

# **APPENDICES**



## Appendix-I

(Refer paragraph 4.5 at page 51)

## Statement showing issues on industries utilizing water from irrigation source

Sl. No	Name of the Project	Nature of discrepancies	Impact on discrepancies
1	RLBC	Odisha Irrigation Rule stipulates that if payment of water tax was delayed, interest at two <i>per cent</i> per month was to be levied for the delayed payment. CE & BM, Brahmani Left Basin, Samal entered in to an agreement (May 2006) with Odisha Power Consortium Limited (OPCL) for drawal of 260 cumecs of water at 110 m downstream of the left head regulator of Samal Barrage for a period of 30 years with payment of water rate at ₹60 per one lakh gallon.	The agency had drawn 49.38 lakh gallon of water from October 2009 to September 2010 but water rate and interest thereon at two <i>per cent</i> per month amounting to ₹246.14 crore was not recovered from the agency (August 2019).  Government stated that proposal of OPCL to waive out of water cess/ charges for the period from October 2009 to September 2010 has not been finalised yet. Demand notices are served as per Odisha Irrigation Amendment Rules, 2010.
2	RLBC	As per Rule 23-A of Orissa Irrigation (Amendment) Rules 2010 water tax at ₹5.60 per unit was to be collected for drawal of water from Irrigation source. The water rate shall be enhanced at 10 <i>per cent</i> per annum from 1 April each year with effect from April 2016. Three industrial units <sup>36</sup> were drawing water from Samal barrage and paying water tax at ₹5.60 per unit. As per the revised order, the unit price of the water shall be ₹6.16/6.78/7.46 per unit from 1 April 2017/1 April 2018/1 April 2019 respectively.	The division had recovered at ₹6.16 per unit during 2017-18, but during 2018-20 water rate was recovered at ₹6.72 and ₹7.28 instead of ₹6.78 and ₹7.46 per unit. This led to short recovery of water rate of ₹2.40 crore towards drawal of 2,398.50 lakh unit of water during 2018-20 (September 2019).  Government stated in reply that the EE, charged water taxes as per Odisha Irrigation (Amendment) Rules 2010 and its successive amendments from time to time. The reply is not acceptable since the Gazette notification provided for enhancement of water tax at 10 <i>per cent</i> per annum on the prevailing water rate, but the EE recovered at lesser rates.
3	RLBC	Due to non-achievement of designed ayacut of RRBC/RLBC the Samal barrage water was diverted to the river Brahmani resulting in availability of water in its downstream. So water drawn from the downstream should be treated as irrigation source and water rate levied at ₹5.60 per 1000 cum.	Three industries <sup>37</sup> were drawing water for 739.10 lakh cum per year from the downstream but paying water tax at ₹4.50 per cum as against the irrigation rate of ₹5.60 per cum leading to short recovery of water tax of ₹43.54 crore.  Government stated that the classification of water source and recovery of water rate were finalised by Government and the EE had raised demand notices accordingly. The reply is not acceptable as the water diverted from Samal barrage was drawn by industries. Hence, the source should be treated as irrigation source.

<sup>36</sup> National Thermal Power Corporation (NTPC), Jindal India Thermal Power Limited (JITPL) and Jindal Steel and Power Limited (JSPL)

<sup>37</sup> National Aluminium Company (NALCO), Talcher Thermal Power Station (TTPS) and Mahanadi Coalfields Limited (MCL)

