



**Report of the  
Comptroller and Auditor General of India  
on  
Local Bodies  
for the year ended March 2017**



**Government of Odisha**  
*Report No.1 of the year 2018*



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## **Preface**

This Report for the year ended March 2017 has been prepared for submission to the Governor of Odisha under CAG's DPC Act, 1971.

The Report contains significant results of the audit of the Panchayati Raj Institutions and Urban Local Bodies in the State.

The issues observed in the course of test audit for the period 2016-17 as well as those issues, which came to notice in earlier years but could not be dealt with in the previous Reports, have also been included, wherever necessary.

The audit has been conducted in conformity with auditing standards issued by the Comptroller and Auditor General of India.



# OVERVIEW



## Overview

Panchayati Raj Institutions and Urban Local Bodies fall under Panchayati Raj and Drinking Water Department and Housing and Urban Development Department respectively. This Report of the Comptroller and Auditor General of India (C&AG) on Government of Odisha includes results of one Performance Audit, two detailed Compliance Audit paragraphs and six Draft paragraphs of PRIs and ULBs. These include:

- Performance Audit on Mahatma Gandhi National Rural Employment Guarantee Act.
- Detailed Compliance Audit on Implementation of Rajiv Awas Yojana in the State.
- Detailed Compliance Audit on Implementation of Swachh Bharat Mission in the State.

An overview of the significant audit observations is discussed below:

### Panchayati Raj and Drinking Water Department

#### **Implementation of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)**

- The per annum average income of the households (HHs) in all the 30 districts ranged from ₹ 671 to ₹ 1,630. This was against the target of ₹ 12,600 to ₹ 17,400 for a minimum of 100 days in a financial year. At this wage rate, MGNREGS had hardly impacted the goal of sustainable development in poverty alleviation.

*(Paragraph 2.1.6)*

- The Orissa Rural Employment Guarantee Council could hold only four meetings since November 2007 as against required 18 meetings. The reason was non-availability of the Chairman (Chief Minister) to attend the meetings.

*(Paragraph 2.1.7.1)*

- The failure of the Government to provide adequate staff adversely affected maintenance of MGNREGS accounts, grievance redressal, online entry of muster roll, verification and issue of job cards.

*(Paragraph 2.1.7.2)*

- The State Government had not identified and trained volunteers to engage with special category beneficiaries to ascertain their needs and requirements. Special attention was not focussed on vulnerable sections of the rural society as desired under the scheme.

*(Paragraph 2.1.7.3)*

- Labour groups were not formed in any of the eight test-checked districts. As such, the collective approach towards achieving the output was missing.

*(Paragraph 2.1.7.4)*

- In 102 out of 120 test-checked Gram Panchayats, the labour budget was not approved by Gram Sabhas. These were directly prepared at Panchayat Samiti level and submitted to the Zilla Parishad for approval without assessment of demand from Gram Panchayat level.

*(Paragraph 2.1.8)*

- There was delay in payment of wages of ₹ 3,114.58 crore. Against ₹ 53.19 crore payable as compensation, only ₹ 15.18 lakh was paid. During 2012-17, out of 338.46 lakh payable transactions, 9.50 lakh transactions involving ₹ 91.46 crore were rejected. Reasons for rejection included invalid bank codes (IFSC), non-existing accounts, closed bank accounts and non-tallying of account description.

*(Paragraph 2.1.11)*

- In 23 test-checked Panchayat Samitis, 11,843 labourers had applied for employment for 1,22,430 days during 2014-17. However, they were neither provided employment nor unemployment allowance.

*(Paragraph 2.1.12)*

- In the test-checked Gram Panchayats, 1,389 earthen roads were constructed at a cost of ₹ 32.21 crore during 2012-17. Earthen road work was not admissible due to lack of durability and all-weather connectivity.

*(Paragraph 2.1.15.2)*

- Due to faulty and delayed approval of plantation projects, 12 executing agencies incurred unfruitful expenditure of ₹ 7.38 crore.

*(Paragraph 2.1.15.4)*

- Material worth ₹ 15.74 crore was purchased without approval of District Level Convergence Committee in four test checked districts. In three Panchayat Samitis and Director Horticulture, Kalahandi, material involving ₹ 5.23 crore was purchased without floating tenders.

*(Paragraph 2.1.15.8)*

- Deputy Director of Horticulture (DDH), Kalahandi purchased 34,200 gabions at a cost of ₹ 1.18 crore from Bhubaneswar Regional Co-operative Marketing Society (BRCMS) Limited (November and December 2016). BRCMS was selected without floating any tender. The gabions were 50 *per cent* of the specified size, whereas full payment was made to BRCMS. This resulted in excess payment of ₹ 58.99 lakh.

*(Paragraph 2.1.15.8)*

- In 11 test checked Panchayat Samitis, wages of ₹ 6.17 lakh were shown as paid to 944 labourers for 3674 mandays in manipulated Muster Rolls.

*(Paragraph 2.1.16)*

- Panchayati Raj Institutions did not operate flexi accounts for depositing scheme funds during 2013-16 which led to loss of interest of ₹ 1.41 crore.

*(Paragraph 3.1)*

- Two Training-cum-production centres constructed in Joda and Balisankara Panchayat Samitis remained idle over four to eight years, thereby making an expenditure of ₹ 17.26 lakh infructuous.

*(Paragraph 3.2)*

- Improper cash management and lack of supervisory control by higher authorities in 11 Gram Panchayats and disbursement of Old Age Pension against deceased beneficiaries in 14 Panchayat Samitis led to misappropriation of Government money of ₹ 10.12 lakh.

*(Paragraph 3.3)*

### **Housing and Urban Development Department**

#### **Implementation of Rajiv Awas Yojana (RAY) in the State**

- The project costs in 10 Detailed Project Reports increased by ₹ 73.45 crore due to inadequate surveys and evaluation by the Executive Officer/ Municipal Commissioners.

*(Paragraph 5.1.3.5)*

- Jajpur Municipality spent ₹ 4.14 crore on construction of transit house for temporarily displaced slum dwellers. However, it used the building as a market complex depriving the beneficiaries of the intended benefit.

*(Paragraph 5.1.4.3)*

- In Rangamatia slum cluster, Bhubaneswar Municipal Corporation had permitted unauthorised cost escalation of ₹ 25.16 crore due to delay in award of work.

*(Paragraph 5.1.4.5(i))*

- Payment of tender premium of ₹ 1.84 crore was made to National Buildings Construction Corporation Limited beyond the admissible limit.

*(Paragraph 5.1.4.5(ii))*

- Bhubaneswar Municipal Corporation had utilised ₹ 4.69 crore meant for Transit House towards housing and infrastructure without refunding the same.

*(Paragraph 5.1.4.5(iii))*

- Bhubaneswar Municipal Corporation had incurred unfruitful expenditure of ₹ 1.19 crore on closed projects.

*(Paragraph 5.1.4.5(iv))*

#### **Implementation of Swachh Bharat Mission**

- Government prepared Odisha Urban Sanitation Strategy and Odisha Urban Sanitation Policy without preparing City Sanitation Plan of all ULBs and consolidating these into a State level sanitation plan. This was in contravention of the Swachh Bharat Mission guidelines.

*(Paragraph 5.2.2)*

- The total fund released was only 29 *per cent* of the funds required for the year 2015-17. Against this, utilisation of funds was only 15.87 *per cent*.

*(Paragraph 5.2.2)*

- Government did not take any step for mobilisation of additional resources. It shifted the responsibility for the balance amount completely to the beneficiary. This adversely affected the objective of construction of Individual Household Latrines.

*(Paragraph 5.2.2)*

- The achievement against target fixed for Individual Household Latrines in Annual Action Plans of 2015-17 was only five *per cent*.

*(Paragraph 5.2.2)*

- Nine *per cent* of targeted Community Toilet seats were taken up and only two *per cent* of toilets were completed as of March 2017. Out of targeted Hybrid Toilets seats, only 11 *per cent* Hybrid Toilets were taken up and one *per cent* was completed as of March 2017. In Public Toilet category, the achievement was only seven *per cent* of mission target.

*(Paragraph 5.2.2)*

- Government of Odisha dispensed with release of 1<sup>st</sup> incentive of ₹ 2,000 (December 2016) and instructed all Urban Local Bodies to issue 100 *per cent* work order for IHHLs by January 2017. This was in violation of Government of India orders.

*(Paragraph 5.2.5.2)*

- In Choudwar Municipality, two officials misappropriated sale proceeds of Public Distribution System commodity amounting to ₹ 66.41 lakh during 2014-16. Out of this, ₹ 50.96 lakh was yet to be recovered.

*(Paragraph 5.3)*

- In Balangir Municipality, non-specification of the bucket size of Drain Cleaners and non-utilisation of Mobile Toilets led to idling of machines for more than three years. This also resulted in idle expenditure of ₹ 27.86 lakh. In Athagarh Notified Area Council, non-utilisation of Cesspool Tanker for more than six years led to unfruitful expenditure of ₹ 6.50 lakh.

*(Paragraph 5.4)*

- Construction of Night Shelter by Cuttack Municipal Corporation on a piece of land without verifying its title in the land records resulted in wasteful expenditure of ₹ 9.79 lakh.

*(Paragraph 5.5)*



**Part-A**

**PANCHAYATI RAJ**  
**INSTITUTIONS**



## CHAPTER I

**Section A**  
**An Overview of the Functioning of the Panchayati Raj Institutions (PRIs) in the State**

**1.1 Introduction**

Panchayati Raj Institutions (PRIs) came into existence in Odisha from 1948 with the enactment of Orissa Gram Panchayat Act, 1948. Subsequently, Orissa Panchayat Samiti and Zilla Parishad Act, 1959 was enacted in 1961 and three tier system of PRIs was established in the State. All these Acts were amended in 1993 and 1994 in conformity with the 73<sup>rd</sup> Constitutional Amendment Act, 1992. It empowered the PRIs to function as institutions of self-government to accelerate economic development and ensure social justice in rural areas.

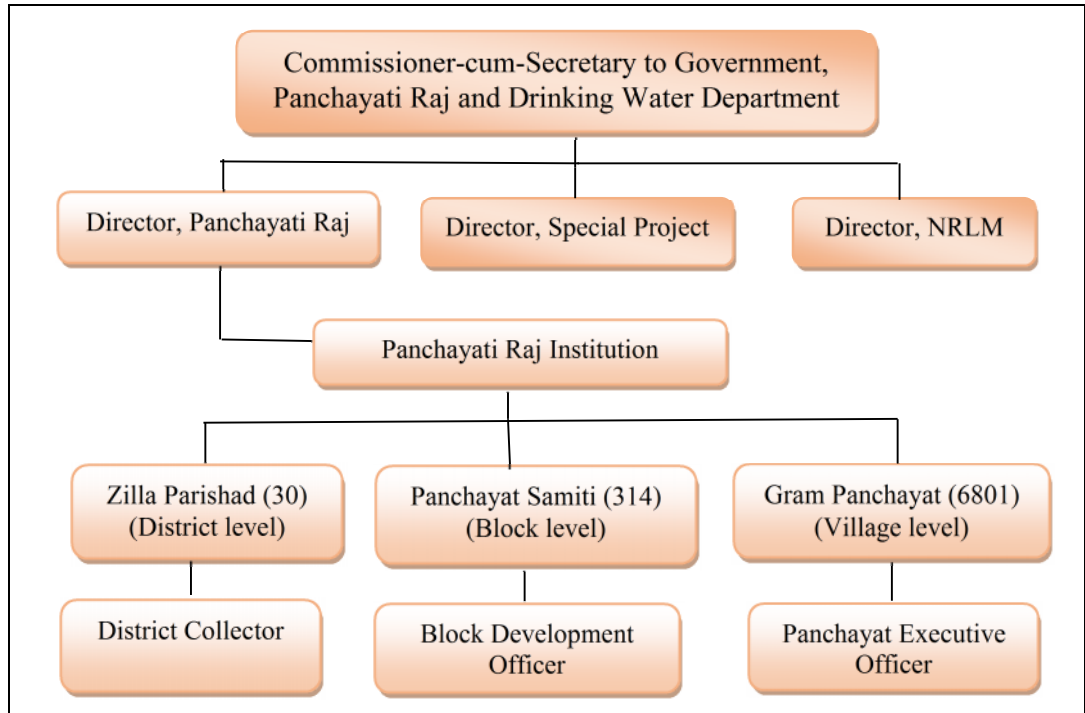
**Table 1.1: State profile**

| Indicator                      | State statistics | Unit                   |
|--------------------------------|------------------|------------------------|
| Area                           | 1,55,707         | Square km              |
| Tahsils                        | 317              | Number                 |
| Villages                       | 51,349           | Number                 |
| Total population (Census 2011) | 419.74           | Lakh                   |
| Rural population               | 83               | Per cent               |
| Rural sex ratio                | 989              | Per 1,000 male         |
| Density                        | 270              | Persons/<br>Square km. |
| Male Literacy                  | 81.59            | Per cent               |
| Female Literacy                | 64.01            | Per cent               |
| Rural literacy rate            | 70.22            | Per cent               |
| Scheduled Caste population     | 17.13            | Per cent               |
| Scheduled Tribe population     | 22.85            | Per cent               |
| Zilla Parishads                | 30               | Number                 |
| Panchayat Samitis              | 314              | Number                 |
| Gram Panchayats                | 6,801            | Number                 |
| Total villages                 | 61,313           | Number                 |

(Source: Census of India 2011)

**1.2 Organisational Setup of PRIs**

Panchayati Raj Institutions are classified into three tiers, viz. Zilla Parishads, Panchayat Samitis (PS) and Gram Panchayats (GP). The organisational setup of the PRIs is indicated overleaf.



All the three tiers of PRIs function under the administrative control of the Panchayati Raj and Drinking Water (PR&DW) Department headed by the Commissioner-cum-Secretary. He is assisted by the Director (PR), Director (Special Projects) and the Director, National Rural Livelihood Mission at the State level.

Each of the 30 districts of the State has a Zilla Parishad (ZP). It is managed by an elected body headed by a President, who is elected amongst the elected representatives of the ZP. The District Collector acts as the ex-officio Chief Executive Officer (CEO) of the ZP. The Project Director of District Rural Development Agency (DRDA) concerned acts as the ex-officio Executive Officer (EO) for discharging day-to-day administrative functions of the ZP.

The Panchayat Samiti, functioning at the Block level, is managed by an elected body headed by a Chairman. The Chairman is duly elected amongst the elected representatives of the Block. The Block Development Officer (BDO) acts as the executive head of the PS.

At the Gram Panchayat level, the elected members headed by a Sarpanch constitute the GP. The Panchayat Executive Officer (PEO) discharges his/her duties under the supervision of the BDO. He/She is responsible for general superintendence and overall control of the GP.

Election to the PRIs at all tiers was last conducted in February 2017. The setup of Elected Body of the PRIs is as follows: -

| ZILLA PARISHAD | PANCHAYAT SAMITI | GRAM PANCHAYAT |
|----------------|------------------|----------------|
| PRESIDENT      | CHAIRMAN         | SARPANCH       |
| ZP MEMBERS     | PS MEMBERS       | WARD MEMBER    |

### 1.3 Functioning of PRIs

Article 243 of the Constitution prescribes devolution of powers, resources and responsibilities to elected local bodies from the State Government. It enjoins upon the State Legislatures to enact laws/amend existing laws devolving/transferring 29 subjects listed in the Eleventh Schedule of the Constitution of India to PRIs. This would also lead to PRIs emerging as platforms for planning and implementation of programmes for economic development and social justice for rural people.

Out of 29 subjects of 19 Departments, State Government transferred 21 subjects of 11 Departments to the PRIs during the year 2005 (*Appendix-1.1*). The State Government provides funds along with grants recommended by the Fourteenth Finance Commission and Fourth State Finance Commission. These are meant for the development of the GPs.

### 1.4 Staffing pattern of PRIs

The Collector of the district is the Chief Executive Officer of the Zilla Parishad. He exercises such powers and performs such functions as are prescribed. The Project Director, District Rural Development Agency is the *ex-officio* Secretary of the Zilla Parishad. Every block is headed by a Block Development Officer (BDO) who is assisted by one Additional Block Development Officer (ABDO). Similarly, a Gram Panchayat is headed by a Panchayat Executive Officer who is a State Government official. He maintains the records of the proceedings of the meetings of GPs. He also remains custodian of all such records and documents, cash and valuable securities of GP. He also exercises such other powers, discharges such other duties and performs such other functions, as may be prescribed.

The sanctioned strength vis-à-vis men-in-position in PSs and GPs are shown in *Table 1.2*.

**Table 1.2: Statement showing sanctioned strength vis-à-vis men-in-position in PSs and GPs**

| Post  | Sanctioned strength | Men-in-position | Vacancies (per cent) |
|---|---------------------|-----------------|----------------------|
| Block Development Officer (BDO)                           | 314                 | 276             | 38 (12)              |
| Additional Block Development Officer (ABDO)               | 314                 | 180             | 134 (43)             |
| Junior Engineer/Gram Panchayat Technical Assistant (GPTA) | 2,698               | 2,308           | 390 (14)             |
| Panchayat Executive Officer (PEO)                         | 6,801               | 5,362           | 1,439 (21)           |

(Source: Information collected from PR&DW Department)

As can be seen above, there was 43 per cent vacancy in the post of ABDO in PSs and 21 per cent vacancy in the post of PEOs in GPs. These were administrative posts and the huge vacancies were likely to affect the functioning of the PRIs.

### 1.5 Functioning of various committees

To execute the functions of PRIs, Standing Committees have been constituted - seven each for ZPs and PSs and five for GPs at the PRI levels. The Chairman and the Secretary would be from the elected representative. The role and responsibilities of Standing Committees are given in *Appendix-1.2*.

Overall monitoring and review of the development programmes at the State level was conducted by the State Level Vigilance and Monitoring Committee (SLVMC). At District level, it was conducted by the District Vigilance and Monitoring Committee (DVMC). The SLVMC of Odisha had been constituted under the Chairmanship of the Minister, Rural Development, Government of Odisha. It also had three Co-chairmen and 29 members. In case of DVMC, Member of Parliament (Lok Sabha) concerned was the Chairman, with District Collector as Secretary and all district level officers as members. Further, to review the C&AG Reports, District Audit Monitoring Committee was constituted (February 2015) in each district with PD, DRDA as Chairman. Additional Project Director (Finance) was the Member Convener.

Both the Committees were required to meet at least once in every quarter. However, two meetings of SLVMC and 44 meetings of DVMC were held in 25 districts against 120 meetings during 2016-17. In five districts, no meetings were held during 2016-17.

### ***1.6 Fund flow arrangement***

The main sources of funds of PRIs in the State were from Government of India (GoI) under various Centrally Sponsored Schemes (CSS). These were i) Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), ii) Pradhan Mantri Awaas Yojana (PMAY), iii) National Rural Livelihood Mission (NRLM), iv) Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA) etc. Also, grants received as per the recommendations of State Finance Commission (SFC) and the Central Finance Commission (CFC) formed part of the sources. Funds were also received under State sponsored schemes like i) Biju Pucca Ghar Yojana (BPGY), ii) Cement Concrete (CC) Road, iii) Biju KBK Yojana and iv) Gopabandhu Grameen Yojana (GGY).

The position of funds available<sup>1</sup> with PRIs under various schemes of GoI and Government of Odisha (GoO) including grants-in-aid from GoO is given in ***Chart 1.1 and Table 1.3***.

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<sup>1</sup> Total fund available includes opening balance and interest

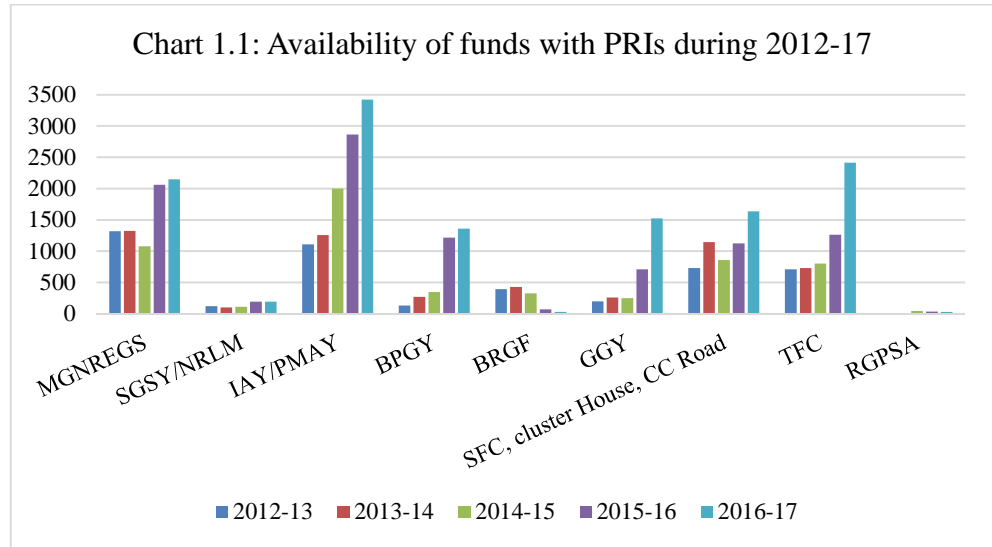


Table 1.3: Availability of funds with PRIs during 2012-17

| Scheme                            | 2012-13        | 2013-14        | 2014-15        | 2015-16        | 2016-17         |
|-----------------------------------|----------------|----------------|----------------|----------------|-----------------|
| MGNREGS                           | 1321.64        | 1322.78        | 1077.38        | 2060.94        | 2149.68         |
| SGSY/NRLM*                        | 124.71         | 104.56         | 113.27         | 194.09         | 195.93          |
| IAY/PMAY**                        | 1110.60        | 1257.44        | 1998.71        | 2866.26        | 3420.19         |
| BPGY                              | 133.25         | 273.36         | 346.92         | 1219.66        | 1360.65         |
| Backward Region Grant Fund (BRGF) | 396.04         | 428.56         | 326.23         | 72.05          | 30.23           |
| GGY                               | 199.10         | 261.80         | 248.89         | 710.26         | 1521.86         |
| SFC, Cluster House, CC Road       | 729.03         | 1148.28        | 860.88         | 1122.87        | 1634.39         |
| Thirteenth, Fourteenth CFC        | 713.10         | 731.93         | 804.40         | 1264.44        | 2415.81         |
| RGPSA                             | 0              | 12.56          | 48.25          | 33.82          | 28.44           |
| <b>Total</b>                      | <b>4727.47</b> | <b>5541.27</b> | <b>5824.93</b> | <b>9544.39</b> | <b>12757.18</b> |

(Source: Annual Report and MIS Reports of PR&DW Department)

\* Swarnjayanti Gram Swarozgar Yojana (SGSY) was restructured into National Rural Livelihood Mission in June 2011

\*\* Indira Awaas Yojana (IAY) was restructured into Pradhan Mantri Awaas Yojana (PMAY) from April 2016

As seen from the above table, funds released under GGY had increased by more than 100 per cent. This substantial increase was due to closure of Backward Region Grant Fund (BRGF) scheme and coverage of all the 30 districts under GGY. Details of expenditure incurred are given in Table 1.4.

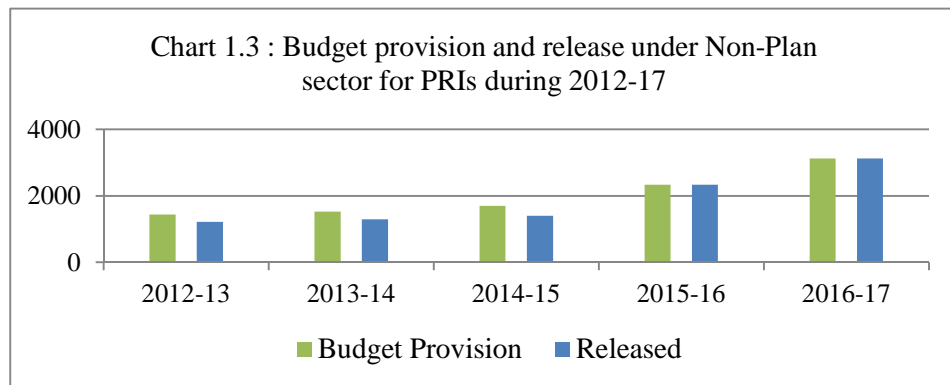
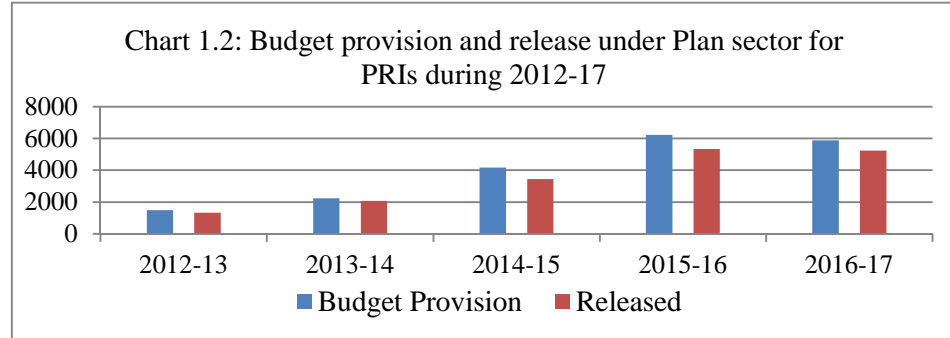
Table 1.4: Total expenditure by PRIs during the last five years

| Scheme                       | 2012-13         | 2013-14         | 2014-15        | 2015-16         | 2016-17         |
|------------------------------|-----------------|-----------------|----------------|-----------------|-----------------|
| IAY                          | 941.26          | 946.94          | 825.96         | 1981.65         | 1315.58         |
| BPGY                         | 79.83           | 147.84          | 193.54         | 828.22          | 554.62          |
| GGY                          | 163.46          | 238.46          | 189.26         | 192.57          | 1126.22         |
| BRGF                         | 273.09          | 271.13          | 266.93         | 47.60           | 13.90           |
| SGSY/NRLM                    | 74.49           | 50.97           | 67.82          | 124.02          | 160.99          |
| MGNREGS                      | 1,177.47        | 1,289.13        | 1,073.07       | 2,046.67        | 2,146.47        |
| Thirteenth, Fourteenth CFC   | 440.32          | 500.49          | 536.49         | 364.44          | 1,044.44        |
| RGPSA                        | 0               | 0.85            | 14.42          | 15.39           | 10.39           |
| SFCs, Cluster House, CC Road | 472.19          | 1011.20         | 697.21         | 425.66          | 786.61          |
| <b>Total</b>                 | <b>3,622.11</b> | <b>4,457.01</b> | <b>3,864.7</b> | <b>6,026.22</b> | <b>7,159.22</b> |

(Source: MIS Reports furnished by PR&DW Department)

As seen from **Tables 1.3** and **1.4**, the availability of funds during 2016-17 had increased by 34 *per cent* over that of 2015-16, whereas expenditure had increased only by 18 *per cent*.

**Budget provision for plan and non-plan sectors for PRIs during the last five years is shown in Charts 1.2, 1.3 and Table 1.5.**



**Table 1.5: Budget provision for plan and non-plan sectors for PRIs during the last five years**

| Year    | Plan             |                             | Non Plan         |                             |
|---------|------------------|-----------------------------|------------------|-----------------------------|
|         | Budget Provision | Release ( <i>per cent</i> ) | Budget Provision | Release ( <i>per cent</i> ) |
| 2012-13 | 1,501.04         | 1,320.63 (88)               | 1,438.21         | 1,216.77 (85)               |
| 2013-14 | 2,245.45         | 2,082.51 (93)               | 1,525.67         | 1,296.12 (85)               |
| 2014-15 | 4,175.75         | 3,441.58 (82)               | 1,703.30         | 1,401.37 (82)               |
| 2015-16 | 6,217.69         | 5,329.51 (86)               | 2,338.90         | 2,334.85(99.8)              |
| 2016-17 | 5,883.70         | 5,242.48 (89)               | 3,127.18         | 3,123.24 (100)              |

(Source: MIS Reports furnished by PR&DW Department)

As seen from the Charts 1.2 and 1.3 and Table 1.5, release of funds under both plan and non-plan heads was 82 *per cent* during 2014-15. During 2015-16 and 2016-17, funds released under plan head were 86 and 89 *per cent* respectively while release under non-plan head was 99.8 *per cent* and 100 *per cent* respectively.

### **1.7 Recommendations of the State Finance Commissions (SFCs)**

Third SFC had recommended ₹ 6,787.18 crore for PRIs for the period 2010-15. Against this, ₹ 3,120.14 crore (56 *per cent*) was released by the State Government. The Fourth SFC had endeavored to assist and advise the State Government to develop the lowest tiers of democratic institution as responsible local government. Some of the recommendations were related to the measures to



strengthen resource base of the Local Bodies. This would help them to evolve into responsible units of Local Self Governance. Recommendations were grouped into following four broad heads:

1. Institutional and structural strengthening;
2. Resource generation and legal hurdles thereof;
3. General issues; and
4. Fund transfer.

Total resource transfer (from State resources) to PRIs recommended by the Fourth SFC for the period 2015-20 is given in **Table 1.6**.

**Table 1.6: Resource transfer recommended by the SFC**

| (₹ in crore)           |                 |                 |                 |                 |                 |                 |
|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Distribution mechanism | 2015-16         | 2016-17         | 2017-18         | 2018-19         | 2019-20         | Total           |
| Devolution             | 493.77          | 493.77          | 493.77          | 493.77          | 493.77          | 2,468.85        |
| Assignment of Taxes    | 438.31          | 539.60          | 620.16          | 672.84          | 730.79          | 3,001.70        |
| Grant-in-aid           | 290.05          | 368.43          | 455.12          | 539.20          | 581.72          | 2,234.52        |
| <b>Total</b>           | <b>1,222.13</b> | <b>1,401.80</b> | <b>1,569.05</b> | <b>1,705.81</b> | <b>1,806.28</b> | <b>7,705.07</b> |

(Source: Report of the 4<sup>th</sup> SFC)

State Government had released ₹ 1,395.18 crore towards SFC award to the PRIs during the year 2016-17.

### 1.8 Recommendations of the Central Finance Commission (CFC)

The 14<sup>th</sup> Finance Commission had recommended a Basic Grant and a Performance Grant to Rural Local Bodies. These grants were intended to be used for providing basic civic services. These included water supply, sanitation, sewerage management, solid waste management, storm water drainage, maintenance of community assets, maintenance of roads, footpaths, street lighting and burial and cremation grounds.

The States were given access to basic grants for five years. However, the performance grants were to be released from 2016-17 based on fulfilling certain performance parameters. Year-wise allocation of grant to Odisha as recommended by the 14<sup>th</sup> Finance Commission is given in **Table 1.7**.

**Table 1.7: Recommendation of 14<sup>th</sup> Finance Commission**

| (₹ in crore) |                   |               |                 |                 |                 |                 |                 |
|--------------|-------------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Sl. No.      | Subject           | 2015-16       | 2016-17         | 2017-18         | 2018-19         | 2019-20         | Total           |
| 1            | Basic Grant       | 955.52        | 1,323.09        | 1,528.71        | 1,768.44        | 2,389.54        | 7,965.28        |
| 2            | Performance Grant | 0             | 173.55          | 196.40          | 223.04          | 292.05          | 885.03          |
|              | <b>Total</b>      | <b>955.52</b> | <b>1,496.64</b> | <b>1,725.11</b> | <b>1,991.48</b> | <b>2,681.59</b> | <b>8,850.31</b> |

(Source: Fourteenth Finance Commission Report)

As per the recommendation, ₹ 1,496.64 crore was received by the State Government towards CFC award during the year 2016-17.

### 1.9 Audit mandate

#### 1.9.1 Primary Auditor

The Director, Local Fund Audit (DLFA) is the primary Auditor of PRIs in the State. It is a directorate under the Finance Department of the State and functions under the Orissa Local Fund Audit Act, 1948. The DLFA conducts audit of PRIs of all 30 districts of the State through 26 District Audit Offices. The status of audit of PRIs by DLFA as of March 2017 is given in **Table 1.8**.

**Table 1.8: The status of audit of PRIs by DLFA as of March 2017**

| Year    | Total number of PRIs planned for audit |     |    | Total number of PRIs audited |     |    | Shortfall (percentage) |       |     |
|---------|--|-----|----|------------------------------|-----|----|------------------------|-------|-----|
|         | GP                                     | PS  | ZP | GP                           | PS  | ZP | GP                     | PS    | ZP  |
| 2014-15 | 6,234                                  | 314 | 30 | 4,647                        | 314 | 29 | 1,587 (25)             | 0     | 1   |
| 2015-16 | 5,977                                  | 314 | 30 | 5,427                        | 311 | 30 | 550 (9)                | 3 (1) | Nil |
| 2016-17 | 4,606                                  | 314 | 30 | 4,429                        | 314 | 28 | 177 (4)                | 0     | 2   |

(Source: Information furnished by Director, Local Fund Audit, Odisha)

The Government/DLFA had engaged (September 2010) the Institute of Public Auditors of India (IPAI) for audit of the accounts of GPs. The objective was to reduce the arrears in audit of GPs. The IPAI audited accounts of 2,177 GPs during 2016-17 on behalf of DLFA.

