

**Report of the
Comptroller and Auditor General of India
Economic Sector
for the year ended March 2013**

The Report has been laid on the table of the State Legislature Assembly on 14-07-2014



Government of Odisha
Report No. 3 of the year 2014

**Report of the
Comptroller and Auditor General of India
Economic Sector**

for the year ended March 2013

Government of Odisha
Report No.3 of the year 2014

TABLE OF CONTENTS

<i>Description</i>	<i>Reference to</i>	
	<i>Para</i>	<i>Page</i>
<i>Preface</i>		(iii)
Chapter 1 : Introduction		
Introduction		1-6
Chapter 2 : Performance Audit		
WORKS DEPARTMENT		
Construction and maintenance of Government Buildings	2.1	7-26
Chapter 3 : Compliance Audit		
DEPARTMENT OF WATER RESOURCES		
Utilisation of Water Resources	3.1	27-35
Loss of revenue due to non-recovery of royalty	3.2	35
Extra cost due to non-finalisation of tender within the validity period	3.3	36
Extra cost due to inflated estimate	3.4	37-38
Loss of revenue and undue benefit to contractors	3.5	38
Undue benefit to Contractors	3.6	38-39
DEPARTMENT OF AGRICULTURE		
Implementation of Watershed Development Programmes	3.7	39-52
Procurement and supply of Agricultural implements and equipments	3.8	52-54
FOREST AND ENVIRONMENT DEPARTMENT		
Avoidable expenditure due to non execution of work departmentally	3.9	54-55
Non realisation of Net Present Value	3.10	55
WORKS DEPARTMENT		
Project on South-North Road Corridor	3.11	55-66
Unfruitful Expenditure	3.12	66-67

APPENDICES

<i>Appendix Number</i>	<i>Description</i>	<i>Reference to</i>	
		<i>Para Number</i>	<i>Page</i>
3.1.1	Operation and Maintenance charges recoverable from OHPC	3.1.5.3	68
3.7.1	Selection of watershed project in area with preponderance of agricultural land	3.7.2.3	69-70
3.7.2	Treatment of watershed project in area with preponderance of agricultural land	3.7.2.3	71-72
3.7.3	Physical and financial achievement	3.7.3.1	73
3.7.4	Statement showing loss of central assistance	3.7.3.4	74
3.7.5	Financial Management	3.7.4.1	75-76
3.11.1	Scheme wise position of projects	3.11.3.1	77
3.11.2	Physical status of projects	3.11.3.1	78
3.11.3	Financial position of sanctioned projects	3.11.5.1	79
Glossary of Abbreviations			80-83

Preface

This Report on the audit of expenditure incurred by the Government of Odisha has been prepared for submission to the Governor under Article 151 of the Constitution. The Report covers significant matters arising out of the compliance and Performance Audit of various Departments / activities under Economic Sector.

The Report starts with an introductory Chapter 1 outlining the audit scope, mandate and the key audit findings which emerged during the audit exercise. Chapter 2 of the Report covers Performance Audit while Chapter 3 discusses material findings emerging from compliance audits.

The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during the year 2012-13 as well as those which had come to notice in earlier years but could not be dealt with in previous reports; matters relating to the period subsequent to 2012-13 have also been included, wherever necessary.

Chapter 1

Introduction

Chapter 1

Introduction

1.1 *About this Report*

This Report of the Comptroller and Auditor General of India (CAG) on Government of Odisha relates to matters arising from Performance Audit of Construction and Maintenance of Government Buildings and Compliance Audit of Government Departments/Autonomous Bodies.

The primary purpose of the Report is to bring to the notice of the State Legislature, important results of audit. Auditing standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The audit findings are expected to enable the executive to take corrective action as also to frame policies and directives that will lead to improved financial management of the organisations, thus contributing to better governance.

Compliance Audit refers to examination of the transactions relating to expenditure, receipts, assets and liabilities of the audited entities to ascertain whether the provisions of the applicable Rules, Laws, Regulations, various orders and instructions issued by the competent authorities are being complied with.

Performance Audit examines the extent to which the objectives of an organisation, programme or scheme have been achieved economically, efficiently and effectively.

This chapter provides the audited entity's profile, the planning and extent of audit and a synopsis of the significant audit observations. Chapter 2 of this Report deals with the findings of Performance Audit and Chapter 3 deals with Compliance Audit of various departments.

The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2012-13 as well as those which had come to light in earlier years but could not be dealt with in previous Reports. Matters relating to the period subsequent to 2012-13 have also been included, wherever necessary.

1.2 *Audited entity's profile*

There were 38 departments in the State at the Secretariat level headed by Additional Chief Secretaries / Principal Secretaries / Commissioner-cum-Secretaries, assisted by Directors and Sub-ordinate Officers. Of these, 17 Departments including PSUs / Autonomous bodies coming under these Departments are under the audit jurisdiction of the Principal Accountant General (Economic and Revenue Sector Audit).

1.3 Authority for Audit

The authority for Audit by the CAG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act, 1971. The CAG conducts audit of expenditure of the departments of Government of Odisha under section 13¹ of the CAG's (DPC) Act 1971. In addition, the CAG conducts audit of Autonomous Bodies substantially funded by the State Government. Principles and methodologies for various audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts 2007 issued by the CAG.

1.4 Planning and conduct of audit

Audit process starts with the risk assessment of the Department / Organisation as a whole and that of each unit based on expenditure incurred, criticality / complexity of activities, level of delegated financial powers, assessment of internal controls, concerns of stakeholders and the likely impact of such risks. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided. An Annual Audit Plan is formulated to conduct audit on the basis of such risk assessment.

After completion of audit of each unit, Inspection Reports (IRs) containing audit findings are issued to the Heads of the entities. The entities are requested to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations made in these Inspection Reports/Performance Audit are processed for inclusion in the Audit Reports which are submitted to the Governor of Odisha under Article 151 of the Constitution of India.

1.5 Significant observations on Performance Audit

This Report contains one Performance Audit. The focus has been on the audit of specific programmes/schemes/activities and offering suitable recommendations, with the intention to assist the Executive in taking corrective action and improving service delivery to the citizens. Significant audit observations are discussed below:

1.5.1 Performance Audit of Construction and Maintenance of Government Buildings

Performance Audit conducted for the period 2008-13 revealed that there were instances where residential and non-residential buildings were taken up for construction without administrative approval, proper selection of site, shifting of utility services etc. As a result some projects either did not commence or stopped mid way.

¹ Audit of (i) all transactions from the Consolidated Fund of the State, (ii) all transactions relating to Contingency Fund and Public Accounts and (iii) all trading, manufacturing, profit and loss accounts, balance sheets and other subsidiary accounts.

Expenditure efficiency of Department was poor as only 71 per cent of Budget provision could be spent over five years due to delay in finalisation of site/administrative approval/finalisation of tender and slow progress of work.

Budgetary and financial controls were ineffective as supplementary provisions through re-appropriation were found to be unwarranted.

Works remained incomplete due to default in execution by contractor, delay/non-finalisation of sites, non-shifting of utility services, non-finalisation of drawing and designs etc. There were cases of delay in acceptance of tender, non recovery of penalty for abandonment of work and non realisation of liquidated damage.

Monitoring was not adequate. There were cases of diversion of funds and idle investment. Lack of regular inspection of buildings resulted in failure to prevent damage to buildings before their life span. Data base of buildings constructed was not prepared. Buildings were not handed over to user departments after completion of construction in some cases.

(Paragraph 2.1)

1.6 Significant Audit observation on Compliance Audit

1.6.1 Utilisation of Water Resources

DoWR is to evolve streamlined procedure in respect of allocation and utilisation of water for irrigation, domestic purpose and industrial use. Target for providing 35 per cent irrigation facilities was not achieved for 152 blocks and supply of minimum drinking water was not assured in 95 urban local bodies. Failure to follow Odisha Irrigation Act 1959 and Odisha Irrigation Rules 1961 led to non collection of water rate of ₹ 9503.31 crore.

(Paragraph 3.1)

1.6.2 Loss of revenue due to non-recovery of royalty

The Executive Engineer, Telengiri Head Works Division did not recover royalty charges of ₹ 2.53 crore on earth from the bills of contractor for Construction of Earth Dam of Telengiri Irrigation Project despite decision of Tender Committee.

(Paragraph 3.2)

1.6.3 *Extra cost due to non-finalisation of tender within the validity period*

A tender for the Rehabilitation Extension and Modernisation of Gohira Irrigation Sub Project package I (Reach II) from 2475 to 22350 meter of Gohira Left Main Canal under Orissa Integrated Agriculture and Water Management Investment Programme could not be finalized even after extension of validity for 150 days over the initial validity period of 120 days. This resulted in extra cost of ₹ 1.29 crore.

(Paragraph 3.3)

1.6.4 *Extra cost due to inflated estimate*

In construction of Anandpur Barrage across river Baitarani including Left and Right Head Regulators (Civil works), transportation charges of cement were adopted in the estimate from a distant place inflating the estimated cost by ₹ 4.47 crore resulting in undue benefit to contractors by ₹ 3.05 crore.

(Paragraph 3.4)

1.6.5 *Loss of revenue and undue benefit to contractors*

In construction of structured systems in the command area of Loknathpur distributaries and in Raibol distributaries under Rengali Irrigation Project (RIP), the Executive Engineers did not deduct royalty from the contractors on burrow earth leading to loss of revenue of ₹ 1.24 crore and undue financial benefit to contractors to that extent.

(Paragraph 3.5)

1.6.6 *Undue benefit to Contractors*

In construction work of Jambhira Main Canal from 37.50 to 63.755 km, against usable earth of 5.67 lakh cum available from the cutting reaches, the EE had utilised only 2.21 lakh cum. Additional quantity of 3.45 lakh cum was transported from burrow area resulting in extra expenditure of ₹ 2.05 crore.

(Paragraph 3.6)

1.6.7 *Implementation of Watershed Development Programme*

Audit of Watershed Development project, taken up through various Centrally Sponsored/State Plan Schemes, revealed that ridge to valley strategy was not adopted in some projects and selection of project plan was made in ineligible land. Due to inadequate provision of funds, there was slow progress in project implementation and the watersheds remained incomplete.

Scheme funds were released to the Watershed Committees (WCs) with delay ranging from 16 days to 32 months. There was loss of central assistance of ₹ 82.54 crore due to slow progress in implementation of programmes. None of the completed projects was handed over to WCs for maintenance. Total unproductive and avoidable expenditure on implementation of the projects was ₹ 394.56 crore.

(Paragraph 3.7)

1.6.8 Procurement and supply of Agricultural Implements and Equipment

Audit of Farm Mechanisation revealed that the Agriculture Department issued Utilisation certificate for ₹ 143.80 crore although the amount remained unspent.

During 2011-12 and 2012-13 percentage of women farmer beneficiaries were only five and six *per cent* against 30 *per cent* as per guidelines.

There were cases where subsidy was released without weigh bridge certificate violating the instructions of State Level Technical Committee.

(Paragraph 3.8)

1.6.9 Avoidable expenditure due to non execution of work departmentally

In Chilka Development Authority, execution of dredging work was done through the contractor despite availability of its own dredger and non execution of work departmentally resulted in avoidable expenditure of ₹ 1.62 crore towards contractors profit and hire charges of dredger.

(Paragraph 3.9)

1.6.10 Non-realisation of Net Present Value

In 11 forest divisions, ₹ 24.77 crore towards NPV due for realisation at revised rate from 10 user agencies for diversion of 1348 hectare of forest land used for non-forestry purpose was not realised.

(Paragraph 3.10)

1.6.11 Project on South-North Road Corridor

Road stretches were taken up for improvement in a fragmented manner. Though scheduled for completion by March 2014, only 33 *per cent* of work was completed (March 2013). Shortfall in achievement was due to default in execution by contractors. Non adherence to the agreement conditions and deficiencies in management of contracts caused loss to the Government. Inaccuracies and discrepancies in items rates resulted in undue benefit to the contractors.

(Paragraph 3.11)

1.6.12 *Unfruitful Expenditure*

In construction of fly over at Rajmahal junction, the under pass provided for 60 meters was executed for a length of 39 meter beneath the fly over at a cost of ₹ 3.65 crore. The under pass could not be put to use and filled up with sand as construction of entire length of under pass was not taken up resulting in unfruitful expenditure.

(Paragraph 3.12)

Chapter 2

Performance Audit

Para Number	Topics	Page
2.1	Performance Audit on Construction and Maintenance of Government Buildings	7-26

Chapter 2 Performance Audit

Works Department

Performance Audit on Construction and Maintenance of Government Buildings

Executive Summary

Performance Audit conducted for the period 2008-13 revealed that there were instances where residential and non-residential buildings were taken up for construction without administrative approval, proper selection of site, shifting of utility services etc. As a result some projects either did not commence or stopped mid way.

Expenditure efficiency of Department was poor as only 71 per cent of Budget provision could be spent over five years due to delay in finalisation of site/ administrative approval/finalisation of tender and slow progress of work.

Budgetary and financial controls were ineffective as supplementary provisions through re-appropriation were found to be unwarranted.

Works remained incomplete due to default in execution by contractor, delay/non-finalisation of sites, non-shifting of utility services, non-finalisation of drawing and designs etc. There were cases of delay in acceptance of tender, non recovery of penalty for abandonment of work and non realisation of liquidated damages.

Monitoring was not adequate. There were cases of diversion of funds and idle investment. Lack of regular inspection of buildings resulted in failure to prevent damage to buildings before their life span. Data base of buildings constructed was not prepared. Buildings were not handed over to user departments after completion of construction in some cases.

2.1 Introduction

Works Department is responsible for construction and maintenance of Roads, Bridges, residential and non residential buildings. Department undertakes construction of new Government buildings as well as maintenance of existing buildings in State by utilizing funds from various sources like State Budget, Central schemes and Deposits. As of March 2013, plinth area of 87.07 lakh sqm covering both residential and non-residential buildings was maintained by department.

2.1.1 Organisational structure

Overall administrative control of Works Department is vested in Engineer-in-Chief cum Secretary to the Government. Projects implementation is administered by Engineer in Chief (EIC)/ Civil, Chief Engineer, Research Development and Quality Promotion (RDQP), Chief Engineer (CE)/ Buildings, Chief Architect and seven Superintending Engineers (SE). At field

level, Executive Engineers (EE) of Roads and Buildings Divisions take care of execution of building projects.

2.1.1.1 *Audit objectives*

Performance Audit was conducted to assess whether

- Planning for construction and maintenance activities was done well in advance based on reliable data and after due cognizance of resources for selection and prioritisation of works
- Financial management ensured availability of funds from various sources for planned works with respect to schedules/progress of work
- Proposals were realistically prepared for various works/schemes as per norms and in accordance with requirements of user departments and works were awarded in a transparent manner by complying with codal provisions and departmental instructions
- Works were executed economically, efficiently and effectively avoiding time and cost overrun and adhering to the quality standards prescribed
- Inventory of all buildings constructed, status of upkeep and maintenance is recorded properly and updated periodically
- Internal control and monitoring at all levels were adequate and commensurate with relevant activities of department

2.1.1.2 *Audit criteria*

Audit criteria were sourced from following:

- Norms provided in Odisha Public Works Department Code (OPWD)
- Annual maintenance plan
- Detailed project reports, standard specifications and contract conditions
- Guidelines prescribed for repair and maintenance of buildings
- Schedule of Rates
- Odisha Budget Manual
- National Building Code

2.1.1.3 *Scope and Methodology*

Records/data for five years (2008-13) maintained by Engineer-in Chief (Civil), CE office and in 12 (out of 42) Divisions¹ were test checked during April to

¹ Angul, Balasore, Ganjam No.I, Bhadrak, Bhubaneswar No.I & II, Cuttack, Puri, Bargarh, Kantabanji R&B Divisions, General Public Health Division No. I and General Electrical Division No. II.

September 2013. Samples were selected using stratified random sampling method based on expenditure incurred.

An Entry Conference was held with the Engineer in Chief cum Secretary to Works Department on 16 August 2013 wherein audit objectives, methodology as well as scope of audit were discussed.

Draft Performance Audit Report was issued (October 2013) to Government and findings were discussed on 28 January 2014 in an Exit Conference. Views expressed by Government have been considered while finalising report.

Audit acknowledges co-operation and assistance extended by different levels of management at various stages of conducting Performance Audit.

2.1.2 Construction of Buildings

2.1.2.1 Status of projects

Number of projects (residential and non-residential) taken up in 2008-09 and completed by March 2013 under different schemes is given below.

Table: 2.1 Status of residential and non-residential buildings

Year	No of Projects due for completion during the year				No of Projects Completed during the year				
	State Plan	Central Plan	12th/13th FC	Total projects under taken	State Plan	Central Plan	12th/13th FC	Total projects completed	Percentage
2008-09	1397	14	349	1760	990	4	349	1343	76
2009-10	1241	39	355	1635	1188	10	355	1553	95
2010-11	1088	20	29	1137	976	11	0	987	87
2011-12	284	0	4	288	261	0	2	263	91
2012-13	467	4	5	476	271	2	5	278	58
Total	4477	77	742	5296	3686	27	711	4424	

(Source: Data collected from Activities Report of Department)

As can be noticed, 4424 projects were completed during 2008-13 out of 5296 (84 per cent) due for completion. It may be seen that projects taken up were in decreasing trend till 2011-12 with reduction of projects during 2011-12 at 75 per cent and during 2012-13 at 58 per cent as compared to 2010-11. Reasons for reduction of projects were not on record.

Government stated (January 2014) that completion of projects depends upon various factors like availability of encroachment free land/site, shifting of utility services, finalisation of tender and overall performance of contractors. Reply was, however, silent as regards action plan to ensure timely completion of projects.

2.1.2.2 Deficiencies in selection of buildings

OPWD Code stipulates that site of every building should be settled before detailed designs and estimates are prepared. Projects can be commenced after detailed survey and factors like encroachment of site, shifting of utility services and other bottlenecks are to be identified in project proposals stage and mitigated suitably for timely completion of projects.

Test check of records of 128 (out of 681) building works undertaken during 2008-13 in 10 divisions revealed that, works remained incomplete (December 2013) due to default in execution by contractor (63 works), delay/non-finalisation of sites (14 works), non-shifting of utility services (two works), non-finalisation of drawing and designs (two works) and contracts for six works were closed. Out of balance 41 works, five works were completed and remaining are in progress. Delay in completion of buildings ranged between five months and 58 months.

Several projects taken up were not completed as scheduled indicating lack of systematic and effective planning for identification, selection and finalisation of projects which are pre-requisites for works as discussed in following paragraphs.

Government stated (January 2014) that better coordination with user departments will be ensured to avoid recurrence of above lapses.

2.1.2.3 Administrative approval

As per provision of OPWD Code, no work should be commenced or liability created unless administrative approval is accorded. Provision further stipulated that revised administrative approval is required when revised cost exceeds original approval by more than 10 *per cent*.

It was noticed in Audit that in six² works, tenders were invited and finalised during 2011-13 by tender committee without obtaining administrative approval. In construction of Deed Writers premises in Sub Collector office at Bhubaneswar, contract awarded for ₹ 14.71 lakh was rescinded due to want of administrative approval. This resulted in closure of contract and work could not re-commence as of July 2013.

In another work of construction of Judicial Academy Building at Cuttack, original approved (February 2011) cost of work was ₹ 20.63 crore. Though cost was revised (May 2013) to ₹ 32.73 crore (59 *per cent* excess over approved cost), revised administrative approval was not obtained (August 2013).

Government replied (January 2014) that though advance action was taken to finalise tendering process to save time, administrative approval was not accorded by Collector, Khurda. Revised administrative approval for

² Construction of 100 seated Ladies Hostel (FF &SF) MKCG MCH, Revenue IB, Science Block of Binayak Acharya College, Sub-Collector Office conference hall at Berhampur and Extension of Medical Ward and Cabin VSS MCH, Burla, Deed Writers premises in Sub Collector office at Bhubaneswar.

construction of Judicial Academy building would be obtained as per final cost. However, administrative approval should have preceded award of contract.

2.1.2.4 National Building Code Provisions

National Building Code 2005 stipulates that in construction of building projects, provisions for rain water harvesting, water supply, power supply to fire-fighting equipments, lightning arrester, and barrier-free access to benefit physically challenged persons be ensured. Designing for green building, using energy, water and other resources efficiently reducing waste, pollution and environmental degradation and using plants and trees through green roofs, was also insisted upon.

It was noticed in ten divisions that:

- No provision was made for construction of water harvesting structures and for barrier free access to benefit physically challenged persons, in 128 building works test checked, while finalising the design. In Construction of Pulmonary Medicine Building, provision of ramp was not made despite request of Head of Department, Pulmonary Medicine of VSS Medical College and Hospital, Burla.
- No provision was made for lightning arrester facilities in estimates of 10³ works of SCB Medical College and Hospital, Cuttack and six⁴ works of MKCG Medical College and Hospital, Berhampur.
- Designing for green building was not considered.

Government stated (January 2014) that Department has initiated various measures to implement some major projects in pipeline with provisions of NBC and it would be progressively observed for buildings designed in future. But timeline for adoption of NBC was not mentioned.

2.1.2.5 Finalisation of site

OPWD Code stipulated that site of every building should be settled before detailed design/estimate are prepared.

