Chapter 2

Compliance Audit Observations

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Scheduled Tribes and Scheduled Caste Development, Minorities & Backward Classes Welfare Department

2.1 Departmental execution of works and procurement of input materials by Integrated Tribal Development Agencies

EXECUTIVE SUMMARY

Integrated Tribal Development Agencies (ITDAs) had not followed Government instructions and provisions of Odisha Public Works Department (OPWD) Code in execution of infrastructural works. The departmental works had been executed by contractors who had not been selected through an open and transparent tender process. The bank accounts opened by the ITDAs in the names of AEs/ JEs for remitting cost of works remained beyond the control and monitoring of the ITDA establishments, as furnishing of bank statements for periodic review was not enforced. The practice of routing all payments for Departmentally executed works through the Bank Accounts of JEs/ AEs was, found to be a major failure of internal control. There was no assurance that the Departmental works had actually been executed with quantity and quality of materials and labour as reported. The lack of key controls in the execution of works underlined the high and material risk of misappropriation of Government funds.

On the aspect of procurement of input materials for income generation schemes, instances of irregular issue of Purchase Orders on nomination basis to cooperative societies were noticed. Neither the ITDAs nor the cooperative societies had obtained price quotes from the actual private suppliers. No attempts had been made to empanel a pool of suppliers for the input materials, or to discover a fair market price by conducting any formal market surveys or by obtaining periodic price quotations or by examining the price lists published by public sector entities. This was highly irregular and was indicative of high risk of misappropriation by ITDA officials in collusion with cooperative societies and actual private suppliers.

2.1.1 Introduction

As per 2011 census, the Scheduled Tribe (ST) population in the State of Odisha was 95 lakh, which accounted for 22.85 *per cent* of the total population of the State and 9.17 *per cent* of the total tribal population of the country. Under the Fifth Schedule to the Constitution of India, an area covering 63,896 square kilometers of the State composed of 119 community development blocks (six districts fully and seven districts partially), has been declared (1977) as "Scheduled Areas" for taking up comprehensive development of the ST population.

Article 275 (1) of the Constitution of India guarantees grants from the Consolidated Fund of India, each year, for promotion of welfare of STs and raising the level of administration in the Scheduled areas. As per Paragraph 6.2.1 of Guidelines issued (June 2016) by the Ministry of Tribal Affairs, GoI, the grant amount shall be utilised primarily for activities of non-recurring nature (including infrastructure and equipment with at least three years life time). In addition to this, the Central Government also releases funds under Special Central Assistance (SCA). SCA is primarily meant for family-oriented income generating schemes in the sectors of agriculture, horticulture, irrigation, sericulture, animal husbandry, village and small scale cottage industries, skill development training, *etc*., as well as for development of infrastructure, incidental to such income generating schemes.

In the 5th Five-Year Plan[5], recommendations were made for establishment of Integrated Tribal Development Agencies (ITDAs), for implementation of various welfare schemes towards integrated socio-economic development of the ST population, residing in the Scheduled Areas. Accordingly, 22 ITDAs were established in Odisha during the period 1979-80 to 2022-23[6], with the main objective of implementing various developmental programmes in the Scheduled areas.

2.1.2 Organisational set up

The ITDAs were established as registered societies under the Societies Registration Act, 1860. These function under the administrative control of the Scheduled Tribes and Scheduled Caste Development, Minorities & Backward Classes Welfare Department (SSD Department), headed by a Secretary and assisted by a Director-*cum*-Additional Secretary (ST and SC). Each ITDA is headed by a Project Administrator (PA), reporting to a Project Level Committee (Governing Body). The District Collector functions as the Chairperson of the Governing Body. Each PA is assisted by a Special Officer, Assistant Executive Engineer (AEE), Assistant Engineers (AE)/ Junior Engineers (JE) and other support staff.

For development of tribal population residing in Scheduled Areas, ITDAs undertake infrastructure developmental activities like construction and repair/ maintenance of schools, hostel buildings, boundary walls of schools, water harvesting structures, drinking water supply works, *etc*. In addition, ITDAs also implement Income Generating Schemes (IGS) and arrange imparting trainings to tribal youth.

2.1.3 Audit Objectives

A Compliance Audit was conducted to examine whether execution of departmental works and procurement of input materials for IGS by the ITDAs were in adherence of the extant rules and regulations issued by the State Government from time to time. The objectives of this audit were to assess whether:

[5] During the period 1974-78

[6] 1979-80: 20 ITDAs; 1992-93: One ITDA; 2015-16: One ITDA

- Payments towards supply of material and labour for Departmentally executed works were made in compliance with extant Rules, provisions of Works Code and scheme guidelines.
- Payments towards procurement of input materials for implementation of IGS for beneficiaries were made in compliance with scheme guidelines and provisions of Odisha General Financial Rules.

2.1.4 Audit criteria

The Audit criteria which have been referenced to evaluate the status of compliance with reference to the audit objectives are as follows:

- Guidelines for government schemes under which Departmental works were executed.
- Guidelines for income generation schemes for beneficiaries.
- Odisha Public Works Department Code.
- Odisha General Financial Rules.
- Executive instructions issued by the SSD Department.

2.1.5 Scope and methodology

The audit was conducted from July 2023 to March 2024, with examination of records at 11 ITDAs[7], out of 22 ITDAs in the State. The sampled ITDAs were selected on the basis of random sampling without replacement method. Activities/ transactions pertaining to the financial years from 2018-19 to 2022-23, were covered in the audit.

Joint physical inspections of 94 works and 27 IGS activities[8] were conducted at the locations of the departmentally executed works, premises of the suppliers of materials and labour and sites for the implementation of IGS. Interviews were also conducted with beneficiaries, where required.

An Entry Conference was held on 30 June 2023, with the Special Secretary to Government of Odisha, SSD Department, wherein the audit objectives, audit criteria, audit scope and methodology, were discussed. The draft audit findings were discussed (August 2024) with Financial Advisor-cum-Special Secretary of the SSD Department in an Exit Meeting and their views have been suitably incorporated in the Report.

2.1.6 Limitation to Audit

Under Section 18 of CAG (DPC) Act, 1971, Comptroller and Auditor General of India, in connection with the performance of his duties under the Act, has the authority to inspect any office of accounts under the control of the Union or of a State, including treasuries and such office responsible for keeping initial or subsidiary accounts. It is a statutory requirement that the relevant accounts, information and other documents, as required for audit, are furnished in complete form and with reasonable expedition.

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[7] Koraput, Malkangiri, Phulbani, Baliguda, Thuamul Rampur, Paralakhemundi, Rairangpur, Nabarangpur, Panposh, Jeypore and Karanjia

[8] Verification of distribution of input materials and tools/ equipment among the beneficiaries

Out of the eleven test-checked ITDAs, at three ITDAs, case records mentioned in **Table 2.1.1** were not produced to Audit.

Table 2.1.1: Case Records not produced to Audit

Name of the ITDA	No. of Case records requisitioned	No. of Case records furnished to Audit	No. of Case records not furnished to Audit (*per cent*)	Estimated cost resting in Case records not furnished to Audit (₹ in crore)
Koraput	245	152	93 (38)	2.98
Malkangiri	302	168	134 (44)	6.22
Rairangpur	50	20	30 (60)	1.28
Total	**597**	**340**	**257 (43)**	**10.48**

Non-furnishing of records violates the provisions of CAG DPC Act, 1971.

The Department stated in the Exit Meeting, that the requisitioned records could not be produced due to shortage of staff and assured that such incidents would not occur in future.

Audit Findings

Audit observations are discussed in the succeeding paragraphs.

2.1.7 Receipt and utilisation of funds and accounting thereof

2.1.7.1 Receipt and utilisation of funds

The ITDAs received funds from Government under various schemes *viz.* Special Central Assistance (SCA) to Tribal Sub Plan (TSP), grants under Article 275 (1) of the Constitution of India, Centrally Sponsored and State Plan schemes for implementation of income generation activities and infrastructure development programmes. Besides, the ITDAs, as executing agencies, also receive funds from other sources like the District Mineral Foundation Funds, MPLAD[9] funds, MLALAD[10] funds and other line departments. Year-wise receipt and utilisation of funds of all the test-checked ITDAs, are given in **Table 2.1.2**.

Table 2.1.2: Receipt and utilisation of funds, by 11 sampled ITDAs (Amount ₹ in crore)

Year	Activities	Opening Balance	Receipt	Expenditure	Closing Balance
2018-19	Infrastructure Development, Income Generation Schemes, *etc.*	329.29	315.98	262.33	382.94
2019-20		382.94	261.09	228.68	415.35
2020-21		415.35	211.50	230.08	396.77
2021-22		396.77	293.44	214.21	476.00
2022-23		476.00	298.17	255.14	519.03
Total			**1,380.18**	**1,190.44**	

(Source: Data obtained from the test-checked ITDAs)

Audit noted that out of the available funds of ₹ 1,709.47 crore (including opening balance of 2018-19) during the period 2018-23, the ITDAs could spend ₹ 1,190.44 crore only, leaving an unspent balance of ₹ 519.03 crore (30 *per cent*) indicating poor spending efficacy of the Agencies.

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9 Member of Parliament Local Area Development
10 Member of Legislative Assembly Local Area Development

2.1.7.2 Non-preparation of Annual Accounts by ITDAs

ITDAs are body corporates, registered under the Societies Registration Act, 1860. Section 12C of the Act envisages, *inter alia*, that every governing body entrusted with the management of the affairs of a society, registered under this Act, shall keep regular accounts, which shall be audited annually in such manner as may be prescribed and by a person who is a Chartered Accountant, within the meaning of the Chartered Accountants Act, 1949, or by such person as may be authorised in this behalf by the State Government. Section 12D (2) of the Act, provides that the Auditor shall in his report specify all cases of irregular, illegal or improper expenditure or failure or omission to recover money or other property belonging to the society or of loss or waste of money or other property thereof, and state whether such expenditure, failure, or other property thereof, and omission, loss or waste was caused in consequence of breach of trust or misapplication or any other misconduct on the part of the governing body or any other person.

The above provisions of the Act have been incorporated in the Memorandum of Associations (MoA) of all the ITDAs. As per Proviso 31 of the MoA, the Society shall have its accounts audited once a year by a duly qualified auditor and have a balance sheet prepared by him/ her. The Auditor shall submit a report showing the exact state of financial affairs of the Society. These accounts shall be subject to a second audit by the Accountant General, Odisha. Proviso 33 states that copy of each of the Balance Sheet and Auditor’s report shall be filed with the Registrar of Societies within 30 days of the Annual General Body Meeting.

Audit observed that none of the sampled ITDAs had ever prepared Annual Accounts or appointed a Chartered Accountant for auditing the same. The SSD Department had never pointed out such lapse in complying with the provisions of the Societies Registration Act by the ITDAs. As such, the accounting as well as the manner of utilisation of funds, available for a vulnerable social group was not subject to oversight, as mandated in the Societies Registration Act. Thus, due to non-preparation of accounts and then audit, loss or wasteful expenditure as well as inefficiencies in expenditure could not be addressed. Also, Audit could not vouchsafe the accuracy of the receipt and expenditure figures, furnished by the sampled ITDAs, in absence of annual accounts. These lapses were due to the lackadaisical attitude of the SSD Department as well as that of the Project Administrators of ITDAs, failing to comply with the aforementioned statutory provisions in this regard.

The SSD Department, while admitting the lapse in non-preparation of Annual Accounts of ITDAs, stated (August 2024) in the Exit Meeting that appropriate steps were being taken for early preparation of the Annual Accounts.

Recommendation 2.1.1:
The SSD Department may ensure preparation of annual financial statements by the ITDAs and get them audited annually.

2.1.8 Execution of infrastructure development works by ITDAs

As per the OPWD Code Volume II, Appendix-VII (Amendment 2015), tenders shall ordinarily be invited for all works costing more than ₹ 5 lakh. In emergent cases like relief works, flood damage repairs, closure of breaches in embankments and roads, *etc*., when it is not possible, in the interest of speedy execution of works, to award contracts even by short tender notice, tenders may be dispensed with. The SSD Department instructed (January 2005) that works estimated at ₹ 5 lakh or below, should be executed either departmentally or the procedure followed by the District Rural Development Agency[11] (DRDA), be adopted. The salient features of the procedure followed[12] by DRDA were as follows:

- Preparation of cost estimate as per the Schedule of Rates, notified by the Works Department.
- Exemption of GST on works executed departmentally.
- The departmental officer in charge of execution of work shall have to furnish voucher/ bill in support of procurement of materials from the authorised supplier(s) having valid GST Registration Number.
- Payment due to the supplier(s) of materials and wages to the labourers shall be paid by the executant on proper bill/ voucher and muster roll.
- Photographs of the projects prior to taking up the work during execution and after completion of the work, shall be taken and kept in the Case Record, before release of final payment to the executant.

The departmental execution of works should be carried out as per the provisions of the OPWD Code, where expenditures for departmental works should be incurred from the Personal Ledger accounts of the ITDAs, not through the separate accounts opened in the names of the JEs/ AEs. The infrastructure development works were executed by the JEs/ AEs, posted in the ITDAs. For each work, a cost estimate was prepared, as per the approved Schedule of Rates and was approved by the Project Administrator (PA) of the concerned ITDA. They executed the works and submitted Running Account (RA) bills, as per the cost estimate. Based on the amount claimed in the RA bill, the PA released the payments. For remitting such amounts, current accounts in banks were opened in the names of JEs/ AEs, in their official capacity. This arrangement was neither as per the guidelines of DRDA nor as per any instructions of the Government. Thus, JEs/AEs who were responsible for execution of works departmentally, were entitled to financial savings, if any, arising in execution of works, as evident from the personal expenditures made from the above mentioned current accounts by the JEs/ AEs (***Paragraphs 2.1.8.3*** and ***2.1.8.4***) as well as submission of fake invoices by them (***Paragraph 2.1.8.5***). In view of the associated pecuniary benefits in departmental execution, the percentage of departmental works to total number of works was as high as 92 *per cent* across the 11 sampled ITDAs. Also, larger works were found to have been split to works valuing ₹ 5 lakhs or less to avoid tendering and to execute departmentally, as discussed below.

The eleven sampled ITDAs had executed 25,582 works with cost of ₹ 1,083.84 crore, during the five-year period from FYs 2018-19 to 2022-23. Of these,

[11] Under the administrative control of the Panchayati Raj and Drinking Water Department

[12] Notified vide Resolution No. 13220 dated 13 July 2018, by the Panchayati Raj and Drinking Water Department

23,467 works (92 *per cent*) with cost of ₹ 756.95 crore had been executed departmentally, as shown in **Table 2.1.3**.

Table 2.1.3: Total number of works and number of Departmental works in the test-checked ITDAs

Sl. No.	ITDA	Total no. of works during audit period	Total no. of tender works during audit period	Total no. of departmental works	Percentage of departmental works
1	Koraput	989	248	741	75
2	Malkangiri	1,788	313	1,475	82
3	Phulbani	1,307	22	1,285	98
4	Baliguda	4,877	49	4,828	99
5	Thuamul Rampur	1,772	61	1,711	97
6	Paralakhemundi	2,896	373	2,523	87
7	Rairangpur	1,576	144	1,432	91
8	Nabarangpur	7,564	72	7,492	99
9	Panposh	971	147	824	85
10	Jeypore	664	596	68	10
11	Karanjia	1,178	90	1,088	92
	Total	**25,582**	**2,115**	**23,467**	**92**

(Source: Data furnished by the test-checked ITDAs)

It would be observed from **Table 2.1.3** above that the percentage of works executed departmentally in the 11 sampled ITDAs ranged from 10[13] to 99[14] *per cent* of total works executed during FYs 2018-19 to 2022-23. Audit observed that the individual works had been split to values less than ₹ 5 lakh, which could be executed departmentally. The audit observations on irregularities in splitting of works and transparency in financial transactions in execution of such works are discussed in the following paragraphs.

2.1.8.1 Execution of works departmentally by splitting of works

Audit noted that the SSD Department had sanctioned various infrastructural works through 622 sanction orders during FYs 2018-23 in favour of the 11 sampled ITDAs. The sampled ITDAs had split the works to 25,582 works, of which, 23,467 works were executed departmentally. The number of works undertaken Departmentally in each ITDA every year, varied between 3[15] and 2,191[16] works. The average number of departmental works taken up by each JE/ AE at the eleven selected ITDAs during 2018-23, are listed in **Table 2.1.4**.

Table 2.1.4: Average number of works done by JEs/AEs at the sampled ITDAs

Year	Number of works	Number of JEs/ AEs	Average number of works per JE/ AE
2018-19	6,386	38	168
2019-20	4,471	37	121
2020-21	4,005	36	111
2021-22	4,226	36	117
2022-23	4,379	37	118
Total	**23,467**		

(Source: Data furnished by the test-checked ITDAs)

13 ITDA, Jeypore
14 ITDA, Baliguda, Nabarangpur
15 ITDA, Jeypore (2018-19)
16 ITDA, Nabarangpur (2018-19)

Audit test-checked 18 sanction orders (aggregate estimated cost: ₹ 35.83 crore) in 6 out of 11 sampled ITDAs and noted that the ITDAs had split the sanctioned amounts into 746 works (details in ***Appendix 2.1.1***). Of these, 653 works valued ₹ 5 lakh or less, were executed departmentally, avoiding tender.

Audit observed that out of the 18 sanction orders, in case of three sanction orders relating to ITDA, Phulbani, splitting of works had been approved by the SSD Department, in contravention of its own order (January 2005). These works were executed by contractors, though shown to have been taken up departmentally. In these cases, both the ITDA and the Department knowingly defied the provisions and outsourced the works to specific contractors, in the name of departmental works.

Thus, there was no assurance that the split up works had, in fact, been executed departmentally. There were pervasive and systemic instances of:

- Non-availability of transaction statements with the ITDAs for bank accounts stated to have been used by JEs/ AEs to make payments for departmentally executed works (***Paragraph 2.1.8.2***).
- Suspected misappropriation of Government funds, due to instances of self-drawal/ ATM withdrawals/ payments unrelated to the execution of works in the transaction statements for bank Accounts used by the JEs/ AEs concerned (***Paragraph 2.1.8.3***).
- Payments made to entities or individuals other than the purported suppliers of materials and labour, whose fake invoices had been included in the RA bills. These entities or individuals who had received payments from the JEs/ AEs were the actual contractors, who had executed these works. These contractors had been engaged without any tender, which was highly irregular and amounted to extension of undue favours to them by the JEs/ AEs and the PA, ITDA (***Paragraph 2.1.8.4***).
- Submission of fake invoices by purported suppliers of materials and labour included in the RA Bills prepared and passed by the PAs of ITDAs (***Paragraph 2.1.8.5***).

These pervasive and systemic irregularities are described in the succeeding paragraphs.

The SSD Department stated (August 2024) in the Exit Meeting that they had issued instructions in October 2023 to stop the practice of transfer of amounts to the accounts of JEs/ AEs and the departmental works would be done through empaneled vendors having PAN and GST.

2.1.8.2 Absence of transaction statements for bank accounts operated by JEs/ AEs

As per Rule 5 of OGFR, a Government Officer receiving Government funds is personally responsible for ensuring that they are disbursed in strict conformity with the applicable rules, regulations or orders and that a precise record of all the transactions is maintained, in compliance with the applicable regulations for utilisation of such funds. Rule 296 of OGFR provides, *inter alia*, that every officer responsible for expenditure of Government money should see that proper accounts are maintained and all such accounts and returns relating to them, are rendered accurately and promptly, as may be required by Government, the Accountant General or the controlling authority concerned. Further, as per the provisions in the OPWD Code (Volume II, Appendices XXX and XXXIII) on execution of departmental works, the executing officials shall use materials from the departmental store and make labour payments through muster rolls. In case, required stores and stocks are not available in the departmental stores, the same shall be procured by the Division, adopting prescribed procurement procedure. The departmental execution of works should be carried out as per the provisions of the OPWD Code, where expenditures for departmental works should be incurred from the Personal Ledger accounts of the ITDAs, not through the separate accounts opened in the names of the JEs/ AEs.

The practice of routing all payments for Departmentally executed works and subsequent disbursement to the suppliers/ vendors through the bank accounts of JEs/ AEs maintained for such works, was found to be a major failure of internal controls, as it was fraught with a high and material risk of misappropriation of Government funds. Upon being pointed out in Audit, the SSD Department dispensed with the system of transactions through bank accounts of JEs/ AEs.

At the 11 selected ITDAs, during the period 2018-19 to 2022-23, Audit noticed that:

- A total of 85 bank accounts had been operated by JEs/ AEs for executing the departmental works. Amounts against the approved RA bills are remitted by the PA, ITDA concerned to these accounts. Out of these 85 bank accounts, the transaction statements of 14 bank accounts pertaining to 14 JEs/AEs were not made available to Audit by the ITDAs. Transaction statements of four bank accounts were partially available. The complete list of 14 bank accounts whose statements were not available, are at ***Appendix 2.1.2.*** The total amount of Government funds that had been transferred to these 14 bank accounts during the period 2018-23, whose statements were not available on record, was ₹ 32.50 crore.

  The SSD Department stated (August 2024) in the Exit Meeting that due to time constraints, shortage of manpower and bank holidays, bank statements in respect of 14 bank accounts could not be shared with Audit. The Department assured that instructions would be issued to keep ready the bank statements before commencement of Audit.

- Out of the 85 bank accounts, 19 were operated in the personal names of the JEs/ AEs, whereas 66 accounts were operated by designation of the executants (JE/ AE). One bank (HDFC) declined to furnish bank statement of one JE of ITDA, Paralakhemundi on the grounds that the bank account had been operated in his personal name.

- Bank statements of none of the 85 bank accounts had been called for by the concerned PAs from the JEs/ AEs, in compliance with Rule 296 of the OGFR, to ensure that proper accounts of funds received and utilised by them, had been maintained.

  The SSD Department stated (August 2024) that the practice of payments to JEs/ AEs had been stopped and internal controls would be strengthened to prevent such lapses in future.

- As many as 42 JEs/ AEs had not handed over the transaction statements of the bank accounts operated by them, to their successors after their transfers from their officiating posts.

As the ITDAs were not preparing their Annual Accounts and, therefore, there was no audit (as discussed in ***Paragraph 2.1.7.2***), the end utilisation of Government funds, could not be ascertained by Audit. Further, on review of the statements for bank accounts, which were available on record, Audit noticed instances of suspected misappropriation, which are described in succeeding paragraphs.

2.1.8.3 Suspected misappropriation of Government funds of ₹ 148.75 crore, due to divergence of funds from bank accounts operated by JE/ AEs

On review of available bank account statements in respect of 71 bank accounts, at the eleven sampled ITDAs, for the period 2018-23, Audit noticed that:

- The total amount of Government funds that had been transferred to these 71 bank accounts for departmentally executed works, whose statements were available on record, was ₹ 621.79 crore.
- There were instances of irrelevant transactions reflecting suspected misappropriation in bank accounts, such as ATM withdrawals, cheques drawn by self, payments towards Point-of-Sale (POS) transactions at commercial merchants' locations, payment of utility bills (mobile, electricity, water, fuel, *etc*.), payments to e-commerce websites, payments towards investments in mutual funds/ stock market, insurance premia, UPI transactions and other payments, which were not relevant to the departmentally executed works.
- Details of 67 out of 71 bank accounts whose statements contained irrelevant transactions (₹ 148.75 crore) and, thus, amounted to suspected misappropriation of Government funds are at ***Appendix 2.1.3***. Instances of some bank accounts of sampled ITDAs whose statements were available and contained irrelevant transactions of the types described above, are listed in **Table 2.1.5**.

Table 2.1.5: Instances of bank accounts with irrelevant transactions

(Amount in ₹ crore)

Sl. No.	Name of ITDA	Names of the JEs/ AEs	Bank Account Number	Amount	Remarks
1	Baliguda	BXXXXXXXA	xxxxxxx4228 (SBI)	2.43	ATM withdrawals, POS transactions, cash withdrawals, *etc*.
2	Thuamul Rampur	BXXXXN	xxxxxxxxxxx8867	9.56	
3	Parlakhemundi	PXXXXXXXK	xxxxxxxxxxx9204	1.14	
4	Rairangpur	DXXXXXXXI	xxxxxxx2477	10.02	
5	Koraput	MXXXXXXXK	xxxxxxxxxx0316	1.04	
6	Malkangiri	DXXXXXH	xxxxxxxxxx0612	1.50	
7	Phulbani	MXXXXXXA	xxxxxxx9118	1.60	

(Source: Bank account statements furnished by the JE/AEs of ITDAs)

There were transactions, of ₹ 148.75 crore, showing withdrawal of cash through ATMs, through cheques, insurance premium payments, payments through POS, mobile recharges and UPI transactions for personal expenses, in order to make payments in excess of ₹5,000 in cash/ currency to each beneficiary, which were specifically not permitted under the provisions of Finance Department, GoO Office Memorandum dated 26 July 2012. Illustrative instances of such cases are discussed below:

- At ITDA, Thuamul Rampur, ₹ 87 lakh had been transferred on 44 occasions, during the period from 24 February 2021 to 03 August 2022, from the CA No. xxxxxxxx867 (Axis Bank) of one JE[17] to another bank account of a person bearing the same name[18] as the JE. The identity of this payee was not on record. Payment of such huge amount without having any identity/ KYC is doubtful/ suspicious, as the payee's name matches with the name of the concerned JE. In such case, misappropriation of Government money cannot be ruled out.
- The same JE was transferred and relieved from the establishment on 17 October 2022. There was a balance of ₹ 65.79 lakh in his bank account (Axis Bank CA No xxxxxxxxx867) on the date of his transfer, which was meant for official purpose. After his transfer, the ITDA had credited ₹147.26 lakh to his account and ₹ 184.13 lakh had been debited by the JE from this account, leaving a balance of ₹ 28.92 lakh, as on 3 December 2022. It was noticed that the JE had transferred an amount of ₹ 28.83 lakh in favour of five different persons[19] on 12 December 2022 and 22 December 2022, with a closing balance of ₹ 9,043 in his account as on date (30 September 2023). Transfer of this amount (₹ 28.83 lakh), after transfer of the JE was suspicious, as the identities of the payees were not on record.
- One ex-JE at ITDA, Phulbani (SBI account no. xxxxxxxxxxx4306) was working at ITDA Phulbani for the period from 1 July 2019 to 11 June 2020. During this period, a total amount of ₹ 1.47 crore was paid to him by the ITDA, for execution of departmental works. There was an amount of ₹ 26,11,580.87 in this account (as on 11 June 2020), when he was relieved from ITDA, Phulbani. The disposal of this balance amount was neither furnished to PA, ITDA, Phulbani, nor had he handed over the account to his successor. After his relief, he had received ₹ 15,25,695 from ITDA, Phulbani, against pending RA bills. Besides, ₹ 5,72,476 had been credited to his account from unknown sources, from September 2020 to December 2020. From the total amount of ₹ 47,09,751.87, he had transferred ₹ 46,87,849.63 by cheque and through ATM withdrawals, UPI transfer, *etc*., during 12 June 2020 to 9 July 2020, leaving a balance of ₹ 21,902 in his account. These transfers were suspicious, as the KYC of 10 out of 11 transferees were not on record.
- ₹ 1.81 lakh had been transferred from the one Account No. xxxxxxxxxxxx451 (Axis Bank) operated in the name of one JE of the ITDA, Paralakhemundi, towards payment of insurance premium (Max Life Insurance Company). The payment had been made through

[17] Sri ***** **** Naik

[18] Sri ***** **** Naik

[19] (i) Shri ***** Panda: ₹83,000 (12 December 2022); (ii) Shri ***** K: ₹ 7 lakh (RTGS on 22 December 2022) Shri ***** Bishi: ₹ 5 lakh (Bank transfer on 22 December 2022); Shri ***** Bagh: ₹ 8 lakh (Bank transfer on 22 December 2022); Shri ***** Naik: ₹ 8 lakh (Bank transfer on 22 December 2022)

electronic clearing service on three occasions[20]. These transactions were irrelevant, being personal expenditure met from the account operated for transactions relating to departmental works.

- One JE of ITDA, Malkangiri had spent (August 2022) ₹ 8,481 from his official Account No xxxxxxxxxxxxx621 (IDBI) towards shopping through UPI. This was, thus, personal expenditure from the official Account of the JE.
- One JE of ITDA, Phulbani had paid ₹ 36,000 during July to December 2020 from his official SBI Account, towards payment of house rent, which was, irregular.
- An amount of ₹51,230 had been utilised (May 2018-July 2020) by one JE of ITDA, Thuamul Rampur, from his bank account (Union Bank of India) towards fuel cost through POS transactions. This indicates utilisation of Government money towards personal expenses of the concerned JE.
- At ITDA Karanjia, one AE had transferred ₹ 2.02 lakh[21] to his personal bank account, which was different from the account meant for execution of departmental works.
- Further, at ITDA Karanjia, it was found that one AE, on different occasions, had transferred ₹ 1.20 crore to the account of another AE of the ITDA, from the ICICI Bank account. The reason for such transfers was not furnished to Audit.

Such irrelevant transactions like cash withdrawals, payment of mobile phone bills, transactions on e-commerce platforms, transfer of money to personal accounts or persons not connected with the departmental works are indicative of the fact that the public money had been suspectedly misappropriated by the JEs/ AEs. Further, as the source of the funds credited to these accounts, were ITDAs concerned, for execution of departmental works, surplus funds lying in the accounts, raises doubt on the accuracy of the cost estimates prepared for these works, as well as the genuineness of expenditure, booked against the works executed. In this regard, Audit test-checked the cost estimates and found inflated estimates, which are mentioned in ***Paragraph 2.1.8.8***.

Recommendation 2.1.2:

The SSD Department may issue directions to ITDAs to immediately stop the irregular practice of operation of Bank Accounts by JEs/ AEs for Departmental execution of works and adopt procedure given in the OPWD Code.

Recommendation 2.1.3:

The SSD Department may review all bank transactions done by JEs/AEs for departmental works across all the ITDAs and fix responsibility on the officials who have indulged in suspected misappropriation of Government funds.

[20] 4 August 2020: ₹60,327.48; 4 August 2021: ₹60,327.48; 4 August 2022: ₹60,327.48

[21] ₹ 1,87,000 was transferred to the personal account (IndusInd Bank Ltd: ₹87,000 and SBI: ₹ 1,00,000) on 29.07.2022. ₹15,000 was transferred to the personal account on 17.05.2022.

2.1.8.4 Suspected payments of ₹7.28 crore

As per instructions issued in July 2018 by the Panchayati Raj and Drinking Water Department, GoO regarding departmentally execution of works, payments by the executant (JE/AE), to the suppliers of materials and labour, should be on proper bill/ voucher and muster roll. Thus, expenditure transactions recorded in the bank statements should be reflected in the vouchers.

Audit noticed in all the 11 sampled ITDAs that funds were transferred to the accounts of the JEs/ AEs (executants) based on their claims made in RA bills supported by vouchers during 2018-23. The JEs/ AEs, in turn, made payments to the suppliers on the basis of their bills/ vouchers/ muster rolls. Audit noticed that cross-checking of payments reflected in the bank statements with the expenditure vouchers attached to the RA bills had not been done, as no documents in support of such checking were available in the records. Also, the PAs of the ITDAs or SSD Department had not sought any returns from the JEs/ AEs on the status of any pending payments against the RA Bills, which had been passed by the ITDAs and amount transferred to their accounts.

Audit examined case records of 11 sampled ITDAs for 544 departmental works. Against the total expenditure of ₹ 22.78 crore, as claimed through the RA bills, an amount of ₹ 21.64 crore[22] had been transferred, to the bank accounts of the JEs/ AEs during 2018-23. Audit attempted to make a detailed comparison of identities of suppliers/ vendors (as per the vouchers tagged with the RA bills) and actual payee (as per the bank statement). Such comparison could not be possible in all such cases, as work-wise payment particulars like names of the entities, KYC details of payees, mode and date of payment, *etc.* had not been maintained by the ITDAs. The concerned JEs/ AEs and the PAs of ITDAs also could not furnish the same, even though specifically requested by Audit.

On scrutiny of the expenditure statements and vouchers maintained in respect of each of the 544 test-checked works in 11 sampled ITDAs, Audit found that:

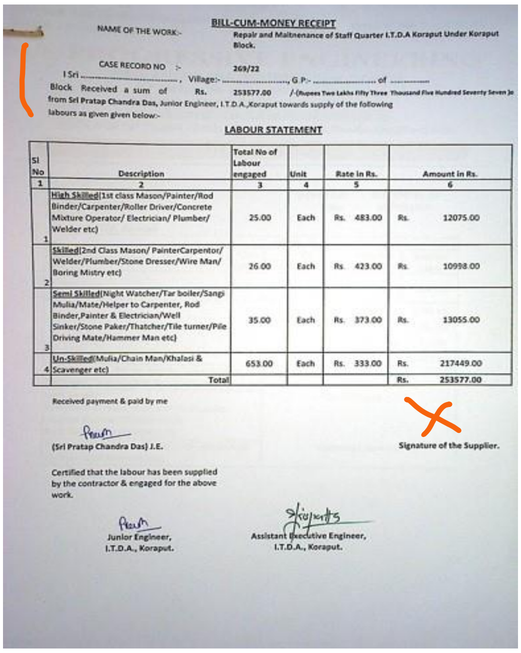
- In nine sampled ITDAs, out of the total expenditure of ₹ 20.71 crore incurred on 490 works, payment particulars (hand receipts, material invoices, *etc*.) for an amount of ₹ 17.33 crore only were available in the case record files *i.e.*, the amount of expenditure was more than the value of vouchers by ₹ 3.38 crore. In respect of other two sampled ITDAs (Rairangapur and Panposh), the values of vouchers (₹ 2.13 crore) were found to be more than the expenditure (₹ 2.07 crore) recorded in the case files of 54 works, by ₹ 0.06 crore (***Appendix 2.1.4***).

  The PAs of eight ITDAs stated that works had been executed engaging contractors/ local people, who had procured materials and supplied labourers and retained vouchers with them. The replies established the fact that works had actually been executed by contractors.

- As per the provisions in OGFR, in case of payments through hand receipts, the hand receipt should be in the prescribed form (Form No. 18). In all the 11 sampled ITDAs, payments amounting to ₹ 3.90 crore had been made through 223 hand receipts towards cost of labour and materials. Audit noticed instances of hand receipts without dates of

[22] After effecting deductions like cess, royalty, security deposit, *etc.*

payments, signature of payees, attested stamps, *etc*, as shown in **Pictures 2.1.1** and **2.1.2.** Deficient hand receipts, coupled with irrelevant transactions in bank statements, amounted to suspected misappropriation of government money.



BILL-CUM-MONEY RECEIPT

NAME OF THE WORK:- Repair and Maitnenance of Staff Quarter I.T.D.A Koraput Under Koraput Block.