Sl. No	Name of the Project	Nature of discrepancies	Impact on discrepancies
4	RLBC	Irrigation rule stipulates that the industries drawing water should execute agreement with the EE and install a flow meter in support of the actual drawal of water failing which six times the water rate should be collected.	<p>Contrary to the above, one industry<sup>38</sup> was drawing water for 47.696 cumecs without executing agreement and without installation of flow meter. But six times penalty of ₹505.08 crore was not recovered during 2014-19.</p> <p>Government did not furnish any specific reply on non-execution of agreement and non-installation of flow meter.</p>
5	RLBC	Irrigation Rules provided that the water rate is to be recovered from the industrial units drawing water. In case of default in payment, compounded interest at two <i>per cent</i> per month was to be recovered along with the principal. An industry <sup>39</sup> was drawing 47.696 cusecs of water from 1999 and was not paying the water rate despite issue of demand notice regularly.	<p>Against total water charges of ₹697.32 crore, the Government however waived the interest of ₹644.67 crore and mutually settled for payment of ₹52.65 crore in March 2018 resulting in loss of Government revenue for ₹644.67 crore which was in contravention of Irrigation Rule.</p> <p>The compound interest are to be collected after getting subsequent orders from Hon'ble Court as the matters are sub-judice and pending at Hon'ble High Court of Odisha.</p>

<sup>38</sup> NALCO  
<sup>39</sup> NALCO

**Appendix-II**  
**(Refer paragraph 5.5 at page 55)**  
**Statement showing other irregularities noticed in Contract Management**

Sl. No	Name of projects	Extra cost (₹in crore)	Irregularities noticed
<b>Irregularities noticed in tenders</b>			
1	SIP	1.46	<p>In the works Construction of Spillway of Haldia Dam of SIP tender was called by OCC for ₹134.71 crore in stead of the value of work proper of ₹133.38 crore which led to extra cost considering corporation charges.</p> <p>Government stated that the tender for the work has been invited for ₹133.38 Crore excluding contingency charges. This was factually incorrect as tender was called for ₹134.71 crore.</p>
2	RRBC	50.01	<p>The EE, RRBC awarded a work of right bank canal from RD. 86 Km to 89 Km to a contractor for ₹43.55 crore. The department closed the contract (June 2000) after executing work for ₹7.70 crore including equipment advance of ₹1.53 crore without attributing any reason. The contractor filed a case in June 2000 itself in the Hon'ble High Court of Odisha who gave verdict in favour of the contractor. However, the contractor did not resume the work. The department executed the balance works through another contractor at a higher cost leading to extra expenditure of ₹50.01crore.</p> <p>Government stated that as the scope of the work was changed, the contract was closed and retendered. The reply is not acceptable as extra expenditure could have been avoided had the contract was continued with the quoted item rate.</p>
3	LIIP	15.66	<p>Central Vigilance Commission instructed (January 2009) to follow a fair, transparent and open tendering procedure. Contrary to the above provisions, the EE, LIIP awarded three irrigation canal works<sup>40</sup> to OCC at a cost of ₹60.12 crore between May 2016 and August 2016 at a tender premium of 15.49 to 23.19 <i>per cent</i>. Audit observed that during 2014-18, Canal lining works were awarded to contractors at 14.99 <i>per cent</i> less than the estimated cost. Direct entrustment of work to OCC led to extra cost.</p> <p>Government stated that the works were awarded to OCC to avoid delay in tender procedure and early completion. The reply is not acceptable as the project remained incomplete as of March, 2019 even after award of works to OCC at much higher rates in comparision to other works which were awarded to private contractors.</p>
<b>Extra cost due to provision of excess lead</b>			
1	SIP	15.56	<p>In construction of Haldia dam and construction of Baisinga Feeder cum link Canal of SIP, the EE provided 12 km and five Km lead for burrow earth/ disposal of earth instead of seven kms/one kms respectively. Similarly in two works i.e. (i) Restoration of SMC from 7.95 Km to 8.84 Km and construction of spillway of Haldia Dam of SIP, the EE allowed transportation of sand with lead ranging from 24 to 27 Km against 11 to 24 Km which led to extra expenditure of ₹15.56 crore.</p> <p>Government stated that though earth was available within seven km lead it was not suitable for utilising in the earth dam section. The reply is not acceptable as the earth from seven Km was already</p>

<sup>40</sup> Construction of balance work of (i) Bangomunda Branch Canal, (ii) Construction of CC lining of Khariar distributaries and (iii) construction of balance work of LMC from RD.20 km to 29 km.

