

# Chapter 2

## Performance Audit

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## Chapter 2 Performance Audit

This chapter contains the findings of Performance Audit on Resettlement and Rehabilitation of people affected by Industrial Projects in Odisha.

### REVENUE AND DISASTER MANAGEMENT DEPARTMENT

#### 2.1 Resettlement and Rehabilitation of people affected by Industrial Projects in Odisha

##### *Executive Summary*

*To address issues of resettlement and rehabilitation for displaced and affected families due to establishment of industrial projects, Revenue & Disaster Management (R&DM) Department of Government of Odisha (GoO) framed a comprehensive Resettlement and Rehabilitation (R&R) Policy, 2006.*

*Audit noticed that due to inadequate institutional mechanism and absence of proper planning, 798 Project Displaced Families (PDFs) displaced during 1992-2013 in respect of 13 out of 32 test checked industrial projects were not properly rehabilitated and full benefits due to them were not extended. Complete database in respect of number of people affected/ displaced, employment provided, etc., was not available either at department or at district level.*

*Socio-economic surveys (SESs), though primarily intended as guides and basis for preparation of R&R plans and implementation of programmes effectively, were deficient in many ways. Creation of awareness among the affected families through well defined comprehensive communication plans, was lacking. SES was not published in public in all cases to invite objections due to which scope for hearings was diminished. Seven industrial projects made direct purchase of 726.974 acre of land in 19 villages from private land owners without conducting SES due to which identification of affected people and their entitlement under R&R policy could not be evaluated and proper planning for them was not made though Government was responsible to cover them under R&R policy.*

*Rehabilitation and Periphery Development Advisory Committee (RPDAC) constituted for respective projects being the principal body to approve planning for R&R affected people and overall responsible for its implementation, left gaps in their functioning. In respect of 15 out of 32 industrial projects, SES report was not approved by RPDACs and R&R plan for affected families was not prepared. RPDAC did not review implementation of its own decisions leaving large number of issues unaddressed.*

*There were instances where adequate employment was neither provided by industries nor the scope of self employment created in project areas. Five industries, though targeted in consultation with RPDACs to sponsor 2085 members for ITI training, could sponsor only 233.*

*Employment or one-time cash compensation in lieu of employment was not provided to 588 project displaced families by 10 out of 32 test checked industries for ₹ 31.92 crore. Rehabilitation assistance for ₹ 22.08 crore such as compensation for double displacement, compensation for missing land, cash in lieu of employment, self relocation allowance, house building assistance, assistance for temporary shed, maintenance allowance, etc. was lying un-disbursed as of March 2013 even after passing of award ranging between 1 and 15 years. Although Government revised the rehabilitation assistance on the basis of Wholesale Price Index, project authorities made payment at pre-revised rate which resulted in short payment of ₹ 6.66 crore. Collectors of the respective districts did not distribute Record of Rights to 1304 out of 3996 families as preparation of RoRs was stated to be under process and Collector and RPDAC had not taken follow up action.*

*Cost of public property within the acquired area was neither assessed nor realised by the district authorities, which resulted in retention of public property with the concerned industry. Benefits provided by the company in the resettlement habitat were deficient on many counts. Cases of inadequate health facility, absence of piped water supply, non-provision of pond, absence of street light, road facility, poor road maintenance, absence of place of worship and required educational institutes, etc. were noticed.*

*Periphery development fund of ₹ 36.48 crore was lying unutilised with Collectors of three districts. Environmental sustainability through adequate arrangements for management of factory effluents was not ensured.*

*Required numbers of RPDAC meetings were not held in any of the 13 sampled districts. Review meetings conducted by the RDC and Collectors were also inadequate and no follow up actions were taken. Grievance redressal mechanism was inadequate as several petitions were lying unattended by the district authorities as well as project authorities.*

### **2.1.1 Introduction**

The Revenue & Disaster Management (R&DM) Department, Government of Odisha is the nodal authority to address the issues on resettlement and rehabilitation of affected families displaced due to establishment of industrial projects. In order to ensure sustained development through a participatory and transparent process, Government framed Odisha Resettlement and Rehabilitation Policy (ORRP), 2006. Prior to framing of 2006 Policy, the issues on resettlement & rehabilitation, were addressed through various project specific R&R policy and plan.

ORRP 2006 covers affected families whose homestead land was acquired as PDF and also those who lose their private agricultural land but not their homestead land as PAFs. Under both the categories, employment and other R&R benefits are payable against the loss of their private homestead and agricultural land. This policy is also extended to families who are in encroachment of Government land and in possession of encroached land for a period of at least 10 years prior to notification declaring acquisition of land but such families are entitled for only land compensation without R&R benefits.

R&DM Department through its Directorate (R&R) is to coordinate with various functionaries, oversee implementation of R&R activities and ensure that displaced persons get their due benefit smoothly and timely.

Complete database in respect of number of people affected/ displaced, employment provided, etc. were not available either at department or at district level due to which comprehensive picture about resettlement and rehabilitation (R&R) activities of the State could not be assessed. Records of 32 test checked industrial projects (13 districts) disclosed that 6533 families were displaced and 35632 families were affected during 1992-2013 by industrial projects acquiring 36555.180 acre land (*Appendix 2.1*).

### **2.1.2 Process of Resettlement and Rehabilitation including selection of PDFs/ PAFs for R&R benefits**

After acquisition of land for setting up of industries and payment of compensation to land losers, process of R&R starts for PDFs under ORRP 2006. Within two months of the issue of notification for land acquisition, SES for identifying PDFs/ PAFs and large number of information concerning them is required to be conducted by an organisation selected by the project authority through bidding process. Such SES should be completed within a period of 90 days from its commencement. The preliminary SES report is required to be given wide publicity and people are allowed 15 days to file objections. Hearing of objections and verification of claims are to be done jointly by the survey agency, project authority and Resettlement and Rehabilitation Officer (RRO) from Government side on the basis of which the SES report is corrected, finalised and then published, which forms the basis of implementation of R&R plan. The SES was to be approved by Rehabilitation and Periphery Development Advisory Committee (RPDAC), a principal body responsible for approval and implementation of R&R Plan containing benefits extendable to PDFs/ PAFs.

### **2.1.3 Audit objectives**

Audit was conducted to assess whether:

- policy/ plan existed to address R&R issues and survey and identification of affected people were made properly and efficiently for effective R&R planning and its implementation;
- process of computation of R&R benefits and their distribution was efficient and effective;
- assets/ infrastructure were created and maintained in the project resettlement area and utilised effectively;

- environmental sustainability through participatory and transparent process was ensured; and
- mechanism existed for effective monitoring, conflict resolution and grievance redressal.

#### **2.1.4 Audit criteria**

Criteria for audit were drawn from the following documents:

- ORRP 2006 and other project specific policies prior to 2006 policy, National Resettlement and Rehabilitation Policy 2007, Industrial Policy Resolution 2001 and 2007;
- Guidelines on functions of RPDAC and SES, Provisions of Orissa Treasury Code (OTC), Orissa General Financial Rules (OGFR) and other State Acts/ Rules;
- Memorandum of Understanding (MoUs) signed by Government with Industries; and
- Receipt/ expenditure and assessment reports for R&R activities and instructions issued by Government from time to time.