CASE RECORD NO :- 269/22

I Sri ...., Village:- ...., G.P.:- .... of .... Block Received a sum of Rs. 253577.00 /-(Rupees Two Lakhs Fifty Three Thousand Five Hundred Seventy Seven)e from Sri Pratap Chandra Das, Junior Engineer, I.T.D.A.,Koraput towards supply of the following labours as given given below:-

LABOUR STATEMENT

Sl No	Description	Total No of Labour engaged	Unit	Rate in Rs.	Amount in Rs.
1	2	3	4	5	6
1	High Skilled(1st class Mason/Painter/Rod Binder/Carpenter/Roller Driver/Concrete Mixture Operator/ Electrician/ Plumber/ Welder etc)	25.00	Each	Rs. 483.00	Rs. 12075.00
2	Skilled(2nd Class Mason/ PainterCarpentor/ Welder/Plumber/Stone Dresser/Wire Man/ Boring Mistry etc)	26.00	Each	Rs. 423.00	Rs. 10998.00
3	Semi Skilled(Night Watcher/Tar boiler/Sangi Mulia/Mate/Helper to Carpenter, Rod Binder,Painter & Electrician/Well Sinker/Stone Paker/Thatcher/Tile turner/Pile Driving Mate/Hammer Man etc)	35.00	Each	Rs. 373.00	Rs. 13055.00
4	Un-Skilled(Mulia/Chain Man/Khalasi & Scavenger etc)	653.00	Each	Rs. 333.00	Rs. 217449.00
	Total				Rs. 253577.00

Received payment & paid by me

(Sri Pratap Chandra Das) J.E.

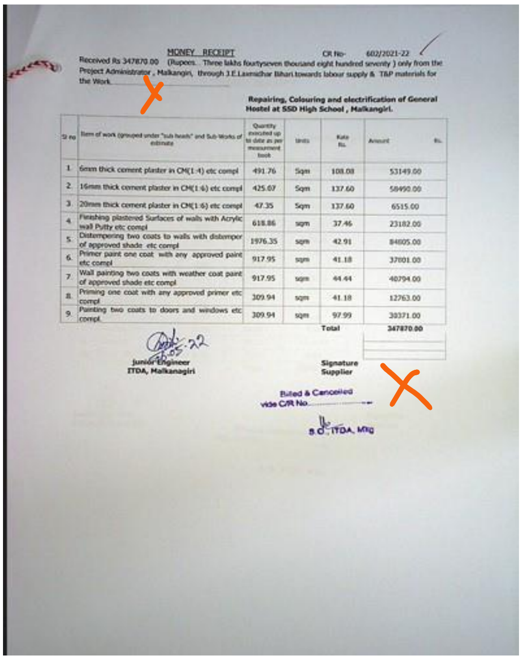
Signature of the Supplier.

Certified that the labour has been supplied by the contractor & engaged for the above work.

Junior Engineer, I.T.D.A., Koraput.

Assistant Executive Engineer, I.T.D.A., Koraput.

Picture 2.1.1: Without signature of the payee and date of payment (Extract from CR No.269/2022, ITDA Koraput)



MONEY RECEIPT

CR No- 602/2021-22

Received Rs 347870.00 (Rupees Three lakhs fourtyseven thousand eight hundred seventy) only from the Project Administrator, Malkangiri, through J.E.Laxmidhar Bihari towards labour supply & T&P materials for the Work

Repairing, Colouring and electrification of General Hostel at SSD High School , Malkangiri.

Sl no	Item of work (grouped under "sub heads" and Sub Works of estimate	Quantity executed up to date as per measurement book	Units	Rate Rs.	Amount	Rs.
1	6mm thick cement plaster in CM(1:4) etc compl	491.76	Sqm	108.08	53149.00	
2	16mm thick cement plaster in CM(1:6) etc compl	425.07	Sqm	137.60	58490.00	
3	20mm thick cement plaster in CM(1:6) etc compl	47.35	Sqm	137.60	6515.00	
4	Finishing plastered Surfaces of walls with Acrylic wall Putty etc compl	618.86	sqm	37.46	23182.00	
5	Distempering two coats to walls with distemper of approved shade etc compl	1976.35	sqm	42.91	84805.00	
6	Primer paint one coat with any approved paint etc compl	917.95	sqm	41.18	37801.00	
7	Wall painting two coats with weather coat paint of approved shade etc compl	917.95	sqm	44.44	40794.00	
8	Priming one coat with any approved primer etc compl	309.94	sqm	41.18	12763.00	
9	Painting two coats to doors and windows etc compl	309.94	sqm	97.99	30371.00	
				Total	347870.00	

Junior Engineer ITDA, Malkanagiri

Signature Supplier

Billed & Cancelled vide C/R No.............

S.O. ITDA, Mkg

Picture 2.1.2: Without signature of the payee and date of payment (Extract from CR No.602/2021-22, ITDA Malkangiri)

Further, the identities of the payees, as found in bank statements, could not be established due to non-availability of their KYC documents in the files of the concerned works. Work-wise payment particulars were also not on record. In the absence of such details, payment to the actual beneficiaries engaged in departmentally executed works, was not assured.

To summarise, the departmental works had been executed by contractors who had not been selected through open and transparent tender process. These contractors had been selected for execution of works which had been intentionally split to avoid the prescribed tendering process and scrutiny by higher authorities. The works were incorrectly reported as having been departmentally executed. This practice was highly irregular and reflected lack of integrity and mala-fide intentions on the part of the concerned PAs as well as of JE/ AEs.

In view of these circumstances, Audit concluded that there was a significant and material risk that the invoices included in the RA Bills were not genuine, which is evident from the suspicious transactions made by the JEs/ AEs, as highlighted in ***Paragraph 2.1.8.3*** (Sl. Nos. 44 and 51 of ***Appendix 2.1.3***).

2.1.8.5 Undue favour to vendors, amounting to ₹ 23.91 crore

On test-check of another 100 case records relating to ITDA, Phulbani of Kandhamal district, Audit noticed that, the departmental works carried out by the JEs/ AEs of ITDA, Phulbani were outsourced to local suppliers/ contractors. Out of 100 case records (total expenditure ₹ 4.47 crore) test-checked by Audit, in 95 cases, works were carried out by the same contractors, *i.e.* Sri *****

Kumar Dash and Smt. **** Panda (amount paid ₹4.27 crore). Materials were supplied by them including labourer for the works.

On scrutiny of bank accounts of two serving JEs/ AEs of ITDA, Phulbani for the period 2018-19 to 2022-23, it was observed that a total amount of ₹ 23.91 crore had been paid to Smt. Panda and Sri Dash for different works, by two JEs/ AEs without obtaining any documents from them. Sri Dash was paid ₹ 14.48 crore and Smt. Panda was paid ₹ 9.43 crore. In spite of such huge transactions, no TDS amount was deducted from the above suppliers. The status of their GST returns were also not demanded by ITDA, Phulbani.

The SSD Department stated (August 2024) in the Exit Meeting that consequent upon stoppage of direct remittances to the JEs/ AEs for execution of works, similar lapses would not repeat in future.

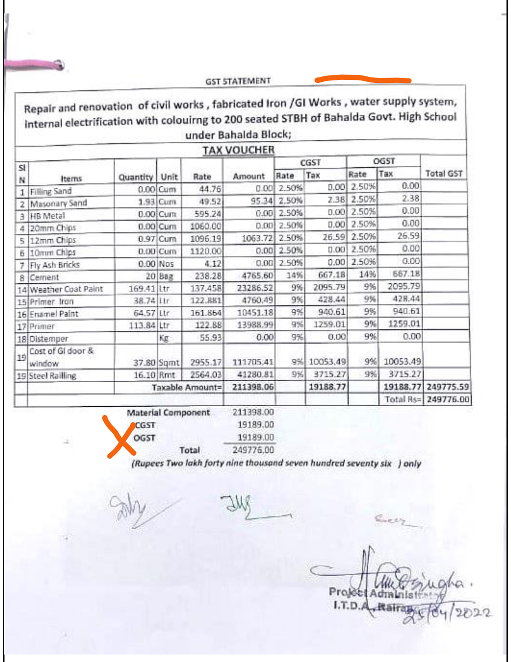
2.1.8.6 Acceptance of suspected fake invoices in passing RA Bills

As per the orders of the Finance Department (09 February 2021), all public procurement of goods and services should be carried out from GST registered suppliers. Any agencies/ contractors/ suppliers supplying labour for works funded by Government should have labour licenses from the competent authority. These controls have been prescribed in order to ensure that payment of Government funds is made only to entities which are compliant with applicable laws.

In order to verify the veracity of the invoices that had been included in the RA Bills at the eleven sampled ITDAs, Audit selected 544 works, towards which expenditure of ₹ 22.78 crore had been made, for detailed examination. Audit noticed that:

- In 325 works, invoices for an amount of ₹ 3.21 crore towards goods and labour had not been included in the RA Bills **(*Appendix 2.1.5*)**. In absence of such invoices, the basis on which the RA Bills had been passed by the PAs of ITDAs, was not on record.
- In all ITDAs, except ITDA Karanjia (27 works), Labour Registration Certificate of the supplier of labour, had not been maintained.
- These 544 works included 2,476 invoices by the suppliers of goods and labour for the departmentally executed works. Out of these 2,476 invoices,
  - ➢ 384 invoices did not have dates specified on them.
  - ➢ 169 invoices did not have invoice numbers.
  - ➢ 21 invoices had the same (duplicate) invoice numbers.
  - ➢ 44 invoices had been presented by entities, not registered under GST.
  - ➢ 14 invoices had been presented by entities which were different from the entities to whom the reported GST Registration number belonged to, as verified from GST portal. Besides, 41 invoices had wrong GST numbers, as verified from GST portal.

Details of irregularities noticed in the examined invoices are shown in **Pictures 2.1.3** to **2.1.6** and ***Appendix 2.1.6***.



GST STATEMENT

Repair and renovation of civil works , fabricated Iron /GI Works , water supply system, internal electrification with colouirng to 200 seated STBH of Bahalda Govt. High School under Bahalda Block;

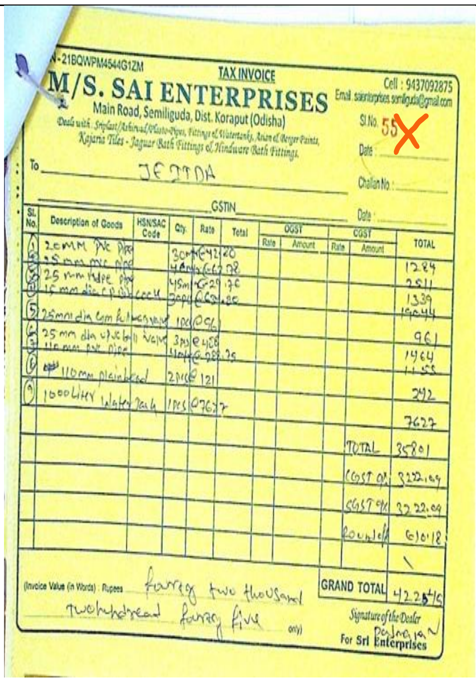
TAX VOUCHER

Sl N	Items	Quantity	Unit	Rate	Amount	CGST Rate	CGST Tax	OGST Rate	OGST Tax	Total GST
1	Filling Sand	0.00	Cum	44.76	0.00	2.50%	0.00	2.50%	0.00	
2	Masonary Sand	1.93	Cum	49.52	95.34	2.50%	2.38	2.50%	2.38	
3	HB Metal	0.00	Cum	595.24	0.00	2.50%	0.00	2.50%	0.00	
4	20mm Chips	0.00	Cum	1060.00	0.00	2.50%	0.00	2.50%	0.00	
5	12mm Chips	0.97	Cum	1096.19	1063.72	2.50%	26.59	2.50%	26.59	
6	10mm Chips	0.00	Cum	1120.00	0.00	2.50%	0.00	2.50%	0.00	
7	Fly Ash Bricks	0.00	Nos	4.12	0.00	2.50%	0.00	2.50%	0.00	
8	Cement	20	Bag	238.28	4765.60	14%	667.18	14%	667.18	
14	Weather Coat Paint	169.41	Ltr	137.458	23286.52	9%	2095.79	9%	2095.79	
15	Primer Iron	38.74	Ltr	122.881	4760.49	9%	428.44	9%	428.44	
16	Enamel Paint	64.57	Ltr	161.864	10451.18	9%	940.61	9%	940.61	
17	Primer	113.84	Ltr	122.88	13988.99	9%	1259.01	9%	1259.01	
18	Distemper		Kg	55.93	0.00	9%	0.00	9%	0.00	
19	Cost of GI door & window	37.80	Sqmt	2955.17	111705.41	9%	10053.49	9%	10053.49	
19	Steel Railling	16.10	Rmt	2564.03	41280.81	9%	3715.27	9%	3715.27	
			Taxable Amount=		211398.06		19188.77		19188.77	249775.59
									Total Rs=	249776.00

Material Component 211398.00
CGST 19189.00
OGST 19189.00
Total 249776.00
(Rupees Two lakh forty nine thousand seven hundred seventy six) only

Project Administrator
I.T.D.A., Rairangpur

Picture 2.1.3: Invoice without name, signature and seal of the vendor/ supplier (CR No. 12/2021-22 at ITDA, Rairangpur)

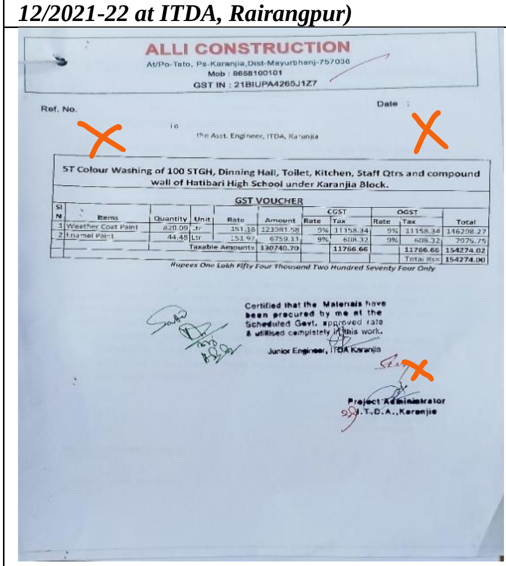


TAX INVOICE
GSTIN-21BQWPM4544G1ZM
M/S. SAI ENTERPRISES
Main Road, Semiliguda, Dist. Koraput (Odisha)
Cell : 9437092875
Email: saienterprises.semiliguda@gmail.com
Sl.No. 55
Date :
To JE ITDA
GSTIN
Challan No. :
Date :

Sl. No.	Description of Goods	HSN/SAC Code	Qty.	Rate	Total	OGST Rate	OGST Amount	CGST Rate	CGST Amount	TOTAL
									TOTAL	35801
									CGST 9%	3222.09
									SGST 9%	3222.09
									GRAND TOTAL	42245

(Invoice Value (in Words) : Rupees forty two thousand two hundred forty five only)
Signature of the Dealer
For Sri Enterprises

Picture 2.1.4: GST Invoice without date (CR No. 71/2022-23 at ITDA, Koraput)



ALLI CONSTRUCTION
At/Po-Tato, Ps-Karanjia,Dist-Mayurbhanj-757036
Mob : 8658100101
GST IN : 21BIUPA4265J1Z7

Ref. No.
Date :

To
The Asst. Engineer, ITDA, Karanjia

5T Colour Washing of 100 STGH, Dinning Hall, Toilet, Kitchen, Staff Qtrs and compound wall of Hatibari High School under Karanjia Block.

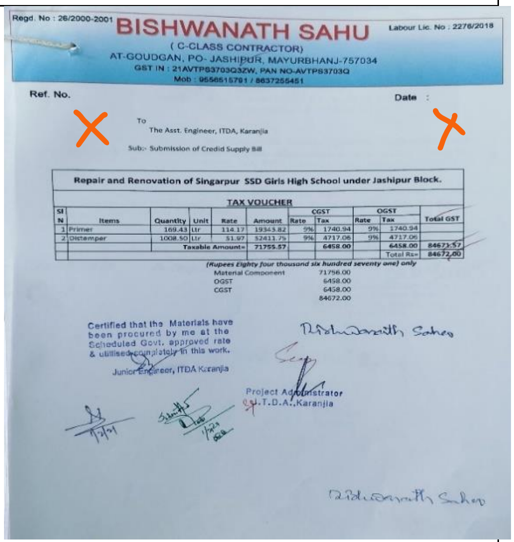
GST VOUCHER

Sl N	Items	Quantity	Unit	Rate	Amount	CGST Rate	CGST Tax	OGST Rate	OGST Tax	Total
1	Weather Coat Paint	820.09	Ltr	151.16	123981.58	9%	11158.34	9%	11158.34	146298.27
2	Enamel Paint	44.48	Ltr	151.97	6759.11	9%	608.32	9%	608.32	7975.75
			Taxable Amount=		130740.70		11766.66		11766.66	154274.02
									Total Rs=	154274.00

Rupees One Lakh Fifty Four Thousand Two Hundred Seventy Four Only

Certified that the Materials have been procured by me at the Scheduled Govt. approved rate & utilised completely in this work.
Junior Engineer, ITDA Karanjia

Project Administrator
I.T.D.A., Karanjia



Regd. No : 26/2000-2001
BISHWANATH SAHU
Labour Lic. No : 2276/2018
(C-CLASS CONTRACTOR)
AT-GOUDGAN, PO- JASHIPUR, MAYURBHANJ-757034
GST IN : 21AVTPS3703Q3ZW, PAN NO-AVTPS3703Q
Mob : 9556515791 / 8637255451

Ref. No.
Date :

To
The Asst. Engineer, ITDA, Karanjia
Sub:- Submission of Credid Supply Bill

Repair and Renovation of Singarpur SSD Girls High School under Jashipur Block.

TAX VOUCHER

Sl N	Items	Quantity	Unit	Rate	Amount	CGST Rate	CGST Tax	OGST Rate	OGST Tax	Total GST
1	Primer	169.43	Ltr	114.17	19343.82	9%	1740.94	9%	1740.94	
2	Distemper	1008.50	Ltr	51.97	52411.75	9%	4717.06	9%	4717.06	
			Taxable Amount=		71755.57		6458.00		6458.00	84671.57
									Total Rs=	84672.00

(Rupees Eighty four thousand six hundred seventy one) only
Material Component 71756.00
OGST 6458.00
CGST 6458.00
84672.00

Certified that the Materials have been procured by me at the Scheduled Govt. approved rate & utilised completely in this work.
Junior Engineer, ITDA Karanjia

Bishwanath Sahu

Project Administrator
I.T.D.A., Karanjia

Bishwanath Sahu

Picture 2.1.5: Invoice without invoice number, date, signature and seal of the supplier (CR. No. 115/2022-23 State Sector Scheme) ITDA, Karanjia

Picture 2.1.6: Invoice without invoice no, date and seal of the supplier (CR. No. 43/202-21 Article 275 (i)) ITDA, Karanjia

- As per PR&DW Department Resolution dated 13 July 2018, provision of GST is not applicable in case of departmental execution of works. Test-check of 35 case records/files of works taken up departmentally at ITDA Rairangpur, during FYs 2019-20 to 2022-23 through departmental engineers, showed that a total amount of ₹2.65 lakh (two *per cent* of total value of work done) was deducted irregularly towards GST from the RA bills, before payment to the JEs/AEs. The amount deducted towards GST was found to have been lying with the PA, ITDA, Rairangpur.

- In 544 works, where invoices by the suppliers of goods and labour had been included in the RA Bills, Audit conducted joint physical inspections (on test-check basis), with the ITDA officials at the premises of 21 entities, which had purportedly presented 23 invoices, at five ITDAs (Paralakhemundi, Rairangpur, Thuamul Rampur, Karanjia and Panposh). Audit was able to confirm that only 3 out of 23 test-checked invoices were issued by the entities. Nine invoices amounting to ₹ 8.45 lakh were stated to be not furnished by the nine entities. Hence, those invoices were doubtful. The remaining 11 invoices could not be confirmed, as the entities were either not available or were found closed.
- In 544 works, KYC documents of bank account of the suppliers of goods and services for making bank transfers/ payments had not been obtained and maintained on record. The mechanism by which the amounts specified in the invoices could actually be paid by the JEs/ AEs to the purported suppliers in the absence of KYC documents, could not be ensured.

In view of these pervasive and systemic deficiencies and irregularities, Audit concluded that out of 544 works examined by Audit, 673 (27 *per cent* of total 2,476) invoices, included in the concerned RA Bills, were doubtful. The PAs of the ITDAs had not raised objections on such deficiencies nor insisted on compliance, at the time of passing the RA Bills. The acceptance of such fake invoices with very clear and severe shortcomings, reflected gross negligence and lack of due diligence by the PAs of the ITDAs.

The SSD Department assured (August 2024) that similar lapses would not occur in future. The Department, however, did not assure of taking actions on the matters where payments had been made on the basis of fake invoices.

Recommendation 2.1.4:

The veracity of the invoices included in the RA Bills, should be checked by ITDAs before approving for payment.

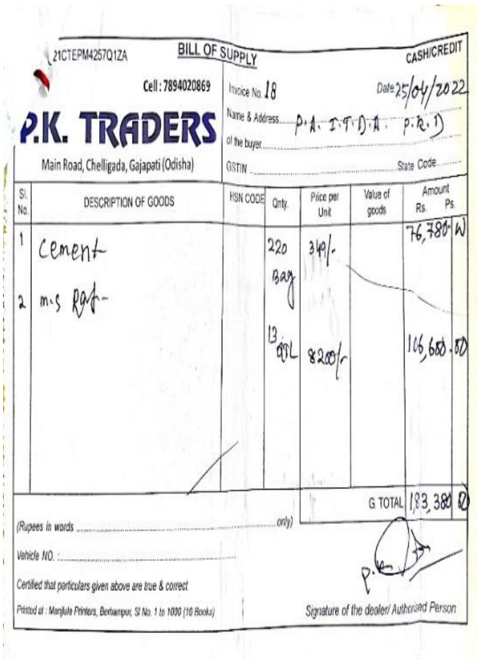
2.1.8.7 Non-compliance with OPWD Code, resulting in severe deficiencies in controls for execution of works by ITDAs

OPWD Code incorporates six provisions as controls to ensure that the quantity and quality of Departmentally executed works are compliant with the intended sanction by the competent authority. As per OPWD Code, the estimate for a work should consist of Detailed Project Report (DPR) with project details like history, design, scope, rates, cost, establishment, financial returns, *etc*. Further, geo-coded photographs of the projects prior to taking up the work, during execution and after completion of the work, shall be taken and kept in the case record files, before release of final payments to the suppliers of the goods and labour.

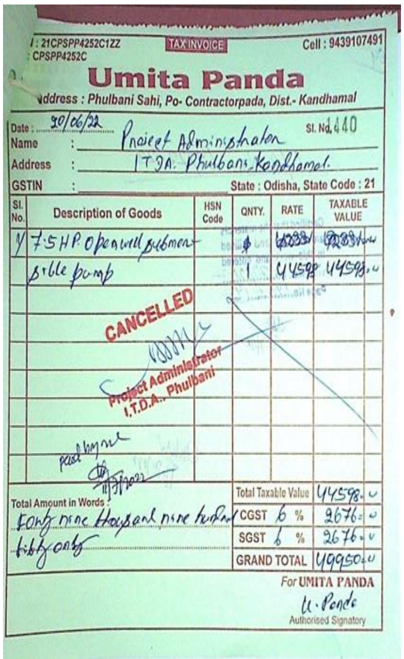
Audit examined case records of 544 works across the eleven ITDAs, for the period 2018-19 to 2022-23 and noticed that:

- ***Plan, drawing and design of departmental works, not prepared:*** While according approval for the works to be executed departmentally, the concerned JEs/ AEs of the ITDAs were supposed to visit the site and prepare necessary estimate for the proposed work. However, there were no visit reports of sites, plan documents including drawing and design, index maps for preparation of estimates, in respect of all the 544 test-checked works. Estimates had been prepared only for obtaining administrative and technical sanctions, and the basis on which these were prepared, was not on record. In the absence of drawing and design/ plan for the departmental works, the actual deviations from the original estimates, if any, remained unverifiable.

- ***Brand and make of materials used, not available***: In the test-checked 544 works, there were 2,476 vouchers/ bills (₹ 19.46 crore) which had been passed for payment. Out of these 2,476 vouchers, brand/ make of the materials supplied/ procured were not mentioned in 1,514 cases. Due to non-availability of brand/ make of materials purchased/ supplied to works, the actual cost and quality of the materials could not be assured in Audit.



Picture 2.1.7: Brand/ make of the materials supplied/ procured not mentioned in CR No. 45/2021-22 at ITDA, Paralakhemundi



Picture 2.1.8: Brand/ make of the materials supplied/ procured not mentioned in CR No. 64/2022-23 at ITDA, Phulbani

- ***Quotations not called for***: OPWD Code provides for calling for quotations/ tenders for procurement of materials. In procurement of materials costing ₹ 19.46 crore for 544 works, executed by the JEs/ AEs of all the 11 sampled ITDAs, quotations had not been called for. The materials had been procured at the rates, as claimed by the suppliers, without any comparison. As such, Audit could not derive assurance whether the materials purchased were based on lowest price prevailing in the market.

- ***Non-maintenance of muster rolls***: The executants (JEs/AEs) were to maintain muster rolls for engaging labourers in execution of departmental works. Out of the 544 test-checked work files, details of labourers engaged/ muster rolls were available only in 42 cases. In the remaining cases, the JEs/ AEs of the test-checked ITDAs had not maintained muster rolls for engagement of labour.

- ***Non-availability of photographs:*** The JEs/ AEs, executing departmental works, were to provide geo-coded photographs. Audit noticed that pre-execution photographs with geo-coordinates (latitude and longitude) were not available in 365 cases and post-execution photographs were not available in 153 cases, out of the 544 test-checked works. In absence of pre-execution and during-execution photographs, the status of original position/ condition of the sites and the extent of works actually executed, as claimed in the RA Bills/ entered in the Measurement Books, could not be verified.

- ***Non-maintenance of Asset Register, unique Works IDs and geo-coded photos:*** None of the 11 sampled ITDAs had maintained Asset Register. Due to absence of Asset Register, unique Works IDs and geo-coded photographs, Audit was unable to derive assurance that there was no duplication in the works, claimed to have been executed across different periods, under different Government schemes.

Picture 2.1.9: Photograph without geocoding (CR No. 73/22-23, ITDA Phulbani)

Picture 2.1.10: Photographs without geocoding (CR No. 298/2022-23, ITDA Koraput)

- ***Preparation of Measurement Books:*** All the entries in the Measurement Books conformed to the estimates and there were no deviations at all, based on actual execution of the works. However, this raised a doubt that the entries might have been made in a routine manner without reference to the actual status of execution of works at the site. As per the provisions of OPWD code, in case of departmental work order issued to JE/AE, another technically qualified person should have done cross check-measurement of works actually executed, in order to prevent conflicts of interest. This key control procedure had not been followed in execution of departmental works in any of the test-checked ITDAs.

In view of the above non-compliances and resultant lack of controls, Audit concluded that there was a material risk that the works which were stated to have been departmentally executed, might have deficiencies in terms of the quantity and quality.

The SSD Department assured (August 2024) in the Exit Meeting that instructions would be issued to all ITDAs to follow Codal provisions.

Recommendation 2.1.5:

The SSD Department may issue directions to ITDAs to comply with the provisions of OPWD Code, so that Departmental execution of works is only taken up when genuinely necessary, and also to ensure compliance with provisions which function as key controls.

2.1.8.8 Excessive provisions in estimates and doubtful execution of works, resulting in excess payments

Audit examined the estimates of the departmentally executed works, as well as conducted joint physical inspections with the officials of ITDAs of 94 works executed, during the period 2018-19 to 2022-23, across the 11 sampled ITDAs.

(i) Inflated estimates

OPWD Code (Paragraph 3.2.7) stipulates that the estimates should be accurately calculated and based on adequate data. As per the instructions of the Government, contractors' profit, overhead charges and GST are not admissible in departmental works. In five test-checked ITDAs[23], Audit found that:

- ***Inclusion of inadmissible items***: In the estimates of 57 works, GST at 12 *per cent* had been added to the estimates by the ITDAs at Thuamul Rampur, Rairangapur and Nabarangpur, whereas in 16 cases overhead charges and contractor's profit at 15 *per cent* were included in the estimates by the ITDA, Baliguda. Further, in 13 cases, ITDA, Paralakhemundi had included overhead charges at 7.5 *per cent* in the estimates. As GST is not payable on departmentally executed works and no profit margin is permissible on overhead charges of such works, inclusion of such cost elements, had served as pecuniary benefit to the JEs/ AEs, as detailed in **Table 2.1.6**.

Table 2.1.6: Excess payment due to inflated estimates

Inadmissible items	Name of the ITDA	No. of cases	Excess amount paid to JEs/AEs
GST	Thuamul Rampur	28	12,21,456
	Rairangpur	2	1,00,822
	Nabarangpur	27	8,34,248
Contractor's profit and overhead charges at the rate of 15 *per cent*	Baliguda	16	79,202
Overhead charges at the rate of 7.5 *per cent*	Paralakhemundi	13	2,56,102
Total		**86**	**24,91,830**

(Source: Case record files of the test-checked ITDAs)

- ***Inflated estimates:*** In ITDA, Baliguda, in the estimates of two barbed fencing works, cost of 100 metres of fencing works were ₹1,41,480 and ₹1,43,996. While adding work contingency to the estimated cost, there

23 ITDAs Thuamul Rampur, Rairangpur, Nabarangpur, Baliguda and Paralakhemundi

was error in totalling, resulting in excess claim / payment of ₹ 24,527 per 100 metre, as per details given in **Table 2.1.7**.

Table 2.1.7: Excess payment due to erroneous calculations

CR. No.	Quantity executed (in meter)	Cost of items for 100 meter	Work contingency (1%)	Actual cost for 100 m including work contingencies	Total cost claimed for 100 meter	Differential cost for 100 meter	Excess amount paid (in ₹)
Barbed Fencing work at Kilakia Sevashram (9871/ 2019-20)	180	1,41,480	1,415	1,42,895	1,67,422	24,527	44,149
Barbed Fencing work at Jhimangia High School 9872/ 2019-20	177	1,43,996	1,440	1,45,436	1,69,963	24,527	43,413
Total	**357**						**87,562**

(Source: Case record files of the ITDA, Baliguda)

- ***Duplication of items in the estimates:*** Audit, in JPI, found that, in 21 cases, relating to fencing work over the boundary wall of schools/ hostels under ITDA, Baliguda, 'supply and fixing of MS/ fabricated angles' had been included twice in the estimates and payments had been made accordingly to the concerned JEs/ AEs. Resultantly, payment towards fixing of fabricated angles based on the estimate was excess by ₹ 17.36 lakh, compared to the length of angles actually used in the fencing works.

The SSD Department assured (August 2024) in the Exit Meeting that the matter would be examined and appropriate action would be taken.

(ii) Doubtful/ non-execution of works

Audit found insufficient evidence in support of the works actually executed, in case of 36 test-checked works. As a result, there was excess payment/ doubtful expenditure of ₹ 43.03 lakh. Some of the instances of doubtful execution of the works are follows:

- The work '*Renovation of Gaikhaimunda Tank at Masigaon, Sikuan GP (CR No 235/2019-20)*' was executed departmentally by the ITDA, Thuamul Rampur, for which the JE was paid ₹ 4,81,234. The work involved execution of 4,227.85 cum earth work.

  In this work, the executant had used vehicles like excavator (OD 03K 2359) for excavation and tractors (OD 08K 2959 and OD 08K 2960) for transportation, loading, unloading works, *etc*. Audit checked the registration numbers of the vehicles in Vahan portal and found that the registration numbers of tractors were of three wheeler passenger auto rickshaws. Transportation of excavated materials using auto rickshaws incurring ₹ 4.10 lakh[24] was thus, fictitious, and, therefore, suspected to be misappropriation of Government money.

[24] 4,227.85 cum *multiplied by* ₹97 per cum for loading, unloading and transportation work

- Similarly, in another work '*Renovation of Rengtamunda Tank at Barfa, Dumuria G.P (Case Record No 236/2019-20)'* under ITDA, Thuamul Rampur, ₹ 4,81,258 had been paid to the JE, as claimed in the RA bill.

  Audit, however, observed that the registration numbers of the transporting vehicles (tractors), used for this work, as checked in Vahan portal, were of Bolero, three wheeler passenger autos and two wheelers. Thus, the transportation and payment for transportation were doubtful. The payment towards transportation in these vehicles, amounting to ₹ 3,38,586 was, thus, suspected misappropriation of Government money.

- The case record (CR No 9218/2018-19) file relating to the work '*GI barbed and razor wire fencing over the boundary wall of 100 seated Girls hostel of Government Girls High School, Raikia'* under ITDA, Baliguda, showed that an expenditure of ₹ 1,03,678 had been made for the fencing work over the boundary wall (88 metre). The work included brick work, cement concrete work, plastering, colouring, *etc*.

  
  Picture 2.1.11: Raising of boundary wall in Government Girls High School, Raikia without fencing work (17.08.2023)

  During JPI conducted in presence of the AE, ITDA, Baliguda, Audit found that the work of boundary wall of Government Girls' High School, Raikia, no barbed wire fencing was done on the compound wall of the school and the hostel. Only gaps in the compound wall had been fixed with MS angles for barbed wire fencing. Thus, the cost of fencing over the boundary wall, as claimed by the JE was doubtful. Further, detailed drawing and design, pre-execution photographs, geo-coded post-execution photographs, were also not available in the concerned files. Thus, the claim made in the RA Bill was not factual, as the said work had not been done, leading to suspected misappropriation of Government money (₹ 1.04 lakh).

- Three water supply system works[25] were scrutinised in Audit and excess payment of ₹ 10.42 lakh was noticed. As per the approved estimate for these three-water supply system works, the thickness of intake well to be constructed was to be 0.50 M. During JPI, the thickness of the intake well was found to be lesser than the approved thickness. However, in the Measurement Book, entries were made as per the estimates, resulting in excess payment of ₹ 6.56 lakh, as shown in **Table 2.1.8**.

[25] Water supply to 200 seated ST Girls Hostel at Khajuripada HS, 100 seated ST Girls hostel, Talapada Sevashram and Pipalpada Sevashram

Table 2.1.8: Excess payment towards short /non-execution of works

Sl. No.	Name of the Project	Approved thickness of intake well	Thickness found during JPI	Excess Payment (in ₹)
1	Water Supply System for 200 Seated ST Girls Hostel, Khajuripada High School[26]	0.50 M	0.40 M	2,45,983
2	Water Supply System for 100 Seated ST Girls Hostel, Talapada Sevashram School[27]	0.50 M	0.45 M	1,35,867
3	Water Supply System for Pipalpada Sevashram School[28]	0.50 M	0.40 M	2,74,301
	Total			**6,56,151**

(Source: Case Records furnished by ITDAs)

- Cases of short utilisation of material worth ₹ 3.86 lakh procured, such as GI Pipes, Bends, Flanges, *etc*. with reference to the quantity claimed to have been utilised in the RA Bills, were noticed. This led to excess payment of ₹ 3.86 lakh to the JEs/ AEs concerned.
- Three departmental works of ITDA, Phulbani, executed during November 2021 to May 2022, were found to be sub-standard as damages in pump house, intake well, foot over bridge, wing walls, *etc*. were noticed in Audit during JPI of the works.

Picture 2.1.12: Damaged Intake Well, Khajuripada (14.12.2023)

Picture 2.1.13: Hole Noticed in Intake Well, Khajuripada (14.12.2023)

Picture 2.1.14: Water leakage from Intake Well, Talapada (15.12.2023)

Picture 2.1.15: Sideways erosion around wing wall, Talapada (15.12.2023)

[26] CR No. 247,248 & 249 of 2021-22
[27] CR No. 61,62 & 63 of 2021-22
[28] CR No. 84,85 & 86 of 2021-22

	
Picture 2.1.16: Damaged left wing wall of Intake Well, Pipalpada (15.12.2023)	***Picture 2.1.17: Soil erosion around left wing wall of Intake well, Pipalpada (15.12.2023)***

Thus, execution of departmental works was not transparent, riddled with incorrect facts, suspicious transactions, leading to suspected misappropriation of Government money as well as excess payments to the JEs/ AEs.