It was noticed that in nine out of 10 divisions, 14 works⁵ were awarded between January 2009 and February 2013 for completion between July 2009

³ Building for Radiology Department, Building for new Medicine Ward (4th floor, Head room and Medicine room), Casualty and emergency (4th and 5th floor), Dental wing (2nd and 3rd floor), AHRCC, Cancer institute, CTC (3rd floor), Tele Medicine Complex, 150 bedded Ophthalmology building, Microbiology Department building, Trauma ward 2nd and 3rd floor, Paediatric and ENT ward over existing eye ward.

⁴ Construction of 100 seated ladies hostel (FF/SF), New Radio Diagnosis Building, PMR Centre, Library Building, Construction 375+375 seated lectures theatre, Super Specialised Block.

⁵ Conference Hall, Canteen & Police barrack for Odisha Legislative Assembly, Attendant shed of VSS MCH, Double storied Women Hostel for CTE Balasore, Sterilisation ward at SDH Patnagarh, State Drug Testing Laboratory(GF) for Government Ayurvedic Hospital BBSR, Secondary Working Standard Laboratory of Assistant Controller Legal Metrology Balasore, Drug Ware House SCB MCH, 100 bedded Mother Child Hospital Balasore,

and September 2013. Sites for respective works were not finalised as a result of which seven works could not be commenced. Contracts of six works⁶ were closed as land was not made available out of which one work⁷ on retender (July 2012) resulted in extra cost of ₹ 0.51 crore, which was also not started (June 2013).

In the remaining one work for construction of Secondary Working Standard Laboratory building of Assistant Controller Legal Meteorology, Balasore, EE awarded work (November 2012) for ₹ 32.06 lakh, which was stopped (June 2013) after incurring an expenditure of ₹ 3.33 lakh as proposed land belonged to judicial department. Thus, inappropriate selection of site resulted in wasteful expenditure of ₹ 3.33 lakh.

Government stated (January 2014) that user department is to provide encroachment free land/site. Instead of waiting indefinitely for removal of hindrances and to avoid lapse of budget grant, advance action is initiated for completion of tender formalities to ensure execution of work immediately on availability of encroachment free land. However, concerned EEs have been instructed to closely co-ordinate with user department to sort out bottlenecks to facilitate completion of work.

2.1.2.6 Shifting of Utility Services

OPWD code provided that shifting of utility services should be completed before invitation of tender and finalisation of agreement. It was responsibility of department to provide encroachment free land to contractor.

It was noticed that in two divisions two works⁸ were awarded at a cost of ₹ 12.16 crore between November 2011 and May 2012 for completion between May 2013 and October 2013 without shifting of utility services such as electrical lines, water supply pipelines and electric poles, cutting of trees etc. As a result works involving ₹ 2.26 crore remained incomplete (May/June 2013).

2.1.2.7 Finalisation of design

OPWD Code provided that no work should be commenced unless properly detailed design has been approved.

In one division Construction of Drug Warehouse at DHH Puri awarded (November 2009) for ₹ 30.40 lakh for completion by February 2010 had not

Deputy Inspector General Registration Office, RI Office, Office cum Residence of Drug Inspector Ganjam range-I and ANM Training School at Berhampur, Alternative Dispute Redressal Centre at BBSR, E type quarters for Government polytechnic Angul.

⁶ Conference Hall, Canteen & Police barrack for Odisha Legislative Assembly, Attendant shed of VSS MCH, State Drug Testing Laboratory (GF) for Government Ayurvedic Hospital BBSR, Deputy Inspector General Registration Office Berhampur, E type quarters for Government polytechnic Angul.

⁷ Conference Hall, Canteen & Police barrack for Odisha Legislative Assembly.

⁸ Pediatric department building of VSS MCH and Library Building for MKCG MCH.

commenced due to belated receipt (March 2010) of building layout and design resulting in closure of contract (May 2010).

Drawings for Composite Office Gopabandhu Ayurvedic Mahavidyalaya Puri awarded (December 2012) for ₹ 79.03 lakh for completion by September 2013 were changed from two floors to Ground Floor structure at post tender stage resulting in non completion of work. Expenditure incurred was ₹ 33.05 lakh (June 2013).

Thus, non finalisation of drawings and designs prior to award of work resulted in idle investment of ₹ 33.05 lakh as well as time overrun in completion of buildings.

Government stated that during course of execution, scope of work is changed by user department resulting in revision of design. However, the drawing and design for the work should have been finalised and approved before commencement of the work.

2.1.3 Financial management

2.1.3.1 Utilisation of Budget Grant

Government Budget Rules prohibit spending in absence of budget provision. Department is, therefore, expected to prepare budget based on actual requirement of funds for execution of various approved projects. Surrenders/savings are to be intimated in advance to enable re-appropriation of funds. The overall Budget Provisions and expenditure of construction under State Plan (SP), Central Plan (CP), Non Plan (NP) and 12/13th Finance Commission allocation are given below.

Table No.2.2 Details of Budget provision and expenditure under different scheme

(₹ in crore)

Year	Budget Allocation					Expenditure				
	State-Plan	Central Plan	Non-Plan	12th/13th FC	Total Allocation	State-Plan	Central Plan	Non-Plan	12th/13th FC	Total Expenditure
2008-09	73.23	1.83	209.07	41.75	325.88	73.23	1.83	209.07	41.75	325.88
2009-10	102.40	16.16	193.99	41.75	354.30	82.50	4.69	192.17	41.75	321.11
2010-11	106.83	8.42	288.17	6.48	409.90	106.83	0.20	288.17	6.48	401.68
2011-12	134.94	5.64	284.48	11.00	436.06	44.08	0.00	129.54	4.00	177.62
2012-13	227.67	4.90	362.92	7.31	602.80	48.75	0.58	222.76	2.75	274.84
Total	645.07	36.95	1338.63	108.29	2128.94	355.39	7.30	1041.71	96.73	1501.13

(Source: Data collected from CE, Buildings)

As against Budget provision of ₹ 2128.94 crore made during 2008-13 under State Plan, Central Plan, Non Plan and under 12th/13th Finance Commission allocation for the construction and maintenance, only ₹ 1501.13 crore (71 per cent) was spent.

Table below includes break up in respect of construction of non-residential and residential buildings during 2008-13.

Table No.2.3 Details of Budget provision and supplementary provisions through re-appropriation

(₹ in crore)

Year	Budget provision	Supplementary provision through re-appropriation	Total	Surrender	Percentage of surrender
Construction of Non-residential Buildings					
2008-09	69.33	31.28	100.61	20.03	20
2009-10	81.46	28.52	109.98	33.94	31
2010-11	106.58	11.82	118.40	28.25	24
2011-12	115.74	15.52	131.26	51.25	39
2012-13	228.88	0.78 (-)	228.10	120.96	53
Total	601.99	86.36	688.35	254.43	37
Construction of Residential Buildings					
2008-09	34.87	13.37	48.24	15.36	32
2009-10	18.63	15.13	33.76	6.21	18
2010-11	23.66	2.18	25.84	3.39	13
2011-12	22.87	7.27	30.14	7.62	25
2012-13	45.70	6.53	52.23	10.62	20
Total	145.73	44.48	190.21	43.20	23
G Total	747.72	130.80	878.56	297.63	

(Source: Data collected from CE, Buildings)

- It may be noticed that total budget provisions including re-appropriation was ₹ 688.35 crore towards construction of non-residential buildings during 2008-13. Out of above amount, ₹ 254.43 crore (37 per cent of total) was surrendered. Year wise percentage of surrender ranged from 20 to 53 per cent.
- In construction of residential buildings, total budget provision including re-appropriation was ₹ 190.21 crore during 2008-13 of which ₹ 43.20 crore was surrendered (23 per cent). Year wise percentage of surrender was between 13 to 32 per cent.

Surrender of funds was attributed by CE to non receipt/late receipt of Administrative Approval, non completion of Civil work, slow progress of work, non finalisation of work programme and delay in finalisation of tender.

- Surrender of funds was more than supplementary provisions during 2009-12 in respect of non residential buildings and during 2008-09 and 2010-13 in residential buildings. Thus supplementary provision was unwarranted.

Government stated (January 2014) that the user departments provide funds in the last quarter of financial year which could not be spent as the process of finalisation of tender consumes considerable time and steps were initiated to impress upon them to provide go ahead intimation instead of providing funds at the end of year to avoid surrender of funds.

2.1.3.2 *Rush of Expenditure*

Rule 147 of Odisha Budget Manual regards rush of expenditure in the closing month of a financial year as breach of financial regularity. Rule further stipulates that expenditure in last quarter of financial year should not exceed 33 per cent of allotment of a financial year.

It was noticed that CE, buildings placed allotment of ₹ 35.73 crore (48 per cent) in favour of EEs in last quarter of financial year during 2008-09 against total allotment of ₹ 73.94 crore.

Government stated (January 2014) that there has been no rush of expenditure after 2008-09 due to introduction of Integrated Odisha Treasury Management System (iOTMS) from the year 2011. However, no reply was furnished for rush of expenditure during 2008-09.

2.1.3.3 *Non utilisation of funds under Deposit Account*

Check of records in 10 divisions revealed that during 2008-13, ₹ 78.16 crore were received for execution of 272 works of other Departments/Bodies. But EEs could spend only ₹ 37.08 crore leaving an unspent balance of ₹ 41.08 crore.

Government stated (January 2014) that amounts remained unspent due to modification of requirement by user department, delay in according administrative approval, site dispute, change in scope of work and backing out of contractors. However, as per provisions of code, site should be finalised/administrative approval accorded before commencement of work and contract conditions cover extra items, if any, due to change in scope of work.

2.1.3.4 *Improper diversion of fund*

Objective of Scheme “Infrastructure assistance to Government Colleges (Both Degree and Junior)” is to provide financial assistance for new construction as well as extension of existing buildings and renovation work of any type is not allowed under this scheme.

It was noticed that an expenditure of ₹ 2.22 crore in 12 colleges⁹ for repair and renovation works was incurred (March 2013) against approved cost of ₹ 8.86 crore for 17 colleges.

⁹ Government College Angul, FM College Balasore, KKS Women’s College Balasore, Bhadrak College Bhadrak, Government Women’s College Bolangir, Rajendra College Bolangir, Dhenkanal College Dhenkanal, Government Science College Chatrapur, SG

Government stated (January 2014) that repair and renovation works taken up are extension of existing facilities as requested by user department and as such covered under scheme guideline. However, repair and renovation is not covered as per guidelines and as such are inadmissible.

2.1.3.5 Submission of Utilisation Certificate

Odisha General Financial Rule (OGFR) and Government circulars issued from time to time require Utilisation Certificate to be submitted by grantee institution to sanctioning authority at the end of financial year.

Check of records revealed that in five¹⁰ divisions ₹ 31.39 crore were received during 2008-13 for execution of works. Against above amount, utilisation certificates for ₹ 8.99 crore only were submitted, ₹ 21.38 crore remained unutilised due to delay in execution of work, non finalisation of site and non receipt of administrative approval.

Audit also noticed that in two divisions (Angul and Bhadrak) in respect of 13 works, Utilisation Certificate for ₹ 1.72 crore had been submitted against actual expenditure of ₹ 1.31 crore. Issue of utilisation certificates by EEs before actual expenditure is improper.

Government replied (January 2014) that matter would be investigated and factual position submitted.

2.1.4 Tendering process

2.1.4.1 Delays in accepting bids

As per OPWD code, currency period of any tender should not be more than three months from last date of receipt. If delay in deciding tender is inevitable, consent of bidder to keep offer open for a further period absolutely required should be obtained. Notices inviting tenders stipulate that bids for the works shall remain open for acceptance for a period of 90 days from last date of receipt.

In seven divisions,¹¹ in 21 (33 per cent) out of 64 cases test checked, acceptance of bids for ₹ 67.05 crore and signing of agreements with the bidders were not completed within 90 days from last date of receipt of bids. Delay in finalisation ranged between 13 and 255 days which resulted in delay in commencement and completion of work.

Government stated (January 2014) that finalisation of tender, acceptance of bid and execution of agreement is a lengthy process and requires considerable time. Government further added that qualification criteria are being revised to

Women's College Rourkela, G.M. College Sambalpur, Government Women's College Sambalpur, N.S.C.B. College Sambalpur.

¹⁰ Angul, Bhadrak, Balasore, Bargarh R&B Divisions and GPH No-I, Bhubaneswar.

¹¹ Cuttack, Angul, Bargarh, Khurda, BBSR –I, BBSR-II, Ganjam-I R&B Divisions.

streamline process. However, 90 days is prescribed by department taking into account above factors.

2.1.4.2 Acceptance of tender

OPWD Code stipulates that acceptance of a single tender received in response to tender call notice should have prior approval of next higher authority.

During 2012, CE received single tender for work construction of Dental College in SCB Medical College and Hospital (estimated cost of ₹ 6.61 crore) which was to be approved by Government. Similarly, single tender for work Construction of Radiology Department(EI) of SCB Medical College and Hospital (estimated cost of ₹ 0.46 crore) received by SE R&B electrical circle Bhubaneswar was to be approved by CE being a single tender.

Instead of obtaining approval of Government/CE (next higher authority) these tenders were accepted by CE and SE respectively.

Government confirmed (January 2014) that in both cases, approval of next higher authority was not obtained, but reasons/justification for such deviation of codal provisions were not furnished.

2.1.5 Project Implementation

2.1.5.1 Building work remained incomplete

OPWD Code provided that in case of multistoried structures, detailed estimate should be sanctioned after architectural working drawing is finalised, as in absence of such drawings no estimate can be accurately prepared. Sanction should be given on basis of accurate design and finalised sizes of all structural numbers so that during actual execution quantities of work do not alter significantly.

Construction of office building for Externally Aided Projects and Library Building for Works Department was designed for six storeys with basement. Ground and first floor of building was awarded (February 2009) for ₹ 5.02 crore for completion by January 2010. Contractor executed work valuing ₹ 3.89 crore (December 2011), including extra item for ₹ 0.24 crore due to changing of drawing. However, extra item was taken up without approval from competent authority.

Balance works of construction of 2nd to 6th floor of the building were awarded (June 2011) to a contractor for ₹ 6.01 crore for completion by November 2012. Contractor executed work valuing ₹ 4.93 crore and work was in progress (November 2013).

It was noticed that construction of building was taken up without architectural drawing till 19 February 2010. Deviations executed due to change in structural design were not approved. Further, during construction (December 2011)

itself, structural infirmities were noticed in construction. But no action was taken by EE for remedial measures.

Thus, improper planning in taking up a building project by CE without any architectural drawing from Chief Architect not only resulted in extra cost but also led to substandard execution of work.

Government stated (January 2014) that work was awarded on the basis of architectural design and detailed structural design were approved on basis of investigation report of soil bearing capacity and site conditions. However, these factors are to be considered before taking up construction.

2.1.5.2 *Execution of work at post tender stage without approval*

OPWD Code stipulates that any deviation from nature, specification, quantity and rates of items as mentioned in agreement requires approval of competent authority prior to payment. Further, divisional officer should check the measurement of items which exceeds agreement quantity by more than 10 *per cent*.

Check of records in seven divisions revealed that, in respect of 26 works awarded between December 2010 and January 2013 at a cost of ₹ 83.55 crore for completion between June 2011 and October 2014, there was excess execution of some items ranging between four and 406 *per cent* over agreement quantity and for which payment of ₹ 10.60 crore was made to contractors at post tender stage without approval of deviation by competent authority.

Government stated (January 2014) that there were some mistakes in quantities estimation and proper authentication would be given in such cases in future.

2.1.5.3 *Execution of work without contract in force*

As per provisions of OPWD Code, contractors are required to apply for extension of time (EoT) for hindrances within 30 days of such occurrence. If the required extension of time was not received in time from competent authority, EoT may be granted by Divisional officer so that contract remain in force.

It was noticed that in 11 divisions, 63 works were awarded between September 2008 and February 2013 to contractors at a cost of ₹ 77.80 crore for completion between March 2009 and July 2013. Contractors could not complete works within stipulated period and they were paid for value of work executed though contracts were not in force.

Government stated (January 2014) that applications for EoT are under examination at various stages and EEs had allowed continuing with works as per provisions of code. However, records did not indicate EEs permission allowing contractors to continue with work.

2.1.5.4 Execution of works without entering into agreement

As per instructions issued (April 2012) by Works Department, composite tender for Civil/EI/PH works should be invited in respect of building works costing more than ₹ 50 lakh and bidders were to enter into a separate agreement for each component with concerned EEs who can exercise control and to ensure quality as well as completion of composite work.

In 38 works no separate agreements were executed by executing agencies with General Electrical Division No.II, Cuttack (six works) for electrical works or with General Public Health Division No. I (32 works) violating instructions issued by Works Department.

Government stated (January 2014) that there is no necessity for execution of separate agreement. Department also does not find any difficulty in implementation of works without composite agreement. However, procedure is not in conformity with orders issued by Government. As a result, buildings could not be handed over to user department for want of electrical/PH works after completion of civil work as mentioned in paragraph 2.1.5.8.

2.1.5.5 Non adjustment of works advance

Design, manufacturing, supplying, installation of 12 elevators after dismantling of existing ones on buy back system was awarded (June 2012) to a contractor for ₹ 2.23 crore for completion by December 2012. Out of above, nine¹² elevators were to be installed at different departments of SCB Medical College, Cuttack.

It was noticed that as per conditions of contract, agency was paid (February 2013) an advance of ₹ 1.27 crore being 75 *per cent* of value of materials. Work remained incomplete (December 2013) for one year causing inconvenience to patient and advance also remained un-adjusted.

Government accepting factual position stated (January 2014) that contractor has fixed five elevators for ₹ 85.75 lakh which is adjustable against advance payment. But reply is silent regarding non-adjustment of advance payments for more than one year beyond stipulated date of completion.

2.1.5.6 Non-recovery of penalty

As per clause 2 (a), (b) (i) of agreement, time allowed for carrying out the work shall be strictly observed by contractor. In case contractor failed to complete work within stipulated period, EE should issue rescission notice to the contractor. If contractor did not expedite progress of work despite issue of

¹² Neurosurgery (G+3) 8 passenger, Surgery (G+2) 15 passenger, Medicine (G+3) 15 passenger, Lecturers theatre (G+2) 15 passenger, Medicine (G+3) 8 passenger, Gynecology (G+2) 15 passenger, Dental wing (G+3) Bed cum 13 passenger, Dental wing (G+3) Bed cum 13 passenger, Cardiothoracic (G+3) Bed cum passenger.

notices, contract should be rescinded. To do this 20 *per cent* of value of left over work will be realised from contractors as penalty.

It was noticed that six¹³ works were awarded to six contractors between December 2010 and August 2011 at a cost of ₹ 6.44 crore for completion between August 2011 and February 2012. After executing work valuing ₹ 1.46 crore, contractors stopped further execution. In respect of four works the proposals to rescind the contract were not approved as of July 2013. In respect of other two works (Construction of ladies hostel building and Construction of administrative block of Government Polytechnic, Angul) contracts have been rescinded as per clause 2 (b)(i) of contract. As per provisions of contract ₹ 99.68 lakh was recoverable from contractors which was not done as of July 2013.

Government stated (January 2014) that proposals for rescission of agreements are under consideration of competent authority. EEs in charge of Construction of Ladies hostel building of SCB Medical College & Hospital, Cuttack and construction of Administrative block of Government Polytechnic, Angul have been instructed to initiate action for realisation of penalty from contractors.

2.1.5.7 *Non realisation of liquidated damage*

Agreements executed with contractors provided that contractors should execute works as per approved programme and in case of non achievement of proportionate progress, liquidated damages (LD) at 10 *per cent* of estimated cost of work would be realised.

It was noticed that despite issue of warnings, contractors of 61 works awarded between September 2008 and February 2013, in 11 divisions,¹⁴ for ₹ 70.15 crore for completion between March 2009 and July 2013, could not complete work within stipulated period. As per provisions of contract, though LD for ₹ 6.80 crore was recoverable from contractor, EEs did not do so (July 2013).

Government stated (January 2014) that applications for EoT are under examination at various stages and EEs had allowed them provisionally to continue with work. In case contractors failed to complete works, contract would be closed as per terms of agreement.

However, neither was EoT sanctioned by competent authority nor were contractors allowed by EEs to continue with the work. Government stated that details of EoT communication in each case would be furnished which are awaited (February 2014).

¹³ Construction of Polytechnic at Angul -Academic Block, Administrative Block, Gent's Hostel and Ladies hostel, Infrastructure development of SCB Medical College and Hospital and Construction of Drug Store Building at Sub Divisional Hospital, Talcher.

¹⁴ Cuttack, Bargarh, Ganjam No-I, BBSR No-I and No-II, Angul, Bhadrak, Balasore, Puri, Kantabanji R&B divisions and GED No-II, Cuttack.

2.1.5.8 *Handing over of buildings*

In three divisions, six¹⁵ works (Civil and PH) were awarded between August 2010 and November 2011 at a cost of ₹ 11.97 crore for completion between September 2011 and October 2012. Civil and PH works of two buildings were completed. Finishing work of remaining four buildings could not be taken up for want of electrical installations. Hence, buildings could not be handed over to user department. Expenditure incurred on these buildings was ₹ 9.51 crore. No tender was invited (July/August 2013) for electrical installation works.