### **1.9.2 Audit by Comptroller and Auditor General of India**

On recommendation of the 13<sup>th</sup> Finance Commission, the State Government entrusted (April 2011) the Comptroller and Auditor General of India (CAG) with audit of all the three tiers of Panchayati Raj Institutions (PRIs) of the State under Section 20(1) of the CAG's (Duties, Powers and Conditions of Service) Act, 1971. Besides, the CAG was also requested to provide Technical Guidance and Support (TGS) to the State Audit Agency viz., Local Fund Audit (LFA) for audit of Local Bodies. The Government notified (July 2011) the parameters of the TGS in the Official Gazette. Under TGS arrangement, 167 LFA staff were imparted training during 2016-17 covering i) topics on Works Audit, ii) Audit of PRIs and ULBs and iii) vetting and writing of Draft Inspection Report with special reference to GP Audit. State Government is yet to form a Committee in line with Public Accounts Committee for discussion of Audit Reports on Local Bodies.

### **1.10 Reporting Arrangement**

#### **1.10.1 Audit Report of Primary Auditor**

As per recommendations of the 13<sup>th</sup> Finance Commission and provisions of OLFA (Amendment) Rules, 2015, DLFA shall prepare and submit to the State Government not later than 30<sup>th</sup> September of each year a consolidated report for the previous year, to be laid before the State legislature. Audit report for the year 2015-16 was laid before the Odisha legislative Assembly on 15 December 2016.

#### **1.10.2 CAG's Report on Local Bodies**

The Report of the Comptroller and Auditor General of India on Local Bodies for the year ended March 2016 was laid in Odisha Legislative Assembly on 16 September 2017.

#### **1.10.3 Response to Audit Observations**

During 2016-17, 997 paragraphs and 101 IRs were settled through Triangular Committee Meetings. As on 31 March 2017, 16,591 paragraphs relating to 3505 Inspection Reports (IRs) remained unsettled.

The Office of the Accountant General (G&SSA), Odisha issued ten Annual Technical Inspection Reports (ATIRs) on PRIs relating to the years 2005-06 to 2014-15. A CAG Report on Local Bodies for the year ended March 2016 was prepared during 2016-17, which was placed in Legislative Assembly on 16

September 2017. In response to reports issued, PR Department had issued guidelines to avoid common audit objections. It had also constituted (February 2015) District Audit Monitoring Committee to review the compliances to the Audit Reports.

**Section B**  
**Accountability Mechanism and Financial Reporting issues**

***1.11 Accountability Mechanism***

***(i) Ombudsman***

Ombudsman is an Institution formed under Section 27 of MGNREGA consisting of one to three persons. It functions as an independent grievance redressal body at district level to hear the complaints relating to implementation of MGNREG Act and schemes made under the Act. It directs the appropriate authority for redressal, disciplinary and punitive action against erring officials and dispenses justice to MGNREGS worker. The Tenure of Ombudsman is two years and is extendable upto one year. During 2016-17, 23 Ombudsman were appointed and four Ombudsman were provisionally selected for appointment. They were for redressal of grievances and disposal of complaints relating to MGNREG Act.

***(ii) Lokayukta***

The President accorded his approval to the Odisha Lokayukta Bill in January 2015. However, the State Government is yet to appoint a Lokayukta. As per the rule, the State Government should have issued a gazette notification to execute the new Lokayukta Act. However, no action has yet been taken by the Government to execute the law till date.

***(iii) Social Audit***

State has constituted an independent Social Audit Unit (SAU) in the name of Odisha Society for Social Audit Accountability and Transparency. SAU is functioning with one Director and six Social Audit Experts. At district level, District Resource Persons and at block level, Block Resource Persons were appointed. Village Resource Persons had not been engaged as of March 2017. Social Audit was being conducted at GP level twice a year for MGNREGS works.

***1.12 Pending submission of Utilisation Certificate (UC)***

It was observed that 26 out of 40 PSs audited during 2016-17, had not submitted UCs amounting to ₹ 335.47 crore against total expenditure of ₹ 441.64 crore. Similarly, 189 GPs had not submitted UCs for ₹ 23.98 crore against expenditure of ₹ 24.21 crore incurred during 2016-17.

***1.13 Outstanding Advances***

It was observed in compliance audit that in 38 PSs, ₹ 35.73 crore of advances remained unadjusted. The details of such advances viz. date of payment, purpose of payment could not be ascertained in audit due to non-maintenance of Advance Registers by the PSs.

***1.14 Non-reconciliation of balances as per the Cash Book***

During Compliance Audit of 40 PSs during 2016-17, discrepancies between balances in Cash Book and Bank Pass Books were found in 32 PSs due to non-reconciliation.

***1.15 Maintenance of Accounts by PRIs***

- Accounts of PSs are prepared by the respective PS and Chartered Accountants are engaged for maintenance of GP Accounts. Accounts of PRIs are certified by the Director, Local Fund Audit as per Rule 20 (h) of the Orissa Local Fund Audit Rules, 1951.
- Out of 4,963 Accounts of PRIs planned for audit, 4,783 Accounts were certified by the Director, Local Fund Audit during 2016-17.
- Government had implemented (April 2014) Panchayati Raj Institutions Accounting Software (PRIASoft) developed by NIC on Model Accounting System for maintenance of accounts of PRIs. However, only 26 out of 30 ZPs, 303 out of 314 PSs and 4,779 out of 6,801 GPs have uploaded their vouchers in the PRIASoft.



**CHAPTER II**  
**PERFORMANCE AUDIT**





## CHAPTER-II PERFORMANCE AUDIT

### PANCHAYATI RAJ AND DRINKING WATER DEPARTMENT

#### 2.1 IMPLEMENTATION OF MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE ACT

##### *Executive Summary*

*The primary objective of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was to provide social protection. It was to enhance livelihood security by providing at least 100 days of guaranteed employment in a financial year.*

*The Performance Audit on implementation of the Act in the State showed that there was delay in reconstitution of Orissa Rural Employment Guarantee Council (OREGC). It could not function effectively as only four out of the prescribed number of 18 meetings were held after its constitution in November 2007. The shortfall in the number of meetings was due to non-availability of the ex-officio Chairman (Chief Minister) to attend the meetings.*

*Door to door survey was not conducted to ensure 100 per cent inclusion of the eligible households (HHs). Preparation of Labour budgets without following bottom up approach, led to wide variation in projected mandays and actual achievement in test checked districts. Muster Rolls were not properly maintained resulting in manipulation, payment on blank Muster Rolls and payment without acknowledgement.*

*The per annum average income of the HHs in all the 30 districts ranged from ₹ 671 to ₹ 1,630. This was against the target of ₹12,600 to ₹17,400 for a minimum of 100 days in a financial year. At this wage rate, MGNREGS had only marginally impacted the goal of sustainable development in poverty alleviation.*

*During 2012-17, out of 83.22 lakh HHs, 63.98 lakh HHs (77 per cent) were registered. Of the HHs registered, 26 to 37 per cent demanded work. Out of registered HHs, 23 to 32 per cent had attended work. The HHs that availed 100 days' employment in comparison to the HHs demanded, ranged from two to nine per cent in the State and one to 15 per cent in the test-checked districts.*

*Low employment generation occurred on account of (i) delay and non-issue of job cards, (ii) non-opening of bank accounts of all the beneficiaries, (iii) non-provision of relaxed work norms for the vulnerable groups, (iv) delay in payment of wages, (v) rejection of fund transfer order by the banks, (vi) payment of wages at lower rate and (vii) non-payment of compensation for delayed payment of wages.*

*There was improper execution of works leading to wasteful and excess expenditure and payment on inadmissible items.*

### **2.1.1 Introduction**

Mahatma Gandhi National Rural Employment Guarantee Act was enacted in September 2005. Under the Act, every rural household whose adult members volunteer to do unskilled manual work are provided social protection and livelihood security. This was made through provision of at least 100 days of guaranteed employment in a financial year. The Act was implemented in all rural districts of the State in a phased manner between February 2006 and April 2008. It aimed at empowerment of the socially disadvantaged (*i.e.* Women, SCs & STs). Durable assets were also created through convergence of various anti-poverty and livelihood initiatives. In case of failure in providing work in time, the Act mandates payment of unemployment allowance and compensation for delay in payment of wages. The Act also supports activities towards achieving elimination of poverty as a component of Sustainable Development Goals by the end of year 2030.

The scheme was implemented on a cost sharing basis between the Government of India (GoI) and the State. The GoI had to bear all costs, except (i) 25 *per cent* of the cost of material and wages for semi-skilled/ skilled workers, (ii) unemployment allowance and (iii) administrative expenses of the State Employment Guarantee Council. These components were to be borne by the State.

### **2.1.2 Organisational set up**

The scheme was implemented by the Panchayati Raj and Drinking Water (PR&DW) Department. It was under the overall supervision of the Commissioner-cum-Secretary acting as the State Programme Coordinator and the State Employment Guarantee Commissioner. The Collectors who act as District Programme Coordinators (DPCs) were responsible for implementation of the scheme at district levels. Block Development Officers (BDOs)-cum-Programme Officers (POs) implemented the scheme at Panchayat Samitis (PSs) level. At the village level, it were the GPs that implemented the scheme.

### **2.1.3 Audit objectives**

The objectives of the Performance Audit were to assess whether:

- Planning was adequate for effective and timely implementation of the scheme in compliance with the Acts and Rules;
- Livelihood security was provided efficiently through registration of households and allocation of wage employment;
- Works were economically executed and the convergence of the scheme with other programmes created durable assets;
- Monitoring and supervision was effective and transparent in implementation of the scheme by involving all the stakeholders.

### **2.1.4 Audit criteria**

The performance of the scheme would be evaluated with reference to the following sources of criteria:

- (i) Mahatma Gandhi National Rural Employment Guarantee Act, 2005,
- (ii) Operational Guidelines, 2013 issued by Ministry of Rural Development (MoRD),
- (iii) GoI instructions, Master Circular of MoRD and orders/instructions of Government of Odisha (GoO),
- (iv) Orissa Panchayat Samiti Accounting Procedure (OPSAP) Rules 2002,
- (v) Management Information System (MIS) data available at MGNREGS website,
- (vi) Census 2011 data and
- (vii) Orissa General Financial Rules (OGFR), Volume I and II.

### 2.1.5 Scope and methodology of Audit

The Performance Audit on the implementation of MGNREGA for the period 2012-17 was conducted between April and August 2017. Audit test checked records of PR&DW Department, eight out of 30 DPCs<sup>1</sup>, 24 out of 88 POs<sup>2</sup>, 16 line departments/ executive agencies<sup>3</sup> and 120 out of 454 GPs in eight selected districts (*Appendix-2.1*). The online data of MGNREGS was analysed after linking with the Census data. Regional analysis was made using this data on Geographical Information System (GIS) maps of Odisha. Twenty-five *per cent* of PSs and GPs were selected on the basis of risk identified through data analysis. The remaining 75 *per cent* units were selected on the basis of Stratified Random Sampling Without Replacement (SRSWOR) method. Joint Physical Inspection (JPI) of assets created under the scheme and verification of job cards along with interview of beneficiaries were conducted in the presence of representatives of the Programme Implementing Authorities.

An Entry Conference was conducted with the Commissioner-cum-Secretary, PR&DW Department on 03 April 2017 to discuss the audit objectives, criteria, scope and methodology. The Exit Conference was conducted on 22 September 2017, wherein the findings of the Performance Audit were discussed with the departmental representatives and their views were obtained.

### Audit findings

#### 2.1.6 Impact of the scheme

During April 2012 to December 2016, the State utilised ₹ 7,338.70 crore out of ₹ 7,486.44 crore available. Wage employment was provided to 88.13 lakh

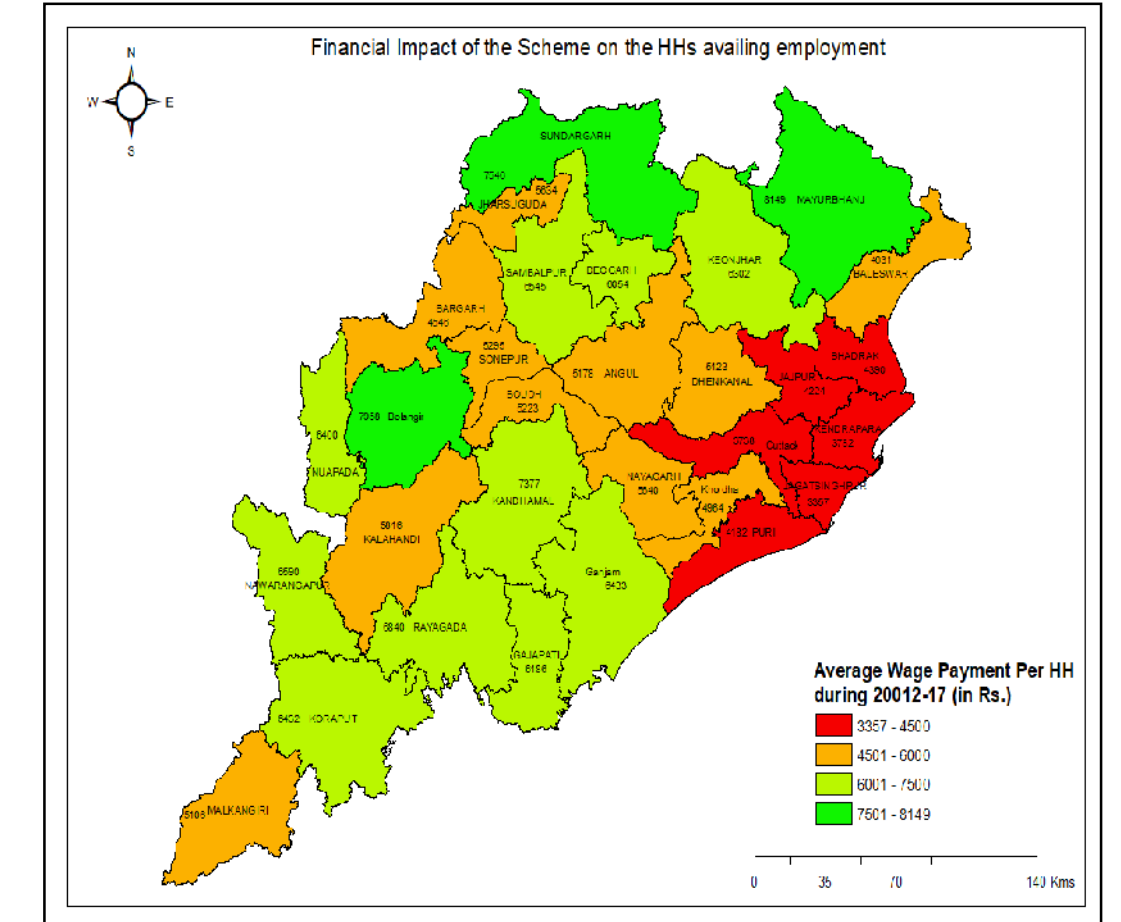
<sup>1</sup> Boudh, Kalahandi, Kandhamal, Keonjhar, Khurda, Koraput, Subarnapur and Sundargarh

<sup>2</sup> Boudh, Harabhanga, Kantamal, Dharmagarh, Golamunda, Junagarh, Baliguda, G.Udayagiri, Tikabali, Anandapur, Banspal, Champua, Balianta, Banpur, Chilika, Boipariguda, Kundara, Narayanpatna, Binika, Dunguripalli, Sonepur, Balisankara, Koira and Nuagaon

<sup>3</sup> Deputy Director of Horticulture (DDH): Kandhamal, Koraput and Kalahandi, Assistant Directors of Horticulture (ADH): Khurda, Subarnapur and Boudh, Deputy Director-cum-Project Directors, Watershed: Subarnapur, Kandhamal, Keonjhar and Sundargarh, Divisional Forest Officers: Khurda, Keonjhar, Kalahandi (South) Koraput and Sundargarh and Executive Engineer, Irrigation: Boudh

households (HHs). It created 34.64 crore mandays with a wage payment of ₹ 5,067.31 crore. The State also created 5.56 lakh items of assets under the scheme on water harvesting and drought proofing structure, plantation, land development, rural connectivity, etc. The average financial impact on HHs availing benefit from the scheme during the last five years ranged between ₹ 3,357 and ₹ 8,149 as shown in *Map No.1*.

**Map No.1: Financial impact of the scheme on the HHs availing employment**



The map indicated the average wage earned during the last five years by the HHs who availed benefits under MGNREGS. In districts of Mayurbhanj, Bolangir and Sundargarh, it was between ₹ 7,546 and ₹ 8,149. The same ranged from ₹ 3,357 to ₹ 3,738 per HH in respect of Jagatsinghpur, Cuttack and Kendrapara districts. The per annum average income of the HHs in all the 30 districts ranged from ₹ 671 to ₹ 1,630. This was against the target of ₹ 12,600 to ₹ 17,400 for a minimum of 100 days in a financial year. At this wage rate, MGNREGS had hardly impacted the goal of sustainable development in poverty alleviation.

### **2.1.7 Adequacy of structural mechanism**

#### **2.1.7.1 Improper functioning of State Employment Guarantee Council (SEGC)**

Section 12 of MGNREGA stipulated constitution of SEGC at State level. SEGC was to advise the State Government in all matters concerning the

scheme and its implementation, review the monitoring and grievance redressal. It was also to prepare the annual report to be laid before the State Legislature. In Odisha, the Orissa Rural Employment Guarantee Council (OREGC) was the SEGC. It was constituted in November 2007 under the Chairmanship of the Chief Minister. Minister, Panchayati Raj Department was the *ex officio* Vice-Chairman and 12 officials and seven non-officials were also members. As per Para 4 of the OREGC Rules, SEGC was to be reconstituted in every three years. However, Audit noticed that SEGC was reconstituted in November 2012 after delay of 23 months<sup>4</sup> and again in 2016 after a delay of seven months<sup>5</sup>.

Further, as per para 6(2) of OREGC Rules, SEGC had to sit at least once in six months to transact business. However, it was seen that OREGC had held only four meetings since its constitution in November 2007 as against the required 18 meetings. The shortfall in the number of meetings was due to non-availability of the *ex-officio* Chairman (Chief Minister) to attend the meetings. As a result, OREGC could approve the annual administrative reports of MGNREGS in the State for the years 2009-10, 2010-11 and 2011-12 only in January 2013. The annual administrative reports for the years 2012-13, 2013-14 and 2014-15 were approved only in August 2016. Due to shortfall in review, large number of grievances had been pending at State level. Several other shortcomings in execution and monitoring of the scheme were noticed which are discussed in para 2.1.15 and 2.1.17 of this Report. Thus, OREGC could not function effectively because of non-availability of Chairman (Chief Minister) to attend meetings.

The Director, Special Projects, PR&DW Department stated (November 2017) that more meetings were not possible due to several elections and natural calamities. He added that the SEGC was reconstituted in May 2017 under the Chairmanship of Minister, PR&DW Department as per requirement and availability of the Chairman.

#### **2.1.7.2 Inadequate human resources management**

As per the guidelines, a Society for MGNREGS was formed (February 2007) with four thematic experts, four specialists, four Programme Managers, six Programme Associates, four Programme Assistants and six Social Audit Managers. Similarly, one Additional Programme Officer (APO), Computer Assistant, Accounts Assistant, two MGNREGS Assistants (MgA) were to be appointed for smooth implementation of the scheme at PS level. One Gram Rozgar Sevak (GRS) and Gram Panchayat Technical Assistant were to be appointed at GP level.

Audit observed that MGNREGS Society was functioning with deficient manpower as 14 out of 28 required officials were not appointed. There was no Assistant Computer Programmer in 40 PSs, no GRS in 688 GPs and only one MGNREGS Assistant in 192 PSs against the requirement of two. As all the above posts were contractual, the officials getting better employment

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<sup>4</sup> Due date of reconstitution: 26 November 2010 and actual date of reconstitution: 3 November 2012

<sup>5</sup> Due date of reconstitution: 2 November 2015 and actual date of reconstitution: 18 June 2016

opportunity would leave the job. Maintenance of MGNREGS accounts, grievance redressal, online entry of muster roll, verification and issue of job cards were not carried out as per the prescribed procedure. The reason was failure of the Government to provide adequate manpower at the State and unit level. Thus, the overall performance of the scheme suffered.

The Director, Special Projects stated (November 2017) that the Department had taken all out efforts to fill up the vacant posts lying in newly created GPs under MGNREGS. The concerned Collectors would also be instructed to fill up the vacant posts of APO and MgA.

### **2.1.7.3 Non-provision of special works to vulnerable groups**

Para 9 of Operational Guidelines provided a strong social safety net for vulnerable groups. However, extra efforts were to be made for special categories<sup>6</sup> of vulnerable people who would otherwise remain excluded. The State Government had to identify and train volunteers to engage with the special categories to ascertain their needs and requirements. Thereafter, it had to plan for specific works identified for these groups and make provision within the MIS for tracking their coverage. Accordingly, the Government engaged an agency - Odisha Modernising Economy, Governance and Administration (OMEGA). This team had to collaborate in rolling out Special Thrust for Empowerment of Primitive vulnerable tribal groups (STEP) in the State.

Audit observed that no data was available in the test-checked GPs and PSs regarding (i) the engagement of OMEGA or any other volunteers and (ii) exact number of beneficiaries registered from the vulnerable groups. Regarding provision of work to senior citizens over 65 years of age (one of the special category), Audit checked records of 827 beneficiaries older than 65 years in 120 test-checked GPs. It was found that none of them were provided any special works requiring lesser physical effort. Thus, special attention was not focussed on vulnerable sections of the rural society as desired under the scheme.

### **2.1.7.4 Non-formation of labour groups**

MoRD issued instructions (January 2015) to organise the workers into formal groups (i) to improve their participation in implementation and (ii) to ensure provision of entitlements provided under the Act. These groups had to work in association with village panchayats and intermediate panchayats. A Group had to submit an application for demand of work and also mobilise the members to give optimum output. However, no such labour group was formed in any of the eight test-checked districts. As such, the collective approach towards achieving the output was not achieved. There were deficiencies in

- (i) mobilisation of the workers,
- (ii) demanding work,
- (iii) holding weekly and monthly meetings for grievance redressal and

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<sup>6</sup> Persons with disabilities, primitive tribal groups, nomadic tribal groups, notified tribes, Women in special circumstances, senior citizen above 65 years, HIV-positive persons and internally displaced persons



- (iv) giving feedback on quality and utility of works executed.

The Director, Special Projects stated (November 2017) that the task of identification and training of volunteers to engage with job seekers had been entrusted to OMEGA team. Regarding non-formation of labour group, he stated that necessary instructions had been issued to the district authorities to take appropriate action.

However, the fact remained that the engagement of OMEGA team was not evident in Audit. Further, the instruction on formation of labour group was issued only in October 2017.

### 2.1.8 Preparation and approval of labour budget and Annual Action Plan

Para 6 of the Guidelines envisaged preparation of labour budget for (i) assessing the quantum (ii) timing of demand for work and (iii) preparation of shelf of projects to meet the demand. The labour budget was to be approved by the Gram Sabha after its preparation in a participatory manner at the grass root level. This was to be consolidated and approved at higher levels for onward submission to the Government of India (GoI). As per Para 2.5.3.2 and 2.5.3.3 of the master circular of MoRD, the project included in the Annual Action Plan (AAP) must indicate the expected outcome<sup>7</sup>. Only then it could be discussed in the Gram Sabha. Also the AAP had to include the maintenance of rural public assets created under MGNREGS.

During 2012-17, the actual employment generated was 3,463.68 lakh mandays as against the proposed 3405.19 lakh man days of labour budget of the State (*Table 2.1*).

**Table 2.1: Statement showing projected labour demand and achievement**

| Year         | Proposed mandays (in lakh) | Actual achievement (in lakh) | Difference    |
|--------------|----------------------------|------------------------------|---------------|
| 2012-13      | 612.00                     | 546.01                       | Less by 11 %  |
| 2013-14      | 600.00                     | 711.83                       | Excess 19 %   |
| 2014-15      | 633.13                     | 534.79                       | Less by 15%   |
| 2015-16      | 760.06                     | 894.65                       | Excess by 18% |
| 2016-17      | 800.00                     | 776.40                       | Less by 3 %   |
| <b>Total</b> | <b>3,405.19</b>            | <b>3,463.68</b>              |               |

(Source: Information furnished by PR&DW Department)

In the eight test-checked districts, the actual generation of mandays fluctuated from 22 per cent shortfall to 20 per cent excess from the projected labour budget. Such fluctuation in projection and actual achievement was due to non-preparation of labour budget at the GP and PS level which resulted in the following deficiencies.

- In 102 out of 120 test-checked GPs, the labour budget was not approved by Gram Sabhas. In 12 out of 24 test-checked PSs, the same was not approved by Panchayat Samitis concerned. In four PSs, it was approved for one to three years during 2012-17. The labour budgets were directly prepared at PS level and submitted to the ZP for approval without

<sup>7</sup> Area to be brought under irrigation and increase in production in case of water conservation, water harvesting, canal works, villages to be benefitted in case of rural connectivity, building works and people to be benefitted in case of rural sanitation works.

assessment of demand from GP level. This top down approach led to variations in the employment generated.

- In all the test-checked GPs, projects were included in the AAP without mentioning the outcome; for instance, targeted beneficiaries, area to be irrigated were not identified. Audit observed during Joint Physical Inspection (JPI) that (i) seven<sup>8</sup> check dams were constructed without identifying beneficiaries, and (ii) four<sup>9</sup> roads were not fully constructed, as a result the required connectivity was not provided.
- In all test-checked GPs, no fund was earmarked in the AAPs for maintenance of assets created out of MGNREGS. In fact, the GPs had not prepared any list of assets created in their jurisdiction. Timely maintenance could have increased the durability of the assets. During JPI, Audit found three<sup>10</sup> check dams in damaged condition due to non-maintenance.
- In all test-checked GPs, 656 assets like ponds and katas were not maintained.
- During 2012-17, 4355 projects were executed at a total cost of ₹ 246.50 crore through nine<sup>11</sup> executing agencies of line departments. But none of them were approved by the concerned Gram Sabhas. Thus, the very process of participatory planning was defeated.

The Director, Special Projects stated (November 2017) that the labour budget and AAP had been approved by Gram Sabha each year through participatory approach. The Department had also instructed the Collectors to adhere to the guidelines for execution of the projects as per the AAP. On other observations he stated that the concerned collectors had been instructed to submit compliance.

The above reply was not correct as in 85 *per cent* of test checked GPs, the labour budget was not approved by the Gram Sabha. Further, the approved AAPs were not outcome based.

### **2.1.9 Funds Management**

As per MGNREGS Operational Guidelines, the State Government constituted a State Employment Guarantee Fund (SEGF) to effectively manage the receipt, transfer and utilisation of funds. The SEGF should have an in-built capacity to track the usage of funds down to the GPs. The district-wise availability and utilisation of funds during the period 2012-13 to 2016-17 are shown in *Maps No. 2 and 3*.

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<sup>8</sup> Four in Junagarh PS, one in Balisankara and one each in Chilika and Banapur PSs

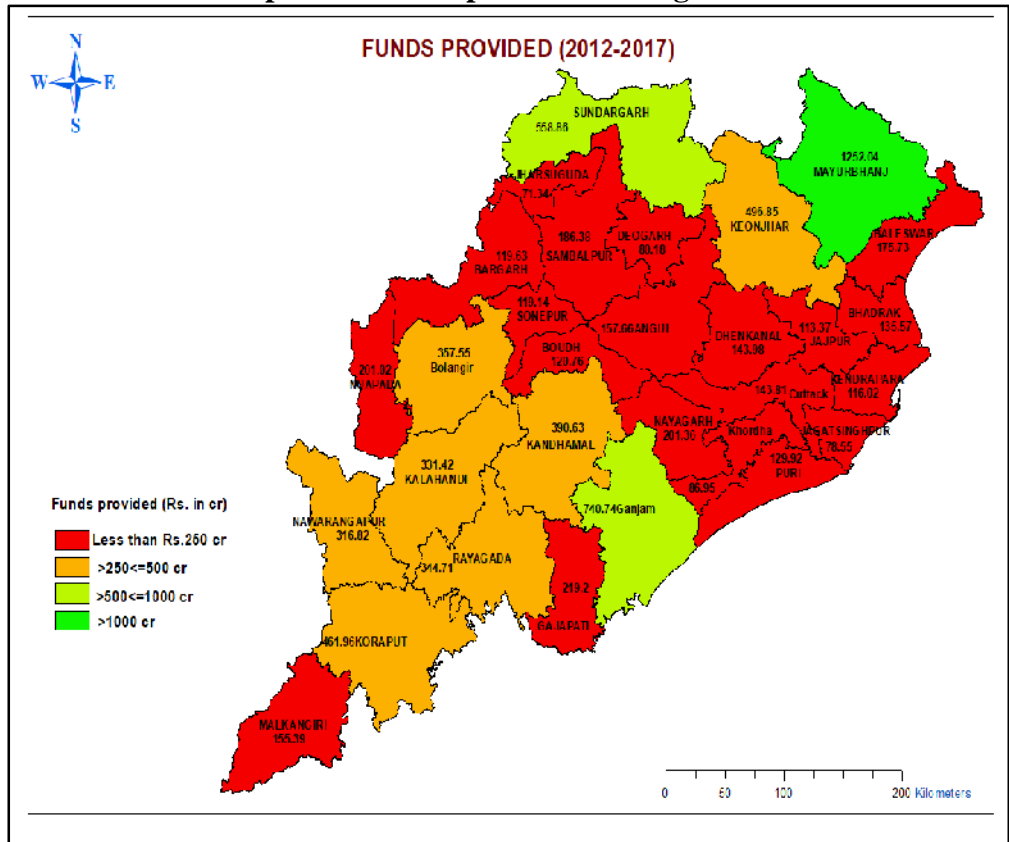
<sup>9</sup> Two each in Chilika and Balisankara PSs

<sup>10</sup> Two in Champua and one in Harabhanga

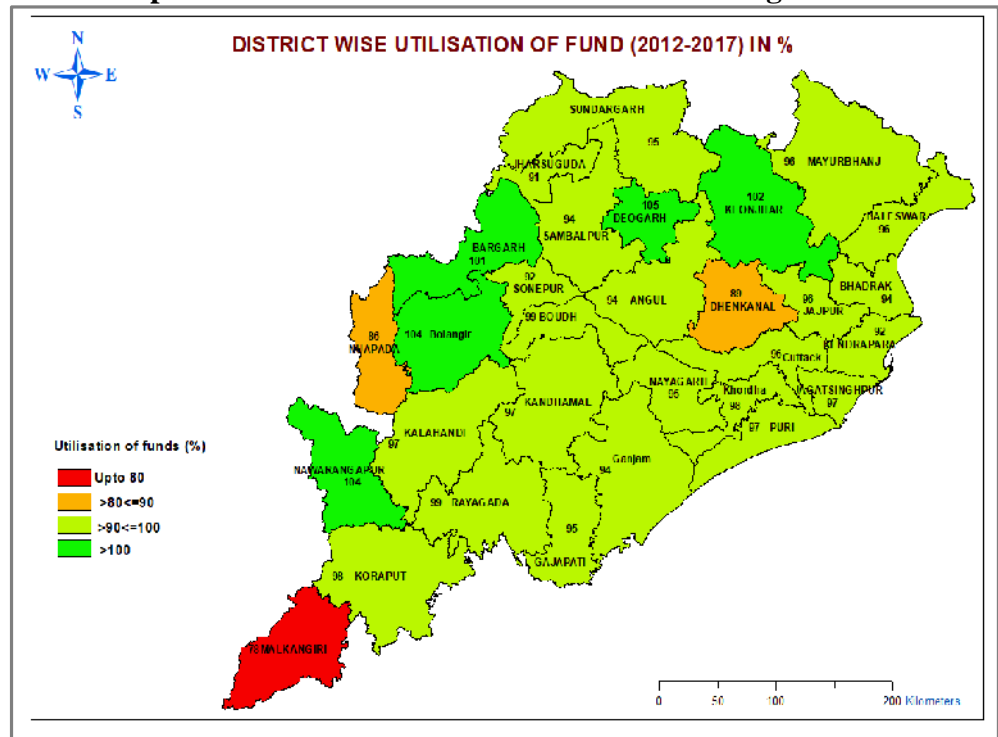
<sup>11</sup> DFO, Kalahandi (South), Khurda, Keonjhar, Koraput and Sundargarh, DDH, Kalahandi, ADH, Khurda and Sonapur and PD, Water Shed, Keonjhar



Map No.2: Funds provided during 2012-17



Map No.3: District-wise utilisation of fund during 2012-17



From the above, it was noticed that Mayurbhanj district had received ₹ 1,252.04 crore during 2012-17 whereas Jharsuguda district had received the lowest amount of ₹ 71.34 crore only. However, the percentage of utilisation of

fund was the highest in Deogarh and the lowest in Nuapada. Audit observed the following irregularities in the financial management.