2.1.9 Procurement of input materials for Income Generation Schemes

Under Article 275(1) and Special Central Assistance (SCA) to Tribal Sub-scheme (TSS), Central Assistance is provided to the States with basic objectives to support the efforts of the State in bridging gap between ST population and other social groups. These funds are allocated on the basis of proposals sent by the States, which are approved by the Project Appraisal Committee at the Centre. State releases this Central grant to ITDAs to implement IGS programmes to assist tribal households to support economic activities like agricultural activities, horticultural activities, livestock programmes, farm mechanisation, *etc*. For these income generating activities, ITDA procures input materials like seeds, manure, pesticides, farm equipment, *etc*. from different suppliers for supply to the targeted beneficiaries.

2.1.9.1 Issue of Purchase Orders without preparation of indents

As per the Guidelines for Procurement of Goods (2012), purchases must be made in accordance with the definite requirements of the public service. Periodical indents should be prepared and the goods/ articles, as needed, as per the Procurement Plan, should be obtained from the selected suppliers by means of such indents.

Audit noticed across the eleven sampled ITDAs that during 2018-23, all the sampled ITDAs had issued Purchase Orders for procurement of input materials[29] valuing ₹ 74.50 crore, without obtaining indents from the identified beneficiaries to whom the input materials were intended to be distributed.

The year-wise value of input materials procured by the 11 test-checked ITDAs, are given in **Table 2.1.9**.

Table 2.1.9: Value of Input materials procured by the test-checked ITDAs

(Amount in ₹ crore)

Name of the ITDA	Total value of Input materials procured				
	2018-19	2019-20	2020-21	2021-22	2022-23
Koraput	0	0	5.53	2.62	1.85
Malkangiri	0	0.98	2.34	3.56	0.74
Phulbani	1.82	1.53	1.44	1.05	0.30
Baliguda	0	0.01	2.56	1.11	1.01

[29] Such as seeds, saplings, organic manure, pesticides, insecticides, agricultural equipment, *etc.*

Name of the ITDA	Total value of Input materials procured				
	2018-19	2019-20	2020-21	2021-22	2022-23
Thuamul Rampur	0.02	0.06	1.17	0.63	0.41
Parlakhemundi	1.45	0.90	3.23	2.05	0.50
Rairangpur	0	0.2	2.92	0.83	2.12
Panposh	0	0.19	0.81	1.26	0.12
Nabarangpur	2.01	2.02	6.63	1.68	0.52
Jeypore	0.46	0.84	2.62	0.81	0.62
Karanjia	0.58	0.28	1.97	3.36	2.78
Total	**6.34**	**7.01**	**31.22**	**18.96**	**10.97**

(Source: Data furnished by the 11 ITDAs)

The underlying surveys, site inspections, requisitions/ demands from beneficiaries requesting for the quantities or numbers of input materials, were not available on record. The site inspections should have been carried out by ITDAs at regular intervals and details should have been properly maintained.

In the absence of beneficiary-wise indents, there was no assurance as to whether the Purchase Orders reflected the actual requirement of the beneficiaries and there was no excess procurement carried out by the ITDAs.

2.1.9.2 Irregular issue of Purchase Orders on nomination basis to co-operative societies, without limited or open tender

As per the Procurement Guidelines, 2012, issued by the Finance Department, GoO, every authority delegated with the financial powers of procuring goods in public interest shall have the responsibility and accountability to bring efficiency, economy and transparency in matters relating to public procurement and for fair and equitable treatment of suppliers and promotion of competition in public procurement. According to Central Vigilance Commission, New Delhi Circular dated 06 April 2021, tendering process or public auction is a basic requirement for award of contract by any Government agency. Any other method, especially award of contract on nomination basis would amount to breach of Article 14 of the Constitution, which guarantees right to equality to all interested parties. The award of contracts/ projects/ procurements on nomination basis, without adequate justification, amounts to restrictive practice, eliminating competition, fairness and equity. Hence, award of contracts through open competitive bids should remain the most preferred mode of tendering.

Co-operation Department, GoO vide resolution dated 07 June 2005, had withdrawn the privilege granted to the Co-operative Societies, such as OCCF[30] and RCMS[31], to supply items to Government offices, due to necessity of transparency and economy in public procurement. It was instructed that these societies had to compete with other suppliers, in tender processes.

Out of input materials valuing ₹ 74.25 crore procured by the 11 sampled ITDAs from the Co-operative societies, such as OCCF and RCMS, value of procurements, without any tendering process by 10 ITDAs (except Jeypore), stood at ₹ 54.25 crore. Despite withdrawal of privilege granted to the Co-operative Societies, procurement of input materials from them without tender, violated the abovementioned procurement guidelines. The year-wise

[30] Odisha Consumer Co-operative Federation Limited
[31] Regional Co-operative Marketing Societies

procurement of input materials from the Co-operative Societies, without tender, by the test-checked ITDAs, are given in **Table 2.1.10**.

Table 2.1.10: Statement showing procurement of Input materials directly from Co-operative Societies without tender (Amount in ₹ crore)

Name of the ITDA	2018-19		2019-20		2020-21		2021-22		2022-23	
	Amount of Input materials procured	Materials Procured from Societies	Amount of Input materials procured	Materials Procured from Societies	Amount of Input materials procured	Materials Procured from Societies	Amount of Input materials procured	Materials Procured from Societies	Amount of Input materials procured	Materials Procured from Societies
Koraput	0	0	0	0	5.53	5.53	2.62	2.62	1.85	1.85
Malkangiri	0	0	0.98	0.81	2.34	1.04	3.56	2.96	0.74	0.71
Phulbani	1.82	1.82	1.53	1.53	1.44	1.44	1.05	1.05	0.3	0.3
Baliguda	0	0	0.01	0	2.56	2.56	1.11	1.11	1.01	1.01
Thuamul Rampur	0.02	0.02	0.06	0.06	1.17	1.06	0.63	0.49	0.41	0.41
Parlakhemundi	1.45	1.45	0.90	0.90	3.23	3.23	2.06	2.06	0.50	0.50
Rairangpur	0	0	0.2	0.2	2.92	2.92	0.83	0.83	2.12	2.12
Nabarangpur	2.01	0.48	2.02	0.21	6.63	1.09	1.68	1.00	0.52	0.32
Panposh	0.00	0.00	0.19	0.19	0.81	0.81	1.26	1.26	0.12	0.12
Jeypore	0.46	0.00	0.84	0.00	2.62	0.00	0.81	0.00	0.62	0.00
Karanjia	0.58	0.21	0.28	0.14	1.97	0.75	3.36	2.53	2.78	2.55
Total	**6.34**	**3.98**	**7.01**	**4.04**	**31.22**	**20.43**	**18.97**	**15.91**	**10.97**	**9.89**

(Source: Data furnished by the 11 test-checked ITDAs)

Reasons for such pervasive and persistent non-compliance to the procurement guidelines over the period 2018-23, were not available on record.

Audit noticed that no attempts had been made by the ITDA to empanel a pool of suppliers for the input materials or to discover the fair market price for the input materials by conducting any formal market surveys or by obtaining periodic price quotations or by examining the price lists, published by public sector entities, such as Government e-Marketplace. The price of the items, offered by the Co-operative Societies were simply accepted and paid by the ITDAs.

Further, the Co-operative Societies had not actually sourced the input materials from their members. They had, in turn, issued Purchase Orders to private sector vendors on nomination basis, without following any tender procedure, who were the actual final suppliers. The basis on which the prices quoted by these actual private suppliers had been accepted by the co-operative societies and finally by ITDAs, was not found on record. They did not maintain any price list of the items, due to non-tendering and simply charged the ITDAs for the indented items, adding two to five *per cent* of their commission on the cost of the materials procured from the private suppliers.

Such procurement on nomination basis amounted to ₹ 54.25 crore across the ten sampled ITDAs (except ITDA, Jeypore), during the period 2018-23. This was highly irregular and was indicative of unfair practice by ITDA officials.

The SSD Department, admitting the Audit observation, stated (August 2024) in the Exit Meeting that the prevailing practice of procurement would be replaced with a transparent and competitive procurement process.

Recommendation 2.1.6:

The SSD Department may review and fix responsibility on Government personnel who were responsible for purchasing input materials for income generation schemes without preparation of indents.

Recommendation 2.1.7:

The SSD Department may ensure that ITDAs comply with the provisions of OGFR, so that procurement of input materials for income generation schemes is taken up economically and efficiently.

2.1.9.3 Non-adherence to Cost/ Cultivation Norm

The SSD Department had issued (December 2019) instructions for utilisation of funds under SCA to TSS for implementation of Consolidated Livelihood Plan. The instructions, *inter alia*, provided that the existing cost norms of the concerned line departments shall be followed for preparation of cost estimates for procurement of different agricultural input materials. Audit observed that ITDA, Phulbani had received (May 2021) the cost norms *i.e.*, price of different agricultural input materials for different crops like groundnut, black rice, sweet corn, hybrid maize, sunflower, ginger, *etc*. from the Agriculture and Farmers' Empowerment Department. However, procurements had been made from RCMS, Rayagada and OCCF, Phulbani, at a cost more than the cost norm, resulting in excess payment of ₹ 13.10 lakh.

Audit noted that the purchase order for input materials for Black Rice and Scented Rice cultivation for the year 2021-22, had been issued to RCMS, Rayagada on 22 June 2021 and the cost norm / rate chart for various agricultural goods had been submitted by them, one day later *i.e.*, on 23 June 2021. Though the rates of seeds and materials quoted by the RCMS, Rayagada were higher than the Cost Norm/Rate Chart provided by the Agriculture and Farmers' Empowerment Department, purchase order was awarded to the RCMS, Rayagada. The PA, ITDA, Phulbani failed to produce the invoice copy of purchase of input materials for Black Rice and Scented Rice cultivation for the year 2021-22, without which rate of materials and total cost of materials procured could not be ascertained. Thus, such a purchase was doubtful.

In order to examine whether undue financial benefits were extended by ITDAs and the co-operative societies to the final private suppliers, Audit examined both the prices specified in the invoices and the evidence for actual supply by the private suppliers.

Audit examined 200 invoices, against which payments towards supply of input materials had been made by the ITDAs, during 2018-23. Audit observed that, in 10 invoices, pertaining to ITDA, Malkangiri and ITDA, Phulbani, prices of three input materials (Micronutrients, Vermicompost and Neem cake) were higher than the fair market price[32] by multiples of 1.64 to 5.1, resulting in excess payment of ₹ 30.53 lakh (out of total procurement of ₹ 54.24 lakh).

Audit concluded that there was excess payment of ₹ 30.53 lakh made by the two ITDAs towards supply of input materials, due to purchase from Co-operative Societies, instead from GeM, as detailed in **Table 2.1.11**.

Table 2.1.11: Excess Payments towards Input Materials due to higher than Fair Market Prices

Sl. No.	ITDA	Names of the entity to whom Purchase Orders with highest amounts were issued on nomination basis	Total Amount paid in excess against supplies of input materials due to higher than fair market prices (in ₹)
1	ITDA, Malkangiri	OCCF Jeypore, OCCF Bhubaneswar and RCMS Bhubaneswar	22,12,640
2	ITDA, Phulbani	OCCF Phulbani, OCCF Bhubaneswar, RCMS Rayagada	8,40,150
		Total	**30,52,790**

(Source: Data obtained from the concerned ITDAs)

Apart from the prices, Audit also sought to derive assurance on the quantities of supplies actually made. However, the ITDAs had not maintained any documentary evidence such as signed delivery challans or signed stock challans, *etc*., as per the quantities specified in the Purchase Orders. This was a major internal control lapse and reflected gross negligence of the ITDA officials.

As a result, Audit was unable to derive assurance on whether the quantities specified in the invoices against which payments had been made by ITDAs, had actually been supplied.

Recommendation 2.1.8:

The SSD Department may take up regular inspections of works executed by ITDAs and income generation schemes to ensure higher degree of compliance with statutory provisions and executive instructions.

2.1.10 Other issues

2.1.10.1 Irregularities in procurement of musical instruments and costumes

Planning & Convergence Department resolved[33] (September 2017) that Administrative Approval (AA) of each programme or scheme/ project/ work should be accorded by the Chief Executive Officer (CEO) of the Special Development Council (*i.e*. District Magistrate & Collector). Paragraph 3(i) of the Procurement Guidelines (February 2012) of GoO provides that the specifications in terms of quality, type, *etc.*, as also quantity of goods to be procured, should be clearly spelt out, keeping in view the specific needs of the procuring organisations. Rule 100 of OGFR (Volume I), provides that the officer receiving the stores should also be required to give a certificate that he/

[32] Determined for the input material at the point of time of issue of Purchase Order through comparison with Government e-Marketplace price lists

[33] Resolution No.12060

she has actually received the materials and recorded them in the appropriate stock register.

Audit noticed that the Special Development Council[34] of ITDA, Paralakhemundi had accorded (July 2018) administrative approval of ₹ 73.60 lakh for procurement of traditional costumes, ornaments and musical instruments for tribal cultural troupes. Accordingly, the PA, ITDA invited (January 2019) price quotations and selected M/s Nayak Associates, Cuttack for supply of the aforesaid items and placed (February 2019) a purchase order with the selected supplier. The items were received and payment of ₹1.64 crore was made during June 2019 to February 2020. Subsequently, another order was placed (February 2020) with the same supplier on the basis of earlier selection, for supply of similar goods valuing ₹ 1.18 crore, without inviting tender.

Thereafter, similar goods valuing ₹ 91.19 lakh were also procured from the same supplier during the period May 2021 to September 2021, for which no order was placed. In all these three orders, the payments had been made for similar goods at the same price. Thus, the PA procured items worth ₹ 3.74 crore, which included items worth ₹ 2.09 crore purchased through two repeat orders, without inviting fresh tenders.

Audit observed that:

- The PA procured items worth ₹ 3.74 crore against the administrative approval of ₹ 73.60 lakh.
- The procedure adopted in procuring items worth ₹ 2.09 crore in the second and third lots were neither as per the laid down procurement procedure nor had administrative approval of the competent authority.
- Contrary to the provisions of the Procurement Guidelines (February 2012), details of product specifications in terms of quality and quantity, were not specified in the tender, floated in January 2019.
- The PA had not maintained any stock register of items received from the supplier against the above procurements. Similarly, details of issue of goods to end user entities with acknowledgements were not found on record. Due to non-availability of stock and issue registers, Audit was unable to derive assurance that the quantities of items procured were actually received and issued to the end user entities.

On being pointed out by Audit, the Sub-Collector, Paralakhemundi, conducted an enquiry into the matter. The Sub-Collector, in his enquiry report, confirmed (March 2023) the facts of non-obtaining of the approval of competent authority for procurement, non-maintenance of stock and issue register in support of receipt and issue of items procured and non-availability of documents on quality of the musical instruments, as observed by Audit.

[34] Established in nine tribal dominated districts of Odisha with the broad objective of conservation, promotion and propagation of tribal culture

The SSD Department stated (August 2024) in the Exit Meeting that they were examining the Audit observation for taking appropriate action, which would be intimated to Audit in due course. The Department also conveyed their acceptance of all the nine Recommendations made in the Report and stated that compliance action in respect of two Recommendations (Recommendations 2.1.1 and 2.1.2) had already been taken.

Recommendation 2.1.9:

The SSD Department may fix responsibility and take appropriate action against the PA for procuring items in excess of the administrative approval granted and also for placing purchase orders to a supplier, without following due procedure.

2.2 Irregularities in rubber plantations in Integrated Tribal Development Agency, Kaptipada

Suspected misappropriation of funds, meant for maintenance of rubber plantations, rendered plantations over 179.43 acres unsuccessful and resulted in wasteful expenditure of ₹ 1.93 crore, incurred on raising the plantations. Besides, due to non-establishment of Group Processing Centres, latex from four plantations, raised at a cost of ₹17.71 crore, could not be collected for rubber processing, thereby depriving the beneficiaries of the expected earnings.

As per the Guidelines issued (August 2013) by the Ministry of Rural Development, Government of India, on taking up rubber plantation through convergence with Mahatma Gandhi National Rural Employment Scheme (MGNREGS), rubber cultivation is to be taken up in pockets where the soil/ climatic conditions are congenial/ suitable for growing rubber. The Rubber Board[35], on request of the State Government, assists in identifying suitable lands and assesses technical feasibility for the plantations. Rubber plantations are to be maintained by the implementing agency for seven years, after which the plants are supposed to attain the tapping girth for latex collection and rubber production. The Guidelines also stipulate monitoring of the progress of rubber cultivation periodically and jointly by officials of the Rubber Board and Programme Officer of the implementing agency. The implementing agency is to handover the plantations, after the maintenance period, to Rubber Producers Society (RPS), a society formed by the implementing agency, comprising of the rubber growers. RPS is to be formed by the implementing agency with minimum 50 rubber growers/ beneficiaries. The function of each RPS is to act as pooling centre for producing, selling of rubber sheets and carrying out day to day activities. For processing of latex into rubber sheets, the implementing agency is also to establish Group Processing Centre (GPC) at the plantation site for each RPS. GPC is a rubber processing centre, where latex is converted into rubber sheets *i.e.*, marketable form of rubber. A GPC should have the requisite infrastructure *viz*. a building, a smoke house and machineries/ equipment like sheeting battery, aluminum dishes, bulking tanks, steel buckets, collection

[35] Under the Ministry of Commerce and Industry, Government of India

canes, aluminum sieve, *etc*., for operation. After establishment of GPC, the implementing agency is to hand over the same to the RPS concerned.

Rubber plantation is a means for sustainable livelihood that not only provides employment but also leads to recurring income generation. The Integrated Tribal Development Agency (ITDA), Kaptipada had undertaken rubber plantations on the lands of tribal people, with their consent and participation, as an interventional measure of the Focused Area Development Programme, under Special Central Assistance to Tribal Sub-Scheme, in convergence with MGNREGS. The role of the ITDA in this regard, was to provide financial and technical assistance in raising plantations, form RPS and establish GPC. On procurement of fertilisers/ pesticides for application in the plantations undertaken under MGNREGS, the District Collector, Mayurbhanj had instructed (July 2017) the Project Administrators of all ITDAs of the district, to retain geo-coded photographs, taken at the time of applying fertilisers/ pesticides, on record.

Audit noted (February-April 2023) that ITDA, Kaptipada, during FYs 2013-14 to 2017-18, had undertaken Rubber plantations, in 30 patches spread over 651.75 hectares (*i.e.*, 1,610.47 acres) of land, belonging to local farmers. In this regard, Audit observed the following:

2.2.1 Non-establishment of Group Processing Centres

Four patches of plantations on 1,314.96 acres of land, raised with an expenditure of ₹ 17.71 crore during 2013-14 to 2015-16, with the objective of extending benefits to 1,624 farmers, were ready for tapping latex, as of March 2023. Details of plantations, tapping worthy number of plants, expenditure, *etc*., in respect of these four plantations are shown in **Table 2.2.1:**

Table 2.2.1: Details of rubber plantations in four projects, as of March 2023

Sl. No.	Name of the plantation	Year of plantation	No. of plants planted	Area in acre	No. of beneficiaries	No. of plants survived	Expenditure (₹ in lakh)	No. of plants matured for tapping	No. of plants tapped
1	Kendugadi and Mahalibasa, Khunta Block	2013-14	78,017	415.73	425	66,942	572.43	42,000	9,000
2	Sirish Ch. Pur, Girish Ch. Pur and Sonapokhari, Khunta Block	2014-15	82,494	411.83	673	58,729	615.68	8,000	4,000
3	Matkamsahi, Kaptipada Block	2014-15	24,200	136.40	157	18,150	186.33	NA	0
4	Dabaka and Rangamatia, Khunta Block	2015-16	64,170	351.00	369	42,978	396.62	31,000	1,500
Total			**2,48,881**	**1314.96**	**1,624**	**1,86,799**	**1771.06**	**81,000**	**14,500**

(Source: Records of ITDA, Kaptipada and JPI)

It can be seen from the above that, out of 81,000 plants that had matured for tapping, only 14,500 plants (18 *per cent*) could ultimately be tapped.

Audit observed that GPCs had not been established for any of the above mentioned four plantations for processing latex. The beneficiaries had managed to tap only 14,500 plants (18 *per cent* of the matured plants) for producing rubber, utilising GPCs of other RPSs. In case of only one plantation (Kendugadi and Mahalibasa at Khunta block), construction of GPC, at an estimated cost of

₹ 36.07 lakh was in progress. However, no provision for funds had been made towards procurement of machineries and equipment[36] for this GPC. In case of the remaining three plantations, the ITDA had not even submitted any proposal to the SSD Department for sanction of funds for establishment of GPCs, despite requests by the beneficiaries. There was nothing on record to show whether the Department had any plan to establish GPCs for these three plantations, involving livelihood of 1,199 beneficiaries.

Audit also observed that in case of one plantation (Matkamsahi), RPS had not been formed, even though most of the plants had attained tapping girth, as noticed during the JPI (March 2023) of the plantation site, along with the officials of the ITDA, Kaptipada.

Thus, non-establishment of GPC for the plantations as well as absence of plan thereof for providing financial and technical assistance in raising plantations, form RPS, are indicative of lapses on the part of the ITDA in making the plantations viable for creating means of livelihood for the 1,624 beneficiaries of the four plantations. Consequently, expenditure of ₹ 17.71 crore, incurred for raising these four plantations, proved largely unfruitful.

The PA, ITDA stated (April 2023) that demand for funds would be placed with the Government for establishment of GPCs. The reply is not acceptable as ITDA had not taken timely steps for timely construction and functioning of GPCs, due to which rubber processing could not be taken up after maturing of plants.

2.2.2 Wasteful expenditure in raising rubber plantations

Rubber plantations taken up in three patches (Hatasahi, Damasahi and Sarat) spread over 179.43 acres in 2017-18, on which ₹ 1.93 crore had been spent, were not successful, due to non-survival of saplings. Details of the plantations and expenditure incurred on them, are shown in **Table 2.2.2**:

Table 2.2.2: Unsuccessful rubber plantations made in 2017-18 over 179.43 acres

Name of the project	Plantation area (in Acres)	No. of saplings planted	No. of beneficiaries/ farmers	Expenditure (in ₹ lakh)
Rubber plantation at Hatasahi and Damasahi (Udala Block)	139.75	27,950	148	110.79
Rubber plantation at Sarat in Kaptipada Block	39.68	7,936	41	82.35
Total	**179.43**	**35,886**	**189**	**193.14**

(Source: Data furnished by the ITDA, Kaptipada)

During JPI (March 2023) of the above mentioned plantation sites by Audit, accompanied by the officials of the ITDA, it was found that the plantation sites were lying barren and some patches were filled with weeds/ grass, having a very few/ negligible number of small plants, as can be seen from the photographs, placed below:

[36] About 24 items like, Sheeting Battery, Aluminium dishes, Bulking tanks, Steel buckets, Collection cane of different capacities, Aluminium sieve *etc*.

Picture 2.2.1: Rubber plantation site at Damasahi (06.03.2023)

Picture 2.2.2: Rubber plantation site at Hatasahi (06.03.2023)

Picture 2.2.3: Rubber plantation site at Sarat (06.03.2023)

Audit noted that Progress Reports were required to be prepared annually on survival of plants. However, no Progress Report was prepared after July 2021, indicating lack of monitoring by the ITDA. Scrutiny of Progress Report prepared (July 2021) by the ITDA revealed that 22,290 (62 *per cent*), out of 35,886 plants planted in 2017-18 in the above mentioned 179.43 acres, had survived till the end of the fourth year of plantation (*i.e*. 2020-21). However, the JPI of the plantations (6 March 2023) revealed a different picture, showing that few stray rubber plants were existing on the sites. The reasons for large scale death of plants during 2021-22 and 2022-23, if any, were not on record. In absence of Progress Reports on survival of plants for the period subsequent to July 2021 as well as any recorded fact on largescale death of plants between July 2021 and March 2023 (*i.e*., the date of JPI by Audit), the veracity of the survival percentages, as shown in the Progress Report of July 2021 of the ITDA, is doubtful. The possibility of misappropriation of funds in the name of manuring and maintenance activities of the plantations, cannot be ruled out. The Project Administrator (PA), ITDA, Kaptipada had even placed (November 2022) a purchase order with the Regional Co-operative Marketing Society, Udala for supply 20,061 Kg of fertilisers valuing ₹ 3.95 lakh, for the fifth year (2021-22) maintenance of the plantations. The receipt of the indented fertiliser and payment thereof, were not on record.

Apart from this, Audit also noted that the PA, ITDA had shown expenditure of ₹ 23.79 lakh having been incurred towards maintenance of the plants in the third and fourth years (*i.e*., 2019-20, and 2020-21) of the plantations. Audit found, various irregularities in expenditure of ₹ 8.35 lakh, incurred towards maintenance of the plantations (***Appendix 2.2.1***), as discussed below:

- In six instances[37], expenditure of ₹ 2.84 lakh towards procurement of material for manuring and plant protection measures had been booked. However, no man-days had been booked for application of manure or undertaking plant protection measures, though these tasks required engagement of labourers.
- In three instances[38], materials worth ₹ 2.17 lakh had been utilised for manuring and plant protection measures[39]. In each of these cases, the period of utilisation of man-days preceded the dates of the procurement

[37] Hatasahi A, Hatasahi B and Damusahi for manuring; Hatasahi A, Hatasahi B and Damusahi for plant protection measures without deployment of labourers

[38] Hatasahi A and Hatasahi B for manuring; Hatasahi A for plant protection measures without deployment of labourers

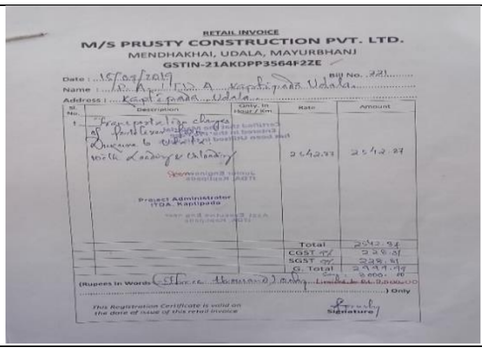
[39] Labour cost: ₹ 1.02 lakh and Material cost: ₹ 1.15 lakh

of materials, raising doubt on genuineness of such procurement and deployment of labourers.

- In four instances[40], labour cost amounting to ₹ 1.07 lakh had been booked towards manuring and plant protection measures, though no materials had been procured for such works, creating doubt on such expenditure.
- In three instances[41], expenditure of ₹ 2.28 lakh had been booked towards cost of labour (₹ 1.01 lakh) and material (₹ 1.27 lakh). However, no entry had been made in the stock register in support of receipt of stock, dates in the vouchers were missing and geo-coded photographs of applying procured material in the plantations had not been kept on record, in violation of the instruction (July 2017) by the District Collector, Mayurbhanj. Thus, the veracity of the expenditure of ₹ 2.28 lakh is doubtful.

Besides, Audit also came across another instance of procurement of fertiliser at a cost of ₹ 1.69 lakh[42], against an invoice dated 27 October 2021. However, the date on the transport voucher attached to the invoice as well as the geo-coded photograph in support of procurement, was mentioned as 15 September 2019. Such manipulation of date in the invoice is suggestive of fake procurement being done by the ITDA.

Picture 2.2.4: Procured and stacked fertiliser (CR No. 31/2020-21 SCA to TSS) (15.09.2019)



Picture 2.2.5: Transport challan dated 15.09.2019 (CR No. 31/2020-21 SCA to TSS)

In view of the above, Audit is of the opinion that the survival rate had been overstated in the Progress Reports up to July 2021, indicating suspected misappropriation of the maintenance expenses allotted for these plantations. Consequently, expenditure of ₹ 1.93 crore incurred for raising Rubber plantations for economic welfare of the ST people, became wasteful.

40 Plantation at Sarat
41 Hatasahi A, Hatasahi B and Damusahi
42 Case Record No. 31/2020-21

The SSD Department stated (August 2024) in the Exit Meeting that the ITDA, Kaptipada had been asked to submit compliance on the Audit observations.

Recommendation 2.2.1:

The SSD Department should investigate the matter, fix responsibility and take action against the officials indulging in such fraudulent practices and depriving the dependent farmers of sustainable livelihoods.

Housing and Urban Development Department

2.3 Augmentation of Water Supply in Urban Areas in the State (AMRUT and BASUDHA)

Executive Summary

The Odisha State Urban Water Supply Policy (OSUWSP), 2013 had fixed a target of supplying piped water to 88 *per cent* households by the year 2023. As against this, 99 *per cent* of households were reported to have been supplied piped water, as of March 2023. Timeliness in completion of water supply projects remained an issue, as 10 out of 11 projects, taken up at sampled Divisions under AMRUT 2.0, were found to be under execution beyond the stipulated period of completion. Insofar as adequacy of water supply was concerned, four out of six sampled PH Divisions failed to ensure supply of minimum 135 LPCD water to the consumers as mandated in the OSUWSP, as the actual quantum of supply ranged between 47 and 132 LPCD. The reasons for not meeting the quantitative norms of water supply were non-completion of capacity augmentation works of existing water supply projects.

Quality of water supplied for consumption is of paramount importance in view of the health hazards associated with unsafe drinking water. However, water quality testing framework remained below the mark, due to non-availability of water testing laboratories, shortfall in testing of water samples and deficient actions based on results of water quality test reports.

Operation and maintenance levels of water supply projects demand significant improvement. Operation of old clarifier and supply of water from the old water treatment plant by WATCO Division, Sambalpur, despite installation of each of these two facilities anew, resulted in supply of turbid and untreated water. In addition, non-maintenance of solar powered water supply projects, non-maintenance of water storage facilities, production wells, underground reservoirs, SCADA system, laboratory equipment were also noticed, which affected both quality and quantity of water supply to the consumers. Metering of connections is vital for recovery of costs incurred towards water supply service. In six sampled divisions, only 56 *per cent* domestic connections and four *per cent* institutional connections had been metered, as of March 2023.

The planning for project identification was deficient, as frequent changes in inclusion/ exclusion of projects from the approved list were noticed. Need based approach in selection of projects for execution was found lacking in some cases, as instances like construction of production wells in the areas having adequate surface water source, taking up all other works of a water supply project except water treatment plant, *etc.*, were noticed in Audit.

2.3.1 Introduction

Water is essential for human existence and therefore, assumes priority over most other services. The steady increase in human population, widespread technological modernisation, new and unsustainable lifestyle have aggravated the problem of water scarcity. Providing adequate and safe drinking water to the increasing urban population continues to be one of the major tasks of both Central and State Governments.

To address the issue of drinking water supply in the urban areas of the State, Government of Odisha (GoO) framed Odisha State Urban Water Supply Policy, 2013 (OSUWSP, 2013) to provide universal access to potable water with verifiable service level benchmarks for citizens in urban areas of the State. OSUWSP, 2013 had prescribed nine[43] Service Level Benchmarks (SLB) to monitor performance of water supply systems. Government of India (GoI) had also prescribed (July 2008) the same SLBs for supply of drinking water.

2.3.1.1 Water supply schemes

Water supply projects for urban areas of the State were executed under two schemes *viz*., Atal Mission for Rejuvenation and Urban Transformation (AMRUT), launched by GoI (June 2015) and Buxi Jagabandhu Assured Drinking Water to all Habitations (BASUDHA), launched by GoO (March 2018).

(i) Atal Mission for Rejuvenation and Urban Transformation

Ministry of Urban Development, GoI launched AMRUT in two phases *i.e*. AMRUT 1.0 and AMRUT 2.0. The broad objective of AMRUT was to execute new water supply projects and improve existing ones in the urban areas. The implementation period of AMRUT 1.0 was from June 2015 to March 2020. AMRUT 2.0 was launched in October 2021, with implementation period planned up to March 2026.

The significant differences between both versions of the scheme were coverage of population and funding pattern. While Urban Local Bodies (ULBs) with population over one lakh only were eligible for coverage under AMRUT 1.0, AMRUT 2.0 aimed to cover all ULBs, irrespective of the population count. Under AMRUT 1.0, the share of funding by GoI ranged from one-third to half of the project cost, depending upon population of the ULB[44] and the remaining amount was to be contributed by the State Government. Under AMRUT 2.0, the contribution of the GoI ranged from 25 to 50 *per cent* of the project cost, based on the population of the ULBs[45].

In order to avail funds under AMRUT 1.0 from GoI, State Government was to submit State Annual Action Plan (SAAP), which is an aggregate of Service Level Improvement Plans (SLIPs), prepared by ULBs. These SLIPs indicate

[43] Coverage of water supply connections, Per capita supply of water, Extent of metering of water connections, Extent of non-revenue water, Continuity of water supply, Quality of water supplied, Cost recovery in water supply services, Efficiency in redressal of customer complaints and Efficiency in collection of water supply-related charges

[44] For population of ULBs above 10 lakh, GoI would contribute one-third of the cost of the projects and for the remaining ULBs, it would contribute half of the cost of the projects

[45] (a) Population less than 1 lakh: 50 *per cent*; (b) 1 lakh to 10 lakh: 1/3rd; (c) More than 10 lakh: 25 *per cent* (except for projects taken up under PPP mode)

baseline status[46] by assessing existing levels of coverage of water supply and set annual target for coverage. GoI examines each project and estimated cost thereof, as included in SAAP, with reference to the eligibility criteria and accords approval. Based on the approved projects, GoI releases funds to the State.

In case of AMRUT 2.0, each ULB was to assess service level gaps in water supply to identify need for new water supply projects to be taken up. Thereafter, the ULB was to compile the identified potential projects as City Water Action Plan (CWAP). The compiled CWAP at the State level was to be submitted to GoI, as State Water Action Plan (SWAP) for approval. GoI would release funds as per the approved SWAP.

The Housing & Urban Development (H&UD) Department, GoO engaged (January 2016) M/s Engineers India Limited, as Project Development and Management Consultant (PDMC) for conducting baseline survey, identification of projects, preparation of Detailed Project Report (DPR), tender evaluation, design approval and monitoring of projects under AMRUT 1.0. Based on the reports of the PDMC and eligibility criteria of AMRUT 1.0, the H&UD Department had prepared SLIP for nine ULBs of the State, as shown in **Table 2.3.1:**

Table 2.3.1: Service Level Improvement Plan for percentage of households to be covered under AMRUT 1.0

(Figures represent percentage of households)

Sl. No.	Name of the ULB	Baseline (2015)	Target				
			2016	2017	2018	2019	2020
1	Balasore Municipality	59	65	75	90	100	100
2	Baripada Municipality	28	35	40	70	100	100
3	Berhampur Municipal Corporation	39	40	45	60	100	100
4	Bhadrak Municipality	7	10	12	50	80	100
5	Bhubaneswar Municipal Corporation	35	37	40	60	80	100
6	Cuttack Municipal Corporation	57	60	65	70	90	100
7	Puri Municipality	32	35	40	75	100	100
8	Rourkela Municipal Corporation	36	38	45	75	100	100
9	Sambalpur Municipal Corporation	30	35	45	70	90	100

(Source: SLIP of nine AMRUT cities of the State)

Under AMRUT 2.0, GoO had proposed water supply projects for 52 ULBs (including nine ULBs covered under AMRUT 1.0), as of March 2023.

Thus, 52 ULBs of the State had been covered under the central water supply scheme for urban areas (AMRUT 1.0/ AMRUT 2.0), as of March 2023.