Multi-storied Residential Building for doctors, SCBMCH, Cuttack

Civil work portions of four buildings¹⁶ in Kantabanjhi R&B Division were awarded (July 2010/September 2011) for ₹ 48.31 lakh for completion by January 2011/ March 2012. Works were completed during extended period (May/ July 2013) but EEs of PH and Electrical divisions were not intimated for taking up their portion of work. As a result, buildings were not completed in all respects.

Government stated (January 2014) that corrective measure would be taken in future and matter would be investigated as to how buildings were handed over in incomplete shape.

2.1.5.9 *Execution of work in excess of norms*

Government in General Administration (GA) Department fixed (November 2009) norms for special repair works per annum based on type/category of quarters under State Capital Project. As stipulated, monetary value for special repair works per annum was fixed at ₹ 1.30 /one lakh for higher type quarters, ₹ 0.60 lakh for medium type quarters and ₹ 0.40/0.50 lakh for lower type quarters in respect of civil works.

In two divisions¹⁷, EEs adopted cost of special repair ranging between ₹ 0.44 lakh and ₹ 9.10 lakh and spent ₹ 2.65 crore during 2011-13 in excess of norms fixed by GA Department, excess expenditure incurred ranged between ₹ 0.04 lakh and ₹ 7.80 lakh.

¹⁵ Construction of Multi-storeyed residential buildings for doctors, Construction of Radiology Department, New Medicine ward, construction and up-gradation of casualty and emergency facilities (Trauma ward)-4th and 5th floor (SCB, MCH, Cuttack), Construction of Conference Hall at Town High School at Balasore, Construction of Trauma care unit of DHH, Bhadrak.

¹⁶ Construction of four double storied F type quarters for Health department, Patnagarh, Drug ware House at Patnagarh, Construction of 1st Floor at SDH Patnagarh and Construction of two E type quarters for Health department Patnagarh.

¹⁷ BBSR R&B division No-I & II.

Government stated (January 2014) that considering age of buildings and decision of department to make buildings habitable for better utilisation, special repair works were taken up as per administrative approval and funds were made available by GA Department. However expenditure incurred on special repair works on specific quarters is in excess of norms fixed by GA Department.

2.1.5.10 *Register of Buildings*

OPWD Code provided that Register of Buildings was to be maintained by each Divisional officer which comprised value of land, buildings created there on showing value of each structure separately. On completion of building, details of land and building should be entered in the register indicating value of each structure.

It was noticed that in 10 divisions, though such register was maintained, new buildings constructed during 2008-13 were not entered.

Government stated that department is in process of undertaking preparation of data base for better management of buildings as was done for roads. However, no timeline for maintenance of data base was indicated.

2.1.5.11 *Quality assurances*

Chief Engineer Research Development and Quality Promotion (R&B) issued (April 2012) instructions that building works for more than ₹ 25 lakh were to be inspected by Quality Monitoring Personnel (QMPs) in regular intervals to check quality of work. OPWD Code provided that EE should check at least 10 *per cent* of the measurements recorded.

It was noticed that in 10 divisions the building works were not inspected by QMPs, which defeated very purpose of engagement of QMPs. EEs had not checked measurement of works and in some cases agreement quantity exceeded original quantity by 406 *per cent* as mentioned in paragraph 2.1.5.2.

Government stated (January 2014) that department ensured quality by adoption of various tests in departmental laboratories. Government further stated that EEs have been instructed to complete check measurement of works and report compliance.

2.1.6 *Repair and Maintenance*

2.1.6.1 *Absence of plan for repair*

Department maintained 87.07 lakh sqm of residential and non residential buildings as of March 2013. No system/criteria were prescribed for selection of buildings for repair and there was no annual/perspective plan in place to cover all buildings over a period of time. In absence of such conditions some buildings have become inhabitable for occupation during the course of time.

Government stated (January 2014) that covering all buildings under repair/maintenance within a limited period of time depends upon resources available. Further department is in process of undertaking preparation of data base for better asset management of buildings as was done for roads. Reply is silent as regards time line for preparation of data base.

2.1.6.2 *Annual maintenance plan*

Finance Department ordered (October 2009) all Engineering Departments to formulate annual maintenance plans from the year 2010-11 and get the same vetted by Finance Department before commencement of Financial Year. To ensure adequate provision for maintenance of capital assets, Administrative Departments are required to put in place appropriate institutional reforms for effective utilisation of budget provision for operation and maintenance and monitoring and oversight arrangements for ensuring regular upkeep and maintenance of capital assets.

It was noticed that annual maintenance plans were submitted by Works Department with a delay of two to four months after commencement of financial year. These were finalised by Finance Department with a delay of four and six months. As a result, there was rush of expenditure during subsequent quarters of financial year and delay in commencement of work. Records of department did not indicate that the monitoring at departmental level was done to ensure regular upkeep and maintenance of capital assets.

Government stated (January 2014) that system is newly introduced and departmental staff and officers require sufficient training and time to adjust to requirement. Gradually department has experienced considerable improvement in system.

2.1.6.3 *Standard Measurement Book*

OPWD Code provided that to facilitate preparation of estimates for periodical repair works, a standard Measurement book should be kept in each divisional office showing detailed measurements of each kind of work.

Audit noticed that, in nine out of 10 divisions, standard measurement book was not maintained, in absence of which, correctness of preparation of estimates could not be checked in audit.

Government stated that EEs were instructed to maintain above records.

2.1.6.4 *Complaint register*

OPWD Code provided that for repair works, a Complaint Register to be maintained for the complaints received from occupants of buildings.

It was noticed that in 11 divisions no complaint register was maintained for compliance to the complaints received. This indicated that internal controls were ineffective in maintenance of buildings.

Government replied (January 2014) that EEs have been instructed to maintain relevant records.

2.1.6.5 *Inspection of Hospital/Educational Buildings*

CE Buildings (November/December 2012) and Commissioner cum secretary, Health and Family Welfare Department issued instructions for inspection of Hospital and educational buildings by engineering officers of Works Department to assess structural safety to avoid any mishap. Defects noticed should be rectified immediately.

Audit noticed that in 10 divisions no such inspections were conducted, in absence of which there were reported incidents of falling of ceiling plaster, ceiling fans etc. causing life hazard as well as loss of valuable assets etc. which could be prevented.

On this being pointed out, no specific reply was furnished by Government (January 2014).

2.1.6.6 *Repair and maintenance of Electrical installations*

As per provisions of OPWD Code repair works should be taken up in respect of all buildings at periodical intervals and no building should deteriorate for want of repair causing life risk of users.

It was also noticed that:

- Superintendent, SCB Medical College and hospital in June 2012 and Heads of other departments intimated EE, General Electrical Division (GED) that fans were not functioning properly, patients and attendants were lying in verandahs.
- HOD, Neurosurgery of SCB Medical College & Hospital on 16 October 2012 intimated EE, GED that Neurosurgery ICU had been closed due to electrical short circuit which had also earlier been closed for a month. Such incidents repeatedly happened causing problem to serious ill patients.
- HOD Cardiology also reported that, lift was not functioning since its installation and Air Conditioners were not functioning properly.

Thus, due to lack of control mechanisms and tardy follow up, there were instances of non-functioning of electrical equipment affecting patient care and causing inconvenience to patients.

Government stated (January 2014) that Hospital authorities carried out repairs to electrical installations engaging un-licensed and inexperienced workers and made load additions beyond capacity of circuits without knowledge of electrical wing leading to failure of circuit dislocating electrical supply.

Government further stated that action has been initiated to check fans of SCB Medical College Cuttack. Reply is silent about other hospitals and Medical Colleges and strengthening internal control mechanism to avoid recurrence of such instances.

2.1.7 Monitoring and internal control

2.1.7.1 Internal Control

There is no mechanism available in department to generate and use data base of buildings to prepare maintenance schedules.

It was noticed that, in seven divisions residential and non residential buildings for an area 1.07 lakh sqm were damaged. However, no estimate of repairs cost or initial capital cost was available for 0.27 lakh sqm (25 *per cent* of 1.07 lakh) in five divisions.

Government accepting factual position stated (January 2014) that department is in process of undertaking preparation of data base for better management of buildings as was done for roads.

2.1.7.2 Inspection of Buildings

OPWD code laid down norms for CE to inspect works under execution and record his observation in the Register of Inspections maintained at site of work for ensuring quality assurance and timely completion of works.

It was noticed that in 11 divisions, records did not indicate issue of any observations of CE as regards quality and specification of work in the register of inspections maintained at site. Further, no separate inspection report was issued evidencing non compliance to rules and non- assurance of quality aspects.

Government stated (January 2014) that all important works requiring intervention of higher technical authorities are covered and instructions imparted. The structural safety and safety of electrical installations are regularly monitored by Engineer in charge. However, no inspection report or any observation in the register was available on record.

2.1.8 Conclusions

- Performance Audit conducted for the period 2008-13 revealed that there were instances where residential and non-residential buildings were taken up for construction without administrative approval, proper selection of site, shifting of utility services etc. As a result some projects either did not commence or were stopped mid way.
- Expenditure efficiency of Department was poor as only 71 *per cent* of Budget provision could be spent over five years due to delay in finalisation of site/ administrative approval/finalisation of tender and slow progress of work.
- Budgetary and financial controls were ineffective as supplementary provisions through re-appropriation were found to be unwarranted.
- Works remained incomplete due to default in execution by contractor, delay/non-finalisation of sites, non-shifting of utility services, non-finalisation of drawing and designs etc. There were cases of delay in

acceptance of tender, non recovery of penalty for abandonment of work and non realisation of liquidated damages.

- Monitoring was not adequate. There were cases of diversion of funds and idle investment. Lack of regular inspection of buildings resulted in failure to prevent damage to buildings before their life span. Data base of buildings constructed was not prepared. Buildings were not handed over to user departments after their completion in some cases.

2.1.9 *Recommendations*

Audit recommended that:

- Pre-requisite like availability of site, design and shifting of utility services may be ensured before approval/taking up of project.
- Department must ensure preparation of annual/perspective plan and data base to include all buildings to systematise maintenance of buildings.
- Design for buildings must include facilities for rain water harvesting and provisions of safety measures against fire and lightning as prescribed in national building code.
- Inspection of buildings must be conducted regularly to locate defects and to rectify them.

Chapter 3

Compliance Audit

Para Number	Topics	Page
3.1	Utilisation of Water Resources	27-35
3.2	Loss of revenue due to non-recovery of royalty	35
3.3	Extra cost due to non-finalisation of tender within the validity period	36
3.4	Extra cost due to inflated estimate	37-38
3.5	Loss of revenue and undue benefit to contractors	38
3.6	Undue benefit to Contractors	38-39
3.7	Implementation of Watershed Development Programmes	39-52
3.8	Procurement and supply of Agricultural implements and equipment	52-54
3.9	Avoidable expenditure due to non execution of work departmentally	54-55
3.10	Non realisation of Net Present Value	55
3.11	Project on South-North Road Corridor	55-66
3.12	Unfruitful Expenditure	66-67

Chapter 3

Compliance Audit

Compliance audit of Departments of Government and their field formation brought out several instances of lapses in management of resources and failure in observance of regularity, propriety as well as absence of good governance. These have been discussed in the succeeding paragraphs.

DEPARTMENT OF WATER RESOURCES

3.1 *Utilisation of Water Resources*

3.1.1 *Introduction*

Water is a natural resource and Department of Water Resources (DoWR) is responsible for planning, developing and managing the State's Water Resources.

Odisha Irrigation Act 1959 and Odisha Irrigation Rules 1961 govern construction and maintenance of irrigation works. It also prescribes basic water rates for various classes of irrigation in the State. The Act was amended in 1998 which regulates use/diversion and consumption of water for industrial and commercial purposes.

Odisha Irrigation Rules were last amended in October 2010. Presently, water is provided to industrial units/commercial establishments as per the recommendation of the Water Allocation Committee (WAC), a technical committee with Engineer in Chief (EIC) as Chairman and 10 other members.

As per the Policy, cost of operation and maintenance is to be fully recovered from the beneficiaries. State adopted Odisha State Water Policy 2007 which lays down principles of equitable and judicious use of water.

Audit was conducted from April to July 2013 and records for five years (2008-13) in five¹ irrigation divisions related to the Hydro-electric Projects were test checked. In addition, ten² out of 27 divisions were also selected on random sampling basis from the three major river basins³. Objectives were to assess whether the development, sector-wise allocation, utilisation and management of water resources were effective, pricing and cost of water recovered was as per State Water Policy and agreements were executed for supply of water to industrial units.

¹ Main Dam Division, Rengali Dam Division, Upper Kolab Head Works Division, Earth dam Division and Left Canal Division No.-I, Kusumkhunti

² Mahanadi South, Mahanadi North, Jaraka Irrigation, Angul Irrigation, RRC No-II, Salandi Canal, Baitarani Irrigation, Samal Head Works, Sundargarah Irrigation and Sambalpur Irrigation Division.

³ Mahanadi, Brahmani and Baitarani

3.1.2 *Drinking Water Supply*

As per State Water Policy 2007, the State shall provide adequate safe drinking water for human beings and livestock both in urban and rural areas. Irrigation and multi-purpose projects should invariably include components for domestic use which should override the demands from other sectors.

Audit noticed that out of 105 Urban Local Bodies (ULBs), in 95 ULBs supply of water was less than mandated level (135 litres per person per day) and 10 ULBs⁴ drew water beyond their mandated level.

3.1.3 *Water for Irrigation*

Action plan for horizontal expansion of irrigation coverage includes Major⁵, Medium⁶, Minor⁷ and Lift Irrigation Projects depending upon their feasibility and financial viability. Expansion of irrigation coverage aims at growth of infrastructure throughout the State. Government decided in 2005-06 to draw Master Plan for each district to provide at least 35 *per cent* irrigation in all the 314 blocks during the plan period from 2005-06 to 2009-10.

Out of 61.65 lakh ha of cultivable land in 314 blocks, irrigation facilities were created for 30.89 lakh ha and 198 blocks had less than 35 *per cent* irrigation facilities as of March 2005. During 2006-12, department could provide minimum 35 *per cent* irrigation to 46 blocks and the rest 152 blocks continue to remain with less than the minimum 35 *per cent* irrigation facilities though identified before 2005-06.

Zone wise details of blocks revealed that 67 out of 95 blocks (70 *per cent*) of ten districts in Northern Zone (Western Odisha) had not received the minimum 35 *per cent* irrigation facilities. Out of ten districts, in seven⁸ there was no improvement in irrigation during the last seven years. Similarly, 45 out of 104 blocks (43 *per cent*) of ten districts in Southern Zone and 40 out of 115 blocks (35 *per cent*) of ten districts in Central Zone had not received minimum irrigation facilities.

Government stated (January 2014) that as of June 2013, sixty out of 198 blocks (having less than 35 *per cent* irrigation) had achieved 35 *per cent* irrigation potential and efforts are being made to augment irrigation potential in the deficit blocks through conventional and other sources of irrigation.

⁴ Bhubaneswar Municipal corporation (111 *per cent*), Cuttack Municipal corporation (22 *per cent*), Burla NAC (24 *per cent*), Hirakud NAC (12 *per cent*), Sambalpur Municipality (64 *per cent*), Rourkela Municipality (24 *per cent*), Joda Municipality (18 *per cent*), Koraput Municipality (22 *per cent*), Sunabeda NAC (308 *per cent*) and Kendrapara Municipality (1 *per cent*).

⁵ Major Irrigation Project – more than 10,000 ha Cultivable Command Area.

⁶ Medium Irrigation Project – more than 2,000 ha Cultivable Command Area and less than 10,000 ha Cultivable Command Area.

⁷ Minor Irrigation Project – more than 40 ha Cultivable Command Area and less than 2,000 ha Cultivable Command Area.

⁸ Angul, Bargarh, Balangir, Deogarh, Jharsuguda, Sambalpur and Subarnapur.

3.1.4 Maintenance of Minor Irrigation Projects

Chief Engineer (CE), Minor Irrigation (MI) is responsible for maintenance of Minor Irrigation Projects (MIP). Effective maintenance of existing MIPs is vital to sustain development of agriculture. As of March 2009, 458 MIPs were completely defunct and 38,653 ha ayacut lost irrigation. An expenditure of ₹ 528.79 crore was incurred during 2009-13 towards repair, renovation and restoration of the projects under various schemes. Despite such expenditure, defunct projects were 524 and 43,665 ha ayacut lost irrigation as of March 2013. There was increase of 66 defunct MIPs with a further loss of ayacut of 5012 ha during the period 2009-13. Thus ineffective action for maintenance led to loss of irrigation facility.

DoWR had taken up 537 new MIPs during 2009-13 with designed ayacut of 1.52 lakh ha for ₹ 927.40 crore. Out of the above, 231 projects were completed (March 2013) with an expenditure of ₹ 424.07 crore creating one lakh ha ayacut. As per Irrigation Manual, joint verification of ayacut should be conducted for collection of water rate. This was not conducted, as a result irrigation potential was not assessed by the department.

3.1.5 Hydro Power Generation

There are five⁹ multipurpose projects in Odisha. Under the Odisha Irrigation Act 1959 and Rules 1961, water rate of ₹ 60 per one lakh gallons is leviable for use of water for generation of power. This was revised to ₹ 0.01 per Kilo Watt Hour (KWH) of hydro power generation with effect from October 2010.

3.1.5.1 Failure to demand water rates

As per irrigation rule, the EE shall assess fees to be charged on the unit/quantity of water drawn or lifted and issue demand notice within the first week of every month. Rules further provided that the assessee shall make payment within the same month and on default, interest at six *per cent* per annum shall be charged for the water drawn or lifted from irrigation source. Rate of interest was revised to two *per cent* compounded monthly with effect from October 2010.

Audit noticed that two EEs¹⁰ did not raise demand amounting to ₹ 735.20 crore for supply of water for power generation by Odisha Hydro Power Corporation (OHPC) till October 2010. Reasons for non-levy of water rate were not on record. After October 2010, monthly demand for water rate was paid by OHPC.

EE, Main Dam Division, Burla raised the demand for water rate for generation of power by OHPC, without levying interest due at six *per cent* per annum

⁹ Hirakud, Rengali, Upper Kolab, Upper Indravati and Balimela.

¹⁰ Earth Dam Division, Chitrakonda and Left Canal Division, Kusumkhunti.

on arrears prior to October 2010. In respect of other two units¹¹, no interest was levied on the outstanding balance even for the period after October 2010. Only the current demand from October 2010 was raised. Interest escaping levy amounted to ₹ 7933.53 crore as of March 2013.

A Company was permitted (May 2006) to use water for generation of 20 MW hydro electric power for 30 years from the date of commercial operation on payment of water charges as per the rate fixed by the Government. The company started power generation from October 2009. Though water rate was paid by the firm from September 2010, the same at the rate of ₹ 60 per one lakh gallons from October 2009 to September 2010 amounting to ₹ 29.63 crore was not paid. The EE did not raise the arrear demand and two *per cent* compound interest per month from October 2010 onwards.

Government stated (January 2014) that the waiver of water rate is under active consideration. However, fact remains that interest was not levied on the arrear amount (beyond the waiver being considered by the Government) as per the Irrigation Rules.

3.1.5.2 *Uncollected energy compensation charges*

As per provisions of the allocation order and agreement, industrial units had to pay water rate and also compensate for loss of power generation due to drawal of water from the reservoir. EEs had not raised any demands for these losses. However, OHPC calculated the generation loss (19.04 million unit) at ₹ 10.11 crore for 2011-12 recoverable from 17 industrial units drawing water from different reservoirs and reported (June 2012) to Government for recovery of generation loss. No action was taken (March 2013) for recovery.

It was noticed from the Annual Report of OHPC for the year 2011-12 that such compensation of ₹ 51.91 crore was outstanding against the industrial units and ₹ 11.12 crore were recoverable from the above 17 industries during 2012-13. Further, ₹ 20.65 crore was due from NALCO and ₹ 13.17 crore from HAL.

Government stated (January 2014) that instructions were issued to all industrial units drawing water from different multipurpose reservoirs having hydro power units of OHPC to sign supplementary agreements and also to OHPC to raise demand against compensation for loss of energy. Government further stated that it was decided to charge ₹ 2.50 crore per cusec of water allocated to the industries drawing water from different reservoirs and modalities for implementation of the same are under active consideration. Reply is, however, silent on timeline for recovery of ₹ 96.85 crore¹² from the industrial units.

¹¹ Rengali Dam Division and Upper Kolab Head Works Division.

¹² ₹ 51.91 crore + ₹ 11.12 crore + ₹ 20.65 crore + ₹ 13.17 crore.

3.1.5.3 *Operation & Maintenance charges not recovered*

Dams/power houses of multi-purpose projects were constructed on cost sharing basis by DoWR and Department of Energy. O&M costs of these projects are to be recovered from the beneficiaries. It was decided in a joint meeting by the DoWR and OHPC that O & M cost was to be recovered at variable rates from OHPC ranging between 33.3 and 50 *per cent* in respect of four¹³ multipurpose projects. DoWR incurred an expenditure of ₹ 201.57 crore during 2009-13 towards O&M on these four projects during 2008-13 of which an amount of ₹ 81.96 crore was recoverable from OHPC (**Appendix-3.1.1**).

Government stated (January 2014) that a committee had already been formed to finalise the recovery of O&M charges. But the timeline for recovery was not indicated.

3.1.6 *Industrial water supply*

As per the Water Policy of the State incentives will be given to industries for recycling of water supplied within overall purview of State Water Plan. Disincentives would also be prescribed for non-recycling of water. It was, however, noticed that there was no stipulation in the agreement for supply of water to give such incentive or disincentive.