#### **2.1.9.1 Utilisation of funds under Administrative Expenses (AE)**

As per Para 12.5.2 of guidelines, the State was entitled to incur administrative expenditure within six *per cent* of the total expenditure in a year. The amount was to be spent on office expenses and professional services, specifically related to MGNREGS. The aim was to augment human resources and capacity building for critical activities. However, Audit observed the following irregularities in utilisation of AE:

- **Diversion of funds to other purposes:** As per para 12.5.6 of the guidelines, the expenditure on administrative head was to be related to the schematic activities. Audit noticed that ₹ 47.19 lakh was utilised towards procuring accounting packages (not for MGNREGS) for the use of PR&DW Department during 2012-17.
- Similarly, three DRDAs (Subarnapur, Keonjhar and Sundargarh) and one PS (Dunguripalli) utilised ₹ 20.87 lakh from AE head on payment of vehicle allowance for site visits without tour programme or tour diary. Besides, ₹ 7.77 lakh was spent on purchase of furniture by five field units<sup>12</sup> and ₹ 4.03 lakh was spent on electricity bills by two BDOs<sup>13</sup>.
- **Cost of work site facilities not booked under AE:** As per the guidelines, the cost of worksite facilities like supply of drinking water, crèche, work shed and first aid was to be charged to AE. However, Audit noticed that 14 out of 24 test-checked PSs charged the expenditure on worksite facilities to material account. One hundred ninety-one case records of these PSs were reviewed. Out of the total expenditure of ₹ 8.41 crore, ₹ 4.5 lakh was utilised on worksite facilities but charged to material account. This resulted in extra burden on the State exchequer.

The Director, Special Projects assured (November 2017) to submit compliance after obtaining the same from concerned districts.

#### **2.1.9.2 Non-deposit of labour cess deducted from the Works Bill**

As per orders of GoO (December 2008), labour cess at the rate of one *percent* of the total work executed was to be deducted from the works bill. The cess was to be deposited with Odisha Building and Other Construction Workers' Welfare Board for utilisation in the welfare of the labourers. Accordingly, PR&DW Department intimated the details of bank accounts for cess payment to all DRDAs in April 2015.

Audit observed that in 16 out of 24 PSs, the BDOs executed works with an expenditure of ₹ 276.61 crore at PS and GP level during the year 2014-17. Of this, ₹ 2.77 crore (one *per cent*) was deducted as labour cess, but not deposited

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<sup>12</sup> ADH, Subarnapur: ₹ 1.32 lakh, PD, DRDA, Kalahandi: ₹ 0.11 lakh, DDH, Kalahandi: ₹ 2.58 lakh, BDO, Boipariguda: ₹ 3.42 lakh and BDO, Narayanpatna: ₹ 0.34 lakh

<sup>13</sup> BDO, Boipariguda: ₹ 3.75 lakh and BDO, Narayanpatna: ₹ 0.28 lakh

by the concerned BDOs. The same was also observed in test checked districts where in 162 projects with total expenditure of ₹ 7.39 crore, labour cess of ₹ 6.34 lakh was deducted from the works bills. But the same was not deposited with the appropriate authority.

It was seen that separate account for deposit of labour cess was not available up to April 2015. However, the DDOs continued to deduct labour cess from the executants without depositing the same in the respective account. Thus, the funds meant for welfare of labourers could not be made available to the appropriate authority for provision of safety, health and welfare measures for labourers.

The Director stated (November 2017) that the PSs concerned had been instructed to deposit the labour cess with the appropriate authority.

### 2.1.10 Registration of households and allocation of wage employment

Para 3.1 of the guidelines provided for registration of HHs and issue of job cards within 15 days of application. The registered HHs were to be provided employment at least 100 days in a year within 15 days of application failing which the unemployment allowance was to be paid. Audit observed the following deficiencies in registration of HHs and wage employment.

#### 2.1.10.1 Employment generation

During the period 2012-17, 63.98 lakh rural HHs had registered themselves under MGNREGS and availed employment for 34.63 crore mandays. The status of registration, demand for work and employment generation by the job card holders during 2012-17 is shown in **Table 2.2**.

**Table 2.2: Physical performance under MGNREGS**

| Year    | Total HHs as per Census 2011 (in lakh) | Total HHs registered (in lakh) | HHs demanded employment in lakh (%age of registration) | HHs actually attended work in lakh (%age of HHs demanded) | %age of HHs attending work proportionate to HH registered | Mandays generated in lakh (Average mandays per HHs demanded work) | HHs with 100 days employment (%age of HHs demanded work) |
|---------|--|--------------------------------|--|---|---|---|--|
| 1       | 2                                      | 3                              | 4  | 5   | 6   | 7   | 8  |
| 2012-13 | 83.22                                  | 63.05                          | 17.66 (28)   | 15.99 (91)  | 25  | 546.01 (31)   | 75,038 (4)   |
| 2013-14 | 83.22                                  | 63.56                          | 18.90 (30)   | 17.10 (90)  | 27  | 711.82 (38)   | 1,56,781 (8)   |
| 2014-15 | 83.22                                  | 65.06                          | 16.94 (26)   | 14.69 (87)  | 23  | 535.40 (32)   | 82,022 (5)   |
| 2015-16 | 83.22                                  | 66.65                          | 22.28 (33)   | 19.97 (90)  | 30  | 894.46 (40)   | 1,97,460 (9)   |
| 2016-17 | 83.22                                  | 63.98                          | 23.55 (37)   | 20.35 (86)  | 32  | 775.34 (33)   | 35,778 (2)   |

(Source: Downloaded from MGNREGS website and Census 2011 data)

From the above table, the following observations are made:

- **Low registration:** During 2012-13, 76 per cent of rural HHs were registered in the State with reference to Census 2011. In seven<sup>14</sup> out of eight test-checked districts, it ranged from 16 to 84 per cent.
- **Low demand for work:** During 2012-17, only 26 to 37 per cent of registered HH of the State demanded the work. In the test-checked districts, it ranged between 16 and 64 per cent.

<sup>14</sup> Boudh: 84 per cent, Kalahandi: 73 per cent, Koraput: 83 per cent, Keonjhar: 89 per cent, Khurda: 16 per cent, Subarnapur: 71 per cent and Sundargarh: 23 per cent

- **Low attendance:** During the year 2012-17, only 86 to 91 *per cent* of HHs that demanded work actually availed employment. The same was 79 to 95 *per cent* in the test-checked districts. However, compared to total HHs registered, the percentage of attendance ranged from 23 to 32 in the State.
- **Creation of 100 days' employment:** The HHs that availed 100 days' employment in comparison to the HHs demanded work ranged from two to nine *per cent* in the State. It was one to 15 *per cent* in the test-checked districts.

The low registration of HHs was due to the facts that GoO did not take adequate steps to (i) engage Civil Society Organisations to sensitise the HHs, (ii) form labour groups to create awareness among workers and (iii) conduct D2D survey to register the HHs. Similarly, during beneficiary interview, 27 *per cent* of beneficiaries interviewed stated that they were not interested to work due to delayed payment of wages. Twenty-five *per cent* beneficiaries attributed the reasons to non-provision of any relaxed work for women and elderly people. Fifty *per cent* of the beneficiaries stated that they were not interested due to less payment of wage in comparison to other works. Besides, non-payment of wages due to rejection of Fund Transfer Order (FTO) by banks and non-issue of job cards were also the other reasons for low demand and attendance for work.

The Department stated (November 2017) that due to low wage rate as compared to other schemes/ private sectors, migration of the HHs and less interest, the people were not coming forward to avail benefits under MGNREGS. The Director also assured to improve the position.

#### ***2.1.11 Irregular payment of wages and non-payment of compensation***

Section 3 (iii) of the MGNREGA provided that the disbursement of daily wages was to be made not later than a fortnight. Para 29 of Revised Schedule II of the Act provided for payment of compensation at a rate of 0.05 *per cent* of the unpaid wages per day for the duration of the delay beyond the 16th day of the closure of the Muster Roll. As per Para 10.7 of the Master Circular of MoRD, the BDO, after verification, could approve or reject the compensation payable which was calculated in MGNREGS IT system. In case of rejection, the BDO was required to give reasons on NREGASoft and maintain records of the same for future verification. During 2013-17, there was delay in payment of wages of ₹ 3,114.58 crore<sup>15</sup>. The compensation thus payable was ₹ 53.19 crore. However, only ₹ 15.18 lakh of compensation was paid during 2013-17 which was less than one *per cent* of the total amount due. Further, it was noticed that against 104.63 crore days of delay (DD), 93.95 crore DDs were rejected. The compensation for 93.95 crore DDs amounted to ₹ 48.01 crore. The reasons cited included insufficient fund in accounts and natural calamities etc. As the beneficiaries were not responsible for the above bottlenecks, the rejection was not justified. No records in support of rejection were maintained. Audit noticed that the delays and rejections vitiated the objective of the

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<sup>15</sup> ₹ 1,340.11 crore : 15 to 30 days, ₹ 998.45 crore : 30 to 60 days, ₹ 384.59 crore : 60 to 90 days and ₹ 391.43 crore : more than 90 days

scheme for providing livelihood support through guaranteed wage employment.

The Director stated (November 2017) that the Government had instructed all Collector-cum-DPCs to verify 100 *per cent* delay compensation amount in the last five years. The affected beneficiaries would be paid by recovering the amount from the erring officials.

- ***Non-payment of wages due to rejection of FTO:*** As per Para 8.4 of the guidelines, to avoid delay in payment of wages, State had to adopt integrated (electronic) fund management system. Para 8.1 (v) *ibid* also provided for proactive role of the PO in opening the bank/ post office accounts of the workers to ensure prompt payment. Audit noticed that during 2012-17, 338.46 lakh transactions were processed for payment. Of these, 9.50 lakh transactions involving ₹ 91.46 crore were rejected. The grounds of rejection were invalid Indian financial system code, non-existing account, closed bank accounts and non-tallying of account description etc. Further, the number of rejections of transactions increased from 0.51 lakh in 2012-13 to 2.71 lakh in 2016-17. In the test-checked districts, Audit noticed that the wage payments of ₹ 17.08 crore<sup>16</sup> had been rejected during the said period. This indicated lack of verification of the bank accounts of the beneficiaries before its addition to the job card. This resulted in non-payment or delayed payment of wages to the beneficiaries. The Department stated (November 2017) that all districts had been instructed for correct updating and freezing of account information before initiating any payment.
- ***Less payment of wages:*** From 1 April 2012, the wage rate was revised by GoI to ₹ 126 per day from ₹ 125. An analysis of data from MGNREGA portal revealed that the labourers were paid ₹ 125 in 1570 GPs of 314 PSs during April to June 2012. This resulted in less payment of ₹ 1.55 crore for 1.55 crore mandays. This less payment was also confirmed in 23 GPs of 12 test-checked PSs<sup>17</sup> where wages of ₹ 1.61 lakh for 1.61 lakh mandays were less paid. The wage rate in 2015-16 was ₹ 174. GoO granted additional bonus of 30 *per cent* over and above the wage rate to the labourers of drought affected GPs during 2015-16. Therefore, the wage rate was increased to ₹ 226. However, test check of 50 projects in 17 GPs of three districts (Kandhamal, Koraput and Sundargarh) revealed that 2,211 labourers were not paid the bonus. The wages paid less amounted to ₹ 6.88 lakh at the rate of ₹ 174 per day for 13,235 mandays. Similarly, in four GPs of Boipariguda and Narayanpatna PS, the payment due to 614 labourers was ₹ 7.66 lakh. However, they were paid ₹ 6.44 lakh for 4,033 mandays, resulting in less payment of wages of ₹ 1.22 lakh.
- ***Non-payment of wages despite engagement:*** Audit noticed that in five GPs of three PSs (Baliguda, Boipariguda and Narayanpatna), 53

<sup>16</sup> Boudh: ₹ 0.41 crore, Keonjhar: ₹ 6.16 crore, Koraput: ₹ 5.55 crore and Sundargarh: ₹ 4.96 crore

<sup>17</sup> G.Udaygiri, Tikabali, Baliguda, Champua, Narayanpatna, Boipariguda, Baliana, Chilika, Dunguripalli, Binika, Balisankara and Nuagaon

labourers were paid ₹ 3,480 for 20 mandays only. They had however worked for 335 mandays as per the muster roll. This resulted in less payment of wages of ₹ 53,730 for 315 mandays.

- **Payment of wages to labourers without attending work:** Audit noticed that 14 labourers were paid wages of ₹ 11,702 for 68 mandays in two GPs of two PSs (Boipariguda and Baliguda) through online muster roll. They were however shown as absent in the muster roll. This indicated that the labourers were paid wages without actually being engaged in work.

### **2.1.12 Non-payment of unemployment allowance**

As per Section 7 of the MGNREGA and Para 3.5 of the guidelines, if a job card holder was not provided employment within 15 days of receipt of application seeking employment, he should be entitled to a daily unemployment allowance at the prescribed rate<sup>18</sup>.

Test check of records in 23 test-checked PSs revealed that 11,843 labourers had applied for employment for 1,22,430 days during 2014-17. They were neither provided employment nor provided unemployment allowance. Further analysis revealed that 123 labourers<sup>19</sup> had sought employment but the muster rolls generated by the POs concerned had not included their names. As such, they were deprived of the employment as well as the unemployment allowance.

The Director stated (November 2017) that the matter was under active consideration of Government to formulate rules for payment of unemployment allowance.

### **2.1.13 Provision of employment for more than 100 days**

As per para 3.2 (ii) of the guidelines, GoI would provide 100 *per cent* of unskilled wage payment to every registered household for a maximum of 100 days' employment in a financial year. In case of providing employment for more than 100 days, the concerned State Government was to bear the excess cost. It was required to furnish declaration in the UC that any excess payment for more than 100 days would be borne by it.

Audit, however, noticed that 3.41 lakh HHs from 4,672 GPs were provided 24.88 lakh days' employment in excess of their 100 days' entitlement during 2013-17. This involved a wage component of ₹ 33.03 crore which was to be borne by GoO as shown in **Table 2.3**.

**Table 2.3: Details of excess mandays over 100 days**

| Year    | Total HHs/ Job cards | Total employment in man-days | Man-days in excess of 100 days | Excess wages to be booked in State share @ ₹ 125-226/mandays (₹ in crore) |
|---------|----------------------|------------------------------|--------------------------------|---|
| 2013-14 | 1,28,495             | 1,49,42,056                  | 20,92,556                      | 26,36,62,056  |
| 2014-15 | 60,936               | 63,75,183                    | 2,81,583                       | 4,61,79,612   |
| 2015-16 | 1,42,141             | 1,81,91,595                  | 13,987                         | 31,61,062   |

<sup>18</sup> One-fourth of the wage rate for the first thirty days during the financial year and one-half of the wage rate for the remaining period of the financial year

<sup>19</sup> Boipariguda PS: 106, Kundra PS: 10 Sonepur PS: four and Binika PS: three



| Year         | Total HHs/ Job cards | Total employment in man-days | Man-days in excess of 100 days | Excess wages to be booked in State share @ ₹ 125-226/ mandays (₹ in crore) |
|--------------|----------------------|------------------------------|--------------------------------|--|
| 2016-17      | 9,509                | 10,50,369                    | 99,469                         | 1,73,07,606  |
| <b>Total</b> | <b>3,41,081</b>      | <b>4,05,59,203</b>           | <b>24,87,595</b>               | <b>33,03,10,336</b>  |

(Source: MGNREGS website)

However, GoO furnished UC to MoRD certifying that no HHs were provided employment for more than 100 days in a financial year and claimed the inadmissible wage component of ₹ 33.03 crore from GoI.

The Director stated (November 2017) that in many cases, the penultimate MR had 95 to 100 days due to which the last MR had exceeded 100 days. However, he assured to examine the matter.

Audit noticed that the reply of the Director was not relevant to the findings.

#### 2.1.14 Issue of Job card

As per para 3.1.5 of the guidelines, the eligible applicants were to be provided job cards by the GP within a fortnight of the submission of application. Further, para 3.1.5 *ibid* provided that the GP would undertake annual updating exercise for addition and deletion of members on account of demise, change of residence etc. and the same would be read out in the GS. As per para 8.1 *ibid*, MGNREGS workers were to be paid wages through their bank account. The PO should proactively help workers to open bank/ post office accounts.

Further, Rashtriya Swasthya Bima Yojana (RSBY) aimed at providing insurance cover of ₹ 30,000 per annum per family (a unit of five) to MGNREGS beneficiaries who had worked for more than 15 days during the preceding financial year.

Audit noticed the following deficiencies in issue of job cards (*Table 2.4*).

**Table 2.4: Table showing deficiencies in issue of Job Cards**

| Issue                               | Observation  | Reply of Government  |
|-------------------------------------|--|--|
| Non-issue of job cards              | During the year 2012-17, in 59 out of 120 GPs, 4,925 registered HHs were not issued job cards after demand. Due to this the registered HHs could not avail employment.   | Director assured to submit final compliance after obtaining the same from Collectors-cum-DPCs concerned. |
| Delay in issue of job cards         | From online Registration Application Register of test-checked GPs, it was noticed that there was delay of three to 1,068 days in 48 out of 120 GPs in issue of job cards to 1,064 HHs during the year 2012-17.   |  |
| Beneficiaries without bank accounts | It was noticed that out of 162.92 lakh beneficiaries, 83.66 lakh (51 <i>per cent</i> ) beneficiaries of the State had no bank account. Further, 20.42 lakh bank accounts were frozen due to which no payments could be made. Audit observed in 18 test-checked PS that 5.41 lakh out of 9.53 lakh beneficiaries had no bank account.   |  |
| Inadequate coverage under RSBY      | The data on number of individual beneficiaries who worked for more than 15 days in a year was not available at either district or PS levels. However, the online data showed that in the test-checked districts, only 463 beneficiaries were covered under RSBY as of March 2017. The number of HHs who had completed more than 100 days' work in a year was 63,796. Thus, the insurance cover provided to the MGNREGS workers under RSBY was grossly inadequate |  |

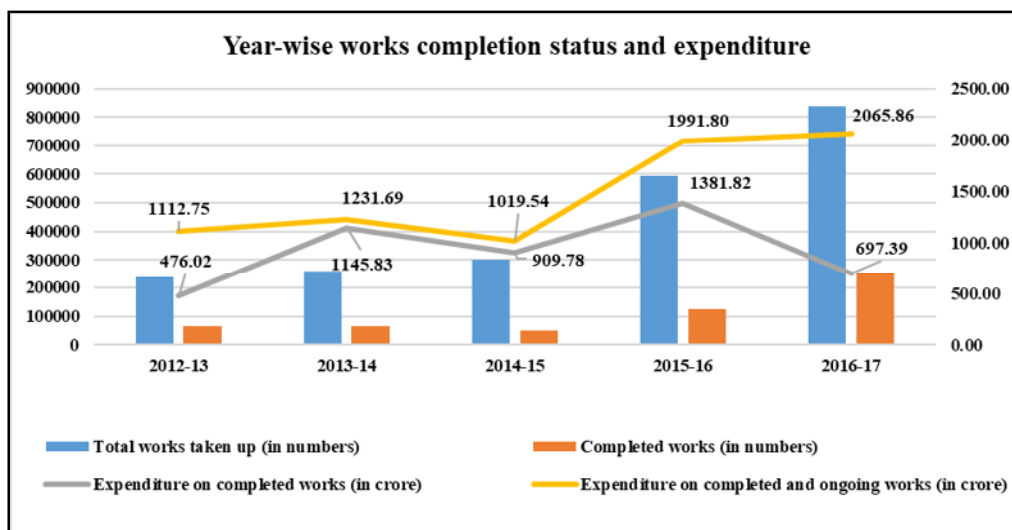
(Source: Records of the PSs)

#### 2.1.15 Execution of work

The objective of MGNREGA was to provide wage employment along with creation of durable assets. The works were to be performed by using manual

labour and not by using labour displacing machines. As per Schedule-I to the Act, the projects related to water conservation, drought proofing, land development, afforestation or horticulture plantation, rural connectivity and rural infrastructure etc. were to be undertaken. GoI also encouraged convergence of MGNREGS works with schemes/ activities of other Departments. During the period 2012-17, the State had taken up 11.41 lakh works and completed 5.56 lakh works with an expenditure of ₹ 4,610.84 crore. The year-wise works taken up, completed and expenditure for the same are as shown in *Chart 2.1*.

*Chart-2.1: Physical and financial status of work executed during 2012-17*



Test check of records of 24 PSs, 120 GPs and 16 executing agencies revealed the following irregularities.

**2.1.15.1 Delay in completion of work**

Operational Guidelines provided that new works could be taken up only after completion of works taken up earlier. Further, no sanction would be given to begin new works, if there were incomplete works for more than one fiscal year, after the year in which the works were proposed.

Audit noticed that 11,202 works were taken up in the test-checked GPs during 2012-17. Out of these, 3,970 works<sup>20</sup> remained incomplete for one to four years. Despite pendency of 1986 works for more than two years, the Gram Sabha did not include the pending works in the AAP. Rather new works were taken up for execution without making any effort for completion of the incomplete works.

The Director, Special Projects stated (November 2017) that all Collector-cum-DPCs had been requested to complete the balance incomplete works and update the same in NREGASoft.

<sup>20</sup> Since 2012-13: 951, 2013-14: 417, 2014-15: 618 and 2015-16: 1984



### 2.1.15.2 *Inadmissible execution of road work without all-weather connectivity*

The guidelines provided that rural connectivity providing all-weather access could be executed under MGNREGA. Earthen road was not a durable asset and could not provide all weather connectivity during the rainy seasons. In the test-checked GPs, 1,389 earthen roads were constructed at a cost of ₹ 32.21 crore during 2012-17. Audit noticed that 163 such earthen roads were constructed with an expenditure of ₹ 5.80 crore. No effort for convergence of other schemes was made to give these roads all-weather accessibility.

JPI of 58 such roads revealed that the roads were not fit for all-weather connectivity. As the roads were not durable and could not provide all-weather connectivity, execution of these works incurring ₹ 32.21 crore was not admissible under the scheme.

The Director, Special Projects stated (November 2017) that the estimates would be prepared for construction of road works, making them suitable for all weather connectivity.

### 2.1.15.3 *Wasteful expenditure on incomplete works*

The objective of execution of the project 'Renovation of water bodies' and 'Construction of check dams' was to (i) increase the storage capacity of water bodies and ground water level and to (ii) provide irrigation facility for cultivation. Audit noticed in the test-checked GPs that 285 projects on renovation of water



Renovation of Balpall Tank in Chhakarmal GP of Sonapur PS

bodies, check dams and earthen roads etc. were taken up during 2012-17. Against estimated cost of ₹ 11.82 crore, an expenditure of ₹ 4.25 crore was incurred on these works. However, after partial execution, the works were shown as completed and no further expenditure was incurred. Audit verified this position in a JPI. Thus, the objectives behind these projects were not achieved and the expenditure of ₹ 4.25 crore became wasteful due to partial execution of work.

The Director, Special Projects assured (November 2017) that instructions would be issued to complete the incomplete works satisfactorily.

### 2.1.15.4 *Unfruitful expenditure of failed plantation*

As per Plantation Manual and cost norm, the plantation and maintenance work had to be started during June-July i.e. on the onset of monsoon. The plantation activity would take three years i.e. one year for creation and two years for maintenance.

Audit noticed that 12 executing agencies<sup>21</sup> of the line departments took up plantation work in 5,087.70 hectares of land and 15 running km of road during 2012-17. The expenditure incurred was ₹ 28.74 crore. It was noticed that the plantations started late due to delayed administrative approval. Again delayed purchase of fencing materials, chemicals and fertilisers affected the survival rate. The maintenance in the first year and second year delayed due to the above reasons. Consequently, in 1,470.92 hectares out of 5,087.70 hectares of land, the survival rate was poor and the plantations failed. Thus, the expenditure of ₹ 7.38 crore incurred on maintenance of these plantations became unfruitful.

The Director, Special Projects stated (October 2017) that instructions had been issued strictly to adhere to the timeline for technical and financial sanction.

#### **2.1.15.5 Payment on an inadmissible item**

As per the instruction of PR Department (July 2015) pesticides, insecticides and chemical fertilisers should not to be procured from MGNREGS funds. However, during the year 2012-16, nine executing agencies<sup>22</sup> purchased chemical fertilisers and pesticides for ₹ 3.90 crore from the said fund. The expenditure on such items was inadmissible and therefore, irregular.

#### **2.1.15.6 Payment without measurement**

Para 7.13.1 and 7.14.2 of the Operational Guidelines provided that all measurements of work done were to be recorded in the Measurement Book (MB). The pay order was to be generated after recording and entering of weekly muster rolls and measurements in the MB and NREGASoft respectively.

Scrutiny of case records and muster rolls of Deogaon GP revealed that payment of ₹ 3.39 lakh was made in two works (i) Renovation of Tank near School at Patrapur (June 2014) and (ii) Construction of Patrapur new road (March 2015). There were no entries in the MB. The Running Account Bills (RABs) in support of these payments were also not available. Thus, the payment was made without any measurement book details and was irregular.

#### **2.1.15.7 Lack of convergence in Rural Connectivity programme**

MoRD intimated (October 2013) for convergence of MGNREGS with PMGSY for encouraging rural connectivity. It advised to take up the formation and consolidation work of the road in the initial stage and post completion maintenance at later stage. Audit observed that ₹ 2,258.43 crore was utilised in eight test-checked districts during 2012-17 for construction and maintenance of PMGSY roads. However, there was no convergence at any stage of the project with MGNREGS.

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<sup>21</sup> ADH, Sonapur, Khurda, Boudh, Baliguda, Tikabali and G. Udayagiri, DDH, Keonjhar, ASCO, G. Udayagiri, SCO, Sonapur, PD Watershed, Sundargarh, ITDA, Sundargarh and DFO, Koraput

<sup>22</sup> ADH, Sonapur, Khurda, Baliguda, PD Watershed Keonjhar, DFO Keonjhar, Khurda, DDH, Kalahandi, DFO, Sundargarh and PD, Watershed, Sundargarh.

### 2.1.15.8 Irregularity in procurement of material

Para 7.4.3 of the guidelines prescribed that offers should be invited in a fair and transparent procedure to ensure procurement of material in an efficient manner. State Government should encourage the e-procurement system. Audit noticed that the implementing agencies procured the material without inviting tender in a decentralised manner as detailed below:

- **Purchase of material without approval of DLCC:** The State Level Convergence Committee decided (July 2015) that procurement from MGNREGS funds would be made after approval of the District Level Convergence Committee (DLCC). It was observed that no DLCC had been formed in four test-checked districts<sup>23</sup> during 2015-17. However, ₹ 15.74 crore was utilised by nine line departments<sup>24</sup> on procurement of pesticides, bio-fertilisers, tree guard etc. There was no approval of DLCC. As a result, identical material were purchased by different executing agencies and at different rates. For instance, while ADH, Khurda procured the gabions @ ₹ 110 per piece the same was purchased by the Forest Range Officers of Khurda @ ₹ 135. Similarly, DFO Koraput purchased the gabions @ ₹ 91 per piece, the DDH Koraput procured the same @ ₹ 126. This was due to non-adherence to rules of procurement by the authorities.
- **Purchase of material without tender:** The State utilised ₹ 1,973.86 crore on material component during 2012-17. Audit test checked records of 170 works of test-checked PSs involving total expenditure of ₹ 249.46 crore. It was noticed that purchase procedure was not followed while procuring the material. The BDOs purchased and utilised material worth of ₹ 4.05 crore from local market as and when required without inviting tenders. Out of the above, material valued at ₹1.12 crore was purchased from unregistered dealers and suppliers. Also, ₹ 51.43 lakh was paid to the private suppliers on the basis of hand receipt in support of supply of materials for creation of assets.
- **Irregular purchase of gabions and undue favour to the supplier:** The PR Department, GoO issued (July 2016) a clarification regarding use of fencing materials for plantation activities under MGNREGS prescribing the procurement to be strictly made by fair, transparent and competitive bidding process. Besides, the GoO, Department of Agriculture and Farmers' Empowerment instructed (September 2016) not to place any supply order with Odisha Consumers Co-operative Federation limited and other cooperatives without tender.

Files relating to purchase of agricultural inputs revealed that the Deputy Director of Horticulture (DDH), Kalahandi had procured 34,200 gabions (specified size 6 X 1.5 metre) at a cost of ₹ 1.18 crore from Bhubaneswar Regional Co-operative Marketing Society

<sup>23</sup> Except Keonjhar, Koraput, Kandhamal and Boudh

<sup>24</sup> Deputy Director Horticulture (DDH), Kalahandi and Koraput, Project Director, Watershed, Sundargarh, Asst. Director of Horticulture (ADH), Khurda, Sonapur, Divisional Forest Officer (DFO), Kalahandi (South), Khurda, Koraput and Sundargarh

(BRCMS) Limited. This was done during November and December 2016 without floating any tender which was irregular.

Besides, Audit noticed during JPI in Junagarh and Dharmagarh PS that the actual gabions utilised in the fields of individual beneficiaries were of size 3 X 1.5 metre which was 50 per cent less than the specified size. The size of the nets was not verified at the District level at the time of receiving the stocks. Thus, an amount of ₹ 58.99 lakh (50 per cent of the total cost of ₹ 1.18 crore) was paid in excess.

On this being pointed out, the DDH stated (July 2017) that the gabions were cut into pieces and utilised by the beneficiaries themselves. The reply was not tenable since 12 beneficiaries from Junagarh and Dharmagarh PS stated (July 2017) that the gabions of the size of 3 X 1.5 metre were provided to them and the same were used.

**2.1.15.9 Non-provision of worksite facilities to the workers**

As per the guidelines, the MGNREGS workers were entitled to get worksite facilities like drinking water, crèche/ shade and first aid. However, 191 case records of 14 PSs involving expenditure of ₹ 8.31 crore were test checked. In 89 works, no drinking water and in 168 works no crèche, shade or first aid was provided.

The Director assured (November 2017) to submit detailed compliance on all the above observations after obtaining the same from the Collector-cum-DPCs concerned.

**2.1.16 Cases of suspected misappropriation**

During audit of MGNREGS, cases of non-recovery of outstanding advances, suspected misappropriation, doubtful payment of wages and irregularities in maintenance of Muster Rolls (MR) were noticed. Details are given in **Table 2.5**.

**Table 2.5: Cases of suspected misappropriation**

| Types of irregularity                | Place of occurrence                            | Money value (₹ in lakh) | Remarks   | Reply of the Government  |
|--------------------------------------|--|-------------------------|---|--|
| Non-recovery of Outstanding Advances | MGNREGS Society, Bhubaneswar                   | 403.00                  | The amount was outstanding against two private parties, 14 government employees and 31 government offices for one to four years. No Advance Register was maintained. No action had been taken by the Society to recover the unadjusted advances till date of audit. Thus, the possibility of misappropriation and misutilisation of funds could not be ruled out. | Director assured to take necessary steps to recover the advances.                                      |
| Suspected misappropriation           | BDO, Boipariguda                               | 6.00                    | The amount was drawn from MGNREGS fund by BDO, Boipariguda through self-cheque for procurement of cement and MS Rods. The amount was neither exhibited in the cash book as receipt nor advanced to any agency or supplier for supply of the material as of March 2017. Hence, the amount was suspected to be misappropriated.                                     | Director stated that instructions for taking stringent action against erring official have been given. |
| Doubtful payment of wages            | Bailo GP of Anandapur PS in Keonjhar district, | 0.10                    | Ten beneficiaries of three GPs had worked in two different works during the same period. They were paid   | Director stated that concerned Collector cum DPCs had been   |

| Types of irregularity                              | Place of occurrence  | Money value (₹ in lakh) | Remarks  | Reply of the Government   |
|--|--|-------------------------|--|---|
|  | Kinjirkela and Rampur GPs of Balisankara PS in Sundargarh district   |                         | ₹ 25,235 (₹ 9,660 from MGNREGS and ₹ 15,575 from Devolution of Fund scheme and 14 <sup>th</sup> CFC). In the Muster Rolls of both the works, the name of labourer, name of his father, village and period of engagement were the same. Thus, the payment of ₹ 9,660 to labourers was doubtful. | requested to furnish the compliances.   |
| Irregularities in maintenance of Muster Rolls (MR) | Junagarh, Kundra, Balisankara, Banapur, Binita, Dunguripali, Sonapur, G.Udaigiri, Narayanpatna, Boipariguda and Baliguda | 6.17                    | Records in 11 test-checked PS for the years 2012-17 revealed that there was manipulation in MRs by way of cutting, erasing and overwriting. This involved wage payment of ₹ 6.17 lakh made to 944 labourers for 3,674 mandays. Thus, the actual attendance of labourers was doubtful.          | Director stated that strict instructions had been given to Collectors to take stringent action on erring officials. |
|  | Baliguda, G.Udaygiri, Boipariguda and Narayanpatna   | NA                      | In four PSs, signature of 942 labourers was obtained in 109 blank MRs and kept in case records. This indicated that the MRs had not been maintained at work sites and the signatures of the labourers were obtained before commencement of the work  |   |

(Source: Records of concerned BDOs)

### 2.1.17. Transparency and grievance redressal and monitoring

#### 2.1.17.1 Management Information System (MIS)

As per Para 11.3 of the guidelines, MoRD had implemented a web based Management Information System i.e. NREGASoft for data entry and consolidating the financial and physical information of the scheme at State, District, PS and GP levels. The MIS was used by both Ministry and State as a tool for both monitoring the implementation of the scheme and maintaining transparency by ensuring wider dissemination of the collected information.