(ii) Buxi Jagabandhu Assured Drinking Water to all Habitations (BASUDHA)

To achieve envisaged goal of universal coverage of ULBs under water supply programmes, the H&UD Department, GoO launched (March 2018) the BASUDHA scheme, under State Plan. The objective of BASUDHA was to fund

46 Baseline status is arrived at by assessing the existing situation and service level gaps for water supply. Data like, population, household number, existing facilities, level of water supply, *etc*., are collected during the survey

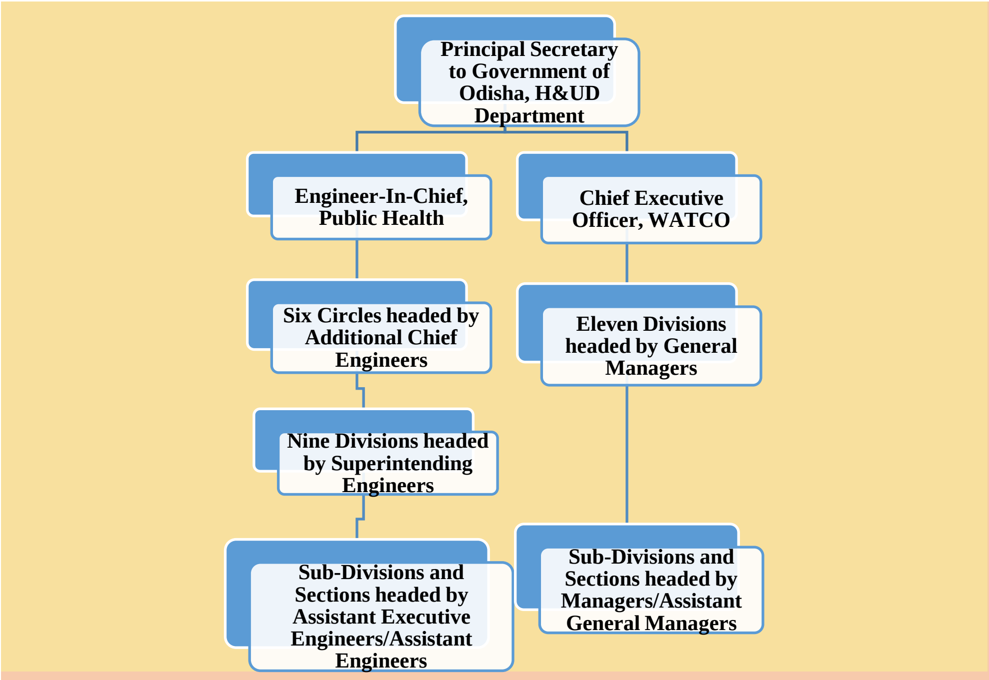
water supply projects in ULBs, which had not been covered either under AMRUT 1.0 or AMRUT 2.0. Besides, the ULBs which had already been covered under AMRUT, but certain water supply projects had remained uncovered, were to be covered under BASUDHA. The State Government, however, had not notified any specific guidelines for implementation of BASUDHA in urban areas, as of September 2023.

2.3.2 Organisational setup

The State Public Health Engineering Organisation (PHEO), under the administrative control of the H&UD Department, GoO is responsible for planning, implementation and maintenance of urban water supply projects under AMRUT and BASUDHA, including their inspection and monitoring. Tripartite Memorandum of Understandings (MoU) were entered (January 2016) amongst the State, PHEO and concerned ULBs separately, to execute the water supply projects through the PHEO. The PHEO also collects water charges (User Charges) from consumers. GoO incorporated (November 2015) Water Corporation of Odisha (WATCO), a fully owned non-profit Company, to take over execution and oversight of water supply activities from PHEO, in selected cities, on behalf of ULBs. As of March 2023, 11 Divisions[47] had been transferred to WATCO and remaining nine[48] Divisions were working under PHEO. Both PH and WATCO Divisions were implementing AMRUT and BASUDHA projects.

The organisational structure of the Department is depicted in **Chart 2.3.1** below:

Chart 2.3.1: Organisational structure of H&UD Department



[47] Bhubaneswar-I, Bhubaneswar-II, Puri, Cuttack-I, Baripada, Keonjhar, Sambalpur, Rourkela, Jharsuguda, Berhampur, Berhampur (Project) Division

[48] Bhubaneswar-III, Cuttack-II, Angul, Balasore, Bolangir, Bhawanipatna, Koraput, Rayagada and Bhanjanagar

2.3.3 Audit scope, objectives and methodology

A Compliance Audit of "Augmentation of Water Supply in Urban Areas in the State (AMRUT and BASUDHA)" was conducted between May 2023 and September 2023, covering the FYs from 2018-19 to 2022-23, with the following objectives:

- Planning was timely and adequate to ensure availability of safe drinking water to all urban population of the State.
- Fund received were adequate and utilised economically, efficiently and effectively.
- Water supply projects were executed efficiently and effectively, ensuring proper upkeep and maintenance.
- An efficient monitoring and supervision mechanism was in place to ensure quality of execution and grievance redressal.

Audit test-checked records in H&UD Department, EIC (PH) Odisha, CEO, WATCO and 120 works[49] with an estimated value of ₹ 904.84 crore in 47 ULBs pertaining to six[50] sampled PH/ WATCO Divisions. Joint Physical Inspections (JPI) of works/ assets were carried out in required cases. Beneficiary feedback was also gathered, wherever required. Audit commenced with an Entry meeting with the Principal Secretary, H&UD Department on 1 June 2023. The Department was requested several times for conduct of Exit Conference, but no response was received.

Audit Findings

2.3.4 Funds management

2.3.4.1 Receipt and Expenditure under AMRUT and BASUDHA

The State received allotment of ₹ 1,733.78 crore for execution of Water Supply Projects, Septage and Parks under AMRUT, during 2018-23. Out of the available funds of ₹ 2,261.03 crore, an amount of ₹1,891.09 crore (*84 per cent*) was utilised during the period, as detailed in **Table 2.3.2**.

Table 2.3.2: Year-wise receipt and expenditure of funds under AMRUT

(₹ in crore)

Year	OB	Receipt			Total funds available	Utilisation	Balance
		Central Grant	State's contribution	Total			
AMRUT 1.0 (Water Supply, Septage and Parks)							
2018-19	527.25	116.12	313.00	429.12	956.37	946.30	10.07
2019-20	10.07	318.79	318.79	637.58	647.65	375.82	271.83
2020-21	271.83	0	0.00	0.00	271.83	195.34	76.49
2021-22	76.49	28.06	65.33	93.39	169.88	90.18	79.70
2022-23	79.70	0	0	0.00	79.70	11.20	68.50
Total	***-***	***462.97***	***697.12***	***1,160.09***	***1,687.34***	***1,618.84***	***68.50***
AMRUT 2.0(Water Supply)							
2022-23	0	224.71	348.98	573.69	573.69	272.25	301.44

[49] AMRUT: 40 works (₹564.22 crore) and BASUDHA: 80 works (₹340.62 crore)

[50] WATCO Divisions: Bhubaneswar (1 ULB), Berhampur (3 ULBs), Sambalpur (9 ULBs) and Public Health Divisions: Koraput (8 ULBs), Cuttack (8 ULBs) and Bhanjanagar (18 ULBs)

Year	OB	Receipt			Total funds available	Utilisation	Balance
		Central Grant	State's contribution	Total			
Total	***0***	***224.71***	***348.98***	***573.69***	***573.69***	***272.25***	***301.44***
Grand Total	**-**	**687.68**	**1,046.10**	**1,733.78**	**2,261.03**	**1,891.09**	**369.94**
BASUDHA							
2018-19	0	0	255.93	255.93	255.93	251.49	4.44
2019-20	0	0	271.35	271.35	271.35	214.30	57.05
2020-21	0	0	151.23	151.23	151.23	136.77	14.46
2021-22	0	0	213.57	213.57	213.57	213.10	0.47
2022-23	0	0	126.48	126.48	126.48	101.52	24.96
Total	*0*	*0*	***1,018.56***	***1,018.56***	***1,018.56***	***917.18***	***101.38***

Source: Information received from the Department)

Of the six sampled Divisions, three Divisions[51] included in AMRUT 1.0 utilised full allotment of ₹ 293.72 crore. These three Divisions were also included in AMRUT 2.0 and could expend only ₹ 55.92 crore (84 *per cent*) against grant of ₹ 66.71 crore, as of March 2023, due to non-completion of projects, as discussed in ***Paragraph 2.3.6***. Remaining three Divisions although included in AMRUT 2.0, had not received any grant due to non-preparation of DPR.

In case of BASUDHA, the State expended ₹ 917.18 crore against an allotment of ₹1,018.56 crore and surrendered ₹ 101.38 crore, during 2018-23. Four[52] out of six sampled Divisions expended ₹ 448.23 crore and surrendered ₹ 28.04 crore, out of allotment of ₹ 476.27 crore, registering spending efficiency between 67.82 and 100 *per cent*.

2.3.4.2 Inadmissible expenditure of ₹48.82 lakh under AMRUT

Paragraph 3.1.9 of AMRUT guidelines stipulated that expenditure for purchase of land, staff salaries and expenses towards power, telecom, health, education and staff component of wage employment programme are not to be met from the grants provided under AMRUT. Paragraph 4.4 (iii) of the guidelines also disallowed utilisation of the funds for purchase of vehicles, creation of posts, payment of salary, *etc.*

Audit observed that the H&UD Department, GoO had utilised ₹ 41.48 lakh[53] (March 2023) towards remuneration of staff and hire charges of vehicles at the Department level. Similarly, WATCO Division Berhampur utilised ₹ 7.34 lakh from AMRUT grant (May 2019) for purchase of a new vehicle. Thus, a sum of ₹ 48.82 lakh from AMRUT grant, had been utilised irregularly for the unintended purposes.

In reply, the Department stated that the retired persons had been engaged as consultants/ advisors, due to closure of PDMC contract (September 2020) and vehicles had been hired for official use. The reply was not tenable since the scheme has no such admissibility. Reply for other inadmissible expenses *i.e.*, expenses on staff remuneration in the Department and purchase of vehicle by Berhampur Division, is awaited.

51 Bhubaneswar Division, Berhampur Division and Sambalpur Division

52 Cuttack Division: ₹122.09 crore (100 *per cent*), Koraput Division: ₹39.17 crore (67.82 *per cent*), Bhanjanagar Division: ₹66.60 crore (91.30 *per cent*) and Sambalpur Division: ₹220.37 crore (96.39 *per cent*)

53 Remuneration to deployed retired personnel: ₹ 22.16 lakh; engagement of attendants: ₹ 7.90 lakh and hire charges of vehicles: ₹ 11.42 lakh

2.3.4.3 Non-realisation of water charges of ₹ 60 crore from consumers

In OSUWSP, 2013, poor cost recovery was recognised as one of the key issues and challenges relating to sustainable water supply service. Therefore, the Policy had emphasised on collection of at least 90 *per cent* of current water charges and reduction of total arrears to less than 15 *per cent* of the current demand. As per Rules 22 to 26 of Odisha Water Works (ULBs) Rules, 1980 and subsequent amendments in 2021, the concerned Executive Engineer/ Sectional Officers should ensure collection of water charges for a month in the succeeding month. In case of delays, disconnection notice or final action to cut off water supply of the defaulters should be resorted to. The State Government also introduced (December 2019) the *Jalsathi* Programme by involving Mission Shakti Groups[54] (MSGs) to ensure timely collection of water charges from consumers' doorsteps.

The Department/ EIC/ WATCO could not furnish details of water charges collected *vis-à-vis* due from all the consumers in the State. In six sampled Divisions, Audit noticed that the percentage of collection of water charges ranged from 24.79 to 76.91 *per cent*, despite engagement of *Jalsathis* for this purpose, as detailed in **Table 2.3.3**.

Table 2.3.3: Water tax - Demand and Collection, as of March 2023

(₹ in crore)

Name of the sampled Division	Amount due up to March 2023	Amount collected up to March 2023	Amount outstanding as of March 2023	Percentage of collection to total due
Cuttack	10.89	2.70	8.19	24.79
Koraput	22.91	9.77	13.14	42.65
Bhanjanagar	18.30	5.11	13.19	27.92
Bhubaneswar	41.74	27.96	13.78	66.99
Sambalpur	16.96	8.58	8.38	50.59
Berhampur	14.38	11.06	3.32	76.91
Total	**125.18**	**65.18**	**60.00**	**52.07**

(Source: Information received from the sampled Divisions)

The Divisional Officers stated (between July 2023 and September 2023) that steps were being taken to collect outstanding water charge.

2.3.5 Coverage of households

Target 6.1 of the Sustainable Development Goals[55] sets a goal of achieving universal and equitable access to safe and affordable drinking water for all, by 2030. Further, under OSUWSP, 2013, GoO had set a target of covering 88 *per cent* of households in the State with direct piped house connections for water supply by the year 2023 and cent *per cent* by the year 2027.

As per the information furnished by the EIC, PHEO, there were 10,01,551 urban households in the State. Of these, 9,91,239 households (99 *per cent*) had been given piped water supply, as of March 2023. The extent of coverage of

54 Women Self Help Groups in the State

55 Sustainable Development Goals, a set of 17 Goals with 169 targets, are ambitious commitment by world leaders to help organise and streamline development actions for greater achievement of human wellbeing, while leaving no one behind by 2030. The Government of India is strongly committed to Agenda 2030, including the Sustainable Development Goals

households in each of the 47 ULBs, related to six sampled divisions, is shown in **Table 2.3.4.**

Table 2.3.4: Coverage of households with water supply connections in sampled Divisions, as of March 2023

Name of Division	No. of ULBs	Total no. of households	No. of households targeted for coverage	No. of households covered	No. of households not covered
Bhanjanagar	18	69,014	62,616	62,616	0
Cuttack	8	44,017	40,670	40,670	0
Koraput	8	52,161	46,244	46,244	0
Berhampur	3	67,989	66,943	66,943	0
Bhubaneswar-I	1	1,55,718	1,40,869	1,40,869	0
Sambalpur	9	1,10,148	1,08,477	1,05,762	2,715
Total	**47**	**4,99,047**	**4,65,819**	**4,63,104**	**2,715**

(Source: Information from EIC, PH)

Out of 4,99,047 households, 33,228 had their own source of water supply (well, deep boring well, *etc*.). Therefore, the target for coverage of households with water supply connections was fixed at 4,65,819. Against this target, the coverage was 4,63,104 households (99 *per cent*), as of March 2023. Only in Sambalpur Division, 2,715 households belonging to Bijepur NAC had remained uncovered.

Audit, however, found that in addition to Bijepur NAC, some pockets of four other ULBs under three sampled Divisions remained uncovered by any of the water supply projects. New water supply projects were still under execution therein and no water supply projects had been in existence earlier, as detailed in **Table 2.3.5**. Despite non-completion of works, these ULBs were shown as fully covered, in the records of the EIC (PHEO).

Table 2.3.5: ULBs shown as fully covered, despite non-completion of water supply projects

Sl. No.	Name of the project	Name of the sampled division	Name of the ULB	Year of sanction/ Scheme	Date of commence ment	Scheduled date of completion
1	Water supply project for Sambalpur Municipal Corporation area.	Sambalpur	Sambalpur Municipal Corporation	2022-23/ BASUDHA	06 December 2022	05 November 2022
2	Improvement of water supply to Gobindapali and Bhatli Chowk areas of Bargarh Municipality		Baragarh Municipality	2020-21/ BASUDHA	31 May 2021	28 February 2022
3	Water supply project for Purusottampur Notified Area Council	Bhanjanagar	Purusottampur NAC	2020-21/ BASUDHA	05 August 2021	04 July 2022
4	Water supply project for Berhampur Municipal Corporation area	Berhampur	Berhampur Municipal Corporation	2017-18/ AMRUT	04 July 2019	03 July 2020

(Source: Records of the sampled Divisions)

The number of households intended to be covered under the above four projects was not found on record. Thus, the proclamation of the Department that 99 *per cent* households had been given piped water supply is doubtful, in view of the fact that the ULBs had been declared fully covered despite non-completion of the works, resulting in non-availability of piped water supply.

Recommendation 2.3.1:

Accuracy of database of households covered under piped water supply projects should be ensured, as they form the basis for monitoring of ongoing works. Gap analysis and future planning should also be done to ensure that all households are covered.

2.3.6 Status of execution of water supply works

The State received approval for 130 and 169 projects under AMRUT 1.0 and 2.0, with project cost of ₹ 1,500.08 crore and ₹ 3,436.86 crore, respectively. All the projects under AMRUT 1.0 were completed, after incurring an expenditure of ₹ 1,456.27 crore, as of March 2023. In case of AMRUT 2.0, four projects (approved cost ₹ 18.88 crore) were completed at an expenditure of ₹ 15.42 crore, while 55 projects (₹ 1,035.84 crore) were still under progress and 110 projects (₹ 2,382.14 crore) had not commenced. These projects had not started due to non-preparation of DPRs by the PDMC in 103 cases and non-tendering of seven projects (March 2023). These incomplete 165 projects had been sanctioned during the period March 2022 to January 2023, under AMRUT 2.0.

Status of execution of projects under BASUDHA in the State during 2018-23, was not furnished by the Department/ EIC PH. However, the year-wise status of execution of projects under BASUDHA as well as AMRUT 1.0 and 2.0 were analysed by Audit on the basis of the Progress Reports of the sampled divisions, pertaining to the period 2018-23, as shown in **Table 2.3.6**.

Table 2.3.6: Status of execution of works in sampled Divisions during the period 2018-23

Sampled Division	Projects received		Completed (Nos.)	Incomplete as of March 2023		Estimated cost of incomplete projects (₹ in crore)
	Nos.	Estimated cost (₹ in crore)		Under progress (Nos.)	Not started (Nos.)	
AMRUT 1.0						
Bhubaneswar	8	73.82	8	0	0	0
Sambalpur	8	166.70	8	0	0	0
Berhampur	8	53.31	8	0	0	0
Total	**24**	**293.83**	**24**	**0**	**0**	**0**
AMRUT 2.0						
Bhubaneswar	10	45.53	2	8	0	43.11
Sambalpur	5	155.01	0	2	3	155.01
Berhampur	3	122.23	2	1	0	62.06
Cuttack	1	47.48	0	0	1	47.48
Koraput	3	147.82	0	0	3	147.82
Bhanjanagar	5	101.19	0	0	5	10.20
Total	**27**	**619.97**	**4**	**11**	**12**	**465.68**
BASUDHA						
Sambalpur	36	108.50	34	2	0	9.61

Sampled Division	Projects received		Completed (Nos.)	Incomplete as of March 2023		Estimated cost of incomplete projects (₹ in crore)
	Nos.	Estimated cost (₹ in crore)		Under progress (Nos.)	Not started (Nos.)	
Cuttack	76	338.78	32	6	38	303.86
Koraput	60	64.53	57	1	2	8.62
Bhanjanagar	13	64.39	10	3	0	11.14
Total	**185**	**576.20**	**133**	**12**	**40**	**333.23**
Grand Total	**236**	**1,490.00**	**161**	**23**	**52**	**798.91**

(Source: Data furnished by the sampled Divisions)

In case of AMRUT 2.0, execution of 10 out of 11 incomplete projects in the sampled Divisions was continuing beyond three to 12 months (September 2023) of their scheduled dates of completion. The reasons for non-completion of works included delayed execution by respective contractors (in eight works) and land acquisition issues (in two works). Further 12 works of AMRUT 2.0 had not commenced due to non-preparation of DPR (in eight works) and non-finalisation of tendering process (in four works).

In case of BASUDHA, works of 10 out of 12 projects were under progress. Completion of these 10 works had already been delayed for three to 19 months (September 2023) from their scheduled dates of completion, for the reasons attributable to non-availability of required land (in two works), change in design (in three works), non-availability of required machinery (in four works) and delayed execution by the contractor (in one work). Besides this, 40 works had not started due to non-preparation of DPR (in 38 works), ongoing tendering process (in one work) and drop of project (in one work).

Out of the 23 incomplete projects of AMRUT 2.0 and BASUDHA in the sampled Divisions, Audit test-checked records of four projects to analyse how the delay in completion affected the intended service delivery and noticed the following:

- ***Water supply project for Sambalpur Municipal Corporation (SMC)*****:** In order to supply adequate and safe drinking water to Zones 1, 5, 6 and 7 of SMC, a water supply project was taken up under AMRUT 1.0 by the WATCO Division, Sambalpur. The work was awarded (December 2017) to a contractor for ₹ 8.46 crore, with scheduled date of completion as 22 December 2018. The scope of the work included construction of six filtration systems, to ensure quality of water, along with other allied infrastructures. The contractor left the project in June 2022, up to which date, a sum of ₹ 4.80 crore had been paid to him. The reasons for leaving the work by the contractor were not on record. Thereafter, the Division did not take any steps, either for rescinding the contract and awarding the same to another contractor or for early completion of the work by any other means. Audit noticed in JPI (2 September 2023) that two filtration systems[56] were not completed, even after incurring an expenditure of ₹ 2.73 crore and the works already executed, were deteriorating. On the same day, water quality test at Sindurpanka was also conducted by the Divisional WTL at the insistence of Audit. The

[56] At Raghunathpalli-Baijamunda and Sindurpank

test report of WTL revealed turbidity value in the sampled water as 4.96 NTU, against acceptable limit of 1 NTU.

Picture 2.3.1: Abandoned work at Raghunathpalli-Baijamunda of Sambalpur Municipal Corporation (01.09.2023)

Picture 2.3.2: Incomplete water treatment system at Sindurpank of Sambalpur Municipal Corporation (02.09.2023)

Thus, due to non-completion of the projects, the households of Zone 1 (Raghnuathpalli and Baijamunda) were not being supplied piped drinking water. Also, the households of Zone 6 (Sindurapanka) were being supplied water with high turbidity level.

- ***Water supply project for Deogarh Municipality:*** A water supply project, consisting of laying of pipelines, construction of elevated storage reservoir, underground reservoir and pump house and allied structures was taken up by Sambalpur Division, under AMRUT 2.0. The aim of taking up the project was to supply adequate drinking water to the households of three different pockets (*viz*. Reach I, II and III) of Deogarh town. The work was awarded (April-May 2022) to a contractor for ₹ 6.40 crore, with dates of completion of work in each Reach[57] between January 2023 and February 2023. JPI (5 September 2023) of work sites and scrutiny of records revealed that the works were under execution and the contractor had been paid an amount of ₹ 1.23 crore for the works executed (19 *per cent*) till then. Due to delay in getting permission from the Forest and Environment Department, the progress in execution of works had been delayed. As the works remained incomplete, the households of the concerned localities were being supplied drinking water through the old supply system, which was not capable of supplying required quantity of water. Thus, as against the norm of supplying 135 LPCD[58] water, the households were being supplied only 83 LPCD water.

- ***Water supply project for Purusottampur NAC***: A water supply project was taken up under BASUDHA, for upgradation of the existing supply system, by the PH Division, Bhanjanagar. The work was awarded (August 2021) to a contractor for ₹ 2.68 crore, with stipulation to complete the same by July 2022. JPI (26 July 2023) of the work-site revealed that works like intake well, ESR, pumping arrangement, electrification, *etc.*, were still incomplete, despite lapse of two years. The contractor had been paid ₹ 1 crore for the cost of the works executed. While there was slow pace of execution of work by the contractor, the

[57] Scheduled date of completion of Reach I: 5 February 2023, Reach II: 25 February 2023 and Reach III: 27 January 2023

[58] Litre Per Capita Per Day

EIC (PH) had also committed delay of nine months in finalising design of the underground reservoir. Due to delay in completion of the work, the households could be supplied only 105 LPCD water, against the norm of supplying 135 LPCD.

- ***Water supply project for Jeypore Municipality:*** A water supply project, comprising permanent intake structure with electrification for 32 MLD[59] Water Treatment Plant (WTP), was taken up under BASUDHA by PH Division, Koraput to ensure continuous supply of raw water to the WTP. The work was awarded (April 2022) at a cost of ₹ 4.39 crore, to be completed by October 2022. Audit, however, noticed that the work was still under execution with only 59 *per cent* having been completed, as of July 2023. The contractor was paid ₹ 2.58 crore towards cost of work executed. The project was delayed for more than nine months due to slow pace of work by the contractor.

Audit observed in all the aforementioned four cases that slow pace of execution by the contractors, coupled with delay on the part of the EIC in finalisation of the drawings and designs, contributed to non-completion of water supply projects. As a result, the households of these areas were deprived of required quantity of piped water supply.

Accepting the fact, the Divisional Officers (DOs) assured that the contractors would be instructed to complete the works at the earliest.

2.3.7 Adequacy of supply

As per the OSUWSP, 2013, each household in urban areas should be provided 135 LPCD water and the duration of supply should be for at least eight hours in a day. The capacity of the water supply projects, both under AMRUT and BASUDHA, were fixed in view of these supply norms set in the OSUWSP, 2013.

From the records of the EIC (PH), Audit noted that the quantity of water supplied in 60 out of 115 ULBs of the State, ranged between 33.10 LPCD (Odagaon NAC) and 134.14 LPCD (Rayagada Municipality). In case of four sampled Divisions, water supply to the concerned 18 ULBs[60] ranged between 47 LPCD and 132 LPCD, which was below the norm of 135 LPCD, as shown in **Table 2.3.7.**

Table 2.3.7: Shortfall in per capita water supply in sampled Divisions, as of March 2023

Sampled Division	No. of ULBs with water supply less than 135 LPCD	Name of the ULBs	Projected population of the ULBs	Range of availability of water (LPCD)
Cuttack	3	Jagatsinghpur, Athagarh, Jajpur	1,06,114	121 to 132
Koraput	5	Umerkote, Balimela, Nabarangpur, Malkangiri, Kotpad	1,60,423	89 to 124
Bhanjanagar	7	Buguda, Chatrapur, Khalikote, Kodala,	1,35,554	110 to 124

59 Million litres per day

60 Population: 5,01,936

Sampled Division	No. of ULBs with water supply less than 135 LPCD	Name of the ULBs	Projected population of the ULBs	Range of availability of water (LPCD)
		Purusotampur, Polasara, Rambha		
Sambalpur	3	Deogarh, Bargarh, Bijepur	1,45,404	47 to 103
Total	**18**	**--**	**5,47,495**	**47 to 132**

(Source: Records of the sampled Divisions)

Audit observed that non-completion of 17 out of 60 approved water supply projects taken up under AMRUT and BASUDHA for the above mentioned 18 ULBs under four sampled Divisions, had resulted in short supply of water to the urban population concerned. Further, the above 18 ULBs included two ULBs *viz.* Rambha NAC and Khalikote NAC, under Bhanjanagar Division, which were neither covered under AMRUT 1.0 nor had any projects from these two been included under BASUDHA to enhance water supply, as of March 2023.

As per the Outcome Based Progress Report (OBPR) of the six sampled Divisions (including the above four Divisions) for the year 2022-23, water supply duration ranged from two to eight hours every day. In the beneficiary interview conducted by Audit during June 2023 to September 2023, 402 out of 474 beneficiaries, pertaining to 63 wards of 20 ULBs under the sampled Divisions, stated that they were getting water supply ranging from 30 minutes to six hours per day, which contradicted the claim in the OBPR regarding duration of water supply**.**

Thus, the service level benchmark in terms of quantity of water had not been achieved in the six sampled Divisions. The duration of supply was less than the normative duration of eight hours in 21 ULBs, pertaining to six sampled Divisions.

Recommendation 2.3.2:

Supply of adequate quantity of drinking water as well as water supply for at least eight hours per day should be ensured, through timely completion of pending water supply projects.

2.3.8 Quality of supplied water

OSUWSP, 2013, aimed to provide cent *per cent* water quality for physical, chemical and bacteriological tests at treatment plants, distribution points and consumer ends, by the end of year 2019. To provide a detailed framework for routine water quality monitoring, the H&UD Department issued the Odisha Urban Water Quality Monitoring Protocol (OUWQMP) in September 2015. The OUWQMP envisaged three-tier water testing framework *i.e.*, at the State level, Division level and Basic laboratories at WTP or Water Treatment Plant level. The OUWQMP prescribed different testing parameters[61] for Water Testing Laboratories (WTLs) at each level.

[61] State level: 97 parameters; Division level: 34 parameters and Basic level: 12 parameters

H&UD Department entered into an agreement (December 2016) with M/s Spectro Analytical Labs Limited to establish and run WTLs through Public Private Partnership (PPP) mode, one at State level and eight[62] at Divisional level. As per the terms of the agreement, the Department would bear the cost of the machineries/ equipment and M/s Spectro would deploy necessary manpower to conduct test of water samples. The establishment and operation of WTLs in the remaining 12 Divisions and basic laboratories at WTP level rested with the H&UD Department. The water testing framework and its working had been reviewed and commented vide Paragraph 2.1 of C&AG's Audit Report on Government of Odisha, for the year ended March 2020 (Report No.5 of 2021). Audit attempted to assess the water quality testing status as of March 2023, in the six sampled Divisions and noticed the following.

- ***Non-functioning of basic laboratories:*** During JPI (July 2023) with departmental officials, Audit found laboratory equipment worth ₹ 24.41 lakh, procured by the Department for five WTPs, lying idle[63], due to non-deployment of laboratory technicians, since 17 to 60 months of their procurement.

  In reply, the Executive Engineers of the concerned sampled Divisions stated that higher authorities would be requested to provide required manpower to make the laboratories functional.

- ***Non-availability of WTL for the PH Divisions:*** As per OSUWSP 2013, each Division should have one WTL. Audit, however, noted that three out of the six sampled Divisions had been covered under the PPP agreement drawn with M/s Spectro and WTLs had been established therein. In the remaining three[64] sampled Divisions, WTLs had not been established by the H&UD Department, as of September 2023, against the stipulated date of establishment by the end of year 2019, in OSUWSP, 2013.

- ***Non-achievement of water quality testing target:*** In the State WTL, 53,524 tests were conducted by M/s Spectro, during 2018-23 against stipulated target of 75,600 tests, registering a shortfall of 22,076 tests (29 *per cent*). During the same period, at three sampled Divisions[65], M/s Spectro could conduct 77 to 92 *per cent* of the stipulated sample tests. The reason for shortfall in tests by M/s Spectro, had not been reviewed by the Department. In absence of any penal provision in the agreement signed with the agency with regard to shortfall in conducting prescribed volume of sample tests coupled with non-review of persistent shortfalls, the volume of sample tested during the period 2018-23, continued to remain below the stipulated target. Thus, the purpose of

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62 Package-1: State laboratory at Bhubaneswar and Divisional laboratories at Berhampur, Bhubaneswar, Cuttack, Puri and Package-2: Divisional laboratories at Balasore, Baripada, Rourkela and Sambalpur

63 Pattamundai WTP: ₹7.79 lakh, Choudwar WTP: ₹7.29 lakh, Banki WTP: ₹4.29 lakh, Nabarangpur WTP: ₹2.41 lakh and Malkangiri WTP: ₹2.63 lakh.

64 Cuttack PH Division, Bhanjanagar PH Division, Koraput PH Division

65 WTL Sambalpur: 50202/54595 (92 *per cent*), WTL Bhubaneswar: 74518/97200 (77 *per cent*) and WTL Berhampur: 47227/52200 (90 *per cent*)

roping in a private partner to ensure adherence to the water testing protocol, envisaged in the OUWQMP, remained unfulfilled.

- ***Inadequate water quality testing at consumer end:*** The H&UD Department engaged (December 2019) members of Women Self Help Groups (WSHG), initially in five ULBs, as *Jalsathis*, for collection of water charges and for conducting water quality testing. The Department instructed (September 2021) all the ULBs of the State to engage members of WSHGs for these purposes. They were imparted training on use of field testing kits for conducting water quality tests by State Urban Development Authority in coordination with PHEO. The *Jalsathis* were required to conduct minimum 20 pairs (H_2S[66] and Residual Chlorine) of tests per month at consumer ends[67], as per the agreements with the participating WSHGs. The six sampled Divisions had engaged 430 *Jalsathis* in 47 ULBs for conducting water quality tests at the consumer end, as of March 2023. Of these, 53 *Jalsathis* (12 *per cent*) across all the sampled Divisions, had not conducted the targeted tests during the month of March 2023. In Sambalpur Division, none of the 56 *Jalsathis* had conducted H_2S test and status of conducting the same tests in other five sampled Divisions, was not shared with Audit by the respective Divisions.
- ***Result of water quality test in WTL:*** Potable water is accessible from ground and surface water sources. Ground sources comprise of Production Wells (PWs) and tube wells (TWs) while surface water (SWs) sources are rivers, dams, canals *etc.* Water from surface water sources is to be treated in WTPs, before it is put to distribution systems (DSs). Thus, it is essential to check characteristics of drinking water supplied from all the sources *i.e.* TWs, PWs and DSs to ensure that these are within acceptable limits. Bureau of Indian Standards 10500:2012, amended in June 2015, specified acceptable and permissible limits of the water quality values. Values in excess of the acceptable level render the water unsuitable for drinking, while values in excess of permissible level is to be rejected. Audit analysis of water quality test result conducted by three WTLs of sampled WATCO Divisions of Bhubaneswar, Berhampur and Sambalpur, covering 1,905 locations for 29 characteristics, during March 2023, revealed that 16 characteristics of water quality *viz*., colour, turbidity, total hardness, total coliform, E-coli, *etc*., were beyond the acceptable limits at different locations. Ground sources were mostly found deficient in quality.

During beneficiary survey, 273 out of 474 beneficiaries pertaining to 51 wards of 18 ULBs under the sampled Divisions stated that they were getting turbid water in the water supplied to them. Thus, the quality of drinking water supplied in these areas was not fully safe, as seen from both WTL reports and beneficiary surveys.

The GM, WATCO Division Sambalpur, confirming the fact, assured that remedial steps would be taken. Replies from WATCO Divisions at Berhampur and Bhubaneswar are awaited.

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66 Hydrogen Sulphide

67 Water quality tests for defined parameters by drawing sample from consumers' taps

The fact, however, remains that the service level benchmarks for quality of supplied water, mandated in OSUWSP 2013, had not been achieved.

Recommendation 2.3.3:

Steps should be taken to strengthen water testing laboratories, achieve required number of sample tests and conduct water tests at the consumer end, based on the parameters prescribed in OUWQMP, to ensure supply of safe drinking water to consumers.

2.3.9 Operation and Maintenance of Water Supply Systems

The targeted outcome, as envisaged in OSUWSP, 2013, can be ensured by provision of adequate and cent *per cent* supply of quality water to urban population, through proper operation and maintenance (O&M) of the water supply facilities. Audit came across instances of non-utilisation and improper maintenance of these facilities, created at a cost of ₹ 22.27 crore in test-checked Divisions, resulting in supply of improperly treated drinking water to the consumers, as discussed below:

- ***Use of old clarifier in water purification process:*** WATCO Division, Sambalpur undertook (July 2018) rehabilitation of the existing 4.5 MLD WTP along with improvement of distribution system and allied works for water supply to Burla township. The works were completed in July 2022 at a cost of ₹ 9.79 crore. In the renovated 4.5 MLD WTP, a new clarifier[68] was constructed, from which clear water was to be filtered through a different process. In the JPI (2 September 2023) of the WTP, Audit noticed that the old clarifier had not been dismantled. Clear water from the newly installed clarifier was made to pass through the old clarifier. As sedimentation process was not possible in the old clarifier and large quantities of sludge were present therein, the purified water from the new clarifier was getting mixed with the sludge, making the water turbid, which was then being supplied to the consumers. Reasons for not dismantling the old clarifier were not recorded. In the beneficiary survey, all the 17 beneficiaries, who were being supplied drinking water from this WTP, confirmed supply of turbid water. The Divisional water testing report indicated turbidity at 3.15 NTU in clear water sump of the WTP, which was beyond the acceptable limit of 1.00 NTU. Had the old clarifier been dismantled or the clear water from the new clarifier not allowed to pass through the old clarifier, the benefits of the new clarifier could have been reaped. Thus, due to the improper operation of the water treatment plant, turbid water was supplied to the consumers and thereby expenditure of ₹9.79 crore did not yield any benefit to the consumers.