As per Odisha Irrigation Amendment Rules 2010, DoWR shall be the competent authority to grant license under the provisions of the Act to industrial, commercial and other establishment on application along with a bank draft from a Nationalised Bank representing a security deposit of ₹ 1.50 lakh for every cusec of water. It was observed that quantity of water applied for has not been recorded. As a result security deposits collected could not be verified due to quantity applied not being on record.

Rules further provided that on receipt of application, the Secretary of the department shall send the same to Water Allocation Committee. The committee with its recommendation returns the application within three months. On receipt of recommendation DoWR shall make an order to refuse the application or allow it wholly or partly with such conditions and restrictions as it may specify. DoWR allocated 1185.88 cusecs of water during 2008-13 to 19 major industries both from public and private sector who had not executed agreements. They did not draw allocated water depriving other applicants from allocation of water.

Government stated (January 2014) that most of the industries had been allocated water as per their requirement but due to delay in commissioning, industries have not executed agreement in time. However, fact remained that due to non-drawal of agreement, water rate was not collected and applications for water allocation also could not be considered.

¹³ Hirakud, Rengali, Upper Kolab and Balimela.

3.1.6.1 Inadequate metering of water supply

Rule 19 of the Irrigation amendment Rule October 2010 stipulated that if any industry was drawing water before signing the agreement/installation of flow metre, concerned EE would charge a penal rate at six times the normal rate. Further as per Rule 23-A (1) of Odisha Irrigation (Amendment) Rules, 2010, the EE shall order installation of a flow meter within a period of 90 days from the date of such order at the cost of the concerned industrial, commercial or other establishment failing which the water supply shall not be made. Review of records in 13 divisions¹⁴ revealed that:

- Out of 427 industrial/commercial organisations drawing water from irrigation/Government source, 304 industrial/commercial organisations have not executed agreements and no penal rate was imposed.
- Flow meters have not been installed in 282 industrial/commercial organizations out of 427 such organisations. Even in industries where flow metres were installed, monthly readings were not taken by departmental officials.
- As per the progress reports of 12 Divisions ₹ 331.33 crore was pending for collection from 183 industrial units.
- It was noticed that soon after allocation EEs supplied water to 17 industrial units without signing necessary agreement.

Government stated (January 2014) that major defaulters for signing agreement/installation of flow meters were those industries which had been allocated water prior to formation of Water Allocation Committee. Field functionaries had been instructed to issue notices to the defaulting industries for signing agreement and installation of flow meters failing which penal provision would be imposed as per Irrigation (Amendment) Rule 2010. Government further stated that the collection of water rate increased from ₹ 39.55 crore in 2007-08 to ₹ 313.42 crore in 2011-12 due to efforts taken by the Department. Reply is silent on prescribing a timeline to stop recurring loss.

3.1.6.2 Absence of rules for customers drawing water for both industrial and domestic use

Odisha Irrigation Act and Rules made thereunder are silent on apportioning water supplied to mega industrial units or commercial organisations for their industrial purpose and also for supply to their township which include largely domestic consumers. In the absence of specific categorisation of customers, mechanism to regulate the water supply for industrial use and domestic use was not in place. This led to long drawn disputes involving demands aggregating ₹ 52.85 crore. A summary of disputes and amounts involved are given below.

¹⁴ Main Dam Division, Upper Kolab Head Works Division, Mahanadi South, Mahanadi North, Jaraka Irrigation, Angul Irrigation, RRC No-II, Salandi Canal, Baitarani Irrigation, Samal Head Works, Rengali Dam, Sundargarah Irrigation and Sambalpur Irrigation Division.

Sl No	Name of the Industry	Gist of disputes	Amount (₹ in crore)
1	Paradeep Port Trust	There was dispute on quantity of water used for domestic purpose and industrial purpose. Revenue Divisional Commissioner decided in 1999 percentage of use of water for the above purposes. EE calculated a sum of ₹ 13.61 crore as arrear water rate in August 2011 for the period from April 2000 to September 2010. Amount was not claimed pending clarification from Government and no current demand on utilisation of water was also raised from October 2010 onwards.	13.61
2	Mahanadi Coal Fields Ltd.	Though no specific provision is available in Rules, agreements were signed for supply of water for both industrial and domestic use. Arrear water rate up to March 2013 was assessed and claimed by EE, Sundargarh Irrigation and Angul Irrigation divisions for ₹ 39.24 crore but no amount has been realised.	39.24
3	Industrial Development Corp.	There was dispute on quantity of water used for industrial purpose and domestic purpose. No flow meter was installed, hence quantity drawn was under dispute and amount receivable was not determined.	

Government stated (January 2014) that as per the prevailing rule, the supply of water to any Industrial/Commercial purpose covers both industrial and commercial use. A clear cut bifurcation of industrial and domestic water, quantum drawn by industries cannot be generalised in percentage basis but may be decided on case to case basis. However, in absence of review/decision in those cases for over a long period, disputes were continuing and water rates remained uncollected.

3.1.6.3 *Loss of revenue due to not levying penalties*

Irrigation Act 1959 as amended in October 2010 and rules made thereunder stipulate conditions for ensuring proper system for supply of water and insist on proper mechanism for accurate levy of water rate and prompt collection. It was, however, noticed that the Department was not implementing rules effectively to recover dues. As a result, there were lapses and instances of non recovery/ under recovery of water rate to the tune of ₹ 573.29 crore. A list of such cases were given below.

- As per rule 19 of the Revised Irrigation Rule as amended in October 2010, if an industry was drawing water before signing the agreement/ installation of flow-meter, concerned EE, would charge a penal rate at

six times the normal rate. A Steel Company started drawing 20 cusec of water from April 2007 but agreement was signed with Department only in June 2008. Drawal of water was enhanced to 46 cusecs from November 2008. Agreement period was over in October 2010 but agreement was not renewed till August 2011. For unauthorised drawal of water from April 2007 to June 2008 and from October 2010 to August 2011 penalty of ₹ 149.85 crore was not levied.

- As per rule 23 A(2)(i), in case of non-payment of water charges within a month, monthly compound interest at two *per cent* shall be charged. Interest on four industrial units amounting to ₹ 147.24 crore was not levied by three EEs of Berhampur Irrigation, Mahanadi South and Main Dam Division despite non-payment of water charges.
- As per schedule II of Irrigation rule *ibid*, water rate at ₹ 5.60 per cum is to be levied for consumption of water more than 5 cusecs from irrigation source and at ₹ 4.50 per cum from Government source. But the department levied water rate of ₹ 4.50 per cum applicable for drawal of water from Government sources instead of ₹ 5.60 per cum to be levied for drawal of water from Irrigation source from three industries resulting in short collection of water rate of ₹ 37.18 crore from October 2010 to 2013.
- As per rule 23 A(2)(h), EE shall assess fees to be charged per unit or quantity of water drawn or allocated whichever is higher. EE, Kalahandi Irrigation Division raised demand for lesser quantity of water drawn resulting in short levy of water rate of ₹ 183.68 crore (October 2007 to March 2013).
- One Aluminum company was drawing 10 cusecs of water for their aluminum smelter plant. For the company's expansion of smelter plant from 10 Kilo tones per annum (KTPA) to 146 KTPA and establishment of captive power plant of 367.5 MW, additional 10 cusecs of water was allocated in February 2006. In 2012-13, aluminum production was 145 KTPA and captive power plant operated at 330 MW. Thus additional 10 cusecs of water was drawn whereas EE, Sambalpur Irrigation Division collected water rate at original 10 cusecs only on the plea that as one pipeline out of three pipelines was not commissioned, drawal of 20 cusecs was not possible. However, flow meter near intake point was not functioning, hence there was loss of revenue of ₹ 12.33 crore.
- As per instructions issued (June 2006) for allocation of water by DoWR, industries have to pay water rate for quantity of water allocated to them. Three industrial units executed agreement for drawal of water but water rate of ₹ 40.21 crore due from them were not demanded.
- A private Power generation company was drawing water from Kolab river for generation of 37 MW power from April 2008. EE Earth Dam Division, Chitrakonda demanded ₹ 8 lakh towards water rate from October 2010 to March 2011. Reasons for not raising demand from April 2008 to September 2010 were not on record. The company did

not pay even the amount demanded. Amount thus uncollected, including penalty was ₹ 2.80 crore.

Government stated (January 2014) that divisions are being instructed to ensure proper and effective implementation of Irrigation Rules in raising demand notice to industries drawing water for industrial use.

3.1.7 Conclusion

DoWR should evolve streamlined procedure in respect of allocation and utilisation of water for irrigation, domestic purpose and industrial use. Target for providing 35 *per cent* irrigation facilities was not achieved for 152 blocks and supply of minimum drinking water was not assured in 95 urban local bodies. Failure to follow Odisha Irrigation Act 1959 and Odisha Irrigation Rules 1961 led to non collection of water rate of ₹ 9503.31 crore.

3.2 Loss of revenue due to non-recovery of royalty

Non-recovery of royalty on burrow earth led to loss of revenue of ₹ 2.53 crore

Construction of Earth Dam of Telengiri Irrigation Project was awarded (March 2005) to a contractor for ₹ 46.21 crore for completion by March 2008. In addition, 15 *per cent* towards overhead charges were to be paid to the contractor. The work was in progress with grant of extension of time up to March 2013. The contractor executed work valued at ₹ 53.70 crore (September 2013).

Agreement *inter-alia* provided for execution of 27.83 lakh cum of earth work that would be obtained from burrow area. Contractor executed 25.30 lakh cum up to September 2013.

Test check of records of Executive engineer (EE) Telengiri Head Works Division revealed (March 2013) that while recommending award of work, the Project Level Committee (PLC) clarified (December 2004) that royalty on earth obtained from burrow area for utilisation in Earth Dam would be deducted from bills. Tender Committee (TC) accepting the above views of PLC, recommended (February 2005) award of work to contractor. Proceedings of PLC and TC recommendation formed part of contract. But the royalty on earth obtained from burrow area for ₹ 2.53 crore (25.30 lakh cum x ₹ 10 per cum) was not recovered from bills of contractor though demand notice was issued (March 2008) to EE by Tahsildar, Koraput. This resulted in loss of revenue of ₹ 2.53 crore and undue benefit to the contractor.

On being pointed out Government stated (August 2013) that recovery of royalty on earth would be effected from the agency and EE recovered ₹ 3.82 lakh in September 2013.

3.3 *Extra cost due to non-finalisation of tender within the validity period*

Failure of department to accept tender within extended validity period led to extra cost of ₹ 1.29 crore

Chief Engineer and Basin Manager (CE & BM) Upper Mohanadi Basin, Burla invited (9 June 2010) bids for the work of Rehabilitation Extension and Modernisation of Gohira Irrigation Sub Project package 1 (Reach II) from RD 2,475 to 22,350 meter of Gohira Left Main Canal, with loan assistance from Asian Development Bank (ADB) at an estimated cost of ₹ 5.07 crore. In response, two bids were received. Tender was to be finalised within 120 days from the date of opening of bid i.e 8 July 2010.

Check of records of Executive Engineer, (EE) Sambalpur Irrigation Division, Burla revealed (January 2013) that during the process of technical evaluation of bids, some documents were misplaced in the Division office due to which bidders were again asked to submit documents. Engineer in Chief (Planning and Design) on receipt of information/documents submitted (2 September 2010) the tender evaluation report to Tender Committee (TC) for approval, 57 days after date of opening of tender. TC approved (31 December 2010) one technically qualified bid. Accordingly Government accorded approval (January 2011) to open financial bid of sole responsive bidder.

Financial bid was opened (18 January 2011) and Project Level Tender Committee (PLTC) recommended (March 2011) bid for ₹ 6.15 crore to Government. ADB also concurred with recommendation of PLTC on 21 March 2011. In the mean time, though bidder extended validity of his bid up to 4 April 2011, the bid could not be accepted by Government reasons for which were not on record. Thereafter, at the request of the EE for further extensions, bidder extended validity up to 4 June 2011 with a condition for payment of normal price escalation for the work to be done from start date. TC did not accept (May 2011) conditional extension and recommended cancellation of bid. Government cancelled (June 2011) the tender and invited fresh tender for the work.

Subsequently, work was split up into two reaches and fresh bids were invited (September 2011). Works were awarded (September 2012) to two contractors at a cost of ₹ 7.60 crore (₹ 4.22 crore + ₹ 3.38 crore) for completion by March 2014.

Thus, non acceptance of tender within extended period and work on retender resulted in extra cost of ₹ 1.29 crore.

Government stated (August 2013) that delay in acceptance of tender was caused in process of evaluation of technical as well as financial bids and various procedures to be followed by ADB. However, we observed that tender was valid for 120 days against 90 days prescribed in OPWD code. Moreover, bidder had extended validity of bid for another 150 days and ADB had given their clearance on 21 March 2011.

3.4 *Extra cost due to inflated estimate*

Adoption of higher cost of cement led to inflation of estimate by ₹ 4.47 crore

As per Para 3.4.2 of Odisha Public Works Department Code, estimate of work should be prepared adopting State Schedule of Rates (SoR), which stipulated that average price of cement of three manufacturing units located in the State should be adopted in the estimate.

Estimate of work of Construction of Anandpur Barrage was sanctioned (May 2008) for ₹ 206.75 crore and awarded (January 2009) for ₹ 251.54 crore (24.53 *per cent* excess over estimated cost put to tender for ₹ 202 crore) for completion by December 2011. Work could not be completed in time for which extension of time was granted up to 31 March 2014. Work was in progress and ₹ 161.32 crore was paid (April 2013) to contractor.

Check of sanctioned estimate of work revealed that 8.88 lakh quintal of cement was required for execution of 2.71 lakh cum of cement concrete. Contractor had executed 1.53 lakh cum of cement concrete upto April 2013.

EE Anandpur Barrage Division adopted ₹ 430 per quintal towards cost of cement as per the ceiling fixed by Panchayat Raj (PR) Department for the year 2008-09 for Jajpur District instead of ₹ 410 per quintal fixed by Govt. for Keonjhar District where the site of work was located. Moreover, above price ceilings were inclusive of taxes, transportation cost loading/ unloading etc, for delivery of stock at Block headquarters. Deviating from these stipulations, EE included additional cost of ₹ 30.40 per quintal towards transportation cost of cement from Jajpur Road to the work site. Thus total cost of cement adopted was ₹ 460.40 per quintal (₹ 430.00 + ₹ 30.40) as against price ceiling of ₹ 410 per quintal fixed by Government including transportation.

Adoption of higher cost of cement (₹ 50.40 per quintal) resulted in inflated estimate of ₹ 4.47 crore. This led to extension of undue benefit of ₹ 5.57 crore to the contractor taking into account the tender premium. An amount of ₹ 3.05 crore has already been passed on to contractor towards execution of 1.53 lakh cum of cement concrete upto April 2013.

Government stated (July 2013) that although SoR stipulates adoption of average factory price of three manufacturers of cement inside the State, rate of cement fixed by PR Department was adopted as the distance of work site from Jajpur Road Rail yard is less than Keonjhar Rail yard. Government further stated that tender was invited on item rate basis. Had it been a percentage rate contract it would have inflated the expenditure. The rate quoted by bidder has no relation with the rates of Department.

However, we observed that rate fixed by PR Department was inclusive of transportation cost to any site in the district and cost of cement in local market near work site at Anandpur was ₹ 390 per quintal, as adopted in estimate of a

work in another Irrigation Division at Anandpur, which was even lower than the rate fixed by PR Department for Keonjhar district.

3.5 *Loss of revenue and undue benefit to contractors*

Non deduction of royalty on burrow earth led to loss of revenue of ₹ 1.24 crore leading to extension of undue financial benefit to contractors

Government decided (February 2003) to collect royalty on earth at ₹ 10 per cum with effect from 31 August 2004 which was increased by 40 per cent from fourth year.

As per conditions of contract, contractors have to arrange burrow earth required for construction of canal embankment at their own cost and responsibility. Quoted rates included royalty payable on burrow earth since contractors were required to include all duties, taxes and other levies payable.

Check of records of Executive Engineer (EE), OECF Division No.VI, Bhuban revealed (January 2013) that two works for Construction of structured systems in command area of Loknathpur and in Raibol distributaries were awarded (April 2006/March 2007) to two contractors at a cost of ₹ 34.25 crore. Contractors were paid (January 2012/January 2011) ₹ 38.16 crore in final bill. Works involved execution of earth work in canal embankment by transportation of 9.40 lakh cum of earth from burrow area.

EEs neither recovered royalty charges of ₹ 1.24 crore nor did contractors produce documents in support of their payment to Revenue Authorities.

Chief Engineer sanctioned (May 2012) revised estimates of works including royalty charges on burrow earth as a separate item. EE submitted (May 2012) bills to Financial Advisor and Chief Accounts Officer (FA & CAO), RIP Samal for payment of royalty of ₹ 1.24 crore to concerned revenue authority on burrow earth for both works which was not paid (April 2013).

Thus, non deduction of royalty on burrow earth from bill of contractors led to loss of revenue of ₹ 1.24 crore thereby extending undue benefit to contractors.

Government stated (July 2013) that if earth extracted from Government land is utilised in construction of canal embankment used for normal agricultural operation no royalty is leviable. Further, due to non inclusion of royalty charges in sanctioned estimate and non-deduction of same from contractor's bill, there was no loss of revenue. However, contractors quoted their bid prices including all duties, taxes and levies payable by them. Moreover, royalty on burrow earth utilised on construction of canal embankments was included in estimates of other works of Department and recovered from contractors.

3.6 *Undue benefit to Contractors*

Shortfall in utilisation of usable excavated earth in formation of canal embankment led to extension of undue financial benefit of ₹ 2.05 crore

Construction of Jambhira Left Main Canal from RD 37,500 to 63,755 and RD 63,755 to 82,646 meter was awarded (January 2009) to two contractors at a

total cost of ₹ 198.98 crore for completion by January 2011. Works were in progress with sanction of extension of time (December 2012 and October 2013). Contractors executed work worth ₹ 236.65 crore (April 2013/June 2013). Agreements *inter-alia* stipulated excavation of 31.49 lakh cum earth.

The sanctioned estimate of works stipulated that 20 *per cent* of excavated earth would be utilised for formation of canal embankment. Quantity of earth required to be obtained from burrow area was derived after deducting above usable hard soil.

Test check of records of Executive Engineer (EE) Jambhira Canal Division No. II revealed (November 2012) that 28.33 lakh cum of earth was excavated in construction of canal. As stipulated, 5.67 lakh cum (20 *per cent*) of the excavated earth was to be utilised in formation of canal embankment against which only 2.20 lakh cum was utilised. As a result, additional quantity of 3.47 lakh cum earth was obtained from burrow area at a cost of ₹ 2.05 crore. Non utilisation of excavated earth and obtaining earth to that extent from burrow area resulted in extra expenditure of ₹ 2.05 crore.

On being pointed out, Government stated (September 2013) that out of excavated earth from cutting reaches, 3.47 lakh cum of earth was utilized in construction of canal embankment. However, the reply is silent as regards utilisation of balance 2.20 lakh cum of earth (5.57 lakh cum less 3.47 lakh cum).

DEPARTMENT OF AGRICULTURE (SOIL CONSERVATION WING)

3.7 Implementation of Watershed Development Programmes

3.7.1 Introduction

To overcome the problem of drought, land degradation and to improve socio economic condition of economically weaker sections, Watershed¹⁵ Development projects were taken up in the State through various centrally sponsored schemes like Drought Prone Area Programme (DPAP), Integrated Wasteland Development Programme (IWDP), Rastriya Krishi Vikas Yojana (RKVY) and Integrated Watershed Management Programme (IWMP). Besides, Macro Management of Agriculture (MMA), two sub-programmes namely National Watershed Development Programme for Rainfed Area (NWDPR) and River Valley Project (RVP) are implemented under Soil Conservation Wing. Watershed development programmes are also implemented under Jeebika and Revised Long Term Action Plan (RLTAP) for KBK¹⁶ districts.

¹⁵ Watershed is geo-hydrological unit or area that drains at common point. For every watershed a minimum of ₹ 30 lakh is spent over a period of five years.

¹⁶ KBK- (undivided three districts- Kalahandi- Bolangir and Koraput now eight districts- Kalahandi, Bolangir, Nuapada, Rayagada, Nawarangpur, Malkangiri, Subarnapur and Koraput.

Implementation of the Watershed Development programme during 2008-13 was reviewed from April to July 2013 in the offices of the Director, Soil Conservation, Director, Odisha Watershed Development Mission (OWDM), District Rural Development Agency (DRDA) and selected Project Directors of Watershed Projects, eight KBK districts (backward and tribal dominated remote areas of the State) and two other drought affected districts¹⁷. These were selected on the basis of number of watershed projects sanctioned and allocation of funds received from GoI/GoO with the objectives to assess whether the planning for watershed projects was adequate, projects were implemented with economy, efficiency and effectiveness and completed projects were handed over to Watershed Committee for maintenance.

3.7.2 Programme Planning

3.7.2.1 Planning for watersheds

Guidelines¹⁸ prescribe preparation of five year perspective plans, annual action plans and Watershed treatment plans for targeted area in accordance with nature of activities which were to be carried out on the non-agricultural land including degraded land, wasteland, Government and community land. However, it was noticed that the Department did not prepare Annual Action Plan for Watershed projects in DPAP/IWDP/RLTAP and Jeebika programmes. In IWMP and MMA, Annual Action Plans were prepared but only physical and financial targets and set of activities such as assessments of local needs, topography, hydrological profile, soil components, etc. to be carried out every year were given. However, basis for the plans and descriptions of studies to justify the selected activities of watershed were not available.