Sl. No	Name of projects	Extra cost (₹ in crore)	Irregularities noticed
			utilized in the earth dam.
2	RRBC	16.78	In the work of "Excavation of Right Bank Canal from RD. 83.60 to RD. 89.50 km" the excavated materials were dumped in the embankment but lead for disposal was provided ranging between one to five km at ₹72 and ₹97.40 per cum instead of ₹51.40 per cum. Similarly, for DI (dis integrated) rock the lead was provided from three to five km at ₹120.80 and ₹138.25 per cum instead of ₹66.02 per cum. This resulted in extra cost of ₹16.78 crore. Government accepted that a part of excavated earth had been deposited on canal bank. However, due to huge quantity of the excavated materials, an initial lead of 5 km was provided in the estimate for its disposal. The reply was not acceptable as the EE was required to prepare the estimate economically as per OPWD code and the contractor would have quoted his rate as per site condition. Besides, the EE was required to ensure the lead before payment.
<b>Extra Cost due to Non-adoption of Schedule of Rates/Analysis of Rates</b>			
1	SIP	3.71	Analysis of Rate (AoR) for special items of irrigation works provided for use of sheep foot roller for compaction of earth in dam and canal embankment at ₹77.58 per hour for compaction of 100 cum. In respect of 19 works while preparing the estimates, the divisions adopted vibratory road roller at ₹994 per hour for compaction of 100 cum for execution of 34.04 lakh cum of earth in the embankment which led to extra cost of ₹3.71 crore Government stated that Vibratory Roller has been adopted for 98 per cent compaction. The reply is not acceptable as the AoR provided for sheep foot roller for compaction of earth in irrigation works.
2	RLBC	17.86	As per SoR, the rate of stone should be taken as basic cost plus cost of transportation from the quarry to work site. Audit noticed that the EE, RLBC recovered only the cost of stone for 4.99 lakh cum in two works <sup>41</sup> issued to the contractor. Thus, non realisation of cost of transportation charges led to short recovery of ₹17.86 crore at ₹358 per cum.
3	SIP/LIIP	10.97	Mechanical excavation of earth being economical should be adopted for works. In deviation to the above, the EEs adopted manual excavation of 10.32 lakh cum of earth in 21 works at the rate ranging between ₹82.60 and ₹146.50 per cum instead of ₹19.25 which led to extra expenditure of ₹10.97 crore. Government stated that though the rate of mechanical excavation is definitely cheaper, manual means was adopted due to non availability of items in SoR. The reply is not acceptable as the SoR provided for excavation of earth work through mechanical means in irrigation works such as excavation in all kind of soil, excavation in base stripping etc.
<b>Deviations from BIS Code</b>			
1	RLBC/UIIP	25.60	Para 5.2 of BIS (IS3873-1993) stipulated that for discharging water in canal from 0-5 cumsecs and 5 to 50 cumsecs, the required thickness of cement concrete lining was 50-60 mm and 60-75 mm respectively. In deviation to the BIS code, the EE of two projects provided cement concrete (CC) lining of 75-100 mm in 11 works. Thus, excess provision of 15 mm to 25 mm led to avoidable extra

<sup>41</sup> (i) Excavation of left bank Canal of RLBC from RD 94 Km to 98 Km, (ii) Excavation of left bank Canal of RLBC from RD 98 to 100.43 Km.

Sl. No	Name of projects	Extra cost (₹in crore)	Irregularities noticed
			<p>payment of ₹25.60 crore.</p> <p>Government stated that the estimated cost has no bearing of quoted value. The reply is not acceptable as the estimate prepared was in deviation to BIS code.</p>
2	RRBC	2.55	<p>BIS code provided for construction of canal lining work in plain cement concrete of M15. In deviation to the above provision, in three lining works the EE, RRBC had provided 7,711 cum of RCC work with utilisation of 4,630 quintal of steel which led to avoidable extra cost of ₹2.55 crore.</p> <p>Government stated that RCC retaining wall inside canal have been provided in vulnerable cutting reaches. The reply is not acceptable as this was not in the report accompanying estimate after due survey and investigation and is an after thought.</p>