[68] Intake water is stored in the Clarifier in still condition. During the storage period, physical impurities present in water, sediment at the bottom of the clarifier through chemical dosing

	
Picture 2.3.3: Water from the new clarifier mixed (left side pipe) with old clarifier, filled with mud and algae (02.09.2023)	***Picture 2.3.4: Leakage of water from the old clarifier mixing (right side pipe) into clear water sump (02.09.2023)***

- ***Supply of untreated water from old WTP:*** WATCO Division, Sambalpur took up (January 2018) work for supply of piped drinking water to Padampur township where a new WTP was to be installed. As per the DPR, the new WTP was capable of supplying water to the Padampur NAC till 2044. Also, there was no mention of requirement for operating the old WTP or operating it simultaneously with the new WTP. The work was completed in December 2022 at a cost of ₹ 9.38 crore. JPI (4 September 2023) of the worksite revealed that while water supply was being done from the new WTP, at the same time, water supply from the old WTP was also continuing. As the old WTP was in a damaged condition, turbidity in water did not reduce, resulting in supply of turbid water to the consumers. Further, the WTL at the WTP had remained idle due to vacancy in the post of the laboratory technician, due to which, supply of turbid water could not be detected at WTP level. However, water samples were tested at the Divisional WTL. The water sample test report at the Divisional WTL (March 2023) indicated turbidity at 2.04 NTU in the water supplied to Ward No. 2 of Padampur town, which was beyond the acceptable turbidity limit of 1.0 NTU. Besides, beneficiary survey conducted by Audit also confirmed turbidity in supplied water. Thus, the benefit to the consumers in terms of getting pure drinking water did not accrue, despite expenditure of ₹ 9.38 crore.

The GM, WATCO Division, Sambalpur stated (September 2023) that the turbidity at Padampur WTP was being checked on regular basis and chemical dosing was being done manually. The reply is not tenable as water samples at WTP level were not being tested regularly in absence of functional WTL, which is reflected in the laboratory test reports as well as in the feedbacks of the consumers.

- ***Non-maintenance of Solar Powered projects:*** The works of installation of Solar Powered projects at 26 locations were executed (February 2020) by WATCO Division, Berhampur, under AMRUT 1.0, after incurring an expenditure of ₹ 1.74 crore. The objective of these solar projects was to act as standby systems in emergent situations *i.e.* during natural disasters. These projects were designed to pump underground water and cater to the needs of approved locations including two hospitals[69]. During JPI (5 September 2023), it was noticed that none of the solar projects were functioning and items like solar panels, water tanks, pump sets, *etc.*, were missing at 11 locations. Though the scope of the work included five years O&M by the same contractor, the Division had failed to enforce this provision to keep the solar projects operational. Thus, the very objective of constructing solar powered projects, as a part of the disaster management plan, was not achieved.

Picture 2.3.5: Defunct solar project at Nua Sahi, Ankuli, where some solar panels and three water tanks were missing (05.09.2023)

Picture 2.3.6: Defunct solar project at Baikuntha Nagar, where one solar panel and motor pump was missing (05.09.2023)

In addition to the above, Audit also noticed three other instances of improper O&M of water supply systems, created at a cost of ₹ 1.36 crore, which failed to supply water to the consumers, due to absence of provision for O&M in the contract and improper site for production wells, as indicated in **Table 2.3.8.**

Table 2.3.8: Defunct projects due to non-maintenance

Sl. No.	Project	Sampled Division	Date of completion	Cost of work (₹ in lakh)	Remarks
1	Improvement of Storage facility in BeMC area (AMRUT 1.0)	WATCO Division, Berhampur	January 2021	58.97	The system[70] was lying defunct due to absence of subsequent maintenance, as the O&M for the next five years had not been included in the contract. No new O&M contract was executed by the Division for the purpose.
2.	Extension of distribution network and allied works in Zone 1, 5, 6 & 7 of Sambalpur town (AMRUT 1.0)	WATCO Division, Sambalpur	November 2021	61.03	Production wells[71] failed due to improper survey and thus, water supply to the area could not be ensured.

[69] Maharaja Krushan Chandra Gajapati Medical College & Hospital, Berhampur and City Hospital, Berhampur

[70] UGR, pump house, control panel, pump set, *etc*.

[71] Boidhar Nuapalli, Pardhiapalli, Singhpalli & Malipalli

Sl. No.	Project	Sampled Division	Date of completion	Cost of work (₹ in lakh)	Remarks
3.	Installation and commissioning of PWs, UGRs, *etc.* for improvement of water supply to Ward No. 1,2,3 (part) of Padampur NAC	WATCO Division, Sambalpur	March 2019	15.84	The system[72] could not be put to use due to technical difficulties in the underground reservoir owing to design flaws.
Total				**135.85**	--

(Source: Records of the sampled Divisions)

Audit observed that O&M of the water supply systems was improper/ inadequate, as in some cases, the newly created systems were not put to use and in other cases, the systems were not properly maintained. As a result, the amount of ₹ 22.27 crore[73] invested in the projects did not improve the water supply status in terms of quantity and quality, defeating the very purpose of AMRUT and BASUDHA schemes.

2.3.9.1 Non-functional Supervisory Control and Data Acquisition (SCADA) system at Intake well and WTP of Choudwar Municipality

The work 'Improvement of water supply to Choudwar Municipality' included installation of SCADA system at intake well and WTP to provide automated data to the system operator on real time problems, occurring in the water supply system. SCADA integrated with Actuators[74], automatically monitors functioning of different components of water supply system and thereby reduces O&M cost and ultimately, water cost for consumers. The work was completed in February 2021.

JPI (5 July 2023) of the sites, however, revealed that SCADA system was not operational at both sites, due to non-engagement of system operators. Non-operationalisation of SCADA system, not only resulted in idle expenditure of ₹ 72.32 lakh incurred on installation and automation, but also led to increase in the O&M cost of water supply projects from ₹ 1.29 crore in 2017-18 to ₹ 2.20 crore in 2022-23.

Recommendation 2.3.4:

Proper utilisation of newly constructed facilities of water supply systems should be ensured including provisions for their Operation and Maintenance, to achieve the objective of enhanced water supply service for consumers.

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72 GSR & Pump house at Mangerkatta

73 Rehabilitation of 4.5 MLD WTP at Burla: ₹ 9.79 crore; Improvement of water supply to Padampur Town: ₹9.38 crore; Installation of solar powered projects at 26 locations: ₹1.74 crore; Improvement of Storage facility in BeMC area: ₹ 0.59 crore; Extension of distribution network and allied works in Zone-1,5,6 &7 of Sambalpur town: ₹ 0.61 crore and Installation and commissioning of PWs, UGRs in Padampur town: ₹ 0.16 crore

74 A device used to implement tasks (such as moving the motors in this case) with the help of digital input signal

2.3.10 Metering of household connections

As per the OSUWSP, 2013, the total water production shall be accounted for by attaining cent *per cent* metering, by March 2023.

Audit noticed that WATCO entered (between October 2020 and July 2022) into 14 contracts with seven vendors for a cost of ₹ 213.08 crore for supply and installation of 15mm dia multi-jet mechanical water meters, including replacement of defective meters within five years of installation, in 75 ULBs. As against total supply and installation of 7,34,528 water meters, the executing agencies could supply 5,45,138 (74.22 *per cent*) meters and install 3,60,639 (49.10 *per cent*) water meters, as of August 2023. In this regard, Audit noticed that:

- None of the seven vendors had completed the assigned works, as of August 2023. In all these cases, completion of works was delayed by 1 to 23 months from the stipulated dates.
- In case of nine contracts, six vendors could supply 2,85,138 meters against 4,74,528 ordered (60 *per cent*), despite lapse of the scheduled date of supply, by one to five months (as of August 2023). Of the supplied quantities, the vendors had installed only 1,61,222 (57 *per cent*) meters, as of August 2023. Reasons for non-completion of works as per the scope and time overrun in completion of the works, were not found in the available records of WATCO, except in two cases mentioned below:
    - In case of two contracts[75], the contractors had requested for closure of works, as there was no need of installation of 30,015 meters, procured at a cost of ₹ 4.23 crore for Rourkela and Berhampur towns. In case of Rourkela, installation of 16,800 meters was not required, since the proposed water supply projects had not been taken up. In case of Berhampur town, scope of installation of water meters was reduced, due to resistance of public and non-supply of consumer data by the Division, resulting in non-requirement of 13,215 meters. Thus, procurement of water meters, before assessing the actual number of consumers, based on the water supply projects taken up, resulted in avoidable expenditure of ₹ 4.23 crore.

Out of the six sampled Divisions, only two sampled Divisions could achieve cent *per cent* metering of domestic connections, while Sambalpur Division had not metered any domestic connection. In case of metering of institutional connections, except Koraput Division, none of the other sampled Divisions had metered these connections. The progress in metering of domestic and institutional connections by the six sampled Divisions is shown in **Table 2.3.9.**

Table 2.3.9: Metering status in sampled divisions, as of March 2023

Name of the Division	No. of connections			No. of connections metered			Percentage of metering		
	Dome-stic	Institu-tional	Total	Dome-stic	Institu-tional	Total	Dome-stic	Institu-tional	Total
Cuttack	40392	791	41183	16958	0	16958	42	0	41
Koraput	44057	2494	46551	4021	372	4393	9	15	9
Bhanjanagar	63535	286	63821	20977	0	20977	33	0	33
Sambalpur	103078	5782	108860	0	0	0	0	0	0

75 Agreement Nos. 03P1/2020-21 and 04P1/ 2020-21

Name of the Division	No. of connections			No. of connections metered			Percentage of metering		
	Dome-stic	Institu-tional	Total	Dome-stic	Institu-tional	Total	Dome-stic	Institu-tional	Total
Bhubaneswar	160028	Not furnished	-	160028	Not furnished	-	100	-	-
Berhampur	61456	437	61893	61456	0	61456	100	0	99
Total	**472546**	**9790**	**322308**	**263440**	**372**	**103784**	**56**	**4**	**32**

(Source: Records of sample Divisions)

Absence of metering regime and inefficiency in water tax collection resulted in an increased gap between the O&M cost and revenue collected towards water charges. As per the target envisaged in OSUWSP, 2013, this gap should be 20 *per cent*, as of 2023. Audit noted from the Outcome Report of the test-checked Divisions for the year 2022-23, that the gap between O&M cost and revenue collection in four out of the six sampled Divisions, ranged between 64 and 83 *per cent*, as detailed in **Table 2.3.10**.

Table 2.3.10: Gap between Revenue collected and O&M cost

(₹ in crore)

Division	O&M cost during 2022-23	Revenue collection during 2022-23 *(per cent)*	Gap between O&M cost and revenue collection *(per cent)*
Cuttack	12.80	2.70 *(21)*	10.10 *(79)*
Koraput	27.44	9.77 *(36)*	17.67 *(64)*
Bhanjanagar	25.94	5.11 *(20)*	20.83 *(80)*
Sambalpur	49.77	8.58 *(17)*	41.19 *(83)*

(Source: Records of the sampled Divisions)

All the above facts indicated poor survey and monitoring of metering work by the Divisional Officers. Thus, creating a metering regime in water supply had not yet been achieved.

Recommendation 2.3.5:

Database of all households provided with piped water should be maintained and meters installed therein for proper accounting of supplied water. Efficiency in collection of user charges may be ensured for making the service sustainable.

2.3.11 Project formulation and execution

2.3.11.1 Planning

(i) Deficient survey for inclusion of projects under AMRUT

H&UD Department had engaged (January 2016) M/s Engineers India Limited as PDMC to assist in preparation of SLIP at ULB level, compilation of the same to prepare SAAP as well as preparation of DPRs of the projects, approved under AMRUT 1.0.

The Department submitted SAAP in three phases for three years *i.e.*, 2015-16, 2016-17 and 2017-18 to MoUD, GoI, including therein a total 229 projects for nine ULBs. MoUD approved the SAAP, by clubbing these 229 projects into 141 projects, at an estimated cost at ₹ 1,419.71 crore. After approval by the MoUD, DPRs of the projects were prepared by the PDMC.

Audit noted that the Department subsequently dropped 25 projects with an estimated cost of ₹ 316.12 crore from the approved list of 141 works, as detailed below.

- 17 water supply projects were metering projects, which were dropped on the ground that provision of piped water supply should precede end user metering.
- 8 water supply projects (check dams) were dropped as in-depth hydrological study had not been done.

As replacement for these 25 dropped projects, the Department included 14 other projects at an estimated cost of ₹ 294.19 crore. Thus, 130 projects overall were sanctioned by MoUD under AMRUT 1.0 at an estimated cost of ₹ 1,500.08 crore.

Audit observed that the Department had neither identified activities of water supply projects in order of priority (*i.e.*, whether to give priority to metering projects or water supply projects or both to be executed simultaneously) nor had conducted complete survey to assess viability of projects for inclusion in the SAAP. In absence of clarity in approach of the Department, coupled with incomplete initial survey, as many as 25 projects had been dropped. A sum of ₹ 2.81 crore paid to the PDMC towards consultancy charges for the dropped projects, thus, proved to be wasteful expenditure.

Thus, Audit observed that the H&UD Department had neither identified priority areas for implementation of AMRUT *i.e.* whether to give priority to metering projects or water supply projects, nor conducted foolproof surveys for identifying projects to be included under SAAP.

(ii) Improper selection of projects

Water supply projects are critical for achieving the basic needs of targeted population. In order to ensure optimum utilisation of resources, they need to be selected based on priorities set. AMRUT guidelines emphasised selection of projects as per need based assessment. Based on sample check, Audit came across two instances of selection and execution of avoidable/ unwarranted projects:

- ***Sinking of Production Wells (PWs) in areas already covered by surface source:*** The work "Improvement of Water Supply to Pattamundai Municipality" was taken up by Cuttack PH Division under BASUDHA to supply drinking water to 20 Wards of the Municipality. As per the DPR of the work, raw water would be sourced from the nearby Brahmani River. The work was completed in March 2019, at an expenditure of ₹21.46 crore.

  Audit observed that despite there being no impediments to sourcing water from the river and no provision in the DPR for sinking of production well (*i.e.*, deep bore-well), the Division sunk two PWs in Wards 7 and 17 of the Municipality, at a cost of ₹ 2.06 crore. The work of sinking of PWs was completed in September 2019 and March 2022. In JPI (July 2023), Audit found that the two PWs were not being put to operation, as the water drawn from the river was sufficient to meet the local demands. As such, the sinking of two PWs was not required. Thus, an expenditure of ₹ 2.06 crore, incurred for sinking two PWs, without any provision in the DPR, was avoidable.

In reply, the SE stated that the two PWs were standby facilities and also to maintain the water pressure, in case of need.

The reply is not acceptable since the capacity of the water supply system, as per the approved DPR, had been designed to meet the water demand of the locality till the year 2046. The DPR also did not envisage creation of any standby system.

- ***Creation of unwanted infrastructure of ₹87.15 lakh:*** The water supply work[76] for Sub-Zone-10, Modipada, Sambalpur city and installation of a Diesel Generator (DG) set, were taken up in June 2018. The scope of the work, *inter alia*, included construction of elevated storage reservoir (ESR), underground reservoir (UGR), pump house and installation of DG set. The works were completed in April 2021, except commissioning of DG set, which was completed in January 2022.

  In JPI (2 September 2023) of the works, Audit noticed that the newly constructed UGR, pump house and DG set were not being used, since these were available and functioning as part of a pre-existing water supply system. Thus, there was no necessity for constructing/ purchasing the same by incurring an expenditure of ₹ 87.15 lakh. This is indicative of the fact that assessment of requirements for upgradation of the existing water supply system was not proper, which led to avoidable expenditure of ₹ 87.15 lakh.

  In reply, the EE stated (September 2023) that the UGR had been put to use recently for water supply to the District Headquarter Hospital, Modipada.

2.3.11.2 Execution of water supply distribution network without renovation of old WTP

Supply of water to the households of Sunabeda Municipality by Koraput PH Division was being done from the 27 MLD water treatment plant, constructed in the year 1958. The Division undertook (February 2021) construction of two water supply projects under BASUDHA to augment the water supply capacity for the Sunabeda Municipality. The scope of the works included laying of pipelines, construction of ESR, UGR, pump house, *etc.* As per the DPR of the projects, the existing 27 MLD water treatment plant would be utilised for both the water supply projects. Both the projects were completed between May 2022 and July 2022, after incurring an expenditure of ₹ 5.68 crore.

JPI (27 July 2023) of the WTP revealed that, there was no cascade aerator to oxidise intake raw water for first stage of coagulation of iron, manganese, dissolved gasses, *etc.* Further, the sludge in the water could not be removed due to non-functioning of the trolley in the clarifloculator. As a result, high turbidity in the intake water could not be fully cleared by the filter beds.

[76] ESR/ GSRs feeder pipelines pumping arrangement and allied works in Sambalpur town Zone-4 (Phase -II & III) of Sambalpur Municipal Corporation

Audit further observed that the existing WTP, constructed in 1958, was in need of renovation, but such a need had not been identified and included in the scope of work at the time of taking up of two new water supply projects.

Picture 2.3.7: Non-functional trolley and high turbid water in Water Treatment Plant at Sunabeda (27.07.2023

Thus, execution of the water supply project by ignoring renovation of the WTP from where water would be supplied, resulted in non-accrual of benefits to the households, despite spending a sum of ₹ 5.68 crore, as the supplied water could not be used for drinking purposes.

In reply, the EE stated (September 2023) that proposal for a new plant had been kept in the water security plan for Sunabeda Municipality, to be taken up in near future. The reply underscores the fact that selection of works to be taken up was flawed.

Thus, identification of projects to be taken up under BASUDHA, was flawed to the extent that these projects had not been prioritised for execution based on area specific needs. While in some cases, projects had been taken up in areas which already had water supply, in other cases, critical components were ignored from the scope of work.

Recommendation 2.3.6:

Water supply projects should be planned and prioritised based on assessment of needs, to identify projects that are critically required for benefit of local population.

2.3.12 Preparation of estimates

Cost estimate is an important control tool to exercise control over expenditure for achieving economy. Chapter 3.4 of the Odisha Public Works Code (Vol.1), read with Appendix IV lays down procedures for preparation of cost estimates. It provides, *inter alia*, that the cost estimates should be prepared based on the prevailing Schedule of Rates with due consideration to the volume of works to be done.

2.3.12.1 Delay in finalisation of estimate resulted in cost escalation of ₹ 88.87 lakh

Due to constant depletion of ground water table as well as high iron contents at some locations of existing deep bore wells, a DPR of ₹4.89 crore for improvement of water supply to Banki NAC, was prepared (January 2014) by the PH Division, Cuttack under the BASUDHA scheme, with various components[77].

The work was administratively approved (AA) by GoO in August 2014 and technically sanctioned for ₹ 6.04 crore, by Chief Engineer (CE) in March 2015, after seven months of the AA. Tender for the work was floated in August 2015, after five months from the Technical Sanction (TS). The L_1 bidder quoted ₹ 7.79 crore (30.33 *per cent* excess) against this tender, higher than tender value of ₹ 5.98 crore. To meet the excess tender amount, the estimate was re-cast (December 2015) which came to ₹ 7.67 crore. Revised AA of ₹ 7.87 crore was accorded in February 2016. Analysis of the revised estimate revealed that the work cost had increased[78] by ₹88.87 lakh, due to cost escalation in material and labour components during the intervening period between March 2015 and December 2015. The work was awarded to the bidder in March 2016 and completed in September 2018. It is evident from the above facts that due to delay of seven months in giving TS and five months in inviting tender, the original estimate required recasting, resulting in an extra expenditure of ₹88.87 lakh on the work.

In reply, the SE stated that the tendering process was delayed due to some unavoidable circumstances, the work had, however, been completed and commissioned. The reply is not acceptable since the Division had not furnished any supporting documents in support of unavoidable circumstances causing delay in finalisation of estimate had resulted in cost escalation of the work, which adversely impacted the State exchequer.

2.3.12.2 Excess payment of ₹1.87 crore to contractors due to incorrect estimation

Paragraph 3.4.10 (i) of OPWD Code (Volume I) stipulated that estimate should be prepared on the basis of prevailing SoR and provision for item rates in estimates should be made in an economical manner. Works Department, GoO had circulated (September 2017) the SoR 2014, (post GST), for considering the rates in estimates, prepared from 1 July 2017 onwards.

(i) Non-adoption of prescribed item rate in estimates

Consequent upon implementation of Goods and Service Tax (GST) across India with effect from 1 July 2017, the Schedule of Rates (SoR) were revised by the Works Department, GoO. Audit noted that technical sanctions of seven works in two sampled Divisions (Cuttack and Berhampur), under BASUDHA, had been accorded between September 2017 and February 2021. The Divisional

77 i. Construction of Intake Well-₹84.45 lakh, ii. Laying of Raw Water rising Main 1.85 km - ₹51.68 lakh, iii. Construction of 4 MLD WTP with allied structures-₹248.18 lakh, iv. Clear water Rising Main 5.45 km - ₹95.22 lakh, vi. Others - ₹9.47 lakh. Total: ₹489 lakh

78 Increase in item cost in re-cast estimate due to increase in labour and material rate: Intake well - ₹31.14 lakh + Raw water rising main - ₹12.67 lakh + 3MLD WTP - ₹37.29 lakh + UGR - ₹7.77 lakh = ₹88.87 lakh

Officers (DOs) of the respective Divisions, however, prepared estimated cost on the basis of pre-GST rates, which was more than the post-GST rates and issued the tender. Audit test-checked 17 out of 440 items in the seven works and found that the estimated cost of these 17 items had been inflated by ₹ 1.63 crore, due to adoption of pre-GST rates. As the tenders were finalised on the basis of the estimated cost with tender premium/ discount[79], this would lead to inflation of bid value by the increased estimated cost.

The DOs stated (July 2023) that rectification would be made after scrutiny of estimates, agreements and Running Account/ Final bills. The fact, however, remains that the value of works cannot be revised downwards after signing of the contracts.

(ii) Provision of manual excavation instead of mechanical means

The DPR of the work "Improvement of Water Supply to Bhubaneswar-Rehab-R7 (PALASUNI) (AMRUT)" did not indicate that the earth works associated with the project were required to be executed manually. As such, the estimates of such earth works should have been prepared by adopting rates in the SoR, applicable for mechanical means of earth work, which are lesser than the rates applicable for manual means of work.

Audit noted that the DO had prepared cost estimates of three different types of earth work[80], associated with the water supply project, at the rates applicable for manual means of execution, *i.e.*, at ₹283.14, ₹357.50 and ₹ 431.85 per cum, respectively. As against these, the rate for mechanical means of work was ₹ 14.38 per cum. As a result, the estimated cost was increased by ₹ 33.97 lakh. As the contract was awarded at a tender premium of 9.95 *per cent* of the estimated cost, the contract value, in respect of the earth work, increased by ₹ 37.35 lakh. Up to the latest Running Account bill of the contractor (8th bill), the contractor had executed 6,526.79 cum of earth work, on which the excess payment worked out to be ₹ 23.72 lakh (including tender premium).

The GM, WATCO Division, Bhubaneswar stated (July 2023) that due to inadequate space for movement of excavator, manual excavation had been adopted. The reply is not tenable as no mention was made in the DPR that the earth works were required to be done through manual means. Moreover, no muster rolls on engagement of labourers for manual excavation were on record, creating doubt on genuineness of the earth works being done manually.

2.3.13 Selection of bidder and award of works

2.3.13.1 Rejection of L_1 bidder led to extra expenditure of ₹51.10 lakh

Paragraph 3.5.14 of OPWD Code (Volume I) provided for acceptance of lowest valid tender after verification of aspects like its financial status, capability, previous records of execution, *etc.* If L_1 bidder does not turn up for agreement, the L_2 bidder would be invited for finalising the agreement, if he/ she fulfils other required criteria and subject to the condition that L_2 bidder negotiates at par with the rate, quoted by the L_1 bidder, otherwise the tender would be

79 Denotes the price quote of the bidder on the estimated cost. Example: When a bidder quotes tender premium at 5 *per cent* of the estimated cost of ₹ 2 crore, the bid price is ₹ 2.10 crore

80 Item Nos. 4.01, 4.02 and 4.03, with different soil quality

cancelled. Further, Paragraphs 3.5.15 and 3.5.16 of the Code required recording of reasons for declaring any tender as invalid or rejected. As per Paragraphs 3.5.17 of the Code, entire correspondence relating to each case of rejection of lowest tender should be preserved and opened for verification by Audit.

Scrutiny revealed that tender for the work "Implementation of 24x7 water supply to Jagannath Nagar & Kimbhiria in GGP Colony in Ward Nos.18 & 19 of Bhubaneswar Municipal Corporation, Network Improvement (laying of new/ replacement of pipeline, installation of Isolation Valve, interconnection work, wash out arrangement and SV chamber, *etc.*), under AMRUT 2.0 at an estimated cost of ₹ 6.68 crore, was invited in March 2022. The comparative statement for acceptance of tender disclosed that ISAR Engineer Private Limited, with quoted rate of ₹ 6.82 crore, was the lowest bidder (L_1). However, the Board of Director, WATCO approved the offer of Shri Rxxxxx K. Rxxx (L_2 bidder), negotiated to ₹7.33 crore and the agreement[81] was entered into. This act was not only in violation of the Codal provisions, but also comparison of rates quoted by both the contractors revealed that the work was burdened with an extra expenditure of ₹ 51.10 lakh, due to acceptance of bid of L_2 bidder.

The GM, WATCO Division, Bhubaneswar stated (July 2023) that the lowest bidder was rejected due to bid capacity. The reply is not convincing as there was no recorded reason for the rejection of the bid. Moreover, the technical bid document of the rejected bidder was not shared with Audit to vouchsafe that the bidder did not have capacity to execute further works, in view of existing works in hand.

2.3.13.2 Irregular splitting up of works

Paragraph 3.5.24 of OPWD code required prior approval of the authority competent to accept the tender for splitting up of a work into several parts/ reaches with justification of the circumstances. The Code also stated that splitting of work must not be resorted to evade operation of any prescribed limit. Whenever any work is executed by splitting, the abstract sanction estimate for the work should also be split up and approved by the competent authority for facility of control over expenditure and sanction.

Audit, however, noted that two WATCO Divisions split up two works, sanctioned under AMRUT 2.0, into five and 197 works respectively, without approval of the competent authority and without any recorded justification for such splitting.

In compliance, the General Manager, WATCO, Bhubaneswar stated (July 2023) that due to different specific items of works, separate tenders had been invited. The reply is not tenable since the splitting violated codal provision, lost the opportunity for a possible tender rebate and could not ensure timely completion, despite splitting.

[81] Agreement no. 330 P1/2022-23

2.3.14 Contract Management

2.3.14.1 Non-levy of penalty of ₹11.07 crore on contractors for delayed execution of water supply projects

Paragraph 2.3.1 of OPWD (Volume I) stipulated imposition of liquidated damages on the contractor in the event of failure to complete the work within the stipulated time. Clause 2 (a) of conditions of contract stipulated recovery of compensation for delay at 1.5 *per cent* of incomplete work per day and that shall not exceed 10 *per cent* of the estimated cost put to tender. Clause 4 of the contract stipulates that the contractor shall apply in writing for extension of time, on the ground of hindrances encountered during execution, prior to 30 days of occurrence of such hindrances. Further, as per Clause 2(b)(i) of the agreement, in case a contract is rescinded, a penalty of 20 *per cent* of the leftover work will be realised from the contractor.

Scrutiny revealed that in 16 water supply works[82] under the five sampled Divisions, the works were executed only up to 16 to 88 *per cent,* even after lapse of three to 56 months from the stipulated dates[83] of completion, as of August 2023. For the delay in completion of the works, the contractors were liable to pay liquidated damages of ₹ 11.07 crore. The SEs/ GMs had, however, not levied any penalty on these contractors in contravention of the above provisions. In addition, delayed execution of projects denied timely benefit to the beneficiaries.

In reply, the DOs stated (July 2023) that the works were in progress and extension of time was under process.

2.3.14.2 Suspected misappropriation of DI pipes costing ₹ 32.85 lakh

For improvement of water supply to Berhampur town, four works[84] were taken up at a total cost of ₹36.45 crore, between February 2017 and July 2018, for completion by August 2017 to December 2018.

Scrutiny revealed that 45,660 mtrs of DI Pipes of different dia, costing ₹20.73 crore, were procured (June 2016 to August 2018) for the works and only 43,942.01 mtrs of DI pipes were used. The work records neither indicated further use of the remaining 1,717.99 mtrs DI pipes nor did the Division furnish the site accounts to show their presence in stores. As such, suspected misappropriation to the tune of ₹32.85 lakh, incurred on their procurement, cannot be ruled out (as detailed in ***Appendix 2.3.1***).

The compliance from the Division is awaited.

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82 AMRUT: 11 and BASUDHA: 5

83 Between December 2018 and June 2023

84 i) Improvement of WS to Berhampur-Rehabilitation P2, Replacement of 900mm, 750mm PSC Gravity pipe from MBR at Kliabadi to Jagannathpur, ii) Improvement of WS to Berhampur-Rehabilitation P4, Provision of 400/250/150 mm dia DI K7 pipeline from Jagannathpur Junction to Ankuli UGR, Shrikrushna Nagar UGR Lanjipalli UGR Berhampur, iii) Dedicated pipeline from Dakhinapur to Gosaninuagaon, iv) Improvement of WS to scarcity areas under PH Division Berhampur

2.3.14.3 Payment of ₹10.15 lakh towards non-executed work

Scrutiny of records and JPI of work sites revealed that in two works under two sampled Divisions, the contractors were paid ₹10.15 lakh for components of works, which were not actually executed by them, as detailed in **Table 2.3.11**.

Table 2.3.11: Details of payments towards non-executed items of works

Sl. No.	Name of the Work (Scheme)	Agreement No./ Year	Component of work, not executed	Quantity not executed	Cost of non-executed work (₹ in lakh)
1	Improvement of water Supply to Pattamundai Municipality (BASUDHA)	03G2/ 2015-16	Pump House with installation of pump set and internal electrification at WTP for discharge of wash water	1 no.	5.15
2	Improvement of WS to uncovered area of BMC (AMRUT 1.0)	04P1/ 2018-19	Laying of DI Pipes of different dia including cost of pipes	133.77 mtr.	3.35
			Cost of 350 mm K-7 DI Pipes	49.50 mtr.	1.65
Total					**10.15**

(Source: JPI and work records at the sampled Divisions)

In the extant cases, the contractors were unduly benefitted by the DOs, by being paid in excess of work carried out. Besides, discharge of wash water without recirculation in the first work added to environmental pollution. In addition, in the second work, the D.I. pipes of 133.77 mtrs and 49.50 mtrs procured by the Division and issued (September 2018) to contractor, were neither utilised by the contractor nor returned to the Division, as of June 2023. The respective Divisions did not produce related records (measurement books) to further verify whether payments were made on the basis of actual measurement or not. No specific reply was received from the DOs.

2.3.14.4 Inadmissible carriage cost of ₹12.23 lakh

Paragraph 7.12 of the Special Condition of contract provided that the contractor will bear the cost of transportation of materials, tools and plant, equipment and machinery to the work site, as per requirement.

Scrutiny revealed that in two[85] AMRUT 1.0 projects under WATCO Division Berhampur, extra items of works *viz*., carriage cost of 5,971.50 mtr DI pipes ranging from ₹133.37 to ₹266.75 per mtr had been included in the agreements, at post tender stage. As provision of carriage cost was in violation to the above mentioned contract condition, the payment of ₹12.23 lakh, as shown in ***Appendix 2.3.2***, to the contractor towards the carriage cost, was inadmissible.

Thus, contract management by the DOs was not proper, as liquidated damages had not been imposed on the defaulting contractors for delay in completion of works and payments had been released for the works which had not been

[85] Improvement of water supply to Berhampur, Rehabilitation Package-2, replacement of 900mm and 750mm PSC gravity Pipeline from MBR at Kaliabali to Jagannathpur junction" and Improvement of water supply to Berhampur, Rehabilitation Package-3, replacement of 750mm PSC gravity Pipeline from Jagannathpur junction to Kamapalli Chhak in Berhampur town"

executed. Besides, the DOs had failed to safeguard the procured DI pipes worth ₹ 32.85 lakh, indicating poor stock and stores management.

2.3.15 Idle expenditure of ₹2.31 crore in procurement of material and equipment

As per provisions in OPWD Code (Volume II) Appendix-VI, read with the Procurement Guidelines, 2012 (of Finance Department, GoO) and Rule 97 of Odisha General Finance Rules (Volume-I), purchase of stores must be made based on definite requirements.

2.3.15.1 Procurement of excess Ductile Iron Pipes worth ₹2.17 crore

Scrutiny revealed that in eight works, 89,921.80 meter of DI Pipes of different dimensions were procured between March 2018 and September 2021, by the respective Divisions for the water supply projects. Out of these, 75,086.00 meter were used in the work and surplus stock of 14,835.80 meter, worth ₹2.17 crore, remained idle in three[86] sampled Divisions, as of August 2023. The work records indicated that execution quantity was less, due to change in laying alignment of pipes due to site conditions. This indicated that the procurement of DI pipes by the Divisions were made without need based assessment of the works. Further, the DI pipes have a warranty of 12 months from the date of commissioning or 18 months from the date of despatch, whichever is earlier. In the instant cases, the Divisions lost the warranty facility for the surplus materials, as their procurement had already passed 20 to 60 months, as of August 2023, from the date of supply. The Divisions had also not communicated surplus store account for appraisal of the CE to enable their possible utilisation at other sites.

In reply, the EEs stated that the idle DI pipes would be utilised in other projects. The reply is not tenable as procurement of pipes without imminent requirement had resulted in blockage of ₹ 2.17 crore. Reply from the GM, WATCO Division, Berhampur is awaited.

2.3.15.2 Abandoned equipment worth ₹6.61 lakh in WTLs

The H&UD Department had established (March 2018) WTLs, in PPP mode, in partnership with M/s Spector, as detailed in ***Paragraph 2.3.8***.

During JPI (June 2023 and August 2023) of the three WTLs at three sampled WATCO Divisions[87] and one WTL at the State level, it was revealed that five instruments *viz.* BOD incubator, COD reactor, Muffle furnace, Sieve shaker and Jar test apparatus, procured during March 2018, were lying idle at the State WTL and Berhampur WTL, as these were not required according to the assigned work load. This indicated that the Department had not properly assessed the requirement of equipment for each WTL, as per work load, leading to idling of these equipment, procured at a cost of ₹6.61 lakh.

2.3.15.3 Non-installed Centrifugal Pump of ₹ 7.73 lakh

During JPI (25 July 2023) of WTP, Nabarangpur, Audit noticed that four centrifugal pump sets of different capacity had been procured (August 2020) at a cost of ₹34.34 lakh for pumping clear water under the work 'Improvement of

[86] Koraput, Sambalpur and Berhampur
[87] Bhubaneswar, Berhampur and Sambalpur

water supply to Nabarangpur Municipality'. Out of these, one centrifugal pump set was kept in the pump house, without being installed. Due to non-installation of the pump, the expenditure of ₹7.73 lakh incurred on its procurement had remained idle since three years.

In reply, the EE stated that, the pump was kept as standby. The reply is not tenable as the standby pump set should be connected to the distribution system to function instantly, but this had not been done.