Project Implementing Agencies (PIA) were to be selected from the State Government Departments, Universities and voluntary organisations working on projects for implementing watershed development programmes. It was noticed that PIAs had only Government officials from Soil Conservation Department. In ten districts it was seen that 65 PIA out of 68 were Junior Soil Conservation Officers and each Junior Soil Conservation Officer was considered as Project Implementing Agency. Thus, participation of various groups at PIA level was virtually non-existent.

Government stated (January 2014) that action would be taken for preparation of detailed report based on pre requisite data available from different sources and for detailed survey of the area during preparation of plans and execution of watershed projects in future. As regards selection of PIAs, Government stated that it was decided to engage full time PIAs from among the junior level officers like Junior Soil Conservation officers/ Junior Engineers of Agriculture Department. Watershed Development Team (WDT) members work on contract basis with low remuneration and there is high turnover. Hence the field officials of the Department are also engaged at PIA level. However, the

¹⁷ Sundargarh and Deogarh.

¹⁸ Common guideline, Hariyali, IWDP and NWDPA.

fact remained that selection of multi disciplinary team has not been ensured for implementation of the watershed programme.

3.7.2.2 *Absence of information on water harvesting for augmenting drinking water sources*

As per the Guidelines¹⁹, the Gram Panchayat shall constitute a drinking water Committee with the help of WDT. This Committee shall oversee implementation of watershed activities related to drinking water security. Watershed Action Plan should have a separate sub category on water harvesting for augmenting drinking water source to ensure adequate drinking water security in the village. Besides, this aspect should also be reflected in the district level monitoring meetings and in quarterly progress reports submitted by the PIA. This was, however, not adhered to in any of the test checked districts. As such, planning for ensuring adequate drinking water in drought prone area was not done.

Government stated (January 2014) that reliable and periodically updated data base regarding area without drinking water facilities would be prepared for ensuring scientific planning. Government further stated that watershed development programme 2001 and Hariyali 2003 did not mandate constitution of any drinking water committees and drinking water security does not specifically come under the core objectives of the watershed development. However, the addendum to the Guidelines for Hariyali 2003 issued in November 2004 stipulates that the Gram Panchayat should constitute a Drinking Water Committee with the help of WDT to ensure drinking water security under watershed development activities.

3.7.2.3 *Selection of watershed projects*

Selection of Agricultural Land

As per the DPAP/IWDP guidelines, the main criteria for selection of watershed projects were utilisation of non- forest waste lands/degraded lands and common lands.

It was noticed that an area of 4.19 lakh ha land was selected for treatment in ten test checked districts at a cost of ₹ 256.63 crore by the Project Directors (PDs) which comprised 2.39 lakh ha (57 *per cent*) of agricultural land ineligible under the guidelines. Out of ₹ 234.86 crore spent for treatment of 3.84 lakh ha during 2000-13, ₹ 138.15 crore (59 *per cent*) were spent on ineligible land of 2.26 lakh ha (**Appendix-3.7.1 & 3.7.2**).

Government stated (January 2014) that most of the un-bunded agriculture land of a typical watershed are also degraded in nature which were taken up for

¹⁹ Addendum to Hariyali guideline 2003.

treatment. However, 7.07 lakh ha²⁰ of waste lands were available in the districts concerned as per Wasteland Atlas of India.

Size of Watershed

As per guidelines²¹, recommended size of watershed was 500 ha. It would facilitate effective supervision and development in a time frame of five years.

In ten test checked districts, against the prescribed norm of 500 ha per watershed, 556 over sized watersheds ranging from 502 to 1618 ha were taken up for treatment at a cost of ₹ 443.71 crore involving additional cost of ₹ 163.33 crore as given below:

Table-No.3.1 Statement showing selection of over sized watersheds
(Area in hectare/ ₹ in crore)

Name of the scheme	No of oversized watersheds	Project cost	Range between	Extra cost
IWMP	381	371.37	515 to 1618	135.27
DPAP	125	53.29	502 to 1033	16.69
IWDP	37	15.66	510 to 1106	10.90
NWDPR	13	3.39	521 to 782	0.47
Total	556	443.71		163.33

(Source: - Data furnished by PDs)

Government stated (January 2014) that attempts would be made to change the prescribed optimum size of 500 ha to the largest watershed or to instruct the implementing officers to maintain/restrict the treatable area to 500 ha as per prevailing guidelines.

Village Level Participation

As per the Guidelines²², selection of villages shall be made where people's participation is assured through voluntary donations/ contributions in terms of labour, raw materials, cash, etc for development activities as well as for the operation and maintenance of the assets created. The Gram Panchayat must resolve that village community/Panchayat is willing to take over, operate and maintain physical assets that will be created as a part of the watershed development project. Formation of User Group should be completed within six to eight months from the date of sanction of the project.

It was noticed that in two districts (Bolangir and Subarnapur), seven²³ out of 285 projects were sanctioned for ₹ 2.36 crore under RLTA/DPAP/IWDP for an area of 3624 ha. The above projects had not commenced within the project period during 2005-13 (five due to non formation of the watershed committee, one was handed over to a private firm and one matter is subjudice).

²⁰ Koraput- 121285 ha, Malkangiri- 128079 ha, Nawarangpur- 85637 ha, Nuapada- 51748 ha, Rayagada- 67920 ha, Sonepur- 27395 ha, Sundargarh- 52624 ha, Bolangir- 54028 ha, Deogarh- 29884 ha, Kalahandi- 88843 ha.

²¹ Revised guideline 2011 and NWDPR.

²² Revised guideline 2001 and Common guideline.

²³ Bolangir- Sargul, Kukudahad, Buromal, Mahada Sargumunda under DPAP, Manhira under IWDP, Budhanagar under RLTA, Subarnapur- Jambeswar Tentuli Mahada.

Consequently ₹ 0.43 crore spent on these projects for preliminary works were rendered wasteful. Moreover, the unspent balance of ₹ 12.25 lakh²⁴ was also not refunded (June 2013) to GoI/GoO.

Government in January 2014 noted the observation for future guidance and stated that the watershed projects in Bolangir and Subarnapur districts were closed and refund of money along with the audited statement of accounts was under process.

3.7.3 *Programme Implementation*

3.7.3.1 *Physical achievements*

As per Hariyali guideline, watershed projects are to be completed within a period of five years from the date of sanction of project by GoI. Status of watershed projects sanctioned, completed or ongoing and extent of land treated under different schemes is given in **Appendix-3.7.3**. It was noticed that:

- After seven to 10 years of commencement of DPAP and IWDP programme, 17 *per cent* projects were not completed. Although 96 *per cent* of funds were spent, area treated was 83 *per cent*.
- After five years of commencement of RLTA programme, 18 *per cent* projects were not completed and 80 *per cent* of funds was spent.
- Under the scheme Jeebika, out of ₹ 69.26 crore received from GoO to enhance livelihood needs of landless and marginal households ₹ 50.57 crore (73 *per cent*) was spent (March 2013).
- Funds received from GoI and GoO under IWMP for execution of preparatory works to be completed within two years were not completed even after three years of commencement.

Government stated (January 2014) that funds were allocated based on the total treatable area and expenditure undertaken under different components like administration, community organisation, training, livelihoods and works etc. Expenditure is not done simultaneously on all components. So overall expenditure incurred may not be in proportion to total area treated for a particular period. Government further stated that unspent amount under Jeebika is scheduled to be spent during 2013-14.

However, as the projects were to be completed within five years, targeted treatable areas were calculated taking into account proportionate expenditure *vis-a-vis* the project period. Moreover, none of the projects was completed within the targeted project period. As regards IWMP, the preparatory phase is still continuing even after completion of three years of sanction.

²⁴ Jambeswar MWS, Tentuli Mahada Watershed of Subarnapur district – Out of fund provided ₹ 25.50 lakh upto November 2009, there was unspent balance of ₹ 12.25 lakh as of March 2013 due to subjudice.

- After six to nine years of commencement of RVP and NWDPRAs programmes, 33 per cent projects were not completed even though 99 per cent of funds were spent.

Government stated (January 2014) that targeted treatable area under the scheme could not be achieved due to non release of adequate funds by GoI. However, we observed that non submission of utilisation certificates was the reason for lack of adequate release.

3.7.3.2 Non adoption of ridge to valley strategy

As per Guidelines²⁵, while implementing the project in the first year, ridge to valley strategy was to be ensured and soil conservation works were to be carried out in the upper reaches of watersheds. In the second and third years, water conservation works and other activities were to be carried out in lower reaches.

By completing watershed in the upper reaches, soil erosion is avoided by preventing silting in lower reaches. It was, however, noticed that in 77 out of 1162 watersheds in five²⁶ districts, ridge to valley strategy was not followed and in the first year works were executed in lower reaches.

Government stated (January 2014) that all executing agencies would be instructed to adopt the ridge to valley strategy meticulously as per prevailing guidelines during execution of watershed development projects in future. The reply is, however, silent regarding violation of guidelines in implementation of watershed projects during the period of audit.

3.7.3.3 Use of machines

Programme envisages creating sustainable employment opportunities for rural community. It further stipulates that, there would be a large concentration on labour intensive works and the process would be synergized with employment generating programmes in watershed projects. Costly masonry, cement works and use of machinery should be discouraged and willingness of the people is to be ensured to implement the project by themselves without any contractor.

Earth work in farm ponds, water harvesting structures, contour bunding worth ₹ 1.89 crore²⁷ were, however, executed by deploying machinery (JCB/tractor) in violation of the Guidelines²⁸ of the programmes in 41 watershed of five districts.

Government stated (January 2014) that instructions would be issued to all field functionaries executing watershed projects not to execute earth work by deploying machinery.

²⁵ Common guideline, RVP, NWDPRAs.

²⁶ Koraput 36 out of 187, Kalahandi 6 out of 386, Nuapada 3 out of 278, Rayagada 15 out of 187 and Malkangiri 17 out of 124 watersheds.

²⁷ Bolangir ₹ 0.91 crore, Nuapada- ₹ 0.07 crore, Bhawanipatana ₹ 0.26 crore, Deogarh ₹ 0.48 crore and Sundargarh ₹ 0.17 crore.

²⁸ Common guideline, Hariyali guideline and NWDPRAs.

3.7.3.4 *Loss of Central Assistance*

As per provisions of sanction order for watershed project, grants received from GoI should be utilised within the same financial year and the utilisation certificates (UCs) should be submitted to the sanctioning authority by 1 July of the succeeding financial year.

Funds were placed by the GoI directly with the DRDAs/PDs in five installments within the project period of five years. From the second installment onwards, GoI was to release funds on receipt of audited statement of accounts for the previous year, satisfactory progress of the project and submission of utilisation certificates at least for 50 *per cent* of funds released earlier.

It was noticed that GoI sanctioned (2003-07) 1515 watershed projects covering total treatable area of 7.83 lakh hectare at a cost of ₹ 517.91 crore (Centre share ₹ 440.65 crore + State share ₹ 77.26 crore) for completion by 2012-13 (**Appendix- 3.7.4**). Of the above sanctioned amount, ₹ 422.36 crore was released between 2003-04 and 2012-13 by GoI/GoO (Central share ₹ 358.11 crore + State share ₹ 64.25 crore) against which ₹ 407.31 crore was utilised during 2003-04 to 2012-13 for treatment of 6.27 lakh hectares (80 *per cent*). Due to slow progress in implementation of the programmes, non utilisation of earmarked funds for each year as well as non submission of the UCs in time for release of further installment, GoI did not release balance central share for the schemes.

Thus, GoI assistance worth of ₹ 82.54 crore could not be availed due to slow progress on implementation of the schemes resulting in non completion of project and non achievement of the objective in full.

Government stated (January 2014) that the second installment of central share were released at the fag end of the financial year resulting in low pace of expenditure against target. Government further stated that untreated areas under IWDP and DPAP were to be taken up under IWMP with a better cost norm of ₹ 0.12 lakh - ₹ 0.15 lakh per ha. However, projects commenced during 2000-01, 2002-05 and 2006-07 also remained incomplete as of December 2013.

3.7.3.5 *Low survival of plants*

As per the NWDPR guideline, more than 60 *per cent* of new plants planted in common land and private land are to be surveyed at the end of project period to assess success of the project. Government fixed (November 2007) minimum survival of 50 *per cent* of plants based on soil and climatic conditions, actual survival below this benchmark would be deemed unsuccessful afforestation.

It was noticed (June 2013) that 85 watershed committees²⁹ in six districts undertook plantation at a cost of ₹ 1.31 crore between 2006-07 and 2012-13. Survival was below the prescribed 50 *per cent* in 85 watersheds due to lack of

²⁹ Kalahandi -33, Koraput -12, Deogarh- 3, Sundargarh -13, Malkangiri -23, Nuapada -1.

care by the beneficiaries, watch and ward problem and soil condition of different areas which was not suitable for cashew/mango plantation. This indicated that site selection was not proper and lead to low survival of plants. Thus, ₹ 56 lakh incurred on them proved wasteful.

Government stated (January 2014) that instructions would be issued to field functionaries to select correct species for different category of soils in the watersheds to avoid mortality in the plantation area.

3.7.3.6 Loans to Self Help Group (SHGs)

As per the guidelines³⁰, PIA will set up a Revolving Fund (RF) of not exceeding ₹ one lakh per watershed to be given to SHGs for vocational development (not exceeding ₹ 0.50 lakh per SHG) for undertaking income generating activities which are to be recovered within one year and could be reinvested in the same or other SHGs.

Test check of records in ten districts revealed that ₹ 5.34 crore was provided to 2365 SHGs in 408 watershed projects during 2004-2012. Out of this ₹ 4.82 crore³¹ (90 per cent) remained unrecovered (March 2013) from members of SHGs in completed / ongoing projects.

Government stated (January 2014) that district authorities are being instructed to recover the outstanding revolving fund.

3.7.3.7 Non realisation of contribution to Watershed Development Fund

One of the mandatory conditions for selection of villages in Watershed Development Programmes is people's contribution towards Watershed Development fund (WDF). Contribution to WDF should be minimum 10 per cent of cost of works executed on individual lands and in case of SC/ST, contribution should be five per cent. Works taken up for individual benefits should not be eligible for repair/ maintenance out of this fund.

It was noticed that works for watershed activities were executed for ₹ 6.76 crore during 2011-12 in 88 watersheds on private lands. Against ₹ 35 lakh to be received as contribution towards WDF fund, ₹ 10 lakh only was received from the farmers resulting in less recovery of ₹ 25 lakh³².

Government stated (January 2014) that wherever there was a shortfall in deposit of WDF, efforts would be made to deposit/collect the same.

³⁰ Common guideline, Hariyali guideline, JIBIKA and NWDPR.

³¹ Nawarangpur- ₹ 0.49 crore, Koraput- ₹ 1.25 crore, Subarnapur- ₹ 0.33 crore, Deogarh- ₹ 0.11 crore, Bolangir- ₹ 0.56 crore, Bhawanipatana- ₹ 0.84 crore, Nuapada- ₹ 0.32 crore, Rayagada- ₹ 0.63 crore, Sundargarh- ₹ 0.05 crore, and Malkangiri- ₹ 0.21 crore.

³² Bolangir ₹ 18 lakh, Kalahandi ₹ 0.89 lakh, Nawarangpur- ₹ 0.41 lakh and Koraput- ₹ 6 lakh.

3.7.3.8 *Community mobilisation and people's participation*

As per guidelines³³, community and orientation training on watershed project management were to be imparted to all the functionaries including elected representatives at the district, block and village level before they assumed their responsibilities. Further, guidelines provided involvement of community organisations who were accountable to Gram Sabhas in project activities. Gram Sabha would constitute the watershed committee to implement watershed projects with technical support of WDT in the village.

It was noticed that PIA, Kundra spent ₹ 1.46 crore in five watersheds during 2009-13 without conducting any community mobilisation and training programme. No watershed committees were formed in nine watersheds under RVP programme while executing project works worth ₹ 5.58 crore during 2007-13 by PD, Watersheds, Deogarh.

Government stated (January 2014) that some of the training programmes had been conducted in Kundra block, remaining capacity building calendar for the said block was approved by the district and the PIA was instructed to complete the same immediately. Government stated that PD, Deogarh would be asked to intimate reason for deviations in executing watershed projects under RVP and in case of serious lapses if detected, the PD would be held liable.

3.7.3.9 *Surplus Fund*

As per the Guidelines³⁴, savings, if any in each component of the project can be utilised for activity in watershed works only.

It was noticed that out of unutilised training fund of ₹ 80 lakh in respect of NWDPR, ₹ 6.44 lakh was spent on repair of vehicles, purchase of stationeries, payment of house rent, repair and remodeling of office and training hall etc. by Assistant Soil Conservation Officer (ASCO), Jeypore and balance fund were kept in Personal Ledger Account (PL) of Director Soil Conservation.

Government stated (January 2014) that expenditure of ₹ 6.44 lakh made out of unutilised training fund and refund of unspent amount details are awaited from ASCO, Jeypore for scrutiny by the department.

3.7.3.10 *Approval of Work*

As per the sanction order, scheme should be implemented/ executed on the basis of Guidelines and works plan macro-management mode, soil conservation activities and expenditure on individual construction works/ activities should be approved by competent authority.

It was noticed that the ASCO, Deogarh constructed portico and stair case at Bargarh along with other improvement works to his Office building at Deogarh with an expenditure of ₹ 18.60 lakh diverting RVP scheme fund

³³ Hariyali and RVP guidelines.

³⁴ NWDPR and Common guidelines.

which did not support any soil conservation activities without obtaining approval from competent authority.

Government stated (January 2014) that the Project Director, Watersheds, Deogarh would be asked to intimate the reason for such spending and compliance would be submitted after receipt of reply from the ASCO, Deogarh.

3.7.3.11 Non functioning of Sediment Monitoring Stations

With a view to measuring the hydrological and sediment response of the watershed during the period of seven years, selection of at least one out of five watersheds is required for establishment of Sediment Monitoring Stations (SMS).

It was noticed that 13 SMS installed at a cost of ₹ nine lakh during 2004-10 were defunct (September 2010) rendering measurement of hydrologic and sediment response of the watersheds unfeasible.

Government stated (January 2014) that respective PDs, would be asked to submit present status of Silt Monitoring Stations.

3.7.3.12 Non transfer of Assets to Watershed Committees

As per the guidelines³⁵, assets created in completed watershed projects were to be handed over to the Watershed Committees. Their operation and maintenance were to be done with Watershed Development Funds (WDF). Physical assets created under the projects and other records are also to be maintained by the committees.

It was noticed that assets created for 1071 watersheds³⁶ (2003-13) at a cost of ₹ 332.88 crore in ten districts, as of March 2013, were not transferred to Watershed Committees. Thus, due to non transfer of the assets to WCs, maintenance of assets was not assured. Though project period for the above watershed projects was over since March 2013, no PCRs were submitted for final evaluation of the projects.

Government stated (January 2014) that the concerned Project Directors, Watersheds would be instructed to hand over the assets to the respective watershed committees for maintenance and submission of Project completion reports.

³⁵ Post Project Management guideline for watershed, Hariyali guideline, NWDPRAs and Common guidelines.

³⁶ Subarnapur- IWDP-10, NWDPRAs-4, RLTA-12, DPAP-37, Sundargarh- IWDP-30, NWDPRAs-17, RVP-9, Malkangiri- IWDP-40, NWDPRAs-6, RLTA-25, Bolangir- RLTA-28, DPAP-72, IWDP-20, Koraput- IWDP-30, NWDPRAs-11, RLTA-35, RVP-9, Rayagada- IWDP-62, NWDPRAs-8, RLTA-20, Nuapada- DPAP-142, RLTA-10, NWDPRAs-6, Kalahandi- DPAP-271, IWDP-12, RLTA-10, Nawarangpur- IWDP-62, NWDPRAs-10, RLTA- 25 and Deogarh- IWDP-26, NWDPRAs-3, RVP-9 watersheds

3.7.4 *Financial management*

3.7.4.1 *Funding for the projects*

All the programmes are centrally sponsored on cost sharing basis between the Government of India (GoI) and State Government. Cost per hectare for development of watershed and cost sharing between GoI and GoO are given below:

Table No.3.2 *Funding pattern and cost norms for watershed projects*

Name of the scheme	Cost sharing between GoI and GoO	Cost norm per hectare
DPAP	75:25	₹ 6000
IWDP	11:1	₹ 6000
IWMP	90:10	₹ 12000
NWDPRA	90:10	₹ 12000
RVP	90:10	₹ 12000
RLTAP	100(State share)	₹ 9500
Jeebika	100 (State share)	₹ 3500

(Source- As per sanction orders)

GoI and State Government release shares to District Rural Development Agencies (DRDAs) who in turn release funds to PIAs and WCs. WCs and PIAs submit monthly report on physical and financial progress to DRDAs/PD Watersheds. DRDAs/PD Watersheds submit their annual accounts along with utilisation certificates (UCs) to GoI.

Total expenditure incurred on watershed projects was ₹ 645.68 crore during 2008-13. Programme wise and year wise breakup of amounts released by GoI, State Government and expenditure incurred during 2008-13 in the State are given in **Appendix-3.7.5**.

