines issued by the MSJE, the GOI would provide financial support for civil construction, equipment and furniture as well as for meeting the

[8] Wheel chair-175, Small crutches-30, Medium crutches- 72, Large crutches-124, Braille cane-464, Hearing aids-857 and Tri-cycles-197.

resource gap for the first five years. The Indian Spinal Injury Centre, New Delhi would provide the technical support including training of personnel.

Blockage of Rs.70 lakh due to non-completion of the building for spinal injury and orthopaedic disability centre

Against the requirement of funds of Rs.3.51 crore during the IX Five Year Plan period (1997-98 to 2001-02), the MSJE released Rs.2.23 crore by March 2003 and the Indian Spinal Injury Centre supplied equipment and furniture valued at Rs.11.56 lakh. Check of records revealed that the State Government allotted approximately 1.5 acres of land in the campus of SCB Medical College Hospital in May 2002 for construction of the building against requirement of five acres. Though an advance of Rs.70 lakh (50 *per cent* of the estimated cost of the building) was deposited (March 2002) with the CPWD authorities, the work had not started as of May 2003 due to non-finalisation of tender and architectural drawings.

The centre was providing services to 30 in-patients at two different locations in the temporary accommodation due to delay in construction of its own building. The Vocational Training Centre for the rehabilitation of persons with spinal injuries had not started (March 2003) as required under the scheme. Similarly, the diagnostic facilities of in-patients were being provided only through the medical college hospital.

3.5.16 District Disability Rehabilitation Centre Programme

As per decision taken by MSJE (February 2000), the District Disability Rehabilitation Centre Programme (DDRC) was launched (February/March 2001) in Kalahandi, Mayurbhanj and Sambalpur districts. The DDRCs were to provide the services of identification of disabled, fitment repair and follow-up of assistive devices, support for vocational training and employment of PWDs etc. The DRC, Bhubaneswar was the implementing agency for the purpose.

Check of records of DRC revealed that Rs.14.14 lakh per annum (Manpower: Rs.9.52 lakh, Equipment: Rs.3.62 lakh and Travel: Rs.1.00 lakh) *per centre* was required for running a DDRC. However, DRC, Bhubaneswar received Rs.15 lakh from MSJE during 2000-02 for opening of the three DDRCs. Out of the above receipt, the DRC incurred expenditure of Rs.9.98 lakh towards procurement of equipment and contingencies up to March 2003. The DRC, Bhubaneswar provided skeleton professional service due to non-posting of required professional staff in the centres. The Centres were not made operational fully even after two years of launching of the programme.

3.5.17 Disbursement of loans to PWDs through Mahila Vikas Samabay Nigam

To promote self-employment and other ventures for the benefit/economic rehabilitation of persons with disabilities, the National Handicapped Finance and Development Corporation (NHFDC), sanctioned Rs.7.71 crore as term loan for 1591 applicants. The loan was given to the Mahila Vikas Samabay Nigam (MVSN), Bhubaneswar being the appropriate channelising agency for the purpose. The loan carried interest from three to seven *per cent* with a moratorium of three months for repayment of loan but there shall be no moratorium on payment of interest.

The loan released during 1998-2003 and utilisation as of September 2003 were as below:

Amount released by NHFDC (No. of beneficiaries)	Disbursed (No. of beneficiaries)	Amount kept in bank (No. of beneficiaries)	Amount refunded (No. of beneficiaries)
(Rupees in crore)			
7.64 (1586)	5.45 (1186)	1.45 (243)	0.74 (157)

Loan funds of Rs.1.45 crore meant for disabled beneficiaries were irregularly invested by MVSN in Commercial Banks

It was seen that of the amount disbursed, Rs.1.16 crore were disbursed to 237 beneficiaries after three to six months of receipt of funds, which resulted in an additional financial liability of Rs.1.45 lakh representing interest payable by MVSN as of March 2003.