Picture 2.3.8: Idle Pump set kept in pump House at WTP, Nabarangpur (25.07.2023)

Thus, requirements for equipment for WTLs had neither been assessed properly resulting in idling of the procured equipment nor had the procured equipment been put to use, for obtaining intended benefits.

2.3.16 Monitoring and supervision

OSUWSP, 2013 emphasised on achievement of targeted outcomes[88] against nine key parameters, meant to monitor and evaluate the ULB-wise performance in delivery of water supply services. GoI also indicated these parameters as minimum standard performance for water sector.

2.3.16.1 Non- formation of District Level Monitoring Committee

AMRUT guidelines required formation of a District Level Review and Monitoring Committee, where Member(s) of Parliament would be the Co-chairperson with the District Collector to monitor and review the implementation of projects. AMRUT 2.0 guidelines also required formation of District Level Advisory and Monitoring Committee under District Magistrate with representation from ULBs and Gram Panchayats to monitor programmes.

Audit was not assured of formation/ functionality of such Committees at District level to monitor AMRUT schemes, as the sampled divisions could not furnish any records relating to formation of these Committees and minutes of review meetings conducted by them, if any.

2.3.16.2 Inadequacy in supervision of execution of works

Paragraph 2.2.55 of OPWD Code, Volume I provided that EE should inspect every important work under his jurisdiction at least once a year and furnish a report on its condition to the SE with suggestions for improvement, repair or otherwise, as specified in the statutory or executive instructions issued by the Department. Further, as per Paragraphs 2.2.23 and 2.2.9 of OPWD Code (Volume I), the SE as well as the CE, while inspecting the various works under execution should invariably record the results of his inspection in the Register of Inspections maintained at the site of works, for which tenders have been accepted by him/ her or by a superior authority/ Government. The SE and CE

88 Achievement target by end of 2023: household coverage – 88 *per cent*, Supply quantity – 135 LPCD, Supply duration – 8 hours, Metering of households – 100 *per cent*, O&M cost recovery – 80 *per cent*, Quality of supplied water – fully safe, Collection of revenue – 90 *per cent* of billed amount and Grievance redressal – within 24 hours

shall make final inspection of such works after completion thereof, but before the payment of the final bills.

The sampled divisions neither maintained any Register of Inspection nor did they furnish any reports to justify whether any inspections by the concerned authorities had taken place. In the absence of these records, the number of works inspected by different authorities and remarks/ recommendations made by them for improvement, *etc*. could not be verified in Audit.

2.3.16.3 Inadequacy in grievance redressal

Clause 7.5 of OSUWSP, 2013 prescribed redressal of at least 80 *per cent* complaints by the Divisional Officers within 24 hours. Scrutiny of annual Progress Reports of the sampled divisions indicated that they had achieved cent *per cent* redressal of complaints. However, examination of records, as of March 2023, revealed that the complaint registers, maintained by the JEs, had recorded the complaint, location and name of the complainant only, but the records had not been maintained for any other details like the official who had attended the complaint, date and time of attending the complaint and whether the problem was addressed to the satisfaction of the complainant. As such, Audit was not assured of redressal of all complaints within the prescribed timelines.

The above matter has been reported (February 2024) to the Government; their reply had not been received (January 2025).

2.4 Loss of ₹ 6.44 crore to the Cuttack Development Authority

Cuttack Development Authority, while giving consent for sub-sub lease of the allotted plot, had not imposed a condition for depositing 50 *per cent* of the amount gained by the sub-lessee, which resulted in loss of ₹ 6.44 crore to the Cuttack Development Authority.

The Revenue Department in Government of Odisha had leased (1987) land measuring 22.440 acres of land in CDA[89], Cuttack, in favour of the Cuttack Development Authority (CDA) for a period of 99 years. As per the terms of the sanction, CDA would allot the lands, after dividing them into many plots, for housing and commercial purposes. CDA invited offers from the general public for allotment of lands with the condition[90] that the applicant shall not be entitled to transfer the plot by way of sale or otherwise part with possession, without the previous consent of the Authority in writing. Further, in the event of the consent being given for such a transfer, the Authority reserves the right to impose terms and conditions for such transfer, as it may deem fit and the CDA shall be entitled to claim and recover 50 *per cent* of the value of any unearned increase *i.e.*, difference between premium paid and market value of the plot, on the date of transfer.

Scrutiny of records of the CDA revealed (July 2023) that it had allotted a commercial plot[91] measuring 57,148 square feet in Sector-11, CDA, Cuttack, in

[89] Name of a locality in Cuttack developed by the Cuttack Development Authority
[90] Paragraph 9.6 of the brochure inviting offers from the general public
[91] Plot No.11-3CM-1115

favour of one Sri XXXXX Sahoo (sub-lessee[92]) for a premium of ₹ 1.71 crore and executed a lease deed in March 2016. As per the terms of the lease[93], the lessee could sub-lease, sub-sub lease and subsequently lease the leasehold plot, upon being permitted by the principal lessee (*i.e.*, the CDA), failing which the principal lessee would cancel the lease deed and resume the property. However, the condition that CDA would claim and recover 50 *per cent* of the unearned increase in value of plot, in the event of sub-sub-lease of the plot by the sub-lessee, was not included in the lease deed.

Audit noted that the CDA, in response to the request (September 2016) of the sub-lessee for granting permission for sub-sub-lease, had granted (November 2016) permission, without claiming 50 *per cent* of the unearned increase in value of plot. Thereafter, the sub-lessee sub-leased (July 2017) the plot to M/s Grand Bazar Developers LLP at an amount of ₹ 14.60 crore.

Audit observed that the CDA had not incorporated the clause of being entitled to 50 *per cent* of the unearned increase in value of plot in the lease deed executed with the sub-lessee in March 2016. Thereafter, while granting permission for sub-sub-lease of the plot in November 2016, it again failed to impose the same condition. As a result, the sub-lessee could sub-sub-lease the plot, without depositing the amount towards increase in value of plot, to the CDA.

Audit further observed that in both the instances of sub-lease *i.e.*, in March 2016 and July 2017, CDA had not assessed the market value prevailing at that time in order to determine its share of revenue towards increase in value of plot.

Thus, CDA sustained revenue loss of ₹ 6.44 crore, being the 50 *per cent* of differential value between the premium paid by the sub-lease (₹ 1.71 crore) and lease consideration realised (₹ 14.60 crore) by him towards sub-sub-lease of the plot.

The Housing & Urban Development Department endorsed (May 2024) the reply of the CDA, wherein it was stated that the permission for the sub-sub-lease had been granted as per the terms of the lease deed. The sub-lessee, however, sub-leased the plot without following the terms and conditions of the lease deed.

The reply is not convincing as the CDA had granted permission for sub-sub-lease, without putting in the requisite condition regarding share of unearned increase in plot value. The reply was silent on failure to claim the differential increase in value of the plot at the time of executing the lease deed.

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92 Any lease given by CDA in favour of any individual or agency is sub-lease. Any transfer/ lease given by the sub-lessee in favour of any individual/ agency/ end user may be treated as sub-sub lease

93 Clause 2 (a and f) of the lease deed

Social Security and Empowerment of Persons with Disabilities Department

2.5 Management of Privately Run Special Schools in Odisha

EXECUTIVE SUMMARY

Government of India (GoI) enacted the Rights of Persons with Disabilities (RPwD) Act, 2016 and framed RPwD Rules, 2017. Government of Odisha had not framed any State-specific rules and had adopted the rules framed by GoI. Special Schools set up by private bodies were shouldering larger part of the responsibility of educating PwD children, as the Government had only four out of 108 Special Schools in the State. However, proper regulation for managing the affairs of the privately managed Special Schools by the Government was largely missing, as the SSEPD Department had neither pointed out various deficiencies in the availability of infrastructure, teachers and other facilities in the schools nor had it stepped in to work with the management of the private Special Schools towards improvement of the standards of infrastructure therein. In the absence of Government owned schools, the PwD children had no option but to cope with deficient facilities like cramped classrooms, hostels in dilapidated conditions, insufficient and unhygienic toilets and other shortages in amenities, in such private schools.

Inadequate and ineffective inspection and monitoring of these Special Schools by the officials of the SSEPD Department, from the district to departmental levels, was indicative of systemic lacunae and insensitivity of the Government to the causes of a vulnerable group like physically and intellectually challenged children.

2.5.1 Introduction

As per the 2011 Census, the total population of disabled persons in Odisha was 12,44,402. Among them, 21.20 *per cent* were reported in the category of Seeing, 19.11 *per cent* in Hearing, 5.51 *per cent* in Speech, 20.89 *per cent* in Movement, 5.82 *per cent* in Mental Retardation, 13.9 *per cent* in Other category and 10.14 *per cent* in Multiple Disabilities.

Section 31 of the RPwD Act provides that every child, between the age of six and eighteen years, with benchmark disability, shall have the right to free education in a neighbourhood school or in a special school of his/ her choice. Further, Section 3 (1) of the Rights of Children to Free and Compulsory Education Act, 2009 (RTE Act) envisages provision of free and compulsory elementary education to children with disabilities. The GoO issued (January 2013 and June 2022) guidelines, laying down eligibility criteria for Establishment, Recognition and Grant-in-Aid (GIA) to institutions imparting education to children with disabilities, as well as standards of maintenance of such institutions.

There were 108 special schools functioning in the State, as of March 2023. Out of the 108 special schools, four schools[94] were under the administrative control of the School and Mass Education Department, GoO and the remaining 104 (96 *per cent)* Special Schools were run by different Non-Government Organisations (NGOs), under the administrative supervision of the Social Security and Empowerment of Persons with Disabilities (SSEPD) Department. The NGOs established Special Schools with due registration with the State Government under the provisions of the RPwD Act. Besides the provisions of the said Act, they were to follow the provisions of Right to Education Act and guidelines issued by the State Government regarding maintenance of standards of Special Schools. The approved intake strength of students of 104 Special Schools[95], run by NGOs, was 6,815, as of March 2023. All these 104 schools were in receipt of GIA from the GoO. The GIA given by the Government was towards salary cost of the teaching and non-teaching staff and maintenance expenditure[96] of the children enrolled therein.

At the district level, supervision and monitoring of affairs of the special schools, concerning to the SSEPD Department, rest with the District Social Security Officer (DSSO), who acts under the administrative control of the concerned District Collector. A Compliance Audit, with the objective of assessing the status of compliance with the provisions of the RPwD Act, RPwD Rules and Guidelines issued by the GoO on privately run special schools, was conducted during September 2023 to February 2024, covering the years 2018-19 to 2022-23. Audit test-checked records at SSEPD Department, eight DSSOs and 65 Special Schools[97], all run by NGOs, functioning in the sampled eight Districts. Audit also conducted joint physical inspection (JPI) with the officials of the Office of the DSSO and the Principals/ Headmasters/ Headmistresses of the Special Schools concerned and collected photographic evidence, wherever necessary.

Audit noted that a sum of ₹ 151.81 crore had been allocated by the SSEPD Department to the 104 schools during the FYs 2018-19 to 2022-23. The share of allocation to the special schools in the eight sampled districts during the above mentioned period, was ₹ 75.59 crore, of which actual utilisation was ₹ 66.42 crore (88 *per cent*).

Audit findings are discussed in the succeeding paragraphs.

2.5.2 Functioning of unregistered Special Schools

Section 50 of the RPwD Act provided that no person shall establish or maintain any institution for PwDs except in accordance with a certificate of registration issued by the competent authority. GoO had designated Director, SSEPD Department as the competent authority for the purposes of registration of Special Schools. The validity period of registration under the PwD Act had been fixed at two years, as per Paragraph 8 of Guidelines, 2013 and Paragraph 8 of Guidelines, 2022, issued by the GoO.

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94 Two at Bhubaneswar and two at Burla

95 Hearing Impaired: 38; Visually Impaired: 27; Intellectually Disable: 34; Autism: 2 and Cerebral Palsy: 3

96 Towards food, beddings and clothing, educational expenses, medical expenses and maintenance of buildings

97 59 residential and six non-residential Special Schools

Audit noticed that:

- One sampled school[98] had not been registered at all under the provisions of the PwD Act, as of March 2023, though it was functioning since September 2018.
- Further, the validity period of registration of 23 out of 65 sampled special schools, had expired between March 2009 and February 2023. Of these 23 unregistered schools, 12 schools had submitted applications for renewal of registration during November 2019 to May 2023, which had neither been rejected nor granted permission by the Director of SSEPD Department, as of March 2023 (***Appendix 2.5.1***).

Thus, the SSEPD Department had not complied with Section 50 of the RPwD Act, in case of 23 (35 *per cent*) out of 65 sampled schools. Besides, functioning of unregistered schools would also have implication on monitoring by the Department and quality of education provided for students.

2.5.3 Availability of infrastructure

The guidelines issued (January 2013 and June 2022) by the GoO envisaged, *inter alia*, that there should be adequate space *i.e*., buildings for accommodation of disabled children, kitchen, dining, study room and recreational facilities. Regarding sufficiency of space in the hostels, no norm had been fixed by the GoO. While creation of infrastructure was the responsibility of these schools, the upkeep of school buildings and hostels was carried out with the help of maintenance grant received from the State Government. Out of the 65 sampled special schools, six schools were non-residential, which did not receive any maintenance grant and in one residential sampled school, the relevant information was not made available to Audit. The remaining 58 sampled schools had received a grant of ₹ 19.72 crore under the head 'Rent and maintenance of buildings' during the period 2018-19 to 2022-23, against which an amount of ₹ 19.50 crore was utilised. Audit conducted JPI, along with DSSOs of 65 special schools[99], covering eight sampled districts and the deficiencies noticed therein, are given in **Table 2.5.1** and **Pictures 2.5.1, 2.5.2** and **2.5.3.**

Table 2.5.1: Deficiencies in infrastructure facilities in sampled Special Schools

Sl. No.	Infrastructure element	No. of schools with inadequate infrastructure	Remarks
1	Classrooms	25	Due to lack of classrooms, more than one class was running in one room and classes were being conducted in temporary sheds and asbestos houses.
2	Non-availability of hostel accommodation in residential schools	8	Despite absence of hostel facilities, these schools were functioning as residential schools by using the classrooms for both teaching and residential accommodation of students. In the absence of cots, students were made to sleep on the floor.

98 Swami Chitananda Memorial Trust School for Deaf, IIC, Sector 10, CDA, Cuttack.
99 59 residential and six non-residential schools

Sl. No.	Infrastructure element	No. of schools with inadequate infrastructure	Remarks
3	Inadequate living space in hostels	33	In the absence of adequate living space for basic activities, such as sleeping and studying, the disabled children were forced to live in congested conditions.
4	Separate hostel for girls and boys	26	Due to absence of separate hostels for disabled boys and girls, there was no assurance on the safety of disabled girl children.
5	Inadequate and unhygienic toilets	53	As per the guidelines, at least one toilet should be there for seven boarders. Against this, the shortfall in availability of toilets ranged from 1 to 13[100]. Also, there was lack of maintenance and upkeep of the toilets which resulted in unhygienic/ dilapidated condition of the toilets.
6	Disabled friendly toilets and bathrooms	48	The toilets were not disabled friendly causing inconvenience for the boarders.
7	Kitchen space	11	In absence of kitchens, food was cooked in temporary sheds in unhygienic conditions.
8	Dining Room	31	There was absence of hygienic and covered dining space.
9	Purifier for drinking water	13	Disabled children were compelled to drink water straight from the bore-well, due to absence of water purifiers.
10	Study room / space	45	In absence of study room / space, disabled children had to sit on beds to study.
11	Provision of ramp	15	In 15 schools meant for visually impaired and intellectually challenged students, disabled friendly structures like ramps were absent. Absence of ramps could pose significant safety risks like falls and consequential injuries to the PwD children.
12	Building Stability Certificate and Fire Safety Certificate	51	In the absence of these certificates, there was no assurance regarding crucial safety aspects in buildings that house the vulnerable children.

(Source: Records furnished by hostel authorities of the sampled special schools and JPI)

[100] Shortage of toilets ranging from 1 to 2: 12 schools, from 3 to 5: 22 schools, from 6 to 8: 12 schools and from 9 to 13: 7 schools

Picture 2.5.1: Congested classrooms owing to space constraints

	
Class was running with crowded students at MR special school at Sadabhabana, Keonjhar. (10.08.2023)	***Congested classroom at Maa Sarala Women's Forum, Sri Sri Beleswar High School for Deaf, Kantunia, Cuttack. (18.10.2023)***

Picture 2.5.2: Inadequate living space in sampled Special Schools

	
The classroom was used as hostel at the Harachandi Special School, Nahalpur, Cuttack. (11.10.2023)	***Hostel at Red Cross school for Blind, Saintala, Bolangir was functioning in an old dilapidated building. (02.12.2023)***

Picture 2.5.3: Infrastructural deficiencies in sampled Special Schools

	
Toilets at disabled girls' hostel at Red Cross school for MR, Saintala, Bolangir were in dilapidated condition. (04.12.2023)	***Temporary kitchen shed at Manoj Manjari Shishu Bhawan, Keonjhar for the Blind (16.08.2023)***

Special schools were responsible for creation of required infrastructure, which was the pre-condition for registration and recognition. Inadequate infrastructure in the Special Schools, as noted above, is indicative of the poor monitoring by the concerned authorities as well as of the fact that the DSSOs concerned and the SSEPD Department had overlooked the availability of infrastructure, while granting permission for opening of schools and reviewing recognition, subsequently. In addition, existence of such poor infrastructure also led to non-compliance with GoO's norms and guidelines for such schools.

2.5.4 Inadequate aids and appliances for the PwD students

Paragraph 9.4.1 and 9.4.2 of Samagra Shiksha (a scheme launched by Government of India for strengthening school education) guidelines provide for supply of aids and appliances to all PwD students. Thus, it was the responsibility of the SSEPD Department to ensure that all the needy PwD students are supplied with necessary aids and appliances. In case of hearing impaired students, there was a provision for supply of hearing aids through a State Government scheme *viz.*, Bhima Bhoi Bhinnakshyama Samarthya Abhiyan (BBSA). In case of visually impaired students, provision for supply of Braille books had been made under Samagra Shiksha scheme. For intellectually challenged students, specially designed teaching-learning materials were to be made available by the respective schools, for which GIA was provided by SSEPD Department.

Audit noticed that both SSEPD Department and the sampled schools had failed to provide required aids and appliances to the PwD students of Special Schools, as mentioned in **Table 2.5.2.**

Table 2.5.2: Deficiencies in aids and appliances in sampled Special Schools

Sl. No.	Aids and appliances	No. of sampled schools	No. of items required	Available	Shortfall (*per cent*)
1	Hearing aid	15	1,059	415	61
2	Braille Books	8	6,165	4,334	30
3	Teaching-learning aids for intellectually challenged students	16	821	226	72

(Source: Records furnished by hostel authorities and JPI)

Audit observed that:

- *Samarthya Sibirs*[101] (camps) were held regularly in the Blocks/ Municipal areas of the 25 sampled special schools, for identification of nature of aids and equipment, to be given to each PwD, depending upon the nature of their disabilities. However, students of 15 sampled Special Schools for Hearing Impaired, could not participate in the *Sibirs*, held on 15th of every month, during 2018-19 to 2022-23, as the school authorities had not been informed about holding of the *Samarthya Sibir* by the DSSOs concerned. Consequently, 644 Hearing Impaired students of 15 sampled schools were deprived of hearing aids. Though SSEPD Department was arranging *Samarthya Sibirs*, through District Collectors, non-inclusion of special schools administered by it, was indicative of absence of co-ordination at Block/ Municipality levels.

[101] Single window approach for providing multi-sector services to PwDs in a campaign mode, as per BBSA Guidelines

- Braille books are supplied to the visually impaired students under Samagra Shiksha, implemented by Odisha School Education Programme Authority in the State. These books are printed by Odisha Text Book Printing Press of GoO. Audit noted in 8 out of 15 sampled Special Schools for Visually Impaired, that against requirement of 6,165 Braille books, during the academic years from 2018-19 to 2022-23, 1,831 books (30 *per cent*) could not be made available to the students, due to delay in printing of Braille books by the Odisha Text Book Printing Press.
- Besides above, Audit also noticed idling of computers and accessories[102] in three[103] sampled Special Schools. Ministry of Communications and Information and Technology, GoI had supplied (January 2012) computers and accessories to these three sampled schools, for establishment of Information and Computer Technology (ICT) laboratory. Due to non-engagement of computer teacher by the schools, the IT hardware were lying unused, as can be seen in **Picture 2.5.4**.

Picture 2.5.4: Idle ICT labs in sampled Special Schools

ICT remained idle at Blind School, Manoj Manjari Sishu Bhawan, Keonjhar. (16.08.2023)

ICT remained idle at Redcross School for the blind, Ambapua, Berhampur. (20.01.2024)

- A speech therapy machine at Manoj Manjari Sishu Bhawan (for the hearing impaired), Keonjhar had been lying non-functional since March 2018. No steps had been taken by the school authorities for making the machine functional.

2.5.4.1 Inadequate amenities for disabled children

Paragraph 6 of Resolution issued (May 2013) by the SSEPD Department stipulates that institution should provide cots, mattresses, bed linens, blankets and mosquito nets to the disabled children staying in the hostels of the residential special schools. In deviation to this, the following shortages were noticed in 59 sampled schools during JPI.

[102] Ten computers which included accessories *i.e.*, Monitors, UPS, Printers, *etc.*

[103] Manoj Manjari Sishu Bhawan, Keonjhar for the Blind, Hellen Keller Redcross School for the Blind, Ambapua, Berhampur, Chatrapur and Redcross School for the Deaf, Ambapua, Berhampur, Chatrapur

Table 2.5.3: Shortfall in amenities provided to individual disabled children of Residential Schools

Sl. No.	Item	Requirement (No.)	Availability (No.)	Shortfall	Percentage of shortfall
1	Cots	3,841	2,206	1635	43
2	Mattresses	3,841	2,705	1136	30
3	Bed linens	3,841	3,547	294	8
4	Blankets	3,841	3,061	780	20
5	Mosquito' nets	3,841	3,127	714	19

(Source: Information furnished by Headmasters of Special Schools)

The school authorities concerned were required to provide the above mentioned amenities to the hostel boarders, out of the maintenance grant received by them from the SSEPD Department. Despite receipt of maintenance grant by these 59 sampled schools, non-supply of the amenities was indicative of non-utilisation of the grant for the intended purpose.

On the inadequacies in infrastructure, aids and equipment as well as basic amenities, Audit observed that the SSEPD Department had not taken adequate measures for augmenting the existing infrastructure in the Special Schools, to ensure that the minimum facilities were available to PwD children.

2.5.5 Inadequate human resources in the Special Schools

Paragraph 9 of the Guidelines for Establishment, Recognition and Imparting Education to the Children with Disabilities, 2013, provides that the special schools, opened with due permission, shall have to obtain recognition under the provisions of the Odisha RTE Rules, 2010 and Odisha Education Act, 1969. As per Paragraph 10 of the Guidelines, recognition is one of the conditions for the educational institutions for being eligible for receiving GIA.

In case of schools for intellectually challenged students, the SSEPD Department is the authority to grant recognition. For other schools, recognition is granted by the School and Mass Education Department, GoO under Section 6 (A) of the Odisha Education Act. As per the said provision, the Government can withdraw recognition in the event of the failure in fulling infrastructural and human resources requirements for proper functioning of school by the concerned school management. As per the executive instructions issued (August 2015) and Clause 2 of the Guidelines (June 2022), the academic teacher to student ratio should be 1:10 in case of Visually Impaired, Hearing Impaired and intellectually challenged children.

Audit noticed shortfall in availability of required staff in 57 out of 65 sampled schools, as shown in **Table 2.5.4**.

Table 2.5.4: Staff position in the sampled special schools

Sl. No.	Post	Required number	Persons-in-position	Shortfall (*per cent)*
	Teaching staff			
1	Assistant Teacher (TG)	81	51	30 (37)
2	Assistant Teacher (TI)	198	130	68 (34)
3	Language teacher	20	10	10 (50)
	Total	**299**	**191**	**108 (36)**

Sl. No.	Post	Required number	Persons-in-position	Shortfall (*per cent*)
	Skill Development staff			
1	Crafts Teacher	39	23	16 (41)
2	Physical Education Teacher	53	36	17 (32)
3	Computer Teacher	22	4	18 (81)
4	Speech Therapist	24	5	19 (79)
5	Psychologist	19	5	14 (74)
6	Psychotherapist	20	7	13 (65)
7	Music Teacher	21	12	9 (43)
8	Art Teacher	26	14	12 (46)
	Total	**224**	**106**	**118 (53)**
	Non-teaching staff			
1	Warden	52	27	25 (48)
2	Cook	53	41	12 (23)
3	Cook Helper	22	10	12 (55)
4	Sweeper cum watchman	53	33	20 (38)
5	Attendant (Male)	121	81	40 (33)
6	Attendant (Female)	100	59	41 (41)
	Total	**401**	**251**	**150 (37)**

(Source: Data provided by the Special Schools)

Audit observed that:

- Six schools[104] had not obtained recognition from the School and Mass Education Department, since their inception between 1986 and 2012. Despite this, they had been given a sum of ₹ 1.82 crore as GIA for the period from 2018-19 to 2022-23.

- Shortfalls in availability of human resources had not been pointed out by the DSSOs, in their annual inspection reports of schools and, therefore, recognitions of the schools had not been effectively reviewed by the SSEPD Department.

As a result, the mechanism of granting recognition, as a control tool, to ensure that necessary conditions were fulfilled by the schools, became ineffective.

2.5.6 Inadequate inspection and monitoring of Special Schools

Audit noticed the following deficiencies in inspection and monitoring of the Special Schools by the SSEPD Department and DSSOs:

- ***Absence of District Inspection Committees for Special schools:*** The Guidelines for Establishment, Recognition and Imparting Education to the Children with Disabilities, of 2013 and 2022, provided that there shall be a District Inspection Committee[105], which would inspect each institution, at least once in six months and submit a report to the District Collector. In six test-checked districts, it was noted that the District Inspection Committee had not been constituted.

- ***Inadequate inspections of Special Schools:*** The SSEPD Department instructed (December 2018) that all institutions like Old Age Home,

[104] Schools for Visually Impaired: 2 and Schools for Hearing Impaired: 4

[105] Additional District Magistrate, as Chairman, DSSO, District Child Protection Officer and District Education Officer, as the members of the Committee.

Special Schools and de-addiction centres should be inspected, at least twice every month by the DSSO, Sub-divisional Social Security Officer (SSSO) and Block Social Security Officer (BSSO) and reports should be submitted to the Collector and the Department. Against this norm, the shortfall in inspection were in the range of 96 to 99 *per cent*, as shown in **Table 2.5.5.**

Table 2.5.5: Details of inspections conducted during 2018-19, 2019-20 and 2022-23

Inspecting Officer	Norms fixed	Number of inspections required to be conducted	Number of inspections actually conducted	Percentage of shortfall
DSSO	Twice every month	4,680[106]	167	96
SSSO	Twice every month	4,680	17	99
BSSO	Twice every month	4,680	26	99

(Source: Information furnished by DSSO/hostels authorities)

- ***Absence of review by the District Collectors:*** The District Collector was to review the functioning of the Special Schools every month and take stock of the field visit reports of different functionaries, as per Guidelines of January 2013. In five[107] out of eight sampled districts, no such review of the Special School had been conducted by the District Collector or any other functionaries of the districts.

- ***Lack of inspection and monitoring by the SSEPD Department:*** As per the Guidelines of January 2013, Government and the State Commissioner for Persons with Disabilities, shall review the functioning of the Special Schools based on reports received from District Collectors. The DSSOs[108], conduct inspection of schools and submit reports to the SSEPD Department, based on which the Department sanctions GIA in favour of the schools. The inspection reports of the DSSO were, however, silent on the various deficiencies on infrastructure, teaching-learning aids, amenities and human resources. The SSEPD Department continued to rely on such deficient inspection reports without conducting inspection of any schools on its own.

The inspection and monitoring mechanism was, thus, deficient. As a result, the provisions of the RPwD Act/ Rules and RTE Act on the rights and entitlements of the PwD children had not been complied with. Such lapses in compliance with the statutory provisions are reflected in continuance of special schools and hostels with inadequate or dilapidated houses with various shortcomings in terms of lack of classrooms, congested living space, unhygienic toilets, lack of drinking water, *etc*. Thus, the kind of special care and benevolence which ought to be extended to the PwD children by the State, as intended in the above mentioned Acts, was apparently lacking.

The above matters have been reported (April 2024) to the Government; reply had not been received (January 2025).

[106] 24 times per year x 3 years x 65 special schools
[107] Balasore, Bolangir, Kendrapara, Puri and Ganjam
[108] The DSSOs conduct inspections and submit reports on behalf of the District Collectors

Higher Education Department

2.6 Implementation of Rashtriya Uchchatar Shiksha Abhiyan in the State

EXECUTIVE SUMMARY

Funds were released by the Ministry of Education, Government of India as well as by the State Government for establishment of six Model Degree Colleges in the State. However, these colleges had not been established despite expenditure of ₹ 40.74 crore, due to improper site selections. Similarly, a sum of ₹ 11.30 crore, utilised for establishment of a Cluster University under Rashtriya Uchchatar Shiksha Abhiyan (RUSA), turned out to be wasteful/ unfruitful, as the initiative was abandoned mid-way, due to failure of the Higher Education Department in framing a governance mechanism for the smooth functioning of the University.

In Utkal University, RUSA grants amounting to ₹24.18 crore, had been irregularly utilised towards procurement of computers, construction of administrative building, procurement of furniture for residential purpose, *etc.*, by deviating from the approved scheme guidelines. There was also idle expenditure in construction of Rural Technology Park by the Utkal University and procurement of computers by the Biju Patnaik University of Technology, in addition to excess expenditure for development of infrastructure by the Rama Devi Women University.

2.6.1 Introduction

Rashtriya Uchchatar Shiksha Abhiyan (RUSA) was launched by the Ministry of Education, Government of India and implemented in two phases *i.e.*, RUSA 1.0 (October 2013) and RUSA 2.0 (2018). The scheme was relaunched as Pradhan Mantri Uchchatar Shiksha Abhiyan (PM-USHA) from June 2023. There were 18 components in RUSA 1.0 and 14 components in RUSA 2.0, under which funds were provided to States. Out of the above components, Odisha received grants under nine and three components of RUSA 1.0 and RUSA 2.0, respectively, as detailed in ***Appendix 2.6.1.***

The objective of RUSA was to achieve the target of Gross Enrolment Ratio (GER) of 32 *per cent* in higher education by the end of 2021-22, by improving the standards of State Universities and Colleges, and enhancing capacities of the institutions to enable them to be more dynamic, demand-driven, quality conscious, efficient, forward looking and responsive to rapid economic and technological developments. The cost of implementation of the scheme was shared between the Centre and State Governments in the ratio of 60:40.

The Higher Education (HE) Department was responsible for implementation of RUSA in Odisha. Under both RUSA 1.0 and 2.0, 163 higher educational institutions of the States were included[109]. Out of these, five institutions could not avail funds under RUSA. Of the remaining 158 institutions, 32 institutions under RUSA 1.0 and one institution under RUSA 2.0, received full amount of grant (Central and State shares) under RUSA.

The year-wise details of receipt and utilisation of funds by 158 educational institutions from the Central Government and the State Government are given in **Table 2.6.1**.

Table 2.6.1: Receipt and utilisation of funds (₹ in crore)

Year	OB	Fund received			Utilisation	CB	Percentage of utilisation
		Central share	State Share	Total			
2013-14	0	34.14	18.38	52.52	0	52.52	0
2014-15	52.52	11.54	6.21	70.27	0	70.27	0
2015-16	70.27	90.90	60.60	221.77	15.32	206.45	7
2016-17	206.45	72.85	52.57	331.87	48.76	283.11	15
2017-18	283.11	67.29	54.50	404.9	129.99	274.91	32
2018-19	274.91	79.16	52.77	406.84	110.74	296.10	27
2019-20	296.10	34.51	20.66	351.27	110.07	241.20	31
2020-21	241.20	5.04	3.36	249.60	54.61	194.99	22
2021-22	194.99	20.90	14.56	230.45	46.40	184.05	20
2022-23	184.05	0.00	0.00	184.05	46.97	137.08	26
Total		**416.33**	**283.61**		**562.86**		

(Source: Data furnished by the Higher Education Department)

Audit scrutinised records of 12[110] out of 158 educational institutions, which received grants under various components of RUSA 1.0 and 2.0. Records pertaining to FYs 2017-18 to 2022-23 were scrutinised in Audit and the following significant deficiencies were observed during implementation of RUSA in the State:

2.6.2 Establishment and abandonment of Model Degree Colleges

With the objective of creating opportunities for students of rural areas in getting access to quality institutions, RUSA envisaged setting up of Model Degree Colleges[111] (MDC) in educationally backward districts[112] at a cost of ₹ 12 crore per MDC.

While the Central share was to be spent for construction of buildings and purchase of required equipment, the recurring expenditure related to these colleges like salary of teaching and non-teaching staff, electricity, water, telephone charges, *etc*., were to be borne by the State Government concerned. Audit noted that the HE Department had undertaken construction of six MDCs (January to March 2019), out of which five MDCs were abandoned and another

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109 Total 163 institutions participated in the RUSA Programme: RUSA 1.0- 137 institutions, RUSA 2.0- 27 institutions (Utkal University received funds both RUSA 1.0 and RUSA 2.0). Total 158 institutions, comprising of 10 Universities and 148 Colleges, received funds under RUSA 1.0 and RUSA 2.0. Odisha had not participated in PM-USHA

110 Six universities: 1. Utkal University, 2. Rama Devi Women University, 3. Ravenshaw University, 4. Biju Patnaik University of Technology, 5. Sambalpur University and 6. Khallikote Cluster University and Six Colleges: 1. Model Degree College, Sonepur, 2. Remuna Degree College, Balasore, 3. Model Degree College, Nuapada, 4. National College, Nuapada, 5. Samanta Chandra Sekhar College, Puri, 6. Sri Jayadev College of Education and Technology, Naharkanta, Bhubaneswar

111 Degree colleges imparting education in Arts, Science and Commerce

112 Districts registering literacy rate below the National average

MDC (at Semiliguda, Koraput district) was to be demolished, as it was falling on the alignment route of National Highway widening Work, under Bharatamala Project, as discussed below:

2.6.2.1 Abandonment of five MDCs

The Ministry of Education, GoI approved (May 2018) the proposal of the HE Department to establish six MDCs at Kalahandi, Koraput, Bolangir, Gajapati, Kandhamal and Dhenkanal districts (all Aspirational Districts). Thereafter, the HE Department submitted (July 2018) Detailed Project Reports (DPRs) in respect of all the six MDCs to the Ministry for release of funds. The DPRs certified that the proposed MDCs would be located in areas with high proportion of socially vulnerable population, which were not served by a similar government institution nearby. The HE Department, GoO entrusted the construction of MDC buildings to the State Public Works Department.

The selection of sites for the colleges was made by the District Collectors concerned in consultation with the concerned affiliating universities and the Regional Director of Education of the HE Department. The construction works started between January 2019 and March 2019, with the stipulation to complete the works within a year, *i.e.*, between January 2020 and March 2020. The status of construction and expenditure incurred, as of March 2023, is shown in **Table 2.6.2**.