3.7.4.2 *Inordinate delay in release of fund*

As envisaged in the sanction order and in Guidelines, funds were to be released by DRDAs / PD, Watersheds to PIA and WC within 15 days from the date of its receipt.

It was noticed that ₹ 232.14 crore out of ₹ 273.77 crore (85 *per cent*) was released by Director OWDM after delays ranging from 18 days to 16 months to DRDAs/PD Watersheds and PD Watersheds also released funds to PIAs/ Watershed Committees with delays ranging from 16 days to 32 months during 2008-13. This led to delay in utilisation of funds and delay in submission of proposal for release of next installment and ultimately delayed completion of watershed projects.

Government stated (January 2014) that it has been decided to opt for Central Plan Funds Monitoring System for monitoring fund flow which would be implemented from April 2014.

3.7.4.3 Issue of improper utilisation certificates

Director, Soil Conservation submitted UCs to GoI for ₹ 53.89 crore during 2002-07 and for ₹ 63.75 crore during 2007-12 under NWDPRP programme and ₹ 15.88 crore for RVP programmes. These UCs included ₹ 2.31 crore³⁷ lying unutilised in the PL Account of Director, Soil Conservation and in bank account of five Project Directors (March 2013).

Government stated (January 2014) that instructions would be issued to all defaulting PDs for immediate utilisation of the fund lying in the bank account and to return the unspent balance available with Director, Soil conservation.

3.7.4.4 Pending utilisation certificate

It was noticed that UCs for ₹ 1.13 crore of RVP scheme were pending due to non utilisation of funds by the Forest Department (July 2013).

In addition to above position of submission of UCs in respect of other schemes is as under:

Table No.3.3 Showing pending utilisation certificates

(₹ in crore)

Sl. No	Name of the scheme	Period	Amount received	UC already submitted	UC Pending	Percentage of pending UCs
1	DPAP (6 th to 12 th batch)	2000-13	153.84	129.12	24.72 ³⁸	16
2	IWDP (II to V batch)	2006-13	87.37	71.16	16.21 ³⁹	19
3	RLTAP	2008-13	72.62	42.29	30.33 ⁴⁰	42
4	Jeebika	2007-13	31.68	3.66	28.02 ⁴¹	88
	Total		345.51	246.23	99.28	

(Source- As per the MPRs of the Project Directors)

It was noticed from the above table that in 10 test checked districts UCs for ₹ 99.28 crore were pending for schemes other than RVP (March 2013).

Government accepted (January 2014) the factual position but did not indicate any action for submission of UCs.

³⁷ Director Soil Conservation-NWDPRP ₹ 0.75 crore, RVP ₹ 0.04 crore, PD, Koraput-NWDPRP ₹ 0.09 crore, RVP-01 crore, Nawarangpur- NWDPRP ₹ 0.46 crore, Deogarh-NWDPRP ₹ 0.07 crore, RVP ₹ 0.59 crore, Sundargarh –NWDPRP ₹ 0.13 crore, RVP ₹ 0.13 crore and Rayagada – NWDPRP ₹ 0.04 crore.

³⁸ DPAP –Bhawanipatana ₹ 8.96 crore, Nuapada ₹ 5.10 crore, Subarnapur ₹ 2.40 crore and Bolangir ₹ 8.26 crore.

³⁹ IWDP- Bhawanipatana ₹ 0.35 crore, Sundargarh ₹ 1.34 crore, Deogarh ₹ 0.18 crore, Koraput ₹ 0.97 crore, Malkangiri ₹ 3.78 crore, Nawarangpur ₹ 0.89 crore, Rayagada ₹ 6.16 crore, Subarnapur ₹ 0.43 crore and Bolangir ₹ 2.11 crore.

⁴⁰ RLTAP- Bhawanipatana ₹ 1.59 crore, Koraput ₹ 5.34 crore, Malkangiri ₹ 11.88 crore, Nawarangpur ₹ 4.10 crore, Nuapada ₹ 2.09 crore, Rayagada ₹ 1.69 crore, Subarnapur ₹ 2.68 crore and Bolangir ₹ 0.96 crore.

⁴¹ Jeebika- Koraput ₹ 1.85 crore, Malkangiri ₹ 5.26 crore, Nawarangpur ₹ 13.04 crore and Rayagada ₹ 7.87 crore.

3.7.4.5 *Non refund of unspent balance*

As per order of GoI (July 2011), Pre-Hariyali (DPAP/IWDP), Hariyali (DPAP/IWDP) projects were to be completed by March and December 2012 respectively. As the project period of these programmes was over between March 2012 and December 2012, unspent balances were to be refunded.

Unspent balance of ₹ 52.76 crore (March 2013) pertaining to 1862 projects⁴² was not refunded to GoI and State Government.

Government stated (January 2014) that the process of refunding unspent balance was in progress.

3.7.4.6 *Irregularities in Fund Management*

A complaint was lodged (January 2013) by one PIA⁴³ alleging misuse of funds amounting to ₹ 15.22 lakh. Of these ₹ 10.30 lakh⁴⁴ pertained to premature drawal of funds, ₹ 4.91 lakh⁴⁵ related to drawals without knowledge of authorised persons.

Similarly, three PDs⁴⁶ issued advance of ₹ three crore to different field staff for implementation of the schemes during 1990 to 2009 and those remained unadjusted for over two years.

Government stated (January 2014) that the concerned PD, Watersheds were asked to explain reason of such lapses and action would be taken against the defaulting officers for recovery of the unadjusted advances. As regards premature drawal, Government stated that the matter was under investigation by the Bank Authority.

3.7.5 *Monitoring and Evaluation*

Implementation of watershed programmes was to be monitored at the State, District and Project level. Data of physical and financial achievements of watershed programmes reported through Monthly Progress Reports (MPRs) prepared by the Project Directors indicates the scheme wise physical and financial progress for the month and also the cumulative progress but does not show watershed wise progress nor bottlenecks in execution of watersheds. For assessing the impact of completed watersheds, reliable and periodical data regarding ground water level, changes in crop pattern, reduction in waste land/pasture land need to be maintained. No such data were available with Project Directors and hence evaluation of watershed programmes could not be done

⁴² DPAP (635) ₹ 6.92 crore, IWDP (617) ₹ 12.46 crore, RLTA (150) ₹ 14.39 crore and Jeebika (460) ₹ 18.98 crore, interest on DPAP and IWDP (OWDM cash book) ₹ 0.0063 crore and ₹ 0.0049 crore respectively.

⁴³ PIA- Thuamul Rampur-II, Kalahandi.

⁴⁴ Dingirichuan Jharan, Kodabeda nala, Bagdomala, Chingdajharan and Jhankarnala MWS of Thuamul Rampur-II, Kalahandi district.

⁴⁵ Dingirichuan Jharan, Kadobeda nala, Jhankarnala and Dungirjharan MWS of Th.Rampur-II, Kalahandi.

⁴⁶ PD Bolangir ₹ 0.08 crore, Kalahandi ₹ 0.13 crore and Rayagada ₹ 2.79 crore.

effectively. Thus, monitoring of projects both at district level and State level was not effective.

Government stated (January 2014) that field functionaries would be instructed to evaluate the impact of completed watersheds, reliable and periodical data regarding ground water level, change in cropping programme, reduction in waste land /pasture land regularly during execution of watershed projects in future in any scheme and also for the ongoing watershed projects.

3.7.6 Conclusion

Audit of Watershed Development project, taken up through various Centrally Sponsored/State Plan Schemes, revealed that ridge to valley strategy was not adopted in some projects and selection of project plan was made in ineligible land. Due to inadequate provision of funds, there was slow progress in project implementation and the watersheds remained incomplete.

Scheme funds were released to the Watershed Committees (WCs) with delay ranging from 16 days to 32 months. There was loss of central assistance of ₹ 82.54 crore due to slow progress in implementation of programmes. None of the completed projects was handed over to WCs for maintenance. Total unproductive and avoidable expenditure on implementation of the projects was ₹ 394.56 crore.

3.8 Procurement and supply of Agricultural implements and equipment

Government of Odisha, State Agriculture Policy 2008 declared that farm mechanisation would be promoted by ensuring easy availability of appropriate farm machinery at substantially subsidised rates. Subsidy for Farm Mechanisation is paid from the funds received under State Plan, Work Plan (Centrally Sponsored Schemes) and Rashtriya Krishi Vikash Yojana (RKVY), a scheme with 100 *per cent* assistance from Government of India. Scrutiny of the scheme revealed following deficiencies.

3.8.1 Incorrect Subsidy

State Level Technical Committee insisted (December 2008) that manufacturers of hydraulic trailers should attach certificate from Government approved weigh bridge along with signature of the beneficiary on it so as to authenticate weight of trailers while selling the equipment under the subsidy scheme since weight is a major factor *inter-alia* in pricing hydraulic trailers. It was also stipulated in the proceedings of SLTC that subsidy claim without weigh bridge certificate and signature of the beneficiary shall not be eligible for subsidy. It was noticed that in 113 cases of subsidy claim for hydraulic trailers, weigh bridge certificates were not available and in 24 cases signatures of the beneficiaries were not available.

Government stated (January 2014) that the trailers were supplied as per immediate demand of farmers and omission was not intentional.

3.8.2 *Low Coverage for beneficiaries*

As per GoI guidelines on farm mechanisation, State Government should ensure that 16 *per cent* beneficiaries belong to SC category, eight *per cent* to ST category and 30 *per cent* to women farmers. It was noticed that in respect of release of subsidy to women farmer beneficiaries, data from 2008-09 to 2010-11 were not maintained by DAFP. During 2011-12 and 2012-13, women beneficiaries covered were only five and six *per cent* respectively. The percentage of SC beneficiaries fell short of the target by eight *per cent* and women farmer beneficiaries by 25 and 24 *per cent* for 2011-12 and 2012-13 respectively.

Government stated (January 2014) that women beneficiaries could not avail bank loan by mortgaging the land since land records were in the name of male member. Similarly, SC & ST beneficiaries could not provide adequate security to obtain loan from bank.

3.8.3 *Idle Funds*

Agricultural Promotion Investment Corporation Limited (APICOL) and Bank after receipt of subsidy claims from District Agricultural Officer would release subsidy directly to the suppliers. It was noticed that subsidy amounting to ₹ 10.71 crore and ₹ 48.98 crore remained unutilised in APICOL and bank respectively (March 2013).

Government stated (January 2014) that final subsidy would be released after completing the required process.

3.8.4 *Utilisation Certificate on unspent amount*

Agriculture Department after receipt of funds, releases subsidy to the implementing agencies under various schemes. It was noticed that funds once released were treated as utilised by the department in most cases. On comparing expenditure reported with Utilisation Certificates (UCs) received by Director of Agriculture and Food Production (DAFP) from Agricultural Promotion Investment Corporation of Odisha Limited (APICOL) and other district Agriculture Officers, it was noticed that ₹ 143.80 crore remained unspent (March 2013) which was shown as spent in the reports sent to GoI. No specific reply was received from Government on inconsistent reporting.

3.8.5 *Non submission of utilisation certificate*

Implementing agencies were to submit Utilisation Certificates (UC) to the department after payment of subsidies. Status of utilisation of fund and submission of UCs are as under:

- i. APICOL and Bank (Bank of India) had received ₹ 575.75 crore but released only ₹ 209.75 crore (36 *per cent*) during the year 2008-09 to 2012-13 and submitted UCs to the department. Balance amount remain unspent (March 2013).

- ii. It was also noticed that UCs were pending for ₹229.19 crore (81 *per cent*) under State Plan. Under Work Plan, out of ₹ 63.34 crore released, UCs were pending for ₹ 26.32 crore (45 *per cent*). Under RKVY, out of ₹ 252.44 crore released, UCs for ₹ 117.48 crore (48 *per cent*) were pending.
- iii. District offices in Agriculture Department received ₹ 32.42 crore and released only ₹ 2.57 crore during the period 2008-13. Balance amount of ₹29.85 crore remained unspent (March 2013).

Government stated (January 2014) that steps are being taken to collect UCs from APICOL, Bank and other offices.

3.8.6 Monitoring and Evaluation

Guidelines stipulated that beneficiaries shall give an undertaking that they will not dispose off the machinery within two to three years. The department should conduct periodical verification to assess that the machinery is not disposed off. It was, however, noticed that no such verification was conducted during 2008-13 to ensure that the machinery is actually available with the beneficiaries.

Government stated (January 2014) that this was due to shortage of staff at different levels.

FOREST AND ENVIRONMENT DEPARTMENT

3.9 Avoidable expenditure due to non execution of work departmentally

Non-execution of desiltation work departmentally and non utilisation of departmental Dredger led to avoidable expenditure of ₹ 1.62 crore

Desiltation works of Chilika lake through dredging is a continuous process to maintain water exchange and salinity gradient. Dredging at different sites are conducted by Chilika Development Authority (CDA) out of funds provided under 12th Finance Commission operative during 2006-10. Different dredging/desiltation contracts were awarded between December 2006 and May 2009 to a contractor at a cost of ₹ 12.78 crore for dredging of 16.95 lakh cum using dredgers of CDA in three contracts and by hired dredger in one contract. CDA owns two dredgers alongwith pipelines. Analysis of rate for dredging work showed that it included 10 *per cent* towards profit to contractors.

Test check of records revealed that the contracts included ₹ 1.16 crore (12.78*10/110) towards contractors profit. This could have been avoided, had the work been executed departmentally. It was also noticed that the dredging of Palur canal was done between December 2008 and August 2009 utilising contractors dredger and ₹ 1.02 crore was paid though one out of two dredgers owned by CDA was available for utilisation. Non utilisation of dredgers of

CDA involved avoidable hire charges of ₹ 0.46 crore. Thus, the total avoidable expenditure was ₹ 1.62 crore.

Government stated (June/July 2013) that dredging is a highly specialised job for which specialised workforce and skilled personnel having 10 to 15 years experience is needed. Since dredging is periodic work long term action plan for executing the dredging work departmentally would have saved 10 per cent towards contractor's profit and hire charges of dredgers.

3.10 *Non realisation of Net Present Value*

Non-realisation of Net Present Value of ₹ 24.77 crore for diversion of forest land

Under the provisions of Forest (Conservation) Act, 1980 read with the orders (September 2003) of Ministry of Environment and Forest (MoEF), Forest Land may be diverted for non-forestry purposes to the user agencies on payment of Net Present Value (NPV) of forest land before final (Stage-II) approval was accorded by the MoEF. Further as per the circular issued (May 2010) by the Principal Chief Conservator of Forest, Odisha, NPV is to be charged for the entire forest area included in Mining lease irrespective of area approved under FC Act 1980.

Test check of records in 11 Forest divisions⁴⁷ revealed (January to March 2013) that the MoEF has accorded (November 2002 to April 2009) approval of 1348 hectare (ha) of forest land in favour of ten user Agencies for non-forestry purposes for which ₹ 97.80 crore towards NPV was due for realisation at revised rates. However, only ₹ 73.04 crore was realised from the user agencies. Balance amount of ₹ 24.77 crore was neither realised nor was project approval cancelled despite passage of four to 11 years.

Government stated (February 2014) that out of ₹ 24.77 crore, a sum of ₹ 2.44 crore has already been deposited by one user agency. In remaining 10 cases, defaulting user agencies are being pursued by the concerned DFOs and Department for early deposit of the NPV of ₹ 22.33 crore. Government further stated that steps will be taken against the defaulting user agencies in case of further delay in depositing NPV.

WORKS DEPARTMENT

3.11 *Project on South-North Road Corridor*

3.11.1 *Introduction*

Roads play a vital role in the transport system as the rail net work is not capable of meeting the overall State's requirement for freight and passenger

⁴⁷ Athagarh, Rayagada, Kalahandi (south), Bolangir, Nawarangpur, Rourkela, Deogarh, Baripada, Keonjhar, Rajnagar (WL) and Angul.

traffic. Development of South-North Corridor (Part of Vijayawada Ranchi route) connecting Motu-Malkangiri (Border of Andhra Pradesh) to the border of Jharkhand was taken up from 2007-08 with the objective of socio economic development of the tribal areas and to combat extremism in the bordering districts of Odisha.

Works Department is responsible for implementation of the project. Records/data for five years (2008-13) maintained by the Works Department, Engineer-in Chief (Civil), CE office and in selected ten divisional offices⁴⁸ were test checked during April to July 2013 to assess economy, efficiency and effectiveness in implementation of the project.

3.11.2 Project planning

Vijayawada to Ranchi route starts in Andhra Pradesh (236 km), passes through Odisha (1219 km) and ends in Jharkhand (177 km). Odisha portion of roads comprises 239.30 km of National Highway (NH) and 979.70 km of State Highway /Major District Roads /Other District Roads /Village Roads.

GoI approved (October 2010) development of 600 km out of the 979.70 km of the route in Odisha by March 2014 at a likely cost of ₹ 1200 crore. The State Government took up (2007-12) development of 280.05 km of the route in different stretches for ₹ 570.92 crore under various plan schemes which were scheduled for completion by March 2014. Balance 60 km was proposed for improvement with World Bank Assistance/GoI allocation scheduled for completion by March 2014.

Broad objectives of the project were to reduce road distance, vehicle operating cost, travel time, road maintenance cost for free flow of trade and commerce and to generate employment and bridge the communication gap between people and Government. The route was also to provide an efficient road network to combat extremism in the bordering tribal districts⁴⁹ of State.

3.11.3 Project implementation

3.11.3.1 Lack of integrated plan for development of the route

Projects were approved under different schemes⁵⁰ for development of various stretches of roads. Road stretches were taken up for improvement in a fragmented manner on individual merit for development with available resources as shown in **Appendix-3.11.1**. The overall completion status of the projects is shown in **Appendix-3.11.2**.

⁴⁸ Rairangpur, Keonjhar, Sambalpur, Phulbani, Ganjam I, Bhanjanagar, Rayagada, Koraput, Jeypore, and Malkangiri (R&B) Divisions.

⁴⁹ Malkangiri, Koraput, Rayagada, Gajapati, Ganjam, Kandhamal, Boudh, Sambalpur, Angul, Deogarh, Keonjhar and Mayurbhanj.

⁵⁰ Additional Central Assistance (ACA), Central Road Fund (CRF), Planning Commission Allocation (PCA), State Plan (SP), Special Area Rural Connectivity Allocation (SARCA), Ministry of Road Transport and Highways (MoRT&H) and Left Wing Extremist (LWE).

The overall achievement in development of the route upto 2007-13 was 50 *per cent* in terms of projects (17 out of 34 projects) and 33 *per cent* in terms of length of roads (302.78 out of 920 km). Shortfall in achievement was mainly due to default in execution by the contractors. Ten projects sanctioned by MoRT&H for ₹ 1194.98 crore for development of 639.95 km targeting completion by March 2014 progressed only 53.11 km (eight *per cent*) and none of them was completed (June 2013). Four⁵¹ of them stipulated to improve 304.80 km roads in the bordering districts of Koraput, Rayagada, Malkangiri and Gajapati were either abandoned by contractors or were not commenced.

3.11.3.2 *Laxity in action against defaulting contractors*

Agreements executed with contractors for road works provided that contractors should execute works as per approved programme and in case of non-achievement of proportionate progress, liquidated damages (LD) up to a maximum of 10 *per cent* of the value of work would be realised to ensure completion. In case of default in execution, employer could terminate the contract at the cost and risk of the contractor with levy of penalty for 20 *per cent* of the value of the work not completed.

Despite issue of repeated warnings, contractors in 20 works did not execute works as per the programme. EEs of four divisions,⁵² however, did not levy LD amounting to ₹ 33.42 crore. Contract of a work⁵³ was rescinded and ₹ 3.10 crore was recoverable from the contractor. As against recoverable dues of ₹ 36.52 crore the EEs recovered/withheld ₹ 4.93 crore from the contractors and the balance amount was not recovered.

3.11.4 *Shortcomings in project implementation*

The OPWD Code lays down norms for the Engineering Officers (CE, SE and EE) for implementation of the projects observing economy, efficiency and effectiveness in execution of the works. The following deficiencies in project implementation were noticed.

⁵¹ Improvement to Jeypore-Mottu road from 16 to 102 km and 149 to 202/700 km, Koraput-Rayagada-Paralakhemundi road from 00 to 30 km, 58/0 to 99/0 km and 149 to 160 km and Berhampur-Rayagada road from 67/00 to 150/100 km.

⁵² Koraput, Phulbani, Sambalpur and Bhanjanagar R&B Division.

⁵³ Improvement to Koraput Rayagada Road (SH-4) from 30 to 40.

3.11.4.1

Inconsistency in preparation of estimates

It was noticed that out of 34 projects so far sanctioned, the estimates of 24 projects funded by GoI/ State Government were sanctioned by CE providing 10 *per cent* towards overhead charges and contractor's profit. The remaining 10 projects were financially and technically approved by MoRT&H based on estimated cost arrived at by the CE. In seven⁵⁴ of them (estimates of three projects were not made available to audit) the CE adopted 8 *per cent* towards overhead charges and another 10 *per cent* thereon for contractor's profit working out to 18.8 *per cent* on account of overheads and contractor's profit on work components as per MoRT&H data book.



Completed stretch of South North Corridor

Thus, there was inconsistency in preparation of estimates of seven projects providing excess overhead charges inflating project costs by ₹ 77.24 crore⁵⁵.