#### **2.1.5 Scope and Methodology of audit**

Audit objectives, scope and methodology were discussed with the Additional Chief Secretary R&DM Department at an entry conference held on 11 July 2013. The period of audit covered implementation of R&R programmes for 32 industrial projects taken up during 2006-13 including eight industrial projects taken up prior to 2006-07 for which delivery of R&R benefits was done during 2006-2013.

Audit methodology included collection and analysis of data through examination of records, beneficiary interview in presence of representative of Collector and photographs wherever considered necessary. Findings of Audit were discussed in an exit conference on 26 September 2014 with the Additional Chief Secretary R&DM Department and replies of Government were suitably incorporated.

### **Audit findings**

#### **2.1.6 Inadequate and improper planning**

Audit noticed that planning was deficient due to inadequate SES, non-preparation of R&R plan, non-creation of awareness among affected families through communication plans, ineffective functioning of RPDACs in approval of R&R plan, etc. as discussed under:

As stipulated in Para 7 of ORRP 2006, R&R plan shall be prepared based on the available options and after due consultation with displaced communities and such plan was required to be placed before RPDAC for approval.

Audit noticed that out of total 6533 PDFs in 32 selected projects including eight projects commenced prior to issue of 2006 policy, 798 PDFs displaced

during 1992-2013 were not given R&R benefits due to absence of proper planning.

- In one<sup>1</sup> case, the project after acquiring (April 2008) 540.705 acre of land in three villages for establishing iron and steel industry, constructed only compound wall. Audit further noticed that industry was not able to construct pipeline and approach road due to non-acquiring of 40.867 acre of land by the Collector for the above purpose. Besides, 36.110 acre of community land<sup>2</sup> and 7.800 acre of forest land though under the possession of industry, were not alienated in favour of industry.



Acquired land of Rungta Mines Limited, Dhenkanal

Land Acquisition Officer (LAO), Dhenkanal stated (August 2013) that no employment could be provided due to non-commissioning of plant for which industry was paying ₹ 3000 per month to 54 PDFs in lieu of employment.

In respect of another two<sup>3</sup> projects, 312 PDFs were identified but not given R&R benefits due to non-setting up of industries though PDFs were to get R&R assistance under ORRP 2006. Government did not plan for them.

Department stated (October 2014) that since physical displacement of PDFs were not effected, industries did not provide resettlement grants. But, the PDFs lost perennial source of income from land ranging between 6 and 17 years and their issues were not sorted out by Department.

### 2.1.7 Absence of communication plan

Para 4 (f) of ORRP 2006 stipulates that Government should formulate and execute a comprehensive communication plan for creation of awareness among the people in project affected area involving civil society through a notification. The cost of implementation of communication plan should be borne by the projects.

Audit noticed that Government did not formulate communication plan for any of the projects to create awareness in affected areas. Thus, affected families remained unaware of the various rehabilitation benefits provided in Policy. In absence of adequate awareness, the affected families simply aspired for job without seeking any other admissible benefits in lieu of loss of their agricultural or homestead land. Interview conducted by audit in presence of representative of Collector with 597 persons affected under 12 industrial

<sup>1</sup> Rungta Mines Limited, Dhenkanal

<sup>2</sup> Land meant for common use of public like cremation ground, grazing field for cattle, etc.

<sup>3</sup> Aditya Aluminum Project, Rayagada and Kalinga Nagar Industrial Infrastructure Complex, Jajpur

projects in four<sup>4</sup> districts revealed that 53 *per cent* (315) of people wanted permanent employment to be assured with a perennial source of income.

Department stated (October 2014) that audit observation was noted for future guidance.

### **2.1.8 Inadequate institutional mechanism**

To address issues on R&R, a Directorate of R&R under R&DM department was constituted (April 2007). Duties of the Directorate were to coordinate with various functionaries, oversee the implementation of R&R activities and ensure that the displaced persons get their due benefits smoothly and timely. Nine posts of Project Director, R&R were created (April 2008) by the Department to oversee implementation of R&R activities.

Audit found that such posts could not be filled up till October 2014. The Collectors concerned entrusted additional responsibility locally to Land Acquisition Officers (LAOs). This arrangement led to reduced emphasis on R&R activities.

Government stated (October 2014) that steps were being taken to fill up these posts.

### **2.1.9 Non-availability of database on R&R activities**

Complete database on R&R projects containing number of families displaced/ affected/ resettled, benefits due and provided, etc., was not available at department level despite Directorate being constituted. Such database was also not maintained at district level where programmes were actually implemented.

Department during 2009, launched an application software named 'PROJECT PUNARBAS' with objective to automate the land acquisition and R&R process, develop database, survey methodologies, set up responsive grievance redressal system, etc. for the entire State. But, the project failed during its implementation stage despite expenditure of ₹ 1.40 crore.

- Audit found in case of Dhenkanal Collectorate that 1865 families were affected by one<sup>5</sup> industry as per Minutes of Rehabilitation Advisory Committee (RAC) meeting (November 2004), whereas this was exhibited as 1663 as per survey report and 1296 as per monthly progress report (MPR).
- Similarly, in case of another industry<sup>6</sup> under Angul Collectorate, MPR of October 2013 indicated numbers of PDF and PAF as 261 and 2073 respectively whereas in a report (August 2013) to State Legislature, the said numbers were communicated as 583 and 5029 respectively.

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<sup>4</sup> Angul (JITPL, MPCL, JSPL); Bhadrak (DPCL); Dhenkanal (GMR, BSL, BRG, Rungta Mines Limited, MGM Steels); Sambalpur (AAP, BPSL, SMEL)

<sup>5</sup> Bhushan Steels Limited

<sup>6</sup> Jindal Steel & Power Limited



Department stated (October 2014) that guidelines were issued (December 2011 & August 2013) to Collectors for maintenance and preservation of R&R data and steps were being taken to equip district Collectors with logistic and manpower support.

### **2.1.10 Socio-Economic Survey (SES)**

#### ***2.1.10.1 Non-conducting of SES***

As per Para 4 (a) of ORRP 2006, SES was to be conducted within two months of publication of notification for acquisition of land under Section 4 (1) of Land Acquisition Act 1894.

Land was acquired through IDCO for industries in phases as per requirement. Though SESs were conducted during initial phases, such SESs were not conducted on subsequent occasions due to which PAFs/ PDFs were not correctly identified and other related information was not gathered for formulation of R&R plan.

Audit noticed that 14 industries acquired 5505.64 acre of land under LA Act in 65 villages of eight districts in different phases. SES was not conducted for the above land in absence of which correct data about affected people and extension of benefit under R&R policy could not be ensured.

Government stated (October 2014) that necessary direction was issued to the project authority for payment of maintenance allowance.

