

CHAPTER-II

Compliance Audit

Compliance audit of Departments of Government and their field formations brought out certain instances of lapses in management of resources. There was failure in observance of regularity and propriety. Significant observations have been discussed in the succeeding paragraphs.

FOREST AND ENVIRONMENT DEPARTMENT

2.1 *Net Present Value for diversion of forest land was not levied*

Divisional Forest Officer failed to levy the applicable and due Net Present Value for diversion of forest land falling within the protected areas. No prior approval of National Board for Wildlife and prior leave of the Hon'ble Supreme Court were obtained. Also, ₹3.38 crore remained unrealised

As per orders (May 2008) of the Hon'ble Supreme Court of India, use of forest land falling within wildlife Sanctuaries will be permissible only in totally unavoidable circumstances for public interest projects and after obtaining permission from Hon'ble Supreme Court. An amount equal to five times of Net Present value (NPV) payable for such areas may be made while applying for diversion. Further, Ministry of Environment, Forest and Climate Change ordered (August 2015) that use of forest land in protected areas requires prior approval of National Board for Wildlife and prior leave of the Hon'ble Supreme Court. The Principal Chief Conservator of Forests (PCCF) had also instructed (December 2011) all the Divisional Forest Officers (DFOs) that diversion of forest land up to one hectare was allowed for facilities managed by Government provided that the land was outside the protected areas. Projects of setting up Electricity Distribution line up to 22 KV in rural areas would be exempted up to one hectare (ha) of forest land only if the area is outside National Park/Sanctuary.

On scrutiny of records (March 2018) of Divisional Forest Officer (DFO), Mahanadi Wildlife Division, Nayagarh, it was revealed that the Executive Engineer (Electrical), Boudh and the Manager (Electrical), Central Electricity Supply Utility (CESU), Nayagarh Electrical Division, Nayagarh had applied for diversion of forest land for execution of electrification of villages. This project included scattered areas under forest land of total 10.796 hectare falling in three⁹⁷ different protected areas. The diversion proposal for the above project was, however, approved by the above DFO in violation of the above mentioned mandatory provisions. The proposal was neither sent to obtain approval of National Board of Wildlife nor of the Hon'ble Supreme Court. Further, no demand for payment of NPV was raised even though the land was falling within the protected area. As a result, a sum of ₹3.38 crore⁹⁸ equal to five times of NPV remained unrealised.

⁹⁷ Baisipalli Sanctuary, Satkosia Tiger Reserve area under Banigochha (West) Range and Satkosia Gorge Sanctuary under Kusanga Wildlife Range.

⁹⁸ 10.796 hectare × ₹6.26 lakh × 5

The DFO, Mahanadi Wildlife Division stated (March 2018) that the DFO was empowered to approve the proposal as the land area diverted in each village were less than one hectare and the villages were not compact and contiguous and were situated in different localities. The fact however, remained that all these small areas were part of three Sanctuaries/protected areas and DFO was not empowered to approve diversion even if the area was less than one hectare. Prior approval of National Board for Wildlife and prior leave of the Hon'ble Supreme Court were to be obtained after levying five times of NPV as per orders of apex court from the user agencies.

The matter was reported (July 2019) to Government, their reply is awaited.

DEPARTMENT OF WATER RESOURCES

2.2 Avoidable expenditure

Provision of additional layer of cement concrete of 150 mm in the canal bed over and above the required 75 mm cement concrete was in deviation from Indian Standard and it led to avoidable expenditure of ₹14.48 crore

Bureau of Indian Standards prescribed Standard (IS 3873:1993) for laying cement concrete/stone lining on canals. As per para 5.2 of the above standard, thickness of lining varies according to capacity and depth of water in the canal. As compared to above standard, the thickness of concrete lining provided in estimates for 15 canal works are given in the table below.