Audit noticed the following discrepancies between the data uploaded in the MIS and records available with the Department/ field units.

#### (i) Unreliable MIS data

Discrepancy between the wage rates for unskilled labour prescribed by GoI and the actual rate of wages paid was noticed in the MIS. The details are shown in **Table 2.6**.

**Table 2.6: Difference in labour rates**

| Year    | Prescribed labour rate (in ₹) | Range of labour rate paid as per portal (in ₹) | Field findings (in ₹) |
|---------|-------------------------------|--|-----------------------|
| 2012-13 | 126                           | 75-135   | 126*                  |
| 2013-14 | 143                           | 66-153   | 143                   |
| 2014-15 | 164                           | 60-199   | 164                   |
| 2015-16 | 164                           | 102-228  | 164                   |
| 2016-17 | 174                           | 120-281  | 174                   |

\* ₹125 in some GPs as mentioned in the sub-paragraph under Paragraph 2.1.11

(Source: MGNREGS website)

From the table, it can be seen that the prescribed labour rates ranged from ₹126 to ₹174 during 2012-13 to 2016-17. This was also confirmed during beneficiary interviews. However, the labour rates shown in MIS data in MGNREGS website ranged from ₹ 75 to ₹ 281 during 2012-13 to 2016-17. This indicated that the MIS data was unreliable.



**(ii) Mismatching of photographs uploaded in NREGASoft**

Geo-tagged time-stamped photographs of the site before the start of the work, at intermediate stage and after completion of the work were to be uploaded on NREGASoft (Bhuvan). On analysis of the geo-tagged photographs of Bhuvan of selected GPs, it was found that in Jamudihi GP of Koida PS of Sundargarh, same photograph was uploaded for two different works. Similarly, during field audit, it was observed that in three GPs<sup>25</sup>, the photograph uploaded in the portal was different from the actual worksite.

| <b>Same photo uploaded in NREGASoft Bhuvan MIS for two different works</b>              |  |
|---|--|
|        |      |
| <p><b>IAY house of Niarjan Topno</b><br/><b>Work Code No.2402015005/IF/10066507</b></p> | <p><b>IAY house of Dulari Munda</b><br/><b>Work Code No.2402015005/IF/10097165</b></p> |

The Director stated (November 2017) that the Geo-tagging of assets had been done against the completed works of MGNREGA through Bhuvan mobile App. Each Geo-tagged asset *inter alia* had two photographs with date and time stamp. However, the Director assured to obtain compliance from the concerned Collectors.

**2.1.17.2 Social Audit**

As per Para 13 of the guidelines, Social Audit is a means of continuous public vigilance with basic objective to ensure public accountability in the implementation of project laws and policies.

Para 13.2.1 provided that the State Government had to establish a Social Audit Unit (SAU), independent of the MGNREGS Society.

The SAU had to identify appropriate number of Resource Persons at State, District, PS and GP level to facilitate the Gram Sabha in conducting Social Audit. The resource persons deployed were required to verify the muster rolls, assess the physical work with reference to records and its quality. They had to check financial records like cash book, bank statements, bills etc., to ascertain the correctness and reliability of financial reporting. They had to facilitate the Gram Sabha in conducting social audit in the state. Audit observed the following shortcomings in the conduct of Social Audit in the State.

The Odisha Society for Social Audit Accountability and Transparency (OSSAAT) was established (September 2011) to function as SAU in the State. One Director was appointed in OSSAAT in October 2012. However, OSSAAT could not provide any support team to the Director due to

<sup>25</sup> Talakainsari and Kuanra GPs in Bansapal PS of Keonjhar district and Gresingia GP in G. Udyagiri PS of Kandhamal District

insufficient budget provision for human resources by MoRD. Subsequently, the Director resigned in March 2014. Another Director and six SA Experts were appointed and the SAU was made functional only in December 2016. The Social Audit (SA) mechanism at district and lower levels suffered due to delayed formation of SAU.

- **Delay in appointment of Resource Persons:** The appointment of resource persons for districts and PSs was made during November 2016 to March 2017. No resource persons were appointed for the villages up to March 2017.
- **No video recording of the proceedings:** As per Para 13.3.11 of the Guidelines, the entire proceedings of the Social Audit would be video recorded. Audit observed that SA was conducted on regular basis during 2012-17 in all the test-checked districts. However, the proceedings were not video recorded and hoisted in the web since 2015 till date, as required in the guidelines.
- **No Report on public hearing sent to DPC:** As per instruction of PR Department (April 2011), PS level Public Hearing Committee was to sit twice in a financial year to strengthen the SA. The findings of the public hearing recorded were to be sent to the DPC to ensure necessary compliance by all concerned. Audit observed that in six PSs, no public hearing was conducted. The findings of the committee though recorded in 18 PSs, the same was not sent to the DPC by 11 PSs during 2012-17 for taking any remedial measure.
- **Lack of quality monitoring:** As per Para 13.2.3 of the Guidelines, the SAU should have quality monitors to evaluate the quality of assets to ensure durability and intended usefulness. Audit noticed that SAU had not appointed quality monitors to evaluate the quality of assets. In Kalahandi and Boudh districts, Audit noticed during JPI that two Bharat Nirman Rajiv Gandhi Seva Kendra (BNRGSK) buildings constructed (2012) at a cost of ₹ 20 lakh were abandoned for the last three years due to damaged condition of the walls and floors making the buildings unsafe and non-habitable.

The Director stated (November 2017) that compliances were sought for from the districts.

### 2.1.17.3 Grievance redressal and monitoring

MGNREGS (Grievance Redressal Mechanism) Rules, 2010 provided that as soon as the complaint was received, it should be entered into a complaint register with date of receipt, date of disposal etc. The complaint was to be disposed of within 15 days. A monthly report was to be sent from GP to the PO, PO to DPC and DPC to GoO on status of the disposal. However, test check of records at Mission Directorate, MGNREGS, Odisha and eight test-checked districts revealed the following deficiencies:

- **Non-maintenance of complaint register:** No complaint register was maintained at State level and at five test-checked districts (except in Kalahandi, Koraput and Sundargarh). The Director stated that steps

had been taken to maintain the grievance register and early disposal of the grievances.

- **No monthly report on Grievance:** The Mission Director had neither received any monthly report on grievances from the DPCs nor sent any report to the MoRD on the status of disposal of grievance at the State level. The Director stated that field functionaries had been instructed to submit MPR on grievances.

**Grievances not disposed off:** As per MIS of MGNREGS as of March 2017, out of 1346 grievances received, 628 complaints were pending at State level and five at District and PS level without disposal. From these, Audit verified 10 complaints pending at State level and found that all the complaints were more than one-year old. The Director stated that all the pending grievances were sent to the Collectors concerned for disposal and reminders were issued to defaulting districts.

#### **2.1.17.4 Non-formation of District Vigilance Cell**

As per Para 13.6.3 of the guidelines, a district level Vigilance Cell was to be set up headed by a district level officer supported by an engineer and an auditor. They had to carry out instruction of State Vigilance Cell to perform inspection and take follow up action. However, no such Vigilance Cell was set up in any of the test-checked districts. The Director assured to furnish final compliance after obtaining the same from the districts.

#### **2.1.17.5 Non-constitution of VLMC**

As per Para 13.6.4 of the guidelines, Village Level Monitoring Committee (VLMC) was to be constituted to monitor the works executed under MGNREGS. It had to provide certificate on satisfactory completion including qualitative assessment of the nature of work and its usefulness. Audit noticed from scrutiny of 365 case records that VLMC had not been formed in 349 projects.

#### **2.1.17.6 Vacancy in the office of Ombudsman**

Para 13.14 of the guidelines provided that, the State Government was to establish office of Ombudsman in all districts for expeditious redressal of grievances and maintenance of transparency and accountability. However, in all the test-checked districts, the post of Ombudsman remained vacant from July 2013 to March 2017.

The Director stated (November 2017) that Ombudsman were in position in 11 districts and steps were being taken to give additional charge of districts to eight existing Ombudsmen. The reply was not acceptable as in three (Khurda, Koraput and Sundargarh) out of those 11 districts, Ombudsmen were not available as verified in Audit.

#### **2.1.18 Conclusion**

The execution of MGNREGS suffered due to inadequate institutional arrangements at State, District and PS levels. Labour budgets were not



prepared in a participatory manner leading to wide variation in projected mandays and actual achievement.

Delay in reconstitution of SEGC and inadequate sittings led to delayed approval of annual reports and non-monitoring of implementation of the scheme.

There was low employment generation. Further, delay in payment of wages, non-payment of compensation among other reasons, discouraged beneficiaries to avail employment. The average wage per HH per annum earned during 2012-17 was only between ₹ 671 and ₹ 1,630 which could not significantly promote the goal of poverty alleviation.

There was lack of focus on creation of durable assets in convergence with other schemes. Works were improperly executed leading to wasteful, inadmissible and excess expenditure.

Social audit in the State was ineffective due to inadequate deployment of resource persons and non-recording of its proceedings.

#### **2.1.19 Recommendations**

- Adequate manpower may be provided to carry out scheme related activities at all levels;
- Labour budget may be prepared in a participatory manner in accordance with the scheme guidelines;
- Timely payment of wages may be made after ensuring adequate funds to encourage beneficiaries avail employment;
- Durable and useful assets may be created in convergence with other schemes;
- Adequate monitoring and supervision mechanism at all levels may be established for effective implementation of the scheme.



**CHAPTER III**  
**COMPLIANCE AUDIT**



**CHAPTER-III  
COMPLIANCE AUDIT**

**PANCHAYATI RAJ AND DRINKING WATER DEPARTMENT**

**3.1 Avoidable loss of interest**

**Panchayati Raj Institutions did not operate flexi accounts for depositing scheme funds during 2013-14 to 2015-16 which led to loss of interest of ₹ 1.41 crore.**

The Finance Department (FD) had instructed (October 2012) the implementing agencies to keep unspent scheme funds in flexi accounts with banks. The intention was to plough back higher interest accruals to expand the coverage of the schemes, without affecting fund flow of the scheme. This instruction was also reiterated by FD in November 2014. Banks offer higher rate of interest on deposits made in flexi accounts in addition to the liquidity associated with savings account.

Audit scrutinised (October 2016 to January 2017) 88 bank pass books under different schemes in seven Panchayati Raj Institutions (PRIs)<sup>1</sup>. It was found that the option of flexi account was not exercised in respect of funds kept in savings bank accounts. An amount of ₹ 3.44 crore was earned at normal rate of interest of four *per cent* per annum in saving bank accounts for the period 2013-16. However, if flexi account had been operated, PRIs could have earned interest of ₹ 4.85 crore. Thus, there was a loss of interest of ₹1.41 crore as detailed in *Table 3.1*.

*Table 3.1: Unit-wise loss of interest*

(₹ in lakh)

| Sl. No.      | Name of the PS   | No. of bank A/cs checked | Period  | Minimum balance of all A/cs | Interest to be accrued in Flexi A/cs | Interest earned in SB A/cs | Differential interest as loss to the PRIs |
|--------------|------------------|--------------------------|---------|-----------------------------|--------------------------------------|----------------------------|---|
| 1            | Baripada         | 05                       | 2013-16 | 1,523.38                    | 52.88                                | 26.42                      | 26.46                                     |
| 2            | Balasore         | 07                       | 2015-16 | 2,049.25                    | 71.94                                | 46.08                      | 25.86                                     |
| 3            | Udala            | 23                       | 2013-16 | 2,441.42                    | 84.66                                | 69.00                      | 15.66                                     |
| 4            | Khaira           | 07                       | 2013-16 | 1,507.63                    | 52.15                                | 35.61                      | 16.54                                     |
| 5            | Jashipur         | 24                       | 2013-16 | 4,077.98                    | 141.88                               | 104.39                     | 37.49                                     |
| 6            | Rairangpur       | 17                       | 2013-16 | 844.88                      | 29.21                                | 28.74                      | 0.47                                      |
| 7            | DRDA, Kendrapara | 05                       | 2013-16 | 1,479.44                    | 52.55                                | 33.69                      | 18.86                                     |
| <b>Total</b> |                  | <b>88</b>                |         | <b>13,923.98</b>            | <b>485.27</b>                        | <b>343.93</b>              | <b>141.34</b>                             |

(Source: Bank Pass Books of PRIs concerned)

The Commissioner eum Secretary, Panchayati Raj and Drinking Water Department stated (July 2017) that consequent to FD letters, all the DDOs were instructed to operate flexi accounts. Due to some technical difficulties many of the field functionaries could not open it. The Department had also issued a circular in June 2017 for investment of schematic funds kept in bank accounts through flexi account mode.

However, the Project Director, DRDA, Kendrapara and the BDOs of test checked PSs attributed ignorance about FD circular. The fact remains that

<sup>1</sup>PS Baripada, Balasore, Udala, Khaira, Jashipur, Rairangapur and DRDA Kendrapara

failure in enforcing FD instructions by the Department led to loss of ₹ 1.41 crore in seven PRIs.

### **3.2 Infertuous expenditure**

**Two Training-cum-production centres constructed in two Panchayat Samitis remained idle over four to eight years thereby making the expenditure of ₹ 17.26 lakh infertuous.**

Section 2.2.66 of Orissa Public Works Department Codes provides that the Junior Engineer in-charge of the project should pay attention to timely and careful field survey and investigation on preparation of plan and estimate.

(A) Under Swarnjayanti Gram Swarozgar Yojana (SGSY), Government established training-cum-production centres to provide training and capacity building inputs to the beneficiaries. The aim was to familiarise them with the basics of group dynamics. It also provided skill training to make their micro-enterprises sustainable and more productive.

The Block Development Officer (BDO), Joda took up a project 'Construction of ready-to-eat Chhatua<sup>2</sup> production centre at Bhadrāsahi' at an estimated cost of ₹ 16.70 lakh<sup>3</sup> under SGSY during 2011-12.

Audit observed (April 2016) that civil works of the building had been completed (November 2012) at an expenditure of ₹ 12.26 lakh. During JPI of the site, Audit observed that no machinery/ equipment had been installed. The building had been lying locked since its completion and there was no power supply to the area. The reason for idle infrastructure was commencement of the project without ensuring provision of power supply.

Thus, the objective of the scheme to provide training as well as income to the beneficiaries could not be achieved and the amount of ₹ 12.26 lakh spent on the building became infertuous.

The Commissioner-cum-Secretary, PR&DW Department stated (October 2017) that electrification of the building had been done with an expenditure of ₹ 2.54 lakh. The BDO had assured to install the transformer within 15 days.

Audit noticed that the electrification of the buildings had started at the instance of audit. This was an additional investment. The original objective of the scheme was yet to be fulfilled.

(B) Scrutiny of records at BDO, Balisankara was done during February-March 2016. Audit noticed that Project Director, DRDA, Sundargarh sanctioned (March 2007) ₹ 5 lakh for construction of a Training-cum-Production centre in Balisankara GP. The work was executed departmentally. Audit observed that the building had remained incomplete due to land dispute since February 2009. By then, an expenditure of ₹ 5.00 lakh was already incurred. It was

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<sup>2</sup> Chhatua is a mix of ingredients like wheat, Bengal gram, groundnut and sugar in a prescribed proportion

<sup>3</sup> Cost of production building- ₹ 11.70 lakh and cost of machineries with installation- ₹ 5.00 lakh

noticed that the BDO had not verified Records of Right (RoR) from the Tahsil before construction of the building. Eventually, the building was constructed on a private land. Thus, the amount of ₹ 5.00 lakh spent on the work became infructuous.

The Commissioner-cum-Secretary, PR&DW Department admitted (October 2017) that the then BDO started the work without verifying RoR. The Collector stopped the work when some Scheduled Tribe people claimed right over the land.

The fact, however, remained that before incurring expenditure, the BDO should have obtained the land clearance from the Revenue authorities. Moreover, the SGSY scheme has been restructured into National Rural Livelihood Mission from June 2011. There was a remote chance of utilisation of these buildings under the new structure.

### 3.3 Misappropriation of Government money of ₹ 10.12 lakh

**Improper cash management and lack of supervisory control by higher authorities in 11 Gram Panchayats (GPs) and disbursement of Old Age Pension against deceased beneficiaries in 14 Panchayat Samitis led to misappropriation of Government money of ₹ 10.12 lakh**

Under Orissa Grama Panchayat Rules, 1968, i) Rule 156(2) envisages that the Cash Books, files, registers and all other records in the office of the Gram Panchayat (GP) are to be properly maintained by the Secretary of the GP for the purpose of the Act and the rules made there-under. ii) Rule 158 authorises the Gram Panchayat Extension Officer (GPEO) to scrutinise the accounts of the GP every month and bring to the notice of the proper authorities any discrepancy, irregularity, misappropriation or defalcation. iii) Rule 58 ibid provides that as soon as the advance is paid, the secretary shall enter it in the advance register. When advances are adjusted either in cash or by vouchers, necessary entries shall be made in this register. If a person had not delivered/paid the record/ money after his removal/ suspension/ termination, under Section 121 (1 and 2) of Odisha Grama Panchayats Act, the Sub-Collector is empowered to give orders for recovery.

Rule 56 of Receipt and Payment Rules envisages that every payment should be supported by a voucher giving full and clear particulars of the claim.

As per Rule 16 of Madhu Babu Pension Yojana (MBPY) Rules 2008, the Executive Officer/ Extension Officer of the concerned GP/PS shall report every case of death of beneficiary immediately after occurrence to the Block Development Officer (BDO) and the Sub-Collector concerned. As per Rule 19 of MBPY and National Social Assistance Programme (NSAP) guidelines, the annual verification of beneficiaries shall be conducted by the competent authority during 1<sup>st</sup> week of April every year. Further, as per Rule 22 of MBPY, the pension shall cease to be payable from the date of disbursement following the death of the pensioner.

Audit scrutiny of records in 11 GPs and 14 Panchayat Samitis (PS) revealed that Government money of ₹ 10.12 lakh was misappropriated, as per the details furnished in *Table 3.2*.

*Table 3.2: Details of misappropriation cases*

| Sl. No.      | Name of the office                                 | Amount misappropriated (₹ in lakh) | Brief subject that led to misappropriation   | Reply of Audited units/Government   |
|--------------|--|------------------------------------|--|---|
| 1            | Rajagada GP under Mahakalapada PS                  | 6.54                               | Non-adjustment/ recovery of outstanding advance and retention of cash at hand by Sri G C Sahoo, ex-PEO ( <i>Appendix 3.1</i> ) | The BDO stated (June 2017) that since the payments were made at GP level, the PEO and Sarpanch were responsible for non-recovery of advance.  |
| 2            | Asurabandha, Gazalbadi and Kulangi GP of Surada PS | 0.18                               | Non-carry forward of closing balance (CB) of the cashbook to the next day of transaction as opening balance (OB)               | The PEOs of the concerned three GPs confirmed (June to October 2016) the facts and figures and assured to take steps to recover the amount from the ex-PEOs.  |
| 3            | Kolipur GP of Rajkanika PS, Kendrapara             | 0.20                               | Expenditure incurred on 7 April 2015 without requisite vouchers and without taking into cash book.                             | The PEO assured (August 2016) that notice would be issued to the Ex-PEO for depositing ₹ 20,000 as soon as possible.  |
| 4            | Khalingi GP of Sanakhemundi Block, Ganjam          | 0.15                               | Exhibition of same expenditure twice in the cashbook on 7 June 2014  | The PEO assured (June 2016) that notice would be issued to the ex-PEO for depositing the amount as soon as possible.  |
| 5            | Five GPs <sup>4</sup>                              | 1.29                               | Unauthorised retention of cash by the ex-PEO/ Sarpanchs  | The PEOs of Alapaka, Bagalpur, Chamakhandi and Govindpur GP confirmed (June to October 2016) the facts and figures. They assured that the matter would be investigated for taking suitable action for recovery. No reply was received from the PEO of Gagua GP.   |
| 6            | 14 Panchayat Samitis                               | 1.76                               | Disbursement of old age pension and arrear pension to 127 deceased beneficiaries of 26 GPs ( <i>Appendix 3.2</i> )             | The Commissioner-cum-Secretary replied (April, May and July 2017) in his part compliances that the BDOs of Kantapada, Jharbandh, Malkangiri and Sanakhemundi had already recovered ₹ 36,500 from the PEOs concerned. However, the reply had no mention of any action taken against the defaulting PEOs. |
| <b>Total</b> |  | <b>10.12</b>                       |  |   |

(Source: Records of GPs and PSs)

<sup>4</sup> Alapaka (Lefripada PS), Bagalpur (Kantapada PS), Chamakhandi (Chhatrapur PS), Gagua (Mahakalapada PS) and Govindpur (Tangi-Choudwar PS)



**Part- B**  
**URBAN LOCAL BODIES**



## CHAPTER IV

### Section-A An Overview of Urban Local Bodies in the State

#### 4.1 Introduction

The 74<sup>th</sup> Amendment to the Constitution of India mandated all State Governments to operationalise Urban Local Bodies (ULBs), as units of self-government. The Orissa Municipal Act, 1950 was amended (2007) for this purpose. The Orissa Municipal Corporation Act was enacted in 2003 to ensure devolution of powers and responsibilities to ULBs, in relation to the subjects listed in the 12<sup>th</sup> Schedule of the Constitution.

**Table 4.1: Statistics of urban population**

| Indicator                           | Urban | State |
|-------------------------------------|-------|-------|
| Population (in crore)               | 0.70  | 4.19  |
| Male (in crore)                     | 0.36  | 2.12  |
| Female (in crore)                   | 0.34  | 2.07  |
| Sex Ratio per 1000 males            | 932   | 978   |
| Literacy rate ( <i>per cent</i> )   | 85.75 | 72.87 |
| Male Literacy ( <i>per cent</i> )   | 90.72 | 81.59 |
| Female Literacy ( <i>per cent</i> ) | 74.31 | 64.01 |

(Source: Census of India 2011)

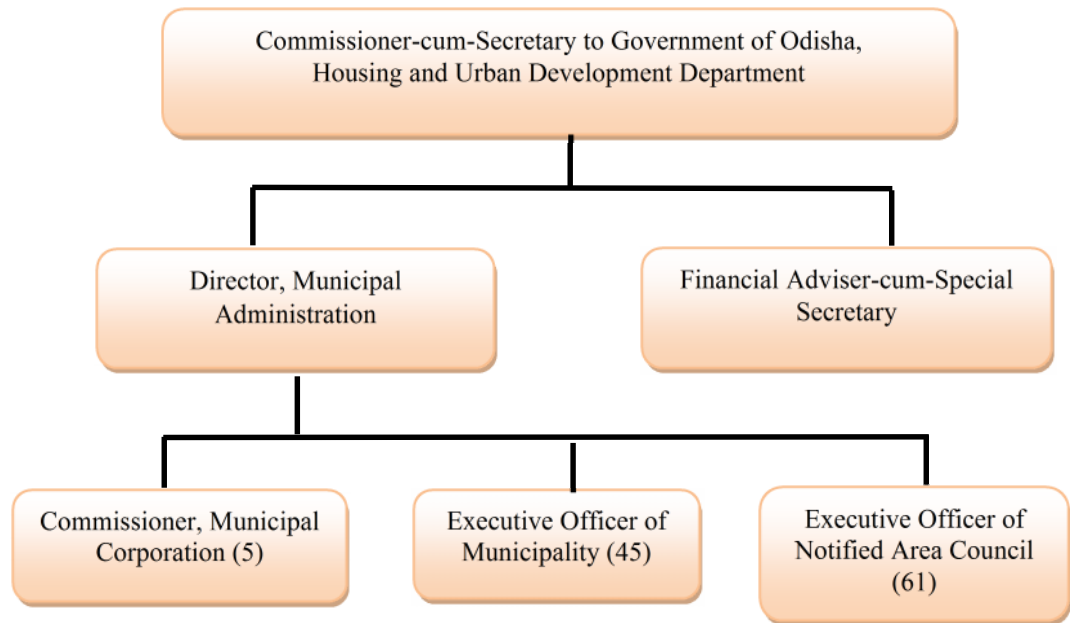
To provide better amenities to citizens residing in the cities of the State and to make the cities/towns beautiful, clean, living worthy and developed, 111 ULBs<sup>1</sup> were set up in the State under three categories as of March 2017. The Municipalities and Notified Area Councils (NACs) are functioning under the provisions of the Orissa Municipal Act, 1950. The Municipal Corporations are functioning under Orissa Municipal Corporation Act, 2003.

#### 4.2 Organisational setup of ULBs

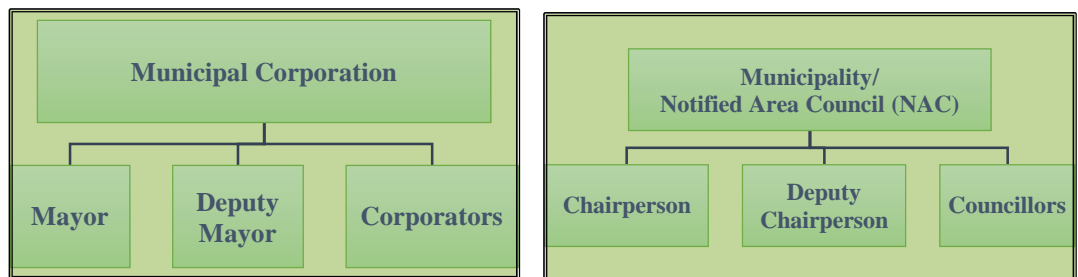
Each ULB is divided into a number of wards, each represented by a Ward Councillor. Municipal Commissioner is the executive head of a Municipal Corporation. An Executive Officer is the executive head of a Municipality or NAC. The Municipal Commissioners and Executive Officers report to the Director of Municipal Administration in Housing and Urban Development (H&UD) Department. The Director, Municipal Administration coordinates the various activities of all ULBs, viz., i) municipal tax administration, ii) financial management, iii) infrastructure development, iv) town planning, v) urban health and sanitation, vi) environment management and vii) programmes for urban poor etc. The Directorate has the responsibility to supervise the functioning of the ULBs. It was also required to i) work out suitable human resource policies, ii) monitor the tax collection activities, iii) lay down policies for transparency in expenditure, iv) hear appeals against the decisions of ULBs, v) release Government funds to ULBs and vi) monitor implementation of schemes and programmes.

<sup>1</sup> Municipal Corporations:5, Municipalities: 45 and Notified Area Councils: 61

The organisational hierarchy of the ULBs is indicated below.



The structure of the elected bodies of the ULBs is as under:-



Each Municipal Corporation is headed by a Mayor and each Municipality/Notified Area Council by a Chairperson. They are elected from among the Corporators/ Councillors of the respective ULBs.

#### **4.3 Functioning of ULBs**

The Twelfth Schedule (Article 243 W) of the Constitution of India envisages that the State Government may by law, empower the municipalities with such powers and authority as may be necessary to enable them to function as institutions of self-government. It listed 18 functions to be devolved upon the ULBs by the State Government. The State Government devolved 17 out of 18 functions to the ULBs as of March 2014. It has been making efforts to devolve the remaining function i.e. Roads and Bridges to the ULBs.

#### **4.4 Staffing Pattern of ULBs**

Every Corporation shall have the officers, namely i) Commissioner, ii) City Engineer, iii) City Health Officer, iv) Chief Finance Officer, v) Chief Auditor, vi) Law Officer, vii) Secretary, viii) Deputy Secretary, ix) Recovery Officer, x) Environment Officer and such other officers as may be prescribed. However, every Corporation may, with the previous sanction of the

Government and as per provisions of the Act, determine its establishment. Similarly, Municipality/ NAC is to have an Executive Officer, an Engineer and a Health Officer who are State Government employees. They are appointed to the Municipality and their work is subject to the general powers of supervision of the Chairperson.

#### 4.5 Functioning of various Committees

As per Orissa Municipal Corporation Act, 2003 standing committees are to be set up. These are meant for dealing with (i) Taxation, (ii) Finance and Accounts, (iii) Public Health, (iv) Electricity Supply, (v) Water Supply, (vi) Drainage and Environment, (vii) Public Works, (viii) Planning and Development, (ix) Education, (x) Recreation and Culture, (xi) Licenses and appeals, (xii) Contracts, (xiii) Corporation Establishment, (xiv) Grievances and Social Justices and (xv) Settlement of mutual disputes between two adjoining corporations.

A District Planning Committee (DPC) is to be constituted at each district to consolidate the plans prepared by the Municipalities in the district. It is also to prepare a draft development plan for the district as a whole. The DPC is to consist of 20 members. Out of these, 16 members are to be from amongst the elected members of the Zilla Parishad and elected Councillors of the Municipalities in the district. Four members are to be nominated by the State Government from the following list:

- i) A Minister in the Council of Ministers of the State, who shall be the Chairperson;
- ii) The Collector of the district, who shall be the Vice-Chairperson;
- iii) The Chairperson of the Zilla Parishad of the district; and
- iv) The Chairperson of a Municipality in the district.

#### 4.6 Fund flow arrangement

The ULBs mainly receive funds from the Government as State Plan, Non-Plan and Central Plan for execution of various developmental works. Besides, all collections such as i) taxes on holdings, ii) trades, iii) rent on shops and buildings and iv) other fees and charges etc., constitute the revenue receipts of the ULBs. The budget provision under each category for the last five years is indicated in **Table 4.2**:

**Table 4.2: Budget provision of funds by H&UD Department**

| Grant type   | 2012-13        | 2013-14        | 2014-15        | 2015-16        | 2016-17        |
|--------------|----------------|----------------|----------------|----------------|----------------|
| Non-Plan     | 914.97         | 1174.29        | 1253.05        | 1546.48        | 1787.38        |
| State Plan   | 450.00         | 1318.81        | 1528.42        | 1366.02        | 1730.89        |
| Central plan | 41.880         | 0.09           | 12.79          | 12.79          | 110.26         |
| <b>Total</b> | <b>1406.85</b> | <b>2493.19</b> | <b>2794.26</b> | <b>2925.29</b> | <b>3628.53</b> |

(Source: Activity Report of H&UD Department.)

#### 4.7 Recommendations of State Finance Commission (SFC)

The Fourth SFC had requested the Fourteenth Finance Commission to augment the State's Consolidated Fund to supplement the resources of the local bodies over and above the fund recommended for transfer from the

State's resources. Total resource transfer (from State resources) to ULBs recommended by the 4<sup>th</sup> SFC for the period 2015-20 was as under:

**Table 4.3: Resource transfer recommended by the SFC**

| (₹ in crore)           |               |               |                 |                 |                 |                 |
|------------------------|---------------|---------------|-----------------|-----------------|-----------------|-----------------|
| Distribution mechanism | 2015-16       | 2016-17       | 2017-18         | 2018-19         | 2019-20         | 2015-20         |
| Devolution             | 164.60        | 164.60        | 164.60          | 164.60          | 164.60          | 823.00          |
| Assignment of Taxes    | 540.00        | 644.00        | 708.40          | 779.24          | 857.16          | 3,528.80        |
| Grants-in-aid          | 59.61         | 80.48         | 178.10          | 180.94          | 184.08          | 683.21          |
| <b>Total</b>           | <b>764.21</b> | <b>889.08</b> | <b>1,051.10</b> | <b>1,124.78</b> | <b>1,205.84</b> | <b>5,035.01</b> |

(Source: Report of the 4<sup>th</sup> SFC)

However, budget provision was made for ₹ 949.08 crore by the State Government for the year 2016-17.

#### **4.8 Recommendations of the Central Finance Commission (CFC)**

Recommendations of 14<sup>th</sup> Finance Commission are given in **Table 4.4**.

**Table 4.4: Recommendations by 14<sup>th</sup> Finance Commission**

| (₹ in crore)      |               |               |               |               |               |
|-------------------|---------------|---------------|---------------|---------------|---------------|
| Grant type        | 2015-16       | 2016-17       | 2017-18       | 2018-19       | 2019-20       |
| Basic Grant       | 170.10        | 235.54        | 272.14        | 314.82        | 425.39        |
| Performance Grant | 00            | 69.52         | 78.67         | 89.34         | 116.98        |
| <b>Total</b>      | <b>170.10</b> | <b>305.06</b> | <b>350.81</b> | <b>404.16</b> | <b>542.37</b> |

(Source: Information as furnished by Finance Department)

GoI released ₹ 305.06 crore towards Basic Grant and Performance Grant during the year 2016-17.

Further, the following recommendations were also made by the Commission.