#### ***2.1.10.2 Delay in commencement and completion of SES***

Out of 32 test checked projects, in respect of 18 projects SES was commenced with delay of three months to nine years in place of two months after issue of notification for acquisition of land under Section 4 (1) of LA Act. In one case no SES was conducted and in respect of 12 industries, date of commencement was not on record. However, in case of one industry only, SES was commenced in time. Delay in SES affected R&R plan and denied timely extension of benefits to affected population despite loss of their land.

SES undertaken should be completed within a period not exceeding 90 days from the date of commencement as required under SES guidelines and instruction of R&DM Department (October 2010). Audit scrutiny of 32 projects revealed that in respect of five<sup>7</sup> industries, the SES was not completed within the stipulated timeframe and was delayed for a period ranging between 2 and 28 months. In one case, SES was not conducted and in respect of the balance 26 industries the period of completion of the SES was not on record due to absence of database in concerned Collectorates.

Department attributed (October 2014) delay mainly to inadequacy of survey by survey agency, report submitted not conforming to guidelines needing revision, more time required to create awareness, receiving objections, suggestions, etc.

<sup>7</sup> BRG Iron and Steel Limited, Dhenkanal; JSPL, Angul; AAP, Sambalpur; VAL, Lanjigarh; BPSL, Sundargarh



### **2.1.10.3 Direct purchase of private land by industries without SES**

Para 6 read with Para 1(iii) of ORRP 2006 stipulates that industry may opt for direct purchase of land on the basis of negotiated price after issue of notification requiring acquisition of land for which R&R policy was applicable. Thus, SES was to be conducted as required under the policy *ibid*.

As per State Level Council on Resettlement and Rehabilitation (SLCRR) meeting (June 2008) held under the Chairmanship of Chief Minister, it was decided that a clear mechanism should be in place to regulate direct purchase of land by project proponents and ensure R&R benefits being made to land sellers. Audit noticed that though seven industries made direct purchase of 726.974 acre of land in 19 villages from private land owners, SES was not conducted due to which R&R benefits payable to PDFs/ PAFs could not be ensured. LAOs also could not furnish any information about the number of persons affected due to sale of land and R&R benefits paid to them.

Government stated (October 2014) that direct purchase by some industries was made on the basis of bilateral negotiations between willing sellers and industries and these cases were scrutinised under section 73 (c) of Orissa Land Reforms (OLR) Act. Government further stated that whenever purchases have been made by industries under 73 (c), it was instructed to implement the provisions of ORRP 2006 also. But the fact remains that no SES was conducted though required under ORRP 2006.

### **2.1.10.4 Inadequate and improper survey**

The prime objective of SES was to identify PDFs/ PAFs and ensure that no PDFs/PAFs is left out or no vulnerable group is ignored.

- Audit noticed that, in respect of one<sup>8</sup> industry, Tahasildar, Kujanga conducted (June 1997) a survey prior to issue of 4 (1) Notification and identified 72 families to be displaced for the project. But with the introduction of R&R Policy of 1998 for major industries, a joint team conducted fresh survey as per decision (February 1999) of 2<sup>nd</sup> Rehabilitation Advisory Committee (RAC<sup>9</sup>) meeting which identified 124 families under 17 villages as PDFs during enumeration. In the 6<sup>th</sup> RAC meeting (July 2002), Collector, Jagatsinghpur informed that 19 additional families were genuinely displaced and were left out during previous enumeration. Finally, 143 (124+19) families were identified as displaced. This indicates inadequacy and lack of quality of survey on land losers and affected families.

Department stated (September 2014) that additional list of 19 PDFs were approved in the 6<sup>th</sup> RAC meeting. The fact remains that number of PDF changed frequently.

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<sup>8</sup> Indian Oil Corporation Limited (IOCL), Paradip  
<sup>9</sup> RPDAC previously known as RAC and PDC

- Scrutiny revealed that in respect of another industry<sup>10</sup>, SES was conducted in June 2006 with identification of 405 PDFs, against which a list of 309 PDFs was approved in 3<sup>rd</sup> RPDAC meeting (June 2008). In the said meeting, RDC instructed Collector, Bhadrak to include divorcees and major sons excluded in earlier approved list and prepare a fresh list for consideration. In 4<sup>th</sup> RPDAC meeting (September 2012) again it was decided that since large number of petitions were received, Deputy Collectors would enquire into the matter. They recommended inclusion of 22 more persons in the list. But the said list was found to be not in compliance with ORRP 2006. Further enquiry was instructed by LAO and Sub Collector. By the process, 111 families earlier included in the SES list were left out and did not get any R&R benefits. Though Government selected the survey agencies, it failed to evaluate their performance due to which irregularities were noticed in survey reports.

Department stated (October 2014) that SES report was finalised in 2008 on the basis of which, factual list of displaced families was prepared and approved in the RPDAC. But even with further enquiry ordered in last and 4<sup>th</sup> RPDAC held in September 2012, preparation of lists was still not correct.

#### **2.1.10.5 Non-conducting of hearings on SES**

As per guidelines, after wide publicity of SES report, hearing of objections from affected persons should be made and verification of their claims must be done together by the survey agency, the project authority and RRO from Government side.

Audit observed that in seven<sup>11</sup> out of 32 sampled industries, Collectors did not make wide publication of the SES reports. Two such cases are discussed below:

- In case of one<sup>12</sup> industry, survey agency submitted (July 2008) SES report to Collector identifying 315 affected families which was not put for wide publicity to invite objection, if any, on the report. Audit noticed from correspondence (March 2012) of Special LAO that 14 bona fide families were left out in SES report. Report was yet (October 2014) to be approved and R&R benefits were not extended to affected families.

Department stated (October 2014) that SES report was approved by RPDAC in September 2009 with advice to IFFCO for wide publicity and inviting objections.

<sup>10</sup> Dhamara Port Company Limited (DPCL)

<sup>11</sup> BSL, BRG, MGM and Rungta of Dhenkanal; BPSL of Sambalpur; MPCL of Angul; IFFCO of Jagatsinghpur

<sup>12</sup> Indian Farmers Fertiliser Cooperative Limited (IFFCO)

- In case of another industry<sup>13</sup> 109 objections were stated to be received (as per 3<sup>rd</sup> RAC held in May 2005) and no joint hearing consisting of the project proponent and the authorised officer of the Collector was held to look into the objections. No recorded reason was available as to why hearing was not held. Besides, reasons for rejection of 88 applications were not available with District Collector.

Department stated (September 2014) that objections were being heard by District Administration as per Government guidelines. Concerned R&R functionaries would be further sensitised for publication of SES reports.

#### **2.1.10.6 Non-examination of SES report by expert group**

As per Para IV of the SES guidelines, SES report was to be examined by an independent multi-disciplinary expert group constituted by RPDAC/ Government with a panel consisting of (i) two non-official social science and rehabilitation experts, (ii) the Secretary of ST and SC Development Department or his/ her representative and (iii) a representative of the land requiring body nominated by the Government/ RPDAC with the objective to ensure correctness of the data/ report and decisions of recommendations in respect of extension of R&R benefits, etc. Audit found that no such group was ever constituted by RPDAC/ Government for any industry.