Table 2.6.2: Status of construction of MDCs and expenditure incurred thereon

Sl. No.	Location of the MDC	Date of commencement	Stipulated date of completion	Status of the work	Expenditure (₹ in crore)
1	Junagarh, Kalahandi	8 March 2019	7 March 2020	Completed	8.38
2	Patnagarh, Bolangir	7 March 2019	6 March 2020	Completed	4.83
3	Kashinagar, Gajapati	25 February 2019	24 February 2020	In Progress	6.63
4	K.N. Nuagaon, Kandhamal	31 January 2019	30 January 2020	Completed	5.89[113]
5	Kamakhya Nagar, Dhenkanal	20 February 2019	30 August 2021	Completed	6.30
Total					**32.03**

(Source: Data furnished by the Higher Education Department)

Audit noted that construction of four MDC buildings had been completed and works relating to the fifth MDC building were in progress. The MDC in Gajapati district had still not been completed despite more than three years having elapsed since stipulated date of completion.

Audit further noted that the Development Commissioner-cum-Additional Chief Secretary (DC-cum-ACS), in a meeting (16 June 2021), decided to handover all five MDC buildings to the Skill Development and Technical Education (SD&TE) Department, for running skill development programmes, instead of operating them as MDCs. The decision was made on the grounds that the selection of sites for the MDCs had gone wrong, since all these MDCs were

[113] Final expenditure figure was not furnished by the HE Department

located in the vicinity of existing degree colleges. The decision of the meeting was concurred by the Chief Minister on 4 January 2022 (for two MDC buildings[114]) and 28 July 2022 (for three MDC buildings[115]), based on the recommendations of the DC-cum-ACS. Accordingly, all the five MDC buildings were handed over to the SD&TE Department between May 2022 and August 2022. Out of the four completed MDC buildings, the SD&TE Department had started using two MDC buildings (at Patnagarh and Junagarh) as Industrial Training Institutions and the one at Kamakhya Nagar, as Short Term Skill Training Institution. The other completed MDC building at K.N. Nuagaon had not been used by the SD&TE Department, due to injunction order issued by the Court on the basis of the petitions filed by the local people against abandonment of plan for establishment of MDC.

Audit compiled the data on the number of both Government aided and unaided degree colleges in the Blocks, where MDCs had been constructed and admission strength *vis-à-vis* enrollment during the years from 2015-16 to 2018-19, to assess the need for establishment of new degree colleges there, as presented in **Table 2.6.3**:

Table 2.6.3: Number of degree colleges, admission and enrollment during the years from 2015-16 to 2018-19

Location	No. of degree colleges existing	Admission strength	Enrollment	Percentage of enrollment
Junagarh	2	951	768	80.76
Patnagarh	5	3817	3542	92.80
Kashinagar	2	2060	1541	74.81
K.N. Nuagaon	1	1107	734	66.31
Kamakhya Nagar	4	2610	2166	82.99

(Source: Data furnished by the Higher Education Department)

It may be seen from the table above that in all the Blocks where MDCs had already been established, there was no scope for enrolling new students as the admission capacities of the existing colleges remained unutilised. Thus, there was no need for establishing new degree colleges in these areas and, therefore, the site selections for the MDCs were improper. These could have instead been established in other locations of the Aspirational Districts in the State, where no degree colleges existed and there was greater requirement of such colleges. However, in the DPRs, the rationale for establishing MDCs had been arrived at based on the population (SC, ST and total population) and latest GER in the respective districts, ignoring availability of colleges and percentage of enrolment in the available seats in the preceding years.

Thus, the DPRs were faulty to the extent that these had not taken into account, the already existing aided/ unaided degree colleges nearby and enrollment therein, to determine necessity for establishing new colleges. This fact was realised only after construction of the college buildings. As a result, a sum of ₹ 32.03 crore spent towards construction of colleges, did not contribute to the growth of higher education, contrary to RUSA objectives.

114 Kalahandi and Dhenkanal
115 Kandhamal, Gajapati and Bolangir

In the Exit Meeting (June 2024), the Higher Education Department assured that the issue would be re-examined by forming a committee for taking a decision on the manner of utilisation of the MDC buildings.

2.6.2.2 Wasteful expenditure of ₹ 8.71 crore on construction of MDC at Semiliguda

The HE Department entrusted (July 2018) construction of MDC at Semiliguda, Koraput district to the Executive Engineer, R&B Division, Koraput. The site at Kulugaon Mouza was identified for construction of the college. The R&B Division, Koraput started (15 March 2019) the work by engaging a contractor, with an agreement value of ₹ 8.02 crore. Subsequently, the Ministry of Road Transport and Highways, Government of India published notification (27 December 2019) for acquisition of land for widening the National Highway, which included the site of the MDC. On the date of the notification, the construction of the MDC building was at foundation level and only ₹ 0.96 crore had been spent. Despite issue of notification for acquisition of the land, neither the HE Department nor the District Collector took action to stop the construction work. After much delay, in December 2020, as per the instructions of the Collector, Koraput, the Tahasildar, Semiliguda directed the R&B Division, Koraput to stop the construction work, till finalisation of the matter. However, it was reported (May 2021) by the Tahasildar that as per the directions of the Collector, he intimated the R&B Division to resume the work in January 2021. Finally, a building with three storeys and terrace floor, was completed on 10 March 2021, at a cost of ₹ 8.71 crore. Subsequently, the land along with the three storied building constructed over the plot, was handed over to the Project Director, NHAI, Koraput on 6 December 2021. The NHAI paid a compensation amount of ₹ 13.94 crore (November 2021), which remained unutilised with the State Government, as of August 2023.

Thus, the failure of the HE Department as well as the Collector, Koraput, in timely stopping of the construction work of the MDC resulted in wasteful expenditure of ₹ 8.71 crore. Besides, due to non-utilisation of compensation money for establishment of an MDC at a different site in Koraput district, the students of the educationally backward district were deprived of access to quality education and the objective of setting up of an MDC remained unachieved.

In the Exit Meeting (June 2024), the Higher Education Department stated that the Department was considering construction of a college either at Bandhugaon or Narayanpatna Block, out of the compensation money received.

2.6.3 Failure in establishment of Cluster University

2.6.3.1 Infructuous expenditure in establishment of Khallikote Cluster University

RUSA guidelines provided for "Creation of Universities by Conversion of Colleges in a Cluster"[116]. The guidelines further stipulated that the State should enact an appropriate governance structure for the Cluster University through a

[116] A cluster university is created by pooling resources of three to five existing colleges that have adequate academic, physical, technical and infrastructural facilities and all the participating colleges become a constituent college of the newly created cluster university

new Act within a year from the date of establishment of the Cluster University. A new Cluster University would be created with an average allocation of ₹ 55 crore per University.

The Ministry of Education approved (December 2014) a proposal of the HE Department, GoO to establish a cluster university with Khallikote (Auto) College as lead college[117] and four other colleges[118], as constituent colleges. Accordingly, a Cluster University *viz*., "Khallikote University" was established in May 2015, through a notification, issued under sub-section (1) and (2) of Section 32 of the Odisha Universities Act, 1989, instead of promulgating a new Act, as per the RUSA guidelines. Ministry of Education provided ₹ 16.50 crore and State Government contributed ₹ 11 crore for the development of infrastructure, procurement of equipment, *etc*., for the proposed Cluster University, as shown in **Table 2.6.4**.

Table 2.6.4: Grants provided to Cluster University, Lead and Constituent Colleges

Sl. No.	Participating institutions	Amount released (₹ in crore)
1	Khallikote Cluster University	12.27
2	Khallikote (Auto) College	5.07
3	S.B.R.G (Auto) College	2.76
4	Binayak Acharya College	2.76
5	Gopalpur Degree College	2.20
6	Government Science College, Chatrapur	2.44
Total		**27.50**

(Source: Data furnished by Higher Education Department)

Audit noted from the records of the HE Department that the Department had constituted a Committee[119] (October 2018) to study the existing governance mechanism and to suggest a co-ordination mechanism among the participating colleges as well as utilisation of RUSA fund. The Committee recommended (November 2018) enacting a separate Act and Statute for the Cluster University, as well as defining the role and responsibilities of all the participating institutions. The National Coordinator, RUSA also echoed the same, in a meeting (25 June 2019) with the Vice-Chancellor of the Cluster University and urged the State Government to enact a separate Act. In October 2019, the HE Department observed that the Cluster University was not operating effectively due to tussles between Khallikote (Auto) College and the newly established Khallikote University. In this backdrop, the HE Department dissolved (February 2020) the Cluster University and all the five participating colleges returned to their original affiliation fold of the Berhampur University.

Audit observed that despite RUSA guidelines, no steps had been taken by the State for the enactment of an Act and Statute for the newly created Cluster University. The absence of a governance structure, in terms of clear-cut roles and responsibilities of the Cluster University and participating colleges, gave rise to conflict amongst the participating institutions. The HE Department instead of introducing a governance mechanism for smooth functioning of the

117 Lead College is a college with potential for excellence and demonstration of the various quality parameters, around which the Cluster University would be established.

118 S.B.R.G.(Auto) College Berhampur, Binayak Acharya College Berhampur, Gopalpur Degree College and Government Science College, Chatrapur

119 Under the Chairmanship of Vice-Chairperson, Odisha State Higher Education Council

University, dissolved the University, overlooking the intended benefits associated with the formation of such a University. This action of the HE Department, not only deprived the State of the benefits of a Cluster University, but also resulted in wasteful/ unfruitful expenditure of ₹ 11.30 crore expended towards the purpose. Some of the instances are discussed below:

(i) Wasteful expenditure of ₹ 56.81 lakh towards development of infrastructure for the Cluster University

The Revenue and Disaster Management (RDM) Department allotted Government land in favour of the HE Department for construction of the Khallikote Cluster University at Pallur Hill, under Kanisi Tahasil in Ganjam district. The execution of infrastructure development works[120] was entrusted to the Central Public Works Department (CPWD), under a Memorandum of Understanding (MoU), entered into between the University authorities and CPWD in June 2019. The University authorities deposited ₹ 7.51 crore (June to September 2019) with CPWD for the purpose. Consequent upon dissolution of the Cluster University, the MoU with the CPWD was terminated (May 2021) and the allotted land was surrendered (August 2021) to the RDM Department. By this time, the CPWD had spent ₹ 56.81 lakh towards development of the site, planning, designing and foundation works, out of ₹ 7.51 crore which became wasteful[121].

Picture 2.6.1: Abandoned Cluster University infrastructure work (19.07.2023)

(ii) Unfruitful/ idle expenditure on development of infrastructure at participating colleges

The participating colleges had been given financial grant of ₹15.23 crore for development of infrastructure and procurement of equipment (***Table 2.6.4***). Upon dissolution of the Cluster University, release of further funds was stopped, leading to stoppage of various works that had been undertaken, which led to the amount already spent turning either idle or unfruitful. Audit noted that the HE Department had not provided any funds for completion of these ongoing works that had been stopped midway.

[120] Construction of Administrative Block, Language Block, Guest House, Hospital, Central Computer Facility, Boys Hostel, Auditorium, Staff quarters, *etc*.

[121] CPWD refunded (October 2021 to January 2022) the balance amount of ₹ 6.94 crore to the HE Department

- ***Unfruitful expenditure on construction of Academic Block at Binayak Acharya College***: The work of construction of the Academic Block, at an estimated cost of ₹ 4.74 crore, was entrusted to the R&B Division-I, Berhampur. The College deposited (February 2019 and May 2020) ₹ 2.37 crore with the Division. After execution of the work up to lintel level and incurring an expenditure of ₹ 2.37 crore, the work was stopped. Thus, the expended amount of ₹ 2.37 crore turned out to be unfruitful.

Picture 2.6.2: Incomplete academic building inside the B.A College, Berhampur campus (24.04.2024)

- ***Idle expenditure on construction of Girls' hostel at SBRG Women's (Auto) College***: The work, at an estimated cost of ₹ 2.47 crore, had been entrusted to the R&B Division-I, Berhampur by the College. The Principal of the College had deposited ₹ 1.74 crore (November 2019 and January 2022) with the Division. The Division, intimating (April 2023) the Principal about completion of construction in April 2022, requested for the balance amount of ₹ 0.73 crore from the estimated cost for handing over the building. However, final expenditure bill of the work had not been furnished by the R&B Division, as of May 2024. On being pointed out in Audit (April 2024), the R&B Division handed over (May 2024) the building, pending receipt of the balance amount of ₹ 0.73 crore, but due to non-supply of water to the building, the same could not be utilised for the intended purpose (May 2024).

- ***Idle expenditure on construction of Examination Hall for Khallikote (Auto) College***: In view of inadequate facilities for carrying out examination works in the College, construction of a new examination hall, at an estimated cost of ₹ 3.99 crore, was taken up. The work was entrusted (March 2019) to the R&B Division-I, Berhampur, and the same was completed in July 2021, at a cost of ₹ 3.99 crore. However, due to paucity of funds, the required furniture for the Examination Hall could not be procured by the College. As a result, the building remained unused, rendering the expenditure of ₹ 3.99 crore, idle (May 2024).


Picture 2.6.3: Unused Examination Hall Building constructed at Khallikote Autonomous College (20.07.2023)

- ***Idling of Building for Central Computer Facility at Government Science College, Chatrapur***: The work was entrusted to the R&B Division-II, Berhampur and the latter completed the work in April 2021 at a cost of ₹ 0.31 crore. Due to shortage of funds, computers and furniture, required for making the Computer Facility operational, could not be procured by the College. This resulted in idle expenditure of ₹ 0.31 crore, incurred on the construction of the building under RUSA.

Audit observed that the HE Department had dissolved the Cluster University without preparing any plan for completion of the remaining/ pending works of the Cluster University. In absence of such a plan, a sum of ₹ 8.41 crore invested in creating new infrastructure, turned out to be unfruitful.

In the Exit Meeting (June 2024), the Higher Education Department assured that the incomplete infrastructure would be completed with its own funds.

2.6.4 Utilisation of grants by Universities

The Ministry of Education approved ₹ 20 crore (05 December 2014) under the component "Infrastructure Grant to University" under RUSA 1.0 and ₹ 100 crore (25 May 2018) towards "Quality and Excellence in selected State Universities" under RUSA 2.0 in favour of Utkal University (UU). Of this, the UU had received ₹ 93 crore during the period from March 2015 to November 2021, as shown in **Table 2.6.5**.

Table 2.6.5: Receipt of funds by Utkal University under RUSA

(₹ in crore)

Sl. No.	Name of the component	Central Share	State Share	Total
1	Infrastructure grant (RUSA 1.0)	10.80	7.20	18.00
2	Quality and Excellence (RUSA 2.0)	45.00	30.00	75.00
Total		**55.80**	**37.20**	**93.00**

(Source: Data furnished by Higher Education Department)

2.6.4.1 Utilisation of Infrastructure grant

The UU had utilised ₹ 15.22 crore out of ₹ 18 crore, received towards Infrastructure grant, as of March 2023. Audit observed the following deficiencies in utilisation of the grant.

(i) Non-utilisation of the infrastructure grant for the intended purpose

The University decided to construct (July 2019) RUSA Bhawan at a cost of ₹ 25.70 crore, mobilising ₹ 6.22 crore and ₹ 19.48 crore from the Infrastructure Grants (construction of buildings) received under RUSA 1.0 and 2.0 respectively. Audit noticed that the above amounts had been sanctioned by the Ministry of Education for the following purposes:

Table 2.6.6: Amount utilised from different components of Infrastructure grant for construction of RUSA Bhawan

(Figures are ₹ in crore)

Sl. No.	Purpose of grant	RUSA 1.0	RUSA 2.0
1	Faculty/ Employee Facility Centre	6.22	0
2	Student Utility Centre		2.00
3	Academic Block		4.00
4	Computer Facility Centre		0
5	Administrative Block	0	4.00
6	International Hall	0	2.00
7	Alumni/ Internal Quality Assessment Centre/ RUSA Bhawan	0	1.00
8	Market Complex	0	0.50
9	Others	0	5.98
Total		**6.22**	**19.48**

(Source: Records of Utkal University)

Audit noticed that after completion of the building, in a review meeting with the Minister, Higher Education, it was decided (January 2021) to use the RUSA Bhawan as an Administrative building and a portion of it as an International Hall and RUSA office.

Audit observed that funds earmarked for eight different purposes were utilised only for three purposes[122]. As a result, the intention of creating facilities like academic block, computer facility centre, faculty/employees facilities centre, student utility centre, alumni hall, *etc*., were not fulfilled. Further, there was no recorded reason for not utilising the building for the intended purposes and instead using it as an administration block. Besides, no arrangements were made to house the proposed intended activities like academic block, computer facility centre, faculty/employees facilities centre, student utility centre, alumni hall, *etc*. in an alternative site. The construction of an administrative building by diverting ₹ 18.70 crore from funds meant for construction of academic block, computer facility centre, faculty/employee facility centre, *etc*., is indicative of academic activities receiving lesser priority.

The State Project Director (SPD), RUSA stated (May 2024) that the objective of constructing the RUSA Bhawan was to include all teaching departments under one roof for better administration. The utilisation of ₹25.70 crore out of RUSA grant was made in order to complete the administrative building with full functionality in the better interest of the University. The fact, however, remained that expenditure on Administrative building was irregularly done by diverting ₹18.70 crore, meant for other purposes.

[122] Administrative Block, International Hall and RUSA Bhawan

(ii) Inadmissible expenditure from Infrastructure grant

Infrastructure grant of ₹ 18 crore was received from March 2015 to February 2020 by UU, for meeting critical infrastructural needs, such as upgrading libraries, laboratories, equipment, hostels, toilets, *etc*.

- The UU procured four Diesel Generators[123] at a cost of ₹37.08 lakh and signages costing ₹ 21.49 lakh in October 2016 from its own funds. Subsequently, this expenditure of ₹58.57 lakh was booked against the RUSA Infrastructure grant, reversing the earlier accounting. Audit observed that expenditure towards procurement of generators and signages was not admissible under RUSA grant, that had been given for a specific purpose. Thus, charging the expenditure of ₹58.57 lakh to the RUSA account, was irregular.

  In reply, the SPD stated (May 2024) that the DG sets and signages were procured for RUSA activities, for which the expenditure was charged to the RUSA account. The reply is not convincing, as the Syndicate of the University had approved procurement of above items out of the University funds, in view of ensuing visit of the NAAC officials. As such, the objective of procurement was unrelated to RUSA activities and, therefore, charging such expenditure to RUSA account, was irregular.

- Furniture and fixtures like dining table, sofa, bed, recliner, *etc*., were procured at a cost of ₹ 6.48 lakh for the official residence of the Vice-Chancellor. The expenditure was booked under the cost of construction of the RUSA Bhawan ***{Paragraph 2.6.4.1 (i)}***, which had been funded from the RUSA grant. The RUSA guidelines, however, do not permit expenditure of such nature from the Grant. As such, expenditure of ₹ 6.48 lakh towards purchase of furniture & fixtures was irregular.

In the Exit Meeting (June 2024), the Registrar, UU stated that the University had decided to bear the expenditure from its own funds.

2.6.4.2 Utilisation of Quality and Excellence grant

The UU had utilised ₹ 39.66 crore out of ₹ 75 crore received towards Quality and Excellence, as of March 2023, under RUSA 2.0. Audit observed the following deficiencies in utilisation of this grant:

(i) Diversion of funds meant for Information and Communication Technology (ICT) Infrastructure – ₹1.83 crore

The RUSA grant under the component Quality and Excellence included ₹ 4 crore towards creation of facilities for conducting examinations. After preparing a Request for Proposal document (December 2019) to invite bids, UU did not take subsequent actions like invitation of bids, selection of executant for construction of a Centralised ICT Lab. The Project Monitoring Unit, constituted under the Chairpersonship of the Vice-Chancellor for monitoring of implementation of RUSA, decided (September 2020) to provide laptops/ desktops to each faculty member and administrative sections, instead of setting up of the ICT Lab. Accordingly, 141 desktops, 88 laptops and other accessories,

[123] For Library, Office, Guest house and Auditorium

costing ₹ 1.83 crore were procured between April 2021 and July 2021. In absence of establishment of the ICT Lab, the desktops and laptops were distributed among various teaching departments and administrative sections of the University. However, 16 laptops were lying in the store and whereabouts of two laptops were not available in the records of the University. The University had also not obtained approval of GoI or GoO, for utilising the computer hardware for the other purposes.

Thus, not only was ₹ 1.83 crore irregularly diverted for procurement of computers, laptops, *etc*., but also even after procurement, 16 laptops costing ₹ 11.16 lakh, remained idle for more than two years and two laptops costing ₹ 1.39 lakh were missing since procurement (June 2023).

The SPD stated (May 2024) that the University had decided to procure and distribute desktops/ laptops in order to ensure access to e-resources by the teachers and research students from home, during COVID 19. Regarding two missing laptops, it was stated that the Store Unit of the University had been asked to locate and return the laptops. The reply is not convincing, as no steps had been taken to get back the distributed computer hardware from the recipients after commencement of academic activities in offline mode.

(ii) Infructuous expenditure on construction of Rural Technology Park

The UU decided (December 2019) to construct a new building for 'Utkal Entrepreneurship and Career Hub and Global Centre of Rural Studies' (termed as Rural Technology Park), at a new Campus at Siha, Chandikhole in Jajpur district, out of the grants received under Quality and Excellence (RUSA 2.0). The construction of the building was completed in July 2021 at a cost of ₹ 5.75 crore. However, during the construction stage, the UU authorities had not taken any steps for drawing electricity from the electricity distribution utility for the building. It was noted during Joint Physical Inspection (27 June 2023) that supply of electricity and installation of the transformer had not been done. It was also found that many of the electrical, sanitary fittings and metal grills had been stolen.

As a result of non-energisation of the building, the courses/ training programmes intended to be imparted there, could not commence, as of April 2024. Inordinate delay in supply of electricity to the building indicated lack of planning and monitoring of the project by the University Management.

The SPD stated (May 2024) that necessary steps were being taken to install a 500 KVA transformer at an early date.

2.6.4.3 Idle expenditure in procurement of computers by Biju Patnaik University of Technology

The Biju Patnaik University of Technology (BPUT), Rourkela had received ₹ 20 crore under RUSA towards Infrastructure grant. BPUT decided (4 April 2016) to procure 180 Desktop computers for its central library out of the RUSA grants. Accordingly, a purchase order was placed (May 2016) with a firm for supply of 180 Desktop computers. The firm delivered all the computers to the university in November 2016 and payment of ₹ 97.15 lakh[124] was made (January 2017) to the firm. As the construction work of the central library was

[124] 180 nos. at the rate of ₹ 53,971 per PC

incomplete, the University management decided (January 2017) to utilise the computers in the existing laboratories till handing over of the central library by the executive agency. It was noted that out of 180 Desktops, 65 were issued to different departments/ sections and the remaining 115 were kept idle **(Picture 2.6.4)**, even after lapse of more than six years from the date of procurement. Therefore, procurement of computers, without ensuring availability of space for its installation, resulted in idle expenditure of ₹ 62.07 lakh[125]. Besides, the warranty period of the desktops had expired and the operational fitness of the computers was doubtful, in view of technological obsolescence due to passage of time.

Picture 2.6.4: The desktops procured for central library remained unused and were kept in stock, despite passing of more than six years (07.06.2023)

2.6.4.4 Excess payment due to change of implementing agency

Rama Devi Women University (RDWU), Bhubaneswar, entered (October 2016) into an MoU with CPWD for construction of academic block, administrative block, auditorium, hostel, library and canteen including electrical installations at an estimated cost of ₹ 50.59 crore[126]. As per the terms of the MoU, CPWD would complete the works as per the layout site plan, design and structure, as would be furnished by RDWU, within a mutually agreed date. RDWU deposited ₹ 40.57 crore with CPWD, between October 2016 and June 2020.

During the course of execution of the works, CPWD had once conveyed to (October 2018) RDWU that all the works were likely to be completed between January 2019 and June 2019 within ₹ 42 crore. However, the MoU was not amended accordingly. In November 2019, CPWD requested the RDWU to take over the completed structures, except the Auditorium Building, which had not been completed. At the same time, CPWD requested RDWU for release of ₹ 7.65 crore, towards clearance of outstanding dues (₹ 3.85 crore) and execution of pending works (₹ 3.80 crore). Thus, the revised project cost as per CPWD was ₹ 48.22 crore[127] against the agreed cost of ₹ 50.59 crore. The RDWU, however, asked (October and December 2020) CPWD to complete all the works within ₹ 42 crore, as intimated by them in October 2018. CPWD, refused

[125] Cost of 115 PCs at the rate of ₹53,971 per PC

[126] Academic Block: ₹ 23.68 crore, Administrative Block: ₹ 6.02 crore, Auditorium: ₹ 8.58 crore, Hostel: ₹ 3.73 crore, Library & Canteen: ₹ 7.08 crore and Electrical Bulk Services: ₹ 1.50 crore

[127] ₹ 40.57 crore + ₹ 3.85 crore + ₹ 3.80 crore

(September 2021) to revise the cost to ₹ 42 crore in absence of any formal agreement to that effect. Meanwhile, the Project Monitoring Unit of the RDWU recommended (March 2021) to the HE Department to handover the residual works to the State owned Odisha State Police Housing and Welfare Corporation (OSPHWC) Limited, for execution. The HE Department entrusted the residual work to OSPHWC at a cost of ₹ 11.25 crore and approved payment of ₹ 3.85 crore to CPWD towards outstanding dues. The project was completed in February 2023 and handed over in September 2023. Thus, the project cost increased to ₹ 55.67 crore (₹ 40.57 crore + ₹ 3.85 crore + ₹ 11.25 crore).

Audit observed that there was no justifiable reason for the University insisting on the project being completed within ₹ 42 crore, by CPWD, as the MoU had not been revised to reflect this project cost. It would have been prudent on the part of RDWU to accept the demand of CPWD for ₹ 3.80 crore for completing the balance works. As such, the project could have been completed at a cost of ₹ 48.22 crore. As against this, the project cost increased to ₹ 55.67 crore by relieving CPWD from the execution responsibility and entrusting the same to OSPHWC. Such imprudent action of the RDWU and HE Department resulted in additional expenditure of ₹ 7.45 crore.

The RDWU stated (May 2023) that the CPWD had agreed (1 and 5 November 2018) to complete the project at a cost of ₹ 42 crore in the meetings with it. It was added that the additional cost for completion of the project had been approved by the HE Department. The reply is not convincing as the revised cost of ₹ 42 crore had not been given legal effect through revision of the MoU and therefore, CPWD could not be enforced for completing the works at ₹ 42 crore. Further, the HE Department had incurred extra expenditure of ₹ 7.45 crore for completing the balance work.

Information & Public Relations Department

2.7 Delay in adoption of CBC rate led to excess expenditure of ₹ 12.11 crore

Despite provision in the Department's Advertisement Policy, 1998 to adopt the rate of advertisements of CBC, the department adopted the same belatedly, resulting in excess expenditure of ₹ 12.11 crore.

The Supreme Court issued (May 2015) guidelines namely, the Government Advertisement (Content Regulation) Guidelines – 2014, for regulating all Government advertisements[128]. Subsequently, Director of Advertising and Visual Publicity, renamed as Central Bureau of Communication (CBC), Government of India, incorporated (October 2015) in their existing policy, provisions for empanelment and rates of advertisement in the private commercial and satellite television channels for Government advertisements.

The Information and Public Relations (I&PR) Department, Government of Odisha had an Advertisement Policy, issued in 1998 for issue of Government advertisements in print media. This policy had provided that the rate fixed by the CBC, shall be given due regard in settling advertisement rates. The Policy was, however, silent on rates of advertisements in electronic media. In the wake

[128] Except classifieds

of a policy put in place by CBC, the I&PR Department constituted (November 2015) a Committee[129] under the chairmanship of Director, I&PR for preparation of a draft policy for Government advertisements in electronic and web media. The Committee decided (April 2016) to adopt a policy, in line with the one adopted by CBC. The Committee, in turn, entrusted the task of framing a draft policy for advertisements in electronic and web media within a fortnight, to three officers[130] of the Department.

Audit noted (April 2022) from the records of the I&PR Department, pertaining to the period from October 2018 to March 2022, that the draft policy had not been prepared (up to March 2020), despite lapse of four years. Pending preparation of a policy, the quotations for rate of advertisements in electronic media were called (November 2016) from different electronic media houses, on the direction of the Commissioner-cum-Secretary of the Department. Quotations from 13 private television channels were received during November 2016. The Commissioner-cum-Secretary finalised the rates for 10-second spots after a negotiation (17 November 2016) with the private television channels (PTC). Thereafter, the payments for advertisements were made to PTCs, at the rates so finalised.

Audit also noted that the Department had paid ₹ 74.37 crore to the PTCs towards advertisement cost in FYs 2018-19 and 2019-20. Audit scrutinised two vouchers worth ₹ 15.79 crore for payment of advertisement cost to 10 PTCs, pertaining to the month of March 2019. It was found that all the 10 PTCs had been paid at the negotiated rates, which were higher than the CBC rates applicable, by 1.53 to 7.80 times. A comparative statement of the rates, at which payments were made and the rates fixed by the CBC, for the same slots, are shown in ***Table 2.7.1***.

Table 2.7.1: Comparison of rates of advertisements fixed through negotiation, with rates of CBC, for 10-second slots at prime times

Sl. No.	Name of PTC	Negotiated rate for 10 seconds spot at prime time (₹)	Highest rate of CBC for 10 seconds spot at prime time (₹)	No. of times higher
1	Colors Odia	3,000	793	3.78
2	Kalinga TV	3,200	428	7.48
3	Kanak News	3,000	484	6.20
4	MBC TV	2,700	438	6.16
5	News 18	3,000	435	6.90
6	News 7	3,200	522	6.13
7	News World	3,200	410	7.80
8	Sarthak	5,000	3,266	1.53
9	Zee Kalinga	3,200	451	7.10
10	Zee Odisha	3,200	451	7.10

(Source: Records of the I&PR Department)

It would be observed from the table above that the negotiated rates adopted by the Department were 1.53 to 7.80 times higher than the CBC rates. Audit

[129] Joint Director-cum-Deputy Secretary (Audio Visual Publicity), I&PR Department; Station Director, All India Radio, Cuttack; Director of Doordarshan, Bhubaneswar; In-charge (Weekly Programme); Assistant Director (Film) and Programme Co-ordinator, TV

[130] In-charge of Weekly Programme; Assistant Director (Film); and Programme Coordinator, TV

calculated the excess payments made on the test-checked two payment vouchers worth ₹ 15.79 crore, which worked out to be ₹ 12.11 crore (77 *per cent*) (***Appendix 2.7.1***). The magnitude of the excess expenditure would be more, as ₹ 74.37 crore[131] had been paid towards advertisement of various Government programmes in the electronic media during FYs 2018-19 and 2019-20, by the Department.

In the above context, Audit observed the following:

- In an earlier audit (October to December 2018) of the I&PR Department, the matter of payment of advertisement cost at excess rates, as compared to the rate of CBC, was raised[132], to which no reply was furnished by the Department. It was noted from the records of the Department that the audit observation had been cited on three occasions[133] while processing the advertisement bills of PTCs. However, these observations had been overlooked on all these occasions, while granting approval for payments to the PTCs. This is indicative of the scant regard by the Head of the I&PR Department towards maintaining austerity in expenditure from public exchequer.
- While the State Government's Advertisement Policy, 1998, albeit without a provision on advertisement in electronic media, established parity with the rate of CBC and a Committee was in the process of finalising a policy for electronic media, there was no requirement of carrying out negotiations with the PTCs to settle for a rate, which was 1.53 to 7.80 times higher than the CBC rate. Thus, such a revision amounted to a clear departure from the Advertisement Policy, 1998.
- Moreover, the Committee, set up in April 2016, was given a timeframe of a fortnight for submitting a draft policy on advertisements in electronic media but, they did not complete the work in time. As a result, the Department continued to pay advertisement cost at higher rates, as compared to the CBC rates, till 27 March 2020. It was only in a meeting (dated 26 February 2020) of an inter-departmental committee, under the chairmanship of the Development Commissioner-cum-Additional Chief Secretary[134] that it was decided to adopt advertisement rates fixed by the CBC. In pursuance of this, the Department notified (28 March 2020) adoption of CBC rates.

Upon adoption of the advertising rate of CBC from 28 March 2020, the subsequent advertising bills of the PTCs were paid at the CBC rate. Thus, it is amply clear that there was no justification for agreeing to a rate much higher than the CBC rates with PTCs, previously. Also, had the Department shown promptness in fixing advertisement rates through a policy, payment at higher rates could have been avoided, during the intervening period from April 2016 to 27 March 2020. Constituting a committee only in April 2016 for the purpose

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131 2018-19: ₹ 62.65 crore and 2019-20: ₹11.72 crore

132 Inspection Report No. 534/2018-19, covering the period from January 2017 to September 2018, issued on 19 March 2019

133 February 2019, July 2019 and August 2019

134 Other Members: Principal Secretary of Law Department, Commissioner-cum-Secretary of I&PR Department, Special Secretary of Finance Department, Director of I&PR Department and Director (Technical) of I&PR Department

and taking the relevant decision in February 2020, indicated the lackadaisical approach of the Department.

The I&PR Department stated (January 2024) that they had taken a decision in November 2016 to fix the rates of different channels by way of negotiation, as no such approved rate was available at that time and the advertisement bills were discharged accordingly, hence, there was no excess expenditure. The reply is not acceptable as the CBC had fixed advertisement rates for PTCs by that time (October 2015), which could have been adopted, rather than going for negotiated rates and adopting CBC rate only, later in March 2020.

2.8 Idle expenditure on construction of buildings

The I&PR Department failed to complete the multi-purpose studio building in Bhubaneswar, despite lapse of 10 years and also constructed another building for District Information Public Relation Officer, Kalahandi at Bhawanipatna without any necessity. As a result, a sum of ₹ 1.40 crore invested in construction of these buildings remained idle.

The Fiscal Responsibility and Budget Management (FRBM) Act, 2005 of Government of Odisha, requires utilisation of Government resources in a way that gives best value for money, and utilisation of public assets effectively to derive maximum benefit.

During the course of audit (April 2022) of I&PR and its district office, namely, District Information Public Relation Officer (DIPRO), Kalahandi (June 2022), Audit found that the aforementioned provisions of the FRBM Act had not been followed in two occasions, as discussed below:

2.8.1 Incomplete Multi-Purpose Studio building at Bhubaneswar

The I&PR Department decided to construct a Multi-Purpose Studio (MPS), inside its campus at Bhubaneswar, with modern facilities for recording/ shooting, editing and dubbing of different government programmes. The Department granted (December 2012) administrative approval for construction of the MPS at an estimated cost of ₹ 91.02 lakh. The execution of the work was entrusted to the Chief Engineer (Buildings), under the Works Department. The scope of the work included construction of a two-storey building, including tile flooring, painting, sanitary and electrical fittings, *etc*., to house facilities for audio/ video recording, editing and dubbing. The Department placed ₹ 91 lakh[135] with the Chief Engineer for the purpose. The construction of the building started in March 2013 with a schedule for completion by December 2013 *i.e.*, within nine months.

Audit noted from the records of the Department that the Chief Engineer had not furnished utilisation certificate against the sum received from the Department. Audit conducted (20 April 2022) a joint physical inspection (JPI) of the building along with the officials of the Department and took photographs of the building, to ascertain the status of completion of the building. Some of the images of the building are shown in **Pictures 2.8.1** and **2.8.2**.

135 ₹ 50 lakh in FY 2013-14 and ₹ 41 lakh in FY 2014-15

Picture 2.8.1: Frontage of the building Front view (20.04.2022)

Picture 2.8.2: Inside view - unused articles or trash dumped (20.04.2022)

It was noticed in the JPI that although the structure of the building had been completed, other works like tiled flooring, painting, sanitary and electrical fittings, fixing of windows and other finishings had not been done. Unserviceable/ damaged items were found to be stacked in the semi-finished building. Also, there was nothing on record to show whether the Department planned to complete the pending work and utilise the building (April 2022).