- Basic and Performance Grants to the ULBs to be distributed in the ratio 80:20;
- State Government to apply the distribution formula of the SFC for distributing the grants among the three categories of the ULBs;
- The existing rules to be reviewed to facilitate levy of property tax;
- Local bodies to be empowered to impose advertisement tax and improve collection of own revenues from its source;
- The structure of entertainment tax to be reviewed and action to be taken to increase its scope to cover more and newer forms of entertainment; and
- Rationalisation of service charges to be made by the ULBs to recover operation and maintenance cost.

#### **4.9 Audit mandate**

##### **4.9.1 Primary Auditor**

Director, Local Fund Audit (DLFA) is the primary Auditor of ULBs in the State. The DLFA conducts audit of ULBs of all 30 districts of the State through 26 District Audit Offices. The position of audit of ULBs by DLFA as of March 2017 is given in **Table 4.5**.

**Table 4.5: The position of audit of PRIs by DLFA as of March 2017**

| Year    | Total number of ULBs planned for audit | Total number of ULBs audited | Shortfall |
|---------|--|------------------------------|-----------|
| 2014-15 | 103                                    | 103                          | Nil       |
| 2015-16 | 102                                    | 102                          | Nil       |
| 2016-17 | 107                                    | 107                          | Nil       |

(Source: Information furnished by Director, Local Fund Audit, Odisha)

#### **4.9.2 Audit by Comptroller and Auditor General of India**

On the recommendation of the 13<sup>th</sup> Finance Commission, the State Government had entrusted (April 2011) the Comptroller and Auditor General of India (CAG) with audit of accounts of all categories of the ULBs of the State under Section 20(1) of the CAG's (Duties, Powers and Conditions of Service) Act, 1971. Accordingly, accounts of five Municipal Corporations, 21 Municipalities and 17 NACs were covered under Performance Audit and Compliance Audit during 2016-17. CAG was also requested to provide Technical Guidance and Support (TGS) to the State Audit Agency viz., Local Fund Audit (LFA) for audit of Local Bodies. The Government had notified (July 2011) the parameters of the TGS agreed to in the Official Gazette.

#### **4.10 Reporting arrangement**

##### **4.10.1 Audit Report of Primary Auditor**

As per recommendation of the 13<sup>th</sup> Finance Commission and provisions of OLFA (Amendment) Rules, 2015, the DLFA is to prepare and submit to the State Government not later than 30<sup>th</sup> September of each year, a consolidated report for the previous year, to be laid before the State legislature. The Audit Report of Odisha Local Fund Audit was laid before the State legislature on 15 December 2016.

##### **4.10.2 CAG's Report on Local Bodies**

The Report of the Comptroller and Auditor General of India on Local Bodies for the year ended March 2016 has been laid in Odisha Legislative Assembly on 16 September 2017.

#### **4.11 Response to audit observations**

During 2016-17, 21 paragraphs relating to Inspection Reports (IRs) issued by the Office of the Accountant General (G&SSA), Odisha were settled through Triangular Committee Meetings. As on 31 March 2017, 3869 paragraphs relating to 271 Inspection Reports (IRs) issued to different ULBs remained unsettled.

The Office of the Accountant General (G&SSA), Odisha issued ten Annual Technical Inspection Reports (ATIRs) on Urban Local Bodies relating to the years 2005-06 to 2014-15. Major audit findings on the transactions of ULBs of the State were reported. However, Government's reply was not received on any of these ATIRs. A number of meetings were convened with the Commissioner-cum-Secretary of the Department and demi-official correspondence were also made with the Chief Secretary to Government of Odisha. Government had not taken any remedial action on the issue as of November 2017.

**Section B**  
**Accountability Framework and Financial Reporting issues**

**4.12 Accounting framework**

**(i) Property Tax Board**

Property Tax Board assists all Municipalities and Municipal Corporations in the State to put in place an independent and transparent procedure for assessing property tax. The State Government had decided to rationalise property tax through legislation by way of introducing the Unit Area based taxation system in all the ULBs. The 13<sup>th</sup> Finance Commission had also recommended (September 2010) levy of property tax and removal of any hindrance in this regard. Accordingly, the Odisha Municipal Corporation (Amendment) Rules, 2016 came into force in October 2016. A selection committee was constituted for appointment of Chairperson and other members of the State Municipal Corporation Valuation Committee.

**(ii) Service Level Benchmarks (SLBs)**

In compliance with the recommendation of the 13<sup>th</sup> Finance Commission, the State Government had notified (December 2013) standards of service deliveries in four essential services, namely; i) Water Supply, ii) Sewerage Management, iii) Storm Water Drainage and iv) Solid Waste Management provided by the local bodies. After due evaluation of the achievements of such targets for the year 2013-14, the Government of Odisha notified (September 2015) the service level targets for the year 2015-16. This was done in the four service sectors for 50 ULBs. It covered all Municipal Corporations and Municipalities of the State after due consultation with them.

**4.13 Submission of Utilisation Certificates**

In compliance audit, it was observed that 23 out of 43 ULBs audited during 2016-17 had not submitted UCs amounting to ₹ 304.17 crore.

**4.14 Outstanding advance**

Similarly, it was observed from the cash book and advance registers of 29 ULBs that advances of ₹ 23.84 crore had remained unadjusted against the employees of ULBs, suppliers and contractors.

**4.15 Maintenance of Accounts by ULBs**

- Accounts of ULBs are prepared by the respective ULBs and certified by the Director, Local Fund Audit, as per Rule 20(h) of the Orissa Local Fund Audit Rules, 1951.
- As against the Audit plan to certify 133 Accounts, 113 Accounts of ULBs were certified by the DLFA during 2016-17.
- Adoption of modern accrual based double entry system of accounting was mandatory for ULB level reform set by the GoI. However, migration to double entry accounting system has been accomplished



only in the mission cities<sup>2</sup> since financial year 2012-13. In other ULBs, cash based manual accounting system was prevailing (March 2017).

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<sup>2</sup> Bhubaneswar Municipal Corporation, Cuttack Municipal Corporation, Berhampur Municipal Corporation, Rourkela Municipal Corporation, Sambalpur Municipal Corporation, Puri Municipality, Balasore Municipality, Bhadrak Municipality and Baripada Municipality



**CHAPTER V**  
**COMPLIANCE AUDIT**



## CHAPTER-V COMPLIANCE AUDIT

### HOUSING AND URBAN DEVELOPMENT DEPARTMENT

#### 5.1 Implementation of Rajiv Awas Yojana in the State

##### 5.1.1 Introduction

Rajiv Awas Yojana (RAY) was launched in June 2011 in pursuance of “Slum Free India” started in August 2009 by Government of India (GoI). The scheme was executed by Housing and Urban Development (H&UD) Department of Government of Odisha (GoO) in two phases. The first phase was the preparatory phase for a period of two years which ended in June 2013. The second was implementation phase from 2013 to 2022. However, RAY was discontinued from May 2015. The liabilities created by it were subsumed in a new mission namely “Housing for All”. This scheme was launched by Ministry of Housing & Urban Poverty Alleviation (MoHUPA), GoI.

The objectives of the scheme were

- (i) improving and provisioning of housing,
- (ii) to expand credit linkage for the urban poor,
- (iii) institutionalise mechanisms for prevention of slums,
- (iv) enabling reforms to address some of the causes leading to creation of slums,
- (v) strengthening institutional and human resource capacities at the Municipal, City and State levels and
- (vi) empowering community by ensuring their participation at every stage of decision making.

The State RAY Mission was to create a State Level Sanctioning and Monitoring Committee (SLSMC) to take decision on projects and their priorities for seeking Central assistance. It also had to oversee, guide, review and monitor the scheme.

Audit of the scheme was conducted at State level in Odisha Urban Housing Mission (OUHM) and in four ULBs<sup>1</sup>. It covered the period from 2009-10 to 2016-17. Audit was conducted during April to May 2017 through test check of records and joint physical inspection. Audit scope was limited to only funds released under RAY up to May 2015 and utilisation of the same as of March 2017. The objectives of audit were to ascertain whether:

- Slum Free City Plan of Action (SFCPoA) was drawn to achieve the goal of slum-free cities in the State;
- the implementation and execution of projects was fair, effective and economical, and

<sup>1</sup> Berhampur Municipal Corporation (BeMC), Bhubaneswar Municipal Corporation (BMC), Cuttack Municipal Corporation (CMC) and Jajpur Municipality

- an effective monitoring mechanism and grievance redressal system was in place.

## **Audit findings**

### **5.1.2 Overall performance of the State**

The objective of RAY was to make the cities slum-free and this was to be done by 2022 in a systematic manner. Odisha had 111 Urban Local Bodies (ULBs). Of these, the Government had no information on the number of slums<sup>2</sup> in 21 ULBs<sup>3</sup>. In the remaining 90 ULBs, there were 3,172 slums with 4.33 lakh households (HHs). However, the State had prioritised only seven<sup>4</sup> out of 90 ULBs for implementation of RAY. Out of seven ULBs identified, only four were covered under RAY. This project was withdrawn in three ULBs due to i) non-submission of DPRs (Sambalpur) and ii) non-finalisation of agencies (Puri and Rourkela). As against approval of 12,424 dwelling units (DUs)<sup>5</sup> of 126 slums of seven prioritised ULBs by Central Sanctioning and Monitoring Committee (CSMC), the State took up 10,484 DUs in 16 projects<sup>6</sup> in 124 slums of four ULBs. To achieve this, the State had to carry out mandatory reforms, make institutional arrangements, enhance capacity building and make surveys and mapping. The State had also to prepare Slum Free City Plan of Action (SFCPoA) for each selected city and DPR for each slum. The targeted date of completion of projects was 27 months from the date of approval of CSMC.

Audit observed that:

- SFCPoA was not approved by the selected ULBs due to non-coverage of all slums under survey.
- The outsourcing agencies could not provide the experts continuously to State Level Technical Cell which affected the institutional arrangement at State level.
- The State neither prepared the model curriculum for capacity building nor planned any exposure visits.
- Geographic Information System (GIS) mapping and integration with Management Information System (MIS) was not completed in any of the ULBs, which was required for prioritisation of slums and preparation of DPR. The financial management of scheme suffered due to issues like i) non-refund of unutilised fund of ₹ 0.80 crore, ii) non-submission of utilisation certificates of ₹ 57.95 crore and iii) delayed release of central share of ₹ 2.25 crore by H&UD Department.

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<sup>2</sup> Slum is a compact settlement of at least 20 HHs with collection of poorly built tenements, mostly of temporary nature, crowded together usually with inadequate sanitary and drinking water facilities.

<sup>3</sup> Athagarh, Balimela, Basudevpur, Belaguntha, Binika, Chikiti, Dasapalla, Dhamnagar, Dharamgarh, Hirakud, Jaleswar, Junagarh, Kamakshyanagar, Kesinga, Khalikote, Nawarangpur, Purusottampur, Ranapur, Sonapur, Sundergarh and Tusura

<sup>4</sup> Bhubaneswar, Berhampur, Cuttack, Jajpur, Puri, Rourkela and Sambalpur

<sup>5</sup> Dwelling unit is a self-contained unit of accommodation used by one or more households as a home

<sup>6</sup> A project is meant for construction of dwelling units with provision of basic infrastructure and civic amenities. It may cover one or more adjacent slums

- Out of seven ULBs identified, only four were covered under RAY excluding Sambalpur, Puri and Rourkela.
- Out of 10,484 projects sanctioned, only 1,356 DUs (13 *per cent*) were completed as of March 2017. Even after incurring expenditure of ₹ 143.64 crore (64.81 *per cent*), not a single project was fully completed and no city had become slum-free as of March 2017.

The overall performance of the State in these four ULBs as of March 2017 is shown in *Table 5.1*.

**Table 5.1: Physical status of the DUs in four test checked ULBs**

| Name of the ULB | Amount received (₹ in crore) | DUs sanctioned | DUs completed | DUs in progress | DUs not started | Amount spent (₹ in crore) |
|-----------------|------------------------------|----------------|---------------|-----------------|-----------------|---------------------------|
| BeMC            | 97.37                        | 5053           | 5             | 1235            | 3813            | 42.71                     |
| BMC             | 84.18                        | 3232           | 520           | 2480            | 232             | 69.09                     |
| CMC             | 8.75                         | 602            | 273           | 167             | 162             | 8.75                      |
| Jajpur          | 31.31                        | 1597           | 558           | 181             | 858             | 23.09                     |
| <b>Total</b>    | <b>221.61</b>                | <b>10484</b>   | <b>1356</b>   | <b>4063</b>     | <b>5065</b>     | <b>143.64</b>             |

Source: Records of test checked ULBs

As seen from the Table, the rate of completion of targeted DUs in last four years was 13 *per cent*. The remaining 87 *per cent* work would have to be achieved in next five years.

### 5.1.3 Deficiencies in Planning

#### 5.1.3.1 Inadequate institutional arrangement

As per para 16.2.2 of the guidelines, each State was to identify a State Level Nodal Agency (SLNA) under RAY. Further, as per para 16.2.3, the State Mission Directorate was to be supported by a State Level Technical Cell (SLTC). It consisted of experts in MIS, GIS, Town Planning, Social Development, Project/Engineering and Capacity Building/Training.

Audit noticed that Bhubaneswar Development Authority (BDA) which was initially declared as SLNA (July 2010) had selected an agency in December 2010 to provide six experts for SLTC. Later on, H&UD Department was made SLNA from June 2012. It selected another agency for providing six experts from June 2015 to February 2016. However, both agencies had failed to provide required experts continuously. There were gaps in deployment of experts for periods ranging from 27 to 42 months from January 2011 to February 2016.

Out of four test checked ULBs, City Level Technical Cells (CLTCs) were formed in three cities i.e. BeMC, CMC and BMC. In Jajpur, the consultants and the required funds were not provided by H&UD Department. Thus, the institutional arrangement suffered due to inadequate deployment of experts.

The Joint Mission Director, Odisha Urban Housing Mission stated in April 2017 that the agencies were paid as per engagement of experts. However, the reply was silent on shortfall of experts in SLTC and the reasons for not filling up of the gaps.

### **5.1.3.2 Failure in preparation of Slum-free City Plan of Action**

As per para 7.1 of the scheme guidelines, selected cities had to draw up their SFCPoA in a systematic and time bound manner. The SFCPoA had to draw an overall action plan of the ULB with investment requirements projected and prioritised. The purpose was to improve the existing slums and provide houses with basic civic infrastructure and social amenities for the urban poor for the next 10-15 years.

Audit observed that the draft SFCPoA prepared by the agencies for three ULBs (except Jajpur) were not approved by the said ULBs due to non-coverage of all slums under survey. Jajpur had not prepared any plan as no funds were provided for preparing the plan. Due to non-survey of slums in a systematic and time bound manner, the ULBs failed to submit the SFCPoA to State Level Steering Committee (SLSC) for approval as of March 2017.

### **5.1.3.3 Inadequate Capacity Building**

As per para 4.1 and 4.3 of the Guidelines for Capacity Building, the existing capacities of different stakeholders from State and ULBs were to be enhanced through trainings, workshops and exposure visits. As per para 5.1.5 of the said guidelines, exposure visits were to be planned for officials from different States/ULBs to other States/ULBs where successful intervention had taken place. H&UD Department instructed (April 2013) to prepare a model curriculum for capacity building with a provision of rigorous 3-4 days' workshops to the volunteers for mobilisation of slum dwellers.

Audit noticed that neither the model curriculum for capacity building was prepared nor any exposure visit was planned. Out of four test checked ULBs, only BeMC and CMC had conducted training. Jajpur had not conducted any training due to non-receipt of funds during the preparatory phase. BMC had spent ₹ 10.71 lakh towards capacity building of community volunteers of different slums, but it could not produce any evidence to support the same.

Similarly, as per status report submitted by SLTC in April 2013, community mobilisation meeting was conducted in 948 slums<sup>7</sup> out of 1269 slums of seven ULBs. Further, no workshop was conducted in three ULBs<sup>8</sup>.

### **5.1.3.4 Inadequate slum surveys, MIS and GIS mapping**

As per para 6.2.1.2 of guidelines, the components of the preparatory stage included: (i) slum surveys and (ii) mapping as well as integration of MIS and GIS for development of 'Slum-free City Plan' for each selected ULB.

To identify and execute the agreement with beneficiaries, it was necessary to conduct surveys for identification of existence of slums. Slum survey would include basic slum information viz., i) land status, ii) demographic and socio-economic profile, iii) source of earning of the HHs etc. After surveys, GIS mapping as well as GIS-MIS integration was to be done in each ULB.

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<sup>7</sup> BeMC (200), BMC (360), CMC (270), Puri (62) and Rourkela (56)

<sup>8</sup> RMC, SMC and Jajpur Municipality



Audit noticed that out of 987 slums existing in four test checked ULBs, no surveys were conducted in 125 slums. In 862 slums, surveys were conducted. Of these 862 slums, GIS mapping and GIS-MIS integration was done only in 808 slums. From the performance review report of SLNA (January 2014), it was seen that the Jajpur Municipality had not conducted any survey.

The Joint Mission Director, OUHM stated (August 2017) that preparatory activities were not taken up at Jajpur Municipality and therefore, the survey was not conducted. However, survey was conducted in all the other ULBs. He further stated that GIS mapping and GIS-MIS integration could not be completed due to technical issues.

The reply was not acceptable because the fact of non-conduct of socio-economic survey in 125 slums was taken from the information furnished by OUHM.

Inadequacies in surveys, GIS mapping and GIS-MIS integration resulted in deficiencies in preparation of SFCPoA and DPRs.

#### 5.1.3.5 *DPRs prepared with increased project cost*

As per step (ii), (iii) and (iv) of the guidelines for preparation of DPR, the State had to ensure that the land/ project area was under the possession of the ULB. It had also to ensure that the land was free from all encroachment and encumbrance. It was also required to create detailed plan to determine how many dwelling units were to be provided by replacing or building new housing in lieu of existing housing.

Audit noticed from the scrutiny of 14 DPRs in four test checked ULBs that preparation of 10 DPRs did not conform to RAY guidelines as stated below:

- In the in-situ projects of Cuttack, 18 beneficiaries<sup>9</sup> having pucca house/ disputed land and one having no land were included in DPR. This increased the cost of projects by ₹ 0.45 crore.
- In seven projects of Berhampur, construction of 2,138 DUs was not feasible. The reasons were site problems viz. private land, land reserved for defence personnel, land belonging to medical college, non-willingness of beneficiaries and *sub-judice* cases (*Appendix-5.1*). Inclusion of these DUs in DPRs was irregular which inflated the project cost by ₹ 70.61 crore.
- In the in-situ projects of Jajpur, Audit found that out of test checked 383 beneficiaries, 48 belonged to non-slum HHs and 24 had no land. One beneficiary had appeared twice (Sl. No.14 and 39 of the Naharpada slum). These 73 cases were included in DPR for in-situ development which inflated the project cost by ₹ 2.39 crore<sup>10</sup>.

<sup>9</sup> Five beneficiaries having pucca house and 13 beneficiaries having land dispute

<sup>10</sup> 38 DUs amounting to ₹ 114.76 lakh @ ₹ 3.02 lakh/DU (DPR-I) + 35 DUs amounting to ₹ 124.60 lakh @ ₹ 3.56 lakh/DU (DPR-II)

Thus, the project costs in DPRs had increased by ₹ 73.45 crore in the above ULBs. This was due to inadequate surveys and evaluation by the Executive Officers (EOs)/ Municipal Commissioners before the commencement of projects.

The Joint Mission Director, OUHM stated (August 2017) that in Berhampur, the DPR prepared in the post-Phailin (cyclonic storm) period had included the vulnerable persons residing in the affected belts. At a later stage, some sites were not found feasible. Regarding Jajpur, the EO had been instructed to examine the matter and report to OUHM. However, the fact remained that the ULBs had not made proper surveys and scrutiny for preparation of DPRs.

#### **5.1.4 Financial management and implementation of projects**

CSMC had sanctioned ₹ 684.30 crore for 18 DPRs out of which GoI's share was ₹ 350.69 crore. GoO released ₹ 7.14 crore to the ULBs for the preparatory phase and ₹ 255.96 crore for implementation phase of the projects.

The deficiencies in management of funds and execution of projects are discussed below.

##### **5.1.4.1 Receipt and utilisation of funds**

Sanction orders for release of fund under RAY from GoI stipulated that the State had to pass on the same alongwith their matching share to the implementing agencies without any delay. It had to submit the Utilisation Certificates (UCs) in the prescribed format. As per para 14.4 of the Scheme guidelines, the first installment (40 per cent of approved Central share) was to be released to the State following the approval of DPR by the CSMC. The subsequent installment was to be released after utilisation of 70 per cent of the previous release along with State matching share.

Audit observed that:

- The State released ₹ 7.14 crore to six ULBs (except Jajpur) against which it submitted (February 2013 to May 2016) UCs for ₹ 6.34 crore to GoI. The proportionate GoI share out of unutilised amount of ₹ 0.80 crore was not refunded to GoI as of March 2017.
- Contrary to the GoI instructions, H&UD Department had released Central share of ₹ 2.25 crore<sup>11</sup> received for the preparatory stage to the selected ULBs with delay ranging from 325 to 423 days.
- During implementation phase, four ULBs had spent ₹ 143.64 crore out of ₹ 221.61 crore released towards creation of assets. The State had submitted UCs only for ₹ 85.69 crore to CSMC and kept UCs pending for ₹ 57.95 crore as of March 2017. GoI did not release ₹ 150.13 crore<sup>12</sup> due to non-submission of UCs.

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<sup>11</sup> ₹ 1.84 crore-379 days, ₹ 0.01 crore-415 days, ₹ 0.22 crore-423 days and ₹ 0.18 crore-325 days

<sup>12</sup> ₹ 350.69 crore - ₹ 60.54 crore (due to cancellation of projects in Puri and RMC) - ₹ 0.33 crore (withheld for non-reform) - ₹ 139.69 crore (already received)

#### 5.1.4.2 Non-collection of beneficiary contribution

The funding of the housing project was shared among GoI, State, ULB and the beneficiary. The beneficiary share ranged from 10 to 25 per cent of the cost of housing. CSMC had approved the beneficiary contribution for In-situ development of 10 slum clusters in Cuttack as 20 per cent of the housing cost of ₹ 2.37 lakh per beneficiary. As per the progress report of March 2017, 231 DUs were completed.

On scrutiny of records, Audit noticed that CMC had not issued any letter to the above 231 beneficiaries regarding collection of the personal contribution of ₹ 1.10 crore at the rate of ₹ 47,471 per beneficiary.

During joint physical inspection of 20 DUs, it was also found that CMC had not collected beneficiary contribution from 13 beneficiaries even after they occupied the DUs.

Joint Mission Director, OUHM stated (August 2017) that contribution of beneficiaries would be collected. The reply was not acceptable as the Joint Mission Director was not mentioned any time limit for collection of beneficiary contribution from the completed DUs.

#### 5.1.4.3 Misutilisation of fund meant for transit house

As per para 5.2.7 of guidelines, in-situ development was to be encouraged as the programme of choice. This was to ensure that development did not lead to loss of job linkage or additional hours on income lost on commuting to work. Transit housing was meant to accommodate the temporarily displaced slum dwellers, where phased in-situ development was taken up.

The CSMC had approved (March 2013), ₹ 2.05 crore for construction of transit house in Jajpur Municipality with a provision for 104 HHs. However, an expenditure of ₹ 4.14 crore (including interest earned from RAY fund) had been incurred as of March 2017 on the building.



Transit house used as market complex at Jajpur Municipality

JPI of the transit house was conducted and it was noticed that the transit house was not allotted to any beneficiary or displaced slum dwellers for residential purpose. The ground floor was being used as a market complex as shown in the photograph and the first floor was left incomplete. Thus, the entire amount was spent towards an inadmissible purpose. This deprived the beneficiaries of the intended benefit.

The Commissioner-cum-Secretary, H&UD Department assured (July 2017) to recoup ₹ 4.14 crore from the concerned municipality fund to RAY fund. However, Audit noticed that the beneficiaries were deprived of the intended benefit.

#### **5.1.4.4 Non-compliance with procurement process**

As per clause-13 of Annexure-D of RAY guidelines for preparation of DPR, all procurements were to be done through a transparent bidding process. As per Appendix-IX of OPWD code Vol-II, tenders costing above ₹ 10 lakh and up to ₹ 1.00 crore were to be published in one local English daily and two local Oriya dailies.

In Jajpur, the EO procured the doors with rolling shutter for transit houses for ₹ 18.23 lakh from one dealer, without observing the above formal tender procedure.

Further, the EO had invited bids from special and super class contractors for construction of 140 DUs of Purusottampur slum under RAY with an estimated cost of ₹ 4.52 crore. However, the bid was awarded (November 2014) to one contractor, who had not furnished valid license for special or super class contractor. The Engineer-in-Chief had also instructed (October 2014) the Executive Officer of the ULB to obtain the same from the contractor before signing the agreement. However, the same was not obtained. Also, initial security deposit was not taken.

#### **5.1.4.5 Deficiencies in execution of projects**

In BMC, DPR of Rangamatia slum cluster was approved in January 2012 by CSMC for ₹ 44.76 crore which included six components. These components were:

- (i) in-situ development of DUs for 157 beneficiaries (₹ 3.66 crore),
- (ii) construction of transit houses (₹ 6.26 crore),
- (iii) 608 new DUs under relocation (₹ 18.87 crore),
- (iv) infrastructure development (₹ 6.91 crore),
- (v) O&M charges (₹ 0.71 crore) and
- (vi) other charges (₹ 8.35 crore).

All the works were to be executed at Rangamatia. H&UD Department had intimated MoHUPA in December 2014 that for upgradation of housing, 26 beneficiaries were overlooked. The total number of beneficiaries should have been 183 for in-situ development including above 157 beneficiaries. Out of 183 beneficiaries, 100 beneficiaries had already upgraded their kutcha/semi-pucca houses to pucca houses on their own. In February 2015, MoHUPA had deleted the first component i.e., in-situ development of 157 DUs. The project cost of Rangamatia slum cluster was revised to ₹ 41.04 crore. On scrutiny of records by Audit, the following lapses were noticed in execution of projects.

##### **(i) Cost escalation of project without approval of revised DPR**

As per guidelines of quality assurance under RAY, the works were to be awarded within three months of approval of DPR and completed within 24 months of issue of work order.

The CSMC had approved the project of Rangamatia slum cluster for ₹ 44.76 crore in January 2012. BMC had awarded the work to National Buildings Construction Corporations Ltd. (NBCC) in October 2013 after a delay of 15

months. Due to deletion of 157 DUs, the project cost was arrived at ₹ 41.04 crore. NBCC prepared and submitted the DPR for ₹ 66.20 crore on the basis of current Schedule of Rate i.e. 2013-14. BMC had approved (January 2017) the revised DPR. However, no administrative approval was obtained from H&UD Department. Also the revised DPR for ₹ 66.20 crore was not approved by SLSC/ CSMC. Thus, the Commissioner, BMC had permitted unauthorised cost escalation of ₹ 25.16 crore in the project, arising on account of the delay of 15 months for award of works. This created an extra liability to BMC due to initial delay in award of works.

The Joint Mission Director, OUHM stated (August 2017) that excess expenditure was unavoidable and the revised DPR was pending for approval. However, Audit noticed that the Department had not established these delays as unavoidable.

**(ii) Irregular acceptance of tender**

As per Finance Department (FD) instruction dated December 2010 regarding procedure for acceptance of tender for public works, in respect of works exceeding ₹ 5 crore or more, in case the tender premium<sup>13</sup> exceeds the estimated cost by 10 *per cent* or more, prior concurrence of FD was required for acceptance of tender. As per clause 2.7 of the agreement between BMC and NBCC, the latter was to invite open tender and award the work to the technically lowest bidder. As per appendix-IX of OPWD code Vol-II, tender for works costing more than ₹ 100.00 lakh shall be published in one national newspaper in addition to one Odia daily.

Audit observed that NBCC had invited online tender only from its pre-qualified contractors for an estimated cost of ₹ 34.18 crore without publication of notice in newspapers. Only one bidder i.e. M/s Vishal Builders offered his quote at 22.5 *per cent* excess which was negotiated to 17 *per cent* premium. Thus, the codal procedure was violated by NBCC.

During execution, BMC had paid ₹ 30.76 crore including ₹ 4.47 crore as premium at 17 *per cent* of estimated cost to NBCC for the work done up to March 2017. This was beyond its admissibility of 10 *per cent* i.e. ₹ 2.63 crore. No approval of FD was taken. Thus, payment of ₹ 1.84 crore (₹ 4.47 - ₹ 2.63 crore) towards tender premium by the Commissioner, BMC was unauthorised.

Commissioner-cum-Secretary, H&UD Department stated (July 2017) that tender premium in excess of or less than 10 *per cent* was not inadmissible provided it had received prior approval of competent authority. The fact remained that the approval of FD was not obtained and tender process deviated from the codal provision.

**(iii) Utilisation of earmarked funds on a different component**

As per para 5.2.7 of Scheme guidelines, transit house was permissible to accommodate the temporarily displaced slum dwellers during in-situ development and the requirement should be proposed in the DPR. In

<sup>13</sup> The excess price offered above the value put to tender

Relocation project, adequate housing and infrastructure would be provided to the slum dwellers on alternate site. It should be done only for untenable slums with emphasis on providing mobility and recreating livelihood linkages. As per sanction orders of GoI, the funds were to be utilised for the purpose for which it was given failing which it was to be refunded along with interest as per provisions of GFR 2005.

Out of ₹ 41.04 crore approved for the Rangamatia slum cluster project, H&UD Department released ₹ 34.36 crore to BMC. As in-situ development of 157 DUs was deleted by the CSMC, the project became relocation only and no slum dwellers were required to be displaced. So, transit house was not required at Rangamatia. However, BMC had received ₹ 4.69 crore<sup>14</sup> for transit house which it spent on housing and infrastructure instead of refunding to the funding agencies.

The Joint Mission Director, OUHM stated (August 2017) that H&UD Department had decided to take up all the components as per the approved DPR. The reply was not acceptable as the transit house was not required after deletion of in-situ development of 157 DUs.

***(iv) Unfruitful expenditure on a closed project***

As per the approved DPR of original project of Rangamatia that included in-situ development and transit house, the infrastructural development of the site was also taken up. Subsequently, construction of 608 new DUs under relocation project was shifted (June 2013) from Rangamatia to Gadakana due to protest of local people. The in-situ development project was cancelled in February 2015. Meanwhile, BMC had incurred an expenditure ₹ 1.19 crore between July and November 2013 out of RAY fund for infrastructural development. The entire expenditure became unfruitful due to late decision of the Government to close all the housing projects at Rangamatia.

JMD, OUHM stated (August 2017) that as per the decision of the review meeting (August 2013) taken by the Development Commissioner-cum-Addl. Chief Secretary, the Rangamatia in-situ project was limited to development of infrastructure only. The reply was not acceptable as BMC had already spent ₹ 1.16 crore in the month of July 2013 before the decision was taken.

**5.1.5 Monitoring and Grievance Redressal**

***5.1.5.1 Poor progress of projects and misreporting of status***

As per guidelines, RAY was to be monitored at both city and State level. Physical and financial reports were to be submitted online by ULBs, agencies and Third Party Inspection and Monitoring Agencies (TPIMA).

Scrutiny of progress reports showed that out of 10,484 sanctioned DUs in the State, only 1356 (13 per cent) were completed, 4063 (38 per cent) were under progress and the remaining 5065 (49 per cent) were yet to start as of March 2017. CMC reported completion of 273 DUs to SLNA and the same were

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<sup>14</sup> As per funding pattern of DPR, out of ₹ 6.26 crore earmarked for Transit house, GoI share was 50 per cent (₹ 3.13 crore) and State share 25 per cent (₹ 1.56 crore)



uploaded in MoHUPA. However, as per information furnished to Audit, only 231 DUs were completed as of March 2017. At OUHM and test checked ULBs, the following lapses were noticed in monitoring and grievance redressal mechanism.

**(i) Non-establishment of TPIMA**

As per para 14.5 and 17.4 of the RAY guidelines, the monitoring of quality of projects executed by the implementing agencies was to be done through TPIMA at State level.

Audit observed that SLNA requested SLTC RAY Cell (MIS Specialist) to float Request for Proposal (RFP) for establishment of TPIMA in September 2014. The RAY Cell had not floated RFP due to which monitoring through TPIMA was not done as of March 2017.

**(ii) Lack of Social Audit and grievance redressal**

As per para 14.7 and para 16.4 of the guidelines, State had to identify agencies for (i) undertaking Social Audit (ii) preparation of annual action plan for the identified projects and (iii) set up a suitable grievance redressal system at State level.

Audit observed that no steps had been taken by the SLNA and SLTC to identify any agency for undertaking social audit of the RAY projects. Thus, the monitoring and evaluation mechanism of RAY projects at State and ULB level was virtually non-existent. Further, no grievance redressal system was found at State level.