Department admitting the observation of Audit stated (October 2014) that SES report is examined and approved by RPDAC which is a higher level body with people's representatives.

#### **2.1.11 Functioning of Rehabilitation and Periphery Development Advisory Committee (RPDAC)**

In order to encourage participation of displaced people and their elected representatives in implementation and monitoring of R&R benefits, to oversee and monitor periphery developments, Government constitutes RPDAC for each project or for a group of projects falling under one district as per stipulation (Para 16) of ORRP 2006. As per Government order (July 2006), such Committee should be constituted under Chairmanship of Revenue Divisional Commissioner (RDC) with district Collector as member convener and other members<sup>14</sup>, who are responsible for taking decisions conforming to approved policy of State and such decisions should be final and binding on all concerned.

As per policy, the list of displaced families identified in SES report shall be placed before and approved by RPDAC. Collector shall prepare R&R plan based on the list approved and option of displaced families and place the plan

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<sup>13</sup> Bhushan Steel Limited (BSL), Dhenkanal

<sup>14</sup> All MPs of the concerned district, President, Zilla Parishad, Chairpersons of the affected Panchayat Samitis, Representatives of two Local Self Help Groups, two persons nominated by the Chairman from among the displaced and affected families, Project Director, District Rural Development Agency, Sub-Collector(s) concerned, Land Acquisition Officers (LAOs)/ Special LAOs, Representatives of Project concerned having decision making power on behalf of the project as members

before RPDAC for approval. Accordingly, project authorities are to provide rehabilitation assistance to the affected families.

Audit noticed that functioning of RPDACs left several gaps as SES reports were not insisted upon and discussed in their meetings, R&R plans were not submitted for approval, decisions taken were not carried out by project authorities, adequate number of meeting were not held to discuss R&R issues, etc. as discussed below:

#### **2.1.11.1      *SES report not approved by RPDAC***

Para 4 (b) of ORRP 2006 read with Para IV (Part 1) of SES guidelines stipulates that final report of SES shall be placed before RPDAC for approval.

Scrutiny of minutes of RPDAC meetings revealed that in case of 16 out of 32 projects, SES reports were discussed and approved; in 15 other cases, reports were not discussed. In one case, SES was not conducted. RPDACs did not insist on submission of SES report for their approval, due to which, R&R plan for affected families were not prepared.

#### **2.1.11.2      *Non-preparation of R&R plan***

As envisaged in Para (7) of ORRP 2006, based on the approved list and option of displaced families, R&R plan should be prepared by Collector for R&R after due consultation with displaced communities in the manner as determined by Government. Such plan should address specific needs of women, vulnerable groups, etc. and would be placed before RPDAC for approval.

Audit noticed that in 25 out of 32 Industries, R&R plans were not prepared by Collectors of concerned districts. RPDACs did not insist on the same due to which option of affected families could not be considered.

Department stated (September 2014) that R&R planning was done by the concerned Collectors with the approval of the RPDAC. But, there was no such evidence of discussion in the RPDACs of 25 industrial projects.

#### **2.1.11.3      *Ineffective role of RPDAC***

As per Para 7 (vi) of ORRP 2006, project authorities shall abide by the provisions laid down in the policy and decisions taken by RPDAC from time to time. As per the guidelines, RPDAC is to supervise the progress of R&R activities including periphery development programmes undertaken by project authorities.

- As per the decisions of RPDAC in its second meeting (September 2012), an industry was required to take up activities to increase household income of project affected persons for imparting training by establishing industrial training centre (ITC) and construct old age home/ home for destitute mental patients. But, no such works were done by the project authority.

- Similarly, RPDAC in its first meeting (September 2012) decided that a project should set up one dispensary at Kandarei GP, give matching amount of old age pension/ disabled pension to 200 existing beneficiaries and drinking water through piped water supply (PWS) to affected villages against which no actions were taken.
- First RPDAC meeting (September 2009) in respect of a Thermal Power Company decided to provide livelihood support to the people of the affected villages through establishment of cooperative for training of ladies by providing sewing machine, aquaculture pond for pisciculture, micro enterprises (phenyl production) for women SHGs and PAFs, etc. But, no such projects were taken up by the company till date (November 2013). Collector, Angul stated (December 2013) that direction would be given to them to take up self-employment project.
- In the 2<sup>nd</sup> RPDAC (21 August 2009) meeting of an industry, Revenue Divisional Commissioner (Northern Division), Sambalpur directed the Labour Officer to visit the Company and take the opinion of the labourers regarding discrimination of wages among those engaged from Odisha and those from outside the State and submit a detailed report to the Collector within a fortnight. But, neither did he submit the report nor was matter discussed in the subsequent RPDAC meetings.

Government failed to review the decisions of RPDAC in case of above four<sup>15</sup> industries due to which issues remained unaddressed.

#### ***2.1.11.4 Inadequate intervention on issues of employment/self employment***

As stipulated in Para 8 (1) (a) in ORRP 2006 Policy, employment should be ensured to PDFs and project authority should make special efforts to facilitate skill upgradation/ training to nominated members of each displaced/ other family.

It was observed that though five industries in consultation with RPDAC targeted to sponsor 2085 members for ITI training, only 233 members were sponsored. Another five did not set any target but sponsored 720 members.

- One<sup>16</sup> industry was to establish an Industrial Training Institute at Naktideula as per decision in the RPDAC meeting. No work has commenced (January 2014).

Department stated (September 2014) that Collector, Sambalpur had directed the industry to set up ITI for skill up-gradation of affected persons.

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<sup>15</sup> Tata Power, Cuttack; KVK Nilachal Power Limited, Cuttack; JITPL, Angul; SMEL, Sambalpur

<sup>16</sup> Shyam Metallics, Sambalpur

- Similarly, another industry<sup>17</sup> was also to set up an ITI at Rengali. This has not materialised yet.
- So also in case of another industry<sup>18</sup>, decision was taken to locate 250 acre of land for construction of Biju Patnaik Farmers Training Institute. In the 2<sup>nd</sup> RPDAC (September 2010), it was decided to complete the location process by November 2010. Scrutiny revealed that the institute was not established (January 2014) and no further RPDAC was convened to follow up the issue.

Department stated (October 2014) that RDC (CD), Cuttack shall hold meeting of RPDAC within short time to discuss the matter of establishment of Institute.

### 2.1.12 Resettlement and Rehabilitation benefits

Private land acquired under Land Acquisition Act 1894 is compensated as per award passed by the concerned Collector of the district. Audit noticed that ₹ 187.09 crore of compensation including interest was kept undischarged with Collectors as of March 2013 in case of 32 industries of 13 districts even after passing of award against acquisition of land for a period ranging between 1 and 17 years as detailed in *Appendix 2.2*.