Table: 2.1 Details of capacity of canals

Sl No	Capacity of canals in cumecs	Depth of water in the canal in meter	Thickness of lining required as per standard in mm (CCM-15)	No of canal works	Estimated provision for cement concrete lining in mm	Excess provision in mm
1	0-5	0-1	50-60	12	75 mm CCM15 + additional layer of 150 mm CCM10	Additional layer of 150 mm CCM10 along with 15 mm excess cc lining of CCM 15
2	5-50	1-2.5	60-75	3	75mm CCM15 + additional layer of 150 mm CM10	Additional layer of 150 mm CCM10

(Source: - Estimates submitted by EEs of DOWR)

During review of records of Berhampur Irrigation Division, it was seen that estimates for 15 works relating to improvement of canal system were sanctioned by Chief Engineers/Superintending Engineers for ₹61.30 crore. The works were awarded for ₹57.69 crore between May 2014 and September 2017 for completion between October 2015 and July 2018. As of March 2018, the works were in progress and the contractors were paid ₹47.77 crore. The works *inter-alia* provided for canal lining in cement concrete of M15 grade for bed lining. The discharge capacities of all the canal systems ranged from 0.06 to 10.38 cumecs.

It was observed from the above table that provision for cement concrete lining was in excess of requirement as per standard. It was further observed from the estimates that instead of limiting to the requirement of providing 60/75 mm thick of bed lining cement concrete of M15, provision was made for another 150 mm thick concrete lining of M10/M15 grade over the compacted sub-grade. The above provision of additional concrete lining was in deviation of

the Indian standard and it led to avoidable cost of ₹15.52 crore at estimate stage. Considering the bids received being higher or lower than the estimates, the avoidable expenditure worked out to ₹14.48 crore vide details in *Annexure-8*.

On this being pointed out, Government stated (June 2018) that the works were taken up under NABARD assistance. The DPR had been prepared and approved by Technical Advisory Committee which was agreed by NABARD. It was, further stated that the concrete lining of two vertical walls on both sides of embankment and 150 mm thick base course had been adopted considering the soil strata in order to reduce the seepage losses as well as for stability and durability.

The fact remains that BIS (IS 3873: 1993) code specifies that the requirement of concrete for canals 0-5 cumecs discharge capacity was only 50-60 mm and for canals with 5-50 cumecs discharge capacity, concrete requirement was only 60-75 mm. The durability and stability factors were considered by BIS while recommending the above thickness. Considering the soil strata, the department had also provided 150 mm thickness of sand layer below the cement concrete lining as per the BIS. Thus, provision of one additional layer of concrete was unwarranted.

2.3 Unfruitful expenditure

Execution of project without ensuring availability of water led to unfruitful expenditure of ₹33.22 crore

Extension, modernisation and rehabilitation of Gohira Irrigation Project was taken up to provide irrigation to 8100 ha (100 per cent in kharif⁹⁹ and 70 per cent in rabi¹⁰⁰). The works were executed in seven packages between November 2010 and September 2012 for ₹22.62 crore for completion between November 2012 and March 2014 under Odisha Integrated Irrigated Water Management Investment Programme. The works were completed between November 2012 and January 2015 and the contractors were paid ₹28.06 crore as there were deviations in quantities. Further, 71 out of 120 watercourses were constructed between July 2013 and September 2014 at a cost of ₹5.16 crore for distribution of water to tail end of the command area.

As per Para 3.4.19 (2) (a) of OPWD code, detailed project report should contemplate source of water, quantity of water available at different periods of the year and quantity proposed to be utilised. It was observed (March 2018) from the status report of Gohira Irrigation Project that just before the above works were taken up, no water was available for Rabi crop during 2009-11. Further, during 2011-15, the supply of water to command area



Gohira Irrigation Project (Photograph taken during Rabi Season)

⁹⁹ Kharif cropping seasons from July to October during monsoon period rarely required for dam/canal water

¹⁰⁰ Rabi cropping season from October to March

ranged from 550 to 4,309 ha against the projected 5,700 ha (70 per cent of 8100 ha) indicating scarcity of water in the dam. Again, the dam was dry during 2016-18. Thus, execution of project without pre-construction survey and investigation for availability of water led to unfruitful expenditure of ₹33.22 crore.

The Government accepted the factual position and stated (October 2018) that the situation was to be taken care of by substituting alternative cropping in consultation with Pani panchayats.

DEPARTMENT OF AGRICULTURE AND FARMERS' EMPOWERMENT

Department of Agriculture and Cooperation (DAC), Ministry of Agriculture, Government of India (GoI) launched Rashtriya Krishi Vikas Yojana (RKVY) since 2007-2008. Under Stream-I¹⁰¹ of RKVY Guideline 2007, strengthening of market infrastructure and marketing development was specified as a project based item of work. A State Level Sanctioning Committee (SLSC) headed by the Chief Secretary of the State is the Authority to sanction specific projects under the Stream-I. Agriculture and Farmers' Empowerment Department is the nodal department for the implementation of the scheme. For administrative convenience and ease of implementation, State Government identified different line departments for implementing the scheme as Implementing Agencies.