**5.1.6 Conclusion**

The State had prioritised only seven (six *per cent*) out of 111 ULBs and implemented RAY in only four ULBs having 987 slums with 1.41 lakh HHs. Only 124 slums (12.5 *per cent*) with 0.10 lakh households (seven *per cent*) were covered under RAY by spending ₹ 143.64 crore during the project period. However, this constituted only 2.3 *per cent* of total slum HHs of the State.

Further, the State had failed in preparation of SFCPoA. Three ULBs had inflated the cost of DPRs. Jajpur Municipality had misutilised funds for market complex. BMC had incurred unfruitful expenditure on closed projects and created extra liability. Out of 10,484 dwelling units sanctioned under four ULBs, only 1356 units (13 *per cent*) were completed as of March 2017. Because of this lackadaisical approach of the State, not a single city had become slum-free. The completion of DUs in last four years was 13 *per cent* of the sanctioned DUs. The remaining 87 *per cent* work would have to be achieved in next five years.

## **5.2 Implementation of Swachh Bharat Mission**

### **5.2.1 Introduction**

The Swachh Bharat Mission (SBM) was launched by Government of India (GoI) on 2<sup>nd</sup> October 2014 and would be in operation till 2<sup>nd</sup> October 2019. The Ministry of Urban Development (MoUD) implemented the mission in urban areas of the country. Housing and Urban Development (H&UD) Department, Government of Odisha (GoO) implemented the mission in all 111 ULBs of the State. Census 2011 had accounted for 4.09 lakh households<sup>15</sup> (HHs) in 107 ULBs that had no access to toilets. The implementation of SBM gained more importance in Odisha as 33 *per cent* of the State's urban population was used to Open Defecation (OD).

The main objectives of SBM were to eliminate open defecation, eradicate manual scavenging and manage municipal solid waste scientifically. The mission was implemented under six components i.e.

- (i) Individual House Hold Latrine (IHHL)<sup>16</sup>,
- (ii) Community Toilet (CT)<sup>17</sup>,
- (iii) Public Toilet (PT)<sup>18</sup>,
- (iv) Solid Waste Management (SWM),
- (v) Information Education Communication and Public Awareness (IEC&PA) and
- (vi) Capacity Building and Administrative and Office Expenses (CB and A&OE).

In Odisha, H&UD Department created State Mission Directorate headed by State Mission Director (SMD) in April 2015. SMD was assisted by Additional and Assistant Mission Directors for implementation of SBM (Urban). Odisha Water Supply and Sewerage Board (OWSSB), Bhubaneswar acted as the State Level Nodal Agency. Audit was conducted during April to May 2017 covering the period from October 2014 to 31 March 2017. The records of H&UD Department, State Mission Directorate, OWSSB and five ULBs<sup>19</sup> were test checked. Joint Physical Inspections (JPIs) were also conducted in these ULBs.

### **Audit Finding**

#### **5.2.2 Overall performance of the State**

The objective of the mission was to achieve open defecation-free cities by March 2018. To achieve this, the ULBs were required to conduct D2D survey

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<sup>15</sup> As per 2011 census in respect of 107 ULBs

<sup>16</sup> It is the household toilet constructed under SBM (Urban) which has two main structures- the toilet superstructure (including the pan and water closet) and the substructure (either an onsite treatment system or a connection to existing underground sewerage system)

<sup>17</sup> A Community Toilet block is a shared facility provided for a group of residence or an entire settlement. Community toilet blocks are used primarily in low income formal settlements where space and/or land are constraints.

<sup>18</sup> Public toilets are provided for the floating population/general public in places such as markets, railway stations or other public areas, where a considerable number of people pass by

<sup>19</sup> Pattamundai municipality, Pipli NAC, Puri municipality, Ranpur NAC and Sambalpur Municipal Corporation (SMC)



to identify toilet-less households and prepare City Sanitation Plan. The aim was to cover all such HHs under the mission for construction of IHHL and construct required number of Community Toilets for households where IHHL was not possible. The ULBs were also required to construct sufficient number of Public Toilets in all prominent places within the city attracting floating population. The State and ULBs were to undertake massive public awareness campaigns on sanitation and establish its link to public health, hygiene and environment.

The State would propose extensive capacity building activities in a mission mode to enable the progressive achievement of objectives of SBM (Urban) in a time bound manner. All the support structure for implementation of the mission at the State and ULB level were to be formed for achievement of objectives. The ULBs were required to prepare a Detailed Project Report (DPR) for Solid Waste Management of their city for scientific disposal of Municipal Solid Waste.

Under para 4.3.1 of SBM guidelines, ULBs were expected to carry out door to door (D2D) survey. Based on the survey, ULBs would identify all HHs practising OD and approve either a household toilet or plan community toilets. With above required data on toilet less HHs and required numbers of CP/PT, the City Sanitation Plan (CPS) was to be prepared.

As per para 3 of the guidelines, without a proper City Sanitation Plan and resulting State Sanitation Strategy, comprehensive planning could not be achieved to attain the objectives of Swachh Bharat Mission. The State had to prepare City Sanitation Plan and State Sanitation Strategy as per National Urban Sanitation Strategy.

Audit noticed that:

- The ULBs had not prepared City Sanitation Plans based on door to door (D2D) survey as of March 2017.
- Government prepared Odisha Urban Sanitation Strategy (OUSS) and Odisha Urban Sanitation Policy (Ousp) in December 2016 without preparing City Sanitation Plan of all ULBs and consolidating these into a State level sanitation plan. This affected the Sanitation Policy and Strategy at the planning stage itself.
- For the years 2015-17, the State Government prepared Annual Action Plans for ₹ 561.20 crore but released ₹ 164 crore. The total funds released were only 29 *per cent* of the funds required for the years 2015-17. Against this, utilisation of funds was only 15.87 *per cent*.
- Government did not take any steps for mobilisation of additional resources, rather the beneficiaries were to arrange the funds on their own. This affected the objective of construction of IHHLs.
- In the Action Plans for 2015-17, the State fixed a target of 3,21,189 IHHLs to be achieved by March 2017. However, the State could achieve 16,372 (five *per cent*) IHHLs as of March 2017. In five test checked ULBs, the achievement was 1467 (4.5 *per cent*) against target of 26,788 IHHLs.

- Government could not conduct the awareness campaigns effectively as only 28 per cent funds were utilised for the purpose in the State.
- Nine per cent of targeted Community Toilet seats were taken up and only two per cent of toilets were completed as of March 2017. Out of the targeted Hybrid Toilets<sup>20</sup> seats, only 11 per cent were taken up and one per cent was completed as of March 2017. In Public Toilet category, the achievement was only seven per cent of mission target.
- In the State, 110 out of 111 ULBs had not prepared the Detailed Project Reports on solid waste management till March 2017. Four out of five test checked ULBs were collecting and dumping un-segregated municipal Solid Waste in the sites not approved by the State Pollution Control Board.

### **5.2.3 Deficiency in Planning**

#### ***5.2.3.1 Deficiencies in preparation of Comprehensive Sanitation Plan***

Para 2.5 and 3 of SBM guidelines stipulated that the State had to prepare a Comprehensive Sanitation Plan including City Level Sanitation Plans (CSPs) for all ULBs in the State. As per para 4.3.1 *ibid*, ULBs were to carry out Door to Door (D2D) surveys to identify all HHs practicing OD and approve either a household toilet or plan for community toilets. H&UD Department had instructed all ULBs in September 2015 for preparation and immediate submission of CSPs. In December 2016, H&UD Department again instructed the ULBs to revise their sanitation plans by 15th January 2017 after making D2D surveys of toilet-less HHs.

Audit noticed that H&UD Department prepared Odisha Urban Sanitation Strategy (OUSS -2017) and Odisha Urban Sanitation Policy (OUSP), 2017 in December 2016 for the period 2017-26.

Para 9.7 and 11 of the guidelines stipulated setting up of Project Management Unit (PMU) at State level to support the State Mission Directorate and Programme Implementation Units (PIUs) at the city level. PIUs were to support smooth convergence of different sanitation programmes, monitoring and co-ordination with different line departments. H&UD Department set up a PMU in September 2015 through outsourcing. However, setting up of PIUs was delayed upto March 2017. The delay in formation of PIUs was due to non-finalisation of outsourcing agency and delay in verification of Curriculum Vitae of the candidates. This delayed setting up of PIUs affected the planning, implementation and monitoring of the targets fixed by MoUD.

The PMU had to set up guidelines for the ULBs to operationalise the sanitation strategy of Swachh Bharat Mission, monitor and assess the implementation of mission at State level. The PMU was to tender advice whenever required by the ULBs. It also had to prepare draft sanitation plan for ULBs and consolidate all CSPs into a State level sanitation plan. The plan had

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<sup>20</sup> A Hybrid Toilet is an eco-toilet that uses less water and recovers more nutrients than a conventional flush toilet

to specify timeframe, finances and operational components. It was also to follow up the guidelines for implementation of each component.

Audit noticed that the CSPs of 103 ULBs were prepared after May 2017. By that time, D2D survey which was to be conducted first, was also not done. Thus, OUSS-2017 and OUSP-2017 prepared in December 2016 were not based on the CSPs. This had defeated the very purpose of preparation of a Sanitation Strategy and Sanitation Policy at the planning stage itself. These were not based on ground realities.

### **5.2.3.2 Poor planning to mobilise additional resources for IHHL**

As per para-3 of the guidelines, the State Government prepared a Concept Note on State Sanitation Strategy and submitted it (January 2015) to the National Mission Director (SBM). In the Concept Note, the H&UD Department estimated a requirement of ₹1967.94 crore for the implementation of SBM (Urban) during the mission period 2014-19. The share of GoI was ₹ 786.26 crore which inter alia included ₹ 154.24 crore for construction of 3,27,518 new IHHLs, conversion of 33,273 existing single pit and 24,810 insanitary toilets to sanitary toilets. For each IHHL, Central incentive was ₹ 4000 and the State incentive was ₹ 1300. For vulnerable category<sup>21</sup> constituting 95 per cent of IHHL beneficiaries, the State declared additional incentive of ₹ 2700 each. The balance funds were to be arranged by mobilisation of additional resources. Under SBM, these additional resources were to be generated from various sources viz., (i) private sector participation, (ii) contribution from State Government/ULBs, (iii) beneficiary share, (iv) user charges, (v) land leveraging, (vi) innovative revenue streams, (vii) Swachh Bharat Kosh, (viii) corporate social responsibility, (ix) market borrowing and (x) external assistance etc.

It was noticed in Audit that except for beneficiary share, all other forms of mobilization were responsibility of the State Government / ULBs. Also, the Annual Action Plans (AAPs) made for 2015-16 and 2016-17 had no strategy for mobilisation of additional resources for IHHL except beneficiary contribution.

Audit conducted beneficiary interviews in April and May 2017. The beneficiaries stated that they were unable to complete the IHHLs due to financial constraint. Lack of motivation was another reason. Absence of effective planning of Government for arranging additional resources for the beneficiary affected the objective of construction of IHHL. This also affected the scheme objective of OD-free cities by the end of October 2019 (preponed to March 2018).

<sup>21</sup> SC/ST HHs residing in slum, sanitation and construction worker HHs, HHs headed by minor/widow/female/+65 age, HHs of person with disability/transgender/chronic illness/beggar/rag picker/street vendor, etc.

**5.2.4. Funds management**

**5.2.4.1 Receipt and utilisation of funds**

During 2014-15, the GoO received ₹ 1.43 crore from GoI. However, GoO did not release the same for utilisation.

The component-wise receipt and utilisation of funds against AAP 2015-16 and 2016-17 is given in **Table 5.2**.

**Table 5.2: Statement showing funds released and utilised under various components of SBM during 2015-17**

| (₹ in crore)        |                        |                      |                                |                             |                       |  |                              |
|---------------------|------------------------|----------------------|--------------------------------|-----------------------------|-----------------------|--|------------------------------|
| Component           | Central share required | State share required | Total funds required (2015-17) | Central assistance received | State share released* | Total funds released including central/ State share & Addl. Incentive for VC | Funds utilised by March 2017 |
| IHHL                | 128.48                 | 58.65                | 187.13                         | 60.46                       | 42.96                 | 103.42   | 22.52 (22 %)                 |
| CT/PT/Hybrid Toilet | 25.85                  | 139.61               | 165.46                         | 16.14                       | 6.5                   | 22.64  | 0.65 (3 %)                   |
| IEC&PA              | 10.92                  | 3.64                 | 14.56                          | 8.08                        | 2.06                  | 10.14  | 2.83 (28 %)                  |
| CB and A&OE         | 3.19                   | 1.06                 | 4.25                           | 1.41                        | 1.08                  | 2.49   | 0.04 (1.6 %)                 |
| SWM                 | 37.96                  | 151.83               | 189.79                         | 18.98                       | 6.33                  | 25.31  | 0                            |
| <b>Total</b>        | <b>206.40</b>          | <b>354.79</b>        | <b>561.19</b>                  | <b>105.07</b>               | <b>58.93</b>          | <b>164.00</b>  | <b>26.04 (15.87 %)</b>       |

(Source: Information furnished by H&UD Department)

\* This included additional State Incentive of ₹ 33.73 crore

As shown in the table, the utilisation of fund by the State was as low as 16 per cent.

In five test checked ULBs, the utilisation was only 27 per cent (**Appendix-5.2**). There was wide variation in utilisation of funds in test checked ULBs ranging from 2.6 per cent in Sambalpur Municipal Corporation (SMC) to 87 per cent in Puri municipality. There was no expenditure under SWM component and the expenditure under CB and A&OE and CT/PT was only 1.6 and 2.9 per cent respectively as of March 2017.

The Puri municipality was allotted ₹ 2.18 lakh under CB and A&OE. However, ₹ 42.06 lakh (1929 per cent) was spent by diverting ₹ 39.88 lakh from IHHL component. The municipality incurred expenditure of ₹ 28.45 lakh on six inadmissible items as shown in **Table 5.3**.

**Table 5.3: Statement showing expenditure incurred on inadmissible items**

| Sl. No.      | Nature of expenditure   | Amount paid (₹)  |
|--------------|---|------------------|
| 1            | Refund of EMD to sanitation outsourced agency   | 20,000           |
| 2            | Towards payment for provision of GPS service to 23 office vehicles at Puri  | 5,02,444         |
| 3            | Towards payment for project under Icon city for road, drain cleaning and transportation to dumping yard from 23.12.16 to 31.12.16 | 6,55,019         |
| 4            | Towards payment for purchase of 10 smart phones for Sanitary Inspector and Conservancy Jamadar                                    | 88,000           |
| 5            | Payment of pathway cleaning, drain cleaning and door to door collection of solid waste under SBM for the month of February 2017.  | 4,97,487         |
| 6            | Payment for purchase of 50 Hand Barrow Carts with complete fittings   | 10,82,025        |
| <b>TOTAL</b> |   | <b>28,44,975</b> |

(Source: Records furnished by H&UD Department)

The Mission Director, SBM assured (August 2017) to submit the compliance after receipt of the same from Puri municipality.

## 5.2.5 Weaknesses in Financial Incentive management

### 5.2.5.1 Irregularity in release of financial incentive to IHHL beneficiaries

As per para 4.4.1 of SBM guidelines and instruction of State Mission Director, financial incentive of ₹ 2,000 was to be released to the beneficiary HHs by the ULB as 1st Central incentive on approval of application by ULB. The balance incentive (₹ 3,300 for non-vulnerable and ₹ 6,000 for vulnerable category) would be released on completion of construction of IHHL. The balance funds were to be arranged by mobilisation of additional resources, which was the responsibility of the State Government / ULB (except beneficiary share). Para 4.4.5 *ibid* stipulated that ULBs should ensure about transfer of financial incentive to beneficiary HHs in a timely and hassle-free manner. Subsequently, H&UD Department instructed (December 2016) the ULBs to pay 100 *per cent* financial incentive only after completion of IHHL.

A comparison and analysis of the instructions of GoI and H&UD Department revealed that (i) In AAPs for 2015-16 and 2016-17, mobilization of additional resources was made the responsibility of the beneficiary and (ii) As per H&UD Department instructions of December 2016, the Government incentive was to be paid after 100 *per cent* completion. Hence, the beneficiary would bear the full cost of the IHHL and subsequently claim the reimbursement of the incentive. This placed a financial burden on the beneficiary leading to lack of motivation for construction of IHHL.

### 5.2.5.2 Violation of orders of Government of India

GoO dispensed with release of 1<sup>st</sup> incentive of ₹ 2,000 (December 2016) and instructed all ULBs to issue 100 *per cent* work order for IHHLs by January 2017. However, the said instruction was not supported by any GoI orders.

### 5.2.5.3 Insufficient incentives for construction of IHHLs

The State Government prepared a Concept Note (January 2015) in which the tentative estimate of a new IHHL was shown as ₹ 30,000. The Central incentive was ₹ 4000 and State incentive was ₹ 1300/ 4000 (in case of vulnerable category). Beyond this incentive of ₹ 5300/ 8000, the balance amount was to be borne by the beneficiary. However, it was noticed during beneficiary interviews that the insufficient incentive was one of the reasons for non-construction of IHHLs.

## 5.2.6 Target of construction of IHHL not achieved

SBM (Urban) aims to ensure that no HH engages in the practice of open defecation. All the HHs without latrine were targeted for construction of IHHL. In addition, 60 *per cent* of single pit latrines and all insanitary latrines were targeted for conversion to sanitary latrines. As per guidelines, the target of construction of all the IHHL/CT/PT was to be achieved by March 2017. In March 2016, MoUD revised timeline for elimination of open defecation from October 2019 to March 2018.

The target vis-à-vis achievement of different types of toilets under SBM is shown in **Table 5.4**.

**Table 5.4: Statement showing target and achievement of different types of toilets during 2015-17**

| Year         | IHHL          |              | CT          |             | PT          |             | HT          |             |
|--------------|---------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
|              | Target        | Achievement  | Target      | Achievement | Target      | Achievement | Target      | Achievement |
| 2015-16      | 131490        | 678          | 3986        | 293         | 2181        | 372         | 0           | 0           |
| 2016-17      | 189699        | 15694        | 0           | 0           | 0           | 0           | 5957        | 62          |
| <b>Total</b> | <b>321189</b> | <b>16372</b> | <b>3986</b> | <b>293</b>  | <b>2181</b> | <b>372</b>  | <b>5957</b> | <b>62</b>   |

(Source: Information furnished by H&UD Department)

In AAPs of 2015-16 and 2016-17, the State Government fixed a target to complete 3,21,189 IHHLs by March 2017. Audit noticed that construction of only 16,372 IHHLs (five *per cent*) were completed upto March 2017. Construction of 12,874 IHHLs (four *per cent*) was under progress and construction of 2,91,943 IHHLs (91 *per cent*) had not started.

In five test checked ULBs, only 1,467 IHHLs<sup>22</sup> (4.5 *per cent*) out of the target of 26,788 IHHLs<sup>23</sup> were completed. Construction of 9,445 IHHLs (35 *per cent*) was under progress and 15,876 IHHLs (59 *per cent*) had not commenced.

#### **5.2.6.1 Delay in verification and approval of applications**

Para 4.3.1 of guidelines stipulated that application received from the beneficiaries should be verified within seven days and approved by the ULBs. The same was reiterated by the State Mission Director in December 2016 with the instruction to issue work order within 10 days of receipt of application.

Audit noticed in five test checked ULBs that 9,782 applications<sup>24</sup> (47 *per cent*) out of 20,800 applications were pending for verification as of March 2017. The period and reasons for pendency could not be ascertained due to non-maintenance of details like date of receipt, verification and approval of the application. The accountability for delay in verification was also not fixed.

#### **5.2.6.2 Awareness campaigns not effective**

Para 4.3.1 of the guidelines envisaged that a campaign to create awareness ought to be taken up by the ULBs to motivate HHs without toilets to come forward on their own for construction of IHHL.

Audit noticed that the Government incurred total expenditure of ₹ 2.83 crore on IEC&PA during the years 2015-17. This was only 28 *per cent* of the total release of ₹ 10.14 crore in these two years. In five test checked ULBs, expenditure on IEC&PA was ₹ 14 lakh (35 *per cent*) against the receipt of ₹ 40.11 lakh.

However, the awareness campaigns were not effectively implemented, as only 28 *per cent* funds were utilised in the State.

<sup>22</sup> Physical achievement: Pattamundai municipality-37, Pipli NAC-nil, Puri municipality-1,231, Ranpur NAC-147 and SMC-52

<sup>23</sup> Physical Target: Pattamundai municipality- 3,153, Pipli NAC-1,258, Puri municipality-6,213, Ranpur (NAC)-962 and SMC-15,202

<sup>24</sup> Pattamundai municipality-113 (1861), Pipli NAC-423 (903), Puri municipality-715 (7,006), Ranpur NAC-37 (353) and SMC-8,494 (10,677)



### 5.2.7 Target for construction of Community Toilets (CTs) not achieved

Under para 5.1 of guidelines, it was estimated that about 20 per cent of the urban HHs in cities who were practising OD are likely to use community toilets as a solution due to space constraints in constructing IHHL for them. Subsequently, GoI allowed (July 2016) flexibility in determining target of IHHL and CT. Thereafter, GoO issued instructions (December 2016) to all the ULBs to conduct D2D survey and revise the target of IHHL, CT and PT by 15 January 2017 as per the need of the ULBs. However, revised target of CT was not made by any ULBs as D2D survey was not completed as of March 2017.

Audit noticed that 12,557 CT seats were targeted during the mission period. The State set target for 3,986 seats as per AAP 2015-16. Of these, 1,132 CT seats (nine per cent) were taken up and 293 (two per cent) were completed. Further, 839 (6.6 per cent) CTs were under progress as of March 2017. In AAP 2016-17, the State targeted 5,957 Hybrid Toilets (HT) seats. Of these, only 627 (11 per cent) were taken up and 62 (one per cent) completed as of March 2017.

In SMC and Puri municipality in 2015-16, the target was converted to hybrid toilets. The status of completion of Community and Hybrid toilets in test checked ULBs are given in *Table 5.5*.

**Table 5.5: Statement showing target and achievement of CT and HT seats in five test checked ULBs during 2015-17**

| Name of ULB              | CT seats  |          |             | HT seats    |            |             |
|--------------------------|-----------|----------|-------------|-------------|------------|-------------|
|                          | Target    | Taken up | Achievement | Target      | Taken up   | Achievement |
| SMC                      | 0         | 0        | 0           | 871         | 138        | 17          |
| Puri municipality        | 0         | 0        | 0           | 333         | 17         | 0           |
| Pattamundai municipality | 43        | 0        | 0           | 0           | 0          | 0           |
| Pipili NAC               | 15        | 8        | 0           | 0           | 0          | 0           |
| Ranpur NAC               | 16        | 0        | 0           | 0           | 0          | 0           |
| <b>Total</b>             | <b>74</b> | <b>8</b> | <b>0</b>    | <b>1204</b> | <b>155</b> | <b>17</b>   |

(Source: Information furnished by H&UD Department and test checked ULBs)

As seen from above table, the achievement of target for construction of CT seats was nil. In case of HT seats, the achievement was only 1.4 per cent of the target. Clearly, this would adversely affect the objective of elimination of OD in test checked ULBs.

The Mission Director (SBM) stated (August 2017) that land constraint was the main reason for non-achievement of targets under CT. To overcome this, they were promoting cluster toilets of one / two seater for cluster of four/ six HHs for better usage. Government also added that GoI had made the targets for IHHL and CTs interchangeable as per field requirement since July 2016.

The reply of the Government was not acceptable as the Government had to revise the target of IHHL and CT after conducting D2D survey of toilet-less HHs. But there was no revision of target as of March 2017.

### 5.2.8 Target for construction of Public Toilets (PTs) not achieved

As per para 6 of the guidelines, States and ULBs would ensure that a sufficient number of public toilets are constructed in each city and in all prominent

places within the city to meet the requirement of floating population. Efforts shall be made to construct the toilets within two years i.e. upto 2016-17.

Audit noticed that 5,191 PT seats were targeted for construction during the mission period. Of these, 2,181 PT seats were to be completed by March 2017. Against this target, 593 PT seats (27 per cent) were taken up for construction. Of these, 372 (17 per cent) were completed as of March 2017. The achievement was only seven per cent of mission target.

In Puri, a target of 10 PT seats was set in 2015-16 while in SMC, it was 20 in 2016-17. In remaining three test checked ULBs, the target of 11 PT<sup>25</sup> seats was set as of March 2017. However, Audit noticed that no work was taken up in all these ULBs during the period.

The Mission Director (SBM) stated (August 2017) that the ULBs had been instructed to revise the city sanitation plan after conducting D2D survey. Government informed that 81 ULBs have completed D2D survey and the others were in the process after which the construction of CT/PT toilets would be expedited.

The reply of the Government was not acceptable as requirement of PT was mainly for floating population and had no relevance with D2D survey.

#### **5.2.9 Manual scavengers /rag pickers not identified**

As per para 2.5 of guidelines, all manual scavengers in urban areas were to be identified and adequately rehabilitated and insanitary toilets linked to their employment upgraded to sanitary toilets. Similarly, the rag pickers were to be identified and enumerated to upgrade their work condition by integrating them into formal system of SWM in the cities.

Audit noticed that no action plan was prepared by the Mission Directorate to identify and rehabilitate manual scavengers and rag pickers. In test checked ULBs, the same was not done as of March 2017.

The Mission Director (SBM) stated (August 2017) that manual scavenging had been eliminated. The scheme now aimed at rehabilitating family members of manual scavengers. The Mission Director also stated that the family members of manual scavengers were not coming for registration. The reply of the Government was not acceptable as it was the responsibility of the Government to identify manual scavengers and their family members and rehabilitate them. Further, as per Socio Economic and Caste Census 2011, there were 237 identified manual scavengers in urban areas of Odisha.

#### **5.2.10 Poor achievement in SWM activities**

As per Para 7 of guidelines, ULBs were required to prepare Detailed Project Report (DPR) for SWM of their city in consultation with State Government. The DPR had to consist of street sweeping and litter control interventions. Further, the management and handling of waste is regulated by the

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<sup>25</sup> Pattamundai municipality-7, Pipil NAC-2 and Ranpur NAC-2



Environment (Protection) Act, 1986 and rules made there under viz. the Municipal Solid Waste (Management and Handling) Rules, 2000 which stipulated that the municipal authority was to obtain authorisation from the State Pollution Control Board for setting up waste processing and disposal facility including landfills. The landfill sites should be away from habitation clusters, water bodies, wetlands, national parks etc.

Audit observed that none of the ULBs in the State except Berhampur Municipal Corporation had prepared the DPRs till March 2017. In 36 ULBs, preparation of DPRs was under process and in the remaining 64 ULBs, the work for preparation of DPR had not started as of March 2017. Audit noticed the following instances relating to SWM in test checked ULBs.

- In SMC, the DPR was held up as the selected site for SWM was unsuitable due to presence of a water body in it. Contrary to the Municipal Solid Waste (Management and Handling) Rules, 2000 stated above and SBM guidelines, the un-segregated MSW had been dumped on the bank of river Mahanadi at Durgapalli.
- In Puri municipality, scientific disposal of MSW had been followed since 1998. But, in other four test checked ULBs, the same was not done. The ULBs were collecting and dumping un-segregated MSW in the sites identified on their own as per their suitability within their jurisdiction.
- In Pattamundai, State Pollution Control Board authorised (July 2015) the ULB to set up and operate scientific waste processing/ disposal facility at Matia Pala dumping site. However, the ULB authority was unable to develop the site due to public protest and the untreated MSW were dumped without adopting proper land filling methods.

#### **5.2.10.1 Daily sweeping and door-to-door collection of MSW**

Under SBM, H&UD Department set (December 2016) the timeline of January 2017 for undertaking different activities. They were daily sweeping of wards, two times sweeping of commercial areas, 100 per cent D2D collection of dry and wet waste, transportation and composting of MSW etc. Contracts with existing manpower agencies for SWM were to be amended by 28 December 2016 incorporating these activities in the agreement.

Audit noticed that street sweeping and 100 *per cent* D2D collection of MSW had been done only in 68 out of 111 ULBs of the State. In five test checked ULBs, Audit noticed the following during joint physical inspection of wards:-

- Segregation and 100 *per cent* D2D collection of dry and wet waste, and composting of wet waste was not done.
- Sweeping of commercial areas twice daily was not done. The norms for deploying sweepers for D2D collection were also not fixed. However, sweeping of roads daily had been done in all test checked ULBs.
- The agreement with the outsourced agencies for SWM activities were not amended till April 2017.

### **5.2.11 Monitoring and evaluation**

As per Para 11.2 of the guidelines, a High Power Committee (HPC) should be constituted in the State for the management of the SBM (Urban). The Chief Secretary of the State was to be the chairperson and other members were to be from the concerned Departments including representatives of Ministry of Urban Development. The HPC was to monitor the outcome and O&M arrangements of the projects, sanctioned and completed under the mission. Audit observed that the HPC was formed at State level in January 2015 but only two meetings were held as of March 2017.

As per Para 12.3 of guidelines, the District Level Review & Monitoring Committee (DLRMC) under the Chairpersonship of a Member of Parliament was to be formed for ensuring satisfactory monitoring of Projects under SBM. Detailed guidelines in this regard were issued by MoUD in April 2015 and June 2016. H&UD Department stated that 20 DLRMCs were formed in the State. However, Audit noticed that out of five test checked ULBs, DLRMCs were not formed in respect of four ULBs<sup>26</sup> as of March 2017. This affected the monitoring of SBM (Urban) at the district level.

As per Para 12.1 and 12.2 of SBM guidelines, a comprehensive and robust IT enabled MIS was to be in place for tracking of targets and achievements. Further, evaluation of the Mission was to be undertaken during the course of its implementation to effect mid-term correction to achieve its objectives.

Audit noticed that the existing IT-enabled MIS was not effectively developed under different ULBs in the State. In the web portal, under categories of State, city and ward level information, details including i) SBM proposal, ii) Sanitation Intensive Drive (State), iii) ward details, iv) solid waste collection and disposal (cities), v) contact details of ward level officers, vi) under-construction/completion of PT, CT seats, SWM were not uploaded. The ULBs had not uploaded the data on application, date of approval, amounts of incentive paid and date of payment in the IHHL category. One of the reasons for this was non-availability of fields for entering this data into the portal.

Further, no impact assessment study was conducted by the State for evaluation of the Mission to correct deficiencies in implementation. Swachh Survekshan was conducted by MoUD in February 2016 on the parameters viz., sanitation, hygiene, cleanliness, OD-free etc. in which two cities i.e. Cuttack and Bhubaneswar were ranked as 59 and 24 respectively out of 73 cities. In Survekshan January-February 2017, nine cities of Odisha had participated. The cities of Cuttack and Bhubaneswar were downgraded to rank 204 and 94 respectively out of 434 cities. Other seven cities<sup>27</sup> included in Survekshan 2017 ranked between 168 and 349. This indicated that the State had not proceeded well in its goal towards becoming Swachh.

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<sup>26</sup> Puri Municipality, Pipili NAC (Puri District), Pattamundai Municipality (Kendrapara District), Ranpur NAC (Nayagarh District)

<sup>27</sup> Rourkela 168, Berhampur 187, Balasore 190, Puri 194, Baripada 261, Sambalpur 322 and Bhadrak 349.

The Mission Director (SBM) stated (August 2017) that the IT-enabled MIS software was managed by the GoI through NIC. He further stated that lower rank in cities was mainly due to non-availability of SWM facilities and steps were being taken to set up decentralised composting facilities.

### 5.2.12 Conclusion

Preparation of Comprehensive Sanitation Plan of ULBs was the basis for Sanitation Strategy of the State. 103 out of 111 ULBs had not prepared their Sanitation Plan as of March 2017. However, State Government prepared Odisha Urban Sanitary Strategy-2017 in December 2016. This did not include Comprehensive Sanitation Plan of ULBs and clear timeline to achieve open defecation-free city by March 2018.

The delayed setting up of Project Implementation Units at city level affected the planning, implementation and monitoring of the targets.

The achievement against target fixed for Individual Household Latrines in Annual Action Plans of 2015-16 and 2016-17 was only five *per cent*. The utilisation of funds was only 16 *per cent* of total funds released during 2015-17. The responsibility of additional resources was completely shifted to the beneficiary. Subsequently, the beneficiary had to bear the full cost of construction of toilet and then claim reimbursement of the incentive. The financial constraint of beneficiary and consequent lack of motivation had impacted the coverage of the scheme in urban areas of the State. The Mission Directorate required special efforts to rectify these deficiencies, to achieve the objective of open defecation-free cities. Proper disposal of Municipal Solid Waste was also required to ensure healthy environment in the cities.

Audit noticed that the incentive for construction of IHHLs were insufficient and did not motivate the beneficiaries to construct IHHLs.

### 5.3 Misappropriation of sale proceeds of PDS commodity

**Misappropriation of sale proceeds of PDS commodity amounting to ₹ 66.41 lakh by the officials of Choudwar Municipality during 2014-16.**

As per Rule 25 of the Odisha Municipal Accounting Rule 2012, the Collection Offices and Collection Centres shall record the particulars of each receipt in the collection register on a daily basis. The amount collected during the day shall be accounted based on the summary statements, through a cash receipt voucher or bank receipt voucher.