Government stated that MoRT&H data book was adopted in the preparation of estimate of works for projects funded by MORT&H. However, in 21 out of 24 projects sanctioned by GoI the estimates were also prepared providing only 10 *per cent* towards overhead charges.

3.11.4.2

Failure to use available earth

Works involved in 34 projects were awarded to contractors stipulating that embankments should be constructed following MoRT&H specifications. As per technical specification of MoRT&H for road and bridge works, materials for the embankment construction shall be obtained from approved sources (Burrow areas) with preference given to materials becoming available from nearby roadway excavation or any other excavation under the same contract. Clause 61 of the percentage rate agreement also provided that the earth from cutting shall be economically utilised in filling.

While seven agreements provided utilisation of full (100 *per cent*) earth available from the roadway cutting, other 16 agreements provided for utilisation of 14.09 lakh cum out of 27.20 lakh cum estimated to be available on sites. Thus, utilisation worked out to between 11 and 83 *per cent* of the

⁵⁴ Jeypore-Kotta-Malkangiri-Mottu road from 16 to 102 km, 102 to 149 km, 149 to 202/700 km, Koraput Laxmipur Rayagada road from 00 to 30 km, 58 to 99 km and 149 to 160 km, Berhampur-Taptapani Rayagada road from 67 to 150/100 km, Jagannathpur-Berhampur-Phulbani road from 46/300 to 86/00 km and Chikiti Digapahandi Aska road from 35/300 to 62 km and four roads in one package under Rairangpur (R&B) Division.

⁵⁵ Estimated cost of the seven cases ₹ 1042.68 crore. Overhead charges admissible at 10 *per cent* (as per norm) - ₹ 965.44 crore. Hence excess overhead/contractors profit allowed ₹ 77.24 crore.

agreement provisions. No justification was given in DPRs for non-utilisation of the balance available earth at site. Rather, CE suggested in three DPRs⁵⁶ disposal of surplus earth of 1.09 lakh cum from sites with separate payment of ₹ 0.48 crore to contractors. Despite availability of surplus earth on sites, the agreements provided for obtaining 26.44 lakh cum of earth from burrow areas by mechanical means for embankment formation at rates between ₹ 146 and ₹ 81 per cum. This resulted in additional payment of ₹ 3.91 crore to contractors taking into account the differential rate involved for obtaining earth from burrow area, of which ₹ 0.60 crore was already passed on to them in 12 works (June 2013).

Government stated that excavated earth could not be utilised fully due to non-fulfillment of quality parameters of the earth required for embankment formation. However, unsuitability of the earth was not supported with quality control reports in respective DPRs.

3.11.4.3 Adoption of excess lead charges

OPWD Code provided that the estimates should be prepared economically which warrants adoption of shortest and direct route for collection of construction materials. However, EEs of two projects adopted average distance of six/ four quarries for obtaining stone products ignoring the quarry available at work sites resulting in extension of undue benefit of ₹ 2.06 crore to the contractors. The details are mentioned below:

Sl No	Brief of the audit observation	Financial impact (₹ in crore)
1	<p>The DPR for the Jeypore-Mottu road SH 25 from 102 to 149 km was sanctioned (June 2010) adopting average lead of 26 km of two crusher quarries⁵⁷ for obtaining granite stone products. However, other reach from 149 to 202/700 km was sanctioned (January 2011) providing average lead of 98 km pertaining to six crusher quarries⁵⁸. As per data adopted for first reach, lead charges for the second reach works out maximum to 76 km⁵⁹. No justification was provided in the estimates for adopting the average distances for six crusher locations. The works were awarded (December 2010/ September 2011) to two contractors for ₹ 149.80 crore with stipulation for completion by June 2013/March 2014.</p> <p>The adoption of average distance of six quarries for second reach ignoring the quarry available near the work sites</p>	1.15

⁵⁶ (i) Koraput-Rayagada road from 40 to 58 km, (ii) Koraput-Paralakhemundi road from 149 to 160 km and Berhampur-Rayagada road from 67/100 to 150/100 km, (iii) Jagannathpur-Phulbani road from 46/300 to 86 km and Chikiti Aska road from 35/300 to 62 km.

⁵⁷ Chhalanguda and Balimela road at 3 km.

⁵⁸ Chhalanguda, Balimela, MV 17, Jeypore, MV 51 and Pradhaniguda.

⁵⁹ 149 km plus 202.70 km/2 minus 102 plus 149 km/2 plus 26 km = 76 km.

Sl No	Brief of the audit observation	Financial impact (₹ in crore)
	<p>resulted in extension of undue benefits to the contractor on Wet Mix Macadam (WMM) item for ₹ 1.15 crore⁶⁰.</p> <p>The Government stated that the average distance was adopted considering that required materials would not be available in nearby quarries. However, since the OPWD Code/ SoR do not permit adoption of average lead and that there was no report from revenue authority as regards non availability of required quantum of materials in the nearby quarries.</p>	
2	<p>There were four crusher quarries⁶¹ nearby work sites of improvement to Jagannathpur-Berhampur-Phulbani Road (SH 7) from 46/300 to 86 km involving lead between 14 and 54.70 km. Instead of adopting the shortest distance of 14 km for obtaining stone products from Kanteipalli quarry, the CE adopted average distance of 34 km of four quarries and sanctioned the DPRs. Work was awarded (September 2011) to a JV contractor for completion by February 2014. This resulted in providing 20 km extra lead on the stone products facilitating extension of undue benefits of ₹ 0.91 crore⁶² to the contractor on WMM item.</p> <p>Government stated (February 2014) that nearby crusher was not capable to provide required quantities material. However, since there was no report from revenue authority as regards non availability of required quantum of materials in nearby quarries.</p>	0.91
	Total	2.06

3.11.4.4 Wrong computation of item rate led to extra cost

As per State SoR, hire charge of Motor Grader is ₹ 1545 per hour with the out turn of grading 200 cum of earth. This was adopted as ₹ 1545 per hour in the DPR for four works⁶³ for grading 100 cum earth per hour thus, inflating the cost of the works by ₹ 1.21 crore of which ₹ 0.38 crore had already been passed on to the contractors (March 2013).

⁶⁰ 85948 cum x ₹ 596.40/98 km x (98 km minus 76 km) = ₹ 1,15,07,209.

⁶¹ Kanteipalli, Jhagadei, Kukudakhundi and Biranchipur.

⁶² Jagannathpur Phulbani road (SH 7) from 46/300 to 86 km: WMM quantity 66453 cum x ₹ 287/34 x (34 km minus 14 km) x 19.23 per cent less tender premium = ₹ 90,61,449.

⁶³ 00 to 11.529 km of Aunli-Bagadia-Chhendipada road and km 00 to 11.600 of Chhendipada-Budhapal road SH 63 and km 45.740 to 65.855 of Tangabila to Saharapada road SH 49 including Karanjia bypass and km 29.300 to 65.00 of Rairangpur to Tiringia road SH 50 including Bahalda bypass in Odisha, Improvement to Jeypore-Kotta-Malkangiri-Mottu road from 149 to 202/700 km, Jagannathpur Berhampur-Phulbani road from 46/300 to 86 km and 86 to 107 km and Chikiti Digapahandi Aska road from 35/300 to 62 km.

Government stated (February 2014) that outturn of grading of 100 cum was adopted in the estimates of work. However the above rate was not adopted in these four works whereas it was followed in other works.

3.11.4.5 Unwarranted overloading of project cost

Estimate for improvement to Koraput-Laxmipur-Rayagada road (SH 4) from 40 to 58 km was sanctioned (August 2009) by CE for ₹ 33.94 crore providing items directly connected to the work and relevant percentage charges. However, the BoQ was loaded with item for providing and maintaining vehicles for the engineer including driver, Petrol, Oil and Lubricant etc. per day at ₹ 1000 for 1460 days total for ₹ 14.60 lakh which had already been passed on to the contractor as of March 2013.

The above item being inadmissible as per the SoR led to avoidable extra cost to the department.

Government stated that Koraput R&B Division was not equipped with sufficient vehicles hence provision was made for better management and effective supervision of such huge works. However, SoR does not provide for such items.

3.11.5 Financial Management

3.11.5.1 Non-allocation of budget grant

As per Government budget Rules, in the absence of budget provision no expenditure is to be incurred or liability created. The department is, therefore, expected to prepare the budget based on actual requirement of funds for execution of various approved projects. Surrenders/savings are to be intimated in advance to enable re-appropriation of funds.

Controlling Officer (CE) was, responsible for maximising utilisation of the funds. However, the provisions made in the budget were not synchronised with preparedness for execution of the projects resulting in high unspent balances. Overall expenditure of ₹ 590.11 crore incurred up to March 2013 was 92 *per cent* against allocation of ₹ 643.17 crore (**Appendix-3.11.3**). Funds allocated was only 36 *per cent* of the sanctioned cost of the approved projects (₹ 1765.90 crore).

Government stated (February 2014) that due to hindrances like forest clearances, blasting permission, removal of utilities, the amounts provided could not be utilised in full. The reply is silent regarding measures taken to improve utilisation of funds.

3.11.5.2 Expenditure without administrative approval

Paragraph 3.7.1 of OPWD Code stipulated that no work is to be executed or liability created in the absence of administrative approval. However, bids in

three projects⁶⁴ for ₹ 93.55 crore were approved (November 2008/February 2009/March 2009) by the Administrative Department without administrative approval having been accorded. In these projects, the EEs had already disbursed ₹ 72.64 crore to contractors for execution of the works as of March 2013.

Government admitted this as a mistake (February 2014) but added that approval of Planning and Coordination Department had been obtained.

3.11.5.3 Irregular expenditure on a project

The Government approved (August 2009) improvement to Koraput-Laxmipur-Rayagada-Gunupur road (SH 4) from 99/0 to 119/250 km for ₹ 39.82 crore with the condition that funds for the project shall be released by Special Area Rural Connectivity Allocation (SARCA) through Planning and Coordination Department in phased manner on the basis of requisition from CE subject to availability of funds and utilisation of the released amount.

Against ₹ 34.85 crore deposited by SARCA for the project, EE incurred ₹ 36.87 crore on the project as of March 2013 diverting ₹ 2.02 crore from other deposit works which was not realised from SARCA (June 2013).

The Government stated (February 2014) that SARCA had been requested to provide the balance.

3.11.6 Contract Management

3.11.6.1 Excess payment to contractors

Improvement works of Jagannathpur Berhampur Phulbani road (SH 7) from 112 to 128 km (three reaches) were awarded (October 2011) to three contractors for ₹ 56.23 crore stipulating completion by September 2012. The works provided for excavation of hard rock for 0.30 lakh cum at rates ₹ 74.56 to ₹ 175.70 per cum. DPRs provided recovery of 50 *per cent* of the quantity excavated and also provided for disposing the debris up to 1000 metre beyond the work sites. Further, agreements provided for execution of various items utilising hard stone obtained from the quarry. The contractors excavated 0.56 lakh cum of hard rock and as per contract provision 0.28 lakh cum should be available for utilisation.

Thus, contractors were not entitled to carriage and royalty charges for stones to that extent available at the site for use in works. However, they were paid cost and carriage charges including royalty and tender premium for 0.28 lakh cum of stone resulting in excess payment of ₹ 0.72 crore.

⁶⁴ Improvement from 145 to 157 km of Berhampur-Phulbani road (SH7)-State Plan: ₹ 20.90 crore- amount paid to contractor ₹ 20.64 crore, from 157/000 to 162/500 km of Berhampur-Phulbani road (SH7) State Plan: ₹ 9.22 crore- amount paid to the contractor ₹ 7.36 crore and from 36/0 to 65/200 km of Kiakata-Deogarh road: ₹ 63.43 crore- amount paid to the contractor ₹ 44.64 crore.

Government stated (February 2014) that the lead charges for the stones recovered from excavation would be recovered.

3.11.6.2 *Extension of undue benefit to contractors*

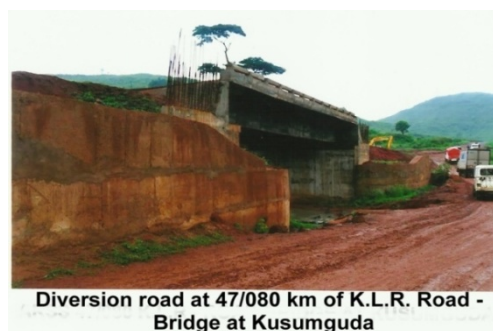
Notice Inviting Tender (NIT) for 24 projects sanctioned for ₹ 514.50 crore stipulated that suitable water supply for the staff, labour and work was to be done at the cost and risk of bidders. No claim for carriage of water whatsoever was to be entertained. The bidders were to quote their rates keeping in view the above stipulations.

It was noticed that despite such provisions, estimate for 24 projects included cost and carriage charges of water for ₹ 6.58 crore for execution of earth work, Granular Sub Base (GSB) and Wet Mix Macadam (WMM) items. Bidders quoted their rates and agreements were executed containing those provisions. This resulted in undue benefit of ₹ 6.72 crore⁶⁵ to contractors including tender premium quoted by them of which ₹ 5.85 crore had already been passed on as of March 2013.

Government stated (February 2014) that bidders were to quote their rates for water supply for the staff and labour only. However, cost of water was included in the analysis of item rates though suitable water supply for the staff, labour and work was at the cost and risk of contractors.

3.11.6.3 *Inadmissible payments*

NIT issued in respect of percentage rate bids stipulated⁶⁶ that offer of the bidder shall be inclusive of fair weather road, service road and land/maintenance/rental charges for the diversion road and its removal. The contractor would also be responsible for traffic management and maintenance of road at his cost



during execution. CE while communicating acceptance of bid mentioned that construction and maintenance of the diversion road if required during the execution of the work should be done by the contractor at his cost.

Further as per specifications⁶⁷ of MoRT&H, all arrangements for traffic during construction shall be considered incidental to work and shall be contractors' responsibility. In stretches requiring construction of specific diversion road, unit contract rate shall be inclusive of full compensation of construction, maintenance, dismantling and disposal of debris.

⁶⁵ Undue benefit as per provision in the DPR is ₹ 6.58 crore and benefit with tender premium works out to ₹ 6.72 crore.

⁶⁶ Clauses 25, 98 and 115 of percentage bid agreements.

⁶⁷ 112.3 and 112.6 of section 100 of MoRT&H.

Despite above provisions, estimates/agreements for nine projects provided for construction of diversion roads at ₹ 1.78 crore resulting in undue benefit to contractors.

Further, the data book of MoRT&H stipulated that overhead charges provided in item rates include cost of construction of access roads. EEs of three projects,⁶⁸ however, provided for separate payment of ₹ 0.39 crore to the contractors for construction of the access roads.

Government stated (February 2014) that diversion and access roads were mandatory and not temporary and incidental to works. However, conditions of contracts stipulated construction of diversion roads and maintenance of traffic at contractors cost and responsibility.

3.11.6.4 *Unauthorised payment at post contract stage*

Paragraph 3.5.31 of OPWD Code stipulates that no payment beyond the contracted quantity and value be made to contractors without examination of quantity/value/specifications in deviation from original stipulations by competent authority and further examination of continuance of the extra works through existing agreement.

Four works⁶⁹ were awarded between December 2008 and October 2011 for ₹ 123.08 crore stipulating completion between December 2010 and September 2012. EEs paid ₹ 3.83 crore unauthorisedly in execution of work over and above the agreement quantity without sanction of competent authority to the quantity/value/specifications.

Government stated (February 2014) that the payments for full deviated quantities were not released and final deviation was in the process of approval.

3.11.6.5 *Lack of insurance cover*

As per condition No 13 of the contracts executed in SBD format, contractor shall provide, in joint names of the employer and the contractor, minimum insurance cover for physical property, injury and death at ₹ 5 lakh per occurrence with the number of occurrences limited to four from the start date to the end of the defect liability period. Contractor was to pay additional premium necessary to make insurance valid for four occurrences always. If the contractor did not provide any of the policies and the certificates required, employer may effect the insurance which the contractor would have provided and recover the premiums from payments otherwise due to the contractor.

⁶⁸ Improvement to Rairakhol to Naktideol from 36 to 65/200 km, Dhenkikote to Saharapada road from 65/855 to 99/750 km and Rairangpur Jashipur road from 0 to 10 km.

⁶⁹ Improvement to SH-7 from 112 to 117 km, 117 to 120 km, Berhampur Phulbani Road from 134 to 145 km and Rairakhol Naktideol from 36 to 65.200 km.

Contractors engaged in five projects⁷⁰ of agreements valued at ₹ 408.93 crore had not provided insurance cover. As per condition, EEs also did not insure works with recovery of premium from their dues although agreements had been executed between December 2010 and March 2013. EEs disbursed ₹ 32.58 crore to contractors in these projects as of March 2013.

Government stated (February 2014) that in case of Bhanjanagar R&B Division insurance cover had been obtained. Other EEs have been instructed to obtain insurance cover.

3.11.7 Monitoring/Internal control and evaluation

3.11.7.1 Non submission of inspection reports on supervision of works

OPWD Code lays down norms for Engineering Officers (CE, SE and EE) to undertake inspection of important works and invariably record observations in the register of inspections maintained at the site of the works so as to achieve the objective of quality assurance and completion of works as per prescribed specifications.

Though CE stated (May 2013) that works had been inspected on two occasions, no inspection reports were issued. Regular and periodical inspection reports of SE and EE inspecting were also not on record.

Engineer in Chief cum Secretary to Government reviewed works thrice in April 2011, August 2011 and December 2012 during 2007 to 2013. However, no proceedings of review meetings were made available to audit.

3.11.7.2 Contract management meetings

Completion of works on time was to be ensured by way of issue of written notices to executing agencies drawing their attention to relevant provisions of contract in case of delay and neglect. Paragraph 2.5.1 and 2.5.2 of OPWD Code read with amendment made in 2005 provided that either the Engineer or the contractor may require attending a management meeting. The business management meeting shall be to review plans for remaining work and to deal with matters raised in accordance with early warning procedure. The Engineer shall record the business of the management meetings and is to provide copies of his record to those attending the meeting and to the employer.

Government replied (February 2014) that contract management meetings had been taken up by Chief Engineer and Superintendent Engineers from time to time to expedite progress of works. Minutes of such meetings had not been made available to Audit.

⁷⁰ Jeypore Kotta Malkangiri Mottu road from 16 to 102 km, 102 to 149 km, 149 to 202/700 km, Koraput-Rayagada road from 00 to 30 km and 58 to 99 km and Berhampur Govindpur Rayagada road from 41 to 67 km.

3.11.7.3

Conclusions

Road stretches were taken up for improvement in a fragmented manner. Project, though scheduled for completion by March 2014, only 33 *per cent* of work was completed (March 2013). Shortfall in achievement was due to default in execution by contractors. Non adherence to the agreement conditions and deficiencies in management of contracts caused loss to the Government. Inaccuracies and discrepancies in items rates resulted in undue benefit to the contractors.

3.12

Unfruitful Expenditure

Construction of fly over did not solve the objective of easing persistent traffic problem and expenditure of ₹ 3.58 crore on the underpass beneath the flyover filled up with sand, proved unfruitful

For providing signal free/barrier free communication for the vehicular traffic to all legs of the Rajmahal junction in Bhubaneswar city, it was proposed to provide three tier traffic arrangement with fly over connecting one junction on East leg with another junction on West leg and also with underground carriage way (1000 meter) connecting a junction on north leg to another junction on south leg. Government, however, accorded (February 2009) administrative approval of ₹ 66.71 crore for taking up construction of fly over from east leg to west leg with service roads on either side of fly over and sixty meter under pass at the central pier.

Test check of records of Executive Engineer (EE) Bhubaneswar R&B Division No II revealed that the work was awarded (February 2009) to a contractor for ₹ 53.26 crore for completion by February 2011. The contractor was paid ₹ 37.44 crore up to March 2013 pending sanction of deviation for the works executed valuing ₹ 38.27 crore. This included ₹ 3.58 crore towards cost of underpass for 39 meters as against 60 meters.

The under pass beneath the fly over was filled with sand at a cost of ₹ 7.23 lakh as the underpass could not be put to use due to non construction of underpass of 1000 meter. In absence of the underpass, signal/barrier free communication to all legs of Rajmahal junction was not possible. This resulted in unfruitful expenditure of ₹ 3.65 crore.

Tender invited for construction of underpass from north to south with estimated cost of ₹ 55.61 crore was also cancelled (November 2009) due to non-accordance of Administrative approval.

Government stated (December 2013) that execution of short underpass of 60 meters was restricted to 39 meters to avoid traffic problem. Proposed long underpass would be taken up after accordance of administrative approval for which an estimate for ₹ 60.74 crore has been prepared. Expenditure of ₹ 3.65 crore incurred in construction of short underpass should not be treated as

unfruitful as construction of the same would not be possible subsequently without damage to the flyover.

However, the ground conditions ought to have been assessed before construction of fly over and short terminating the contract, coupled with non synchronisation of work, has resulted in unfruitful expenditure of ₹ 3.65 crore besides non availment of benefits.