In addition to land compensation, PDFs were entitled to get employment/ cash in lieu of employment and other R&R assistance as given in the table below:

**Table 2.1: Showing details of R&R benefit**

R&R assistance	Amount of assistance
Provision of homestead land/ Self-relocation assistance	One-tenth of an acre of land/ self-relocation assistance of ₹ 50000
House building assistance	₹ 1.50 lakh
Maintenance allowance	₹ 2000 per month
Assistance for temporary shed	₹ 10000
Transport allowance	₹ 2000 or free transportation

(Source: ORRP 2006)

Scrutiny of records revealed that R&R benefits extendable to PDFs like compensation for multiple displacements, employment/ cash in lieu of employment, etc. were not extended as discussed below:

#### 2.1.12.1 Payment of compensation money for multiple displacements

As per objectives of ORRP 2006, displacement should be minimum, if not avoidable and as per paragraph 7 (iv) of ORRP, 2006, where there is multiple displacement, additional compensation amounting to 50 per cent of normal compensation payable, was to be paid to each displaced family over and above the normal compensation in the form of *ex-gratia*.

<sup>17</sup> Bhushan Power and Steel (BPSL)

<sup>18</sup> IFFCO, Paradip

- Audit observed that 43 PDFs who were earlier displaced due to Hirakud Dam project and settled in Lapang area under Sambalpur district were again displaced due to setting up of Aditya Aluminium Project (AAP). So also, 130 PDFs who were displaced earlier due to Derjang project at Angul and settled in Basudevpur under Angul district were again displaced due to setting up of Jindal Steel and Power Limited (JSPL) at Nisha, Angul. But, additional compensation of ₹ 2.38 crore and ₹ 5.88 crore due to 43 and 130 twice displaced families under AAP and JSPL respectively were not paid.

Department stated (September 2014) that AAP Sambalpur deposited ₹ 2.38 crore with the Collector for the purpose, while in respect of JSPL Angul, RDC was looking into the matter.

#### **2.1.12.2 Non-payment of compensation**

As per Para 8 of ORRP 2003 for one industry<sup>19</sup>, if some patch of land remains with a family/ person which is either economically unviable for further use or becomes inaccessible as a result of acquisition of surrounding land, then such portion of land shall be acquired for the project.

- Audit scrutiny revealed that 14.27 acre of land in 14 villages of Kalahandi district became economically unviable due to acquisition of surrounding land by VAL, Lanjigarh during 2002-08 out of which compensation was paid for 3.67 acre land. Remaining land was not acquired.

Department stated (October 2014) that notice under Section 9 (1) and 9 (2) of LA Act 1894 was issued (January 2014). Due to introduction of new Land Acquisition, Rehabilitation and Resettlement Act, 2013 revised estimates also were sent (August 2014) to IDCO for approval after which compensation would be disbursed.

- Similarly during acquisition of land by Collector Sambalpur for AAP Sambalpur, 10.020 acre land of four persons remained within the acquired area. In the 5<sup>th</sup> RPDAC meeting (July 2011), it was decided that the company would purchase the missing land<sup>20</sup> directly from the land owners after obtaining permission under Section 73(c) of Odisha Land Reforms Act.

After audit pointed it out, Collector, Sambalpur stated (January 2014) that after verification, direction would be given to the company to pay the compensation amount.

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<sup>19</sup> Vedanta Aluminium Limited (VAL), Lanjigarh

<sup>20</sup> The land which could not be used by the owner due to acquisition of surrounding land



### **2.1.12.3 Non-extension of employment or cash in lieu of employment of ₹ 31.92 crore for PDFs**

As per Para 8 (I) (a) of ORRP 2006, families affected by displacement or loss of agricultural land shall be eligible for employment by the project authorities. For the purpose of employment, each original family will nominate one member of such family. The project authority will give employment to nominated members of the displaced/ other families in prescribed order of preference<sup>21</sup>. Where employment cannot be provided because of reason to be explained in writing, cash compensation in lieu of employment at the prescribed rate shall be provided to the displaced/ other families.

Audit scrutiny revealed that 10 out of 32 test checked industries did not provide employment or one-time cash compensation of ₹ 31.92 crore in lieu of employment as of September 2014 to 588 project displaced families as indicated in *Appendix 2.3*.

### **2.1.12.4 Non-payment of self-relocation assistance of ₹ 3.38 crore**

As per para 8 (I) (d) and (e) of ORRP 2006, each displaced family will be given at least one-tenth of an acre of land free of cost in a resettlement habitat for homestead purpose or ₹ 50000 in lieu of homestead land.

Audit found that though 490 families were displaced due to acquisition of land by nine industries in seven districts, neither the district authorities nor the company authorities took any initiative for payment of self-relocation assistance of ₹ 3.38 crore as detailed in *Appendix 2.4*.

Department stated (October 2014) that three projects like TISCO, Gopalpur, BSL, Dhenkanal and MPCL, Angul have provided self-relocation assistance amounting ₹ 0.30 lakh per family to 102 families, ₹ 50.24 lakh to nine families and ₹ 11.95 lakh per family to four families respectively. In respect of OPGC, Government stated that 77 families were not actually displaced and not entitled for self-relocation assistance but fact remained that out of 219 identified as PDFs, 142 were provided with assistance leaving 77 families who are yet to get assistance.

### **2.1.12.5 Non-payment of house building assistance**

As per Para 8 (I) (f) of ORRP 2006, Project Authority shall construct house for each PDF in the resettlement habitat or provide house building assistance of ₹ 1.50 lakh to each of the displaced families settling in the resettlement habitat or opting for self-relocation elsewhere.

- Audit noticed from list of PDFs and the Progress Report, that 408 PDFs in eight industries under six districts were not provided houses or house building assistance of ₹ 8.06 crore as detailed in *Appendix 2.4*.

<sup>21</sup> (1) Losing all land including homestead land, (2) losing more than two-thirds of agricultural land and homestead land, (3) losing more than one-third of agricultural land and homestead land, (4) losing only homestead land but not agricultural land, (5) losing all agricultural land but not homestead land

- As per provisions contained in Para 2 (c) of ORRP 2006, the list of displaced families was to be updated as on 1st day of January of the year in which physical displacement is scheduled to take place. Audit found that due to non-updation, 20 families (Dkorol village: 17 and Kendukhunti village: 3) could not be included in the PDF list and were debarred from house building assistance of ₹ 38.16 lakh in Utkal Aluminium International, Rayagada. Special LAO of Rayagada confirmed (January 2014) the fact and agreed to initiate necessary action in the matter.
- Audit further found that though several families were displaced for Kalinga Nagar Industrial Infrastructure Complex (KNIIC) after 2006 by the district administration (Jajpur), non-updation of list of affected families after 2006 resulted in exclusion of 52 families in the PDF list, who were debarred from the house building assistance of ₹ 1.07 crore.

Department stated (October 2014) that efforts are being made for making payment at different rates of R&R benefits to the families based on their date of displacement.

**2.1.12.6      *Non-payment of allowance for temporary shed of ₹ 70.21 lakh***

As per Para 10 (b) of ORRP 2006, assistance for temporary shed for ₹ 10000 shall be provided to each displaced family by the Project Authority. Audit noticed that allowance for temporary shed of ₹ 70.21 lakh was not paid to 510 PDFs in nine industries under seven districts as detailed in **Appendix 2.4**.