Further, MVSN earned interest of Rs.6.03 lakh by investing the undisbursed loan of Rs.1.45 crore of 243 beneficiaries in Commercial Banks, while Rs.3.56 lakh was payable to NHFDC by September 2003 on account of interest on un-disbursed loan. This resulted in undue financial benefit of Rs.2.47 lakh to MVSN.

3.5.18 National Programme for Rehabilitation of Persons with Disabilities (NPRPD)

The NPRPD Scheme was initiated as a Central Plan Scheme with the objectives of (i) creating service delivery system at State/District/Block/Gram Panchayat levels and (ii) providing services to persons with disabilities and creating awareness for prevention of disabilities.

The Ministry of Social Justice and Empowerment sanctioned Rs.3.79 crore in favour of WCD during the period from 1999-2003 for implementation of the NPRPD Scheme. Out of this amount, Rs.1.28 crore was released in favour of the DRC for procurement of equipment (May 2001: Rs.25 lakh) and conducting training programme for community based and multipurpose rehabilitation workers (March 2003: Rs.1.03 crore). Besides, Rs.1.16 lakh was released (December 2002) in favour of Regional Rehabilitation Training Centre (RRTC), Cuttack for conducting training of Master Trainers programme. The remaining Rs.2.50 crore was lying unutilised with the State Exchequer as on 31 March 2003. Further, check of records of the DRC revealed that out of Rs.1.28 crore received from WCD, only Rs.15.50 lakh were utilised towards procurement of equipment and other expenses and the balance of Rs.1.13 crore along with interest of Rs.2.15 lakh remained unutilised (March 2003) with DRC, Bhubaneswar.

Though 17 master trainers drawn from Training Centre for Teachers of the Visually Handicapped, Training Centre for Teachers of the Deaf, National Institute of Rehabilitation, Training and Research (NIRTAR) and other RCI recognised institutions were trained in January 2003, their services could not be utilised as the training of Community Based Rehabilitation Workers and Multipurpose Rehabilitation Workers had not started (March 2003). Thus, despite availability of funds, the scheme meant for providing services to PWDs and creating awareness of prevention of disabilities had not started (March 2003).

3.5.19 Conclusions

The implementation of various schemes for the welfare of the handicapped could not make much progress because the two apex committees responsible for co-ordinating the activities of all the Government and Non-Government organisations did not provide necessary leadership and guidance. The non-appointment of a full time Commissioner and non-framing of rules also contributed to the tardy progress. Non-identification of posts and absence of reservation of specific points in the recruitment roster of the State Government deprived the PWDs of the employment opportunities. There was poor attendance of trainees in the in-service training programmes.

Recommendations

- The State Co-ordination Committee and State Executive Committee should be regularly convened to review and co-ordinate the activities of all the departments of the Government and Non-Government Organisations.

- Rules for carrying out the provisions of the Act should be framed.

- The Government run schools for handicapped children should be provided with essential staff and equipment.

- Specific jobs in different establishments should be identified and specific points in the 80 point roster should be earmarked for better employment opportunity for PWDs in the State Government.

- For effective supervision of activities of different organisations, a full time Commissioner needs to be appointed by the Government.

The matter was referred demi-officially to the Commissioner-cum-Secretary to the Government, Women and Child Development Department in June 2003 followed by a reminder in August 2003. No reply had been received (December 2003).

WORKS DEPARTMENT

3.6 Execution of works by Orissa Bridge and Construction Corporation (OBCC)

3.6.1 Introduction

Orissa Bridge and Construction Corporation (OBCC) was established in 1983 as a State owned company with a share capital of Rs.five crore to undertake Government construction of all types of bridges, buildings and other structures with quality construction keeping in view its own financial interest as well as that of Government. In addition to the price preference up to three *per cent* over the lowest rate in the case of participation in open tenders floated by the State Government and other agencies, the Corporation had the benefit of allotted works by the Works department. The working of the Corporation in regard to efficiency, economy and effectiveness on execution of works for the period from April 1998 to March 2003 was reviewed during March to April 2003. The following points were noticed.