Bhubaneswar
The

(Sunil S. Dadhe)
Principal Accountant General (E&RSA)
Odisha

Countersigned

New Delhi
The

(Shashi Kant Sharma)
Comptroller and Auditor General of India

Appendices

Appendix -3.1.1**(Refer paragraph 3.1.5.3 at page 31)****Operation and Maintenance charges recoverable
from Odisha Hydro Power Corporation****(₹ in crore)**

Sl. No.	Name of the project	O&M cost	Percentage of recovery	Amount due for recovery
1	Hirakud	100.10	33.3	33.33
2	Upper Kolab	31.14	50	15.57
3	Balimela	17.85	50	8.92
4	Rengali	52.48	46	24.14
	Total	201.57		81.96

Source: Data collected from field units

Appendix -3.7.1

(Refer paragraph 3.7.2.3 at page 41)

Selection of Watershed projects in area with preponderance of agricultural land

(Area in ha/ ₹ in crore)

Name of the PD, Watersheds		Name of the scheme	Project period	No of projects	Total geographical area	Total selected area of projects	Cost of projects	Classification of area selected with percentage			
								Private (Agriculture land)	Govt. Revenue/ Community land	Waste land	Forest land/ pasture land
1	Nawarangpur	IWDP	2002-13	62	39535.18	31404	18.84	22528	8671	0	205
2	Rayagada	IWDP	2000-13	76	49436.56	42454	25.47	9279	6118	23610	3448
3	Nuapada	DPAP (6 to 8 batch)	2000-12	54	34907	28882.53	16.2	16015.60	4186.86	4899.83	3780.24
		DPAP (9 to 12 batch)	2003-13	88	61751	32490.12	26.14	19489.33	4314.49	5390.35	3295.95
4	Koraput	IWDP	2003-13	30	18520	15000	9.00	6952.9	198.51	7713.34	135.25
5	Bolangir	DPAP (11 and 12 batch)	2005-13	72	41027	36000	21.6	17715	10450	3798	4037
		IWDP (IV and V batch)	2006-13	20	12578	10000	6.00	4447	3655	441	1457
6	Kalahandi	DPAP (6 to 12 batch)	2000-13	271	171408	144384	86.63	101605	31316	1253	10210
		IWDP	2006-13	12	6952	5600	3.36	2874	2362	0	364
7	Sundargarh	IWDP	2005-13	30	19076	15224	9.13	8817.79	5617.68	0	788.53
8	Malkangiri	IWDP	2003-13	40	24683	20000	12.00	12000	4000	1400	2600

Name of the PD, Watersheds		Name of the scheme	Project period	No of projects	Total geographical area	Total selected area of projects	Cost of projects	Classification of area selected with percentage			
								Private (Agriculture land)	Govt. Revenue/ Community land	Waste land	Forest land/ pasture land
9	Subarnapur	IWDP	2005-13	10	6431	5000	3.00	2499	788	0	1713
		DPAP	2003-12	37	21862	18500	11.1	9018.61	3041.53	0	6439.86
10	Deogarh	IWDP	2002-13	26	17083.52	13563	8.16	6160.35	4709.38	0	2693.27
Grand Total				828	525250.26	418501.65	256.63	239401.58 <i>57.20 per cent</i>	89428.45	48505.52	41167.10

Source- MPR of Project Directors

Appendix -3.7.2
(Refer paragraph 3.7.2.3 at page 41)
Treatment of Watershed projects in area with preponderance of agricultural land

(Area in ha/ ₹ in crore)

Name of the PD, Watersheds		Name of the scheme	No of projects	Classification of area treated with percentage					Expr. incurred	Expr. on agricultural land
				Private (Agriculture land)	Government Revenue/ Community land	Waste land	Forest land/ pasture land	Total		
1.	Nawarangpur	IWDP	62	22000	6500	0	617	29117	17.47	13.20
2.	Rayagada	IWDP	76	9278.82	6118.14	23609.52	3447.52	42454	24.9	5.44
3.	Nuapada	DPAP	54	14815.60	4186.86	4411.76	3780.24	27194.46	16.08	8.76
		DPAP	88	19489.33	4314.49	5390.35	3295.95	32490.12	21.97	13.18
4.	Koraput	IWDP	30	6780.90	90.51	7713.34	151.30	14736.05	8.88	4.09
5.	Bolangir	DPAP	72	21406	8329	0	3526	33261	20.29	13.06
		IWDP	20	4218	4026	0	794	9038	5.44	2.54
6.	Kalahandi	DPAP	271	91773	30591	1747	8986	133097	78.92	54.42
		IWDP	12	2750	2302	15	364	5431	3.02	1.53
7.	Sundargarh	IWDP	30	6986.14	3303.77	0	347	10636.91	7.03	4.62
8.	Malkangiri	IWDP	40	12393.00	3296	348	96.00	16133	10.56	8.11

Name of the PD, Watersheds		Name of the scheme	No of projects	Classification of area treated with percentage					Expr. incurred	Expr. on agricultural land
				Private (Agriculture land)	Government Revenue/ Community land	Waste land	Forest land/ pasture land	Total		
9.	Subarnapur	IWDP	10	2499	788	0	942	4229	2.47	1.46
		DPAP	37	9018.61	3041.53	0	5915.86	17976	10.85	5.44
10.	Deogarh	IWDP	26	2656	1350	0	4050	8056	6.98	2.30
Grand Total			828	226064.40	78237.30	43234.97	36312.87	383849.54	234.86	138.15 <i>58.82 per cent</i>

Source- MPR of Project Directors

Appendix -3.7.3

(Refer paragraph 3.7.3.1 at page 43)

Statement showing physical and Financial achievement under

DPAP/ IWDP/RVP/NWDPRA, RLTA, Jeebika and IWMP programmes

Name of the watershed programme	No of watershed projects	Year of sanction	No of years spent on implementation	Project cost (₹ in crore)	Funds provided by GoI/ GoO (₹ in crore)	Expenditure (₹ in crore)	Target for treatment of land (in ha)	Achievement (in ha)	Number of watersheds completed	Shortfall (in ha)	Percentage of achievement	
											Physical	Financial
IWDP	617	2003-04 to 2006-07	7-10	182.30	166.61	156.62	303839	248329	Ongoing	55510	82	94
DPAP	635	2003-04 to 2006-07	7-10	190.50	165.66	161.73	317500	269554	Ongoing	47946	85	98
Total	1252			372.8	332.27	318.35	621339	517883		103456	83	96
RVP	26	2003-04 to 2006-07	6-9	25.73	21.75	20.62	44493	31622	Ongoing	12871	71	95
NWDPRA	237	2007-08	5	119.38	68.34	68.34	117564	77113	Ongoing	40451	66	100
Total	263			145.11	90.09	88.96	162057	108735		53322	67	99
RLTA	150	2008-09	5	73.02	73.02	58.68	75000	61772	Ongoing	13228	82	80
Jeebika	460	2007-08	5	90.47	69.26	50.57	0	0	Ongoing	0		73
IWMP	2211	2009-10 to 2012-13	3	1595.42	291.63	153.15	1277986	125972	Ongoing	1152014	10	52
Grand Total	4336			2276.82	856.27	670.99	2811382	814362		1322020		

Source- Information furnished by the Director OWDM and Director Soil Conservation

Appendix -3.7.4

(Refer paragraph 3.7.3.4 at page 45)

Statement showing loss of central Assistance

(Area in hectare/ ₹in crore)

Sl. No	Name of the project	Year of sanction	No of water-shed	Approved cost of the project	Central share	State share	Total treatable area	Funds released	Central share	State share	Expr. incurred	Area treated	Loss of central assistance
1	NWDPR	2007-08	237	119.38	107.44	11.94	117564	68.34	61.51	6.83	68.34	77113.39	45.93
2	RVP	2003-04	26	25.73	23.16	2.57	44493.88	21.75	19.58	2.17	20.62	31622.81	3.58
3	DPAP (9 to 12 batch)	2003-07	635	190.50	142.88	47.62	317500	165.66	124.24	41.42	161.73	269554	18.64
4	IWDP (II to V batch)	2003-07	617	182.30	167.17	15.13	303839	166.61	152.78	13.83	156.62	248329	14.39
Grand Total			1515	517.91	440.65	77.26	783396.88	422.36	358.11	64.25	407.31	626619.20	82.54

Source:-Director, Soil Conservation and OWDM

Cost sharing between GoI and GoO for release of Central share and State share

Sl.No	Name of the scheme	Cost sharing	Remarks if any
1	DPAP	75:25	₹ 6000 per ha
2	IWDP	11:1	₹ 600 per ha and cost share between GoI and GoO is 91.7 and 8.3 per cent
3	NWDPR	90:10	₹ 12000 per ha
4	RVP	90:10	₹ 12000 per ha

Appendix -3.7.5

(Refer paragraph 3.7.4.1 at page 49)

Financial management

(₹ in crore)

Name of the scheme	No of watershed projects	Year	Opening balance	Total release			Total fund available	Expenditure	Unspent Balance with percentage
				Centre share	State share	Other receipt/ Interest			
DPAP	635	2008-09	30..51	25.13	10.93	0.08	66.65	40.08	26.57 (39.86)
		2009-10	26.57	43.30	10.94	0.05	80.86	39.53	41.33 (51.11)
		2010-11	41.33	27.45	10.00	0.20	78.98	37.49	41.49 (52.53)
		2011-12	41.49	11.10	8.47	0	61.06	44.88	16.18 (26.49)
		2012-13	16.18	2.36	0.91	0.0	19.45	12.53	6.92 (35.57)
		Total		109.34	41.25	0.33		174.51	
IWDP	617	2008-09	23.26	33.54	3.34	0.15	60.29	22.01	38.28 (63.49)
		2009-10	38.28	27.45	2.50	0.32	68.55	33.15	35.40 (51.64)
		2010-11	35.40	25.29	2.50	0.38	63.57	27.46	36.11 (56.80)
		2011-12	36.11	26.03	1.89	0.22	64.25	30.36	33.89 (52.74)
		2012-13	33.89	5.92	1.06	0.02	40.89	28.43	12.46 (30.47)
		Total		118.23	11.29	1.09		141.41	
IWMP	2211	2008-09	0	0	0	0	0	0	0
		2009-10	0	21.77	2.42	0.02	24.21	0.30	23.91 (98.76)
		2010-11	23.91	73.47	8.13	1.44	106.95	17.09	89.86 (84.02)
		2011-12	89.86	77.53	8.65	3.69	179.73	39.33	140.40 (78.11)
		2012-13	140.40	89.70	9.97	1.16	241.23	96.46	144.77 (60.01)
		Total		262.47	29.17	6.31		153.18	
RLTAP	150	2008-09	0	0	10.69	0	10.69	5.00	5.69 (53.22)
		2009-10	5.69	0	21.37	0	27.06	6.50	20.56 (75.97)
		2010-11	20.56	0	21.37	0	41.93	13.26	28.67 (68.37)
		2011-12	28.67	0	10.69	0	39.36	21.35	18.01 (45.75)
		2012-13	18.01	0	8.91	0	26.92	12.53	14.39 (53.45)
		Total		0	73.03	0		58.64	

Name of the scheme	No of watershed projects	Year	Opening balance	Total release			Total fund available	Expenditure	Unspent Balance with percentage
				Centre share	State share	Other receipt/ Interest			
Jeebika	460	2008-09	7.00	0	7.00	0	14.00	3.52	10.48 (74.85)
		2009-10	10.48	0	8.13	0	18.61	8.94	9.67 (51.96)
		2010-11	9.67	0	10.00	0	19.67	9.99	9.68 (49.21)
		2011-12	9.68	0	15.00	0	24.68	15.54	9.14 (37.03)
		2012-13	9.14	0	22.13	0	31.27	12.58	18.69 (59.76)
		Total			62.26			50.57	
NWDPRRA	237	2008-09	0.05	19.55	0.97	0	20.57	8.47	12.10(58.82)
		2009-10	12.10	6.12	1.88	0	20.10	20.10	0.00 (100)
		2010-11	0.00	12.15	1.34	0	13.49	13.47	0.02(0.14)
		2011-12	0.02	7.84	0.87	0	8.73	8.73	0.00(100)
		2012-13	0.00	4.13	0.46	0	4.59	4.59	0.00(100)
		Total		49.79	5.52	0		55.36	
RVP	26	2008-09	1.13	6.24	0.69	0	8.06	4.76	3.30 (40.94)
		2009-10	3.30	1.08	0.12	0	4.50	2.29	2.21(49.11)
		2010-11	2.21	1.84	0.21	0	4.26	2.94	1.32(30.98)
		2011-12	1.31	1.18	0.13	0	2.62	1.31	1.31(50.00)
		2012-13	1.32	0.47	0.05	0	1.84	0.71	1.13(61.41)
		Total		10.81	1.2	0		12.01	
Grand Total	4336			550.64	223.72	7.73		645.68	

Source:- Data furnished by the Director, OWDM and Soil conservation

Appendix -3.11.1
(Refer paragraph 3.11.3.1 at page 56)
Scheme wise position of projects

(₹ in crore)

Sl No	Source of funding	Projects sanctioned	Sanctioned Cost	Length (in km)	Projects completed	Expenditure	Length (in km)
1	ACA	2	40.00	31.50	2	39.47	31.50
2	CRF	12	195.08	93.70	8	134.24	72.95
3	PCA	4	100.00	51.70	4	94.73	51.70
4	SP	3	115.84	46.70	2	72.70	44.77
5	SARCA	3	120.00	56.45	1	78.49	48.75
6	MoRT&H	9	1125.97	592.95	0	145.17	31.11
7	LWE	1	69.01	47.00	0	25.31	22.00
	Total	34	1765.90	920.00	17	590.11	302.78

Source: Information provided by the CE

Note-Sl.No.1 to 5 state funded projects (length 280.05 km and sanction ₹570.92 crore)

Sl.No.6 & 7 GoI funded projects (length 639.95 km and sanction ₹1194.98 crore)

Appendix -3.11.2
(Refer paragraph 3.11.3.1 at page 56)

Physical status of the projects

(₹ in crore)

Category	Number of Projects	Agreement value	Length (in km)	Value of work executed	Length completed (in km)	Percentage in terms of projects	LD due (10 per cent of estimated cost) for recovery
Projects completed within the stipulated agreement period.	1	18.29	21.00	19.80	21.00	3	0
Projects completed with grant of extension of time for departmental lapse.	3	103.23	59.65	110.22	59.65	9	0
Projects completed beyond the stipulated dates without sanction of extension of time.	13	190.63	108.00	180.51	108.00	38	18.03
Projects incomplete beyond the stipulated dates without sanction of extension of time.	7	202.35	91.40	109.10	61.02	21	19.41
Projects in progress within the stipulated time.	10	985.31	639.95	170.48	53.11	29	0
Total	34	1499.81	920.00	590.11	302.78		37.44

Source: Information provided by the CE

Appendix -3.11.3

(Refer paragraph 3.11.5.1 at page 61)

Financial position of sanctioned projects

(₹ in crore)

Year		ACA	CRF	PCA	SP	SARCA	MoRT&H	LWE	Total
2007-08	A	9.12	0	0	0	0	0	0	9.12
	E	9.12	0	0	0	0	0	0	9.12
2008-09	A	15.68	98.50	100.00	95.47	0	0	0	293.97
	E	15.68	1.52	0	4.53	0	0	0	21.73
2009-10	A	8.00	0	0	0	0	0	0	8.00
	E	8.00	28.32	28.76	32.29	0	0	0	97.37
2010-11	A	4.64	0.25	0	0	47.00	0	6.24	58.13
	E	4.64	52.89	36.91	25.88	33.49	0	6.24	160.06
2011-12	A	2.03	16.35	0	0	31.16	67.24	5.16	121.94
	E	2.03	29.12	18.82	8.24	35.40	67.24	5.16	166.02
2012-13	A	0	21.77	0	0	16.69	77.93	13.91	130.30
	E	0	22.40	10.24	1.75	9.60	77.93	13.91	135.82
Total	A	39.47	138.37	100.00	100.00	94.85	145.17*	25.31	643.17
	E	39.47	134.24	94.73	72.69	78.49	145.17	25.31	590.11

Source: Information provided by the CE

A : Allotment and E : Expenditure, ACA: Additional Central Assistance, CRF: Central Road Fund, PCA: Planning Commission Allocation, SP: State Plan, SARCA: Special Area Rural Connectivity Authority, MoRT&H: Ministry of Road Transport and Highways and LWE: Left Wing Extremist

*Allotment is limited to reimbursement made.

Glossary of Abbreviations

A

ASCO	Assistant Soil Conservation officer
AC	Air Conditioner
APICOL	Agricultural Promotion Investment Corporation Limited
ADB	Asian Development Bank
ACA	Additional Central Assistance

B

BCM	Billion Cubic Metre
BoI	Bank of India
BoQ	Bill of Quantity

C

CRF	Central Road Fund
CE	Chief Engineer
CDA	Chilka Development Authority
CEBM	Chief Engineer and Basin Manager
CA	Chartered Accountant
CO	Controlling Officer
CP	Central Plans
CSP	Centrally Sponsored Plans
CEC	Central Empowered Committee
CWC	Central Water Commission

D

DD	Deputy Director
DDO	Drawing and Disbursing Officer
DI	Disintegrated Rock
DWRS	Doppler Weather Radar Stations
DoWR	Department of Water Resources
DPAP	Drought prone Area programme
DPR	Detailed Project Reports
DRDAs	District Rural Development Agencies

E

EE	Executive Engineer
EICP&D	Engineer in Chief Planning and Design
EPA	Entry Point Activity
EI	Electrical Installations
EoT	Extension of Time

F

FARD	Fisheries and Animal Resources Department
FC	Forest Conservation
FACAO	Financial Advisor and Chief Accounts Officer
FE	Forest and Environment

G

GA	General Administration
GoI	Government of India
GoO	Government of Odisha
GSB	Granular Sub Base
GED	General Electrical Division
GPH	General Public Health

H

Ha	Hectares
HAL	Hindustan Aeronautics Limited
HPC	High Power Committee
HINDALCO	Hindustan Aluminium Company
HYSD	High Yield Strength Deformed

I

IRC	Indian Road Congress
IWDP	Integrated Wasteland Development Programme
ICU	Intensive Care Unit
IOTMS	Integrated Odisha Treasury Management System
IMG	Indian Meteorological Department
IWMP	Integrated Watershed Management Programme

K

KBK	Kalahandi, Bolangir and Koraput
KWH	Kilo Watt Hour
KTPA	Kilo Tons per Anum

L

LD	Liquidated damage
LMB	Lower Mahanadi Basin
LMC	Left Main Canal
LWE	Left Wing Extremist

M

MDR	Major District Roads
MI	Minor Irrigation
MIP	Minor Irrigation Project
MMA	Macro Management of Agriculture
MoEF	Ministry of Environment and Forest
MoRT&H	Ministry of Roads Transport and Highway
MoES	Ministry of Earth Science
MW	Mega Watt
MKCGMCH	Maharaja Krishna Chandra Gajapati Medical College and Hospital
MS	Mild Steel
MPR	Monthly Progress Report
MRP	Maximum Retail Price

N

NALCO	National Aluminium Company
NH	National Highway
NIT	Notice Inviting Tender
NBC	National Building Code
NP	Non Plan
NWDPRA	National Watershed Development Programme for Rainfed Area
NPV	Net Present Value

O

O&M	Operation & Maintenance
OSDMA	Odisha Disaster Management Authority
OBM	Odisha Budget Manual
OCC	Odisha Construction Corporation
ODR	Other District roads
OGFR	Orissa General Financial Rules
OHPC	Odisha Hydro Power Corporation
OECF	Overseas Economic Cooperation Fund
OMC	Optimum Moisture Contents
OPWD Code	Odisha Public Works Department Code
OTC	Odisha Treasury Code
OWDM	Odisha Watershed Development Mission

P

PL	Personal Ledger
PCA	Planning Commission Allocation
PCRs	Project Completion Reports
PDs	Project Directors
PIAs	Project Implementing Agencies
PLC	Project Level Committee
PLTC	Project Level Tender Committee
PH	Public Health
POL	Petrol, oil and lubricant
PW	Public Works
PR	Panchayati Raj

Q

QPM	Quality Planting Materials
QPR	Quarterly Progress Report
QMP	Quality Monitoring Personnel

R

RD	Reduced Distance
RF	Revolving Fund
RKVY	Rastriya Krishi Vikas Yojana
RLTAP	Revised Long Term Action Plan
RMPs	Raw Material Procurers

RoB	Railway Over Bridge
RDQP	Research Development and Quality Promotion
RCC	Reinforced Cement Concrete
R&B	Roads and Building
RVP	River Valley project
S	
SARCA	Special Area Connectivity Authority
SBD	Standard bidding document
SE	Superintending Engineer
SH	State Highway
SHG	Self Help Group
SP	State Plan
SMC	Subarnarekha Main Canal
SMS	Sediment Monitoring Station
SoR	Schedule of Rates
SQM	State Quality Monitor
SCBMCH	Sriram Chandra Bhanja Medical College and Hospital
SLTC	State Level Technical Committee
T	
TMIP	Telengiri Medium Irrigation Projects
TC	Tender Committee
U	
UCs	Utilisation Certificates
ULB	Urban Local Body
V	
VR	Village Roads
VSSMCH	Veer Surendra Sai Medical College and Hospital
W	
WAC	Water Allocation Committee
WCs	Watershed Committees
WDF	Watershed Development Fund
WDT	Watershed Development Team
WMM	Wet Mix Macadam
WR	Water Resources
WUA	Water Users Association

© COMPTROLLER AND
AUDITOR GENERAL OF INDIA
www.cag.gov.in

www.agorissa.nic.in