Choudwar Municipality had distributed wheat, rice and kerosene oil under Public Distribution System (PDS) to ration card holders through different sales centres. Wheat and rice were procured from the District Civil Supply Corporation, Cuttack and kerosene from agents appointed by Civil Supply Department. Municipal employees in charge of the sale centres received the commodities from departmental godown. The sale proceeds had to be

deposited with the cashier of the Municipality. The rate of distribution of PDS wheat was ₹ 7.00 per kg up to November 2015 and ₹ 1.00 per kg from December 2015. Similarly, the municipality distributed the kerosene oil at ₹ 14.11 to ₹ 14.43 per litre.

Scrutiny of PDS register of the Municipality (November 2016) showed that there was no separate cash book for PDS transactions prior to 2015-16. Test check of stock/issue register of wheat for the period 2014-16 was done along with the deposit registers on sale proceeds. It was noticed that there was a closing stock of 230.02 qtls. and 957.89 qtls. of wheat as on 31 March 2014 with Sri Raturaj Muduli, Peon and Sri P.K. Mansingh, Zamadar respectively. They had received 3,658.50 qtls. and 6,475.73 qtls. of wheat respectively during April 2014 to March 2016. Sri Muduli had deposited the sale proceeds of 926.28 qtls. of wheat worth ₹ 6.50 lakh. Sri Mansingh had deposited sale proceeds of 4,308.79 qtls. worth ₹ 24.71 lakh. The sale proceeds of remaining quantity of wheat of 6,087.07 qtls. amounting to ₹ 44.70 lakh<sup>28</sup> were not deposited by Sri Muduli and Sri Mansingh. They had also not shown it as closing stock.

Similarly, stock/ issue register of kerosene oil for the period 2014-16 and the related deposit registers on sale proceeds was test checked in audit. It showed that there was closing stock of kerosene oil of 5,699 ltrs. and 10,247 ltrs. with Sri Muduli and Sri Mansingh respectively as on 31 March 2014. Sri Muduli and Sri Mansingh were issued with 1,20,696 ltrs. and 3,56,298 ltrs. of kerosene oil respectively during 2014-16. However, they had deposited ₹ 48.21 lakh as sale proceeds of 3,39,582 ltrs. of kerosene with the cashier. The sale proceeds of remaining 1,53,358 ltrs. of kerosene amounting to ₹ 21.71 lakh<sup>29</sup> had not been deposited by Sri Muduli and Sri Mansingh. The details of quantity of commodities vis-a-vis sale values which were not deposited by the municipal officials are given in the following **Table 5.6:**

**Table 5.6: Details of quantity of commodities not deposited by the Municipal Officials**

| Name of the Official                                  | Year    | Name of the commodity-Wheat (in qntl) |                 |                             |  |                  |  |                  |
|---|---------|---------------------------------------|-----------------|-----------------------------|--|------------------|--|------------------|
|   |         | Quantity of commodity                 |                 | Quantity available for sale | Quantity for which sale proceeds deposited |                  | Quantity for which sale proceeds not deposited |                  |
|   |         | OB                                    | Receipt         |                             | Quantity                                   | Amount (in ₹)    | Quantity                                       | Amount (in ₹)    |
| <b>Name of the commodity-Wheat (in qntl)</b>          |         |                                       |                 |                             |  |                  |  |                  |
| R.R. Muduli   | 2014-15 | 230.02                                | 588.56          | 818.58                      | 610.94                                     | 4,28,314         | 207.64   | 1,44,692         |
| P.K. Mansingh   |         | 957.89                                | 2,358.04        | 3,315.93                    | 2,957.17                                   | 15,24,376        | 358.76   | 7,96,775         |
| R.R. Muduli   | 2015-16 | 207.64                                | 3,069.94        | 3,277.58                    | 315.34                                     | 2,21,232         | 2,962.24                                       | 19,85,166        |
| P.K. Mansingh   |         | 358.76                                | 4,117.69        | 4,476.45                    | 1,351.62                                   | 9,46,338         | 3,124.83                                       | 24,84,968        |
| <b>Total</b>  |         | <b>566.40</b>                         | <b>7,187.63</b> | <b>7,754.03</b>             | <b>1,666.96</b>                            | <b>11,67,570</b> | <b>6,087.07</b>                                | <b>44,70,034</b> |
| <b>Name of the commodity- Kerosene Oil (in litre)</b> |         |                                       |                 |                             |  |                  |  |                  |
| R.R. Muduli   | 2014-15 | 5,699                                 | 44,020          | 49,719                      | 38,737                                     | 5,48,070         | 10,982   | 1,52,529         |
| P.K. Mansingh   |         | 10,247                                | 1,77,548        | 1,87,795                    | 1,61,017                                   | 22,81,198        | 26,778   | 3,76,867         |

<sup>28</sup> Sri Muduli 2962.24 qtls = ₹ 19.85 lakh and Sri Mansingh 3,124.83 qtls = ₹ 24.85 lakh

<sup>29</sup> Sri Muduli 64,414 ltrs = ₹ 9.15 lakh and Sri Mansingh 88,944 ltrs = ₹ 12.56 lakh

| Name of the Official | Year    | Name of the commodity-Wheat (in qntl) |                 |                             |  |                  |  |                  |
|----------------------|---------|---------------------------------------|-----------------|-----------------------------|--|------------------|--|------------------|
|                      |         | Quantity of commodity                 |                 | Quantity available for sale | Quantity for which sale proceeds deposited |                  | Quantity for which sale proceeds not deposited |                  |
|                      |         | OB                                    | Receipt         |                             | Quantity                                   | Amount (in ₹)    | Quantity                                       | Amount (in ₹)    |
| R.R. Muduli          | 2015-16 | 10,982                                | 76,676          | 87,658                      | 23,244                                     | 3,31,194         | 64,414   | 9,14,500         |
| P.K. Mansingh        |         | 26,778                                | 1,78,750        | 2,05,528                    | 1,16,584                                   | 16,60,692        | 88,944   | 1256488          |
| <b>Total</b>         |         | <b>37,760</b>                         | <b>2,55,426</b> | <b>2,93,186</b>             | <b>1,39,828</b>                            | <b>19,91,886</b> | <b>1,53,358</b>                                | <b>21,70,988</b> |

The officials were required to deposit ₹ 98.00 lakh as the total sale proceeds of wheat and kerosene oil. Against this, they had deposited ₹ 31.59 lakh only with the cashier. The balance amount of ₹ 66.41 lakh retained by them was treated as misappropriation of Government money.

Audit noticed that the provisions of Orissa Municipal Accounting Rules regarding daily accounting of all collections were not followed. There were discrepancies in issue and stock register which were not monitored on a regular basis. Such failure of internal control mechanism paved the way for the officials to misappropriate sale proceeds of commodities. The Executive Officer, Choudwar Municipality instituted (March 2016) departmental proceedings against both the officials for misappropriating PDS sale proceeds of ₹ 22.12 lakh<sup>30</sup>. The findings in the proceedings were accepted by the convicted officials and they deposited ₹ 15.45 lakh<sup>31</sup>. However, Audit further noticed (November 2016) that the calculation made by the Accountant of the Municipality in March 2016 of the sum misappropriated was incorrect. The actual amount misappropriated was ₹ 66.41 lakh as shown in **Table 5.7**. Hence, ₹ 50.96 lakh was yet to be recovered.

**Table 5.7: Cost of Misappropriated amount of PDS articles**

| Name of the official | Amount due for recovery |                  | Total            | Amount recovered | Amount yet to be recovered |
|----------------------|-------------------------|------------------|------------------|------------------|----------------------------|
|                      | Wheat                   | Kerosene oil     |                  |                  |                            |
| R.R. Muduli          | 19,85,166               | 9,14,500         | 28,99,666        | 5,44,000         | 23,55,666                  |
| P.K. Mansingh        | 24,84,968               | 12,56,488        | 37,41,456        | 10,00,902        | 27,40,554                  |
| <b>Total</b>         | <b>44,70,134</b>        | <b>21,70,988</b> | <b>66,41,122</b> | <b>15,44,902</b> | <b>50,96,220</b>           |

The EO confirmed the facts and figures and stated (November 2016) that audit observations would be enquired and follow up action would be taken immediately.

The matter was referred (December 2016) to the Commissioner-cum-Secretary, Housing and Urban Development Department. Reply is awaited (December 2017).

<sup>30</sup> Misappropriation of ₹ 9.96 lakh against Sri Mansingh and ₹ 12.16 against Sri Muduli

<sup>31</sup> Sri Mansingh deposited ₹ 10.01 lakh and Sri Muduli deposited ₹ 5.44 lakh and a monthly recovery of ₹ 7000 from his salary has been deducted.



## 5.4 Unfruitful expenditure

### A. Balangir Municipality

**Non-specification of the bucket size of Drain Cleaners and non-utilisation of Mobile Toilets led to idling machineries for more than three years with idle expenditure of ₹ 27.86 lakh.**

Finance Department had issued (February 2012) purchase guidelines for making public procurement. As per paragraph 3 of it, the specifications in terms of quality, type and quantity of goods to be procured were to be clearly spelt out keeping in view the specific need of the procuring organisation. Purchases must be made in accordance with definite requirement of the public service.

Audit scrutinised (August 2016) the purchase files (Sanitation) for the period 2010-16 at Balangir Municipality. It was observed that the Municipal Council approved (May 2012 and June 2012) procurement of six mobile toilets and one Trailer mounted Drain Cleaner machine. These were for providing better sanitation services to the public. However, the Chairman of the Municipal Council ordered (March 2013) for purchase of two Drain Cleaners and four mobile toilets. The Municipality purchased (February and September 2013) two Drain Cleaners (₹ 14.38 lakh) and two Mobile Toilets (₹ 13.48 lakh).

Audit observed that both the drain cleaners were lying idle from the date of purchase.



View of a choked drain



Idle drain cleaners

Executive Officer of the municipality stated that the bucket provided with the drain cleaner was unadjustable. The narrow size of drains made the machines unusable. Audit noted that the Municipality had not specified the size of the bucket while inviting quotations.

Similarly, mobile toilets were to be stationed at public places like hospital, market, bus stand, railway station and fair sites etc. for emergency public use. However, two mobile toilets purchased by the Municipality remained unused from the date of purchase for the last three years. The register of mobile toilets was also not maintained. Thus, the amount of ₹ 13.48 lakh spent for the purchase of toilets was unfruitful.

The Executive Officer stated (August 2016) that two mobile toilets were insufficient and public would protest against placement of these in their areas.

The replies are not acceptable as the details in the notice inviting quotations did not specify the required bucket size for the drain cleaner. Further, the number of mobile toilets purchased were scaled down, without any reasons, from six to two. Finally, even the mobile toilets that were purchased, were not actually used.

### B. Athagarh NAC

#### **Non-utilisation of Cesspool Tanker for more than six years led to unfruitful expenditure of ₹ 6.50 lakh.**

Audit of Athagarh NAC for the period 2010-16 was conducted in January-February 2017. The NAC had purchased (January 2012) one Cesspool Tanker at a cost of ₹ 6.50 lakh to provide better sanitation services. However, the NAC approved this procurement six month later in June 2012.

Audit observed that the Cesspool equipment comprised a mechanised tanker mounted on a trailer without self-propelling capacity. To an audit query, it was stated that the tanker was lying in the premises of Athagarh Block without any use for the last five and half years due to lack of propelling vehicle. Thus, the expenditure of ₹ 6.50 lakh made on procuring Cesspool equipment was unfruitful.

The Executive Officer replied (February 2017) that (i) the Cesspool tanker had no self-propelling system (ii) NAC had only one tractor which could not be spared for propelling the tanker and (iii) there was less demand for the tanker.



View of idle cesspool tanker of Athagarh NAC

The reply is not acceptable as the availability of a vehicle to pull the tanker was not considered before its purchase.

The matter was referred to the Commissioner-cum-Secretary, Housing and Urban Development Department (December 2016 and March 2017). Reply is awaited (December 2017).

### 5.5 Wasteful expenditure

#### **Construction of Night Shelter building without verifying its title in land records resulted in wasteful expenditure of ₹ 9.79 lakh.**

Housing & Urban Development (H&UD) Department made a notification (April 2012) regarding construction of night shelters with toilet and baths for homeless/shelterless urban population including street children and destitute women. These were to be in the nature of dormitories/halls with plain floors to

be used for sleeping at night. During the day time these were used for other social purposes e.g. health care centre, training for self-employment and adult education etc.

Paragraph 3.7.4 of OPWD code Vol-I read with paragraph 2.2.62 stipulated that no work should be commenced by Divisional Officers in charge of execution of works, on a land, which has not been duly handed over to him by a responsible public officer. Besides as per paragraph 3.4.11 *ibid*, the site of every building should, as far as possible, be definitely settled before the design and estimates are prepared.

The records of Cuttack Municipal Corporation (CMC) were scrutinized in March 2017. Audit observed that the Public Works Standing Committee of CMC approved (October 2012) construction of four night shelters in the city. One of these Night Shelters was to be constructed at Jobra on land<sup>32</sup> originally owned by Irrigation and Power Department. In the year 2003, the said land was allotted<sup>33</sup> to Higher Education Department (Ravenshaw Junior College, Cuttack). However, CMC requested (April 2013) Revenue and Disaster Management (R&DM) Department (through H&UD Department) to alienate the land in its favour without checking the updated land records. Meanwhile, H&UD Department accorded (February 2013) Administrative Approval and Technical Sanction to the project. It released ₹ 30.59 lakh in December 2014 while CMC's request was pending (March 2017) with the Revenue authority. The work was awarded (July 2013) at a value of ₹ 32.71 lakh stipulating completion within six months.



View of abandoned night shelter at Jobra, Cuttack

In January 2015, the Municipal Commissioner of CMC learnt that the land had been allotted to Ravenshaw College. CMC immediately stopped (January 2015) the construction work. By then the Contractor was paid (January 2017) ₹ 9.79 lakh for the work already done.

Thus, commencement of the construction work without verifying the land records resulted in wasteful expenditure of ₹ 9.79 lakh. The balance fund of ₹ 20.80 lakh was lying unutilised with CMC since December 2014.

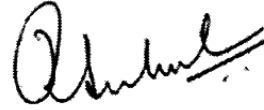
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<sup>32</sup> Plot No .855; PT(Khata No.822 at Mouza :Cuttack Town, Unit No .25, PS : Malgodown at Ward No.36, Police Outpost side, Jobra)

<sup>33</sup> Plot No .855; Ac 1.214( Khata No.823/1 at Mouza :Cuttack Town, Unit No .25, Jobra)



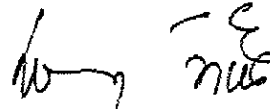
Confirming the facts, the Commissioner-cum-Secretary, H&UD Department stated (July 2017) that CMC, the Collector and the Tahasildar Cuttack were requested to move Higher Education Department for relinquishment of land in favour of R&DM Department. The R&DM Department would lease the same land in favour of the H&UD Department.



**Bhubaneswar**  
**The**

**(R.AMBALAVANAN)**  
**Accountant General(G&SSA),**  
**Odisha**

Countersigned



**New Delhi**  
**The**

**(RAJIV MEHRISHI)**  
**Comptroller and Auditor General of India**



# **APPENDICES**



**Appendix 1.1**  
**(Refer Paragraph No. 1.3)**

**Statement showing status of devolution of 29 functions of the State Government to PRIs**

| Sl. No. | Function to be devolved  | Date of transfer    |
|---------|--|---------------------|
| 1       | Agriculture, including Agricultural extension  | 25.10.2005          |
| 2       | Land improvement, implementation of land reforms, land consolidation and soil conservation | 25.10.2005          |
| 3       | Minor irrigation, water management and watershed development                               | 25.10.2005          |
| 4       | Animal husbandry, dairying and poultry   | 25.10.2005          |
| 5       | Fisheries  | 25.10.2005          |
| 6       | Social forestry and Farm forestry  | Not yet transferred |
| 7       | Minor Forest Produce   | 25.10.2005          |
| 8       | Small scale industries, including food processing industries                               | Not yet transferred |
| 9       | Khadi, village and cottage industry  | Not yet transferred |
| 10      | Rural Housing  | 25.10.2005          |
| 11      | Drinking Water   | 25.10.2005          |
| 12      | Fuel and fodder  | Not yet transferred |
| 13      | Roads, culverts, bridges, ferries, waterways and other means of communication              | 25.10.2005          |
| 14      | Rural electrification, including distribution of electricity                               | Not yet transferred |
| 15      | Non-conventional energy sources  | 25.10.2005          |
| 16      | Poverty alleviation programme  | 25.10.2005          |
| 17      | Primary education  | 25.10.2005          |
| 18      | Technical training and vocational education  | Not yet transferred |
| 19      | Adult and non-formal education   | 25.10.2005          |
| 20      | Libraries  | Not yet transferred |
| 21      | Cultural activities  | Not yet transferred |
| 22      | Markets and fairs  | 25.10.2005          |
| 23      | Health and sanitation, including hospitals, primary health centres and dispensaries        | 25.10.2005          |
| 24      | Family welfare   | 25.10.2005          |
| 25      | Women and Child Development  | 25.10.2005          |
| 26      | Social Welfare, including welfare of the handicapped and mentally retarded                 | 25.10.2005          |
| 27      | Welfare of weaker sections and in particular of the SC and ST                              | 25.10.2005          |
| 28      | Public Distribution System   | 25.10.2005          |
| 29      | Maintenance of community assets  | 25.10.2005          |

*(Source: Information collected from PR Department)*

**Appendix 1.2**  
**(Refer Paragraph No. 1.5)**

**Statement showing functions of Standing Committees**

| Tier                    | Sl. No. | Subjects under each committee   |
|-------------------------|---------|---|
| <b>Zilla Parishad</b>   | 1       | Planning, Finance, Anti-Poverty Programme and Co-ordination   |
|                         | 2       | Agriculture, Animal Husbandry, Soil Conservation, Horticulture, Watershed Development and Fisheries |
|                         | 3       | Works, Irrigation, Electricity, Drinking Water Supply and Rural Sanitation                          |
|                         | 4       | Health, Social Welfare including Women and Child Development  |
|                         | 5       | Public Distribution System, Welfare of Weaker Section, Forest, Fuel and Fodder                      |
|                         | 6       | Handicrafts, Cottage Industry, Khadi and Village Industries and Rural Housing                       |
|                         | 7       | Education, Sports and Culture   |
| <b>Panchayat Samiti</b> | 1       | Planning, Finance, Anti-poverty Programme and Coordination  |
|                         | 2       | Agriculture, Animal Husbandry, Soil Conservation, Horticulture, Watershed Development and Fisheries |
|                         | 3       | Works, Irrigation, Electricity, Drinking Water Supply and Rural Sanitation                          |
|                         | 4       | Health, Social Welfare including Women and Child Development  |
|                         | 5       | Public Distribution System, Welfare of Weaker Section, Forest, Fuel and Fodder                      |
|                         | 6       | Handicrafts, Cottage Industry, Khadi and Village Industries and Rural Housing                       |
|                         | 7       | Education, Sports and Culture   |
| <b>Gram Panchayat</b>   | 1       | Planning, Finance and Budget  |
|                         | 2       | Agriculture, Minor Irrigation, Co-operation, Industries and other allied Schemes                    |
|                         | 3       | Education, Health and Sanitation including Rural Water Supply                                       |
|                         | 4       | Welfare of Weaker Sections of Society   |
|                         | 5       | Communication   |

*(Source: Information collected from the PRI Manual)*

**Appendix 2.1**  
(Refer Paragraph No. 2.1.5)

**Statement showing names of test checked Districts, Panchayat Samitis and Gram Panchayats**

| Sl. No. | Name of the District | Name of the Panchayat Samiti | Name of the Gram Panchayat |
|---------|----------------------|------------------------------|----------------------------|
| 1       | <b>Khurda</b>        | Balianta                     | Jagannathapur              |
| 2       |                      |                              | Puranpradhan               |
| 3       |                      |                              | Jayadev                    |
| 4       |                      |                              | Sarakana                   |
| 5       |                      |                              | Bainchua                   |
| 6       |                      | Chilika                      | Haripur                    |
| 7       |                      |                              | Nimikheta                  |
| 8       |                      |                              | Badkul                     |
| 9       |                      |                              | Ankula                     |
| 10      |                      |                              | Kalakaleswar               |
| 11      |                      | Banapur                      | Gambharimunda              |
| 12      |                      |                              | Narendrapur                |
| 13      |                      |                              | Deogaon                    |
| 14      |                      |                              | KumarangaSasana            |
| 15      |                      |                              | Damia Barbara              |
| 16      | <b>Kalahandi</b>     | Junagarh                     | Banka palash               |
| 17      |                      |                              | Budhidarah                 |
| 18      |                      |                              | Deydardh                   |
| 19      |                      |                              | Maliguda                   |
| 20      |                      |                              | Matigaon                   |
| 21      |                      | Dharmagarh                   | Sandhikulihari             |
| 22      |                      |                              | Tipiguda                   |
| 23      |                      |                              | Gadiajore                  |
| 24      |                      |                              | Dumerguda                  |
| 25      |                      |                              | Kankeri                    |
| 26      |                      | Golamunda                    | Rengsapali                 |
| 27      |                      |                              | Borguda                    |
| 28      |                      |                              | Chapria                    |
| 29      |                      |                              | Uchhala                    |
| 30      |                      |                              | Nuagaon                    |
| 31      | <b>Boudh</b>         | Boudh                        | Brahmanipali               |
| 32      |                      |                              | Baghiapada                 |
| 33      |                      |                              | Gochhapada                 |
| 34      |                      |                              | Manu pali                  |
| 35      |                      |                              | Mundapada                  |
| 36      |                      | Kantamal                     | Manamunda                  |
| 37      |                      |                              | Kantamal                   |
| 38      |                      |                              | Narayanprasad              |
| 39      |                      |                              | Bilaspur                   |
| 40      |                      |                              | Lambasary                  |
| 41      |                      | Harabhanga                   | Tileswar                   |
| 42      |                      |                              | Talagaon                   |
| 43      |                      |                              | Sankuloi                   |
| 44      |                      |                              | Sampoch                    |
| 45      |                      |                              | Sarsara                    |
| 46      | <b>Koraput</b>       | Kundara                      | Kundra                     |
| 47      |                      |                              | Ghumar                     |
| 48      |                      |                              | Bagderi                    |
| 49      |                      |                              | Mosigam                    |
| 50      |                      |                              | Digapur                    |

| Sl. No. | Name of the District | Name of the Panchayat Samiti | Name of the Gram Panchayat |
|---------|----------------------|------------------------------|----------------------------|
| 51      |                      | Boipariguda                  | Baligam                    |
| 52      |                      |                              | Boipariguda                |
| 53      |                      |                              | Dasamanthpur               |
| 54      |                      |                              | Doraguda                   |
| 55      |                      |                              | Gupteswar                  |
| 56      |                      | Narayanpatna                 | Balipeta                   |
| 57      |                      |                              | Langalabeda                |
| 58      |                      |                              | Narayanpatna               |
| 59      |                      |                              | Tentulipadar               |
| 60      |                      |                              | Talgumandi                 |
| 61      | Subarnapur           | Sonepur                      | Rengali                    |
| 62      |                      |                              | Mallikpada                 |
| 63      |                      |                              | Hardakhol                  |
| 64      |                      |                              | Chhakormol                 |
| 65      |                      |                              | Narayan pur                |
| 66      |                      | Binika                       | Charda                     |
| 67      |                      |                              | Mahada                     |
| 68      |                      |                              | Kaintara                   |
| 69      |                      |                              | Saledi                     |
| 70      |                      | Sankara                      |                            |
| 71      |                      | Dunguripalli                 | Sukha                      |
| 72      |                      |                              | Dunguripalli               |
| 73      |                      |                              | Tamamura                   |
| 74      |                      |                              | Bhintikra                  |
| 75      |                      |                              | Sunapali                   |
| 76      | Sundargarh           | Nuagaon                      | Hatibari                   |
| 77      |                      |                              | Bagdega                    |
| 78      |                      |                              | Kardega                    |
| 79      |                      |                              | Kokerema                   |
| 80      |                      |                              | Manmena                    |
| 81      |                      | Koirā                        | Jamudihi                   |
| 82      |                      |                              | K.Balang                   |
| 83      |                      |                              | Koirā                      |
| 84      |                      |                              | Malda                      |
| 85      |                      |                              | Soyamba                    |
| 86      |                      | Balisankara                  | Balisankara                |
| 87      |                      |                              | Kinjirkela                 |
| 88      |                      |                              | Lulkidihi                  |
| 89      |                      |                              | Rampur                     |
| 90      |                      |                              | Tildega                    |
| 91      | Kandhamal            | Tikabali                     | Tikabali                   |
| 92      |                      |                              | Padangi                    |
| 93      |                      |                              | Gadaguda                   |
| 94      |                      |                              | Koinjhar                   |
| 95      |                      |                              | Gutingia                   |
| 96      |                      | G. Udayagiri                 | Gressingia                 |
| 97      |                      |                              | Katingia                   |
| 98      |                      |                              | Lingagada                  |
| 99      |                      |                              | Malikpodi                  |
| 100     |                      |                              | Talarimaha                 |
| 101     | Baliguda             | Barakhama                    |                            |
| 102     |                      | Landagam                     |                            |
| 103     |                      | parampanga                   |                            |
| 104     |                      | Sudra                        |                            |
| 105     |                      | Salaguda                     |                            |



| Sl. No. | Name of the District | Name of the Panchayat Samiti | Name of the Gram Panchayat |
|---------|----------------------|------------------------------|----------------------------|
| 106     | <b>Keonjhar</b>      | Champua                      | Chandra Sekharpur          |
| 107     |                      |                              | Jajaposi                   |
| 108     |                      |                              | kodagadia                  |
| 109     |                      |                              | Padua                      |
| 110     |                      |                              | Parsala                    |
| 111     |                      | Anandapur                    | Bailo                      |
| 111     |                      |                              | Baunsagarh                 |
| 113     |                      |                              | Jalasan                    |
| 114     |                      |                              | Pansadiha                  |
| 115     |                      | salabani                     |                            |
| 116     |                      | Bansapal                     | Bansapal                   |
| 117     |                      |                              | Jatra                      |
| 118     |                      |                              | Kunra                      |
| 119     |                      |                              | Singh pur                  |
| 120     |                      |                              | Talakaisari                |

**Appendix 3.1**  
**(Refer Paragraph No. 3.3)**

**Statement showing unadjusted outstanding advance and retention of cash with Sri G C Sahoo, ex-PEO, Rajgada GP**

| Sl. No.                          | Cash Book   | Purpose  | Date       | Amount (in ₹)   |
|----------------------------------|---|--|------------|-----------------|
| <b>Outstanding Advance</b>       |   |  |            |                 |
| 1                                | Mahatma Gandhi National Rural Employment Guarantee Scheme | Work advance towards BNRGSK building                 | 14/5/2013  | 3,00,000        |
| 2                                |   | Work advance towards BNRGSK building                 | 31/1/2014  | 95,432          |
| 3                                | State Finance Commission                                  | Work advance towards BNRGSK building                 | 29/6/2013  | 1,00,000        |
| 4                                |   | Work advance towards BNRGSK building                 | 26/3/2014  | 50,000          |
| 5                                | Gram Panchayat Fund                                       | Repairing of GP Office building                      | 24/8/2012  | 30,000          |
| <b>Total Outstanding Advance</b> |   |  |            | <b>5,75,432</b> |
| <b>Retention of cash</b>         |   |  |            |                 |
| 6                                |   | Undisbursed amount of honorarium                     | 27/10/2014 | 11,800          |
| 7                                | State Finance Commission                                  | Drawn from bank and kept in hand without any reason  | 17/1/2014  | 2,000           |
| 8                                |   | Drawn from bank and kept in hand without expenditure | 31/1/2015  | 11,200          |
| 9                                | Old Age Pension (OAP)                                     | Cash in hand   | 14/11/2014 | 4,700           |
| 10                               |   | Balance from OAP distribution                        | 13/12/2014 | 16,600          |
| 11                               |   | Balance from OAP distribution                        | 14/1/2015  | 2,400           |
| 12                               |   | Balance from OAP distribution                        | 14/2/2015  | 5,800           |
| 13                               |   | Retained in hand                                     | 13/3/2015  | 14,400          |
| 14                               | Old Age Pension (OAP)                                     | Balance from OAP distribution                        | 16/3/2015  | 9,600           |
| 15                               |   | Cash deposited in bank                               | 18/3/2015  | (-) 1,200       |
| 16                               | Gram Panchayat Fund                                       | Kept in hand by showing deposited in bank            | 15/2/2013  | 1,016           |
| <b>Total retention of cash</b>   |   |  |            | <b>78,016</b>   |
| <b>Grand Total</b>               |   |  |            | <b>6,53,748</b> |