3.6.2 Poor operational performance

As against 82 works taken up, the Corporation could complete only 18 works as of 2002-03. Further, works advances of Rs.155.65 crore remained outstanding since 1983-84 and onwards till March 2003

As on 31 March 1998, 29 works valuing Rs.55.92 crore were directly 'allotted' by Government during the period December 1987 and March 1998. Thereafter, 53 more works valuing Rs.130.11 crore (including five works for Rs.8.01 crore obtained on open tender) were awarded to the Corporation during 1998-2003. Of these, 18 works valued at Rs.18.38 crore were completed as of March 2003. While 8 out of 16 works allotted during 1998-99 could be completed, the position of completed works has remained static since 1999-2000 as indicated below:

Year	No. of allotted/tendered works	Value of works (Rupees in crore)	No. of works completed	Value (Rupees in crore)
Work in hand as on 31 March 1998	29	55.92	9	13.81
1998-1999	16	14.16	8	3.85
1999-2000	7	12.15	1	0.72
2000-2001	11	44.16	Nil	Nil
2001-2002	11	22.69	Nil	Nil
2002-2003	8	36.95	Nil	Nil
Total	**82**	**186.03**	**18**	**18.38**

It was noticed in audit that the poor operational performance was due to lack of monitoring by the Chief Executive (MD) of the Corporation. Seven MDs were appointed in the preceding five years - two having tenure of 17 months and remaining five MDs with average tenure of five months. The poor operational performance is also evident from the fact that as of March 2003 works advances amounting to Rs.155.65 crore paid by Government remained outstanding since 1983-84 despite the fact that such advances were to be adjusted in the same financial year as per the accounting procedure prescribed by Government.

Unauthorised advance of Rs.8.89 crore to sub-contractors also remained un-recovered

The Corporation paid advance of Rs.9.18 crore to contractors in respect of 63 works sub-contracted during the period from 1987-88 to 2002-03 of which Rs.8.89 crore remained unrecovered from 72 private contractors.

3.6.3 Works remained incomplete even after lapse of 4 to 15 years

Due to inaction, 13 works remained incomplete even after lapse of 4 to 15 years

Thirteen Works (Bridges-8, Roads-3, Buildings-2) valuing Rs.37.58 crore were allotted to the Corporation between December 1987 and May 1997 for completion by December 1989 and December 1999. Despite outstanding advance of Rs.155.65 crore, the Corporation could execute works worth Rs.28.69 crore as of March 2003. The reasons for non-completion were due to inadequate budget provision, non-acquisition of land and delay in finalisation of General Arrangement Drawing (GAD) as shown below:

(Rupees in crore)

Sl. No.	Name of the work	Project cost	Date of commencement/ stipulated date of completion	Value of work executed as of March 2003	Remarks
1	2	3	4	5	6
1.	Suktel bridge	1.64	December 1987 November 1989	1.12	Inadequate budget provision and non-receipt of revised Administrative Approval.
2.	Gopabandhu Administrative Academy building	0.66	November 1991 August 1993	0.42	Diversion of funds by OBCC for other purpose.
3.	HL bridge over Baghua, Hatitota	2.88	March 1992 March 1999	2.39	Work of Approach Roads to bridge was not commenced.
4.	HL bridge over Brahmani Choudakulat	7.64	December 1998 January 1999	7.50	Land acquisition problem, delay in approval of design and plugging of wells. The cost of the project was revised to Rs.14.35 crore in July 2001.
5.	Montei bridge	0.84	May 1995 March 2000	0.58	Delay in finalisation of GAD, inadequate budget provision, delay in approval of revised Administrative Approval.
6.	HL bridge over Tankapani	7.13	January 1996 December 1999	6.10	Inadequate budget provision.
7.	Right approach to Brahmani	0.60	January 1996 May 2000	0.27	Non-provision in budget and non-payment of dues.
8.	Joda Bamberi expressway Reach-II	1.78	April 1997 March 1998	1.15	Diversion of funds by the Corporation for other purpose.
9.	Sanskruti Bhawan	0.67	May 1997 February 1998	0.43	Inadequate budget provision.
10.	Joda Bamberi expressway Reach-I	1.88	January 1997 May 1999	1.76	Diversion of funds by OBCC for other purpose.
11.	HL bridge over Budhabalanga at Ballighat	2.28	February 1993 June 1996	1.20	After executing work valuing Rs.0.62 crore, OBCC abandoned the work in June 1996. The cost of work was revised to Rs.3.13 crore and re-allotted to OBCC in July 1999 with stipulation to complete the work by December 2000.