Audit check of records revealed the following:

2.4 Modern Market Yards of Agricultural Produce

Investment of ₹3.50 crore in construction of Modern Market Yards remain idle

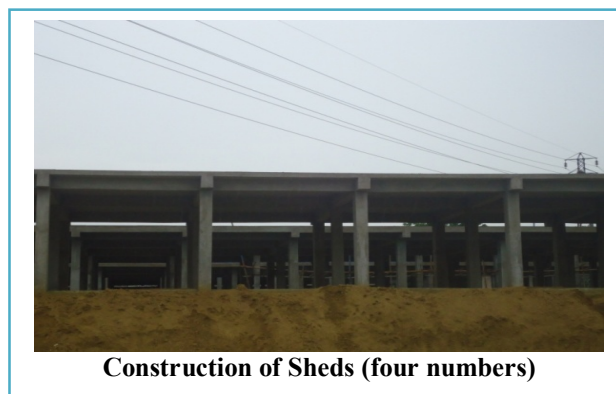
Under Marketing and Post Harvest Management Sector, the project, "Modern Market Yards of Agriculture Produce in Takatpur, Baripada" was sanctioned (November 2013) by State Level Sanctioning Committee (SLSC) for ₹6.65 crore for completion within one year. The basic objective of the project was to ensure reasonable gain to the farmers by creating environment in market for fair play of supply and demand forces, regulate markets practices and attain transparency in transaction. The project comprised construction of market sheds, soil testing laboratory, assembling platform, internal and external concrete roads, farmer rest shed and godowns etc. The nodal department released ₹3.50 crore between December 2013 and September 2017 to the Odisha State Agricultural Marketing Board, which has been spent (March 2018) for execution of the project.

Test-check of records showed that the Executive Engineer, Odisha State Agricultural Marketing (OSAM) Board had visited (December 2014) the site and found that 33 KV electric lines were passing over the earmarked site. The Executive Engineer instructed to the Secretary, RMC Baripada that the work should not be executed unless the electric lines were shifted. The project work was, however, awarded (May 2015) to a contractor without shifting the high power electric lines. During execution of the work, two electric accidents occurred (June 2016) on the site and one person died. On the ground of public

¹⁰¹ Stream-I projects were specified in para 4 of the RKVY Guideline 2007.

resentment and life risk for working labourers and trespassers, the work was stopped.

During joint physical inspection (21 June 2018) of the site by Audit Team with Secretary of Regulated Marketing Committee, it was seen that a high tension electric line was not shifted and the work also remained incomplete. Four out of 12 market sheds had been constructed under that high power line. Hence, these completed sheds could not be put to use. The other components¹⁰² were also not completed. Thus, the investment of ₹3.50 crore remained idle.



Construction of Sheds (four numbers)

The matter was reported (September 2018) to the Government, their reply was awaited (January 2019).

2.5 Creation of Assets

Farmers were deprived from the benefits of Integrated Floricultural Market Project due to shortfall in achievement

Integrated development of floricultural market at Bhubaneswar

For providing benefits *viz* (i) platform for organised marketing, (ii) expansion of area under floriculture and (iii) premium price to farmers in the peripherals of Bhubaneswar, the State Level Sanctioning Committee (SLSC) sanctioned (November 2013) under RKVY scheme the integrated development of floriculture market project at Bhubaneswar for ₹0.65 crore under Horticulture sector for completion by March 2014. The entire fund for the project was released (October 2013/May 2015). The project work was to be executed at Kusum Batika in Bhubaneswar. Director of Horticulture did not execute any work at the proposed site. After lapse of four years, the Director of Horticulture proposed (July 2017) to shift the site from Kusum Batika to Ekamrakanan Farm on the plea that the new site would be more suitable from commercial point of view. No justification for commercial suitability of the second proposed site was found on record. The SLSC allowed (October 2017) the change of site. Despite the change of site, the execution of the project has not started (June 2018). The UC for the entire amount was, however, furnished in July 2015, when the funds were released and yet to be expended, which was highly irregular. No departmental action was taken for the lapses.