Thus, failure to complete construction of the building in all respects, despite lapse of 10 years, rendered the amount of ₹ 91 lakh, invested in the construction of the building, idle. This is indicative of the scant regard to the provisions of the FRBM Act, which seeks to secure best value for money and utilisation of public assets effectively to derive maximum benefit for intended beneficiaries.

In reply, the Additional Secretary, I&PR Department stated (July 2023) that since the Chief Engineer had not submitted ‘Fitness for occupancy certificate’, the building had not been utilised for the proposed multipurpose studio. The reasons for non-receipt of the ‘Fitness for occupancy certificate’ from the Chief Engineer, were not stated.

2.8.2 Idle office building at Bhawanipatna

On scrutiny of records of the District Information and Public Relations Office (DIPRO), Kalahandi district, Audit noted (June 2022) that the I&PR Department had placed ₹ 50 lakh (January 2013 and June 2013) with the Chief Engineer (Buildings), under the administrative control of the Works Department, for construction of first-floor of the existing office building of the DIPRO at Bhawanipatna,

Records/ information on justification for construction of the building, plan of building and estimate, dates of completion and taking over of the building were not made available to Audit. The DIPRO, however, intimated that the amount of ₹ 50 lakh had been utilised for the construction of the first-floor, of approximately 5,000 square feet in area, in the existing office building.

Audit, on visit to the work site (June 2022), found that the entire first-floor was lying unused from the date of completion of the construction. Several diagonal cracks had developed on the walls, raising doubt on quality and durability of the construction, as shown in **Pictures 2.8.3** and **2.8.4**.

Picture 2.8.3: Unused first-floor of the building (30.06.2022)

Picture 2.8.4: Diagonal cracks on the walls (30.06.2022)

Audit also noticed that the DIPRO was functioning in only half a portion of the ground floor and the other half of the ground floor was being used as an Urban Public Health Centre.

As the DIPRO was using only half of the floor area of the existing building, there was no need to construct an additional floor space. In the absence of such a necessity, the decision to construct first floor on the existing building was not justifiable, evidenced from the fact that the constructed floor space remained unutilised. As such, a sum of ₹ 50 lakh invested in constructing the first floor of the building, turned out to be an idle expenditure.

No response was furnished by the Department on non-utilisation of newly constructed first floor of the DIPRO office building.

The above-mentioned two instances of (i) non-completion of building despite lapse of 10 years and (ii) non-utilisation of entire first floor of the building are indicative of the fact that the actions of the I&PR Department were against the spirit of the FRBM Act, as it had failed to extract intended benefits from these buildings at Bhubaneswar and Bhawanipatna. As a result, a sum of ₹ 1.40 crore invested in construction of these buildings remained idle.

The above matter has been reported (December 2023) to Government; their reply had not been received (January 2025).

Revenue and Disaster Management Department

2.9 Non-realisation of Stamp Duty and Registration Fee of ₹ 83.88 crore

The Registration Authorities had not followed the provisions of the Indian Stamp Act, 1899 correctly while assessing imposable amount of Stamp Duty and Registration Fee. As a result, there was loss of revenue to Government, amounting to ₹ 83.88 crore.

Section 27 of the Indian Stamp Act, 1899 (Odisha Amendment), states that the consideration (if any) and all other facts and circumstances affecting the chargeability of any instrument with duty, or the amount of the duty with which it is chargeable, shall be fully and truly set forth therein. Explanation to Article

35 of the Act provides that when a lessee undertakes to pay any recurring charge, such as Government revenue, the landlord's share of cess, or the owner's share of municipal rates or taxes, which is by law, recoverable from the lessor, the amount so agreed to be paid by the lessee, shall be deemed to be part of the rent. Article 35 (a) (iii) to (vi) provide that when the lease is for a period, varying from 5 to 100 years, Stamp Duty (SD) is to be imposed on a consideration equal to one to four times[136] the value of the Average Annual Rent (AAR) reserved. Article 35 (c) of the said act stipulates that, where the lease is granted for a fine or premium or for the money advanced and in addition to rent is reserved, the SD shall be leviable as a conveyance on the consideration equal to the amount or value of such fine or premium or advance, as set forth in the lease, in addition to the duty which would have been payable on such lease, if no fine or premium had been paid or delivered. This provision was reiterated by the Revenue and Disaster Management (RDM) Department stating (January 2017) that the anticipated royalty for the entire lease area shall be taken as part of the entire premium for assessment of SD.

As per Steel and Mines Department's Notification (13 January 2012), SD is to be assessed on Preliminary expenses, Security Deposits, Surface rent and Dead rent or Royalty, whichever is higher. In case the production level is enhanced through the modification of mining plan in later years, SD shall be reassessed on the differential production level and the lessee shall deposit the differential SD, before such enhancement is actually carried out. In terms of the Article 23 of Schedule I-A of the Act, SD is to be charged at the rate of five *per cent* of the amount or value of the consideration. In terms of the notification (January 2001) of the RDM Department, Registration Fee (RF) at the rate of two *per cent* of the value of consideration of the documents, is to be imposed.

During test-check of records of three Sub-Registrar[137] (SR) offices and five District Sub-Registrar[138] (DSR) offices, during January 2020 to March 2023, it was revealed that erroneous assessment of SD and RF had resulted in loss of Government revenue of ₹ 180.80 crore. On being pointed out in Audit, the SR, Bonai had recovered ₹ 96.92 crore. The reason for short realisation of revenue was erroneous assessment of SD and RF by the SRs and DSRs, as discussed below:

2.9.1 Non-realisation of SD and RF on the enhanced production level of mines

Audit examined (March 2023) mining lease deeds registered at the Office of the SR, Bonai, during the period from January 1960 to June 2020, and cross verified the respective mining plans and production levels from the Office of the Deputy Director of Mines (DDM), Koira, Sundargarh district, under the Steel and Mines Department. Audit noticed from the records at DDM, Koira that the annual production level of major minerals had been enhanced in seven mines[139] through modification of mining plans during March 2019 to February 2023. However,

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[136] Lease period for five to 10 years - one time; 10 to 20 years - two times; 20 to 30 years - three times and 30 to 100 years - four times

[137] Bonai, Dolipur and Pipli

[138] Sundargarh, Sambalpur, Kalahandi, Koraput and Dhenkanal

[139] 1. KJST, Jaldihi Iron/ Manganese/ Bauxite Mines; 2. Oraghat Iron Mines; 3. Raikela Iron Mines; 4. Sanindpur Iron/ Bauxite Mines; 5. Narayanposhi Iron/ Manganese Mines; 6. Kalta-Barsuan-Taldihi Iron Ore Mines and 7. Raikela -Tantra Iron Mines

the differential SD and RF had been deposited by lessees of two mines only, even though periods ranging up to four years had elapsed, from the date of enhancement. The differential SD and RF in case of these five mining lease cases, was worked out at ₹ 179.63 crore in Audit, as shown in the ***Appendix 2.9.1***. A summarised detail of mines-wise, non-realisation of SD and RF is shown in the table below:

Table 2.9.1: Unrealised Stamp Duty and Registration Fees on the enhanced production level

Sl. No.	Document ID	Name of the Mining Block	Annual production (in MT)	Enhanced annual production level (highest) (in MT)	Unrealised SD and RF (₹ in crore)
1	1721600397	KJST, Jaldihi Iron, Manganese & Bauxite Mines	20,16,900	28,00,098	10.21
2	1721900263	Raikela Iron Mines	20,96,887	49,90,000	63.14
3	1722000229	Narayanposhi Iron & Manganese Mines	60,37,509	1,00,00,000	73.12
4	1721400594 & 1721600543	Kalta-Barsuan-Taldihi Iron Ore Mines	80,50,000	95,49,045	9.59
5	1721600415	Raikela-Tantra Iron Mines	10,80,000	21,60,030	23.57
Total					**179.63**

(Source: Records of DDM, Koira and SR, Bonai)

Audit observed that the fact of enhancement of production level had not been communicated by the DDM, Koira to the SR, Bonai. The SR, Bonai had also not undertaken periodic follow up with the DDM, Koira to ascertain whether any enhancement in production level had been made. As such, due to absence of communication between the SR, Bonai and DDM, Koira on enhancement of production level, SD and RF on the enhanced production level could not be realised.

The SR, Bonai stated (June 2024) that an amount of ₹ 96.92 crore towards full amount of the differential SD and RF had since been realised in respect of three mine blocks[140] during October 2023 to June 2024. However, the reply was silent on reasons for non-recovery of the balance amount of ₹ 82.71 crore from the remaining two mining blocks.

2.9.2 Non-consideration of Security Deposit and Goods and Service Tax for assessment of SD and RF

In case of 32 lease cases, registered by five DSR and two SR offices[141], between January 2020 and March 2023, Audit found that Security Deposit and Goods and Service Tax[142] (GST), agreed to be paid by the lessee, had not been considered for assessment of SD and RF.

[140] KJST, Jaldihi Iron, Manganese & Bauxite Mines: ₹ 10.21 crore; Raikela Iron Mines: ₹ 63.14 crore and Raikela-Tantra Iron Mines: ₹ 23.57 crore

[141] DSR: Sundargarh, Sambalpur, Dhenkanal, Kalahandi and Koraput; SR: Dolipur and Pipili

[142] The Goods and Service Tax at the rate of 18 *per cent* is payable by the lessee, in addition to rent for the property, rented for commercial purpose

Audit observed that in 32 lease deeds[143] on minor minerals, the lessees had deposited ₹ 7.53 crore towards Security Deposit. The registering authorities, however, had not taken into account the same, for assessing SD and RF, in contravention of the aforementioned provisions of the Stamp Act. This included eight cases, in which lease agreements were registered (January 2020 to March 2022) to let or sub-let the property for commercial purpose, on monthly rental basis, with escalation of 12 to 15 *per cent* for a period, ranging from 12 to 18 years. In terms of the agreements, the lessees were to pay the rent and GST on behalf of lessors, at the prescribed rate on the rent, which was to be considered for computation of the total consideration for imposition of SD and RF. It was, however, noticed that the sampled DSRs and SRs did not consider GST on the annual rent, at the rate of 18 *per cent*, amounting to ₹ 62.01 lakh, while computing the Annual Average Rent for assessment of SD and RF. As a result, a sum of ₹ 56.89 lakh towards SD (₹ 40.63 lakh) and RF (₹ 16.26 lakh) could not be realised ***(Appendix 2.9.2)***, which was a loss to the State exchequer.

Thus, non-consideration of Security Deposit and GST for assessment of SD and RF, resulted in short imposition and consequential short realisation of ₹ 56.89 lakh towards SD and RF

Accepting the audit observations, the DSRs and SRs stated (March 2022 to March 2023) that notice would be issued for realisation of deficit SD and RF. SR, Dolipur stated (June 2023) that notice had been issued to the lessees concerned, for realisation of Government dues.

2.9.3 Assessment of SD and RF on rent and royalty for one year instead of the entire lease period

In three DSR offices[144], Audit noticed in 20 lease deeds of minor mineral quarries, with lease period of five years from FYs 2020-21 to 2024-25, that the DSRs had taken into account rent and royalty only for one year instead of the entire five years of the lease period, as consideration, for determining the SD and RF in accordance with Article 35 (C) of Schedule I-A of the Act and clarification (January 2017) of the RDM Department. Besides, DSRs had also taken dead rent into account in arriving at the lease consideration, which should have been ignored, since it was less than the royalty amount, in each case. Audit worked out the SD and RF realisable on 20 lease deeds, as per the provisions of the Act, as ₹ 13.69 crore. Accordingly, SD and RF realisable worked out to be ₹ 95.86 lakh (SD: ₹ 68.47 lakh and RD: ₹ 27.39 lakh). Against this, the DSRs had realised SD and RF amounting to ₹ 35.87 lakh (SD: ₹29.71 lakh and RF: ₹ 6.16 lakh). Thus, due to erroneous assessment of consideration as per the values set forth in the lease deeds, there was short realisation of revenue of ₹ 59.99 lakh towards SD (₹ 38.76 lakh) and RF (₹ 21.23 lakh) ***(Appendix 2.9.3)***.

The DSRs of Koraput and Kalahandi stated (March 2023 and January 2023) that notices would be issued to the concerned lessees for realisation of the deficit SD and RF. The DSR, Sundargarh stated (March 2023) that the consideration amount was arrived at after considering rent and royalty for one year as per the clarification of the Board of Revenue, Odisha. The reply is not acceptable since the assessments of considerations were neither as per the provisions of the IS Act, nor in consonance with the clarification of the RDM Department.

[143] Lease deeds on minor minerals: 24 and letting out of property for commercial purpose: 8

[144] Koraput, Kalahandi and Sundargarh

The above matters have been reported (between October 2023 and January 2024) to the Government; replies had not been received (January 2025).

2.10 Non-realisation of Government revenue of ₹ 22.99 crore, due to failure in disposal of cases of lease of land

Land lease cases instituted between 1992 and 1997 for lease of land to the Mahanadi Coal Fields Limited had not been finalised, as of March 2023, due to lackadaisical approach of the revenue authorities. Consequently, Government revenue of ₹ 22.99 crore remained unrealised.

The RDM Department revised (November 2010) the principle for determination of land premium, interest and penalty, envisaging, *inter alia*, that in the cases where land had been occupied without prior approval of competent authority, the occupier of the land, in the event of settlement in his/ her favour, was to pay premium prevailing at the time of occupation and interest thereon, till the date of settlement. In case of lease of Government land to government agencies and Public Sector Undertakings, the District Collector, Revenue Divisional Commissioner (RDC) and Member of the Board of Revenue are competent to sanction lease of Government land up to one acre, five acres and 10 acres, respectively and beyond 10 acres, the RDM Department is the competent authority to sanction lease.

Audit, on scrutiny of records of Collectorate, Sambalpur, noticed (March 2022) that the Tahasildar, Sambalpur Sadar had recommended, between 1992 and 1997, for sanction of 59.564 acres of land in Burla town in favour of Mahanadi Coalfields Limited (MCL), Sambalpur and instituted five lease cases[145]. Audit noted that none of the five instituted cases had been finalised, as of March 2023, nor permission for advance possession of land had been given to MCL, by the Revenue authorities. Despite this, MCL was in occupation of entire 59.564 acres, where it had constructed corporate office, colony, *etc*. The amounts demanded by the Revenue authorities from time to time, deposited by MCL and amount due, as per the market value and other charges, in respect of each lease case, as of March 2023, are shown in the **Table 2.10.1.**

Table 2.10.1: Unrealised amount towards land premium, ground rent, cess and interest from MCL, as of March 2023

(Monetary figures are ₹ in lakh)

Sl. No.	Particulars	Lease case No.				Total
		22/1992	9/1994	12/1994 & 25/1997	18/1994	
1	Land area (in acre)	41.425	10.5	7.059	0.58	59.564
2	Year of occupation by MCL	1994-95	1995-96	2001	1994-95	-
3	Market value of land per acre at the time of occupation	8.00	8.00	11.20	8.00	
4	Land premium as per the market value (1 x 3)	331.40	84.00	79.06	4.64	499.10
5	Premium deposited by MCL	33.60	37.17	50.00	0	120.77
6	Balance land premium due (4 - 5)	297.80	46.83	29.06	4.64	378.33
7	Ground Rent (1 *per cent* of premium)	96.11	23.52	17.39	1.35	138.37
8	Cess on Ground Rent (75 *per cent* of Ground Rent)	72.08	17.64	13.05	1.01	103.78

145 Lease case no. (i) 22/1992: 41.425 Ac; (ii) case no. 09/1994: 10.500 Ac; (iii) cases no. 12/1994 & 25/1997: 7.059 Ac; (iv) case no.18/1994: 0.58 Ac

Sl. No.	Particulars	Lease case No.				Total
		22/1992	9/1994	12/1994 & 25/1997	18/1994	
9	Interest on outstanding land premium	1,036.30	157.35	76.72	16.15	1,286.56
10	Interest on Ground Rent	161.46	38.1	21.92	2.26	223.74
11	Interest on cess	121.09	28.58	16.44	1.7	167.81
Total (6+7+8+9+10+11)						**2,298.59**

(Source: Compiled from the records of the Sadar Tahasil, Sambalpur)

Note:

(a) *Interest on outstanding premium, ground rent and cess have been calculated as per the prescribed rate of 12 per cent per annum from the year of occupation of land.*

(b) *Ground rent has been calculated at the prescribed rate of one per cent of the land premium per annum from the year of occupation of land.*

(c) *Cess has been calculated at the prescribed rate of 75 per cent of the ground rent per annum from the year of occupation of land.*

It would be observed from the above that a sum of ₹ 22.99 crore had not been realised from MCL, due to non-finalisation of the lease cases, despite lapse of 26-31 years, as of March 2023. Audit examined each lease case record, except Case No. 25/1997, which was not shared with Audit on the grounds that the relevant records were not traceable.

Audit observed that the Revenue authorities from the levels of Tahasildar to the RDC, Northern Division had sought various information from the MCL from time to time, besides exchanging the case records among themselves with different observations during the period from the filing of lease applications, up to March 2022. Audit noticed that there were neither any judicial restraints, whatsoever, persisting on the land parcels applied for lease nor any defects in filing lease applications by the MCL. As such, there was no convincing reason to linger the lease cases for 26-31 years for complying with the administrative procedures. The prolonged time already taken for finalising the lease cases are indicative of apathy of the Revenue authorities, which has resulted in non-realisation of Government dues of ₹ 22.99 crore.

The matter has been reported (May 2024) to the Government; reply had not been received (January 2025).

2.11 Non-realisation of lease premium and other dues due to negligence in finalisation of lease case

A lease case initiated in 1981-82 for sanction of lease of Government land of 29.58 acres, in favour of NALCO, was finalised after 39 years in April 2021. NALCO, despite being in unauthorised occupation of the land, did not deposit the cost of land amounting to ₹ 1.35 crore.

Government of Odisha in RDM Department instructed (November 2010) that in the cases where land has been occupied without prior approval of competent authority, the Government may consider to settle the land with the occupier subject to payment of premium, penalty as per the Odisha Prevention of Land Encroachment (OPLE) Act, arrears of ground rent and cess with interest, based on the market value prevailing during the relevant period. The instruction further stipulated for payment of interest on premium, arrear ground rent and cess at six *per cent* up to 27 November 1992 and 12 *per cent* per annum thereafter. In addition, Rule 12 of the Odisha Government Land Settlement (Amendment) Rules, 2013, provides for levy of incidental charges in case of lease of Government land for any purpose other than for agriculture and homestead. Further, Section 7 of OPLE Act, authorises the Tahasildars for summary eviction of unauthorisedly occupied government land by any person, subject to payment of rent, cess and penalty[146].

Audit examined (October 2022) land alienation records in the Collectorate, Koraput and noticed that M/s National Aluminum Company (NALCO) Limited had applied for lease of Government land of 29.58 acres, situated in village Ariputraghati, Koraput district, in 1981-82. Pending approval of lease and without prior approval of the competent authority, NALCO had occupied the said land since then. From the available records, Audit noticed that the lease case had been submitted several times by the Tahasildar since March 1982, recommending sanction of lease. However, the recommendations had not been accepted by the next higher authorities citing various defects[147]. Meanwhile, in response to the instruction of the Revenue authorities, NALCO submitted (March 2015) an undertaking to pay the amount of premium, rent, back rent, interest and penalties, if any, to be fixed by Government in respect of land applied for lease. After complying with all the defects pointed out earlier, the lease was sanctioned by the RDM Department in April 2021. As per the terms of the sanction, the validity of the sanction order was six months, within which NALCO was to deposit ₹1.35 crore[148] (including interest up to the year 2020-21) and execute a lease deed. NALCO, however, did not deposit the amount and therefore, the lease deed could not be executed.

In the above context, Audit observed the following:

- The Revenue authorities *i.e.* Tahasildar, Sub-collector, District Collector and RDC (Southern Division) had taken as much as 39 years (as of March 2020) to finalise the lease case, initiated in 1981-82. Taking such a long period to rectify the mistakes in proper documentation of the lease case for approval, was unwarranted and indicative of negligence of the revenue authorities.
- During the pendency of the lease case, despite NALCO being in occupation of the land without permission, no encroachment case had been filed. Even after non-deposit of the cost of the land by NALCO within six months of sanction of lease in April 2021, measures available under OPLE Act, like eviction from the occupied land or imposition of fine had also not been taken.

Audit worked out the revised land cost as of March 2023, at ₹ 1.71 crore, as shown in **Table 2.11.1.**

Table 2.11.1: Dues realisable from M/s NALCO, towards cost of 29.58 acres of land, as of March 2023

Sl. No.	Particulars	Amount (₹ in lakh)
1	Land premium per acre	0.77
2	Total value of land premium	22.78
3	Ground rent	9.57

146 Not exceeding one hundred rupees per acre of land for each year of unauthorised occupation

147 De-reservation of forest land had not been done, *kisam* of land not changed to *patita* for making leasable, absence of various necessary documents, *etc*.

148 Premium: ₹ 22.78 lakh, Ground rent: ₹ 8.66 lakh, Cess: ₹ 5.75 lakh, Incidental charges: ₹ 2.28 lakh, Interest on premium: ₹ 94.30 lakh, Interest on ground rent: ₹ 0.94 lakh and Interest on cess: ₹ 0.66 lakh

Sl. No.	Particulars	Amount (₹ in lakh)
4	Cess on ground rent	6.43
5	Incidental charges	2.28
6	Interest on outstanding premium	98.85
7	Interest on ground rent	8.98
8	Interest on cess	22.04
	Total (sum of Sl. 2 to Sl. 8)	**170.93**

(Source: Compiled from the records of the Collectorate, Koraput)

Note:

(a) *Incidental charges at a rate of 10 per cent of land premium*

(b) *Ground rent at a rate of one per cent of premium per annum for 42 years (1981-82 to 2022-23)*

(c) *Cess at a rate of 50 per cent of ground rent for 13 years (1981-82 to 1993-94) and at a rate of 75 per cent for 29 years (1994-95 to 2022-23)*

(d) *Interest on outstanding land premium, ground rent and cess at a rate of six per cent per annum for 11 years-8 Month (1981-82 to November 1992) and at a rate of 12 per cent per annum for 30 years-04 months (December 1992 to March 2023)*

Thus, a sum of ₹ 1.71 crore towards land cost including interest thereon had remained unrealised, as of March 2023, due to both negligence of the Revenue authorities in finalising the lease case as well as non-invocation of penal actions *i.e.*, eviction of the unauthorised occupant, available under the OPLE Act.

The matter has been reported (May 2024) to the Government; reply had not been received (January 2025).

2.12 Non-levy of incidental charges of ₹ 4.57 crore

The District Collector, Keonjhar did not levy incidental charges amounting to ₹ 4.57 crore, as part of lease consideration of land sanctioned on lease for compensatory afforestation in favour of eight industrial houses. Such action of the Collector was in violation of the provisions of the OGLS (Amendment) Rules, 2013.

Rule 12 (Schedule III) of Odisha Government Land Settlement (OGLS) (Amendment) Rules, 2013 provides for realisation of land premium, ground rent, cess and incidental charges. The rule provided, *inter alia*, that incidental charges[149] should be collected at the rate of 10 *per cent* of land premium, subject to a minimum of ₹1,000 per acre, in case of lease or alienation of Government land in favour of any company, corporation or other organisation for any purpose. The land allotted for compensatory afforestation, in lieu of forest land utilised by the industrial houses for industrial purposes, is vested with the Forest & Environment and Climate Change Department. The industrial houses, which acquire the land for industrial purposes, however, have to bear the cost of land premium and all other incidental charges.

Audit examined (December 2022) the sanction of land on lease for compensatory afforestation during the period from FY 2018-19 to 2021-22 by the District Collector, Keonjhar. It was noted that the District Collector had sanctioned 16 leases, involving 1,503.603 acres of non-forest Government land to eight industrial houses for compensatory afforestation, in lieu of diversion of forest land, for establishment of industries.

[149] Towards establishment cost and contingent expenditure in the land acquisition activities

Audit observed that in all the 16 lease cases, the District Collector had raised demands towards land premium only[150] amounting to ₹ 45.65 crore and no amount had been demanded towards incidental charges, though realisable as per the above cited OGLS Rules. Audit worked out the realisable incidental charges at the prescribed rate of 10 *per cent* of the land premium, as ₹ 4.57 crore (***Appendix 2.12.1***).

Thus, non-levy of the statutory Government dues, in the form of incidental charges, is not only violative of the provisions of OGLS Rules, but also amounted to extension of undue favor to the eight lessees.

The District Collector, Keonjhar stated (January 2023) that there was no clear-cut instruction by the RDM Department to levy incidental charges. The reply is not convincing since Rule 12 of the OGLS (Amendment) Rules, 2013 provides realisation of incidental charges in clear terms, which does not warrant a follow up instruction from the Department. Further, Audit came across two instances where the District Collectors of Jajpur and Sundargarh districts had imposed and realised incidental charges from the lessees for the lands leased for compensatory afforestation. Thus, absence of any instruction from the Department cannot be an acceptable ground for non-realisation of incidental charges.

The matter has been reported (May 2024) to the Government; reply had not been received (January 2025).

2.13 Excess payment of compensation due to erroneous computation of market value of land

In determination of the market value of the land slated for acquisition, the Revenue authorities of Puri District erroneously computed the market value, resulting in excess award of compensation by ₹ 16.68 crore.

Section 26 (1) of Right to Fair Compensation and Transparency and Land Acquisition, Rehabilitation and Resettlement (RFCTLAR&R) Act, 2013, *inter alia*, outlines the following procedure to be adopted for determination of market value of land to be acquired:

- The market value specified in the Indian Stamp Act, 1899, for the registration of sale deeds or sale agreement in the area, where the land is situated or market value of land as per approved Benchmark Value[151] (BMV), or
- The average sale price for similar type of land situated in the nearest village or nearest vicinity area in immediately preceding three years; or
- Consented amount of compensation, in case of acquisition of lands for private companies, agreed to by at least 80 *per cent* of the affected families at the time of giving consent,

whichever is higher.

150 Ground rent and cess are not applicable, since ownership of a compensatory afforested area is to be vested with the Forest and Environment Department, Government Odisha by the lessee subsequently

151 Floor price fixed by Government under Odisha Stamp Rules, 1952, as amended from time to time. It is revised biennially by Government

Provided that the date for determination of market value shall be the date, on which the notification has been issued under Section 11 of the Act.

Audit scrutinised (May 2023) records of the Collector, Puri relating to acquisition of 8.3083 acres of private land in three villages[152] for construction of Shree Setu at Puri. The Collector issued preliminary notification under Section 11 of the RFCTLARR Act, during July 2021 and made Declaration under Section 19, during March 2022, indicating list of affected families and Rehabilitation and Resettlement package. The compensation amount of ₹ 69.73 crore was awarded in July and September 2022, towards value of land.

Audit observed that the compensation amount had been determined by the Land Acquisition Officer (LAO), Puri on the basis of BMV prevailing on 1 April 2022, which was higher than the average sale price of similar category of land in preceding three years. However, adoption of BMV prevailing with effect from 1 April 2022 was found to be flawed, as Section 26 of the Act stipulates that BMV existing on the date of preliminary notification is to be considered, which was July 2021. Audit compared BMVs in April 2022, adopted for computing compensation amount by the Revenue authority, with BMVs in July 2021 (***Appendix 2.13.1)*** and found that the BMVs in April 2022 were higher by ₹ 7.85 crore. Thus, erroneous computation of compensation amount had resulted in excess award of compensation by ₹ 7.85 crore. As the land owners were also entitled to solatium, at a rate of 100 *per cent* of the compensation amount and Additional Market Value[153], erroneous increase in the compensation amount resulted in excess award of solatium by ₹ 7.85 crore and Additional Market Value by ₹ 97.75 lakh. As such, total excess award is worked out as ₹ 16.68 crore.

Audit further observed that while the LAO, Puri had computed such erroneous compensation amount, the same had been approved by the District Collector, without verifying the correctness with reference to the provisions of Section 26 of the Act. Thus, the checks and balances in the hierarchical system were absent.

In reply, the LAO, Puri stated (May 2023) that the market value had been determined as per the provisions in Section 26 (3) (c) of the Act, which provided that the District Collector, before initiation of any land acquisition proceeding, shall take all the necessary steps to revise and update the market value of land on the basis of the prevalent market rate in that area. They clarified the prevalent market rate as the BMV on which Stamp Duty was to be collected during the period, when the land acquisition was made.

The ground put forth in reply is not correct, as the said Section is applicable where the land value cannot be determined, as per the procedure set out in Section 26 (1) of the Act, owing to various factors. Also, such determination of market value shall have to be done prior to initiation of the land acquisition process. In the extant case, there was no hindrance in determining the market value as the sale statistics of the preceding three years as well as BMV, were available. Also, such determination had been made during midst of the land acquisition process *i.e.* after issue of declaration, instead of prior to initiation of the land acquisition process. Thus, there was no ground for exercising powers

[152] Samanga:4.513 acre, Matitota: 2.723 acre and Markandeswar Sahi: 1.0723 acre

[153] Rate of interest at a rate of 12 *per cent* per annum on the compensation amount from the date of preliminary notification to the date of award

available to the District Collector under Section 26 (3) (c) of the Act and therefore, invoking such power, lacked propriety, which resulted in excess award of compensation, amounting to ₹ 16.68 crore.

The matter has been reported (May 2024) to the Government; reply had not been received (January 2025).

Skill Development and Technical Education Department

2.14 Unfruitful expenditure on implementation of skill development training programme

Contrary to the core objective of the Placement Linked Training Programme to provide placement to at least 70 *per cent* of the trained youth, none of the 2,311 youth, imparted training in 109 batches, had been provided placements. As a result, a sum of ₹ 3.66 crore paid to the training providers became largely unfruitful.

Odisha Skill Development Authority[154] (OSDA) has been conducting Placement Linked Training Programme (PLTP) since 2011-12. The objective of PLTP is to address the complex problem of youth unemployment through a placement-linked skill development programme. An enrolled candidate is assured full support throughout the programme and post completion, is connected with the appropriate industry, for job placements. The training programmes are imparted by the Project Implementing Agencies (PIAs), selected by the OSDA, to school dropout youth with employable skills. The duration of training varies from a minimum of three months to six months depending upon trade specific requirements.

OSDA signed Memorandum of Understanding (MoU) with 10 PIAs, during 31 March 2012 to 29 July 2019, to identify prospective unemployed rural youth, impart training on skill development and ensure their placement. As per the terms of the MoUs, the PIAs were to ensure placement of at least 70 *per cent* of the trained youth with sustainable salary within three months after completion of training. The MoUs defined placement, in case of wage employment within the State, as the monthly remuneration of not less than ₹ 6,000 per month. In case of employment outside the State, the monthly remuneration should be equal to the minimum wages of the concerned State and in case of employment outside the country, the same should not be less than ₹ 25,000 per month. On the schedule of payment to PIAs, there were two different terms in the MoUs, one up to March 2017 and another from April 2017 to March 2022. The terms up to March 2017 provided that 60 *per cent* payment would be made on successful completion of training and balance 40 *per cent* on *pro rata* basis upon placement up to 75 *per cent* of the trained candidates. The payment terms from April 2017 to March 2022 were that 30 *per cent* of the training cost would be paid on commencement of training, 50 *per cent* on completion of training and balance 20 *per cent*, on placement of at least 70 *per cent* of the successful trainees. In case placement is in the range of 69-50 *per cent*, *pro rata* payment shall be made.

[154] A registered society, formed under the administrative control of the Skill Development and Technical Education Department, Government of Odisha

Audit scrutinised (July 2023) training, payment and performance under PLTP of all the 10 PIAs for the training batches commencing from 15 September 2014 to 04 September 2021. Audit noted that the 10 PIAs had imparted training, in 181 batches, to 3,782 youth and had been paid ₹ 6.57 crore. Of the total trained youth, only 892 youth (24 *per cent*) had been provided placements. The number of youth, who were imparted training and were provided placement, by each of the 10 PIAs, as well as payments made to them, are shown in the **Table 2.14.1**.

Table 2.14.1: Trainings imparted, placements given and payments made to PIAs for the period from 15 September 2014 to 04 September 2021

Sl. No.	Name of the PIAs	No. of batches	No. of trainees	No. of trainees placed	Percentage of placement	Training cost released (₹ in lakh)
1	AISECT, Bhopal	19	379	20	5	41.85
2	Siesta Hospitality Services Ltd., Bangalore	1	30	5	17	2.99
3	CIPET, Bhubaneswar	18	381	252	66	77.75
4	Dalmia Bharat Foundation, New Delhi	52	995	252	25	114.09
5	George Telegraph Training Institute, Kolkata	10	257	0	0	43.75
6	SSEPL Skill Private Ltd., Bhubaneswar	13	229	30	13	33.60
7	Quivan Skill Empowerment Pvt. Ltd.	29	711	130	18	180.74
8	CIPET, Balasore	13	285	98	34	89.01
9	IL & FS Skill Development Corporation	20	416	100	24	49.65
10	Nettur Technical Training Foundation, Bangalore	6	99	5	5	23.93
Total		**181**	**3,782**	**892**	**24**	**657.37**

(Source: Compiled from the records of OSDA)

Audit observed that:

- In respect of 109 (60 *per cent*) out of 181 batches of training to 2,311 youth, conducted by 10 PIAs, no placement had been provided. However, the PIAs had been paid ₹ 3.66 crore against these 109 batches. Thus, the objective of PLTP in terms of providing placement had not been achieved at all, rendering the amount of ₹ 3.66 crore paid to the PIAs, largely unfruitful.

- In case of 52 batches (29 *per cent*) wherein 1,089 youth had been trained, only 575 youth (53 *per* cent) could be provided placement. The percentage of placement in each of the batches varied from 17 to 67 *per cent*, which was lower than the required 70 *per cent*, as per the terms of the MoUs. For these 52 batches, the PIAs had been paid ₹ 2.35 crore. Thus, the objective of the PLTP had been achieved partially but not as per the scale, as intended in the MoUs with the PIAs.

- Only in 20 batches (11 *per cent*), the percentage of placement was 70 *per cent* or more, which were in conformity with the terms of the MoUs. In these 20 batches, 317 out of 382 youth had been provided placement and the percentage of placement in each of the batches ranged from 70 to 100 *per cent*. Thus, the objective of the PLTP had been achieved only in these 20 batches.
- One PIA *viz*., George Telegraph Training Institute, Kolkata imparted training to 257 youth in 10 batches during 16 May 2018 to 27 January 2020, who had not given placement to any trainees. Despite such persistent dismal placement performances, the PIA had been assigned 10 batches of training programmes and had been paid ₹ 43.75 lakh.

Thus, the objective of PLTP had remained largely unachieved in 181 batches of training programmes, conducted between 15 September 2014 and 04 September 2021, in terms of providing placements to at least 70 *per cent* of trainees. However, neither the performance of the PIAs nor the utility of PLTP, had been reviewed. As such, an amount of ₹ 3.66 crore paid to PIAs towards conducting 109 batches of training programme became largely unfruitful.

The matter has been reported (February 2024) to the Government; reply had not been received (January 2025).

Bhubaneswar

Dated 28 March 2025 **Principal Accountant General (Audit-I)**
Odisha

Countersigned

New Delhi **(K. SANJAY MURTHY)**

Dated 01 April 2025 **Comptroller and Auditor General of India**