Sl. No.	Name of the work	Project cost	Date of commencement/ stipulated date of completion	Value of work executed as of March 2003	Remarks
1	2	3	4	5	6
12.	HL bridge over Brahmani at 6th km of GC road	9.03	December 1994 March 2002	5.66	After executing work valuing Rs.3.78 crore, the Corporation abandoned the work in May 1999. The work was re-allotted in June 2002 at a cost of Rs.11.68 crore which was further revised to Rs.14.35 crore for completion by May 2004.
13.	Construction of Hume pipe vented causeway over river Danta at 5th km on NH 6 at Panichhatra to Bargarh main canal	0.55	January 2000 January 2001	0.11	After executing work worth Rs.0.11 crore, the Corporation applied for EOT up to March 2003 on the ground of non-availability of sheet piles, labour and rainy season which was not sanctioned as of March 2003 and the left over work was not taken up as of March 2003.
	Total			**28.69**	

Thus, the expenditure of Rs.28.69 crore incurred on these works was rendered unfruitful.

3.6.4 Abandoned works

Abandonment of works led to extra expenditure of Rs.4.67 crore

Seven works (bridges-5, road-1 and building-1) valuing Rs.13.64 crore were allotted to the Corporation between November 1990 and March 2000 for completion between October 1993 and March 2002. After executing work worth Rs.2.36 crore, the Corporation abandoned the works on the ground of inadequate fund provision and non-revision of rates as detailed below:

Sl. No.	Name of the work/ Project cost/ date of commencement/ completion	Value of work executed/ Date of abandonment (Rupees in crore)	Remarks
1	2	3	4
1.	HL bridge over Baghua at Badaramachandrapur near Polsara/ Rs.1.34 crore/ November 1990/October 1993	0.54	Government rescinded the contract (June 2000). Balance work was entrusted (June 2001) to other agency at Rs.1.26 crore, whereby extra expenditure of Rs.0.46 crore was incurred. The cost of 17.09 tonnes of unutilised steel worth Rs.13 lakh at penal rate was not recovered as of November 2003.
2.	HL bridge over river Luna at Dasamouza / Rs.2.15 crore / June 1992/June 1996	0.40 January 1996	The Corporation abandoned the work on the ground of inadequate flow of funds. The contract was rescinded (February 2001) without penalty. Balance work was awarded to other agency at a cost of Rs.3.20 crore involving extra expenditure of Rs.1.45 crore. The other agency did not commence the work as of November 2003.
3.	Improvement to Nayagarh Dasapalla Road/ Rs.0.65 crore / January 1999/August 1999	0.56 March 2000	The Corporation abandoned the work on the ground of inadequate provision of funds. Balance work was not taken up as of November 2003.

Sl. No.	Name of the work/ Project cost/ date of commencement/ completion	Value of work executed/ Date of abandonment (Rupees in crore)	Remarks
1	2	3	4
4.	Construction of Multistoried building for office of the SP vigilance at Bhubaneswar/ Rs.1.67 crore/ April 1999/May 2001	0.44 September 2002	Government off-loaded (September 2000) the balance work of Rs.1.81 crore for execution departmentally. The balance work was not taken up as of November 2003.
5.	HL bridge over river Baitarani at Kayangola/ Rs.5 crore/ November 1996/ November 1999	0.10 June 2000	The contract was rescinded in June 2000 without penalty and balance work awarded (September 2002) at Rs.7.50 crore to another agency leading to extra liability of Rs.2.60 crore. The work was in progress (November 2003).
6.	Construction of Administrative Building of Western Orissa Development Council Medical College and Hospital at Bolangir/ Rs.1.15 crore/ December 1999/March 2002	0.30 December 2001	After executing work worth Rs.0.30 crore, the Corporation abandoned the work on the ground of non-receipt of funds. The balance work for Rs.0.85 crore was not taken up as of November 2003.
7.	Construction of HL bridge over river Bhaskel at 1st km of Kasagumuda-MP Border Road/ Rs.1.68 crore/ March 1991	0.02 October 1994	The balance work left over by OBCC was awarded (December 1997) at a cost of Rs.1.81 crore to another agency leading to extra liability of Rs.15.60 lakh. The balance work was under execution (November 2003).
	13.64	**2.36**	