Despite funds and appropriate site being available, no market facilities had come up. This resulted in denial of benefits to the farmers.

The Special Secretary during exit conference accepted the fact and stated (November 2018) that UC for committed amount was submitted.

¹⁰² Soil testing laboratory, assembling platform, internal and external concrete road, farmer rest shed and godowns etc.

2.6 Utilisation certificates

Utilisation Certificates to the tune of ₹275.27 crore were submitted to the GoI without incurring the expenditure

For RKVY projects, GoI provided 100 *per cent* grants to the States up to 2014-15. From the year 2015-16, the funding was shared by GoI and GoO on 60:40 basis. As per RKVY Guidelines, the nodal department (Department of Agriculture and Farmers' Empowerment) is responsible for management of funds received from the Central and State Government and disbursement of funds to the implementing agencies along with furnishing of UC to the DAC/GoI. Details regarding submission of UCs by GoO to GoI relating to the period from 2013-14 to 2017-18 are given below:

Table No: 2.2 Details of submission of UC

(₹ in crore)

Year	GoI share released	Total funds released to Implementing Agencies by GoO	UCs submitted during						Total UCs Submitted	UCs Pending
			2013-14	2014-15	2015-16	2016-17	2017-18	2018-19 Up to June 2018		
2013-14	529.42	555.00	282.62	246.80	0	0	0	0	529.42	
2014-15	482.07	504.13	-	178.50	298.27	5.30	0	0	482.07	
2015-16	292.36	492.08	-	-	195.33	282.95	8.97	0	487.25	4.83
2016-17	334.91	558.18	-	-	-	213.48	314.97	5.99	534.45	23.73
2017-18	174.41	312.37	-	-	-	-	155.89	74.52	230.41	81.96
Total	1813.17	2421.76							2263.60	110.52

(Source: Data compiled from the records of the Department)

❖ Submission of UC without actual expenditure

It was noticed from the records that UC for ₹110.52 crore was pending for submission by the GoO to the GoI as of March 2018. Audit, however, found that in 15 out of 30 districts, an amount of ₹385.79 crore out of RKVY funds was lying unspent with the Implementing Agencies¹⁰³. The above facts indicated that UCs to the tune of ₹275.27 (₹385.79 - ₹110.52) crore were submitted to the GoI without incurring the expenditure which was highly irregular.

The Government accepted the fact and stated (November 2018) that after audit observation, nodal department has started taking action by increasing field visit, issuing show cause notices to erring officials and deploying third party evaluation for transparency and efficiency.

❖ Submission of UCs for projects dropped/not-started

Two¹⁰⁴ projects were sanctioned (June/November 2013) by SLSC for ₹1.38 crore to be implemented by the Director of Horticulture. Funds for entire

¹⁰³ 120 agencies under the RKVY scheme

¹⁰⁴ Establishment of training Centre for Horticulture farmers in tribal areas of Kashipur (₹ 73.50 lakh) was to create a trained manpower among the tribal population of Rayagada well versed with the basic and scientific cultivation technologies in horticulture, and Integrated development of floriculture market at Unit-IX, Kusum Batika Bhubaneswar (₹ 64.86 lakh) was to provide facilities for trading of flowers and basic marketing infrastructure for post harvest management.


project cost were also released to the Director, Horticulture during September 2013 to May 2014.

It was noticed that the Project for Establishment of training Centre for Horticulture in Kashipur was dropped (March 2016) due to presence of another horticulture training centre there. Another project “Integrated Development of Floriculture Market at Bhubaneswar” could not be started due to a change of site. The entire funds released remained idle with the Director of Horticulture being the Implementing Agency. The UCs for the released funds in respect of the above two projects had however been submitted to GoI between October 2014/July 2015 which was highly irregular.

The Director, Horticulture (July 2018) stated that ₹0.74 crore released for the training centre was refunded to Institute on Management of Agricultural Extension¹⁰⁵ (IMAGE), though, UC was issued provisionally.

In respect of Floriculture market, the Special Secretary to Government stated that UC for committed amount was submitted. The above confirms the fact, that the UCs were submitted without actual expenditure.

Bhubaneswar
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¹⁰⁵ IMAGE is the State Nodal Agency, responsible for Management of funds received from the Central, and State Government and disbursement of the funds to the Implementing Agencies under RKVY.