Department stated (October 2014) that TISCO, Gopalpur had disbursed allowance for temporary shed to 1457 PDFs and BSL, Dhenkanal to nine PDFs but TISCO did not provide the benefits to balance 102 PDFs. Besides 408 PDFs under eight industries are yet to get the benefit.

**2.1.12.7      *Non-payment of maintenance allowance of ₹ 1.68 crore***

As per Para 10 (a) of ORRP 2006, to ensure timely vacation, maintenance allowance of ₹ 2000 per month per displaced family shall be provided to each family for a period of one year from the date of vacation.

Audit noticed that maintenance allowance of ₹ 1.68 crore was not paid to 508 PDFs in nine industries under seven districts as detailed in **Appendix 2.4**.

Department stated (October 2014) that the Company authorities were instructed in July 2014 to pay the amount in case of AAP, Sambalpur and SMEL, Sambalpur. There was undue delay in issuing instruction.

### **2.1.12.8 Non-extension of benefit to homestead-less persons**

Scrutiny of proceedings of RPDAC on OPGC, Jharsuguda revealed that a decision was taken in meeting (November 2011) to identify all persons occupying the Government land and displaced due to establishment of the project who would be issued with RoR to get benefit of R&R. But, no steps were taken by the district Collector to identify affected families through SES.

Department stated (October 2014) that instructions were being issued to all concerned to comply with the aforesaid provision.

### **2.1.12.9 Short payment of Rehabilitation assistance of ₹ 6.66 crore due to non-revision of assistance as per indexation**

As per paragraph 13 of ORRP 2006, Rehabilitation Grant is indexed once in every two years to the Wholesale Price Index (WPI) with 1st April 2006 as the reference date and is revised by the Government once in two years thereafter on the basis of WPI.

Scrutiny of records revealed that although Government revised the rehabilitation assistance on the basis of WPI, the project authorities made payment at pre-revised rate which resulted in short payment of ₹ 6.66 crore as detailed in *Appendix 2.5*. However, district Collectors did not take up the matter with the project authorities for payment of differential amount to PDFs.

Collector Jajpur stated that project authorities were making payment as per the R&R Guidelines 2005 and intimated (September 2014) that the industrial units were instructed to deposit the differential amount which would be disbursed on receipt to the concerned beneficiaries.

### **2.1.12.10 Traditional occupation**

As per Para 8 I (b) of ORRP 2006, Project Authority under guidance of the Collector concerned will make adequate arrangement to provide vocational training to at least one member of each displaced/ other family so as to equip him/ her to start his/ her own small enterprise and refine his/ her skills to take advantage of new job opportunities. For those engaged in traditional occupations/ handicrafts/ handlooms, suitable training shall be organised at the cost of the project authority to upgrade their existing skills.

Audit scrutiny found that JSPL, Angul provided livelihood support through a project named as *Jeeban Jibika*, in which women from the PAFs/ PDFs were employed in production of household articles like soap, fruit juice, etc. which were marketed by JSPL. However, Audit found from records of other industries that no such facilities were provided. One such case is discussed below:

- It was observed from the proceedings of RAC (February 1999) that mostly people of villages of Manssurkota, Basonaputi, Kalipalli, Sindhigaon and Paikapada, depended upon Kewra plants (bushes) to earn their livelihood by making scent (perfume) from Kewra flowers. Due to acquiring of land by TISCO, people of those areas lost their

livelihood. As per clause 11 of the Guidelines for TISCO Project Gopalpur, it was to carry out compensatory plantation of Kewra in the vicinity to provide livelihood support to the PDFs/ PAFs. During field visit (December 2013) by the audit team jointly with staff of Collectorate (LAO), audit did not find any evidence of plantation of Kewra plants by TISCO Project, Gopalpur either in the rehabilitation colony or its periphery. As a result, the dependant families lost their regular source of income.

Department stated (October 2014) that 40 Kewra plantations were taken up during 1996-99 in rehabilitation colonies. But, no plant was noticed during joint physical verification.

#### ***2.1.12.11 Non-provision of shops/ service units***

As per Para 8 I (g) of ORRP 2006, Project authority will construct shops and service units at feasible locations at their own cost for allotment to project displaced families opting for self employment and preferably to physically challenged and members of displaced SC & ST communities.

Audit observed that in 27 out of 32 test checked industrial projects in 12 districts, project authorities did not construct shop/ service units for affected people. Though these issues were discussed in RPDAC meets, no action was taken except in one case of JSPL, Angul, where market complex was constructed and allotted to the affected people. Government in R&DM Department stated (September 2014) that the issue was to be looked into and intervention would be made to sort it out.

#### ***2.1.12.12 Non-issue of RoR to Project displaced families***

Para 7 (viii) of R&R policy stipulates that Record of Rights (RoRs) of the land and houses allotted to the displaced persons should be handed over to them by Collector while resettling them in the resettlement habitat.

Audit scrutiny revealed that 3996 plots were allotted in nine out of 13 districts covering 14 out of 32 industries to the displaced families and Collectors of the respective districts distributed RoRs to only 2692 families (67 per cent) and for the balance 1304 families, ownership of the land was not established despite their occupation of land. The industry wise details are indicated in the ***Appendix 2.6.***

Confirming the facts in the exit conference held on 26 September 2014, Additional Chief Secretary, R&DM Department remarked that since mutation was not a legal process, time constraint was not felt. Thus, RoR was not given to PDFs for two to nine years.

### **2.1.12.13 Non-extension of additional rehabilitation support to PDFs/ PAFs of Gopalpur**

As per MoU signed between one<sup>22</sup> industry and Government of Odisha, 3790.107 acre of land was acquired during 1995 in Chhatrapur and Konishi Tahasil of Ganjam district. Due to acquisition of such land, 1559 families were displaced (PDFs) and 2220 families were affected (PAFs). State Government issued (March 1996) a separate guideline for governing the resettlement and rehabilitation issue for the displaced and affected people. However, the industry could not come up. Subsequently, Government decided (2007) that the land acquired for steel plant would be utilised for development of multiproduct Special Economic Zone (SEZ). But, no development could be made in the acquired land even after lapse of 18 years. Government decided (July 2013) that the additional package to PDFs/ PAFs be provided by the industry, which was not agreed to by the company. Due to non-receipt of additional assistance, PDFs and PAFs submitted (December 2013) a memorandum to Government and the decision was pending till date.

### **2.1.13 Assets & Infrastructure**

#### **2.1.13.1 Non-assessment of value of structures of acquired public properties**

As per Para 6 of the ORRP 2006, if the public property like school building, club house, hospital, panchayat *ghar*, electric installation and places of worship is affected due to acquisition of land, then the value of such property shall be deposited with the Collector. Either project authority or district administration shall take up construction at the place as would be determined in consultation with the representatives of the displaced persons.

Audit scrutiny revealed that 13 public properties were acquired during the course of acquisition of land by four companies. The cost of these structures was not assessed by LAO and realised by the district authorities.

Department stated (October 2014) that assessment cost of ₹ 10.52 lakh was made in respect of five structures and in respect of balance, Executive Engineer (R&B) was requested to assess the cost.