Of these incomplete works, four works were awarded by the department to other agencies involving extra liability of Rs.4.67 crore. Remaining works were not taken up as of March 2003.

3.6.5 Collection of Toll

State Government assigned (April 1983) the responsibility of collection of toll to the Corporation. According to the terms and conditions, the Corporation was to retain with them 12 *per cent* of the collected amount towards agency charges and deposit the balance amount into Government account regularly.

The Corporation unauthorisedly retained Government revenue of Rs.3.01 crore

The Corporation sustained loss of Rs.51.15 lakh on idle wages of 115 staff

Out of the total collection of toll of Rs.8.62 crore during 1998-2003, the Corporation deposited Rs.4.57 crore with Government and retained Rs.4.05 crore against the normal entitlement of Rs.1.04 crore resulting in unauthorised retention of revenue of Rs.3.01 crore during the period. Further, Government of India assigned collection of toll in four lane section of Bhubaneswar-Cuttack-Jagatpur (NH-5) to the Corporation from July 2001. However, due to delay in signing of the agreement by OBCC with National Highway Authority of India (NHAI), the date of commencement of collection was rescheduled to August 2001 and later to October 2001, which also did not materialise due to the non-approval of reduction of rates of toll from different vehicles. Thereafter, NHAI collected toll from June 2002 on their own, resulting in loss of toll amounting to Rs.6.31 crore for the period from July 2001 to May 2002. The Corporation, however, continued deployment of 115 staff during March 2001 to December 2002 incurring idle expenditure of Rs.51.15 lakh towards pay and allowances. Of the Rs.4.26 lakh spent by the Corporation on addition/alteration of the Toll Plaza, the NHAI reimbursed only Rs.2.40 lakh leaving Rs.1.86 lakh un-reimbursed (March 2003).

3.6.6 Irregular reimbursements

The Corporation irregularly reimbursed Rs.9.31 crore towards Sales Tax and Overhead charges

As per accounting procedure, the Corporation should not sub-contract the work and should execute the work directly through their own organisations. Check of records revealed that during 1998-2003, the Government reimbursed Rs.7.56 crore to the Corporation towards 15 *per cent* overhead charges on works valuing Rs.50.52 crore. Such reimbursement was, however, violative of the prescribed accounting procedure as the Corporation got the works executed through the special class contractors[1].

Further, conditions of the agreements in respect of works allotted to the Corporation stipulated that the Corporation was to bear all taxes and duties. Contrary to such conditions, reimbursement of Sales Tax of Rs.1.75 crore was made to the Corporation between 1998-2003.

3.6.7 Conclusions

Despite preferential treatments from Government in the shape of interest free advances, price preference in open bidding and direct allotted works, the Corporation was incurring financial losses in successive years right from its inception due to its poor operational performance.

Recommendations

There is urgent need to revamp the monitoring system and improve the OBCC's operational performance so that the Corporation does not abandon works leading to withdrawal of works by the client Departments.

The Corporation should themselves execute the works instead of sub-contracting to other agencies to avoid idling of their vast infrastructure.

The matter was referred to Government in June 2003; no reply was received (December 2003).

[1] B. Engineers and Builders, P.C. Patra, SSM Construction, P.C. Dash, D.K. Engineering Construction, Bhadasingh Jay Prakash Construction, Basudev Construction