**Appendix-3.2**  
**(Refer Paragraph No. 3.3)**

**Statement showing list of dead beneficiaries paid with Old Age Pension after death in 26 GPs of 14 Panchayat Samitis**

| Sl. No. | Name of the beneficiary                   | Name of GP  | Name of P.S  | Date of death | Pension scheme | Rate of pension | Period                    | Amount (₹) |
|---------|---|-------------|--------------|---------------|----------------|-----------------|---------------------------|------------|
| 1       | Smt. Chanchali Dei<br>W/o Kalandi Bhoi    | Jharpada    | Kantapada    | 20.06.2015    | IGNOAP         | 500             | 6/15 to 9/15 = 4 months   | 2000       |
| 2       | Smt. Indumati Behera<br>W/o Basant Behera | -do-        | -do-         | 30.09.2015    | MBPY/ SOAP     | 300             | 09/15 to 10/15 = 2 months | 600        |
| 3       | Sanatan Bhoi, S/o Bama Sambhu             | Bagalpur    | -do-         | 21.06.2014    | MBPY/ SOAP     | 500             | 06/14 = 1 month           | 500        |
| 4       | Jogi Bhoi, S/o Baja                       | -do-        | -do-         | 12.06.2014    | MBPY/ SOAP     | 500             | 6/15 to 7/14 = 2 months   | 1000       |
| 5       | Benudhar Jena, S/o Gajendra               | -do-        | -do-         | 05.07.2014    | MBPY/ SOAP     | 300             | 6/14 to 8/14 = 3 months   | 900        |
| 6       | Gurubari Barik, W/o Netramanda            | Adaspur     | -do-         | 12.04.2015    | IGNOAP         | 300             | 3/15 to 5/15 = 3 months   | 900        |
| 7       | Kuni Das, W/o Djabar                      | -do-        | -do-         | 30.01.2016    | MBPY/ SOAP     | 300             | 1/16 to 2/16 = 2 months   | 600        |
| 8       | Bilasha Kog, W/o Abhiram                  | Jhurimal    | Lephipara    | 22.10.2014    | IGNOAP/ MBPY   | 300             | 10/14 to 11/14 = 2 months | 600        |
| 9       | Charan Pradhan, S/o Bhubana               | -do-        | -do-         | 15.09.2014    | IGNOAP/ MBPY   | 300             | 09/14 to 10/14 = 2 months | 600        |
| 10      | Gobinda Majhi, S/o Patil                  | -do-        | -do-         | 22.07.2014    | IGNOAP/ MBPY   | 300             | 7/14 = 1 month            | 300        |
| 11      | Sundari Sing, W/o Gopal                   | -do-        | -do-         | 18.12.2014    | IGNOAP/ MBPY   | 300             | 12/14 to 1/14 = 2 months  | 600        |
| 12      | Jamuna Khati, W/o Joga                    | -do-        | -do-         | 13.11.2014    | IGNOAP/ MBPY   | 300             | 10/14 to 11/14 = 2 months | 600        |
| 13      | Panchami Majhi, W/o Kantena               | -do-        | -do-         | 27.07.2014    | IGNOAP/ MBPY   | 300             | 7/14 to 10/14 = 4 months  | 1200       |
| 14      | Madhu Mirtha, S/o Chihiru                 | Chhatenpali | -do-         | 19.12.2014    | IGNOAP/ MBPY   | 300             | 12/14 to 1/15 = 2 month   | 600        |
| 15      | Chakara Rohidas, S/o Saranga              | -do-        | -do-         | 28.12.2014    | IGNOAP/ MBPY   | 300             | 12/14 = 1 month           | 300        |
| 16      | Sujana Purale, S/o Kandu                  | Kulabira    | -do-         | 03.10.2014    | IGNOAP/ MBPY   | 300             | 09/14 to 1/15 = 5 months  | 1500       |
| 17      | Linga Majhi, S/o Samudra                  | -do-        | -do-         | 01.08.2014    | IGNOAP/ MBPY   | 300             | 7/14 to 10/14 = 4 months  | 1200       |
| 18      | Radha Munda, W/o Sukha                    | -do-        | -do-         | 27.11.2014    | IGNOAP/ MBPY   | 300             | 11/14 to 12/14 = 2 months | 600        |
| 19      | Basu Kisan, S/o Rupadhar                  | -do-        | -do-         | 25.08.2014    | IGNOAP/ MBPY   | 300             | 8/14 to 11/14 = 4 months  | 1200       |
| 20      | Upasi Kalo, W/o Baiga                     | -do-        | -do-         | 05.06.2014    | IGNOAP/ MBPY   | 300             | 5/14 to 1/15 = 9 months   | 2700       |
| 21      | Mohan Sahu, S/o Harihara                  | -do-        | -do-         | 20.11.2014    | IGNOAP/ MBPY   | 300             | 11/14 to 12/14 = 2 months | 600        |
| 22      | Dakari Bag, W/o Lati                      | -do-        | -do-         | 23.09.2014    | IGNOAP/ MBPY   | 300             | 09/14 to 12/14 = 4 months | 1200       |
| 23      | Kulamani Raksa, S/o Harga                 | -do-        | -do-         | 19.07.2014    | IGNOAP/ MBPY   | 300             | 7/14 to 11/14 = 5 months  | 1500       |
| 24      | Damodar Sahu, S/o Jayasingh               | -do-        | -do-         | 15.03.2014    | IGNOAP/ MBPY   | 300             | 3/14 to 10/14 = 8 months  | 2400       |
| 25      | Urmila Sahu, W/o Dhaneswar                | -do-        | -do-         | 26.03.2014    | IGNOAP/ MBPY   | 300             | 3/14 to 10/14 = 8 months  | 2400       |
| 26      | Basanta Bhoi                              | -do-        | -do-         | 08.04.2014    | IGNOAP/ MBPY   | 300             | 3/14 to 10/14 = 8 months  | 2400       |
| 27      | Raghunath Patel, S/o Sachidananda         | -do-        | -do-         | 19.12.2014    | IGNOAP/ MBPY   | 300             | 12/14 to 1/15 = 2 months  | 600        |
| 28      | Padmabati Panbhigrahi, W/o Chaturbhujia   | Goutami     | Sanakherundi | 31.10.2014    | IGNOAP/ MBPY   | 500             | 10/14 to 1/15 = 4 months  | 2000       |
| 29      | N. Chitama, W/o Narayan                   | -do-        | -do-         | 26.09.2014    | IGNOAP/ MBPY   | 300             | 09/14 to 10/14 = 2 months | 600        |
| 30      | Subasini Behera, W/o Surendra             | -do-        | -do-         | 11.08.2014    | IGNOAP/ MBPY   | 300             | 7/14 = 1 month            | 300        |
| 31      | P. Bhobani, W/o Kangali                   | -do-        | -do-         | 20.11.2014    | IGNOAP/ MBPY   | 300             | 11/14 = 1 month           | 300        |
| 32      | P. Bhima, W/o Ramiji                      | -do-        | -do-         | 12.12.2014    | IGNOAP/ MBPY   | 300             | 11/14 = 1 month           | 300        |
| 33      | K. Gajendra, W/o B. Gajendra              | -do-        | -do-         | 21.11.2014    | IGNOAP/ MBPY   | 300             | 11/14 = 1 month           | 300        |
| 34      | B. Setama                                 | -do-        | -do-         | 19.09.2014    | IGNOAP/ MBPY   | 300             | 8/14 = 1 month            | 300        |
| 35      | P. Jagannath Redy                         | -do-        | -do-         | 10.09.2014    | IGNOAP/ MBPY   | 300             | 8/14 to 09/14 = 2 month   | 600        |

| Sl. No. | Name of the beneficiary             | Name of GP  | Name of P.S | Date of death | Pension scheme  | Rate of pension | Period                      | Amount (₹) |
|---------|-------------------------------------|-------------|-------------|---------------|-----------------|-----------------|-----------------------------|------------|
| 36      | Nalu Swain, S/o Bauri               | -do-        | -do-        | 22.09.2014    | IGNOAP/ MBPY    | 300             | 09/14 to 10/14 = 2 month    | 600        |
| 37      | Kali Pradhan                        | -do-        | -do-        | 09.11.2014    | IGNOAP/ MBPY    | 300             | 10/14to1/14=2 month         | 600        |
| 38      | RaghunathTripathy, S/o Narayan      | Adapada     | -do-        | 15.05.2014    | IGNOAP/ MBPY    | 300             | 5/14 = 1 month              | 300        |
| 39      | Tamla Bhola, W/o Kertaka            | -do-        | -do-        | 12.07.2013    | IGNOAP/ MBPY    | 500             | 6/13=1 month                | 500        |
| 40      | Arujan Pradhan, S/o Kalu            | -do-        | -do-        | 10.07.2013    | IGNOAP/ MBPY    | 500             | 6/13 = 1 month              | 500        |
| 41      | Brundabana Das, S/o Dandapani       | Pattapur    | -do-        | 12.07.2014    | IGNOAP/ MBPY    | 300             | 6/14 to 12/2014 = 7 month   | 2100       |
| 42      | Hema Gouda, W/o Hari                | -do-        | -do-        | 12.06.2014    | IGNOAP/ MBPY    | 300             | 5/14 to 9/14=5 month        | 1500       |
| 43      | Abhi Sahu, S/o Balaji               | -do-        | -do-        | 02.07.2014    | IGNOAP/ MBPY    | 300             | 6/14to12/14=7 month         | 2100       |
| 44      | Khudi Sahu, W/o Biswanath           | -do-        | -do-        | 11.12.2014    | IGNOAP/ MBPY    | 300             | 11/14 = 1 month             | 300        |
| 45      | Arakhita Sahu, S/o Magi             | -do-        | -do-        | 28.12.2014    | IGNOAP/ MBPY    | 300             | 12/14 = 1 month             | 300        |
| 46      | Bhagaban Panda, S/o Madhaba         | -do-        | -do-        | 09.12.2014    | IGNOAP/ MBPY    | 500             | 11/2014 = 1 month           | 500        |
| 47      | Bauri Mahankuda, S/o Nandia         | -do-        | -do-        | 16.12.2014    | IGNOAP/ MBPY    | 300             | 12/2014 = 1 month           | 300        |
| 48      | Rama Ch. Sahu, S/o Baistaba         | -do-        | -do-        | 15.12.2014    | IGNOAP/ MBPY    | 300             | 11/14 to 12/14 = 2 months   | 600        |
| 49      | Bhima Sahu, S/o Bauri               | -do-        | -do-        | 03.06.2014    | IGNOAP/ MBPY    | 300             | 5/14=1 month                | 300        |
| 50      | Bhima Nayak, S/o Hadu               | -do-        | -do-        | 20.07.2014    | IGNOAP/ MBPY    | 300             | 7/14 to 10/14 = 4 months    | 1200       |
| 51      | Kalpana Pahari, W/o Dijendra        | Kaithakhola | Chandbali   | 18.05.2014    | WP              | 300             | 05/14 to 12/16 = 32 month   | 9600       |
| 52      | Pratulla Barik, W/o Purna Ch. Barik | -do-        | -do-        | 24.10.2014    | IGNOAP          | 300             | 10/14 to 12/2016 = 27 month | 8100       |
| 53      | Apurba Behera, W/o Pagal Behera     | -do-        | -do-        | 05.01.2014    | IGNDP           | 300             | 12/13 to 12/16 = 37 months  | 11100      |
| 54      | Suryamani Panda,S/o Radheshyam      | Haripur     | Khaira      | 27.01.2015    | IGNOAP          | 300             | 01/16 = 1 month             | 300        |
| 55      | Rabi Barik, S/o Nanda               | -do-        | -do-        | 17-08-2015    | IGNOAP          | 300             | 8/15to12/15 = 5 month       | 1500       |
| 56      | Damadara Nayak, S/o Ratna,          | -do-        | -do-        | 26-07-2015    | IGNOAP          | 500             | 7/15 = 1 month              | 500        |
| 57      | Nilmami Jena, W/o Magoni            | -do-        | -do-        | 31-10-2015    | IGNWP           | 300             | 10/15to12/16 = 3 month      | 900        |
| 58      | Krupasindhu Rout, S/o Baida         | Sardang     | -do-        | 13-07-2015    | IGNOAP          | 500             | 6/15 = 1 month              | 500        |
| 59      | Sashi Bhue, Bhika                   | Narayampur  | Sonepur     | 19-12-2014    | NOAP            | 300             | 12/14 to 3/15 = 4 month     | 1200       |
| 60      | Mukta Padhan,Tripurari              | -do-        | -do-        | 02.01.2015    | NOAP            | 300             | 12/14to 3/15 = 4 month      | 1200       |
| 61      | Dasa Sandha,Ghasi                   | -do-        | -do-        | 30.12.2014    | NOAP            | 300             | 12/14to 3/15 = 4 month      | 1200       |
| 62      | Sitarani Naik, S/o Kanda            | Mandal      | Kalampur    | 27.01.2014    | MBPY            | 300             | 1/14 to 4/14 = 4 month      | 1200       |
| 63      | Benu Kanda, S/o Dengsa Kanda        | -do-        | -do-        | 04.12.2013    | IGNOAP          | 300             | 11/13to 4/14 = 6 month      | 1800       |
| 64      | Lakhi Majhi, S/o Thina              | -do-        | -do-        | 15.12.2013    | IGNOAP          | 300             | 12/13to10/14 = 11 months    | 3300       |
| 65      | Madhusudhan Bagarti, S/o Bhagirithi | Deypur      | -do-        | 20.8.2013     | MBPY/ OAP       | 300             | 8/13 to 7/14 = 12 months    | 3600       |
| 66      | Harthar Sahu, S/o Satrughana        | -do-        | -do-        | 23.03.2014    | MBPY            | 300             | 3/14 to 7/14 = 5 months     | 1500       |
| 67      | Bibhisana Lahajal, S/o Manadhar     | -do-        | -do-        | 18.01.2014    | IGNOAP          | 300             | 1/14 to 8/14 = 8 months     | 2400       |
| 68      | Udey Chalan, S/o Sadhu              | -do-        | -do-        | 22.05.2014    | IGNOAP (80 yrs) | 500             | 5/14 to 9/14 = 5 months     | 2500       |
| 69      | Satyabadi Sahu,                     | -do-        | -do-        | 01.09.2014    | MBPY/ OAP       | 300             | 8/14to 10/14 = 3 months     | 900        |
| 70      | Sibaratri Nag, W/o Rameshwar        | -do-        | -do-        | 19.01.2014    | IGNOAP          | 300             | 1/14to 09/14 = 9 months     | 2700       |
| 71      | Maina Bewa, W/o Benudhar            | -do-        | -do-        | 22.10.2014    | IGNOAP (80 yrs) | 500             | 10/14 = 1 month             | 500        |
| 72      | Gayatri Jal, W/o Purushottam        | -do-        | -do-        | 16.12.2013    | MBPY            | 300             | 12/13to10/14=11 months      | 3300       |
| 73      | Katha Lenjia, W/o Bharat            | -do-        | -do-        | 27.11.2013    | MBPY            | 300             | 11/13to10/14=12 months      | 3600       |
| 74      | Dhaneswar Hans, S/o Gobinda         | -do-        | -do-        | 22.3.2014     | IGNOAP          | 300             | 3/14to 11/14 = 9 months     | 2700       |
| 75      | Srimukha Ghee, S/o Khursi           | -do-        | -do-        | 07.4.2014     | IGNOAP          | 300             | 3/14 to 10/14 = 8 months    | 2400       |
| 76      | Sankirtan Sahu, S/o Pati            | Jharbandh   | Jharbandh   | 18.06.2013    | MBPY            | 300             | 6/13 = 1 month              | 300        |

| Sl. No. | Name of the beneficiary                            | Name of GP  | Name of P.S | Date of death | Pension scheme | Rate of pension | Period                   | Amount (₹) |
|---------|--|-------------|-------------|---------------|----------------|-----------------|--------------------------|------------|
| 77      | Dukhiram Majhi, S/o Dandarudhar                    | -do-        | -do-        | 25.03.2013    | MBPY           | 300             | 3/13 = 1 month           | 300        |
| 78      | Parbati Banchhore, W/o Baleswar                    | -do-        | -do-        | 05.03.2013    | IGNOAP         | (300*2)+400     | 2/13 to 4/13 = 3 months  | 1000       |
| 79      | Surya Banchhore, W/o Sashidhar                     | -do-        | -do-        | 02.07.2013    | IGNOAP         | 300             | 6/13 = 1 month           | 300        |
| 80      | Sumitra Banchhore, W/o Pitambar                    | -do-        | -do-        | 04.01.2013    | IGNOAP         | 300             | 12/12 to 3/13 = 4 months | 1200       |
| 81      | Betikhar Mohapatra,                                | -do-        | -do-        | 19.7.2014     | MBPY           | 300             | 7/14 to 8/14 = 2 months  | 600        |
| 82      | Ghanshyam Das, S/o Dinabandhu                      | Tanarada    | Belguntha   | 03.09.2014    | IGNDP          | 300             | 8/2014 = 1 month         | 300        |
| 83      | Khadal Bisoyi, S/o Dari                            | -do-        | -do-        | 4.1.14        | IGNDP          | 300             | 10/14 to 11/14=2 months  | 600        |
| 84      | Sundari Bisoyi                                     | -do-        | -do-        | 12.11.13      | OAP            | 400             | 9/13 to 10/13 = 2 months | 800        |
| 85      | Magata Naik, S/o Hari                              | Dhumachai   | -do-        | 06.09.14      | OAP            | 300             | 8/14to 11/14 = 4 months  | 1200       |
| 86      | Sita Rana, W/o- Raghu                              | -do-        | -do-        | 26.11.13      | MBPY           | 800             | 10/13 = 1 month          | 300        |
| 87      | Pandav Biswal, S/o Parnu                           | -do-        | -do-        | 11.10.12      | NOAP           | 300             | 9/12 to 10/12 = 2 months | 600        |
| 88      | Tapoi Swain, W/o Baraj                             | -do-        | -do-        | 11.10.12      | NOAP           | 300             | 9/12 to 10/12 = 2 months | 600        |
| 89      | Baruna Naik, S/o- Ganeswar                         | Shankiri    | Keonjhar    | 22.08.15      | IGNOAP         | 300             | 8/15to 9/15 = 2 months   | 600        |
| 90      | Budhu Munda, S/o Sukra                             | -do-        | -do-        | 4.10.15       | IGNOAP         | 300             | 9/15to 10/15 = 2 months  | 600        |
| 91      | Kakila Naik, W/o Anadi                             | -do-        | -do-        | 29.7.15       | IGNOAP         | 300             | 7/15 = 1 month           | 300        |
| 92      | Ketuka Bewa, Ajati                                 | Santarapur  | Banki       | 03.08.15      | IGNOAP/ MBPY   | 300             | 7/15to 11/15 = 5 months  | 1500       |
| 93      | Nimai Ch. Atibudhi, Kashinatha                     | -do-        | -do-        | 27.4.15       | IGNOAP/ MBPY   | 300             | 4/15 to 5/15 = 2 months  | 600        |
| 94      | Ajuti Sahu, Akula                                  | -do-        | -do-        | 10.10.15      | IGNOAP/ MBPY   | 300             | 09/15 = 1 month          | 300        |
| 95      | Jaladhar Maharana, Bula                            | -do-        | -do-        | 25.9.15       | IGNOAP/ MBPY   | 300             | 09/15 = 1 month          | 300        |
| 96      | Labanya Bewa, Damodar                              | -do-        | -do-        | 7.7.15        | IGNOAP/ MBPY   | 300             | 6/15 to 7/15 = 2 months  | 600        |
| 97      | Phula Bewa ( Above 80 years), Siba                 | -do-        | -do-        | 19.08.15      | IGNOAP/ MBPY   | 500             | 8/15 to 10/15 = 3 months | 1500       |
| 98      | Prahalad Samantrya, ( Above 80 years), Rasabalabha | -do-        | -do-        | 19.08.15      | IGNOAP/ MBPY   | 500             | 8/15 to 10/15 = 3 months | 1500       |
| 99      | Kumar Sahoo, ( Above 80 years) , Udaynath          | -do-        | -do-        | 6.7.15        | IGNOAP/ MBPY   | 500             | 06/15 to 08/15= 3 months | 1500       |
| 100     | Dhneswar Swain, ( Above 80 years), Ganapati        | -do-        | -do-        | 31.10.15      | IGNOAP/ MBPY   | 500             | 10/15 to 11/15= 2 months | 1000       |
| 101     | Hulash Bhoi, Benu                                  | Berhampur   | -do-        | 20.10.15      | IGNOAP/ MBPY   | 300             | 10/15 = 1 month          | 300        |
| 102     | Biswonath Muduli, Kritan                           | -do-        | -do-        | 14.07.15      | IGNOAP/ MBPY   | 300             | 6/15 = 1 month           | 300        |
| 103     | Kalandi Behera, Uchhaba                            | -do-        | -do-        | 14.05.15      | IGNOAP/ MBPY   | 300             | 4/15 to 5/15 = 2 months  | 600        |
| 104     | Osha Sahani, Gumani                                | -do-        | -do-        | 23.05.15      | IGNOAP/ MBPY   | 300             | 5/15 = 1 month           | 300        |
| 105     | Lalita Samal, Kambhu                               | -do-        | -do-        | 24.04.15      | IGNOAP/ MBPY   | 300             | 4/15 to 5/15 = 2 months  | 600        |
| 106     | Adhikari Nayak, Markanda                           | Jaganathpur | -do-        | 04.11.15      | IGNOP          | 300             | 10/15 to 11/15=2 months  | 600        |
| 107     | Paluni Bewa ( Above 80 years)                      | -do-        | -do-        | 31.07.15      | IGNOP          | 500             | 7/15 = 1 month           | 500        |
| 108     | Ramesh Majhi,, Gyanendra                           | Goudaguda   | Maikangiri  | 3.2.14        | IGNOAP         | 300             | 1/14to 2/15 = 14 months  | 4200       |
| 109     | Nirmal Mistry, W/o Loknath                         | -do-        | -do-        | 1.8.14        | IGNOAP         | 300             | 7/14to 6/15 = 12 months  | 3600       |
| 110     | Laxman Gauda, Dukra                                | -do-        | -do-        | 17.02.14      | IGNOAP         | 300             | 2/14to 2/15 = 13 months  | 3900       |
| 111     | Hira Majhi, Sukura                                 | Palsa       | Joda        | 8.6.14        | NSAP           | 300             | 5/14 to 1/15 =9 months   | 2700       |
| 112     | Hishi Majhi, Kamhu Ch. Majhi                       | -do-        | -do-        | 19.8.14       | NSAP           | 300             | 8/14 to 9/14 = 2 months  | 600        |
| 113     | Sabitri Lohar, Haladar Lohar                       | -do-        | -do-        | 25.10.14      | NSAP           | 300             | 10/14to12/14= 3 months   | 900        |

**Audit Report (Local Bodies) for the year ended March 2017**

| Sl. No.      | Name of the beneficiary   | Name of GP | Name of P.S | Date of death | Pension scheme | Rate of pension | Period                  | Amount (₹)    |
|--------------|---------------------------|------------|-------------|---------------|----------------|-----------------|-------------------------|---------------|
| 114          | G. Annapurna Tutu, Tandu  | -do-       | -do-        | 17.02.14      | MBPY           | 300             | 2/14to 4/15 = 14 months | 4200          |
| 115          | Sarat Mahakud, Krushna    | Chamakpur  | -do-        | 01.02.15      | IGNOP          | 300             | 1/15 to 2/15 = 2 months | 600           |
| 116          | Lalmohan Naik, Ganeswar   | -do-       | -do-        | 07.02.14      | IGNOP          | 300             | 1/14 to 7/14 = 7 months | 2100          |
| 117          | Sukdev Das, Rangadhara    | -do-       | -do-        | 23.12.14      | IGNOP          | 300             | 12/14 = 1 month         | 300           |
| 118          | Durjadhan Patra, Dhania   | -do-       | -do-        | 24.07.14      | IGNOP          | 300             | 7/14 = 1 month          | 300           |
| 119          | Mirabandhu Naik, Samu     | -do-       | -do-        | 02.07.14      | IGNOP          | 300             | 6/14 to 7/14 = 2 months | 600           |
| 120          | Guru Ch. Barik, Prahallad | -do-       | -do-        | 08.07.14      | IGNOP          | 300             | 6/14 to 7/14 = 2 months | 600           |
| 121          | Bimal Mohanta             | Soso       | Bahelda     | 15.11.14      | MBPY/ OAP      | 300             | 1/14to1/15=1.3months    | 3900          |
| 122          | Dulari Mohanta            | -do-       | -do-        | 12.11.14      | MBPY/ OAP      | 300             | 10/14 to 8/15=11months  | 3300          |
| 123          | Baleswari Giri            | -do-       | -do-        | 22.05.15      | IGNOAP         | 300             | 5/15to 10/15 = 6 months | 1800          |
| 124          | Chanda Karua              | -do-       | -do-        | 19.06.15      | IGNOAP         | 300             | 6/15to 09/15 = 4 months | 1200          |
| 125          | Sashibhusan Barik         | -do-       | -do-        | 17.06.15      | IGNOAP         | 300             | 6/15to 10/15 = 5 months | 1500          |
| 126          | Malha Majhi               | -do-       | -do-        | 30.11.15      | IGNOAP         | 300             | 11/15to 1/16 = 3 months | 900           |
| 127          | Sagar Tipiriga            | -do-       | -do-        | 20.03.15      | IGNOAP         | 300             | 03/15to10/15= 8 months  | 2400          |
| <b>TOTAL</b> |                           |            |             |               |                |                 |                         | <b>175700</b> |

**Appendix 5.1**  
**(Refer Paragraph No. 5.1.3.5)**

**Statement showing DUs not feasible for construction in BeMC under RAY project**

| Sl. No.      | No. of the DPR | Name of the site   | No. of DUs not feasible for construction |            | Estimated rate per DU (₹ in lakh) |        |            | Reasons stated by BeMC for not feasible for construction |  |
|--------------|----------------|--|--|------------|-----------------------------------|--------|------------|--|--|
|              |                |  | New DU                                   | Individual | Total                             | New DU | Individual |  | Total  |
| 1            | 2              | Utaramukhi, Phase-2  | 160                                      | 0          | 160                               | 2.99   | 0          | 478.40   | Hon'ble High Court in WP (C) No. 16081/2016, directed not be evicted without following due process of law  |
| 2            | 3              | Jagabandhu huda and Harizana Colony                                      | 96                                       | 0          | 96                                | 3.27   | 0          | 313.92   | No land available. Beneficiaries are not willing to shift to other locations and beneficiaries are not willing for multi-storied building.   |
| 3            | 5              | Panda Colony and Baiji Pentha  | 208                                      | 0          | 208                               | 2.91   | 0          | 605.28   | "Status quo" passed by the Hon'ble High Court in WP (C) No.16740 to 16747 of 2012 and pucca and semi-pucca buildings have been constructed by the beneficiaries which is not slum characteristics                                |
| 4            | 6              | Phase-VI   | 0  | 474        | 474                               | 0      | 3.12       | 1478.88  | The agency has agreed to executive only 122 individual houses...   |
| 5            | 7              | Gate Bazar Canal Street, Jagli Street, Dandashi Street and Mocchi street | 176                                      | 66         | 242                               | 3.12   | 3.12       | 755.04   | Beneficiaries are not willing for multi-storied building. Pucca houses with RoR stands recorded in the name of the beneficiaries and the agency disagree to discharge individual houses.   |
| 6            | 8              | Laxmi Nagar, Chanchada pathar, Ram Nagar Odia street and Military padia  | 332                                      | 280        | 612                               | 3.58   | 3.58       | 2190.96  | Hon'ble High Court in WP (C) No. 16327/2016, not be evicted without following due process of law. Pucca houses with RoR stands recorded in the name of the beneficiaries and the agency disagree to discharge individual houses. |
| 7            | 9              | Panakhalli, Dandshi Street, Mukteswar Temple and Harihara Nagar          | 232                                      | 114        | 346                               | 3.58   | 3.58       | 1238.68  | Land belongs to Medical college, Pucca houses with RoR stands recorded in the name of the beneficiaries and the agency agree to execute only 59 nos. out of individual houses.   |
| <b>Total</b> |                |  | <b>1204</b>                              | <b>936</b> | <b>2138</b>                       |        |            | <b>7061.16</b>   |  |

(Source: Records of BeMC)

Appendix 5.2  
(Refer Paragraph No.5.2.4.1)

Statement showing receipt and utilisation of funds under SBM at test checked ULBs

(₹ in lakh)

| Component     | Pattamundai municipality |                          | Pipli NAC      |                          | Puri municipality |                          | Ranpur NAC     |                          | Sambalpur MC   |                         | Total funds received | Total expenditure      |
|---------------|--------------------------|--------------------------|----------------|--------------------------|-------------------|--------------------------|----------------|--------------------------|----------------|-------------------------|----------------------|------------------------|
|               | Funds received           | Expenditure              | Funds received | Expenditure              | Funds received    | Expenditure              | Funds received | Expenditure              | Funds received | Expenditure             |                      |                        |
| IHHL          | 105.47                   | 28.80                    | 41.45          | 9.75                     | 186.40            | 143.72                   | 23.60          | 10.40                    | 503.52         | 2.28                    | 860.44               | 194.95                 |
| CT/PT         | 13.98                    | 0                        | 4.88           | 2.82                     | 19.50             | 0                        | 0              | 0                        | 13.00          | 5.2                     | 51.36                | 8.02                   |
| IEC & PA      | 5.10                     | 1.10                     | 1.97           | 0                        | 11.73             | 5.74                     | 0.95           | 0.30                     | 20.36          | 6.87                    | 40.11                | 14.01                  |
| CB and A & OA | 1.27                     | 0.27                     | 0.49           | 0                        | 2.18              | 42.05                    | 0.24           | 0.20                     | 5.09           | 0                       | 9.27                 | 42.52                  |
| SWM           | 0                        | 0                        | 0              | 0                        | 0                 | 0                        | 0              | 0                        | 0              | 0                       | 0                    | 0                      |
| <b>Total</b>  | <b>125.82</b>            | <b>30.17</b><br>(23.98%) | <b>48.79</b>   | <b>12.57</b><br>(25.76%) | <b>219.81</b>     | <b>191.51</b><br>(87.3%) | <b>24.79</b>   | <b>10.90</b><br>(43.97%) | <b>541.97</b>  | <b>14.35</b><br>(2.65%) | <b>961.18</b>        | <b>259.50</b><br>(27%) |

(Source: Information furnished by HUDD and five test checked ULBs)



# Glossary of Abbreviations



### Glossary of Abbreviations

|             |  |
|-------------|--|
| AAP         | Annual Action Plan                                       |
| ADH         | Assistant Directors of Horticulture                      |
| AE          | Administrative Expense                                   |
| APO         | Additional Programme Officer                             |
| BDA         | Bhubaneswar Development Authority                        |
| BDO         | Block Development Officer                                |
| BeMC        | Berhampur Municipal Corporation                          |
| BMC         | Bhubaneswar Municipal Corporation                        |
| BNRGSK      | Bharat Nirman Rajiv Gandhi Seva Kendra                   |
| BRCMS       | Bhubaneswar Regional Co-operative Marketing Society      |
| CB          | Closing Balance  |
| CB and A&OE | Capacity Building and Administrative and Office Expenses |
| CE          | Chief Engineer   |
| CHC         | Community Health Centre                                  |
| CLTCs       | City Level Technical Cells                               |
| CMC         | Cuttack Municipal Corporation                            |
| CSMC        | Central Sanctioning and Monitoring Committee             |
| CSPs        | City Level Sanitation Plans                              |
| CT          | Community Toilet   |
| D2D         | Door to Door   |
| DD          | Days of Delay  |
| DDH         | Deputy Director of Horticulture                          |
| DDO         | Drawing and Disbursing Officer                           |
| DLCC        | District Level Convergence Committee                     |
| DLRMC       | District Level Review & Monitoring Committee             |
| DOs         | Disbursing Officers                                      |
| DPC         | District Programme Co-ordinator                          |
| DPR         | Detailed Project Report                                  |
| DRDA        | District Rural Development Agency                        |
| DUs         | Dwelling Units   |
| EO          | Executive Officer  |
| EWS         | Economically Weaker Section                              |
| FD          | Finance Department                                       |
| FTO         | Fund Transfer Order                                      |
| GIS         | Geographical Information System                          |
| GoI         | Government of India                                      |
| GoO         | Government of Odisha                                     |
| GP          | Gram Panchayat   |
| GPEO        | Gram Panchayat Extension Officer                         |
| GRS         | Gram Rozgar Sevak  |
| H&UDD       | Housing and Urban Development Department                 |
| HHs         | House Holds  |
| HPC         | High Power Committee                                     |
| HSY         | Harischandra Sahayata Yojana                             |
| HT          | Hybrid Toilets   |

|         |   |
|---------|---|
| IEC&PA  | Information Education Communication and Public Awareness        |
| IHHL    | Individual House Hold Latrine                                   |
| JE      | Junior Engineer   |
| AE      | Assistant Engineer  |
| JMD     | Joint Mission Director  |
| JnNURM  | Jawaharlal Nehru National Urban Renewal Mission                 |
| JPI     | Joint Physical Inspection                                       |
| LIG     | Lower Income Group  |
| MB      | Measurement Book  |
| MBPY    | Madhu Babu Pension Yojana                                       |
| MgA     | MGNREGS Assistants  |
| MGNREGA | Mahatma Gandhi National Rural Employment Guarantee Act          |
| MGNREGS | Mahatma Gandhi National Rural Employment Guarantee Scheme       |
| MIS     | Management Information System                                   |
| MoA     | Memorandum of Agreement   |
| MoHUPA  | Ministry of Housing & Urban Poverty Alleviation                 |
| MoRD    | Ministry of Rural Development                                   |
| MoUD    | Ministry of Urban Development                                   |
| MR      | Muster Roll   |
| NAC     | Notified Area Council   |
| NBCC    | National Buildings Construction Corporation Limited             |
| NESCO   | North Eastern Electricity Supply Company of Odisha              |
| NSAP    | National Social Assistance Programme                            |
| OAP     | Old Age Pension   |
| OB      | Opening Balance   |
| OCCL    | Odisha Construction Corporation Limited                         |
| OD      | Open Defecation   |
| ODF     | Open Defecation Free  |
| ODP     | Odisha Disabled Pension   |
| OGFR    | Orissa General Financial Rules                                  |
| OMEGA   | Odisha Modernising Economy, Governance and Administration       |
| OPSAP   | Orissa Panchayat Samiti Accounting Procedure                    |
| OPWD    | Odisha Public Works Department                                  |
| OREGC   | Orissa Rural Employment Guarantee Council                       |
| OSSAAT  | Odisha Society for Social Audit Accountability and Transparency |
| OTC     | Odisha Treasury Code  |
| OUHM    | Odisha Urban Housing Mission                                    |
| OWSSB   | Odisha Water Supply and Sewerage Board                          |
| PDS     | Public Distribution System                                      |
| PEO     | Panchayat Executive Officer                                     |
| PIUs    | Programme Implementation Units                                  |
| PMAY    | Pradhan Mantri Awaas Yojana                                     |
| PMU     | Project Management Unit   |
| PO      | Programme Officer   |
| PR      | Panchayati Raj  |

|        |  |
|--------|--|
| PR&DWD | Panchayat Raj and Drinking Water Department                          |
| PS     | Panchayat Samiti   |
| PT     | Public Toilet  |
| RAB    | Running Account Bills  |
| RAY    | Rajiv Awas Yojana  |
| REPL   | M/s Rudrabhisek Enterprises Private Limited                          |
| RFP    | Request for Proposal   |
| RMC    | Rourkela Municipal Corporation                                       |
| RoR    | Records of Right   |
| RSBY   | Rashtriya Swasthya Bima Yojana                                       |
| SAU    | Social Audit Unit  |
| SBM    | Swachh Bharat Mission  |
| SEGC   | State Employment Guarantee Council                                   |
| SEGF   | State Employment Guarantee Fund                                      |
| SFC    | State Finance Commission   |
| SFCPoA | Slum Free City Plan of Action  |
| SGSY   | Swarnjayanti Gram Swarozgar Yojana                                   |
| SLNA   | State Level Nodal Agency   |
| SLSC   | State Level Steering Committee                                       |
| SLSMC  | State Level Sanctioning and Monitoring Committee                     |
| SLVMC  | State Level Vigilance and Monitoring Committee                       |
| SLTC   | State Level Technical Cell   |
| SMD    | State Mission Director   |
| SPCB   | State Pollution Control Board  |
| SRSWOR | Stratified Random Sampling Without Replacement method                |
| STEP   | Special Thrust for Empowerment of Primitive vulnerable tribal groups |
| SWM    | Solid Waste Management   |
| TFC    | Thirteenth Finance Commission  |
| TIN    | Tax Index Number   |
| TPIMA  | Third Party Inspection and Monitoring Agencies                       |
| ULB    | Urban Local Body   |
| VLMC   | Village Level Monitoring Committee                                   |





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