#### **2.1.13.2 Non-provision of benefits for resettlement habitat**

As communicated (June 2011) by R&DM Department, a committee under Chairmanship of Project Director, R&R with Tahasildar and representative of project authority as members would oversee the construction and maintenance of the common facilities of the rehabilitation colony. As per guidelines on “utilisation of periphery development fund of Government”, the project proponent must look into the interest of the displaced/ affected persons.

Audit noticed that the benefits provided by the company were deficient on many counts such as inadequate health facility including absence of piped

<sup>22</sup> TISCO, Gopalpur

water supply in 10 colonies, non-availability of cremation ground including provision of pond in 12 colonies, absence of street light and road facility in five colonies, poor road maintenance in six colonies, absence of place of worship in six colonies and absence of required educational institutes in 10 colonies, the details of which are indicated in **Appendix 2.7**. Some such cases are discussed as follows:

- Though it was decided in the 4<sup>th</sup> RPDAC of Dhenkanal district for BSL to excavate a community pond in the resettlement habitat, no such pond was constructed due to which inhabitants were compelled to use polluted water of Kisinda *nullah* flowing near the colony.
- In another case, decision was taken in the 2<sup>nd</sup> RPDAC meeting (August 2007) that Tata Project should establish an English medium School with provision of classes from KG to +2 standard in project area for the children of displaced families. But, the school was not established.

#### **2.1.14 Periphery Development work**

As per ORRP 2006, project authorities shall be responsible for periphery development as decided by RPDAC within the guidelines of the State Government. Guidelines on utilisation of periphery development fund provide that industrial projects shall provide fund for periphery development and minimum 70 *per cent* of the periphery development fund shall be utilised in the affected villages.

Audit found shortcomings in periphery development work as discussed below:

##### **2.1.14.1 Non-execution of integrated water supply project**

As per the requirement of the people of the adjoining areas of major industries in Sambalpur district, RDC (Northern Division) and Collector Sambalpur proposed a water supply scheme (Integrated Water Supply Project) to cover 22 villages to be executed by the Executive Engineer, RWSS Division, Sambalpur. Accordingly, two project authorities<sup>23</sup> deposited ₹ 8.67 crore towards periphery development for execution of the project.

Audit scrutiny revealed that Collector released (December 2011 and March 2012) ₹ 33 lakh out of deposit amount of ₹ 8.67 crore to EE RWSS, Sambalpur for preliminary work, *i.e.*, levelling of site, purchase of levelling equipment, etc.

Department stated (October 2014) that district administration took steps for review of the project work timely and the work was under process. However, the fact remains that after lapse of two and half years, only preliminary work has been initiated.

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<sup>23</sup> BPSL Sambalpur (₹ 3.50 crore) and VAL Jharsuguda (₹ 5.17 crore)

### 2.1.14.2 Non-maintenance of periphery development works

As per guidelines, maintenance of assets is to be done by project proponent. During joint inspection along with the district authorities, it was seen that due to non-maintenance by BSL, the approach road to Narendrapur village of Dhenkanal district was waterlogged frequently preventing the general public from smooth conveyance.

### 2.1.14.3 Non-utilisation of periphery development fund

Audit found that ₹ 36.48 crore towards periphery development fund lay unutilised with the Collectors of three districts as indicated below:

**Table 2.2: Statement on accumulated balances of unutilised periphery fund**

(₹ in crore)

Name of industry	Authority with whom funds deposited	Amount deposited	Accumulated balance with Authority	Remarks
BSL	Collector, Dhenkanal	1.80	2.50	No decision to utilise the fund in RPDAC as of March 2014
INDAL and BPSL	EE, RWSS Division, Sambalpur	1.58	1.58	Piped water supply project was not taken up.
BPSL, Sambalpur	Project Director, ATMA	0.39	0.39	No information on utilisation of fund with Collector in respect of fund placed by him with Director for agricultural development.
BRPL, Keonjhar & others	Collector, Keonjhar	153.29	32.01	Fund lying with the Collector without any plan/ programme.
<b>Total</b>		<b>157.06</b>	<b>36.48</b>	

(Source: Compiled by Audit from the records of Collectors)

Audit noticed that in major cases contribution to periphery development fund had not been made as the project proponents were undertaking development works by themselves and thus no control was exercised by the District Collectors. The table given above is only indicative of the fund deposited by the Industries with District Collector or Project Director, ATMA or Executive Engineer lying unutilised. Special LAO, Sambalpur stated that the funds released to ATMA would be approved *post-facto* in RPDAC meeting and direction would be given for utilising the fund for the purpose of agricultural extension work in the vicinity of the project area.

During beneficiary interview conducted by audit in presence of representative of Collector with the displaced persons in rehabilitation colony, audit noticed that the fund was not provided to ailing members out of the corpus fund created for the welfare of the colony thereby defeating the purpose of creation of such fund.

### 2.1.14.4 Inadmissible expenditure out of Periphery Development Fund on sectors which were not approved in the guideline

As per provisions contained in periphery development guidelines, funds could be utilised under certain heads like health, education, livelihood support,



pre-school education, irrigation, drinking water provision, individual benefit, sanitation and sewerage, etc. As per instruction (July 2006) of R&DM Department, where the RPDAC makes any deviation from the approved guidelines issued by Government, such decisions recommended for deviation shall be subject to approval of Government.

Audit Scrutiny revealed that Collector, Sambalpur incurred expenditure of ₹ 11.93 lakh on different heads not admissible under the guidelines viz. electricity bill of Collectorate (₹ 4.16 lakh), salary, wages and other administrative expenses (₹ 1.45 lakh) and construction work at different police station (₹ 6.32 lakh). Collector, Sambalpur stated that administrative expenditure was incurred out of interest money and construction work of police stations was taken up with the approval of RPDAC. In the exit conference (September 2014), Additional Chief Secretary, R&DM Department expressed his concern over the issue and instructed concerned officers to be careful in future in observing scheme provisions to recoup the inadmissible expenditure incurred, which was yet to be done as of November 2014.

### **2.1.15 Environmental issues**

#### **2.1.15.1 *Environmental pollution by the industrial projects***

As per Para 3 of ORRP 2006, one of the objectives of the policy of the Government is to ensure environmental sustainability through participatory and transparent process. Industrial pollution by way of forest loss, discharging of industrial effluents into water bodies and emission of toxic substances into the atmosphere is a matter of concern for the people of the affected area.

Audit observed from the proceedings of the RPDAC meetings, inspection report of Pollution Control Board and review proceedings on plantation that project authority and District Collector did not take sufficient steps to combat pollution as the problem continued to persist in case of seven industrial projects in Dhenkanal, Ganjam, Jagatsinghpur, Jajpur, Kalahandi and Sambalpur. Collector, RPDAC and project authorities did not take any step to conduct environment impact assessment in the project affected area. Some cases of environmental pollution are given below:

- In case of Bhushan Steels Limited in the district of Dhenkanal, the industry was releasing toxic effluents to Kisinda and Lingara *mullah* round the year violating the instruction of the Government and State Pollution Control Board (SPCB).

Department stated (October 2014) that thermal power plant of the industry and blast furnace-II were sealed (August 2013 and November 2013). Report on reducing pollution due to sealing was awaited.

- In respect of VAL, Lanjigarh in Kalahandi district, audit noticed from the observations of Inspection report made by SPCB, Odisha (10 April 2013) that the lining in the dirty water pond was not periodically checked, the observation well at the ash pond was in defunct state and rehabilitation of red mud in the filled up/ abandoned waste cell of red mud pond was not

done by VAL, for prevention of groundwater contamination. The Collector did not furnish the compliance report to the above objections raised by SPCB, Odisha.

- Collector & District Magistrate, Jajpur in an interim compliance report on proceedings of 5<sup>th</sup> RPDAC meetings (September 2012) intimated that a Committee had been constituted to examine pollution status at JSL and collected (January 2013) sample from Gandanal *nullah*, which was sent for laboratory test. The report was still not received (September 2014).
- In case of BPSL, Sambalpur, from the proceedings of 1<sup>st</sup> RPDAC meeting (August 2007) it was observed that BPSL had not constructed the ash pond for the power plant, though plant was commissioned in 2003 and ash was dumped at different places.

Government stated (October 2014) that thermal power plant and blast furnace of BSL, Dhenkanal discharging industrial effluents, were closed from August 2013 and November 2013 respectively for violating Water and Air (Prevention and Control of Pollution) Acts and necessary instructions were issued for other industries for early action.

#### **2.1.15.2 Non-achievement of plantation target**

As per the decisions taken in the RPDACs and review meeting, plantation should be made on large scale by way of creating green belt in the factory area and in the periphery through avenue plantation to combat pollution. But, audit observed that, there was shortfall in achievement of the RPDAC approved target in 10 out of 32 industrial projects in four districts. The district administration did not take any effective step to achieve the targets. In rest of 22 industrial projects, Collector or RPDAC did not fix any target for plantation in the periphery due to non-holding of meeting timely or non-raising of requisite issues in the meeting.

The contention of audit was agreed upon by Government in its reply (October 2014) with the remark that necessary remedial steps would be taken to review the status of plantation by formation of a committee and all out efforts would be made to fulfil the shortfall.

#### **2.1.16 Monitoring and Grievance Redressal**

##### **2.1.16.1 Inadequate RPDAC meeting**

As per Para 16 of ORRP 2006, a RPDAC was to be constituted for each project undertaken in the State and meeting was to be held for discussing and taking decisions on implementation of R&R Policy once in every quarter.

Audit observed that required numbers of RPDAC meetings were not held in respect of 32 sampled industrial projects as only 135 meetings were held against 786 meetings required. Due to non-conducting of meetings at regular intervals, decisions taken in previous meetings could not be followed up and ultimately decisions remained unaddressed.

### **2.1.16.2 Review and monitoring of implementation**

As per Para 17 of ORRP 2006, there will be a council headed by the Chief Minister to advise, review and monitor implementation of R&R policy. Government of Odisha in R&DM Department instructed (August 2012) that review meetings should be held at least once in a month by the respective Collector and District Magistrate and once in two months by the respective RDCs.

Scrutiny revealed that State Level Council on Resettlement & Rehabilitation (SLCRR) met only once on 18 June 2008 in which several decisions such as issues on land compensation, mining, plantation, pollution, etc., were taken up. But, no second meeting had since been convened.

Further, the Collectors/ RDCs of the sampled districts did not conduct any meeting after August 2012. No action was taken on decision taken in various review meetings during January 2006 to September 2009 in case of Dhenkanal District. Data in respect of other districts could not be made available to audit.

There was no comprehensive database available with Department as mentioned earlier (*Paragraph 2.1.9*) regarding PDF and PAFs of the State for effective monitoring of R&R assistance, *inter-alia*, due to which 798 PDFs were not properly rehabilitated. Government, after empanelling the agencies for conducting SES survey did not monitor their performance despite irregularities noticed in their survey reports affecting R&R activities. Department conducted review meetings mainly on land acquisition issues. During nine departmental meetings held during April 2012 to June 2013, while 294 issues were discussed on acquisition of land, only 42 R&R related issues were discussed in meetings. This led to inadequate attention on R&R issues which ultimately remained unaddressed.

Department stated (October 2014) that steps were being taken to conduct periodical review with instruction to all concerned to act suitably.

### **2.1.16.3 Absence of efficient grievance redressal mechanism**

Para 20 of ORRP 2006 provides for setting up of an effective grievance redressal mechanism at district level to deal with grievance of the project affected people relating to resettlement and rehabilitation with intimation to the project authorities to set up such forum at their individual level.

But, audit observed that no specific mechanism was followed at the Collectorate level to receive grievance petitions under R&R issues except under the general grievance cell. Those relating to R&R issues were forwarded by district administration to the project authorities for consideration. But, no follow up action was taken.

Test check of records of two industries showed that out of 2222 grievances received, only 880 were settled.

LAOs stated that necessary instruction would be issued to project authorities to set up grievance redressal cell for early settlement.

### **2.1.17 Conclusion**

Performance Audit on Resettlement and Rehabilitation of people affected by industrial Projects in Odisha revealed instances of benefits not reaching the affected people for a host of reasons ranging from absence of proper planning to inadequate survey and ineffective monitoring of R&R activities at district and department level. As a result, 798 PDFs in respect of 13 out of 32 industrial projects displaced during 1992-2013 were not properly rehabilitated and benefits due to them were not extended. Complete database in respect of number of people affected/ displaced, employment provided, etc., was not available either at department or at district level.

Socio-economic surveys (SEs) intended as guides and basis for preparation of R&R plans were not conducted in respect of 14 industrial projects on subsequent acquisition of land. Creation of awareness among the affected families through well defined comprehensive communication plans, was lacking. RPDACs constituted for respective project to approve R&R planning and its implementation for affected people left gaps in their functioning. RPDAC did not review decisions leaving large number of issues unaddressed.

Employment or one-time cash compensation in lieu of employment was not provided to 588 project displaced families by industries. There were cases of non-payment of rehabilitation assistance like compensation for double displacement, missing land, self-relocation allowance, house building assistance, etc. RoRs to 1304 families were not given depriving them of ownership of their land despite its occupation.

There were cases of inadequate health facility, absence of piped water supply, absence of street light, road facility, non-provision of pond, etc. Periphery development fund was lying unutilised with Collectors of three districts. Project authorities did not conduct environmental impact assessment including adequate arrangements for management of factory effluents.

Required numbers of RPDAC meetings were not held in sampled districts. Review meetings conducted by the RDC and Collectors were inadequate and no follow up actions were taken. Grievance redressal mechanism was inadequate as several petitions were lying unattended. Department conducted review meetings without adequate attention to R&R issues.

### **2.1.18 Recommendation**

Government may consider:

- ensuring regular review meetings with follow up action at district and government level in time bound manner;
- maintaining a comprehensive database at Government and district level containing project wise families displaced, affected, resettled, benefits due and provided including grievances received and settled; and
- instituting a separate grievance redressal mechanism for R&R issues.